



To: HPTE Board of Directors
Date: March 18, 2015
From: Piper Frode, Enterprises Budget Analyst
Subject: Budget Update on the Transponder Purchase and Express Lanes Advertising

Purpose:

This memorandum serves to update the Board on the progress being made to identify the budget for the purchase of switchable transponders for US 36 and funding for the Express Lanes advertising campaign.

Action:

This month, staff will seek formal Board approval for the encumbrance of switchable transponders and the express lanes advertising costs, as these expenses are consuming HPTE budget and are not currently part of the Board approved HPTE budget for Fund 536.

Background and Current Details:

Transponder Purchase: Last month, the Board was provided information on the current plan for the use of transponders on the US 36 Express Lanes in a memo entitled "HOV Program Dual Position Switchable Transponders". Since the February meeting, staff has confirmed that a readily available source of funds for the transponders will be the US 36 Operations and Maintenance account in Fund 536. HPTE staff is proposing that the \$1.175 Million needed for the purchase of 100,000 transponders be encumbered by HPTE in order to accommodate current and future orders. While HPTE will be covering the initial expense of the transponders, it is important to note that the cost of the devices will be repaid as they are purchased by the traveling public.

Express Lanes Advertising: In collaboration with CDOT Communications staff, HPTE staff have agreed upon a \$1.1 Million dollar budget for the Express Lanes Advertising campaign. As detailed in the Express Lanes advertising presentation provide by Communications this month, the budget will be put toward a how-to-use education and advertising campaign that is necessary to transition the public to new transportation system, encourage them to get a transponder and establish an ExpressToll account.

The total estimate for the advertising is \$1.1 million and includes projected contributions from CDOT and Plenary. Staff is actively working with those partners to determine appropriate contributions. Once a final decision is reached regarding contribution amounts, any necessary agreements or commitment letters will be drafted between the parties to document the agreed upon amounts. While the encumbrance for the cost of the advertising campaign may come out of the US 36 Operation and Maintenance account in Fund 536, HPTE staff is still determining whether it is appropriate for HPTE or CDOT to encumber the funds and are exploring all options.

Fund 536 US 36 Account Balance Update: Currently the total balance of the US 36 account is \$3.724 Million. Of the total balance, \$1.542 Million is allocated to the Capital Expenditures budget pool, \$180,157 to the Operations budget pool and \$2.001 Million to the Personal services budget pool. In order to add sufficient funds to the Operations budget pool to cover the \$1.175 Million transponder purchase, staff has confirmed that there are adequate funds in the Personal services budget pool to cover current commitments and allow for the transfer of \$1.000 Million to the Operations budget pool.

Next Steps

Following Board approval of HPTE Resolution #161 for the encumbrance of the transponders and the express lanes advertising costs this month, staff will be addressing the following items:

- The initial transponder purchase order will be amended to increase the number of transponders that will be initially available for the road opening in July
- The details regarding contribution amounts from HPTE, CDOT and Plenary for the Express Lanes Advertising Campaign will be finalized
- The proper place to encumber funds for the advertising campaign will be confirmed and in coordination with the Attorney General's office, staff will begin to work on any necessary agreements or commitment letters giving permission for CDOT or HPTE to invoice each other and another letter of agreement from Plenary for their contribution as well

Next month staff will bring an amended Budget for Fund 536 once these items are addressed.