



**TO:** HPTE BOARD OF DIRECTORS  
**FROM:** PIPER FRODE, ENTERPRISES BUDGET ANALYST  
**DATE:** FEBRUARY 15, 2017  
**SUBJECT:** FINAL FISCAL YEAR 2017-18 BUDGETS FOR FUND 536 AND FUND 537

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#### **Purpose and Requested Action**

This memorandum presents final Fiscal Year (FY) 2017-18 budgets for Fund 536 (Statewide Transportation Enterprise Special Revenue Fund) and Fund 537 (Statewide Transportation Enterprise Operating Fund). Staff requests that the High Performance Transportation Enterprise (HPTE) Board of Directors review the proposed budgets and provide final comments.

#### **Policy Implications:**

The purpose of this memo is informational only and no action this month is required. A final review this month ensures that:

- HTPE is in alignment with its new annual budget timeline
- Improves communication between HPTE and the CDOT Office of Financial Management & Budget (OFMB) regarding the annual fee for service request and allows coordination with CDOT annual budget processes

#### **Background and Details**

In November 2016 staff presented the Board with draft versions of the FY 2017-18 operational budgets for Fund 536 and Fund 537. Based on feedback from the Board and new information, staff have made updates and is providing a comparison between the draft FY 2017-18 budgets presented in November and the finalized budget being presented this month.

#### **Changes highlighted and numbered in Attachment A: FY 2016-17 Final Budget for Fund 536 are:**

- *Line Items 17 and 31:* The HPTE FY 2017-18 draft budget allocations presented in November Fund 536 were based in part on an estimated \$5.3 Million of projected HPTE toll revenue for both I-25 North Segment 2 and the I-70 Mountain Express Lanes (MEXL). However, since then HPTE has partnered with E470 to produce a more robust analysis of projected toll revenue for both corridors. Based on this new analysis, HPTE now estimates that gross tolling revenue for FY 2017-18 will be \$12.8 Million across both I-25 North Segment 2 and the I-70 Mountain Express Lanes (MEXL).
- *Line Items 24 and 37:* HPTE has received updated information from E470 regarding toll processing costs for the upcoming fiscal year. As a result, the estimate for general reimbursable expenses (which includes transponder shipping) and toll processing costs has been adjusted slightly upward by \$138,360. Important to note, is that although processing costs have been adjusted, toll revenue is projected to increase by an even great margin helping HPTE realize operational efficiencies in the coming fiscal year.

#### **Changes highlighted and numbered in Attachment A: FY 2016-17 Final Budget for Fund 537 are:**

- *Line Item 19:* The Express Lanes Outreach and Communication line item has been reduced by \$91,000. This reduction is based on updated timing from the HPTE communications manager of when communications funding will be needed for I-25 North Segment 3.
- *Line Item 29:* The Miscellaneous line has been increased by \$91,000 due to the reduction from the communications line item and will be used for future allocation.

Following a review of the draft budget for Fund 537 in November, the Board also requested more clarity regarding the work to be completed for some of the larger Program & Development budget line items. Based on that feedback, staff is working to more clearly tie budget lines items on the Fund 537 budget to HPTE's FY 2017-18 Scope of Work. The Board was presented with a draft outline of the upcoming fiscal year Scope of Work in November and program staff is finalizing the scope for review and approval in March.

In addition to clarifying specific activities in the annual Scope of Work, staff will start adding more informative descriptions for those budget line items during the budget development process to provide clarity and facilitate discussion. Details regarding key line items on the FY 2017-8 Budget for Fund 537 are as follows:

- *Line 19: Express Lane Outreach and Communications.* Budget requested for this line item funds communications work that includes hosting telephone and in-person town hall meetings, developing advertising campaigns to promote use of Express Lanes, complying with HPTE's transparency policy, public education campaigns for toll rates changes as well as general media relations support.
- *Line 21: P3 Advisor.* Budget requested for this line item funds necessary corridor development work and general advising on ongoing and future P3 project development; includes costs for on-call P3 financial and legal advisors.
- *Line 22: Toll Operations Advisor.* Budget requested for this line is to provide consultant-supported industry expertise on express lane operations for all corridors. Work includes the development of Standard Operating Procedures (SOPs), Traffic Incident Management Plans (TIMs), and analysis of toll rate sensitivity. Consultant support funded from this line item will also provide training to the new HPTE tolling operations manager during the onboarding period.
- *Line 23: Professional and Legal Services.* Budget requested for this line item is for legal strategy and litigation support for current and expected project-related litigation.
- *Line 25: Strategic Partnerships and CDOT Project Support.* Budget requested for this line item will be used to fund strategic advisory work with the Division of Transit and Rail (DTR) on creating a parking solution and to work with the RoadX program on the development of revenue sharing concepts and scaling the RoadX program. Funding will also be used to support Region 1 in partnership with City and County of Denver on concepts for the Colfax/Federal interchange.
- *Line 27: Express Lanes Project Development Support.* Budget requested for this line item would be used to support Traffic and Revenue studies and express lane development on I-25 South and C-470 (from Wadsworth to I-70), and feasibility studies and analysis for a I-70 westbound mountain express lane.

As staff work to finalize the FY 2017-18, Scope of Work, HPTE will be reviewing these activities with CDOT management to ensure that HPTE and CDOT are in alignment on priorities for the upcoming year. This will ensure that HPTE can complete work on behalf of CDOT within its currently approved budget.

#### Options

The Board is being asked to review the attached revised FY 2017-18 budgets and provide feedback.

#### Next Steps

- HPTE staff will finalize the budgets for Fund 536 and 537 and will return to the Board in March for final adoption of FY 2017-18 budgets for Fund 536 and Fund 537.
- HPTE staff will finalize a final FY 2017-18 Scope of Work and will return to the Board for approval March. The approved Scope of Work will then be integrated into the FY 2017-18 Fee for Service Intra-Agency Agreement.

#### Attachments

Attachment A: FY 2017-18 Final Budget for Fund 536

Attachment B: FY 2017-18 Final Budget for Fund 537

Attachment A: FY 2017-18 Final Budget for Fund 536

Fiscal Year 2017-18 Final Budget					
Statewide Transportation Enterprise Special Revenue Fund (C.R.S. 43-4-806(3)(a)) 536					
Line	Expenses by Corridor	Draft Estimated Revenues-NOV	Draft Estimated Expenses-NOV	Updated Estimated Revenues-FEB	Updated Estimated Expenses-FEB
1	<b>US 36 Managed Lanes (Cost Center T8620-536)</b>				
2	<b>Fiscal Year Revenues</b>				
3	Express Lanes Advertising Reimbursement from Plenary	\$ 70,000		\$ 70,000	
4	Interest Earnings	\$ 175,000		\$ 175,000	
5	Annual Concessionaire Management Fee	\$ 400,000		\$ 400,000	
6	<b>Total US 36 FY 2017-18 Available Revenue</b>	<b>\$ 645,000</b>		<b>\$ 645,000</b>	
7	<b>Fiscal Year Expenses</b>				
8	CDOT Staff Consulting		\$ (15,000)		\$ (15,000)
9	Project Oversight		\$ (400,000)		\$ (400,000)
10	Toll Processing Oversight		\$ (200,000)		\$ (200,000)
11	Annual Audit		\$ (5,100)		\$ (5,100)
12	Attorney General Fees		\$ (10,000)		\$ (10,000)
13	<b>Total US 36 FY 2017-18 Estimated Expenses</b>		<b>\$ (630,100)</b>		<b>\$ (630,100)</b>
14	<b>US36 Remaining Balance</b>		<b>\$ 14,900</b>		<b>\$ 14,900</b>
15	<b>I-25 North Managed Lanes (Cost Center T8630-536)</b>				
16	<b>Fiscal Year Revenues</b>				
17	Tolling Revenue	\$ 4,491,000		\$ 10,896,066	
18	Transponder Revenue	\$ 450,000		\$ 450,000	
19	I-25 North Loan Funds for Debt Service Payment	\$ 470,237		\$ 470,237	
20	<b>Total I-25 N FY 2017-18 Available Revenue &amp; Funds</b>	<b>\$ 5,411,237</b>		<b>\$ 11,816,303</b>	
21	<b>Fiscal Year Expenses</b>				
22	I-25 North Loan Payment		\$ (470,237)		\$ (470,237)
23	CDOT Staff Consulting		\$ (15,000)		\$ (15,000)
24	General Reimbursable Expenses and Toll Processing Costs		\$ (2,191,924)		\$ (2,330,284)
25	Corridor Operations & Maintenance		\$ (500,000)		\$ (500,000)
26	Note Registrar		\$ (1,000)		\$ (1,000)
27	<b>Total I-25 N FY 2017-18 Estimated Expenses</b>		<b>\$ (3,178,161)</b>		<b>\$ (3,316,521)</b>
28	<b>I-25 N Remaining Balance</b>		<b>\$ 2,233,076</b>		<b>\$ 8,499,782</b>
29	<b>I-70 West Mountain Express Lane (MEXL) (Cost Center T8640-536)</b>				
30	<b>Fiscal Year Funds and Revenue</b>				
31	Tolling Revenue	\$ 777,000		\$ 1,938,285	
32	MEXL Loan Funds for Debt Service Payment	\$ 697,500		\$ 697,500	
33	<b>Total I-70 W MEXL FY 2017-18 Available Revenue &amp; Funds</b>	<b>\$ 1,474,500</b>		<b>\$ 2,635,785</b>	
34	<b>Fiscal Year Expenses</b>				
35	MEXL Loan Interest Payment		\$ (697,500)		\$ (697,500)
36	CDOT Staff Consulting		\$ (15,000)		\$ (15,000)
37	General Reimbursable Expenses and Toll Processing Costs		\$ (151,200)		\$ (172,264)
38	Corridor Operations & Maintenance		\$ (383,625)		\$ (383,625)
39	Note Registrar		\$ (1,000)		\$ (1,000)
40	<b>Total I-70 W MEXL FY1 2017-18 Estimated Expenses</b>		<b>\$ (1,248,325)</b>		<b>\$ (1,269,389)</b>
41	<b>I-70 W MEXL Remaining Balance</b>		<b>\$ 226,175</b>		<b>\$ 1,366,396</b>
	<b>Total Fund 536 Revenues &amp; Funds</b>	<b>\$ 7,530,737</b>		<b>\$ 15,097,088</b>	
	<b>Total Fund 536 Expenses</b>	<b>\$ (5,056,586)</b>		<b>\$ (5,216,010)</b>	
	<b>Remaining Unbudgeted Funds</b>	<b>\$ 2,474,151</b>		<b>\$ 9,881,078</b>	

Attachment B: FY 2017-18 Final Budget for Fund 537

Fiscal Year 2017-18 Final Budget					
Statewide Transportation Enterprise Operating Fund (C.R.S. 43-4-306(4)) 537					
Line	Operations Expenses	Draft Estimated Revenues-NOV	Draft Estimated Expenses-NOV	Updated Estimated Revenues-FEB	Updated Estimated Expenses-FEB
1	<b>Fiscal Year 2017-18 Revenue</b>				
2	Fee for Consulting Services	\$ 4,774,500		\$ 4,774,500	
3	Interest Earnings	\$ 25,000		\$ 25,000	
4	<b>Total FY 2017-18 Operating Revenue</b>	<b>\$ 4,799,500</b>		<b>\$ 4,799,500</b>	
5	<b>Fiscal Year 2017-18 Expenses</b>				
6	<b>Administrative Cost Center (T8700-537)</b>				
7					
8	<b>Overall Program Operations</b>				
9	HPTE Staff Costs		\$ (563,900)		\$ (563,900)
10	CDOT Staff Consulting		\$ (100,000)		\$ (100,000)
11	Attorney General		\$ (90,000)		\$ (90,000)
12	Annual Accounting & Audit Services		\$ (55,200)		\$ (55,200)
13	Board Expenses		\$ (18,400)		\$ (18,400)
14	Staff Training and Certifications		\$ (45,000)		\$ (45,000)
15	Administrative and Office Needs		\$ (12,000)		\$ (12,000)
16	Conferences and Industry Memberships		\$ (10,000)		\$ (10,000)
17	<b>Program Planning &amp; Development</b>				
18	Program Management		\$ (100,000)		\$ (100,000)
19	<b>Express Lanes Outreach and Communications</b>		<b>\$ (495,000)</b>		<b>\$ (404,000)</b>
20	Public Affairs Support		\$ (18,000)		\$ (18,000)
21	P3 Advisor		\$ (350,000)		\$ (350,000)
22	Toll Operations Advisor		\$ (300,000)		\$ (300,000)
23	Professional and Legal Services		\$ (500,000)		\$ (500,000)
24	Surveillance and Ratings Fees		\$ (75,000)		\$ (75,000)
25	Strategic Partnerships and CDOT Project Support		\$ (300,000)		\$ (300,000)
26	Aconex Document Management System		\$ (224,000)		\$ (224,000)
27	Express Lane Project Development Support		\$ (1,500,000)		\$ (1,500,000)
28	In and Out of State Travel		\$ (18,000)		\$ (18,000)
29	<b>Miscellaneous</b>		<b>\$ (25,000)</b>		<b>\$ (116,000)</b>
30	<b>Total FY 2017-18 Operating Revenue</b>	<b>\$ 4,799,500</b>		<b>\$ 4,799,500</b>	
31	<b>Total FY 2017-18 Operating Expenses</b>		<b>\$ (4,799,500)</b>		<b>\$ (4,799,500)</b>
	<b>Total Fund 537 Revenues</b>	<b>\$ 4,799,500</b>		<b>\$ 4,799,500</b>	
	<b>Total Fund 537 Expenses</b>		<b>\$ (4,799,500)</b>		<b>\$ (4,799,500)</b>
	<b>Remaining Unbudgeted Funds</b>		<b>\$ -</b>		<b>\$ -</b>



**TO:** HIGH PERFORMANCE TRANSPORTATION ENTERPRISE BOARD  
**FROM:** PIPER FRODE, ENTERPRISES BUDGET ANALYST  
**DATE:** FEBRUARY 15, 2017  
**SUBJECT:** UPDATED FISCAL YEAR BUDGET COMPARISON

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#### Informational Only

The purpose of this memo is informational only and is to respond to a Board request for a multi-year budget comparison for the High Performance Transportation Enterprises (HPTE) Fund 536 (Statewide Transportation Enterprise Special Revenue Fund) and Fund 537 (Statewide Transportation Enterprise Operating Fund).

#### Background and Details

Per the HPTE annual budget process and reporting guidelines, staff is now providing a budget comparison twice a year in November and February. Attached is a comparison between the prior fiscal year (FY) 2016-17 actuals, the current FY 2016-17 budget and the upcoming FY 2017-18 finalized budget that is being presented this month. A few key details and trends that can be noted when reviewing the updated budget comparisons:

##### Fund 536 Multi-Year Budget Comparison (Attachment A):

- With more corridors open and generating revenue, HPTE is projecting to see a marked increase in toll revenue in FY 2017-18 over the current and prior years.

##### Fund 537 Multi-Year Budget Comparison (Attachment B):

- For FY 2017-18, HPTE engaged an outside consultant to provide an updated market analysis and value that HPTE provides to CDOT. This updated valuation was used to support the increase in the fee for these service payment that HPTE will be receiving for the upcoming fiscal year. HPTE expects to receive a fair value for its services on an annual basis moving forward.
- HPTE will be focusing on supporting CDOT programs such as RoadX and partnering with Divisions such as Division of Transit and Rail.
- HPTE will be focusing on the development of future express lane projects including C-470, Central 70, I-70 westbound mountain express lane and extending the I-25 Express Lanes both North and South.

#### Attachment

Attachment A: Fund 536 Multi-Year Budget Comparison

Attachment B: Fund 537 Multi-Year Budget Comparison

## Attachment A: Fund 536 Updated Multi-Year Budget Comparison

Statewide Transportation Enterprise Special Revenue Fund (C.R.S. 43-4-806(3)(a)) 536

Expenses by Corridor	FY 2015-16 Actuals	FY 2016-17 Estimated	FY 2017-18 Projected
<b>US 36 Managed Lanes (Cost Center T8620-536)</b>			
<b>Fiscal Year Revenues</b>			
Fee for Consulting Services		\$ 2,075,736	
Transponder Revenue	\$ 1,237,251	\$ 450,000	\$ -
Express Lanes Advertising Reimbursement from Plenary	\$ 70,000	\$ 70,000	\$ 70,000
Interest Earnings	\$ 315,628	\$ 200,000	\$ 175,000
Annual Concessionaire Management Fee	\$ 401,413	\$ 400,000	\$ 400,000
Operations and Maintenance Reserve Reimbursement	\$ 647,635		\$ -
Miscellaneous	\$ 273,844		
<b>Total Fiscal Year Revenue</b>	<b>\$ 2,945,770</b>	<b>\$ 3,195,736</b>	<b>\$ 645,000</b>
<b>Fiscal Year Expenses</b>			
HPTE Staff Costs	\$ 35,633	\$ -	\$ -
CDOT Staff Consulting	\$ 16,898	\$ 15,000	\$ 15,000
Legal Services	\$ (2,665)	\$ -	\$ -
Project Oversight	\$ 396,477	\$ 400,000	\$ 400,000
Miscellaneous Fees	\$ 22,017	\$ -	\$ -
Toll Processing Oversight	\$ -	\$ 198,000	\$ 200,000
Annual Audit	\$ 5,198	\$ 5,100	\$ 5,100
Attorney General Fees	\$ 14,557	\$ 10,000	\$ 10,000
Tolling Services Agreement- General Reimbursable Costs	\$ 168,253	\$ 2,150,736	\$ -
TIFIA Expenses	\$ (1,113,149)	\$ -	\$ -
Debt Service Reserve Transfer	\$ 1,595,000	\$ -	\$ -
Miscellaneous	\$ 1,151,566	\$ -	\$ -
<b>Total Fiscal Year Expenses</b>	<b>\$ 2,289,786</b>	<b>\$ 2,778,836</b>	<b>\$ 630,100</b>
<b>I-25 North Managed Lanes (Cost Center T8630-536)</b>			
<b>Fiscal Year Funds</b>			
I-25 North Loan Funds	\$ 306,000	\$ 470,237	\$ 470,237
Tolling Revenue	\$ -	\$ 2,269,192	\$ 10,896,066
Transponder Revenue	\$ -	\$ -	\$ 450,000
Interest Earnings	\$ 3,031	\$ -	\$ -
Fees	\$ 65,000	\$ -	\$ -
<b>Total Fiscal Year Revenue and Funds</b>	<b>\$ 374,031</b>	<b>\$ 2,739,429</b>	<b>\$ 11,816,303</b>
<b>Fiscal Year Expenses</b>			
I-25 North Loan Payment	\$ -	\$ 470,237	\$ 470,237
Issuance Costs	\$ 306,000	\$ -	\$ -
Staff Time	\$ -	\$ -	\$ 15,000
General Reimbursable and Toll Processing Costs	\$ -	\$ 1,426,199	\$ 2,330,284
CSP Enforcement	\$ -	\$ 112,794	\$ -
General Operations & Maintenance	\$ -	\$ 500,000	\$ 500,000
Note Registrar	\$ -	\$ 1,000	\$ 1,000
<b>Total Fiscal Year Expenses</b>	<b>\$ 306,000</b>	<b>\$ 2,510,230</b>	<b>\$ 3,316,521</b>
<b>I-70 West Mountain Express Lane (Cost Center T8640-536)</b>			
<b>Fiscal Year Funds</b>			
MEXL Loan Funds	\$ 689,750	\$ 697,500	\$ 697,500
Tolling Revenue	\$ 359,152	\$ 720,000	\$ 1,938,285
Interest Earnings	\$ 1,511		
<b>Total Fiscal Year Revenue and Funds</b>	<b>\$ 1,050,413</b>	<b>\$ 1,417,500</b>	<b>\$ 2,635,785</b>
<b>Fiscal Year Expenses</b>			
MEXL Loan Interest Payment	\$ 697,451	\$ 697,500	\$ 697,500
General Reimbursable and Toll Processing Costs	\$ 82,894	\$ 147,825	\$ 172,264
General Operations & Maintenance	\$ 191,828	\$ 383,652	\$ 383,625
Note Registrar	\$ 1,500	\$ 1,000.00	\$ 1,000
Tolling Equipment and Software	\$ 877,985	\$ -	\$ -
Staff Time	\$ 8,303	\$ -	\$ 15,000
Attorney General Fees	\$ 1,244	\$ -	\$ -
Loan amendment fee	\$ 5,000	\$ -	\$ -
<b>Total Fiscal Year Expenses</b>	<b>\$ 1,866,205</b>	<b>\$ 1,229,977</b>	<b>\$ 1,269,389</b>
<b>Total 536 Fiscal Year Operating Revenue and Funds</b>	<b>\$ 4,370,214</b>	<b>\$ 7,352,665</b>	<b>\$ 15,097,088</b>
<b>Total 536 Fiscal Year Operating Expenses</b>	<b>\$ 4,461,991</b>	<b>\$ 6,519,043</b>	<b>\$ 5,216,010</b>

**Attachment B: Fund 537 Updated Multi-Year Budget Comparison**

**Statewide Transportation Enterprise Operating Fund (C.R.S. 43-4-806(4)) 537**

Operations Expenses	FY 2015-16 Actuals	FY 2016-17 Estimated	FY 2017-18 Projected
<b>Fiscal Year Revenues</b>			
Fee for Consulting Services	\$ 2,000,000	\$ 2,371,114	\$ 4,774,500
Interest Earnings	\$ 17,012	\$ 8,800	\$ 25,000
<b>Total Fiscal Year Revenues</b>	<b>\$ 2,017,012</b>	<b>\$ 2,379,914</b>	<b>\$ 4,799,500</b>
<b>Fiscal Year Expenses</b>			
<b>Operating and Administrative (Cost Center T8700-537)</b>			
<b>Overall Program Operations</b>			
HPTE Staff Costs	\$ 466,949	\$ 551,550	\$ 563,900
CDOT Staff Consulting	\$ 90,450	\$ 61,500	\$ 100,000
Attorney General	\$ 41,095	\$ 75,000	\$ 90,000
Annual Accounting & Audit Services	\$ 13,695	\$ 80,100	\$ 55,200
Board Expenses	\$ 9,922	\$ 10,000	\$ 18,400
Staff Training and Certifications	\$ 537	\$ 20,000	\$ 45,000
Administrative and Office Expenses	\$ 14,633	\$ 12,000	\$ 12,000
In and Out of State Travel	\$ 15,453	\$ 17,200	\$ 18,000
Conferences and Industry Memberships	\$ -	\$ 8,000	\$ 10,000
Miscellaneous	\$ 100,494	\$ 127,200	\$ 116,000
<b>Program Planning &amp; Development</b>			
Program Management	\$ 183,996	\$ 50,000	\$ 100,000
Transparency, Outreach and Communications Support	\$ 63,508	\$ 333,364	\$ 404,000
Community and Public Affairs Support	\$ 44,969	\$ 115,000	\$ 18,000
P3 Advisor	\$ -	\$ 150,000	\$ 350,000
Toll Operations Advisor	\$ -	\$ 150,000	\$ 300,000
Professional and Legal Services	\$ 15,336	\$ 150,000	\$ 500,000
Surveillance and Ratings Fees	\$ -	\$ 75,000	\$ 75,000
Feasibility Studies	\$ -	\$ 20,000	\$ -
Long-Term Strategic Planning	\$ -	\$ 150,000	
Strategic Partnerships and CDOT Project Support	\$ -	\$ -	\$ 300,000
Aconex Document Management System	\$ 300,500	\$ 224,000	\$ 224,000
Credit Ratings Services	\$ 125,000	\$ -	\$ -
Express Lane Project Development Support	\$ -	\$ -	\$ 1,500,000
TIFIA Expenses	\$ 154,421	\$ -	\$ -
<b>Total Fiscal Year Expenses</b>	<b>\$ 1,640,958</b>	<b>\$ 2,379,914</b>	<b>\$ 4,799,500</b>
<b>Total 537 Fiscal Year Operating Revenues</b>	<b>\$ 2,017,012</b>	<b>\$ 2,379,914</b>	<b>\$ 4,799,500</b>
<b>Total 537 Fiscal Year Operating Expenses</b>	<b>\$ 1,640,958</b>	<b>\$ 2,379,914</b>	<b>\$ 4,799,500</b>