



MEMORANDUM

TO: HPTE BOARD OF DIRECTORS
FROM: PIPER FRODE, ENTERPRISES BUDGET & POLICY ANALYST
DATE: NOVEMBER 15, 2017
SUBJECT: FISCAL YEAR 2018-19 DRAFT BUDGETS FOR FUND 536 AND FUND 537

Purpose and Requested Action

This memorandum presents Fiscal Year (FY) 2018-19 draft budgets for Fund 536 (Statewide Transportation Enterprise Special Revenue Fund) and Fund 537 (Statewide Transportation Enterprise Operating Fund) for review by the High Performance Transportation Enterprise (HPTE) Board of Directors. The purpose of this memo is informational only and staff is requesting review by the Board.

Background

In alignment with the new annual budget timeline for HPTE, this month staff is bringing draft versions of the FY 2018-19 budgets for Fund 536 and 537. These draft budgets include revenue information being presented as part of the CDOT FY 2018-19 Proposed Annual Budget being approved this month by the Transportation Commission prior to its submission to the Office of State Planning and Budget (OSPB) and the Joint Budget Committee (JBC) for review.

Details

The HPTE FY 2018-19 budget allocations are based on an estimated \$19.1 million of projected HPTE revenue for FY 2018-19. The estimate is comprised of the following revenue sources:

Statewide Transportation Enterprise Special Revenue Fund (Fund 536):

US 36 Express Lanes:

- \$217,000 in interest income
- \$400,000 annual concessionaire management fee from Plenary Roads Denver

I-25 North Express Lanes:

- \$1,500 in interest income
- \$500,000 in transponder revenue
- \$10,896,065 in toll revenue

I-70 West Mountain Express Lanes:

- \$1,500 in interest income
- \$1,938,285 in toll revenue

Statewide Transportation Enterprise Operating Fund (Fund 537):

Administrative Cost Center (T8700-537):

- \$5,169,500 in fee-for-service revenue
- \$25,000 in interest income

In addition to allocating projected revenues in FY 2018-19, HPTE will also be allocating \$8.6 million in bond and commercial loan proceeds to debt service payments for I-25 North, Segment 2 and C-470. Key budget items that are currently identified on the FY 2018-19 Budget for Fund 536 are:

- *Lines 29 and 45: General Reimbursable Expenses and Toll Processing Costs.* Budget identified will be used supporting all tolling operations on the corridor including: mailing of transponders, processing of tolls and providing customer service support to all Express Lane customers.

Key budget items that are currently identified on the FY 2018-19 Budget for Fund 537 are:

- *Line 20: Express Lane Communications and Public Affairs Support.* Budget identified for this line item will fund 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, analyzing customer feedback, general research, polling, leading focus groups as well as general media relations support.
- *Line 21: P3 Advisor.* Budget identified 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 identified 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.
- *Line 23: Professional and Legal Services.* Budget identified 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 identified for this line item will be used to fund strategic advisory work with the RoadX program and continue work with the Division of Transit and Rail (DTR) on a parking study.
- *Line 28: Express Lanes Project Development Support.* Budget identified for this line item will be used to support traffic demand management work on the Central 70 project and conduct a level two traffic and revenue study for I-70 westbound.

Additional details regarding allocations of all funds that that been identified thus far are outlined in Attachment A: FY 2018-19 Draft HPTE Budget for Fund 536 and Attachment B: FY2018-19 Draft HPTE Budget for Fund 537. In line with the development of the draft FY 2018-19 budget, a draft Scope of Work (SOW) for FY 2018-19 has also been developed and is included as Attachment C. The draft SOW includes an outline of the anticipated activities that CDOT will task HPTE to perform on its behalf for the upcoming fiscal year.

Options and Recommendations

The Board is being asked to review the attached draft budgets and provide feedback if necessary.

Next Steps

Over the next several months, HPTE staff will be finalizing the budgets for Fund 536 and 537. Activities will include:

- Partnering with E470 to produce an updated analysis of projected toll revenue and toll processing costs for I-25 North Segment 2 and the I-70 Mountain Express Lanes (MEXL) for the upcoming fiscal year
- Working with CDOT to refine the FY 2018-19 Scope of Work (SOW) and fee for service request. This will ensure that HPTE can complete work on behalf of CDOT within its currently approved budget
- Reviewing all line item allocations and making adjustments based on needs of the corridors and the finalized SOW

Staff will return to the Board in February with a final budget for Board comment and in March for adoption of final FY 2018-19 budgets for Fund 536 and Fund 537.

Attachments

Attachment A: FY 2018-19 Draft Budget for Fund 536

Attachment B: FY 2018-19 Draft Budget for Fund 537

Attachment C: Colorado High Performance Transportation Enterprise Scope of Work Fiscal Year 2019 Outline

Attachment A: Fiscal Year 2018-19 Draft Budget for Fund 536

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

Line		Estimated Revenues	Estimated Allocations
1	US 36 Managed Lanes (Cost Center T8620-536)		
2	Fiscal Year Revenues		
4	Interest Earnings	\$ 217,000	
5	Annual Concessionaire Management Fee	\$ 400,000	
6	Total US 36 FY 2018-19 Available Revenue	\$ 617,000	
9	Fiscal Year Allocations		
10	CDOT Staff Consulting		\$ (5,000)
11	Project Oversight		\$ (400,000)
12	Toll Processing Oversight		\$ (197,000)
13	Annual Audit		\$ (5,000)
14	Attorney General Fees		\$ (10,000)
15	Miscellaneous Corridor Studies		\$ -
16	Total US 36 FY 2018-19 Allocations		\$ (617,000)
17	US36 Remaining Balance		\$ -
18	I-25 North Managed Lanes (Cost Center T8630-536)		
19	Fiscal Year Revenues		
20	Tolling Revenue	\$ 10,896,065	
21	Transponder Revenue	\$ 500,000	
22	Interest Earnings	\$ 1,500	
23	I-25 North Loan Funds for Debt Service Payment	\$ 470,237	
24	Total I-25 N FY 2018-19 Available Revenue & Funds	\$ 11,867,802	
25	Fiscal Year Allocations		
26	I-25 North Loan Payment		\$ (470,237)
27	CDOT Staff Consulting		\$ (15,000)
28	Attorney General Fees		\$ (5,000)
29	General Reimbursable Expenses and Toll Processing Costs		\$ (2,330,284)
30	Corridor Operations & Maintenance		\$ (100,000)
31	Note Registrar		\$ (1,000)
32	Total I-25 N FY 2018-19 Allocations		\$ (2,921,521)
33	I-25 N Remaining Balance		\$ 8,946,281
34	I-70 West Mountain Express Lane (MEXL) (Cost Center T8640-536)		
35	Fiscal Year Funds and Revenue		
36	Tolling Revenue	\$ 1,938,285	
37	Interest Earnings	\$ 1,500	
40	Total I-70 W MEXL FY 2018-19 Available Revenue	\$ 1,939,785	
41	Fiscal Year Allocations		
42	MEXL Loan Payment		\$ (697,500)
43	CDOT Staff Consulting		\$ (15,000)
44	Attorney General Fees		\$ (1,000)
45	General Reimbursable Expenses and Toll Processing Costs		\$ (172,264)
46	Corridor Operations & Maintenance		\$ (150,000)
47	Note Registrar		\$ (1,000)
48	Total I-70 W MEXL FY1 2018-19 Allocations		\$ (1,036,764)
49	I-70 W MEXL Remaining Balance		\$ 903,021
50	C-470 Express Lanes (Cost Center T8650-536)		
51	Fiscal Year Funds and Revenue		
52	C-470 Bond Proceeds for Debt Service	\$ 8,089,750	
53	Total C-470 FY 2018-19 Available Funds	\$ 8,089,750	
54	Fiscal Year Allocations		
55	Bond Debt Service		\$ (8,089,750)
56	Total I-70 W MEXL FY1 2018-19 Allocations		\$ (8,089,750)
57	I-70 W MEXL Remaining Balance		\$ -
Total Fund 536 Revenues & Funds		\$ 22,514,337	
Total Fund 536 Allocations		\$ (12,665,035)	
Remaining Unbudgeted Funds		\$ 9,849,302	

Attachment B: Fiscal Year 2018-19 Draft Budget for Fund 537

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

Line		Estimated Revenues	Estimated Allocations
1	Fiscal Year 2018-19 Revenues		
2	Fee for Service	\$ 5,169,500	
3	Interest Earnings	\$ 25,000	
4	Total FY 2018-19 Revenue	\$ 5,194,500	
5	Fiscal Year 2018-19 Allocations		
6	Administrative Cost Center (T8700-537)		
7			
8	Overall Program Operations		
9	HPTE Staff		\$ (1,092,000)
10	CDOT Staff		\$ (200,000)
11	Attorney General Fees		\$ (90,000)
12	Annual Accounting & Audit Services		\$ (21,000)
13	Board Expenses		\$ (15,000)
14	Staff Training and Certifications		\$ (45,000)
15	Administrative and Office Needs		\$ (12,000)
16	Conferences and Industry Memberships		\$ (10,000)
18	Program Planning & Development		
19	Overall Program Management		\$ -
20	Express Lanes Communications and Public Affairs Support		\$ (460,000)
21	P3 Advisor		\$ (300,000)
22	Toll Operations Advisor		\$ (200,000)
23	Professional and Legal Services		\$ (500,000)
24	Surveillance and Ratings Fees		\$ (150,000)
25	Strategic Partnerships and CDOT Project Support		\$ (250,000)
26	Aconex Document Management System		\$ (224,000)
27	Express Lanes Master Plan Development		\$ (1,000,000)
28	Express Lane Project Development Support		\$ (600,000)
17	In and Out of State Travel		\$ (25,500)
29	Miscellaneous		\$ -
30	Total FY 2018-19 Revenue	\$ 5,194,500	
31	Total FY 2018-19 Allocations		\$ (5,194,500)
	Total Fund 537 Revenue	\$ 5,194,500	
	Total Fund 537 Allocations		\$ (5,194,500)
	Remaining Unbudgeted Funds		\$ -

Colorado High Performance Transportation Enterprise Scope of Work Fiscal Year 2019 Draft Outline

Project Finance / Oversight & Management

US 36

- Coordinate with CDOT Region 1 staff, and the CDOT's Communications Office on all stakeholder outreach efforts
- Work with TSM&O staff and the CDOT annual budget team to develop a budget for routine maintenance and snow and ice removal costs. In addition, CDOT will have cost savings in routine maintenance and snow removal due to the concession agreement. These cost savings will also be passed through from HPTE to CDOT
- Coordinate with CDOT on the restriping Compensation Event.

Estimated Cost **\$200,000**

CENTRAL 70

- Review and comment on all documents prepared by legal counsel
- Assist with the project's tolling strategy
- Coordinate with E470 on the integration of E-470 into the project documents
- Guide litigation strategy
- Assist the Project with the oversight of construction
- Assist the Project with the oversight of the operations and maintenance activities during construction
- Perform financing oversight the Bridge Enterprise pursuant to the IGA.
- Assist the Project with commencement of construction

Estimated Cost **\$550,000**

C-470 EXPRESS LANES PROJECT

- Prepare finance plan and other related documents relating to the TIFIA loan
- Manage the disbursements of the TIFIA Loan and monitor the loans reporting requirements
- Monitor financing documents
- Develop a tolling strategy for the corridor
- Coordinate with E470 and on the toll installation and testing of the hardware and software on the express lanes
- Coordinate with CDOT Region 1 and the CDOT Communications Office regarding stakeholder outreach
- Develop a Request for Information, industry forum, and other procurement related documents to explore hiring an operations and maintenance contractor on C470.
- Coordinate with the Project on TIFIA and Bond Continuing Disclosure requirements
- Coordinate with the Project on the dispute resolution process
- Participate in the NEPA process from Wadsworth to I-70
- Administer for the Surveillance of the C470 TIFIA Loan and the PABs (\$75,000)

Estimated Cost **\$500,000**

Attachment C

I-25 NORTH PROJECT: US 36 TO 120TH

- Coordinate with CDOT Region 1 and the CDOT Communications Office regarding stakeholder outreach.
- Support CDOT's other primary responsibilities as they relate to the Project.
- Oversee and implement a tolling strategy for the Project.
- Complete paving the gores to assist the Colorado State Patrol and local law enforcement regarding safety and toll evasion enforcement.
- Assist TSM&O and CDOT Region 1 on the implementation of the Road Safety Audit's recommendations.

Estimated Cost

\$50,000

I-25 NORTH PROJECT: 120TH TO E-470

- Coordinate with CDOT Region 1, and the CDOT Communications Office regarding stakeholder outreach.
- Prepare finance plan and other related documents
- Manage the disbursements of the BAML Loan and monitor the loans reporting requirements
- Develop a tolling strategy for the corridor
- Coordinate with E470 and on the toll installation and testing of the hardware and software on the express lanes
- Coordinate with CDOT Region 1 and the CDOT Communications Office regarding stakeholder outreach
- Support CDOT's other primary responsibilities as they related to the Project
- Coordinate with legal counsel, the Attorney General's Office, CDOT Region to ensure HPTE is complying with the covenants in the loan agreement

Estimated Cost

\$150,000

I-25 NORTH PROJECT: JOHNSTOWN TO FT. COLLINS

- Coordinate with CDOT Region 4, and the CDOT Communications Office regarding stakeholder outreach.
- Pursue negotiations with lenders to obtain up to a \$50 million commercial loan on Segments 7 and 8.
- If feasible, procure a commercial loan for up to \$50 million on Segments 7 and 8.
- Coordinate with CDOT Region 4, and the CDOT Communications Office regarding stakeholder outreach.
- Support CDOT's other primary responsibilities as they related to the Project

Estimated Cost

\$150,000

I-25 SOUTH PROJECT

- Manage the traffic and revenue study.
- With the results of the traffic and revenue study, determine how much tolling debt the project could support, if any.
- If the project can support toll backed debt, procure financing prior to construction.
- Prepare the project's finance plan.

Estimated Cost

\$100,000

Attachment C

I-70 MOUNTAIN EXPRESS LANE (EAST BOUND)

- Coordinate with CDOT Region 1 to ensure HPTE is complying with the December 19, 2014 Intra Agency Agreement (IAA) between CDOT and HPTE.
- Coordinate with legal counsel, the Attorney General's Office, CDOT Region 1 to ensure HPTE is complying with the covenants in the loan agreement
- Coordinate with CDOT, and Region 1 staff regarding the MEXL tolling strategies
- Work with TSM&O, and the CDOT annual budget team to develop a budget for HPTE's share of operations and maintenance cost on the lanes.

Estimated Cost

\$50,000

I-70 MOUNTAIN EXPRESS LANE (WEST BOUND)

- Coordinate with CDOT, and Region 1 staff regarding the Collaborative Process on any potential west bound project.
- Coordinate with Region 1 staff regarding the Collaborative Process and NEPA work.
- Coordinate with Region 1 staff regarding tolling strategies.

Estimated Cost

\$100,000

Express Lanes Master Plan

Summary of Work: procure and manage a statewide express lanes master plan (ELMP). The ELMP will be a comprehensive long-term system wide strategic 'road map' for the prioritization, planning, and development of express lane related projects to efficiently deliver the overall statewide program based on: 1) mobility; 2) system connectivity; 3) financial planning; 4) revenue generation; 5) coordination with the Regions and stakeholders; and 6) public input. The total cost of the ELMP will be split between two fiscal years as it will take two years to complete. The total cost of the ELMP is \$3.5 million.

- Work with CDOT Region 1, DTD, and TSM&O to develop the ELMP's goals and working groups.
- Lead the ELMP Steering Committee.
- Develop a Request for Proposals for the ELMP and manage its procurement.
- Manage the ELMP's working groups, i.e. Financial Working Group, Engineering/Operations Working Group, Environmental/Planning Working Group.
- Manage the ELMP's preferred proposer and their work.

Estimated Cost

\$1,800,000

Tolling Operations

I-25 NORTH SEGMENT 3

- Coordinate with CDOT, Region 1 and 4 staff regarding the tolling strategies for Segment 3
- Coordinate with CDOT, Region 1 and 4 staff, and the CDOT Communications Office regarding tolling commencement.
- Develop a tolling strategy for the corridor

Estimated Cost

\$100,000

Attachment C

I-25 NORTH SEGMENT 7 AND 8

- Coordinate with CDOT, Region 1 and 4 staff regarding the tolling strategies for Segments 7 and 8
- Develop a tolling strategy for the corridor
- Coordinate with legal counsel, the Attorney General's Office, and CDOT Region 1 staff to ensure HPTe is complying with the covenants in the loan agreement (if applicable)

Estimated Cost **\$50,000**

I-70 MOUNTAIN EXPRESS LANE (EAST BOUND)

- Study a toll rate increase, and if feasible, implement through public outreach and Board action
- Work with CDOT Region 1 and TSM&O regarding sign software.

Estimated Cost **\$93,500**

Innovative Finance Operations

US 36

- Provide project updates to Legislators and the US 36 Mayors and County Commissioners

Estimated Cost **\$50,000**

C-470 EXPRESS LANES PROJECT

- Explore RoadX project incorporation

Estimated Cost **\$50,000**

ROADX

- Work with the CDOT RoadX division as it looks to grow and to partner with private industry to achieve its mission.

Estimated Cost **\$120,000**

Overall Program Services

TRANSPARENCY AND EDUCATION ON PUBLIC-PRIVATE PARTNERSHIPS + INNOVATIVE FINANCE

- Conduct telephone town halls as required by the Transparency Policy
- Conduct surveys to gauge public sentiment
- Conduct public meetings and stakeholder outreach as required by the Transparency Policy
- Maintain current and updated information on project websites regarding project status and public participation activities and events.
- Produce Annual Report to Colorado General Assembly as required by 43-4-806 C.R.S.
- Coordinate with the CDOT Public Information Office on updating transponder and HOV policy, motorcycle transponder policy, and HOV carpooling technology.
- Conduct ongoing outreach for Express Lanes
- Community and public affairs support
- Staff training costs
- Legislative activity

Estimated Cost **\$514,000**

Attachment C

OUT OF STATE TRAVEL

- Travel to conferences, trainings, and project related meetings to comply with the training requirement from the US 36 Legislative Audit and to promote HPTE’s projects to the infrastructure finance industry

Estimated Cost **\$18,000**

Aconex	\$224,000
Long-Term Strategic Planning and Partnerships (Study C470 P3 + other potential projects)	\$150,000
Explore new Tolling Service Provider	\$150,000
TOTAL	\$5,169,500