



MEMORANDUM

TO: HPTE BOARD OF DIRECTORS
DATE: OCTOBER 18, 2017
FROM: PIPER FRODE, ENTERPRISES BUDGET ANALYST
SUBJECT: SECOND AMENDMENT TO THE FISCAL YEAR 2017-18 BUDGET FOR FUND 537

Requested Action

This memo provides information to the High Performance Transportation Enterprise (HPTE) Board of Directors regarding a proposed change to the fiscal year (FY) 2017-18 budget for Fund 537 (Operating Fund). The Board is asked to review the proposed change to the Fund 537 budget, reflecting a re-payment of a Transportation Commission (TC) loan in the amount of \$1,500,000 and approve Resolution #245, included as Attachment A, authorizing the Second Budget Amendment of FY 2017-18.

Background

From 2009-2014, HPTE received an annual operating loan from the Transportation Commission (TC). During that time, HPTE received a total of \$4,000,000 in TC loans and inherited \$2,060,892 in debt from the Colorado Tolling Enterprise (CTE), totaling \$6,060,892 as outstanding debt owed to the TC. In June 2017, the Board authorized HPTE to make its first TC loan repayment in the amount of \$750,852. As of September 30, 2017, HPTE's outstanding TC debt balance (principal and accrued interest) is \$5,813,452, which includes the CTE debt.

Under the current fee-for-service model, HPTE now receives an annual fee from the TC to perform a requested suite of services for CDOT. Under this model, if HPTE has budget savings after the fiscal year-end (known as roll forward), HPTE can use that roll forward in the following budget year. In January 2017, the HPTE Board approved the HPTE Revenue Use Guidelines, which provide that 85% of roll forward budget balances should be allocated to repay outstanding TC loans.

Current Details

Last month, the Board was informed that staff was examining the possibility making another TC debt service payment for FY 2017-18. Based on the roll forward budget available, staff believes that HPTE has the budget flexibility necessary to make a \$1,500,000 (approximately 85% of total roll forward) TC loan payment for FY 2017-18. Per the HPTE Budget Process and Reporting Guidelines, any changes to the current approved annual budget resulting from new expenditures must be presented to the HPTE Board for review and approval. Line item numbers have been added to make changes easier to reference. Specific changes to Fund 537 that have been made and are highlighted in yellow on Exhibit A of Attachment A are as follows:

Operating Cost Center (T8700-537)

- Line 19: A new Transportation Commission Loan repayment line for \$1,500,000 has been added
- Lines 24, 27, 29 and 30 been reduced to reflect actual anticipated expenditures in the current fiscal year
- Line 32: The Miscellaneous line has been increased slightly

Key Benefits:

- If approved, this loan payment will be applied to the FY 2011-12 TC loan balance of \$448,215 eliminating HPTE's oldest outstanding TC loan. The remaining balance of \$ 1,051,785 would then be applied to HPTE's FY 2014-15 loan balance of \$1,091,106 (principal and interest) which accrues interest at 2.75% annually. After the proposed Fiscal Year 2017-18 loan payment, the FY 2014-15 TC loan balance would be \$39,321.
- Retains a sufficient amount of revenue in HPTE's current year operating budget.
- Complies with the Revenue Use Guidelines established by the Board in January 2017.
- This repayment will put HPTE ahead of the current projected TC repayment schedule prepared by Stifel.

Options and Recommendations

1. Act on Resolution #245 adopting the amended budget for 537. STAFF RECOMMENDATION
2. Request additional information.
3. Deny the request.

Next Steps

- Staff will apply the approved payment to the existing loan balance and will update the Board on making another TC loan payment next fall in FY 2018-19 when the FY 2017-18 roll forward amount is known.

Attachment:

Attachment A: Resolution #245 Second Amendment to HPTE FY 2017-18 Budget for Fund 537

Attachment A

Resolution – HPTE #245

Approving and Adopting a Second Amendment to the Fiscal Year 2017-18 HPTE Budget for Fund 537

WHEREAS, the General Assembly of the State of Colorado created the Colorado High Performance Transportation Enterprise (“HPTE”) as a government-owned business within the Colorado Department of Transportation (“CDOT”); and

WHEREAS, Section 43-4-806(3)(a), C.R.S. created the Statewide Transportation Enterprise Special Revenue Fund in the state treasury (“Fund 536”) for the purpose of, *inter alia*, depositing user fee revenues received by the HPTE, and further provided for the establishment of separate accounts in connection with specific surface transportation infrastructure projects; and

WHEREAS, Section 43-4-806(4), C.R.S., separately created the Statewide Transportation Enterprise Operating Fund (“Fund 537”) for the HPTE; and

WHEREAS, pursuant to Section 43-4-806(6)(l), C.R.S., the HPTE Board of Directors (the “Board”) previously adopted annual budgets for fiscal year 2017-18 for Fund 536 and Fund 537; and

WHEREAS, the fiscal year 2017-18 budget for Fund 537 was previously amended by resolution of the Board on September 20, 2018 (the “First Amendment”); and

WHEREAS, the need has now arisen to further amend the budget for fiscal year 2017-18 for Fund 537 (the “Second Amendment”) to authorize the expenditure of additional moneys not anticipated at the time of adoption of the budgets, to be funded out of such revenue sources as identified in herein; and

WHEREAS, this Second Amendment approves a payment of One Million Five Hundred Thousand Dollars (\$1,500,000) towards HPTE’s existing Transportation Commission loan obligations.

NOW THEREFORE BE IT RESOLVED, the amended fiscal year 2017-18 budget set forth in this Second Amendment for Fund 537, attached hereto as **Exhibit A** is hereby approved and adopted by the HPTE Board of Directors.

Signed as of October 18, 2018

Kari V. Grant
Secretary, HPTE Board

Exhibit A to HPTE Resolution #245

Amended (Second Amendment) FY 2017-18 Fund 537 Budget

Amended Fiscal Year 2017-18 Final Budget					
Statewide Transportation Enterprise Operating Fund (C.R.S. 43-4-806(4)) 537					
Line	Operations Expenses	Estimated Revenues	Estimated Expenses	Revised Estimated Revenues	Revised Estimated Expenses
1	Fiscal Year 2017-18 Revenue				
2	Fee for Consulting Services	\$ 5,169,500		\$ 5,169,500	
3	Interest Earnings	\$ 25,000		\$ 25,000	
4	Total FY 2017-18 Operating Revenue	\$ 5,194,500		\$ 5,194,500	
5	Additional Budget from FY 2016-17 Roll Forward	\$ 1,851,835		\$ 1,851,835	
6	Total Current Available FY 2017-18 Operating Budget	\$ 7,046,335		\$ 7,046,335	
7	Fiscal Year 2017-18 Expenses				
8	Administrative Cost Center (T8700-537)				
9					
10	Overall Program Operations				
11	HPTE Staff Costs		\$ (958,900)		\$ (958,900)
12	CDOT Staff Consulting		\$ (100,000)		\$ (100,000)
13	Attorney General		\$ (90,000)		\$ (90,000)
14	Annual Accounting & Audit Services		\$ (55,200)		\$ (55,200)
15	Board Expenses		\$ (18,400)		\$ (18,400)
16	Staff Training and Certifications		\$ (45,000)		\$ (45,000)
17	Administrative and Office Needs		\$ (12,000)		\$ (12,000)
18	Conferences and Industry Memberships		\$ (10,000)		\$ (10,000)
19	Transportation Commission Loan Repayment				\$ (1,500,000)
20	Program Planning & Development				
21	Program Management		\$ (100,000)		\$ (100,000)
22	Express Lanes Communications and Public Affairs Support		\$ (422,000)		\$ (422,000)
23	P3 Advisor		\$ (300,000)		\$ (300,000)
24	Toll Operations Advisor		\$ (300,000)		\$ (200,000)
25	Professional and Legal Services		\$ (500,000)		\$ (500,000)
26	Surveillance and Ratings Fees		\$ (150,000)		\$ (150,000)
27	Strategic Partnerships and CDOT Project Support		\$ (300,000)		\$ (200,000)
28	Aconex Document Management System		\$ (224,000)		\$ (224,000)
29	Express Lanes Master Plan		\$ (1,700,000)		\$ (760,000)
30	Express Lane Project Development Support		\$ (1,500,000)		\$ (1,200,000)
31	In and Out of State Travel		\$ (18,000)		\$ (18,000)
32	Miscellaneous		\$ (116,000)		\$ (182,835)
33	Total FY 2017-18 Operating Budget	\$ 7,046,335		\$ 7,046,335	
34	Total FY 2017-18 Operating Expenses		\$ (6,919,500)		\$ (7,046,335)
	Total Fund 537 Budget	\$ 7,046,335		\$ 7,046,335	
	Total Fund 537 Expenses	\$ (6,919,500)		\$ (7,046,335)	
	Remaining Unbudgeted Funds	\$ 126,835		\$ (0)	