



## MEMORANDUM

TO: HPTE BOARD OF DIRECTORS  
FROM: PIPER FRODE, ENTERPRISES BUDGET & SPECIAL PROJECTS MANAGER  
DATE: NOVEMBER 14, 2018  
SUBJECT: FISCAL YEAR 2019-20 DRAFT BUDGETS FOR FUND 536 AND FUND 537

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### Purpose and Requested Action

This memorandum presents Fiscal Year (FY) 2019-20 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 annual budget timeline for HPTE, this month staff is bringing draft versions of the FY 2019-20 budgets for Fund 536 and 537. These draft budgets include revenue information being presented as part of the CDOT FY 2019-20 Proposed Annual Budget being approved this month by the Transportation Commission prior to its submission to the Office of State Planning and Budget (OSP) and the Joint Budget Committee (JBC) for review.

### Details

The HPTE FY 2019-20 budget allocations are based on an estimated \$16.6 million of projected HPTE revenue for FY 2019-20. The estimate is comprised of the following revenue sources:

#### Statewide Transportation Enterprise Special Revenue Fund (Fund 536):

##### *US 36 Express Lanes:*

- \$242,000 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
- \$7,565,373 in toll revenue

##### *I-70 West Mountain Express Lanes:*

- \$1,500 in interest income
- \$2,257,275 in toll revenue

#### Statewide Transportation Enterprise Operating Fund (Fund 537):

##### *Administrative Cost Center (T8700-537):*

- \$5,600,000 in fee-for-service revenue
- \$50,300 in interest income

In addition to allocating projected revenues in FY 2019-20, HPTE will also be allocating \$9.3 million in bond and commercial loan proceeds to debt service payments for I-70 Mountain Express Lanes and C-470. Key budget items that are currently identified on the FY 2019-20 Budget for Fund 536 are:

- *Lines 25 and 41: 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 2019-20 Budget for Fund 537 are:

- *Line 18: 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 19: 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. HPTE will be allocating more resources to tolling operations in FY 2019-20 in anticipation of new corridors coming online.
- *Line 20: Traffic and Revenue Advisor.* Budget identified for this line will be used to engage traffic and revenue consultants to produce studies on upcoming corridors such as C-470 (Segment 2), Floyd Hill, I-270, as well as update studies on existing corridors. HPTE will be allocating more resources to traffic and revenue studies and traffic advising in FY 2019-20.
- *Line 31: Strategic Partnerships and CDOT Project Support.* Budget identified for this line item will be used to fund strategic advisory work with the RoadX program, explore alternative options for providing ongoing maintenance of Express Lanes, support the MobilityNEXT partnership, and continue work with CDOT, the City and County of Denver and the Stadium District on the Federal and Colfax Interchange redevelopment.
- *Line 33: Central 70 Traffic Demand Management.* Budget identified for this line item will be used to provide transportation demand management services for residents, businesses and commuters in order to reduce travel demand along the I-70 corridor during construction of the Central 70 Project.

Additional details regarding allocations of all funds that have been identified thus far are outlined in Attachment A: FY 2019-20 Draft HPTE Budget for Fund 536 and Attachment B: FY 2019-20 Draft HPTE Budget for Fund 537. In line with the development of the draft FY 2019-20 budget, a draft Scope of Work (SOW) for FY 2019-20 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, SOW 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 2019-20 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

Important to note, the Board and the Transportation Commission are being asked to amend the Intra-Agency Agreement (IAA) for the I-25 North Express Lanes Project (Segment 3) this month. If the amendment is approved, CDOT will be reimbursing HPTE for expenses incurred under the loan agreement for the project and staff will reflect that in the final budget for February. Staff will return to the Board in February with a final budget for Board comment and in March for adoption of final FY 2019-20 budgets for Fund 536 and Fund 537.

#### Attachments

Attachment A: FY 2019-20 Draft Budget for Fund 536

Attachment B: FY 2019-20 Draft Budget for Fund 537

Attachment C: Colorado High Performance Transportation Enterprise Scope of Work Fiscal Year 20-19-20 Draft Outline

## Attachment A: Fiscal Year 2019-20 Draft Budget for Fund 536

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

Line Item		Draft Revenues Nov	Draft Allocations Nov
1	<b>US 36 Express Lanes (Cost Center T8620-536)</b>		
2	<b>Fiscal Year Revenues</b>		
3	Interest Earnings	\$ 242,000	
4	Annual Concessionaire Management Fee	\$ 400,000	
5	<b>Total US 36 FY 2019-20 Available Revenue</b>	<b>\$ 642,000</b>	
6	<b>Fiscal Year Allocations</b>		
7	CDOT Staff Consulting		\$ (15,000)
8	Project Oversight		\$ (400,000)
9	Annual Audit		\$ (5,000)
10	Attorney General Fees		\$ (5,000)
11	Miscellaneous Corridor Studies		\$ (217,000)
12	<b>Total US 36 FY 2019-20 Allocations</b>		<b>\$ (642,000)</b>
13	<b>US36 Remaining Balance</b>		<b>\$ -</b>
14	<b>I-25 North Express Lanes (Cost Center T8630-536)</b>		
15	<b>Fiscal Year Revenues</b>		
16	Tolling Revenue	\$ 7,565,373	
17	Transponder Revenue	\$ 500,000	
18	Interest Earnings	\$ 1,500	
19	<b>Total I-25 N FY 2019-20 Available Revenue &amp; Funds</b>	<b>\$ 8,066,873</b>	
20	<b>Fiscal Year Allocations</b>		
21	I-25 North Loan Payment		\$ (470,237)
22	Margin Rate Payment		\$ (155,973)
23	CDOT Staff Consulting		\$ (15,000)
24	Attorney General Fees		\$ (10,000)
25	General Reimbursable Expenses and Toll Processing Costs		\$ (2,250,000)
26	Corridor Operations & Maintenance		\$ (100,000)
27	Note Registrar		\$ (1,000)
28	<b>Total I-25 N FY 2019-20 Allocations</b>		<b>\$ (3,002,210)</b>
29	<b>I-25 N Remaining Balance</b>		<b>\$ 5,064,663</b>
30	<b>I-70 West Mountain Express Lane (MEXL) (Cost Center T8640-536)</b>		
31	<b>Fiscal Year Funds and Revenue</b>		
32	Tolling Revenue	\$ 2,257,275	
33	Interest Earnings	\$ 1,500	
34	MEXL Loan Funds for Debt Service	\$ 697,500	
35	<b>Total I-25 N FY 2019-20 Available Revenue &amp; Funds</b>	<b>\$ 2,956,275</b>	
36	<b>Fiscal Year Allocations</b>		
37	MEXL Loan Payment		\$ (697,500)
38	Margin Rate Payment		\$ (231,354)
39	CDOT Staff Consulting		\$ (15,000)
40	Attorney General Fees		\$ (5,000)
41	General Reimbursable Expenses and Toll Processing Costs		\$ (270,000)
42	Corridor Operations & Maintenance		\$ (150,000)
43	Note Registrar		\$ (1,000)
44	<b>Total I-70 W MEXL FY1 2019-20 Allocations</b>		<b>\$ (1,369,854)</b>
45	<b>I-70 W MEXL Remaining Balance</b>		<b>\$ 1,586,421</b>
46	<b>C-470 Express Lanes (Cost Center T8650-536)</b>		
47	<b>Fiscal Year Funds and Revenue</b>		
48	C-470 Bond Proceeds for Debt Service	\$ 8,089,750	
49	Interest Earnings on Bond Proceeds	\$ 500,000	
50	<b>Total C-470 FY 2019-20 Available Funds</b>	<b>\$ 8,589,750</b>	
51	<b>Fiscal Year Allocations</b>		
52	Bond Debt Service		\$ (8,089,750)
53	<b>Total C-470 FY 2019-20 Allocations</b>		<b>\$ (8,089,750)</b>
54	<b>C-470 Remaining Balance</b>		<b>\$ 500,000</b>
<b>Total Fund 536 Revenues &amp; Funds</b>		<b>\$ 20,254,898</b>	
<b>Total Fund 536 Allocations</b>			<b>\$ (13,103,814)</b>
<b>Remaining Unbudgeted Funds</b>		<b>\$ 7,151,084</b>	

## Attachment B: Fiscal Year 2019-20 Draft Budget for Fund 537

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

Line Item		Draft Revenues-Nov	Draft Allocations- Nov
1	<b>Fiscal Year Revenues</b>		
2	Fee for Service	\$ 5,600,000	
3	Interest Earnings	\$ 50,300	
4	<b>Total FY 2019-20 Revenue</b>	<b>\$ 5,650,300</b>	
5	<b>Fiscal Year Allocations</b>		
6	<b>Administrative Cost Center (T8700-537)</b>		
7			
8	<b>Overall Program Operations</b>		
9	HPTE Staff Compensation		\$ (1,151,500)
10	CDOT Staff		\$ (220,000)
11	Board Expenses		\$ (10,000)
12	Staff Training and Certifications		\$ (25,000)
13	Administrative and Office Needs		\$ (15,000)
14	Conferences and Industry Memberships		\$ (20,000)
15	In and Out of State Travel		\$ (26,000)
16	<b>Technical Services</b>		
17	Program Management		\$ -
18	Express Lanes Communications and Public Affairs Support		\$ (460,000)
19	Toll Operations Advisor		\$ (1,000,000)
20	Traffic and Revenue Advisor		\$ (100,000)
21	Aconex Document Management System		\$ (400,000)
22	<b>Financial Services</b>		
23	Accounting Advisors and Annual Audit		\$ (21,000)
24	Surveillance and Ratings Fees		\$ (100,000)
25	General Financial Advisor		\$ (300,000)
26	<b>Legal Services</b>		
27	Outside Legal Services		\$ (300,000)
28	Attorney General Fees		\$ (60,000)
29	<b>Strategic Project Development</b>		
30	Public Private Partnership (P3) Advisor		\$ (350,000)
31	Strategic Partnerships and CDOT Project Support		\$ (450,000)
32	Express Lanes Master Plan Development		\$ (141,800)
33	Central 70 Traffic Demand Management		\$ (500,000)
34	Miscellaneous		\$ -
35	<b>Total FY 2019-20 Operating Budget</b>	<b>\$ 5,650,300</b>	<b>.</b>
36	<b>Total FY 2019-20 Allocations</b>		<b>\$ (5,650,300)</b>
<b>Total Fund 537 Revenue</b>		<b>\$ 5,650,300</b>	
<b>Total Fund 537 Allocations</b>			<b>\$ (5,650,300)</b>
<b>Remaining Unbudgeted Funds</b>		<b>\$</b>	<b>-</b>

# **ATTACHMENT C:**

## **Colorado High Performance Transportation Enterprise Scope of Work Fiscal Year 2019-20 Draft Outline**

### **Tolling Operations**

HPTE will work with CDOT to set toll rates to not only provide a reliable travel time in the Express Lane, but to provide congestion management in the general purpose lanes. To accomplish this, HPTE will provide in-house expertise through its Tolling Services Specialist and Major Projects Manager as well as contract with outside industry expertise for operations related issues as need.

Key tasks include the overseeing, the development of Standard Operating Procedures (SOPs), Traffic Incident Management Plans (TIMs), and analysis of toll rate adjustment sensitivity, and coordination with the Region and Communications Office on toll commencement activities. These activities will require close and ongoing coordination with the Federal Highway Administration (FHWA), E470 Public Highway Authority and CDOT regional staff.

### **Public-Private Partnerships**

As P3 authority and contracting entity within the Department, HPTE will continue to oversee and manage the concession agreements for U.S.36 and Central 70 Project. On both U.S.36 and Central 70, HPTE will coordinate with CDOT Region 1 staff and CDOT's Communications Office on all stakeholder outreach efforts.

As required by the U.S. 36 CDOT/HPTE IAA, HPTE will work with Region 1 staff and the CDOT Budget team to develop a budget for routine maintenance and snow and ice removal costs by September 13, 2019 for the general purpose lanes. HPTE will continue necessary corridor development work, provide general advising for ongoing and future P3 projects, and on-call P3 financial advising as needed.

On the Central 70 Project, HPTE will continue to guide the litigation strategy on the Sierra Club lawsuit and will work with the Project on setting up an oversight framework for the developer on the corridor. As well, HPTE will fund transportation demand management services for residents, businesses, and commuters to reduce travel demand along the corridor during construction.

### **Innovative Finance and Project Development**

On Express Lane corridors that have been financed and are still under construction, (C470 and I-25 North 120th Ave. to E-470/Northwest Parkway (Segment III)), HPTE's Major Projects Manager will continue to monitor construction progress to ensure schedules communicated to lenders remain accurate. HPTE will also provide input on any change order that changes the project schedule, that has the potential to affect revenue generation, commercial terms, affects tolling on the corridor, or is above 10 percent of the total cost of the project. Key tasks are, overseeing the cash flow on the C470 project, the I-25 North 120th Ave. to E-470/Northwest Parkway (Segment III), and the I-70 Mountain Express Lane project.

On the C470 Segment 2 Project, Floyd Hill Project, and the I-270 Project, HPTE will engage Traffic and Revenue Advisory consultants to produce a Level 2 traffic and revenue studies. HPTE will also coordinate with the CDOT region staff on the NEPA and 30 percent design projects regarding the aforementioned corridors as well.

On the I-25 North Johnstown to Ft. Collins project HPTE will manage the cash flow of this project on behalf of CDOT and will lead the procurement of \$50 million borrowing instrument.

The Express Lanes Master Plan will continue to examine the 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 Region and stakeholders; and 6) public input. Key tasks for the Express Lanes Master Plan will include: managing the consultant's work and ensuring deliverables are met, managing the working groups, and overseeing the technical advisors providing oversight of the study's outputs.

HPTE will also continue to provide strategic advisory work, including with the RoadX program and assessing financial feasibility of rapid speed technologies, researching innovative finance of affordable housing alternatives in hard to fill maintenance areas, finalizing the parking study with the Division of Transit and Rail, performing a multi-jurisdictional transportation financing analysis and providing critical document management services for large P3 and innovative finance projects.

HPTE will also continue to work with CDOT, the City and County of Denver, Broncos Stadium District and West Colfax Business District on exploring innovative finance and project delivery options for larger Stadium District Master Planning Process, focusing specifically on the redevelopment of Federal and Colfax intersection.

### **Public Outreach and Communications**

To ensure comprehensive public outreach and education for Express Lanes, Public-Private Partnerships (P3) projects including U.S.36 and Central 70, and to comply with the U.S.36 Legislative Audit, CDOT tasks HPTE with the following key areas of work:

- Conduct telephone town halls as required by the Transparency Policy
- Conduct surveys to gauge public sentiment, attitude towards and use of Express Lanes
- 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.
- Outreach campaigns
- Polling regarding the public's sentiment towards tolling
- 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
- Conduct P3 training for internal staff and for local stakeholders
- Conduct legislative outreach

### **Out of State Travel**

To comply with the training requirement from the U.S.36 Legislative Audit and to promote HPTE's projects to the infrastructure finance industry, HPTE will travel to conferences, trainings, and project related meetings. The Out of State Travel (OOST) plan is approved annually as part of HPTE budget and any changes to OOST will be discussed with CDOT Deputy Director.

### **New Initiatives**

- HPTE will represent CDOT as a participant in MobilityNEXT, a collaboration between the public sector and private sector, which will connect in a collaborative, environment to quickly test, implement and scale new mobility technologies.
- HPTE will lead the process of exploring alternative options for providing ongoing maintenance of Express Lane corridors (including general purpose lanes) on behalf of CDOT. Innovative options may help CDOT utilize critical maintenance forces and limited resources more effectively.
- HPTE will lead the research process to identify a New Tolling Services Provider (TSP)
- HPTE will work the CDOT traffic operations center (TOC), Intelligent Transportation Systems (ITS) and Region staff to lead the process of developing a comprehensive tolling operations plan for the future system of tolled corridors. HPTE's Tolling Services Specialist will lead this process to identify future needs for staffing, reporting, equipment monitoring and overall corridor monitoring.

## Summary of FY2019-20 Areas of Work and Budget

AREA OF WORK	AMOUNT
Tolling Operations	\$500,000
Public Private Partnerships	\$400,000
Innovative Finance and Project Development	\$2,720,500
New Initiatives	\$1,500,000
Public Outreach and Communications	\$460,000
Out of State Travel	\$19,500
<b>Total Budget</b>	<b>\$5,600,000</b>

### Scope of Work Duration

This scope of work documents the duties and tasks that CDOT directs the HPTE to manage, oversee, and implement for Fiscal Year 2019-20. This scope of work outlines services that will be provided by HPTE over a one-year period that will commence on July 1, 2019 and end on June 30, 2020.

### Payment for Services

Associated costs for specific areas of work are outlined below. In exchange for completing the tasks outlined under this scope of work, CDOT will compensate HPTE with an upfront payment for its services.

### Progress Reporting

On the 15th of January and July of each fiscal year, HPTE will submit a progress report that includes a summary of its activities for the previous six months as well as a status report on the progress being made to accomplish the tasks outlined in this scope of work. The submission of the semi-annual reports will be used by HPTE and CDOT to recognize revenue and expenses, respectively.