



MEMORANDUM

TO: HPTE BOARD OF DIRECTORS
FROM: PIPER DARLINGTON, ENTERPRISES BUDGET & SPECIAL PROJECTS MANAGER
DATE: FEBRUARY 22, 2019
SUBJECT: UPDATED FISCAL YEAR 2019-20 BUDGETS FOR FUND 536 AND FUND 537

Purpose and Requested Action

This memorandum presents updated Fiscal Year (FY) 2019-20 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 (the Board) 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 budget review this month ensures:

- HPTE is in alignment with its internal annual budget timeline.
- Accurate communication between HPTE and the CDOT Office of Financial Management & Budget (OFMB) regarding the annual fee for service request.
- Compliance with internal CDOT annual budget processes and legislative deadlines.

Background and Details

In November 2018, staff presented the Board with draft versions of the FY 2019-20 budgets for Fund 536 and Fund 537. Over the past several months, staff has worked to integrate changes and updates to both projected revenues and allocations for the upcoming fiscal year. A comparison between the draft FY 2019-20 budgets that were presented in November and the updated budgets being presented this month are shown in Attachment A and B.

Changes highlighted and numbered in Attachment A: FY 2019-20 Final Budget for Fund 536 are:

- *Line Items 16 and 33: Tolling Revenue.* The HPTE FY 2019-20 draft budget allocations presented in November were based in part on an estimated \$9.8 million of projected HPTE Express Lane revenue for both I-25 North US36 to 120th (Segment II) and the I-70 Mountain Express Lanes (MEXL). However, since then HPTE has revised those estimates to reflect three percent growth from the current year estimate. Based on this, HPTE now estimates that gross Express Lane revenue for FY 2019-20 will be \$10.2 million across both I-25 North Segment II and the MEXL.
- *Line 19: CDOT Reimbursement for Debt Service Expenses per IAA.* Under the debt service schedule for the I-25 North Express Lanes (Segment III) Loan, the FY 2019-20 debt service payment, \$470,237 and the margin rate payment, \$155,973, are slated to be paid for entirely out of toll revenue. Based on current project timelines, Segment III will not be open and/or generate sufficient revenue in time to cover these expenses. The Board and the Transportation Commission approved an amendment the Intra-Agency Agreement (IAA) for the I-25 North Express Lanes Project in November 2018 under which HPTE will seek reimbursement from CDOT for expenses incurred under the loan agreement for the project.
- *Line Items 26 and 42: General Reimbursable Expenses and Toll Processing Costs.* Budget identified will be used to support all tolling operations on the corridor including: mailing of transponders, processing of tolls and providing customer service support to all Express Lane customers. HPTE has received updated estimates from E470 for toll-processing costs for the upcoming fiscal year and those updates are reflected for each corridor. Although total transactions are increasing, License Plate Toll (LPT) traffic has been decreasing as a percentage of total transactions, leading to a reduction in toll processing costs for each corridor.

Changes highlighted and numbered in Attachment B: FY 2019-20 Final Budget for Fund 537 are:

- *Line 3: Interest Earnings:* Estimated earnings have been updated based on actual interest collected in the previous fiscal and rate of collection in the current year.
- *Line Items 10, 12 and 15.* Minor adjustments have been made to reflect current and anticipated expenditures. The year, the staff training line includes budget for specialized engineering and legal training. Line 15 was also reduced to reflect no increase to the Out of State Travel budget for FY 2019-20.
- *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. While budget has been reduced to accommodate other program needs, it will not impact HPTE's ongoing communications campaigns.
- *Line 20: Traffic and Revenue Advisor.* Budget identified for this line will be used to engage traffic and revenue (T&R) consultants to produce studies on upcoming corridors such as C-470 (Segment 2), Floyd Hill and I-270. HPTE has increased the budget it will be allocating to T&R work in anticipation of legislative changes which will necessitate updating T&R studies on existing Express Lane corridors. CDOT has also approached HPTE about accelerating T&R work on corridors not originally planned for FY 2019-20.
- *Line 24 and 28:* Minor changes have been made to reflect current and anticipated expenditures.
- *Line 31: CDOT Project Support.* Budget identified for this line item will be used to fund strategic advisory work, including moving the Federal and Colfax interchange project forward. The current budget allocation has been decreased slightly to reflect the current status of other CDOT projects that HPTE has been supporting.
- *Line 32: Express Lanes Master Plan Development.* Budget identified for this line item will be used to developing a concept of operations for Express Lane corridors which will tie into the Express Lanes Master Plan and the larger Managed Lanes Guidelines being developed by CDOT. The budget for this has been decreased slightly based on updated scope of work.

HPTE does anticipate allocating additional budget to some of these areas once FY 2019-20 starts by using a portion of its available roll forward. Details are outlined in Attachment A: FY 2019-20 Final Budget for Fund 536 and Attachment B: FY 2019-20 Final Budget for Fund 537.

Options and Recommendations

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

Next Steps

- HPTE staff will finish reviewing the C470 financial model and reflect C470 and the anticipated flow of funds for FY 2019-20 on the final Fund 536 budget.
- HPTE staff will integrate any requested changes to the budgets and will return to the Board in in March for final adoption of FY 2019-20 budgets for Fund 536 and Fund 537.
- HPTE staff will work with CDOT to finalize the FY 2019-20 Scope of Work, which will be integrated into the FY 2019-20 Fee for Service Intra-Agency Agreement (IAA). Staff will return to the Board for approval of the IAA in March.

Attachments

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

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

Attachment A: Fiscal Year 2019-20 Updated 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	Updated Revenues-Feb	Updated Allocations- Feb
1	US 36 Express Lanes (Cost Center T8620-536)				
2	Fiscal Year Revenues				
3	Interest Earnings	\$ 242,000		\$ 242,000	
4	Annual Concessionaire Management Fee	\$ 400,000		\$ 400,000	
5	Total US 36 FY 2019-20 Available Revenue	\$ 642,000		\$ 642,000	
6	Fiscal Year Allocations				
7	CDOT Staff Consulting		\$ (15,000)		\$ (15,000)
8	Project Oversight		\$ (400,000)		\$ (400,000)
9	Annual Audit		\$ (5,000)		\$ (5,000)
10	Attorney General Fees		\$ (5,000)		\$ (5,000)
11	Miscellaneous Corridor Studies		\$ (217,000)		\$ (217,000)
12	Total US 36 FY 2019-20 Allocations		\$ (642,000)		\$ (642,000)
13	US36 Remaining Balance		\$ -		\$ -
14	I-25 North Express Lanes (Cost Center T8630-536)				
15	Fiscal Year Revenues				
16	Tolling Revenue	\$ 7,565,373		\$ 7,792,350	
17	Transponder Revenue	\$ 500,000		\$ 500,000	
18	Interest Earnings	\$ 1,500		\$ 1,500	
19	CDOT Reimbursement for Debt Service Expenses per IAA			\$ 626,210	
20	Total I-25 N FY 2019-20 Available Revenue & Funds	\$ 8,066,873		\$ 8,920,060	
21	Fiscal Year Allocations				
22	I-25 North Loan Payment		\$ (470,237)		\$ (470,237)
23	Margin Rate Payment		\$ (155,973)		\$ (155,973)
24	CDOT Staff Consulting		\$ (15,000)		\$ (15,000)
25	Attorney General Fees		\$ (10,000)		\$ (10,000)
26	General Reimbursable Expenses and Toll Processing Costs		\$ (2,250,000)		\$ (2,162,000)
27	Corridor Operations & Maintenance		\$ (100,000)		\$ (100,000)
28	Note Registrar		\$ (1,000)		\$ (1,000)
29	Total I-25 N FY 2019-20 Allocations		\$ (3,002,210)		\$ (2,914,210)
30	I-25 N Remaining Balance		\$ 5,064,663		\$ 6,005,850
31	I-70 West Mountain Express Lane (MEXL) (Cost Center T8640-536)				
32	Fiscal Year Funds and Revenue				
33	Tolling Revenue	\$ 2,257,275		\$ 2,324,993	
34	Interest Earnings	\$ 1,500		\$ 1,500	
35	MEXL Loan Funds for Debt Service	\$ 697,500		\$ 697,500	
36	Total I-25 N FY 2019-20 Available Revenue & Funds	\$ 2,956,275		\$ 3,023,993	
37	Fiscal Year Allocations				
38	MEXL Loan Payment		\$ (697,500)		\$ (697,500)
39	Margin Rate Payment		\$ (231,354)		\$ (231,354)
40	CDOT Staff Consulting		\$ (15,000)		\$ (15,000)
41	Attorney General Fees		\$ (5,000)		\$ (5,000)
42	General Reimbursable Expenses and Toll Processing Costs		\$ (270,000)		\$ (205,000)
43	Corridor Operations & Maintenance		\$ (150,000)		\$ (150,000)
44	Note Registrar		\$ (1,000)		\$ (1,000)
45	Total I-70 W MEXL FY1 2019-20 Allocations		\$ (1,369,854)		\$ (1,304,854)
46	I-70 W MEXL Remaining Balance		\$ 1,586,421		\$ 1,719,139
47	C-470 Express Lanes (Cost Center T8650-536)				
48	Fiscal Year Funds and Revenue				
49	C-470 Bond Proceeds for Debt Service	\$ 8,089,750		\$ 8,089,750	
50	Interest Earnings on Bond Proceeds	\$ 500,000		\$ 500,000	
51	Total C-470 FY 2019-20 Available Funds	\$ 8,589,750		\$ 8,589,750	
52	Fiscal Year Allocations				
53	Bond Debt Service		\$ (8,089,750)		\$ (8,089,750)
54	Total C-470 FY 2019-20 Allocations		\$ (8,089,750)		\$ (8,089,750)
55	C-470 Remaining Balance		\$ 500,000		\$ 500,000
	Total Fund 536 Revenues & Funds	\$ 20,254,898		\$ 21,175,803	
	Total Fund 536 Allocations	\$ (13,103,814)		\$ (12,950,814)	
	Remaining Unbudgeted Funds	\$ 7,151,084		\$ 8,224,989	

Attachment B: Fiscal Year 2019-20 Updated 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	Updated Revenues-Feb	Updated Allocations- Feb
1	Fiscal Year Revenues				
2	Fee for Service	\$ 5,600,000		\$ 5,600,000	
3	Interest Earnings	\$ 50,300		\$ 80,000	
4	Total FY 2019-20 Revenue	\$ 5,650,300		\$ 5,680,000	
5	Fiscal Year Allocations				
6	Administrative Cost Center (T8700-537)				
7					
8	Overall Program Operations				
9	HPTE Staff Compensation		\$ (1,151,500)		\$ (1,151,500)
10	CDOT Staff		\$ (220,000)		\$ (200,000)
11	Board Expenses		\$ (10,000)		\$ (10,000)
12	Staff Training and Certifications		\$ (25,000)		\$ (23,000)
13	Administrative and Office Needs		\$ (15,000)		\$ (15,000)
14	Conferences and Industry Memberships		\$ (20,000)		\$ (20,000)
15	In and Out of State Travel		\$ (26,000)		\$ (24,500)
16	Technical Services				
17	Program Management		\$ -		\$ -
18	Express Lanes Communications and Public Affairs Support		\$ (460,000)		\$ (300,000)
19	Toll Operations Advisor		\$ (1,000,000)		\$ (1,000,000)
20	Traffic and Revenue Advisor		\$ (100,000)		\$ (600,000)
21	Aconex Document Management System		\$ (400,000)		\$ (400,000)
22	Financial Services				
23	Accounting Advisors and Annual Audit		\$ (21,000)		\$ (21,000)
24	Surveillance and Ratings Fees		\$ (100,000)		\$ (75,000)
25	General Financial Advisor		\$ (300,000)		\$ (300,000)
26	Legal Services				
27	Outside Legal Services		\$ (300,000)		\$ (200,000)
28	Attorney General Fees		\$ (60,000)		\$ (85,000)
29	Strategic Project Development				
30	Public Private Partnership (P3) Advisor		\$ (350,000)		\$ (350,000)
31	Strategic Partnerships and CDOT Project Support		\$ (450,000)		\$ (330,000)
32	Express Lanes Master Plan Development		\$ (141,800)		\$ (75,000)
33	Central 70 Traffic Demand Management		\$ (500,000)		\$ (500,000)
34	Miscellaneous		\$ -		\$ -
35	Total FY 2019-20 Operating Budget	\$ 5,650,300	.	\$ 5,680,000	.
36	Total FY 2019-20 Allocations		\$ (5,650,300)		\$ (5,680,000)
	Total Fund 537 Revenue	\$ 5,650,300		\$ 5,680,000	.
	Total Fund 537 Allocations	\$ (5,650,300)		\$ (5,680,000)	
	Remaining Unbudgeted Funds	\$ -		\$ -	