



MEMORANDUM

TO: HIGH PERFORMANCE TRANSPORTATION ENTERPRISE BOARD OF DIRECTORS
FROM: PIPER FRODE, HPTE BUDGET AND SPECIAL PROJECTS MANAGER
KAY HRUSKA, ENTERPRISES CONTROLLER
DATE: JANUARY 16, 2019
SUBJECT: SECOND AMENDMENT TO THE FISCAL YEAR 2018-19 BUDGET

Requested Action

This memo provides information to the High Performance Transportation Enterprise (HPTE) Board of Directors (the Board) regarding a proposed change to the FY 2018-19 budget for Fund 537 (Operating Fund) budget, reflecting a Transportation Commission (TC) loan repayment in the amount of \$250,000. The Board is asked to review the proposed changes and approve Resolution #286, included as Attachment A, approving the Second Budget Amendment of FY 2018-19.

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 transfers from the Colorado Tolling Enterprise (CTE), totaling \$6,060,892 as outstanding debt owed to the TC. In June 2017 and October 2017, the Board authorized HPTE to make two TC loan repayments totaling \$2,250,852. As of January 1, 2019, HPTE's outstanding TC debt balance (principal and accrued interest) is \$4,420,620, 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 up to 85% of roll forward budget balances should be allocated to repay outstanding TC loans.

Details

Based on the roll forward budget available and current and upcoming program commitments, staff has determined HPTE has the budget flexibility to make a \$250,000 (approximately 10% of total roll forward) TC loan payment for FY 2018-19. Per the HPTE Budget Process and Reporting Guidelines, any changes to the current approved annual budget which result in a new expenditure 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 18:* A new Transportation Commission Loan repayment line for \$250,000 has been added
- *Lines 20, 22, 27 and 33:* Additional budget from the FY 2017-18 roll forward has been allocated to these lines to account for prior year commitments that are still active in the current fiscal year.

Key Benefits

- If approved, this loan payment will eliminate HPTE's FY 2014-15 loan, which as of January 1, 2019 had a balance of \$44,670, including interest. The remaining balance of \$205,330 will be applied to the FY 2012-13 loan which has a balance of \$1,172,346. After the proposed Fiscal Year 2018-19 loan payment, HPTE's total TC loan balance, including CTE liability, will be an estimated \$4,170,620.
- HPTE will retain a sufficient amount of revenue in HPTE's current year operating budget.
- TC loan payment complies with the Revenue Use Guidelines established by the Board in January 2017.

Options and Recommendations

1. Act on Resolution #286 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 future TC loan payments.
- The new amended budget will be reflected in the third quarter budget to actual statement.

Attachment

Attachment A: Resolution #286 Approval of Second Amendment to the Fiscal Year 2018-19 HPTE Budget

Attachment B: Summary of HPTE Transportation Commission Loan Debt: As of January 1, 2019

Attachment A:

Resolution – HPTE #286

Approval of Second Amendment to the Fiscal Year 2018-19 HPTE Budget

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 previously adopted annual budgets for fiscal year 2018-19 for Fund 536 and Fund 537 in March 2018; and

WHEREAS, the fiscal year 2018-19 budget for Fund 536 and/or Fund 537 was previously amended by resolution of the Board on September 19, 2018 (the “First Amendment”); and

WHEREAS, the need has now arisen to amend the budgets for fiscal year 2018-19 for Fund 536 and/or 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.

WHEREAS, this Second Amendment approves a payment of two hundred fifty thousand dollars (\$250,000) towards HPTE’s existing Transportation Commission loan obligations.

NOW THEREFORE BE IT RESOLVED, the amended fiscal year 2018-19 budget set forth in this First Amendment for Fund 537, attached hereto as **Exhibit A**, are hereby approved and adopted by the HPTE Board of Directors.

Signed as of January 16, 2018

Simon Logan
Secretary, HPTE Board

Exhibit A to HPTE Resolution #286

Amended (Second Amendment) FY 2018-19 Budget

Fiscal Year 2018-19 Final Budget for Fund 537					
Statewide Transportation Enterprise Operating Fund (C.R.S. 43-4-806(4)) 537					
Line Item		Adopted Estimated Revenues-March	Adopted Estimated Expenses-March	Revised Estimated Revenues-January	Revised Estimated Expenses-January
1	Fiscal Year Revenues				
2	Fee for Service	\$ 5,169,500		\$ 5,169,500	
3	Interest Earnings	\$ 25,000		\$ 25,000	
4	Total FY 2018-19 Revenue	\$ 5,194,500		\$ 5,194,500	
5	Additional Budget for FY 2017-18 Roll Forward			\$ 2,546,472	
6	Total Current Available FY 2018-19 Operating Budget	\$ 5,194,500		\$ 7,740,972	
7	Fiscal Year Allocations				
8	Administrative Cost Center (T8700-537)				
9					
10	Overall Program Operations				
11	HPTE Staff Compensation		\$ (1,024,000)		\$ (1,024,000)
12	CDOT Staff		\$ (200,000)		\$ (200,000)
13	Board Expenses		\$ (15,000)		\$ (15,000)
14	Staff Training and Certifications		\$ (25,000)		\$ (25,000)
15	Administrative and Office Needs		\$ (10,000)		\$ (10,000)
16	Conferences and Industry Memberships		\$ (10,000)		\$ (10,000)
17	in and Out of State Travel		\$ (25,500)		\$ (25,500)
18	Transportation Commission Loan Repayment				\$ (250,000)
19	Technical Services				
20	Program Management		\$ -		\$ (50,000)
21	Express Lanes Communications and Public Affairs Support		\$ (460,000)		\$ (460,000)
22	Toll Operations Advisor		\$ (300,000)		\$ (400,000)
23	Aconex Document Management System		\$ (224,000)		\$ (224,000)
24	Financial Services				
25	Accounting Advisors and Annual Audit		\$ (21,000)		\$ (21,000)
26	Surveillance and Ratings Fees		\$ (150,000)		\$ (150,000)
27	Public Private Partnership (P3) Advisor		\$ (350,000)		\$ (1,000,000)
28	Legal Services				
29	Outside Legal Services		\$ (125,000)		\$ (420,000)
30	Attorney General Fees		\$ (50,000)		\$ (250,000)
31	Strategic Project Development				
32	CDOT Project Support		\$ (455,000)		\$ (455,000)
33	Express Lanes Master Plan Development		\$ (1,250,000)		\$ (2,250,000)
34	Central 70 Traffic Demand Management		\$ (500,000)		\$ (500,000)
35	Miscellaneous		\$ -		\$ -
36	Total FY 2018-19 Operating Budget	\$ 5,194,500	.	\$ 7,740,972	
37	Total FY 2018-19 Allocations		\$ (5,194,500)		\$ (7,739,500)
	Total Fund 537 Revenue	\$ 5,194,500	.	\$ 7,740,972	\$ -
	Total Fund 537 Allocations	\$ (5,194,500)		\$ (7,739,500)	
	Remaining Unbudgeted Funds	\$ -		\$ 1,472	

Attachment B:

**Summary of HPTE Transportation Commission Loan Debt
As of January 1, 2019**

Loan	Interest Rate	TC Loan Principal	Accrued Interest	TC Loan Balance	HPTE Payments	Total Outstanding TC Loan Balance	Proposed FY19 TC Loan Payment	TC Loan Balance After Payment
CTE		\$ 2,060,892	\$ -	\$ 2,060,892		\$ 2,060,892		\$ 2,060,892*
FY2011-2012	3.25%	\$ 1,000,000	\$ 199,067	\$ 1,199,067	\$ (1,199,067)	\$ 0		\$ 0
FY2012-2013	2.50%	\$ 1,000,000	\$ 172,346	\$ 1,172,346		\$ 1,172,346	\$ (205,330)	\$ 967,016
FY2013-2014	2.25%	\$ 1,000,000	\$ 142,712	\$ 1,142,712		\$ 1,142,712		\$ 1,142,712
FY2014-2015	2.75%	\$ 1,000,000	\$ 96,455	\$ 1,096,455	\$ (1,051,785)	\$ 44,670	\$ (44,670)	\$ 0
Total		\$ 6,060,892	\$ 610,580	\$ 6,671,472	\$ (2,250,852)	\$ 4,420,620	\$ (250,000)	\$ 4,170,620

*Loans were requested by CTE, which disqualified CTE as an enterprise in FY2003 and FY2006. The CTE loans were not charged interest. Even though CTE was abolished in 2009, per legislation all CTE financial balances were transferred to HPTE and are reflected as a contingent liability on HPTE's financial statements.