



## MEMORANDUM

TO: HPTE BOARD OF DIRECTORS  
FROM: PIPER DARLINGTON, ENTERPRISES BUDGET & SPECIAL PROJECTS MANAGER  
DATE: NOVEMBER 18, 2020  
SUBJECT: PROPOSED FISCAL YEAR 2021-22 BUDGETS FOR FUND 536 AND FUND 537

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### Purpose and Requested Action

This memorandum presents the proposed Fiscal Year (FY) 2021-22 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 proposed FY 2021-22 budgets for Fund 536 and 537.

### Details

The HPTE FY 2021-22 budget allocations are based on the following revenue estimates:

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

- \$246,500 in interest income
- \$400,000 annual concessionaire management fee from Plenary Roads Denver
- \$500,000 in transponder revenue
- \$25.3 million in toll revenue from C470, I-25 North US36 to 120<sup>th</sup> (Segment 2) and 120<sup>th</sup> to E470 (Segment 3) and I-70 Eastbound Mountain Express Lane (MEXL)

Key items to note on the budget for Fund 536 are:

- *Lines 24, 45, 81, and 105: 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 tolls, and providing customer service support to all Express Lane customers.
- *Lines 25 and 46: Sales Tax and Sales Tax Processing Costs.* Budget identified will be used to pay for costs related to the sale of switchable transponders on those corridors with HOV3.

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

- \$5,600,000 in fee-for-service revenue
- \$80,000 in interest income

Key items to note on the budget for Fund 537 are:

- *Line 19: Toll Operations Advisor.* Budget identified for this line is to provide consultant-supported industry expertise on Express Lane operations for all corridors. HPTE will be allocating significant resources to tolling operations in FY 2021-22 in anticipation of new corridors coming online (including I-70 Westbound Mountain Express Lane) and ongoing integration and oversight work with HPTE's new tolling equipment and software vendor, including system design, maintenance, and lifecycle planning.
- *Line 20: Traffic and Revenue Advisor.* Budget identified for this line has been reduced in FY 2021-22 since most ongoing traffic and revenue studies are already funded in the current fiscal year, including Floyd Hill, SH 119, I-270, and C-470 Segment 2.



- *Line 31: Strategic Partnerships and CDOT Project Support.* In FY 2021-22, it is anticipated that the City and County of Denver will have completed its Federal and Colfax Interchange Transformation Study, and HPTE will begin exploring how CDOT could receive fair market value for the land and transfer asset ownership responsibility through a partnership with a private entity. HPTE, CDOT, and the City and County of Denver signed a Letter of Commitment, committing funding to explore redevelopment options.

Additional details regarding the proposed allocation of all funds identified thus far are outlined in Attachment A: FY 2021-22 Proposed HPTE Budget for Fund 536 and Attachment B: FY 2021-22 Proposed HPTE Budget for Fund 537. In line with the development of the proposed FY 2021-22 budget, a proposed Scope of Work (SOW) for FY 2021-22 has also been developed and is included as Attachment C. The draft SOW includes new and ongoing 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

To finalize the budgets for Fund 536 and 537 in the next several months, HPTE staff will:

- Monitor toll collections through Q2 of FY 2020-21 and update toll revenue estimates and tolling operations costs (including toll processing) as needed.
- Monitor C-470 toll collections to ensure coverage targets are being met and that HPTE can comply with its obligations under the TIFIA Loan and Master Trust Indenture.
- Incorporate new estimates for operations and maintenance (O&M) costs based on the outcome of a new maintenance Intra-Agency Agreement (IAA) currently in development between HPTE, CDOT Division of Maintenance and Operations, and CDOT Intelligent Transportation Systems (ITS).
- Develop a new budget for I-70 Mountain Express Lane Westbound, currently slated to open in FY 2021-22.
- Finalize and incorporate updated estimates for capital replacement, lifecycle, or asset management costs related to existing tolling equipment.
- Work with CDOT Management, Enterprises Controller and the Attorney General to refine the proposed FY 2021-22 SOW, fee for service request and IAA documents. This will ensure that HPTE can complete work on behalf of CDOT within its currently approved budget.
- Reflect new debt service expenses for both I-70 Eastbound Mountain Express Lane (MEXL) and I-25 North 120<sup>th</sup> to E470 (Segment 3) following the completion of the refinancing process for the existing loans on these corridors.
- Review all line item allocations for both Funds and make adjustments based on the program's needs and the finalized SOW.

#### Attachments

Attachment A: FY 2021-22 Proposed Budget for Fund 536

Attachment B: FY 2021-22 Proposed Budget for Fund 537

Attachment C: Colorado High-Performance Transportation Enterprise Scope of Work Fiscal Year 2021-22 Draft Outline

**Attachment A: Fiscal Year 2021-22 Proposed Budget for Fund 536**

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

Line Item		Draft Revenues	Proposed Allocations
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 2021-22 Available Revenue</b>	<b>\$ 642,000</b>	
6	<b>Fiscal Year Allocations</b>		
7	CDOT Staff Consulting		\$ (15,000)
8	Project Oversight		\$ (600,000)
9	Annual Audit		\$ (7,000)
10	Attorney General Fees		\$ (20,000)
11	Miscellaneous Corridor Studies		\$ -
12	<b>Total US 36 FY 2021-22 Allocations</b>		<b>\$ (642,000)</b>
13	<b>Remaining Balance</b>		<b>\$ -</b>
14	<b>I-25 Express Lanes</b>		
15	<b>US36 to 120th (Segment 2) (Cost Center T8630-536)</b>		
16	<b>Fiscal Year Revenues</b>		
17	Tolling Revenue	\$ 8,186,642	
18	Transponder Revenue	\$ 250,000	
19	Interest Earnings	\$ 1,500	
20	<b>Total Segment 2 FY 2021-22 Available Revenue &amp; Funds</b>	<b>\$ 8,438,142</b>	
21	<b>Fiscal Year Allocations</b>		
22	CDOT Staff Consulting		\$ (15,000)
23	Attorney General Fees		\$ (10,000)
24	General Reimbursable Expenses and Toll Processing Costs		\$ (2,205,240)
25	Sales Tax and Sales Tax Processing Costs		\$ (128,475)
26	Routine Maintenance		\$ (150,000)
27	Operations		\$ (250,000)
28	Capital Replacement-Tolling Equipment		\$ -
29	Miscellaneous Corridor Studies		\$ -
30	Tolling System and Software Development		\$ -
31	<b>Total Segment 2 FY 2021-22 Allocations</b>		<b>\$ (2,758,715)</b>
32	<b>Remaining Balance</b>		<b>\$ 5,679,427</b>
33	<b>120th to E470 (Segment 3) (Cost Center T8633-536)</b>		
34	<b>Fiscal Year Revenues &amp; Funds</b>		
35	Tolling Revenue	\$ 2,040,000	
36	Transponder Revenue	\$ 250,000	
37	Interest Earnings	\$ 1,500	
39	<b>Total Segment 3 FY 2021-22 Available Revenue &amp; Funds</b>	<b>\$ 2,291,500</b>	
40	<b>Fiscal Year Allocations</b>		
41	I-25 North Loan Payment		\$ (470,237)
42	Margin Rate Payment		\$ (155,973)
43	CDOT Staff Consulting		\$ (15,000)
44	Attorney General Fees		\$ (10,000)
45	General Reimbursable Expenses and Toll Processing Costs		\$ (255,000)
46	Sales Tax and Sales Tax Processing Costs		\$ (42,825)
47	Routine Maintenance		\$ (100,000)
48	Operations		\$ (150,000)
49	Capital Replacement-Tolling Equipment		\$ -
50	Loan Expenses (Note Registrar, Refinancing)		\$ -
51	Tolling System and Software Development		\$ -
52	<b>Total Segment 3 FY 2021-22 Allocations</b>		<b>\$ (1,199,035)</b>
53	<b>Remaining Balance</b>		<b>\$ 1,092,465</b>
54	<b>Johnstown to Fort Collins (Segment 7&amp;8) (Cost Center T8635-536)</b>		
55	<b>Fiscal Year Revenues &amp; Funds</b>		
56			
57	<b>Total Segment 7&amp;8 FY 2021-22 Available Revenue &amp; Funds</b>		
58	<b>Fiscal Year Allocations</b>		
59			
60	<b>Total Segment 7&amp;8 FY 2021-22 Allocations</b>		
61	<b>Remaining Balance</b>		
62	<b>Monument to Castle Rock (the GAP) (Cost Center T8655-536)</b>		
63	<b>Fiscal Year Revenues &amp; Funds</b>		
64			
65	<b>Total GAP FY 2021-22 Available Revenue &amp; Funds</b>		
66	<b>Fiscal Year Allocations</b>		
67			
68	<b>Total GAP FY 2021-22 Allocations</b>		
69	<b>Remaining Balance</b>		
70	<b>I-70 West Mountain Express Lanes (MEXL)</b>		
71	<b>MEXL Eastbound (Cost Center T8640-536)</b>		
72	<b>Fiscal Year Revenues &amp; Funds</b>		
73	Tolling Revenue	\$ 2,316,593	
74	Interest Earnings	\$ 1,500	
75	<b>Total MEXL Eastbound FY 2021-22 Available Revenue &amp; Funds</b>	<b>\$ 2,318,093</b>	
76	<b>Fiscal Year Allocations</b>		
77	MEXL Loan Payment		\$ (697,500)
78	Margin Rate Payment		\$ (231,354)
79	CDOT Staff Consulting		\$ (15,000)
80	Attorney General Fees		\$ (5,000)
81	General Reimbursable Expenses and Toll Processing Costs		\$ (209,100)
82	Routine Maintenance		\$ (200,000)
83	Operations		\$ (125,000)
84	Capital Replacement-Tolling Equipment Reserve		\$ -
85	Loan Expenses (Note Registrar, Refinancing)		\$ -
86	Tolling System and Software Development		\$ -
87	<b>Total MEXL Eastbound FY 2021-22 Allocations</b>		<b>\$ (1,482,954)</b>
88	<b>Remaining Balance</b>		<b>\$ 835,139</b>
89	<b>MEXL Westbound (Cost Center T8645-536)</b>		
90	<b>Fiscal Year Funds and Revenue</b>		
91			
92	<b>Total MEXL Westbound FY 2021-22 Available Revenue &amp; Funds</b>		
93	<b>Fiscal Year Allocations</b>		
94			
95	<b>Total MEXL Westbound FY 2021-22 Allocations</b>		
96	<b>Remaining Balance</b>		
97	<b>C-470 Express Lanes (Cost Center T8650-536)</b>		
98	<b>Fiscal Year Funds and Revenue</b>		
99	Tolling Revenue	\$ 12,716,000	
100	Debt Service Reserves		
101	Interest Earnings	\$ 1,500	
102	<b>Total C-470 FY 2021-22 Available Funds</b>	<b>\$ 12,717,500</b>	
103	<b>Fiscal Year Allocations</b>		
104	Bond Debt Service		\$ (8,089,750)
105	General Reimbursable Expenses and Toll Processing Costs		\$ (3,042,000)
106	Routine Maintenance		\$ (519,000)
107	Operations		\$ (200,000)
108	CDOT Staff Consulting		\$ (15,000)
109	Attorney General Fees		\$ (10,000)
110	Required Reserve Funds-Tolling and Roadway Capital Reserve		\$ -
111	Required Reserve Funds-O&M Reserve		\$ (702,000)
112	Tolling System and Software Development		\$ -
113	<b>Total C-470 FY 2021-22 Allocations</b>		<b>\$ (12,577,750)</b>
114	<b>Remaining Balance</b>		<b>\$ 139,750</b>
115	<b>Central 70 (Cost Center T8660-536)</b>		
116	<b>Fiscal Year Funds and Revenue</b>		
117			
118	<b>Total Central 70 FY 2021-22 Available Revenue &amp; Funds</b>		
119	<b>Fiscal Year Allocations</b>		
120			
121	<b>Total Central 70 FY 2021-22 Allocations</b>		
122	<b>Remaining Balance</b>		
	<b>Total Fund 536 Revenues &amp; Funds</b>	<b>\$ 26,407,236</b>	
	<b>Total Fund 536 Allocations</b>	<b>\$ (18,660,454)</b>	
	<b>Remaining Unbudgeted Funds</b>	<b>\$ 7,746,782</b>	

## Attachment B: Fiscal Year 2021-22 Proposed Budget for Fund 537

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

Line Item		Draft Revenues	Proposed Allocations
1	<b>Fiscal Year Revenues</b>		
2	Fee for Service	\$ 5,600,000	
3	Interest Earnings	\$ 80,000	
4	<b>Total FY 2021-22- Revenue</b>	<b>\$ 5,680,000</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		\$ (1,000,000)
10	CDOT Staff		\$ (200,000)
11	Board Expenses		\$ (10,000)
12	Staff Training and Certifications		\$ (10,000)
13	Administrative and Office Needs		\$ (5,000)
14	Conferences and Industry Memberships		\$ (10,000)
15	In and Out of State Travel		\$ -
16	<b>Technical Services</b>		
17	Program Management		\$ -
18	Express Lanes Communications and Public Affairs Support		\$ (300,000)
19	Toll Operations Advisor		\$ (900,000)
20	Traffic & Revenue Advisor		\$ (150,000)
21	Aconex Document Management System		\$ (675,000)
22	<b>Financial Services</b>		
23	Accounting Advisors and Annual Audit		\$ (20,000)
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		\$ (100,000)
29	<b>Strategic Project Development</b>		
30	Public Private Partnership (P3) Advisor		\$ (550,000)
31	Strategic Partnerships and CDOT Project Support		\$ (500,000)
33	Central 70 Traffic Demand Management		\$ (500,000)
34	Miscellaneous		\$ (50,000)
35	<b>Total FY 2021-22 Estimated Revenues</b>	<b>\$ 5,680,000</b>	<b>.</b>
36	<b>Total FY 2021-22 Proposed Allocations</b>		<b>\$ (5,680,000)</b>
<b>Total Fund 537 Revenue</b>		<b>\$ 5,680,000</b>	<b>.</b>
<b>Total Fund 537 Allocations</b>		<b>\$ (5,680,000)</b>	
<b>Remaining Unbudgeted Funds</b>		<b>\$ -</b>	

## **Attachment C: Colorado High Performance Transportation Enterprise: Proposed Fiscal Year 2021-22 Scope of Work**

### **New Initiatives for FY 2021-22:**

- **Public-Private Partnership: Oversight and Contract Management:** HPTE will lead the effort to develop and finalize a contract compliance and monitoring framework for Central 70. The Central 70 Project Agreement is the second Design Build Finance Operate Maintain (DBFOM) P3 that will be managed by HPTE on behalf of the Department once project construction is completed in 2022/23 and the operating period of the contract begins. This will include developing tools to monitor routine maintenance and snow and ice removal services being provided for the entire corridor. Oversight and monitoring is critical to ensure that that CDOT is accurately paying for and receiving required maintenance levels of service under the contract.
- **Innovative Financing:** HPTE will lead the effort to finalize a I-25 North Corridor TIFIA loan with the USDOT Build America Bureau in the first half of Fiscal Year 2021-22. On behalf of CDOT, HPTE will be securing financing to construct express lanes as well as general purpose lanes for the I-25 North Johnstown to Fort Collins project (Segments 6/7/8) and future safety improvements to I-25 North US36 to E470 (Segments 2/3). These projects will help provide additional congestion management to the I-25 corridor.
- **Express Lane Corridors: Ongoing Management and Implementation:** HPTE will lead the effort to implement a new Intra-Agency Agreement (IAA) between CDOT and HPTE for operations and maintenance. As part of the IAA development process, CDOT has tasked HPTE with determining and documenting a more equitable methodology for sharing operations and maintenance expenses on Managed Lane corridors. The agreement is slated to take effect for the 2021-22 fiscal year.
- **Project Development:** HPTE will support the efforts of CDOT Division of Transit and Rail and the Southwest Chief & Front Range Passenger Rail Commission to advance the Front Range Passenger Rail project. Support may include: reviewing a revenue and ridership study, considering options for project acceleration and deliver using innovative financing including the feasibility of a public private partnership (P3).

### **Ongoing Areas of Work:**

#### **1. Express Lane Corridors: Ongoing Management and Implementation**

CDOT has tasked HPTE with providing congestion management strategies in critical corridors in the Denver metro area. HPTE will implement congestion management for CDOT through the construction and ongoing management of Managed Lane corridors, which for the purposes of this Scope of Work (SOW) are defined as sections of the interstate and state highway system that have both tolled Express Lanes and General Purpose (GP) lanes operating side by side. To accomplish this, HPTE will:

- Provide ongoing toll rate adjustment sensitivity analysis and recommendations in order to provide a more reliable travel time across all lanes in the corridor, general purpose and express lanes. Corridors in operation will be actively monitored by HPTE to ensure that optimal congestion management is being achieved.
- Study dynamic tolling (also referred to as congestion pricing) to better understand how this tolling strategy could better optimize congestion management over the current time-of-day tolling strategy. Optimizing congestion management on all current and future Managed Lane corridors will be critical for all lanes of the interstate as overall traffic increases with projected population growth.
- Work with the CDOT traffic operations center (TOC), Intelligent Transportation Systems (ITS) and Region staff to implement a comprehensive 10 year tolling operations plan for the future system of tolled corridors.

- Lead the process of complying with all FHWA reporting requirements for TIGER, BUILD and INFRA grants that were received by CDOT for Managed Lane corridor projects as well as for collecting and reporting on safety data for all lanes in Managed Lane corridors including I-70 Eastbound Mountain Express Lane (MEXL) and I-25 North US36 to 120<sup>th</sup> (Segment 2).
- Provide expertise on the installation and testing of tolling equipment to support all active Managed Lane construction projects including the I-25 South Gap, I-25 North Johnstown to Fort Collins and Central 70. Additional support will be provided to the I-70 Westbound Mountain Express Lane Project (slated to open for tolling go-live in August of 2021) for Final Acceptance Testing. Proper oversight is critical for CDOT in order to meet project deadlines.
- Oversee the development of a Tolling Equity program for the Central 70 and I-270 projects because the corresponding NEPA documents identify this as a mitigation strategy for vulnerable populations who have been disproportionately exposed to environmental hazards along these corridors (referred to as environmental justice communities).

These activities will require close and ongoing coordination with the Federal Highway Administration (FHWA), E-470 Public Highway Authority, and CDOT regional staff including traffic safety, incident management and maintenance. To accomplish these tasks, HPTE will provide in-house expertise to CDOT through its Tolling Services Specialist and Major Projects Manager as well outside industry expertise for operation related issues as needed.

## **2. Public-Private Partnership: Oversight and Contract Management**

As P3 authority and contracting entity within the Department, HPTE will continue to provide necessary corridor development work, including general advising for ongoing and future P3 projects, and on-call P3 financial advising as needed. HPTE will also to provide oversight and management the P3 agreements for U.S.36 and Central 70 Project. To accomplish this, HPTE will:

- Coordinate with CDOT Region 1 staff and CDOT's Communications Office on all stakeholder outreach efforts for the Central 70 project, including funding transportation demand management services for residents, businesses, and commuters to reduce travel demand along the corridor during construction.
- 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 2021 for the general purpose lanes as required by the U.S. 36 CDOT/HPTE IAA.
- Provide in house expertise through its Major Projects Manager and support CDOT with any operational, service, or contractual issues or questions that arise in or relate to the General Purpose lanes on the corridor.

## **3. Innovative Financing**

On Managed Lane corridor projects where HPTE has secured or will secure financing to accelerate project delivery; CDOT has tasked HPTE to serve as its ongoing financial manager. To accomplish this, HPTE will:

- Address findings from the U.S.36 Legislative Audit for better document control on large projects by providing specialized document management services through Aconex.
- Engage Financial Advisory consultants to determine borrowing capacity off of the Level 2 traffic and revenue studies (currently funded by separate IAAs) for future corridors including (C470 Segment 2 Project, SH 119, and the I-270 Project). HPTE will also coordinate with the CDOT region staff on the NEPA and 30 percent design projects regarding the aforementioned corridors as well.
- Monitor all large, innovatively financed projects with the Department. CDOT has provided credit support to HPTE and failure to complete on-going reporting on innovative financing projects could jeopardize the Department's ability to complete future projects or future borrowings. CDOT has given responsibility to HPTE for completing any additional reporting and monitoring as required by existing loan agreements and Intra-Agency Agreements between CDOT and HPTE so the Department stays in compliance with all laws and contracts.

#### 4. Project Development

HPTE will continue to serve as a think-tank within the Department; exploring big picture ideas for innovative projects brought forth by CDOT and outside entities. For FY 2021-22 HPTE will provide strategic advisory work in the following key area per CDOT's request:

- Continue to partner with CDOT, the City and County of Denver, Broncos Stadium District and West Colfax Business District to explore the redevelopment of the Federal and Colfax intersection. In FY 2021-22 it is anticipated that the City and County of Denver will complete its Interchange Transformation Study and HPTE begin exploring how it could receive fair market value for the land and while transferring its asset ownership responsibility through a partnership with a private entity.
- Provide assistance to CDOT with any other necessary corridor development work and/or general advising on P3 or innovative finance projects that may arise throughout the performance period for this scope of work.

#### 5. Public Outreach and Communications

CDOT has tasked HPTE with overseeing all communications to ensure comprehensive public outreach and education for Managed Lane corridors opening, Public-Private Partnerships (P3) projects including U.S.36 and Central 70, and to comply with the U.S.36 Legislative Audit. Key tasks will include:

- 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.
- Coordinate with the CDOT Public Information Office on updating transponder and HOV policy, motorcycle transponder policy, and HOV carpooling technology.
- Conduct public outreach on HPTE's move from time of day tolling to dynamic tolling.
- Conduct public meetings and stakeholder outreach on HPTE's Tolling Equity Program for the Central 70 Project and the I-270 Project.
- Conduct P3 training for internal staff and for stakeholders

#### 6. Out of State Travel

Given the current travel restriction due to the COVID-19 pandemic, HPTE is not anticipating any out of state travel for the 2021-22 fiscal year. In order 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 continue to participate in conferences, trainings, and project related meetings virtually.

### **Total Proposed Fee for FY 2021-22 for Scope of Work activities: \$5,600,000**

HPTE will continue to refine its estimate for the numbers of hours and the proposed fee needed to deliver the Fiscal Year 2021-22 Scope of Work Activities.