



**Date:** June 16, 2021

**To:** HIGH PERFORMANCE TRANSPORTATION ENTERPRISE BOARD

**From:** NICK FARBER, DIRECTOR, HPTE

**Subject:** HPTE / E-470 TOLLING SERVICES AGREEMENT REDUCTION IN TERMINATION WIND-DOWN PERIOD

#### Purpose

The purpose of this memo is to describe HPTE's recent discussions with the E-470 Public Highway Authority (Authority) about our upcoming Commercial Back Office Systems (CBOS) procurement and HPTE's staff recommendation for a three-month reduction in the Wind-Down Period of the HPTE / Authority Tolling Services Agreement (TSA).

#### Action

The HPTE Board is asked to adopt a resolution that supports the staff recommendation to approve a three-month reduction in the Wind-Down Period.

#### Background:

The Colorado Tolling Enterprise (CTE, HPTE's predecessor) and HPTE have a 15-year history with the Authority:

- In 2006, CTE entered into a pass-through cost contract with the Authority for the I-25 Central Reversible Express Lanes.
- In 2015, HPTE entered into a five-year Tolling Services Agreement (TSA) for tolling equipment installation, maintenance of certain aspects of our tolling equipment, and other tolling back-office services.
- In 2018, HPTE extended the TSA by three years (from a June 2020 Expiration Date to June 2023). When HPTE terminates not for cause under the TSA, HPTE must give a Termination Notice two years prior to the TSA's Expiration Date, triggering the 24-month Wind-Down Period (unless otherwise agreed by the Parties). Under the current TSA, the Termination Notice is due to the Authority by June 30, 2021.

Since early this year, HPTE has been contemplating its needs regarding its future CBOS and has identified seven goals for a future CBOS. Those goals are:

1. Flexible, robust, and scalable CBOS;
2. Full and unrestricted access to all HPTE transactional data;
3. Full access and visibility of all processes;
4. Full access to cost model's native electronic files;
5. Performance-based contract;
6. Follow a competitive procurement; and
7. Fully auditable CBOS.

On April 22, 2021, Director Farber presented to the Authority Board at a Special Meeting to discuss the above goals and outline our CBOS proposed timeline. At that meeting, Director Farber asked for a one-year extension of the TSA through June 2024, which, by extension, would effectively extend the



Termination Notice and subsequent  
June 30, 2022 (see Attachment A for the entire presentation).

Termination Wind-Down Period to

As a result of those requests, the Authority's Board asked E-470 staff to discuss where the Authority was not meeting HPTE's CBOS goals and discuss HPTE's future Express Lane construction. This meeting took place on May 11, 2021, at the Authority's Headquarters. In response to the April 22 and May 11th meetings, the Authority issued a response to the HPTE's requests on May 24 (see Attachment B), which, among other things, offers to reduce the TSA Wind-Down period from 24 months to 21 months (thereby extending the Notice of Termination from June 30, 2021, to September 30, 2021), and offering to extend the current term of the TSA from June 30, 2023, to June 30, 2028 (a five year extension instead of the one HPTE asked for). The Authority does not think a one year extension of the TSA is prudent because it does not "allow for necessary planning and resourcing by E-470 to perform the projects" namely, WB MEXL, I-25 South Gap, I-25N Segments 6-8, I-70 Central, and other Authority projects (see Attachment B for further explanation).

HPTE is still in active internal discussions on how to proceed on a CBOS procurement. Therefore HPTE would like to reduce the Wind-Down Period from 24 months to 21 months to allow time to complete our internal discussions on our CBOS procurement. At this time, HPTE has determined it is premature to give the Authority an answer on extending the term of the TSA another five years to June 30, 2028. HPTE expects to respond to the Authority on that offer on or before September 30, 2021.

#### Options / Decision Matrix

1. **Staff Recommendation:** Approve Resolution #364 for the reduction in the Wind-Period from 24 months to 21 months.
2. Review but do not approve the reduction. Provide instructions on next steps.

#### Attachment

Attachment A: HPTE April 22, 2021 Presentation to the E-470 Public Highway Authority Board.

Attachment B: E-470 May 24, 2021 response to April 22 and May 11th meetings.