



MEMORANDUM

TO: HIGH-PERFORMANCE TRANSPORTATION ENTERPRISE BOARD OF DIRECTORS
FROM: PIPER DARLINGTON, BUDGET AND SPECIAL PROJECTS MANAGER
DATE: SEPTEMBER 15, 2021
SUBJECT: QUARTERLY C-470 EXPRESS LANES PERFORMANCE UPDATE

Purpose

To update the HPTE Board of Directors (the Board) on the performance of the C-470 Express Lanes.

Requested Action:

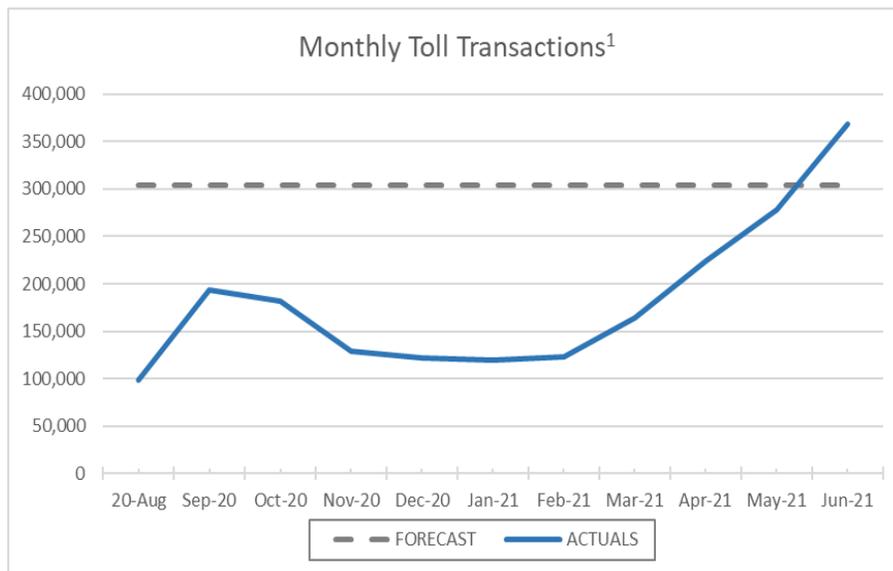
The purpose of this memo and presentation is informational only, and no action is being requested.

Background:

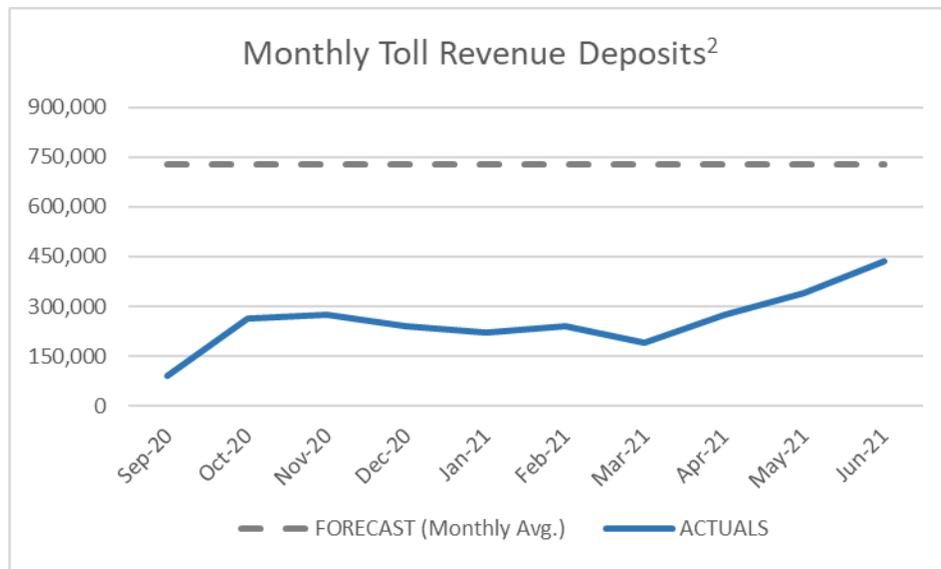
The C-470 Express Lanes Project is located between I-25 and Wadsworth Boulevard. HPTE secured \$176 million in revenue bonds and a \$107 million Transportation Infrastructure Finance and Innovation Act program (TIFIA) loan to support the project. The financing will be repaid by gross toll revenues generated by the Express Lanes. In March 2021, staff updated the Board on the performance of the C-470 Express Lane Project following toll commencement in August 2020. As a result of COVID-19 impacts on toll revenue collections and traffic, the Board requested that staff continue to provide quarterly updates on the performance of the Express Lanes.

Current Details:

While overall corridor volumes for C-470 are below pre-COVID-19 levels, staff has seen steady increases in both transactions and toll revenue deposits through the end of June 2021, as reflected in the updated charts below.



- ¹ Inclusive of gross transactions, including all transponder and license plate trips. The monthly forecast is based on a simple average of annual estimates and does not account for seasonality (i.e., lower traffic and revenue during the holiday season).



² Includes revenue collected from tolls and fines for transponder and license plate transactions; deposits lag by approximately one month from the original transaction date (e.g., June deposits reflect May revenue performance).

Additional key updates related to the C-470 Express Lanes Project include:

- In consultation with CDOT Executive Management, HPTE advisors, FHWA, and the Build America Bureau (BAB), HPTE was approved to draw an additional \$4.044 million in TIFIA funds for eligible capitalized interest expenses. These were undrawn TIFIA funds initially slated for construction and will be applied to bond debt service obligations due in December 2021. This has allowed HPTE to use its cash flow for other operating expenses on the corridor and maintain its Ramp Up Reserve Account (RURA) balance.
- DBRS Morningstar issued its annual rating report for the project and confirmed the ratings of the Senior Revenue Bonds and the TIFIA Loan at BBB with Stable Trends.
- Fitch Rating Agency verified that the long-term rating for the project remains at BBB flat with a Negative Outlook, but are still analyzing the corridor and should have final rating done sometime this fall.

Next Steps:

- 1) Staff anticipates that traffic will continue to pick up as the COVID-19 vaccination rates increase and will continue to closely track revenue performance on the C-470 over the next six to 12 months to proactively identify any potential rate coverage violations and monitor the drawdown on the Ramp Up Reserve Account (RURA).
- 2) **While not anticipated at this time,** if the project fails to satisfy the coverage test for any calculation period/date, HPTE will be required to engage a Traffic and Revenue Consultant to assess project operations and opportunities for increasing revenue. A report would be due within 90 days of the consultants being hired, with HPTE implementing recommendations shortly after that.
- 3) Staff will provide another quarterly update to the Board in December reflecting July, August, and September performance.