



MEMORANDUM

TO: HIGH-PERFORMANCE TRANSPORTATION ENTERPRISE BOARD OF DIRECTORS
FROM: PIPER DARLINGTON, ENTERPRISES BUDGET & SPECIAL PROJECTS MANAGER
DATE: NOVEMBER 17, 2021
SUBJECT: FISCAL YEAR 2022-23 PROPOSED ANNUAL BUDGET ALLOCATION PLANS FOR FUND 536 AND FUND 537

Purpose and Requested Action

This memorandum presents the Fiscal Year (FY) 2022-23 proposed annual 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, staff is bringing FY 2022-23 Proposed Annual Budget Allocation Plans for Fund 536 and 537 as well as a draft Scope of Work (SOW) for review.

Details

Statewide Transportation Enterprise Special Revenue Fund (Fund 536):

The HPTE FY 2022-23 budget allocations are based on the following revenue estimates:

- \$29.8 million in toll revenue from C470, I-25 North US36 to E470, I-25 South Monument to Castle Rock and I-70 Eastbound and Westbound Mountain Express Lanes (MEXL),
- \$545,000 in interest income
- \$400,000 annual concessionaire management fee from Plenary Roads Denver
- \$600,000 in transponder revenue

In addition to revenues, HPTE will also have capitalized interest, funding from its payment from CDOT made under the Burnham Yard IAA and reserve account balances for C-470 that are available for annual expenses. Key items to note on the budget for Fund 536 are:

- *Lines 14-32: US36 to Fort Collins:* With the closing of the TIFIA loan expected in Spring of 2022, HPTE will now reflect I-25 North as one cohesive corridor budget and no longer break out the budget by segments. The obligation for the I-25 North Segment 3 debt service payment has also been eliminated since it is anticipated that it will be paid off and wrapped into a larger corridor financing for FY2022-23.
- *Lines 61-78: I-70 West Mountain Express Lanes:* With the refinancing of the existing I-70 Mountain Express Lane Eastbound loan in early 2021, HPTE updated its Intra-Agency Agreement and Loan Documents allowing it to now reflect I-70 Eastbound and Westbound as one cohesive corridor budget and no longer break out the budget by segments. The obligation for the I-70 Mountain Express Lane debt service payment will now be supported by Eastbound and Westbound revenues.
- *Lines 22, 39, 69 and 87: HPTE and CDOT Staff Time:* These lines have been increased to reflect the budget needed for two new Express Lane operations staff members, and a toll data analyst and toll quality assurance/business analyst. Of the four new staff members (referred to as Full Time Equivalent (FTE's)) that HPTE was approved for by the Board and Transportation Commission in FY 2021-22, these are the remaining positions to be filled.

Additional details regarding the proposed allocation of all funds identified thus far are outlined in Attachment A: Fiscal Year 2022-23 Proposed Annual Budget Allocation Plan for Fund 536.



Statewide Transportation Enterprise Operating Fund (Fund 537):

The HPTE FY 2022-23 budget allocations for Fund 537 are based on the following revenue estimates:

- \$4,000,000 in fee-for-service revenue
- \$50,000 in interest income

HPTE anticipates that the fee-for-service number will increase in the final budget because of the significant resources needed to support the procurement of a new tolling back office in FY2022-23. Tasks will include the development of a business case, procurement process and timeline for implementation of a new back-office provider. This work will be supported by HPTE legal counsel, tolling operations and financial advisors. Other 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. In addition to the tolling back-office, budget will also continue to support 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.* Limited budget has identified for this activity in FY 2022-23 since most ongoing traffic and revenue studies are already funded in the current fiscal year and are slated to be completed in FY 2021-22, including Floyd Hill and I-270. If needed, HPTE also anticipates having additional budget to allocate to traffic and revenue work through the year-end roll forward process.
- *Line 33: Tolling Equity Program:* The Central 70 Traffic Demand Management program is currently slated to end in FY 2021-22. Budget identified for this line item will support the implementation of a Tolling Equity program for the Central 70 project because the corresponding NEPA document identifies this as a mitigation strategy for vulnerable populations who have been disproportionately exposed to environmental hazards along the corridor (referred to as environmental justice communities).

Additional details regarding the proposed allocation of all funds identified thus far are outlined in Attachment B: Fiscal Year 2022-23 Proposed Annual Budget for Fund 537. In line with the development of the budget, a fee-for-service proposed Scope of Work (SOW) for FY 2022-23 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 2021-22 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. Staff will also update target deposit amounts to its required reserve accounts for operations and maintenance (O&M) and lifecycle costs based on the Annual C-470 Engineers Report that was completed in October.
- Incorporate a cost estimate to hire an independent auditor to audit HPTE's expenditure of toll revenue, which is required under 23 USC § 129.
- Incorporate new estimates for O&M costs based on the outcome of the FY2022-23 Intra-Agency Agreement (IAA) currently in development between HPTE, CDOT Division of Maintenance and Operations, and CDOT Intelligent Transportation Systems (ITS).



- Work with CDOT Management, Enterprises Controller, and the Attorney General to refine the proposed FY 2022-23 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.
- Review all line-item allocations for both Funds and adjust based on the program's needs and the finalized SOW.

In February 2022, HPTE staff will return with an updated FY 2022-23 Proposed Budget Allocation Plan for review and comment followed by a Final Budget Allocation Plan for adoption in March 2022.

Attachments

Attachment A: FY 2022-23 Proposed Annual Budget Allocation Plan for Fund 536

Attachment B: FY 2022-23 Proposed Annual Budget Allocation Plan for Fund 537

Attachment C: Colorado High-Performance Transportation Enterprise Scope of Work Fiscal Year 2022-23 Draft Outline

Attachment A: Fiscal Year 2022-23 Proposed Annual Budget Allocation Plan for Fund 536
 Statewide Transportation Enterprise Special Revenue Fund (C.R.S. 43-4-806(3)(a)) 536

Line Item		Estimated Revenues & Funds	Proposed Allocations
1	US 36 Express Lanes (Cost Center T8620-536)		
2	Fiscal Year Revenues		
3	Annual Concessionaire Management Fee	\$ 400,000	
4	Interest Earnings	\$ 15,000	
5	Total US 36 FY 2022-23 Available Revenue	\$ 415,000	
6	Fiscal Year Allocations		
7	CDOT Staff Consulting		\$ (15,000)
8	Project Oversight		\$ (388,500)
9	Annual Audit		\$ (1,500)
10	Attorney General Fees		\$ (10,000)
11	Miscellaneous Corridor Studies		\$ -
12	Total US 36 FY 2022-23 Allocations		\$ (415,000)
13	Remaining Balance		\$ -
14	I-25 Express Lanes		
15	US36 to Fort Collins (Cost Center T8630-536)		
16	Fiscal Year Revenues		
17	Tolling Revenue	\$ 16,646,000	
18	Transponder Revenue	\$ 600,000	
19	Interest Earnings	\$ 200,000	
20	Total I-25 North FY 2022-23 Available Revenue & Funds	\$ 17,446,000	
21	Fiscal Year Allocations		
22	HPTE and CDOT Staff Time		\$ (210,000)
23	Attorney General Fees		\$ (10,000)
24	General Reimbursable Expenses and Toll Processing Costs		\$ (4,000,000)
25	Sales Tax and Sales Tax Processing Costs		\$ (162,300)
26	Routine Maintenance		\$ (213,034)
27	Operations		\$ (350,000)
28	Capital Replacement-Tolling Equipment		\$ -
29	Miscellaneous Corridor Studies		\$ -
30	Tolling System and Software Development		\$ -
31	Total I-25 North FY 2022-23 Allocations		\$ (4,945,334)
32	Remaining Balance		\$ 12,500,666
33	Monument to Castle Rock (the GAP) (Cost Center T8655-536)		
34	Fiscal Year Revenues & Funds		
35	Tolling Revenue	\$ 3,678,000	
36	Interest Earnings	\$ 60,000	
37	Total GAP FY 2022-23 Available Revenue & Funds	\$ 3,738,000	
38	Fiscal Year Allocations		
39	HPTE and CDOT Staff Time		\$ (210,000)
40	Attorney General Fees		\$ (5,000)
41	General Reimbursable Expenses and Toll Processing Costs		\$ (500,000)
42	Routine Maintenance		\$ (229,694)
43	Operations		\$ (364,480)
44	Capital Replacement-Tolling Equipment Reserve		\$ -
45	Loan Expenses (Note Registrar, Refinancing)		\$ -
46	Tolling System and Software Development		\$ -
47	Total GAP FY 2022-23 Allocations		\$ (1,309,174)
48	Remaining Balance		\$ 2,428,826

Attachment A: Fiscal Year 2022-23 Proposed Annual Budget Allocation Plan for Fund 536
 Statewide Transportation Enterprise Special Revenue Fund (C.R.S. 43-4-806(3)(a)) 536

49	Burnham Yard (Cost Center T8600-536)		
50	Fiscal Year Revenues & Funds		
51	CDOT Payment for Project Expenses per IAA	\$ 4,500,000	
52	Proceeds for Debt Service (Capitalized Interest)	\$ 4,379,437	
53	Interest Earnings	\$ 50,000	
54	Total Burnham Yard FY 2022-23 Available Funds	\$ 8,929,437	
55	Fiscal Year Allocations		
56	Eligible Property Expenditures for Planning Activities		\$ (500,000)
57	Security Services		\$ (484,775)
58	FY2022-23 Debt Service		\$ (1,094,859)
59	Total Burnham Yard FY 2022-23 Allocations		\$ (2,079,634)
60	Remaining Balance		\$ 6,849,803
61	I-70 West Mountain Express Lanes (MEXL)		
62	MEXL Eastbound and Westbound (Cost Center T8640-536)		
63	Fiscal Year Revenues & Funds		
64	Tolling Revenue	\$ 4,560,816	
65	Interest Earnings	\$ 120,000	
66	Total MEXL Eastbound FY 2022-23 Available Revenue & Funds	\$ 4,680,816	
67	Fiscal Year Allocations		
68	MEXL Loan Payment		\$ (191,558)
69	HPTE and CDOT Staff Time		\$ (210,000)
70	Attorney General Fees		\$ (5,000)
71	General Reimbursable Expenses and Toll Processing Costs		\$ (500,000)
72	Routine Maintenance		\$ (450,381)
73	Operations		\$ (364,480)
74	Capital Replacement-Tolling Equipment Reserve		\$ -
75	Loan Expenses (Note Registrar, Refinancing)		\$ (75,000)
76	Tolling System and Software Development		\$ -
77	Total MEXL Eastbound FY 2022-23 Allocations		\$ (1,796,419)
78	Remaining Balance		\$ 2,884,397
79	C-470 Express Lanes (Cost Center T8650-536)		
80	Fiscal Year Funds and Revenue		
81	Tolling Revenue	\$ 4,939,500	
82	Draws on Project Reserve Accounts	\$ 5,287,897	
83	Interest Earnings	\$ 100,000	
84	Total C-470 FY 2022-23 Available Funds	\$ 10,327,397	
85	Fiscal Year Allocations		
86	Bond Debt Service		\$ (8,089,750)
87	HPTE and CDOT Staff Time		\$ (210,000)
88	Attorney General Fees		\$ (10,000)
89	General Reimbursable Expenses and Toll Processing Costs		\$ (1,000,000)
90	Routine Maintenance		\$ (537,647)
91	Operations		\$ (480,000)
92	Required Reserve Funds-Tolling and Roadway Capital Reserve		\$ -
93	Required Reserve Funds O&M Reserve		\$ -
94	Tolling System and Software Development		\$ -
95	Total C-470 FY 2022-23 Allocations		\$ (10,327,397)
96	Remaining Balance		\$ -
97	Central 70 (Cost Center T8660-536)		
98	Fiscal Year Funds and Revenue		
99			
100	Total Central 70 FY 2022-23 Available Revenue & Funds		
101	Fiscal Year Allocations		
102			
103	Total Central 70 FY 2022-23 Allocations		
104	Remaining Balance		
		Total Fund 536 Revenues & Funds	\$ 45,536,650
		Total Fund 536 Allocations	\$ (20,872,958)
		Remaining Unbudgeted Funds	\$ 24,663,692

Attachment B: Fiscal Year 2022-23 Proposed Annual Budget Allocation Plan for Fund 537

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

Line Item		Estimated Revenues	Proposed Allocations
1	Fiscal Year Revenues		
2	Fee for Service Payment	\$ 4,000,000	
3	Interest Earnings	\$ 50,000	
4	Total FY 2022-23 Revenue	\$ 4,050,000	
5	Fiscal Year Allocations		
6	Administrative Cost Center (T8700-537)		
7			
8	Overall Program Operations		
9	HPTE Staff Compensation		\$ (780,000)
10	CDOT Staff		\$ (100,000)
11	Board Expenses		\$ -
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		\$ (10,000)
16	Technical Services		
17	Program Management		\$ -
18	Express Lanes Communications and Public Affairs Support		\$ (300,000)
19	Toll Operations Advisor		\$ (750,000)
20	Traffic & Revenue Advisor		\$ (50,000)
21	Aconex Document Management System		\$ (573,000)
22	Financial Services		
23	Accounting Advisors and Annual Audit		\$ (20,000)
24	Surveillance and Ratings Fees		\$ (100,000)
25	General Financial Advisor		\$ (100,000)
26	Legal Services		
27	Outside Legal Services		\$ (450,000)
28	Attorney General Fees		\$ (92,000)
29	Strategic Project Development		
30	Transportation Infrastructure and P3 Advisor		\$ (300,000)
31	Strategic Partnerships and CDOT Project Support		\$ (300,000)
33	Central 70 Tolling Equity Program		\$ (100,000)
34	Miscellaneous		\$ -
35	Total FY 2022-23 Estimated Revenues	\$ 4,050,000	.
36	Total FY 2022-23 Proposed Allocations		\$ (4,050,000)
Total Fund 537 Revenue		\$ 4,050,000	.
Total Fund 537 Allocations		\$ (4,050,000)	
Remaining Unbudgeted Funds		\$ -	

Attachment C: Colorado High Performance Transportation Enterprise: Proposed Fiscal Year 2022-23 Scope of Work

For the 2022-23 fiscal year, CDOT has tasked HPTE to oversee work in five core areas:

- 1) Manage the network of corridors that contain both express lanes and general-purpose lanes both in operation and under construction.
- 2) Use its statutory authority to manage current public private partnerships (P3) and explore other future surface transportation related P3 opportunities.
- 3) Serve as think tank for CDOT by exploring the possibility of using innovative finance to accelerate other needed projects and deliver maximum project scope.
- 4) Manage public outreach and communications work for all corridors that have express lanes and general-purpose lanes.
- 5) Represent the Department (defined as all divisions and entities under the Department of Transportation, including the Enterprises) at industry events such as conferences to promote the Colorado P3 market and attract interest and investment in future surface transportation projects that will benefit the statewide transportation system.

New Initiatives for 2022-23

- **Project Development:** If proposed changes occur to HPTE statute during the 2022 legislative session related to the expanded enforcement of user-fees (such as parking fees), HPTE will lead the process on behalf of CDOT to determine how user-fees from parking facilities, such as mobility hubs, will be collected and utilized.

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 Statement 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:

- Support the new Tolling Operations and Maintenance (TOMs) Intra Agency Agreement between CDOT and HPTE. Tasks will include, monitoring the scope of work approved for fiscal year 2022-23 to ensure that HPTE is paying CDOT for activities are being accurately performed and reported on. HPTE will also work with CDOT on drafting a new scope of work (SOW) is slated to take effect for the 2023-24 fiscal year and will review the methodology for cost sharing and the payment process to ensure that CDOT is being fairly compensated for the work it is performing on behalf of HPTE.
- Provide toll rate sensitivity analysis and recommendations to provide a more reliable travel time across general purpose and express lanes. HPTE will provide active monitoring of these corridors operations to ensure optimal congestion management across all lanes.
- Implement dynamic tolling (also referred to as congestion pricing) across the Managed Lane system. This sophisticated tolling strategy will provide optimal congestion

management over the current time-of-day tolling strategy on all Managed Lane corridors. 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.

- Lead the process of complying with all Federal Highway Administration (FHWA) reporting requirements for TIGER, BUILD and INFRA grants received by CDOT for Managed Lane corridor projects. Tasks include 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 120th (Segment 2). Ongoing reporting and monitoring of safety metrics ensure a safe environment for all drivers, not just those who choose to use the Express Lanes.
- Oversee the installation and testing of tolling equipment on Managed Lane construction projects such as I-25 North Johnstown to Fort Collins and Central 70. Oversight provided by HPTE is critical for coordination with construction contractors to meet CDOT project schedule milestones and to prevent damages charged to CDOT by the contractor for not meeting tolling equipment installation deadlines.
- Oversee the implementation of the Tolling Equity program for the Central 70 project. The National Environmental Policy Act (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 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.

Public-Private Partnership (P3): 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 provide oversight and management the P3 agreements for U.S.36 and Central 70 Project. To accomplish this, HPTE will:

- Implement and oversee a contract compliance and monitoring framework for the operating period of the Central 70 Project Agreement. This will include tracking tools to monitor routine maintenance, snow and ice removal, and capital renewal and replacement (OMR) work provided for the entire corridor, including general purpose and Express Lanes. Independent monitoring ensures that the contractor is achieving levels of service established under the contract and that non-compliance points are assessed accurately if they are not met. This will ensure that CDOT is accurately paying for OMR expenses.

- Coordinate with CDOT Region 1 staff and CDOT's Communications Office on all stakeholder outreach efforts for the Central 70 project as well as provide 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, snow, and ice removal costs by September 2022 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.
- Address findings from the U.S.36 Legislative Audit for better document control on large projects by providing specialized document management services through Aconex.

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:

- Utilize its abilities to issue debt and engage financial advisory consultants to determine the borrowing capacity of HPTE to assist CDOT with funding shortfalls on C-470 Segment 2, and I-270, and other Managed Lanes corridor projects on the CDOT 10 Year Plan. HPTE will also coordinate with the CDOT region staff on the NEPA and 30 percent design projects on these corridors.

Project Development

HPTE will continue to serve as a think-tank within the Department; exploring big picture ideas for innovative projects, general advising on P3 opportunities and any other areas of work that may fall under HPTE's statutory purview that arise throughout the performance period for this scope of work. To accomplish this, HPTE will:

- Coordinate closely with CDOT to develop a business case and procurement process for a new back-office provider. Selecting a back-office provider will be critical for ensuring HPTE can provide optimal congestion management across all Managed Lane corridors, provide flexibility to implement changes resulting from policy decisions or new legislation that affects CDOT and HPTE as well as meet construction deadlines on all future Managed Lanes projects eliminating potential fines due to construction delays.
- Partner with CDOT, Colorado Bridge and Tunnel Enterprise, 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 the City and County of Denver completed its Interchange Transformation Study and in FY 2022-23 HPTE will 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.

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.
- Conduct P3 training for internal staff and for stakeholders

Out of State Travel

Given the current travel restriction due to the COVID-19 pandemic, HPTE is not anticipating a significant amount of state travel for the 2022-23 fiscal year. To comply with the training requirement from the U.S.36 Legislative Audit and to promote Colorado projects to the infrastructure finance industry, HPTE will continue to participate in most conferences, trainings, and project related meetings virtually.

Total Proposed Fee for FY 2022-23 for Scope of Work activities: \$4,000,000

HPTE will continue to refine its estimate for the numbers of hours and the proposed fee needed to deliver the Fiscal Year 2022-23 Scope of Work Activities.