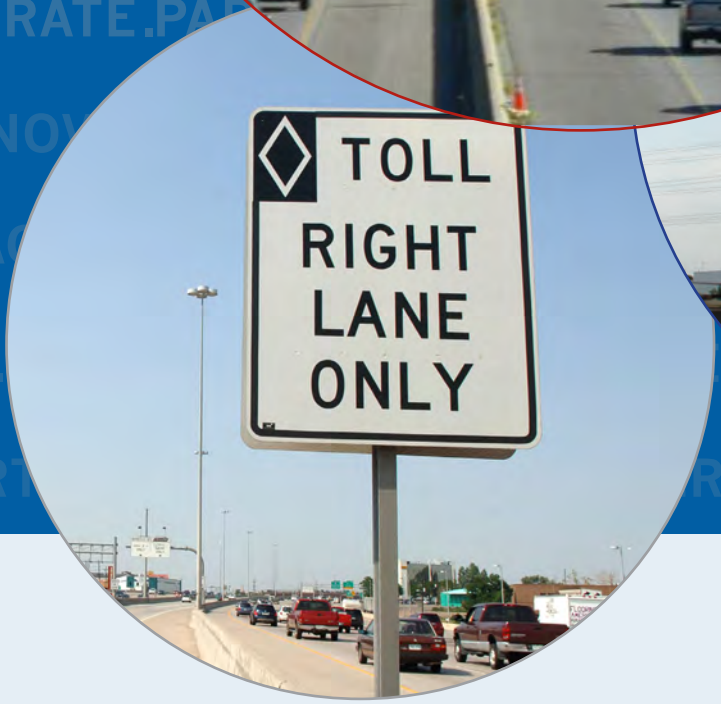

COLORADO
HPTE
PARTNER. INNOVATE. ACCELERATE.

COLORADO HIGH PERFORMANCE TRANSPORTATION ENTERPRISE

DOT
DEPARTMENT OF TRANSPORTATION

Annual Report : FY 2011 : January 15th, 2012

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OVERVIEW

The Funding Enhancement for Surface Transportation and Economic Recovery Act (S. B. 90-108), otherwise known as **FASTER,** created the High Performance Transportation Enterprise (HPTE) as a government-owned business within the Colorado Department of Transportation (CDOT). The HPTE replaced the Colorado Tolling Enterprise (CTE) that had been established in 2002.

The HPTE has the responsibility to seek out—in partnership with local agencies, communities, and private industry—opportunities for innovative and efficient means of financing and delivering important surface transportation infrastructure projects in the State. It has the power, among others, to impose tolls and other user fees, to issue revenue bonds secured by those fees and to enter into contracts with public and private entities to facilitate public-private partnerships (P3's).

The new law also introduced a new governance structure, creating an HPTE Board of Directors which includes a mix of State Transportation Commissioners and external stakeholders appointed by the Governor to make it better able to pursue P3's and other creative financing mechanisms. The HPTE is an "enterprise" for purposes of section 20 of Article X of the State Constitution so long as it retains the authority to issue revenue bonds and receives less than 10 percent of its total revenues in grants from the State and local governments.

FASTER requires that the HPTE issue a report of its activities for the previous year to the Legislature by February 15, 2012, with the report posted to the HPTE website no later than January 15, 2012. This report fulfills that requirement and can be found at:

www.coloradodot.info/about/high-performance-transportation-enterprise-hpte

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ORGANIZATION

HTPE BOARD

The HPTE Board consists of three members of the Transportation Commission and four external members appointed by the Governor from the following geographic areas:

- The Denver Metropolitan area
- The North Front Range Metropolitan Planning Organization (MPO) area
- The Pikes Peak Council of Governments MPO area
- The I-70 Mountain Corridor area

BOARD MEMBERS

NAME	AREA REPRESENTING
Trey Rogers, Chair	Transportation Commissioner District 1
Kathy Gilliland	Transportation Commissioner District 4
Doug Aden	Transportation Commissioner District 7
Charlotte Robinson	Denver Metropolitan Area
Stan Matsunaka	North Front Range MPO Area
Dan Cleveland	Pikes Peak MPO Area
Tim Gagen, Vice-Chair	I-70 Mountain Corridor Area

STAFF

Michael L. Cheroutes was selected as Director of the HPTE in August 2010. At the end of Fiscal Year 2011 and early in Fiscal Year 2012, the HPTE added three full-time staff members: Administrative Assistant Jane Hickey, who also serves as Secretary to the Board of Directors, and HPTE Specialists Kari Grant and Nicholas Farber, who are responsible for project management, internal and external stakeholder development, and communications, among other functions. Recently, CDOT accountant Kay Hruska replaced Marina Krasny as the accountant for the HPTE.

Additional support is provided by other CDOT employees, with time billed to the HPTE cost center, and by outside consultants as necessary to the HPTE mission. All expenditures are tracked independently from CDOT expenses to maintain a clear separation of the two organizations. Clifton Gunderson conducted an audit of the HPTE financial statements through June 30, 2011, resulting in a clean evaluation with no questions from the Legislative Audit Committee. That report is posted on the HPTE website.

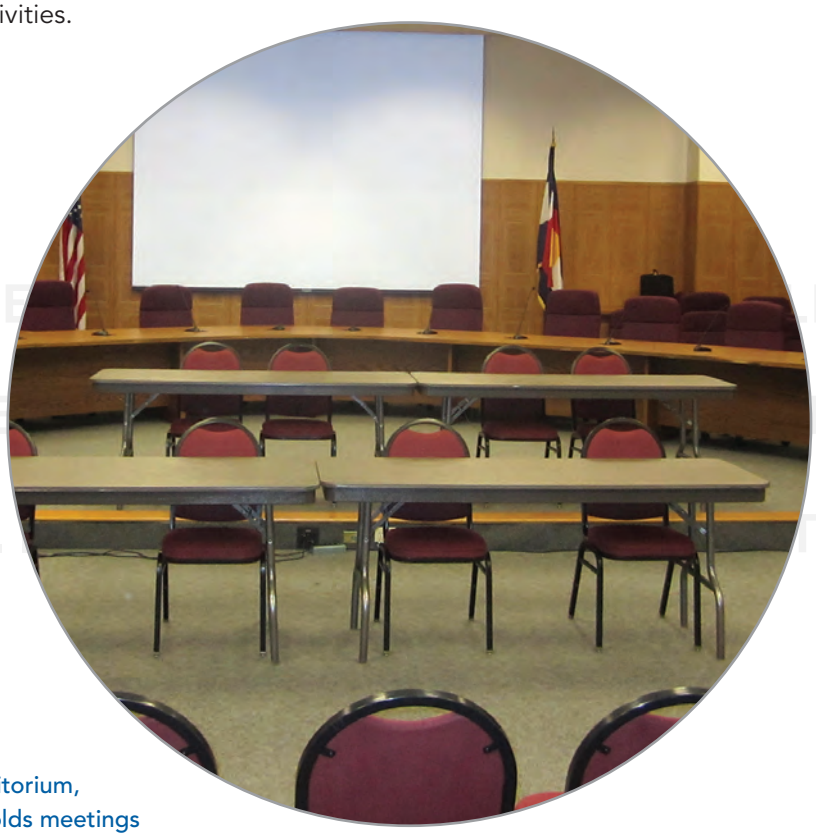
ORGANIZATION

MEETINGS AND SPECIAL EVENTS

In 2011, the HPTE Board of Directors met 10 times in regular session, and five times in special session.

Meeting Date	Meeting Type	Meeting Date	Meeting Type
January 21, 2011	Regular	July 20, 2011	Regular
January 28, 2011	Special	August 17, 2011	Special
February 1, 2011	Special	August 24, 2011	Special
February 18, 2011	Regular	September 21, 2011	Regular
March 18, 2011	Regular	October 19, 2011	Regular
April 20, 2011	Regular	November 16, 2011	Regular
May 18, 2011	Regular	December 14, 2011	Special
June 15, 2011	Regular		

In June 2011, the Board began holding its meetings at the CDOT Headquarters Auditorium in response to growing stakeholder interest and participation in HPTE meetings and activities.



CDOT Headquarters Auditorium, where the HPTE Board holds meetings to accomodate more stakeholder participation.

SUMMARY OF ACTIVITIES

Reflecting the overall development of HPTE programs, 2011 was an eventful year. The key activities of the HPTE in 2011 include the following:

STAFF DEVELOPMENT

Overall staff development enabled the growth of programs and business practices by the HPTE. New staff hires are now managing the general business and bookkeeping requirements of the Enterprise, developing HPTE communications and outreach, researching and managing applications for Federal programs such as TIFIA and TIGER, managing P3 engagement including unsolicited and solicited proposals and taking on toll management functions previously under the CTE.

TIFIA LOAN APPLICATION & APPROVAL

The Enterprise, in partnership with CDOT, applied for and was awarded a $54 million Transportation Infrastructure Finance Innovation Act (TIFIA) loan by the United States Department of Transportation (US DOT) for a portion of a managed lanes and bus rapid transit project on US 36. The application was submitted on February 4, 2011, and was closed on September 1, 2011. By the US DOT's own account, it was one of the smoothest and fastest TIFIA loans ever awarded. The loan, secured by toll revenues, includes a number of innovative finance terms and bears interest at a rate of just over 3.5% for 39 years. The US 36 Managed Lanes Bus Rapid Transit Project continues to serve as a national model for regional collaboration to implement major corridor projects.

VISIT AND TOUR FOR FITCH RATINGS

A key part of the successful TIFIA application was the participation of the Fitch Ratings Agency in assigning a favorable rating for the loan. In early June, officials from Fitch came to Colorado for a day-long presentation on the project and loan application, and a half-day tour of the US 36 Corridor. On the tour, Fitch officials were able to meet with local elected officials and business leaders, who conveyed the substantial need for the project. In August, Fitch issued a favorable and stable rating of "BBB-" for the loan.

A view of US 36 looking west.

SUMMARY OF ACTIVITIES

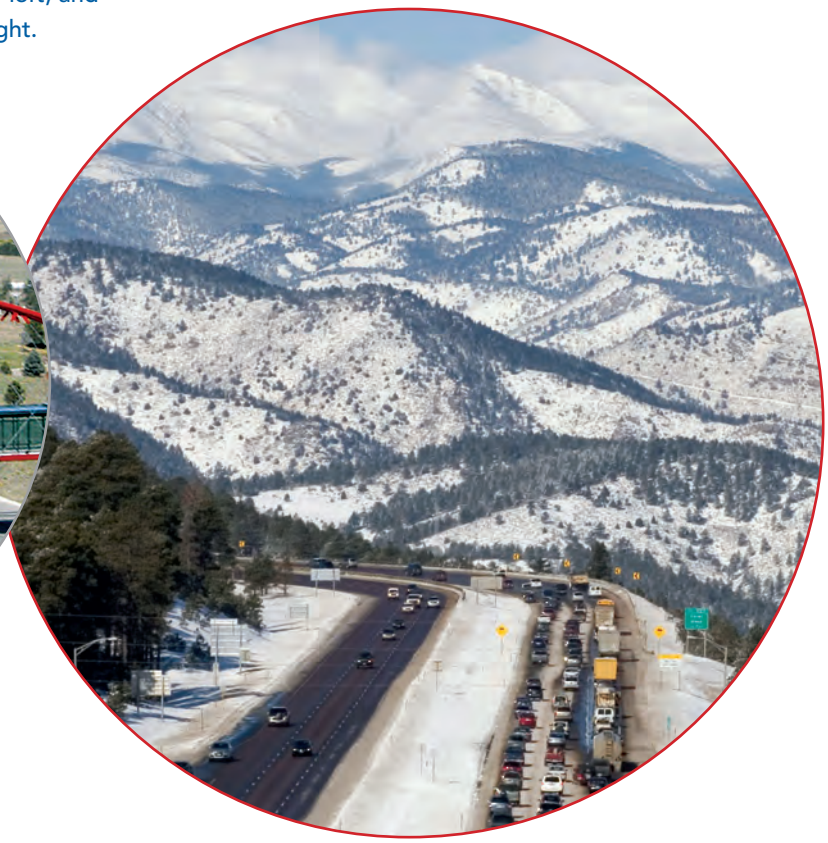
PROCUREMENT GUIDELINES

The HPTE is not subject to the State procurement code, and in 2011 developed the "HPTE Project Implementation Guidelines." The Guidelines are intended to provide a project identification and evaluation process for the pursuit of public-private partnerships and other innovative and efficient means of completing priority transportation infrastructure projects, in accordance with the provisions of CRS § 43-4-806. The Guidelines, which provide for a transparent and competitive process for both solicited and unsolicited proposals, were posted for industry review and comment in May and were adopted by the HPTE Board of Directors in June.

P3 INDUSTRY FORUM

Continuing its work to build a "business case" for innovative solutions to complete the second phase of the US 36 Managed Lanes Bus Rapid Transit Project, the HPTE hosted a half-day P3 Industry Forum on September 9 to share information about the project and generate private sector interest. Almost 200 industry leaders from around the world attended the presentation. To become more familiar with their approaches to an innovative solution for the second phase of the Project, the Forum was followed by face-to-face meetings with 10 different qualified concessionaire teams.

HPTE continues to work on key statewide corridors, including US 36 below left, and I-70 Mountain Corridor below right.



SUMMARY OF ACTIVITIES

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MAJOR CORRIDOR PARTICIPATION

HPTE was invited by the I-70 Coalition to discuss potential solutions for the I-70 Mountain Corridor. The Enterprise is currently evaluating a significant unsolicited proposal for a multi-modal project within the Mountain Corridor.

The Enterprise was also invited to participate with the C-470 Coalition, as it pursues congestion relief in that corridor. HPTE is a member of the C-470 Technical Working Group, and is an affiliate member of the Policy Committee, which is steering the collaborative effort of local and county governments. Upon request, the Enterprise intends to participate in on-going discussions for the I-70 East Corridor and the Jefferson Parkway.

MARKETING, OUTREACH AND COMMUNICATIONS

A major element of the HPTE's business plan is to market Colorado transportation projects to the P3 industry. The HPTE Director and others on staff made a number of presentations about the HPTE and potential projects in the state, including well-received presentations at the InfraAmericas US P3 Industry Forum in New York in June and the National Governors Association meeting in Washington, DC in September. In addition, former Board Chairman Charlotte Robinson introduced the HPTE at the 3rd Annual Colorado Focus "Moving Colorado Forward," appearing jointly with Governor John Hickenlooper.

This year, the HPTE also produced an informational PowerPoint presentation for use by the Board of Directors, adopted a new logo, and improved and upgraded the HPTE website. The HPTE Director now also serves as a non-voting member on the boards for E-470 and the Northwest Parkway.

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TOLL POLICY AND COLLECTION

In December 2011, the Board of Directors voted to amend the CTE-promulgated policies relating to the I-25 Express Lanes to ensure interoperability with the existing public highway authority toll roads and to anticipate future facilities, such as the US 36 managed lanes. The HPTE contracts with the E-470 Public Highway Authority for the collection of tolls on the I-25 Express Lanes and, with E-470, is considering other options as its system grows.

TOLLING ADMINISTRATION AND SUPERVISION

The HPTE staff has taken on the management of tolling functions formerly administered by the CTE. In 2011, the HPTE in partnership with CDOT Region 6, procured a new operation and maintenance contractor for the I-25 Express Lanes. The Enterprise is also leading an integrated core team for tolling operations in partnership with other CDOT staff to improve interdepartmental coordination, better communicate with stakeholders, build on the strengths and expertise of staff working on the I-25 Express Lanes, and anticipate the needs of an expanding managed lanes system.

The HPTE staff has taken on the management of tolling functions formerly administered by the CTE.

FINANCIAL STATUS

The principal revenues of the HPTE are currently derived from the I-25 Express Lanes. Administrative and operating costs are paid using a combination of federal grants, loans from the Transportation Commission and other miscellaneous sources. Revenues and expenditures relating to the I-25 Express Lanes are accounted for separately under an intergovernmental agreement with the Regional Transportation District (RTD), the transit sponsor of those lanes. Revenues and expenses of the HPTE are accounted for on a fiscal year basis. See text below and tables on the following page.

REVENUES For FY 2011, total HPTE revenues were $3.45 million, up from $2.58 million in FY 2010. In FY 2011, $875 thousand of revenue was received as a TIGER grant. In addition, HPTE carried over approximately $4.33 million from the I-25 special fund and $1.79 million from the operating fund from the previous year.

The I-25 Express Lanes continue to be very popular. Revenues are consistent and stable.

FINANCIAL STATUS

EXPENDITURES Total HPTE expenditures in FY 2011 were $3.79 million, up from $1.73 million in FY 2010. This increase in expenditures is due to increased activity on the US 36 Corridor including fees for the ratings agency, the TIFIA application, use of outside financial, legal and engineering advisors and a substantial loan repayment to the Transportation Commission. The expenditures are broken down as follows:

FY 2011 I-25 EXPRESS LANES EXPENSES	EXPENDITURES
Operation Support—Back Office, Maintenance Tech (provided by E-470 Public Highway Authority pursuant to agreement with HPTE)	$ 315,090
Colorado State Patrol—Enforcement	$ 60,333
Contracted Maintenance	$ 381,648
IBTTA Dues (25% of total)	$ 815
CDOT/HPTE Staff Costs	$ 34,322
TC Loan Repayment	$ 905,464
CDOT Region 6 Maintenance Costs	$ 305,459
Total Expenditures	**$ 2,003,131**

FY 2011 Administrative HPTE Expenses	EXPENDITURES
Consultants	$ 1,306,603
Rating Expenses	$ 125,000
TIFIA Application Fees	$ 50,000
IBTTA Dues (75% of total), Meetings, Travel and Misc.	$ 17,277
CDOT/HPTE Staff Costs	$ 291,109
Total Expenditures	**$ 1,789,989**

STATUS OF TRANSPORTATION INFRASTRUCTURE PROJECTS

COMPLETED PROJECTS

I-25: The tolled Express Lanes in the I-25 HOV lanes opened in June of 2006, marking the first time solo drivers could legally access existing HOV lanes by paying a toll. The I-25 Express Lanes, also known as high occupancy toll (HOT) lanes, extend along a seven-mile section of I-25 between downtown Denver and US 36. Carpools, buses, hybrid vehicles with permits and motorcycles continue to use the lanes toll-free.

Carpools, buses, hybrid vehicles with permits and motorcycles continue to use the lanes toll-free.

ACTIVE PROJECTS

US 36: The US 36 Managed Lanes /Bus Rapid Transit Project is very active, with a design-build contract award on Phase 1 (Pecos to Interlocken) slated for March 2012, and the procurement for Phase 2 (Interlocken to Foothills Parkway) set to happen about the same time. The acceleration of improvements to this highly-congested corridor is largely a result of the extraordinary collaborative efforts of the HPTE, CDOT, RTD, DRCOG and the US36 local government/business coalition. The project, combining local and state contributions with HPTE innovative financing capabilities, is expected to be a model for future congestion-relief efforts in the state.

STATUS OF TRANSPORTATION INFRASTRUCTURE PROJECTS

POTENTIAL PROJECTS

C-470: The C-470 collaborative effort is moving ahead, with the selection of a technical solution by the Policy Committee sometime in 2012. A public involvement process is being developed to gather input on a solution. If the decision is made to advance a technical solution, there will be a re-evaluation of the C-470 Environmental Assessment, and the development of a finance plan. These and related activities are anticipated to involve the HPTE in those efforts during 2012 and 2013.

I-25 North: The interim extension of managed lanes and a bus facility on I-25 North from US 36 to 120th remains a priority, although the $20 million TIGER III grant applied for in October was not awarded. HPTE and CDOT Region 6 will continue to work together to develop a funding and financing plan for the project.

I-70 Mountain Corridor: CDOT Region 1 is making progress on the I-70 Mountain Corridor with work at the Twin Tunnels and the CDOT Transit Division has initiated procurement for the Advanced Guideway System (AGS) Study, expected to start in January 2012. The unsolicited proposal from Parsons for a more comprehensive project is being evaluated in the context of the Record of Decision signed in June 2011. In early 2012, the HPTE Board and Transportation Commission will decide whether or not to move forward with the unsolicited proposal, and, if so, will initiate a competitive solicitation for comparable proposals from other firms.

Other Projects: The HPTE continues to monitor other congestion-relief projects planned or being proposed elsewhere in the Metro Denver and Colorado Springs areas, including the I-70 East Corridor and the extended improvement of I-25 North.

RECOMMENDED STATUTORY CHANGES

The HPTE coordinates its legislative activity through CDOT, and is not pursuing any significant statutory changes this Legislative session.