

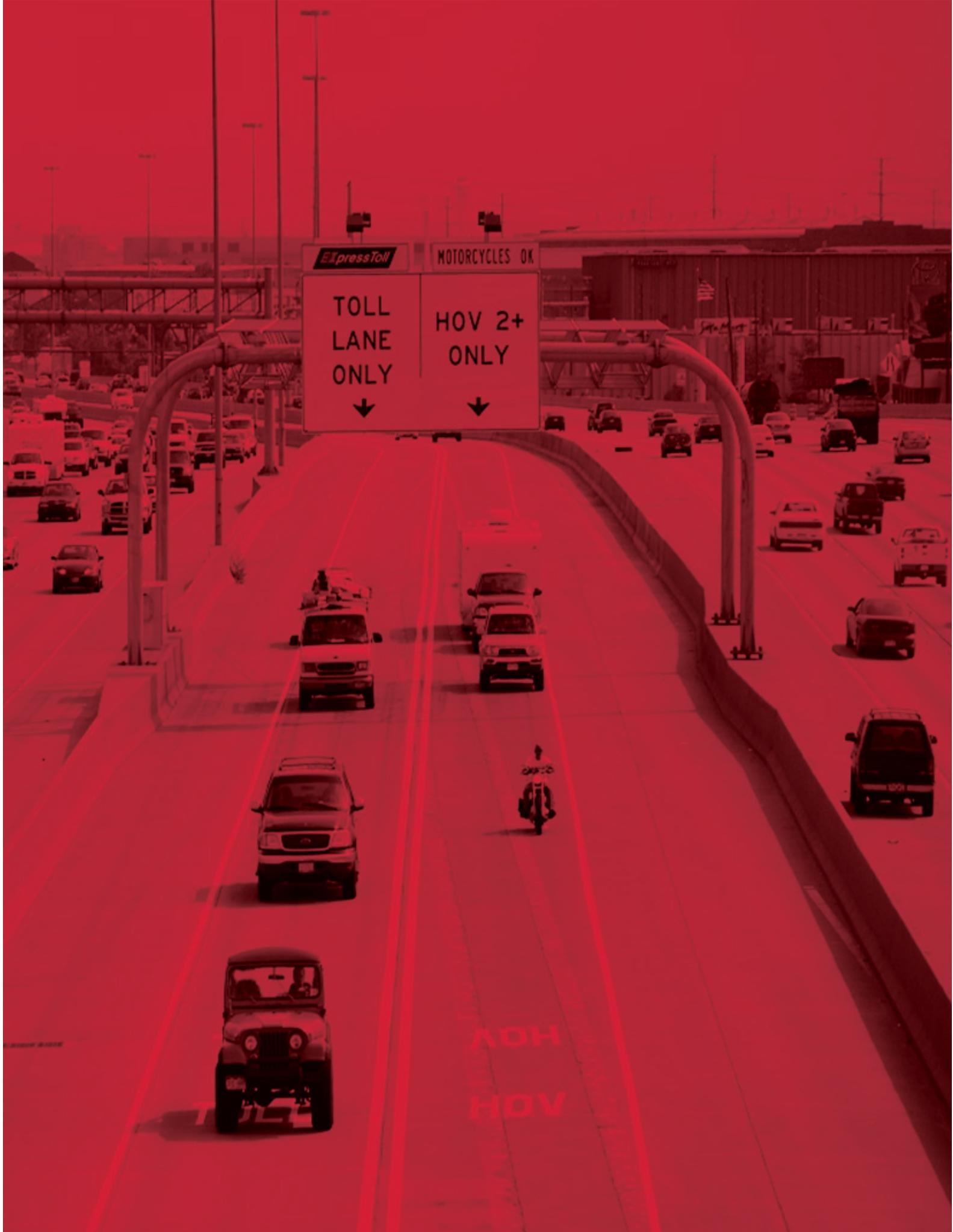


Colorado Tolling Enterprise 2006 Annual Report

PREPARED FOR
The Senate Transportation Committee
and
The Transportation and Energy Committee
of the House of Representatives

January 15, 2007





ExpressToll

MOTORCYCLES OK

TOLL
LANE
ONLY

HOV 2+
ONLY



ADH

HOV



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1.0

Enterprise Overview

The Colorado Tolling Enterprise (CTE) was established as a government-owned, non-profit business operating within, and as a division of, the Colorado Department of Transportation (CDOT). The CTE was authorized by House Bill 02-1310 and created by the State Transportation Commission, Department of Transportation, State of Colorado, pursuant to Section 43-4-803(1), C.R.S. by a resolution adopted on August 15, 2002. The members of the Board of Directors of the Colorado Tolling Enterprise are the Transportation Commissioners, but the CTE board has a different Chair and Vice Chair than the Transportation Commission. The CTE Board adopted the following :

MISSION STATEMENT:

To Enhance Mobility in Colorado by Increasing Capacity Through the Creative Development of a Statewide System of Toll Facilities.

VISION STATEMENT:

To Enhance the Quality of Life and the Environment of the Citizens of Colorado by Creating a Tolling System to Further Move People and Goods.

In 2003, the Board of the CTE received a loan of \$1 million from the Transportation Commission to fund start-up costs in connection with the formation and operation of the CTE. The loan was also used for conducting a Statewide Tolling System Traffic and Revenue Feasibility Analysis. The Transportation Commission approved the loan request and an Interagency Agreement between CDOT and the CTE was signed on March 20, 2003. The loan is not required to be repaid until the CTE issues revenue bonds for a toll project and can repay the loan. For fiscal year 2005/2006, the Transportation Commission approved a subsequent loan to the CTE to fund construction activities and procurement of toll collection equipment and software and other technologies (such as dynamic message signs), for the conversion of approximately six miles of I-25 High Occupancy Vehicle (HOV) lanes to High Occupancy Toll (HOT) lanes. This loan was approved for \$6 million, but funds were only transferred by CDOT to the CTE when needed. Funds will be repaid to the Transportation Commission through tolls charged to single occupant vehicles (SOVs) that choose to use that facility after maintenance and operations expenses are paid. The original loan for start-up costs applies to statewide activities and will be repaid to the Commission upon completion of other toll corridors.

The CTE is unique. It is not limited to any one corridor or roadway, but rather can finance and build toll facilities anywhere within the State of Colorado.

This authority is limited to new capacity only (new lanes or new roadways) with the exception of HOV to HOT lane conversion. This flexibility allows the CTE to build toll facilities where they are most needed and can be financed and operated efficiently. House Bill 05-1148 further clarified the relationship of toll projects to regional transportation planning processes and stated under what conditions revenues from toll facilities could be used toward a system.





The Colorado Tolling Enterprise is unique. It is not limited to any one corridor or roadway, but rather can finance and build toll facilities anywhere within the State of Colorado ... where they are most needed and can be financed and operated efficiently.

2.0

Fiscal Year 2006 Activities

2.1

COLORADO TOLLING ENTERPRISE BOARD MEMBERSHIP

On October 20, 2005, annual elections were held for the CTE Board of Directors. Director Joe Jehn was selected as Chairman for a second term with Director Steve Parker as Vice Chairman. Jennifer Webster remained as Secretary to the Board and Peggy Catlin continued as the Acting Director. Additional Board members for FY '06 included:

| | | |
|-----------------------|---|--|
| Henry Sobanet | District 1 | <i>(Denver County)</i> |
| Joe Jehn | District 2 | <i>(Jefferson County)</i> |
| Greg McKnight | District 3 | <i>(Arapahoe and Douglas Counties)</i> |
| Bill Swenson | District 4 | <i>(Boulder and Adams Counties)</i> |
| Bill Kaufman | District 5 | <i>(Larimer, Morgan, and Weld Counties)</i> |
| Tom Walsh | District 6 | <i>(Clear Creek, Gilpin, Grand, Jackson, Moffat, Routt, and Rio Blanco Counties)</i> |
| Doug Aden | District 7 | <i>(Chaffee, Delta, Eagle, Garfield, Gunnison, Lake, Mesa, Montrose, Ouray, Pitkin, and Summit Counties)</i> |
| Steve Parker | District 8 | <i>(Alamosa, Archuleta, Conejos, Costilla, Dolores, Hinsdale, La Plata, Mineral, Montezuma, Rio Grande, San Miguel, and San Juan Counties)</i> |
| Terry Schooler | District 9 | <i>(El Paso, Fremont, Park, and Teller Counties)</i> |
| George Tempel | District 10 | <i>(Baca, Bent, Crowley, Custer, Huerfano, Kiowa, Las Animas, Otero, Prowers, and Pueblo Counties)</i> |
| Kimbra Killin | District 11 | <i>(Cheyenne, Elbert, Kit Carson, Lincoln, Logan, Phillips, Sedgwick, Washington, and Yuma Counties)</i> |
| Peggy Catlin | Colorado Tolling Enterprise Acting Director | |
| Stacey Stegman | Colorado Tolling Enterprise Secretary | |

2.2**COLORADO TOLLING ENTERPRISE STAFF**

The Colorado Tolling Enterprise staff consists of Acting Director Peggy Catlin, with Harry Morrow providing legal support from the Office of the Attorney General. CDOT provides additional support staff with time billed to the CTE cost center. Work is outsourced to consultants and vendors with expertise in tolling, including, but not limited to, planners, public relations, engineers, maintenance specialists, financial, and legal support. All expenditures are tracked independently from CDOT expenses to maintain a clear separation of the two organizations.

2.3**MEETING DATES and ADOPTED RESOLUTIONS**

The 2006 fiscal year for the Colorado Tolling Enterprise operated from July 1, 2005 through June 30, 2006. During this 12-month period, the Tolling Enterprise Board of Directors met ten times for regular meetings and held four special meetings, (a minimum of eight meetings are required annually), and adopted and/or approved the Resolutions listed on the next page.

FY 2006 Meeting Dates

July 20, 2005
 July 21, 2005
 August 18, 2005
 September, 2005
 October 20, 2005
 November 17, 2005
 December, 2005
 January 19, 2006
 February 16, 2006
 March 15, 2006
 March 16, 2006
 April 19, 2006
 April 20, 2006
 May 17, 2006
 May 25, 2006
 June 15, 2006

Special Meeting
 Regular Meeting
 Regular Meeting
 No meeting scheduled
 Regular Meeting
 Regular Meeting
 No meeting held
 Regular Meeting
 Regular Meeting
 Special Meeting
 Regular Meeting
 Special Meeting
 Regular Meeting
 Regular Meeting
 Special Meeting
 Regular Meeting

← Express Yourself



| Resolution No. | Resolution Description | Date Adopted |
|----------------|--|--------------|
| CTE-36 | Approve the May 19, 2005 meeting minutes | 7/21/05 |
| CTE-37 | Approve the terms and conditions of the IGA for a \$2 million transfer to the Enterprise Operating Fund | 7/21/05 |
| CTE-38 | Approve the workshop minutes of July 20, 2005 and the regular minutes from July 21, 2005 | 8/18/05 |
| CTE-39 | Approve the August 18, 2005 meeting minutes | 10/20/05 |
| CTE-40 | Approve the October 20, 2005 meeting minutes | 11/17/05 |
| CTE-41 | Approve the CTE ad hoc committee report | 11/17/05 |
| CTE-42 | Approve the November 17, 2005 meeting minutes | 1/19/06 |
| CTE-43 | Approve the January 19, 2006 meeting minutes | 2/16/06 |
| CTE-44 | Approve the February 16, 2006 meeting minutes | 3/16/06 |
| CTE-45 | Approve the terms and conditions of the maintenance agreement for the I-25 <i>Express Lanes</i> between CTE and Region 6 | 3/16/06 |
| CTE-46 | Approve the base toll rates for the I-25 <i>Express Lanes</i> | 3/16/06 |
| CTE-47 | Approve the workshop minutes of March 15, 2006 and the regular minutes of March 16, 2006 | 4/20/06 |
| CTE-48 | Approve the workshop minutes of April 19, 2006 and the regular minutes of April 20, 2006 | 5/17/06 |
| CTE-49 | Approve the terms and conditions of the IGA between CTE and RTD for the I-25 <i>Express Lanes</i> | 5/17/06 |
| CTE-50 | Approve the toll violation process and penalties | 5/25/06 |
| CTE-51 | Approve the May 17 and 25, 2006 meeting minutes | 6/15/06 |
| CTE-52 | Approve CTE operations director position | 6/15/06 |
| CTE-53 | Approve the June 15, 2006 meeting minutes | 7/20/06 |

The activities of the CTE for FY 2006 consisted primarily of a continuation of initiatives from the previous year:

- Development of materials for submittal of regional transportation plan amendments
- I-25 *Express Lanes* implementation
- Coordination with candidate corridors through the environmental processes

These activities are detailed further in Sections 4 and 5.

3.0 Financial Status

The CTE collected its first revenues from tolls on the I-25 HOV/Toll *Express Lanes* in FY 2006. The *Express Lanes* opened to solo drivers who choose to pay a toll (in addition to buses and carpools who were already permitted to use the lanes) on June 2, 2006. One month of toll revenues collected in the fiscal year totalled \$46,990. This project is discussed in more detail in Section 5.0.

3.1 Expenses

The CTE expended \$2,053,911 from its inception through fiscal year 2006. Of that, \$1,259,992 was expended in FY '06, and the majority of those expenses were for implementation of the I-25 *Express Lanes* project (\$1,188,351). The CTE incurred an additional \$669,491 in expenses that were to be paid in FY '07. Total expenses to date for the I-25 *Express Lanes* project are \$1,217,189 with additional accruals of \$603,544. These expenses are broken down as follows:

3.1.1 I-25 Express Lanes Expenses (cumulative through FY '06)

| | Expended FY '06 | Expended To date | Encumbered |
|---|--------------------|---------------------|--------------|
| Toll Collection Software | \$ 136,000 | \$ 136,000 | \$ 585,000 |
| Toll Collection Equipment | \$ 597,423 | \$ 597,423 | \$ 1,221,989 |
| RTD Bus Transponders | \$ 22,543 | \$ 22,543 | \$ 27,950 |
| MSN Communications (fiber) | \$ 3,794 | \$ 3,794 | \$ 3,794 |
| Consultants – Project Oversight | \$ 288,287 | \$ 317,125 | \$ 323,520 |
| Research, Advertising and Repro. Costs | \$ 97,179 | \$ 97,179 | \$ 100,519 |
| Maintenance Tech & Vehicle* | \$ 0 | \$ 0 | \$ 26,750 |
| CSP – Enforcement | \$ 7,094 | \$ 7,094 | \$ 200,000 |
| Contractual maintenance (T-P Enterprises)* | \$ 36,031 | \$ 36,031 | \$ 1,143,525 |
| * Additional Accrued | | \$ 603,544 | \$ 603,544 |
| Total Expended and Accrued in FY '06 | \$ 1,188,351 | | |
| Total Encumbered through FY '06 | | | \$ 3,633,047 |
| Total Expended and Accrued through FY '06: | | \$ 1,820,733 | |

3.1.2 General CTE Expenses (cumulative through FY '06)

| | Expended FY '06 | Expended To date | Encumbered |
|---|--------------------|---------------------|--------------|
| Consultants | \$ 50,304 | \$ 772,753 | \$ 1,603,125 |
| Consultant Task Order Closeouts | | -\$ 59,693 | |
| Research | \$ 17,608 | \$ 25,555 | \$ 25,555 |
| Public Relations | \$ 7,812 | \$ 7,812 | \$ 7,848 |
| CDOT Personal Services* | \$ 0 | \$ 12,771 | |
| IBTTA Membership, Meetings & Travel | \$ 1,700 | \$ 7,540 | |
| CTE Board Activities | \$ 0 | \$ 3,382 | |
| Advertising | \$ 1,117 | \$ 3,331 | |
| AG support | | \$ 0 | \$ 3,578 |
| * Additional Accrued | \$ 65,947 | \$ 65,947 | |
| Total Expended and Accrued in FY '06 | \$ 144,488 | | |
| Total Encumbered through FY '06 | | | \$ 1,576,835 |
| Total Expended and Accrued through FY '06: | | \$ 902,669 | |

Membership dues are for industry associations that staff and CTE Board members may utilize as a source to research best practices in tolling. FY '06 dues were paid to the International Bridge Tunnel and Turnpike Association (IBTTA). The other Public Highway Authorities in Colorado, E-470 and Northwest Parkway are also members of this organization.

4.0 Ad Hoc Committee on Tolling

The legislation authorizing CTE requires that:

“A toll highway financed, constructed, operated, or maintained shall conform to and be an approved part of the applicable regional transportation plan and the statewide transportation plan developed pursuant to section 43-1-1103.”

HB05-1148 clarified that

“The Board shall develop a plan for the construction of a toll highway that addresses the operation of the toll highway, the technology to be utilized, the project feasibility, the project financing, and any other federally required information. Each toll highway plan in a toll highway system shall be separately approved by each metropolitan planning organization or regional planning commission that is located in whole or in part within the toll highway system.”

The CTE Board created an Ad HOC Committee on Tolling with representation from planning regions in which candidate toll projects had been identified. The Committee recommendations were provided to the Transportation Commission (TC) and CTE Board in a report. The following activities associated with that process were conducted in FY '06:

- **Presentation to State Transportation Advisory Committee (STAC):** This Committee report was provided to the STAC for review so that the TC and the CTE could consider the STAC comments when evaluating the recommendations of The Committee. (The STAC, which consists of representatives from each of the fifteen regional transportation planning commissions, has the statutory responsibility to advise CDOT on planning related issues).
- **TC/CTE Workshops:** The TC and the CTE considered these recommendations as well as STAC comments, and provided an opportunity for public comment in a workshop setting at their August and October 2005 meetings.
- **MPO/TPR Discussion:** Each affected MPO/TPR discussed with its board and/or advisory committees the recommendations included in this report through its individual decision making procedures.
- **Action by TC/CTE:** Based on public comment and comments from the MPO/TPR's, the TC/CTE adopted the Committees report and recommendations.
- **Action by MPO/TPR:** Based on public comment and comments from the TC/CTE, the MPO/TPR Boards will consider taking action on the applicable proposed policies and procedures recommended in this report. The Denver Regional Council of Governments (DRCOG), developed their own specific technical requirements for a plan amendment submittal based on the policies and procedures agreed to by the Ad Hoc Committee. These were adopted by the DRCOG Board in FY 2006

Next Steps: The CTE has been developing and updating the technical information in preparation of a formal plan submittal to DRCOG. This includes updating traffic and revenue forecasts that were more than two years old, and updating planning and design data from the various corridor environmental studies being conducted by CDOT.

5.0 Toll Projects

5.1 I-25 Express Lanes

This summer, Colorado opened its new HOV/ tolled *Express Lanes* in Denver, marking the first time solo drivers can legally access existing 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 Interstate 25 between downtown Denver and U.S. highway 36. Carpools, buses and motorcycles continue to use the lanes toll-free.

The I-25 HOV lanes, which originally opened in 1994, were very successful carrying more people, per lane, per hour than the adjacent general purpose lanes. But because they did so with buses and carpool vehicles, the lanes had a significant amount of unused capacity. In the peak hour, the general-purpose lanes carried an estimated 1870 people per hour as compared to 2050 in the HOV lanes.



In 1999, Legislation passed allowing CDOT to convert an existing I-25 HOV lane to a HOT lane. In 2000, the Express Lanes Feasibility Study was completed to determine how to best convert the I-25 HOV lane facility.

The purpose of the I-25 Express Lanes is to maximize the highway by allowing solo drivers access to the lanes while still not impacting carpools and buses. In order to ensure the lanes don't become congested, the number of solo drivers in the lanes is managed by adjusting the toll rate at various times of the day. In the peak hour, the toll is higher than at other times of day.

It's important to note that the goal of this project was not to generate revenue but rather to break even. Early indications are that toll revenues will cover operations, snow removal, major maintenance and reconstruction costs that were previously paid for by taxpayers at a cost of nearly \$1 million annually.

So far, the lanes have been overwhelmingly successful and are meeting first-year revenue and user projections.

The HOV/Express Lanes carry approximately 30,000 to 35,000 people per day, representing between 10 and 15 percent of the

total person trips along that stretch of I-25 and these vehicles travel at full highway speeds, as compared to peak hour traffic operating at a much lower level of service.

The total cost of the project, including two feasibility studies, technology components, extension of the lanes to the north, construction and two years of maintenance and operations costs is approximately \$9 million. This includes work undertaken prior to the creation of the CTE. CDOT received a \$2.8 million federal grant for the project. This project was a partnership with the CTE, CDOT, the City and County of Denver, and the Regional Transportation District (RTD) and was approved by the Federal Highway Administration. (FHWA), and Federal Transit Administration, (FTA), and was only the fifth such project to incorporate pricing as a congestion management tool in the United States.



The I-25 HOV lanes, which originally opened in 1994, were very successful carrying more people, per lane, per hour than the adjacent general purpose lanes. But because they did so with buses and carpool vehicles, the lanes had a significant amount of unused capacity.

5.2 Potential Toll Corridors

CDOT has continued work on a number of environmental studies that include toll lanes or toll roads as alternatives to be considered. These include:

- US 36
- I-70 East
- C-470
- NW Corridor
- I-70 Mountain
- I-25 North

Other corridors under consideration, but without formal environmental studies underway include the Colorado Springs Toll Road, I-225, and I-270. The Colorado Springs Toll Road is being proposed by a private developer. CDOT and the CTE agreed that it would enter into an agreement with the developer if they took the necessary steps to get the proposed project adopted into the Pikes Peak Area Council of

Government's (PPACG), fiscally constrained long range transportation plan following the process agreed to by the Ad Hoc Committee on Tolling. The developer is working with both the City of Colorado Springs and El Paso County, as well as the PPACG to move that process forward.

6.0 Toll Rates and Interoperability

6.1 I-25 Toll Rates

The only toll rates that have been established are those associated with the I-25 HOV/Express Lanes. The rates vary based on time of day in order to manage congestion and ensure no degradation of transit service and car pools. As such, it was agreed by RTD and the CTE that tolls imposed during the peak period would be no less than comparable express bus service fares in the corridor. The toll rate structure under which the facility opened on June 2 is shown on the following table.

| AM | | PM | |
|------------|--------|--------------|--------|
| 5:00-6:00 | \$0.50 | Noon-3:00 | \$0.50 |
| 6:00-6:45 | \$1.75 | 3:00-3:30 | \$1.50 |
| 6:45-7:15 | \$2.75 | 3:30-4:30 | \$2.00 |
| 7:15-8:15 | \$3.25 | 4:30-6:00 | \$3.25 |
| 8:15-8:45 | \$2.75 | 6:00-7:00 | \$1.50 |
| 8:45-10:00 | \$1.25 | 7:00-3:00 am | \$0.50 |

If congestion levels increase, then the CTE will raise the tolls.

6.2 Interoperability

Interoperability refers to the ability of a toll collection system to use the parts, equipment, and user support services of other systems. Due to the various toll facilities that now exist or will exist in the state, it is essential that this technology be available and consistent for all drivers that may use the toll facilities.

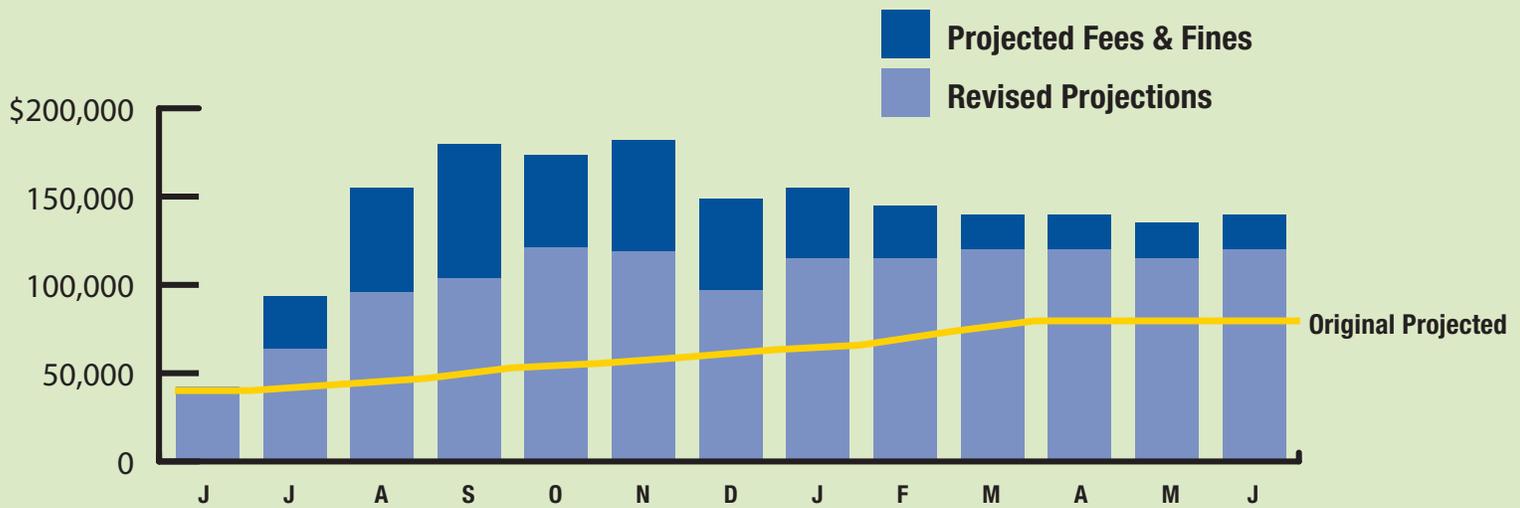
The Colorado Tolling Enterprise contracted with E-470 Public Highway Authority to perform all of its back office operations. The CTE paid E-470 to install the toll collection equipment and provide software integration services in order to open up the I-25 HOT lanes. E-470 has an ongoing contract to provide toll collection and violation processing services. That way, if a customer travels on E-470 or the I-25 *Express Lanes* he or she would only receive one monthly statement.

7.0 Recommended Statutory Changes

There are no statutory changes that will be initiated at this time.

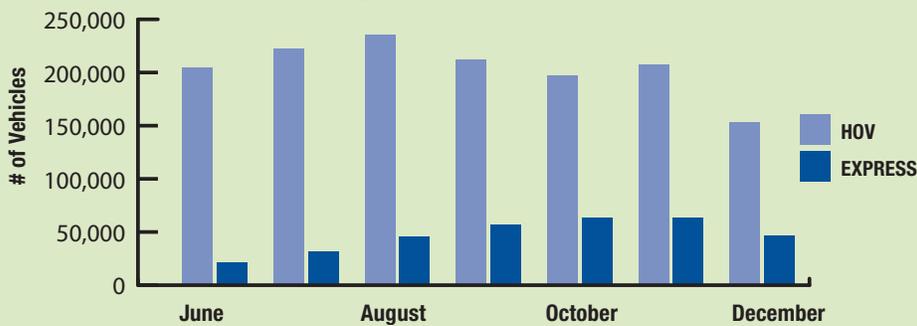
Revised Total Revenue Projections: June '06 – June '07

The I-25 Express Lanes have been overwhelmingly successful and are meeting first-year revenue and user projections.



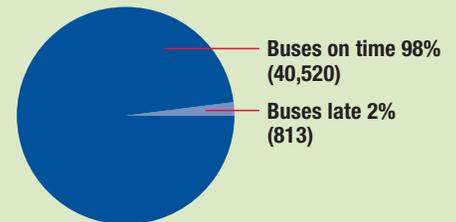
Monthly HOV/Tolled Express Lane Usage

Original projection: 500 toll-paying vehicles in peak periods by the end of the first year.
Actual: Currently averaging more than 1,000 toll-paying vehicles in peak periods.



Bus Performance

Bus travel-time performance is monitored to ensure no degradation in transit service and travel speeds.



The purpose of the *Express Lanes* is to maximize the highway by allowing solo drivers access to the lanes while still not impacting carpools and buses. In order to ensure the lanes don't become congested, the number of solo drivers in the lanes is managed by adjusting the toll rate at various times of the day. In the peak hour, the toll is higher than at other times of day.

