**Regional Transportation District**

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**John L. Tayer**
**Director District O**

June 16, 2011

Board of Directors
Regional Transportation District
1600 Blake Street
Denver, Colorado 80202-1399

**Re: Long Range Fiscal Sustainability Task Force: Report to the RTD Board**

Dear Board Colleagues:

It is my honor to submit this report on behalf of the Long Range Fiscal Sustainability Task Force (Task Force).

The economic challenges of the past few years make the task of balancing RTD's annual budget enormously difficult. Shrinking sales tax revenues combined with rising operations costs have compromised our efforts to meet the Denver region's growing demand for transit services. Given our current fiscal paradigm, there are few strategies for achieving a balanced budget other than fare increases or service cuts, both terribly painful options and contrary to our mission of providing transit access.

Declaring "enough is enough," the RTD Board resolved to take a step back from its year-to-year budget balancing tribulations and to begin exploring alternative strategies that will place RTD on a more sustainable fiscal footing. The Task Force and its report represent the first step in this exploratory journey toward long-term fiscal sustainability for RTD.

The report is the culmination of eight months of thoughtful research and considered opinions by your appointed Task Force of volunteer community leaders, RTD staff and fellow RTD Board members. Along the way, the Task Force studied the root causes of RTD's financial challenges, assessed best practices from across the public transit industry, and brainstormed lessons from the diverse public and private sector organizations that the Task Force members represented. The final Task Force work also featured some hard, but healthy debate, all captured in the final report documentation.

In general, as the report indicates, the Task Force finds that RTD is an efficiently operating organization. Further, the Task Force recognizes that the challenges RTD faces are wide-spread across the transit industry. It is with this background that the

Task Force worked to offer revenue enhancement and cost savings recommendations which build on RTD's strong tradition of fiscal prudence, while bringing creative solutions to the table that lie outside the traditional purview or policy boundaries of a public transit agency. The Task Force also recommends certain fiscal policies which may initially exacerbate RTD's budget balancing difficulties, but are prescriptions for long-term financial health.

There is no expectation that the RTD Board will be able to take immediate action on most of the Task Force recommendations. While some offer readily achievable benefits, many of the recommended actions will entail additional legislative authority or voter approval. Others are expected to generate significant public discussion. Thus, this report does not provide quick fix schemes or an easy silver bullet solution. The Task Force recognizes that the journey to long-range fiscal sustainability for RTD will be difficult and the final report reflects this perspective.

Most importantly, the report provides a comprehensive survey of creative solutions to RTD's fiscal challenges along with the considered judgment of Task Force members regarding the most favorable course for RTD to pursue. In no way are the recommendations intended to foreclose opportunities for the RTD Board to consider strategies that the Task Force rejected. This is merely valuable input at the outset of a journey that is designed to secure RTD's long-range fiscal health while meeting the transit needs of the citizens we serve.

It has been a pleasure working with the Task Force as it explored, debated and honed its final recommendations. I personally want to thank this exceptional group that served RTD so well. We will honor their work through our own thoughtful consideration of this report. Most importantly, as we begin to act on the Task Force recommendations, we will set RTD on a course toward building a more sustainable fiscal foundation for meeting our transit service mission.

Respectfully submitted,

John L. Tayer
First Vice-Chair, RTD Board of Directors
Chair, Long Range Fiscal Sustainability Task Force

AMERICAN
PUBLIC
TRANSPORTATION
ASSOCIATION



June 8, 2011

Director John Tayer
Chair, Fiscal Sustainability Task Force

Phillip A. Washington
General Manager

Regional Transportation District
1600 Blake Street
Denver, CO 80202

Gentlemen:

Thank you for sharing with me the draft report from the Fiscal Sustainability Task Force, whose charge it has been to review the long-range economic foundation of the Regional Transportation District (RTD). It is gratifying to see that the group has taken their charge to the next level by identifying possible methods to assist in bolstering the long-term financial health of the organization, focusing primarily on the base operations and capital plans.

As you know, I had the privilege of participating with this outstanding group during their work retreat in January. That meeting was an important step in focusing the task force's efforts in key areas. Primary among those were narrowing the review process to revenue options with a longer-term focus, and identifying several expense-reduction suggestions.

One reason I have been particularly interested in the work of the task force is that its strategies and recommendations may well be of help to other agencies. It is important to note that the fiscal challenges facing RTD are nearly universal for transit systems across the nation. The recession and continuing economic lag has resulted in substantial reductions in sales taxes and related funds that are the lifeblood of all transit agencies.

As we pointed out during that retreat, the fiscal horizon for most transit agencies focuses on shorter-term budgeting process, in part because of volatility in the economy and the inevitable "boom and bust" scenario with which we are all too familiar. By taking a step back, engaging interested citizens, financial and economic experts, and transportation-related professionals, the task force has been able to identify methods to extend that fiscal horizon by looking at root causes and fundamental assumptions.

The RTD Board is to be commended for having the foresight to embark up on this unusual, comprehensive and important process. I congratulate RTD and the task force for taking on this challenge, and for delivering this comprehensive report.

Sincerely yours,

Bill

William Millar
President

WM/jr

Congratulations on a job well done!

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# Long Range Fiscal Sustainability Task Force

Report to the RTD Board

June 28, 2011

# Task Force Goal*

The purpose of the Task Force is to develop a formal written report, to be submitted to the RTD Board in June 2011, detailing opportunities for operating efficiencies and revenue enhancements to ensure RTD fiscal sustainability in the long term.

**From August 6, 2010 memo authorizing the creation of the Task Force.*

# Task Force Members

Bruce Abel
Bill Christopher
Matt Cohen
David Erb
Mike Fitzgerald
Dave Genova
Randy Harrison
Terry Howerter
Mark Imhoff
Bill James
Lee Kemp
Jack O'Boyle
Carla Perez
Scott Reed
John Sackett
Patty Silverstein
John Tayer (Task Force Chair)
Dave Techmanski
Bob Watkins
Elena Wilken
Dee Wisor

# Approach

- The Task Force included a range of financial, transit, planning, and legal experience
- It met on 11 occasions over eight months
- Everyone was provided with background information about transit financial challenges nationally as well as RTD's specifically
- At a retreat, revenue enhancement and expense reduction strategies were brainstormed
- The top-rated candidates were subsequently evaluated in greater depth
- The Task Force then determined which were most appropriate to recommend to the Board

# Key Findings

- Having an effective and efficient transit system is a lynchpin in ensuring the region's economic, environmental health and quality of life
- RTD is efficiently operated and benefits from a culture of continuous improvement, as demonstrated by the establishment of this Task Force
- There is no single "silver bullet," but that a combination of policies and strategies must be implemented to achieve fiscal sustainability
- In general, the Task Force recommendations build on RTD's tradition of fiscal prudence

# The Problem

# The Challenge:
## The National Context

- The funding model for transit agencies nationally illustrates the "transit paradox"
- The industry is sensitive to economic conditions, capital intensive and subsidized
- The recession exacerbated the challenge for all U.S. transit agencies
- 90 percent of the agencies report flat or declining funding
- Over half the agencies have done one or more of the following to address the fiscal shortfall:
  - increased fares and/or cut service
  - used reserves
  - transferred capital funds to operations and deferred capital projects
  - eliminated positions

# Problem Statement:

## RTD Fiscal Sustainability Challenge

For RTD to operate sustainably, it must match the costs of its services to its available resources. RTD revenue for its base system is largely a function of the 0.6 percent sales tax collected in the metropolitan area, which, in turn, is related to economic activity in the Denver area. Over half of RTD's revenue comes from sales and use tax. Passenger fares – roughly $100 million – contribute roughly 20 percent of RTD's revenue. Presently RTD costs exceed available revenue and the shortfall is being covered using previously set aside reserves. This strategy is not sustainable. When the Task Force started its work, there was a projected shortfall in 2012 of about $35 million that will need to be covered by either revenue increases or expenditure reductions.

# Volatile Revenue

- The major component of RTD's revenue is sales and use tax
- Sales and use tax collections are typically between $210 million and $250 million annually
- Over the past 10 years, through two recessions, sales and use tax collections have averaged an annual growth rate of 1.7 percent
- Sales tax collections are highly variable -- in 2009 sales tax collections dropped 10.0 percent followed by a 7.0 percent rise in 2010
- This variable revenue stream makes budgeting a challenge, potentially leading to large swings in revenue and transit service

# RTD Budget Factors

- Has a large service area (geographically)
- Has a sizable population base, but its population per square mile is low
- Has low operating expenses per revenue hour
- Has high service costs due to the large geographic area the agency serves
- Demand for transit continues to grow despite revenue shortfalls
- Passenger fares constitute 20 percent of revenues
- Fuel accounts for about eight percent of RTD operating expenses and its price is highly volatile

# Limited Revenue Options

Funding sources for RTD include:

- Sales and use taxes
- Passenger fares
- Advertising
- Leases
- Parking fees
- Property tax
- Congestion pricing
- Concessions
- Right of way leasing
- Value capture
- Transit oriented development/joint development
- Donations

# Long-Term Sustainability

- As the Task Force convened, the financial shortfall for RTD in 2012 was projected to be about $35 million. As RTD staff worked through the 2011 amended budget and 2012 forecast, the figure is now projected to be about $30 million in 2012 and continuing through 2025.
- Regardless, the Task Force was focused not only on a near-term challenge, but on the longer-term issue of fiscal sustainability for RTD.

# Options

# Revenue Options

- Augment Advertising
- Naming Rights
- Utility Easements
- Land Asset Review
- Concessions
- Courier Services
- Fare Surcharge
- Parking Charge
- Fare Recovery
- Cost Sharing
- Partnerships
- Use of Air Space
- Collect Own Sales Tax
- Value Capture
- Tolling
- Congestion Pricing
- Metro Charge
- Sales Tax Increase

# Expense Reduction Options

- Contracting
- Innovative Practices
- Personnel Reductions
- Concessions
- Solar
- Parking Maintenance
- Fuel Consortium
- Privatization
- Sunday Service
- Service Optimization
- Cash Handling
- Energy Audit
- Van Pools
- Extend Asset Life
- District Visioning
- Paratransit
- Technology Innovation
- Feeder System

# Task Force Recommendations

# Types of Task Force Recommendations

Revenue Enhancement

Expense Reduction

Fiscal Policy

# A. Fiscal Policies

# Fund Balance Policy

The Task Force recommends that RTD adopt a formal fund balance policy that defines the purpose and appropriate level for the fund. For example, one portion of the fund balance may be for a capital replacement fund, one for working capital, and one for the Board to use to respond to extreme events. RTD should also provide broad guidance in their financial policies for how resources will be directed to replenish the fund.

# Capital Replacement Funding

The Task Force believes it is prudent to set aside resources to acquire capital assets, particularly rolling stock, over time. It recommends that the RTD Board appropriate $6.0 million annually to fund asset replacement. This fund will be used for required replacement of rolling stock that is currently budgeted to be a financed purchase. The use of this capital replacement fund will reduce debt service costs resulting in lower interest expense and improved ratings over time.

# Sales Tax Projections

The Task Force recommends the Board adopt a strategy to build a sustainable fund balance by conservatively forecasting sales and use tax.  RTD should project its tax collections in a way that recognizes the inherent volatility of tax receipts.  Specifically, RTD should complete its forecast based on traditional methodologies and then reduce that amount by one half of a standard deviation from the average receipts over the past ten years.  This amount will vary over time, but currently is approximately $6 million.  This reduced revenue projection will be used for budgetary purposes to help restrict or control expenses when balancing the budget and building fund balances.

# B. Revenue Enhancement

# Sales Tax Exemptions

- Pursue legislative action to make RTD's sales tax base consistent with the state
- Current exemptions include direct mail, industrial energy, cigarettes and tobacco, candy and soda, and food containers
- Had RTD been include in the State's 2010 legislation, sales tax revenue would have increased approximately $12 million per year

Impact: $2 million + Time frame: 2-5 years

# Tolling and Managed Lanes

- RTD should continue to collaborate actively as tolling and managed lanes issues are discussed and decided upon in the metro area
- Funds generated by tolling could be used for transit operations and highway maintenance
- Hard to implement without building new capacity
- No new statutory authority required

Impact: Over $2 million    Time frame: over 5 years

# Value Capture

- Using three-way partnerships (RTD, local governments, developers), establish regional and local tax districts
- These would place an additional, modest mill levy on property within a specific distance of light rail stations

Impact: Over $2 million     Time frame: 2-5 years

# Self-Collect Sales Tax

- Some local governments like home rule municipalities can chose whether to have the local sales tax collected by the Department of Revenue or not
- Based upon the experience of some municipalities, tax revenues can increase by 10% to 25% by changing from a State collected tax to a locally collected tax

Impact: Over $2 million    Time frame: 2-5 years

# Fare Recovery Ratio

- RTD's fare recovery ratio is relatively low (currently at approximately 20% versus a national average of 30%)
- It could be desirable to improve the ratio of fare recovery to total expenses
- The ratio could be improved by either reduced service or fare increases
- Could be implemented through Board policy

Impact: $100K to $2 million Time frame: ongoing

# Charging for Parking

- RTD should, at least, fully recapture the cost of providing parking
- Charging might provide revenue over and above the recapture cost
- Privatizing parking could promote transit-supportive development
- Charging could help affect parking demand
- Legislation would be required to charge for in-district parking within 1st 24 hours
- May be perceived as a fare increase

Impact: $2 to $4 million    Time frame: under 2 years

# Naming Rights

- Consider fees for naming or "sponsoring" facilities (such as stations) or services (such as light rail lines)
- New revenue stream
- Can be implemented without election or legislative permission
- Once contract is in place, fees are relatively easy to administer and collect
- Could lessen neighborhood and community identity
- Could impact existing advertising

Impact: $100K to $2 million   Time frame: under 2 years

# C. Expense Reduction Strategies

# Technology & Energy Innovation

- Conduct a comprehensive energy audit
- Use innovative technology to enhance efficiencies, including the expanded use of solar, technology to extend asset lives, and peer reviews for best practices
- Much has transpired in energy policy and technological development in last five years
- Energy conservation is low-hanging fruit
- As with FasTracks, RTD can be a leader in innovation in transportation and development

Impact: Over $2 million    Time frame: under 2 years

# Service Optimization

- RTD needs to clarify its service delivery strategy
- RTD needs to optimize its service emphasizing ridership cost-efficiency
- This means thoughtfully examining two competing approaches: (a) providing service broadly throughout the District or (b) focusing on serving the most riders
- Depending on RTD's service mission, the criteria for evaluating routes might change
- May have less of a cost savings impact, but could lead to more efficient use of RTD transit dollars

Impact: $100K to $2 million   Time frame: under 2 years

# Paratransit

- Paratransit is RTD's most subsidized service
- Various alternatives may help reduce RTD's cost, including:
  - increase the use of cabs for access-a-ride trips
  - reduce the number of paratransit service providers
  - improve the integration of various RTD services

Impact: $100K to $2 million Time frame: under 5 years

# Partnerships-Privatization

- Privatization is a broad topic and can include privatizing routes, administrative functions like cash handling, and operational functions such a parking lot maintenance
- There is the potential to save money, however the Task Force also recognizes that some financial savings can come at a non-financial cost (e.g., service quality)

Impact: Depends on option Time frame: Depends

# Recommendation Summary

| Potential Action | Impact | Timing |
|---|---|---|
| Removing volatility from sales and use tax projections | Stabilizes Budget | Short |
| Capital replacement funding | Maintains Fleet | Short |
| Charging for parking | High | Short |
| Naming rights | Medium | Short |
| Technology and energy innovation | High | Short |
| Service optimization | Medium | Short |
| Self-collect sales tax | High | Medium |
| Value capture | High | Medium |
| Sales tax exemption | High | Medium |
| Paratransit | Medium | Medium |
| Tolling and managed lanes | High | Long |
| Fare recovery rate | Medium | Ongoing |
| Partnerships-Privatization | Strategic | Strategic |

# In Conclusion

- The Task Force identified a number of fiscal, revenue and expense options that could help create a more sustainable future for RTD
- The Task Force analyzed each of these options, but more will need to be done
- The Board will need to determine which of these has the right combination of financial contribution and political acceptability
- Once the Board determines which of these options to explore further, staff or others will need to more tightly calibrate the financial impact and develop implementation strategies

We submit this Report to the Board for your consideration to help achieve RTD’s long-term fiscal sustainability

# Questions

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# Appendix A

# Summary of Task Force Recommendations

# Summary of Recommendations

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| Partnerships-Privatization | Strategic | Strategic |

Note: Depending on direction from the RTD Board any potential action will require additional analysis and time for implementation.

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# Appendix B

# The Evolution of the Task Force Recommendations

# Section 1

# Analytical Documents Produced by the Task Force Work Groups

# Fiscal Policies

# FISCAL SUSTAINABILITY TASK FORCE FUND BALANCE POLICY RECOMMENDATIONS

The Fiscal Sustainability Task Force (Task Force) recommends that RTD adopta formal fund balance policy that defines the appropriate level of fund balance target levels. Also, management should consider specifying the purposes for which various portions of the fund balances are intended. For example, one portion of the fund balance may be for a capital acquisition fund, one for working capital, and one for responding to extreme events. This additional transparency helps decision makers understand the reason for maintaining the target levels described in the fund balance policy.

RTD should also consider providing broad guidance in their financial policies for how resources will be directed to fund balance replenishment. For example, a policy may define the revenue sources that would typically be looked to for replenishment of fund balance. This might include non-recurring revenues, and budget surpluses. Year-end surpluses are an especially appropriate source for replenishing fund balance. Finally, RTD should consider including in its financial policy a statement that establishes the broad strategic intent of replenishing fund balances as soon as economic conditions allow. This emphasizes fund balance replenishment as a financial management priority.

RTD is subject to a number of factors that could require the use of fund balances. It is therefore incumbent on the Board to minimize the use of fund balance, except in very specific circumstances. Replenishment should take place in a prompt fashion with amounts that have been used to ensure that the RTD is properly prepared for contingencies. With the foundation of a financial policy in place, RTD should use their long-term financial planning and budget processes to develop a more detailed strategy for using and replenishing fund balance. With these criteria in mind, RTD should develop a replenishment strategy and timeline for replenishing fund balances as soon as possible, and that is still appropriate to prevailing budgetary and economic conditions and that considers the following:

1. Unrestricted fund balance comprises the capital acquisition fund, the working capital fund, and unassigned general fund balance for extreme events.

2. The policy should define the time period within which and contingencies for which fund balances will be used. This gives the public a sense for how fund balance is being used as a “bridge” to ensure stable cash flow and provide service continuity.

3. The policy should describe how the RTD expenditure levels will be adjusted to match any new economic realities that are behind the use of fund balance as a financing bridge.

4. The policy should describe the time period over which the components of fund balance will be replenished and the means by which they will be replenished. Frequently, a key part of the replenishment plan will be to control operating expenditures and use budget surpluses to replenish fund balance. The replenishment plan might also specify any particular revenue source that will aid in the replenishment of fund balances.

5.

6. For example, if RTD has a volatile sales tax yield, it might specify that yields that are significantly above average would be used to replenish fund balances.

Generally, RTD should seek to replenish their fund balances within one to three years of use. However, when developing the specifics of the replenishment plan, RTD should consider a number of factors that influence the rate and time period over which fund balances will be replenished.

Sales and Use Tax Projections - Fund Balance Replenishment

In order to restore the fund balance and provide a conservative sales tax forecast to reduce the risk of revenue volatility, the Task Force recommends that the RTD Board adopt a policy that projects its sales tax collections in a way that recognizes the inherent volatility of sales tax receipts. RTD should complete its forecast based on traditional or current methodologies and then reduce that amount by one half of a standard deviation from the average receipts over the past ten years. This amount will, of course, vary over time. This reduced revenue projection will be used for budgetary purposes to help restrict or control expenditure growth and increase the fund balance over time.

Capital Replacement Funding - Fund Balance Replenishment

The Task Force believes it is prudent to set aside resources to acquire capital assets, particularly rolling stock, over time. The Task Force recommends that the RTD Board establish an appropriate level to fund an asset replacement strategy and budget that amount annually. This fund will be used for required replacement of rolling stock that is currently budgeted to be a financed purchase. The use of this capital replacement fund will reduce debt service cost resulting in lower debt cost and improved ratings over time.

Working Capital and Extreme Events Funds

Further it is essential that RTD maintain an adequate fund balance to provide a back up for potential revenue shortfalls and unexpected cost. It is recommended, at a minimum, that the RTD Board adopt a formal fund balance policy. This policy should ensure that there is an unrestricted fund balance in the general fund to cover operating expenses, other unknown cost, and sales tax volatility. Management should establish and the Board should adopt guidelines for how this fund balance can be used and, when used, how the fund will be replenished over time.

# Revenue Enhancements

| Initial Evaluation of Candidate Revenue Enhancement Options | |
|---|---|
| Potential Revenue Enhancement: | SALES TAX BASE AND COLLECTION |
| Description: | The RTD sales tax is levied on the same transactions as the State sales tax and is collected by the Department of Revenue.<br><br>In 2010, the General Assembly repealed certain sales tax exemptions thus applying the State sales tax to some transactions which had been previously exempt. The legislation repealing these exemptions provided that the exemptions would continue to apply to local sales taxes like RTD's. These exemptions included direct mail, industrial energy, candy and soda, food containers, and certain agricultural transactions.<br><br>Some local governments like home rule municipalities can chose whether to have the local sales tax collected by the Department of Revenue or not. Those who have chosen local collection have increased the tax revenue without changing the rate or tax base. In 2009, the General Assembly adopted H.B.09-1130 to provide more local involvement of counties in the collection of county sales tax. |
| Pros: | Can be implemented by legislation. |
| Cons: | There may be some political resistance to applying the State repeal of exemptions to RTD as some of those repeals were unpopular with the business community. |
| Expected yearly revenue impact: | X High (Over $2,000K)<br>☐ Medium ($100K to $2,000K)<br>☐ Low (under $100K)<br>Comment: |

| | |
|---|---|
| Implementation time frame and issues: | ☐ Short (within two years)<br>X Medium (two to five years)<br>☐ Long (more than five years)<br>Comment: |
| Benefit versus cost: | Based upon the experience of some home rule municipalities tax revenues can increase by 10% to 25% by changing from a State collected tax to a locally collected tax. |
| Other comments: | |

| *Initial Evaluation of Candidate Revenue Enhancement Options* | |
|---|---|
| Potential Revenue Enhancement: | Tolling Denver metro roads to generate funds for shared transit operations and highway maintenance. |
| Description: | Generate toll revenue on state and local roadways in Denver metro to jointly fund transit operations and highway maintenance. Could include: managed lanes – lanes dedicated to transit and high occupancy vehicles, and congestion/variable pricing – pricing trips within the Denver metro area depending on time of day. |
| Pros: | - Puts a price on "the trip" –transit competitive with cost of automobile<br>- Depending on toll rate, can be lucrative<br>- Reduces and/or manages congestion (variable or "congestion pricing" applications can be used)<br>- Reduces pollutants (no idling)<br>- Sustainable revenue<br>- No statutory authority required under HPTE if all impacted communities concur<br>- Transponders and license plate photo billing systems eliminate need for booths<br>- Value-added services may generate additional revenues |
| Cons: | - Public resistance<br>- Hard to implement without building new capacity<br>- Perception of double-taxing (gas tax)<br>- Federal approval required to toll on Interstate or any federal aid highway |
| Expected yearly revenue impact: | ❑ High (Over $2,000K)<br>❑ Medium ($100K to $2,000K)<br>❑ Low (under $100K)<br><br>Anticipated revenue depends on several key points:<br>1) Initial revenue collected is dedicated to operating and maintaining corridor<br>2) Any excess revenues generated would have to be negotiated |

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| | as to spending system wide, and the appropriate transit/highway split.<br><br>For example, the DRCOG US 36 Managed Lanes proposal states: "The *modest* revenue generated from the toll will provide *incremental* revenues to help cover the long-term cost of operations, toll equipment maintenance, and enforcement of the managed lanes." (emphasis added.)<br><br>Tolling the US 36 corridor is estimated to generate enough revenue to cover the costs of the project ($3.4 million annually). The study does not indicate significant excess revenue.<br><br>The High Performance Transportation Enterprise is authorized to impose user fees for the privilege of using surface transportation infrastructure. User fees revenues shall be expended "only for the surface transportation infrastructure project for which they were collected, to address ongoing congestion management needs related to the project, or as a portion of the expenditures made for another surface transportation infrastructure project that is integrated with the project as part of a surface transportation system."<br><br>Additional authority and agreements would have to be negotiated to be able to expend monies collected in one part of the system system-wide, either for transit or highways. |
| Implementation time frame and issues: | Short (within two years)<br>Medium (two to five years)<br>☐ Long (more than five years) |
| Benefit versus cost: | Before this option would generate significant operating dollars for RTD, tolled roads would have to 1) generate enough revenue to cover the costs of infrastructure, operating and maintenance costs of the corridor itself, and *then* 2) generate surplus revenues that could be used for operating the entire system, both highways and transit. |

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| Other comments: | The states and/or the federal government may adopt a more sustainable transportation revenue other than the gasoline tax in the next decade. One type of alternative is a Mileage Based User Fee. In 2006, a DRCOG Ad Hoc Committee on Transportation Finance considered a Vehicle Mile Tax and estimated that a 1 penny/mile charge would generate $160M-$200M annually. Should such a form of financing be adopted, particularly at the federal level, transit should benefit from the distribution. |

| Initial Evaluation of Candidate Revenue Enhancement Options | |
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| Potential Revenue Enhancement: | VALUE CAPTURE/DEVELOPMENT IMPACT FEE<br>Work Group: Patty Silverstein, John Tayer, David Erb, Bob Watkins, Patrick McLaughlin (RTD staff) |
| Description: | This revenue enhancing option is based on the premise that development around current and future transit stations will lead to rising property values and/or commercial activity. At nearly every station, there is a need for some sort of public investment, such as structured parking or pedestrian access improvements, in order to maximize the value created by development of the station areas. There is a need for local governments, RTD, and the private developers to form partnerships (three-way partnerships) to make such investments. Partnerships are essential because the following options might otherwise be used by local governments and developers to make investments that ensure transit supportive development actually occurs. **All of the following options will work only with three-way partnerships.** We have identified five revenue options that could potentially capitalize on this activity:<br>1. **Sales tax increment:** RTD shares with the local government additional sales tax revenue generated from retail activity within a specified distance of the transit station over some base value for a set number of years.<br>2. **Property tax increment:** RTD shares with the local government additional property tax revenue generated from development activity within a specified distance of the transit station over some base value for a set number of years.<br>3. **Development impact fee:** RTD assesses a per residential unit or per square foot fee on any new development within a specified distance of the transit station. Fee could potentially be shared with the local government.<br>4. **Regional (or localized) special district tax** (or perhaps call this a business improvement district?): Place an additional (modest) mill levy on property within a specified distance of every station. (Egs. 5 mills within half-mile radius, 2 mills on property between half-mile and one-mile radius) |

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| | 5. **Station development partnerships:** RTD can enter into a public-private partnership to develop land it owns near transit stations. RTD can generate income through the sale of air rights, share of proceeds if contributing land as equity, or sale of land outright. |
| Pros: | 1. (Option 1, 2) Tax increment financing would not levy additional taxes on developers and would not act as a barrier to development.<br>2. (Option 1, 2, 4) Once relevant area defined, should be relatively easy to monitor the potential value.<br>3. (Option 2, 4) Property tax-based revenue is somewhat countercyclical to the current economic conditions. Property values upon which current taxes are based are those from up to 2.5 years prior. For a typical three-year economic cycle, that is just about perfect.<br>4. (Option 2, 4) Property tax represents a great diversification to RTD's sales tax revenue source.<br>5. (Option 4) Could add a special district tax on commercial properties only and not include residential so that you do not have voter approval issues. Voter approval would only include individuals who are property owners within the taxing district.If commercial property only subject to tax, then only commercial property owners who have title individually – not corporately or via an LLC – would be included in the vote.<br>6. (Option 4) Could be a region-wide implementation.<br>7. (Option 4) Tax can be levied in perpetuity; represents a sustainable revenue source.<br>8. (Option 5) Joint Development can catalyze future TOD, increasing tax revenues for the city and both peak and off-peak ridership for RTD.<br>9. (Option 5) RTD already has authority to negotiate joint development deals.<br>10. (Option 4, 5) Assume that RTD partnerships create value for the local jurisdiction, but would still need everyone to be able to share in the tax revenue. Ways that RTD increases value may include increased train frequency, increased passenger loads, increased pedestrian access, structured parking, other RTD infrastructure investments. |

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| | Egs: Use RTD's planned expenditure for surface parking as the value of RTD's investment in structured parking. |
| Cons: | 1. (Option 1, 2, 3, 4, 5) Revenue stream may be cyclical, subject to overall economic cycles, consumer spending patterns, and property values.<br>2. (Option 1, 2) May be possible to implement at future transit stations, unlikely could implement at existing stations.<br>3. (Option 1, 2) Local governments (especially school districts) may resist sharing increased tax revenue.<br>4. (Option 1, 2) Potentially challenging to establish a revenue-sharing contract with the local government. Indeed, this may be politically insurmountable on a region-wide basis.<br>5. (Option 1, 2) What happens if one local gov't willing to participate, but another one is not? Can all transit stations be treated equally?<br>6. (Option 1, 2): Area would have to be declared blighted. May require new laws in order to be operative at all stations.<br>7. (Option 1, 2) Increment financing may be better used by the local jurisdiction to focus on specific individual station issues/create value.<br>8. (Option 3) Could discourage new development surrounding transit stations.<br>9. (Option 3) Difficult to get TOD built as is, so any cost increases may be challenging. Perhaps modest fee would be possible.<br>10. (Option 3) Not a long-term funding source – would only generate revenue with new development or for a specified number of years.<br>11. (Option 4) This strategy would require careful economic analysis and a new level of station-specific planning.<br>12. (Option 4) Would RTD need legislative authority for a special district tax?<br>13. (Option 4) If not dealing with three-way partnership issues, may not get support for special district tax.<br>14. (Option 4) Special district tax requires a vote of the people.<br>15. (Option 4) Would need to establish a "value plan" for each station, describing the roles, responsibilities, benefits, and costs to each partner (RTD, the local community, and the |

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| | developer).<br>16. (Option 4) Special district tax would be a lot of work, involving a lot of players.<br>17. (Option 5) Political difficulties with joint development. Must be aware of how RTD property was originally acquired and how parking will be strategically managed after development.<br>18. (Option 5) RTD limited as to type of property that can be developed on land that it owns. That may be relevant to condemned property only. |
| Expected yearly revenue impact: | ☐ High (Over $2,000K) Option 4: Very preliminary estimates suggest that a special district tax of about 5 mills could generate about $30 million per year.<br>☐ Medium ($100K to $2,000K) Option 5: Revenue generated at individual stations is likely be less than $100K, but added together could represent a medium source of revenue.<br>☐ Low (under $100K)<br>Comment: More detailed economic analysis is needed for Option 1, 2, 3, 4. |
| Implementation time frame and issues: | ☐ Short (within two years)<br>☐ Medium (two to five years)<br>☐ Long (more than five years)<br>Comment: All options could be implemented in conjunction with station construction.<br>(Option 4) Could be implemented immediately upon voter approval, although voter approval time frame is unknown.<br>(Option 4) Would need to be implemented prior to investment of RTD's resources. |
| Benefit versus cost: | We feel that Option 4, in particular, may offer a potentially large and sustainable upside. Would need to develop a "case study" area – a pilot area – that can be marketed to the other special district areas in order to gain support. (Potential incorporation in existing TOD pilot program). The primary cost would be the need for new types of expertise and analysis at RTD. |

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| Other comments: | You cannot assume that new value will result at stations without full participation of all involved.<br><br>To create value at various stations, may require looking at investment in a new way. For example, RTD's investment might involve the reorientation and use of funds already programmed for transit stations. These funds would be reoriented to ensure that they are being used to maximize the development value created in station areas. Investments might also involve the strategic use of land owned by RTD at the station areas. Once these investments are made, RTD and the private partners would expect a reasonable return on their investments. The return to local governments may be in the form of infrastructure improvements in their communities. RTD would use its returns to continue to maintain transit services to the stations. This approach would involve a new level of station area planning region wide to determine how the revenue sources would be used to create value at stations as well as contribute to operating revenues for RTD. An initial analysis would be required to determine whether the approach is feasible and if it would produce sufficient revenue. |

| Initial Evaluation of Candidate Revenue Enhancement Options | |
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| Potential Revenue Enhancement: | SALES TAX BASE AND COLLECTION |
| Description: | The RTD sales tax is levied on the same transactions as the State sales tax and is collected by the Department of Revenue.<br><br>In 2010, the General Assembly repealed certain sales tax exemptions thus applying the State sales tax to some transactions which had been previously exempt. The legislation repealing these exemptions provided that the exemptions would continue to apply to local sales taxes like RTD's. These exemptions included direct mail, industrial energy, candy and soda, food containers, and certain agricultural transactions.<br><br>Some local governments like home rule municipalities can chose whether to have the local sales tax collected by the Department of Revenue or not. Those who have chosen local collection have increased the tax revenue without changing the rate or tax base. In 2009, the General Assembly adopted H.B.09-1130 to provide more local involvement of counties in the collection of county sales tax. |
| Pros: | Can be implemented by legislation. |
| Cons: | There may be some political resistance to applying the State repeal of exemptions to RTD as some of those repeals were unpopular with the business community. |
| Expected yearly revenue impact: | X High (Over $2,000K)<br>☐ Medium ($100K to $2,000K)<br>☐ Low (under $100K)<br>Comment: |

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| Implementation time frame and issues: | ☐ Short (within two years)<br>X Medium (two to five years)<br>☐ Long (more than five years)<br>Comment: |
| Benefit versus cost: | Based upon the experience of some home rule municipalities tax revenues can increase by 10% to 25% by changing from a State collected tax to a locally collected tax. |
| Other comments: | |

| Initial Evaluation of Candidate Revenue Enhancement Options | |
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| Potential Revenue Enhancement: | Increase RTD's Fare Recovery Ratio |
| Description: | Fare recovery ratio can be defined as that percentage of operating expense that is recovered thru passenger fare revenue. Improvements would require increased fare revenue and/or decreased operating expense (or a combination) to improve the ratio from the current ratio of approximately 20% to a goal of (perhaps) 25% in the near/mid-term and 30% in the long term. |
| Pros: | Improves long term fiscal health of the organization<br><br>As a Board policy, it can be implemented without a public election<br><br>Helps Board more explicitly evaluate the balance or trade-off between revenues and expenses. |
| Cons: | increased fares may have an adverse impact on transit dependents.<br><br>Increased fares may have an adverse impact on overall ridership.<br><br>expense reductions may have an adverse impact on service quality and/or service quantity.<br><br>Potential negative political fallout of service reductions and/or fare increases. |
| Expected yearly revenue impact: | High (Over $2,000K)<br>X Medium ($100K to $2,000K)<br>☐ Low (under $100K)<br>Comment: This depends upon the policy level established. |

| Initial Evaluation of Candidate Revenue Enhancement Options | |
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| Potential Revenue Enhancement: | Charging for Parking |
| Description: | Charging for all parking would provide additional revenue. Also, providing free parking is a concern for the following reasons:<br><br>• Encourages the use of the automobile, promotes air pollution and traffic congestion,<br>• Lessens the land available for transit oriented development/communities,<br>• Makes it more difficult to provide sufficient parking,<br>• Limits the ability for the private sector to charge for parking in station areas,<br>• Limits the ability to develop parking sharing arrangements, and<br>• Does not meet the demand for guaranteed parking.<br><br>RTD should at least fully recapture the cost of providing parking. Charging for parking might provide revenue over and above recapturing the cost of providing parking. Parking could be privatized or made part of a partnership arrangement that promotes transit supportive development.<br><br>RTD could establish daily parking fees for all RTD patrons that park at park-n-Rides. Currently, RTD charges out-of-District patrons a parking fee for daily use (first 24 hours) and extended stays; and in-District patrons pay no fee for first 24 hours, but pay a daily fee for extended stay beyond the first 24 hours. A monthly reserved space program is also offered to in-District patrons at high demand (greater than 90% utilization) lots for $35.70/month. Daily fees for low demand lots are $1.00 for in-District and $2.00 for out-of-District; and $2.00 for in-District and $4.00 for out-of-District at high demand lots. In the current program, less than 20% of RTD daily parkers pay a fee. The current program is under a revenue contract with a parking contractor. |

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| Pros: | Reliable, predicable revenue source.<br><br>Patrons that utilize parking pay for the cost of providing parking (capital cost and O&M).<br><br>Achieve more efficient utilization of unused capacity.<br><br>Promotes market driven transit oriented development/communities.<br><br>Pursuant to legislative approval, the program can be quickly implemented at currently managed lots. |
| Cons: | Current legislation will have to be changed to charge in-District for first 24 hours. This may be difficult to achieve.<br><br>May be perceived as a fare increase, however, fees will only be assessed to those that park and not other transit users. |
| Expected yearly revenue impact: | **ΞHigh (Over $2,000K)**<br>☐ Medium ($100K to $2,000K)<br>☐ Low (under $100K)<br>Comment: |
| Implementation time frame and issues: | ***Short (within two years)**<br>☐ Medium (two to five years)<br>☐ Long (more than five years)<br>Comment: Pending legislative modification/approval. |
| Benefit versus cost: | If the current legislation can be changed the revenue benefits will be substantial and the costs minimal. |
| Other comments: | |

| Initial Evaluation of Candidate Revenue Enhancement Options | |
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| Potential Revenue Enhancement: | NAMING RIGHTS |
| Description: | Fees for naming or “sponsoring” facilities (such as stations) or services (such as light rail lines) of the District. |
| Pros: | New revenue stream.<br><br>Can be implemented without an election or legislative permission.<br><br>Once contract is in place, fees would be relatively simple to administer and collect. |
| Cons: | Could lessen community or neighborhood identity with or feeling of ownership of a station or line, and may be contrary to RTD practice of retaining street or landmark location in station names.<br><br>Depending upon contract structure, revenue would likely be available only for a limited time, and could be subject to economic vagaries.<br><br>Could lessen marketing opportunities for the successful existing RTD bus and light rail advertising program. |
| Expected yearly revenue impact: | High (Over $2,000K)<br>X Medium ($100K to $2,000K)<br>Low (under $100K)<br>Comment: This is a rough estimate based on experiences of other transit agencies. |
| Implementation time frame and issues: | X Short (within two years)<br>Medium (two to five years)<br>Long (more than five years)<br>Comment: Quick startup, will take time for full realization. |

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| Benefit versus cost: | Return may be relatively high, but Board and staff will need to weigh revenue versus neighborhood and community impacts. |
| Other comments: | Amount of revenue will be affected by any limitations placed on what can and cannot be named or sponsored. |

# Expense Reductions

| Initial Evaluation of Candidate Expense Reduction Options | |
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| Potential Revenue Enhancement: | Program initiatives in the use of innovative technology to enhance RTD efficiencies |
| Description: | The use of innovative technology to enhance RTD efficiencies, including use of energy audits, expanded use of solar, technology to extend asset lives, peer reviews for best practices, and a comprehensive energy audit already has a history of activity at RTD.<br><br>According to the RTD Sustainability Guidelines (October 2006) RTD undertook a comprehensive energy review of RTD Facilities in 2006. FacilitiesManagement proposed assembling a list of buildings, energy usage per facility, and upgradesmade to reduce energy consumption. Based on the results,RTD was to initiate planning and programming future energy savings projects that prove to be economicallyjustified.It is our understanding that this process was actually developed by staff over time and a number of energy reduction improvements have been made or are in process including replacement of boilers, installation of solar applications, and installation of high efficiency motors/energy star equipment. A draft RFP for a performance contract to conduct a comprehensive energy audit and install subsequent improvements under a lease structure was developed. There were some lease structure and debt coverage issues with the draft RFP since 4 RTD facilities are on a leverage lease and one RTD facility is on a certificate of participation.<br><br>This draft RFP should be revisited to determine if these details can be resolved. The overall effort should be updated and evaluated, not only to reflect the potential savings and modernization of facilities that would result from energy conservation improvements, but also to update best practices where applicable. Much has transpired in energy policy, planning, and technological development in the transit industry, Colorado and the nation since 2006. Colorado is a laboratory and a magnet for new energy and sustainability policy and innovation, having created a Colorado brand for economic development just as FasTracks has helped create a brand for innovation in transportation and development.<br><br><u>Action Items</u>:<br>• Update energy audit progress and facilities inventory<br>• Conduct an energy audit/assessment and update of sustainability policy and guidelines<br>• Consider performance contracting to implement conservation measures<br>• Include expertise to reflect transit facilities, operations, maintenance and customer service best practices<br>• Consider deployment of a sustainability best practices officer |

- Pursue a management and employee development initiative to create a sustainability culture in the organization.

By linking the focus on technology and energy innovation to sustainability, a broader context can develop greater benefits, and cost savings. Sustainability is about practices that make good business sense and good environmental sense. It is balancing the economic, social and environmental needs of a community. For the public transportation industry, this means:

- Employing practices in design and capital construction, such as using sustainable building materials, recycled materials, and solar and other renewable energy sources to make facilities as 'green' as possible.
- Employing practices in operations and maintenance such as reducing hazardous waste, increasing fuel efficiency, creating more efficient lighting and using energy-efficient propulsion systems.
- Employing community-based strategies to encourage land use and transit-oriented development designed to increase public transit ridership.
- Employing best business practices and cultural support for the organization

RTD has established a standing committee process to oversee sustainability efforts, and an annual report evaluating progress in achievement of project-specific and overallsustainability goals is incorporated in the SB208 Annual Report to DRCOG. Our approach is to focus on near term savings opportunities, and to broaden the context in which energy practices and innovations are developed.

A Longer Term Perspective

We should not limit our focus to energy related improvements. Technological efficiencies and innovations can help move organizations forward, particularly when resources are limited. Developing new ways of doing business, learning from the examples of other agencies, and applying new technologies are just some of the processes for improving the bottom line and delivering more - better. If innovation can be considered the introduction of something new or to effect change, then a concentrated focus on technological efficiencies and accelerating the process to improve strategically should be our objective long term.

The groundwork is emerging. The RTD Board has directly engaged in a fiscal sustainability initiative to explore better, newer, creative ways to sustain financial viability long term. RTD is looking internally to design an innovation initiative, has authorized the P3 initiative, and created a TOD demonstration initiative. The value of peer reviews for best practices,

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| | efforts by management and employees to find ways to improve performance, efficiencies, and customer service are critical to this future sustainability. The challenge will be to sustain these types of efforts, pursue the best opportunities, and implement changes over time. |
| Pros: | • Cost savings<br>• Reduced risk<br>• Increased operational efficiency<br>• Positive external relations and public image<br>• Improved communication<br>• Greater employee stewardship<br>• Shared environmental solutions<br>• Improved public relations |
| Cons: | • Opportunity costs/investment<br>• Need to document performance results<br>• Potential conflicts with existing facility lease arrangements<br>• Some technologies, solar, for example have long-term ROI |
| Expected yearly revenue impact: | ☐ High (Over $2,000K)<br>☐ Medium ($100K to $2,000K)<br>☐ Low (under $100K)<br>Comment: Estimates for savings will be the product of the energy audit. RTD's 2010 utilities expense for operating and public facilities was $5.5 million. Bankable audits could establish savings that would finance capital investments. Communities throughout Colorado have utilized this approach in their facilities and operations. In transit, a Utah chief operations officer estimated that in the first year of implementing an environmental management system EMS, the agency saved over $1M. The consultant doing the initial audit/assessment should provide early estimates of the savings. |
| Implementation time frame and issues: | ☐ Short (within two years)<br>☐ Medium(two to five years)<br>☐ Long (more than five years)<br>Comment: Because RTD has programs rolling, early savings should be possible within two years by taking advantage of work underway. After the first year, a more aggressive estimate should be available. |
| Benefit versus cost: | The benefits of energy conservation savings are the low hanging fruit of energy sustainability. An effort to apply technological innovation to RTD operations in the context of sustainability policy will not only achieve greater savings, but would also amplify the innovation approach RTD has |

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| | already established in FasTracks, and P3 – more of this type of branding will bring public support and federal funding. Innovative technology applications and demonstrations will attract resources and economic development opportunities to Colorado. |
| Other comments: | |

| Initial Evaluation of Candidate Expense Reduction Options | |
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| Potential Expense Reduction: | **Service Optimization**<br><br>Committee: Patty Silverstein, Mark Imhoff, Carla Perez, Bruce Abel, John Tayer |
| Description: | *Initial Task Force Statement: Strategies may include alternative approaches to optimize service delivery, examining ways to increase ridership cost efficiency, reconsideration of the call and ride program such as the possible use of taxis, feeder system requirements, and an overall visioning process about RTD's desired level of service and accompanying costs.*<br><br>RTD may be able to reduce the costs of service delivery through careful examination of how service is provided. The core question: Are services currently provided in the most efficient manner?<br><br>In order to determine efficiency, several other organization goal and value questions must first be answered :<br><br>1. What is RTD's role in the community? RTD needs to establish its service priorities; they cannot be everything to all people.<br>2. Taxpayers want their dollars to be used efficiently. Should RTD continue to try to serve everyone (a broad distribution of service regardless of ridership) or should they try to serve the most riders for the money (more focused service in high ridership areas)? We need to recognize that these goals may be mutually exclusive.<br>3. Need to establish service standards to evaluate effectiveness and use of current and potential new routes consistent with RTD's vision. Criteria for developing the service standards could potentially include (some of which RTD already employs in its service evaluation standards): population per square mile; number of daily riders; something related to livability or sustainability; evaluation of area as transit friendly or high use transit area; different criteria for downtown routes vs. rural routes vs. suburban routes; distance between bus routes and Park-N-Rides; headway frequencies; full line or feeder to a FasTracks rail line; cost per passenger; All buses should run to the light rail or a regional bus route – is that right or wrong?<br>4. Currently, rural bus service only compared to other rural routes; downtown service only compared to other downtown routes. Does this lead to a correct evaluation of routes? |
| Pros: | 1. Does not necessarily specify a reduction in service; but perhaps same level of service provided more efficiently.<br>2. Ties in with privatization (potentially) for specific services.<br>3. The review and development of new service standard criteria may introduce some fresh and creative ideas. |

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| | 4. Support of bus service to regions that have transit friendly development may encourage more new development to be transit friendly.<br>5. If specific service standards are in place, RTD can be more proactive rather than reactive to new development and requests for service changes.<br>6. Changes in service standards throughout the district could potentially impact the distribution of access-a-ride service. |
| Cons: | 1. Requires an uncertain amount of staff time, which potentially adds to costs.<br>2. Potential loss of support for RTD in areas that lose service due to efficiency-driven changes, despite the general regional benefits they enjoy from transit.<br>3. Can RTD board members agree to vision/role of RTD? For example, some board members may feel we need to provide access to transit for everyone, whether they use it or not; other board members may feel that it is more important to maximize the number of actual users. |
| Expected yearly expense reduction impact: | ☐ High (Over $2,000K)<br>☐ Medium ($100K to $2,000K)<br>☐ Low (under $100K)<br>Comment:<br>The magnitude of expense reduction depends upon how far you go in service evaluation. Service delivery changes may not necessarily be instituted for cost saving purposes, but for the goal of more efficiently utilizing RTD transit dollars. The goal may be to provide bus service to more people with the same amount of dollars. |
| Implementation time frame and issues: | xxx Short (within two years)<br>☐ Medium (two to five years)<br>☐ Long (more than five years)<br>Comment:<br>Technically, should not take much time. Politically, could take a while as changes in service levels require public comment. |
| Benefit versus cost: | This requires a careful examination of who pays versus who benefits. But, how do we define benefit? Do I benefit only if I can “easily” get to a bus or rail stop? Or, do I benefit because I can “easily” get to a park and ride to access the system? Or, do I benefit even if I do not use transit because there are fewer people on the road? |

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| Other comments: | The attached Service Standards report (December 2002) describes how new and existing routes are currently evaluated. The process of reviewing the standards began in 2010 and staff is currently reviewing the findings and recommendations for consideration and presentation to the Board. This review includes the consideration of new types of services, new approaches to standards, etc.<br><br>There is a formal review of all routes every year with the Board, generally in late fall. This review looks at all of the routes, the number of hours of service provided by route, the cost of providing the service (by route), revenue by route, net cost by route, passenger boardings by route, subsidy per passenger by route, and passengers per hour by route. The appropriate standards (10%, 25% etc) for each measure are included in the attached 2009 performance review (most recent, completed October 2010). |

| Initial Evaluation of Candidate Expense Reduction Options | |
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| Potential Expense Reduction: | **1. Increase the utilization of cabs for access-A-Ride trips.** |
| Description: | Currently about 14% of paratransit trips (up from approx. 7% in 2008) are provided by local cab companies. Passenger pays first $2 in fares, RTD pays the next $12, and the passenger pays the remaining amount. This is a significantly lower per-trip cost than for an RTD-provided trip. Increasing the percentage of trips provided by cabs could decrease the overall paratransit budget. |
| Pros: | - Decreased per-trip cost.<br>- Taxi cabs can better match supply and demand than traditional paratransit fleet deployment.<br>- RTD is not paying for overhead, staff time, maintenance, etc. |
| Cons: | - RTD gives up significant control over safety, training, maintenance, drug and alcohol testing, and customer service.<br>- Taxi cabs have limited wheel chair capacity.<br>- Reduced overall safety for passengers. |
| Expected yearly revenue impact: | X Medium ($100K to $2,000K) |
| Implementation time frame and issues: | X Short (within two years) |
| Benefit versus cost: | The challenge is to find the right mix of taxi cab trips and traditional fleet and to find appropriate ways to manage safety, training, maintenance and customer service issues. |

| Potential Expense Reduction: | **2. Evaluate efficiency and efficacy of brokerage model.** |
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| Description: | The only other large transit system that has a lower per-hour cost than RTD is Pittsburgh, possibly due to the implementation of a transportation brokerage model. Under this model, the call center has the latitude and ability to respond to all human |

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| | service type trip requests in the Denver metro area. The broker then matches the right vehicle and provider with the trip request. |
| Pros: | Can result in more coordination between providers, higher passengers per hour, and less wasted resources. |
| Cons: | High start up costs and significant time required to build relationships with human service agencies and transportation providers. requires change of mind set/business model for RTD<br>- requires software package changes<br>- requires processes to allow funding streams from other programs to flow to "broker"<br>- some funding streams are restricted to particular clients/services |
| Expected yearly revenue impact: | X Medium ($100K - $2,000K) |
| Implementation time frame and issues: | X Medium (two to five years) |
| Benefit versus cost: | Although this may take significant start-up energy, the model does provide the ability to grow with changing populations, and builds critical communication and coordination in a region. Long term benefits could be significant. |

| Potential Expense Reduction: | **3. Reduce the number of paratransit service providers from current 4 to 2 – 3 providers.** |
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| Description: | Change the paratransit contracting model to limit the number of service providers to 2-3. |
| Pros: | Not paying overhead for as many providers.<br>Better control over service models, training, etc. |
| Cons: | Increased risk of service disruption if one entity goes out of business. |
| Expected yearly revenue impact: | X Medium ($100K to $2,000K) |
| Implementation time frame and issues: | X Short (within two years)<br>Can be effective with January 1, 2013 contracts. |

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| Benefit versus cost: | Last time RTD reduced the number of providers, saved nearly $2 million (included other contract model changes as well). Could yield significant savings. |

| Potential Expense Reductions: | **4. Better integrate various types of service within RTD: Access-A-Ride, Call-n-Ride, and fixed route.** |
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| Description: | 1) Determine at the time an Access-A-Ride is requested whether the passenger could use a less-expensive service option for particular trip. Offer the option to the passenger, and if accepted, ensure that there is institutional support for the trip to be safe, efficient and pleasant for the rider.<br><br>2) Crunch the trip numbers to determine if another mode (call-N-ride, deviated fixed route, etc.) could be put in place to provide alternative to Access-A-Ride trips.<br><br>3) Make sure fixed-route services are as friendly, accessible, and well-signed, as possible so passengers with disabilities are able to utilize fixed route service. |
| Pros: | - Potential to reduce costs by shifting rides from Access-A-Ride service to less expensive service types. |
| Cons: | - Requires change of mind set within the disability community<br>- Would require software package updates<br>- Would require serious number crunching<br>- Would require change of business model for RTD<br>- Some funding streams are not fungible |
| Expected yearly revenue impact: | X Medium ($100K to $2,000K) |
| Implementation time frame and issues: | X Medium (two to five years) |

| Potential Expense Reduction: | **5. Start conversation at national level with other transit agencies and the disability advocacy community about changing the implementation of ADA principles.** |
|---|---|
| Description: | Using its position as a national leader in ADA service, RTD starts the conversation at the national level about the current implementation of ADA principles and alternative ways to provide service that still meet the needs of the disabled community and including the fiscal realities of transit systems. |
| Pros: | Could result in changes to national ADA regulations.<br>Involve the disability community in the discussion. |
| Cons: | Will probably take years and could result in no changes. |
| Expected yearly revenue impact: | Comment: Unable to determine the impact of changes to federal regulation. |
| Implementation time frame and issues: | X Long (more than five years) |
| Benefit versus cost: | Probably would take a lot of effort. Results could be meaningful or not, depending on outcomes. |

| Potential Expense Reduction: | **6. Continue to explore cost savings gained by using appropriately sized-vehicles for access-A-Ride trips.** |
|---|---|
| Description: | As Access-A-Ride vehicles often carry just 1 or 2 people, downsizing the vehicles could save in gasoline costs. RTD currently has a pilot fleet in production to determine the cost-effectiveness. |
| Pros: | Smaller vehicles use less gas. Savings purported to be 14 mpg, as opposed to current 8 mpg for 16-passenger people mover. |
| Cons: | Fewer seats and wheelchair spaces.<br>Less comfortable ride for passengers. |
| Expected yearly revenue impact: | X Medium ($100K to $2,000K) |
| Implementation time frame and issues: | X Short (within two years) |
| Benefit versus cost: | To be determined by RTD Pilot programs. |

| | |
|---|---|
| Other comments: | Most of the ideas explored in this paper are already under exploration and/or discussion within RTD. Paratransit service is complex, expensive and fraught with political challenges. Savings will be incremental and must be weighed against the impact on the most fragile and vulnerable of RTD's passengers. However, the demand will continue to increase, so RTD must implement savings whenever possible simply to keep up with demand. |

| Initial Evaluation of Candidate Expense Reduction Options | |
|---|---|
| Potential Expense Reduction: | Privatization |
| Description: | Privatization is a broad topic which may include:<br><br>1) Outsourcing certain RTD functions to the private sector, such as<br>(a) Providing certain routes as is the case now with certain bus routes<br>(b) Administrative functions like cash handling and management<br>(c) Other operational functions like janitorial service, parking lot maintenance, etc.<br><br>2) Leasing or selling certain RTD assets to a private party to operate and maintain (e.g., parking)<br><br>3) Public-private partnerships where a private entity may do any or all of the following: design, build, finance, operate and maintain some RTD activity. The Eagle P-3 Concession Agreement is an example of this. |
| Pros: | Creates competition and provides incentive for better in-house service performance and efficiency.<br><br>Provides options to management in how to provide services.<br><br>Could be useful in the event of RTD labor strike.<br><br>Potential to save money.<br><br>Can defer tough decisions from RTD to private entity (e.g., fare increases).<br><br>Can acquire capital assets without capital outlay by RTD.<br><br>Can be a catalyst for creative service delivery. |

| | |
|---|---|
| | Can bring innovation and creativity from outside experts. |
| Cons: | For profit companies have costs which RTD does not which may affect economics (i.e., income taxes, property taxes, higher borrowing costs, need for a return on equity, etc.)<br><br>In some instances, privatization has resulted in declines in service quality and/or increases in user fees. Strong contract provisions and contract administration are important. Strong contract provisions can be a double-edged sword, limiting the flexibility to meet service needs that a contract did not foresee.<br><br>Costs of reentry can be a barrier to RTD returning function to government service (e.g., if RTD has sold buses to private operator then RTD would need to fund capital costs to reenter).<br><br>Longer term contracts where the private carrier procures the assets may be cost prohibitive. RTD can procure assets with tax exempt debt or grant funds and avoid vendor profits for charges over cost.<br><br>Savings may be achieved through lower wages and benefits to private employees as opposed to public employees.<br><br>Private employees may not have the same pride in the job. |
| Expected yearly revenue impact: | ☐ High (Over $2,000K)<br>☐ Medium ($100K to $2,000K)<br>☐ Low (under $100K)<br>Comment: Depends upon which privatization option is pursued. |
| Implementation time frame and issues: | ☐ Short (within two years)<br>☐ Medium (two to five years)<br>☐ Long (more than five years)<br>Comment: Depends upon which privatization option is pursued. |
| Benefit versus cost: | To be determined. Economic analysis of each proposal required. |

| | |
|---|---|
| Other comments: | Privatization is currently being examined by many governments to deal with financial issues. In contrast, in the first three-quarters of the 20th century, governments acquired assets being provided by private entities, like water and electric utilities, toll roads, and transit systems. Recall that prior to the creation of RTD in 1969, the main provider of transit in the Denver metropolitan area was a private company, the Denver Tramway Company.<br><br>Some commentators have observed that privatization sometimes is more of a political decision rather than an economic one. |

# Section 2

# The Ten Task Force Meetings (in Chronological Order)

Overall Schedule of Task Force Meetings and Work Groups

| November | December | January | February | March | April | May | June |
|---|---|---|---|---|---|---|---|
| Task Force Meetings #1 and #2 | Task Force Meeting #3 | Task Force Meeting #4<br><br>Task Force Retreat – Meeting #5 | Task Force Meeting #6<br><br>Working Groups on Revenue Enhancement | Task Force Meeting #7 And #8<br><br>Working Groups on Revenue Enhancement | Task Force Meeting #9<br><br>Working Groups on Expense Reduction | Task Force Meeting #10 | Task Force Presentation to RTD Board |

Vision ♦ Focus ♦ Results

*The Osprey Group*

# REGIONAL TRANSPORTATION DISTRICT

RTD Long Term Fiscal Sustainability Task Force
Meeting # 1 – November 16, 2010
3:00 pm – 5:00 pm
Proposed Agenda

**Meeting Goals:**

- Launch the Task Force successfully
- Agree on approach to the work ahead and proposed schedule
- Receive and discuss an overview of finance for transit agencies

3:00 Convene and Agree to Agenda

3:10 RTD Welcome – Lee Kemp, John Tayer and Phil Washington

3:15 Quick Self Introductions

3:25 Review Draft Operating Agreements

3:30 Goal and Proposed Approach to the Work Ahead

3:40 Task Force Meeting Dates

4:00 Transit Finance Overiew: Transit Finance 101

4:20 Discussion

4:55 Next Steps and Preview of Next Meeting

5:00 Adjourn

# RTD
## Fiscal Sustainability Task Force

1st Meeting

November 16, 2010

# Agenda

3:00 Convene -- Osprey
3:05 RTD Welcome – *Lee Kemp, John Tayer, Phil Washington*
3:15 Quick Self Introductions
3:25 Operating Agreements
3:30 Goal and Approach
3:40 Task Force Meeting Dates
4:00 Transit Finance Overview -- *Doug MacLeod*
4:20 Discussion
4:55 Next Steps
5:00 Adjourn



# Task Force Membership

Five board members

Five staff members

Ten citizen members

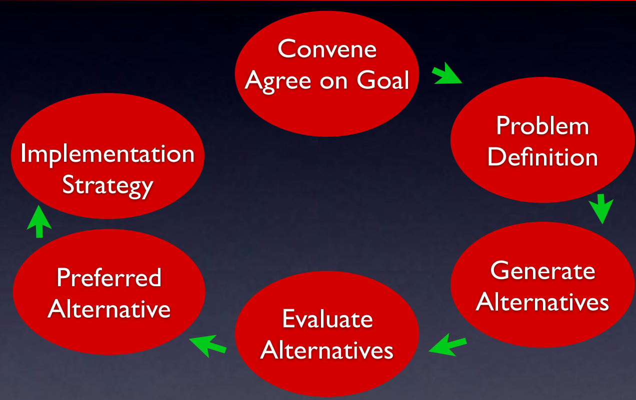
*Note: A separate handout provides the latest information on Task Force membership including affiliations, phone numbers and email addresses.*



# Citizen Membership

- David Erb, CAC
- Randy Harrison, Move Colorado
- John Sackett, Avista
- Patty Silverstein, Development Research Partners
- David Techmanski, Wells Fargo Bank
- Bob Watkins, Transit Alliance
- Elena Wilken, CASTA
- Dee Wisor, Sherman & Howard

# Process






# Task Force Goal

Goal:

The purpose of the Task Force is to develop a formal written report, to be submitted to the RTD Board in June 2011, detailing opportunities for operating efficiencies and revenue enhancements to ensure RTD fiscal sustainability in the long term.



# Targets

Tentative or Candidate Targets:

- Finance desired service level for 2025, including:
  - Address the near-term financial shortfall
  - Achieve a ridership increase goal of X percent per year consistent with Board objectives
  - Reflect the operating and maintenance impacts of FasTracks



# Schedule & Process

- Nov 16 -- Convening: Goal, Transit Financing Overview
- Nov 30 -- Problem Definition: Revenues
- Dec 14 -- Problem Definition: Expenditures
- Jan 11 -- Problem Definition: Focus; Refine Targets
- Jan 25 -- Generating Alternatives
- Feb 15 -- Generating Alternatives
- Mar 8 -- Generating/Evaluating Alternatives
- Mar 29 -- Evaluating Alternatives
- Apr 19 -- Evaluating Alternatives
- May 10 -- Identify Preferred Approach
- May 31 -- Implementation Strategy, Final Recommendations
- Jun 21 -- Written Report and Board Action

## Transportation Financial Overview

## Public Transportation Facts

- Transformed from private to public in 1960’s
- Federal Mandates (ADA, Contracting)
- 500 organizations provide public transportation in the U.S.
- $48.4 billion industry employing 380,000 people
- Each $1 invested in public transportation generates $4 in economic returns
- Transportation is second largest household expense
- Transit investment & maintenance not keeping pace with demand
- Transportation Modes
  - Bus
  - Light Rail
  - Paratransit
  - Commuter Rail
  - Heavy Rail
  - Trolley

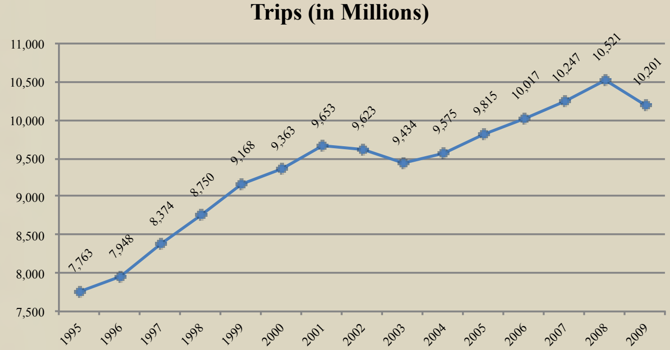
Source: APTA 2010 Public Transportation Fact Book



## Public Transportation Facts (Cont’d)

- Americans took 10.2 billion trips on public transportation in 2009
- 1995-2009: 31% ridership growth vs. 15% population growth

**Public Transportation Trips (in Millions)**

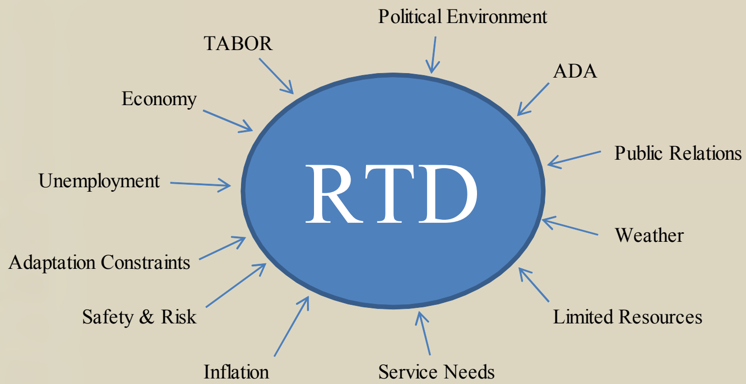





## Public Transportation Financial Characteristics

- Sensitivity to Economic Conditions
- Highly Subsidized
- Capital Intensive
- Financial Restrictions
- Regulatory Environment
- Stakeholder Influence
- “Transit Paradox”

## RTD External Influences






## Public Transportation Economics

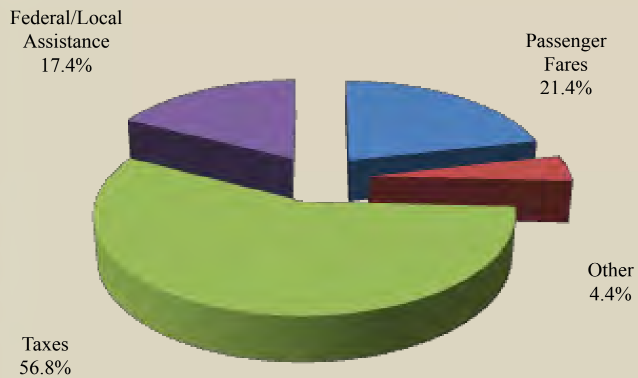
**Funding Sources**
- Taxes
- Passenger Fares
- Federal Assistance
- Local Assistance
- Debt Financing
- Other

**Expenditures**
- Operating Expenses
- Capital
- Debt Service
- Expansion

**Balanced Budget =**
**Funding Sources + Reserves ≥ Expenditures**



## Public Transportation Funding Sources




Source: APTA 2010 Public Transportation Fact Book



## Public Transportation Funding Source Components

**Taxes**
- Sales & Use
- Property
- Income
- Vehicle Lease
- Gas
- Payroll
- Occupancy
- Franchise
- Increment
- "Sin"

**Passenger Fares**
- Cash
- Passes

**Federal/Local Assistance**
- Operating Grants
- Capital Grants

**Debt Financing**
- Bonds
- COPs
- Commercial Paper
- Anticipation Notes

**New**
- Tolling
- Congestion Pricing
- Emission Fees
- VMT

**Other**
- Contracts
- Investment Income
- Lease Revenues
- Rental Cars
- Parking
- Advertising
- Concessions
- Vehicle Fees
- Business Licenses
- Realty Fees
- Utility Fees

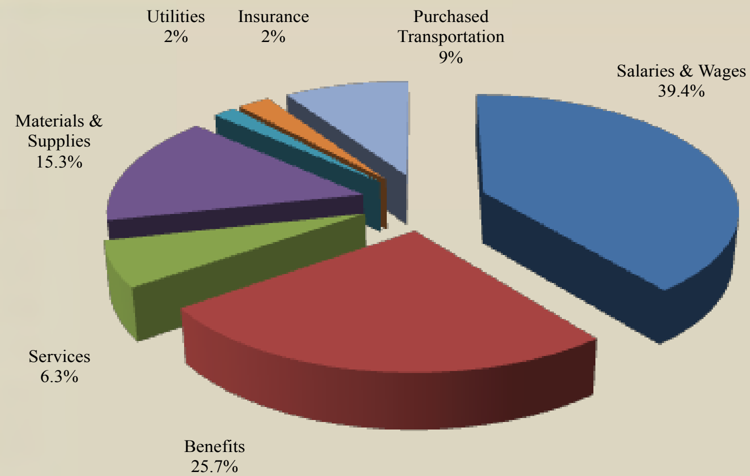
Source: Transit Research Cooperative Program Report 129

## RTD Authorized Funding Sources

- Passenger Fares
- Sales & Use Taxes
- Advertising
- Lease (DUS & Civic Center Air Rights)
- Parking Fees
- Certificates of Participation (COPs)
- Private Activity Bonds (PABs)
- Congestion Pricing
- Concessions
- Right of Way Leasing
- Value Capture/Beneficiary Charges
- Transit Oriented Development/Joint Development
- Donations



## Public Transportation Operating Expenses




Source: APTA 2010 Public Transportation Fact Book



## Public Transportation Financial Challenges

- Matching Service to Available Resources
- Availability of Funding Sources
- Cost Increases
- Capital Maintenance, Replacement & Expansion
- Debt Service
- Reserve Availability
- Predictability of Funding Sources & Uses
- "Transit Paradox"



## Public Transportation Agencies – Impact of Recession

- 90% Report Decreased or Flat Funding
- 69% Project Budget Shortfalls in 2010
- 84% to Increase Fares and/or Cut Service
- 56% Will Use Reserves
- 54% Have Transferred Capital Funds to Operations
- 53% Have Eliminated Positions
- 32% Have Laid Off Employees

Source: March 2010 APTA Impacts of Recession on Public Transportation Agencies

## RTD Peer Agency Actions

| Agency | Fare Increase | Sales Tax Increase | Service Reductions | Salary Freeze | Reduction in Force | Reduce Discretionary Spending | Restored Service | Reduce Fares |
|---|---|---|---|---|---|---|---|---|
| Cleveland Regional Transit | X | | X | X | X | X | | |
| Dallas Area Rapid Transit | | | X | X | X | X | | |
| Allegheny County (Pittsburgh) | X | | X | X | X | X | | |
| TriMet (Portland) | X | | X | X | X | X | | |
| Sacramento Regional Transit | X | | X | X | X | X | | |
| Santa Clara Valley Transportation | X | | X | X | X | X | | |
| Metro Transit (St. Louis) | X | X | X | X | X | X | X | |

Other Common Actions
Furloughs
Health Cost Sharing
Project Eliminations/Deferrals
Vendor Contract Renegotiations



## Regional Transportation District

RTD

Base System

0.6% Sales Tax
Current Operations
Bus, Light Rail, Call-n-Ride, Access-a-Ride

FasTracks

0.4% Sales Tax
Expansion Projects
Light Rail, Commuter Rail, Bus Rapid Transit, DUS, Ongoing Operations, 1% Service Increase



## Public Transportation Information Resources

**American Public Transportation Association**
www.apta.com

**Transit Cooperative Research Program**
www.tcrponline.org

**National Transit Database**
www.ntdprogram.gov

**Federal Transit Administration**
www.fta.dot.gov

**RTD**
www.rtd-denver.com



## Fiscal Sustainability Task Force

**Next Steps**

- Review Expenditure Types
- Discuss Expenditure Components
- Discuss Expenditure Priorities
- Discuss Net Assets

**Memorandum**

**To:** Fiscal Sustainability Task Force Committee Kickoff

**From:** Paula Perdue, Executive Manager to the Board of Directors

**Date:** November 16, 2010

**Subject:** Minutes of the Fiscal Sustainability Task Force Core Group Meeting November 16, 2010 a.m. in the 3rd Floor Board Conference Room

***

| | |
|---|---|
| **Board members present** | **Committee Members:** Chair Kemp, Committee Chair Tayer, Matt Cohen, Bill Christopher, Bill James, and Jack O'Boyle;<br>**Other Directors:** Bruce Daly, Angie Malpiede |
| RTD Staff Members: | General Manager Washington; Assistant General Managers: Bruce Abel, Dave Genova, Carla Perez, Scott Reed, And Doug MacLeod for Terry Howerter, CFO, and Paula Perdue |
| Citizen Representatives: | David Erb-CAC, Randy Harrison-Move Colorado, John Sackett-Avista Hospital, Patty Silverstein-Development Research Partners, Dave Techmanski-Wells Fargo, Bob Watkins-Transit Aliance/Aurora Government, Elena Wilkin-CASTA and Dee Wisor-Sherman & Howard Bond Counseling. |
| **Others Present:** | Facilitators John Huyler and Dennis Donald, Osprey, Jeff Lieb-Denver Post |

**Call to Order:** Facilitator John Huylercalled the meeting to order at 3:00 p.m.

**I. RTD Welcome**

Facilitator John Huyler introduced the Osprey Group (Dennis Donald and John Huyler) as the facilitators for this Task Force. He welcomed everyone to the kickoff and turned it over to Chair Kemp, Fiscal Sustainability Chair Tayer, and General Manager Phil Washington for their brief comments. Chair Kemp thanked Director Tayer for his vision in putting this Task Force together, emphasized the importance of this effort and the short timetable they will be working with to bring forth their recommendations.

Director Tayer applauded the team for their willingness to serve and recognized the diverse expertise and backgrounds of the citizen representatives. He emphasized the mission of this Task Force to recommend a sustainable financial model for the long term operations of RTD. He indicated that though staff runs a very efficient operation, the Task Force will examine how we can be more efficient and think creatively and out of the box. We will also look for other revenue sources that can provide a steady stream of income and augment our declining sales tax revenue. He is pleased with the great facilitators, great citizen participation and great staff to work with. Staff participation is very integral to our approach.

Phil Washington, General Manager, added that transit funding is a national challenge. All transit agencies are going through this right now. Most transit agencies are using some form of tax base to fund their operations. He believes that whatever options this team comes up with can be adapted on a national level. This team has the opportunity to provide great foresight to transit funding for the long term.

John Huyler stated he had two goals for today's meeting: Successful launch and presentation and discussion on transit 101.

## II. Introductions

Committee members were asked to provide their name, organization and what does the organization do:

- Dave Techmanski, Wells Fargo—helps customers secure financing
- David Erb, CAC—Advocates for FasTracks and provide feedback to Board of Directors
- Director Bill James—RTD Board of Directors, District A who will replace Director Christopher as a Board member on this committee starting in January 2011.
- Dee Wisor, Sherman & Howard bond counsel to RTD since the 1980's
- Patty Silverstein, Economist-Development Research Partners
- Dave Genova, Assistant General Manager—focus on safety and efficiencies providing mobility for residents in RTD District
- Bruce Abel, Assistant General Manager, Operations
- Scott Reed, Assistant General Manager, Communications—offered RTD provides best service to the communities
- Doug MacLeod, Finance Manager filling in for Terry Howerter, CFO
- Bruce Daly, RTD Board Member representing District N
- John Tayer, RTD Board Member representing District O and Chair of the Fiscal Sustainability Committee
- Carla Perez, Assistant General Manager for Administration
- Elena Wilkins, CASTA, representing an organization with over 70 members with focus on providing training and helping member to secure funding
- Dennis Donald, one of the partners of Osprey, providing public policy facilitation
- Director Bill Christopher representing District J. Director Christopher is term limited but will remain on the Task Force as a citizen representative.
- Randy Harrison, Move Colorado—plans, designs, works on a number of transportation issues affecting the local, state and regional communities.
- Bob Watkins, representing Transit Alliance but also wears hat as transportation planning and development for City of Aurora
- Director Jack O'Boyle, District G
- Director Matt Cohen, representing District M and also the West Corridor
- John Sackett, Avista Hospital and also member of City Council in Louisville

## III. Operating Agreements

John Huyler reviewed the operating agreement and asked if this works for everyone. Task Force members were agreeable. He also noted that we will follow the Open Meeting requirement for noticing and publishing of meetings. Dee Wisor asked about the process for communicating with each other. John Huyler indicated the Osprey will develop a mailing list of the participants and also anyone who they want to be copied on the communications. Material will normally be sent out a week before the scheduled meetings.

Director Tayer will also be providing monthly updates to the full Board at their regular Board meeting.

Dennis Donald reviewed the process and the proposed meeting schedule.

## IV. Goal and Approach

Dennis Donaldreiterated the goal of the Task Force to develop a formal written report, to be submitted to the RTD Board in June, 2011, detailing opportunities for operating efficiencies and revenue enhancements to ensure RTD fiscal sustainability in the long term. He also discussed the target to firm desired service level for 2025 and to establish measures against the specific target. This Task Force will help to define the appropriate measures.

## V. Transit Finance Overview

Doug MacLeod, Finance Manager who filled in for Terry Howerter, CFO, provided a high level transportation financial overview. A copy of this presentation is available in the Board office.

## VI. Discussion

In a subsequent discussion, several comments and questions were identified relevant to a number of items that could impact the financial picture:

- Impact of Tabor
- Candy tax
- Property tax
- Government mandates (funded and unfunded-FTA & FRA)
- How does RTD funding sources compare to the national funding source (p-7 of the presentation)
- Would like to have projections of ridership up to 2025
- Need to account for transition from FasTracks to operational (i.e. impact of new ridership, operations, maintenance, and feeder service to the respective FasTracks corridors.
- Need ability to segregate out the incremental O&M and what the assumptions are with FasTracks. Need to understand what is real and what the assumptions are.
- Provide demographic information—(1) Who are our customers and who benefits from our service (2) What do we provide & cost and (3) Who utilizes our services (Bruce Abel to provide)
- How does the RTD solutions for sustainability fit into the bigger picture for transportation in Colorado (Randy Harrison to provide information)
- Impacts of new environmental requirements (i.e. Clean Air)
- Understanding the transit paradox but examine the upside of increased ridership helping to grow the base of support for RTD to use as a selling point for demonstrating success.
- Reverse analysis—what happens if we cut fares-will that increase ridership?
- Out of the box thinking: what happens if we sell the whole system-could this be a viable option?
- Impact of aging population
- Impact of internet on sales tax

The facilitators, John Huyler and Dennis Donald, will provide a sort through of this list.

Director Tayer emphasized that we will focus as much on the operational efficiencies as the revenue enhancing opportunities. Director Christopher asked if the group expected to tackle FasTracks. Director Tayer responded no. This group will look holistically at what we can do to drive more efficiency and explore new revenue opportunities that will help to secure a sustainable financial future for RTD's operations.

After much discussion on expenditure, the Task Force decided to reverse the topic order for the meetings. The next meeting on November 30th will look at expenditures—Finance 102.

## VII. Next Steps

- Osprey will send a summary within the week
- If the members have someone they want to cc, please send to Dennis Donald.
- Next meeting will focus on expenditures (Transit 102)
- Randy Harrison will share information on statewide transportation infrastructure
- Next meeting November 30th
- 

## VIII. Adjournment

The meeting adjourned at 4:58 p.m.

Vision ♦ Focus ♦ Results

*The Osprey Group*

# REGIONAL TRANSPORTATION DISTRICT

RTD Long Term Fiscal Sustainability Task Force
Meeting #2 – November 30, 2010
3:00 pm -- 5:00 pm
Proposed Agenda

**Meeting Goal**:

- Receive and discuss information about RTD Expenditures

3:00 Convene

3:05 Suggested Additions for Citizen Membership to the Task Force

3:15 RTD Expenditures: Presentation

3:45 RTD Expenditures: Facilitated Discussion

4:35 Overview of Next Two Meetings

4:40 Additional Information or Resources Needed

4:50 Next Steps and Assignments

4:55 Closing Remarks from the Chair

5:00 Adjourn

# Fiscal Sustainability Task Force
# Finance 102 - Expenditures

## Vision & Mission Statement

**RTD Vision**

*To deliver regional multimodal transportation services and infrastructure improvements that significantly and continually increase transit market share*

**RTD Mission**

*To meet our constituents present and future public transit needs by offering safe, clean, reliable, courteous, accessible and cost-effective service throughout the District*



## Expenditures

**Expenditures**

***Total uses of resources***

**Capital Expenditures**

***Funds used for capital replacement & expansion include:***

- Prior Period Capital
- New Capital

**Operating Expenses**

***Funds used for ongoing operations include:***

- Salaries & Wages
- Fringe Benefits
- Materials & Supplies
- Services
- Utilities
- Insurance
- Purchased Transportation
- Other

**Debt Service**

***Funds used for servicing & payment of debt include:***

- Principal
- Interest
- Fees



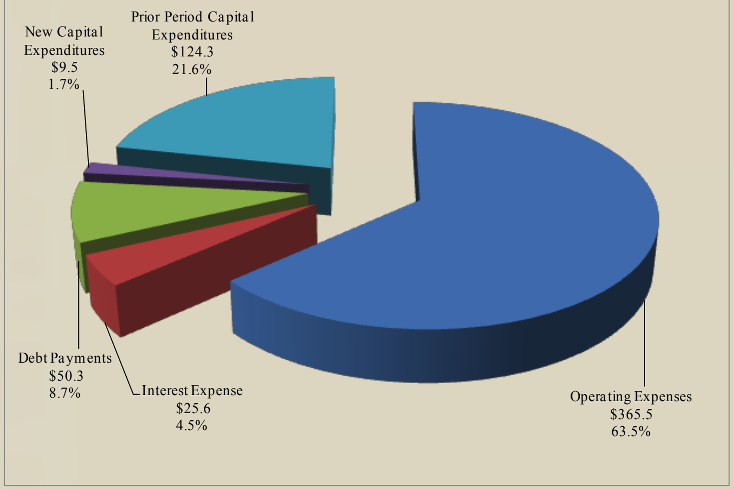
## Base System Expenditures

| | 2011 Budget ($ Millions) | % of Total Resource Uses |
|---|---|---|
| **EXPENDITURES** | | |
| Debt Payments | $ 50.3 | 8.7% |
| Interest Payments | 25.6 | 4.5% |
| Total Debt Service Expenditures | 75.9 | 13.2% |
| Operating Expenses | 365.5 | 63.5% |
| New Capital Expenditures | 9.5 | 1.7% |
| Prior Period Capital Expenditures | 124.3 | 21.6% |
| Total Capital Expenditures | 133.8 | 23.3% |
| **TOTAL EXPENDITURES[1]** | **$ 575.2** | **100.0%** |

[1] RTD budgets exclude amortization of capital assets.

## Base System Expenditures

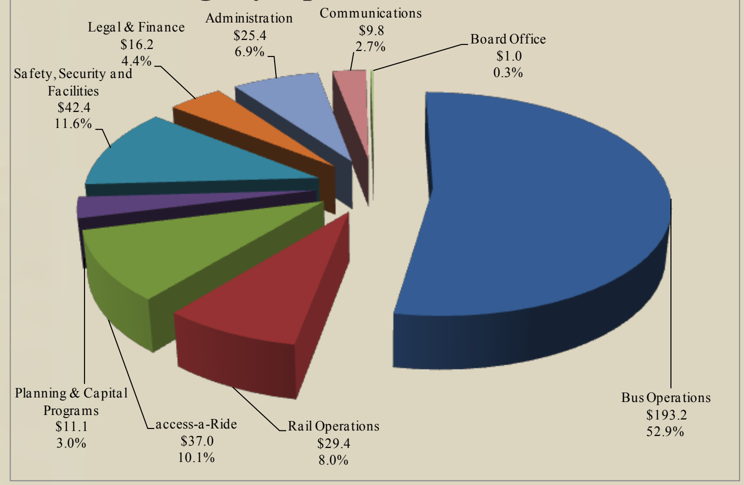
### 2011 Budget - Total $575.2 Million






## Base System Operating Expenses

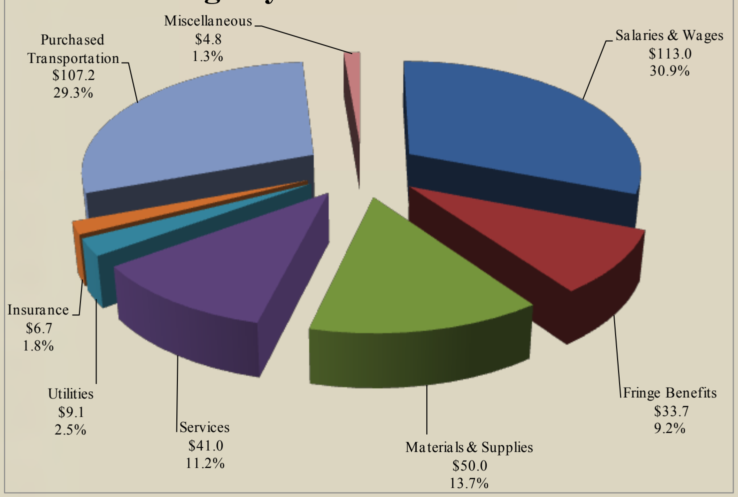
### 2011 Budget by Department - Total $365.5 Million






## Base System Operating Expenses

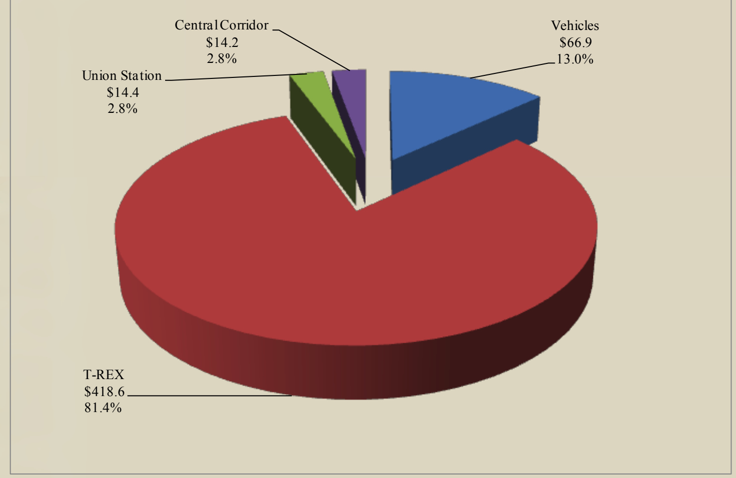
### 2011 Budget By Account - Total $365.5 Million






## Base System Debt

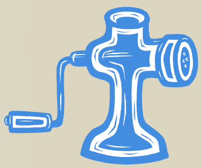
### Debt - Total $514.1 Million



# Inputs & Output

**Expenditures**

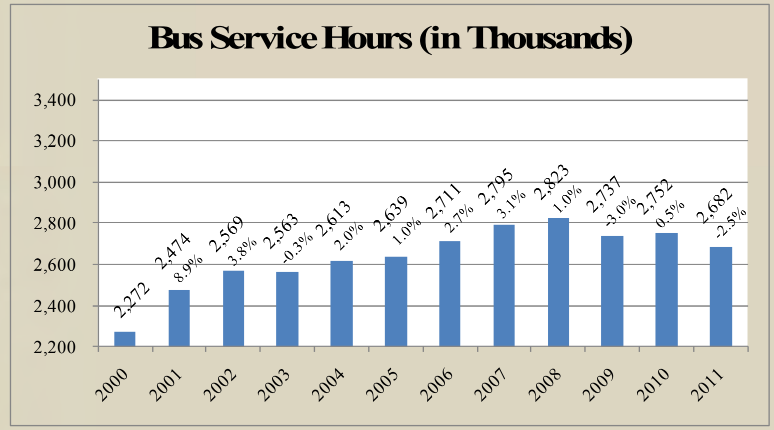
| | |
|---|---|
| Salaries & Wages | Insurance |
| Fringe Benefits | Purchased Transportation |
| Materials & Supplies | Debt Service |
| Services | Capital Expenditures |
| Utilities | Other |



1 Hour of Service

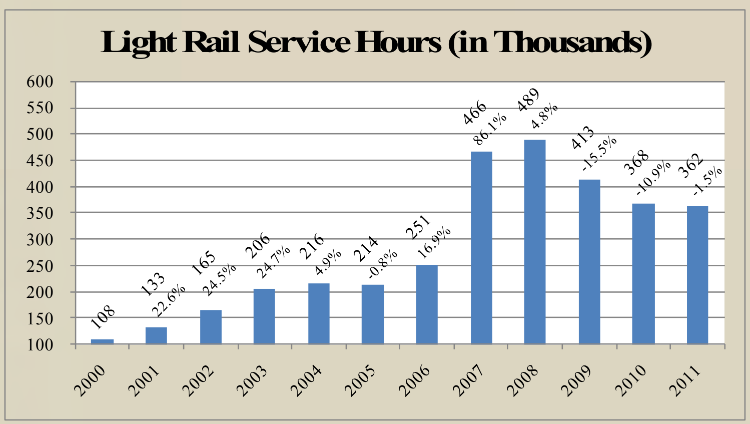


# Bus Service Hours



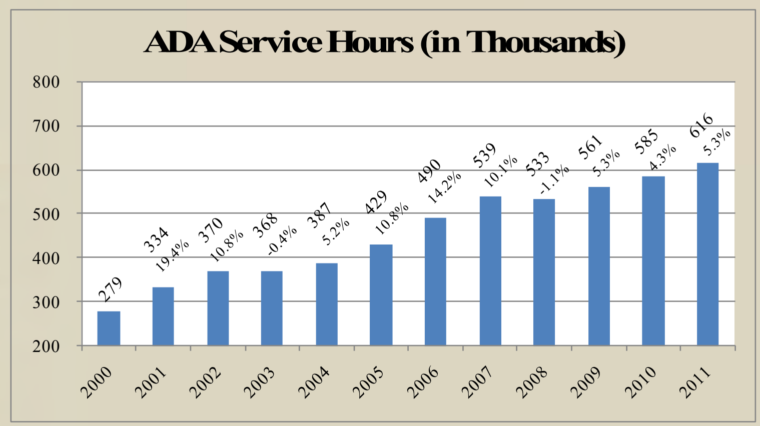



# Light Rail Service Hours

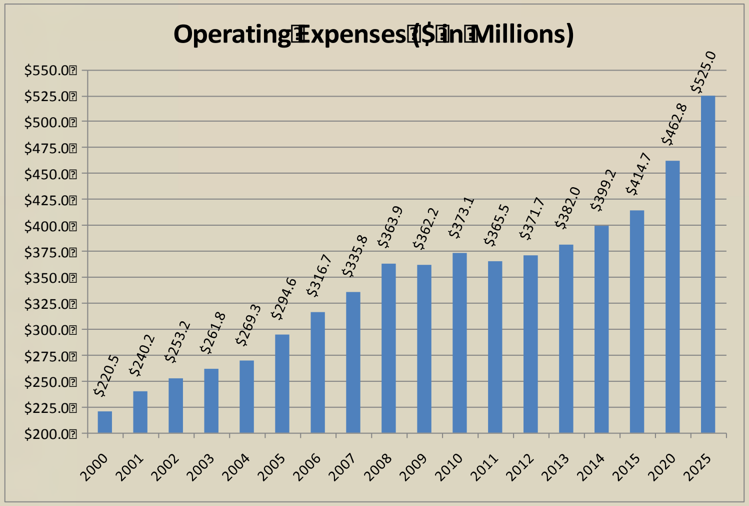





# Access-a-Ride (ADA) Service Hours



# Base System Operating Expenses



**Memorandum**

**To:** Fiscal Sustainability Task Force Committee

**From:** Paula Perdue, Executive Manager to the Board of Directors

**Date:** November 30, 2010

**Subject:** Minutes of the Fiscal Sustainability Task Force Core Group Meeting November 30, 2010 a.m. in the RTD Room

***

| | |
|---|---|
| **Board members present** | **Committee Members:** Chair Kemp, Committee Chair Tayer, Directors Matt Cohen, Bill Christopher, Bill James, and Jack O'Boyle; **Other Directors:** Bruce Daly, Tom Tobiassen |
| **RTD Staff Members:** | Assistant General Managers: Bruce Abel, Dave Genova, Carla Perez, Terry Howerter, CFO, and Paula Perdue |
| **Citizen Representatives:** | David Erb-CAC, Randy Harrison-Move Colorado, John Sackett-Avista Hospital, Patty Silverstein-Development Research Partners, Bob Watkins-Transit Alliance/Aurora Government, Elena Wilkin-CASTA and Dee Wisor-Sherman & Howard Bond Counseling. |
| **Others Present:** | Facilitators John Huyler and Dennis Donald, Osprey, Jeff Lieb-Denver Post |
| Task Force Members Absent: | Dave Techmanski and Scott Reed |
| **Call to Order:** | Facilitator John Huylerconvened the meeting at 3:06 p.m. |

**I. Suggested Addition for Citizen Membership to the Task Force**

Facilitator John Huyler shared that we were still trying to fill a couple of spots on the Task Force with Citizen Representatives and asked for ideas and suggestions from the group. Several ideas and names were thrown out which Dennis Donald indicated would be taken back to the core group for evaluation and invitations.

**II. RTD Expenditures: Presentation**

Terry Howerter, CFO, and Bruce Abel, Assistant General Manager Operations, presented the presentation on RTD Expenditures. A copy of that presentation is available with the minutes in the Board office.

**III. RTD Expenditures: Facilitated Discussion**

Several comments and questions were raised pertaining to the presentation:

John Sackett who has quite a bit of experience with depreciation, raised the issue if annual depreciation costs should be part of the expenditures. Terry Howerter explained that RTD normally expends approximately $100M annually on depreciation but this is not carried as a separate line item. We used to use capital acquisition reserves to fund shortfalls and this would require a more sustainable budget. Should it be and what would be its impact on the financial gap?

David Erb had a question on how many passengers per mode (i.e. bus, LRT, ADA, etc) are served. Bruce Abel indicated this would be discussed later.
Bob Watkins asked for clarifications on the capital programs and what is included in the planning and development capital programs. Terry Howerter differentiated the type of capital expenditures included under departmental base budget and the focus on grants and planning needs from the FasTracks capital budgets.
Directors Tayer and Christopher raised the question of O&M as it relates to the new corridors coming on board. Would this be funded from the base sales tax (.6 tenths) or from the FasTracks (.4 tenths)? Better clarification is needed but RTD cannot use funds from FasTracks to support base business but could use funds from base business to support FasTracks; however, there are some assumptions around funding embedded in FasTracks that as new corridors come on, approximately 1 percent can be used for the operations. There are also current discussions around what happens when the .4 tenths sunset.

Bruce Abel provided some explanations on expenditures beginning at page 9:

- RTD produces 1 hour of service as our measure of efficiency. All of the components listed go into calculation of cost for this 1 hour of service.
- Largest component cost are wages and salaries
- RTD uses a zero base budgeting process that starts with current levels of service and make adjustments accordingly.
- One penny change in fuel translates to $120K per year. RTD will lock in fuel for budget certainty. Dee Wisor inquired how do we handle fuel costs with contractors. Bruce Abel explained it is used as a pass through.
- Bruce Abel provided three categories of purchased transportation: fixed routes (45%), ADA (100%), and general public dial-a-ride. General public dial-a-ride operates in low density, low transit areas. Director Christopher noted that all rail is currently operated by in-house but will change with the Eagle P-3. Bob Watkins inquired about the 45% for fixed routes and if this was cost effective. Bruce Abel explained the initial RTD Act specified a percent but more recent changes can go up to 58%. Our current process is to use the RFP process and our cost allocation model to determine which is more cost effective for a route.
- The Task Force discussed some of the impacts of ADA regulations on cost of service. It was noted that access-r-ride generate approximately 5 to 10 % of budget. It is estimated that RTD needs 1% increase just to maintain status quo.

- Questions were raised pertaining to why the fixed routes are showing an increase in feeder service in the corridors. Why does when rail opens, it requires more feeder service to make it work? Bruce Abel explained that when new corridors are rolled out, the traffic patterns are changed to draw from more neighborhoods that feed into the rail (increase ridership) and provide service throughout the day to the rail stations. It was noted that the cost for feeder service in 2007 when the SW/SE lines rolled out was more than anticipated. The question arose around what are the assumptions for the upcoming rollout of corridors. Bruce Abel responded they rely primarily on data provided in the EIS but would be confirming these numbers.

- Additional questions and comments were raised pertaining to cost per trip. Bruce Abel explained that in the system as a whole, our subsidy cost is $3.61; mall ride is 66 cents and access-r-ride subsidy cost is $50.32
- Other discussions centered on if it makes sense to re-fund the payoff of the T-REX bonds-perhaps stretch out more or re-finance this debt. Dee Wiser shared that it is customary that all district debts get paid off first. This forces a set-aside each month. There are also Tabor and IRS constraints and considerations.

**Action item:** Director Tayer requested Bruce Abel to lay out the bus service commitments that have been made to feed FasTracks and where are the funds coming to cover the cost of that service.

## IV. Overview of Next Two Meetings

Dennis Donaldshared the next meeting will be December 14 and will provide an overview of the revenue mirrored with expenditures. Some of the areas of interest pertaining to this discussion include:

- How does operating expenses measure to services provided?
- Understanding all variables that could increase or decrease service provided

- What exactly are the FasTracks commitments and what does this look like when broken out (i.e. feeder service needed for rail stations-what are the assumptions and distribution needed?)
- DRCOG assumption of additional 1million people by 2035-what does this do to the RTD demand? (VanMeter uses DRCOG model in his new ridership projections)
- Ridership and revenue

Next meeting focus on Transit 103: Revenue

**V. Adjournment**

The meeting adjourned at 5:00 p.m.

Vision ♦ Focus ♦ Results

*The Osprey Group*

# REGIONAL TRANSPORTATION DISTRICT

RTD Long Term Fiscal Sustainability Task Force
Meeting #3 – December 14, 2010
3:00 pm -- 5:00 pm
Proposed Agenda

**Meeting Goal**:

- Receive and discuss information about RTD Revenues
- Confirm process and schedule for January and February

3:00 Convene

3:05 Housekeeping Details

3:10 Update on How Questions Raised will be Addressed

3:30 Presentation: RTD Revenues
Facilitated Discussion

4:15 The Next Meetings and Alternatives for the Schedule

4:30 Additional Information Requests and Questions

4:50 Next Steps and Assignments

4:55 Closing Remarks from the Chair

5:00 Adjourn

RTD

# Fiscal Sustainability Task Force
## Bringing it all Together

RTD

# Total Sources

**Operating Revenue**
*Sources from ongoing activities:*
- Passenger Fares
- Advertising
- Lease
- Joint Venture
- Parking

**Grant Revenue**
*Federal and local assistance:*
- Operating Grants
- Capital Grants

**Total Sources**

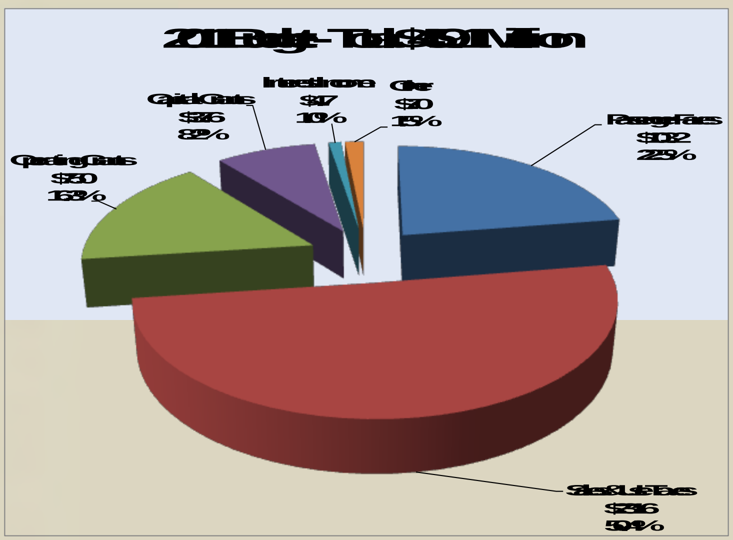
**Financing**
*Debt issuance and investments:*
- Bonds
- Certificates of Participation (COPs)

**Other Income**
*Non-operating revenues:*
- Sales & Use Taxes
- Investment Income
- Asset Sales



RTD

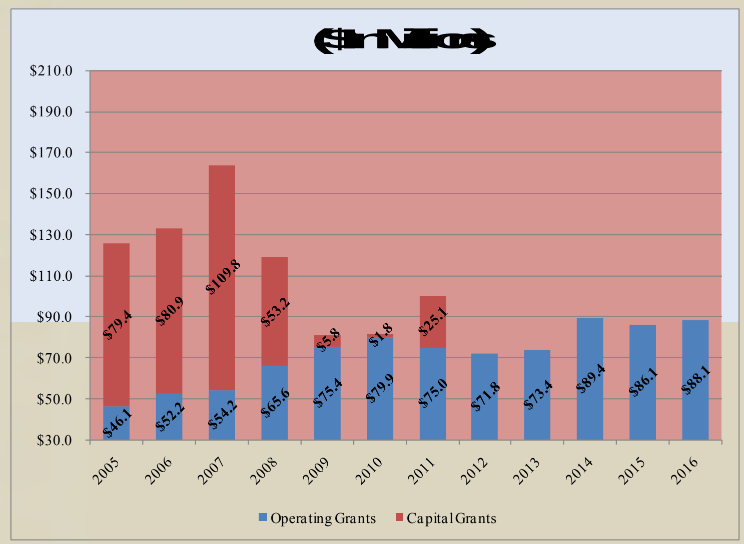
# Base System Sources (Excluding Financing)



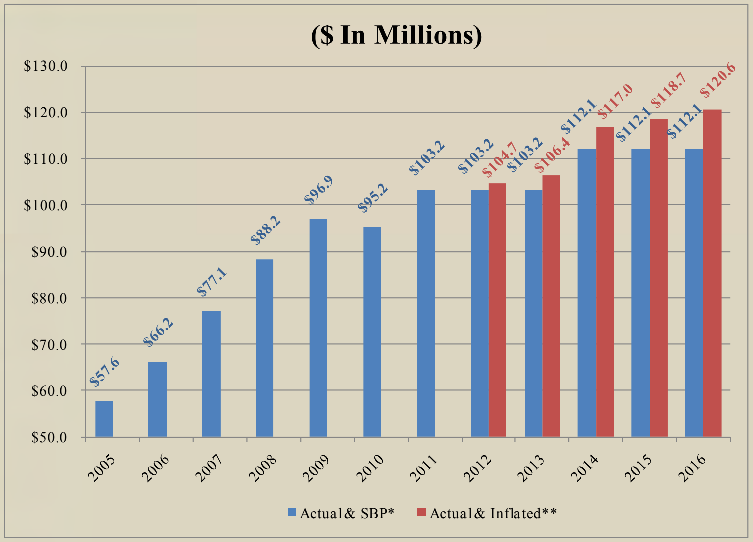


RTD

# Base System Grant Revenue



# Base System Passenger Fare Revenue

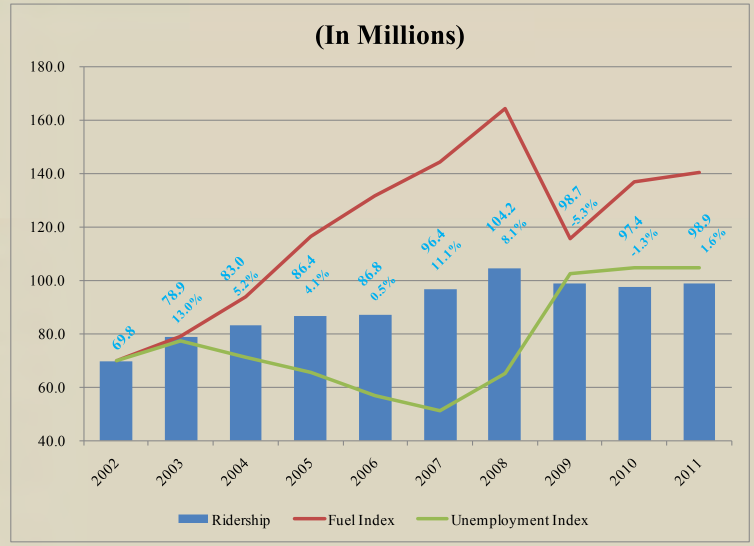



* The 2012-2016 blue bars are from the Strategic Budget Plan (SBP) assuming a fare increase in 2014 and no ridership changes.

** The 2012-2016 red bars assume a fare increase in 2014 plus population growth estimates from the Colorado Department of Labor.



# Base System Ridership






# Base System Fare Revenue (in Millions)

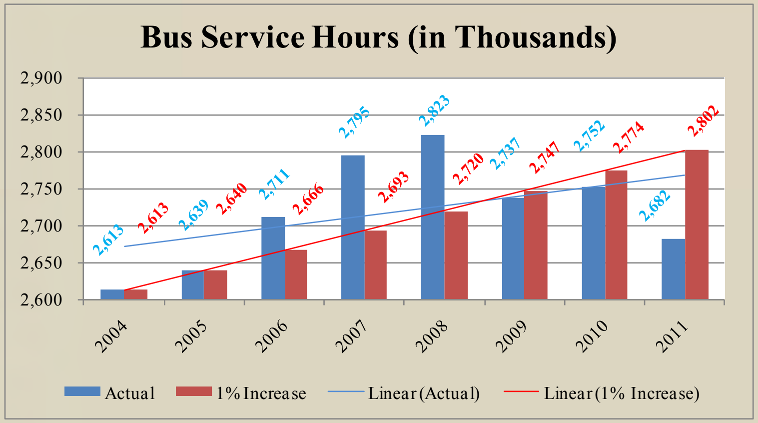
| Passenger Fares | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Forecast 2010 | Forecast 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Farebox | $ 18.2 | $ 17.8 | $ 19.7 | $ 21.5 | $ 25.1 | $ 26.3 | $ 30.1 | $ 28.8 | | |
| Tokens | 0.9 | 0.9 | 0.9 | 0.8 | 0.9 | 1.1 | 1.1 | 1.3 | | |
| Tickets | 2.9 | 3.0 | 2.9 | 2.9 | 3.2 | 3.3 | 3.7 | 6.9 | | |
| Passes | 22.3 | 22.4 | 24.5 | 24.2 | 28.9 | 26.8 | 31.5 | 34.6 | | |
| Eco Pass | 7.4 | 8.2 | 9.3 | 10.2 | 10.8 | 13.0 | 14.8 | 18.6 | | |
| Discounts | (6.4) | (6.1) | (6.2) | (6.3) | (7.5) | (2.1) | (2.3) | (2.3) | | |
| LRT | 3.5 | 3.3 | 3.2 | 3.3 | 3.9 | 8.0 | 8.5 | 8.4 | | |
| Special | 1.1 | 1.1 | 0.8 | 1.0 | 0.9 | 0.7 | 0.8 | 0.6 | | |
| **Total** | **$ 49.9** | **$ 50.6** | **$ 55.1** | **$ 57.6** | **$ 66.2** | **$ 77.1** | **$ 88.2** | **$ 96.9** | **$ 95.2** | **$ 103.2** |
| *% Change* | *-* | *1.1%* | *9.5%* | *3.2%* | *16.1%* | *18.0%* | *13.0%* | *7.5%* | *-1.8%* | *8.4%* |
| **Passengers** | **69.8** | **78.9** | **83.0** | **86.4** | **86.8** | **96.4** | **104.2** | **98.7** | **97.4** | **98.9** |
| *% Change* | *-* | *13.0%* | *5.2%* | *4.1%* | *0.5%* | *11.1%* | *8.1%* | *-5.3%* | *-1.3%* | *1.6%* |
| **Local Fare** | **$ 1.10** | **$ 1.15** | **$ 1.25** | **$ 1.25** | **$ 1.50** | **$ 1.50** | **$ 1.75** | **$ 2.00** | **$ 2.00** | **$ 2.25** |
| *% Change* | *-* | *4.5%* | *8.7%* | *0.0%* | *20.0%* | *0.0%* | *16.7%* | *14.3%* | *0.0%* | *12.5%* |



# Base System 2009 Service Performance

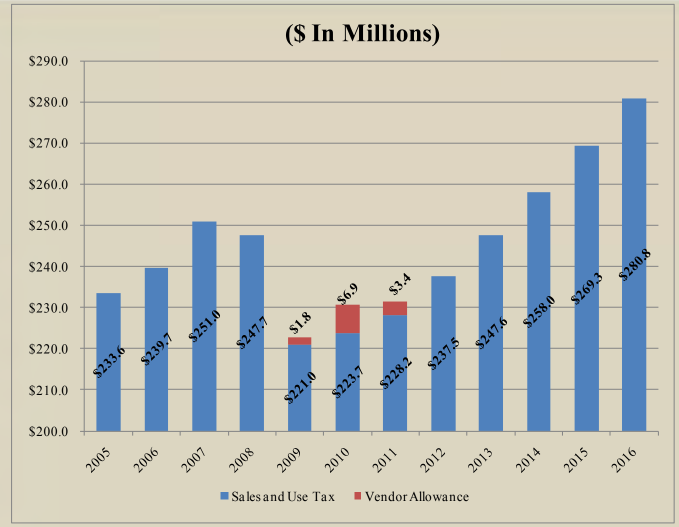
| | Passengers (in Millions) | Expenses (in Millions) | Revenue (in Millions) | Revenue per Boarding | Cost per Boarding | Subsidy per Boarding |
|---|---|---|---|---|---|---|
| Local | 55.1 | $ 235.3 | $ 49.7 | $ 0.90 | $ 4.26 | $ 3.36 |
| Express | 2.1 | 13.6 | 4.1 | 1.98 | 6.33 | 4.44 |
| Regional | 3.5 | 30.2 | 10.1 | 2.89 | 8.62 | 5.73 |
| SkyRide | 2.0 | 16.5 | 9.9 | 4.86 | 8.15 | 3.29 |
| Call-n-Ride | 0.5 | 5.9 | 1.0 | 2.35 | 12.30 | 10.22 |
| Mall Shuttle | 14.4 | 9.5 | - | - | 0.66 | 0.66 |
| Access-a-Ride | 0.7 | 34.8 | 1.6 | 2.44 | 52.76 | 50.32 |
| Vanpool | 0.4 | 2.2 | 1.1 | 2.90 | 5.77 | 2.71 |
| Light Rail | 19.8 | 98.6 | 18.4 | 0.93 | 4.99 | 4.06 |
| Special | 0.2 | 1.6 | 0.7 | 3.88 | 7.24 | 4.03 |
| **Total** | **98.7** | **$ 448.2** | **$ 96.6** | **$ 0.99** | **$ 4.54** | **$ 3.56** |

# Bus Service Hours






# Base System Sales & Use Taxes (0.6%)




| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **$ Change** | $6.1 | $11.3 | ($3.3) | ($26.7) | $2.7 | $4.5 | $9.3 | $10.1 | $10.4 | $11.3 | $11.5 | |
| **Shortfall to 2007** | | | ($3.3) | ($30.0) | ($27.3) | ($22.8) | ($13.5) | ($3.4) | $7.0 | $18.3 | $29.8 | ($45.2) |
| **Annual Change** | 2.6% | 4.7% | -1.3% | -10.1% | 3.5% | 0.4% | 2.6% | 4.3% | 4.2% | 4.4% | 4.3% | |



# Base System Strategic Budget Plan (SBP)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2020 | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue and Other Income** | | | | | | | | | |
| Operating Revenue | $ 93.5 | $ 101.7 | $ 101.7 | $ 101.7 | $ 112.1 | $ 112.1 | $ 112.1 | $ 143.7 | $ 162.5 |
| Sales and Use Tax | 231.8 | 233.1 | 237.5 | 247.6 | 258.0 | 269.3 | 280.8 | 341.0 | 422.0 |
| Grant Revenue | 141.1 | 70.2 | 71.8 | 73.4 | 89.4 | 86.1 | 88.1 | 94.1 | 106.4 |
| Other Income | 6.1 | 7.0 | 7.0 | 7.3 | 7.3 | 7.3 | 7.4 | 2.1 | 2.4 |
| **Total Revenue and Other Income** | **$ 472.5** | **$ 412.0** | **$ 418.0** | **$ 430.0** | **$ 466.8** | **$ 474.8** | **$ 488.4** | **$ 580.9** | **$ 693.3** |
| Operating Expenses Ex Depreciation | 373.0 | 365.5 | 375.8 | 383.1 | 396.5 | 407.5 | 427.8 | 462.8 | 525.0 |
| **Income Before Int Inc / (Exp)** | **$ 99.5** | **$ 46.5** | **$ 42.2** | **$ 46.9** | **$ 70.3** | **$ 67.3** | **$ 60.6** | **$ 118.1** | **$ 168.3** |
| **Interest Income / (Expenses)** | | | | | | | | | |
| Interest Income | 5.3 | 4.7 | 4.6 | 4.8 | 5.0 | 4.9 | 4.6 | 4.2 | 6.9 |
| Interest Expense | (25.7) | (25.6) | (23.1) | (22.1) | (23.9) | (28.7) | (30.6) | (30.2) | (18.6) |
| **Total Other Income / (Expense)** | **$ (20.4)** | **$ (20.9)** | **$ (18.5)** | **$ (17.3)** | **$ (18.9)** | **$ (23.8)** | **$ (26.0)** | **$ (26.0)** | **$ (11.7)** |
| **Change in Net Assets (Income)** | **$ 79.1** | **$ 25.6** | **$ 23.7** | **$ 29.6** | **$ 51.4** | **$ 43.5** | **$ 34.6** | **$ 92.1** | **$ 156.6** |
| Capital Expenditures | (146.5) | (9.5) | (39.7) | (79.8) | (96.7) | (90.8) | (5.9) | (76.7) | (167.9) |
| **Use of / (Increases to) Reserves** | | | | | | | | | |
| Operating Reserve | (18.7) | 2.4 | (0.5) | (0.4) | (0.6) | (0.6) | (1.0) | (3.7) | (3.1) |
| **Total Reserve Change** | **(18.7)** | **2.4** | **(0.5)** | **(0.4)** | **(0.6)** | **(0.6)** | **(1.0)** | **(3.7)** | **(3.1)** |
| Debt Issued | 63.3 | - | 29.1 | 75.4 | 93.4 | 87.1 | - | 29.7 | 0.1 |
| Debt Payments | (65.5) | (50.3) | (53.2) | (45.8) | (50.9) | (56.0) | (65.3) | (66.6) | (32.0) |
| **Increase / (Decrease) TDR** | **$ (88.3)** | **$ (31.8)** | **$ (40.6)** | **$ (21.0)** | **$ (3.4)** | **$ (16.8)** | **$ (37.6)** | **$ (25.2)** | **$ (46.3)** |
| Beginning Net Assets / TDR | 126.5 | 38.2 | 6.4 | (34.2) | (55.2) | (58.6) | (75.4) | (181.0) | (126.6) |
| **Year End TDR / (Deficit)** | **$ 38.2** | **$ 6.4** | **$ (34.2)** | **$ (55.2)** | **$ (58.6)** | **$ (75.4)** | **$ (112.9)** | **$ (206.2)** | **$ (172.9)** |



# Base System SBP Adjusted

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2020 | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue and Other Income** | | | | | | | | | |
| Operating Revenue | $ 93.5 | $ 101.7 | $ 101.7 | $ 101.7 | $ 112.1 | $ 112.1 | $ 112.1 | $ 143.7 | $ 162.5 |
| Sales and Use Tax | 231.8 | 233.1 | 237.5 | 247.6 | 258.0 | 269.3 | 280.8 | 341.0 | 422.0 |
| Grant Revenue | 141.1 | 70.2 | 71.8 | 73.4 | 89.4 | 86.1 | 88.1 | 94.1 | 106.4 |
| Other Income | 6.1 | 7.0 | 7.0 | 7.3 | 7.3 | 7.3 | 7.4 | 2.1 | 2.4 |
| Adjustment to balance the SBP | - | - | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 |
| **Total Revenue and Other Income** | **$ 472.5** | **$ 412.0** | **$ 435.5** | **$ 447.5** | **$ 484.3** | **$ 492.3** | **$ 505.9** | **$ 598.4** | **$ 710.8** |
| Adjustment to balance the SBP | - | - | (17.5) | (17.5) | (17.5) | (17.5) | (17.5) | (17.5) | (17.5) |
| Operating Expenses Ex Depreciation | 373.0 | 365.5 | 375.8 | 383.1 | 396.5 | 407.5 | 427.8 | 462.8 | 525.0 |
| **Income Before Int Inc / (Exp)** | **$ 99.5** | **$ 46.5** | **$ 77.2** | **$ 81.9** | **$ 105.3** | **$ 102.3** | **$ 95.6** | **$ 153.1** | **$ 203.3** |
| **Interest Income / (Expenses)** | | | | | | | | | |
| Interest Income | 5.3 | 4.7 | 4.6 | 4.8 | 5.0 | 4.9 | 4.6 | 4.2 | 6.9 |
| Interest Expense | (25.7) | (25.6) | (23.1) | (22.1) | (23.9) | (28.7) | (30.6) | (30.2) | (18.6) |
| **Total Other Income / (Expense)** | **$ (20.4)** | **$ (20.9)** | **$ (18.5)** | **$ (17.3)** | **$ (18.9)** | **$ (23.8)** | **$ (26.0)** | **$ (26.0)** | **$ (11.7)** |
| **Change in Net Assets (Income)** | **$ 79.1** | **$ 25.6** | **$ 58.7** | **$ 64.6** | **$ 86.4** | **$ 78.5** | **$ 69.6** | **$ 127.1** | **$ 191.6** |
| Capital Expenditures | (146.5) | (9.5) | (39.7) | (79.8) | (96.7) | (90.8) | (5.9) | (76.7) | (167.9) |
| **Use of / (Increases to) Reserves** | | | | | | | | | |
| Operating Reserve | (18.7) | 2.4 | 0.4 | (0.4) | (0.7) | (0.5) | (1.0) | (3.8) | (3.1) |
| **Total Reserve Change** | **(18.7)** | **2.4** | **0.4** | **(0.4)** | **(0.7)** | **(0.5)** | **(1.0)** | **(3.8)** | **(3.1)** |
| Debt Issued | 63.3 | - | 29.1 | 75.4 | 93.4 | 87.1 | - | 29.7 | 0.1 |
| Debt Payments | (65.5) | (50.3) | (53.2) | (45.8) | (50.9) | (56.0) | (65.3) | (66.6) | (32.0) |
| **Increase / (Decrease) TDR** | **$ (88.3)** | **$ (31.8)** | **$ (4.7)** | **$ 14.0** | **$ 31.5** | **$ 18.3** | **$ (2.6)** | **$ 9.7** | **$ (11.3)** |
| Beginning Net Assets / TDR | 126.5 | 38.2 | 6.4 | 1.7 | 15.7 | 47.2 | 65.5 | 72.6 | 148.3 |
| **Year End TDR / (Deficit)** | **$ 38.2** | **$ 6.4** | **$ 1.7** | **$ 15.7** | **$ 47.2** | **$ 65.5** | **$ 63.0** | **$ 82.3** | **$ 137.0** |

# Base System Sustainable Operating Level
## (Current Financial Scenario)

| | 2011 SBP | % of Sales Tax |
|---|---|---|
| **Sales and Use Tax** | **$ 233.1** | |
| Debt Payments | (50.3) | *-22%* |
| Interest Payments | (25.6) | *-11%* |
| Investment Income | 4.7 | |
| Debt Service Net of Investment Income | (71.2) | *-31%* |
| **Sales Tax Available for Capital/Operations** | **$ 161.9** | *69%* |
| Capital Expenditures | (9.5) | *-4%* |
| **Sales Tax Available for Operations** | **$ 152.4** | *65%* |
| Operating Revenue | 101.7 | |
| Operating Grant Revenue | 70.2 | |
| Other Income | 7.0 | |
| **Funds Available for Operations (Sustainable in Long-run)** | **$ 331.3** | |
| Operating Expenses | (365.5) | |
| **Under/(Over) Utilization** | **$ (34.2)** | |
| Reserve Use | 2.4 | |
| **Increase/(Decrease) SBP Reserve** | **$ (31.8)** | |



# Other Potential Sources Considered

- Advertising on Trains
- ROW Leasing
- Parking
- Concessions
- Vendor Allowance Elimination
- Stimulus Funds
- Local Subsidies
- Fare Pricing Normalization
- Sales Tax Rate Increase*
- Non-qualifying City/State Taxes*
- Property Taxes*

* Requires legislative campaign and/or voter approval

REGIONAL TRANSPORTATION AUTHORITY REVENUE SOURCES
Title 43, Article 4, Part 6, C.R.S.

1. Tolls

2. Motor vehicle registration fee of $10 annually

3. Visitor benefit tax (accommodations tax) of 2% of the price.

4. Sales or use tax of not more than 1%.

5. Mill levy of not more than 5 mills.

6. Special assessments.

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## TABOR REVENUE LIMITS

In the absence of voter approval, TABOR limits, with certain adjustments, annual percentage increases in RTD property tax revenues and total revenues, subject to certain exceptions, to the total of inflation plus changes in the actual value of real property within its boundaries. Revenues collected by RTD in excess of the limit are required to be refunded during the next calendar year. In addition, in the absence of voter approval, the TABOR limits, with certain adjustments, annual percentage increases in RTD spending, subject to certain exceptions, to the total of inflation plus the changes in the actual value of real property within its boundaries. If revenues fall in any calendar year, the lower total becomes the new RTD base for computing the next year's limits. In addition, on November 2, 1999, the voters of the District voted to exempt RTD from the revenue and spending limitations of TABOR for the purpose of repaying any debt incurred to finance the Southeast Corridor light rail project or operating such project, for as long as any such debt remains outstanding, but in no event beyond December 31, 2026. On November 4, 2004, the voters of the District also exempted the District from any revenue and spending limitations on the 0.4% Sales Tax Revenues and related investment income.

1999 QUESTION

SHALL THE REGIONAL TRANSPORTATION DISTRICT DEBT BE INCREASED $457 MILLION, WITH A MAXIMUM REPAYMENT COST OF $779 MILLION, WITH NO NEW TAXES, TO EXCLUSIVELY FINANCE THE SOUTHEAST CORRIDOR LIGHT RAIL PROJECT, TO BE BUILT WITHIN THE DISTRICT ALONG I-25 FROM BROADWAY TO NORTHERN DOUGLAS COUNTY IN THE VICINITY OF LINCOLN AVENUE AND ALONG I-225 FROM PARKER ROAD TO I-25, WITH SUCH DEBT TO BE EVIDENCED BY BONDS OR OTHER DEBT INSTRUMENTS INCLUDING REFUNDING BONDS ISSUED AT A LOWER OR HIGHER RATE OF INTEREST, AND SHALL THE DISTRICT BE AUTHORIZED TO COLLECT, RETAIN AND EXPEND ALL REVENUE FROM ANY SOURCE AS A VOTER APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, SO LONG AS THE DEBT REMAINS

OUTSTANDING, BUT IN NO EVENT BEYOND DECEMBER 31, 2026, FOR REPAYMENT OF THE DEBT AND OPERATION OF THE PROJECT?

FASTRACKS

SHALL REGIONAL TRANSPORTATION DISTRICT TAXES BE INCREASED $158.34 MILLION ANNUALLY AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER BY INCREASING THE RATE OF SALES TAX LEVIED BY THE DISTRICT BY FOUR-TENTHS OF ONE PERCENT, FROM THE CURRENT SIX-TENTHS OF ONE PERCENT TO ONE PERCENT COMMENCING JANUARY 1, 2005 AND, IN CONNECTION THEREWITH, SHALL REGIONAL TRANSPORTATION DISTRICT DEBT BE INCREASED $3.477 BILLION, WITH A REPAYMENT COST OF $7.129 BILLION WITH ALL PROCEEDS OF DEBT AND TAXES TO BE USED AND SPENT FOR THE CONSTRUCTION AND OPERATION OF A FIXED GUIDE WAY MASS TRANSIT SYSTEM, THE CONSTRUCTION OF ADDITIONAL PARK-N-RIDE LOTS, THE EXPANSION AND IMPROVEMENT OF EXISTING PARK-N-RIDE LOTS, AND INCREASED BUS SERVICE, INCLUDING THE USE OF SMALLER BUSES AND VANS AND ALTERNATIVE FUEL VEHICLES AS APPROPRIATE, AS SPECIFIED IN THE TRANSIT EXPANSION PLAN ADOPTED BY THE BOARD OF DIRECTORS OF THE DISTRICT ON OR BEFORE APRIL 22, 2004 AND SHALL DEBT BE EVIDENCED BY BONDS, NOTES, OR OTHER MULTIPLE-FISCAL YEAR OBLIGATIONS INCLUDING REFUNDING BONDS THAT MAY BE ISSUED AT A LOWER OR HIGHER RATE OF INTEREST AND INCLUDING DEBT THAT MAY HAVE A REDEMPTION PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF A PREMIUM, PAYABLE FROM ALL REVENUES GENERATED BY SAID TAX INCREASE, FEDERAL FUNDS, INVESTMENT INCOME, PUBLIC AND PRIVATE CONTRIBUTIONS, AND OTHER REVENUES AS THE BOARD MAY DETERMINE, AND WITH SUCH REVENUES RAISED BY THE SALES TAX RATE INCREASE AND THE PROCEEDS OF DEBT OBLIGATIONS AND ANY INVESTMENT INCOME ON SUCH REVENUES AND PROCEEDS BEING EXEMPT FROM THE REVENUE AND SPENDING RESTRICTIONS CONTAINED IN SECTION 20 OF ARTICLE X OF THE COLORADO CONSTITUTION UNTIL SUCH TIME AS ALL DEBT IS REPAID WHEN THE RATE OF TAX WILL BE DECREASED TO THAT AMOUNT NECESSARY FOR THE CONTINUED OPERATION OF THE SYSTEM BUT NOT LESS THAN SIX-TENTHS OF ONE PERCENT?

REGIONAL TRANSPORTATION DISTRICT EXISTING REVENUE SOURCES
Title 32, Article 9, C.R.S.

1. Fares

2. Sales and use tax of 1%

3. Mill levy of not more than one-half of one mill

4. Parking fees

5. Federal funds

6. Advertising.

REVENUE SOURCES PREVIOUSLY AUTHORIZED RTD BUT SINCE REPEALED*

1. Head tax of $2 in fixed guideway corridor.

2. Occupation tax of $2 in fixed guideway corridor

3. Mass transit fee on commercial properties (based upon square footage) in fixed guideway corridor

4. Tax increment (excluded school property taxes) in fixed guideway corridor

* Adopted in 1987 and repealed in 1997

**Memorandum**

**To:** Fiscal Sustainability Task Force Committee

**From:** Paula Perdue, Executive Manager to the Board of Directors

**Date:** December 14, 2010

**Subject:** Minutes of the Fiscal Sustainability Task Force Meeting December 14, 2010, 3:00 p.m. in the RTD Room

***

| | |
|---|---|
| **Board members present** | **Committee Members:** Committee Chair Tayer, Matt Cohen, Bill Christopher, and Jack O'Boyle; **Other Directors:** Bruce Daly |
| **RTD Staff Members:** | Assistant General Managers: Bruce Abel, Dave Genova, Carla Perez, Terry Howerter, CFO, and Paula Perdue |
| **Citizen Representatives:** | David Erb-CAC, Randy Harrison-Move Colorado, Patty Silverstein-Development Research Partners, Dave Techmanski-Wells Fargo, Bob Watkins-Transit Aliance/Aurora Government, Elena Wilkin-CASTA and Dee Wisor-Sherman & Howard Bond Counseling. |
| **Others Present:** | Facilitators John Huyler and Dennis Donald, Osprey, |
| Absent Task Force Members: | Chair Kemp, Director James, AGM Scott Reed, and John Sackett, Avista Hospital |

**Call to Order:** Facilitator John Huyler convened the meeting at 3:02 p.m.

## I. Housekeeping Details

Facilitator John Huyler shared that two additional members have been added to the Task Force: Mark Imhoff with CDOT and Mike Fitzgerald with the Southeast Partnership. Neither of these two was able to make the meeting on such short notice but will be joining the team going forward.

John Huyler explained that in the first couple of meetings, the Task Force had received an information dump pertaining to RTD finances from the expense and the revenue perspective. Today's presentation should be the last information dump before the Task Force begins delving into the problems and potential solutions. He reviewed the schedule for today and then turned the meeting over to Terry Howerter, CFO for his presentation.

## II. Fiscal Sustainability Task Force: Bringing it all Together

Terry Howerter and Bruce Abel co-teamed on this presentation. For a copy of the presentation, please refer to the minutes located in the Board office.

Terry Howerter reviewed the sources of revenue (i.e. operating, grant, financing and other income) and shared a graph depicting the sales and use tax as the greatest percent of funding source (+ 50%). The farebox represented approximately 22.5%.

Bruce Abel reviewed the base system fare revenue sources. He also discussed the relationship between fare changes, ridership and other factors such as increases in fuel costs. He talked to the elasticity and inelasticity and commented about the fact that in some cases, ridership may decrease but the total revenue increased. He also shared a slide that shows a range on subsidy per boardings with the mall shuttle the least at .66 cents and access-a-ride showing a subsidy cost of $50.32. These subsidy costs include fully allocated costs including indirect costs.

Director Tayer queried about page 9 which shows the service hours. The blue line shows the actual linear increase and the red line shows the linear increase if we had been applying the 1% increase that was mandated in 2004,through the FasTracks ballot initiative, to begin in 2005. Director Tayer challenged staff to look at the delta between these lines and provide information on the dollar value represented. It is his contention that the problem the Task Force is solving for may need to include this delta in the number.

## III. Discussion from the Presentation

Randy Harrison requested a source of comparative analysis of other revenue sources used by transits across the country. Terry Howerter indicated the TCRP 129, of which he has an electronic copy, provides this information and he will send out.

Elena Wilkins commented about the state legislature has written out RTD in some of its changes to potential taxing sources (i.e. candy tax or cigarette tax).

Director Cohen asked a few clarifying questions and stated that there cannot be any sacred cows and we need to examine all areas where we spend money and where we can get money such as the mall shuttle. He introduced the concept of value capturing where in those areas or communities that have benefited from transit investment (and the potential of TODs), there needsto be the ability to assess the positive benefits that the community has realized as a result of transit being in that community. He talked about looking to see if there can be financial benefit to RTD or perhaps engage in a partnership that could offset some of the costs to RTD.

David Erb shared that he had done a previous study around value capturing strategy where they brainstormed around a mill levy using the commercial property values only. This is quite a political discussion but he is intrigued by the value capturing concept and is willing to offer his services.

Director Cohen queried around what might be the top three underutilized sources of funds from page 14. Bruce Abel explained the term "fare price normalization" and stated this is where the community provides dollars for additional services (similar to a partnership).

Dee Wisor restated the District challenge as having volatile revenue sources and no predictable revenue source (i.e. property tax), but that securing property tax is subject to an elections. Another complexity is that RTD is considering a sales tax increase to complete FasTracks—this will be confusing to voters if the Task Force recommends pursing additional voter approved funding resources.

Director Tayer clarified that Dee does well outline a potential complication and the Task Force is not working in a vacuum. It should look to see if there are sources of low hanging fruit without going back to the ballot, but it is okay to recommend the pursuit of additional voter approved funding, even if is necessary to defer in favor of a FasTracks initiative for the near term. Director Tayer also noted that the focus needs to be on both sides of the equation: expenses and revenues. He challenged staff on slide 12 which showed what would happen if we could adjust either the revenue or expense side of the SBP by $17.5M. He believes this number should be adjusted to reflect the 1% mandated tax service differential that was previously discussed.

Director Daly reminded the Task Force that this list of potential options was not complete. There have been other suggestions and tweaks discussed during the budget cycle that could add up to enhancements.

Director O'Boyle inquired about the vendor allowance and if there are thoughts to extend it without RTD?

Director Christopher shared his short list that would all require some federal action:

- Internet sales (no sales tax)
- more operating federal grants
- Congressional action-relief on the unfunded paratransit ADA

**IV. Process and Next Steps**

Dennis Donald reviewed the process and next steps.

- There are two meetings scheduled for January 11 and January 25 the core team is mulling. The next sets of meetings we anticipate the Task Force going deeper into the issues of problem definitions and strategies. Is it possible to consider doing a 4 hour window (retreat) as a one-off during the weekend of January 22 or January 24$^{th}$which will replace the January 25$^{th}$ meeting? In general, most of the Task Force thought they may be able to make one of these days work if we start at an early time.
- We are also looking at bring in an external resource familiar with the national or global transit picture and can provide an outside perspective with comparative data.
- Terry Howerter will provide his summary notes and an electronic copy of

the TCRP 129 for people who want more details.

## V. Closing Comments

Randy Harrison articulated an organized approach that he sees to this issue. In-the-box thinking might involve these questions: What is the capacity to resolve this issue? What is the tradeoff between productivity and pain? Dowe have any under producing revenue streams we can first look at? Are there any incremental solutions such as partnerships to share in costs and benefits?

More out-of the box thinking might involve something like the property tax issue. What changes might we get others to support or might be palatable to them? What are our risks and exposures?

Director O'Boyle suggested a review of our assets to determine which of them are not performing. We may need to better access some or get rid of others.

Several other comments were made relevant to if some of the sources that had been pulled from the table could be re-addressed. What are the sources that RTD may have authority to pursue but would require legislative or ballot approval?

Director Tayer summarized by thanking everyone for the engaging conversations and stating this is the type of discussion that is needed. Slides 11 & 12 of the presentation presented the problem that the RTD Board is wrestling with. He also encouraged the Task Force to stay engaged and try to attend every meeting so they will not get left behind. If they are unable to attend a meeting, please let him or the facilitators know so we can get the material to them. He thanked them for their time and look forward to more exciting discussions and thinking outside the box.

## VI. Adjournment

The meeting adjourned at 5:01 p.m.

Vision ♦ Focus ♦ Results

*The Osprey Group*

RTD Long Term Fiscal Sustainability Task Force
Meeting # 4 – January 11, 2011
3:00 pm -- 5:00 pm
Proposed Agenda

**Meeting Goal:**

- Review and refine the problem definition
- Preliminarily identify criteria for evaluating solutions

3:00 Convene

3:05 TABOR Limitations and RTD Ridership Projections: Staff Presentations and Q&A

3:25 Problem Definition – Facilitated Discussion
Desired Outcome: Refine the previously presented definition to ensure there is agreement on the fiscal sustainability target

4:00 Evaluation Criteria – Facilitated Discussion
Desired Outcome: Preliminarily identify criteria the Task Force believes are appropriate for evaluating expense and revenue solution options

4:30 Quick Thoughts on Possible Expense Reduction Strategies

4:50 Next Steps and Expectations for January 29 Retreat

4:55 Closing Remarks from the Chair

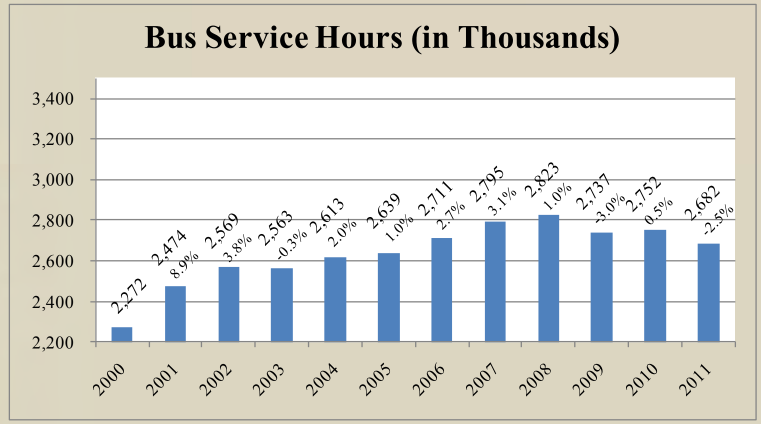
5:00 Adjourn

Fiscal Sustainability Task Force

Summary Update of Financial Presentations

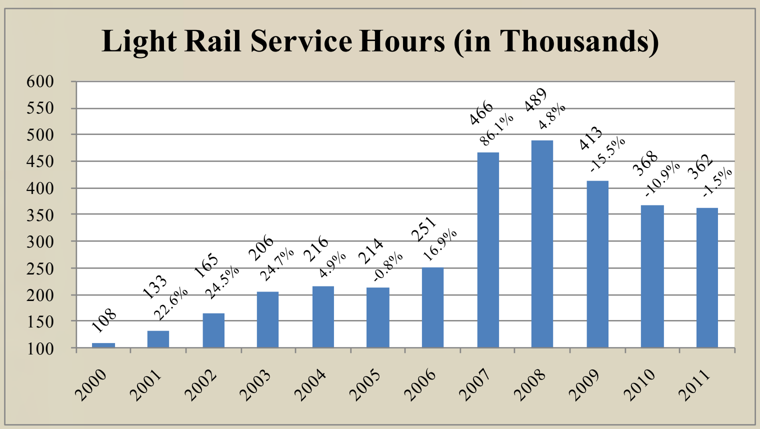
January 7, 2011

# Bus Service Hours



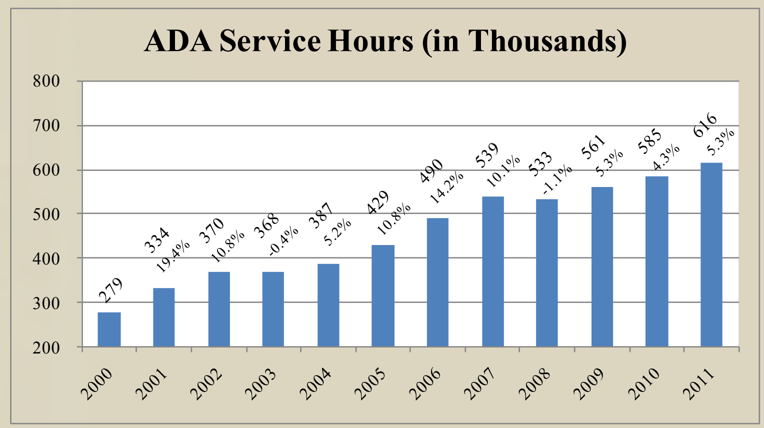



# Light Rail Service Hours






# Access-a-Ride (ADA) Service Hours



# Base System 2009 Service Performance

| | Passengers (in Millions) | Expenses (in Millions) | Revenue (in Millions) | Revenue per Boarding | Cost per Boarding | Subsidy per Boarding |
|---|---|---|---|---|---|---|
| Local | 55.1 | $ 235.3 | $ 49.7 | $ 0.90 | $ 4.26 | $ 3.36 |
| Express | 2.1 | 13.6 | 4.1 | 1.98 | 6.33 | 4.44 |
| Regional | 3.5 | 30.2 | 10.1 | 2.89 | 8.62 | 5.73 |
| SkyRide | 2.0 | 16.5 | 9.9 | 4.86 | 8.15 | 3.29 |
| Call-n-Ride | 0.5 | 5.9 | 1.0 | 2.35 | 12.30 | 10.22 |
| Mall Shuttle | 14.4 | 9.5 | - | - | 0.66 | 0.66 |
| Access-a-Ride | 0.7 | 34.8 | 1.6 | 2.44 | 52.76 | 50.32 |
| Vanpool | 0.4 | 2.2 | 1.1 | 2.90 | 5.77 | 2.71 |
| Light Rail | 19.8 | 98.6 | 18.4 | 0.93 | 4.99 | 4.06 |
| Special | 0.2 | 1.6 | 0.7 | 3.88 | 7.24 | 4.03 |
| **Total** | **98.7** | **$ 448.2** | **$ 96.6** | **$ 0.99** | **$ 4.54** | **$ 3.56** |



# Base System Strategic Budget Plan (SBP)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2020 | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue and Other Income** | | | | | | | | | |
| Operating Revenue | $ 93.5 | $ 101.7 | $ 101.7 | $ 101.7 | $ 112.1 | $ 112.1 | $ 112.1 | $ 143.7 | $ 162.5 |
| Sales and Use Tax | 231.8 | 233.1 | 237.5 | 247.6 | 258.0 | 269.3 | 280.8 | 341.0 | 422.0 |
| Grant Revenue | 141.1 | 70.2 | 71.8 | 73.4 | 89.4 | 86.1 | 88.1 | 94.1 | 106.4 |
| Other Income | 6.1 | 7.0 | 7.0 | 7.3 | 7.3 | 7.3 | 7.4 | 2.1 | 2.4 |
| **Total Revenue and Other Income** | **$ 472.5** | **$ 412.0** | **$ 418.0** | **$ 430.0** | **$ 466.8** | **$ 474.8** | **$ 488.4** | **$ 580.9** | **$ 693.3** |
| Operating Expenses Ex Depreciation | 373.0 | 365.5 | 375.8 | 383.1 | 396.5 | 407.5 | 427.8 | 462.8 | 525.0 |
| **Income Before Int Inc / (Exp)** | **$ 99.5** | **$ 46.5** | **$ 42.2** | **$ 46.9** | **$ 70.3** | **$ 67.3** | **$ 60.6** | **$ 118.1** | **$ 168.3** |
| **Interest Income / (Expenses)** | | | | | | | | | |
| Interest Income | 5.3 | 4.7 | 4.6 | 4.8 | 5.0 | 4.9 | 4.6 | 4.2 | 6.9 |
| Interest Expense | (25.7) | (25.6) | (23.1) | (22.1) | (23.9) | (28.7) | (30.6) | (30.2) | (18.6) |
| **Total Other Income / (Expense)** | **$ (20.4)** | **$ (20.9)** | **$ (18.5)** | **$ (17.3)** | **$ (18.9)** | **$ (23.8)** | **$ (26.0)** | **$ (26.0)** | **$ (11.7)** |
| **Change in Net Assets (Income)** | **$ 79.1** | **$ 25.6** | **$ 23.7** | **$ 29.6** | **$ 51.4** | **$ 43.5** | **$ 34.6** | **$ 92.1** | **$ 156.6** |
| Capital Expenditures | (146.5) | (9.5) | (39.7) | (79.8) | (96.7) | (90.8) | (5.9) | (76.7) | (167.9) |
| **Use of / (Increases to) Reserves** | | | | | | | | | |
| Operating Reserve | (18.7) | 2.4 | (0.5) | (0.4) | (0.6) | (0.6) | (1.0) | (3.7) | (3.1) |
| **Total Reserve Change** | **(18.7)** | **2.4** | **(0.5)** | **(0.4)** | **(0.6)** | **(0.6)** | **(1.0)** | **(3.7)** | **(3.1)** |
| Debt Issued | 63.3 | - | 29.1 | 75.4 | 93.4 | 87.1 | - | 29.7 | 0.1 |
| Debt Payments | (65.5) | (50.3) | (53.2) | (45.8) | (50.9) | (56.0) | (65.3) | (66.6) | (32.0) |
| **Increase / (Decrease) TDR** | **$ (88.3)** | **$ (31.8)** | **$ (40.6)** | **$ (21.0)** | **$ (3.4)** | **$ (16.8)** | **$ (37.6)** | **$ (25.2)** | **$ (46.3)** |
| Beginning Net Assets / TDR | 126.5 | 38.2 | 6.4 | (34.2) | (55.2) | (58.6) | (75.4) | (181.0) | (126.6) |
| **Year End TDR / (Deficit)** | **$ 38.2** | **$ 6.4** | **$ (34.2)** | **$ (55.2)** | **$ (58.6)** | **$ (75.4)** | **$ (112.9)** | **$ (206.2)** | **$ (172.9)** |



# Base System SBP Adjusted

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2020 | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue and Other Income** | | | | | | | | | |
| Operating Revenue | $ 93.5 | $ 101.7 | $ 101.7 | $ 101.7 | $ 112.1 | $ 112.1 | $ 112.1 | $ 143.7 | $ 162.5 |
| Sales and Use Tax | 231.8 | 233.1 | 237.5 | 247.6 | 258.0 | 269.3 | 280.8 | 341.0 | 422.0 |
| Grant Revenue | 141.1 | 70.2 | 71.8 | 73.4 | 89.4 | 86.1 | 88.1 | 94.1 | 106.4 |
| Other Income | 6.1 | 7.0 | 7.0 | 7.3 | 7.3 | 7.3 | 7.4 | 2.1 | 2.4 |
| Adjustment to balance the SBP | - | - | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 |
| **Total Revenue and Other Income** | **$ 472.5** | **$ 412.0** | **$ 435.5** | **$ 447.5** | **$ 484.3** | **$ 492.3** | **$ 505.9** | **$ 598.4** | **$ 710.8** |
| Adjustment to balance the SBP | - | - | (17.5) | (17.5) | (17.5) | (17.5) | (17.5) | (17.5) | (17.5) |
| Operating Expenses Ex Depreciation | 373.0 | 365.5 | 375.8 | 383.1 | 396.5 | 407.5 | 427.8 | 462.8 | 525.0 |
| **Income Before Int Inc / (Exp)** | **$ 99.5** | **$ 46.5** | **$ 77.2** | **$ 81.9** | **$ 105.3** | **$ 102.3** | **$ 95.6** | **$ 153.1** | **$ 203.3** |
| **Interest Income / (Expenses)** | | | | | | | | | |
| Interest Income | 5.3 | 4.7 | 4.6 | 4.8 | 5.0 | 4.9 | 4.6 | 4.2 | 6.9 |
| Interest Expense | (25.7) | (25.6) | (23.1) | (22.1) | (23.9) | (28.7) | (30.6) | (30.2) | (18.6) |
| **Total Other Income / (Expense)** | **$ (20.4)** | **$ (20.9)** | **$ (18.5)** | **$ (17.3)** | **$ (18.9)** | **$ (23.8)** | **$ (26.0)** | **$ (26.0)** | **$ (11.7)** |
| **Change in Net Assets (Income)** | **$ 79.1** | **$ 25.6** | **$ 58.7** | **$ 64.6** | **$ 86.4** | **$ 78.5** | **$ 69.6** | **$ 127.1** | **$ 191.6** |
| Capital Expenditures | (146.5) | (9.5) | (39.7) | (79.8) | (96.7) | (90.8) | (5.9) | (76.7) | (167.9) |
| **Use of / (Increases to) Reserves** | | | | | | | | | |
| Operating Reserve | (18.7) | 2.4 | 0.4 | (0.4) | (0.7) | (0.5) | (1.0) | (3.8) | (3.1) |
| **Total Reserve Change** | **(18.7)** | **2.4** | **0.4** | **(0.4)** | **(0.7)** | **(0.5)** | **(1.0)** | **(3.8)** | **(3.1)** |
| Debt Issued | 63.3 | - | 29.1 | 75.4 | 93.4 | 87.1 | - | 29.7 | 0.1 |
| Debt Payments | (65.5) | (50.3) | (53.2) | (45.8) | (50.9) | (56.0) | (65.3) | (66.6) | (32.0) |
| **Increase / (Decrease) TDR** | **$ (88.3)** | **$ (31.8)** | **$ (4.7)** | **$ 14.0** | **$ 31.5** | **$ 18.3** | **$ (2.6)** | **$ 9.7** | **$ (11.3)** |
| Beginning Net Assets / TDR | 126.5 | 38.2 | 6.4 | 1.7 | 15.7 | 47.2 | 65.5 | 72.6 | 148.3 |
| **Year End TDR / (Deficit)** | **$ 38.2** | **$ 6.4** | **$ 1.7** | **$ 15.7** | **$ 47.2** | **$ 65.5** | **$ 63.0** | **$ 82.3** | **$ 137.0** |



# Base System Sustainable Operating Level
## (Current Financial Scenario)

| | 2011 SBP | *% of Sales Tax* |
|---|---|---|
| **Sales and Use Tax** | **$ 233.1** | |
| Debt Payments | (50.3) | *-22%* |
| Interest Payments | (25.6) | *-11%* |
| Investment Income | 4.7 | |
| Debt Service Net of Investment Income | (71.2) | *-31%* |
| **Sales Tax Available for Capital/Operations** | **$ 161.9** | *69%* |
| Capital Expenditures | (9.5) | *-4%* |
| **Sales Tax Available for Operations** | **$ 152.4** | *65%* |
| Operating Revenue | 101.7 | |
| Operating Grant Revenue | 70.2 | |
| Other Income | 7.0 | |
| **Funds Available for Operations (Sustainable in Long-run)** | **$ 331.3** | |
| Operating Expenses | (365.5) | |
| **Under/(Over) Utilization** | **$ (34.2)** | |
| Reserve Use | 2.4 | |
| **Increase/(Decrease) SBP Reserve** | **$ (31.8)** | |

## RTD Authorized Funding Sources

- Passenger Fares
- Sales & Use Taxes
- Advertising
- Lease (DUS & Civic Center Air Rights)
- Parking Fees
- Certificates of Participation (COPs)
- Private Activity Bonds (PABs)
- Congestion Pricing
- Concessions
- Right of Way Leasing
- Value Capture/Beneficiary Charges
- Transit Oriented Development/Joint Development
- Donations



## Other Potential Sources Considered

- Advertising on Trains
- ROW Leasing
- Parking
- Concessions
- Vendor Allowance Elimination
- Stimulus Funds
- Local Subsidies
- Fare Pricing Normalization
- Sales Tax Rate Increase*
- Non-qualifying City/State Taxes*
- Property Taxes*

* Requires legislative campaign and/or voter approval

**Memorandum**

| | |
|---|---|
| **To:** | Fiscal Sustainability Task Force Committee |
| **From:** | Paula Perdue, Executive Manager to the Board of Directors |
| **Date:** | January 11, 2011 |
| **Subject:** | Minutes of the Fiscal Sustainability Task Force Meeting January 11, 2011, 3:00 p.m. in the RTD Room |

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| | |
|---|---|
| **Board members present** | **Committee Members:** Committee Chair Tayer, Matt Cohen, Bill James, and Jack O'Boyle; **Other Directors:** Lorraine Anderson, Kent Bagley, Bruce Daly, Barbara Deadwyler, Larry Hoy, Angie Malpiede |
| **RTD Staff Members:** | Assistant General Managers: Bruce Abel, Dave Genova, Carla Perez, Terry Howerter, CFO, Paula Perdue and Scott Reed |
| **Citizen Representatives:** | Bill Christopher, David Erb-CAC, Randy Harrison-Move Colorado, Mike Fitzgerald-SELP, Mark Imhoff-CDOT, John Sackett-Avista Hospital Patty Silverstein-Development Research Partners, Dave Techmanski-Wells Fargo, Bob Watkins-Transit Aliance/Aurora Government, Elena Wilkin-CASTA and Dee Wisor-Sherman & Howard Bond Counseling. |
| **Others Present:** | Facilitators John Huyler and Dennis Donald, Osprey, |
| AbsentTask Force Members: | Chair Kemp |
| **Call to Order:** | Facilitator John Huyler convened the meeting at 3:05 p.m. |

**I. Convene**

Facilitator John Huyler kicked the meeting off by thanking everyone for coming and reviewing the meeting agenda for today. Committee Chair Tayer introduced the new members of the RTD Board of Directors who were joining the meeting: Directors Lorraine Anderson, Director Barbara Deadwyler, Director Larry Hoy and Director Angie Malpiede. Director Kent Bagley, current Director for District H was also present along with Director Bruce Daly. District N.

## II. Tabor Limitations

Dee Wisor gave the presentation on Tabor. For a copy of this presentation please refer to the handout material provided to the Task Force by the Osprey Group.

Mark Imhoff inquired about if RTD has authority to issue property tax mill levy. Dee responded yes but that this would probably require some tweaking by the Legislature and most likely need voter approval.

Lee Cryer, Planning Department, presented a few slides on ridership forecasting. Copies of these slides are available with the minutes in the Board office.

Lee Cryer shared how land use growth affects transit ridership growth and a number of variables such as population, household and employment forecasts are used in the model by DRCOG. His travel group uses this model in their forecasting. Inputs to travel model includes: household, populations and employment, roadway data and transit data. The regional economic model used is dynamic and provides a snapshot in time based on the information available.

John Sackett inquired about how the ADA gets included since it is one of the biggest subsidized expenses. Lee Cryer indicated this was not included in his model. Bruce Abel explained they use a market research survey to help develop the forecast. They have noted that there is some trending where it is an increase in number of trips taken per person and not necessarily an increase in ridership. They basically track the trends and extrapolate from there.

Carla Perez reminded the group that the dichotomy of paratransit is such that it does what it is established to do per the legislation which is to give people with limited access more mobility. As the program succeeds, there is greater utilization which increases the burden on the unfunded portion of that program.

Bruce Abel raised the point that Tabor talks about growth of real property; if real property was going down while the population increases, the Tabor limits would force expenditures down. Dee responded this is correct.

## III. Problem Definition

Facilitators John and Dennis tried out a technique to engage the Task Force in coming up with a problem definition that reflected the issue they were solving for. The facilitators had created a draft which was used as the base for which changes would be made. They would go on a line x line basis focusing on the topic and if changes needed to be made.

Provided below is the concept for the problem definition which was edited in a real time mode by the Task force (for a copy of the original and revised problem definition draft, please see notes from John and Dennis)

**Concept:** Most of RTD's revenue comes from limited and volatile sources lacking diversity. For RTD to have financially sustainable operations, it must balance the cost of services to its available resources. RTD revenue for its base system is largely a function of the .0.6% sales tax collected in the metro area, which in turn is dependent on national and regional economic activity. One-half of RTD revenue comes from sales and use tax (passenger fares roughly 100M-contribute roughly 20% of RTD revenue; Presently RTD costs exceed available revenues and the shortfall is being covered through unsustainable measures such as service reductions, deferred capital expenditures and using previously set-aside reserves. This strategy is not sustainable. A combination of about 35M revenue or expenditure reductions is needed by 2012 and into the future if RTD is to operate the current system sustainably.

Director Tayer identified two issues as part of this process which should be addressed as by the Task Force as policy issues outside of the problem statement:

- Rolling stock capital depreciation
- Service reductions or increases

Some differences of opinion were expressed whether to include depreciation in this issue. John Sackett expressed concern with the problem definition statement if it is not included above.
Further refinement of the problem definition will be provided by the facilitators.

**IV. Evaluation Criteria**

The evaluation criteria were briefly discussed. The Task Force felt they needed to add "diverse" to the criteria. Director Cohen raised the issue that one of the factors should be "is it worth the effort-what's the bang for the buck?"

Some of the other criteria reviewed were:

- Revenue yield adequate and stability
- Reliable and predictable
- Cost efficiency in the application, collaboration and administration of sources
- Justice across demographic and income group
- Equity across the region
- Economic efficiency in balancing who pays benefits
- Political feasibility

- Technical feasibility

## V. Quick Thoughts on Expense Reduction Strategies

Randy Harrison talked to three techniques: (1) pick 1 or 2 efficiencies-do peer review (2) comparative analysis (3) innovation. Pick one and determine if there are significant savings

Patti Silverstein: Evaluate long term contracting options

Dave Techmanski: 65% in operating expenses-headcount, salaries—perhaps look at headcount reductions in relation to route cuts; look at feeder service-general population not aware of increase in feeder service as we roll out LRT-perhaps look at that relationship.

Dee Wisor: The issues are complex and more than just providing transit; Other economically sustainable issues for the region.

Dave Genova: Long term concessions; perhaps categorize cost reductions according to impact.

Bill James: Revenue enhancements-does not really see any new opportunities for cost reductions-RTD runs a lean machine.

Elena Wilkins: Look for innovative technologies that could replace some of the inefficiencies; asset management technology

Scott Reed: If we look at some of the cost per passenger or passenger subsidy would need to determine how that plays back into impact.

Dave Erb: Redundancy between express bus, etc; access-a-ride putting a cap on it. Perhaps RTD could take an aggressive/leadership role with other transit agencies to put a national focus on the negative impact of unfunded mandates.

Jack O'Boyle: Technologies to extend asset life; Look at performance measure by peer agencies and emulate some of the best

Matt Cohen: Getting help (relief) on Paratransit-unfunded mandates

Bill Christopher: 3 areas—(1) personnel—look at support and non-line related costs (2) fuel-create fuel consortium (3(electricity—solar sources

Bob Watkins: partnerships, privatization, productivity improvements

Mike Fitzgerald: relatively new to Colorado but made an observation that Colorado already is running lean in this economy and most government agencies are realizing efficiencies; he would perhaps look to privatization and use of air space

Mark Imhoff: Re-evaluate deployment of service and the criteria

John Tayer: Energy efficiencies, parking and establishing competitive service offerings (i.e. vanpools - jitneys) for routes going into neighborhoods-- Could be some more competitive services for these types of routes.

## VI. Closing Remarks

Dennis indicated that the Board members are always welcome to attend the meeting. The recommendations will come from the members of the Task Force. Committee Chair Tayer clarified this statement to say Board members are encouraged and solicited to provide input. The Task Force will provide a series of recommendations which will come before the full Board for voting and approval.

Dennis Donald reminded the Task Force the next meeting will be the Fiscal Sustainability Retreat, January 29 from 8-noon (hot breakfast served at 7:00 a.m.). The meeting will be in the Centennial Room at the Denver Athletic Club. Special guest will be Bill Millar, Outgoing President of American Public Transportation Association (APTA) who has a national perspective of transit financial challenges.

## VII. Adjournment

The meeting adjourned at 5:07 p.m.

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# RTD Long Term Fiscal Sustainability Task Force

Meeting # 5

January 29, 2011: 8:00am – 12:00pm

The Denver Athletic Club – 1325 Glenarm Place

-- Proposed Agenda --

**Meeting Goals:**

- Gain a national perspective about transit funding nationally from Bill Millar
- Brainstorm revenue enhancement strategies
- Review expense reduction strategies

7:15 Light Breakfast Available

8:00 Convene and Agree to Agenda

8:05 Introduction of Bill Millar, President of American Public Transportation Association (APTA)

8:10 Remarks by Bill Millar

8:30 Facilitated Q and A

9:00 Quick Review of Operative Problem Statement and Evaluation Criteria

9:05 Staff Input about RTD Expenses Based on Task Force Brainstorming and Peer Agency Analysis

9:20 Generate Revenue Enhancement and Discuss Expense Reduction Strategies

10:40 Break

11:00 Presentation and Facilitated Discussion about Task Force Reactions to Work Group Ideas

11:30 Perspective on What Has Been Produced: Bill Millar and Task Force Members

11:55 Closing Remarks from the Chair

12:00 Adjourn

RTD

# Fiscal Sustainability Task Force Retreat

## January 29, 2011

RTD

# Peer Analysis

| Agency | Location | Service Area Population | Service Area (Square miles) | Population per Square Mile | Fixed Route Operating Expense per Revenue Hour | Demand Response Operating Expense per Revenue Hour | Passengers per Revenue Hour | Revenue Hours per Capita |
|---|---|---|---|---|---|---|---|---|
| King County | Seattle Metro | 1,884,200 | 2,134 | 883 | $ 161.87 | $ 78.80 | 34.8 | 1.39 |
| Maryland Transit | Baltimore | 2,077,667 | 1,795 | 1,157 | $ 155.13 | $ 63.73 | 48.2 | 0.92 |
| Santa Clara Valley | San Jose | 1,808,056 | 326 | 5,546 | $ 153.06 | $ 73.95 | 27.0 | 0.71 |
| Allegheny Port Authority | Pittsburgh | 1,415,244 | 775 | 1,826 | $ 148.80 | $ 48.06 | 33.5 | 1.23 |
| Tri-County Metropolitan | Portland | 1,488,169 | 575 | 2,588 | $ 122.63 | $ 64.52 | 36.2 | 1.26 |
| Sacramento Transit | Sacramento | 1,097,932 | 277 | 3,964 | $ 121.96 | $ 79.97 | 27.2 | 0.59 |
| Metro Transit | Minneapolis | 1,858,545 | 624 | 2,978 | $ 121.13 | N/A | 33.8 | 1.06 |
| Utah Transit Authority | Salt Lake City | 1,744,417 | 1,412 | 1,235 | $ 120.85 | $ 91.01 | 22.8 | 0.52 |
| Greater Cleveland Transit | Cleveland | 1,412,140 | 458 | 3,083 | $ 115.92 | $ 94.29 | 26.6 | 1.02 |
| Dallas Area Rapid Transit | Dallas | 2,378,700 | 689 | 3,452 | $ 114.64 | $ 85.63 | 21.0 | 0.85 |
| Bi-State Dev. Agency | St. Louis | 1,230,000 | 449 | 2,739 | $ 97.77 | $ 58.45 | 26.2 | 1.01 |
| RTD[1] | Denver | [illegible] | [illegible] | [illegible] | $ [illegible] | $ [illegible] | [illegible] | [illegible] |
| San Diego Metro | San Diego | 2,220,359 | 406 | 5,469 | $ 78.99 | $ 60.95 | 31.2 | 0.73 |
| Average Excluding RTD | | [illegible] | [illegible] | [illegible] | $ [illegible] | $ [illegible] | [illegible] | [illegible] |
| | RTD Ranking of 13 | Largest | Largest | 2nd Smallest | 2nd Lowest | 2nd Lowest | 7th Highest | 5th Highest |

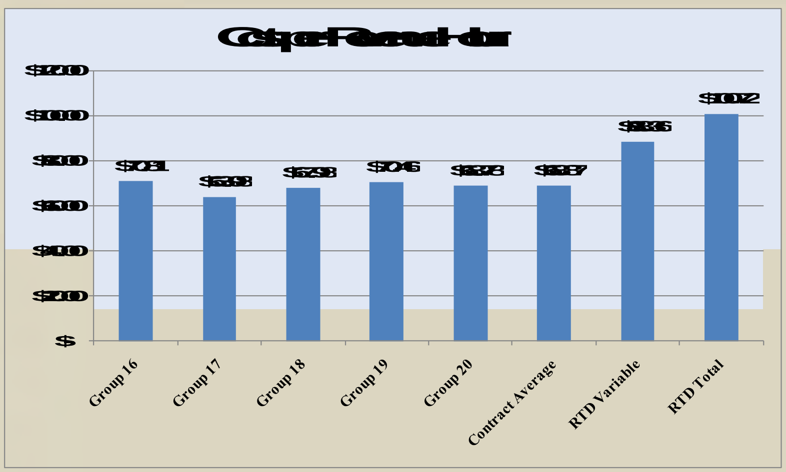
[1] Excludes North Front Range Metropolitan Planning Organization and DRCOG

*Source: 2009 National Transit Database*



RTD

# Comparison of RTD and Private Contract Costs - 2009

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**Memorandum**

| | |
|---|---|
| **To:** | Fiscal Sustainability Task Force Committee |
| **From:** | Paula Perdue, Executive Manager to the Board of Directors |
| **Date:** | February 3, 2011 |
| **Subject:** | Abbreviated Minutes of the Fiscal Sustainability Task Force Retreat January 29, 2011, 8:00 a.m. at the Denver Athletic Club |

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| | |
|---|---|
| **Board members present** | **Committee Members:** Committee Chair Tayer, Chair Kemp, Matt Cohen, Bill James, and Jack O'Boyle; **Other Directors:** Bruce Daly, Larry Hoy, William McMullen, and Tom Tobiassen |
| **RTD Staff Members:** | Assistant General Managers: Bruce Abel, Dave Genova, Doug McLeod, Carla Perez, Terry Howerter, CFO, Paula Perdue and Scott Reed |
| **Citizen Representatives:** | Bill Christopher, David Erb-CAC, Randy Harrison-Move Colorado, Mike Fitzgerald-SELP, Mark Imhoff-CDOT, Patty Silverstein-Development Research Partners, Dave Techmanski-Wells Fargo, Bob Watkins-Transit Aliance/Aurora Government, Elena Wilkin-CASTA and Dee Wisor-Sherman & Howard Bond Counseling. |
| **Others Present:** | Facilitators John Huyler and Dennis Donald, Osprey, **Special Guest:** Bill Millar, APTA President |
| Absent Task Force Members: | John Sackett--Avista Hospital |
| **Call to Order:** | Facilitator John Huyler convened the meeting at 8:00 a.m. |

## I. Convene

Facilitator John Huyler kicked the meeting off by thanking everyone for giving up their Saturday morning to do this. He stated the meeting goals: to gain a national perspective about transit funding from Bill Millar; to brainstorm about revenue enhancements and expense reduction strategies. He then turned it over to Chair Lee Kemp to introduce Bill Millar, APTA outgoing president.

Chair Kemp stated Mr. Millar had a long and engaging history with APTA having spent over 15 years in this position. Since coming to APTA, he has advocated tirelessly to expand APTA's reach and effectiveness, guiding it to legislative victories and dramatically increasing federal investment in public transportation. Prior to that, he served as a General Manager for the Pittsburgh transit agency. Mr. Millar is a well known expert in the field of public transportation and transportation policy.

## II. Remarks from Mr. Millar, APTA President

Mr. Millar introduced three topic areas that he would discuss:

1. Fiscal Challenges—Mr. Millar provided some statistics from a couple of surveys over the last two years showing that 84% of the transit systems have either raised fares, cut services, transferred money from capital projects, used reserves, laid off employees or some combination of all of the above. Of the biggest transit properties, some of the statistics show:
   - Service cuts 66%
   - Delayed improvements 69%
   - Fare increases 54%
   - Used reserves 54%

   On a national basis, he sees that ridership is starting to turn and has bottomed out. Services such as LRT are turning faster than bus service. An exception to this is Houston that has seen a 30% fare increase but has not seen the results expected. There is a point between what one can charge for the services and what people are willing to pay.

   Local support for transit remains good and strong with approximately 73% of transit ballot initiatives passed at a time that we are experiencing record economic challenges. People will support transit when we put together a good program which people can understand how they can benefit. 70-80% of the overall population support transit. On a state level, 45 report deficits and state aid to public transit has been cut drastically.

   On a federal level, SAFETY-LU has had 6 extensions and expects another extension in March. He is moderately optimistic of the support for transit based around three factors:
   - President Obama understands the impact of our transportation system (transit, roads and highways) on the quality of life. He actually explained its impact in the State of the Union address. He gets it.
   - House of Representatives—many returning and new members of the House are familiar with transit issues and understand the importance of federal legislation to assist with transit investments.
   - The Chair of the T&I Committee, John Mica, is pro transit and pro rail. While he will need to balance the various parties'

perspectives, he is willing to have the conversation as appropriate. He will be looking to advance projects that are going nowhere and to address process barriers, like doing different reviews concurrently.

- Mica is also very informed on the PPP. He is hosting a series of hearings across the country so it will be beneficial to get on his agenda if he comes to Denver.
- Within the Senate, there are three committees to watch: Banking, Public Works and Commerce. All of these committees have a direct or indirect impact on transit.

2. APTA Activities—APTA has taken a very proactive role in advocating on behalf of transit and its member organizations. In addition to its local grant coalition program that helps grassroots organizations, APTA has launched a major on-going campaign called "Public Transportation Takes us There." The National Alliance for Public Transportation Advocates (NAPTA) is a national grassroots advocacy organization supporting transit and community groups that advocate increased investment in public transportation. NAPTA is the grassroots voice for coalitions and individuals alike. The Center for Transportation Excellence (CFTE) is a non-partisan policy research center created to serve the needs of communities and transportation organizations nationwide. CFTE serves as the premier source of information on transit ballot initiatives and the campaigns that help achieve success.
   There are 109 new members of Congress this year. APTA is spending lots of time trying to educate new members of Congress about transit.

3. Actions Transit Agencies are Taking—What are other Transit Agencies doing?
   Some of the activities indentified by Mr. Millar included:
   - Cost savings side—very determined in putting everything on the table; using partnering services and looking at whole systems of routes and how to get the extra hours out (i.e. SERI in Miami Dade has been able to save approx $12M annually through looking at their route configurations). Pittsburgh and other agencies have gone through similar efforts.
   - Employee suggestions—individually these may be small but when a series of single ideas start to stack up, it can add to several hundred thousand of dollars. Such ideas include elimination of Sunday and holiday services and setting up agreements with other alternative, more cost effective services.
   - Advertising and Other Revenue—selling naming rights of stations (or some variation) (Ex: Cleveland with a 25 year deal on bus rapid, MBTA sampling program, four states, licensing sellers, Utah with fuel surcharges which automatically hike rates and cover fluctuations. Some have put a tax on alcoholic drinks).
   - Asset Management. What assets do you have and what can you

do with it? What land do you own? Can you lease it or do something with them? Tax increment financing or lease property adjacent to rail lines. Look at the Hong Kong model-48% farebox; 52% from real estate (i.e. value capturing).

- Possibility to outsource the collection of money to other businesses, such as banking, who have creative ways to use money or earn interest from it.Tax increment financing-lease property adjacent to rail lines

After Mr. Millar's brief presentation, the Task Force participated in a Q&A.

## III. Breakout Sessions

The facilitators set the stage for the breakout session to brainstorm revenue enhancements and expense reduction strategies. The Task Force was broken up into two groups. See some of the ideas generated by these groups below:

| Group 1 | Group 2 |
|---|---|
| **Low Hanging Fruits** | **Low Hanging Fruits** |
| Take fare recovery rate up to 30 percent by end of the decade | Augment advertising program |
| Selling of additional advertising/sponsorship | Naming rights |
| Partnerships with local jurisdictions | Licensing distribution of samples |
| Reduce/discourage use of cash for fares | Variable fare surcharge based on fuel cost fluctuations |
| Joint venture with private providers to provide renewable energy | Periodic land asset review |
| Contract services for others | Concessions |
| License permit fees for commercial activities (e.g. Christmas tree lots | Advertising on video monitors |
| Review use of air space | Provide courier services |
| **Tougher, but Worth Exploring** | **Tougher, but Worth Exploring** |
| Value capture re:TOD | Power utility investment in electric infrastructure for rail |
| More reliance on private sector for transit zone activities (i.e. special development districts) | Develop partnerships about value capture at stations for land, air rights, etc |
| Congestion pricing | Charging for parking |
| High Performance Transportation system (e.g. pricing with tolls will impact RTD demand) | Tolling and managed lanes for bus priority |
| Metro charge (per capita) for free bus service | Congestion Pricing |
| Cities doing more for local service | Demonstrate innovation in selected corridors |
| Legislation that excludes RTD (e.g. soda tax, vendor allowance) and reduces revenue | Use buses for special purposes such as ski trips |
| Parking fees (legislative restriction) | Potential inclusion of property tax in revenue stream |
| State sales increment for transit projects | |
| Motor vehicle registration fee | |
| Accommodation tax (room rentals) | |
| Consider sales tax increase but | |

| | |
|---|---|
| merge benefits for both base and FasTracks | |
| Expansion of sin tax (alcohol, tobacco, marijuana) | |
| Use of TIF | |
| RTD development impact fee | |
| Collecting our own sales tax | |
| **Stuff that now looks impossible** | |
| Property tax | |
| Head tax and occupation tax | |
| Income tax | |
| Statewide tax to support elderly and disabled | |

Some of the cost reduction ideas included:

- Cutting Sundays and holidays
- Systematic employee based input around service or expense reductions
- Service re-construction/optimization
- Analyze transit potential and match service to market
- Prioritization of revenue collection
- Funding depreciation
- Formal comprehensive energy audit

Need to see systematic inventory of all RTD cost reductions to-date

**Note: It is important to note that none of these ideas have been vetted or examined for reasonableness or soundness. This was strictly a brainstorming activity where all ideas were listed.**

## IV. Observations from the Brainstorming Activities

Mr. Millar made seven observations:

1. The groups merged and divorced several things (i.e. capital and operations)-no discussion on ongoing capital
2. Structural, one-time and continuous problems
3. Get a sense of goals (how much you want to affect through revenue, cost savings, etc)
4. Be honest with each other
5. Importance of employment involvement
6. Public will not accept hard stuff until the public is convinced we have done everything that can reasonably be done
7. Value capturing-could be fruitful to pursue

Observations from Task Force Committee members:

- Patty Silverstein thinks it beneficial to define how much from the expense versus the revenue we are targeting
- Carla Perez stated we need to update our conversation with the community over priorities and expectations of our customers. Perhaps we cannot continue to try to be all things to all people.
- Bruce Abel articulated the challenge as a need for a balance of philosophy around providing service versus increasing ridership—are we

trying to maximize service or maximize ridership? These are not the same.

- Director Tayer noted it is helpful to assess each (cost and revenue). We need to show the public we analyzed each of the possibilities and looked at potential benefits.
- Director James expressed this could be an opportunity to think about repositioning RTD in the community
- Dee Wisor questioned that if cuts are made and this drives less ridership, what is the impact to the community. We need to think about the greater good. What are the criteria we use as we evaluate our service?
- Mark Imhoff asked that as we deploy service, what are the criteria that we use? Could we bring new criteria in that helps maximize ridership?

## V. Closing Remarks

Director Tayer expressed the best part of the process is in knowing everyone who is part of the Task Force is deeply committed. There were a lot of different perspectives brought to the table and he is excited to take it to the next level. He thanked Jeff Lieb, Denver Post, for sharing his time with the committee and following the development of the process. He also thanked Bill Millar, APTA President who inspired the group to create innovative solutions.

Bill Millar stated that the work of the Fiscal Sustainability Task Force is essential.

## VI. Adjournment

The meeting adjourned at 12:00 p.m.

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RTD Long Term Fiscal Sustainability Task Force
Meeting # 6 – February 15, 2011
3:00 pm -- 5:00 pm
Proposed Agenda

**Meeting Goals**:

- Determine which revenue enhancements to pursue further and specify next steps
- Conduct policy discussion on replacement costs for rolling stock
- Identify other fundamental policy issues the Task Force should address

3:00 Convene and Agree to Agenda

3:05 Staff Overview of Efforts to Date to Increase Revenues

3:20 Potential Revenue Enhancements

- Introduction to Osprey Revenue Enhancement Table
- Identify which Revenue Enhancements to Pursue at this Time
- Determine How to Best Follow-up on Each Potential Enhancement

4:10 Policy Discussion: Replacement Costs for Rolling Stock

4:35 Thoughts About other Policy Issues Warranting Task Force Attention

- Service Standards: Optimizing RTD Service (e.g. Ridership or Coverage, Criteria for Evaluating Routes)
- How to Deal with the Variability in Sales Tax Revenues and Forecasts

4:45 Quick Review of Proposed Report Outline

4:50 Next Steps and Expectations for the March 8th Meeting

4:55 Closing Remarks from the Chair

5:00 Adjourn

| Potential Revenue Enhancement Actions | |
|---|---|
| Time Frame & Action | Explore Further |
| **Short Term**:<br><br>a. Augment advertising program<br>b. Naming rights<br>c. Easements for utilities<br>d. Periodic land asset review<br>e. Concessions; permits for commercial activities<br>f. Advertising on existing video monitors | |
| **Medium Term**:<br><br>a. Provide courier services<br>b. Variable fare surcharge (e.g., for fuel)<br>c. Charge for parking (privatization)<br>d. Privatize system in partnership with Excel<br>e. Use of buses for special purposes<br>f. Increase fare recovery rate<br>g. Partnerships with local jurisdictions (cost sharing)<br>h. Use of air space & other private development on RTD transit properties<br>i. Reverse legislation that excludes RTD from sales tax revenue (e.g., soda and vendor allowance)<br>j. Collecting our own sales tax | |
| **Long Term**:<br><br>a. Value capture (e.g., sales or property tax increments)<br>b. Tolling and managed lanes for bus priority<br>c. Congestion pricing<br>d. Property tax revenue stream<br>e. Metro charge (e.g., per capita, per vehicle) for free bus service<br>f. Motor vehicle registration fee<br>g. Accommodations tax<br>h. Sales tax increase for base service<br>i. Sin tax<br>j. RTD development impact fee<br>k. Head tax and/or occupation tax<br>l. Income tax<br>m. Statewide tax to support elderly or disabled | |

Potential Variables for Further Evaluation:

- Description
- Examples of best practices
- Pros
- Cons
- Potential impact
- Benefit versus cost

**Memorandum**

**To:** Fiscal Sustainability Task Force Committee

**From:** Paula Perdue, Executive Manager to the Board of Directors

**Date:** February 15, 2011

**Subject:** Minutes of the Fiscal Sustainability Task Force Meeting February 15, 2011, 3:00 p.m. in the RTD Room

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| | |
|---|---|
| **Board members present** | **Committee Members:** Committee Chair Tayer, Matt Cohen, Bill James, and Jack O'Boyle; **Other Directors:** Bruce Daly |
| **RTD Staff Members:** | Assistant General Managers: Bruce Abel, Dave Genova, Carla Perez, Terry Howerter, CFO, Paula Perdue and Scott Reed |
| **Citizen Representatives:** | Bill Christopher, David Erb-CAC, Randy Harrison-Move Colorado, Mike Fitzgerald-SELP, Mark Imhoff-CDOT, John Sackett-Avista Hospital, Patty Silverstein-Development Research Partners, , Bob Watkins-Transit Aliance/Aurora Government, Elena Wilkin-CASTA and Dee Wisor-Sherman & Howard Bond Counseling. |
| **Others Present:** | Facilitators John Huyler and Dennis Donald, Osprey, |
| AbsentTask Force Members: | Dave Techmanski, David Erb |
| **Call to Order:** | Facilitator Dennis Donald convened the meeting at 3:00 p.m. |

**I. Convene**

Facilitator Dennis Donald did a quick overview of the agenda and turned the meeting over to Terry Howerter, CFO for a review of the revenue enhancements and sources that the RTD Board of Directors has considered in the past.

Terry Howerter passed out a handout which listed the legally authorized revenue enhancements that RTD had considered:

- Advertising revenue
- Concessions revenue
- Lease revenue (DUS and Civic Center Air Rights)
- Sales Taxes

- Property Taxes
- Parking Fees
- Transit Oriented Development/Joint Development
- Congestion Pricing
- Certificate of Participation (COP)
- Private Activity Bonds (PABs)
- Fares
- Donations
- Value Capture/Beneficiary Charges
- Right of Way Leasing

Dee Wisor commented that it is somewhat misleading to consider financing (i.e. COPs, PABs) as a source of revenue.

Terry also identified some of the revenue enhancements which RTD has no current legal authority to pursue. Some of these include (but not limited to):

- Special assessment districts
- VMT Fee
- Tolling
- Business License Fees
- Tax Credit Bonds

For a complete list, please refer to the handout.

**II. Potential Revenue Enhancements/Osprey Revenue Enhancement Table**

The facilitators reviewed the list of potential revenue enhancements which came from the 1/28/11 Fiscal Sustainability Retreat. They used an affinity diagram type process using green dots for the committee to prioritize or select their top revenue enhancements. Each Task Force member had five green dots and one red which was used for identifying the enhancement which fell outside the window for consideration.

Mark Imhoff emphasized that identifying the potential revenue sources is important, but it is also imperative that we look at cost cutting for expenses. The facilitators indicated this will come later.

The committee discussed some of the criteria for consideration. Three of these included impact, ease of implementation and time frame. The target was to narrow this list of potential revenue enhancements down to 8 or 9 critical ones that will be further analyzed. Director Tayer stated that all of the ideas were good and should remain on the list for later review.

The revenue enhancement ideas that emerged with the highest number of green dots (6 or more) were:

- Value capture
- RTD Development Impact Fee
- Naming Rights
- Charge for parking fees
- Reverse legislation: re sales tax revenue

- Motor vehicle registration fee
- Congestion pricing
- Increasing fare recovery rate
- Tolling and managed lanes

Dee Wisor made an observation that if the focus of this Task Force is on sustainable actions, some of the items that made the list are not sustainable. Discussion occurred around when and how some of these items may be sustainable (i.e. value capture, naming rights)

The next step in the process was to combine similar or related revenue enhancement items together for grouping for sub-group analysis. These sub-group analysis teams consists of non-RTD Task Force members and RTD staff. The following table shows each group and the Task Members who volunteered to conduct further analysis:

| **Revenue Enhancement Action** | **Volunteers (Lead Indicated in Bold)** |
|---|---|
| Naming Rights | **Bill James**, Matt, Scott |
| Charge for parking (privatization) | **Bob Watkins,** David |
| Increase Fare Recovery Rate | **Matt Cohen,** Bruce Abel |
| Reverse legislation that excludes RTD from sales tax revenue (e.g. soda and vendor allowance); Collecting our own sales tax | **Dee Wisor,** Terry Howerter |
| Value Capture (e.g. sales or property tax increments); RTD development impact fee; partnerships with local jurisdiction | **Patty Silverstein,** Bob, John T, Dave E, Terry (Bill Sirois) |
| Tolling and managed lanes for bus priority; Congestion pricing | **Elena,** Randy, Carla |
| Motor vehicle registration fee | **Dee Wisor,** Carla |

## III. Replacement Costs for Rolling Stock

Facilitator John Huyler allowed for a few minute "faceoff" discussion led by John Sackett (Administrator for Avista Hospital) and Dee Wisor (Sherman and Howard Law Firm) concerning their respective positions on replacement costs for rolling stock (i.e. to add depreciation or not to the funding gap equation)

John Sackett shared his background as an administrator of a hospital that accounts for depreciation in its budgeting and his past role as a Louisville councilmember where he advocated and won to have depreciation included in the reserve. He feels this provides accountability and assists in the planning process of when to replace assets. This is a legitimate expense and when handled properly can also provide for flexibility.

Dee Wisor provided two reasons for his concern: (1) this negates what the Task force is trying to do. This would create two expense items with no added revenue to offset them (2) Constituents look at fund funds being accrued for this purpose may be mislead by this category and assume monies are available to be spent elsewhere. This could raise the eyebrow of our Legislative Committee who could request these funds be spent before new funds will be added-not a smart idea at the time we are contemplating going to the ballot for a tax increase. This is not a practice used by governmental entities today.

Several comments were made by the Task Force around these issues. Terry Howerter, CFO, offered up that he would favor more of a middle ground where some appropriate set aside could be included as part of ramping up for the replacement cost of rolling stock. Former Director Christopher agreed this would need to be a managed and gradual process.

**IV. Process for Report-Out to Board of Directors**

Director Tayer spoke about the "end game" for the Task Force work. How does the Task Force take all the work on revenue and expense reduction options, etc and draw it to a conclusion that is satisfactory and digestible to the Board of Directors? All of these items have been well discussed and we want to ensure that the Board has the benefit of our full deliberations. It may be that we do not come out with a silver bullet but several ideas for the Board to ponder. He believes the appropriate form for this information is a presentation, likely in PowerPoint form, and he shared a draft outline. He sees this as the most effective way to share the Task Force input on the key policies and actions it discussed, including any specific recommendations, while being sensitivity to the time that Task Force members have to devote to this effort and the information needs of the Board.

Former Director Christopher added that he concurs. The Board is used to receiving PowerPoint presentations. He would suggest that we send out about two weeks ahead some of the detail to be read in preparation for the presentation.

**V. Closing Remarks**

Director Tayer thanked everyone for their participation and actively engaging in the process. He indicated he had been asked by the US 36 Coalition to brief them on the work of the committee. He intends to focus on the process and sees this as an opportunity to get the word out about the Task Force efforts. He also has a blog "JohnTayer.org" where he discusses the process work of this Fiscal Sustainability Task Force and he has been briefing the Board on a monthly basis.

**VI. Adjournment**

The meeting adjourned at 4:57 p.m.

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*The Osprey Group*

# REGIONAL TRANSPORTATION DISTRICT

RTD Long Term Fiscal Sustainability Task Force
Meeting # 7 – March 8, 2011
2:30 pm – 4:30 pm
Proposed Agenda

**Meeting Goals**:

- Discuss the seven candidate revenue enhancement options
- Review approaches to sales tax volatility and replacement costs for rolling stock
- Set the stage for dealing with expense reduction strategies

2:30 Convene and Agree to Agenda

2:35 Potential Revenue Enhancements

- Present and Discuss Each of the Candidate Revenue Enhancement Options
- Determine Next Steps on Each

3:45 Identify Other Revenue Enhancement Possibilities that Merit Similar Analysis

4:00 Proposed Approach for Addressing Sales Tax Volatility in Future Forecasts

4:10 Proposed Approach for Creating a Reserve for Rolling Stock

4:20 Preview of Next Meeting: Expense Reduction Strategies

4:25 Closing Remarks from the Chair

4:30 Adjourn

**Memorandum**

**To:** Fiscal Sustainability Task Force Committee

**From:** Paula Perdue, Executive Manager to the Board of Directors

**Date:** March 8, 2011

**Subject:** Minutes of the Fiscal Sustainability Task Force Meeting March 8, 2011, 2:30 p.m. in the RTD Room

***

**Board members present** — **Committee Members:** Committee Chair Tayer, Matt Cohen, Bill James, and Jack O'Boyle; Chair Kemp
**Other Directors:** Bruce Daly, Larry Hoy, Kent Bagley

**RTD Staff Members:** Assistant General Managers: Bruce Abel, Dave Genova, Carla Perez, Terry Howerter, CFO, Paula Perdue and Scott Reed

**Citizen Representatives:** Bill Christopher, David Erb-CAC, Randy Harrison-Move Colorado, Mike Fitzgerald-SELP, Mark Imhoff-CDOT, John Sackett-Avista Hospital, Patty Silverstein-Development Research Partners, , Bob Watkins-Transit Alliance/Aurora Government, and Dee Wisor-Sherman & Howard Bond Counseling.

**Others Present:** Facilitators John Huyler and Dennis Donald, Osprey, Jeff Lieb-Denver Post

AbsentTask Force Members: Elena Wilkin-CASTA

**Call to Order:** Facilitator John Huyler convened the meeting at 2:31 p.m.

## I. Convene

Facilitator John Huyler opened up the meeting and introduced Phil Washington, General Manager, who shared a few words with the Task Force. He thanked the Task Force for the great work they are doing and for volunteering their services to assist RTD in tackling this great problem called "fiscal sustainability." RTD, like all transit agencies, is facing some major challenges with their operational budget so as we struggle with this issue, we enlisted the best minds of this community for creative and innovative ideas. The work of this Task Force is fundamental to our success. RTD is more than willing to open up our Kimono so that we can take advantage of the great and innovative minds that we have on this committee.

Director John Tayer shared with the Task Force the positive feedback and receptiveness that he received from the joint Board/Senior Leadership Teamretreat Saturday, March 5, 2011. The Board was excited to know what is being done by the Task Force and is focused on the deadlines to get information to them. In the prioritization of projects for next year, fiscal responsibility is a top priority. The Board was also very intrigued with the reserve policy. The Board was interested in ideas for curtailing access-a-ride costs and looks forward to seeing the results from the work of the Task Force.

**II. Discussion of the Potential Revenue Enhancements**

From the last meeting the Task Force had identified seven revenue enhancement opportunities about which sub-teams were asked to perform a high level evaluation of the feasibility for such an enhancement. Each of the team leads was asked to provide a synopsis of their report.

- Naming Rights—Bill James
- Charge for Parking-Bob Watkins
- Increase fare recovery rate—Bruce Abel (Director Cohen arrived later)
- Sales Tax –Dee Wisor
- Value Capture-Patty Silverstein
- Tolling and managed lanes for bus priority—Randy Harrison (Elena Wilkin was absent)
- Motor vehicle registration—Dee Wisor

Following the discussion, Task Force members were asked to indicate strong support, soft support or suggested elimination from further consideration that they will recommend to the Board. Provided below are the results:

| Candidate Revenue Actions | Strong "recommend to the Board" | Soft "recommend-needs further analysis" | Eliminate from further consideration |
|---|---|---|---|
| Naming Rights | 10 | 10 | 0 |
| Charge for parking (privatization) | 12 | 5 | 3 |
| Increase fare recovery rate | 14 | 5 | 0 |
| Sales tax:<br>a) Reverse legislation that excludes RTD from sales tax revenue (e.g. soda & vendor allowance) | 20 | 0 | 0 |
| b) Collecting our own sales tax | 14 | 4 | 1 |

| | | | |
|---|---|---|---|
| Value capture (i.e. option special district tax); Partnership with local jurisdictions | 19 | 0 | 1 |
| Tolling and managed lanes for bus priority; congestion pricing | 20 | 0 | 0 |
| Motor vehicle registration fee | 2 | 7 | 9 |

Dennis Donald summarized the results as:

**Top Tier:**

- Sales Tax exemption
- Tolling and managed lanes
- Value capture (option 4 of the proposal)

**Second Tier:**

- Collect own sales tax
- Fare recovery rate
- Charge for parking
- Naming rights

**Third Tier:**

- Motor Vehicle Registration Fee

Since the voting for charging for parking and naming rights had more split votes, the team discussed some of the thought processes that went into their choice. Dave Genova noted that there are 16,000 folks who use the RTD parking lots on a daily basis amongst the 200,000 daily transit trips. Bob Watkins was somewhat passionate that you must charge for parking to make TOD work. John Sackett noted that a simple payment mechanism would be critical. Director James discussed his "mark to market" concept which he felt would help manage the supply. On the positive side for this enhancement was the potential environmental benefit of discouraging folks from driving to transit stops. On the flip-side, charging for parking could discourage transit use, especially if patrons feel they are paying twice for the same service.

With respect to naming rights, John Sackett expressed that he thinks that scheme is too "gimmicky" and he objects to commercializing a public asset. The question was asked whether it was appropriate to apply revenue from advertising associated with FasTracks toward operation of the base system. On the positive side, it was noted that naming rights could be a good complement with TOD investments.

John Huyler asked if there were any other options not listed that someone felt passionate about and wanted to make an argument for consideration. David Erb spoke about the fact that our gas tax has been static for a number of years so it would be logical to adjust the tax and include "RTD as a transportation entity". Director James spoke about a "partnership with auto and transit". For a long time both of these modes have been looked at in silos. They need to embrace each other, "transit with auto." Director Tayer stated this would make an interesting philosophical discussion on how to marry transit with auto.

Former Director Christopher expressed that we need to look at alternate transportation sources where sales tax is based on the price of the product rather than a single rate per gallon. With respect to tolling, it was noted that the goal would be for RTD to simply engage in the state-wide conversation on this revenue mechanism.

Action Item: A sub-team consisting of David Erb, Carla Perez, John Tayer, Bill Christopher, Bruce Abel, and Chair Kemp would examine alternate transportation sources.

**III. Next Steps**

The Task Force will resume with looking at how to deal with sales tax volatility and capital replacement funding. (Expect presentations from Terry Howerter)

The March 29 meeting will a look at the expense side and use a similar process for analysis. Dennis Donald also thinks it would be good to have the discussion on what does RTD want to be (i.e. service ridership or coverage).

**IV. Closing Remarks**

Director Tayer expressed appreciation to all the volunteers for their time and for the abundance of ideas. He offered a small token of appreciation from the Board to the Citizen volunteers.

**V. Adjournment**

The meeting adjourned at 4:30 p.m.

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*The Osprey Group*

# REGIONAL TRANSPORTATION DISTRICT

RTD Long Term Fiscal Sustainability Task Force
Meeting # 8 – March 29, 2011
3:00 pm – 5:00 pm
Proposed Agenda

**Meeting Goals:**

- Discuss and agree on next steps on Transportation Revenue Support
- Review approaches to sales tax volatility and reserves for rolling stock replacement
- Review current expense reduction strategies, brainstorm and prioritize new possibilities, assign next steps

3:00 Convene and Agree to Agenda

3:05 Results from Transportation Revenue Support Work Group

3:35 Proposed Approach for Addressing Sales Tax Volatility in Future Forecasts

3:45 Proposed Approach for Creating a Reserve for Rolling Stock

3:55 Recent Expense Reduction Strategies

4:05 Potential Additional Expense Reductions

- Review Matrix of Expense Reduction Possibilities
- Brainstorm Additions
- Determine Relative Priorities
- Designate Working Groups for Top Ideas

4:50 Preview of Next Meeting

4:55 Closing Remarks from the Chair

5:00 Adjourn

# Base System Financial Position and Service Levels
# March 29, 2011

## Discussion

1. 2011 – 2016 Strategic Budget Plan (SBP) Issues
2. Impact of Sales Tax Update December 20, 2010
3. Sales Tax Volatility and Risk Mitigation
4. Sales Tax and Capital Replacement Fund
5. Sustainable Levels
6. Mitigation Actions Taken
7. Service Levels and Cost



## Strategic Budget Plan (SBP) – *Base System* Unadjusted

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2020 | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue and Other Income** | | | | | | | | | |
| Operating Revenue | $ 93.5 | $ 101.7 | $ 101.7 | $ 101.7 | $ 112.1 | $ 112.1 | $ 112.1 | $ 143.7 | $ 162.5 |
| Sales and Use Tax | 231.8 | 233.1 | 237.5 | 247.6 | 258.0 | 269.3 | 280.8 | 355.0 | 439.0 |
| Grant Revenue | 141.1 | 70.2 | 71.8 | 73.4 | 89.4 | 86.1 | 88.1 | 94.1 | 106.4 |
| Other Income | 6.1 | 7.0 | 7.0 | 7.3 | 7.3 | 7.3 | 7.4 | 2.1 | 2.4 |
| **Total Revenue and Other Inc** | **$ 472.5** | **$ 412.0** | **$ 418.0** | **$ 430.0** | **$ 466.8** | **$ 474.8** | **$ 488.4** | **$ 594.9** | **$ 710.3** |
| Op Expenses Ex Depreciation | 373.0 | 365.5 | 375.8 | 383.1 | 396.5 | 407.5 | 427.8 | 462.8 | 525.0 |
| **Income Before Int Inc/(Exp)** | **$ 99.5** | **$ 46.5** | **$ 42.2** | **$ 46.9** | **$ 70.3** | **$ 67.3** | **$ 60.6** | **$ 132.1** | **$ 185.3** |
| **Interest Income/(Expenses)** | | | | | | | | | |
| Interest Income | 5.3 | 4.7 | 4.6 | 4.8 | 5.0 | 4.9 | 4.6 | 4.2 | 6.9 |
| Interest Expense | (25.7) | (25.6) | (23.1) | (22.1) | (23.9) | (28.7) | (30.6) | (30.2) | (18.6) |
| **Total Other Income/(Expense)** | **$ (20.4)** | **$ (20.9)** | **$ (18.5)** | **$ (17.3)** | **$ (18.9)** | **$ (23.8)** | **$ (26.0)** | **$ (26.0)** | **$ (11.7)** |
| **Change in Net Assets (Income)** | **$ 79.1** | **$ 25.6** | **$ 23.7** | **$ 29.6** | **$ 51.4** | **$ 43.5** | **$ 34.6** | **$ 106.1** | **$ 173.6** |
| Capital Expenditures | (146.5) | (9.5) | (39.7) | (79.8) | (96.7) | (90.8) | (5.9) | (76.7) | (167.9) |
| **Use of/(Increases to) Reserves** | | | | | | | | | |
| Operating Reserve | (18.7) | 2.4 | (0.5) | (0.4) | (0.6) | (0.6) | (1.0) | (3.7) | (3.1) |
| **Total Reserve Change** | **(18.7)** | **2.4** | **(0.5)** | **(0.4)** | **(0.6)** | **(0.6)** | **(1.0)** | **(3.7)** | **(3.1)** |
| Debt Issued | 63.3 | - | 29.1 | 75.4 | 93.4 | 87.1 | - | 29.7 | 0.1 |
| Debt Payments | (65.5) | (50.3) | (53.2) | (45.8) | (50.9) | (56.0) | (65.3) | (66.6) | (32.0) |
| **Increase / (Decrease) TDR** | **$ (88.3)** | **$ (31.8)** | **$ (40.6)** | **$ (21.0)** | **$ (3.4)** | **$ (16.8)** | **$ (37.6)** | **$ (11.2)** | **$ (29.3)** |
| Beginning Net Assets / TDR | 126.5 | 38.2 | 6.4 | (34.2) | (55.2) | (58.6) | (75.4) | (112.9) | (124.2) |
| **Year End TDR / (Deficit)** | **$ 38.2** | **$ 6.4** | **$ (34.2)** | **$ (55.2)** | **$ (58.6)** | **$ (75.4)** | **$ (112.9)** | **$ (124.2)** | **$ (153.5)** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Sales and Use Tax % Increase** | **4.04%** | **0.56%** | **1.89%** | **4.25%** | **4.20%** | **4.38%** | **4.27%** |

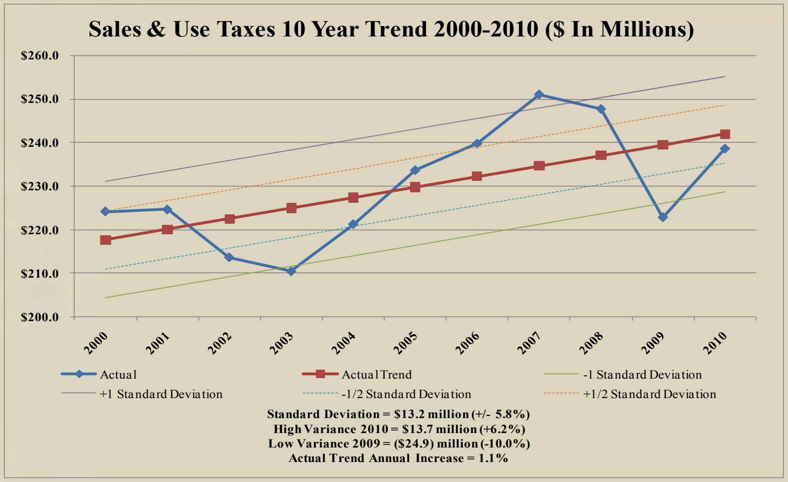


## Strategic Budget Plan (SBP) – *Base System Adjusted for December 2010 Revised Taxes*

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2020 | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue and Other Income** | | | | | | | | | |
| Operating Revenue | $ 93.5 | $ 101.7 | $ 101.7 | $ 101.7 | $ 112.1 | $ 112.1 | $ 112.1 | $ 143.7 | $ 162.5 |
| Sales and Use Tax | 238.6 | 242.0 | 250.4 | 264.2 | 275.6 | 287.8 | 300.2 | 355.0 | 439.0 |
| Grant Revenue | 141.1 | 70.2 | 71.8 | 73.4 | 89.4 | 86.1 | 88.1 | 94.1 | 106.4 |
| Other Income | 6.1 | 7.0 | 7.0 | 7.3 | 7.3 | 7.3 | 7.4 | 2.1 | 2.4 |
| Adjustment to balance the SBP | - | - | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 |
| **Total Revenue and Other Inc** | **$ 479.3** | **$ 420.9** | **$ 441.9** | **$ 457.6** | **$ 495.4** | **$ 504.3** | **$ 518.8** | **$ 605.9** | **$ 721.3** |
| Adjustment to balance the SBP | - | - | (11.0) | (11.0) | (11.0) | (11.0) | (11.0) | (11.0) | (11.0) |
| Op Expenses Ex Depreciation | 373.0 | 365.5 | 375.8 | 383.1 | 396.5 | 407.5 | 427.8 | 462.8 | 525.0 |
| **Income Before Int Inc / (Exp)** | **$ 106.3** | **$ 55.4** | **$ 77.1** | **$ 85.5** | **$ 109.9** | **$ 107.8** | **$ 102.0** | **$ 154.1** | **$ 207.3** |
| **Interest Income / (Expenses)** | | | | | | | | | |
| Interest Income | 5.3 | 4.7 | 4.6 | 4.8 | 5.0 | 4.9 | 4.6 | 4.2 | 6.9 |
| Interest Expense | (25.7) | (25.6) | (23.1) | (22.1) | (23.9) | (28.7) | (30.6) | (30.2) | (18.6) |
| **Total Other Income/(Expense)** | **$ (20.4)** | **$ (20.9)** | **$ (18.5)** | **$ (17.3)** | **$ (18.9)** | **$ (23.8)** | **$ (26.0)** | **$ (26.0)** | **$ (11.7)** |
| **Change in Net Assets (Income)** | **$ 85.9** | **$ 34.5** | **$ 58.6** | **$ 68.2** | **$ 91.0** | **$ 84.0** | **$ 76.0** | **$ 128.1** | **$ 195.6** |
| Capital Expenditures | (146.5) | (9.5) | (39.7) | (79.8) | (96.7) | (90.8) | (5.9) | (76.7) | (167.9) |
| **Use of/(Increases to) Reserves** | | | | | | | | | |
| Operating Reserve | (18.7) | 2.3 | (1.8) | (0.4) | (0.7) | (0.6) | (1.0) | (1.8) | (3.1) |
| **Total Reserve Change** | **(18.7)** | **2.3** | **(1.8)** | **(0.4)** | **(0.7)** | **(0.6)** | **(1.0)** | **(1.8)** | **(3.1)** |
| Debt Issued | 63.3 | - | 29.1 | 75.4 | 93.4 | 87.1 | - | 29.7 | 0.1 |
| Debt Payments | (65.5) | (50.3) | (53.2) | (45.8) | (50.9) | (56.0) | (65.3) | (66.6) | (32.0) |
| **Increase / (Decrease) TDR** | **$ (81.5)** | **$ (23.1)** | **$ (6.9)** | **$ 17.7** | **$ 36.2** | **$ 23.7** | **$ 3.8** | **$ 12.8** | **$ (7.3)** |
| Beginning Net Assets / TDR | 126.5 | 45.0 | 21.9 | 15.0 | 32.6 | 68.8 | 92.5 | 66.9 | 77.6 |
| **Year End TDR / (Deficit)** | **$ 45.0** | **$ 21.9** | **$ 15.0** | **$ 32.6** | **$ 68.8** | **$ 92.5** | **$ 96.3** | **$ 79.7** | **$ 70.3** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Sales and Use Tax % Increase** | **7.1%** | **1.4%** | **3.5%** | **5.5%** | **4.3%** | **4.4%** | **4.3%** |

## Sales & Use Tax Trend – *Base System*






## Strategic Budget Plan (SBP) – *Base System*
## *Adjusted for Capital Replacement Fund*

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2020 | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue and Other Income** | | | | | | | | | |
| Operating Revenue | $ 93.5 | $ 101.7 | $ 101.7 | $ 101.7 | $ 112.1 | $ 112.1 | $ 112.1 | $ 143.7 | $ 162.5 |
| Sales and Use Tax | 238.6 | 242.0 | 244.4 | 258.2 | 269.6 | 281.8 | 294.2 | 349.0 | 433.0 |
| Grant Revenue | 141.1 | 70.2 | 71.8 | 73.4 | 89.4 | 86.1 | 88.1 | 94.1 | 106.4 |
| Other Income | 6.1 | 7.0 | 7.0 | 7.3 | 7.3 | 7.3 | 7.4 | 2.1 | 2.4 |
| Adjustment to balance the SBP | - | - | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 |
| **Total Revenue and Other Inc** | **$ 479.3** | **$ 420.9** | **$ 440.9** | **$ 456.6** | **$ 494.4** | **$ 503.3** | **$ 517.8** | **$ 604.9** | **$ 720.3** |
| Adjustment to balance the SBP | - | - | (16.0) | (16.0) | (16.0) | (16.0) | (16.0) | (16.0) | (16.0) |
| Op Expenses Ex Depreciation | 373.0 | 365.5 | 375.8 | 383.1 | 396.5 | 407.5 | 427.8 | 462.8 | 525.0 |
| **Income Before Int Inc / (Exp)** | **$ 106.3** | **$ 55.4** | **$ 81.1** | **$ 89.5** | **$ 113.9** | **$ 111.8** | **$ 106.0** | **$ 158.1** | **$ 211.3** |
| **Interest Income / (Expenses)** | | | | | | | | | |
| Interest Income | 5.3 | 4.7 | 4.6 | 4.8 | 5.0 | 4.9 | 4.6 | 4.2 | 6.9 |
| Interest Expense | (25.7) | (25.6) | (23.1) | (22.1) | (23.9) | (28.7) | (30.6) | (30.2) | (18.6) |
| **Total Other Income/(Expense)** | **$ (20.4)** | **$ (20.9)** | **$ (18.5)** | **$ (17.3)** | **$ (18.9)** | **$ (23.8)** | **$ (26.0)** | **$ (26.0)** | **$ (11.7)** |
| **Change in Net Assets (Income)** | **$ 85.9** | **$ 34.5** | **$ 62.6** | **$ 72.2** | **$ 95.0** | **$ 88.0** | **$ 80.0** | **$ 132.1** | **$ 199.6** |
| Capital Expenditures | (146.5) | (9.5) | (39.7) | (79.8) | (96.7) | (90.8) | (5.9) | (76.7) | (167.9) |
| **Use of/(Increases to) Reserves** | | | | | | | | | |
| Capital Replacement Fund | - | - | (6.0) | (6.0) | (6.0) | (6.0) | (6.0) | (6.0) | (6.0) |
| Operating Reserve | (18.7) | 2.3 | (1.5) | (0.4) | (0.7) | (0.6) | (1.0) | (1.8) | (3.1) |
| **Total Reserve Change** | **(18.7)** | **2.3** | **(7.5)** | **(6.4)** | **(6.7)** | **(6.6)** | **(7.0)** | **(7.8)** | **(9.1)** |
| Debt Issued | 63.3 | - | 29.1 | 75.4 | 93.4 | 87.1 | - | 29.7 | 0.1 |
| Debt Payments | (65.5) | (50.3) | (53.2) | (45.8) | (50.9) | (56.0) | (65.3) | (66.6) | (32.0) |
| **Increase / (Decrease) TDR** | **$ (81.5)** | **$ (23.1)** | **$ (8.7)** | **$ 15.7** | **$ 34.2** | **$ 21.7** | **$ 1.8** | **$ 10.8** | **$ (9.3)** |
| Beginning Net Assets / TDR | 126.5 | 45.0 | 21.9 | 13.2 | 28.9 | 63.0 | 84.8 | 69.2 | 99.9 |
| **Year End TDR / (Deficit)** | **$ 45.0** | **$ 21.9** | **$ 13.2** | **$ 28.9** | **$ 63.0** | **$ 84.8** | **$ 86.6** | **$ 79.9** | **$ 90.6** |
| **Sales and Use Tax % Increase** | **7.1%** | **1.4%** | **1.0%** | **5.6%** | **4.4%** | **4.5%** | **4.4%** | | |



## Sustainable Operating Level

| | 2012 SBP [1] | | 2012 SBP [2] | |
|---|---|---|---|---|
| | Unadjusted Taxes | % of Taxes | Adjusted Taxes | % of Taxes |
| **Sales and Use Tax** | **$ 250.4** | | **$ 244.4** | |
| Debt Payments | (53.2) | -21% | (53.2) | -22% |
| Interest Payments | (23.1) | -9% | (23.1) | -9% |
| Investment Income | 4.6 | | 4.6 | |
| **Net Debt Service** | **(71.7)** | -29% | **(71.7)** | -29% |
| Sales Tax Available for Capital/Ops | $ 178.7 | 71% | $ 172.7 | 71% |
| Operating Revenue | 101.7 | | 101.7 | |
| Grant Revenue | 71.8 | | 71.8 | |
| Other Income | 7.0 | | 7.0 | |
| *Revenue Enhancement* | *11.0* | | *16.0* | |
| **Available for Operations & Capital** | **$ 370.2** | | **$ 369.2** | |
| Operating Expenses (ex depreciation) | (375.8) | | (375.8) | |
| *Cost Reductions* | *11.0* | | *16.0* | |
| **Sustainable Level of Operations** | **$ (364.8)** | | **$ (359.8)** | |
| **Under/(Over) Utilization** | **$ 5.4** | | **$ 9.4** | |
| Capital Expenditures | (39.7) | | (39.7) | |
| Debt Issued | 29.1 | | 29.1 | |
| Reserve Use | (1.7) | | (1.5) | |
| Capital Replacement Fund | - | | (6.0) | |
| **Increase / (Decrease) TDR Reserve** | **$ (6.9)** | | **$ (8.7)** | |
| **TDR Reserve Balance** | **$ 15.0** | | **$ 13.2** | |

[1] Adjusted for revised sales & use tax forecast

[2] Adjusted for conservative sales & use tax forecast and $6 m annual capital replacement fund



## Mitigation Actions Taken

| (In Millions) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Fare Increase | $ 10.1 | $ - | $ 8.2 |
| Capital Deferral | 6.3 | 2.5 | - |
| Cost Controls | 5.8 | 0.4 | - |
| Service Reductions | 4.8 | 0.7 | 2.0 |
| Salary Freeze | 2.0 | 2.0 | 2.0 |
| Fuel Lock Savings | - | - | 3.2 |
| Operating Reserve Use[1] | - | - | 2.0 |
| Vacancy Savings[2] | - | 1.9 | - |
| Travel Reduction | 0.3 | - | 0.2 |
| Voluntary Furloughs[3] | - | 0.3 | 0.1 |
| Sick Day Elimination[4] | - | - | 0.4 |
| **Total Cost Reductions** | **$ 29.3** | **$ 7.8** | **$ 18.1** |

[1] The operating reserve represents 5% of operating expenses, however the reduction in 2011 results in a 4.5% reserve.

[2] Vacancy savings result from not filling open positions.

[3] Voluntary furloughs may be taken for up to three days by salaried employees. Each day taken by all salaried personnel represents $0.1.

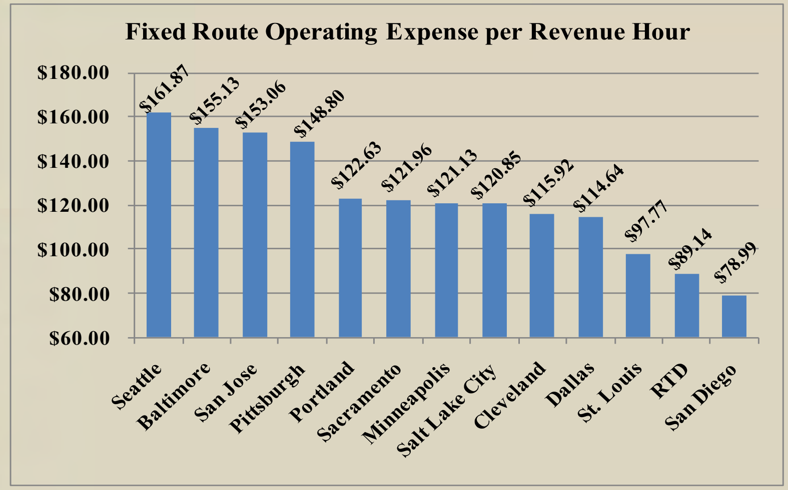
[4] Includes the impact of eliminating 2 sick days from salaried employees.

# Peer Agency Comparison

| Agency | Service Area Population | Service Area (Square miles) | Population/ Square Mile | Fixed Route Op Exp/ Revenue Hour | Fixed Route Boardings/ Revenue Hour | Fixed Route Revenue Hours/ Capita | Demand Response Op Exp/ Revenue Hour | Demand Response Boardings/ Revenue Hour |
|---|---|---|---|---|---|---|---|---|
| Seattle | 1,884,200 | 2,134 | 883 | $ 161.87 | 34.8 | 1.39 | $ 78.80 | 1.74 |
| Baltimore | 2,077,667 | 1,795 | 1,157 | $ 155.13 | 48.2 | 0.92 | $ 63.73 | 1.54 |
| San Jose | 1,808,056 | 326 | 5,546 | $ 153.06 | 27.0 | 0.71 | $ 73.95 | 2.39 |
| Pittsburgh | 1,415,244 | 775 | 1,826 | $ 148.80 | 33.5 | 1.23 | $ 48.06 | 2.41 |
| Portland | 1,488,169 | 575 | 2,588 | $ 122.63 | 36.2 | 1.26 | $ 64.52 | 2.01 |
| Sacramento | 1,097,932 | 277 | 3,964 | $ 121.96 | 27.2 | 0.59 | $ 79.97 | 1.79 |
| Minneapolis | 1,858,545 | 624 | 2,978 | $ 121.13 | 33.8 | 1.06 | N/A | N/A |
| Salt Lake City | 1,744,417 | 1,412 | 1,235 | $ 120.85 | 22.8 | 0.52 | $ 91.01 | 2.37 |
| Cleveland | 1,412,140 | 458 | 3,083 | $ 115.92 | 26.6 | 1.02 | $ 94.29 | 2.06 |
| Dallas | 2,378,700 | 689 | 3,452 | $ 114.64 | 21.0 | 0.85 | $ 85.63 | 2.28 |
| St. Louis | 1,230,000 | 449 | 2,739 | $ 97.77 | 26.2 | 1.01 | $ 58.45 | 2.06 |
| *RTD*[1] | *2,619,000* | *2,326* | *1,126* | *$ 89.14* | *28.2* | *1.05* | *$ 53.63* | *1.77* |
| San Diego | 2,220,359 | 406 | 5,469 | $ 78.99 | 31.2 | 0.73 | $ 60.95 | 2.54 |
| Avg w/o RTD | 1,717,952 | 827 | 2,910 | $ 126.06 | 30.7 | 0.94 | $ 66.61 | 1.93 |
| RTD Rank of 13 | Largest | Largest | 2nd Lowest | 2nd Lowest (Very Good) | 7th Lowest (Mediocre) | 5th Highest (Relatively High) | 2nd Lowest (Very Good) | 3rd Worst (Not Good) |

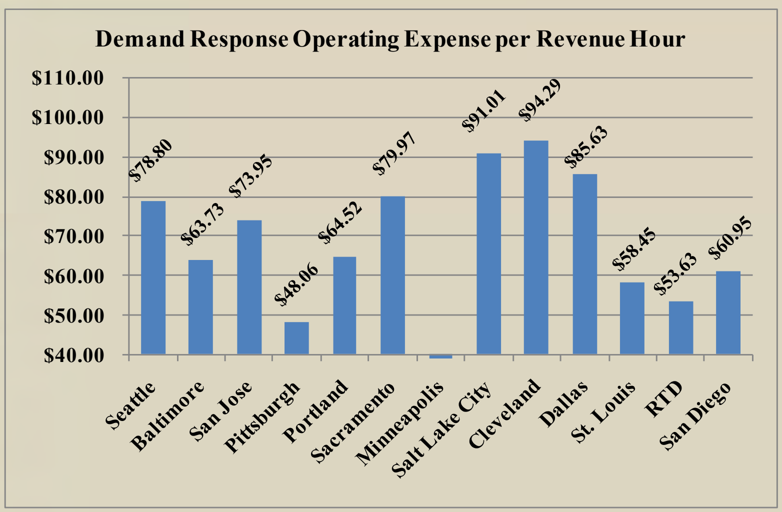


# Peer Agency Comparison (Continued)






# Peer Agency Comparison (Continued)

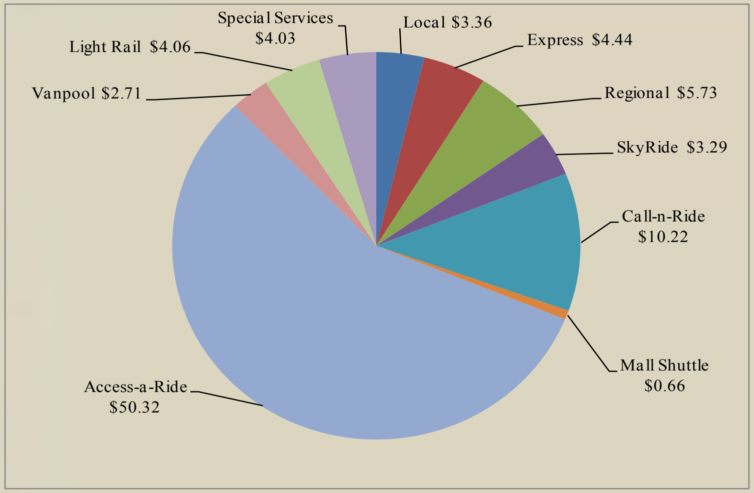





# Service Performance by Mode

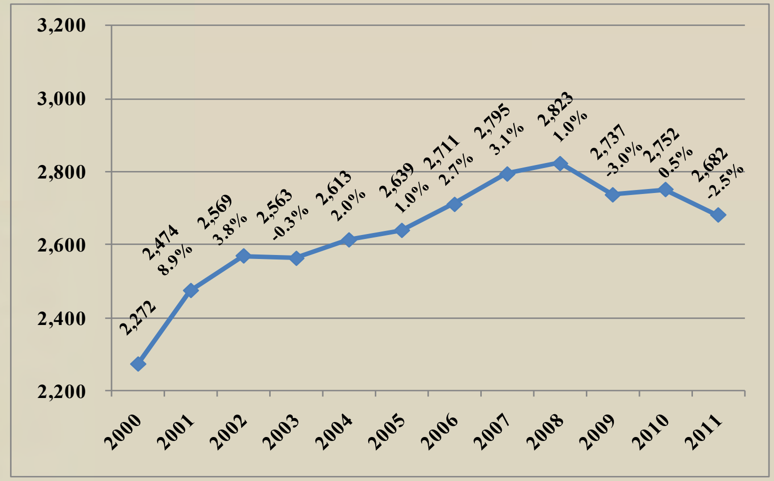
| Mode | Passengers (in Millions) | Expenses (in Millions) | Revenue (in Millions) | Revenue per Boarding | Cost per Boarding | Subsidy per Boarding | Cost Recovery Ratio |
|---|---|---|---|---|---|---|---|
| Local | 55.1 | $ 235.3 | $ 49.7 | $ 0.90 | $ 4.26 | $ 3.36 | 21.1% |
| Express | 2.1 | 13.6 | 4.1 | 1.98 | 6.33 | 4.44 | 30.1% |
| Regional | 3.5 | 30.2 | 10.1 | 2.89 | 8.62 | 5.73 | 33.4% |
| SkyRide | 2.0 | 16.5 | 9.9 | 4.86 | 8.15 | 3.29 | 60.0% |
| Call-n-Ride | 0.5 | 5.9 | 1.0 | 2.35 | 12.30 | 10.22 | 16.9% |
| Mall Shuttle | 14.4 | 9.5 | - | - | 0.66 | 0.66 | 0.0% |
| Access-a-Ride | 0.7 | 34.8 | 1.6 | 2.44 | 52.76 | 50.32 | 4.6% |
| Vanpool | 0.4 | 2.2 | 1.1 | 2.90 | 5.77 | 2.71 | 50.0% |
| Light Rail | 19.8 | 98.6 | 18.4 | 0.93 | 4.99 | 4.06 | 18.7% |
| Special Services | 0.2 | 1.6 | 0.7 | 3.88 | 7.24 | 4.03 | 43.8% |
| **Total** | **98.7** | **$ 448.2** | **$ 96.6** | **$ 0.99** | **$ 4.54** | **$ 3.56** | **21.6%** |

## Subsidy per Boarding



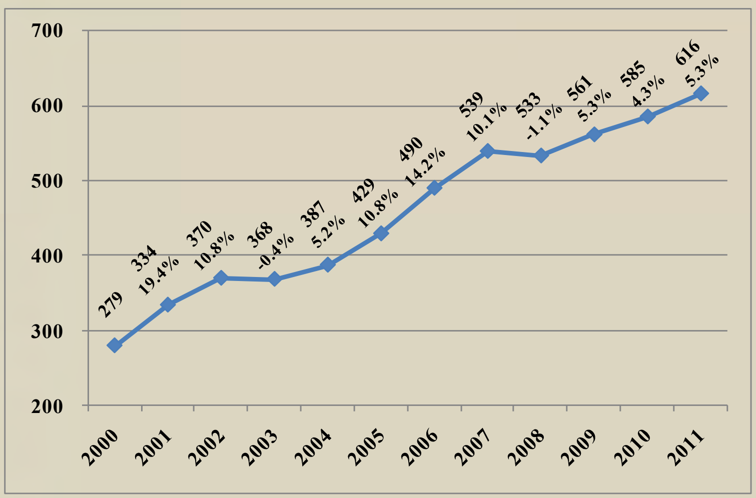



## Fixed Route Service Hours (in Thousands)





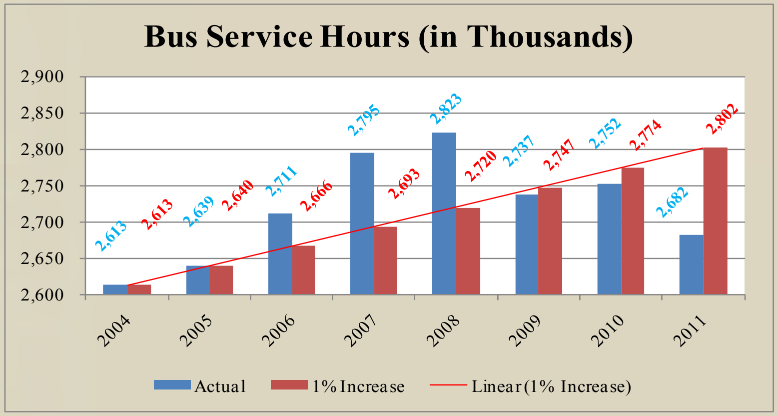

## Demand Response Service Hours (in Thousands)





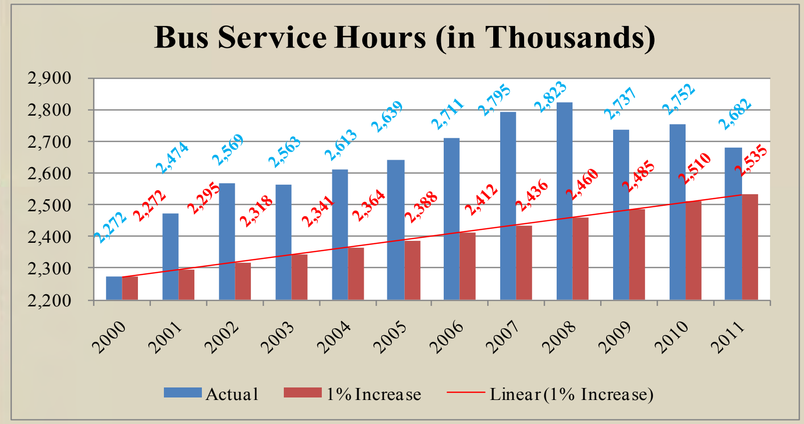

## Changes in Sales & Use Taxes vs. Fixed Route Service Hours

# Bus Service Hours 2004-2011






# Bus Service Hours 2000-2011



## Expense Reduction Possibilities

- Peer review/comparative analysis of innovative practices
- Evaluate long-term contracting options
- Headcount reductions in conjunction with service reductions
- Review feeder system requirements as related to LRT implementation
- Review long-term concessions
- Look at innovative technologies to enhance efficiency
- Invest in solar to reduce long-term expenses
- Reduce parking maintenance expense (e.g., trash, landscaping)
- Create a fuel consortium with CDOT, CCD and others
- Establish competitive service offerings (e.g., vanpools)
- Apply technologies to extend asset lives
- Look for relief from paratransit unfunded mandates
- Privatizations
- Productivity improvements
- Cutting Sunday and holiday service
- Systematic inventory of all expense cuts to date
- Systematic employee-based expense reduction program
- Service restructuring and optimization (beyond mere service reductions)
- District-wide visioning process about desired services and their costs
- Analyze transit potential to match services to the market for them
- Privatize cash handling
- Conduct formal, comprehensive energy audit
- Analyze possible savings by increasing ridership cost efficiency

**Memorandum**

**To:** Fiscal Sustainability Task Force Committee

**From:** Paula Perdue, Executive Manager to the Board of Directors

**Date:** March 29, 2011

**Subject:** Minutes of the Fiscal Sustainability Task Force Meeting March 29, 2011, 3:00 p.m. in the RTD Room

***

| | |
|---|---|
| **Board members present** | **Committee Members:** Committee Chair Tayer, Matt Cohen, Bill James, and Jack O'Boyle; |
| **Other Directors:** | Bruce Daly, Kent Bagley |
| **RTD Staff Members:** | Assistant General Managers: Bruce Abel, Dave Genova, Terry Howerter-CFO, Scott Reed, Paula Perdue and Brian Iacono for Carla Perez |
| **Citizen Representatives:** | Bill Christopher, David Erb-CAC, Randy Harrison-Move Colorado, Mike Fitzgerald-SELP, Patty Silverstein-Development Research Partners, Dave Techmanski-Wells Fargo, Bob Watkins-Transit Alliance/Aurora Government, and Dee Wisor-Sherman & Howard Bond Counseling. |
| **Others Present:** | Facilitators John Huyler and Dennis Donald, Osprey, Jeff Lieb-Denver Post |
| Absent Task Force Members: | Mark Imhoff-CDOT, Carla Perez-RTD, John Sackett-Avista, Elena Wilkin-CASTA and Chair Kemp |
| **Call to Order:** | Facilitator John Huyler convened the meeting at 3:00 p.m. |

**I. Convene**

Facilitator John Huyler opened up the meeting and turned it over to David Erb to present the results from the Transportation Revenue Support Work Group.

**II. Results from Transportation Revenue Support Work Group**

David referred to the one page memorandum that had been submitted by the members of this subcommittee: David Erb, Carla Perez, Randy Harrison, Bill

James and Bruce Abel. A copy of this memorandum is included in the minutes notebook located in the Board office.

Dave indicated that the group concluded that expansion of the gas tax was not the way to go. He referenced the work performed by Governor Ritter's Blue Ribbon Transportation Panel which was a sea-changing, culture shifting event because of its multimodal focus. This panel identified the need for additional $1.5 billion in annual funding to address needs across the state's transit/transportation program areas. He noted the inter-dependence of various highway and transit/transportation related issues and the acknowledgement that multimodal transit which includes RTD should be the focus.

The subcommittee recommends that RTD place an emphasis on tracking the ongoing discussion of the prospective consolidated funding of transit and other transportation needs within the State of Colorado to assure themselves a seat at the right table and at the right time, to shape the policies, and ultimately determine how the transit/transportation funding pie is split among the State's many urgent transit/transportation funding requirements.

Discussion from the Task Force:

- Randy Harrison stated that there is no silver bullet as it relates to this topic. He indicated that the direction of change for the future appears to be moving to multimodal transportation working in RTD and the State of Colorado. Move Colorado will be hosting a symposium in June regarding funding based on miles travelled and there will be lots of discussion around this issue. He contends that the collaborative financing taking place along the US 36 between RTD and CDOT is evidence that revenue sharing will be the new direction.
- Director James added that he thinks the pressure for sea changing cultural shifting events as related from the Blue Ribbon Transportation Panel will facilitate collaborative funding considerations.
- Former Director Christopher agreed with the premise provided by Randy for a combination of funding sources but still noted he thinks it merits consideration for sales taxes on the cost of the product versus on the amount of consumption. He also expressed concern that if we add a sales tax approval, the combined effect on the consumer would be around a total 10% sales tax which could generate pushback. We need to look at applying a tax on the commodity.
- Director Tayer thanked everyone for the discussion and the willingness to take a look at this issue. He shared that the expansion of gas tax or some other tax source, with the option of partnering with other transportation needs, is the big Kahuna that needed to be discussed and brought to the table.
- Bruce Abel agreed there is no single solution but that the challenge will require a package of solutions. We need to take a holistic perspective. Does RTD need to reconsider its role (i.e. singular versus part of a consolidated initiative)?
- Director O'Boyle commented on the Federal and State excise tax and noted that some states already have sales tax on gasoline purchases and this may

not need to go to the Legislature.

The subcommittee's report will be included as part of the Task Force's recommendations to the RTD Board.

## III. RTD Base System Financial Position and Service Levels

Terry Howerter and Bruce Abel provided a presentation on a proposed approach for addressing sales tax volatility in future forecasts and a proposed approach for creating a reserve for rolling stock. A copy of this presentation is available in the minutes notebook located in the Board office.

Page 5 of this presentation highlights the issue of sales tax volatility and provides a forecast scenario if a ½ standard deviation is applied or if a full standard deviation is applied. Terry Howerter, CFO, proposed using a ½ standard deviation or $6M in the forecast. Page 6 of this presentation presented a scenario for using a conservative sales tax estimate model and applying the $6M to the capital replacement fund.

Terry Howerter also provided information on the mitigation actions that have been taken to date by the Board from 2009 to 2011.

Bruce Abel spoke about the fact that RTD's only real product is hours of service. It can then measure the cost of what it takes to put 1 hour of service on the street.
He reviewed the peer agency comparison on a number of measurements noting that RTD is the 2nd lowest for cost on the fixed route operating expense revenue hour while boardings are somewhat on the low end but the fixed route revenue hours per capita is at 1.05, a relatively high number. He noted on page 17 the correlation between the changes in sales and use taxes versus fixed route service hours. On page 18 he addressed the question asked about the 1% increase that had been approved by the Board to take effect beginning in 2004 and noted that overall, RTD had met its commitment. However, in the year 2011, the actual bus service hours are significantly less than the 1% or linear increase.

Facilitator John Huyler asked for a "thumbs up" vote from the group on if they think the proposed approach to use the ½ standard deviation for forecasting was reasonable. The majority of the Task Force agreed, with only three believing it needs more thought (thumb to the side, but not down). Nobody opposed the concept outright.

Comments from those expressing concern included:

- Former Director Christopher expressed this would put a squeeze on added sales tax revenues going to expanding bus service. The Denver metro area is continuing to expand but RTD does not have the ability to provide service to these new areas.

- Director Tayer commented about when budgeting to the average, this seems sufficient to address the high and low sales tax fluctuations.
- Mike Fitzgerald took the opposing view in stating this may not be cautious enough.
- Patti Silverstein expressed concern over what happens in the future years of unknown. Right now we have a base to extrapolate from but what happens when it is totally unpredictable.
- Terry Howerter commented that the way this model is built provides lots of flexibility.
- Director James commented that the degree to which it may vary is described by the blue line on the chart.

Facilitator Huyler asked for a "thumbs up" on the question of funding a capital replacement fund. Almost all Task Force members agreed, with one person saying it needs more consideration (thumb to the side, but not down) and nobody opposed.

Dee Wisor noted that this is a good thing to do in theory but when it gets challenged by the public at a Board meeting where other needs are argued to be more pertinent or immediate (i.e. union negotiations and wanting to use the reserve funds for other things, constituents concerned over loss of route, etc) will the Board have the political backbone to make this decision to only use the reserve for the purpose designed.
Director Tayer acknowledged Dee's concerns and noted the Board will need to investigate the points Dee makes before deciding on any policy around this.
Director James reflected that the Board will need to remember the basis for this decision 4-5 years hence.

## IV. Potential Additional Expense Reductions

The Task Force spent the remainder of the time reviewing the list of expense reduction possibilities, consolidating like items and identifying the top items for further exploration.

| Expense Reduction Possibilities | Committees |
|---|---|
| Technology and Energy Innovation (i.e. expanded user of solar, technology to extend asset lives, peer reviews and a comprehensive energy audit) | Randy (Chair), Mike, Bob, Matt, Dave Erb, Dave Genova |
| Service Optimization (May include alternative approaches to optimize service delivery, examine ways to increase ridership cost efficiency, reconsideration of the call-n-ride program such as the use of taxis, feed system requirements and an overall visioning process about RTD's desired level of service and accompanying | Mark Inhoff (Chair), Patty, Carla, Bruce and John Tayer |

| | |
|---|---|
| costs. | |
| Paratransit<br>(includes focus on approaches for how paratransit demand might be met differently_ | Bill Christopher (Chair), Bruce, Bill James and Elena Wilkin |
| Privatization<br>(This topic is broad and could include such things as how RTD approaches long term contracting and long term concessions or creative and more cost-effective approaches for cash handling | Dee Wisor (Chair)<br>Dave Techmanski, Dave Genova, Terry Howerter, John Tayer and Jack O'Boyle |

The facilitators will provide a template for the subcommittees to use similar to that provided for revenue enhancements.

**V. Closing Remarks**

Director Tayer simply stated thank you, thank you, thank you to the Committee for all their hard work and endurance. We have done much of the heavy lifting. He thanked the Task Force for their commitment and energy.

**VI. Adjournment**

The meeting adjourned at 5:00 p.m.

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# REGIONAL TRANSPORTATION DISTRICT

RTD Long Term Fiscal Sustainability Task Force
Meeting # 9 – April 19, 2011
3:00 pm – 4:55 pm
Proposed Agenda

**<u>Meeting Goals</u>:**

- Discuss and determine which of the four priority expense reduction strategies should be included as recommendations to the Board
- Reviewand confirm the two capstone fiscal policy recommendations

3:00 Convene and Agree to Agenda

3:10 Priority Expense Reduction Strategies

- Technology and Energy Innovation
- Service Optimization
- Paratransit
- Privatization

4:20 Review the Capstone Policy Recommendations

- Sales Tax Projections
- Funding Capital Replacements

4:45 Next Steps and Preview of Next Meeting

4:50 Closing Remarks from the Chair

4:55 Adjourn

**Memorandum**

**To:** Fiscal Sustainability Task Force Committee

**From:** Paula Perdue, Executive Manager to the Board of Directors

**Date:** April 20, 2011

**Subject:** Minutes of the Fiscal Sustainability Task Force Meeting April 19, 2011, 3:00 p.m. in the RTD Room

***

**Board members present** — **Committee Members:** Committee Chair Tayer, Matt Cohen, and Bill James

**Other Directors:** Bruce Daly, Kent Bagley, Larry Hoy

**RTD Staff Members:** Assistant General Managers: Bruce Abel, Terry Howerter-CFO, Scott Reed, and Carla Perez; Paula Perdue

**Citizen Representatives:** Former Director Bill Christopher, David Erb-CAC, Randy Harrison-Move Colorado, Mike Fitzgerald-SELP, John Sackett-Avista, Patty Silverstein-Development Research Partners, Dave Techmanski-Wells Fargo, Bob Watkins-Transit Alliance/Aurora Government, Elena Wilkin-CASTA, and Dee Wisor-Sherman & Howard Bond Counseling.

**Others Present:** Facilitators John Huyler and Dennis Donald, Osprey

Absent Task Force Members: Dave Genova, Mark Imhoff-CDOT, Director O'Boyle

**Call to Order:** Facilitator John Huyler convened the meeting at 3:00 p.m.

## I. Convene

Facilitator John Huyler opened up the meeting and turned it over to Dennis Donald to facilitate through the priority expense reduction strategies.

## II. Priority Expense Reduction Strategies

- Technology and Energy Innovation—Randy Harrison provided the high level summary on behalf of the sub-group. The sub-group recommended that the draft RFP for a performance contract to conduct a comprehensive energy audit and install subsequent improvements is revisited. They also identified other actions including a long term perspective for efforts to apply technological innovation to RTD operations to help achieve cost savings and to amplify the innovative brand that RTD has already achieved through FasTracks and P3.

Director Tayer commended the team for the good work and noted the need to pursue these innovative solutions along with the General Manager's tactical plan for innovative solutions.
Carla Perez noted that RTD is doing some of these things already and that a structure is in place. These efforts are scattered throughout and not under one program. What is needed is to package and brand effectively.
Director Cohen commented on the need to look at this holistically. This will involve a significant cultural shift within the agency-change in behavior and practices. This will require a culture that is nimble and can respond to energy technology quickly.
Dee Wisor cautioned that sometimes being green does not necessarily reflect green in the wallet. Chair Kemp emphasized that we want to be on the leading edge, not the bleeding edge.

- Service Optimization—Patty Silverstein provided the high level summary for this sub-group. She defined the two big challenges as What is the mission of RTD and What does RTD want to be when it grows up? Before we can improve service efficiency, these big picture questions must be resolved. Director Tayer acknowledged this is a political minefield for the agency but a necessary discussion.
  Chair Kemp noted the Board has this discussion at least three times a year when Operations presents service options. This presents a great political impact and challenge. It does however need to be kept in front of the Board at all times.
  Bob Watkins offered up another way of looking at this to increase ridership without adding more to the non-trunk system. He provided examples of walking and bicycling to increase modal options for feeder/connecting services. This would require RTD to partner with other regional efforts.
  Director James commented that we need to put all the modal services in perspective. Service optimization, run Boards, etc are all part of the job. Our part will be to educate our constituents about the notion of cost-effective service options.
  John Sackett recognized the political challenges but stated RTD should do as much as they can. The Task Force gives recommendations that may help the Board to handle the political fallout.
  Bruce Abel explained how RTD currently redeploys resources as new corridors come on line (i.e. increase more feeder services that run all day versus cross-city trips). They continue to optimize service based on standards which were approved by the Board.
  Chair Kemp reiterated that the ideas flowing from this Task Force were solid and need to be in front of the Board at all times. The challenge is how to operate a sustainable system and it takes the free flowing ideas to come up with some of the innovative solutions.

- Paratransit—Former Director Christopher chaired this sub-group. He provided 6 possible options to help address the bulging paratransit costs:
  - Increase utilization of access-a cabs for access-a-Ride trips
  - Evaluate efficiency and efficacy of brokerage model
  - Reduce the number of paratransit service providers from current 4 to 2-3 providers
  - Better integrate various types of service within RTD: access-a-Ride, Call-n-Ride and fixed routes
  - Start conversation at national level with other transit agencies and the disability advocacy community about changing the implementation of ADA principles.
  - Continue to explore cost savings gained by using appropriately sized-vehicles for access-a-Ride trips

  Task Force Members were interested to understand more about the brokerage model. Elena Wilkin provided an explanation around coordinating efforts to leverage public and private transportation sources but there are a number of complexities within this mix that makes this option challenging (i.e. private costs, insurance, risk management, etc)

- Privatization—Dee Wisor provided the high level summary from this sub-group, noting that the main recommendation is to pursue a thorough assessment of the cost-savings benefits of privatizing RTD activities while maintaining service standards. This group categorized the various opportunity types of privatization opportunities, but did not go into any specific detail on any of them. Dave Techmanski, Wells Fargo, shared that he had explored the cash handling aspect of privatization and there may be some opportunity to use 3rd party providers.

  Director Tayer noted we need to do more detailed analysis on cost savings. Chair Kemp added there are other opportunities such as component rebuilding outsourcing that may be candidates for privatization.

  Dee Wisor and Bruce Abel noted there are many functions performed today by RTD which are not profitable. Bruce Abel cited the Eagle P-3 as more of a mechanism than a savings-it freed up resources and bonding availability but did not necessarily add more resources or revenue.

## III. Priority Expense Reduction Strategies Recommendations

The team utilized the proverbial thumbs up, down or out strategy to get a sense of which of the expense reduction strategies the Task Force wanted to recommend. Provided below is the result from this informal polling:

| Priority Expense Reduction Strategies | | | |
|---|---|---|---|
| Strategy | Up | Flat | Down |
| Technology and Energy Innovation | 17 | 0 | 0 |
| Service Optimization | 17 | 0 | 0 |
| Paratransit (multiple options) | | | |
| 1. Cabs | 15 | 1 | 1 |
| 2. Brokerage model | 15 | 2 | |
| 3. Reduce # of providers | 9 | 6 | 2 |
| 4. Integrate types of service | 17 | 0 | 0 |
| 5. National conversation | 16 | 1 | 0 |
| 6. Appropriate sized vehicles | 16 | 1 | 0 |
| Privatization | 15 | 2 | 0 |

The facilitators asked for comments from the Task Force members who had either voted no or thumbs flat on the different options:

Comments from those expressing concern included:

- For paratransit option 1, Elena Wilkin felt that the downsides outweighed the upsides.
- Under the paratransit option number 2, brokerage model, Director Cohen expressed a need to better understand how this model works. David Erb expressed there are too many possibilities for things to go wrong and he sees this as a potential control problem. The suggestion was also raised by John Sackett to explore using other private assets, like vans from senior homes, but it was explained that it is hard to work with these organizations due to such hurdles as insurance.
- Under the paratransit option 3 to reduce the number of providers, Chair Kemp expressed concern since he has seen models like this before and when one goes out of business, it may not provide enough time for RTD to respond or recover or to find new service. This is a model that can affect quality of service as well as timeliness. Patty Silverstein indicated she was neutral on this issue and would need more information such as the use levels for the four different providers.
- Option 5, National conversation, Dee Wisor expressed this could result in a very long time before any changes could occur and that there are better uses for RTD resources.
- Option 6, appropriately sized vehicles, Chair Kemp is not convinced that smaller vehicles are necessarily more cost effective (e.g. because of the loss of standardized equipment).

- On privatization, Elena urged that any analysis incorporate other factors aside from cost. Director Cohen noted that he was persuaded by Dee's cautious report. He wonders what we give up with privatization in light of his desire to protect public assets. He also notes that many private ventures fail.

**IV. Capstone Policy Recommendations**

The team concluded the focus will be on two main areas for recommendations that they will be bringing forth to the RTD Board of Directors:

- Sales Tax Projections
- Funding Capital Replacements

The group also agreed to review RTD's other Fiscal Policies in light of the above recommendations to see if further refinement is appropriate.

**V. Next Steps**

The facilitators shared the report will be in a PowerPoint format with an appendix for the supporting material.They will begin a draft of this report which they will send out to the review team in about a week in preparation for the May 10 meeting. Members of the review committee include:

1. John Sackett
2. Patty Silverstein
3. Mike Fitzgerald
4. Bob Watkins
5. Randy Harrison

The target delivery date to the RTD Board is the June 21, 2011 Board meeting.

**VI. Closing Remarks**

Director Tayer stated thank you, thank you, thank you to the Committee for all their hard work and endurance. He wanted to assure the team that none of their work will be wasted. The appendix will be just as valuable as the report itself, which will include all of the committee reports and meeting summaries that capture the Task Force debate. He also thanked the Task Force for hanging in here; we are almost to the finish line. This has been lots of hard but very productive work. Chair Lee Kemp noted that the Board is excited to receive the Task Force report.

**VII . Adjournment**

The meeting adjourned at 4:50

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# REGIONAL TRANSPORTATION DISTRICT

RTD Long Term Fiscal Sustainability Task Force
Meeting # 10 – May 10, 2011
3:00 pm – 5:00 pm
Proposed Agenda

**Meeting Goals**:

- Provide guidance for the Task Force Report
- Formulate steps for presentation and release of the Report
- Review potential fiscal policy recommendation

3:00 Convene and Agree to Agenda

3:10 Review Draft Slide Presentation

3:25 Suggestions for Improvement (Comments from the Review Committee)
- Overarching Themes
- Meeting the Fiscal Sustainability Goal
- Adequacy and Completeness

4:00 Appendices: Organization and Content

4:15 Plan for Presentation and Release of the Task Force Report

4:30 Fiscal Policy (Bill James Work Group)

4:50 Next Steps and Preview of Next Meeting

4:55 Closing Remarks from the Chair

5:00 Adjourn

**Memorandum**

| | |
|---|---|
| **To:** | Fiscal Sustainability Task Force Committee |
| **From:** | Paula Perdue, Executive Manager to the Board of Directors |
| **Date:** | May 10, 2011 |
| **Subject:** | Minutes of the Fiscal Sustainability Task Force Meeting May 10, 2011, 3:00 p.m. in the RTD Room |

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| | |
|---|---|
| **Board members present** | **Committee Members:** Committee Chair Tayer, Chair Kemp, and Bill James and Jack O'Boyle |
| **Other Directors:** | Bruce Daly, Kent Bagley, Larry Hoy |
| **RTD Staff Members:** | Assistant General Managers: Bruce Abel, Dave Genova, Terry Howerter-CFO, Scott Reed, and Carla Perez; Paula Perdue |
| **Citizen Representatives:** | David Erb-CAC, Randy Harrison-Move Colorado, Mike Fitzgerald-SELP, John Sackett-Avista, Patty Silverstein-Development Research Partners, - and Dee Wisor-Sherman & Howard Bond Counseling. |
| **Others Present:** | Facilitators John Huyler and Dennis Donald, Osprey, |
| Absent Task Force Members: | Former Director Christopher, Mark Imhoff-CDOT, Dave Techmanski-Wells Fargo, Bob Watkins-Transit Alliance, Elena Wilkin-CASTA, Director Matt Cohen |
| **Call to Order:** | Facilitator John Huyler convened the meeting at 3:03 p.m. |

## I. Convene

Facilitator Dennis Donald announced plans to present to the RTD Board of Directors at the June 28, 2011 study session. He thanked the review committee for their insightfulness and input.

## II. Draft Slide Presentation (Long Range Fiscal Sustainability Task Force)

- Dennis Donald facilitated a brisk walk through this presentation pointing out key items that may require further work. Under the recommendations for expense reduction strategies, some of the members of the team felt the second bullet on service optimization may need to further extrapolate on the fundamental question "what is the mission of RTD?"

- Under the slide *Volatile Revenue,* members of the Task Force felt the statement "over the past 11 years, sales and use tax collections have averaged an annual growth rate of less than one percent" should be validated.

  Facilitator Dennis Donald asked for further comments from members of the review committee.

  Director Tayer provided comments from Director Matt Cohen who was absent from the meeting. Director Cohen had expressed a general comment about if there was too much background information at the beginning. He also provided specific comments on use of the word "candidates" on the expense reduction and revenue enhancement slide and "acceptance" on the slide stating we submit this report for your acceptance and consideration.

  Patty Silverstein indicated that many of her comments had been incorporated. She also felt that the service optimization should have been clear around the question on the mission of RTD.
  She piggybacked from a comment made by Randy Harrison on "did we get all the money we needed?" While all these recommendations are good, it points out there is no silver bullet to the fiscal sustainability options. It will require the broad combination of revenue enhancements and expense reductions that this report addresses.
  Randy Harrison further elaborated on how much utility and how far should the Task Force go. He sees the work as just beginning. This report identifies potential opportunities that staff will need to ferret out. Some of the opportunities could generate significantly more revenue than $2 million. Perhaps the best way to look at this is to look at the potential options that can be accomplished within a short timeframe (2 years) and use this presentation to offer a dynamic roadmap that the Board could elect to implement. This report gives the Board a framework from which a strategic implementation plan can evolve.
  Mike Fitzgerald agreed that he believes the presentation begins a process that focuses on continuous improvement with efficiency, high maintenance, getting it done and establishing best practices. He looks at transit as one of the core components along with DIA, water, reliable and affordable energy, that creates the structure to drive the economy (also need to focus on our universities). He believes that if we can get all these five components in place, those other things being discussed can be built and the tax basis will be in place to support. This report provides a good base for understanding the scope, but we do need to tighten up the numbers as suggested earlier.
  Carla Perez recommended that on the slide that summarizes the options, perhaps it is best to list it by priority with the earliest potential first (i.e. less than 2 years, 2-5 years, over 5 years)

  Patty Silverstein also recommended a change in color on the background of the slides as an energy efficient (green) measure and because it is easier to read.

Bruce Abel pointed out that many of the new Directors and others may not have a frame of reference and the background information is needed to set up the proper context for the recommendations.

Terry Howerter provided a clarification of the statement "over the past11 years, sales and use tax collections have averaged an annual growth rate of less than one percent." This should have been in reference to the trend line, which shows over this period the actual trend increase averaged 1.1%. Terry also requested a couple more clarifying changes to the problem statement.

Dee Wisor offered up some of his observations noting that in general this was a good report. From a global perspective he thought this Task Force was tasked with base operations and some of the comments seem to touch on more system wide changes. He also noted that some of the benefits that should not be overlooked are the contribution to mobility, environment and clean air. From a presentation perspective, he thought it would be a better flow to put the problem statement ahead of the recommendations. He requested a word change from "authorized" under the list of revenue options. He also expressed that the fiscal policy should go after the revenue and expense options.
Several of the Task Force members agreed on the order beginning with problem statement but did not concur on changing the order on the fiscal policy. Director Tayer thought the fiscal policy statements were consistent with a broad call by the Task Force for continued fiscal prudence and was appropriately placed in the presentation.
John Sackett noted that the fiscal policies were aspirational in nature but tried not to be too prescriptive and to leave flexibility in timelines and implementation for the Board to decide.

Director O'Boyle queried what does the mission statement under the service optimization recommendation mean and was it implied that we want to change RTD's mission statement? Bruce Abel offered up that perhaps what we are talking about is more strategy (i.e. how do we want to go about executing our mission?)

Randy Harrison noted that the privatization discussion was broader in nature than the slide implies. He suggested "partnership-privatization" and to change the impact to strategic. Dee Wisor added the privatization slide should be updated as well.

**III. Appendices Organization and Content**

John Huyler thanked members of the review committee for their recommendation to organize the appendix. He reviewed the proposed organization for the appendix.

## IV. Plans for Presentation and Release of the Task Force Report

John Huyler indicated they will work on including the recommended changes into the document and would create a prototype notebook that would include the appendix. This prototype will be passed around to the Task Force members at the next meeting to give them a better sense of what the final deliverable product would look like.

Director Tayer noted it is standard practice to include the document in the Board packet prior to the meeting to provide them sufficient time to review and formulate their questions. The target time for having this document ready is June 23 prior to the June 24 Board packet.

Director James asked how do we ensure the recommendations get implemented. Chair Kemp and Director Tayer indicated we will use the committee structure similar to how tasks get assigned today to track and consider policy recommendations. The Board is taking this seriously and we want to show we are doing our due diligence. Director James stated his satisfaction there will be processes/measures in place to ensure this gets traction.

## V. Fund Balance Policy Recommendations

Director James presented this recommendation from the committee consisting of Director James, John Sackett, Dave Techmanski, and Terry Howerter. He emphasized that this recommendation does not state what the policy should be. Rather, it provides guidelines on components that might need to be included in the policy. The RTD Board itself should adopt a policy that includes specific criteria for sound fiscal management.

The three areas where a policy is needed included:

- Sales and Use Tax projections
- Capital Acquisition Fund
- Working capital and extreme events funds

Discussion occurred around whether this proposed fiscal policy generated revenue and how the potential financial impact was determined. The Task Force agreed the fiscal policy may be aspirational but would lead to better management and efficiencies. Facilitator John Huyler asked the Task Force if they felt this was appropriate to include as a strong policy statement. Director Tayer asked if there were any reservations or concerns from any of the Task Force on including this item. All agreed with including them as part of the Task Force recommendation. Facilitator John Huyler requested Terry Howerter to provide a definition statement around this fund balance policy similar to what had been done with the other recommendations in the presentation. He will include this in the presentation.

John Sackett indicated his goal was to give the Board a clear definition of sustainability. You cannot achieve sustainability without these policies. This is a classic approach to how fiscal policies should be implemented. Director James noted this could be a cost savings in the long term.

## VI. Next Steps

Targeted dates for the Task Force are:

- May 31—provide the full package prototype for the Task Force to review
- June 21—Rehearsal of the presentation by the team who will present (preferably non-RTD)
- June 23—Packet ready for inclusion in the Board packet
- June 28-Presentation at Board Study Session

Dennis Donald asked if the Task Force had the capacity to drill deeper into the numbers. Suggestions were made around the potentials for increased dollars. Chair Kemp noted it would be good if dollars could be associated with the options to give more focus to its potential impact if implemented. The Board needs to be challenged. Dennis Donald requested each of the Chairs of the sub-groups to review the options with over $2M and give an indicator what is the actual revenue potential.

John Sackett expressed one of the roles of the Fiscal Sustainability committee is to add credence to the efforts of RTD. This committee has served in somewhat of an audit mode with external eyes looking over much of what RTD has done to address this fiscal sustainability challenge. John Sackett gave credit to the RTD staff and Board for their ability to plan ahead. Great service is being offered now by RTD and although RTD does have a financial challenge, RTD is not nearly in the dire financial straits as some of other peer properties. RTD's effort to identify and plan ahead through looking for sustainable options should be commended.

**VII. Closing Remarks**

Director Tayer stated he appreciated the Task Force going over this presentation. Wording is key and some of the other comments noted such as color of the slides, the tone of the statements, etc. help to assure a quality presentation. We are almost there.

**VIII. Adjournment**

The meeting adjourned at 4:53 p.m.

# Appendix C

# Task Force Organization

# Authorizing Language[1]

The purpose of the Task Force is to develop a formal written report, to be submitted to the RTD Board in June 2011, detailing opportunities for operating efficiencies and revenue enhancements to ensure RTD fiscal sustainability in the long term.

[1]From August 6, 2010 memo authorizing the creation of the Task Force.

# Task Force Membership

| | |
|---|---|
| Bruce Abel | Assistant General Manager, Operations |
| Bill Christopher | former member, RTD Board of Directors |
| Matt Cohen | RTD Board of Directors |
| David Erb | Citizens Advisory Committee |
| Mike Fitzgerald | President and CEO, South East Business Partnership |
| Dave Genova | Assistant General Manager, Security and Facilities |
| Randy Harrison | Executive Director, Move Colorado |
| Terry Howerter | CFO/Assistant General Manager, Finance |
| Mark Imhoff | Director for Transit and Rail, Colorado Department of Transportation |
| Bill James | RTD Board of Directors |
| Lee Kemp | Chair, RTD Board of Directors |
| Jack O’Boyle | RTD Board of Directors |
| Carla Perez | Assistant General Manager, Administration |
| Scott Reed | Assistant General Manager, Communications |
| John Sackett | CEO, Avista Hospital |
| Patty Silverstein | President, Development Research Partners |
| John Tayer | Task Force Chair, RTD Board of Directors |
| Dave Techmanski | Vice President, Wells Fargo |
| Bob Watkins | Transit Alliance and City of Aurora |
| Elena Wilken | Executive Director,Colorado Association of Transit Agencies |
| Dee Wisor | Bond Counsel, Sherman & Howard, L.L.C. |

# .RTD Long Range Fiscal Sustainability Task Force

**Operating Agreements**

**January 2011**

## Background and Purpose

The RTD Board of Directors designated five of its members and five staff members to participate in a Long Range Fiscal Sustainability Task Force that also includes eleven citizen representatives. The purpose of the Task Force is to develop a formal written report detailing opportunities for operating efficiencies and revenue enhancement to ensure RTD fiscal sustainability in the long term. The Osprey Group has been retained to facilitate the Task Force process.

## Roles

The expectation is that all members will:

- attend all meetings and prepare appropriately,
- commit to helping RTD work toward a goal of fiscal sustainability, and
- work collaboratively toward a recommendation to the Board of RTD about
- operating efficiencies and revenue enhancements

The Osprey Group will provide facilitation services at each Task Force meeting. The facilitators will:

- enforce the operating agreements accepted by the Task Force,
- propose meeting agendas and guide the meetings,
- develop and employ an email list to send Task Force information to citizens and organizations who express interest in the Task Force's work,
- oversee the preparation of a meeting summary to be distributed within a week after each meeting,
- help formulate common ground and clarify differences in order to drive the Task Force toward consensus, and,
- remain impartial toward the substance of the issues under discussion.

All RTD Board members are encouraged to attend Task Force meetings and are invited to participate in meeting discussions. However, only designated Task Force members will be engaged in decision making on Task Force matters, ranging from the discussion agendas to final recommendations.

Staff from RTD and other sources will be asked to provide information to assist in Task Force discussions.

All Task Force meetings are open to members of the public. However, because these sessions are intended to stimulate productive discussions among the Task Force members themselves, there will not be opportunities for public participation during meetings.

## Meeting and Discussion Guidelines

So that each Task Force meeting is productive, our expectations are that:

- Meetings will begin promptly and adjourn by the time specified on the agenda.
- Members will arrive on time and stay through the entire meeting.
- The facilitator will call on people to speak during the meetings.
- Only one person will speak at a time.
- The facilitators will distribute material, including an agenda, at least at least one week in advance of meetings or as determined by the Task Force. Members are expected to read the material before the meeting and come prepared to contribute to the discussions.

## Decision Making and Timeline

The Task Force is advisory to the RTD Board of Directors. The Task Force will work in a consensus-building format. Consensus will be defined as having been achieved when all members of the group can “live with” a proposal. Votes will never be taken. If significant differences of opinion arise, these will be documented by the facilitators to the satisfaction of Task Force members.

The facilitators will develop a schedule of meetings to ensure that topics are reasonably and thoughtfully addressed and that the Task Force generates its recommendations in a timely manner. The Task Force’s goal will be to complete its work and deliver its recommendations to the RTD Board of Directors by June 2010.

These Operating Agreements will evolve as needed to continue to meet the needs of the Task Force.

# Appendix D: Links to Reference Material

RTD "Official Statement" of November 10, 2009 regarding Bond Issuance

http://www3.rtd-denver.com/content/BoardOffice/boardFinancialUpload/Financial%20Administration%20Committee%20Agenda%2011-10-09.pdf

Executive Summary and Report to Colorado, Colorado Transportation and Implementation Panel (January 2008)

http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadername2=MDT-Type&blobheadervalue1=inline%3B+filename%3D442%2F72%2FCDOT_BRPExecSummaryFNL.pdf&blobheadervalue2=abinary%3B+charset%3DUTF-8&blobkey=id&blobtable=MungoBlobs&blobwhere=1224913546168&ssbinary=true

CDOT Draft Revenue Options Study

http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadername2=MDT-Type&blobheadervalue1=inline%3B+filename%3D48%2F242%2FCDOT_Revenue_Options_Study.pdf&blobheadervalue2=abinary%3B+charset%3DUTF-8&blobkey=id&blobtable=MungoBlobs&blobwhere=1251677104386&ssbinary=true

Deficit Report per SB09 -108

http://www.movecolorado.org/resources/assets/2010TransportationDeficitReport.pdf

The National Commission Executive Summary Transportation for Tomorrow download:

http://www.movecolorado.org/resources/assets/Executive%20Summary%20National%20Commission%20Report.pdf

Quiet Crisis documents by Martin Wachs, Rand Corporation.

http://www.movecolorado.org/resources/assets/Transportation%20Tomorrow%20Tom%20Skanke%202008.pdf

TCRP Report 129: Local and Regional Funding Mechanisms for Public Transportation

http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_129.pdf