

# Staff Draft Initial Report – Board Resolution on Finishing FasTracks and NW Peak Service Plan

June 14, 2019



- Directs RTD staff on the following:
  - Investigate and research all reasonable cost-saving measures for construction and operation of the unfinished FasTracks corridors including creative funding mechanisms
  - Outline proposed steps to move forward on the unfinished corridors
  - Outline proposed steps to move forward on the Northwest Rail Peak Service Plan
  - Report back to the Board within 60 days

- Draft Initial Report represents the beginning of an iterative process with the Board regarding possibilities for the advancement of the unfinished corridors – it does not contain recommendations
- The ideas, opportunities and approaches outlined in this report are illustrative and conceptual and will provide a framework to facilitate constructive dialogue with the Board, stakeholders and the public
- Staff approached this report in a forward-thinking manner, exploring various possibilities in meeting the Board’s directive

- The financial scenarios are based on the most recent sales and use tax forecast provided by the CU Leeds Scholl of Business (March 2019)
- The forecasts provided by the CU Leeds School of Business will change as future updates are prepared
- The forecasts and conclusions presented focus on the FasTracks financial plan
- Financial scenarios are subject to change with Board adoption of RTD mid-term Financial Plan, long range plan (2050 horizon) and 2020 budget
- All scenarios assume year of expenditure dollars and ongoing operations, maintenance and vehicle replacement costs

- No Base System funds are available to support the unfinished corridors
- No Base System Funds are available to loan to the unfinished corridors
- There is no capacity to support Base System bus or rail service increases at this time
- The Base System unrestricted fund balance under all scenarios presented is negative between the years 2021 and 2049

- RTD has completed 75% of the FasTracks program
  - 7 transit corridors, plus 1 opening in 2020
  - Denver Union Station redevelopment
- The original FasTracks budget was \$4.7 billion
- RTD has actually invested more than \$5.6 billion after enduring much higher construction materials costs and much lower-than-projected sales tax revenues (approximately \$1 billion) due to the Recession
- Established the FasTracks Internal Savings Account (FISA) in 2013, capped bus service increase in 2013

- Capital and Annual O&M Costs, and Ridership of Unfinished Corridors

<b>Corridor</b>	<b>Project Description</b>	<b>Daily Ridership Opening Year Forecast* (see report)</b>	<b>Capital Cost (millions in 2018 dollars)</b>	<b>Annual O&amp;M (millions in 2018 dollars)</b>
Central Rail Extension	30 <sup>th</sup> & Downing – 38 <sup>th</sup> & Blake	3,200	\$140.0	\$2.6
North Metro Completion	124 <sup>th</sup> Ave – SH 7	3,100	\$280.0	\$3.6
Northwest Rail (Westminster – Longmont)	Peak Service Plan** (see report)	800	\$708.2	\$14.0
	Full Service	4,100	\$1,500.0	\$20.6
Southwest Extension	Mineral Ave – C-470 & Lucent Blvd.	3,700	\$170.0	\$3.2

- Three concepts modeled, each with various scenarios, no recommended priorities
  - 1) No New Bonding Authority or Funding
  - 2) TABOR Election for Additional Bonding
  - 3) TABOR Election with Bonding and Sales and Use Tax Increase



## 1) No New Bonding Authority or Funding

- Certificates of Participation (COPs) used to fund replacement of vehicles
- **Scenario 1a** sequences Unfinished Corridors starting with least expensive corridor first in order to accelerate as many projects as possible (C 2039, SW 2040, NM 2041)
  - Does not finish NWR Peak Service Plan or NWR Full Service Plan before 2050 horizon
- **Scenario 1b** sequences the NWR Peak Service first in 2042; no other corridor complete by 2050 horizon

## 2) TABOR Election for Additional Bonding

- TABOR election held prior to 2032 authorizing additional bonding authority; COPs to fund replacement of vehicles
- **Scenario 2a** sequences the Unfinished Corridors starting with least expensive corridor first (C 2037, SW 2038, NM 2039, NWR Peak 2048)
  - Does not finish NWR Full Service Plan by 2050 horizon

## 2) TABOR Election for Additional Bonding

- **Scenario 2b** completes NWR Peak Service Plan first in 2042; other corridors by 2049 (C 2047, SW 2048, NM 2049)
  - Does not finish NWR Full Service Plan by 2050 horizon
- **Scenario 2c** tests capacity to finish NWR Full Service Plan by 2046
  - Does not finish any other Unfinished Corridors by 2050 horizon

## 3) TABOR Election with Bonding and Sales Tax Increase

- TABOR election held in 2021 authorizing both additional sales and use tax and additional bonding authority; no need for COPs
- All scenarios finish all Unfinished Corridors by 2040
- **Scenario 3a** assumes a 0.1% sales and use tax increase; NWR Peak Service Plan sequenced first by 2026; last corridor is NWR Full Service Plan by 2039 (C 2027, SW 2032, NM 2035)

### 3) TABOR Election with Bonding and Sales Tax Increase

- **Scenario 3b** assumes a 0.1% sales and use tax increase; sequences Unfinished Corridors starting with least expensive first, finishing with NWR Full Service by 2032 (C 2026, SW 2027, NM 2028)
  - NWR Peak Service not completed to allow for completion of all other corridors in their entirety
- **Scenario 3c** assumes a 0.1% sales and use tax increase and issuing more bonds with more debt; completes NWR Peak Service first by 2026; last corridor is NWR Full Service by 2037 (C 2027, SW 2028, NM 2030)

## 3) TABOR Election with Bonding and Sales Tax Increase

- **Scenario 3d** assumes a 0.15% sales and use tax increase; sequences corridors starting with least expensive first, finishing with NWR Full Service by 2032 (C 2026, SW 2027, NM 2028); supports additional funding for Base System as well
  - NWR Peak Service not completed to allow for completion of all others
- **Scenario 3e** assumes a 0.1% sales and use tax increase; 3-year delay in delivery; sequences corridors starting with least expensive first, finishing with NWR Full Service by 2035 (C 2029, SW 2030, NM 2031); supports additional funding Base System as well
  - NWR Peak Service not completed to allow for completion of all others

- In addition to the funding scenarios presented, staff believes other strategies are worth exploring. They include:
  - Federal New Starts and Small Starts Grants (see report for analysis)
  - Federal loan/finance options (TIFIA, RRIF, Private Activity Bonds, Transit Grant Anticipation Revenue Vehicles)
  - Stakeholder cash/loan/private equity contributions
  - Tolloed roadway facilities
  - Vehicle Miles Travelled (VMT) tax
  - Parking charges
  - Fees on other transportation modes/delivery models
  - Fees for access to anonymized RTD trip data
  - Property tax special assessment district

- Other funding strategies – continued:
  - Development impact fees
  - Additional Marijuana tax
  - State-level transit and rail funds
  - Sale or lease of air rights over RTD stations
  - Lease rights-of-way to private entities
- Federal-level funding and finance proposals explored, but aren't available under current law or policies:
  - Investment tax credits
  - Revive Projects of National and Regional Significance funding program
  - Earmarks in next infrastructure/surface transportation bill



- This is a Draft Initial Report on possibilities – not recommendations – the beginning of an iterative process
- All scenarios are options for Board consideration and can be revised and refined
- These concepts are designed to facilitate dialogue with the Board, regional stakeholders and the public

- Board review and consideration
- Board input, feedback and discussion on Draft Initial Report and concepts – July 9 Board Finance Administration and Audit Committee Meeting
- Refinement of possibilities and concepts based on Board direction

# Questions?

