

DENVER REGIONAL COUNCIL OF GOVERNMENTS

Regional Transportation District Accountability Committee

December 14, 2020

northhighland.
WORLDWIDE CONSULTING



AGENDA

- Introductions
- CARES Act Funding Review
 - Approach
 - Findings
 - Looking Forward
- Questions


INTRODUCTIONS



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THE ASK: CARES ACT SPENDING REVIEW

North Highland performed a high-level review of RTD's use of CARES Act stimulus funds

Specific requests included:

1. A description of the approach leveraged for analysis and research
2. A summary as well as findings of CARES Act funding spend according to service provided and administrative costs
3. All articles, white papers, research notes, and expert guidance gathered in support of this engagement

North Highland completed the above and provided insights for RTD moving forward

CARES ACT SPENDING REVIEW APPROACH

Discovery

- Request financial documentation summarizing RTD CARES act spending
- Conduct external research of FTA CARES spending

Review

- Examine CARES spending for alignment with FTA mandate
- Develop questions for validation interview with acting CFO

Validate

- Conduct interview with acting CFO to discuss:
 - CARES funding draw intent and spending rationale
 - RTD response to the financial impact of COVID-19

Summarize

- Document key findings, themes, approach, and opportunities for DRCOG
- Review key findings with DRCOG

CARES ACT SPENDING REVIEW FINDINGS

1.

RTD use of CARES Act funding appears to have been spent in alignment with FTA intentions

2.

RTD appears to have balanced provision of transportation options with responsibility to its workforce and regional economic stability in its funding decisions

3.

RTD appears to have worked to implement cost cutting measures to reduce the funds required for continued operations as buoyed by CARES funding

FINDING #1

1.

RTD use of CARES Act funding appears to have been spent in alignment with FTA intentions

CARES funding was spent in two areas:

Represented and Non-Represented Wages and Benefits

- 64% of CARES funding to date has been spent on employee wages for union and non-union employees

Purchased Transportation – Bus or CRT

- 36% of CARES funding to date has been spent on externally contracted routes with Denver transportation partners

In total, \$208 million of the \$232 million of funding has been drawn. The additional \$24 million is earmarked for use by the end of 2020.

FINDING #2

2.

RTD appears to have balanced provision of transportation options with responsibility for its workforce and regional economic stability in its funding decisions

Funding decisions appeared to be influenced by:



**RTD
Responsibilities
to the Region**



**Loss of in
Demand
Roles**



**Loss of Roles
with High
Acquisition
Costs**



**Compliance
with CBA**

FINDING #3

3.

RTD appears to have worked to implement cost cutting measures to reduce the funds required for continued operations as buoyed by CARES funding

Cost-cutting measures enacted by RTD include:



Suspension of non-FTA required training



Salary cuts and furloughs



Hiring freezes



Service cuts



Hold on Capital Construction initiatives

LOOKING FORWARD

Maintaining service remains a challenge during the pandemic. The following considerations sit on the horizon for RTD moving forward:

Maintain Operations for the Region and those Served by RTD

Continue to Analyze Changing Service Needs

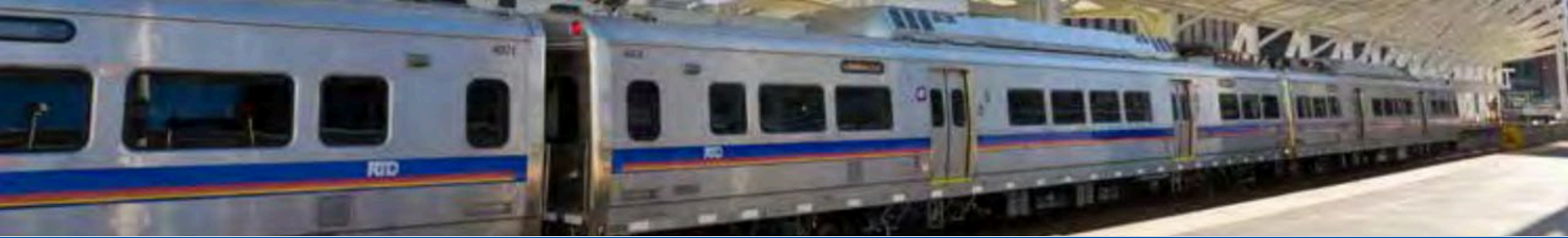
Prioritize Adaptable Route Systems

Ensure that Cuts are Logical and Sustainable

Consider Lower Cost Uses of Employees



QUESTIONS



APPENDIX

FINDING #1

Regional Transportation District CARES Grant Draws Through September 30, 2020 As of October 19, 2020

	Actual Draw	Paid Date	Comments
LOC 63.20	\$ 9,410,160.00	Feb-April 2020	Purchased transportation - Bus
LOC 65.20	39,010,411.00	Feb-April 2020	Represented wages and benefits - Payrolls 4 - 9
LOC 66.20	21,304,873.00	Feb-April 2020	Non-Represented wages and benefits - Payrolls 4 - 9
LOC 73.20	13,408,726.00	May 2020	Represented and Non-Represented wages and benefits excluding those
LOC 74.20	4,605,149.00	May 2020	Purchased transportation - Bus
LOC 80.20	4,430,454.00	June 2020	Purchased transportation - Bus
LOC 83.20	13,542,429.00	June 2020	Represented and Non-Represented wages and benefits excluding those
LOC 90.20	4,440,880.00	July 2020	Purchased transportation - Bus
LOC 93.20	14,260,541.00	July 2020	Represented and Non-Represented wages and benefits excluding those
LOC 99.20	11,887,753.00	April - May 2020	Purchased Transportation - CRT
LOC 100.20	12,315,084.00	June - July 2020	Purchased Transportation - CRT
LOC 102.20	4,543,717.00	Aug-2020	Purchased transportation - Bus
LOC 105.20	12,390,380.00	Aug-2020	Purchased Transportation - CRT
LOC 106.20	13,310,109.00	Aug-2020	Represented and Non-Represented wages and benefits excluding those
LOC 02.21	4,461,096.00	Sept-20	Purchased transportation - Bus
LOC 03.21	6,389,367.00	Sept-20	Purchased Transportation - CRT
LOC 07.21	18,376,290.00	Sept-20	Represented and Non-Represented wages and benefits excluding those
Total Drawn	\$ 208,087,419.00		89.6%
Total CARES Award	232,253,946.00		
Remaining to Draw	\$ 24,166,527.00		10.4%

CARES Draw Summary