

AGENDA

**RTD Accountability Committee
Finance Subcommittee
Wednesday, March 3, 2021
11:00 a.m. - 12:30 p.m.
VIDEO/WEB CONFERENCE
Denver, CO**

1. Call to Order
2. February 17, 2021 Meeting Summary (5 minutes)
(Attachement A)
3. RTD Dashboard (20 minutes)
Rebecca White
4. Unfinished FasTracks Corridors/NW Rail (40 minutes)
(Attachment B) Ron Papsdorf
5. Economics of First/Last Mile TNC Partnerships (15 minutes)
Rutt Bridges
6. Member Comment/Other Matters (10 minutes)
(Attachment C - Subcommittee Work Plan)
7. Next Meeting: March 17, 2021
8. Adjournment

ATTACH A

MEETING SUMMARY
RTD ACCOUNTABILITY COMMITTEE-Finance Subcommittee
Wednesday, February 17, 2021
Note: Meeting held virtually via GoToMeeting

MEMBERS PRESENT:

Rutt Bridges
Dan Blankenship
Rebecca White
Kathy Nesbitt
Elise Jones
Lynn Guissing
Troy Whitmore

Others Present: Ron Papsdorf, Doug Rex, Matthew Helfant, Natalie Shishido, Anna Denegger, Tanya Eydelman, Angie Rivera-Malpiede, Debra Johnson, Barbara McManus, Jordan Sanchez, Melanie Choquette, Doug MacLeod, Luke Palmisano, Alex Hyde-Wright, George Gerstle, Mac Callison, Kent Moorman, Bill Sirois, Kelly Heaton, Peggy Catlin, Roger Sherman, Shelley Cook, Erik Davidson, Monika Triepel-Harnke.

Call to Order

Rutt Bridges called the meeting to order at 11:00 a.m.

February 3, 2021 Meeting Summary

The meeting summary was accepted.

RTD Administrative/Organizational Summary

Ron Papsdorf introduced the topic and summarized information related to RTD's budgeted 2020 and 2021 staffing levels. Rutt Bridges invited Debra Johnson, RTD General Manager, to provide an update on RTD's staff recalls as a result of the most recent federal COVID-19 relief funding. Ms. Johnson stated that notices had been provided to all laid off full time operators and other represented staff and RTD was now waiting for responses from part time operators.

Tanya Eydelman from North Highland provided an overview of their administrative assessment of RTD.

Rutt Bridges asked if outsourced services were included in the assessment.

Ms. Eydelman responded that outsourced services were not captured by the National Transit Database information that was the foundation for their review.

Mr. Bridges asked if Kathy Nesbitt would please review the North Highland assessment and report back to the subcommittee at a later date.

RTD 2021 Fiscal Policy Statement

Ron Papsdorf reviewed RTD's adopted Fiscal Policy, noting particularly guidance for COVID-19 reductions and restorations.

Rutt Bridges asked about the scope for the SH 119 bus rapid transit (BRT) project.

Elise Jones described the overall components, including generally shared operations with a managed lane in the SH 119 corridor connecting Longmont and Boulder, similar to the Flatiron Flyer in the US 26 corridor.

Lynn Guissing added that the RTD L bus line provides direct service from Longmont to Denver.

The subcommittee further discussed the design and operating concept for the SH 119 corridor.

RTD 2017-2021 Budgets – Summary and Trends

Ron Papsdorf provided an overview of RTD's most recent budgets and reviewed the summary information included in the agenda packet.

Rutt Bridges noted that FasTracks operating expenses appear to be increasing much faster than FasTracks revenues. He also asked if ridership information could be provided for each of the budget years.

Finance Subcommittee Work Program

Rutt Bridges reviewed the Work Program Focus Areas for the Finance Subcommittee.

Mr. Bridges asked RTD staff about RTD's most recent debt refinancing.

Doug MacLeod, RTD Interim CFO replied that the debt issuance process was going very well. RTD still expects about \$80 million in savings from the refinancing. All savings accrue to FasTracks because that is the debt being refinanced. Savings will be realized beginning in 2021 and \$60 million of the savings will be realized in the first six years.

The subcommittee had a conversation about unfinished FasTracks corridors and how to move forward with the subcommittee's discussions of strategies and options.

The subcommittee also discussed the next priority focus areas.

Member Comment/Other Matters

Ron Papsdorf noted that there will be a partnership discussion at the March 1, 2021 Governance Subcommittee meeting at 4:00 p.m. The other subcommittees are invited to attend due to the cross-cutting nature of the topic.

The next meeting will take place on March 17, 2021.

The meeting adjourned at 12:30p.m.

ATTACH B

To: Members of the RTD Accountability Committee Finance Subcommittee

From: Ron Papsdorf, Director, Transportation Planning and Operations
(303) 480-6747 or rpapsdorf@drcoq.org

Meeting Date	Agenda Category	Agenda Item #
March 3, 2021	Discussion	4

SUBJECT

Unfinished FasTracks Corridors/NW Rail

PROPOSED ACTION/RECOMMENDATIONS

N/A

ACTION BY OTHERS

N/A

SUMMARY

FasTracks is RTD's voter-approved transit expansion program. Since 2004, RTD has built 25.1 miles of light rail track and 53 miles of commuter rail track, launched the Flatiron Flyer bus rapid transit service, and opened an intermodal hub at Union Station in downtown Denver. Those investments and projects represent over 75% of the FasTracks program. There are four (4) unfinished corridors in the approved FasTracks program.

Snapshot of Unfinished Corridors

Corridor	Description	Daily Ridership Opening Year	Capital Cost (2018 millions)	Annual O&M (2018 millions)
Central Rail Extension	30 th & Downing to 38 th & Blake	3,200	\$140.0	\$2.6
North metro Completion	124 th Ave to SH7	3,100	\$280.0	\$3.6
Northwest Rail, Westminster to Longmont	Peak Service Plan	800	\$708.2	\$14.0
	Full Service	4,100	\$1,500.0	\$20.6
Southwest Extension	Mineral Ave. to C-470 & Lucent Blvd	3,700	\$170.0	\$3.2

RTD has completed an Unfinished FasTracks Report (2019) and presented information specific to the NW Rail corridor to the RTD Board of Directors at a February Study Session.

The subcommittee will begin discussions of various options and ideas for strategies to finish FasTracks.

PREVIOUS DISCUSSIONS/ACTIONS

N/A

PROPOSED MOTION

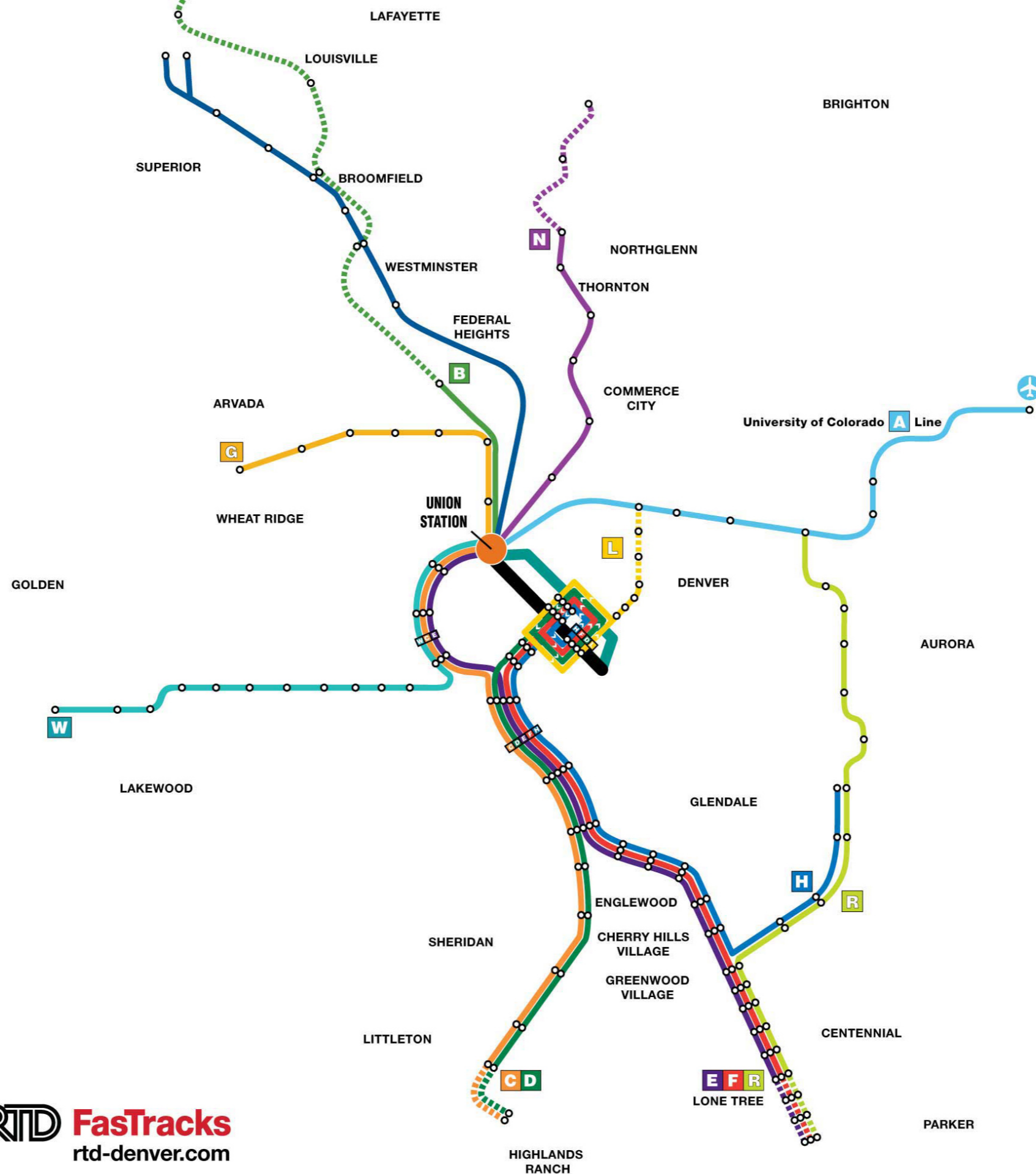
N/A

ATTACHMENTS

1. FasTracks Map
2. Link: [Unfinished FasTracks Report](#)
3. Link: [NW Rail RTD Study Session Report](#)
4. The B Line / NW Rail Conundrum (Bridges)

ADDITIONAL INFORMATION

If you need additional information, please contact Ron Papsdorf, Director,
Transportation Planning and Operations, at 303-480-6747 or rpapsdorf@drcog.org.



The B Line / NW Rail Conundrum

RTD is facing the most severe financial challenge in its history. The promises made 17 years ago when Colorado voters approved FasTracks were based on projections for sales tax revenues that were stunted by the Great Recession and have recently once again been depressed by the COVID crisis. Meanwhile, the original estimated cost of the B Line has tripled to [\\$1.5-1.7 billion](#), while the pandemic has driven FasTracks ridership down to a third of what it was in 2019. And the cost will likely be significantly higher by 2042.

The taxpayers from Broomfield to Boulder to Longmont are justifiably angry that the service they were promised by 2017 is now being projected for 2042—two decades into an uncertain future. They are demanding a solution from a transit agency that has been financially forced to cut its services by 40% over the past year. There is lots of heat on this issue, but not a lot of light. Here are alternatives RTD is currently considering:

RTD collaboration with Front Range Passenger Rail: One of the three proposed routes for prospective \$2 billion Front Range Passenger Rail follows the path of the B Line. Unfortunately, it would only stop at Union Station, Boulder, and Longmont and would be limited to only two to six round trips per day. The full vision for Front Range Passenger Rail projected 20 to 30 years out is estimated to cost [between eight and fourteen billion dollars](#). By comparison, in 2018, the sum [of all taxes paid to the state totaled less than \\$11 billion](#). Given Colorado voters' history of rejecting transportation funding initiatives that asked for a fraction of that funding—and for highways, not a visionary rail project—it is hard not to be skeptical.

B Line rush-hour only service: RTD is considering a [rush-hour only service that would cost \\$708 million but serve only about 800 people](#) (1600 trips per day). It seems doubtful that this would satisfy many of the disgruntled parties. But more importantly, the economic justification of such an investment is shaky at best. Note that workdays with rush hours = $52 \times 5 - 10$ for holidays = 250 rush-hour days per year. The average estimate for annual operating and maintenance cost is \$13.5 million ([RTD Board NW Rail Study Session, 2/9/21, page 43](#)). Unfortunately, RTD must bond and pay interest on every major project it builds. Based on a 30-year useful life and a 30-year bond, here is the math:

- Financing \$708 million at 2% interest over 30 years: [total principal plus interest cost is \\$1,132 million](#).
- Transit cost per year = $\$13.5 \text{ million/year} + (\$1,132 \text{ million} \div 30 \text{ years}) = \$51.23 \text{ million per year}$
- $\$51,230,000/\text{year} \div (1600 \text{ trips/day} \times 250 \text{ days/year}) = \128 per trip

Even if the net fare revenue after pass discounts was \$4, which is \$8 round-trip—a high estimate—RTD's net cost per ride would still be **\$124, an irrationally high subsidy**.

The economics of the B Line extension: RTD's latest estimates for B Line ridership is [5,400 per weekday](#). We'll generously stretch that and use 7,000 trips per weekday. Data from [MTA New York City Transit](#) indicate that weekend transit ridership averages about half of weekday ridership. So, we can estimate annual ridership as $7,000 \times 52 \times 6 = 2,184,000$ trips per year. We'll use a 30-year useful life and the 2019 [RTD Draft Initial Unfinished Corridors Report \(page 5\)](#), estimated annual operating and maintenance cost for the B Line extension of \$20,600,000 per year. At an estimated \$1.5 billion construction cost and a 30-year bond, here is the math:

- Financing \$1.5 billion at 2% interest over 30 years: [total principal plus interest cost is \\$2.4 billion](#).
- Transit cost per year = $\$20.6 \text{ million/year} + (\$2,400 \text{ million} \div 30 \text{ years}) = \$100.6 \text{ million per year}$

- $\$100,600,000/\text{year} \div 2,184,000 \text{ trips/year} = \46 per trip

If the net fare revenue is \$4, RTD's net cost would be **\$42 per trip, an unreasonably high subsidy**. With those costs, financing will be difficult, and the chances of federal funding are slim and none. By comparison, RTD's average 2019 pre-pandemic rail subsidy was \$10.52 ([RTD Service Performance 2019, Page 2](#)).

The 2% interest rate, 30-year lifespan, and a \$4 (\$8 round-trip) net-fare after accounting for RTD Pass discounts are all generous estimates. Actual costs are likely to be considerably higher. But what if ridership was twice as high as RTD's predicted 5,400 trips per weekday? Even at 10,800 trips per weekday, RTD's cost would be \$30/trip, **a subsidy of \$26 per trip, or \$52 round-trip**. Even at twice RTD's projected ridership, this is not an economically sustainable solution.

Conclusion: The Legislature and the Governor charged the RTD Accountability Committee with solving the NW Rail conundrum. I am doubtful that any of these three "solutions" are viable, much less likely to arrive before 2040. Waiting 20+ years for rail service is a non-starter. I would welcome anyone's ideas and suggestions and would sincerely appreciate hearing about any errors you see in this analysis or any challenges to this approach to accounting for costs.

If rail isn't a practical solution, we should pursue alternatives based on BRT and emerging technologies that can meet or exceed the promises of Northwest Rail.

Rutt Bridges: rutt@bridgesfamily.net

February 2021

ATTACH C

Finance Subcommittee

Focus Area	Issues in progress or yet to address	Feb	Mar	Apr	May	Jun
<p>1. Recommend changes to statutes that currently limit opportunities for revenue generation, cost savings and increased ridership, including provisions that:</p> <ul style="list-style-type: none"> • Require RTD to raise a certain amount through fares (this is a barrier to lower cost service). • Limit RTD’s ability to develop anything but parking lots on its properties (e.g., rather than affordable housing and key services at TOD sites that can generate transit riders and potentially revenue). • Limit RTD from charging for parking. Examine how changes in parking policies and pricing could increase revenues, TOD and ridership. • Affect RTD’s ability to contract for cheaper service delivery. 	<p>Review of current legislation to identify opportunities to provide RTD with greater flexibility to improve services and increase revenue, draft proposed legislative changes (completed, included in January 2021 interim report)</p>	XXXXXX				
<p>2. Gov. Polis and the Legislature specifically requested “A thorough review of the agency’s use of CARES Act stimulus funds”</p>	<p>The Finance Subcommittee worked with North Highland consultants to define requirements, and then reviewed and approved their report with some modest changes. (completed, included in January 2021 interim report)</p>	XXXXXX				

Focus Area	Issues in progress or yet to address	Feb	Mar	Apr	May	Jun
3. Review and recommended changes to RTD operations and policies to achieve a more sustainable financial model, including review of investment policies/guiding principles, debt strategies.	Review of past investment policies, financing/debt strategies	XXXXXX	XXXXXX	XXXXXX		
4. Recommend alternatives for regional/subregional funding allocation.	Will work with Governance Subcommittee			XXXXXX	XXXXXX	
5. Peer review of RTD Administrative Overhead / Organizational Efficiencies	Working with North Highland Consultants	XXXXXX				
6. Review FasTracks spending and make recommendations on how to achieve an equitable resolution for the unfinished FasTracks Corridors. This will include answering the following questions: <ul style="list-style-type: none"> • How have FasTracks and base operating monies been generated and spent to date across the RTD service area? • How much of base funding has been diverted to FasTracks projects? • What is the cost of finishing FasTracks? • How can unfinished corridors be served in a cost effective and cost efficient manner (e.g., project completion, equivalent mobility, financial, etc.)? 	FasTracks/base system funding Cost to finish FasTracks Finishing FasTracks		XXXXXX	XXXXXX XXXXXX		XXXXXX
7. Improve financial transparency to build back public trust and demonstrate RTD accountability to the voters and policy makers Strategy: Create a recommendation for a public, online dashboard that includes how RTD money is generated and spent, detailed monthly reporting of ridership, and information on planned service changes and rationale for those changes. The content should mostly be well-organized links to existing RTD reports. RTD should generate a publicly accessible prototype and then seek public comment before finalizing the design.	Dashboard Recommendation	XXXXXX	XXXXXX			

Focus Area	Issues in progress or yet to address	Feb	Mar	Apr	May	Jun
<p>8. Examine partnership opportunities (i.e., with CDOT, local governments, human services agencies, non-profits, private sector, etc.) to enhance mobility services, allow RTD to focus on delivering the types of service(s) they can do most effectively/efficiently, and leverage RTD funding and/or decrease costs of service.</p>	<p>Contracted Services/ Partnership Opportunities</p> <p>Enhanced/Innovative Mobility Services</p>	XXXXXX	XXXXXX	XXXXXX	XXXXXX	