

AGENDA

RTD Accountability Committee
Operations Subcommittee
Friday, September 25, 2020
2:00-3:00 p.m.
VIDEO/WEB CONFERENCE
Denver, CO

1. Call to Order
2. Introductions

ACTION ITEMS

3. Refine Subcommittee Objectives (if additional refinement is necessary)
4. Review and Discussion of RTD Financial Resources and Documents
5. Next Steps

ADMINISTRATIVE ITEMS

6. Member Comment/Other Matters
7. Adjournment

RTD Accountability Committee Subcommittees

Operations Subcommittee	Finance Subcommittee	Governance Subcommittee
<ul style="list-style-type: none"> • ADA compliance and accessibility of District services, <u>vehicles, rules,</u> and facilities, including paratransit • <u>Equity in services provided to the District, analyzed in terms of geography, social equity, fare structures, and needs of transit-dependent populations</u> • <u>Services provided by the District, plans and criteria for expansions or reductions in service</u> • <u>Workforce retention, hiring, management</u> • <u>Community based service delivery; plans and criteria for expansions or reductions in service</u> • <u>District's efforts to address the state's climate change goals and air quality.</u> • <u>Fare structures and ridership (equity)</u> 	<ul style="list-style-type: none"> • Use of CARES Act and other pandemic-related funds to support RTD's mission • <u>Review of current state audit and other financial-related documents,</u> including with respect to staff management, retention, and hiring • <u>Resolution of unfinished FasTracks corridors</u> • <u>Long term budgeting and financial planning and stability</u> • <u>Services provided by the District, plans and criteria for expansions or reductions in service</u> • <u>Fare structures and ridership (financial component)</u> 	<ul style="list-style-type: none"> • District's partnerships with local governments, <u>CDOT, other government entities, transit agencies, and non-profits, as appropriate (including outside RTD boundaries)</u> • Organizational assessment (<u>financial health</u>, human resources, work culture, management and governance of the District; <u>organizational and Board structure</u>) • District's role in fostering economic development <u>including (residential and commercial) around stations</u> • <u>Review of RTD statutes</u>

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RTD Accountability Committee Subcommittees

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To: Members of the RTD Accountability Committee-Finance Subcommittee

From: Douglas W. Rex, Executive Director
(303) 480-6701 or drex@drcog.org

Meeting Date	Agenda Category	Agenda Item #
September 25, 2020	Informational	4

SUBJECT

Review and Discussion of RTD Financial Resources and Documents

PROPOSED ACTION/RECOMMENDATIONS

N/A

ACTION BY OTHERS

N/A

SUMMARY

Several documents and resources are available for review to provide the Finance Subcommittee an overview of RTD's recent revenues and expenditures. Attached is a list of documents (including links): RTD's adopted 2019 and 2020 budgets; RTD's 2019 Comprehensive Annual Financial Report; and several recent State Audits. Also attached are the revenue and expenditure summaries from RTD's adopted 2019 and 2020 budgets.

Staff intends to have a high level discussion with the Subcommittee on these resources to assist the Subcommittee to identify its analysis priorities and next steps.

PREVIOUS DISCUSSIONS/ACTIONS

N/A

PROPOSED MOTION

N/A

ATTACHMENTS

- Resource List and Links
- RTD 2019 Adopted Budget Revenue and Expenditures Summary
- RTD 2020 Adopted Budget Revenue and Expenditures Summary

ADDITIONAL INFORMATION

If you need additional information, please contact Douglas W. Rex, Executive Director, at drex@drcog.org or (303) 480-6701; or Matthew Helfant, Senior Transportation Planner, at 303-480-6731 or mhelfant@drcog.org.

RTD Accountability – Finance Subcommittee

Resources:

[2020 Adopted Budget](#) and [Budget Book](#)

[2019 Adopted Budget](#) and [Budget Book](#)

[2019 Annual Financial Report](#)

[State Audit: Bus and Light Rail Train Operator Safety](#), September 2015

This report contains the results of a performance audit of the Regional Transportation District (RTD). The audit was conducted pursuant to Section 32-9-115(3), C.R.S., which requires the State Auditor to conduct a performance audit of RTD at least once every 5 years. The Office of the State Auditor contracted with Two Hills Accounting & Consulting, P.C., to conduct this audit. The report presents our findings, conclusions, and recommendations, and the responses of the Regional Transportation District.

[Evaluation: Bus Cost Allocation Model](#), January 2011

The purpose of this evaluation was to determine whether the bus cost allocation model (bus cost model) used by the Regional Transportation District (District) provides valid and reliable cost information for use in decisionmaking. The District uses the bus cost model, as well as analyses performed using the model's outputs, to evaluate the cost-effectiveness of services provided and also to support decisionmaking in many areas of the District's operations, including the privatization of bus services and long-term planning.

[State Audit: Executive Compensation Practices](#), March 2010

This report contains the results of a performance audit of executive compensation practices at the Regional Transportation District. We performed this audit in response to a legislative request. The audit was conducted pursuant to Section 32-9-115(3), C.R.S., which requires the State Auditor to conduct a performance audit of the Regional Transportation District at least once every five years. The report presents our findings, conclusions, and recommendations, and the responses of the Regional Transportation District Board of Directors, the Regional Transportation District, and the Regional Transportation District Salaried Employees' Pension Trust.

[State Audit: Regional Transportation District Performance Audit](#), August 2006

This report contains the results of a performance audit of the Regional Transportation District. The audit was conducted pursuant to Section 32-9-115(3), C.R.S., which requires the State Auditor to conduct or cause to be conducted a performance audit of the Regional Transportation District at least once every five years. The Office of the State Auditor contracted with Pacey Economics Group and Battelle to conduct this review. The report presents findings, conclusions, and recommendations, and the responses of the Regional Transportation District.

**Regional Transportation District
Fiscal Year 2019 Recommended Budget
Combined (In Thousands)**

COMBINED	2017 Actual	2018 Amended Budget	2018 Projected	2019 Recommended Budget	\$ Change 2019 Recommended Budget vs. 2018 Amended Budget	% Change 2019 Recommended Budget vs. 2018 Amended Budget
Operating Revenue						
Farebox Revenues	\$ 140,218	\$ 146,785	\$ 143,277	\$ 163,600	\$ 16,815	11.5%
Advertising Revenues	3,450	3,494	3,494	3,400	(94)	-2.7%
Joint Venture Revenue	478	950	950	977	27	2.8%
Other Operating Revenues	3,231	1,222	1,222	1,240	18	1.5%
Total Operating Revenue	147,377	152,451	148,943	169,216	16,765	11.0%
Operating Expenses (excluding Depreciation)						
Bus Operations	149,083	158,957	158,957	163,449	4,492	2.8%
Rail Operations	93,052	137,771	137,771	160,440	22,669	16.5%
Private Carrier Operations	89,890	111,913	111,913	116,842	4,929	4.4%
Access-a-Ride	46,226	47,481	47,481	52,115	4,634	9.8%
Planning	4,550	10,074	10,074	4,970	(5,104)	-50.7%
Capital Programs & Facilities	60,511	84,304	84,304	59,162	(25,142)	-29.8%
Safety, Security & Asset Management	26,285	34,455	34,455	37,353	2,898	8.4%
General Counsel	18,251	19,114	19,114	17,546	(1,568)	-8.2%
Finance & Administration	44,307	62,113	62,113	58,519	(3,594)	-5.8%
Communications	12,164	17,397	17,397	17,916	519	3.0%
Executive Office	6,138	7,261	7,261	6,737	(524)	-7.2%
Board Office	805	1,292	1,292	1,385	93	7.2%
Other Non-Departmental	2,369	8,235	8,235	8,525	290	3.5%
Less: FasTracks Service Increases	-	-	-	-	-	0.0%
FasTracks Internal Savings Account (FISA) Contribution	-	-	-	-	-	0.0%
Allocated Expenditures	35,601	-	-	-	-	0.0%
Expense Projects Carry-forward	-	-	(50,453)	50,453	50,453	0.0%
Total Operating Expenses (excluding Depreciation)	589,232	700,367	649,914	755,412	55,045	7.9%
Operating Income/(Loss)	(441,855)	(547,916)	(500,971)	(586,196)	(38,280)	7.0%
Non-Operating Revenues						
Sales Tax	546,447	565,261	565,261	607,025	41,764	7.4%
Use Tax	51,740	57,573	57,573	61,305	3,731	6.5%
Grant Revenue - Operating	80,412	102,681	92,183	95,293	(7,388)	-7.2%
Grant Revenue - Capital	76,737	311,134	53,982	275,592	(35,542)	-11.4%
Investment Income	63,031	11,732	11,732	15,695	3,963	33.8%
Other Income	14,613	13,246	13,246	12,679	(567)	-4.3%
Total Non-Operating Revenues	832,980	1,061,628	793,978	1,067,589	5,961	0.6%
Income Before Debt Service and Cap Ex	391,125	513,712	293,007	481,393	(32,318)	-6.3%
Debt and Reserves						
Debt Payments	(93,316)	(64,700)	(64,700)	(76,771)	(12,071)	18.7%
Interest Expense	(68,324)	(153,248)	(153,248)	(152,155)	1,093	-0.7%
Financing Proceeds	-	-	-	-	-	0.0%
Drawdown/(Increase) in Capital Acquisition Reserve	-	2,700	2,700	-	(2,700)	-100.0%
Drawdown/(Increase) in FasTracks Debt Service Reserve	-	-	-	(2,003)	(2,003)	0.0%
Drawdown/(Increase) in FasTracks Construction Reserve	176,750	-	-	-	-	0.0%
Drawdown (Increase) in FasTracks Internal Savings Account	-	(22,092)	(4,016)	(9,361)	12,731	-57.6%
Contributed Capital	9,659	134,045	12,253	137,667	3,622	2.7%
Increase / (Decrease) in Debt and Reserves	24,769	(103,295)	(207,011)	(102,623)	672	-0.7%
Capital Expenditures						
Prior Year Approved Capital Carryforward	109,783	639,745	-	719,372	79,627	12.4%
Capitalized Interest	-	21,400	21,400	21,400	-	0.0%
Facilities Construction & Maintenance	-	616	616	4,540	3,924	637.0%
Bus Infrastructure	-	-	-	-	-	0.0%
Park-n-Rides	-	113	113	498	385	341.1%
Capital Support Projects	-	14,679	14,679	2,569	(12,110)	-82.5%
Rail Construction	-	4,626	4,626	4,239	(387)	-8.4%
Rail Transit	-	23,275	23,275	1,541	(21,734)	-93.4%
Fleet Modernization & Expansion	-	30,038	30,038	32,612	2,574	8.6%
Capital Support Equipment	-	7,657	7,657	4,218	(3,439)	-44.9%
Systems Planning	-	-	-	-	-	0.0%
Unallocated Capital	-	154	154	103	-	0.0%
Fastracks Program	341,462	128,968	128,968	39,652	(89,316)	-69.3%
Net Capital Expenditures	451,245	871,271	231,526	830,745	(40,475)	-4.6%
Current Activity	\$ (35,351)	\$ (460,854)	\$ (145,530)	\$ (451,975)	\$ 8,828	-1.9%

**Regional Transportation District
Fiscal Year 2020 Recommended Budget
Combined (In Thousands)**

COMBINED	2018 Actual	2019 Amended Budget	2019 Projected	2020 Recommended Budget	\$ Change 2020 Recommended Budget vs. 2019 Amended Budget	% Change 2020 Recommended Budget vs. 2019 Amended Budget
Operating Revenue						
Farebox Revenues	\$ 143,231	\$ 163,600	\$ 154,160	\$ 158,116	\$ (5,484)	-3.4%
Advertising Revenues	4,433	3,400	3,400	3,400	-	0.0%
Joint Venture Revenue	492	977	977	1,002	25	2.6%
Other Operating Revenues	2,611	1,240	1,240	1,111	(128)	-10.3%
Total Operating Revenue	150,767	169,216	159,776	163,629	(5,587)	-3.3%
Operating Expenses (excluding Depreciation)						
Bus Operations	172,949	163,194	153,194	167,014	3,820	2.3%
Rail Operations	107,073	169,604	152,604	169,720	116	0.1%
Private Carrier Operations	88,736	116,765	116,765	120,501	3,736	3.2%
Access-a-Ride	45,922	51,215	51,215	54,184	2,969	5.8%
Planning	4,718	12,284	7,284	5,154	(7,130)	-58.0%
Capital Programs & Facilities	58,159	79,564	67,564	53,961	(25,603)	-32.2%
Safety, Security & Asset Management	30,583	38,075	38,075	39,853	1,778	4.7%
General Counsel	14,971	17,868	17,868	17,391	(477)	-2.7%
Finance & Administration	46,807	59,311	53,311	56,253	(3,058)	-5.2%
Communications	12,276	18,525	17,525	14,771	(3,754)	-20.3%
Executive Office	6,971	7,058	7,058	6,730	(328)	-4.6%
Board Office	822	1,385	1,385	1,170	(215)	-15.5%
Other Non-Departmental	(11,482)	8,462	8,462	9,605	1,143	13.5%
FasTracks Service Increases	-	-	-	-	-	0.0%
Allocated Expenditures	-	-	-	-	-	0.0%
Expense Projects Carry-forward	-	-	(23,437)	23,437	23,437	0.0%
Total Operating Expenses (excluding Depreciation)	578,505	743,310	668,873	739,744	(3,566)	-0.5%
Operating Income/(Loss)	(427,738)	(574,094)	(509,097)	(576,115)	(2,021)	0.4%
Non-Operating Revenues						
Sales Tax	569,334	600,631	595,631	597,262	(3,369)	-0.6%
Use Tax	64,858	61,745	61,745	67,481	5,736	9.3%
Grant Revenue - Operating	86,402	92,013	87,899	92,231	218	0.2%
Grant Revenue - Capital	81,003	266,591	63,687	218,109	(48,482)	-18.2%
Investment Income	13,409	15,695	15,695	7,496	(8,199)	-52.2%
Other Income	11,153	12,871	12,211	12,969	98	0.8%
Total Non-Operating Revenues	826,159	1,049,545	836,867	995,547	(53,998)	-5.1%
Income Before Debt Service and Cap Ex	398,421	475,452	327,771	419,432	(56,020)	-11.8%
Debt and Reserves						
Debt Payments	(68,787)	(76,771)	(76,771)	(88,174)	(11,403)	14.9%
Interest Expense	(62,769)	(152,155)	(152,155)	(170,384)	(18,229)	12.0%
Financing Proceeds	-	-	-	-	-	0.0%
Drawdown/(Increase) in Capital Replacement Reserve	-	-	-	-	-	0.0%
Drawdown/(Increase) in FasTracks Debt Service Reserve	-	(2,003)	(2,003)	-	2,003	-100.0%
Drawdown/(Increase) in FasTracks Construction Reserve	198,213	-	-	-	-	0.0%
Drawdown (Increase) in FasTracks Internal Savings Account	-	(9,361)	(9,361)	(18,648)	(9,287)	99.2%
Drawdown/(Increase) in FasTracks Management Reserve	-	-	-	-	-	0.0%
Contributed Capital	-	108,828	2,847	116,790	7,962	7.3%
Increase / (Decrease) in Debt and Reserves	66,657	(131,462)	(237,443)	(160,416)	(28,954)	22.0%
Capital Expenditures						
Prior Year Approved Capital Carryforward	53,124	579,496	579,496	573,644	(5,852)	-1.0%
Capitalized Interest	-	21,400	21,400	-	(21,400)	-100.0%
Facilities Construction & Maintenance	-	4,540	4,540	6,069	1,529	33.7%
Bus Infrastructure	-	-	-	-	-	0.0%
Park-n-Rides	-	498	498	-	(498)	-100.0%
Capital Support Projects	-	2,569	2,569	3,601	1,032	40.2%
Rail Construction	-	4,239	4,239	1,282	(2,957)	-69.8%
Rail Transit	-	2,424	2,424	1,282	(1,142)	-47.1%
Fleet Modernization & Expansion	-	32,612	32,612	20,504	(12,108)	-37.1%
Capital Support Equipment	-	4,218	4,218	933	(3,285)	-77.9%
Treasury	-	-	-	5,155	5,155	0.0%
Systems Planning	-	-	-	-	-	0.0%
Unallocated Capital	-	103	103	-	-	0.0%
Fastracks Program	281,956	41,420	41,420	854	(40,566)	-97.9%
Net Capital Expenditures	335,080	693,520	693,520	613,324	(80,093)	-11.5%
Current Activity	\$ 129,998	\$ (349,530)	\$ (603,192)	\$ (354,308)	\$ (4,881)	1.4%