

2018-2023 Strategic Budget Plan 2017 Annual Program Evaluation Long Range Financial Plan

DRCOG Board of Directors

Presentation

September 20, 2017

SBP Update

- Additional reductions to capital and O&M projects
- Revised lower debt service from bond refundings
- Revised investment income from higher interest rate forecast and adjusted investable balances
- Fare revenue recalibration
 - one year of data from fare increase
 - revised average fare revenue
 - re-allocation to Base (higher) and FasTracks (lower)
- Base cross-funding to FasTracks in 2023
- Use of reserve balances to balance SBP in 2020-2021 – replenished in 2022 and 2023

SBP Summary Cash Flow – Base

Regional Transportation District Strategic Budget Plan Cash Flow Base System Capital and Operations 2018-2023 (Rounded Millions)								
THIRD DRAFT								
CU-Leeds Baseline forecast (Mar-17)	4.0%	5.5%	4.1%	3.4%	2.6%	3.0%	4.5%	
	Amended Budget 2017	2018	2019	2020	2021	2022	2023	
Revenue and Other Income								
1	Fare Revenue	114.2	115.2	127.7	128.5	129.3	142.9	143.7
2	Sales and Use Tax	351.6	371.1	386.4	399.4	409.7	422.0	441.1
3	Grant Revenue	150.4	91.4	93.7	93.6	96.1	98.7	101.2
4	Other Income	8.1	8.4	8.6	8.9	9.1	9.3	9.6
5	Total Revenue and Other Income	\$ 624.4	\$ 586.1	\$ 616.4	\$ 630.3	\$ 644.2	\$ 672.9	\$ 695.7
	Adjustment to Balance		-	-	-	-	-	-
6	Operating Expenses Excluding Depreciation	(398.1)	(395.6)	(408.4)	(419.9)	(431.3)	(442.7)	(454.2)
7	Service Increase	(2.4)	(2.4)	(2.5)	-	-	-	-
8	FT Operations Allocation	35.7	36.7	41.8	43.0	44.2	45.3	46.5
9	CBA - Bus/Rail	(113.0)	(116.2)	(119.7)	(123.1)	(126.5)	(129.8)	(133.2)
10	Fuel Expense (diesel + gasoline)	(22.5)	(24.3)	(25.1)	(25.8)	(26.4)	(27.0)	(27.6)
11	Expense Projects (O&M)	(12.1)	(13.5)	(9.3)	(11.9)	(19.3)	(17.3)	(11.6)
12	FT Service Increase	17.9	18.4	18.9	19.5	20.0	20.5	21.0
13	Total Operating Expenses	\$ (494.5)	\$ (497.0)	\$ (504.2)	\$ (518.3)	\$ (539.4)	\$ (551.0)	\$ (559.0)
14	Income Before Interest Income / (Expense)	\$ 129.9	\$ 89.1	\$ 112.2	\$ 112.0	\$ 104.8	\$ 121.9	\$ 136.7
	Interest Income / (Expense)							
15	Investment Income	1.3	1.4	1.4	2.2	2.5	4.7	6.4
16	Interest Expense	(26.0)	(21.8)	(19.4)	(16.8)	(14.4)	(12.1)	(10.3)
17	Total Interest Income / (Expense)	\$ (24.6)	\$ (20.4)	\$ (18.0)	\$ (14.7)	\$ (11.9)	\$ (7.5)	\$ (3.9)
18	Change in Net Assets / Income	\$ 105.3	\$ 68.6	\$ 94.3	\$ 97.4	\$ 93.0	\$ 114.4	\$ 132.8
19	Capital Expenditures	(95.7)	(76.7)	(48.5)	(48.4)	(45.6)	(23.4)	(11.5)
	Use of / (Increase to) Funds							
20	Board Appropriated Fund	(7.0)	(3.0)	(3.0)	-	6.9	(5.0)	(5.0)
21	Capital Replacement Fund	(2.7)	2.7	-	-	-	(3.0)	(3.0)
22	Unrestricted Operating Reserve	(9.7)	(5.0)	(5.0)	9.8	9.9	(26.5)	(33.0)
23	Transfer to FT	-	-	-	-	-	-	(32.7)
24	Total Funds Change	\$ (19.4)	\$ (5.3)	\$ (8.0)	\$ 9.8	\$ 16.8	\$ (34.5)	\$ (73.7)
25	Financing Proceeds	-	-	-	-	-	-	-
26	Principal Payments	(50.0)	(59.0)	(62.6)	(65.8)	(64.7)	(58.2)	(47.0)
27	Net Increase / (Decrease) to Debt Balance	\$ (50.0)	\$ (59.0)	\$ (62.6)	\$ (65.8)	\$ (64.7)	\$ (58.2)	\$ (47.0)
28	Increase / (Decrease) Fund Balance	\$ (59.8)	\$ (72.4)	\$ (24.9)	\$ (7.0)	\$ (0.6)	\$ (1.7)	\$ 0.6
29	Beginning Unrestricted Net Assets / Fund Balance	43.5	75.2	33.7	9.4	2.0	2.0	2.0
30	+/- Restricted Reserves	10.5	(0.6)	0.6	(0.4)	0.6	1.8	(0.7)
31	Reconciliation of Fund Balance + Other Adjustments	13.7	-	-	-	-	-	-
32	Bond Proceeds Used for Capex	67.3	31.5	-	-	-	-	-
33	Unrestricted Year-End Fund Balance / (Deficit)	\$ 75.2	\$ 33.7	\$ 9.4	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0
34	Cumulative Fund Balance - Board Appropriated Fund	17.4	20.4	23.4	23.4	16.5	21.5	26.5
35	Cumulative Fund Balance - Capital Replacement Fund	2.7	0.0	0.0	0.0	0.0	3.0	6.0
36	Cumulative Fund Balance - Unrestricted Operating Reserve	9.7	14.7	19.7	9.9	0.0	26.5	59.5

2017 Annual Program Evaluation

Cash Flow Changes Since Last Update

- Incorporated bond and COP refinancings closed in August 2017
- Updated farebox revenue forecasts
- Updated operating and maintenance cost forecasts
 - Did not assume any service reductions
- Added investment income on available balances
- Used base system funding to fund FasTracks expenditures in 2023

APE Summary Cash Flow – 2017-2023

Regional Transportation District
2017 Annual Program Evaluation Cash Flow
2017-2023 (Rounded Millions)

DRAFT #3

	Forecast 2017	2018	2019	2020	2021	2022	2023	2018-2023 Total
Revenue and Other Sources of Funds								
1 Fare Revenue	\$ 26.4	\$ 31.6	\$ 41.2	\$ 44.3	\$ 46.0	\$ 52.3	\$ 54.0	\$ 269.3
2 Sales and Use Tax	234.4	247.4	257.6	266.3	273.2	281.3	294.1	1,619.9
3 Grant Revenue	246.1	60.6	0.9	-	0.3	4.5	4.7	70.9
4 Local and Third Party Contributions	88.2	28.1	-	-	-	-	-	28.1
5 Other Income	14.3	14.7	15.2	14.8	13.8	13.9	13.2	85.5
6 Bond Proceeds	17.3	-	-	-	-	-	-	-
7 Base System Funding to FasTracks	-	-	-	-	-	-	32.7	32.7
8 Revenue and Other Sources of Funds	\$ 626.7	\$ 382.3	\$ 314.9	\$ 325.3	\$ 333.3	\$ 352.0	\$ 398.7	\$ 2,106.4
Operating Expenses Excluding Depreciation								
9 Corridor Operating Expenses	\$ (80.4)	\$ (120.3)	\$ (154.5)	\$ (173.6)	\$ (160.6)	\$ (165.6)	\$ (173.7)	\$ (948.3)
10 FT Rubber Tire Service Increase	(17.9)	(18.4)	(18.9)	(19.5)	(20.0)	(20.5)	(21.1)	(118.3)
11 FT Expense Projects	(42.9)	(9.3)	(7.4)	(5.7)	(4.1)	(4.2)	(4.4)	(35.1)
12 Total Operating Expenses	\$ (141.1)	\$ (148.0)	\$ (180.7)	\$ (198.8)	\$ (184.8)	\$ (190.3)	\$ (199.1)	\$ (1,101.7)
Capital Expenditures								
13 Initial Expenditures	\$ (618.8)	\$ (146.1)	\$ (27.2)	\$ (1.1)	\$ (0.7)	\$ -	\$ -	\$ (175.1)
14 Post-Opening Capital Expenditures	-	-	(10.3)	(0.7)	(3.5)	(5.4)	(5.6)	(25.4)
15 Total Capital Expenditures	\$ (618.8)	\$ (146.1)	\$ (37.4)	\$ (1.8)	\$ (4.2)	\$ (5.4)	\$ (5.6)	\$ (200.5)
16 Debt Service and Lease Payments	\$ (170.7)	\$ (158.6)	\$ (168.3)	\$ (176.0)	\$ (188.1)	\$ (186.6)	\$ (220.0)	\$ (1,097.5)
17 Change in Net Assets / Income	\$ (303.9)	\$ (70.3)	\$ (71.6)	\$ (51.3)	\$ (43.8)	\$ (30.2)	\$ (26.0)	\$ (293.2)
Use of / (Increase to) Funds								
18 Board Appropriated/Capital Replacement/Operating Reserves	\$ (16.9)	\$ (8.0)	\$ (9.0)	\$ 4.1	\$ 10.7	\$ (0.7)	\$ (1.3)	\$ (4.3)
19 TABOR Reserve	(1.1)	(0.6)	(0.6)	(0.3)	(0.2)	(0.4)	(0.4)	(2.6)
20 Prior Year Financing Proceeds	295.9	47.8	-	-	-	-	-	47.8
21 Other Restricted Reserves	12.8	9.1	9.8	-	-	(0.0)	(3.3)	15.6
22 FasTracks Management Reserve	-	-	-	-	-	-	-	-
23 FasTracks Internal Savings Account (FISA)	(12.1)	(11.5)	(13.3)	(15.3)	33.4	31.3	31.1	55.6
24 Total Funds Change	\$ 278.7	\$ 36.9	\$ (13.2)	\$ (11.6)	\$ 43.8	\$ 30.2	\$ 26.0	\$ 112.2
25 Increase / (Decrease) Fund Balance	\$ (25.2)	\$ (33.4)	\$ (84.8)	\$ (62.8)	\$ -	\$ (0.0)	\$ 0.0	\$ (181.0)
Unrestricted Fund Balance								
26 Beginning Balance	208.2	183.0	149.6	64.8	2.0	2.0	2.0	183.0
27 Year-End Balance / (Deficit)	\$ 183.0	\$ 149.6	\$ 64.8	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0
Cumulative Fund Balances at Year-End - Restricted								
28 Board Appropriated/Capital Replacement/Operating Reserves	\$ 29.3	\$ 37.3	\$ 46.3	\$ 42.2	\$ 31.5	\$ 32.2	\$ 33.5	\$ 33.5
29 TABOR Reserve	8.3	8.8	9.4	9.8	10.0	10.4	10.8	10.8
30 Prior Year Financing Proceeds	47.8	-	-	-	-	-	-	-
31 Other Restricted Reserves	90.7	81.6	71.8	71.8	71.8	71.8	75.1	75.1
32 FasTracks Management Reserve	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9
33 FasTracks Internal Savings Account (FISA)	55.6	67.1	80.4	95.8	62.4	31.1	-	-

Long Range Financial Plan Overview and Purpose

- Overall long-term financial plan for RTD
 - Includes FasTracks and base system forecasts
 - Extension of the APE and SBP
- Submitted to DRCOG for incorporation into Regional Transportation Plan (RTP)
 - Required for anyone in the region to receive federal funding
 - Time horizon to 2040 to match RTP
- Required by lenders and potential lenders to prove RTD ability to repay debt
 - Time horizon through final repayment of existing or proposed debt (currently 2050)

Financial Plan Major Elements

- FasTracks corridor construction
 - Post-opening projects through 2040
- Ongoing operations and maintenance – FasTracks and base system
 - Operating and maintenance costs
 - Capital replacement and rehabilitation costs
 - Ridership forecasts and farebox revenues
- Revenue sources
 - Sales and use tax projections
 - Federal grants
 - Local and third party revenues
- Reserves

Financial Plan Changes from 2016

- Decreased revenue forecasts
 - Sales and use tax
 - Farebox revenues
- Increased operating and maintenance costs
 - Base and FasTracks

FasTracks Internal Savings Account (FISA)

- Balance drawn down by 2023 for FasTracks operations
- Current forecast does not show funding available to replenish

Long Range Plan Summary Cash Flow – Base System

Regional Transportation District
Long-Range Financial Plan Summary Cash Flow - Base System
2017-2040 (Rounded Millions)

DRAFT #1

	Forecast 2017	2018-2023	2024-2030	2031-2035	2036-2040	2018-2040 Total
Revenue and Other Sources of Funds						
1 Fare Revenue	\$ 114.2	\$ 787.3	\$ 1,141.4	\$ 994.8	\$ 1,139.6	\$ 4,063.1
2 Sales and Use Tax	351.6	2,429.8	3,689.4	3,360.1	3,964.3	13,443.7
3 Grant Revenue	150.4	574.7	726.7	575.6	654.7	2,531.7
4 Local and Third Party Contributions	-	-	-	-	-	-
5 Other Income	9.5	72.3	118.1	106.8	137.1	434.3
6 Bond/COP Proceeds	-	-	-	-	-	-
7 Base System Funding to FasTracks	-	-	-	-	-	-
8 Revenue and Other Sources of Funds	\$ 625.7	\$ 3,864.1	\$ 5,675.6	\$ 5,037.2	\$ 5,895.8	\$ 20,472.6
Operating Expenses Excluding Depreciation						
9 Ongoing Operating Expenses	\$ (485.6)	\$ (3,204.1)	\$ (4,458.5)	\$ (3,752.2)	\$ (4,298.5)	\$ (15,713.2)
10 FT Rubber Tire Service Increase	17.9	118.3	163.5	136.1	154.9	572.7
11 Expense Projects	(26.7)	(83.1)	(192.4)	(160.2)	(182.3)	(618.0)
12 Total Operating Expenses	\$ (494.5)	\$ (3,168.9)	\$ (4,487.5)	\$ (3,776.3)	\$ (4,326.0)	\$ (15,758.6)
13 Capital Expenditures	\$ (95.7)	\$ (254.1)	\$ (1,056.2)	\$ (812.3)	\$ (1,241.8)	\$ (3,364.3)
14 Debt Service and Lease Payments	\$ (74.3)	\$ (452.1)	\$ (189.0)	\$ (35.4)	\$ (35.4)	\$ (711.9)
15 Base System Funding to FasTracks	\$ -	\$ (32.7)	\$ -	\$ -	\$ -	\$ (32.7)
16 Change in Net Assets / Income	\$ (38.8)	\$ (43.7)	\$ (57.1)	\$ 413.3	\$ 292.6	\$ 605.1
Use of / (Increase to) Funds						
17 Board Appropriated/Capital Replacement/Operating Reserves	\$ (19.4)	\$ (62.2)	\$ (182.1)	\$ (25.0)	\$ (29.2)	\$ (298.5)
18 TABOR Reserve	(0.2)	(3.8)	(5.6)	(4.8)	(5.2)	(19.4)
19 Prior Year Financing Proceeds	67.3	31.5	-	-	-	31.5
20 Other Restricted Reserves	0.1	5.0	22.8	-	-	27.8
21 FasTracks Management Reserve	-	-	-	-	-	-
22 FasTracks Internal Savings Account (FISA)	-	-	-	-	-	-
23 Total Funds Change	\$ 47.8	\$ (29.5)	\$ (164.8)	\$ (29.9)	\$ (34.4)	\$ (258.6)
24 Increase / (Decrease) Fund Balance	\$ 9.0	\$ (73.2)	\$ (221.9)	\$ 383.4	\$ 258.2	\$ 346.5
Unrestricted Fund Balance						
25 Beginning Balance	66.2	75.2	2.0	(219.9)	163.5	75.2
26 Year-End Balance / (Deficit)	\$ 75.2	\$ 2.0	\$ (219.9)	\$ 163.5	\$ 421.7	\$ 421.7
Cumulative Fund Balances at Year-End - Restricted						
27 Board Appropriated/Capital Replacement/Operating Reserves	\$ 29.8	\$ 92.0	\$ 274.1	\$ 299.1	\$ 328.4	\$ 328.4
28 TABOR Reserve	14.3	18.0	23.6	28.4	33.6	33.6
29 Prior Year Financing Proceeds	31.5	-	-	-	-	-
30 Other Restricted Reserves	34.6	29.6	6.8	6.8	6.8	6.8
31 FasTracks Management Reserve	-	-	-	-	-	-
32 FasTracks Internal Savings Account (FISA)	-	-	-	-	-	-

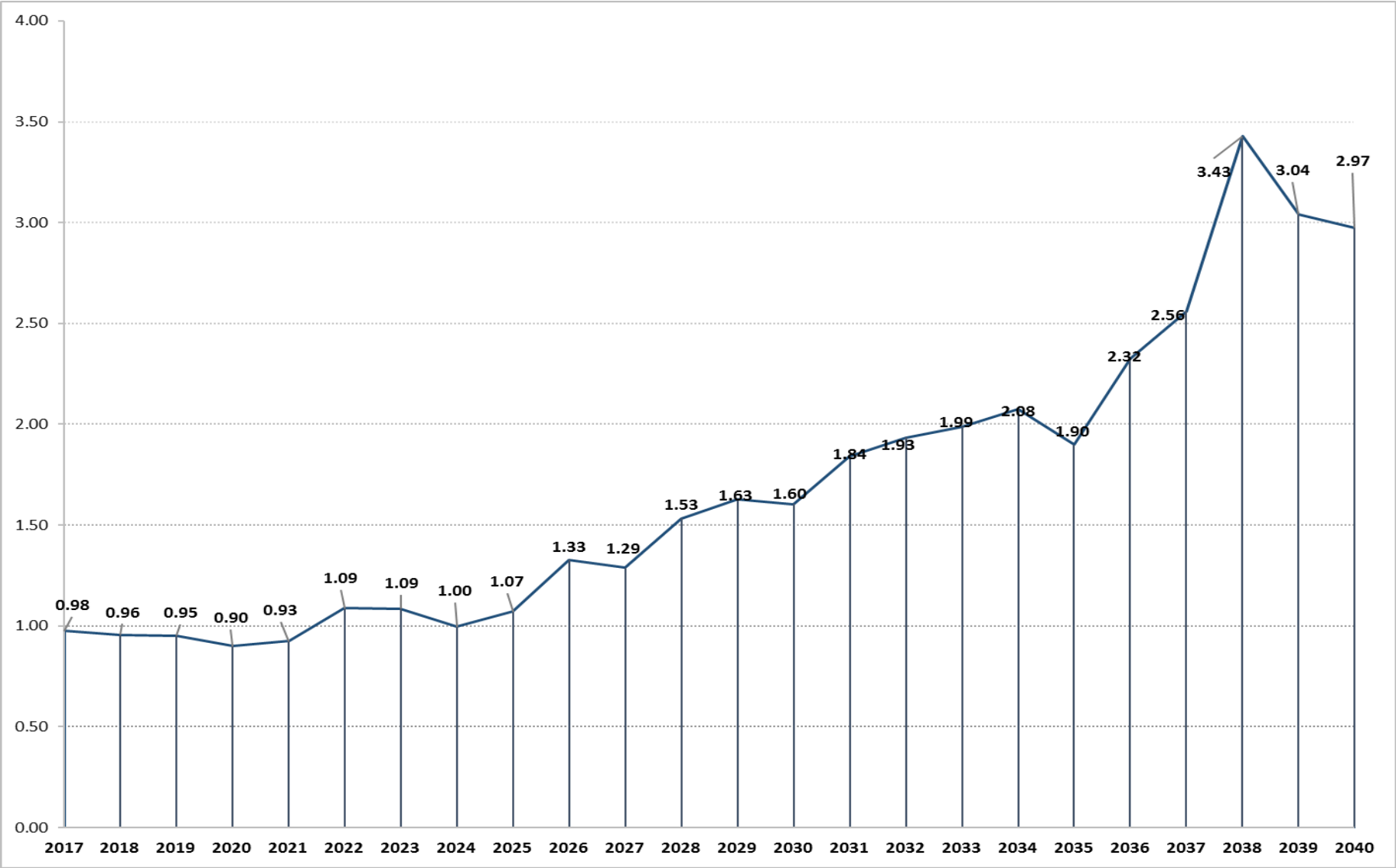
Long Range Plan Summary Cash Flow – FasTracks

Regional Transportation District
Long-Range Financial Plan Summary Cash Flow - FasTracks
2017-2040 (Rounded Millions)

DRAFT #1

	Forecast 2017	2018-2023	2024-2030	2031-2035	2036-2040	2018-2040 Total
Revenue and Other Sources of Funds						
1 Fare Revenue	\$ 26.4	\$ 269.3	\$ 482.1	\$ 490.0	\$ 587.0	\$ 1,828.4
2 Sales and Use Tax	234.4	1,619.9	2,459.6	2,240.1	2,642.9	8,962.5
3 Grant Revenue	246.1	70.9	207.8	224.2	255.1	758.0
4 Local and Third Party Contributions	88.2	28.1	-	-	-	28.1
5 Other Income	14.3	85.5	95.2	65.1	60.5	306.3
6 Bond Proceeds	17.3	-	-	-	-	-
7 Base System Funding to FasTracks	-	32.7	-	-	-	32.7
8 Revenue and Other Sources of Funds	\$ 626.7	\$ 2,106.4	\$ 3,244.7	\$ 3,019.3	\$ 3,545.4	\$ 11,915.9
Operating Expenses Excluding Depreciation						
9 Corridor Operating Expenses	\$ (80.4)	\$ (948.3)	\$ (1,511.6)	\$ (1,278.6)	\$ (1,517.6)	\$ (5,256.2)
10 FT Rubber Tire Service Increase	(17.9)	(118.3)	(163.5)	(136.1)	(154.9)	(572.7)
11 FT Expense Projects	(42.9)	(35.1)	(33.8)	(28.1)	(32.0)	(129.0)
12 Total Operating Expenses	\$ (141.1)	\$ (1,101.7)	\$ (1,708.9)	\$ (1,442.8)	\$ (1,704.5)	\$ (5,957.9)
Capital Expenditures						
13 Initial Expenditures	\$ (618.8)	\$ (175.1)	\$ (33.3)	\$ -	\$ -	\$ (208.4)
14 Post-Opening Capital Expenditures	-	(25.4)	(89.2)	(71.6)	(632.4)	(818.6)
15 Total Capital Expenditures	\$ (618.8)	\$ (200.5)	\$ (122.5)	\$ (71.6)	\$ (632.4)	\$ (1,027.0)
16 Debt Service and Lease Payments	\$ (170.7)	\$ (1,097.5)	\$ (1,761.6)	\$ (1,394.7)	\$ (1,151.0)	\$ (5,404.7)
17 Change in Net Assets / Income	\$ (303.9)	\$ (293.2)	\$ (348.2)	\$ 110.2	\$ 57.5	\$ (473.6)
Use of / (Increase to) Funds						
18 Board Appropriated/Capital Replacement/Operating Reserves	\$ (16.9)	\$ (4.3)	\$ (18.7)	\$ (8.7)	\$ (9.3)	\$ (40.9)
19 TABOR Reserve	(1.1)	(2.6)	(3.9)	(3.2)	(3.1)	(12.8)
20 Prior Year Financing Proceeds	295.9	47.8	-	-	-	47.8
21 Other Restricted Reserves	12.8	15.6	0.9	1.1	12.1	29.7
22 FasTracks Management Reserve	-	-	-	-	-	-
23 FasTracks Internal Savings Account (FISA)	(12.1)	55.6	-	-	-	55.6
24 Total Funds Change	\$ 278.7	\$ 112.2	\$ (21.7)	\$ (10.8)	\$ (0.3)	\$ 79.4
25 Increase / (Decrease) Fund Balance	\$ (25.2)	\$ (181.0)	\$ (369.9)	\$ 99.4	\$ 57.2	\$ (394.3)
Unrestricted Fund Balance						
26 Beginning Balance	208.2	183.0	2.0	(367.8)	(268.4)	183.0
27 Year-End Balance / (Deficit)	\$ 183.0	\$ 2.0	\$ (367.8)	\$ (268.4)	\$ (211.3)	\$ (211.3)
Cumulative Fund Balances at Year-End - Restricted						
28 Board Appropriated/Capital Replacement/Operating Reserves	\$ 29.3	\$ 33.5	\$ 52.2	\$ 60.8	\$ 70.2	\$ 70.2
29 TABOR Reserve	8.3	10.8	14.8	18.0	21.1	21.1
30 Prior Year Financing Proceeds	47.8	-	-	-	-	-
31 Other Restricted Reserves	90.7	75.1	74.3	73.1	61.0	61.0
32 FasTracks Management Reserve	15.9	15.9	15.9	15.9	15.9	15.9
33 FasTracks Internal Savings Account (FISA)	55.6	-	-	-	-	-

RTD Net Revenue Coverage through 2040



Long-Range Plan Challenges

- Construction and operation of currently unfunded corridors
- Completion of ongoing projects
- State of good repair
- Operating and maintenance cost of completed corridors
- Sales and use tax volatility
- Farebox revenues
- Financing capacity and funding constraints
- Debt service coverage