2014 FasTracks Baseline Review and Determination Report

Adopted November 2014
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1. Introduction

Per requirements of State Senate Bill 90-208 (SB-208), the Denver Regional Council of Governments (DRCOG) approved the Regional Transportation District (RTD) FasTracks Plan, including the technologies and method of financing, on April 21, 2004. Resolutions of approval were passed for each individual corridor and for the system as a whole. The resolutions stated that an annual review would be conducted through the MPO process to identify any substantial changes from one year to the next and “directed that the DRCOG Board of Directors make a determination if the changes are substantial and require further SB-208 action.” The 2004 DRCOG action is referred to as the original or initial review.

In September 2013, the annual review requirements changed. Board Resolution #14-2013, adopted by the DRCOG Board of Directors, required a new FasTracks Plan Baseline Report to be prepared by August 2014 to serve as the basis for identifying future changes. Rather than a prescribed annual review, the resolution requires a FasTracks Plan Change Report only when RTD proposes changes from the most recent DRCOG-approved FasTracks Plan to any categories listed in SB-208 and the resolution. The DRCOG Board reviews the changes, identifies those of significance, and takes action it deems appropriate.

A. RTD’s 2014 FasTracks Baseline Report to DRCOG (August 2014)

RTD submitted its 2014 Baseline Report to DRCOG in August 2014. The report provides information on the topics identified in the DRCOG approval resolutions (April 2004) and Board Resolution #14-2013 as annual review subjects:

- Project definition, scope, and implementation schedule;
- Operating characteristics;
- Level of bus service; and
- Financial plan, which includes plan and corridor costs and revenue projections.

A key document referenced in this report is RTD’s 2014 Annual Program Evaluation (APE). On an annual basis, through the APE process, RTD updates the FasTracks financial plan with new revenue and cost projections, including capital, financing and operating costs for each of the corridors and projects in year of expenditure (YOE) dollars, and reflects the currently-adopted FasTracks implementation schedule for each of the corridors.

The FasTracks Plan is financed in part through a 0.4 percent regional sales and use tax approved by voters in November 2004. This is in addition to the existing 0.6 percent transit tax that funds the base system.

Financial assumptions and projections were developed by RTD using the best available estimates of costs, reasonably anticipated federal funding based on current federal law and regulations, and revenues from other sources including sales tax and fare collections. In the report, RTD stated that all FasTracks projects remain in the FasTracks Plan and will be constructed over time. However, current financial forecasts indicate that not all projects will be constructed in the 2040 timeframe. Even so, base system funded services are projected to increase steadily through 2040.
2. Project Definition, Scope, and Implementation Schedule

The projects planned to be completed within the 2040 timeframe are:

- I-225: 2016 completion
- Eagle Project: 2016 completion
  - Gold Line
  - East Rail Line
  - Northwest Rail Line – Phase 1
  - Commuter Rail Maintenance Facility
- Northwest Rail Corridor – Construct Longmont Station: 2017 completion
- Central Corridor Extension – Planning Study: 2014 completion
- US-36 BRT:
  - $135 million for Managed Lanes to Table Mesa: 2012-2015
  - Queue Jumps and Diverging Diamond Interchange: 2015 completion
  - Vehicles and Station Amenities: 2016 completion
  - Church Ranch and Westminster Improvements: 2018 completion
- North Metro to 124th Avenue: 2018 completion
- Southeast Rail Extension: 2019 completion

RTD estimates the expended or currently committed capital funds to complete FasTracks projects and project components through 2019 is just under $5.6 billion (YOES). This includes approximately $3 billion spent through 2013. Not included in the $5.6 billion estimate is funding to complete projects not anticipated to be completed during the 2040 timeframe:

- Central Rail Extension;
- North Metro Rail Line from 124th/Eastlake to 162nd/SH7;
- Northwest Rail Line from South Westminster/71st Avenue Station to Longmont; and
- Southwest Extension.

A. Project Definition/Scope

Table 1 identifies the FasTracks program through 2019 (project definition/scope), and parking for each corridor in RTD’s 2014 Baseline Report. Also, see Table 1 of the Baseline Report for more detailed project characteristics.

DRCOG staff assessment: There are no substantive changes to the project definitions or scopes. Further SB-208 action is not needed.
Table 1: FasTracks Program by 2019 and Associated Long-term Costs

<table>
<thead>
<tr>
<th>Program Element/ Corridor</th>
<th>Technology</th>
<th>Length (miles)</th>
<th>Total Opening Day Parking/Spaces</th>
<th>Completion Year</th>
<th>Total Cost (millions YOE$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Rail Extension</td>
<td>LRT</td>
<td>0.8</td>
<td>0</td>
<td>Beyond 2040</td>
<td>$10.9</td>
</tr>
<tr>
<td>Denver Union Station</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>2016</td>
<td>$314.9</td>
</tr>
<tr>
<td>Eagle Project:</td>
<td>CRT</td>
<td>39.9*</td>
<td>4,329</td>
<td>2016</td>
<td>$2,274.3</td>
</tr>
<tr>
<td>East Rail Line</td>
<td>CRT</td>
<td>22.8</td>
<td>4,329</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold Line</td>
<td>CRT</td>
<td>11.2</td>
<td>2,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 1-Northwest Rail</td>
<td>CRT</td>
<td>6.2</td>
<td>350</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free MetroRide</td>
<td>Bus</td>
<td>1.5</td>
<td>0</td>
<td>Opened 2014</td>
<td>$16.9</td>
</tr>
<tr>
<td>I-225 Rail Line</td>
<td>LRT</td>
<td>10.5</td>
<td>1,800</td>
<td>2016</td>
<td>$693.2</td>
</tr>
<tr>
<td>North Metro Rail Line</td>
<td>CRT</td>
<td>18.4</td>
<td>3,990</td>
<td>DUS to 124th/Eastlake-2018</td>
<td>$708.3</td>
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<tr>
<td>Northwest Rail Line - Phase 2</td>
<td>CRT</td>
<td>34.8</td>
<td>3,010</td>
<td>124th/Eastlake to 162nd/SH 7 - Beyond 2040</td>
<td>$29.2</td>
</tr>
<tr>
<td>Southeast Rail Extension</td>
<td>LRT</td>
<td>2.3</td>
<td>1,300</td>
<td>2019 (change from previous FasTracks plan)**</td>
<td>$239.0</td>
</tr>
<tr>
<td>Southwest Rail Extension</td>
<td>LRT</td>
<td>2.5</td>
<td>1,000</td>
<td>Beyond 2040</td>
<td>$24.5</td>
</tr>
<tr>
<td>US-36 BRT</td>
<td>BRT</td>
<td>18</td>
<td>4,200</td>
<td>Phase 1-Opened 2010</td>
<td>$228.8</td>
</tr>
<tr>
<td>West Rail Line</td>
<td>LRT</td>
<td>12.1</td>
<td>4,774</td>
<td>Opened 2013</td>
<td>$678.4</td>
</tr>
<tr>
<td>Other FasTracks Project Costs</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td>$353.3</td>
</tr>
<tr>
<td>Light Rail Maintenance Facility</td>
<td>NA</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td>$17.2</td>
</tr>
<tr>
<td>**Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>**Total $5,588.9</td>
</tr>
</tbody>
</table>

*Eagle Project length combined the shared segments among corridors.
**Southeast Extension now scheduled for 2019 opening.

B. Implementation Schedule

The West Rail line was the first FasTracks corridor to open in spring 2013. Several other corridors are set to open in 2016, with two additional corridors anticipated to open by 2019. Portions of the Northwest Rail Line and North Metro Rail Line corridors, and the Southwest and Central Rail Extensions, are not scheduled to be completed until after 2040. Table 1 lists the FasTracks completion years.

*DRCOG staff assessment: The only substantive change is the completion year for the Southeast Extension from the 2030-2035 timeframe to a 2019 opening day. Further SB-208 action is not needed. The change will be reflected in the Fiscally Constrained 2040 RTP scheduled for adoption in January 2015.*
3. Operating Characteristics

Operating characteristics of individual corridor lines are an important consideration for RTD. Such characteristics include frequency of service (aka headways), total service capacity, and travel times. DRCOG’s assessment focuses on the most critical characteristics: headways and capacity.

*(SEE FIGURES 19 AND 20 OF THE 2014 BASELINE REPORT)*

A. Headways

RTD has planned adequate headways between vehicle arrival times for future FasTracks corridors based on anticipated demand. RTD has flexibility to also make adjustments to provide more efficient service based on actual ridership.

*DRCOG staff assessment: No SB-208 action needed.*

B. Corridor Capacity/Line Loads

*RTD has planned adequate capacity for future FasTracks corridors based on anticipated demand. RTD has flexibility to also make adjustments to provide more efficient service based on actual ridership.*

*DRCOG staff assessment: No SB-208 action needed.*

C. Stations

The 2014 Baseline Report contains a change from the assumptions in the previous DRCOG review and determination for the 2011 Annual Report for the Northwest Rail Line. Trains will not stop at the 41st/Fox or Pecos Junction Stations. The current operating plan, as agreed to in the RTD/Eagle concessionaire agreement with Denver Transit Partners (DTP), is for the Northwest Rail trains to operate non-stop between Denver Union Station and the Westminster Station. However, Gold Line trains will stop at these two stations (see Figure 19 of 2014 Baseline Report).

RTD will re-evaluate this operational change after one year of service in this configuration. The re-evaluation will take place in 2017 and involve consultation with DTP and area stakeholders.

*DRCOG staff assessment: This is a substantive change which needs to be reflected in the DRCOG travel model network, but it does not require SB-208 action.*

4. Level of Bus Service

RTD anticipates small but steady growth in bus service levels (fixed route, Call-n-Ride, and Americans with Disabilities (ADA) paratransit service) between 2014 and 2020 of less than 1 percent annually. After this timeframe service levels are projected to increase by about 1 percent per year (See Table 8 of 2014 Baseline Report).

*DRCOG staff assessment: The projected growth is generally consistent with previous estimates and congruent with the acceleration of additional FasTracks projects not assumed in previous estimates. Further SB-208 action is not needed.*
5. Financial Plan

Since 2005, RTD has updated the Financial Plan annually to reflect the latest available information and assumptions. Many FasTracks projects are either completed or under construction and are being managed within the Board-approved budgets.

A. Cost Estimates

Table 1 lists the total long-term estimated costs to pay for the capital projects scheduled for completion by 2019.

DRCOG staff has no concerns regarding the overall capital construction estimate because these are near-term costs that are fixed by construction contracts. However, DRCOG staff acknowledges the long-term repayment costs will be susceptible to variations not currently predictable. The 2014 Financial Plan and supporting information presented a sound representation of factors impacting expenditures and costs estimate for each corridor.

DRCOG staff considers RTD’s assumptions for operating costs generally reasonable based on local experience and national and industry trends.

Because of the uncertainty of the construction schedule for the remaining corridor elements to be completed after 2040, RTD did not present specific capital construction cost estimates for:

- Southwest Rail Extension (to C-470/Lucent Station)
- North Metro Rail Line (to SH-7/162nd Station)
- Northwest Rail Line- Phase 2 (to Downtown Longmont Station)
- Central Rail Extension (to 38th/Blake Station)

As RTD further evaluates these corridor extensions and attempts to develop funding and/or construction packages, updated cost estimates will be prepared.

B. Revenue Projections

(SEE TABLE 1 OF THE RTD 2014 FINANCIAL PLAN)

Table 2 summarizes the fund sources through 2040 expected to pay for FasTracks’ program elements to be completed by 2019.

<table>
<thead>
<tr>
<th>Sources Generated by Sales and Use Tax</th>
<th>2014 Financial Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Bond Proceeds</td>
<td>$1,561.1  27.9%</td>
</tr>
<tr>
<td>COPs Proceeds</td>
<td>$690.3   12.4%</td>
</tr>
<tr>
<td>TIFIA Loan Proceeds</td>
<td>$280.0   5.0%</td>
</tr>
<tr>
<td>Denver Union Station Note Proceeds</td>
<td>$168.0   3.0%</td>
</tr>
<tr>
<td>Public-Private Partnerships</td>
<td>$440.9   7.9%</td>
</tr>
<tr>
<td>Source</td>
<td>Amount</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Pay-as-you-go-Capital</td>
<td>$574.0</td>
</tr>
<tr>
<td><strong>Subtotal generated by sales and use tax</strong></td>
<td><strong>$3,714.3</strong></td>
</tr>
<tr>
<td><strong>Federal Grants</strong></td>
<td></td>
</tr>
<tr>
<td>Federal New Start Grants</td>
<td>$1,431.1</td>
</tr>
<tr>
<td>Other Federal Grants</td>
<td>$215.1</td>
</tr>
<tr>
<td><strong>Subtotal federal grants</strong></td>
<td><strong>$1,646.2</strong></td>
</tr>
<tr>
<td><strong>Local Funding</strong></td>
<td></td>
</tr>
<tr>
<td>Local Match Funding</td>
<td>$127.1</td>
</tr>
<tr>
<td>Other Local Funding</td>
<td>$101.2</td>
</tr>
<tr>
<td><strong>Subtotal local funding</strong></td>
<td><strong>$228.3</strong></td>
</tr>
<tr>
<td><strong>Total FasTracks Program Funding</strong></td>
<td><strong>$5,558.9</strong></td>
</tr>
</tbody>
</table>

*rounded

DRCOG staff believes RTD’s assumptions on revenue through 2040 are reasonable based on the track record of previous revenues and the conservativeness of the estimates.

The revenue forecasts in Figure 1 of the *2014 Baseline Report Financial Plan* are based on an overall average annual growth rate for sales and use tax revenues of 3.66 percent per year from 2014 through 2040. It is acknowledged this is a highly variable value subject to lower and higher levels in specific futures years. Note the revenues presented in Figure 1 of the *2014 Baseline Report Financial Plan* are for the combined total of the Base System sales and use tax plus the FasTracks sales and use tax. The increased cash flow (above expenditures) starting in 2022 is for the Base System.

Further, DRCOG staff recognizes RTD’s success in its efforts to generate funding for FasTracks projects from less traditional sources. The Eagle project is a nationally-renowned example of a public private partnership. The first phase of North Metro may not be under construction if not for the use of Certificates of Participation. The latest example is with the Southeast Extension where the largest local match contribution in addition to a New Starts grant will likely mean RTD’s contribution will be less than 40 percent.

*DRCOG staff assessment: No SB-208 action needed.*

### 6. DRCOG Staff Overall Assessment of the 2014 Financial Plan

Despite previous economic setbacks, RTD is moving forward with construction on many FasTracks corridors. DRCOG staff is comfortable with the construction schedule and long term assumptions for paying for that construction (i.e., revenue bonds, etc.). However, it will be important for RTD to monitor revenues and costs closely in the near future and propose how to address the funding and schedule for post-2040 corridor elements.

DRCOG staff continues to support RTD’s use of public-private partnerships, when feasible, to implement FasTracks and recognizes public-private partnerships as a critical component of the 2014 Financial Plan. In addition, RTD has found other methods to finance projects which have enabled more projects to be constructed despite a shortfall in sales and use tax revenue.

*DRCOG staff recommends acceptance of the 2014 Financial Plan, including the system and corridor costs and the revenue elements.*