

Staff Review of December 2013 RTD FasTracks Plan Change Report

Draft: December 6, 2013

Purpose

This document summarizes DRCOG staff review of the December 2013 *RTD FasTracks Plan Change Report*. State Senate Bill 90-208 (SB-208) requires that the DRCOG Board approve the financing and technology of any new RTD fixed guideway project before RTD takes an action toward construction. The DRCOG Board further clarified this to also apply to changes to the FasTracks Plan. Pursuant to DRCOG Board Resolution number 14, 2013, RTD is required to submit a Change Report to address SB-208 and DRCOG Board requirements whenever it proposes a major change to FasTracks.

RTD's Proposed FasTracks Changes

- Extend the North Metro Rail Line from the 72nd Avenue Station to the 124th Avenue Station as a funded project in the *2035 Fiscally Constrained Regional Transportation Plan* (FC-RTP).
- Relocate the Montview Station along the I-225 Rail Line approximately a half mile north to Fitzsimons Parkway at the request of the University of Colorado.

Table 1 (North Metro) and Table 2 (Montview Station) summarize RTD's proposed changes.

Table 1: RTD Proposed Changes to North Metro Rail Line

Category	Current FasTracks Plan	Proposed Change
Project Definition/ Scope (per 2035 FC-RTP)	<ul style="list-style-type: none"> • Segment: DUS to 72nd Avenue Station • Parking: 120 spaces assumed at Stock Show Station 	<ul style="list-style-type: none"> • Extend from 72nd Avenue Station to 124th Avenue Station • Remove 80 spaces to provide 40 spaces total
Financial Plan (Costs and Revenues)	<ul style="list-style-type: none"> • Capital Cost: ~\$900 mil. YOES (DUS to 162nd Avenue Station) • Revenues: EAGLE savings, bonds, other sources 	<ul style="list-style-type: none"> • ~\$635 million YOES (DUS to 124th Avenue Station) • Finance \$430 million using Certificates of Participation as additional finance mechanism
Implementation Schedule	<ul style="list-style-type: none"> • 2015-2024 staging period (DUS to 72nd Avenue Station) 	<ul style="list-style-type: none"> • 2015-2024 staging period (DUS to 124th Avenue Station)
Operating Characteristics	<ul style="list-style-type: none"> • Frequency: 15 minute peak; 30 minute off-peak headways 	<ul style="list-style-type: none"> • 20 minute peak; 30 minute off-peak headways
Level of Bus Service	No Change	

Table 2: RTD Proposed Changes to Montview Station (I-225 Rail Line)

Category	Current FasTracks Plan	Proposed Change
Project Definition/ Scope (per 2035 FC-RTP)	<ul style="list-style-type: none"> • Station: Montview Station (Approx. Montview Boulevard/ Ursula Street) 	<ul style="list-style-type: none"> • Relocate ½ mile north along Fitzsimons Parkway
Financial Plan (Costs and Revenues)	No Change	
Implementation Schedule	No Change	
Operating Characteristics	No Change	
Level of Bus Service	No Change	

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Staff Analysis

The two most significant changes proposed by RTD are the segment limits and financial plan for the North Metro Rail Line.

Segment Limits

The original FasTracks Plan included the North Metro Rail Line from DUS to 162nd Avenue. In 2012, RTD requested an amendment to the 2035 FC-RTP to remove the portion of North Metro beyond 72nd Avenue, though that portion remained in the long-term FasTracks plan. RTD is now proposing to “add back” to the 2035 FC-RTP the portion of the North Metro Rail Line from 72nd Avenue to 124th Avenue.

Financial Plan

RTD is proposing to use \$430 million in net proceeds of Certificates of Participation (COPs) to help finance construction costs for North Metro, along with several other previously-identified funding sources. In November 2013, the RTD Board approved a proposal from Graham, Balfour Beatty, Harmon Contractors (GBBH)/Regional Rail Partners to construct the North Metro Rail Line from DUS to the 124th Avenue Station, with an option to construct the entire corridor (to the 162nd Avenue Station) as future funding becomes available.

COPs involve investor(s) purchasing a share of the lease revenues of the operation of a capital asset rather than a bond being secured by those revenues. COPs are a “rent to own” mechanism where the investor(s) receive lease payments (based on fair rental value) for the asset.

In this context, RTD would issue COPs in early 2014 to raise \$430 million in up-front financing. RTD would then make lease payments to the COP investor(s), using the capital assets of the North Metro Rail Line as collateral. Accordingly, RTD desires to use COPs for the North Metro Rail Line because RTD already owns the ROW and existing capital assets in this corridor, a requirement for using COPs.

RTD also indicates its desire to use COPs because RTD believes that COPs are not legally considered debt for purposes of TABOR limits.

Recommendations

DRCOG staff recommends approval of the changes proposed in the December 2013 *RTD FasTracks Plan Change Report*.

- The extension of the North Metro Rail Line to 124th Avenue is a SB-208 level of change to the existing plan, but it is consistent with the original 2004 FasTracks Plan. RTD’s use of COPs for financing North Metro is a financial plan change for this corridor. However, RTD has used COPs previously in its overall FasTracks financial plan. The assumptions for financing North Metro appear to be reasonable, but there is some risk to the extent future economic volatility strains RTD’s repayment capabilities.
- Staff recommends approval of the proposed Montview Station change on the I-225 Rail Line.

Both proposed changes also require amendments to the 2035 FC-RTP and will be addressed as part of the 2013 Cycle 2 RTP amendments currently underway.