Regional Transportation District
1600 Blake Street
Denver, CO 80202-1399
303/299-2303

Board of Directors

Chair – Lee Kemp, District I
First Vice Chair – John Tayer, District O
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Bill James, District A Barry Gore, District K

AGENDA
FasTracks Monitoring Committee

Tuesday, December 4, 2012
Rooms R, T, & D
5:30 PM
Conference Dial-in # 303-299-2663
Conference ID: 15120

I. Call to Order

II. Updates

• Citizens Advisory Committee Update

III. Recommended Actions

• Approval of the Purchase of Six Electric Multiple Units (EMU) Vehicles for the North Metro Rail Line

• Resolution Regarding Easement Agreements and Indemnification of Claims with Suncor Energy (U.S.A.) Inc.

• Moving Forward: Filling the FasTracks Internal Savings Account

IV. Other Matters

V. Next Meeting Date - January 8, 2013
VI. Adjourn

The following communication assistance is available for public meetings:
- Language Interpreters
- Sign-language Interpreters
- Assisted listening devices

Please notify RTD of the communication assistance you require at least 48 hours in advance of a RTD meeting you wish to attend by calling 303.299.2307

THE CHAIR REQUESTS THAT ALL PAGERS AND CELL PHONES BE SILENCED DURING THE BOARD OF DIRECTORS MEETING FOR THE REGIONAL TRANSPORTATION DISTRICT.
To: Phillip A. Washington, General Manager
From: Richard F. Clarke, Assistant General Manager
Date: November 28, 2012
Subject: Citizens Advisory Committee Update

Prepared by:
Tina Muniz, Senior Administrative Assistant

Approved by:

[Signature]
Richard F. Clarke, Assistant General Manager 11/28/2012
RECOMMENDED ACTION
It is recommended by the FasTracks Monitoring Committee that the RTD Board of Directors authorize the General Manager to approve the purchase of six Electric Multiple Units (EMU) vehicles for the North Metro Rail Line through the Denver Transit Partners (DTP) Rolling Stock Option in accordance with the EAGLE Concession Agreement (CA) Section 31.1, for an amount not to exceed $24 million. Funding to purchase two of the vehicles is included in the 2013 Adopted Budget for the North Metro Corridor project.

It is further recommended by the FasTracks Monitoring Committee that the RTD Board of Directors authorize the General Manager to transfer $16 million from the FasTracks Contingency Reserve to the North Metro Corridor project budget to fund the purchase of the additional four EMU vehicles.

BACKGROUND
Final design for Phase 1 (DUS to 72nd Avenue Station) of the North Metro Rail Line (NMRL) is underway and construction for the first 2.5 miles from DUS to the National Western Stock Show (NWSS) is funded. RTD is actively pursuing avenues to secure the funds for the next 3.5 miles from NWSS to 72nd Avenue with the intent of building Phase 1 as a continuous construction package.

Construction of the 2.5 mile segment from DUS to NWSS is scheduled to be completed and ready for revenue service in 2017. A single two car train is required to operate from DUS to NWSS with 30 minute headways. An additional four vehicles are needed to provide 30 minute headways to 72nd Avenue.

The EAGLE CA anticipated the purchase of the North Metro fleet and included an option that allows the purchase of no less than 8 and no more than 24 additional Cars (the Rolling Stock Option Cars). The CA allows us to exercise the option up to 24 months prior to the scheduled delivery of the last base car. Based on the current revised baseline schedule, that date is approximately February 2013.

DISCUSSION
The Eagle CA only allows for a minimum purchase of eight vehicles. DTP is willing to allow RTD to exercise the option in the EAGLE CA for the reduced number of cars provided that the request is authorized before December 20, 2012. The vehicles will be identical to the Eagle vehicles and will share the Commuter Rail Maintenance Facility (CRMF). Identical vehicles will allow for interchange of vehicles and parts.

The cost estimate included in the 2012 Annual Program Evaluation (APE) for two EMU vehicles was $8,020,000. This price assumed a purchase of between 15 and 30 vehicles. The cost for a
manufacturer to mobilize to produce such a small order would greatly exceed that price if a manufacturer could even be convinced to bid on such a limited order.

If RTD were to purchase only two vehicles now and look to buy the additional four vehicles after funding is secured for the segment to 72\textsuperscript{nd} Avenue the cost is estimated to be, at a minimum, in excess of $6 million per vehicle.

We recommend exercising the option of purchasing six cars through the EAGLE CA because the price is reasonable, allows for interchangeable parts with the EAGLE fleet, and continues to show forward movement in taking concrete steps toward to goal of completing the full build out of the NMRL.

**FINANCIAL IMPACT**
Funding for the purchase of two vehicles is included in the 2013 Adopted Budget for the North Metro Corridor project. Funding for the purchase of the remaining four vehicles would be provided through the recommended transfer from the FasTracks Contingency Reserve. Staff will investigate additional funding sources to replenish the FasTracks Contingency Reserve at a future date.

Payment for each Rolling Stock Option Car shall be made by RTD to the Concessionaire in accordance with the payment schedule noted in CA Section 31.1(i).

**ALTERNATIVES**
1. Accept the Recommended Action. It is recommended by the FasTracks Monitoring Committee that the RTD Board of Directors authorize the General Manager to approve the purchase of six Electric Multiple Units (EMU) vehicles for the North Metro Rail Line through the Denver Transit Partners (DTP) Rolling Stock Option in accordance with the EAGLE Concession Agreement (CA) Section 31.1, for an amount not to exceed $24 million. Funding to purchase two of the vehicles is included in the 2013 Adopted Budget for the North Metro Corridor project.

It is further recommended by the FasTracks Monitoring Committee that the RTD Board of Directors authorize the General Manager to transfer $16 million from the FasTracks Contingency Reserve to the North Metro Corridor project budget to fund the purchase of the additional four EMU vehicles.

2. Do not accept the Recommended Action. Reconsider the North Metro Rail Line approach. This is not recommended as RTD does not have another avenue to purchase EMU vehicles identical to EAGLE Fleet. This alternative would delay operations from DUS to NWSS and negatively impact the effective implementation of the FasTracks North Metro Rail Line.

Prepared by:
Jane Donovan, Project Manager, North Metro

Approved by:

[Signature]
Richard F. Clarke, Assistant General Manager 11/28/2012
Resolution

RECOMMENDED ACTION

It is recommended by the FasTracks Monitoring Committee that the RTD Board of Directors adopt the attached resolution. The resolution authorizes the General Manager or his designee to negotiate and execute two easement agreements with Suncor; one agreement that grants an easement to RTD for the North Metro Rail Line (“NMRL”) project through Suncor property in Adams County (the “Bridge Easement”) and another agreement that grants an easement to Suncor to construct a pipeline in the RTD owned Boulder Industrial Lead (“BIL”) right of way (the “Pipeline Easement”). The Bridge Easement requires RTD to waive sovereign immunity to the extent it may be applicable, and to indemnify Suncor for claims arising out of RTD’s use of the Bridge Easement in an amount up to $200 million and to purchase general liability insurance in that amount from the date of commencement of construction of the bridge and to maintain it through termination of the Bridge Easement. RTD would receive $10,000,000 from Suncor in exchange for the Pipeline Easement, and would pay Suncor $836,420 for the Bridge Easement. This would result in net revenue of $9,163,580 to RTD, which would be applied to the cost of expansion of the Commuter Rail Maintenance Facility (CRMF) to accommodate the North Metro vehicles.

It is further recommended by the FasTracks Monitoring Committee that the RTD Board of Directors authorize the transfer of $836,420 from the FasTracks Contingency Reserve for the acquisition of the Bridge Easement. These funds would be replenished out of the $10,000,000 to be received from Suncor in exchange for the Pipeline Easement.

BACKGROUND

In December of 2011, Suncor approached RTD with a request to purchase an easement from RTD to be used for the installation of a new pipeline (the “Pipeline Project”). The Pipeline Project consists of construction a 16-inch crude oil pipeline system, running from Wyoming to Commerce City, Colorado.

In 2009, RTD purchased the Boulder Industrial Lead (BIL) from the Union Pacific Railroad for the purpose of using the corridor to construct and operate the NMRL. Suncor would like to use a portion of this right of way for the 16-inch pipeline. The requested Pipeline Easement would be parallel to but lateral from the future NMRL tracks.

The Pipeline Easement is approximately 15 miles long and 20 to 30 feet wide, starting on the north side within Section 36, Township 1 North, Range 68 West in Weld County and proceeds south to Section 7, Township 3 South, Range 67 West in Adams County. The Pipeline Easement parallels the NMRL from beyond the end of line station at 162nd Avenue to south of the 72nd Avenue Station, at a
minimum lateral distance of 25-feet away from the centerline of the nearest track which will not interfere with the use and maintenance of the NMRL.

RTD agreed to negotiate granting of the Pipeline Easement contingent on Suncor granting RTD the bridge easement for the future NMRL that will run through the Suncor property on an elevated structure requiring an aerial easement approximately 5300 feet long by 24 feet wide. RTD also requested that Suncor include provisions for a gravel access road.

**DISCUSSION**

The price to be paid by Suncor for the Pipeline Easement is $10,000,000. The easement was appraised by David B. Clayton, Certified General Appraiser for Suncor Energy Services, Inc. The property was appraised under two valuation techniques, commonly known as Across the Fence and Across the Fence Plus Corridor Enhancement Factor and is based on several “extraordinary assumptions. The appraisal was reviewed for RTD by Integra Realty Resources, Houston, Texas and signed by Michael W. Welch, Principal and Certified General Real Estate Appraiser, Brad Weiman, MAI, Managing Director and John P. Baker, MAI. The review concludes that Mr. Clayton’s use of the methodologies used is an acceptable means of valuation that is recognized by industry peers, published treatise and acceptable standards and in general agrees that the value of the easement, $4,031,930 is reasonable. Through negotiation, Suncor has agreed to pay $10,000,000 for the bridge easement and to make a one-time payment in the amount of $500,000 to be used toward installation of the gravel access road.

Engineering plans for the Pipeline Project have been reviewed by RTD’s engineering staff to ensure compatibility with the NMRL. Submittal of final plans is expected in December 2012. Final signing of the Pipeline Easement is contingent upon final approval and acceptance of the Suncor’s construction plans by the RTD engineering staff and final approval of the form and substance of the Pipeline Easement Agreement.

The current estimated value of the bridge easement is $836,420 based on an appraisal prepared by David B. Clayton for Suncor. The appraisal will be reviewed for RTD when received from Suncor. Final signing of the bridge easement is contingent upon RTD review and acceptance of the appraised value and final approval of the form and substance of the bridge easement Agreement.

**Total Cost for Easement Agreement:**

- Pipeline Easement $10,000,000
- Bridge Easement $836,420

As noted in the Resolution, the bridge easement requires RTD to waive sovereign immunity to the extent it may be applicable, and to indemnify Suncor for claims arising out of RTD’s use of the bridge easement. Suncor is also required to indemnify RTD for claims arising out of Suncor’s use of the Pipeline Easement in an amount to be determined based on RTD risk management review. RTD is required to maintain $200 million of passenger rail liability on its entire corridor due to federal and freight railroad requirements and so will not be increasing its level of insurance coverage to benefit Suncor. Suncor has requested it be required to insure RTD at a level commensurate with its pipeline coverage in other corridors.

**FINANCIAL IMPACT**
Funding for the acquisition of the bridge easement is not presently included in the North Metro budget since the bridge easement is part of the construction project from National Western Stock Show to 72nd Avenue Station. The recommended budget transfer would provide funding for the acquisition of the Bridge Easement, and would be replenished from the proceeds of the Pipeline Easement when this easement is executed. In addition, the approval of this resolution would result in a net gain of approximately $9,163,580 to the District. These funds will be applied to the cost of expansion of the CRMF to accommodate the North Metro vehicles, as approved by the Board on September 18, 2012.

ALTERNATIVES
1. Accept the Recommended Action. It is recommended by the FasTracks Monitoring Committee that the RTD Board of Directors adopt the attached resolution. The resolution authorizes the General Manager or his designee to negotiate and execute two easement agreements with Suncor; one agreement that grants an easement to RTD for the North Metro Rail Line (“NMRL”) project through Suncor property in Adams County (the “bridge easement”) and another agreement that grants an easement to Suncor to construct a pipeline in the RTD owned Boulder Industrial Lead (“BIL”) right of way (the “Pipeline Easement”). The bridge Easement requires RTD to waive sovereign immunity to the extent it may be applicable, and to indemnify Suncor for claims arising out of RTD’s use of the bridge easement in an amount up to $200 million and to purchase general liability insurance in that amount from the date of commencement of construction of the bridge and to maintain it through termination of the bridge easement. RTD would receive $10,000,000 from Suncor in exchange for the Pipeline Easement, and would pay Suncor $836,420 for the Bridge Easement. This would result in net revenue of $9,163,580 to RTD, which would be applied to the cost of expansion of the Commuter Rail Maintenance Facility (CRMF) to accommodate the North Metro vehicles.

It is further recommended by the FasTracks Monitoring Committee that the RTD Board of Directors authorize the transfer of $836,420 from the FasTracks Contingency Reserve for the acquisition of the Bridge Easement. These funds would be replenished out of the $10,000,000 to be received from Suncor in exchange for the Pipeline Easement.

2. Do not accept the Recommended Action. Do not agree to adopt this resolution, do not grant Suncor the Pipeline Easement and forgo the receipt of $10,000,000; do not acquire the easement for the future NMRL until a future date when all funding for the construction of that project is in place. This alternative would negatively impact the effective implementation of the NMRL as well as the cost recovery for the CRMF.

ATTACHMENTS:
- December 4 2012 Board Report Exhibits (PDF)

Prepared by:
Jane Donovan, Project Manager, North Metro
Susan Altes, Manager

Approved by:
Resolution NO. ______ Series of 2012

CONCERNING GRANTING OF A PIPELINE EASEMENT TO SUNCORE ENERGY (U.S.A.) PIPELINE COMPANY (“SUNCOR”) AND ACQUISITION OF A BRIDGE AND GROUND EASEMENTS FROM SUNCOR AND CONCERNING WAIVER OF GOVERNMENTAL IMMUNITY AND INDEMNIFICATION

WHEREAS, on December 18, 2012, the RTD Board of Directors authorized the General Manager to grant a pipeline easement and related agreements encumbering RTD property on the North Metro Line (the “Pipeline Easement”), in exchange for aerial and ground easements and related agreements encumbering Suncor property on the North Metro Line (collectively, the “Bridge Easement”);

WHEREAS, the compensation to be paid by Suncor for the Pipeline Easement is $10,000,000, and the compensation to Suncor for the Bridge Easement will be an amount not exceed $836,420;

WHEREAS, as a condition of granting the Bridge Easement, Suncor requires, among other things, that RTD indemnify and hold Suncor harmless from all claims arising out of RTD’s use of, and construction on, the Bridge Easement except (a) Suncor’s punitive and exemplary damages; (b) to the extent caused by the negligent or willful acts or omissions of Suncor; and (c) RTD’s waiver of governmental immunity and liability for indemnifying Suncor shall be limited to $200,000,000, the amount of RTD’s applicable insurance coverage required under the Bridge Easement;

WHEREAS, as a condition of granting the Bridge Easement, Suncor requires, among other things, that RTD waive the right to seek to void its obligation to indemnify and hold Suncor harmless (as described in the preceding clause) by invoking the doctrine of sovereign immunity, or for any other reason;

WHEREAS, as a condition to granting the Bridge Easement, Suncor requires, among other things, that RTD waive the right to seek to void, for any reason, RTD’s obligations in the Bridge Easement to release Suncor from liability for any damage to the NMRL bridge or other RTD personal property, and to keep the Bridge Easement property free from liens;

WHEREAS, as a condition to granting the Bridge Easement, Suncor requires, among other things, that RTD waive the right to void, for any reason, RTD’s acknowledgement in the Bridge Easement that RTD will acquire rights in the Bridge Easement property “AS-IS” and with all faults;

WHEREAS, the Colorado Governmental Immunity Act (CGIA) limits RTD’s liability for punitive and exemplary damages arising out of the use of the Bridge Easement;

WHEREAS, the CGIA would ordinarily limit RTD’s liability for such indemnity but the CGIA allows a government to waive immunity up to the amount of available insurance;

Now Therefore Be It Resolved That:
The General Manager or his designee shall be authorized to enter into the Pipeline Easement and related agreements for consideration of $10,000,000, and the Bridge Easement and related agreements in an amount not to exceed $836,420;

The Board of Directors agrees to indemnify and hold Suncor harmless from all claims arising out of RTD’s use of, and construction on, the Bridge Easement except (a) punitive and exemplary damages; (b) to the extent of caused by the negligent or willful acts or omissions of Suncor; and (c) RTD’s waiver of governmental immunity and liability for indemnifying Suncor shall be limited to $200,000,000, the amount of RTD’s applicable insurance coverage required under the Bridge Easement;

The Board of Directors agrees to waive the right to seek to void its obligation to indemnify and hold Suncor harmless (as described in the preceding clause) by invoking the doctrine of sovereign immunity, or for any other reason;

The Board of Directors agrees to waive the right to seek to void, for any reason, RTD’s obligations in the Bridge Easement to release Suncor from liability for any damage to the NMRL bridge or other RTD personal property and to keep the Bridge Easement property free from liens; and

The Board of Directors agrees to waive the right seek to void, for any reason, RTD’s acknowledgement in the Bridge Easement that RTD will acquire rights in the Bridge Easement property “AS-IS” and with all faults.

Made and adopted this 18th day of December, 2012.

___________________________ __________________________
Lee Kemp Angie Malpiede
Chair Secretary
NMRL Easement from Suncor

NMRL
~ 1.2 Acres

LIMITS:
From Brighton Boulevard in Adams County to Sand Creek.

EASEMENT LENGTH:
Total of approximately 2200 ft.

EASEMENT WIDTH:
Approximately 24 feet

GENERAL LOCATION:
Four aerial easements above portions of Suncor property. Includes access easements for structure maintenance.

Attachment: December 4 2012 Board Report Exhibits (1416: Suncor Resolution)
Pipeline Easement from RTD

Suncor Pipeline
~ 55 Acres

LIMITS:
County Road 4 in Weld County south to East 66th Avenue in Adams County.

EASEMENT LENGTH:
Approximately 15 miles.

EASEMENT WIDTH:
Approximately 30 feet

GENERAL LOCATION:
Along the east side of the proposed location for the NMRL within the limits of the Boulder Industry Lead.
BOARD OF DIRECTORS REPORT

To: Phillip A. Washington, General Manager
From: William C. Van Meter, Assistant General Manager
Date: November 16, 2012
Subject: Moving Forward: Filling the FasTracks Internal Savings Account

Date: November 29, 2012
GM
Board Meeting Date: December 4, 2012

RECOMMENDED ACTION

It is recommended by the FasTracks Monitoring Committee that the RTD Board of Directors direct staff to move forward with implementation of the eight, highest value, recommended opportunities identified as part of the Risk Allocation Matrix (RAM). Any funding realized through these activities will be tracked separately and added to a new budget account, the FasTracks Internal Savings Account (FISA). The status of the FISA will be reported to the RTD Board of Directors on a monthly basis, and the FISA will be incorporated into the FasTracks Strategic Budget Plan and Annual Budget. Expenditures from the FISA will be subject to Board approval, with the staff recommended project goals identified below in the Background section of this report confirmed as the current RTD Board project goals for the FISA.

Specifically, it is recommended that staff move forward with the following activities:

1. Beginning in 2014, increase FasTracks funding to support base system operations at the rate of inflation as defined by the Consumer Price Index (CPI):
   - Estimated to contribute $24 million to the FISA by 2017;
2. Reduce FasTracks Minimum Unrestricted Fund Balance once construction milestones have been reached, the majority of the Eagle Project grant funding has been received and RTD has better information on the growth of sales and use tax:
   - Estimated to contribute up to $72 million to the FISA by 2017;
3. Reduce FasTracks Operations and Maintenance (O&M) Fund Balance from three to two months:
   - Estimated to contribute $10 million to the FISA by 2017;
4. Defer Southwest Corridor Extension Union Pacific Railroad (UPRR) relocation – complete once funding is identified for the entire project:
   - Estimated to contribute $9 million to the FISA by 2017;
5. Work to achieve project underruns on FasTracks projects currently under contract:
   - Estimated to contribute $15 million to the FISA by 2017;
6. Sell or lease RTD properties, where possible:
   - Estimated to contribute $20 million to the FISA by 2017;
7. Request stakeholders to increase financial participation above the current level of 2.5%:
   - Estimated contribution – To Be Determined;
8. Work with legislature to allow RTD to audit sales and use tax receipts and provide RTD with parity with the State on sales tax exemptions (i.e., ensure exemptions are the same for both RTD and the State in all cases). Establish this as RTD’s number one legislative priority. Begin working immediately with government relations staff, lobbyists, legal counsel and other stakeholders to initiate and support the introduction of a bill(s) on these topics during the 2013 legislative session:
   - Estimated to contribute up to $127 million to the FISA by 2017.
Approval of the opportunities listed above will have a positive impact to the FasTracks capital program through the establishment of the FISA with a goal of achieving $300 million by 2017. It is anticipated that these eight highest priority opportunities alone could fund the FISA up to or exceeding $277 million by 2017. The Board directs staff to continue working to identify other funding opportunities through the RAM analysis process in 2013 for potential Board consideration at a later date.

BACKGROUND
Over the last several months, RTD staff has developed a Risk Allocation Matrix (RAM) that identifies specific cost saving/revenue enhancing opportunities that, if enacted, would result in additional near-term funding for the FasTracks program (i.e., by 2017). For each of these opportunities, staff has identified the associated level of risk to the District and presented this risk assessment to the RTD Board on November 13, 2012 for their consideration. All funding identified through the process will be added to the FasTracks Internal Savings Account (FISA) until enough funding is accumulated to complete and operate additional projects. Staff has identified the following project goals for 2017, and this confirms the RTD Board’s concurrence with these goals at this juncture:

- Completion of US 36 Bus Rapid Transit (BRT) Project;
- Construction of North Metro to at least 72nd;
- Any remaining funds above the $300 million goal could leverage potential grants or private sector contributions for FasTracks partially-funded projects (at the RTD Board’s discretion).

Ultimately, future RTD Board policy actions will be required to determine what projects will be funded, and when, through the FISA.

DISCUSSION
On November 13, 2012, staff presented the eight, highest value, recommended opportunities identified as part of the RAM. For each of these opportunities, staff identified an estimated contribution to the FISA by 2017 and a level of risk. The following table summarizes the information presented to the RTD Board in November:

<table>
<thead>
<tr>
<th>Highest Value Recommended RAM Opportunities</th>
<th>Level of Risk</th>
<th>FISA Contribution by 2017</th>
</tr>
</thead>
</table>
| 1 Beginning in 2014, increase FasTracks funding to support base system operations at the rate of inflation as defined by CPI | MEDIUM
- Base system operations would be more sensitive to the impact of significant downturns in the economy. If such a downturn occurs, RTD would need to:
  - Access Management Reserves
  OR
  - Reduce Base System service levels commensurate with the severity of the economic downturn | $24 M |
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<thead>
<tr>
<th></th>
<th>Highest Value Recommended RAM Opportunities</th>
<th>Level of Risk</th>
<th>FISA Contribution by 2017</th>
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<tbody>
<tr>
<td>2</td>
<td>Reduce FasTracks Minimum Unrestricted Fund Balance once construction milestones have been reached, the majority of the Eagle Project grant funding has been received and RTD has better information on the growth of sales and use tax</td>
<td>MEDIUM</td>
<td>Up to $72 M</td>
</tr>
</tbody>
</table>
|   | • RTD must maintain fund balance until risks are mitigated  
  - Significant construction milestones have been reached  
  - Majority of the Eagle Project federal funding has been received (2017/2018)  
  - RTD has better information on growth of sales and use tax  
• Significant economic downturn could result in:  
  - Less funding than anticipated for on-going capital projects OR  
  - Reductions in service levels for FasTracks projects commensurate with the severity of the economic downturn  
• Prudent to maintain a debt service reserve equal to the maximum annual debt service on 2012A bonds  
  - Final amount unknown until bonds issued |   |   |
| 3 | Reduce FasTracks Operations and Maintenance (O&M) Fund Balance from three to two months | MEDIUM | $10 M |
|   | • Significant economic downturn or rapid escalation of O&M costs could result in:  
  - Less funding than anticipated for on-going capital projects OR  
  - Reductions in O&M levels for FasTracks projects commensurate with the severity of the economic downturn |   |   |
| 4 | Defer Southwest Corridor Extension UPRR relocation – complete once funding is identified for the entire project | LOW | $9 M |
|   | • May raise concerns from stakeholders  
• Completing the relocation without finishing the entire extension does not provide any mobility benefit for RTD customers |   |   |
| 5 | Work to achieve project underruns on FasTracks project currently under contract | LOW | $15 M |
|   | • Significant economic downturn or rapid escalation of construction costs could result in less funding than anticipated for on-going capital projects  
• FasTracks maintains contingency |   |   |
<table>
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<td>levels for individual projects, but does not currently have any contingency at the program-wide level</td>
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<td>6  Sell or lease RTD properties, where possible</td>
<td>LOW</td>
<td>$20 M</td>
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<td>• Some properties have Federal interest which could impact the terms or limit RTD’s ability to sell or lease</td>
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<td>• RTD may receive pressure to dispose of property at less than fair market value</td>
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<td></td>
<td>• May also evaluate the use of existing properties for easements (cell tower, sharing conduit, etc)</td>
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<td>7  Request stakeholders to increase financial participation above the current level of 2.5%</td>
<td>LOW</td>
<td>TBD</td>
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<td>• In current environment many jurisdictions may find providing additional funding challenging</td>
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<td></td>
<td>• Contributions that do not have “hard value” will not accelerate project schedules</td>
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<tr>
<td>8  Work with legislature to allow RTD to audit sales and use tax receipts and provide RTD with parity with the State on sales tax exemptions (i.e., ensure exemptions are the same for both RTD and the State in all cases). Establish this as RTD’s number one legislative priority. Begin working immediately with government relations staff, lobbyists, legal counsel and other stakeholders to initiate and support the introduction of a bill(s) on these topics during the 2013 legislative session</td>
<td>LOW</td>
<td>$127 M</td>
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<td>• Some vendors may oppose</td>
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<td></td>
<td>• Currently no objections from Department of Revenue</td>
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<td>• Could work with other Special Districts to enact a statewide audit, not just RTD</td>
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<td>• May be a challenge to achieve, given that the decision is up to the state legislature</td>
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In addition to the opportunities identified above, RTD staff has identified the following additional RAM items that will be discussed with the RTD Board of Directors in the future:

- Aggressively pursue additional federal loans/grants and potential loans from public/private sector;
- Request stakeholders apply DRCOG financial commitment to base projects rather than enhancements;
- Adjust frequencies/span of service on rail lines;
- Conduct life-cycle reviews to balance short-term capital and long-term O&M needs;
- Minimize scope changes once projects enter final design/construction.
FINANCIAL IMPACT
Approval of the eight, highest value, recommended opportunities identified as part of the RAM will have a positive impact to the FasTracks capital program through the establishment of the FISA. It is anticipated that these opportunities could fund the FISA up to or exceeding $277 million by 2017.

ALTERNATIVES
RTD staff identified the following alternatives for RTD Board consideration.

1. **Accept the Recommended Action.** It is recommended by the FasTracks Monitoring Committee that the RTD Board of Directors direct staff to move forward with implementation of the eight, highest value, recommended opportunities identified as part of the Risk Allocation Matrix (RAM). Any funding realized through these activities will be tracked separately and added to a new budget account, the FasTracks Internal Savings Account (FISA). The status of the FISA will be reported to the RTD Board of Directors on a monthly basis, and the FISA will be incorporated into the FasTracks Strategic Budget Plan and Annual Budget. Expenditures from the FISA will be subject to Board approval, with the staff recommended project goals identified below in the Background section of this report confirmed as the current RTD Board project goals for the FISA.

Specifically, it is recommended that staff move forward with the following activities:

1. Beginning in 2014, increase FasTracks funding to support base system operations at the rate of inflation as defined by the Consumer Price Index (CPI):
   - Estimated to contribute $24 million to the FISA by 2017;
2. Reduce FasTracks Minimum Unrestricted Fund Balance once construction milestones have been reached, the majority of the Eagle Project grant funding has been received and RTD has better information on the growth of sales and use tax:
   - Estimated to contribute up to $72 million to the FISA by 2017;
3. Reduce FasTracks Operations and Maintenance (O&M) Fund Balance from three to two months:
   - Estimated to contribute $10 million to the FISA by 2017;
4. Defer Southwest Corridor Extension Union Pacific Railroad (UPRR) relocation – complete once funding is identified for the entire project:
   - Estimated to contribute $9 million to the FISA by 2017;
5. Work to achieve project underruns on FasTracks projects currently under contract:
   - Estimated to contribute $15 million to the FISA by 2017;
6. Sell or lease RTD properties, where possible:
   - Estimated to contribute $20 million to the FISA by 2017;
7. Request stakeholders to increase financial participation above the current level of 2.5%:
   - Estimated contribution – To Be Determined;
8. Work with legislature to allow RTD to audit sales and use tax receipts and provide RTD with parity with the State on sales tax exemptions (i.e., ensure exemptions are the same for both RTD and the State in all cases). Establish this as RTD’s number one legislative priority. Begin working immediately with government relations staff, lobbyists, legal counsel and other stakeholders to initiate and support the introduction of a bill(s) on these topics during the 2013 legislative session:
   - Estimated to contribute up to $127 million to the FISA by 2017.

Approval of the opportunities listed above will have a positive impact to the FasTracks capital program through the establishment of the FISA with a goal of achieving $300 million by 2017. It is anticipated
that these eight highest priority opportunities alone could fund the FISA up to or exceeding $277 million by 2017. The Board directs staff to continue working to identify other funding opportunities through the RAM analysis process in 2013 for potential Board consideration at a later date.

2. Do not accept the Recommended Action. Do not direct staff to move forward with implementation of the eight, highest value, recommended opportunities identified as part of the RAM.

This alternative is not recommended because would not allow RTD to take advantage of these low to medium risk opportunities that could result in additional funding for the FasTracks program of up to or exceeding $277 million by 2017.

ATTACHMENTS:
- Board_Pres_11_13_12_FasTracks Base System Operations_FINAL (PPTX)
- Board_Pres_12_4_12_RAM FAQS_FINAL (PPTX)

Prepared by:
Julie Skeen, FasTracks Programwide Support

Approved by:

William C. Van Meter, Assistant General Manager 11/29/2012
Moving Forward:
Filling the FasTracks
Internal Savings Account

Staff Recommendations

November 13, 2012
Overview of Tonight’s Presentation

• Overview of Risk Allocation Matrix (RAM)
• Cost Savings/Revenue Enhancing Measures
  – Options
  – Financial Impact
  – Staff Proposed Approach (Board Action in December)
• Next Steps
Risk Allocation Matrix

• Staff continues to identify specific cost saving/revenue enhancing measures that, if enacted, would result in additional short-term funding for the FasTracks program

  – Risk Allocation Matrix (RAM) identifies opportunities for increasing short-term funding for the program, including:
    • Pros/cons
    • Level of risk for each opportunity

  – Funding identified will be added to an Internal Savings Account until enough is accumulated to complete and operate additional projects
Staff Proposed Goals

- Funding goal: $300 M

- Short term project goals:
  - Completion of US 36 Bus Rapid Transit (BRT) Project
  - Construction of North Metro to at least 72nd
  - Any remaining funds above the $300 M goal could leverage potential grants or private sector contributions for FasTracks partially-funded projects (at the RTD Board’s discretion)

- Project initiation by 2017
## Risk Allocation Matrix

### Highest Value Recommended Opportunities (Funds Available By 2017)

<table>
<thead>
<tr>
<th>RTD Control</th>
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<td>X</td>
<td>TBD</td>
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</tbody>
</table>

**RAM Savings Under RTD Control**

$150 M

(year of expenditure $)

### Requires Legislative Action

<table>
<thead>
<tr>
<th>Requires Legislative Action</th>
<th>Level of Risk</th>
<th>Estimated Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 Sales Tax Audit/Parity</td>
<td>X</td>
<td>$127 M</td>
</tr>
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</table>

**Total RAM Savings**

$277 M

(year of expenditure $)
Beginning in 2014, FasTracks funding to support base system operations will increase at the rate of inflation as defined by the Consumer Price Index (CPI).

Original FasTracks plan assumed:

- Increase in bus service levels 1% per year between 2006 and 2020
- Increase in bus service levels 1.5% per year between 2021 and 2025

Estimated $24 Million
1. Evaluate FasTracks Funding for Base System Operations

Additional FasTracks funding under original assumptions

Base System Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding (M)</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>$200 M</td>
</tr>
<tr>
<td>2014</td>
<td>$300 M</td>
</tr>
<tr>
<td>2015</td>
<td>$350 M</td>
</tr>
<tr>
<td>2016</td>
<td>$400 M</td>
</tr>
<tr>
<td>2017</td>
<td>$450 M</td>
</tr>
</tbody>
</table>
1. Evaluate FasTracks Funding for Base System Operations

Risk Level: **MEDIUM**

- Base system operations would be more sensitive to the impact of significant downturns in the economy. If such a downturn occurs, RTD would need to:
  - Access Management Reserves **OR**
  - Reduce Base System service levels commensurate with the severity of the economic downturn
2. Reduce FasTracks Minimum Unrestricted Fund Balance from $150 M

- RTD currently assumes a minimum balance of $150 M, starting in 2013, to address the following:
  - Potential downturns in sales and use tax receipts
  - Potential delays in receiving Eagle Project federal grant funding
  - Potential unforeseen circumstances that could increase project costs

- Also serves as debt service reserve for the 2012A bonds to be issued this year

Estimated
$72 Million
2. Reduce FasTracks Minimum Unrestricted Fund Balance from $150 M

Risk Level: **MEDIUM**

- RTD must maintain fund balance until risks are mitigated
  - Significant construction milestones have been reached
  - Majority of the Eagle Project federal funding has been received (2017/2018)
  - RTD has better information on growth of sales and use tax

- Significant economic downturn could result in:
  - Less funding than anticipated for on-going capital projects **OR**
  - Reductions in service levels for FasTracks projects commensurate with the severity of the economic downturn

- Prudent to maintain a debt service reserve equal to the maximum annual debt service on 2012A bonds
  - Final amount unknown until bonds issued
3. Reduce FasTracks O&M Fund Balance from Three to Two Months

- Reducing planned reserve for the O&M fund would add $10 M to contribute toward the Internal Savings Account.

- Required balances would increase over time as additional FasTracks corridors are placed into service.

Recommended $10 Million
3. Reduce FasTracks O&M Fund Balance from Three to Two Months

Risk Level: **MEDIUM**

- Significant economic downturn or rapid escalation of O&M costs could result in:
  - Less funding than anticipated for on-going capital projects
  
  **OR**

  - Reductions in O&M levels for FasTracks projects commensurate with the severity of the economic downturn
4. Defer UPRR Relocation for the SW Corridor Extension

- The Southwest Corridor Extension Union Pacific Railroad (UPRR) relocation is estimated to cost $9 M.
- Deferring this project would contribute an additional $9 M to Internal Savings Account.
  - UPRR relocation would be completed once funding is identified for the entire project.

Estimated
$9 Million
Risk Level: LOW

- May raise concerns from stakeholders
- Completing the relocation without finishing the entire extension does not provide any mobility benefit for RTD customers
5. Achieve Project Underruns on FasTracks Projects Currently Under Contract

- Project underruns can be identified once projects are in construction and significant risk milestones have been reached
  - Any remaining project contingency could be made available to fund the rest of the FasTracks program

Estimated $15 Million
5. Achieve Project Underruns on FasTracks Projects Currently Under Contract

Risk Level: **LOW**

- Significant economic downturn or rapid escalation of construction costs could result in less funding than anticipated for on-going capital projects.
- FasTracks maintains contingency levels for individual projects, but does not currently have any contingency at the program-wide level.
6. Sales/Lease Opportunities for all RTD Properties

- Disposition of unneeded properties could provide additional funding for FasTracks program sooner

- Also reduces operating and maintenance costs associated with the properties

Estimated

$20 Million
6. Sales/Lease Opportunities for all RTD Properties

Risk Level: LOW

- Some properties have Federal interest which could impact the terms or limit RTD’s ability to sell or lease
- RTD may receive pressure to dispose of property at less than fair market value
- May also evaluate the use of existing properties for easements (cell tower, sharing conduit, etc)
7. Request Increase in Local Participation Above Current 2.5%

- Negotiating additional funding with local sources would accelerate schedules

- Cash contributions to base FasTracks projects could contribute to Internal Savings Account and accelerate schedule (similar to T-REX)
7. Request Increase in Local Participation Above Current 2.5%

Risk Level: LOW

- In current environment many jurisdictions may find providing additional funding challenging
- Contributions that do not have “hard value” will not accelerate project schedules
8. Sales Tax Audit/Parity (Requires Legislative Action)

- Work with legislature to accomplish the following:
  - Allow RTD to audit sales and use tax receipts
    - Would provide RTD with better management/control over collection
  - Provide RTD parity with the State on sales tax exemptions (i.e., exemptions would be the same for both RTD and the State in all cases)
    - Would simplify the sales tax collection process for vendors and Department of Revenue
- Could potentially increase RTD’s capacity to bond

Up to $127 Million
8. Sales Tax Audit/Parity
(Requires Legislative Action)

- **Benefits of allowing RTD to audit sales & use tax include:**
  - Not increasing sales or use tax, just better enforcement of existing tax levels
  - The State is currently understaffed, and may not have the resources available to ensure vendors are paying taxes appropriately
  - If RTD can use a third-party for auditing, the company would not charge RTD directly, but would be paid from the additional sales and use tax receipts collected
  - Positive impacts to the Base System as well as FasTracks

- **Consistently applying exemptions between the State and RTD could simplify the tax collection process for vendors**
8. Sales Tax Audit/Parity (Requires Legislative Action)

Risk Level: LOW

- Some vendors may oppose
- Currently no objections from Department of Revenue
- Could work with other Special Districts to enact a statewide audit, not just RTD
- May be a challenge to achieve, given that the decision is up to the state legislature
Conclusion

• Approval of the recommendations presented in the Risk Allocation Matrix could fund the FasTracks Internal Savings Account up to or exceeding $277 M by 2017

• The Internal Savings Account would enable RTD to begin implementing the following projects by 2017:
  – Completion of US 36 Bus Rapid Transit (BRT) Project
  – Construction of North Metro to at least 72\textsuperscript{nd}
  – Any remaining funds above the $300 M goal could leverage potential grants or private sector contributions for FasTracks partially-funded projects (at the RTD Board’s discretion)
Tracking/Reporting of Internal Savings Account

• With Board approval Finance will:
  – Create a fund balance account on Base and FasTracks to accumulate savings
  – Establish an annual budget for the fund and Board appropriation
  – Report Internal Savings Account activity as part of the Monthly Financial Status Report
## Risk Allocation Matrix

**Highest Value Recommended Opportunities (Funds Available By 2017/2020)**

<table>
<thead>
<tr>
<th>RTD Control</th>
<th>Level of Risk</th>
<th>Estimated Allocation</th>
<th>2017</th>
<th>2020</th>
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<tbody>
<tr>
<td>1 Evaluate FasTracks Funding for Base System Operations - <em>Presented 10/9</em></td>
<td>X</td>
<td>$24 M</td>
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<td></td>
</tr>
<tr>
<td>2 Reduce FasTracks Minimum Unrestricted Balance from $150 M</td>
<td>X</td>
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<td></td>
</tr>
<tr>
<td>3 Reduce FasTracks O&amp;M Fund Balance from 3 to 2 Months</td>
<td>X</td>
<td>$10 M</td>
<td>$13 M</td>
<td></td>
</tr>
<tr>
<td>4 Defer UPRR Relocation for the SW Corridor Extension</td>
<td>X</td>
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<td></td>
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</tbody>
</table>

**RAM Savings Under RTD Control**

<table>
<thead>
<tr>
<th>Estimated Allocation</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150 M</td>
<td>$192 M</td>
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*(year of expenditure $)*

### Requires Legislative Action

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<tr>
<td>H M L</td>
<td>X</td>
<td>$127 M</td>
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</table>

**Total RAM Savings**

<table>
<thead>
<tr>
<th>Estimated Allocation</th>
<th>2017</th>
<th>2020</th>
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<tbody>
<tr>
<td>$277 M</td>
<td>$468 M</td>
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</table>

*(year of expenditure $)*
Additional Risk Allocation Matrix

Opportunities For Future Board Consideration

- Aggressively pursue additional federal loans/grants and potential loans from public/private sector
- Request stakeholders apply DRCOG financial commitment to base projects rather than enhancements
- Adjust frequencies/span of service on rail lines
- Conduct life-cycle reviews to balance short-term capital and long-term O&M needs
- Minimize scope changes once projects enter final design/construction

Attachment: Board_Pres_11_13_12_FasTracks Base System Operations_Final
Next Steps

- **December 2012:** Request RTD Board action on proposed cost saving/revenue enhancing measures
- **Early 2013:** Initiation of the Northwest Area Mobility Study
- **Ongoing:** Regional dialogue on implementation of the entire FasTracks program
- **February 2014:** RTD submittal of a new SB 208 report
Moving Forward:
Filling the FasTracks
Internal Savings Account

Frequently Asked Questions (FAQs)

December 4, 2012
Overview of Tonight’s Presentation

• Answer Frequently Asked Questions (FAQs) concerning the FasTracks Internal Savings Account (FISA) and Risk Allocation Matrix (RAM)

• Next Steps
# Risk Allocation Matrix

## Highest Value Recommended Opportunities (Funds Available By 2017)

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<td>TBD</td>
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**RAM Savings Under RTD Control**

$150 M (year of expenditure $)

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**Total RAM Savings**

$277 M (year of expenditure $)
Staff Proposed Goals – FasTracks Internal Savings Account (FISA)

• Funding goal: $300 M

• Short term project goals:
  – Completion of US 36 Bus Rapid Transit (BRT) Project
  – Construction of North Metro to at least 72nd
  – Any remaining funds above the $300 M goal could leverage potential grants or private sector contributions for FasTracks partially-funded projects (at the RTD Board’s discretion)

• Project initiation by 2017
FAQs
General Overview Questions

• FAQ: What is the impact to the base system if there is a significant economic downturn before 2017?
  – The cost saving/revenue enhancing measures would have little to no impact to RTD’s base system. The majority of the measures apply only to FasTracks.
  – Should a significant economic downturn occur that impacts the base system, a future RTD Board could mitigate impacts to base system operations through the following:
    o Accessing management reserves to backfill the need, and keeping the FISA whole.
    o Transferring funds from the FISA to maintain base system service levels (within the constraints of the FasTracks adopted plan) and reducing the FISA accordingly.
General Overview Questions

• **FAQ: Can RTD expend funds from the FISA prior to 2017?**
  
  – Future RTD Board policy actions will determine the timing and purpose for withdrawing funds from the FISA.
    
    o Funds for many of the measures are not assumed to be fully available until 2017 (e.g., reducing the FasTracks Minimum Unrestricted Fund Balance from $150 M).
  
  – Staff recommends not withdrawing funds from FISA until accumulated balance enables provision of a significant component of the short-term project goals.

• **FAQ: Will the FISA be included in the next SB 208 submittal to DRCOG?**
  
  – The financial plan provided with the SB 208 report will list FISA as a fund balance account. The FISA will not be assumed to fund additional projects until the RTD Board takes a formal policy action.
General Overview Questions

• FAQ: What impact will these measures have on the DBE/SBE community?

  - Enactment of these measures would benefit the DBE/SBE community. Approval could fund additional FasTracks projects up to or exceeding $277 M by 2017. Adding funds to the FISA increases opportunities to receive additional contracts with RTD to construct FasTracks projects.
FAQ: What did the original FasTracks plan assume for FasTracks funding of base system operations?

- The original 2004 FasTracks plan assumed an increase in base bus service levels of 1% per year between 2006 and 2020 and 1.5% per year between 2021 and 2025.
- FasTracks funding for base system operations is drawn from the 0.4% FasTracks sales and use tax approved in 2004.

FAQ: What would happen if the Consumer Price Index (CPI) is negative in any given year?

- RTD would assume 0% growth in the FasTracks allocation to base system operations for any year with a negative CPI.

FAQ: Could you please provide an updated graphic of the total impact to the base system out to 2020?

- See following slide.
1. Evaluate FasTracks Funding for Base System Operations

- Additional FasTracks funding under current assumptions
- RAM Proposal

Base System Funding


Funding:
- $100 M
- $200 M
- $300 M
- $400 M
- $500 M
- $600 M
• **FAQ: How much is the savings related to the total funding for base systems operations?**
  
  – Over the five-year period, the cumulative reduction would be $24 M, less than 1.5% of base systems operations. The transfer to the FISA would be limited to that amount.
  
  – The RTD Board always retains the option to suspend the allocation, or to transfer previously allocated funds back to the base system.

• **FAQ: Does this measure have a sunset? Will it remain in effect through 2025 or some other date?**
  
  – The decision to adjust FasTracks allocation to base system operations only defers the commitment in the short-term to accelerate construction of additional FasTracks projects. The full allocation will be restored to base system operations when financially feasible.
1. Evaluate FasTracks Funding for Base System Operations

- FAQ: Could you please provide a year-by-year comparison of base system funding under current assumptions vs. the RAM proposal?

### Base System Budget Projections 2013 - 2020 - Current Assumptions

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Funded</td>
<td>$371.0</td>
<td>$398.6</td>
<td>$396.8</td>
<td>$403.9</td>
<td>$410.2</td>
<td>$421.5</td>
<td>$434.1</td>
<td>$442.1</td>
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<tr>
<td>FasTracks 1% Contribution</td>
<td>$16.8</td>
<td>$19.3</td>
<td>$21.9</td>
<td>$24.6</td>
<td>$27.6</td>
<td>$29.8</td>
<td>$32.2</td>
<td>$34.8</td>
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<tr>
<td>Base Budget + FasTracks</td>
<td>$387.8</td>
<td>$417.9</td>
<td>$418.7</td>
<td>$428.5</td>
<td>$437.8</td>
<td>$451.3</td>
<td>$466.4</td>
<td>$476.9</td>
</tr>
</tbody>
</table>

### Base System Budget Projections 2013 - 2020 - Risk Allocation Matrix Proposal

<table>
<thead>
<tr>
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<td>$440.3</td>
<td>$453.4</td>
<td>$461.</td>
</tr>
</tbody>
</table>

**Cumulative Allocation to Internal Savings Account**

- $24.1
- $63.1
7. Request Increase in Local Participation Above Current 2.5%

- FAQ: Could RTD please provide examples of what could be included in the “participation above the current 2.5%”?
  - Any contribution that provides a tangible “hard value” to the FasTracks project (as currently defined) above the 2.5%, for example:
    - Cash
    - Rights-of-way
    - Local jurisdiction funding and/or construction of a project component (e.g., utility relocations)
    - DRCOG’s Congestion Mitigation/Air Quality (CMAQ) second $60M funding.
7. Request Increase in Local Participation Above Current 2.5%

- FAQ: How much local participation was included in past RTD projects?
  - City and County of Denver contributed $5 M in cash to the Central Platte Valley (CPV) light rail extension (10% local participation)
    - Also included $2.5 M from private stakeholders.
  - All local jurisdictions combined contributed a total of $30 M in cash to the T-REX project (3.4% local participation in light rail). In addition to the $30 M, local jurisdictions provided the following at no cost to RTD:
    - Public rights-of-way
    - Most permit reviews
    - Project betterments including pedestrian bridges, esthetics, station access improvements and TOD projects.
7. Request Increase in Local Participation Above Current 2.5% (cont.)

- FAQ: How much local participation was included in past RTD projects?
  - Staff is compiling local participation information for on-going FasTracks projects based on final Intergovernmental Agreements (IGAs).
    - City and County of Denver is paying for approximately one-third of the cost for Denver Union Station project through tax increment financing.
    - IGA for I-225 is currently under negotiation, but will include provision of DRCOG’s second $60 M to the base project.
8. Sales Tax Audit/Parity (Requires Legislative Action)

- FAQ: How did RTD estimate the $127 M savings from this measure?

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales &amp; Use Tax Forecast</td>
<td>$199.3</td>
<td>$209.2</td>
<td>$218.4</td>
<td>$227.0</td>
<td>$853.9</td>
</tr>
<tr>
<td>17% Audit Collection Improvement (1)</td>
<td>$ -</td>
<td>$35.6</td>
<td>$37.1</td>
<td>$38.6</td>
<td>$111.3</td>
</tr>
<tr>
<td>Exemption Parity</td>
<td>3.7</td>
<td>3.9</td>
<td>4.0</td>
<td>4.1</td>
<td>15.7</td>
</tr>
<tr>
<td>Total Estimated Impact</td>
<td>$3.7</td>
<td>$39.5</td>
<td>$41.1</td>
<td>$42.7</td>
<td>$127.0</td>
</tr>
</tbody>
</table>

(1) Assumes legislation to allow auditing will begin in 2015

Assumptions
- Sales and use tax forecast is from the CU Leeds School of Business.
- 17% collection improvement is a conservative estimate of the increase in tax collections from auditing and improved reporting. Third party vendor estimates range from 15-30% for this item.
- Exemption parity with the state results in a net increase in collections.
- Assuming RTD’s proposed legislation for exemption parity would be in effect in 2014 and audit collections in effect in 2015.
8. Sales Tax Audit/Parity (Requires Legislative Action)

• FAQ: What does “parity with the State” mean?
  – RTD would request legislation to ensure that any items taxed by the State of Colorado are also taxed by RTD. For example, Colorado currently collects sales and use tax for sodas and candy, while RTD is precluded from collecting these taxes.
  – Treating RTD and the State of Colorado consistently would simplify tax collection process for vendors and the Department of Revenue.

• FAQ: If RTD is successful in implementing this measure, would it be applied retroactively?
  – If approved, RTD would work closely with government relations staff, lobbyists, legal counsel and other stakeholders to further refine this measure, including specific timeframes of applicability, etc.
Conclusion

• Approval of the recommendations presented in the Risk Allocation Matrix could fund the FasTracks Internal Savings Account up to or exceeding $277 M by 2017.

• The Internal Savings Account would enable RTD to begin implementing the following projects by 2017:
  – Completion of US 36 Bus Rapid Transit (BRT) Project
  – Construction of North Metro to at least 72nd
  – Any remaining funds above the $300 M goal could leverage potential grants or private sector contributions for FasTracks partially-funded projects (at the RTD Board’s discretion).
Next Steps

• **December 18, 2012:** Request RTD Board action on proposed cost saving/revenue enhancing measures

• **Early 2013:** Initiation of the Northwest Area Mobility Study

• **Ongoing:** Regional dialogue on implementation of the entire FasTracks program

• **February 2014:** RTD submittal of a new SB 208 report