November 12, 2019

Financial Administration & Audit Committee

KEN MIHALIK: If you would please find your seats. Thank you.

[SIDE CONVERSATIONS]

KEN MIHALIK: It is now 7:30. And the Financial Administration Audit Committee Meeting will now come to order. I'm Ken Milhalik, the Chair this evening. We have a handful of recommended actions.

The first one reads as follows. It is recommended by the Financial Administration and Audit Committee that the Board of Directors approves the attached resolution number blank reappointing Bill Van Meter and Derrick Black to a term expiring December 31, 2021 as trustees for the Salaried Employee Defined Benefit, i.e. Pension Plan, and Salaried Employee Defined Contribution Plan. And excuse me. This recommended action supports the following General Managers' goals-- core goal number three, strong financial management; task goal number 2, to address service and human capital; and task goal number three, to ensure fiscal sustainability. Is there a motion?

BOB BROOM: Move for approval.

SHELLEY COOK: Second.

KEN MIHALIK: Thank you your Directors Broom and Cook.

HEATHER MCKILLOP: This is Heather McKillop, just real quick. We have two trustees that terms expire at the end of this year. Both trustees are interested in being reappointed. And they do meet the criteria for reappointment per the Plan Guidelines. So with that, I'd be glad to take any questions.

KEN MIHALIK: I don't think we have any in the room. Let me check on the phone real fast if there's anybody still with us.

CLAUDIA FOLSKA: I have no questions, Chair Mihalik. Thank you.

KEN MIHALIK: Thank you, Dr. Folska.

I also have no-- I also have no questions, Chair Milhalik.

KEN MIHALIK: And how would the two of you be voting?

CLAUDIA FOLSKA: Yes.
ANGIE RIVERA-MALPIEDE: Yes for me as well.

KEN MIHALIK: OK. Thank you. And the rest of us will vote. Director Broom, you were the mover. Director Cook, the second. With our two yeses on the phone, we have 13 yeses. OK.

[SIDE CONVERSATIONS]

KEN MIHALIK: Yeah, with a couple people away. Next item is the 2020 Performance Measures. And it reads as follows. It is recommended by the Financial Administration and Audit Committee that the Board of Directors adopts the attached 2020 Proposed Performance Report and the accompanying performance measures for mission statement goals 1 through 7 in 2020.

There are 42 proposed performance measures to be tracked for the GM, which is one higher than for 2019. And this recommended action supports the following General Managers goals-- core goal number one, successful delivery of transit service. Is there a motion?

SHELLEY COOK: So moved.

TROY WHITMORE: Second.

KEN MIHALIK: Thank you Directors Cook and Whitmore.

HEATHER MCKILLOP: Mr. Chair, this is Heather. I'm going to turn it over to Jannette just to walk you through the updates that we have since the last meeting, where we had it for information.

JANNETTE SCARPINO: Yes. We brought the 2020 KPs to the Board for review and discussion in our previous meeting. And since then, we've made a couple of changes to goal 1.4. It did read that to reduce the number of light rail accidents preventable, accidents per 100,000 miles, we are actually going to report the actual number of accidents and remove the per 100,000 miles criteria. And we are setting the goal at less than or equal to 3.

The same goes for goal 1.5, which relates to commuter rail accidents. Again, we will report the actual number and remove the per 100,000 miles criteria. Also, set the goal at less than or equal to 3. For performance measures 6.2 and 6.3, we've updated the numbers with more recent information. And then 6.5, we are adding light rail operators to this measure, same for bus operators. That would summarize our changes.

HEATHER MCKILLOP: Mr. Chair, I just want to clarify-- this is Heather-- it'll still be preventable accidents, though, that we'll be reporting. But it won't be per 100,000.

JANNETTE SCARPINO: Right.

Thank you.
KEN MIHALIK: I'm looking around to see if there's any questions. Directors on the phone, any questions on this item?

CLAUDIA FOLSKA: No. Thank you, Chair Mihalik.

KEN MIHALIK: Director Rivera-Malpiede? Director Folska, how will you be voting on this item?

CLAUDIA FOLSKA: Thank you, yes.

KEN MIHALIK: OK. No one else in the room--

ANGIE RIVERA-MALPIEDE: I'm sorry.

KEN MIHALIK: Yes, go ahead.

ANGIE RIVERA-MALPIEDE: Yes. I'll be voting yes as well.

KEN MIHALIK: OK, thanks. And we will also move to vote. Director Cook, you were the mover. Director Whitmore, I believe the second.

BARBARA MCMANUS: Waiting on a vote.

KEN MIHALIK: Director Menten is not-- she's absent. Who else?

SHELLEY COOK: We have it right now.

KEN MIHALIK: OK. With the two yeses on the phone, we have 13 yeses and one no, the one no being Director Williams. And this passes. Moving on to the third item is the adoption of the investment policy.

It is recommended by the Financial Administration and Audit Committee that the Board of Directors adopt the attached investment policy, which contains recommended changes to reflect changes in state law relating to bank securities and some wording changes for clarification purposes. And this recommend action supports the following General Managers' goals-- core goal number three, strong financial management; and task goal number three, to ensure fiscal sustainability. Is there a motion?

BOB BROOM: Move for approval.

KATE WILLIAMS: Second.

KEN MIHALIK: Thank you, Directors Broom and Williams. You're up again.

KEN MIHALIK: Thank you, Mr. Chair. This is Heather McKillop. Each year, we bring you back the investment policy and update it for any changes that might be out there, either through
best practices that we find or through changes in state law. There is a red line version of this information in your packet. But I'm going to ask Brenden real quick, Brendan Morgan, just to identify those quickly for the Board. Thank you.

BRENDEN MORGAN: Hi, good evening. I'm Brenden Morgan, Senior Manager of Debt Investments. So this investment policy is-- the recommended investment policy is largely unchanged, except for two particular items. Section 4 and section 6 are recommended changes here to reflect changes in state law during the year.

This change in state law was intended to clarify the difference between bank securities, like negotiable CDs, as opposed to FDIC-insured CDs, which are under state law bank deposits. So clarifying the difference between those two and how they're treated in our investment policy. And then also section 6.2, which talks about competitive bidding. We're recommending the adoption of some GFOA best practices language in their investment policy that they deem as best practices.

The enhancement there is that it clearly defines what a competitive bid is by getting at least three bids from different broker dealers, anytime there's a better offer made on the security that we're going to buy or sell. And those the only two changes.

KEN MIHALIK: Any questions for Mr. Morgan? Any question on the phone?

ANGIE RIVERA-MALPIEDE: No, I have no questions, Chair. And I will be voting yes.

KEN MIHALIK: Thank you.

CLAUDIA FOLSKA: I also do not have any questions and will also be voting yes.

KEN MIHALIK: OK. And we will vote in the room. Director Broom, you were the mover, Director Williams the second. And with the two yeses on the phone, this is 15 yeses and passes.

HEATHER MCKILLOP: Thank you.

KEN MIHALIK: Thank you, Mr. Morgan. And our fourth item tonight is on the pension plan contribution. It is recommended by the Financial Administration and Audit Committee that the RTD Board of Directors adopt a 2020 contribution of $6,100,00 to RTD's salaried employees-defined benefit pension trust or the DB plan, which pays a specified monthly benefit at retirement. It is also recommended that the RTD Board of Directors adopt a 2020 contribution of 9% of each participant's eligible compensation to these salaried employees-defined contribution plan, the DC plan, which contributes a specified amount to the plan for each year of employment. This recommended action supports the following General Managers goals-- task goal number two, of addressing service and human capital. Is there a motion?

DOUG TISDALE: So moved.

JEFF WALKER: Second.
KEN MIHALIK: Thank you, Chair Tisdale and Director Walker. Heather, it's all you, if there is anything new.

HEATHER MCKILLOP: I don't have anything new to add at this time. I'll be glad to answer questions.

KEN MIHALIK: And as before, I guess I'll start on the phone. Director Rivera-Malpiede, any questions on this?

ANGIE RIVERA-MALPIEDE: I do not have any. Thank you, Chair.

KEN MIHALIK: And an indication of your vote?

ANGIE RIVERA-MALPIEDE: I will be voting yes.

KEN MIHALIK: OK. And Director Folska?

CLAUDIA FOLSKA: I have no questions at this time. And I will wait until our discussion is concluded to determine my vote.

KEN MIHALIK: Understood. Director Cook, you are recognized.

SHELLEY COOK: Thank you, Chair. I wanted to offer a motion to postpone to the December 10 meeting. And if I might, I would add some remarks to provide context for that, if that would be all right with you.

KEN MIHALIK: Please.

SHELLEY COOK OK, so I would like to recap how we ended up postponing to today.

DOUG TISDALE: Chairman, point of order. Is there a second to the motion?

KATE WILLIAMS: Second.

DOUG TISDALE: I didn't hear it. Thank you. OK, and is the motion debatable, Counselor? Motion to postpone to a definite time.

ROLF ASPHAUG: Can I have just a moment here? It is debated to postpone to a certain day is debated.

SHELLEY COOK Thank you. OK, so when we took this up before on the October meeting, we had just learned that there were several changes in the budget even beyond what we had already had information on. And, I think, in light of that, there was some discussion about whether there might be some benefit in learning what some of the cuts were. And we knew a lot was still in flux, as I understand it.
That was still the case up until this week, finalizing that budget. And the sense was that perhaps, it would make sense to wait until we had a better handle on some of those cuts, some other budget issues, maybe garner some information about related items in order to make the decision about this. And in talking with different people, I think one way forward for this is to postpone to the 10th of December.

And in the meantime, add a study session to the date we already have set aside on the 21st. And that would allow us to sit down, do a little bit of rolling up of our sleeves, asking some questions, which we need to get our-- I'll be soliciting. And we can talk about things we'd like to see brought up tonight that would allow us to make this decision.

For instance, several of us mentioned that we'd like to know what kinds of trade-offs there were in terms of the budget cuts before we looked at whether or not we wanted to go with the full 9% on this versus the 7%. So having some idea of how that budget is firmed up in the past few weeks and certainly the past two would give me a sense for what trade-offs exist in terms of going with one number or the other one.

And so I've checked with a few people in terms of that 2-step process. Having this was a specific request that some of the director's study session to look at the budget to have a better sense for what that budget involves. And then, secondly, going into the next finance meeting and being able to vote in a little bit more better-informed way.

And so the other thought about that 21st study session is, we have had the budget presented multiple times. The most recent was on September 17-- that the full presentation. But if you recall, that was the night that we had the National Medal of Honor Museum-- first vote was a very long night and the finance committee was the second on the agenda.

And honestly, by the time we got to it, it was an abbreviated chance to look at it. And since then, there's been quite a bit of change. So it wouldn't hurt, and it would give the public a chance to get a better idea about what's happening with the budget too since we're not planning to approve it until December to have that study session opportunity.

To garner just general information, we can be providing that request to Heather but also some information that will help with this decision making about the 9%. So sorry for a little bit of a long-winded explanation. But that's my sense of where a number of people would like to proceed.

KEN MIHALIK: OK, Thank you. Director Menten, you're next.

NATALIE MENTEN: Thank you. Having researched this subject for quite a bit, and looking back at the Board discussion, which occurred in March and April of 2008-- and I have those minutes-- there was discussion at that time about how their decision might tie future Board's hands.
And I feel that is where we are at. I think, in review of the private sector, and the fact that a good chunk of our riders do not have any retirement security like perhaps the salaried employees do at RTD, I feel it is-- we could look at the budget.

But I don't think, having been through this many years, I don't think the budget's going to change our situation very much. And I personally feel, in light of what many of our riders have in the private sector, that the fair thing to do is-- the agency considering budget and all of the above-- is to take it to the minimum amount that we're allowed in the current plan. And that would be 7%.

So we could kick this can into December. But I don't think the picture's going to change much. And we're allowed to do 7%. That Board in 2008 knew they might tie the hands of future Boards. And here we are.

So that's what I would like to see. Just put that into-- it's an annual decision. This is for 2020. We are going to have budget hits.

We have items within our capital projects that have been pushed. Those have been kicked down the road for a long time. You can see those in the budget document.

And we've seen some of those items be on there year after year after year after year. So I would prefer to see us, as a Board, make that decision. And it may be difficult, but it's for the year 2020.

Just one year, and then we come back and we make a decision again just like we always have. That's my thoughts on this discussion. Thank you.

KEN MIHALIK: OK, Thank you, Chairman Tisdale.

DOUG TISDALE: Thank you very much, Mr. Chairman, I am opposed to the continuance of this matter. I do understand the arguments offered in support relative to additional information might help. Respectfully, I believe that we've been literally talking about this on and off-- and not this precise question since March.

We talked about it in March. We talked about it in April. We talked about it in June. We talked about it in September, abbreviated or not and talked about it at length last month as well.

Halloween was quite a night in this room. I submit that we make a decision now. If you want to offer a reduction to 7%, put it to a vote. See if you have the votes. If you do-- great.

You just told staff we're going to cut it to 7%. If you don't, let's put 9% on the table, and let's get it done. I submit it is unfair to ask Heather to go out there and create a budget that's a hypothetical budget saying, I can't fill in all the numbers.

I'm going to have to play with this and balance this depending upon what you guys decide to do. And I just point out we went from idea to adopted resolution in 20 days when talking about the end line. From the time it was raised until the time this Board just adopted it, that took 20 days.
And yet when we're talking about our salaried employees, we can't make a decision for yet another month. We have to kick that can down the road. I think that's disrespectful to them.

I think we need to make a decision. If you want to vote it down to seven? Fine. Put it on the table. See what happens. But do it tonight. Thank you.

KEN MIHALIK: Thank you. Director Broom.

BOB BROOM: Thank you, Chair. I don't support putting this off another month. And the other thing-- we're having problems retaining employees.

And this is sending a message to employees that the pension isn't really that important. And I disagree with that. Thank you.

KEN MIHALIK: OK. Thank you. Director Williams, you're up.

KATE WILLIAMS: Thank you, Chair Mihalik. I'm OK with everybody who wants to support it as it stands. But I think there is a lot of discussion that is unresolved. I think there are options other than the one that Director Menten proposed, which is only to do this for a year.

I think that a number of discussions that I have heard have value in them. I totally support our employees. I know that we-- it's a tough time for everybody now. We know that.

But there are a number of things that we need to look at. Perhaps we want to give a graduated pension based on the amount of salary. So that the people who make little money in our salaried employees get 9%.

And the people who make a lot of money only get 7%. That's an option. Perhaps we want to look at it based on performance reviews. I mean, there are a lot of things that I don't think that we, as a Board, have had the time to consider.

And so I seconded the motion to postpone this for another month. And I want all of our employees to know that it's not aimed at them. It's aimed at the fact that, as a Board, part of our responsibility is for fiscal sustainability and that we are looking at cutting service to our riders at reducing routes, at reducing fares. I think that if that spills into us looking at this that it's not out of line. Thank you.

KEN MIHALIK: Thank you. Director Catlin, you're up.

PEGGY CATLIN: Thank you. So the motion is to postpone. And so that's what we're discussing. So I guess my comments would be after we vote on that motion, so.

KEN MIHALIK: OK, understood. Thank you. Director Lubow.

JUDY LUBOW: Thank you, Chair Mihalik. I support the motion because, frankly, I'd like to learn more. And I'm really intrigued by the ideas that Director Williams raised.
And I do want to say that I am really in support of great benefits for our great employees. And the fact that I think it should be postponed so we could get more information does not detract from that desire to make sure that our employees get great benefits. Thank you.

KEN MIHALIK: Thank you. Director Buzek.

VINCE BUZEK: Thank you, Mr. Chair. And I've taken in all these comments and obviously, more information can be a good thing. And I don't think anyone-- Director Cook or anyone else seems to be supporting this. It is doing it to slight our-- penalize our staff.

I guess I would ask our CFO if, in fact, we had to wait a month, is it a huge imposition in preparing the budget for 2020?

HEATHER MCKILLOP: This is Heather McKillop. So if that decision wasn't made till December 10, that is too late for me doing-- I will have to make an assumption. How do I say this? It's too late to include it as far as anything substantial.

So we wouldn't trade it off for something else. It would just go back into the Board appropriated or the operating reserve because it would be too late for me to meet the deadlines and get all the documents prepared-- to get that submitted by the end of December, which is required by law. So from that perspective, it wouldn't be used as an offset because of the timing issue. I would prepare the budget without knowing which direction that was going.

And I would have to assume the higher cost at this time. And then if you did something else, then that money would go back into a reserve. Because that change I can make rather rapidly.

KEN MIHALIK: OK, sounds good. Thanks. That's all I have.

HEATHER MCKILLOP: Did that help? I'm sorry.

KEN MIHALIK: Yeah, it does. Thank you.

HEATHER MCKILLOP: I stuttered a lot. I was not very clear.

VINCE BUZEK: So, basically, what you're saying is that you'll just do the budget assuming the 9%. And then if that changed for any reason, you'd amend it later and figure out where that money goes.

HEATHER MCKILLOP: Yeah, or I'd just ask the Board to allow me to put that money into the reserve, which would be the easiest way to do it. So, yes, that was a good summary. Thank you.

VINCE BUZEK: Thanks. That's all I have. Thank you.

KEN MIHALIK: Thank you, Director Buzek. Director Menten, you're up again.
NATALIE MENTEN: Thank you. I have just a couple of questions. So when I did the research on this and if we were to do a-- considering the time that we're at right now, we're in the middle of November. This plan is for 2020. If we were to do a rewrite, which would include, let's say as an example, we were going to go outside of the 7% to 9%, or if we were to rewrite it to say employees within this pay range get this amount or another, we would have to rewrite the plan, correct?

HEATHER MCKILLOP: This is Heather McKillop. So I talked to the trust attorney today. We wouldn't necessarily have to rewrite the plan but we would have to do an amendment to the plan. With any amendment to the plan comes risks that we will potentially be sued for a change and major plan benefits. So any of those things that you described could generate that.

But it could be done with a plan amendment. You wouldn't have to rewrite the entire plan like was done in 2014.

NATALIE MENTEN: OK.

HEATHER MCKILLOP: That help?

NATALIE MENTEN: Yeah. That's a different answer. You must have talked to the attorney after you and I had an exchange earlier, or I just misunderstood. But you've cleared it up. We've got it on the record.

So let me ask this. Let's say we went with the 7%, and we would have a $1 million in savings. And this Board for some reason or another decided they wanted that money to go towards a specific item, not just into the reserves, but a specific item. And I will use an example. I'll just throw a couple things off of the deferred capital repairs.

One would be the air handlers out in district shops, which provide fresh air for the employees. Those same represented employees-- we have not only a problem with the operators, but we also have challenges with mechanics. Would the Board be able to take that money and specifically put it into a capital project such as the one I just described?

HEATHER MCKILLOP: So this is Heather. The Board does have that prerogative. However, if I could just comment on that. My recommendation would be not to do that as we have a specific process for selecting projects in priority order.

And if we had money available, we would probably request that the Board allow us to add those projects back in the order in which we took them out. That might not be a high priority. We have started to use our asset management system to identify the highest priority assets that need to be fixed.

And my preference-- just my preference-- would be that we follow that rather than have the Board start selecting projects or where they would like particular dollars to go.
NATALIE MENTEN: And if that air handler happened to be a staff recommendation that might be something that would come into that list.

HEATHER MCKILLOP: Yeah, I'd have to--

NATALIE MENTEN: Not through the Board determination but through the staff, which we would trust to make the highest and best choice.

HEATHER MCKILLOP: Correct.

NATALIE MENTEN: Yes. And so that could go to perhaps make the life of employees easier. Perhaps, we could find savings in some of these benefits if we are doing repairs or something else.

HEATHER MCKILLOP: And might I respond to that? I just want the Board to be cautious that it may come across as an issue of fairness, correct? You're robbing from Peter to pay Paul. We have represented employees. And we have salaried employees. Most of us consider them all the same employees.

However, the benefits are slightly different. I did provide you with those retirement benefits. We do make considerably higher contributions to represented employees. And it is equitable because it is based on their salary, right?

So the same thing happens with salaried employees that were hired prior to 2008 and those that were hired after 2008. We've never had that equity brought up as employees. That conversation has started to occur now because of the conversations that have taken place now. So I just want to make sure you're aware that that equity issue between employees is becoming an issue.

NATALIE MENTEN: On the other hand, this Board is offered the choice of 7% to 9%, and we have to be accountable to the taxpayers.

HEATHER MCKILLOP: I don't disagree. I just wanted to offer that piece of information.

NATALIE MENTEN: Thank you. So I guess we vote on this. But I would prefer to see us vote on this tonight and bring it down to for the one year, 2020, down to 7%. And then we can talk about do we amend the plan? Then it gives us time.

KEN MIHALIK: Director Menten, you may have that later on. But right now, we're talking not just the motion to yeah-- were you finished for now?

NATALIE MENTEN: Yes.

KEN MIHALIK: OK, thanks. Director Walker, you're up.
JEFF WALKER: Thanks. I won't be-- I will not support the motion to postpone the dates certain. Just because I'd rather the finance department have the certainty of those dollars when crafting the budget.

I also believe that just like we make investments in our rolling capital or rolling stock, our assets, we also have to show that we're making an investment in the employees that work here. And I think that's extremely important.

So I will not support the motion to postpone. I will support if it's made. Well, it has been made. So I will be supporting the motion for 9%. Thank you.

KEN MIHALIK: Director Catlin, you wish to speak on the motion to postpone.

PEGGY CATLIN: Thank you. If we were to vote to postpone, as you pointed out, it would be too late to substitute out that amount for another project-specific, but it would go into a reserve. But I think we've had this discussion before that the Board has the option of amending the budget at any time during the year.

HEATHER MCKILLOP: So this is Heather McKillop. That is a true statement. So if we wanted to put it another, we could bring it back in January. It's just for that document to be done on time for December. But, yes, that is a correct statement that we can amend the budget anytime.

SHELLEY COOK: So that if that were to be an amount placed in reserve, then that could subsequently be amended at some time in 2020?

HEATHER MCKILLOP: That is correct.

SHELLEY COOK: OK. Thank you.

KEN MIHALIK: Thank you. Director Williams.

KATE WILLIAMS: Thank you, Chair Mihalik. So let me make sure I understand this. If we do not vote on this tonight, you are going to put 9% in the budget?

HEATHER MCKILLOP: That is correct.

KATE WILLIAMS: OK

HEATHER MCKILLOP: And then--

KATE WILLIAMS: That's enough for the moment. Hang on. And then my next question is, if we-- related to the postponement issues-- if we do decide that, in fact, we want to talk about this some more, perhaps we could make a commitment to making a vote on that date since the 9% is going to be in there anyhow, whether we postpone it or not, maybe we could make a commitment to getting all of our questions answered. Because I have another question that I don't know if it relates to the motion or to the thing.
So should I just ask it, and then you can?

KEN MIHALIK: I don't know what it is.

[LAUGHTER]

KATE WILLIAMS: But what do you mean you don't know? You didn't read my mind? I want to know if we can have this as it stands for everybody who's employed today at 9%? And move to make it lower based on salary for employees who come on starting tomorrow and not affect anybody's benefits who's working here now, who's already concerned that we've all heard about—believe me, we have all heard that employees are concerned about their benefits-- if there was any doubt about that.

And I don't think there's anybody on this Board who isn't concerned about employees since we know that we have problems. So I'm sorry. Can you answer that?

KEN MIHALIK: It sounds like it would fall under a pretty drastic amendment to the current.

HEATHER MCKILLOP: Well, so I did ask that question.

KATE WILLIAMS: Thank you. Yay.

HEATHER MCKILLOP: Actually, in anticipation that it might come up. So I do anticipate things. So it would require just as reducing the amount lower than 7% or higher than 9%. Not that that was on the table. But I just wanted to throw that out there.

So if you go below 7 or above 9, or you do something graduated like you were talking about locking it in now, that would require a plan amendment.

KATE WILLIAMS: I'm sorry. But we just heard that we can make-- the Board can make an amendment.

HEATHER MCKILLOP: That is correct.

KATE WILLIAMS: OK, thank you. I will be supporting the amendment to postpone it so that we can have more of this kind of discussion. And I will be willing to vote on whatever comes up next month. Thank you.

KEN MIHALIK: Thank you. Chair Tisdale. You are up again.

DOUG TISDALE: Thank you very much. Just that our Chief Financial Officer was cut off in responding to the questions. I just wanted to make sure if there was anything else that she had to add at that point. This is the opportunity to add whatever--

HEATHER MCKILLOP: The only thing I wanted to clarify is if you postpone it, I will make the assumption that it's 9% because it's tabled. So the motion's tabled as it is, right? So I need to
make that assumption. If you make a change, then I will make the change accordingly. It's just because of the timing issues. I would recommend putting it into the reserve and then doing something with that money later on. I just want to clarify that. Yes.

KATE WILLIAMS: I apologize. I was focused-- laser-focused. Sorry.

HEATHER MCKILLOP: Thank you.

KEN MIHALIK: Thank you, Chair Tisdale, for--

DOUG TISDALE: Thank you. I've concluded with my comments.

KEN MIHALIK: OK. Thanks for allowing her to clarify all that. Director Guissinger, you're up.

LYNN GUISSINGER: I am very torn on this. I would not support starting at this stage to parse away certain amounts and in different amounts and different employees and things like that. I am inclined to support the-- I want and support our staff.

And I would be right now inclined to support the 9%. But I am concerned that the budget has-- we've had some changes. We had I think you mentioned-- is it Burnham Yard and some different things like that?

And I guess I'd like to just take a little more time to see where we are on the final budget. Thanks. Especially, I like the idea of just budgeting in the 9% and then deal with it later.

KATE WILLIAMS: People on the phone?

KEN MIHALIK: Yes, I'll check back. Maybe Director Folska, maybe you've got some questions or comments now.

CLAUDIA FOLSKA: No, thank you. Excuse me.

KEN MIHALIK: OK, thanks. Director Rivera-Malpiede.

ANGIE RIVERA-MALPIEDE: No, Mr. Chairman. Thank you.

KEN MIHALIK: OK, thanks. Director Lewis.

SHONTEL LEWIS: Thank you, Chair. I am in support of the motion. And I would like to just remind folks that because I'm in support of the motion, it does not mean that I'm not in support of staff. And out of the Directors that are sitting on this Board currently, I am the only one who is previously staff.

And so, I do want to make sure that we're taking care of folks. And that's important to me. And I don't think it's fair to be villainized for wanting to have more information. And so I do appreciate
your diligence in wanting to make sure that we're making the best decisions as an elected body. Thank you.

KEN MIHALIK: Thank you. I like all the interest that this topic has received lately. And so that's always good that people are paying attention and they're wanting more information.

So we will move to the vote on the motion to table to December 10. Director Folska, we are done with discussion. Your vote.

CLAUDIA FOLSKA: Yes, I will vote no.

NATALIE MENTEN: Some people are wondering just to clarify, you said tabled but--

KEN MIHALIK: Postponed.

SHELLY COOK: It's postponed.

KEN MIHALIK: Sorry. My--

DOUG TISDALE: It's postponed to a date --

KEN MIHALIK: Same difference. Thank you for the correction. And Director Rivera-Malpiede, just so there's no confusion.

ANGIE RIVERA-MALPIEDE: Yes, I will vote to postpone as well.

[SIDE CONVERSATIONS]

DOUG TISDALE: In point of order, Mr. Chairman, the record should reflect even though it says recommended action adoption pension plan contribution, the vote that is being taken is the vote on the motion to postpone until December 10. It's not a motion on adopting the recommended action.

KEN MIHALIK: Yes, thank you for clarifying that. Well, with Director Rivera-Malpiede's yes, and Director Folska's no, it is 8 to 7. And it does pass. And so this item will--

DOUG TISDALE: Postpone until December 10.

KEN MIHALIK: We will--

HEATHER MCKILLOP: Mr. Chair, may I ask a question?

KEN MIHALIK: You may.
HEATHER MCKILLOP: So I heard a lot of comments about needing more information. So it'd be very helpful to me if you know what that additional information is that you need. If you would get that to me so I can be prepared to answer that.

KEN MIHALIK: Yes. For those that want-- we need specifics for Heather to prepare. And so we don't have any excuses next time about more information.

HEATHER MCKILLOP: Thank you.

[SIDE CONVERSATIONS]

[LAUGHTER]

KEN MIHALIK: And the last of the recommended actions tonight is regarding the Board expense reductions-- budget reductions. It is recommended by the Executive Committee of the RTD Board of Directors that the Board approve a motion to adopt the attached resolution number blank, series of 2019 concerning a temporary reduction of certain Board Office budget lines related to Director travel and the allocation of certain meeting expenses to Directors Local Expense budgets.

And this recommendation is consistent with the General Manager 2019 core goal number 3 of strong financial management.

KATE WILLIAMS: So moved.

JEFF WALKER: Second.

KEN MIHALIK: Do Directors Williams and Catlin-- Director Menten, you are up first.

NATALIE MENTEN: Yes. So into the first two bullet points, which are reduced by $2,000 the amount allocated to each Director's travel expense budget and reduce it by half for 12,750. The amount budgeted by the Board office to defray costs of registration fees, da, da, da.

Third bullet does not have a dollar amount. And what I've heard thrown around is perhaps $10. But could we get that on the record so that we do have perhaps some sort of definition? Having just viewed back 2008 minutes. It's always good and have a little more meat.

SHELLEY COOK: Yes, the number that we calculated was $10 per Director per meeting.

NATALIE MENTEN: So should that be noted in the document itself?

KEN MIHALIK: We can-- we'll make sure that the $10 is in there.

NATALIE MENTEN: So is that an amendment that I need that-- do I need to make a motion--
KEN MIHALIK: So that's just part of the-- no, I think that they're allowed to make those clarification changes.

NATALIE MENTEN: OK, that's all.

KEN MIHALIK: Director Lubow.

JUDY LUBOW: Thank you, Chair Mihalik. I just have a comment about the wording on the resolution. The last whereas on the resolution itself talks about in recognition of the effect of the economic downturn in the Denver Metropolitan region. And I think the problem was not a downturn as it was in the other times. Yeah, what it is, is that the prognosis was, we came out less than what the prognosis was for it. And it just doesn't feel accurate to leave the statement about the economic downturn in the region.

KEN MIHALIK: It's kind of foreshadowing there.

JUDY LUBOW: Yeah. Yeah.

KEN MIHALIK: How would you-- I don't disagree with you. How would you care to--

DOUG TISDALE: Point of order, Mr. Chairman?

KEN MIHALIK: Yes.

DOUG TISDALE: I believe what I heard. Director Lubow indicate was that in lieu of reading, whereas in recognition of the effect of the economic downturn in the Denver Metropolitan region-- however, and that you might just delete those words and say, whereas, in recognition of the strike concomitant, reduction in sales tax, and use tax revenues, the Board believes that appropriate.

So it would just be the deletion of the words, "The effect of the economic downturn in the Denver Metropolitan region, comma, however, comma, and the concomitant."

JUDY LUBOW: Like he said.

[LAUGHTER]

[SIDE CONVERSATION]

KEN MIHALIK: I think that was the motion.

ROLF ASPHAUG: Board Chair, this is Rolf Asphaug. If there's unanimous consent, you could just do that by unanimous consent.

KEN MIHALIK: Anyone in opposition to that striking the middle of that phrase?
NATALIE MENTEN: So do we have to do that with both things, then the $10 also?

ROLF ASPHAUG: Chair, right now, the resolution states the Board office is authorized to allocate a debit and a certain amount. It grants the Board office discretion.

But the Board office has indicated that that discretion is going to be exercised in the amount of $10. You could change that, or you could just leave that as is with that understanding.

KEN MIHALIK: Let's do this one first, and then we'll do the $10 one next. Is there any opposition to the phrasing that Chair Tisdale read? Director Folska? Director Rivera-Malpiede?

CLAUDIA FOLSKA: No opposition.

ANGIE RIVERA-MALPIEDE: Nor I.

KEN MIHALIK: OK, so it is-- that we will make that change. And then in that same vein, going back to the Director Menton's comment. And, yes, that $10 figure had been referenced previously. Is there any opposition to having that be overt?

[SIDE CONVERSATIONS]:

[LAUGHTER]

ROLF ASPHAUG: Chair, if I may suggest-- this Rolf Asphaug, General Counsel-- if you do that, you would change the resolution to state the Board office is authorized to allocate a debit of $10 towards each Director's local expense account. And that's, again, if the Board wants to do that by unanimous consent, you can do that, or you can have a motion second and then debate the issue.

KEN MIHALIK: OK. Well, if there's no opposition.

JUDY LUBOW: I have a question about that. If we stated as 10, is it possible that it might be somewhat different than that would restrict our hands by stating it that it's 10, as opposed to maybe 10?

KEN MIHALIK: Yes, I just know that the $10 figure had been used recently.

JUDY LUBOW: Well, is the Board office happy with just stating it's 10 or won't-- or do they need some more flexibility?

BARBARA MCMANUS: No, $10 is what we've budgeted in the $51,000 that we were looking for. So we're satisfied with that. And we have a little bit of flexibility there based on the fact that we don't know what each of the Director's attendance is going to be. That's why we chose that number.

JUDY LUBOW: OK, so 10 seems to work. So I'm fine.
KEN MIHALIK: If you remember, this is for 2020 only. So you don't worry about escalations or anything like that.

JUDY LUBOW: All right, it seems to be a non-problem.

KEN MIHALIK: OK. Well, if there is opposition, I think we would've some discussion to explicitly make it a $10 figure.

[SIDE CONVERSATION]

VINCE BUZEK: I have question.

KEN MIHALIK: Yes, Director Buzek.

VINCE BUZEK: My question goes to the mechanics of it. If we approve this, are you saying that every meeting we come to, we're going to be charged $10 whether we eat the meal or not, or do we have a choice to eat the meal or not?

KATE WILLIAMS: Or what if there's a meeting and there is no food?

VINCE BUZEK: Well, that's not my question, but thanks.

[LAUGHTER]

KEN MIHALIK: Ms. McManus.

BARBARA MCMANUS: We would, I guess, we would set up a process that if Director didn't want to eat, they could sign a waiver saying that they weren't going to eat.

KATE WILLIAMS: You'll be the first.

KEN MIHALIK: Chair?

VINCE BUZEK: Thank you. Mr. Asphaug. I appreciate that. I just had a question on mechanics. Thanks.

ROLF ASPHAUG: Chair this is Rolf Asphaug, again. In that event, I would suggest you leave it as is because then you give some discretion to deciding what you want to do. If you change it to allocate a debit of $10, it's $10 whether you eat or not. [LAUGHS]

JUDY LUBOW: Then we'll have the dinner police. [LAUGHS]

KEN MIHALIK: So is there opposition now or leave it?

JUDY LUBOW: Leave it.
KEN MIHALIK: Sounds like there's opposition.

JUDY LUBOW: Yeah.

KEN MIHALIK: OK. Director Menten, do you care to make a motion for this?

NATALIE MENTEN: I think this is all very humorous.

KEN MIHALIK: OK.

[LAUGHTER]

KEN MIHALIK: So no motion?

JUDY LUBOW: Correct.

NATALIE MENTEN: I think we pretty much have it on the record.

KEN MIHALIK: All right, we'll go with that. Director Broom, you are up.

BOB BROOM: I just want to confirm that the total budget impact that we're talking about here-- the reduction is about $51,000. Is that correct?

BARBARA MCMANUS: Yes.

BOB BROOM: Thank you.

KEN MIHALIK: Director Walker, you're up.

JEFF WALKER: Thanks. I was looking at the last whereas-- the second to the last line. Where believes it appropriate to reduce the-- I believe that we should be travel expense-- limits allocated to the RTD Board members.

BARBARA MCMANUS: Where is it?

JEFF WALKER: The last whereas-- second to the last line. Believes it appropriate to reduce the-- I think that should read travel expense limits.

BARBARA MCMANUS: No. The last whereas speaks to the last item in the Board report, which is the $10.

JUDY LUBOW: You would just take out local. It's just an expense.

KEN MIHALIK: Director Walker, are you on the-- you're in the whereas paragraph that we just changed previously?
JEFF WALKER: Correct.

KEN MIHALIK: OK. And it should say to reduce the travel expense, not local expense?

JEFF WALKER: I think so. I asked Director Tisdale what he thought. I just noticed that now. So I apologize for the late --

KEN MIHALIK: And Ms. McManus, you think local is accurate.

BARBARA MCMANUS: Well, that speaks to that particular item. And then on the last -- on the bottom of the page where it says, now, therefore, be it resolved, it outlines each of the items separately. One is the travel budget. One is the movement of the registration fees from the Board. The reduction of the registration fees -- that would cover the second meeting for Directors. And the third item is the allocation that we just spoke of.

KEN MIHALIK: OK, so local is accurate.

JEFF WALKER: Local is accurate.

BARBARA MCMANUS: Yes.

JEFF WALKER: OK. OK. Thank you for clarifying. I didn't catch that.

KEN MIHALIK: Thank you, Director Walker. Director Chair Tisdale.

DOUG TISDALE: Thank you very much, Mr. Chairman. I actually thought we could resolve everything and just delete the word local. Because in any event, we're just reducing some expense limits. And it need not have an adjective in front of it. Because there are impacts on local and travel. And I thought that, perhaps, that might make it easy. But I leave that to Board office.

BARBARA MCMANUS: That's fine for me. The Directors have the option of moving money back and forth from local to travel. So that makes sense.

DOUG TISDALE: That's the point. That we do have that option to move funds back and forth in our local account or our travel account. So I would suggest we just say, believes it appropriate to reduce the -- delete local expense limits allocated, et cetera.

KEN MIHALIK: Is there any opposition to eliminating a local?

KATE WILLIAMS: No.

SHELLEY COOK: No.

JEFF WALKER: No.
KEN MIHALIK: No opposition. No opposition. Anyone on the phone?

CLAUDIA FOLSKA: No opposition.

ANGIE RIVERA-MALPIEDE: No opposition.

KEN MIHALIK: Well, let it be said then that this is reducing the expense limits, not limited to local. And now we will vote. Say nobody else. Director Williams, you were the mover, Director Catlin, the second. Director Rivera-Malpiede,

ANGIE RIVERA-MALPIEDE: Yes. Yes.

KEN MIHALIK: And Director Folska?

CLAUDIA FOLSKA: Yes.

KEN MIHALIK: OK, thank you. And this passes 15 to 0 after much debate.

[LAUGHTER]

KATE WILLIAMS: Much ado about nothing.

[SIDE CONVERSATIONS]

And we are on to a number of updates this evening. The first one being the much talked about Reimagine RTD-- Fiscal and Financial Sustainability Analysis. Heather, you're up.

HEATHER MCKILLOP: Thank you. This is Heather McKillop. We do want to just spend a few minutes-- I know, you probably had an opportunity to read through this. But there are a few things that we wanted to point out. One of the reasons we're presenting this separately in this particular committee is because we know there's been a lot of interest around what it's going to look like as far as what we'll be exploring regarding fiscal and financial sustainability as it relates to Reimagine RTD.

So rather than having this as part of their presentation that was done several months ago, we decided to break it out and have a specific presentation around this. This process will move parallel and simultaneous to the process of developing the System Optimization Plan and, ultimately, the Mobility Plan for the future.

Because we will need to identify funding sources to go with those. So with that, I'm going to turn it over to Susan Cohen to walk you through. Like I said, we won't go through every slide in detail.

But I did want to give you an idea of what we're looking at and what the plan is meant to-- what this scope of work is meant to do and not do. So with that, I'll turn it over to Susan. You want me to push buttons?
SUSAN COHEN: This is Susan Cohen, Senior Manager of Finance talking about the fiscal—first start with the goals of the Fiscal and Financial Sustainability for Reimagine. We're looking through the process, determine a fiscally and financially sustainable path forward for RTD, which includes ensuring that we use cost—our funding cost is cost-effective in a responsible manner.

We proactively pursue partnerships to supplement district resources, and that we strengthen our fiscal resiliency and explore financial innovation. The goal to keep our system in a state of good repair and deliver better service.

So as part of fiscal the-- we have three primary focus areas of the Fiscal and Financial Sustainability Analysis. One is developing plan and planning process looking at how we rank programs and projects, developing fiscally constrained and unconstrained plans, looking at fiscal and financial sustainability going forward, involvement of RTD Board and stakeholders and frequency of financial plan updates. Second focus area is to support the two main components of Reimagine, the System Optimization Plan, and the Mobility Plan for the future.

With through identifying costs, savings, and changes to revenues to support the analysis through these efforts and incorporating the results of these efforts into the fiscally constrained and unconstrained plans. Third goal is to identify focus areas, to identify and assess potential revenue enhancement measures, including feasibility, revenue generation capabilities, and specific requirements and restrictions related to their use.

I wanted to clarify, also, as Heather mentioned, this is what this is, what it is not. It's really not focusing on the temporary service cuts. And it's not the Fair Study. We have a separate consultant effort going on right now that is looking at fair alternatives, and that will be done in parallel separately.

Moving on, talking about how ranking programs and projects. This is really looking at developing a process for a planning going forward. How do we develop a ranking process to look at what are our priorities within our funding opportunities within our constraints, developing a shared understanding of the process, getting appropriate divisions involved, and developing a method for fiscal evaluation? Here? OK.

And mentioned before, fiscally and constrained and unconstrained plans-- this is a difference from the way we've been doing this in the past. In the past, we've brought forward a fiscally constrained plan, which would be a program of projects that can be completed within projected revenues from our existing funding sources. We've identified ongoing operating and maintenance costs, identify capital replacement costs, rehabilitation costs, and looking at future expansion.

As part of Reimagine, we will bring forward a fiscally constrained plan. However, one major change from what you've seen before is that we will also be developing an unconstrained plan, which is essentially what are all the needs identified in the Mobility Plan for the future, and what would it cost to actually meet all our needs?
And then from there identifying the funding gap between the two. What does it take to get us from what we can afford to what we really need?

HEATHER MCKILLOP: And this is Heather. I just want to add, I think this is a really important part of the process. We're one of the few agencies I've worked for that we don't do an unconstrained plan. And I think that's caused a lot of angst.

When we have to make reductions in the long-term plan, when we don't have the money in the forecast change, there's no place for those projects and programs to go except away, right? So what this unconstrained plan will provide is an opportunity to reflect those things that can't be done with the money we have at this point in time. But they still appear as a priority in the unconstrained plan.

And as we identify revenues, whether they be for the sales tax forecast goes up, or whatever it might be or new revenue sources, we can then bring those things forward into the fiscally constrained plan. So I really think this is one of the neatest, coolest things about it. [LAUGHS] I know that sounds weird-- but about this process is really given the Board that ability to identify those things that we want to do as a strategy, as a focus, as a vision in the future.

But we may not have money for. But it also allows us then to start working towards how do we fund those things.

SUSAN COHEN: Next as mentioned, Fiscal Financial Sustainability. And that's really defined-- looking at two key areas. One is ensuring that project services and initiatives within the fiscally constrained plan are funded through appropriate funding sources. And we have some-- part of our fiscal policies refers to this.

Match the things like policies like not funding operations through debt, for example, would be looking at how matching a funding source to an appropriate-- then second is to ensure that any projects that are identified in our short-range and medium-range plans can actually be maintained in the long-term.

And make sure you can operate and maintain what you built. And in the Reimagined process, we'll be involving key members in the development of the financial planning process and supporting Reimagine. We'll be involving you use the Board, RTD senior leadership and staff.

And we have two committees as part of Reimagine-- the Reimagine RTD Advisory Committee and the technical working group will both be heavily involved in the financial planning process, external stakeholders, and, of course, our passengers and our taxpayers.

Final piece of the fiscal-- of the planning process is really the frequency of financial plan updates mentioned a little bit earlier-- developing a constrained and unconstrained plan. We'd need a process going forward to look at how we adapt those as times change-- situate as times change, forecast change, revenues change, priorities change.
Question to be answered here is, how frequently should we update the plans? We have our mid-term financial plan, which goes out six years. We have a long-range financial plan, which goes out to the time horizon of Dr. Cog's Regional Transportation Plan.

How often should we be updating these and to what degree? Next question to be answered is, is involvement in future financial planning. How do we include new priorities in plans? How do we update our forecasts? And identifying and including stakeholders in the future planning process.

We talked before in the last slide about who's involved in the Reimagine process now. Who should be involved in the financial planning process in the future once Reimagine is wrapped up? And we're looking at a mobility plan for the future.

HEATHER MCKILLOP: And so what this really gets to-- this is Heather-- is do we need to do it differently? One, do we have to do them every year? We don't. Most organizations do them every couple or two or three years. We could do them in sequencing with the tip and the long-range plan and the STIP.

So that's several options. But it's also the idea of how do we go about doing it, right? So right now, we have a certain way-- a process that we follow where we solicit projects internally, blah, blah, blah.

Well, when you're looking at a future planning process, maybe that should be a whole different process. So we want the consultant to get that input from everybody and might make recommendations about maybe the way we do-- the whole process needs to be re-looked at and how we get input, which is really hard to do if you do it on an annual basis. But if you do it on a two-year or three-year basis, it can be a continual process, right? Yeah.

SUSAN COHEN: We talked a little bit about actually providing data for the System Optimization Plan and Mobility Plan for the future incorporating the results in the fiscally constrained and unconstrained plans. And Heather.

HEATHER MCKILLOP: So I just want to talk a little bit about this. We have had quite a few discussions about the FasTracks Unfunded Quarter Report and that matrix that we put together that showed from that report the potential revenue sources. The Board also has provided me with additional ideas about revenue generation and those type of things.

And so one thing we'd like to do is rather than run that process of researching and looking at those ideas separately, it is in the scope of work to look at those ideas through this process. And so we think we'd get a much better product at the end by getting additional ideas and having that research and discussion being done through the Reimagine process.

So that's where we're referencing expanding on the work already done in there and already the information that the Board has provided-- passing that on-- information onto the consultants, so they can use it as part of the process that will take place over the next two years. And it'll probably two-part. One will be looking at revenue sources more associated with operations. And
then we'll have the much larger discussion about looking at overall revenue sources as it relates to the unfunded portion of the plan potentially.

And so with that, we've already talked about matching them. So looking at, as we had a discussion here. Some revenues are better suited for capital projects. Some revenues are better suited for operational. You might want to use debt for certain things but definitely not debt for other things, or in some cases, debt at all. I know some of you. So we just need to explore all of those things in this context. I have the blinker-- or the changer. Sorry.

SUSAN COHEN: I want to talk a little bit about the Board involvement and updates. There will be regular-- or going to be regular updates at the Planning Capital Programs and FasTracks Committee every other month. And Fiscal and Financial Sustainability will be a regular component of that input process.

There are five budget workshops tentatively scheduled for 2020. And this will be-- this will be one of the topics that will be addressed in these ongoing workshops. Heather, you can probably talk a little bit more.

HEATHER MCKILLOP: Yeah, I just wanted to expand on that. So every year, we have 5 budget workshops where we walk you through a certain subject matter in depth. And so what we thought, since we don't have new Board members being seated next year, and most of you have been through those workshops with us, that we would still continue to set up the five workshops.

But we would use those for more in-depth discussions on both the Fair issues. So because we're going to need feedback on that. And, also, set them aside for some more in-depth discussions on Reimagine and the fiscal piece of it.

So we expect that in both those areas, we'll need more time than what can be afforded at just this meeting. So we kept those workshops on the agenda for next year without a subject matter at this time. And then as we work through the process, we'll assign subject matters to those particulars. So people can come and have that discussion at the Board workshop.

SUSAN COHEN: Oh, me again. OK. And, finally, really, we're looking at four key products of the Fiscal and Financial Sustainability Analysis. First one is the Fiscally Constrained Financial Plan. Second is the Unconstrained Financial Plan-- we just talked about before.

Oh, I'm sorry. So we're looking at four key products for the Fiscal and Financial Sustainability Analysis, the Fiscally Constrained Financial Plan being the first. Unconstrained Financial Plan, as we talked about it, incorporating results of the System Optimization and Mobility Plan for the future, and the identified funding gap between the two. And the analysis of revenue enhancement measures and a path forward as Heather just described.

And, finally, the Financial Planning Process for the future as in, where do we go from here? And how do we keep this moving? And how do we keep this up? Thank you, and we'll be happy to entertain any questions.
KEN MIHALIK: OK, we got the list now. Director Williams, you're first.

KATE WILLIAMS: Thank you, Chair Mihalik. Thank you, Susan. As always, this is great. This is really great work. I think that it's exactly the kind of thing-- earlier in the night that we've been talking about looking for him-- personally attracted to the word unconstrained.

And I hope that we're looking at the kind of partnerships that we have been looking toward, like the autonomous vehicle, like our partnership with Uber, like more of those kind of things. And it's nice to know that we're not just looking at them as options but as how they relate financially. So Thank you very much for that.

KEN MIHALIK: Thank you, Director Walker.

JEFF WALKER: Thanks. So I like the idea of having a less reactive and a more proactive approach to budgeting. I'll pontificate for a minute. So I used to live in Cincinnati. And the reason Cincinnati is where it is is because it was the only flat spot on the Ohio River. So that's where people had to settle. If they wanted to live anywhere that wasn't on a Hillside. St. Louis-- same thing. Chicago-- same thing. But Minneapolis-- the same way because of the falls. People had to get off in my hometown of Akron-- same deal.

Anyway, It was all built around transportation systems that were already in place. So I think that if we take that stance of we're probably built up. The city's building on. And it's not building on in ways that are easy to serve. But taking a strong stand, like the improvements along Colfax makes a pretty strong statement with all that investment there. That's not going anywhere.

So I think that sends a signal to the business community that says, we can build here because this is pretty stable. So I think that long-range, two, three, four years, and this is what we're building no matter what sends a signal that you can count on us to be there. You can count on this facility to be there.

When I worked at CDOT many moons ago, I worked on the 2020, 2025 plan. And we had it-- you might have been there too. And we had an unconstrained budget. And I know Director Catlin was there. And I think that was the first time-- this was like 1999, or 2000. I think that was the first time we had created one.

But it made quite an impression definitely on me to see all those projects that were not getting built and the dollar amounts attached to those. And we also split those up into categories. So we had safety, and capacity, air quality, things like that. But to see the dollar amounts in those categories was really stark and really eye-opening about what could be if we only had something a little more.

So I'm a big fan of that idea also. So I'm looking forward to seeing this process roll out. So thank you for the presentation. That's it.

KEN MIHALIK: Director Broom, you're next.
BOB BROOM: Thank you, Chair. Does the unconstrained plan take away the Board's prerogative to select new projects, et cetera, when new funds become available? And what happens if you're successful in winning the grant, but it's a grant for something that's number 21 on the waiting list?

HEATHER MCKILLOP: Well, that happens. This is Heather. So have a lot of experience in that or having Congress earmarked projects that were never 100 on the list, and you got the money for it. So I mean, I think the issue is always flexibility.

So usually the unconstrained plan isn't so detailed in its nature of what the exact project is that you can't build what needs to be done. Usually, it's done by a corridor, or a line, or something like that. Instead of saying, at this intersection, we're going to build this, or we're going to do these pedestrian improvements at this particular intersection-- would probably be more like along Colfax from this to this. Lakewood or wherever to all the way over to Aurora.

We're going to make improvements like bus rapid transit or something. So it'd be that large. But it would give you a perspective of where the department RTD was headed in the future, instead of right now, our constituents don't know where we're going in the future as far as what we-- we do individual little studies. But we haven't put the little individual studies like first and last mile, and BRT, and the unfunded corridors. We haven't put them together and said, this is what it could look like if we had the money.

So I think there's always room for flexibility. When you get past the six years, you're not talking about individual intersections or projects. You're talking about more corridors or things like that will allow you that flexibility. And trust me if we get money, we're going to.

[LAUGHTER]

KEN MIHALIK: Thank you, Director Broom. Director Lubow, you're next.

JUDY LUBOW: Thank you, Chair Mihalik. Thank you for that really exciting report because I love the idea of thinking creatively about fiscal plans in the future. I do have one significant concern, and that's about the coming up with the funding sources to move forward with FasTracks as well as anything else. And, as you know, you guys-- because you did it-- did the matrix, and we asked you to expand on it because there are people on the unfunded corridors who want to use that to figure out ways to get more money.

And the idea that we're going to wait two years for this, to me, feels unacceptable. It's just not fair. Asking the people who don't have, once again, to wait. So I don't know the answer to that. But two years is just not fair.

HEATHER MCKILLOP: So this Heather. If I could address it. I guess I don't look at it like waiting two years. The unfunded quarter matrix that we put together and the in---, we've added some things like-- so worked better for operating or capital. And I've added the list. And I can get that sent out again to the Board.
But it's not going to go away, right? We're going to, as staff, continue to work it. We're going to work it with the consultants. What we thought is, we could expand it and make it better by going out to the public, by going out through the advisory and the technical committees. And we might come up with things there we never even envisioned on that list now.

And we will also have the technical expertise from the consultant to flesh out some of those items that some of you were asking for, like where else has this been done? How has it been done? Did they need specific legislation? Those are all things we can answer.

But I wouldn't look at it like, we're just not going to even pay attention to how to generate additional money for the next two years. We're going to constantly be looking at that. It's in my plan-- performance plan every year. [LAUGHS]

JUDY LUBOW: But how much have we gotten? Zero.

HEATHER MCKILLOP: Well, I wouldn't say that. So let me-- I just had the Board approve a refunding of bonds that a year ago, I would've told you wasn't possible because of change in federal law, right? And yet, we have figured out a way working with our consultants on how to make that happen creatively. And so I just want to say that I know it's not $100 million, but it's $40 million or $50 million over 10 or 15 years.

And so every little amount helps. And so I guess that's where I would take exception that we continue to always look at these ways of maybe doing it. It may not be that I can get you a tax increase tomorrow or a $100 million loan or whatever without going to the vote of the people. But we can look at the things we can do, and try to enhance those.

JUDY LUBOW: And one of the things that I was requesting is that we get some ability to look at that list and say, which are the ones that make some sense that we can work on now?

HEATHER MCKILLOP: Well, and I think we'll be doing that anyhow. It doesn't mean we won't be doing that in lieu of this. I'm just saying we'd like to incorporate this so we get a much more comprehensive look at it. And what things the public thinks are doable as well as our stakeholders and stuff, not just coming from us.

So I wouldn't view it as it's the end. It's just the beginning. And we will continue to look at those things we can do. And if the opportunity presents, we'll be--

JUDY LUBOW: And I know people who want to go to investors or to some of the big companies in our areas to say, do you want to invest in this program? And in order to do that, we wanted to have other funding sources that we could talk to them about that we were serious about. But that requires some input. That requires some preparation.

HEATHER MCKILLOP: But I'm already having those conversations. So we have those conversations every day, right? With people that might want to invest, the biggest problem we have with that is, anytime somebody wants to invest, they want to get paid back. And getting
paid back is a loan which requires a vote of the people. And so there is where we always end up with a--

JUDY LUBOW: Well, let's say there were other sources. Let's say we could get $1 billion from raising our parking rates. Now, of course, we can't get that. But I mean, let's say there were other sources. And I think they need to be explored.

HEATHER MCKILLOP: Those are things we're going to continue-- I'll let Dave answer. But we're not going to stop working on those things.

DAVE GENOVA: We're going to continue to bring you back the matrix and try to get some sense of which ones--

JUDY LUBOW: That I don't know. I mean--

DAVE GENOVA: No, we are. I just

JUDY LUBOW: [LAUGHS] You just said--

[LAUGHTER]

DAVE GENOVA: And Heather also said that incorporating it in Reimagine was something that we talked about just adding to the financial piece that would be another way for us to look at it. We're still going to be bringing that back to the Board and seeking your input on which one of those measures you want us to be pursuing.

JUDY LUBOW: But in order to ask us, the matrix was going to be fleshed out. And it was my understanding that we're now saying we're not fleshing that out because we're leaving it for Reimagine and these two years of work that the contractors are going to do.

HEATHER MCKILLOP: So this is Heather. I think we get-- let me get with you offline so we can't have a conversation about it. But I think we can accomplish both, right? I don't have the resources to flesh out all of those individual items on my own with my staff. We just don't have those resources.

We already have in a contract for someone to do that for us through the Reimagine. And so what we're trying to do is balance that. What information can we provide?

And then what information can we leverage-- the resources we have through Reimagine? And also the thought processes we're going to have through Reimagine that we may not have come up with, right? So that we can take full advantage of that process to provide the best options to the Board when we're done about how to fund various things.

That doesn't mean we're going to stop looking for things to fund. No, that didn't come out right. We always have things to fund. We don't have to look for things to fund-- looking for revenue sources to help us fund the things we want to get done.
JUDY LUBOW: All right, maybe--

KEN MIHALIK: Director Lubow, there's lots more to come it looks like.

JUDY LUBOW: Yeah,

KEN MIHALIK: I think there's--

JUDY LUBOW: OK, thank you.

KEN MIHALIK: The first stage.

JUDY LUBOW: OK. I have one other point that I would like to raise, and that is that I was very excited by the idea of pursuing partnerships to supplement the district's own funds. And I would love that stressed as one of the key results to get that we are-- what is this process that we can use? Because I think it's out there.

I know it's out there that there are people who know that we don't have enough money and would like to be able to add some of theirs to ours. But they would have to be given some power back. And that has to be thought through.

HEATHER MCKILLOP: Well, definitely, one area we've been talking about at length is on partnerships. And I think it came up in your committee about partnering with the locals. So we know Denver's embarking on their Transportation Department and other things.

And how can we work together so that we can do the things we do best, and other people might be able to fill in those gaps that we've all identified? So and that's definitely been very forefront of the conversations that we've been having.

JUDY LUBOW: Right, so thank you. I just wanted to stress it needs to be a key because it's so powerful. Thank you. I'm done.

KEN MIHALIK: OK, thanks. Director Lubow. Director Catlin.

PEGGY CATLIN: Thank you, Chair Mihalik. I appreciated this too. So thank you, Susan and Heather. And I'm familiar with this process. It's what we did at CDOT. And, actually, before my tenure at CDOT, as a consultant, I participated in some of these plans for MPOs.

And it's really nice in the unconstrained plan to really create a vision. And I think that we really are long overdue for that refreshed vision at RTD. So that excites me quite a bit too.

And I really wanted to thank you for going ahead and reserving those five Board workshops to emphasize this process. As updates to the Board, I think that's really an excellent use of that time. So thank you for that.

HEATHER MCKILLOP: Thank you.
KEN MIHALIK: Yeah, we'll go to the phone. Just chime in if you have a question or comment even if you're still with us.

ANGIE RIVERA-MALPIEDE: No, thank you, Chair. I have no comments or question.

KEN MIHALIK: OK. OK, we will move on to the next item, and that is changes to the draft 2020 budget.

HEATHER MCKILLOP: So, yes. So this is Heather. Jannette is going to come up and join me. But I wanted to walk you through. And I know it's late, but, again, this is kind of important.

So I am going to walk you through some of the things. What we have done in this report is, basically, rather than recreate everything we had done in previous ones, we wanted to specifically point out the things that had changed since last month. And the big thing is on page two, where we talked about how to address the shortfalls in the base system.

Now, we're going to have some revenue shortfalls in the FasTracks portion, which we mentioned to you. But we're able to balance that for 2020 without tapping into our reserves or without tapping into the FISA.

So in that case, the issues aren't as great as what we're facing in the base system. So we've focused on that for the conversation. And what we've done is highlighted the things that changed since last month.

And one of the big things that changed that I couldn't highlight because I took it out, was we had a conversation about the fact that we didn't want any potential service reductions-- any budget changes to be dependent on having to do those, right? So that gives the Board more flexibility in deciding at what level, when, how-- all of those type of things. So I took out that service reduction from this, which meant we had to find about $9.6 million in order to balance the budget.

So we went back through processes. We met with all of our groups individually. And what we walked through was, we actually had an addition in costs that came up. But we had some reductions, and we also had some revenue changes. So let me walk through those with you.

So the first thing on there is additional requests over the mid-term financial plan. So we have that mid-term financial plan you adopted. We had requests that came in over what was in the mid-term financial plan. It was to the tune of a lot of money. A lot of money-- 4.1.

So we went back and scrubbed that. And some of the things that we looked at reducing was, we had to request-- an anticipated amount of increase in Workman's Comp, concerns from our Workman's Comp group about what those additional costs might be, especially since we're going to be adding on commuter rail. We had looked at reducing that amount so that if it does come in higher than what we thought it would be, we could always come back to the Board and asked to use contingency for those items.
Because if it's that big, then we would have to come to the Board anyhow. So we reduced that additional request down. So, really, what's left in there is money for about $500,000 for Workman's Comp, about $350,000 for additional general liability insurance. And that was based on an actual quote. So we can't change that.

We had our Masabi fees for mobile ticketing. It has been so wildly popular that we are paying more in fees. And we just didn't have those fees budgeted. So rather than show it is a reduction of revenue, we show it as the revenue coming in with the fees being paid out.

So there's about 400,000 of that. And then we have some additional closeout costs we have for the conduit contract in there. So we were able to lower that down to $1.7 million and feel comfortable that costs-- that would reasonably do it.

On the downside, is I found out two weeks ago that the state plans on doing their every five-year audit on us next year. I'm still trying to negotiate with them to move that to 2021. But assuming I'm not successful in that, they charge us for that audit, and it's $400,000.

So I had to add that as a cost that we had not anticipated. From a reduction standpoint, they had been scrubbing all the grant requests, and we came across that we had a project in the list in the mid-term financial plan but didn't have the associated grant money to go with it. So it actually helps us in this case because we could add back the grant money.

And then the big change was Burnham Yard that we had set aside $6.9 million-- 6.87 but it's $6.9 million for Burnham Yard. We had originally looked at deferring that but had been told that CDOT was purchasing that property. And they were in negotiations and wanted to close in January.

And then in order for us to get our particular piece of the property that we were interested in for our tracks, they needed money to come to the table in January. And so that $6.9 million would be needed for that closing cost in January of 2020. So in our other versions, we could not move that money out.

Since that time, a particular CDOT employee now works for the city of Denver. And we just happened to be meeting with them. [LAUGHS] And he said, do you have any questions about CDOT. And we said, yes, what is going on with this Burnham Yard? That's a lot of money.

And what we found out is, it looks like CDOT, under the HPTE purview is going to have sufficient funds to close on that property themselves in January. And that they'll be doing environmental assessments and environmental impact statements over the next two years potentially. And so they did not have a need at this time for our funding but would require it in 2022 potentially. And we're not really sure what that dollar amount would be. But to be further negotiated at a later date.

The great news is, is that we were able to free up that money and move that particular project cost out to 2022. That was a significant sum of money. And so that helped us greatly in being able to fulfill that gap. The rest of the items listed on there are items that were listed previously.
The one thing I wanted to point out, is the administrative budget reduction. As I mentioned that last time, that's approximately 10% of our administrative budget. The approval that you just did to give up your $51,000 is part of that number.

So it helps us meet that goal. And then the other things we had previously identified as far as vacancy savings, so as positions become vacant, we would look at whether or not we're going to fill them. And if we do, we don't hire temps in the interim so that we can use those dollars to offset this.

And, addition, we typically have a 3% pool of money that goes towards results-based pay allocation at the beginning of each year. We have cut that pool back in half to 1 and 1/2%. And that's for salaried employees. Represent employees are covered in the CBA, and they get a 3% raise as part of that agreement.

So that's the reductions that we have made. We do balance, meaning we have zero gap remaining at this time, assuming we move forward with all of these actions. And that's what we would be asking the Board to approve next month. We plan on next month-- and if you decide to have a workshop in between, we can provide this in between-- but we plan on making a list of things that we will be deferring.

So you'll get more detail on the projects that will be deferred. And in the administrative line item, there are certain activities that we won't be able to do due to the reduction in budget. And we want to make sure you're aware of what those things are.

So when you say, why didn't you do that? We can say, we had to reduce it this year-- doesn't mean it'll go away forever. It just means that we had to reduce it for 2020.

So those are the things that we wanted to walk you through as far as-- and then we provided a narrative to go with it. So you can see everything I just discussed. And moving forward, the one thing I want to mention is, we still-- this is pretty important to me-- I still wanted to keep the contribution to the Board-appropriated reserve.

And that will still continue at $3 million. And we have not used any of the Board-appropriated or our reserves to balance this budget.

JANNETTE SCARPINO: And can I also add that this plan assumes the contributions to the pension plan as outlined in the earlier Board item-- 9% and 6.1 million.

HEATHER MCKILLOP: So with that, we'd be glad to take questions.

KEN MIHALIK: OK. We've got a couple. Director Williams.

KATE WILLIAMS: Thank you. In the cut to the results based, what's the dollar amount on that?

HEATHER MCKILLOP: $1,000,470,000.
KATE WILLIAMS: $1,000,470,000. And does that take effect when?

HEATHER MCKILLOP: January 1.

KATE WILLIAMS: So it's for next year.

HEATHER MCKILLOP: Yeah, so for 2019, where we're doing our performance plan reviews right now, that's usually what dictates how much somebody gets paid. So there's a pot of money. And then depending on the scores, we allocate the money out by score.

KATE WILLIAMS: OK.

HEATHER MCKILLOP: And then that would go into effect January of 2020.

KATE WILLIAMS: Thank you very much.

HEATHER MCKILLOP: Mm-hmm.

KEN MIHALIK: Chair Tisdale.

DOUG TISDALE: Thank you very much, Mr. Chairman. I appreciate your going through the oral presentation. We obviously have had this for four or five days now to look at and to study. And your narrative explanation helped.

And I'm delighted to see that Treasurer Cook is next in line to speak. Because part of my question is, with the explanation you have provided, I wonder how much of a study session do we think we need to add on next a week from Thursday relative to this?

Because the purpose behind that, as I understood it, was to hear about the budget changes. And you've just gone through and explained the budget changes. So I'm happy to have the session. But I just thought that it might be much more abbreviated by virtue of your taking the time now to explain all this. Thank you.

KEN MIHALIK: You're welcome. Director Cook.

SHELLEY COOK: Well, of course, the Board, as a whole, could talk about that. But, for my part, this is like a recap on a single page. And I'm accustomed to getting a presentation that is a bit more detailed by major divisions. That's a breakdown that indicates what we have cut, all those FTEs listed, just like you've talked about.

And you said workshop. Were you talking about bringing it forward for the next committee meeting, or what were you saying that you would provide an itemized list of those?

HEATHER MCKILLOP: Whatever that-- November the 22nd.

SHELLEY COOK: OK, good.
HEATHER MCKILLOP: But, normally, we would bring it-- so, normally, what we would do in the final budget documents is, we would list everything that was deferred, everything-- but we, typically, for the Board, never go in the detail line item by line item in every operation budget.

SHELLEY COOK: I wasn't quite asking for a line item budget but somewhere in between there. I mean, a little bit more than a single summary sheet. And you know I'm fully cognizant of the fact that it probably is done differently. I can respect that.

But it's a massive budget. It's undergone some significant changes. We're cutting a lot of positions. And I just want a chance to really roll up our sleeves and talk about that. I leave it up to the Board. Certainly, we can do one on one.

But I think I'd benefit. And the public, more important, has a chance to listen to the presentation as well. But I didn't-- the reason I wanted to ask you something, was you got me to worrying. You were still putting some of this together on Tuesday, correct? So we, on the day that we talked, when the Chair and Vise Chair talked to you.

So regardless of what we did with the pension, this was not going to be on the November Board meeting for approval. It was going to go to December. Am I right about that?

HEATHER MCKILLOP: That is correct. Because I think the feedback I got the last time was the Board felt like they needed more time to digest. And we didn't want to rush you through what our final recommendations were. So that's why we decided to do the information item tonight and push the approval back to December.

SHELLEY COOK: OK. And you were making some of the changes until this week, it sounds like. So my worry here is that we talk about the processes we put on the Finance Committee meeting. And then the budget is approved at a Board meeting subsequent to that. That's the public's chance to weigh in on it.

And given that you were saying the budget amounts are fixed because we had to assume the 9%, are we saying then that anybody that shows up to testify on the Board meeting where we're going to approve it, and if based on that testimony or something we get between now and then, or if a Director wants to carry an initiative forward, does that mean those motions or that testimony would be moot? Because if we're saying that we couldn't modify based on the 9%, we couldn't modify the budget. It would just be added to the reserve. Are you saying that then the-- what is brought forward from this point can't be changed either in terms of the final approved budget?

HEATHER MCKILLOP: Not necessarily that it can't be changed. I'm just saying it would be very difficult to make those changes. Now, as far as input from the public, remember, it's been posted since October 15.

And so we take any comments and bring those forward to the Board. We have not received any comments. That's not unusual. I've never had comments since I've been here either through a public process or through a public hearing.
But if those issues were brought up in a public hearing, and the Board wanted to take action on them, we would take action on them. I just don't know how much detail we would be able to incorporate in the final document. We'd have to supplement that later.

SHELLEY COOK: And if we wanted to add to it so that we would be increasing the amounts, would that not be possible at the Board meeting when we were taking final action on it?

HEATHER MCKILLOP: The reason we usually approve it in November is so that we would have time to address those things. By moving that approval back to December, that makes it more difficult because we have a very tight time frame in which to submit it by the end of the--by the 31st of the month.

SHELLEY COOK: And the problem with the October posting is that there's been a lot of changes since. There had been a lot of cuts since. So the public wouldn't have had that information to comment. So I'm just worried.

HEATHER MCKILLOP: Well, this information's been included, remember, in all the public documents that have gone to the Board, so, yeah.

JANNETTE SCARPINO: And as part of our final package, we do have something that's called attachment A, where we detail the changes between the posted budget and the final budget that we are bringing forward. May I also note that earlier, we said the Board can amend the budget at its prerogative at any point in time? And I think Heather said January, for that matter. So you do have--

HEATHER MCKILLOP: But, yes.

JANNETTE SCARPINO: So you do have an option at some point in 2020 if you want to make a change.

HEATHER MCKILLOP: So I guess the point we're saying is, we can adapt to those things. It's just we have to make some assumptions because the approval dates so late in the year. We don't have the ability to move it out to January.

So that's why we've been hoping that we could get these decisions and comments ahead of time so that we wouldn't be waiting to the last minute. But I think one thing is helpful is if the Board decides to move forward with a-- whatever-- not workshop, but whatever that-- study session on the 21st. And then, also, regardless of for December, back to my comment I made around the pension, if you guys could please help me address those by letting me know what kind of more detailed information you would like to see, that would be fantastic. Because that would really help us prep for those meetings. Yeah.

KEN MIHALIK: Director Lubow.

JUDY LUBOW: Thank you, Chair Mihalik. I just wanted to address that I myself am looking forward to the study session. Because once I realized that we were having trouble balancing our
budget farther out, it made me understand that we’ve got some problems just living within our means.

And I wanted to learn more from you folks who deal with the fiscal stuff all the time. What are the problem areas? Is FasTracks O&M much more than we thought? Is that pulling us down? What is it called? The contract where we gave nice raises-- does that turning out to be more expensive than we thought it would be? I don't know.

I don't know what the problems are. But it seems to me that we're not-- either we're not getting the revenue that we expected and/or, we have expenditures that are higher than we thought. And I would like a deep dive to understand more of that. Because I think we need to know that. I need to know it anyway. Thank you.

KEN MIHALIK: OK, thanks. Director Menten.

NATALIE MENTEN: I think it's interesting after all these years when we deal with the budget that we don't get the-- when was the last time we had somebody speak on the public budget?

HEATHER MCKILLOP: Not since I've been here. But I don't use --

NATALIE MENTEN: It had somebody public comment on the budget. I think it's that instead of having a real true line item, and I know how big of a challenge that would be and would tie your hands can the Board with some decisions. But I think that's the result of it, is there's just not that. I always think of the movie Dave, where they sit down and have bratwurst. And they're just you looking at those specific line items.

So the result is, what is somebody to say as a Board Director? What should we say? Would it be this department A-- we want an 8% cut? That would really be what we would be left with because we don't have those details. So I don't know I'm not asking for a comment, really. If you wanted to comment. But the less detail there is, the less there is to comment unless we just give a generalization. Thanks.

KEN MIHALIK: OK, thank you. We will move on to the September financial status report.

HEATHER MCKILLOP: So the next items will be brief. Will just ask for comments. But I did want Doug to mention that we did get the Sales and Use tax figures. So it did not come in time to get it in your Board packet. So I just wanted him to cover where the status of that. So you have that available. And then we can take questions from there.

DOUG MACLEOD: Sure. Thank you. Good evening, Doug MacLeod. So we did get the sales tax numbers. How we came in for the month was 56.9 million versus a budget of 57.1. So we were $155,000 short of our budget for the month, which is only 0.3%.

So a good month. We're actually coming back up closer to where we expected our original budget to be. So the expectation from LEEDs was that we would finish here at 4.4%. They subsequently reduced that to 3.3% increase.
But in the budget, we still have the 4.4% increase. So right now, we're at a 4% increase year over year. So we're just under budget on a year-to-date basis, which is a shortfall of 5.5 million. And we will post the updated financials out there in MinuteTraq tomorrow. So any questions?

KEN MIHALIK: Sorry, I don't have the speaker queue. You just want to raise your hand if you have a question. I don't see any. Thank you, Mr. MacLeod. We will move on to the third quarter investment report.

HEATHER MCKILLOP: We'll be glad to take any questions.

KEN MIHALIK: Yeah, we can-- any questions on the third quarter investment report. Well, that was fast. We will move along to the LiVE update.

HEATHER MCKILLOP: So we provided updated information. I believe they were through Monday of last week. So we're still trucking right along there. But we're glad to take any questions you have about the program.

KEN MIHALIK: Director Lubow.

JUDY LUBOW: Yes, I know that you listed how many people have joined up so far that we've approved. How many are we expecting?

HEATHER MCKILLOP: So as we start ramping up, we're hoping for about 2,000 people per month was our expectation. And we're short of that. But we also have not done a huge amount of marketing.

That marketing program takes off in-- well, there are two things that happen. One is, we delayed the marketing till January time frame because we had a lot of other things going on right now. And the second piece of it is that the nonprofits were allowed to continue their program through the end of the year. So we're pretty sure that once that's not allowed to happen anymore, there will be pushing their constituents, their clients to the Live program.

So we'll see an uptick there. So but we're probably about what 400, 500 a month below where we were hoping to be? Approvals?

MONICA TREIPL-HARNKE: Yeah, I think it's more than that-- below actually.

HEATHER MCKILLOP: OK.

JUDY LUBOW: How many were predicted overall? I mean, are you expecting 100,000 people?

HEATHER MCKILLOP: Oh, no.

JUDY LUBOW: I just don't know.
MONICA TREIPL-HARNKE: Well, the upper limit was about 80,000 over four years-- kind of ramp-up. That was a--

HEATHER MCKILLOP: About 20,000 per year.

JUDY LUBOW: OK. All right, Thank you very much.

HEATHER MCKILLOP: And that was Monica Treipl-Harnke.

MONICA TREIPL-HARNKE: Oh, sorry. Yeah.

HEATHER MCKILLOP: Sorry, she's here helping.

MONICA TREIPL-HARNKE: Yeah, I snuck in.

KEN MIHALIK: Director Catlin, you're up.

PEGGY CATLIN: Thank you, Chair Mihalik. I'm glad you mentioned marketing because-- [CLEARS THROAT] excuse me. When I was meeting with the Jefferson County Commissioners last week, we had an opportunity to talk about a number of things. And I brought this up. And they weren't really aware of it yet.

And I think they would really like to get on Board to encourage some of their folks who access the human services or the jails or whatever to find out how to use this plan. So I appreciate the marketing effort. Thank you.

KEN MIHALIK: Thank you. Director Williams.

KATE WILLIAMS: Thank you, Chair Mihalik. Yeah, that's the thing that I hear a lot of is that people are not cognizant of it. And I'm sure you guys hear it too that a fair amount of people are actually eligible for a larger discount as a senior. And they are confused by that because they hear in some of the circles that they move that they could get this program.

And so I think that that shakeout is still ongoing. So I don't think that we're doing poorly.

HEATHER MCKILLOP: Yeah, I would agree with that. I think one of the things that I know I've been surprised about, and I think we've all been surprised about is the feedback that people--because they are rejected. If they're over 65 or older or 19 under, and then they're given information that says you're eligible for a better discount, please go here to get it.

And then we've heard from Denver Human Services that people just were not aware that we had all these discounts that were probably better for youth and seniors than this. So we have talked about that the education program needs to be a little broader than not, maybe around all of our discount programs, not just the Live programs. So we've been having that conversation.
Because that's been a little bit of a surprise to us, like what do you mean everybody didn't know about these other things?

KATE WILLIAMS: And it occurred to me that when we're doing this kind of stuff, that maybe we could put a line on there that says, to find out about discounts go to-- because we're handing all these papers out and, again, people were really, really nice. So I was really happy how many people were just really really nice.

We sometimes hear on the Board we don't feel like we're very popular. And so I think they were just sorry for me because it was so cold. But, yes, I think that we'll come to that as it's like a snowball, as the knowledge base gets out so thank you. And thank you, Monica, for all the work you've done.

HEATHER MCKILLOP: And I do want to say, I think one of the things that we've been happy with is that we don't get a lot of people rejected for income and other-- it's really because of age, and they are out of district. So, really, the people that are applying are getting approved. Yeah.

KEN MIHALIK: Great, thanks. Director Menten.

NATALIE MENTEN: Thank you. So refresh my memory as I look through with the nonprofit ending December 31 first, these are people who may be getting right now 50% discount.

HEATHER MCKILLOP: Correct.

NATALIE MENTEN: And they're going to be going to a 40% discount.

HEATHER MCKILLOP: That is correct.

NATALIE MENTEN: So do we expect that to be a problem?

HEATHER MCKILLOP: That is not the problem we've been hearing about from the nonprofits. The problem that we've been hearing about from them is that they're concerned that their clients will not have the card, and, therefore, they will not be able to give them the discounted product.

And so that's why we extended the non-profit time frame from July to the end of December so that they could encourage our clients to get signed up for the Live card and that they would be prepared for that. So that's where we've been working through those issues. We've been taking input from the nonprofits about different ways that we might be able to address that issue.

But I really think until they're forced to buy the other product they're not going to encourage their clients to sign up. Now, and I shouldn't say that across the Board. Because we have had nonprofits that have been exceptionally willing to work with us, and help us, and how can we help other people, and that type of thing.

So I didn't want to generalize that. But there are some that are of that opinion. But I wanted to make sure that wasn't across the Board because that hasn't been true.
NATALIE MENTEN: All right, thank you.

KEN MIHALIK: Director Cook, you'll have the last word on this side.

SHELLEY COOK: Sorry. Just to pop in-- the two instances where I've had concerns from the nonprofit are were they don't have a clientele per se. They don't have time to work with them through the process. Maybe they're being adjudicated or there's a jail or something like that. The other one was homeless. And the homeless not necessarily having ID and so forth. So I just wanted to make sure that was something that you knew about. And I'm sure you do. And just-- and told not to watch--

HEATHER MCKILLOP: Yeah, and we have been working very closely with a large homeless coalition. Michael Washington's been leading that effort. And I gave him that information so he could reach out to that particular person also.

But there are a lot of options out there for the homeless. And we have incorporated that into our application process because they already receive benefits-- the homeless population does. And there there's resources out there. We just need to connect people with those resources. So that's what we've been working on.

KEN MIHALIK: OK, thank you both for that update on the Live program. We will move on to other matters. Director Menten, you have another matter?

NATALIE MENTEN: Yes, I do. Heather, I have a question for you. OK, so we are all very aware of operator shortages-- the mechanic shortages but I am interested in the salaried positions. And when we post a job with a wide range of whatever-- could be telephone information center to administrative assistant or something like that-- is there a way to-- either offline or right now-- tell me when we post jobs, what is the number of job applicants we get applying?

HEATHER MCKILLOP: Well, that varies from every single individual job. So I would have to go back and look over a period of time and have Andrew pull any particular job. I mean. It can range from we get hundreds and hundreds of applicants to we get 10. It just depends on the particular position we're posting at any given time and the skills that are required for that position.

But we could go back and look at on average. And we could look at in classifications, right?

NATALIE MENTEN: The reason I ask this is in our earlier discussion tonight, we talked about how hard it was to keep employees. I don't have proof of that with our salaried positions.

I know that we do with represented and the operators. So when you asked what additional information we'll need for the pension conversation, I would need to know proof that we have a hard time, and that people don't want to fill those jobs. And I don't have that at this time.
HEATHER MCKILLOP: Yeah, we can get that. The other thing we get is, a lot of people that want to make incomes above what we offer, even though we post the range. And so we go to offer them positions. We have several now that we've been out for recruitment four or five times because we can't hire somebody at that particular pay range. So I'll get you that information too. But we'll get that out to the Board as part of the follow-up information.

NATALIE MENTEN: Thank you.

HEATHER MCKILLOP: But you're looking at salary though. So I don't have to pull it on each represented position, or you would like it on both?

NATALIE MENTEN: I'm interested in the salaried.

HEATHER MCKILLOP: OK.

NATALIE MENTEN: Thank you.

KEN MIHALIK: Any other matters, yes? No other matters. We will see everyone here on December 10th.

[SIDE CONVERSATIONS]

Thank you.

HEATHER MCKILLOP: I know and then we didn't connect. I just want.