



**Annual Program Evaluation (APE)
2011 Financial Plan Approval
Staff Recommendation**

**Regional Transportation District
(Phillip A. Washington and Team)**

January 25, 2011



BUILD AS MUCH AS WE CAN AS FAST AS WE CAN UNTIL IT'S ALL DONE!

PROJECTS UNDER CONSTRUCTION IN 2011

- Light Rail Maintenance Facility
- West Corridor
- Denver Union Station
- East Corridor
- Commuter Rail Maintenance Facility
- Gold Line
- Northwest Rail (to Westminster)
- U.S. 36 BRT Phase 2

PROJECTS COMPLETED

- U.S. 36 BRT Phase I

KEY MILESTONES: Dates

- Financial Plan Update to Board: 11/10
- Obtain Stakeholder Feedback on Activities to Pursue w/Remaining Funds: 11/10 - 12/10
- Stakeholder Input Update to Board: 12/7/10
- Stakeholder Outreach Complete: 12/17/10

- Conduct 2011 APE Financial Analyses: 12/10 - 1/11
- Board Presentation on Initial APE Findings: 1/11
- Board Approval of 2011 APE: 2/22

PUBLIC VOTE



2011
Public
Vote

Tonight's Presentation

- **Accomplishments to date**
- **Results of 2011 Annual Program Evaluation (APE)**
- **Overview of implementation packages**
- **2011 financial plan approval – staff recommendation and rationale**
- **Short-term and long-term implementation activities for each remaining corridor**
- **Next steps**

Accomplishments to Date

- **48 miles of new rail lines are currently in construction or under contract to begin construction**
- **U.S. 36 BRT Corridor Phase I: First FasTracks project was completed in May 2010**
- **Eight projects will be under construction this year:**
 - **Elati Light Rail Maintenance Facility:** Complete in 2011
 - **West Corridor:** 72% complete
 - **Denver Union Station:** 30% complete
 - **East Corridor (to DIA):** Broke ground in August 2010
 - **Commuter Rail Maintenance Facility:** Groundbreaking in 2011
 - **Gold Line:** Groundbreaking in 2011
 - **Northwest Rail (to Westminster):** Groundbreaking in 2011
 - **US 36 BRT Phase 2 Projects (Table Mesa Pedestrian Bridge and Queue Jumps):** Groundbreaking in 2011

Accomplishments to Date (cont.)

- **Environmental processes complete**
 - East Corridor
 - Gold Line
 - I-225 Corridor
 - US 36 BRT
 - Southwest Corridor Extension
 - Southeast Corridor Extension
 - Central Corridor Extension
 - Northwest Rail
- **Environmental process wrapping up on final corridor – North Metro**
- **RTD signed agreements with BNSF and UPRR**
- **\$308 M federal New Starts funding for West Corridor**
- **Federal loans for Denver Union Station**
 - RRIF loan - \$155 M
 - TIFIA loan - \$146 M
- **Submitted all information required by FTA to apply for \$1.03 B federal grant for the Eagle Project**

Results of the 2011 Annual Program Evaluation

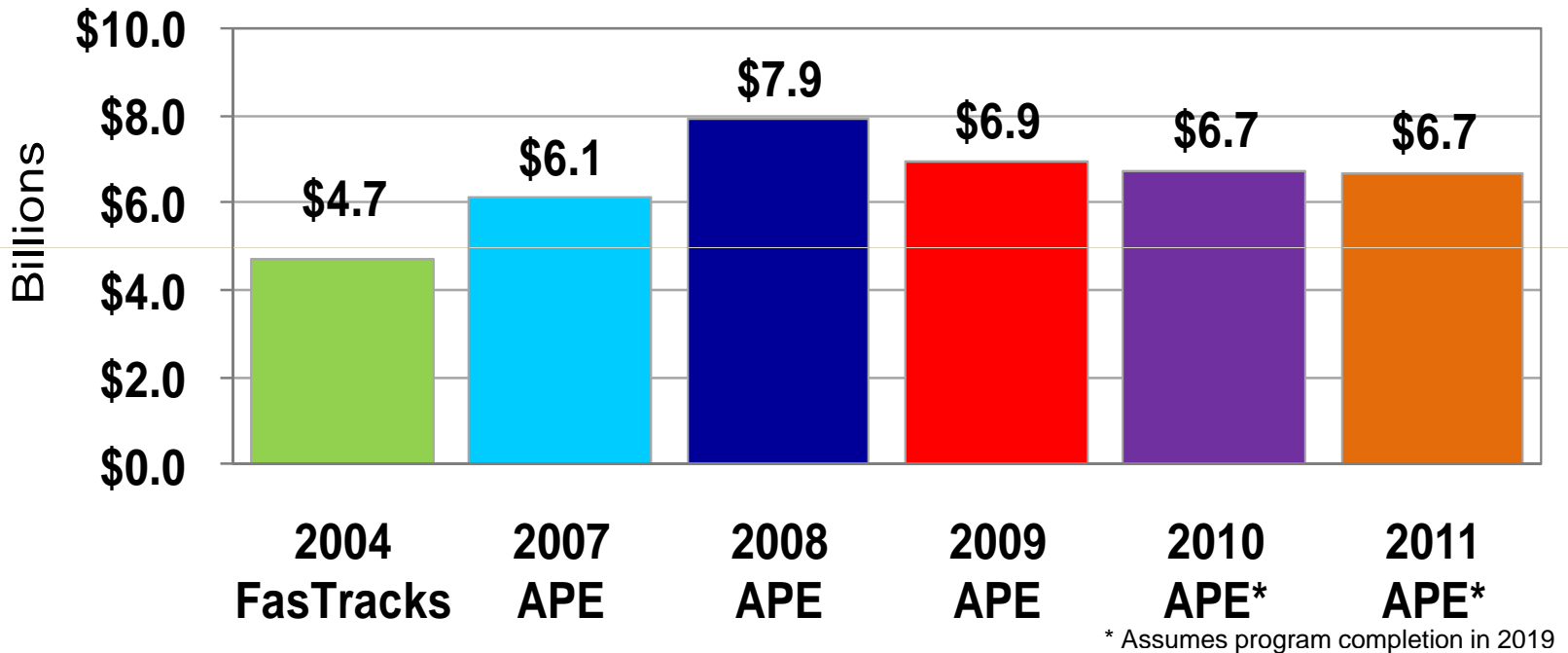
Overview of 2011 Annual Program Evaluation (APE)

- **RTD updated all inputs into RTD's financial plan, including capital cost, operations and maintenance (O&M) costs, sales and use tax forecasts, construction inflation assumptions, etc.**
- **As in previous years, RTD sought help and advice from industry experts and regional partners**
 - Construction Inflation Workshop held on November 23, 2010
 - Regional Sales and Use Tax Working group held on October 26, 2010
- **RTD staff identified three implementation packages for RTD Board consideration that provide alternative approaches for the future implementation of the FasTracks program**

Results of Construction Inflation Workshop

- **Cost escalation assumptions changed only slightly from last year's APE**
- **Current assumptions include**
 - Materials cost escalation of 5% per year through 2019
 - Labor cost escalation at Denver-Boulder Consumer Price Index (CPI)

FasTracks Program Capital Cost Summary (YOE)



- **Assuming full program completion by 2019 – capital costs remain constant at \$6.7 B**
 - Due to cost escalation, capital costs for the program will change if the date of full program completion is extended

Increased Certainty of FasTracks Capital Costs Estimates

- **RTD is confident in our estimates for the cost of the FasTracks program due to:**
 - 5 out of 12 FasTracks projects already under contract, with fixed budgets negotiated with contractors
 - Most complex transit procurement in the country (Eagle Project) came in \$305 M below internal cost estimates
 - West Corridor is being completed on time and within budget
 - Engineering advanced to at least 30%, and “bottoms up” estimates complete for all corridors
 - Railroad ROW agreements with UPRR and BNSF complete
 - Operations agreement with BNSF still pending for Northwest Rail Corridor
 - RTD uses conservative cost estimates and inflation rates
 - All remaining corridors are “Construction Ready,” which lessens cost uncertainty

Results of Regional Sales and Use Tax Working Group

- **In November, RTD hired the Business Research Division of CU Leeds School of Business to develop third party sales and use tax forecasts**
 - Regional Sales and Use Tax Working Group provided a representative to participate in evaluation of proposals
 - First new sales and use tax forecasts to be delivered to RTD on June 15
 - Regional Sales and Use Tax Working Group will remain in a review and advisory capacity
- **Working group agreed to use methodology they helped develop in 2010 for this year's APE in advance of receiving third party sales and use tax forecast**

Results of Regional Sales and Use Tax Working Group (cont.)

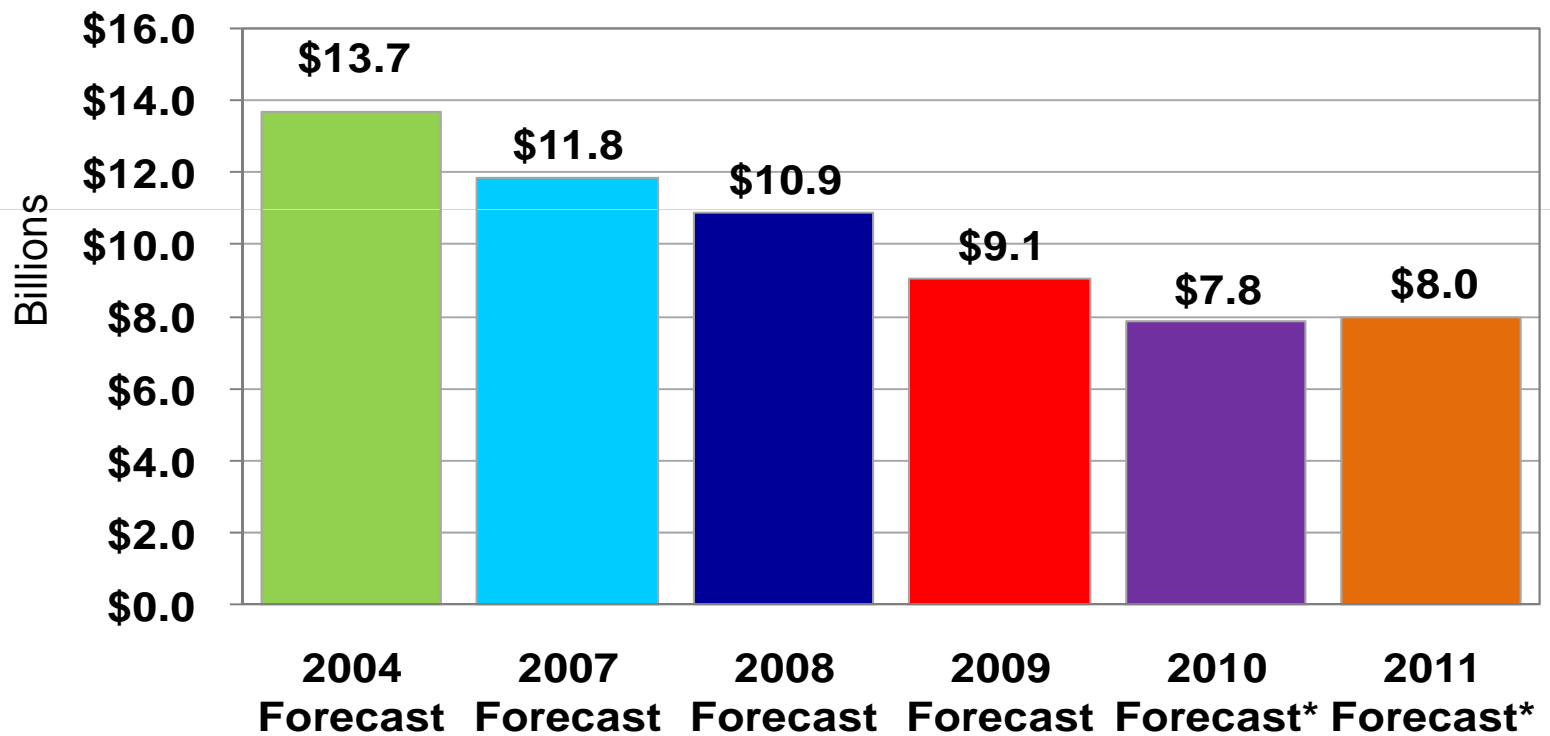
- Sales and use tax forecasts were updated using current data and previously approved methodology
- Sales and use tax forecasts (2005 – 2035) changed only slightly from last year’s APE

Scenario	2010 Forecast	2011 Forecast
Medium*	\$7.8 B	\$8.0 B
Low Growth	\$7.2 B	\$7.2 B
High Growth	\$8.5 B	\$8.7 B

*Medium sales and use tax growth scenario used for analysis of implementation packages

- RTD is conducting a sensitivity analysis using the low sales and use tax forecast on the final staff recommended financial plan

FasTracks Program Sales and Use Tax Forecasts – 2005-2035



* Medium sales and use tax growth scenario

Overview of Implementation Packages

- **Three packages were developed:**
 - #1: Assumes a successful 0.4% sales and use tax election in 2012 (consistent with the currently adopted FasTracks financial plan)
 - #2: Assumes a successful 0.2% sales and use tax election in 2011
 - #3: Assumes a successful 0.1% sales and use tax election in 2011
- **A separate model run is not being completed at this time for a successful 0.3% sales and use tax election because the results are very similar to the 0.4% scenario with the delay of approximately 4 years**
- **Each implementation package includes assumptions for expending the short-term funding available (\$305 M) and a plan for completing the entire program prior to 2042**

Implementation Package - #1 (0.4%) Overview

- **Successful 0.4% sales and use tax election in 2012 (consistent with the currently adopted financial plan)**
- **Assumes Small Starts funding for Southeast Corridor Extension¹**
- **Does not include additional New Starts funding**
 - Time required to apply for New Starts would extend program completion past 2019

Corridor	Assumptions for Expending the \$305 M
U.S. 36	Funding Commitment to Complete Managed Lanes to Interlocken (\$90 M) ²
North Metro	Complete Segment from DUS to Stock Show Complex (\$90 M)
I-225	Complete Segment from Nine Mile to Iliff (\$90 M)
Northwest Rail	Completion of Longmont Station (\$17 M)
Central Corridor	Additional technical analysis (\$0.5 M)
Southeast Corridor Extension	Final Design and Federal Environmental Process (\$9 M)
Southwest Corridor Extension	Relocation of Union Pacific Railroad Track (\$8.5 M)

¹This corridor is assumed to be the most competitive given current evaluation criteria; assumption may change once final evaluation criteria are released by FTA

²These funds are in addition to the \$30M commitment of remaining funds made in 2010 to US 36 prior to the stakeholder input process

Implementation Package - #1 (0.4%) Overview (cont.)

- **Entire program completed by 2019**
- **New 0.4% sales and use tax will be allocated to the partially funded corridors**
 - New sales and use tax is assumed to be sunset in two steps
 - Sunset back to 0.2% by approximately 2033 – 2035
 - Full sunset by approximately 2041 – 2043

Key Milestones – Implementation Package #1 (0.4%)

Year	% Complete of Entire Program	Program Elements Complete By This Date
2013	56%	<ul style="list-style-type: none"> • West Corridor • Light Rail Maintenance Facility • U.S. 36 completion of all Phase 1 projects
2016	95%	<ul style="list-style-type: none"> • Denver Union Station • Eagle Project • I-225 segment from Nine-Mile to Iliff • Southwest Corridor relocation of Union Pacific Railroad • Southeast Corridor submittal of Small Starts application • Longmont end-of-line park-n-Ride • North Metro segment to 72nd • Full financial commitment to U.S. 36 Phase 2 • Central Corridor Extension
2019	100%	<ul style="list-style-type: none"> • I-225 entire corridor • Southeast Corridor Extension • North Metro entire corridor • Southwest Corridor Extension • Northwest Rail Corridor

Implementation Package - #2 (0.2%) Overview

- **Successful 0.2% sales and use tax election in 2011**
- **Assumes Small Starts funding for Southeast Corridor Extension¹**
- **Assumes New Starts funding for North Metro¹**
 - Complete DUS to 72nd with local funds first to leverage funding available in the shorter term and to increase competitiveness of the rest of the corridor from a New Starts perspective

Corridor	Assumptions for Expending the \$305 M
U.S. 36	Funding Commitment to Complete Managed Lanes to Interlocken (\$90 M) ²
North Metro	Complete Segment from DUS to Stock Show Complex (\$90 M)
I-225	Complete Segment from Nine Mile to Iliff (\$90 M)
Northwest Rail	Completion of Longmont Station (\$17 M)
Central Corridor	Additional technical analysis (\$0.5 M)
Southeast Corridor Extension	Final Design and Federal Environmental Process (\$9 M)
Southwest Corridor Extension	Relocation of Union Pacific Railroad Track (\$8.5 M)

¹This corridor is assumed to be the most competitive given current evaluation criteria; assumption may change once final evaluation criteria are released by FTA

²These funds are in addition to the \$30M commitment of remaining funds made in 2010 to U.S. 36 prior to the stakeholder input process

Implementation Package - #2 (0.2%) Overview (cont.)

- **Entire program complete by 2027**
 - Because of increased costs, opening Northwest Rail first would significantly delay completion of the rest of the program, with the following elements not completed until 2027:
 - I-225 – Iliff to Peoria/Smith
 - Full financial commitment to US 36 Phase 2
 - Southeast Corridor Extension
 - North Metro – 72nd to end-of-line
 - Southwest Corridor Extension
 - Central Corridor Extension
 - RTD will continue working closely with BNSF to improve the implementation plan for this corridor
- **New 0.2% sales and use tax will be allocated to the partially funded corridors**
 - New sales and use tax is assumed to be sunset in approximately 2041 - 2043

Key Milestones – Implementation Package #2 (0.2%)

Year	% Complete of Entire Program	Program Elements Complete By This Date
2013	56%	<ul style="list-style-type: none"> • West Corridor • Light Rail Maintenance Facility • U.S. 36 completion of all Phase 1 projects
2016	75%	<ul style="list-style-type: none"> • Denver Union Station • Eagle Project • I-225 segment from Nine-Mile to Iliff • Southwest Corridor relocation of Union Pacific Railroad • Southeast Corridor submittal of Small Starts application • Longmont end-of-line park-n-Ride • North Metro segment to 72nd (in preparation of a New Starts application) • Full financial commitment to U.S. 36 Phase 2
2019	80%	<ul style="list-style-type: none"> • I-225 entire corridor • New Starts submittal for North Metro • Southeast Corridor Extension
2024	91%	<ul style="list-style-type: none"> • North Metro entire corridor • Southwest Corridor Extension • Central Corridor Extension
2027	100%	<ul style="list-style-type: none"> • Northwest Rail Corridor

Implementation Package - #3 (0.1%) Overview

- **Successful 0.1% sales and use tax election in 2011**
- **Assumes Small Starts funding for Southeast Corridor Extension¹**
- **Assumes New Starts funding for North Metro¹**
 - Complete DUS to 72nd with local funds first to leverage funding available in the shorter term and to increase competitiveness of the rest of the corridor from a New Starts perspective

Corridor	Assumptions for Expending the \$305 M ²
U.S. 36	Funding Commitment to Complete Managed Lanes to Interlocken (\$90 M) ³
North Metro	Complete Segment from DUS to Stock Show Complex (\$90 M)
I-225	Complete Segment from Nine Mile to Iliff (\$90 M)
Northwest Rail	Completion of Longmont Station (\$17 M)

¹This corridor is assumed to be the most competitive given current evaluation criteria; assumption may change once final evaluation criteria are released by FTA

²\$18 M remaining out of \$305 M held as contingency

³These funds are in addition to the \$30M commitment of remaining funds made in 2010 to U.S. 36 prior to the stakeholder input process

Implementation Package - #3 (0.1%) Overview (cont.)

- **Entire program complete by 2035**
- **New 0.1% sales and use tax will be allocated to the partially funded corridors**
 - New sales and use tax is assumed to be sunset by approximately 2045 – 2047

Key Milestones – Implementation Package #3 (0.1%)

Year	% Complete of Entire Program	Program Elements Complete By This Date
2013	54%	<ul style="list-style-type: none"> • West Corridor • Light Rail Maintenance Facility • U.S. 36 completion of all Phase 1 projects
2016	68%	<ul style="list-style-type: none"> • Denver Union Station • Eagle Project • I-225 segment from Nine Mile to Iliff • Longmont end-of-line park-n-Ride • North Metro segment to 72nd (in preparation of a New Starts application) • U.S. 36 completion of queue jumps, Table Mesa pedestrian bridge, and \$120 million contribution to managed lanes to Interlocken
2022	79%	<ul style="list-style-type: none"> • I-225 entire corridor • New Starts grant submittal for North Metro
2025	82%	<ul style="list-style-type: none"> • North Metro entire corridor
2035	100%	<ul style="list-style-type: none"> • Full financial commitment to U.S. 36 Phase 2 • Northwest Rail Corridor • Southeast Corridor Extension • Southwest Corridor Extension • Central Corridor Extension

Comparison: Expending \$305 Million Under Each Implementation Packages

Corridor	Projects funded with \$305 M #1 (0.4%) & # 2 (0.2%)	Projects funded with \$305 M #3 (0.1%) ¹
U.S. 36	Funding Commitment to Complete Managed Lanes to Interlocken (\$90 M) ²	Funding Commitment to Complete to Interlocken (\$90 M) ³
North Metro	Complete Segment from DUS to Stock Show Complex (\$90 M)	Complete Segment from DUS to Stock Show Complex (\$90 M)
I-225	Complete Segment from Nine Mile to Iliff (\$90 M)	Complete Segment from Nine-Mile to Iliff (\$90 M)
Northwest Rail	Completion of Longmont Station (\$17 M)	Completion of Longmont Station (\$17 M)
Central Corridor	Additional technical analysis (\$0.5 M)	
Southeast Corridor Extension	Final Design and Federal Environmental Process (\$9 M)	
Southwest Corridor Extension	Relocation of Union Pacific Railroad Track (\$8.5 M)	

¹\$18 M of the \$305 M held as contingency

²These funds are in addition to the \$30M commitment of remaining funds made in 2010 to US 36 prior to the stakeholder input process

³Opportunity to accelerate RTD's financial commitment will be explored if additional CDOT funds become available in the shorter term

Comparison: % Complete by 2022 Under Each Implementation Package

Implementation Package	% Complete of Entire Program by 2022 ¹	Full Program Completed
#1 (0.4%)	100%	2019
#2 (0.2%)	85% - 90%	2027
#3 (0.1%)	77% - 82%	2035
Assuming a 0.3% tax increase in 2011 ²	91% - 96%	2024
No additional revenues identified for the program	60% - 65%	2042

¹Percent complete assumes additional Small Starts and/or New Starts grant funding for North Metro and Southeast Corridor Extension

²Staff estimate – not based on formal financial model analysis

Financial Plan Approval – Staff Recommendation

Development of Implementation Packages – Guiding Principles

- **FasTracks Guiding Principles**
 - Ensure every step contributes to the full vision
 - Focus money available to the greatest good
 - Spend public money wisely
 - Maximize outside funding before going to taxpayers
 - Deliver key investments in all corridors

Staff Recommendation – 2011 APE Financial Plan Approval

FASTTRACKS
RTD

- **RTD staff recommends adopting a financial plan scenario for the FasTracks program that assumes a successful 0.2% sales and use tax election in 2011**
 - Results in completion of the full FasTracks program by 2027 (15 years sooner than with no additional revenues)
- **This recommendation does not represent a decision or commitment at this time by the Board of Directors to place a sales and use tax increase on the ballot**

Staff Recommendation – Rationale

- **Technically feasible alternative that:**
 - Completes the program in a reasonable timeframe with a smaller sales and use tax increase than previously assumed
 - Is responsive to initial requests by stakeholders to consider sales and use tax options of less than 0.4%
 - Positions projects to maximize opportunities for future federal grants
- **Completes 85% - 90% of the FasTracks program by 2022, with the complete program finished by 2027**

Staff Recommendation – Rationale (cont.)

- **Initiates construction activities on six additional corridors in the next four years**
 - U.S. 36 Phase 2
 - I-225
 - North Metro
 - Southwest Corridor Extension
 - Southeast Corridor Extension
 - Northwest Rail End-of-Line station
- **Allows RTD to have all corridors complete or under construction within ten years**
- **Maximizes partnering opportunities with regional stakeholders to leverage additional funds for the program**

Staff Recommendation – Rationale (cont.)

- **Establishes cost certainty by having projects under contract**
- **Provides cross-regional economic benefit by constructing corridors sooner**
 - Corridor construction will be consistent with local governments' development plans
- **Creates additional opportunities for small and disadvantaged businesses**
 - RTD is currently exceeding our goals for participation of small and disadvantaged businesses and will continue to establish aggressive small and disadvantaged business goals for all procurements

Staff Recommendation – Rationale (cont.)

- **Creates thousands of additional jobs for the region and state sooner, which will help improve economic conditions across Colorado**
 - Increases opportunities under RTD's Regional Workforce Initiative Now (WIN) program, a regional collaborative partnership that leverages existing training providers to identify, assess, train and place community members into careers on transportation and mixed-use development projects
 - All future procurements will require the contractor to support and participate in the WIN program

Short-Term and Long-Term Implementation Activities for Each Remaining Corridor

Staff Recommendation – U.S. 36 BRT

- **Short-term activities**
 - Additional \$90M to fund managed lanes extension from Federal to Interlocken (96th)
 - CDOT releases construction bid package in 2011
 - Groundbreaking in mid 2012
 - Segment in operation in 2015
- **Long-term implementation**
 - RTD continues to coordinate with CDOT to explore opportunities to accelerate project schedule and identify additional project revenues
 - Timing of remaining commitment to be coordinated with CDOT; funds currently projected to be available by 2015
- **RTD will continue identifying opportunities to accelerate corridor completion**

Staff Recommendation – North Metro

- **Short-term activities**
 - Construct segment from Denver Union Station to the National Western Stock Show (NWSS)
 - Construction bid package released in mid 2011
 - Groundbreaking in mid 2012
 - Segment in operation in 2016
- **Long-term implementation**
 - Construct segment to 72nd by 2016 to prepare for New Starts application
 - Pursue New Starts grant to construct 72nd to end of line
 - Design for 72nd to end of line starting in 2015
 - Groundbreaking for 72nd to end of line in 2019
 - Corridor in operation in 2024
- **RTD will continue identifying opportunities to accelerate corridor completion**

Staff Recommendation – I-225

- **Short-term activities**
 - Construct segment from Nine Mile to Iliff
 - Construction bid package released in mid 2011
 - Groundbreaking in early 2012
 - Segment in operation early 2014
- **Long-term implementation**
 - Construct remainder of corridor
 - Potential for partnering with CDOT for corridor construction
 - Construction bid package released in early 2014
 - Corridor in operation early 2019
- **RTD will continue identifying opportunities to accelerate corridor completion**

Staff Recommendation – Northwest Rail

- **Short-term activities**
 - Construct Longmont Station
 - Construction bid package released in mid 2011
 - Groundbreaking in early 2013
 - Station operational in late 2014
 - BNSF to begin preliminary engineering to define operating easement costs in Spring 2011
- **Long-term implementation**
 - Groundbreaking in 2023
 - Corridor in operation late 2027
- **RTD will continue identifying opportunities to accelerate corridor completion**
 - RTD will continue working closely with BNSF to improve the implementation plan for this corridor

Staff Recommendation – Central Corridor Extension

- **Short term activities**
 - Conduct additional technical analysis starting in mid 2011
 - Opportunity to advance engineering, operations and planning work in conjunction with local stakeholders
- **Long term implementation**
 - Final design bid package released in mid 2019
 - Design for corridor starting in 2020
 - Construction bid package released in mid 2021
 - Groundbreaking in 2022
 - Corridor in operation late 2023
- **RTD will continue identifying opportunities to accelerate corridor completion**

Staff Recommendation – Southeast Corridor Extension

- **Short-term activities**
 - Complete final design and federal environmental process to prepare for Small Starts funding
 - Final design and environmental bid package released in early 2012
- **Long-term implementation**
 - Pursue Small Starts grant for completion of Southeast Extension
 - Construction bid package released in late 2014
 - Groundbreaking in 2015
 - Corridor in operation late 2017
- **RTD will continue identifying opportunities to accelerate corridor completion**

Staff Recommendation – Southwest Corridor Extension

- **Short-term activities**
 - Design and construct UPRR relocation
 - Addresses key schedule risk area for future build-out of the project
 - Construction bid package released in early 2012
 - Groundbreaking in late 2012
 - Relocation complete in early 2014
- **Long-term implementation**
 - Construction bid package released in 2019
 - Groundbreaking in 2021
 - Corridor in operation late 2023
- **RTD will continue identifying opportunities to accelerate corridor completion**

Staff Recommendation – Summary

- **Assumes a successful 0.2% sales and use tax election in 2011**
- **Completes 85% - 90% of the FasTracks program by 2022, with the complete program finished by 2027**
- **Initiates construction activities on six additional corridors in the next four years**
- **Allows RTD to have all corridors complete or under construction within ten years**
- **Extends the date for completion of the FasTracks program to 2027, resulting in additional cost escalation**
 - Capital cost for the FasTracks program under the staff recommendation would be \$7.2 B

Financial Plan Approval – Next Steps

Financial Plan Approval – Next Steps

- **February 8: Presentation of recommended financial plan to FasTracks Monitoring Committee**
- **February 22: Opportunity for public comment prior to RTD Board approval of the 2011 Financial Plan**
 - Approval of the financial plan will allow RTD staff to complete DRCOG Senate Bill 208 report
- **March 22: RTD Board approval of Senate Bill 208 Report**
 - DRCOG must approve the 2011 financial plan prior to RTD placing an initiative on the ballot

Financial Plan Approval – Next Steps (cont.)

- **February/March: Continue stakeholder coordination**
 - Ongoing coordination with Metro Mayors Caucus Task Force and other stakeholders
- **March/April: Campaign analysis**
 - Outside group completes the analysis of a potential campaign
- **May 18: DRCOG approval of Senate Bill 208 report**
- **No later than August 15: RTD Board approval of official ballot language**

Questions?