

RESOLUTION

A RESOLUTION URGING RTD TO DEVELOP A FINANCIAL PLAN AND IMPLEMENTATION PLAN FOR FASTRACKS BASED ON REVENUES THAT CAN BE REASONABLY EXPECTED TO BE RECEIVED, DEVELOP A FAIR AND BALANCED PHASING PLAN AND TAKE STEPS TO COMPLETE THE ENVIRONMENTAL STUDIES AND OBTAIN THE RECORD OF DECISION TO ALLOW THE NORTH METRO CORRIDOR TO MOVE TO THE DESIGN-BUILD PHASE IN 2010.

WHEREAS, in November 2004, the voters within the Regional Transportation District approved a ballot measure increasing the sales and use tax rate by 0.4% beginning January 1, 2005, and authorizing the issuance of debt of up to \$3.477 billion the proceeds of which are to be used to construct FasTracks, pay the debt service, and operate the system; and

WHEREAS, the FasTracks Plan, adopted in 2004 by the Regional Transportation District, contemplated a comprehensive \$4.7 billion program to construct rapid transit in six new corridors (North Metro, West, Gold, East, Northwest Rail, I-225) along with enhancements and extensions to existing rapid transit lines in three corridors; enhancements to bus service including extensive feeder bus to rail and bus rapid transit stations and new suburb-to-suburb bus service along major corridors; new park-n-Rides; a major downtown multimodal Center – Denver Union Station; and transit facilities and amenities; and

WHEREAS, pursuant to State law, the Denver Regional Council of Governments, as the Metropolitan Planning Organization for the Denver region, is required to approve the specific technology and method of financing of regional fixed guideway mass transit projects proposed by the Regional Transportation District before any action relating to construction may take place; and

WHEREAS, DRCOG established a process for the review of regional fixed guideway mass transit projects including specific criteria to be used in evaluating such project; and

WHEREAS, RTD has annually submitted a Report to DRCOG on FasTracks, including a Financial Plan, to meet State law requirements; and

WHEREAS, the consultant reviewing the 2007 FasTracks Financial Plan also concluded that given the recent rise in the cost of construction materials, the cost inflator may be low and the assumed sales tax revenue growth optimistic given the District's sales tax collection performance during the last ten years; and

WHEREAS, in May 2008, DRCOG reviewed the 2007 Annual Report of FasTracks and Financial Plan, which estimated the total cost at \$6.1 billion, and accepted the findings of the DRCOG 2007 Annual FasTracks Review and Determination Report subject to the next Financial Plan that RTD submits include less optimistic, more conservative assumptions unless actual FasTracks implementation bears out RTD's assumptions because there was a high degree of uncertainty in the revenues and expenditures; and

WHEREAS, in April 2009, RTD submitted their 2008 Annual Report and Updated Financial Plan, which estimates the total cost of FasTracks at \$7 billion and assumes that an additional 0.4% sales and use tax will be approved by the voters and go into effect January 1, 2011; that sales and use taxes will grow at an average 5% per year beginning in 2011; that New Starts Grants of \$1.3 billion will be received even though \$1 billion of this funding is dependent on an overall increase in transit funding in the next reauthorization bill which may not be completed until 2011; and assumes nearly \$1 billion of private sector funding through the Public-Private-Partnership (Penta-P/P-3) program; and

WHEREAS, DRCOG staff and consultants reviewed the 2008 Annual Report and Updated Financial Plan, and both the consultants and DRCOG staff indicated that they regarded the Financial Plan as optimistic, principally due to the revenue projections; and

WHEREAS, because of the high degree of uncertainty in the updated Financial Plan, the DRCOG Board voted to accept the findings of the DRCOG 2008 Annual FasTracks Review and Determination Report subject to the following: "that the next Financial Plan that RTD submits in the next annual report include more realistic assumptions regarding costs, New Starts revenues, sales and use tax estimates, and cost and revenue benefits of public-private partnerships. RTD should also include projected shortfalls and also project the needed strategies to achieve the necessary funding to fulfill the vision for FasTracks that was approved by voters in 2004"; and

WHEREAS, the sales and use tax revenue forecast included in the Updated Financial Plan assumed a 1.49% decline in 2008; a 3.85% decline in 2009 with moderate recovery of 1.85% in 2010; and are assumed to grow on an average annual basis of roughly 5% from 2011 through 2024; and

WHEREAS, this level of growth is more than two times the average rate of growth realized over the last 10 years (1999-2008) of 2.3% and RTD's actual sales and use tax collections in 2009 through July shows a 14% decline; and

WHEREAS, the current financial plan is flawed because it is based on highly speculative, optimistic revenue projections that require every one of these "optimistic" revenue projections to come to fruition in order for FasTracks to have sufficient revenues to be built by 2017; and

WHEREAS, the loss of any one of these revenues puts in jeopardy the ability to complete the entire project with the likely result being that some corridors will be pushed out to 2035, or truncated, or may never be built; and

WHEREAS, RTD continues to tell the public that they have a plan to build the entire system by 2017 but the public isn't aware of the significant risks built into the financial plan; and

WHEREAS, continuing to present a financial plan that states the entire system will be built by 2017 is a disservice to the public, particularly those who are paying for the entire FasTracks system but may have little or no access to it for years to come; and

WHEREAS, RTD has indicated that they are conducting a new evaluation of the FasTracks program and intend to have this completed by the end of 2009 and base the 2010 Financial Plan on more conservative revenue estimates; and

WHEREAS, the 2010 Financial Plan needs to be based on the revenues that can reasonably be expected to be received – and not on revenues that “might be” available in the future; and

WHEREAS, given that the 2009 Financial Plan is based on revenue assumptions that currently cannot be reasonably expected to be received, the likely outcome of an updated, more conservative financial plan is a larger projected shortfall -- which means that more of the planned FasTracks improvements will be delayed to the future; and

WHEREAS, in recognition of this, the 2010 Financial Plan needs to provide an implementation plan based on the conservative revenues and include a phasing plan that lays out how FasTracks will be built-out and what strategies (additional revenues/cost reductions) will be undertaken to ensure completion of FasTracks; and

WHEREAS, the implementation and phasing plans need to meet the intent of the RTD Board’s “hold harmless” resolution which was intended to ensure that as the six corridors and other FasTracks improvements were built out over time, that increasing costs in one corridor would not jeopardize funding for the other corridors; and

WHEREAS, the RTD Board needs to take appropriate steps to ensure that those who are paying for the entire FasTracks systems will have access to it from their corridor and not be paying for a system they have little or no access to for years to come; and

WHEREAS, NATA supports the efforts undertaken by RTD to move each of the corridors forward to be “shovel-ready” by November 2010, including completing the necessary environmental studies and receiving the clearances needed to begin construction in all corridors; and

WHEREAS, the North Metro Corridor draft environmental study needs to be completed and the Record of Decision signed in order to allow the corridor to move ahead into the design-build process; and

WHEREAS, NATA believes that RTD must regain the trust of the public and demonstrate the competence and ability to complete FasTracks within a specified timeframe and based on solid revenues before proposing any tax increase to the voters; and

WHEREAS, NATA urges RTD to develop a viable plan to build FasTracks and regain the trust of the public and stakeholders.

NOW, THEREFORE, BE IT RESOLVED BY THE NORTH AREA TRANSPORTATION ALLIANCE, AS FOLLOWS:

1. That RTD develop a realistic 2010 Financial Plan and an Implementation Plan that is based on the revenues that can reasonably be expected to be received, including more realistic sales tax growth projections.
2. That RTD develop a fair and balanced Phasing Plan that lays out how and when FasTracks will be built-out and what strategies will be undertaken to complete the entire system.
3. That, in developing the Implementation and Phasing Plans, RTD doesn't create "haves" and "have nots" in the build-out of the FasTracks system. RTD needs to take appropriate steps to ensure that those who are paying for the entire FasTracks system will have access to it from their corridor and won't be paying for a system they have little or no access to for years to come.
4. That NATA supports the efforts of RTD to move each of the corridors forward to be "shovel-ready" by November 2010, including completing the necessary environmental studies and clearances needed to obtain a Record of Decision for the North Metro Corridor so it can move to the design-build phase in 2010.
5. That NATA urges RTD to develop a viable plan to build FasTracks and regain the trust of the public and stakeholders before proposing a tax increase.

PASSED AND ADOPTED at a regular meeting of the North Area Transportation Alliance on September 23, 2009.

NORTH AREA TRANSPORTATION ALLIANCE


Erik Hansen, Chair