


Regional Transportation District

Our mission:

To meet our constituents' present and future public transit needs by offering safe, clean, reliable, courteous, accessible and cost-effective service throughout the District.



Memorandum

To: All Salaried Employees
From: Clarence W. Marsella, General Manager 
Date: January 9, 2009
Subject: 2009 Budget Challenges & Mitigation Strategies

On December 15, 2008, all salaried employees were sent a memorandum outlining the District's budgetary challenges and how Senior Staff was preparing to respond to the worsening economic conditions that currently exist. We also stated in the memorandum that Senior Staff determined that the proposed progression increases for 2009 would be eliminated, but that we would be able to preserve the 3% average merit increase. However, after review of our latest sales and use tax revenue figures that we just received on Wednesday, January 7, 2009, the District will need to also eliminate the 3% average merit increase for 2009.

As a matter of background and as many of you know, most transit agencies around the country are funded primarily through sales and use tax revenue. The District monitors the collection of sales and use tax on a monthly basis and compares the actual collections to forecasted projections. After receiving and reviewing the latest sales and use tax revenue collection data, the District's worsening financial situation dictates that we make further and deeper 2009 budgetary adjustments.

The sales and use tax collection figures for November 2008 (the latest received), show a nearly 10% shortfall as compared to what was collected during the same period in 2007. These are the steepest declines in sales and use tax revenue on record for the District. And, we have not yet seen the sales tax revenue numbers for December 2008, which most economic reports predict will be the worst holiday shopping season in years.

It is Senior Staff's intent and responsibility to be forthright and clear in its communication with our employees. Simply put, we must go deeper with the District's 2009 budgetary adjustments. Therefore, the District will implement the following mitigating strategies to balance the 2009 operating budget:

- Elimination of both salaried progression and merit increases for 2009.
- Extreme scrutiny of all vacant position hiring.
- Deferment of non-essential capital projects.

- Review of all IT projects to determine operational impacts, if identified projects are not carried out.
- Cut travel budget by approximately 80% and limiting all other travel to that deemed by the General Manager as mission critical.
- Eliminate the use of temporary employees unless deemed mission critical.
- Present to the RTD Board for consideration a service reduction plan in the neighborhood of 5%.
- A complete scrub of all 2009 departmental budgets, with substantial budget reductions being submitted to the budget office.

These are tough times for the District and the transit industry nationwide. You read the newspapers and watch television and are aware of the tough economic times for our country and the world. Senior Staff has compiled a list (see attached) of the challenges that other transit agencies are experiencing and the mitigating strategies they are employing to weather this economic storm. We wanted to give you an idea of how serious this crisis really is for all of us and for those in our sister properties.

Finally, though these are tough times, RTD Denver will not only weather this economic storm, but lead the transportation industry out of it. RTD senior leadership continues to provide ideas to transportation industry leaders and elected officials on how best to survive this latest economic crisis in the transportation industry. Though other transit agencies are laying off hundreds of employees to balance their budgets, RTD Denver has tried very hard to provide all of our employees a sense of stability and security. Please trust that the District's leadership has the best interest in mind for all of our employees, whether they are represented or salaried.

We ask that you be flexible and understanding as we navigate through this economic storm.

If you have any questions regarding this memorandum, please contact Phil Washington, AGM, Administration, at x2120.

cc: RTD Board of Directors

TRANSIT AGENCY CHALLENGES & MITIGATION STRATEGY

Transit Agency

Mitigation Strategies

MARTA, Atlanta, GA

Fare increase
Increase parking feed
Closing station restrooms to save on maintenance
Reducing or eliminating weekend service
Layoffs
Shrinking the bus service system
Shortening the rail service day

METRO, St. Louis, MO

Fare increase
Laying off 25 percent of its work force (600 employees)
Bus service reduction of 44 percent
Rail service reduction of 32 percent
Call-A-Ride service reduction of 15 percent

Santa Clara Valley
Transportation Authority (VTA)

Reducing labor cost, i.e., not filling vacant positions
Reallocating capital reserves to operating budget

Port Authority – Pittsburgh

Pending fare increase
Possible service cuts
Laid off 300 employees last fiscal year

Washington Metro
Washington, DC

Proposing \$73 million in service cuts
Elimination of pay raises for salaried employees
Cutting 891 positions, half of which are vacant
Hiring freeze

RTD, Denver

Elimination of merit and progression increases for salaried
Service reduction
Fare increase
Hiring freeze for non-critical positions
No layoffs