



2011 FasTracks Financial Plan Update (Completing the Vision)

Phillip A. Washington and Team

April 26, 2011

Presentation Overview

- **Overview – Annual Program Evaluation (APE) Activities to Date**
- **Results of Additional 60-Day Research Efforts:**
 - Economic Overview
 - Political Consultant Feedback
 - Campaign Funding Snapshot
 - Public Input
- **Staff Recommendation**
- **Next Steps**

2011 Annual Program Evaluation - Overview

- **June 2010:** Competitive bid for the Eagle Project lower than internal estimates
- **August 2010:** RTD received a request to analyze a 0.1% sales and use tax increase scenario. RTD staff also analyzed 0.2%, 0.3% and 0.4% scenarios
- **November 9, 2010:** Completing the Vision presentation to the RTD Board of Directors on the following:
 - Confirming the availability of the \$305 M
 - Initial results of sales and use tax analyses for 0.1%, 0.2%, 0.3% and 0.4%
 - Initiation of process to obtain stakeholder feedback on options

2011 Annual Program Evaluation – Overview (cont.)

- **November – December 2010: Stakeholder input process on the short-term options for the remaining \$305 M and long-term sales and use tax scenarios**
 - Conducted 25 stakeholder outreach meetings
 - Received input from 16 key stakeholder groups representing a broad, diverse cross-section of the region
 - Received 61 comments from individuals

2011 Annual Program Evaluation – Overview (cont.)

- **January 2011:** Presentation of implementation packages, including results of stakeholder feedback and additional financial analyses for 0.1%, 0.2%, 0.3% and 0.4%
 - Stakeholder feedback did not provide RTD Board of Directors any consensus on how to move the FasTracks program forward
 - Staff recommended 0.2%
- **February 8, 2011:** Presentation of results of privately-funded focus groups conducted in January
 - Focus groups indicated support for 0.4% in 2011

2011 Annual Program Evaluation – Overview (cont.)

- **February 15, 2011:** Presentation on results of first private poll conducted in December 2010
 - First poll indicated support for 0.4%
- **March 1, 2011:** Presentation on results of the second private poll conducted in February 2011
 - Poll indicated lack of support for going to the ballot in 2011
 - Showed overall concerns for any tax increase, but 70% still thought FasTracks was a good idea

2011 Annual Program Evaluation – Overview (cont.)

- **March 8, 2011: RTD Board of Directors Agreed on the Following:**
 - Approval of a financial plan that assumed an election in 2012 for an additional 0.4%, but did not preclude an election in 2011
 - Approval of the implementation plan for the \$305 M, pending award of the Full Funding Grant Agreement (FFGA) for the Eagle Project
 - Working with DRCOG to begin review of two separate financial plans, one assuming an election in 2011 and one assuming an election in 2012
 - Staff recommended a 60-day review period to conduct additional research prior to a final board decision

Results of Additional 60-Day Research Period

Economic Overview

Presenters:

Ken Simonson: Chief Economist, Associated General Contractors of America

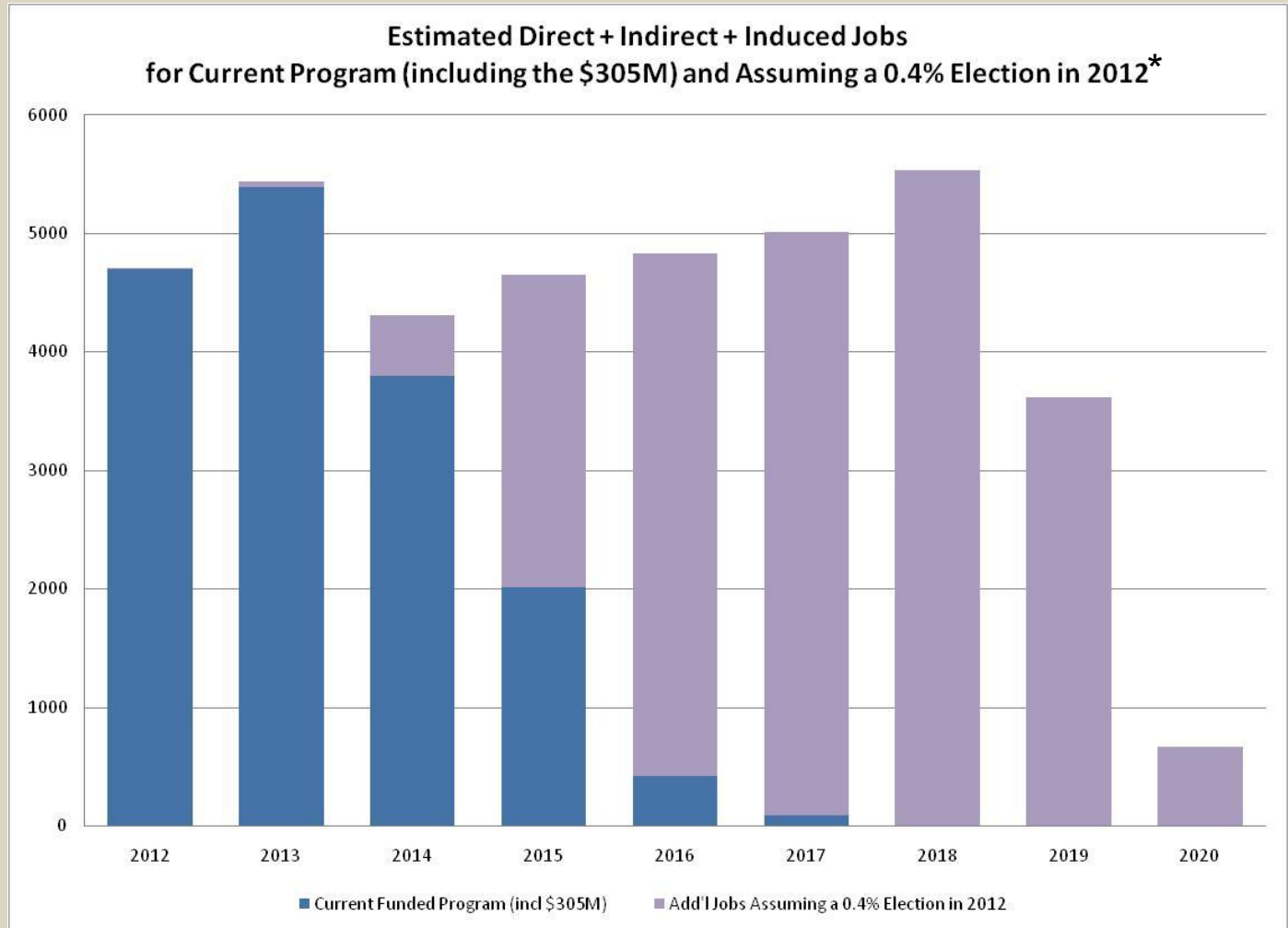
Richard Wobbekind: Economist, Executive Director, Business Research Division, Leeds School of Business at the University of Colorado Boulder

Economic Overview

- **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
- **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

Economic Overview (cont.)

- Would result in substantial job growth in the region through 2020



*Based on 2011 Annual Program Evaluation schedule and cost information

Political Consultant Feedback

Presenter:

Sherry Ellebracht: RTD Government Relations
Officer

Feedback from Political Consultants

- **RTD had discussions with 12 local political consultants on the viability and challenges of moving towards a near-term election**
- **Feedback included:**
 - Unanimous consensus – 2011 is not the best year to go to voters for a tax increase election
 - For 2011, current economic conditions will make any tax increase election a challenge
 - Difficult to pass a tax increase for FasTracks in any off-year election given voter make up and lower voter turnout

Feedback from Political Consultants (cont.)

- **Feedback included:**

- Voter turnout in 2012 will be higher, but FasTracks will likely be competing with other ballot initiatives and the cost of the campaign would likely increase
 - Campaign costs could range from \$3.5 – \$7 million
- RTD should continue working to educate the public about the FasTracks program
- If RTD decides to move forward with an election in the near-term, the campaign needs to begin 18 months prior to engage supporters, raise money, build coalitions, etc.
- Additional time will allow for more research (i.e., polling data and/or focus groups to test messages)
- Key to a successful campaign is to be thoughtful and to not rush

Campaign Funding Snapshot

Presenter:

Scott Reed: RTD Assistant General Manager of Communications

2011 Campaign Funding Snapshot

- **Previous campaign group looked at 2004 contributors to help gauge potential availability of 2011 campaign funds**
 - Half could commit to funding a 2011 election – often at lower amount than 2004
- **In 2004 real estate/development community was largest contribution sector**
 - Economy improving slower for that sector than many others
- **Many 2004 contributors have consolidated, especially in real estate/development, construction industry, IT, and financial institutions**

*Note: RTD staff did not consult directly with campaign funders – information was compiled by a third-party

2011 Campaign Funding Snapshot (cont.)

- Snapshot of 2004 contributors does not give clear indication of potential new contributors
- Would-be contributors need to budget for campaign contributions in advance – many have not done so for 2011
- Many potential contributors taking “wait-and-see” attitude – will not commit until there are clear indications that a campaign is moving forward
- Campaign group analysis shows funding may be insufficient for a 2011 campaign

Public Input

Presenter:

Pauletta Tonilas: FasTracks Public Information Manager

Public Input

- **Goal of the public input process was to educate the general public about the FasTracks financial situation and the impact it has on the timing of program completion**
- **Education campaign was a success with more than 3,400 responses and nearly 1.5 million newspaper impressions**
- **70% of respondents want the sales and use tax initiative to occur in the near-term***

*Note: Survey results are not statistically valid and were obtained for the purposes of public education only

Newspaper Impressions – April 3-8

| <i>Newspaper</i> | <i>Impressions</i> |
|--|--------------------|
| Denver Post | 1,100,000 |
| Colorado Community Newspapers (17 local newspapers) | 248,000 |
| Longmont Times-Call | 19,500 |
| Boulder Weekly | 25,000 |
| Gateway News | 15,000 |
| Westword | 90,000 |
| TOTAL | 1,497,500 |

Staff Recommendation

Staff Recommendation – 2011 APE Financial Plan Approval

- **RTD staff recommends not pursuing a sales and use tax election in 2011**
 - Current economic conditions will make any tax increase a challenge
 - Consumer confidence is growing, but is still low due to slow growth in employment levels
 - RTD is sensitive to the financial conditions of the region and the voters, many of whom have suffered negative effects of the current economic conditions
 - RTD respects the need of voters to balance their immediate financial needs with the long term benefits FasTracks will provide
 - Despite a strong desire to see the FasTracks program completed, current information on voter sentiment indicates resistance to a tax increase in 2011

Staff Recommendation – 2011 APE Financial Plan Approval (cont.)

- **RTD staff recommends maintaining the currently adopted financial plan for the FasTracks program that assumes a successful 0.4% sales and use tax election in 2012**
 - Results in completion of the full FasTracks program by 2020 (22 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**

Summary – 2011 Annual Program Evaluation

- **RTD would like to thank all of our partners for the extraordinary efforts made this year to determine a path for completing the FasTracks program as soon as possible**
- **Our combined efforts over the last nine months have laid the groundwork for future success, including**
 - Validating RTD’s financial assumptions through third-party reviews (e.g., capital costs, sales and use tax forecasts, construction inflation, etc.)
 - Establishing priorities if RTD goes back to the ballot (i.e., consensus from stakeholders that RTD should complete the entire program as quickly as possible)
 - Determining that the public remains supportive of the FasTracks program (70% confidence rating according to polls)

Next Steps

- **Continue to work with regional stakeholders to maintain collaborative approach to completing the FasTracks vision**
- **Implement comprehensive public outreach and marketing plan for the RTD base system and FasTracks**
- **Develop 2012 Annual Program Evaluation (to be presented in January 2012)**

Questions?