



**FASTTRACKS TASK FORCE
DECEMBER 16, 2009
MEETING NOTES**

Metro Mayors Caucus FasTracks Task Force December 16, 2009 Meeting

Notes:

GM Search:

- Phil Washington selected as RTD General Manager
 - PW priorities
 - FasTracks
 - Working with elected officials
 - \$90M for West Corridor in appropriations

Coalition for Smart Transit

- Colorado nonprofit
 - Chamber, DDP, and others formed
- Mission — reconvene coalition that supported FasTracks in 2004
- Review where project stands
- Ensure completion
- Maintain confidence of PPP teams
- Understand cost and revenue sides of the project and what requirements the voters would have for additional funding
- Work has two main parts
 - Financial review
 - High level of comfort that cost estimates are much more settled than in 2004
 - Most issues of scope and expense now settled
 - Revenue side more challenging
 - Outside experts reviewed forecasting methodology
 - Peer review group also looked at this
- RTD reviewed peer group findings on sales tax forecast methodology — see attached PowerPoint
- What if the variables in the model change?
 - The group will meet periodically to monitor and adjust
 - All this information will be plugged into the APE including effects of a high, a medium, and a low revenue scenario
- Coalition draft resolution lists 7 conditions to be met before going forward — See attached draft resolution
 - Reasonable, verifiable cost estimates
 - Comfort with the methodology and assumptions in revenue forecast
 - Workable financial plan
 - Political agreement with financial plan including how new taxes would be used
 - Confidence that a campaign could win
 - Confidence that funding to run a campaign could be raised
 - Confidence that RTD will receive federal \$ for Eagle PPP project
 - Need to decide what would provide such confidence — a FFGA

- If we get to FFGA, Congress has never reneged on an agreement of this kind
- It will continue to be important that all corridors are “shovel ready”
- 2010 ballot could have great impact on RTD and FasTracks
- We should continue as a group to go to the Colorado Congressional Delegation and to develop strategies to get as much federal funding as we possibly can
 - We should work with Delegation staff members to make sure they know when we will be shovel ready so they can open doors and find other resources for us
 - We should go in with business community, elected officials and anyone else who is affected and that will make a big impression
- PPP proposals will be submitted in March and at that time RTD will have more certainty about cost for those corridors

Next meeting January 8, 2010 at the Downtown Denver Partnership



Review of FasTracks Sales and Use Tax Forecasting Methodology Working Group Findings

December 16, 2009

Purpose of the Working Group

- **Seek to obtain regional consensus on a methodology for forecasting RTD sales and use tax. Review RTD's Current Forecast Methodologies**
- **Develop a staff-to-staff peer review group with regional economists and financial experts to evaluate and recommend modifications to RTD's forecasting methodology**

Approach of the Working Group

- **The group agreed that RTD would:**
 - Utilize statistically valid regression models to forecast sales and use tax revenue growth through 2035
 - Develop a reasonable range consisting of a high, medium, and low sales and use tax revenue growth rate for use in analysis

Review of Analyses

- **37 model runs**
- **6 preferred models**
 - Employment Change
 - Personal Income Change
 - National Goods GDP Change + Employment Change
 - Employment Change + Household Spending Component Change
 - Personal Income Change + Household Spending Component Change
 - Personal Income Change + Household Spending Component Change + Consumer Price Index Change

Review of Analyses

- **Household Spending Component removed from further analysis due to increasing variability**
- **Four final models were selected for sales and use tax revenue forecasting**
 - Employment Change
 - Personal Income Change
 - Employment Change + Personal Income Change
 - Employment Change + National Goods GDP Change

Review of Data Sources

Independent Variable Source	2009-2035 Average Annual Growth Rate
Employment Change ✓ DRCOG • Bill Kendall's Forecast • Economy.com	Employment Change • 1.9% • 1.1% (Metro Denver); 1.3% (Region 3) • 0.8%
Personal Income Change ✓ Bill Kendall's Forecast ✓ Economy.com	Personal Income Change • 4.4% • 4.2%
National Goods GDP Change ✓ Global Insight ✓ Economy.com	National Goods GDP Change • 3.5% • 2.2%

Findings for Sales Tax

Model	Results – Annual Average Growth Rate Through 2035
Employment	4.3%
Employment and National Goods GDP	3.7%
Personal Income and Employment	2.8%
Personal Income	1.7%

Results Analysis for Sales Tax

- 1.7 % is not considered reasonable
- The range identified for use is 2.8% to 4.3%
 - For high we are recommending: 4.3%
 - For medium, we are recommending: 3.7%
 - For low, we are recommending: 2.8%

FAS TRACKS

Findings for Use Tax

Model	Results – Annual Average Growth Rate Through 2035
Employment	4.4%
Employment and National Goods GDP	3.7%
Personal Income and Employment	2.9%
Personal Income	0.0%

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- FAS TRACKS**
- ## Results Analysis for Use Tax
- 0.0% is not considered reasonable
 - The range identified for use is 2.9% to 4.4%
 - For high we are recommending: 4.4%
 - For medium, we are recommending: 3.7%
 - For low, we are recommending: 2.9%
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Group Discussion Results

- **Consensus that process was reasonable, transparent and rigorous**
- **Many members of group agreed ranges of values were reasonable, a few felt that medium value of 3.7% was “intuitively” too high**
- **Some concern that DRCOG’s employment estimates maybe were too optimistic**
- **Some were concerned about eliminating 1.7% as lower bound**
- **Group agreed to reconvene periodically to monitor forecasting recommendations and results**

COALITION FOR SMART TRANSIT

1. PURPOSE

- Reconvene the transit coalition that supported FasTracks, including business, environmental, real estate, labor and civic organizations
- Lay the foundation for completing FasTracks by undertaking necessary research, analysis and education activities
- Ensure that the FasTracks program is completed (subject to any adjustments as may be agreed upon by the coalition, Metro Mayors' Caucus and RTD)

2. KEY OBJECTIVES FOR COALITION, RTD AND STAKEHOLDERS

- Maintain P3 Teams' confidence
- Address Metro Mayors' Caucus and other stakeholders' concerns regarding the region's commitment to complete the FasTracks program
- Assess all the major risks and opportunities in current project and finance plans—including but not limited to revenue projections, financing assumptions, cost and construction risk factors, and other unknowns—in order to develop a sound factual basis for gaining additional public support for transit

3. KEY MESSAGING POINTS

- We (the regional coalition) are all in this together, and all committed to completing FasTracks
- The P3 process must move forward for the current financing plan to succeed
- We understand why the original cost estimates and revenue estimates were not correct. Now we need to move beyond that issue as a region and determine the best way to complete FasTracks.

4. WORK PLAN

- With RTD's full cooperation, conduct a review of the major cost, revenue and financing risks to the project as presently planned (e.g. cost/construction risks by corridor; sales tax projections; projected federal contributions; etc.)
- Conduct additional polling and messaging research to understand key public issues and responses

5. PARTICIPANTS

- Metro Denver Chamber/EDC (Tom Clark and Tamra Ward)
- Downtown Denver Partnership (Tami Door/Bruce James/Jerry Glick)
- VisitDenver (Richard Scharf/Bill Mitchell)
- NAIOP (Bob Moody)
- Board of Realtors (Ken Hotard)

- Aurora EDC (Wendy Mitchell)
- SEBP (John Lay)
- Jefferson Economic Council (Preston Gibson)
- MetroNorth Chamber (Deb Obermeyer, Howard Gelt)
- Louisville/Broomfield Representatives (Perry Pearce, ConocoPhillips; Jim Pribyl, Level 3; Jeff Battcher, Level 3)
- Boulder Representative (Roger Cracraft)
- Colorado Environmental Coalition (Elise Jones/Stephanie Thomas)
- CoPIRG (Danny Katz)
- FRESC (Carmen Rhodes/Robin Kniech)
- Carolyn Siegel, Siegel Public Affairs (Labor executive)
- Ted Trimpa
- John Huggins

RTD Participants

- Phil Washington, and other staff and consultants as needed
- Two Board representatives (Bill James and Bill Christopher appointed by Lee Kemp)

6. STRUCTURE

- Colorado non-profit corporation
- Five to seven member board (Howard Gelt, Tamra Ward, Tom Clark, Tami Door, John Huggins)
- Ability to raise approximately \$200,000
- Six to nine month time frame to complete work

7. GROUND RULES

- Meetings are closed except for Coalition members and pre-cleared substitutes
- All discussions and materials are CONFIDENTIAL
- No question is too basic—ask anything you want!
- Everyone has the right to change their opinion or position on an issue

DRAFT FOR DISCUSSION ONLY

The following resolution is proposed for adoption by the Coalition for Smart Transit as a statement of the members' intent regarding the completion of the FasTracks system. Ideally, this resolution will be endorsed by the Board (or other authorized party) of each organization that is a member of the Coalition, and then signed by each member on behalf of their organization. (Note that not all members of the Coalition are organizations, and some organizational members may not be able to endorse such a resolution.)

RESOLUTION CONCERNING CONDITIONS FOR SUPPORTING A FUTURE FASTRACKS TAX INCREASE ELECTION

Whereas, The Coalition for Smart Transit views FasTracks as the framework of a regional mobility system and a critical matter of regional cooperation and equity; and

Whereas, The Coalition for Smart Transit believes completion of the full FasTracks system is crucial to the future economic development and environmental sustainability of the region; and

Whereas, The Coalition for Smart Transit supports completion of the full FasTracks system as soon as financing permits; and

Whereas, The Coalition for Smart Transit believes that going to a vote of the people of the District for additional funding and winning such a vote is essential to both the project and the regions' long-term prosperity.

Now, therefore, be it hereby resolved that:

The Coalition for Smart Transit will support RTD moving forward with a vote on additional public financing when the following seven conditions are met:

1. RTD completes revised cost estimates based on the latest available pricing and engineering information (to be completed as part of RTD's regular Annual Program Evaluation by January, 2010);
2. RTD has completed its Peer Review of sales and use tax forecasting methodology, and the Coalition is comfortable with the methodology and assumptions to be used in RTD's sales and use tax revenue forecasts, including the use of a range (conservative, moderate, optimistic) of revenue scenarios and the detailed assumptions that go into developing each scenario;
3. The cost and revenue forecasts come together in a workable financial plan for the project, including ongoing operation and maintenance/replacement costs, which is acceptable to the Coalition (this financial plan will also be completed as part of the Annual Program Evaluation). Given the use of a range of revenue forecasts, the financial plan must have overall system completion date (in years) as the chief variable among the three revenue scenarios; and

4. There is broad (though not necessarily unanimous) political agreement among the region's elected officials and key civic organizations in support of the financial plan and any proposed tax increase, including the details of how the tax increase would be used.

Be it further resolved that:

Once the above four conditions have been met, then the following three additional conditions would have to be tested and met (note that these next two conditions are highly dependent on the state of the economy):

5. The Coalition would have to be confident (not certain, but reasonably confident) based on additional polling and focus groups that a proposed campaign could win; and

6. The Coalition would have to be confident in our community's ability to raise the funds needed for a winning campaign (based on a campaign plan, budget and fundraising plan similar to the 2004 FasTracks campaign plan and budget); and

7. RTD would have to have secured, or the Coalition would have to be very confident in RTD's ability to secure (based on achieving such milestones as final design approval and securing an Early Systems Work Agreement from the FTA), the expected federal funding for the Eagle Project.