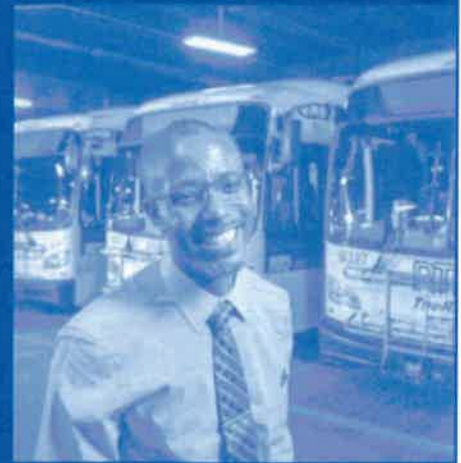




# 2024 Proposed Budget



**Updated November 2023**



**Regional Transportation District**

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Denver, Colorado 80202

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# MESSAGE FROM THE GENERAL MANAGER AND CEO

November 2023

I am pleased to provide RTD’s Fiscal Year 2024 Budget.

The FY 2024 Budget represents the agency’s financial plan for the forthcoming year. In adopting this budget framework in alignment with the 2021-2026 Strategic Plan, the agency demonstrates its ongoing commitment to the Strategic Priorities of Community Value, Customer Excellence, Employee Ownership, and Financial Success. With this commitment also comes a renewed collective focus on three primary initiatives: Back to Basics, People Power, and Welcoming Transit Environment.

- *Back to Basics: RTD strives to enhance the reach and impact of internal communications and to redouble agency efforts to maintain assets in a state of good repair leveraging sound asset management principles*
- *People Power: Recognizing the critical importance of its people, the agency’s most important resource, in achieving the agency’s mission, RTD seeks to vigorously address impediments to recruitment and retention efforts and to foster a culture of learning and development*
- *Welcoming Transit Environment: RTD seeks to reduce the impacts of criminal behaviors and Code of Conduct violations on agency services and workplaces and, in doing so, to improve community and employee perception of personal and public security on RTD property and vehicles*

Through the efforts of the Finance Team, agency executives, senior managers, and subject matter experts, these three initiatives are reflected throughout the 2024 Proposed Budget and have been interwoven into work plans created by employees throughout the agency. By focusing on these important factors, RTD

can continue to strive to achieve meaningful progress toward established success outcomes.

In keeping with these success outcomes, RTD continues to adapt to accommodate the ever-evolving transit needs of customers and communities throughout the agency’s 2,342 square mile footprint.



Debra A. Johnson

In Q1 2024, RTD will implement large-scale changes to the agency’s fare structure as contemplated by recommendations culminating from the Systemwide Fare Study and Equity Analysis (Study) conducted in 2022 and 2023. When RTD launched the Study in April 2022, it embarked on the most comprehensive and holistic review of fares the agency had taken in its 50-plus year history. In response to customer feedback regarding the cost and complexity of fares, the Study was predicated upon the overarching goals of creating a fare structure that is **simpler**, more **equitable**, more **affordable**. The fare structure for 2024 and beyond mirrors those laudable goals.

Under the new, simpler fare structure, not only will full fare paying customers be asked to pay less for fares across the board, existing discounts for eligible individuals will be increased, truly enhancing the overall affordability and accessibility of public transit throughout the Denver metro area.

Moreover, the agency is offering all of its transit services at no cost to those 19 years of age or younger commencing in September 2023 and continuing through August 31, 2024; further, the agency is seeking additional legislative support to continue offering this program for years to come.

As contemplated in the System Optimization Plan approved by the Board in 2022, RTD continues to deploy transit service commensurate with the agency’s





People Power and to restore service previously discontinued as a result of impacts on ridership stemming from the COVID-19 pandemic.

All those within RTD's established boundaries, including visitors traveling to the region, have a vested interest in RTD's ongoing success. Even those who have never stepped foot on one of the agency's revenue vehicles reap the rewards of a robust, reliable, accessible transit system by way of benefits that include cleaner air, lower congestion, and dependable mobility options should the need arise. In fulfilling the myriad of needs of customers and communities throughout the region, RTD is truly fulfilling its mission of ***making lives better through connections.***

Of course, none of this would be possible without the efforts of those steadfast employees who work tirelessly to make transit service delivery possible. I acknowledge and appreciate the collaborative efforts of all RTD employees, as well as the efforts of the Board of Directors and the agency's union and contractor partners.

I once again extend my sincere thanks and appreciation for the contributions in the timely preparation of the FY 2024 Budget to Doug MacLeod, Chief Financial Officer; Todd Nikkel, Senior Manager, Budget; Heidi Wagner, Senior Manager, Finance; the Budget Analysts, and the members of the Leadership Team.

And lastly, I would be remiss not to thank the customers, communities, stakeholders, and partners who engage with RTD every day.

On behalf of RTD, I truly appreciate the opportunity to lead this team of dedicated individuals as the agency strives ***to be the trusted leader in mobility, delivering excellence and value to our customers and community.***

Sincerely,

Debra A. Johnson  
General Manager and CEO



## INTRODUCTION

The Regional Transportation District's 2024 Proposed Budget (Budget) represents the expected revenues, expenditures and financial position anticipated for the fiscal year January 1 through December 31, 2024. The RTD Board of Directors appropriates funding by fiscal year that allows the agency to continue its mission to *make lives better through connections*. The expenditures set forth herein align the Budget with RTD's Strategic Plan Priorities and prioritized objectives within the projected financial constraints.

This Budget demonstrates RTD's financial capacity to address, based on current information, the agency's strategic priorities in the near term. The development of the Budget is a cross-departmental collaborative effort; hence the proposed budget for the Board's consideration is a collective staff recommendation.

For FY2024, the operating expense budget is \$1,040.8M, new capital is \$185.5M, debt service is \$223.3M, capital carryforward of \$232.8M for a total expenditure budget of \$1,682.4M. Fund balances are budgeted at \$898.6M.





## PERSPECTIVE

The 2024 Proposed Budget focuses on the Strategic Priorities of the Board-approved 2021-2026 Strategic Plan. As a result, funding appropriations are aligned in a manner to direct efforts towards achieving the desired success outcomes as measured by specific metrics.

The 2024 Proposed Budget operating expenses have been developed in accordance with the System Optimization Plan (SOP) approved by the Board. Other significant expenditures for debt service and capital expenditures are also included in this proposed budget which have been developed utilizing RTD's debt service schedules, capital needs identified through the Transit Asset Management (TAM) Plan as well as capital projects previously approved by the Board for appropriation that have not been fully completed (capital carryforward). The TAM Plan continues to be evaluated, adjusted, and prioritized to address the agency's needs to maintain assets in a state of good repair.

While RTD's current financial position is strong and funding capacity is available to fund initiatives and programs within the Strategic Priorities and Initiatives, it is expected that the agency will continue to be challenged with accessing adequate non-financial resources as a result of the difficult labor market environment, supply chain issues and high inflation.

Economic conditions indicate that retail spending is slowing and decreasing due to higher personal debt levels, inflation and discontinuance of federal government transfer payments that occurred for

economic incentives during the COVID-19 emergency. Furthermore, the RTD 0.6% sales tax will be subject to Taxpayer Bill of Rights (TABOR) revenue growth limitations beginning in 2025. While economic conditions in the Denver metro area remain better than national averages as a result of low unemployment, strong personal income growth and a diverse business base, the agency is heavily reliant on sales and use taxes, which can be adversely affected by changes in personal spending behaviors.

Although challenging circumstances exist in the economy, the agency expects to continue to benefit from favorable short-term investment rates and low long-term interest rates for borrowing. Historical experience during economic slowdowns have also contributed to more favorable labor market conditions to improve hiring and retention. Finally, the agency is well positioned with strong reserves to weather negative impacts to sales and use taxes.

This Budget proposal sets a financial course that is prudent and strategic while providing the foundation for financial sustainability.

The agency will continue to uphold its responsibility of good stewardship of taxpayer dollars while striving to provide Community Value, Customer Excellence, Employee Ownership, and Financial Success. The 2024 Proposed Budget seeks to align expenditures with the Strategic Priorities and Initiatives while maintaining a conservative approach to revenue assumptions.



# STRATEGIC PLAN ALIGNMENT

The Budget has been developed to direct resources to RTD's **Strategic Plan Priorities**.



### Community Value

RTD strives to be a strong community partner, providing value to customers as well as to the broader Denver metro region while sustaining planet Earth



### Employee Ownership

RTD seeks to attract and retain a highly skilled and engaged workforce



### Customer Excellence

RTD strives to consistently deliver high-quality customer service



### Financial Success

RTD takes very seriously the management of all financial resources

The Budget has been further refined to focus on the agency's three **Strategic Initiatives**. The three initiatives outlined below drive RTD's operational decision-making and will support resource utilization in 2024.



## Back to Basics

RTD is redoubling its efforts to maintain assets in a state of good repair, leveraging sound asset management principles. Additionally, this strategic initiative focuses on enhancing the reach and impact of the agency's internal communications efforts. Ensuring all employees have the information needed to be successful in their role is critically important to maintaining an engaged workforce.

In support of Back to Basics in 2024, RTD will focus on replacing large sections of the downtown rail in Denver. This 30-year-old section of the track opened for service in 1994 and needs a full-depth replacement. Replacing the downtown rail will ensure that RTD is able to maintain its assets for the next 30 years and beyond. Additional plans are being developed for replacement of other sections of RTD's light rail track.

Additionally, RTD staff is implementing a more robust strategic approach in implementing and maintaining an effective Transit Asset Management (TAM) plan in which prioritization of asset replacements and renewals are prioritized according to the Strategic Initiatives. Staff completed a review and prioritization of capital carryforward projects resulting in a significant decrease to those efforts to align with available resources.

## People Power

RTD's employees are the agency's most important resource. In order to achieve RTD's mission of making lives better through connections, the agency is vigorously addressing impediments to employee recruitment and retention. Additionally, the agency is focused on creating a culture of learning and development.





In support of People Power in 2024, RTD has prioritized resources to focus on recruitment and retention of frontline workers in addition to hiring of police officers.

Several efforts are underway for employee training and recognition programs as well.



## Welcoming Transit Environment

RTD seeks to reduce the impacts of criminal behaviors and Customer Code of Conduct violations on its services and in workplaces. This strategic initiative prioritizes the safety and security of customers and employees on RTD's vehicles and property.

In support of Welcoming Transit Environment in 2024, RTD will focus on continuing to build the RTD Police Department and place less reliance on contracted security services. Additional efforts will also be undertaken for crime prevention through environmental design.

## FISCAL AND BUDGETARY POLICIES

Annually, the Board considers the RTD Fiscal Policy for the following fiscal year. Development of the Budget adheres to this Fiscal Policy. The Board approved the 2024 Fiscal Policy the October 24, 2023, Board meeting. The 2024 Budget Policy, which is derived from the 2024 Fiscal Policy, is summarized as follows:

### Summarized Budget Policies

- RTD shall comply with Colorado Local Government Budget Law
- The Board will review and adopt the RTD Fiscal Policy
- There shall be a budgetary monitoring system that charges expenditures against approved appropriations
- The Budget shall be summarized for adoption purposes
- Budget preparation shall follow Generally Accepted Accounting Principles (GAAP)
- A balanced budget is required in which revenues plus reserves are greater than or equal to expenditures
- Procedures that postpone funding of necessary expenditures, such as preventive maintenance or equipment replacement, will be avoided
- Conservative revenue estimates that are reasonable shall be used
- RTD will monitor the Budget and adjust as necessary
- RTD shall prepare a six-year Mid-term Financial Plan (MTFP) forecast
- Budgets shall support the goals and objectives of RTD



## FINANCIAL DISCUSSION AND ANALYSIS

The financial aspects of a budget consist of three primary categories: revenues, expenditures, and reserves (also referred to as fund balances). Revenues and expenditures provide the cash inflows and outflows while reserves provide the financial balance to smooth cash flow volatility and supply the financial relief necessary for unforeseen circumstances that inevitably arise.

### Revenues

Revenue sources are generally either recurring or finite. RTD's Fiscal Policy establishes that one-time revenues be used for one-time expenditures while recurring revenues provide a sustainable source to fund ongoing needs. Because one-time revenues have a finite term, commitments for recurring expenditures require an alternative source once the one-time revenues are exhausted.

RTD's sources of recurring revenue, in descending order of size, are sales and use taxes, fares, federal operating grants and miscellaneous revenue from advertising, investment income and rent. Historically, RTD has also been the recipient of one-time revenues from federal capital grants, federal COVID-19 relief funding, local contributions, and land sales. RTD does not budget or forecast one-time revenues unless certainty exists.

Revenue assumptions for the Budget include the following:

- Fare revenue has been adjusted downward to \$63.9M in anticipation of impacts from implementing initiatives culminating from the Systemwide Fare Study and Equity Analysis. These impacts are expected to result in the fare recovery ratio (fare revenue vs. operating expenses) to only be approximately 5%. The decrease in fare rates, simplification of fares, zero fares for youth and increase of the LiVE Program discounts are the primary factors related to decreased fares. However, the overall financial impact to the agency is relatively small, with fares having previously decreased as a percentage of total revenues during the COVID-19 pandemic.
- Sales and use tax projections were provided by the University of Colorado Leeds School of Business (CU Leeds) in August 2023. The CU Leeds forecast model predicts that tax collections will be lower in 2024 by a modest amount compared to the March 2023 forecast. The lower forecast for 2024 resulted from a slowdown in year-over-year growth in actual tax collections during 2023. Significant tax growth in the preceding three years combined with federal COVID-19 grant relief funding has resulted in strong growth in reserves and significantly higher investment returns. The RTD forecast aligns with the statewide expectations from the Colorado Legislative Council (CLC) and Office of State Budgeting and Planning (OSPB).
- Operating grants of \$154.2M are anticipated in 2024. The Bipartisan Infrastructure Law (BIL) increased the annual FTA preventive maintenance formula grants to RTD by approximately 30%. Additionally, the federal COVID-19 relief grants, which were fully drawn in May 2023, resulted in a delay in drawing preventive maintenance grant funding due to additional expenditures needed. Therefore, the agency intends to accelerate drawing of these apportionments in the coming fiscal year. The grant apportionments are based upon financial and statistical data that RTD submits to the National Transit Database (NTD).
- Capital grants of \$156.4M are expected in 2024. The majority of these funds are pass-through grants related to Colfax BRT.

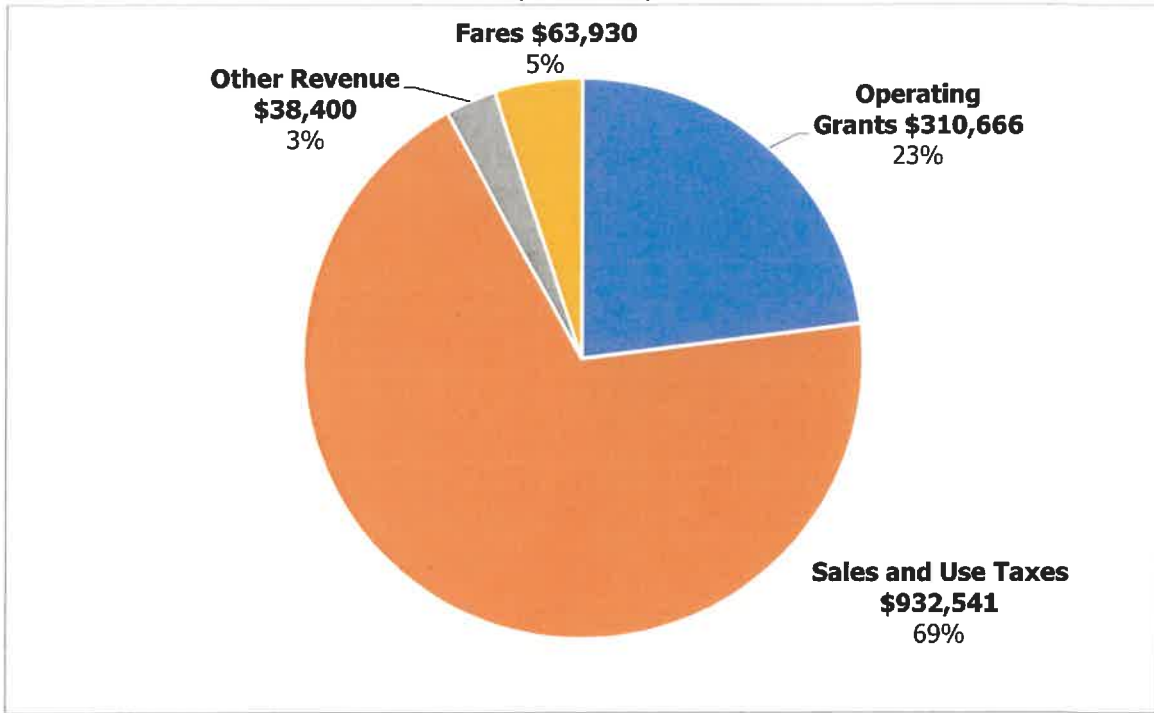


- COVID-19 relief grants were fully drawn in 2023. This additional grant funding combined with strong sales and use taxes has contributed to an unprecedented balance of over \$1 billion in cash and investments as well as substantial reserves, which, along with higher interest rates, will generate additional investment income in 2024. These significant cash and investment balances are earmarked for state of good repair needs and maintaining fund balances in accordance with the RTD Fiscal Policy.
- Other revenue includes recurring revenue of \$38.4M which consists primarily of a federal Build America Bonds (BAB) interest rate subsidy and advertising revenues.



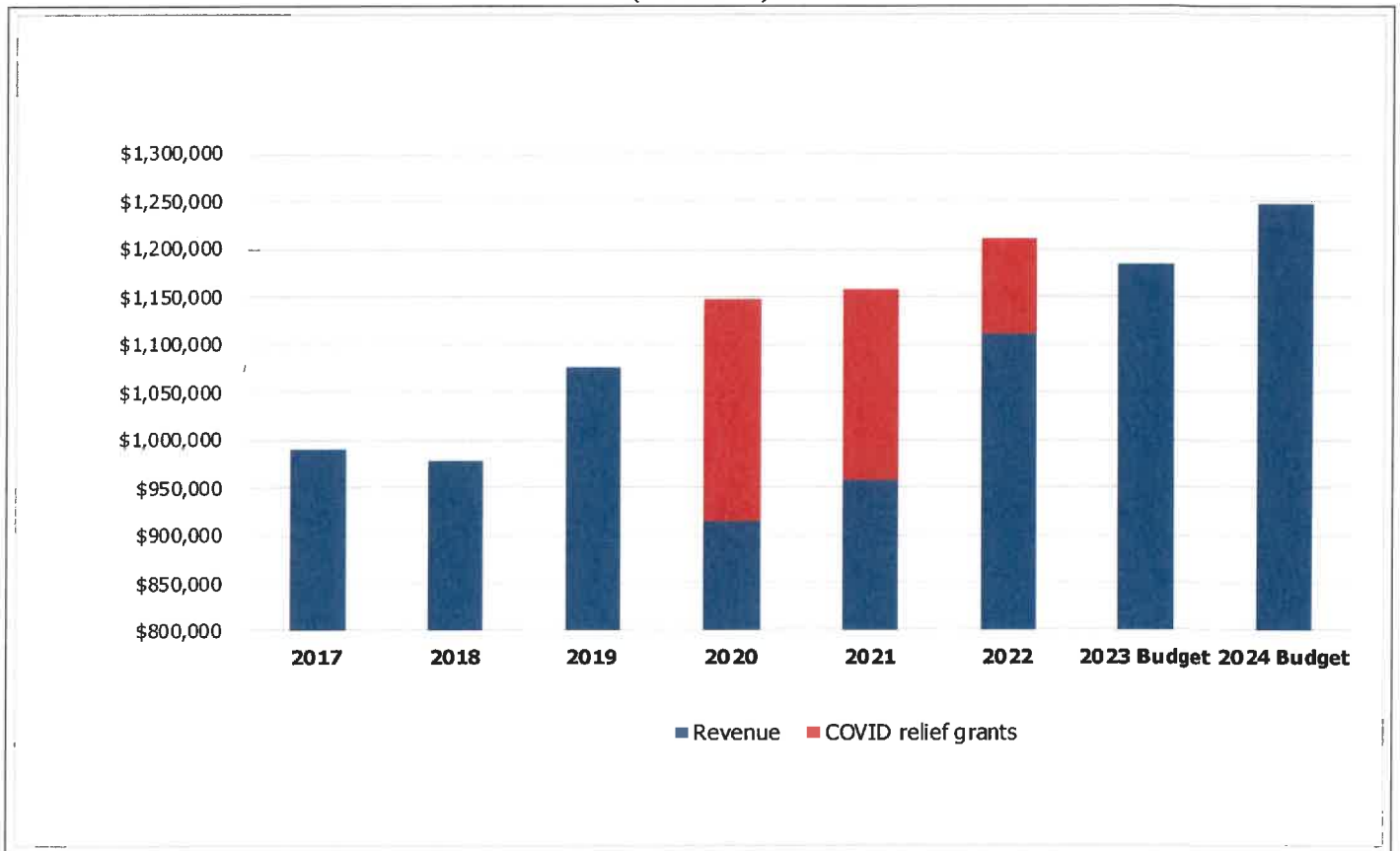
## 2024 Budgeted Revenue

(in thousands)



## Revenue Trends by Year

(in thousands)





## Expenditures

Expenditures consist of both recurring expenses, such as operating expenses, as well as occasional outlays such as projects, debt service and capital expenditures.

RTD's largest expenditures are providing transit-related operations. These costs include compensation, materials and supplies, contracted services, insurance, utilities, and other such expenses.

RTD also has a significant debt burden primarily from capital expansion projects as well as obligations issued to finance the purchase of rolling stock. RTD completed two refinancings in 2023 to realize interest savings and reduce the debt burden. As interest rates have risen recently, RTD does not anticipate performing additional refinancings in 2024.

RTD has ongoing asset management needs that are informed by the TAM Plan and requests for new initiatives. Asset management needs can fluctuate significantly by year when, for example, a single year includes a large purchase such as fleet replacements. There are no significant fleet replacements contemplated in 2024, however, design and pricing are being developed for certain rail component renewals and replacements as some portions of track are reaching the 30-year mark. Appropriation for repair and replacement activities for light rail track is requested at \$150.0M. These activities are contemplated for 2024 including shutdowns of certain significant portions of rail lines in the downtown Denver area. Staff intends to continue to fund capital needs with cash on hand in the Capital Replacement Reserve. However, analyses will continue to be performed to ensure that the most financially advantageous asset management funding mechanisms are pursued, given that investment return rates currently exceed borrowing rates.

Operating expenses include an average of 5.1% increases due to inflationary pressures and supply chain constraints remain a concern, particularly with certain materials. RTD has taken steps to accelerate certain large purchases and also to allow for additional lead times in order to lock-in prices.

Expenditure assumptions for the Budget include:

- Salaries and wages assume full staffing to provide service levels in accordance with the System Optimization Plan (SOP). While it is anticipated that continued high employment and a competitive job market will prolong RTD's ability to attract and maintain full staffing levels, funding has been made available in these appropriations. In addition, the Collective Bargaining Agreement (CBA) includes wage increases that have been included with provisions for incentive pay for represented employees until such time that adequate staffing levels are achieved. The compensation increases in 2024 shown below are primarily driven by annual increases and the addition of sworn RTD police officers, which the latter increase is partially offset by the decrease in contracted security services included in Outside Services
- Benefits include the following:
  - A 2% increase for represented employee health and welfare benefit premiums. Larger prior year premium increases resulting from many large claims, particularly those from claimants with COVID-19 related complications, have subsided



- A 10% increase for non-represented employee health benefits in 2024. In 2023, RTD improved the pricing of the CIGNA plan to provide an affordable alternative to the Kaiser Permanente plan as an enhancement to employee satisfaction. Shifts in participation between these two plans occurred, which necessitated the 2024 increases
  - Dental and vision plans for employees remain largely unchanged for 2024, with certain guaranteed pricing having been completed in 2023
  - Retirement plans for represented employees in 2024 include the same 2023 RTD contribution, of 15% of wages to the defined benefit pension plan employee contributions remaining at 5% per the CBA. This plan was closed to new entrants on January 1, 2023. In addition, provisions have been included to fund the new defined contribution plan at 9% with up to a 5% match for new employees having commenced January 1, 2023. The defined benefit pension plan is 76% funded. As the number of active employees in the defined benefit pension plan continues to decline due to retirements, future years may require a shift from a percentage of active wages to a fixed annual amount based on actuarial recommended contributions in order to maintain an adequate funding level
  - The non-represented employee defined benefit pension plan is funded with a \$15.0M contribution in 2024, which is the same amount contributed in 2023. The actuarially recommended contribution in 2024 is \$11.0M, and the additional \$4.0M is recommended by the Trustees due to the availability of cash and the notion that funds contributed to this plan earn a higher rate of return that RTD can achieve under the restrictions of the Investment Policy. The additional contributions in 2024 reduce the long-term financial risk to RTD of future inadequate funding. This plan is 79% funded and currently has 140 active participants. This plan has been closed to new employees since January 1, 2008, and funding requirements will tail off over the next several years
  - The non-represented employee defined contribution plan assumes RTD funding of 9% of wages, which is the same amount contributed in 2022. Board policy is to contribute 7-9% of wages each year. Only non-represented employees hired January 1, 2008, and thereafter participate in this retirement plan. In October 2023, a recommendation to the Board was made to change the five-year cliff vesting to 20% vesting for each full year of employment up to 100% at the end of the fifth year to bring the vesting in this plan into parity with the represented defined contribution plan
  - RTD will continue to offer the 457(b) retirement plan to all employees. This is a voluntary plan for which only employee contributions, and no RTD contributions, may be made, up to Internal Revenue Service annual limits. RTD will continue to fund the administrative costs
- Materials and supplies consist of consumable items such as fuel, fluids, and parts. Diesel fuel purchases are typically contracted at a locked price for a certain number of gallons. RTD is currently assessing a diesel fuel contract for 2024 but has not yet locked pricing. Contracting fuel purchases provides budget certainty, particularly in the volatile fuel pricing environment. Diesel and gasoline expenses typically account for 2% of operating expenses and the increases

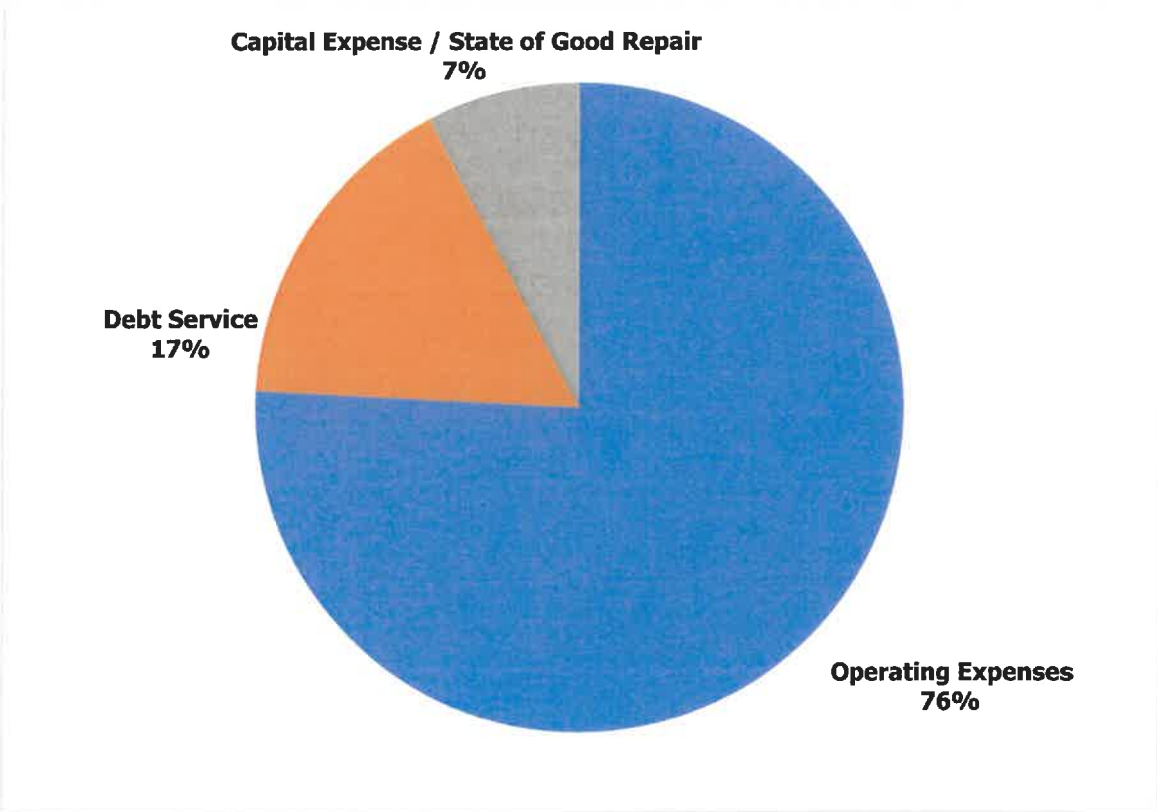


- Services consist of contracted specialty IT and legal needs as well as security. Additionally, these expenses contain inflationary increases which are offset by reductions resulting in a \$32.7M decrease in 2024. The majority of the decrease is due efforts to budget more accurately for execution based on personnel constraints as well as a reduction in contracted security needs which will be replaced with RTD police officers. An additional appropriation of \$137.9M is included which results from a pass-through grant Intergovernmental Agreement (IGA) with Denver to provide funding for Cofax bus rapid transit (BRT) corridor enhancements. There is no net financial impact to RTD due to future receipts of offsetting grant funding.
- Insurance costs are expected to increase modestly due to premium increases and certain enhancements to coverages to manage financial risks to the agency. Insurance costs have been relatively flat over an extended period due to effective claims management
- Other expenses primarily contain expenditures for utilities and purchased transportation and, to a lesser degree, various minor business expenses
  - Utilities include projected amounts for traction power commensurate with planned rail service levels and in alignment with 2023 usage with a slight increase due to current rates
  - Purchased transportation includes contractual increases and are aligned with expected revenue service hours. The contractual increases in 2024 reflect fixed route bus and ADA contract amendments as well as a larger service availability payment to the Eagle P3 concessionaire for single year asset maintenance need contemplated in the Concessionaire Agreement
  - Travel and training and budgets have been maintained at the same levels as 2023 with the intent to contribute to employee development and industry participation.
  - Funding for an on-call contract is included to address specialty consulting engagements, if necessary
  - A budget of \$250,000 is available for employee engagement to be used for outreach and recognition programs. All other discretionary spending will continue to be limited
- Debt service represents a significant portion of RTD's annual expenditures. Debt service consists of principal and interest payments on bonds, certificates of participation (COPs) and lease-purchase agreements. Debt service payments for 2024 will total \$223.3M, down from \$225.8M in 2023 as a result of refinancings for interest savings. The Base System bond payments will expire in 2024, at which point, the Base System will be subject to TABOR restrictions.



**2024 Budgeted Expenditures by Category**

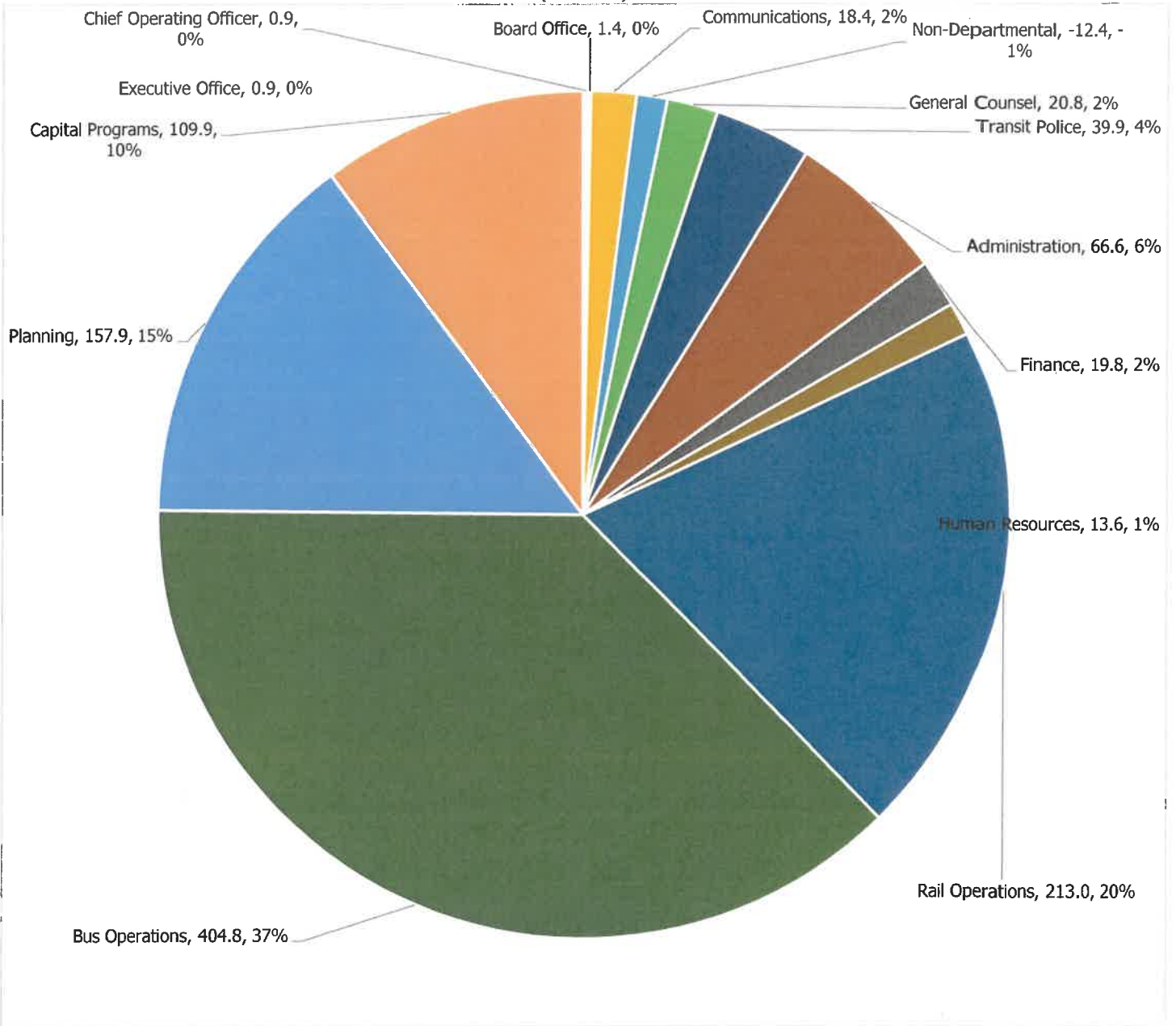
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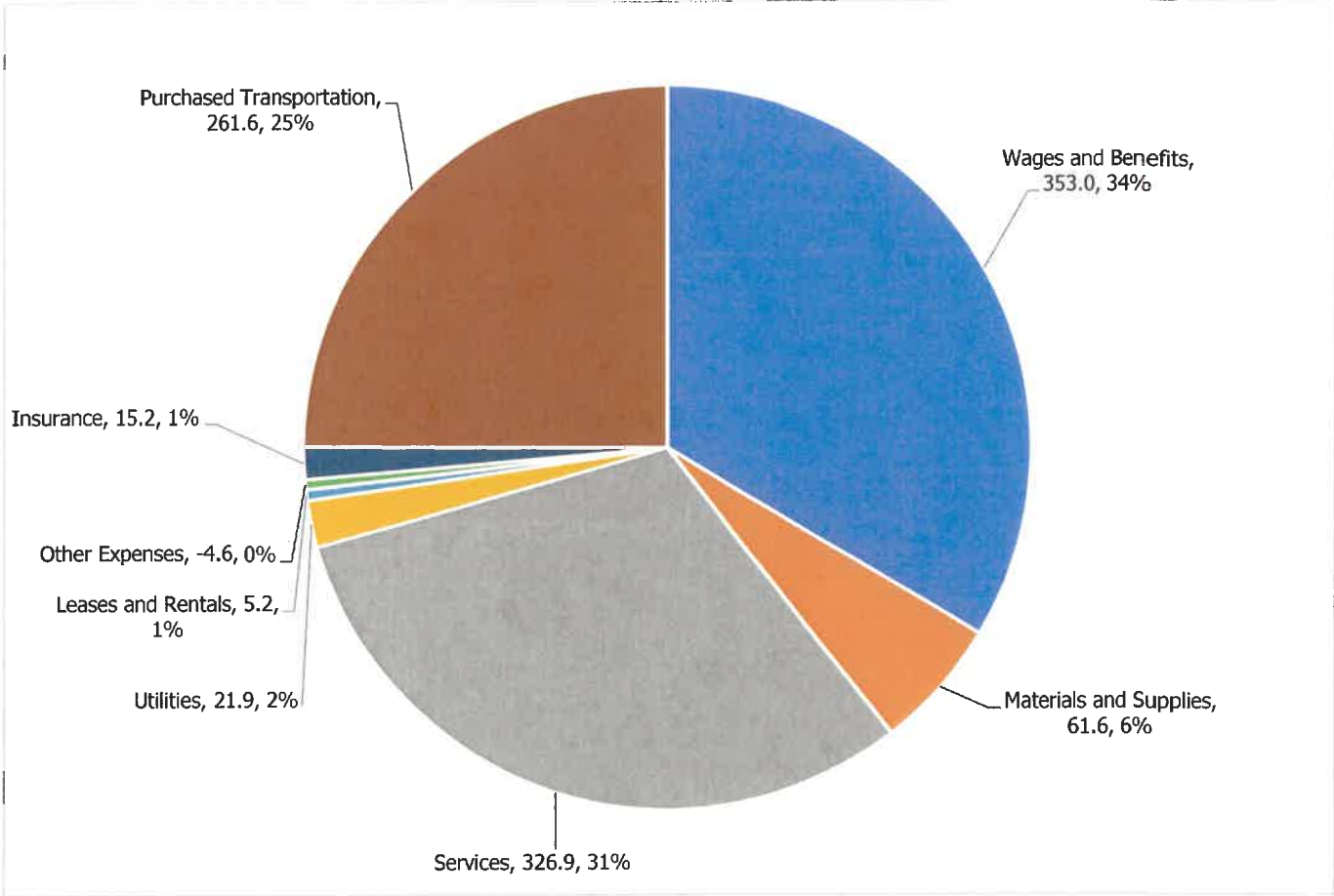
## 2024 Operating Expenses by Department

(in millions)



# 2024 Operating Expenses by Category

(in millions)



## 2024 Transit Asset Management Plan Expenditures

Description	Amount
SCADA Equipment	\$ 207,000
Police Vehicle Replacements	221,800
Server Replacements	285,000
Roll Up Door Replacement-Elati	720,000
Ticket Vending Machine Replacements	10,283,158
Support Vehicle Replacements	1,077,534
Currency Sorter Replacement	50,000
Skid Steer Loader Replacement	85,000
Hegenscheidt Replacement-Elati	1,835,700
Digital Recorder Replacements	2,896,000
Paratransit/Flexride Vehicle Replacements	263,700
Vehicle Wash Replacement	222,900
Hoist Replacement-District Shops	4,000,000
Operator Relief Station Repairs	60,000
Parking Structure Repairs	450,000
Rail, Track and Swith Replacements	3,200,000
Grade Crossing Replacements	3,000,000
Diamond/Switch Replacements	1,200,000
Bridge Repairs	1,320,000
Tactile Replacements	50,000
Light rail track replacements	150,000,000
<b>Total</b>	<b>\$ 181,427,792</b>



## POSITIONS

The following table includes the budgeted positions. Comparable data from prior years is not available due to reductions in force, attrition and change in service levels. New and vacant positions contained herein only include those that directly contribute to RTD’s core mission, transit service delivery. Contracted service providers employ approximately 1,300 individuals, which are not reflected below.

Department	Represented	Non-Represented	Total
Administration	31	201	232
Board Office	-	4	4
Capital Programs	151	97	248
Communications	52	67	119
Executive Office	-	4	4
Transit Police	-	162	162
Finance	43	70	113
Human Resources	3	57	60
General Counsel	-	25	25
Operations	1,984	493	2,477
Planning	-	13	13
<b>Total</b>	<b>2,264</b>	<b>1,193</b>	<b>3,457</b>





## COMPARATIVE CASH FLOW INFORMATION

	2023 Amended Budget	2024 Requested Budget	Change	% Change
1 Fares	\$ 74,882	\$ 63,930	\$ (10,952)	-14.6%
2 Sales and use taxes	888,096	932,541	44,445	5.0%
3 Grant revenue and other income	221,244	349,066	127,822	57.8%
4 Total revenue	1,184,222	1,345,537	161,315	13.6%
5 Salaries and benefits	351,612	353,003	1,391	0.4%
6 Materials and supplies	60,680	61,569	889	1.5%
7 Outside services	162,436	326,907	164,471	101.3%
8 Utilities	21,229	21,944	715	3.4%
9 Leases and rentals	3,366	5,239	1,873	55.6%
10 Other expenses	10,173	(4,624)	(14,797)	-145.5%
11 Insurance	14,700	15,200	500	3.4%
12 Purchased transportation	231,533	261,611	30,078	13.0%
13 Total operating expenses	855,729	1,040,849	185,120	21.6%
14 Debt service	225,760	223,284	(2,476)	-1.1%
15 Capital expenditures	57,603	185,460	127,857	222.0%
16 Total non-operating expenditures	283,363	408,744	125,381	44.2%
17 Contribution to reserves	-	(11,513)	(11,513)	0.0%
18 <b>Net Cash Flow</b>	<b>\$ 45,130</b>	<b>\$ (92,543)</b>	<b>\$ (137,673)</b>	<b>-305.1%</b>



# BOARD OF DIRECTORS REPORT

<b>Committee Meeting Date:</b> November 14, 2023
<b>Board Meeting Date:</b> November 28, 2023

2024 Proposed Budget

## STAFF REPRESENTATIVE

Doug MacLeod, Chief Financial Officer  
Todd Nikkel, Senior Manager, Budget

## PRESENTATION LENGTH

30 minutes

## BACKGROUND

Pursuant to CRS 29-1-101, RTD posted the 2024 Proposed Budget available for public review by October 15, 2023, as well as provided a transparent appropriation process allowing for Board and public input and comment.

The 2024 Proposed Budget was made available in hardcopy form in the Board Office and was posted on the RTD website with public notice posted in the Denver Post and Boulder Daily Camera newspapers as required by CRS 29-1-106(3)(a) which requires that proposed budgets are to “be published one time in a newspaper having general circulation in the local government”.

The 2024-2029 Mid-term Financial Plan (MTFP), was approved by the Board on October 24, 2023. The MTFP informs the development and consideration of approval of the 2024 Proposed Budget.

## DISCUSSION

The attached 2024 Proposed Budget document includes narratives describing the financial assumptions and alignment with RTD’s Strategic Plan. In addition, tables, charts and commentary are included for evaluation of the considerations included therein.

Included are documents that list the following:

- Attachment A: changes to budgeted operating expenses since the October 3, 2023 2024 Proposed Budget Discussion
- Attachment B: proposed new capital expenditures
- Attachment C: capital expenditure carryforward for previously Board-approved capital appropriations which have not been fully completed

Staff has developed the 2024 Proposed Budget to conform with RTD’s Fiscal Policy directives while best meeting the transit needs of its customers and communities at large in alignment with RTD’s Strategic Initiatives.

## FINANCIAL IMPACT

The 2024 Proposed Budget includes the following items:

	<u>2024 Budget</u> <u>\$000s</u>
Operating expense (excluding depreciation)	\$ 1,040,849
Debt interest payments	138,457
Debt principal payments	84,827
New capital expenditures	185,460
Previously approved capital (carry-forward)	<u>232,774</u>
Total expenditure appropriation	<u>\$ 1,682,367</u>
FasTracks Internal Savings Account	190,099
Capital Replacement Fund	185,000
Operating Reserve	260,212
Unrestricted Fund	<u>263,240</u>
Total fund appropriation	<u>\$ 898,551</u>
Total District-wide appropriation	<u>\$ 2,580,918</u>

**REGIONAL TRANSPORTATION DISTRICT**

**RESOLUTION NO. \_\_\_\_, SERIES OF 2023**

**(2024 Budget Adoption)**

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES AND ADOPTING A BUDGET FOR THE REGIONAL TRANSPORTATION DISTRICT, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2024 AND ENDING ON THE LAST DAY OF DECEMBER 2024.

WHEREAS, The Board of Directors of the Regional Transportation District has appointed the General Manager and CEO to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the General Manager and CEO has submitted a proposed budget to this governing body on October 3, 2023 for its consideration; and

WHEREAS, upon due and proper notice, published and posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 28, 2023, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases that have been made in expenditures, like increases were added to revenues so that the budget remains balanced, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION DISTRICT:

Section 1. That the budget as submitted herein above is approved and adopted as the budget of the Regional Transportation District for the year stated above.

Section 2. That the budget hereby approved and adopted shall be signed by the Chair and the Secretary of the Board of Directors, and made part of the public records of the District.

ADOPTED, this twenty eighth day of November 2023.

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Lynn Guissinger, Chair

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Marjorie Sloan, Secretary

**REGIONAL TRANSPORTATION DISTRICT**

**RESOLUTION NO. \_\_\_\_, SERIES OF 2023**

**(2024 Budget Appropriation)**

BE IT RESOLVED that the following sums of money or as much thereof as may be needed or deemed necessary to defray all expenses and liabilities of the Regional Transportation District be, and the same, are hereby appropriated for the corporate purposes and objectives of the District hereinafter specified for the fiscal year commencing on the first day of January 2024, and ending on the last day of December 2024.

BE IT RESOLVED that the appropriations made in this resolution shall become available on the first day of January 2024, and if any multi-year appropriated capital project is not completed within the calendar year, previously appropriated funds shall remain until completion of the capital projects for which the funds are appropriated or for a period of three years, whichever comes first, at which time unexpended locally funded balances shall revert to the unrestricted fund balance. Federally funded capital projects in this context imply those discrete multi-year activities or tasks which are components of those capital programs that comprise the annual budget. Authority for the roll forward of the capital project shall be subject to the approval of the Board of Directors.

Passed and adopted by the Board of Directors of the Regional Transportation District on the twenty eighth day of November 2023.



	2024 Budget \$000s
Operating expense (excluding depreciation)	\$ 1,040,849
Debt interest payments	138,457
Debt principal payments	84,827
New capital expenditures	<u>185,460</u>
 Total expenditure appropriation	 <u><u>\$ 1,449,593</u></u>
 FasTracks Internal Savings Account	 190,099
Capital Replacement Fund	185,000
Operating Reserve	260,212
Unrestricted Fund	<u>263,240</u>
 Total fund appropriation	 <u><u>\$ 898,551</u></u>

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Lynn Guissinger, Chair

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Marjorie Sloan, Secretary

**REGIONAL TRANSPORTATION DISTRICT**

**RESOLUTION NO. \_\_\_\_, SERIES OF 2023**

**(2024 Previously Appropriated Capital)**

BE IT RESOLVED that the following sums of money or as much thereof as may be needed or deemed necessary to defray all expenses and liabilities of the Regional Transportation District be, and the same, are hereby appropriated for the corporate purposes and objectives of the District hereinafter specified for the fiscal year commencing on the first day of January 2024, and ending on the last day of December 2024.

BE IT RESOLVED that for multi-year appropriated capital projects not completed within the calendar year, previously appropriated funds shall remain until completion of the capital projects for which the funds are appropriated or for a period of three years, whichever comes first, at which time unexpended locally funded balances shall revert to the unrestricted fund balance. Federally funded capital projects in this context imply those discrete multi-year activities or tasks which are components of those capital programs that comprise the annual budget. Authority for the roll forward of the capital project shall be subject to the approval of the Board of Directors.

	<u>2024 Budget</u> <u>\$000s</u>
Previously approved capital (carry-forward)	<u>\$ 232,774</u>

Passed and adopted by the Board of Directors of the Regional Transportation District on the twenty eighth day of November 2023.

\_\_\_\_\_  
Lynn Guissing, Chair

\_\_\_\_\_  
Marjorie Sloan, Secretary



**We Make Lives Better  
Through Connections.**

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November 14, 2023

# 2024 Proposed Budget

**Doug MacLeod**  
Chief Financial Officer

**Todd Nikkel**  
Senior Manager, Budget

# Development

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- 2024-2029 Mid-term Financial Plan (MTFP)
- Draft 2024 Proposed Budget Discussion
- Final 2024 Proposed Budget



# Considerations

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## ■ Strategic Plan Priorities

-  Community Value
-  Customer Excellence
-  Employee Ownership
-  Financial Success

## ■ Strategic Initiatives

- Back to Basics
- People Power
- Welcoming Transit Environment





# Assumptions

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- Systemwide Fare Study and Equity Analysis
- Forecasted sales and use taxes
- System Optimization Plan (SOP)
- 5.1% inflation
- Transit Asset Management (TAM) Plan
- Reserves maintenance



# Appropriation

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	<u>\$000s</u>
Operating expense (excluding depreciation)	\$ 1,040,849
Debt interest payments	138,457
Debt principal payments	84,827
New capital expenditures	185,460
Previously approved capital (carry-forward)	<u>232,774</u>
Total expenditure appropriation	<u>\$ 1,682,367</u>
FasTracks Internal Savings Account	190,099
Capital Replacement Fund	185,000
Operating Reserve	260,212
Unrestricted Fund	<u>263,240</u>
Total fund appropriation	<u>\$ 898,551</u>
Total District-wide appropriation	<u>\$ 2,580,918</u>

November 30, 2023



# Changes Since Draft 2024 Proposed Budget

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## ■ Operating Expenses: +\$198.9m

- \$10.0m miscellaneous
- \$34.6m 2023 expense carryforward
- \$137.9m pass-through grant expenditures
- \$16m transfer capital to expense

# Cash Flows

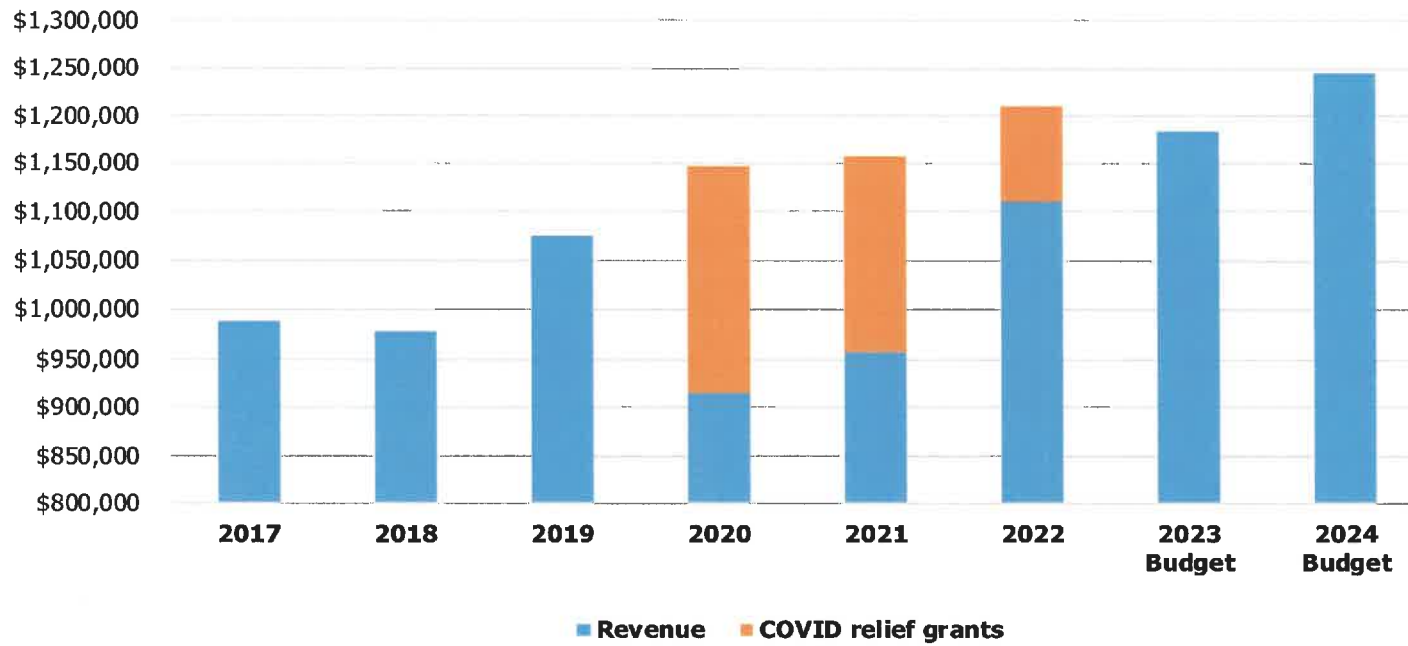
	2023 Amended Budget	2024 Requested Budget	Change	% Change
1 Fares	\$ 74,882	\$ 63,930	\$ (10,952)	-14.6%
2 Sales and use taxes	888,096	932,541	44,445	5.0%
3 Grant revenue and other income	221,244	349,066	127,822	57.8%
4 Total revenue	1,184,222	1,345,537	161,315	13.6%
5 Salaries and benefits	351,612	353,003	1,391	0.4%
6 Materials and supplies	60,680	61,569	889	1.5%
7 Outside services	162,436	326,907	164,471	101.3%
8 Utilities	21,229	21,944	715	3.4%
9 Leases and rentals	3,366	5,239	1,873	55.6%
10 Other expenses	10,173	(4,624)	(14,797)	-145.5%
11 Insurance	14,700	15,200	500	3.4%
12 Purchased transportation	231,533	261,611	30,078	13.0%
13 Total operating expenses	855,729	1,040,849	185,120	21.6%
14 Debt service	225,760	223,284	(2,476)	-1.1%
15 Capital expenditures	57,603	185,460	127,857	222.0%
16 Total non-operating expenditures	283,363	408,744	125,381	44.2%
17 Contribution to reserves	-	(11,513)	(11,513)	0.0%
18 <b>Net Cash Flow</b>	<b>\$ 45,130</b>	<b>\$ (92,543)</b>	<b>\$ (137,673)</b>	<b>-305.1%</b>

November 30, 2023



# Revenue

**Revenue Trends by Year**  
(in thousands)



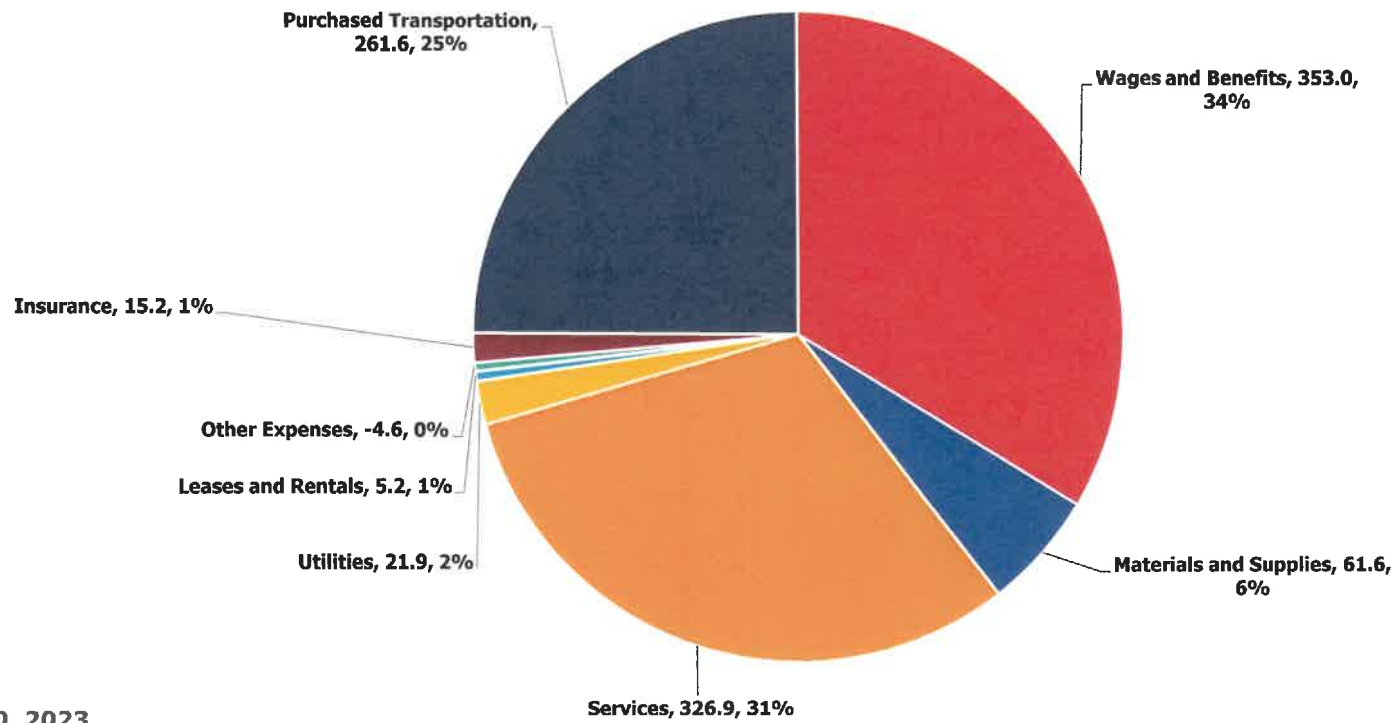
November 30, 2023





# Expenditures

**2024 Operating Expenses by Category**  
(in millions)



November 30, 2023



# Budget Highlights

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## ■ Revenue

- Fare revenue: Systemwide Fare Study and Equity Analysis
- Sales and use taxes: External forecast
- Operating grants: Increase from Bipartisan Infrastructure Law
- Capital grants: Bus Rapid Transit (BRT) pass-through

# Budget Highlights (cont'd)

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## ■ Operating Expenses

- Inflation: 5.1%
- Compensation: Provision for Vacant Positions
- Services: Police Department and Pass-through Grant
- Other: Employee Development and Engagement, Fuel Lock



# Budget Highlights (cont'd)

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## ■ Capital Expenditures

- Transit Asset Management (TAM) Plan
- Downtown Denver light rail loop track replacement
- Capital carry-forward strategic alignment



# We Make Lives Better Through Connections.

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[rtd-denver.com](http://rtd-denver.com)





# Attachment A

## 2024 Proposed Budget – Operating Expense Changes Since Posted Budget

<b>Department</b>	<b>Amount</b>	<b>Reason for Changes</b>
<b><u>Executive Office</u></b>		
	\$ 170,000	Public opinion polling consultant added
<b>Subtotal</b>	<b>170,000</b>	
<b><u>Transit Police</u></b>		
	(1,166,644)	Adjustments to salaries and fringes
	(1,062,405)	Adjustments to contracted security and other expenses
	323,000	2023 expenses carried forward to 2024
<b>Subtotal</b>	<b>(1,906,049)</b>	
<b><u>Administration</u></b>		
	2,896,000	Digital Video Recorder replacements
	1,760,920	2023 expenses carried forward to 2024
<b>Subtotal</b>	<b>4,656,920</b>	
<b><u>Finance</u></b>		
	437,000	Expense for Office of State Auditor Performance Audit
	450,000	Account Based Ticketing funding
<b>Subtotal</b>	<b>887,000</b>	
<b><u>Human Resources</u></b>		
	200,000	Employment counsel
	590,851	2023 expenses carried forward to 2024
	(350,000)	Minor adjustments to expenses
<b>Subtotal</b>	<b>440,851</b>	
<b><u>Rail Operations</u></b>		
	207,000	SCADA Equipment replacement
<b>Subtotal</b>	<b>207,000</b>	



**Bus Operations**

4,000,000 Call for Projects Partnership Program  
 (2,337,968) Reduction in diesel fuel based on locked price  
 1,822,667 2023 expenses carried forward to 2024

**Subtotal** 3,484,699

**Planning**

137,888,532 Federal discretionary pass-through grant funding for Colfax BRT  
 2,000,000 Environmental clearance for BRT funding  
 1,500,000 Light Rail level boarding study funding  
 1,000,000 Bus stop infrastructure accessibility assessment funding  
 10,989,423 2023 expenses carried forward to 2024

**Subtotal** 153,377,955

**Capital Programs**

450,000 Parking Structure Repairs funding  
 1,320,000 Bridge Repairs funding  
 60,000 Driver Relief Station repairs funding  
 273,000 Minor adjustments to expenses  
 19,097,697 2023 expenses carried forward to 2024  
 16,402,511 Move Longmont Station from capital to expense

**Subtotal** 37,603,208

**Total** \$ 198,921,584

**Summary**

\$ 10,045,983 Operating expense changes  
 34,584,558 2023 expenses carried forward  
 137,888,532 Colfax BRT pass-through expenditures  
 16,402,511 Transfer expense from capital expenditures

**Total** \$ 198,921,584



# Attachment B

## 2024 Proposed Budget – New Capital Expenditures

### **PROJECT**

#### **BASE SYSTEM**

##### **FACILITIES CONSTRUCTION & MAINTENANCE**

ROLL UP DOOR REPLACEMENT AT ELATI	\$	720,000
WRECKER VEHICLE PURCHASE		200,000
HOIST AT DISTRICT SHOPS		4,000,000
VEHICLE WASH REPLACEMENT AT DISTRICT SHOPS		222,900
<b>TOTAL FACILITIES CONSTRUCTION &amp; MAINTENANCE</b>		<b>5,142,900</b>

##### **CAPITAL SUPPORT PROJECTS**

GRADE CROSSING REPLACEMENT AT CENTRAL PLATTE VALLEY		3,000,000
DIAMOND/SWITCH REPLACEMENT AT CENTRAL PLATTE VALLEY		1,200,000
<b>TOTAL CAPITAL SUPPORT PROJECTS</b>		<b>4,200,000</b>

##### **LRT CONSTRUCTION**

LIGHT RAIL TRACK AND SWITCH REPLACEMENT AT CENTRAL PLATTE VALLEY		2,000,000
DOWNTOWN LIGHT RAIL LOOP TRACK REPLACEMENT		150,000,000
<b>TOTAL LRT CONSTRUCTION</b>		<b>152,000,000</b>

##### **FLEET MODERNIZATION & EXPANSION**

PARATRANSIT/FLEXRIDE VEHICLES		263,700
<b>TOTAL FLEET MODERNIZATION &amp; EXPANSION</b>		<b>263,700</b>



**CAPITAL SUPPORT & EQUIPMENT: OPERATIONS**

TICKET VENDING MACHINE REPLACEMENT	10,283,158
SUPPORT VEHICLES	1,077,534
CURRENCY SORTER REPLACEMENT TREASURY	50,000
SKID STEER LOADER REPLACEMENT RIO COURT	85,000
HEGENSCHEIDT REPLACEMENT ELATI	1,835,700
TACTILE REPLACEMENT	50,000
LINCOLN GARAGE FIRE SUPPRESSION	650,000
CAD RMS	3,500,000
LIGHT RAIL VEHICLE CAMERAS	3,000,000
HSEC 23 K9 (2 K9 AND 2 VEHICLES)	351,224
POLICE VEHICLES & EQUIPMENT	2,970,860
<b>TOTAL CAPITAL SUPPORT &amp; EQUIPMENT: OPERATIONS</b>	<b>23,853,476</b>

<b>TOTAL BASE SYSTEM</b>	<b>185,460,076</b>
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<b>FASTRACKS</b>	\$ -
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<b>TOTAL FASTRACKS</b>	\$ -
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<b>BASE SYSTEM NEW CAPITAL</b>	\$ 185,460,076
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<b>FASTRACKS NEW CAPITAL</b>	\$ -
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<b>TOTAL NEW CAPITAL</b>	\$ 185,460,076
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# Attachment C

## 2024 Proposed Budget – Capital Carryforward

### BASE SYSTEM

#### FACILITIES MAINTENANCE

ENGINE STAND	\$	39,689
HOIST AT DISTRICT SHOPS		4,000,000
HVAC REPLACEMENTS		1,460,000
SUPPORT VEHICLE MAINTENANCE LIFT AT DISTRICT SHOPS		227,930
16TH STREET MALL RECONSTRUCTION		12,047,928
FRAME PULLING MACHINE		166,749
WRECKER VEHICLE		350,000
TRIPLE PIT		2,505,500
HOISTS AT EAST METRO		8,015,362
ROOF REPLACEMENT AT EAST METRO		7,161,932
CASCADING OPERATOR BUILDINGS		50,131
<b>TOTAL FACILITIES MAINTENANCE</b>		<b>36,025,221</b>

#### TRANSFER STATIONS

GRADE CROSSING CENTRAL PLATTE VALLEY	400,000
<b>TOTAL TRANSFER STATIONS</b>	<b>400,000</b>

#### PARK - N - RIDES

WESTMINSTER CENTER PARK-N-RIDE	1,935,717
<b>TOTAL PARK - N - RIDES</b>	<b>1,935,717</b>

#### CAPITAL SUPPORT PROJECTS

BLANK OUT SCREENS - WELTON STREET	4,822,265
COLFAX TRANSIT SIGNAL PRIORITY	421,796
CO119 BUS RAPID TRANSIT (BRT)	32,788,338
<b>TOTAL CAPITAL SUPPORT PROJECTS</b>	<b>38,032,399</b>

#### LRT STATE OF GOOD REPAIR

TRACK REPLACEMENT CENTRAL LINE	1,581,052
TRACK REPLACEMENT CENTRAL CORRIDOR	53,436
<b>TOTAL LRT STATE OF GOOD REPAIR</b>	<b>1,634,488</b>

#### RAIL TRANSIT

VIDEO MANAGEMENT SYSTEM	84,232
<b>TOTAL RAIL TRANSIT</b>	<b>84,232</b>

#### FLEET MODERNIZATION & EXPANSION

PARATRANSIT/FLEXRIDE VEHICLES	24,049,900
40 FOOT BUSES	24,565,407
<b>TOTAL FLEET MODERNIZATION &amp; EXPANSION</b>	<b>48,615,307</b>



**CAPITAL SUPPORT EQUIPMENT**

TRANSIT SIGNAL PRIORITY DATA SHARING	283,378
TRANSIT SIGNATL PRIORITY CONDITIONALITY PROJECT	133,388
ACCOUNT-BASED TICKETING FARE COLLECTION SYSTEM	1,589,487
PARATRANSIT SOFTWARE SYSTEM	1,265,568
CAMERA REPLACEMENTS	1,511,332
MISCELLANEOUS CAPITAL EQUIPMENT	99,621
TICKET VENDING MACHINES	1,716,842
ENTERPRISE CONTENT MANAGEMENT	606,914
INVENTORY PLANNING/FORECASTING	1,443,929
TELECOM EQUIPMENT REPLACEMENT	168,090
NETWORK EQUIPMENT REPLACEMENT	1,924,893
LIGHT RAIL CAPITAL EQUIPMENT	1,043,969
SERVER EQUIPMENT REPLACEMENT	6,847,500
SOFTWARE ARCHITECHTURE DEVELOPMENT EQUIP	4,462,004
BIKE SHELTERS	430,691
BUS AUDIO/VISUAL PROJECT	1,879,354
ENTERPRISE RESOURCE SYSTEM (ERP - ORACLE)	8,366,822
AVAYA PHONE SYSTEM	50,000
MOBILE DATA TERMINAL REPLACEMENT	1,827,000
SAFETY MANAGEMENT SYSTEM	225,000
POLICE VEHICLES & EQUIPMENT	1,885,000
IT BACKUP AND RECOVERY SOLUTION	117,698
SUPPORT VEHICLES	3,155,459
INCORPORATE MoD SERVICE INTO OPEN TRIP PLANNER	250,193
IT PRODUCTIVITY TOOLS	168,665
PARATRANSIT/FLEXRIDE VEHICLES	121,457
RADIO NETWORK SYSTEM UPGRADE	160,000
RADIO SYSTEMS/SOFTWARE - CAD/AVL	418,763
ACCELERATING INNOVATIVE MOBILITY	574,580
<b>TOTAL CAPITAL SUPPORT EQUIPMENT</b>	<b>42,727,597</b>

**TOTAL BASE SYSTEM 169,454,961**

**FASTRACKS**

STATE OF GOOD REPAIR PROJECTS	400,000
NORTHWEST RAIL PUNCH LIST ITEMS	200,000
U.S. 36 BRT PHASE 2 PUNCH LIST ITEMS	1,600,000
EAST CORRIDOR PUNCH LIST ITEMS	325,000
GOLD LINE PUNCH LIST ITEMS	300,000
I-225 CORRIDOR PUNCH LIST ITEMS	401,000
EAGLE PROJECT PUNCH LIST ITEMS	500,000
NORTH METRO CORRIDOR PUNCH LIST ITEMS	57,780,883
NMCR CAPITAL MAINTENANCE EQUIPMENT	1,812,256
<b>TOTAL FASTRACKS</b>	<b>63,319,139</b>

**TOTAL BASE SYSTEM 169,454,961**

**TOTAL FASTRACKS 63,319,139**

**TOTAL CAPITAL CARRYFORWARD 232,774,100**