

# BOARD OF DIRECTORS REPORT

2023 Amended Budget

<b>Committee Meeting Date:</b>
July 11, 2023
<b>Board Meeting Date:</b>
July 25, 2023

## RECOMMENDED ACTION

For the Board of Directors to adopt Resolution No. \_\_\_\_, Series of 2023 to amend and appropriate funds to decrease the 2023 Amended Budget by \$117.2 million to \$2,092.9 million.

## STAFF REPRESENTATIVE

Doug MacLeod, Chief Financial Officer

Todd Nikkel, Senior Manager, Budget

## BACKGROUND

RTD may amend its annual budget at any time during the fiscal year, with Board approval. Budget amendments are requested primarily when new information or unplanned activities arise, since the Approved Budget appropriation, that require additional funding, reductions to funding or reallocation of funds to the appropriate projects, accounts and cost centers. RTD's budgetary controls require Board appropriation of funding in order to authorize staff to expend those funds for specified needs.

## DISCUSSION

The 2023 Adopted Budget was appropriated by the RTD Board in November 2022. This budget amendment is requested to reflect changes that have occurred in the intervening period to adjust for revised revenue assumptions and modifications to certain expenditure appropriations.

### *Fiscal Policy Adherence*

The RTD Board approved the 2023 Fiscal Policy in October 2022. The following are key components of the 2023 Fiscal Policy and explanations regarding the extent to which this 2023 Amended Budget adheres to those requirements:

- *RTD will contract with a third party to provide sales and use tax forecasts:* The 2023 Amended Budget includes the March 2023 sales and use tax forecast from the University of Colorado Leeds School of Business
- *Priority will be given to replacement of existing, backlog and deferred assets before consideration of new assets:* The 2023 Amended Budget provides funding for maintenance and replacement needs according to the Asset Management Plan
- *RTD will strive to maintain a fund balance equivalent to three months of operating expenses, excluding depreciation, for unanticipated expenditures and increases in costs as well as to mitigate service disruptions during economic downturns:* The 2023 Amended Budget fund balance exceeds three months of operating reserves
- *RTD will maintain a minimum net revenue coverage ratio (revenues available for debt service after subtracting operating expenses) of 1.2 times:* The 2023 Amended Budget results in a 1.5 times revenue coverage ratio

## FINANCIAL IMPACT

Below and attached are summaries and details, respectively of the changes between the 2023 Adopted Budget and 2023 Amended Budget appropriations requested.

### *Revenues*

- Sales and use tax revenue has been adjusted to the March 2023 forecast
- Fare revenue has been adjusted based on projections in the Fare Study
- Investment Income was increased due to higher interest rates

## **2023 Revenues**

(\$000s)

	Adopted Budget	Amended Budget	\$ Change
Passenger Fares	\$ 89,515	\$ 74,882	\$ (14,633)
Sales and Use Tax Revenue	852,827	888,096	35,269
Other Operating Revenue	8,400	18,400	10,000
Grant Revenue and Other Contributions	176,104	202,844	26,740
 Total Revenues	 <u>\$ 1,126,846</u>	 <u>\$ 1,184,222</u>	 <u>\$ 57,376</u>

### *Expenditures*

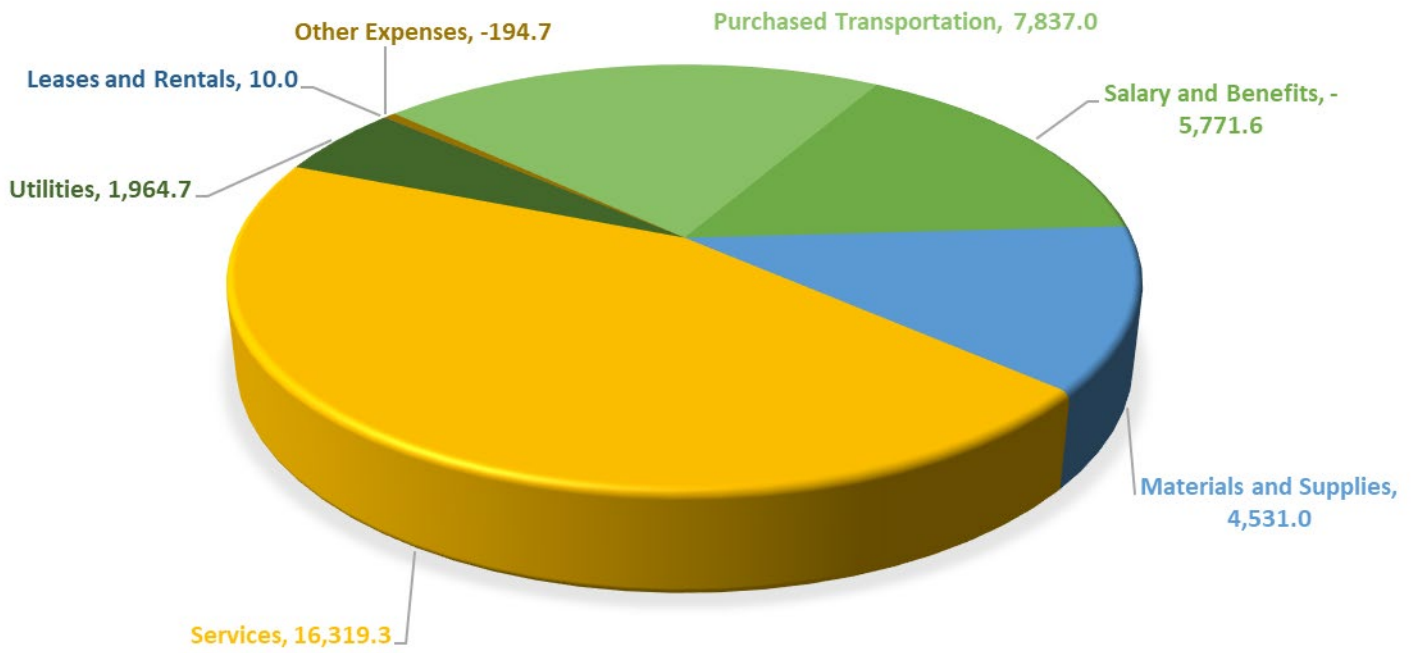
- Operating expenditure increases of \$31.5 million consist of:
  - \$13.2 million increase in Paratransit services
  - \$7.6 million increase for Security Services
  - \$1.3 million increase for Referral and Signing Bonus programs
  - \$1.4 million increase for DVR Replacements moved from capital to expense
  - \$2.5 million increase for Services in Information Technology
  - \$2.0 million added for BRT Environmental Clearance project
  - \$1.7 million increase in Utilities due to higher rates
  - \$1.7 million increase for replenishment of GM Contingency fund
  - \$3.1 million increase for Vehicle Repair Parts
  - \$8.4 million from previously approved transfers
  - \$3.3 million decrease for excess carry forward from 2022
  - \$6.8 million decrease to account for Vacancy Savings
  - \$1.3 million decrease due to elimination of Battery Electric Bus facility study

- New capital expenditures have been decreased \$18.3 million due to reconciling projects and adding the following:
  - \$1.9 million for Police Department Expansion
  - \$.2 million for Frame Pulling Machine
  - \$.2 million for SMS Software Solution
- Capital carry-forward expenditures from 2022 have been reconciled, decreasing the previously approved capital by \$174.9 million
- The increase to the Unrestricted Fund is due to improved tax revenues, investment income, reconciliation of grant revenue and decreased capital expenditures

### 2023 Appropriation (\$000s)

	<b>Adopted Budget</b>	<b>Amended Budget</b>	<b>Change</b>
Operating Expenses	\$ 824,214	\$ 855,729	\$ 31,515
Debt Interest Payments	140,933	140,933	-
Debt Principal Payments	84,827	84,827	-
New Capital Expenditures	75,858	57,603	(18,255)
FasTracks Internal Savings Account	168,907	168,907	-
Board Appropriated Fund	51,616	51,616	-
Capital Replacement Fund	34,915	34,915	-
Operating Reserve	204,000	214,000	10,000
Unrestricted Fund	56,931	91,395	34,464
Total	\$ 1,642,201	\$ 1,699,925	\$ 57,724
Previously Approved Capital	\$ 567,961	\$ 393,029	\$ (174,932)
Total District-wide Appropriation	\$ 2,210,162	\$ 2,092,954	\$ (117,208)

2023 Amended Budget Operating Expense Changes by Expense Type (\$000s):





**Attachment A**  
**2023 Amended Budget**  
**Operating Budget Changes Since Adopted Budget**

**Base System**

<u>Department/Project</u>	<u>Dollar Change</u>	<u>Explanation</u>
<b><u>Board Office</u></b>		
<i>Previously Approved Transfers</i>	\$ -	
Reduction in Executive Recruitment	(50,000)	
Increase in Services	30,000	
<b>Subtotal</b>	<b>(20,000)</b>	
<b><u>Bus Operations</u></b>		
<i>Previously Approved Transfers</i>	5,305,314	
Increases in Paratransit Services	13,168,000	
Increase in Repair Parts	3,065,000	
Reduction in Projects	(1,000,000)	
Adjustments to FlexRide Services	643,000	
<b>Subtotal</b>	<b>21,181,314</b>	
<b><u>Communications</u></b>		
<i>Previously Approved Transfers</i>	12	
Increases to various Marketing initiatives	480,000	
<b>Subtotal</b>	<b>480,012</b>	
<b><u>Human Resources</u></b>		
<i>Previously Approved Transfers</i>	111,210	
Eight additional FTE, salary and fringes	368,753	
Increase for Referral and Signing Bonus programs	1,325,000	
Increase in Professional Development programs	200,000	
Increases in Services	557,000	
Increase in Supplies	15,000	
<b>Subtotal</b>	<b>2,576,963</b>	
<b><u>Administration</u></b>		
<i>Previously Approved Transfers</i>	1,952,395	
DVR Replacements	1,384,000	Missed in 2023 Adopted Budget
One additional FTE in IT, salary and fringes	150,000	
Increases in Materials and Supplies	415,500	
Increases in Services	2,466,290	
Increase in Utilities	210,000	
<b>Subtotal</b>	<b>6,578,185</b>	
<b><u>Finance</u></b>		
<i>Previously Approved Transfers</i>	0	
Reduction in Account Based Ticketing services	(420,000)	
Reduction in Audit Services	(288,000)	
Increase in Repair Parts in Treasury	231,500	
Increases in various Services	191,000	
<b>Subtotal</b>	<b>(285,500)</b>	



**Attachment A  
2023 Amended Budget  
Operating Budget Changes Since Adopted Budget**

**General Counsel**

Previously Approved Transfers 150,000

**Subtotal** 150,000

**Transit Police**

Previously Approved Transfers 325,767  
 Increase in Security Services 4,483,718  
 Increase to staff Overtime 405,500 Reallocation from Off-Duty Police  
 Increase in Software Maintenance Fees 661,530  
 Reallocation of various expenses (109,520)

**Subtotal** 5,766,995

**Planning**

Previously Approved Transfers (2,357,886)  
 BRT Environmental Clearance project 2,000,000 Missed in 2023 Adopted Budget  
 Reductions in grant related projects (850,000) Grants not received or funds returned  
 Increase for TIP projects 185,000 Reconciled to current commitments

**Subtotal** (1,022,886)

**Rail Operations**

Previously Approved Transfers 2,978

**Subtotal** 2,978

**Capital Programs**

Previously Approved Transfers (220,929)  
 Elimination of Battery Electric Bus study (1,264,026)  
 Increases to Utilities 1,724,613

**Subtotal** 239,658

**Non-Departmental**

Previously Approved Transfers 1,669,653  
 Replenish GM Contingency 1,698,800  
 Increase to Vacancy Savings (6,750,000)  
 Decrease for 2022 Expense Carry Forward (3,268,453) Reduce excess expense carried forward  
 Increase to Mobile Ticketing fees 150,000

**Subtotal** (6,500,000)

**Total Base System Changes** \$ 29,147,716

**FasTracks - Project**

<u>Department/Project</u>	<u>Dollar Change</u>	<u>Explanation</u>
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**Planning**

Previously Approved Transfers	(271,164)	
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**Attachment A  
2023 Amended Budget  
Operating Budget Changes Since Adopted Budget**

Increase in Services	186,001
<b>Subtotal</b>	<b>(85,163)</b>
 <b><u>Capital Programs</u></b>	
Previously Approved Transfers	(37,452)
Decrease in Services	(50,000)
<b>Subtotal</b>	<b>(87,452)</b>
 <b>Total FasTracks Project Changes</b>	 <b>\$ (172,615)</b>

**FasTracks - Operations**

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<u>Department/Project</u>	<u>Dollar Change</u>	<u>Explanation</u>
<b><u>Transit Police</u></b>		
Previously Approved Transfers	-	
Increase in Security Services	3,191,264	
<b>Subtotal</b>	<b>3,191,264</b>	
<b><u>Administration</u></b>		
Previously Approved Transfers	-	
Two FTE not included in Adopted budget, salary and fringes	54,167	
<b>Subtotal</b>	<b>54,167</b>	
<b><u>Capital Programs</u></b>		
Previously Approved Transfers	\$ 195,783	
Decrease in Utilities	(24,901)	
Increase in Materials and Supplies	30,000	
<b>Subtotal</b>	<b>200,882</b>	
<b><u>Rail Operations</u></b>		
Previously Approved Transfers	(7,090)	
Decrease in Software Maintenance Fees	(900,000)	
<b>Subtotal</b>	<b>(907,090)</b>	
 <b>Total FasTracks Operations Changes</b>	 <b>\$ 2,539,223</b>	



## Attachment B 2023 Amended Budget 2023 New Capital Projects

**PROJECT**

**BASE SYSTEM**

**FACILITIES CONSTRUCTION & MAINTENANCE**

HOIST AT DISTRICT SHOPS	\$	4,000,000
HVAC REPLACEMENT (3 LOCATIONS: ELATI, SCCS, MARIPOSA)		1,364,000
WRECKER VEHICLE PURCHASE - CBA		350,000
FRAME PULLING MACHINE		166,749

**TRANSFER STATIONS**

CPV GRADE CROSSING REPLACEMENT		400,000
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**CAPITAL SUPPORT PROJECTS**

BURNHAM YARD LAND ACQUISITION		6,877,320
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**RAPID TRANSIT DEVELOPMENT**

SH119 BRT		28,000,000
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**FLEET MODERNIZATION & EXPANSION**

TRANSIT BUSES 40 FT		2,500,000
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**CAPITAL SUPPORT & EQUIPMENT: OPERATIONS**

ACCOUNT-BASED FARE COLLECTION SYSTEM		1,000,000
ABT HARDWARE SUPPORT & SERVICES		125,000
ABT MYRIDE MERCHANDISING AND RETAIL NETWORK		250,000
NMCR CAPITAL MAINTENANCE EQUIPMENT		1,800,000
ORACLE ERP UPGRADE IMPLEMENTATION		3,750,000
SERVER EQUIPMENT REPLACEMENT		364,000
NETWORK EQUIPMENT REPLACEMENT		664,000
TELECOM EQUIPMENT REPLACEMENT		55,100
MOBILE DATA TERMINAL REPLACEMENT		1,827,000
POLICE DEPARTMENT EXPANSION		1,885,000
SMS SOFTWARE SOLUTION SUPPORT		225,000
TELECOM (SYSTEM) PROJECT		50,000
UNIVERSITY OF DENVER BIKE SHELTER		150,000

<b>TOTAL BASE SYSTEM</b>	<b>\$</b>	<b><u>55,803,169</u></b>
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**FASTRACKS**

CAPITAL MAINT EQUIPMENT NMCR	\$	1,800,000
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**Attachment B**  
**2023 Amended Budget**  
**2023 New Capital Projects**

<b>TOTAL FASTRACKS</b>	<b>\$ 1,800,000</b>
<b>BASE SYSTEM NEW CAPITAL</b>	<b>\$ 55,803,169</b>
<b>FASTRACKS NEW CAPITAL</b>	<b>\$ 1,800,000</b>
<b>TOTAL NEW CAPITAL FOR THE 2023 ADOPTED BUDGET</b>	<b>\$ 57,603,169</b>



## Attachment C 2023 Amended Budget Capital Carry-Forward Expenditures

Description

**BASE SYSTEM**

**FACILITIES CONSTRUCTION & MAINTENANCE**

ENGINE STAND	\$ 39,689
WATER JET CUTTER	23,401
DISTRICT SHOPS SUPPORT VEHICLE MAINTENANCE LIFT	237,698
BUS WASH	1,635,239
TRIPLE PIT	2,647,663
SIDE LIFT AND JIB CRANE FOR ELECTRIC BUSES	282,000
LIFTS/HOISTS	2,979,052
BUS OPERATIONS WHEEL HOISTS	590,000
EAST METRO HOIST REPLACEMENT	1,500,000
ROOF REPLACEMENT@PLATTE	90,393
ROOF REPLACEMENT@EAST METRO	1,642,981
CASCADING OP BLDGS DUS/FED STN	129,850

**PARK - N - RIDES**

WESTMINSTER CENTER PNR SOUTHSIDE	1,935,717
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**CAPITAL SUPPORT PROJECTS**

BLANK OUT SCREENS - WELTON STREET	3,807,636
COLFAX AVE./TRANSIT PRIORITY PROJ. FTA LOP	599,904
SH119 BUS RAPID TRANSIT (BRT)	4,964,091
SH119 BUS RAPID TRANSIT - ENVIRONMENTAL	485,668

**LRT CONSTRUCTION**

CENTRAL LINE TRACK REPLACEMENT	2,254,197
RAIL REPLACEMENT @ CENTRAL CORRIDOR	434,714

**RAIL TRANSIT**

<b>TOTAL RAIL TRANSIT</b>	<b>54,232</b>
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**FLEET MODERNIZATION & EXPANSION**

ACCESS-a-RIDE & FLEXRIDE BUSES	24,049,900
TRANSIT BUSES 40 FT	73,549,536

**CAPITAL SUPPORT EQUIPMENT**

TSP DATA SHARING/MGMT PROJECT	107,000
TSP CONDITIONALITY PROJECT	400,000
ACCOUNT-BASED FARE COLLECTION SYSTEM	410,909
PARATRANSIT SOFTWARE SYSTEM	2,374,650
STAMP VALIDATOR REPLACEMENT	595,000
CAMERA REPLACEMENT - SEC	1,980,000
BOARDROOM VIDEO UPGRADE	131,191
MISC CP EQUIPMENT PURCHASES	24,592
TVM REPLACEMENT (ST80) FOR PCI NON-COMPLIANCE	1,435,780
TELECOM EQUIPMENT REPLACEMENT	112,990
NETWORK EQUIPMENT REPLACEMENT	2,642,174
SERVER EQUIPMENT REPLACEMENT	6,483,500
SOFTWARE ARCHIT DEVELPT EQUIP	5,656,400
STORAGE AREA NETWORK (SAN)	4,594



## Attachment C 2023 Amended Budget Capital Carry-Forward Expenditures

SCHEDULING AND RUN CUTTING SOFTWARE	4,958
AURORA/EAST BIKE SHELTERS	207,227
BI INITIATIVES	9,423
BUS AUDIO/VISUAL PROJECT	2,395,070
ENTERPRISE CRM STUDY/REPLACEMENT	18,336
BACKUP SOLUTION FOR IT	137,342
IN PLANT VEHICLES & EQUIP (BUS)	211,978
INCORPORATE MoD SERVICE INTO OPEN TRIP PLANNER	250,193
NETWORK SYSTEMS	162,000
ACCESS-A-RIDE CUTAWAY BUSES	121,457
CALL & RIDE CUTAWAY BUS	10,806
ORACLE ERP UPGRADE AND/OR ALTERNATIVE SYSTEM	4,680,374
RADIO NETWORK SYSTEM UPGRADE	120,000
RADIO SYSTEMS/SOFTWARE - CAD/AVL	1,672,894
SHERIDAN/BRMFLD BIKE SHELTERS	96,170
SMS SOFTWARE SOLUTION	18,753
SUPPORT VEHICLES	2,611,400
ACCELERATING INNOVATIVE MOBILITY	665,580
TRIP PLANNER ENHANCEMENTS	18,229
<b>TOTAL BASE SYSTEM</b>	<b>\$ 159,704,531</b>
<b>FASTRACKS</b>	
FASTRACKS ADMIN PROJECTS	5,744,398
NORTHWEST RAIL	6,291,917
U.S. 36 B.R.T. PHASE 2	5,836,135
EAST CORRIDOR	99,400,469
GOLD LINE	33,311,327
I-225 CORRIDOR	6,198,733
LONGMONT STATION	16,402,511
I-225 OPERATIONS ENHANCEMENTS	1,760,514
NORTH METRO NON COP	19,870,735
NORTH METRO COP	28,437,319
NORTH METRO O&M INTERFACE	1,166,291
NORTH METRO MOBILIZATION	8,892,299
CAPITAL EQUIPMENT CR	12,256
<b>TOTAL FASTRACKS</b>	<b>\$ 233,324,904</b>
<b>TOTAL BASE SYSTEM</b>	<b>159,704,531</b>
<b>TOTAL FASTRACKS</b>	<b><u>233,324,904</u></b>
<b>TOTAL CAPITAL CARRYFORWARD FOR THE 2023 ADOPTED BUDGET</b>	<b><u><u>\$ 393,029,435</u></u></b>
<b>Summary of Changes</b>	
2023 AMENDED BUDGET BASE SYSTEM CAPITAL CARRYFORWARD	\$ 159,704,531
2023 ADOPTED BUDGET BASE SYSTEM CAPITAL CARRYFORWARD	<u>207,524,425</u>
Net Change	<u>(47,819,894)</u>
2023 AMENDED BUDGET FASTRACKS CAPITAL CARRYFORWARD	233,324,904
2023 ADOPTED BUDGET FASTRACKS CAPITAL CARRYFORWARD	<u>360,436,349</u>



**Attachment C**  
**2023 Amended Budget**  
**Capital Carry-Forward Expenditures**

Net Change	<u>(127,111,445)</u>
2023 AMENDED BUDGET TOTAL CAPITAL CARRYFORWARD	393,029,435
2023 ADOPTED BUDGET TOTAL CAPITAL CARRYFORWARD	<u>567,960,774</u>
Net Change	\$ <u>(174,931,339)</u>