Phase I Integrated Transportation System Plan/Due Diligence Regarding Feasibility of Potential Ballot Initiative

Outline and Schedule:

PURPOSE

KEY MILESTONES AND DELIVERABLES

1. **Organizational Structure/Capacity/ Efficiency Review**
   Inventory of Existing Assets
   Inventory of Services
   Efficiency Review
   Organizational Structure Assessment
   Service Alternatives Plan
   Capital Replacement and Expansion Plan
   Succession Planning

2. **Long Range Financial Sustainability Plan**

3. **Due Diligence Regarding Feasibility of 2016 or Subsequent Year Property Tax Ballot Initiative**

PROPOSED TIMELINE

Purpose

The purpose of this document is to outline the process and schedule of Phase I of the Integrated Transit System Plan (ITSP) activities and deliverables. The purpose of the ITSP is to create a simple and logical, yet compelling long-term plan and vision for RFTA. The ITSP will be a visionary document for both the organization and for the residents and voters who support the system. As such, the information in the ITSP may be used as a basis for a potential ballot initiative in November 2016 or some subsequent year for property tax revenue to support capital replacement.

Due to priorities, scheduling, and budgets, RFTA has established a Phase I program of projects to be completed in year 2016.

The goal of Phase I is to understand RFTA's needs--for facilities, fleet, human capital, capital and operating budgets and other resources—based on its current roles and responsibilities. Phase I will also establish forecasts of growth in the transit system, and outline what RFTA must do to sustain this growth. Phase I is intended to culminate in a compelling narrative and vision for what RFTA plans to do and be in the future, how it will generate the requisite financial resources, and why it has chosen its intended path to financial and operational sustainability.

Key Milestones and Deliverables

Meeting current and future needs will require both internal changes to improve efficiency, and the generation of additional resources to address future demands. RFTA anticipates the following deliverables from the ITSP process. The purpose of these deliverables is to provide information and direction to RFTA Board and staff, and to provide information that the public needs to make decisions on a potential property tax ballot measure in November 2016 or some subsequent year.

Regional Transportation Authorities are authorized to impose a uniform mill levy of up to 5 mills, with voter approval. The current legislative sunset on this authorization is January 1, 2019. RFTA is still examining the feasibility of whether to approach voters for a property tax mill levy of some amount in 2016 or some subsequent year. While all the information and deliverables herein may not be completely finalized by the time voters would go to the polls in 2016, it is believed sufficient information will be available to enable the public to determine that RFTA is cultivating the vision, leadership and capacity to build a modern and effective transportation system, as well as the resources to manage, maintain, and sustain it.

RFTA will adapt the information gathering process and schedule, reflected below, to ensure that the RFTA Board, staff, and constituents have the information and understanding needed to assist them with decisions they need to make about RFTA's future.

1. Organizational Structure/Capacity/ Efficiency Review

The purpose of this task is to help RFTA and its constituents understand RFTA's abilities to address its current and future responsibilities. The components of this review should include:

Inventory of Existing Assets

Quantity, condition, and efficiency of RFTA's facilities, fleet, staffing, office space, housing, and capital and operating budgets.

Inventory of Services

RFTA's scope of services and responsibilities, such as:

- Transit routes, schedules, operating hours, operating miles
- Boarding areas and park and rides
- Rio Grande Trail management and operations
- Regional planning responsibilities
- Other core functions, such as construction management

Efficiency Review

This task will assess:

- Strengths and weaknesses of RFTA's current approach to managing its services and responsibilities, and recommendations for improvement
- Areas of excess capacity and of deficiencies (in terms of fleet, facilities, organizational structure and staffing, service levels, and other resources)
- Strategies RFTA can employ to manage more efficiently with existing resources under current conditions and priorities
- Contingency planning related to cost reduction strategies in the event of economic downturns

Organizational Structure Assessment

This task will update the 2012 Organizational Assessment and consider organizational structure options for RFTA commensurate with current and long-tern operational plans. The Organizational Structure Assessment update will review titles, roles, management responsibilities, skills and training needed, and quantities of staff.

Service Alternatives Plan

The purpose of this task is to develop transit service alternatives, based on current conditions and forecast needs and responsibilities for the next 15-20 years given a range of assumptions about growth. Operating plans will include estimated operating and capital budgets based on factors including but not limited to:

- Land use, population, and employment forecasts
- Fleet operating hours and miles
- Organizational Structure and staffing
- Facilities, Equipment, and Infrastructure

Capital Replacement and Expansion Plan

The purpose of this task is to develop a capital replacement and expansion plan, based on current conditions and forecasted needs and responsibilities for the next 15-20 years, given a range of assumptions about growth. The capital plan will evaluate and address expansion and replacement needs and priorities, cost estimates, RFTA's financial capacity, and potential revenue sources.

Succession Planning

A majority of RFTA's Directors and Key Staff are long-term employees are approaching retirement. Their departure may deplete RFTA's experiential and institutional knowledge base and potentially impair business continuity necessary for efficient planning, operation and growth of the system. This task will create a succession plan or plans to ensure as seamless a transition to new staff as possible, as current staff retire. This task may be delayed until near the end of 2016, or to early 2017.

2. Long Range Financial Sustainability Plan

The purpose of this task is to gain an understanding of current and long-term forecasted revenue and expenditures, and develop strategies to ensure that income and expenses and financial goals and agency operational goals are as aligned as possible.

The consultant should develop forecasts of anticipated expenses and revenues for a 15-20 year period.

The consultant should then discuss strategies to ensure financial sustainability. These strategies could include:

- Increasing fares (to increase revenues and/or manage demand)
- Identifying financing options, such as lease-purchases and bonding
- Public-private partnerships
- Efficiency measures: reducing transit service levels or other responsibilities
- Evaluating the feasibility of and proposing potential new or additional sales taxes, visitor benefit fees, impact fees, property taxes, etc.

RFTA and the consultant will then determine the most appropriate strategies and create a plan and timetable for implementation.

3. Due Diligence Regarding Feasibility of a 2016 or a Subsequent Year Property Tax Ballot Initiative

Based on RFTA's current analysis, fleet replacement will be a critical challenge. RFTA must replace over 80 vehicles within the next 18 years. The cost of a fully-equipped 35 – 57 passenger Compressed Natural Gas transit vehicle is between $550,000 and $750,000 in today's dollars. RFTA believes that a property tax in its service area of approximately 1 mill could generate sufficient revenue to fund 75% of RFTA's fleet replacement needs. The consultant team, in coordination with RFTA Bond Counsel, will determine if this is a workable financial sustainability strategy, and if so, develop a plan and schedule to place a measure on the November 2016 ballot, if advisable and authorized by the RFTA Board of Directors, or wait until another year

Plan elements include:

- Analyzing the opportunities and constraints of a ballot measure in 2016 and/or a subsequent year
- Polling the public to determine public support for a mill levy at different rates, and for specific components (such as fleet replacement and/or facility upgrades)
- Creating and implementing a public education campaign
- Following appropriate processes and schedules to place the ballot measure on the ballot.

Proposed Timeline:

The attached chart (next page) outlines a proposed schedule for activities, key 2016 election decisions, and milestones. This timeline will be modified as RFTA finalizes the ITSP work plan with the consultant team. It appears that there are three key decision points or deadlines:

- If the RFTA Board determines that it is advisable to move forward with a ballot measure in 2016, it must do so by approximately **July 15, 2016.**
- RFTA must notify the County Clerk(s) that it has taken action to participate in the Election by **July 29, 2016.**
- RFTA must certify the ballot issue by **September 9, 2016**.

Phase I ITSP/Ballot Initiative Schedule	January	February	March	April	May	June	July	August	September	October	November	December
ITSP Prime Consultant Selection (1/15)												
ITSP Kickoff Meeting (1/30)												
Finalization of Work Plan and Schedule 2/7												
1. Organizational Structure Review												
Inventory of Assets												
Inventory of Services												
Organizational Structure Assessment/ Efficiency Review												
Service Alternatives Plan												
Capital Replacement and Expansion Plan												
Succession Planning												
2. Long Range Financial Sustainability Plan												
3. Property Tax Ballot Initiative Research and Development												
Analysis of Ballot Issue Alternatives, Feasibility, and Timelines												
Surveys, Community Engagement, Outreach												
Decision on moving forward with November 2016 Ballot Issue												
4. Ballot Issue Election Timeline												
RFTA notifies County Clerk if it has taken formal action to participate in election 7/29												
RFTA enters into IGA with County Clerk, Id's Designated Election Official (DEO) 8/30												
DEO certifies ballot issue (9/9)												
Written Comments for or against filed with DEO (9/23)												
DEO transmits TABOR notice to County Clerk (9/27)												
County Clerk mails TABOR notice (10/7)												
Mail ballots sent to electors (10/19)												
Specified financial information posted to RFTA web site (10/19)												
Notice of Election posted (10/19)												
Election Day (11/8)												