DRAFT

Roaring Fork Transportation Authority

Financial Feasibility Model

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PFM Financial Advisors LLC

50 California Street
Suite 2300
San Francisco, CA 94111

415.982.5544 office
pfm.com

Planning Model Overview

Planning Model Objectives

1. Meet capital and operating funding requirements through FY2043

2. Maintain positive fund balance in every year
   - Target minimum $5 million unassigned fund balance in each year
   - Fully fund operating and TABOR reserves
   - Capital reserve maintained at FY2017 level (model assumes surplus funds flow to unassigned fund balance)

3. Minimize borrowing costs to deliver capital program
   - Prioritize pay-go sources and issue bonds only when necessary

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Financial Planning Model Overview

- Model develops plan of finance using available sources of funding to meet estimated costs of RFTA's system (including expansions) as well as expected CIP costs

Sources of Funding

- Farebox Revenue
- Service Contract Revenue
- Sales Taxes
- Property Taxes (3.65 mills)
- Operating Grants and Contributions
- Non-Operating Grants and Contributions
- Interest Earnings
- Bond/Lease Proceeds

Uses of Funding

- Operating Costs
- Capital Maintenance
- ITSP Project Costs
- Debt Service

- Inputs and assumptions (other than those associated with future debt issuances) were provided by RFTA, PFM did not perform an independent verification

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Key Model Assumptions – Funding Sources

Sales Tax

- Sales tax remain at today's rates
- Average 3.09% growth annually
- No new sales taxes assumed

Property Tax

- Mill levy fixed at $3.65
- Average 3% annual growth
- No sunset

Capital Grant Funds

- 25% for bus purchase/ replacement
- Certain ITSP projects receive grant funding

Bonding

- All borrowing assumed to be tax exempt fixed rate bonds with level debt service
- All borrowings include fully funded Debt Service Reserve Fund
- Sales and Property Tax Secured Debt
  - 30-year final maturities
  - Interest rates equal to 25-year average of AAA MMD + 100 basis points
  - Sales tax bond capacity limited to $7,105,000 in par and $23,875,749 in debt service
- Lease Financing (Bus Purchases Only)
  - 12-year final maturity
  - Interest rate equal to 25-year average of AAA MMD + 100 basis points
  - Assumes direct purchase loan structure

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Key Model Assumptions – Funding Uses

ITSP Projects

- Utilize $3.65 mill project list and delivery schedule through 2043
- 3% construction inflation factor

Operations & Maintenance

- Base year-2018 Budget levels adjusted for new ITSP service
- Average increase of 4.04% annually
- Costs calculated off cost-factors

Fleet Replacement

- Replacement every 12 years after current targeted replacement date
- CNG, Diesel, Electric & Hybrid buses
- 25% grant funding assumes

Capital Maintenance

- 2018 budgeted levels and then $1 million annually thereafter through 2043, inflated at 3%

Reserves

- TABOR reserve funded at 3% of General Fund Revenue
- Operating Reserve funded at the larger of: i) two months of budgeted General Fund Revenues, or ii) two months of budgeted General Fund Expenditures
- Capital Reserve maintained at existing level but surpluses flow to unassigned fund balance to pay future years operating and capital needs

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Timing of ITSP Project Delivery

- Total ITSP capital program through 2043 equal to $143.5 million (2018 dollars)

Capital Project	2018 Cost	Start Date	Inflated Cost
Aspen Maintenance Facility Expansion Phase 9	$3,115,000	2020	$3,354,274
Improvements to Highway 82 Bus Stations	$1,603,000	2020	$1,726,132
Micro Transit Accommodations at BRT Stations	$351,000	2020	$372,376
Bike Share Expansion	$1,271,000	2020	$1,368,360
Rio Grande Trail Maintenance and Improvements	$11,000,000	2020	$16,739,728
Aspen Junction (Basalt) PNR Expansion	$1,863,000	2021	$2,035,750
Pedestrian Crossings of 27 Street and Highway 82 in Glenwood Springs	$4,279,500	2021	$4,746,470
LOVA Trail Construction from Glenwood Springs to New Castle	$2,000,000	2021	$2,285,781
900 Block Grand Avenue In-Line Transit Stations in Glenwood Springs	$868,000	2022	$976,942
Willits BRT Station Parking Expansion	$2,000,000	2022	$2,251,018
Upper Valley Parking Management System Study	$325,000	2022	$371,277
Buttermilk Parking Management	$15,000	2022	$16,883
Transit Station in Glenwood Springs	$1,833,000	2023	$2,156,824
RFTA Glenwood Springs Maintenance Facility Expansion	$34,077,000	2023	$40,701,571
Glenwood Springs 27 Street BRT Station Parking Expansion	$4,445,000	2023	$5,152,973

Capital Project	2018 Cost	Start Date	Inflated Cost
Real Time Traveler Information	$2,702,000	2023	$3,132,359
Replacement of Employee Housing and Carbondale Office Space	$19,952,000	2025	$24,906,520
Buttermilk Pedestrian Crossing in Pitkin County	500,000	2025	$624,161
Enhanced Crossing of Rio Grande Trail at 14th Street in Glenwood Springs	163,000	2025	$203,476
Aspen Maintenance Facility Expansion Phase 5	4,660,000	2025	$5,817,180
Aspen Maintenance Facility Expansion Phase 6	2,307,000	2026	$2,966,275
South Bridge Highway 82 Connection in Glenwood Springs	4,000,000	2027	$5,297,379
Pedestrian Crossing at 23 Street in Glenwood Springs	1,045,500	2027	$1,384,602
Carbondale BRT Station Parking Expansion	3,551,000	2028	$4,772,247
New Castle Park and Ride Expansion Burning Mountain Avenue	1,516,000	2029	$2,098,499
Town of Snowmass Village Transit Center	500,000	2030	$712,880
Aspen Maintenance Facility Expansion Phase 7	5,371,000	2031	$8,005,807
Expansion of Employee Housing and Carbondale Office Space	11,716,000	2035	$19,655,234
BRT Enhancements to Brush Creek Intercept Lot	8,493,000	2036	$14,458,764
Aspen Maintenance Facility Expansion Phase 8	7,949,000	2041	$15,923,360

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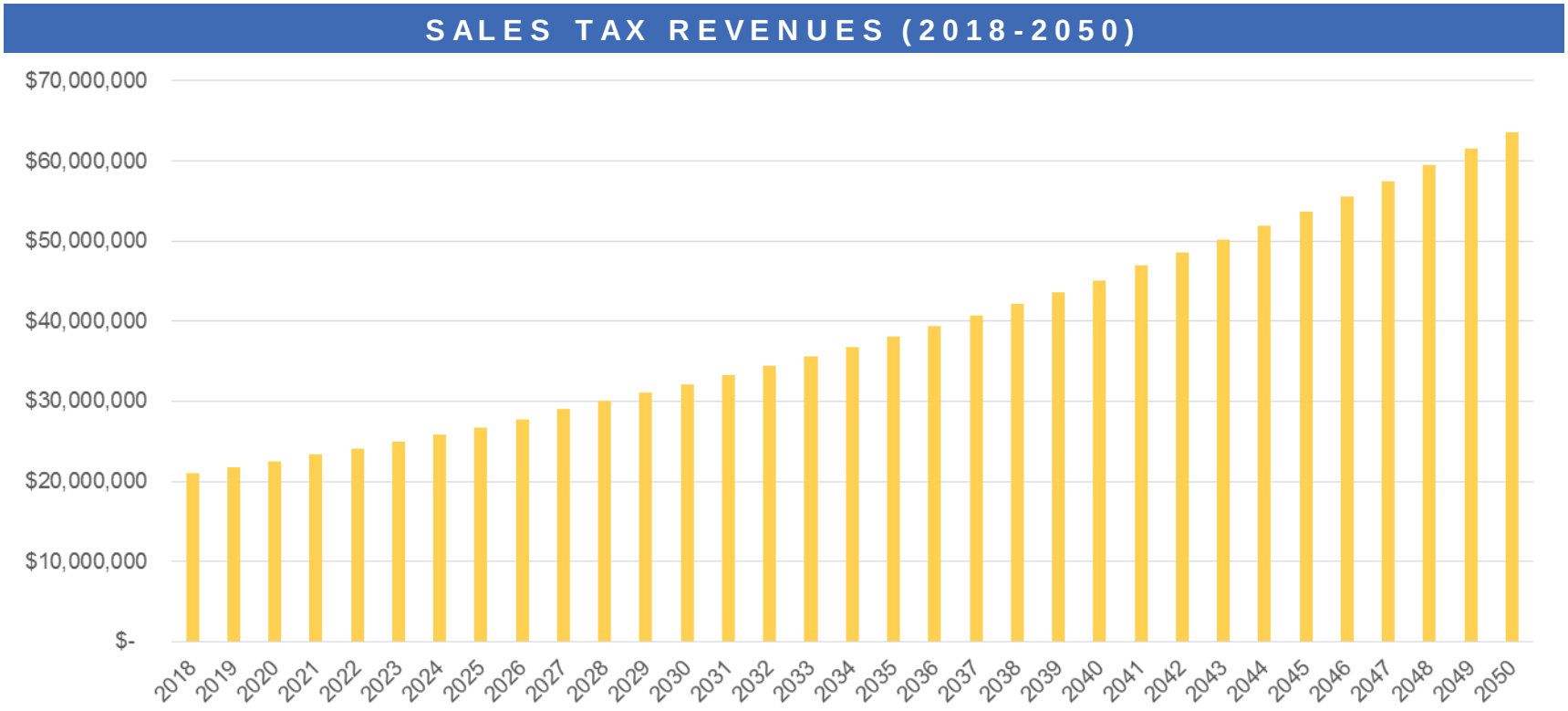
Summary of Results

Sales Tax Forecast

- Sales tax revenues grow at rates ranging from 2.00% to 3.70% depending on the locality
  - Aggregate annual average is 3.09%



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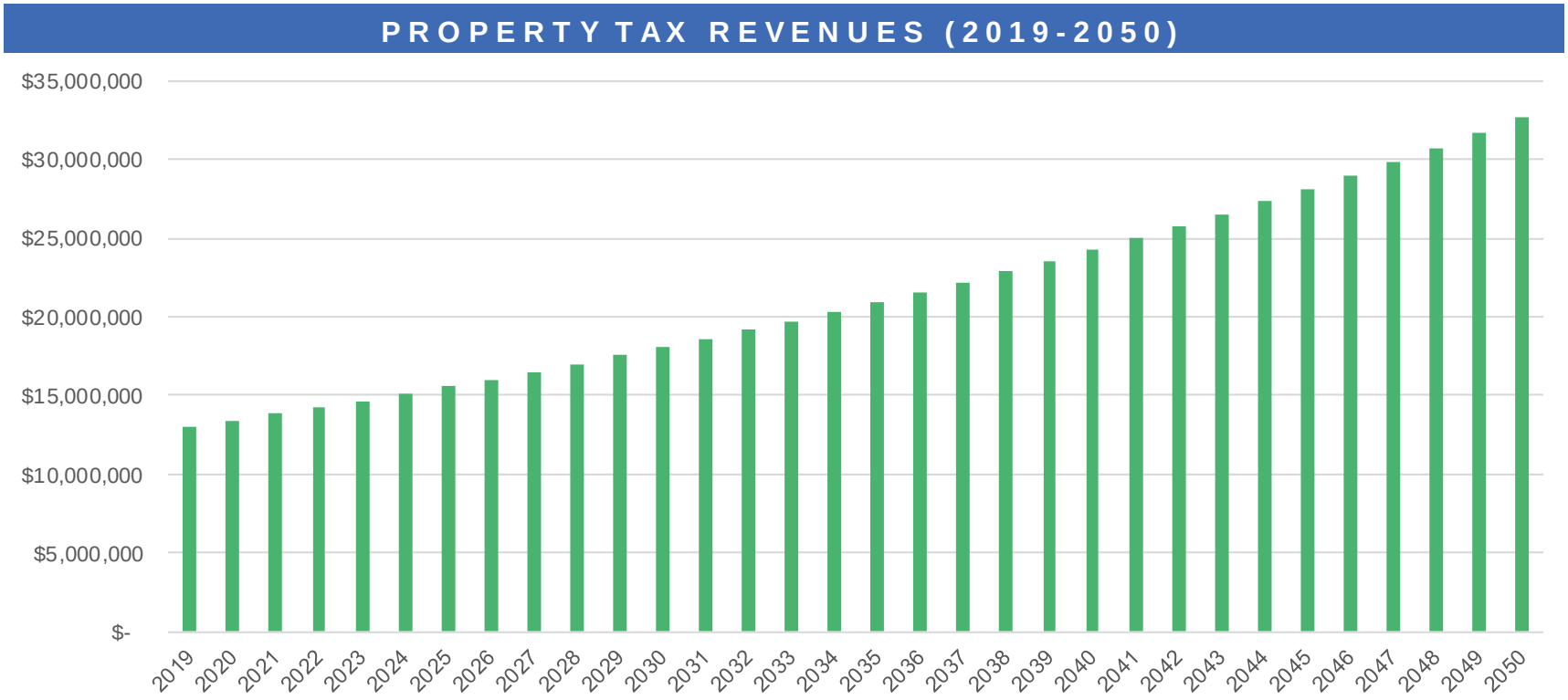
Property Tax Forecast

- Mill levy fixed at $3.65
- No sunset
- AV grows at 3.00% annually across all jurisdictions



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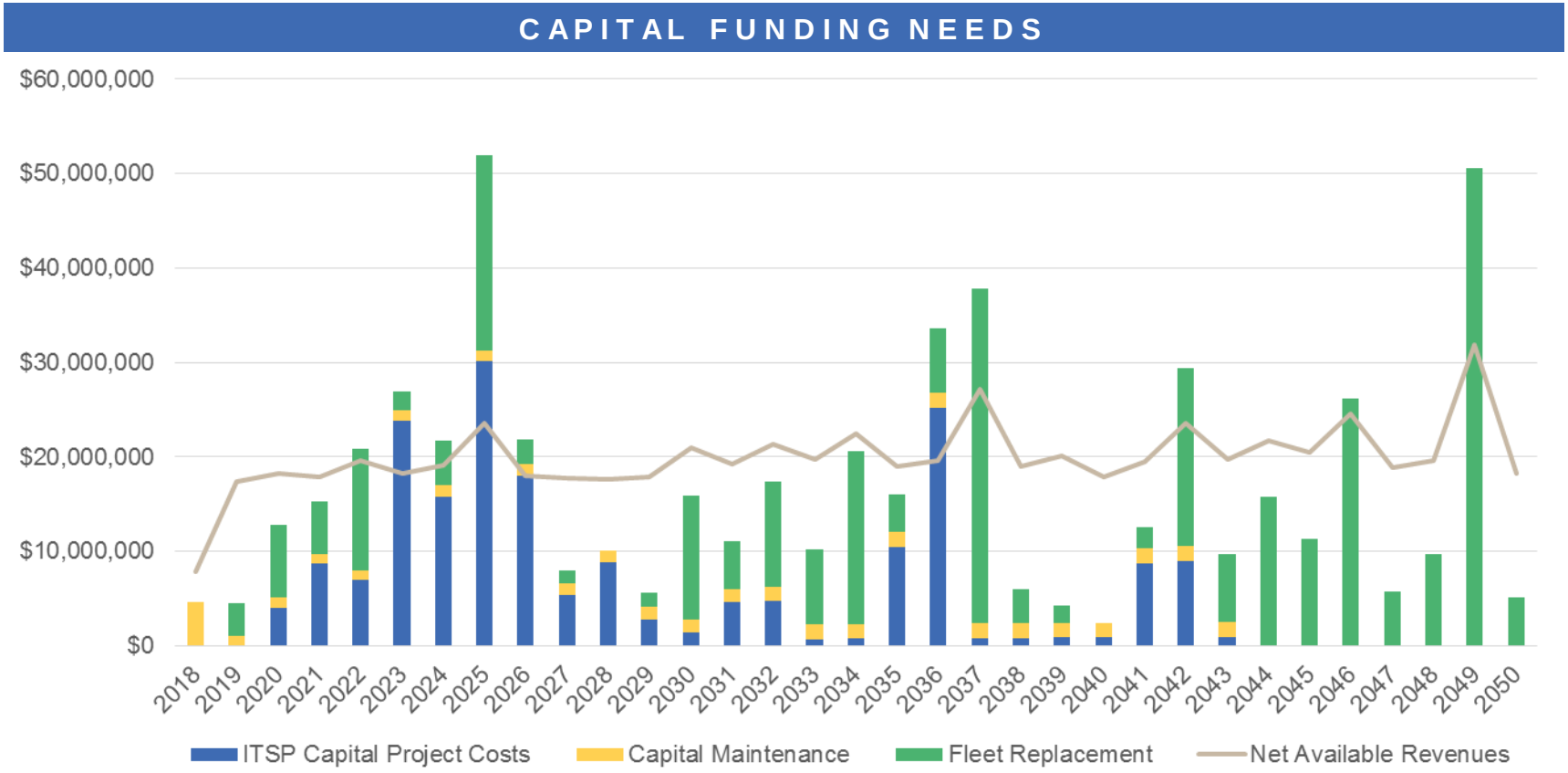
Capital Funding Needs

- Capital funding needs outpace available funding sources in certain years necessitating borrowing to maintain project delivery schedule



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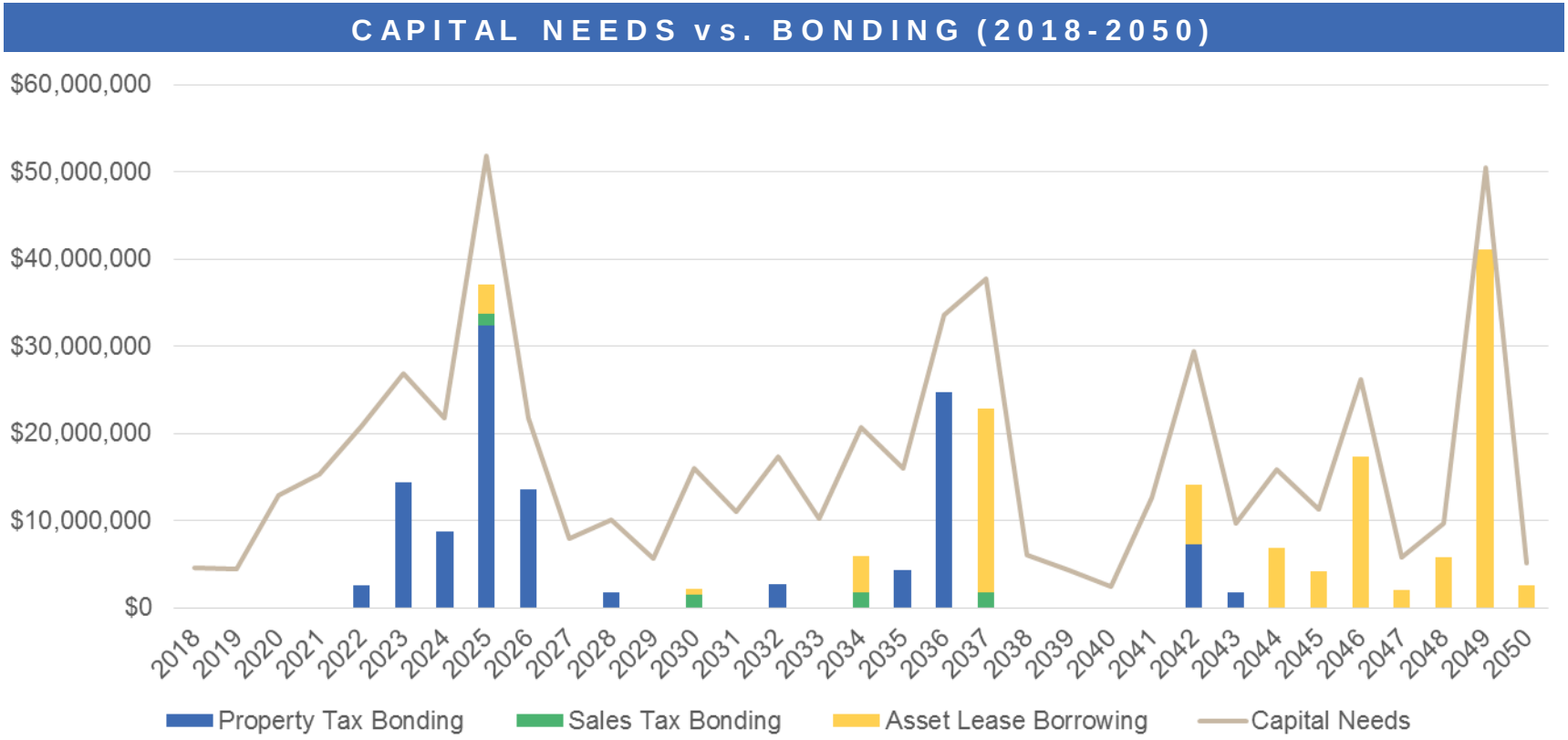
Debt Issuance

- Debt is issued on an as-needed basis to fund capital and/or fleet replacement needs
  - Pay-go funding is utilized to the extent possible



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Total Program Cashflows

- Total program sources through 2050= $3.42 billion
- Total program uses through 2050= $3.40 billion
- Total bonding:
  - Sales tax = $6,340,000
  - Property tax = $113,680,000
  - Asset lease = $115,915,214

TOTAL PROGRAM CASHFLOWS (2018 – 2050)	
SOURCES	
Beginning Unassigned Fund Balance	**$2,333,053**
Sales Tax	$1,278,341,165
Total Operating Revenues	$1,604,613,856
Total Non-Operating Revenues	$313,381,720
Total Other Revenues	$6,544,154
Bond Proceeds (Property Tax, Sales Tax, & Asset Lease)	$209,148,478
Interest Earnings	$5,005,520
Total Sources	**$3,417,034,893**
USES	
Total Operating Uses	$2,550,545,719
Total Non-Operating Uses	$555,358,581
Asset Lease Debt Service*	$74,610,928
Sales/Use Tax Debt Service*	$61,589,435
Property Tax Debt Service*	$154,946,750
Total Uses	**$3,397,051,412**
Net Revenues	$19,983,481
Operating Reserve Beginning Fund Balance	**$6,692,205**
Transfers to Operating Reserve Fund	$13,470,390
Operating Reserve Ending Fund Balance	**$25,072,566**
TABOR Reserve Beginning Fund Balance	**$963,330**
Transfers to TABOR Reserve Fund	$2,634,867
TABOR Reserve Release	-$857,059
TABOR Reserve Ending Fund Balance	**$3,458,572**
Capital Reserve Beginning Fund Balance	**$8,434,154**
Interest Earnings	$3,278,272
Capital Reserve Ending Fund Balance	**$11,712,426**
Ending Unassigned Fund Balance	**$6,211,278**
Ending Restricted Fund Balance	**$40,243,653**

* Only represents DS through 2050, debt service costs extend past this date

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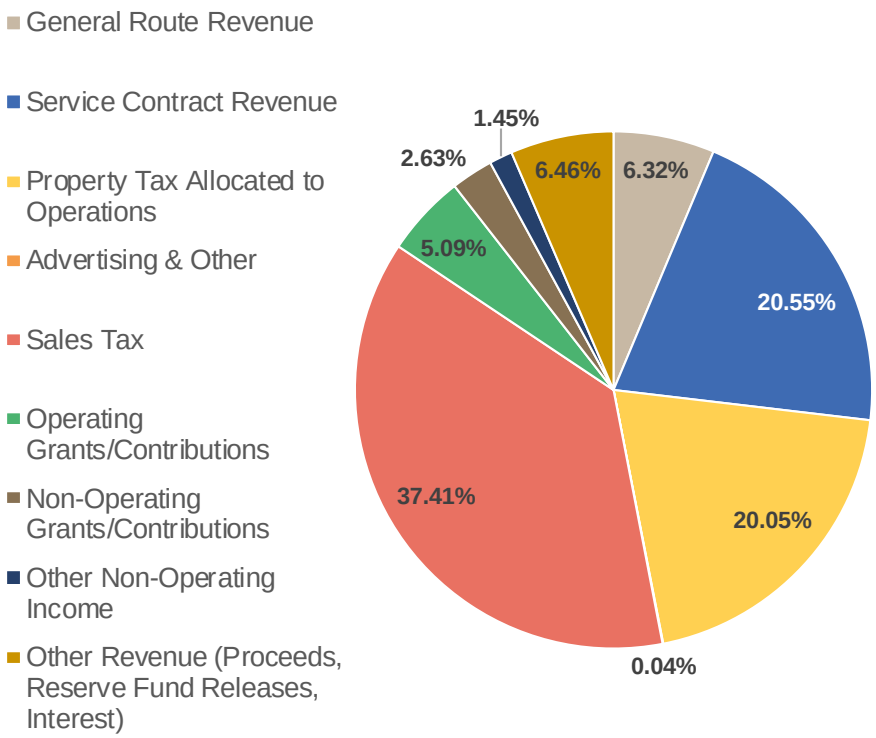
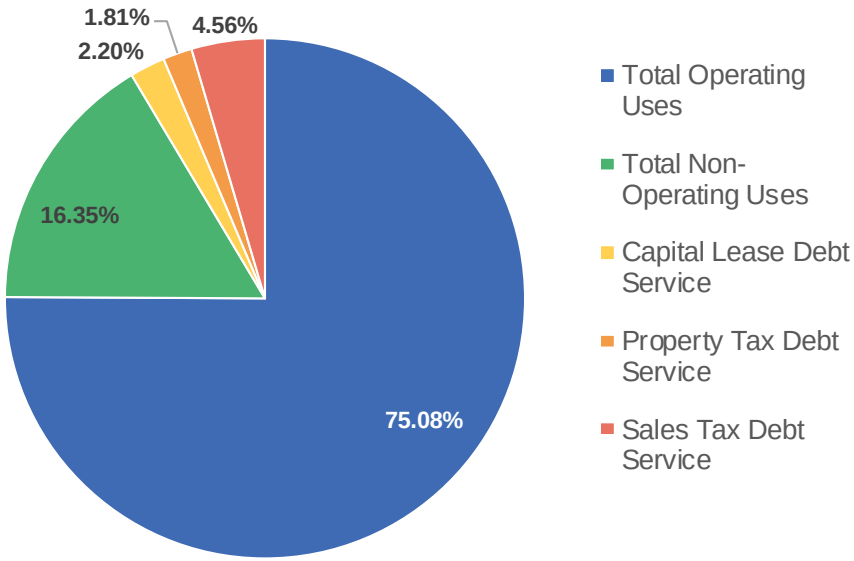
Total Program Sources and Uses

TOTAL PROGRAM SOURCES



TOTAL PROGRAM USES



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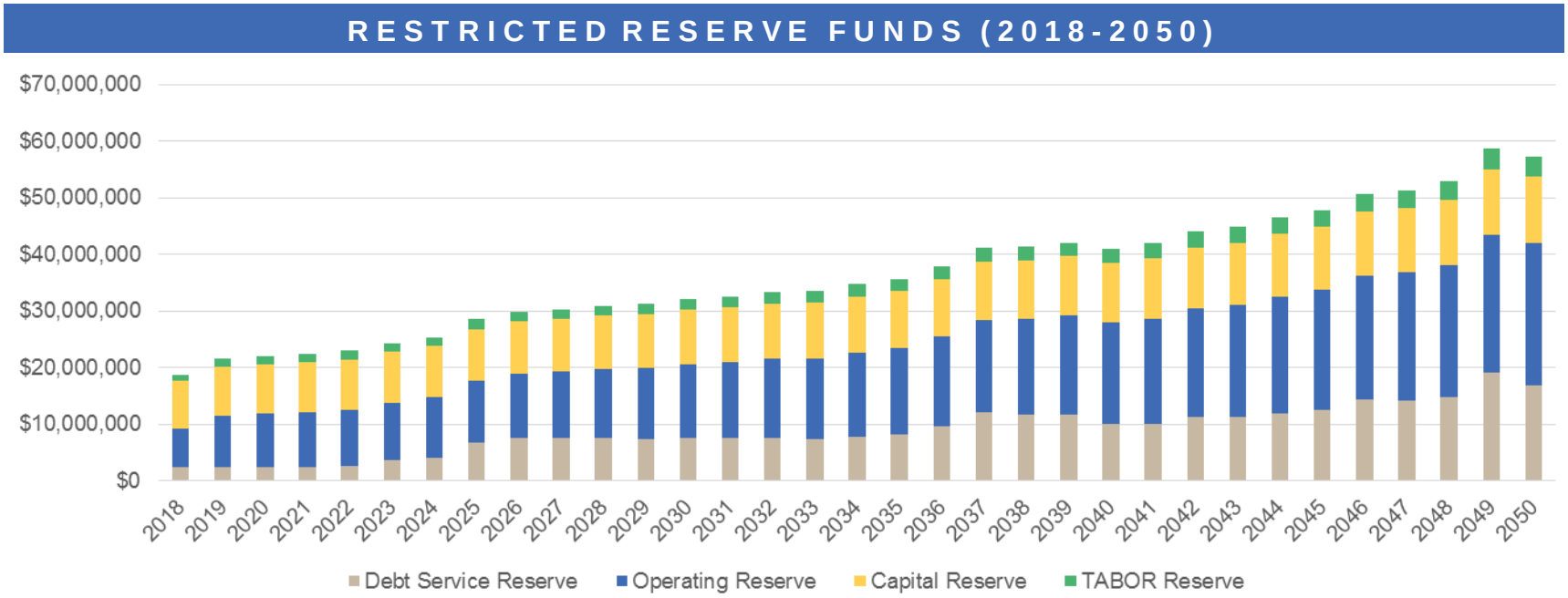
Program Fund Balance and Liquidity Summary – Restricted Funds



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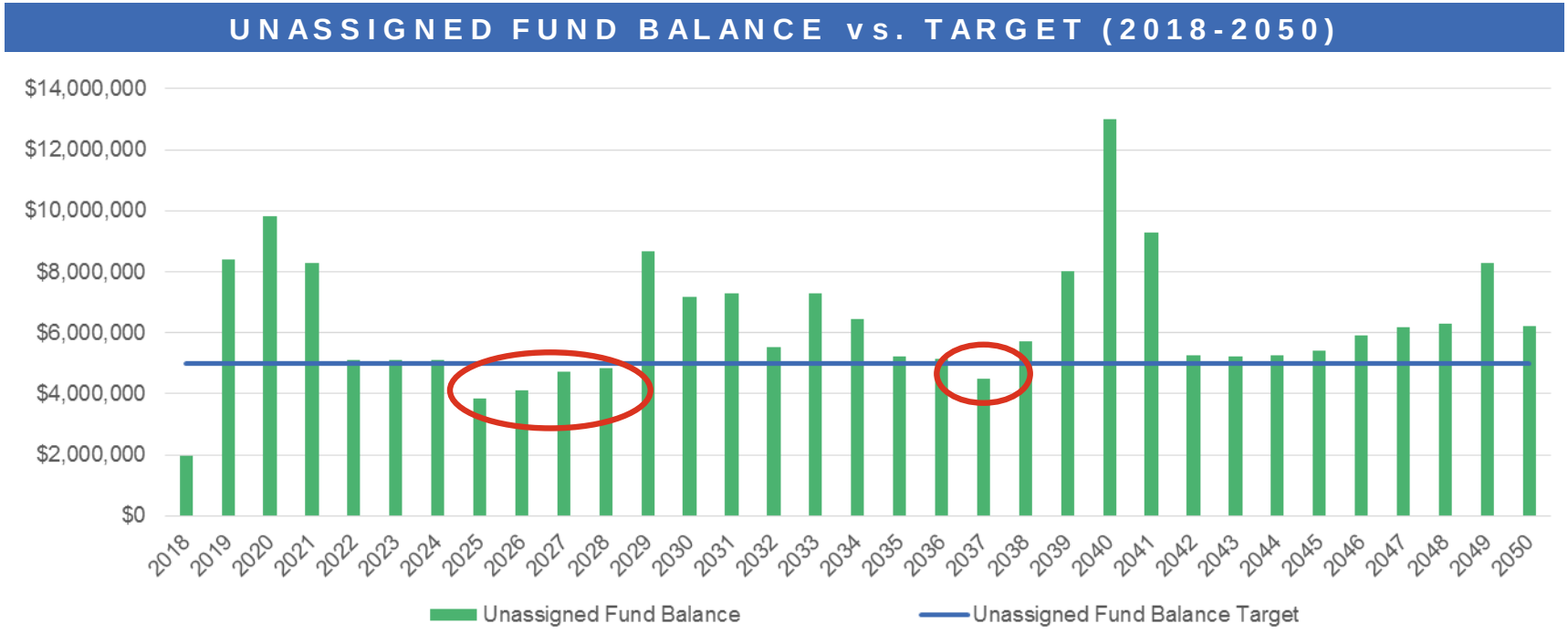
Program Fund Balance and Liquidity Summary – Unassigned Funds

- Model attempts to keep minimum unassigned fund balance at $5 million
  - It is successful in most years, but falls below $5 million, in 2025-2028 and 2037



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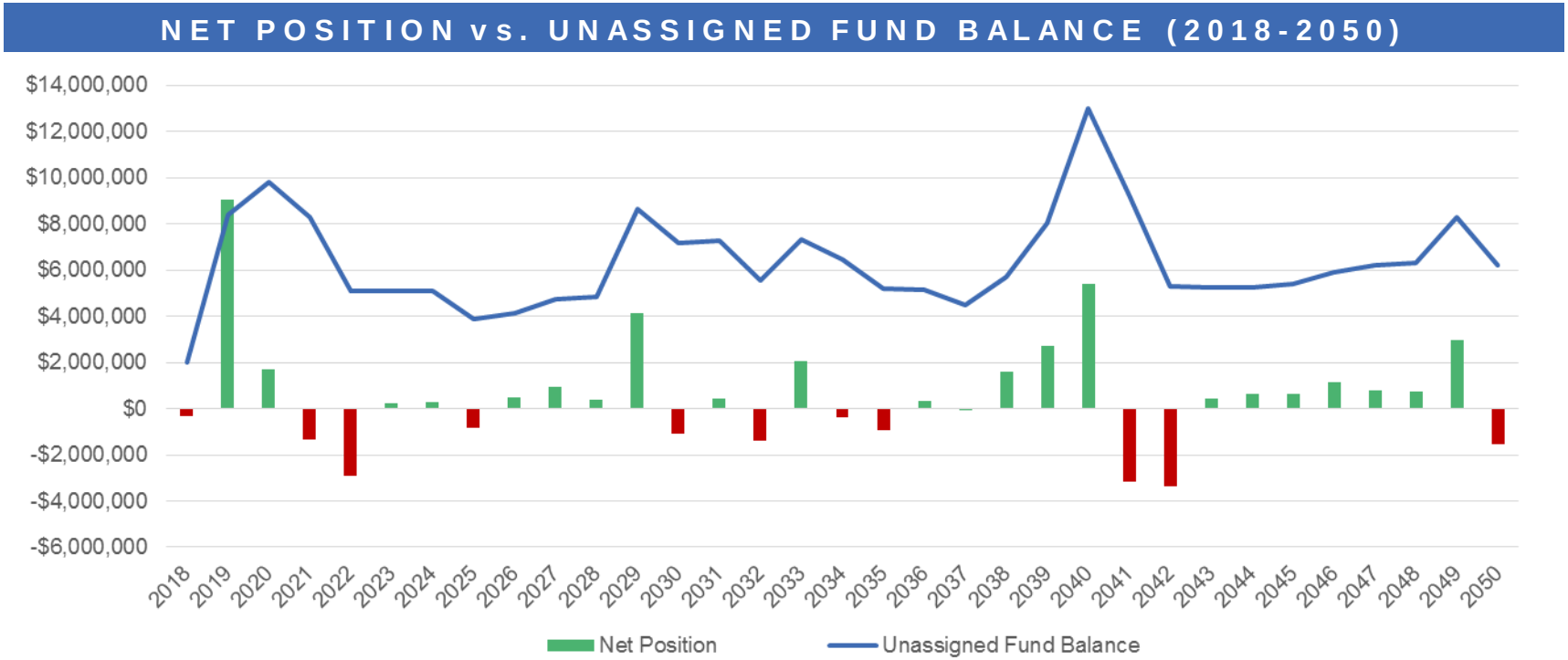
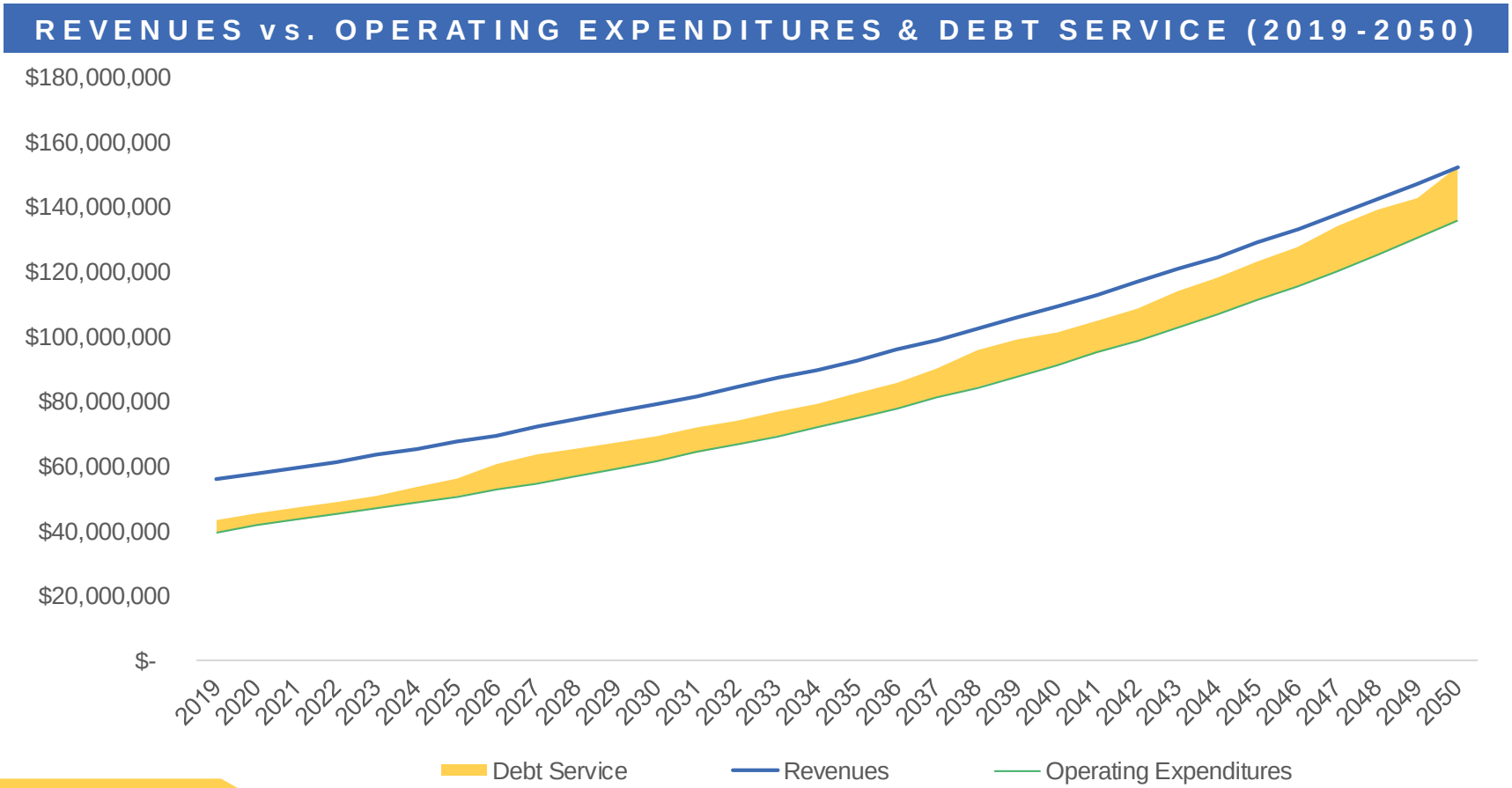
Change in Net Position

- Net Position (prior to deposits to the capital and TABOR reserves)
  - Includes capital costs (both debt financed and pay-go funded)
  - Does not include unassigned fund balance transfers



Revenues vs. Operating Expenditures & Debt Service

- Total Sources converge with Total Uses by 2050 given debt service costs as well as assumed growth rates in revenues and expenses



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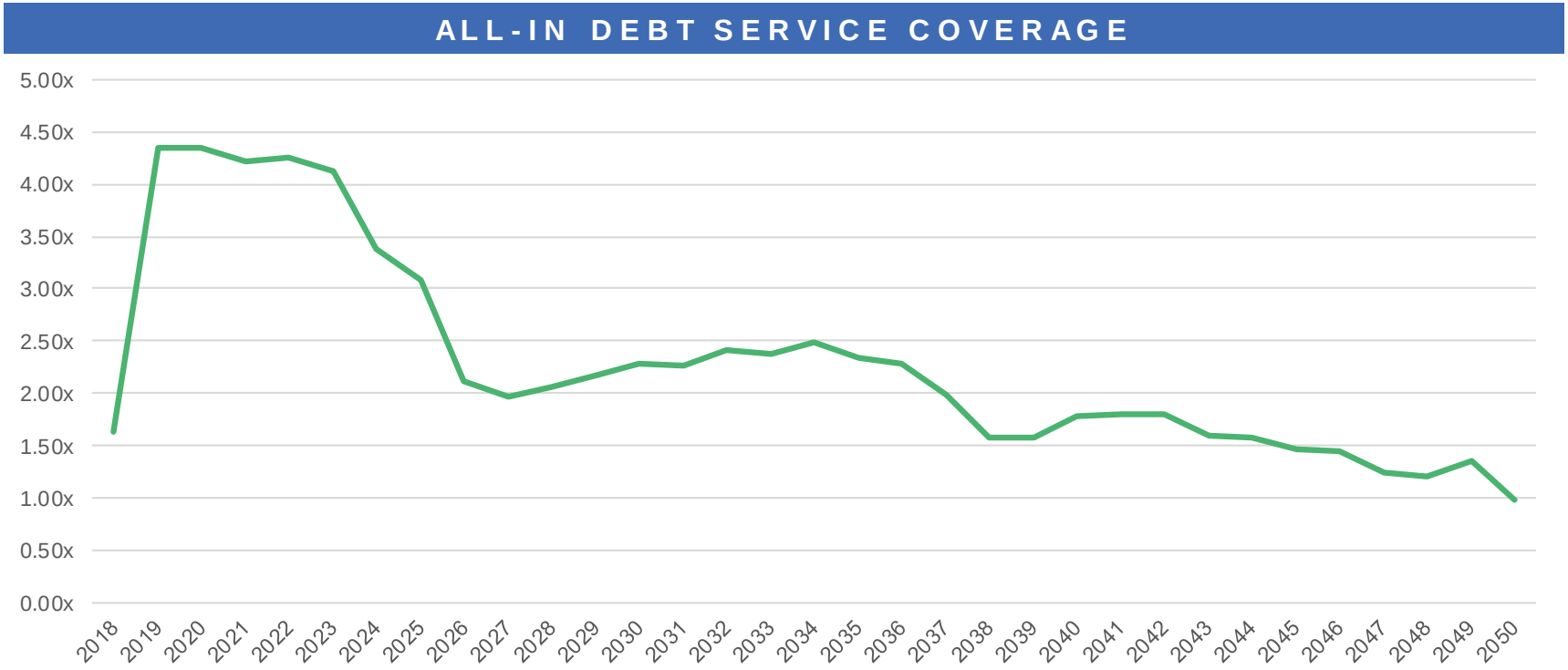
All-In Programmatic Debt Service Coverage

- Programmatic debt service coverage measures RFTA's capacity to make its debt service payments and pay O&M expenses
- Beginning in 2045, all-in coverage falls below 1.50x and near 1.00x in 2050
  - All-in coverage above 1.50x is preferable



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