

Resolution # TC -1935

City of Colorado Springs use of bus sale escrow proceeds

Approved by the Transportation Commission on:

December 16, 2010

WHEREAS, Pursuant to 43-4-206(VII)(2)(a)(I) CRS, the Department received approval and funding for implementation of Senate Bill 97-001 Strategic Transit Project Funds from the Colorado Legislature and its Joint Budget Committee; and

WHEREAS, the Transportation Commission of Colorado solicited and reviewed project applications in accordance with established program criteria and determined which entities' projects would be most appropriate for funding; and

WHEREAS, the Commission approved a list of strategic transit projects by Resolution Number TC-1455; and

WHEREAS, the City of Colorado Springs (City) submitted a funding application to carry out a strategic transit project, hereinafter referred to as the Project, and that Project was included on the list of strategic projects approved by the Commission; and

WHEREAS, Senate Bill 97-001 funds were provided to the City for the Project by the State by means of IGA 07-HTD-00103, which consisted of the purchase of nineteen (19) transit coaches for use only for the Front Range Express (FREX) bus service; and

WHEREAS, the State provided 80% of the funding (the State Share) for the purchase of the transit coaches and the City provided the remaining 20% (the Local Share); and

WHEREAS, the State specified that each party retains its proportional interest in the value of those nineteen (19) transit coaches for the useful life of the equipment based on a straight-line depreciation methodology; and

WHEREAS, the City, as a result of poor economic conditions and drastically declining City revenues, requested that the Department allow the City to sell nine (9) of the buses and use the proceeds to pay for FREX operating expenses in 2010; and

WHEREAS, by means of Resolution # 1803 on December 16, 2009, the Commission allowed the City to use up to \$1,000,000 of the proceeds derived from the sale of up to nine transit coaches to be used for the operating expenses of FREX in calendar year 2010, required the remaining funds from the sale be placed in an escrow account, required the City to conduct a performance audit of FREX and examine other potential funding sources, and required the City to relinquish to the State its 20% Local Share interest in all remaining transit coaches; and

WHEREAS.; the City has generally complied with the conditions set forth in Resolution # 1802; and

WHEREAS, the City sold the nine aforementioned transit coaches for \$1,440,000 dollars, used \$1 million for 2010 FREX operations and placed the remaining \$440,000 in an escrow account, as required by CDOT; and

WHEREAS, the City, in a letter to the Commission dated October 25, 2010, has requested permission to use the remaining \$440,000 held in escrow for FREX operational costs in 2011; and

WHEREAS, the Colorado Transportation Commission recognizes that FREX addresses significant mobility needs on the south I-25 corridor and is concerned that past public announcements about the uncertain prospects of FREX service continuation would make it difficult to re-establish the FREX service in future years if it is discontinued; and

WHEREAS, the Commission also believes that the City must develop an effective long-term business plan for FREX and wishes to ensure that FREX remains operational through at least all of calendar year 2011;

NOW THEREFORE BE IT RESOLVED, staff is hereby directed to inform the City of the following:

- A. The Commission shall allow up to \$220,000 of the funding now held in escrow to be used for the operating expenses of FREX in calendar year 2011 only under the terms and conditions outlined below.
- B. The City may not access or encumber the \$220,000 in the escrow account for 2011 operations prior to July 1, 2011, and may only do so after it has successfully developed the business plan outlined below.
- C. The \$220,000 remaining in the escrow account that is not being made available for 2011 operations shall be maintained in that account by the City until such time the Commission takes action on those funds.
- D. The City shall ensure continuation of the existing service using funds from the Pikes Peak Regional Transportation Authority, subject to annual appropriation of funds by the City, and from fares and other revenues. No significant reduction or increase of the service may be implemented without written permission of the State.
- E. The City will develop, by June 1, 2011, a viable, long-term business plan for FREX that includes identification of reliable funding sources. The business plan will, among other things, examine in more detail how the high costs associated with bus "deadheading" could be addressed.
- F. The City will conduct meetings with appropriate officials of the Regional Transportation District to examine short- and long-term possibilities for receiving assistance from the District in return for traffic that is being reduced in the Denver region and for allowing FREX trips within metro Denver to be reported by the District to the Federal Transit Administration.
- G. The City will use any 2010 rollover funds from the FREX program for 2011 operating expenses, subject to annual appropriation of the funds by the City and the Pikes Peak Regional Transportation Authority.
- H. If the City decides to discontinue the FREX service, it shall provide at least sixty (60) days notice to the Department so that the Department has adequate time in which to arrange the sale or transfer of the transit coaches.

- I. The City will provide quarterly financial and operational data to the Department, including information on ridership and fare and advertising revenue.