

Resolution Number TC-1803

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 has 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 has informed the Department, in correspondence dated October 13, 2009, that the City does not anticipate the need, as previously planned, for five (5) of the transit coaches for at least several years, that the sale of the transit coaches will not impact the current FREX service, and that the City requested permission to sell the five transit coaches; and

WHEREAS, the State authorized the City to sell the five transit coaches; and

WHEREAS, the City no longer needs four (4) additional transit coaches as a result of a decision by the Town of Castle Rock to no longer purchase service from the City; and

WHEREAS, the City is requesting authorization to sell up to nine (9) transit coaches, and that the City will sell the transit coaches for the highest possible price and has agreed to retain the sale proceeds until such time a resolution of the usage of these funds is determined by the State; and

WHEREAS, the City has informed the State that due to poor economic conditions and drastically declining City revenues, the City has had to curtail operational support for FREX and as a result has sought help from CDOT; and

WHEREAS, the Department authorized a consultant study of the performance and sustainability of the FREX service; and

WHEREAS, the study examined the operational performance trends of FREX and compared them with the performance characteristics of four similar long-distance commuter services in the nation and determined that FREX is a viable service, that its performance characteristics are comparable to that of similar services and that the FREX service, based on the available data, appears to have a reliable ridership base and is sustainable into the future; and

WHEREAS, the Colorado Transportation Commission finds that the FREX service provides a valuable alternative mode of transportation for commuters that reduces congestion on the south I-25 corridor and is concerned that elimination of the FREX service will result in additional traffic on the south I-25 corridor between Colorado Springs and Denver; and

WHEREAS, the Commission also recognizes that FREX addresses significant mobility needs on the south I-25 corridor, and that it would be difficult to re-establish the FREX service if it is discontinued and the transit coaches are sold; and

WHEREAS, based on the flexibility allowed by use of Senate Bill 97-001 funds, the Transportation Commission is willing to provide assistance to the City on a one-time basis in order to assure continuance of FREX operations, in response to the Department's new authority to plan, construct, operate transit services as part of the new Division of Transit and Rail; and

WHEREAS, the proceeds from the sale of up to nine transit coaches would provide all or a significant portion of the funds needed to pay the estimated operating deficit of FREX in 2010, which is estimated to be \$1.0 million;

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

- A. The City shall provide copies of all documents to the Department related to the sale of up to nine (9) transit coaches.
- B. The Department shall allow 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. The proceeds from the sale of all transit coaches shall consist of both the Local Share and the State Share.
- C. The City shall deposit the proceeds derived from the sale of the transit coaches into an escrow account, with disbursement subject to the terms of an Intergovernmental Agreement to be developed by the City and Department. If the proceeds from the sale of the transit coaches exceed \$1 million, the City shall retain such excess proceeds in the escrow account but shall not disburse such excess funds until such time that the Transportation Commission provides direction and takes action on the disposition of such funds.

- D. The City will agree that, in exchange for the usage of SB1 funds for operating expenses, it will relinquish to the State its 20% Local Share interest in all remaining transit coaches. The State shall assume 100% interest in all the transit coaches upon execution of an Intergovernmental Agreement. The City may continue to operate the remaining transit coaches for FREX service for the remaining useful life of the transit coaches, under the terms of an Intergovernmental Agreement to be developed between the two parties in 2010.
- E. The City shall ensure continuation of service as of January 1, 2010 using carryover funds for the FREX program, until such time an Intergovernmental Agreement, as outlined herein, is executed between the two parties.
- F. The City agrees to continue to operate the FREX service in 2011 and beyond, subject to annual appropriation of funds by the City and the Pikes Peak Regional Transportation Authority, and will work together with the Department in 2010 to identify a plan for the future operation and financing of FREX.
- G. The City will acknowledge to the Department that the sale of the transit coaches is final, that the Department is under no obligation to replace any of the transit coaches that are sold at any time, and that the future sale of any of the remaining transit coaches will require a separate action by the Transportation Commission, and that 100% of the proceeds of any future sale of the remaining transit coaches will belong to the Department.
- H. The City will, in cooperation with the Department, examine strategies for reducing operating costs of FREX and identify other potential sources of available funding that could be used for the operation of FREX in 2010 and beyond.
- I. The City will agree to use any 2009 rollover funds from the FREX program for 2010 operational expenses, subject to annual appropriation of the funds by the City and the Pikes Peak Regional Transportation Authority.
- J. If FREX service is discontinued, the Department shall have the sole decision on whether to sell or transfer ownership of the transit coaches.
- K. The Department and the City will work together to investigate opportunities for operational efficiencies of the FREX service and conduct a performance audit of FREX that could enhance the feasibility of continued operation of FREX in and beyond 2010. The City will use proceeds from the sale of the transit coaches to pay for the performance audit. The performance audit will be arranged and overseen by the Department, in cooperation with the City.
- L. The City will regularly provide financial and operational data to the Department.