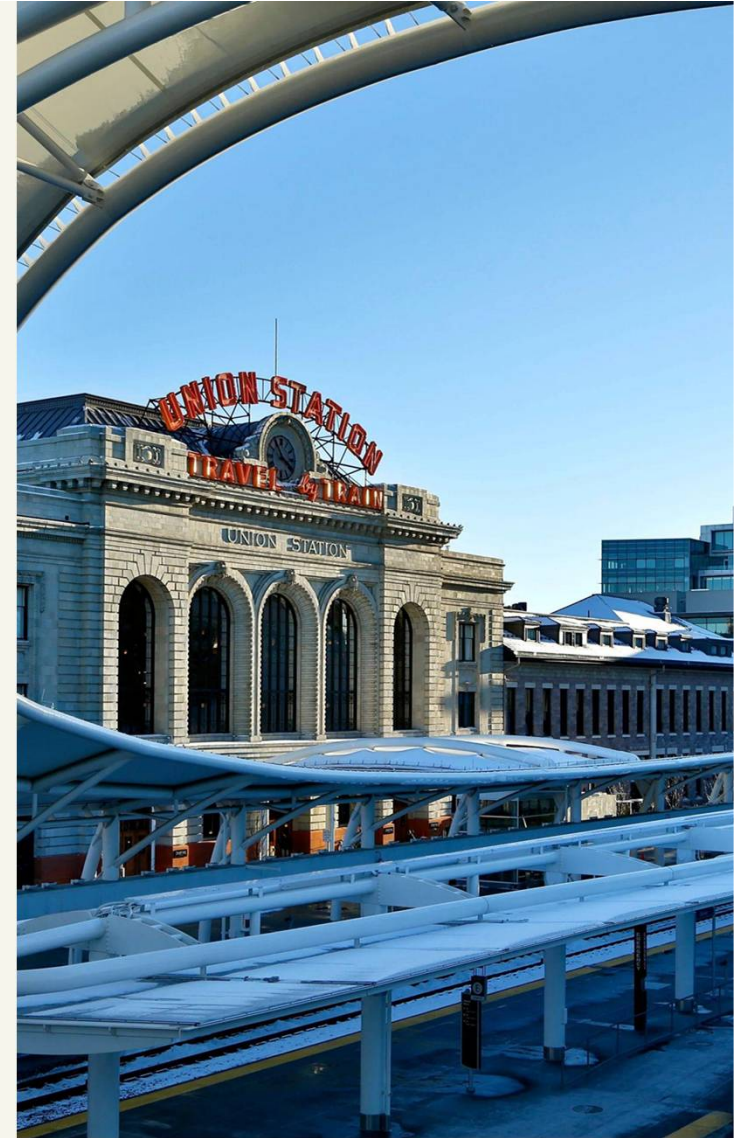


2025

Joint Service IGA

How the Parties Collaborate and Advance Joint Service



Attachment: Joint Service_IGAPresentation_RTD (5135 : External Entities Report: Joint Rail Service

Joint Service Background

- **SB24-184, Supporting Surface Transportation, passed the General Assembly and was signed into law May 2024:**
 - Created new Congestion Fee, with daily rental car fee of \$3 a day.
 - The estimated revenue is \$57M in FY26 before growing to more than \$110M by 2050
 - Directed the Regional Transportation District, Front Range Passenger Rail District, and Colorado Department of Transportation to collaborate and deliver a starter intercity passenger rail service from Denver to Ft. Collins by January 2029
 - Allowed the Joint Service entities – RTD, FRPRD, and CDOT – to examine options and decide how best to work together:
 - An Intergovernmental Agreement (“IGA”), or
 - A new Colorado Rail Authority, or
 - A new legal entity

Joint Service Background (cont.)

- **SB-230, Oil and Gas Production Fees, passed the General Assembly and was signed into law May 2024:**
 - The Passenger Rail Program allots 20% of the fee revenue towards Passenger Rail projects in Colorado
 - The 20% set aside for Passenger Rail is estimated \$20M for Passenger Rail on NW Line and N Line
 - The 70% formula set aside is for new service to expand transit and increase ridership
 - The 70% set aside for this portion of the fund is estimated to equal \$77M

Overview of Joint Service Project Timeline to Date:

- **May 2024:** SB-184 and SB-230 signed into law
- **Aug 2024:** RTD, FRPR, CDOT and Governor meet and agreed to bring on Diane Barrett to lead interagency coordination for joint service
- **March 1 Report:**
 - Initial cost estimate, review of available revenue, and review of governance models
 - Conclusion: There is enough existing revenue and IGA is preferred governance model
- **April Refinement:**
 - Joint Service Principals refine the study based upon Boards feedback, input on the March 1 findings and BNSF engagement
- **April - May IGA Drafting and Workshops:**
 - General counsels from RTD, FRPRD, and the Attorney General's office have engaged in drafting the IGA
 - Workshops on IGA with governing Boards
- **June - July IGA Adoption:**
 - Following Board workshops, the IGA will be adopted by Governing Boards in June and July

Overview of Joint Service Project Timeline Moving Forward:

- **Next Steps:**
 - **June:** Final draft of IGA shared with all boards
 - **July:** Form Joint Service Executive Committee through an Interagency Agreement (“IGA”)
 - **Aug-Winter:** Negotiate an Access Agreement to include needed infrastructure with BNSF
 - **Winter 25/26:** Create financial model based off actual costs from the Access Agreement to inform project budget
 - Governing Boards - RTD, CTIO, CTE, FRPRD, CDOT - then appropriate funds off financial model and access agreement details
 - **Summer 2026:** Begin procurement of an operator
 - **2026-2029:** Execute financing, NEPA, construction, and safety testing
 - **January 2029:** Commence service

Key Takeaways From March 1st Report:

- There are enough existing resources from Congestion Impact Fee (SB184), Production Fee (SB230), and RTD's sales tax to cover the cost of 3 daily round trips
- Any appropriation is subject to policy and budget decisions of governing boards
- 3 daily roundtrips is estimated to cost \$83M in the first year of operations (\$32M in O&M plus \$51M in Debt Service)
 - Updated estimates coming in June presentation
- If the State contributes \$42M annually (from daily rental car fee and oil and gas fee) , there is a gap of \$41M to be filled by RTD
- Peak Rail (3 trains) from Denver to Longmont costs \$52-56M annually for RTD alone, \$41M is significantly less and the service would be connecting twice the amount of population going to Fort Collins

Key Takeaways From March 1st Report (Cont.)

- Nearly all infrastructure investments for joint service would benefit the eventual Front Range Passenger Rail Service
- Further Study is needed to define the service, negotiate an access agreement with BNSF, develop an interagency agreement and finance plan

Why an Intergovernmental Agreement?

The Colorado General Assembly, via SB24-184, directed the State's three leading transit entities to use their statutory authority to study collaboratively how they could deliver the first phase of Front Range Passenger Rail.

This approach:

- Allows collaboration among the public entities and provides a governance structure for their activities
- Creates a Joint Service Executive Oversight Committee (JSEOC) that acts on behalf of the group of public entities (Executives or their designee of RTD, FRPRD, CTIO, CTE, CDOT, and the Colorado Governor)
- The JSEOC is the single entity that will negotiate the access agreement and construction agreement with BNSF

Overview of the IGA

- The IGA does not supersede or impact the authority of each individual public entity. The governing body of each public entity makes all decisions regarding appropriations and funding, unless such decisions have been expressly delegated by the individual governing body
- Individual governing bodies will still need to vote and approve any investment in Joint Service once an access agreement has been negotiated by the JSEOC and BNSF
- It is expected that the JSEOC will initially make decisions by the 50%+1 rule
- Upon adoption of a financial plan, a weighted voting mechanism could be added for protection for the interests of the public entities making large financial contributions to the Joint Service Project

Overview of the IGA (continued)

- The JSEOC will steer negotiations with BNSF, and solicit an operator for passenger rail service, while laying the foundation for the future expansion of Front Range Passenger Rail.
- The JSEOC will strive to implement the Joint Service Project in such a way that it will not render infeasible the existing operations of RTD or future plans for Front Range Passenger Rail.
- The IGA provides a process for transfer of interests, assets, and obligations of any Party, with a goal of ensuring that there always will be only one access agreement and one operator on the northern front range sub owned by BNSF.

Joint Service Timeline

- **May 2025:** All Boards Workshop Draft IGA
- **June:** RTD Board Update
- **June & July 2025:** The following Boards begin voting and approving the IGA, as well as a resolution of an intent to appropriate:
 - June: CTIO, CTE, TC
 - June: FRPR
 - July: RTD
- **August 2025 - January 2026:** JSEOC to negotiate with BNSF an access agreement
- **Winter 2026:** All Boards to adopt financial plan based on a successful access agreement and construction agreement
- **Summer 2026:**
 - JSEOC conducts procurement for rolling stock and operator
 - JSEOC executes a construction agreement with BNSF on needed infrastructure investments
- **January 2029:** Joint Service train begins

June RTD Board Update & Roadmap

- **June Board Update:**
 - Send out finalized IGA draft based on all Board workshops
 - New cost estimate by HNTB
 - New financial scenario based on new cost estimate and would include farebox collections with ridership scenarios
 - Ridership model completed
 - Operations Report providing analysis to date

Joint Service: Intergovernmental Agreement Fact Sheet

Wednesday, May 14, 2025

Diane Barrett | dianebarrett25@msn.com

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- **Why should we workshop the IGA in May for eventual Summer adoption?**
 - In order to get the best value for the public, BNSF needs to see an affirming action that shows the six public entities have agreed to govern one service together instead of providing multiple different services, separately, on BNSF's northern front range rail line. Adoption and execution of the IGA by the Members of the JSEOC will demonstrate their commitment to providing one joint service.
 - The public entities' Boards are being asked to authorize their JSEOC Member to act in this matter. The Boards are being asked to authorize: 1) the execution of the IGA and 2) the adoption of a resolution committing to fund the joint service. Both actions are fully contingent on the completion of the joint service study, the successful completion of an access agreement negotiation with BNSF, and the availability of funds as required by the Financial Plan (defined in the IGA.)
 - The Board authorizations described here are needed to set up for a successful negotiation with BNSF.
 - An appropriation vote will not be required until after a successful negotiation with BNSF. That negotiation will determine the terms and costs for the access agreement and the infrastructure upgrades needed for the characteristics of service that match the access agreement. These final costs then will be presented to the Boards for a binding appropriation vote. At this time, we are seeking a fully contingent resolution of intent to appropriate funds to joint service, without a dollar amount.
 - After completion of a successful negotiation with BNSF, the Boards will be asked to adopt the Financial Plan (as defined in the IGA) which will be based on the actual costs of the Joint Service Project. Only then will the Boards be considering and approving definitive financial amounts.
 - **What is in the IGA?**
 - Members of the Joint Service Executive Oversight Committee (JSEOC) are the following: The Governor or their designee, the General Manager and CEO of RTD or their designee, the Interim General Manager of FRPRD or their designee, the Executive Director of CDOT or their designee, the Director of CTIO or their designee, and the Director of Clean Transit Enterprise or their designee.
 - Decisions regarding the actions and operations of Joint Service will be made by the Members of the JSEOC, with 50%+1 voting rules during the continuation of the Joint Service study and into the negotiations with BNSF. In other words, In any vote during this time period the vote of 5 voting members will prevail.

- Appropriations or contracts entered into by the JSEOC for the Joint Service Project will still need action by the public entities' Boards unless a Board has delegated its own authority to its JSEOC Member.
 - For example:
 - If CTIO were to issue bonds to finance the PTC on the line, then CTIO's Board would still need to approve that Bond issuance.
 - The joint service IGA cannot compel CTIO's Board to act.
 - Nothing in the joint service IGA can compel or impede actions by the CTIO Board. The CTIO Board maintains its statutory authority and its fiduciary duties.
 - Another example:
 - If RTD is to change its existing contract with DTO to accommodate the joint service trains on the B Line, or if RTD is contractually obligated to make an annual contribution to the operators of the joint service then the RTD Board would still need to make that appropriation and follow their own procedures for that action.
- Once the public entities' Boards have adopted the Financial Plan and made an appropriation to the Joint Service Project, then the JSEOC will make decisions by majority rule, but may ask for a weighted vote based on Contributions made to the Joint Service Project (all capitalized terms as defined in the IGA.)
 - This weighted voting mechanism will be for added protection for the interests of the public entities making large financial contributions to the Joint Service Project to ensure fiduciary fidelity to their organizations. The details of weighted voting are still under discussion.
- **When are Governing Boards expected to adopt the IGA?**
 - The Joint Service Project team will conduct workshops with each Board – CTIO, CTE, TC, RTD, FRPRD – in the month of May to introduce the IGA and workshop it with each Board and their corresponding Counsel.
 - Counsel from each entity is helping draft the IGA. It is a collaborative effort.
 - Beginning in April and through mid-May, Members of the JSEOC have been providing direct feedback on the IGA through multiple iterations.
 - Following the workshops, the IGA will be updated based upon further feedback, and adoption of the IGA will occur between June and July for each entity.
 - The dates of the workshops:
 - May 14: CDOT Transportation Commission, CTIO, and CTE Boards
 - May 23: Front Range Passenger Rail Board ("FRPRD")
 - May 28: Regional Transportation District ("RTD")
- **What is the JSEOC Doing?**
 - The JSEOC will jointly design the study, steer negotiations with BNSF, and solicit an operator for passenger rail service. The JSEOC has one mission: to provide passenger rail service as soon as possible to the northern communities while laying the foundation for expansion of passenger rail once Front Range Passenger Rail successfully passes a ballot initiative to expand the service.

- The JSEOC will strive to approve designs for and implement the Project in a manner that will not render infeasible the interface of the Project with the existing operations of RTD and will not be inconsistent with the future plans for Front Range Passenger Rail.
- The IGA provides for transfer of interests, assets, and obligations of any Party, the intent of which is to ensure that there always will be only one access agreement and one operator on the northern front range sub owned by BNSF.

FAQ:

- **Why are these the Members of the Joint Service Executive Oversight Committee?**
 - The Members of the JSEOC are the Governor and the executives of each of the 5 subdivisions of the state that are coming together to finance and govern a passenger rail service. The public entities are all legally independent entities. Each of the public entities has its own governance board. These governing boards are charged in state law with making the policy decisions, preparing and adopting the budget and appropriating funds for those entities. Each of these entities is contributing to the joint service or has a stake in the future of joint service.
 - Just as RTD is a subdivision of the state but has its own board and makes independent appropriations with its own revenue sources, so are the other entities that make up the JSEOC. Two of the public entities, CTIO and CTE, also are “enterprises” for TABOR purposes. Unlike RTD, these enterprises must use their revenue generated from fees for the sole purpose of benefiting the payers of those fees.
- **What happens if one entity chooses not to adopt the Financial Plan and fund the service?**
 - Upon completion of a successful negotiation for access with BNSF, which would aim to include the negotiation list of needed infrastructure improvements for the characteristics of service agreed upon by all parties, each of the JSEOC Members will be asked to adopt the Financial Plan and make a binding appropriation for joint service. The Members must have the authorization of their Boards to adopt the plan and make the appropriation. If one of the public entities fails to do one or both of these things, it is unlikely that the remaining public entities would proceed, as there would likely not be enough funding to commence joint service.
- **What happens if there is a dispute among the Members of the JSEOC?**
 - Votes can be called to make a decision on how to execute the project. For instance, a decision to adopt the BNSF access agreement or to pursue purchases of rolling stock can be made by a 50% +1 vote, a majority vote, or a weighted vote, depending on the timing of the vote.
 - Disputes related to the IGA terms and conditions or powers of the JSEOC would go through the dispute resolution process set forth in the IGA.