

## FY 2012 Budget – Executive Summary

The fiscal year 2012 proposed budget totals \$70,721,244. The budget consists of two components, operating and grants. The operating portion totals \$38,046,494. The grants portion totals \$32,674,750. Operating expenses that are funded by grants, such as preventive maintenance and the County Connection program, have been extracted from the operating budget and placed in the grants budget. The Board can expect monthly reporting on both components in substantially the same format as is currently being presented in FY 2011.

On May 25, 2011, the ITP Board adopted budget formulation guidelines to be followed during budget preparation. The guidelines anticipated budgeting State Operating Assistance at 30% (currently 31.41%). After conversing with MDOT about state wide eligible expenses and the stability of CTF funding we concluded that State Operating Assistance would not be reduced as much as originally thought. Therefore the budget has been crafted using 30.5%. With that exception, I am pleased to report that compliance with all budget formulation guidelines has been achieved.

The following are the services being purchased by the Board, for the community, in FY 2012:

- In excess of 11.5 million rides on The Rapid's fixed route system. This fiscal year ridership is projected to eclipse 10.5 million rides. This figure includes an estimated 3.5 million rides provided through our contracts for service with Grand Valley State University, Grand Rapids Community College, Ferris State University, and City of Grand Rapids Parking Services.
- Transit Master Plan service improvements will occur in January and August of 2012. In total, an additional 26,000 hours of service (60,000 hours annualized) will be provided in FY 2012.
- A projected 247,000 ADA demand response trips on The Rapid's Go! Bus system.
- A projected 176,000 demand response trips provided to clients of Kent County Community Mental Health (Network 180).
- A projected 16,000 demand response trips provided through The Rapid's Passenger Adaptive Suburban Service (PASS).
- A projected 16,000 trips through The Rapid's County Connection Program. Funding for this program is projected to expire in May, 2012.
- The RideLink Program is fully funded in FY 2012 anticipating partial funding from the Kent County Area Agency on Aging.

- Maintenance services on 180 pieces of rolling stock (138 buses, 11 DASH buses, 31 service vehicles), and 18 miscellaneous vehicles/equipment (front-end loader, fork lift etc.). These services include as needed repairs and an estimated 925, 6,000 mile preventive maintenance checks (FTA requirement).
- Maintenance services on three facilities (Rapid Central Station, Wealthy Operations Center, and the Ellsworth Administrative Headquarters) currently totaling nearly 200,000 square feet. With the completion of the Wealthy Operations Center expansion, total square footage will be approximately 370,000. In addition, maintenance services will be provided to approximately 1,300 bus stops, 93 benches, and 95 passenger shelters system wide.

### **Operating Budget**

The operating budget shows a significant increase when compared to FY 2011 due to the implementation of TMP service improvements and the budgeted increase for diesel fuel.

Operating revenues in FY 2012 are increasing 16.8% when compared to FY 2011. Revenue projections are conservative and realistic. Operating revenue highlights:

- State Operating Assistance is currently 31.41% of eligible expenses. As previously mentioned, the reimbursement percentage for FY 2012 is budgeted at 30.5%.
- Fixed route and demand response fare revenues are expected to increase 9.7% and 4.8% respectively. This is primarily due to increasing ridership and the implementation of TMP service improvements. No fare increases are being proposed.
- In July, 2012, 1.41 mills will have to be levied to support current services and TMP service improvements in the 4<sup>th</sup> quarter of FY 2012 and through the first three quarters of FY 2013. Taxable values are expected to decrease an additional 0.50%. If this holds true, taxable values will have decreased 5.91% since July 2008.

Operating expenses in FY 2012 are increasing 13.3% when compared to FY 2011. This figure is net of budgeted surplus (\$1,169,556) which will be used to fund TMP service improvements through the first three quarters of FY 2013. Since ITP levies property taxes prior to the implementation of service, the budgeted surplus is the amount collected by the additional 0.12 mills to be levied over the current 1.29 mills. Expense projections are conservative and realistic. Operating expense highlights:

- The budget proposes the addition of four full-time administrative positions to be filled at various points during the fiscal year. These positions are being proposed due to organization needs and the implementation of TMP service improvements.

A Human Resources Manager is proposed to direct and oversee the operation of the department. The manager will be responsible for recruitment and selection, classification and compensation, assist with labor relations, oversee drug and alcohol programs, records management, and benefits administration. ITP has been operating without this position since FY 2004. The sheer number of employees has grown from 260 to a proposed 358 in FY 2012. In addition, the department will be losing both current senior employees during the next 12 to 18 months. This position will be critical to manage the transition.

A Network Technician is proposed to support the organization in the Information Technology Department. The position will assist in keeping current applications operational, as well as deploying desktop hardware and software. The position will also repair hardware and coordinate repair work with manufacturers for hardware under warranty.

Two Transportation Supervisors (one hired in December and one in July) are needed to oversee additional bus operators necessary to support TMP service improvements.

- The budget proposes the addition of 17 bus operators and 3 mechanics in January and 16 bus operators and 3 mechanics in July to support TMP service improvements.
- Diesel fuel is budgeted at \$3.15 per gallon. Consumption is expected to be nearly 1.3 million gallons. In FY 2011, to date, the average price of diesel fuel has been \$2.86 per gallon.
- Costs related to the provision of GO! Bus service is expected to increase 5.6%. This is in response to recent ridership trends.
- Increases in many fringe benefit categories are the result of additional employees necessary to operate TMP service improvements.
- Increases in utility costs are due to the opening of the renovated and expanded Wealthy Operations Center.
- **\$921,496 in Section 5307 funding has been utilized to balance the budget.**

### **Grant Budget**

The FY 2012 Grant Budget includes many notable investments:

- \$13.735 million for the purchase of 12 replacement buses and 21 expansion buses.
- \$900,000 for the purchase of 12 Go! Bus vehicles.

- \$4.5 million for the completion of the Wealthy Operations Center Expansion Project. Construction is scheduled to be completed in December 2011.
- \$4.65 million for the relocation of the AMTRAK station.
- \$965,000 to improve ADA accessibility at bus stops and to place additional benches/shelters throughout the system.
- \$800,000 for the further implementation of Intelligent Transportation Systems (ITS) technologies.
- \$1.956 million for BRT Phase II architectural and engineering services.

### **Conclusion**

Staff is dedicated to quality customer care and providing efficient and cost-effective services to the community. To that end, ITP's Management Team will continue to critically examine every aspect of our operation in an effort to control costs, improve efficiencies, and increase revenue.

Preparations are currently underway to seamlessly implement TMP service improvements in January and August of 2012. While ITP prepares for expansion of services, many transit properties across the country are reducing service and/or increasing fares.

Both fixed route and paratransit ridership continue to increase. There is no reason to believe this trend will reverse as our partnerships develop and grow and our services become even more valuable to the community.