



Interurban Transit Partnership

Finance Committee Members

Rick Baker *Mayor Stephen Kepley (Chair)*
Mayor Gary Carey *Mayor Katie Favale* *Mayor Steve Maas*

FINANCE COMMITTEE MEETING

Wednesday, April 14, 2021 – 4 p.m.

Virtual Meeting

AGENDA

	<u>PRESENTER</u>	<u>ACTION</u>
1. PUBLIC COMMENT		
2. MINUTES REVIEW – January 20, 2021	Mayor Kepley	Approval
3. DISCUSSION		
a. February Operating Statement	Linda Medina	
b. FY 21 Budget Amendment	Linda Medina	
c. FY 22 Budget Guidelines	Linda Medina	
d. FY 22 Budget Timeline	Linda Medina	
4. ADJOURNMENT		

Next meeting: August 11, 2021



Finance Committee Members

Rick Baker *Mayor Stephen Kepley (Chair)*
Mayor Gary Carey *Mayor Katie Favale* *Mayor Steve Maas*

FINANCE COMMITTEE MEETING MINUTES

Wednesday, January 20, 2021 – 4 p.m.

Virtual Meeting

ATTENDANCE:

Committee Members Present:

Rick Baker, Mayor Gary Carey, Mayor Katie Favale, Mayor Stephen Kepley

Committee Members Absent:

Mayor Steve Maas

Staff Attendees:

Michael Bulthuis, Nancy Groendal, Julie Ilbrink, Win Irwin, Steve Luther, Linda Medina, Nick Monoyios, James Nguyen, Jason Prescott, Andy Prokopy, Steve Schipper, Mike Wieringa, Kevin Wisselink

Other Attendees:

John LaFramboise (BDO)

Mayor Kepley called the meeting to order at 4:02 p.m.

1. PUBLIC COMMENT

No public comments were offered.

2. MINUTES – November 4, 2020

Minutes were distributed and reviewed. They are approved as written.

3. DISCUSSION

a. FY 2020 BDO Audit Report

John LaFramboise from BDO reviewed the audit report with the committee members. He shared that the report is close to being finalized, and anticipate having it done within the next few days. Mr. LaFramboise expressed that it was a clean audit, and he is appreciative of the Finance department for all the work they put into the report.

b. November 2020 Operating Statement

Ms. Medina reviewed the November 2020 operating statement with the committee. She walked through the surplus and deficit notations. Linda reviewed the ridership data which shows it has been slow to recover. We are hopeful that with GRPS students going back to class, ridership numbers will begin to improve.

4. INFORMATION

a. CARES and CRRSAA Act Funding

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was recently approved by the government. Ms. Medina shared that we are eligible for this money.

b. Timeline for Budget Amendment

Ms. Medina shared we will be evaluating all revenue and expenses in preparation for a potential FY 2021 budget amendment. Potential revenue changes include: passenger fares, sale of transportation services, state operating assistance, and other revenues. Potential expense changes include: salaries and wages, pension defined benefit and defined contributions, COVID cleaning, PL/PD insurance, unemployment insurance, and purchased transportation. The goal is to bring a new proposal to the Finance Committee meeting on April 14 and then to the Board of Directors on April 21.

c. Pension Allocation

The Union Pension Committee is recommending a “high range” contribution for this year. Ms. Medina will have more information available at the next meeting.

d. Air Park Agreement

Mr. Wieringa shared The Rapid has entered into an agreement with Air Park, LLC which began on January 4, 2021, for a 6-month trial period. The will provide the enforcement and fare collection in the lot in front of Central Station. We will receive 50% of the funds that are collected. Mr. Wieringa shared we will have the ability to close the lot to the public if we need to use it for our own purposes.

e. Finance Software Update

Ms. Medina shared both the software and server are in place, and the hope is to do the full transition over the weekend.

5. AJOURNMENT

This meeting was adjourned at 4:48 p.m.
The next meeting is scheduled for April 14, 2021

Respectfully submitted,



Julie Ilbrink, Board Secretary



Date: April 14, 2021
To: Finance Committee
From: Linda Medina, Finance Manager
Subject: FY 2021 Operating Budget Amendment

ACTION REQUESTED

Finance Committee to review and recommend the FY 2021 Operating Budget Amendment for Board approval.

BACKGROUND

On August 26, 2021, the Board approved the FY 2021 Budget, which included a \$47.7 million operating budget and \$16.3 million capital budget. Many budget assumptions were made using information that was available at that time. There were many unknowns due to the uncertainty of COVID-19 restrictions.

The Rapid made adjustments in service, safety protocols, expenses, and employees throughout the first half of our fiscal year to meet the challenges of COVID-19. The recovery pace remains slower than assumed in budget regarding ridership, fare revenue, and sales of transportation services, but state operating assistance and property taxes have increased. Overall expenses have increased 1.3%. Listed below are the key highlights.

Revenue:

- Fare revenue decreased from \$4.8 million to \$2.8 million. Year to date (YTD) ridership is down 16% and fares are down 42% compared to FY 2020.
- Sale of Transportation Services decreased from \$9.2 million to the \$6.3million. The reduction is due to a decrease in revenue hours from our partners along with State Operating Assistance percentage being higher than budgeted.
- State Operating Assistance increased from \$9.5 million to \$15.2 million. The increase is due to the change from the budgeted 20% to the actual 31.6001%.
- Property taxes increased from \$16.3 million to \$17.3 million. A 5% reduction was calculated into the budget due to COVID-19. There has not been a significant reduction in the FY 2020 property taxes.

Expenses:

- Benefits increased from \$8.7 million to \$9.3 million. The change is due to the contribution change in the union defined benefit plan from mid-range to high range and unemployment rates increasing due to COVID-19.

- Contractual Services increased from \$3.5 million to \$3.9 million due to the increase in safety precautions, COA bus stop project and a trash program with the City of Grand Rapids.
- Utilities and Insurance increased from \$4.1 million to \$5.2 million. The change is due to our historic catastrophic claim losses over the past three years.
- Purchased Transportation decreased from \$6.1 million to \$5 million. The reduction is due to the decrease in service hours and ridership coming back slower than anticipated.

With the changes above, the total revenues are \$42.4 million and expenses are \$48.3 million; therefore \$5.8 million of grant (CARES) funding will be used to replace the revenue loss in FY 2021.

Please feel free to reach out to me directly at 774-1149 or imedina@ridetherapid.org with any questions.

The Rapid
 FY 2020 Operating Statement
 Year to Date as of August 31, 2020

	YTD as of February 28		Variance		FY 2020 YTD Actual	FY 2020 vs FY 2021
	Budget	Actual	\$	%		
Revenues and Operating Assistance						
Passenger Fares	\$ 1,806,900	\$ 1,070,505	(736,395)	-40.8%	\$ 2,554,421	-58.1%
Sale of Transportation Services	4,307,238	2,666,294	(1,640,945)	-38.1%	3,621,071	-26.4%
State Operating	4,069,301	6,006,095	1,936,794	47.6%	6,427,312	-6.6%
Property Taxes	6,814,113	7,248,000	433,888	6.4%	6,912,077	4.9%
Advertising & Miscellaneous	326,564	225,611	(100,953)	-30.9%	154,580	46.0%
Subtotal Revenues and Operating Assistance	17,324,116	17,216,505	(107,611)	-0.6%	19,669,462	-12.5%
Grant Operating Revenue (Cares Act)	2,935,000	8,796,584	5,861,584	100.0%	-	100%
Total Revenues and Operating Assistance	20,259,116	26,013,089	5,753,973	28.4%	19,669,462	32.3%
Expenses						
Salaries and Wages	9,252,807	8,107,736	(1,145,072)	-12.4%	9,220,998	-12.1%
Benefits	3,722,302	3,619,892	(102,410)	-2.8%	3,739,702	-3.2%
Contractual Services	1,397,530	1,303,354	(94,175)	-6.7%	896,653	45.4%
Materials and Supplies	1,257,974	1,026,664	(231,310)	-18.4%	1,850,080	-44.5%
Utilities, Insurance, and Miscellaneous	2,155,680	2,983,585	827,905	38.4%	1,802,809	65.5%
Purchased Transportation	2,560,211	1,965,341	(594,871)	-23.2%	3,233,196	-39.2%
Expenses Before Capitalized Operating	20,346,504	19,006,571	(1,339,933)	-6.6%	20,743,437	-8.4%
Capitalized Operating Expenses	-	-	-	0.0%	-	0.0%
Total Operating Expenses	\$ 20,346,504	\$ 19,006,571	\$ (1,339,933)	-6.6%	\$ 20,743,437	-8.4%
Net Surplus/(Deficit) without CARES		(1,790,066)				
Net Surplus/(Deficit) with CARES		7,006,518				

The Rapid
FY 2021 Budget Amendment

	FY 2021	FY 2021	Variance		FY 2020	FY20
	Approved	Amended	\$	%	Actual	vs. FY21
Revenues and Operating Assistance						
Passenger Fares	\$ 4,872,880	\$ 2,878,860	\$ (1,994,020)	-40.9%	\$ 4,110,281	-30.0%
Sale of Transportation Services						
CMH Contribution	836,760	223,970	(612,790)	-73.2%	390,641	-42.7%
Dash Contract	2,653,438	2,279,054	(374,384)	-14.1%	2,058,508	10.7%
Grand Valley State University	4,236,285	2,833,029	(1,403,256)	-33.1%	2,282,371	24.1%
Van Pool Transportation	96,000	29,910	(66,090)	-68.8%	57,302	-47.8%
Township Services	921,223	593,259	(327,964)	-35.6%	570,393	4.0%
Route 19	-	-	-	0.0%	248,366	-100.0%
Other	475,255	357,959	(117,296)	-24.7%	267,122	34.0%
Subtotal Sale of Transportation Services	9,218,961	6,317,180	(2,901,781)	-31.5%	5,874,704	7.5%
State Operating	9,547,265	15,277,210	5,729,945	60.0%	13,348,412	14.4%
Property Taxes	16,353,871	17,395,471	1,041,600	6.4%	16,791,217	3.6%
Advertising & Miscellaneous	699,349	590,210	(109,139)	-15.6%	599,905	-1.6%
Subtotal Revenues and Operating Assistance	40,692,326	42,458,930	1,766,604	4.3%	40,724,519	4.3%
Grant Operating Revenue (Cares Act)	7,043,999	5,886,517	(1,157,482)	-16.4%	2,355,997	149.9%
Total Revenues and Operating Assistance	\$ 47,736,325	\$ 48,345,448	\$ 609,123	1.3%	\$ 43,080,516	12.2%
Expenses						
Salaries and Wages						
Administrative	\$ 5,384,641	\$ 5,384,641	\$ -	0.0%	\$ 5,032,138	7.0%
Operators	14,071,600	14,071,600	-	0.0%	13,246,310	6.2%
Maintenance	2,071,539	2,071,539	-	0.0%	2,012,580	2.9%
Subtotal Salaries and Wages	21,527,780	21,527,780	-	0.0%	20,291,028	6.1%
Benefits	8,781,120	9,334,542	553,422	6.3%	8,347,716	11.8%
Contractual Services	3,581,361	3,927,171	345,810	9.7%	2,664,387	47.4%
Materials and Supplies						
Fuel and Lubricants	1,725,633	1,725,633	-	0.0%	1,660,604	3.9%
Other	1,865,833	1,575,532	(290,301)	-15.6%	1,710,081	-7.9%
Subtotal Materials and Supplies	3,591,466	3,301,165	(290,301)	-8.1%	3,370,685	-2.1%
Utilities, Insurance, and Miscellaneous	4,113,462	5,198,326	1,084,863	26.4%	3,080,475	68.8%
Purchased Transportation	6,141,136	5,056,465	(1,084,671)	-17.7%	5,326,226	-5.1%
Expenses Before Capitalized Operating	47,736,325	48,345,448	609,123	1.3%	43,080,516	12.2%
Capitalized Operating Expenses	-	-	-	0.0%	-	0.0%
Total Operating Expenses	\$ 47,736,325	\$ 48,345,448	\$ 609,123	1.3%	\$ 43,080,516	12.2%
Net Surplus/(Deficit) without CARES		\$ (5,886,517)			\$ -	
Net Surplus/(Deficit) with CARES		\$ -				



Date: April 14, 2021
To: Finance Committee
From: Linda Medina, Finance Manager
Subject: FY 2022 BUDGET FORMULATION GUIDELINES

ACTION REQUESTED

Finance Committee review and recommend the FY 2022 Budget Formulation Guidelines for Board approval.

BACKGROUND

In February 2001, the ITP Board began a process of reviewing and approving guidelines to be followed during the formulation of the annual operating budget. The following are the Fiscal Year 2022 budget formulation guidelines for the Finance Committee's approval:

1. New service levels will be implemented through the Comprehensive Operational Analysis (COA) in August 2021. The intent is to remain flexible and restore service as needed.
2. Contribution to the union defined benefit pension plan shall meet or exceed the mid-range contribution as the budget allows.
3. Contribution to the administrative defined benefit pension plan shall meet or exceed the high range contribution as the budget allows.
4. The use of Section 5307 funds for preventive maintenance will be minimized by using Covid relief funding. If necessary, management may still use preventive maintenance as a funding source.
5. Contracts for service with the ITP will be self-supporting. Locally derived Interurban Transit Partnership funds shall not be used to subsidize these services, unless specifically approved by the Board.
6. State Operating Assistance will be budgeted at the projected rate of 30%. This rate will be updated when we receive additional information from MDOT prior to budget presentation.
7. No fare increase is contemplated.
8. Unrestricted net assets shall not be used to balance the budget unless approved by the Board.

9. The July 2021 tax revenues will be budgeted at 1.4457 mills. This includes a Headlee reduction. The levy is approximately \$18.1 million before captures. Historically captures have been approximately 6% of the levy. The mills amount may be adjusted once the L-4029 form is available in May 2021 from Kent County.
10. The Board approved 2017 Compensation Philosophy indicates that the salary structure will be adjusted every year based on market trends to ensure ongoing competitiveness with the labor market. We are currently reviewing the Decision Band Method (DBM) to ensure that the salary rates used remain competitive as stated in the Compensation Philosophy.

Please feel free to reach out to me directly at 774-1149 or Imedina@ridetherapid.org with any questions.

Phase	Responsibility	FEB	MAR	APR	MAY	JUN	JUL	AUG
Preparation								
Establish budget timeline	Finance Staff	→						
Establish budget guidelines	Finance Staff		→	→	→			
Review budget timeline (4/14)	Finance Committee			→	→			
Review budget guidelines (4/14)	Finance Committee			→	→			
Budget guidelines approved (April 21)	Full Board			→				
Budget Development								
Budget Kickoff (March 9)	Staff		→					
Managers Review Budget With Upline (3/9 - 4/23)	Staff		→	→	→			
Departmental budgets submitted (4/23)	Staff		→	→				
Departmental budgets reviewed (4/23 - 5/31)	Finance Staff			→	→	→		
First Recommendation (6/1)	Finance Staff					→		
Review								
Executive budget review (6/1 - 6/30)	Staff					→	→	
Preliminary budget book	Staff						→	→
Budget book sent to Board (July 21)	Staff						→	→
Budget Workshop (July 28)	Full Board						→	→
Adoption								
Budget approval (August 25)	Full Board							→

