MISSION: To create, offer and continuously improve a flexible network of public transportation options and mobility solutions.
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 CRRSA Act Funding**

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) 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. They 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,

[Signature]

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 $6.3 million. 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 lmedina@ridetherapid.org with any questions.
## The Rapid

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

<table>
<thead>
<tr>
<th></th>
<th>YTD as of February 28</th>
<th>Variance</th>
<th>FY 2020 YTD Actual</th>
<th>FY 2020 vs FY 2021</th>
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<tbody>
<tr>
<td><strong>Revenues and Operating Assistance</strong></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Passenger Fares</td>
<td>$ 1,806,900</td>
<td>$ 1,070,505</td>
<td>(736,395)</td>
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<tr>
<td>Sale of Transportation Services</td>
<td>4,307,238</td>
<td>2,666,294</td>
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<td>State Operating</td>
<td>4,069,301</td>
<td>6,006,095</td>
<td>1,936,794</td>
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<td>Property Taxes</td>
<td>6,814,113</td>
<td>7,248,000</td>
<td>433,888</td>
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<td>Advertising &amp; Miscellaneous</td>
<td>326,564</td>
<td>225,611</td>
<td>(100,953)</td>
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<td><strong>Subtotal Revenues and Operating Assistance</strong></td>
<td>17,324,116</td>
<td>17,216,505</td>
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<tr>
<td>Grant Operating Revenue (Cares Act)</td>
<td>2,935,000</td>
<td>8,796,584</td>
<td>5,861,584</td>
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<td><strong>Total Revenues and Operating Assistance</strong></td>
<td><strong>20,259,116</strong></td>
<td><strong>26,013,089</strong></td>
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<td><strong>Expenses</strong></td>
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<td>Salaries and Wages</td>
<td>9,252,807</td>
<td>8,107,736</td>
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<td>Benefits</td>
<td>3,722,302</td>
<td>3,619,892</td>
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<td>Contractual Services</td>
<td>1,397,530</td>
<td>1,303,354</td>
<td>94,175</td>
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<td>Materials and Supplies</td>
<td>1,257,974</td>
<td>1,026,664</td>
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<td>Utilities, Insurance, and Miscellaneous</td>
<td>2,155,680</td>
<td>2,983,585</td>
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<td>Purchased Transportation</td>
<td>2,560,211</td>
<td>1,965,341</td>
<td>(594,871)</td>
<td>-23.2%</td>
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<tr>
<td><strong>Expenses Before Capitalized Operating</strong></td>
<td><strong>20,346,504</strong></td>
<td><strong>19,006,571</strong></td>
<td><strong>(1,339,933)</strong></td>
<td><strong>-6.6%</strong></td>
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<tr>
<td>Capitalized Operating Expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>$ 20,346,504</strong></td>
<td><strong>$ 19,006,571</strong></td>
<td><strong>$ (1,339,933)</strong></td>
<td><strong>-6.6%</strong></td>
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<tr>
<td>Net Surplus/(Deficit) without CARES</td>
<td>(1,790,066)</td>
<td>7,006,518</td>
<td>-6.6%</td>
<td><strong>$ 20,743,437</strong></td>
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## Revenues and Operating Assistance

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<th></th>
<th>FY 2021 Approved</th>
<th>FY 2021 Amended</th>
<th>Variance</th>
<th>FY 2020 Actual</th>
<th>FY 2020 vs. FY21</th>
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<td><strong>Passenger Fares</strong></td>
<td>$4,872,880</td>
<td>$2,878,860</td>
<td>$(1,994,020)</td>
<td>$4,110,281</td>
<td>-30.0%</td>
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<tr>
<td><strong>Sale of Transportation Services</strong></td>
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<tr>
<td>CMH Contribution</td>
<td>836,760</td>
<td>223,970</td>
<td>(612,790)</td>
<td>390,641</td>
<td>-42.7%</td>
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<td>Dash Contract</td>
<td>2,653,438</td>
<td>2,279,054</td>
<td>(374,384)</td>
<td>2,058,508</td>
<td>10.7%</td>
</tr>
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<td>Grand Valley State University</td>
<td>4,236,285</td>
<td>2,833,029</td>
<td>(1,403,256)</td>
<td>2,282,371</td>
<td>24.1%</td>
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<tr>
<td>Van Pool Transportation</td>
<td>96,000</td>
<td>29,910</td>
<td>(66,090)</td>
<td>57,302</td>
<td>-47.8%</td>
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<tr>
<td>Township Services</td>
<td>921,223</td>
<td>593,259</td>
<td>(327,964)</td>
<td>570,393</td>
<td>4.0%</td>
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<tr>
<td>Route 19</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
<td>248,366</td>
<td>-100.0%</td>
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<tr>
<td>Other</td>
<td>475,255</td>
<td>357,959</td>
<td>(117,296)</td>
<td>267,122</td>
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<td><strong>Subtotal Sale of Transportation Services</strong></td>
<td>9,218,961</td>
<td>6,317,180</td>
<td>(2,901,781)</td>
<td>5,874,704</td>
<td>7.5%</td>
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<td>State Operating</td>
<td>9,547,265</td>
<td>15,277,210</td>
<td>5,729,945</td>
<td>13,348,412</td>
<td>14.4%</td>
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<td>Property Taxes</td>
<td>16,353,871</td>
<td>17,395,471</td>
<td>1,041,600</td>
<td>16,791,217</td>
<td>3.6%</td>
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<td>Advertising &amp; Miscellaneous</td>
<td>699,349</td>
<td>590,210</td>
<td>(109,139)</td>
<td>599,905</td>
<td>-1.6%</td>
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<tr>
<td><strong>Subtotal Revenues and Operating Assistance</strong></td>
<td>40,692,326</td>
<td>42,458,930</td>
<td>1,766,604</td>
<td>40,724,519</td>
<td>4.3%</td>
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<tr>
<td>Grant Operating Revenue (Cares Act)</td>
<td>7,043,999</td>
<td>5,886,517</td>
<td>(1,157,482)</td>
<td>2,355,997</td>
<td>149.9%</td>
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<tr>
<td><strong>Total Revenues and Operating Assistance</strong></td>
<td>$47,736,325</td>
<td>$48,345,448</td>
<td>$609,123</td>
<td>$43,080,516</td>
<td>12.2%</td>
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</tbody>
</table>

## Expenses

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>FY 2021</th>
<th>Variance</th>
<th>FY 2020</th>
<th>FY 2020 vs. FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries and Wages</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>$5,384,641</td>
<td>$5,384,641</td>
<td>-</td>
<td>$5,032,138</td>
<td>7.0%</td>
</tr>
<tr>
<td>Operators</td>
<td>14,071,600</td>
<td>14,071,600</td>
<td>-</td>
<td>13,246,310</td>
<td>6.2%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>2,071,539</td>
<td>2,071,539</td>
<td>-</td>
<td>2,012,580</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Subtotal Salaries and Wages</strong></td>
<td>21,527,780</td>
<td>21,527,780</td>
<td>-</td>
<td>20,291,028</td>
<td>6.1%</td>
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<tr>
<td>Benefits</td>
<td>8,781,120</td>
<td>9,334,542</td>
<td>553,422</td>
<td>8,347,716</td>
<td>11.8%</td>
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<tr>
<td>Contractual Services</td>
<td>3,581,361</td>
<td>3,927,171</td>
<td>345,810</td>
<td>2,664,387</td>
<td>47.4%</td>
</tr>
<tr>
<td><strong>Materials and Supplies</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Fuel and Lubricants</td>
<td>1,725,633</td>
<td>1,725,633</td>
<td>-</td>
<td>1,660,604</td>
<td>3.9%</td>
</tr>
<tr>
<td>Other</td>
<td>1,865,833</td>
<td>1,575,532</td>
<td>(290,301)</td>
<td>1,710,081</td>
<td>-7.9%</td>
</tr>
<tr>
<td><strong>Subtotal Materials and Supplies</strong></td>
<td>3,591,466</td>
<td>3,301,165</td>
<td>(290,301)</td>
<td>3,370,685</td>
<td>-2.1%</td>
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<td>Utilities, Insurance, and Miscellaneous</td>
<td>4,113,462</td>
<td>5,198,326</td>
<td>1,084,863</td>
<td>3,080,475</td>
<td>68.8%</td>
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<tr>
<td>Purchased Transportation</td>
<td>6,141,136</td>
<td>5,056,465</td>
<td>(1,084,671)</td>
<td>5,326,226</td>
<td>-5.1%</td>
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<tr>
<td><strong>Expenses Before Capitalized Operating</strong></td>
<td>47,736,325</td>
<td>48,345,448</td>
<td>609,123</td>
<td>43,080,516</td>
<td>12.2%</td>
</tr>
<tr>
<td>Capitalized Operating Expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$47,736,325</td>
<td>$48,345,448</td>
<td>$609,123</td>
<td>$43,080,516</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

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 lmedina@ridetherapid.org with any questions.
<table>
<thead>
<tr>
<th>Phase</th>
<th>Responsibility</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
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<td>Preparation</td>
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<tr>
<td>Establish budget timeline</td>
<td>Finance Staff</td>
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<td>Establish budget guidelines</td>
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<tr>
<td>Review budget timeline (4/14)</td>
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<td>Review budget guidelines (4/14)</td>
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<tr>
<td>Budget guidelines approved (April 21)</td>
<td>Full Board</td>
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<td>Budget Development</td>
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<td>Budget Kickoff (March 9)</td>
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<tr>
<td>Managers Review Budget With Upline (3/9 - 4/23)</td>
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<td>Departmental budgets submitted (4/23)</td>
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<tr>
<td>Departmental budgets reviewed (4/23 - 5/31)</td>
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<td>First Recommendation (6/1)</td>
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<td>Executive budget review (6/1 - 6/30)</td>
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<td>Preliminary budget book</td>
<td>Staff</td>
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<td>Budget book sent to Board (July 21)</td>
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**Budget Preparation (February - April)** - Staff establishes budget guidelines and submits to Finance Committee for review at April 14 meeting. Full Board review/approval at April 21 meeting.

**Budget Development (March-June)** - Managers submit budgets in March/April and meet with Finance department for budget review. Finance makes initial budget adjustments to recommend to executive leadership in June.

**Budget Review (June-July)** - Executive team reviews and approves budget by July. Preliminary budget is reviewed at July 28 board budget meeting.

**Budget Adoption (August)** - Board adopts FY2022 Operating and Grants budgets at August 25 meeting.