



Interurban Transit Partnership

Finance Committee Members

Steven Gilbert Mayor Stephen Kepley (Chair)
Mayor Gary Carey Mayor Katie Favale Mayor Steve Maas

FINANCE COMMITTEE MEETING

Wednesday, August 16, 2023 – 4:00 p.m.

The Rapid Facilities 700 Butterworth SW

AGENDA

	<u>PRESENTER</u>	<u>ACTION</u>
1. PUBLIC COMMENT		
2. MINUTES REVIEW – June 14, 2023	Mayor Kepley	Review
3. DISCUSSION		
a. FY 22/23 Annual Operating Projection	Linda Medina	
4. ADJOURNMENT		

Next meeting: November 8, 2023



Interurban Transit Partnership

Finance Committee Members

Steven Gilbert Mayor Stephen Kepley (Chair)
Mayor Gary Carey Mayor Katie Favale Mayor Steve Maas

FINANCE COMMITTEE MEETING MINUTES

Wednesday, June 14, 2023 – 4:00 p.m.

Rapid Central Station Conference Room (250 Grandville Avenue, SW)

ATTENDANCE:

Committee Members Present:

Mayor Kepley, Mayor Carey, Mayor Favale, Steven Gilbert

Committee Members Absent:

Mayor Maas

Staff Attendees:

Steve Clapp, Nancy Groendal, Kris Heald, Linda Medina, James Nguyen, Deb Prato, Jason Prescott, Andy Prokopy, Steve Schipper, Mike Wieringa, Kevin Wisselink

Other Attendees:

Peter Sillanpaa, Max Dillivan

Mayor Kepley called the meeting to order at 4:04 p.m.

1. PUBLIC COMMENT

No public comments

2. MINUTES – April 26, 2023

Chair Kepley entertained a motion to approve April 26, 2023, minutes. Mayor Favale motioned to approve, and Mr. Gilbert supported it. The motion passed unanimously.

3. DISCUSSION

a. April Operating Statement – Ms. Medina

Ms. Medina started her report by noting we have been trending the same over the last few months.

- Revenue is favorable by 1.2% before federal operating assistance.
- All ARPA funds have been requested and received.
- Expenses continue to trend under budget by 4.1%.

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

- \$485,400 in expenses have been identified as eligible for Federal 5307 preventative maintenance funding which brings us to 4.1% under budget on expenses.

Mayor Kepley clarified without any grant operating revenue, the budget is \$44.2M and we are up. When we look at expenses without capital operating expenses, we are about \$56.2M. We are progressing well with a negative 2.6. We are approximately \$9M- \$10M in the negative without grants and capitalized operating expenses. Is the solution to gain \$6-\$7 million in fares?

Ms. Medina said the state operating funds have fluctuated a bit, however, we still received 29%, and property taxes have increased a bit however it stayed consistent. The two items that have not increased are passenger fares and contract services.

Mayor Kepley added we have a couple of scenarios; one is we must increase sales and or cut expenses or perhaps a millage to increase property tax.

Mayor Carey feels that option three is the 'no other option' button. A millage increase is the last thing we want to do.

b. Review Budget Process/Package – Ms. Medina

Ms. Medina requested the board to give recommendations on the draft format of the budget packet.

The discussion is as follows:

Mayor Carey likes the Executive summary at the start of the packet and to be no more than two (2) pages.

Mayor Favale agrees.

Mayor Kepley feels both graphs and pics are needed.

Ms. Medina will continue using graphs with an explanation.

Operating Budget Format:

Mayor Carey asked if the 2021 column drops off. Ms. Medina confirmed that the column drops off.

Mayor Kepley suggested having two (2) actual budgets. Perhaps have two (2) previous years and then the two (2) current years.

Mayor Kepley asked because of Covid, will we want to keep 2019.

Mayor Carey added the 2018/2019 were pre-pandemic and it's a benchmark to see the measurement.

Ms. Medina agrees, and we will show six (6) years.

Personnel: This item shows what positions were authorized and is anything new, and what we budgeted for.

Mayor Carey usually likes to see voluntary and involuntary turnover in an organization from a leadership perspective, however, he is not sure we need to see it here.

Ms. Prato agreed and suggested we provide this information at the Present Performance and Service Committee meeting every other month.

Mayor Carey agrees that will be helpful.

Mayor Kepley circled back to a previous board meeting regarding the extra board and how many drivers we need. The discussion was about the complaints about working overtime, but it is only voluntary overtime. Mayor Kepley asked how many drivers we need as the shifts are different in summer and winter.

Ms. Prato replied that we have had enough operators for summertime to fill the work, but the numbers go up and down. We will be understaffed in the fall. When we are understaffed, it is either the overtime that goes up, or we cut service. We are offering an incentive for perfect attendance where the operator will get an extra \$1.00 or \$1.50 for all hours worked. Ms. Prato noted 60% of employees leave within the first year. Currently, The Rapid is working with an instructional designer to redesign our entire training program to ensure it is adult learners, and everyone knows the expectations daily.

Mayor Kepley wished to clarify the difference between authorized vs budgeted personnel. What makes it authorized?

Ms. Prato answered it is what the board accepted for the budget for full-time employees.

Ms. Medina added that every time we add a new position, we need approval from the board, however, we work within the approved budget.

Individual Department Budgets: This is where we tell you what each department is requesting. Included in this report is the function of the department, plus there are two (2) charts that show what the proposed operating budget will be for the year and a bar chart that will show the actual comparison to the budget and proposed budget.

Mayor Kepley asked if the department heads will be presenting their budgets.

Ms. Prato agrees with each department head to briefly present their budgets to the board.

Both Mayor Kepley and Mayor Carey like the format.

Ms. Prato asked when these presentations would happen.

Mayor Kepley said at the July 26, Board Budget Workshop.

Ms. Medina ended with the last item, the Five (5)-year projection of where we are, the budget, and how we will end the current year.

Mayor Kepley noted this is a far better budget format than ten (10) years ago.

4. ADJOURNMENT

This meeting was adjourned at 4:43 p.m.
The next meeting is scheduled for August 16, 2023

Respectfully submitted,



Kris Heald, Board Secretary

FY 22/23 Annual Operating Projection

The Rapid

Finance Committee Meeting

August 16, 2023



Table of Contents

June 2023 Operating Statement – Revenues

June 2023 Operating Statement – Expenses

Operating Statement Highlights

FY 22/23 Projected Revenues

FY 22/23 Projected Expenses

PL&PD Insurance Update

Health Insurance Update

New Benefits Provider- HNI

Changes to the FY 23/24 Budget

Changes to Five Year Projection

Proposed Union Changes

June 2023 Operating Statement - Revenues

	YTD as of June 30, 2023		Variance		Last Year	Current Year
	Budget	Actual	\$	%	FY 21/22 YTD Actual	FY 22/23 Annual Budget
Revenues and Operating Assistance						
Passenger Fares	\$ 2,990,376	\$ 3,161,892	\$ 171,516	5.7%	\$ 2,966,344	\$ 3,978,849
Sale of Transportation Services						
CMH Contribution	308,408	312,409	4,001	1.3%	287,431	414,711
Dash Contract	1,094,706	1,229,354	134,648	12.3%	1,789,065	1,465,874
Grand Valley State University	2,535,683	2,470,654	(65,029)	-2.6%	2,665,102	3,113,764
Van Pool Transportation	-	(1,242)	(1,242)		40,792	-
Township Services	326,171	306,570	(19,601)	-6.0%	321,913	434,895
Other	330,491	332,574	2,083	0.6%	190,633	485,491
Subtotal Sale of Transportation Services	4,595,459	4,650,319	54,860	1.2%	5,294,936	5,914,735
State Operating	11,107,547	10,468,578	(638,969)	-5.8%	10,125,554	15,448,739
Property Taxes	13,674,401	13,970,718	296,317	2.2%	13,625,976	18,232,535
Advertising & Miscellaneous	480,800	1,196,273	715,473	148.8%	453,621	682,340
Subtotal Revenues and Operating Assistance	32,848,583	33,447,780	599,197	1.8%	32,466,432	44,257,198
Grant Operating Revenue	6,241,245	8,321,660	2,080,415	33.3%	15,920,742	8,321,660
Total Revenues and Operating Assistance	\$ 39,089,828	\$ 41,769,440	\$ 2,679,612	6.9%	\$ 48,387,174	\$ 52,578,858

June 2023 Operating Statement - Expenses

	YTD as of June 30, 2023		Variance		Last Year	Current Year
	Budget	Actual	\$	%	FY 21/22 YTD Actual	FY 22/23 Annual Budget
Expenses						
Salaries and Wages						
Administrative	\$ 4,596,994	\$ 4,158,484	\$ (438,510)	-9.5%	\$ 3,946,510	\$ 6,275,114
Operators	11,074,418	9,602,868	(1,471,550)	-13.3%	10,110,878	14,940,291
Maintenance	1,675,591	1,636,974	(38,617)	-2.3%	1,522,274	2,291,256
Subtotal Salaries and Wages	17,347,003	15,398,326	(1,948,677)	-11.2%	15,579,661	23,506,661
Benefits	7,336,967	6,977,572	(359,396)	-4.9%	6,083,066	9,965,287
Contractual Services	2,297,675	2,115,663	(182,012)	-7.9%	2,173,033	3,942,021
Materials and Supplies						-
Fuel and Lubricants	2,574,080	2,020,456	(553,624)	-21.5%	1,776,020	3,421,740
Other	1,237,752	1,193,346	(44,405)	-3.6%	1,155,123	1,990,688
Subtotal Materials and Supplies	3,811,832	3,213,803	(598,029)	-15.7%	2,931,143	5,412,428
Utilities, Insurance, and Miscellaneous	4,049,113	3,679,641	(369,472)	-9.1%	3,210,407	5,684,786
Purchased Transportation	5,236,635	5,265,164	28,529	0.5%	4,329,975	7,765,005
Expenses Before Capitalized Operating	40,079,225	36,650,168	(3,429,057)	-8.6%	34,307,285	56,276,188
Capitalized Operating Expenses	(2,459,934)	(762,143)	1,697,792	-69.0%	-	(3,454,052)
Total Operating Expenses	\$ 37,619,290	\$ 35,888,025	\$ (1,731,265)	-4.6%	\$ 34,307,285	\$ 52,822,136
Net Surplus/(Deficit) without Grant Revenue		\$ (2,440,245)			\$ (1,840,854)	\$ (8,564,938)
Net Surplus/(Deficit) with Grant Revenue		\$ 6,902,081			\$ 14,079,888	

Operating Statement Highlights

■ Revenues

- Linehaul fares are 11.2% over forecast, paratransit is 16.2% under forecast, and total fares are up 5.7%
- An 8.6% reduction in expenses (see slide 4) has reduced state operating assistance by 5.8%
- Identified \$763 thousand in eligible preventative maintenance expenses

■ Expenses

- Fuel is 21.5% under forecast due to a significant price drop
- PL & PD Insurance is 14.4% under forecast; premiums were lower than expected
- Purchased Transportation costs are 0.5% over the forecast
 - GO!Bus (+0.3%), CMH (+3.4%), and Ridelink (+5.4%) are over forecast due to ridership

FY 22/23 Projected Revenues

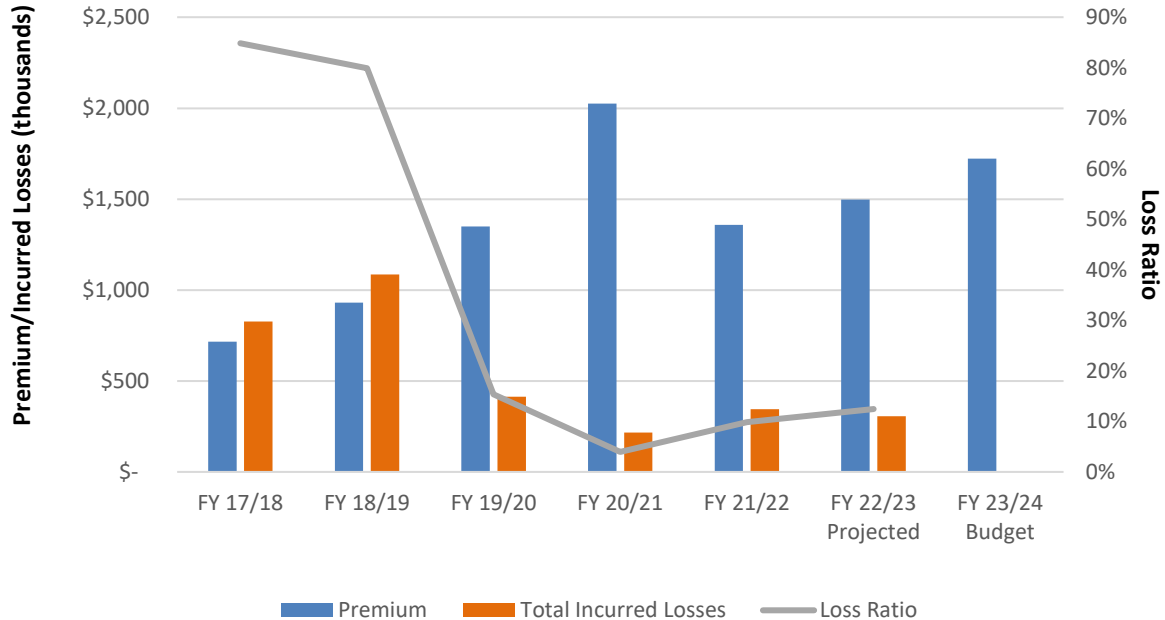
	FY 22/23 Adopted	FY 22/23 Projected	FY 22/23 Adopted		FY 21/22 Actual	FY 21/22 Actual	
			vs. FY 22/23 Projected			vs. FY 22/23 Projected	
			\$	%		\$	%
Revenues and Operating Assistance							
Passenger Fares	\$ 3,978,849	\$ 4,150,365	\$ 171,516	4.3%	\$ 4,216,120	\$ (65,755)	-1.6%
Sale of Transportation Services							
CMH Contribution	414,711	418,712	4,001	1.0%	393,262	25,450	6.5%
Dash Contract	1,465,874	1,600,522	134,648	9.2%	2,289,137	(688,615)	-30.1%
Grand Valley State University	3,113,764	3,048,735	(65,029)	-2.1%	3,257,449	(208,714)	-6.4%
Van Pool Transportation	-	(1,242)	(1,242)	-100%	64,517	(65,759)	-101.9%
Township Services	434,895	401,494	(33,401)	-7.7%	425,945	(24,451)	-5.7%
Other	485,491	434,573	(50,918)	-10.5%	305,753	128,820	42.1%
Subtotal Sale of Transportation Services	5,914,735	5,902,794	(11,941)	-0.2%	6,736,063	(833,269)	-12.4%
State Operating	15,448,739	14,809,770	(638,969)	-4.1%	15,105,760	(295,991)	-2.0%
Property Taxes	18,232,535	18,528,852	296,317	1.6%	18,012,199	516,653	2.9%
Advertising & Miscellaneous	682,340	1,397,814	715,474	104.9%	770,856	626,958	81.3%
Subtotal Revenues and Operating Assistance	44,257,198	44,789,594	532,396	1.2%	44,840,999	(51,405)	-0.1%
Grant Operating Revenue	8,321,660	8,321,660	-	100.0%	20,442,504	(12,120,844)	-59.3%
Total Revenues and Operating Assistance	\$ 52,578,858	\$ 53,111,254	\$ 532,396	1.0%	\$ 65,283,503	\$ (12,172,249)	-18.6%

FY 22/23 Projected Expenses

	FY 22/23 Adopted	FY 22/23 Projected	FY 22/23 Adopted vs. FY 22/23 Projected		FY 21/22 Actual	FY 21/22 Actual vs. FY 22/23 Projected	
			\$	%		\$	%
Expenses							
Salaries and Wages							
Administrative	\$ 6,275,114	\$ 5,836,605	\$ (438,509)	-7.0%	\$ 4,449,829	\$ 1,386,776	31.2%
Operators	14,940,291	13,669,412	(1,270,879)	-8.5%	11,891,322	1,778,091	15.0%
Maintenance	2,291,256	2,254,384	(36,872)	-1.6%	1,846,222	408,162	22.1%
Subtotal Salaries and Wages	23,506,661	21,760,401	(1,746,260)	-7.4%	18,187,373	3,573,029	19.6%
Benefits	9,965,287	9,607,068	(358,219)	-3.6%	9,508,010	99,058	1.0%
Contractual Services	3,942,021	3,857,030	(84,991)	-2.2%	3,441,342	415,688	12.1%
Materials and Supplies							
Fuel and Lubricants	3,421,740	2,906,626	(515,114)	-15.1%	2,838,082	68,544	2.4%
Other	1,990,688	1,806,639	(184,049)	-9.2%	1,603,522	203,117	12.7%
Subtotal Materials and Supplies	5,412,428	4,713,265	(699,163)	-12.9%	4,441,604	271,661	6.1%
Utilities, Insurance, and Miscellaneous	5,684,786	5,078,262	(606,524)	-10.7%	4,101,635	976,627	23.8%
Purchased Transportation	7,765,005	7,549,612	(215,393)	-2.8%	5,558,119	1,991,493	35.8%
Expenses Before Capitalized Operating	56,276,188	52,565,638	(3,710,550)	-6.6%	45,238,083	7,327,556	16.2%
Capitalized Operating Expenses	(3,454,052)	(3,000,000)	454,052	0.0%	-	(3,454,052)	0.0%
Total Operating Expenses	\$ 52,822,136	\$ 49,565,638	\$ (3,256,498)	-6.2%	\$ 45,238,083	\$ 4,327,555	9.6%
Net Surplus/(Deficit) without Grant Revenue		\$ (4,776,044)			\$ (397,084)		
Net Surplus/(Deficit) with Grant Revenue		\$ 3,545,616			\$ 20,045,420		

PL & PD Insurance Update

Auto Liability



- Loss ratio has slightly increased from pandemic years, but remains well under pre-pandemic levels
- Premium through June is \$1.5M
- Forecasting rise in premium for next year, based on economic pressures

Health Insurance Update

Experience Summary	Plan Year to Date		
	2020 - 2021	2021 - 2022	2022 - 2023
Total Premium	\$ 4,382,379	\$ 4,425,831	\$ 2,893,397
PEPY* Premium	\$ 14,416	\$ 15,863	\$ 16,015
PEPY* Δ from prior year	10.2%	10.0%	1.0%
Gross Claims	\$ 3,458,762	\$ 3,999,395	\$ 2,645,163
PEPY* Gross Claims	\$ 11,378	\$ 14,335	\$ 14,641
PEPY* Δ from prior year	7%	26.0%	2.1%
Loss Ratio	78.9%	90.4%	91.4%
Average Employees	304	279	271
Δ from prior year	7.0%	-8.2%	-2.9%

- Premiums
 - Increased 1.0% per employee
- Claims
 - Increased 2.1% per employee this year
- Net loss ratio is 91.4%
- Currently average 271 employees and 586 members

* Per Employee Per Year

New Benefits Provider - HNI

- Following Board Approval, we have moved from USI to HNI as our medical insurance broker
- FY 23/24 Medical- staying with Blue Cross Blue Shield (BCBS)
 - 3 separate medical plans for our employees compared to 4 plans last year
 - HMO, PPO, and High Deductible Health Plan
 - Anticipating a reduction in cost depending on employee participation
- Dental- previously covered via Delta, pivoting to BCBS
 - Overall quote is lower for high/low plans
 - 1% Disruption rate due to change
 - BCBS shift adds a \$30 thousand credit to be applied against medical expenses
- All other ancillary coverage is flat or a reduction

Changes to FY 23/24 Budget Revenue

	FY 23/24 Revised			
	FY 23/24 Original	FY 23/24 Revised	vs. FY 23/24 Original \$	%
Revenues and Operating Assistance				
Passenger Fares				
Linehaul	\$ 3,789,180	\$ 3,789,180	\$ -	0.0%
Paratransit	866,250	866,250	-	0.0%
Ridelink	165,900	165,900	-	0.0%
PASS	8,925	8,925	-	0.0%
Special Services Revenue				
Sale of Wave Cards	65,628	65,628	-	0.0%
Subtotal Passenger Fares	\$ 4,895,883	\$ 4,895,883	-	0.0%
Sale of Transportation Services				
Grand Valley State University	\$ 3,682,642	\$ 3,682,642	\$ -	0.0%
DASH Contract	1,856,468	1,856,468	-	0.0%
Township Services	185,836	185,836	-	0.0%
Other	218,635	218,635	-	0.0%
CMH Contribution	484,007	447,839	(36,168)	-7.5%
Vanpool Transportation	-	-	-	0.0%
Subtotal Sale of Transportation Services	6,427,589	\$ 6,391,420	\$ (36,168)	-0.6%
State Operating	\$ 16,097,144	\$ 18,870,616	\$ 2,773,472	17.2%
Property Taxes	19,661,002	19,661,002	-	0.0%
Advertising and Miscellaneous	714,020	714,020	-	0.0%
Subtotal Revenues and Operating Assistance	\$ 47,795,637	\$ 50,532,941	\$ 2,737,304	5.7%
Grant Operating Revenue	-	-	-	0.0%
Reserves Used	8,211,755	5,474,452	(2,737,304)	-33.3%
Total Revenues and Operating Assistance	\$ 56,007,392	\$ 56,007,392	\$ -	0.0%

- FY 23/24 Subtotal Revenue increased \$2.7M overall
- Reserves was \$8.2M, now it's \$5.5M
- State Operating Assistance (SOA)
 - Originally 29%, changed to 34.3056%
 - \$2.8M increase
- CMH Contribution
 - Rate based on new SOA percentage
 - \$36K decrease in revenue

Changes to Five Year Projection

	FY 23/24 PROPOSED	FY 24/25 PROJECTED	FY 25/26 PROJECTED	FY 26/27 PROJECTED	FY 27/28 PROJECTED
Original Revenues	47,795,637	51,893,891	53,766,701	55,666,986	57,645,937
Revised Revenues	50,532,941	51,857,723	53,730,532	55,630,817	57,609,769
Change	2,737,304	(36,168)	(36,168)	(36,168)	(36,168)
Δ %	5.7%	-0.1%	-0.1%	-0.1%	-0.1%
Original Expenses	56,007,392	61,400,618	64,078,026	66,890,638	69,832,127
Revised Expenses	56,007,392	61,400,618	64,078,026	66,890,638	69,832,127
Change	-	-	-	-	-
Δ %	0.0%	0.0%	0.0%	0.0%	0.0%
Original Reserves	8,211,755	9,506,727	10,311,325	11,223,652	8,480,823
Revised Reserves	5,474,452	9,542,895	10,347,493	11,259,821	11,109,622
Change	(2,737,304)	36,168	36,168	36,168	2,628,799
Δ %	-33.3%	0.4%	0.4%	0.3%	31.0%
Original Deficit					(3,705,367)
Revised Deficit					(1,112,737)
Change					2,592,631
Δ %					-70.0%

- Revenue increased significantly, but our expense forecast was unaffected
- Our reserves are still slated to deplete by the end of FY 27/28
- Overall, the revenue increase reduced our expected FY 27/28 deficit by 70%
- Deficit was \$3.7 million, now \$1.1 million in FY 27/28

Proposed Union Changes

- Proposed 3% increase to hourly rate
- Proposed Incentive program
 - Every pay period an Operator has perfect attendance they will receive:
 - \$1.00 per hour for all hours worked
 - \$1.50 per over time hour for all overtime hours worked
 - Operator must work their entire scheduled shift to be considered perfect attendance

Questions?

