

To: ITP Board

From: Alan Hartley

Date: July 22, 2016

Subject: FY 2017 PROPOSED BUDGET – EXECUTIVE SUMMARY

Attached for your review and consideration is the Fiscal Year 2017 Proposed Budget. The budget totals \$87,899,101. The budget consists of two components, operating and grants. The operating portion totals \$43,660,921. The grants portion totals \$44,238,180. Operating expenses that are funded by grants, such as preventive maintenance, have been extracted from the operating budget and placed in the grants budget. The Board can expect monthly reporting on both components in a similar format to what is currently being presented in FY 2016.

On May 25, 2016, the ITP Board adopted budget formulation guidelines to be followed during budget preparation. A copy of those guidelines follows this letter.

The following are the services being purchased by the Board, for the community, in FY 2017:

- A projected 11.4 million rides on The Rapid's fixed route system. No ridership increase is anticipated in the budget. This figure includes an estimated 2.5 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.
- A projected 258,694 demand response trips on The Rapid's Go! Bus system.
- A projected 100,000 demand response trips provided to clients of Kent County Community Mental Health (Network 180).
- A projected 8,780 demand response trips provided through The Rapid's Passenger Adaptive Suburban Service (PASS).
- An estimated 11,614 demand response trips through the RideLink program.
- In excess of 3,700 demand response, county-wide work related trips funded by ACSET.
- Maintenance services on 214 pieces of rolling stock (149 buses, 8 DASH buses, 33 service/support vehicles), and 24 miscellaneous pieces of equipment (front-end loader, fork lift etc.). These services include as needed mechanical and body repairs as well as an estimated 1,181 preventive maintenance checks at 6,000 mile intervals (FTA requirement).
- Maintenance services at Rapid Central Station, Rapid Operations Center, Ellsworth Administrative Headquarters, Rapid Kentwood Station, Facilities Maintenance at 700 Butterworth SW, and the Vernon J. Ehlers AMTRAK Station. The Rapid's CNG Fueling Facility, located at 1020 Market SW, is scheduled to open later this calendar year. Services will also be provided to 34 Silver Line stations. In addition, maintenance services will be provided to approximately 1,600 bus stops, 159 benches, 106 passenger shelters, and the Silver Line park and ride lot located at 60th Street and Division Avenue.

Operating Budget

Operating revenue highlights:

- The increased revenue generated from the October 1, 2015 fare increase will continue in FY 2017.
- Revenue from the city of Grand Rapids Parking Services for DASH services will increase dramatically in FY 2017 due to requested frequency improvements.
- State Operating Assistance is projected to increase from 29% of eligible expenses to 31.5%. This increase will generate an additional \$1.1 million.
- In July, 2017, 1.47 mills (as adjusted by Headlee) will be levied to support current services.

Operating expense highlights:

- New administrative positions proposed include a full-time Database Programmer/ Analyst, a part-time Accounting Assistant, and a part-time RideLink Call Taker (if funded by Senior Millage). The Database position will be responsible for coordinating all software database activities, including maintenance and monitoring, as well as modification and customization as necessary. This position will also coordinate software upgrades with vendors and end users to ensure that necessary testing and training take place.
- A new full-time Facilities Technician is proposed. The CNG fueling facility will require regular maintenance resulting in the need for additional personnel.
- Diesel fuel is budgeted at \$1.65 per gallon. Consumption is expected to be nearly 1.27 million gallons. In FY 2016 to-date, the average price of diesel fuel has been \$1.60 per gallon. The Rapid's first CNG powered buses will be put into revenue service in January of 2017. An estimated \$98,450 in fuel savings is expected.
- Blue Cross/Blue Shield proposed increasing premiums by 52.67%. ITP's loss to premium ratio is currently 153%. To-date, we have had seven claims with values in excess of \$250,000 each. To reduce the increase to approximately 20%, we are exploring alternate providers, and increasing deductibles, co-pays, and out of pocket maximums. In addition, monthly employee contributions will increase from 10% to 20% of the cost.
- FY 2016 is proving to be a very good budget year. Through May 2016, not only has no preventive maintenance been used, a budget surplus exists of \$319,000. In short, only a small portion of preventive maintenance funds will be needed to balance the budget at year end. In August, I will be proposing defraying more maintenance expenses with capital funds than needed thus freeing up local funds to eliminate the majority of the unfunded liability in the administrative defined benefit pension plan (approximately \$1.5 million). This plan was not only frozen to new participants in the year 2000, benefits to all active participants have been frozen effective June 30, 2016. In FY 2017 retirement expenses have been budgeted as follows: \$692,532 for union employees; \$346,340 for administrative employees; and \$350,000 to pay a portion of the union defined benefit plan unfunded liability (15-year amortization).
- Promotion/Community Outreach funding is increasing in FY 2017. The increase will support the "More to the Ride" campaign. To-date, this campaign has been extremely successful

sparkling conversation on social media and generating significant web traffic. Staff would like to expand the reach of the campaign by identifying and producing new stories to keep the content fresh and interesting and secure additional media placements in broadcast, radio, print, outdoor, and digital platforms.

Grant Budget

The FY 2017 Grant Budget includes many notable investments:

- \$13 million for the purchase of twenty-eight (28) CNG fixed route buses.
- \$800 thousand for the purchase of ten (10) propane Go! Bus vehicles.
- \$2 million to complete the construction of the CNG fueling facility.
- \$2.9 million to complete the implementation of the Smartcard project.
- \$500 thousand to install cameras in all Go! Bus vehicles.
- \$20 million to begin construction of the Laker Line BRT project.
- \$225 thousand to replace dated accounting and purchasing software.

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 and improve efficiencies.

State Operating Assistance is increasing for the first time in nearly two decades. Other major revenue sources such as property taxes are stable. Many important capital investments will begin or be completed in FY 2017. The complete conversion of the fixed route fleet to CNG remains an important initiative. Moving forward, I believe we should seize every opportunity to eliminate unfunded pension liabilities.

All Board members have received a copy of the budget. All Board members are invited to attend the budget work session scheduled on Wednesday, August 3rd at 8:00 a.m. If you have any questions or comments regarding the budget, please feel free to contact me directly at (616) 774-1150 or at ahartley@ridetherapid.org.

**INTERURBAN TRANSIT PARTNERSHIP
OPERATING EXPENSE BY CATEGORY
FY 2017 BUDGET**

	FY 2013 <u>ACTUAL</u>	FY 2014 <u>ACTUAL</u>	FY 2015 <u>ACTUAL</u>	FY 2016 <u>BUDGET</u>	FY 2017 PROPOSED <u>BUDGET</u>
LABOR:					
Administrative Salaries	\$3,039,297	\$3,143,896	\$3,493,597	\$3,562,985	\$3,734,244
Driver Wages	\$9,880,808	\$10,016,536	\$10,892,423	\$11,122,918	\$11,585,881
Mechanics Wages	<u>\$1,340,686</u>	<u>\$1,518,094</u>	<u>\$1,573,443</u>	<u>\$1,618,052</u>	<u>\$1,711,985</u>
TOTAL LABOR	\$14,260,791	\$14,678,526	\$15,959,463	\$16,303,955	\$17,032,110
FRINGE BENEFITS:					
FICA	\$1,188,633	\$1,247,577	\$1,325,962	\$1,330,268	\$1,379,600
Pension	\$1,146,306	\$1,026,520	\$1,336,888	\$1,497,711	\$1,388,872
Group Medical	\$3,174,980	\$3,634,946	\$3,711,748	\$3,682,254	\$4,463,441
Unemployment Insurance	\$181,416	\$84,742	\$107,400	\$107,400	\$80,000
Workers Compensation	\$393,070	\$541,818	\$564,384	\$540,000	\$512,000
Sick Leave	\$129,616	\$133,415	\$150,620	\$141,981	\$154,913
Holiday	\$333,150	\$359,462	\$379,012	\$374,815	\$386,273
Vacation	\$865,383	\$973,460	\$1,046,746	\$934,203	\$1,056,235
Bereavement	\$15,062	\$13,295	\$21,557	\$15,000	\$18,450
Uniform Allowance	\$82,783	\$77,796	\$101,708	\$108,286	\$111,086
Personal Days - Union	\$288,675	\$307,395	\$315,261	\$309,671	\$312,402
Fringe Benefits Distributed to Grants	<u>(\$48,124)</u>	<u>(\$198,202)</u>	<u>(\$37,173)</u>	<u>(\$25,000)</u>	<u>(\$22,726)</u>
TOTAL FRINGE BENEFITS	\$7,750,950	\$8,202,224	\$9,024,113	\$9,016,589	\$9,840,546
TOTAL LABOR & FRINGES	\$22,011,741	\$22,880,750	\$24,983,576	\$25,320,544	\$26,872,656
SERVICES:					
Audit, Legal & Consultant	\$230,393	\$196,604	\$406,208	\$466,900	\$447,750
Contract Service (Janitorial, Bus Cleaning, Fuel Lane & Shelter Snow Removal)	\$774,341	\$798,339	\$1,000,226	\$1,249,929	\$1,354,645
Other Services	<u>\$837,552</u>	<u>\$799,206</u>	<u>\$810,480</u>	<u>\$888,784</u>	<u>\$922,418</u>
TOTAL SERVICES	\$1,842,286	\$1,794,149	\$2,216,914	\$2,605,613	\$2,724,813
MATERIAL & SUPPLIES:					
Fuel & Lubricants	\$4,686,381	\$4,463,225	\$3,106,221	\$3,057,230	\$3,146,819
Tires & Tubes	\$21,002	\$20,664	\$25,377	\$38,800	\$35,405
Office Supplies	\$46,784	\$42,382	\$44,206	\$52,718	\$59,913
Printing	\$59,872	\$25,242	\$26,233	\$44,801	\$50,332
Repair Parts	\$1,160,570	\$1,296,084	\$1,305,872	\$1,442,575	\$1,518,165
Supplies - Other	<u>\$107,152</u>	<u>\$93,998</u>	<u>\$81,409</u>	<u>\$107,835</u>	<u>\$111,798</u>
TOTAL MATERIAL & SUPPLIES	\$6,081,761	\$5,941,595	\$4,589,318	\$4,743,959	\$4,922,432
UTILITIES:					
Electronic Communications	\$56,214	\$74,602	\$89,075	\$97,054	\$113,699
Gas Heat	\$179,876	\$203,409	\$185,013	\$257,100	\$323,523
Electric	\$312,400	\$388,451	\$470,421	\$465,000	\$514,260
Other	<u>\$59,054</u>	<u>\$75,771</u>	<u>\$73,164</u>	<u>\$65,400</u>	<u>\$66,685</u>
TOTAL UTILITIES	\$607,544	\$742,233	\$817,673	\$884,554	\$1,018,167

**INTERURBAN TRANSIT PARTNERSHIP
OPERATING EXPENSE BY CATEGORY - CONTINUED
FY 2017 BUDGET**

	FY 2013 <u>ACTUAL</u>	FY 2014 <u>ACTUAL</u>	FY 2015 <u>ACTUAL</u>	FY 2016 <u>BUDGET</u>	FY 2017 <u>PROPOSED BUDGET</u>
CASUALTY & LIABILITY COSTS:					
PL & PD Insurance	\$879,215	\$936,006	\$1,085,007	\$1,125,600	\$1,019,600
Building & Other Insurance	<u>\$249,782</u>	<u>\$237,742</u>	<u>\$260,021</u>	<u>\$267,164</u>	<u>\$299,058</u>
TOTAL CASUALTY & LIABILITY	\$1,128,997	\$1,173,748	\$1,345,028	\$1,392,764	\$1,318,658
PURCHASED TRANSPORTATION	\$4,678,309	\$5,294,907	\$5,273,538	\$5,436,398	\$5,237,918
PURCHASED TRANSPORTATION - COMMUNITY MENTAL HEALTH	\$2,118,424	\$1,904,758	\$1,675,754	\$1,772,670	\$1,646,000
PURCHASED TRANSPORTATION - SUBURBAN PARATRANSIT	\$257,565	\$261,253	\$257,021	\$274,351	\$204,925
PURCHASED TRANSPORTATION - OTHER	\$74,755	\$74,351	\$238,102	\$249,545	\$346,047
OTHER EXPENSES:					
Dues & Subscriptions	\$60,709	\$64,471	\$68,196	\$72,758	\$74,679
Professional Development	\$58,259	\$51,271	\$54,109	\$67,070	\$97,095
Promotion	\$79,656	\$66,325	\$96,759	\$145,000	\$200,000
Community Outreach	\$95,726	\$146,933	\$347,539	\$150,000	\$350,000
Office Equipment	\$18,010	\$20,443	\$22,510	\$21,000	\$22,000
Shop Tools	\$35,099	\$36,747	\$32,156	\$40,583	\$44,851
Miscellaneous	<u>\$49,941</u>	<u>\$56,874</u>	<u>\$17,339</u>	<u>\$44,794</u>	<u>\$67,000</u>
TOTAL OTHER EXPENSES	\$397,400	\$443,067	\$638,614	\$541,205	\$855,625
NET SURPLUS/(DEFICIT)	\$947,081	\$0	\$0	\$0	\$0
OPERATING EXPENSES - CAPITALIZED	(\$804,000)	(\$679,456)	(\$2,966,987)	(\$2,278,872)	(\$1,486,320)
TOTAL EXPENDITURES	\$39,341,863	\$39,831,355	\$39,068,551	\$40,942,731	\$43,660,921

**INTERURBAN TRANSIT PARTNERSHIP
OPERATING REVENUE BY CATEGORY
FY 2017 BUDGET**

	FY 2013 <u>ACTUAL</u>	FY 2014 <u>ACTUAL</u>	FY 2015 <u>ACTUAL</u>	FY 2016 <u>BUDGET</u>	FY 2017 <u>PROPOSED BUDGET</u>
PASSENGER FARES:					
Passenger Fares - Linehaul	\$5,844,399	\$6,025,143	\$5,990,217	\$6,550,749	\$6,594,208
Passenger Fares - Paratransit	\$727,123	\$708,820	\$923,632	\$911,592	\$905,429
Passenger Fares - Other	\$49,632	\$46,054	\$45,167	\$40,278	\$30,730
TOTAL FARES	\$6,621,154	\$6,780,017	\$6,959,016	\$7,502,619	\$7,530,367
SALE OF TRANSPORTATION SERVICES					
Community Mental Health	\$1,547,929	\$1,382,030	\$1,217,529	\$1,313,560	\$1,179,000
Downtown Area Shuttle	\$1,026,467	\$1,132,470	\$1,133,290	\$1,180,134	\$1,615,007
Grand Valley State University	\$2,633,566	\$2,791,698	\$2,600,125	\$2,798,995	\$2,626,329
Employment Transportation (Vanpool Lease)	\$188,135	\$227,012	\$221,927	\$196,800	\$199,200
Township Services	\$229,273	\$231,847	\$216,299	\$236,327	\$598,230
Other	\$296,069	\$314,072	\$283,411	\$658,326	\$704,581
TOTAL SALES	\$5,921,439	\$6,079,129	\$5,672,581	\$6,384,142	\$6,922,347
OTHER REVENUE & SUPPORT					
State Operating Assistance	\$12,252,398	\$12,348,264	\$11,540,708	\$11,759,498	\$13,753,190
Property Taxes	\$14,220,554	\$14,292,762	\$14,483,950	\$14,738,672	\$14,863,947
Advertising	\$103,872	\$127,777	\$151,039	\$150,000	\$150,000
Interest & Miscellaneous	\$222,446	\$203,406	\$261,257	\$407,800	\$441,070
TOTAL OTHER	\$26,799,270	\$26,972,209	\$26,436,954	\$27,055,970	\$29,208,207
TOTAL REVENUES	\$39,341,863	\$39,831,355	\$39,068,551	\$40,942,731	\$43,660,921

**INTERURBAN TRANSIT PARTNERSHIP
GRANT REVENUES & EXPENDITURES
FY 2017 BUDGET**

REVENUES

	FY 2016 BUDGET	FY 2017 PROPOSED
Federal Grant Assistance	\$22,480,054	\$35,038,869
State Grant Assistance	\$6,059,894	\$9,199,311
Local Funding	\$0	\$0
TOTAL GRANT REVENUES	\$28,539,948	\$44,238,180

EXPENDITURES

Description	FY 2016 BUDGET	FY 2017 PROPOSED	FY 2017 Federal	FY 2017 State	FY 2017 Local	FY 2017 Other Local
Administrative Salaries	\$41,357	\$44,554	\$44,554	\$0	\$0	\$0
Fringe Benefit Distribution	\$25,000	\$22,726	\$22,726	\$0	\$0	\$0
TOTAL LABOR	\$66,357	\$67,280	\$67,280	\$0	\$0	\$0
Tires & Tubes	\$300,000	\$350,000	\$280,000	\$70,000	\$0	\$0
Office Supplies	\$500	\$500	\$500	\$0	\$0	\$0
Printing	\$5,000	\$7,500	\$7,500	\$0	\$0	\$0
TOTAL MATERIAL & SUPPLIES	\$305,500	\$358,000	\$288,000	\$70,000	\$0	\$0
Purchased Transportation	\$785,066	\$800,000	\$640,000	\$160,000	\$0	\$0
Specialized Services	\$463,289	\$463,289	\$0	\$463,289	\$0	\$0
TOTAL PURCHASED TRANS.	\$1,248,355	\$1,263,289	\$640,000	\$623,289	\$0	\$0
Dues & Subscriptions	\$4,775	\$4,500	\$4,500	\$0	\$0	\$0
Professional Development	\$25,000	\$25,000	\$21,000	\$4,000	\$0	\$0
Miscellaneous	\$12,000	\$10,000	\$10,000	\$0	\$0	\$0
TOTAL OTHER EXPENSES	\$41,775	\$39,500	\$35,500	\$4,000	\$0	\$0
Storage Space Lease	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL LEASES	\$0	\$0	\$0	\$0	\$0	\$0
Rolling Stock	\$15,669,049	\$14,111,880	\$11,289,504	\$2,822,376	\$0	\$0
Facilities	\$5,050,000	\$18,918,417	\$15,134,734	\$3,783,683	\$0	\$0
Equipment	\$450,000	\$1,450,000	\$1,160,000	\$290,000	\$0	\$0
Other	\$3,024,837	\$5,955,268	\$4,764,214	\$1,191,054	\$0	\$0
TOTAL CAPITAL	\$24,193,886	\$40,435,565	\$32,348,452	\$8,087,113	\$0	\$0
TOTAL PLANNING SERVICES	\$405,203	\$588,226	\$470,581	\$117,645	\$0	\$0
TOTAL CAPITALIZED OPERATING	\$2,278,872	\$1,486,320	\$1,189,056	\$297,264	\$0	\$0
TOTAL GRANT EXPENDITURES	\$28,539,948	\$44,238,180	\$35,038,869	\$9,199,311	\$0	\$0

INTERURBAN TRANSIT PARTNERSHIP BOARD

RESOLUTION NO. _____

Fiscal Year 2016

GENERAL APPROPRIATIONS ACT FOR FY 2017

Moved and supported to adopt the following resolution:

Whereas, the Interurban Transit Partnership, formed under Public Act 196, will levy 1.4688 mills of ad valorem property taxes for the purpose of providing public transportation services during FY 2017; and

Whereas, total expenditures do not exceed total revenues; and

Whereas, estimated revenues (by source) to be collected in the Operating Budget and Grant Budget are contained in the budget document presented to the ITP Board;

THEREFORE BE IT RESOLVED that the Interurban Transit Partnership Board hereby adopts the FY 2017 Operating and Grant Budgets as presented to the ITP Board on August 31, 2016.

BE IT FURTHER RESOLVED that the CEO, or his designee, is authorized to execute contracts to maintain employee fringe benefit programs as outlined in the Budget.

BE IT FURTHER RESOLVED that the Interurban Transit Partnership Board has reviewed and hereby approves the Costing for Contracted Services as presented.

BE IT FURTHER RESOLVED that funds in the budget (\$43,660,921 Operating and \$44,238,180 Grant) are appropriated for those purposes described in the budget, as required under Section 21 of Act 196 (Public Act of 1986, as amended).

CERTIFICATE

The undersigned, duly qualified and acting secretary of the Interurban Transit Partnership Board, certifies that the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Interurban Transit Partnership Board.

Robin Crothers, ITP Board Secretary

Date