Date: May 8, 2019

To: ITP Board

From: Dina Reed

Subject: FY 2020 BUDGET FORMULATION GUIDELINES

In February 2001, the ITP Board began a process of reviewing and approving guidelines to be followed during the formulation of the annual budget. This initial step in the budget process has led to productive discussion and expedited budget approval.

The following are the Fiscal Year 2020 budget formulation guidelines for Board consideration:

1. There is no change to the current level of service.

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. A range of $1.5 to $2.0 million of Section 5307 grant funds may be used for eligible preventive maintenance expenses. Management's intent is to minimize the use of Section 5307 funds for preventive maintenance as possible.

5. All contracts for service with the ITP will be self-supporting. No locally derived ITP funds shall be used to subsidize these services, unless specifically approved by the Board.

6. State Operating Assistance will be budgeted at the projected rate of 32%. This rate will be updated when we get a more specific number 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 2019 tax revenues will be budgeted at 1.4556 mills. This includes a Headlee reduction. The levy is approximately $17.3 million before captures. Historically captures have been approximately 5% of the levy.

10. The Compensation Philosophy indicates that the salary structure will be adjusted every year based on market trends to ensure ongoing competitiveness with the labor market. The most recent trend data reported by the Bureau of Labor Statistics for the Grand Rapids area would indicate that this would be in the range of 3.2%. An increase of 3% will be budgeted for administrative salaries, but specific employee raises will be determined based on a combination of individual performance, organizational performance and consistency with the Decision Band Method. The salary structure will be evaluated every three to five years to ensure that our salary rates used in the Decision Band Method remain competitive.

INTERURBAN TRANSIT PARTNERSHIP BOARD

RESOLUTION NO._____

Fiscal Year 2019

Moved and supported to adopt the following resolution:

Adoption of the FY 2020 budget formulation guidelines.

BE IT RESOLVED that the Interurban Transit Partnership Board has reviewed and hereby adopts the FY 2020 budget formulation guidelines, in accordance with the information presented to the ITP Board on May 15, 2019.

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.

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Robin Crothers, Board Secretary

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Date