



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, August 10, 2022 – 4:00 p.m.

Board Room (300 Ellsworth SW)

AGENDA

	<u>PRESENTER</u>	<u>ACTION</u>
1. PUBLIC COMMENT		
2. MINUTES REVIEW – April 13, 2022	Mayor Kepley	Review
3. DISCUSSION		
a. Projected Year-End Operating Statement	Linda Medina	
b. FY 21/22 Annual Operating Projection	Linda Medina	
4. ADJOURNMENT		

Next meeting: November 2, 2022



Interurban Transit Partnership

Finance Committee Members

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

FINANCE COMMITTEE MEETING MINUTES

Wednesday, April 13, 2022 – 4:00 p.m.

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

ATTENDANCE:

Committee Members Present:

Mayor Gary Carey, Mayor Stephen Kepley, Mayor Favale, Mayor Maas

Committee Members Absent:

Rick Baker

Staff Attendees:

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

Other Attendees:

Mayor Kepley called the meeting to order at 4:03 p.m.

1. PUBLIC COMMENT

Mayor Kepley asked for public comment. No public comment was offered.

2. MINUTES – January 25, 2022

Mayor Kepley asked for changes or corrections for January 25, 2022, minutes. The meeting minutes were unanimously approved as submitted.

3. DISCUSSION

a. February 2022 Operating Statement

Ms. Medina gave a high-level report on the February Operating Statement. Please see the presentation attached to these minutes.

Mayor Kepley inquired about the state operating shortfall. Ms. Medina replied, The Rapid estimated 30%, and the state actual rate is 29.5%.

b. FY 22/23 Budget Guidelines

Ms. Medina reported on The Rapid's 22/23 budget guidelines. The budget requests will be sent to Directors in April, to be returned to Finance in mid-May. The Budget will be reviewed by both Finance and the Executive leadership team. The Board Budget Workshop will be held on Jul 27, 2022. Board approval is scheduled for the August 24, 2022, board agenda.

Mayor Carey asked Ms. Medina regarding items two (2) and three (3) on the guidelines. When will we be able to determine how much more we can contribute to those items? Ms. Medina replied The Rapid will look at the numbers in the actuarial reports for FY 21 and will proceed with the high range until September/October when Watkins Ross will make their recommendation. Mayor Carey also inquired whether 5307 is a funding source that must be depleted annually or can be carried over? Ms. Medina answered it is a capital fund that does not need to be depleted each year. Mayor Carey asked where the Labor Market Data comes from. Ms. Medina confirmed the Gallagher Reports.

c. FY 22/23 Budget Timelines

Ms. Medina reviewed a slide on FY 22/23 Budget Timeline. No questions or comments were offered.

d. Fuel/Fleet Composition

Ms. Medina presented a month-to-month, year-to-year slide showing ridership is trending higher and we are recovering and moving forward. Ms. Medina reported on the gas prices and if The Rapid has experienced an increase in ridership. Ridership has not increased with increasing fuel costs at this time.

e. PL/PD, Reserve, and Health Insurance Trends

Ms. Medina gave an overview of how The Rapid is performing on our medical insurance claims to premiums paid. The Rapid's premiums have always been higher than the claims paid.

Ms. Medina also reported PL/PD Insurance continues to be favorable,

Mr. Schipper reported that The Rapid has received \$120,000 on our unemployment insurance and The Rapid has also made an inquiry regarding the Michigan Catastrophic Claims Association (MCCA) \$400 rebate. The Rapid will receive nearly \$80,000 by May 9th.

Fuel and Fleet Composition

Ms. Medina shared a slide on the five (5) year fleet transition plan as it affects The Rapid's fuel expenses. The Rapid has been transitioning from diesel to CNG and electric/hybrid buses and will continue to move towards purchasing Hydrogen Fuel Cell vehicles.

Mr. Clapp spoke briefly concerning The Rapid's research of zero-emissions fleet composition which includes electric buses. The Rapid will be applying for a Low/No Grant and we hope to purchase six (6) Hydrogen Buses and fueling infrastructure. The grant will fund also include workforce training.

Ms. Prato added that she recently had calls with Senator Stabenow, and Representative Meijer's offices asked for community investments for the Hydrogen fleet. The Rapid has also applied for competitive grants from the FTA.

Ms. Medina briefly spoke about the cost per gallon difference between CNG and Diesel Fuel. From a cost perspective, CNG is the most efficient. Ms. Prato added that Mr. Clapp's team has a position performing work on the enterprise-wide asset management, which will allow The Rapid to deploy the most fuel-efficient buses, so we can work toward predictive fuel management consumption. We will also be monitoring if there are additional costs with renewable energy from the Bio Digester. Mayor Kepley inquired about the Bio Digester and is collecting yet? Mr. Schipper replied that nothing has been going in there yet. The Rapid is not expecting to receive RNG until late July.

4. ADJOURNMENT

This meeting was adjourned at 4:30 p.m.

The next meeting is scheduled for June 15, 2022

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kris Heald".

Kris Heald, Board Secretary



Interurban Transit Partnership

Date: August 10, 2022
To: ITP Finance Committee
From: Linda Medina, Finance Manager
Subject: FY 21/22 Projected Year End Operating Statement

Attached is the projected year end operating Statement for FY 21/22

Projected year end Operating Statement Analysis

Total revenues are projected to be \$43.5 million before Covid Relief and \$61.3 after Covid Relief funding

- Fares are projected to have a 14.2% increase compared to budget. Ridership continues to recover.
- Sales of Transportation Services is projected to be 4% over the adopted budget. This is mainly due to the increase in CHM rides and the addition of Saturday Dash service.
- State Operating Assistance is projected to be 6.6% under the adopted budget. The actual rate for FY 21/22 is 29.5% which is .5% under the budgeted rate of 30%. Also, total expenses are projected to be \$2.7 million less than the budgeted which reduces the amount of operating assistance received.
- We are projected to receive \$17.8 million in Covid Relief funding

Total expenses are projected to be \$48.4 million. A reduction of \$2.7 million from the adopted budget of \$51.1 million

- Wages and salaries as well as benefits are projected to be under budget mainly due to the labor shortage. Wages and benefits go hand in hand, reduction in wages reflects a reduction in benefits.
- Materials and supplies are projected to increase 17.7% compared to the adopted budget. Fuel is the main driver and continues to be unpredictable.
- Utilities, Insurance and Miscellaneous is projected to be 22.7% under budget. The decrease is mainly due to our insurance rates and claims being less than the adopted budgeted. The Rapid did not have actual numbers when the budget was adopted last August.
- Projecting to use \$4.9 million in Covid Relief funding to offset expenses

Please feel free to reach out to me directly at (616) 774-1149 or imedina@ridetherapid.org with any additional questions regarding the attached financial reports

**The Rapid
FY 21/22 Projected Operating Budget**

	FY 21/22 Adopted	FY 21/22 Projected	FY 21/22 Amended vs FY 21/22 Projected		FY 20/21 Actual	FY 20/21 Actual vs FY 21/22 Projected	
			\$	%		\$	%
Revenues and Operating Assistance							
Passenger Fares	\$ 3,307,466	\$ 3,778,401	\$ 470,935	14 2%	\$ 2,820,986	\$ 957,415	33 9%
Sale of Transportation Services							
CMH Contribution	256,900	357,478	100,578	39 2%	327,379	30,099	9 2%
Dash Contract	1,764,499	2,141,899	377,400	21 4%	2,205,921	(64,022)	-2 9%
Grand Valley State University	3,542,974	3,440,536	(102,438)	-2 9%	2,842,767	597,769	21 0%
Van Pool Transportation	84,000	68,792	(15,208)	-18 1%	29,428	39,364	133 8%
Township Services	344,344	375,162	30,818	8 9%	540,714	(165,552)	-30 6%
Other	482,234	348,105	(134,129)	-27 8%	243,478	104,627	43 0%
Subtotal Sale of Transportation Services	6,474,951	6,731,972	257,021	4 0%	6,189,687	542,285	8 8%
State Operating	15,332,303	14,320,633	(1,011,670)	-6 6%	16,254,784	(1,934,151)	-11 9%
Property Taxes	17,751,118	18,063,756	312,638	1 8%	17,472,240	591,516	3 4%
Advertising & Miscellaneous	638,391	617,177	(21,214)	-3 3%	678,432	(61,255)	-9 0%
Subtotal Revenues and Operating Assistance	43,504,229	43,511,938	7,709	0 0%	43,416,129	95,809	0 2%
Grant Operating Revenue (CARES/CRRSAA)	7,603,447	17,821,604	10,218,157	100 0%	20,253,576	(2,431,972)	-12 0%
Total Revenues and Operating Assistance	\$ 51,107,676	\$ 61,333,542	\$ 10,225,866	20 0%	\$ 63,669,705	\$ (2,336,163)	-3 7%
Expenses							
Salaries and Wages							
Administrative	\$ 5,706,224	\$ 5,276,124	\$ (430,100)	-7 5%	\$ 5,100,986	\$ 175,138	3 4%
Operators	14,931,367	13,717,814	(1,213,553)	-8 1%	12,544,622	1,173,192	9 4%
Maintenance	2,071,508	2,000,314	(71,194)	-3 4%	1,991,199	9,115	0 5%
Subtotal Salaries and Wages	22,709,099	20,994,253	(1,714,846)	-7 6%	19,636,807	1,357,446	6 9%
Benefits	9,501,484	8,770,057	(731,427)	-7 7%	8,801,550	(31,493)	-0 4%
Contractual Services	3,839,277	3,861,275	21,998	0 6%	3,350,166	511,109	15 3%
Materials and Supplies							
Fuel and Lubricants	2,111,337	2,832,878	721,541	34 2%	1,806,260	1,026,618	56 8%
Other	1,760,853	1,725,850	(35,003)	-2 0%	1,492,004	233,846	15 7%
Subtotal Materials and Supplies	3,872,190	4,558,728	686,538	17 7%	3,298,264	1,260,464	38 2%
Utilities, Insurance, and Miscellaneous	5,682,551	4,392,469	(1,290,082)	-22 7%	4,836,385	(443,916)	-9 2%
Purchased Transportation	5,503,075	5,814,916	311,841	5 7%	5,137,991	676,925	13 2%
Expenses Before Capitalized Operating	51,107,676	48,391,697	(2,715,979)	-5 3%	45,061,163	3,330,534	7 4%
Capitalized Operating Expenses	-	-	-	0 0%	-	-	0 0%
Total Operating Expenses	\$ 51,107,676	\$ 48,391,697	\$ (2,715,979)	-5.3%	\$ 45,061,163	\$ 3,330,534	7.4%
Net Surplus/(Deficit) without CARES/CRRSAA		\$ (4,879,759)					
Net Surplus/(Deficit) with CARES/CRRSAA		\$ 12,941,845					

FY 21/22 Annual Operating Projection

The Rapid

Finance Committee Meeting

August 10, 2022



FY 21/22 Projected Revenues

	FY 21/22 Adopted	FY 21/22 Projected	FY 21/22 Amended vs. FY 21/22 Projected		FY 20/21 Actual	FY 20/21 Actual vs. FY 21/22 Projected	
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FY 21/22 Projected Expenses

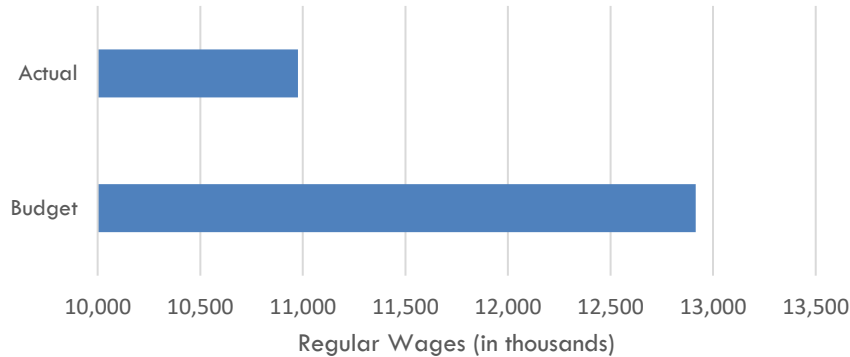
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Highlights

- Revenues
 - Ridership is up for Linehaul, CMH, and DASH
 - Reduction in service hours for DASH North and Laker Line for the month of September
 - A 5.3% reduction in expenses (see slide 3) has reduced state operating assistance by 6.6%
- Expenses
 - Reduction of 7.6% in wages and 7.7% in fringes due to vacancies
 - Fuel price has increased 34.8% from budgeted
 - PL & PD Insurance is 39.8% lower than budgeted
 - Increase in Purchased Transportation ridership reflected in costs
- COVID Relief
 - Projecting to receive \$17.8M in COVID Relief funding
 - Anticipating using \$4.5M in federal funds to offset revenue gap

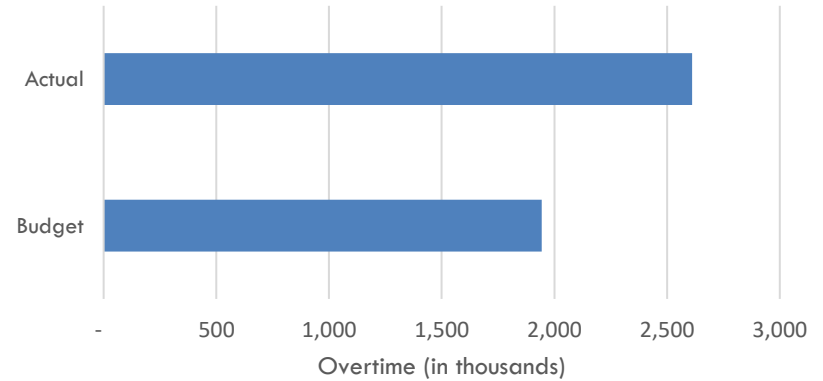
Operator Wages Budget vs Actual

FY 21/22 Budget vs Projected



- Regular Wages are projected to be 15% lower than budgeted
- \$1.9M favorable compared to budget

FY 21/22 Budget vs Projected



- Overtime is projected to be 34% higher than budgeted
- \$668K unfavorable compared to budget

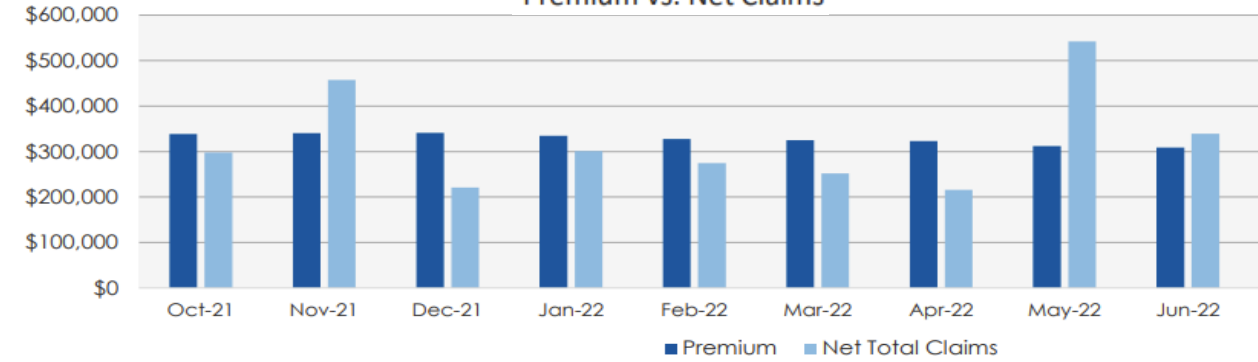
Medical Experience through June 2022

Plan Year to Date

Experience Summary	2019 - 2020	2020 - 2021	2021 - 2022
1 Total Premium	4,394,687	4,223,826	2,952,321
2 PEPY Δ from prior year	-5.3%	+0.5%	+0.6%
3 Paid Claims (Net)	3,344,632	3,251,433	2,901,766
4 Claims (Net) PEPY	10,414	10,591	13,607
5 PEPY Δ from prior year	-1.2%	+1.7%	+28.5%
6 Net Loss Ratio	76.1%	77.0%	98.3%
7 Average Employees	321	307	284
8 Δ from prior year	+1.3%	-4.4%	-7.4%

- Premiums
 - Increased 0.6% per employee
- Claims
 - Higher than premiums in past 2 months
 - Increased 28.5% per employee
- Net loss ratio is 98.3%
- Average number of employees on plan has decreased

Premium vs. Net Claims



Fully Funded Costs

Rates & Total Cost	Plan 1	Plan 2	Plan 3	Plan 4		Plan 1	Plan 2		Plan 3	Plan 4		
Employee	38	44	10	20	\$	565.48	\$	633.62	\$	717.17	\$	674.79
Spouse	39	29	7	12	\$	1,357.14	\$	1,520.71	\$	1,721.19	\$	1,619.51
Child(ren)	31	18	8	7	\$	1,696.43	\$	1,900.88	\$	2,151.50	\$	2,024.39
Total Employees	108	91	25	39								
Annual Subtotal						\$1,524,074		\$1,274,348		\$437,184		\$565,209
Percent Change by Plan						7.3%		8.6%		5.2%		4.0%
HSA Total												
Annual Premium Total (w/out HSA)												\$3,800,815
Change from Current												\$248,728
Percentage Change												7.0%

- Guaranteed cost of \$3.8M
- \$80,000 implementation credit (not illustrated in rates)
- 9.9% rate cap in FY 23/24

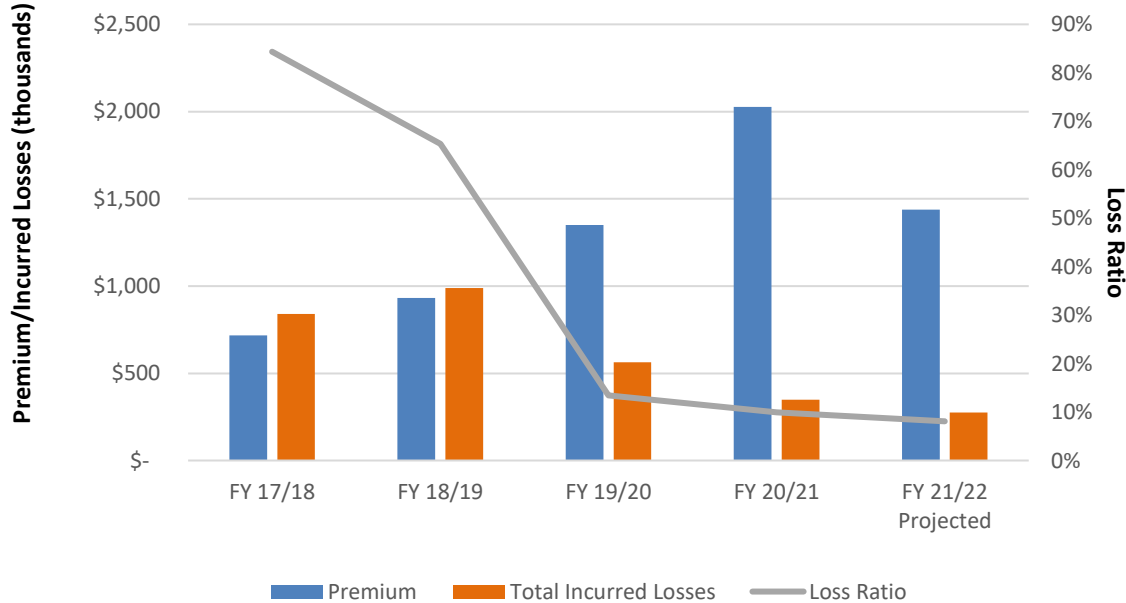
Self Funded Costs

Specific Stop Loss Claims Liability	BCBSMI Option 1		BCBSMI Option 2	
	Minimum	Maximum	Minimum	Maximum
		\$ 125,000		130,000
Minimum / Maximum Claims (PEPM)	\$ 720.85	\$ 901.06	\$ 720.85	\$ 901.06
Annual Expected / Maximum Claims	2,274,999	2,843,749	2,274,999	2,843,749
Annual Total Costs	\$ 3,343,384	\$ 3,912,134	\$ 3,307,721	\$ 3,876,471
Change from Current	(208,703)	\$ 404,261	(244,366)	\$ 368,598
Percentage Change	-5.9%	10.1%	-6.9%	9.1%

- Ranges from \$3.3M to \$3.9M for either plan
- Increase of \$100K compared to fully funded plan

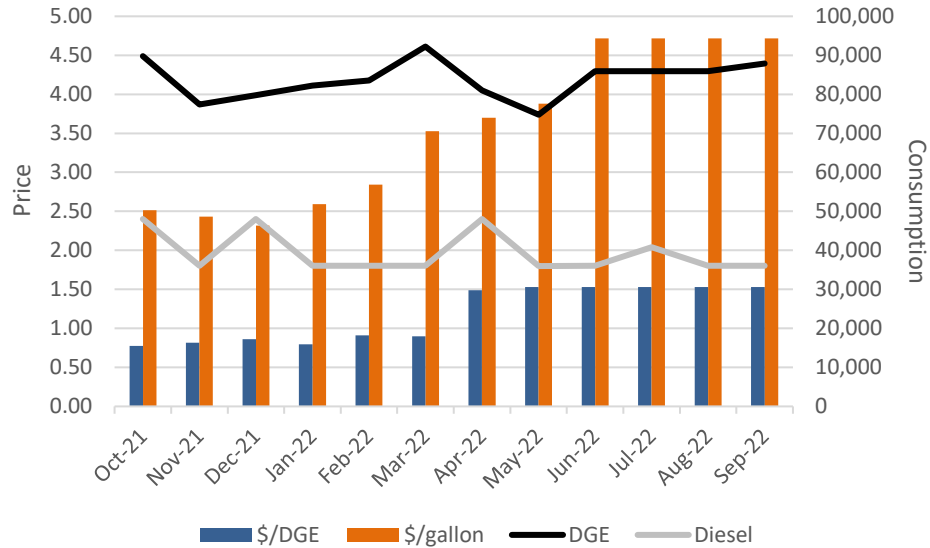
PL & PD through June 2022

Auto Liability



- Loss ratio is decreasing year over year
- Premium through June is \$1.36M
- Forecasting rise in premium for next year, based on economic pressures

Fuel Price & Consumption Comparison



- Original budget projections
 - \$0.6498/DGE* for CNG
 - \$2.50/gal for diesel
- Average actual costs
 - \$1.1950/DGE* for CNG
 - \$3.5549/gal for diesel
- Annual consumption
 - 1,006,571 DGE* for CNG
 - 472,834 gallons for diesel

*DGE = diesel gallon equivalent