



Interurban Transit Partnership

Finance Committee Members

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

FINANCE COMMITTEE MEETING

Wednesday, June 11, 2025 – 4:00 p.m.

Rapid Central Station Conference Room (250 Cesar Chavez Avenue, SW)

AGENDA

	<u>PRESENTER</u>	<u>ACTION</u>
1. PUBLIC COMMENT		
2. MINUTES REVIEW – April 16, 2025	Mayor Kepley	Review
3. DISCUSSION		
a. Operating Statement April 2025	Linda Medina	
b. Fare Policy Status Update	Linda Medina & Nick Monoyios	
c. Preliminary FY25/26 Budget	Linda Medina & Peter Silanpaa	
d. DASH Cost Analysis	Linda Medina	
e. Medical Insurance Renewal	Linda Medina	
f. Contract Service Rate	Linda Medina	
4. ADJOURNMENT		

Next meeting: August 13, 2025



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FINANCE COMMITTEE MEETING MINUTES

Wednesday, April 16, 2025 – 4:00 p.m.

Rapid Central Station Conference Room (250 Cesar E Chavez Avenue, SW)

ATTENDANCE:

Committee Members Present:

Mayor Kepley, Mayor Carey, Mayor Favale

Committee Members Absent:

Steven Gilbert, Mayor Maas

Rapid Attendees:

Steve Clapp, Kris Heald, Deron Kippen, Linda Medina, Nick Monoyios, James Nguyen, Deb Prato, Jason Prescott, Andy Prokopy, Tim Roseboom, Steve Schipper, Peter Sillanpaa, Mike Wieringa, Kevin Wisselink

Public Attendees:

Chad Frederick (GVSU), Dylan Mason (GVSU)

Mayor Kepley called the meeting to order at 4:01 p.m.

1. PUBLIC COMMENT

Mr. Dylan J. Mason, a student at Grand Valley State University, delivered his public comment concerning a collaborative project between his GPY 414 Land Use Plan Studio Class and Allendale Township. Under the guidance of Mr. Chad Frederick, the class has been working on an envisioning plan for a 30-acre mixed-use town center located on M45 (Lake Michigan Drive), not far from the GVSU main campus.

Mr. Mason emphasized the importance of creating a walkable and inclusive community that can cater to both students and permanent residents of Allendale. He highlighted a crucial aspect of the development; the necessity for public transportation connections, specifically the potential extension of a bus route from GVSU to the new development, which would also link to the broader Grand Rapids area. He presented a projection of the residential density, estimating a minimum of 20-28 dwelling units per acre, possibly exceeding 40 units in select areas. This density is projected to create a sufficient population to support public transportation, especially given the demand from Grand Valley students.

Furthermore, Mr. Mason mentioned that local businesses and the Chamber of Commerce are in favor of improved public transportation for the area, reinforcing the community's potential as a vibrant hub. He ensured that more detailed information was shared with the Committee Chair through a handout, outlining key data and plans.

In response, Mayor Kepley expressed his appreciation for Mr. Mason's comments and remarked that having a broader area plan would enhance understanding of the development's context. He inquired

about the exact location of the site, to which Mr. Mason clarified it is near Family Fare and Allendale Christian Schools, approximately 1.5 miles from the GVSU campus. Mayor Kepley concluded by indicating that The Rapid Planning Team would assess the project's capacity, suggesting a willingness to explore public transportation options further.

2. MINUTES – January 22, 2025

Mayor Kepley entertained a motion to approve the meeting minutes from January 22, 2025. Mayor Favale motioned to approve, and Mayor Carey supported it. The motion passed unanimously.

3. DISCUSSION

a. FY 25/26 Budget Guidelines

Ms. Medina presented an overview of the budget timeline for FY25/26. She outlined the process, noting that the budget draft commenced in March, with the draft due by the end of April. The completion of the budget is expected by May, followed by collaboration with the finance team and executives. In June, the budget will be returned to the leadership team for further consideration, and a final presentation is slated for the Board Budget Workshop in July. Ms. Medina highlighted a change from the previous year regarding budget guidelines. One of the key aspects she discussed was Farebox Recovery. If the farebox recovery rate falls below 25% or if State Operating Assistance is below 29%, the Board will receive an analysis of locally generated funding. This analysis will explore potential adjustments to the fare structure and other changes necessary to enhance revenue. Ms. Medina also mentioned the intention to present several scenarios at the upcoming Board Budget Workshop to address these concerns.

Mayor Kepley raised a question about how the State Operating Assistance impacts non-metro six customers and transportation contracts. Ms. Medina explained that the determination of the contract service rate operates on a two-year delay due to reliance on audited financial numbers. The State Operating Assistance rate used for the FY26 budget is based on data from FY24.

Mayor Kepley inquired whether there was a possibility to adjust this approach to ensure fairness and sensibility in rate calculations. Ms. Medina responded that the team could present recommendations to the Board regarding whether to maintain the existing rate structure or do we use a flat rate.

Chair Kepley entertained a motion to approve the Formulation of Budget Guidelines. Mayor Favale motioned to approve, and Mayor Carey supported it. The motion passed unanimously.

b. Financial Planning & Analysis

Ms. Medina presented the February Operating Statement.

As of February, we are officially halfway through the fiscal year. The total revenue is performing at 3.4% below budget. Significant revenue reductions are noted in Community Mental Health (CMH), where we budgeted \$34,000, but actual figures are falling short. The State Operating Assistance is down, which correlates with actual expenses incurred.

Advertising and Miscellaneous Income: These are yielding a better return than anticipated, providing a slight buffer against revenue shortfalls.

Alternative Fuel Credit: This exceeds the initial budget expectations, providing additional revenue support.

Expense Analysis

Total expenses (excluding capitalized operating costs) are approximately 15.6% under budget.

Fuel Expenses: Actual consumption aligns with budget expectations, but cost is 30-35% lower than originally budgeted, significantly aiding in our overall expenses.

Wages: Current staffing levels indicate 200 Bus Operators, which is below the 245 Bus Operators budgeted. Recruitment efforts are underway to address this shortfall. To date, we have capitalized \$760,000 in operational expenses.

4. CEO Report/For the Good of the Order

Ms. Prato initiated the discussion surrounding Transdev, highlighting the imminent release of a Request for Proposal (RFP) due to ongoing dissatisfaction with Transdev's operational performance, efficiency, and excessive idle time. Since the inception of our contract, rising costs have necessitated ongoing negotiations, driven by collective bargaining disputes and persistent efficiency challenges. Currently, there are approximately 10,000 idle minutes daily, costing the organization \$74.94 per hour.

The primary aim of the upcoming RFP is to evaluate potential alternatives, including bringing services in-house. However, Ms. Prato acknowledged significant hurdles in doing so, particularly union-related complications involving the Amalgamated Transit Union (ATU). Unlike Transdev, as a private employer, employees would retain a right to strike if services were internalized, posing further challenges.

Discussions are ongoing regarding the financial implications of in-sourcing versus outsourcing, especially in terms of insurance coverage, which is currently managed by Transdev and includes the management of civil suits regarding operator misconduct.

Mayor Carey echoed the broader "make vs buy" dilemma, proposing three possible scenarios: 1. Internalizing the service for greater cost control. 2. Awarding a contract to a different vendor should the RFP process yield any suitable contenders, and 3. Maintaining the status quo with Transdev while renegotiating terms to ensure better performance.

Ms. Prato emphasized her commitment to ensuring that any new contract requires performance guarantees to mitigate financial liabilities associated with lapses in service quality.

DASH Service Evaluation

Transitioning to DASH Service, Ms. Prato acknowledged the debate surrounding fare-free and the associated administrative challenges posed by the current contract structure. Analysis reveals that operational costs for DASH, while lower than standard bus routes, still exceed revenues generated from the fare structure currently in place.

Given the aging fleet, with existing buses averaging 14 years in service, maintenance demands are escalating, particularly when factoring in additional clean-up requirements for non-destination riders.

Ms. Prato expressed a desire to re-evaluate and potentially restructure the DASH service contract. The longevity of the service, now exceeding 30 years, necessitates critical reassessment to ensure fiscal responsibility and operational efficiency.

Furthermore, Ms. Prato highlighted the need to revise the fare structure, which has not been updated in over a decade. The Rapid team aims to present a range of options for board consideration during the next meeting.

5. ADJOURNMENT

This meeting was adjourned at 4:38 p.m.

The next meeting is scheduled for June 11, 2025

Respectfully submitted,



Kris Heald, Board Secretary

Financial Planning & Analysis

The Rapid

Finance Committee

June 11th, 2025



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April 2025 Operating Statement - Revenues

	YTD as of April 30, 2025		Variance		Last Year	Current Year
	Budget	Actual	\$	%	FY 23/24 YTD Actual	FY 24/25 Annual Budget
Revenues and Operating Assistance						
Passenger Fares	\$ 2,733,485	\$ 2,697,830	\$ (35,655)	-1.3%	\$ 2,798,086	\$ 4,857,788
Sale of Transportation Services						
CMH Contribution	255,585	214,190	(41,395)	-16.2%	209,157	452,010
Dash Contract	1,450,370	1,522,475	72,105	5.0%	1,198,961	2,522,264
Grand Valley State University	2,538,780	2,715,754	176,974	7.0%	2,381,447	3,743,876
Van Pool Transportation	-	-	-	0.0%	-	-
Township Services	132,682	130,757	(1,925)	-1.5%	132,622	204,912
Other	198,426	203,474	5,048	2.5%	141,760	282,557
Subtotal Sale of Transportation Services	4,575,843	4,786,650	210,807	4.6%	4,063,947	7,205,619
State Operating	10,166,027	8,385,973	(1,780,054)	-17.5%	9,567,294	16,946,705
Property Taxes	12,396,321	12,595,127	198,806	1.6%	12,034,215	21,250,831
Advertising & Miscellaneous	896,557	1,738,189	841,632	93.9%	1,577,672	1,921,685
Subtotal Revenues and Operating Assistance	30,768,233	30,203,769	(564,464)	-1.8%	30,041,213	52,182,628
Grant Operating Revenue	-	-	-	0.0%	-	-
Unrestricted Net Reserves	-	-	-	0.0%	-	6,061,050
Total Revenues and Operating Assistance	<u>\$ 30,768,233</u>	<u>\$ 30,203,769</u>	<u>\$ (564,464)</u>	<u>-1.8%</u>	<u>\$ 30,041,213</u>	<u>\$ 58,243,678</u>

April 2025 Operating Statement - Expenses

	YTD as of April 30, 2025		Variance		Last Year	Current Year
	Budget	Actual	\$	%	FY 23/24 YTD Actual	FY 24/25 Annual Budget
Expenses						
Salaries and Wages						
Administrative	\$ 4,516,925	\$ 3,534,272	\$ (982,653)	-21.8%	\$ 3,440,147	\$ 7,826,769
Operators	9,907,897	8,333,850	(1,574,047)	-15.9%	7,321,501	17,173,678
Maintenance	1,701,911	1,540,993	(160,918)	-9.5%	1,413,681	2,949,964
Subtotal Salaries and Wages	16,126,733	13,409,115	(2,717,618)	-16.9%	12,175,328	27,950,411
Benefits	6,206,040	4,549,806	(1,656,234)	-26.7%	4,972,428	10,629,553
Contractual Services	1,981,932	1,822,015	(159,917)	-8.1%	1,777,923	4,129,900
Materials and Supplies				0.0%		-
Fuel and Lubricants	1,625,426	1,065,533	(559,893)	-34.4%	1,337,695	3,029,048
Other	1,098,770	1,065,014	(33,756)	-3.1%	1,026,752	2,145,030
Subtotal Materials and Supplies	2,724,196	2,130,547	(593,649)	-21.8%	2,364,447	5,174,078
Utilities, Insurance, and Miscellaneous	3,407,680	3,342,290	(65,390)	-1.9%	2,775,271	5,609,698
Purchased Transportation	5,068,512	5,272,045	203,533	4.0%	5,138,172	8,750,038
Expenses Before Capitalized Operating	35,515,093	30,525,818	(4,989,275)	-14.0%	29,203,570	62,243,678
Capitalized Operating Expenses	(1,175,627)	(1,175,627)	0	0.0%	(944,202)	(4,000,000)
Total Operating Expenses	\$ 34,339,466	\$ 29,350,191	\$ (4,989,275)	-14.5%	\$ 28,259,368	\$ 58,243,678
Net Surplus/(Deficit) without Net Reserves		\$ 853,578			\$ 1,781,845	

April 2025 Operating Statement – Highlights

- Revenue is 1.8% under forecast
 - Passenger fares are 1.3% under forecast, due to fixed route ridership being low (-9.5%)
 - Sale of transportation services is over forecast
 - CMH revenue is low- trips are 16% under forecast through April
 - State operating assistance is trending under forecast because revenues received are based on actual eligible expenses

- Expenses are 14% under forecast before preventative maintenance
 - Wages and fringes are below budgeted levels, but the focus remains on employee recruitment and retention
 - Fuel expenses continue to remain below forecasted levels due to favorable prices

- \$1,175,627 has been identified as eligible for Federal 5307 preventative maintenance funding to be used in the operating environment

Fare Policy Status Update

- Goal Objectives
 - Simplicity
 - create an easy-to-understand system for all users
 - Use consistent pricing across all services
 - Sustainability
 - Ensure fare revenue supports long term operations
 - Strategic review process to adjust fare levels
 - Consolidation
 - Reduce the number of fare types
 - Equitable for all riders
 - Operational Efficiency
 - Continue to encourage contactless/mobile payments
 - Minimize time spent managing and troubleshooting fare collections and e-fare systems

Preliminary FY 25/26 Budget Numbers

- The Leadership team reviewed individual budgets on June 3rd

- Revenue
 - Slight increase anticipated in linehaul and GO!Bus ridership
 - Contract Service Rate reduced 2% due to the change in State Operating Assistance
 - Millage rate reduced from 1.3950 to 1.3817
 - State Operating Assistance decreased from 29% to the Governor's proposed 26%

- Expenses
 - Continue to be invested in vehicle and facility safety and maintenance
 - Resources allocated for ballot initiative preparation and public outreach
 - GO!Bus purchase transportation Request For Proposal (RFP) was issued, responses due end of June, and evaluation of proposals will begin immediately
 - Anticipating a 15% increase in property and liability (PL & PD) insurance expenses
 - Employee medical insurance renewal process has begun

DASH Full Cost

- We evaluated DASH expenses using our current contract service methodology:
 - Direct expenses
 - Operator wages
 - Mechanic wages
 - Fringe benefits
 - All other direct costs (contract service, fuel, repair parts, etc.)
 - Indirect expenses
 - Total cost of linehaul operations, maintenance, and admin (less direct costs)
 - Purchased Transportation costs are not included
 - Estimated DASH indirect costs at 8%, based on revenue hour ratio
- Actual DASH cost is \$99.36 per revenue hour
- DASH's FY 25/26 billing rate is \$71.32 per revenue hour

Category	Amount
Direct DASH Cost	\$ 1,329,465
Indirect DASH Cost	3,156,759
Total DASH Cost	\$ 4,486,224
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DASH Revenue Hours	29,864
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DASH Cost per Hour	\$ 150.22
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SOA	33.8553%
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DASH Cost Less SOA	\$ 99.36

Medical Insurance Renewal

- Started the renewal process with insurance broker
- Fully Insured
 - Option 1 – Straight up renewal
 - Rate cap in place
 - Renewal is at cap of 8.9%
 - No change in plan types, deductible and out of pocket amounts
 - Option 2 – Plan design adjustments with Priority Health
 - Increase West Michigan Partners deductible by \$500
 - Leave PPO and HMO H.S.A deductibles the same
 - 6% increase over the three plans
- Self Insured
 - First year broker indicates a positive trend with project claims to premium
 - RX formulary has improved with Priority Health
 - With \$100,000 stop-loss; 10% increase to current premium
 - Greater ability to control over covered services, networks and wellness incentives

Contract Service Rate

- Review of State Operating Assistance share is being evaluated
- Special Olympics of Michigan
- DASH

Questions?