



Finance Committee Members

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

FINANCE COMMITTEE MEETING

Wednesday, June 30, 2021 – 11 a.m.

Rapid Central Station | 250 Grandville Avenue, SW

AGENDA

	<u>PRESENTER</u>	<u>ACTION</u>
1. PUBLIC COMMENT		
2. MINUTES REVIEW – April 14, 2021	Mayor Kepley	Review
3. DISCUSSION		
a. Procurement Process	Kevin Wisselink	Information
b. FY 22 Preliminary Operating Budget Highlights	Linda Medina and Michael Bulthuis	Information
4. ADJOURNMENT		

Next meeting: August 11, 2021



Finance Committee Members

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

FINANCE COMMITTEE MEETING MINUTES

Wednesday, April 14, 2021 – 4 p.m.

Virtual Meeting

ATTENDANCE:

Committee Members Present:

Rick Baker, Mayor Katie Favale, Mayor Stephen Kepley

Committee Members Absent:

Mayor Gary Carey, Mayor Steven Maas

Staff Attendees:

Michael Bulthuis, Steve Clapp, Nancy Groendal, Julie Ilbrink, Deron Kippen, Steve Luther, Linda Medina, Nick Monoyios, James Nguyen, Deb Prato, Jason Prescott, Andy Prokopy, Steve Schipper, Brittany Schlacter, Mike Wieringa, Kevin Wisselink

Other Attendees:

Mayor Kepley called the meeting to order at 4:02 p.m.

1. PUBLIC COMMENT

No public comment was offered.

2. MINUTES – January 20, 2021 Finance Committee Meeting

Minutes from January 20, 2021 were distributed and reviewed. They were approved as written.

3. DISCUSSION

a. February Opening Statement

Ms. Medina provided an overview of the YTD Operating Statement. Overall, revenue is down 0.6% through February. Expenses are 6.6% under budget. Ridership recovery is slower to recover than anticipated.

b. FY 21 Budget Amendment

Ms. Medina shared work has been done with the management staff regarding anticipated expenses for the remainder of the fiscal year. Revenue is being increased by \$4.7M which is contributed to

government assistance and property taxes. We anticipated 4.7M rides, however, we are now looking at only 4M rides. Additionally, there are some expenses being added which include increased cleaning measure, a new trash program with the City of Grand Rapids. Ms. Medina also shared an amendment needs to be done with the decreased in purchased rides (Go!Bus) and community mental health rides.

Mayor Kepley asked what the balance would be of the grant operating funds if these projections are accurate. Mr. Bulthuis shared the balance would be \$24.8M after funds have been appropriated. Ms. Medina shared the stimulus money has already been put into our accounts but has not yet been spent. We will be using them to balance our budget.

c. FY 22 Budget Timeline

Ms. Medina shared the FY 2022 Budget Timeline which reflects the schedule of events in order to get to a finalized budget. Mayor Kepley suggested holding a meeting on June 30 prior to the Board Budget meeting on July 28 to review the budget items and address any issues. Group agreed. Ms. Ilbrink will poll the members to obtain a mutual date and time.

d. FY 22 Budget Guidelines

Ms. Medina reviewed the FY 2022 Budget Guidelines:

1. New service levels will be implemented in August per the COA.
2. The union defined benefit pension contribution shall meet or exceed actuarial mid-range recommendation.
3. The administrative defined benefit pension contribution shall meet or exceed actuarial high range recommendation.
4. The use of preventative maintenance funds for operating expenses will be minimized.
5. All service contracts with ITP will be self-supporting. No local funds will be used to subsidize these services, unless approved by the Board.
6. State operating assistance is assumed to be 30%.
7. No fare increase is planned.
8. Unrestricted net assets will not be used to balance the budget unless approved by the Board.
9. Property tax revenues will be budgeted at 1.4457 mills, including the Headlee reduction.
10. Salaries will remain competitive and will be adjusted annually based on the 2017 compensation philosophy.

e. Stimulus Funding Update

Ms. Medina provided an update on the stimulus funding.

Total Apportionment	\$61,083,841
Less: Capital Projects (CARES)	<u>(-) \$1,575,000</u>
Operating Revenue	<u>\$59,508,841</u>

This funding will delay use of preventative maintenance beyond a 5-year horizon.

f. Five-Year Operating Projection

Ms. Medina reviewed the five-year operating projection. She shared the projections were very conservative. She expressed it is anticipated the government subsidy money will take us into FY26.

g. Collective Bargaining Agreement Update

Mr. Schipper shared an update on the Collective Bargaining process. Many of the items have already been resolved which brings us to a conclusionary end. Information is being put together to go before the union where they will vote on it. The hope is to bring the final CBA to the Board of Directors after

the union approval. Mr. Schipper expressed he is pleased that the negotiations were completed prior to the current contract expires.

4. AJOURNMENT

This meeting was adjourned at 4:37 p.m.

The next meetings are scheduled for June 30, 2021 (FY 22 Budget Review meeting) and August 11, 2021 (regular meeting).

Respectfully submitted,



Julie Ilbrink, Board Secretary



Date: June 30, 2021
To: Finance Committee
From: Linda Medina, Finance Manager
Subject: FY 2022 Preliminary Operating Budget

BACKGROUND

Development of the FY 2022 preliminary budget has been challenging as we continue to feel the effects of COVID-19 and now the opening of the State. The focus in FY 2022 is to increase the value that we bring to transit. The FY 2022 preliminary budget reflects the implementation of the COA, a slow rebound of ridership as well as an investment in safety, cleanliness, and reliability.

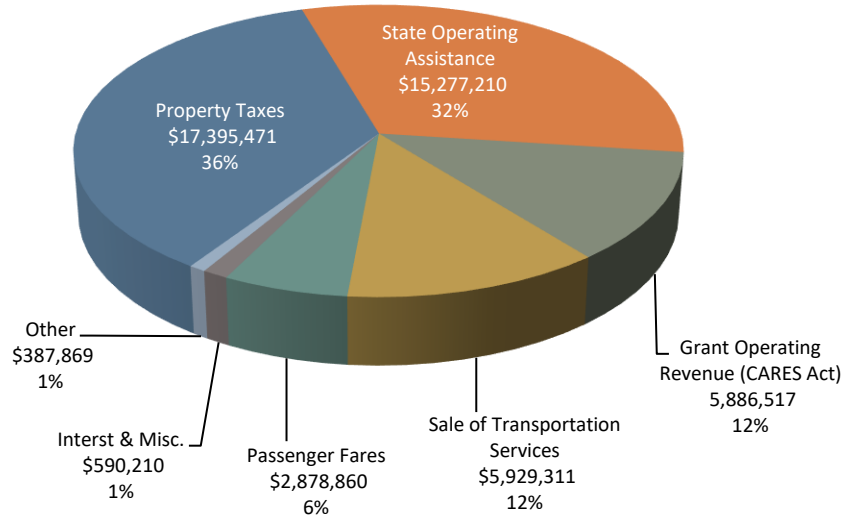
Overall, the FY 2022 preliminary operating budget will increase 5.2% over the current year. Revenues will increase 2.7% before covid relief funding. We anticipate utilizing \$7.2 million in reserve funding to cover the budget deficit caused by revenue loss and increasing insurance costs. The majority of CARES Act and CRRSAA funding will be received in the current year, but it is projected that the American Rescue Plan funds will be requested in FY 2022.

FY 2022 Operating Budget
The Rapid
Finance Committee Meeting
June 30, 2021

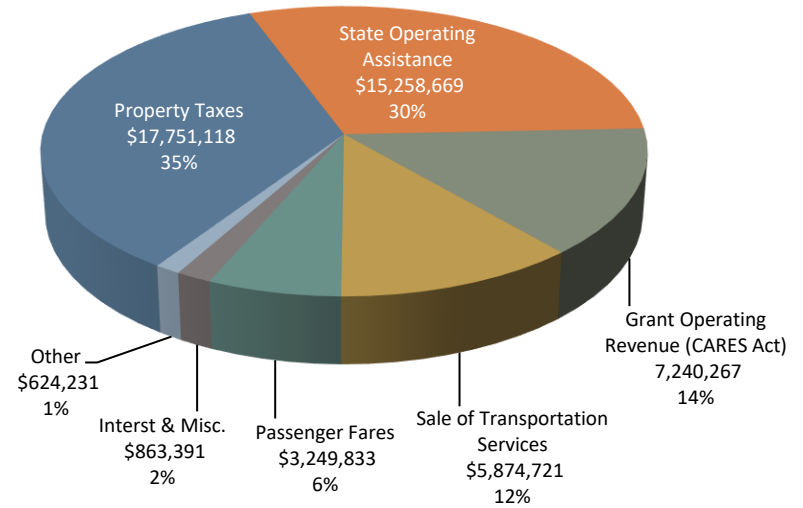


Revenues

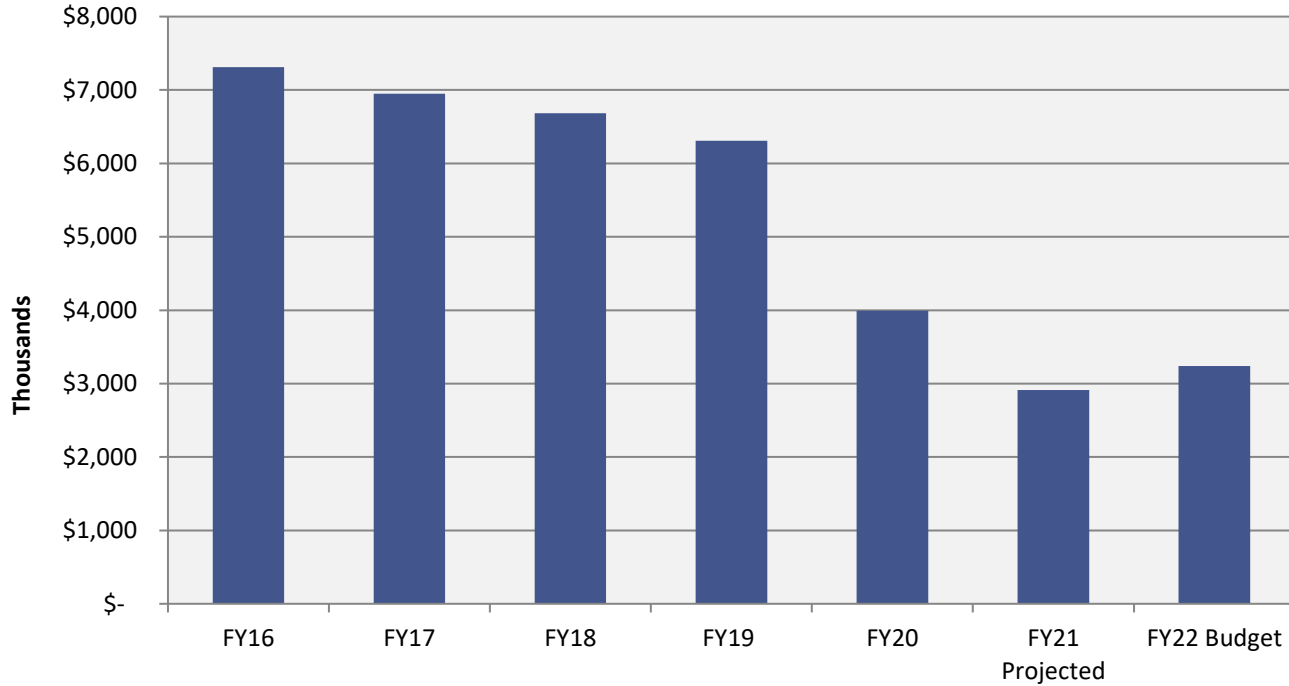
FY 2021 - \$48.3 million



FY 2022 - \$50.9 million



Passenger Fares

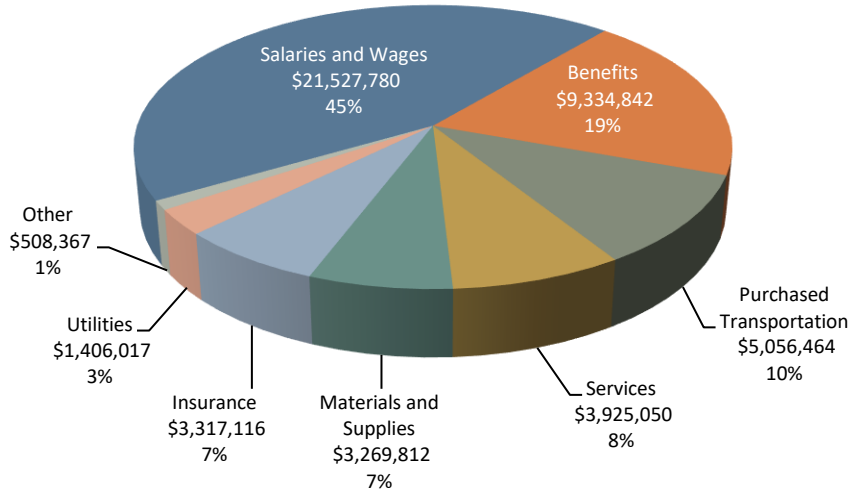


5-Year Operating Projection

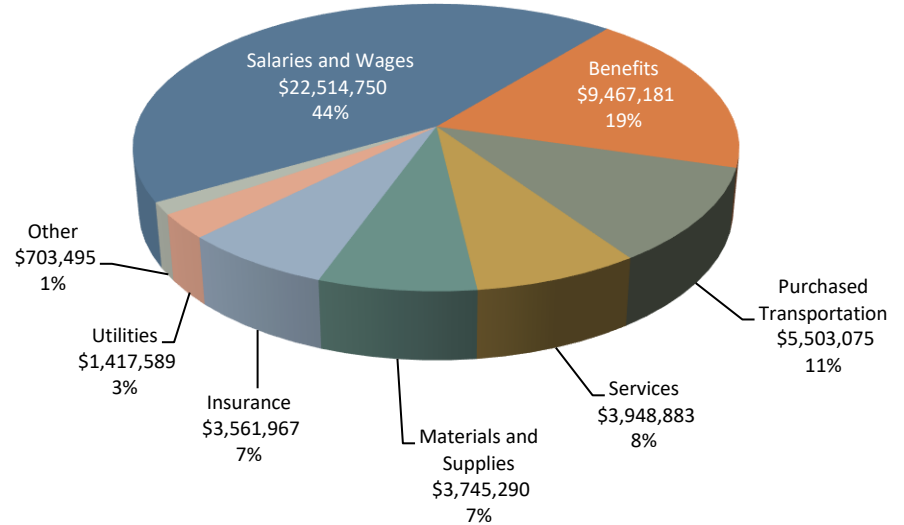
	FY 2021 AMENDED	FY 2022 REQUESTED	FY 2023 PROJECTED	FY 2024 PROJECTED	FY 2025 PROJECTED	FY 2026 PROJECTED
Revenues and Operating Assistance						
Passenger Fares	\$ 2,878,860	\$ 3,249,833	\$ 3,314,830	\$ 3,381,127	\$ 3,448,749	\$ 3,517,724
Sale of Transportation Services	6,317,180	6,498,952	6,504,218	6,659,828	6,797,943	6,969,137
State Operating Assistance	15,277,210	15,258,669	15,248,321	15,638,740	15,981,015	16,412,506
Property Taxes	17,395,471	17,751,118	18,106,140	18,468,263	18,837,628	19,214,381
Advertising & Miscellaneous	590,210	863,391	892,275	921,198	925,160	929,161
Subtotal Revenues and Operating Assistance	42,458,930	43,621,963	44,065,784	45,069,155	45,990,494	47,042,909
Grant Operating Revenues (COVID Relief)	22,639,483	26,377,113				
Total Revenues and Operating Assistance	65,098,413	69,999,076	44,065,784	45,069,155	45,990,494	47,042,909
Expenses						
Salaries and Wages	21,527,780	22,514,750	22,965,045	23,481,759	24,010,098	24,550,325
Benefits	9,334,842	9,467,181	9,417,790	9,739,974	10,072,179	10,418,239
Contractual Service	3,925,050	3,948,883	4,027,861	4,208,418	4,190,586	4,274,398
Materials and Supplies	3,269,812	3,745,290	2,848,128	2,728,641	2,609,825	2,644,767
Utilities, Insurance, and Miscellaneous	5,231,500	5,683,051	5,915,430	6,158,155	6,411,712	6,676,607
Purchased Transportation	5,056,464	5,503,075	5,653,484	5,812,186	5,975,649	6,144,015
Expenses Before Capitalized Operating	48,345,448	50,862,230	50,827,737	52,129,132	53,270,049	54,708,352
Capitalized Operating Expenses	-	-	-	-	-	-
Total Operating Expenses	48,345,448	50,862,230	50,827,737	52,129,132	53,270,049	54,708,352
Reserved Used	5,886,518	7,240,267	6,761,953	7,059,977	7,279,555	7,665,443
Reserve Balance	\$ 25,534,059	\$ 44,670,906	\$ 37,908,953	\$ 30,848,976	\$ 23,569,421	\$ 15,903,978

Expenses

FY 2021 - \$48.3 million

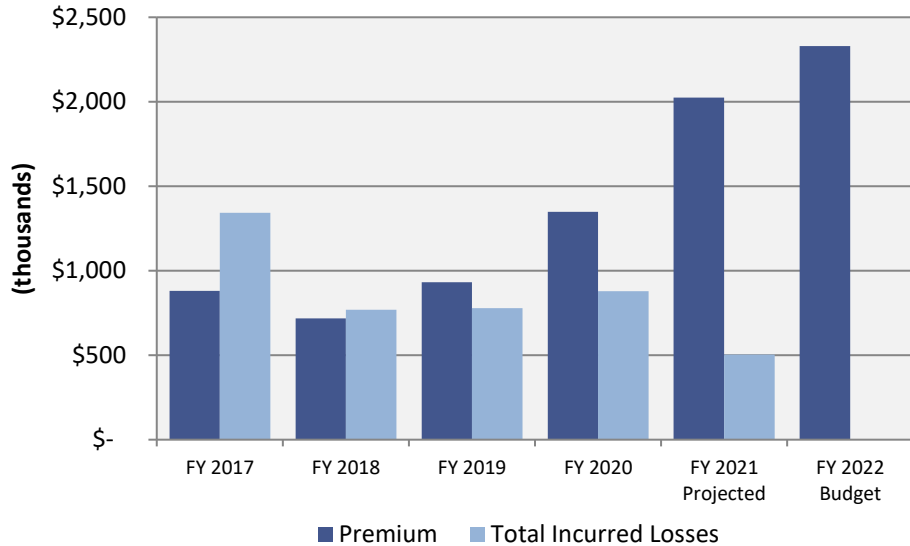


FY 2022 - \$50.9 million

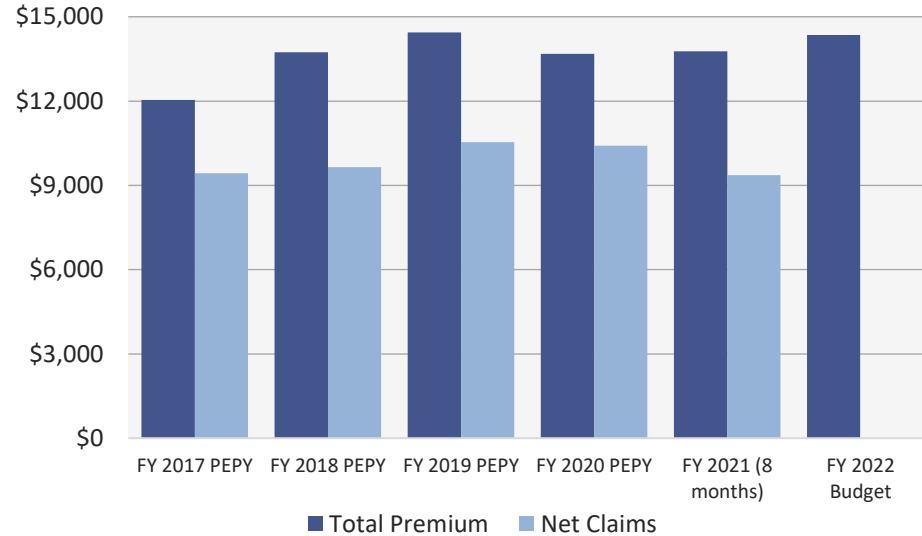


Insurance

PL & PD



Medical



PEPY = per employee per year

Thank You

