

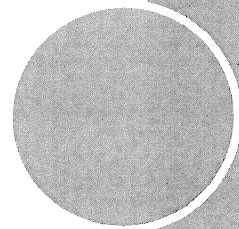


DRAFT – OPERATING BUDGET FY 2013

*Proposed by Staff to Planning and Development Committee
September 11, 2012*

The Operating Budget reflects the financial and human resources necessary to operate the Ann Arbor Transportation Authority from October 1, 2012 to September 30, 2013.

Ann Arbor, Michigan



ANN ARBOR TRANSPORTATION AUTHORITY

FY 2013 OPERATING BUDGET

Executive Summary

The Operating Budget reflects the human and financial resources to provide the following from October 1, 2012 to September 30, 2013:

- 195,300 Fixed route bus service hours providing over 6.5 million passenger trips
- 64,000 ARide and Good as Gold service hours providing 139,000 passenger trips
- 14,000 Night Ride Service Hours providing 30,000 passenger trips
- 8,300 AirRide Service Hours providing 50,000 passenger trips
- 2,600 A2Express Service Hours providing 24,000 passenger trips
- Total Service Hours of 284,200 providing 6.8 million passenger trips

The Budget reflects an operating surplus, with the following areas of special note.

Revenues:

- The amount of Passenger Fare Revenue is increasing by 18.7% due to increasing ridership on existing and additional transit services.
- The Local Property Taxes represent the 2.056 millage levied on the property in Ann Arbor.
- The State Formula Operating Assistance percentage for urban services is decreasing from 30.63% in FY 2012 to 30.12% in FY 2013. This amount is subject to reconciliation and audit, which could result in either increase or decrease, based on actual eligible expenses incurred and total State tax revenue received in FY 2013.
- The Federal Operating Assistance Revenue is the amount contained in the Board Adopted Capital and Categorical Grant Program and contains planning revenue of \$1.2 million for the next phase of the Connector Study. AATA is able to take advantage of newly expanded regulations that allows up to 25% of AATA's annual programmed Federal funds to be used for operations. AATA is using \$1.47 million of these funds to continue to support early investments in the Five Year Transit Program (FYTP).

Expenses:

- Transit Master Plan – The Proposed FY 2013 Operating Budget includes the personnel and other costs needed to support the early implementation of services in the Five Year Transit Program, including the costs necessary to educate and inform the public, change AATA's governance structure and branding.
- Airport Shuttle Service – The budget includes the continuing support of the AirRide shuttle service between Ann Arbor and Detroit Metro Airport, which operates 365 days per year.
- There are salary increases for merit for management staff “up to” 2.0% with a bonus pool of \$40,000. The current agreement with employees in the labor union expires on December 31, 2012. A new agreement will be negotiated effective January 1, 2012.
- Biodiesel fuel prices are expected to average \$3.15 per gallon. We expect to use 623,400 gallons.
- Casualty and liability insurance expense includes an estimated \$90,000 for claims below our vehicle insurance \$25,000 deductible for minor incidents and accidents. This is consistent with the amount paid in fiscal year 2012 for minor claims.

**ANN ARBOR TRANSPORTATION AUTHORITY
PROJECTED FY 2013 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited	Adopted	Estimated	Preliminary	Budget	Percent
	FY 2011	Budget	Projected	Budget	Change	Change
		FY 2012	FY 2012	FY 2013	B to D	B to D
REVENUES:						
Passenger Revenue	5,022,108	5,730,987	6,062,848	6,804,955	\$1,073,968	18.7%
Local Property Tax Revenue	\$8,778,816	\$9,240,000	\$9,240,000	\$9,268,000	\$28,000	0.3%
Purchase of Service Agmts - Urban	715,935	811,624	813,340	821,396	\$9,772	1.2%
Purchase of Service Agmts - Nonurban	359,442	436,456	436,404	437,020	\$564	0.1%
Purchase of Service Agmts - Interurban	0	296,982	57,263	194,593	(\$102,389)	-34.5%
State Operating Assistance	7,126,340	8,659,839	8,959,185	9,252,925	\$593,086	6.8%
Federal Operating Assistance	3,201,094	3,774,143	2,840,473	5,794,464	\$2,020,321	53.5%
Interest and Other	389,327	468,967	358,390	793,388	\$324,421	69.2%
TOTAL REVENUES	\$25,593,062	\$29,418,998	\$28,767,902	\$33,366,740	\$3,947,743	13.4%
EXPENSES:						
PERSONNEL:						
Operator Wages	\$5,958,394	\$6,499,246	\$6,244,123	\$6,797,557	\$298,311	4.6%
Call Taker Wages	\$157,098	\$163,273	\$164,777	\$276,243	\$112,969	69.2%
Vehicle Maintenance Wages	\$820,348	\$915,021	\$886,852	\$925,378	\$10,357	1.1%
Vehicle Service Wages	\$393,961	\$408,187	\$397,526	\$413,204	\$5,017	1.2%
Facility Maintenance Wages	\$97,301	\$141,099	\$144,134	\$142,842	\$1,744	1.2%
Hourly Cashout (in wages above if \$0)	\$137,122	\$96,000	\$98,600	\$108,000	\$12,000	12.5%
Total Hourly Wages	\$7,564,224	\$8,222,826	\$7,936,012	\$8,663,224	\$440,398	5.4%
Management Wages	\$3,122,282	\$3,526,678	\$3,402,383	\$3,913,529	\$386,851	11.0%
Subtotal Wages	\$10,686,506	\$11,749,504	\$11,338,395	\$12,576,753	\$827,249	7.0%
Fringe Benefits	4,339,488	4,893,290	4,408,345	5,209,454	\$316,165	6.5%
SUBTOTAL	15,025,994	16,642,794	15,746,740	17,786,207	\$1,143,414	6.9%
OTHER EXPENSES:						
Purchased Services	2,156,818	2,819,884	2,335,114	3,502,371	\$682,487	24.2%
Diesel Fuel and Gasoline	1,482,947	1,745,000	1,829,829	1,963,600	\$218,600	12.5%
Materials and Supplies	1,480,500	1,744,079	1,735,141	1,866,864	\$122,785	7.0%
Utilities	474,942	463,838	420,390	483,852	\$20,015	4.3%
Casualty & Liability Insurance	509,243	493,000	550,801	552,000	\$59,000	12.0%
Purchased Transportation	4,240,378	5,545,914	5,371,289	6,260,414	\$714,500	12.9%
Other Expenses	419,926	761,114	879,976	738,740	(\$22,374)	-2.9%
Local Depreciation	208,587	195,000	195,000	190,000	(\$5,000)	-2.6%
Total Other Expenses	10,973,341	13,767,829	13,317,541	15,557,841	1,790,012	13.0%
TOTAL EXPENSES	25,999,335	30,410,622	29,064,281	33,344,048	\$2,933,426	9.6%
OPERATING SURPLUS (DEFICIT)	(\$406,273)	(\$991,625)	(\$296,378)	\$22,692	\$1,014,317	

	Audited	Budget	Estimated	Preliminary	Amount	Percent
	FY 2011	FY 2012	Projected	Budget	Change	Change
			FY 2012	FY 2013	B to D	B to D
ASSUMPTIONS:						
Service Hours:						
Fixed Route	184,122	190,276	191,988	195,324	5,048	2.7%
ExpressRide	2,389	2,524	2,512	2,576	51	2.0%
AirRide	0	8,297	5,126	8,275	(22)	-0.3%
Subcontracted Service	85,006	73,000	79,200	78,000	5,000	6.8%
Total	271,517	257,700	278,826	284,175	5,349	2.1%
Passenger Trips:						
Fixed Route	4,701,100	5,873,500	5,950,300	6,530,700	657,200	11.2%
ExpressRide	25,127	29,500	37,589	42,000	12,500	42.4%
AirRide	0	31,200	25,212	52,000	20,800	66.7%
Subcontracted Service	165,577	161,000	167,000	167,000	6,000	3.7%
Total	4,624,000	6,034,500	6,180,101	6,791,700	611,599	10.1%

**ANN ARBOR TRANSPORTATION AUTHORITY
FY 2013 PRELIMINARY DRAFT OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2011	Adopted Budget FY 2012	Estimated Projected FY 2012	Preliminary Budget FY 2013	Percent Change B to D	Budget Note
REVENUES:						
Passenger Revenue						
Cash, Tokens and Passes	2,157,627	2,486,398	2,709,383	2,897,792	16.5%	1a
Subcontract (ARide, AirRide, NightRide)	575,841	833,400	866,067	1,274,400	52.9%	1b
Special Fares (UM, DDA, EMU & WCC)	2,288,640	2,411,189	2,487,397	2,632,763	9.2%	1c
Total	5,022,108	5,730,987	6,062,848	6,804,955	18.7%	
Local Property Tax Revenue	\$8,778,816	\$9,240,000	\$9,240,000	\$9,268,000	0.3%	2
Purchase of Service Agreements						
Urban	715,935	811,624	813,340	821,396	1.2%	3
Non-Urban	359,442	436,456	436,404	437,020	0.1%	
Inter-Urban	0	296,982	57,263	194,593	-34.5%	
Total	1,075,377	1,545,062	1,307,007	1,453,009	-6.0%	
State Operating Assistance						
Formula Operating - Urban	6,669,584	7,598,070	7,794,862	8,050,435	6.0%	4
Formula Operating - Nonurban	336,001	413,955	422,313	405,176	-2.1%	
Prior year Formula Adjustments	5,273	0	205,090	0	0.0%	
Job Access/Reverse Commute (JARC)	17,321	40,000	46,105	99,500	148.8%	
Planning Grants	8,347	48,000	0	128,000	166.7%	
Preventive Maintenance	0	420,000	361,000	420,000	0.0%	
Capital Cost of Contracting	0	50,000	40,000	60,000	20.0%	
Specialized Services	89,814	89,814	89,815	89,814	0.0%	
Total	7,126,340	8,659,839	8,959,185	9,252,925	6.8%	
Federal Operating Assistance						
Cong Mitigation/Air Quality-TDM	400,072	455,000	346,200	455,000	0.0%	5
Operating Assistance (Section 5307)	0	0	0	1,474,000	100.0%	
Planning (Section 5303)	49,440	49,440	49,440	49,440	0.0%	
Planning (Section 5307)	641,957	525,000	365,923	1,520,000	189.5%	
Preventive Maintenance (Sec 5307)	1,615,000	2,230,000	1,444,000	1,680,000	-24.7%	
Capital Cost of Contracting (Sec 5307)	200,000	200,000	160,000	240,000	20.0%	
Commuter Express (CMAQ)	52,230	0	0	0	0.0%	
Job Access/Reverse Commute (JARC)	58,315	88,000	35,164	138,500	57.4%	
New Freedom	16,622	10,000	205,946	30,000	200.0%	
Work Study	0	4,800	1,000	0	-100.0%	
Non-Urban (Section 5311)	167,458	211,903	232,800	207,524	-2.1%	
Total	3,201,094	3,774,143	2,840,473	5,794,464	53.5%	
Interest and Other						
Interest	72,636	60,000	45,423	50,000	-16.7%	6
Other Governmental Reimbursements	244,082	317,967	133,873	562,388	76.9%	
Advertising and other	72,609	91,000	179,094	181,000	98.9%	
Total	389,327	468,967	358,390	793,388	69.2%	
TOTAL REVENUES	\$25,593,062	\$29,418,998	\$28,767,902	\$33,366,740	13.4%	

**ANN ARBOR TRANSPORTATION AUTHORITY
FY 2013 PRELIMINARY DRAFT OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2011	Adopted Budget FY 2012	Estimated Projected FY 2012	Preliminary Budget FY 2013	Percent Change B to D	Budget Note
EXPENSES:						
WAGES:						
Motor Coach Operator (MCO) Wages	5,958,394	6,499,246	6,244,123	6,797,557	4.6%	7
Call Taker Wages	157,098	163,273	164,777	276,243	69.2%	8
Vehicle Maintenance Wages	820,348	915,021	886,852	925,378	1.1%	9
Vehicle Service Wages	393,961	408,187	397,526	413,204	1.2%	
Facility Maintenance Wages	97,301	141,099	144,134	142,842	1.2%	
Hourly Medical Cashout	137,122	96,000	98,600	108,000	12.5%	10
TOTAL LABOR UNION WAGES	7,564,224	8,222,826	7,936,012	8,663,224	5.4%	
Operations Supervision	665,979	744,454	718,507	776,022	4.2%	11
Maintenance Supervision	453,313	453,861	462,920	491,720	8.3%	12
Admin. Wages (IT, HR, Finance, SD, CR)	2,002,990	2,328,363	2,220,956	2,645,787	13.6%	13
TOTAL MANAGEMENT WAGES	3,122,282	3,526,678	3,402,383	3,913,529	11.0%	
TOTAL WAGES	10,686,506	11,749,504	11,338,395	12,576,753	7.0%	
FRINGE BENEFITS:						
Payroll Taxes	801,776	868,603	814,845	941,602	8.4%	14
Pension	749,874	808,040	727,505	895,389	10.8%	
Medical Insurance	1,741,796	2,069,054	1,916,505	2,179,529	5.3%	
Medical & Dependent Care	13,836	14,704	7,363	14,704	0.0%	
Vision	43,518	44,252	45,205	47,211	6.7%	
Dental	198,843	199,162	200,886	212,052	6.5%	
Life Insurance	82,203	69,848	70,151	72,818	4.3%	
Unemployment	5,000	25,689	19,826	17,989	-30.0%	
Workers' Compensation	263,766	335,049	171,380	339,187	1.2%	
Long Term Disability	26,018	26,981	27,072	30,985	14.8%	
Short Term Disability	78,048	77,748	77,749	82,080	5.6%	
Health Care Savings Plan	248,500	272,100	248,000	295,500	8.6%	
Post-Retirement Health Care Benefits	86,310	82,060	81,859	80,409	-2.0%	
TOTAL FRINGE BENEFITS	4,339,488	4,893,290	4,408,345	5,209,454	6.5%	
TOTAL PERSONNEL COSTS	15,025,994	16,642,794	15,746,740	17,786,207	6.9%	
PURCHASED SERVICES:						
Bank Fees	6,951	7,500	13,228	12,660	68.8%	15
Agency, Design Fees	144,253	356,000	166,696	75,000	-78.9%	
Architectural Design Fees (WALLY)	0	190,800	0	190,800	0.0%	
Physical Exams	11,728	14,000	14,677	18,000	28.6%	
Legal Fees	126,041	200,000	272,432	210,000	5.0%	
Auditing Fees	15,400	23,000	14,900	22,000	-4.3%	
Property Tax Collection Fees	93,309	92,400	92,400	93,300	1.0%	
Information Technology Services	44,956	115,000	148,248	0	-100.0%	
Contracted Maintenance Services	371,420	458,188	416,504	478,928	4.5%	
Mobility Management	209,688	200,000	203,452	0	-100.0%	
Custodial Services	87,066	83,946	75,008	104,933	25.0%	
Security Services	214,960	210,000	254,101	290,000	38.1%	
Internet Services	51,125	88,900	116,040	96,800	8.9%	
Towing	11,737	11,300	16,032	12,000	6.2%	
Consulting Fees - Planning Grants	656,518	245,000	306,504	1,525,000	522.4%	
Consulting Fees - Other	20,805	322,350	98,653	253,350	-21.4%	
Media Relations & Public Relations	70,250	168,500	110,414	81,400	-51.7%	
Benefit Administration Fees	20,611	33,000	29,052	38,200	15.8%	
TOTAL PURCHASED SERVICES	2,156,818	2,819,884	2,335,114	3,502,371	24.2%	

**ANN ARBOR TRANSPORTATION AUTHORITY
FY 2013 PRELIMINARY DRAFT OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2011	Adopted Budget FY 2012	Estimated Projected FY 2012	Preliminary Budget FY 2013	Percent Change B to D	Budget Note
BIODIESEL FUEL AND GASOLINE, NET (PER GALLON)	1,482,947	1,745,000	1,829,829	1,963,600	12.5%	16
	\$2.26	\$2.68	\$2.95	\$3.15		
MATERIALS AND SUPPLIES:						
Lubricants, Anti-Freeze and Urea	83,831	136,900	115,172	226,900	65.7%	17
Tires and Tubes	131,341	98,700	88,019	108,700	10.1%	
Repair Parts	502,020	570,830	529,745	649,360	13.8%	
Perishable Tools	2,946	4,000	2,684	4,000	0.0%	
Equipment Repairs	6,613	3,250	2,261	3,000	-7.7%	
Other Materials and Supplies	302,366	357,899	396,911	325,754	-9.0%	
Computer Software	269,686	293,000	334,244	311,000	6.1%	
Office Equipment	4,431	1,500	0	1,500	0.0%	
Production Costs	49,546	54,500	31,649	42,000	-22.9%	
Printing Costs	121,623	217,900	229,736	188,700	-13.4%	
Mechanics Tools	6,097	5,600	4,720	5,950	6.3%	
TOTAL MATERIALS & SUPPLIES	1,480,500	1,744,079	1,735,141	1,866,864	7.0%	
UTILITIES:						
Natural Gas	166,582	166,788	115,765	152,802	-8.4%	18
Electricity	221,881	204,000	222,392	237,000	16.2%	
Water	36,628	43,300	34,988	43,300	0.0%	
Telephone	49,851	49,750	47,245	50,750	2.0%	
TOTAL UTILITIES	474,942	463,838	420,390	483,852	4.3%	
CASUALTY AND LIABILITY INSURANCE:	509,243	493,000	550,801	552,000	12.0%	19
PURCHASED TRANSPORTATION:						
A-Ride and Senior Taxi (Good as Gold)	2,964,784	2,875,000	3,136,416	3,300,000	14.8%	20
Night Ride	301,050	362,000	423,645	572,000	58.0%	
NonUrban-Western Wash. Area Value Express	460,696	461,014	461,112	461,014	0.0%	
NonUrban-People's Express	474,189	648,000	647,892	648,000	0.0%	
Mobility Management Trip Assistance	39,607	78,000	150,861	150,000	92.3%	
AirRide - Airport Shuttle Services	0	1,116,900	550,798	1,116,900	0.0%	
Guaranteed Ride Home	52	5,000	564	12,500	150.0%	
TOTAL PURCHASED TRANSP	4,240,378	5,545,914	5,371,289	6,260,414	12.9%	
OTHER EXPENSES:						
Uniform Expense	62,599	76,900	96,788	100,000	30.0%	21
Postage	6,402	72,400	12,051	58,600	-19.1%	
Dues and Subscriptions	71,828	84,409	75,348	87,249	3.4%	
Conference, Travel and Meetings	45,589	51,000	57,925	51,000	0.0%	
Media Planning & Placement	189,106	342,000	519,292	295,500	-13.6%	
Employee Development	21,501	90,200	70,965	91,486	1.4%	
Recruitment & Hiring	160	1,000	363	1,000	0.0%	
Equipment and Parking Lot Rental	22,741	43,205	47,244	53,905	24.8%	
TOTAL OTHER EXPENSES	419,926	761,114	879,976	738,740	-2.9%	
LOCAL DEPRECIATION:	208,587	195,000	195,000	190,000	-2.6%	
TOTAL EXPENSES	\$25,999,335	\$30,410,622	\$29,064,281	\$33,344,048	9.6%	

**ANN ARBOR TRANSPORTATION AUTHORITY
 FY2013 OPERATING BUDGET
 STAFFING INFORMATION**

	BUDGET		Preliminary	Budget	Notes - Comparing 2012 to 2013
	FY 2012	Actual Mar-12	BUDGET FY 2013	Change: 2012 to 2013	
Labor Union:					
Motor Coach Operators - Full Time	105.00	101.00	110.00	5.00	
Motor Coach Operators - Part Time	17.25	18.00	15.00	-2.25	20 Part-time MCO x 75%
Subtotal - MCO FTEs	122.25	119.00	125.00	2.75	+2.75 FTE to support addl hours
Call-Takers/Info Specialist	3.40	3.00	6.00	2.6	+ 1 Call-Taker for Fixed Route + 2 Part-time Mobility Management
Vehicle Maintenance	16.00	16.00	16.00		
Vehicle Service Crew	9.00	8.00	9.00		
Facilities	3.00	3.00	3.00		
Total Labor Union	153.65	149.0	159.00	5.3	
Management:					
Transportation	11.00	11.00	11.00		Maintenance Admin
Maintenance	6.50	7.00	7.00	0.5	Assistant became full-time from part-time
Administration	8.00	6.00	9.00	1.0	New Connect-a-Ride Coordinator (CMAQ funded)
Information Technology	4.00	3.00	4.00		
Finance/Purchasing	5.00	5.00	6.00	1.0	New Purchasing Assistant
Human Resources	3.00	3.00	3.00		
Service Development	4.00	4.00	5.00	1.0	New Grants Assistant
Community Relations	5.00	5.00	6.00	1.0	New Communications Specialist
CR - GetDowntown	2.00	2.00	2.00		
Total Management	48.50	46.00	53.00	4.5	
AATA Total	202.15	195.00	212.00	9.85	
	4.3%	-3.5%	8.7%	4.6%	
	76.0%	76.4%	75.0%		
	24.0%	23.6%	25.0%		
	100.0%	100.0%	100.0%		

Ann Arbor Transportation Authority
Proposed Operating Budget
Fiscal Year October 1, 2012 Through September 30, 2013
Budget Notes

Column Descriptions for Pages Two through Five:

- A. Audited Fiscal Year 2011** – These amounts are taken from the audited financial statements for the year ended September 30, 2011 with the independent auditors’ report dated February 22 2012. Some reclassifications have been made to conform to the presentation of the operating budget.

- B. Adopted Budget Fiscal Year 2012** – These amounts are taken from the budget adopted at the board of directors meeting on September 15, 2011.

- C. Estimated Projected Fiscal Year 2012** – These amounts are projected based on nine months of actual revenue and expenses with seasonal adjustments.

- D. Projected Budget 2013** –The FY 2013 Budget assumes an increased level of service for fixed route, AirRide and NightRide and a consistent level for Commuter Express, A-Ride, and non-urban demand response.

Ann Arbor Transportation Authority
Proposed Operating Budget
Fiscal Year October 1, 2012 Through September 30, 2013
Budget Notes

Revenues:

1. Passenger Revenue:

- a. **Cash, Passes and Tokens** - We are budgeting an increase in passenger revenue based on the increased ridership and increased service hours.
- b. **Subcontracted Revenue** – We are budgeting consistent revenue for ARide and Night Ride, WAVE and Northfield’s Human Services pass-through. There will be a whole year of AirRide shuttle service to/from Detroit Metro Airport.
- c. **Special Fares** – Special Fares are when someone other than the rider pays the fare. We are budgeting \$535,000 for the sale of 6,000 go!passes. The University of Michigan Unlimited Access contract amount represents the third year of the second five year agreement. The EMU amount of \$140,600 is for the route guarantee for route #33 during the school year.

2. Local Tax Revenue – The July 2012 property tax levy increased by 1.0%, due to the general increase in property values. However, we are allowing for \$50,000 collection loss due to potential Michigan Tax Tribunals rebates and other adjustments. The levy amount was confirmed with the City of Ann Arbor and is based on the taxable value provided by the Washtenaw County Equalization Department less the City DDA portion x 2.056 mills. We are projecting no increase or decrease next July 2013.

3. Purchase of Service Agreements – These are the proposed contracted amounts the other governments will be charged based on the same level of service with the fully allocated POSA hourly rate increasing from \$112.16 in 2012 to \$117.91 in 2013 (+5.1%).

4. State Operating Assistance – The State Urban Operating Assistance is projected to be 30.12% (2012 was 30.63%) based on our total budgeted urban eligible expenses. The Nonurban State Operating Assistance is the non-urban eligible expenses at 36.12% (2012 was 36.14%). These percentages are based on our current estimates, but are subject to reconciliation and audit, resulting in changes (either increase or decrease) based on actual AATA eligible expenses and total State tax revenue received in FY 2013. The State revenue also includes the match for Preventive Maintenance, Planning and Capital Cost of Contracting, which has not been available for the past few years.

5. Federal Operating Assistance – Federal Formula Funds are budgeted based on the current five-year Capital and Categorical Grant Program. Congestion Mitigation/Air Quality (CMAQ) is the federal share for Rideshare/Outreach and GetDowntown program. The amount of Preventive Maintenance funds includes \$816,000 realized from UofM Transportation Services. We are able to take advantage of newly expanded regulations that allows up to \$1.47 million of AATA’s programmed Federal funds to be used to continue to support early investments in the Five Year Transit Program (FYTP). Federal planning revenue includes \$1.2 million for 80% of the next phase of the Connector Study. The local 20% portion is covered by UofM (\$150,000), the city of Ann Arbor (\$60,000) and AATA (\$90,000).

6. Interest and Other Revenue - Interest is based on projected cash balances at a 0.35% rate of return. We are budgeting advertising revenue at \$120,000. Other revenue includes \$210,000 for

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the local match for the Connector Study and \$157,000 in contributions from the other participating municipalities in the WALLY project.

Expenses:

7. **Operator Wages** – The number of Motor Coach Operators (MCOs) will increase from 122.25 to 125.0 Full Time Equivalents (FTE) resulting from increased service between Ann Arbor and Ypsilanti along route #4. The total includes 110 full-time positions and 20 part time (3/4) positions (15.0 FTE). The top hourly wage rate for MCOs is \$24.00 and subject to the five year labor agreement which expires on December 31, 2012. Overtime stays the same at 2.73%. Built into the budget are additional hours for University of Michigan football games (75 hours per game) and Art Fair (750 hours) at overtime rates.
8. **Call Taker Wages** – The number of Call-Takers/Information Specialist is increasing from 3.0 to 6.0. We are adding one position to cover the span of time the buses are on the road and two more positions as part of our adoption of the Rideconnect Program, now called ConnectRide. The latter two positions are funded by Federal and State of Michigan JARC and New Freedom grants.
9. **Vehicle Maintenance Wages** – The wage increases for the Master Technicians are \$25.90. The wages for the Service Crew are \$21.05.
10. **Hourly Cashout** – This amount is for the payment to hourly employees in lieu of taking medical benefits. These amounts are \$3,600 for employees who are eligible to receive family medical coverage based on the labor agreement. Employees eligible for two-person coverage will receive \$2,400 (two thirds of the family amount) and employees eligible for single coverage will receive \$1,200 (one third of the family amount).
11. **Operations Supervision (Management)** – These wages include the management wages for the manager of operations, six operations supervisors, administrative assistant and paratransit coordinator with a maximum of 2.0% merit increases.
12. **Maintenance Supervision (Management)** – These wages include the management wages for the maintenance department manager, two vehicle mechanic supervisors, a parts inventory supervisor, two electronic technicians, a facilities zones supervisor, and an administrative assistant, with a maximum of 2.0% merit increase.
13. **Administrative Wages (Management)** – Administrative departments include Administration, Information Technology, Finance and Purchasing, Human Resources, Service Development and Planning and Community Relations, including the GetDowntown program. There are salary increases for merit for management staff “up to” 2.0% with a bonus pool of \$40,000. New positions include:
 - a. Administration – ConnectRide Coordinator, funded by JARC/New Freedom.
 - b. Finance – Purchasing Assistant

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- c. Service Development – Grants Assistant
- d. Community Relations – Communications Specialist

14. Fringe Benefits – Payroll taxes (FICA), pension, unemployment and workers' compensation expenses are based on wages and statutory or contractual rates.

Medical insurance plans are from Blue Care Network (BCN) and premiums increased 10.0% on August 1, 2012. Medical & dependent care reimbursement, vision, dental, life insurance, long term and short term disability are based on the number of employees at the monthly premium amounts effective August 1, 2012. The budget assumes 10.0% increase in medical insurance on August 1, 2013. Life insurance, long-term and short-term disability rates are staying consistent. Hourly personnel continue to contribute \$15, \$30 or \$45 per pay for single, 2 person or family coverage. Effective August 1, 2012, management personnel began paying 20% of medical, vision and dental insurance premiums in accordance with Public Act 152. It had been 10% since 2006.

The pension expense is 8.0% of wages for full-time employees eligible after one year of service and assumes a turnover of approximately 4.0%. This amount is net of forfeitures of AATA provided pension match for employees who leave before the five-year vesting period.

Our workers' compensation rates are from the current policy period, expiring December 30, 2012. Historically, we have had favorable results from our dividend program with our workers' compensation carrier, expecting refunds per year. We are budgeting for a \$50,000 refund based on the claims currently outstanding.

The health care savings plan (HCSP) is a defined contribution plan administered by the Municipal Employees Retirement System of Michigan (MERS). AATA contributes \$125 to an employee's health savings account each month. This money will be available to each employee for eligible health care expenses post employment after a 10 year vesting period.

We still maintain the post employment medical defined benefits plan for eleven retirees and the three eligible active employees who elected to participate in it instead of participating in the HCSP. Even though the plan is closed, the Authority will still need to contribute approximately \$80,000 each year. An actuary study will be conducted as of September 30, 2012, which will determine future contribution amounts.

15. Purchased Services – Consultants fees – Planning Grants are increasing as the next phase of the connector study will begin in FY 2013 (\$1.5 million), which is funded by a Federal planning grant (\$1.2 million), the University of Michigan (\$150,000), City of Ann Arbor (\$60,000) and AATA (\$90,000). Consulting includes the implementation of the Organizational Strategic Plan of \$100,000, Board Development of \$30,000 and ARide Service Delivery Model and Procurement Planning for \$60,000. Custodial and Security services are increasing in part due to the implementation of AATA's Living Wage Policy on these contracted services.

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16. Diesel Fuel and Gasoline – We are expecting an increase in ultra-low biodiesel (B20) fuel prices from \$2.68 to \$3.15 per gallon. We expect to use 623,000 gallons of biodiesel fuel (B20% in the summer months and B10% in the winter months). We also use 7,000 gallons of gasoline in our non-revenue vehicles per year.

17. Materials and Supplies – We are utilizing Federal grant funds for associated capital maintenance to cover the costs of an estimated \$100,000 in components (engines, transmissions, radiator assemblies, etc.). Lubricants are increasing due to the use of urea in the exhaust system of the newest buses to meet the latest diesel engine emission requirements. We expect most other items to be consistent with the FY 2012 budget.

18. Utilities – For natural gas, we have a contract to pay \$3.95 per million British Thermal Unit (MMBTU) with expected usage at our historical average of 21,000 MMBTU. We switched our telephone system to voice over internet protocol (VOIP) in partnership with the City of Ann Arbor and have realized significant savings.

19. Insurance – Our vehicle and corporate insurance renewal rates were less than expiring. The expense includes an estimate* of annual insurance claims below our \$25,000 deductible for minor incidents and accidents. The insurance detail is as follows:

	FY 2012	FY 2013
a. Vehicles Insurance - Premiums	\$287,100	\$330,000
b. Vehicles Insurance – Minor Claims under \$25,000*	72,000*	\$90,000*
c. Property	18,500	\$20,000
d. Terminal Fire	22,000	\$18,000
e. Public Official and Employer Practices Liability	20,700	\$23,000
f. Underground Storage Tank Pollution Liability	6,500	\$6,500
g. Fiduciary	5,900	\$6,000
h. Commercial General Liability	5,200	\$3,000
i. Government Official/Crime	2,700	\$3,000
j. Broker Fees	<u>\$52,700</u>	<u>\$52,500</u>
Total	<u>\$493,000</u>	<u>\$552,000</u>

20. Purchased Transportation – The amount for ARide and Senior Taxi is based on the contract effective August 1, 2012 with increasing demand. NightRide service area was expanded in FY 2012. The WAVE and People’s Express portions are the pass-through amounts to these entities using Nonurban State Operating Assistance and Federal Section 5311 grants. Purchased Transportation includes \$1.1 million for the Ann Arbor to Detroit Metro Airport, which is partly funded from State operating assistance, passenger fares, the private carrier and the Federal operating assistance.

21. Other Expenses – Media costs and postage are consistent in Community Relations due to initiatives to continue to support the additional services and Transit Master Plan Initiative and other goals in the FY 2012 Work Plan.

Ann Arbor Transportation Authority
Consulting and Public Relations
Fiscal Year 2013

Department		FY 2012 Budgeted Amount	FY 2013 Budgeted Amount
	Consulting - Planning Grants:		
Section 5307 Planning	Connector Study	\$320,000	\$1,500,000
Section 5307 Planning	Transit Master Plan	\$340,000	\$0
Section 5307 Planning	On-Board Survey & Market Research	\$85,000	\$25,000
	Total Consulting Reimbursed by Planning Grants	<u>\$745,000</u>	<u>\$1,525,000</u>

		FY 2012	FY 2013
	Consulting - Other:		
Administration	Strategic Planning & Implementation	\$250,000	\$100,000
Administration	Board Development for u196 Board	\$30,000	\$30,000
Administration	ARide Service Delivery Model/Procurement Planning	\$22,000	\$60,000
Administration	Board Governance for u196 Board	\$0	\$15,000
Finance	Point of Sale System - Procurement Assistance	\$0	\$3,000
Human Resources	Salary Administration Plan	\$2,000	\$0
Human Resources	Board/Staff Training on Continuous Improvement Teams	\$18,000	\$20,000
WALLY	WALLY Technical Assistance	\$25,000	\$25,000
Operations	LAC - Interpretation for Hearing Impaired	\$350	\$350
	Total Consulting - Other	<u>\$347,350</u>	<u>\$253,350</u>

Additional Sources of Funding:
Marketing & Communications

		FY 2012	FY 2013
	Media and Public Relations:		
Commuter Express	Communications Plan to support Commuter Express	\$500	\$0
WALLY	WALLY Communications Plan	\$10,000	\$500
Community Relations	Communications Plan to support Fixed Route	\$1,500	\$10,000
Community Relations	Communications Plan to support ARide	\$0	\$2,000
Community Relations	Communications Plan to support NightRide	\$0	\$2,000
Community Relations	Communications Plan to support Goals & Objectives	\$15,000	\$10,000
Community Relations	Communications Plan to support Ann Arbor - Ypsilanti	\$0	\$2,000
Community Relations	Communications Plan to support Transit Master Plan	\$47,800	\$20,000
Community Relations	Communications Plan to support East/West Rail	\$1,000	\$1,000
GetDowntown	Public Relations to support GetDowntown	\$31,125	\$33,900
	Total Media and Public Relations	<u>\$106,925</u>	<u>\$81,400</u>