

Bowden (King), Anissa

From: Phil Webb <PWebb@theride.org>
Sent: Friday, August 21, 2015 2:13 PM
To: CityClerk; Frances McMullan (fmcnullan@cityofypsilanti.com); Karen Lovejoy Roe (klovejoyroe@ytown.org); Tiffany Gunter
Cc: Matt Carpenter; Karen Wheeler
Subject: AAATA Preliminary FY 2016 operating budget for input and comment
Attachments: AAATA FY 2016 Prelim Budget for input.pdf

All

Please find attached a copy of AAATA's preliminary FY 2016 Operating Budget.

We presented this version to the Planning and Development Committee (a subcommittee of the Board of Directors) and the August 11, 2015 meeting and to the Board of Directors at the meeting last night.

The next steps will be to present a proposed FY 2016 Operating Budget to the PDC on September 8, 2015 with adoption by the full Board of Directors scheduled at the September 17, 2015 meeting.

Please do not hesitate to contact me if you have any questions or would like further information.



Philip C. Webb, CPA *Controller/Manager of Finance*
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MEMO

To: City of Ann Arbor, City of Ypsilanti and Ypsilanti Township, RTA of Southeastern Michigan
From: Phil Webb, Controller/Manager of Finance
Date: August 21, 2015
Re: Feedback on the Draft FY 2016 Operating Budget

Message: Please find attached a draft of the FY 2016 Operating Budget.

It currently shows a deficit of \$680,000. However, there are a few areas that are still open. We will be able take the next couple weeks to gather more information and delve further into these areas to try to yield a balanced budget.

These areas include:

- Timing of the purchase of three buses that will provide expanded service on route #6. These will use local property tax funds and the question is whether this will be the July 1, 2016 levy or July 1, 2017 levy.
- Continuation of AAATA providing ARide lift-van trips after May 1, 2016 or contract the lift-van services to our ARide contractor.
- Job Access Reverse Commute (JARC) and New Freedom Federal and State grant calculations. These grants are nearing their end and we will be receiving Section 5310 Federal funds to continue to fund MyRide trips and operations. We expect to see the 5310 grant contract soon.
- Confirmation of the DDA capture amount from the Ann Arbor property tax levies.
- Calculation of additional services (fixed route and ARide) and calculation and negotiation of the Purchased of Service Agreements (POSA) with Pittsfield Township and Superior Township.

We will be presenting a revised FY 2016 operating budget to our Planning and Development Committee on September 8, 2015 with adoption by the full Board of Directors scheduled at the September 17, 2015 meeting.

Please do not hesitate to contact me if anyone has any questions or would like further information at either pwebb@theride.org or 734-794-1810.



FY 2016 Operating Budget

*Proposed to the Planning and Development Committee
DRAFT – August 11, 2015*

The FY 2016 Operating Budget reflects the financial and human resources necessary to operate the Ann Arbor Area Transportation Authority from October 1, 2015 to September 30, 2016, including implementation of new services in the Second Year (August 2015) and Third Year (May 2016) of the Five-Year Transit Improvement Plan.

Ann Arbor Area Transportation Authority
2700 South Industrial Highway
Ann Arbor, Michigan 48104

Ann Arbor Area Transportation Authority // FY 2016 Operating Budget

Executive Summary

The Proposed FY 2016 Operating Budget reflects the human and financial resources to provide the following from October 1, 2015 to September 30, 2016:

Overall Summary:

- The FY 2016 total expenses will increase \$36.8 million in Amended FY 2015 budget to \$39.4 million (7.2%).
- The operating budget supports the continuing implementation of the second year (August 23, 2015) and third year (May 1, 2016) services in the Urban Core Five-Year Transit Improvement Plan (5YTIP).

5YTIP Transit Services:

- For the fiscal year 2016, we are adding an additional 30,200 local fixed route services hours (13.8%).
- The second year of the 5YTIP (August 23, 2015) includes an additional 40.5 fixed route service hours on each weekday (from 786.0 to 826.5), 53.5 on each Saturday (from 235.3 to 288.8), and 42.6 on each Sunday (from 109.6 to 152.2). Weekly service hours will increase 7.8% from 4,274 to 4,573 hours.
- The third year of the 5YTIP (May 1, 2016) will add an additional 131.7 fixed route service hours on each weekday (less 29.0 hours on summer hiatus), 50.6 on each Saturday and 48.9 on each Sundays. This will increase fixed route weekly service hours by another 8.1% from 4,274 to 4,622.
- The Peak bus requirement increases from 69 in August 2014 to 71 in August 2015 to 80 in May 2016.
- ARide and Good as Gold service hours will be extended to match the extended fixed route service hours and new ARide service area due to the new route #67 into Pittsfield Township.
- Route reconfiguration will take place in western Ann Arbor and eastern Ypsilanti City in May 2016.
- AirRide, ExpressRide, MyRide and VanRide Services will continue at the same level of service.
- Detailed information regarding the additional services can be found at www.therideyourway.org

The FY 2016 Operating Budget reflects an operating loss, with areas of special note.

Revenues:

- The FY 2016 operating budget includes the 0.7 mill local property taxes in the Authority member communities (Cities of Ann Arbor and Ypsilanti and Ypsilanti Township) that will be levied on July 1, 2016. This is the third year of the five-year voter approved transit millage. The City of Ann Arbor also levies 2.056 millage property tax and the City of Ypsilanti levies 0.9789 transit millage. A portion of the 0.7 mill tax levy is designated for bus purchases.
- The State Formula Operating Assistance revenue has increased due to greater eligible expenses even though the reimbursement percentage for urban services decreased, from 31.14% in the FY 2015 to 30.8% in FY 2016.

Expenses:

- Personnel – The operating budget reflects the hiring and training of 11 SSMCOs to continue the ARide service effective May 1, 2016. We will hire an operations supervisor to help cover the expanded span of service. We are also adding two call-takers/information specialists, a vehicle mechanic and three service crew (one by April 1, 2016) to support the increase in services and vehicles. We will fill the vacant facilities supervisor, facilities maintenance technician and bus stop technician positions.
- Other Expenses – Other expenses include resources necessary to support new services in the 5YTIP along with continuing research and development projects.

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2016 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited	Adopted	Estimated	Proposed	Budget	Percent
	FY 2014	Amended	Projected	Budget	Change	Change
		FY 2015	FY 2015	FY 2016	B to D	B to D
REVENUES:						
Passenger Revenue	\$5,977,174	\$6,331,463	\$6,087,148	\$6,408,880	\$77,417	1.2%
Local Property Tax Revenue (applied)	10,475,627	13,603,583	13,603,583	12,878,366	(725,217)	-5.3%
Purchase of Service Agmts - Urban	458,246	378,250	282,640	793,338	415,088	109.7%
Purchase of Service Agmts - Nonurban	380,122	432,032	458,272	432,282	250	0.1%
Purchase of Service Agmts - Interurban	175,550	127,145	154,703	28,096	(99,049)	-77.9%
Other Governmental Partners	291,124	172,000	192,277	290,880	118,880	69.1%
State Operating Assistance	9,743,448	10,959,403	10,598,347	11,643,885	684,482	6.2%
Federal Operating Assistance	5,575,133	5,758,777	3,892,360	6,065,652	306,875	5.3%
Advertising, Interest and Other	360,752	400,900	366,685	405,100	4,200	1.0%
TOTAL REVENUES	\$33,437,175	\$38,163,553	\$35,636,015	\$38,946,479	782,926	2.1%
EXPENSES:						
PERSONNEL:						
Operations Salaries & Wages	\$8,292,192	\$9,824,643	\$9,375,219	\$10,728,323	\$903,680	9.2%
Maintenance Salaries & Wages	\$2,154,262	\$2,491,805	\$2,359,239	\$2,883,253	\$391,448	15.7%
General Administration Salaries & Wages	\$2,699,260	\$2,968,291	\$2,859,506	\$3,257,924	\$289,633	9.8%
Total Salaries and Wages	\$13,145,713	\$15,284,739	\$14,593,964	\$16,869,500	\$1,584,761	10.4%
Fringe Benefits	5,357,864	6,159,397	5,799,673	6,940,815	\$781,418	12.7%
Subtotal - Personnel	18,503,576	21,444,136	20,393,637	23,810,315	\$2,366,179	11.0%
OTHER EXPENSES:						
Purchased Services	2,558,316	2,594,311	2,183,299	3,222,200	\$627,889	24.2%
Diesel Fuel and Gasoline	2,157,982	2,094,200	2,230,928	1,947,600	(\$146,600)	-7.0%
Materials and Supplies	1,702,761	2,076,127	1,932,626	2,293,853	\$217,727	10.5%
Utilities	510,019	607,817	591,248	532,516	(\$75,301)	-12.4%
Casualty & Liability Insurance	666,899	660,000	654,271	775,000	\$115,000	17.4%
Purchased Transportation	6,341,529	6,267,160	6,595,029	6,016,759	(\$250,401)	-4.0%
Other Expenses	899,911	746,190	726,146	729,880	(\$16,310)	-2.2%
Local Depreciation	218,004	297,000	289,000	298,000	\$1,000	0.3%
Total Other Expenses	15,055,421	15,342,804	15,202,546	15,815,808	473,004	3.1%
TOTAL EXPENSES	33,558,998	36,786,941	35,596,184	39,626,123	\$2,839,183	7.7%
OPERATING SURPLUS (DEFICIT)	(\$121,823)	\$1,376,613	\$39,831	(\$679,644)	(\$2,056,257)	

ASSUMPTIONS:	Audited	Adopted	Estimated	Proposed	Amount	Percent
	FY 2014	Budget	Projected	Budget	Change	Change
		FY 2015	FY 2015	FY 2016	B to D	B to D
Service Hours:						
Local Fixed Route	207,239	219,673	219,804	249,900	30,227	13.8%
ExpressRide	2,073	2,073	2,073	2,081	8	0.4%
AirRide	4,126	8,964	8,275	8,985	21	0.2%
Urban Demand Response	80,881	83,670	81,400	82,000	(1,670)	-2.0%
Total	294,319	314,380	311,552	342,966	28,586	9.1%
Passenger Trips:						
Fixed Route	6,324,551	6,693,500	6,541,800	7,896,900	1,203,400	18.0%
ExpressRide	37,675	43,000	40,500	41,500	(1,500)	-3.5%
AirRide	23,307	58,500	72,700	75,000	16,500	28.2%
Urban Demand Response*	165,577	177,000	170,500	177,000	0	0.0%
Total	6,551,110	6,972,000	6,825,500	8,190,400	1,218,400	17.5%

* Urban Demand Response includes ARide, NightRide, MyRide

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2016 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	Budget
	Audited	Amended	Estimated	Proposed	Percent	Notes
	FY 2014	Budget	Projected	Budget	Change	
		FY 2015	FY 2015	FY 2016	B to D	
REVENUES:						
Passenger Revenue						
Cash, Tokens and Passes	2,337,385	2,409,372	2,361,580	2,473,000	2.6%	1a
Subcontract (ARide, AirRide, NightRide)	1,635,653	1,681,689	1,710,416	1,702,900	1.3%	1b
Special Fares (UM, DDA, EMU & WCC)	2,004,136	2,240,402	2,015,152	2,232,980	-0.3%	1c
Total	<u>5,977,174</u>	<u>6,331,463</u>	<u>6,087,148</u>	<u>6,408,880</u>	1.2%	
Local Property Tax Revenue						
City of Ann Arbor	\$13,056,992	\$13,385,000	\$13,385,000	\$13,510,000	0.9%	2a
City of Ypsilanti	\$489,200	\$490,463	\$490,463	\$490,019	-0.1%	2b
Township of Ypsilanti	\$779,435	\$781,420	\$781,420	\$786,047	0.6%	2c
Subtotal - Property Tax Levies	<u>\$14,325,627</u>	<u>\$14,656,883</u>	<u>\$14,656,883</u>	<u>\$14,786,066</u>	0.9%	
Adjustments to Property Tax Levies:						
July 2014 Levy for FY 15 Capital (8.5 Buses)	(\$3,850,000)			\$450,000		2d
July 2014 Levy for FY 16 Operating				\$450,000		2d
July 2015 Levy for FY 15 Capital (2.3 Buses)		(\$1,053,300)	(\$1,053,300)			2e
July 2016 Levy for FY 16 Capital (6.2 Buses)				(\$2,157,700)		2f
July 2016 Levy for FY 16 Capital (Bus Stops, etc)				(200,000)		2f
Total Property Tax Applied to Operations	<u>\$10,475,627</u>	<u>\$13,603,583</u>	<u>\$13,603,583</u>	<u>\$12,878,366</u>	-5.3%	
Purchase of Service Agreements & Other Governmental Partners						
Urban (Pittsfield, Superior & Scio Twps)	458,246	378,250	282,640	793,338	109.7%	3
Non-Urban (WAVE and People's Express)	380,122	432,032	458,272	432,282	0.1%	
Inter-Urban (AirRide)	175,550	127,145	154,703	28,096	-77.9%	
Other Governmental Partners	291,124	172,000	192,277	290,880	69.1%	
Total	<u>1,305,042</u>	<u>1,109,427</u>	<u>1,087,892</u>	<u>1,544,596</u>	39.2%	
State Operating Assistance						
Formula Operating - Urban	8,384,292	9,838,499	9,487,128	10,641,135	8.2%	4
Formula Operating - Nonurban	407,746	399,090	464,892	393,436	-1.4%	
Prior year Formula Adjustments	94,920	0	87,694	0	0.0%	
Job Access/Reverse Commute (JARC)	71,696	132,000	95,269	132,000	0.0%	
Planning Grants	109,980	80,000	51,051	40,000	-50.0%	
Preventive Maintenance	525,000	390,000	292,500	317,500	-18.6%	
Capital Cost of Contracting	60,000	30,000	30,000	30,000	0.0%	
Specialized Services	89,814	89,814	89,814	89,814	0.0%	
Total	<u>9,743,448</u>	<u>10,959,403</u>	<u>10,598,347</u>	<u>11,643,885</u>	6.2%	
Federal Operating Assistance						
Operating Assistance (Section 5307)	1,540,000	2,400,000	1,050,000	2,810,000	17.1%	5
Congestion Mitigation/Air Quality-TDM	455,000	455,000	481,100	501,000	10.1%	
Planning (Section 5303)	49,440	49,440	49,440	49,440	0.0%	
Planning (Section 5307)	826,797	480,000	491,488	363,600	-24.3%	
Preventive Maintenance (Sec 5307)	2,100,000	1,560,000	1,170,000	1,270,000	-18.6%	
Capital Cost of Contracting (Sec 5307)	240,000	120,000	120,000	120,000	0.0%	
Job Access/Reverse Commute (JARC)	148,201	171,000	171,000	171,000	0.0%	
New Freedom	49,692	105,000	105,000	105,000	0.0%	
TCSP - North/South Commuter Rail	0	240,000	76,000	496,000	106.7%	
Non-Urban (Section 5311)	166,003	178,337	178,332	179,612	0.7%	
Total	<u>5,575,133</u>	<u>5,758,777</u>	<u>3,892,360</u>	<u>6,065,652</u>	5.3%	
Advertising, Interest and Other	360,752	400,900	366,685	405,100	1.0%	6
TOTAL REVENUES	<u>\$33,437,175</u>	<u>\$38,163,553</u>	<u>\$35,636,015</u>	<u>\$38,946,479</u>	2.1%	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2016 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	Budget
	Audited	Amended	Estimated	Proposed	Percent	Notes
	FY 2014	Budget	Projected	Budget	Change	
		FY 2015	FY 2015	FY 2016	B to D	
EXPENSES:						
SALARIES & WAGES:						
Operations:						
Motor Coach Operators (MCO)	7,141,169	8,481,569	8,100,089	9,164,198	8.0%	7
Call Taker/Information Specialists	237,979	405,360	333,309	475,421	17.3%	8
Operations Supervision	913,043	937,714	941,821	1,088,704	16.1%	9
Subtotal - Operations	<u>8,292,192</u>	<u>9,824,643</u>	<u>9,375,219</u>	10,728,323	9.2%	
Maintenance:						
Vehicle Maintenance Technicians	1,001,156	1,181,454	1,164,207	1,312,084	11.1%	10
Vehicle Service Crew	473,093	511,351	518,029	665,814	30.2%	10
Facility Maintenance	167,077	245,204	180,267	259,747	5.9%	10
Maintenance Supervision	512,936	553,796	496,736	645,608	16.6%	11
Subtotal - Maintenance	<u>2,154,262</u>	<u>2,491,805</u>	<u>2,359,239</u>	2,883,253	15.7%	
General Administration	<u>2,699,260</u>	<u>2,968,291</u>	<u>2,859,506</u>	3,257,924	9.8%	12
TOTAL SALARIES & WAGES	<u>13,145,713</u>	<u>15,284,739</u>	<u>14,593,964</u>	16,869,500	10.4%	
FRINGE BENEFITS:						
Payroll Taxes	947,793	1,150,960	1,032,646	1,252,435	8.8%	13
Pension	905,184	1,017,214	1,046,207	1,241,950	22.1%	
Medical Insurance	2,395,869	2,531,406	2,421,401	2,906,884	14.8%	
Health Care Reform Taxes (PPACA)	69,410	82,100	62,361	68,040	-17.1%	
Medical & Dependent Care	6,790	5,757	8,389	8,028	39.4%	
Vision	47,809	62,802	53,076	51,510	-18.0%	
Dental	190,554	242,121	217,704	254,116	5.0%	
Life Insurance	94,659	75,780	70,512	85,105	12.3%	
Unemployment	5,000	14,577	9,233	10,477	-28.1%	
Workers' Compensation	207,570	358,873	324,094	413,133	15.1%	
Long Term Disability	31,388	35,247	34,692	37,051	5.1%	
Short Term Disability	86,925	116,383	106,872	117,218	0.7%	
Health Care Savings Plan	292,440	382,399	328,713	409,868	7.2%	
Post-Retirement Health Care Benefits	76,475	83,778	83,772	85,000	1.5%	
TOTAL FRINGE BENEFITS	<u>5,357,864</u>	<u>6,159,397</u>	<u>5,799,673</u>	6,940,815	12.7%	
TOTAL PERSONNEL COSTS	<u>18,503,576</u>	<u>21,444,136</u>	<u>20,393,637</u>	23,810,315	11.0%	
PURCHASED SERVICES:						
Bank Fees	12,530	14,660	15,645	16,200	10.5%	14
Agency, Design Fees	141,644	124,000	125,533	100,000	-19.4%	
North/South Rail Station Feasibility & NEPA	0	300,000	68,000	620,000	106.7%	
Physical Exams	21,388	20,000	28,961	30,000	50.0%	
Legal Fees	97,084	155,000	194,964	115,000	-25.8%	
Auditing Fees	21,195	29,372	29,372	25,000	-14.9%	
Property Tax Collection Fees	213,900	146,600	186,392	147,600	0.7%	
Information Technology Services	93,062	85,029	70,556	70,000	0.0%	
Contracted Maintenance Services	630,104	697,000	649,968	752,900	8.0%	
Custodial Services	121,942	148,200	141,319	167,100	12.8%	
Security Services	345,284	332,600	337,716	343,700	3.3%	
Web/Internet Services	71,472	105,800	74,279	121,100	14.5%	
Towing	12,750	15,000	9,803	15,000	0.0%	
Consulting Fees - Planning Grants	681,247	315,000	207,208	517,000	64.1%	
Consulting Fees - Other	27,193	30,350	22,703	105,350	247.1%	
Media Relations & Public Relations	36,908	37,500	4,053	35,250	-6.0%	
Benefit Administration Fees & EAP	30,612	38,200	32,472	41,000	7.3%	
TOTAL PURCHASED SERVICES	<u>2,558,316</u>	<u>2,594,311</u>	<u>2,183,299</u>	3,222,200	24.2%	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2016 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	
	Audited	Amended	Estimated	Proposed	Percent	Budget
	FY 2014	Budget	Projected	Budget	Change	Notes
		FY 2015	FY 2015	FY 2016	B to D	
BIODIESEL FUEL AND GASOLINE	2,157,982	2,094,200	2,230,928	1,947,600	-7.0%	15
(PER GALLON)	\$3.30	\$3.07	\$3.28	\$2.50	-18.5%	
(Gallons)	654,400	682,800	680,820	779,100	14.1%	
MATERIALS AND SUPPLIES:						
Lubricants, Anti-Freeze and DEF	103,125	120,000	123,043	136,500	13.8%	16
Tires and Tubes	62,023	123,700	118,651	140,750	13.8%	
Repair Parts	657,520	771,403	789,708	877,500	13.8%	
Perishable Tools	3,240	4,800	3,883	5,000	4.2%	
Equipment Repairs	2,703	7,000	7,872	7,000	0.0%	
Other Materials and Supplies	435,763	425,724	383,139	488,763	14.8%	
Computer Software	266,495	385,680	324,356	378,220	-1.9%	
Production Costs	2,870	47,800	25,900	40,800	-14.6%	
Printing Costs	158,721	180,020	149,498	209,320	16.3%	
Mechanics Tools	10,302	10,000	6,577	10,000	0.0%	
TOTAL MATERIALS & SUPPLIES	1,702,761	2,076,127	1,932,626	2,293,853	10.5%	
UTILITIES:						
Natural Gas	205,173	275,217	258,475	187,016	-32.0%	17
Electricity	223,855	245,000	245,067	256,000	4.5%	
Water	32,450	39,600	39,064	41,500	4.8%	
Telephone	48,541	48,000	48,643	48,000	0.0%	
TOTAL UTILITIES	510,019	607,817	591,248	532,516	-12.4%	
CASUALTY AND LIABILITY INSURANCE:	666,899	660,000	654,271	775,000	17.4%	18
PURCHASED TRANSPORTATION:						
A-Ride and GoldRide	3,113,767	2,925,150	3,074,753	2,760,000	-5.6%	19
Night Ride	588,655	570,000	572,548	572,000	0.4%	
NonUrban-Western Wash. Area Value Express	538,516	603,000	638,340	603,000	0.0%	
NonUrban-People's Express	499,733	469,688	614,877	469,688	0.0%	
Mobility Management Trip Assistance	360,917	449,000	466,811	449,000	0.0%	
AirRide - Airport Shuttle Services	1,210,344	1,209,522	1,203,500	1,126,271	-6.9%	
Guaranteed Ride Home	29,598	40,800	24,200	36,800	-9.8%	
TOTAL PURCHASED TRANSPORTATION	6,341,529	6,267,160	6,595,029	6,016,759	-4.0%	
OTHER EXPENSES:						
Uniform Expense	110,203	110,000	116,023	119,000	8.2%	20
Postage	18,676	25,550	20,245	23,350	-8.6%	
Dues and Subscriptions	86,923	94,690	85,449	97,090	2.5%	
Conference, Travel and Meetings	44,868	68,950	52,411	65,000	-5.7%	
Media Planning & Placement	226,048	210,250	231,291	204,250	-2.9%	
Employee Development	58,696	120,850	102,826	126,250	4.5%	
Employee Wellness and Appreciation	0	13,000	2,699	18,890	45.3%	
Election Fees	115,827	0	0	0	-100.0%	
Recruitment & Hiring	0	65,000	65,507	20,000	-69.2%	
Loss on Sale - BTC	190,448	0	0	0	0.0%	
Equipment and Park & Lot Rentals	48,220	37,900	49,696	56,050	47.9%	
TOTAL OTHER EXPENSES	899,911	746,190	726,146	729,880	-2.2%	
LOCAL DEPRECIATION:	218,004	297,000	289,000	298,000	0.3%	21
TOTAL EXPENSES	\$33,558,998	\$36,786,941	\$35,596,184	\$39,626,123	7.7%	
NET SURPLUS (DEFICIT)	(\$121,823)	\$1,376,613	\$39,831	(\$679,644)		

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2016 OPERATING BUDGET
STAFFING INFORMATION**

	AMENDED* BUDGET FY 2014	AMENDED** BUDGET FY 2015	Actual July 2015	Proposed BUDGET FY 2016	Budget Change: 2015 to 2016	Notes - Comparing 2015 to 2016
Operations:						
Motor Coach Operators - Full Time	120.00	130.00	130.00	130.00	0.00	
Motor Coach Operators - Part Time	18.00	30.00	30.00	30.00	0.00	40 Part-time MCO x 75%
Subtotal - MCO FTEs +	138.00	160.00	160.00	160.00	0.00	
Special Services MCO (ARide)	0.00	0.00	0.00	6.40	6.40	Hire 11 SSMCO on 3/1/16
Call-Takers/Info Specialist	6.00	8.00	9.00	9.75	1.75	Add 1 FT and 1 PT
Transportation Supervision	12.00	14.00	15.00	15.00	1.00	Add Oper Supervisor
Subtotal - Operations	156.00	182.00	184.00	191.15	9.15	
Maintenance:						
Vehicle Maintenance	19.00	20.50	19.00	21.00	0.50	Vacant vehicle technician
Vehicle Service Crew	11.00	11.00	13.00	13.50	2.50	Add 2.5 service crew for add'l buses (1 on 4/1/16)
Facilities Maintenance	2.50	3.00	3.00	3.00	0.00	
Bus Stop Maintenance	1.00	2.00	1.00	2.00	0.00	Vacant bus stop position Vacant evening shift
Maintenance Supervision	7.00	9.00	7.00	9.00	0.00	supervisor & vacant facilities supervisor
Subtotal - Maintenance	40.5	45.5	43.0	48.50	3.00	
General Administration:						
Administration	8.00	8.00	7.00	8.00	0.00	Vacant Admin Asst
Information Technology	4.00	6.00	6.00	6.00	0.00	
Finance	3.00	3.00	3.00	3.00	0.00	
Purchasing	3.00	3.50	3.50	3.50	0.00	
Human Resources	4.00	4.00	4.00	4.00	0.00	
Service Development	5.00	6.50	6.50	6.50	0.00	
Mobility Management	1.00	1.00	1.00	1.00	0.00	
Community Relations	6.00	6.00	6.00	6.00	0.00	
CR - GetDowntown	2.00	2.00	2.00	2.00	0.00	
Subtotal - General Administration	36.00	40.00	39.00	40.00	0.00	
Authority Total FTEs	232.50	267.50	266.00	279.65	12.15	

+ FTE = Full Time Equivalents

* FY 2014 Operating budget was amended on July 24, 2014

** FY 2015 Operating budget was amended on June 25, 2015

Operations	67.1%	68.0%	69.2%	68.4%
Maintenance	17.4%	17.0%	16.2%	17.3%
Adminstration	15.5%	15.0%	14.7%	14.3%
	100.0%	100.0%	100.0%	100.0%

Column Descriptions for Pages Two through Five:

- A. Audited Fiscal Year 2014** – These amounts are taken from the audited financial statements for the year ended September 30, 2014 with the independent auditors' report dated January 9, 2015. Some reclassifications have been made to conform to the presentation of the operating budget.
- B. Adopted Amended Budget Fiscal Year 2015** – These amounts are taken from the original budget adopted at the board of directors meeting on September 29, 2014, as amended by the board of directors on June 25, 2015.
- C. Estimated Projected Fiscal Year 2015** – These amounts are projected based on nine months of actual revenue and expenses through June 30, 2015, with seasonal adjustments.
- D. Proposed Operating Budget Fiscal Year 2016** – The FY 2016 Budget includes an increased level of service for fixed route due to the implementation of the second (August 2015) and third year (May 2016) service increases in the Urban Core Five-Year Transit Improvement Program, (5YTIP). There also an increase in ARide due to the larger service area and longer service hours. We are budgeting a consistent level for ExpressRide, AirRide and non-urban demand response.

Ann Arbor Area Transportation Authority
FY 2016 Operating Budget // Budget Notes

Revenues:

1. Passenger Revenue:

- a. **Cash, Passes and Tokens** - We are budgeting a slight increase in passenger revenue compared to our FY 2015 actual passenger fares based on projected increase in ridership and increase in service hours.
- b. **Subcontracted Revenue** – We are budgeting an increase in revenue for ARide, WAVE and Northfield’s Human Services pass-through and an increase in revenue for NightRide and 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 \$680,600 based on the projected ridership from the sale of 6,500 go!passes. The University of Michigan Unlimited Access contract amount represents \$1.2 payment from the UofM after giving credit for the Federal funds we receive that were earned by the UofM bus system. The EMU amount of \$151,000 is for the route guarantee for route #33 during the school year.

2. Local Tax Revenue:

- a. The City of Ann Arbor July 2016 property tax levy includes both the original millage of 2.056 and the additional millage of 0.7 mills approved by the voters on May 6, 2014. There is projected to be a small increase in property values. We are allowing for \$50,000 collection loss due to potential Michigan Tax Tribunals rebates and other adjustments.
- b. The City of Ypsilanti July 2016 property tax levy includes both the original 0.9789 transit millage and the new 0.7 millage.
- c. The Charter Township of Ypsilanti July 2015 property tax levy is 0.7 millage.
- d. A portion of the July 2014 property tax millage was used to fund the purchase of 8.6 buses and will be used to fund operations in FY 2016.
- e. A portion of the July 2015 property tax millage will be used to purchase 2.3 buses for service expansion with an expected delivery in November 2015.
- f. A portion of the July 2016 levy will be used to purchase 6.2 additional buses and bus stop improvements in the new service areas.

- 3. Purchase of Service Agreements and Governmental Partners** – 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. POSA-Urban decreased because the Township of Ypsilanti is now a member of the Authority and their local contribution for services is now under local tax revenue. Other governmental reimbursements includes \$41,000 for the local match for the Connector Study and \$130,000 in contributions from the other participating municipalities in the north/south railroad project.

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- 4. State Operating Assistance** – The State Urban Operating Assistance is 30.8% (2015 was 31.14%) multiplied by our budgeted urban eligible expenses. The Nonurban State Operating Assistance amount is the non-urban eligible expenses multiplied by the reimbursement rate of 35.64% (2014 was 36.38%). These percentages are based on the latest communication from MDOT, but are subject to reconciliation and audit, resulting in changes (either increase or decrease) based on actual AAATA eligible expenses and total State tax revenue received in FY 2016. The State revenue also includes the match for Job Access/Reverse Commute, Planning, Preventive Maintenance and Capital Cost of Contracting.
- 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 \$1,270,000 of Federal funds (and State match of \$317,500) realized from UofM Transportation Services. This is the fourth year we are able to take advantage of newly expanded regulations that allows the Authority to use \$2.8 million of AAATA’s programmed Federal funds to fund operating expenses. Federal planning revenue includes \$233,600 (80%) for continuing the current phase of the Connector Study, which continues from FY 2013. The local 20% portion is covered by UofM (10%), the City of Ann Arbor (4%) and the Authority (6%). The \$496,000 FHWA Transportation Community and System Preservation Program (TCSP) grant supports the north/south commuter railroad station feasibility study and engineering support for the National Environmental Policy Act (NEPA) process.
- 6. Interest and Other Revenue** - Interest is based on projected cash balances at a 0.25% rate of return. We are budgeting advertising revenue at \$235,000.

Expenses:

- 7. Operator Wages** – The number of Motor Coach Operators (MCOs) will be 160 Full Time Equivalents (FTE) resulting from increased service hours in the 5YTIP, and additional hours starting on August 30, 2016. The total includes 130 full-time positions and 40 part time (3/4) positions (30.0 FTE). There is also 11.0 full time Special Services MCO, which are scheduled to start in March 2016 to provide the additional ARide service hours starting on May 1, 2016 if we continue to provide lift-van ARide services instead of contracting these services out to our ARide service provider, who provides sedan trips. The top hourly wage rate for MCOs is \$25.75 and will increase to \$26.25 (+2.0%) on January 1, 2016 per the five-year labor agreement. MCOs hired after January 1, 2013 receive \$3.00 less per hour. Overtime stays the same at 2.73%. Built into the budget are additional hours for

Ann Arbor Area Transportation Authority
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University of Michigan football games (75 hours per game), Art Fair (700 hours) and other special events (200 hours) at overtime rates.

- 8. Call Taker Wages** – The number of Call-Takers/Information Specialist is increasing from 8.0 to 9.75 to support the new ARide model, which includes taking all advanced reservations, effective May 1, 2015. One position is part time and one position is funded by Federal and State of Michigan JARC and New Freedom grants under MyRide.
- 9. Operations Supervision** – These wages include the wages for the manager of operations, ten operations supervisors (an increase of one from the amended FY 2015 operating budget), specialized transportation coordinator, paratransit coordinator, administrative assistant and a travel trainer with an up to 3.0% merit increase based on performance.
- 10. Maintenance Wages** – We are adding one vehicle maintenance technician to support increased number of vehicles, hours and miles. The wages for the Master Technicians are \$27.65 and increase to \$28.15 (+1.8%) on January 1, 2016. The wages for the Service Crew are \$22.80 and increase to \$23.30 (2.2%). We are adding two service crew members in the beginning of the fiscal year and one more in April 2016, when more buses arrive. We expect to fill a vacant facilities maintenance technician and fill the vacant bus stop technician position.
- 11. Maintenance Supervision** – These wages include the management wages for the maintenance department manager, three vehicle mechanic supervisors, a parts inventory supervisor, two electronic technicians, a bus stop coordinator, and an administrative assistant with an up to 3.0% merit increase based on performance. We expect to fill the vacant facilities supervisor to oversee our facilities, including 1,200 bus stops, 150 bus shelters and 200 benches.
- 12. General Administrative Wages** – Administrative departments include Administration, Information Technology, Finance, Purchasing, Human Resources, Service Development & Planning, Community Relations, and the GetDowntown program with an up to 3.0% merit increase based on performance. We are not adding any administrative positions.
- 13. Fringe Benefits** – Payroll taxes (FICA), pension and workers' compensation expenses are based on wages and statutory or contractual rates.

Medical insurance plans are from Blue Care Network (BCN) and premiums were virtually unchanged on August 1, 2015. 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, 2015. The budget assumes 10.0%

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increase in medical insurance on August 1, 2016. Life insurance, long-term and short-term disability rates are staying consistent. Hourly personnel will increase their contribution from 15% to 20% of the medical, vision and dental insurance premiums, effective August 1, 2016. Management personnel continue to pay 20% of medical, vision and dental insurance premiums.

The pension expense is 9.0% of wages for full-time employees eligible after one year of service and assumes a turnover of approximately 3.0%. This amount is net of forfeitures of AAATA 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, 2015. Historically, we have had favorable results from our dividend program with our workers' compensation carrier, expecting refunds per year. We are budgeting for a refund of \$95,000 based on the low claims incurred in calendar year 2014 and an expected refund of 25% of the calendar year 2014 premiums.

The Health Care Savings Plan (HCSP) is a defined contribution plan administered by the Municipal Employees Retirement System of Michigan (MERS). AAATA contributes \$135 to each full-time employee's health savings account each month. This amount is increasing to \$140 effective January 1, 2016, per the five-year labor agreement. This money will be available to each employee for eligible health care expenses post employment after a five-year vesting period.

We still maintain the post-employment medical defined benefits plan for twelve retirees and one 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 \$85,000 each year. An actuary study is conducted annually to determine future contribution amounts.

14. Purchased Services – Consultants fees – Planning Grants include the continued work on the alternatives analysis of the connector study, which began in FY 2013 and will continue through FY 2016 (\$292,000). This project is funded by a Federal planning grant (80%), the University of Michigan (10%), City of Ann Arbor (4%) and AAATA (6%). The North/South Rail Station Design Study is funded by the Federal TCSP grant of \$496,000 (80%) and local partners' contributions \$124,000 (20%). Contracted maintenance includes snow removal, electricians, along with services on vehicle hoists, and all the building systems in our facilities.

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15. Diesel Fuel and Gasoline – We are expecting ultra-low biodiesel fuel prices to decrease to \$2.50 per gallon. We expect to use 772,100, an increase from 675,500 gallons, of ultra-low sulfur biodiesel fuel (#2 B10%). We also use 7,000 gallons of gasoline in our service trucks, supervisor vehicles and shuttle vehicles per year.

16. Materials and Supplies – We are utilizing Federal grant funds for associated capital maintenance to cover the costs of an estimated \$100,000 in components (battery refresh kits, engines, transmissions, etc.). Lubricants, tires and repair parts are increasing due to the increase in the amount of service hours. Our computer software line item is increasing as we are replacing our maintenance and purchasing software and expect to pay an annual maintenance on both the old and new software during the transition period this year. We expect printing to increase as our RideGuide will be bigger with the additional services and also to fund the materials needed to educate the community regarding the route reconfiguration implementation on May 1, 2016. We expect most other items to be consistent with the FY 2015 budget.

17. Utilities – For natural gas, we are contracted to pay \$5.36 per million British Thermal Unit (MMBTU), which is down from \$7.65 per unit in FY 2015, with expected usage at last year’s record level of 30,600 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.

18. Insurance – Our vehicle and corporate insurance renewal rates were greater 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 2016	FY 2015
a. Vehicles Insurance – Premiums	\$474,300	\$390,800
b. Vehicles Insurance – Claims under \$25,000*	75,000*	100,000*
c. Umbrella Coverage (from \$5 million to \$10 million)	73,700	70,100
d. Property	25,500	25,600
e. Public Official and Employment Practices Liability	26,500	26,800
f. Pollution Premises – Underground Storage Tank	20,200	16,200
g. Fiduciary	6,800	6,400
h. Commercial General Liability	15,600	8,600
i. Government Official/Crime	4,000	3,800
j. Broker Fees	<u>\$53,400</u>	<u>51,700</u>
Total	<u>\$775,000</u>	<u>\$700,000</u>

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19. Purchased Transportation – The amount for ARide and GoldRide Taxi is based on the contract effective May 1, 2015 and expires April 30, 2016. The FY 2016 budget assumes AATA will operate the lift-van service after May 1, 2016. A decision on the future service delivery could be made by December 2015. NightRide service area was expanded in FY 2012 and ridership has increased throughout FY 2013. However, the later fixed route service hours means that NightRide will start later. 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 \$1.2 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.

20. Other Expenses – Uniform expense is increasing due to the increase in MCO and maintenance technicians. Employee development is increasing to support additional training for personnel, succession planning. Media costs and postage are consistent in Community Relations due to initiatives to continue to inform the communities about service improvements and other goals in the FY 2016 Work Plan. The amount for Recruitment and Hiring is for the recruitment of mechanics and other positions due to potential retirements.

21. Local Depreciation – This represents the depreciation expense on capital assets purchased with local funds rather than Federal and State Capital grants.