

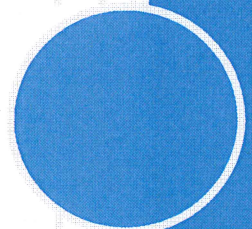


OPERATING BUDGET FY 2014

*Proposed by Staff to the Planning and Development Committee
August 9, 2013*

The Operating Budget reflects the financial and human resources necessary to operate the Ann Arbor Area Transportation Authority from October 1, 2013 to September 30, 2014.

2700 South Industrial Highway
Ann Arbor, Michigan



ANN ARBOR AREA TRANSPORTATION AUTHORITY FY 2014 OPERATING BUDGET Executive Summary

The Operating Budget reflects the human and financial resources to provide the following from October 1, 2013 to September 30, 2014:

- 200,800 Fixed route bus service hours providing 6.7 million trips, based on continuing at the current service level of 738 weekday service hours, 174 on Saturday and 100 on Sunday.
- 64,000 ARide and Good as Gold service hours providing 139,000 passenger trips.
- 19,000 Night Ride Service Hours providing 38,000 passenger trips.
- 8,300 AirRide Service Hours providing 56,000 passenger trips
- 2,100 ExpressRide Service Hours providing 42,000 passenger trips
- Total Service Hours of 294,800 providing almost 6.97 million passenger trips

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

Revenues:

- The Local Property Taxes represent the 2.056 millage levied on the property in Ann Arbor with an increase of approximately 1.8%, less an allowance of \$120,000 for tax refunds and the 0.9789 transit millage from the City of Ypsilanti.
- The State Formula Operating Assistance percentage for urban services will increase to 30.70% in FY 2014 from the 27.11% 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 AATA is using \$1.54 million of these funds for discretionary operating. Federal operating also contains planning revenue of \$560,000 to cover 80% of the remaining phase of the Connector Study.

Expenses:

- Urban Core Communities – The FY 2014 Operating Budget includes the personnel and other expenses needed to support the continued efforts to engage the Urban Core Communities, including the expenses necessary to educate and inform the public. However, the budget does not include the expense of implementing additional service.
- AirRide – The budget includes the second year contract of the AirRide shuttle service between Ann Arbor and Detroit Metro Airport, which started on April 1, 2013. This service operates 365 days per year and is expected to continue into a third year at similar financial and service levels on April 1, 2014.
- Personnel – the budget assumes an increase of 4.0 FTE MCOs to support the increased level of service. We expect to hire an additional 1.0 service crew member due to the increasing fleet and add 1.0 facilities technician to support the rebuilt Blake Transit Center some time midyear. We are still considering the need for a Web Developer midyear to support the improved website.
- Biodiesel fuel prices are expected to decrease from \$3.15 to \$3.10 per gallon. We expect to use 629,000 gallons.

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2014 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A Audited FY 2012	B Adopted Budget FY 2013	C Estimated Projected FY 2013	D Proposed Budget FY 2014	E Budget Change B to D	F Percent Change B to D
REVENUES:						
Passenger Revenue	5,702,912	6,794,297	6,038,799	6,242,322	(\$551,975)	-8.1%
Local Property Tax Revenue	\$9,019,447	\$9,268,000	\$9,486,199	\$9,872,967	\$604,967	6.5%
Purchase of Service Agmts - Urban	835,117	821,396	800,399	628,987	(\$192,409)	-23.4%
Purchase of Service Agmts - Nonurban	339,384	440,490	440,508	366,452	(\$74,038)	-16.8%
Purchase of Service Agmts - Interurban	(28,313)	194,593	247,403	212,400	\$17,807	9.2%
State Operating Assistance	8,524,417	8,301,880	8,833,539	9,515,343	\$1,213,463	14.6%
Federal Operating Assistance	2,830,645	5,767,116	4,831,485	5,646,389	(\$120,727)	-2.1%
Interest and Other	319,727	813,388	776,372	845,457	\$32,069	3.9%
TOTAL REVENUES	\$27,543,336	\$32,401,160	\$31,454,704	\$33,330,317	\$929,157	2.9%
EXPENSES:						
PERSONNEL:						
Operator Wages	\$6,409,491	\$6,690,399	\$6,677,630	\$7,092,445	\$402,045	6.0%
Call Taker Wages	\$173,931	\$276,243	\$245,014	\$284,143	\$7,901	2.9%
Vehicle Maintenance Wages	\$890,709	\$925,378	\$933,007	\$1,019,497	\$94,119	10.2%
Vehicle Service Wages	\$377,775	\$413,204	\$407,024	\$460,070	\$46,866	11.3%
Facility Maintenance Wages	\$133,461	\$142,842	\$150,697	\$169,487	\$26,644	18.7%
Hourly Cashout (in wages above if \$0)	\$102,200	\$108,000	\$95,600	\$93,852	(\$14,148)	-13.1%
Total Hourly Wages	\$8,087,566	\$8,556,066	\$8,508,973	\$9,119,494	\$563,428	6.6%
Management Wages	\$3,553,375	\$3,804,169	\$3,840,288	\$3,925,766	\$121,597	3.2%
Subtotal Wages	\$11,640,941	\$12,360,236	\$12,349,261	\$13,045,260	\$685,025	5.5%
Fringe Benefits	4,586,471	5,131,498	5,074,533	5,748,918	\$617,419	12.0%
SUBTOTAL	16,227,412	17,491,734	17,423,794	18,794,178	\$1,302,444	7.4%
OTHER EXPENSES:						
Purchased Services	2,376,562	3,331,871	2,189,173	2,568,213	(\$763,658)	-22.9%
Diesel Fuel and Gasoline	1,853,416	1,963,600	2,138,611	1,971,000	\$7,400	0.4%
Materials and Supplies	1,577,987	1,795,171	1,645,055	1,849,838	\$54,667	3.0%
Utilities	418,362	463,852	438,902	501,944	\$38,092	8.2%
Casualty & Liability Insurance	486,026	542,000	574,322	614,000	\$72,000	13.3%
Purchased Transportation	5,172,812	6,231,814	6,017,087	6,229,900	(\$1,914)	0.0%
Other Expenses	709,232	690,140	474,068	631,211	(\$58,929)	-8.5%
Local Depreciation	168,523	190,000	153,000	148,000	(\$42,000)	-22.1%
Total Other Expenses	12,762,919	15,208,448	13,630,217	14,514,106	(694,342)	-4.6%
TOTAL EXPENSES	28,990,331	32,700,182	31,054,011	33,308,284	\$608,102	1.9%
OPERATING SURPLUS (DEFICIT)	(\$1,446,995)	(\$299,022)	\$400,693	\$22,033	\$321,055	

ASSUMPTIONS:	Audited FY 2012	Budget FY 2013	Estimated Projected FY 2013	Proposed Budget FY 2014	Amount Change B to D	Percent Change B to D
Service Hours:						
Local Fixed Route	192,579	195,324	197,300	200,760	5,436	2.8%
ExpressRide	2,509	2,576	2,580	2,073	(503)	-19.5%
AirRide	4,126	8,275	8,275	8,964	689	8.3%
Urban Demand Response	79,412	78,000	77,000	83,000	5,000	6.4%
Total	278,626	257,700	285,155	294,798	9,643	3.7%
Passenger Trips:						
Fixed Route	6,324,551	6,530,700	6,726,621	6,693,500	162,800	2.5%
ExpressRide	37,675	42,000	39,000	43,000	1,000	2.4%
AirRide	23,307	52,000	55,000	56,000	4,000	7.7%
Demand Response	165,577	167,000	167,000	177,000	10,000	6.0%
Total	4,624,000	6,791,700	6,987,621	6,969,500	177,800	2.6%

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2014 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2012	Adopted Budget FY 2013	Estimated Projected FY 2013	Proposed Budget FY 2014	Percent Change B to D	Budget Note
REVENUES:						
Passenger Revenue						
Cash, Tokens and Passes	2,380,172	2,895,734	2,348,816	2,490,935	-14.0%	1a
Subcontract (ARide, AirRide, NightRide)	942,243	1,265,800	1,434,096	1,429,900	13.0%	1b
Special Fares (UM, DDA, EMU & WCC)	2,380,497	2,632,763	2,255,888	2,321,487	-11.8%	1c
Total	<u>5,702,912</u>	<u>6,794,297</u>	<u>6,038,799</u>	<u>6,242,322</u>	-8.1%	
Local Property Tax Revenue (AA & Ypsi)	<u>\$9,019,447</u>	<u>\$9,268,000</u>	<u>\$9,486,199</u>	<u>\$9,872,967</u>	6.5%	2
Purchase of Service Agreements						
Urban	835,117	821,396	800,399	628,987	-23.4%	3
Non-Urban	339,384	440,490	440,508	366,452	-16.8%	
Inter-Urban	(28,313)	194,593	247,403	212,400	9.2%	
Total	<u>1,146,188</u>	<u>1,456,479</u>	<u>1,488,310</u>	<u>1,207,839</u>	-17.1%	
State Operating Assistance						
Formula Operating - Urban	7,425,294	7,071,145	7,845,425	8,286,579	17.2%	4
Formula Operating - Nonurban	311,962	433,421	428,997	332,950	-23.2%	
Prior year Formula Adjustments	202,783	0	(110,065)	0	0.0%	
Job Access/Reverse Commute (JARC)	86,322	99,500	91,368	132,000	32.7%	
Planning Grants	22,242	128,000	92,000	100,000	-21.9%	
Preventive Maintenance	336,000	420,000	336,000	504,000	20.0%	
Capital Cost of Contracting	50,000	60,000	60,000	70,000	16.7%	
Specialized Services	89,814	89,814	89,814	89,814	0.0%	
Total	<u>8,524,417</u>	<u>8,301,880</u>	<u>8,833,539</u>	<u>9,515,343</u>	14.6%	
Federal Operating Assistance						
Operating Assistance (Section 5307)	0	1,474,000	1,474,000	1,540,000	4.5%	5
Cong Mitigation/Air Quality-TDM	455,000	455,000	455,000	455,000	0.0%	
Planning (Section 5303)	49,440	49,440	49,440	49,440	0.0%	
Planning (Section 5307)	398,350	1,520,000	920,545	880,000	-42.1%	
Preventive Maintenance (Sec 5307)	1,424,456	1,680,000	1,344,000	2,016,000	20.0%	
Capital Cost of Contracting (Sec 5307)	200,000	240,000	240,000	280,000	16.7%	
Job Access/Reverse Commute (JARC)	124,264	138,500	138,500	171,000	23.5%	
New Freedom	19,883	30,000	30,000	105,000	250.0%	
Non-Urban (Section 5311)	159,252	180,176	180,000	149,949	-16.8%	
Total	<u>2,830,645</u>	<u>5,767,116</u>	<u>4,831,485</u>	<u>5,646,389</u>	-2.1%	
Interest and Other						
Interest	57,059	50,000	22,284	24,000	-52.0%	6
Other Governmental Reimbursements	129,598	607,388	357,733	493,457	-18.8%	
Advertising and other	133,070	156,000	396,356	328,000	110.3%	
Total	<u>319,727</u>	<u>813,388</u>	<u>776,372</u>	<u>845,457</u>	3.9%	
TOTAL REVENUES	<u>\$27,543,336</u>	<u>\$32,401,160</u>	<u>\$31,454,704</u>	<u>\$33,330,317</u>	2.9%	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2014 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2012	Adopted Budget FY 2013	Estimated Projected FY 2013	Proposed Budget FY 2014	Percent Change B to D	Budget Note
EXPENSES:						
WAGES:						
Motor Coach Operator (MCO) Wages	6,409,491	6,690,399	6,677,630	7,092,445	6.0%	7
Call Taker Wages	173,931	276,243	245,014	284,143	2.9%	8
Vehicle Maintenance Wages	890,709	925,378	933,007	1,019,497	10.2%	9
Vehicle Service Wages	377,775	413,204	407,024	460,070	11.3%	
Facility Maintenance Wages	133,461	142,842	150,697	169,487	18.7%	
Hourly Medical Cashout	102,200	108,000	95,600	93,852	-13.1%	10
TOTAL LABOR UNION WAGES	8,087,566	8,556,066	8,508,973	9,119,494	6.6%	
Operations Supervision	757,565	766,380	769,198	785,548	2.5%	11
Maintenance Supervision	478,563	480,310	472,188	490,426	2.1%	12
Admin. Wages (IT, HR, Fin, Purch, SD, CR)	2,317,247	2,557,479	2,598,902	2,649,792	3.6%	13
TOTAL MANAGEMENT WAGES	3,553,375	3,804,169	3,840,288	3,925,766	3.2%	
TOTAL WAGES	11,640,941	12,360,236	12,349,261	13,045,260	5.5%	
FRINGE BENEFITS:						
Payroll Taxes	871,178	926,557	878,659	978,898	5.6%	14
Pension	785,717	878,378	797,096	880,689	0.3%	
Medical Insurance	1,957,883	2,146,668	2,222,859	2,533,095	18.0%	
Health Care Reform Taxes (PPACA)	0	0	0	50,000	100.0%	
Medical & Dependent Care	7,366	14,704	5,956	6,547	-55.5%	
Vision	50,251	46,775	28,701	53,160	13.6%	
Dental	217,492	210,084	206,734	227,556	8.3%	
Life Insurance	75,961	72,058	67,110	73,624	2.2%	
Unemployment	0	17,914	19,826	13,318	-25.7%	
Workers' Compensation	181,693	333,593	373,317	426,061	27.7%	
Long Term Disability	27,802	30,985	30,972	30,673	-1.0%	
Short Term Disability	78,470	80,940	82,080	82,935	2.5%	
Health Care Savings Plan	250,875	292,500	280,804	306,540	4.8%	
Post-Retirement Health Care Benefits	81,784	80,342	80,420	85,822	6.8%	
TOTAL FRINGE BENEFITS	4,586,471	5,131,498	5,074,533	5,748,918	12.0%	
TOTAL PERSONNEL COSTS	16,227,412	17,491,734	17,423,794	18,794,178	7.4%	
PURCHASED SERVICES:						
Bank Fees	10,481	12,660	10,737	12,660	0.0%	15
Agency, Design Fees	200,015	75,000	122,841	96,500	28.7%	
Architectual Design Fees (WALLY)	0	190,800	0	155,800	-18.3%	
Physical Exams	17,051	18,000	13,199	14,000	-22.2%	
Legal Fees	256,060	185,000	163,418	165,000	-10.8%	
Auditing Fees	14,900	22,000	23,923	24,725	12.4%	
Property Tax Collection Fees	92,590	93,300	93,066	96,100	3.0%	
Information Technology Services	121,490	0	8,300	90,000	0.0%	
Contracted Maintenance Services	435,600	478,928	429,081	471,728	-1.5%	
Mobility Management	193,408	0	0	0	0.0%	
Custodial Services	69,848	104,933	86,583	135,000	28.7%	
Security Services	257,822	289,500	264,622	300,500	3.8%	
Web/Internet Services	97,503	76,800	20,352	96,400	25.5%	
Towing	15,934	12,000	16,683	15,000	25.0%	
Consulting Fees - Planning Grants	378,581	1,525,000	812,973	756,000	-50.4%	
Consulting Fees - Other	141,410	103,350	56,121	38,350	-62.9%	
Media Relations & Public Relations	46,300	106,400	55,238	72,250	-32.1%	
Benefit Administration Fees	27,570	38,200	22,775	28,200	-26.2%	
TOTAL PURCHASED SERVICES	2,376,562	3,331,871	2,189,173	2,568,213	-22.9%	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2014 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2012	Adopted Budget FY 2013	Estimated Projected FY 2013	Proposed Budget FY 2014	Percent Change B to D	Budget Note
BIODIESEL FUEL AND GASOLINE (PER GALLON)	1,853,416	1,963,600	2,138,611	1,971,000	0.4%	16
	\$2.84	\$3.15	\$3.37	\$3.10		
MATERIALS AND SUPPLIES:						
Lubricants, Anti-Freeze and DEF	96,024	226,900	79,907	150,000	-33.9%	17
Tires and Tubes	54,774	88,700	16,898	78,700	-11.3%	
Repair Parts	617,909	617,167	656,952	706,360	14.5%	
Perishable Tools	7,312	4,000	613	4,000	0.0%	
Equipment Repairs	1,810	3,000	1,903	4,500	50.0%	
Other Materials and Supplies	364,887	325,754	301,846	363,378	11.5%	
Computer Software	256,765	291,500	302,212	302,600	3.8%	
Office Equipment	0	1,500	488	0	-100.0%	
Production Costs	14,430	42,000	20,413	43,000	2.4%	
Printing Costs	159,287	188,700	157,000	189,300	0.3%	
Mechanics Tools	4,789	5,950	6,822	8,000	34.5%	
Loss on Disposal of Obsolete Bus Parts	0	0	100,000	0	0.0%	
TOTAL MATERIALS & SUPPLIES	1,577,987	1,795,171	1,645,055	1,849,838	3.0%	
UTILITIES:						
Natural Gas	111,647	142,802	131,522	149,594	4.8%	18
Electricity	228,467	232,000	230,015	259,000	11.6%	
Water	34,184	38,300	34,408	42,600	11.2%	
Telephone	44,064	50,750	42,957	50,750	0.0%	
TOTAL UTILITIES	418,362	463,852	438,902	501,944	8.2%	
CASUALTY AND LIABILITY INSURANCE:	486,026	542,000	574,322	614,000	13.3%	19
PURCHASED TRANSPORTATION:						
A-Ride and Senior Taxi (Good as Gold)	3,066,577	3,300,000	3,039,459	3,068,000	-7.0%	20
Night Ride	454,001	543,400	615,967	620,000	14.1%	
NonUrban-Western Wash. Area Value Express	477,582	461,014	472,836	480,000	4.1%	
NonUrban-People's Express	419,660	648,000	603,360	425,000	-34.4%	
Mobility Management Trip Assistance	197,656	150,000	163,363	449,000	199.3%	
AirRide - Airport Shuttle Services	556,919	1,116,900	1,120,403	1,116,900	0.0%	
Guaranteed Ride Home	418	12,500	1,699	71,000	468.0%	
TOTAL PURCHASED TRANSP	5,172,812	6,231,814	6,017,087	6,229,900	0.0%	
OTHER EXPENSES:						
Uniform Expense	101,221	100,000	76,585	90,000	-10.0%	21
Postage	16,138	20,000	10,524	19,500	-2.5%	
Dues and Subscriptions	72,240	87,249	80,169	86,800	-0.5%	
Conference, Travel and Meetings	55,421	41,000	59,583	52,000	26.8%	
Media Planning & Placement	377,609	295,500	123,014	252,000	-14.7%	
Employee Development	53,898	91,486	62,091	90,786	-0.8%	
Recruitment & Hiring	0	1,000	1,000	0	-100.0%	
Equipment and Parking Lot Rental	32,705	53,905	61,102	40,125	-25.6%	
TOTAL OTHER EXPENSES	709,232	690,140	474,068	631,211	-8.5%	
LOCAL DEPRECIATION:	168,523	190,000	153,000	148,000	-22.1%	
TOTAL EXPENSES	\$28,990,331	\$32,700,182	\$31,054,011	\$33,308,284	1.9%	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2014 OPERATING BUDGET
STAFFING INFORMATION**

	BUDGET FY 2012	BUDGET FY 2013	Actual 6/30/2013	Proposed BUDGET FY 2014	Budget Change: 2013 to 2014	Notes - Comparing 2013 to 2014
Labor Union:						
Motor Coach Operators - Full Time	105.00	108.00	109.00	109.00	1.0	
Motor Coach Operators - Part Time	17.25	15.00	18.00	18.00	3.0	24 Part-time MCO x 75%
					4.0	+4.0 FTE to support addl hours
Subtotal - MCO FTEs	122.25	123.00	127.00	127.00		
Call-Takers/Info Specialist	3.40	6.00	5.00	6.00	0.0	
Vehicle Maintenance	16.00	16.00	17.00	17.00	1.0	
					1.0	Additional Service Crew to support vehicles
Vehicle Service Crew	9.00	9.00	9.00	10.00		
Facilities	3.00	3.00	3.00	3.50	0.5	
Total Labor Union Subtotal	153.65	157.00	161.0	163.50	6.5	
Management:						
Transportation	11.00	11.00	11.00	11.00	0.0	
Maintenance	6.50	7.00	7.00	7.00	0.0	
Administration	8.00	9.00	9.00	9.00	0.0	
Information Technology	4.00	4.00	4.00	4.00	0.0	
Finance	3.00	3.00	3.00	3.00	0.0	
Purchasing	2.00	3.00	3.00	3.00	0.0	
Human Resources	3.00	3.00	3.00	3.00	0.0	
Service Development	4.00	5.00	5.00	5.00	0.0	
Community Relations	5.00	6.00	5.00	6.00	0.0	Admin Asst vacant.
CR - GetDowntown	2.00	2.00	2.00	2.00	0.0	
Total Management Subtotal	48.50	53.00	52.00	53.00	0.0	
Authority Total	202.15	210.00	213.00	216.50	6.50	

Ann Arbor Area Transportation Authority
Proposed Operating Budget
Fiscal Year October 1, 2013 Through September 30, 2014
Budget Notes

Column Descriptions for Pages Two through Five:

- A. Audited Fiscal Year 2012** – These amounts are taken from the audited financial statements for the year ended September 30, 2012 with the independent auditors’ report dated March 7, 2013. Some reclassifications have been made to conform to the presentation of the operating budget.

- B. Adopted Budget Fiscal Year 2013** – These amounts are taken from the budget adopted at the board of directors meeting on September 21, 2012.

- C. Estimated Projected Fiscal Year 2013** – These amounts are projected based on nine months of actual revenue and expenses through June 30, 2013, with seasonal adjustments.

- D. Proposed Budget 2014** – The FY 2014 Budget assumes an increased level of service for fixed route, AirRide and NightRide and a consistent level for ExpressRide, A-Ride, and non-urban demand response.

Ann Arbor Area Transportation Authority
Proposed Operating Budget
Fiscal Year October 1, 2013 Through September 30, 2014
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 (2.8%). The FY 2013 operating budget overestimated cash passenger fares.
- b. **Subcontracted Revenue** – We are budgeting consistent 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 \$544,000 for the sale of 6,500 go!passes. The University of Michigan Unlimited Access contract amount represents the fourth year of the second five year agreement. The EMU amount of \$145,600 is for the route guarantee for route #33 during the school year.

2. Local Tax Revenue – The July 2013 property tax levy increased by 1.8%, due to the general increase in property values. However, we are allowing for \$120,000 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. We are projecting an increase of 0.8% next July 2014. This also includes 0.9789 transit millage from the City of Ypsilanti.

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. POSA-Urban decreased because the City of Ypsilanti is now a member of the Authority and their local contribution for services is now under local tax revenue.

4. State Operating Assistance – The State Urban Operating Assistance is 30.7% (2013 was 30.65% after a supplement appropriation, which was an increase from 27.11% for the majority of the year) multiplied by our budgeted urban eligible expenses. The Nonurban State Operating Assistance is the non-urban eligible expenses at 36.06% (2013 was 38.49%). 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 AATA eligible expenses and total State tax revenue received in FY 2014. The State revenue also includes the match for Preventive Maintenance, Planning 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 \$976,000 realized from UofM Transportation Services. This is the second year we are able to take advantage of newly expanded regulations that allows the Authority to use \$1.54 million of AATA’s programmed Federal funds to fund operating expenses. Federal planning revenue includes \$560,000 for 80% of the next phase of the Connector Study, which continues from FY 2013. The local 20% portion is covered by UofM (\$70,000), the City of Ann Arbor (\$28,000) and the Authority (\$42,000).

Ann Arbor Area Transportation Authority
Proposed Operating Budget
Fiscal Year October 1, 2013 Through September 30, 2014
Budget Notes

- 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 \$300,000. Other revenue includes \$98,000 for the local match for the Connector Study and \$150,000 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 123 to 127 Full Time Equivalents (FTE) resulting from increased service hours. The total includes 109 full-time positions and 24 part time (3/4) positions (18.0 FTE). The top hourly wage rate for MCOs is \$24.50 and will increase to \$25.00 on January 1, 2014. 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 (700 hours) at overtime rates.
- 8. Call Taker Wages** – The number of Call-Takers/Information Specialist is staying at 6.0. We are increasing overtime to cover the planned extra hour of operations for the BTC. Two positions are funded by Federal and State of Michigan JARC and New Freedom grants under MYRide.
- 9. Vehicle Maintenance Wages** – The wages for the Master Technicians are \$26.40 and increase to \$26.90. The wages for the Service Crew are \$22.15 and increase to \$22.65 and include an additional person to support the additional buses. We expect to add an additional facilities maintenance technician midyear to support the rebuilt Blake Transit Center.
- 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, seven operations supervisors, paratransit coordinator and an administrative assistant.
- 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.
- 13. Administrative Wages (Management)** – Administrative departments include Administration, Information Technology, Finance, Purchasing, Human Resources, Service Development & Planning, Community Relations, and the GetDowntown program.
- 14. Fringe Benefits** – Payroll taxes (FICA), pension, unemployment and workers' compensation expenses are based on wages and statutory or contractual rates.

Ann Arbor Area Transportation Authority
Proposed Operating Budget
Fiscal Year October 1, 2013 Through September 30, 2014
Budget Notes

Medical insurance plans are from Blue Care Network (BCN) and premiums increased 10.0% on August 1, 2013. 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, 2013. The budget assumes 10.0% increase in medical insurance on August 1, 2014. Life insurance, long-term and short-term disability rates are staying consistent. Hourly personnel continue to contribute 10% of the monthly premium for single, 2 person or family coverage. Management personnel continue to pay 20% of medical, vision and dental insurance premiums.

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, 2013. Historically, we have had favorable results from our dividend program with our workers' compensation carrier, expecting refunds per year. However, we are not budgeting for a refund based on the claims history.

The Health Care Savings Plan (HCSP) is a defined contribution plan administered by the Municipal Employees Retirement System of Michigan (MERS). AATA contributes \$130 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 5 year vesting period.

We still maintain the post employment medical defined benefits plan for eleven retirees and the two 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, 2013, which will determine future contribution amounts.

- 15. Purchased Services** – Consultants fees – Planning Grants include the continued work on the next phase of the connector study, which began in FY 2013 and will continue in FY 2014 (\$700,000). This project is funded by a Federal planning grant (80%), the University of Michigan (10%), City of Ann Arbor (4%) and AATA (6%).
- 16. Diesel Fuel and Gasoline** – We are expecting a decrease in ultra-low biodiesel fuel prices from \$3.15 to \$3.10 per gallon. We expect to use 629,000 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

Ann Arbor Area Transportation Authority
Proposed Operating Budget
Fiscal Year October 1, 2013 Through September 30, 2014
Budget Notes

newest buses to meet the latest diesel engine emission requirements, but not as much as we originally projected. We expect most other items to be consistent with the FY 2013 budget.

18. Utilities – For natural gas, we have a contract to pay \$4.60 per million British Thermal Unit (MMBTU) with expected usage at our historical average of 17,500 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 2014	FY 2013
a. Vehicles Insurance - Premiums	\$410,000	\$330,000
b. Vehicles Insurance – Minor Claims under \$25,000*	70,000*	\$80,000*
c. Property	29,000	\$20,000
d. Terminal Fire (included in Property)	0	\$18,000
e. Public Official and Employer Practices Liability	23,200	\$23,000
f. Underground Storage Tank Pollution Premises Liability	15,300	\$6,500
g. Fiduciary	6,300	\$6,000
h. Commercial General Liability	2,500	\$3,000
i. Government Official/Crime	3,900	\$3,000
j. Broker Fees	<u>\$53,800</u>	<u>\$52,500</u>
Total	<u>\$614,000</u>	<u>\$542,000</u>

20. Purchased Transportation – The amount for ARide and Senior Taxi is based on the contract effective August 1, 2013. The NightRide service area was expanded in FY 2012 and ridership has increased throughout FY 2013. 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 2014 Work Plan.