

Minutes

RTA Operational Planning & Infrastructure Committee

9:21 a.m. November 14, 2023

Committee Members: Welch (Chair), Koomar (Vice), Love, Sleasman

Other Board Members: Biasiotta, Lucas, McPherson, Mersmann, Weiss

Not present: None

Staff: Basso, Becker, Birdsong Terry, Bowles, Caver, Crawshaw, Dangelo, Davidson, Feke, Fesler, Fields, Fleig, Freilich, Garlock, Garofoli, Gautam, Gettings, Harris, Hlavacs, Johnson, Jupina, Kirkland, Macko, Marquit Renwald, Miller, Mothes, Moore, O'Donnell, Reed, Rusnov, Schipper, Scott, Sutula, Talley, Tarka, Togher, Walker-Minor, Woodford, Zimmerman

Public: Gibbons, Loh, Semo

The meeting was called to order at 9:21 a.m. Four (4) committee members were present.

2024 Service Plan

Jeff Macko, Planning Team Leader, gave the presentation.

Overview

- The 2024 Service Management Plan (SMP) is aligned with the recommended 2024 budget
- The budget provides for the current service level to continue through 2024
- Per Board policy, the SMP reports current bus route performance and outlines plans for the coming year

Service Plan for 2024

- Improve bus stop safety and informational signs
- Improve transit waiting environments with concrete landing pads and amenities to benefit all riders, especially mobility impaired
 - Permits are required from local municipalities for pads
- Add shelters per updated shelter policy and through Community Partnership Investment Program
 - Policy lowered the number of daily boarding from 50 to 30
 - Numerous locations identified for study for shelter placement. Some sites may require additional work.
- Develop a list of potential frequency improvements to be implemented when operator workforce allows
- Continue monitoring NEXT GEN system performance
- Respond to building, road, bridge construction projects
- Provide temporary service for rail construction projects and major special events
- Continue to focus on service reliability

2023 Bus Route Performance Summary

- Service Management Plan details 41 routes
- 10 perform in lowest quartile of their route category
- When a route network reflects community values, some routes will always have lower productivity
- Ridership and productivity improved from 2022

Mr. Love asked how community input will factor in shelter placements and potential increased improvements per operator workforce advancements. Shelters deployment is now more proactive. Money is identified to access where shelters can be added based on the new policy. They will always review requests from the public. They haven't identified frequency improvements just yet. It all depends on whether additional operators are hired. They hope to develop a list and get community input.

Mr. Sleasman asked if we do analysis other than boardings on certain areas that could benefit from having a bus stop or hard surface to deboard. Do we reach out to community partners. What matrix is used to increase frequency. Large employers meet the requirements. They look at trip generators, nearest traffic signal, etc. Ridership numbers reflect land uses. Their analysis looked at where deboarding occurs. Longer landing pads are requested in some areas for deboarding from the back door. The landing surfaces are not included in the policy. Through planning, they prioritized looking at which corridors should get 15 minute all day service. The next priority is to look at which corridors can get 30-minute service or one hour service and weekend service.

Ms. Terry added that meetings have occurred with the community on shelter location, safety, lighting, etc. Ms. Mersmann asked if there is data on the category averages for low performing routes. They intentionally don't have language for eliminating low percentile routes. They look at alternatives on the network, etc. They have only cut routes due to finances. They examine all the routes. Sometimes they eliminate routes based on other reasons and not necessarily from low performance. NextGen recommendations continue to be used to examine current service. Staffing is the primary factor in increasing frequency.

Budget Presentation – FY 2024

Kay Sutula, Executive Director of the Office of Management and Budget gave the presentation. Today's presentation includes the Proposed FY 2024 Budget and amendment to the 2023 Law Enforcement Fund. There will also be a public hearing on the budget.

Law Enforcement Fund

Since 1988, Transit Police has been involved with a multi-jurisdictional police force. RTA's involvement is with assisting other Federal, State and other law enforcement agencies in gathering intelligence and other needs to reduce crime activity. This also improves inter-departmental relations with these other agencies. Through our involvement, the Authority receives revenue from seized or confiscated monies and/or property of convicted criminals prosecuted by the Task Force. The Authority must abide by certain guidelines instituted by the State Attorney General's Office. Revenue obtained can be expended for any non-budgeted police items.

In 2023, the Authority has appropriated \$20,000 for the Law Enforcement Fund. We are requesting that an additional appropriation of \$60,000 is approved to purchase 2 vehicles for the use of Officers and Crisis Intervention Specialists as part of the Transit Police 21st century policing initiative. Co-responder teams respond to individuals in mental health or substance crises with a focus on de-escalating events, alleviating the need for force, and connecting non-violent individuals with social service agencies.

Staff requests that the Operational Planning & Infrastructure Committee present the Amended 2023 Law Enforcement Fund to the full Board for approval.

Ms. Welch asked how often this funding is received and how the decision was made on what to purchase. This is not a regular type of revenue. It is available when the taskforce prosecute these criminals. Mike Gettings added that the frequency depends on the federal prosecution of these

criminals. There was a need to fund vehicles for the Crisis Intervention Program. The older vehicles were not reliable. Ms. Mersmann asked how the new vehicles will help the program. Currently two vehicles are assigned to four specialists. The new vehicles will allow all four specialists to be out at the same time.

It was moved by Mr. Sleasman, seconded by Mayor Koomar and approved to move to the full Board.

2024 Proposed Budget

In May, we presented the 2024 Capital Improvement Plan, which was adopted by the Board. We submit this earlier in the year in order to provide our Capital needs to NOACA, ODOT, and FTA in time for their 2024 Fiscal Years. In July, we presented the 2024 Tax Budget to the Operational Planning & Infrastructure Committee, which was adopted by the Board on July 25th. This provides a revenue estimate for the next fiscal year. In August, we began the General Fund Budget Development for Fiscal Year 2024.

Today, we will present the Proposed 2024 General Fund Budget, which includes the Operating Budget and Transfers to other Funds. A public hearing will also be held regarding the Proposed 2024 budget. A second public hearing will be held on December 5th. At that time, we will recommend that the committee present the Proposed 2024 budget to the Full Board for adoption on December 19th.

Although the economy is growing, interest rates, inflation, and supply chain issues still provide challenges. Ridership and Passenger Fare revenue are projected to increase at modest rates in 2024. We lost about 50% of ridership during the pandemic. Ridership and passenger fares have increased slowly every year – through September 2023, ridership is still 33% lower than pre-pandemic levels. We are projecting ridership and passenger fares to increase by about 2% in 2024. Transit agencies around the country are experiencing this same phenomenon.

The Federal Reserve Bank and Moody's Analytics expect interest rates to remain between 4.2% and 5.0% in 2024. The Federal Open Market Committee (FOMC) states that the current increases in interest rates are helping to stabilize prices as market conditions slowly improve. In 2024, inflation is expected to decrease, as are interest rates. Currently, the Authority has received an average yield of 4.2% on its investments. Wage increases, which are largely contractual, are budgeted at 4% across the board for FY 2024.

The Revenue for the 2024 Budget totals \$335.4 million. Of which, the largest 3 categories are:

- Sales & Use Tax receipts – at 80.0%
- Passenger Fares – 8.1%
- Reimbursed Expenditures – 1.5%

We budgeted a transfer of \$30.0 million from the Revenue Stabilization Sub Fund back to the General Fund to offset lower passenger fare revenue. These transfers represent 8.9% of total budgeted revenues.

Passenger Fares budgeted for 2024 total \$27.1 million. This is 2% above current 2023 estimate. For 2025 and 2026, we are projecting a 2% increase each year. Advertising, Concessions, and Investment Income total \$3.5 million in 2024. For 2025 and 2026, we are projecting \$3.2 million and \$3.1 million, respectively, based on a decrease in interest rates year over year. Total Operating Revenues for 2024 are budgeted at \$30.6 million and for 2025 and 2026, \$30.9 million and \$31.3 million, respectively. For the Non-Operating Revenues, Sales & Use Tax is budgeted at \$268.3 million, a 2% increase from 2023 actuals. For 2025 and 2026, a 2% increase is projected each year.

Reimbursed Expenditures includes \$1 million for preventive maintenance (PM) reimbursements and \$4 million for other reimbursements including fuel tax, force account labor, and other miscellaneous reimbursements. We are keeping the PM reimbursement low (at \$1 million) so we can support the unfunded and underfunded capital projects.

Other revenue includes various miscellaneous receipts from contractors, hospitalization, claim reimbursements, rent, and salvage sales. This is budgeted at \$1.5 million for 2024 through 2026. We are budgeting a \$30 million transfer from the Reserve – Revenue Stabilization Fund to maintain the 1-month ending balance in 2024. Transfers of \$35 million in 2025 and \$34.3 million in 2026 are planned to maintain the 1-month ending balance. We will continue to monitor revenues and expenses throughout the year to determine if the transfer can be reduced. Total revenues budgeted for 2024 are \$335.4 million.

For FY 2023, we started with 2,397 Full-Time Equivalent (FTEs) positions budgeted. For FY 2024, we budgeted 2,423 FTEs, an increase of 26 positions based on new initiatives and business needs.

These positions include:

- 6 Transit Ambassador positions (bringing the total to 16 positions)
- 14 Bus Mechanic Apprenticeship positions
- 2 Human Resource Business Partners
- 2 Financial Analyst Positions
- A Training Coordinator Position
- A Paratransit Operator Position

Total expenditures for the 2024 Budget are projected at \$333.8 million, which includes \$293.6 million for Operating expenditures and \$40.2 million for transfers to other funds. Salaries & Overtime and Payroll Taxes and Fringes remain the top 2 largest categories at 49% and 17%, respectively.

For 2024:

- Salaries and Overtime are budgeted at \$164.3 million and Payroll Taxes and fringes are budgeted at \$57.6 million. Total payroll is approximately 66.4% of RTA's General Fund Expenses. New contracts for health care, which include hospitalization, prescription, vision, dental, and life insurance began on January 1, 2023. Wage increases of 4% have been budgeted for all employees.
- The Energy Price Risk Management Program has continued to stabilize the cost of fuel, specifically diesel and CNG. The Authority's diesel Fuel usage has decreased and Compressed Natural Gas usage has increased as we add more CNG buses into service and retire older diesel vehicles. Fuel and Utilities is budgeted at \$13.6 million.
- Inventory is budgeted at \$13 million, or 4% of General Fund expenditures. The Supply Chain Management section has helped the Authority to maintain predictive maintenance repairs on the Authority's newer fleets and carry out major purchases for supplies and equipment.
- The main drivers of the Services and Materials category are service and maintenance contracts, equipment and other miscellaneous supplies. This category is projected at \$25.9 million, or 8% of all expenditures. Most of this category consists of contractual agreements, technology hardware and software upgrades.
- Purchased Transportation/ADA is projected at \$11.5 million. New contracts were negotiated in 2023.
- Transfers to other Funds are budgeted at \$40.2 million. These transfers are for specific set-asides for Bond Retirement, Insurance, Supplemental Pension, Capital Improvement, and Reserve Funds. These transfers are to support the expected Expenses and maintain the recommended fund balances.
- Expenditures for the Proposed 2024 Budget total \$333.8 million.

For FY 2024 Total Revenues of \$335.4 million against Operating Expenses of \$293.6 million have a net value of \$41.8 million. When adding in the required transfers to other funds, the net value is \$1.6 million. With a projected beginning balance of \$22.0 million, the ending balance is projected at \$23.6 million, maintaining the Board policy's 1-month ending balance. If Sales Tax receipts are stronger than budget, we will review how much of the Revenue Stabilization Fund is needed to maintain a 1-month ending balance.

The FY 2024 Capital Improvement Plan was approved by the Board of Trustees on May 23, 2023. This is presented early to align with the 2024 Fiscal Years for Ohio and Federal Government. The Capital Improvement Plan provides for the purchase, maintenance, and improvement of the Authority's capital assets through a programmed allocation of available financial resources.

Another presentation on the budget will occur at the December Committee meeting, with a second public hearing. The resolution for the 2024 Budget will be submitted in December.

Ms. Mersmann asked about the Revenue Stabilization Fund in relation to the 1-month ending balance. When we received stimulus funding, we put sales tax aside. Stimulus funding had to be used for operating expenses. We put aside funding in a revenue fund because passenger fares were lower due to the Pandemic. This year a \$6.5 million transfer is planned. We don't expect to have to use it to maintain the 1 month ending balance. But if revenue is higher than expenses, that determines the need. The projected ending balance is the year end look to ensure RTA has enough funding in any one month for payroll. In 2018, when the federal government shut down, funding was available to continue business because of the one-month reserve. This is a Board policy. If finances are better than expected, the projected transfer amount may not be needed. It is assessed monthly. Staff are looking at a ten-year plan to keep RTA stable.

Ms. Welch asked why no money is budgeted for items other than paratransit. Buses and trains are based on operator hours needed to maintain the current service level. Those hours are budgeted in the total payroll. Mr. Sleasman asked about the preventative maintenance increases and decreases. Preventative maintenance reimbursement is something RTA can do to get more revenue for the General Fund. Instead of using that money for capital projects. It is used for maintenance of vehicles and the revenue comes back to the General Fund. Ms. Welch asked about the Bus Mechanic Apprenticeship program. This program trains non-mechanics. They train at RTA and Tri-C in conjunction with the ATU.

President Lucas congratulated Ms. Sutula on balancing the budget year after year. RTA is one of the few agencies that didn't layoff staff or change any pay scales during the Pandemic. Mr. Love asked why the recovery ratio is set at 25%. RTA set that policy as a best practice at its creation. Other agencies had a problem recovering the 25% during the pandemic. Mayor Weiss asked if the additional FTEs will bring the Transit Ambassadors (TA) to full staff. This will get us to 16 and allow deployment on the HealthLine, Red Line and potentially the Light Rail. President Lucas commended the work of the TAs in reducing complaints. A mentoring program, Positive Impact, was created with the ATU to keep operators. The program has resulted in an 80% retention rate. RTA will host the International ATU and Transportation Learning Center to educate them on the program. The Bus Mechanic Apprenticeship started this summer. The Rail Mechanic Apprenticeship started in 2015. Both programs take two years to complete.

Ms. Mersmann asked if free fare or reduced fare can be discussed in the future. She asked if Ridership per Operating Cost is a better measurement. Riders support the system through sales tax. Ms. Welch asked where microtransit is budgeted. It comes from the Capital Budget. An educational session is planned November 30 for the Aerozone program launch. Mr. Love asked about the Energy Price Risk Management Program. The manager ensures we have favorable prices on diesel and CNG fuel. We also have set contracts with utilities to maintain favorable prices.

Ms. Welch asked for this presentation to be sent to the Board.

Suspend the Committee Meeting

10:28 a.m. - It was moved by Mr. Love, seconded by Mayor Koomar to suspend the meeting to hold the Public Hearing.

But first a representative from the State Auditor will present RTA an award. It was listed under the Audit, Safety Compliance and Real Estate Committee later today but was introduced early due to scheduling.

Audit Award

Kathryn M. Semo, Northeast Regional Liaison, Auditor of State Keigh Faber, presented the Award of Distinction for Financial Reporting to RTA. Mr. Togher accepted the award.

The Public Hearing was held and adjourned.

10:33 a.m. – It was moved by Mayor Koomar, seconded by Mr. Sleasman to reconvene the committee meeting. There was no other business for this committee.

The meeting was adjourned at 10:33 a.m.



Rajan D. Gautam
Secretary/Treasurer



Theresa A. Burrage
Executive Assistant