

Minutes

RTA Operational Planning & Infrastructure Committee

10:17 a.m. December 5, 2023

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

Other Board Members: Lucas, McPherson, Mersmann, Weiss

Not present: Biasiotta, Love

Staff/Other: Becker, Birdsong Terry, Bober, Burney, Caver, Colonna, Dangelo, Davidson, Feliciano, Ferraro, Fleig, Freilich, Garofoli, Gautam, Hudson, Jenkins, Jones, Jones, Jupina, Kirkland, LaTourette, Lincoln, Lively, Miller, Mothes, Peganoff, Prebish, Schipper, Schultz, Sutula, Talley, Tarka, Walker Minor, Woodford

Public: Gibbons

The meeting was called to order at 10:17 a.m. Three (3) committee members were present.

Budget Presentation – FY 2024

Kay Sutula, Director of the Office of Management and Budget gave the presentation. Today's presentation is on the Proposed FY 2024 Budget. There will also be a second public hearing on the budget.

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 for their 2024 Fiscal Years. In July, we presented the 2024 Tax Budget, which was adopted by the Board on July 25th.

In August, we began the Fiscal Year 2024 Budget Development. We presented the Proposed 2024 Budget in November and held a public hearing. Today we are briefly presenting the 2024 Budget and will hold a second public hearing. After the public hearing, 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 revenues are projected to increase about 2% in 2024. Interest rates are expected to remain between 4.2% and 5.0% 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.

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 are budgeting a transfer of \$30.0 million from the Revenue Stabilization Sub Fund (A component of the Reserve Fund) to offset lower passenger fare revenue. These transfers represent 8.9% of total budgeted revenues.

Passenger Fares are budgeted at \$27.1 million, 2% above 2023 estimate. Advertising, Concessions, and Investment Income are budgeted at \$3.5 million. For the Non-Operating Revenues, Sales & Use Tax is budgeted at \$268.3 million, a 2% increase from 2023 actuals. Reimbursed Expenditures include \$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. We are budgeting a \$30 million transfer from the Reserve – Revenue Stabilization Fund to maintain the 1-month ending balance in 2024. We will continue to monitor revenues and expenses throughout the year to determine how much of the transfer will be needed. Total revenues budgeted for 2024 are \$335.4 million.

For FY 2023:

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

These positions include:

- 6 Transit Ambassador positions
- 14 Bus Mechanic Apprenticeship positions
- 2 Human Resource Business Partners
- 2 Financial Analyst positions
- A Training Coordinator position and
- A Paratransit Operator position

Total expenditures for the 2024 Budget are \$333.8 million, which includes \$293.6 million for Operating expenditures and \$40.2 million for transfers to other funds.

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.
- 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 its 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.
- 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.

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. 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.

Mayor Weiss asked for the current balance of the Revenue Stabilization Fund and at what point will the diesel buses be replaced. The Revenue Stabilization Fund balance is \$130 million. The diesel buses will all be replaced by 2027.

Suspend the Committee Meeting

10:28 a.m. – It was moved by Mayor Koomar, seconded by Mr. Sleasman and approved to suspend the committee meeting to hold the Public Hearing.

Reconvene the Committee Meeting

10:32 a.m. – It was moved by Mayor Koomar, seconded by Mr. Sleasman and approved to reconvene the committee meeting.

Recommendation

Staff requests that the Operational Planning & Infrastructure Committee recommend the 2024 Budget to the full Board for approval.

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

The meeting was adjourned at 10:34 a.m.



Rajan D. Gautam
Secretary/Treasurer



Theresa A. Burrage
Executive Assistant

