

Minutes

RTA Operational Planning & Infrastructure Committee

9:04 a.m. July 13, 2021

Committee Members: Joyce (Chair), Moss (Vice Chair), Pellot, Serrano

Other Board Members: Duarte, Koomar, Lucas, McCall

Not present: Byrne, Weiss

Also Present: Benford, Birdsong, Bitto, Bober, Burney, Caver, Dangelo, Davidson, Fields, Freilich, Garofoli, Gautam, Jones, Kirkland, Petit, Schipper, Sutula, Walker-Minor

The meeting was called to order at 9:04 a.m. There were four (4) committee members present. This meeting was live-streamed on RTA's Facebook page (www.facebook.com/rideRTA) for staff and members of the public.

CNG Infrastructure Upgrades

Mike Capek, Engineering Project Manager, Facilities, gave the presentation. The contract for \$6,262,600 was awarded to Ruhlin Construction on December 15, 2020. The Notice to Proceed was issued February 24, 2021. The project kicked-off March 23, 2021. Construction started April 5, 2021. Currently it is 30% complete. Steel reinforcement of selected columns and trusses has been completed as far as practical. They have some air conditioning to move before they complete that work. They removed and replaced existing PVC sanitary sewer piping with cast iron. Ductwork replacement is 80% complete. Hose reels are currently being installed. In July, they hope to complete ductwork replacement / modification, install fire stopping insulation at the top of walls, and completion of hose reel installations. They also commenced & completed the exhaust fan replacement.

- Base Contract: \$6,262,000
- Change Orders to Date: \$10,030
- Pending Change Orders: \$161,786
- Projected Total: \$6,433,816
- Invoiced to Date: \$887,722

Triskett Garage Project Schedule

Milestones	July	Aug	Sept	Oct	Nov	Dec
Steel Reinforcement						
Sanitary Drain Replacement						
Ductwork						
Hose Reel Replacement						
Firestopping						
Overhead Doors						
Rooftop Equipment Replacement						
Painting						
Gas Detection System						
Building Automation System						
Generator Installation						
Substantial Completion						

*Green indicates the projected time of installment or completion.

Project work is ahead of the expected arrival of the CNG buses. He displayed pictures of the new duct work, new hose reels and duct work modification to the air distribution. There were no questions. This was an update so no action is required.

FY 2021 Budget Amendment

Kay Sutula, Director of Office of Management and Budget, gave the presentation.

Our proposed increases to the 2021 General Fund Budget include:

On the Revenue Side:

- CRRSAA (Coronavirus Response & Relief Supplemental Appropriations Act)
 - In February, we increased the revenue by \$60 million for estimated CRRSAA funding we expected. Total final award amount was \$67.4 million. We are increasing CRRSAA by \$7.4 million
- ARP (American Rescue Plan)
 - We have been awarded \$136.2 million. About half of the total funding is expected to be drawn down to reimburse the Operating Expenses in 2021. The remainder of the award will be drawn-down in 2022

On the Expenditure Side:

- Health Care and Prescription expenses have increased over the past 6 months, compared to prior year
 - We need to increase the Health Care and prescription budget by \$3.0 million. One point nine million (\$1.9 M) of which will come from a compound drug settlement, per the stipulations of the settlement. This funding has to be used for health care expenses
 - An additional increase of \$1.1 million will be needed for the total appropriation increase of \$3.0 million
- Transfers to Other Funds
 - \$100,000 added to the Insurance Fund to maintain the \$5.0 million ending balance

We are proposing to increase budgeted revenues by \$75.43 million for CRRSAA and ARP. Total Revenues will increase to \$403.6 million.

In the Operating Budget, we are proposing to increase Health Care costs by \$3.0 million. One point nine million (\$1.9 million) of which will come from the compound drug settlement. An additional \$1.1 million will be needed to get to the \$3.0 million. Under the proposed amendment, total Operating Expenditures will increase by \$3 million to \$265.48 million. The transfer to the Insurance Fund will increase by \$100,000 to maintain the \$5 million balance required by policy. Total Transfers will increase to \$132.26 million. The total appropriation for revenues is proposed at \$403.59 million. With a beginning balance of \$133.58 million, total resources will increase to \$537.17 million. Proposed operating expenses at \$265.48 million with transfers to other funds of \$132.26 million, equals total proposed expenditures of \$397.74 million. The estimated ending balance for the proposed amendment is \$139.43 million, a 6.3 month reserve.

Staff requests that the Operational Planning & Infrastructure Committee recommend the FY 2021 Proposed Budget amendment to the full Board for approval. Ms. Moss asked why prescription drugs had an uptick. Kay said it's due to an increase in healthcare cost over the last 6 months compared to 2020. Surgeries were halted in 2020, but now they are back in session. It was moved by Mr. Serrano, seconded Ms. Moss and approved to move to the full board.

FY 2022 Tax Budget

Kay Sutula, Director of Office of Management and Budget, gave the presentation. The Tax budget is an initial analysis and forward looking document toward estimated revenues for the next fiscal year. It is the first step, and a valuable tool in the Budget development process.

In May 2021, we presented the 2022 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 2022 and 2023 Fiscal Years. Today, in July, we are presenting the 2022 Tax Budget to the Operational Planning & Infrastructure Committee. We will be recommending the Committee to present this to the full Board for adoption on July 27th. In August this year, we will begin the Operating Budget Development process for Fiscal Year 2022. In November, we will present the 2022 General Fund Budget, which includes the Operating Budget and Transfers to other Funds to the Operational Planning & Infrastructure Committee. We will also have A public hearing on the 2022 General Fund Budget. In December, we will again present the 2022 General Fund Budget and hold a 2nd public hearing at the Committee meeting. We will recommend the committee present the budget to the Full Board for adoption On December 21, 2021.

As the economy has started to open over the past year, spending patterns have increased due to the stimulus checks. Ridership and Sales & Use Tax revenues are projected to increase at a modest rate in 2022, compared to 2021. The U.S. Congress approved stimulus packages, eliminated borrowing caps and lowered Interest rates below 2%. Inflation is estimated to increase to about 4% by year end 2021 but lower to 2% in Fiscal Year 2022. The Federal Open Market Committee (FOMC) estimates for inflation and interest rates will help to stabilize prices and help to expand the economy as market conditions slowly improve. Currently, the Authority has received an average yield of 0.21% on its cash investments. Wage increases, which are largely contractual (ATU and FOP), are projected for FY 2022.

We are projecting conservative growth for our two largest sources of revenue: Sales Tax and Passenger Fares. We are estimating to draw down the remaining \$68 million from the American Rescue Plan, or ARP. Preventive Maintenance will be kept low, enabling the Authority to use the funding toward unfunded capital projects. Total Revenues are estimated at \$324.34 million for the 2022 Tax Budget.

Of which, the largest 3 categories are:

- 68.3% - Sales & Use Tax receipts
- 7.5% - Passenger Fares
- 21.0% - Federal Operating Assistance (ARP)

Total Personnel costs include Salaries and Overtime at \$146.6 million and Payroll Taxes & Fringes at \$51.7 million. The next three largest categories for operating expenditures include Services, Materials & Supplies at \$20.8 million. Fuel & Utilities at \$13.8 million and Inventory at \$13.2 million. Transfers to other funds total \$40.2 million. These are for specific set-asides for insurance, the capital program, debt services, pension, and reserve funds. Total expenditures for the 2022 Tax Budget are budgeted at \$303.1 million. Total Personnel costs are 65.7% of total expenditures. This includes Salaries & Overtime at 47.7% and Payroll taxes and fringes at 18.0%. Services, Materials and Supplies are budgeted at 7.0% of the 2022 Tax Budget; Fuel & Utilities are 4.6% of total expenditures. Transfers to Other funds are 12.7% of total expenditures. Total Revenues are budgeted at \$324.3 million. With a beginning balance estimated at \$158.7 million, total resources equal \$483.08 million. Total Operating expenditures are budgeted at \$262.9 million and transfers to other funds at \$40.2

million. Total expenditures are budgeted at \$303.17 million. The estimated ending balance for the 2022 Tax Budget is \$179.9 million, an 8.2-month reserve.

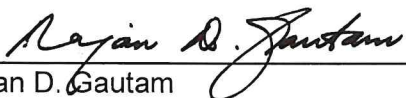
For the two out years, we are estimating ending balances of \$133.4 million for 2023 (6.1-month reserve) and \$89.8 million for 2024 (4.1-month reserve). In summary, the Federal Stimulus funding was used for the Operations of the Authority. This enabled Sales & Use Tax to be used for annualization of the NextGen Service, labor stability, increase capital investments and reduce the capital backlog through 2024. There were no questions.

9:21 a.m. - Mr. Joyce asked for a motion to suspend the committee meeting. It was moved by Mr. Serrano, seconded by Ms. Pellot and approved to suspend the meeting.

9:25 a.m. – After the Public Hearing, it was moved by Ms. Moss, seconded by Mr. Serrano and approved to reconvene the meeting.

Staff requests that the Operational Planning & Infrastructure Committee recommend the FY 2022 Tax Budget to the full Board for approval. It was moved by Mr. Serrano, seconded by Ms. Moss and approved to move this to the full Board meeting.

The meeting was adjourned at 9:26 a.m.



Rajan D. Gautam
Secretary/Treasurer



Theresa A. Burrage
Executive Assistant