

Minutes

RTA Operational Planning & Infrastructure Committee

10:01 a.m. December 7, 2021

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

Other Board members: Koomar, Lucas, McCall, Weiss **Not present:** Duarte, Pellot (virtual)

Staff: Becker, Birdsong, Burney, Caver, Dangelo, Davidson, Dietrich, Fesler, Fields, Garofoli, Gautam, Gettings, Harris, Kirkland, Krecic, Lincoln, Mothes, Orlando, Petit, Schipper, Scott, Shurik, Sutula, Talley, Walker-Minor

Public: Gibbons, Loh, Pinkney

The meeting was called to order at 10:01 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. Members of the public were allowed to attend in-person.

Based on Centers for Disease Control (CDC) guidance to continue to avoid large events and gatherings and Ohio Department of Public Health advice that businesses and other entities may continue to require mitigation measures, as well as RTA's interest in protecting community and employee health and safety, several measures were put in place for in-person attendance, which are spelled out in the meeting notice.

Budget Presentations

Kay Sutula, Director of the Office of Budget & Administration, gave the presentation. Today's presentation will include the following:

- Economic Assumptions
- FY 2022 Proposed Budget
- Proposed amendments
 - FY 2021 – Reserve – adding a Revenue Stabilization subfund
 - FY 2021 – increasing the transfer to the Reserve Fund
 - FY 2022 Capital Improvement Plan
- Public Hearing

The COVID-19 pandemic has presented challenges over the past year and a half. On-going shortages of raw materials (such as aluminum alloys) and computer chips, as well as slower supply chain deliveries are expected to continue in 2022. This will affect the auto and bus manufacturers, as aluminum alloys and computer chips appear in almost every component in cars and buses.

Ridership and Passenger Fare revenue are projected to increase at a modest rate in 2022, compared to post-COVID-19 levels. The Federal Reserve Bank and Moody's Analytics expect interest rates to increase between 2.2% and 4.0% by year-end 2022. Inflation is estimated to increase. The Federal Open Market Committee (FOMC) states that the increases in inflation and interest rates will help to stabilize prices and help to expand the economy as market conditions improve. Currently, the Authority has received an average yield of 0.2% on its cash investments.

Actual Passenger Fares received through September 2021 totaled \$15.8 million. This is 24% below budget. We are projecting Passenger Fares to end the year at \$21.5 million. Total Passenger Fares

for the Proposed 2022 Budget are projected at \$21.7 million. Sales & Use tax through October totaled \$198.2 million. The year-end projection is \$238.2 million. The revenues for the Proposed 2022 Budget are estimated at \$243.0 million. These estimates are conservative. Reimbursed Expenditures includes Preventive Maintenance Reimbursement, Force Account Labor, and reimbursements for fuel tax and other miscellaneous items. For the proposed 2022 Budget, reimbursed expenditures are projected at \$5 million. The PM reimbursement is budgeted at \$1 million and all other funding will be allocated to other projects in the Capital Improvement Fund. (PM Reimbursement: \$16.5 million).

The Authority was awarded approximately \$67.4 million through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and \$136 million of Federal Funding through the American Rescue Plan (ARP). In 2021, all of the CRRSAA funding has been drawn down and \$54.8 million of the ARP funding has been drawn down. In 2022, the remaining \$81.2 million of ARP funding will be drawn down. This funding is to help supplement the decline in passenger fare and added expenses due to the pandemic. Total Revenues for 2021 is estimated at \$403.4 million. For the Proposed 2022 Budget, total revenues are projected at \$354.4 million.

The Revenue for the 2022 Budget totals \$354.4 million. Of which, the largest three categories are:

- 68.4% - Sales & Use Tax receipts
- 6.2% - Passenger Fares
- 23.0% Federal Assistance - ARP

For 2021, we are proposing an amendment to the Reserve Fund, adding a Revenue Stabilization subfund and increasing the transfer to the Reserve Fund to the Revenue Stabilization Sub-fund by \$85 million. This is in line with the plan we presented in May 2021 of how the unrestricted funds resulting from the stimulus funding would be used. That strategic plan stated:

* Debt payoff:	\$60 million (completed)
* Operating Support:	\$99 million (\$85 million)
* Capital:	<u>\$156 million</u>
Total	\$315 million

This \$85 million will be transferred to provide support to the Operating Budget, providing stability and offset the decline in passenger fares through 2026.

For 2021, we are proposing to add a subfund to the Reserve Fund for Revenue Stabilization. The Federal Stimulus funding from CARES Act, CRRSAA, and ARP, were designed to help transit authorities recover from the loss of passenger fare revenue and increases in costs of sanitizing and cleaning. This account would hold the passenger fare revenue lost from the pandemic until it is needed to maintain the 1.0 month ending balance in the General Fund.

For 2022:

- Salaries and Overtime are estimated at \$208.9 million and account for 44.2% of RTA's General Fund Expenses. Eighteen (18) positions have been added, which include 11 for the operations and 7 Administrative positions. Total Payroll, which includes payroll taxes and fringes, are estimated to increase by 6.6%, largely due to an increase in hospitalization and prescription costs, wage increases and the 18 new positions.
- The Energy Price Risk Management Program has helped to stabilize costs of fuel. The Authority's diesel Fuel usage has decreased over the past several years due to implementing more CNG buses into service and retiring older diesel vehicles. Fuel and Utilities is budgeted at \$14.6 million.

- Inventory is projected at \$13.1 million, or 3.8% of General Fund expenditures. The Supply Chain Management section has helped the Authority to maintain predictive maintenance repairs on the Authority's fleets and carry out major purchases for supplies and equipment during the Pandemic.
- The main drivers of the Services and Materials category are service and maintenance contracts, equipment and other miscellaneous supplies. This category is projected at \$21.9 million, or 6.4% of all expenditures. Most of this category consists of contractual agreements.
- Purchased Transportation/ADA is projected at \$9.2 million. This increase in 2022 is due to contractual Agreements.
- Transfers to other Funds are budgeted at \$65.1 million. This includes an additional \$25 million to the Capital Improvement Program. 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 2022 Budget total \$339.9 million.

For FY 2022, we have 2,372 positions budgeted. This is an increase of 18 positions from FY 2021. These positions include: 11 positions for the operations: laborers, operator trainer, dispatcher; and 7 administrative positions and 87.8% of the budgeted positions are in the Operations Division. Total expenditures for the 2022 Budget is projected at \$339.9 million, which includes \$274.8 million for Operating expenditures and \$65.1 million for transfers to other funds. Salaries & Overtime, Payroll Taxes and Fringes, and Transfers to Other funds remain the top three largest categories at 44.2%, 17.3%, and 19.2% respectively.

Total expenditures against total revenues for 2022 has a loss of \$1.6 million. The Federal Stimulus Funding received will help to offset these losses and provide stability. Preventive Maintenance reimbursement for 2022 through 2024 will be strategically used for priority projects. Transfers to other funds are to support the expenses and maintain the recommended ending balances for Insurance, Supplemental Pension, Bond Retirement, Capital Improvement, and Reserve Funds. We are requesting an additional \$85 million appropriation for FY 2021 to increase the transfer to the Reserve Fund for the new Revenue Stabilization Fund. For the 2022 Budget, transfers are projected at \$65.1 million. After factoring in the beginning balance for FY 2021, the available ending balance is estimated at \$70.3 million. For the FY 2022 budget, the ending balance is budgeted at \$84.8 million. The Federal Stimulus funding is doing what it was planned to do. It will help to offset the losses in revenue due to the COVID pandemic through December 2024 and beyond.

The FY 2022 Capital Improvement Plan was approved by the Board of Trustees on May 25, 2021. 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. An additional \$24 million appropriation is requested to the FY 2022 CIP for the Rail Car Replacement Program. We are also requesting an additional \$10.2 million appropriation for Facilities improvements. The Tower City East Portal project came in higher than budgeted. We also applied for a competitive grant for the Hayden Roof Repair. The formula funding originally identified for this project will be used for other unfunded projects.

10:16 a.m. - Mr. Joyce asked for a motion to suspend the committee meeting to go into the Public Hearing. It was moved by Ms. Moss, seconded by Mayor Byrne and approved to suspend the meeting.


10:28 a.m. - It was moved by Mr. Serrano, seconded by Mr. Serrano and approved to reconvene the meeting.

Staff requests that the Operational Planning & Infrastructure Committee recommend the proposed FY 2021 Amendment to the General Fund and Reserve Fund to the full Board for approval. It was moved by Ms. Moss, seconded by Mr. Serrano and approved to move to the full Board.

Staff requests that the Operational Planning & Infrastructure Committee recommend the proposed FY 2022 Budget to the full Board for approval. It was moved by Ms. Moss, seconded by Mayor Byrne and approved to move to the full Board.

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

The meeting was adjourned at 10:30 a.m.



Rajan D. Gautam
Secretary/Treasurer



Theresa A. Burrage
Executive Assistant