

Minutes

RTA Operational Planning & Infrastructure Committee

9:07 a.m. November 15, 2022

Committee Members: Welch (Chair), Joyce, Pellot

Other Board Members: Biasiotta, Koomar, Lucas, Weiss

Not present: McCall, Moss

Staff: Biggar, Birdsong Terry, Bowles, Burney, Caver, Crawshaw, Dangelo, Davidson, Dietrich, Fields, Fleig, Freilich, Garlock, Garofoli, Gautam, Ghanem, Hudson, Jones, Keshtkaran, Kirkland, Miller, Mothes, O'Donnell, Schipper, Scott, Sutula, Talley, Walker-Minor, Woodford, Zimmerman

Public: Cobhan, Fowler, Gibbons, Loh, Pinkney-Butts, Sampson, Tarter

The meeting was called to order at 9:07 a.m. Three (3) committee members were present.

Service Plan

Joel Freilich, Director of Service Management gave the presentation.

- The 2023 Service Management Plan (SMP) is aligned with the recommended 2023 budget
- The budget provides for the current service level to continue through 2023
- Per Board policy, the SMP reports current bus route performance and outlines plans for the coming year:
 - Ridership continues to recover from COVID-19
 - The data compares ridership from October 1-30 of 2022 compared to past years.

The benchmark for an average daily ridership on weekdays was set in the initial weeks of 2020 when we were carrying 96,000 passengers per day. By October 2020 we were carrying 48% of the pre-COVID benchmark. In October 2021, that number increased to 61%. October 2022, we've reached 71%. For weekends, ridership in October 2020 was 40,000 per day or 66% of the pre-COVID benchmark. Weekend ridership didn't dip as much as weekday due to less workday riders. By October 2021, it reached 74% of pre-COVID benchmark. By October 2022, it was 91% of pre-COVID benchmark. Paratransit has also recovered strongly especially on weekends.

2023 Service Plan:

- Continue monitoring NEXT GEN system performance
- Respond to building, road, bridge construction projects
- Provide temporary service for rail construction projects and major special events
- Improve bus stop safety and informational signs
- Improve transit waiting environments on priority corridors
- Continue to focus on service reliability

2022 Bus Route Performance Summary

- Service Management Plan details 41 routes
- 10 perform in lowest quartile of their route category
- Ridership and productivity are still growing
- When designed with community input, some routes will always have lower productivity

There were no questions.

Budget Presentation

Kay Sutula, Director of Office of Management and Budget gave the presentation. Today's presentation is on the 2023 Proposed Budget. The agenda includes the following:

- Budget Schedule
- Economic Assumptions
- FY 2023 Proposed Budget
- Public Hearing

In May, we presented the 2023 Capital Improvement Plan, which was adopted by the Board. We submit this earlier in the year to provide our Capital needs to NOACA, ODOT, and FTA in time for their 2023 Fiscal Year. In July, we presented the 2023 Tax Budget to the Operational Planning & Infrastructure Committee, which was adopted by the Board on July 26th. In August, we began the General Fund Budget Development for Fiscal Year 2023. Today, we will present the Proposed 2023 General Fund Budget, which includes the Operating Budget and Transfers to other Funds. A public hearing will also be held regarding the Proposed 2023 General Fund Budget. A second public hearing will be held on December 6th. We will then recommend that the committee present the Proposed 2023 budget to the Full Board for adoption on December 20th.

The COVID-19 pandemic has presented challenges over the past two years. Current shortages of raw materials (such as aluminum alloys) and computer chips, as well as slower supply chain deliveries are expected to get back to normal in 2023. This has affected the auto and bus manufacturers, as aluminum alloys appear in almost every component in cars and buses (body panels, gearboxes, seat frames, etc.).

Ridership and Passenger Fare revenue are projected to increase at a modest rate in 2023. The Federal Reserve Bank and Moody's Analytics expect interest rates to remain between 3.5% and 4.5% in 2023, as inflation is still high. The Federal Open Market Committee (FOMC) states that the current increases in interest rates is helping to stabilize prices as market conditions slowly improve. In 2023, inflation is expected to decrease, as is interest rates. Currently, the Authority has received an average yield of 1.4% on its investments.

The Authority was awarded funding through the Coronavirus Aid Relief and Economic Security Act (CARES Act), Coronavirus Response Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan (ARP). All stimulus funding has been drawn down between 2020 and 2022. No additional stimulus funding is expected. Wage increases, which are largely contractual, are budgeted for FY 2023.

The Revenue for the 2023 Budget totals \$299.9 million. Of which, the largest 3 categories are:

- Sales & Use Tax receipts – at 86.4%
- Passenger Fares – 8.2%
- Other Reimbursed Expenditures – 1.3%

We budgeted a transfer of \$6.5 million from the Revenue Stabilization Sub Fund (A component of the Reserve Fund) back to the General Fund to offset lower passenger fare revenue. These transfers represent 2.2% of total budgeted revenues.

Actual Passenger Fares received through September 2022 totaled \$18.8 million. This is 15.2% above budget. We are projecting Passenger Fares to end the year at \$24.2 million. Total Passenger Fares for FY 2023 are budgeted at \$24.7 million, representing a 2% increase. Sales & Use tax through October totaled \$211.2 million, a 6.6% increase over 2021 levels. The year-end projection is \$254.4

million. Sales Tax for FY 2023 is budgeted at \$259.0 million, representing 1.8% increase over 2022. These estimates are conservative. Reimbursed Expenditures includes reimbursements for Preventive Maintenance, Force Account Labor, fuel tax and other miscellaneous items. For the proposed 2023 Budget, total reimbursed expenditures are projected at \$5 million. The PM reimbursement is budgeted at \$1 million so the grant funding can be allocated to other projects in the Capital Improvement Fund.

To offset the declines in the passenger fare revenue and to maintain a 1-month ending balance at the end of FY 2023, we have budgeted a transfer of \$6.5 million from the Revenue Stabilization Sub-fund. If Sales Tax and Passenger Fares are stronger than budget, we may not need to transfer the entire amount. This will be reviewed monthly. Total Revenues for 2022 is estimated at \$369.0 million. For the Proposed 2023 Budget, revenues are projected at \$299.9 million.

For FY 2022, we started with 2,374.5 Full-Time Equivalent (FTEs) positions budgeted. In August, we amended the budget to add the 7 Civilian Oversight Committee Members, for a new total of 2,381.5 FTEs. For FY 2023, we budgeted 2,396.5 Full-Time Equivalent positions (FTEs). This is an increase of 14 positions. These positions include: 5 additional Transit Police positions, including Ambassador & Crisis Intervention Specialist positions, 2 Laborers for Facilities & cleaning, 4 IT/ITS positions, and 3 Administrative Positions. (87.4% of the budgeted positions are in the Operations Division).

Total expenditures for the 2023 Budget are projected at \$324.0 million, which includes \$282.4 million for Operating expenditures and \$41.6 million for transfers to other funds. Salaries & Overtime and Payroll Taxes and Fringes remain the top 2 largest categories at 48.4% and 17.5%, respectively.

For 2023:

- Salaries and Overtime are estimated at \$213.7 million and account for 65.9% of RTA's General Fund Expenses. New contracts for health care, which include hospitalization, prescription, vision, dental, and life insurance will begin on January 1, 2023. Total Payroll, which includes payroll taxes and fringes, are estimated to increase by 4.3%, mainly due to wage increases, which are largely contractual, and the new health care contracts.
- The Energy Price Risk Management Program has continued to help stabilize the increased cost of fuel as, 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 retiring older diesel vehicles. Fuel and Utilities is budgeted at \$14.9 million.
- Inventory is budgeted at \$12.5 million, or 3.9% 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 \$24.6 million, or 7.6% of all expenditures. Most of this category consists of contractual agreements. We have added more funding to IT and ITS budgets for 2023 as we have increased investments in technology.
- Purchased Transportation/ADA is projected at \$9.2 million. New contracts will be negotiated in 2023.
- Transfers to other Funds are budgeted at \$41.9 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 2023 Budget total \$324.3 million.

Total Operating Expenditures against total revenues for 2022 through 2025 shows a positive balance for each year. Preventive Maintenance reimbursement for 2023 through 2025 will remain at \$1 million so the grant funding can be used for priority projects.

For FY 2023, Total Revenues of \$293.4 million against Operating Expenses of \$282.4 million has a net value of \$11 million. When adding in the required transfers to other funds, the net value is a negative (\$30.9 million). With a beginning balance of \$49.0 million, and a transfer of \$6.5 million from the Revenue Stabilization Sub Fund to offset the lower passenger fare revenues, this will meet the Board Policy Goal of 1-month operating reserve and the available ending balance will be \$24.6 million. Transfers to other funds are to support the expenses and maintain the recommended ending balances. For the two out-years, a \$30 million transfer in 2024 and \$34 million transfer in 2025 are planned to maintain a 1-month reserve at the end of each year.

The FY 2023 Capital Improvement Plan was approved by the Board of Trustees on May 24, 2022. This is presented early to align with the 2023 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. We are currently reviewing the CIP and may present an update to the 2023-2027 CIP in December.

Mayor Koomar asked for the current balance in the Revenue Stabilization Sub Fund and asked for the passenger fare increase estimate for next year. Ms. Sutula said the balance is \$130 million. Passenger fares is projected at a 2% increase. Ms. Welch asked if the Transit Ambassadors and Civilian Oversight Committee (COC) members come out of the Operations Budget. She requested the percentage of the budget that goes into the Transit Police budget be broken out. Ms. Sutula said the COC committee members is in the Board of Trustees budget. The Transit Ambassadors and Crisis Intervention Specialist are in the Transit Police budget. Mayor Koomar asked if there is a plan to grow ridership at a greater pace. Ms. Birdsong Terry added that new ridership will be targeted with special marketing programs. Ms. Walker Minor added that the focus is on integrated communications to build brand identity, create trust and make RTA more reliable for the customer and potential customers. They are working closer with partners in term of campaigns and using our rolling stock in advertising for social economic challenges (housing, health, education, jobs).

9:38 a.m. - Ms. Welch asked for a motion to suspend the committee meeting and go into the Public Hearing. It was moved by Mr. Joyce, seconded by Ms. Welch and moved to open the Public Hearing.

9:56 a.m. - It was moved by Mr. Joyce, seconded by Ms. Welch to reconvene the committee meeting. This is the first presentation.

The meeting was adjourned at 9:56 a.m.


Rajan D. Gautam
Secretary/Treasurer


Theresa A. Burrage
Executive Assistant