

BOARD OF DIRECTORS

AGENDA ITEM 7

DATE

February 22, 2017

SUBJECT

2016 Operating Budget

PURPOSE

Review and approve the proposed 2017 operating budget and formula for allocating the local contribution.

BACKGROUND/ANALYSIS

On October 26, 2016, the Greater Portland Transit District (Metro) Board of Directors will be asked to approve the Preliminary FY 2017 Operating Budget and Formula. In accordance with 30-A-MRS §3516 and 30-A-MRS §3516, Metro must submit its FY 2017 Preliminary Budget and Formula to the member communities prior to November 1, 2016. The member communities then have thirty (30) days to accept the proposed budget whether by action or non-action. Action to reject the proposed budget triggers a statutory required arbitration process by the Public Utilities Commission.

2017 OPERATING AND CAPITAL BUDGET

The 2017 preliminary operating budget totaling \$8,733,349 reflects a net overall increase of 1,079,146 (14%) compared to the 2016 budget. Bus service supply by route and community is detailed in Table 1 below.

Table 1: Revenue Miles Route per Community

Bus Route	Portland	Westbrook	Falmouth	S. Portland	Breez	Total
Route 1	96,126	-	-	-	-	96,126
Route 2	113,804	36,600	-	-	-	150,404
Route 4	91,468	75,364	-	-	-	166,831
Route 5	99,445	-	-	34,249	-	133,694
Route 7	26,082	-	44,279	-	-	70,362
Route 8	51,271	-	-	-	-	51,271
Route 9A	108,102	-	-	-	-	108,102
Route 9B	104,766	-	8,027	-	-	112,792
Breez	-	-	-	-	120,670	120,670
Total	691,065	111,964	52,306	34,249	120,670	1,010,253
2016 Revenue Miles	683,145	114,292	50,409	34,172	-	855,334
Absolute Change	7,920	(2,329)	1,897	77	120,670	154,919
Percent Change	1%	-2%	4%	0%	n/a	18%

The major drivers of the increase in the operating budget are outlined below and indicated in the attached budget tables.

Table 2: Summary of Major Expenditure Changes

Item	\$ Change	% Change	Notes
Net Budget Increase	\$1,079,146	14.1%	
<i>System Level Changes</i>			
ADA Complimentary Paratransit	\$446,340	5.8%	Shift from municipalities to Metro.
Breez Operating Costs	\$308,971	4.0%	Funded by grants and towns.
Sub-total	\$755,311	9.9%	
<i>Programmatic Changes</i>			
Health Reimbursement Arrangement	\$54,000	0.7%	Restoration of HRA funding.
Bus Cleaning Position	\$52,372	0.7%	New position to improve fleet cleaning.
CIP Local Match	\$47,469	0.6%	
Fund Balance Restoration	\$45,000	0.6%	Restoration of fund balance contribution.
Debt Service Principal	\$38,344	0.5%	Related to Breez buses.
Other Professional Services	\$34,500	0.5%	Web site update and Arch/Eng services.
CNG Station Maintenance	\$25,000	0.3%	Contract for station maintenance.
Sub-total	\$296,685	3.9%	
Net impact of remaining items	\$27,150	0.4%	Net impact of remaining inc/dec.

Table 3: 2017 Proposed Revenue Budget

2017 PROPOSED REVENUE BUDGET	2016 Budget	2016 Est	2017 Request	\$ +/-	% +/-	Note
Passenger Fare Revenue						
<i>Regular Fares</i>	\$ 790,265	\$ 825,000	\$ 835,000	\$ 44,735	5.7%	1
<i>Single Ride Tickets</i>	93,092	93,092	95,000	1,908	2.0%	
<i>Day Passes</i>	2,000	2,000	2,000	-	0.0%	
<i>Ten Ride Tickets</i>	294,796	330,000	330,000	35,204	11.9%	1
<i>Monthly Passes</i>	385,182	550,000	550,000	164,818	42.8%	1
<i>Portland HS Pass Program</i>	160,000	162,064	181,800	21,800	13.6%	
<i>BREEZE Fares</i>	-	15,600	28,100	28,100	100.0%	2
<i>Reduced Fare</i>	46,855	50,000	50,000	3,145	6.7%	
<i>Special Pass Programs</i>	41,743	48,965	51,540	9,797	23.5%	3
Total Passenger Fare Revenue	1,813,933	2,076,721	2,123,440	309,507	17.1%	
Other Revenue						
<i>Regional Trans. Program (Rent)</i>	2,750	28,818	38,424	35,674	1297.2%	4
<i>Outside repair/maint & CNG sales</i>	97,999	47,000	47,000	(50,999)	-52.0%	5
<i>Advertising</i>	225,000	171,500	189,000	(36,000)	-16.0%	
<i>Miscellaneous Income</i>	6,333	4,100	7,380	1,047	16.5%	
Total Other Revenue	332,082	251,418	281,804	(50,278)	-15.1%	
Federal Assistance						
<i>Operating</i>	1,682,789	1,682,789	1,716,445	33,656	2.0%	
<i>Operating - BREEZ</i>	-	121,570	216,000	216,000	100.0%	
<i>Preventive Maintenance</i>	371,000	371,000	378,420	7,420	2.0%	
<i>Falmouth Rt. 7 Grant</i>	70,001	70,000	71,400	1,399	2.0%	
<i>ADA Paratransit</i>	-	178,536	357,072	357,072	100.0%	
<i>Alternative Fuel Reimbursement</i>	63,774	80,000	-	(63,774)	-100.0%	6
Total Federal Assistance	2,187,564	2,503,895	2,739,337	551,773	25.2%	
State Assistance	170,426	170,426	170,426	-	0.0%	
Local Investment						
<i>Members - Bus Service</i>	3,150,200	3,150,200	3,263,952	113,752	3.6%	
<i>Members - ADA Paratransit</i>	-	44,634	89,268	89,268	100.0%	
<i>Non-members (Freeport/Yarmouth)</i>	-	50,758	65,122	65,122	100.0%	
Total Local Investment	3,150,200	3,245,592	3,418,342	268,142	8.5%	
Use of Fund Balance	-					
Total Revenue	7,654,205	8,248,052	8,733,349	1,079,144	14.1%	

Notes on Significant Revenue Changes

Items notated on the Revenue budget worksheet are described here in numerical order.

1. Regular, Ten Ride, and Monthly Fares – the 2017 estimate is based on an analysis of two years of history and current activity.

2. BREEZ Fares – Breez fares were new in 2016 and directly offset the cost of Breez service. Fare revenue is estimated based on current activity and includes Baxter Academy student fares.
3. Special Fares – The estimated increase is related to improvement in the Bus & Buy program and Baxter Academy student fares taking on LOCAL bus routes.
4. Rental Income - Rent from RTP has increased based on the terms of the renegotiated lease agreement.
5. Outside Repair/Maintenance and CNG Sales – CNG fuel sales to Portland Public Schools (PPS) and associated bus maintenance is decreasing. PPS is migrating from CNG buses to diesel.
6. IRS Natural Gas Tax Credit – Federal reimbursement for CNG has not been appropriated for 2017. Congress may take up this issue in November and December. If appropriated for 2017, then the credit would total \$70,000-90,000.

Table 4: 2017 Proposed Expenditure Budget

Highlighted Yellow Cells Indicate this Line Item Changed from Preliminary to Final Budget

	2016	2016	2017			
2017 Expenditure Budget	Budget	Est	Request	\$ +/-	% +/-	Note
Wages & Benefits:						
Regular Wages	\$ 3,873,509	\$3,795,834	4,138,947	\$ 265,438	6.9%	
Overtime	304,288	239,228	255,720	(48,568)	-16.0%	
Benefits	1,618,828	1,602,894	1,775,807	156,979	9.7%	1
Total Wages & Benefits	5,796,625	5,637,956	6,170,474	373,849	6.4%	
Non-Personnel:						
Marketing & Advertising	78,599	83,000	93,649	15,050	19.1%	2
Legal Fees	28,000	28,000	25,000	(3,000)	-10.7%	
Audit Fees	12,000	11,625	20,000	8,000	66.7%	3
GPCOG Services	15,000	23,000	15,000	-	0.0%	
Travel, Training & Meetings	16,499	15,300	20,250	3,751	22.7%	4
Dues-Subscriptions	21,901	22,000	22,648	747	3.4%	
Temporary Help	-	94,875	-	-	0.0%	
Other Professional Services	-	-	32,186	32,186	100.0%	5
Technology Services	11,004	15,000	30,094	19,090	173.5%	6
Maintenance Services	32,998	39,500	43,542	10,544	32.0%	7
Miscellaneous Services	6,522	11,322	21,369	14,847	227.6%	8
Insurance (liability, auto, property)	156,201	165,859	203,910	47,709	30.5%	9
Fuel	460,000	370,000	420,000	(40,000)	-8.7%	10
ADA Paratransit Services	-	223,170	446,340	446,340	100.0%	11
Fleet Parts and Service	262,948	257,500	284,600	21,652	8.2%	12
Maintenance Supplies	85,497	71,699	80,700	(4,797)	-5.6%	
Bus Stop Maintenance	30,000	15,000	37,920	7,920	26.4%	13
CNG Fuel Station Maint.	31,400	31,400	50,000	18,600	59.2%	14
Fare Media	9,700	11,000	11,460	1,760	18.1%	
Office Supplies	20,280	18,598	20,700	420	2.1%	
Wellness Program Supplies	-	-	10,800	10,800	100.0%	15
Water/Sewer/Storm Water	16,995	17,500	21,401	4,406	25.9%	16
Phone/Internet	16,000	38,000	24,520	8,520	53.3%	17
Heating Fuel	203,899	130,000	174,000	(29,899)	-14.7%	
Electricity	123,273	114,000	109,889	(13,384)	-10.9%	18
Capital	106,855	106,000	154,324	47,469	44.4%	19
Debt Service Principal	86,800	61,170	125,144	38,344	44.2%	20
Debt Service Interest	25,207	11,222	18,429	(6,778)	-26.9%	
Fund Balance Restoration	-	-	45,000	45,000	100.0%	
Total Non-Personnel Costs	1,857,578	1,985,740	2,562,875	705,297	38.0%	
Total Expenditures	7,654,203	7,623,696	8,733,349	1,079,146	14.1%	

Wages and Benefits

- Wages – 2017 includes four new positions (3 Bus Operators and 1 Fleet Care Worker). The Bus Operator positions are offset by Metro Breez fare revenue, grant funding and Yarmouth-Freeport contributions. The Fleet Care Worker is requested to improve fleet cleaning by specifically creating a bus detail cleaning shift. Current fleet care staff must balance the nightly fueling, farebox probing, minor utility work and light cleaning for 25-30 buses. There

is not currently sufficient staff time to complete the deep cleaning necessary to ensure the Metro fleet is always in top shape.

- Overtime – Based on slightly higher bus operator hours assigned to “Cover Work” and “Spareboard” and an assumption that unpaid leave trends will remain stable, staff projects a lower overtime requirement.
- Benefits – The benefits cost increase is driven primarily by health insurance which is estimated to increase by 12% in 2017. This increase may decrease to 10% with the final budget approval in January. Dental insurance will decrease due to a change in providers. Workers’ Compensation cost will also drop by about 15% in 2017.

Items notated on the 2017 Expenditure Budget are described below in numerical order, other than wages.

1. Benefits –

a. Worker’s Compensation costs will be lower than originally budgeted by \$3,457.

2. Marketing/Advertising – Bus shelter inserts \$3,675; BREEZ \$10,400; bid ads \$2,500.
3. Audit Fees – Anticipate broader audit services and some additional services, such as petty cash audit.
4. Travel, Training & Meetings – Includes APTA conference \$2,500 and \$1,200 for Finance training (GFOA).
5. Other Professional Services – Web site redesign and upgrade, \$20,000; Redesign of route maps, \$7,000; Architectural/Engineering for miscellaneous issues with building, \$5,000; current web maintenance \$2,500.
 - a. Metro staff reduced the Architectural/Engineering piece of this line item by \$2,314.
6. Technology Services – Textmarks subscription and use fees (new) \$12,000; Office 365 licenses (new, est) \$3,000; outside tech maintenance and services increase \$3,000.
7. Maintenance Services – Radio system \$5,000.
8. Miscellaneous Services – Translation services \$3,000; credit card fees \$3,100; medical employment services \$4,700; Armored card service \$2,100.
9. Insurance – Original estimate was for a 5% premium increase and added BREEZ buses.
 - a. Final costs from the insurance providers requires an additional \$25,771 due to a 12% premium increase, new bus shelters, the four (4) MVRTA buses
10. Fuel – Diesel rate is lower in 2016 and will drop again in Sept of 2017; includes increase for BREEZ.
 - a. Budget reduced by \$5,000 due to more favorable contracting terms.
11. ADA Paratransit – Reflects contract with RTP at an estimated \$37,195/month; revenue offset.

12. Fleet Parts and Service – Addition of BREEZ buses and inflationary increase.
13. Bus Stop Maintenance – Additional bus stops/shelters and includes snow removal.
 - a. Metro staff reduced budget by \$5,000.
14. CNG Fuel Station Maintenance – Issue maintenance contract in 2017.
15. Wellness Program Supplies – New wellness program for employees, includes non-monetary incentives; has offsetting revenue from Anthem wellness of \$3,280.
16. Water/Sewer/Storm Water – Increase in all from 3% to 10% (storm water).
17. Phone/Internet – BREEZ wifi \$5,100; phone system improvements \$1,200.
18. Electricity –
 - a. Budget lowered by \$10,000 based on 2016 actual history and an expectation of improved energy efficiency due to replacement facility lighting.
19. Capital – Proposed 2017 CIP carries a \$47,469 increase compared to 2016.
20. Debt Service Principal – Includes BREEZ bus financing.

FISCAL IMPACT

The estimated 2017 local contribution of \$3,263,952 for BUS SERVICE is allocated based on the percentage of revenue miles in each community. Consistent with past practice, Federal JARC funding is applied in the base revenue budget but a portion is applied to Falmouth as a direct credit with offsets added to the contributions by Portland and Westbrook.

Table 5: Local Contributions for Bus Service

Revenue Miles Percentage Breakdown	2016	2017	\$ +/-	% +/-
Falmouth	5.95%	6.12%		0.17%
Portland	80.57%	80.79%		0.22%
Westbrook	13.48%	13.09%		-0.39%
Total	100.00%	100.00%		0.00%
Base Contributions	2016	2017	\$ +/-	% +/-
Falmouth	\$ 187,437	\$ 199,600	\$ 12,163	6.5%
Portland	\$ 2,538,116	\$ 2,637,099	\$ 98,983	3.9%
Westbrook	\$ 424,647	\$ 427,252	\$ 2,606	0.6%
Total	\$ 3,150,200	\$ 3,263,952	\$ 113,752	3.6%
Falmouth JARC Grant Credit	2016	2017	\$ +/-	% +/-
Falmouth	\$ (40,500)	\$ (40,500)	\$ -	0%
Portland	\$ 34,627	\$ 34,853	\$ 226	1%
Westbrook	\$ 5,873	\$ 5,647	\$ (226)	-4%
Total	\$ -	\$ -	\$ -	0%
Adjusted Contributions	2016	2017	\$ +/-	% +/-
Falmouth	\$ 146,937	\$ 159,100	\$ 12,163	8.3%
Portland	\$ 2,572,743	\$ 2,671,952	\$ 99,209	3.9%
Westbrook	\$ 430,520	\$ 432,899	\$ 2,379	0.6%
Total	\$ 3,150,200	\$ 3,263,952	\$ 113,752	3.6%

The estimated 2017 local contribution of \$89,268 ADA PARATRANSIT is allocated based on the estimated boardings anticipated in each community.

Table 6: Local Contributions for ADA Paratransit

	2016	2017	\$ +/-	% +/-
Falmouth	\$ -	\$ 1,738	\$ 1,738	n/a
Portland	\$ -	\$ 72,380	\$ 72,380	n/a
Westbrook	\$ -	\$ 15,150	\$ 15,150	n/a
Total	\$ -	\$ 89,268	\$ 89,268	

RECOMMENDATION

Approve the proposed 2017 operating budget and formula for allocating the local contributions for bus service and ADA paratransit.

CONTACT

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ATTACHMENTS

None.