Department of Transportation
Governor’s FY 2013 and FY 2014 Recommendations

Staff Presentation to the House Finance Committee
March 7, 2013
Department of Transportation

- Central Management
  - Director’s Office and legal
- Management and Budget
  - Financial oversight and administration
- Infrastructure Engineering
  - Design and construction of all transportation projects
- Infrastructure Maintenance
  - Maintain state highways, bridges, roadsides, pavement and drainage systems
Approximately 1,100 road miles
  • Approximately 3,000 lane miles
780 state maintained bridges
  • 158 structurally deficient – 20%
  • 217 functionally obsolete – 28%
  • 78 posted (weight restricted) – 10%
  • 13 closed – 2%
Federal Highway Projects

- Construction and repair for highways, roads and bridges
- Safety improvements
- Resurfacing
- Drainage and lighting improvements
Fund Sources

● Federal Highway Administration Funds
  ◆ Recent history - $40.0 million of G.O. bonds as 20% state match for approximately $200 million annually
  ◆ Generated through $80.0 million bond referenda during election years
  ◆ No referenda on 2012 ballot or in future
  ◆ Part of pay-go initiative
Fund Sources

- Stimulus Funds
  - Over $140.0 million
  - Majority of funds have been spent
  - 62 individual projects
  - Commuter rail
  - $1.6 million for FY 2013
  - No further funding included
Fund Sources

- Other Federal Funds
  - Approximately $90 million in FY 2014
  - Grant funding from National Highway Transportation Safety Administration
  - Federal Transit Authority
Fund Sources

- Land Sale Revenue
- FY 2014 - $2.5 million
  - Derived from the sale of department owned land
  - Funds used for equipment and other purchases
  - Recently used $2.3 million for land adjacent to Warwick HQ for materials testing facility
**Fund Sources**

- **I-195 Land Sale Revenue**
- **FY 2014 - $21.3 million**
  - Derived from the sale of parcels made available from relocation of I-195
  - I-195 Commission purchased parcels
  - DOT uses revenue for project costs
  - Parcels sold and developed according to plans developed by the Commission
Fund Sources

- Gasoline Tax
  - Derived from 33.0 cents per gallon
  - Approximately $135 million annually
  - Deposited into Intermodal Surface Transportation Fund
  - Distribution to transportation entities contained in statute
## Gasoline Tax Proceeds (Cents)

<table>
<thead>
<tr>
<th>Entity</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation</td>
<td>21.75</td>
</tr>
<tr>
<td>Public Transit Authority</td>
<td>9.75</td>
</tr>
<tr>
<td>Elderly Transportation - DHS</td>
<td>1.0</td>
</tr>
<tr>
<td>Environmental Protection Fee</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33.0</strong></td>
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</table>
## Gasoline Tax Proceeds

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Per Penny Yield *</th>
<th>DOT Share</th>
<th>Total Funding*</th>
</tr>
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<tbody>
<tr>
<td>2008</td>
<td>$4.513</td>
<td>20.75</td>
<td>$93.6</td>
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<tr>
<td>2009</td>
<td>$4.327</td>
<td>20.75</td>
<td>$89.8</td>
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<tr>
<td>2010</td>
<td>$4.185</td>
<td>21.75</td>
<td>$91.0</td>
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<tr>
<td>2011</td>
<td>$4.268</td>
<td>21.75</td>
<td>$92.8</td>
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<tr>
<td>2012</td>
<td>$4.206</td>
<td>21.75</td>
<td>$91.5</td>
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<tr>
<td>2013 Revised</td>
<td>$4.155</td>
<td>21.75</td>
<td>$90.4</td>
</tr>
<tr>
<td>2014 Gov. Rec.</td>
<td>$4.165</td>
<td>21.75</td>
<td>$90.6</td>
</tr>
</tbody>
</table>

*In millions
Gasoline Tax Proceeds

- Reasons for decline are mix of positive and negative
  - More fuel efficient vehicles
  - Higher use of public transportation
  - Tax is linked to consumption, not price
    - Affected by economic activity
  - Higher the price, lower the consumption
  - Overall – a declining revenue source
Gasoline Tax Expenditures

- Maintenance Division
  - Personnel
  - Operations
  - Electricity – highway lighting
  - Equipment maintenance
  - Winter maintenance
## Winter Maintenance

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Cost (Millions)</th>
<th>Hours of Operation</th>
<th>Cost per Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$7.9</td>
<td>290</td>
<td>$27,142</td>
</tr>
<tr>
<td>2009</td>
<td>16.2</td>
<td>354</td>
<td>45,768</td>
</tr>
<tr>
<td>2010</td>
<td>11.7</td>
<td>374</td>
<td>31,294</td>
</tr>
<tr>
<td>2011</td>
<td>18.8</td>
<td>401</td>
<td>46,883</td>
</tr>
<tr>
<td>2012</td>
<td>8.0</td>
<td>162</td>
<td>49,382</td>
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<tr>
<td><strong>5-year Avg.</strong></td>
<td><strong>$12.5</strong></td>
<td><strong>316</strong></td>
<td><strong>$40,094</strong></td>
</tr>
</tbody>
</table>
Winter Maintenance - $12.4 Million

- **Materials** - $5.4 million
  - Salt, sand and liquid de-icers
- **Personnel** - $1.5 million
  - Maintenance division operations
  - Overtime
- **Contracting** - $3.6 million
  - Approximately 300 contracted plows
- **Equipment Maintenance** - $1.9 million
  - Equipment repairs and fuel
Gasoline Tax Proceeds

- General Obligation Bond Debt Service
  - $29.6 million in FY 2014
- Reduced amount reflects
  - Debt restructuring
  - Rebate available from Build America Bonds
  - $10 million from general revenues as part of Governor’s initiative in previous budget
Gasoline Tax Proceeds

- Total of $135.4 million for all of transportation in FY 2014
- DOT - $90.6 million
- RIPTA - $40.6 million
- Elderly Transportation - $4.2 million
## FY 2013 Revised Recommendation

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Enacted</th>
<th>Governor</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funds</td>
<td>$362.3</td>
<td>$316.5</td>
<td>($45.8)</td>
</tr>
<tr>
<td>Gas Tax</td>
<td>132.7</td>
<td>130.9</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Res. Receipts</td>
<td>1.0</td>
<td>1.0</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>15.6</td>
<td>18.9</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$511.6</strong></td>
<td><strong>$467.3</strong></td>
<td><strong>($44.3)</strong></td>
</tr>
</tbody>
</table>
FY 2013 Revised Recommendation

- Governor recommends $467.3 million
- $44.3 million more than enacted
  - $45.8 million less from federal funds
  - $1.6 million more from other sources
- 772.6 full-time equivalent positions
  - 452.9 funded with federal funds
  - 297.0 funded with gasoline tax proceeds
  - 22.7 funded with other sources
FY 2013 Revised Recommendation

- Department does not directly receive general revenues
- Governor includes the $8.0 million of general revenues included by the 2012 Assembly to pay debt service
- Increases available gasoline tax proceeds for operations
- Reduces available general revenue
FY 2013 Revised Recommendation

- FHWA Projects - $42.4 million less
  - Reflects revised award and expenditures
- Salaries and Benefits - $7.7 million less
  - Reflects actual filled positions
  - Includes turnover for approximately 60.0 positions
  - As of pay period ending February 23rd
    696.6 filled positions – 76.0 less than requested and enacted
FY 2013 Revised Recommendation

- NHTSA grants - $1.1 million more
  - DUI enforcement, seatbelt usage and speeding
- Commuter Rail - $5.8 million more
  - Revised award from Federal Transit Administration
  - Used for development of South County Commuter Rail project
FY 2014 Recommendation

- Governor recommends $469.9 million
  - $41.7 million less than enacted
    - $50.5 million less from federal funds
    - $7.0 million more from restricted receipts
- Includes $6.3 million of new funding from motor vehicle surcharges, which will begin to be phased in July 1, 2013
Transportation Funding

- Gas tax revenue is a declining source
- Restricted due to availability
  - Increasing debt service costs due to reliance on bonding for match
  - Less available for operations
  - Impact on personnel
  - Impact on assets
    - Litter removal, grass mowing, highway lighting
Transportation Funding

● Transition from financing to pay-go
  ♦ New sources
    • New motor vehicle surcharges
    • Rhode Island Capital Plan funds
  ♦ Lowering current obligations
    • General revenues for debt services
    • Transportation debt restructuring
Transportation Funding

- Funding the 20% match for FHWA funds

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Biennial Reg.</th>
<th>Annual Reg.</th>
<th>License Renewal</th>
<th>RICAP</th>
<th>Previous G.O.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$20.0</td>
<td>$23.8</td>
<td>$43.8</td>
</tr>
<tr>
<td>2014</td>
<td>$3.9</td>
<td>$1.6</td>
<td>$1.5</td>
<td>$20.0</td>
<td>$13.0</td>
<td>$40.0</td>
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<tr>
<td>2015</td>
<td>$7.8</td>
<td>$3.2</td>
<td>$3.0</td>
<td>$20.0</td>
<td>$7.0</td>
<td>$41.0</td>
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<tr>
<td>2016</td>
<td>$11.7</td>
<td>$4.8</td>
<td>$4.5</td>
<td>$20.0</td>
<td>$ -</td>
<td>$41.0</td>
</tr>
</tbody>
</table>

*In millions*
Article 6 - Section 2, Motor Vehicle Fees

- Revision to current law regarding motor vehicle surcharges
  - Collected by DMV
  - Established by the 2011 Assembly for DOT in lieu of borrowing
  - Appears to correct those actions to reflect intent
Article 6 - Section 2, Motor Vehicle Fees

- Incremental transportation related fee increases
- Combined with RICAP for state match of federal funds
- Would begin on July 1, 2013
- Fees originally estimated to yield $20 million annually
### Article 6 - Section 2, Motor Vehicle Fees

**Current Law**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Biannual Registration Fee</th>
<th>Annual Registration Fee</th>
<th>License Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$60.00</td>
<td>$30.00</td>
<td>$30.00</td>
</tr>
<tr>
<td>2014</td>
<td>$70.00</td>
<td>$35.00</td>
<td>$40.00</td>
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<tr>
<td>2015</td>
<td>$80.00</td>
<td>$40.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>2016</td>
<td>$90.00</td>
<td>$45.00</td>
<td>$60.00</td>
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</tbody>
</table>
Article 6 - Section 2, Motor Vehicle Fees

- Technical corrections to current law regarding motor vehicle surcharges
- Corrections included to ensure that surcharges reflect intent of current law
- Clarifies surcharges are for all registrations
  - Antique, farm, motorcycles
Article 6 - Section 2, Motor Vehicle Fees

- Establishes lower surcharges for consistency with registration costs
- Prorates 5 year license renewal surcharge
  - Certain renewals less than five years
- Renames account “Rhode Island Highway Maintenance Account”
Article 6 - Section 2, Motor Vehicle Fees

- Establishes account in the Intermodal Surface Transportation Fund
- Anomalies in Data
  - Total registrations too high
  - Appears to be missing data elements
Article 6 - Section 2, Motor Vehicle Fees

- Revenue changes from updated data
  - Still appear to be inconsistencies
  - Staff is working with Budget Office on corrections
  - Budget Office estimates $6.6 million less for FY 2014 through FY 2017
  - $0.7 million less for FY 2014
  - Will require backfill from other source to maintain $40 million annual threshold
FY 2014 Sources (In millions)

- Federal Funds: $311.8
- Gas Tax: $90.7
- Motor Vehicle Fees: $6.3
- Other Funds: $24.3
- RICAP: $36.1

Federal Funds: $311.8
FY 2014 Expenditures (In millions)

- Personnel: $74.5
- Assistance & Grants: $32.3
- Operating Transfers: $101.8
- Operating: $41.8
- Contracted Services: $37.2
- Capital Purchases: $204.7
Gasoline Tax Expenditures FY 2014

- RIPTA Transfer: 31%
- Vehicle Maintenance: 5%
- Other Maintenance: 25%
- Debt Service: 29%
- Winter Maintenance: 10%
## FY 2014 Changes to Enacted

<table>
<thead>
<tr>
<th>FY 2013 Enacted</th>
<th>$511.6 million</th>
</tr>
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<tbody>
<tr>
<td>Federal Highway Projects</td>
<td>(37.0)</td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>(6.1)</td>
</tr>
<tr>
<td>GARVEE Bond Projects</td>
<td>(4.1)</td>
</tr>
<tr>
<td>Commuter Rail</td>
<td>6.2</td>
</tr>
<tr>
<td>Interstate 195 Relocation</td>
<td>(9.0)</td>
</tr>
<tr>
<td>Local Roads and Streetscapes</td>
<td>10.0</td>
</tr>
<tr>
<td>All Other Changes</td>
<td>(1.7)</td>
</tr>
<tr>
<td><strong>Total Changes</strong></td>
<td><strong>(41.7)</strong></td>
</tr>
<tr>
<td><strong>FY 2014 Governor</strong></td>
<td><strong>$469.9 million</strong></td>
</tr>
</tbody>
</table>
FY 2014 Recommendation

- FHWA projects - $223.9 million
  - $37.0 million less
  - Revised award and planned expenditures
  - Consistent with Transportation Improvement Program
FY 2014 Recommendation

- **Salaries and Benefits** - $68.4 million
  - Authorized level of FTEs - 772.6
  - $6.1 million less than enacted
  - Turnover equal to approximately 60 positions

- **Filled positions**
  - FY 2010 average filled - 696.4
  - FY 2011 average filled - 707.6
  - FY 2012 average filled - 713.2
  - Currently 695.6 filled positions
The 2003 Assembly authorized the state to advance certain projects with GARVEE bonds (Grant Anticipation Revenue Vehicles)

Program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of federal funds
GARVEE Bond Projects

- Funds were combined with proceeds from the Motor Vehicle Tax Revenue bonds, which are financed through a two-cent dedication of DOT’s gas tax.
- Occasionally the value of the two cents has been higher than the necessary debt service payment.
- Remaining amount is deposited into a residual account for project costs.
GARVEE Bond Projects

- Budget programs these funds into capital program to make final payments for the GARVEE funded projects
  - Freight Rail Improvement Plan
  - Relocation of Interstate 195
  - Route 403 interchange
  - Sakonnet River Bridge
  - Washington Bridge
- Majority will be completed in FY 2013
FY 2014 Recommendation

- Commuter Rail - $19.1 million
  - $6.2 million less than enacted
  - Revised award from Federal Transit Administration
  - Used for development of South County Commuter Rail project
  - Other track improvements
  - Potential future stops
FY 2014 Recommendation

- Interstate 195 Relocation Land Sales
  - Freed up parcels of land purchased by EDC through bond issuance - $42 million
  - I-195 Commission in charge of sales
  - Proceeds used for project costs
  - $12.3 million, $9.0 million less than enacted
  - Reflects projected use of proceeds for project costs
Capital Development Plan

- $3,728.9 million total project costs
- $1,658.2 million for FY 2014 through FY 2018
- Includes projects in the Highway Improvement Program
  - Large scale projects
- Department asset protection projects
  - Maintenance facilities
Capital Development Plan

- One new project
- Local Road Program - $10 million
  - Appropriation from RICAP contained in Article 1 of appropriations bill
  - For all municipalities
  - Formula based on percentage of local road miles, includes a minimum of $100,000
Capital Development Plan

- Intended to provide a streamlined process for cities and towns to identify and repair worst roads
- Not clear if proper use of RICAP funds
  - Authority to appropriate
  - Definition of “capital project”
- Current language works like a Local Aid Program
## Capital Development Plan – (In millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost</th>
<th>Financing</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Roads</td>
<td>New</td>
<td>$10.0</td>
<td>RICF</td>
<td>FY 2014</td>
</tr>
<tr>
<td>Highway Imp. Program</td>
<td>Revised</td>
<td>$2,491.6</td>
<td>MV surchgs., FHWA, RICF</td>
<td>Perpetual</td>
</tr>
<tr>
<td>Equipment Replacement</td>
<td>Revised</td>
<td>$27.4</td>
<td>State Rev. Fund, RICF</td>
<td>FY 2018/Perpetual</td>
</tr>
<tr>
<td>Cooperative Maint. Facility</td>
<td>Revised</td>
<td>$5.0</td>
<td>RICF</td>
<td>FY 2016</td>
</tr>
<tr>
<td>I-195 Relocation</td>
<td>Revised</td>
<td>$426.8</td>
<td>FHWA GARVEE</td>
<td>FY 2016</td>
</tr>
</tbody>
</table>
# Capital Development Plan – (In millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost</th>
<th>Financing</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commuter Rail</td>
<td>Ongoing</td>
<td>$252.5</td>
<td>MBTA, G.O. Bonds</td>
<td>Post FY 2018</td>
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<tr>
<td>Salt Storage Facilities</td>
<td>Ongoing</td>
<td>$17.2</td>
<td>G.O. Bonds RICF</td>
<td>FY 2018</td>
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<tr>
<td>Maint. Fac. Asset Protec.</td>
<td>Ongoing</td>
<td>$4.4</td>
<td>RICF</td>
<td>FY 2018</td>
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<tr>
<td>Freight Rail Improvement</td>
<td>Ongoing</td>
<td>$147.6</td>
<td>GARVEE FRA</td>
<td>FY 2013</td>
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<tr>
<td>Sakonnet River Bridge</td>
<td>Ongoing</td>
<td>$142.5</td>
<td>FHWA GARVEE</td>
<td>FY 2013</td>
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</table>
# Capital Development Plan – (In millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost</th>
<th>Financing</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington Bridge</td>
<td>Ongoing</td>
<td>$68.5</td>
<td>GARVEE</td>
<td>FY 2015</td>
</tr>
<tr>
<td>Pawtucket-CF Train Study</td>
<td>Ongoing</td>
<td>$3.4</td>
<td>RICF FTA, Local</td>
<td>FY 2017</td>
</tr>
<tr>
<td>E.P. Maint. Facility</td>
<td>Ongoing</td>
<td>$5.1</td>
<td>G.O. Bonds RICF</td>
<td>FY 2013</td>
</tr>
<tr>
<td>Lincoln Maint. Facility</td>
<td>Ongoing</td>
<td>$4.1</td>
<td>G.O. Bonds RICF</td>
<td>FY 2013</td>
</tr>
</tbody>
</table>
## Capital Development Plan – (In millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost</th>
<th>Financing</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Train Station Repairs</td>
<td>Ongoing</td>
<td>$2.2</td>
<td>RICF</td>
<td>FY 2018/Perpetual</td>
</tr>
<tr>
<td>Maintenance Fire Alarms</td>
<td>Ongoing</td>
<td>$0.2</td>
<td>RICF</td>
<td>FY 2013</td>
</tr>
<tr>
<td>Quonset Route - 403</td>
<td>Ongoing</td>
<td>$116.5</td>
<td>FHWA GARVEE</td>
<td>FY 2013</td>
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<tr>
<td>Portsmouth Facility</td>
<td>Ongoing</td>
<td>$5.5</td>
<td>GO Bonds RICF</td>
<td>FY 2015</td>
</tr>
</tbody>
</table>
Other Issues

- Tolling
  - 2012 Assembly concurred with Governor initiative to transfer control and maintenance of Sakonnet and Jamestown bridges to Turnpike and Bridge Authority
  - DOT did not have enough resources to properly maintain bridges
  - Turnpike and Bridge would institute toll on Sakonnet to cover maintenance costs: $3.5 million to $5.0 million annually
Other Issues

- Residual funding would be used for other capital projects in the East Bay
- Currently awaiting final federal approval
- Toll structure may be similar to current structure on Newport Pell
- Projected to be implemented by this summer
Other Issues

- Sequestration
  - Vast majority of programs funded through the Transportation Trust Fund are exempt
  - Includes major federal highway funding
  - 5.3% of funding from the National Highway Performance Program could be lost
    - $0.2 million
    - DOT does not believe it would cause negative impacts to its operations
Other Issues

● Some “New Starts Program” projects are eligible
  ◆ Provides funding for new transit projects
    • Pawtucket/Central Falls Train Station Study
      $2.1 million
  ◆ Unclear how much funding could be lost
  ◆ Project has started
Other Issues

- Office of Management and Budget
  - Conducting a review of functions
  - Identifies funding and organizational issues
  - Examines other state’s structures
  - Includes possible interagency collaboration
  - Potential economic development

- Issued initial report on 12/14/12
Other Issues

- Will continue to collect data and develop ideas through June of 2013
- In July the Office will present interim report
  - Additional data
  - Findings
  - Recommendations
  - Implementation plan
**Other Issues**

- **Efficiency**
  - Recent EDC report ranks DOT 50\textsuperscript{th} for highway infrastructure cost effectiveness
  - State’s size can limit economies of scale
- **Shared services**
  - Vehicle and equipment maintenance
  - Purchasing agreements
  - Combining fuel purchases
Other Issues

- Alternative collaborations
  - Ports
  - Rail
  - Airport
  - Quonset Point development
Department of Transportation
Governor’s FY 2013 and FY 2014
Recommendations

Staff Presentation to the House
Finance Committee
March 7, 2013
Public Transit Authority
Governor’s FY 2013 Revised and FY 2014 Budgets

Staff Presentation to the House Finance Committee
March 7, 2013
Organization and Structure

- Quasi-public agency
- Established in 1964
- Responsible for fixed-route bus service and Americans with Disabilities Act paratransit service operations
- Governed by an 8 member Board of Directors
Organization and Structure

- **Service**
  - 1,436 square miles
  - 3,300 daily trips
  - Routes range from 2.5 miles to 45.5 miles
  - 54 fixed routes statewide

- **Fares**
  - One-way: $2.00
  - Monthly pass: $62.00
Organization and Structure

- Budgeted for 825.0 positions
  - Currently 788.0 filled
- 25 non-union; Union members belong to:
  - 618 - Bus Operators/Maintenance
  - 618 A - Street & Shop Supervisors
  - 808 - Administrative
- Fleet of 236 fixed-route buses
- 125 paratransit vans
  - Includes RIde and ADA trips
Ridership - Passengers

- FY 2008: 20.8 million
- FY 2009: 18.6 million
- FY 2010: 18.0 million
- FY 2011: 18.2 million
- FY 2012: 20.1 million
- Totals includes 0.6 to 0.7 million passengers annually on paratransit vehicles
FY 2013

- Early FY 2013 - Governor assigns State Police as overseer of Authority
  - A result of reported mismanagement
  - Possible financial wrongdoing
  - Security systems breach

- Also included a “Resource Team” from Budget Office, Governor and OHHS to assist

- Executive Director placed on paid leave
FY 2013

● Stated Goals
  ◆ Investigate allegations
  ◆ Assist with operations
  ◆ Identify process improvements
  ◆ Improve financial management and tracking
  ◆ Address possible security issues
FY 2013

- October of 2012
  - Inadequate budgetary controls
    - Requisitions approved without available sources
    - Absence of monthly cash flow analyses
    - Inventory control
- January of 2013
  - Executive Director officially separates
FY 2013

- Interim solutions
  - New procurement procedures
  - Institution of cash flow analysis
  - Evaluation of best practices used by other transit agencies

- Governor recommends debt service payments be funded with general revenues for two years
  - FY 2013 - $1.6 million
  - FY 2014 - $1.7 million
Governor’s documents include a projected deficit of $25,855
Has been revised to $1.4 million
Currently undertaking a complete operational analysis
- Routes
- Number of stops
- Frequency of stops
- Across-the-board savings initiatives
- Overall efficiencies
FY 2013

- Goals
  - Increased efficiencies
  - Generate cost savings
  - Lowest impact on service
    - Currently holding public meetings
FY 2013

- Outstanding Issue – Structural Deficit
  - As gas prices increase, so does ridership
  - Gasoline tax revenues decrease
  - Must alter service, which decreases revenue
  - Concurrent with increase in demand

- Governor’s documents noted projections were based on preliminary budget
  - Has been approved by the Board of Directors
FY 2014 Revenue Sources

- Gasoline Tax
  - $40.6 million
  - Based on a per penny yield of $4.2 million
  - 9.75 cent share
  - Approximately 40% of all revenue sources
  - Based on Department of Revenue estimate included in Transportation budget
### Gasoline Tax Proceeds – 33.0 Cents

<table>
<thead>
<tr>
<th>Entity</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation</td>
<td>21.75</td>
</tr>
<tr>
<td>Public Transit Authority</td>
<td>9.75</td>
</tr>
<tr>
<td>Elderly Transportation - DHS</td>
<td>1.0</td>
</tr>
<tr>
<td>Environmental Protection Fee</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33.0</strong></td>
</tr>
</tbody>
</table>
## Gasoline Tax Proceeds

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Per Penny Yield*</th>
<th>RIPTA Share</th>
<th>Total Funding*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$4.513</td>
<td>7.25</td>
<td>$32.7</td>
</tr>
<tr>
<td>2009</td>
<td>$4.327</td>
<td>7.75</td>
<td>$42.2</td>
</tr>
<tr>
<td>2010</td>
<td>$4.185</td>
<td>9.75</td>
<td>$40.8</td>
</tr>
<tr>
<td>2011</td>
<td>$4.268</td>
<td>9.75</td>
<td>$41.6</td>
</tr>
<tr>
<td>2012</td>
<td>$4.206</td>
<td>9.75</td>
<td>$41.0</td>
</tr>
<tr>
<td>2013 Revised</td>
<td>$4.155</td>
<td>9.75</td>
<td>$40.5</td>
</tr>
<tr>
<td>2014 Gov. Rec.</td>
<td>$4.165</td>
<td>9.75</td>
<td>$40.6</td>
</tr>
</tbody>
</table>

*In millions*
## FY 2014 Revenue Sources

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline Tax</td>
<td>$40.6</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>19.2</td>
</tr>
<tr>
<td>Passenger Revenue</td>
<td>27.0</td>
</tr>
<tr>
<td>Paratransit Reimbursement</td>
<td>13.9</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>1.0</td>
</tr>
<tr>
<td>Other Sources</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$103.1</strong></td>
</tr>
</tbody>
</table>

(In millions)
FY 2014 Revenue Sources - Millions

- Gasoline Tax 40%
- Federal Funds 19%
- Passenger Revenue 26%
- Paratransit 13%
- Special Revenue 1%
- Other 1%
### FY 2014 Passenger Revenue

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farebox</td>
<td>$8.1</td>
</tr>
<tr>
<td>RIt Care</td>
<td>7.4</td>
</tr>
<tr>
<td>RIPTIKS/15 Ride pass/Upass</td>
<td>4.8</td>
</tr>
<tr>
<td>Monthly Passes</td>
<td>4.2</td>
</tr>
<tr>
<td>Senior Rides</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$27.0</strong></td>
</tr>
</tbody>
</table>

*(In millions)*
FY 2014 Passenger Revenue

- Monthly Passes: 16%
- RIPTIKS/15 Ride/Upass: 18%
- Senior Rides: 9%
- Farebox: 30%
- Rite Care: 27%
## Expenditures

<table>
<thead>
<tr>
<th>In millions</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>$44.9</td>
<td>$44.5</td>
<td>($0.4)</td>
</tr>
<tr>
<td>Benefits</td>
<td>24.3</td>
<td>31.7</td>
<td>7.4</td>
</tr>
<tr>
<td>Operations</td>
<td>30.6</td>
<td>31.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Special Services</td>
<td>1.5</td>
<td>0.7</td>
<td>(0.8)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$101.3</strong></td>
<td><strong>$108.8</strong></td>
<td><strong>$7.5</strong></td>
</tr>
</tbody>
</table>
FY 2014 Expenses

- Salaries and Wages
  - $44.5 million

- Employee Benefits
  - $31.7 million
  - Defined pension benefit plan
  - Health care benefits consistent with state employees
    - Co-shares and waivers are same for non-represented, but different for union
FY 2014 Expenses

- Employee Benefits
  - Fully funds Other Post Employment Benefits (OPEB)
  - First year of full actuarial funding
  - $8.0 million
    - Retiree health benefits same as state employees
    - Co-shares are different, included in collective bargaining
FY 2014 Expenses

- Operating expenses - $31.9 million
  - Fuel and maintenance
  - Rlde program expenses and ADA
  - Was also used for debt service for general obligation bonds
    - Won’t be used for that in FY 2013 and FY 2014
FY 2014 Expenses

- Special Services - $0.7 million
  - Legal services
  - Actuarial studies
  - Auditing services
  - Environmental services
  - Project support
    - Engineering, ARRA, Metro Transit Study
Article 21 - RIPTA

- Heard on February 5th
- Technical correction to current law
- 2012 Assembly appropriated $4.2 million from State Fleet Replacement Revolving Loan Fund
- Intent was for the Authority not to pay back
Article 21 - RIPTA

- Consistent with transportation’s transition from financing to pay-go
- Specifies RIPTA will not repay amount
- Current version is inconsistent with Governor’s capital recommendation
  - Includes $4.2 million through FY 2017
  - Plan programs only $4.1 million
  - Uses same source in FY 2018; funds may not be available
Budget Issues

- Sequestration – no projected reductions
- $5.8 million deficit for FY 2013
- Fuel prices
  - FY 2013 lock of $3.1497
- Gasoline Tax
- Debt Service
  - Beyond FY 2014?
Budget Issues

- Debt Service
  - FY 2010: $824,797
  - FY 2011: $981,691
  - FY 2012: $1,103,892
  - FY 2013: $1,620,472
  - FY 2014: $1,659,334
FY 2013 – New Capital Projects

- Four new projects
- All or partial funding from RICAP
- All funding would be spent in FY 2013
  - Digital Security Cameras - $2.6 million
  - High Speed Fueling - $1.4 million
  - Newport Facility Upgrades - $0.5 million
  - Cash Room Security - $0.2 million
- RICAP historically not used for these types of projects
## FY 2014 – 2018 Capital Plan ( Millions )

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost</th>
<th>Financing</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Software</td>
<td>New</td>
<td>$2.2</td>
<td>Federal RIPTA</td>
<td>FY 2014</td>
</tr>
<tr>
<td>Solar/Roof Technologies</td>
<td>Revised</td>
<td>$3.5</td>
<td>ARRA, FTA RIPTA</td>
<td>FY 2013</td>
</tr>
<tr>
<td>Bus Rapid Transit</td>
<td>Revised</td>
<td>$2.1</td>
<td>Federal RIPTA</td>
<td>FY 2013</td>
</tr>
<tr>
<td>Land &amp; Building Enhancements</td>
<td>Revised</td>
<td>$13.3</td>
<td>Fed., G.O. Bonds, RICAP, RIPTA</td>
<td>FY 2017</td>
</tr>
</tbody>
</table>
## FY 2014 – 2018 Capital Plan (Millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost</th>
<th>Financing</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paratransit Vehicles</td>
<td>Ongoing</td>
<td>$19.3</td>
<td>Fed., RICAP RIPTA</td>
<td>Perpetual</td>
</tr>
<tr>
<td>Bus Purchases</td>
<td>Ongoing</td>
<td>$142.7</td>
<td>Fed., New G.O. bonds</td>
<td>Perpetual</td>
</tr>
<tr>
<td>Providence Connector</td>
<td>Ongoing</td>
<td>$1.0</td>
<td>FTA</td>
<td>FY 2013</td>
</tr>
</tbody>
</table>
### FY 2014 – 2018 Capital Plan ( Millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost</th>
<th>Financing</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio Interoperability</td>
<td>Ongoing</td>
<td>$4.3</td>
<td>FEMA</td>
<td>FY 2013</td>
</tr>
<tr>
<td>Elmwood Expansion</td>
<td>Ongoing</td>
<td>$41.4</td>
<td>FTA, RIPTA RICAP</td>
<td>FY 2013</td>
</tr>
<tr>
<td>Intelligent Trans. System</td>
<td>Ongoing</td>
<td>$10.8</td>
<td>ARRA</td>
<td>FY 2012</td>
</tr>
</tbody>
</table>
Public Transit Authority
Governor’s FY 2013 Revised and FY 2014 Budgets

Staff Presentation to the House Finance Committee
March 7, 2013