Rhode Island Public Transit Authority

Governor’s FY 2016 Revised, FY 2017 and Capital Budget Recommendations
House Finance Committee
April 13, 2016
Organization and Structure

- Quasi-public agency
- Established in 1964
- Responsible:
  - Fixed route bus service and
  - Americans with Disabilities Act paratransit service operations
- Governed by an 8-member Board of Directors
  - 7 are appointed by the Governor
  - DOT Director or designee
Organization and Structure

- Services
  - 1,436 square miles
  - Operates 3,000 daily trips
  - 55 statewide fixed routes
    - Routes range from 2.5 miles to 45.5 miles
  - Fleet of 232 buses and trolleys and 123 paratransit vans
- Fares
  - One-way: $2.00
  - Monthly pass: $70.00
    - Effective March 1, 2016
Organization and Structure

- Budgeted for 817.0 positions
  - 792.0 filled as of February 29
- 35 non-union members
- Union members belong to:
  - 618 – Bus Operations/Maintenance
  - 618 A – Street & Shop Supervisors
  - 808 – General Clerical & Administrative
Ridership – Passengers

- FY 2010: 18.0 million
- FY 2011: 18.2 million
- FY 2012: 20.1 million
- FY 2013: 20.0 million
- FY 2014: 20.5 million
- FY 2015: 18.5 million

- Totals include 0.6 million to 0.7 million passengers annually on RIdE Paratransit vehicles
## Revenues

<table>
<thead>
<tr>
<th>Sources</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline Tax*</td>
<td>$43.2</td>
<td>$43.0</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>22.5</td>
<td>24.7</td>
</tr>
<tr>
<td>Passenger Revenue</td>
<td>21.6</td>
<td>23.8</td>
</tr>
<tr>
<td>Paratransit Revenue</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Highway Maintenance Account - 5.0%</td>
<td>2.8</td>
<td>4.0</td>
</tr>
<tr>
<td>State Support</td>
<td>2.0</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>2.1</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Total ($ in millions)</strong></td>
<td><strong>$105.2</strong></td>
<td><strong>$108.7</strong></td>
</tr>
</tbody>
</table>

*Does not reflect updated yield*
FY 2017 Revenue Sources

- Gasoline Tax: 39.6%
- Federal Funds: 22.7%
- Passenger Revenue: 21.9%
- Paratransit Revenue: 10.1%
- Other: 2.0%
- Highway Maintenance Acct.: 3.7%
- Other: 2.0%
### Gasoline Tax Proceeds (cents)

<table>
<thead>
<tr>
<th>Entity</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation</td>
<td>19.25</td>
</tr>
<tr>
<td><strong>Public Transit Authority</strong></td>
<td>9.75</td>
</tr>
<tr>
<td>Turnpike and Bridge Authority</td>
<td>3.5</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>34.0</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</td>
<td>$4.137</td>
<td>9.75</td>
<td>$40.3</td>
</tr>
<tr>
<td>2014</td>
<td>$4.236</td>
<td>9.75</td>
<td>$41.3</td>
</tr>
<tr>
<td>2015</td>
<td>$4.396</td>
<td>9.75</td>
<td>$42.9</td>
</tr>
</tbody>
</table>

*In millions"
## Passenger Revenues

<table>
<thead>
<tr>
<th>Sources</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farebox</td>
<td>$13.6</td>
<td>$14.7</td>
</tr>
<tr>
<td>Rlte Care</td>
<td>1.9</td>
<td>1.9</td>
</tr>
<tr>
<td>RIPTIKS*</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td>Monthly Passes</td>
<td>3.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Senior Rides</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Senior Rides at $0.50</td>
<td>-</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Total (in millions)</strong></td>
<td><strong>$21.6</strong></td>
<td><strong>$23.8</strong></td>
</tr>
</tbody>
</table>

*Discontinued effective March 1, 2016*
2015 Assembly Change

- Adopted legislation to allow RIPTA to charge low income elderly or disabled up to half-fare rate
  - Effective Oct. 2015
- Put RIPTA more in line with other states and federal guidelines
- Board approved $0.50 or 1/4 of current fare rate
  - Effective July 1, 2016
2014 Assembly Change

- Allocated 5.0% of funding from Highway Maintenance Account to RIPTA
  - Support operations beginning in FY 2016
  - Grow with increasing amounts of revenue in account
    - FY 2016 - $2.8 million
    - FY 2017 - $4.0 million
- Part of overall plan to dedicate more money to transportation
## Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016</th>
<th>FY 2017*</th>
<th>Change</th>
<th>%age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$74.2</td>
<td>$74.9</td>
<td>$0.7</td>
<td>0.9%</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>10.5</td>
<td>11.2</td>
<td>0.7</td>
<td>6.5%</td>
</tr>
<tr>
<td>Operations</td>
<td>15.6</td>
<td>17.4</td>
<td>1.8</td>
<td>11.6%</td>
</tr>
<tr>
<td>Insurance &amp; Settlements</td>
<td>4.8</td>
<td>5.1</td>
<td>0.3</td>
<td>6.7%</td>
</tr>
<tr>
<td>All Other</td>
<td>0.9</td>
<td>1.1</td>
<td>0.1</td>
<td>10.5%</td>
</tr>
<tr>
<td><strong>Total ($ in millions)</strong></td>
<td><strong>$106.0</strong></td>
<td><strong>$109.6</strong></td>
<td><strong>$3.6</strong></td>
<td><strong>3.3%</strong></td>
</tr>
</tbody>
</table>

*Adjusted to reflect debt service of $1.8 million is supported with general revenues*
FY 2017 Expenditures

- Salaries and Benefits: 68.3%
- Contracted Services: 10.2%
- Operations: 15.9%
- Insurance & Settlements: 4.6%
- Other: 1.0%
FY 2017 Expenses

Insurance and Settlements

- Authority is self insured
  - Auto liability
  - Property damage and
  - Workers' compensation claims

- Expenditures fluctuate:
  - $2.9 million in FY 2013
  - $3.8 million in FY 2014
  - $5.2 million in FY 2015
FY 2017 Expenses

Salary and Benefit Costs

- FY 2017 budget includes $74.9 million for salary/benefit costs of 817.0 positions
  - FY 2016 to FY 2017, reflects an increase of $0.7 million or 0.9 percent
    - Step increases
    - Updated benefit costs
FY 2017 Expenses

Contract Negotiations

- Two of three union contracts expire on June 30, 2016
  - 618 – Bus Operations/Maintenance
  - 618 A – Street & Shop Supervisors
- Authority currently negotiating
- Budget does not include any costs for settlements
FY 2017 Expenses

- Employee Benefits
- Defined pension benefit plan
- Health care benefits consistent with state employees
  - Co-shares and waivers are same for non-represented; but difference for union
- Currently in 2008 benefit plan
  - Will move to 2014 plan - with deductible
    - Upon expiration of contracts
Retiree Health – State Employees

Pre-2008
- Co-shares were in place but close to zero
- No spousal coverage
  - Plan’s price was subsidized by offering it at the active rate

Post-2008
- Allowed to buy plan at 100% of cost
- Must have at least 20 years of service & be age 59 to be eligible for state subsidy
  - 20% cost share of actual plan
- No subsidy for spousal coverage
FY 2017 Expenses

- 2012 Assembly adopted legislation establishing a Medicare exchange for eligible retirees
- Offer a wider array of health benefit choices
- State set up a Health Reimbursement Arrangement (HRA) for each retiree and deposits state subsidy into account each month
  - Administered by OneExchange
FY 2017 Expenses

- Retiree Health – RIPTA
  - Effective January 1, 2016
  - Authority offered Health Reimbursement Arrangement (HRA) to its eligible retirees
  - Eligible retiree receives $225/month
  - Spouse receives $125/month

- Includes only pay-go portion of OPEB
  - $1.9 million for pay-go – FY 2017 costs only
  - $7.3 million – if paid on actuarial basis

- $90.3 million - total unfunded liability
  - Actual valuation date 7/1/2014
Operating expenses - $17.4 million

- Fuel and maintenance
- R1de program expenses and ADA
- Historically, operating expenses included RIPTA’s share of debt service for general obligation bonds
  - State general revenues used from FY 2013 through FY 2016
- Governor includes general revenues for debt service in FY 2017
FY 2017 Expenses

- Contracted Services - $11.2 million
  - ADA operations
  - Legal services
  - Actuarial studies
  - Auditing services
  - Environmental services
  - Project support
FY 2016 enacted – Assembly provided $2.0 million for general operating support

FY 2016 revised
- Submitted in July 2015
  - Authority projected deficit of $0.8 million

February 29
- Showed surplus of $80,684
  - Revenues are up by $244K
  - Expenditures are down by $648K

No current year deficit
FY 2017 budget submitted in Sept. 2015
- Authority projected deficit of $2.4 million
  - Assumed Authority would pay its debt of $1.8 million
- Governor recommends general revenues for Authority’s debt
- Current year savings are also assumed to repeat in FY 2017
- Projected FY 2017 deficit eliminated
Capital Recommendation

- $203.9 million total project costs for 9 projects
- $46.3 million for FY 2017 – FY 2021
- One new project - $2.4 million
  - Upgrade farebox system
- Goals
  - Speed up boarding time
  - Reduce maintenance cost on current fareboxes
    - Aging technology
  - More methods to pay
## Capital Recommendation

<table>
<thead>
<tr>
<th>Projects</th>
<th>5 Yr. Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farebox</td>
<td>$2.4</td>
<td>$2.4</td>
</tr>
<tr>
<td>Bus Purchases</td>
<td>32.5</td>
<td>138.0</td>
</tr>
<tr>
<td>Information Tech. Redundancy</td>
<td>-</td>
<td>2.1</td>
</tr>
<tr>
<td>Enterprise Software</td>
<td>-</td>
<td>1.6</td>
</tr>
<tr>
<td>Fixed Route &amp; Paratransit Cameras</td>
<td>-</td>
<td>2.3</td>
</tr>
<tr>
<td>Intelligent Transportation System</td>
<td>0.2</td>
<td>9.8</td>
</tr>
<tr>
<td>Land and Buildings</td>
<td>4.1</td>
<td>12.0</td>
</tr>
<tr>
<td>Paratransit Vehicles</td>
<td>7.0</td>
<td>32.3</td>
</tr>
<tr>
<td>Rapid Bus Corridor</td>
<td>-</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total (in millions)</strong></td>
<td><strong>$46.3</strong></td>
<td><strong>$203.9</strong></td>
</tr>
</tbody>
</table>
Bus Purchases

- Five year plan includes $32.5 million for bus purchases
  - Assumes $4.1 million from RI Capital Plan funds as state match in FY 2018 and FY 2019
- Replace 96 buses, trolleys & flex vehicles
  - Flex vehicles are vans supply service to low density areas
- 2015 Assembly rejected similar proposal
  - Historically capital plan funds are not used for vehicle purchases