Rhode Island Public Transit Authority

Governor’s FY 2017 Revised, FY 2018 and Capital Budget Recommendations
House Finance Committee
April 12, 2017
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 2,900 daily trips
  - 54 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
Ridership – Passengers

- 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
- FY 2016: 18.2 million

Totals include 0.4 million to 0.7 million passengers annually on RIde Paratransit vehicles
## Revenues

<table>
<thead>
<tr>
<th>Governor</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline Tax*</td>
<td>$43.5</td>
<td>$43.4</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>33.4</td>
<td>43.9</td>
</tr>
<tr>
<td>Passenger Revenue</td>
<td>22.6</td>
<td>25.8</td>
</tr>
<tr>
<td>Paratransit Revenue</td>
<td>11.0</td>
<td>14.4</td>
</tr>
<tr>
<td>Highway Maintenance Account - 5.0%**</td>
<td>4.5</td>
<td>4.3</td>
</tr>
<tr>
<td>State Support</td>
<td>0.9</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>1.9</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total ($ in millions)</strong></td>
<td><strong>$117.8</strong></td>
<td><strong>$133.6</strong></td>
</tr>
</tbody>
</table>

*Does not reflect updated yield

**FY 2017 appears to be overstated
FY 2018 Revenue Sources

- Gasoline Tax: 32.5%
- Federal Funds: 32.9%
- Passenger Revenue: 19.3%
- Paratransit Revenue: 10.8%
- Highway Maintenance Acct.: 3.2%
- Other: 1.3%
- Other: 1.3%
## 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>34.0</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>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>
<tr>
<td>2016</td>
<td>$4.479</td>
<td>9.75</td>
<td>$43.7</td>
</tr>
</tbody>
</table>

*In millions
Gas Tax Disposition

- Governor proposes legislation in Article 8, Section 1
  - Allows RIPTA to receive 79% of 1.0 cent that DHS receives for Elderly/Disabled Transportation
  - DHS would retain its 21% share
  - Currently, DHS receives money and then pays RIPTA
- Hearing was held on March 22nd
## Passenger Revenues

<table>
<thead>
<tr>
<th>Sources</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farebox*</td>
<td>$8.2</td>
<td>$10.5</td>
</tr>
<tr>
<td>Student/University Passes</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td>Monthly Passes</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td>R1te Care</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Senior Rides</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Other Passes</td>
<td>1.6</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Total (in millions)</strong></td>
<td><strong>$22.6</strong></td>
<td><strong>$25.8</strong></td>
</tr>
</tbody>
</table>

*Combination of full year of senior/disabled fare and expected revenue growth*
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 - $2.7 million
    - FY 2017 - $4.0 million
    - FY 2018 - $4.3 million

- Part of overall plan to dedicate more money to transportation
2015 Assembly change
- Adopted legislation to allow RIPTA to charge low income elderly or disabled up to half-fare rate
  - Effective October 2015
- Put RIPTA more in line with other states and federal guidelines
- Board approved $0.50 or 1/4 of current fare rate
  - Effective February 1, 2017
<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2018*</th>
<th>Chng.</th>
<th>%age Chng.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$74.9</td>
<td>$75.8</td>
<td>$0.9</td>
<td>1.2%</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>12.6</td>
<td>19.2</td>
<td>6.7</td>
<td>52.9%</td>
</tr>
<tr>
<td>Operations</td>
<td>23.0</td>
<td>31.5</td>
<td>8.5</td>
<td>37.0%</td>
</tr>
<tr>
<td>Insurance and Settlements</td>
<td>6.0</td>
<td>6.4</td>
<td>0.4</td>
<td>6.7%</td>
</tr>
<tr>
<td>All Other</td>
<td>1.1</td>
<td>1.3</td>
<td>0.1</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total ($ in millions)</strong></td>
<td><strong>$117.6</strong></td>
<td><strong>$134.2</strong></td>
<td><strong>$16.6</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Adjusted to reflect debt service of $1.6 million is supported with general revenues
FY 2018 Expenditures

- Salaries and Benefits: 56.5%
- Contracted Services: 14.3%
- Operations: 23.5%
- Insurance & Settlements: 4.8%
- Other: 0.9%
Expenditures

- Contracted services and operating increase by $15.2 million from FY 2017 to FY 2018
- Inclusion of federal funds
  - Pass-through for Providence Transit Connector Project
  - Working with RIDOT to improve transit corridor between Kennedy Plaza, Providence Train Station and other hubs
- Project is separate/distinct from Transit Hub
  - Voters approved $35.0 million from GO bonds for in 2014
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
  - $4.4 million in FY 2016
Staffing

- Budgeted for 831.0 positions
- 35 non-union members
- Union members belong to:
  - 618 – Bus Operations/Maintenance
  - 618 A – Street and Shop Supervisors
  - 808 – General Clerical and Administrative
Contract Negotiations
- Two of three union contracts expired on June 30, 2016
  - 618 – Bus Operations/Maintenance
  - 618 A – Street and Shop Supervisors
- No settlements reached through negotiations
- Arbitration to start in July 2017
Salary and Benefit Costs

- FY 2018 budget includes $75.8 million for salary/benefit costs of 831.0 positions
  - FY 2017 to FY 2018, reflects an increase of $0.9 million or 1.2 percent
- Currently 784.0 FTE positions filled
  - 94% filled to budget
## Expenses – Overtime

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>Yr. to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries/Wages</td>
<td>$38.4</td>
<td>$38.4</td>
<td>$38.9</td>
<td>$40.1</td>
<td>$41.1</td>
<td>$27.3</td>
</tr>
<tr>
<td>Overtime</td>
<td>5.7</td>
<td>6.8</td>
<td>7.4</td>
<td>7.8</td>
<td>8.0</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Total (in millions)</strong></td>
<td>$44.2</td>
<td>$45.2</td>
<td>$46.4</td>
<td>$47.9</td>
<td>$49.1</td>
<td>$33.1</td>
</tr>
<tr>
<td>Overtime as a % of salaries/wages</td>
<td>14.9%</td>
<td>17.8%</td>
<td>19.1%</td>
<td>19.4%</td>
<td>19.4%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Overtime share of total</td>
<td>13.0%</td>
<td>15.1%</td>
<td>16.1%</td>
<td>16.2%</td>
<td>16.2%</td>
<td>17.5%</td>
</tr>
</tbody>
</table>
Expenses – Overtime

- Time and half
  - Over 8 hours per day
  - Over 40 hours per week

- Double time
  - On 7th consecutive day of working
  - After 12th hour of any day working

- In process of filling 14 bus drivers
  - Held job fairs
  - Shortage of drivers with commercial license
FY 2018 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
  - Considered moving to 2014 plan - with deductible
    - Upon expiration of contracts
      - Last contract expires on June 30, 2017
FY 2018 Expenses

- 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 2018 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
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
  - $2.1 million for pay-go – FY 2018 costs only
  - $3.4 million – if paid on actuarial basis
- $62.1 million - total unfunded liability
  - Actual valuation date 7/1/2015
Operating expenses - $31.5 million

- Fuel and maintenance
- RIde 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 2017
- Governor includes general revenues for debt service in FY 2018
Expenses – Contracted Services

Contracted Services - $19.2 million

- ADA operations
- Legal services
- Actuarial studies
- Auditing services
- Environmental services
- Project support
Projections

- FY 2017 enacted – Assembly provided $0.9 million for general operating support
- FY 2017 revised
  - Submitted in July 2016
    - Authority projected surplus of $0.2 million
  - Authority projected deficit of $2.1 million
    - Assumed Authority would pay its debt of $1.6 million
- Governor’s recommended budgets
  - Showed surplus of $0.2 million in FY 2017
  - Showed deficit of $0.6 million in FY 2018
## Capital Recommendation

<table>
<thead>
<tr>
<th>Projects</th>
<th>Status</th>
<th>5 Yr. Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Hill Bus Tunnel</td>
<td>New</td>
<td>$8.3</td>
<td>$9.3</td>
</tr>
<tr>
<td>Providence Transit Connector</td>
<td>New</td>
<td>14.7</td>
<td>15.0</td>
</tr>
<tr>
<td>Pawtucket Bus Hub and Transit Connector</td>
<td>New</td>
<td>6.7</td>
<td>7.0</td>
</tr>
<tr>
<td>Bus Purchases</td>
<td>Revised</td>
<td>31.1</td>
<td>143.6</td>
</tr>
<tr>
<td>Farebox Upgrade</td>
<td>Revised</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Land and Buildings</td>
<td>Revised</td>
<td>6.2</td>
<td>21.6</td>
</tr>
</tbody>
</table>
### Capital Recommendation

<table>
<thead>
<tr>
<th>Projects</th>
<th>Status</th>
<th>5 Yr. Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Software</td>
<td>Ongoing</td>
<td>-</td>
<td>1.6</td>
</tr>
<tr>
<td>Fixed Route &amp; Paratransit Cameras</td>
<td>Ongoing</td>
<td>-</td>
<td>2.3</td>
</tr>
<tr>
<td>Information Technology Redundancy</td>
<td>Ongoing</td>
<td>0.9</td>
<td>1.9</td>
</tr>
<tr>
<td>Intelligent Transportation System</td>
<td>Ongoing</td>
<td>-</td>
<td>8.4</td>
</tr>
<tr>
<td>Paratransit Vehicles</td>
<td>Ongoing</td>
<td>7.0</td>
<td>35.1</td>
</tr>
<tr>
<td><strong>Total (in millions)</strong></td>
<td></td>
<td><strong>$80.5</strong></td>
<td><strong>$251.3</strong></td>
</tr>
</tbody>
</table>
College Hill Bus Tunnel

- Governor recommends $9.3 million from RICAP, federal funds & RIPTA sources
  - Make structural and drainage repairs and safety improvements
  - Tunnel was built in 1914 and last renovated in 1992
  - More than 300 trips are made daily through tunnel
Capital – Pawtucket Bus Hub

Pawtucket Bus Hub and Transit Corridor
- Governor recommends $7.0 million from RICAP, federal funds and local sources
  - To build a transit hub
    - Adjacent to new commuter rail station on Pawtucket/Central Falls border
  - Include 6 to 8 bus berths, shelters, real-time bus information, ticket vending machines, waiting space and restrooms
Five year plan includes $31.1 million for purchases
Recommendation includes $3.1 million from Highway Maintenance Account
  - Provide resources for RIPTA to finance its bus purchases
    - $2.9 million in FY 2018
    - $0.2 million in FY 2019
  - Less resources to RIDOT
TIP would be amended to reflect this expenditure
Capital – Bus Purchases

- Recommendation also assumes use of $3.5 million from RI Capital Plan funds as state match in FY 2022

- 2016 Assembly rejected similar proposal
  - Historically capital plan funds are not used for vehicle purchases
Rhode Island Public Transit Authority

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