Rhode Island Public Transit Authority

Governor’s FY 2018 Revised, FY 2019 and Capital Budget Recommendations
House Finance Committee
April 12, 2018
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 2,800 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
# Revenue Sources

<table>
<thead>
<tr>
<th>Governor</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline Tax</td>
<td>$43.2</td>
<td>$43.0</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>30.0</td>
<td>29.7</td>
</tr>
<tr>
<td>Passenger Revenue</td>
<td>22.8</td>
<td>23.1</td>
</tr>
<tr>
<td>Paratransit Revenue</td>
<td>11.0</td>
<td>10.7</td>
</tr>
<tr>
<td>Highway Maintenance Account - 5.0%*</td>
<td>8.8</td>
<td>9.9</td>
</tr>
<tr>
<td>Other</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$117.5</strong></td>
<td><strong>$117.9</strong></td>
</tr>
</tbody>
</table>

*Includes an additional $5.0 million*
# 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>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>
<tr>
<td>2017</td>
<td>$4.417</td>
<td>9.75</td>
<td>$43.1</td>
</tr>
</tbody>
</table>

*$ in millions
## Passenger Revenue

<table>
<thead>
<tr>
<th>Sources</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farebox</td>
<td>$6.6</td>
<td>$6.7</td>
</tr>
<tr>
<td>Student/University Passes</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Monthly Passes</td>
<td>3.9</td>
<td>4.0</td>
</tr>
<tr>
<td>R1te Care</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Senior Rides</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Other Passes</td>
<td>2.1</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Total ($ in millions)</strong></td>
<td><strong>$22.8</strong></td>
<td><strong>$23.1</strong></td>
</tr>
</tbody>
</table>
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
Article 8, Section 3 – Highway Maintenance Account

- Hearing held on February 13

<table>
<thead>
<tr>
<th></th>
<th>2014 Assembly</th>
<th>2017 Assembly</th>
<th>Article 8 Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>FY 2017</td>
<td>75%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>FY 2018</td>
<td>100%</td>
<td>80%</td>
<td>60%</td>
</tr>
<tr>
<td>FY 2019</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

- 2017 Assembly also provided RIPTA with an additional $5.0 million
  - Reinstates bus pass program & cover debt
Article 8, Section 3 – Highway Maintenance Account

- Reduces transfer of fees collected by DMV to Highway Maintenance Account
  - From 80% to 60%
- FY 2018 Revised Budget assumes additional revenues of $10.3 million from proposal
- 100% transfer for FY 2019
  - Permanently excludes duplicate license fees from transfer
  - Expected uptick in duplicates from REAL ID
2017 Assembly required Authority to convene coordinating council

- Develop recommendations for sustainable funding
  - Free-fare program for low income seniors and persons with disabilities

Recommendations must be submitted by November 1, 2018
- Speaker of the House
- Senate President
Coordinating Council

Rhode Island Human Services Transportation Coordinating Council

- 12 Members
  - RI Public Transit Authority
  - Division of Elderly Affairs
  - RIPTA Riders Alliance
  - Executive Office of Health & Human Services
  - Crossroads
  - Office of Veterans Affairs
  - Long Term Care Coordinating Council
  - BHDDH
Council has met twice: January 29th and March 5th

Created two working groups

- Communications
  - Tasked with gathering information on transportation assistance programs

- Bus Pass Program Funding
  - Tasked with developing recommendations for appropriate and sustainable funding
## Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>Chng.</th>
<th>%age Chng.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$79.3</td>
<td>$82.8</td>
<td>$3.5</td>
<td>4.4%</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>10.0</td>
<td>9.3</td>
<td>(0.7)</td>
<td>-7.3%</td>
</tr>
<tr>
<td>Operations</td>
<td>17.2</td>
<td>18.1</td>
<td>0.9</td>
<td>5.0%</td>
</tr>
<tr>
<td>Debt</td>
<td>1.6</td>
<td>1.4</td>
<td>(0.2)</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Insurance and Settlements</td>
<td>7.5</td>
<td>5.2</td>
<td>(2.4)</td>
<td>-31.5%</td>
</tr>
<tr>
<td>All Other</td>
<td>1.2</td>
<td>1.1</td>
<td>(0.1)</td>
<td>-7.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$116.9</strong></td>
<td><strong>$117.9</strong></td>
<td><strong>$1.0</strong></td>
<td><strong>0.9%</strong></td>
</tr>
</tbody>
</table>

($ in millions)
FY 2019 Expenditures

Salaries and Benefits 70.2%

Operations 15.3%
Contracted Services 7.8%
Insurance & Settlements 4.4%
Debt 1.4%
Other 0.9%
Insurance and Settlements

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

- Expenditures fluctuate:
  - $3.8 million in FY 2014
  - $5.2 million in FY 2015
  - $4.4 million in FY 2016
  - $4.8 million in FY 2017
Staffing

- Budgeted for 829.0 positions
- 35 non-union members
- Union members belong to:
  - 618 – Bus Operations/Maintenance
  - 618 A – Street and Shop Supervisors
  - 808 – General Clerical and Administrative
Staffing

- Two of three union contracts expired on June 30, 2016
  - 618 – Bus Operations/Maintenance
  - 618 A – Street and Shop Supervisors
- Reached agreement in summer 2017
  - 1.0% for FY 2017 - $0.4 million
  - 2.0% for FY 2018 - $0.9 million
  - 3.0% for FY 2019 - $1.3 million
- Costs are included in budgets
Expenses – Salaries & Benefits

- FY 2019 budget includes $82.8 million for salary/benefit costs of 829.0 positions
  - FY 2018 to FY 2019 reflects an increase of $3.5 million or 4.4% increase
    - Largely for settled contracts
- Currently in negotiation with 808 – General Clerical and Administrative
  - 52 employees
  - 804.0 FTE positions filled
    - 97% filled to budget
# Expenses – Overtime

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Yr. to Date*</th>
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</thead>
<tbody>
<tr>
<td><strong>Salaries/Wages</strong></td>
<td>$38.4</td>
<td>$38.9</td>
<td>$40.1</td>
<td>$41.1</td>
<td>$41.9</td>
<td>$28.9</td>
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<tr>
<td><strong>Overtime</strong></td>
<td>6.8</td>
<td>7.4</td>
<td>7.8</td>
<td>8.0</td>
<td>8.4</td>
<td>5.3</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$45.2</strong></td>
<td><strong>$46.4</strong></td>
<td><strong>$47.9</strong></td>
<td><strong>$49.1</strong></td>
<td><strong>$50.3</strong></td>
<td><strong>$34.2</strong></td>
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<tr>
<td><strong>Overtime as a % of</strong></td>
<td>17.8%</td>
<td>19.1%</td>
<td>19.4%</td>
<td>19.4%</td>
<td>20.2%</td>
<td>18.4%</td>
</tr>
<tr>
<td><strong>salaries/wages</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Overtime share of</strong></td>
<td>15.1%</td>
<td>16.1%</td>
<td>16.2%</td>
<td>16.2%</td>
<td>16.8%</td>
<td>15.6%</td>
</tr>
<tr>
<td><strong>total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Through February 28, 2018
Expenses – Overtime

- **Time and half**
  - Over 8 hours per day
  - Over 40 hours per week
- **Double time**
  - On 7\(^{th}\) consecutive day of working
  - After 12\(^{th}\) hour of any day working
- Reported an average loss of 3 drivers per month
Expenses – Benefits

- Employee Benefits
- Defined pension benefit plan
- Health care benefits consistent with state employees
  - Co-shares and waivers are same for non-represented; but different for union
- Employees moved to the 2014 benefit plan upon settlement of contract
  - Effective January 1, 2018
FY 2019 Expenses

2014 Health Benefit Plan
- Deductibles
  - $250 individuals/$500 families
- Increased co-pays for office visits and prescription drugs
Expenses – Benefits

- 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
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 & 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 $2.1 million for pay-go portion of OPEB
- $67.7 million - total unfunded liability
  - Actuarial valuation date 7/1/2016
Debt - $1.4 million

- RIPTA’s share of debt service for general obligation bonds
  - State general revenues used from FY 2013 through FY 2017
    - $6.7 million total
- 2017 Assembly provided Authority with additional resources from HMA to cover debt
Expenses – Contracted Services

- Contracted Services - $9.3 million
  - ADA operations
  - Legal services
  - Actuarial studies
  - Auditing services
  - Environmental services
  - Project support
Projections

- Authority’s requests in October 2017
  - Projected surplus of $0.7 million in FY 2018
  - Projected deficit of $0.5 million in FY 2019

- Governor’s recommended budgets
  - Showed surplus of $0.6 million in FY 2018
  - Showed surplus of $21,593 in FY 2019

- February 2018
  - Projecting a surplus of $1.0 million in the current year – 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>Warwick Bus Hub</td>
<td>New</td>
<td>$1.3</td>
<td>$1.3</td>
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<tr>
<td>Bus Purchases</td>
<td>Revised</td>
<td>47.1</td>
<td>172.7</td>
</tr>
<tr>
<td>Enterprise Software</td>
<td>Revised</td>
<td>1.3</td>
<td>3.6</td>
</tr>
<tr>
<td>Land and Buildings</td>
<td>Revised</td>
<td>6.2</td>
<td>23.8</td>
</tr>
<tr>
<td>College Hill Bus Tunnel</td>
<td>Ongoing</td>
<td>9.6</td>
<td>9.6</td>
</tr>
<tr>
<td>Providence Transit Connector</td>
<td>Ongoing</td>
<td>14.6</td>
<td>17.0</td>
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</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>Pawtucket Bus Hub and Transit Connector</td>
<td>Ongoing</td>
<td>4.7</td>
<td>7.1</td>
</tr>
<tr>
<td>Fixed Route &amp; Paratransit Cameras</td>
<td>Ongoing</td>
<td>-</td>
<td>1.3</td>
</tr>
<tr>
<td>IT Redundancy</td>
<td>Ongoing</td>
<td>0.9</td>
<td>1.9</td>
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<tr>
<td>Paratransit Vehicles</td>
<td>Ongoing</td>
<td>12.3</td>
<td>37.6</td>
</tr>
<tr>
<td><strong>($ in millions) Total</strong></td>
<td></td>
<td><strong>$101.5</strong></td>
<td><strong>$282.6</strong></td>
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</tbody>
</table>
Warwick Bus Hub

- Authority requested $1.3 million from RI Capital Plan funds and federal funds
- Construct a new bus hub to serve CCRI Knight Campus in Warwick
  - Benches, shelters, real-time arrival signs, lighting, roadway & landscaping improvements
- Governor concurs with total request; however, assumes use of RIPTA sources
College Hill Bus Tunnel

- Governor recommends $9.6 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
Pawtucket Bus Hub and Transit Corridor

- Governor recommends $7.1 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
Approved plan includes $3.1 million from Highway Maintenance Account
  - Provide resources for RIPTA to finance its bus purchases
Governor’s 5-year plan includes $47.1 million for purchases
  - No state support beyond approved amount
  - Assumes $13.4 million from Authority’s sources for matching requirements
Rhode Island Public Transit Authority

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House Finance Committee
April 12, 2018