Rhode Island Public Transit Authority

Governor’s FY 2019 Revised, FY 2020 and Capital Budget Recommendations
House Finance Committee
April 9, 2019
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
  - 53 statewide fixed routes
    - Routes range from 2.5 miles to 45.5 miles
  - Fleet of 221 buses, 95 paratransit vans and 17 flex vans
- **Fares**
  - One-way: $2.00
  - Monthly pass: $70.00
    - Effective March 1, 2016
## Revenue Sources

<table>
<thead>
<tr>
<th>Governor</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline Tax*</td>
<td>$46.3</td>
<td>$46.5</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>31.5</td>
<td>32.9</td>
</tr>
<tr>
<td>Passenger Revenue</td>
<td>21.3</td>
<td>22.0</td>
</tr>
<tr>
<td>Paratransit Revenue</td>
<td>10.6</td>
<td>10.2</td>
</tr>
<tr>
<td>Highway Maintenance Account</td>
<td>9.9</td>
<td>12.9</td>
</tr>
<tr>
<td>Pass-through Funding</td>
<td>9.5</td>
<td>7.1</td>
</tr>
<tr>
<td>RIDE Program</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Other</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$131.8</strong></td>
<td><strong>$134.1</strong></td>
</tr>
</tbody>
</table>

*Adjusted to include UST funds

$ in millions
FY 2020 Revenue Sources

- Gasoline Tax: 34.6%
- Federal Funds: 24.5%
- Passenger Revenue: 16.4%
- Paratransit Revenue: 7.6%
- Highway Maintenance Acct.: 9.6%
- Pass-Through: 5.3%
- Other: 1.2%
- RIDE: 0.8%
- Other: 1.2%
- RIDE: 0.8%

Total: 100%
Gasoline Tax Proceeds

- Gasoline Tax – FY 2020
  - Derived from 35.0 cents per gallon
  - Approximately $159 million
  - Deposited into Intermodal Surface Transportation Fund
    - Small portion into the Underground Storage Tank Trust Fund
  - Distribution to transportation entities contained in statute are made
FY 2020 Gas Tax Expenditures

- Debt Service: 27.6%
- RIPTA Transfer: 29.2%
- RITBA Transfer: 10.0%
- Winter Maintenance: 13.3%
- DHS: 2.9%
- UST: 1.4%
- Other: 15.5%
Hearing held on February 27
HMA was created by 2013 Assembly

- Receives specific surcharges and other revenues as appropriated
  - Phased in increases of surcharge from FY 2014 through FY 2016
  - Vehicle registration and licenses

- Designed to be used as partial state match for federal funds in lieu of state issuing general obligation bonds
Article 8 – Highway Maintenance Account

- Provides RI Public Transit Authority with $5.0 million of HMA for FY 2020
  - Authority receives 5.0% of funds beginning in FY 2016
- Requires DOT to reimburse DMV for salary & benefit costs of employees involved in collection of fees going into account
  - FY 2020 budget assumes cost of $4.5 million
### Article 8 – Highway Maintenance Account

<table>
<thead>
<tr>
<th></th>
<th>2014 Assembly</th>
<th>2017 Assembly</th>
<th>2018 Assembly</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 – FY 18/19 only
  - Reinstate bus pass program & cover debt
  - Reporting requirement
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
Reporting Requirement

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
Reporting Requirement

- 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
- Council met 6 times
- Report submitted on December 31
  - About two months late
Recommendations

Sustainable Funding
- New permanent source of funding is needed
- $4.4 million from HMA or additional 1 cent of gasoline tax

Options discussed but not recommended
- Increase fare for paying customers
- Reduce service
- Pursue efficiencies within existing programs
Recommendations

- Communications, Coordination and Technology Integration
  - Implement new tech. to increase boarding speed & improve system reliability for services provided

- Mobility Management
  - Establish mobility manager to coordinate agencies and private org. providing transportation assistance
2014 Assembly amended disposition of gasoline tax

- Shifted 3.5 cents from DOT’s share to Turnpike and Bridge Authority
  - Allowed Authority to continue operating Sakonnet River Bridge without toll
- Indexed gasoline tax to CPI & dedicated future increases to DOT
  - Every other year, rounded to nearest cent
  - FY 2016 - first year increase
  - FY 2018 - adjustment not enough to increase tax
**Article 8 – Gasoline Tax**

- Governor dedicates half of projected cent increase to RIPTA
  - $2.3 million based on est. yield per penny

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DOT</td>
<td>19.25</td>
<td>19.25</td>
<td>20.25</td>
<td>19.75</td>
<td>(0.5)</td>
</tr>
<tr>
<td>RIPTA</td>
<td>9.75</td>
<td>9.75</td>
<td>9.75</td>
<td>10.25</td>
<td>0.5</td>
</tr>
<tr>
<td>Turnpike &amp; Bridge</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>-</td>
</tr>
<tr>
<td>DHS</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>-</td>
</tr>
<tr>
<td>UST Fund</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total (in cents)</strong></td>
<td><strong>34.0</strong></td>
<td><strong>34.0</strong></td>
<td><strong>35.0</strong></td>
<td><strong>35.0</strong></td>
<td>-</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>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>
<tr>
<td>2018</td>
<td>$4.493</td>
<td>9.75</td>
<td>$43.8</td>
</tr>
</tbody>
</table>

*$ in millions
# Article 8 – Impact

<table>
<thead>
<tr>
<th></th>
<th>Current Law</th>
<th>Article 8</th>
<th>Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gasoline Tax</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOT</td>
<td>$91.9</td>
<td>$89.7</td>
<td>($2.3)</td>
</tr>
<tr>
<td>RIPTA</td>
<td>$44.3</td>
<td>$46.5</td>
<td>$2.3</td>
</tr>
<tr>
<td><strong>HMA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RIPTA</td>
<td>$4.9</td>
<td>$9.9</td>
<td>$5.0</td>
</tr>
<tr>
<td>DMV - Staffing</td>
<td>-</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Projects in Art. 1</td>
<td>-</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>DOT</td>
<td>92.2</td>
<td>82.1</td>
<td>(10.1)</td>
</tr>
<tr>
<td><strong>Total HMA</strong></td>
<td>$97.0</td>
<td>$97.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>DOT</strong></td>
<td>$184.1</td>
<td>$171.7</td>
<td>($12.4)</td>
</tr>
<tr>
<td>RIPTA</td>
<td>$49.1</td>
<td>$56.4</td>
<td>$7.3</td>
</tr>
</tbody>
</table>

$ in millions
## Passenger Revenue

<table>
<thead>
<tr>
<th>Sources</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>% Chng.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farebox</td>
<td>$6.0</td>
<td>$6.1</td>
<td>1.7%</td>
</tr>
<tr>
<td>Student/University Passes</td>
<td>3.9</td>
<td>4.0</td>
<td>2.6%</td>
</tr>
<tr>
<td>Monthly Passes</td>
<td>3.6</td>
<td>3.7</td>
<td>2.8%</td>
</tr>
<tr>
<td>R1te Care (Medicaid)</td>
<td>2.8</td>
<td>3.1</td>
<td>10.7%</td>
</tr>
<tr>
<td>Senior Rides</td>
<td>2.5</td>
<td>2.5</td>
<td>-</td>
</tr>
<tr>
<td>Other Passes</td>
<td>2.5</td>
<td>2.7</td>
<td>8.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21.3</strong></td>
<td><strong>$22.0</strong></td>
<td><strong>3.8%</strong></td>
</tr>
</tbody>
</table>

$ in millions
## Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>Chng.</th>
<th>% Chng.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$83.8</td>
<td>$86.9</td>
<td>$3.2</td>
<td>3.8%</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>9.8</td>
<td>9.1</td>
<td>(0.8)</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Operations</td>
<td>18.7</td>
<td>19.4</td>
<td>0.8</td>
<td>4.0%</td>
</tr>
<tr>
<td>Debt</td>
<td>1.4</td>
<td>1.6</td>
<td>0.2</td>
<td>10.7%</td>
</tr>
<tr>
<td>Insurance &amp; Settlements</td>
<td>4.7</td>
<td>4.4</td>
<td>(0.3)</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Pass-Through Projects</td>
<td>9.5</td>
<td>7.1</td>
<td>(2.3)</td>
<td>-24.7%</td>
</tr>
<tr>
<td>Bus Purchase</td>
<td>-</td>
<td>3.1</td>
<td>3.1</td>
<td>100%</td>
</tr>
<tr>
<td>Other</td>
<td>0.8</td>
<td>0.3</td>
<td>(0.5)</td>
<td>-63.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$128.7</strong></td>
<td><strong>$131.9</strong></td>
<td><strong>$3.2</strong></td>
<td><strong>2.5%</strong></td>
</tr>
</tbody>
</table>

*$ in millions*
FY 2020 Expenditures

- Salaries and Benefits: 65.9%
- Contracted Services: 6.9%
- Operations: 14.7%
- Insurance & Settlements: 3.4%
- Debt: 1.2%
- Pass-through Projects: 5.4%
- Bus Purchase: 2.3%
- Other: 0.2%
- Pass-through Projects: 5.4%
- Operations: 14.7%
- Contracted Services: 6.9%
- Insurance & Settlements: 3.4%
- Debt: 1.2%
- Pass-through Projects: 5.4%
- Bus Purchase: 2.3%
- Other: 0.2%
Insurance and Settlements

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

- Expenditures fluctuate:
  - $5.8 million in FY 2018
  - $4.8 million in FY 2017
  - $4.4 million in FY 2016
  - $5.2 million in FY 2015
Staffing

- Budgeted for 842 positions
- 41 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
  - Covers FY 2017 through FY 2019
- Third Union 808
  - Covers ~60 positions
  - Current contract through June 30, 2022
Expenses – Salaries & Benefits

- FY 2020 budget includes $86.9 million for salary/benefit costs of 842 positions
  - FY 2020 reflects an increase of $3.2 million or 3.8% increase over FY 2019
    - Anticipates an increase for contracts that will expire on June 30, 2019
    - Adds funding for 10 new drivers
      - Overtime anticipated to decrease
- 810 positions filled
  - 96.2% filled to budget
## Expenses – Overtime

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Yr. to Date*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries/Wages</td>
<td>$40.1</td>
<td>$41.1</td>
<td>$41.9</td>
<td>$44.0</td>
<td>$30.4</td>
</tr>
<tr>
<td>Overtime</td>
<td>7.8</td>
<td>8.0</td>
<td>8.4</td>
<td>8.1</td>
<td>5.5</td>
</tr>
<tr>
<td>Benefits</td>
<td>29.6</td>
<td>29.8</td>
<td>31.9</td>
<td>34.4</td>
<td>19.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$77.5</strong></td>
<td><strong>$78.9</strong></td>
<td><strong>$82.2</strong></td>
<td><strong>$86.5</strong></td>
<td><strong>$55.0</strong></td>
</tr>
<tr>
<td>Overtime as a % of salaries/wages</td>
<td>19.4%</td>
<td>19.4%</td>
<td>20.2%</td>
<td>18.4%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Overtime share of salaries/benefits</td>
<td>10.1%</td>
<td>10.1%</td>
<td>10.2%</td>
<td>9.4%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

* Through February 28, 2019
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
- Reported bus driver vacancies as of March 2019
  - 11 vacancies
    - 7.0 fixed routes
    - 4.0 paratransit
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
Expenses – *Benefits*

- State offering 3 medical plans
  - Pursuant to negotiated contract, eff. 1/1/19
- Among provisions of contract
  - Increased co-pays for office visits
  - Deductibles
    - $500 to $1,500 for individual
    - $1,000 to $3,000 for family
- RIPTA has not transitioned its employees to state’s current plans
  - 2014 Health Benefit Plan
    - Deductibles: $250 individuals/$500 families
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
Expenses – Benefits

- 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 $2.4 million for pay-go portion of OPEB
- $72.1 million - total unfunded liability
  - Actuarial valuation date 7/1/2017
Debt - $1.6 million

- RIPTA’s share of debt service for general obligation bonds
  - State general revenues used from FY 2013 through FY 2017 total $6.7 million

- 2017 Assembly provided Authority with additional resources from HMA to cover debt for FY 2018 and FY 2019

- Governor recommends use of HMA for additional year
Expenses – Contracted Services

- Contracted Services - $9.1 million
  - ADA operations
  - Legal services
  - Actuarial studies
  - Auditing services
  - Environmental services
  - Project support
Expenses – *Projects*

- **Authority and DOT are state designees for Federal Transit Authority funds**
- **Recommendations include fed. & local funds of $9.5 million for FY 2019 & $7.1 million for FY 2020 passed through RIPTA**
  - **Funding for three projects:**
    - Downtown Providence Transit Connector
    - Pawtucket Transit Hub
    - Quonset Express
      - Pilot program to bring bus service to business at Quonset Business Park
Projections

- Authority’s requests in October 2018
  - Projected surplus of $0.4 million in FY 2019
  - Projected surplus of $25,000 in FY 2020

- Governor’s recommended budgets
  - Showed surplus of $3.1 million in FY 2019
  - Showed surplus of $2.2 million in FY 2020

- February 2019
  - Projecting a surplus of $1.5 million in the current year – FY 2019
    - Largely from $2.7 million gasoline tax
      - Upward revision to estimate and one-time payment received in October
## Capital Recommendation

<table>
<thead>
<tr>
<th>Projects</th>
<th>Status</th>
<th>5 Yr. Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus Purchases</td>
<td>Revised</td>
<td>$80.0</td>
<td>$186.4</td>
</tr>
<tr>
<td>Enterprise Software</td>
<td>Revised</td>
<td>2.5</td>
<td>4.8</td>
</tr>
<tr>
<td>Farebox Upgrade</td>
<td>Revised</td>
<td>2.8</td>
<td>7.1</td>
</tr>
<tr>
<td>Land and Buildings</td>
<td>Revised</td>
<td>20.4</td>
<td>50.9</td>
</tr>
<tr>
<td>Pawtucket Bus Hub and Transit Connector</td>
<td>Revised</td>
<td>-</td>
<td>8.9</td>
</tr>
<tr>
<td>Providence Transit Connector</td>
<td>Revised</td>
<td>6.6</td>
<td>19.1</td>
</tr>
<tr>
<td>Warwick Bus Hub</td>
<td>Revised</td>
<td>1.3</td>
<td>1.3</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>College Hill Bus Tunnel</td>
<td>Ongoing</td>
<td>8.6</td>
<td>9.6</td>
</tr>
<tr>
<td>Fixed Route &amp; Paratransit Cameras</td>
<td>Ongoing</td>
<td>-</td>
<td>2.3</td>
</tr>
<tr>
<td>IT Redundancy</td>
<td>Ongoing</td>
<td>1.0</td>
<td>1.9</td>
</tr>
<tr>
<td>Paratransit Vehicles</td>
<td>Ongoing</td>
<td>10.4</td>
<td>38.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$133.5</strong></td>
<td><strong>$133.5</strong></td>
<td><strong>$330.1</strong></td>
</tr>
</tbody>
</table>

*in millions*
Approved plan includes $3.1 million from Highway Maintenance Account
  - Provide resources for RIPTA to finance its bus purchases
Governor recommends $186.4 million for purchases
  - Assumes $22.0 million from Authority’s sources for matching requirements
  - $80.0 million in 5-year period
    - $6.6 million from Volkswagen settlement funds
Pawtucket Bus Hub and Transit Corridor

Governor recommends $9.0 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 and ticket vending machines
- Construction underway scheduled completion of December 2020
Capital – Warwick Bus Hub

- Authority requests $1.3 million from RI Capital Plan funds and federal funds
  - Approved plan assumes Authority sources for matching requirements
- 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 request
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
Rhode Island Public Transit Authority

Governor’s FY 2019 Revised, FY 2020 and Capital Budget Recommendations
House Finance Committee
April 9, 2019