

# Department of Transportation Governor's FY 2014 and FY 2015 Recommendations

Staff Presentation to the House  
Finance Committee  
March 20, 2014

## *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

## *Department of Transportation*

- Approximately 1,100 road miles
  - ◆ Approximately 3,300 lane miles
- 766 state maintained bridges
  - ◆ 170 structurally deficient – 22%
  - ◆ 217 functionally obsolete – 28%
  - ◆ 91 posted (weight restricted) – 12%
  - ◆ 10 closed – 1%

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## *Federal Highway Projects*

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

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## *Fund Sources*

- Federal Highway Administration Funds
  - ◆ Before 2012 - \$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 2014 ballot for match
  - ◆ Part of pay-go initiative

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## *FHWA Source*

- Federal gas tax is 18.4 cents per gallon
  - ◆ Unchanged since 1993
- Revenue is deposited into the Federal Highway Transportation Trust Fund
  - ◆ Allocated by FHWA to states
  - ◆ Trust Fund insolvent by December 2015
  - ◆ Without Congressional action, federal funds will be reduced

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## *Fund Sources*

- Stimulus Funds
  - ◆ Total of over \$140.0 million
  - ◆ Majority of funds have been spent
  - ◆ 62 individual projects
  - ◆ Commuter rail
  - ◆ \$1.6 million for FY 2014
  - ◆ No further funding included

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## *Fund Sources*

- Other Federal Funds
  - ◆ Approximately \$95 million in FY 2015
  - ◆ Grant funding from National Highway Transportation Safety Administration
  - ◆ Federal Transit Authority

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## *Fund Sources*

- Land Sale Revenue
- FY 2015 - \$1.5 million
  - ◆ Derived from the sale of department owned land
  - ◆ Funds used for equipment and other purchases
  - ◆ Used \$2.3 million for land adjacent to Warwick HQ for materials testing facility

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## *Fund Sources*

- I-195 Land Sale Revenue
- FY 2015 - \$19.8 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

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## 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

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## Gasoline Tax Proceeds (Cents)

<i>Entity</i>	<i>Share</i>
Department of Transportation	21.75
Public Transit Authority	9.75
Elderly Transportation - DHS	1.0
Environmental Protection Fee	0.5
<b><i>Total</i></b>	<b><i>33.0</i></b>

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## Gasoline Tax

- 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

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## Gasoline Tax

- Gasoline tax is assessed at both the federal and state level
- Levied on a per gallon basis
- Yields have decreased in the past decade
  - ◆ Economic downturn
  - ◆ High unemployment
  - ◆ Lower consumption

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## Gasoline Tax Buying Power

FY	Per Penny	Change	% Change	CPI
2005	\$4,834,986	\$ -	-	3.0%
2006	4,805,619	(29,367)	(0.6%)	3.8%
2007	4,707,603	(98,016)	(2.0%)	2.6%
2008	4,513,744	(193,859)	(4.0%)	3.7%
2009	4,327,710	(186,034)	(3.8%)	1.4%
2010	4,289,568	(38,142)	(0.8%)	1.0%
2011	4,210,324	(79,244)	(1.6%)	2.0%
2012	4,205,959	(4,365)	(0.1%)	2.9%
2013	4,137,712	(68,247)	(1.4%)	1.8%
2014	4,168,974	32,162	0.7%	1.9%
<b>10 Year Change</b>		<b>\$(665,112)</b>	<b>(14.4%)</b>	<b>24.1%</b>

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## Regional Gasoline Taxes

State	Gas Tax (Cents)
Connecticut	49.3
<b>Rhode Island</b>	<b>33.0</b>
Vermont	32.2
New England Average	32.0
Maine	31.5
National Average	31.1
Northeast Average	30.9
Massachusetts	26.5
New Hampshire	19.6

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## Gasoline Tax Proceeds

<i>Fiscal Year</i>	<i>Per Penny Yield *</i>	<i>DOT Share</i>	<i>Total Funding*</i>
2008	\$4.513	20.75	\$93.6
2009	\$4.327	20.75	\$89.8
2010	\$4.185	21.75	\$91.0
2011	\$4.268	21.75	\$92.8
2012	\$4.206	21.75	\$91.5
2013	\$4.137	21.75	\$90.0
2014	\$4.169	21.75	\$90.7

*\*In millions*

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## 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

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## Gasoline Tax Expenditures

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

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## Winter Maintenance

Fiscal Year	Cost (Millions)	Hours of Operation	Cost per Hour
2009	\$16.2	354	\$45,768
2010	11.7	374	31,294
2011	18.8	401	46,883
2012	8.0	162	49,382
2013	13.7	482	28,446
<b>5-year Avg.</b>	<b>\$13.0</b>	<b>355</b>	<b>\$38,214</b>

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## *Winter Maintenance - \$13.3 Million*

- Materials - \$5.3 million
  - ◆ Salt, sand and liquid de-icers
- Personnel - \$1.1 million
  - ◆ Maintenance division overtime
- Contracting - \$4.4 million
  - ◆ Approximately 300 contracted plows
- Maintenance & Other - \$2.5 million
  - ◆ Equipment repairs and fuel

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## *Winter Maintenance - \$13.3 Million*

- Current projected expenditures
  - ◆ \$16.0 million
  - ◆ \$2.9 million more than enacted
  - ◆ \$2.7 million more than recommendation
  - ◆ \$3.0 million more than the five-year average expenditure
- 414 hours of operation
  - ◆ Approximately 60 more hours than average

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## *Gasoline Tax Proceeds*

- General Obligation Bond Debt Service
  - ◆ \$30.5 million in FY 2014
  - ◆ \$26.8 million in FY 2015
- 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

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## *Gasoline Tax Proceeds*

- Total of \$135.3 million for all of transportation in FY 2015
- DOT - \$90.6 million
- RIPTA - \$40.6 million
- Elderly Transportation - \$4.2 million

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## FY 2014 Revised Recommendation

<i>(In millions)</i>	<i>Enacted</i>	<i>Governor</i>	<i>Difference</i>
Federal Funds	\$311.8	\$349.1	\$37.3
Gas Tax	131.4	131.3	(0.1)
Res. Receipts	8.0	6.9	(1.1)
Other	9.0	(9.1)	(18.2)
<b>Total</b>	<b>\$460.2</b>	<b>\$478.2</b>	<b>\$17.9</b>

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## FY 2014 Revised Recommendation

- Department does not directly receive general revenues
  - ◆ Pays DOT's debt service with GR
  - ◆ \$9.3 million in FY 2014
  - ◆ \$19.3 million in FY 2015
- Increases available gasoline tax proceeds for operations
- Reduces available general revenue

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## *FY 2014 Revised Recommendation*

- Governor recommends \$478.2 million
- \$17.9 million more than enacted
  - ◆ \$37.4 million more from federal funds
  - ◆ \$19.5 million less from other sources

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## *FY 2014 Revised Recommendation*

- 752.6 full-time equivalent positions
  - ◆ 20.0 less than enacted
  - ◆ Reflects historical vacancy patterns
- 683.6 filled
  - ◆ As of March 8<sup>th</sup>
  - ◆ 89.0 less than enacted
  - ◆ 69.0 less than recommendation

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## *FY 2014 Revised Recommendation*

- Salaries and Benefits - \$3.1 million more
  - ◆ Reflects actual filled positions
  - ◆ Includes turnover for approximately 50 positions
- FHWA Projects - \$32.4 million more
  - ◆ Reflects revised award and expenditures
  - ◆ Ongoing projects
  - ◆ Part of the approved Transportation Improvement Program

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## *FY 2014 Revised Recommendation*

- NHTSA grants - \$3.2 million more
  - ◆ DUI enforcement, seatbelt usage and speeding
- Commuter Rail - \$0.9 million less
  - ◆ Revised expenditures from Federal Transit Administration
  - ◆ Used for development of South County Commuter Rail project

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## Transportation Funding

- Transition from financing to pay-go
- Recent Initiatives
  - ◆ New sources
    - Motor vehicle surcharges
    - Rhode Island Capital Plan funds
  - ◆ Lowering current obligations
    - General revenues for debt services
    - Transportation debt restructuring

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## Transportation Funding

### ❖ Funding the 20% match for FHWA funds

Fiscal Year	Biennial Reg.	Annual Reg.	License Renewal	RICAP	Previous G.O.	Total
2014	\$3.8	\$0.8	\$1.3	\$21.1	\$13.0	\$40.0
2015	\$7.4	\$1.5	\$2.4	\$21.6	\$7.0	\$40.0
2016	\$10.9	\$2.3	\$3.6	\$23.2	\$ -	\$41.0

*In millions*

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## FY 2015 Recommendation

- Governor recommends \$519.2 million
  - ◆ \$59.0 million more than enacted
    - \$40.4 million more from federal funds
    - \$4.3 million more from restricted receipts
    - \$14.3 million more from other sources

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## Bond Referenda – November 2014

	Annual Debt Service	Total Cost
Higher Education	\$10.3	\$200.2
<i>Transportation</i>	<i>3.3</i>	<i>64.1</i>
Water Infrastructure	2.9	56.1
Environment	3.3	64.1
Arts	2.9	56.1
<b>Total</b>	<b>\$22.8</b>	<b>\$440.6</b>

Assumes 5% rate and 20 year maturity

Data in millions

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## *Mass Transit Hubs – Question 3*

- \$40 million
  - ◆ Average annual debt service \$3.3 million
  - ◆ Paid from general revenues
  - ◆ Total cost of borrowing - \$64.1 million

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## *Mass Transit Hubs – Question 3*

- Outlays
  - ◆ \$250,000 from RICAP in FY 2015 for preliminary design work
  - ◆ \$5.0 million for FY 2016
  - ◆ \$10.0 million each for FY 2017 and FY 2018
  - ◆ \$15.0 million for FY 2019

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## *Mass Transit Hubs – Question 3*

- “Major enhancements and renovations to mass transit hub infrastructure throughout the state”
- No further detail provided in the Governor’s budget documents

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## *Mass Transit Hubs – Question 3*

- RIPTA and Statewide Planning have begun preliminary work
- Upgrades to Kennedy plaza
- Additional hub in Providence
  - ◆ Garrahy Courthouse parking project
  - ◆ Not mentioned in detail provided for that project (Section 4 of Article 4)

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## Article 21 – Transportation Funding

- Reprograms \$100.4 million of DOT resources for statewide infrastructure initiatives
- Funding derived from gasoline taxes
- Gradually made available as debt service payments are shifted to general revenues

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## Article 21 – Transportation Funding

<i>(In Millions)</i>	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Projected Gas Tax Revenue	\$90.5	\$90.4	\$90.5	\$90.5	\$90.5
Carry Forward Balance	-	-	1.3	1.5	3.9
Total Debt Service	47.9	50.6	50.2	41.6	40.6
General Revenue	(19.3)	(29.3)	(39.3)	(43.5)	(42.5)
Build America Bond Savings	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Net DOT Funded Debt Service	26.8	19.5	9.1	-	-
Debt Service Change	6.3	2.7	(0.4)	(8.6)	(1.0)
<b>Additional Available Gas Tax</b>	<b>\$14.8</b>	<b>\$28.4</b>	<b>\$41.6</b>	<b>\$50.2</b>	<b>\$41.6</b>

- Additional gas tax was originally intended to solve structural operating deficit; \$6.6 million is used in FY 2015 for this

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## Article 21 – Transportation Funding

- Supporting documents for Article 21 outlines FY 2014 through FY 2019 expenditures as follows:
  - ◆ \$80.0 million for bridge repair and maintenance
  - ◆ \$13.4 million for heavy equipment replacement
  - ◆ \$7.0 million for drainage improvements

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## Article 21 – Transportation Funding

- Supporting documents program expenditures
- Only amounts for bridges are included in legislation

Project	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
Bridges	\$ -	\$10.0	\$15.0	\$15.0	\$20.0	\$20.0	\$80.0
Equipment	1.0	2.4	2.5	2.5	2.5	2.5	12.4
Drainage	-	0.5	1.0	1.5	2.0	2.0	7.0
<b>Total</b>	<b>\$1.0</b>	<b>\$12.9</b>	<b>\$18.5</b>	<b>\$19.0</b>	<b>\$24.5</b>	<b>\$24.5</b>	<b>\$100.4</b>

*In Millions*

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## *Article 21 – Transportation Funding*

- Heavy Equipment Replacement
  - ◆ Legislation provides DOT spend \$1.0 million beginning in FY 2014 and each year thereafter
  - ◆ Legislation does not outline increases
    - Sweepers
    - Loaders
    - Tractors

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## *Article 21 – Transportation Funding*

- Drainage Preservation
- Catch basin cleaning
  - ◆ \$0.5 million beginning in FY 2015
  - ◆ Supporting documents show annual increases of \$0.5 million until reaches \$2.0 million annually in FY 2018
  - ◆ Increases not included in legislation

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## *Article 21 – Transportation Funding*

- Bridge Rehabilitation and Maintenance
  - ◆ Statewide program to eliminate current backlog of deficient bridges
  - ◆ Aligns with federal benchmark of having less than 10% bridges structurally deficient
  - ◆ Approximately 20% are rated as structurally deficient

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## *Article 21 – Transportation Funding*

- Bridge Rehabilitation
- Legislation requires
  - ◆ \$5.0 million in FY 2016
  - ◆ \$15.0 million in FY 2017
  - ◆ \$20.0 million in FY 2018
  - ◆ Must maintain that level of funding thereafter

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## Article 21 – Transportation Funding

- Also mandates
  - ◆ DOT use \$10.0 million in each FY 2015 and FY 2016 from other available funds in the Intermodal Surface Transportation Fund
  - ◆ These funds are not identified in budget documents

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## Article 21 – Transportation Funding

- FY 2015 – FY 2019 Bridge Funding

Fiscal Year	Gas Tax	Other ISTF	Total
2015	\$ -	\$10.0	\$10.0
2016	5.0	10.0	15.0
2017	15.0	-	15.0
2018	20.0	-	20.0
2019	20.0	-	20.0
<b>Total</b>	<b>\$60.0</b>	<b>\$20.0</b>	<b>\$80.0</b>

*In Millions*

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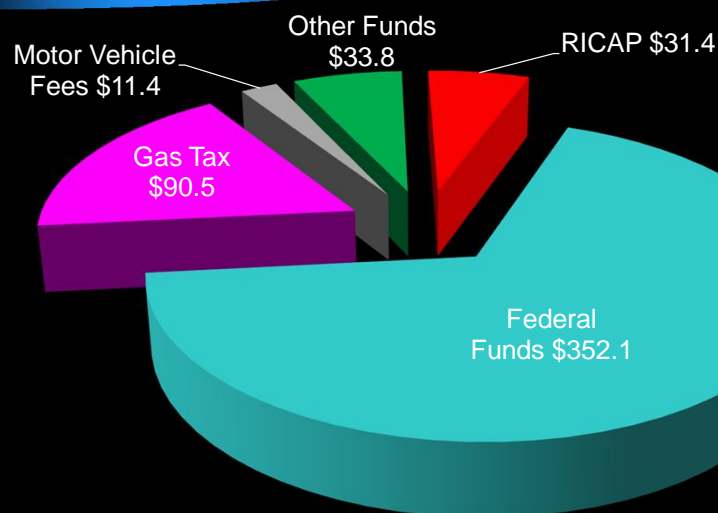


## Article 21 – Transportation Funding

- Original intent of freeing up gasoline tax revenues was for the Department to use additional funding for operations and maintenance because of declining gas tax revenues
- Could require more funding be spent than needed for certain categories
  - ◆ Spending floor in the article may fund unnecessary expenditures

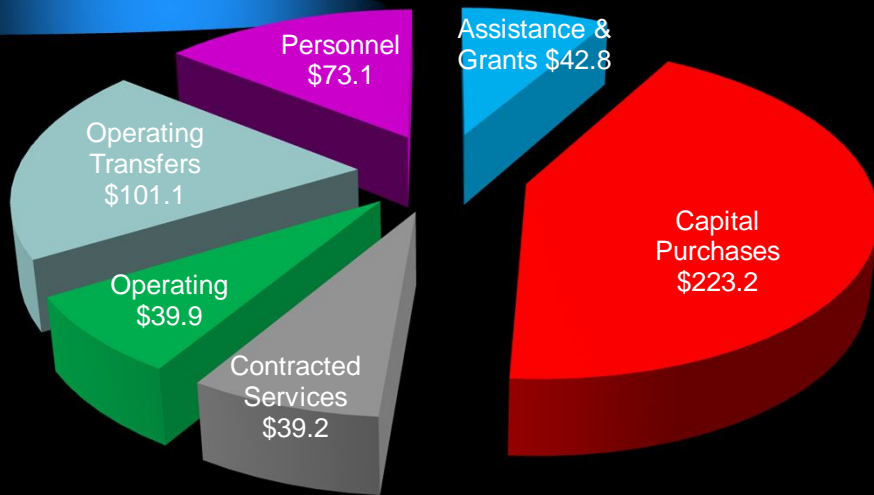
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## FY 2015 Sources (In millions)



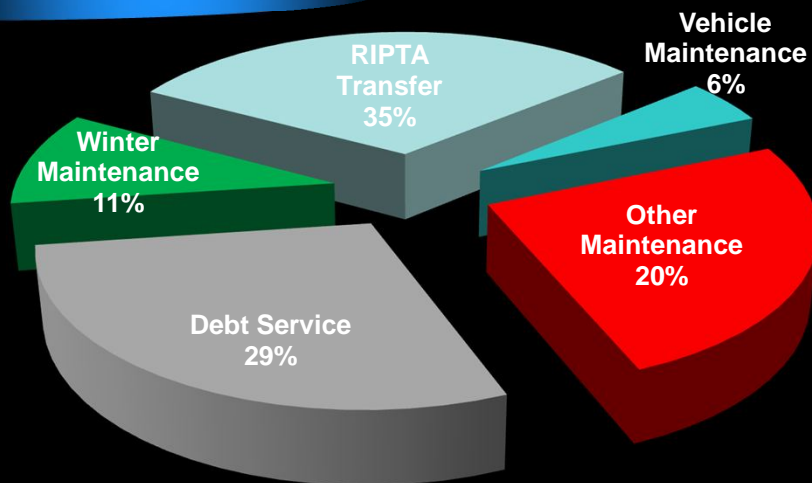
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## FY 2015 by Category (In millions)



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## Gasoline Tax Expenditures FY 2015



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## *FY 2015 Changes to Enacted*

<i>FY 2014 Enacted</i>	<i>\$460.2 million</i>
Federal Highway Projects	37.7
Salaries and Benefits	2.7
NHTSA	(2.0)
Commuter Rail	4.4
Interstate 195 Relocation	6.5
RICAP Projects	3.9
All Other Changes	5.8
<b>Total Changes</b>	<b>59.0</b>
<i>FY 2015 Governor</i>	<i>\$519.2 million</i>

## *FY 2015 Recommendation*

- FHWA projects - \$256.8 million
  - ◆ \$37.7 million more than enacted
  - ◆ Revised award and planned expenditures
  - ◆ Consistent with Transportation Improvement Program
  - ◆ Assumes no significant federal changes to state funding

## *FY 2015 Recommendation*

- Salaries and Benefits - \$73.1 million
  - ◆ \$2.7 million more than enacted
  - ◆ Turnover equal to approximately 50 positions
  - ◆ 752.6 positions - 20.0 less than enacted
- Filled positions
  - ◆ FY 2011 average filled - 707.6
  - ◆ FY 2012 average filled - 713.2
  - ◆ FY 2013 average filled - 698.6
  - ◆ Currently 683.6 filled positions

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## *FY 2015 Recommendation*

- NHTSA Grants – \$8.3 million
  - ◆ \$2.0 million less
  - ◆ DUI enforcement
  - ◆ Seatbelt usage
  - ◆ Traffic safety
  - ◆ Child safety

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## *FY 2015 Recommendation*

- Commuter Rail - \$23.5 million
  - ◆ \$4.4 million more than enacted
  - ◆ Revised award from Federal Transit Administration
  - ◆ Used for development of South County Commuter Rail project
  - ◆ Other track improvements
  - ◆ Potential future stops

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## *FY 2015 Recommendation*

- Interstate 195 Relocation Land Sales
  - ◆ \$17.9 million, \$6.5 million more than enacted
  - ◆ 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
  - ◆ Reflects projected use of proceeds for project costs

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## *FY 2015 Recommendation*

- RICAP Projects – \$9.8 million
  - ◆ \$3.9 million more than enacted
  - ◆ Smaller scale improvement projects for Department assets
  - ◆ Maintenance facilities
  - ◆ Heavy equipment purchases
  - ◆ Reflects revisions to Department's capital plan

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## *Annual Reporting Requirements*

- 2013 Assembly enacted legislation requiring OMB to prepare, review and inventory all reports filed with Assembly
  - ◆ Report to be presented to Assembly as part of budget submission annually
- Office is required to submit 5 reports
  - ◆ Annual financials
  - ◆ State traffic commission report
  - ◆ Currently submitting

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## *Capital Development Plan*

- \$3,620.7 million total project costs
- \$1,695.4 million for FY 2015 through FY 2019
- Includes projects in the Highway Improvement Program
  - ◆ Large scale projects
- Department asset protection projects
  - ◆ Maintenance facilities

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## *Capital Development Plan*

- Department asset protection projects
  - ◆ Maintenance facilities
- Four new projects
  - ◆ Bridge Rehabilitation
  - ◆ Mass Transit Hubs
  - ◆ Highway Drainage Preservation
  - ◆ Warren Yard Replacement

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## Capital Development Plan – (In millions)

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Bridge Rehabilitation	New	\$80.0	Gas Tax	FY 2019
Mass Transit Hubs	New	\$40.3	RICAP & G.O. Bonds	FY 2019
Drainage Preservation	New	\$7.5	Gas Tax	FY 2018/ Perpetual
Warren Yard Replacement	New	\$0.8	RICF	FY 2016

## Capital Development Plan – (In millions)

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Highway Imp. Program	Revised	\$2,629.6	MV surchgs. FHWA, RICF	Perpetual
Equipment Replacement	Revised	\$28.3	RICF, Gas Tax	FY 2019/ Perpetual
Cooperative Maint. Facility	Revised	\$4.7	RICF	FY 2016
I-195 Relocation	Ongoing	\$417.5	FHWA GARVEE	FY 2017



## Capital Development Plan – (In millions)

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Commuter Rail	Ongoing	\$154.6	MBTA, G.O. Bonds	Post FY 2018
Salt Storage Facilities	Revised	\$12.2	G.O. Bonds RICF	FY 2019
Maint. Fac. Asset Protec.	Ongoing	\$4.6	RICF	FY 2019
Sakonnet River Bridge	Ongoing	\$142.5	FHWA GARVEE	FY 2015

## Capital Development Plan – (In millions)

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Washington Bridge	Ongoing	\$79.1	GARVEE	FY 2016
Pawtucket-CF Train Study	Ongoing	\$3.1	RICF FTA, Local	FY 2015
E.P. Maint. Facility	Ongoing	\$5.1	G.O. Bonds RICF	FY 2016
Lincoln Maint. Facility	Ongoing	\$4.1	G.O. Bonds RICF	FY 2014

## Capital Development Plan – (In millions)

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Train Station Repairs	Ongoing	\$1.1	RICF	FY 2019/ Perpetual
Maintenance Fire Alarms	Ongoing	\$0.2	RICF	FY 2014
Portsmouth Facility	Revised	\$5.6	GO Bonds RICF	FY 2016

## Department of Transportation Governor's FY 2014 and FY 2015 Recommendations

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# Public Transit Authority Governor's FY 2014 Revised and FY 2015 Budgets

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## *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

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## Organization and Structure

- Budgeted for 826.0 positions
  - ◆ Currently 773.0 filled
- 29 non-union; Union members belong to:
  - ◆ 618 - Bus Operators/Maintenance
  - ◆ 618 A - Street & Shop Supervisors
  - ◆ 808 - Administrative
- Fleet of 235 fixed-route buses
- 125 paratransit vans
  - ◆ Includes Ride and ADA trips

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## *Ridership - Passengers*

- FY 2009: 18.6 million
- FY 2010: 18.0 million
- FY 2011: 18.2 million
- FY 2012: 20.1 million
- FY 2013: 20.0 million
- Totals includes 0.6 to 0.7 million passengers annually on Ride paratransit vehicles

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## *Background*

- 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

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## *Background*

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

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## *Background*

- Interim solutions
  - ◆ New procurement procedures
  - ◆ Institution of cash flow analysis
  - ◆ Evaluation of best practices used by other transit agencies
  - ◆ Savings from contract renegotiations

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## *Background*

- Governor recommended and Assembly approved debt service payments be funded with general revenues for two years
  - ◆ FY 2013 - \$1.6 million
  - ◆ FY 2014 - \$1.7 million
- Governor's FY 2015 budget includes
  - ◆ FY 2015 - \$1.8 million

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## *Background*

- Continuing a complete operational analysis
  - ◆ Routes
  - ◆ Number of stops
  - ◆ Frequency of stops
  - ◆ Across-the-board savings initiatives
  - ◆ Overall efficiencies

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## *Background*

- New CEO in spring of 2013
- Security improvements made
- Outstanding Issue – Structural Deficit
  - ◆ As gas prices increase, so does ridership
  - ◆ Gasoline tax revenues decrease
  - ◆ Decreased revenue can affect frequency and number of routes
  - ◆ While demand stays the same or increases

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## *FY 2015 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

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## Gasoline Tax Proceeds – 33.0 Cents

<i>Entity</i>	<i>Share</i>
Department of Transportation	21.75
Public Transit Authority	9.75
Elderly Transportation - DHS	1.0
Environmental Protection Fee	0.5
<b>Total</b>	<b>33.0</b>

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## Gasoline Tax Proceeds

<i>Fiscal Year</i>	<i>Per Penny Yield*</i>	<i>RIPTA Share</i>	<i>Total Funding*</i>
2008	\$4.513	7.25	\$32.7
2009	\$4.327	7.75	\$42.2
2010	\$4.185	9.75	\$40.8
2011	\$4.268	9.75	\$41.6
2012	\$4.206	9.75	\$41.0
2013	\$4.137	9.75	\$40.3
2014	\$4.169	9.75	\$40.6

\*In millions

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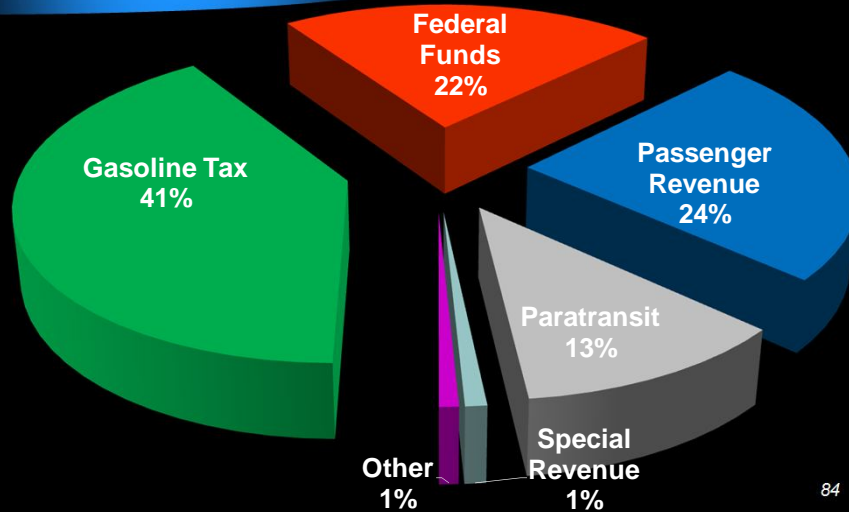
## FY 2015 Revenue Sources

<i>Fund Source</i>	<i>FY 2015</i>
Gasoline Tax	\$40.7
Federal Funds	22.1
Passenger Revenue	24.2
Paratransit Reimbursement	11.6
Special Revenue	0.9
Other Sources	0.8
<b>Total Sources</b>	<b>\$100.2</b>

(In millions)

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## FY 2015 Revenue Sources - Millions



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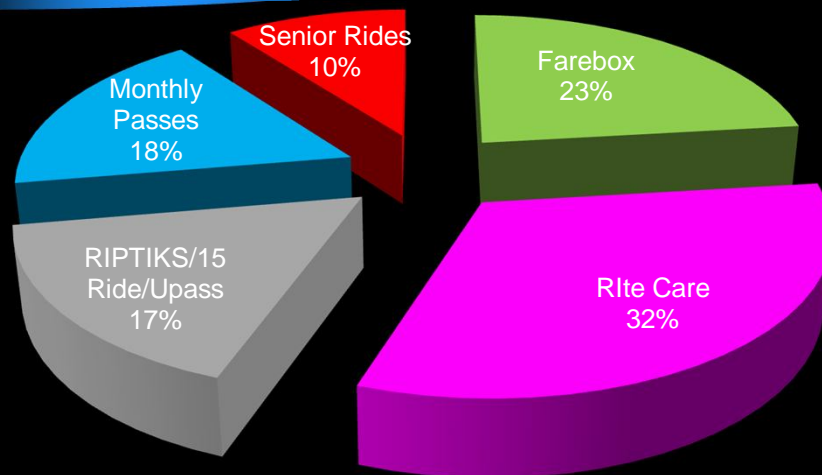
## FY 2015 Passenger Revenue

Source	FY 2015
Farebox	\$5.6
Rlte Care	7.8
RIPTIKS/15 Ride pass/Upass	4.1
Monthly Passes	4.2
Senior Rides	2.5
<b>Total</b>	<b>\$24.2</b>

(In millions)

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## FY 2015 Passenger Revenue



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## Expenditures

<i>In millions</i>	FY 2014	FY 2015	Change
Salaries & Benefits	\$68.4	\$71.3	\$2.9
Operations	16.5	16.5	-
Contracted Services	9.8	9.6	(0.2)
Insurance & Settlements	4.3	3.6	(0.7)
<b>Total</b>	<b>\$99.0</b>	<b>\$101.1</b>	<b>\$2.1</b>

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## FY 2015 Expenses

- Contract negotiations have been completed for 2 largest unions
  - ◆ 618
  - ◆ 618 A
  - ◆ Covers Fiscal years 2014 through 2016
- Salaries and Benefits
  - ◆ \$71.3 million
  - ◆ Includes 2.5 percent raises

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## *FY 2015 Expenses*

- Salaries and Benefits
  - ◆ Added costs for salaries and benefits
  - ◆ Authority awaiting updated valuation data to determine overall impact of negotiations

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## *FY 2015 Expenses*

- 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
    - Progressive increases for co-shares over life of contract

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## *FY 2015 Expenses*

- Employee Benefits
  - ◆ Funds pay-go portion of Other Post Employment Benefits (OPEB)
    - Increased assessment for spousal coverage
    - Co-shares are different, included in collective bargaining

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## *FY 2015 Expenses*

- Retiree Health - RIPTA
  - ◆ Since early 2000's
  - ◆ Existing retirees pay nothing for themselves if they take the lowest cost plan
    - Value Plan for younger than 65
    - Medicare Advantage if 65 or older
  - ◆ Retiree pays the extra cost if they take the higher cost plan

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## *FY 2015 Expenses*

- Retiree Health - RIPTA
  - ◆ Spouses pay the same co-share as the active employee rate for health benefits
    - 16 percent of plan
  - ◆ Plus the difference in cost if they take the higher price plan
  - ◆ For employees hired after October of 2013 the spouse will pay 50% of the premium of either the lower or higher price plan

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## *FY 2015 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

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## *FY 2015 Expenses*

- Retiree Health – State Employees
  - ◆ Post 2008
- State employees allowed to buy plan at 100% of cost
- Must have at least 20 years of service and be age 59 to be eligible for state subsidy
  - ◆ 20 percent cost share of actual plan
  - ◆ No subsidy for spousal coverage

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## *FY 2015 Expenses*

- Operating expenses - \$16.5 million
  - ◆ Fuel and maintenance
  - ◆ Ride program expenses and ADA
  - ◆ Historically, operating expenditures included RIPTA's share of debt service for general obligation bonds
    - State general revenues funds that in FY 2013 or FY 2014
    - Governor also includes general revenue for debt service payments in FY 2015

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## *FY 2015 Expenses*

- Contracted Services - \$9.6 million
  - ◆ ADA operations – approximately \$7 million
  - ◆ Legal services
  - ◆ Actuarial studies
  - ◆ Auditing services
  - ◆ Environmental services
  - ◆ Project support

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## *FY 2015 Expenses*

- Insurance and Settlements- \$3.6 million
  - ◆ Insurance - \$2.1 million
    - Worker's compensation
    - Self Insurance reserve
  - ◆ Settlements - \$1.5 million
    - Slip and falls
    - Accidents

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## Projections

- FY 2014
  - ◆ Surplus of \$0.1 million
  - ◆ Includes only pay go portion of OPEB liability - \$1.7 million
  - ◆ Total liability is \$6.9 million if calculated on an actuarial basis
    - Same way that the state determines its liability

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## Projections

- FY 2015
  - ◆ Deficit of \$0.9 million
  - ◆ Includes general revenue for debt service
  - ◆ Includes only pay go portion of OPEB
- Currently developing 5 year forecast

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## *FY 2015 – FY 2019 Capital Projects*

- One new project - \$2.3 million
  - ◆ Digital Security Cameras
  - ◆ Six cameras on 235 fixed route vehicles
  - ◆ Five cameras on 130 paratransit vehicles
  - ◆ Scheduled for completion in FY 2014

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## *FY 2015 – 2019 Capital Plan (Millions)*

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Security Cameras	New	\$2.3	Federal RIPTA	FY 2014
Solar/Roof Technologies	Revised	\$2.0	ARRA, FTA RIPTA	FY 2014
Bus Rapid Transit	Ongoing	\$1.9	Federal RIPTA	FY 2014

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## FY 2015 – 2019 Capital Plan (Millions)

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Paratransit Vehicles	Ongoing	\$28.0	Federal RIPTA	Perpetual
Bus Purchases	Ongoing	\$134.7	Fed., G.O. bonds	Perpetual
Enterprise Software	Ongoing	\$2.0	FTA, RIPTA	FY 2015

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## FY 2015 – 2019 Capital Plan (Millions)

<i>Project</i>	<i>Status</i>	<i>Cost</i>	<i>Financing</i>	<i>End Date</i>
Radio Interoperability	Ongoing	\$4.3	FEMA	FY 2014
Land & Building Enhancements	Ongoing	\$15.5	Fed., G.O. Bonds, RICAP, RIPTA	FY 2018
Intelligent Trans. System	Ongoing	\$10.4	FTA, FHWA, RIPTA	FY 2015

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Public Transit Authority  
Governor's FY 2014 Revised and FY  
2015 Budgets

Staff Presentation to the House  
Finance Committee  
March 20, 2014