

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

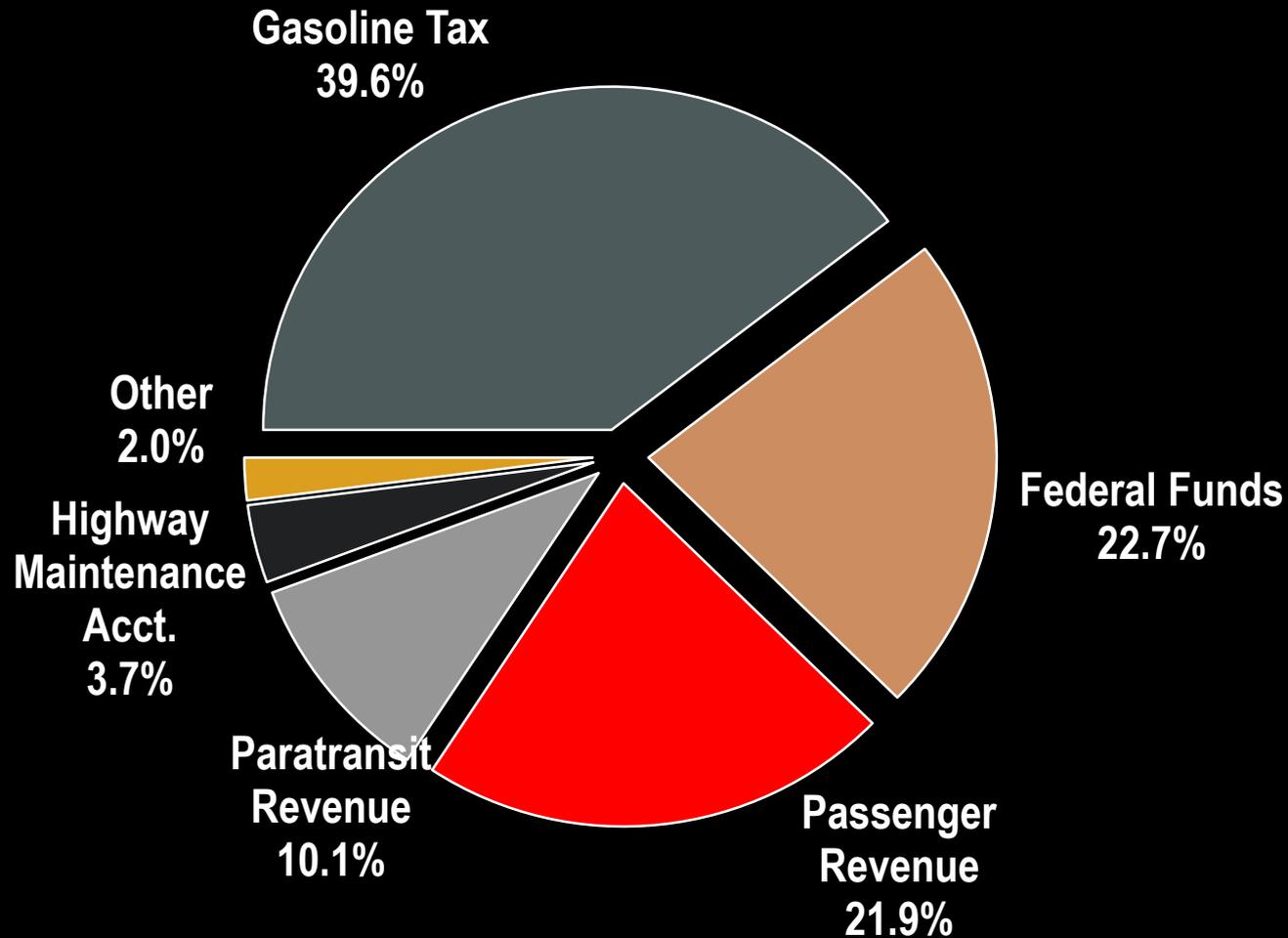
- FY 2010: 18.0 million
- FY 2011: 18.2 million
- FY 2012: 20.1 million
- FY 2013: 20.0 million
- FY 2014: 20.5 million
- FY 2015: 18.5 million
- Totals include 0.6 million to 0.7 million passengers annually on Ride Paratransit vehicles

Revenues

Sources	FY 2016	FY 2017
Gasoline Tax*	\$43.2	\$43.0
Federal Funds	22.5	24.7
Passenger Revenue	21.6	23.8
Paratransit Revenue	11.0	11.0
Highway Maintenance Account - 5.0%	2.8	4.0
State Support	2.0	-
Other	2.1	2.2
Total (\$ in millions)	\$105.2	\$108.7

**Does not reflect updated yield*

FY 2017 Revenue Sources



Gasoline Tax Proceeds (cents)

Entity	Share
Department of Transportation	19.25
<i>Public Transit Authority</i>	9.75
Turnpike and Bridge Authority	3.5
Elderly Transportation (DHS)	1.0
Environmental Protection Fee	0.5
Total	34.0

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	\$4.236	9.75	\$41.3
2015	\$4.396	9.75	\$42.9

**In millions*

Passenger Revenues

Sources	FY 2016	FY 2017
Farebox	\$13.6	\$14.7
Rite Care	1.9	1.9
RIPTIKS*	0.5	-
Monthly Passes	3.1	3.0
Senior Rides	2.5	2.5
Senior Rides at \$0.50	-	1.7
Total <i>(in millions)</i>	\$21.6	\$23.8

**Discontinued effective March 1, 2016*

RI Public Transit Authority

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

RI Public Transit Authority

2014 Assembly Change

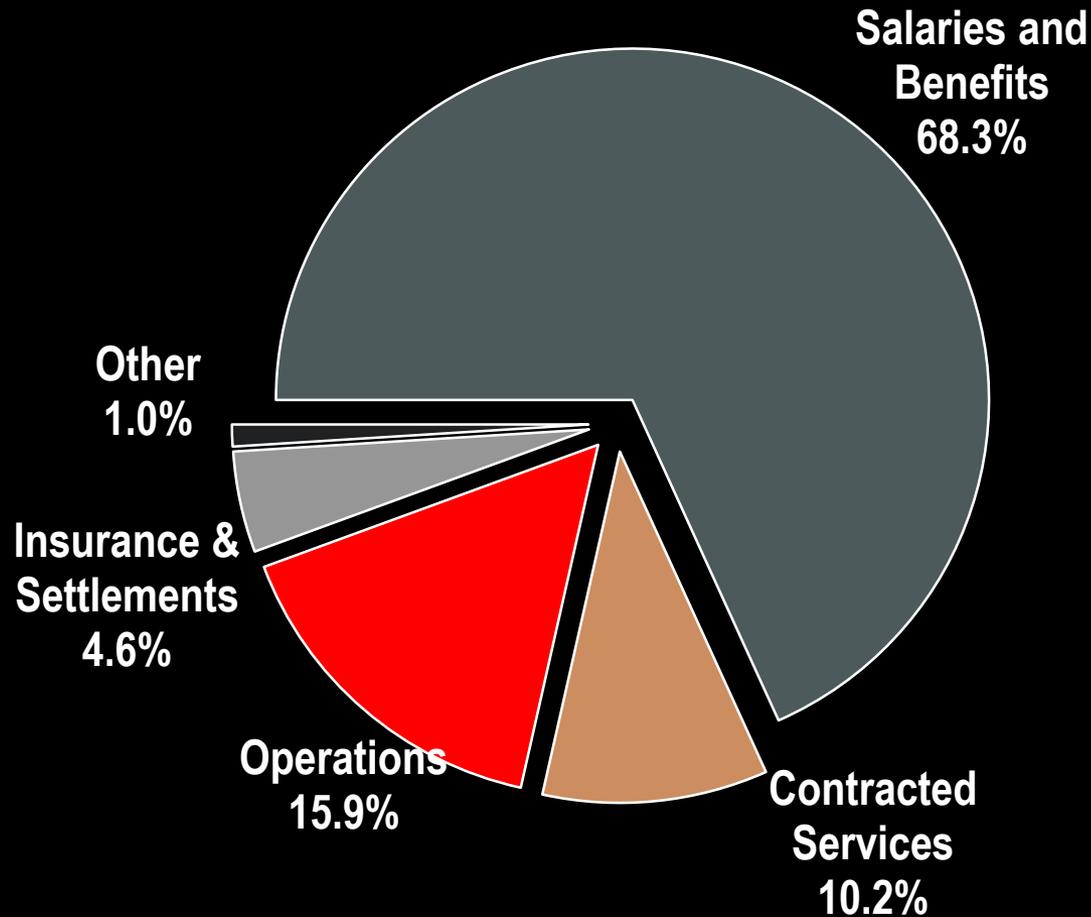
- Allocated 5.0% of funding from Highway Maintenance Account to RIPTA
 - Support operations beginning in FY 2016
 - Grow with increasing amounts of revenue in account
 - FY 2016 - \$2.8 million
 - FY 2017 - \$4.0 million
- Part of overall plan to dedicate more money to transportation

Expenditures

	FY 2016	FY 2017*	Change	%age Change
Salaries & Benefits	\$74.2	\$74.9	\$0.7	0.9%
Contracted Services	10.5	11.2	0.7	6.5%
Operations	15.6	17.4	1.8	11.6%
Insurance & Settlements	4.8	5.1	0.3	6.7%
All Other	0.9	1.1	0.1	10.5%
Total (<i>\$ in millions</i>)	\$106.0	\$109.6	\$3.6	3.3%

**Adjusted to reflect debt service of \$1.8 million is supported with general revenues*

FY 2017 Expenditures



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

FY 2017 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 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

FY 2017 Expenses

Operating expenses - \$17.4 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 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

Projections

- 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

Projections

- 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

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

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

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