



Interurban Transit Partnership

300 Ellsworth Avenue SW Grand Rapids, Michigan 49503-4005 616.456.7514 • Fax 616.456.1941

To: ITP Board

From: Alan Hartley

Date: August 4, 2006

Subject: FY 2007 PROPOSED BUDGET – EXECUTIVE SUMMARY

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Attached for your review and consideration is the Fiscal Year 2007 Proposed Budget. The budget totals \$45,936,309. The budget consists of two components, operating and grants. The operating portion totals \$27,587,184. The grants portion totals \$18,349,125. Operating expenses that are funded by grants, such as the County Connection program, have been extracted from the operating budget and placed in the grants budget. The Board can expect monthly reporting on both components in substantially the same format as is currently being presented in FY 2006.

On May 31, 2006, the ITP Board adopted budget formulation guidelines to be followed during budget preparation. A copy of those guidelines follows this letter. **All ITP Board budget formulation guidelines have been followed, including an additional budgeted contribution to the administrative defined benefit pension plan of \$150,000.**

The following are the services being purchased by the Board, for the community, in FY 2007:

- A projected 7.1 million rides on The Rapid's fixed route system. This figure includes an estimated 1.8 million rides provided through our contracts for service (GVSU, DASH, Davenport College, YMCA, and Alpine, Byron, Gaines, and Cascade Townships). In addition, fixed route buses will be in operation an estimated 307,000 hours and travel in excess of four (4) million miles.
- A projected 204,111 ADA demand response trips on The Rapid's Go! Bus system.
- A projected 167,872 demand response trips provided to clients of Kent County Community Mental Health.
- A projected 40,050 demand response trips provided through The Rapid's Passenger Adaptive Suburban Service (PASS).
- Maintenance services on 155 pieces of rolling stock (108 buses, eleven (11) DASH buses, twenty-five (25) service vehicles, and eleven (11) miscellaneous vehicles/equipment (front-end loader, fork lift etc.). These services include as needed repairs and an estimated 650, 6,000 mile preventive maintenance checks.

- Maintenance services on three (3) facilities (Rapid Central Station, Wealthy Operations Center, and the Ellsworth Administrative Headquarters) totaling nearly 200,000 square feet. In addition, maintenance services will be provided to 1,500 bus stops and 70 passenger shelters system wide.

Operating Budget

Operating revenues in FY 2007 are increasing a healthy 5.12% from the FY 2006 amended budget and 4.82% over FY 2006 projected actuals. Revenue projections are conservative and realistic. Operating revenue highlights:

- Linehaul fares are conservatively projected to increase 3.0% from the FY 2006 projected actual. In previous years, ridership growth has not necessarily correlated to increased revenue at the fare box. We have seen an unexplainable shift in this trend during FY 2006. To illustrate, linehaul fares are expected to exceed budget by nearly 11% this year. The last fare increase was approved by the Board in March 2003 and implemented in May 2003. Applying a CPI increase for subsequent years would increase the cash fare by \$0.15 to \$1.45. All other linehaul fare categories would be adjusted accordingly. While the budget does not contemplate a fare increase, staff is preparing fare structure modifications for Board consideration. These recommendations are currently scheduled for presentation to the Board in September 2006.
- The State Operating Assistance reimbursement percentage is projected to drop to 32.65% from 33.14% as calculated by MDOT. 32% has been conservatively budgeted. **If the percentage were to hold at 32.65, an additional \$178,772 in revenue would be generated.**
- Our partnership with Grand Valley State University continues to prove beneficial. While GVSU has not requested additional service hours in FY 2007, service hours and ridership have increased dramatically over the years.
- Property tax revenue is conservatively projected to increase 3.00% over the FY 2006 projected actual (includes a slight Headlee rollback). Property tax collections are expected to be \$10,062,673 in FY 2007.

Operating expenses in FY 2007 are increasing 5.05% from the FY 2006 amended budget and 7.09% over FY 2006 projected actuals. Expense projections are conservative and realistic. Operating expense highlights:

- Administrative wage expenses increase past inflation due to increasing the hours of three (3) current part-time employees, recommending the addition of one (1) part-time administrative assistant in the Specialized Services Department, and moving the funding of our Planning & Grants Manager from the grant budget to the operating budget. The Federal Transit Administration (FTA) has begun "discouraging" grantees from funding personnel costs from planning grants. We expect this trend to continue and anticipate making the same move in FY 2008 with our Public Outreach Coordinator.

- Over the past several years, great emphasis has been placed on controlling the cost of health insurance. Many strategies have been employed to combat escalating premiums. In 1997, a health insurance waiver program was implemented which has saved in excess of \$100,000 annually. In 1999, a prescription reimbursement program was introduced which has saved in excess of \$50,000 annually (this program ended in 2003). In 2003, employee co-pays were increased, an employee monthly contribution was introduced, and additional HMO (lower cost) providers offered. In 2005, co-pays were again increased and deductibles and co-insurance introduced. **These changes will continue to pay dividends in FY 2007 as health insurance costs are projected to increase only 2.1%.**
- The high range contribution has been budgeted to the administrative defined benefit pension plan (\$289,929). **An additional contribution to this plan of \$150,000 has also been budgeted.**
- At this point, worker's compensation insurance is budgeted to increase dramatically. As total payroll increases, a comparable increase in worker's compensation premium is expected. Our problem has been an increase in claims. Many of these claims are ergonomic in nature (back/shoulder injuries). These types of injuries are difficult to pinpoint and treat. These types of injuries also take longer to heal and are more likely to reoccur. In response, we are in the process of bolstering our efforts in the area of ergonomic training and proper driver seat adjustment. It is also safe to assume that we will be shopping our worker's compensation coverage prior to renewal.
- **Diesel fuel is budgeted at \$2.50 per gallon** with expected consumption of 940,000 gallons. The average cost this fiscal year has been \$2.17 per gallon. Prices fluctuated dramatically during the first quarter (between \$1.82 and \$2.90 per gallon). During January, February, and March, prices held below \$2.00 per gallon. By mid-April, prices had escalated to \$2.36 per gallon and hovered there into mid-July. Our last load of diesel was dumped at \$2.43 per gallon. We will continue to monitor cost and consumption closely. We are also exploring a promising group purchasing opportunity to reduce cost. The consortium is comprised of 34 public sector entities (transit properties, universities, and public schools) from Indiana, Ohio, Kentucky, Michigan, and Tennessee.
- A greater investment in front-line staff training and development is proposed in FY 2007. Funds are budgeted for Transportation Supervisors to attend safety/security and accident investigation training. Maintenance employees will be scheduled to attend training on issues specific to hybrid electric buses. The two hybrid electric buses currently on order are scheduled for production in January 2007 and are scheduled to enter service before the end of March.
- Marketing expenses are proposed to increase (nearly 40%). Most of this increase is attributable to the Airport Shuttle program. Staff is recommending that funding be available to effectively market the service. Customers will be surveyed to determine how they became aware of the shuttle. Once data is collected, the most effective and cost-efficient marketing approach will be deployed within budget parameters.

- **\$590,933 in Section 5307 funding has been utilized to balance the budget.** This number compares favorably to the current year and is well below the \$1 million authorized in the FY 2007 Budget Formulation Guidelines.

Airport Shuttle

The Airport Shuttle program is projected to operate at a deficit during FY 2007. Local revenues of \$103,320, over and above passenger fares and State Operating Assistance, may be required to support the service. Our conservative approach to budgeting may be driving this number artificially high. The service has been operating for less than seven (7) months and early ridership (January through May) was sluggish, averaging 0.618 passengers per hour. Ridership increased significantly in June (1.35 passengers per hour). July ridership through the 21st continues to show promise (1.01 passengers per hour). I believe ridership will continue to show promise through the end of FY 2006. The opening of the J.W. Marriot in the fall of 2007 should help. Staff is also working with the Convention and Visitors Bureau on a group sales program.

Staff will continue to monitor this service closely. Staff will be analyzing if we are operating the program at the appropriate times each day. Furthermore, we will be reviewing if the service should operate 365 days per year.

Budget Projection FY 2008 – FY 2012

While it is projected that there will be a continued reliance on Section 5307 funds to balance the budget, the amount needed seems to be manageable through FY 2012. Staff will continue to make every effort to control costs and enhance revenues when possible.

Grant Budget

The FY 2007 Grant Budget includes many notable investments:

- \$5.23 million has been budgeted for the purchase of fourteen (14) buses (including two (2) hybrid electric) and the replacement of ten (10) paratransit vehicles.
- A host of facility improvements are planned. At Rapid Central Station, "white box" build out of the lease space (\$330,000) and building improvements necessary for concession space development (\$245,090) is anticipated. Funding for concession space development will be provided by the Grand Rapids Downtown Development Authority.
- Several proposed land acquisitions will be brought to the Board for consideration. These include the purchase of City of Grand Rapids property, and Kent County property, both necessary to expand the Wealthy Street Operations Center. In addition, the purchase of DASH Area 6 (property directly south of the Rapid

Central Station platform) to provide parking for future Rapid Central Station tenants and to accommodate the likely relocation of the AMTRAK station.

- \$3.1 million is budgeted for the implementation of Bundle 1 Intelligent Transportation Systems (ITS) technologies.

Conclusion

It appears that many pivotal decisions will be facing the organization during FY 2007. Specifics regarding a future millage question will need to be addressed. Detailed plans regarding implementation of the Comprehensive Operational Analysis (COA) recommendations will need to be finalized. Decisions on land acquisition key to the Wealthy Operations Center expansion and AMTRAK station relocation will need to be made. I am confident in our collective ability to deal with these issues.

All Board members have received a full copy of the budget. All Board members are invited to the budget work session scheduled on Thursday, August 17th at 8:00 a.m. If you have any questions or comments regarding the budget, please feel free to contact me directly at (616) 774-1150 or at ahartley@ridetherapid.org.

To: ITP Board
From: Alan Hartley
Date: May 15, 2006
Subject: FY 2007 – BUDGET FORMULATION GUIDELINES

In February 2001, the ITP Board began a process of reviewing and approving guidelines to be followed during the formulation of the annual budget. This initial step in the budget process has led to productive discussion and expedited budget approval.

The following are the Fiscal Year 2007 budget formulation guidelines for Board consideration:

- A “current service” budget will be prepared. No additional service hours will be proposed.
- Projected cash balance shall not fall below 5% of budgeted annual expenses.
- Contribution to the administrative employee defined benefit pension plan shall be the high-range contribution. This contribution reflects a ten (10) year payment on the unfunded actuarial liability plus normal cost and interest. An additional contribution, above the high-range contribution, is desirable, if funding exists.
- Up to \$1 million in Section 5307 grant funds (over and above the amounts typically used in the operating budget) may be utilized to balance the budget. This is the amount currently programmed in the FY 2007 Section 5307 grant.
- The goal shall be that all contracts for service with the ITP be self-supporting. No locally derived ITP funds shall be used to subsidize these services, unless specifically approved by the Board.
- State Operating Assistance will be budgeted at 32% of eligible expenses (currently 33.14%). While it appears that additional funding will be appropriated (approximately \$3.3 million) for Local Bus Operating Assistance, eligible expense growth in Urban Metro systems (DDOT and SMART) will outpace the increase and drive down the percentage. MDOT has estimated the percentage will decrease approximately one-half percent from current.
- Unrestricted net assets shall not be used to balance the budget.

A special meeting has been scheduled for the ITP Finance Committee on August 17, 2006 at 8:00 a.m. to review and discuss the FY 2007 Proposed Budget.

INTERURBAN TRANSIT PARTNERSHIP BOARD

RESOLUTION NO. _____

Fiscal Year 2006

GENERAL APPROPRIATIONS ACT FOR FY 2007

Moved and supported to adopt the following resolution:

Whereas, the Interurban Transit Partnership, formed under Public Act 196, will levy 0.9500 mills of ad valorem property taxes for the purpose of providing public transportation services during FY 2007; and

Whereas, total expenditures do not exceed total revenues; and

Whereas, estimated revenues (by source) to be collected in the Operating Budget and Grant Budget are contained in the budget document presented to the ITP Board;

THEREFORE BE IT RESOLVED that the Interurban Transit Partnership Board hereby adopts the FY 2007 Operating and Grant Budgets as presented to the ITP Board on August 30, 2006.

BE IT FURTHER RESOLVED that the Interurban Transit Partnership Board has reviewed and hereby approves the FY 2007 Marketing and Communications Plan and authorizes the CEO to implement the provisions of the Plan.

BE IT FURTHER RESOLVED that the CEO, or his designee, is authorized to execute contracts to maintain employee fringe benefit programs as outlined in the Budget.

BE IT FURTHER RESOLVED that the Interurban Transit Partnership Board has reviewed and hereby approves the Costing for Contracted Services as presented.

BE IT FURTHER RESOLVED that funds in the budget (\$27,587,184 Operating and \$18,349,125 Grant) are appropriated for those purposes described in the budget, as required under Section 21 of Act 196 (Public Act of 1986, as amended).

CERTIFICATE

The undersigned, duly qualified and acting secretary of the Interurban Transit Partnership Board, certifies that the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Interurban Transit Partnership Board.

Robin Crothers, ITP Board Secretary

Date

INTERURBAN TRANSIT PARTNERSHIP
PERSONNEL AUTHORIZATION COMPARISON
FY 2007 BUDGET

Positions	FY 2006	FY 2006	FY 2006	
	Authorized	Current (6/30/05)	Proposed	
Senior Managers	13	13	13	
Supervisors & Admins.				
Operations Administration	13	12	13	
	4	4	4	
Professionals				
Operations Administration	2	2	2	
Service Development	3	3	3	
Customer Svc./Marketing	1	1	1	
Planning & Grants	2	2	2	
Special Services	3	2	3	
	0	0	0	Long Range Planner Position Frozen
Call Takers/Schedulers				
Special Services	7	6	7	Increase hours of one (1) current part-time position
Administrative Support				
Operations Administration	3	3	3	
Customer Svc./Marketing	4	4	4	Increase hours of two (2) current part-time positions
Special Services	5	5	5	
	1	1	2	Add part-time administrative support position
Total Admin. Personnel	61	58	62	
Bus Operators - Full Time				
Bus Operators - Full Time	160	170	166	
Bus Drivers - Part Time	20	16	20	
Mechanics - Fleet	25	25	25	
Mechanics - Facilities	3	3	3	
Total Union Personnel	208	214	214	
TOTAL PERSONNEL	269	272	276	

A - Includes 1 part time employee
B - Includes 2 part time employee
C - Includes 3 part time employees

COSTING OF CONTRACT SERVICES - FY 2007

LINEHAUL

Total Actual Vehicle Hours 286,665
 Total Actual Revenue Hours 274,245

		Cost per Vehicle Hour	Cost per Revenue Hour
Operations	\$12,154,128	\$42.40	\$44.32
Maintenance	\$3,454,333	\$12.05	\$12.60
Admin/Planning/Marketing	<u>\$5,078,254</u>	<u>\$17.71</u>	<u>\$18.52</u>
Total Linehaul	\$20,686,715	\$72.16	\$75.43
Less: State Operating (option)		\$49.79	\$52.05

PARATRANSIT

Go! Bus Mandated
 Purch. Transport.
 Cost as a % of
 Linehaul Costs
 Administration \$407,842

Go! Bus Purchased Transportation \$3,017,851
 Total Paratransit **\$3,425,693** 16.56%

	Cost per Vehicle Hour + 16.56% for Mandated Go! Bus	Cost per Revenue Hour + 16.56% for Mandated Go! Bus
Total Linehaul & Mandated Paratransit Operating Expenses	\$24,112,408 \$84.11	\$87.92
Less: State Operating (option)	\$58.04	\$60.67

Total operating expenses do not include Specialized Services, Rideshare, JARC, Depreciation, or other paratransit programs.

Service Statistics used in this analysis can be found in the 2005 National Transit Database Report.

Financial information taken from ITP Financial Statements year ended September 30, 2005.

State Operating revenue calculated using rate of 31%.

**Interurban Transit Partnership
Cash Flow Projection through FY 2007**
based on FY 07 proposed budget

	Beginning Cash Balance	Cash - In			Cash - Out		Beginning Cash Balance
		Property Taxes	All Other G.O. Rev.	All G.O. Expend.			
Balance of Fiscal Year 06							
July	\$3,367,203	\$459,171	\$1,223,522	\$2,041,373	\$3,008,523		
Aug	3,008,523	3,663,595	1,223,522	\$2,041,373	5,854,267		
Sep	5,854,267	4,826,176	1,223,522	\$2,041,373	9,862,592		
Fiscal Year 07							
Oct	\$9,862,592	\$273,548	\$1,460,376	\$2,298,932	\$9,297,584	9,769,588 estimated 06 levy	
Nov	9,297,584	97,696	\$1,460,376	\$2,298,932	8,556,724		
Dec	8,556,724	68,387	\$1,460,376	\$2,298,932	7,786,555	10,038,054 projected collections during fy07	
Jan	7,786,555	48,848	\$1,460,376	\$2,298,932	6,996,847		
Feb	6,996,847	48,848	\$1,460,376	\$2,298,932	6,207,139		
Mar	6,207,139	19,539	\$1,460,376	\$2,298,932	5,388,122		
Apr	5,388,122	9,770	\$1,460,376	\$2,298,932	4,559,336		
May	4,559,336	9,770	\$1,460,376	\$2,298,932	3,730,550		
June	3,730,550	244,240	\$1,460,376	\$2,298,932	3,136,234	27,587,184	
July	3,136,234	472,946	\$1,460,376	\$2,298,932	2,770,624	fy07 proposed budget	
Aug	2,770,624	3,773,502	\$1,460,376	\$2,298,932	5,705,570		
Sep	5,705,570	4,970,960	\$1,460,376	\$2,298,932	9,837,974		

For purposes of preparing this statement, projected totals were used to complete FY06.

Straightline projections for all general operating expenses and for general operating revenues except for property taxes which were based on past averages.

**INTERURBAN TRANSIT PARTNERSHIP
OPERATING REVENUE BY CATEGORY
FY 2007 BUDGET**

	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 AMENDED BUDGET	FY 2006 PROJECTED ACTUAL	FY 2007 PROPOSED BUDGET
PASSENGER FARES:					
Passenger Fares - Linehaul	\$2,956,825	\$3,010,429	\$2,902,077	\$3,220,882	\$3,317,523
Passenger Fares - Paratransit	\$572,362	\$491,062	\$478,733	\$489,612	\$507,455
Passenger Fares - Other	\$59,531	\$65,083	\$104,520	\$57,954	\$107,203
Passenger Fares - Airport	<u>\$0</u>	<u>\$0</u>	<u>\$178,133</u>	<u>\$66,125</u>	<u>\$165,375</u>
TOTAL FARES	\$3,588,718	\$3,566,574	\$3,663,463	\$3,834,573	\$4,097,556
SALE OF TRANSPORTATION SERVICES					
Community Mental Health	\$1,313,964	\$1,298,506	\$1,452,760	\$1,256,220	\$1,487,346
Downtown Area Shuttle	\$567,431	\$638,033	\$628,197	\$646,741	\$684,542
Grand Valley State University	\$682,474	\$1,008,851	\$1,390,705	\$1,390,705	\$1,448,000
Employment Transportation (Vanpool Lease)	\$9,000	\$15,922	\$43,703	\$31,812	\$55,934
Township Services	\$279,048	\$307,099	\$318,188	\$297,808	\$338,985
Other	<u>\$72,166</u>	<u>\$50,467</u>	<u>\$163,684</u>	<u>\$163,684</u>	<u>\$174,303</u>
TOTAL SALES	\$2,924,083	\$3,318,878	\$3,997,237	\$3,786,970	\$4,189,110
OTHER REVENUE & SUPPORT					
State Operating Assistance	\$6,909,901	\$8,152,749	\$8,627,839	\$8,542,140	\$8,801,131
Property Taxes	\$9,003,096	\$9,296,399	\$9,666,103	\$9,769,586	\$10,062,673
Advertising	\$43,187	\$36,418	\$38,000	\$55,882	\$60,000
Interest & Miscellaneous	<u>\$140,618</u>	<u>\$415,020</u>	<u>\$248,914</u>	<u>\$329,721</u>	<u>\$376,714</u>
TOTAL OTHER	\$16,096,802	\$17,900,586	\$18,580,856	\$18,697,329	\$19,300,518
TOTAL REVENUES	\$22,609,603	\$24,786,038	\$26,241,556	\$26,318,872	\$27,587,184
NET ASSETS					
Restricted (Total @ 9/30/00 = \$440,492)	\$440,492	\$440,492	\$440,492	\$440,492	\$440,492
Unrestricted Additions/(Losses)	\$2,006,634	\$438,077	\$0	\$473,453	\$0
Unrestricted Cumulative (\$5,707,567 @ 9/30/00)	\$8,452,925	\$8,891,002	\$8,891,002	\$9,364,455	\$9,364,455

**INTERURBAN TRANSIT PARTNERSHIP
OPERATING EXPENSE BY CATEGORY
FY 2007 BUDGET**

	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ACTUAL</u>	FY 2006 AMENDED <u>BUDGET</u>	FY 2006 PROJECTED <u>ACTUAL</u>	FY 2007 PROPOSED <u>BUDGET</u>
LABOR:					
Administrative Salaries	\$1,974,964	\$2,173,565	\$2,267,734	\$2,251,568	\$2,441,109
Driver Wages	\$4,962,411	\$5,647,897	\$5,963,268	\$6,023,225	\$6,158,748
Mechanics Wages	<u>\$857,958</u>	<u>\$937,481</u>	<u>\$1,001,371</u>	<u>\$1,006,751</u>	<u>\$1,048,219</u>
TOTAL LABOR	\$7,795,333	\$8,758,943	\$9,232,373	\$9,281,544	\$9,648,076
FRINGE BENEFITS:					
FICA	\$675,706	\$745,883	\$776,761	\$786,318	\$809,107
Pension	\$610,985	\$852,508	\$901,502	\$901,502	\$845,811
Group Medical	\$1,682,422	\$1,981,986	\$2,129,213	\$2,107,151	\$2,173,715
Unemployment Insurance	\$56,999	\$77,507	\$84,735	\$84,735	\$86,310
Workers Compensation	\$291,189	\$323,984	\$296,906	\$335,318	\$425,000
Sick Leave	\$124,506	\$132,521	\$128,915	\$128,915	\$131,646
Holiday	\$211,621	\$235,259	\$258,635	\$258,635	\$271,712
Vacation	\$490,917	\$550,428	\$592,369	\$592,369	\$627,163
Bereavement	\$7,925	\$14,307	\$13,630	\$13,630	\$14,000
Uniform Allowance	\$57,213	\$63,759	\$68,537	\$68,537	\$74,484
Personal Days - Union	\$142,438	\$135,934	\$184,404	\$184,404	\$173,166
Fringe Benefits Distributed to Grants	<u>(\$79,132)</u>	<u>(\$87,447)</u>	<u>(\$104,788)</u>	<u>(\$104,788)</u>	<u>(\$83,336)</u>
TOTAL FRINGE BENEFITS	\$4,272,789	\$5,026,629	\$5,330,819	\$5,356,726	\$5,548,778
TOTAL LABOR & FRINGES	\$12,068,122	\$13,785,572	\$14,563,192	\$14,638,269	\$15,196,854
SERVICES:					
Audit, Legal & Consultant	\$150,961	\$164,002	\$187,400	\$187,400	\$181,900
Contract Service (Janitorial, Bus Cleaning, Fuel Lane & Shelter Snow Removal)	\$569,474	\$639,357	\$731,360	\$667,604	\$712,589
Contract Services (Maintenance)	\$19,056	\$0	\$0	\$0	\$0
Other Services	<u>\$245,555</u>	<u>\$414,386</u>	<u>\$495,501</u>	<u>\$399,428</u>	<u>\$413,186</u>
TOTAL SERVICES	\$985,046	\$1,217,745	\$1,414,261	\$1,254,432	\$1,307,675
MATERIAL & SUPPLIES:					
Fuel & Lubricants	\$923,135	\$1,542,851	\$2,183,512	\$2,160,384	\$2,521,077
Tires & Tubes	\$7,149	\$6,958	\$15,976	\$12,255	\$14,490
Office Supplies	\$40,530	\$46,041	\$61,221	\$41,157	\$51,372
Printing	\$58,782	\$68,983	\$104,112	\$67,786	\$78,275
Repair Parts	\$568,208	\$667,834	\$717,126	\$707,041	\$754,965
Supplies - Other	<u>\$62,503</u>	<u>\$65,614</u>	<u>\$67,336</u>	<u>\$54,407</u>	<u>\$73,780</u>
TOTAL MATERIAL & SUPPLIES	\$1,660,307	\$2,398,281	\$3,149,283	\$3,043,031	\$3,493,959
UTILITIES:					
Electronic Communications	\$53,612	\$52,002	\$64,020	\$55,351	\$62,251
Gas Heat	\$83,579	\$166,998	\$222,336	\$185,878	\$192,213
Electric	\$138,899	\$171,556	\$189,120	\$185,822	\$195,219
Other	<u>\$32,067</u>	<u>\$37,846</u>	<u>\$39,438</u>	<u>\$31,188</u>	<u>\$33,231</u>
TOTAL UTILITIES	\$308,157	\$428,402	\$514,914	\$458,239	\$482,914
CASUALTY & LIABILITY COSTS:					
PL & PD Insurance	\$580,947	\$704,775	\$522,831	\$182,831	\$536,024
Building & Other Insurance	<u>\$110,453</u>	<u>\$102,311</u>	<u>\$154,359</u>	<u>\$142,349</u>	<u>\$141,413</u>
TOTAL CASUALTY & LIABILITY	\$691,400	\$807,086	\$677,190	\$325,180	\$677,437
TOTAL	\$27,658	\$0	\$0	\$0	\$0
PURCHASED TRANSPORTATION	\$2,750,093	\$2,806,092	\$3,005,645	\$2,943,532	\$3,182,610

**INTERURBAN TRANSIT PARTNERSHIP
OPERATING EXPENSE BY CATEGORY - CONTINUED
FY 2007 BUDGET**

	<u>FY 2004 ACTUAL</u>	<u>FY 2005 ACTUAL</u>	<u>FY 2006 AMENDED BUDGET</u>	<u>FY 2006 PROJECTED ACTUAL</u>	<u>FY 2007 PROPOSED BUDGET</u>
PURCHASED TRANSPORTATION - COMMUNITY MENTAL HEALTH	\$1,947,506	\$1,858,420	\$1,994,152	\$1,736,561	\$2,098,400
PURCHASED TRANSPORTATION - OTHER PROGRAMS	\$20,974	\$3,668	\$33,000	\$23,108	\$18,000
PURCHASED TRANSPORTATION - SUBURBAN PARATRANSIT	\$518,832	\$637,599	\$710,584	\$685,143	\$730,964
PURCHASED TRANSPORTATION - AIRPORT SHUTTLE	\$0	\$0	\$221,043	\$235,043	\$337,640
OTHER EXPENSES:					
Dues & Subscriptions	\$45,319	\$47,987	\$56,196	\$56,196	\$56,925
Professional Development	\$46,207	\$76,158	\$96,488	\$74,373	\$121,747
Promotion	\$94,691	\$96,059	\$119,450	\$119,450	\$167,100
Community Outreach	\$73,009	\$95,577	\$100,000	\$100,000	\$110,000
Office Equipment	\$7,607	\$8,793	\$12,868	\$12,501	\$12,912
Shop Tools	\$17,121	\$12,924	\$23,020	\$22,025	\$26,280
Miscellaneous	\$27,456	\$23,139	\$61,631	\$48,835	\$73,050
TOTAL OTHER EXPENSES	\$311,410	\$360,637	\$469,653	\$433,381	\$568,014
OFFICE LEASE/PARKING	\$7,284	\$0	\$0	\$0	\$0
NET SURPLUS/(DEFICIT)	\$2,006,634	\$438,077	\$0	\$473,453	\$0
TRANSFER OUT - GRANT BUDGET	\$46,180	\$44,459	\$69,500	\$69,500	\$83,650
OPERATING EXPENSES - CAPITALIZED	(\$740,000)	\$0	(\$580,861)	\$0	(\$590,933)
TOTAL EXPENDITURES	\$22,609,603	\$24,786,038	\$26,241,556	\$26,318,872	\$27,587,184

**INTERURBAN TRANSIT PARTNERSHIP
GRANT REVENUES & EXPENDITURES
FY 2007 BUDGET**

REVENUES

	FY 2006 AMENDED	FY 2007 PROPOSED
Federal Grant Assistance	\$9,422,002	\$13,749,162
State Grant Assistance	\$3,031,295	\$4,100,389
Use of Restricted Net Assets	\$0	\$0
Other Local - DDA	\$110,090	\$415,924
Transfer In - Operating Budget	\$69,500	\$83,650
TOTAL GRANT REVENUES	\$12,632,887	\$18,349,125

EXPENDITURES

Description	FY 2006 AMENDED	FY 2007 PROPOSED	FY 2007 Federal	FY 2007 State	FY 2007 Local	FY 2007 Other
Administrative Salaries	\$202,608	\$154,590	\$77,645	\$72,640	\$4,306	\$0
Fringe Benefit Distribution	\$104,788	\$83,336	\$44,258	\$33,546	\$5,532	\$0
TOTAL LABOR	\$307,396	\$237,926	\$121,902	\$106,186	\$9,838	\$0
Tires & Tubes	\$95,000	\$76,000	\$60,800	\$15,200	\$0	\$0
Office Supplies	\$0	\$200	\$0	\$200	\$0	\$0
Printing	\$0	\$4,000	\$0	\$4,000	\$0	\$0
TOTAL MATERIAL & SUPPLIES	\$95,000	\$80,200	\$60,800	\$19,400	\$0	\$0
Purchased Transportation	\$859,564	\$1,010,764	\$621,617	\$389,147	\$0	\$0
Specialized Services	\$428,852	\$406,791	\$0	\$406,791	\$0	\$0
TOTAL PURCHASED TRANS.	\$1,288,416	\$1,417,555	\$621,617	\$795,938	\$0	\$0
Dues & Subscriptions	\$0	\$4,300	\$0	\$4,300	\$0	\$0
Professional Development	\$0	\$4,000	\$0	\$4,000	\$0	\$0
Promotion	\$0	\$8,167	\$0	\$8,167	\$0	\$0
TOTAL OTHER EXPENSES	\$0	\$16,467	\$0	\$16,467	\$0	\$0
Office Lease	\$0	\$0	\$0	\$0	\$0	\$0
Transit Center Lease	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL LEASES	\$0	\$0	\$0	\$0	\$0	\$0
Rolling Stock	\$3,336,608	\$5,409,000	\$4,327,200	\$1,081,800	\$0	\$0
Facilities	\$2,612,042	\$4,138,090	\$3,114,400	\$778,600	\$0	\$245,090
Equipment	\$248,550	\$350,000	\$280,000	\$70,000	\$0	\$0
Other	\$3,613,714	\$5,370,834	\$4,160,000	\$1,040,000	\$0	\$170,834
TOTAL CAPITAL	\$9,810,914	\$15,267,924	\$11,881,600	\$2,970,400	\$0	\$415,924
TOTAL PLANNING SERVICES	\$550,300	\$738,120	\$590,496	\$73,812	\$73,812	\$0
TOTAL CAPITALIZED OPERATING	\$580,861	\$590,933	\$472,746	\$118,187	\$0	\$0
TOTAL GRANT EXPENDITURES	\$12,632,887	\$18,349,125	\$13,749,162	\$4,100,389	\$83,650	\$415,924

To: ITP Board

From: Alan Hartley

Date: July 24, 2006

Re: Operating Budget Projection: FY 2008 – FY 2012

Attached for your review is an operating budget projection for fiscal years 2008 through 2012. These projections are based on the FY 2007 Proposed Budget.

Key Assumptions:

Revenue and expense projections are based on current service levels.

Revenues increase from year-to-year based on historical trends, except for State Operating Assistance, which is assumed to decrease one-half (1/2) percent per year.

Airport shuttle fares, vanpool lease, advertising and miscellaneous revenues are held flat through FY 2012.

Expenses increase from year-to-year based on an inflationary factor and/or historical trends.

Diesel fuel has been projected to increase only slightly from year-to-year due to the historically high prices we are currently paying.

Key Result:

Section 5307 funds necessary to balance the budget remain relatively stable, never exceeding \$800,000. This number compares favorably with other large urban systems in the State. The five (5) year projection emphasizes the organizations continued commitment to providing efficient and cost effective services.

INTERURBAN TRANSIT PARTNERSHIP
 OPERATING EXPENSE BY CATEGORY
 FY 2007 BUDGET - FY 2012 PROJECTED

	FY 2007 PROPOSED BUDGET	FY 2008 PROJECTED	FY 2009 PROJECTED	FY 2010 PROJECTED	FY 2011 PROJECTED	FY 2012 PROJECTED
LABOR:						
Administrative Salaries	\$2,441,109	\$2,514,342	\$2,589,773	\$2,667,466	\$2,747,490	\$2,829,914
Driver Wages	\$6,158,748	\$6,312,717	\$6,470,535	\$6,632,298	\$6,798,105	\$6,968,058
Mechanics Wages	<u>\$1,048,219</u>	<u>\$1,074,424</u>	<u>\$1,101,285</u>	<u>\$1,128,817</u>	<u>\$1,157,038</u>	<u>\$1,185,964</u>
TOTAL LABOR	\$9,648,076	\$9,901,483	\$10,161,592	\$10,428,581	\$10,702,633	\$10,983,936
FRINGE BENEFITS:						
FICA	\$809,107	\$831,725	\$853,574	\$876,001	\$899,021	\$922,651
Pension	\$845,811	\$854,269	\$862,812	\$871,440	\$880,154	\$888,956
Group Medical	\$2,173,715	\$2,238,926	\$2,306,094	\$2,375,277	\$2,446,535	\$2,519,931
Unemployment Insurance	\$86,310	\$88,036	\$89,797	\$91,593	\$93,425	\$95,293
Workers Compensation	\$425,000	\$435,665	\$447,110	\$458,858	\$470,916	\$483,293
Sick Leave	\$131,646	\$135,595	\$139,663	\$143,853	\$148,169	\$152,614
Holiday	\$271,712	\$278,505	\$285,467	\$292,604	\$299,919	\$307,417
Vacation	\$627,163	\$642,842	\$658,913	\$675,386	\$692,271	\$709,577
Bereavement	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Uniform Allowance	\$74,484	\$75,974	\$77,493	\$79,043	\$80,624	\$82,236
Personal Days - Union	\$173,166	\$177,495	\$181,933	\$186,481	\$191,143	\$195,921
Fringe Benefits Distributed to Grants	<u>(\$83,336)</u>	<u>(\$85,836)</u>	<u>(\$88,411)</u>	<u>(\$91,063)</u>	<u>(\$93,795)</u>	<u>(\$96,609)</u>
TOTAL FRINGE BENEFITS	\$5,548,778	\$5,687,197	\$5,828,445	\$5,973,472	\$6,122,381	\$6,275,281
TOTAL LABOR & FRINGES	\$15,196,854	\$15,588,680	\$15,990,037	\$16,402,053	\$16,825,014	\$17,259,217
SERVICES:						
Audit, Legal & Consultant	\$181,900	\$186,448	\$191,109	\$195,886	\$200,784	\$205,803
Contract Service (Janitorial, Bus Cleaning, Fuel Lane & Shelter Snow Removal)	\$712,589	\$726,841	\$741,378	\$756,205	\$771,329	\$786,756
Other Services	<u>\$413,186</u>	<u>\$421,450</u>	<u>\$429,879</u>	<u>\$438,476</u>	<u>\$447,246</u>	<u>\$456,191</u>
TOTAL SERVICES	\$1,307,675	\$1,334,738	\$1,362,365	\$1,390,568	\$1,419,359	\$1,448,750
MATERIAL & SUPPLIES:						
Fuel & Lubricants	\$2,521,077	\$2,546,288	\$2,571,751	\$2,597,468	\$2,623,443	\$2,649,677
Tires & Tubes	\$14,490	\$14,780	\$15,075	\$15,377	\$15,684	\$15,998
Office Supplies	\$51,372	\$51,886	\$52,405	\$52,929	\$53,458	\$53,992
Printing	\$78,275	\$80,623	\$83,042	\$85,533	\$88,099	\$90,742
Repair Parts	\$754,965	\$770,064	\$785,466	\$801,175	\$817,198	\$833,542
Supplies - Other	<u>\$73,780</u>	<u>\$75,256</u>	<u>\$76,761</u>	<u>\$78,296</u>	<u>\$79,862</u>	<u>\$81,459</u>
TOTAL MATERIAL & SUPPLIES	\$3,493,959	\$3,538,896	\$3,584,499	\$3,630,778	\$3,677,745	\$3,725,412
UTILITIES:						
Electronic Communications	\$62,251	\$63,496	\$64,766	\$66,061	\$67,382	\$68,730
Gas Heat	\$192,213	\$196,057	\$199,978	\$203,978	\$208,058	\$212,219
Electric	\$195,219	\$199,123	\$203,106	\$207,168	\$211,311	\$215,538
Other	<u>\$33,231</u>	<u>\$33,896</u>	<u>\$34,574</u>	<u>\$35,265</u>	<u>\$35,970</u>	<u>\$36,690</u>
TOTAL UTILITIES	\$482,914	\$492,572	\$502,424	\$512,472	\$522,722	\$533,176
CASUALTY & LIABILITY COSTS:						
PL & PD Insurance	\$536,024	\$546,744	\$557,679	\$568,833	\$580,210	\$591,814
Building & Other Insurance	<u>\$141,413</u>	<u>\$144,241</u>	<u>\$147,126</u>	<u>\$150,069</u>	<u>\$153,070</u>	<u>\$156,131</u>
TOTAL CASUALTY & LIABILITY	\$677,437	\$690,986	\$704,805	\$718,902	\$733,280	\$747,945
PURCHASED TRANSPORTATION	\$3,182,610	\$3,278,088	\$3,376,431	\$3,477,724	\$3,582,056	\$3,689,517
PURCHASED TRANSPORTATION - COMMUNITY MENTAL HEALTH	\$2,098,400	\$2,119,384	\$2,140,578	\$2,161,984	\$2,183,603	\$2,205,439
PURCHASED TRANSPORTATION - OTHER PROGRAMS	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
PURCHASED TRANSPORTATION - SUBURBAN PARATRANSIT	\$730,964	\$752,893	\$775,480	\$798,744	\$822,706	\$847,388

INTERURBAN TRANSIT PARTNERSHIP
 OPERATING EXPENSE BY CATEGORY - CONTINUED
 FY 2007 BUDGET - FY 2012 PROJECTED

	FY 2007 PROPOSED BUDGET	FY 2008 PROJECTED	FY 2009 PROJECTED	FY 2010 PROJECTED	FY 2011 PROJECTED	FY 2012 PROJECTED
PURCHASED TRANSPORTATION - AIRPORT SHUTTLE	\$337,640	\$347,769	\$358,202	\$368,948	\$380,017	\$391,417
OTHER EXPENSES:						
Dues & Subscriptions	\$56,925	\$58,064	\$59,225	\$60,409	\$61,617	\$62,850
Professional Development	\$121,747	\$121,747	\$121,747	\$121,747	\$121,747	\$121,747
Promotion	\$167,100	\$167,100	\$167,100	\$167,100	\$167,100	\$167,100
Community Outreach	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Office Equipment	\$12,912	\$13,170	\$13,434	\$13,702	\$13,976	\$14,256
Shop Tools	\$26,280	\$26,280	\$26,280	\$26,280	\$26,280	\$26,280
Miscellaneous	\$73,050	\$73,050	\$73,050	\$73,050	\$73,050	\$73,050
TOTAL OTHER EXPENSES	\$568,014	\$569,411	\$570,835	\$572,289	\$573,771	\$575,283
TRANSFER OUT - GRANT BUDGET	\$83,650	\$158,650	\$158,650	\$100,000	\$100,000	\$100,000
OPERATING EXPENSES - CAPITALIZED	(\$590,933)	(\$737,241)	(\$772,545)	(\$723,592)	(\$759,754)	(\$796,024)
TOTAL EXPENDITURES	\$27,587,184	\$28,152,827	\$28,769,762	\$29,428,869	\$30,078,518	\$30,745,520