



**REGIONAL
TRANSIT AUTHORITY**
OF SOUTHEAST MICHIGAN

Finance and Budget Committee

Thursday, August 20, 2015

12:30 PM

Regional Transit Authority of Southeast Michigan

1001 Woodward Ave., Suite 1400

Detroit, MI 48226

AGENDA

1. Call to order
2. Approval of Agenda
3. Approval of the April 16, 2015 meeting summary
4. Public comment
5. Treasurer's Report – Action
6. Proposed Budget Amendment - Action
7. New Business
8. Adjourn

The Committee may, at its discretion, revise this agenda or take up any other issues as need and time allow.

Requests for reasonable accommodations at RTA meetings require advance reservations. Individuals with disabilities requiring assistance should contact RTA Information Services at least 48 hours in advance of the meeting. Contact Virginia Lickliter at 313-402-1020. Documents and information are available in a variety of formats. Contact the RTA Information Center at info@rtamichigan.org or call 313-402-1020 to discuss your format need. Further information can be found at www.rtamichigan.org or by calling Virginia Lickliter at 313-402-1020.

Proposed Meeting Summary
Regional Transit Authority
Finance and Budget Committee Meeting
Thursday, April 16, 2015

1. Call to order at 2:28 PM

Committee Members Present:

Tim Soave, Chair; Freman Hendrix; Dr. Curtis Ivery; Alma Smith; Don Morandini

RTA Representatives Present:

Michael Ford; Tiffany Gunter; Travis Gonyou; Virginia Lickliter; Benjamin Stupka

2. Approval of Agenda

Moved by Dr. Curtis Ivery and supported by Alma Smith to approve the agenda. Approved unanimously.

3. Approval of the March 19, 2015 Finance and Budget Committee Meeting Summary

Moved by Alma Smith and supported by Don Morandini to approve the Meeting Summary. Approved unanimously.

4. Public comment

Jim Casha, Norwich, Ontario

Mr. Casha commented that the Michigan State Fair Grounds could make the RTA money. He stated that currently the Grand Trunk Railroad is renting 24 acres of the fairgrounds from the State of Michigan and paying them \$18,000 per month which is \$216,000 per year. He also stated that Joe Dumars is paying \$50,000 per year for building rental. He additionally stated that a fair could generate \$1,000,000 in ten days and that the RTA could pay someone 50% to run the fair, netting \$500,000 for the RTA. He stated that year-round facility rentals could also generate revenue for the RTA. He commented that instead of offering development incentives, a transportation system could receive development fees from developers to have a key piece of property near transportation as well as additional tax revenue, concession rents, parking revenue and naming rights.

5. March 2015 Treasurer's Report – Action

Dr. Curtis Ivery reported that for the month of March 2015, the RTA had \$99,092 in expenses. That amount is 27% under the projected monthly budget of \$136,600. Primarily, the expenses consist of staff compensation, fringe benefits, administrative contracts and operational expenses.

Tiffany Gunter noted that the fringe cost for the month was almost equal to the salary expense. She noted that the primary fringe expense for March was a contribution to staff's 401(a) for the period of October through December 2014. The year-to-date fringe rate is within the RTA's budget at approximately 45%.

Dr. Ivery continued to report that legal expenses were for the review of the Procurement Policy, Airport RFP and employee benefits. The hardware/software expense was for staff computers. Travel expenses include expenses for trips to the APTA CEO's Conference in Phoenix and the APTA Legislative Conference in Washington DC which included visits to Congressional delegates. Year to date expenses are \$356,856.

Alma Smith noted that legal expenses are approximately half of the budgeted expense. Michael Ford noted that the amount is fiscal year-to-date which began on October 1, 2014 and that the expense is on track to be within budget. Noting no expense for rent, Ms. Smith asked if the RTA was looking at office space in the 1001 Woodward building. Michael Ford stated that staff is currently looking at opportunities.

Moved by Dr. Curtis Ivery and supported by Alma Smith to recommend the Treasurer's Report to the full board. Approved unanimously.

6. Accounting Policies and Procedures Manual – Action

Tiffany Gunter introduced representatives from Alan Young and Associates that were in attendance to answer questions regarding the Accounting Policies and Procedures Manual.

Freman Hendrix asked what Alan Young and Associates had done for the RTA. Ms. Gunter reported that they had assisted the RTA in setting up a system of accounts, in acquiring accounting software and in creating the policies and procedures manual and will continue in assisting the RTA on accounting matters.

Alma Smith noted that the second paragraph of the introduction refers to "public transportation in the four county region, including the City of Detroit". She stated that the RTA is made up of the four counties and the City of Detroit and that the introduction should state "and the City of Detroit" instead of "including".

Moved by Don Morandini and supported by Alma Smith to recommend the Accounting Policies and Procedures Manual to the full board for adoption as amended. Approved unanimously.

7. System of Accounts – Update

Nothing new to report

8. New Business

9. Meeting adjourned at 2:39 PM

DRAFT



REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

As created under Public Act 387 of 2012

Treasurer's Report

Report for the month of: July 2015

RTA BOARD

CHAIR
Paul Hillegonds

VICE CHAIR
Elisabeth Gerber

SECRETARY
Mark Gaffney

TREASURER
Dr. Curtis Ivery

Freman Hendrix
Don Morandini
Chuck Moss
Roy Rose
Alma Wheeler Smith
Timothy Soave

	Beginning Balance FY 15				\$	571,381.00
REVENUES	Monthly	Obligated	YTD	Budget	Remaining	
Beginning Balance FY 15	-	-	-	571,381	571,381	
Federal Grants (Administration)	15,915.00	-	35,398	259,200	223,802	
State Match (Administration)	3,978.75	-	8,849	64,800	55,951	
State Revenue	-	-	400,000	900,000	500,000	
Other	-	-	-	100,000	100,000	
TOTAL REVENUE:	19,894	-	444,247	1,895,381	1,451,134	
EXPENSES:	Monthly	Obligated	YTD	Budget	Remaining	
Salary	68,635	-	373,408	571,367	197,958	
Fringe	31,238	-	154,779	258,063	103,284	
Total Compensation	99,873	-	528,188	829,430	301,242	
Administrative Contracts						
D&O Liability Insurance	-	-	-	20,000	20,000	
Legal	650	-	60,838	75,000	14,162	
ASO	-	-	-	3,000	3,000	
Accounting Services	-	-	5,360	15,000	9,640	
Audit	-	-	-	15,000	15,000	
Website	-	-	4,500	12,500	8,000	
Communications	-	-	30,400	50,000	19,600	
Public Education Initiatives	-	-	2,737	100,000	97,264	
User Satisfaction Survey	-	-	-	150,000	150,000	
IT Support	-	-	-	7,600	7,600	
Other Contract	-	-	12,726	25,000	12,274	
Total Administrative Contracts	650	-	116,560	473,100	356,540	
Marketing/Printed Materials*	-	24,253	7,296	200,000	168,451	
Rent	-	-	-	20,000	20,000	
Hardware/Software	-	-	2,266	20,000	17,734	
Phone Equipment	-	-	-	2,500	2,500	
Phone and Internet Service Fees	970	-	3,155	5,780	2,625	
Supplies	564	-	3,265	5,000	1,735	
Utilities	-	-	-	1,200	1,200	
Furniture	-	-	-	15,000	15,000	
Meetings/Retreats	694	-	9,356	40,000	30,644	
Travel/Professional Development	3,882	-	30,276	35,000	4,724	
Subscriptions/Memberships	2,750	-	8,306	10,000	1,694	
Board Reimbursement	261	-	1,969	15,000	13,031	
Miscellaneous Expense	779	-	1,623	-	(1,623)	
TOTAL EXPENSES:	109,644	24,253	712,259	1,672,010	937,120	

Treasurer's Signature:

Dr. Curtis L. Ivery

* Future obligation of Marketing/Printed Materials - Maps - \$24,253



**REGIONAL
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OF SOUTHEAST MICHIGAN

DATE: Thursday, August 20, 2015
TO: Finance and Budget Committee
FROM: Michael G. Ford
SUBJECT: FY2016 Proposed RTA Budget Amendment

Attached is the proposed budget amendment for FY2016.

Please take a moment to review the worksheet. The following provides a brief narrative on the structure of the attached document and a high level summary of changes being proposed for the FY2016 budget.

The document is divided into three sections grouped by FY2015, FY2016, and FY2017.

The first through fourth columns of the worksheet provide details related to the current 2015 fiscal year.

- The first column under FY2015 illustrates the initial budget presented in November 2014 planned for the fiscal year,
- The second and third columns detail the anticipated dollar amount and percentage spent relative to the original budget by line item.
- The fourth column calculates the difference between the budget and projected year end actuals.

During the FY2015, the RTA is pleased to report that the organization has remained \$742,000 under budget. Significant savings were realized with regard to total compensation, fewer administrative contracts, marketing materials, and office space related savings.

The fifth through seventh columns of the worksheet provide details related to the 2016 fiscal year.

- The fifth column illustrates the proposed budget for FY2016 as presented in the three year budget in November 2014.
- The sixth column (shown in green) identifies opportunities for adjusting the FY2016 budget.

- The seventh column represents the difference between the original budget for FY16 and the proposed amendment.

During the FY2016, the RTA proposes to increase the legal fees line item by \$25,000. The line item was utilized 100% in the previous year and the RTA anticipates further legal questions will arise in the ballot year. The RTA added a line item to support the legislative services contract. Additionally, the entire user and general satisfaction survey expenditure will be realized in FY2016. The Other Contract line item was increased by \$25,000 to provide some flexibility in preparing for the unknowns in the coming year. Finally, all expenses related to office space have been eliminated. The RTA has been extended an invitation to remain in the existing office space, provided by SEMCOG until a long term funding source has been secured.

The eighth and ninth columns of the worksheet provide details related to the 2017 fiscal year. The committee may recall, the first three year budget projected a deficit of just over \$1 million in FY2017. The team has significantly reduced the projected deficit for FY2017, which is now \$166,740.

The RTA will continue the stated commitment of reducing the deficit in FY2017 as we operate through the FY2016. The committee is asked to review the worksheet and offer a recommendation to the Board of Directors to approve the budget amendment as proposed.

2015-2016 Proposed Administrative Budget Amendment

	1	2	3	4	5	6	7	8	9
	10/1/2014-9/30/2015				10/1/15 - 9/30/2016			10/1/16-9/30/17	
	FY2015 Proposed Budget	FY2015 Close Out \$ Projection	FY 2015 Close Out % Projection	Difference/ Savings	FY2016 Budget Projection	FY2016 Proposed Amendment	Difference	FY2017 Budget Projection	FY 2017 Proposed Amendment
Revenue									
Beginning Balance	571,381				223,371	965,129		196,081	1,156,610
Federal Revenue (Administration)	259,200				276,000	276,000		-	-
State Match (Administration)	64,800				55,200	55,200		-	-
State Revenue	900,000				1,100,000	1,100,000		-	-
Other Revenue/Contributions	100,000				200,000	200,000		200,000	0
Total Revenue	1,895,381				1,854,571	2,596,329		396,081	1,156,610
Expenditures									
Salary	571,367	468,084	71%	103,283	631,013	631,013	-	643,633	643,633
Fringe	257,083	188,571	56%	68,512	315,506	315,506	-	321,817	321,817
Worker's Compensation Insurance	980	980	100%	-	1,200	1,200	-	1,400	1,400
Total Compensation	829,430	657,635		171,795	947,719	947,719	-	966,850	966,850
D & O Liability Insurance	20,000	19,433	97%	567	20,000	20,000	-	22,000	22,000
Legal	75,000	75,000	100%	-	75,000	100,000	(25,000)	50,000	50,000
ASO	3,000	-	0%	3,000	3,000	-	3,000	3,000	3,000
Accounting Services	15,000	7,000	47%	8,000	10,000	10,000	-	10,000	10,000
Audit	15,000	-	-	15,000	15,000	15,000	-	15,000	15,000
Website	12,500	5,000	40%	7,500	2,500	2,000	500	2,500	0
Lobbyist (New Line Item)	-	6,000	-	(6,000)	-	40,000	(40,000)	-	28,000
Communications	50,000	34,900	70%	15,100	50,000	54,000	(4,000)	50,000	42,000
Public Education Initiatives	100,000	8,737	9%	91,263	200,000	-	200,000	25,000	-
User Satisfaction Survey	150,000	-	0%	150,000	-	150,000	(150,000)	-	-
IT Support	7,600	-	0%	7,600	17,100	10,000	7,100	11,400	5,000
Other Contract	25,000	15,226	61%	9,774	-	50,000	(50,000)	25,000	10,000
Administrative Contracts	473,100	171,296		301,804	392,600	285,500	107,100	213,900	185,000
Marketing/Printed Materials	200,000	32,049	16%	167,951	150,000	100,000	50,000	100,000	75,000
Rent (no move pre ballot initiative)	20,000	-	0%	20,000	42,000	-	42,000	42,000	-
Hardware/Software*	20,000	9,266	46%	10,734	10,000	10,000	-	7,500	3,000
Phone Equipment*	2,500	-	0%	2,500	1,000	-	1,000	1,000	-
Phone and Internet Service Fees	5,780	3,755	65%	2,025	6,572	5,500	1,072	5,033	5,500
Supplies	5,000	3,665	73%	1,335	3,000	5,000	(2,000)	2,500	2,000
Utilities (no move)	1,200	-	0%	1,200	3,600	-	3,600	3,600	-
Furniture (no move)	15,000	-	0%	15,000	2,000	-	2,000	1,500	-
Meetings/Retreats	40,000	10,056	25%	29,944	40,000	30,000	10,000	40,000	40,000
Travel/Professional Development	35,000	30,776	88%	4,224	35,000	35,000	-	35,000	25,000
Subscriptions/Memberships	10,000	8,506	85%	1,494	10,000	6,000	4,000	10,000	6,000
Board Compensation	15,000	2,469	16%	12,531	15,000	15,000	-	15,000	15,000
Miscellaneous	-	779	-	(779)	-	-	-	-	-
Total Expenditures	1,672,010	930,252		742,537	1,658,491	1,439,719	218,772	1,443,883	1,323,350
Ending Balance	223,371	965,129			196,081	1,156,610		(1,047,802)	(166,740)