



Proposed Budget Fiscal Year 2020

**Draft - Public Review Version
8/19/19**



RTA

**REGIONAL
TRANSIT AUTHORITY
OF SOUTHEAST MICHIGAN**

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**REGIONAL
TRANSIT AUTHORITY**
OF SOUTHEAST MICHIGAN

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN
FISCAL YEAR 2020 – DRAFT BUDGET
August 2019

The RTA spent the better of part of its Fiscal Year 2019 building partnerships with mobility providers and other stakeholders as it sought to achieve its mission, including the preparation of an update to its Regional Master Transit Plan. The recommended Fiscal Year (FY) 2020 Regional Transit Authority (RTA) operating budget is \$ 4,631,506. The FY 2020 budget builds upon several of the accomplishments started in 2019 and seeks to achieve a regional mobility vision that is built around four core principles:

- **Moving the Region's People:** Provides people with reliable, efficient, frequent, and affordable transit services across a core transit network. • Supports access to jobs, education, health care, special events and other daily needs for people who are more likely to use transit based on ability, age or income. • Is flexible enough to keep pace with people's ever-changing needs as it relates to service frequencies and hours.
- **Investing in the Region's Future:** Increases the attractiveness of investment in Southeast Michigan by providing sufficient mobility services that employers, businesses, the development community, and the education system can depend upon. • Supports a talent pipeline in the transportation services sector and other core economic sectors that are needed to deliver mobility services today and into the future. • Establishes a framework that assures the region is national leader in the implementation of new mobility services including the deployment of connected and autonomous vehicles. • Ensures sustainability of existing and expanded mobility services through the year 2045, allowing transit providers and other stakeholders to unlock additional federal and state funding opportunities.
- **Enhancing the Region's Quality of Life:** Connects to the abundance of entertainment, parks, open spaces and other recreational activities that exist across the region, giving people more access and mobility choices to live, work and play across the region. • Makes transit and other mobility services more user-friendly for all people choosing to use. • Improves bicycle and pedestrian accessibility, giving people more choices to walk, bike and connect across the region. • Improves the economic stability of the region and adds potential for more growth.
- **Connecting the Region's Communities:** Eliminates existing mobility deserts and connects people in communities across the region with new transit and mobility services that today are often very limited. • Leverages existing the region's transportation assets, including the world class Detroit Metropolitan Wayne County Airport to allow more people to connect to and through our region.

Moving **R** People

Investing in **R** Future

Enhancing **R** Quality of Life

Connecting **R** Communities

Our mission is to manage and secure transportation resources that significantly enhance mobility options, to improve quality of life for the residents and to increase economic viability for the region.

Like years past, there continues to be many unanswered questions with respect to what level of investment our region will seek to support for new or expanded mobility options. RTA staff remains fully cognizant of the fact that budgets do, in fact, change when circumstances change. The following draft budget represents the highest and best activities to achieve the RTA's mobility vision within the RTA's fiscal realities.



The 2020 budget has been prepared in accordance with the Michigan Uniform Budgeting and Accounting Act of 1968, Generally Accepted Accounting Principles (GAAP), and has been initially reviewed by RTA's Finance and Budget Committee. If approved by the RTA Board of Directors, this budget will go into effect on October 1, 2019. RTA staff is pleased to submit this 2020 Budget to our Board of Directors, the transit providers we coordinate with and the communities we serve, for review and comment.

FY 2020 Budget

Each year the RTA sets an annual budget and does a three-year administrative outlook for planning purposes. Based on estimated expenditures through June 2019, the RTA has prepared an estimate of FY 2019 year-end closing balances. RTA has an estimated available funding carryover of \$889,416 for FY 2020. The majority of this carryover is a result of cost-savings from the FY2019 budget, and federally funded projects that took longer to procure and draw-down funds than anticipated.

FY2020 Proposed Revenue

Estimated Administrative Revenue: The RTA's estimated administrative fund balance heading into FY 2020 includes funding from the following sources:

- \$ 764,766 in remaining funds from MDOT appropriation secured in previous fiscal years.
- \$124,650 in remaining funds from other funds.

Existing Grants Revenue: The RTA's estimated grants fund balance includes funding from the following grant:

- \$217,488 in remaining funds from the FTA 5339 Alternatives Analysis Planning grant and associated state match secured in Fiscal Year 2013.
- \$235,773 in funds from the FTA 5310 for Mobility Management services
- \$661,406 in remaining funds from the FTA 5303 Metropolitan Transportation Planning Program

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- \$526,823 in remaining federal funding (Transit Oriented Development funds - TOD/Earmark)
- \$450,00 in remaining federal funding (Earmark for AA to Detroit Rail Study)
- \$798,110 in remaining funding from the State of Michigan (Mobility Challenge Pilot Project)

The RTA anticipates that it will fully expend the balance of all of these grants in FY2020 for all of these grants except for the 5303 funds that will span over two-fiscal years for the development of a regional Coordinated Human Services Transportation Plan.

FY 2020 New Revenue:

MDOT has committed to provide an additional \$135,893 in FY 2019 to continue supporting the RTA's Pilot Programs and administrative functions into FY 2020. At the time of the development of this budget, the FY2020 State of Michigan budget has not been set. As such no specific commitment has been made by MDOT for additional support for FY2020. For budgeting purposes, the RTA has assumed a total of \$400,000 of administrative support from the State of Michigan.

In FY2019 the RTA secured SDNT funding from MDOT to roll-out a data integration pilot project working with the SMART. The RTA has assumed another \$250,000 will be made available to implement the second part (DDOT, AAATA) of this integration pilot project in FY2020.

The RTA has included \$250,000 of speculative non-federal and state revenue sources in its FY2020 budget. It is assumed that this funding will directly support an expanded educational effort to communicate the benefits of implementing the RTA's 2020-2045 Mobility Vision.

As the federally recognized designated recipient for transit funds within the Southeast Michigan area, the RTA also has several grant funded programs that it serves as a pass-thru agency. For these pass-thru grants the RTA does not take any administrative draw-down, so there is no impact on the RTA budget.

FY2020 Proposed Budget

RTA's FY 2020 budget begins on October 1, 2019 and runs through September 30, 2020. The FY2020 proposed budget identifies revenues totaling \$4,729,080 and expenditures totaling \$4,631,506. The RTA's operations are continued to be supported by an authorization provided by the Michigan Department of Transportation and a proposed administrative capture of 5303 planning/research funding available to support the development of a Coordinated Human Services Transportation Plan (CHSTP), and two other federal grants/earmarks.

Compensation: The RTA currently has 3.5 FTEs. FY2020 expenditures are based on growing the RTA staff to 5.5 FTEs with a projected total compensation of \$749,984. This line item supports 5.5 full time equivalents (FTEs) based on the following positions:

- General Manager
- Chief Financial Officer/Budget Manager
- Program Manager (5310 Program & Grants)
- Office Manager/Executive Admin/Accountant
- Administrative Assistant
- Intern

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These proposed staffing levels would support the delivery of the following:

- 1) Added capacity and management for Federal and State Grant Oversight and compliance roles identified in both annual and triennial comprehensive reviews completed by the State of Michigan and the Federal Transit Administration (FTA) respectively.
- 2) Development of a regional Coordinated Human Services Plan and associated Program Management activities that come out of the development of the regional plan. Additional support will be provided to assist with grant management and reporting functions.
- 3) Day to day operations of the agency with a focus on improving processes and programs related to the delivery of regional programs that support the advancement of expanded mobility options across are region. Specific initiatives include: Mobility Oriented Development Study, expanded planning to support new commuter rail connections and a single regional coordinated health and human services plan that the region's providers can point towards when developing their 5310 federal funding and program development.

RTA Administrative Contracts: Generally, the RTA Administrative Contracts remain largely unchanged from previous years and will be used to support the day to day delivery of RTA's service. Many of the budget line items included in the draft budget are existing contracted services being provided to support required activities to deliver the RTA work program and comply with Federal and State requirements. These services include legal, audit, communications, legislative, and external communications services that support staff and the Board of Directors requests throughout the fiscal year.

- 1.) *Public Education Initiative/Outreach/Social Media:* One of the lessons learned in 2018 is more outreach is needed to better understand the overall mobility needs of our region including, employers, educators, medical care providers, existing transit riders, new choice riders, and visitors. More and different mediums are also needed to help educate the region on the economic importance of continued investment in transit and mobility options as the region continues to compete for new business growth in a global economy and a better quality of life for the residents of the region. Finally, as our region continues to age, fostering partnerships with our medical providers will continue to be one of our highest priorities for providing expanded mobility options. Outcomes of this budget line item are envisioned to produce expanded relationships, the creation and promotion of new materials



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including videos, vignettes, printed material and other social media materials that will support the implementation of the updated Regional Master Transit Plan.

- 2.) *Development of a Comprehensive Implementation Plan (CIP):* This line item will be used to develop a Comprehensive Implementation Plan for those portions of the RTA who desire to advance forward with specific implementation activities including a potential ballot initiative in November 2020. The CIP is envisioned to be a rolling five-year plan that will describe the proposed service levels, anticipated capital investment commitments, and other investments that the RTA will commit to implement with dedicated funding. Given this will be the first formal CIP for the RTA, it is assumed that a vendor will be contracted with to develop an overarching template that will address the financial planning needs of those communities that will participate in the CIP process.
- 3.) *RTA Program Planning Services Support:* This budget line would be used to procure an as-needed planning services consultant to support the day to day planning functions of the RTA. Envisioned services would be project management of the RTA grants including RFP development, procurement assistance, and consultant oversight, FTA grants management and reporting assistance, services required to respond to RTA's FY 2016-FY2018 Comprehensive Review, Board of Director's planning support, Pilot project development and implementation support, coordination with existing transit providers and 5310 contracts, on-going planning outreach, as needed coordination with FTA and the State of Michigan, and other services deemed necessary to deliver the FY 2020 RTA work program.

RTA Fixed Grants: The following are major fixed grant project/program initiatives that the RTA will undertake in FY 2020:

- 1.) *Regional Coordinated Human Services Plan:* The RTA has completed procurement activities in 2019 and will kick-off the planning efforts in August 2019. Outcomes of this study will include the assessment of regional transportation needs of seniors and the disabled, ultimately developing a regional coordination plan for related transportation services in Southeast Michigan. This plan will reflect both regional and locally-specific needs, including the option for communities and agencies to maintain their own local planning documents fitting within an agreed-upon regional planning and policy framework. The plan is needed to provide uniformity in the analysis of system gaps, users, providers, and origins and destinations, identify local priorities in the City of Detroit, SMART service area, and Washtenaw County, and to identify opportunities to coordinate regional implementation of overlapping local goals.



Currently, three of these agencies create their own federally mandated Coordinated Human Services-Public Transportation Plans to fulfill requirements

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of the Section 5310 Program Guidance. Ultimately it is envisioned that one regional plan will improve mobility for seniors and individuals with disabilities throughout the country by removing barriers to transportation services and expanding the transportation mobility options available. FTA provides Section 5310 grant funds for capital and operating expenses to recipients for public transportation projects that meet the special needs of seniors and individuals with disabilities.

The RTA, as the Designated Recipient of Section 5310 funding for the Detroit and Ann Arbor Urbanized Areas, has been asked by both state and federal officials to increase their role in the coordinated planning and funding administration processes.

- 2.) *Mobility Oriented Development (MOD) Study*: The RTA completed procurement activities in 2019 and issued a Notice to Proceed in July 2019. This budget line item is being used to develop land use and mobility development strategies and typologies to suit the diverse station areas in the regional transit network with a focus on the Woodward and Ann Arbor to Detroit corridors. This scope of work is focusing on the station areas currently served by the SMART Woodward FAST service (Routes 461 and 462) on the Woodward corridor, and the existing Amtrak Wolverine Line on Ann Arbor to Detroit corridor. The plan will allow transit providers, local governments, and transportation agencies to have a framework for coordinating development and mobility improvements with the goal of providing the citizens of the region better access to core regional transit services. Each typology will be informed by two critical layers of analysis: 1) real estate development potential, and 2) local mobility and accessibility potential. The final study deliverable is envisioned to serve as a template that can be applied to other rapid corridors in the updated RMTP.



- 3.) *Ann Arbor to Detroit Commuter Rail Technical Analysis*: This budget line is being funded 100% by an existing federal earmark grant that is intended to evaluate the feasibility of expanded commuter rail service between Washtenaw County (Ann Arbor) and Wayne County (Detroit). The draft Connect Southeast Michigan plan includes proposed commuter rail service (eight trips per day) connecting Ann Arbor, Ypsilanti, Wayne, Dearborn and mid-town Detroit. Interest has been expressed as part of outreach held on the draft Connect Southeast Michigan plan to expand service levels and potentially provide service extensions on both the east (to downtown Detroit) and west ends (Chelsea) of the proposed service. This line item will be used to complete a study that will evaluate the technical merits of requested extensions, including required capacity improvements, and develop an estimated cost for these suggested changes. Outcomes of this study will be used to evaluate the feasibility of making potential changes to the draft Connect Southeast Michigan Plan.

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4.) **Data Integration Pilot Project:** This budget line is being used to fund the second part of a data integration pilot project that allows users to instantly pinpoint where and when performance issues are occurring. Users can quickly visualize and understand system performance, including on-time performance, running times, historical vehicle speed heat maps, and more. The objectives of the pilot study are to work with AAATA and DDOT to test this software platform in FY2020.

5.) **Michigan Mobility Challenge Grant:** This budget line is being used to fund to develop a mobile booking application for ADA paratransit trips. The RTA has partnered with the Southeast Michigan Council of Governments (SEMCOG), the Area Agency on Aging 1-B (AAA1B), the Ann Arbor Area Transportation Authority (AAATA), the Detroit Department of Transportation (DDOT), and the Suburban Mobility Authority for Regional Transportation (SMART) to secure a grant from the State of Michigan to improve the experience of ADA paratransit riders in the areas they serve. This partnership has engaged with Menlo Innovations to design a system that allows users to manage and book ADA paratransit rides across multiple counties.



The goal of this project is to design and implement a solution that focuses on a way for a paratransit rider to easily request a ride through a mobile app, as well as see up to date information

about that ride. Additionally, the solution should provide an interface for schedulers to interact with digital ride requests, while reducing call volume and preventing invalid requests from being sent.

While there are a number of “pain points” the riders and transit authorities experience, this project has specifically focused on alleviating the riders experience of long hold times and time-consuming repetitive scheduling. In addition, the solution provides a way for riders to cancel a ride without waiting on hold easing the process for the rider and potentially reducing “no-shows” and late cancellations.

RTA Other Expenses: Other Expenses generally remain unchanged from FY 2019 with a slight increase attributable to increase the overall size of RTA staff in FY 2020.

FY2020 is projected to close with a surplus of approximately \$97,574.

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RTA Other Priorities: The RTA has several other priorities that it is currently seeking funding to advance including:

- Ann Arbor to Detroit Commuter Express Pilot: Working with the AAATA and MDOT, the RTA and TheRide are pursuing funding to allow for a new express bus service between Detroit and Ann Arbor. The success of this idea will hinge on State and federal funding applications.
- Municipal Mobility Pilot Project: Working with Planet M, MDOT, and SMART, the RTA is pursuing funding to establish a pilot program that will seek to pair promising mobility solutions with participating municipalities in Macomb, Oakland, and Wayne counties to solve specific mobility challenges that face the Metro Detroit region. These challenges include how to best serve areas of the suburban Detroit region that have a reasonable propensity for transit, but have been developed over time in a way that makes it difficult to serve efficiently with traditional fixed route transit lines (e.g. lower-density, auto-oriented land use pattern). The success of this pilot program will hinge on funding.
- Workforce Development Task Force: In May 2019, the RTA Board of Directors held a retreat to identify current and emerging priorities. One of the priorities that was identified was the establishment of a regional workforce development task force. Southeast Michigan transit providers are experiencing shortages in certified operators (drivers) and qualified diesel engine mechanics. There are three parts of the staffing issues:
 - Recruitment
 - Training
 - Retention

These staffing shortages have led to difficulties in meeting pullout. If the staffing shortages continue, or worsen, the RTA's plans for significant improvement in transit services will be neutralized.

This is not only a problem for RTA planning. It is an ongoing problem for the transit providers' abilities to meet current performance objectives and desired service levels. Solutions will be extremely difficult, if not impossible for transit providers to address on their own. Collectively, through the RTA, there is a better chance to identify and implement possible solutions.

Budget Risks: At its core, a budget represents anticipated projections based on the best-known data available at the time of development. At the time of the FY2020 RTA budget development, several unknowns exist which adds risk to the RTA's budget cycle that concludes some 14 -16 months from when this budget was initially developed. These risks compound when projecting 24-36 months into the future. RTA has a strong track-record in managing its budgets to assure the agency ends each fiscal year with a positive fund balance and anticipates ending FY2020 in the same. To achieve this, however, will require staff monitor the budget closely and make good budgeting decisions based on how the realities of the budget unfold. In particular, the following areas of the FY2020 budget will be tracked closely:

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- Final FY 2020 State of Michigan Budget – As previously mentioned the RTA FY 2020 budget assumes a \$400,000 State of Michigan contribution to help off-set administrative costs. If the RTA is allocated less than this amount it will look to delay staffing hires and manage other administrative costs to match the final amount allocated by the State of Michigan.
- Educational Initiative Funding – If all the funding can not be secured for the educational initiative budget line item, the RTA will either scale back the anticipated scope of work or delay the advancement of this activity until the funding is secured.
- State of Michigan SDNT Grant funding – If the RTA is unsuccessful in securing an SDNT grant for the Data Integration Pilot Project (Phase 2), it will delay the implementation of this project until funding can be secured.

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**REGIONAL
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DRAFT - FY2020 Budget

**REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN: PROPOSED BUDGET
FOR THE FISCAL YEAR 2020 BEGINNING OCTOBER 1, 2019**

Finance & Budget Committee: Working Draft for Public Review - 8/19/19		FY 2020
Revenue		
410 Beginning Administrative Balance (Estimate for FY19 Year End)		889,416
410 MDOT Appropriation		400,000
410 Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities		235,773
410 Section 5303 Metropolitan Transportation Planning Program (Federal, State match)		661,406
410 Pilot Program for TOD Planning (Federal, State match)		526,823
410 Federal Earmark for Ann Arbor to Detroit Rail (Federal only)		449,857
410 5339 Alternatives Analysis Grant (Federal, State match)		217,488
410 Mobility Challenge Grant (State only)		798,110
410 Other Grants		250,000
410 In-Kind Revenue		50,206
410 SDNT Pilot (State Only)		250,000
Total Revenue FY20		4,729,080
Expenditures		
501 Salary		503,403
502 Fringe Benefits		246,581
Total Compensation		749,984
506 Directors and Officers Liability Insurance		25,000
503 Legal Services		75,000
503 Accounting Services		30,000
503 Audit Services		17,000
503 Legislative Services		40,000
503 External Communications Services		81,000
503 Public Education Initiatives\Outreach\Social Media		250,000
503 Planning Services Support		100,000
503 Other Contract		25,000
503 In-Kind Match		50,206
503 Organizational Consultant\HR Plan Development		100,000
Total Administrative Contracts		793,206
503 RTA Master Plan and On-Call Planning Services (Develop 5YR CIP)		217,488
503 Mobility Management (AAA1-B)		101,724
503 Coordinated Human Services Support		661,406
503 MOD Grant Support		526,823
503 AA to Detroit Rail Planning Support		449,857
503 Mobility Challenge Grant		798,110
503 Swiftly Data Integration Pilot Project		250,000
Total Fixed Grants		3,005,407
504 Office Supplies		2,500
504 Computer Hardware/Software		10,000
505 Phone Equipment and Service Fees		12,000
506 Other Insurance		408
509 Meetings/Retreats		15,000
507 Travel/Professional Development		20,000
509 Subscriptions/Memberships		10,000
509 Board Reimbursements		3,000
509 Miscellaneous		10,000
Total Other Expenses		82,908
Total Expenditures		4,631,506
Ending Balance		97,574



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Draft - FY2020 Federal & State Grants Ledger

REGIONAL TRANSIT AUTHORITY FOR SOUTHEAST MICHIGAN: PROPOSED PLANNING GRANTS BUDGET
FOR THE FISCAL YEAR 2020, BEGINNING OCTOBER 1, 2019

Grant Revenue		FY 2020
Ongoing Grants		
410	Section 5339 Alternatives Analysis Planning Program (Federal, State match)	
	Estimated Funding Available at 9/30/19	217,488
	Anticipated Expenditure	217,488
410	Section 5310 Enhanced Mobility of Seniors & Individuals with Disabilities (Federal, State match)*	
	<i>Regional Mobility Management</i>	
	Estimated Funding Available at 9/30/18	235,773
	Anticipated Expenditure	101,724
410	Section 5303 Metropolitan Transportation Planning Program (Federal, State match)	
	<i>Regional Coordinated Human Service Transportation Plan</i>	
	Available Funding	661,406
	Anticipated Expenditure	661,406
410	Pilot Program for TOD Planning (Federal, State match)	
	<i>Mobility Oriented Development (Woodward Corridor)</i>	
	(Balance of Funds come from Federal Earmark for AA to Detroit Rail below)	
	Available Funding	239,844
	Anticipated Expenditure	526,823
410	Federal Earmark for Ann Arbor to Detroit Rail (Federal only)**	
	<i>Mobility Oriented Development (Ann Arbor to Detroit Corridor)</i>	322,343
	<i>Ann Arbor to Detroit Rail Planning</i>	450,000
	Available Funding	772,343
	Anticipated Expenditure	449,857
410	State of Michigan Mobility Challenge Grant (State only)	
	Pilot project developing mobile booking app	
	Available Funding	798,110
	Anticipated Expenditure	798,110
410	State of Michigan Service Initiatives Grant	
	Data Integration Pilot with SMART and M-1 RAIL	
	Data Integration Pilot with DDOT and AAATA	
	Available Funding	-
	Anticipated Expenditure	-
	Anticipated Expenditure	250,000
Total Available Grant Revenue		2,924,965
Total Anticipated Expenditure		2,755,407
Remaining		169,557

* These funds are passed-thru to AAA1B to operate the Regional Mobility Management program.

** These funds will be passed-thru to the RTA from MDOT.