

Business Plan & Budget FY 2026

SEPTEMBER 18, 2025 ADOPTION

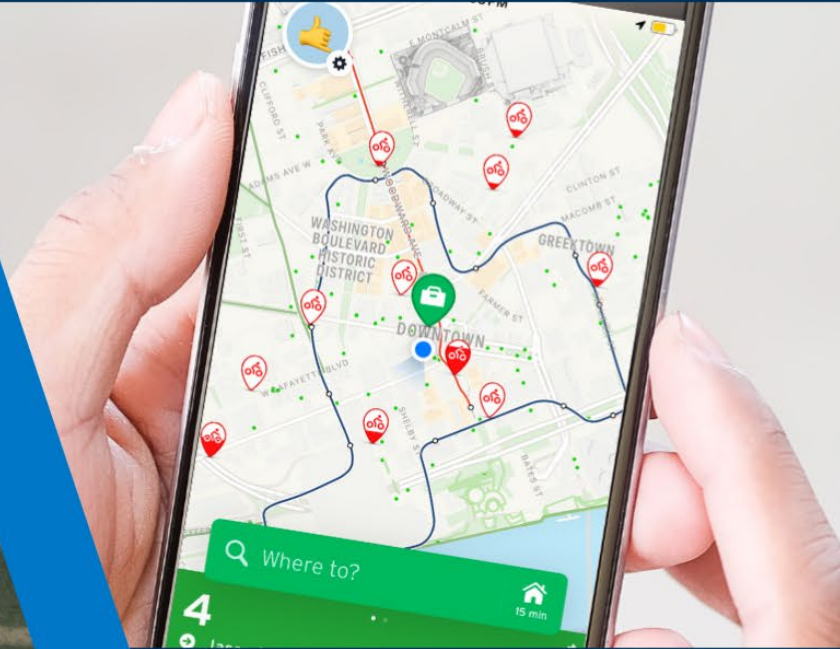


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Message from the Executive Director

RTA Board of Directors,

I'm pleased to submit the FY2026 Business Plan and Budget. This year's document marks a milestone in RTA's growth and charts a path toward the future.

Our first year of operating QLINE has been a success. We've balanced stable operation with increased collaboration and realized administration, benefits, and contract efficiencies. Crucially, we've been making important investments to improve QLINE's reliability and customer experience. These investments will take some time to get up and running, but they will put us on the path to ongoing success.

QLINE operation has not overshadowed the indispensable and popular programs that the RTA manages. In 2025, the RTA's Regional Services team distributed close to \$200 million to the region, fulfilling its responsibility as the designated recipient of appropriated funds. Both DAX and D2A2 grew their ridership by nearly 20% year over year, a testament to the popularity and opportunity of regional connections.

The Board has consequential decisions to make going forward. That is why the agency is undertaking a Strategic Planning process, the first in 13 years. The Strategic Planning process will engage RTA leadership and the Board to agree upon a North Star for the agency. The chosen direction will point the agency and region toward priorities identified in the Regional Transit Master Plan, moving us toward a sustainable financial model that delivers effective programs and services.

In the following year, the RTA will implement a significant master plan update to determine various regional transit scenarios, allowing the agency to weigh the relative importance of various aspects of transit provided by both the RTA and partners. Survey input from riders, transit providers, and the public provides clarity on the region's transit needs. These topics are considered in more detail in the pages that follow.

Fueled by last year's achievements, the RTA is poised to deliver true transit progress throughout the region. I'd like to thank the board for your continued leadership and commitment to our region as we charge ahead to a pivotal time for our agency and transit system.



Ben Stupka

Executive Director

RTA Mission, Vision & Values

The Regional Transit Authority of Southeast Michigan (RTA) is a public agency with the mission to create new and better ways to move and connect people. The RTA partners with transit providers, communities, companies and citizens to create a vision for public transit – what it can be, what it can do, what we can achieve with it – and bring that vision to life. By exploring new strategies for improving transit coverage and service, securing and overseeing funding and increasing accessibility to transit offerings, the RTA plays a crucial role in unleashing our region’s boundless potential.

The RTA oversees the operation of the QLINE system in Detroit.

Mission: Creating new and better ways to move and connect people.

Vision: A Southeast Michigan where advances in transit create greater prosperity for all.

Values

Creativity - bringing innovative thinking to enhance the transit experience.

Empathy - understanding how we can help improve lives across the region.

Opportunity - leading the way to the future of transit in Southeast Michigan.

We’re the RTA. Get On Board

 WE’RE TRANSIT SUBJECT MATTER EXPERTS We’re deeply experienced, data-driven, dig into the nuts and bolts, and lead all regional planning.	 WE’RE DRIVERS AND DOERS We generate new ideas, implement them, test them, and assess the results.	 WE’RE COMMUNITY CONNECTORS We bring together citizens, governments, and businesses to solve problems and create opportunities.
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Board of Directors

Regional Leadership

The RTA's Board of Directors comprises accomplished public servants with deep expertise across corporate, nonprofit, and public experience. United by a shared commitment to good governance, innovation, and regional cooperation, the Board champions strategies that expand transit access, modernize infrastructure, and harness technology to meet the region's evolving mobility needs and improve riders' experiences riding transit. Their leadership ensures the RTA remains a catalyst for long-term progress and shared regional prosperity.

The RTA's 10-member board is appointed for three-year terms by the county executives of Wayne, Oakland, and Macomb counties, the chair of the Washtenaw County Board of Commissioners, the Mayor of Detroit, and the Governor of Michigan. The Governor's appointee serves as chair without a vote.

Our Board of Directors



Dave Massaron
Governor-Appointed Chair



Jon Moore
Macomb County



Don Morandini
Macomb County



Jeannette Bradshaw
Oakland County



Helaine Zack
Oakland County



Freman Hendrix
City of Detroit



Ned Staebler
Washtenaw County



Alma Wheeler Smith
Washtenaw County



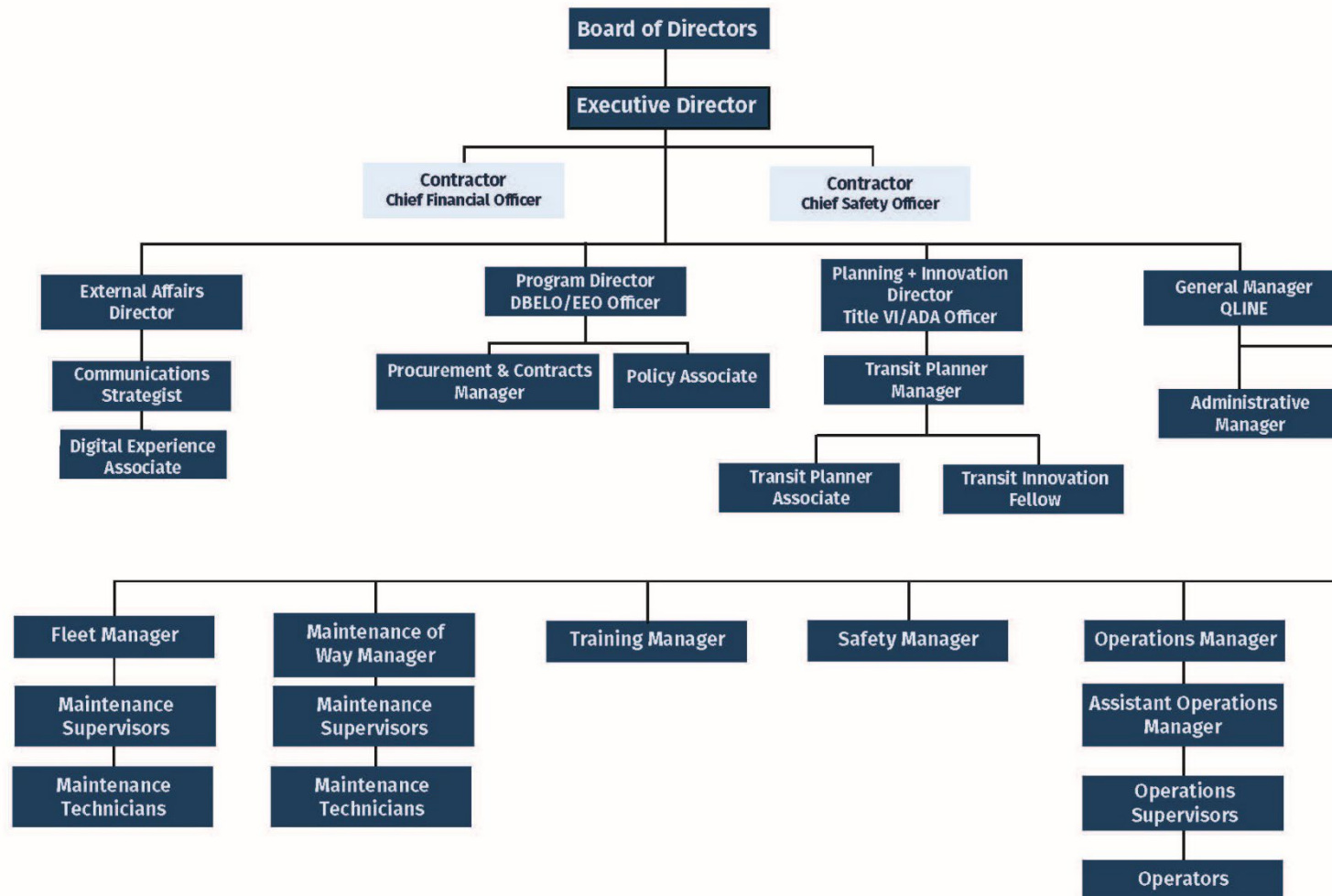
June Lee
Wayne County



Erica Robertson
Wayne County

Organizational Structure

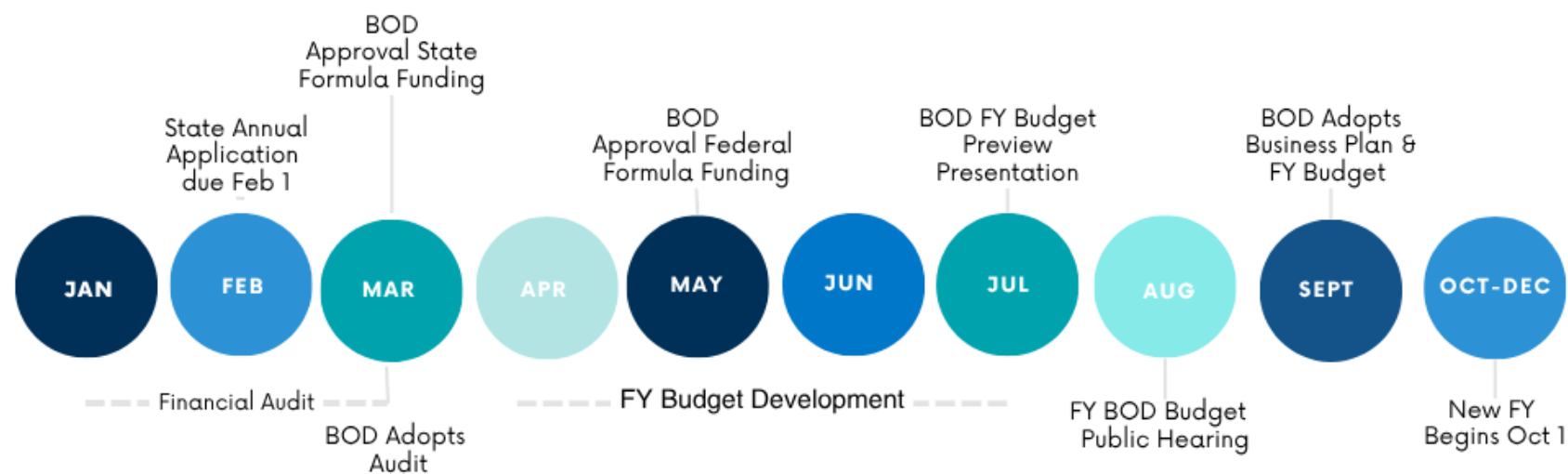
RTA's organizational structure remains consistent in year two of QLINE ownership. With all functions reporting to the Executive Director, the RTA comprises 59 employees, including designated roles for FTA grant and safety compliance for Equal Employment Opportunity (EEO), Chief Safety Officer (CSO), Disadvantaged Business Enterprise (DBE) Officer, and Title IV Compliance Officer. The leadership team comprises the QLINE General Manager, External Affairs, Program and Planning and Innovation Directors. Strategic contractual relationships support key business functions, including Regional Services planning, communications, legal, and finance.



Annual Budget Development Cycle

Fiscal Obligations

RTA publishes a fiscally responsible annual budget with five-year revenue projections that reflects organizational priorities, meets the agency's statutory responsibilities, and delivers programs and projects.



State Application

RTA's budget cycle aligns with the Michigan Department of Transportation Office of Passenger Transportation (OPT) annual state application. By February 1, Michigan transit agencies must submit operational budget requests for the following fiscal year to obtain state and federal funds for public transit and intercity bus services.

Federal Formula Funding

The RTA board annually authorizes fiscal year federal formula funding distribution for the Detroit and Ann Arbor Urbanized Areas. As the designated recipient, the RTA allocates FTA formula funds to transit providers in both areas based on agreed-upon methodologies and provider priorities. Approval of this funding split allows transit providers to proceed with federal and state grant processes to support capital and operational needs across the region.

PA 387 2012

State legislation requires RTA to adopt a new fiscal year budget by September 30.

Business Plan Purpose & Need

Delivering Results

The RTA's FY2026 Business Plan communicates how the agency prioritizes investments, manages risks, and measures progress. The plan aligns goals, priorities, projects, and resources to guide the agency's operations and growth. This document responds to ongoing challenges and emerging opportunities. It supports a more connected, equitable, and efficient transit network in collaboration with local providers and stakeholders.

With the creation of this business plan, we celebrate our first anniversary of the QLINE integration as part of the RTA. This transitional year marked more than a change in ownership. It signaled the beginning of the RTA's broader business transformation.

We continue aligning strategy, operations, projects, and staffing as one agency. We're evolving to operate more cohesively, effectively, and with a deeper focus on delivering more value for the region and transit riders.

Regional Transit Master Plan Goals

The Regional Transit Master Plan (RTMP) is a vital guide for the agency, providing a realistic roadmap and unified vision for transit progress in Southeast Michigan. The RTA releases annual updates to the RTMP to build its strategic agenda and coordinate long-range planning activities. The RTA has set up the RTMP to accelerate services and programs under differential funding realities.

By anchoring annual priorities in the RTMP and aligning with the agency's mission, vision, and values, the Business Plan enables the RTA to deliver coordinated, accountable, and forward-thinking solutions that advance public transit infrastructure investment.



Move People



Strengthen Access



Enhance Experience

Strategic Board Priorities

The RTA continues to manage our business growth. We assumed QLINE operations by scaling and evolving our internal systems, team structure, and business operations to support a larger, more complex organization. These efforts are designed to position the agency to lead future transit investments and meet the region's evolving mobility needs. The leadership team developed these baseline organizational goals and statements.

Goal: Evolve Workplace to Fit Larger Organization and Responsibilities

This goal focuses on strengthening the RTA's internal capacity by investing in people, improving workplace culture, and aligning organizational structures to meet future needs. It includes building a more effective and inclusive team, modernizing financial and compliance systems, and creating a foundation for professional growth, collaboration, and accountability.

2025 Results

- Hired and repurposed staff
- Updated and modernized policies and procedures
- Developed an integrated Regional Services and QLINE Budget for FY2026
- Completed FTA Triennial 3-Year Review

2026 Expected Results

- Hire additional staff to continue strategic growth
- Continue to improve and integrate policies and procedures to improve operational efficiency
- Implement new Enterprise Resource Planning (ERP) to modernize financial system

Goal: Expand Communications Efforts With New Brand and Message

This goal focuses on expanding and strengthening the RTA's communications through a new agency-wide plan, updated branding, and targeted outreach for services and community engagement.

2025 Results

- Launched new Get On Board brand identity, core messaging, and website
- Upgraded DAX marketing campaign resulting in increased ridership
- Developed agency Community Engagement Plan

2026 Expected Results

- Expanded marketing for D2A2, DAX, and QLINE to continue to provide awareness and grow ridership
- More collaborative marketing with transit providers to grow awareness and ridership

Strategic Board Priorities

Goal: Evolve Execution of Core Business Functions

This goal focuses on strengthening the RTA's core business functions by coordinating formula funding, aligning planning projects with strategic priorities, and improving collaboration with transit providers.

2025 Results

- Approved \$190M in State and Federal funding for regional transit providers
- Updated the RTMP
- Completed the first regional Strategic Technology Plan
- Advanced integration agenda priorities with the Providers Advisory Council (PAC)

2026 Expected Results

- Further development of the regional capital program process to provide more clarity on investments made by transit providers
- Updated RTMP that looks at future scenarios developed through the agency's Strategic Plan process
- Continued progress on the integration agenda with the PAC to dial in regional collaboration

Goal: Services & Initiatives – Implement RTMP Priorities

This goal focuses on improving transit service across the region by consistently evaluating impact and prioritizing funding based on strategic priorities. It includes targeted efforts to grow ridership, enhance customer experience, modernize technology, and expand key programs and services like QLINE, express buses, corridors, and MyRide2.

2025 Results

- Ensured a stable transition that allowed the QLINE to operate smoothly
- Submitted a \$3M Congressionally Directed Spending request to invest in dedicated lanes and other improvements along the Woodward corridor in Downtown Detroit.
- Increased ridership on D2A2 (20%) and DAX (18%) express bus services; 90% of DAX riders reported they were very satisfied with the service after the first year
- Launched Mobility Wallet program
- Received MDOT \$824,000 grant award for Transit App
- Launched Access to Transit program with \$2M Congestion Mitigation and Air Quality (CMAQ) grant and state match for projects in FY2026 and received over \$3M in CMAQ with state match for future years of the program
- Made \$11M in investments in over 30 communities through the Mobility 4 All (M4A) Program
- Completed the M4A Plan, which sets transit priorities for seniors and people with disabilities throughout the region

Strategic Board Priorities

2026 Expected Results

- Increased ridership for QLINE, D2A2, and DAX
- Implement several QLINE capital and operational improvements
- First year of the regional Transit App pilot
- Completion of the Mobility Wallet pilot with clear next steps
- Design and construction of several Access to Transit projects (bus stop improvements)
- Development of a regional travel training and mobility management program
- Expanded use of the MyRide2 platform
- Identification and advancement of significant next steps on all four major corridors: Woodward, Gratiot, Michigan, and Washtenaw

Goal: Develop a Strategic Agenda for the New RTA

This goal focuses on shaping the RTA's long-term direction by developing a clear policy and legislative agenda, strengthening relationships with regional, state, and federal partners, and advancing a five-year strategic path. RTMP goals are foundational in setting priorities for regional transit improvements and are incorporated into the strategic agenda.

2025 Results

- Completed the 2025 Board Legislative Agenda
- Educated legislators about the impact of state budget and road funding on regional transit
- Submitted for and supported several discretionary grants
- Launched the agency's first Strategic Planning initiative

2026 Expected Results

- Completion of the agency's first Strategic Plan and identification of a future funding pathway

Next year, the RTA anticipates an updated set of goals that will emerge from its first-ever Strategic Planning process. These goals will illustrate regional stakeholder perspectives and cover the agency's evolving role, business systems, and transit service responsibilities. They will align with long-term regional priorities and guide how the RTA achieves organizational excellence by strengthening its operations, team performance, and investments to better serve Southeast Michigan.

FY26 Budget Overview

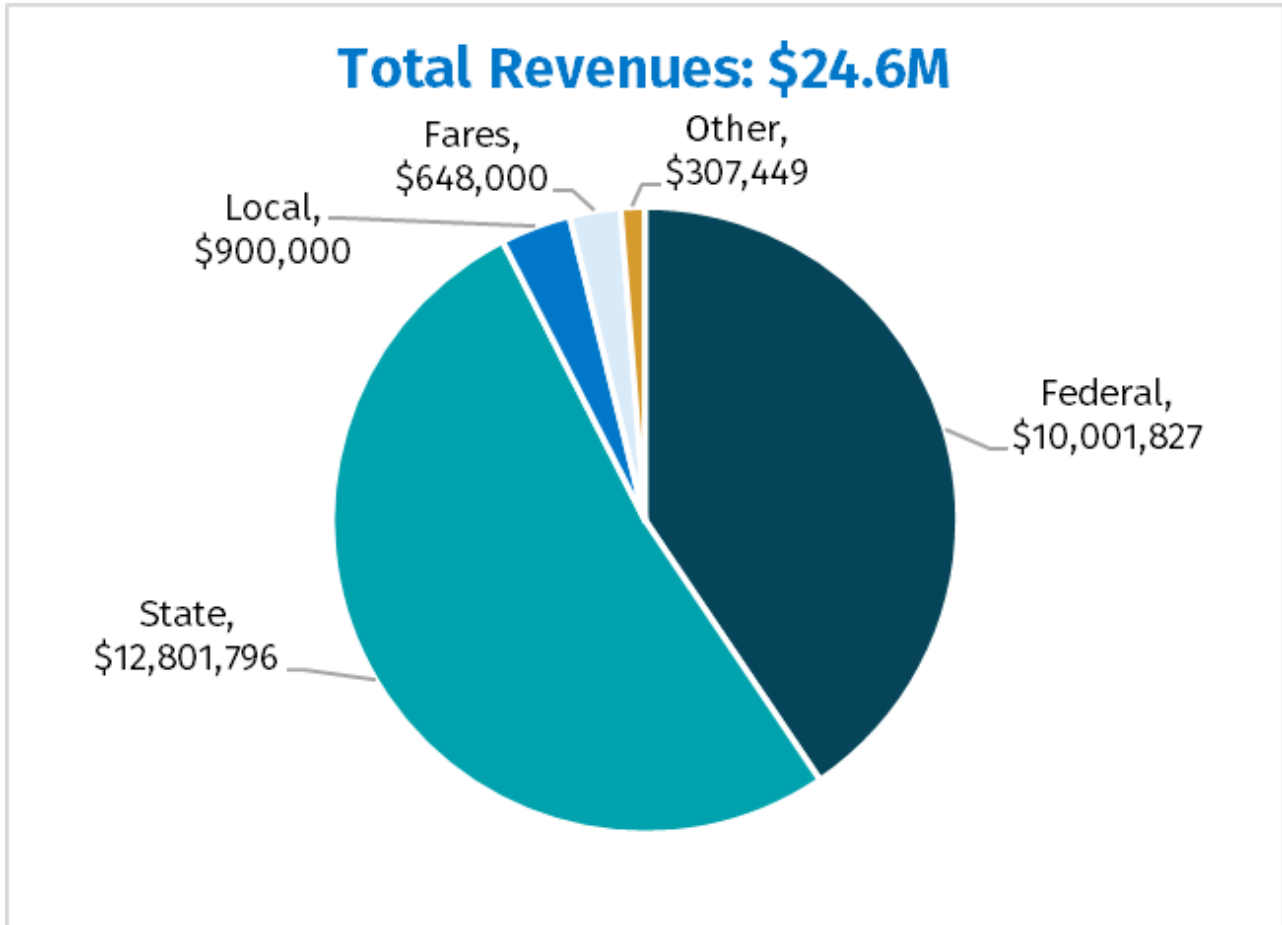
Revenues & Expenses

RTA's balanced budget totals \$24,659,073 in revenue with \$24,659,073 in expenses.

	Total
Federal Revenue:	
Section 5307 (MI-2022-005-01; ARPA)	\$6,774,017
Section 5310 (MI-2024-009-00; Mobility Management)	\$270,251
Section 5307/CMAQ (MI-2021-036-02; D2A2)	\$0
Section 5307 (Preventive Maintenance)	\$1,357,559
Section 5307/CMAQ (Access to Transit)	\$1,600,000
Federal	\$10,001,827
State Revenue:	
State of Michigan CFDF	\$5,000,000
Local Bus Operating	\$5,461,608
Mobility Management Match (2022-0126/P7)	\$67,563
PM Match	\$339,390
ATP Match	\$400,000
Mobility Wallet (2022-0126/P3)	\$250,000
ATP Planning (2022-0126/P6)	\$1,000,000
Transit App (2022-0126/P8)	\$283,236
State	\$12,801,796
Local Revenue:	
Detroit DDA	\$900,000
Local	\$900,000
Operating Revenue:	
Fare revenue	\$648,000
Fares	\$648,000
Other grants and contributions:	
Contributed services	\$307,449
Interest income	\$0
Other	\$307,449
Total Revenues	\$24,659,073
Expenses	
Salaries and Wages	\$5,296,530
Fringe Benefits	\$1,307,317
Professional Services	\$1,019,621
QLINE Maintenance	\$3,408,344
Planning Services	\$1,290,000
Communications Services	\$912,329
Services and Initiatives	\$9,202,961
Administrative Expenses	\$2,221,970
Total Expenses	\$24,659,073

FY26 Revenues

The RTA's revenue sources rely on short-term revenue, one-time grants, and state appropriations. American Rescue Plan (ARPA) funds continue to cover most critical administrative functions and begin covering D2A2 and DAX express bus services. State of Michigan's Local Bus Operating (LBO) allocates funds for RTA administration and QLINE operations, with the total overall amount and reimbursement basis subject to annual State Budget negotiations. The RTA received multiple state and federal grant awards that support strategic initiatives to advance priorities in the RTMP.



Budget Detail – Revenues

Services & Programs Highlights

American Rescue Plan Act Funds

This federal revenue source continues to fund critical Regional Services administrative functions. Grant revenues to pilot and launch DAX and D2A2 services conclude in September 2025. Expenses to continue these services move to ARPA beginning October 1. Following federal act regulations, ARPA funds must be expended by 2029.

State Local Bus Operating Allocation

RTA is projecting over \$5 million in LBO revenue, of which approximately 75% is allocated to QLINE operations and 25% to administrative functions. LBO fluctuates annually based on state budget allocations. Transit agencies must have a local source of funding to receive LBO. Currently, the state recognizes ARPA as RTA's local funding commitment.

Dedicated QLINE Funding

State of Michigan's Convention Facility Development Fund (CFDF) contributes \$5,000,000 and Detroit Downtown Development Authority commits \$900,00 annually.

Federal Formula Revenue (5310 and 5307)

Newly awarded grant funds cover strategic initiatives, including:

- \$1,600,000 from Congestion Mitigation Air Quality (CMAQ) Grant to launch Access to Transit program (bus stop improvement, anticipated 2-3 stops in inaugural year).
- \$270,251 from Mobility Management plus \$325,000 MDOT state match to maintain MyRide2, connecting seniors and people with disabilities to transportation in RTA's four-county area.
- \$1,300,000 from Section 5307 for QLINE preventative maintenance.

State Grant Funding

MDOT awarded RTA \$828,000 to implement the Transit App premium plan for all transit app users, a long-time identified need by riders and transit providers to combine trip planning and fare payment into one app. There is some remaining funding on an existing state grant to complete the Mobility Wallet pilot project.

Fares – DAX and D2A2 Express Bus Services

Fares comprise 12% of total revenue for D2A2 and DAX, with slight increases projected as ridership continues to rise. D2A2 and DAX fares range from \$2 to \$8. With grant funding, RTA is able to provide fares that are affordable and accessible for people, including discounts for seniors and students.

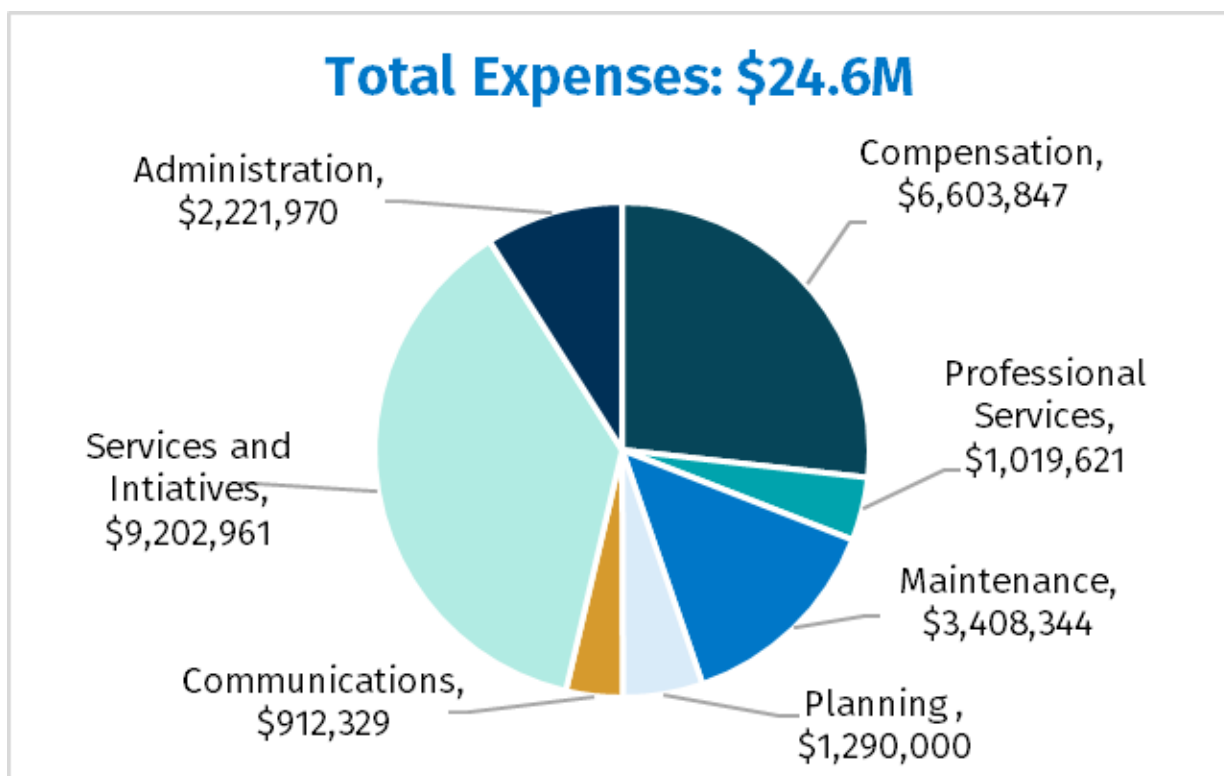
FY26 Expenses

Cost Centers

This budget reflects planned, reallocated, and discovered expenses from year one of learning QLINE operational and maintenance needs. RTA reduced administrative costs (legal, finance, audit, HR) from integration efficiencies between its two cost centers, Regional Services and QLINE operations. These savings are being reinvested in the QLINE maintenance program. RTA anticipates a cash reserve of approximately \$500,000 outside the budget at the beginning of FY2026.

Regional Services: Regional Services include administration, program, planning, communications, and marketing. To support a growing workload, additional staff are planned to increase to 12 FTE. Allocations for communications, marketing, and planning will also increase to manage new grant funding projects and expand RTA's engagement, reach, and impact. Strategic planning is a new board priority and initiative.

QLINE: Personnel costs reflect operators' and maintenance team members' need to provide ongoing service and maintain well-functioning streetcar vehicles; parts supply remains a significant budget expense. Capital improvements increase spending on deferred streetcar system maintenance items like brake overhauls, new chillers, concrete repairs, signage and striping upgrades, and aging technology infrastructure replacement and maintenance.



Budget Detail - Expenses

Services & Programs Highlights

Compensation

The RTA team comprises 59 employees with competitive salaries to retain and attract talent. Health insurance premiums increased by 18%. Union contracts are up for renewal in December 2026.

Professional Services

RTA continues its partnership with Rehmann for financial services, including acting as Chief Financial Officer. As the agency grows, this budget includes migrating from our online financial management tools to an ERP system recommended by the FTA for larger transit agencies. Legal, financial audit, and human resource vendors remain consistent with price increases included in contracts up for renewal.

QLINE Maintenance

This category includes funding to maintain the streetcars, the rail right-of-way, and the Penske Tech Center. Major cost items include funding for brake overhauls and chillers for all streetcars, concrete repairs for the rail right-of-way, and ongoing services like custodial, electrical, and track maintenance support.

Planning Services

This category includes funding for a major update to the RTMP, the new Strategic Plan, and ongoing planning and engineering support for the QLINE.

Communications Services

This category includes funding ongoing media relations services and marketing for D2A2, DAX, and QLINE. The marketing budget for these services has significantly increased.

Services & Initiatives

This category includes funding for all Regional Services projects, including D2A2, DAX, MyRide2, Access to Transit, Mobility Wallet, and the Transit App. Everything but D2A2 and DAX is funded with specific discretionary grants.

Administration

This budget category's most significant cost drivers are insurance premiums, technology services, and rent/utilities. Insurance premiums increased from 5% to 15%, to approximately \$900,000 across all policies. Limited insurers provide streetcar rail liability and are subject to marketplace pricing. RTA continues prioritizing safety and risk management to keep premiums as low as possible.

Technology upgrade pressures continue to increase as QLINE station and streetcar hardware and software reach ten-year end-of-life. Utilities mainly reflect DTE costs for powering the QLINE system.

Revenue Projection

Regional Services, D2A2, DAX Need Sustainable Funding Solutions

The RTA's ability to deliver on its strategic direction faces revenue realities. Over a dozen revenue sources, all restricted in some way, continue to rely on short-term and one-time funding. ARPA funding is diminishing and must be spent by 2029. New funding sources must be secured by 2028 to continue critical Regional Services that span planning, communications, and policy programming.

ARPA Must Be Spent By 2029

	2026	2027	2028	2029	2030
ARPA	\$6,774,017	\$6,712,057	\$6,856,116	\$4,411,527	\$0
LBO	\$2,229,507	\$2,209,114	\$2,256,527	\$1,734,268	\$0
Other	\$955,449	\$974,889	\$994,912	\$1,015,536	\$1,036,778
Revenues	\$9,958,973	\$9,896,060	\$10,107,555	\$7,161,331	\$1,036,778
Expenses	\$9,689,904	\$9,896,060	\$10,107,555	\$10,324,541	\$10,547,175
Over/(Under)	\$269,069	\$0	\$0	(\$3,163,210)	(\$9,510,396)

Midway Through ARPA: Confronting Financial Constraints

RTA has been fiscally disciplined to make every ARPA dollar count, extracting as much value as possible from federal money to deliver results. RTA leadership has laid the ground for longer-term, future improvements by strategically aligning talent, programs, services, and projects to advance regional transit improvement goals. Becoming owners and operators of the QLINE accelerated significant growth and transition of RTA's business operations.



The agency's ability to maintain or advance board priorities and investments will diminish next year. The board's Strategic Planning initiative is designed to identify the answer to "What comes after ARPA?" Outcomes from the Strategic Plan will balance the impact of the RTA with a sustainable funding model and a pathway to achieving it.



RTAmichigan.org

(313) 402-1020 | info@rtamichigan.org

1001 Woodward Avenue
Detroit, MI 48226



RTA FY 2025-2026 Budget