



FY 2016 Operating Budget

*Adopted by the Board of Directors
September 17, 2015*

The FY 2016 Operating Budget reflects the financial and human resources necessary to operate the Ann Arbor Area Transportation Authority from October 1, 2015 to September 30, 2016, including implementation of new services in the Second Year (August 2015) and Third Year (May 2016) of the Five-Year Transit Improvement Plan.

Ann Arbor Area Transportation Authority
2700 South Industrial Highway
Ann Arbor, Michigan 48104

Ann Arbor Area Transportation Authority // FY 2016 Operating Budget

Executive Summary

The Adopted FY 2016 Operating Budget reflects the human and financial resources to provide the following from October 1, 2015 to September 30, 2016:

Overall Summary:

- The FY 2016 expenses will increase from \$36.8 million in Amended FY 2015 budget to \$40.0 million (8.8%).
- The operating budget supports the continuing implementation of the second year (August 23, 2015) and third year (May 1, 2016) services in the Urban Core Five-Year Transit Improvement Plan (5YTIP).

5YTIP Transit Services:

- For the fiscal year 2016, we are adding an additional 31,700 local fixed route services hours (14.4%).
- The second year of the 5YTIP (August 23, 2015) includes an additional 40.5 fixed route service hours on each weekday (from 786.0 to 826.5), 53.5 on each Saturday (from 235.3 to 288.8), and 42.6 on each Sunday (from 109.6 to 152.2). Weekly service hours will increase 7.8% from 4,274 to 4,573 hours.
- The third year of the 5YTIP (May 1, 2016) will add an additional 150.6 fixed route service hours on each weekday (less 29.0 hours on summer hiatus), 38.1 on each Saturday and 30.7 on each Sunday. This will increase fixed route weekly service hours by 14.8% from 4,573 to 5,250.
- The Peak bus requirement increases from 69 in August 2014 to 71 in August 2015 to 80 in May 2016.
- ARide and Good as Gold service hours will be extended to match the extended fixed route service hours and new ARide service area due to the new route #67 into Pittsfield Township.
- AirRide, ExpressRide, MyRide and VanRide Services will continue at the same level of service.
- Detailed information regarding the additional services can be found at www.therideyourway.org

The FY 2016 Operating Budget reflects a balanced budget, with areas of special note.

Revenues:

- The FY 2016 operating budget includes the 0.7 mill local property taxes in the Authority member communities (Cities of Ann Arbor and Ypsilanti and Ypsilanti Township) that will be levied on July 1, 2016. This is the third year of the five-year voter approved transit millage. The City of Ann Arbor also levies 2.056 millage property tax and the City of Ypsilanti levies 0.9789 transit millage. A portion of the 0.7 mill tax levy is designated for bus purchases.
- The State Formula Operating Assistance revenue has increased due to greater eligible expenses even though the reimbursement percentage for urban services decreased, from 31.14% in the FY 2015 to 30.8% in FY 2016.

Expenses:

- Personnel – The operating budget reflects the hiring and training of 11 SSMCOs to continue the ARide service effective May 1, 2016. We will hire an operations supervisor to help cover the expanded span of service. We are also adding two call-takers/information specialists, a vehicle mechanic and three service crew (one on April 1, 2016) to support the increase in services and vehicles. We will fill the vacant facilities supervisor, facilities maintenance technician and bus stop technician positions.
- Other Expenses – Other expenses include resources necessary to support new services in the 5YTIP along with continuing research and development projects.

ANN ARBOR AREA TRANSPORTATION AUTHORITY
ADOPTED FY 2016 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30

	A	B	C	D	E	F
	Audited	Adopted	Estimated	Adopted	Budget	Percent
	FY 2014	Amended	Projected	Budget	Change	Change
		FY 2015	FY 2015	FY 2016	B to D	B to D
REVENUES:						
Passenger Revenue	\$5,977,174	\$6,331,463	\$6,251,078	\$6,461,032	\$129,569	2.0%
Local Property Tax Revenue (applied)	10,475,627	13,603,583	12,799,883	13,772,766	169,183	1.2%
Purchase of Service Agmts - Urban	458,246	378,250	359,570	1,020,536	642,286	169.8%
Purchase of Service Agmts - Nonurban	380,122	432,032	430,370	422,979	(9,053)	-2.1%
Purchase of Service Agmts - Interurban	175,550	127,145	154,703	0	(127,145)	-100.0%
Other Governmental Partners	336,865	220,900	250,938	308,780	87,880	39.8%
State Operating Assistance	9,743,448	10,959,403	10,748,031	11,864,984	905,581	8.3%
Federal Operating Assistance	5,575,133	5,758,777	4,652,656	5,800,982	42,205	0.7%
Advertising, Interest and Other	315,011	352,000	287,568	384,700	32,700	9.3%
TOTAL REVENUES	\$33,437,175	\$38,163,553	\$35,934,798	\$40,036,758	1,873,205	4.9%
EXPENSES:						
PERSONNEL:						
Operations Salaries & Wages	\$8,292,192	\$9,824,643	\$9,584,173	\$10,972,071	\$1,147,428	11.7%
Maintenance Salaries & Wages	\$2,154,262	\$2,491,805	\$2,376,324	\$2,888,538	\$396,733	15.9%
General Administration Salaries & Wages	\$2,699,260	\$2,968,291	\$2,895,229	\$3,279,413	\$311,122	10.5%
Total Salaries and Wages	\$13,145,713	\$15,284,739	\$14,855,726	\$17,140,022	\$1,855,283	12.1%
Fringe Benefits	5,357,864	6,159,397	5,962,117	7,012,706	\$853,309	13.9%
Subtotal - Personnel	18,503,576	21,444,136	20,817,843	24,152,728	\$2,708,592	12.6%
OTHER EXPENSES:						
Purchased Services	2,558,316	2,594,311	2,167,621	3,211,615	\$617,304	23.8%
Diesel Fuel and Gasoline	2,157,982	2,094,200	2,323,090	1,978,700	(\$115,500)	-5.5%
Materials and Supplies	1,702,761	2,076,127	1,966,329	2,303,103	\$226,977	10.9%
Utilities	510,019	607,817	585,595	537,516	(\$70,301)	-11.6%
Casualty & Liability Insurance	666,899	660,000	554,435	775,000	\$115,000	17.4%
Purchased Transportation	6,341,529	6,267,160	6,429,707	6,037,194	(\$229,966)	-3.7%
Other Expenses	899,911	746,190	693,100	730,380	(\$15,810)	-2.1%
Local Depreciation	218,004	297,000	289,000	298,000	\$1,000	0.3%
Total Other Expenses	15,055,421	15,342,804	15,008,878	15,871,508	528,704	3.4%
TOTAL EXPENSES	33,558,998	36,786,941	35,826,721	40,024,236	\$3,237,296	8.8%
OPERATING SURPLUS (DEFICIT)	(\$121,823)	\$1,376,613	\$108,077	\$12,522	(\$1,364,091)	

	Audited	Adopted	Estimated	Adopted	Amount	Percent
	FY 2014	Budget	Projected	Budget	Change	Change
		FY 2015	FY 2015	FY 2016	B to D	B to D
ASSUMPTIONS:						
Service Hours:						
Local Fixed Route	207,239	219,673	219,804	251,400	31,727	14.4%
ExpressRide	2,073	2,073	2,073	2,081	8	0.4%
AirRide	4,126	8,964	8,275	8,985	21	0.2%
Urban Demand Response*	80,881	83,670	81,400	86,000	2,330	2.8%
Total	294,319	314,380	311,552	348,466	34,086	10.8%
Passenger Trips:						
Fixed Route	6,324,551	6,693,500	6,541,800	7,943,900	1,250,400	18.7%
ExpressRide	37,675	43,000	40,500	41,500	(1,500)	-3.5%
AirRide	23,307	58,500	72,700	75,000	16,500	28.2%
Urban Demand Response*	165,577	177,000	170,500	177,000	0	0.0%
Total	6,551,110	6,972,000	6,825,500	8,237,400	1,265,400	18.1%

* Urban Demand Response includes ARide, NightRide, MyRide

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
ADOPTED FY 2016 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	
	Audited FY 2014	Amended Budget FY 2015	Estimated Projected FY 2015	Adopted Budget FY 2016	Percent Change B to D	Budget Notes
REVENUES:						
Passenger Revenue						
Cash, Tokens and Passes	2,337,385	2,409,372	2,378,265	2,525,052	4.8%	1a
Subcontract (ARide, AirRide, NightRide)	1,635,653	1,681,689	1,683,120	1,713,000	1.9%	1b
Special Fares (UM, DDA, EMU & WCC)	2,004,136	2,240,402	2,189,693	2,222,980	-0.8%	1c
Total	5,977,174	6,331,463	6,251,078	6,461,032	2.0%	
Local Property Tax Revenue						
City of Ann Arbor	\$13,056,992	\$13,385,000	\$13,385,000	\$13,507,300	0.9%	2a
City of Ypsilanti	\$489,200	\$490,463	\$490,463	\$490,019	-0.1%	2b
Township of Ypsilanti	\$779,435	\$781,420	\$781,420	\$786,047	0.6%	2c
Subtotal - Property Tax Levies	\$14,325,627	\$14,656,883	\$14,656,883	\$14,783,366	0.9%	
Adjustments to Property Tax Levies:						
July 2014 Levy for FY 15 Capital (10 Buses)	(\$3,850,000)					2d
July 2015 Levy for FY 15 Capital (5 Buses)		(\$1,053,300)	(\$1,857,000)			2e
July 2016 Levy for FY 16 Capital (2 buses)				(\$910,600)		2f
July 2016 Levy for FY 16 Capital (Bus Stops, etc)				(100,000)		2f
Total Property Tax Applied to Operations	\$10,475,627	\$13,603,583	\$12,799,883	\$13,772,766	1.2%	2g
Purchase of Service Agreements & Other Governmental Partners						
Urban (Pittsfield, Superior & Scio Twps)	458,246	378,250	359,570	1,020,536	169.8%	3
Non-Urban (WAVE and People's Express)	380,122	432,032	430,370	422,979	-2.1%	
Inter-Urban (AirRide)	175,550	127,145	154,703	0	-100.0%	
Other Governmental Partners	336,865	220,900	250,938	308,780	39.8%	
Total	1,350,783	1,158,327	1,195,582	1,752,295	51.3%	
State Operating Assistance						
Formula Operating - Urban	8,384,292	9,838,499	9,581,977	10,792,703	9.7%	4
Formula Operating - Nonurban	407,746	399,090	429,581	399,239	0.0%	
Prior year Formula Adjustments	94,920	0	87,694	0	0.0%	
Job Access/Reverse Commute (JARC)	71,696	132,000	137,904	140,528	6.5%	
Planning Grants	109,980	80,000	73,762	40,000	-50.0%	
Preventive Maintenance	525,000	390,000	292,500	317,500	-18.6%	
Capital Cost of Contracting	60,000	30,000	30,000	30,000	0.0%	
Coast to Coast Rail Project	0	0	24,800	55,200	100.0%	
Specialized Services	89,814	89,814	89,814	89,814	0.0%	
Total	9,743,448	10,959,403	10,748,031	11,864,984	8.3%	
Federal Operating Assistance						
Operating Assistance (Section 5307)	1,540,000	2,400,000	1,850,000	2,640,000	10.0%	5
Congestion Mitigation/Air Quality-TDM	455,000	455,000	484,100	501,000	10.1%	
Planning (Section 5303)	49,440	49,440	49,440	49,440	0.0%	
Planning (Section 5307)	826,797	480,000	448,784	363,600	-24.3%	
Preventive Maintenance (Sec 5307)	2,100,000	1,560,000	1,170,000	1,270,000	-18.6%	
Capital Cost of Contracting (Sec 5307)	240,000	120,000	120,000	120,000	0.0%	
Job Access/Reverse Commute (JARC)	148,201	171,000	171,000	166,112	-2.9%	
New Freedom	49,692	105,000	105,000	69,360	-33.9%	
TCSP - North/South Commuter Rail	0	240,000	76,000	440,000	83.3%	
Non-Urban (Section 5311)	166,003	178,337	178,332	181,470	1.8%	
Total	5,575,133	5,758,777	4,652,656	5,800,982	0.7%	
Advertising, Interest and Other	315,011	352,000	287,568	384,700	9.3%	6
TOTAL REVENUES	\$33,437,175	\$38,163,553	\$35,934,798	\$40,036,758	4.9%	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
ADOPTED FY 2016 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	
	Audited FY 2014	Amended Budget FY 2015	Estimated Projected FY 2015	Adopted Budget FY 2016	Percent Change B to D	Budget Notes
EXPENSES:						
SALARIES & WAGES:						
Operations:						
Motor Coach Operators (MCO)	7,141,169	8,481,569	8,275,383	9,394,681	10.8%	7
Call Taker/Information Specialists	237,979	405,360	349,024	475,421	17.3%	8
Operations Supervision	913,043	937,714	959,766	1,101,969	17.5%	9
Subtotal - Operations	<u>8,292,192</u>	<u>9,824,643</u>	<u>9,584,173</u>	<u>10,972,071</u>	11.7%	
Maintenance:						
Vehicle Maintenance Technicians	1,001,156	1,181,454	1,156,831	1,312,084	11.1%	10
Vehicle Service Crew	473,093	511,351	532,923	665,814	30.2%	10
Facility Maintenance	167,077	245,204	187,272	259,747	5.9%	10
Maintenance Supervision	512,936	553,796	499,298	650,893	17.5%	11
Subtotal - Maintenance	<u>2,154,262</u>	<u>2,491,805</u>	<u>2,376,324</u>	<u>2,888,538</u>	15.9%	
General Administration	<u>2,699,260</u>	<u>2,968,291</u>	<u>2,895,229</u>	<u>3,279,413</u>	10.5%	12
TOTAL SALARIES & WAGES	<u>13,145,713</u>	<u>15,284,739</u>	<u>14,855,726</u>	<u>17,140,022</u>	12.1%	
FRINGE BENEFITS:						
Payroll Taxes	947,793	1,150,960	1,091,583	1,272,989	10.6%	13
Pension	905,184	1,017,214	1,100,593	1,251,337	23.0%	
Medical Insurance	2,395,869	2,531,406	2,436,432	2,917,060	15.2%	
Health Care Reform Taxes (PPACA)	69,410	82,100	69,955	68,040	-17.1%	
Medical & Dependent Care	6,790	5,757	8,650	8,028	39.4%	
Vision	47,809	62,802	53,076	51,510	-18.0%	
Dental	190,554	242,121	217,704	254,116	5.0%	
Life Insurance	94,659	75,780	70,512	87,952	16.1%	
Unemployment	5,000	14,577	8,833	10,546	-27.7%	
Workers' Compensation	207,570	358,873	347,313	423,579	18.0%	
Long Term Disability	31,388	35,247	34,692	37,051	5.1%	
Short Term Disability	86,925	116,383	106,872	122,310	5.1%	
Health Care Savings Plan	292,440	382,399	332,130	423,188	10.7%	
Post-Retirement Health Care Benefits	76,475	83,778	83,772	85,000	1.5%	
TOTAL FRINGE BENEFITS	<u>5,357,864</u>	<u>6,159,397</u>	<u>5,962,117</u>	<u>7,012,706</u>	13.9%	
TOTAL PERSONNEL COSTS	<u>18,503,576</u>	<u>21,444,136</u>	<u>20,817,843</u>	<u>24,152,728</u>	12.6%	
PURCHASED SERVICES:						
Bank Fees	12,530	14,660	15,344	16,200	10.5%	14
Agency, Design Fees	141,644	124,000	211,803	100,000	-19.4%	
North/South Rail Station Feasibility & NEPA	0	300,000	68,000	550,000	83.3%	
Physical Exams	21,388	20,000	27,127	30,000	50.0%	
Legal Fees	97,084	155,000	162,499	115,000	-25.8%	
Auditing Fees	21,195	29,372	29,372	25,615	-12.8%	
Property Tax Collection Fees	213,900	146,600	186,392	147,600	0.7%	
Information Technology/Contract Employee	93,062	85,029	73,197	70,000	-17.7%	
Contracted Maintenance Services	630,104	697,000	575,446	757,700	8.7%	
Custodial Services	121,942	148,200	148,034	167,100	12.8%	
Security Services	345,284	332,600	325,394	343,700	3.3%	
Web/Internet Services	71,472	105,800	71,314	121,100	14.5%	
Towing	12,750	15,000	11,894	15,000	0.0%	
Consulting Fees - Planning Grants	681,247	315,000	218,434	391,000	24.1%	
Consulting Fees - Other	27,193	30,350	20,509	285,350	840.2%	
Media Relations & Public Relations	36,908	37,500	3,848	35,250	-6.0%	
Benefit Administration Fees & EAP	30,612	38,200	34,358	41,000	7.3%	
TOTAL PURCHASED SERVICES	<u>2,558,316</u>	<u>2,594,311</u>	<u>2,167,621</u>	<u>3,211,615</u>	23.8%	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
ADOPTED FY 2016 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	
	Audited FY 2014	Amended Budget FY 2015	Estimated Projected FY 2015	Adopted Budget FY 2016	Percent Change B to D	Budget Notes
BIODIESEL FUEL AND GASOLINE	2,157,982	2,094,200	2,323,090	1,978,700	-5.5%	15
(PER GALLON)	\$3.30	\$3.07	\$3.38	\$2.45	-20.1%	
(Gallons)	654,400	682,800	687,986	807,700	18.3%	
MATERIALS AND SUPPLIES:						
Lubricants, Anti-Freeze and DEF	103,125	120,000	117,059	137,300	14.4%	16
Tires and Tubes	62,023	123,700	114,461	141,500	14.4%	
Repair Parts	657,520	771,403	803,644	881,700	14.3%	
Perishable Tools	3,240	4,800	3,898	5,000	4.2%	
Equipment Repairs	2,703	7,000	9,590	10,000	42.9%	
Other Materials and Supplies	435,763	425,724	401,037	488,763	14.8%	
Computer Software	266,495	385,680	331,635	378,220	-1.9%	
Production Costs	2,870	47,800	26,734	40,800	-14.6%	
Printing Costs	158,721	180,020	152,144	209,320	16.3%	
Mechanics Tools	10,302	10,000	6,128	10,500	5.0%	
TOTAL MATERIALS & SUPPLIES	1,702,761	2,076,127	1,966,329	2,303,103	10.9%	
UTILITIES:						
Natural Gas	205,173	275,217	260,430	187,016	-32.0%	17
Electricity	223,855	245,000	241,511	256,000	4.5%	
Water	32,450	39,600	35,758	41,500	4.8%	
Telephone	48,541	48,000	47,896	53,000	10.4%	
TOTAL UTILITIES	510,019	607,817	585,595	537,516	-11.6%	
CASUALTY AND LIABILITY INSURANCE:	666,899	660,000	554,435	775,000	17.4%	18
PURCHASED TRANSPORTATION:						
A-Ride and GoldRide	3,113,767	2,925,150	3,052,762	2,760,000	-5.6%	19
Night Ride	588,655	570,000	574,415	572,000	0.4%	
NonUrban-Western Wash. Area Value Express	538,516	603,000	603,266	619,350	2.7%	
NonUrban-People's Express	499,733	469,688	552,029	469,688	0.0%	
Mobility Management Trip Assistance	360,917	449,000	421,613	444,000	-1.1%	
AirRide - Airport Shuttle Services	1,210,344	1,209,522	1,203,500	1,135,356	-6.1%	
Guaranteed Ride Home	29,598	40,800	22,122	36,800	-9.8%	
TOTAL PURCHASED TRANSPORTATION	6,341,529	6,267,160	6,429,707	6,037,194	-3.7%	
OTHER EXPENSES:						
Uniform Expense	110,203	110,000	113,212	119,000	8.2%	20
Postage	18,676	25,550	18,638	23,350	-8.6%	
Dues and Subscriptions	86,923	94,690	90,517	97,590	3.1%	
Conference, Travel and Meetings	44,868	68,950	50,962	65,000	-5.7%	
Media Planning & Placement	226,048	210,250	207,542	204,250	-2.9%	
Employee Development	58,696	120,850	101,212	126,250	4.5%	
Employee Wellness and Appreciation	0	13,000	2,429	18,890	45.3%	
Election Fees	115,827	0	0	0	0.0%	
Recruitment & Hiring	0	65,000	58,956	20,000	-69.2%	
Loss on Sale - BTC	190,448	0	0	0	0.0%	
Equipment and Park & Lot Rentals	48,220	37,900	49,634	56,050	47.9%	
TOTAL OTHER EXPENSES	899,911	746,190	693,100	730,380	-2.1%	
LOCAL DEPRECIATION:	218,004	297,000	289,000	298,000	0.3%	21
TOTAL EXPENSES	\$33,558,998	\$36,786,941	\$35,826,721	\$40,024,236	8.8%	
NET SURPLUS (DEFICIT)	(\$121,823)	\$1,376,613	\$108,077	\$12,522		

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
ADOPTED FY 2016 OPERATING BUDGET
STAFFING INFORMATION**

	AMENDED* BUDGET FY 2014	AMENDED** BUDGET FY 2015	Actual Aug 2015	Adopted BUDGET FY 2016	Budget Change: 2015 to 2016	Notes - Comparing 2015 to 2016
Operations:						
Motor Coach Operators - Full Time	120.00	130.00	133.00	138.00	8.00	
Motor Coach Operators - Part Time	18.00	30.00	24.00	24.00	-6.00	32 Part-time MCO x 75%
Subtotal - MCO FTEs +	138.00	160.00	157.00	162.00	2.00	
Special Services MCO (ARide)	0.00	0.00	0.00	6.40	6.40	Hire 11 SSMCO on 3/1/16
Call-Takers/Info Specialist	6.00	8.00	9.00	9.75	1.75	Add 1 FT and 1 PT
Transportation Supervision	12.00	14.00	15.00	15.00	1.00	Add Oper Supervisor
Subtotal - Operations	156.00	182.00	181.00	193.15	11.15	
Maintenance:						
Vehicle Maintenance	19.00	20.50	19.00	21.00	0.50	Vacant vehicle technician
Vehicle Service Crew	11.00	11.00	13.00	13.50	2.50	Add 2.5 service crew for add'l buses (1 on 4/1/16)
Facilities Maintenance	2.50	3.00	3.00	3.00	0.00	
Bus Stop Maintenance	1.00	2.00	1.00	2.00	0.00	Vacant bus stop position
						Add Evening shift supervisor
Maintenance Supervision	7.00	9.00	8.00	9.00	0.00	(filled 8/3) & vacant facilities supervisor
Subtotal - Maintenance	40.5	45.5	44.0	48.50	3.00	
General Administration:						
Administration	8.00	8.00	7.00	8.00	0.00	Vacant Admin Asst
Information Technology	4.00	6.00	6.00	6.00	0.00	
Finance	3.00	3.00	3.00	3.00	0.00	
Purchasing	3.00	3.50	3.50	3.50	0.00	
Human Resources	4.00	4.00	4.00	4.00	0.00	
Service Development	5.00	6.50	6.50	6.50	0.00	
Mobility Management	1.00	1.00	1.00	1.00	0.00	
Community Relations	6.00	6.00	6.00	6.00	0.00	
CR - GetDowntown	2.00	2.00	2.00	2.00	0.00	
Subtotal - General Administration	36.00	40.00	39.00	40.00	0.00	
Authority Total FTEs	232.50	267.50	264.00	281.65	14.15	

+ FTE = Full Time Equivalents

* FY 2014 Operating budget was amended on July 24, 2014

** FY 2015 Operating budget was amended on June 25, 2015

Operations	67.1%	68.0%	68.6%	68.6%
Maintenance	17.4%	17.0%	16.7%	17.2%
Adminstration	15.5%	15.0%	14.8%	14.2%
	100.0%	100.0%	100.0%	100.0%

Column Descriptions for Pages Two through Five:

- A. Audited Fiscal Year 2014** – These amounts are taken from the audited financial statements for the year ended September 30, 2014 with the independent auditors' report dated January 9, 2015. Some reclassifications have been made to conform to the presentation of the operating budget.
- B. Adopted Amended Budget Fiscal Year 2015** – These amounts are taken from the original budget adopted at the board of directors meeting on September 29, 2014, as amended by the Board of Directors on June 25, 2015.
- C. Estimated Projected Fiscal Year 2015** – These amounts are projected based on ten months of actual revenue and expenses through July 31, 2015, with seasonal adjustments.
- D. Adopted Operating Budget Fiscal Year 2016** – The FY 2016 Budget includes an increased level of service for fixed route due to the implementation of the second (August 2015) and third year (May 2016) service increases in the Urban Core Five-Year Transit Improvement Program, (5YTIP). There also an increase in ARide due to the larger service area and longer service hours. We are budgeting a consistent level for AirRide, ExpressRide, MyRide, VanRide and non-urban demand response services.

Ann Arbor Area Transportation Authority
FY 2016 Operating Budget // Budget Notes

Revenues:

1. Passenger Revenue:

- a. **Cash, Passes and Tokens** - We are budgeting a slight increase in passenger revenue compared to our FY 2015 actual passenger fares based on projected increase in ridership and increase in service hours.
- b. **Subcontracted Revenue** – We are budgeting an increase in revenue for AirRide shuttle service to/from Detroit Metro Airport, ARide, NightRide ARide, WAVE and Northfield's Human Services pass-through.
- c. **Special Fares** – Special Fares are when someone other than the rider pays the fare. We are budgeting \$680,600 based on the projected ridership from the sale of 6,500 go!passes. The University of Michigan Unlimited Access contract amount represents \$1.2 million payment from the UofM after giving credit for the Federal funds we receive that are earned by the UofM bus system. The EMU amount of \$151,000 is for the route guarantee for route #33 during the school year.

2. Local Tax Revenue:

- a. The City of Ann Arbor July 2016 property tax levy includes both the original millage of 2.056 and the additional millage of 0.7 mills approved by the voters on May 6, 2014. There is projected to be a small increase in property values. We are allowing for \$30,000 collection loss due to potential Michigan Tax Tribunals rebates and other adjustments.
- b. The City of Ypsilanti July 2016 property tax levy includes both the original 0.9789 transit millage and the new 0.7 millage.
- c. The Charter Township of Ypsilanti July 2015 property tax levy is 0.7 millage.
- d. A portion of the July 2014 property tax millage was used to fund the purchase of 8.0 large buses and 2.0 small buses.
- e. A portion of the July 2015 property tax millage will be used to purchase 4.0 large buses and 1.0 small bus for service expansion with an expected delivery in November 2015.
- f. A portion of the July 2016 levy will be used to purchase 2.0 additional buses and bus stop improvements in the new service areas.
- g. A total of 14 large buses and 3 small buses will be purchased from the property tax levies of July 1, 2014, 2015 and 2016 for a total of \$6.6 million.

- 3. Purchase of Service Agreements and Governmental Partners** – These are the proposed contract amounts the other governments will be charged based on the increasing level of service with the fully allocated POSA hourly rate. Pittsfield and Superior Township amounts also include a capital component to recover the cost of buses needed to provide the service over the life of the buses. Other governmental reimbursements includes \$41,000 for the local match for the Connector Study and

Ann Arbor Area Transportation Authority
FY 2016 Operating Budget // Budget Notes

\$110,000 in contributions from the other participating municipalities in the north/south rail project.

- 4. State Operating Assistance** – The State Urban Operating Assistance is 30.8% (2015 was 31.14%) multiplied by our budgeted urban eligible expenses. The Nonurban State Operating Assistance amount is the non-urban eligible expenses multiplied by the reimbursement rate of 35.64% (2014 was 36.38%). These percentages are based on the latest communication from MDOT, but are subject to reconciliation and audit, resulting in changes (either increase or decrease) based on actual eligible expenses and total State tax revenue received in FY 2016. The State revenue also includes the match for Job Access/Reverse Commute, Planning, Preventive Maintenance and Capital Cost of Contracting.
- 5. Federal Operating Assistance** – Federal Formula Funds are budgeted based on the current five-year Capital and Categorical Grant Program. Congestion Mitigation/Air Quality (CMAQ) is the federal share for Rideshare/Outreach and GetDowntown program. The amount of Preventive Maintenance funds includes \$1,270,000 of Federal funds (and State match of \$317,500) realized from UofM Transportation Services. This is the fourth year we are able to take advantage of newly expanded regulations that allows the Authority to use a portion (\$2.6 million) of AAATA's programmed Federal funds to fund operating expenses. Federal planning revenue includes \$233,600 (80%) for continuing the current phase of the Connector Alternatives Analysis, which continues from FY 2013. The local 20% portion is covered by UofM (10%), the City of Ann Arbor (4%) and the Authority (6%). The \$496,000 FHWA Transportation Community and System Preservation Program (TCSP) grant supports the north/south commuter railroad station feasibility study and engineering support for the National Environmental Policy Act (NEPA) process.
- 6. Interest and Other Revenue** - Interest is based on projected cash balances at a 0.25% rate of return. We are budgeting advertising revenue at \$246,000.

Expenses:

- 7. Operator Wages** – The number of Motor Coach Operators (MCOs) will be 162 Full Time Equivalents (FTE) resulting from increased service hours in the 5YTIP (August 23, 2015 and May 1, 2016). The total includes 138 full-time positions and 32 part time (3/4) positions (24.0 FTE). There is also 11.0 full time Special Services MCO, which are scheduled to start in March 2016 to provide the additional ARide service hours starting on May 1, 2016 if we continue to provide lift-van ARide services instead of contracting these services out to our ARide service provider, who provides sedan trips. The top hourly wage rate for MCOs is \$25.75 and will increase to \$26.25 (+2.0%) on January 1, 2016 per the five-year labor

Ann Arbor Area Transportation Authority
FY 2016 Operating Budget // Budget Notes

agreement. MCOs hired after January 1, 2013 receive \$3.00 less per hour. Overtime stays the same at 2.73%. Built into the budget are additional hours for University of Michigan football games (75 hours per game), Art Fair (700 hours) and other special events (200 hours) at overtime rates.

- 8. Call Taker Wages** – The number of Call-Takers/Information Specialist is increasing from 8.0 to 9.75 to support the new ARide model, which includes taking all advanced reservations, effective May 1, 2015. One position is part time and one full time position is funded by Federal and State of Michigan JARC and New Freedom grants under MyRide.
- 9. Operations Supervision** – These wages include the wages for the manager of operations, ten operations supervisors (an increase of one from the amended FY 2015 operating budget), specialized transportation coordinator, paratransit coordinator, administrative assistant and a travel trainer with an up to 3.0% merit increase based on performance.
- 10. Maintenance Wages** – We are adding one vehicle maintenance technician to support increased number of vehicles, hours and miles. The wages for the Master Technicians are \$27.65 and increase to \$28.15 (+1.8%) on January 1, 2016. The wages for the Service Crew are \$22.80 and increase to \$23.30 (2.2%). We are adding two service crew members in the beginning of the fiscal year and one more in April 2016, when more buses arrive. We expect to fill a vacant facilities maintenance technician and fill the vacant bus stop technician position.
- 11. Maintenance Supervision** – These wages include the management wages for the manager of maintenance, three vehicle mechanic supervisors, a parts inventory supervisor, two electronic technicians, a bus stop coordinator, and an administrative assistant with an up to 3.0% merit increase based on performance. We expect to fill the vacant facilities supervisor to oversee our facilities, which includes our main facility (operations, maintenance and administration), two transit centers, 1,200 bus stops, 150 bus shelters and 200 benches.
- 12. General Administrative Wages** – Administrative departments include Administration, Information Technology, Finance, Purchasing, Human Resources, Service Development & Planning, Community Relations, and the GetDowntown program with an up to 3.0% merit increase based on performance. We are not adding any administrative positions.
- 13. Fringe Benefits** – Payroll taxes (FICA), pension and workers' compensation expenses are based on wages and statutory or contractual rates.

Ann Arbor Area Transportation Authority
FY 2016 Operating Budget // Budget Notes

Medical insurance plans are from Blue Care Network (BCN) and premiums were virtually unchanged on the annual renewal date of August 1, 2015. Medical & dependent care reimbursement, vision, dental, life insurance, long term and short term disability are based on the number of employees at the monthly premium amounts effective August 1, 2015. The budget assumes 10.0% increase in medical insurance on August 1, 2016. Life insurance, long-term and short-term disability rates are staying consistent. Hourly personnel will increase their contribution from 15% to 20% of the medical, vision and dental insurance premiums, effective August 1, 2016. Management personnel continue to pay 20% of medical, vision and dental insurance premiums.

The pension expense is 9.0% of wages for full-time employees eligible after one year of service and assumes a turnover of approximately 3.0%. This amount is net of forfeitures of AAATA provided pension match for employees who leave before the five-year vesting period.

Our workers' compensation rates are from the current policy period, expiring December 30, 2015. Historically, we have had favorable results from our dividend program with our workers' compensation carrier, expecting refunds per year. We are budgeting for a refund of \$95,000 based on the low claims incurred in calendar year 2014 and an expected refund of 25% of the calendar year 2014 premiums.

The Health Care Savings Plan (HCSP) is a defined contribution plan administered by the Municipal Employees Retirement System of Michigan (MERS). AAATA contributes \$135 to each full-time employee's health savings account each month. This amount is increasing to \$140 effective January 1, 2016, per the five-year labor agreement. This money will be available to each employee for eligible health care expenses post employment after a five-year vesting period.

We still maintain the post-employment medical defined benefits plan for twelve retirees and one eligible active employees who elected to participate in it instead of participating in the HCSP. Even though the plan is closed, the Authority will still need to contribute approximately \$85,000 each year. An actuary study is conducted annually to determine future contribution amounts.

14. Purchased Services – Consultants fees – Planning Grants include the continued work on the alternatives analysis of the connector study, which began in FY 2013 and will continue through FY 2016 (\$292,000). This project is funded by a Federal planning grant (80%), the University of Michigan (10%), City of Ann Arbor (4%) and AAATA (6%). The North/South Rail Station Design Study is funded by the Federal TCSP grant of \$496,000 (80%) and local

Ann Arbor Area Transportation Authority
FY 2016 Operating Budget // Budget Notes

partners' contributions \$124,000 (20%). Consulting Fees – Other contains \$150,000 for a space assessment of our current and future needs for our operations, maintenance and administrative facility. Contracted maintenance includes snow removal, electricians, along with services on vehicle hoists, and all the building systems in our facilities.

15. Diesel Fuel and Gasoline – We are expecting ultra-low biodiesel fuel prices to decrease to \$2.45 per gallon. We expect to use 800,700, an increase from 675,500 gallons, of ultra-low sulfur biodiesel fuel (#2 B10%), including 24,000 gallons for providing ARide lift-van services. We also use 7,000 gallons of gasoline in our service trucks, supervisor vehicles and shuttle vehicles per year.

16. Materials and Supplies – We are utilizing Federal grant funds for associated capital maintenance to cover the costs of an estimated \$100,000 in components (battery refresh kits, engines, transmissions, etc.). Lubricants, tires and repair parts are increasing due to the increase in the amount of service hours. Our computer software line item is increasing as we are replacing our maintenance and purchasing software and expect to pay an annual maintenance on both the old and new software during the transition period this year. We expect printing to increase as our RideGuide will be bigger with the additional services and also to fund the materials needed to educate the community regarding the new services on May 1, 2016. We expect other items to be consistent with the FY 2015 budget.

17. Utilities – For natural gas, we are contracted to pay \$5.36 per million British Thermal Unit (MMBTU) through April 2018, which is down from \$7.65 per unit in FY 2015, with expected usage at last year's record level of 30,600 MMBTU. We switched our telephone system to voice over internet protocol (VOIP) in partnership with the City of Ann Arbor and have realized significant savings.

18. Insurance – Our vehicle and corporate insurance renewal rates were greater than expiring. The expense includes an estimate* of annual insurance claims below our \$25,000 deductible for minor incidents and accidents. The insurance detail is as follows:

	FY 2016	FY 2015
a. Vehicles Insurance – Premiums	\$474,300	\$390,800
b. Vehicles Insurance – Claims under \$25,000*	75,000*	100,000*
c. Umbrella Coverage (from \$5 million to \$10 million)	73,700	70,100
d. Property	25,500	25,600
e. Public Official and Employment Practices Liability	26,500	26,800

Ann Arbor Area Transportation Authority
FY 2016 Operating Budget // Budget Notes

f. Pollution Premises – Underground Storage Tank	20,200	16,200
g. Fiduciary	6,800	6,400
h. Commercial General Liability	15,600	8,600
i. Government Official/Crime	4,000	3,800
j. Broker Fees	<u>\$53,400</u>	<u>51,700</u>
Total	<u>\$775,000</u>	<u>\$700,000</u>

19. Purchased Transportation – The amount for ARide and GoldRide Taxi is based on the contract effective May 1, 2015 and expires April 30, 2016. The FY 2016 budget assumes AATA will operate the lift-van service after May 1, 2016. A decision on the future service delivery could be made by December 2015. NightRide service area was expanded in FY 2012 and ridership has increased. However, the later fixed route service hours means that NightRide will start later. The WAVE and People's Express portions are the pass-through amounts to these entities using Nonurban State Operating Assistance and Federal Section 5311 grants. Purchased Transportation includes \$1.2 million for the Ann Arbor to Detroit Metro Airport, which is funded from State operating assistance and passenger fares.

20. Other Expenses – Uniform expense is increasing due to the increase in MCO and maintenance technicians. Employee development is increasing to support additional training for personnel, succession planning. Media costs and postage are consistent in Community Relations due to initiatives to continue to inform the communities about service improvements and other goals in the FY 2016 Work Plan. The amount for Recruitment and Hiring is for the recruitment of mechanics and other positions due to potential retirements.

21. Local Depreciation – This represents the depreciation expense on capital assets purchased with local funds rather than Federal and State Capital grants.

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
REVENUE AND EXPENSE ALLOCATION AMONG COR
ADOPTED FY 2016 OPERATING BUDGET**

	A		B		C		D		
	Audited FY 2014	Adopted Budget FY 2015	SUMMARY		Adopted Budget FY 2016				
REVENUES:	Passenger Revenue	\$5,977,174	\$6,331,463	\$6,251,078		\$6,461,032			
	Local Property Taxes	10,475,627	13,603,583	12,799,883		13,772,766			
	Purchase of Service Agmts - Urban	458,246	378,250	359,570		1,020,536			
	Purchase of Service Agmts - Nonurban	380,122	432,032	430,370		422,979			
	Purchase of Service Agmts - Interurban	175,550	127,145	154,703		0			
	Other Governmental Partners	336,865	220,900	250,938		308,780			
	State Operating Assistance	9,743,448	10,959,403	10,748,031		11,864,984			
	Federal Operating (Discretionary)	0	2,400,000	1,850,000		2,640,000			
	Other Federal Oper Assistance	5,575,133	3,358,777	2,802,656		3,160,982			
	Advertising, Interest and Other	315,011	352,000	287,568		384,700			
	TOTAL REVENUES	\$33,437,175	\$38,163,553	\$35,934,798		\$40,036,758			
	EXPENSES:								
		PERSONNEL:							
		Operations	\$8,292,192	\$9,824,643	\$9,584,173		\$10,972,071		
Maintenance		2,154,262	2,491,805	\$2,376,324		2,888,538			
General Administration		2,699,260	2,968,291	\$2,895,229		3,279,413			
Subtotal Wages		13,145,713	15,284,739	\$14,855,726		17,140,022			
Fringe Benefits		5,357,864	6,159,397	5,962,117		7,012,706			
Subtotal - Personnel		18,503,576	21,444,136	20,817,843		24,152,728			
OTHER EXPENSES:									
Purchased Services		2,558,316	2,594,311	2,167,621		3,211,615			
Diesel Fuel and Gasoline		2,157,982	2,094,200	2,323,090		1,978,700			
Materials and Supplies		1,702,761	2,076,127	1,966,329		2,303,103			
Utilities		510,019	607,817	585,595		537,516			
Casualty & Liability Insurance		666,899	660,000	554,435		775,000			
Purchased Transportation	6,341,529	7,267,160	6,429,707		6,037,194				
Other Expenses	899,911	746,190	693,100		730,380				
Local Depreciation	218,004	297,000	289,000		298,000				
Total Other Expenses	15,055,421	15,342,804	15,008,878		15,871,508				
TOTAL EXPENSES	33,558,998	36,786,941	35,826,721		40,024,236				
OPERATING SURPLUS (DEFICIT)	(\$121,823)	\$1,376,613	\$108,077		\$12,522				

HRS>	FIXED ROUTE		DEMAND RESPONSE				EMPLOYER/COMMUTER OUTREACH				SUBTOTAL CORE SERVICES & PROGRAMS
	FIXED ROUTE 251,400	\$119,82	A-RIDE & GOOD/GOLD RIDE	NIGHT RIDE	NON- URBAN	MY RIDE	EMPLOYER OUTREACH	GET DOWNTOWN	VAN RIDE		
2.0%	\$4,409,051	\$529,000	\$181,000	\$106,943	\$84,000	\$0	\$0	\$57,000	\$5,366,994		
1.2%	11,704,452	1,765,942	235,850	0	16,725	0	0	22,277	13,745,246		
169.8%	785,359	190,177	0	30,000	0	0	0	0	1,005,536		
-2.1%	0	0	0	422,979	0	0	0	0	422,979		
-100.0%	0	0	0	0	0	0	0	0	0		
39.8%	0	0	0	0	96,000	0	48,100	0	144,100		
8.3%	9,159,959	1,225,908	185,535	399,239	140,528	0	0	61,618	11,172,787		
10.0%	2,289,259	0	0	0	0	0	0	59,163	2,348,422		
-5.9%	1,395,033	120,000	0	181,470	235,472	207,976	208,743	84,281	2,432,974		
9.3%	290,000	0	0	0	90,000	0	4,700	0	384,700		
4.9%	\$30,033,113	\$3,831,027	\$602,385	\$1,140,630	\$662,725	\$207,976	\$261,543	\$284,339	\$37,023,738		
11.7%	10,013,343	\$677,041	\$4,248	\$20,952	\$59,628	\$1,062	\$0	\$4,248	\$10,780,522		
15.9%	2,812,222	57,792	0	0	0	0	0	0	2,870,014		
10.5%	2,067,989	217,281	24,345	28,184	141,533	128,314	172,593	59,291	2,839,530		
12.1%	14,893,554	952,114	28,593	49,136	201,161	129,376	172,593	63,539	16,490,066		
13.9%	6,859,755	77,163	0	2,456	16,076	0	0	0	6,955,450		
12.6%	21,753,308	1,029,277	28,593	51,592	217,237	129,376	172,593	63,539	23,445,516		
23.8%	2,137,143	20,000	0	0	0	21,550	24,000	0	2,202,693		
-5.5%	1,962,321	0	0	0	0	0	0	0	1,962,321		
10.9%	2,175,250	10,750	1,000	0	1,488	29,950	40,400	7,800	2,266,638		
-11.6%	526,911	0	792	0	0	0	0	0	527,703		
17.4%	774,015	0	0	0	0	0	0	0	774,015		
-3.7%	2,760,000	572,000	1,089,038	444,000	0	200	36,000	4,901,238	4,901,238		
-2.1%	568,643	11,000	0	0	0	27,100	24,350	2,000	633,093		
0.3%	123,000	0	0	0	0	0	0	175,000	298,000		
3.4%	8,267,283	2,801,750	573,792	1,089,038	445,488	78,600	88,950	220,800	13,565,700		
8.8%	30,020,591	3,831,027	602,385	1,140,630	662,725	207,976	261,543	284,339	37,011,216		
-99.1%	\$12,522	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,522		

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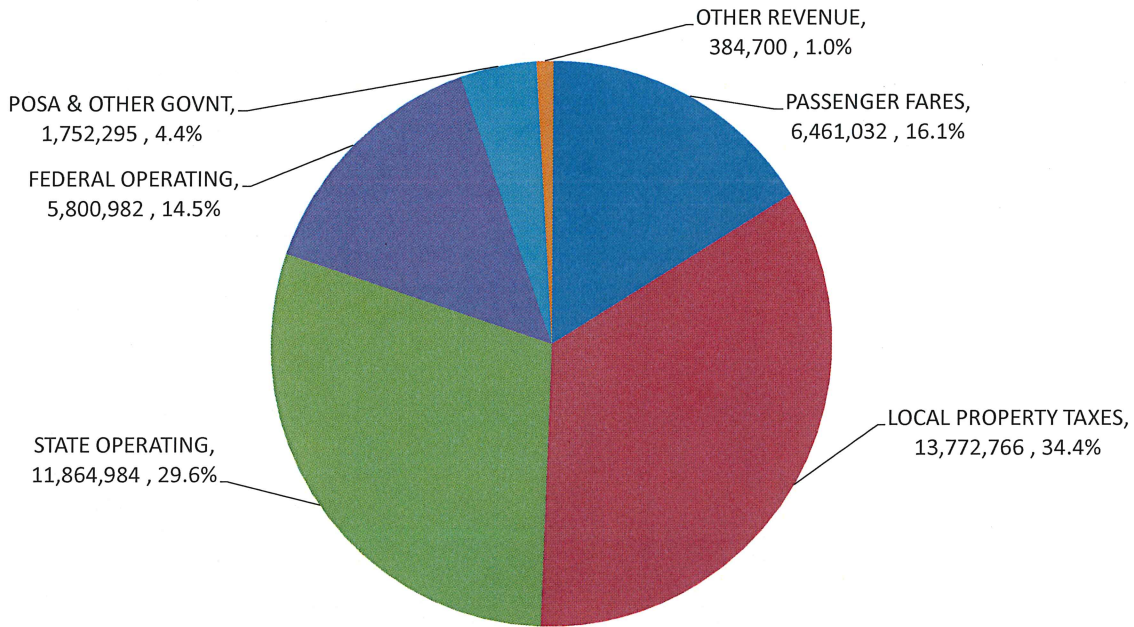
ANN ARBOR AREA TRANSPORTATION A
REVENUE AND EXPENSE ALLOCATION A
ADOPTED FY 2016 OPERATING BUDGET

	N			O			P			RESEARCH AND DEVELOPMENT										Y	
	OTHER SERVICES																			TOTAL	
	EXPRESS RIDE	AIR RIDE SERVICES	SUBTOTAL OTHER SERVICES	URBAN CORE IMPLEMENT	REGIONAL TRANSIT AUTHORITY	NOR/SOU EAST/WEST RAIL	CONNECTOR ALTERNATIVES ANALYSIS	RE IMAGINE WASHTENAW	PARK & RIDE LOT DEVELOPMENT	BIKE SHARE	SUBTOTAL RESEARCH & DEVELOPMENT										FY 2016 Adopted BUDGET
Passenger Revenue	\$152,000	\$942,038	\$1,094,038	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,461,032								
Local Property Taxes	0	0	0	0	0	10,000	17,520	0	0	0	0	0	13,772,766								
Purchase of Service Agmts - Urban	15,000	0	15,000	0	0	0	0	0	0	0	0	0	1,020,536								
Purchase of Service Agmts - Nonurban	0	0	0	0	0	0	0	0	0	0	0	0	422,979								
Purchase of Service Agmts - Interurban	0	0	0	0	0	0	0	0	0	0	0	0	0								
Other Governmental Partners	0	0	0	0	0	123,800	40,880	0	0	0	0	0	308,780								
State Operating Assistance	87,259	419,289	506,548	63,370	21,076	61,343	7,459	17,186	7,854	7,361	0	164,680	11,864,984								
Federal Operating (Discretionary)	29,048	0	29,048	142,377	47,354	0	0	38,614	17,646	16,539	0	262,530	2,640,000								
Other Federal Oper Assistance	0	0	0	0	0	464,570	263,437	0	0	0	0	728,007	3,160,982								
Advertising, Interest and Other	0	0	0	0	0	0	0	0	0	0	0	0	384,700								
TOTAL REVENUES	\$283,307	\$1,361,327	\$1,644,634	\$205,747	\$68,430	\$659,713	\$329,296	\$55,800	\$25,500	\$23,900	\$0	\$1,368,386	\$40,036,758								

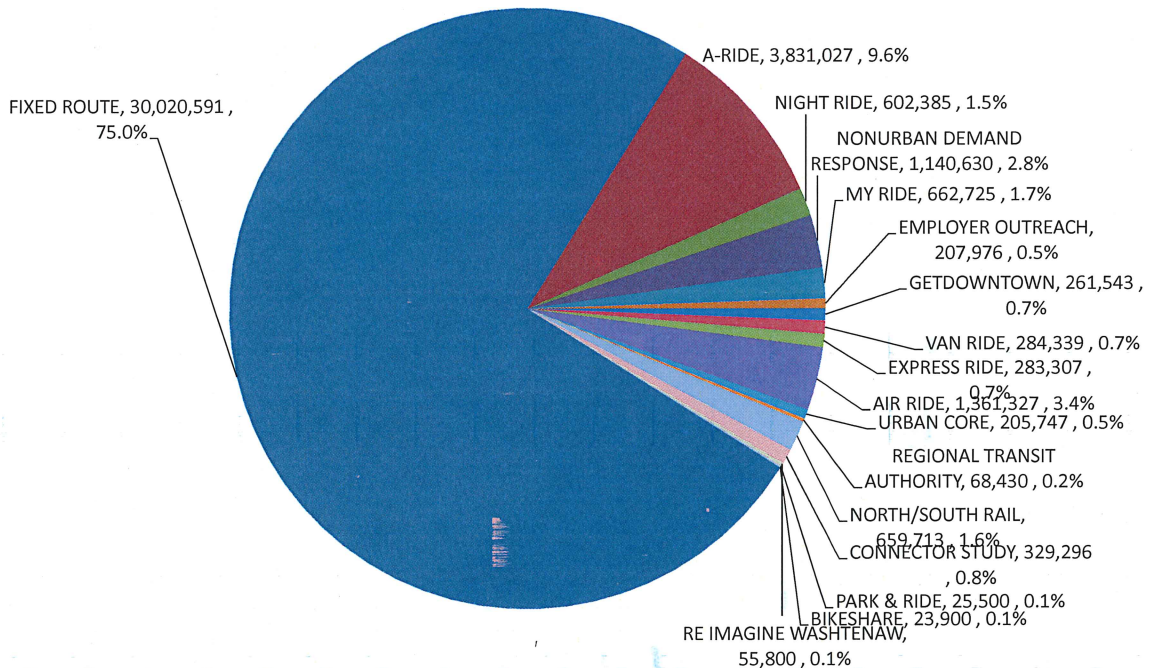
EXPENSES:

PERSONNEL:	\$103,410	\$88,139	\$191,549	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,972,071								
Operations	18,522	0	18,522	0	0	0	0	0	0	0	0	0	2,888,537								
Maintenance	41,584	35,652	77,236	146,977	68,430	34,745	37,296	40,800	25,500	8,900	0	362,648	3,279,413								
General Administration	163,516	123,791	287,307	146,977	68,430	34,745	37,296	40,800	25,500	8,900	0	362,648	17,140,021								
Subtotal Wages																					
Fringe Benefits	57,257	0	57,257	0	0	0	0	0	0	0	0	0	7,012,706								
Subtotal - Personnel	220,773	123,791	\$344,563	146,977	68,430	34,745	37,296	40,800	25,500	8,900	0	362,648	24,152,727								
OTHER EXPENSES:																					
Purchased Services	14,292	28,130	42,422	25,500	0	619,000	292,000	15,000	0	15,000	0	966,500	3,211,615								
Diesel Fuel and Gasoline	16,379	0	16,379	0	0	0	0	0	0	0	0	0	1,978,700								
Materials and Supplies	17,478	7,750	25,228	5,270	0	5,968	0	0	0	0	0	11,238	2,303,103								
Utilities	3,513	6,300	9,813	0	0	0	0	0	0	0	0	0	537,516								
Casualty & Liability Insurance	985	0	985	0	0	0	0	0	0	0	0	0	775,000								
Purchased Transportation	600	1,135,356	1,135,956	0	0	0	0	0	0	0	0	0	6,037,194								
Other Expenses	9,288	60,000	69,288	28,000	0	0	0	0	0	0	0	28,000	730,381								
Local Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	298,000								
Total Other Expenses	62,534	1,237,536	1,300,071	58,770	0	624,968	292,000	15,000	0	15,000	0	1,005,738	15,871,509								
TOTAL EXPENSES	283,307	1,361,327	1,644,634	205,747	68,430	659,713	329,296	55,800	25,500	23,900	\$0	1,368,386	40,024,236								
OPERATING SURPLUS (DEFICIT)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,522								

FY 2016 Operating Budget - Total Operating Revenues \$40,037,000

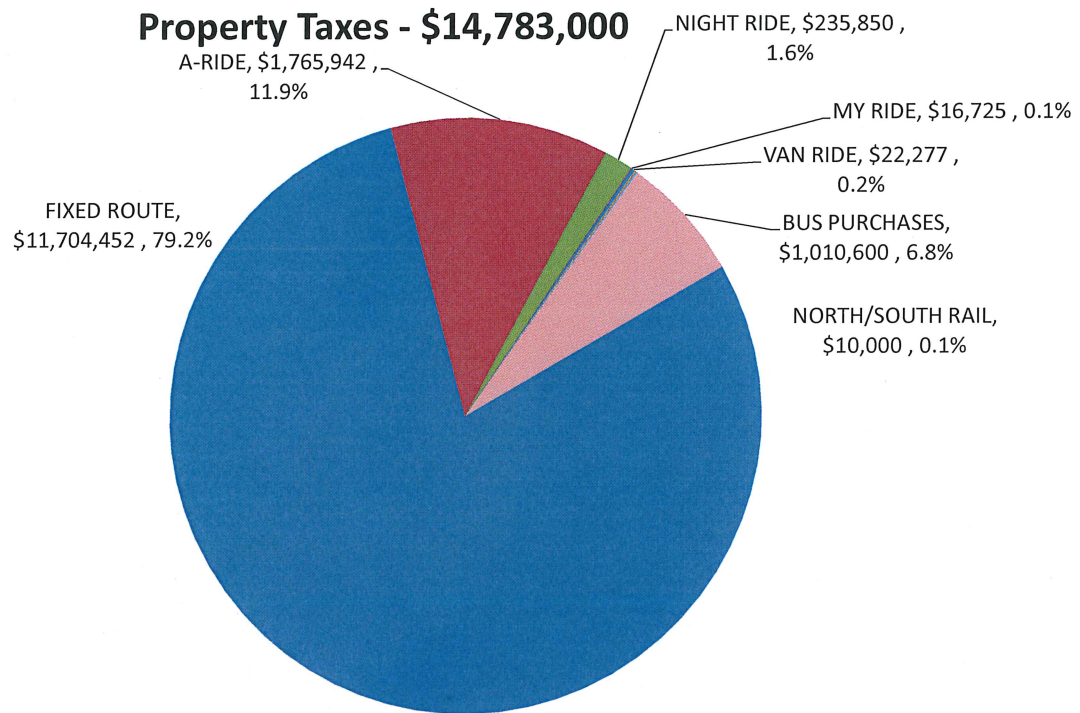


FY 2016 Operating Budget - Total Operating Expenses \$40,024,000



Cities of Ann Arbor & Ypsilanti and Ypsilanti Township

Property Taxes - \$14,783,000



FY 2014 Federal Operating Assistance \$2,640,000

