

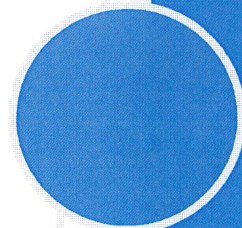


FY 2015 AMENDED OPERATING BUDGET

*Adopted by the Board of Directors
June 25, 2015*

This Amendment to the FY 2015 Operating Budget reflects the financial and human resources necessary to operate the Ann Arbor Area Transportation Authority from October 1, 2014 to September 30, 2015, including implementation of new services in the First Year (August 2014) and Second Year (August 2015) of the Five-Year Transit Improvement Program. It also includes the implementation of AAATA-provided ARide lift-van services, effective May 1, 2015.

2700 South Industrial Highway
Ann Arbor, Michigan 48104



ANN ARBOR AREA

TRANSPORTATION AUTHORITY

FY 2015 AMENDED OPERATING BUDGET

Executive Summary

The FY 2015 Amended Operating Budget reflects the human and financial resources to provide the following from October 1, 2014 to September 30, 2015:

Overall Summary:

- The FY 2015 total expenses decrease from \$37.2 million in adopted budget to \$36.8 million (+1.1%).
- The operating budget reflects the voter-approved 0.7 mill Transit Improvement Millage in the Cities of Ann Arbor, Ypsilanti and Ypsilanti Township on May 6, 2014 and the levy on July 1, 2015.
- The operating budget supports the continuing implementation of the first year (August 24, 2014) and second year (August 30, 2015) services in the Urban Core Five-Year Transit Improvement Program.
- The amended operating budget supports the AAATA-provided ARide lift-van services, May 1, 2015.

Transit Services:

- The first year of the 5YTIP includes an additional 47.6 fixed route service hours on each weekday (from 738.4 to 786.0), 60.8 on each Saturday (from 174.5 to 235.8), and 10 on each Sunday (from 100 to 110), effective August 24, 2014. Weekly service hours have increased from 3,966 to 4,274, an additional 7.8%.
- The second year of the 5YTIP will add an additional 53.3 fixed route service hours on each weekday, 51.2 on each Saturday and 30.1 on each Sundays effective August 30, 2015. This will increase annual service hours by 17,800 and will increase the weekly service hours from 4,274 to 4,622, or 8.1%.
- AirRide, NightRide, ExpressRide, MyRide and VanRide Services are not be affected by the amendment.

The FY 2015 Amended Operating Budget reflects an operating surplus, with areas of note.

Revenues:

- The FY 2015 amended operating budget includes the same amount for local property taxes, which represent the addition of the 0.7 mills in the Authority Area levied on July 1, 2015, along with the foundation of the 2.056 millage levied on the property in Ann Arbor and the 0.9789 transit millage from the City of Ypsilanti. A portion of the 0.7 mill tax levy will be designated for future bus purchases.
- Passenger fare revenue shows a net increase for cash paying fares and an increase from the AirRide.
- Federal operating assistance is reduced due to the timing of the Connector Alternatives Analysis and the North/South Commuter Rail projects, along with a reduction in the corresponding consultant expense.

Expenses:

- Personnel – The amended operating budget reflects the hiring and training of 11 MCOs to support the ARide lift-van services and 3 additional call takers. We started providing that service on May 1, 2015 primarily using existing MCOs and incurring overtime. The new MCO class will finish training in August and overtime will decrease.
- Other Personnel – The amended budget reduces personnel costs for the budgeted positions that were vacant part of the year; CEO, operations supervisor, travel trainer, facilities maintenance supervisor, IT computer support and administrative assistants in Community Relations and HR.
- Other Expenses – Other expenses have been changed (either increase or decrease) to reflect the projected annual expenses based on eight months actual expenses, such as contracted employees, legal, audit, internet services, bus parts, tires, natural gas and contracted ARide services.

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2015 AMENDED OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E
	Audited FY 2014	Estimated Projected FY 2015	Original Budget FY 2015	Amendments FY 2015	Adopted Amended FY 2015
REVENUES:					
Passenger Revenue	\$5,977,174	\$6,323,234	\$6,226,063	\$105,400	\$6,331,463
Local Property Tax Revenue	10,475,627	13,329,395	13,603,583	0	13,603,583
Purchase of Service Agmts - Urban	458,246	374,491	392,250	(14,000)	378,250
Purchase of Service Agmts - Nonurban	380,122	432,277	432,032	0	432,032
Purchase of Service Agmts - Interurban	175,550	95,000	196,145	(69,000)	127,145
State Operating Assistance	9,743,448	10,552,725	10,961,020	(1,617)	10,959,403
Federal Operating Assistance	5,575,133	5,762,261	6,118,777	(360,000)	5,758,777
Interest and Other	461,428	534,366	725,900	(153,000)	572,900
TOTAL REVENUES	\$33,246,727	\$37,403,749	\$38,655,771	(\$492,217)	\$38,163,553
EXPENSES:					
PERSONNEL:					
Operations Salaries & Wages	\$8,292,192	\$9,669,615	\$9,531,055	293,588	\$9,824,643
Maintenance Salaries & Wages	\$2,154,262	\$2,336,018	\$2,518,271	(26,466)	\$2,491,805
General Administration Salaries & Wages	\$2,699,260	\$2,829,292	\$3,073,275	(104,984)	\$2,968,291
Total Salaries and Wages	\$13,145,713	\$14,834,925	\$15,122,601	162,138	\$15,284,739
Fringe Benefits	5,357,864	5,829,206	6,155,920	3,477	6,159,397
Subtotal - Personnel	18,503,577	20,664,131	21,278,521	165,615	21,444,136
OTHER EXPENSES:					
Purchased Services	2,558,316	2,592,817	2,917,635	(323,324)	2,594,311
Diesel Fuel and Gasoline	2,157,982	2,059,295	2,219,200	(125,000)	2,094,200
Materials and Supplies	1,702,761	1,864,148	2,004,521	71,606	2,076,127
Utilities	510,019	600,059	532,817	75,000	607,817
Casualty & Liability Insurance	666,899	645,909	700,000	(40,000)	660,000
Purchased Transportation	6,341,529	6,195,601	6,495,010	(227,850)	6,267,160
Other Expenses	899,911	569,227	746,190	0	746,190
Local Depreciation	218,004	240,150	297,000	0	297,000
Total Other Expenses	15,055,421	14,767,206	15,912,373	(569,569)	15,342,804
TOTAL EXPENSES	33,558,998	35,431,336	37,190,894	(403,954)	36,786,940
OPERATING SURPLUS (DEFICIT)	(\$312,271)	\$1,972,413	\$1,464,877	(\$88,264)	\$1,376,613

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2015 AMENDED OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	Note
	Audited FY 2014	Estimated Projected FY 2015	Original Budget FY 2015	Amendments FY 2015	Adopted Amended FY 2015	
REVENUES:						
Passenger Revenue						
Cash, Tokens and Passes	2,337,385	2,413,927	2,339,372	70,000	2,409,372	1a
Subcontract (ARide, AirRide, NightRide)	1,635,653	1,681,365	1,654,289	27,400	1,681,689	1b
Special Fares (UM, DDA, EMU & WCC)	2,004,136	2,227,942	2,232,402	8,000	2,240,402	1c
Total	5,977,174	6,323,234	6,226,063	105,400	6,331,463	
Local Property Tax Revenue						
City of Ann Arbor	\$13,056,992	\$13,110,812	\$13,385,000	0	\$13,385,000	
City of Ypsilanti	\$489,200	\$490,463	\$490,463	0	\$490,463	
Township of Ypsilanti	\$779,435	\$781,420	\$781,420	0	\$781,420	
Subtotal - Property Tax Levies	\$14,325,627	\$14,382,695	\$14,656,883	0	\$14,656,883	
Adjustments to Property Tax Levies:						
Prior Years' Property Tax Revenues						
July 2014 Levy for FY 15 Capital (8.6 buses)	(\$3,850,000)	(\$1,053,300)	\$0	0	\$0	
July 2015 Levy for FY 15 Capital (2.4 Buses)	\$0	\$0	(\$1,053,300)	0	(\$1,053,300)	
Total Applied - FY 2015 Oper Budget	\$10,475,627	\$13,329,395	\$13,603,583	0	\$13,603,583	2
Purchase of Service Agreements						
Urban (Pittsfield and Superior Townships)	458,246	374,491	392,250	(14,000)	378,250	3
Non-Urban (WAVE and People's Express)	380,122	432,277	432,032	0	432,032	
Inter-Urban (AirRide)	175,550	95,000	196,145	(69,000)	127,145	
Total	1,013,918	901,768	1,020,427	(83,000)	937,427	
State Operating Assistance						
Formula Operating - Urban	8,384,292	9,445,111	9,840,495	(1,996)	9,838,499	4
Formula Operating - Nonurban	407,746	364,933	398,710	380	399,090	
Prior year Formula Adjustments	94,920	87,694	0	0	0	
Job Access/Reverse Commute (JARC)	71,696	69,662	132,000	0	132,000	
Planning Grants	109,980	75,511	80,000	0	80,000	
Preventive Maintenance	525,000	390,000	390,000	0	390,000	
Capital Cost of Contracting	60,000	30,000	30,000	0	30,000	
Specialized Services	89,814	89,814	89,814	0	89,814	
Total	9,743,448	10,552,725	10,961,020	(1,616)	10,959,403	
Federal Operating Assistance						
Operating Assistance (Section 5307)	1,540,000	2,400,000	2,400,000	0	2,400,000	
Congestion Mitigation/Air Quality-TDM	455,000	455,000	455,000	0	455,000	
Planning (Section 5303)	49,440	49,440	49,440	0	49,440	
Planning (Section 5307)	826,797	483,489	600,000	(120,000)	480,000	5
Preventive Maintenance (Sec 5307)	2,100,000	1,560,000	1,560,000	0	1,560,000	
Capital Cost of Contracting (Sec 5307)	240,000	120,000	120,000	0	120,000	
Job Access/Reverse Commute (JARC)	148,201	171,000	171,000	0	171,000	
New Freedom	49,692	105,000	105,000	0	105,000	
TCSP - North/South Commuter Rail	0	240,000	480,000	(240,000)	240,000	5
Non-Urban (Section 5311)	166,003	178,332	178,337	0	178,337	
Total	5,575,133	5,762,261	6,118,777	(360,000)	5,758,777	
Interest and Other						
Interest	26,582	25,922	24,000	2,000	26,000	
Other Governmental Reimbursements	336,865	271,756	470,900	(155,000)	315,900	6
Advertising and other	97,980	236,688	231,000	0	231,000	
Total	461,428	534,366	725,900	(153,000)	572,900	
TOTAL REVENUES	\$33,246,727	\$37,403,749	\$38,655,771	(\$492,216)	\$38,163,553	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2015 AMENDED OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	
	Audited FY 2014	Estimated Projected FY 2015	Original Budget FY 2015	Amendments FY 2015	Adopted Amended FY 2015	Note
EXPENSES:						
SALARIES & WAGES:						
Operations:						
Motor Coach Operators (MCO)	7,141,169	8,457,843	8,171,526	310,043	8,481,569	7
Call Taker/Information Specialists	237,979	293,323	356,749	48,611	405,360	8
Operations Supervision	913,043	918,449	1,002,780	(65,066)	937,714	9
Subtotal - Operations	<u>8,292,192</u>	<u>9,669,615</u>	<u>9,531,055</u>	<u>293,588</u>	<u>9,824,643</u>	
Maintenance:						
Vehicle Maintenance Technicians	1,001,156	1,153,861	1,165,546	15,908	1,181,454	10
Vehicle Service Crew	473,093	507,763	511,351	0	511,351	
Facility Maintenance	167,077	176,967	245,204	0	245,204	
Maintenance Supervision	512,936	497,426	596,170	(42,374)	553,796	11
Subtotal - Maintenance	<u>2,154,262</u>	<u>2,336,018</u>	<u>2,518,271</u>	<u>(26,466)</u>	<u>2,491,805</u>	
General Administration	<u>2,699,260</u>	<u>2,829,292</u>	<u>3,073,275</u>	<u>(104,984)</u>	<u>2,968,291</u>	12
TOTAL SALARIES & WAGES	<u>13,145,713</u>	<u>14,834,925</u>	<u>15,122,601</u>	<u>162,138</u>	<u>15,284,739</u>	
FRINGE BENEFITS:						
Payroll Taxes	947,793	1,016,308	1,136,866	14,094	1,150,960	13
Pension	905,184	994,181	987,894	29,320	1,017,214	
Medical Insurance	2,395,869	2,404,658	2,644,679	(113,273)	2,531,406	
Health Care Reform Taxes (PPACA)	69,410	71,150	82,100	0	82,100	
Medical & Dependent Care	6,790	7,492	5,757	0	5,757	
Vision	47,809	53,076	57,438	5,364	62,802	
Dental	190,554	217,704	221,007	21,114	242,121	
Life Insurance	94,659	70,512	71,106	4,674	75,780	
Unemployment	5,000	19,826	14,315	262	14,577	
Workers' Compensation	207,570	423,763	348,527	10,346	358,873	
Long Term Disability	31,388	34,692	35,247	0	35,247	
Short Term Disability	86,925	106,872	106,876	9,507	116,383	
Health Care Savings Plan	292,440	325,200	360,330	22,069	382,399	
Post-Retirement Health Care Benefits	76,475	83,772	83,778	0	83,778	
TOTAL FRINGE BENEFITS	<u>5,357,864</u>	<u>5,829,206</u>	<u>6,155,920</u>	<u>3,477</u>	<u>6,159,397</u>	
TOTAL PERSONNEL COSTS	<u>18,503,577</u>	<u>20,664,131</u>	<u>21,278,521</u>	<u>165,615</u>	<u>21,444,136</u>	
PURCHASED SERVICES:						
Bank Fees	12,530	15,632	14,660	0	14,660	14
Agency, Design Fees	141,644	145,820	109,000	15,000	124,000	
North/South Rail Station Feasibility & NEPA	35,781	250,000	600,000	(300,000)	300,000	
Physical Exams	21,388	25,243	20,000	0	20,000	
Legal Fees	97,084	197,869	115,000	40,000	155,000	
Auditing Fees	21,195	29,372	21,225	8,147	29,372	
Property Tax Collection Fees	213,900	146,592	146,600	0	146,600	
Info Tech Services & Contract Employees	119,238	85,498	4,000	81,029	85,029	
Contracted Maintenance Services	603,928	746,511	697,000	0	697,000	
Custodial Services	121,942	179,103	136,200	12,000	148,200	
Security Services	345,284	319,500	332,600	0	332,600	
Web/Internet Services	71,472	83,181	145,300	(39,500)	105,800	
Towing	12,750	9,267	15,000	0	15,000	
Consulting Fees - Planning Grants	645,335	286,796	465,000	(150,000)	315,000	
Consulting Fees - Other	27,193	21,206	30,350	0	30,350	
Media Relations & Public Relations	37,039	29,640	37,500	0	37,500	
Benefit Administration Fees & EAP	30,612	37,220	28,200	10,000	38,200	
TOTAL PURCHASED SERVICES	<u>2,558,316</u>	<u>2,592,817</u>	<u>2,917,635</u>	<u>(323,324)</u>	<u>2,594,311</u>	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2015 AMENDED OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	
	Audited FY 2014	Estimated Projected FY 2015	Original Budget FY 2015	Amendments FY 2015	Adopted Amended FY 2015	Note
BIODIESEL FUEL AND GASOLINE	2,157,982	2,059,295	2,219,200	(125,000)	2,094,200	15
(PER GALLON)	\$3.34	\$3.25	\$3.25		\$3.02	
(Gallons)	645,237	633,600	683,000		693,000	
MATERIALS AND SUPPLIES:						
Lubricants, Anti-Freeze and DEF	103,125	114,389	120,000	0	120,000	16
Tires and Tubes	62,023	121,609	83,700	40,000	123,700	
Repair Parts	657,520	769,624	741,403	30,000	771,403	
Perishable Tools	3,240	4,454	4,800	0	4,800	
Equipment Repairs	2,703	9,494	7,000	0	7,000	
Other Materials and Supplies	435,763	385,994	424,118	1,606	425,724	
Computer Software	266,495	245,760	385,680	0	385,680	
Production Costs	1,850	32,586	47,800	0	47,800	
Printing Costs	159,741	174,947	180,020	0	180,020	
Mechanics Tools	10,302	5,291	10,000	0	10,000	
TOTAL MATERIALS & SUPPLIES	1,702,761	1,864,148	2,004,521	71,606	2,076,127	
UTILITIES:						
Natural Gas	205,173	273,514	201,217	74,000	275,217	17
Electricity	223,855	245,580	241,000	4,000	245,000	
Water	32,450	32,926	42,600	(3,000)	39,600	
Telephone	48,541	48,039	48,000	0	48,000	
TOTAL UTILITIES	510,019	600,059	532,817	75,000	607,817	
CASUALTY AND LIABILITY INSURANCE:	666,899	645,909	700,000	(40,000)	660,000	18
PURCHASED TRANSPORTATION:						
A-Ride and GoldRide	3,113,767	2,926,485	3,153,000	(227,850)	2,925,150	19
Night Ride	588,655	565,068	570,000	0	570,000	
NonUrban-Western Wash. Area Value Express	538,516	603,190	603,000	0	603,000	
NonUrban-People's Express	499,733	473,936	469,688	0	469,688	
Mobility Management Trip Assistance	360,917	392,679	449,000	0	449,000	
AirRide - Airport Shuttle Services	1,210,344	1,203,500	1,209,522	0	1,209,522	
Guaranteed Ride Home	29,598	30,743	40,800	0	40,800	
TOTAL PURCHASED TRANSP	6,341,529	6,195,601	6,495,010	(227,850)	6,267,160	
OTHER EXPENSES:						
Uniform Expense	110,203	102,080	110,000	0	110,000	20
Postage	18,676	22,934	25,550	0	25,550	
Dues and Subscriptions	86,923	55,456	96,690	(2,000)	94,690	
Conference, Travel and Meetings	44,868	49,183	68,950	0	68,950	
Media Planning & Placement	226,048	164,510	213,250	(3,000)	210,250	
Employee Development	50,870	53,514	120,850	0	120,850	
Employee Wellness	7,826	8,412	13,000	0	13,000	
Election Fees	115,827	0	0	0	0	
Recruitment & Hiring	0	82,669	60,000	5,000	65,000	
Loss on disposal of capital assets	190,448	0	0	0	0	
Equipment and Parking Lot Rental	48,220	30,468	37,900	0	37,900	
TOTAL OTHER EXPENSES	899,911	569,227	746,190	0	746,190	
LOCAL DEPRECIATION:	218,004	240,150	297,000	0	297,000	21
TOTAL EXPENSES	\$33,558,998	\$35,431,336	\$37,190,894	(\$403,954)	\$36,786,940	
NET SURPLUS (DEFICIT)	(\$312,271)	\$1,972,413	\$1,464,877	(\$88,262)	\$1,376,613	

Ann Arbor Area Transportation Authority
Adopted FY 2015 Amended Operating Budget
October 1, 2014 Through September 30, 2015
Budget Notes – Changes from the Original Budget

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. Estimated Projected Fiscal Year 2015** – These estimated amounts are based on eight months of actual revenue and expenses through May 31, 2015, projected to September 30, 2015, including seasonal adjustments.

- C. Original Budget Fiscal Year 2015** – These amounts are taken from the original budget adopted at the Board of Directors meeting on September 29, 2014.

- D. Amendments** – These are the proposed changes to support the changes in the AAATA-provided ARide lift-van services and other know changes to the annual FY 2015 operating budget.

- E. Adopted Amended Operating Budget Fiscal Year 2015** – The amendment includes the implementation of ARide lift-van services, effective May 1, 2015. There are also proposed changes based on the actual eight months of revenues and expenses projected to annual amounts.

Ann Arbor Area Transportation Authority
Adopted FY 2015 Amended Operating Budget
October 1, 2014 Through September 30, 2015
Budget Notes – Changes from the Original Budget

Revenues:

1. Passenger Revenue:

- a. **Cash, Passes and Tokens** – Changes include an increase in cash-paying passengers for local fixed route.
- b. **Subcontracted Revenue** – Changes include an increase in cash-paying passengers for AirRide shuttle service to/from Detroit Metro Airport.
- c. **Special Fares** – No changes.

2. Local Tax Revenue – No changes

3. Purchase of Service Agreements – The contract for Pittsfield is lower due to the delayed implementation of route 67, which was anticipated to occur in 2014, but is scheduled to begin in August 2015.

4. State Operating Assistance – The State Urban Operating Assistance is 31.14% (2014 was 31.015% after an increase from 30.7% for the majority of the year) multiplied by our budgeted urban eligible expenses. This will increase due to the net increase in eligible expenses.

5. Federal Operating Assistance – Federal operating assistance is reduced due to the timing of the Connector Alternatives Analysis and the North/South Commuter Rail projects, along with a reduction in local match revenue in the corresponding consultant expense.

6. Interest and Other Revenue – Reduction in local match revenue from the Connector Alternatives Analysis and the North/South Commuter Rail projects.

Expenses:

7. Operator Wages – We are adding 11 Motor Coach Operators (MCOs) to support the AAATA-provided ARide lift-van services, effective May 1, 2015. The training class will begin on June 29 and be finished in August, so overtime that we are now incurring for ARide will decrease.

8. Call Taker Wages – We are adding another 3 call-takers to support ARide reservations.

9. Operations Supervision – We had two vacant positions that were budgeted to begin October 1, 2014; travel trainer position, which was vacant for eight months and operations supervisor.

10. Vehicle Maintenance Wages – We have had a vehicle technician vacant throughout the year, which is offset by additional overtime to support the additional ten ARide lift-vans.

11. Maintenance Supervision – We have had a facilities supervisor position vacant since the beginning of the year.

12. General Administrative Wages – We have had a few vacant positions for part of the year, such as CEO, Web Developer, IT computer support specialist and administrative assistant in

Ann Arbor Area Transportation Authority
Adopted FY 2015 Amended Operating Budget
October 1, 2014 Through September 30, 2015
Budget Notes – Changes from the Original Budget

Community Relations and another administrative assistant to be shared between Purchasing and Service Development.

13. **Fringe Benefits** – Fringe benefits are a net increase due to the changes noted above.

14. **Purchased Services** – We are increasing legal, audit and contracted employees due to year to date actual expenses projected to the full year. We are reducing consultant expense and internet services based on the annual projection as well.

15. **Diesel Fuel and Gasoline** – We expect to use more fuel to support ARide lift van services, but the price per gallon has been lower throughout the year.

16. **Materials and Supplies** – We expect to spend more for bus parts and other materials and supplies to support the ARide lift vans. We are expending more on tires than we expected as the ones that were replaced on a recall a couple years ago are reaching the end of their useful lives and are being replaced.

17. **Utilities** – For natural gas, we had a harsh winter and the additional \$74,000 should cover us for the rest of the year.

18. **Insurance** – We are expending less than anticipated on the claims under \$25,000 for our vehicle insurance.

19. **Purchased Transportation** – The amount for subcontracting of ARide and GoldRide is reduced, since we are providing the lift-van service and RideCorp, Inc. (division of Blue Cab Company) is providing the sedan service, effective May 1, 2015.

20. **Other Expenses** – Minor changes.

21. **Local Depreciation** – No changes.