

Discussion of Proposed FY2021 Initial Operational Budget and Policy Direction

Julie E. Timm, Chief Executive Officer

FY21 Baseline Budget

- Revenue Assessment
- Expense Assessment
- Service Growth
- Next Steps

Revenue Assessment

Expected Growth in Operational Revenues

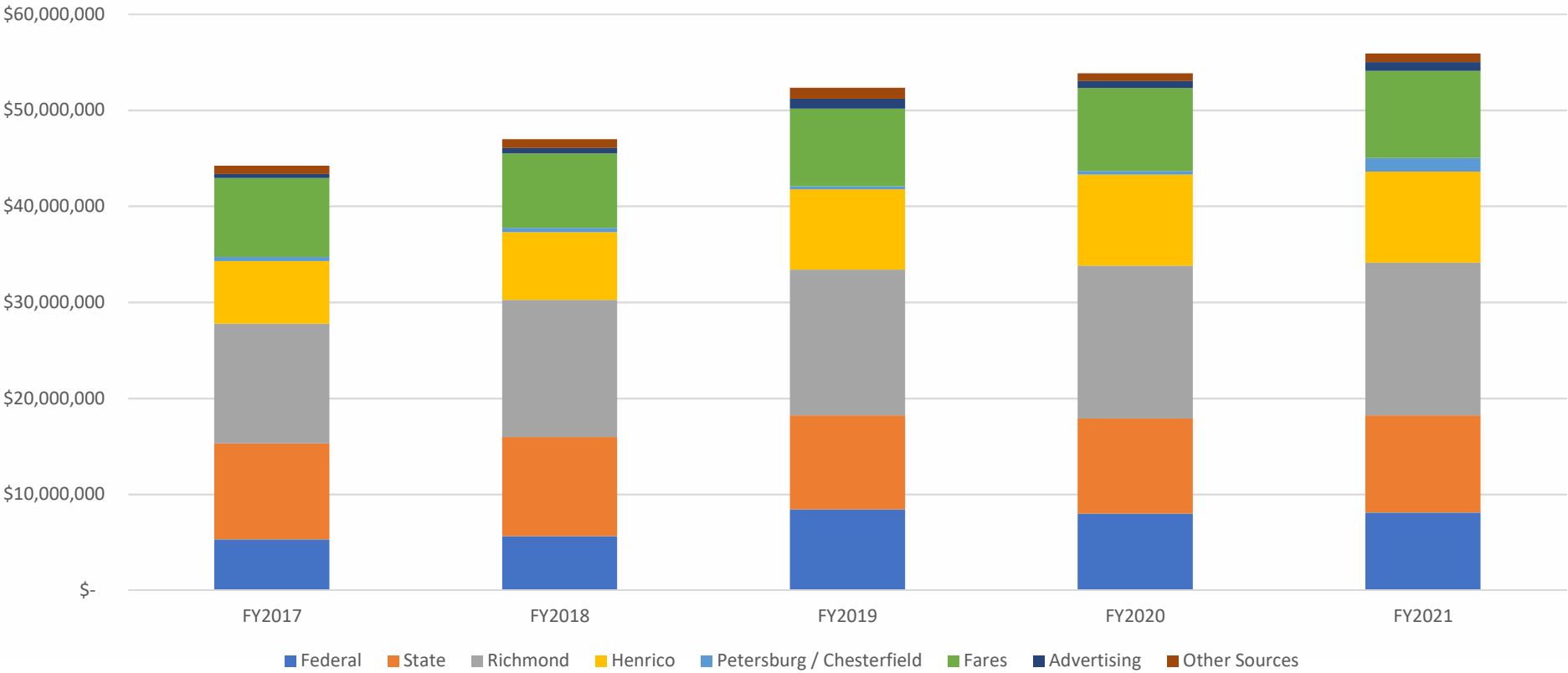
- Inclusion of revenue from Chesterfield Service expansion on Jeff Davis
- Modest increases in Fare and Pass revenues from ridership increases
- Increase in Advertising Revenue from VCU/Bon Secours partnership
- Nominal increase in 5307 Federal funds from Capital Funds to Preventative Maintenance and ADA
- Nominal Increase in State Operational Assistance

**No increase in funding from Richmond or Henrico is included in this FY21 Baseline budget. Requests for increased services or amenities will require an assessment of cost based and will be considered in December and January.

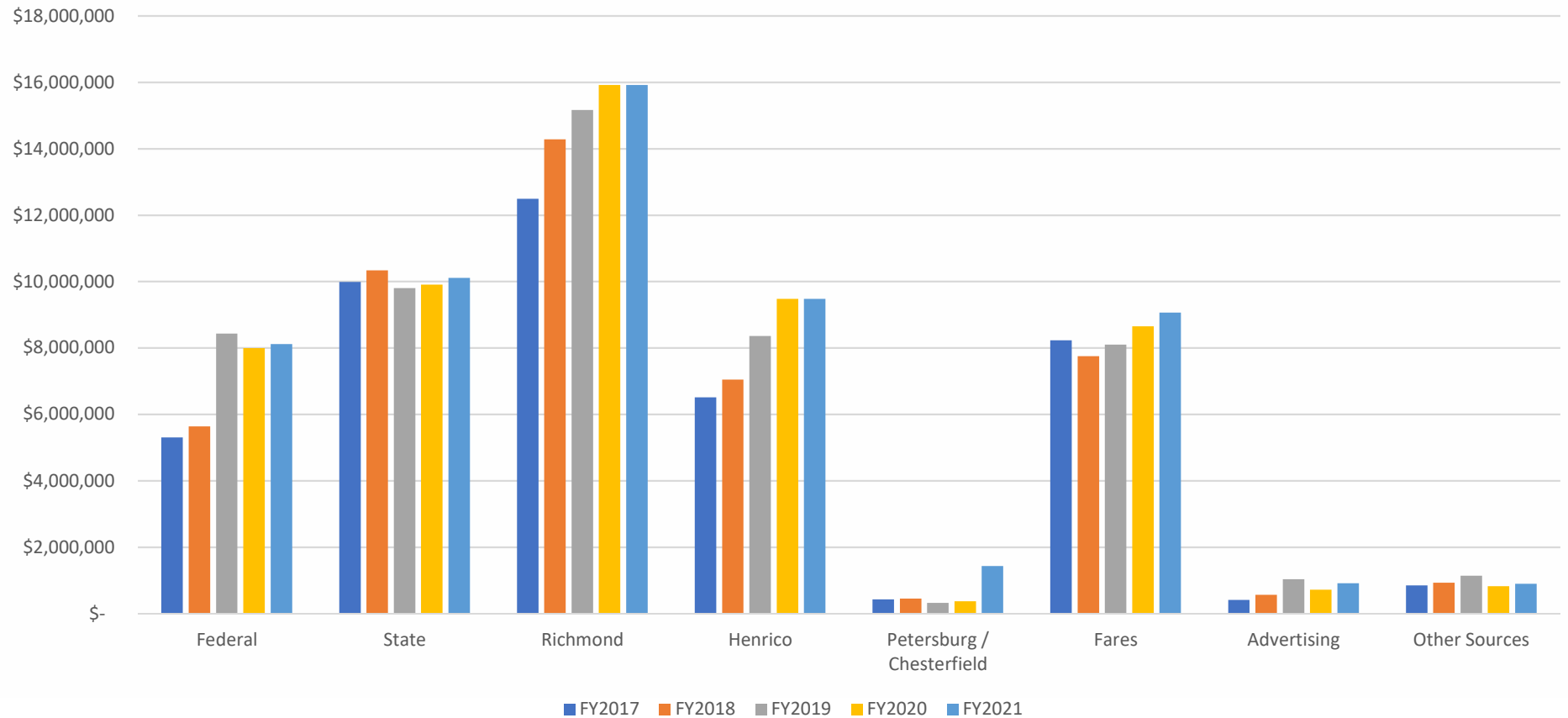
FY21 Baseline: Operating Revenues

	Actuals Year End FY2017	Actuals Year End FY2018	Actuals Year End FY2019	Approved Budget FY2020	Proposed Baseline FY2021
Operating Revenue:					
Customer Revenue - Bus	\$ 6,837,698	\$ 6,375,689	\$ 5,711,120	\$ 6,000,859	6,290,964
Pass Program Revenue	\$ 656,087	\$ 612,887	\$ 1,699,019	\$ 1,951,714	2,071,580
Customer Revenue - CARE	\$ 736,227	\$ 759,382	\$ 686,192	\$ 700,229	699,077
Charter Revenue	\$ 117,715	\$ 95,441	\$ 85,142	\$ 95,000	86,000
Advertising Revenue	\$ 413,644	\$ 563,122	\$ 1,030,337	\$ 716,140	916,500
Other Revenues	\$ 20,234	\$ 121,642	\$ 142,076	\$ 25,000	75,000
Total Operating Revenue	\$ 8,781,605	\$ 8,528,163	\$ 9,353,886	\$ 9,488,942	10,139,121
Other Income:					
Purchase of Service - Henrico County	\$ 6,510,562	\$ 7,046,004	\$ 8,357,290	\$ 9,480,299	9,480,299
Purchase of Service - Other	261,133	255,603	210,000	210,000	200,000
Purchase of Service - CVAN	\$ 134,770	\$ 23,976	\$ 15,320	\$ 25,000	15,320
RideFinders and Other Income	554,653	668,740	838,857	646,460	691,419
Total Other Income	\$ 7,461,118	\$ 7,994,323	\$ 9,421,467	\$ 10,361,759	10,387,038
Operating Contributions:					
Federal	\$ 5,932,822	\$ 5,720,751	\$ 8,431,201	7,993,171	8,101,574
State	\$ 9,985,408	\$ 10,332,273	\$ 10,084,753	9,909,086	10,106,499
Other Funds	\$ 23,349	\$ 21,700	\$ 54,835	30,000	30,000
Chesterfield	\$ 166,410	\$ 193,506	\$ 111,746	158,000	1,231,636
Richmond	\$ 12,490,616	\$ 14,284,233	\$ 15,166,251	15,915,367	15,915,367
Total Operating Contributions	\$ 28,598,605	\$ 30,552,463	\$ 33,848,786	\$ 34,005,624	\$ 35,385,076
Total Operating Income	\$ 44,841,328	\$ 47,074,949	\$ 52,624,139	\$ 53,856,325	\$ 55,911,235

Annual Budget Growth



Annual Revenue Trends



Expense Assessment

Expected Growth in Operational Expenses

- No change - maintain existing service levels requested by Richmond and Henrico with considerations of general inflationary pressure
- Annual increases in salaries and wages
- Escalating healthcare costs
- Pension cost increases
- General liability premiums
- Outsourcing legal services
- Correct management structure and deficiencies
- Additional Chesterfield County service

FY21 Baseline: Operating Expenses

Total Operating Income

\$	44,841,328	\$	47,074,949	\$	52,624,139	\$	53,856,325	\$	55,911,235
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Operating Expenses

- Operations
- Maintenance
- Benefits
- Insurance and Safety
- Planning & Scheduling
- Communications / Marketing
- Information Services
- Administrative
- Operating Taxes & Licenses

	Actuals Year End FY2017	Actuals Year End FY2018	Actuals Year End FY2019	Approved Budget FY2020	Proposed Baseline FY2021
Operations	\$ 19,812,547	\$ 21,557,819	\$ 23,475,895	\$ 24,317,034	\$ 25,239,315
Maintenance	\$ 9,564,497	\$ 9,822,959	\$ 10,273,158	\$ 11,136,413	\$ 10,975,717
Benefits	\$ 6,257,013	\$ 6,322,826	\$ 6,592,066	\$ 6,616,878	\$ 7,656,093
Insurance and Safety	\$ 3,053,596	\$ 2,703,714	\$ 3,439,146	\$ 3,581,750	\$ 3,471,883
Planning & Scheduling	\$ 810,368	\$ 1,368,291	\$ 1,064,110	\$ 943,824	\$ 895,052
Communications / Marketing	\$ 1,403,596	\$ 2,008,254	\$ 2,220,716	\$ 1,913,507	\$ 1,885,937
Information Services	\$ 848,410	\$ 1,010,217	\$ 1,719,086	\$ 1,768,382	\$ 1,680,239
Administrative	\$ 1,145,088	\$ 1,617,023	\$ 1,723,779	\$ 1,597,940	\$ 2,177,494
Operating Taxes & Licenses	\$ 1,486,173	\$ 1,575,181	\$ 1,719,563	\$ 1,980,597	\$ 1,929,505

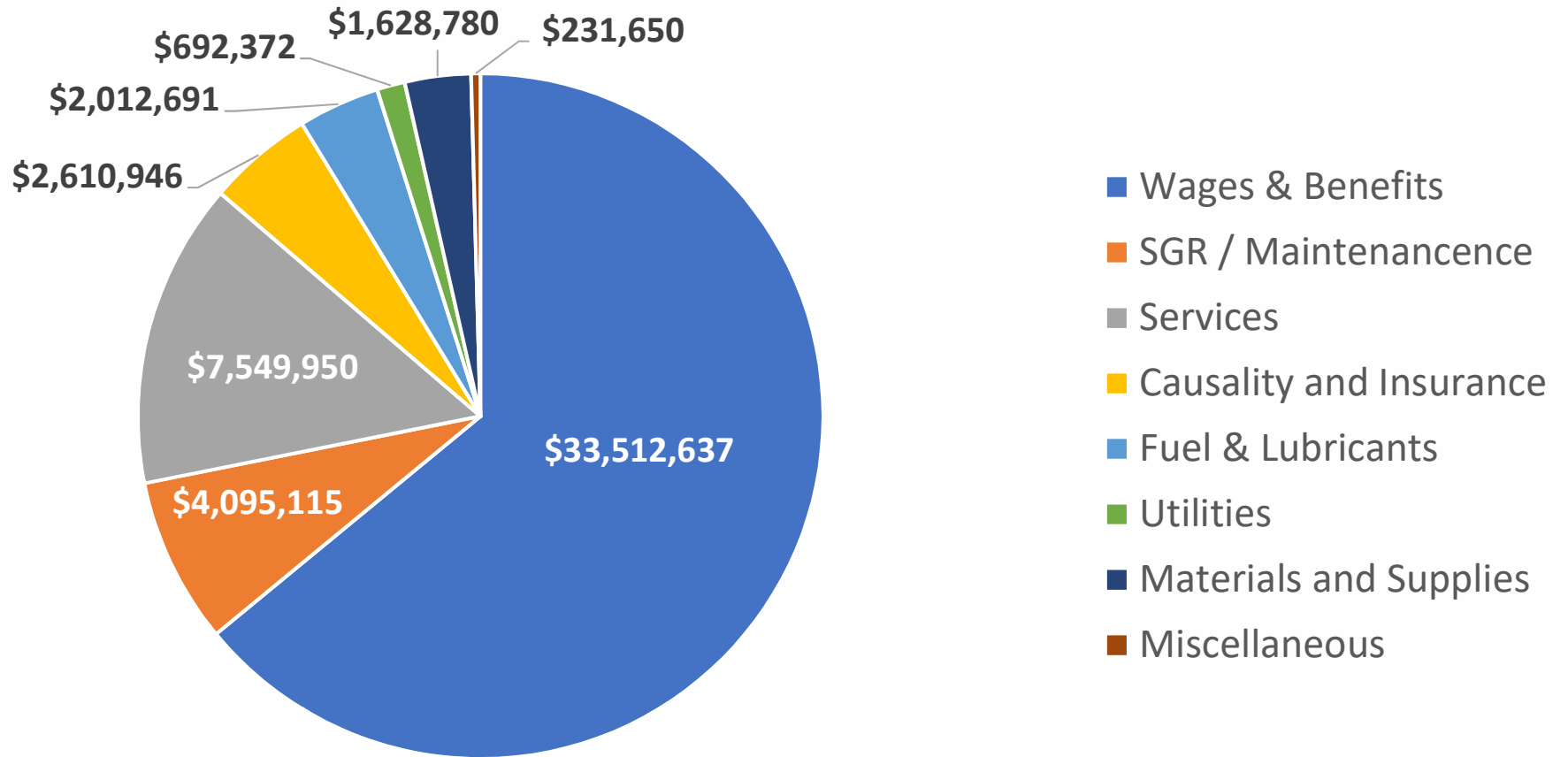
Total Operating Expenses

\$	44,381,288	\$	47,986,284	\$	52,227,519	\$	53,856,324	\$	55,911,234
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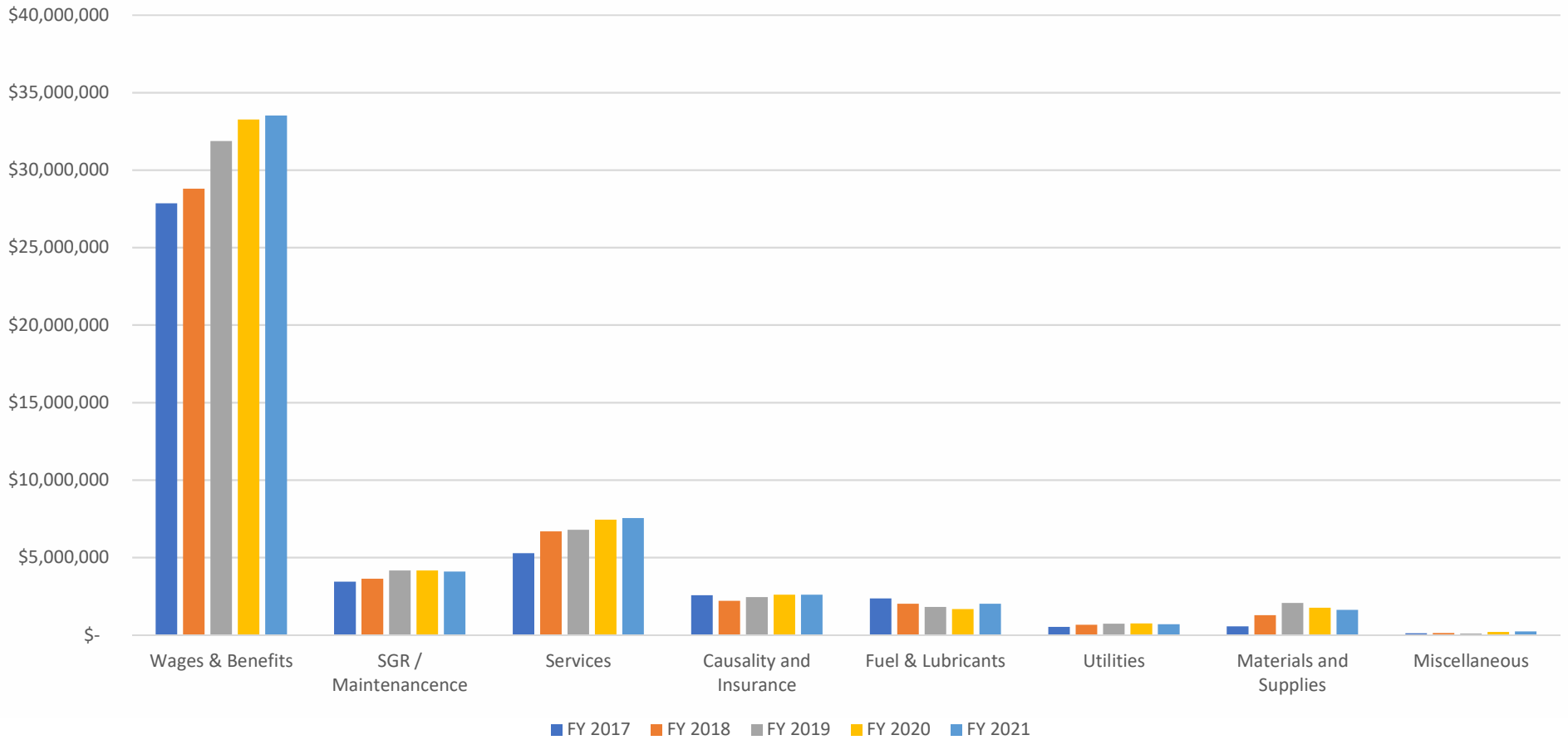
Surplus/(Deficit)

\$	460,040	\$	(911,335)	\$	396,620	\$	1	\$	0
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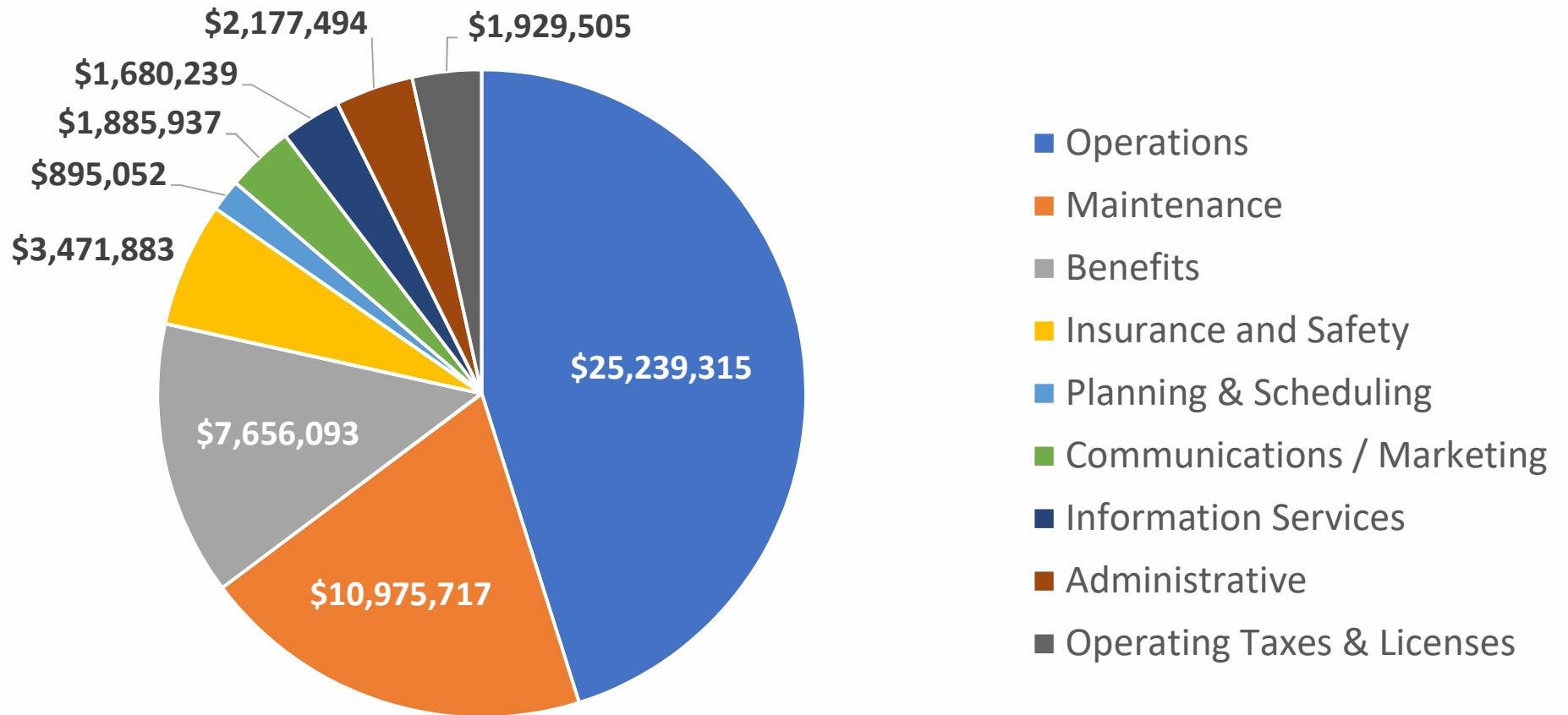
Where the Money Goes: FY21 Budget \$55,911,235



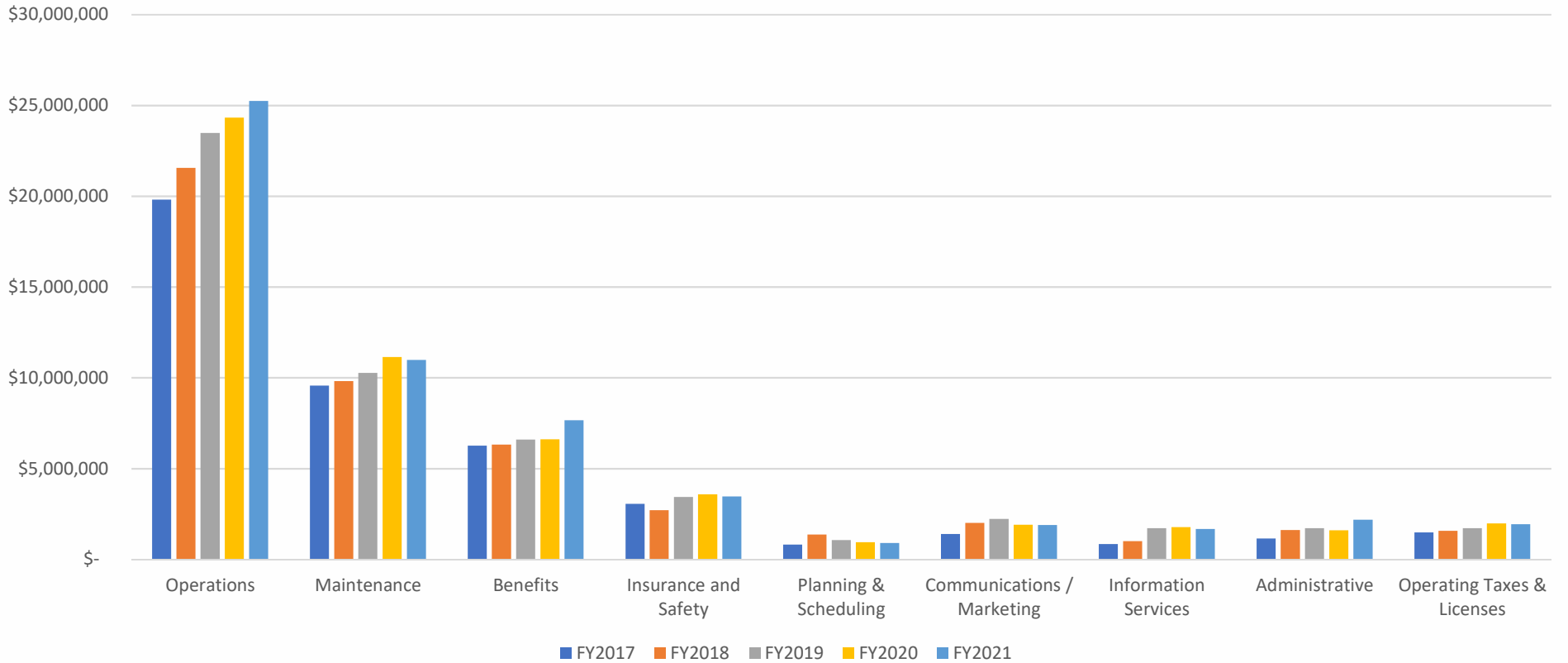
Areas of Expenditure Growth



Where the Money Goes: FY21 Budget \$55,911,235



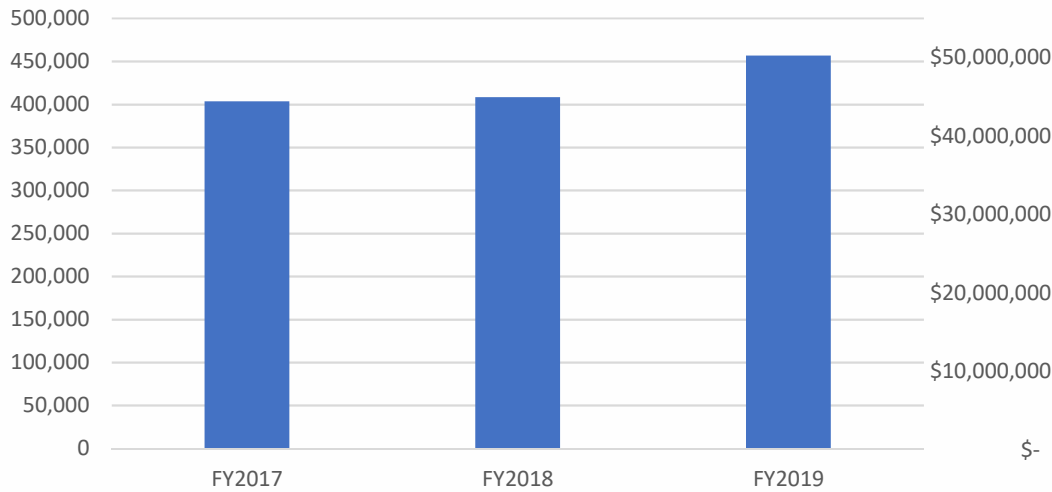
Areas of Expenditure Growth



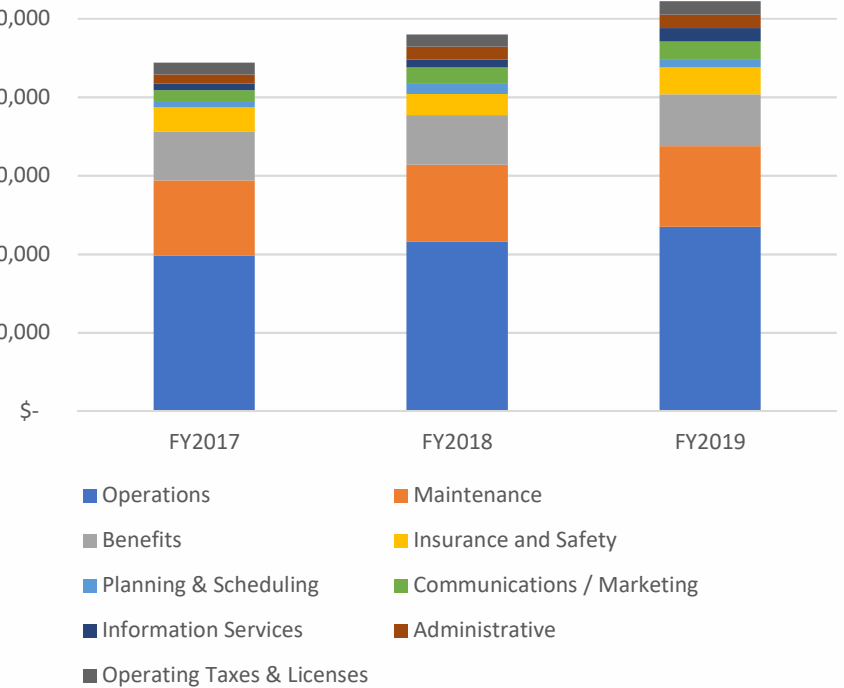
Service Growth

Comparison of Service Hours and Expenses

Fixed Route Service Hours



Expenses by Department



Budget Policy Assumptions for Discussion

- Salaries held constant to 2020 budget through reducing budget for staff positions unlikely to be filled in 2021 based on current recruitment.
- Wage and pension benefits in Collective Bargaining Agreement (CBA) up for renegotiation in early FY21. No increases accounted for in baseline budget. Will require consideration of alternative benefit proposals.
- Healthcare benefits increasing at unsustainable rate. Will require renegotiation of contract and will be part of CBA negotiations.

Budget Policy Assumptions for Discussion

- Baseline does not include funding or expenditures for expansion of span, frequency, or geography of service levels in Richmond or Henrico service areas - Requires priorities from partners
- Baseline does not include significant expansion of shelter program and therefore no expenses for maintenance of stops and shelters (other than local bus stop sign replacements and custodial maintenance of Pulse stations) - Requires discussion with partners
- Consideration of future revenue adjustments from any modification or simplification of fare structure – Requires new board policy
- Consideration of future revenue or expense adjustments for advancement of account-based fare system to fixed route service – Requires new board policy

Next Steps

Budget Adoption: Next Steps

- November 2019 - Board Discussion on FY21 Baseline Budget, Budget Assumptions, and Policy Direction
- December 2019 - Staff Presentation of Capital Needs and Board Discussion of Priorities
- December 2019 - GRTC Presentation of Baseline Operating Budget to Richmond, Chesterfield, and Henrico
- January 2020 - GRTC Costing of service priorities and requested expansion for Richmond, Chesterfield, and Henrico
- February 2020 - Staff Presentation of Draft Capital and Operating Plans
- April 2020 - Staff Presentation of Draft FY21 Operating and Capital Budgets
- June 2020 - Board Adoption of Operating and Capital Budgets