

Revised Draft FY2021 Operational Budget with COVID-Funding and Needs and Multi-Year Considerations

Julie E. Timm, Chief Executive Officer

Revised FY21 Operational Budget

- COVID Relief Funding and Needs
- Revenue Assessment FY2021 & FY2022
- Expense Assessment FY2021 & FY2022
- Budget Policy Discussion
- Next Steps

GRTC Apportioned State and CARES Act Relief Funding

- CTB/DRPT Relief Funding \$1.17 M – Fully expended in FY2020
- Federal Cares Act Allocation \$32.2 M – Expect \$30M to carry into FY2021

FY20 Expected Additional Expenses and Lost Revenues

Increased Costs for PPE (Gloves/Masks/Face Shields)	\$	100,000	Lost Farebox Revenues	\$	1,700,000
COVID Testing and Sick Pay	\$	100,000	Lost Revenue from Richmond	\$	-
Driver Shields	\$	200,000	Lost Revenue from Henrico	\$	-
Bus Cleaning	\$	90,000	Lost Advertising Revenue	\$	110,000
Sanitizer and Cleaning Supplies	\$	75,000	Lost State Revenue	\$	-
Power washing BRT stations (once per month)	\$	11,000			
Increased costs for Convoy Capacity	\$	150,000	Expected Lost Revenues	\$	1,810,000
Front Line Staff Bonus (April)	\$	250,000			
Front Line Pay \$2/hour for 17 weeks (thru June)	\$	810,000			
Expected Additional Expenses	\$	1,786,000			

GRTC Apportioned State and CARES Act Relief Funding

- Federal Cares Act Allocation ~\$30M remaining for FY2021

FY21 Expected Additional Expenses and Lost Revenues

Increased Costs for PPE (Gloves/Masks/Face Shields)	\$	100,000	Lost Farebox Revenues	\$	6,700,000
COVID Testing and Sick Pay	\$	500,000	Lost Revenue from Richmond	\$	8,000,000
Bus Cleaning	\$	750,000	Lost Revenue from Henrico	\$	4,200,000
Sanitizer and Cleaning Supplies	\$	250,000	Lost Advertising Revenue	\$	600,000
Power washing BRT stations (once per month)	\$	63,000	Lost State Revenue	\$	350,000
Higher Service Frequencies for Core Services	\$	4,720,000			
Health Insurance Costs (March 2021 renewal)	\$	55,000			
Increased Paratransit Operations under Zero Fare	\$	1,500,000	Expected Lost Revenues	\$	19,850,000
Front Line Pay \$2/hour for 12 months*	\$	2,000,000			
Expected Additional Expenses	\$	9,938,000			

*\$1/hr front line pay for 400 - 500 front line staff equals \$1M to \$1.25M per year

Revenue Assessment FY2021 and FY2022

REVISED: Expected Change in Operational Revenues

- Inclusion of revenue from Chesterfield Service expansion on Jeff Davis
 - Zero Fares for some or all of FY2021
 - Decrease in overall Advertising Revenue with slow economy
 - No increase in 5307 Federal funds from Capital Funds to Preventative Maintenance and ADA
 - No Increase in State Operational Assistance
- ** 50% Decrease in funding from Richmond and Henrico
- *** Use of CVTA Regional Funds starting in ~January 2021
- *** Addition of CARES Act Funding

FY2021 & FY2022 Budget Scenario: Operating Revenues

	FY2021	FY2021	FY2021	FY2022	FY2022	FY2022
	Baseline Budget	Low Revenues	High Revenues	Low Revenues	Moderate Revenues	High Revenues
Operating Revenue:						
Customer Revenue - Bus	6,290,964	0	3,145,482	0	0	6,290,964
Pass Program Revenue	414,668	0	207,334	0	0	414,668
Customer Revenue - CARE	699,077	0	349,539	0	0	699,077
Charter Revenue	86,000	0	0	0	0	86,000
Advertising Revenue	916,500	425,000	916,500	425,000	637,500	916,500
Other Revenues	75,000	18,750	18,750	18,750	18,750	18,750
Purchase of Service - CVAN	15,320	0	0	0	0	0
RideFinders / Other Income	691,419	691,419	691,419	691,419	691,419	691,419
Total Revenue	9,188,948	1,135,169	5,329,024	1,135,169	1,347,669	9,117,378
Operating Contributions:						
Federal	8,101,574	8,101,574	8,101,574	8,101,574	8,101,574	8,101,574
State	10,106,499	9,626,400	9,626,400	9,626,400	10,106,499	11,117,149
City of Richmond	15,915,367	7,957,684	7,957,684	7,957,684	8,196,415	15,915,367
Chesterfield County	1,231,636	1,231,636	1,231,636	1,231,636	1,268,585	1,231,636
Henrico County	9,480,299	4,246,400	9,480,299	4,246,400	4,373,792	9,764,708
Petersburg	200,000	200,000	200,000	200,000	206,000	206,000
VCU	1,656,912	1,656,912	1,656,912	1,656,912	1,706,619	2,000,000
Kings Dominion	30,000	0	0	30,000	30,900	30,900
Federal - CARES Act	0	30,000,000	29,739,061	0	0	0
CVTA (Regional)	0	10,000,000	15,000,000	15,000,000	30,000,000	30,000,000
Total Contributions	46,722,287	73,020,606	82,993,566	48,050,606	63,990,384	78,367,334
TOTAL INCOME	55,911,235	74,155,775	88,322,590	49,185,775	65,338,053	87,484,712

Expense Assessment FY2021 & FY2022

REVISED: Expected Growth in Operational Expenses

- Increase service levels to serve essential transit needs and speed economic recovery
- Annual increases in salaries and wages and Front Line Pay
- Escalating healthcare costs
- Pension cost increases
- General liability premiums
- Outsourcing legal services
- Correct management structure and deficiencies
- Additional Chesterfield County service (Route 111)
- Full Staffing and Increased Fleet and Facility Cleaning

Increased Capacity on Core Local Service

Routes that need additional frequency:	Current Frequency	Increased Frequency	Estimated Additional Annual Cost
1A – Midday	30	15	530,000
2A - Midday	60	30	250,000
2B - Midday	60	30	400,000
2C - Midday	30	15	570,000
3B – Midday/ PM Peak	30	15	1,000,000
5 – AM Peak – PM Peak	15	10	540,000
7A – Midday/ PM Peak	60	30	360,000
7B – Midday/ PM Peak	60	30	320,000
Pulse – AM Peak – PM Peak	10	7	750,000
Estimated Total Annual Cost			4,720,000

FY2021 & FY2022 Budget Scenario: Operating Expenses

	FY2021	FY2021	FY2021	FY2021	FY2021	FY2022	FY2022
	FY21 Baseline Budget	Permanent Cleaning/Staffing	Added Full Year Frequencies	Added 12-Month \$1 Front Line Pay	Added 12-Month \$2 Front Line Pay	FY22 Baseline Budget (+~3%)	FY22 Baseline Budget (+\$10M)
Operating Expenses							
Operations	25,239,315	27,534,541	32,234,541	33,234,541	34,234,541	33,201,577	43,201,577
Maintenance	10,975,717	11,981,217	11,981,217	11,981,217	11,981,217	12,340,654	12,340,654
Benefits	7,656,093	8,640,093	8,640,093	8,640,093	8,640,093	9,649,296	9,649,296
Insurance and safety	3,471,883	3,471,883	3,471,883	3,471,883	3,471,883	3,576,039	3,576,039
Planning & Scheduling	895,052	895,052	895,052	895,052	895,052	921,904	921,904
Communications & Marketing	1,885,937	1,885,937	1,885,937	1,885,937	1,885,937	1,942,515	1,942,515
Information Technology	1,680,239	1,680,239	1,680,239	1,680,239	1,680,239	1,730,646	1,730,646
Administrative	2,177,494	2,177,494	2,177,494	2,177,494	2,177,494	2,242,819	2,242,819
Operating Taxes & Licenses	1,929,505	2,008,268	2,008,268	2,008,268	2,008,268	2,068,516	2,068,516
Total Operating Expenses	55,911,235	60,274,724	64,974,724	65,974,724	66,974,724	67,673,966	77,673,966

Budget Policy Discussion

Budget Policy Assumptions for Discussion

REVENUES

- CARES Funding for FY20 & FY21 lost revenues and increased expenses
- Ongoing Budgeting for Zero Fare Service in FY21 & FY22
- Reduction of Local Funding in FY21 & FY22
- Permissive Use of Regional Transit Funds in FY21
- Adopted Regional Transit Plan for FY22 Regional Funds

Budget Policy Assumptions for Discussion

EXPENSES

- Ongoing Bus/Facility Cleaning and Full Staffing included in FY21 Baseline
- Service Expansion in FY21 & FY22
 - Restoration of Service on Express Routes included in FY21 and ongoing
 - Increase of Paratransit Service included in FY21 and ongoing
 - Increased Capacity on Core Routes included in FY21
 - Expansion of Regional Service included in FY22
- Front Line Pay considered for FY20 and reserved for FY21
- No Increase in Operational Reserves

FY2021 & FY2022 Budget Policy Scenario Recap

	FY2021	FY2022
	Low	Moderate
	Revenues	Revenues
Operating Revenue:		
Customer Revenue - Bus	0	0
Pass Program Revenue	0	0
Customer Revenue - CARE	0	0
Charter Revenue	0	0
Advertising Revenue	425,000	637,500
Other Revenues	18,750	18,750
Purchase of Service - CVAN	0	0
RideFinders / Other Income	691,419	691,419
Subtotal Revenue	1,135,169	1,347,669
Operating Contributions:		
Federal	8,101,574	8,101,574
State	9,626,400	10,106,499
City of Richmond	7,957,684	8,196,415
Chesterfield County	1,231,636	1,268,585
Henrico County	4,246,400	4,373,792
Petersburg	200,000	206,000
VCU	1,656,912	1,706,619
Kings Dominion	0	30,900
Federal - CARES Act	30,000,000	0
CVTA (Regional)	10,000,000	30,000,000
Subtotal Contributions	73,020,606	63,990,384
TOTAL INCOME	74,155,775	65,338,053

Operating Expenses:

Operations	34,234,541	43,201,577
Maintenance	11,981,217	12,340,654
Benefits	8,640,093	9,649,296
Insurance and safety	3,471,883	3,576,039
Planning & Scheduling	895,052	921,904
Communications & Marketing	1,885,937	1,942,515
Information Technology	1,680,239	1,730,646
Administrative	2,177,494	2,242,819
Operating Taxes & Licenses	2,008,268	2,068,516

TOTAL EXPENSES

FY2021	FY2022
Added 12-Month Bonus Pay (\$2)	FY22 Baseline Budget (+\$10M)
34,234,541	43,201,577
11,981,217	12,340,654
8,640,093	9,649,296
3,471,883	3,576,039
895,052	921,904
1,885,937	1,942,515
1,680,239	1,730,646
2,177,494	2,242,819
2,008,268	2,068,516
66,974,724	77,673,966

TOTAL INCOME

TOTAL EXPENSES

BALANCE

FY2021	FY2022
74,155,775	65,386,053
66,974,724	77,673,966
7,181,051	-12,287,913

Next Steps

Budget Adoption: Next Steps

- May 2020 - Board Direction on Operating Scenarios and Budget Policies
- June 2020 - Board Adoption of Operating Budget
- July 2020 - Staff Presentation of Draft FY21 Capital Budget
- July 2020 - Begin Regional Planning Process for FY22
- August 2020 - Board Review and Adoption of FY21 Capital Plan