2017 Budget Presentation

RFTA Board Meeting

November 10, 2016

Agenda

- Budget Highlights
- Consolidated Financial Overview
- Revenues
- Expenditures
- Fund Balance
- Long Range Financial Forecast

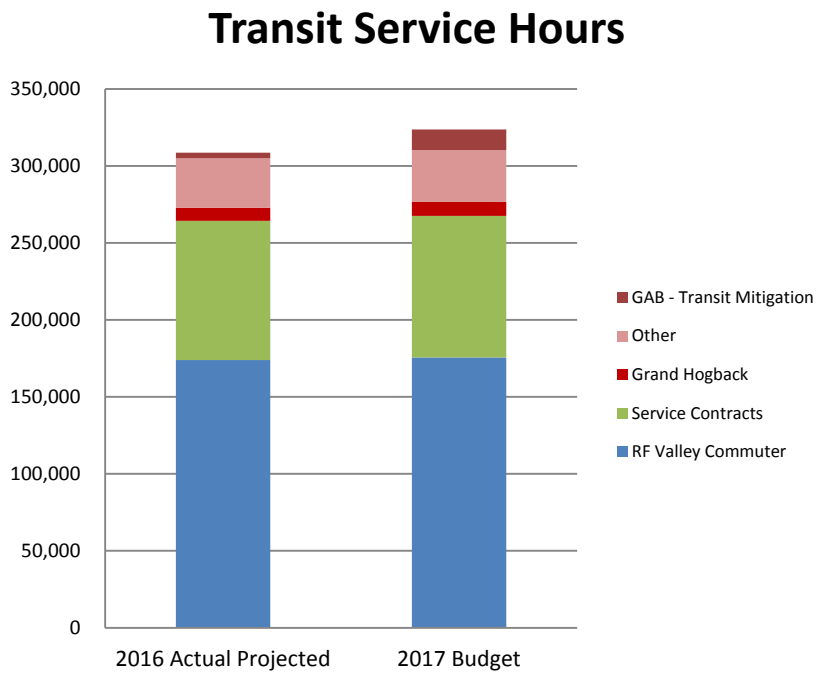
2017 Budget Highlights

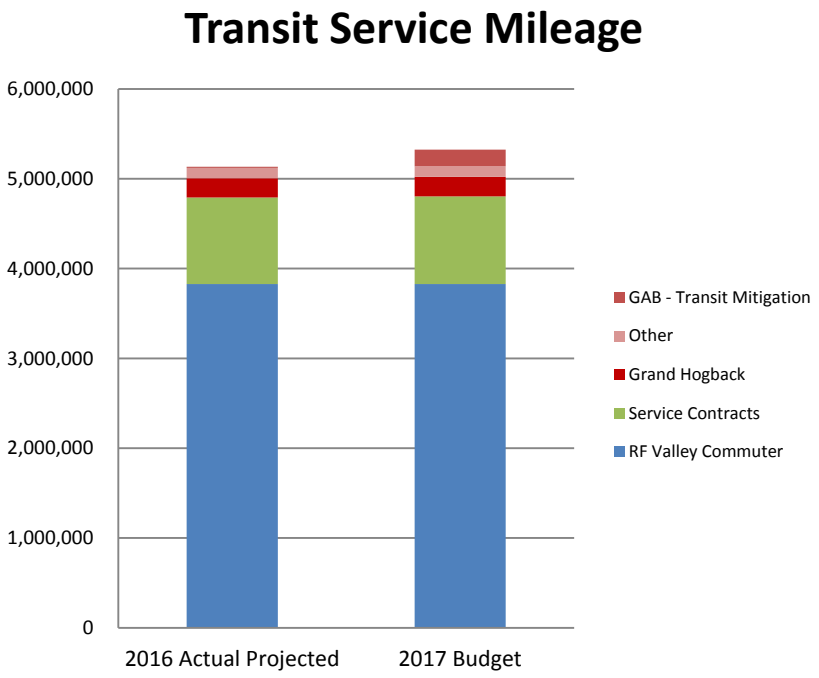
- $48.5 million total budget (-19%)
  - $34.3 million Operating (+4.5%)
  - $8.6 million Capital (-60%)
  - $5.5 million Debt Service (+3.5%)
- $773,000 add to General Fund's fund balance
  - $1.29 million reimbursement from 2017 bond proceeds to replenish capital reserves
  - $750,000 use of capital reserves for bus refurbishments
- Revenue estimates:
  - +2.4% sales tax revenues
  - +2.6% service contract revenues
  - +1.8% transit fare revenues
  - +25% local government contributions (EOTC contribution for GAB)

2017 Budget Highlights (Continued)

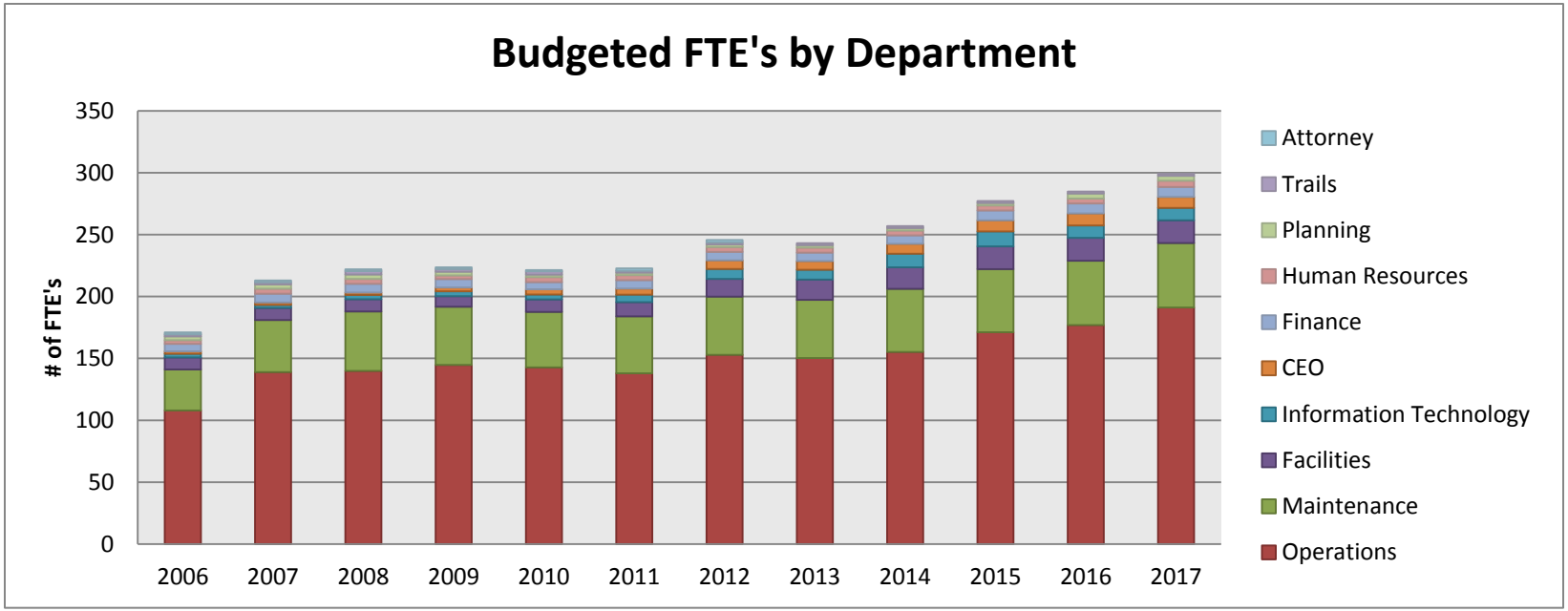
- Major Goals identified in the 2017 5-Year Strategic Plan (draft):
  - Transit Mitigation Plan during the Grand Avenue Bridge closure
  - Bus Replacements – 2 transit buses
  - Bus Refurbishments – 5 commuter coaches
  - Update CEO and Management Team Succession Plan/Training Plan for employees
  - Provide ongoing support for We-Cycle
  - Work with Legislature to extend RTA Property Tax Authority beyond 2019; seek Eminent Domain Power
  - Secure funding for Phase I (at minimum) of the GMF renovation and expansion project
- Items not reflected in the budget at this time:
  - ITSP Stage 3

2017 Budget Highlights (Continued)





2017 Budget Highlights (Continued)



2017 Budget Highlights (Continued)

- Capital Budget
  - $3.2 million in General Fund
    - $1,030,500 funded by capital grants
  - $5.4 million in Capital Project Fund
  - Any unexpended 2016 budget will be re-budgeted in early 2017
  - Bus replacements: 2 transit buses and 1 Traveler van
  - Bus refurbishments: 5 commuter coach buses
  - Phase 1 of GMF expansion/renovation:
    - Assumed to be financed using bond proceeds received after issuance of remaining $7.1 million of bonding authority

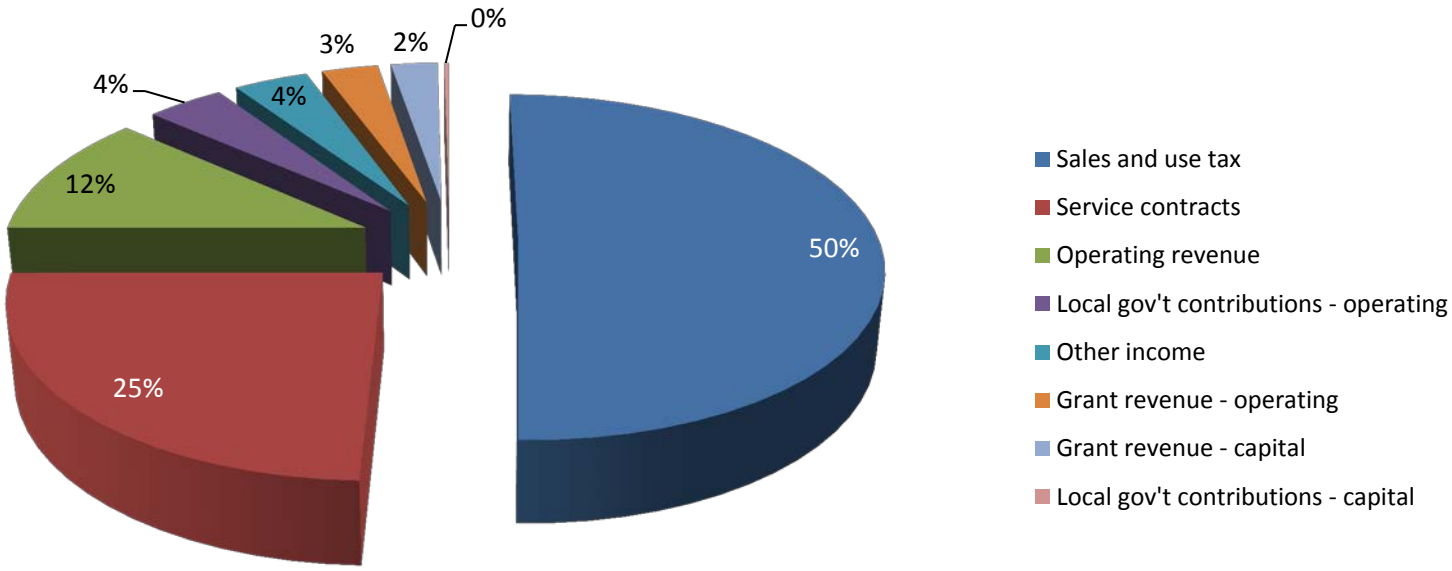
Consolidated Financial Overview

(1,000's)	General Fund	Service Contracts	Bus Stops/ PNR SRF	Mid Valley Trails SRF	Capital Projects Fund (1)	Debt Service Fund	2017 Total Budget	%
Beginning fund balance (Budget)	**$ 16,295**	**$ -**	**$ 97**	**$ 148**	**$ -**	**$ 2,499**	**$ 19,040**	
Revenues:								
Sales and use tax	$ 21,288	$ -	$ -	$ 50	$ -	$ -	**$ 21,338**	50%
Service contracts	$ -	$ 10,368	$ -	$ -	$ -	$ -	**$ 10,368**	24%
Operating revenue	$ 4,869	$ -	$ -	$ -	$ -	$ -	**$ 4,869**	12%
Grant revenue - operating	$ 1,215	$ 30	$ -	$ -	$ -	$ -	**$ 1,245**	3%
Grant revenue - capital	$ 1,031	$ -	$ -	$ -	$ -	$ -	**$ 1,031**	2%
Local gov't contributions - operating	$ 1,376	$ 335	$ -	$ -	$ -	$ -	**$ 1,711**	4%
Local gov't contributions - capital	$ 100	$ -	$ -	$ -	$ -	$ -	**$ 100**	0%
Other income	$ 481	$ -	$ 480	$ -	$ -	$ 679	**$ 1,640**	4%
Investment income	$ 18	$ -	$ -	$ -	$ -	$ -	**$ 18**	0%
Total revenue	**$ 30,377**	**$ 10,733**	**$ 480**	**$ 50**	**$ -**	**$ 679**	**$ 42,318**	**100%**
Program expenditures:								
Fuel	$ 1,408	$ 784	$ -	$ -	$ -	$ -	**$ 2,192**	5%
Transit	$ 20,513	$ 10,245	$ 769	$ -	$ -	$ -	**$ 31,527**	65%
Trails & Corridor Mgmt	$ 472	$ -	$ -	$ 139	$ -	$ -	**$ 611**	1%
Subtotal operating exp.	**$ 22,392**	**$ 11,030**	**$ 769**	**$ 139**	**$ -**	**$ -**	**$ 34,330**	**71%**
Capital	$ 3,258	$ -	$ -	$ -	$ 5,390	$ -	**$ 8,648**	18%
Debt Service	$ 1,902	$ -	$ -	$ -	$ 142	$ 3,475	**$ 5,519**	11%
Total expenditures	**$ 27,552**	**$ 11,030**	**$ 769**	**$ 139**	**$ 5,532**	**$ 3,475**	**$ 48,497**	**100%**
Other financing sources	**$ 1,331**	**$ 297**	**$ 289**	**$ -**	**$ 7,105**	**$ 3,079**	**$ 12,100**	
Other financing (uses)	**$ (3,382)**	**$ -**	**$ -**	**$ -**	**$ (1,573)**	**$ -**	**$ (4,955)**	
Change in Fund Balance	**$ 773**	**$ 0**	**$ 0**	**$ (89)**	**$ -**	**$ 282**	**$ 966**	
Ending fund balance	**$ 17,068**	**$ 0**	**$ 97**	**$ 59**	**$ -**	**$ 2,781**	**$ 20,006**	

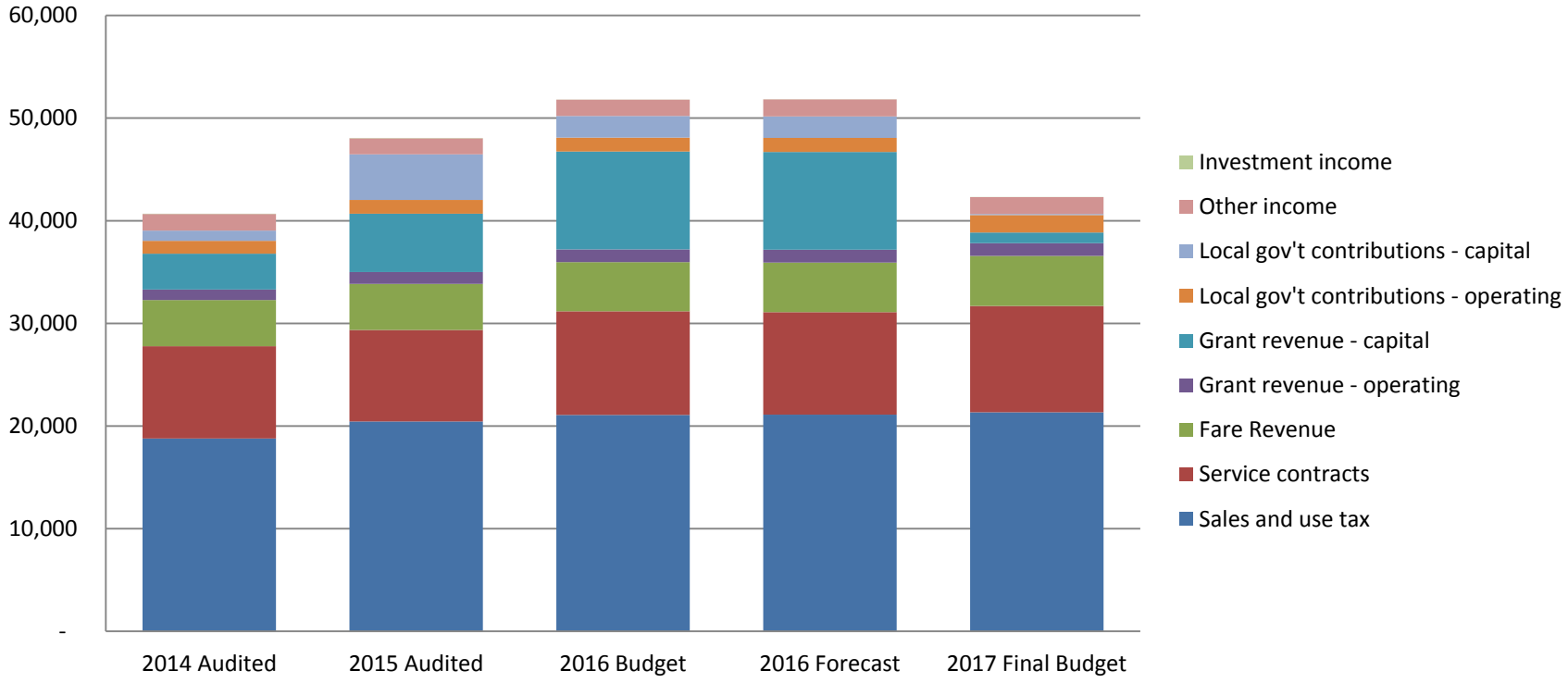
Other Financing Sources / (Uses) – All Funds

(1,000's)	General Fund	Service Contracts SRF	Bus Stops/ PNR SRF	Capital Project Fund	Debt Service Fund	2017 Total Budget
Other financing sources	**$ 1,331**	**$ 297**	**$ 289**	**$ 7,105**	**$ 3,079**	**$ 12,100**
Other financing (uses)	**$ (3,382)**	**$ -**	**$ -**	**$ (1,573)**	**$ -**	**$ (4,955)**
Net	**$ (2,052)**	**$ 297**	**$ 289**	**$ 5,532**	**$ 3,079**	**$ 7,145**
Detailed Other financing sources/(uses):						
Transfer to fund add'l Bus Stops/PNR cost	$ (289)	$ -	$ 289	$ -	$ -	**$ -**
Transfer to fund RFTA's contribution to Traveler	$ (151)	$ 151	$ -	$ -	$ -	**$ -**
Transfer to fund shortfall for GAB	$ (146)	$ 146	$ -	$ -	$ -	**$ -**
Transfer to pay debt service	$ (2,797)	$ -	$ -	$ -	$ 2,797	**$ -**
Capital lease proceeds	$ 40	$ -	$ -	$ -	$ -	**$ 40**
Bond proceeds	$ -	$ -	$ -	$ 7,105	$ -	**$ 7,105**
Transfer to fund est. DS reserve requirement	$ -	$ -	$ -	$ (282)	$ 282	**$ -**
Transfer to GF to reimburse for Capital Projects	$ 1,291	$ -	$ -	$ (1,291)	$ -	**$ -**
Net	**$ (2,052)**	**$ 297**	**$ 289**	**$ 5,532**	**$ 3,079**	**$ 7,145**

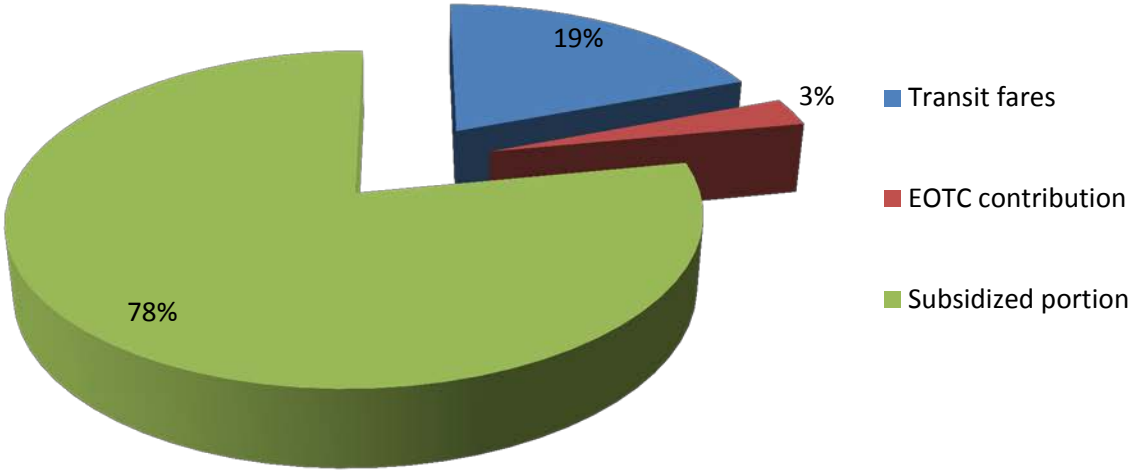
2017 Estimated Revenue Composition



Four-Year Revenue Comparison (1,000's)

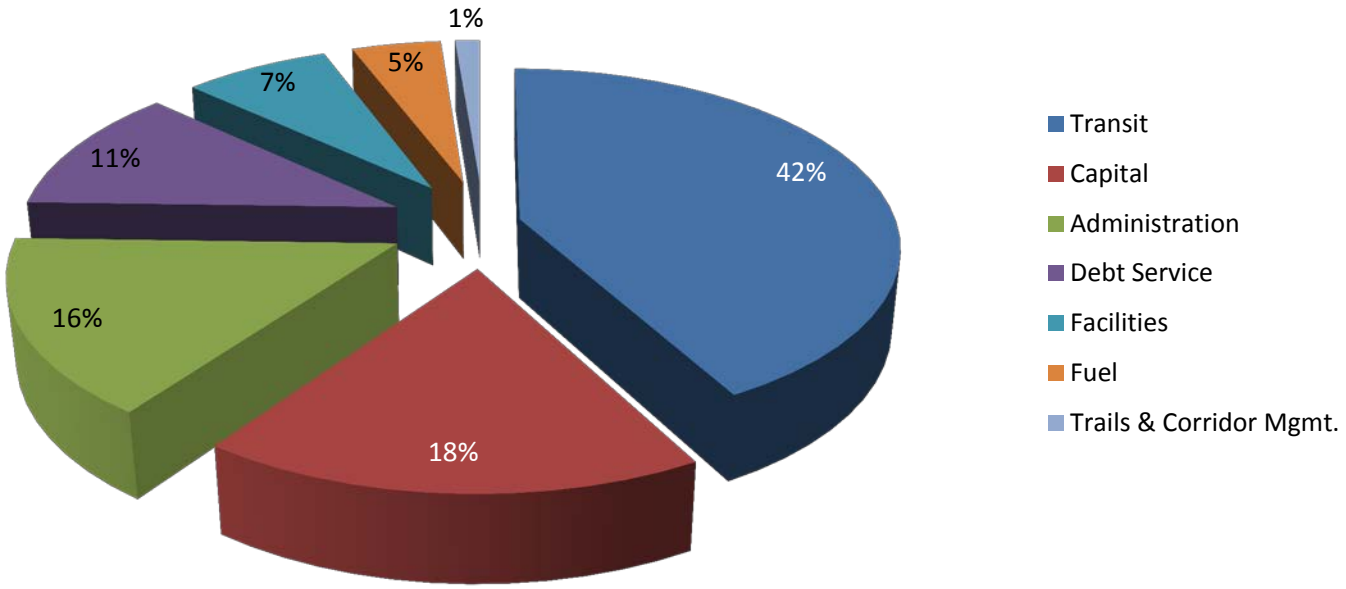


Farebox Recovery Ratio for Regional Transit Services

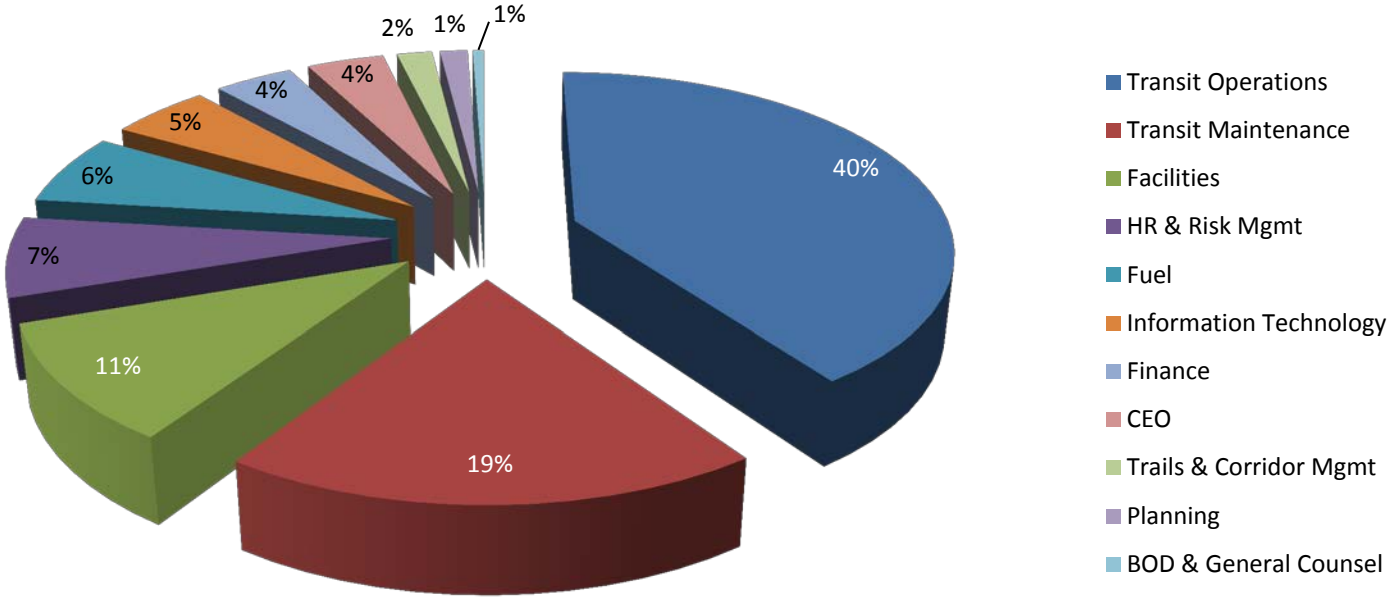


- Farebox Recovery Ratio
  - The percentage of total operating revenues that passengers pay through fares

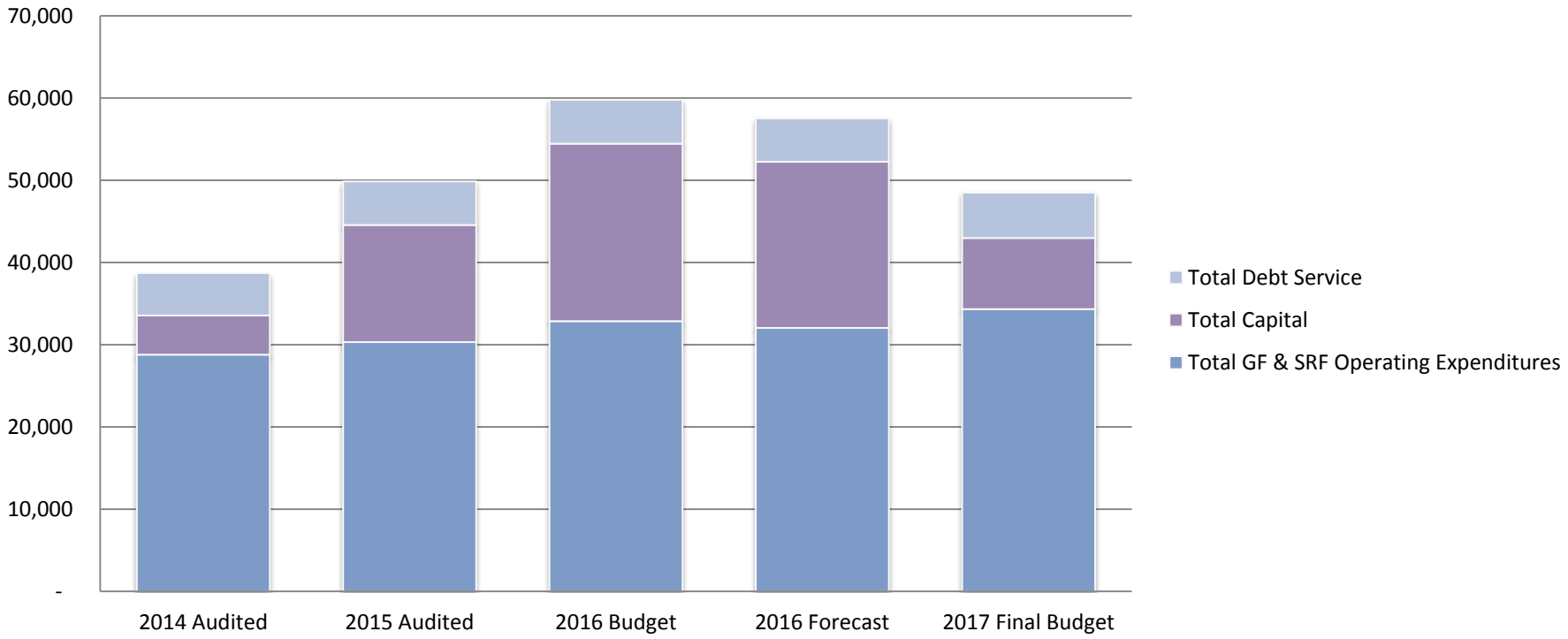
2017 Budgeted Expenditures by Function



2017 Budgeted Operating Expenditures by Department



Four-Year Total Expenditure Comparison - All Funds (1,000's)



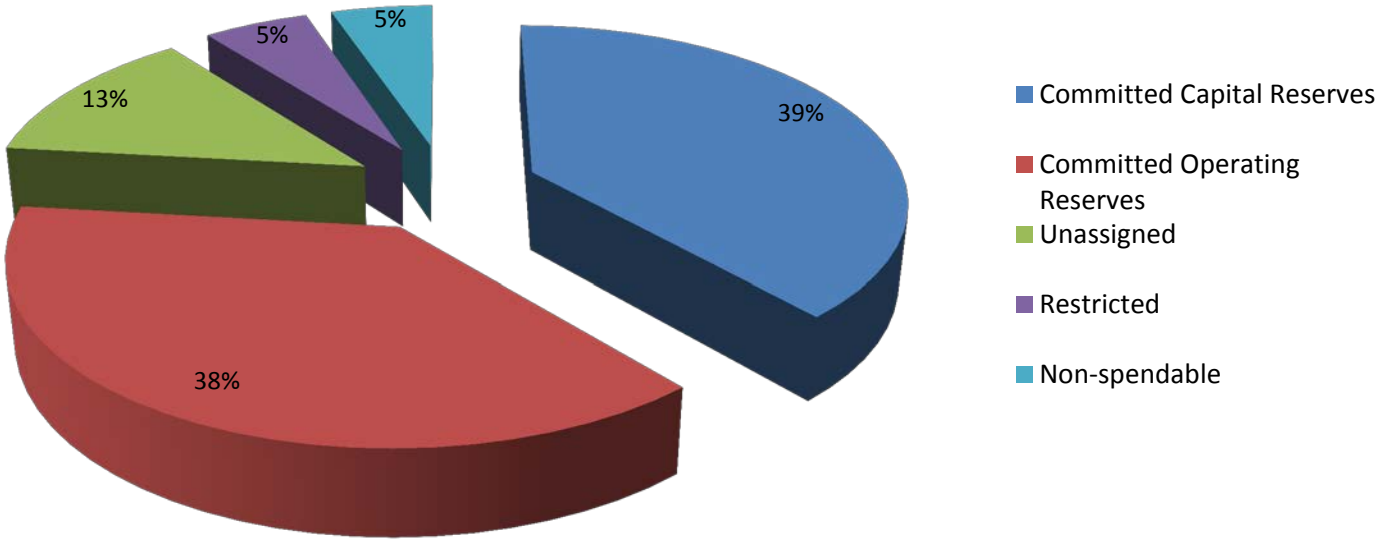
Budgeted Capital Expenditures – All Funds

Description (1,000's)	General Fund	Capital Project Funds	Total Capital
Transit			
GMF Phase I		$ 5,390	$ 5,390
Rolling stock (2 Transit buses)	$ 1,340		$ 1,340
Bus Refurbishments (5 MCI buses)	$ 750		$ 750
GMF Expansion Design/Planning	$ 300		$ 300
Facilities Improvements	$ 250		$ 250
Bus engine/transmission rebuilds	$ 250		$ 250
Traveler Van	$ 115		$ 115
Other Transit	$ 113		$ 113
Support vehicles	$ 40		$ 40
Subtotal Transit	**$ 3,158**	**$ 5,390**	**$ 8,548**
Trails			
Asphalt Repair	$ 100		$ 100
Subtotal Trails	**$ 100**	**$ -**	**$ 100**
Total	**$ 3,258**	**$ 5,390**	**$ 8,648**

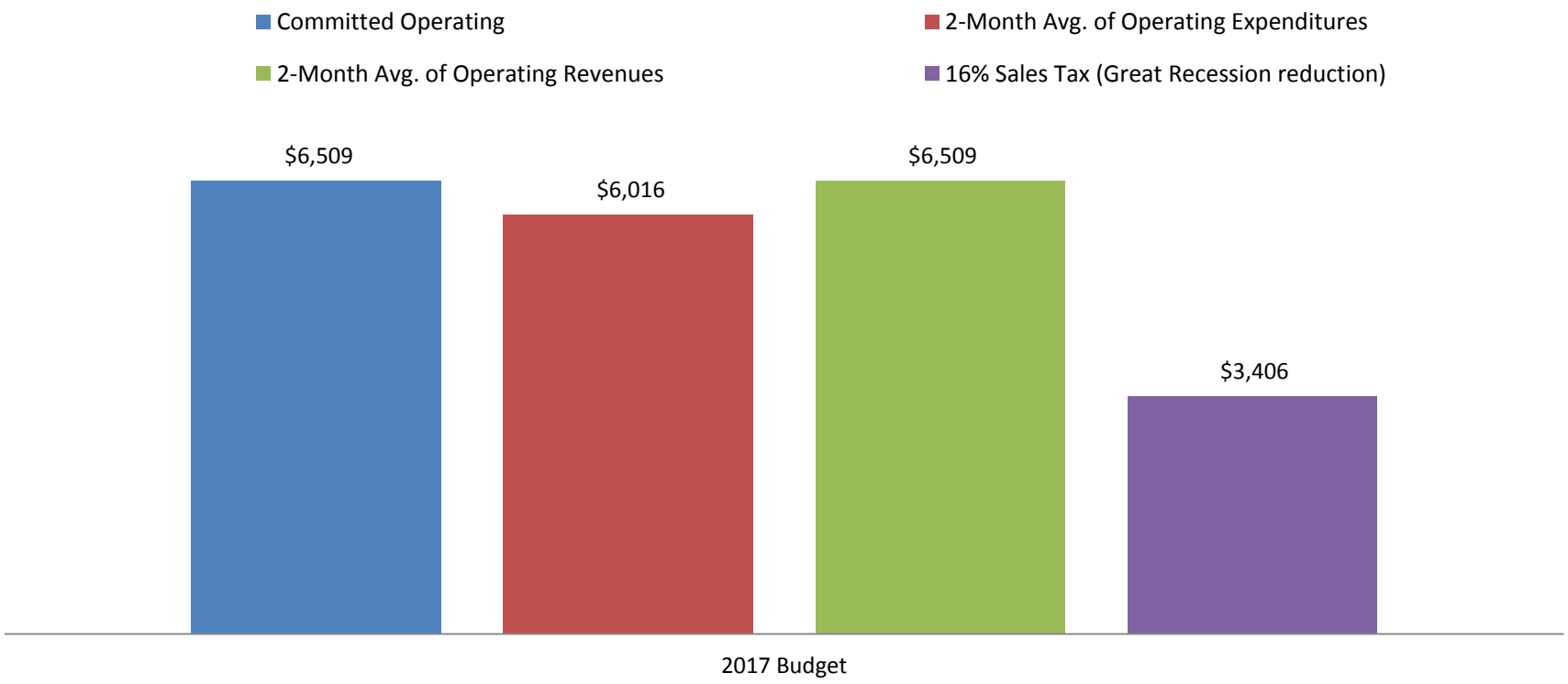
Fund Balance

(1,000's)	General Fund	Service Contracts	Bus Stops/ PNR	Mid Valley Trails	Capital Projects Fund(1)	Debt Service Fund	Total
Beginning fund balance (budget)	**$ 16,295**	**$ -**	**$ 97**	**$ 148**	**$ 0**	**$ 2,499**	**$ 19,040**
Revenues	$ 30,377	$ 10,733	$ 480	$ 50	$ -	$ 679	$ 42,318
Expenditures	$ (27,552)	$ (11,030)	$ (769)	$ (139)	$ (5,532)	$ (3,475)	$ (48,497)
Other financing source/(use)	$ (2,052)	$ 297	$ 289	$ -	$ 5,532	$ 3,079	$ 7,145
Change in net assets	**$ 773**	**$ 0**	**$ -**	**$ (89)**	**$ -**	**$ 282**	**$ 966**
Ending fund balance	**$ 17,068**	**$ 0**	**$ 97**	**$ 59**	**$ 0**	**$ 2,781**	**$ 20,006**
Ending fund balance composition:							
Non-spendable fund balance	$ 883						$ 883
Restricted fund balance	$ 911	$ 0	$ 97	$ 59	$ -	$ 2,781	$ 3,849
Committed fund balance:							
Operating reserves	$ 6,509						$ 6,509
Facilities capital reserves	$ 1,876						$ 1,876
Transit capital reserves	$ 3,872						$ 3,872
Trails capital reserves	$ 850						$ 850
Unassigned fund balance	$ 2,168						$ 2,168
Ending fund balance	**$ 17,068**	**$ 0**	**$ 97**	**$ 59**	**$ -**	**$ 2,781**	**$ 20,006**

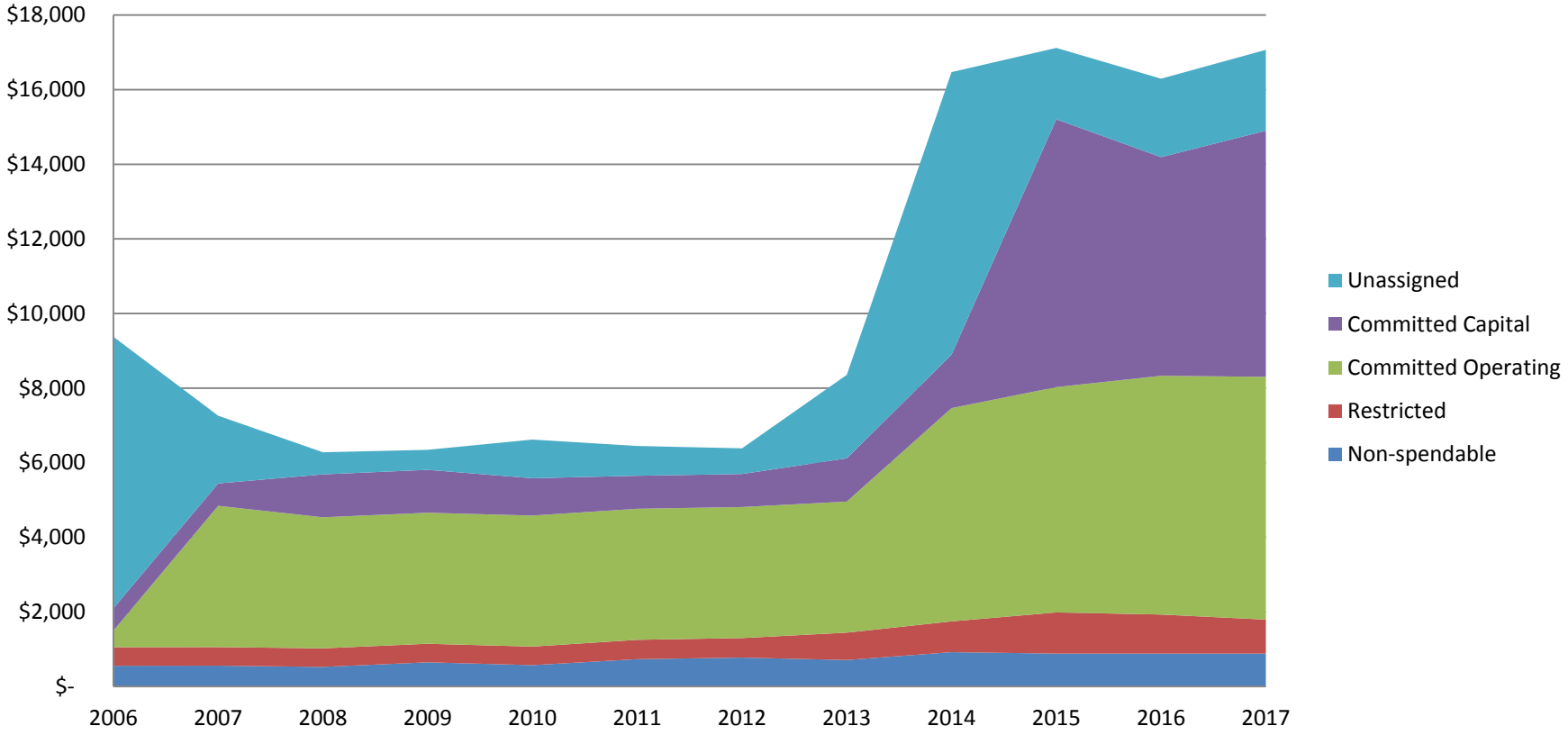
2017 Projected General Fund
Fund Balance Composition



General Fund Operating Reserves Test (1,000's)



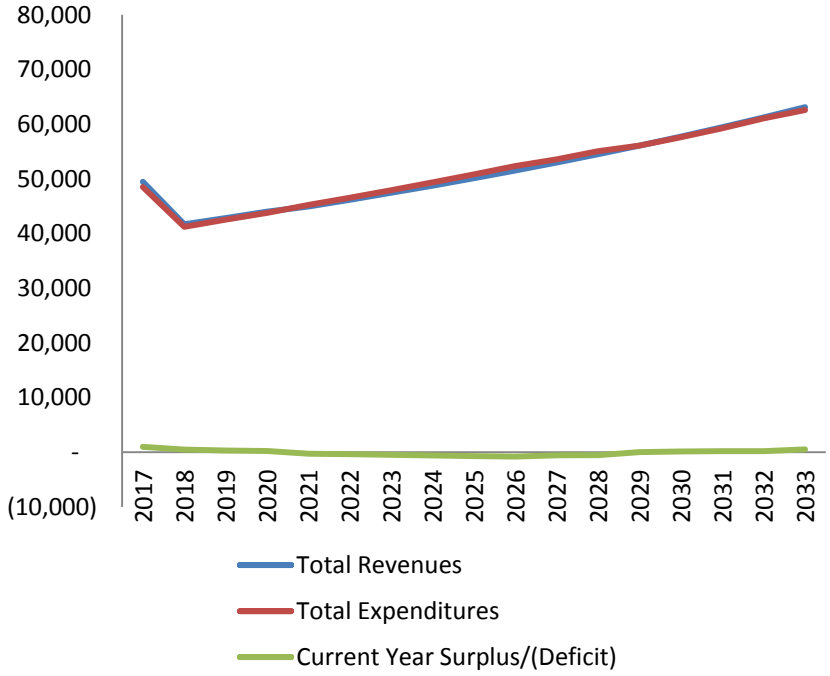
General Fund's Fund Balance History (1,000's)

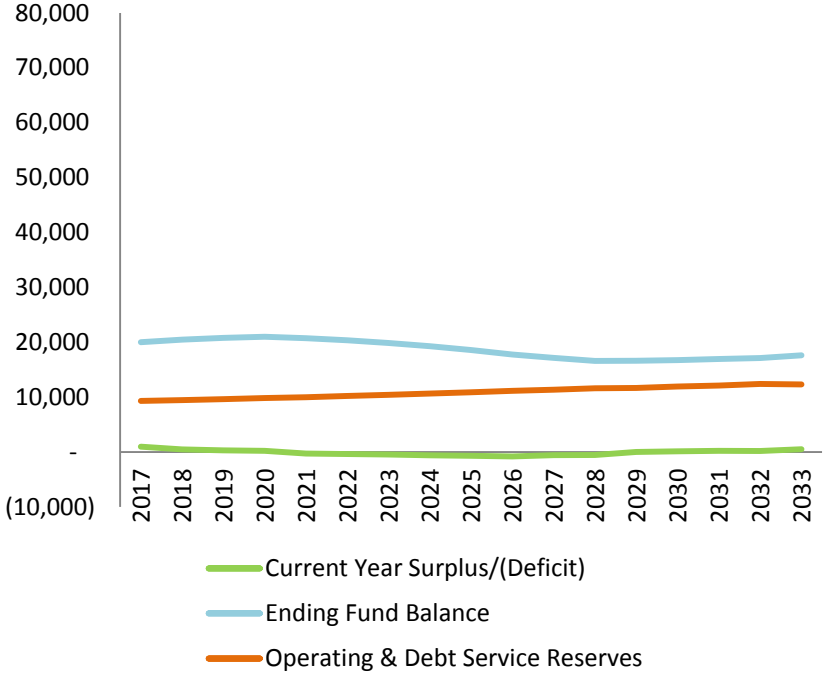


Long Range Financial Forecast Overview

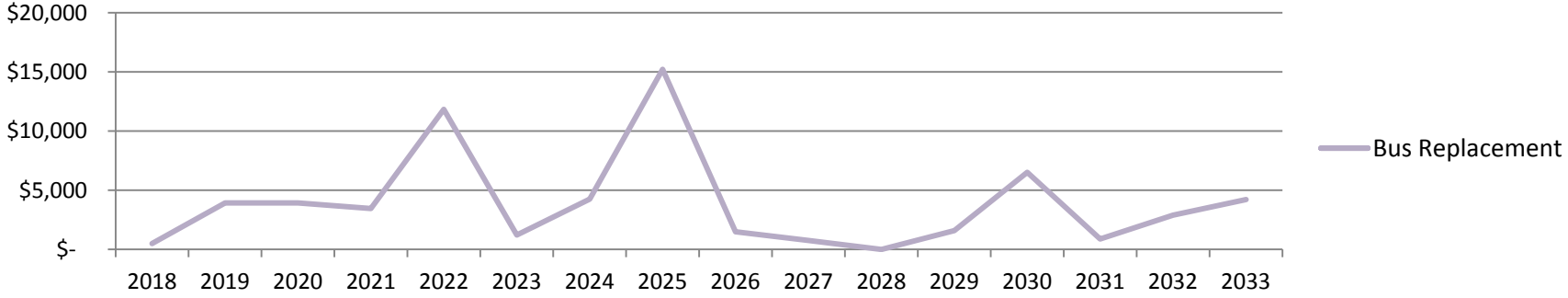
- Challenges:
  - Capital replacement
  - Uncertainty of capital grant revenues
  - Next down turn?
- Long-Term Financial Direction:
  - Should RFTA attempt to live within existing resources or seek additional resources to meet long-term service objectives (Enhancement v. Expansion)?

Long Range Financial Forecast: Status Quo without Capital Replacements





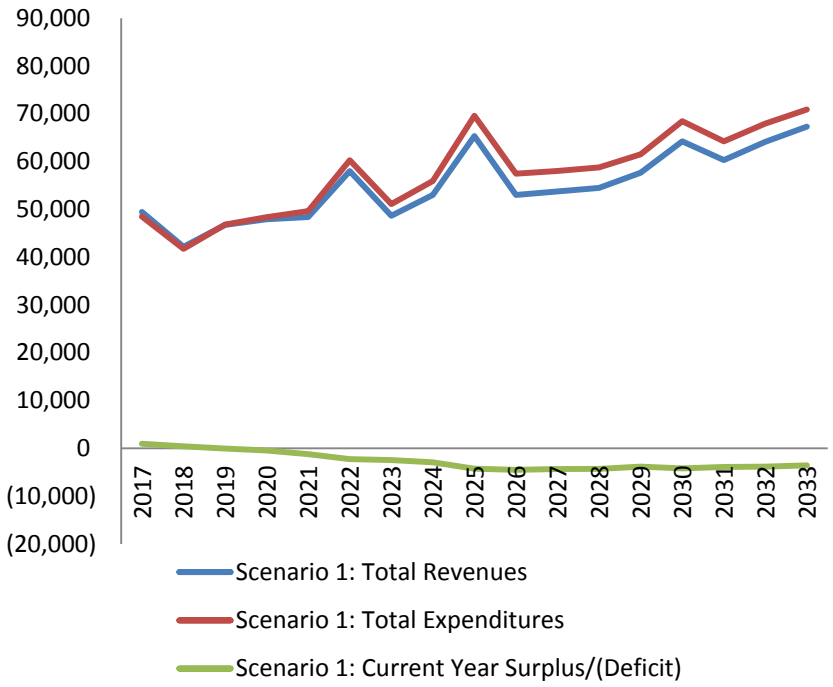
Estimated Bus Replacement 2017-2033 (1,000)

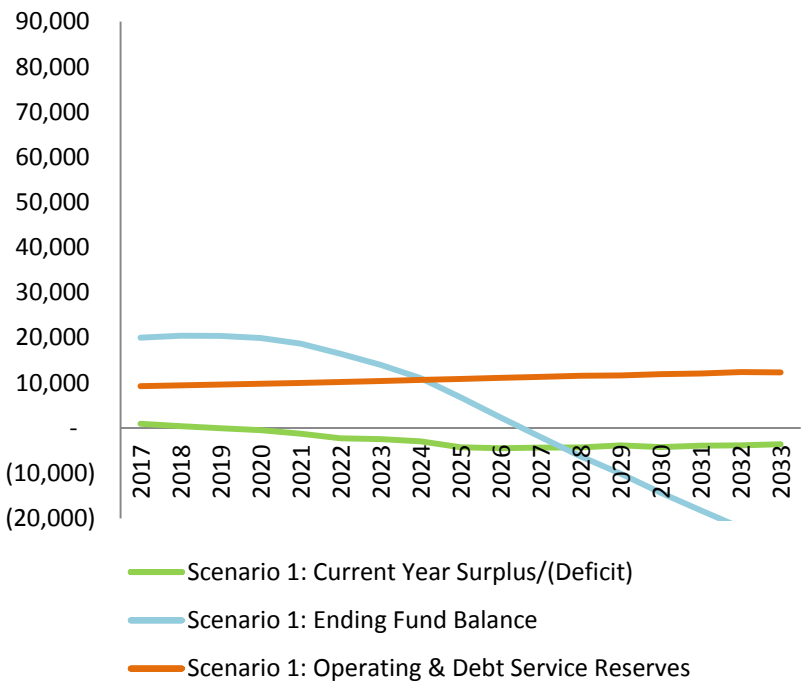


Long Range Financial Forecast: Scenario 1 Assumptions

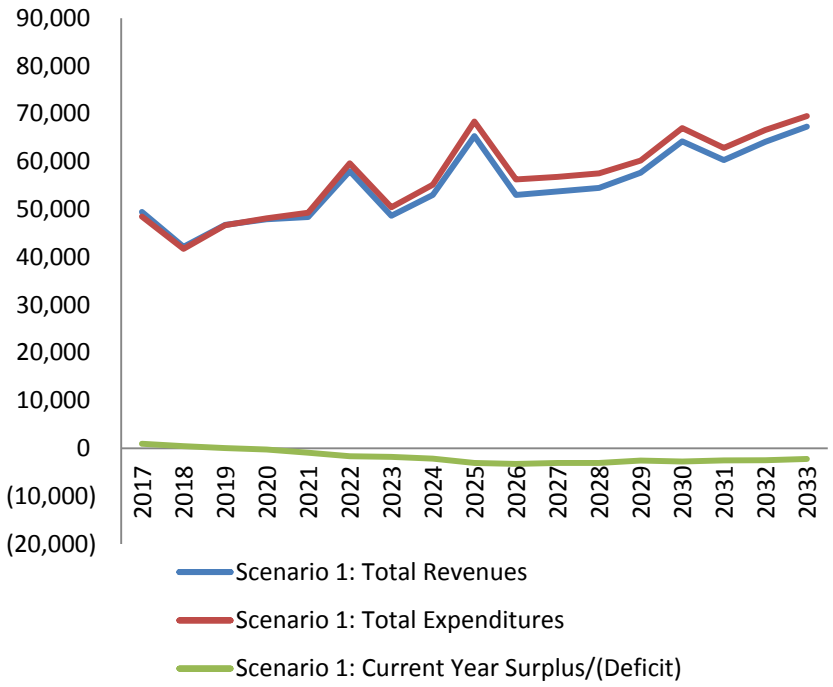
- Scenario 1A
  - Capital grant awarded for 25% of Bus Replacement Costs
- Scenario 1B
  - Capital grant awarded for 50% of Bus Replacement Costs
- Remaining Local Match funded by Capital Lease Proceeds or other financing

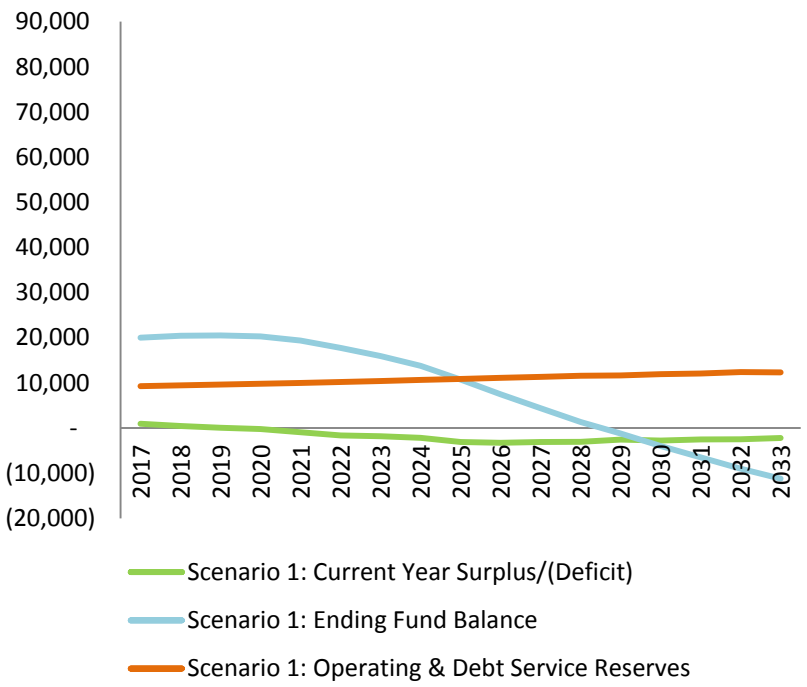
Scenario 1A with Bus Replacements: Capital Grant Funds 25% and Local Match using Capital Lease Proceeds





Scenario 1B with Bus Replacements: Capital Grant Funds 50% and Local Match using Capital Lease Proceeds

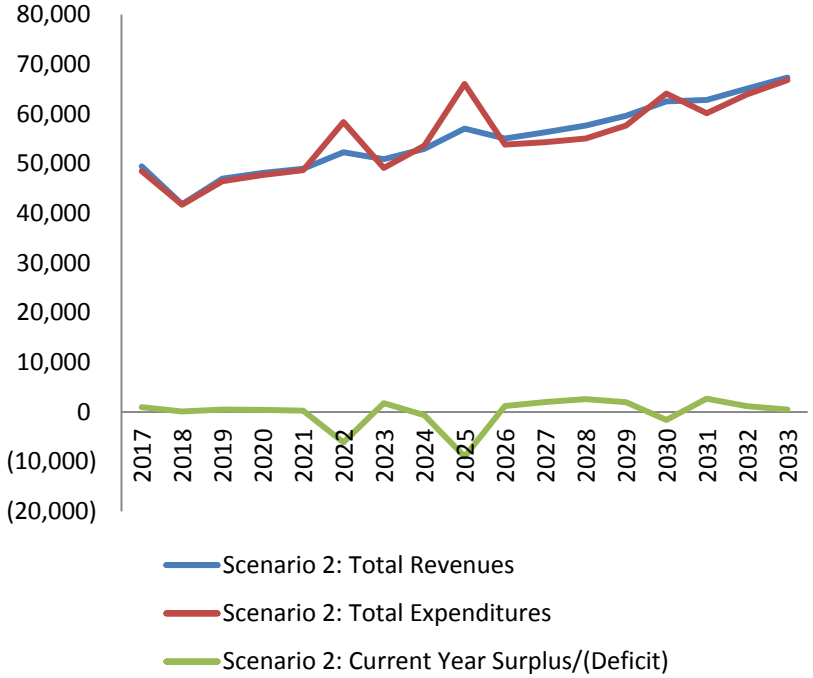


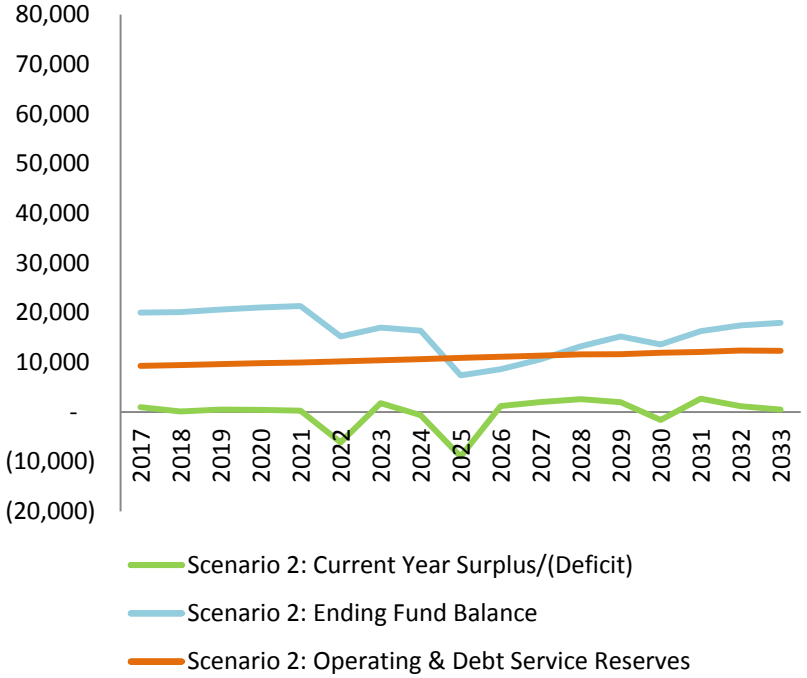


Long Range Financial Forecast: Scenario 2A Assumptions

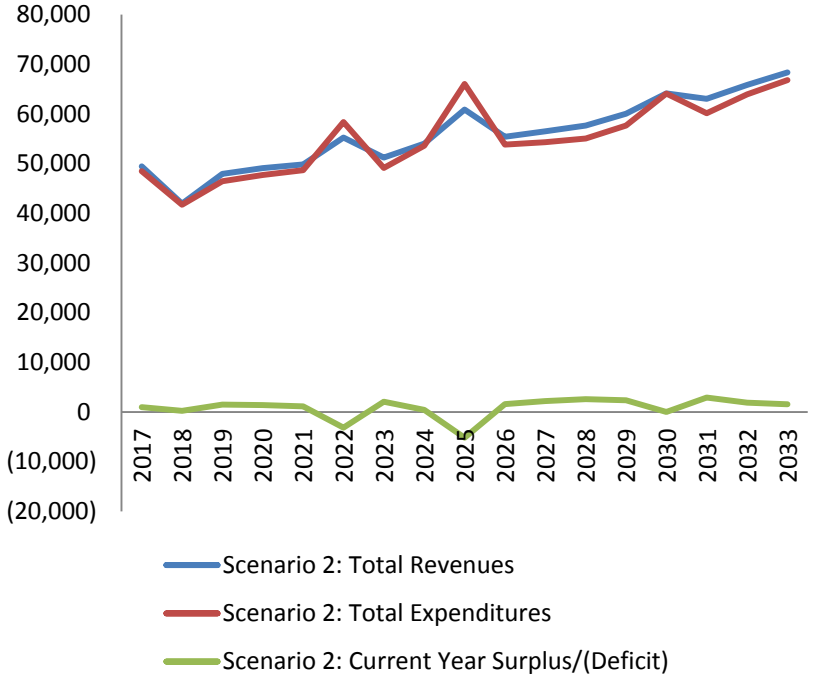
- Same as Scenarios 1A and 1B *but* <u>without financing</u>
- Assumes RFTA is successful in the 2017 Election to impose a uniform mill levy of 1 mill on all taxable property within the territory of the Authority in accordance with House Bill 09-1034 to help provide a more stable funding source for future capital replacements; taxable property is assessed in 2018 and revenues collected in 2019.
- 1 mill = ~$3 million of additional revenue per year

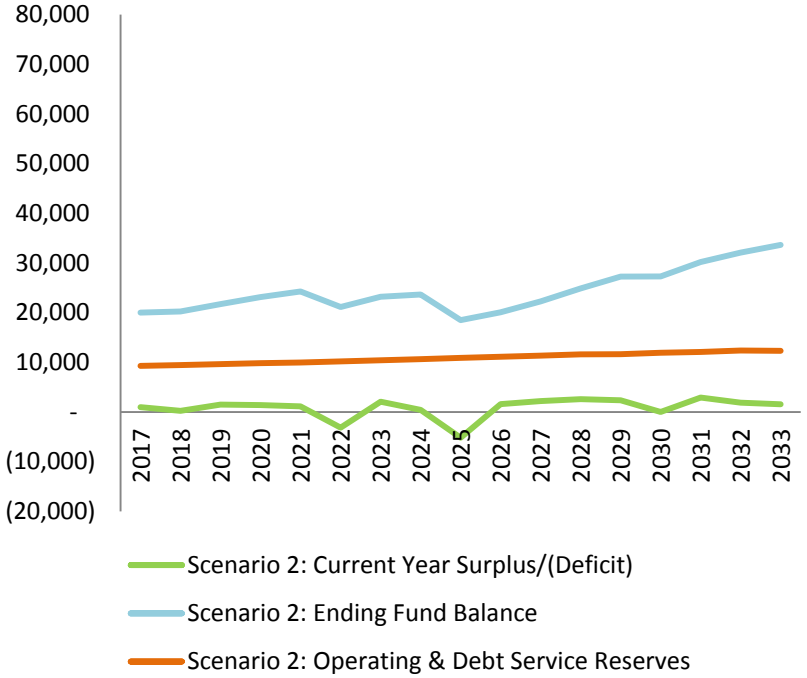
Scenario 2A with Bus Replacements: Capital Grant Funds 25%, Local Match using 1 Mill Levy or Equivalent Tax/Revenue Increase in 2017 Ballot





Scenario 2B with Bus Replacements: Capital Grant Funds 50%, Local Match using 1 Mill Levy or Equivalent Tax/Revenue Increase in 2017 Ballot





Questions?