

Minutes

RTA Operational Planning & Infrastructure Committee

9:47 a.m. November 19, 2024

Committee Members: Welch (Chair), Love, Sleasman

Other Board Members: Biasiotta, Elder, Weiss **Not present:** Koomar, Lucas, McPherson, Pacetti

Staff: Birdsong Terry, Blaze, Burney, Caver, Dangelo, Davidson, Feke, Fields, Fleig, Ford-Marshall, Freilich, Gautam, Gibbons, Hudson, Jones, Jupina, Kirkland, Macko, Meinke, Metcaff, Miller, Mothes, Moore, Rusnov, Schipper, Sutula, Talley, Togher, Walker-Minor, Young, Zimmerman

Public: Bingham, Gibbons, Hagar, Hinkle, Loh, Martin, Rubin, Sopko, Urankar

The meeting was called to order at 9:47 a.m. Three (3) committee members were present.

2025 Service Plan

Jeff Macko, Manager of Service Planning gave the presentation.

Overview

The 2025 Service Management Plan (SMP) is aligned with the recommended 2025 budget. The budget provides for the 2024 year-end service level to continue through 2025. Per Board policy, the SMP reports current bus route performance and outlines plans for the coming year.

2025 Service Plans

Many of plans are a continuation from 2024.

- Improve bus stop safety and informational signs
- Improve transit waiting environments with concrete landing pads and amenities to benefit all riders, especially mobility impaired
- Add shelters per shelter policy and through Community Partnership Investment Program
- Develop a list of potential frequency improvements to be implemented as budget permits
 - Working to increase frequency or have increased frequency on 6 routes and 4 routes on weekends
- Continue monitoring system performance
- Respond to building, road, bridge construction projects
- Provide temporary service for rail construction projects and major special events
- Continue to focus on service reliability
- The plan does not call for an increase in budgeted hours and miles

2024 Bus Route Performance

- Service Management Plan details 41 bus routes
- 10 perform in lowest quartile of their route category
- When a route network reflects community values, some routes will always have lower productivity
- System ridership and productivity improved from 2023 to 2024

Ms. Elder asked which routes have been increased and asked for detail on what caused low productivity on some routes. Mr. Macko said with the August service change weekday improvements were made on the 16, 50, 71 and 86. All or portions of these routes were taken from hourly service to

half hourly service. Some of the low performing routes such as radial routes, decreased due to hybrid work schedules or land routes that have jobs at the end of the routes so not a lot of people are getting on and off. Those routes are still valuable for employment. On page 3 of the report, there are three categories of routes: radial, crosstown/feeder, Park N Ride and Downtown Trolley.

Mr. Sleasman asked if there is a plan to run the HealthLine (HL) more frequently. Mr. Macko said not in 2024. Mr. Freilich said the Board will soon address a resolution to purchase additional 60ft. buses that will be equipped to serve the HL. If we continue to have high ridership, there will be increased service to this line. Mr. Love asked for the plan for Transit Waiting Environment (TWE) Enhancements and the non-shelter plans. Mr. Macko said over the last few years they have changed their approach to shelter placement. Prior to the update on the service policy where they lowered the requirement for the number of boardings to get a shelter, they took a reactive approach for shelter request. Now they monitor monthly to determine placement. When a shelter isn't warranted, they focus on people getting off the bus. They are looking at the big bus network, not Paratransit.

Mr. Love asked about the prioritization of frequency improvements for 2025 without an increase in budgeted miles and hours. Mr. Macko said they look at the demographics of the routes. They use Census data and onboard survey data. They also look at current productivity. One idea is to have 15-to-30-minute weekday service also run on the weekend. Dr. Caver added that with the NextGen system redesign, the community asked for coverage routes and frequency routes. The result was a network of core frequency routes. Next low-density or coverage routes were prioritized to bring hourly routes to half hour. We have a good core of 15-minute routes. They want to increase service in those low density suburban areas.

2025 Budget

Kay Sutula, Director of Office of Management and Budget gave the presentation.

In May, the 2025 Capital Improvement Plan was adopted by the Board. We submit this earlier in the year in order to provide our Capital needs to NOACA, ODOT, and FTA In time for their 2025 Fiscal Years. In July, they presented the 2025 Tax Budget to the Operational Planning & Infrastructure Committee, which was adopted by the Board on July 30th. This provides a revenue estimate for the next fiscal year.

In August, the Budget Development process started for Fiscal Year 2025. Today, is a presentation of the Proposed 2025 General Fund Budget, which includes the Operating Budget and Transfers to other Funds. A public hearing will also be held today regarding the Proposed budget. A second presentation and public hearing will be held on December 3rd. At that time, they will recommend that the committee present the Proposed 2025 budget to the Full Board for adoption on December 17th.

The Federal Open Market Committee (FOMC) is projecting core inflation to continue falling in 2025. Supply chain disruptions are expected to diminish. The FOMC has reacted with reducing interest rates to 5% in September and 4.75% in November. We will continue to monitor their progress throughout the year. The Federal Reserve Bank and Moody's Analytics expect interest rates to remain between 3.5% and 5% in 2025. The Federal Open Market Committee (FOMC) states that the current increases in interest rates is helping to stabilize prices as market conditions improve.

Currently, the Authority has received an average yield of 4.47% on its investments on a year-to-date basis. Ridership and Passenger Fare revenue are projected to increase at modest rates in 2025. Ridership and passenger fares have increased every year and through October 2024, ridership is 11.4% higher than 2023 levels. They are projecting passenger fares to increase over 4% in 2025.

In 2024, Sales Tax receipts maintained stable when compared to 2023 levels. Sales Tax through October, is 0.6% above 2023. We are budgeting a 1.5% increase in 2025. Wage increases, which are largely contractual, are budgeted around 3% for FY 2025.

Revenue for the 2025 Budget totals \$364.5 million. Of which, the largest 3 categories are:

- Sales & Use Tax receipts – at 73.4%
- Passenger Fares – 8.8%
- Reimbursed Expenditures (PM Reimbursement and Other reimbursements) – 1.4%

We budgeted transfers of \$55.0 million from the Reserve Fund to the General Fund for the 27th pay for hourly employees (\$4.5 million) and from the Revenue Stabilization Fund (\$50.5 million) to remain in compliance with the Board policy of maintaining a one-month operating reserve. These transfers represent 15.1% of total budgeted revenues.

Operating Revenues are budgeted at \$35.5 million

- Passenger Fares: \$32 million
- Advertising and Investment Income: \$3.5 million

For 2026 and 2027, Operating Revenues are planned at \$36.9 million and \$38 million, respectively. Non-Operating Revenues are budgeted at \$329 million:

- Sales & Use Tax: \$267.5 million
- Reimbursed Expenditures: \$5 million (PM Reimbursement at \$1 million and other reimbursements at \$4 million)
- Other Revenue is budgeted at \$1.5 million
- Transfers from the Reserve Fund totals \$55 million
 - \$4.5 million for the 27th pay for hourly employees
 - \$50.5 million for Revenue Stabilization to maintain the 1-month ending balance

For 2026 and 2027, Non-Operating Revenues are planned at \$325.8 million and \$326 million, respectively. Total Revenues for 2025 are budgeted at \$364.5 million. For 2026 and 2027, revenues total \$362.7 million and \$364.0 million, respectively.

Total expenditures for 2025 are budgeted at \$364.9 million. This includes the Operating Budget at \$323.8 million and transfers to other funds at \$41.1 million.

The three largest categories are:

- Salaries and Overtime at \$181.6 million – 49.8%
- Payroll Taxes and Fringes at \$66.2 million – 18.1%
- Services, Materials and Supplies at \$25.5 million – 7%

For 2025, we have 2,423 Full-Time Equivalent positions are budgeted for 2025, maintaining the current level of positions. The largest Division is Operations, with 2,130 FTEs (87.9% of budgeted FTEs reside in this Division)

- Includes: Operators, mechanics, maintenance/janitorial personnel, Paratransit and service-related personnel (Dispatchers, ICC, Transit Police, etc.)

The remaining Divisions are Administrative – the top 3 Administrative Divisions are:

- Finance at 4.3%
- Human Resources at 2.7%

- Legal Affairs at 1.7%

For 2025:

- Salaries and Overtime are budgeted at \$181.6 million and Payroll Taxes and fringes are budgeted at \$66.2 million. Total payroll is approximately 67.9% of RTA's General Fund Expenses.
- The Energy Price Risk Management Program has continued to stabilize the cost of fuel, specifically diesel and CNG. The Authority's diesel Fuel usage has decreased and Compressed Natural Gas usage has increased as we add more CNG buses to the fleet.
- The main drivers of the Services and Materials category are service and maintenance contracts, equipment and other miscellaneous supplies. This category is projected at \$25.5 million, or 7% of all expenditures. Most of this category consists of contractual agreements, technology hardware and software upgrades.
- Paratransit purchased transportation is budgeted at \$16.7 million. New contracts were negotiated in 2023 and the demand for Paratransit services continues to increase.
- Transfers to other Funds are budgeted at \$41.1 million. These transfers are for specific set-asides for Bond Retirement, Insurance, Supplemental Pension, Capital Improvement, and Reserve Funds and are to support the expected Expenses and maintain the recommended fund balances.
- Expenditures for the Proposed 2025 Budget total \$364.9 million.

With Total Revenues of \$364.5 million over total Expenditures of \$364.9 million. A projected beginning balance of \$27.5 million, the projected ending balance is \$27.1 million, leaving a budgeted 1-month reserve.

For 2026 and 2027, with projected ending balances of \$29.9 million and \$31.5 million, respectively, Each planned year has a 1-month ending balance in compliance with Board policy.

The FY 2025 Capital Improvement Plan was approved by the Board of Trustees on May 20, 2024. This is presented early to align with the 2025 Fiscal Years for NOACA, Ohio, and the Federal Government. The Capital Improvement Plan provides for the purchase, maintenance, and improvement of the Authority's capital assets through a programmed allocation of available financial resources.

Another presentation on the budget will be given at the December Committee meeting, with a second public hearing. The resolution for the 2025 Budget will be submitted in December.

Mayor Weiss asked how long the 1-month reserve policy has been in place and how it compares to other agencies. Ms. Sutula said the policy has been in place since 1974. Other agencies have a 1-to-3-month reserve policy. Mayor Weiss asked about the revenue stabilization fund. They project to use \$30 million of this fund to end 2024 and \$50.5 million in 2025. It will be determined throughout the year what will be used. If all of the funds are used, \$77.6 million will remain. Mr. Gautam added that in 2021 when this fund was formed, and put a plan to pay off debt, they intended for the fund to tied over to the end of 2027-2028. There were plans to make transfers from the fund - 2024 was the first year. Transfers are made when required. Mayor Weiss asked if the reserve can be increased. Mr. Gautam said they'd continue to prioritize the organization with the rail cars. Even when the fund ends, it has served its purpose to fund capital projects and to move away from preventative maintenance funds. There will be options to mitigate this fund coming to an end.

Ms. Welch requested additional questions be forwarded to Finance prior to the 2nd presentation.

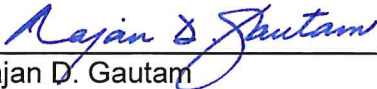
Suspend Committee

10:22 a.m. - It was moved by Ms. Welch, seconded by Mr. Love and approved to suspend the meeting to hold the Public Hearing.

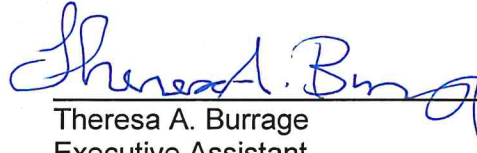
Reconvene Committee

10:28 a.m. – It was moved by Ms. Welch, seconded by Mr. Love and approved to reconvene the committee meeting.

The meeting was adjourned at 10:30 a.m.



Rajan D. Gautam
Secretary/Treasurer



Theresa A. Burrage
Executive Assistant