



Charleston Area Regional Transportation Authority

Fiscal Year 2017 Budget

Recommended for Approval 7/20/16

CARTA
FY2017 Proposed Budget

	<u>FY16 Budget</u>	<u>Proposed FY 17 Budget</u>	<u>Variance</u>
<u>Revenues</u>			
Farebox	2,696,890	2,696,890	0
Passes	661,941	585,388	(76,553)
COC Shuttle	452,580	452,580	0
MUSC	807,000	807,000	0
City of Charleston - DASH	978,390	516,600	(461,790)
City of North Charleston	1,442,330	1,151,630	(290,700)
NASH	300,000	-	(300,000)
Partnerships	100,000	-	(100,000)
Federal	12,161,349	18,279,154	6,117,805
State Mass Transit Funds	418,099	661,636	243,537
Sales Tax - Charleston County	7,927,250	8,147,000	219,750
Charleston County - Intermodal	-	1,241,870	1,241,870
Advertising	700,000	825,000	125,000
Interest	300	300	0
Montague Ave. - Proceeds from Sale	2,769,320	-	(2,769,320)
Insurance Proceeds	70,000	-	(70,000)
Miscellaneous	1,850	-	(1,850)
TOTAL REVENUES	<u>31,487,299</u>	<u>35,365,048</u>	3,877,749
<u>Expenditures</u>			
Staff Salaries & Benefits	645,225	147,327	(497,898)
Supplies	45,000	15,000	(30,000)
Printing	100,000	100,000	0
Marketing	60,000	70,000	10,000
Automotive	9,600	2,880	(6,720)
Accounting (Auditing)	26,040	20,000	(6,040)
Postage	2,750	2,500	(250)
Dues/Memberships	2,525	1,100	(1,425)
Facility Maintenance	75,000	-	(75,000)
Training/Travel	2,000	2,000	0
Office Equipment Rental	19,600	17,496	(2,104)
Office Equipment Maintenance	16,000	18,000	2,000
Rent	7,466	11,963	4,497
Communications	26,000	105,500	79,500
Utilities	9,990	10,500	510
Advertising	7,500	5,500	(2,000)
Public Notices	5,000	3,500	(1,500)
Money Counting	60,000	6,000	(54,000)
Professional Services:	60,000	36,000	(24,000)
Contract Services	-	850,000	850,000
Paratransit Certification	-	31,000	31,000
Low Income Fare Determination	37,000	-	(37,000)

CARTA
FY2017 Proposed Budget

	<u>FY16 Budget</u>	<u>Proposed FY 17 Budget</u>	<u>Variance</u>
Bus Shelter Cleaning	42,708	-	(42,708)
Vehicle Maintenance	376,000	376,000	0
Operating Fees & Licenses	15,000	17,000	2,000
Insurance	527,595	538,147	10,552
Fuel	1,250,000	1,300,000	50,000
Fixed Route	12,668,680	12,084,000	(584,680)
Paratransit	2,272,001	2,282,343	10,342
Miscellaneous	12,500	12,500	0
Intermodal Infrastructure - Construction	7,211,650	11,467,500	4,255,850
Rolling Stock	4,529,933	1,866,627	(2,663,306)
Support Vehicles	-	250,661	250,661
Bus Shelter Construction/Bench Install	70,000	668,864	598,864
Security Cameras	70,000	344,084	274,084
Fareboxes	-	1,000,000	1,000,000
Signage	10,000	70,015	60,015
Automated Vehicle Locator	-	919,237	919,237
Capital (IT, Facility Repairs/Maint)	687,215	250,000	(437,215)
Engineering	95,850	50,000	(45,850)
Trolley (FTA Payback)	19,667	-	(19,667)
Intermodal Facility (FTA Payback)	411,804	411,804	0
TOTAL EXPENDITURES	<u>31,487,299</u>	<u>35,365,048</u>	3,877,749
 Excess (Deficit) of Revenues Over (Under) Expenditures	 <u>-</u>	 <u>-</u>	



MEMORANDUM

TO: Board of Directors

FROM: Robin W. Mitchum, Finance Manager *RM*

SUBJECT: FY16/17 Budget

DATE: July 20, 2016

Please find attached the FY16/17 Proposed Budget for your consideration. The FY16/17 Budget is approximately 11% or \$3,877,749 increase over the FY15/16 Budget.

Revenues

The majority of the changes in revenue are reflected in federal revenue. This revenue line includes funding for the intermodal facility construction, bus & bus facilities and other capital items. A more detailed explanation of line item changes includes:

- Federal - The increase reflects the drawdown and utilization of the Intermodal Center funds.
- State Mass Transit Funds – This increase reflects the return of State Mass Transit funds to CARTA. As you may recall, CARTA previously gave up its annual allocation of state mass transit funds for a multi-year period in exchange for a lump sum which was used to reduce its operating deficit.
- Sales Tax-Charleston County – The increase in this line item reflects the actual County contribution from the sales tax program.
- Pass Sales – We have revised this line item to be more consistent with the rate of pass sales we are seeing in the current fiscal year.
- City of Charleston DASH – We have increased this amount by 5% which is the amount annual increase we previously discussed with the City’s former Finance Director. We have not yet met with the City to determine if the new administration will support the concept of an annually renewing contract with an annual increase. However, I am hopeful that with the new DASH vehicles scheduled to arrive in September as well as some of the other planned improvements, the City will see positive change and agree to support the increase.
- NASH- The change in this line item represents the loss of revenue from Boeing. Boeing committed to 3 years of grant funding and that commitment ended in May of this year.

- Charleston County Intermodal – This line item includes the previously county provided funds that are earmarked for the Intermodal facility. We anticipate that these funds will be utilized during the upcoming fiscal year.
- Partnerships- The elimination of this line item is due to the fact that we do not currently have any funding partners who are not identified on an existing line item.
- Montague Ave. – This is a not recurring line item.
- Advertising – This line item increases the goal for our advertising sales executive and is based on this year's current projections.
- Insurance proceeds – In accordance with Governmental Accounting Standards, this should be included as a revenue source.

Expenditures

The majority of the changes in expenditures are reflected in the capital expenses related to the intermodal facility construction, bus & bus facilities and other capital items. A more detailed explanation of changes is as follows:

- Staff salaries and benefits – The decrease reflects the transfer of the majority of the staff under the COG umbrella. The salary and benefits of these employees will be split between CARTA, the COG and TriCounty Link. This is consistent with the consolidation study's recommendations and our goal to better market and sell both transit systems to the region. We did not transfer those employees whose efforts remain 100% affiliated with CARTA operations.
- Supplies – We have been able to substantially reduce the cost of supplies by shopping around for better pricing on some items as well as taking advantage of various discount programs available to the agency for basic office supplies.
- Automotive – This line item was reduced to reflect the actual cost which we are seeing this year.
- Accounting- This line item is adjusted to reflect the change in accounting services rendered. Those services are no longer needed.
- Postage – This adjustment reflects savings resulting from changes in how we process postage.
- Dues/Memberships – This reduction reflects the current memberships of the agency. I am recommending we wait another year before we consider expanding memberships into other organizations. The COG, through the CHATS MPO, will maintain a membership in APTA which will give us continued access to any needed member benefits at APTA.
- Facility Maintenance – We have eliminated the contract service for facility maintenance and included those services in the Intergovernmental Agreement with the COG and TriCounty Link.
- Training/Travel – This line item remains the same. However, staff will be attending any necessary FTA or other training under the Intergovernmental Agreement.

- Office equipment rental – We have identified some costs that were incorrectly being classified as rental costs when they should have been classified as maintenance cost.
- Office equipment maintenance – We have reflected some annual costs that were previously being incorrectly classified as equipment rental.
- Rent – We have adjusted this line item to reflect a change in the low income fare determination program where CARTA is now providing the staff resources for this activity and is renting space at the SCWorks Center. Previously, we paid for contract staff to perform the certification and the space was provided at no cost. Overall, we eliminated a \$37,000 contract and incurred a lease agreement for \$3,563.
- Communications - The communications line item increases substantially due to an upcoming change in technology and the service provider. CARTA's radios currently function using an analog format and a City of Charleston radio tower. However, the City is continuing to transfer all of its communications to a digital format which uses the Charleston County digital network system. Therefore, we will have to eventually transition our radios over to the digital format and the County system. The County has an established fee per radio that all system users must pay for using their system. The increase in the line item reflects the increase in costs for utilizing the county's system. Our radios can work on the new system and the time to make the transition is almost instantaneous. We have met with the County's communication staff and insured we have a good understanding of the transition process. We have budgeted the cost of the change for the entire fiscal year. However, since our current radios meet our needs without any problems, we will wait to transition over until the City notifies us that they will no longer be able to provide service. This line item also includes funding for new, updated tablets to be utilized in the new paratransit vehicles.
- Utilities – This line item was adjusted to reflect projected cost in the new fiscal year.
- Advertising – This line item was adjusted down as we do not expect as many advertisements being placed in the new fiscal year.
- Public Notices - This line item was adjusted down as we do not expect as many public hearings in the new fiscal year.
- Money Counting – This line item was decreased to reflect that savings from our customer service staff performing the counts as opposed to outside contractors.
- Professional Services – This line was reduced based on our projected need for outside professional services in the upcoming fiscal year.
- Contract Services – This is a new line item that includes management services and all other services that are provided by the COG under the intergovernmental agreement. Services include professional services such as financial management, planning, marketing, advertising sales, print management, customer service, website maintenance and IT support. Other services include sign installation and maintenance, trash pickup, shelter maintenance and

cleaning and facility maintenance. Providing these services directly allows us to respond more quickly as well as it provides us with a better understanding of issues and how best to address them going forward. The \$850,000 projected budget for this line item is approximately \$180,898 in cost savings for combined services over FY15/16.

- Paratransit Certification – This line item includes the estimated costs of performing the paratransit certification process. Transdev will continue to perform this service and we are simply creating a separate line item so we can better track the trends associated with the process.
- Low income Fare Determination – The elimination of this line item reflects a change in how we meet this requirement. We will perform this service with existing staff rather than using a contractor.
- Bus Shelter Cleaning – The elimination of this line item reflects the decision to perform this service under the intergovernmental agreement.
- Vehicle Maintenance – We have chosen to leave this line item at its current level despite an aging fleet. We chose to do this because we will be replacing the vehicles in DASH fleet, the paratransit fleet and the support vehicle fleet during the current and upcoming fiscal year. Therefore, we should see reduced maintenance costs in these three subsets of the fleet.
- Operating Fees and Licenses - This line item increased due to expected costs associated with obtaining license tags and registrations for new replacement vehicles.
- Insurance – This line item increased due to an expected increase in costs associated with changes in the fleet during the upcoming fiscal year.
- Fuel – this line item increased slightly to provide some additional coverage in case the price of fuel increases in the new fiscal year.
- Fixed Route – the line item is adjusted to provide a more realistic estimate regarding the cost of providing fixed route services during the upcoming budget year.
- Paratransit – This line item was increased slightly to account for some growth in the ridership and costs associated with providing tele-ride service.
- Intermodal Infrastructure Construction – This line item was increased because we anticipate a substantial portion of the facility construction occurring during the fiscal year.
- Rolling Stock – This line item reflects the amount of funds we anticipate having available for the acquisition of rolling stock during the fiscal year.
- Support Vehicle – This line item includes grant funds which were previously identified from the acquisition of support vehicles which are used by Transdev to change drivers in the field at the beginning and end of their shifts. It also includes a service vehicle to be used by Transdev to make road calls.

- Bus Shelter Construction/Bench Install – The increase in this line item includes previously awarded grant funds for the installation of benches as well as the installation of new bus shelters.
- Security cameras - The increase in this line item reflects the utilization of previously awarded grant funds to install cameras in all CARTA vehicles which transport passengers.
- Fare boxes – This line item includes funds provided by CHATS to aid CARTA in the replacement of the aging Fare box system.
- Signage – This line item is increased to provide additional signage throughout the system. For example, this line item will be used to install schedule holders at existing bus shelters.
- Automatic Vehicle locator – This line item is added to allow CARTA to purchase an updated AVL system which will provide dispatchers and customer service with more accurate information on the physical location of vehicles. In addition, it will allow for the creation and utilization of more accurate bus tracker systems and the creation of an effective mobile app.
- Capital – This line item was reduced to the projected level of spending we anticipate occurring in the upcoming year. There are a number of items which need to be addressed.
- Engineering – The line item was reduced to reflect funding available to obtain professional services related to facility maintenance and bus shelter installation.
- Trolley (FTA Payback) – This line item is no longer required as the payment has been made.
- Intermodal Center (FTA Payback) – This line item reflects the required payback of FTA funds which were previously expended on the original intermodal site.

As we are still several months away from the start of the new fiscal year, this budget is going to be subject to revision. We will continue to monitor the budget to insure revenues and expenditure remain aligned and we will make recommended revisions as necessary.

If you have any questions, please contact me at 843-529-0400 ext. 213 or robinm@bcdcog.com.