

ANN ARBOR AREA TRANSPORTATION AUTHORITY FY 2014 AMENDED OPERATING BUDGET Executive Summary

This second amendment to the FY 2014 Operating Budget reflects the human and financial resources to provide the following from October 1, 2013 to September 30, 2014:

Overall Summary:

- The budget amendment increases total expenses from \$34,073,795 to \$34,115,392.
- The amendment reflects the voter-approved 0.7 mill Transit Improvement Millage in the Cities of Ann Arbor, Ypsilanti and Ypsilanti Township on May 6, 2014 and the revenue it generated on July 1, 2014.
- Implementation of the first year services in the Urban Core Five-Year Transit Improvement Program, (5YTIP) starting August 24, 2014, including new route #46, later hours and more service on weekends.
- Changes to the operating budget caused by the severe winter and other known factors through the first nine months of the fiscal year.

Transit Services:

- The first year of the 5YTIP includes an additional 47.6 fixed route service hours on weekdays, 60 on Saturdays and 10 on Sundays.
- ARide and Good as Gold service hours will be extended to match the extended fixed route service hours and new ARide service area due to the new route #46 (Huron/Textile) into Ypsilanti Township.
- Night Ride service will start one hour later each day.
- AirRide and ExpressRide Services will not be affected.

The Amended Budget reflects an operating surplus, with the following areas of special note.

Revenues:

- The Local Property Taxes represent the addition of the 0.7 mills in the Authority Area levied on July 1, 2014, along with the foundation of the 2.056 millage levied on the property in Ann Arbor and the 0.9789 transit millage from the City of Ypsilanti. A portion of the 0.7 mill tax levy will be designated for future capital purchases. Ypsilanti Township will no longer have a POSA contract, effective July 1, 2014.
- Passenger fare revenue shows a net decrease: an increase from the AirRide services, which are 40% over budget due and a decrease from the MRide contract, where there is a larger portion of Federal and State money earned under the MRide contract. We still receive \$1.00 per ride, but more of the revenue will come from Federal and State sources, which is earned because the UofM operates their bus system.
- The State Formula Operating Assistance revenue has increased due to greater eligible expenses and the percentage for urban services reflects a slight increase from MDOT from 30.70% in the adopted budget to 31.015%.

Expenses:

- Personnel – The amended budget reflects the hiring and training of 11.0 FTE MCOs (from 127.0 to 138.0) along with an operations supervisor to help cover the expanded span of service to support the implementation of the first year services in the 5YTIP, starting August 24, 2014. We are also adding 2 vehicle mechanics, an additional service crew member, a human resources administrative assistant to support the increase in vehicle service hours and employees.
- Other Expenses – Other expenses include resources necessary to support new services in the 5YTIP and other known changes, based on the nine months year-to-date financial operating results.

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED AMENDED FY 2014 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	Audited FY 2013	Estimated Projected FY 2014	Adopted* Budget FY 2014	Proposed Amendments FY 2014	Proposed Amended Budget FY 2014
REVENUES:					
Passenger Revenue	\$5,932,793	\$5,827,539	\$6,184,503	(\$111,566)	6,072,937
Local Property Tax Revenue	9,773,267	13,601,275	9,839,000	4,543,695	\$14,382,695
<i>Less: Property Tax for FY2015 Operations</i>	0	(3,850,000)	0	(3,850,000)	(\$3,850,000)
Purchase of Service Agmts - Urban	718,791	540,623	628,987	(69,768)	559,219
Purchase of Service Agmts - Nonurban	333,429	381,201	416,817	0	416,817
Purchase of Service Agmts - Interurban	243,426	247,403	199,900	59,600	259,500
State Operating Assistance	8,830,457	9,461,137	9,548,375	277,628	9,826,004
Federal Operating Assistance	4,459,631	5,701,171	6,288,261	(504,000)	5,784,261
Interest and Other	786,828	645,955	888,453	(140,165)	748,288
TOTAL REVENUES	\$31,078,623	\$32,556,303	\$33,994,296	\$205,424	\$34,199,720
EXPENSES:					
PERSONNEL:					
Operations:					
Motor Coach Operator (MCO) Wages	\$6,795,265	\$7,239,393	\$7,169,423	\$70,000	\$7,239,423
Call Taker Wages	250,730	244,254	286,543	0	286,543
Operations Supervision	793,686	808,444	863,967	17,042	881,009
Subtotal - Operations Wages	7,839,681	8,292,091	8,319,933	87,042	8,406,975
Maintenance:					
Vehicle Maintenance Wages	951,737	1,029,820	1,030,371	22,022	1,052,393
Vehicle Service Wages	394,428	471,229	463,670	11,137	474,807
Facility Maintenance Wages	151,337	168,075	169,487	0	169,487
Maintenance Supervision	496,317	491,534	506,722	0	506,722
Subtotal - Maintenance Wages	1,993,819	2,160,658	2,170,250	33,158	2,203,408
Administrative Wages	2,605,697	2,643,381	2,623,792	21,016	2,644,808
Total Wages	12,439,197	13,096,130	13,113,975	141,216	13,255,191
Fringe Benefits	5,132,120	5,384,286	5,621,243	(21,361)	5,599,882
Subtotal - Personnel	17,571,317	18,480,416	18,735,218	119,856	18,855,073
OTHER EXPENSES:					
Purchased Services	1,965,416	2,579,634	3,197,413	(368,200)	2,729,213
Diesel Fuel and Gasoline	2,119,030	2,078,719	2,066,500	16,300	2,082,800
Materials and Supplies	1,498,144	1,749,329	1,866,834	(34,500)	1,832,334
Utilities	404,002	535,269	501,944	47,000	548,944
Casualty & Liability Insurance	627,680	669,850	614,000	56,000	670,000
Purchased Transportation	5,983,430	6,283,673	6,301,675	119,614	6,421,289
Other Expenses	458,901	750,102	642,211	15,827	758,038
Local Depreciation	153,635	217,700	148,000	69,700	217,700
Total Other Expenses	13,210,240	14,864,276	15,338,577	(78,259)	15,260,318
TOTAL EXPENSES	30,781,557	33,344,692	34,073,795	41,597	34,115,392
OPERATING SURPLUS (DEFICIT)	\$297,066	(\$788,389)	(\$79,499)	\$163,827	\$84,329

* First Amendment on February 20, 2014

ASSUMPTIONS:	Audited FY 2013	Estimated Projected FY 2014	Proposed Budget FY 2014	Proposed Amendments FY 2014	Proposed Budget FY 2014
Service Hours:					
Local Fixed Route	192,579	202,350	200,760	1,597	202,358
ExpressRide	2,509	2,073	2,073	0	2,073
AirRide	4,126	8,964	8,964	0	8,964
Urban Demand Response	79,412	83,670	83,000	670	83,670
Total	278,626	297,057	294,798	294,798	297,065
Passenger Trips:					
Fixed Route	6,324,551	6,750,000	6,693,500	52,700	6,746,200
ExpressRide	37,675	43,000	43,000	0	43,000
AirRide	23,307	58,500	58,500	0	58,500
Demand Response	165,577	178,400	177,000	1,394	178,394
Total	6,551,110	7,029,900	6,972,000	6,972,000	7,026,094

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2014 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	Audited FY 2013	Estimated Projected FY 2014	Adopted* Budget FY 2014	Proposed Amendments FY 2014	Proposed Amended Budget FY 2014	Comments on Proposed Amendments
REVENUES:						
Passenger Revenue						
Cash, Tokens and Passes	2,350,775	2,264,528	2,386,063	0	2,386,063	
Subcontract (ARide, AirRide, NightRide)	1,509,761	1,584,187	1,442,400	169,628	1,612,028	Increase in AirRide Revenue
Special Fares (UM, DDA, EMU & WCC)	2,072,257	1,978,824	2,356,040	(281,194)	2,074,846	Decrease in UofM MRide Special Fares
Total	5,932,793	5,827,539	6,184,503	(111,566)	6,072,937	
Local Property Tax Revenue						
City of Ann Arbor	\$9,773,267	13,110,812	9,565,000	3,545,812	13,110,812	Includes existing and new millage
City of Ypsilanti	0	490,463	274,000	216,463	490,463	Includes existing and new millage
Township of Ypsilanti	0	0	0	781,420	781,420	New millage
Total	\$9,773,267	\$13,601,275	\$9,839,000	\$4,543,695	\$14,382,695	
Less: Property Tax for FY2015 Operations	0	(3,850,000)	0	(3,850,000)	(3,850,000)	Funds needed for FY 2015 Operations
Purchase of Service Agreements						
Urban	718,791	540,623	628,987	(69,768)	559,219	Less: Ypsilanti Twp July-Sept
Non-Urban	333,429	381,201	416,817	0	416,817	
Inter-Urban	243,426	247,403	199,900	59,600	259,500	Reduction in AirRide contractor match
Total	1,295,646	1,169,227	1,245,704	(10,168)	1,235,536	
State Operating Assistance						
Formula Operating - Urban	7,853,932	8,136,717	8,260,012	286,096	8,546,108	Rate from 30.7% to 31.015% & incr expenses
Formula Operating - Nonurban	369,189	390,312	371,550	0	371,550	
Prior year Formula Adjustments	(15,145)	94,920	0	0	0	
Job Access/Reverse Commute (JARC)	85,610	60,000	132,000	0	132,000	
Planning Grants	82,058	104,373	100,000	1,532	101,532	
Preventive Maintenance	315,000	525,000	525,000	0	525,000	
Capital Cost of Contracting	50,000	60,000	70,000	(10,000)	60,000	Reflects amount available in grants
Specialized Services	89,814	89,815	89,814	0	89,814	
Total	8,830,457	9,461,137	9,548,375	277,628	9,826,004	
Federal Operating Assistance						
Operating Assistance (Section 5307)	1,474,000	1,540,000	1,540,000	0	1,540,000	
Congestion Mitigation/Air Quality-TDM	454,999	455,204	455,000	0	455,000	
Planning (Section 5303)	49,440	49,440	49,440	0	49,440	
Planning (Section 5307)	702,850	872,707	880,000	0	880,000	
Preventive Maintenance (Sec 5307)	1,260,000	2,100,000	2,100,000	0	2,100,000	
Capital Cost of Contracting (Sec 5307)	200,000	240,000	280,000	(40,000)	240,000	Reflects amount available in grants
Job Access/Reverse Commute (JARC)	83,878	171,000	171,000	0	171,000	
New Freedom	80,995	105,000	105,000	0	105,000	
TCSP - Wally Commuter Rail (12MI 001)	0	0	540,000	(464,000)	76,000	Reflects actual contract work projected
Non-Urban (Section 5311)	153,469	167,820	167,821	0	167,821	
Total	4,459,631	5,701,171	6,288,261	(504,000)	5,784,261	
Interest and Other						
Interest	40,892	20,139	24,000	0	24,000	
Other Governmental Reimbursements	324,850	401,317	521,453	(124,165)	397,288	Reflects actual local match projected
Advertising and other	421,086	224,499	343,000	(16,000)	327,000	Reflects no gain on sale of equipment
Total	786,828	645,955	888,453	(140,165)	748,288	
TOTAL REVENUES	\$31,078,623	\$32,556,303	\$33,994,296	\$205,424	\$34,199,720	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2014 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	Audited FY 2013	Estimated Projected FY 2014	Adopted* Budget FY 2014	Proposed Amendments FY 2014	Proposed Amended Budget FY 2014	Comments on Proposed Amendments
EXPENSES:						
WAGES:						
Operations:						
Motor Coach Operator (MCO) Wages	6,795,265	7,239,393	7,169,423	70,000	7,239,423	Increase in 11 Part-Time for 13 weeks
Call Taker Wages	250,730	244,254	286,543	0	286,543	
Operations Supervision	793,686	808,444	863,967	17,042	881,009	Additional Oper Supervisor for 3.5 months
Subtotal - Operations	7,839,681	8,292,091	8,319,933	87,042	8,406,975	
Maintenance:						
Vehicle Maintenance Wages	951,737	1,029,820	1,030,371	22,022	1,052,393	2 Additional Mechanics for 3.5 months
Vehicle Service Wages	394,428	471,229	463,670	11,137	474,807	Additional Service Crew for 3.25 months
Facility Maintenance Wages	151,337	168,075	169,487	0	169,487	
Maintenance Supervision	496,317	491,534	506,722	0	506,722	
Subtotal - Maintenance	1,993,819	2,160,658	2,170,250	33,158	2,203,408	
Administrative Wages	2,605,697	2,643,381	2,623,792	21,016	2,644,808	Additional HR Adminstant for 3.5 months
TOTAL WAGES	12,439,197	13,096,130	13,113,975	141,216	13,255,191	
FRINGE BENEFITS:						
Payroll Taxes	903,935	912,049	982,278	14,121	996,399	Fringe benefits for above changes
Pension	833,061	867,918	884,295	0	884,295	
Medical Insurance	2,196,536	2,454,111	2,533,095	(53,147)	2,479,948	Aug 1, 2014 renewal is 3.0% decrease, not +10%
Health Care Reform Taxes (PPACA)	0	54,422	57,000	0	57,000	
Medical & Dependent Care	6,561	6,046	6,547	0	6,547	
Vision	41,053	53,076	53,160	1,320	54,480	Fringe benefits for above changes
Dental	210,989	226,881	227,556	5,676	233,232	Fringe benefits for above changes
Life Insurance	69,213	73,644	73,624	1,306	74,929	Fringe benefits for above changes
Unemployment	9	22,493	13,318	102	13,420	Fringe benefits for above changes
Workers' Compensation	356,070	231,780	284,401	7,190	291,591	Fringe benefits for above changes
Long Term Disability	30,920	30,660	30,673	361	31,034	Fringe benefits for above changes
Short Term Disability	82,223	82,935	82,935	1,710	84,645	Fringe benefits for above changes
Health Care Savings Plan	281,540	287,847	306,540	0	306,540	Fringe benefits for above changes
Post-Retirement Health Care Benefits	120,009	80,424	85,822	0	85,822	
TOTAL FRINGE BENEFITS	5,132,120	5,384,286	5,621,243	(21,361)	5,599,882	
TOTAL PERSONNEL COSTS	17,571,318	18,480,416	18,735,218	119,856	18,855,073	
PURCHASED SERVICES:						
Bank Fees	11,735	11,905	12,660	0	12,660	
Agency, Design Fees	119,847	162,167	96,500	0	96,500	
WALLY Rail Station Feasibility Study & NEPA	0	95,000	695,000	(600,000)	95,000	Reflects actual contract work projected
Physical Exams	12,955	19,627	14,000	5,000	19,000	Reflects hiring of new personnel
Legal Fees	146,018	95,075	165,000	(50,000)	115,000	Less legal expense needed for Urban Core
Auditing Fees	23,923	20,902	24,725	0	24,725	
Property Tax Collection Fees	96,636	135,896	96,100	39,800	135,900	Additional 1.0% fees for AA and Ypsi City
Information Technology Services	0	17,273	90,000	0	90,000	
Contracted Maintenance Services	426,105	668,738	476,728	200,000	676,728	Snow removal & 2 hybrid drive unit repairs
Custodial Services	95,356	117,628	135,000	0	135,000	
Security Services	270,669	330,036	300,500	37,000	337,500	Additional Security for BTC construction
Web/Internet Services	72,443	58,110	96,400	0	96,400	
Towing	16,456	11,061	15,000	0	15,000	
Consulting Fees - Planning Grants	559,629	752,601	756,000	0	756,000	
Consulting Fees - Other	81,169	29,275	13,350	0	13,350	
Media Relations & Public Relations	16,142	35,934	82,250	0	82,250	
Benefit Administration Fees	16,333	30,311	28,200	0	28,200	
TOTAL PURCHASED SERVICES	1,965,416	2,579,634	3,097,413	(368,200)	2,729,213	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
PROPOSED FY 2014 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	Audited FY 2013	Estimated Projected FY 2014	Adopted* Budget FY 2014	Proposed Amendments FY 2014	Proposed Amended Budget FY 2014	Comments on Proposed Amendments
BIODIESEL FUEL AND GASOLINE	2,119,030	2,078,719	2,066,500	16,300	2,082,800	Reflects additional 0.8% service hours
(PER GALLON)	\$3.24	\$3.25	\$3.25	\$3.25	\$3.25	
(Gallons)	654,400	639,600	635,800	5,000	640,800	
MATERIALS AND SUPPLIES:						
Lubricants, Anti-Freeze and DEF	90,832	94,780	150,000	(50,000)	100,000	Reflects actual usage
Tires and Tubes	13,867	53,282	83,700	0	83,700	
Repair Parts	562,560	712,987	706,360	7,000	713,360	Reflects additional 1.0% for service hours
Perishable Tools	984	4,053	4,000	0	4,000	
Equipment Repairs	2,335	3,179	4,500	0	4,500	
Other Materials and Supplies	309,884	374,694	373,758	27,000	400,758	Service \$12, Facilities \$25K, less Admin \$10K
Computer Software	267,991	317,512	302,600	0	302,600	
Office Equipment	518	0	0	0	0	
Production Costs	13,233	3,466	43,000	(20,000)	23,000	Reflects no video production for UCC
Printing Costs	130,842	175,876	190,916	0	190,916	
Mechanics Tools	6,718	9,500	8,000	1,500	9,500	Tool allowance for additional 2 Mechanics
Loss on Disposal of Obsolete Bus Parts	98,381	0	0	0	0	
TOTAL MATERIALS & SUPPLIES	1,498,144	1,749,329	1,866,834	(34,500)	1,832,334	
UTILITIES:						
Natural Gas	113,117	209,504	149,594	60,000	209,594	Reflects additional usage in winter
Electricity	221,235	240,706	259,000	(13,000)	246,000	Reflects less usage for BTC
Water	30,388	37,187	42,600	0	42,600	
Telephone	39,263	47,872	50,750	0	50,750	
TOTAL UTILITIES	404,002	535,269	501,944	47,000	548,944	
CASUALTY AND LIABILITY INSURANCE:	627,680	669,850	614,000	56,000	670,000	
PURCHASED TRANSPORTATION:						
A-Ride and Senior Taxi (Good as Gold)	3,054,558	3,108,877	3,068,000	53,014	3,121,014	Estimated +1.0% for route #46 & later Sat night
Night Ride	600,250	589,085	620,000	(20,000)	600,000	Reflects later start time for NightRide
NonUrban-Western Wash. Area Value Express	533,567	513,629	480,000	0	480,000	
NonUrban-People's Express	430,972	498,251	531,775	0	531,775	
Mobility Management Trip Assistance	230,419	357,456	449,000	0	449,000	
AirRide - Airport Shuttle Services	1,120,548	1,203,500	1,116,900	86,600	1,203,500	Reflects additional run per day
Guaranteed Ride Home	13,117	12,875	36,000	0	36,000	
TOTAL PURCHASED TRANSP	5,983,430	6,283,673	6,301,675	119,614	6,421,289	
OTHER EXPENSES:						
Uniform Expense	78,135	89,670	90,000	0	90,000	
Postage	14,125	25,910	19,500	0	19,500	
Dues and Subscriptions	69,767	91,040	86,800	0	86,800	
Conference, Travel and Meetings	54,406	52,147	52,000	0	52,000	
Media Planning & Placement	152,344	258,644	264,500	0	264,500	
Employee Development	53,551	64,495	90,786	0	90,786	
Election Fees*	0	115,827	100,000	15,827	115,827	Reflects actual election fees
Recruitment & Hiring	381	0	0	0	0	
Equipment and Parking Lot Rental	36,192	52,369	38,625	0	38,625	
TOTAL OTHER EXPENSES	458,901	750,102	742,211	15,827	758,038	
LOCAL DEPRECIATION:	153,635	217,700	148,000	69,700	217,700	Reflects increased local depreciation on 28 vans
TOTAL EXPENSES	\$30,781,557	\$33,344,692	\$34,073,795	\$41,597	\$34,115,392	

* As amended on February 20, 2014

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7.75%

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
FY 2014 PROPOSED AMENDED OPERATING BUDGET
STAFFING INFORMATION**

	BUDGET FY 2012	BUDGET FY 2013	Adopted BUDGET FY 2014	Actual 7/3/2014	Proposed BUDGET FY 2014	Budget Change: 2014 to 2014	Notes - Comparing 2014 to Amended 2014
Operations:							
Motor Coach Operators - Full Time	105.00	108.00	109.00	112.00	120.00	11.0	
Motor Coach Operators - Part Time	17.25	15.00	18.00	18.00	18.00	0.0	24 Part-time MCO x 75%
Subtotal - MCO FTEs	122.25	123.00	127.00	130.00	138.00	11.0	+4.0 FTE to support addl hours
Call-Takers/Info Specialist	3.40	6.00	6.00	5.00	6.00	0.0	
Transportation Supervision	11.00	11.00	11.00	11.00	12.00	1.0	
Subtotal - Operations	136.65	140.00	144.00	146.00	156.00	12.00	
Maintenance:							
Vehicle Maintenance	16.00	16.00	17.00	17.00	19.00	2.0	Additional vehicle mechanics
Vehicle Service Crew	9.00	9.00	10.00	10.00	11.00	1.0	Additional Service Crew to support vehicles
Facilities	3.00	3.00	3.50	3.00	3.50	0.0	
Maintenance Supervision	6.50	7.00	7.00	7.00	7.00	0.0	
Subtotal - Maintenance	34.50	35.00	37.50	37.00	40.50	3.00	
Administrative Support:							
Administration	8.00	9.00	8.00	8.00	8.00	0.0	
Information Technology	4.00	4.00	4.00	4.00	4.00	0.0	
Finance	3.00	3.00	3.00	3.00	3.00	0.0	
Purchasing	2.00	3.00	3.00	3.00	3.00	0.0	
Human Resources	3.00	3.00	3.00	3.00	4.00	1.0	HR Administrative Asst.
Service Development	4.00	5.00	5.00	5.00	5.00	0.0	
Mobility Management (MyRide)	0.00	0.00	1.00	1.00	1.00	0.0	
Community Relations	5.00	6.00	6.00	6.00	6.00	0.0	
CR - GetDowntown	2.00	2.00	2.00	2.00	2.00	0.0	
Subtotal - Administrative Support	31.00	35.00	35.00	35.00	36.00	1.00	
Authority Total (FTE)	202.15	210.00	216.50	218.00	232.50	16.00	

Ann Arbor Area Transportation Authority
Amended Operating Budget
Fiscal Year October 1, 2013 Through September 30, 2014
Budget Notes

Column Descriptions for Pages Two through Five:

- A. Audited Fiscal Year 2013** – These amounts are taken from the audited financial statements for the year ended September 30, 2013 with the independent auditors’ report dated January 31, 2014. Some reclassifications have been made to conform to the presentation of the operating budget.

- B. Estimated Projected Fiscal Year 2014** – These amounts are projected based on nine months of actual revenue and expenses through June 30, 2014, with seasonal adjustments.

- C. Adopted Budget Fiscal Year 2014** – These amounts are taken from the budget adopted at the Board of Directors meeting on September 26, 2013, as amended on February 20, 2014.

- D. Proposed Amendments for Fiscal Year 2014** – The FY 2014 Amendments represent the resources necessary for the implementation of the first year services in the Urban Core Five-Year Transit Improvement Program, (5YTIP) starting August 24, 2014, including new route #46, later hours and more service on weekends. The amendments also include changes caused by the severe winter and other known factors through the first nine months of the fiscal year.

- E. Proposed Amended Budget 2014** – The FY 2014 Amended Budget is the total of the adopted operating budget, the first amendment of February 20, 2014 and the proposed amendments.

Ann Arbor Area Transportation Authority
Amended Operating Budget
Fiscal Year October 1, 2013 Through September 30, 2014
Budget Notes

Revenues:

1. Passenger Revenue:

- a. **Cash, Passes and Tokens** – No changes.
 - b. **Subcontracted Revenue** – We are recognizing an increase in AirRide shuttle service to/from Detroit Metro Airport. Revenue is about 40% greater than the adopted budget.
 - c. **Special Fares** – We are projecting a decrease in the University of Michigan Unlimited Access contract amount where there is a larger portion of Federal and State money earned under the MRide contract. We still receive \$1.00 per ride, but more of the revenue will come from Federal and State sources.
- 2. Local Tax Revenue** – Local Property Taxes represent the addition of the 0.7 mills in the Authority Area levied on July 1, 2014, along with the foundation of the 2.056 millage levied on the property in Ann Arbor and the 0.9789 transit millage from the City of Ypsilanti. A portion of the 0.7 mill tax levy will be designated for future capital purchases.
- 3. Purchase of Service Agreements** – There is a reduction for the POSA-Urban because the Township of Ypsilanti is now a member of the Authority with a 0.7 mill tax levy and will not pay their POSA amount for July through September 2014. There is a reduction for the AirRide contractor contribution due to higher than anticipated passenger fares.
- 4. State Operating Assistance** – The State Formula Operating Assistance revenue has increased due to greater eligible expenses and the percentage for urban services reflects a slight increase from MDOT from 30.70% in the adopted budget to 31.015% as revised by MDOT during the year. This amount is subject to reconciliation and audit, which could result in either increase or decrease, based on actual eligible expenses incurred and total State tax revenue received in FY 2014.
- 5. Federal Operating Assistance** – The changes in the TCSP reflect the late start for the work in FY 2014.
- 6. Interest and Other Revenue** – The reductions are the local match to the TCSP grant and we will not recognize a gain on sale of buses, since we are not planning to sell any this fiscal year.

Expenses:

- 7. Operator Wages** – The number of Motor Coach Operators (MCOs) will increase from 127 to 138 Full Time Equivalents (FTE) resulting from the additional increased service hours 47.6 fixed route service hours on weekdays, 60 on Saturdays and 10 on Sundays. The total includes 120 full-time positions and 24 part time (3/4) positions (18.0 FTE).
- 8. Call Taker Wages** – No changes.

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9. **Vehicle Maintenance Wages** – There are two additional vehicle maintenance technicians and one additional service crew technician to support the additional service hours. We expect to hire the facilities maintenance technician that is in the adopted budget to support the rebuilt Blake Transit Center and additional bus stops and passenger shelters.
10. **Operations Supervision (Management)** – There is an increase of one operations supervisor, from 7 to 8 to help cover the expanded span of service hours.
11. **Maintenance Supervision (Management)** – No changes.
12. **Administrative Wages (Management)** – There is an addition of a Human Resources administrative assistant to support the additional employees.
13. **Fringe Benefits** – The increase in fringe benefits reflects the additional personnel mentioned above.

Medical insurance premiums are decreasing by 3.0% on August 1, 2014, while the adopted budget assumed a 10.0% increase. Hourly personnel will contribute 15% of the monthly premium for single, 2 person or family coverage, effective August 1, 2014 (currently 10%). Management personnel will continue to pay 20% of medical, vision and dental insurance premiums.
14. **Purchased Services** – We have not started the TCSP grant and the North/South Rail Feasibility Study yet. We also did not incur as much in legal fees we budgeted. There is an increase in the 1.0% property collection fee from the increased property tax levies. There is also an increase of \$100,000 in contracted maintenance for snow removal from the record snowfall in the winter and an increase in contracted maintenance to fix 2 hybrid drive units of \$100,000. We incurred additional security at the BTC during construction.
15. **Diesel Fuel and Gasoline** – We expect to use another 5,000 gallons of diesel providing the increased services.
16. **Materials and Supplies** – We expect to use an additional 1.0% in bus repair parts and \$12,000 in service crew materials and \$25,000 in facilities materials based on the year-to-date actual results. Other changes reflect a revised projection for FY 2014.
17. **Utilities** – For natural gas, we used \$60,000 more than anticipated during the winter. We are using less electricity than anticipated at the Blake Transit Center.
18. **Insurance** – Our vehicle insurance expense has been higher than expected due to claims that have been made under our \$25,000 deductible on vehicle liability coverage. The budget amendment reflects the projected total based on year-to-date amounts.

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- 19. Purchased Transportation** – The amount for ARide and Senior Taxi is an additional 1.7% of the annual budget for the additional hours and service area in Ypsilanti Township. We expect NightRide to have reduced usage since the start time will be later effective August 24, 2014.
- 20. Other Expenses** – The increase reflects the actual election fees.
- 21. Local Depreciation** – This amount is for the depreciation on the 28 minivans purchased with local funds and put into service this year.