

2011 Budget Overview
City-County Council
Municipal Corporations Committee
September 27, 2010





IndyGo Team

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- 459 employees
- 396 employees are members of the Amalgamated Transit Union Local 1070 – 86.3%
- 63 employees are non-union (Administrative, Operations and Maintenance support staff) – 13.7%
- 5.2% of IndyGo employees are non-union and work in an administrative capacity (industry standard 12%)



About IndyGo's Current Service

- 29 Fixed Routes (local service)
- ADA Paratransit Service (Open Door)
- 2 IndyGo Commuter Express Routes to Carmel and Fishers (federally funded demonstration projects slated to discontinue at the end of 2010)
- Green Line Express Service between downtown and the airport (federally funded demonstration project)
- 146 Fixed Route Buses (ADA accessible with bike racks)
- 80 ADA Paratransit Buses
- Fare Structure:
 - \$1.75 Single Ride Fare
 - \$4.00 Day Pass
 - \$60.00 31-Day Pass



Rider Profile Data

- Approximately 75% of IndyGo riders are between the ages of 25-64—the working age population.
- While 65% of IndyGo riders are employed (and 44% hold full-time jobs), nearly 70% of riders report a household income of less than \$25,000 a year.
- More than 50% of riders are transit-dependent (i.e., they are from households that do not own a vehicle). Of riders, 78% do not have a vehicle available to them for travel even if their household has a vehicle, and 60% of IndyGo riders do not have a drivers license.
- In the absence of transit service to complete their trip, 26% of riders indicated they would not make the trip.
- Most IndyGo riders are regular transit users. Eighty percent of riders use IndyGo services more than three days per week, and 30% use IndyGo transit 6-7 days per week.

Data from 2009 On Board Passenger Survey



IndyGo 2010 Update

IndyGo to date:

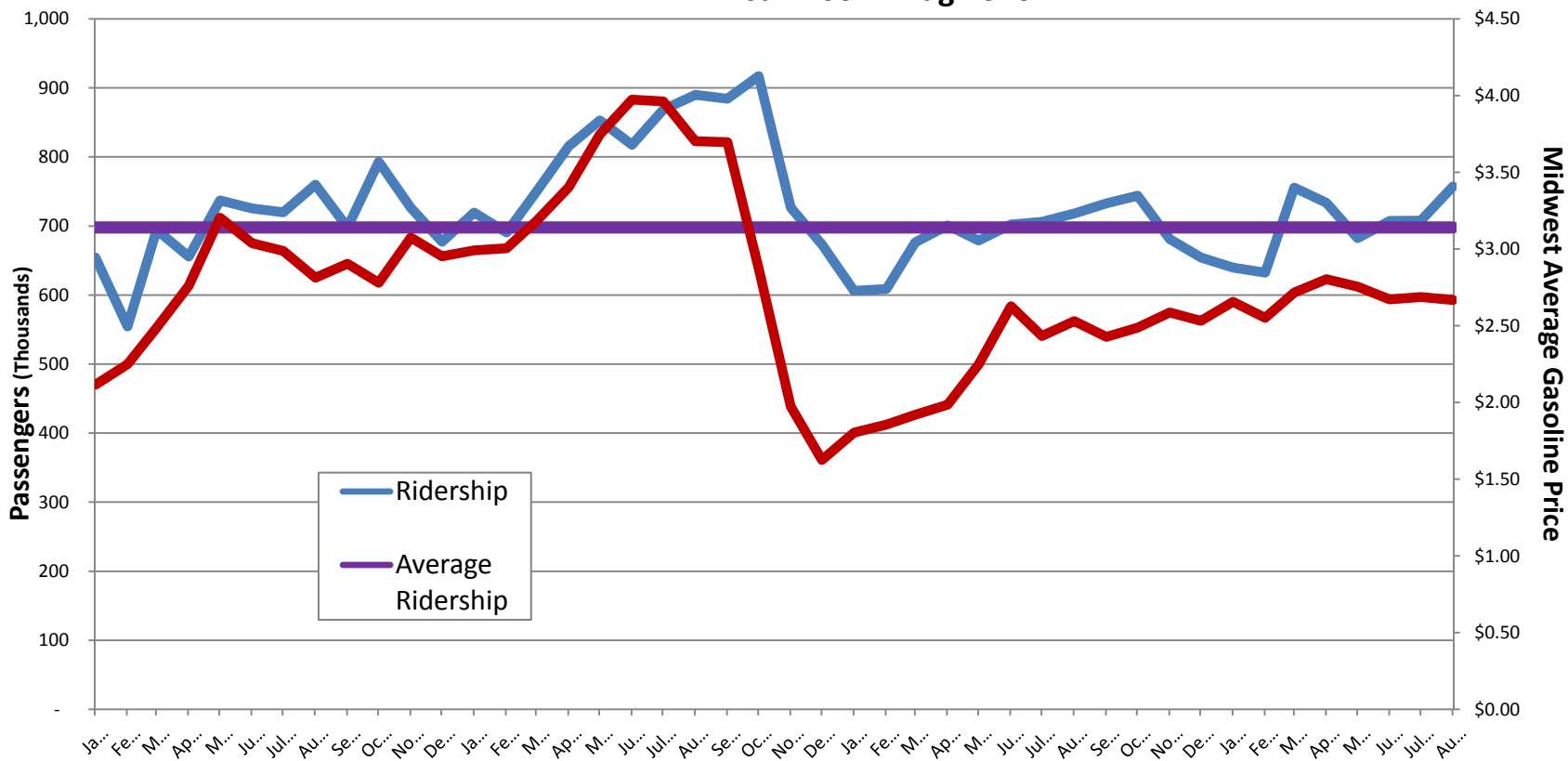
- Ridership is up 4.1% over 2009 and Fare Revenue 1% above budget
 - Rebounding local economy – more jobs, more trips
 - Increased S–Pass usage (college and university students)
 - Increased presence in local news and media (advertising and Indy Connect)
 - Improved transit amenities (shelter, benches, lighting)
- Operating income and expenses are indicating a balanced budget through 2010 *(final outcome is still unknown due to second distribution of 2010 property tax)*



Ridership v. Fuel

2011 Budget

Fixed Route Monthly Ridership versus Gasoline Prices Jan 2007 - Aug 2010





IndyGo is a Municipal Corporation and receives funding from the following sources:

Federal Assistance (Federal Transit Administration)	26%
State Funds (Public Mass Transit funds, state sales tax)	21%
Local Funds (Marion County Property Tax)	29%
Passenger Farebox Revenue	19%
Other	5%

*Data supplied from 2008 National Transit Database



Depending on the funding source, allocations may be used towards operational or capital expenditures

Federal	Capital
State	Operating
Local	Operating
Passenger Revenue	Operating

Operating expenses include personnel wages/benefits, materials and supplies.

Capital projects include facility maintenance, fleet procurement and transit amenities.

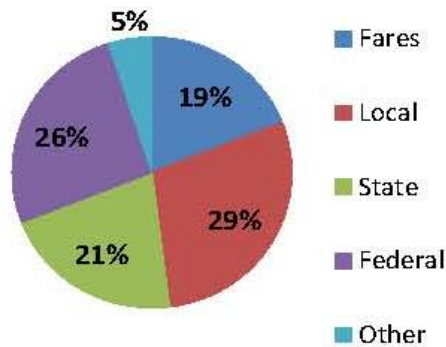
NOTE: With FTA permission, IndyGo converts some of its federal dollars into operating dollars for use to maintain capital assets.



Comparative Funding

Operating Funds IndyGo (Indianapolis)

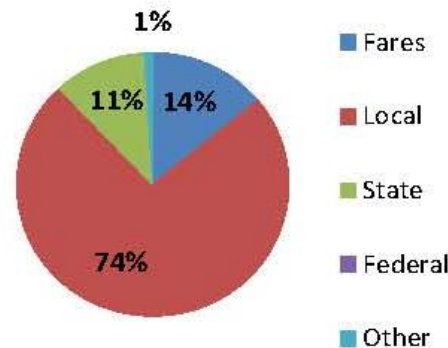
Population: 1,218,919
Budget: \$53,659,360



Source: 2008 National Transit Database

Operating Funds CATS (Charlotte, NC)

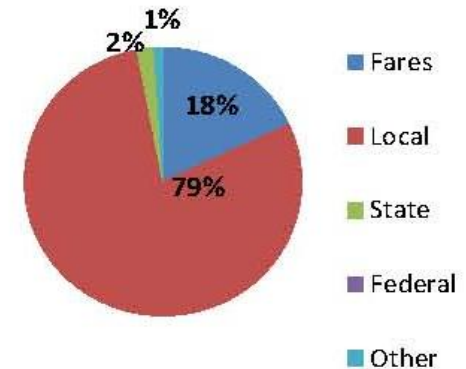
Population: 758,927
Budget: \$119,401,526



Source: 2008 National Transit Database

Operating Funds COTA (Columbus, OH)

Population: 1,133,193
Budget: \$78,357,148



Source: 2008 National Transit Database



Allocations

2009 Budget Breakdown – Fixed Route & Open Door Paratransit Services:

- \$8.3 million Open Door (approximately 15% of operating budget)
- \$47 million Fixed Route (approximately 85% of operating budget)

2009 Ridership Breakdown – Fixed Route & Open Door Paratransit Services:

- 250,000 rides (approximately)
- 8,200,000 rides (approximately)

Summary

- Open Door Service represents approximately 3% of total ridership and 15% of operating budget.
- Fixed Route Service represents approximately 97% of total ridership and 85% of operating budget.



IPTC Budget Process

- ✓ August 5 – Initial budget presented to Board of Directors with a projected \$2.9M budget gap between projected revenues and expenses.
- ✓ August 19 – Public Hearing conducted on proposed budget with options to address budget gap.
- ✓ August 30 – IPTC Board of Directors approved a balanced budget. The overall budget was reduced due to changes in assumptions on health benefit costs, reduction in PMTF revenue projections and the transfer of \$2.2M from the IPTC capital cumulative fund to the operating fund. (FTA rules allow for the utilization of capital for preventive maintenance of capital).



Additional Explanation

Detail on balancing the initial proposed budget:

- Public Mass Transit Fund (PMTF) – IPTC is projecting an additional \$500,000 in state revenue.
- Health Insurance Costs – projecting a 15% increase in benefit costs over previously projected 20% - reduces expense by \$300,000.
- Use \$2,213,247 from Capital Cumulative Fund – this will provide the 20% local match for preventive maintenance in the operational budget.



2011 Revenue Projections

<u>Account Name</u>	<u>2010 Amended</u>	<u>2010 Revised</u>	<u>2011 Budget</u>
Fares	\$9,855,180	\$9,808,614	\$9,804,540
Property and Excise Tax	18,110,521	17,877,283	18,977,126
Public Mass Transit Fund	11,400,000	11,157,583	10,714,550
Federal Transit Administration	12,003,294	13,991,334	11,848,440
Route Guarantees	1,205,480	1,213,102	980,480
Advertising	300,000	300,000	300,000
Other Operating	\$100,000	50,000	50,000
Transfer from Cumulative Fund	0	0	2,206,287
Operating Balance	0	0	0
Total	\$52,974,475	\$54,397,916	\$54,881,423



Revenue Assumptions:

- Property tax collections expected at 100%
- Property tax circuit breaker taken into consideration
- A tax shortfall appeal for 2009 property tax has been included
- PMTF (State) revenue expected to decrease from 2010
- Federal grants expected to be reduced by 15% as a result of expiring CMAQ funding
- Fare revenue is expected to remain unchanged



Expenditures

<u>Account Name</u>	<u>2010 Amended</u>	<u>2010 Revised</u>	<u>2011 Budget</u>
Wages	\$19,894,610	\$19,253,298	\$19,939,346
Benefits	6,828,633	6,408,000	7,490,000
Retirement	785,000	790,000	800,000
Other Benefits	365,348	324,000	350,000
Payroll Taxes	1,521,941	1,433,094	1,524,677
Total Personal Services	29,395,532	28,208,392	30,104,023
Parts	3,844,120	3,869,120	3,847,000
Office Supplies	71,000	73,000	73,000
Operating Supplies	360,192	247,513	204,500
Fuel	3,302,000	3,583,016	3,938,000
Other	0	0	0
Total Materials and Supplies	7,577,312	7,772,649	8,062,500
Professional Services	528,000	732,000	687,000
Contractual Services	12,041,952	12,636,459	12,173,800
Dues and Subscriptions	53,500	56,500	56,500
Training and Conferences	27,500	83,500	83,500
Printing and Advertising	411,000	344,002	377,000
Utilities	980,000	830,000	830,000
Telephone	100,000	100,000	100,000
Insurance	1,455,000	1,590,000	1,590,000
Other	1,404,679	2,459,541	817,100
Total Other Services and Charges	17,001,631	18,832,002	16,714,900
TOTAL	\$53,974,475	\$54,723,043	\$54,881,423



Expenditure Assumptions

Expenditure Assumptions:

- Benefit costs expected to increase 15%
- Diesel fuel costs expected to increase from an average of \$2.07 to \$2.28 per gallon from prior year
- A provision for ATU member employees to receive 2.25% wage increase in 2011 (No pay increases for non-union employees)
- Costs for contracted service providers expected to increase 5% over prior year
- Maintain Fixed Route and Paratransit (Open Door) service levels
- Completion of CMAQ funded ICE routes in December 2010



Property Tax Shortfall Appeal

Explanation of Shortfall Appeals

- IPTC budget is based on projections of the receipt of Marion County property taxes.
- Those assumptions/projections are based on assessed property values.
- When receipts from property taxes are less than projected from assessed valuation changes due to erroneous valuation and/or refunds, a shortfall will occur.
- The IPTC Board of Directors may file a shortfall appeal to retrieve the gap in anticipated revenues for prior year budgets.
- IPTC is including all possible sources of revenue to support the budget in order to maintain current level of service and fare structure.



Additional Considerations and Options

In the event of unplanned expenditures and/or reduced revenues, additional considerations and options to balance budget may include:

- Use insurance reserves and replace with insurance policy or assumption of more risk.
- Explore loans and/or grants from the City of Indianapolis.
- Service reductions/fare increases (*commitment not to reduce service or increase fares through 2011.*)
- Rebalance tax levy between operating and capital cumulative funds.
- Continue efforts to operate more efficiently to reduce expenses.
- Engage High Performance Government Team to explore contract and service coordination and efficiencies to reduce costs.
- County Option Income Tax (COIT) – *Requires City-County Council action.*



IndyGo's Efficiencies

IPTC continues to explore operational efficiencies including:

- Reductions in absenteeism and overtime.
- Applying “root cause” analysis in its maintenance department.
- Outsourcing to reduce expenses and increase performance accountability.
- Promotion of employee wellness program and on-site clinic to improve the health of employees and their families.
- Improving safety and reducing claims through training and monitoring.
- Capitol investments in the IPTC fleet and facility to reduce operating expenses.
- Exploration and application of federal grants.
- Leveraging community partnership to build ridership and community awareness.
- Establishing performance goals based on Key Performance Indicators (KPI).



Sustainability Efforts

The nature of public transportation lends itself to increased individual sustainability, but IndyGo as a corporation, adheres to many sustainable practices including:

- 11 out of 22 new Fixed Route buses will utilize hybrid technology (federally funded).
- Transportation supervisors utilize Ford Hybrid Escapes.
- Buses and facility use eco-friendly, non-toxic cleaners.
- Facility bus wash recycles run-off water.
- Facility upgrades will reduce energy expenses and provide cleaner air (Federally funded).
- Solar lighting at some bus stops.
- A non-idling policy.
- LED lighting for all new buses.
- Recycling of motor oil for facility heating units.
- IndyGo is a member of the Indianapolis Chamber of Commerce's "Green Business Initiative as well as a finalist for SustainIndy Award program.



IndyGo's Budget Issues are not new:

- Stagnant and/or diminishing tax revenues (federal, state, local)
- Operating at maximum property tax levy
- History of service reductions and fare increases to balance budget
- Continued increases in operating expenses (fuel, benefits, aging fleet maintenance)
- Over delivery of ADA Paratransit (Open Door) services
- Continuation of low performing/highly subsidized Fixed Routes as life line service
- IPTC Board has no additional funding option other than fares



The future:

- Indy Connect – Regional Transportation Planning Initiative
- Regional transit system for improved mobility in the region
- Increased frequency, hours and connectivity of bus service
- Development of rapid transit system of buses and light rail
- Access to jobs, healthcare, education
- New regional governance
- New dedicated funding source to support transit system



IndyGo 2011 Budget

Questions and Comments