



# FY 2016 Draft Budget PSTA's Path Forward

TRAC and Planning Committees

June 2015

# Agenda for the Draft FY 16 Budget

- FY 2015 Forecast
- FY 2016 Draft Budget Summary
  - Recommendations Support the Path Forward
- Beyond FY 2016

# FY 2015 Forecast Summary

No.	Line Item	FY 2015 Projected Over / Under
1	Revenues (Under)	(\$1,283,650)
2	Transfer from Reserves Not Used	\$2,194,990
3	Expenses (Under)	(\$3,965,500)
4	TOTAL FY 2015 Projected Surplus	\$486,860

**FY 2015 Will Be PSTA's 4<sup>th</sup> Straight Year of Substantial Savings**

# Last Month's Board Decision....



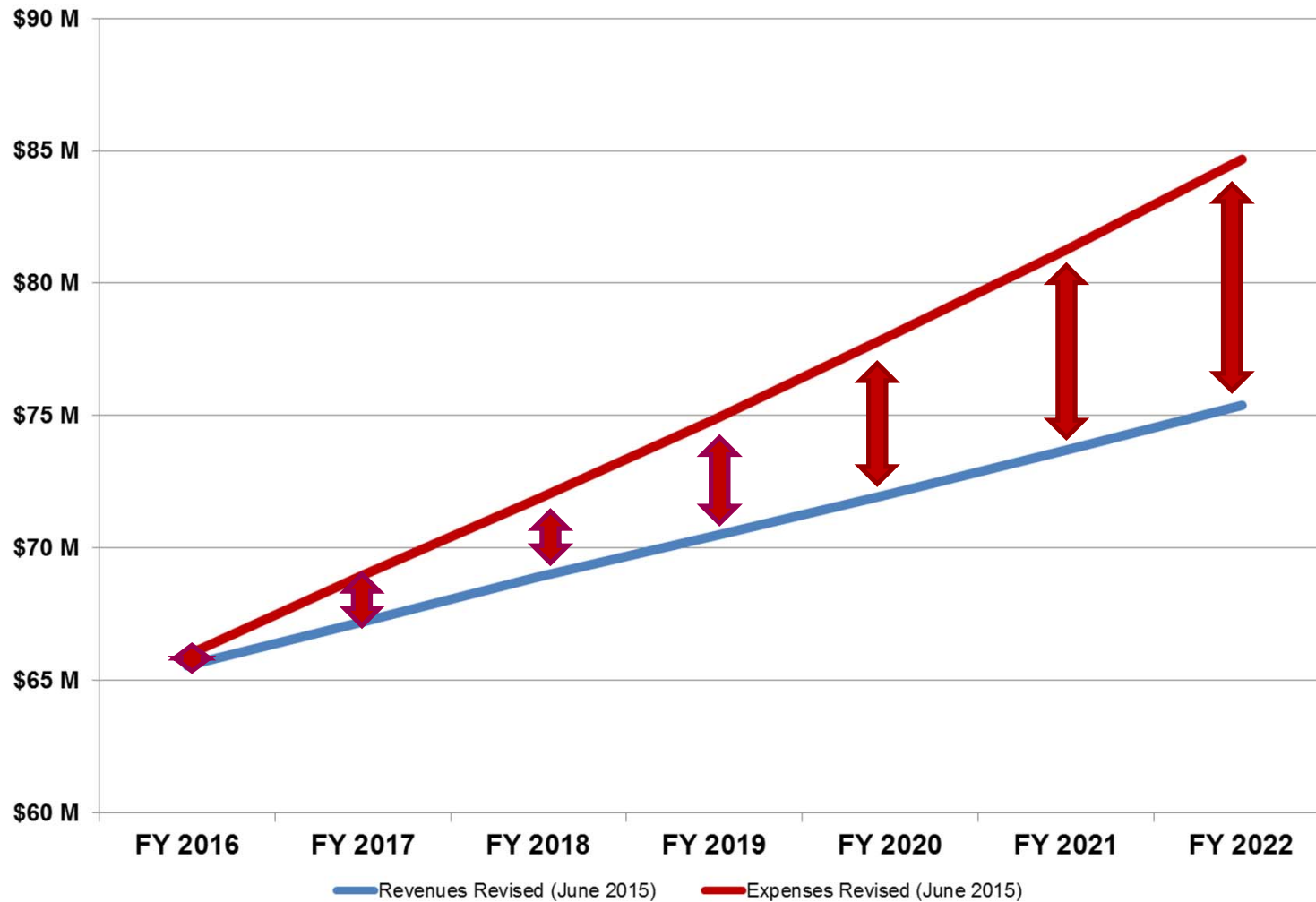
# FY 2016 Budget Summary

Source:	FY 2015 Adopted Budget	FY 2015 Forecast	FY 2016 Proposed Budget	Variance to Forecast
Revenues	\$64,468,084	\$63,184,434	<b>\$65,577,092</b>	\$2,392,658
Expenses	\$66,663,074	\$62,697,574	<b>\$65,959,287</b>	\$3,261,713
Surplus/ (Deficit)	<b>(\$2,194,990)</b>	<b>\$486,860</b>	<b>(\$382,195)</b>	\$896,055

**Without Other Decisions, PSTA does not address future operating deficits.**

# If We Do Nothing....

PSTA's Structural Budget Gap (Revenues and Expenses)



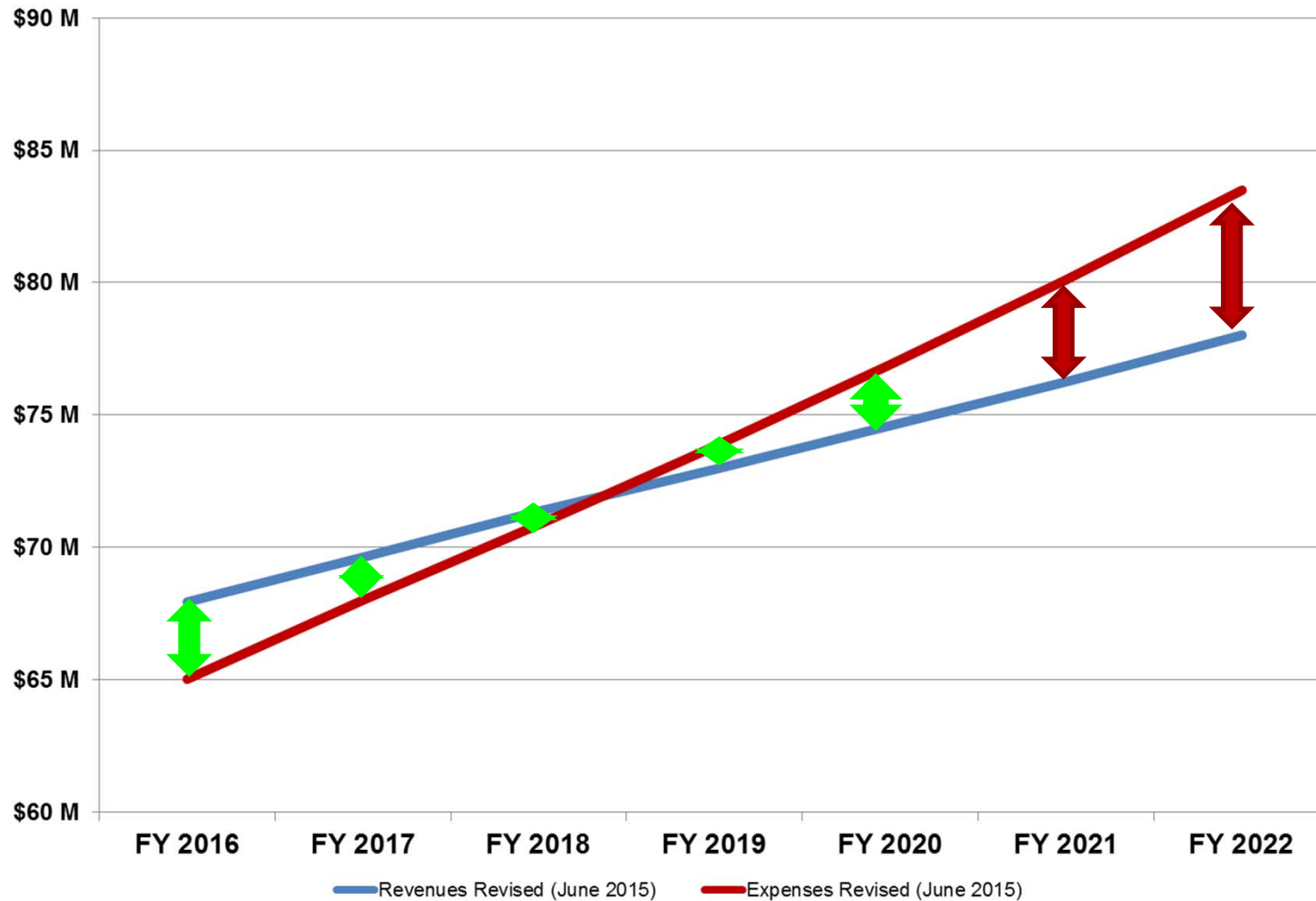
## Path Forward Strategic Plan: Examine All Options

- Outsourcing of Advertising +\$300,000
- Service Redesign -\$930,000
- Fare Adjustments +\$1,054,000
- Ad Valorem Tax Rate (to 0.75 Cap) +1,009,050
- Efficiency Savings: +\$103,000

**By Making These Decisions in July & September,  
PSTA Has Long-Term Sustainable Budget**

# If We Make Key Decisions....

PSTA's Structural Budget Gap (Revenues and Expenses)



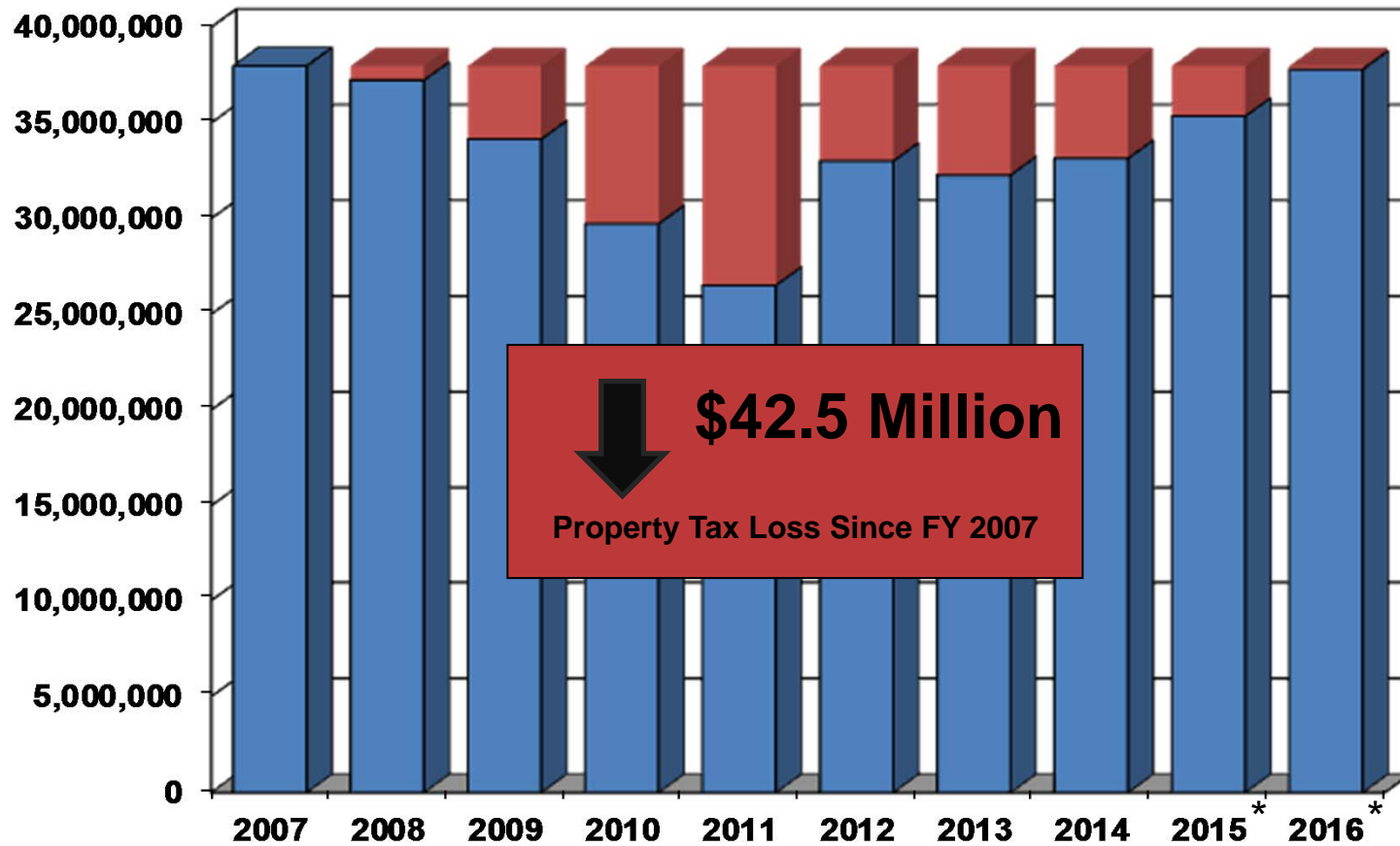


# FY2016 Draft Budget Assumptions

- **Conservative Fare Revenue Estimate - A 2%** further loss in fare revenue due to the increased enrollment in the TD Discounted Bus Pass Program.
- **Increased Property Values – Up \$2,445,430** without a rate change.
  - Despite the increase, we have lost over one entire year's worth of Ad Valorem revenue since the market shift.

# Ad Valorem Revenue

## Ad Valorem Revenue



\*Projected

# FY2016 Draft Budget Assumptions

- **Biggest Increase: Wages: Up \$1.8M**
  - Union:
    - CBA Settlement Funds
    - Step Increases
    - Merit-Based Bonuses
  - Non-Union: 3% Salary Merit Based Increases
- **Net Reduction in Workforce** – Only 2 New Positions Recommended: 2 Service Attendants to Improve Bus Cleanliness Per Customer Focus

## Key Variances – FY 15 Forecast to Budget

- **Fringe Benefits** – Up \$894,183 primarily due to anticipated 7% increase in health insurance costs, shared with the employees. Move to “Minimum Premium Arrangement.”
- **Bus Repair Parts** – Up \$410,000 to assist in extending the useful life of our fleet to 15 years.
- **Diesel Fuel** – Down (\$1,434,420) based on \$2.40 a gallon.

# FY 16 and the Path Forward

- FY2016 Draft Budget Plan Based on Path Forward Strategic Plan





## PATH FORWARD

**Mission: PSTA provides safe, affordable public transit to our community. We help guide land use decisions and support economic vitality to enhance our quality of life.**

### **Visionary Service Design: Increase Public Transit Access**

- Update the Community Bus Plan as needed to address and embrace changes within the community.
- Make incremental progress towards the planned county-wide high frequency grid.
- Examine a variety of new revenues and delivery alternatives, always with a focus on strategic cost control.



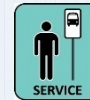
### **Sustainable Capital Program**

- Prioritize bus replacements.
- Use reserves to purchase buses.
- Seek future year partners to prioritize transit capital funding.
- Advocate for strong federal, state, and local capital funding.



### **Customer Oriented Service Redesign**

- Focus resources where transit works best.
- Identify transportation alternatives for affected customers.
- Use a data-driven and customer sensitive approach.



### **Incremental Expansion**

- Seek funding for incremental expansion projects.
- Support pilot projects that fit within the community and PSTA plans.
- Leverage partnership with MPO/Others.



### **Provide Effective, Financially Viable Public Transportation that Supports Our Community**

- Examine all possible financing options including strategic cost control measures.
- Appropriately maximize revenue sources already available to PSTA.
- Remain committed to sustainable decision-making (financial, environmental, social).
- Proactively seek new external partnership opportunities.



### **Develop a Strong Governance Model for Effective Pinellas Transportation Leadership**

- The Executive Committee will assist the Board in developing high-level policy consensus.
- Strengthen existing PSTA Board committees' roles in assisting the full Board.
- Fully participate in collaborative transportation policy and priority setting with other federal, state, and regional partners.
- Policy decisions will support community development, transportation, and land use objectives.



### **Focus on Customer-Oriented Public Transit Services**

- Continuous improvement of PSTA bus services for both riders and our community.
- Engage the broader community with ongoing communication and outreach.
- Build an inspired workforce that is empowered and accountable for ever-improving customer service.



# Customer Orientation



- **Customer Satisfaction Initiative** – Specific funds for training & follow-up customer surveys.
- **Strategic Marketing Plan** – Includes funds for community outreach.
- **Better Bus Cleaning** - 2 New Cleaners
- **Training, Training, Training!** – Along with merit based compensation for all employees, union and non-union.



# Strong Governance Model



- **“Governance Training”** - \$50K for MPOAC-like initiative for Board members.
- **Federal Lobbyist – Funded**





# Financial Sustainability



- **New Capital Plan** – Prioritizes projects to move \$7M+ from Deleted Projects to Bus Replacements and adds +\$15M from built up reserves.
- **FY2016 Draft Budget Down \$1.6M from FY2015 Adopted Budget**
- **Consideration of New Decisions for Multi-Year Sustainability**

# Customer Oriented Service Redesign



- **Community Bus Plan** plus new data driven analysis saves \$930,000
- **Major Community Outreach Underway**
- “Screen 2 Funds” Included (\$200K)
- Recommendations Coming in **July**

# Plan Forward – Financial Impact

## Pinellas Suncoast Transit Authority Operating Budget Projections FY 2015 - 2022

Line	FY 2015 Revised	FY 2016 Revised	FY 2017 Revised	FY 2018 Revised	FY 2019 Revised	FY 2020 Revised	FY 2021 Revised	FY 2022 Revised
1 Operating Reserves - Beginning Year	\$ 16,972,411	\$ 12,897,881	\$ 15,220,117	\$ 16,121,880	\$ 15,942,810	\$ 13,227,843	\$ 4,328,435	\$ (301,034)
<b>Operating Revenues</b>								
2 Operating Revenue	\$ 14,887,864	\$ 16,150,727	\$ 16,230,311	\$ 16,303,479	\$ 16,379,245	\$ 16,457,704	\$ 16,538,954	\$ 16,623,099
3 Property Tax	\$ 35,355,160	\$ 38,809,640	\$ 40,284,406	\$ 41,815,213	\$ 43,195,115	\$ 44,620,554	\$ 46,093,032	\$ 47,614,102
4 State Operating Grants	\$ 7,367,460	\$ 7,418,284	\$ 7,545,878	\$ 7,675,667	\$ 7,807,688	\$ 7,941,980	\$ 8,078,582	\$ 8,217,534
5 Federal Operating Grants	\$ 5,573,950	\$ 5,561,491	\$ 5,561,491	\$ 5,561,491	\$ 5,561,491	\$ 5,561,491	\$ 5,561,491	\$ 5,561,491
<b>6 Total Operating Revenues</b>	<b>\$ 63,184,434</b>	<b>\$ 67,940,142</b>	<b>\$ 69,622,086</b>	<b>\$ 71,355,850</b>	<b>\$ 72,943,539</b>	<b>\$ 74,581,729</b>	<b>\$ 76,272,059</b>	<b>\$ 78,016,226</b>
<b>Operating Expenses</b>								
7 Operating Expenses	\$ 62,697,574	\$ 65,029,287	\$ 68,014,747	\$ 70,846,621	\$ 73,809,659	\$ 76,910,661	\$ 80,122,835	\$ 83,485,236
8 Non-Federal/State Capital Expenses								
<b>9 Total Operating Expenses</b>	<b>\$ 62,697,574</b>	<b>\$ 65,029,287</b>	<b>\$ 68,014,747</b>	<b>\$ 70,846,621</b>	<b>\$ 73,809,659</b>	<b>\$ 76,910,661</b>	<b>\$ 80,122,835</b>	<b>\$ 83,485,236</b>
10 Revenues Over / (Under) Expenses	\$ 486,860	\$ 2,910,855	\$ 1,607,339	\$ 509,229	\$ (866,120)	\$ (2,328,932)	\$ (3,850,776)	\$ (5,469,010)
<b>Operating Reserves - End of Fiscal Year</b>								
11 Transfer To/(From) Reserves	\$ 486,860	\$ 2,910,855	\$ 1,607,339	\$ 509,229	\$ (866,120)	\$ (2,328,932)	\$ (3,850,776)	\$ (5,469,010)
12 Service Enhancements		\$ (200,000)	\$ (208,000)	\$ (216,320)	\$ (224,973)	\$ (233,972)	\$ (243,331)	\$ (253,064)
13 Capital Reserve Decrease	\$ (4,000,000)				\$ (1,130,034)	\$ (5,819,670)		
14 Increase in 2 Month Operating Reserve	\$ (561,390)	\$ (388,619)	\$ (497,576)	\$ (471,979)	\$ (493,840)	\$ (516,834)	\$ (535,362)	\$ (560,400)
15 Decrease in Insurance Reserve								
<b>16 Operating Reserves - End of Fiscal Year</b>	<b>\$ 12,897,881</b>	<b>\$ 15,220,117</b>	<b>\$ 16,121,880</b>	<b>\$ 15,942,810</b>	<b>\$ 13,227,843</b>	<b>\$ 4,328,435</b>	<b>\$ (301,034)</b>	<b>\$ (6,583,508)</b>



# Summary

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The FY 16 Draft Budget reflects

- PSTA's Path Forward
- Allows for Key Decisions to Provide Long Term Stability

QUESTIONS?