



OmniRide FY21 Proposed Budget

Review of Expenses

March 5, 2020

Budget Step Recap

- Nov/Dec: Budget Assumptions (forecast)
- Jan: Budget Transmission
- April: Public Hearing/Community Input
- May: Adjustments based on variables
- June: Final budget (Commission approval)



OMNIRIDE
GET THERE SMARTER



OMNIRIDE
GET THERE SMARTER

Spring Budget Variables:

- State/Federal: Grants & Formula Funds
- New legislation
- Cost savings (fuel, contracts, etc.)
- Policy decision (jurisdictional level)
- Service changes/Western Facility

FY21 Proposed Budget

Description	Operating	Capital	Total
Passenger Revenue	11,846,000		11,846,000
State Grants	9,660,600	7,720,600	17,381,200
Federal Grants	3,199,800	3,854,400	7,054,200
Jurisdictional Subsidies	19,413,600	3,431,900	22,845,500
Other	359,700		359,700
Total Revenue	44,479,700	15,006,900	59,486,600
Personnel and Fringe Benefits	6,341,000		6,341,000
Contractual Services	31,393,000		31,393,000
Other Services	2,948,900		2,948,900
Materials, Supplies, Minor Equipment	80,800		80,800
Fuel	3,716,000		3,716,000
Total Operating	44,479,700	-	44,479,700
Expansion Bus		4,187,000	4,187,000
Replacement Bus		5,208,500	5,208,500
Bus Rehabs		3,600,300	3,600,300
Staff Vehicles		34,600	34,600
Bus Shelters		200,000	200,000
ADP Hardware		528,000	528,000
ADP Software		521,200	521,200
Office Furniture & Equipment		242,500	242,500
Rehab/Renovation Admin/Maint Facility		191,500	191,500
Debt Service (2012 VRA Loan)		293,300	293,300
Total Capital	-	15,006,900	15,006,900
Total Expenses	44,479,700	15,006,900	59,486,600



OMNIRIDE
GET THERE SMARTER

Nov/Dec
Assumptions



OMNIRIDE
GET THERE SMARTER

Operating Expense Categories

	<u>Amount</u>	<u>% of budget</u>
➤ Personnel and Fringe Benefits	\$6.34M	14.26%
➤ Contractual Services	31.39M	70.58%
➤ Other Services	2.95M	6.63%
➤ Materials, Supplies & Minor Equip.	0.08M	0.18%
➤ Fuel	<u>3.72M</u>	<u>8.35%</u>
	<u>\$44.48M</u>	<u>100%</u>



OMNIRIDE
GET THERE SMARTER

FY20 / FY21 Budget Comparison – Operating Expenses

Categories	FY20	FY21	Difference
Personnel and Fringe Benefits	6,418,800	6,341,000	(77,800)
Contractual Services	25,990,500	31,393,000	5,402,500
Other Services	2,590,200	2,948,900	358,700
Materials, Supplies, Minor Equipment	83,600	80,800	(2,800)
Fuel	2,994,200	3,716,000	721,800
Total Operating Expenses	38,077,300	44,479,700	6,402,400



OMNIRIDE
GET THERE SMARTER

Personnel and Fringe Benefits

	<u>FY20</u>	<u>FY21</u>
➤ Personnel cost decrease	\$4.66M	\$4.62M
• Includes three new positions		
- Chief Financial Officer	\$219K salary & fringes	
- Grants Administrator	\$131K salary & fringes	
- Western Facility Manager	\$136K salary & fringes	
- Overall reduction of 5 FTES (down from 58.5 FTES in FY20)		
• Includes 2% COLA; 1% merit		
• Includes \$100K for compensation/parity study impact (2012/2013)		
➤ Fringe Benefits cost decrease	\$1.76M	\$1.72M
• Budgeted Fringe rate – 40%		

Service Assumptions

- Only grant funded expansion of services associated with the I-95/395 & I-66 transit/TDM plans and commuter choice program
- Eight (8) daily platform (modest contingency) hours to allow for schedule adjustments and to ease chronic overcrowding (no change from FY20)
- Ongoing western Local service change, including implementation of Paratransit – Dec 2019



OMNIRIDE
GET THERE SMARTER



OMNIRIDE
GET THERE SMARTER

Contractual Services

	<u>FY20</u>	<u>FY21</u>	<u>Increase</u>
➤ Contractual Services (bus & other)	\$25.99M	\$31.39M	\$5.4M
	<i>total</i>	<i>total</i>	<i>total</i>
• Bus Contract/Incentives	\$22.85M	\$26.53M	\$3.68M
- Grant funded services (included above)	\$1.67M	\$5.03M	\$3.36M
- 91% of increase is grant funded services			
- New bus service contract in process			
- Impact of western facility opening			
• Other Contractual Services	\$3.14M	\$4.86M	\$1.72M
- Facility and Shelter Maintenance	0.64M	0.80M	
- Advertising & Printing	0.70M	0.66M	
- Software Maintenance	0.60M	0.74M	
- Security, Auditing, Legal	0.35M	0.36M	
- Other Professional/Consulting	0.85M	2.30M	

Other Professional/Consulting Increase

➤ Consulting		\$1.1M
• Ferry Study (50% grant funded)*	\$.250M	
• I-66 sluglines promotion (100% grant funded) ⁺	.287M	
• Vanpool*	.320M	
• Transit center engineering support**	.175M	
• Diversity, equity & inclusion consulting ⁺	.078M	
➤ Other Professional		\$.388M
• Wheels to Wellness (100% PWC)**	\$.150M	
• Mobile ticketing app (80% grant funded) ⁺	.100M	
• Bus wraps**	.070M	
• Compensation study**	.041M	
• Paratransit ADARide ⁺	.023M	
• Other	.004M	

⁺ essential functions

** near term

* outlying need



OMNIRIDE
GET THERE SMARTER



OMNIRIDE
GET THERE SMARTER

Other Services/Materials, Supplies

	<u>FY20</u>	<u>FY21</u>
➤ Other Services	\$2.6M	\$2.9M
- VanPool Incentives (self-funded)	\$1.5M	\$1.7M
- Utilities/Communication	0.6M	0.6M
- Other	0.5M	0.6M
➤ Materials, Supplies, Minor Equip	\$0.1M	\$0.08M



OMNIRIDE
GET THERE SMARTER

Fuel

	<u>FY20</u>	<u>FY21</u>
➤ Diesel Fuel	\$3.0M	\$3.7M
○ Grant funded services	\$0.35M	\$0.85M
○ Estimated gallons	1.6M	
○ Estimated price per gallon	\$2.30	
○ Fuel futures/hedging through June 2020		



OMNIRIDE
GET THERE SMARTER

Capital Expenditures

	<u>FY20</u>	<u>FY21</u>
➤ Capital	\$6.2M	\$15M
○ OmniRide bus rehabs	\$2.8M	\$3.6M
○ Bus expansion/replacement	2.0M	9.4M
○ Bus Shelters	0.1M	0.2M
○ Hardware, software, equip, vehicle	0.9M	1.3M
○ Facility improvements	0.1M	0.2M
○ Debt service (2012 VRA Loan)	0.3M	0.3M

- Express bus expansion - \$4.1M 100% grant funded
- Express bus replacement - \$4.7M federal; CMAQ; state/local
- Local bus expansion/replacement \$0.6M state/local



OMNIRIDE
GET THERE SMARTER

Impacts on Subsidies:

Decreases: Manassas & Manassas Park

- Local Service Restructure
- Change in bus contract from revenue to platform hours
- Operating Staff Reduction (offset by three new positions)

Increases: Stafford, Spotsylvania & Fredericksburg

- Two new admin positions (CFO, Grants Administrator)
- Consulting (diversity, equity & inclusion)
- Transit center engineering support
- Capital for staff vehicle replacement and transit center board room upgrade (Phase II)
- Documentation and materials provided to non-bus jurisdictions



OMNIRIDE
GET THERE SMARTER

Impacts on Subsidies:

Increases: Prince William

- Operating Staff Reduction (offset by three new positions)
- Reduced passenger revenue (including \$175K free senior fares) \$-700K
- Loss of federal operating funding (preventive maintenance) \$-1.35M
- Loss of federal/state commuter assistance funding \$-200K
- Western Facility costs (one-time and recurring): \$435K / \$430K
- New Budgeted Professional/Consulting services
 - Wheels to Wellness (\$150K) (paid from past operating budget)
 - Ferry study (\$125K)
 - Diversity, equity & inclusion (\$78K) (paid from past operating budget)
 - Transit center engineering support (\$167K)



OMNIRIDE
GET THERE SMARTER

FY21 Local Subsidy in Brief

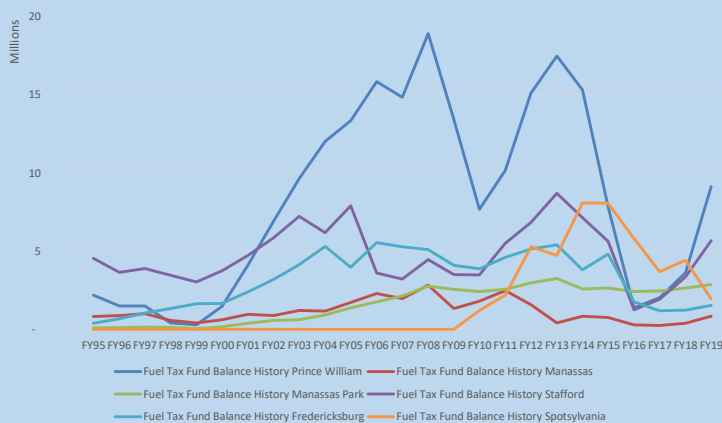
Jurisdiction	FY20	FY21	Change
Prince William	\$16.868M	\$21.762M	29%
Manassas	0.472M	0.409M	(13%)
Manassas Park	0.250M	0.220M	(12%)
Stafford	0.104M	0.183M	76%
Fredericksburg	0.040M	0.067M	67%
Spotsylvania	0.114M	0.205M	79%
PRTC Local Subsidy (Excluding VRE)	\$17.848M	\$22.846M	28%

FY21 – FY26 Local Subsidy Six-Year Implications (assumes known costs)

Jurisdiction	FY21	FY22	FY23	FY24	FY25	FY26
Prince William	\$21.76M	\$19.40M	\$20.00M	\$23.72M	\$21.23M	\$21.69M
Manassas	0.41M	0.38M	0.42M	0.46M	0.44M	0.46M
Manassas Park	0.22M	0.20M	0.22M	0.24M	0.24M	0.25M
Stafford	0.18M	0.16M	0.18M	0.20M	0.22M	0.24M
Fredericksburg	0.07M	0.06M	0.06M	0.07M	0.08M	0.09M
Spotsylvania	0.21M	0.18M	0.20M	0.22M	0.25M	0.27M
Total (Excluding VRE)	\$22.85M	\$20.38M	\$21.08M	\$24.91M	\$22.46M	\$23.00M

Reflects scheduled bus replacements and associated local match for anticipated federal/state funding

Fuel Tax Balance History





OMNIRIDE
GET THERE SMARTER

Next Steps

- Mar – Apr: Jurisdictional feedback on subsidy limits (prefer to know before public hearings)
- Early May, public hearings/community input
- June: Adjusted budget for Commission approval (balanced)



Thank you!

OmniRide.com

PWC Motor Fuels Tax Fund Balance History

FY95	\$2,180,985	
FY96	\$1,491,052	
FY97	\$1,495,861	
FY98	\$407,856	
FY99	\$289,559	
FY00	\$1,478,142	
FY01	\$4,109,046	
FY02	\$6,902,344	
FY03	\$9,621,707	
FY04	\$11,994,956	
FY05	\$13,323,936	
FY06	\$15,812,883	
FY07	\$14,819,060	
FY08	\$18,876,473	<i>Final year of PWC general fund support of PRTC</i>
FY09	\$13,397,425	
FY10	\$7,670,620	
FY11	\$10,154,583	
FY12	\$15,085,360	
FY13	\$17,442,576	
FY14	\$15,273,121	
FY15	\$7,835,322	
FY16	\$1,376,282	<i>Final year of PWC funding of VRE from fuel tax</i>
FY17	\$2,027,496	<i>PWC funds \$1,298,017 in cash flow due to low fuel tax collection</i>
FY18	\$3,626,816	
FY19	\$9,116,760	<i>Introduction of fuel tax floor after required VRE CROC reduction (-\$5,236,419)</i>

Prince William County Fuel Tax: Five Year History	FY2015	FY2016	FY2017	FY2018	FY2019
Fund Balance, Beginning, July 1	15,273,121	7,835,322	1,376,282	2,027,496	3,626,816
Revenues:					
Fuel Tax	12,729,572	9,716,530	10,727,996	12,164,220	20,047,135
Interest	5,762	8,197	14,561	26,281	99,328
PRTC Operating Carryforward*	-	4,860,807	2,253,740	3,818,119	5,414,300
Funds from PWC (to cover fuel tax shortfall)	-	-	1,298,017	-	-
Subtotal Revenues	12,735,334	14,585,534	14,294,314	16,008,620	25,560,763
Expenses:					
PRTC Operating/Capital Funding	(14,687,800)	(15,734,900)	(13,643,100)	(14,409,300)	(14,834,400)
VRE perating/Capital Funding**	(5,485,333)	(5,309,674)	-	-	-
VRE Commuter Rail Operating/Capital (CROC)***					(5,236,419)
Subtotal Expenses	(20,173,133)	(21,044,574)	(13,643,100)	(14,409,300)	(20,070,819)
Fund Balance, Ending, June 30	7,835,322	1,376,282	2,027,496	3,626,816	9,116,760
Increase/(decrease) in fund balance (reserve)	(7,437,799)	(6,459,040)	651,214	1,599,320	5,489,944

*PRTC Carryforward is the return of budgeted funds to the jurisdictions based on cost reductions (i.e, fares, fuel, salary/fringe) during the fiscal year
 **Beginning July 2017, VRE Operating/Capital funds are no longer paid from motor fuels tax; VRE is now funded from NVTa 30% funds
 ***Beginning July 2018, VRE receives \$15 million from motor fuels tax revenues in a CROC funds diverted from NVTC and PRTC jurisdiction collections
 Example: Prince William County motor fuels collection increased by approx \$10 million, \$5.2M of which was applied to CROC

Comparison of Grant Requests	FY2021	FY2020
Operating Assistance		
	\$35,006,900	\$33,287,500
UL Passenger Trips	2,357,736	2,408,052
Vehicle Revenue Miles	3,086,970	2,980,164
Vehicle Revenue Hours	149,215	146,293
Vehicle Deadhead Miles	1,276,493	
Vehicle Deadhead Hours	72,807	
Capital Assistance		
Mid-Life Bus Overhaul (SGR)	\$3.421 million	N/A
Bus Replacement (2 MCI, 1 40-Ft, 1 30-ft)(SGR)	\$1.988 million	N/A
Rehab/Rebuild Bus, engines, transmissions (SGR)	\$1.175 million	\$1.271 million
Replacement Service Vehicle (SGR)	\$0.034 million	N/A
Facility Related Repairs (SGR)	\$0.192 million	\$0.053 million
Cities of Manassas & Manassas Park Debt Service (SGR)	\$1.006 million	\$0.208 million
Paratransit Vehicle (Minor Enhancement)	\$0.082 million	\$0.183 million
Administrative Capital, hardware (Minor Enhancement)	\$0.210 million	\$0.096 million
Bus Shelters (Minor Enhancement)	\$0.200 million	
Security Enhancement (SGR)		\$0.030 Million
TDM/Mobility Program (Rideshare)	\$0.188 million	\$0.210 million
Intern Program	\$0.038 million	\$0.038 million
I-95 Express Toll Lanes Capital Assistance	\$1.273 million	N/A
I-95 Express Toll Lanes Operating Assistance	\$0.868 million	\$0.868 million
Technical Assistance Grant Program		
PRTC Fast Ferry Business Plan	\$0.500 million	N/A
Facility Assessment and Infrastructure Improvement Strategic Plan	\$0.267 million	N/A
		\$0.125 million
Demonstration Project Grant Program		
Mobile Ticketing	\$0.100 million	N/A
Total Requested Excluding Operating	10.542 million	2.082 million

PRTC expense allocation method, as established by the six jurisdictional partners in the interagency/governing agreements:

<u>Express:</u>	PWC	100%
-----------------	-----	------

Local:

Eastern	PWC	100%
Western	PWC	69.48%
	Manassas	20.19%
	Manassas Park	10.33%
	<i>(Total</i>	<i>100%)</i>

Admin: *(split determined by FY19 fuel tax revenue collection)*

PWC	51.94%
Spotsylvania	18.62%
Stafford	16.66%
Manassas	3.80%
Manassas Park	2.87%
Fredericksburg	6.11%
<i>(Total</i>	<i>100%)</i>

Discussion Information:

As demonstrated in the above fluctuations of Motor Fuels Tax revenues and the annual fund balance, the fuel tax has not been constricted to a dedicated reserve fund. Fuel tax revenue swings have seen increases of almost 100% (FY18 vs 19) and decreases of near 50% (FY14-15) year-over-year. The fund balance would not be at its current level without the tax floor established in 2018, nor without the significant cost savings implemented by OmniRide in FY2018 & 2019 as demonstrated in the PRTC Carryforward line item. OmniRide has replaced 40 vehicles for nominal local cost, added millions of dollars in externally-funded resources, and is continuing on the same trajectory as the past three years.

The significant changes in this fiscal year's budgetary year-over-year comparison, as described below, and provided in the technical worksheet, are:

- \$2,547,000 reduction in non-local revenues through the loss of federal and state funding and declining fares. These directly support transit operations and can be recovered only by reducing transit operation expenses.
- There are approximately \$1M in one-time capital costs for FY21. A portion is directly related to the up-fit of the Western Maintenance Facility; the balance is for necessary updates to existing hardware and software systems that have been delayed as long as possible.
- Approximately \$850K in annual recurring costs directly associated with the Western Maintenance Facility, of which more than half is associated with routine expenses of utilities, security, and telecom while the other half will be additional personnel for support of the new operational costs (maintenance, operational staff, and field personnel).
- \$1.40M in routine increases in operational costs for an organization where the majority of expense is in labor (3.8% annual budgeted increase for contracted operations is \$900K) plus increases in diesel fuel (\$225K) and routine expenses (health benefits, utilities, and employee compensation).
- OmniRide has made no assumptions regarding any General Assembly legislation that may improve revenues and can only assume static revenue streams.

When combining the significant revenue loss in federal/state funds for operating expense, one-time capital expenses, the new expenses for the Western Maintenance Facility and the regular cost of operations, this creates a seemingly sudden crisis. However, almost all increases have been projected in outlying budget years and known to the jurisdictional finance staffs. Some of the capital needs, as shown in the attached FY21 vs FY20 grant request document shows we are attempting to leverage even more external funding than last year and expand commuter based services.

Despite the influx of millions of new dollars in annual fuel tax funds, (i.e. \$10M for Prince William), a significant portion (CROC) is diverted to VRE and reduced the available motor fuels tax revenues for the fund balance for transportation programs.

Key factors impacting budget:

Revenues:

- Loss of Federal and State Funding, recurring: (-\$1,550,000)
 - -\$200,000: State & Federal reduction of Commuter Assistance funding—OmniRide has historically offset printing, website, and marketing/information from these funds.
 - -\$1,350,000: Reduction in expected preventive maintenance-eligible federal funding. Section 5339 funds may not be used for preventive maintenance expenses. For FY21, these funds may only be used for new bus and bus facilities acquisition, which accelerates new vehicle purchases but does not lower local operating expense.
 - Staff does not recommend service changes to reduce costs at this time. Legislation introduced in January 2020 at the General Assembly may offset some of these expenses. Based on the budget process of bus-sponsoring jurisdictions (April/May 2020) and the Commonwealth (May/June 2020), staff will be prepared to make cost-reducing recommendations in operations expenses, if necessary.
- OmniRide Retained Fares (-704,700):
 - No fare increase is recommended for the initial FY21 budget presentation. Five fare increases occurred between July 2010 and July 2017 (31.5% total) and increased three consecutive during FY16-18 (11% total).
 - Fares revenues are paid predominantly by the federal Smart Benefits plan through our customers. OmniRide Express current base SmarTrip fare of \$6.90 outpaces the federal allotment ($\$270/\$6.90 = 39$ one way trips—or 19.5 work days) and customers either pay out of pocket or slug to save the \$13.80 per-day in additional costs. Historical data shows that our increase in fares does not proportionally increase revenue significantly unless it is paired with an increase in the Smart Benefits plan, which increased by only \$5 last year (and we still outpace that expense).
 - (-529,700) Data is showing that new ridership is occurring on grant-sponsored routes. By rule fares collected on grant-sponsored routes must be deducted from the grant draw-down from the operating expense reimbursement. New services, especially those in Western Prince William have significantly siphoned ridership from the Portsmouth services, among others, which converts those fares from revenues retained by OmniRide to those offsetting grant funding. Unless the *entire route is profitable*, increased fares actually earns money for the state vs. OmniRide.
 - (-175,000): SeniorFREEDOM Initiative: Annual recurring expense for fares on local/Metro Express services. This initiative was developed in partnership with the greater Prince William social services communities, along with feedback from independent living, aging, and veteran organizations. The actual expense is directly tied to current seniors riding existing services; the benefit, however, expands beyond the initial expense as it eliminates the significant fare barrier to

transit access for seniors, especially those with more frequent needs for health care transportation. It is possible this may also provide an offset for demand in the Wheels-to-Wellness program, while also reducing transportation costs in other parts of the community.

- Staff recommends waiting for the new federal budget process and examining whether increases are made to the commuter transit benefit and coupling fare and benefits increases in FY22. Staff will also watch ridership trends to reduce underperforming routes and re-direct resources to offset expenses.

Expenses:

- Western Maintenance & Operations Facility (WEF):
 - Non-recurring: \$441,000. For FY21 there are one-time capital costs associated with upfit of the facility to include workspaces, IT/telecom, system-provided maintenance equipment, and other associated non-recurring expenses. A \$2M construction contingency fund was programmed in FY18/19. Should construction costs stay below \$2M contingency threshold, these funds can offset up-fit and other capital costs. The contingency balance will remain unknown until the next fiscal year.
 - Recurring: \$435,600. For FY21, these are annual operations costs associated with the new facility, to include key areas of utilities, facility maintenance, building security, IT/telecom, and additional personnel for key functions. This does not include additional contracted transit service employees/expenses. These were first included in the 6-year budget beginning in FY2017 and have been included in each 6-year budget thereafter.

Programs & Services:

- Wheels-to-Wellness: \$150,000, annual recurring expense; Taxi voucher program for seniors and persons with disabilities living 1.9x below the federal poverty level. Actual spending may be reduced through other fare incentive programs, such as fare-free fixed route transit for senior citizens on local/Metro Express.
- Fast Ferry Business Plan Grant Match: \$125,000 – OmniRide proposes a grant match of 50% (\$125K of a total of \$250K) for a DRPT grant to develop a Stage 1 business plan to translate potential service from Woodbridge to/from Joint Base Anacostia-Bolling. The remaining share would come from DRPT. This would provide the basis for any additional aspects such as tourism or additional destinations (i.e. The Wharf/Georgetown). Prince William County has supported exploration of alternate public transportation options but without prior fiscal commitment. Stage 2 of the process would identify the formal start-up process and procurement of contracted ferry services.

Operating Expenses, significant cost factors:

- Bus Service Contractor (i.e., Contract Operator): \$3,692,300 recurring.
 - \$3.35M is 100% grant-funded expense
 - Projected annual increase of 3.8% (\$900K)

- Offset of costs by reducing total deadhead volumes upon opening of Western Facility; projected expansion of paratransit into flex-service zones based on FY20 utilization.
- Start-up cost if new contractor selected (3 consecutive years): \$330K
- Salary & Fringe: \$-77,800 (*actual reduction*). Includes: 2% COLA, 1% merit and \$100K in parity study impacts; includes projected health, retirements and other benefits increases; Includes new Grants Administrator and Chief Financial Officer.
- Hardware/Software: \$472,700, non-recurring; \$147,700, recurring.
- Fuel Expenses Projections: \$721,800, recurring: Diesel fuel expenses. Local portion is \$224,300; \$497,500 is grant funded.

Professional & Technical Services/Consulting:

- Class and Compensation Study: \$41,000, non-recurring. This is funded jointly with VRE, to examine the employee classification system, the comparable salaries within the region, and the recommended re-classification of positions.
- OmniRide Woodbridge Facility Review and Engineering: \$175,000, non-recurring. This would perform a review of the entire property footprint of the Woodbridge OmniRide facility to assess the 25-year old building and grounds and develop engineering plans and recommendations for HVAC, electrical, plumbing, structural, and workspace/vehicle utilization needs. Also critical is the use of passenger waiting areas, exterior restroom facilities, and available bus bays. This also includes review and plans for upgrades to the mechanic workbays, fuel island, bus wash, storm-water drainage, and security needs.
- Diversity, Equity & Inclusion Services: \$78,000 recurring. Includes employee conflict resolution (ad hoc), external support for employee-led implementation working group, dedicated training for employees, managers, and commissioners and managerial coaching for communication and engagement. Assists with EEO programs for employment, policy, and best practices.
- Mobile Fares/Ticketing Grant Match: \$20,000 non-recurring. OmniRide will add mobile ticketing options, with 80% grant from DRPT (\$80K) to improve customer experience, enhance ticketing options, and reduce vehicle dwell time.
- VanPool: \$320,000, non-recurring for VanPool Virginia marketing and materials, to include employer outreach programs.

