



DRAFT
Budget
Fiscal Year 2022

RTA

**REGIONAL
TRANSIT AUTHORITY
OF SOUTHEAST MICHIGAN**



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FISCAL YEAR 2022 BUDGET NARRATIVE

The recommended Fiscal Year (FY) 2021 Regional Transit Authority of Southeast Michigan (RTA) budget is \$12,981,768, which is a combination of a \$8,853,924 Administrative Budget, and a \$4,127,844 Project Budget.

The 2022 budget has been prepared in accordance with the Michigan Uniform Budgeting and Accounting Act of 1968, Generally Accepted Accounting Principles (GAAP), and has been reviewed by RTA's Finance and Budget, and Executive and Policy Committees. After approval by the RTA Board of Directors, this budget will go into effect on October 1, 2021.

FY 2022 Administrative Budget

The RTA developed an administrative budget that considers revenues and expenses that are part of the ongoing operations of the agency. Broadly, these operations include the following major activities:

- Administration and facilitation of the RTA Board meetings
- Coordination with the region's transit providers and other mobility partners
- Development of programming recommendations for federal and state formula funds
- Development of a regional transit master plan and ongoing community engagement efforts
- Management of ongoing planning and pilot initiatives
- Development of additional initiatives that advance regional transit goals

Administrative Revenue

Estimated Administrative Revenue: The RTA's estimated administrative fund balance heading into FY 2021 includes funding from the following sources:

- \$296,683 in remaining funds from MDOT appropriation, CARES Act, and CRRSAA funds secured in previous fiscal years
- \$400,000 in new MDOT appropriation
- \$452,000 in FTA 5303 funding (reprogrammed from a Coordinated Human Service Transportation Plan pilot project)

Administrative Expenses

Staff Compensation: The RTA currently has 2 FTEs. FY2022 expenditures are based on maintaining those FTEs and adding a fellow position from Challenge Detroit Fellowship program with a projected total compensation of \$261,075. Note: the Challenge Detroit Fellowship includes a \$12,000 administrative fee on top of salary and benefits for the Fellow.

RTA Administrative Contracts: RTA Administrative Contracts will be used to support the day to day delivery of RTA's service, deliver the RTA work program, and comply with Federal and State requirements. These services include legal, audit, communications, legislative (funded through a project grant), and external communications services that support staff and the Board of Directors requests throughout the fiscal year. The RTA's total Administrative Contracts budget is estimated to be \$831,264

Potential updates to administrative costs are described below:

- 1.) *Program Management:* This budget line is intended to fund the ongoing contract with WSP to provide Program Management services. That contract is in place until September 30, 2023. The budget amount included here is only for services in FY 2022.
- 2.) *Master Planning:* This budget line is intended to fund the ongoing contract with HNTB to provide Master Planning services. That contract is in place until September 30, 2023. The budget amount included here is only for services in FY 2022.
- 3.) *Public Engagement Initiatives:* This budget line item is intended to support the development and execution of a public engagement strategy to better understand the overall mobility needs of our region including employers, educators, medical care providers, existing transit riders, new choice riders, and visitors. The amount is lower than previous budget years to reflect a reduction in available funding.
- 4.) *Survey:* This budget line is intended to support survey activities that will help the RTA test and develop messaging and communications strategies around the region's mobility needs and how to best advance potential solutions. The amount is lower than previous budget years to reflect a reduction in available funding.

RTA Administrative Expenses: Expenses include items like computer hardware/software, Board reimbursements, and marketing/printed materials. The RTA's total Administrative Expenses budget is \$68,683.

FY 2022 Project Budget

The RTA has several ongoing and new projects and pilots that it will continue to advance in FY 2022.

Project Revenue

The RTA's project revenue includes funding from the following grants. Unless otherwise indicated, the RTA is anticipating full expenditure of the grant balances in FY2022.

- \$316,000 in remaining FY2018 FTA Section 5307 Congestion Mitigation and Air Quality Program
- \$452,000 in remaining funding from the 5303 Metrop[olitan Planning Grant for the Coordinated Human Services Transportation Plan
- \$364,764 in remaining funding from the Michigan Mobility Challenge Pilot Project
- \$2,000,000 in FY2021 FTA Section 5307 Congestion Mitigation and Air Quality Program (CMAQ) funds (part of a \$5,373,593 million in CMAQ fund programming from FY2021 – FY2023)
- \$500,000 in MDOT Strategic Initiatives (part of a \$1,635,983 in MDOT Strategic Initiatives funds to match the above mentioned CMAQ funds)

- \$370,080 in FY 2019 (\$276,475) and new FY 2021 (\$93,605) FTA 5310 Enhanced Mobility for Seniors and Individuals with Disabilities and associated MDOT match (the FY 2021 amount is part of a \$449,310 in funding to support the MyRide2 service into FY 2024)
- \$125,000 in new MDOT Service Development and New Technology grant funds

Project Expenses

Coordinated Human Services Transportation Plan Pilot: This budget line is intended to fund a pilot project or software investment that advances a priority strategy from the Coordinated Human Services Transportation Plan (aka the OnHand Plan).

On-Demand Booking App (\$364,764): This budget line is intended to fund the continuation of the On-Demand Mobile Booking App Pilot.

D2A2 Pilot (\$2,500,000): This budget line is intended to fund the advancement and implementation of the D2A2 Express Bus Pilot.

Regional Mobility Management (\$370,080): This budget line is intended to fund the continuation of the Regional Mobility Management Program. That program currently provides funding for the regional MyRide2 One Click/One Call service provided by the Area Agency on Aging 1-B.

Regional Transit Technology Strategic Plan (\$125,000): We are living in a time of unprecedented change: impacts of a global pandemic, an explosion of new technology options, and broadening opportunities for funding projects that seek to use those technologies to solve major regional mobility issues. These changes provide the RTA and other regional mobility providers an opportunity to transform the region by making it more navigable, sustainable and welcoming. With that in mind, the RTA would like to advance a Regional Transit Technology Strategic Plan. The Plan will include recommendations for how the region could use technology innovations to improve, simplify and streamline the customer experience by integrating trip planning, fare payment, wayfinding, and trip guidance.

Additional Initiatives

The RTA is also considering taking on the following new initiatives in 2022. RTA staff anticipates funding staff positions and other selective investments to advance these initiatives with the recently programmed American Rescue Plan funds. RTA staff will continue to pursue other funding opportunities for these programs when and if they are available.

- COVID-19 Response Framework: COVID-19 has taken an unprecedented toll on our transit providers and customers. As the providers continue to manage through this global crisis, RTA would like to work with them to document actions taken in response and how the process has evolved from emergency response, to a “new normal”, to looking forward to a potentially very different future.
- Regional Corridor Capital Projects: Advancing the regional corridor capital projects that were developed and supported as Locally Preferred Alternatives in the 2016 Regional Master Transit Plan. This includes the following:
 - Woodward Avenue Locally Preferred Alternative (adopted in November 2015)
 - Gratiot Avenue Locally Preferred Alternative (adopted in May 2016)

- Michigan Corridor Locally Preferred Alternatives (included Michigan Avenue Bus Rapid Transit, Washtenaw Avenue Bus Rapid Transit, and Regional Rail) (adopted in May 2016)

These studies need to be updated to reflect contemporary conditions along the corridors, and with a focus on creating minimal operating segments that can be developed into competitive projects for larger federal funding programs like the Capital Investment Grant (CIG) program, RAISE Grants, funding from updated infrastructure bills, or future earmarks.

Fare Modernization: Advancing the integrated fare system that has long been a priority for providers and riders. In 2018, the RTA completed a Concept of Operations and Business Plan for developing an integrated fare system. Beyond having a modern system that can be accessed via a farecard or mobile phone, the studies also highlighted the need to have system in place that could achieve the following:

- Best Fare pricing policies
- Large farecard distribution network
- Availability to add public, non-profit, and for-profit providers
- Ability to expand to ADA paratransit services

SMART and DDOT have made huge strides on aligning their fare policies and developing a regional farecard (DART). AAATA has made strides in integrating mobile payment technology into its system. We are now at the precipice of looking at upgrading fareboxes and adding in validators to modernize the farecard system. Now is the time to develop the implementation track that will lead us to a modern regional integrated fare system.

- Coordinated Human Service Transportation Plan Pilots and Initiatives: RTA completed the first regional Coordinated Human Services Transportation Plan (CHSTP) in December 2020. That plan included several strategic recommendations for improving transit for seniors and people with disabilities. The RTA has been able to advance some elements through its investment of 5310 funding in existing operators, ongoing funding of the MyRide2 mobility management program, and the development of the Michigan Ride Paratransit booking app pilot. The RTA would like to keep looking for partnerships and opportunities to implement more recommendations from that plan through strategic investments and pilots.
- Workforce Development Framework: Southeast Michigan transit providers are experiencing shortages in certified operators (drivers) and qualified diesel engine mechanics. These staffing shortages have led to difficulties in meeting pullout. If the staffing shortages continue, or worsen, the RTA's plans for significant improvement in transit services will be neutralized. The RTA will work with the providers to see how this issue can be addressed at the regional level.
- Transit Equity Framework: The RTA is committed to advancing an equity planning framework that clearly identifies the accessibility challenges for low income, senior, disabled, and other marginalized populations that rely on the region's transit and paratransit services. To do this effectively, we need to examine our regional transit vision and values so that we can appropriately frame regional transit challenges and potential solutions around equity.
- Marketing and Communications: The RTA would like to more effectively invest in sustained marketing and communications efforts that positively support regional transit. This is especially

important in a time where travel is starting to return to pre-pandemic levels and transit can be positioned as a less costly, safe, flexible, and convenient alternative to driving.

- **Access to Transit:** RTA completed the Mobility Oriented Development study completed in December 2020. That study included a series of recommendations and concepts for improving access to transit stops, and leveraging transit stops as integrated mobility and development hubs. The RTA would like to keep looking for partnerships and opportunities to implement more recommendations from that plan through strategic investments and pilots.
- **Fleet and Equipment Modernization:** Mobility technology is a dynamic and growing field nationally and specifically in the State of Michigan. This ranges from connected and autonomous vehicles, to electrification, to communications technology. There are active conversations and building partnerships in this space, and new federal infrastructure legislation is a large focus on these topics. The RTA would like to keep looking for partnerships and opportunities to expand regional transit's role in these conversations.

Budget Implications

At its core, a budget represents anticipated projections based on the best-known data available at the time of development. At the time of the FY 2022 RTA budget development there are several unknowns that will largely start impacting the RTA in late FY 2022 and FY 2023. These impacts can be mitigated through sound budget management and persistent funding advocacy in FY 2021. In particular, the following areas of the FY 2021 budget will be tracked closely:

- **American Rescue Plan:** The RTA is anticipated to receive \$8 million in funding through this funding source. The RTA will amend this budget to include that funding after the RTA completes an agency strategic planning process immediately after the programming of these funds. That plan will establish how the agency's staffing strategy, pilot efforts, planning efforts, communications, and strategic partnerships are set up to achieve the goals identified through the updated Regional Master Transit Plan.
- **Public Engagement Initiatives and Survey Services:** The RTA has previously been successful in securing outside funding to support these services. Staff will continue to work with philanthropic funders and others to see if outside funding can be used to support these activities in FY 2022 and beyond.
- **Grant Balances:** The RTA has identified grant balances that remain after projects are completed. RTA staff will determine if those funds can be programmed into additional projects and initiatives that advance the mission of the RTA.

Administrative Budget

<u>Administrative Revenues</u>	FY2022
Beginning Administrative Balance	355,186
MDOT Appropriation (Administration)	400,000
American Rescue Plan (5307)	8,098,738
Total Revenue	8,853,924
<u>Administrative Expenditures</u>	
Staff	261,075
Staff Expenses	261,075
Directors and Officers Liability Insurance	14,264
Legal Services	75,000
Audit Services	20,000
External Communications & Social Media and Web Services	81,000
Legislative Services	36,000
Program Management Services	320,000
Master Planning Services	150,000
Public Engagement Initiatives	75,000
Survey Services	50,000
Other Contract	10,000
Administrative Contracts	831,264
Marketing/Printed Materials	25,000
Rent/Utilities	0
Other Insurance	683
Computer Hardware/Software	7,500
Phone Equipment and Service Fees	7,500
Office Supplies	2,500
Furniture	0
Meetings/Retreats	10,000
Travel/Professional Development	5,000
Subscriptions/Memberships	5,000
Board Reimbursements	3,000
Miscellaneous	2,500
Administrative Expenses	68,683
Total Expenses	1,161,022
Remaining	7,692,902

Project Budget

<u>Project Revenues</u>	FY2022
Congestion Mitigation and Air Quality Improvement Funds (FTA/SEMCOG)	316,000
5303 Metropolitan Planning Grant (MDOT)	452,000
Michigan Mobility Challenge Grant (MDOT)	364,764
Congestion Mitigation and Air Quality Improvement Funds (FTA/SEMCOG)	2,000,000
Services Initiatives (MDOT)	500,000
5310 Enhanced Mobility of Seniors & Individuals with Disabilities (FTA), State Match (MDOT)	370,080
Service Development and New Technology (MDOT)	125,000
Total Revenue	4,127,844
<u>Project Expenses</u>	
Coordinated Human Services Transportation Plan Pilot	452,000
On-Demand Booking App (Michigan Ride Paratransit)	364,764
D2A2 Express Bus Pilot	2,500,000
Regional Mobility Management	370,080
Regional Transit Technology Strategic Plan	125,000
Total Expenses	3,811,844
Remaining	316,000