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Office of the
City Clerk



Metropolitan Tulsa Transit Authority

BOARD of TRUSTEES MEETING

January 12, 2023

R.O. Laird Board Room

510 South Rockford Avenue, Tulsa, Oklahoma

8:30 AM to 10:00 AM

AGENDA

Purpose: Review with the Board of Trustees a draft of MTTA's FY2024 Budget. The Board will not be asked to approve of the budget at this meeting. This is an informational meeting intended to obtain feedback before the Board is asked to vote on the budget at the January 31th, 2023 meeting.

- I. **Call to Order**—*Adam Doverspike*
- II. **MTTA Priorities and Goals**—*Scott Marr*
- III. **Budget Details**—*Rebecca Walner*
- IV. **Discussion** – *Adam Doverspike*

Adjourn

FY2024

**Board of Trustees
Metropolitan Tulsa Transit Authority**

FY2024 BUDGET



JANUARY 12, 2023

DRAFT

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Table 3: Personnel Count—FY2020 to FY20249

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FY2024 BUDGET

This presents a proposed Metropolitan Tulsa Transit Authority's (MTTA's) FY2024 budget with financial projections through FY2029. Included is a discussion of agency goals and objectives as well as information regarding budget assumptions. Staff seeks approval of the budget from the Board of Trustees.

The FY2024 budget is sound but a challenging financial future for MTTA is looming. The FY2024 Budget anticipates undertaking initiatives to better position the agency for future expansion and technological advancements.

MTTA Priorities and Goals

The FY2024 Budget is grounded with the following MTTA's priorities and goals.

Mission

Tulsa Transit connects people to progress and prosperity.

Vision

The region depends on Tulsa Transit to provide transportation solutions that connect to life's destinations with innovation, teamwork, and stewardship.

Strategic Priority Areas

1. **Becoming a Mobility Manager/Mobility as a Service (MaaS)**— *Tulsa Transit as a provider of multi-modal services including new service delivery modes and payment systems that are connected electronically.*
2. **Diversifying and expanding funding sources**—*Tulsa Transit has new and increased funding sources that meet the transit needs of the community.*
3. **Improving customer experience** —*Tulsa Transit is perceived to be a good means of travel meaning the agency needs to competently execute its service plan.*

Budget Initiatives

While the FY2024 Budget is financially sound, it also recognizes the tremendous financial challenges facing MTTA in FY2024 and beyond. The overarching goal of the FY2024 is to take steps today that will mitigate those future challenges. These steps are reflected below:

Mobility Manager/Mobility as a Service (MaaS)

- Developing and deploying new service models, Microtransit, with researching to include partnership with Transportation Network Companies (TNCs)
- Expand our GoPass smartphone app to include business partnerships, expanding school partnership, alternative modes (such as bike share), and tying into our paratransit and Microtransit services.
- Initiate community transit planning in at least one Tulsa suburb.
- Initiate an intermediate term regional transit planning process involving high-profile community stakeholders.
- Continue to rejuvenate MTTA's outdated IT infrastructure.
- Develop and nurture community partnerships including but not limited to INCOG.

Diversifying and expanding funding sources

- Continue to work through the Oklahoma Transit Association to increase state funding for transit.
 - Seek funding for autonomous vehicle pilot as designated for Tulsa in HB1365.
- Continue to pursue discretionary federal grants.
- Investigate partnerships with Tulsa philanthropic foundations.
- Develop a transit cost and funding allocation model for the region.
- Study the implementation of coordinated social service transportation.

Improving customer experience

- Continue to invest in employees with market appropriate compensation and best in class training.
 - Work toward becoming an “enviable” workplace.
- Improve on-time performance.
- Conduct a customer satisfaction survey to serve as a benchmark.
- Increase investment in the marketing and promotion of MTTA services.

Lay the groundwork for future capital improvements

- Initiate the design and construction of expanded employee parking in anticipation of the implementation of a second BRT line in the US66 corridor.
- Support planning and implementation of second Aero line.
- Initiate the design of new Headquarters location for MTTA to better serve the Tulsa Metro.

Table continued

FY2024 Budget Details

As in prior years, staff builds the agency from the “ground up” following this basic process:

1. Quantify the services MTTA intends to operate during the year.
2. Translate the “service plan” into staffing requirements.
3. Determines goods and services needed to support the plan including, but not limited to, fuel and vehicle maintenance parts.
4. Research trend in costs such as forecast of fuel prices in the coming year.
5. Work with department heads on establishing needs.
6. Informally present to the City of Tulsa/Board Finance Committee
7. Present draft to Board.
8. Finalize for Board action.

ARP Act Overview

The rules governing the use of ARP funds are typical for funding currently received by MTTA with some notable exceptions. Like the CARES Act, these funds require no local match. It is 100% federal. Unlike the CARES Act, ARP Act identified the timeframe in which the funds are to be used; they must be obligated by September 30, 2024 and disbursed by September 30, 2029.

ARP Financial Planning

MTTA intends to adopt the CARES spending plan for ARP Act funds. Like CARES funding ARP has further improved MTTA’s future funding issues allowing us to prudently address long term needs with sustainable solutions. As part of the FY2021 *Ad Hoc Budget Committee* work and in consultation with the City of Tulsa, staff developed a multi-year budget for these funds with two key goals:

1. System Sustainance including but not limited to:
 - Replace lost passenger revenue
 - Replace diminished local and state revenue
 - Maintenance of employee workforce
 - Increased expenses relating to mitigating virus transmission
2. Strategic Investments including but not limited to:
 - Accelerate capital projects with long-term benefit to MTTA (such as IT projects) that improve our competitiveness and productivity while minimizing long-term costs.
 - Accelerate planning projects to help guide future MTTA development.

- Introduction of new services that position MTTA for increased local funding initiatives.

The FY2024 Budget attempts to adhere to these goals.

General Fund and Vision Tulsa Fund Allocations

Vision Tulsa, passed in 2016, provides capital and operational funding for Sunday service (began in July 2017), the Peoria Aero Bus Rapid Transit (BRT) began November 2019, and a downtown/midtown circulator (the Gathering Place service piece of this began February 28, 2020 and replaced by Route 109 in August 2022). The fund also provides investments in a second BRT in the US Route 66 Corridor and a downtown transit hub. According to the Vision Tulsa ordinance, the funding is to only support these designated projects.

In addition to Vision Tulsa, about 86% of Tulsa Transit's operation is partly supported by "General Fund" allocations from the City of Tulsa. This funding source can be used for regular operations as well as services associated with Vision Tulsa.

The FY2024 budget (as was the case for the FY2021, FY2022 and FY2023 budgets) allocates costs for Vision and General Fund related services. About 16% of the overall FY2024 budget is being supported by Vision Tulsa funds.

FY2024 Budget Assumptions

Table 1, starting on page 10, summarizes the FY2024 proposed budget. The table shows:

- FY2024 budget with General Fund and Vision Tulsa funds allocations
- FY2023 projected revenues and expenses
- FY2023 Budget
- FY2022 Actual

Referencing

Table 1, below highlights variances of the FY2024 Budget with the FY2023 projected finances.

Operating Revenue

The table shows a decrease in FY2024 versus FY2023 (projection) of almost \$30,000 (1.5%) to reflect slightly downward to stagnant trend in ridership and revenue due to the coronavirus pandemic as well as systemic decreases MTTA has been experiencing. The pandemic which has both decreased demand for service as well as forced MTTA to continue restructure service due to the difficult driver market that is experiencing a shortage of eligible drivers and ever-increasing salaries and signing bonuses. As of date, we are near full staff with enough in training to be ready for the April Sign-up, therefore have halted signing bonuses, but are being aware of possibilities in the future. In anticipation that the pandemic will abate in FY2024, staff has budgeted increased investment in marketing to try to recover some or all the lost ridership.

Operating Expenses

In general, operating expenses for FY2024 will be significantly higher than what is projected for FY2023

- Salaries and Wages show a nearly 3.2% decrease (\$292,322) due to assumption that MTTA will have full operations in FY2024. It also reflects a 2% employee raise in January of 2024 for all staff and an increase with Union Negotiations to be done April/May/June 2023. The decrease is due to prior years having sick, holiday, and vacation in both labor and fringes for the benefits.
- Benefits decreased by about 14% (\$970 thousand) in as we did not see as large of an increase in FY23 nor give bonuses that were anticipated in FY23.

Table 1: FY2023 Budget Summary

Item	FY2024 Budget (Proposed)			FY2023 Projection	FY2023 Budget (adopted June 2022)	FY2022 Actual (audited)
	General Fund	Vislon Tulsa	Totals			
Operating Revenue						
<u>Passenger Fares</u>						
Fixed Route	\$ 1,140,017	\$ 112,749	\$ 1,252,765	\$ 1,185,855	\$ 1,003,927	\$ 1,268,279
Nightline	22,590	-	22,590	27,831	18,103	14,542
Sunday	-	15,490	15,490	17,835	12,413	10,773
Lift-ADA	225,140	38,620	263,760	256,602	228,105	227,424
Total Passenger Fares	\$ 1,387,747	\$ 166,859	\$ 1,554,605	\$ 1,488,123	\$ 1,262,548	\$ 1,521,018
Advertising, Investments, and other revenue	\$ 868,458	\$ 97,416	\$ 965,874	\$ 859,465	\$ 603,629	\$ 719,014
Total Operating Revenue	\$ 2,256,205	\$ 264,274	\$ 2,520,479	\$ 2,347,588	\$ 1,866,177	\$ 2,240,032
Operating Expenses						
<u>Salaries, Wages, Benefits, & Taxes</u>						
<i>Salaries and Wages</i>						
Operations	\$ 4,563,728	\$ 1,001,794	\$ 5,565,522	\$ 5,383,129	\$ 5,784,645	\$ 5,546,099
Vehicle and Facility Maintenance	1,332,997	181,772	1,514,770	1,596,020	1,729,706	1,682,612
General Office	1,443,369	295,630	1,738,999	835,927	1,819,348	1,235,810
Total Salaries and Wages	\$ 7,340,094	\$ 1,479,196	\$ 8,819,291	\$ 7,815,076	\$ 9,333,699	\$ 8,464,521
<i>Benefits and Taxes</i>	4,722,934	925,926	5,682,072	4,927,790	4,575,110	4,467,583
Total Salaries, Wages, Benefits, & Taxes	\$ 12,063,029	\$ 2,405,122	\$ 14,501,362	\$ 12,742,866	\$ 13,908,809	\$ 12,932,104
<u>Transportation Services (Contracted Operations)</u>						
Nightline	\$ 578,248	\$ -	\$ 578,248	\$ 704,980	\$ 560,678	\$ 957,941
Sunday	-	364,252	364,252	112,397	290,566	-
Downtown/Midtown Circ.	-	-	-	-	339,891	-
Lift	3,552,665	609,411	4,162,076	2,781,787	2,647,993	2,441,072
Turley (Pelivan)-Other	139,920	-	139,920	-	310,408	-
Total Transportation Services	\$ 4,270,833	\$ 973,663	\$ 5,244,496	\$ 3,599,164	\$ 4,149,536	\$ 3,399,013
<u>Materials and Supplies</u>						
Fuel	\$ 1,418,238	\$ 211,921	\$ 1,630,159	\$ 1,338,425	\$ 513,197	\$ 745,756
<i>Vehicle Materials & Supplies</i>						
Oil & Lubricants	146,304	21,861	168,165	168,165	174,859	126,650
Tires & Tubes, Repair Parts, Service & Shop Equip, Other Shop, Servicing Supplies	146,194	21,845	168,039	168,039	2,515,576	946,891
<i>Facility Repair & Maintenance</i>	513,366	76,710	590,076	758,780	451,623	1,435,329
<i>Other</i>	1,979,172	295,738	2,274,911	2,274,911	121,719	190,395
Total Materials and Supplies	\$ 4,203,274	\$ 628,075	\$ 4,831,350	\$ 4,708,320	\$ 3,776,974	\$ 3,445,021
Insurance	\$ 693,891	\$ 100,197	\$ 794,089	\$ 499,371	\$ 550,801	\$ 432,845
Utilities	\$ 576,746	\$ 83,282	\$ 660,027	\$ 540,399	\$ 602,840	\$ 594,340
Other Expenses	\$ 1,591,144	\$ 229,760	\$ 1,820,904	\$ 1,382,240	\$ 2,264,658	\$ 687,969
Total Operating Expenses	\$ 24,273,546	\$ 4,506,601	\$ 28,813,359	\$ 24,528,247	\$ 26,836,590	\$ 23,066,453
Net Operating Loss	\$ (22,017,341)	\$ (4,242,327)	\$ (26,292,879)	\$ (22,180,658)	\$ (24,970,413)	\$ (20,826,421)
Intergovernmental Revenue						
<u>Federal</u>						
<i>Section 5307 Urban Formula/CARES/ARP</i>						
Planning	1,131,613	-	1,131,613	216,088	418,444	614,163



Leases	180,320	-	180,320	19,579	36,154	4,000
ADA	1,072,934	-	1,072,934	666,862	223,951	277,602
Preventive Maintenance	4,286,978	-	4,286,978	2,246,057	1,121,234	3,791,343
Operations	4,647,888	-	4,647,888	3,629,627	478,030	5,944,597
JARC				-		
CARES/ARP	-	- \$	-	3,600,000 \$	10,286,067 \$	-
Total Section 5307 Urban Formula	11,319,733	- \$	11,319,733	10,378,213 \$	12,563,880 \$	10,631,705
CMAQ	-	-	-	-	-	-
State of Oklahoma	1,150,000	1,150,000 \$	1,150,000	1,150,000 \$	1,150,000 \$	1,150,004
Local						
<i>City of Tulsa</i>						
Operating Assistance	\$ 7,433,000	- \$	7,433,000	7,586,000	7,586,000	7,586,000
Vision Tulsa						
Sunday		725,655	725,655	} 2,693,752		
Peoria BRT		1,680,069	1,680,069			
Downtown/Midtown Circ.		722,722	722,722			
Lift Allocation		1,092,955	1,092,955			
Total City of Tulsa	\$ 7,433,000	\$ 4,221,402	\$ 11,654,402	\$ 10,279,752	\$ 7,586,000	\$ 7,586,000
Operating Asst-Other		\$	4,221,402	\$		\$ 527,526
City Contracts	\$ 484,852	\$ -	484,852	493,923	444,475	321,780
Working Capital Allocation (incl. O&G Rebates)	-	-	-	-	-	-
Total Other Operating Assistance	\$ 484,852	\$ -	\$ 484,852	\$ 493,923	\$ 444,475	\$ 321,780
Total Intergovernmental Revenue	\$ 20,387,586	\$ 5,371,402	\$ 24,608,987	\$ 22,301,888	\$ 21,744,355	\$ 19,689,489
Surplus (Deficit)	\$ (1,629,755)	\$ 1,129,075	\$ (1,683,892)	\$ 121,230	\$ (3,226,058)	\$ (1,136,932)

Table 2 on page 12 presents the personnel count assumed for the FY2024 Budget in comparison with previous years.

Table 2: Personnel Count—FY2021 to FY2023

FY2024 MASTER BUDGET								
Functional Area	FY2024		FY2023		FY2022		YE Difference	
	FTE*	Headcount	FTE*	Headcount	FTE*	Headcount		
Trans Admin	6.7	8.0	6.7	9.0	8.0	8.0	(1.0)	
Security	6.5	8.0	6.5	7.0	7.0	7.0	1.0	
Safety and Training	2.0	4.0	2.0	3.0	2.0	2.0	1.0	
Operations	101.0	122.0	101.0	122.0	117.0	122.0	-	
Maintenance	27.0	28.0	27.0	28.0	33.0	28.0	-	
Maintenance Admin	6.0	7.0	6.0	6.0	6.0	6.0	1.0	
Admin	5.0	6.0	5.0	5.0	5.0	5.0	1.0	
Finance	5.8	9.0	5.8	6.0	5.5	6.0	3.0	
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0	-	
IT	4.0	4.0	4.0	4.0	4.0	4.0	-	
Customer Service	15.5	12.0	15.5	17.0	15.0	17.0	(5.0)	
Totals	183.4	212.0	183.4	211.0	206.5	209.0	1.0	

- Transportation Services (contracted operations through pending negotiations) expected to increase, overall, by \$1.055 million or 25% due to the resumption of regular service levels, due to increase in cost from RFP.
- Administrative Services includes various professional fees for legal, audit, information technology related items as well as commissions for selling advertising on MTTA buses and shelters. These services are budgeted to *decrease* by about 41% due to adjusting where software for planning is coded to for FTA fund purposes.
- Materials and Supplies include fuel, goods and services needed to maintain and operate the vehicle fleet. These are expected to increase by 2.5% (115,875) due to resumption of normal operations, rising fuel cost, however we are in the process of aging out some of the older fleet with the intent to reduce the cost of repair parts.
- Insurance is expected to *increase* by almost \$158K or 25% due in part to increase in our workers compensation insurance and rising over all insurance premiums as a result of the insurance industries.
- Utilities are expected to *stay stagnant* as our IT department has worked diligently on removing services that were not being used, switching phone services, and new contracts. However, the rising cost in electric, heat and other utilities has eliminated all savings.
- Other Expenses which mainly include planning, marketing, and advertising expenses are budgeted to decrease by just over 2.9 or by almost \$660,000 because investment

in service development planning, marketing, and staff training and morale. Some highlights include:

- Planning
 - Relocation \$300,000
 - On-demand service implementation \$50,000
- Marketing
 - Free Fare with Partnership \$95,000
 - Rebranding \$95,000
 - New and existing service promotion \$200,000
- Staff development and morale
 - Training (accounting, software, regulations) \$202,959
 - Morale building (incentives and recognitions) \$100,000

Intergovernmental Funding

- Federal shows over a 31% increase in formula.
- State of Oklahoma shows a zero-change in funding for FY2024 from FY2022. However, in FY2023 the State did increase the amount after the budget was created but informed at this time it was a 1 time increase so we are unable to budget for this in FY2., MTTA staff in coordination with the Oklahoma Transit Association (OTA), will continue to be actively involved in efforts to increase state funding. MTTA will be seeking funding in again FY2024 for an autonomous vehicle (AV) Pilot for FY2025. However, such funds are not included in this year’s budget.
- Local- 1% increase is expected City of Tulsa General Funds. The City’s allocation was reduced in FY2021 due to the pandemic’s effect on sales tax revenue. Vision Tulsa funding is increasing by just over 14% (almost \$337,000) because of the resumption of normal operations. City Contracts (for Jenks, Broken Arrow and Sand Springs) show two years of inflationary increases. MTTA is expecting to raise contract prices of an average of 5% for FY2024.

FY2024 to FY2029 Projections

Error! Reference source not found. on page 2 shows budgetary projections through FY2029. The projections have these basic assumptions:



- Operating revenue will begin to increase beginning in FY2023 with a a minimum 2% annual increase thereafter to show a slow return to pre-pandemic service level and reflect the Aero and micro transit expansion.
- Operating expenses increase by about 2% annually.
- Intergovernmental Funding
 - Formula Federal shows underlying no increase until FY2024 when MTTA should receive credit for operating more service with the Aero. The formula allocations return to normal in FY2026 and beyond.
 - CMAQ shows zero funding starting in FY2023 since those funds are discretionary from the Oklahoma Department of Transportation (ODOT) via the Indian Nations Council of Governments (INCOG). MTTA will pursue those funds but they are not reflected in the projections since their receipt is uncertain.
 - State of Oklahoma funding shows no increase.
 - City of Tulsa (General Fund) anticipates a 2% annual increase starting in FY2024 and every year thereafter
 - Vision Tulsa (City of Tulsa) -In 2018, the City expected no growth in Vision Tulsa receipts over 15 years. No change in that forecast is anticipated in these projections.

The General Fund services show increasing deficits starting in FY2025, starting with \$1.3 million and increasing to 5.4M by FY2029. Other than the US66 Aero line, no other new Vision services are anticipated. As indicated previously, MTTA is pursuing an increase in State of Oklahoma funding and, if successful, can help address the General Fund deficits. If additional State funding does not materialize, then service reductions and fare increases may be needed.

FY2024-FY2029 Operating Budget Projections

Item	FY2024 Budget (proposed)	Projection				
		FY2025	FY2026	FY2027	FY2028	FY2029
Operating Revenue						
<u>General Fund</u>	\$ 2,256,205	\$ 2,301,329	\$ 2,347,356	\$ 2,394,303	\$ 2,442,189	\$ 2,491,033
<u>Vision Tulsa</u>	264,274	269,560	274,951	280,450	286,059	291,780
Total Operating Revenue	\$ 2,520,479	\$ 2,570,889	\$ 2,622,307	\$ 2,674,753	\$ 2,728,248	\$ 2,782,813
Operating Expenses						
<u>General Fund</u>	\$ 24,273,546	\$ 24,759,017	\$ 25,254,198	\$ 25,759,282	\$ 26,274,467	\$ 26,799,956
<u>Vision Tulsa</u>	4,290,000	4,375,800	4,463,316	4,552,582	4,643,634	4,736,507
Total Operating Expenses	\$ 28,563,546	\$ 29,134,817	\$ 29,717,514	\$ 30,311,864	\$ 30,918,101	\$ 31,536,463
Net Operating Loss	\$ (26,043,067)	\$ (26,563,928)	\$ (27,095,207)	\$ (27,637,111)	\$ (28,189,853)	\$ (28,753,650)
Intergovernmental Revenue						
<u>General Fund</u> Federal (formula)	\$ 8,964,351	\$ 8,964,351	\$ 9,143,638	\$ 9,143,638	\$ 9,143,638	\$ 9,326,511
FFY22 Apport.						
FFY23 Apport.						
State of Oklahoma	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Suburban City Contracts	484,852	484,550	504,441	514,529	524,820	535,316
City of Tulsa	7,433,000	7,581,660	7,733,293	7,887,959	8,045,718	8,206,633
Prior year carry forward	6,409,208	2,688,345	-	-	-	-
Total General Fund	\$ 24,441,411	\$ 20,878,905	\$ 18,531,372	\$ 18,696,126	\$ 18,864,176	\$ 19,218,460
<u>Vision Tulsa</u> City of Tulsa (VT)	\$ 4,290,000	\$ 4,375,800	\$ 4,087,000	\$ 4,087,000	\$ 4,087,000	\$ 4,087,000
Prior year carry forward	-	-	-	-	-	-
Total Vision Tulsa	\$ 4,290,000	\$ 4,375,800	\$ 4,087,000	\$ 4,087,000	\$ 4,087,000	\$ 4,087,000
Total Intergovernmental Revenue	\$ 28,731,411	\$ 25,254,705	\$ 22,618,372	\$ 22,783,126	\$ 22,951,176	\$ 23,305,460
Surplus (Deficit)						
<u>General Fund</u>	\$ 2,424,070	\$ (1,578,783)	\$ (4,375,470)	\$ (4,668,852)	\$ (4,968,102)	\$ (5,090,464)
<u>Vision Tulsa</u>	\$ 264,274	\$ 269,560	\$ (101,365)	\$ (185,132)	\$ (270,575)	\$ (357,726)
Total Surplus (Deficit)	2,688,345	(1,309,223)	(4,476,835)	(4,853,984)	(5,238,677)	(5,448,190)

