



PINELLAS SUNCOAST TRANSIT AUTHORITY
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**PLANNING COMMITTEE MEETING
AGENDA – MARCH 20, 2015; 9:45 AM
PSTA AUDITORIUM**

			<u>TIME</u>	<u>PAGE</u>
1.	CALL TO ORDER		9:45	
2.	PUBLIC COMMENT		9:45	
3.	INFORMATION ITEMS		9:45	
	A. Service Redesign Work Plan	20 min	BRAD MILLER	2
	B. Budget Assumptions/Forecast	20 min	BRAD MILLER/DEBBIE LEOUS	7
	C. Route Performance Monitoring System	20 min	CHRIS COCHRAN	28
4.	ACTION ITEMS		10:45	
	A. January 21, 2015 Meeting Minutes	5 min		35
5.	FUTURE MEETING SUBJECTS		10:50	
	• Fiscal Year 16 Budget: Personnel and Benefit Assumptions			
	• Principles of Guide Decision-making			
6.	OTHER BUSINESS		10:55	
7.	ADJOURNMENT		11:00	

THE NEXT MEETING IS APRIL 15, 2015 AT 10:30 AM



INFORMATION ITEM

3A: Service Redesign Work Plan

Action: Information Item

Staff Resource: Brad Miller, CEO

FINANCE & PERFORMANCE
MANAGEMENT

PLANNING

Summary

- Following the November 4, 2014 referendum to greatly expand the transit system in Pinellas County, PSTA now will “redesign” its services to be even more focused and customer oriented around the services that work best for Pinellas County. Before PSTA develops and seeks widespread public input on various service delivery scenarios or increase revenues, it will be important for the PSTA Board to collaborate on a “Path Forward” to set high-level policy guidance for the future direction of the agency.
- This policy development will be prioritized over the next few months, slightly preceding the required FY2016 Budget review and FDOT Work Plan processes.
- Transit Service redesign efforts will be analyzed at a staff level but will await the policy discussion so Board consensus can be achieved. Service improvements will be balanced with overall changes as well as the longer-term planning to implement Rapid transit pilot projects.
- To illustrate this phased approach, staff has developed a work schedule that will be presented to the Planning Committee for information and discussion.

Attachments:

1. PowerPoint
2. Work Plan Handout (to follow)



PSTA's Service Redesign Work Plan Schedule

Transit Riders Advisory Committee – March 17, 2015
Board Committees – March 20, 2015

Key Redesign Elements

- A "Path Forward"
- FY16 Budget Approval
- Service Redesign Consideration
- Public Engagement



A Path Forward

- 2-3 Year Direction
 1. Focus on constant improvement of “core services”
 2. Redesign current bus according to specific principles:
 - Straighten routes
 - Reduce number of very low ridership buses
 - Concentrate majority of operating funds where public transit works best (“core routes”)
 3. Avoid Major Cut
 4. Implement a Sustainable Bus Replacement Plan.
 5. Use Built-Up Reserves on Bus Replacements/Seek Additional Resources to Maintain What We Have.



A Path Forward (continued)

- Proposed guiding principles continued:
 6. Secondarily, but in parallel, seek to incrementally improve service.
 - Premium bus rapid transit and express services
 - Regional fare collection project
 7. Third, in the future, work towards the high-frequency grid network.
 8. Review governance structure
 - Strengthen roles of Board, Committees, CEO.
 - Strengthen coordination with transportation partners.

Executive Committee & ½ Day Workshops
Through April/May.



FY 2016 Budget Approval Calendar

March - Review financial projections & assumptions

April – Review revenue and personnel assumptions

May - Review Capital Improvement Program (CIP)

June – Present DRAFT 2016 budget

July – Approve proposed millage rate for County TRIM notice

August – Transmit proposed millage rate to County

September – Budget Hearings  Adopt 2016 Budget



Service Redesign Consideration Process

1. Approve “Path Forward” Principles.

2. Consider “Targeted Areas of Redesign.”

- Data-Driven, Route Performance Data Important Tool.
- Entire Network will be Reviewed and Streamlined.
- “Targeted areas” (e.g. Downtown St. Pete, Pinellas Park, North County) will receive additional analysis.

3. Coordinate with Capital Plan Assumptions & Revenue Assumptions.

4. Public Involvement

Goal to Implement First Changes 10/1/2015 But If Longer Time Needed to Make “Right Changes” That’s OK.



Public Involvement

- Exceed Minimum Requirements
- Identify both beneficiaries & affected citizens with all redesign efforts.
 - Commit to identifying transportation alternatives for all disaffected customers.
- Pro-active community involvement effort to explain and justify value in redesign efforts.



3B: Budget Assumptions/Forecast

Action: Information Item

Staff Resource: Brad Miller, CEO

FINANCE & PERFORMANCE
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Background:

- PSTA is proud to present the first of what will be an annual foundation document for the development of the annual transit budget for the agency, a forecasting document and summary listing all the significant revenue and expenditure assumptions PSTA can use when developing its budget plans.
- The document is modeled substantially around Pinellas County's similar forecasts for its budget.
- Many of the forecasts are based on source documentation from Pinellas County's forecasting efforts.

Potential Policy Decision Impact Forecasts:

- Without any changes, PSTA is forecasting a \$1.2 million shortfall in its FY2016 Operating Budget. This budget gap increases in future years as PSTA's operating expenses are forecast to grow faster than projected revenues from all sources.
- While PSTA's FY2016 Capital Program including bus replacements is balanced, future year's unmet bus replacement needs could average \$8 million per year beginning in FY2017 and beyond.

Menu of Choices:

- Staff has developed forecasts for a number of potential cost reduction and revenue adjustment options that could potentially balance PSTA's operating program for several years while providing important reserve funds for bus replacement.

Attachments:

1. PSTA's FY2015 Key Assumptions Document
2. PowerPoint



PINELLAS SUNCOAST TRANSIT AUTHORITY
KEY BUDGET ASSUMPTIONS
FOR FISCAL YEAR 2016

PSTA Budget Forecasting Summary

Item	Assumption	Amount	Source	3-Yr. Avg.	FY2016	FY2017	FY2018	FY2019	FY2020
Revenues		FY15 Budget							
1	Ad Valorem Taxes	\$35.4M	Pinellas County Forecast	2.4%	4.3%	3.8%	3.8%	3.3%	3.3%
2	Passenger Fares	\$13.9M	PSTA Trend	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
3	State Grants	\$7.5M	FDOT Block Grant Formula	5.2%	1.7%	1.7%	1.7%	1.7%	1.7%
4	Federal Grants (Total Allocated to Operations)	\$5.4M	Constant Dollar.	-10.3%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Other	\$1.3M	Mainly Based on Diesel Gallons and Advertising	-15.5%	2.0%	2.1%	2.1%	2.2%	2.2%
6	Local Beach Trolley & Rt. 35	\$.9M	St. Pete Beach & Treas. Isl.	9.3%	5.0%	5.0%	4.0%	4.0%	4.0%
7	Federal Grant MPO Pass-Thru	\$.08M	\$80K Constant from MPO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	Total Revenues	\$64.5M		1.2%	2.7%	2.4%	2.4%	2.2%	2.2%
9	- Possible Adjustment to 0.75 Millage Cap	\$.9M	Pinellas County Forecast	2.4%		3.8%	3.8%	3.3%	3.3%
10	- Possible Fare Increase	\$1.3M	Average Fare Up by 12.5%		9.2%			9.3%	
11	- Possible Increased Advertising Revenue	.3M	Based On Contracting Out Joint with HART		137.9%	10.0%	10.0%	5.0%	5.0%
Expenses		FY15 Budget							
12	Salaries	\$28.9M	CBA's + Admin. Performance Evals	5.1%	3.3%	3.5%	3.5%	3.5%	3.5%
13	Fringe Benefits	\$11.2M	Health Insurance Broker	8.7%	7.0%	7.0%	7.0%	7.0%	7.0%
14	Diesel Fuel	\$7.5M	Trend Analysis	-0.5%	-10.4%	3.5%	3.5%	3.5%	3.5%
15	Purchased Transportation - DART	\$4.9M	FY17 New Procurement	4.9%	4.0%	10.0%	4.0%	4.0%	4.0%
16	Supplies	\$4.2M	Mainly Bus Parts (2X CPI)	7.6%	3.0%	3.6%	4.6%	4.6%	4.6%
17	Services	\$3.5M	Contracted Services (CPI)	13.6%	1.5%	1.8%	2.3%	2.3%	2.3%
18	Insurance	\$1.4M	Based on Actuarial Estimate	71.2%	3.3%	3.5%	3.5%	3.5%	3.5%
19	Utilities	\$1.1M	CPI	11.3%	1.5%	1.8%	2.3%	2.3%	2.3%
20	Taxes & Licenses	\$.8M	Tied to Diesel Tax Rebate	0.6%	3.3%	3.5%	3.5%	3.5%	3.5%
21	Purchased Transportation - TD	\$.8M	FY17 New Procurement	54.6%	4.0%	10.0%	4.0%	4.0%	4.0%
22	Purchased Transportation - Trolleys	\$.7M	2X CPI	8.9%	3.0%	3.6%	4.6%	4.6%	4.6%
23	Miscellaneous	\$0.7M	\$1M Less than Budget w/no Airport Service (2X CPI)	32.9%	3.0%	3.6%	4.6%	4.6%	4.6%
24	Total Expenses	\$65.7M	See one change above to Miscellaneous	6.4%	2.3%	4.6%	4.2%	4.2%	4.2%
25	- Possible Admin Cost Reductions	-\$0.1M	\$100K savings value increases		3%	3%	3%	3%	3%
26	- Service Hour Adjustment Savings	-\$1.4M	Routes 1, 30, 444, 58, East Lake Con.			4.6%	4.2%	4.2%	4.2%
27	- Service Adjustments Farebox Impact	\$+150K	Nets from Adjustment Savings		9.2%			9.3%	
Capital									
28	Policy Bus Useful Life		Federal Standard- 12 Yr/5 Yr for Shuttles	12 Years	12	15	15	15	15
29	% of Formula Funds Converted to Operations		Benchmarking National Standard is Approx 40%	52%	39%	39%	39%	39%	39%
30	Total Buses		Contract Out 10 Express Buses in 2018	200	194	200	193	183	183
31	Propulsion			Hybrids	Hybrids	Diesel	Diesel	Diesel	Diesel
32	Possible STP Funds for Bus Replacement		Funding starting in 2021 Maybe sooner	\$	-				

PSTA FY 2016 Key Assumptions

This section includes a discussion of the sources of information used to develop assumptions for revenues and expenditures that drive the 5-year forecast.

Assumptions and Forecasting

We consistently use the best data and methodologies available; however economic forecasting is dynamic and must be updated when new information is presented. The forecasts in this document are a baseline using past trends, current policies and assumptions about future conditions based on reasonable expectations. This provides a context to view current policy decisions in light of their potential impact on the fiscal stability of PSTA in the years to come.

Revenue Assumptions

The primary revenue sources for PSTA are Ad Valorem Taxes, Passenger Fares, and Operating Assistance from Federal, State and Local Sources.

Property Tax Overview

Ad valorem taxes, commonly called property taxes, are assessed on real property. The tax rate expressed is expressed in “mills”. One mill is one dollar of taxes for each thousand dollars of taxable value. For example, a tax rate of 5.9 mills on a taxable value of \$100,000 yields \$590 in taxes. PSTA receives .7305 mills with a statutory cap of 0.75 mills.

The taxable values as of January 1st are established annually by the Property Appraiser and certified for budget purposes by July 1st. Final taxable values, following appeals and adjustments, are certified following the completion of the Value Adjustment Board appeals process.

The PSTA Board of Commissioners approves millage rates annually by resolution as part of the budget process. This process must follow the State’s “Truth in Millage” (TRIM) law that applies not only to PSTA, but to all member local governments, including the timing of advertisements and conduct of public hearings.

June 1 st	Property Appraiser delivers estimate of table value to PSTA
July 1 st	Property Appraiser delivers Certification of Taxable Value (DR-420) to PSTA
July 22 nd	Board approves proposed millage
August 4 th	PSTA returns completed DR-420 to Property Appraiser
August 21 st	Property Appraiser mails TRIM notice
September 9 th	1 st Public Hearing to tentatively adopt the millage and budget
September 23 rd	Adopt final millage and budget

Ad Valorem					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
2.4%	4.3%	3.8%	3.8%	3.3%	3.3%

After five years of decline, countywide taxable values increased by 3.4% in FY 14 and 6.5% in FY 15. The assumption in the forecast is that growth of 3.8% per year or greater in the next three years will be followed by a slightly lower sustained level of increases. The preceding five years of tax base decline previously mentioned were unprecedented; prior to this the tax base only decreased once since World War II, a small 0.6% dip in FY 93. Prior to the recent recession, increases in the tax base averaged 5.0% per year.

The countywide taxable value is the basis for determining the ad valorem tax revenue. However, PSTA’s assumptions are .2% less than the County’s projections due to the five municipalities that do not participate in the ad valorem tax for transit.

Opportunity for Revenue Increase from Ad Valorem Taxes

If strategically the PSTA Board determines that the millage should be raised to the cap of 0.75 mills the following would be the dollar impact of that increase:

Net Increase to Ad Valorem Taxes at Maximum Millage				
FY 16	FY 17	FY 18	FY 19	FY 20
\$970,432	\$1,007,308	\$1,045,586	\$1,085,318	\$1,126,561

Passenger Fare Revenue

Passenger Fare Revenue is derived from the fare box revenue, ticket and pass sales, contractual revenue such as from the U-Pass Program and from Transit Disadvantaged (TD) co-pays. The base fare in FY 15 is at \$2.00 for a one way trip and has remained unchanged since 2011. The passenger fare revenue is influenced by the various discount programs offered. In FY 14 the average fare per ride for regular bus service (excluding DART) was \$1.06 as compared to the base fare of \$2.00.

Ridership continues to reach record highs while passenger fares remain relatively stagnant the last three years with an average increase of 1.4% while ridership has grown 3.4%. As a result, we are assuming flat revenue going forward.

Passenger Fares					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
1.4%	0.0%	0.0%	0.0%	0.0%	0.0%

Opportunity for Revenue Increase from Increasing the Base Fare

In the Ernst and Young Financial Study for PSTA, an assumption of fare revenue increases every three years to assist in maintaining financial stability was assumed. Using that model, if the PSTA Board were to look at a 15% increase in the average fare starting in FY 2016 the impact would be as follows:

Net Impact on Passenger Fares Based on 15% Increase				
FY 16	FY 17	FY 18	FY 19	FY 20
\$1,282,931	\$1,282,931	\$1,282,931	\$2,685,487	\$2,685,487

Since the average revenue per ride is \$1.06 in FY 14, assuming a similar average revenue in FY 15, the overall impact to our riders is lessened. This average fare revenue increase could, by policy, also affect those in the TD Program. In a survey conducted the TD riders indicated a tolerance for a \$20 monthly bus pass as compared to the current rate of \$8.25. Since amending the eligibility requirements for a monthly TD pass, there has been a significant shift to the monthly pass and significant decrease in overall passenger fares received by PSTA.

At the present time a Committee of the Pinellas County Local Coordinating Board for the Transit Disadvantaged has been formed to review the TD Program change options available to lessen the negative financial impact from the program.

State Grants

PSTA receives State Operating funds in the form of Block Grants, TD State Reimbursements, grants for the Regional routes (100X and 300X), as well as other reimbursements. These funds are anticipated to increase at a constant rate.

State Grants					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
5.2%	1.7%	1.7%	1.7%	1.7%	1.7%

Federal Grants

PSTA receives formula funding from the Federal Transit Administration in a “5307” grant that may be used for either operational expenses (limited to preventative maintenance labor, parts and tire leases) or capital. PSTA has always used a portion of 5307 funds for operations and after the financial crisis in

2008, PSTA, increased the allocation of the 5307 funding for operations away from capital. Capital costs are more easily deferred or allocated over multiple periods, while operating costs are an immediate need. Since 2011, the dependence on Federal 5307 for operations has decreased, and the budget assumptions assume a constant dollar amount regardless of the grant award amount.

The Board may want to consider establishing a cap of 40% of Federal formula funds that may be used towards operations.

Federal Grants					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
-10.3%	0.0%	0.0%	0.0%	0.0%	0.0%

Other Revenues

Included in this category are revenues such as diesel tax refunds, advertising, and interest income. PSTA has historically handled the bus advertising in-house and has seen significant declines in recent years. Currently PSTA is looking at out-sourcing this work for a guaranteed minimum that would potentially increase our revenue by \$300,000 in FY 16.

Other Revenues					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
-15.5%	2.0%	2.1%	2.1%	2.2%	2.2%

Local Beach Trolley & the Central Avenue Trolley

The Suncoast Beach Trolley runs from Park Street Terminal in downtown Clearwater to 75th Avenue and Gulf Boulevard and the Central Avenue Trolley (CAT) runs from the beaches to downtown St. Petersburg. The cities of Treasure Island and St. Pete Beach provide operating assistance for these routes and the related DART service. The assumptions are based on anticipated increases in city revenues.

Local Beach Trolley & CAT					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
9.3%	5.0%	5.0%	4.0%	4.0%	4.0%

Federal Grant Metropolitan Planning Organization (MPO)– Pass through funds

The MPO provides us federal funding for operations at a consistent \$80k a year and no changes are anticipated.

Federal Funds - MPO					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Expenditure Assumptions

Personnel Salaries and Fringes:

Salaries					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
5.1%	3.3%	3.5%	3.5%	3.5%	3.5%

The cost of Personnel salaries and fringes are the largest category of expenses constituting approximately 61% of the Authorities overall operating expenses.

Since the recession in FY 2009, represented employees have had annual increases, including step increases, ranging from 1.02% to 36.09% while administrative employees saw 0% for the first 3 years 1% for 2 years and a 3% merit raise in FY 2015. The lower increases for administrative employees were a cost savings measure to deal with the dramatic decreases in property tax ad valorem revenue.

All PSTA employees are members of the Florida Retirement System (FRS). Beginning on July 1, 2012, employees are required to contribute 3.0% of their salary to the FRS effectively reducing take-home pay.

Compensation adjustments are included in the forecast for FY 16 through FY 20. Moderate wage adjustments will be required to maintain a compensation structure that can attract and retain quality employees. The net adjustments include pay for performance increases.

An annual market survey of salaries for comparable transit agencies is anticipated to be conducted prior to fiscal year end FY 2015.

Employee Benefits

Fringe Benefits					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
8.7%	7.0%	7.0%	7.0%	7.0%	7.0%

PSTA is responsible for employer contributions to Social Security (FICA), the Florida Retirement System (FRS) State pension fund, and to support various benefits such as health and life insurance, short term disability, workers' compensation and unemployment compensation. The key drivers for employee benefits are health insurance and PSTA's share of the pension.

PSTA is required to participate in the Florida Retirement System, a State public pension plan. From 1998 to 2008, the FRS had been one of the few state systems that had an actuarial surplus. This lowered the required contributions set by the Legislature that are based on an employee's salary and benefit category. As with most pension systems, the financial crisis in 2008 had a significant effect on the value of FRS investments. As a result, beginning in 2009 the FRS system had an unfunded liability. The FRS investment portfolio which is managed by the State Board of Administration, has now recovered from this setback. As of June 30, 2014, the asset value for the FRS pension plan was higher than the previous peak value it had reached in 2007.

The State Legislature establishes the employer contribution rates for the FRS system. Employees must also contribute to the system as part of a package of Legislative changes enacted in 2011. The 2013 Legislature increased the FRS rates to fully fund the system's actuarial liability over a multi-year period, and the 2014 Legislature made adjustments to maintain this approach. The actuarial report as of June 2014 indicates that rates may not need to be adjusted for the State's 2016 fiscal year. The forecast assumes that having reached a fully funded level, the rates should stabilize.

The actual contribution rates beginning July 1, 2015 will not be known until the end of the 2015 legislative session. In FY 2015 the contributions were \$2.2 million. The future growth in PSTA's contributions will be a combination of rate changes, if any and the growth in the salary base to which the rates are applied.

Health Insurance

Health insurance costs for PSTA have followed the national trend and outpaced inflation in recent years. These increases have been mitigated by cost containment measures such as wellness programs lowering the utilization rate, and in FY 15 for the first time employees contributing to the increase in costs at approximately 2%. Total budgeted costs for health insurance in FY 15 were \$6 million.

The forecast assumes PSTA's continued emphasis on wellness and cost containment measures.

The Affordable Health Care Act (ACA) passed in 2010 on the national level to restructure and contain health insurance costs could have a significant impact in FY 18 and later years. The forecast does not assume any changes in the current situation.

Diesel Fuel

All fuel is purchased as part of a consortium headed by the Hillsborough Area Transit Authority (HART), and historically 100% of the diesel fuel has been locked in. This is PSTA's third highest cost category behind Salaries and fringe benefits.

The assumptions are based on a trend analysis.

Diesel Fuel					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
-0.5%	-10.4%	3.5%	3.5%	3.5%	3.5%

Purchased Transportation Demand Response Transportation (DART)

PSTA provides demand response transportation services for people who, because of their disability, are unable to independently use the regular, accessible PSTA buses. This service is outsourced and is going out for RFP for FY 17. As a result of the potential increase in cost in that year, a larger percentage is being applied.

DART					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
4.9%	4.0%	10.0%	4.0%	4.0%	4.0%

Supplies

The majority of our supplies expenses are related to bus parts. The assumptions in the near term are based on twice the CPI to account for PSTA’s aging fleet.

Supplies					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
7.6%	3.0%	3.6%	4.6%	4.6%	4.6%

Services

The assumptions for contracted services are that costs will increase by the CPI.

Services					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
13.6%	1.5%	1.8%	2.3%	2.3%	2.3%

Insurance

PSTA is has self-insured retentions and excess policies for both workers' compensation and third party claims. While the 3 year average is high based on settlement of several large claims, the future costs are increasing based on actuarial reviews.

Insurance					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
71.2%	3.3%	3.5%	3.5%	3.5%	3.5%

Utilities

It is assumed utilities will increase by the CPI.

Utilities					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
11.3%	1.5%	1.8%	2.3%	2.3%	2.3%

Purchased Transportation TD

Based on a new procurement in FY 17 the plan assumes a higher increase in that year.

TD					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
54.6%	4.0%	10.0%	4.0%	4.0%	4.0%

Opportunities for Additional Cost Savings

Administrative cost reductions:

Staff has been working to identify ways to reduce costs and at minimum we anticipate a \$100,000 of savings in FY 15 that will grow by 3% each year.

Administrative Savings					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
	3.0%	3.0%	3.0%	3.0%	3.0%

Service Hour Adjustment Savings

Four percent route adjustments would provide approximately \$1.4 million of savings in FY 16 if implemented and those cost avoidance savings would grow thereafter. The reductions are assumed to take place beginning October 1, 2015 for FY 16.


Service Adjustments					
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
		4.6%	4.2%	4.2%	4.2%

Service Adjustments - Redesign Scenario #1


PSTA has developed a Service “Redesign Scenario #1” as presented at the February 18, 2015 Board Workshop that provides a relatively stable overall level of public transit services within Pinellas County while redesigning the service network to reduce the number of empty buses while maximizing service where it works best. This scenario, in order to provide a relatively sustainably balanced budget for the next 5 fiscal years assumes the PSTA Board will approve the following assumptions, described in further detail above but packaged together in the following manner:

Potential Strategic Change Impact Assumptions

Description	FY 2015	FY 2016	FY 2017	FY 2018	FY2019	FY 2020
Increasing Property Tax	\$0	\$ 970,432	\$1,007,308	\$1,045,586	\$1,080,090	\$1,115,733
Increasing Base Fare	\$0	\$1,282,931	\$1,282,931	\$1,282,931	\$2,685,487	\$2,685,487
Advertising Revenue	\$0	\$ 300,000	\$ 330,000	\$ 363,000	\$ 381,150	\$ 400,208
Administrative Savings	\$0	\$ 103,000	\$ 106,090	\$ 109,273	\$ 114,736	\$ 118,178
Service Hour Adjustments	\$0	\$1,362,334	\$1,425,001	\$1,484,851	\$1,547,215	\$1,612,198
Service Adjustment Fare box Impact	\$0	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (163,950)	\$ (163,950)
Total Potential Impact	\$0	\$3,868,697	\$4,001,330	\$4,135,641	\$5,644,728	\$5,767,854




FY 2016 Budget Process and Key Assumptions



Finance and Performance Management and Planning Committees
March 20, 2015

Budget Calendar Overview

MARCH	LONG TERM ASSUMPTIONS REVIEW
APRIL	PERSONNEL ASSUMPTIONS
MAY	FIVE YEAR CAPITAL IMPROVEMENT PROGRAM
JUNE	1 ST DRAFT OF THE BUDGET TO THE BOARD
JULY	ANY CHANGES TO AD VALOREM TAX NEED TO BE DECIDED
AUGUST	AD VALOREM TAX DOCUMENTS TO PROPERTY APPRAISER FINAL DRAFT BUDGET TO THE BOARD
SEPTEMBER	PUBLIC HEARINGS ARE HELD AND THE FINAL BUDGET IS ADOPTED



Overview of the Budget Process

- The overall strategy employed in preparing the FY 2016 Annual Operating and Capital Budget is to provide a balanced budget that is consistent with the Board's strategic direction for the multi-year plan.
- In preparing the budget the initial step is looking at the forecast for the current year as the basis for the following years along with historic trends.

2



Multi-year Budget Forecasting

Providing a multi-year budget provides decision makers with at least 3 key benefits:

- Assessing the long-term financial sustainability of PSTA's funds
- Understanding of the impact of today's decisions on the future
- Providing a holistic financial picture

3



Key Expenditure Assumptions

- Several expenditure assumptions are approximately 2 times inflation.
 - Fringe Benefits – primarily due to Health care costs
 - Supplies
- In FY 15 Employees are contributing to healthcare cost increases for the first time and the assumptions are conservative.

	Fringe		Benefits			
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20	
8.7%	7.0%	7.0%	7.0%	7.0%	7.0%	

4



Key Expenditure Assumptions

- Supplies – The majority of our supplies are related to bus parts. The assumptions in the near term are based on twice the CPI to account for PSTA’s aging fleet.

	Supplies				
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
7.6%	3.0%	3.6%	4.6%	4.6%	4.6%

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Multi-year Operating Plan

Pinellas Suncoast Transit Authority
Operating Budget Projections
FY 2015 - 2020

Line	FY 2016 Revised	FY 2017 Revised	FY 2018 Revised	FY 2019 Revised	FY 2020 Revised
Operating Revenues					
1 Operating Revenue	\$ 16,190,425	\$ 16,265,679	\$ 16,334,506	\$ 16,405,853	\$ 16,479,812
2 Property Tax	\$ 36,875,432	\$ 38,276,698	\$ 39,731,213	\$ 41,042,343	\$ 42,396,740
3 State Operating Grants	\$ 7,594,900	\$ 7,725,532	\$ 7,858,411	\$ 7,993,576	\$ 8,131,066
4 Federal Operating Grants	\$ 5,526,585	\$ 5,526,585	\$ 5,526,585	\$ 5,526,585	\$ 5,526,585
5 Total Operating Revenues	\$ 66,187,342	\$ 67,794,494	\$ 69,450,715	\$ 70,968,357	\$ 72,534,203
Operating Expenses					
6 Operating Expenses	\$ 67,137,657	\$ 70,218,051	\$ 73,164,897	\$ 76,249,273	\$ 79,478,351
7 Non-Federal/State Capital Expenses					
8 Total Operating Expenses	\$ 67,137,657	\$ 70,218,051	\$ 73,164,897	\$ 76,249,273	\$ 79,478,351
10 Revenues Over / (Under) Expenses	\$ (950,315)	\$ (2,423,557)	\$ (3,714,182)	\$ (5,280,916)	\$ (6,944,148)
11 Increase in 2 Month Operating Reserve	\$ (245,764)	\$ (513,399)	\$ (491,141)	\$ (514,062)	\$ (538,180)
12 Total Deficit With Reserve Adjustment	\$ (1,196,079)	\$ (2,936,956)	\$ (4,205,323)	\$ (5,794,978)	\$ (7,482,328)

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Reserves

- Staff recommends to use reserves, in the short-term for bus replacement needs.
- In FY 2016 there is an anticipated \$1.2 million operating deficit.
- PSTA can look to strategic changes to bridge the operating deficits.

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Potential Strategic Changes

Options to improve the financial outlook of PSTA include, but are not limited to:

- Increasing the Property Tax to the maximum millage
- Increasing the average fare
- Increase advertising revenue by outsourcing
- Implement Administrative savings
- Service Hour Adjustments

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Key Revenue & Expense Assumptions

- If strategically the PSTA Board determines that the millage should be raised to the cap of .75 mills the following would be the dollar impact of that increase:

	Net Increase to Ad Valorem Taxes at Maximum Millage			
FY 16	FY 17	FY 18	FY 19	FY 20
\$970,432	\$1,007,308	\$1,045,586	\$1,085,318	\$1,126,561

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Key Revenue & Expense Assumptions

- The countywide taxable value is the basis for determining the ad valorem tax revenue. PSTA's growth assumptions are .2% less than the County's projections due to the five municipalities that do not participate.

	Ad Valorem				
3 Yr Avg.	FY 16	FY 17	FY 18	FY 19	FY 20
2.4%	4.3%	3.8%	3.8%	3.3%	3.3%

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Key Revenue & Expense Assumptions

- In the Ernst & Young PSTA Financial Study, an assumption of fare increases every 3 years was made. Using that model, if the PSTA Board were to implement a 15% increase in the average fare revenue starting in 2016 the impact would be:

Net Impact on Passenger Fares Based on 15% Increase				
FY 16	FY 17	FY 18	FY 19	FY 20
\$1,282,931	\$1,282,931	\$1,282,931	\$2,685,487	\$2,685,487

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Key Revenue & Expense Assumptions

- Traditionally PSTA has obtained bus advertising revenue through in-house staff. By outsourcing to an advertising firm, with a guaranteed minimum revenue the impact would be:

	Impact on Advertising Revenue			
FY 16	FY 17	FY 18	FY 19	FY 20
\$300,000	\$330,000	\$363,000	\$381,150	\$400,208

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Key Revenue & Expense Assumptions

- Service Hour Adjustment Savings - 4% route adjustments would provide approximately \$1.4 million of savings in FY 16 and the cost avoidance savings would continue to grow.

	Net Service Hour Adjustment Savings				
	FY 16	FY 17	FY 18	FY 19	FY 20
Service Hr. Adjustments	\$1,362,334	\$1,425,001	\$1,484,851	\$1,547,215	\$1,612,198
Fare Box Impact	(\$150,000)	(\$150,000)	(\$150,000)	(\$163,950)	(\$163,950)
Net Savings	\$1,212,334	\$1,275,001	\$1,334,851	\$1,383,265	\$1,448,248

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Potential Strategic Change Impacts

Description	FY 2015	FY 2016	FY 2017	FY 2018	FY2019	FY 2020
Maxing Out Property Tax	\$0	\$ 970,432	\$1,007,308	\$1,045,586	\$1,080,090	\$1,115,733
Increasing Average Fare 15%	\$0	\$1,282,931	\$1,282,931	\$1,282,931	\$2,685,487	\$2,685,487
Advertising Revenue	\$0	\$ 300,000	\$ 330,000	\$ 363,000	\$ 381,150	\$ 400,208
Administrative Savings	\$0	\$ 103,000	\$ 106,090	\$ 109,273	\$ 114,736	\$ 118,178
Service Hour Adjustments (ELC, 444, 58, 1/30 Redesign)	\$0	\$1,362,334	\$1,425,001	\$1,484,851	\$1,547,215	\$1,612,198
Service Adjustment Fare box Impact	\$0	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (163,950)	\$ (163,950)
Total Potential Impact	\$0	\$3,868,697	\$4,001,330	\$4,135,641	\$5,644,728	\$5,767,854

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Revised Multi-Year Plan with Adjustments

Pinellas Suncoast Transit Authority
Operating Budget Projections
FY 2015 - 2020

Line	FY 2016 Revised	FY 2017 Revised	FY 2018 Revised	FY 2019 Revised	FY 2020 Revised
Operating Revenues					
1 Operating Revenue	\$ 16,190,425	\$ 16,265,679	\$ 16,334,506	\$ 16,405,853	\$ 16,479,812
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12 Total Deficit With Reserve Adjustment	\$ (1,196,079)	\$ (2,936,956)	\$ (4,205,323)	\$ (5,794,978)	\$ (7,482,328)
Impact of Potential Adjustments					
13 Total Potential Adjustment Increases	\$ 3,868,697	\$ 4,001,330	\$ 4,135,641	\$ 5,644,728	\$ 5,767,854
14 Net Increase/(Decrease) to Reserves	\$ 2,672,618	\$ 1,064,374	\$ (69,682)	\$ (150,250)	\$ (1,714,474)

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Potential Strategic Change Impact

- Implementing these changes today will provide for a balanced multi-year operating budget and provide for needed bus replacement funds over the next several years.



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Questions?



INFORMATION ITEM

3C: Route Performance Monitoring System

Action: Information Item

Staff Resource: Chris Cochran, Senior Planner

FINANCE & PERFORMANCE
MANAGEMENT

PLANNING

Background:

- At the February 18, 2015 Board Workshop, staff presented a series of maps illustrating a variety of revenue and realignment scenarios. These maps included route modifications based on a data-driven performance criteria model.
- From this Staff presentation, Board members asked that Staff give a more detailed presentation that outlines the data and metrics used in the development scenario and performance model.
- The performance model, or Route Performance Monitoring System uses the latest full fiscal year ridership, revenue, and cost data collected and distributed by departments throughout the agency to score route performance based on a balanced evaluation of ridership and revenue metrics.
- The system includes a two-screen process that highlight lower performing routes within the system. These lower performing routes then go through a detailed review process to determine what corrective actions should be applied.

Attachments:

1. PowerPoint



Service Performance Monitoring System

Transit Riders Advisory Committee – March 17, 2015
Board Committees – March 20, 2015

Methodology

- Goal: Evaluate all routes to identify targeted areas for redesign
 - Identify higher performing routes
 - Identify lower performing routes for
 - Research and redesign
 - Elimination & reallocation of funding to higher performing routes
 - Improved marketing and monitoring
 - Forecast performance of new aligned routes to justify each change.



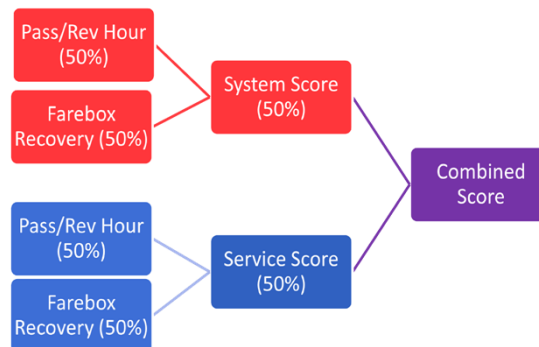
Methodology

- Screen 1 – Performance
 - Performance Data (FY 2014)
 - Ridership
 - Cost
 - Fare revenues
 - Criteria
 - Passengers per revenue hour
 - Cost recovery



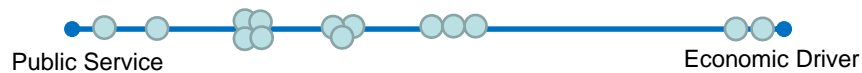
Methodology

- Weighting
 - 50% performance
 - 50% financial
- Combined Score
 - 50% system
 - 50% service type



Methodology

- Screen 2 – Qualitative Assessment: Community Access and Other Factors
 - Supports PSTA’s primary mission by providing a public service
 - Serves high number of low income households
 - Serves high number of zero car households
 - Serves places people need to go
 - Supports tourism activities
 - Other factors
 - Performance history
 - Funding streams

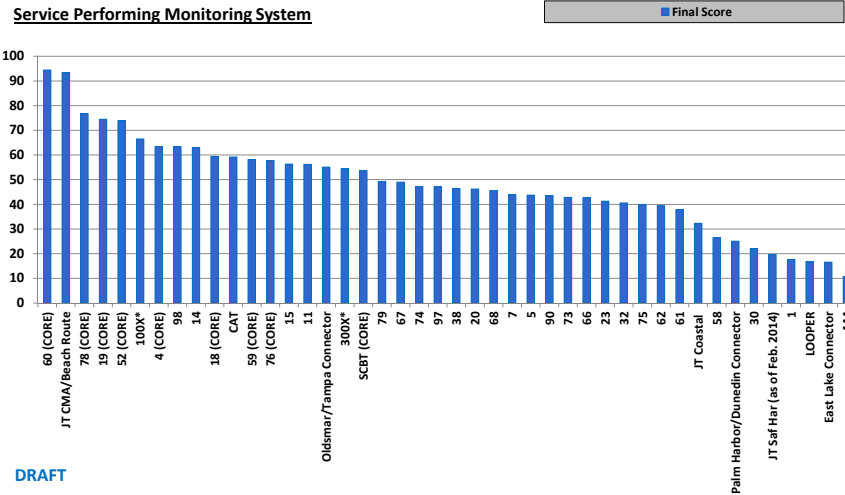


Low Performing Route Options

- **Improve Marketing/Branding & Monitor**
 - Newer routes
- **Research & Redesign**
 - Public Engagement/Rider surveys
 - Review travel demand and socioeconomic data
 - Origin & Destination Data
 - Transfer Analysis
 - Low income and/or zero-car households
 - Realign or combine with other route(s) with potential to improve performance
- **Eliminate & Reallocate Resources**
 - Redirect resources from historically low performing routes to better routes



Results: Screen One



Route Recommendation: 444

- Route 444
 - Monday-Friday, 110 minute frequencies
 - Circuitous route – 3 “loops” serving Walmart on US19
- Staff Recommendation: **Eliminate Current Configuration & Research Other Opportunities**
 - Consider reallocation of revenue hours to higher performing routes to serve same area better
 - Research potential for community partnerships
 - Examine alternative options to better serve Pinellas Park and Lealman areas
 - Seek local contribution or community development grant funding to help support



Route Recommendation: East Lake

- East Lake Connector
 - Began December 2012
 - 70 minute frequencies, Monday-Friday 8:30am-6:30pm
 - Route can deviate $\frac{3}{4}$ mile for scheduled pick-ups/drop-offs
 - Receives Transit Corridor funding from FDOT
- Staff Recommendation: **Eliminate & Reallocate Funds**
 - Eliminate route and reallocate funds to higher performing or new regional route
 - Reallocate FDOT Grant Funding to Regional Express Routes
 - Increase frequencies on Oldsmar Connector



Route Recommendation: 1 and 30

- Route 1
 - 60-80 minute frequency
 - Monday-Saturday 7:15am – 6:30pm
 - Intermittent trips to Gateway mall (5/day)
- Route 30
 - Monday- Saturday, 3 morning trips and 3 afternoon trips
 - Interlined with Route 1 between Tyrone Mall and Northeast Shopping Center
- Staff Recommendation: **Research & Redesign**
 - Survey riders
 - Combine routes 30 & 1 to continue to serve low-income and zero-car households along eastern portion of corridor
 - Consider realignment for FY16 to serve downtown St. Petersburg which has greater travel demand



Route Recommendation: 58

- Route 58
 - Monday-Friday service
 - 10 trips each way daily, 60-80 minute frequencies most day with no service 9:30am-12:40pm
- Staff Recommendation: **Eliminate Current Configuration & Research Other Opportunities**
 - Survey riders
 - Consider rerouting Route 18 (in Seminole) to Serve SPC instead of Route 58



Route Recommendation: Coastal

- Jolley Trolley (Coastal Route)
 - Began in November 2010
 - 60 minute frequency
 - Service Friday-Sunday 10am-midnight
 - Funded by Partnership between Jolley Trolley, PSTA, and local jurisdictions
- Staff Recommendation: **Redesign & Improve**
 - Survey riders
 - Combine with 66 for 7 day/week trolley service with consistent service and branding





ACTION ITEM

4A: January 21, 2015 Meeting Minutes

Action: Approve Meeting Minutes

Staff Resource: Terri Rick, Administrative Assistant

-
- Staff recommends approval of the minutes of the January 21, 2015 Planning Committee meeting.
-

Attachments:

1. Minutes



PINELLAS SUNCOAST TRANSIT AUTHORITY
3201 SCHERER DRIVE, ST. PETERSBURG, FL 33716
WWW.PSTA.NET 727.540.1800 FAX 727.540.1913

**PLANNING COMMITTEE MEETING
MINUTES – JANUARY 21, 2015**

The Planning Committee of the Pinellas Suncoast Transit Authority (PSTA) Board of Directors held a meeting in the Auditorium at PSTA Headquarters at 10:30 AM on this date. The purpose of this meeting was to approve the minutes of the November 19, 2014 Planning Committee, to approve the nomination of new Committee officers, to present Florida Department of Transportation (FDOT) bus in express lanes, to review the fare collection survey results, and to present the revised PSTA financial forecast development.

Members Present:

Julie Bujalski
Janet Long
Bill Jonson
Darden Rice
Ken Welch

Members Absent:

Mark Deighton
Patricia Johnson

Also Present:

Brad Miller, CEO
PSTA Staff Members

CALL TO ORDER

Committee Chair Bujalski opened the meeting at 10:48 AM.

PUBLIC COMMENT

There were no public comments.

ACTION ITEMS

Committee Officers - Mr. Miller reviewed the PSTA Committee Rules and Regulations which require Committee Officers be identified every two years. Ms. Long made a motion, seconded by Mr. Welch, to nominate Ms. Bujalski to serve as Chair for another year. Seeing no other nominations for Chair, the Committee voted unanimously to accept the nomination.

Ms. Long also motioned, seconded by Mr. Welch, to nominate Ms. Rice to serve as Vice Chair for the Committee. Seeing no other nominations for Vice Chair, the Committee voted unanimously to accept the nomination.

November 19, 2014 Meeting Minutes – Ms. Long made a motion, seconded by Mr. Welch to approve the minutes of the November 19th meeting. The motion passed unanimously.

INFORMATION ITEMS

FDOT Bus in Express Lanes – Scott Pringle of Jacobs Engineering Group gave a presentation on behalf of the FDOT. FDOT is currently looking at implementing toll express lanes and options to accommodate public transportation in these planned express lanes.

Mr. Pringle told the Committee that FDOT is looking for ways to optimize the express lanes for multi-modal transit service and has conducted a feasibility study to identify various factors.

The feasibility study outlined three major objectives:

- Where are the stations?
- What is the most feasible way to operate the express service across the region?
- What are the specific plans for operation (costs, etc.)

Generally, the express service will follow the I-275 corridor from Pasco, to Hillsborough, to Pinellas County. Station locations identified for the express bus in express lanes service include:

- Wesley Chapel
- University of South Florida (USF) area
- Downtown Tampa
- Westshore

- Gateway area in St. Petersburg

Several possibilities were identified to operate the service:

- Hours of operation (5:30 am until 10:30 pm on weekdays) with 15 minute frequency in peak hours
- Hours of operation (5:30 am until 10:30 pm on weekdays) with 30 minute frequency in peak hours
- High frequency service only available during peak hours

Some options for facilitating express lanes are as follows:

- Bus Only Lanes
- Queue Jumps
- Signal Priority

FDOT is planning on engaging the public by holding a series of workshops, distributing materials and reaching out to Boards and Committees, agencies, and the community. Some of these agencies include:

- Greater Tampa Chamber
- New North Transportation Alliance
- St. Petersburg Chamber
- Tampa Bay Partnership
- Tampa Bay Regional Planning Council (TBRPC)
- Tampa Downtown Partnership
- Tampa International Airport (TIA)
- Westshore Alliance

The Committee was concerned that a dedicated lane for the express bus from the Gateway area to St. Petersburg was not included in the plans. The FDOT project manager, Sara Hall was present at the meeting and informed the Committee that a public comment portal was available on the project web site at www.tampabayexpress.com and that the Committee could submit their opinions and comments about the plans. Instead, Mr. Welch made a motion, seconded by Ms. Long for the Committee to prepare a statement of concerns from the Planning Committee to be presented to the Board regarding the importance of express lanes, particularly from the Gateway area to St. Petersburg. There were no public comments. The motion passed unanimously.

Fare Collection Survey Results – In the interest of time, the Planning Committee did not address the subject of Fare Collection Survey results.

Revised PSTA Financial Forecast Development – Mr. Miller presented PSTA’s financial forecast going forward. The forecast was presented to the Finance Committee and will be presented to the Transit Riders Advisory Committee (TRAC), Legislative Committee, and Board of Directors.

In light of the Greenlight Pinellas referendum not passing, PSTA will make changes in some of the current policies to ensure a sustainable financial future. A facilitated workshop is scheduled for February 18, 2015 to allow PSTA staff and Board members to collaborate on future plans. Additional workshops may be scheduled.

PSTA is examining the No New Revenue Scenario which was developed two years ago as part of the Community Bus Plan. The Scenario concentrates service and funds on the higher ridership corridors by eliminating or reducing other routes so those resources can be used on higher ridership routes. Routes would be streamlined allowing for some faster service. The conversion to the New No Revenue Scenario will lower overall service by approximately 25%.

Staff is also looking at other ideas to save administrative costs without cutting service. This would be challenging however. The conclusion of past studies by McCollom (2013) and KPMG and ABBG (2014) have already shown that PSTA is running lean and only \$75,000 to \$100,000 can be saved in this area. Benchmarking studies show that PSTA rated “Best in Class” in operating costs.

Although PSTA will experience a deficit in the operating budget, current savings can balance the operating budget until FY2018 without changing any existing service. However, reserves will be exhausted.

The capital budget presents more of a challenge. In the past, bus fleet replacement funding was supplemented by significant Congressional earmarks. Without these funds as readily available, PSTA will need to seek other sources. Additionally, if no policy changes are made, PSTA will realize a \$40 million deficit within 3 years. Mr. Miller suggested recommendations to reduce the projected deficit by enacting new policies:

- Move to a “smoothed-out” bus replacement policy whereby PSTA replaces a given amount of buses each year over time, keeping the annual purchases consistent.
- Extend useful life of buses from 12 years (the Federal limit) to 15 years.

- Contract out express services to Tampa such as the 100X and 300X routes. This would eliminate the replacement of over-the-road coaches when they reach their maturity.
- Discontinue Hybrid-Electric bus purchases.
- Use all contingency funds from Capital Grants for buses.

Mr. Miller also suggested additional opportunities to mitigate cuts in service:

- Maximize the PSTA property tax from .73% to .75% generating about \$970,000 per year.
- Contract out and increase bus advertising, potentially increasing revenue from \$200,000 to \$500,000.
- Develop a fare increase plan beginning in FY2016 which includes a steady regular increase, ultimately generating \$1.3 million annually.
- Reduce the cost of administration generating \$100,000.
- Seek Metropolitan Planning Organization (MPO) allocated Federal Surface Transportation Program (STP) funds or other funds for bus replacements, with an annual request of \$8 million.
- Advocate for bus funding at the federal level.

Mr. Welch suggested that staff also consider taking advantage of other local funding options such as local option fuel tax, using the \$0.05 of additional fuel tax that the county can levy. Mr. Miller suggested that state legislators may be less interested in helping PSTA out of its fiscal deficit, but rather are interested in helping PSTA with incremental new services and expansion, such as Clearwater Beach to airport Bus Rapid Transit (BRT), Central Avenue BRT, I-275 Express Lanes, and Nights/Weekends frequency improvements.

OTHER BUSINESS

No other business.

ADJOURNMENT

The meeting was adjourned at 12:46 PM.

The next Planning Committee meeting will be held on March 20, 2015 at 10:30 AM.