

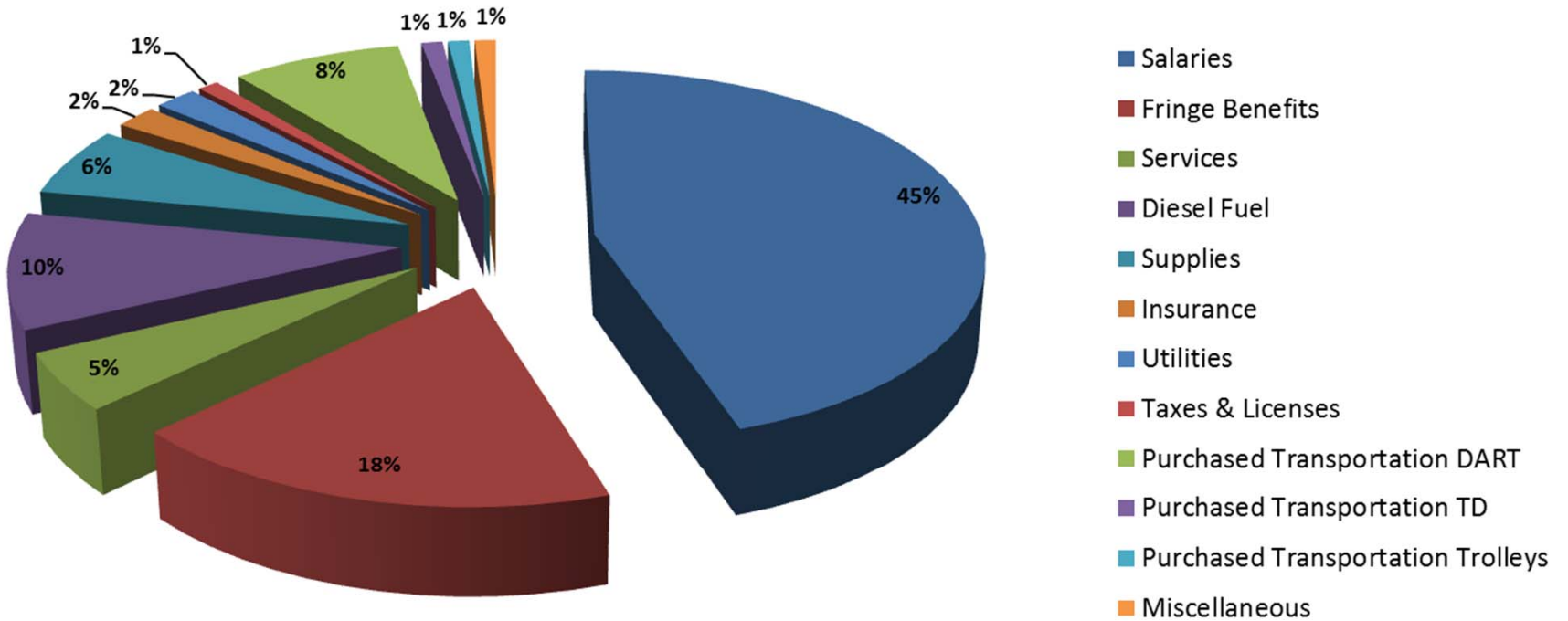


FISCAL YEAR 2016 PERSONNEL ASSUMPTIONS

Planning Committee
April 15, 2015

Personnel Costs Approximate 63% of costs

2016 Draft Tentative Budget Expenditures

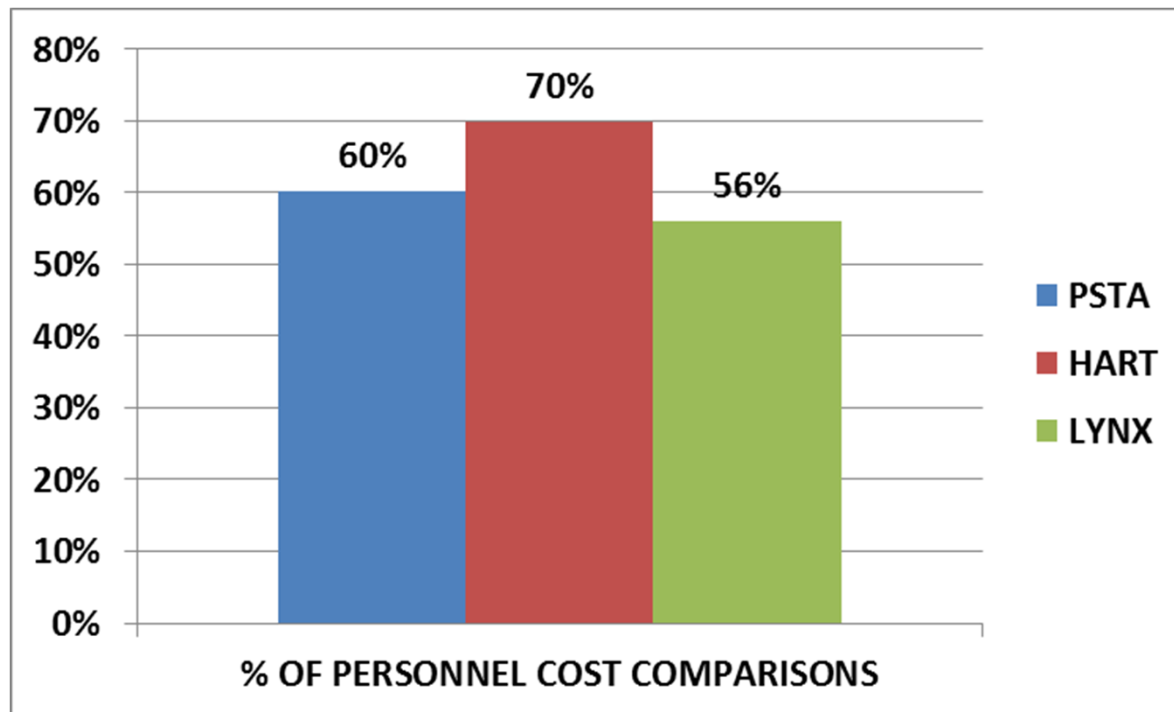


Personnel Components

- Personnel expenditures are made up of
 - Salaries
 - Fringe Benefits
- The major components of fringe benefits are:
 - Health insurances, Pension, Social Security, Medicare, and Workers' compensation.

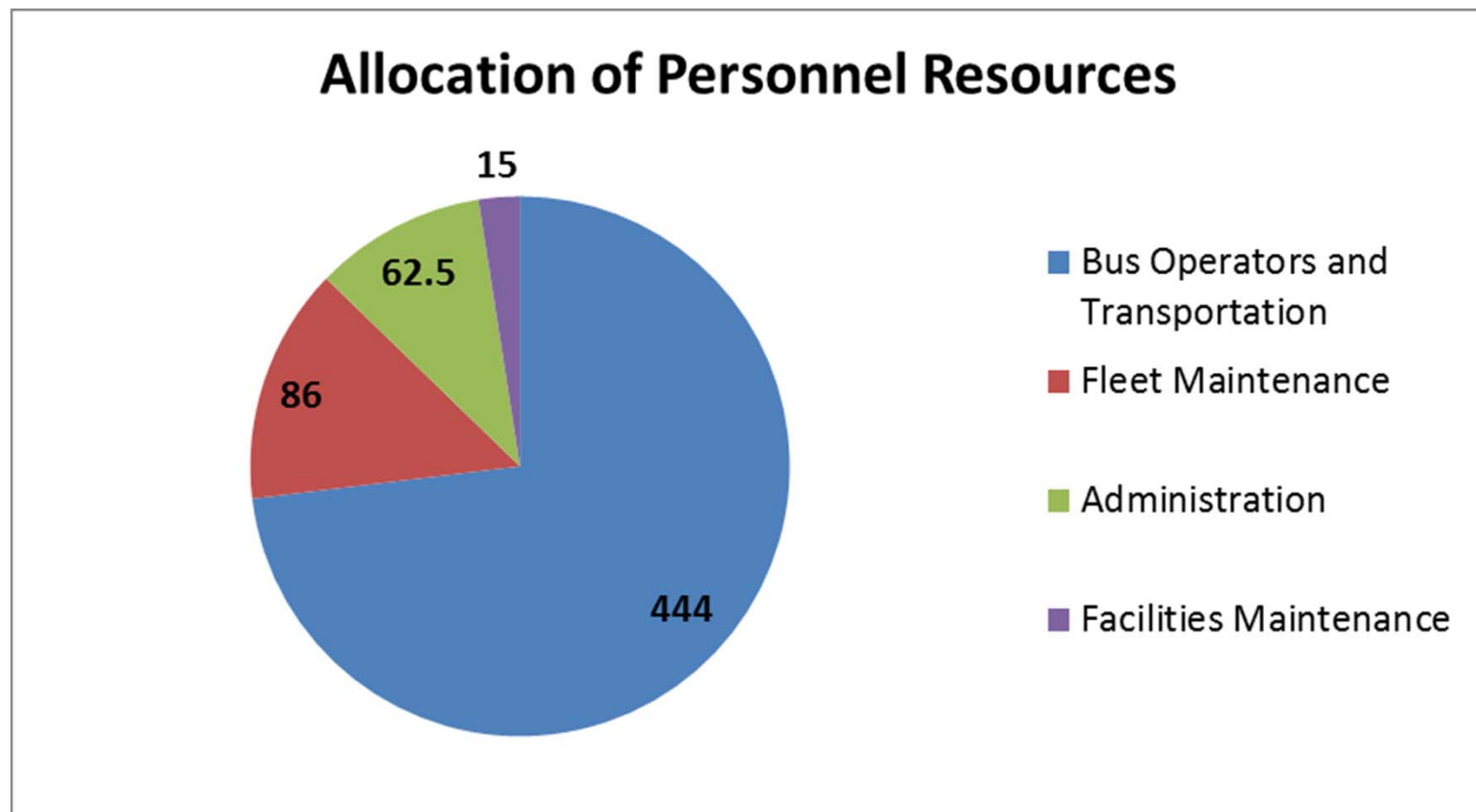
Comparison of PSTA to Others

- In the public transit industry PSTA compares favorably in percent of personnel to total costs.



Allocation of Personnel Resources

- The largest group of employees at PSTA are our Bus Operators.

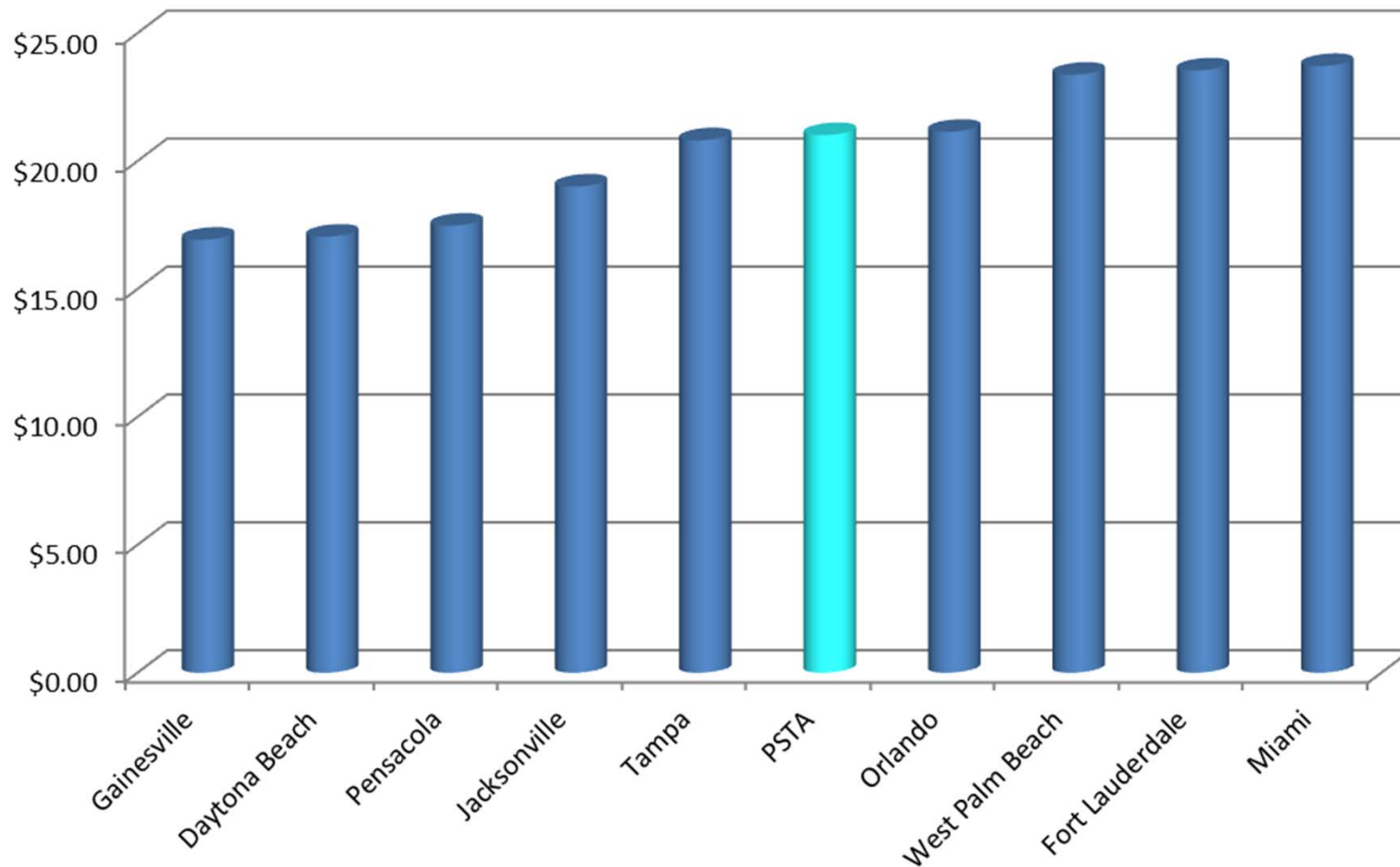


PSTA Labor Agreements Drive Costs

- **TBATWU** – Operators/Mechanics/Facility Maintenance/CSRs
 - 478 Covered PSTA Positions
 - 3 Yr. Agreement Expires 9/30/2015
 - Last 3 Years: 1% Per Year + Steps + Perf. Bonus
 - Possible Membership Vote to Change to SEIU.
- **SEIU** – 1st-Line Supervisors
 - 29 Covered Positions
 - New 3 Yr. Agreement As of 10/1/2014
 - Wages Float 5% Above TBATWU

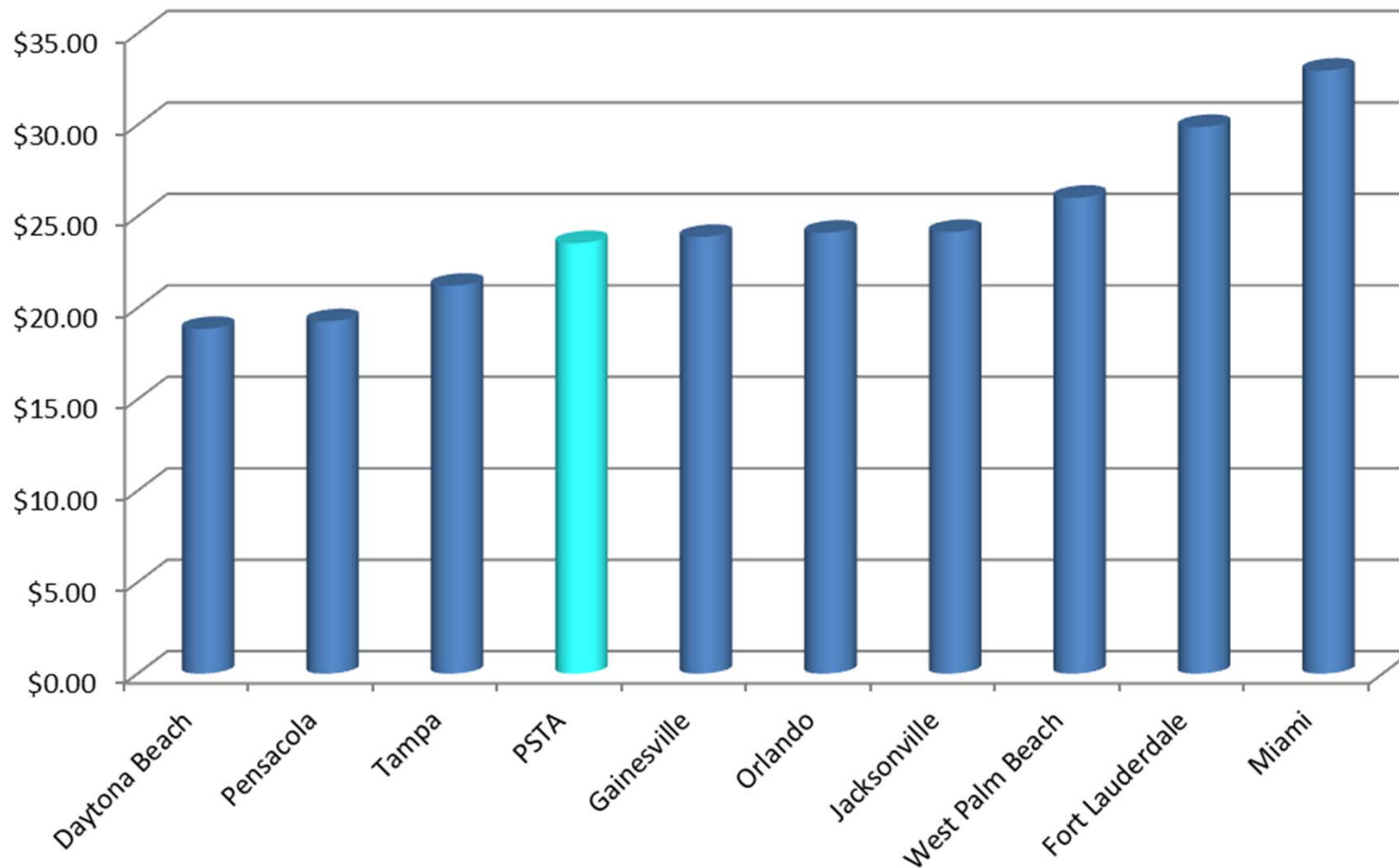
Bus Operator Pay Comparison

Florida Public Transit Bus Operator Top Rates



Mechanic Pay Comparison

Florida Public Mechanic Top Rates

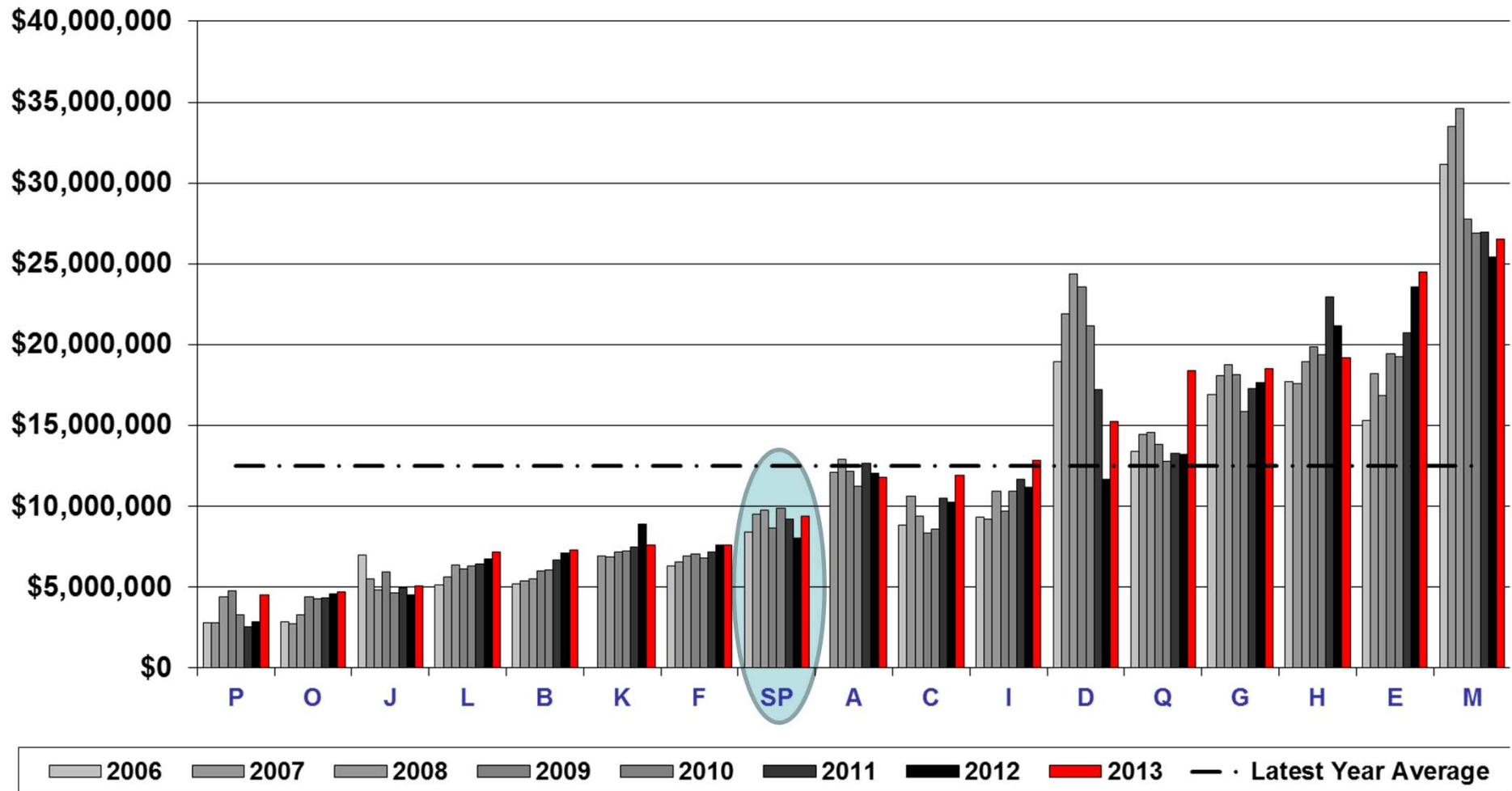


FY2016 Budget Assumptions

- Labor Negotiations this Summer will be managed within FY2016 and future budget assumptions.
- 2014 National Average Transit Labor Settlements: The average was 2% for wage growth.
- PSTA Administrative Adjustment Assumptions: **3% Merit Average (no lump sum).**

PSTA Overhead Costs are Low

Administration & Other Overhead Costs



Personnel Assumptions

- Personnel costs are forecast to increase 3.3% in FY 16 and 3.5% from FY 17 - FY 20.
- This assumes an average 3% merit based adjustment for administrative employees.

Accounting for Attrition

- Natural attrition leads to cost savings through temporarily vacant positions. In FY 16 this will be accounted for when we prepare the budget.
- PSTA's average position vacancy rate for the last 6 years is less than 1% and FY 16 budget assumption is 1%.



Fringe Benefits

- The largest components of the fringe benefit costs are the employer contribution to the Florida Pension System and health insurance .
- Fringe Benefits, primarily due to health insurance, are forecast to increase 7% in FY 2016. The Gehring Group, our health insurance broker, has provided this forecast.

Florida Retirement System (FRS)

- The State Legislature establishes the employer contribution rates for the FRS.
- Good news – the State actuarial report as of June 2014 indicates that rates may not need to be adjusted in 2016.
- The contribution rates will be announced at the end of the legislative session.
- The current contributions are forecast to be stable at \$2.2 million, the same as FY 2015.

Health Insurance

- PSTA's portion of the premiums are forecast to be \$5.5 million in FY 16, representing an increase of 7%.
- There are three options that staff has explored:
 - Maintain being fully insured
 - Self Insured
 - Minimum Premium Arrangement (this is a hybrid of fully insured and self insured)
- **Staff recommends remaining fully insured, at this time as it is the most cost effective and best for the employee.**

In Summary

- Personnel is PSTA's biggest cost driver.
- We expect to be within the budget assumptions.
- Labor negotiations are our greatest uncertainty.

QUESTIONS