



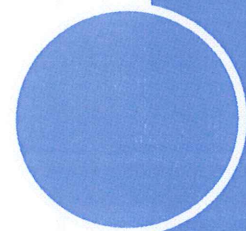
OPERATING BUDGET

FY 2012

Adopted by the Board of Directors – September 15, 2011

The Operating Budget reflects the financial and human resources necessary to operate the Ann Arbor Transportation Authority from October 1, 2011 to September 30, 2012.

Ann Arbor, Michigan



ANN ARBOR TRANSPORTATION AUTHORITY

FY 2012 OPERATING BUDGET

Executive Summary

The Operating Budget reflects the human and financial resources to provide the following from October 1, 2011 to September 30, 2012:

- 190,500 Fixed route bus service hours providing over 6.2 million passenger trips
- 58,000 ARide and Good as Gold service hours providing 144,000 passenger trips
- 10,000 Night Ride Service Hours providing 20,000 passenger trips
- 2,300 A2Express Service hours providing 24,000 passenger trips

The Budget reflects an operating deficit, with the following areas of special note.

Revenues:

- The Ann Arbor 2011 Property Tax Levy is reduced by 1.0% due to declining property values.
- The Purchase of Service Agreement (POSA) amounts are based on charging fully-allocated costs in FY 2012.
- We are adding a new route #34 to improve the service around Eastern Michigan University.
- The State Formula Operating Assistance percentage for urban services has decreased from 31.29% in FY 2011 to 30.63% for FY 2012. The projected FY 2012 amount is greater than the 1997 Floor (minimum) by \$1.3 million. This amount is subject to reconciliation and audit, which could result in either increase or decrease, based on actual eligible expenses incurred and total State tax revenue received in FY 2012.
- Approximately \$1.0 million of Unrestricted Net Assets (reserves) will be used to make up the operating deficit.

Expenses:

- Transit Master Plan – The Proposed FY 2012 Operating Budget includes the personnel, consulting and other costs needed to support the AATA Transit Master Plan, including the costs necessary to educate and inform the public, change AATA's governance structure and branding. We are expecting to use a combination of Federal planning grant revenues and unrestricted net assets to fund about \$1.1 million in one-time expenses to support the County-Wide Initiative and Transit Master Plan Implementation.
- Airport Shuttle Service – The budget includes supporting a shuttle service between Ann Arbor and Detroit Metro Airport.
- There are salary increases for merit for management staff “up to” 2.0% with a bonus pool of \$30,000, which represents 1.0% of management salaries. The employees in the labor union will receive the scheduled 3.5% increase effective January 1, 2012, as agreed in the last year of the five year collective bargaining agreement (January 1, 2008 to December 31, 2012).
- Biodiesel (B20) fuel prices are expected to average \$3.00 per gallon, less of heating oil futures gains of \$208,000 (\$0.32 per gallon) to yield a net cost of \$2.68. We will use 650,000 gallons.
- Casualty and liability insurance expense includes an estimated \$72,000 for claims below our vehicle insurance \$25,000 deductible for minor incidents and accidents. This is consistent with the amount paid in fiscal year 2011 for minor claims.

**ANN ARBOR TRANSPORTATION AUTHORITY
ADOPTED FY 2012 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2010	Adopted Budget FY 2011*	Estimated Projected FY 2011	Adopted Budget FY 2012	Budget Change B to D	Percent Change B to D
REVENUES:						
Local Property Tax Revenues	\$9,663,422	\$9,414,574	\$9,011,544	\$9,240,000	(\$174,574)	-1.9%
Purchase of Service Agmts - Urban	535,787	716,935	715,935	811,624	\$94,689	13.2%
Purchase of Service Agmts - Nonurban	372,995	434,545	435,120	436,456	\$1,911	0.4%
Purchase of Service Agmts - Interurban	0	0	0	546,982	\$546,982	100.0%
Passenger Revenue	4,231,877	4,737,615	5,069,984	5,480,987	\$743,372	15.7%
State Operating Assistance	6,761,683	7,533,996	7,334,377	8,659,837	\$1,125,841	14.9%
Federal Operating Assistance	3,253,137	3,545,109	2,456,704	3,774,143	\$229,033	6.5%
Interest and Other	332,004	735,688	359,866	468,967	(\$266,721)	-36.3%
TOTAL REVENUES	\$25,150,905	\$27,118,462	\$25,383,529	\$29,418,995	\$2,300,533	8.5%
EXPENSES:						
PERSONNEL:						
Operator Wages	\$5,579,508	\$5,985,694	\$5,880,535	\$6,499,246	\$513,552	8.6%
Call Taker Wages	\$176,603	\$138,662	\$151,670	\$163,273	\$24,611	17.7%
Vehicle Maintenance Wages	\$813,075	\$854,349	\$815,993	\$915,021	\$60,671	7.1%
Vehicle Service Wages	\$384,788	\$391,699	\$400,455	\$408,187	\$16,488	4.2%
Facility Maintenance Wages	\$88,254	\$90,134	\$91,067	\$141,099	\$50,965	56.5%
Hourly Cashout (in wages above if \$0)	\$137,122	\$118,803	\$98,600	\$96,000	(\$22,803)	-19.2%
Total Hourly Wages	\$7,179,350	\$7,579,342	\$7,438,319	\$8,222,826	\$643,484	8.5%
Management Wages	\$2,890,247	\$3,138,046	\$2,901,408	\$3,526,672	\$388,626	12.4%
Subtotal Wages	\$10,069,597	\$10,717,388	\$10,339,727	\$11,749,498	\$1,032,110	9.6%
Fringe Benefits	4,081,320	4,529,092	4,307,540	4,893,290	\$364,198	8.0%
SUBTOTAL	14,150,917	15,246,480	14,647,267	16,642,788	\$1,396,308	9.2%
OTHER EXPENSES:						
Purchased Services	1,992,036	2,747,649	1,852,279	2,819,884	\$72,235	2.6%
Diesel Fuel and Gasoline	1,694,831	1,424,000	1,384,422	1,745,000	\$321,000	22.5%
Materials and Supplies	1,256,925	1,531,603	1,356,573	1,744,079	\$212,476	13.9%
Utilities	516,617	456,447	449,660	463,838	\$7,391	1.6%
Casualty & Liability Insurance	456,021	440,200	482,673	493,000	\$52,800	12.0%
Purchased Transportation	4,526,893	4,391,628	4,393,161	5,545,914	\$1,154,286	26.3%
Other Expenses	311,903	582,400	401,744	761,114	\$178,714	30.7%
Local Depreciation	213,638	210,000	200,000	195,000	(\$15,000)	-7.1%
Total Other Expenses	10,968,864	11,783,927	10,520,511	13,767,829	1,983,901	16.8%
TOTAL EXPENSES	25,119,781	27,030,407	25,167,778	30,410,616	\$3,380,209	12.5%
OPERATING SURPLUS (DEFICIT)	\$31,124	\$88,055	\$215,751	(\$991,621)	(\$1,079,676)	

ASSUMPTIONS:	Audited FY 2010	Budget FY 2011*	Estimated Projected FY 2011	Adopted Budget FY 2012	Amount Change B to D	Percent Change B to D
Service Hours:						
Fixed Route	181,660	184,700	184,782	192,800	8,100	4.4%
Subcontracted Service	85,006	73,000	73,600	72,600	(400)	-0.5%
Total	266,666	257,700	258,382	265,400	7,018	2.7%
Passenger Trips:						
Fixed Route	4,701,100	5,873,500	5,950,300	6,285,300	411,800	7.0%
Subcontracted Service	165,577	161,000	156,500	164,000	3,000	1.9%
Total	4,624,000	6,034,500	6,106,800	6,449,300	342,500	5.7%

*FY 2011 Budget was amended on June 3, 2011.

**ANN ARBOR TRANSPORTATION AUTHORITY
ADOPTED FY 2012 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2010	Adopted Budget FY 2011*	Estimated Projected FY 2011	Adopted Budget FY 2012	Percent Change B to D	Budget Note
REVENUES:						
Local Property Tax Revenues	\$9,663,422	\$9,414,574	\$9,011,544	\$9,240,000	-1.9%	1
Purchase of Service Agreements						
Urban	535,787	716,935	715,935	811,624	13.2%	2
Non-Urban	372,995	434,545	435,120	436,456	0.4%	
Inter-Urban	0	0	0	546,982	100.0%	
Total	908,782	1,151,480	1,151,055	1,795,062	55.9%	
Passenger Revenue						
Cash, Tokens and Passes	1,958,891	2,103,230	2,314,788	2,486,398	18.2%	3a
Subcontracted Revenue	521,860	570,000	566,175	583,400	2.4%	3b
Special Fares (UM, EMU, WCC & DDA)	1,751,126	2,064,385	2,189,021	2,411,189	16.8%	3c
Total	4,231,877	4,737,615	5,069,984	5,480,987	15.7%	
State Operating Assistance						
Formula Operating - Urban	6,317,122	6,979,174	6,811,228	7,598,068	8.9%	4
Formula Operating - Nonurban	296,970	406,408	410,014	413,955	1.9%	
Prior year Formula Adjustments	(57,699)	0	0	0	0.0%	
Job Access/Reverse Commute (JARC)	12,903	10,600	23,320	40,000	277.4%	
Planning Grants	103,441	48,000	0	48,000	100.0%	
Preventive Maintenance	0	0	0	420,000	100.0%	
Capital Cost of Contracting	0	0	0	50,000	100.0%	
Specialized Services	88,946	89,814	89,814	89,814	0.0%	
Total	6,761,683	7,533,996	7,334,377	8,659,837	14.9%	
Federal Operating Assistance						
Cong Mitigation/Air Quality-TDM	225,000	455,000	325,072	455,000	0.0%	5
Operating (ARRA)	280,000	0	0	0	100.0%	
Planning Section 5303	49,440	49,440	49,440	49,440	0.0%	
Planning Section 5307	617,431	795,000	494,988	525,000	-34.0%	
Preventative Maintenance (Sec 5307)	1,475,000	1,680,000	1,065,000	2,230,000	32.7%	
Capital Cost of Contracting (Sec 5307)	200,000	200,000	200,000	200,000	0.0%	
Commuter Express (CMAQ)	162,190	115,678	52,230	0	-100.0%	
Job Access/Reverse Commue (JARC)	51,608	42,400	21,783	88,000	100.0%	
New Freedom	35,914	27,000	46,642	10,000	100.0%	
Work Study	0	4,800	3,784	4,800	100.0%	
Non-Urban Section 5311	156,554	175,791	197,765	211,903	20.5%	
Total	3,253,137	3,545,109	2,456,704	3,774,143	6.5%	
Interest and Other						
Interest	85,270	95,000	60,128	60,000	-36.8%	6
Other Governmental Reimbursements	248,792	539,688	220,043	317,967	100.0%	
Advertising and other	(2,058)	101,000	79,696	91,000	-9.9%	
Total	332,004	735,688	359,866	468,967	-36.3%	
TOTAL REVENUES	\$25,150,905	\$27,118,462	\$25,383,529	\$29,418,995	8.5%	

**ANN ARBOR TRANSPORTATION AUTHORITY
ADOPTED FY 2012 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2010	Adopted Budget FY 2011*	Estimated Projected FY 2011	Adopted Budget FY 2012	Percent Change B to D	Budget Note
EXPENSES:						
WAGES:						
Motor Coach Operator (MCO) Wages	5,579,508	5,985,694	5,880,535	6,499,246	8.6%	7
Call Taker Wages	176,603	138,662	151,670	163,273	17.7%	
Vehicle Maintenance Wages	813,075	854,349	815,993	915,021	7.1%	8
Vehicle Service Wages	384,788	391,699	400,455	408,187	4.2%	8
Facility Maintenance Wages	88,254	90,134	91,067	141,099	56.5%	8
Hourly Medical Cashout	137,122	118,803	98,600	96,000	-19.2%	9
TOTAL LABOR UNION WAGES	7,179,350	7,579,342	7,438,319	8,222,826	8.5%	
Operations Supervision	611,226	705,073	645,269	744,454	5.6%	10
Maintenance Supervision	478,204	491,951	434,738	503,222	2.3%	11
Admin. Wages (IT, HR, Finance, SD, CR)	1,800,817	1,941,022	1,821,402	2,278,996	17.4%	12
TOTAL MANAGEMENT WAGES	2,890,247	3,138,046	2,901,408	3,526,672	12.4%	
TOTAL WAGES	10,069,597	10,717,388	10,339,727	11,749,498	9.6%	
FRINGE BENEFITS:						
Payroll Taxes	745,583	798,210	774,529	868,604	8.8%	13
Pension	792,524	795,936	763,703	808,040	1.5%	7.39%
Medical Insurance	1,520,970	1,791,318	1,721,930	2,069,054	15.5%	6.88%
Medical & Dependent Care	12,322	14,704	15,125	14,704	0.0%	17.61%
Vision	39,381	42,207	43,872	44,252	4.8%	0.13%
Dental	197,514	190,896	185,976	199,162	4.3%	0.38%
Life Insurance	81,482	68,811	58,380	69,848	1.5%	1.70%
Unemployment	0	25,222	20,000	25,689	1.8%	0.59%
Workers' Compensation	257,909	317,854	289,412	335,049	5.4%	0.22%
Long Term Disability	20,248	26,561	25,332	26,981	1.6%	2.85%
Short Term Disability	79,948	78,090	78,108	77,748	-0.4%	0.23%
Health Care Savings Plan	248,750	271,500	246,188	272,100	0.2%	0.66%
Post-Retirement Health Care Benefits	84,689	107,783	84,987	82,059	-23.9%	2.32%
TOTAL FRINGE BENEFITS	4,081,320	4,529,092	4,307,540	4,893,290	8.0%	0.70%
						% of Wages
TOTAL PERSONNEL COSTS	14,150,917	15,246,480	14,647,267	16,642,788	9.2%	
PURCHASED SERVICES:						
Bank Fees	1,012	3,000	7,502	7,500	150.0%	14
Agency, Design Fees	37,532	168,837	96,669	356,000	110.9%	
Architectural Design Fees (WALLY)	0	190,800	0	190,800	100.0%	
Physical Exams	12,604	12,000	11,397	14,000	16.7%	
Legal Fees	69,924	105,000	83,516	200,000	90.5%	
Auditing Fees	20,600	25,000	15,400	23,000	-8.0%	
Property Tax Collection Fees	96,587	93,400	93,612	92,400	-1.1%	
Information Technology Services	0	112,000	1,688	115,000	2.7%	
Contracted Maintenance Services	388,845	430,488	367,169	458,188	6.4%	
Mobility Management	95,924	200,000	185,538	200,000	0.0%	
Custodial Services	119,655	126,039	88,044	83,946	-33.4%	
Security Services	216,943	211,300	204,712	210,000	-0.6%	
Internet Services	24,881	58,360	39,360	88,900	52.3%	
Towing	13,752	11,000	8,618	11,300	2.7%	
Consulting Fees - Planning Grants	656,518	660,000	501,582	245,000	-62.9%	
Consulting Fees - Other	162,023	188,000	96,759	347,350	84.8%	
Media Relations & Public Relations	65,267	131,925	37,560	143,500	8.8%	
Benefit Administration Fees	9,969	20,500	20,657	33,000	61.0%	
TOTAL PURCHASED SERVICES	1,992,036	2,747,649	1,852,279	2,819,884	2.6%	

**ANN ARBOR TRANSPORTATION AUTHORITY
ADOPTED FY 2012 OPERATING BUDGET
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F
	Audited FY 2010	Adopted Budget FY 2011*	Estimated Projected FY 2011	Adopted Budget FY 2012	Percent Change B to D	Budget Note
BIODIESEL FUEL AND GASOLINE, NET (PER GALLON)	1,694,831	1,424,000	1,384,422	1,745,000	22.5%	15
	\$2.71	\$2.30	\$2.23	\$2.68		
MATERIALS AND SUPPLIES:						
Lubricants, Anti-Freeze and Urea	73,153	90,000	91,401	136,900	52.1%	16
Tires and Tubes	53,329	77,000	107,046	98,700	28.2%	
Repair Parts	491,688	555,620	410,823	570,830	2.7%	
Perishable Tools	3,845	3,900	2,346	4,000	2.6%	
Equipment Repairs	719	3,250	248	3,250	0.0%	
Other Materials and Supplies	309,194	335,803	266,645	357,899	6.6%	
Computer Software	182,357	221,500	276,998	293,000	32.3%	
Office Equipment	1,707	1,500	2,177	1,500	0.0%	
Production Costs	10,131	43,750	35,145	54,500	24.6%	
Printing Costs	124,001	193,680	158,843	217,900	12.5%	
Mechanics Tools	6,801	5,600	4,902	5,600	0.0%	
TOTAL MATERIALS & SUPPLIES	1,256,925	1,531,603	1,356,573	1,744,079	13.9%	
UTILITIES:						
Natural Gas	221,170	175,247	174,489	166,788	-4.8%	17
Electricity	226,645	182,400	198,371	204,000	11.8%	
Water	29,546	43,300	31,420	43,300	0.0%	
Telephone	39,256	55,500	45,381	49,750	-10.4%	
TOTAL UTILITIES	516,617	456,447	449,660	463,838	1.6%	
ASUALTY AND LIABILITY INSURANCE:	456,021	440,200	482,673	493,000	12.0%	18
PURCHASED TRANSPORTATION:						
A-Ride and Senior Taxi (Good as Gold)	3,044,171	3,040,628	3,001,241	2,875,000	-5.4%	19
Night Ride	272,598	290,000	290,883	362,000	24.8%	
NonUrban-Western Wash. Area Value Express	409,677	432,000	433,239	461,014	6.7%	
NonUrban-People's Express	475,506	620,000	647,999	648,000	4.5%	
Commuter Express	324,720	0	0	0	0.0%	
Mobility Management	0	0	19,500	78,000	100.0%	
Airport Shuttle Services	0	0	0	1,116,900	100.0%	
Guaranteed Ride Home	221	9,000	300	5,000	-44.4%	
TOTAL PURCHASED TRANSP	4,526,893	4,391,628	4,393,161	5,545,914	26.3%	
OTHER EXPENSES:						
Uniform Expense	55,218	75,000	64,890	76,900	2.5%	20
Postage	7,434	19,300	8,509	72,400	275.1%	
Dues and Subscriptions	68,070	75,175	69,540	84,409	12.3%	
Conference, Travel and Meetings	33,483	42,000	45,085	51,000	21.4%	
Media Planning & Placement	87,053	247,925	142,897	342,000	37.9%	
Employee Development	26,721	76,100	42,501	90,200	18.5%	
Recruitment & Hiring	1,974	1,000	0	1,000	100.0%	
Equipment and Parking Lot Rental	31,950	45,900	28,324	43,205	-5.9%	
TOTAL OTHER EXPENSES	311,903	582,400	401,744	761,114	30.7%	
LOCAL DEPRECIATION:	213,638	210,000	200,000	195,000	-7.1%	
TOTAL EXPENSES	\$25,119,781	\$27,030,407	\$25,167,778	\$30,410,616	12.5%	

*FY 2011 Budget was amended on June 3, 2011.

**ANN ARBOR TRANSPORTATION AUTHORITY
FY2012 OPERATING BUDGET
STAFFING INFORMATION**

	BUDGET FY 2010	BUDGET FY 2011*	Actual Jul-11	Adopted BUDGET FY 2012	Notes
Labor Union:					
Motor Coach Operators - Full Time	104.00	107.00	103.00	105.00	Decr. Number of Full-Time FTEs
Motor Coach Operators - Part Time	14.00	10.50	17.25	17.25	Incr. Number of Part-Time FTEs
Call-Takers	4.00	3.00	3.00	3.40	Part-time weekend coverage
Vehicle Maintenance	16.00	16.00	16.00	16.00	
Vehicle Service Crew	8.00	9.00	9.00	9.00	
Facilities	2.00	2.00	2.00	3.00	Add Lead Facilities Worker
Total Labor Union	148.00	147.50	150.25	153.65	
Management:					
Transportation	9.00	10.00	10.00	11.00	Van Pool & Other Services Coordinator (moved from Community Relations)
Maintenance	7.50	7.50	7.50	7.50	
Executive	4.00	6.00	6.00	7.00	TMP Administrative Assistant
Information Technology	3.00	3.00	3.00	4.00	Network Administrator
Finance/Purchasing	5.00	6.00	5.00	6.00	Service Development/Financial Planner (vacant)
Human Resources	3.00	3.00	3.00	3.00	
Service Development	2.50	3.00	3.00	3.00	
Community Relations	3.00	5.75	4.00	5.00	Community Outreach Coordinator, funded through CMAQ (vacant)
CR - GetDowntown	0.00	2.00	2.00	2.00	
Total Management	37.00	46.25	43.50	48.50	
AATA Total	185.00	193.75	193.75	202.15	

*FY 2011 Budget was amended on June 3, 2011.

Ann Arbor Transportation Authority
Adopted Operating Budget
Fiscal Year October 1, 2011 Through September 30, 2012
Budget Notes

Column Descriptions for Pages Two through Five:

- A. Audited Fiscal Year 2010** – These amounts are taken from the audited financial statements for the year ended September 30, 2010 with the independent auditors' report dated March 4, 2011. Some reclassifications have been made to conform to the presentation of the operating budget.

- B. Adopted Budget Fiscal Year 2011, as amended** – These amounts are taken from the budget adopted at the board of directors meeting on September 23, 2009 with a mid-year amendment on June 3, 2011, which transferred \$200,000 from salaries and benefits to expenses to support the Transit Master Plan.

- C. Estimated Projected Fiscal Year 2011** – These amounts are projected based on nine months of actual revenue and expenses with seasonal adjustments.

- D. Adopted Budget 2012** –The FY 2012 Budget assumes an increased level of service for fixed route and a consistent level for Commuter Express, A-Ride, Night Ride, non-urban demand response.

Ann Arbor Transportation Authority
Adopted Operating Budget
Fiscal Year October 1, 2011 Through September 30, 2012
Budget Notes

Revenues:

1. **Local Tax Revenues** – The July 2011 property tax levy decreased by 1.2%, due to the general decrease in property values. The levy amount was confirmed with the City of Ann Arbor and is based on the taxable value provided by the Washtenaw County Equalization Department less the City DDA portion x 2.056 mills. We are projecting no increase or decrease next July 2012.
2. **Purchase of Service Agreements** – These are the proposed contracted amounts the other governments will be charged based on the same level of service with the fully allocated POSA hourly rate increasing from \$99.00 in 2011 to \$112.16 in 2012 (+13.3%).
3. **Passenger Revenue:**
 - a. **Cash, Passes and Tokens** - We are budgeting an increase in passenger revenue based on the increased ridership and increased service hours. We are also projecting increase in Commuter Express revenue based on increasing ridership trends.
 - b. **Subcontracted Revenue** – We are budgeting consistent revenue for ARide and Night Ride, WAVE and Northfield’s Human Services pass-through.
 - c. **Special Fares** – Special Fares are when someone other than the rider pays the fare. We are budgeting \$509,000 for the sale of 6,600 go!passes at \$77.00 each. The University of Michigan Unlimited Access contract amount represents the second year of the second five year agreement. The EMU amount of \$286,600 is double of the FY 2011 amount, due to a new route guarantee for route #34 in additional to the route #33 during the school year.
4. **State Operating Assistance** - The State Urban Formula Operating is \$1,281,000 greater than the 1997 floor (\$6,317,122). The formula rate is projected to be 30.63% (2011 was 31.29%) based on our total budgeted urban eligible expenses. The Nonurban State Formula Operating is the non-urban eligible expenses at 36.14% (2011 was 36.99%). These percentages are based on the State’s latest communications, but are subject to reconciliation and audit, resulting in changes (either increase or decrease) based on actual AATA eligible expenses and total State tax revenue received in FY 2012. The State revenue also includes the match for Preventative Maintenance and Capital Cost of Contracting, which has not been available for the past few years.
5. **Federal Operating Assistance** – Federal Formula Funds are budgeted based on the current five-year Capital and Categorical Grant Program. Congestion Mitigation/Air Quality (CMAQ) is the federal share for Rideshare and GetDowntown program. The amount of Preventative Maintenance funds includes \$816,000 realized from UofM Transportation Services. Planning includes a portion of the Transit Master Plan (\$160,000).
6. **Interest and Other Revenue** - Interest is based on projected cash balances at a 0.45% rate of return. We are budgeting advertising revenue at \$75,000, because of the reduced activity in advertising and partial bus wraps. The current advertising broker contract expires on June 30, 23012. Other revenue includes \$157,000 in grants from the other participating municipalities in the WALLY project.

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Budget Notes

Expenses:

7. **Operator Wages** – The number of Motor Coach Operators (MCOs) will increase from 117.5 to 122.25 Full Time Equivalents (FTE) resulting from increased service between Ann Arbor and Ypsilanti along route #4. The total includes 105 full-time positions and 23 part time (3/4) positions (17.25 FTE), which reduce fringe benefit expenses. The top wage rate for MCOs will increase from \$23.20 to \$24.00 (3.45%) on January 1, 2012 based on five year labor agreement, which expires December 31, 2012. Overtime increases slightly from 2.60% to 2.73%. Built into the budget are additional hours for University of Michigan football games (90 hours per game) and Art Fair (750 hours) at generally overtime rates.
8. **Maintenance Wages** – The wage increases for the Master Technicians are 3.4% from \$25.05 to \$25.90, effective January 1, 2012. The wages for the Service Crew will increase by 3.4% from \$20.35 to \$21.05. The budget includes a new lead facilities maintenance position, which will increase facilities technicians from 2 to 3.
9. **Hourly Cashout** – This amount is for the payment to hourly employees in lieu of taking medical benefits. These amounts are \$3,600 for employees who are eligible to receive family medical coverage based on the labor agreement. Employees eligible for two person coverage will receive two thirds of the family amount and employees eligible for single coverage will receive one third of the family amount.
10. **Operations Supervision (Management)** – These wages include the management wages for the manager of operations, seven operations supervisors, administrative assistant, customer service ombudsman and paratransit coordinator with a maximum of 2.0% merit increases. The budget includes the transfer of the vanpool and other services coordinator position budgeted in FY 2011, from Community Relations.
11. **Maintenance Supervision (Management)** – These wages include the management wages for the maintenance department manager, two vehicle mechanic supervisors, a parts inventory supervisor, two electronic technicians, a facilities zones supervisor, and a part-time administrative assistant, with a maximum of 2.0% merit increase.
12. **Administrative Wages (Management)** – Administrative departments include Administration, Information Technology, Finance and Purchasing, Human Resources, Service Development and Planning and Community Relations, including the GetDowntown program. There are salary increases for merit for management staff “up to” 2.0% with a bonus pool of \$30,000, which approximates 1.0% of management salaries. New positions include:
 - a. Administration – Transit Master Plan Administrative Assistant to support the unincorporated (“U196”) Board
 - b. IT – Network Administrator to support IT initiatives and support AATA
13. **Fringe Benefits** – Payroll taxes (FICA), pension, unemployment and workers’ compensation expenses are based on wages and statutory or contractual rates.

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Medical insurance plans are from Blue Care Network (BCN) and premiums increased 12.0% on August 1, 2011. Medical & dependent care reimbursement, vision, dental, life insurance, long term and short term disability are based on the number of employees at the monthly premium amounts effective August 1, 2011. The budget assumes 10.0% increase in medical insurance on August 1, 2012. Life insurance, long-term and short-term disability rates are staying consistent. Hourly personnel continue to contribute \$15, \$30 or \$45 per pay for single, 2 person or family coverage. All management personnel have been paying 10% of medical, vision and dental insurance premiums since 2006.

The pension expense is 8.0% of wages for full-time employees eligible after one year of service and assumes a turnover of approximately 4.0%. This amount is net of forfeitures of AATA provided pension match for employees who leave before the five-year vesting period.

Our workers' compensation rates are from the current policy period, expiring December 30, 2011. Historically, we have had favorable results from our dividend program with our workers' compensation carrier, expecting refunds per year. We are budgeting for a \$40,000 refund based on the claims currently outstanding.

The health care savings plan (HCSP) is a defined contribution plan administered by the Municipal Employees Retirement System (MERS) and became effective January 1, 2008. AATA contributes \$125 to an employee's health savings account each month. This money will be available to each employee for eligible health care expenses post employment after a 10 year vesting period.

We still maintain the post employment medical defined benefits plan for current retirees and the twelve eligible active employees who elected to participate in it instead of participating in the HCSP. Even though the plan is closed, the Authority will still need to contribute approximately \$82,000 each year. An actuary study was conducted as of September 30, 2010, which determined future contribution amounts.

- 14. Purchased Services** – There is a decrease in the use of consultants since the connector study concluded in FY 2011 (\$320,000), which was funded by a Federal planning grant (\$160,000), City of Ann Arbor (\$80,000) and the University of Michigan (\$80,000). The budget includes the remaining portion of the Transit Master Plan consultants (\$160,000) also funded by a Federal planning grant. Consulting also includes amounts for an Organizational Strategic Plan of \$250,000 and Board & Staff Development of \$63,000.
- 15. Diesel Fuel and Gasoline** – We are expecting an increase in ultra-low #2 biodiesel (B20) fuel prices from \$2.30 to \$2.68 per gallon, net of fuel futures hedging gains and losses, which we expect to average \$0.32 per gallon. We expect to use 650,000 gallons of biodiesel fuel (B20% in the summer months and B10% in the winter months). We also use 7,000 gallons of gasoline in our non-revenue vehicles per year.

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16. Materials and Supplies – We are utilizing more Federal grant funds for associated capital maintenance to cover the costs of an estimated \$100,000 in components (engines, transmissions, radiator assemblies, etc.). We expect most other items to be consistent with the 2011 budget.

17. Utilities – For natural gas, we expect the price per million British Thermal Unit (MMBTU) to be \$8.64 at our historical usage at 18,000 MMBTU. We switched our telephone system to voice over internet protocol (VOIP) in partnership with the City of Ann Arbor and have realized significant savings.

18. Insurance – Our vehicle and corporate insurance renewal rates were less than expiring. The expense includes an estimate* of annual insurance claims below our \$25,000 deductible for minor incidents and accidents. The insurance detail is as follows:

	FY 2011	FY 2012
a. Vehicles Insurance - Premiums	\$259,200	\$287,100
b. Vehicles Insurance – Minor Claims under \$25,000*	42,000*	\$72,000*
c. Property	21,800	\$18,500
d. Terminal Fire	23,700	\$22,000
e. Public Official and Employer Practices Liability	20,600	\$20,700
f. Underground Storage Tank Pollution Liability	8,600	\$6,500
g. Fiduciary	5,900	\$5,900
h. Commercial General Liability	5,700	\$5,200
i. Government Official/Crime	2,700	\$2,700
j. Broker Fees	<u>\$52,000</u>	<u>\$52,400</u>
Total	<u>\$440,200</u>	<u>\$493,000</u>

19. Purchased Transportation – The amount for ARide and Senior Taxi is based on the contract effective August 1, 2011 with decreasing demand due to the fare increase. The WAVE and People’s Express portions are the pass-through amounts to these entities using Nonurban State Operating Assistance and Federal Section 5311 grants. Purchased Transportation includes \$1.1 million for the Ann Arbor to Detroit Metro Airport, which is partly funded from State operating assistance, the private carrier and the local property tax millage.

20. Other Expenses – Media costs and postage are increasing in Community Relations due to initiatives supporting the additional services and County Wide Transit Master Plan Initiative and other goals in the FY 2012 Work Plan.

Ann Arbor Transportation Authority
 Consulting and Public Relations
 Fiscal Year 2012

Department		FY 2011* Budgeted Amount	FY 2012 Budgeted Amount
	Consulting - Planning Grants:		
Section 5307 Planning	Connector Study	\$320,000	\$0
Section 5307 Planning	Transit Master Plan	\$340,000	\$160,000
Section 5307 Planning	On-Board Survey & Market Research	\$0	\$85,000
	Total Consulting Reimbursed by Planning Grants	\$660,000	\$245,000
	Consulting - Other:		
Administration	Strategic Planning	\$150,000	\$250,000
Administration	Board Orientation for u196 Board	\$0	\$30,000
Administration	Marketing Plan Development	\$20,000	\$0
Administration	ARide Procurement Planning	\$10,000	\$22,000
Human Resources	Salary Administration Plan	\$2,000	\$2,000
Human Resources	Board/Staff Training on Continuous Improvement Teams	\$0	\$18,000
Human Resources	Human Resources - Actuary and other	\$6,000	\$0
WALLY	Negotiation Assistance with WALLY Track Rights	\$25,000	\$25,000
Operations	LAC - Interpretation for Hearing Impaired	\$0	\$350
	Total Consulting - Other	\$213,000	\$347,350
	Media and Public Relations:		
Commuter Express	Communications Plan to support Commuter Express	\$500	\$500
WALLY	WALLY Communications Plan	\$10,000	\$500
Community Relations	Communications Plan to support Fixed Route	\$1,500	\$44,500
Community Relations	Communications Plan to support Goals & Objectives	\$15,000	\$15,000
Community Relations	Communications Plan to support Ann Arbor - Ypsilanti	\$0	\$2,000
Community Relations	Communications Plan to support Ann Arbor - Metro Airport	\$0	\$10,000
Community Relations	Communications Plan to support Van Pool Services	\$0	\$5,000
Community Relations	Communications Plan to support Transit Master Plan	\$47,800	\$60,000
Community Relations	Communications Plan to support East/West Rail	\$1,000	\$1,000
GetDowntown	Public Relations to support GetDowntown	\$31,125	\$5,000
	Total Media and Public Relations	\$106,925	\$143,500

*FY 2011 Budget was amended on June 3, 2011.