

01/07/2021 10:17 am

Office of the
City Clerk

Metropolitan Tulsa Transit Authority
BOARD of TRUSTEES SPECIAL MEETING
FY2022 MTTA BUDGET WORKSHOP

AGENDA

January 12, 2021

10th Floor North Conference Center, City Hall

175 East 2nd Street, Tulsa, Oklahoma

8:30 AM to 10:00 AM

Please register for MTTA Board of Trustees Special Meeting (January 12, 2021) on Jan 12, 2021 8:30 AM
CST at:

<https://attendee.gotowebinar.com/register/4693248202767513615>

After registering, you will receive a confirmation email containing information about joining the
webinar.

People can also join with audio only, without registration and computer by phoning:

United States: +1 (415) 655-0052

Access Code: 203-448-346

Webinar ID: 830-204-075

Note: Do not use BOTH computer audio and phone at the same time; use one or the other

Purpose: Review with the Board of Trustees a draft of MTTA's FY2022 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 26th meeting.

- I. Call to Order—*Emily Hall*
- II. MTTA Priorities and Goals—*Ted Rieck*
- III. Budget Highlights—*Ted Rieck*
- IV. Budget Details—*Ted Rieck*
 - a. General Fund and Vision Tulsa Fund allocations
 - b. FY2021 Projections
 - c. FY2022 Review
 - d. Projections to FY2027
 - e. CARES Funding
- V. Discussion—*Emily Hall*

Adjourn

FY2022

**Board of Trustees
Metropolitan Tulsa Transit Authority**

FY2022 BUDGET WORKSHOP

TULSA TRANSIT



JANUARY 12, 2021

DRAFT

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FY2022 BUDGET WORKSHOP

This presents a draft of Metropolitan Tulsa Transit Authority's (MTTA's) FY2022 budget with financial projections through FY2027. Included is a discussion of agency goals and objectives as well as information regarding budget assumptions. The purpose of this draft is to obtain feedback on staff's direction from the Board of Trustees ahead of a request to adopt a budget at the January 26, 2021 meeting.

The FY2022 budget is sound but a challenging financial future for MTTA is ahead. The FY2022 Budget shows a \$1.252 million surplus that will be used to contribute to MTTA's Rainy Day Fund. The FY2022 Budget anticipates undertaking initiatives to better position the agency to weather rough times ahead.

MTTA Priorities and Goals

The preparation of the FY2022 Budget is grounded with these 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 FY2022 Budget is financially sound, it also recognizes the tremendous financial challenges facing MTTA in FY2025 and beyond. The overarching goal of the FY2022 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 including partnership with Transportation Network Companies (TNCs) to be known as “Hotspot” service.
- Expand our GoPass smartphone app to include business partnerships, alternative modes (such as bike share), and tying into our Lift, ADA, paratransit service.
- 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.
- Complete a fare policy study.
- 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.
- Accelerate the use of CARES funding.

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.
- Complete a feasibility study for a re-developed Denver Avenue Station (DAS) to include the marketing of the air rights above DAS and the relocation of MTTA’s administrative offices downtown.
- Support planning and implementation of second Aero line.

Table 1, starting on page 3, shows the relationship between these budget initiatives and MTTA’s priorities.

Table 1: Alignment of FY2022 Budget Initiatives and Strategic Priorities

Budget Initiative	Strategic Priority		
	Mobility Management/MaaS	Diversifying and Expanding Revenue	Improve Customer Experience
<u>Mobility Manager/Mobility as a Service (MaaS)</u>			
<ul style="list-style-type: none"> Developing and deploying new service models including partnership with Transportation Network Companies (TNCs) known as “Hotspot” service. Expand our GoPass smartphone app to include business partnerships, alternative modes (such as bike share), and tying into our Lift, ADA, paratransit service. 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. 	✓	✓	✓

Table continued

Table continued

Budget Initiative	Strategic Priority		
	Mobility Management/MaaS	Diversifying and Expanding Revenue	Improve Customer Experience
<u>Diversifying and expanding funding sources</u>			
<ul style="list-style-type: none"> • Continue to work through the Oklahoma Transit Association to increase state funding for transit. <ul style="list-style-type: none"> ○ Seek funding for autonomous vehicle pilot as designated for Tulsa in HB1365. • Continue to pursue discretionary federal grants. • Complete a fare policy study. • 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. • Accelerate the use of CARES funding. 	✓	✓	✓

Table continued

Table continued

Budget Initiative	Strategic Priority		
	Mobility Management/MaaS	Diversifying and Expanding Revenue	Improve Customer Experience
<p><u>Improving customer experience</u></p> <ul style="list-style-type: none"> 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. 		✓	✓

Table continued

Table continued

Budget Initiative	Strategic Priority		
	Mobility Management/MaaS	Diversifying and Expanding Revenue	Improve Customer Experience

Lay the groundwork for future capital improvements

- | | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> Initiate the design and construction expanded employee parking in anticipation of the implementation of a second BRT line in the US66 corridor. | | | ✓ |
| <ul style="list-style-type: none"> Complete a study the feasibility for a re-developed Denver Avenue Station (DAS) to include the marketing of the air rights above DAS and the relocation of MTTA’s administrative offices downtown. | | ✓ | ✓ |
| <ul style="list-style-type: none"> Support planning and implementation of second Aero line. | ✓ | ✓ | ✓ |



FY2022 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.

The COVID-19 pandemic has challenged our budgetary process as FY2020 and FY2021 cost and revenue data have been skewed when compared with historic information.

CARES Funding

A significant factor in MTTA’s near term budgeting is the availability of funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. On March 27, 2020, in response to the COVID-19 emergency, the CARES Act was signed into law. The Act provided about \$2.2 trillion for a variety of actions to relieve the impact of the coronavirus. Included in this funding was supplemental funding for transit. The MTTA was eligible for about \$19.67 million in supplemental funding from the Act. To put this in perspective, this was almost 82% of our annual operating budget or almost three times our normal federal allocation.

CARES Act Overview

The rules governing use of CARES funds are typical for funding currently received by MTTA with some notable exceptions. First, these funds require no local match. It is 100% federal. Second, we can use the funds to pay for employees placed on administrative leave. We can pay their full wages and benefits should we be forced to shut down or send people home if they contract the virus. Finally, we can use the funds to replace non-federal revenue lost during this period.

There is minimal risk that part of this funding could be rescinded.

CARES Financial Planning

A CARES spending plan was developed as part of the revisions to the FY2021 Budget adopted by the Board on May 27, 2020. CARES funding puts MTTA in a fortunate position 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.
 - Non-traditional services that benefit the community during COVID-19 outbreaks and economic stress. “Meals on Wheels” has been an example of this.

The FY2022 Budget attempts to adhere to these goals.

Accelerate CARE Drawdown: Alternative Plan

The Federal Transit Administration (FTA) who administers MTTA’s CARES funds has strongly encouraged grantees to spend the CARES funds as quickly as possible. While the funds do not have a legislative lapsing timeline, staff believes it would be prudent to accelerate the above spending plan. As such, we have prepared forecasts under this scenario. In general, we would spend our CARES funds and limit our use of formula federal funds until later years. Our goal would be to expend all CARES funds by June 30, 2022 instead of June of 2024 as currently planned.

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 but was suspended in early March due COVID-19’s impact on Gathering Place attendance). 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. In fact, about half of the Peoria Aero cost is being supported by the General Fund.

The FY2022 budget (as was the case for the FY2019, FY2020 and FY2021 budgets) allocates costs for Vision and General Fund related services. About 14% of the overall FY2022 budget is being supported by Vision Tulsa funds.

FY2022 Budget Assumptions

Table 2, starting on page 10, summarizes the FY2022 proposed budget which shows a \$1.2 million General Fund surplus. The table shows:

- FY2022 budget with General Fund and Vision Tulsa funds allocations
- FY2021 projected revenues and expenses
- FY2021 Budget
- FY2020 Actual (unaudited)

Table 2 shows the planned use of CARES funds spread over four years.

Referencing Table 2, below highlights variances of the FY2021 Budget with the FY2020 projected finances.

Operating Revenue

The table shows a decrease in FY2022 versus FY2021 (projection) of almost \$130,200 (6%) to reflect continued downward 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 limit the number of riders on a given bus for social distancing purposes. In anticipation that the pandemic will abate in FY2022, staff has budgeted increased investment in marketing to try to recover some or all the lost ridership.

Operating Expenses

In general, operating expenses for FY2022 will be significantly higher than what is projected for FY2021. During FY2021, in response to the pandemic, MTTA reduced services significantly. FY2022 assumes operations are back to normal. Therefore, cost reflect this higher service level.

- Salaries and Wages show a nearly 14% increase (\$1.2 million) due to assumption that MTTA will have full operations in FY2022. It also reflects a 2% employee raise in January of 2022. The raise was agreed to with the Union in July 2019.
- Benefits decrease by about 3% (\$118,800) reflecting the favorable negotiation of health insurance in FY2021 as well as a tighter forecasting of employees who will sign up for the insurance.

Table 3 on page 12 presents the personnel count assumed for the FY2022 Budget in comparison with previous years.

Table 2: FY2022 Budget Summary: Planned CARES Spending

Item	FY2022 Budget (Proposed)			FY2021 Projection	FY2021 Budget (adopted June 2020)	FY2020 Actual (unaudited)
	General Fund	Vision Tulsa	Totals			
Operating Revenue						
<u>Passenger Fares</u>						
Fixed Route	\$ 985,358	\$ 85,683	\$ 1,071,041	\$ 1,060,788	\$ 1,538,450	\$ 1,482,986
Nightline	19,313	-	19,313	17,507	27,741	24,461
Sunday	-	13,243	13,243	12,575	19,023	18,188
Lift--ADA	176,556	32,005	208,562	213,978	321,262	300,404
Total Passenger Fares	\$ 1,181,227	\$ 130,932	\$ 1,312,159	\$ 1,304,848	\$ 1,906,475	\$ 1,826,039
<u>Advertising, Investments, and other revenue</u>	\$ 588,836	14,793	603,629	741,102	603,629	647,020
Total Operating Revenue	\$ 1,770,062	\$ 145,725	\$ 1,915,788	\$ 2,045,950	\$ 2,510,104	\$ 2,473,059
Operating Expenses						
<u>Salaries, Wages, Benefits, & Taxes</u>						
<i>Salaries and Wages</i>						
Operations	\$ 5,189,667	\$ 626,600	\$ 5,816,267	\$ 5,273,164	\$ 5,612,028	\$ 5,130,666
Vehicle and Facility Maintenance	1,481,714	247,992	1,729,706	1,402,699	1,564,062	1,377,848
General Office	1,589,382	229,966	1,819,348	1,463,205	1,696,711	1,419,464
Total Salaries and Wages	\$ 8,260,764	\$ 1,104,558	\$ 9,365,322	\$ 8,139,068	\$ 8,872,801	\$ 7,927,978
<i>Benefits and Taxes</i>	4,037,747	539,893	4,577,640	4,696,465	4,531,736	4,399,588
Total Salaries, Wages, Benefits, & Taxes	\$ 12,298,511	\$ 1,644,451	\$ 13,942,962	\$ 12,835,533	\$ 13,404,537	\$ 12,327,566
<u>Transportation Services (Contracted Operations)</u>						
Nightline	\$ 560,678	-	\$ 560,678	\$ 556,278	\$ 537,954	\$ 527,753
Sunday	-	290,566	290,566	267,759	260,043	249,798
Downtown/Midtown Circ.	-	310,408	310,408	97,910	327,735	6,304
Lift	2,241,637	406,356	2,647,993	2,135,515	2,562,260	2,257,677
Turley (Pelivan)	339,891	-	339,891	-	-	-
Total Transportation Services	\$ 3,142,207	\$ 1,007,329	\$ 4,149,536	\$ 3,057,462	\$ 3,687,991	\$ 3,041,532
<u>Administrative Services</u>	\$ 1,382,884	\$ 200,088	\$ 1,582,972	\$ 1,600,410	\$ 1,250,308	\$ 1,251,143
<u>Materials and Supplies</u>						
<i>Fuel</i>	\$ 500,427	\$ 58,504	\$ 558,931	\$ 451,263	\$ 790,270	\$ 620,592
<i>Vehicle Materials & Supplies</i>						
Oil & Lubricants	149,789	25,070	174,859	144,639	144,732	128,197
Tires & Tubes, Repair Parts, Service & Shop Equip, Other Shop, Servicing Supplies	2,128,957	356,320	2,485,277	1,916,124	1,843,222	1,949,456
<i>Facility Repairs & Maintenance</i>	386,872	64,750	451,623	672,423	621,233	511,063
<i>Other</i>	221,982	37,153	259,134	104,502	332,787	115,894
Total Materials and Supplies	\$ 3,388,027	\$ 541,796	\$ 3,929,824	\$ 3,288,951	\$ 3,732,245	\$ 3,325,202
<u>Insurance</u>	\$ 481,179	\$ 69,621	\$ 550,801	\$ 596,757	\$ 457,866	\$ 517,394
<u>Utilities</u>	\$ 526,641	\$ 76,199	\$ 602,840	\$ 657,972	\$ 595,127	\$ 515,523
<u>Other Expenses</u>	\$ 1,794,949	\$ 259,709	\$ 2,054,658	\$ 532,518	\$ 1,037,995	\$ 744,185
Total Operating Expenses	\$ 23,014,398	\$ 3,799,195	\$ 26,813,593	\$ 22,569,603	\$ 24,166,070	\$ 21,722,545
Net Operating Loss	\$ (21,244,336)	\$ (3,653,469)	\$ (24,897,805)	\$ (20,523,653)	\$ (21,655,966)	\$ (19,249,486)

Continued



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Intergovernmental Revenue

Federal

Section 5307 Urban Formula/CARES

Planning	1,276,064	-	\$ 1,276,064	\$ 216,088	\$ 1,250,000	\$ 1,142,052
Leases	110,252	-	110,252	19,579	108,000	103,547
ADA	682,950	-	682,950	666,862	669,000	669,000
Preventive Maintenance	3,419,253	-	3,419,253	2,246,057	3,349,413	4,282,463
Operations	1,457,776	-	1,457,776	3,629,627	1,428,000	1,779,911
JARC				-		
CARES	5,219,696	397,890	\$ 5,617,585	3,600,000	\$ 3,573,800	

Total Section 5307 Urban Formula	12,165,990	397,890	\$ 12,563,879	\$ 10,378,213	\$ 10,378,213	\$ 7,976,973
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CMAQ	-	-	-	145,236	250,000	91,930
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<u>State of Oklahoma</u>	1,100,004	-	\$ 1,100,004	\$ 1,149,996	\$ 1,150,000	\$ 1,150,010
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Local

City of Tulsa

Operating Assistance	\$ 7,586,000	-	\$ 7,586,000	\$ 7,206,876	\$ 7,206,875	\$ 7,610,002
Vision Tulsa						
Sunday		483,959	483,959	-	397,864	2,005,173
Peoria BRT		1,410,449	1,410,449	2,693,752	1,265,297	-
Dwntwn/Midtn Circ.		520,156	520,156	99,000	493,799	-
Lift Allocation		841,015	841,015	-	639,027	
BRT Free Fare				-		

Total City of Tulsa	\$ 7,586,000	\$ 3,255,580	\$ 10,841,580	\$ 9,999,628	\$ 10,002,862	\$ 9,615,175
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Operating Asst-Other

City Contracts	\$ 444,475	\$ -	\$ 444,475	\$ 564,192	\$ 415,397	\$ 415,398
Working Capital Allocation (incls CNG Rebates)	1,200,000	-	1,200,000	-	1,100,000	

Total Other Operating Assistance	\$ 1,644,475	\$ -	\$ 1,644,475	\$ 564,192	\$ 1,515,397	\$ 415,398
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Total Intergovernmental Revenue	\$ 22,496,469	\$ 3,653,469	\$ 26,149,938	\$ 22,237,265	\$ 23,296,472	\$ 19,249,486
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Surplus (Deficit)	\$ 1,252,134	\$ -	\$ 1,252,134	\$ 2,813,612	\$ 1,640,506	\$ -
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\$ 1,252,134 \$ 1,500,000 For Rainy Day Fund
 \$ 1,313,612 Balance
 \$ 1,200,000 Carryforward FY22

Table 3: Personnel Count—FY2020 to FY2022

Functional Area	FY2022		FY2021		FY2020	
	FTE*	Headcount	FTE*	Headcount	FTE*	Headcount
Trans Admin	8.0	8.0	8.0	8.0	6.1	8.0
Security	7.0	7.0	7.0	7.0	7.0	7.0
Safety and Training	2.0	2.0	2.0	2.0	2.0	2.0
Operations	117.0	117.0	116.0	116.0	108.7	123.0
Maintenance	33.0	28.0	33.0	28.0	24.8	29.0
Maintenance Admin	6.0	6.0	6.0	6.0	7.0	7.0
Admin	5.0	5.0	5.0	5.0	4.0	4.0
Finance	6.0	6.0	6.0	6.0	5.0	5.0
Human Resources	4.0	4.0	4.0	4.0	3.0	3.0
IT	4.0	4.0	4.0	4.0	4.0	4.0
Customer Service	15.0	17.0	15.0	15.0	20.0	20.0
Totals	207.0	204.0	206.0	201.0	191.6	212.0

*Based on number of people working the equivalent of full time for a year

**Includes positions added after the budget as well as vacancies

- Transportation Services (contracted operations through First Transit and Pelivan) increase, overall, by \$1.1 million or 30% due to the resumption of regular service levels, as well as a new Turley shuttle, and the WEN (Work Express Network) job shuttle to the US169 corridor. Further, an assumption is made that a downtown circulator will be in operation starting January 1, 2022.
- 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 1% due to minor adjustments in some cost items.
- Materials and Supplies include goods and services needed to maintain and operate the vehicle fleet. These are expected to increase by 17% (\$641,000) due to resumption of normal operations and MTTA’s increasingly aging infrastructure needing more frequent and substantial repairs. The delivery of new electric vehicles during late FY2021 will help modulate routine vehicle maintenance costs.
- Insurance is expected to decrease by almost \$46,000 or 10% mainly because of favorable insurance premiums.
- Utilities are expected to decrease by 9% or by about \$55,000 because of favorable utilities costs.

- Other Expenses which mainly include planning, marketing, and advertising expenses are budgeted to increase by just over 147% or by over \$1.5 million because investment in service development planning, marketing, and staff training and morale. Some highlights include:
 - Planning
 - Regional Transit Study \$500,000
 - Coordination of Social Services \$100,000
 - On-demand service implementation \$50,000
 - Marketing
 - Benchmark Customer Satisfaction Survey \$50,000
 - 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 21% increase in formula and CARES funds or \$2.2 million.
- State of Oklahoma shows a zero-change in funding for FY2021. However, over the last two years, MTTA staff, in coordination with the Oklahoma Transit Association (OTA), has been actively involved in efforts to significantly increase state funding. MTTA will be seeking funding in FY2021 for an autonomous vehicle (AV) Pilot for FY2022. However, such funds are not included in this year’s budget.
- Local includes a 5% increase in City of Tulsa General Funds which is consistent with MTTA’s allocation for FY2020. The City’s allocation was reduced in FY2021 due to the pandemic’s effect on sales tax revenue. Vision Tulsa funding is increasing by almost 17% (\$462,000) because of the resumption of normal operations. City Contracts (for Jenks, Broken Arrow and Sand Springs) show two years of inflationary increases.

Accelerated CARES Drawdown

Table 4 shows an alternative plan for drawing down CARES funds comparing it to the original plan from June 2020. The original plan adopted by the board in June 2020 shows CARES spend through FY2024/FY2025. An accelerated drawdown would use all CARES fund by the end of FY2022. The acceleration is recommended as the FTA has strongly encouraged the fastest spending of the dollars. To accommodate this faster drawdown, MTTA’s federal formula funds would be not be drawdown as usual, saving the funding capacity for later years. Those funds are less likely to be rescinded or de-obligated than the CARES funds.



Table 4: FY2022 Budget Summary: Accelerated CARES Drawdown

Item	FY2022 Budget (proposed)	Projection				
		FY2023	FY2024	FY2025	FY2026	FY2027
<u>Planned CARES Drawdown (June 2020)</u>						
Federal Formula (Section 5307)	\$ 6,946,294	\$ 6,946,294	\$ 7,085,220	\$ 7,085,220	\$ 7,085,220	\$ 7,226,924
CARES (Planned)	\$ 5,219,696	\$ 4,783,432	\$ 2,500,000	\$ 2,207,482	\$ -	\$ -
MTTA Surplus (Deficit)	\$ 1,252,134	\$ 93,913	\$ (2,846,895)	\$ (5,367,115)	\$ (8,071,284)	\$ (8,437,255)
<u>Accelerated CARES Drawdown</u>						
Federal Formula (Section 5307)	\$ 2,277,813	\$ 11,635,813	\$ 11,886,615	\$ 7,085,220	\$ 7,085,220	\$ 7,226,924
CARES (Accelerated)	\$ 10,286,067	\$ -	\$ -	\$ -	\$ -	\$ -
MTTA Surplus (Deficit)	\$ 1,650,024	\$ 0	\$ (545,500)	\$ (7,574,597)	\$ (8,071,284)	\$ (8,437,255)

As seen in the Table, the faster drawdown creates a favorable deficit situation through FY2024. However, forecast become more extreme in FY2025 than in the planned CARES spending scenario.

FY2022 to FY2027 Projections

Table 5 on page 16 shows budgetary projections through FY2027. The projections have these basic assumptions:

- Operating revenue increases to pre-pandemic levels in FY2023 with a 1% annual increase thereafter to reflect the Aero and expected increase in revenue with the new service redesign implemented in September 2019.
- Operating expenses increase by about 2% annually.
- Intergovernmental Funding
 - Formula Federal shows no increase until FY2024 when MTTA should receive credit for operating more service with the Aero. However, CARES funding figure prominently.

- CMAQ shows zero funding starting in FY2022 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 1% annual increase starting in FY2026 (no increase until then). Note that \$1.25 million of this funding will be diverted into MTTA's "rainy day fund" for FY2022.
- Vision Tulsa (City of Tulsa) shows the maximum annual allocation for transit (\$3.8 million) being reached in FY2024. 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 FY2024, reaching \$8.4 million by FY2027. Some of the Vision Tulsa deficits, starting in FY2025, should be eliminated by using "carry forward" balances accrued since 2017. Other than the US66 Aero line, no other new Vision services are anticipated. As indicated, 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.

Table 6 on page 17 shows a similar projection assuming an accelerated drawdown of CARES funds.

Proposed FY2022 Budget Recommendation

Staff requests the Board of Trustees adopt the FY2022 Budget as presented with an accelerated drawdown of CARES funding.

Table 5: FY2022 to FY2027 Projections—Planned CARES Drawdown

Item	FY2022 Budget (proposed)	Projection				
		FY2023	FY2024	FY2025	FY2026	FY2027
Operating Revenue						
<u>General Fund</u>	\$ 1,770,062	\$ 2,247,825	\$ 2,270,303	\$ 2,293,006	\$ 2,315,936	\$ 2,339,095
<u>Vision Tulsa</u>	145,725	198,863	200,851	202,860	204,888	206,937
Total Operating Revenue	\$ 1,915,788	\$ 2,446,687	\$ 2,471,154	\$ 2,495,866	\$ 2,520,825	\$ 2,546,033
Operating Expenses						
<u>General Fund</u>	\$ 23,014,398	\$ 23,027,452	\$ 23,488,001	\$ 23,957,761	\$ 24,436,916	\$ 24,925,654
<u>Vision Tulsa</u>	3,799,195	4,278,279	4,363,845	6,151,122	6,274,144	6,399,627
Total Operating Expenses	\$ 26,813,593	\$ 27,305,731	\$ 27,851,846	\$ 30,108,882	\$ 30,711,060	\$ 31,325,281
Net Operating Loss	\$ (24,897,805)	\$ (24,859,043)	\$ (25,380,691)	\$ (27,613,017)	\$ (28,190,236)	\$ (28,779,249)
Intergovernmental Revenue						
<u>General Fund</u>						
Federal (formula)	\$ 6,946,294	\$ 6,946,294	\$ 7,085,220	\$ 7,085,220	\$ 7,085,220	\$ 7,226,924
CMAQ	-	-	-	-	-	-
FTA CARES	5,219,696	4,783,432	2,500,000	2,207,482		
State of Oklahoma	1,100,004	1,100,004	1,100,004	1,100,004	1,100,004	1,100,004
Suburban City Contracts	444,475	457,810	462,388	467,012	471,682	476,399
City of Tulsa	7,586,000	7,586,000	7,586,184	7,586,184	7,662,046	7,738,666
Prior year carry forward	1,200,000	-	-	-	-	-
Total General Fund	\$ 22,496,469	\$ 20,873,540	\$ 18,733,796	\$ 18,445,901	\$ 16,318,952	\$ 16,541,993
<u>Vision Tulsa</u>						
City of Tulsa (VT)	\$ 3,255,580	\$ 3,651,849	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000
FTA CARES	\$ 397,890	\$ 427,568	-	-	-	-
Prior year carry forward	-	-	-	-	-	-
Total Vision Tulsa	\$ 3,653,469	\$ 4,079,417	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000
Total Intergovernmental Revenue	\$ 26,149,938	\$ 24,952,957	\$ 22,533,796	\$ 22,245,901	\$ 20,118,952	\$ 20,341,993
Surplus (Deficit)						
<u>General Fund</u>						
<i>(Rainy Day Fund Contribution)</i>	\$ 1,252,134	\$ 93,913	\$ (2,483,902)	\$ (3,218,853)	\$ (5,802,028)	\$ (6,044,566)
<u>Vision Tulsa</u>	\$ -	\$ -	\$ (362,994)	\$ (2,148,262)	\$ (2,269,256)	\$ (2,392,690)
Total Surplus (Deficit)	1,252,134	93,913	(2,846,895)	(5,367,115)	(8,071,284)	(8,437,255)

Table 6: FY2022 to FY2027 Projections—Accelerated CARES Drawdown

Item	FY2022 Budget (proposed)	Projection				
		FY2023	FY2024	FY2025	FY2026	FY2027
Operating Revenue						
General Fund	\$ 1,770,062	\$ 2,247,825	\$ 2,270,303	\$ 2,293,006	\$ 2,315,936	\$ 2,339,095
Vision Tulsa	145,725	198,863	200,851	202,860	204,888	206,937
Total Operating Revenue	\$ 1,915,788	\$ 2,446,687	\$ 2,471,154	\$ 2,495,866	\$ 2,520,825	\$ 2,546,033
Operating Expenses						
General Fund	\$ 23,014,398	\$ 23,027,452	\$ 23,488,001	\$ 23,957,761	\$ 24,436,916	\$ 24,925,654
Vision Tulsa	3,799,195	4,278,279	4,363,845	6,151,122	6,274,144	6,399,627
Total Operating Expenses	\$ 26,813,593	\$ 27,305,731	\$ 27,851,846	\$ 30,108,882	\$ 30,711,060	\$ 31,325,281
Net Operating Loss	\$ (24,897,805)	\$ (24,859,043)	\$ (25,380,691)	\$ (27,613,017)	\$ (28,190,236)	\$ (28,779,249)
Intergovernmental Revenue						
General Fund						
Federal (formula)	\$ 2,277,813	\$ 11,635,813	\$ 11,886,615	\$ 7,085,220	\$ 7,085,220	\$ 7,226,924
CMAQ	-	-	-	-	-	-
FTA CARES	10,286,067	-	-	-	-	-
State of Oklahoma	1,100,004	1,100,004	1,100,004	1,100,004	1,100,004	1,100,004
Suburban City Contracts	444,475	457,810	462,388	467,012	471,682	476,399
City of Tulsa	7,586,000	7,586,000	7,586,184	7,586,184	7,662,046	7,738,666
Prior year carry forward	1,200,000	-	-	-	-	-
Total General Fund	\$ 22,894,359	\$ 20,779,627	\$ 21,035,191	\$ 16,238,420	\$ 16,318,952	\$ 16,541,993
Vision Tulsa						
City of Tulsa (VT)	\$ 3,255,580	\$ 3,651,849	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000
FTA CARES (Formula starting FY2023)	\$ 397,890	\$ 427,568	-	-	-	-
Prior year carry forward	-	-	-	-	-	-
Total Vision Tulsa	\$ 3,653,469	\$ 4,079,417	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000
Total Intergovernmental Revenue	\$ 26,547,828	\$ 24,859,044	\$ 24,835,191	\$ 20,038,420	\$ 20,118,952	\$ 20,341,993
Surplus (Deficit)						
General Fund						
<i>(Rainy Day Fund Contribution)</i>	\$ 1,650,024	\$ (0)	\$ (182,507)	\$ (5,426,335)	\$ (5,802,028)	\$ (6,044,566)
Vision Tulsa	\$ -	\$ 0	\$ (362,994)	\$ (2,148,262)	\$ (2,269,256)	\$ (2,392,690)
Total Surplus (Deficit)	1,650,024	0	(545,500)	(7,574,597)	(8,071,284)	(8,437,255)