

**Matt Carpenter:**

Okay, everyone, so it is noon, we're going to go ahead and get started, I want to thank you, staff and members of the public, for coming in. I see we are getting some people continuing to arrive. So I'm going to stall a little bit. But we're gonna go ahead and get started on this meeting. I'm going to contextualize it for everyone. But this is a public meeting, intended to provide a first look, a preview, if you will, on our upcoming budget proposal for fiscal year 2023. I'm going to say a few things, use a slide here to provide background information and context. Then we're going to turn it over for Q&A and questions, we're also going to provide an opportunity for you guys to send comment in later on. If you think of something this evening, and you want to share it with us. We'll give you some tips on how to do that. So yeah, let me go ahead and get started here. So let's see. There we go. So, our budget calendar is this is a simplified version. The Ride is on a fiscal calendar. It's the same as the United States federal government. Our fiscal year starts in October. And that means our budget process begins usually in the summer- June, July. We have public discussions through the summer into August. And then our board usually makes a final decision about the budget at their September board meeting. So, where we are on this calendar right now, if you can see my cursor, we are here. July 28, we made an initial presentation of our very preliminary draft budget to our board last week. This week, we're kicking off our public comment period, which will run through the entire budget process all the way till September. So today is our public comment and budget preview period. Over the next two months, our board and committees will continue to review it at the August 18. board meeting, we will set some time aside for a formal public hearing where members of the public can address the Board directly on this draft budget. And we will release our final recommended budget internally to staff on September the 14th can have a bit of a presentation there. And then on September the 28th. We have our board meeting where our board will formally take this up as a decision. And they'll pass a budget one way or the other. Because at that point, we're about 72 hours away from October and we need some decision made. So, I do want to note that the September 28. Board meeting date is new. that had previously been September the 22nd. It has been rescheduled. All right. As we get started here, I want to make sure everyone understands that you have access to all of the details about our budget preview here online. If you go to our website, the [rive.org](http://rive.org). If you look under the performance section, you can find this area on business plan and budget. If you click on that link, it will bring you to a budget page, where fiscal year 2023 draft material for the operating capital budget are available. And we will be referencing that in this material in this presentation today. So feel free to go visit the website and read along if you'd like to. So, I'm going to make some overall initial comments about the budget here and then we'll get into some of the details. So, this budget preview describes our sort of initial assumptions and first estimates for a base budget. It's very similar in scope to our budget from fiscal year 2022, which we're just beginning to wrap up. The figures today that we're going to present discuss will likely change we're going to continue to get estimates and sharpen our pencil and refine things over the next two months. We're going to incorporate that information as well. Another key piece of context about this Budget is how it deals with the pending 2022. millage vote we will have a millage vote this coming Tuesday, August the second. encourage everyone to vote if you haven't already.

This budget is not directly affected too much by the outcome of that millage one way or the other. The reason simply being that those monies if approved, if the bill millage passes, we wouldn't receive any funding until about a year from now, July of 2024. At that point, we're at the tail end of the 2023 budget that we're discussing today. So, the only things that would change if the millage is passed in this budget.

If the millage is successful, we will quickly start to update these figures to incorporate some of those millage new services that would come online in August and run in September of next year. So for example, the millage proposes a new Express Route, longer hours of service more frequency on weekends. For example, those services couldn't start till the funding arrives. They're scheduled to start in August of 2024. If the millage passes, so we would adjust this base budget probably starting next week to incorporate those costs. But we wouldn't actually incur those costs or receive the revenue until July. And we wouldn't be any making any expenditures probably until August and then into September. So, it really only directly affect the last month and a half two months of this fiscal year budget. Key factors influencing this base year's budget that are going to come up several times, including the impacts of inflation and ongoing volume, volatility, and uncertainty around the still ongoing pandemic. It is still challenging labor market. So, you'll hear a bit about that. You'll hear a bit about recovery of ridership and fair revenue and the continued use and reliance on the federal pandemic relief funds for the public transit industry. Key takeaways for everyone is that the budget we are tabling or the previewing today, I should say is balanced. It maintains all of our transit services. So, we're budgeting to run full services is coming here and contains no proposed changes to our fares and no change, no increases to fares of any sort. So, with that, I'd like to get into the details and provide begin to provide a high-level overview of the operating and then capital budgets. So, the operating budget for a transit agency pays for staff fuel insurance, utilities and other ongoing costs needed to directly operate the service. The budget provides funding for, as I said, our full services for the entire year, which is consistent with what we budgeted this year. Again, there are no proposed very increases or changes to theirs. Now, as you can start to see in this table, there are some financially some Financial Assumptions in here. Some of them are conservative, but they do touch on areas of volatility. As you can see under fuels, materials and supplies, it's a 14.4% increase, and the variance that reflects the inflation we're seeing in fuel, as well as parts and supplies to maintain the buses. At the same time, you'll see a 16.9% decrease in our budget for purchase transportation, that is primarily the A-Ride paratransit service that reflects, frankly, the lower ridership than we've seen historically. And so all of this sort of nets out on the operating budget to an actual decrease of 2.1%. This is a very tight percentage on a \$55 million budget, the volatility and variations that we're seeing in the marketplace today. Make me very nervous that there's going to be a lot of changes during fiscal year 2023. Still, so this is a good plan to go into. But we expect to see a lot of bumps in the road still to go.

operating revenues where we get our funding from that he was also addressed in the materials available online. As you can see, there's a lot of sort of the same for most of our revenues on this table. Contract revenues going up a little bit, but it's not a major source of funding. The real issue is down at the bottom under other revenues of 34% increase there, but really it's the federal relief revenue sorry second from the bottom I need to highlight this is reflects the continuing use of our federal relief pandemic relief funds. We are still drawing those funds down from the Cares Act, the KRSA Act and the American Rescue Plan Act. At the rate we are going we expect to completely expand all of those funds sometime in fiscal year 2024. So again, just in summary, wrapping it up on the operating budget, it assumes kind of status quo, we will maintain all our services, no fare changes, slight decrease in expenses, continued reliance on federal funds, and a lot of volatility and uncertainty will still challenge us in the coming year. A key question we got from our board last week was how does ridership forecasted to change going forward? This is important because it affects our federal revenue forecasts. Right now, in 2022. We're actually at 57% ridership. So 57% of pre pandemic ridership in 2019. So we're a bit ahead of our of our estimates. At this point, we are also ahead of sort of a national trend, which is wonderful. And we are projecting to

continue to rebuild our ridership going forward into 2023, and 2024. This is of course hinges on a lot of factors outside our control. The country's continued reliance on telecommuting, for example, has led to a lot of office vacancies in downtown Ann Arbor, that, frankly undermine some of our traditional ridership markets. So, some factors like that I, I believe will turn around as people continue to go back to commuting and other things. But exactly how that's going to look in the future is anyone's guess. Okay, with that, I'd like to move from the operating budget to the capital budget, the Capital budget pays for stuff tangible assets, particularly vehicles, equipment, building and facilities. The capital budget that we have is largely driven by two main considerations - maintaining our existing assets, and implementing our long range plan. This is all in accordance with policies that our board has given us. Maintaining assets, or what we call a state of good repair makes up the bulk of our capital budget, although there is some funding set aside for R & D value added an expansion that we'll talk about in a moment.

Which is primarily related to our pursuit of our ends and our long range or excuse me pursuit of our Board's policy goals, and our long range plan. And you can see the funding sources available to us as here as well from state and federal grants, we did get an increase in our formula funds formula grants from the federal government through the recently passed infrastructure bill. However, a lot of that increase, I think, is going to address inflation and instability. So, as we sort of open up that capital budget a little bit more and see the different costs that are driving those various factors, you can see under state of good repair, the replacement of eight buses for \$5.5 million. This is the same number we do every year. So that's a very standard routine thing. Another big project under state of good repair is a proposal to replace the roof and HVAC systems under over the garage section of our existing facility on 2700. South industrial highway, a very big project been fortunately subjected to a lot of inflation recently. Under value added expansion and R & D, you start to see where the long range plan implementation really comes to the fore, particularly studies and preliminary work about pursuing major projects like the Ypsilanti Transit Center planning and design. This includes a \$300,000 earmark from Senator Gary Peters. Thank you, Senator, but also intends to pursue planning for a new bus garage and bus rapid transit. We are happy to you know, even with the inflation that we're getting, we are able to afford our proposed 2023 capital budget. We look forward to sharing with everyone in August, more detailed capital budget that goes out 10 years so that will give everyone a much better insight and how we see things rolling out over The next decade in terms of major projects. So, in closing, the budget that we are presenting to you today, get your feedback is balanced maintains all our existing services, has no fair increases, it's really not hinging on the millage per se. But should the millage pass next week, we'll we'll add a few things into it. Because of those new services that are coming in at the end of the year, we may also choose to fast track a few FTAs. For example, if we can find some bridge funding, I'd love to get the Ypsilanti transit center staffed before July next year if we can. The budget does represent our initial assumptions. And our starting point, a lot of the figures in here will change over the next 60 days, simply as we get better estimates sharpen our pencils, but it's going to be very similar in scope to what you see rolling out in August and September. Key factors again influencing this budget impacts of inflation and volatility implementation of the long range plan challenging labor markets, recovery of ridership and fair revenue and the continued reliance of on federal pandemic relief funds. So quickly again, we our first yellow box at the bottom here. With just beginning our public comment period, we'll be taking public comments between now and the board meeting on September the 28th. We will have a public hearing at our August 18 board meeting as well. Again, this information is available in detail on our website. Under the business plan and budget if you go under about a performance tab, and then the business plan and budget section, you can find details about all of this. Okay, so now we're getting

to our public comment period. You can do that here during this meeting in the following ways and in a moment, I'll tell you how you can send us comments later on. So today, you can excuse me, raise your hand by computer by clicking the raise hand icon on your screen. When you've been unmuted, we'll read off the last three digits of your phone number to let you know that it's your turn to speak. If you're on the phone, and you'd like to give us comments, you can press star nine and again, we'll read off the last three digits of your phone number when you've been unmuted. You could also submit a written comment to us right now. Please use email and send it to Lwe BB. That's I Webb with two b's. I Webb at the ride.org. And we'll read your comment out to the group.

After this, there will be ways to provide additional comments either by phone, online, snail mail, or coming to our forthcoming meetings. So, at that point, I'm going to stop my screen share. And we're going to turn it over to questions. So, I'll I will lean on Lillian to help me orchestrate the discussion. If there are any comments. Now's the time, folks, you can hit the raised hand icon at the bottom of your zoom screen. That'll let us know that you'd like to speak or you can hit star nine on your telephone. And I should mention Natasha is here to help me when I get in trouble. Do we have anyone with comments or questions about the preliminary 2023 transit budget?

Robert Wonderful. Let's get Robert unmuted. Good afternoon. Can I be heard? Yes, we can hear you.

**Robert Pawlowski:**

Perfect Robert Pawloski here from Southgate. Wayne County, currently in Myrtle Beach, Horry County, South Carolina. Just wanted to take a minute to thank you Matt for the budget was really well done presentation. I want to take a minute to talk about the potential projects like the Ypsilanti transit center. Now, thank you to Senator Peters, for getting us that grant to get the Ypsilanti Transit Center Project on roll. But the issue I have is you know the recruitment of staff. Now smart is doing different ways to recruit staff. But when we talk about D O T, they're not potentially getting a campaign together to where we start factoring in billboards and everything else. Could we add something into the budget to where we have expenses, specifically to promoting to get people to come to the ride? I know the only factor we have right now is just through the website or flyers that we have at the lake transit center YFC transit center or just the main office, you know, we need to strategize how we're going to recruit people that just having the website you know, that's my factor because the DA It is really trying to recruit people. And my focus is we're going to start losing people from either here or smart to go over to do t because, you know, they're trying to compete for better wages. You know, we have customer service, we have paratransit, we have fixed route that still needs drivers. And, you know, after we've seen with routes being cut over the past year, due to infrequency and lack of drivers, we really need to focus on a campaign strategy to start recruiting people. So that really the only thing is, when can we start campaigning if we can factor this into the budget at all?

**Matt Carpenter:**

Thank you, Robert. And I just to be clear, you're talking about employee recruitment? Yes, that's correct. So that's a great comment, we'll take that and kick it back. I do believe we carry a budget for recruitment as it is now, although I think you're suggesting with ideas like billboards, maybe taking it to another level, we have had discussions internally about a hiring campaign. And we were still discussing it when actually the tide seemed to turn a little bit for us. And our recent recruitment for bus drivers and customer service agents has actually really begun to improve. So, it's sort of naturally turning around on

its own. But we will double check the recruitment budget, we do carry and see if we still feel that it is adequate Latasha, we should make a note of that suggestion. I'm also not concerned about losing staff, frankly, to DDOT. And smart. Our pay scale, frankly, is higher than DDoS. And I think higher than smart. So that doesn't, that hasn't historically been a problem that we've we've really struggled with, usually actually kind of goes the other way.

**Robert Pawlowski:**

Yeah, I'm not too worried about it myself. But you know, there's rumors going around that, you know, they're trying to increase pay, they're trying to majority credit, get them for other agencies like the Rapid and also CAT, a CAT is talking the same thing as well. It's not just smart and DTA, you know, but like I said, you have, you know, really killer union and you have really good pay, you know, we really need to think about this, because we got a lot of things ahead of us. If we want to start bringing people in to more things I want to bring up before I go on to the next person. I think it's really great that we're getting the eight buses replaced in this system, especially factored into the budget. And the ridership projected for 23 is actually a lot better than 22. And I look forward to seeing you know that ridership increase and also get people back on the buses and come into community in Alberta for jobs, work and shopping. I mean, especially now with the new economic development that's going off a state, you know, we're finally starting to see ridership. But as always, thank you and keep up the good work, everyone.

**Matt Carpenter:**

Thank you. Thank you, Robert. Wonderful, excellent suggestions. Thank you, at this point, let's see if there are any other questions or comments. I see. For other panelists, couple of staff as attendees. Are there any other questions or discussion?

There are no comments by email so far. Oh, thank you. I always forget that.

I'll give it just another second or two to see if anyone's got any late questions. And then I may go back to sharing my screen momentarily. And maybe the meeting will conclude early. We'll see. All right. If there are no other immediate questions, I want to put this back up on the screen. Can we see this? Yes. Wonderful. Okay, so, folks, thank you for your comments. Robert, thank you for your comments. And everyone. Thank you for your time today. We really appreciate it. Again, all this information is available online. We will have it available online right now if you go about or to [theride.org](http://theride.org) - about us-performance, there's business planning budgets section. Under the business plan and budget section, you will find the draft issue briefs are our operating and capital plans for fiscal year 2023. Feel free to pursue peruse those at your leisure. And if you'd like to give any additional comment, you know, maybe you can think about it and next week you have a suggestion or question or idea. There are several ways you can send that to us. First of all, you could call us we have a direct line 734-794-1712 that's 734-794-1712 there is a way online in the business plan and budget section to submit a written comment directly. You can also snail mail things to us if you're feeling old fashioned or just trying to spend those stamps that you've got, you can mail us a comment to, I would say care of Dina read. Or regarding budget to the NRA and transportation authority at 2700, South Industrial Highway, Arbor 48104. That's 2700 South Industrial Highway, Arbor, Michigan 48104. We will be having a public hearing during our August 18 Board of Directors Meeting, you can attend that meeting either in person at the downtown Ann Arbor Library on Fifth Street, across from public transit center where the we're in the top floor of

the building. The meeting starts at 6:30. We'll probably have the hearing shortly thereafter. So that's August, the 18th. Feel free to stop by, you can also attend that meeting via zoom. So you can virtually call in we do take public comments by zoom and those meetings. So look for that information on our website. And we will also have additional public comment in person or by zoom during our board meeting on September the 28th. I do expect at that point, the board will probably render a decision one way or the other on the annual budget. And just as a final note, that is a rescheduled board meeting and had previously been on September the 22nd. And now it is on the 28th. So with that one last chance for any questions before we I guess wrap it up

Once going twice. Well, thank you everyone.

Thank you, Latasha. Thank you Lillian for all the preparation for the meeting. I really appreciate the assistance. Thank you to Dina Reid who's not able to be with us today but did a lot of the work to get us to this point. Thank you, Mary and Samantha for all the PR necessary to get the the meeting publicized. Thank you all very much. This point I think we will adjourn the meeting. Please have a great rest of your afternoon. Take care