

**City of Fayetteville Staff Review Form**

**2017-0766**

**Legistar File ID**

**1/2/2018**

**City Council Meeting Date - Agenda Item Only**

N/A for Non-Agenda Item

Don Marr, Chief of Staff

12/19/2017

TRANSPORTATION SERVICES (410)

**Submitted By**

**Submitted Date**

**Division / Department**

**Action Recommendation:**

Approval of a budget adjustment for \$122,908 to cover funding gap to maintain four Ozark Regional Transit Routes at the same service level as prior years.

**Budget Impact:**

2100.410.4100.5723.00

Street Fund

Account Number

Fund

Project Number

Project Title

**Budgeted Item?** No

Current Budget \$ 300,000.00

Funds Obligated \$ 300,000.00

Current Balance \$ -

**Does item have a cost?** Yes

Item Cost \$ 122,908.00

**Budget Adjustment Attached?** Yes

Budget Adjustment \$ 122,908.00

Remaining Budget \$ -

Previous Ordinance or Resolution # 2017-0755

V20140710

Original Contract Number: \_\_\_\_\_

Approval Date: \_\_\_\_\_

Comments:



**TO:** Mayor Lioneld Jordan  
City Council

**THRU:** City Attorney  
City Clerk

**FROM:** Don Marr, Chief of Staff *DM*

**DATE:** December 19, 2017

**SUBJECT: Funding Request by Ozark Regional Transit**

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**RECOMMENDATION:**

To approve a budget adjustment for \$122, 908 (\$30,727 per fixed route) to maintain Ozark Regional Transit Services to the 2017 service levels.

**BACKGROUND:**

On November 30, 2017, the Ozark Regional Staff asked the ORT Board members to request an audience with each Municipality that is a part of the ORT Inter-local agreement and where current fixed route service levels in the urbanized area exist to discuss a budget amendment requesting \$30,727 per fixed route offered in order to meet a balanced budget for operations of the ORT system.

Ozark Regional Transit is formally petitioning the City of Fayetteville to increase the funding levels for Fixed Route public transit services and FTA associated ADA Para-Transit Service. The ORT 2018 budget will realize a local match shortfall and will also realize increased operational cost for the upcoming year. The items that play into this budgetary gap are:

- Decreases in County funding and associated State funding
- Increases in labor rates from year to year
- Increases in hard costs such as vehicle parts and fuels
- Decreases in on-vehicle advertising revenue due to not running ORT's own buses.

The 2018 proposed overall budget currently reflects the expected reductions in funding and is also reflecting the associated rural demand response service reduction in hours and labor, as well as the removal of the private partnership sponsored route and associated service hours and labor. Even with these calculated reductions in funding and services, ORT finds its funding below expected costs associated with running fixed route services in NWA.

**DISCUSSION:**

Ozark Regional Transit has calculated its shortfall in 2018 to be \$338,000 in order to maintain the same level of services as in 2017 for fixed routes. With eleven (11) urbanized fixed routes, the equitable distribution of this shortfall would be \$30,727 per fixed route. That equates to an increase per fixed route of 14.22%. 11% of this increase is due to operational cost increases

realized from 2016 to 2018. The other 3.22% is attributable to the operational cost increases from 2017 to 2018. Only an increase in funding will ensure ORT is able to compensate for operational increases expected in 2018 and will result in enough funding associated with State supported expense items.

**BUDGET/STAFF IMPACT:**

This request will cost the City an additional \$122,908 (\$30,727 for four fixed routes within the City of Fayetteville AR). This will be a budget adjustment utilizing City of Fayetteville reserve funds. With the absence of this additional funding the routes will have to be reduced and service levels cut to the corresponding dollar amounts needed.

**Attachments:**

Ozark Regional Transit Funding Request Memo  
Budget Adjustment



2423 East Robinson Avenue, Springdale, Arkansas 72764

To: City of Fayetteville  
From: Ozark Regional Transit  
Re: 2018 Funding Level Increase

Ozark Regional Transit (ORT) is formally petitioning the City of Fayetteville to increase the funding levels for Fixed Route Public Transit services and FTA associated ADA Para-Transit.

ORT's 2018 budget will realize a local match shortfall, and will also realize increases in operational costs.

There are many factors that play into the causes of this budgetary gap that include:

- Decreases in County funding and associated State funding.
- Increases in labor rates from year to year.
- Increases in hard costs such as vehicle parts and fuels.
- Decreases in on-vehicle advertising revenue due to not running our own buses.

To better understand where the City's funding supports ORT routes, we have calculated the straight operational cost for running a fixed route. This cost includes:

- Wages for Operators and Maintenance
- Associated Benefits
- Vehicle Insurance
- Uniforms
- Shop Supplies
- Communication Equipment and Service costs
- Equipment Rental and Repair
- Fuel and Oil

This does not include:

- Wages for Support Staff or Management
- Associated Benefits
- Property Insurance
- Office Supply Costs
- Computer Hardware and Software Service costs
- Utilities
- Travel, Marketing or Association Dues
- Other Ancillary Expenses
- Costs associated with post-fire recovery

For 2016 and 2017, the costs per route are as follows:

Average Cost per Route	2017	2016	%Difference
One Route	\$185,354	\$165,171	11%
Two Routes	\$370,709	\$330,342	11%
Four Routes	\$741,418	\$660,684	11%

The costs that are not associated with directly operating a route are supported financially through the fare box revenue, advertising revenue, local partnerships with non-governmental organizations and charter fares. There is also approximately 10% of these additional costs that are paid utilizing State funding, which is only obtained by providing rural services. Now that we are forced to cut the rural services, due to the reduction in County funding, our State grant money has been decreased by \$100,000 or close to 40%.

For 2018, ORT will have to propose an overall budget below the 2017 budget proposed and subsequent expected actuals. The 2018 budget currently reflects the expected reductions in funding and is also reflecting the associated rural demand response service reduction in hours and labor, as well as the removal of the private partnership sponsored route and associated service hours and labor. Even with these calculated reductions in funding and services, ORT finds its funding below expected costs associated with running fixed route services in NWA.

On November 30, 2017 ORT staff asked that the Board members request an audience with each city we provide fixed route services in, to allow us that audience from whom to request additional funding, in order to maintain our current fixed route service levels in the urbanized area. ORT also offered a secondary resolution. Although contradictory to our plans to continue public transit growth and development, it is the only other predictable alternative to keep the 2018 budget balanced; we reduce service hours daily by 1.5 hours. Again, these are the present options that allow us to enter into 2018 with a balanced budget.

ORT has calculated its shortfall in 2018 to be \$338,000 in order to maintain the same level of services as in 2017 for fixed routes. With eleven (11) urbanized fixed routes, the equitable distribution of this shortfall would be \$30,727 per fixed route. That equates to an increase per fixed route of 14.22%. As indicated above, 11% of this increase is due to operational cost increases realized from 2016 to 2017. The other 3.22% is attributable to the operational cost increases from 2017 to 2018. Only an increase in funding will ensure ORT is able to compensate for operational increases expected in 2018 and will result in enough funding associated with State supported expense items. Due to ORT applying approximately 10% of its budget to the State grant, for 2018, our proposed budget of \$3,538,000 will have \$353,800 reimbursable by that State grant.

When ORT staff began the final assembly of the 2018 budget, we took into consideration that there would be 4 less operators needed because of the loss of the County and private funding. Even though we are reducing our overall employee pool through natural attrition, there are some jobs and duties that cannot be reduced. While a portion of staff salary and benefits can be attributable to the State grant, having lost that funding stream does not allow me to reduce staff hours or duties at the non-operational and mechanical jobs level.

Over the years, ORT has maintained a lean leadership team. We have excelled in ensuring that no positions are manned or created that are not integral to the operation of the system. Many of our staff or leadership perform multiple layers of duties that would normally be staffed by more than one individual. However, due to our lean nature and propensity to be as frugal as possible, we do not over-staff or open positions until it is absolutely necessary. In the 2018 budget, we are reducing the number of operators needed to perform our daily tasks. This does not translate into reducing leadership or staff positions due to the fact that we continue to consolidate and delegate tasks and responsibilities to our present, few positions.

It is my hope that the City of Fayetteville will review this letter of request, and grant the increase of \$30,727 per fixed route for the total of \$122,908 in additional funding for 2018 budget. If you have any questions, or request further clarification of this budget dilemma, please do not hesitate to contact me directly.



Joel Gardner, Executive Director  
Ozark Regional Transit