



Rock Region
METRO



2019 ANNUAL BUDGET REPORT



ROCK REGION METROPOLITAN TRANSIT AUTHORITY

2019 Annual Budget Report

Charles D. Frazier
Executive Director

Prepared by:
Department of Finance and Administration

Wanda Crawford, Chief Financial Officer
Justin Avery, Assistant Director of Finance



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Rock Region Metropolitan Transit Authority
Arkansas**

For the Fiscal Year Beginning

January 1, 2018

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to Rock Region METRO for its annual budget document for the fiscal year beginning January 1, 2018.

In order to receive this award, an entity must publish a budget document that meets program criteria as a policy document, as an operation guide, as a financial plan, and as a communications medium. The award is valid for a period of one year only.

We believe our current budget document continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

TABLE OF CONTENTS

COVER LETTER..... 2

BUDGET AWARD 3

TABLE OF CONTENTS..... 4

FOREWORD 6

ORGANIZATION OF BUDGET DOCUMENT..... 6

EXECUTIVE SUMMARY 7

SECTION 1: INTRODUCTION AND OVERVIEW 10

 AT A GLANCE 11

 SERVICES AND FLEET 11

 BOARD OF DIRECTORS 13

 MOVE CENTRAL ARKANSAS STRATEGIC PLAN 14

 MISSION, STRATEGIC IMPERATIVES AND ACCOMPLISHMENTS 17

 ORGANIZATION CHART AND PERSONNEL 20

 FINANCIAL POLICIES..... 22

SECTION 2: FUNCTIONAL FINANCIAL PLAN 26

 FINANCIAL STRUCTURE 27

 OPERATING BUDGET PROCESS 28

 BUDGET CALENDAR 30

 OPERATING BUDGET SUMMARY 31

 SIGNIFICANT OPERATING BUDGETARY ITEMS AND TRENDS..... 31

 METRO LOCAL AND METRO LINKS 2019 OPERATING BUDGET 36

 METRO LINKS 2019 OPERATING BUDGET..... 39

 METRO STREETCAR 2019 OPERATING BUDGET..... 42

SOURCES OF REVENUE.....	43
USES OF REVENUE.....	48
FIVE YEAR OPERATING FORECAST	51
CAPITAL BUDGET SUMMARY	52
CAPITAL BUDGET PROCESS.....	53
SIGNIFICANT CAPITAL BUDGETARY ITEMS AND TRENDS	53
2019 CAPITAL BUDGET.....	56
MAJOR CAPITAL PROJECTS AND DESCRIPTIONS.....	58
FUND BALANCE	67
SECTION 3: DEPARTMENT INFORMATION	71
DEPARTMENT OVERVIEW	72
EXECUTIVE DEPARTMENT	73
FINANCE AND ADMINISTRATION DEPARTMENT	74
MAINTENANCE DEPARTMENT	76
OPERATIONS AND PLANNING DEPARTMENT	78
PUBLIC ENGAGEMENT DEPARTMENT.....	80
PROCUREMENT AND ASSETS DEPARTMENT	82
SECTION 4: GLOSSARY, SUPPLEMENTAL INFORMATION, AND APPENDICES	84
BUDGET GLOSSARY	85
SUPPLEMENTAL INFORMATION	88
SYSTEM MAP	APPENDIX A
FLEET REPLACEMENT PLAN.....	APPENDIX B

FOREWORD

The adoptive budget document contains a variety of information regarding Rock Region Metropolitan Transit Authority (METRO). To assist the reader in locating certain subjects of interest, the organization of the budget document is described below. The reader may also refer to the Table of Contents on pages 4 – 5 for further guidance.

An online version of the 2019 budget document can be found on METRO’s website at: www.rmetro.org/about/learn-more/facts

If you have any comments or questions concerning METRO’s annual budget or have any suggestions for improvement, please contact the Finance and Administration Department at (501) 375-6717. Thank you for your interest in METRO.

ORGANIZATION OF BUDGET DOCUMENT

Throughout the document, the reader will notice references to agency strategic imperatives (i.e. **STRATEGIC IMPERATIVE #1**). It is METRO’s intent to show the reader that each decision made in creating the budget follows these strategic imperatives. The following information should assist the reader in finding the most important information about METRO’s budget:

Section 1 ([Introduction and Overview](#)) contains historical background information on METRO and summarizes the jurisdictions served along with a description of fleet and services provided. Pictures of METRO’s Board of Directors are also included. METRO’s strategic initiative MOVE Central Arkansas, its mission, accomplishments, strategic imperatives, and an organization-wide chart are provided in this section. The reader will also find a summary of our annual service enhancements and financial policies in this section.

Section 2 ([Functional Financial Plan](#)) provides an overview of METRO’s financial structure. Summaries of the operating and capital budget and the processes and policies that apply to the budget are also contained in this section. Significant budgetary items and trends for both budgets are discussed, as well as METRO’s sources and uses of revenue. This section also includes the approved operating and capital budgets, fund balances, and the descriptions of major capital projects. A Five (5) Year Operating Forecast is also included in this section.

Section 3 ([Department Information](#)) is organized by department. Each department section includes a description, functional responsibilities, and the organizational chart. This section also includes each department’s goals and objectives and how they tie to the agency’s imperatives.

Section 4 ([Glossary, Supplemental Information, and Appendices](#)) contains a budget glossary, a summary of the Fleet Replacement Plan, and supplemental information about the communities METRO serves.

EXECUTIVE SUMMARY

As the Executive Director of Rock Region Metropolitan Transit Authority (METRO), it is my pleasure to present the 2019 Annual Budget Report. The budget report represents the culmination of a comprehensive process and is rooted in our commitment to improving public transit in central Arkansas for the good of the communities we serve. The funding, goals and organizational information outlined in this report will allow METRO to provide safe, reliable, convenient and cost-effective public transportation services for the residents of and visitors to central Arkansas. The 2019 Annual Budget Report aligns with METRO's strategic imperatives, including:

1. Engaging in community coalition-building for public transportation advocacy.
2. Maintaining federal, state and local compliance.
3. Initiating studies intended to capitalize on high-profile assets.
4. Improving the customer experience.
5. Investing in employee development and wellness.
6. Implementing recommendations from prior studies.

Major Budget Items

The 2019 operating budget calls for approximately \$19.2 million (\$15.6 million METRO Local, \$2.4 million METRO Links, and \$1.2 million METRO Streetcar) in operating expenditures and \$5.9 million in capital expenditures. These amounts represent a six percent (6%) increase and seven percent (7%) increase, respectively, from the prior year budget. The following is a summarized list of major budgetary items affecting the operating and capital financial budgets. A full, narrative discussion of the 2019 operating and capital budgets can be found in the Functional Financial Plan section.

Operating Budget Items

- METRO Local fare revenue is budgeted to be lower than the prior year's budgeted fare revenue by \$79,000.
- Wages and benefits expenditures will continue to have the greatest impact on the operating budget. Expenditures for wage progression, annual increases associated with union employees, and fringe benefits is budgeted to increase \$430,000.
- METRO fuel expenditures will increase by \$159,000 due to fuel price increases related to CNG, diesel, and gasoline.
- METRO will conduct a transit-oriented development study, comprehensive operational analysis, and hire a planning and security director in 2019. These projects will increase planning expenditures by \$487,000. (**STRATEGIC IMPERATIVE #3**)
- METRO will use \$484,000 in reserves (fund balance) at the request of our funding partners due to their own funding constraints.

Capital Budget Items

- Major capital projects, including upgrading the phone system, planning studies, facility renovations, and ITS software upgrades will be conducted. These projects are budgeted to cost \$1,531,000 in 2019. More detail on major capital projects is included in the Financial Plan section.
- Maintaining the fleet will continue to be a priority in 2019. Associated capital expenditures (for METRO Local and Links operations) are budgeted to cost \$482,000 and streetcar associated capital (for METRO Streetcar operations) are budgeted to cost \$150,000. These expenditures are driven by higher costs related to maintaining an aging fleet and higher costs associated with our fleet.
- As information technology continues to drive changes in the transportation industry, METRO will continue to look for effective and efficient ways to be at the forefront of technological upgrades and advances. METRO is budgeted to spend \$337,000 on computer software in 2019.

The following chart provides an overview of the 2019 budget with a comparison to the 2018 budget.

	2018	2019	\$ Difference
Budgeted Operating Revenues	\$ 18,094,170	\$ 18,737,533	\$ 643,363
Budgeted Operating Expenditures	\$ 18,094,170	\$ 19,221,310	\$ 1,127,140
Budgeted Capital Revenues			
Budgeted Capital Revenues	\$ 6,883,842	\$ 7,274,248	\$ 390,406
Budgeted Capital Expenditures	\$ 5,490,556	\$ 5,859,736	\$ 369,180

Challenges Facing METRO

There are many challenges facing METRO and our customers that were considered throughout the development of the budget. Some of these challenges were:

Revenue Constraints: METRO’s funding structure relies heavily on contributions from local government funding partners and, therefore, METRO is unable to make substantial long-term strategic decisions requiring long-term capital investments due to the uncertainty of funding year-to-year. In order to overcome this challenge, METRO will continue to analyze and pursue additional revenue streams. One initiative METRO will consider for the near future is a proposal for a quarter-cent dedicated sales tax. METRO believes this would raise approximately \$18 million per year. These funds would be used to expand service and implement high-frequency routes, among many other improvements. Further detail about the opportunities that a dedicated sales tax would provide to citizens of the surrounding communities can be found on pages 11-13. I encourage all readers and citizens of Pulaski County to visit the [MOVE Central Arkansas Plan website](#) in order to better understand the full benefits of a dedicated funding source. METRO is also focusing on building strong relationships with local universities, colleges, and other organizations. Currently, METRO has five on-going fare agreements

with UA-Pulaski Technical College, UA-Little Rock, Little Rock School District, eStem Public Charter School and Shorter College. In 2019, METRO is partnering with the Arkansas Homeless Coalition for a one-year pilot program that expands and diversifies the current fare agreement model METRO has with area academic institutions. METRO is using the partnerships to gather vital ridership and usage information and plans on expanding the program to other major employment centers in the future. **(STRATEGIC IMPERATIVE #1)**

Economic Factors: METRO is also facing economic factors that continue to affect fare revenue and ridership. One major economic factor influencing ridership is historically low gasoline prices. The expectation that gasoline prices will stay at low levels has shifted METRO's focus to investing in the customer experience and piloting new services as a way to increase ridership. In 2018, METRO introduced a mobile ticketing solution allowing riders to pay using their smartphones to enhance the customer experience. In 2019, METRO intends to invest in an upgraded telephone system, implement a vanpool service, test on-demand deviated fixed route service, and begin a micro transit pilot project as a way to implement community shuttles. **(STRATEGIC IMPERATIVE #4)**

Federal Regulations and Rulemaking: Transportation laws (MAP-21 and, more recently, the FAST Act) have increased regulations and reporting requirements related to safety and security. Rulemaking is incomplete; therefore, METRO has not yet fully considered the impacts of these new regulations. It is possible that the regulations will increase our administrative burden and expenditures associated with developing plans and reporting processes. METRO will continue to invest resources in professional development to ensure that staff is kept up-to-date on important regulations and reporting requirements. **(STRATEGIC IMPERATIVE #2)**

Though funding availability continues to provide METRO with financial challenges, we fully expect conditions to improve over the long-term. With sound management of resources and continued focus on long-range strategic goals, METRO will continue to adapt to changing conditions and operate on a strong foundation for the future.

The following budget is based on a commitment to METRO's goals of focusing on our most important asset, our people, through passenger amenity upgrades, strategic studies, and increased staff training and professional development opportunities, which will prove invaluable going forward.

Respectfully,

Charles D. Frazier
Executive Director

SECTION 1: INTRODUCTION AND OVERVIEW

AT A GLANCE

In 1972, Metroplan, as trustee for the cities of Little Rock and North Little Rock and Pulaski County, purchased from Twin City Transit, Inc. all of the existing assets used to operate and maintain the public mass transportation bus system in central Arkansas. In 1986, Central Arkansas Transit Authority (CATA) was chartered by a group of municipalities pursuant to the provisions of Arkansas Code Annotated 14-334-101. Following CATA's creation, all assets, interest, and obligations incurred by Metroplan, as Trustee, were transferred to CATA. In 2015, the Board of Directors voted to change the agency name to Rock Region Metropolitan Transit Authority. METRO presents its financial statements as if the transit system has been in continuous operation since 1972.

METRO is a public transit agency serving the central Arkansas area, including the cities and communities of Little Rock, North Little Rock, Pulaski County, Sherwood, Maumelle and Jacksonville. A system map is included in Appendix A for reference.

SERVICES AND FLEET

METRO manages a fixed-route bus service (METRO Local), demand-response service (METRO Links), and streetcar service (METRO Streetcar).

METRO Links demand-response paratransit system serves 7,000 to 8,000 paratransit-eligible riders per month and covers 12,500 miles weekly. METRO Links riders are certified as paratransit-eligible under the [Americans with Disabilities Act](#) and have access to origin-to-destination bus service to and from locations that are within three-quarters ($\frac{3}{4}$) of a mile from a non-express fixed bus route. METRO Links operators drive the twenty-four (24) paratransit vans in the fleet throughout the year, taking riders to their community service providers, jobs, education, health care, shopping and other daily activities.

METRO Streetcar is a 3.4-mile streetcar system connecting the cities of Little Rock and North Little Rock. With ten operators manning five (5) historic replica streetcars along the route, the system serves 100,000 riders annually and covers 1,080 miles weekly. METRO Streetcar is a fun, unique way to take in the downtown sights of central Arkansas' "twin cities." Spanning the beautiful Arkansas River, the system links some of the most vibrant destinations in Pulaski County, including the Clinton Presidential Center and headquarters of the global nonprofit Heifer International; North Little Rock's historic Argenta district; the Little Rock River Market and Creative Corridor; and favorite restaurants, hotels, brewpubs, cultural attractions, shops and more.

METRO Local maintains a fleet of thirty-six (36) diesel buses and twenty-three (23) CNG buses for twenty-one (21) regular fixed routes and four (4) express routes. METRO Links and METRO Streetcar maintain a fleet of twenty-four (24) paratransit vans and five (5) streetcars. Figure 1.1 provides a comprehensive list of all revenue vehicles used in service.

On March 18, 2014, the METRO Board of Directors approved the conversion of diesel buses to CNG buses. To date, twenty-three (23) CNG buses have been purchased and placed into service. It is METRO’s intent to continue to replace diesel buses with CNG buses as grant program funds become available and as old diesel buses reach the end of their useful lives. All revenue vehicle purchases are part of METRO’s Fleet Replacement Plan. A summary of METRO’s Fleet Replacement Plan is included in Appendix B for reference.

Figure 1.1: List of Revenue Vehicles

Year and Make	Fuel Type	Capacity/Length	# of Vehicles
METRO Local			
2018 Gillig	CNG	40 feet	1
2017 Gillig	CNG	40 feet	4
2017 Gillig	CNG	35 feet	3
2015 Gillig	CNG	35 feet	15
2010 Gillig	Diesel	40 feet	7
2010 Gillig	Diesel	35 feet	11
2008 Gillig	Diesel	40 feet	5
2008 Gillig	Diesel	35 feet	5
2007 Gillig	Diesel	40 feet	3
2007 Gillig	Diesel	35 feet	1
2004 Gillig	Diesel	30 feet	1
2003 Gillig	Diesel	35 feet	3
<i>Total METRO Local</i>			59
METRO Links			
2017 Ford Starcraft	Gasoline	16 Passenger	1
2017 Ford Starcraft	Gasoline	10 Passenger	11
2016 Ford Starcraft	Gasoline	16 Passenger	4
2016 Ford Starcraft	Gasoline	10 Passenger	4
2016 MV-1	Gasoline	2 Passenger	2
2012 Aerotech	Diesel	12 Passenger	2
<i>Total METRO Links</i>			24
METRO Streetcar			
2001 Gomaco	O/H Electric	80 Passenger	3
2006 Gomaco	O/H Electric	80 Passenger	2
<i>Total METRO Streetcar</i>			5

BOARD OF DIRECTORS

The twelve-member METRO Board of Directors are appointed by the local governments of Little Rock, North Little Rock, Pulaski County, Maumelle, and Sherwood.



Art Kinnaman
Chairman
Pulaski County



Bentley Wallace
Vice Chairman
North Little Rock



Nicole Hart
Secretary
North Little Rock



Bruce Moore
Little Rock



Sarah Lenehan
Little Rock



Jay Freeman
Little Rock



Matt Lindsey
Little Rock



Michael Mason
North Little Rock



Erin Parker
North Little Rock



Jimmy Moses
Pulaski County



Julia Everett
Maumelle



Kyle Wade
Sherwood

MOVE CENTRAL ARKANSAS STRATEGIC PLAN

As central Arkansas positions itself as a great place to live, work and visit; adapts to growing population and employment; and supports the needs of the community's most vulnerable people, METRO will be increasingly pressured to provide frequent, comfortable and convenient transit service. MOVE Central Arkansas (MOVE) is a strategic plan intended to advance METRO, making it a core element of the regional transportation infrastructure. This plan represents the culmination of efforts made by the surrounding communities, large numbers of stakeholders, a set of multidisciplinary consulting organizations and METRO staff. The Strategic Plan Summary Report is available on METRO's website rmetro.org/move. We urge readers to look over the Strategic Plan Summary Report, and we welcome any feedback. The following is a summary of the Strategic Plan Summary Report.

The Plan

METRO's Board of Directors recognize that, in order to achieve the agency's long-term strategic imperatives, additional investment in transit will be critical. METRO had taken the step to place a levy on the Pulaski County general election primary ballot in 2016, requesting a one-quarter cent sales tax to support ongoing transit operations and investment in new service. Despite support from citizens and many community organizations, this measure did not succeed, but METRO intends to continue to pursue at least one dedicated funding source for Pulaski County's public transit system.

Who Benefits?

Whether you use the METRO system or not, you benefit from public transit. Public transit contributes to our area's economic development by taking people to their jobs, education, health care, shopping and other activities. It is also a sustainable, environmentally friendly practice that helps reduce carbon dioxide emissions. And, it's a great way to use your commute time for business or recreational activities (surfing the internet, listening to music, reading), save money, avoid traffic and parking hassles, and even achieve a healthier lifestyle.

MOVE Central Arkansas Plan Highlights

Although the plan is not yet finalized and would still undergo additional input from the community should METRO receive the funding to implement it, this plan represents the most demanded and most feasible solutions to improve the central Arkansas public transit system. It is also important to note that METRO cannot make major service changes without a change to its current funding structure.

Bus Rapid Transit (BRT)

This is the backbone of the system. BRT would begin with two (2) identified corridors in areas with heavy demand.

- Corridor 1: Downtown Little Rock to State Capitol Complex to Markham Street to the University of Arkansas for Medical Sciences and Veterans Administration Hospital to the CHI St. Vincent Infirmary to University Avenue to 12th Street.

- Corridor 2: Partially overlaps with Corridor 1. Downtown Little Rock to State Capitol Complex to Markham Street to the University of Arkansas for Medical Sciences and Veterans Administration Hospital to the CHI St. Vincent Infirmiry to University Avenue to the University of Arkansas at Little Rock.
- Eventually, a third corridor could include North Little Rock’s Main Street to JFK to McCain corridor.

Two (2) North Little Rock Crosstown Routes

One route would be north of I-40, the other south of I-40. These routes eliminate the need to travel from North Little Rock, to the River Cities Travel Center (the main bus station in downtown Little Rock), and back to North Little Rock for North Little Rock-only departure and destination routes and benefit UA-Pulaski Technical College, the Levy/Amboy neighborhoods and other areas.

Improved Frequencies on Important Routes

Rather than operating on up-to-1.25-hour frequencies, buses would arrive and depart at 15-, 30-, 45- and 60-minute intervals.

Community Shuttles

Community shuttles would provide local fixed-route service for the first time to West Little Rock and the cities of Maumelle, Jacksonville and Sherwood.

Flex Zones

Flex zones would provide on-demand service for less densely populated areas and emerging transit markets and feed into nearby mini-hubs.

West Little Rock Express

A West Little Rock express route would provide express bus service for West Little Rock residents commuting to downtown Little Rock from a park and ride location near Chenal Promenade, as well as provide access to growing job markets in West Little Rock.

Pulaski County Express Routes Enhancements

Enhancements on Pulaski County express routes would include providing midday service.

Modernized Passenger Experience

This part of the plan is already underway, but it would be greatly aided by additional funding: Improving the passenger experience involves replacing existing diesel-powered buses with new CNG-powered buses, continuing to provide free Wi-Fi service on all buses in the system, introducing a GPS-based mobile app that provides passengers with real-time bus information, implementing unique-to-location bus stop signs that offer real-time bus arrival information via a texting system, and providing more passenger shelters throughout the system.

What Are the Costs?

The proposed improvements in this plan are estimated to cost \$36.9 million annually, which would require the same levels of local, state and federal funding that the METRO system currently receives, as well as the \$18.2 million estimated annual revenue from a quarter-cent sales tax to fund public transit.

What Are Next Steps?

Through the help of advocates and the Rock Region Transit Alliance, outreach to support future ballot initiatives to fund public transit is underway.

Ultimately, MOVE is about positioning METRO to become an important player in defining how people move throughout the region, how investments are prioritized, and how public transit can become a valuable part of the regional infrastructure, providing critical links for all residents in the region with a focus on reducing congestion, improving mobility, and forging economic progress in the region.

MISSION, STRATEGIC IMPERATIVES AND ACCOMPLISHMENTS

Rock Region METRO's mission is to provide safe, reliable, convenient, and cost-effective transit service.

STRATEGIC IMPERATIVES

1. Engaging in community coalition-building for public transportation advocacy.
2. Maintaining federal, state and local compliance.
3. Initiating studies intended to capitalize on high-profile assets.
4. Improving the customer experience.
5. Investing in employee development and wellness.
6. Implementing recommendations from prior studies.

ACCOMPLISHMENTS

2018 brought with it many successes for METRO. The following are our accomplished goals from the past year, which are sure to build momentum for more milestones to be reached in 2019.

- In 2018, METRO secured its second and largest-ever Federal Transit Administration competitive bus grant (\$3.57 million), which provides an eighty-five percent (85%) funding match for seven (7) compressed natural gas buses. This supports METRO's 2019 strategic imperatives to improve the passenger experience (**STRATEGIC IMPERATIVE #4**) and maintain federal, state and local compliance (**STRATEGIC IMPERATIVE #2**) by ensuring the METRO fleet is within its useful life range and avoiding safety concerns, costly repairs and service interruptions that accompany an aging fleet.
- METRO engaged in an ongoing community coalition-building effort to develop public transit advocacy in central Arkansas (**STRATEGIC IMPERATIVE #1**) through fare agreements with five major academic institutions (UA – Pulaski Technical College, UA – Little Rock, the Little Rock School District, eStem and Shorter College), a pilot program fare agreement with the Arkansas Homeless Coalition, known as the Transportation Alliance Project (started in February 2019), and through board development; regular interaction with member jurisdiction elected officials; state and federal legislature advocacy; Metroplan board and committee participation and joint initiatives; a pending stakeholder survey; chamber of commerce/economic and workforce development

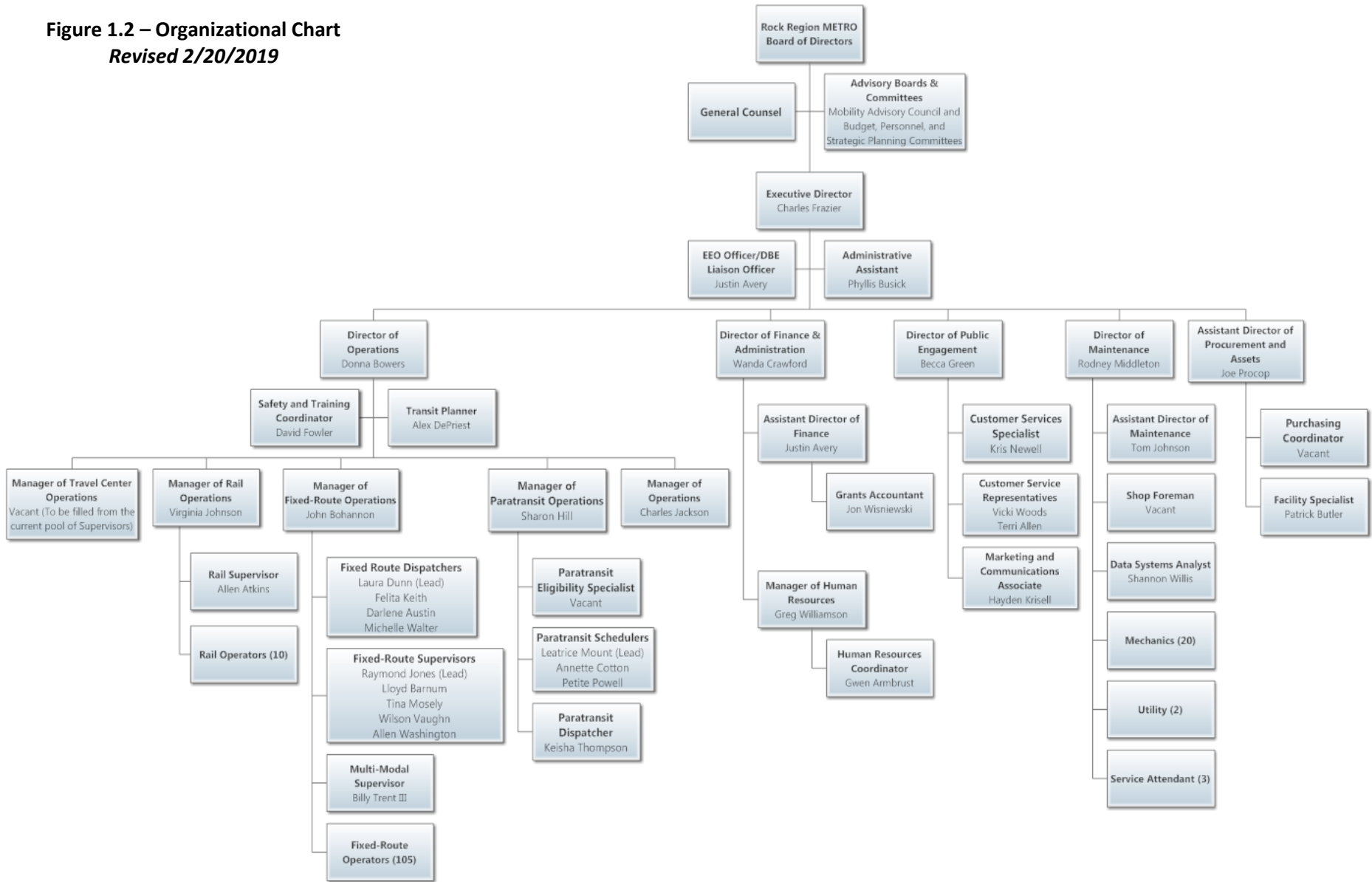
group participation; nonprofit relationships and a pending public transit advocacy group. METRO is creating win-win mobility solutions to support central Arkansas' growth and development.

- METRO initiated a more formal engagement of member jurisdiction elected officials and staff members (**STRATEGIC IMPERATIVE #1**). An example is to aid cities and the county with insights on integrating public transit within ride-hailing and sharing infrastructure, complete streets policies, technology applications (such as digital maps and information) and more communication regarding needed city resource support.
- As a prelude to a comprehensive operational analysis, METRO capitalized on its annual service enhancements process by implementing cost-saving, cost-efficient fixed route schedule changes as suggested by a recently completed consulting analysis. This action will also support the 2019 strategic imperative to improve the customer experience (**STRATEGIC IMPERATIVE #4**), to a limited degree, working within the constraints of METRO's current funding structure. These service enhancements will be fully implemented in April 2019.
- METRO is actively engaged in a key strategic imperative, which is improving the customer experience (**STRATEGIC IMPERATIVE #4**). Particularly through a comprehensive rider education program, METRO is improving signage, digital tools (rrmetro.org; the free real-time arrival information system mobile app, METROtrack; the free Token Transit mobile fare payment app; digital resources such as newsletters, social media and push notifications) and engaging in new transit service products (a pilot microtransit program and a new Conway-based vanpool service).
- To support the streetcar expansion study, METRO has engaged in a fare-free promotion for the METRO Streetcar system in 2019, seeking to establish a baseline of ridership metrics in a system unencumbered by the collection of a \$1 fare, which does not require additional funding for the 2019 budget and from which lost revenue will be supplemented by budget savings elsewhere. The METRO board of directors approved the fare-free promotion on December 21, 2018. Early results of this recently implemented initiative are encouraging (a ninety-one percent (91%) year-over-year comparison for the week of Christmas 2018) and have boosted sponsors for a new streetcar system sponsorship program that will help offset fare revenue to keep the streetcar as convenient and appealing as possible to the central Arkansas visitors who power the community's tourism revenue.
- METRO started a New Ambassadors Graduation Ceremony program for its newest operations and maintenance employees (**STRATEGIC IMPERATIVE #5**). The ceremony has been well received by the employees and the public.
- Successfully negotiated a new three-year union contract with the Amalgamated Transit Union. This contract is valid July 1, 2018 through June 30, 2021.

- As part of the collective bargaining agreement, METRO implemented a new attendance policy aimed at reducing unexcused absences and unbudgeted overtime by operators and mechanics.
- Implemented paratransit eligibility interviews for new clients. This was a recommendation from a Links Eligibility Study performed in 2016. (**STRATEGIC IMPERATIVE #6**)
- Established a Streetcar Emergency Management Committee. (**STRATEGIC IMPERATIVE #2**)
- Implemented a monthly safety message program.
- Director of Finance received the Arkansas Government Finance Officers Association Finance Officer of the Year Award. This was the first time a METRO employee received this award.

ORGANIZATION CHART AND PERSONNEL

Figure 1.2 – Organizational Chart
Revised 2/20/2019



Personnel

In 2018, METRO employed one hundred five (105) METRO Local operators; twenty-five (25) METRO Links operators; ten (10) METRO Streetcar operators; twenty-six (26) mechanics, service, and utility employees; three (3) customer service staffers; six (6) service supervisors; five (5) dispatchers; and twenty-five (25) administrative employees. Figure 1.3 shows a comparison of personnel from 2017 and 2018 to our budgeted personnel in 2019.

Figure 1.3 – Personnel Count

Personnel Category	2017 Actual	2018 Actual	2019 Budgeted
METRO Local Operator	105	105	105
METRO Links Operator	25	25	26
METRO Streetcar Operator	10	10	10
Customer Service	3	3	3
Mechanics & Service	26	26	26
Supervisors	6	6	6
Dispatchers	5	5	5
Administration	23	25	27
Total Employees	203	205	208

METRO hired its new Executive Director, Charles Frazier, in June 2018. Frazier came to us from Palm Tran, Palm Beach County’s transit system, where he worked for seventeen (17) years, including serving more than six (6) years as assistant executive director/director of support services. Frazier was among a select group of individuals nationwide to participate in the American Public Transportation Association’s Leadership Class of 2018. He is a graduate of Gonzaga University in Spokane, Washington and former president of Leadership Palm Beach County, a nonprofit organization.

To help fulfill its goals of coalition-building within the community (**STRATEGIC IMPERATIVE #1**) and improving the customer experience (**STRATEGIC IMPERATIVE #4**), METRO created an additional job within the public engagement department with the marketing and communications associate position. This entry-level position, filled by Hayden Krissell, supports daily tasks within the department, including fulfilling content and collateral materials assignments, assisting with community engagement activities, research, reporting, list management, presentations and other items and reporting to the director of public engagement.

METRO also hired John Bohannon as manager of fixed-route operations. This position, formerly titled assistant director of operations, is charged with oversight of fixed-route operations including the supervision of fixed-route service supervisors and dispatchers.

In 2019, METRO has budgeted for an additional Links paratransit operator and staff member and a chief safety and planning officer.

FINANCIAL POLICIES

This section outlines METRO's financial policies as they relate to the operating and capital budgets. METRO recognizes its duty to its stakeholders and other interested parties to vigilantly account for public funds and resources. The following policies establish guidelines for fiscal accountability, full disclosure and planning. These financial management policies provide a basic framework for the overall fiscal management of the transportation system.

The financial policies represent long-standing principles that have enabled METRO to maintain fiscal stability and are reviewed and approved annually to represent current policy decisions. **METRO is currently in compliance with all financial policies. (STRATEGIC IMPERATIVE #2)**

Long-Term Financial Planning

All METRO departments share in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans will be developed to reflect current policy directives, projected resources and future service requirements.

Annually prepare a five-year (5-year) capital budget evaluating projected costs for future major capital projects (purchasing replacement buses, strategic studies, etc.), as well as projecting recurring annual capital costs based off of historical trends and known changes that will occur during the forecast period. The funding and activity of capital programs must be consistent with METRO's goals and objectives.

The operating budget should take into account current levels of service, as well as known changes that will occur during the forecast. Using historical evidence, current economic factors, and statistical assumptions about the future, METRO will develop a balanced budget focusing on achieving the agency goals and objectives. A balanced budget is one where budgeted revenues (including the use of reserves) equal budgeted expenditures and METRO does not intend for either a deficit or surplus. In the event that our local contributing entities cannot cover the deficit, METRO must use reserves in order to balance the budget. This is the case in 2019. **The 2019 budget presented is a balanced budget.**

Revenue Management

METRO must diversify and maximize its revenue streams to raise sufficient revenue to support essential services.

Fares (charges) are required to generate revenue to offset a portion of METRO's operating expenditures. Any expenditures not covered by this revenue stream are made up by interest income, advertising, and local, state and federal contributions.

METRO must establish a fare structure with due consideration for equitable and consistent fares, effective and cost-efficient fare technology, enhancing mobility and access, and promoting ridership.

Fare policies must take into account the needs of the elderly, disabled, student and transit-dependent riders.

One-time and unpredictable revenues will be used in the current year. If one-time or unpredictable funds are not used in the current year to finance operations, the funds must be placed into reserves to be used for local match of future capital grants.

Asset Inventory and Condition Assessment

METRO inventories and assesses the condition of all operating and capital assets. Maintenance shall maintain inventories of all major assets including, but not limited to, bus shelters, shop equipment, office equipment, buildings and facilities, bus signs, and revenue and non-revenue vehicles.

Finance tracks capital assets using an inventory tag system and updates the asset inventory worksheet on a periodic basis. The asset inventory worksheet is reviewed biennially and obsolete or disposed assets are removed from the report. The report tracks the asset, asset tag number, cost, location and condition of the asset.

Cash Management and Investments

Operating and capital funds must be maintained in commercial banks where idle balances are invested to preserve necessary short-term [liquidity](#); while maximizing interest income; and conforming to local, state, and federal statutes governing the investment of public funds.

METRO will maintain written guidelines on cash handling, accounting, [segregation of duties](#) and other financial matters.

METRO will conduct periodic reviews of its internal controls and cash handling procedures.

Expenditure Management

Current expenditures will be funded by current fare revenue; advertising revenue; investment income; and local, state, and federal contributions. No revenues will be dedicated for specific purposes, unless required by law or Generally Accepted Accounting Principles ([GAAP](#)).

Monthly financial reports comparing budget to actual numbers shall be prepared and presented to the Board of Directors on a timely basis. The finance department must explain any variances between budget and actual if the variance is greater than or equal to \$1,000 and 10 percent.

METRO will maintain all assets at a level that sustains capital investment and minimizes future maintenance and replacement costs.

METRO's accounting system tracks invoices entered and paid. This allows METRO to ensure there are controls in place to prevent overbilling and duplicate billing. Also, each invoice is checked by both the CFO and Assistance Director of Finance to ensure compliance to this policy.

Budget Amendments

If there is a 10 percent or more amendment to any budget line item, METRO's Board of Directors must approve the adjustment to the budget.

Capitalization Method

Capital improvement projects are defined as equipment, infrastructure purchases or construction that results in a capitalized asset costing more than \$50 and having a useful (depreciable) life of five (5) years or more.

Associated capital purchases will result in a capitalized asset if such purchase exceeds the Federal Transit Administration ([FTA](#)) required calculated [associated capital threshold](#) established at the beginning of the fiscal year.

Reserve Management

Annual operating budgets will include a contingency appropriation in the Reserve Fund (Fund Balance) sufficient to provide for unforeseen needs of an emergency nature for that year. The desired level for each year shall be a percentage of the total operating budget for the year. The percentage is determined by the Board of Directors.

Any surplus at year-end will be part of METRO's Fund Balance at the beginning of the following year. The funds will be used to help cover METRO's local match portion of capital grants and fund capital projects during the year as approved by the Board of Directors.

Record Retention

METRO will retain all accounts payable files, payroll files, accounts receivable files and all related backup documentation for the current year and three years back. Grant files, procurement files and all related documentation must be kept permanently.

Accounting, Auditing and Financial Reporting

METRO's accounting and financial reporting systems will be maintained in conformance with GAAP and the standards set by the Governmental Accounting Standards Board ([GASB](#)) and the Government Finance Officers Association ([GFOA](#)).

An independent public accounting firm will perform an annual audit. The auditor's opinion will be included with METRO's Annual Audit Report.

METRO's Annual Budget Report will be submitted to the GFOA Distinguished Budget Presentation Program. The budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units, and as a communications device for all significant budgetary issues, trends and resources.

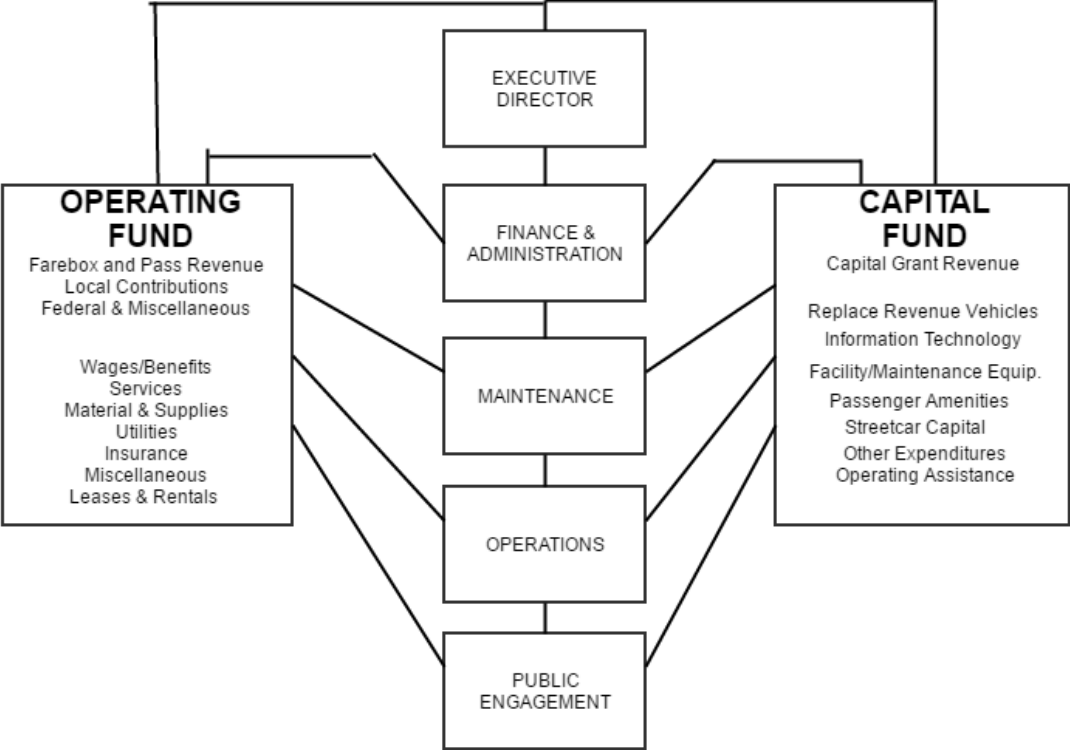
SECTION 2: FUNCTIONAL FINANCIAL PLAN

FINANCIAL STRUCTURE

METRO is a component unit of the City of Little Rock controlled by an independent board of directors and is accounted for as a single enterprise fund that reports financial results in accordance with GAAP as promulgated by GASB guidance. **All funds are appropriated.**

METRO’s operating fund is used to account for all general operations (Local/Express, Links and Streetcar) and activities. It is METRO’s intent that the costs (expenditures) of operations be financed through farebox revenue, investment revenue, federal and state grants and local contributions from supporting municipalities. The majority of operational funding is used to pay employee salaries and benefits. Other operational funding goes to pay for such things as professional services, fuel, insurance, maintenance and utilities. Operating reserves (fund balance) are used to meet local match requirements for annual grants, if necessary.

METRO’s capital fund is used to finance capital projects and fixed asset purchases, such as revenue vehicle purchases, facility enhancements, passenger amenity upgrades, tires and more. Capital funds are accumulated through a variety of Federal Transit Administration grants, including annual Section 5307, 5337, 5339 appropriations. METRO allocates roughly forty-three percent (43%) of its Section 5307 federal capital funds toward operations, which is allowed by FTA. These funds are used for preventive maintenance, planning studies and paratransit funds. A diagram that shows how METRO’s functional units (departments) interact with each major fund is provided below. All functional units have a direct impact on major funds.



OPERATING BUDGET PROCESS

This section describes the process for preparing, reviewing and adopting the operating budget for the coming fiscal year. It also includes procedures for amending the budget after adoption.

Basis of Budgeting

METRO uses the [modified accrual](#) basis of budgeting, which is the same basis of accounting used in the audited financial statements. Modified accrual accounting recognizes revenues when they become measurable and available. Measurable means that the dollar value of the revenue is known. Available means that it is collectible within the current period or soon enough after the end of the current period to pay liabilities of the current period.

The budget calendar shown on page 30 is used to supplement the following narrative information.

Budget Process

METRO's operating budget process is ongoing and includes the phases of planning, development, adoption and monitoring. Numerous levels of the organization are included in the budget process during budget meetings, committee meetings and budget work sessions throughout the year.

Generally, METRO begins the annual budget process in June. The first step of the budget process includes strategic planning discussions within each department. During the strategic planning meetings, department directors and managers discuss and develop departmental goals and objectives for the coming year. Preliminary overall agency goals are then developed from departmental goals.

The financial aspect of the budget development process begins in July, when department directors and managers meet to discuss and develop a preliminary budget that can be used as a basis for the annual staff budget retreat. For Local and Links budgets, farebox and bus pass revenues are typically budgeted at two percent (2%) over the current year's [annualized](#) farebox and bus pass revenues. Budgeted expenditures are calculated using current year annualized expenditures and are adjusted based on historical trends and future expectations. Once the net budgeted deficit is determined (budgeted operating revenues less budgeted expenditures), METRO divides the remaining funds needed to operate (to balance the budget) between the local funding entities based on total service miles operated in each jurisdiction.

METRO Streetcar operating revenues and expenditures are budgeted in the same manner as Local and Links paratransit revenues, but the remaining funds needed to operate (net budget deficit) are split evenly between Little Rock, North Little Rock and Pulaski County funding partners. The funding structure for Streetcar operations was agreed upon by the participating local entities.

Also in July, the chief financial officer and the assistant director of finance discuss any necessary changes to the annual budget report for the upcoming fiscal year by assessing short-term factors, such as use of reserves, service level assumptions, federal funding, political trends, inflation assumptions and the state of the local economy. This is an ongoing process until the report's submission in February.

During August, department directors and managers gather for a day-long budget retreat to discuss METRO's internal strengths and weaknesses, external opportunities and threats, departmental needs, strategic initiatives and goals for the coming year. Also, the finance department and other department directors discuss any expected significant increases or decreases to line item expenditures in the operating budget and efficiency issues related to processes within their departments, as well as how to improve efficiency in those processes. Capital budget needs are also discussed, as well as any major capital projects for the following year. Departmental and agency goals and objectives are finalized during the budget retreat.

After the retreat, the finance department drafts a budget to present to the budget committee, which is made up of five board members. The budget committee meets at least twice during September or early October to discuss, in detail, all revenues and expenditures for METRO's three modes of transportation and METRO's strategic goals and objectives for the upcoming fiscal year.

Once the budget committee agrees to the draft operating and capital budgets, the finance department presents the budgets to the Board of Directors during the November board meeting. After discussion, board members vote on approval of the budgets as presented or vote to amend then approve the budgets. **The 2019 operating and capital budgets were presented to, and approved by, the board of directors on November 27, 2018.**

According to METRO's financial policies and bylaws, if there is a ten percent (10%) or more amendment to any budget line item, METRO's board of directors must approve the adjustment to the budget. Also, METRO is required to provide the board with [actual-to-budget variance](#) comparisons during the monthly board meetings.

BUDGET CALENDAR

	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Strategic Planning												
Department Strategic Planning Discussions				X	X							
Agency Goals Discussions				X	X	X						
Budget Development												
Preliminary Budget Preparation					X							
Discuss Annual Budget Report Modifications					X	X	X	X	X	X	X	
Budget Retreat with Department Directors						X						
Draft Budget to Present to Budget Committee						X						
Meet with Budget Committee							X	X				
Present Final Budgets to Board of Directors									X			
Budget Adoption												
Board of Directors Approve Annual Budgets									X			
Finalize Annual Budget Report and Submit to GFOA												X
Budget Monitoring												
Monthly Actual to Budget Comparisons	X	X	X	X	X	X	X	X	X	X	X	X

OPERATING BUDGET SUMMARY

Presented is a summary of major operating revenues and expenditures, as well as other financing sources and uses. The capital budget summary can be found in the capital budget section on page 52.

Revenue:	2017 Actual	2018 Actual	2019 Budget
Farebox and Pass	\$ 1,922,734	\$ 1,839,747	\$ 1,865,140
Local Grant	12,793,871	13,202,427	13,605,594
Federal and Miscellaneous	2,614,191	3,279,826	3,266,799
Total Revenue	\$ 17,330,796	\$ 18,322,000	\$ 18,737,533
Expenses:			
Labor	\$ 8,594,789	\$ 8,856,878	\$ 9,398,377
Fringe Benefits	3,718,534	3,931,188	4,222,176
Services	979,607	1,127,693	1,158,316
Materials and Supplies	2,180,289	2,130,258	2,409,358
Utilities	304,087	347,741	337,750
Insurance	374,440	413,956	435,743
Miscellaneous	474,096	438,556	1,245,390
Leases and Rentals	14,845	14,604	14,200
Total Expenses	\$ 16,640,687	\$ 17,260,874	\$ 19,221,310
Total Surplus/(Deficit)	\$ 690,109	\$ 1,061,126	\$ (483,777)
Use of Reserves	\$ -	\$ -	\$ 483,777

SIGNIFICANT OPERATING BUDGETARY ITEMS AND TRENDS

The adoption of the 2019 budget includes a number of significant budget items and trends. All assumptions made in the operating budget are based off of historical trends and future expectations. **METRO also assumes there will be no service level changes during 2019. Service level changes will only occur at the request of the Board of Directors and the contributing**

local governments. This occurs when the local governments cannot fund the proposed budget and there are not enough reserves to cover the projected deficit. Budgeted amounts for 2019 are based off of annualized 2018 figures during preliminary budget preparation. **All comparisons made in this section are between 2018 budget and 2019 budget numbers, unless otherwise stated.**

Total expenditures for 2019 are budgeted to be \$19,221,310, representing a \$1,127,140 or 6.23 percent increase from the 2018 budget. A summary of differences between the 2019 budget and 2018 budget is shown below, with numbers rounded to the nearest thousandth.

Please note: The reader must combine METRO Local and Links (Figure 2.1) and METRO Streetcar (Figure 2.3) numbers to get the numbers presented below. METRO must split the operating budget into two (2) separate budgets (METRO Local/Links and METRO Streetcar) due to the different funding mechanisms regulating each mode of transportation. METRO Local and METRO Links departments are funded using total service miles, and METRO Streetcar is funded evenly by Little Rock, North Little Rock and Pulaski County contributions. METRO Links revenues and expenditures are included as one line item each in the METRO Local and Links budget (Figure 2.1). **The numbers presented in this section are rounded to the nearest thousand for simplicity.**

Summary of Budget Changes (rounded to nearest thousand)				
	2018 Budget	2019 Budget	(\$)Difference	(%)Difference
Farebox and Pass	\$ 1,975,000	\$ 1,865,000	\$ (110,000)	-5.6%
Local Grant	13,307,000	13,605,000	298,000	2.2%
Federal and Miscellaneous	2,812,000	3,267,000	455,000	16.2%
Total Revenue	\$ 18,094,000	\$ 18,737,000	643,000	3.6%
Labor	\$ 9,107,000	\$ 9,398,000	\$ 291,000	3.2%
Fringe Benefits	4,083,000	4,222,000	139,000	3.4%
Services	1,109,000	1,158,000	49,000	4.4%
Materials and Supplies	2,295,000	2,409,000	114,000	5.0%
Utilities	315,000	338,000	23,000	7.3%
Insurance	408,000	436,000	28,000	6.9%
Miscellaneous	763,000	1,246,000	483,000	63.3%
Leases and Rentals	14,000	14,000	-	0.0%
Total Expenses	\$ 18,094,000	\$ 19,221,000	\$ 1,127,000	6.2%
Total Surplus/(Deficit)	\$ -	\$ (484,000)	\$ (484,000)	
Use of Reserves	\$ -	\$ 484,000	\$ 484,000	

Revenue

One assumption that led to lower budgeted farebox and pass revenue is that ridership will decrease slightly (over 2018 budgeted ridership, not actual) due to lower gasoline prices, an improved local economy, historically low unemployment rates and the continued disruption from transportation network companies (TNCs). These factors tend to influence riders to

choose private transportation over public transportation. Ride sharing businesses such as Uber and Lyft continue to pose a threat to ridership as they collect a bigger piece of the market share. METRO Local budgeted a \$102,000 decrease in farebox and pass revenue, an increase in METRO Links pass revenue of \$11,000, and a decrease in METRO Streetcar pass revenue of \$19,000, for a total budgeted decrease of \$101,000 in 2019 as compared to the 2018 budget. In response, METRO will continue to seek out fare agreement partnerships designed to increase fare revenue and overall ridership. Also, METRO will focus on improving the customer experience (**STRATEGIC IMPERATIVE #4**) in 2019 by implementing on-demand micro transit options and a new phone system that will allow for the seamless transition of calls and will have the capacity to handle customization in analytics, monitoring and reporting including long-term data storage for reference to conversations.

After METRO's board of directors passed the operating and capital budgets in November 2018, they voted to make the streetcar fare-free for 2019 in December. This will mean an additional farebox and pass revenue loss of \$52,000 in 2019. In order to offset the loss of revenue, staff is currently reaching out to non-profit organizations and local visitor bureau's in order to obtain sponsorship funds for the streetcar.

METRO Links continues to experience an increase in ridership each year as more elderly and disabled individuals become reliant on affordable transportation for access to their community service providers, jobs, education, health care, shopping and other daily activities. As METRO Links service is considerably more expensive per rider than METRO Local service, it is METRO's intent to focus on individuals who are able to ride both Local and Links services. METRO has made it a priority in 2019 to provide [travel training](#) to interested Links customers that are eligible and able to ride Local services. The intent is that providing travel training for Local services will hopefully shift some ridership from Links to Local. This is one of many recommendations received from the Links Eligibility Study that METRO intends to continue to implement in 2019 (**STRATEGIC IMPERATIVE #6**). Also, in order to keep up with the increasing demand for Links paratransit service, METRO will hire a paratransit eligibility specialist responsible for evaluating and administrating complex paratransit eligibility, including the qualification of conditional eligibility (**STRATEGIC IMPERATIVE #2, #4, #6**).

Local grant revenue is revenue received from the contributing entities (Little Rock, North Little Rock, Pulaski County, Sherwood and Maumelle) and is budgeted to increase by \$298,000 in 2019 as compared to last year's budget. This increase is due to a combination of decreasing revenue, increasing expenditures and the required use of reserves in order to balance the budget.

Federal and miscellaneous revenue is budgeted to increase \$455,000 in 2019 as compared to 2018. This increase is due to a combination of increasing special contract revenue, advertising revenue, and planning income. Special contract revenue will increase by \$31,000 due to the UPASS program partnerships with the eStem Public Charter School and the Arkansas Homeless Coalition (**STRATEGIC IMPERATIVE #1**). However, the increase is mainly due to a significant increase in planning income. METRO will be conducting a comprehensive operational analysis

budgeted to cost \$300,000, a transit-oriented development study budgeted at \$175,000 (**STRATEGIC IMPERATIVE #3**), a streetcar strategic study projected to cost \$100,000 (**STRATEGIC IMPERATIVE #3**), and a stakeholder survey budgeted to cost \$25,000 (**STRATEGIC IMPERATIVE #2, #3, #4**). METRO will also hire an outside consultant to help with the creation of a safety plan. This plan is required by the Federal Transit Administration (FTA). METRO will also hire a chief safety officer (**STRATEGIC IMPERATIVE #2**) and has petitioned the FTA to allow this individual to oversee both safety and planning activities. If successful, METRO will be able to fund this position through the use of federal planning funds. All planning projects and personnel are funded through federal planning funds, meaning eighty percent (80%) of the total cost is reimbursable by the federal government. More information on this can be found in the capital budget section.

Expenditures

METRO expects a \$1,127,000 or 6.2% increase in expenditures for 2019 as compared to the 2018 budget. Every major expenditures sub-category will increase in 2019 excluding rental and lease expenditures.

METRO expects labor expenditures to increase by \$291,000 and fringe benefits to increase by \$139,000 in 2019 as compared to the 2018 budget. One assumption that led to the budgeted increase in labor expenditures is that union employees will receive a negotiated three percent (3%) cumulative raise, and non-union employees will receive a three percent (3%) cumulative performance-based raise in 2019. Health insurance is the major sub-category of fringe benefits, and METRO expected and received a nine percent (9%) increase in health insurance premiums for 2019.

METRO is expecting a \$49,000 increase in services expenditures for 2019 as compared to the 2018 budget. The increase is due to the increase in dependence on using the taxi-cab service provided to ADA-eligible riders when METRO cannot provide the trip. This typically happens when multiple operators are out on sick, holiday or vacation leave. Although METRO has budgeted to hire additional Links staff to help with the increasing demand for the service, we still expect an overall increase in professional taxi-cab services.

Although it will not have a major financial impact on the 2018 budget, METRO intends to focus on and invest more money in professional development of the METRO staff. (**STRATEGIC IMPERATIVE #5**) Investing in the professional development of staff will reap significant rewards in the future. Remaining informed of legislation changes, new technology and industry-specific rules and regulations will allow METRO employees to provide better service for customers.

In 2019, METRO will experience an increase in fuel expenditures as compared to the 2018 budget. This is mainly due to higher diesel, CNG, and gasoline fuel prices. METRO converted its METRO Links fleet to gasoline because the market does not provide diesel-fueled cutaway paratransit vans any more. METRO budgeted for a rate of \$.90 per diesel gallon equivalent for CNG fuel, \$2.35 per gallon for gasoline, and \$2.30 for diesel fuel in 2019. In 2018, METRO budgeted \$.87 per diesel gallon equivalent, \$1.84 per gallon of gasoline, and \$1.69 per diesel

gallon. Taking all of this in to account, METRO has budgeted an increase of \$159,000 in total fuel expenditures (this includes an increase in budgeted gasoline expenditures of \$68,000, a decrease in CNG fuel of \$107,000, and an increase in diesel fuel expenditures of \$198,000). **It is important to note to the readers that METRO budgeted an overall decrease in CNG fuel expenditures because we included a non-guaranteed federal excise tax credit in the amount of \$130,000. METRO budgeted this credit at the request of our funding partners due to their own budget constraints. There is no guarantee that the federal government will provide this credit.**

Miscellaneous expenditures are budgeted to increase by \$483,000 in 2019 as compared to the 2018 budget. METRO will conduct a number of planning studies in 2019; a comprehensive operational analysis, a transit-oriented development study, a streetcar strategic study and a stakeholder survey. METRO will also hire a chief safety and planning officer in 2019. The projects and personnel are funded using federal planning funds and are reimbursed at a rate of eighty percent (80%) by the federal government.

Use of Reserves

In 2019, METRO will use \$484,000 of its reserve fund balance in order to make up for the shortfall of funds received from its local contributing entities. METRO used these funds at the request of its funding partners, Little Rock, North Little Rock, Pulaski County, Sherwood, and Maumelle. METRO's reserve fund balance (discussed in more detail in the fund balance section) is made up of surpluses in prior years. When METRO's actual revenues exceed its actual expenditures (called a surplus), the funds are transferred to its reserve fund balance. In other words, the reserve fund balance is made up of excess local funds, or those funds that the contributing entities "overpaid" in prior years in order to balance the budget.

Figure 2.1 shows the operating budget for METRO Local and METRO Links for 2019. The 2019 budget for METRO Links is shown in Figure 2.2 and the METRO Streetcar 2019 budget is shown in Figure 2.3.

FIGURE 2.1 – METRO LOCAL AND METRO LINKS 2019 OPERATING BUDGET

	2017 ACTUAL	2018 ACTUAL	2018 BUDGET	2019 BUDGET	(\$) CHANGE FROM 2018
OPERATING REVENUE:					
PASS INCOME:					
PASSENGER CASH REVENUE	\$ 929,371	\$ 878,101	\$ 945,189	\$ 898,022	\$ (47,167)
ADULT TOKENS	20,640	22,442	18,629	23,168	4,539
ADULT 10 RIDE PASS	77,597	78,467	85,545	67,081	(18,464)
ONE DAY PASS	103,128	102,080	104,490	103,155	(1,335)
MONTHLY RIDER PASSES	372,494	319,682	354,373	327,362	(27,011)
HONORED CITIZEN RIDER PASSES	122,433	116,185	126,047	123,351	(2,696)
HONORED CITIZEN 10 RIDE PASS	10,077	10,181	10,263	9,891	(372)
SUMMER YOUTH PASS	1,020	960	-	990	990
STUDENT RIDER PASSES	28,606	25,855	24,690	14,405	(10,285)
SUBTOTAL PASS INCOME	\$ 1,665,366	\$ 1,553,953	\$ 1,669,226	\$ 1,567,425	\$ (101,801)
CONTRACTS-SPECIAL ROUTE GUAR.	\$ 102,838	\$ 141,012	\$ 135,484	\$ 166,558	\$ 31,074
PARATRANSIT INCOME	288,979	268,118	263,615	274,728	11,113
MISCELLANEOUS INCOME	8,837	4,867	7,000	7,000	-
SUBTOTAL REVENUE	\$ 2,066,020	\$ 1,967,950	\$ 2,075,325	\$ 2,015,711	\$ (59,614)
GRANT INCOME:					
LOCAL GRANTS - LITTLE ROCK	\$ 8,523,795	\$ 8,844,910	\$ 8,844,910	\$ 9,046,546	\$ 201,636
LOCAL GRANTS - NO. LITTLE ROCK	2,335,010	2,406,002	2,406,002	2,460,851	54,849
LOCAL GRANTS - PULASKI COUNTY	873,111	899,337	899,337	919,839	20,502
LOCAL GRANTS - SHERWOOD	77,004	79,750	79,750	81,568	1,818
LOCAL GRANTS - MAUMELLE	37,910	39,261	39,261	40,157	896
SUBTOTAL LOCAL GRANTS	\$ 11,846,830	\$ 12,269,260	\$ 12,269,260	\$ 12,548,961	\$ 279,701
MAINTENANCE CAPITAL SUPPORT (FEDERAL)	\$ 1,432,000	\$ 2,062,000	\$ 1,432,000	\$ 1,432,000	\$ -
ADVERTISING	228,452	274,468	245,000	270,000	25,000
FTA PARATRANSIT FUNDING	397,000	397,000	397,000	397,000	-
PLANNING (FEDERAL)	94,024	65,230	195,544	585,320	389,776
PUBLIC TRANSIT TRUST FUND	275,000	275,000	275,000	275,000	-
INTEREST INCOME	11,436	19,093	7,000	13,500	6,500
TRAINING CAPITAL SUPPORT	2,215	5,379	2,500	4,500	2,000
SUBTOTAL NON-LOCAL GRANTS	\$ 2,440,127	\$ 3,098,170	\$ 2,554,044	\$ 2,977,320	\$ 423,276
TOTAL GRANTS	\$ 14,286,957	\$ 15,367,430	\$ 14,823,304	\$ 15,526,281	\$ 702,977
TOTAL REVENUE	\$ 16,352,977	\$ 17,335,380	\$ 16,898,629	\$ 17,541,992	\$ 643,363

FIGURE 2.1 – METRO LOCAL AND METRO LINKS 2019 OPERATING BUDGET

	2017 ACTUAL	2018 ACTUAL	2018 BUDGET	2019 BUDGET	(\$) CHANGE FROM 2018
EXPENSES:					
LABOR:					
OPERATOR'S SALARIES & WAGES	\$ 4,395,797	\$ 4,540,257	4,645,516	4,732,256	86,740
MECHANIC WAGES	713,814	757,404	768,748	780,279	11,531
SERVICE WAGES	175,452	175,258	196,879	199,832	2,953
SUPERVISOR'S WAGES	1,234,069	1,238,404	1,314,307	1,353,736	39,429
DISPATCHER'S WAGES	163,635	165,078	163,806	179,432	15,626
CLERICAL WAGES	281,779	313,584	334,391	339,305	4,914
TOTAL LABOR	\$ 6,964,546	\$ 7,189,985	\$ 7,423,647	\$ 7,584,840	\$ 161,193
FRINGE BENEFITS:					
FICA MATCHING TAXES	\$ 588,102	\$ 617,551	\$ 643,999	\$ 665,471	\$ 21,472
HEALTH INSURANCE	1,090,954	1,105,198	1,179,208	1,226,666	47,458
LIFE INSURANCE PLAN	99,130	103,649	110,770	107,581	(3,189)
UNEMPLOYMENT INSURANCE TAX	13,366	14,322	12,240	13,760	1,520
WORKMAN'S COMPENSATION INS.	167,297	175,258	168,000	173,923	5,923
SICK LEAVE PAY	279,306	324,509	326,173	318,618	(7,555)
HOLIDAY PAY	230,857	260,821	277,997	271,540	(6,457)
VACATION PAY	483,267	505,875	514,395	510,949	(3,446)
OTHER PAID ABSENCES	15,302	14,688	15,500	15,851	351
UNIFORM ALLOWANCE PAID	74,889	77,980	75,000	78,000	3,000
OTHER FRINGE - AUTO ALLOWANCE	8,400	8,400	8,400	8,400	-
TOTAL FRINGE BENEFITS	\$ 3,050,870	\$ 3,208,251	\$ 3,331,682	\$ 3,390,759	\$ 59,077
SERVICES:					
BUILDINGS & GROUNDS MAINT.	\$ 272,988	\$ 332,488	\$ 305,000	\$ 335,000	\$ 30,000
PROFESSIONAL & TECHNICAL SERVICE	58,041	87,435	125,000	110,000	(15,000)
TEMPORARY HELP	21,507	3,136	15,000	10,000	(5,000)
CUSTODIAL SERVICES	103,275	113,800	103,500	108,000	4,500
SECURITY SERVICE	313,700	315,636	341,816	341,816	-
MOVING EXPENSE	-	15,000	-	-	-
TRAINING EXPENSE	33,689	43,343	40,000	40,000	-
MISCELLANEOUS EXPENSE	4,863	3,607	6,000	6,000	-
TOTAL SERVICES	\$ 808,063	\$ 914,445	\$ 936,316	\$ 950,816	\$ 14,500

FIGURE 2.1 – METRO LOCAL AND METRO LINKS 2019 OPERATING BUDGET

	2017 ACTUAL	2018 ACTUAL	2018 BUDGET	2019 BUDGET	(\$) CHANGE FROM 2018
CASUALTY & LIABILITY COST:					
PREMIUM/PUBLIC LIAB. & PHY. DAMAGE	\$ 282,399	\$ 273,951	\$ 269,787	\$ 282,953	\$ 13,166
CASUAL/LIAB NOT COVERED BY INS	-	-	500	500	-
RECOVERY/PUB LIAB & PROP DAMAGE	(50,494)	(4,471)	-	-	-
PREMIUMS/OTHER CORPORATE INS.	18,138	18,107	19,000	19,000	-
TOTAL CASUALTY & LIABILITY	\$ 250,043	\$ 287,587	\$ 289,287	\$ 302,453	\$ 13,166
MISCELLANEOUS:					
PARATRANSIT NET EXPENSE	2,147,820	2,186,908	2,173,513	2,448,948	275,435
COMPUTER EXPENSE	1,770	2,206	1,500	2,000	500
POSTAGE & SHIPPING	10,433	9,289	17,000	13,000	(4,000)
BANK CHARGES	10,258	13,649	14,440	14,440	-
PRINTING EXPENSE	93,261	86,367	95,000	95,000	-
MARKETING & PROMOTION	162,040	178,818	192,500	192,500	-
DUES & SUBSCRIPTION	42,062	38,120	40,000	42,000	2,000
TRAVEL & MEETINGS	15,959	21,676	20,000	20,000	-
OTHER MISCELLANEOUS EXPENSES	322	-	1,000	500	(500)
PLANNING SERVICES	84,569	76,861	244,430	731,650	487,220
TOTAL MISCELLANEOUS	\$ 2,568,494	\$ 2,613,894	\$ 2,799,383	\$ 3,560,038	\$ 760,655
% OVER PREVIOUS YEAR BUDGET				27.17%	
LEASES & RENTALS:					
EQUIPMENT LEASE & RENTAL	\$ 12,980	\$ 13,377	\$ 13,328	\$ 13,000	\$ (328)
DEPRECIATION-GEN ADM.	1,470	-	-	-	-
TOTAL LEASES & RENTALS	\$ 14,450	\$ 13,377	\$ 13,328	\$ 13,000	\$ (328)
% OVER PREVIOUS YEAR BUDGET				-2.46%	
CONTINGENCY	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 15,662,868	\$ 16,274,254	\$ 16,898,629	\$ 18,025,769	\$ 1,127,140
% OVER PREVIOUS YEAR BUDGET				6.67%	
EARNINGS (LOSS) FROM OPERATIONS	\$ 690,109	\$ 1,061,126	\$ -	\$ (483,777)	\$ (483,777)
USE OF RESERVES	\$ -	\$ -	\$ -	\$ 483,777	\$ 483,777

FIGURE 2.2 – METRO LINKS 2019 OPERATING BUDGET

	2017 ACTUAL	2018 ACTUAL	2018 BUDGET	2019 BUDGET	(\$) CHANGE FROM 2018
REVENUE					
OPERATING:					
ADA ONE WAY PASS	\$ 36,064	\$ 35,220	\$ 35,837	\$ 36,174	\$ 337
ADA TEN RIDE BOOK	190,526	197,121	192,139	202,633	10,494
MISCELLANEOUS INCOME	669	777	639	921	282
PLANNING INCOME	26,720	-	-	-	-
PUBLIC TRANSIT TRUST FUND	35,000	35,000	35,000	35,000	-
TOTAL REVENUE	\$ 288,979	\$ 268,118	\$ 263,615	\$ 274,728	\$ 11,113
EXPENSES					
LABOR:					
OPERATOR'S SALARIES & WAGES	\$ 885,148	\$ 881,022	\$ 869,244	\$ 960,740	\$ 91,496
MECHANICS WAGES	29,919	26,454	41,000	30,040	(10,960)
SERVICE WAGES	13,032	13,319	13,761	13,996	235
CLERICAL WAGES	81,460	82,450	84,242	122,782	38,540
DISPATCHER'S WAGES	82,285	83,311	83,610	85,009	1,399
SUPERVISOR WAGES	48,121	51,727	47,895	52,440	4,545
TOTAL LABOR	\$ 1,139,965	\$ 1,138,283	\$ 1,139,752	\$ 1,265,007	\$ 125,255
FRINGE BENEFITS:					
FICA MATCHING TAXES	\$ 90,579	\$ 91,020	\$ 88,982	\$ 101,045	\$ 12,063
HEALTH INSURANCE	186,307	225,624	213,994	267,350	53,356
LIFE INSURANCE PLAN	16,841	17,141	18,208	18,306	98
UNEMPLOYMENT INSURANCE TAX	2,514	2,583	2,232	2,560	328
WORKMAN'S COMPENSATION INS.	23,924	28,673	25,120	30,106	4,986
SICK LEAVE PAY	43,276	45,583	47,669	45,889	(1,780)
HOLIDAY PAY	34,284	38,785	38,296	41,461	3,165
VACATION PAY	63,193	66,068	61,883	68,817	6,934
OTHER PAID ABSENCES	1,011	859	2,000	2,000	-
UNIFORM ALLOWANCE PAID	12,878	12,693	13,000	13,520	520
TOTAL FRINGE BENEFITS	\$ 474,807	\$ 529,029	\$ 511,384	\$ 591,054	\$ 79,670

FIGURE 2.2 – METRO LINKS 2019 OPERATING BUDGET

	2017 ACTUAL	2018 ACTUAL	2018 BUDGET	2019 BUDGET	(\$) CHANGE FROM 2018
SERVICES:					
PROFESSIONAL & TECHNICAL SERVICE	\$ 130,211	\$ 177,299	\$ 125,000	\$ 156,000	\$ 31,000
CUSTODIAL SERVICES	1,373	1,002	2,000	2,000	-
TRAINING	367	-	2,000	2,000	-
TEMPORARY HELP	4,024	5,051	5,500	5,500	-
MISCELLANEOUS EXPENSE	96	238	500	500	-
TOTAL SERVICES	\$ 136,071	\$ 183,590	\$ 135,000	\$ 166,000	\$ 31,000
MATERIALS & SUPPLIES:					
TIRES & TUBES	\$ 21,138	\$ 22,761	\$ 30,000	\$ 30,000	\$ -
GASOLINE	168,016	211,232	198,256	261,897	63,641
DIESEL FUEL	80,844	3,499	25,950	-	(25,950)
OIL	3,350	2,361	4,500	4,500	-
BODY REPAIR	747	306	2,000	2,000	-
PAINT	-	-	1,000	1,000	-
ENGINES	1,379	1,490	7,000	7,000	-
CHASSIS	1,667	1,616	7,000	7,000	-
RADIATORS	-	-	500	500	-
ELECTRICAL	300	203	2,500	2,500	-
BATTERIES	1,561	588	2,500	2,500	-
AIR CONDITIONING	1,470	1,260	7,000	7,000	-
BRAKE BLOCKS	1,763	2,525	7,000	7,000	-
BRAKE DRUMS	38	-	1,000	1,000	-
GLASS	1,256	349	2,000	2,000	-
FILTER ELEMENTS	2,260	1,978	5,000	5,000	-
TRANSMISSIONS	-	-	500	500	-
FLEET	7,929	16,252	6,000	11,000	5,000
RADIO SERVICE	2,843	-	4,000	-	(4,000)
OTHER SHOP SUPPLIES	218	52	500	500	-
OTHER CLERICAL SUPP, MISC. EXP.	4,473	3,322	4,500	4,500	-
TOTAL MATERIALS & SUPPLIES	\$ 301,252	\$ 269,794	\$ 318,706	\$ 357,397	\$ 38,691

FIGURE 2.2 – METRO LINKS 2019 OPERATING BUDGET

	2017 ACTUAL	2018 ACTUAL	2018 BUDGET	2019 BUDGET	(\$) CHANGE FROM 2018
UTILITIES:					
UTILITIES	\$ -	\$ -	\$ -	\$ -	\$ -
TELEPHONE EXPENSE	10,537	13,242	10,250	10,250	-
TOTAL UTILITIES	\$ 10,537	\$ 13,242	\$ 10,250	\$ 10,250	\$ -
CASUALTY & LIABILITY COST:					
RECOVERY OF PHYSICAL DAMAGE	\$ -	\$ -	\$ -	\$ -	\$ -
PREMIUM/PUBLIC LIAB. & PHY. DAMAGE	50,376	47,912	48,921	49,740	819
CASUAL/LIAB NOT COVERED BY INS	-	-	-	-	-
RECOVERY/PUB LIAB & PROP DAMAGE	-	(2,013)	-	-	-
PREMIUMS/OTHER CORPORATE INS.	-	-	-	-	-
TOTAL CASUALTY & LIABILITY	\$ 50,376	\$ 45,899	\$ 48,921	\$ 49,740	\$ 819
MISCELLANEOUS:					
COMPUTER EXPENSE	\$ -	\$ -	\$ 500	\$ 500	\$ -
POSTAGE & SHIPPING	788	1,352	1,000	1,000	-
PLANNING EXPENSE	29,305	-	-	-	-
PRINTING EXPENSE	3,589	5,454	6,000	6,000	-
MARKETING & PROMOTION	491	11	1,500	1,500	-
TRAVEL & MEETINGS	639	254	500	500	-
TOTAL MISCELLANEOUS	\$ 34,812	\$ 7,071	\$ 9,500	\$ 9,500	\$ -
TOTAL EXPENSES	\$ 2,147,820	\$ 2,186,908	\$ 2,173,513	\$ 2,448,948	\$ 275,435
EARNINGS (LOSS) FROM OPERATIONS	\$ (1,858,841)	\$ (1,918,790)	\$ (1,909,898)	\$ (2,174,220)	\$ (264,322)

FIGURE 2.3 – METRO STREETCAR 2019 OPERATING BUDGET

	2017 ACTUAL	2018 ACTUAL	2018 BUDGET	2019 BUDGET	(\$) CHANGE FROM 2018
REVENUE:					
OPERATING					
PASSENGER CASH	\$ 17,650	\$ 37,677	\$ 54,000	\$ 42,109	\$ (11,891)
PASS INCOME	5,438	9,003	17,000	9,799	(7,201)
PLANNING INCOME	-	-	80,000	80,000	-
ACCIDENT RECOVERY	1,604	-	-	-	-
CONTRACT CAR RENTAL	7,688	6,773	7,000	7,000	-
TOTAL OPERATING REVENUE	\$ 32,380	\$ 53,453	\$ 158,000	\$ 138,908	\$ (19,092)
EXPENSES:					
MISCELLANEOUS	\$ 800	\$ 876	\$ 1,000	\$ 1,000	\$ -
PROFESSIONAL SERVICES	129	1,249	100	3,500	3,400
MARKETING	5,293	1,863	10,000	10,000	-
UTILITIES	57,320	63,557	64,000	64,000	-
SUPPLIES	19,017	20,833	21,000	21,000	-
SECURITY	885	902	1,500	1,500	-
JANITORIAL	14,516	14,516	15,000	15,000	-
BATTERIES	3,377	1,493	2,000	2,000	-
SOAP	4,357	3,563	6,000	5,000	(1,000)
PRINTING	6,972	1,605	11,000	11,000	-
DUES & SUBSCRIPTIONS	297	321	300	300	-
TRAVEL & MEETINGS	2,150	280	2,500	2,500	-
PAINT	147	1,502	500	1,000	500
INSURANCE	75,625	80,470	69,892	83,550	13,658
WAGES	490,278	528,610	543,260	548,530	5,270
FRINGES	186,854	188,308	233,339	234,363	1,024
FLEET	56,537	26,783	45,000	32,248	(12,752)
FREIGHT	3,896	318	3,500	1,000	(2,500)
BUILDING & GROUNDS MAINTENANCE	19,143	12,066	20,000	20,000	-
UNIFORMS & TOOLS	6,004	5,600	7,000	6,000	(1,000)
TELEPHONE	6,043	10,476	5,500	8,500	3,000
ELECTRICAL REPAIRS	16,641	15,894	27,000	20,000	(7,000)
RADIO EXPENSE	281	2,612	2,100	-	(2,100)
TIRES	1,432	-	600	-	(600)
AIR CONDITIONING	-	90	-	100	100
OIL	141	84	150	150	-
TRAINING	-	49	500	500	-
GASOLINE	891	1,284	1,100	1,100	-
GLASS	-	77	500	500	-
PLANNING EXPENSE	-	-	100,000	100,000	-
BANK CHARGES	-	112	-	-	-
EQUIPMENT RENTAL	395	1,227	1,200	1,200	-
TOTAL EXPENSES	\$ 979,421	\$ 986,620	\$ 1,195,541	\$ 1,195,541	\$ -
INCOME FROM FUNDING CITIES	\$ 947,041	\$ 933,167	\$ 1,037,541	\$ 1,056,633	\$ 19,092

SOURCES OF REVENUE

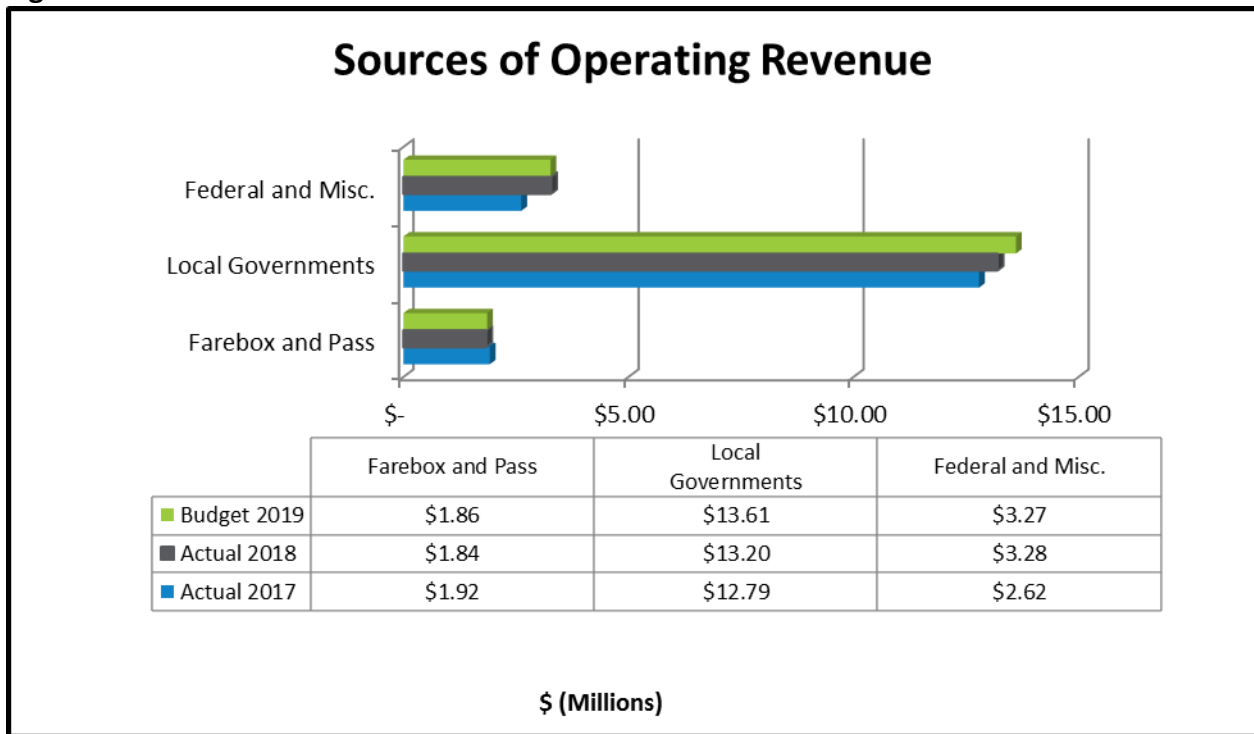
Note: The figures used in comparison are actual 2017, actual 2018, and budget 2019, unless otherwise stated. The figures used in this comparison can be found on page 31.

In 2019, METRO expects to receive \$1.86 million in farebox and pass sales revenue, \$3.27 million in federal and miscellaneous funds, \$13.61 million in local government contributions and will use \$.48 million in reserve fund balance funds to balance out the budget. METRO has provided a comprehensive table below showing revenues that make up each sub-category as well as the 2019 budgeted amount and a short description of each revenue type.

Figure 2.4, on the following page, compares METRO's actual sources of revenue for the year 2017 and 2018 and the budgeted sources of revenue in 2019.

Farebox and Pass Revenue		
Fare Type	2019 Budget	Description
Passenger Cash Revenue (\$1.35)	\$ 898,022	Revenue from the fareboxes. Cash received from riders.
Adult Tokens (\$1.35)	\$ 23,168	Tokens used for one ride. Inserted into the farebox.
Adult 10 Ride Pass (\$11.50)	\$ 67,081	Good for 10 individual rides. Transfers separate.
One Day Pass (\$3.75)	\$ 103,155	Unlimited one day pass.
Monthly Rider Pass (\$36.00)	\$ 327,362	Unlimited 31 day pass.
Honored Citizen Monthly Rider Pass (\$18.00)	\$ 123,351	Unlimited 31 day pass. Discounted for disabled and elderly.
Honored Citizen 10 Ride Pass (\$5.75)	\$ 9,891	Good for 10 rides. Discounted for disabled and elderly.
Summer Youth Pass (\$30.00)	\$ 990	Pass good from May through July. Discounted for youth.
Student Monthly Rider Pass (\$19.50)	\$ 14,405	Unlimited 31 day pass. Discounted for disabled and elderly.
Links ADA One Way Pass (\$2.70)	\$ 36,174	One ride on Links paratransit service.
Links ADA 10 Ride Book (\$25.00)	\$ 202,633	A book of 10 rides on Links paratransit service.
Streetcar Passenger Cash (\$1.00)	\$ 42,109	Revenue from the fareboxes. Cash received from riders.
Streetcar Pass Income (\$2.00)	\$ 9,799	Unlimited rides on streetcar for one day.
Local Government Contributions		
Entity	2019 Budget	Description
City of Little Rock (Includes streetcar)	\$ 9,398,757	Contributions from the City of Little Rock.
City of North Little Rock (Includes streetcar)	\$ 2,813,062	Contributions from the City of North Little Rock.
Pulaski County (Includes streetcar)	\$ 1,272,050	Contributions from the City of Pulaski County.
City of Sherwood	\$ 81,568	Contributions from the City of Sherwood
City of Maumelle	\$ 40,157	Contributions from the City of Maumelle.
Federal and Miscellaneous		
Revenue Type	2019 Budget	Description
Contracts - Special Route	\$ 173,558	Fare agreements, Jacksonville service and streetcar rentals.
Miscellaenous	\$ 7,921	Miscellaenous income from sale of scrap metal, etc.
Maintenance Capital Support	\$ 1,432,000	Preventive maintenance federal funds.
Advertising	\$ 270,000	Revenue from bus and shelter advertisements.
Paratransit Funding	\$ 397,000	Federal funds used to fund Links paratransit service.
Planning	\$ 665,320	Federal funds used for planning studies and planning salaries.
Public Transit Trust Fund	\$ 310,000	State funds received from the Public Transit Trust Fund.
Interest Income	\$ 13,500	Interest earned on certificates of deposits.
Training Capital Support	\$ 4,500	Federal funds used to train employees.

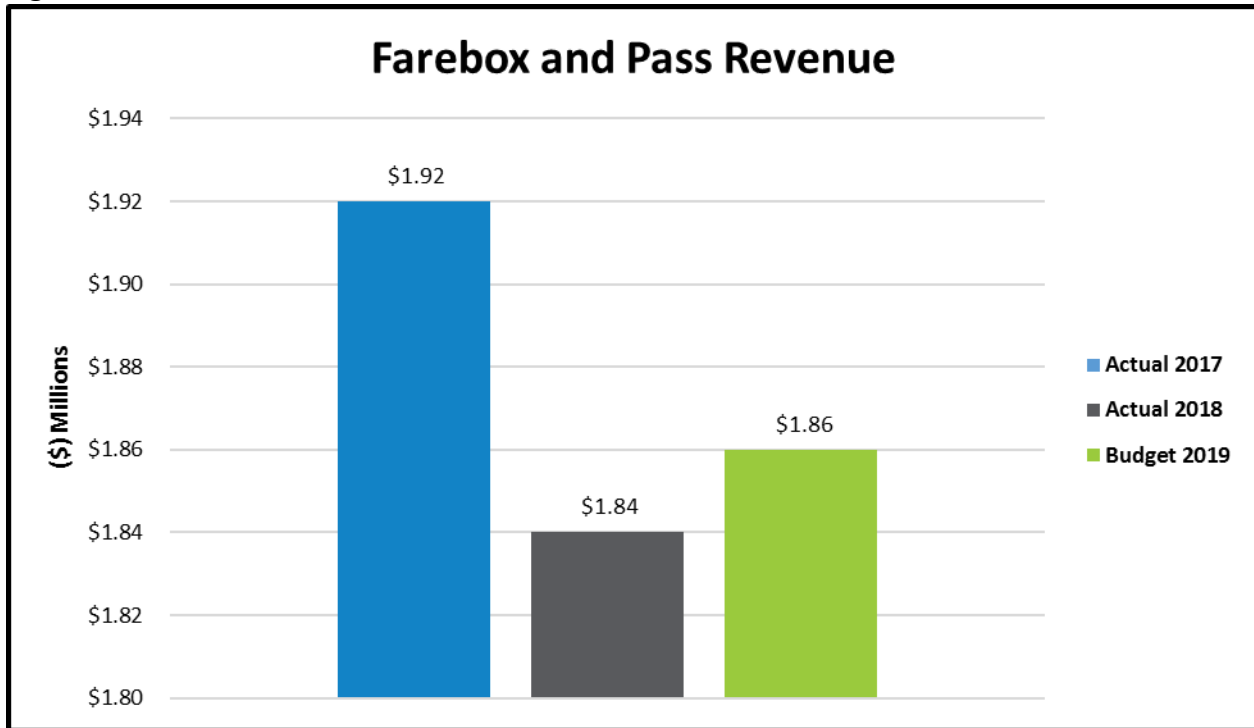
Figure 2.4 – Sources of Revenue



Farebox revenue reached \$1.92 million in 2017 and decreased to \$1.84 million in 2018. METRO expects agency farebox revenue to increase to \$1.86 million in 2019. The budgeted amount is based off trend analysis and the assumption that ridership will increase for METRO in 2019 as compared to actual 2018 ridership (not budgeted ridership). METRO experienced a small increase in ridership during the last three (3) months of 2018. Although gasoline prices continue to stay at historically low levels, METRO does anticipate an increase in average gasoline prices in 2019. Therefore, METRO anticipates an increase in gasoline prices will incentivize more riders to choose public transportation over private transportation.

Not only does METRO anticipate higher gasoline prices to affect ridership, but METRO also anticipates more riders due to a greater focus being spent on improving the customer experience (**STRATEGIC IMPERATIVE #4**) through an enhanced phone system, more efficient and effective routes, and through introducing an on-demand micro transit pilot. Figure 2.5 illustrates METRO’s farebox and pass revenue for the years 2017, 2018 and 2019.

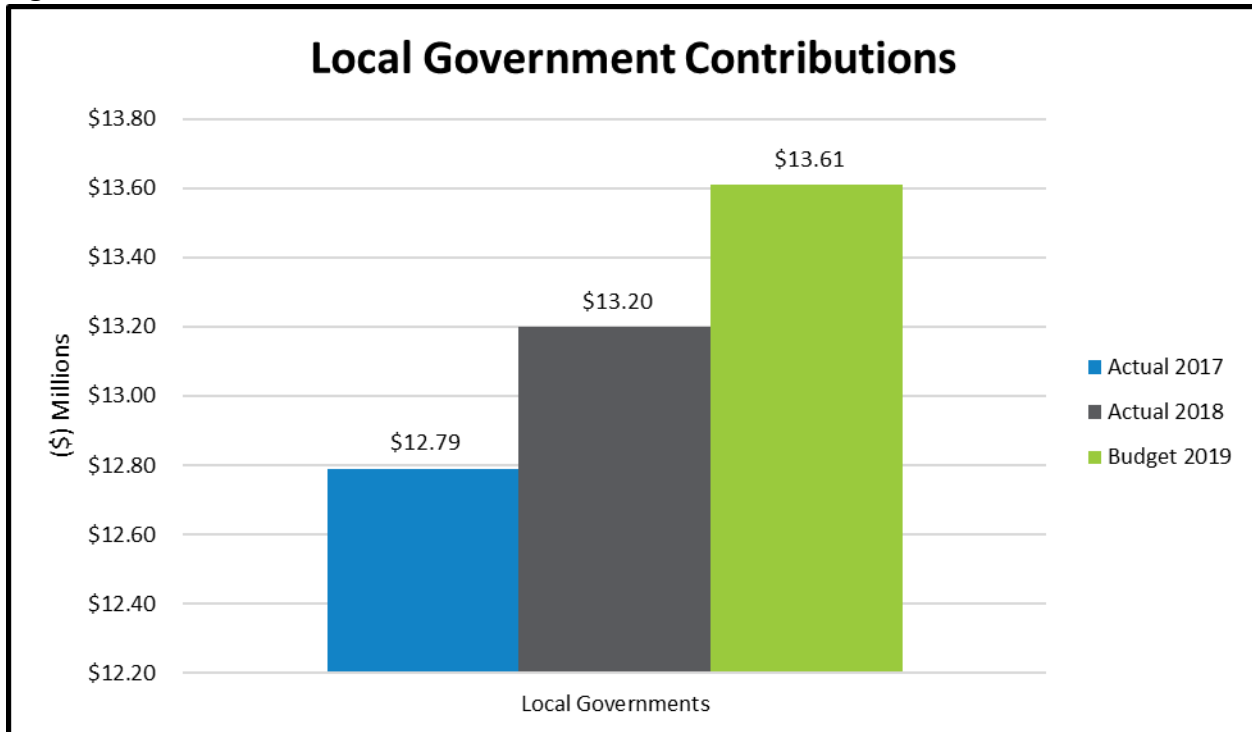
Figure 2.5 – Farebox and Pass Revenue



Revenue from local governments increased from 2017 to 2018 and is budgeted to increase in 2019. Local government revenue is revenue received from METRO’s funding partners (Little Rock, North Little Rock, Pulaski County, Sherwood and Maumelle) in order to balance the budget, and continues to be METRO’s main source of revenue. METRO received \$12.79 million and \$13.20 million in local government contributions in 2017 and 2018, respectively. In 2019, METRO anticipates receiving \$13.61 million in local government contributions. This increase is based on trend analysis and the assumption that increases in expenditures from 2018 to 2019 will be more than the increases in revenue during that timeframe. When this happens, METRO must ask for more revenue from the local governments.

The majority of the increase in 2019 expenditures is due to increasing fuel prices and bargained raises for union employees. An in-depth discussion on uses of revenue is provided in the next section. Figure 2.6 on the following page compares the actual operating contributions from local governmental entities in 2017 and 2018 to the budgeted operating contributions from local government entities for 2019. METRO also provided a comparison in contributions from each local entity and the Federal Transit Administration from 2018 to 2019. Figure 2.6 illustrates METRO’s revenue received from local governments for the years 2017, 2018 and the budgeted amount for 2019.

Figure 2.6 – Local Government Contributions



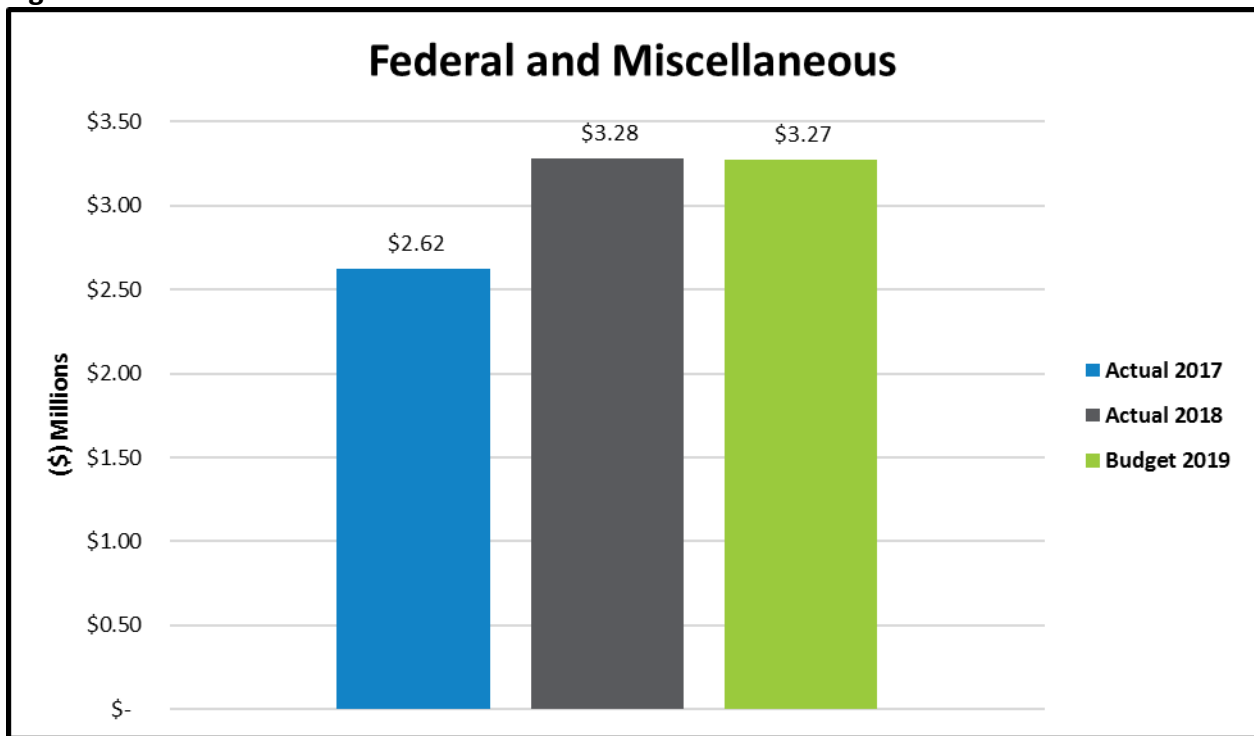
City	2018	2019	Change in Contributions	% Change
	Actual Contributions	Budgeted Contributions		
Little Rock	\$ 9,155,965	\$ 9,398,757	\$ 242,792	2.65%
North Little Rock	2,717,057	2,813,062	96,005	3.53%
Pulaski County	1,210,392	1,272,050	61,658	5.09%
Sherwood	79,750	81,568	1,818	2.28%
Maumelle	39,261	40,157	896	2.28%
Federal Transit Administration	2,529,609	2,498,820	(30,789)	-1.22%
TOTALS	\$ 15,732,034	\$ 16,104,414	\$ 372,380	2.37%

METRO received \$2.62 million in federal and miscellaneous revenue for 2017 and \$3.26 million in 2018, an increase of twenty-five percent (25%), but is expected to receive fewer federal and miscellaneous funds in 2019 at \$3.27 million. In 2018, METRO was successful in its pursuit of a federal competitive grant to help fund the purchase of eight (8) CNG buses in 2020. The federal amount awarded was \$3,570,000 and required a local match of \$630,000. To cover the local match, METRO drew down an extra \$630,000 in maintenance capital support (preventive maintenance) federal funds. Advertising revenue increased from \$228,000 in 2017 to \$274,000

in 2018, mainly due to a full year with the new advertising vendor. The new advertising contract increased METRO’s revenue share for each advertisement sale from 50 percent to 56 percent.

Federal and miscellaneous revenue will also increase due to more planning revenue being received from the federal government for planning studies. METRO intends on initiating three major planning studies in 2019. METRO will initiate a comprehensive operational analysis, a transit-oriented development study, and a streetcar strategic planning study. (**STRATEGIC IMPERATIVE #3**) budgeted to cost \$300,000, \$175,000 and \$100,000, respectively. METRO will also use planning funds to hire its chief safety and planning officer, a position mandated by the FTA. METRO is reimbursed eighty percent (80%) of all planning expenditures by the FTA. METRO shows both planning income received from FTA for reimbursement of planning expenditures (at eighty percent (80%) of total planning expenditures) and planning expenditures incurred from the planning studies (at one hundred percent (100%)) on its financial statements. Figure 2.7 illustrates METRO’s revenue received from federal and miscellaneous sources for the years 2017, 2018 and the budgeted amount for 2019.

Figure 2.7 – Federal and Miscellaneous

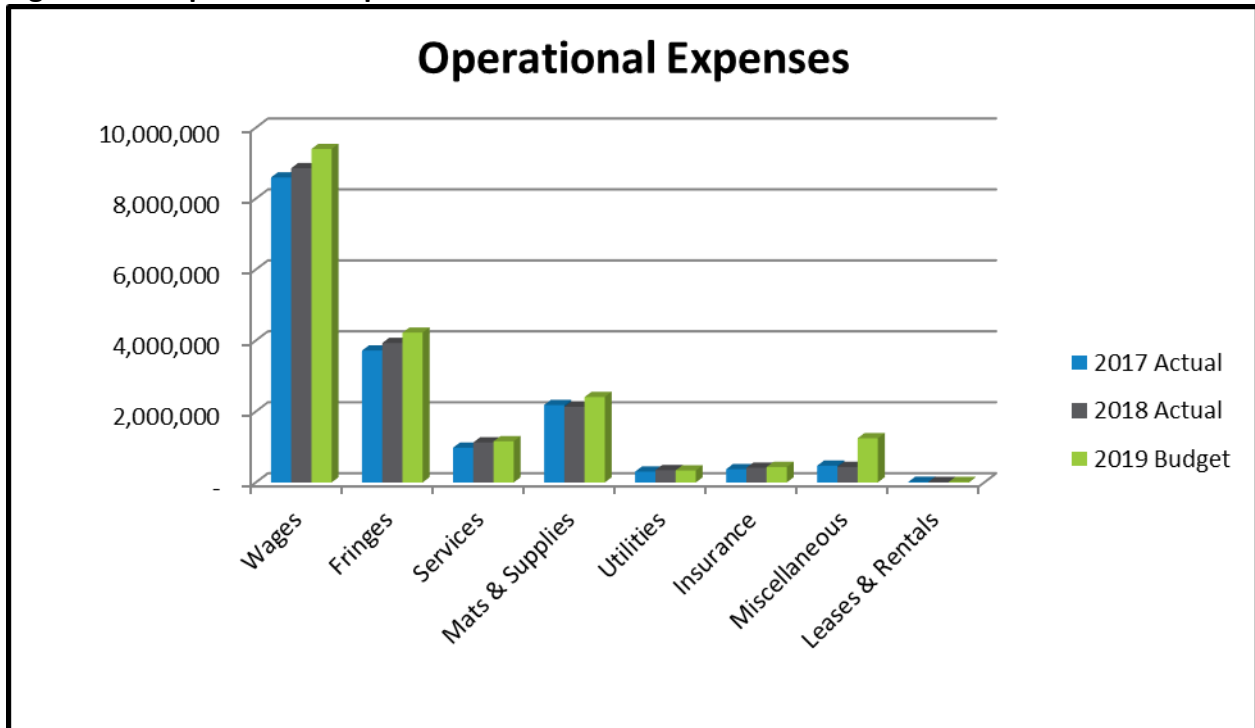


USES OF REVENUE

Note: The figures used in comparison are actual 2017, actual 2018, and budget 2019 unless otherwise stated. The figures used in this comparison can be found on page 31.

METRO’s budgeted operational expenditures in 2019 will increase over 2018 actual operational expenditures by \$1,960,000 or 11.4 percent. Figure 2.8 illustrates METRO’s actual operational expenditures by category for 2017, 2018 and budgeted operational expenditures for 2019.

Figure 2.8 – Operational Expenditures

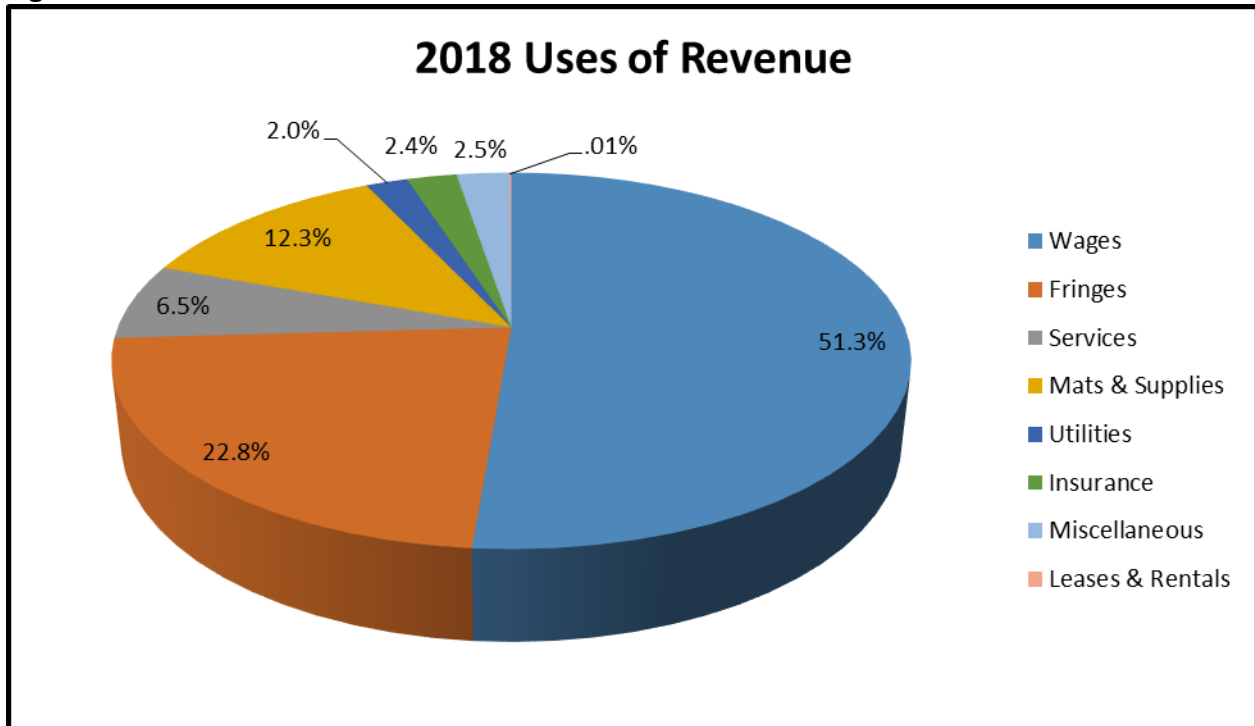


Wages and fringes continue to be METRO’s main use of revenues, with wages increasing approximately three percent (3%) from 2017 actual to 2018 actual, and are budgeted to increase by six percent (6%) from 2018 to 2019. Union employees are scheduled to receive a three percent (3%) increase in wages based on the negotiated Collective Bargaining Agreement, and administrative employees are budgeted to receive a three percent (3%) cumulative performance-based raise. The bargaining unit wage increase is part of the Collective Bargaining Agreement that was agreed to in August 2018. The administrative staff wage increase is based on performance, and three percent (3%) is the cumulative total in the budget. Also, METRO will hire a chief safety and planning officer and an additional Links operator and paratransit staff member in 2019.

Fringe benefits are made up of health, dental, vision insurance, short- and long-term disability insurance, scheduled time off pay (holiday, sick, and vacation), uniform allowances, and FICA

tax payments. METRO budgeted for and received a nine percent (9%) increase in health insurance premiums for 2019. In 2018, METRO received an increase of approximately six percent (6%). This increase was the first increase experienced in health insurance premiums since 2015. METRO actively searches for and negotiates the best price for health insurance premiums. Figure 2.9 provides an illustration of the breakdown in uses of revenue in 2018.

Figure 2.9 – 2018 Uses of Revenue



METRO experienced an increase in building and grounds maintenance services (twenty-two percent (22%) increase from actual 2017 to actual 2018) related to the cleanup and maintenance of bus shelters in 2018 as compared to 2017. METRO contracted with Akins Janitorial to provide adequate and clean passenger amenities at METRO’s 113 bus shelters. METRO also experienced increases in service expenditures related the professional services area. This includes taxicab services for METRO Links and services related to outside counsel. METRO Links provides taxicab service to customers when Links cannot provide the ADA-required trips. METRO continues to experience annual demand increases for Links paratransit service. To help with the increase in demand, METRO will hire an extra operator and a paratransit eligibility specialist that will be responsible for evaluating and administrating complex paratransit eligibility, including the qualification of conditional eligibility (**STRATEGIC IMPERATIVE #2, #4, #6**)

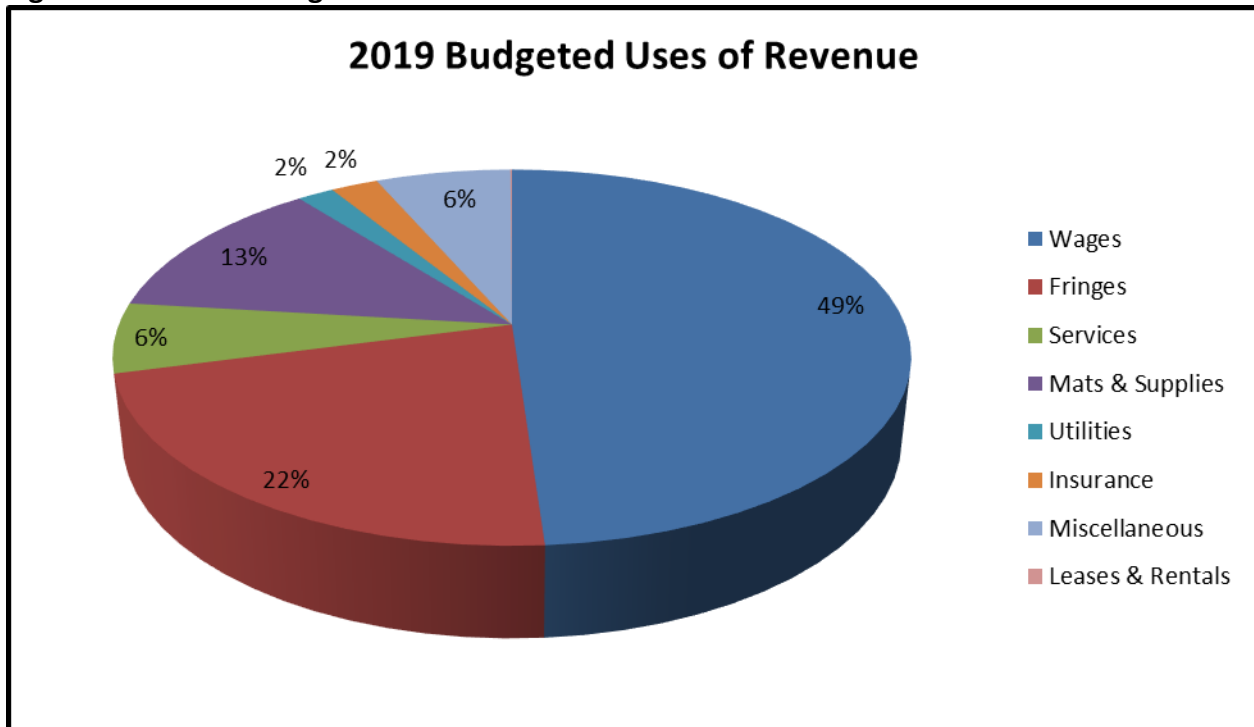
The materials and supplies expenditures category is composed of many different expenditures items, the most dominant sub-categories being gasoline, diesel fuel and CNG fuel, which equal fifty-six percent (56%) of the total expenditures budgeted for materials and supplies in 2019. METRO paid \$1.63 per diesel gallon in 2017, \$1.69 per diesel gallon in 2018 and budgeted for

\$2.30 per diesel gallon in 2019. With the continued conversion of its METRO Local fleet to CNG buses, METRO budgeted \$.90 per diesel gallon equivalent in 2019. This is a \$.03 increase over the amount paid in 2018. Due to the increase in fuel prices, METRO will spend approximately \$310,000 more in fuel expenditures in 2019 as compared to 2018 actual fuel expenditures.

METRO budgeted for and received a four percent (4%) increase in casualty and liability insurance expenditures for 2019 compared to actual 2018. In 2018, METRO received a four percent (4%) decrease when compared to 2017. The increase in 2019 was due to METRO having more claims in 2018 as compared to 2017. Central Arkansas Risk Management Association (CARMA) is METRO’s insurance provider that provides casualty and liability insurance coverage for METRO’s fleet, buildings and contents. METRO paid CARMA \$428,336 in 2017, \$410,703 in 2018 and is budgeted to pay \$427,643 in 2019.

METRO is expecting its federal planning expenditures to increase approximately \$655,000 from 2018 to 2019, due to the initiation of a comprehensive operational analysis study, the streetcar strategic planning study and transit-oriented development planning study (**STRATEGIC IMPERATIVE #3**). The streetcar study was initially budgeted to begin in 2018 but was moved to 2019. This caused 2018 planning expenditures to be significantly less than budgeted for. The transit-oriented development study for the River Cities Travel Center is expected to cost \$175,000 and the comprehensive operational analysis study is projected to cost \$300,000. METRO will also hire a chief safety and planning officer whose salary will be covered through federal planning grant funds. Figure 2.10, below, illustrates METRO’s budgeted uses of revenue in 2019.

Figure 2.10 – 2019 Budgeted Uses of Revenue



FIVE YEAR OPERATING FORECAST

	2019	2020	2021	2022	2023
REVENUE					
Farebox and Pass	\$ 1,865,000	\$ 1,902,000	\$ 1,940,000	\$ 1,979,000	\$ 2,018,000
Local Government	13,605,000	14,260,000	14,766,000	15,287,000	15,824,000
Preventive Maintenance	1,432,000	1,432,000	1,432,000	1,432,000	1,432,000
Advertising	270,000	284,000	298,000	313,000	329,000
Paratransit Funding	397,000	397,000	397,000	397,000	397,000
Planning	665,000	250,000	258,000	265,000	273,000
Public Transit Trust Fund	310,000	310,000	310,000	310,000	310,000
Contract - Special Route	174,000	179,000	184,000	190,000	196,000
Interest	13,000	13,000	13,000	13,000	13,000
Training	5,000	5,000	5,000	5,000	5,000
Miscellaneous	1,000	1,000	1,000	1,000	1,000
Total Income	\$ 18,737,000	\$ 19,033,000	\$ 19,604,000	\$ 20,192,000	\$ 20,798,000
EXPENSES					
Labor	\$ 9,398,000	\$ 9,680,000	\$ 9,970,000	\$ 10,269,000	\$ 10,578,000
Fringe Benefits	4,222,000	4,349,000	4,479,000	4,613,000	4,752,000
Services	1,158,000	1,193,000	1,229,000	1,265,000	1,303,000
Materials and Supplies	2,409,000	2,481,000	2,556,000	2,632,000	2,711,000
Utilities	338,000	348,000	359,000	370,000	380,000
Insurance	436,000	449,000	462,000	477,000	491,000
Miscellaneous	1,246,000	519,000	534,000	551,000	567,000
Leases and Rentals	14,000	14,000	15,000	15,000	16,000
Total Expenses	\$ 19,221,000	\$ 19,033,000	\$ 19,604,000	\$ 20,192,000	\$ 20,798,000
Percent Change from PY		-0.98%	3.00%	3.00%	3.00%
Surplus/(Deficit)	(484,000)	-	-	-	-
Reserves Used	484,000	-	-	-	-

Presented above is METRO's Five (5) Year Operating Forecast. Due to METRO's funding mechanism, (where local government contributions are heavily relied upon, but are not always guaranteed) it is difficult to project long-range operating financial plans. This forecast follows a few simple assumptions. First, farebox revenue and contract revenue will increase by 2 percent each year. Second, preventive maintenance, paratransit funding, planning, public transit trust fund, interest, training and miscellaneous revenue will remain at the same levels through 2023. Third, advertising revenue will increase five percent (5%) each year. Planning revenue will return to normal levels and increase by three percent (3%) each year. Finally, all other expenditures will increase three percent (3%) each year. These are very basic and simplified assumptions for the next five (5) years, and should not be used for comparison with future operating budgets. It is METRO's intent to only show the reader what future budgets would look like without significant funding increases.

CAPITAL BUDGET SUMMARY

The 2019 Capital Budget is funded through multiple sources, including Federal Transit Administration (FTA) [Section 5307](#) formula funds, the [Public Transit Trust Fund](#) (PTTF), Bus and Bus Facility funds ([Section 5339](#)) and State of Good Repair ([Section 5337](#)) grants.

Unlike most large transit agencies, METRO allocates a significant portion of federal capital funds toward operations (called Maintenance Capital Support or Preventive Maintenance), which is allowed by FTA. **METRO does not have any current debt obligations and does not intend to enter into any debt obligations in 2019. METRO does not have any legal debt limits.**

Capital expenditures create future benefits and are incurred when capital finances are used to purchase fixed assets with a useful life of at least five (5) years or to add value to an existing fixed asset (i.e. associated capital). METRO's fixed asset capitalization threshold (excluding associated capital items) is \$50 with a useful life of at least five (5) years.

The associated capital threshold is calculated annually using an FTA-mandated formula and was calculated at \$735.39 in 2018 and \$663.92 in 2019 for METRO Local and Links associated capital items and \$1,933.65 and \$1,767.75 in 2018 and 2019, respectively, for METRO Streetcar associated capital items. Associated capital items include engines, transmissions, chassis, invertors, compressors, brake drums and other major bus or streetcar parts. METRO has budgeted \$5,859,736 in capital expenditures for 2019.

Presented is a summary of major capital funds and expenditures for 2018 and 2019.

	2018 Actual	2018 Budget	2019 Budget
Capital Funding			
Beginning Capital Funds Balance	\$ 16,010,985	\$ 14,284,431	\$ 17,805,185
Section 5307 Formula Funds	5,958,264	5,951,897	6,083,388
Section 5337 State of Good Repair	461,604	404,041	469,451
Section 5339 Bus and Bus Facilities	707,264	527,904	721,409
Total Capital Funding Balance	\$ 23,138,117	\$ 21,168,273	\$ 25,079,433
Capital Expenditures			
Major Capital Projects	\$ 884,662	\$ 1,284,257	\$ 1,660,656
Information Technology	249,164	208,709	407,428
Facilities, Maintenance, and Equipment	715,018	780,000	746,562
Passenger Amenities	24,072	430,000	110,000
Streetcar Maintenance and Equipment	145,077	253,840	153,840
Other Capital Expenditures	160,113	172,500	200,000
Operating Assistance	3,154,826	2,361,250	2,581,250
Total Capital Expenditures	\$ 5,332,932	\$ 5,490,556	\$ 5,859,736
Ending Capital Funding Balance	\$ 17,805,185	\$ 15,677,717	\$ 19,219,698

CAPITAL BUDGET PROCESS

As part of METRO’s budgeting process, the finance department meets annually with managers responsible for certain activity line items in the grants (director of operations in charge of bus shelters and bike racks, director of public engagement in charge of signage, and director of maintenance in charge of IT, shop capital and maintenance items, etc.).

During the meeting, managers are asked about any expected increases or decreases they foresee related to their respective activity line items. Capital projects are considered throughout the year and are approved by the Board of Directors. After the meeting, the finance department develops a capital budget based on the input of department directors and managers and presents the capital budget to the budget committee. The capital budget is mainly used to determine if there are enough capital funds to finance future revenue vehicle purchases. Once the capital budget is approved by the budget committee, the Board of Directors approves them during the November board meeting.

The budget calendar shown on page 30 is used to supplement this narrative information.

SIGNIFICANT CAPITAL BUDGETARY ITEMS AND TRENDS

Revenues

During the budget development stage, significant assumptions – influenced by current legislative acts, historical trends and long-term agency goals and objectives – are considered to ensure accuracy of the capital budget document. Although METRO tries to make the document as accurate as possible, estimated numbers may differ significantly from actual expenditures due to timing of capital project expenditures or unforeseen circumstances.

A major assumption is that Section 5307 grant funds will increase approximately 2.1 percent each year until 2021. President Obama signed the Fixing America’s Surface Transportation ([FAST](#)) Act on December 4, 2015, and estimates provided by DOT or FTA show a 2.1 percent increase in Section 5307 formula funds. The Section 5307 funding formula, set by the FTA, uses metrics such as ridership, vehicle revenue miles, vehicle revenue hours, service population and service population density in order to determine the funding amounts for transportation organizations each year. Because of the funding formula structure, it is difficult to budget revenues for future years.

Sections 5337 and 5339 were created when MAP-21, the previous transit funding legislation, was passed and signed by President Obama, and both programs are expected to be available until 2021 under the FAST Act. Section 5337 formula funds are budgeted to receive an increase of 1.7 percent annually. The FAST Act provides for a 2 percent increase in Section 5339 formula funds. The funding formula 5339 funds are based off of National Transit Database ([NTD](#))

metrics, including bus revenue vehicle miles, bus passenger miles, service area population and service area population density, among other metrics.

Expenditures

Revenue vehicles – both buses and vans – are the most valuable capital assets METRO owns and are greatly considered during the development stage of creating the capital budget. Based on agency knowledge and historical trends, METRO expects the cost of CNG buses, Links paratransit vans and Links minivans to increase approximately three percent (3%) year-over-year. METRO purchased one CNG revenue bus in 2018 and will purchase two Starcraft paratransit vans in 2019. These vans will replace old, fully depreciated Links paratransit diesel vans. The total budgeted cost for replacement Links vans is \$130,081 in 2019. A complete Fleet Replacement Schedule is provided in Appendix B.

Planning studies are a major focus each year for METRO. In 2019, METRO will perform a number of planning studies including a comprehensive operational analysis, streetcar strategic study, and a transit-oriented development study. The comprehensive operational analysis is budgeted to cost \$300,000 and will focus on the complete transit system. The streetcar strategic study is budgeted to cost \$100,000 and will look at a possible expansion of the streetcar system (**STRATEGIC IMPERATIVE #3**). The transit-oriented development study is budgeted at \$175,000 and will focus on the potential development of the River Cities Travel Center downtown transfer hub (**STRATEGIC IMPERATIVE #3**). Descriptions of each major capital project are provided on pages 59 - 66.

Other major capital projects include an upgrade to the phone system, HVAC/Plumbing renovations at the River Cities Travel Center, an upgrade to the existing intelligent transportation system, and a flooring and parts room renovation that will modernize the maintenance parts room. These projects are budgeted to cost \$100,000 for the upgraded phone system (**STRATEGIC IMPERATIVE #4**), \$218,600 for the HVAC/Plumbing renovations, \$366,975 for upgrading the ITS system, and \$270,000 to renovation and modernize the maintenance parts room.

METRO also assumes associated capital expenditures will increase over the next six years due to the expected rise in the cost of associated capital parts (engines, transmissions, alternators, etc.) Although METRO's associated capital threshold (more information in the glossary) will increase significantly each year CNG buses are purchased (this increases the net book value of buses and, therefore, increases the associated capital threshold), the unpredictable costs of CNG-associated capital items led METRO to be conservative and budget for increases until more information is gathered in the future. METRO expects to spend approximately \$481,562 on associated capital maintenance items in 2019. Going forward, METRO budgeted five percent (5%) increases in associated capital expenditures each year.

Another significant budget assumption is that METRO will spend approximately \$100,000 on passenger shelters in 2019 (**STRATEGIC IMPERATIVE #4**). METRO will use these funds to replace older bus shelters in areas of high ridership and install super shelters at major transfer

locations. Improving the customer experience through upgrading passenger amenities is just one way METRO is trying to increase ridership.

Computer software costs will continue to increase each year. Many software licenses make up this line item, including annual license fees for Microsoft Office, Trend Micro (virus protection), Watchguard (firewall), Enghouse Transportation, StrataGen (Links software), and eBid (procurement software), as well as an annual contract with PC Assistance for IT support services. Starting in 2019, METRO will pay an annual licensing fee to Syncromatics (ITS) set at approximately \$50,000 and approximately \$25,000 to an IVR system provider. Total budgeted software costs are \$337,428 for 2019.

METRO will also hire a chief safety and planning officer in 2019. This position is budgeted to cost METRO \$100,000 each year. METRO is allowed to finance planning positions through federal planning grants. This allows METRO greater flexibility when budgeting for these personnel hires. METRO will be reimbursed eighty percent (80%) of the total funds spent on planning personnel and planning projects.

On the next page, Figure 2.11 shows METRO's 2019 Capital Budget with an extended 5-year estimate.

FIGURE 2.11 – 2019 CAPITAL BUDGET

	2018 Actual	2018 Budget	Difference	2019 Budget	2020 Estimated	2021 Estimated	2022 Estimated	2023 Estimated	2024 Estimated
Capital Funding									
Beginning Capital Funds Balance	\$ 16,010,985	\$ 14,284,431	\$ 1,726,554	\$ 17,805,185	\$ 19,219,698	\$ 18,273,455	\$ 21,617,322	\$ 19,508,849	\$ 22,421,811
Section 5307 Apportionment	5,958,264	5,951,897	6,367	6,083,388	6,211,139	6,341,573	6,341,573	6,341,573	6,341,573
Section 5337 - State of Good Repair	461,604	404,041	57,563	469,451	477,432	485,548	485,548	485,548	485,548
Section 5339 - Bus & Bus Facilities	707,264	527,904	179,360	721,409	735,837	750,554	750,554	750,554	750,554
Total Sources of Funds for Capital Items	23,138,117	21,168,273	1,969,844	25,079,433	26,644,106	25,851,130	29,194,997	27,086,524	29,999,486
Capital Expenditures									
<i>Major Capital Projects</i>									
Revenue Vehicle Purchase - CNG Buses	489,773	497,450	(7,677)	-	4,221,956	-	5,598,842	-	3,648,298
Revenue Vehicle Purchase - Links Paratransit Vans	-	130,081	(130,081)	130,081	-	142,143	-	468,950	365,842
Administration Interior Renovation	346,574	381,726	(35,152)	-	-	-	-	-	-
Transt Oriented Development	-	175,000	(175,000)	175,000	-	-	-	-	-
Streetcar Strategic Study	-	100,000	(100,000)	100,000	-	-	-	-	-
Upgrade Phone System	-	-	-	100,000	-	-	-	-	-
HVAC/Plumbing Renovations (RCTC)	48,315	-	48,315	218,600	-	-	-	-	-
Comprehensive Operational Analysis	-	-	-	300,000	-	-	-	-	-
Synchromatics ITS Upgrade	-	-	-	366,975	-	-	-	-	-
Maintenance Rehab (Flooring and Parts Room)	-	-	-	270,000	-	-	-	-	-
Total Major Projects	884,662	1,284,257	(399,595)	1,660,656	4,221,956	142,143	5,598,842	468,950	4,014,140
<i>Information Technology</i>									
Computer Hardware	46,702	30,000	16,702	70,000	40,000	40,000	40,000	40,000	40,000
Computer Software	202,462	178,709	23,753	337,428	266,650	279,983	293,982	308,681	324,115
Total Information Technology	249,164	208,709	40,455	407,428	306,650	319,983	333,982	348,681	364,115
<i>Facilities, Maintenance and Support Equipment</i>									
Associated Capital	458,630	600,000	(141,370)	481,562	505,640	530,922	557,468	585,341	614,608
Radios	30,725	5,000	25,725	35,000	36,050	37,132	38,245	39,393	40,575
Facilities Repair and Replace	24,697	20,000	4,697	50,000	30,000	30,900	31,827	32,782	33,765
Miscellaneous Support Equipment	100,168	25,000	75,168	35,000	36,050	37,132	38,245	39,393	40,575
Miscellaneous Shop Equipment	61,857	100,000	(38,143)	50,000	51,500	53,045	54,636	56,275	57,964
Security Cameras and Equipment	38,941	30,000	8,941	95,000	50,000	51,500	53,045	54,636	56,275
Total Facilities, Maintenance and Equipment	715,018	780,000	(64,982)	746,562	709,240	740,630	773,467	807,820	843,762
<i>Passenger Amenities</i>									
Bike Racks	10,472	30,000	(19,528)	10,000	10,300	10,609	10,927	11,255	11,593
Shelters	13,600	400,000	(386,400)	100,000	50,000	50,000	50,000	50,000	50,000
Total Passenger Amenities	24,072	430,000	(405,928)	110,000	60,300	60,609	60,927	61,255	61,593

FIGURE 2.11 – 2019 CAPITAL BUDGET

	2018 Actual	2018 Budget	Difference	2019 Budget	2020 Estimated	2021 Estimated	2022 Estimated	2023 Estimated	2024 Estimated
<i>Streetcar Maintenance and Equipment</i>									
Streetcar Associated Capital	145,077	250,000	(104,923)	150,000	157,500	165,375	173,644	182,326	191,442
Streetcar Communication Equipment	-	3,840	(3,840)	3,840	3,955	4,075	4,200	4,350	4,500
Total Streetcar Maintenance and Equipment	145,077	253,840	(108,763)	153,840	161,455	169,450	177,844	186,676	195,942
<i>Other Capital Expenditures</i>									
Signage	11,750	22,500	(10,750)	35,000	10,000	10,000	10,000	10,000	10,000
Landscaping	-	5,000	(5,000)	5,000	5,000	5,000	5,000	5,000	5,000
Support Vehicles	-	-	-	-	200,000	75,000	-	35,000	-
Tire Lease	148,363	145,000	3,363	160,000	164,800	169,744	174,836	180,081	185,484
Total Other Capital Expenditures	160,113	172,500	(12,387)	200,000	379,800	259,744	189,836	230,081	200,484
<i>Operating Assistance</i>									
Training	4,508	10,000	(5,492)	5,000	5,000	5,000	5,000	5,000	5,000
Paratransit	496,250	496,250	-	496,250	496,250	496,250	496,250	496,250	496,250
Preventive Maintenance	2,577,500	1,790,000	787,500	1,790,000	1,790,000	1,790,000	1,790,000	1,790,000	1,790,000
Planning	76,568	65,000	11,568	290,000	240,000	250,000	260,000	270,000	280,000
Total Operating Assistance	3,154,826	2,361,250	793,576	2,581,250	2,531,250	2,541,250	2,551,250	2,561,250	2,571,250
	5,332,932	5,490,556	(157,624)	5,859,736	8,370,651	4,233,808	9,686,148	4,664,713	8,251,285
Total Budgeted Capital Expenditures	\$ 17,805,185	\$ 15,677,717	\$ 2,127,468	\$ 19,219,698	\$ 18,273,454	\$ 21,617,321	\$ 19,508,848	\$ 22,421,810	\$ 21,748,199
Ending Capital Funds Balance									
♦ All figures are shown at 100% (Federal reimbursement levels are 85% for Revenue Vehicles and 80% for the remaining items).									
♦ The capital budget includes only Federal Transit Administration formula grant fund, or grants administered by FTA.									
♦ Although not shown on this budget, METRO's Fleet Replacement Plan asks for \$19.53 million (27 CNG buses, 16 paratransit vans) in revenue vehicle purchases in 2025-2029.									

MAJOR CAPITAL PROJECTS AND DESCRIPTIONS

Generally, capital projects are funded through the annual 5307 formula allocation which requires a twenty percent (20%) local match (fifteen percent (15%) for revenue vehicles), but can be financed through a variety of other capital sources (revenue vehicles purchases are also financed through Section 5339 grant funds and streetcar associated capital items are financed through Section 5337 grant funds). The PTF and Arkansas Department of Transportation (ArDOT) funds are then used as the local match. Any local match shortfall, or local match not covered by PTF and ArDOT funds, must be taken out of reserves (fund balance). This process requires Board approval and, typically, happens when the Board approves the current year's Program of Projects.

Illustrated and described on the following pages, METRO's capital projects are considered significant nonrecurring capital expenditures and must be financed with capital grant funds and must be greater than \$50,000 in total budgeted cost.

In this section, the reader will be able to view the project name, project number, a short description of each project, the actual or budgeted capital costs, the future operating costs associated with the capital project, the funding sources, department oversight and miscellaneous project notes, such as when the project will be completed.

2019 MAJOR CAPITAL PROJECTS		
<u>Project Title</u>	<u>Budgeted Cost (\$)</u>	<u>Date of Completion</u>
* METRO Links Fleet Replacement	130,081	2019 Q2
^ Transit-Oriented Development	175,000	2019 Q2
^ Streetcar Strategic Study	100,000	2019 Q2
^ Comprehensive Operational Analysis	300,000	2019 Q3
* Upgrade Phone System	100,000	2019 Q1
* Syncromatics ITS Upgrade	366,975	2019 Q1
Maintenance Rehab (Flooring and Parts Room)	270,000	2019 Q4
HVAC/Plumbing Renovations (RCTC)	218,600	2019 Q1
^ The local match for planning projects will be provided by local funding entities.		
* These assets will be included in future Transit Asset Management plans.		

Project Name: METRO Links Fleet Replacement 2019

Project Number: 1901

Project Description:

The fleet replacement schedule for FY19 includes replacement of two (2) revenue vans that have reached the end of their useful life. Diesel vans will be replaced with gasoline-powered vans. The vans will be grant funded at eighty-five percent (85%).



Year	Capital Cost	Operating Costs
2019	\$ 130,081	1,397
2020	-	-
2021	-	-
Total	\$ 130,081	\$ 1,397

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (85%)	110,568
Local Funds (15%)	19,513
Total Funding	\$ 130,081

Department Oversight:

Maintenance Department
Finance & Administration

Project Notes:

METRO reviews each capital project for associated operating impacts during the budget process. The operating cost related to the revenue vehicle replacements will include fuel and standard maintenance. METRO expects to spend \$1,397 more in gasoline expenses due to the conversion from diesel engines to gasoline engines.

Delivery of buses is expected to be the second quarter of 2019.

Project Name: Transit-Oriented Development Study

Project Number: 1902

Project Description:

METRO will conduct a study at the River Cities Travel Center designed to leverage the valuable property to potentially include a mixture of housing, office, retail and/or other amenities.



Year	Capital Cost	Operating Costs
2019	\$ 175,000	See Project Notes
2020	-	-
2021	-	-
Total	\$ 175,000	\$ -
Source(s) of Capital Funding:		
State Grants		\$ -
Federal Grants (80%)		140,000
Local Funds (20%)		35,000
Total Funding		\$ 175,000
Department Oversight:		
Executive Director		
Maintenance		
Finance & Administration		

Project Notes:

METRO reviews each capital project for associated operating impacts during the budget process. The operating costs related to the transit-oriented development study are not known at this time. More information on future operating costs will be available at the completion of the study. This project is expected to be initiated by the end of 2019.

Project Name: METRO Streetcar Strategic Study

Project Number: 1903

Project Description:

The METRO Streetcar system was designed and constructed as a starter system with the potential for future expansion. Over the past few years, the region has shown renewed interest in expanding the streetcar into neighborhoods and revitalizing areas. The study will review previous streetcar expansion studies, document development and land use trends, and identify corridors likely to support future streetcar expansion.



Year	Capital Cost	Operating Costs
2019	\$ 100,000	See Project Notes
2020	-	-
2021	-	-
Total	\$ 100,000	\$ -

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (80%)	80,000
Local Funds (20%)	20,000
Total Funding	\$ 100,000

Department Oversight:

Executive Director
Operations

Project Notes:

METRO reviews each capital project for associated operating impacts during the budget process. The operating costs related to the streetcar strategic study are not known at this time. More information of future operating costs will be available at the completion of the study.

The project is expected to be initiated by the end of 2019.

Project Name: Comprehensive Operational Analysis
Project Number: 1904

Project Description:

This project will focus on route-by-route assessments and a re-design of the fixed-route network, new/additional transfer facilities, passenger transfer tickets analysis, partner funding formula analysis, and a countywide sales tax growth concept.



Year	Capital Cost	Operating Costs
2019	\$ 300,000	See Project Notes
2020	-	-
2021	-	-
Total	\$ 300,000	\$ -

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (80%)	240,000
Local Funds (20%)	60,000
Total Funding	\$ 300,000

Department Oversight:

Executive
Operations

Project Notes:

METRO reviews each capital project for associated operating impacts during the budget process. The operating costs related to the comprehensive operational analysis study are not known at this time. More information on future operating costs will be available at the completion of the study. This project is expected to be initiated during the first quarter of 2019 and is expected to be completed by the third quarter of 2019.

Project Name: Upgrade Phone System
Project Number: 1905

Project Description:

METRO will replace and update the phone system at multiple locations with a modern unified onsite system. The phone system will operate on an IP platform while offering emergency backup solutions. It will allow for seamless transition of calls among the three METRO campuses and will store long-term data for reference to conversations among other options.



Year	Capital Cost	Operating Costs
2019	\$ 100,000	-
2020	-	-
2021	-	-
Total	\$ 100,000	\$ -

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (80%)	80,000
Local Funds (20%)	20,000
Total Funding	\$ 100,000

Department Oversight:

- Public Engagement
- Finance and Administration
- Operations

Project Notes:

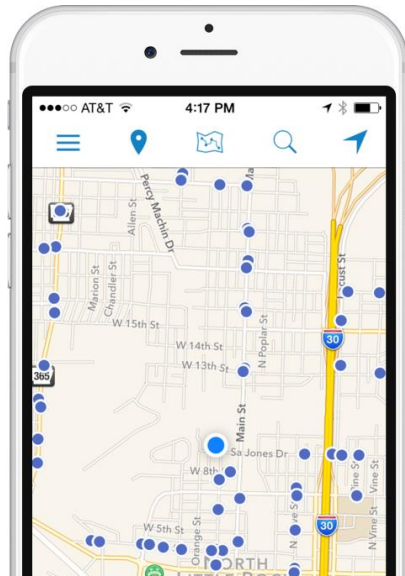
There are no known operational effects of this project. METRO will complete this project by the first quarter of 2019.

Project Name: Syncromatics ITS Upgrade

Project Number: 1906

Project Description:

METRO implemented a real-time intelligent transportation system and installed free Wi-Fi for customers using fixed-route services in 2015. In 2019, METRO will update the system that will provide new Open MDT hardware, a pre/post trip inspection app, specific NTD reporting and automatic trip switching features and, potentially, an automatic voice announcement system.



Year	Capital Cost	Operating Costs
2019	\$ 366,975	-
2020	65,924	-
2021	67,901	-
Total	\$ 500,800	\$ -
Source(s) of Capital Funding:		
State Grants	\$	-
Federal Grants (80%)		293,580
Local Funds (20%)		73,395
Total Funding	\$	366,975
Department Oversight:		
	Maintenance	
	Operations	
	Executive	

Project Notes:

All costs associated with this upgrade will be capital costs. Operating costs associated to the intelligent transit system will stay at the same levels.

Project Name: Maintenance Rehab (Flooring and Parts Room)
Project Number: 1907

Project Description:

METRO will update and modernize its maintenance parts room.



Year	Capital Cost	Operating Costs
2019	\$ 270,000	-
2020	-	-
2021	-	-
Total	\$ 270,000	\$ -

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (80%)	216,000
Local Funds (20%)	54,000
Total Funding	\$ 270,000

Department Oversight:

Executive Director
Operations

Project Notes:

This project will be funded entirely by capital funds.

Project Name: HVAC/Plumbing Renovations (RCTC)

Project Number: 1908

Project Description:

METRO will upgrade its current HVAC system at the River Cities Travel Center.



Year	Capital Cost	Operating Costs
2019	\$ 218,600	-
2020	-	-
2021	-	-
Total	\$ 218,600	\$ -

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (80%)	174,880
Local Funds (20%)	43,720
Total Funding	\$ 218,600

Department Oversight:

- Maintenance
- Procurement and Assets
- Operations

Project Notes:

This project will be funded entirely by capital funds.

FUND BALANCE

Operating Fund Balance

METRO defines operating fund balance as funds available for pledge (use). METRO's current year operating fund balance consists of prior year surpluses, less the funds allocated to cover local match requirements of current year grants, and a provision for funding high-priority or emergency situations that may not otherwise be funded.

METRO allocates four percent (4%) of the total current year budget for emergency reserve funds. These funds are not guaranteed to be used but exist to provide continuity of operations if revenue abruptly decreases or if METRO needs those funds to match federal grants. In 2019, the total allocated for emergency reserve funds is \$768,852.

METRO's operating fund balance available for pledge was \$0 and (\$256,518) in 2018 and 2019, respectively. In 2018, METRO allocated a total of \$433,921 to projects in fund balance funds in order to help cover the local match required for federal grants, including the annual Section 5307, 5337, 5339 capital grants. METRO utilizes PTF and ArDOT money to help match the annual grant apportionment, but those amounts are not sufficient to cover the local match required. In 2018, METRO allocated \$340,000 in PTF funds and \$59,393 in ArDOT funds to cover the local match requirement for a portion of the annual Section 5307 grant. Reserves are used to cover the remaining local match requirements for Section 5307 grant funds and the full local match requirements for Section 5337 and 5339 grant funds. METRO will use \$483,777 in reserves available for pledge in order to balance the 2019 operating budget. METRO will also allocate \$630,000 in reserve funds to match the competitive federal grant received in 2018 (METRO will apply for this grant in 2019). The total amount of reserve funds used in 2019 will be \$1,556,336 which consists of \$630,000 for local match of competitive grant, \$483,777 to balance the 2019 operating budget, and \$442,559 to match the three annual federal grants.

METRO's operating fund balance will decrease from \$0 in 2018 to (\$256,518) in 2019. The decrease is due to METRO's funding partners requesting the use of reserves to balance the budget. The total amount of reserves used to balance the budget is \$483,777. This amount is made up of \$200,000 in surplus funds from 2018 operations and \$283,777 in fund balance funds (these funds are from prior year surpluses) for a total of \$483,777 reserve funds used. METRO recorded a \$1,061,126 surplus in 2018 due to many factors, including significant savings in fuel expenditures and savings in planning projects that were expected to be performed in 2018, but were pushed back to 2019. METRO also drew down an additional \$630,000 in maintenance capital support to match the federal competitive grant received in 2018. METRO does not anticipate receiving any discretionary funding in 2019, and, therefore, does not budget a local match requirement for competitive grants. METRO did see an increase in funds allocated to the emergency cash flow due to an increase in the 2019 budget compared to the 2018 budget. The total emergency cash flow reserve in 2018 was \$723,767 (four percent (4%) of \$18,094,170) and the total emergency cash flow reserve for 2019 is \$768,852 (four percent (4%) of \$19,221,310).

It is important to note to the reader that the figures discussed for 2019 are projected figures. METRO will never operate at negative fund balance. When METRO asks for funds to match the 2019 federal 5307, 5337, and 5339 grants, it will need to use the funds set aside for emergency purposes. This includes the four percent (4%) emergency reserve funds.

Every capital grant METRO receives requires some percentage of local match. Typically, local match is around twenty percent (20%) of the total grant apportionment, but there are different requirements depending on how the money is spent. For instance, replacement revenue vehicles (buses and vans) require a fifteen percent (15%) local match. In 2018, METRO allocated a large amount of grant funds (\$3.4 million) to purchase replacement buses, which caused the required local match to be lower for 2017 than it would have been had METRO allocated the funds to an expenditure that required a higher local match. In 2019, METRO only budgeted \$750,000 (fifteen percent (15%) local match requirement) to the purchase of replacement buses and, therefore, will need more local match funds to match other capital expenditures. In other words, METRO plans on allocating more 2019 grant funds to expenditures that require a twenty percent (20%) local match than to expenditures that require a fifteen percent (15%) local match.

Figure 2.12 illustrates METRO’s cash flow reserve (four percent (4%) of total current year budget), funds available for pledge and funds allocated to projects for 2017, 2018 and projected balances of each for 2019.

Figure 2.12 – Operating Fund Balance

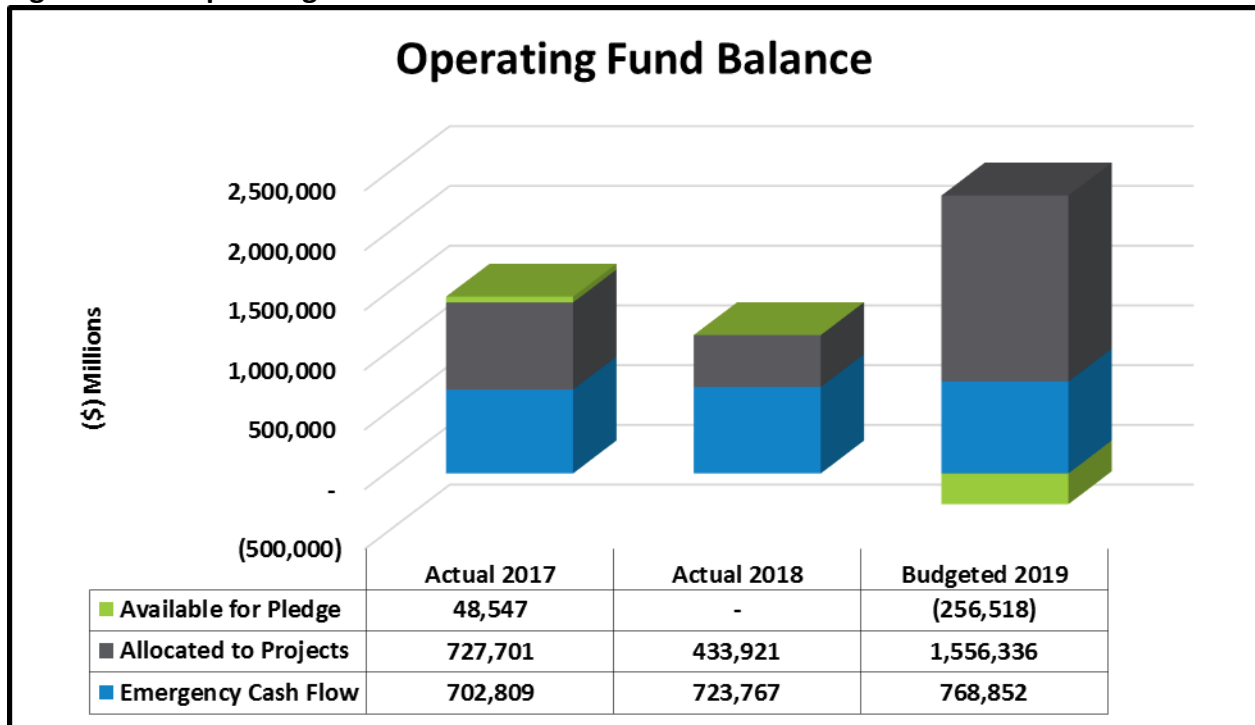


Figure 2.13 and Figure 2.14, shown below, illustrate METRO’s fund balance and the breakdown of use of reserves and amount available for pledge in the future.

Figure 2.13 - 2018 Operating Fund Balance Breakdown		
	Beginning Operating Fund Balance (1/1/2018)	\$ 1,441,465
Less:	2018 Cash Flow Reserve (4% of \$18,094,170)	(723,767)
Less:	2018 Section 5307 Local Match	(235,510)
Less:	2018 Section 5337 Local Match	(92,321)
Less:	2018 5339 Local Match	(106,090)
Less:	Reserves Used to Fund 2019 Operations	(283,777)
	Amount Available for Pledge (12/31/2018)	\$ -

Figure 2.14 - 2019 Operating Fund Balance Breakdown		
	Beginning Operating Fund Balance (12/31/2018)	\$ 1,441,465
Add:	2018 Surplus	1,061,126
Less:	2018 Local Match Used	(433,921)
	Fund Balance (01/01/2019)	2,068,670
Less:	2019 Cash Flow Reserve (4% of \$19,221,310)	(768,852)
Less:	2019 Budgeted Deficit	(483,777)
Less:	2018 Competitive Grant Local Match	(630,000)
Less:	Projected 2019 Section 5307 Local Match	(240,456)
Less:	Projected 2019 Section 5337 Local Match	(93,891)
Less:	Projected 2019 Section 5339 Local Match	(108,212)
	* Projected Amount Available for Pledge (12/31/2019)	\$ (256,518)

Capital Fund Balance

METRO’s “capital fund balance” is defined as the accumulation of prior year grant funds that have already been appropriated (awarded and budgeted for) but not spent. In 2018, METRO had \$16,010,985 in the beginning capital fund balance and \$17,805,185 in the ending capital fund balance. In 2019, the capital fund balance will increase by \$1,414,512 (eight percent (8%)) compared to 2018. This is due to METRO receiving more federal funds than the amount expected to be expended in 2019.

The main capital funding sources are FTA Section 5307, 5337 and 5339 formula grant funds. When local match is available, METRO will apply for competitive grants that can be used to purchase more replacement vehicles or more passenger shelters. METRO was awarded one competitive grant in 2018. The competitive grant will be used to finance METRO’s next fleet purchase in 2020. These funds were matched using maintenance capital support (preventive maintenance) funds that METRO drew down in excess of the funds budgeted. METRO does not anticipate and, therefore, does not budget for the award of any discretionary funds in 2019.

Major capital purchases, such as revenue vehicles, will be a major use of grant revenue in the future and, thankfully, METRO has the capital fund balance, as well as future annual grant revenue cash flows to support and finance those purchases. Figure 2.15 illustrates METRO’s capital fund balance for 2018 and 2019.

Figure 2.15 - Capital Fund Balance 2018 and 2019	
Beginning Capital Fund Balance (01/01/2018)	\$ 16,010,985
2018 Actual Sources of Capital Funds	7,127,132
2018 Actual Capital Expenditures	(5,332,932)
Ending Capital Fund Balance (12/31/2018)	\$ 17,805,185
2019 Budgeted	
Beginning Capital Fund Balance (01/01/2019)	\$ 17,805,185
2019 Budgeted Sources of Capital Funds	7,274,248
2019 Budgeted Capital Expenditures	(5,859,736)
Ending Capital Fund Balance (12/31/2019)	\$ 19,219,697

SECTION 3: DEPARTMENT INFORMATION

DEPARTMENT OVERVIEW

This section provides an illustration of department organizational charts. Each department sets goals and objectives that are used as a basis for setting annual agency goals. The organization of each department is shown, followed by the department's goals and objectives for the budget year. At least one department goal must tie to one of the agency goals presented on page 14.

METRO's financial policies are also presented in the section. The Board annually approves METRO's financial policies when they approve the annual operating and capital budgets.

During 2019, it is METRO's intent to hold quarterly progress report meetings with department directors. During this session, department directors will update the executive director of the progress achieved for each department goal.

Where are the Department Budgets and Performance Measures?

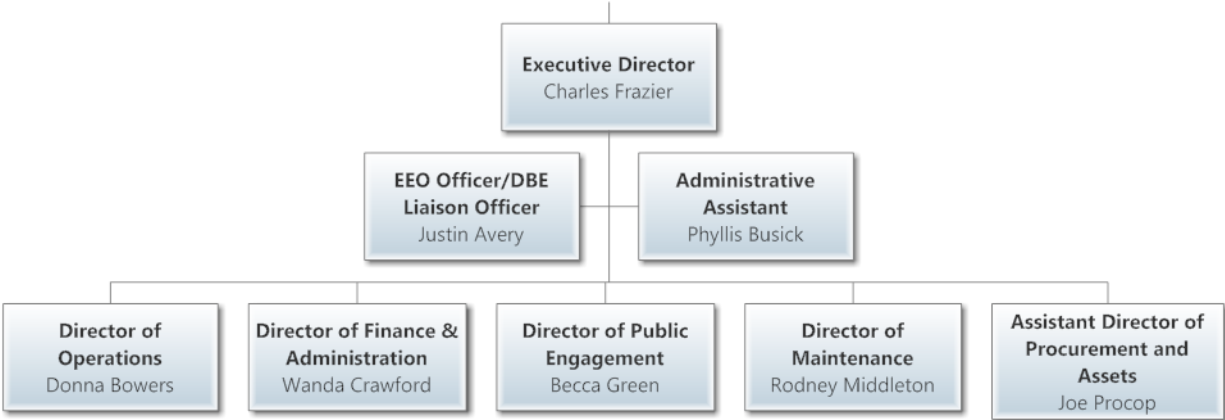
In the past, METRO had been heavily understaffed in the finance department and did not have the capacity or time to create and track department budgets. Instead, METRO staff relied on the chief financial officer to analyze actual-to-budget variances for the organization as a whole throughout the year. This method was depended upon due to the understaffing of the finance department. Departmental expenditures were not individually tracked (at the department level) and department directors were not required to keep track of departmental expenditures.

In the future, METRO plans to incorporate department budgets. There are many benefits derived from doing this. For one, it formalizes the coordination of activities between each department, while aligning these activities to the strategic vision of the whole organization. It also enhances the director's management and decision-making responsibilities and improves performance evaluations, providing a base for discussion on how well the director met his/her goals. Department budgets encourage all departments within the organization to become more efficient, which creates greater efficiency organization-wide.

This is a process that will take considerable time, not only in creating the department budgets, but also in training and preparing department directors. Currently, there is no timetable for when this process will take place, but METRO plans on taking steps each year to eventually incorporate department budgets and department performance measures.

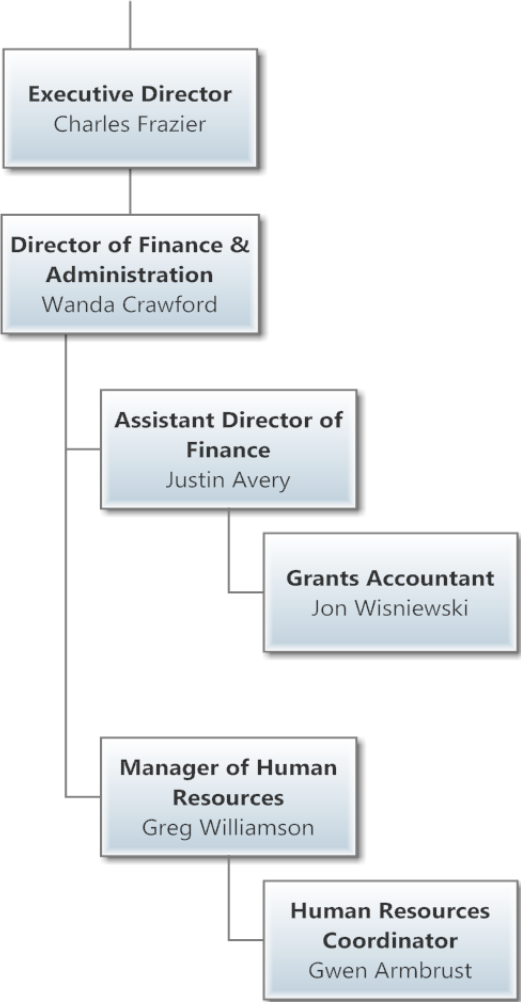
EXECUTIVE DEPARTMENT

The executive department is made up of the executive director and administrative assistant. The assistant director of finance reports to the executive director on issues related to equal employment opportunities and disadvantaged business entity issues. The executive director is charged with executing Board policy decisions and providing direction to METRO staff as they work to fulfill the mission and goals of METRO.



FINANCE AND ADMINISTRATION DEPARTMENT

The finance and administration department is composed of the director of finance and administration/chief financial officer, assistant director of finance, human resources manager, grants accountant, and HR coordinator. This department is responsible for accounting, treasury, payroll, budget, finance and analysis, grant accounting and management, human resources, benefit management, IT management, security and protection of METRO's assets.

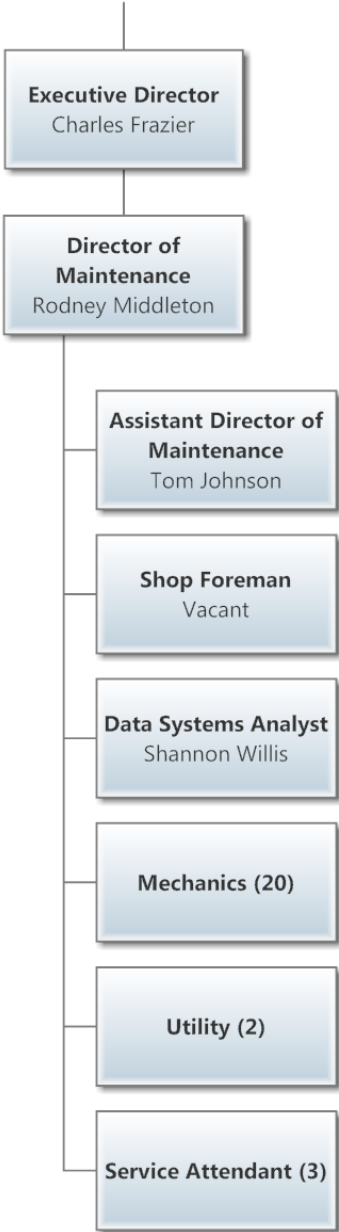


2019 Finance and Administration Department Goals and Objectives

1. Achieve financial excellence through fiscally sound financial planning and sustainable budgets that reflect stakeholder priorities and values.
 - a. Complete the annual audit within three months of year-end without any findings. **(STRATEGIC IMPERATIVE #2)**
 - b. Submit Annual Budget Report to GFOA Distinguished Budget Presentation Program and receive the award for excellence in budget presentation.
 - c. Maintain a transparent financial environment by reporting to the Board, on a monthly basis, important information related to the budget and federal/state grants. **(STRATEGIC IMPERATIVE #2)**
2. Ensure proper safeguards over customer credit card information. **(STRATEGIC IMPERATIVE #2)**
 - a. Perform monthly vulnerability scans on servers and credit card terminals using TrustKeeper.
3. Provide more employer-sponsored health and wellness programs and encourage greater participation. **(STRATEGIC IMPERATIVE #5)**
 - a. Increase participation in the free flu shot program to 50% of total employees.
 - b. Provide more on-site retirement planning in coordination with Nationwide representatives.
4. Improve the customer experience. **(STRATEGIC IMPERATIVE #4)**
 - a. Secure funding for replacement of fareboxes that will provide greater payment options for customers.

MAINTENANCE DEPARTMENT

The maintenance department is responsible for all maintenance on METRO vehicles from revenue to support. They are also responsible for cleanup of METRO shelters around the service area.

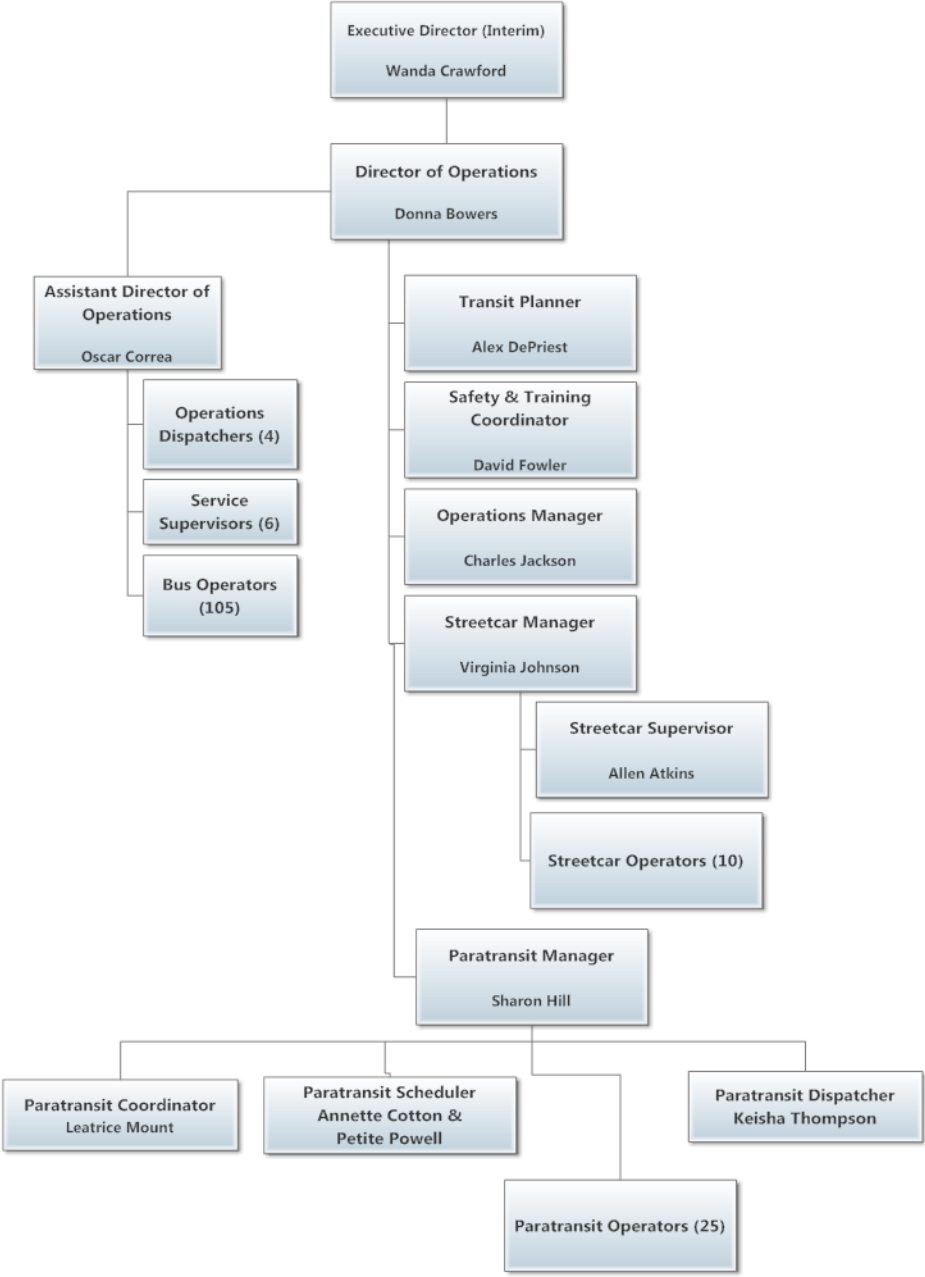


2019 Maintenance Department Goals and Objectives

1. Employ better information technology processes that will allow us to better maintain our high profile capital assets. **(STRATEGIC IMPERATIVE #3)**
 - a. Search for predictive analysis software that will allow us to stay ahead of major maintenance issues and better perform preventive maintenance on capital assets.
 - b. Purchase additional computers to allow for more efficient access to preventive maintenance work order reports.
 - c. Purchase electronic fluid monitoring equipment to help better capture costs of all fluids.
2. Employ processes and procedures that will continue to keep us in compliance with OSHA safety standards. **(STRATEGIC IMPERATIVE #2)**
 - a. Contract with Central Arkansas Risk Management Systems (CARMA) to perform annual OSHA inspections of the maintenance facility. The inspection is to be performed during February.
 - b. Take the results of the annual OSHA compliance inspection and perform monthly interval inspections based off of the recommendations stated in the report.
3. Employ processes and procedures from the streetcar preventive maintenance study that will further enhance our streetcar maintenance and service. **(STRATEGIC IMPERATIVE #2, #4)**
 - a. Contract with Gomaco to perform a comprehensive analysis of our streetcars and produce a preventive maintenance schedule and plan.
 - b. Follow the recommendations of the streetcar analysis and perform punctual preventive maintenance according to the intervals recommended.
4. Increase our miles between road calls. **(STRATEGIC IMPERATIVE #2, #4)**
 - a. Use predictive analysis software that will allow us to stay ahead of any major maintenance issues.
 - b. Provide performance measure updates to the METRO Leadership Team showing the progression of miles between road calls over time.
 - c. Ensure mechanics receive periodic training on updates for diagnostic devices.

OPERATIONS AND PLANNING DEPARTMENT

The operations department is responsible for providing safe, dependable and on-time service to our customers; ensuring the safety of our customers and operators; and for maintaining the accessibility and mobility of our customers.

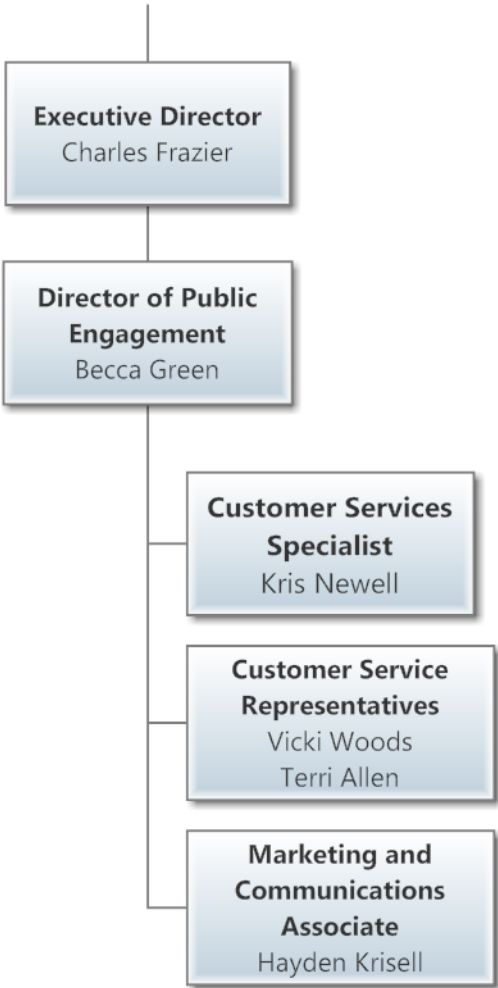


2019 Operations and Planning Department Goals and Objectives

1. Engage in community coalition-building for public transportation advocacy (**STRATEGIC IMPERATIVE #1**)
 - Complete fixed route schedule analysis and implementation of 2019 Service Enhancements.
 - Assist in completion of Comprehensive Operational Analysis.
2. Maintain federal, state and local compliance (**STRATEGIC IMPERATIVE #2**)
 - Establish MOUs with local partners for emergency preparedness and assistance.
 - Director of Operations & Streetcar Manager completing FTA Safety Certification Training.
3. Initiate studies intended to capitalize on high-profile assets (**STRATEGIC IMPERATIVE #3**)
 - Initiate a Streetcar Alignment Study.
 - Initiate a Transit Oriented Development study at the River Cities Travel Center.
4. Improve the customer experience (**STRATEGIC IMPERATIVE #4**)
 - Implement Mystery Rider Program on all METRO services.
 - Install new double-size shelters with solar lighting at Midtown stops.
 - Enhance streetcar stops by installing redesigned shelters and amenities.
 - Implement On-Demand Service pilot program.
 - Implement Micro-Transit pilot program.
5. Invest in employee development and wellness (**STRATEGIC IMPERATIVE #5**)
 - Establish Employee Advisory Committee.
 - Employee Diversity & Inclusion Focus Groups.
6. Implement recommendations from prior studies (**STRATEGIC IMPERATIVE #6**)
 - Procure supplemental ADA Paratransit services to address capacity issues on METRO Links service.
 - Implement functional assessments for METRO Links customers
 - Conditional eligibility for paratransit
 - Implement free rides on fixed route for ADA eligible passengers

PUBLIC ENGAGEMENT DEPARTMENT

The purpose of this department is to direct and manage the outreach, advertising, marketing, and promotional activities of METRO, as well as the community relations and government affairs programs.



2019 Public Engagement Department Goals and Objectives

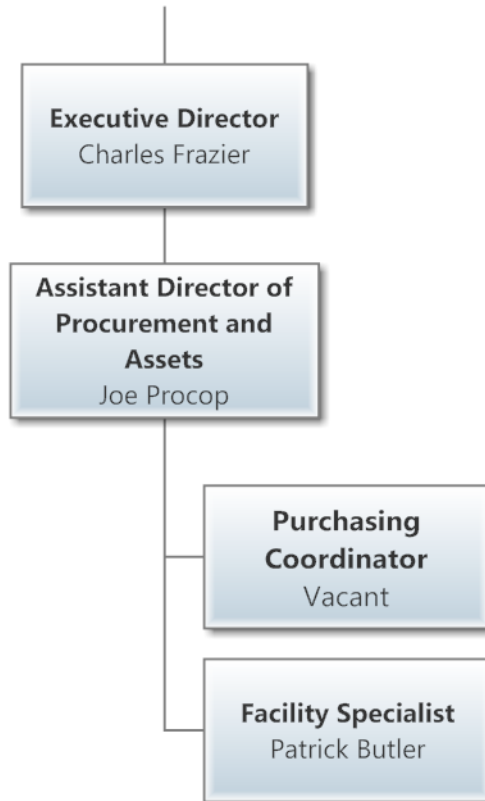
1. Participate in more formal engagement of federal, state and local member jurisdiction elected officials and staff members. **(STRATEGIC IMPERATIVE #1)**
 - a. Complete annual outreach to the Arkansas Congressional delegation by March 31, 2019 in support of federal formula and discretionary grant opportunities and public transit-friendly policy-making.
 - b. Complete a strategic public affairs plan for state public transit advocacy by April 30, 2019.
 - c. Complete annual reports for local member jurisdictions by March 31, 2019.
 - d. Complete stakeholder survey of a minimum of 1,200 riders and other community stakeholders by March 31, 2019.
 - e. Engage in a new streetcar system sponsorship plan and secure at least four new sponsors by May 31, 2019.
 - f. Celebrate 15 years of the METRO Streetcar system by November 30, 2019.

2. Improve the customer experience through improved signage and digital tools and actively promoting new transit service products. **(STRATEGIC IMPERATIVE #4)**
 - a. Implement annual service enhancements support tools (maps, schedule brochures, signage, digital information and announcement communications and events) by April 15, 2019.
 - b. Implement support tools (branding, collateral materials, digital information and announcement communications and events) for a new vanpool program by June 30, 2019.
 - c. Implement a new phone system and customer service team protocols by Sept. 30, 2019.
 - d. Implement support tools (branding, collateral materials, digital information and announcement communications and events) for a new microtransit pilot program by Sept. 30, 2019.

3. Engage in the promotion of a comprehensive operational analysis, streetcar metric monitoring and transit-oriented development study for the River Cities Travel Center. **(STRATEGIC IMPERATIVE #3)**
 - a. Implement support tools (branding, collateral materials, digital information and announcement communications and events) for a comprehensive operational analysis by Sept. 30, 2019.
 - b. Implement support tools (branding, collateral materials, digital information and announcement communications and events) for a transit-oriented development study by Dec. 31, 2019.
 - c. Implement support tools (reporting, branding and events) to complete a year of baseline metrics for the streetcar system taken during a year-long fare-free promotion by Dec. 31, 2019.

PROCUREMENT AND ASSETS DEPARTMENT

This department is responsible for the procurement of METRO's major assets and preparing a systematic approach to the cleaning, repair, and maintenance of the building, grounds, equipment and related facilities.



2019 Procurement and Assets Department Goals and Objectives

1. Implement critical recommendations from prior site and facility maintenance assessments. **(STRATEGIC IMPERATIVES #2, #6)**
2. Assess current parts inventory storage system and business processes and create efficiencies.
3. Complete assigned formal procurements in a timely manner. **(STRATEGIC IMPERATIVE #2)**

**SECTION 4: GLOSSARY, SUPPLEMENTAL
INFORMATION, AND APPENDICES**

BUDGET GLOSSARY

Actual-to Budget Variance	A budgetary tool used to evaluate the performance between budgeted amounts and actual amounts. Generally, the CFO must explain any variance greater than 10 percent to the Board of Directors.
ADA	Prohibits discrimination and ensures equal opportunity for persons with disabilities in employment. Website Link.
Annualize	Recalculate as an annual rate. When METRO performs preliminary budget work, it calculates revenues and expenditures to reflect annual numbers.
ArDOT	Arkansas Department of Transportation. ArDOT works with the public, transportation partners, state and federal regulators, and other state and local agencies to provide a safe and efficient transportation system. Website Link.
Associated Capital Threshold	FTA-required calculation for associated capital items such as engines, transmissions, chassis, etc. It is calculated at one-half of a percent (.5%) of the net book value of revenue buses and vans. It is calculated separately for revenue buses and streetcars. Website Link.
Automatic Passenger Counters	Allows METRO to gather critical information that shows where and when people are riding the bus system.
Bus Rapid Transit (BRT)	The backbone of the MOVE Central Arkansas comprehensive strategic initiative. More information.
Compressed Natural Gas	Can be used in place of gasoline, diesel fuel and propane and produces fewer undesirable gases than these fuels.
FTA	Federal Transit Administration. FTA provides financial and technical assistance to local public transit systems. Website Link.
GAAP	Generally Accepted Accounting Principles. The common set of accounting principles, standards, and procedures that companies use to compile their financial statements. More information.
GASB	The independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. Website Link.

GFOA	GFOA’s mission is to enhance and promote the professional management of governmental financial resources by identifying, developing, and advancing fiscal strategies, policies and practices for the public benefit. Website Link.
ITS	Intelligent Transportation System. Advanced applications that aim to provide innovative services to different modes of transport and enable users to be better informed. More information.
Interlining	Allows the use of the same revenue vehicles on more than one route without going back to the garage. To be feasible, two routes must be reasonably in proximate to each other. More Information.
Liquidity	The ability to convert assets (such as cash or a certificate of deposit) that are easily converted to cash.
MetroTrack	Provides real-time arrival information for passengers. Website Link.
Multimodal	Meaning multiple modes (bus, ADA paratransit, streetcar, bikes, ferries, etc.) of transportation. More information.
NTD	National Transit Database. The primary source of information on the transit systems in the United States. Recipients of grants from the FTA are required to submit data to the NTD both monthly and annually. Website Link.
National Transit Institute	Provides training and educations programs for the public transit industry. Website Link.
PTTF	Public Transit Trust Fund. Dedicated state transit funds from a tax on short-term rental cars. More information.
Section 5307	The annual apportionment makes federal resources available to urbanized areas for transit capital and operating assistance. Website Link.
Section 5337	State of Good Repair Grants Program providing capital assistance for maintenance, replacement, and rehabilitation of high-intensity fixed guideway (streetcar, in METRO’s case) systems maintain assets in a state of good repair. Website Link.

Section 5339	Bus and Bus Facilities. Makes federal resources available to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. Website Link.
Segregation of Duties	A basic building block of sustainable risk management that disperses the critical functions of a process to more than one person or department. More information.
TIGER Grant	The highly competitive grant program supports innovative projects, including multimodal and multijurisdictional projects, which are difficult to fund through traditional federal programs. Website Link.
Transit Oriented Development	The creation of compact, mixed-use communities centered around high quality public transportation systems. More information.
TAP	Transportation Alternatives Program. Provides funding for programs and projects defined as transportation alternatives, including infrastructure projects for improving non-driver access to public transportation and enhanced mobility. Website Link.
Travel Training	For passengers who are capable of utilizing fixed route bus systems but may require some assistance before doing so. More information.

SUPPLEMENTAL INFORMATION

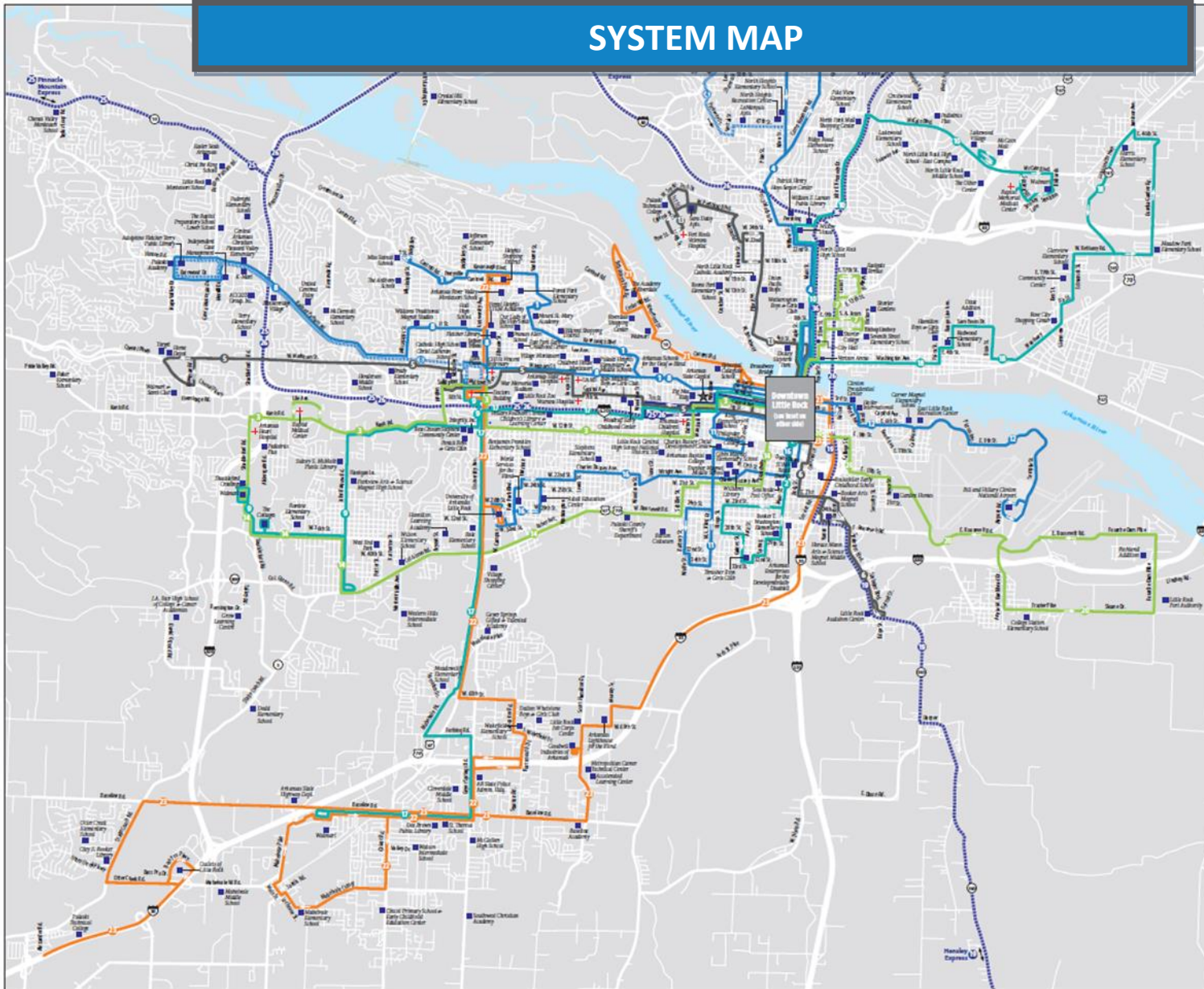
METRO’s administrative and maintenance offices are located in downtown North Little Rock at 901 Maple Street. METRO operates and maintains the River Cities Travel Center located at 301 East Capitol in downtown Little Rock. The RCTC serves as a major bus transfer for METRO’s twenty-one (21) fixed-routes and four (4) express routes. The METRO Streetcar operations are located at 100 East Bishop Lindsey Avenue in North Little Rock.

Pulaski County (which includes the cities Little Rock, North Little Rock, Maumelle and Sherwood) is home to a diverse community. Figure 4.1 provides supplemental information intended to define the community METRO serves. The statistical information was gathered using 2010 U.S. Census Bureau statistics.

FIGURE 4.1 - SUPPLEMENTAL INFORMATION

Service Area	Total Land Area (Sq. Miles)	Annual Median Household Income	Total Population	COMPOSITION OF POPULATION							
				White %	White Population	Black or African American %	Black or African American Population	Hispanic or Latino %	Hispanic or Latino Population	Other %	Other Population
Little Rock	119.20	45,135	193,524	48.9%	94,633	42.3%	81,861	6.8%	13,160	2.0%	3,870
North Little Rock	51.50	39,558	62,304	54.0%	33,644	39.7%	24,735	5.7%	3,551	0.6%	374
Maumelle	12.05	82,122	17,163	82.9%	14,228	12.1%	2,077	2.4%	412	2.6%	446
Sherwood	20.61	55,082	29,523	75.3%	22,231	18.5%	5,462	4.0%	1,181	2.2%	650
Jacksonville	28.10	40,257	28,364	57.7%	16,366	32.7%	9,275	6.7%	1,900	2.9%	823
Totals	231.46		330,878	54.7%	181,102	37.3%	123,409	6.1%	20,204	1.9%	6,163

SYSTEM MAP



LEGEND

- Regular Bus Routes
- Part-time Bus Routes
- Express Routes
- Landmarks
- Hospitals

Miles

 Minutes to walk the above distance*

*Assumes 20 min. walk at 3.1 mph

ROUTES

- 1 Pulaski Heights
- 2 South Main*
- 3 Baptist Medical Center*
- 4 Levy / Amboy
- 5 West Markham*
- 6 Granite Mountain
- 7 Shorter College
- 8 Rodney Parham*
- 9 West Central / John Barrow Road
- 10 McCain Mall*
- 11 Dr. M.L.K. Jr. Drive*
- 12 Clinton Center / Airport*
- 13 Pulaski Technical College*
- 14 Rosedale*
- 15 UALR*
- 16 Mabelvale / Downtown
- 17 McAlmont*
- 18 Hensley Express
- 19 Hanger Hill / College Station
- 20 Riverdale
- 21 University Avenue / Mabelvale*
- 22 Baseline / Southwest*
- 23 Pinnacle Mountain Express
- 24 Maumelle / Oak Grove Express
- 25 Jacksonville / Sherwood Express

*In addition to weekday service, these routes provide limited night and weekend service: 2, 3, 5, 8, 10, 11, 12, 13, 14, 16, 18, 22 and 23. See individual route schedules for more information.

310 E. Capitol, Little Rock, AR 72201

For schedule and fare information, please visit www.rmmetro.org or www.google.com/transit, call 501-375-1163, or email Info@rmmetro.org.

FLEET REPLACEMENT PLAN

TYPE OF VEHICLE	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Fixed-Route Buses	-	8	-	10	-	6	-
Links Paratransit Vans	2	-	2	-	5	3	14
Links Minivans	-	-	-	-	-	2	-
Cost of FR Bus	-	4,221,956	-	5,598,842	-	3,648,298	-
Cost of Links Van	130,081	-	-	-	468,950	248,666	1,589,100
Cost of Minivan	-	-	142,143	-	-	117,176	-
Total Cost	130,081	4,221,956	142,143	5,598,842	468,950	4,014,140	1,589,100
TYPE OF VEHICLE	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Fixed-Route Buses	12	-	15	-	7	1	-
Links Paratransit Vans	-	-	-	2	-	10	-
Links Minivans	-	-	-	-	-	-	-
Cost of FR Bus	7,574,196	-	10,044,330	-	4,972,814	731,714	-
Cost of Links Van	-	-	-	255,507	-	1,355,335	-
Cost of Links Minivan	-	-	-	-	-	-	-
Total Cost	7,574,196	-	10,044,330	255,507	4,972,814	2,087,049	-



901 MAPLE STREET
NORTH LITTLE ROCK, AR 72114
P: (501) 375-6717
F: (501) 375-6812