



Rock Region
METRO



2020 ANNUAL BUDGET REPORT

ROCK REGION METROPOLITAN TRANSIT AUTHORITY

2020 Annual Budget Report

Charles D. Frazier
Executive Director

Prepared by:
Department of Finance and Accounting

Justin Avery, Chief Financial Officer
Wendy Hunter, Assistant Director of Finance



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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January 1, 2019

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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, 2019.

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.

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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 2020 budget document can be found on METRO’s website at: <https://rrmetro.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 Accounting 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 2020 Annual Budget Report. The budget report represents the culmination of a comprehensive process and is rooted in our commitment to providing access to opportunities throughout 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 2020 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.
7. Focusing on internal competencies in preparation for future growth.

Major Budget Items

The 2020 operating budget calls for approximately \$19.9 million (\$15.9 million METRO Local, \$2.9 million METRO Links, and \$1.1 million METRO Streetcar) in operating expenditures and \$6.8 million in capital expenditures. These amounts represent a three percent (3%) increase and sixteen percent (16%) 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 2020 operating and capital budgets can be found in the Functional Financial Plan section.

Operating Budget Items

- Wages and benefits expenditures will continue to have one of the greatest impacts on the operating budget. Expenditures for wage progression, annual increases associated with union employees, and fringe benefits is budgeted to increase by \$107,000.
- METRO Links professional alternative transportation services expenditures will increase by \$474,000 due to increasing demand on the paratransit service. **(STRATEGIC IMPERATIVE #2)** To control increasing costs related to METRO Links paratransit service, METRO will initiate a strategy intended to provide free fixed-route bus passes to Links customers that are capable of using the fixed-route system. **(STRATEGIC IMPERATIVE #6)**
- METRO will conduct phase two of its transit-oriented development study. This planning project is budgeted to cost \$500,000. **(STRATEGIC IMPERATIVE #3)**
- METRO will hire part-time on-demand drivers for its new METRO Connect service intended to provide on-demand service within a specified area. **(STRATEGIC IMPERATIVE #4)** METRO has budgeted \$66,000 in salaries for these part-time operator positions.

- METRO will receive \$400,000 from its funding partners to match its 2020 annual federal capital grants. In the past, METRO has used its funds available for pledge (reserves) to match its federal capital grants.

Capital Budget Items

- Major capital projects, including upgrading the phone system, planning studies, major equipment purchases and facility renovations will be conducted. These projects are budgeted to cost \$1,658,000 in 2020. **(STRATEGIC IMPERATIVE #4)**
- Maintaining the fleet will continue to be a priority in 2020. Associated capital expenditures are budgeted to cost \$700,000 in 2020. These expenditures are driven by higher costs related to maintaining an aging 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, efficiencies and advances. METRO is budgeted to spend \$350,000 on computer software in 2020. **(STRATEGIC IMPERATIVE #7)**

The following chart provides an overview of the 2020 budget with a comparison to the 2019 budget.

	2019	2020	\$ Difference
Budgeted Operating Revenues	\$ 18,737,533	\$ 20,201,052	\$ 1,463,519
Budgeted Operating Expenditures	\$ 19,221,310	\$ 19,877,261	\$ 655,951
Budgeted Capital Revenues			
Budgeted Capital Revenues	\$ 7,274,248	\$ 7,186,954	\$ (87,294)
Budgeted Capital Expenditures	\$ 5,859,736	\$ 6,787,153	\$ 927,417

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 dedicated tax funding stream (i.e. sales tax). 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 14-16. 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 conducting a comprehensive operational analysis of its entire transit system. Among other areas, METRO will focus on creating a new funding formula for its funding entities that is equitable for all of its members. Finally, METRO will continue to build strong relationships with local universities,

colleges, major employers and other organizations. Currently, METRO has seven on-going fare agreements with UA-Pulaski Technical College, UA-Little Rock, Little Rock School District, eStem Public Charter School, Lisa Academy Public Charter Schools, the Arkansas Homeless Coalition and Shorter College. In 2020, METRO will reach out to the Central Arkansas Library System and the University of Arkansas for Medical Sciences for additional fare agreements focused on providing access to opportunities to an array of individuals. **(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 2019, METRO introduced microtransit service to citizens of central Arkansas. In 2020, METRO will expand its investment in microtransit throughout the county. METRO will replace two existing routes with on-demand microtransit service focused on improving the customer experience. **(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), on-demand microtransit service (METRO Connect), and streetcar service (METRO Streetcar).

METRO Links demand-response paratransit system serves 7,500 to 8,500 paratransit-eligible riders per month and covers 13,000 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 Connect is a microtransit service that provides on-demand transit rides using smaller vehicles within a specified area. Riders can schedule ride-hailing trips using the Transloc Microtransit App. This project initially began in August 2019 as a six (6) month pilot project. Due to the success of the project, in 2020, METRO will replace Route 9 (John Barrow) and Route 21 (Riverdale) with microtransit service in these flex zones.

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. Currently, METRO Connect maintains a fleet of two (2) paratransit vans. 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			
2019 Ford Starcraft	Gasoline	10 Passenger	2
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
<i>Total METRO Links</i>			24
METRO Connect			
2012 Aerotech	Diesel	12 Passenger	2
<i>Total METRO Connect</i>			2
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



Nicole Hart
Secretary
North Little Rock



Bruce Moore
Little Rock



Sara Lenehan
Little Rock



Jimmy Moses
Little Rock



Matt Lindsey
Little Rock



Michael Mason
Little Rock



Erin Parker
North Little Rock



Jay Freeman
Pulaski County



Julia Everett
Maumelle



Kyle Wade
Sherwood



Vacant
North Little Rock

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 <https://rrmetro.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.
7. Focusing on internal competencies in preparation for future growth.

ACCOMPLISHMENTS

2019 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 2020.

- METRO partnered with a local non-profit organization, Central Arkansas Library System (CALs), to provide bus passes to students through the Be Mighty Little Rock afterschool and summer meal program. (**STRATEGIC IMPERATIVE #1**) This program aimed to increase access to free meal sites and activity centers provided in coordination with the Be Mighty Little Rock campaign. Through the partnership, METRO provided approximately 17,000 passenger trips to students eighteen years and younger from June 1 through July 31.
- METRO engaged in an ongoing community coalition-building effort to develop public transit advocacy in central Arkansas (**STRATEGIC IMPERATIVE #1**) through fare agreements with six major academic institutions (UA – Pulaski Technical College, UA – Little Rock, the Little Rock School District, eStem, Lisa Academy and Shorter College), a pilot program fare agreement with the Arkansas Homeless Coalition (AHC), 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.

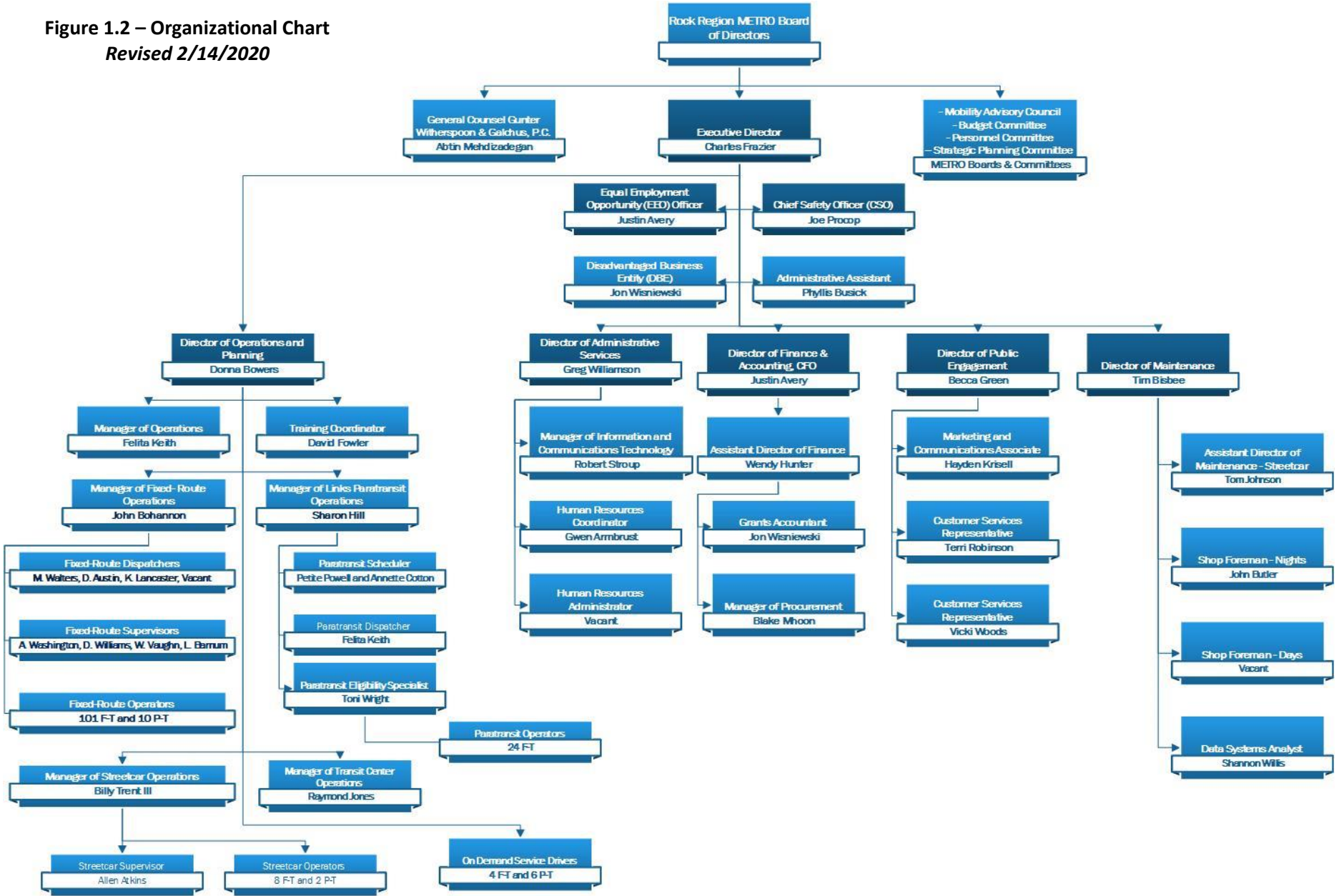
- METRO partnered with the Arkansas Homeless Coalition to provide transportation for individuals actively engaged in temporary and supported housing and vocational development programming. **(STRATEGIC IMPERATIVE #1)** The Transportation Alliance Project (TAP) was a pilot fare agreement program that expanded and diversified the current fare agreement model METRO has with area academic institutions. Through TAP, AHC paid a flat monthly fee to METRO for a program total of 1,000 eligible riders on the METRO system. Riders were vetted by AHC's partner organizations participating in TAP and determined eligible for participation by AHC on a monthly basis, depending on individuals' active participation in partner programs for temporary and supported housing and vocational development. In 2019, METRO provided approximately 200,000 passenger trips to these eligible members, far exceeding expectations.
- 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 2020 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 were 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 microtransit program).
- To support the streetcar expansion study, METRO 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. Results of this recently implemented initiative are encouraging (a two hundred and thirty eight percent (238%) increase in ridership over 2018 ridership) 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. Due to this successful initiative, METRO will continue to provide streetcar service fare-free to its customers throughout 2020.

- METRO's Director of Operations was selected to participate in the Leadership American Public Transportation Association program (Leadership APTA). This program, which is aimed at identifying and selecting a diverse, broad-based group of highly motivated and dedicated industry professionals aspiring to hold executive and senior leadership positions within their organization and the public transportation industry. This is the first time a METRO employee has been selected for such an honor. **(STRATEGIC IMPERATIVE #5)**
- 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.
- As part of the collective bargaining agreement, signed in 2018, METRO implemented a new attendance policy aimed at reducing unexcused absences and unbudgeted overtime by operators and mechanics. The new attendance policy helped METRO save on unbudgeted overtime pay.
- Implemented paratransit eligibility interviews for new clients. This was a recommendation from a Links Eligibility Study performed in 2016. **(STRATEGIC IMPERATIVE #6)**

ORGANIZATION CHART AND PERSONNEL

Figure 1.2 – Organizational Chart
Revised 2/14/2020



Personnel

In 2019, METRO employed (on a full-time basis) one hundred (100) METRO Local operators; twenty-three (23) METRO Links operators; ten (10) METRO Streetcar operators; twenty-two (22) mechanics, service, and utility employees; two (2) customer service staffers; five (5) service supervisors; five (5) dispatchers; and twenty-six (26) administrative employees. Figure 1.3 shows a comparison of full-time personnel from 2018 and 2019 to our budgeted full-time personnel in 2020.

Figure 1.3 – Personnel Count (Full-Time Equivalent Employees)

Personnel Category	2018 Actual	2019 Actual	2020 Budgeted
METRO Local Operator	105	100	105
METRO Links Operator	25	23	24
METRO Streetcar Operator	10	10	10
Customer Service	3	2	2
Mechanics & Service	26	22	26
Supervisors	6	5	5
Dispatchers	5	5	5
Administration	25	26	28
Total Employees	205	193	205

In 2019, METRO experienced turnover at key positions due to retirement. Director of Finance and Administration, Wanda Crawford, retired after twenty-nine (29) years of dedicated service, and METRO promoted Assistant Director of Finance, Justin Avery, to the position, and Justin's title was changed to Chief Financial Officer. Operations Manager, Charles Jackson, retired after eighteen (18) years of dedicated service, and METRO promoted Fixed Route Dispatcher, Felita Keith, to the position.

Also, in 2019, Rodney Middleton, former Director of Maintenance, resigned and was replaced by Tim Bisbee. Tim returned to lead the maintenance department after serving METRO for twenty (20) years as a Class A Mechanic.

METRO had previously outsourced all information technology (IT) services, but in January 2020, METRO hired Robert Stroup as the new Manager of Information and Communications Technology. This new position will oversee functions related to information and communications technology for software, hardware, and systems used in the scope of work at METRO.

In 2020, METRO has also budgeted for four (4) full-time on-demand microtransit operators, six (6) part-time on-demand microtransit operators, and ten (10) part-time fixed route operators.

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 expenditures do not exceed budgeted revenues (including the use of reserves). **The 2020 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 ten percent (10%) 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 \$500,000. The level of reserve management 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.

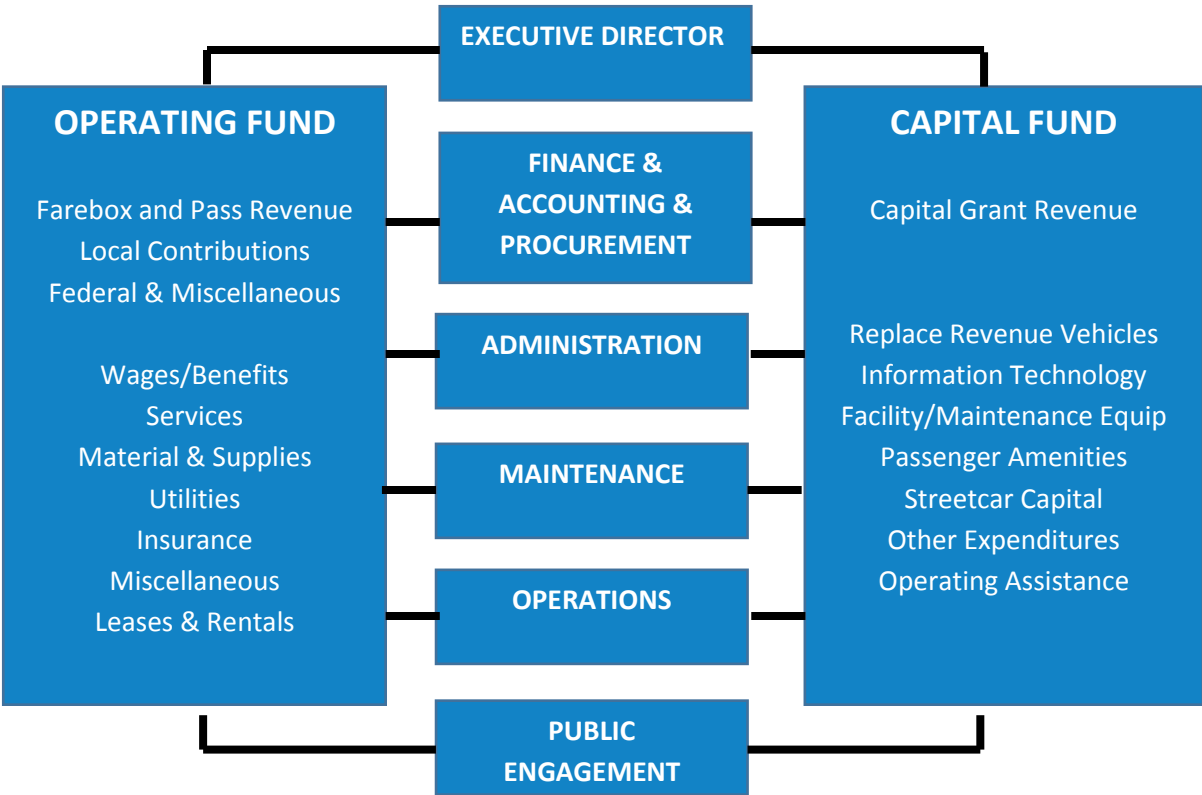
SECTION 2: FUNCTIONAL FINANCIAL PLAN

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, Connect 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 2020 operating and capital budgets were presented to, and approved by, the board of directors on November 19, 2019.**

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 53.

Revenue:	2018 Actual	2019 Actual	2020 Budget
Farebox and Pass	\$ 1,832,974	\$ 1,727,810	\$ 1,751,989
Local Grant	13,202,427	13,489,607	14,701,970
Federal and Miscellaneous	3,286,599	2,972,679	3,747,093
Total Revenue	\$ 18,322,000	\$ 18,190,096	\$ 20,201,052
Expenses:			
Labor	\$ 8,856,878	\$ 9,081,018	\$ 9,481,601
Fringe Benefits	3,931,188	4,052,852	4,245,090
Services	1,127,693	1,519,152	1,721,700
Materials and Supplies	2,130,258	2,609,491	2,373,466
Utilities	347,741	365,215	335,500
Insurance	413,956	368,972	451,089
Miscellaneous	438,556	785,623	1,254,615
Leases and Rentals	14,604	12,839	14,200
Total Expenses	\$ 17,260,874	\$ 18,795,162	\$ 19,877,261
Total Surplus/(Deficit)	\$ 1,061,126	\$ (605,066)	\$ 323,791

SIGNIFICANT OPERATING BUDGETARY ITEMS AND TRENDS

The adoption of the 2020 budget includes a number of significant budget items and trends. All assumptions made in the operating budget are based off of historical trends (trend analysis) and future expectations. **METRO also assumes there will be no service level changes during 2020. 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 2020 are based off of annualized 2019 figures during preliminary budget

preparation. **All comparisons made in this section are between 2019 budget and 2020 budget numbers, unless otherwise stated.**

Total expenditures for 2020 are budgeted to be \$19,877,261, representing a \$655,951 or 3.41 percent (3.41%) increase from the 2019 budget. A summary of differences between the 2020 budget and 2019 budget is shown below, with numbers rounded to the nearest thousandth. It is important to note, for budgeting simplicity, METRO Connect is included in the METRO Local financial statements.

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)				
	2019 Budget	2020 Budget	(\$)Difference	(%)Difference
Farebox and Pass	\$ 1,858,000	\$ 1,752,000	\$ (106,000)	-5.7%
Local Grant	13,605,000	14,702,000	1,097,000	8.1%
Federal and Miscellaneous	3,274,000	3,747,000	473,000	14.4%
Total Revenue	\$ 18,737,000	\$ 20,201,000	1,464,000	7.8%
Labor	\$ 9,398,000	\$ 9,482,000	\$ 84,000	0.9%
Fringe Benefits	4,222,000	4,245,000	23,000	0.5%
Services	1,158,000	1,722,000	564,000	48.7%
Materials and Supplies	2,409,000	2,373,000	(36,000)	-1.5%
Utilities	338,000	335,000	(3,000)	-0.9%
Insurance	436,000	451,000	15,000	3.4%
Miscellaneous	1,246,000	1,255,000	9,000	0.7%
Leases and Rentals	14,000	14,000	-	0.0%
Total Expenses	\$ 19,221,000	\$ 19,877,000	\$ 656,000	3.4%
Total Surplus/(Deficit)	\$ (484,000)	\$ 324,000	\$ 808,000	
Use of Reserves	\$ 484,000	\$ -	\$ (484,000)	

One assumption that led to lower budgeted farebox and pass revenue is that ridership will decrease slightly (over 2019 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 \$67,000 decrease in farebox and pass revenue, an increase in METRO Links pass revenue of \$13,000, and a decrease in METRO Streetcar pass revenue of \$52,000 (due to the extension of the fare-free program for 2020), for a total budgeted decrease of \$106,000 in 2020 as compared to the 2019 budget. In response, METRO will continue to seek out fare agreement partnerships designed to increase fare revenue and overall ridership. Additionally, METRO will focus on improving the customer experience (**STRATEGIC IMPERATIVE #4**) in 2020 by implementing on-demand microtransit options. METRO intends to replace two, existing underperforming routes with on-demand microtransit service (METRO Connect). Microtransit service has proven to reduce customer wait time substantially.

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 led to an increase in ridership, therefore, METRO's board of directors voted to continue the fare-free streetcar for 2020. As a result, farebox and pass revenue decreased by an additional \$52,000 in 2020 as compared to the 2019 budget. 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 Streetcar budgeted an increase in streetcar sponsorships of \$23,000 in 2020 as compared to the 2019 budget.

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. In order to keep up with the increasing demand for Links paratransit service, in 2019, METRO hired a paratransit eligibility specialist responsible for evaluating and administrating complex paratransit eligibility, including the qualification of conditional eligibility (**STRATEGIC IMPERATIVE #2, #4, #6**). 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. To assist in managing METRO Links ridership growth, METRO has made it a priority in 2020 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 2020 (**STRATEGIC IMPERATIVE #6**). Taking further initiative, in 2020, METRO plans to offer free fixed-route rides for ADA-eligible passengers that are capable of using the fixed-route system (**STRATEGIC IMPERATIVE #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 \$1,097,000 in 2020 as compared to last year's budget. The 2020 budget includes the \$484,000 payback of the reserves that were required to balance the 2019 budget. Also, METRO is budgeted to receive \$400,000 to match its 2020 annual federal capital grants. The remaining increase is due to a combination of decreasing revenue and increasing expenditures.

Federal and miscellaneous revenue is budgeted to increase \$473,000 in 2020 as compared to 2019. This increase is mainly due to a combination of increasing maintenance capital support, paratransit funding, and advertising revenue, and decreasing planning income. When budgets of the funding partners are tightened, METRO must find ways to provide them relief by either increasing revenue or decreasing expenditures. In 2020, METRO budgeted all available federal funds for maintenance capital support and paratransit funding. This resulted in an increase of \$421,000 in 2020 as compared to the 2019 budget. Advertising revenue is budgeted to increase \$83,000 in 2020 based on historical trends and increased demand for bus wraps and other advertising opportunities within the system. In 2020, METRO will be conducting Phase II of the transit-oriented development study budgeted at \$500,000 (**STRATEGIC IMPERATIVE #3**). However, in 2020, METRO decided to not perform the Streetcar Strategic Study that was previously budgeted in prior years. These projects have a net effect on planning income of a \$57,000 decrease when compared to the 2019 budget.

Expenditures

METRO expects a \$656,000 or 3.4% increase in expenditures for 2020 as compared to the 2019 budget. Major budget items include increases in labor, fringe benefits, services, insurance and miscellaneous expenses, and decreases in materials and supplies and utilities.

METRO expects labor expenditures to increase by \$84,000 and fringe benefits to increase by \$23,000 in 2020 as compared to the 2019 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 one and a half percent (1.5%) cumulative performance-based raise in 2020. Health insurance is the major sub-category of fringe benefits, and METRO had no increase in health insurance premiums for 2020. Sick leave pay is budgeted to decrease by \$49,000 in 2020 as compared to the 2019 budget. METRO has implemented an attendance policy along with a new progressive disciplinary management tool to support the consistent tracking of employees exhibiting a pattern of excessive unplanned absence. The immediate outcome has been a dramatic reduction in absenteeism and overtime pay. This decrease is offset by an increase of \$21,000 in vacation and holiday pay, as a result of the budgeted wage increases for both union and non-union employees. Although workers compensation insurance rates did not increase in 2020, METRO did not budget enough expenses in 2019, resulting in an increase of \$43,000 in 2020 as compared to the 2019 budget.

METRO is expecting a \$564,000 increase in services expenditures for 2020 as compared to the 2019 budget. The increase is primarily 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 the demand for paratransit service outweighs METRO's supply capabilities. Although METRO has developed strategies to shift some ridership from Links to Local, we still expect an overall increase in professional alternative transportation services. In addition, METRO has budgeted a \$23,000 increase in buildings and grounds maintenance as compared to the 2019 budget. As part of the Transit Asset Management plan, METRO performed two condition assessments during 2019 (**STRATEGIC IMPERATIVE #2**) and identified assets needing significant repair.

Although it will not have a major financial impact on the 2020 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. **(STRATEGIC IMPERATIVE #4)**

Although METRO expects a \$36,000 decrease in material and supplies expenditures for 2020 as compared to the 2019 budget, CNG budgeted expenditures are expected to increase \$85,000 due to higher usage and the removal of a federal excise tax credit that was included in the 2019 budget. This credit was budgeted at the request of our funding partners due to their own budget constraints, however, the federal government did not provide the credit. METRO expects a net decrease of \$79,000 in diesel and gasoline expenditures due to lower fuel prices. METRO budgeted for a rate of \$1.94 per gallon for gasoline and \$2.00 for diesel fuel in 2020. In 2019, METRO budgeted \$2.35 per gallon of gasoline and \$2.30 per diesel gallon.

Budgeted Surplus

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. In 2019, METRO used \$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. In 2020, METRO has budgeted a surplus of \$324,000. In order to replenish the reserve balance, the funding partners will be contributing an additional \$400,000 in local match funding for the 2020 federal capital grants. Also, METRO changed the emergency reserve management financial policy in 2019 (see page 24) from a percentage to a flat amount. This change in policy reduced the required emergency reserve amount by \$76,000, which provided some relief to the funding partners. The net effect of these two actions resulted in the budgeted surplus of \$324,000.

Figure 2.1 shows the operating budget for METRO Local and METRO Links for 2020. The 2020 budget for METRO Links is shown in Figure 2.2 and the METRO Streetcar 2020 budget is shown in Figure 2.3.

FIGURE 2.1 – METRO LOCAL AND METRO LINKS 2020 OPERATING BUDGET

	2018 ACTUAL	2019 ACTUAL	2019 BUDGET	2020 BUDGET	(\$) CHANGE FROM 2019
OPERATING REVENUE:					
PASS INCOME:					
PASSENGER CASH REVENUE	\$ 878,101	\$ 847,586	\$ 898,022	\$ 862,891	\$ (35,131)
ADULT TOKENS	22,442	21,157	23,168	23,017	(151)
ADULT 10 RIDE PASS	78,467	69,243	67,081	69,018	1,937
ONE DAY PASS	102,080	108,457	103,155	109,856	6,701
MONTHLY RIDER PASSES	319,682	299,307	327,362	299,080	(28,282)
HONORED CITIZEN RIDER PASSES	116,185	110,283	123,351	115,765	(7,586)
HONORED CITIZEN 10 RIDE PASS	10,181	9,498	9,891	9,155	(736)
SUMMER YOUTH PASS	960	-	990	-	(990)
STUDENT RIDER PASSES	25,855	11,662	14,405	10,922	(3,483)
SUBTOTAL PASS INCOME	\$ 1,553,953	\$ 1,477,193	\$ 1,567,425	\$ 1,499,704	\$ (67,721)
CONTRACTS-SPECIAL ROUTE GUAR.	\$ 141,012	\$ 177,117	\$ 166,558	\$ 179,211	\$ 12,653
PARATRANSIT INCOME	268,118	286,656	274,728	288,285	13,557
MISCELLANEOUS INCOME	4,867	5,915	7,000	7,000	-
SUBTOTAL REVENUE	\$ 1,967,950	\$ 1,946,881	\$ 2,015,711	\$ 1,974,200	\$ (41,511)
GRANT INCOME:					
LOCAL GRANTS - LITTLE ROCK	\$ 8,844,910	\$ 9,046,546	\$ 9,046,546	\$ 9,788,920	\$ 742,374
LOCAL GRANTS - NO. LITTLE ROCK	2,406,002	2,460,851	2,460,851	2,698,796	237,945
LOCAL GRANTS - PULASKI COUNTY	899,337	919,839	919,839	996,729	76,890
LOCAL GRANTS - SHERWOOD	79,750	81,568	81,568	88,507	6,939
LOCAL GRANTS - MAUMELLE	39,261	40,157	40,157	43,573	3,416
SUBTOTAL LOCAL GRANTS	\$ 12,269,260	\$ 12,548,961	\$ 12,548,961	\$ 13,616,525	\$ 1,067,564
MAINTENANCE CAPITAL SUPPORT (FEDERAL)	\$ 2,062,000	\$ 1,432,000	\$ 1,432,000	\$ 1,765,518	\$ 333,518
ADVERTISING	274,468	369,957	270,000	330,000	60,000
FTA PARATRANSIT FUNDING	397,000	397,000	397,000	484,032	87,032
PLANNING (FEDERAL)	65,230	210,462	585,320	608,332	23,012
PUBLIC TRANSIT TRUST FUND	275,000	275,000	275,000	275,000	-
INTEREST INCOME	19,093	22,244	13,500	20,000	6,500
TRAINING CAPITAL SUPPORT	5,379	12,908	4,500	6,000	1,500
SUBTOTAL NON-LOCAL GRANTS	\$ 3,098,170	\$ 2,719,571	\$ 2,977,320	\$ 3,488,882	\$ 511,562
TOTAL GRANTS	\$ 15,367,430	\$ 15,268,532	\$ 15,526,281	\$ 17,105,407	\$ 1,579,126
TOTAL REVENUE	\$ 17,335,380	\$ 17,215,413	\$ 17,541,992	\$ 19,079,607	\$ 1,537,615

FIGURE 2.1 – METRO LOCAL AND METRO LINKS 2020 OPERATING BUDGET

	2018 ACTUAL	2019 ACTUAL	2019 BUDGET	2020 BUDGET	(\$) CHANGE FROM 2019
EXPENSES:					
LABOR:					
OPERATOR'S SALARIES & WAGES	\$ 4,540,257	\$ 4,651,715	\$ 4,732,256	\$ 4,722,225	\$ (10,031)
PT OPERATOR'S SALARIES & WAGES	-	-	-	65,830	65,830
MECHANIC WAGES	757,404	777,647	780,279	803,687	23,408
SERVICE WAGES	175,258	153,683	199,832	244,826	44,994
SUPERVISOR'S WAGES	1,238,404	1,359,431	1,353,736	1,359,251	5,515
DISPATCHER'S WAGES	165,078	155,093	179,432	183,021	3,589
CLERICAL WAGES	313,584	310,529	339,305	344,395	5,090
TOTAL LABOR	\$ 7,189,985	\$ 7,408,098	\$ 7,584,840	\$ 7,723,235	\$ 138,395
FRINGE BENEFITS:					
FICA MATCHING TAXES	\$ 617,551	\$ 634,709	\$ 665,471	\$ 669,308	\$ 3,837
HEALTH INSURANCE	1,105,198	1,139,866	1,226,666	1,226,666	-
LIFE INSURANCE PLAN	103,649	122,723	107,581	117,100	9,519
UNEMPLOYMENT INSURANCE TAX	14,322	12,576	13,760	13,760	-
WORKMAN'S COMPENSATION INS.	175,258	225,709	173,923	208,650	34,727
SICK LEAVE PAY	324,509	300,009	318,618	272,911	(45,707)
HOLIDAY PAY	260,821	279,591	271,540	279,686	8,146
VACATION PAY	505,875	491,093	510,949	526,278	15,329
OTHER PAID ABSENCES	14,688	9,074	15,851	12,840	(3,011)
UNIFORM ALLOWANCE PAID	77,980	75,745	78,000	78,000	-
OTHER FRINGE - AUTO ALLOWANCE	8,400	7,600	8,400	8,400	-
TOTAL FRINGE BENEFITS	\$ 3,208,251	\$ 3,298,695	\$ 3,390,759	\$ 3,413,599	\$ 22,840
SERVICES:					
BUILDINGS & GROUNDS MAINT.	\$ 332,488	\$ 408,387	\$ 335,000	\$ 365,000	\$ 30,000
PROFESSIONAL & TECHNICAL SERVICE	87,435	179,596	110,000	130,000	20,000
TEMPORARY HELP	3,136	10,300	10,000	10,000	-
CUSTODIAL SERVICES	113,800	141,993	108,000	110,000	2,000
SECURITY SERVICE	315,636	319,744	341,816	365,000	23,184
MOVING EXPENSE	15,000	-	-	-	-
TRAINING EXPENSE	43,343	51,066	40,000	55,000	15,000
MISCELLANEOUS EXPENSE	3,607	3,580	6,000	5,000	(1,000)
TOTAL SERVICES	\$ 914,445	\$ 1,114,666	\$ 950,816	\$ 1,040,000	\$ 89,184

FIGURE 2.1 – METRO LOCAL AND METRO LINKS 2020 OPERATING BUDGET

	2018 ACTUAL	2019 ACTUAL	2019 BUDGET	2020 BUDGET	(\$) CHANGE FROM 2019
MATERIALS & SUPPLIES CONSUMED:					
TIRES & TUBES	\$ 4,342	\$ 13,151	\$ 9,000	\$ 12,000	\$ 3,000
GASOLINE	33,932	21,362	18,806	23,333	4,527
CNG	122,858	248,597	180,365	265,500	85,135
DIESEL FUEL	698,226	883,608	829,692	759,050	(70,642)
OIL	33,266	32,542	40,000	35,000	(5,000)
BODY REPAIR	26,931	49,499	20,000	25,000	5,000
PAINT	12,925	4,283	13,000	5,000	(8,000)
ENGINES	103,369	149,084	105,000	110,000	5,000
CHASSIS	47,673	77,362	49,000	50,000	1,000
RADIATORS	-	111	2,000	2,000	-
ELECTRICAL	10,110	17,533	20,000	15,000	(5,000)
BATTERIES	30,821	24,756	23,000	23,000	-
AIR CONDITIONING	19,894	22,476	31,000	26,000	(5,000)
BRAKE BLOCKS	60,246	73,404	65,000	60,000	(5,000)
BRAKE DRUMS	40,188	31,680	65,000	40,000	(25,000)
GLASS	8,400	8,302	13,000	10,000	(3,000)
FILTER ELEMENTS	40,740	56,019	50,000	45,000	(5,000)
TRANSMISSIONS	1,815	1,771	7,000	5,000	(2,000)
FLEET	178,793	270,200	130,000	150,000	20,000
RADIO SERVICE	1,869	246	2,500	1,000	(1,500)
RAGS	6,827	7,782	7,500	7,500	-
SOAP-HAND CLEANER	2,914	2,109	4,000	4,000	-
SOAP-MACHINE	6,412	4,641	7,000	5,000	(2,000)
SOAP-BUS WASH	48,968	35,437	55,000	50,000	(5,000)
OTHER SHOP SUPPLIES	218,598	166,797	182,000	182,000	-
OTHER CLERICAL SUPPLIES	26,132	42,680	40,000	40,000	-
TOTAL MATERIALS & SUPPLIES	\$ 1,786,249	\$ 2,245,432	\$ 1,968,863	\$ 1,950,383	\$ (18,480)
UTILITIES:					
UTILITIES	\$ 186,356	\$ 186,716	\$ 185,000	\$ 180,500	\$ (4,500)
TELEPHONE EXPENSE	74,110	91,258	70,000	70,000	-
TOTAL UTILITIES	\$ 260,466	\$ 277,974	\$ 255,000	\$ 250,500	\$ (4,500)

FIGURE 2.1 – METRO LOCAL AND METRO LINKS 2020 OPERATING BUDGET

	2018 ACTUAL	2019 ACTUAL	2019 BUDGET	2020 BUDGET	(\$) CHANGE FROM 2019
CASUALTY & LIABILITY COST:					
PREMIUM/PUBLIC LIAB. & PHY. DAMAGE	\$ 273,951	\$ 272,257	\$ 282,953	\$ 293,807	\$ 10,854
CASUAL/LIAB NOT COVERED BY INS	-	-	500	500	-
RECOVERY/PUB LIAB & PROP DAMAGE	(4,471)	(41,305)	-	-	-
PREMIUMS/OTHER CORPORATE INS.	18,107	18,112	19,000	19,000	-
TOTAL CASUALTY & LIABILITY	\$ 287,587	\$ 249,064	\$ 302,453	\$ 313,307	\$ 10,854
MISCELLANEOUS:					
PARATRANSIT NET EXPENSE	2,186,908	2,446,815	2,448,948	2,847,677	398,729
COMPUTER EXPENSE	2,206	1,429	2,000	2,000	-
POSTAGE & SHIPPING	9,289	9,678	13,000	10,000	(3,000)
BANK CHARGES	13,649	26,272	14,440	19,000	4,560
PRINTING EXPENSE	86,367	141,692	95,000	115,000	20,000
MARKETING & PROMOTION	178,818	262,965	192,500	230,200	37,700
DUES & SUBSCRIPTION	38,120	38,474	42,000	42,000	-
TRAVEL & MEETINGS	21,676	30,674	20,000	25,000	5,000
OTHER MISCELLANEOUS EXPENSES	-	330	500	500	-
PLANNING SERVICES	76,861	256,650	731,650	760,415	28,765
TOTAL MISCELLANEOUS	\$ 2,613,894	\$ 3,214,979	\$ 3,560,038	\$ 4,051,792	\$ 491,754
LEASES & RENTALS:					
EQUIPMENT LEASE & RENTAL	\$ 13,377	\$ 11,571	\$ 13,000	\$ 13,000	\$ -
DEPRECIATION-GEN ADM.	-	-	-	-	-
TOTAL LEASES & RENTALS	\$ 13,377	\$ 11,571	\$ 13,000	\$ 13,000	\$ -
CONTINGENCY	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 16,274,254	\$ 17,820,479	\$ 18,025,769	\$ 18,755,816	\$ 730,047
EARNINGS (LOSS) FROM OPERATIONS	\$ 1,061,126	\$ (605,066)	\$ (483,777)	\$ 323,791	\$ 807,568

FIGURE 2.2 – METRO LINKS 2020 OPERATING BUDGET

	2018 ACTUAL	2019 ACTUAL	2019 BUDGET	2020 BUDGET	CHANGE FROM 2019
REVENUE					
OPERATING:					
ADA ONE WAY PASS	\$ 35,220	\$ 38,863	\$ 36,174	\$ 37,078	\$ 904
ADA TEN RIDE BOOK	197,121	211,754	202,633	215,207	12,574
MISCELLANEOUS INCOME	777	1,039	921	1,000	79
PUBLIC TRANSIT TRUST FUND	35,000	35,000	35,000	35,000	-
TOTAL REVENUE	\$ 268,118	\$ 286,656	\$ 274,728	\$ 288,285	\$ 13,557
EXPENSES					
LABOR:					
OPERATOR'S SALARIES & WAGES	\$ 881,022	\$ 876,834	\$ 960,740	\$ 892,873	\$ (67,867)
MECHANICS WAGES	26,454	39,741	30,040	30,941	901
SERVICE WAGES	13,319	14,010	13,996	14,724	728
CLERICAL WAGES	82,450	108,360	122,782	124,624	1,842
DISPATCHER'S WAGES	83,311	82,787	85,009	86,820	1,811
SUPERVISOR WAGES	51,727	53,491	52,440	53,227	787
TOTAL LABOR	\$ 1,138,283	\$ 1,175,223	\$ 1,265,007	\$ 1,203,209	\$ (61,798)
FRINGE BENEFITS:					
FICA MATCHING TAXES	\$ 91,020	\$ 91,048	\$ 101,045	\$ 96,100	\$ (4,945)
HEALTH INSURANCE	225,624	221,783	267,350	267,350	-
LIFE INSURANCE PLAN	17,141	42,428	18,306	17,809	(497)
UNEMPLOYMENT INSURANCE TAX	2,583	2,212	2,560	2,560	-
WORKMAN'S COMPENSATION INS.	28,673	36,808	30,106	37,911	7,805
SICK LEAVE PAY	45,583	35,942	45,889	42,146	(3,743)
HOLIDAY PAY	38,785	40,554	41,461	41,609	148
VACATION PAY	66,068	63,946	68,817	66,650	(2,167)
OTHER PAID ABSENCES	859	1,158	2,000	2,000	-
UNIFORM ALLOWANCE PAID	12,693	11,808	13,520	13,520	-
TOTAL FRINGE BENEFITS	\$ 529,029	\$ 547,687	\$ 591,054	\$ 587,655	\$ (3,399)

FIGURE 2.2 – METRO LINKS 2020 OPERATING BUDGET

	2018 ACTUAL	2019 ACTUAL	2019 BUDGET	2020 BUDGET	CHANGE FROM 2019
SERVICES:					
PROFESSIONAL & TECHNICAL SERVICE	\$ 177,299	\$ 353,231	\$ 156,000	\$ 630,000	\$ 474,000
CUSTODIAL SERVICES	1,002	2,867	2,000	3,500	1,500
TRAINING	-	1,101	2,000	3,500	1,500
TEMPORARY HELP	5,051	5,031	5,500	5,500	-
MISCELLANEOUS EXPENSE	238	194	500	500	-
TOTAL SERVICES	\$ 183,590	\$ 362,424	\$ 166,000	\$ 643,000	\$ 477,000
MATERIALS & SUPPLIES:					
TIRES & TUBES	\$ 22,761	\$ 27,105	\$ 30,000	\$ 30,000	\$ -
GASOLINE	211,232	251,418	261,897	248,883	(13,014)
DIESEL FUEL	3,499	1,839	-	-	-
OIL	2,361	2,293	4,500	4,500	-
BODY REPAIR	306	4,041	2,000	2,000	-
PAINT	-	-	1,000	1,000	-
ENGINES	1,490	2,951	7,000	5,000	(2,000)
CHASSIS	1,616	3,629	7,000	5,000	(2,000)
RADIATORS	-	-	500	500	-
ELECTRICAL	203	209	2,500	1,500	(1,000)
BATTERIES	588	2,453	2,500	2,000	(500)
AIR CONDITIONING	1,260	1,083	7,000	5,000	(2,000)
BRAKE BLOCKS	2,525	3,259	7,000	5,000	(2,000)
BRAKE DRUMS	-	246	1,000	1,000	-
GLASS	349	765	2,000	2,000	-
FILTER ELEMENTS	1,978	2,427	5,000	5,000	-
TRANSMISSIONS	-	46	500	500	-
FLEET	16,252	6,499	11,000	8,000	(3,000)
RADIO SERVICE	-	-	-	-	-
OTHER SHOP SUPPLIES	52	-	500	500	-
OTHER CLERICAL SUPP, MISC. EXP.	3,322	3,143	4,500	4,000	(500)
TOTAL MATERIALS & SUPPLIES	\$ 269,794	\$ 313,406	\$ 357,397	\$ 331,383	\$ (26,014)

FIGURE 2.2 – METRO LINKS 2020 OPERATING BUDGET

	2018 ACTUAL	2019 ACTUAL	2019 BUDGET	2020 BUDGET	CHANGE FROM 2019
UTILITIES:					
UTILITIES	\$ -	\$ -	\$ -	\$ -	\$ -
TELEPHONE EXPENSE	13,242	8,669	10,250	10,500	250
TOTAL UTILITIES	\$ 13,242	\$ 8,669	\$ 10,250	\$ 10,500	\$ 250
CASUALTY & LIABILITY COST:					
RECOVERY OF PHYSICAL DAMAGE	\$ -	\$ -	\$ -	\$ -	\$ -
PREMIUM/PUBLIC LIAB. & PHY. DAMAGE	47,912	51,073	49,740	51,730	1,990
CASUAL/LIAB NOT COVERED BY INS	-	-	-	-	-
RECOVERY/PUB LIAB & PROP DAMAGE	(2,013)	(14,715)	-	-	-
PREMIUMS/OTHER CORPORATE INS.	-	-	-	-	-
TOTAL CASUALTY & LIABILITY	\$ 45,899	\$ 36,358	\$ 49,740	\$ 51,730	\$ 1,990
MISCELLANEOUS:					
COMPUTER EXPENSE	\$ -	\$ -	\$ 500	\$ 500	\$ -
POSTAGE & SHIPPING	1,352	1,750	1,000	1,200	200
PLANNING EXPENSE	-	-	-	-	-
PRINTING EXPENSE	5,454	681	6,000	6,000	-
MARKETING & PROMOTION	11	557	1,500	12,000	10,500
TRAVEL & MEETINGS	254	60	500	500	-
TOTAL MISCELLANEOUS	\$ 7,071	\$ 3,048	\$ 9,500	\$ 20,200	\$ 10,700
TOTAL EXPENSES	\$ 2,186,908	\$ 2,446,815	\$ 2,448,948	\$ 2,847,677	\$ 398,729
EARNINGS (LOSS) FROM OPERATIONS	\$ (1,918,790)	\$ (2,160,159)	\$ (2,174,220)	\$ (2,559,392)	\$ (385,172)

FIGURE 2.3 – METRO STREETCAR 2020 OPERATING BUDGET

	2018 ACTUAL	2019 ACTUAL	2019 BUDGET	2020 BUDGET	(\$) CHANGE FROM 2019
REVENUE:					
OPERATING					
PASSENGER CASH	\$ 37,677	\$ -	\$ 42,109	\$ -	\$ (42,109)
PASS INCOME	9,003	-	9,799	-	(9,799)
PLANNING INCOME	-	-	80,000	-	(80,000)
SPONSORSHIPS	-	24,125	-	23,000	23,000
CONTRACT CAR RENTAL	6,773	9,912	7,000	13,000	6,000
TOTAL OPERATING REVENUE	\$ 53,453	\$ 34,037	\$ 138,908	\$ 36,000	\$ (102,908)
EXPENSES:					
MISCELLANEOUS	\$ 876	\$ 1,176	\$ 1,000	\$ 1,200	\$ 200
PROFESSIONAL SERVICES	1,249	5,961	3,500	4,500	1,000
MARKETING	1,863	6,713	10,000	10,000	-
UTILITIES	63,557	63,105	64,000	66,000	2,000
SUPPLIES	20,833	9,749	21,000	15,000	(6,000)
SECURITY	902	897	1,500	1,500	-
JANITORIAL	14,516	15,757	15,000	15,000	-
BATTERIES	1,493	-	2,000	1,500	(500)
SOAP	3,563	1,816	5,000	2,500	(2,500)
PRINTING	1,605	4,341	11,000	11,000	-
DUES & SUBSCRIPTIONS	321	321	300	4,300	4,000
TRAVEL & MEETINGS	280	1,508	2,500	3,000	500
PAINT	1,502	230	1,000	500	(500)
INSURANCE	80,470	83,550	83,550	86,052	2,502
WAGES	528,610	497,697	548,530	555,157	6,627
FRINGES	188,308	202,655	234,363	238,836	4,473
FLEET	26,783	53,353	32,248	30,000	(2,248)
FREIGHT	318	1,528	1,000	2,000	1,000
BUILDING & GROUNDS MAINTENANCE	12,066	13,248	20,000	13,000	(7,000)
UNIFORMS & TOOLS	5,600	3,815	6,000	5,000	(1,000)
TELEPHONE	10,476	15,467	8,500	8,500	-
ELECTRICAL REPAIRS	15,894	(16,723)	20,000	40,000	20,000
RADIO EXPENSE	2,612	35	-	-	-
AIR CONDITIONING	90	-	100	100	-
OIL	84	-	150	100	(50)
TRAINING	49	5,023	500	3,500	3,000
GASOLINE	1,284	2,045	1,100	1,500	400
GLASS	77	148	500	500	-
PLANNING EXPENSE	-	-	100,000	-	(100,000)
BANK CHARGES	112	-	-	-	-
EQUIPMENT RENTAL	1,227	1,268	1,200	1,200	-
TOTAL EXPENSES	\$ 986,620	\$ 974,683	\$ 1,195,541	\$ 1,121,445	\$ (74,096)
INCOME FROM FUNDING CITIES	\$ 933,167	\$ 940,646	\$ 1,056,633	\$ 1,085,445	\$ 28,812

SOURCES OF REVENUE

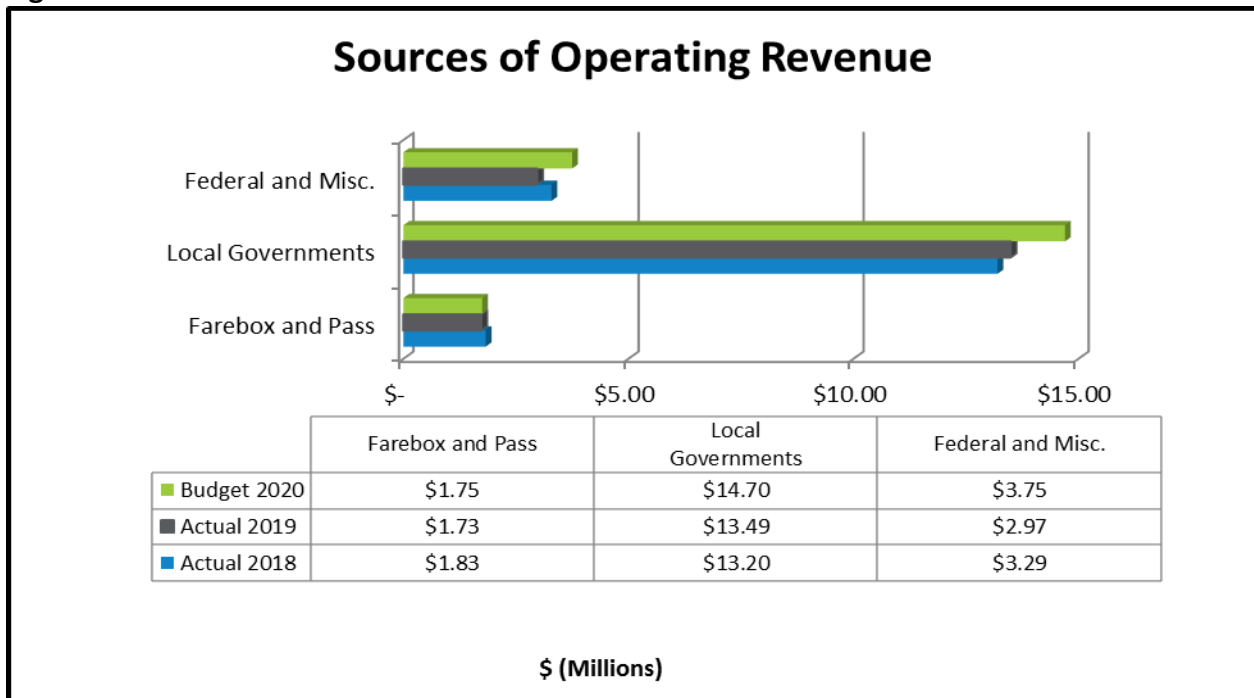
Note: The figures used in comparison are actual 2018, actual 2019, and budget 2020, unless otherwise stated. The figures used in this comparison can be found on page 31.

In 2020, METRO expects to receive \$1.75 million in farebox and pass sales revenue, \$3.75 million in federal and miscellaneous funds, and \$14.70 million in local government contributions. METRO has provided a comprehensive table below showing revenues that make up each sub-category as well as the 2020 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 2018 and 2019 and the budgeted sources of revenue in 2020.

Farebox and Pass Revenue		
Fare Type	2020 Budget	Description
Passenger Cash Revenue (\$1.35)	\$ 862,891	Revenue from the fareboxes. Cash received from riders.
Adult Tokens (\$1.35)	\$ 23,017	Tokens used for one ride. Inserted into the farebox.
Adult 10 Ride Pass (\$11.50)	\$ 69,018	Good for 10 individual rides. Transfers separate.
One Day Pass (\$3.75)	\$ 109,856	Unlimited one day pass.
Monthly Rider Pass (\$36.00)	\$ 299,080	Unlimited 31 day pass.
Honored Citizen Monthly Rider Pass (\$18.00)	\$ 115,765	Unlimited 31 day pass. Discounted for disabled and elderly.
Honored Citizen 10 Ride Pass (\$5.75)	\$ 9,155	Good for 10 rides. Discounted for disabled and elderly.
Student Monthly Rider Pass (\$19.50)	\$ 10,922	Unlimited 31 day pass. Discounted for disabled and elderly.
Links ADA One Way Pass (\$2.70)	\$ 37,078	One ride on Links paratransit service.
Links ADA 10 Ride Book (\$25.00)	\$ 215,207	A book of 10 rides on Links paratransit service.
Local Government Contributions		
Entity	2020 Budget	Description
City of Little Rock (Includes streetcar)	\$ 10,150,735	Contributions from the City of Little Rock.
City of North Little Rock (Includes streetcar)	\$ 3,060,611	Contributions from the City of North Little Rock.
Pulaski County (Includes streetcar)	\$ 1,358,544	Contributions from the City of Pulaski County.
City of Sherwood	\$ 88,507	Contributions from the City of Sherwood.
City of Maumelle	\$ 43,573	Contributions from the City of Maumelle.
Federal and Miscellaneous		
Revenue Type	2020 Budget	Description
Contracts - Special Route	\$ 192,211	Fare agreements, Jacksonville service and streetcar rentals.
Miscellaenous	\$ 8,000	Miscellaenous income from sale of scrap metal, etc.
Maintenance Capital Support	\$ 1,765,518	Preventive maintenance federal funds.
Advertising	\$ 353,000	Revenue from bus, shelter and streetcar advertisements.
Paratransit Funding	\$ 484,032	Federal funds used to fund Links paratransit service.
Planning	\$ 608,332	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	\$ 20,000	Interest earned on certificates of deposits.
Training Capital Support	\$ 6,000	Federal funds used to train employees.

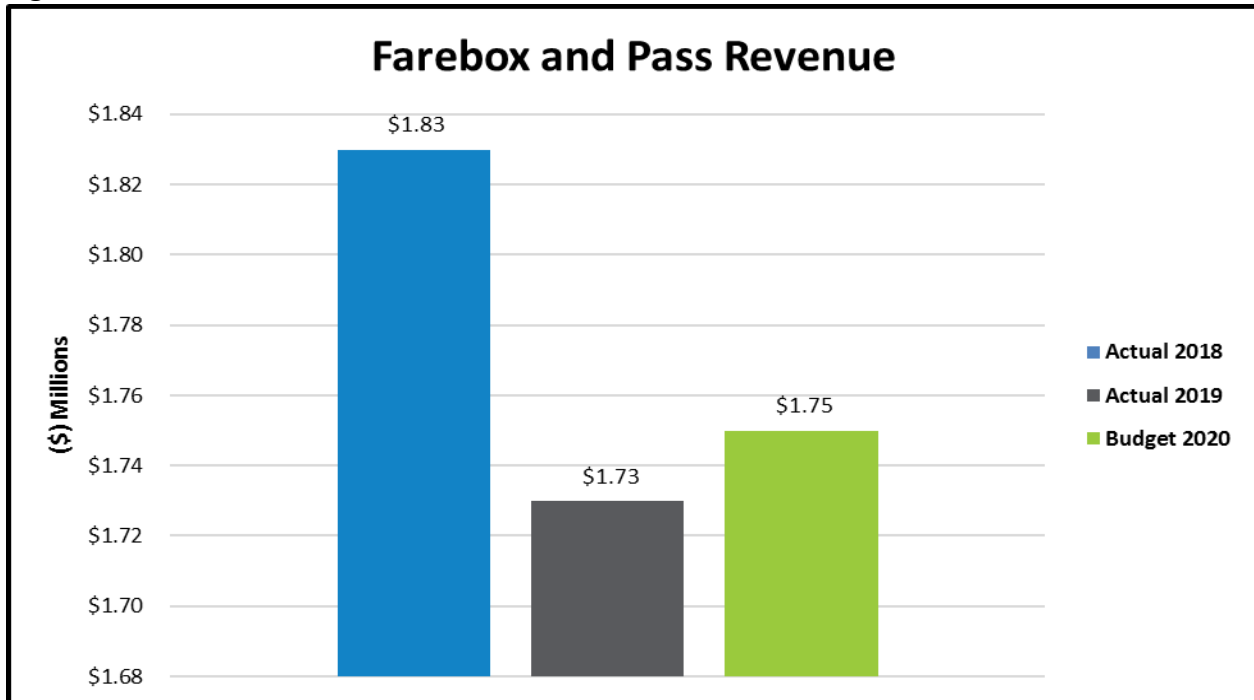
Figure 2.4 – Sources of Revenue



Farebox and Pass

Farebox revenue reached \$1.83 million in 2018 and decreased to \$1.73 million in 2019. METRO expects agency farebox revenue to increase to \$1.75 million in 2020. The budgeted amount is based off trend analysis and the assumption that ridership will increase for METRO in 2020 as compared to actual 2019 ridership (not budgeted ridership). METRO Local and METRO Links ridership both increased five percent (5%) in 2019 as compared to 2018. Although gasoline prices continue to stay at historically low levels, METRO does anticipate an increase in average gasoline prices in 2020 that may 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**) by providing more efficient and effective routes and through expanding the on-demand microtransit service. Additionally, the extension of the Arkansas Homeless Coalition fare agreement, that produced approximately 200,000 passenger trips in 2019, will continue to keep ridership at high levels not seen in public transit in some years. Figure 2.5, on the following page, illustrates METRO’s farebox and pass revenue for the years 2018, 2019 and 2020.

Figure 2.5 – Farebox and Pass Revenue

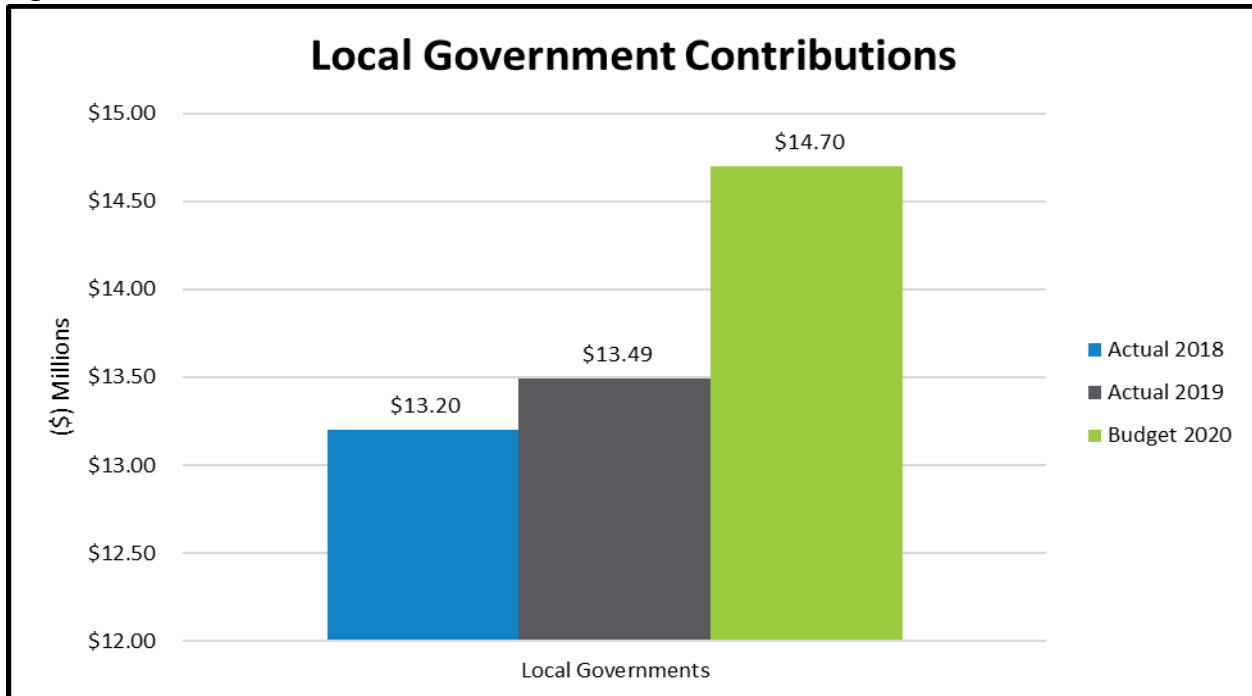


Local Governments

Revenue from local governments increased from 2018 to 2019 and is budgeted to increase in 2020. 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 \$13.20 million and \$13.49 million in local government contributions in 2018 and 2019, respectively. In 2020, METRO anticipates receiving \$14.70 million in local government contributions. The 2020 budget includes the \$484,000 payback of the reserves that were required to balance the 2019 budget, as well as a \$400,000 local match for the 2020 annual federal capital grants. This increase is also based on trend analysis and the assumption that increases in expenditures from 2019 to 2020 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 2020 expenditures is due to an expected increase in planning expenditures 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 2018 and 2019 to the budgeted operating contributions from local government entities for 2020. METRO also provided a comparison in contributions from each local entity and the Federal Transit Administration from 2019 to 2020. Figure 2.6 illustrates METRO’s revenue received from local governments for the years 2018, 2019 and the budgeted amount for 2020.

Figure 2.6 – Local Government Contributions



City	2019	2020	Change in Contributions	% Change
	Actual Contributions	Budgeted Contributions		
Little Rock	\$ 9,360,095	\$ 10,150,735	\$ 790,640	8.45%
North Little Rock	2,774,400	3,060,611	286,211	10.32%
Pulaski County	1,233,387	1,358,544	125,157	10.15%
Sherwood	81,568	88,507	6,939	8.51%
Maumelle	40,157	43,573	3,416	8.51%
TOTALS	\$ 13,489,607	\$ 14,701,970	\$ 1,212,363	8.99%

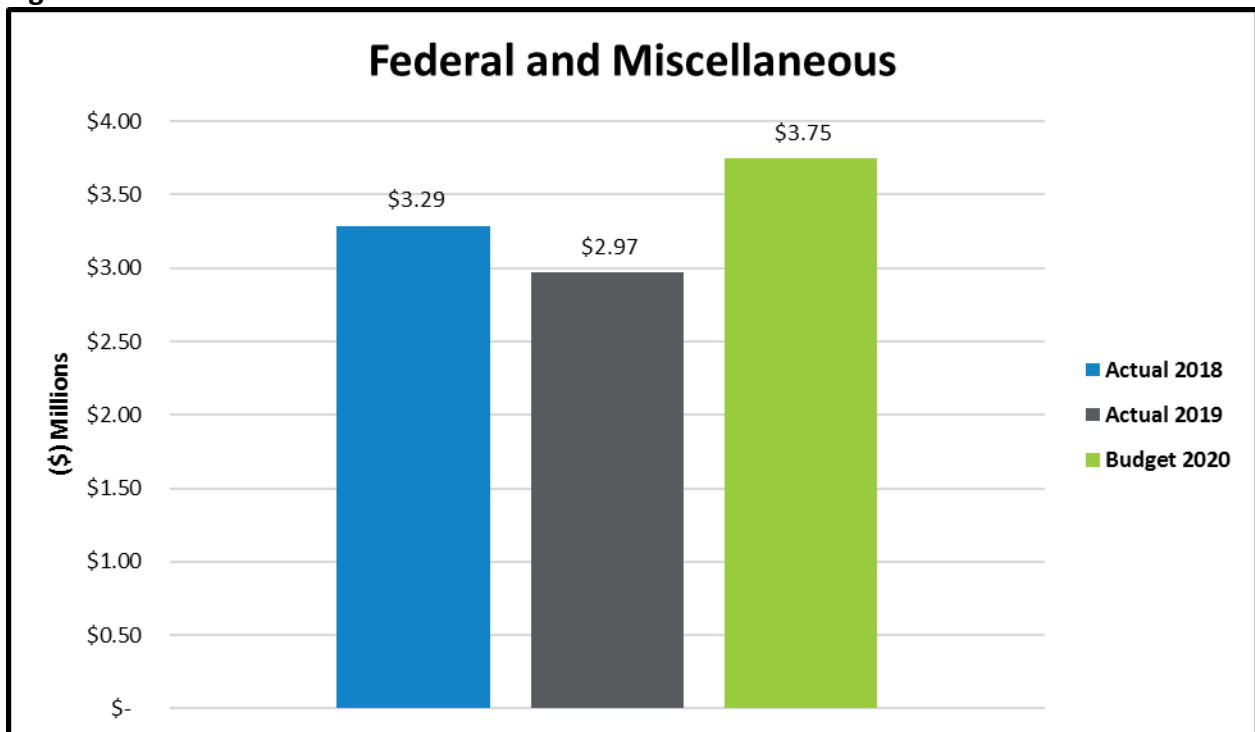
Federal and Miscellaneous

METRO received \$3.29 million in federal and miscellaneous revenue for 2018 and \$2.97 million in 2019, a decrease of ten percent (10%), but is expected to receive more federal and miscellaneous funds in 2020 at \$3.75 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 in 2018.

In an effort to provide relief to the funding partners, METRO budgeted a \$421,000 increase in preventive maintenance federal funds and paratransit federal funds for 2020. Paratransit federal funding is available to be drawn down up to a maximum of ten percent (10%) of the annual Section 5307 grant. In 2020, METRO budgeted to draw down the full amount available. The 2020 budget includes a one-time drawdown of \$334,000 in additional preventive maintenance funds that are directly related to specific maintenance projects that are rated as “priority projects” in METRO’s Transit Asset Management plan.

In 2020, as compared to 2019, federal and miscellaneous revenue will also increase due to more planning revenue being received from the federal government for planning studies. In 2020, METRO will begin Phase II of a transit-oriented development study (**STRATEGIC IMPERATIVE #3**) budgeted to cost \$500,000. 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 2018, 2019 and the budgeted amount for 2020.

Figure 2.7 – Federal and Miscellaneous

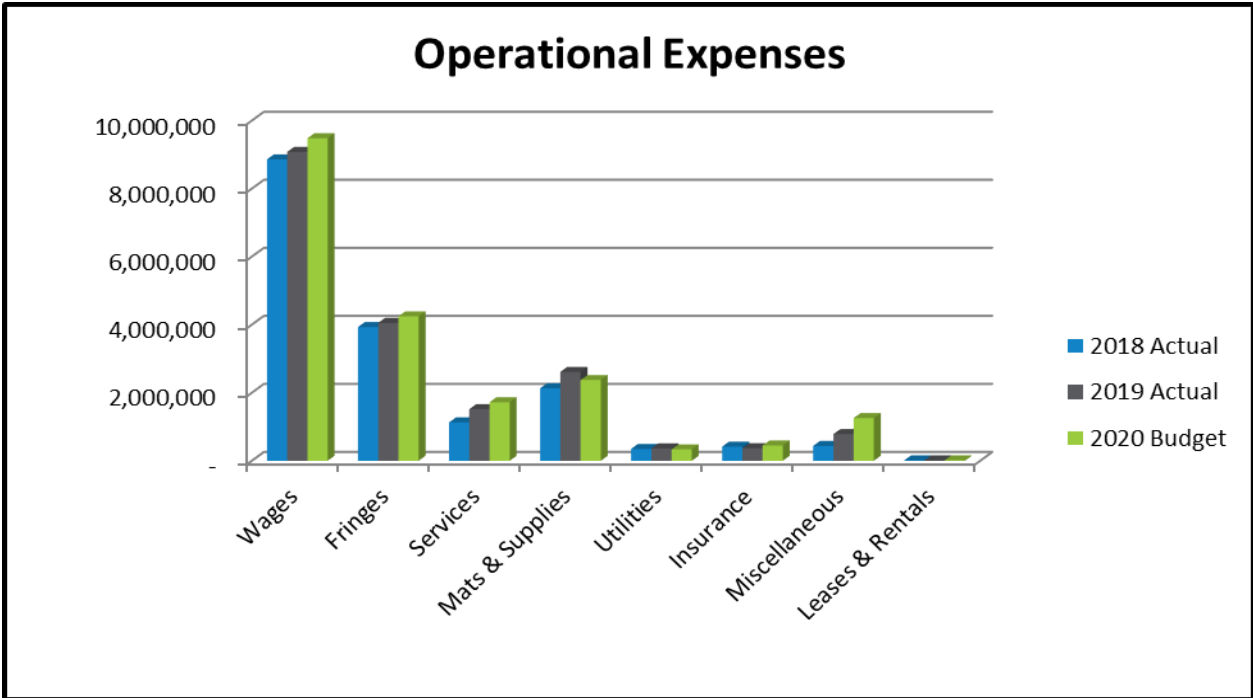


USES OF REVENUE

Note: The figures used in comparison are actual 2018, actual 2019, and budget 2020 unless otherwise stated. The figures used in this comparison can be found on page 31.

METRO’s budgeted operational expenditures in 2020 will increase over 2019 actual operational expenditures by \$1,082,000 or 5.8 percent (5.8%). Figure 2.8 illustrates METRO’s actual operational expenditures by category for 2018, 2019 and budgeted operational expenditures for 2020.

Figure 2.8 – Operational Expenditures

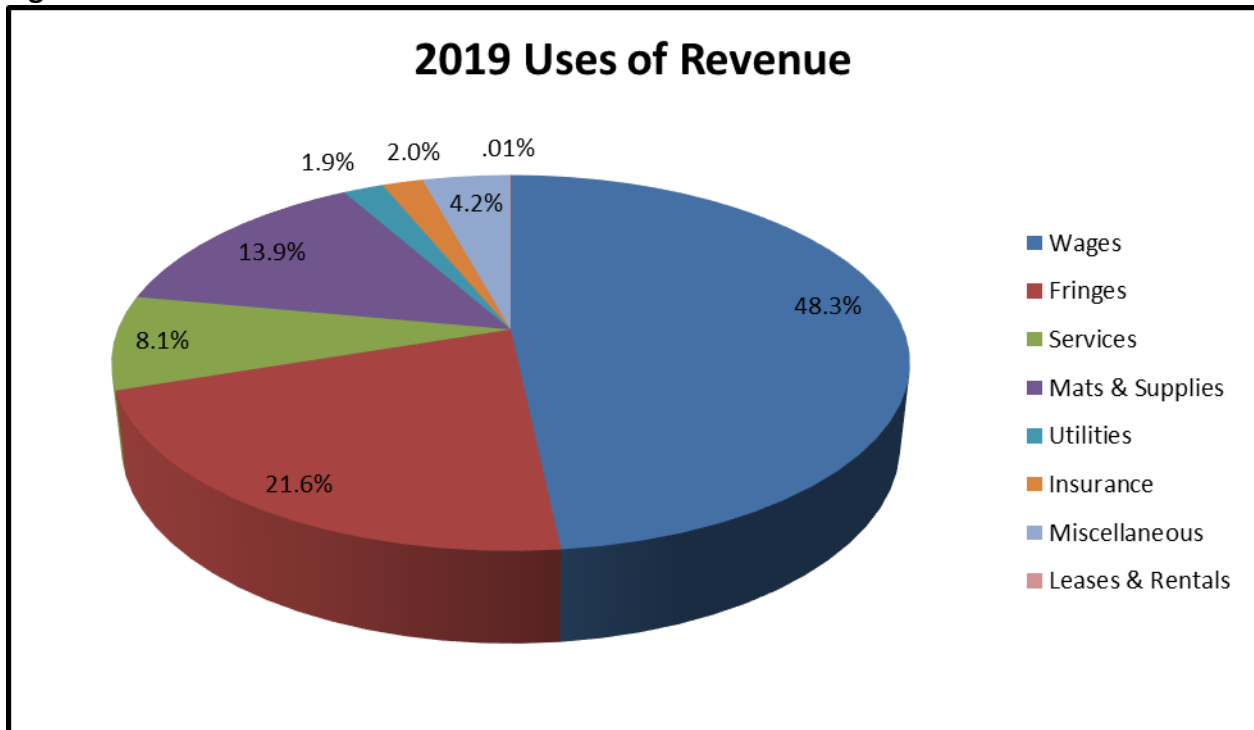


Wages and Fringes

Wages and fringes continue to be METRO’s main use of revenues, with wages increasing approximately three percent (3%) from 2018 actual to 2019 actual, and are budgeted to increase by four percent (4%) from 2019 to 2020. 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 one and a half percent (1.5%) 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 one and a half percent (1.5%) is the cumulative total in the budget. Also, METRO has also budgeted to hire four (4) full-time on-demand microtransit operators, six (6) part-time on-demand microtransit operators, and ten (10) part-time fixed route operators.

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. In 2020, there was no change in the health insurance premiums. METRO budgeted for and received a nine percent (9%) increase in health insurance premiums for 2019. 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 2019.

Figure 2.9 – 2019 Uses of Revenue



Services

METRO experienced an increase in building and grounds maintenance services (twenty-three percent (23%) increase from actual 2018 to actual 2019) related to additional expenses called for in the Transit Asset Management plan. During 2019, METRO performed two condition assessments of its facilities. During the assessments, METRO recognized areas that required additional repairs on its grounds. These projects led to METRO spending more funds in building and grounds maintenance repairs. Additionally, METRO experienced increases in service expenditures related to 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 hired a paratransit eligibility specialist that is responsible for evaluating and administrating complex paratransit eligibility, including the qualification of conditional eligibility **(STRATEGIC IMPERATIVE #2, #4, #6)**

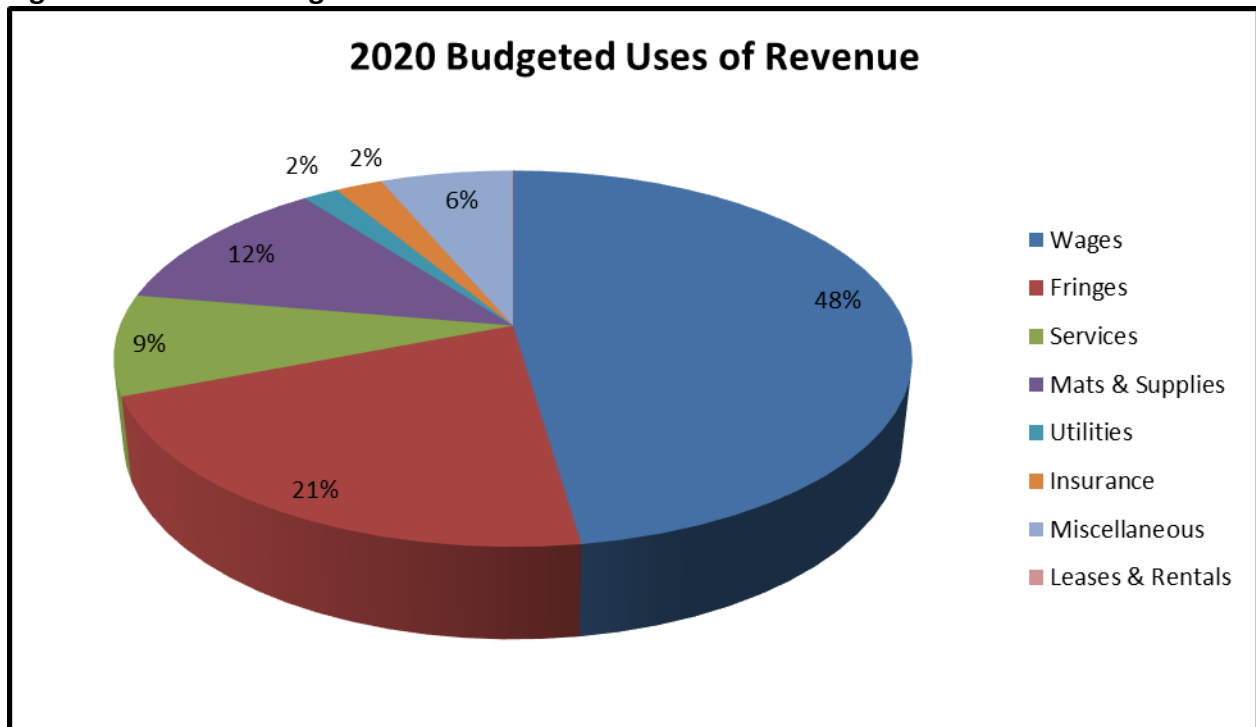
Materials and Supplies

The materials and supplies expenditures category is composed of many different expenditures items, the most dominant sub-categories being gasoline, diesel fuel, CNG fuel and fleet expenses, which equal sixty-three percent (63%) of the total expenditures budgeted for materials and supplies in 2020. METRO paid \$1.69 per diesel gallon in 2018, \$2.30 per diesel gallon in 2019 and budgeted for \$2.00 per diesel gallon in 2020. For gasoline fuel prices, METRO budgeted \$2.35 per gallon in 2019 and \$1.94 per gallon in 2020. The materials and supplies expenses are expected to decrease from 2019 to 2020 by \$236,025. One of the major contributors responsible for the decrease is fleet expenses. In 2019, METRO was required to write off approximately \$140,000 in obsolete inventory items. METRO writes these items off in the fleet expense line item. In 2020, METRO does not anticipate writing off obsolete inventory items, and, therefore, expects to see a decrease in this line item.

Miscellaneous

METRO is expecting its federal planning expenditures to increase approximately \$504,000 from 2019 to 2020, due to beginning Phase II of a transit-oriented development study (**STRATEGIC IMPERATIVE #3**) budgeted to cost \$500,000. More information about the major planning projects METRO is currently undergoing is contained in the capital budget section. Three of METRO's major planning projects (comprehensive operational analysis, transit-oriented development, public transportation agency safety plan) were initiated in 2019, which resulted in a significant increase from 2018. Figure 2.10, below, illustrates METRO's budgeted uses of revenue in 2020.

Figure 2.10 – 2020 Budgeted Uses of Revenue



FIVE YEAR OPERATING FORECAST

	2020	2021	2022	2023	2024
REVENUE					
Farebox and Pass	\$ 1,788,000	\$ 1,824,000	\$ 1,860,000	\$ 1,898,000	\$ 1,936,000
Local Government	14,702,000	15,234,000	15,772,000	16,326,000	16,897,000
Preventive Maintenance	1,766,000	1,432,000	1,432,000	1,432,000	1,432,000
Advertising	330,000	346,000	364,000	382,000	401,000
Paratransit Funding	484,000	484,000	484,000	484,000	484,000
Planning	608,000	626,000	645,000	664,000	684,000
Public Transit Trust Fund	310,000	310,000	310,000	310,000	310,000
Contract - Special Route	179,000	183,000	186,000	190,000	194,000
Interest	20,000	20,000	20,000	20,000	20,000
Training	6,000	6,000	6,000	6,000	6,000
Miscellaneous	8,000	8,000	8,000	8,000	8,000
Total Income	\$ 20,201,000	\$ 20,473,000	\$ 21,087,000	\$ 21,720,000	\$ 22,372,000
EXPENSES					
Labor	\$ 9,482,000	\$ 9,766,000	\$ 10,059,000	\$ 10,361,000	\$ 10,672,000
Fringe Benefits	4,245,000	4,372,000	4,504,000	4,639,000	4,778,000
Services	1,722,000	1,774,000	1,827,000	1,882,000	1,938,000
Materials and Supplies	2,373,000	2,444,000	2,518,000	2,593,000	2,671,000
Utilities	335,000	345,000	355,000	366,000	377,000
Insurance	451,000	465,000	478,000	493,000	508,000
Miscellaneous	1,255,000	1,293,000	1,331,000	1,371,000	1,412,000
Leases and Rentals	14,000	14,000	15,000	15,000	16,000
Total Expenses	\$ 19,877,000	\$ 20,473,000	\$ 21,087,000	\$ 21,720,000	\$ 22,372,000
Percent Change from PY		3.00%	3.00%	3.00%	3.00%
Surplus/(Deficit)	324,000	-	-	-	-

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. The forecasted increases are based on trend analysis. First, farebox revenue and contract revenue will increase by 2 percent (2%) each year. Second, paratransit funding, public transit trust fund, interest, training and miscellaneous revenue will remain at the same levels through 2024. Third, advertising revenue will increase five percent (5%) each year. Planning revenue will increase by three percent (3%) each year. Preventive maintenance will return to normal levels and remain at the same levels through 2024. 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 2020 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 2020. 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 \$669.92 in 2019 and \$621.92 in 2020 for METRO Local and Links associated capital items and \$1,767.75 and \$1,601.85 in 2019 and 2020, 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 \$6,787,153 in capital expenditures for 2020.

Presented is a summary of major capital funds and expenditures for 2019 and 2020.

	2019 Actual	2019 Budget	2020 Budget
Capital Funding			
Beginning Capital Funds Balance	\$ 17,805,185	\$ 17,805,185	\$ 19,023,630
Section 5307 Formula Funds	5,976,869	6,083,388	6,102,383
Section 5337 State of Good Repair	441,800	469,451	441,800
Section 5339 Bus and Bus Facilities	642,771	721,409	642,771
Total Capital Funding Balance	\$ 24,866,625	\$ 25,079,433	\$ 26,210,584
Capital Expenditures			
Major Capital Projects	\$ 812,112	\$ 1,660,656	\$ 1,812,300
Information Technology	393,395	407,428	420,000
Facilities, Maintenance, and Equipment	1,501,892	746,562	790,000
Passenger Amenities	126,676	110,000	115,000
Streetcar Maintenance and Equipment	186,737	153,840	200,000
Other Capital Expenditures	356,522	200,000	370,000
Operating Assistance	2,465,661	2,581,250	3,079,853
Total Capital Expenditures	\$ 5,842,995	\$ 5,859,736	\$ 6,787,153
Ending Capital Funding Balance	\$ 19,023,630	\$ 19,219,697	\$ 19,423,431

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 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 (2.1%) 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 (2.1%) 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. Based on historical evidence, Section 5337 formula funds are budgeted to remain flat each year through 2025. 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 two Starcraft paratransit vans in 2019 and will purchase four (4) on-demand revenue vehicles in 2020 that will be used for the METRO Connect on-demand service. These vans will be minivans intended to provide efficient and cost effective alternative forms of transportation. The total budgeted cost for the on-demand vehicles is \$154,300 in 2020. A complete Fleet Replacement Schedule is provided in Appendix B.

Planning studies are a major focus each year for METRO. In 2020, METRO will begin phase II of its transit oriented development study. The study is budgeted to cost \$500,000 and will utilize the deliverables from the Phase I study and seek developers interested in designing and building a transit-oriented development in downtown Little Rock. **(STRATEGIC IMPERATIVE #3)**. METRO will also continue to complete its 2019 major capital planning project, the comprehensive operational analysis that 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. **(STRATEGIC IMPERATIVE #3)**. Descriptions of each major capital project are provided on pages 60 - 68.

Other major capital projects include an upgrade to the phone system, a new backup generator for the administration building, rehabilitation of the trolley barn roof, a new bus wash system, and streetcar electric switches. These projects are budgeted to cost \$100,000 for the upgraded phone system **(STRATEGIC IMPERATIVE #4)**, \$50,000 for the backup generator for the administration building, \$255,000 for rehabilitating the trolley barn roof, \$175,000 to replace the current bus wash system, and \$248,000 for the streetcar electric switches.

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 \$500,000 on associated capital maintenance items in 2020. Going forward, METRO budgeted five percent (5%) increases in associated capital expenditures each year.

In 2020, METRO will replace supervisor vehicles that have reached the end of their useful life. METRO has budgeted \$165,000 in support vehicle expenditures that will allow METRO to purchase up to five (5) support vehicles. These vehicles are vital to METRO's operations and were originally purchased in 2013.

Another significant budget assumption is that METRO will spend approximately \$100,000 on passenger shelters in 2020 (**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. In 2019, METRO paid an annual licensing fee to Syncromatics (ITS) set at approximately \$50,000 and approximately \$25,000 to an IVR system provider. These annual license costs will continue for the foreseeable future. Total budgeted software costs are \$350,000 for 2020.

On the next page, Figure 2.11 shows METRO's 2020 Capital Budget with an extended 5-year estimate.

FIGURE 2.11 – 2020 CAPITAL BUDGET

	2019 Actual	2019 Budget	Difference	2020 Budget	2021 Estimated	2022 Estimated	2023 Estimated	2024 Estimated	2025 Estimated
Capital Funding									
Beginning Capital Funds Balance	\$ 17,805,185	\$ 17,805,185	\$ -	\$ 19,023,630	\$ 19,423,430	\$ 17,996,237	\$ 20,757,321	\$ 17,920,096	\$ 20,110,937
Section 5307 Apportionment	5,976,869	6,083,388	(106,519)	6,102,383	6,230,533	6,361,374	6,361,374	6,361,374	6,361,374
Section 5337 - State of Good Repair	441,800	469,451	(27,651)	441,800	441,800	441,800	441,800	441,800	441,800
Section 5339 - Bus & Bus Facilities	642,771	721,409	(78,638)	642,771	642,771	642,771	642,771	642,771	642,771
Total Sources of Funds for Capital Items	24,866,625	25,079,433	(212,808)	26,210,584	26,738,534	25,442,182	28,203,266	25,366,041	27,556,882
Capital Expenditures									
<i>Major Capital Projects</i>									
Revenue Vehicle Purchase - CNG Buses	-	-	-	-	4,221,956	-	5,598,842	-	3,648,298
Revenue Vehicle Purchase - Links Paratransit Vans	288,914	130,081	158,833	-	-	150,780	-	468,950	248,666
On-Demand Revenue Vehicle Purchase	-	-	-	154,300	-	-	-	-	-
Transt Oriented Development (Phase I)	-	175,000	(175,000)	105,000	-	-	-	-	-
Upgrade Phone System	20,639	100,000	(79,361)	100,000	-	-	-	-	-
HVAC/Plumbing Renovations (RCTC)	82,145	218,600	(136,455)	-	-	-	-	-	-
Comprehensive Operational Analysis	45,460	300,000	(254,540)	225,000	-	-	-	-	-
Administration Interior Renovation	178,980	-	178,980	-	-	-	-	-	-
Streetcar Strategic Study	-	100,000	(100,000)	-	-	-	-	-	-
Syncromatics ITS Upgrade	-	366,975	(366,975)	-	-	-	-	-	-
Maintenance Rehab (Flooring and Parts Room)	-	270,000	(270,000)	-	-	-	-	-	-
Transt Oriented Development (Phase II)	-	-	-	500,000	-	-	-	-	-
Administration Generator	141,345	-	141,345	50,000	-	-	-	-	-
Trolley Barn Roof Overlay	27,209	-	27,209	255,000	-	-	-	-	-
Streetcar Electric Switches	27,420	-	27,420	248,000	-	-	-	-	-
Bus Wash System Replacement	-	-	-	175,000	-	-	-	-	-
Total Major Projects	812,112	1,660,656	(848,544)	1,812,300	4,221,956	150,780	5,598,842	468,950	3,896,964
<i>Information Technology</i>									
Computer Hardware	55,332	70,000	(14,668)	70,000	72,500	75,000	77,500	80,000	82,500
Computer Software	338,063	337,428	635	350,000	360,500	365,500	370,500	375,500	380,500
Total Information Technology	393,395	407,428	(14,033)	420,000	433,000	440,500	448,000	455,500	463,000
<i>Facilities, Maintenance and Support Equipment</i>									
Associated Capital	864,343	481,562	382,781	500,000	525,000	551,250	578,813	607,753	638,141
Radios	59,533	35,000	24,533	40,000	42,500	45,000	47,500	50,000	52,500
Facilities Repair and Replace	335,020	50,000	285,020	70,000	75,000	80,000	85,000	90,000	95,000
Miscellaneous Support Equipment	124,767	35,000	89,767	75,000	80,000	85,000	90,000	95,000	100,000
Miscellaneous Shop Equipment	45,745	50,000	(4,255)	50,000	51,500	53,045	54,636	56,275	57,964
Security Cameras and Equipment	72,484	95,000	(22,516)	55,000	60,000	65,000	70,000	75,000	80,000
Total Facilities, Maintenance and Equipment	1,501,892	746,562	755,330	790,000	834,000	879,295	925,949	974,029	1,023,604
<i>Passenger Amenities</i>									
Bike Racks	8,306	10,000	(1,694)	15,000	16,000	17,000	18,000	19,000	20,000
Shelters	118,370	100,000	18,370	100,000	100,000	100,000	100,000	100,000	100,000
Total Passenger Amenities	126,676	110,000	16,676	115,000	116,000	117,000	118,000	119,000	120,000

FIGURE 2.11 – 2020 CAPITAL BUDGET

	2019 Actual	2019 Budget	Difference	2020 Budget	2021 Estimated	2022 Estimated	2023 Estimated	2024 Estimated	2025 Estimated
<i>Streetcar Maintenance and Equipment</i>									
Streetcar Associated Capital	186,737	153,840	32,897	200,000	215,000	230,000	245,000	260,000	275,000
Total Streetcar Maintenance and Equipment	186,737	153,840	32,897	200,000	215,000	230,000	245,000	260,000	275,000
<i>Other Capital Expenditures</i>									
Signage	14,815	35,000	(20,185)	35,000	10,000	10,000	10,000	10,000	10,000
Landscaping	38,010	5,000	33,010	10,000	10,000	10,000	10,000	10,000	10,000
Support Vehicles	154,841	-	154,841	165,000	85,000	-	50,000	50,000	50,000
Tire Lease	148,856	160,000	(11,144)	160,000	164,800	169,744	174,836	180,081	185,484
Total Other Capital Expenditures	356,522	200,000	156,522	370,000	269,800	189,744	244,836	250,081	255,484
<i>Operating Assistance</i>									
Training	2,745	5,000	(2,255)	7,500	7,501	7,502	7,503	7,504	7,505
Paratransit	496,250	496,250	-	605,040	605,040	605,040	605,040	605,040	605,040
Preventive Maintenance	1,790,000	1,790,000	-	2,206,898	1,790,000	1,790,000	1,790,000	1,790,000	1,790,000
Planning	176,666	290,000	(113,334)	260,415	250,000	275,000	300,000	325,000	350,000
Total Operating Assistance	2,465,661	2,581,250	(115,589)	3,079,853	2,652,541	2,677,542	2,702,543	2,727,544	2,752,545
Total Budgeted Capital Expenditures	5,842,995	5,859,736	(16,741)	6,787,153	8,742,297	4,684,861	10,283,170	5,255,104	8,786,597
	\$ 19,023,630	\$ 19,219,697	\$ (196,067)	\$ 19,423,431	\$ 17,996,237	\$ 20,757,321	\$ 17,920,096	\$ 20,110,937	\$ 18,770,285
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 \$9.16 million (15 CNG buses, 14 paratransit vans) in revenue vehicle purchases in 2026-2028.									

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.

2020 MAJOR CAPITAL PROJECTS		
Project Title	Budgeted Cost (\$)	Date of Completion
* On-Demand Revenue Vehicle Purchase	154,300	2020 Q1
^ Transit-Oriented Development (Phase I)	105,000	2020 Q1
^ Transit-Oriented Development (Phase II)	500,000	2020 Q4
^ Comprehensive Operational Analysis	225,000	2020 Q3
* Upgrade Phone System	100,000	2020 Q2
* Administration Generator	50,000	2020 Q1
* Trolley Barn Roof Overlay	255,000	2020 Q2
* Bus Wash System Replacement	175,000	2020 Q3
* Streetcar Electric Switches	248,000	2020 Q4
^ The local match for planning projects will be provided by local funding entities.		
* These projects are included in METRO's Transit Asset Management plan.		

Project Name: On-Demand Revenue Vehicle Purchase

Project Number: 2001

Project Description:

In 2020 METRO will replace two (2) existing routes, Route 9 (John Barrow) and Route 21 (Riverdale) with on-demand transit service within a specified area. METRO will purchase four (4) on-demand revenue vehicles to operate in these zones. The vehicles will be grant funded at eighty-five percent (85%).



Year	Capital Cost	Operating Costs
2020	\$ 154,300	25,000
2021	-	25,000
2022	-	25,000
Total	\$ 154,300	\$ 75,000

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (85%)	131,155
Local Funds (15%)	23,145
Total Funding	\$ 154,300

Department Oversight:

Maintenance
Finance & Accounting

Project Notes:

METRO reviews each capital project for associated operating impacts during the budget process. The operating cost related to the revenue vehicle purchases will include fuel and standard maintenance. METRO expects to spend \$25,000 in fuel and standard maintenance expenses.

Delivery of revenue vehicles is expected to be the first quarter of 2020.

Project Name: Transit-Oriented Development Study (Phase I)

Project Number: 2002

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
2020	\$ 105,000	See Project Notes
2021	-	-
2022	-	-
Total	\$ 105,000	\$ -

Source(s) of Capital Funding:	
State Grants	\$ -
Federal Grants (80%)	84,000
Local Funds (20%)	21,000
Total Funding	\$ 105,000

Department Oversight:	
	Executive Director
	Maintenance
	Finance & Accounting

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 completed by the first quarter of 2020.

Project Name: Transit-Oriented Development Study (Phase II)
Project Number: 2003

Project Description:

Phase II of the study will utilize the deliverables from Phase I and seek developers interested in designing and building a transit-oriented development.



Year	Capital Cost	Operating Costs
2020	\$ 500,000	See Project Notes
2021	-	-
2022	-	-
Total	\$ 500,000	\$ -

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (80%)	400,000
Local Funds (20%)	100,000
Total Funding	\$ 500,000

Department Oversight:

Executive Director
 Maintenance
 Finance & Accounting

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 completed by the end of 2020.

Project Name: Comprehensive Operational Analysis
Project Number: 2004

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
2020	\$ 225,000	See Project Notes
2021	-	-
2022	-	-
Total	\$ 225,000	\$ -
Source(s) of Capital Funding:		
State Grants		\$ -
Federal Grants (80%)		180,000
Local Funds (20%)		45,000
Total Funding		\$ 225,000
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 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 completed by the third quarter of 2020.

Project Name: Upgrade Phone System

Project Number: 2005

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
2020	\$ 100,000	-
2021	-	-
2022	-	-
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 Accounting
Operations

Project Notes:

There are no known operational effects of this project. METRO will complete this project by the second quarter of 2020.

Project Name: Administration Generator

Project Number: 2006

Project Description:

METRO will purchase a generator for the Administration building. This generator will enable the continuity of operations in the event of a power failure.



Year	Capital Cost	Operating Costs
2020	\$ 50,000	\$ 1,000
2021	-	4,000
2022	-	4,000
Total	\$ 50,000	\$ 9,000

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (80%)	40,000
Local Funds (20%)	10,000
Total Funding	\$ 50,000

Department Oversight:

Maintenance
Finance and Accounting
Operations

Project Notes:

METRO reviews each capital project for associated operating impacts during the budget process. The operating cost related to the administration generator will include fuel and standard maintenance. METRO expects to spend \$1,000 in 2020 for fuel, and \$4,000 in 2021 and 2022 for fuel and standard maintenance.

The administration generator is expected to be put in service by the first quarter of 2020.

Project Name: Trolley Barn Roof Overlay

Project Number: 2007

Project Description:

METRO will install a thermoplastic single-ply roof overlay over the existing trolley barn roof. This project should extend the useful life of the existing roof.



Year	Capital Cost	Operating Costs
2020	\$ 255,000	-
2021	-	-
2022	-	-
Total	\$ 255,000	\$ -

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (80%)	204,000
Local Funds (20%)	51,000
Total Funding	\$ 255,000

Department Oversight:

Maintenance
Finance and Accounting

Project Notes:

METRO reviews each capital project for associated operating impacts during the budget process. METRO does not anticipate incurring additional operating costs associated with this project in the next three years.

The trolley barn roof overlay is expected to be completed by the second quarter of 2020.

Project Name: Bus Wash System Replacement

Project Number: 2008

Project Description:

METRO will replace the bus wash system as mandated by the Transit Asset Management plan. The existing bus wash system has reached the end of its useful life and is no longer a viable asset.



Year	Capital Cost	Operating Costs
2020	\$ 175,000	See Project Notes
2021	-	-
2022	-	-
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:

Maintenance
Finance and Accounting
Operations

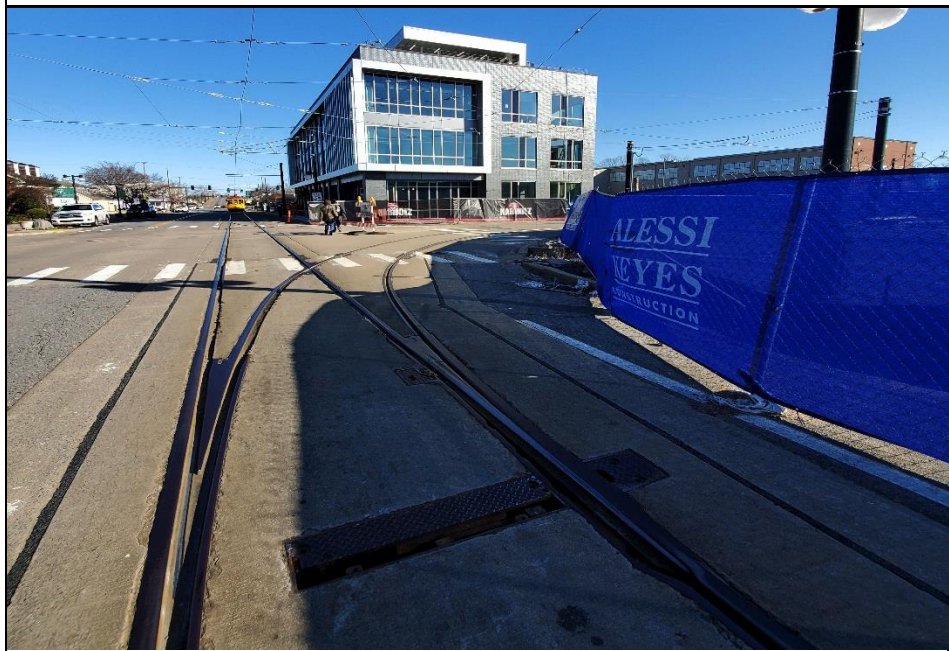
Project Notes:

METRO reviews each capital project for associated operating impacts during the budget process. The operating costs related to the replacement of the bus wash system are not known at this time. More information on future operating costs will be available in the future. This project is expected to be completed by the third quarter of 2020.

Project Name: Streetcar Electric Switches
Project Number: 2009

Project Description:

METRO will purchase two (2) streetcar electric switches. These switches will allow streetcar operators to electronically switch the overhead catenary system during the operation of the streetcar. Currently, operators must get out of the streetcar and walk across traffic to manually make the switch. This project is designed to increase the safety of streetcar operators.



Year	Capital Cost	Operating Costs
2020	\$ 248,000	See Project Notes
2021	-	-
2022	-	-
Total	\$ 248,000	\$ -

Source(s) of Capital Funding:

State Grants	\$ -
Federal Grants (80%)	198,400
Local Funds (20%)	49,600
Total Funding	\$ 248,000

Department Oversight:

- Maintenance
- Finance and Accounting
- Operations

Project Notes:

METRO reviews each capital project for associated operating impacts during the budget process. The operating costs related to the streetcar electric switches are not known at this time. More information on future operating costs will be available in the future. This project is expected to be completed by the end of 2020.

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 a flat amount (\$500,000, per financial policy) 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 \$500,000.

METRO's operating fund balance available for pledge was \$0 in 2019 and is budgeted to be (\$178,836) in 2020. In 2019, METRO allocated a total of \$378,684 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. In 2019, METRO used \$605,066 in reserves available for pledge in order to balance the 2019 operating budget. In 2020, METRO will also allocate \$381,338 in reserve funds to match the competitive federal grant received in 2020. METRO is anticipating having a negative balance in their available for pledge funds. In order to address this shortfall, METRO will tighten its budget in the hope of having a surplus by the end of the fiscal year. If METRO does not achieve this goal, METRO will draw down additional backlogged maintenance capital support funds to shore up its operating budget.

METRO's operating fund balance will decrease from \$2,068,670 in 2019 to \$378,711 in 2020. The decrease is due to METRO's funding partners requesting the use of reserves to balance the 2019 budget. The total amount of reserves used to balance the budget in 2019 is \$605,066. 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 2020, and, therefore, does not budget a local match requirement for competitive grants.

It is important to note to the reader that the figures discussed for 2020 are projected figures. METRO will never operate at negative fund balance (not available for pledge). During the 2020 budget process, METRO asked for an additional \$400,000 from its funding partners to match the upcoming federal grants.

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 2019, 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 2019 than it would have been had METRO allocated the funds to an expenditure that required a higher local match. In 2020, 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 2020 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, funds available for pledge and funds allocated to projects for 2018, 2019 and projected balances of each for 2020.

Figure 2.12 – Operating Fund Balance

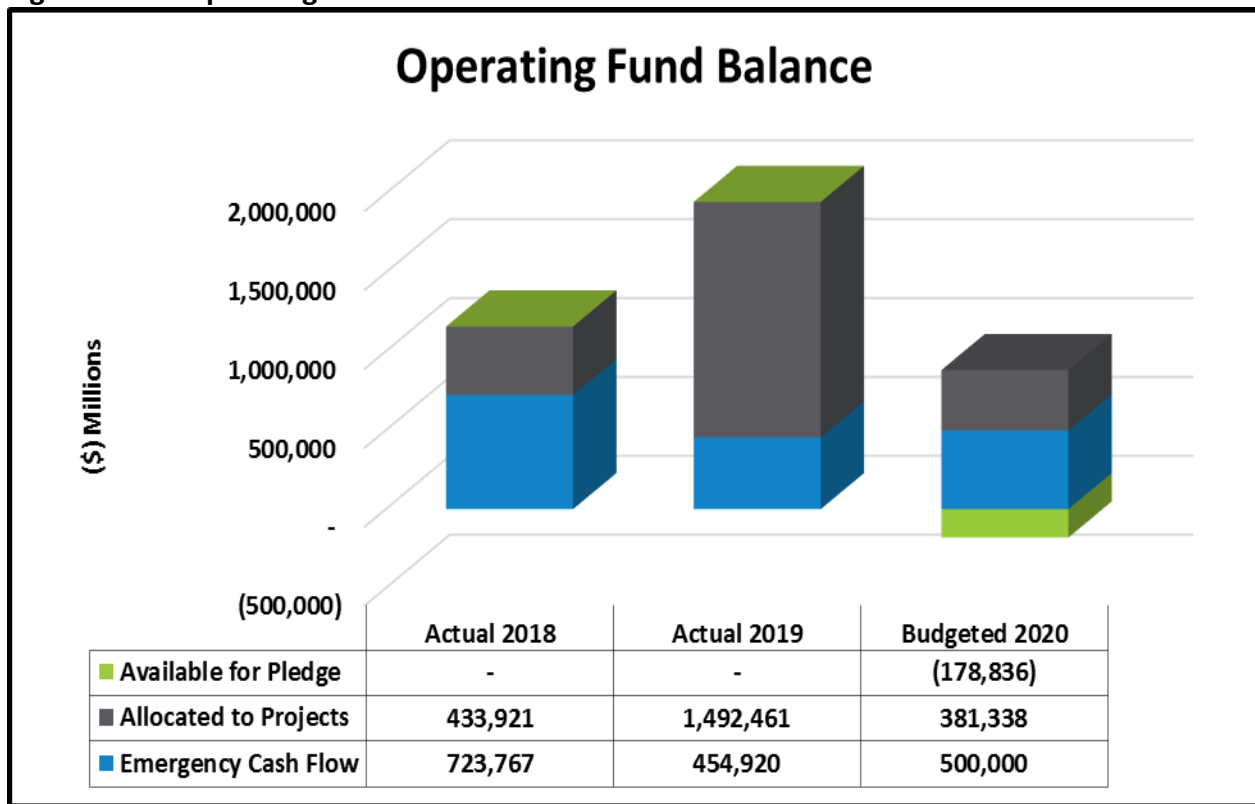


Figure 2.13 and Figure 2.14, shown below, illustrate METRO’s fund balance and the breakdown of use of reserves and amount available for pledge in the future.

Figure 2.13 - 2019 Operating Fund Balance Breakdown		
	Beginning Operating Fund Balance (1/1/2019)	\$ 2,068,670
Less:	2019 Cash Flow Reserve (4% of \$19,221,310)	(768,852)
Add:	Use of 2019 Cash Flow Reserve to Fund Federal Grants	192,643
Add:	Reserves Used to Fund 2019 Operations Deficit	121,289
Less:	2018 Competitive Grant Local Match	(630,000)
Less:	2019 Section 5307 Local Match	(193,908)
Less:	2019 Section 5337 Local Match	(88,360)
Less:	2019 Section 5339 Local Match	(96,416)
Less:	2019 Budgeted Deficit	(483,777)
Less:	Reserves Used to Fund 2019 Operations Deficit	(121,289)
	Amount Available for Pledge (12/31/2019)	\$ -

Figure 2.14 - 2020 Operating Fund Balance Breakdown		
	Beginning Operating Fund Balance (12/31/2019)	\$ 454,920
Less:	Change in 2020 Cash Flow Reserve Financial Policy	(76,209)
	Fund Balance (01/01/2020)	378,711
Add:	2020 Budgeted Surplus	323,791
Less:	2020 Cash Flow Reserve	(500,000)
Less:	Projected 2020 Section 5307 Local Match	(198,756)
Less:	Projected 2020 Section 5337 Local Match	(81,899)
Less:	Projected 2020 Section 5339 Local Match	(100,683)
	* Projected Amount Available for Pledge (12/31/2020)	\$ (178,836)

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 2019, METRO had \$17,805,185 in the beginning capital fund balance and \$19,023,630 in the ending capital fund balance. In 2020, the capital fund balance will increase by \$399,801 (two percent (2%)) compared to 2019. This is due to METRO receiving more federal funds than the amount expected to be expended in 2020.

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 2021. 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 2020.

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 2019 and 2020.

Figure 2.15 - Capital Fund Balance 2019 and 2020	
Beginning Capital Fund Balance (01/01/2019)	\$ 17,805,185
2019 Actual Sources of Capital Funds	7,061,440
2019 Actual Capital Expenditures	(5,842,995)
Ending Capital Fund Balance (12/31/2019)	\$ 19,023,630
2020 Budgeted	
Beginning Capital Fund Balance (01/01/2020)	\$ 19,023,630
2020 Budgeted Sources of Capital Funds	7,186,954
2020 Budgeted Capital Expenditures	(6,787,153)
Ending Capital Fund Balance (12/31/2020)	\$ 19,423,431

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 17.

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 2020, 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?

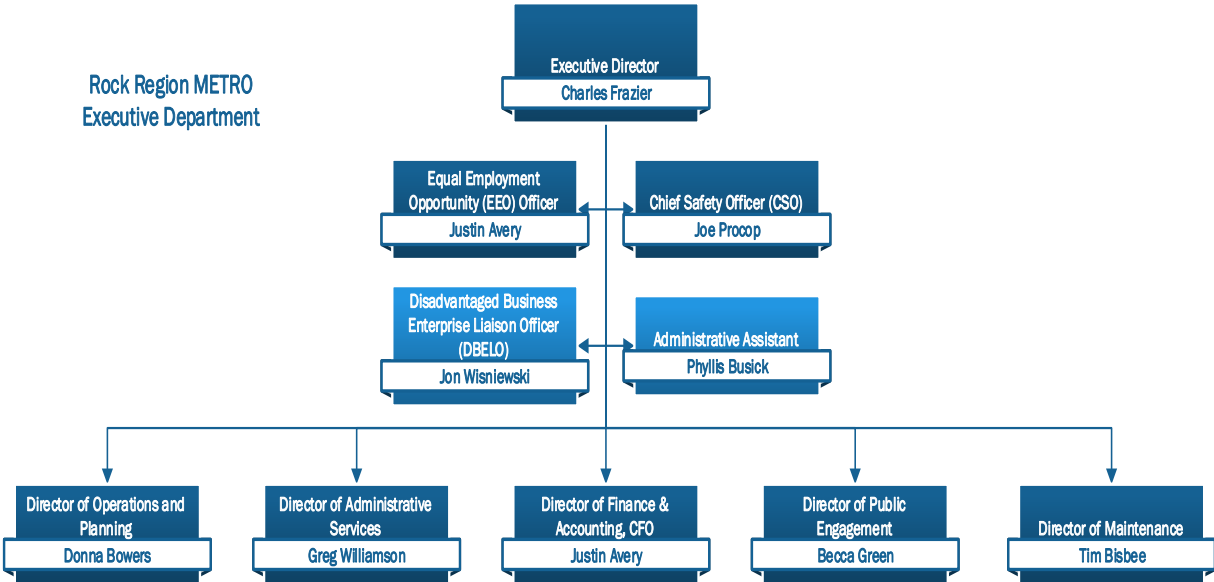
In the past, METRO had been heavily understaffed in the finance department and did not have the capacity or time to create and track department budgets. Instead, METRO staff relied on the chief financial officer to analyze actual-to-budget variances for the organization as a whole throughout the year. 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 2020, 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, METRO plans on taking steps throughout the year to eventually incorporate department budgets and department performance measures by the end of 2020.

EXECUTIVE DEPARTMENT

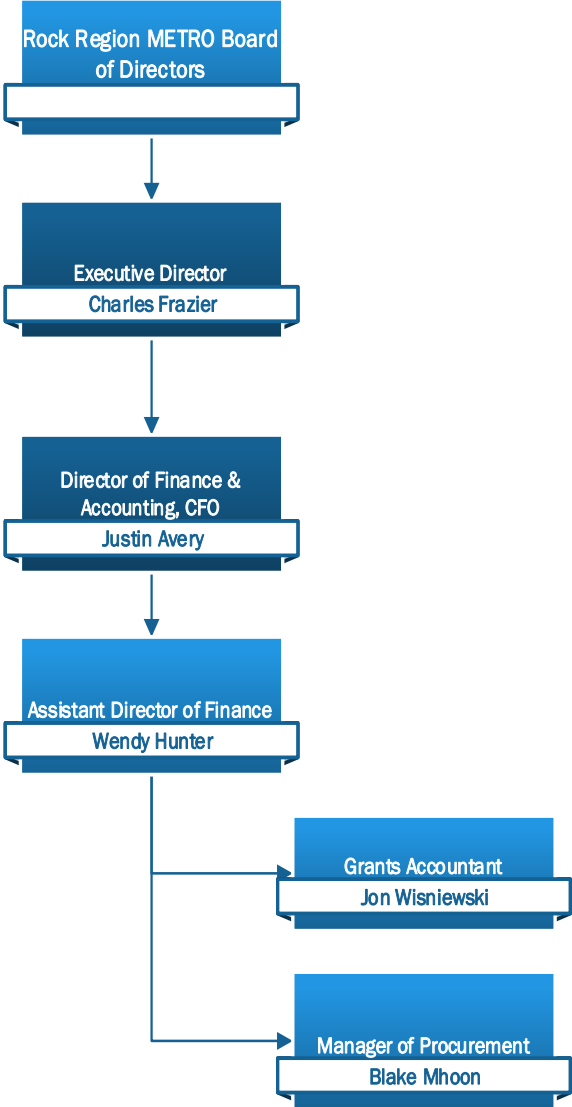
The executive department is made up of the executive director, chief safety officer and administrative assistant. The chief financial officer reports to the executive director on issues related to equal employment opportunities and the grants accountant reports to the executive director on issues related to disadvantaged business entity issues. The chief safety officer reports directly to the executive director and is in charge of overseeing the safety function within the transit agency. 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 ACCOUNTING DEPARTMENT

The finance and accounting department is composed of the director of finance/chief financial officer, assistant director of finance, grants accountant, and procurement manager. This department is responsible for accounting, treasury, payroll, budget, finance and analysis, grant accounting and management, the procurement of METRO’s major assets and protection of METRO’s assets.

Rock Region METRO
Finance and Accounting
Department

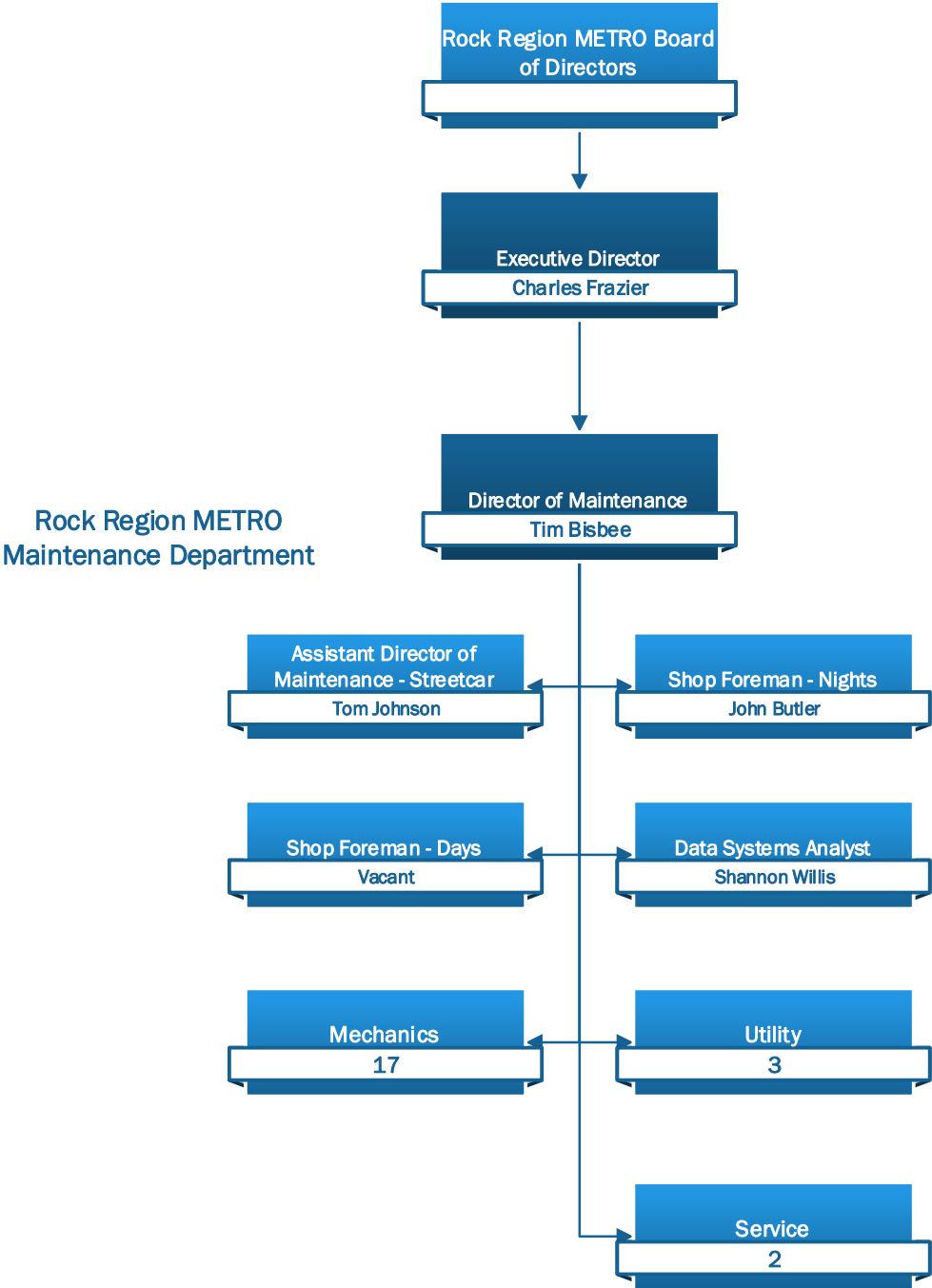


2020 Finance and Accounting Department Goals and Objectives

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)** (Completed in Q1)
 - b. Submit Annual Budget Report to GFOA Distinguished Budget Presentation Program and receive the award for excellence in budget presentation. (Q1)
 - 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)** (Completed monthly)
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. (Completed monthly)
3. Improve the customer experience. **(STRATEGIC IMPERATIVE #4)**
 - a. Secure funding for replacement of fareboxes that will provide greater payment options for customers. (Potential completion date: 12/1/2020)

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.

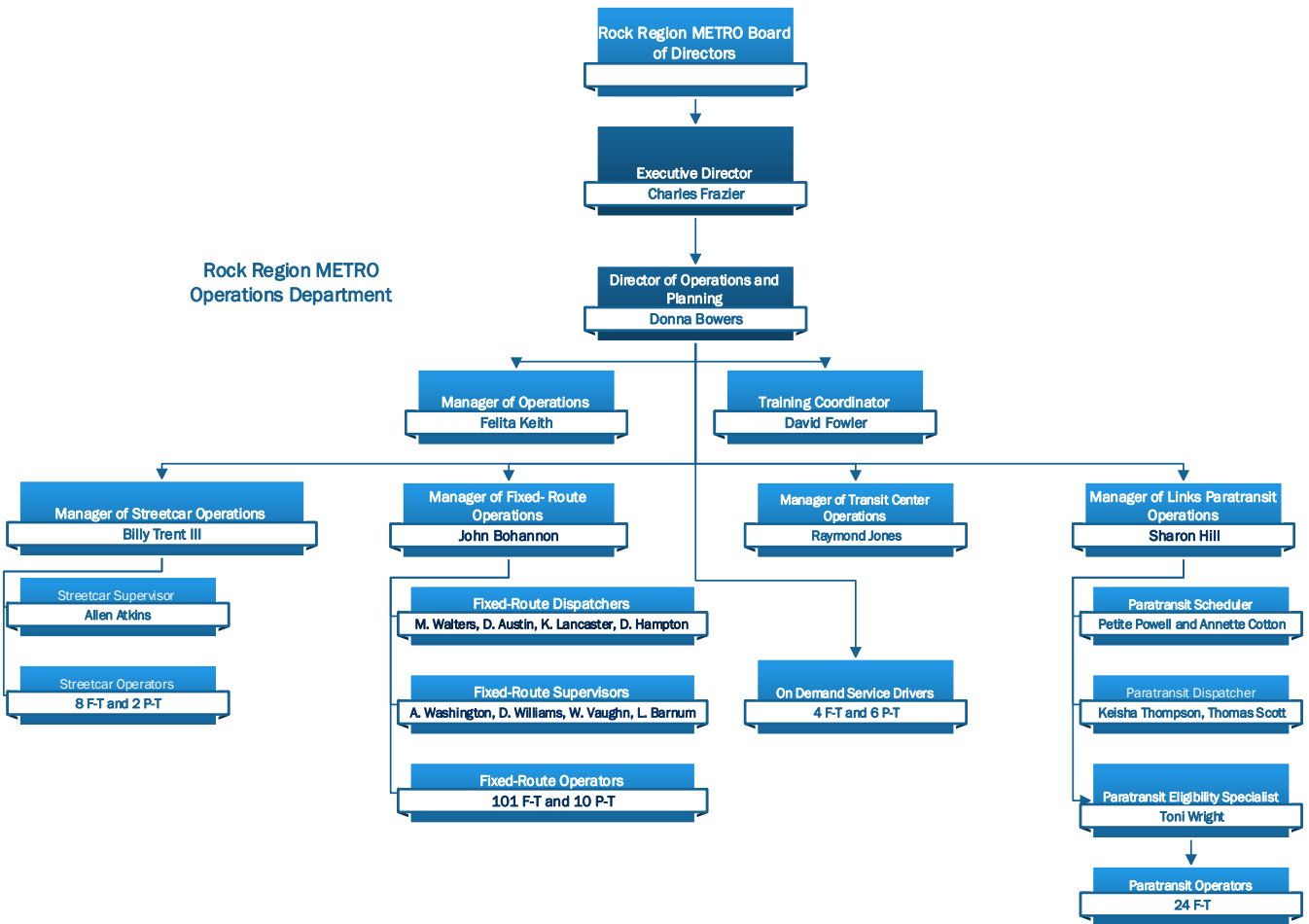


2020 Maintenance Department Goals and Objectives

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. (Q3)
 - b. Purchase additional computers to allow for more efficient access to preventive maintenance work order reports. (Q1)
 - c. Purchase electronic fluid monitoring equipment to help better capture costs of all fluids. (Q4)
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 Association (CARMA) to perform annual OSHA inspections of the maintenance facility. The inspection is to be performed during February. (Q1)
 - b. Take the results of the annual OSHA compliance inspection and perform monthly interval inspections based off of the recommendations stated in the report. (Q1)
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. (Q1)
 - b. Follow the recommendations of the streetcar analysis and perform punctual preventive maintenance according to the intervals recommended. (Q1)
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. (Q1)
 - b. Provide performance measure updates to the METRO Leadership Team showing the progression of miles between road calls over time. These will be used a performance measure in subsequent years. (Q1)
 - c. Ensure mechanics receive periodic training on updates for diagnostic devices. (Q1)

OPERATIONS 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.



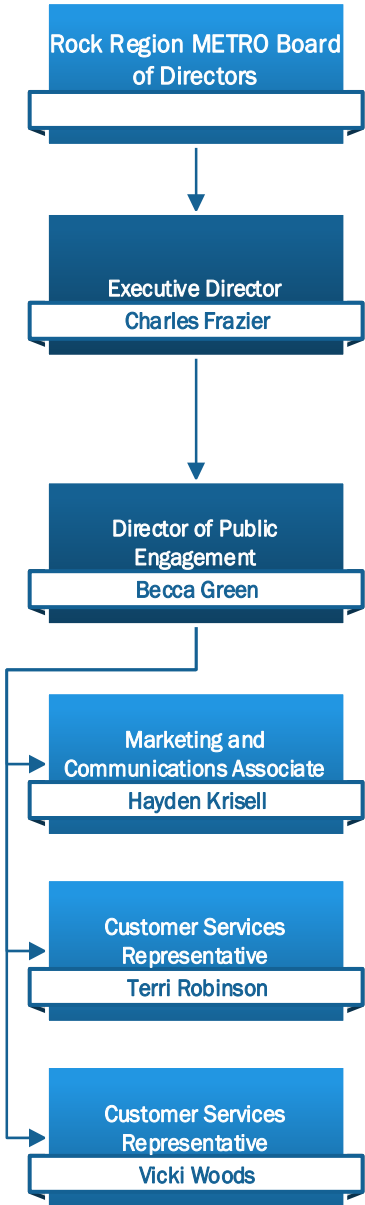
2020 Operations and Planning Department Goals and Objectives

1. Engage in community coalition-building for public transportation advocacy. (**STRATEGIC IMPERATIVE #1**)
 - Complete the comprehensive operational analysis and implement 2020 Service Enhancements. (Q3)
2. Maintain federal, state and local compliance. (**STRATEGIC IMPERATIVE #2**)
 - Establish MOUs with local partners for emergency preparedness and assistance. (Q1-Q4)
 - Director of Operations & Streetcar Manager completing FTA Safety Certification Training. (Q1)
3. Initiate studies intended to capitalize on high-profile assets. (**STRATEGIC IMPERATIVE #3**)
 - Initiate a Transit Oriented Development study at the River Cities Travel Center. (Q3)
4. Improve the customer experience. (**STRATEGIC IMPERATIVE #4**)
 - Install new double-size shelters with solar lighting at Midtown stops. (Q1)
 - Enhance streetcar stops by installing redesigned shelters and amenities. (Q1)
 - Implement On-Demand Service program. (Q1)
 - Implement a permanent Microtransit program. (Q1)
5. Invest in employee development and wellness. (**STRATEGIC IMPERATIVE #5**)
 - Establish Employee Advisory Committee.(Q1)
 - Employee Diversity & Inclusion Focus Groups. (Q1)
6. Implement recommendations from prior studies. (**STRATEGIC IMPERATIVE #6**)
 - Procure supplemental ADA Paratransit services to address capacity issues on METRO Links service. (Q1)
 - Implement functional assessments for METRO Links customers. (Q1)
 - Implement free rides on fixed route for ADA eligible passengers. (Q2)

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.

Rock Region METRO
Public Engagement
Department



2020 Public Engagement Department Goals and Objectives

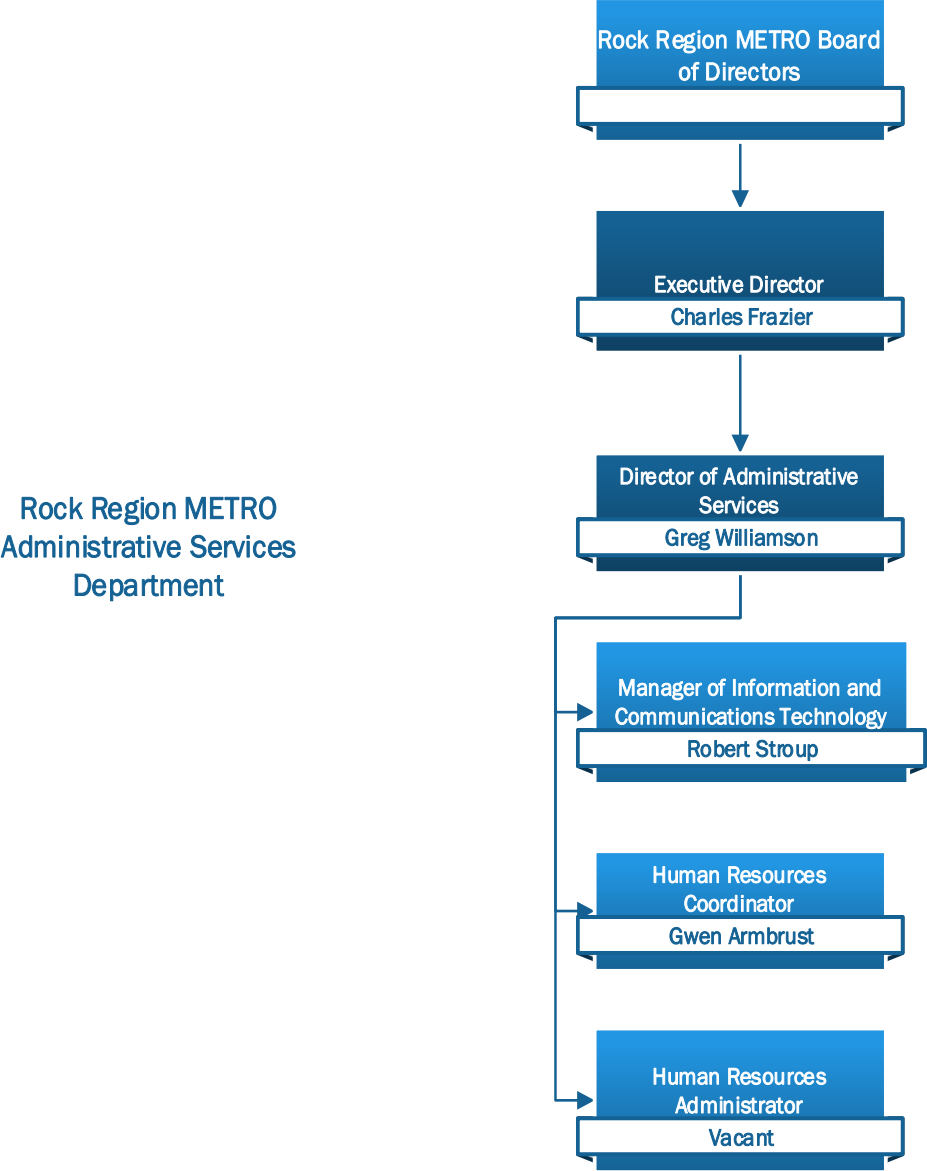
1. Participate in more formal engagement of federal, state and local member jurisdiction elected officials and staff members. **(STRATEGIC IMPERATIVE #1)**
 - a. Complete annual outreach to the Arkansas Congressional delegation by March 31, 2020 in support of federal formula and discretionary grant opportunities and public transit-friendly policy-making.
 - b. Complete stakeholder survey of a minimum of 1,200 riders and other community stakeholders by March 31, 2020.
 - c. Secure at least four new streetcar sponsors by May 31, 2020.

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, 2020.
 - b. Implement a new phone system and customer service team protocols by Sept. 30, 2020.
 - c. Implement support tools (branding, collateral materials, digital information and announcement communications and events) for the new microtransit program by Sept. 30, 2020.

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, 2020.
 - b. Implement support tools (branding, collateral materials, digital information and announcement communications and events) for a transit-oriented development study by Dec. 31, 2020.

ADMINISTRATIVE SERVICES DEPARTMENT

This department is responsible for management, human resources, benefit management, IT management, and the security and protection of METRO’s assets.



2020 Administrative Services Department Goals and Objectives

1. 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. (Q3)
 - b. Provide more on-site retirement planning in coordination with Nationwide representatives. (Q1)
 - c. Provide financial wellness seminars to employees that focuses on better personal budgeting, investments, and overall financial health. (Q2)

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

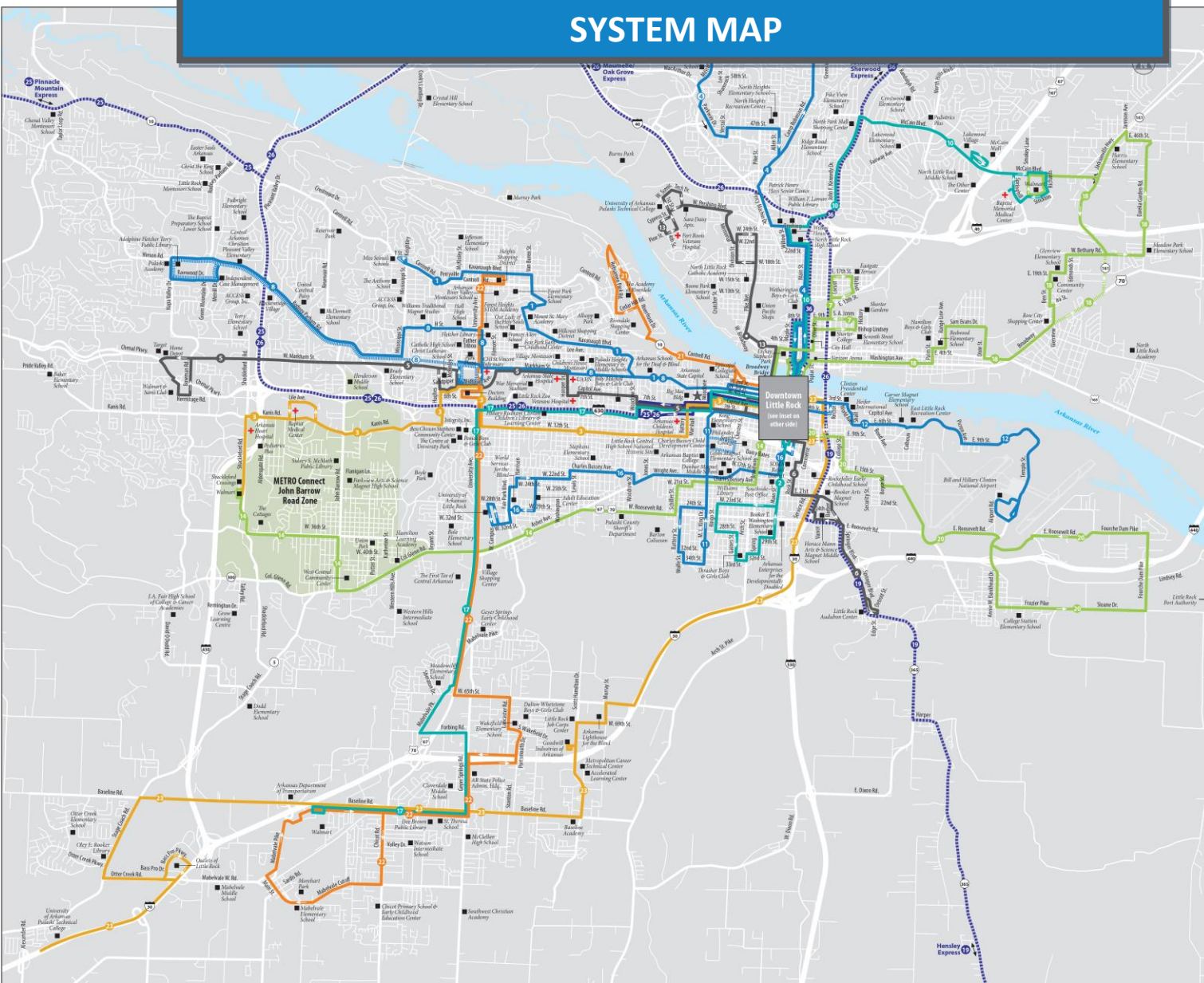
METRO’s administrative and maintenance offices are located in downtown North Little Rock at 901 Maple Street. METRO operates and maintains the River Cities Travel Center located at 301 East Capitol in downtown Little Rock. The RCTC serves as a major bus transfer for METRO’s twenty-one (21) fixed-routes 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
- © 2019, Rock Region METRO

ROUTES

- Pulaski Heights
- South Main
- Baptist Medical Center
- Levy / Amboy
- West Markham
- Granite Mountain
- Shorter College
- Rodney Parham
- McCain Mall
- Dr. M.L.K. Jr. Drive
- Clinton Center / Airport
- UA - Pulaski Technical College
- Rosedale
- UA - Little Rock
- Mabelvale / Downtown
- McAlmont
- Hensley Express
- Hanger Hill / College Station
- Riverdale
- University Avenue / Mabelvale
- Baseline / Southwest
- Pinnacle Mountain Express
- Maumelle / Oak Grove Express
- Jacksonville / Sherwood Express

METRO Connect John Barrow Road Zone
 For specific zone parameters, consult the METRO Connect John Barrow Road Zone brochure.

Service days and hours vary by route. See individual route schedules for more information.



310 E. Capitol, Little Rock, AR 72201

For schedule and fare information, please visit rrmetro.org or [google.com/transit](https://www.google.com/transit), call 501-375-6717, or email info@rrmetro.org.

FLEET REPLACEMENT PLAN

TYPE OF VEHICLE	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Fixed-Route Buses	-	8	10	6	12	-	-
Links Paratransit Vans	-	-	-	-	8	12	-
Links Minivans	-	2	-	-	-	-	2
Cost of FR Bus	-	4,355,712	5,607,979	3,465,731	7,139,406	-	-
Cost of Links Van	-	-	-	-	881,609	1,362,086	-
Cost of Minivan	-	86,091	-	-	-	-	99,803
Total Cost	-	4,441,803	5,607,979	3,465,731	8,021,015	1,362,086	99,803
TYPE OF VEHICLE	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Fixed-Route Buses	15	-	7	1	-	-	8
Links Paratransit Vans	2	-	-	-	8	12	-
Links Minivans	-	-	-	-	2	-	-
Cost of FR Bus	9,751,777	-	4,827,975	710,402	-	-	6,210,203
Cost of Links Van	240,840	-	-	-	1,084,268	1,675,194	-
Cost of Links Minivan	-	-	-	-	115,700	-	-
Total Cost	9,992,617	-	4,827,975	710,402	1,199,968	1,675,194	6,210,203



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