



Gary Public Transportation Corporation

Report of the Fiscal Monitor

December 29, 2009



Public Financial Management

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Introduction

In 2008 the State of Indiana enacted Public Law 146, establishing “circuit breaker tax credits” that cap local property taxes at a percentage of assessed value. Property taxes have recently been the source of 40 to 45 percent of the operating fund revenue for the Gary Public Transportation Corporation (GPTC). Based on analysis prepared for the State, the full implementation of the caps was projected to reduce the GPTC’s property tax revenues by approximately 31 percent from \$3.89 million to \$2.68 million in 2009 and then to \$2.40 million in 2010.¹

Because of the large gap between recent historical revenues and the amounts permitted by the cap, the City of Gary and several of its related units – the Gary-Chicago International Airport, the Gary Sanitary District, the Gary Storm Water Management District, and GPTC – petitioned the State of Indiana for relief from the caps for fiscal year 2009. The state body assigned to review such petitions, the Distressed Unit Appeals Board (DUAB), granted partial relief for all but the Sanitary District and directed the City and its related agencies to retain a fiscal monitor to “assist the petitioning units in rehabilitating their financial affairs in the near-term with the ultimate objective of alleviating the petitioning units of their distressed status.”

Public Financial Management (PFM) was selected in a competitive process to serve as the fiscal monitor. This report is the result of PFM’s review of the GPTC’s financial situation and recommendations for changes to its financial and service delivery operations to comply with the property tax limits in Public Law 146. This report should be read in conjunction with PFM’s report on the City’s finances – especially the Overview section of that document – to more fully understand the context of the review of the GPTC.

Unlike the other governmental units that petitioned the DUAB for relief in 2009, GPTC has not submitted a petition for 2010. As a result, it is not eligible for relief and does not need to meet with the DUAB during that review process. Because the fiscal monitor was procured in association with the 2009 process – and because GPTC will continue to face financial challenges that threaten its ability to provide an important service – the fiscal monitor has completed and submitted this report to the GPTC and DUAB.

Overview

The Gary Public Transportation Corporation (GPTC) was formed in 1974 from two portions of Gary Railways, the Subsidiary Gary Transit, Inc. and Subsidiary Gary Intercity Lines, Inc. GPTC now operates ten local routes,² one shuttle between Woodlake Village and downtown (formerly Route 14) and three express routes. Service is provided Monday through Saturday with no buses on Sundays or on six holidays. The designated express routes extend beyond the City limits to East Chicago and Hammond (Tri-City Connection – Route 12 on the map below); Merrillville and Crown Point (South Broadway Express - Route 17 on the map below); and Merrillville and Hobart (US 30 Express - Route 20 on the map below). Route 17 runs every 30 minutes from 5:00 a.m. to 9:00 p.m. on weekdays and hourly during the same time period on Saturdays. There is no Sunday service.

Since 2004 GPTC has made several changes to its routes, frequency of service or points of termination. In the fall of 2004 GPTC eliminated Route 21, which served certain areas that did not have midday service. Once those areas regained all day service, Route 21 became unnecessary.³

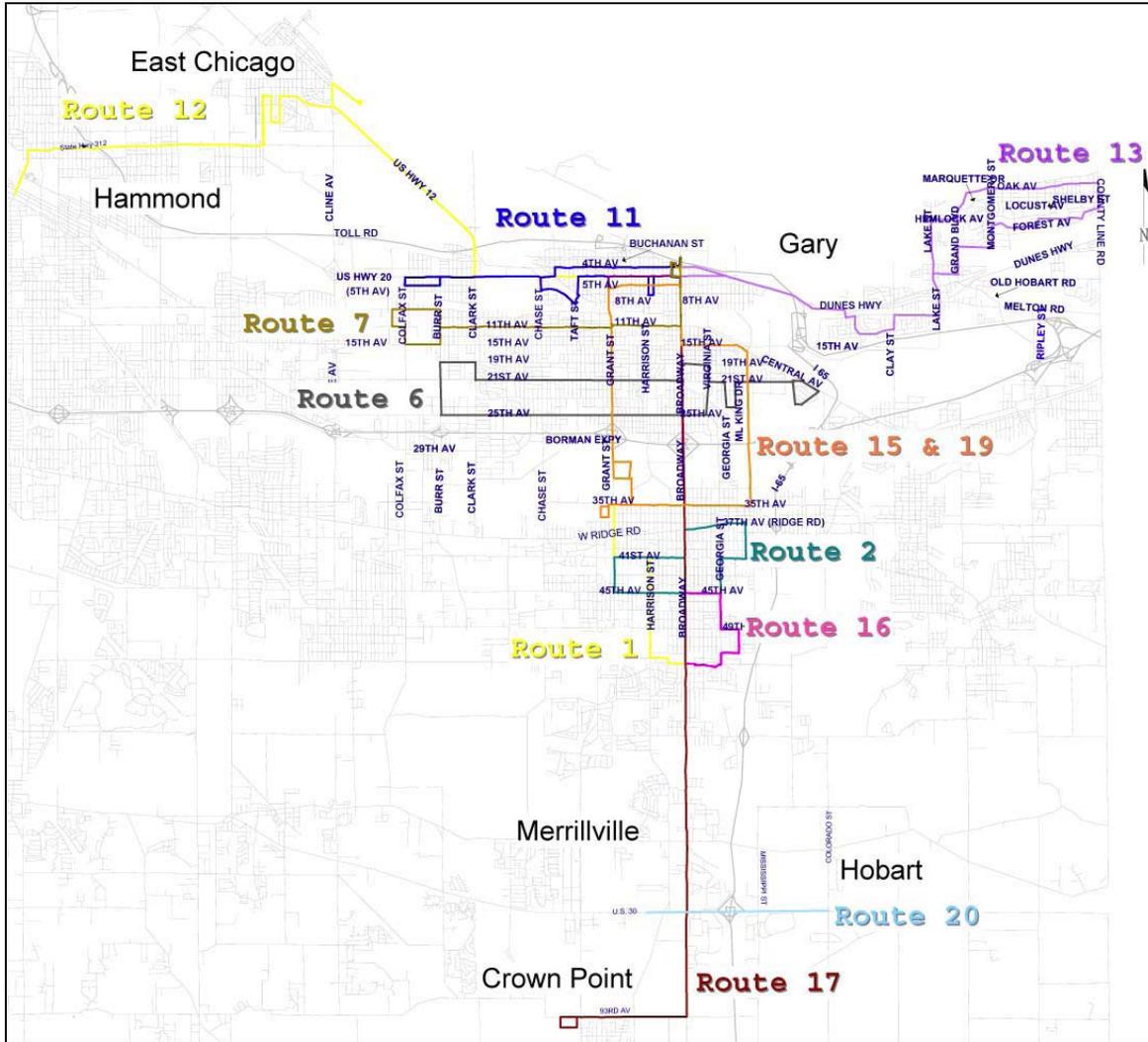
¹ These impact projections are based on analysis provided by Policy Analytics, LLC on November 4, 2009. The projected revenues are for GPTC’s general fund and its debt service fund, and represent 100 percent of the amount to be billed to taxpayers. This assumption is addressed in more detail on pages 16 and 17.

² Route 16 in the map below has two separate routes in the Colonial Gardens neighborhood.

³ The 2008-2013 GPTC Financial Plan explains the changes in more detail. Please see page 12 of the Plan for more information.



GPTC System Map



GPTC operates out of the Adam Benjamin Gary Metro Center, located at 200 West 4th Avenue in downtown Gary. The City of Gary owns the facility. All but two GPTC routes connect to the Metro Center, making it the focal point for the City’s bus routes. The Metro Center has a commuter rail connection via the South Shore Line, as well as private bus companies and taxicab service. Recently, GPTC has sought and received funds to extend job access reverse commute (JARC) service. The plan for this \$200,000 in Federal Transit Administration (FTA) funding calls for modifications to Route 1 service and creation of a new Route 2 to serve The Village, the Gary Career Center, Indiana University-Northwest, Ivy Tech, and ArcBridges (an agency that works with learning disabled people, which is helping cover the cost of the route). The plan is currently open for public comment through January. GPTC is also interested in offering neighborhood bus services that would not be based at the Metro Center, similar to the existing Woodlake Village Shuttle.

GPTC also provides Americans with Disabilities Act (ADA)-compliant paratransit for those unable to ride regular bus routes. Paratransit shuttles operate from 4:50 a.m. to 11:00 p.m. from Monday through Saturday. Citizens eligible for paratransit service may phone GPTC with requests for service Monday through Friday from 8:00 a.m. to 4:00 p.m. There are no set routes for paratransit service – all trips are



scheduled as requests are received. Paratransit typically carries 35 to 50 riders each day, with a higher volume of riders at the start of the month and on Mondays, Wednesdays, and Saturdays.

The State of Indiana's Public Transit Reports shows overall ridership figures for GPTC and other transit systems across the State. According to this source, GPTC's ridership grew between 2006 and 2008. In contrast, the ridership for East Chicago Transit (ECT) declined slightly and the ridership for the Hammond Transit System (HTS) dropped significantly during this period. The three systems serve between 4,000 and 5,500 riders per day, making a significant impact on congestion and pollution in the region.

Ridership

System	2008 Population served	Ridership 2006	Ridership 2007	Ridership 2008	Change %
GPTC	102,746	771,222	939,313	900,844	16.8%
East Chicago Public Transit	32,414	284,396	275,875	281,610	-1.0%
Hammond Transit System	83,000	437,985	403,258	290,536	-33.7%

Looking outside of the region, GPTC is one of eight transit agencies considered by the State of Indiana to be "large fixed route systems." Each of these systems covers over one million total vehicle miles per year on average, with more than 50 percent of those miles attributable to fixed route service. Six of the other systems are comparable to GPTC, and their ridership for 2006 to 2008 is presented in the table below (the Indianapolis metropolitan region's IndyGo has a service area almost as large as the other seven systems' combined, and therefore is not included in this comparison).

Ridership for Large Fixed-Route Systems

System	2008 Population served	Ridership 2006	Ridership 2007	Ridership 2008	Change %
Lafayette (Citybus)	123,046	4,353,181	4,664,881	5,028,088	15.5%
Bloomington Public Transportation Corp.	69,291	2,057,509	2,605,490	2,861,508	39.1%
South Bend Public Transportation Corp.	154,346	3,119,850	3,516,616	2,833,313	-9.2%
Fort Wayne Citilink	218,133	1,758,336	1,983,424	2,115,622	20.3%
Muncie Indiana Transit System	67,430	1,785,096	2,034,970	2,029,481	13.7%
Metro. Evansville Transit System (METS)	121,582	1,661,303	1,713,950	1,844,936	11.1%
Average (w/out GPTC)	125,638	2,455,879	2,753,222	2,785,491	15.1%
Gary Public Transportation Corp. (GPTC)	102,746	771,222	939,313	900,844	16.8%

Source: Indiana Public Transit Reports, 2006 – 2008.

GPTC serves a smaller population than every other large fixed route system except Bloomington and Muncie, though service population size does not correlate with system usage. Fort Wayne's service population is more than three times as large as Bloomington's, but Bloomington had 35 percent more riders than Fort Wayne in 2008. The presence of large universities in Bloomington (Indiana University's



main campus), Lafayette (Purdue University's main campus) and South Bend (Notre Dame) also provides a larger population of potential users than may be reflected in the population numbers.

GPTC had the lowest ridership in each year but saw its ridership increase by a higher percentage (16.8 percent) than the average among other systems (15.1 percent). Only Bloomington and Fort Wayne reported higher growth in ridership. During this three year period, Gary also saw its population decline by 0.9 percent and its labor force decline by 6.7 percent according to US Census Bureau data.⁴ Evansville and Fort Wayne experienced similar reductions in population and labor force size while transit ridership grew.

GPTC's total vehicle miles have increased by 15.0 percent from 2006 to 2008, nearly twice the size of the next largest growth rate (Lafayette with 7.8 percent). Still, GPTC has the fewest total vehicle miles among this group.

Total Vehicle Miles (TVM)

System	Population served (2008)	TVM 2006	TVM 2007	TVM 2008	Change %
Lafayette (Citybus)	123,046	1,683,866	1,631,829	1,814,705	7.8%
Bloomington Public Transportation Corp.	69,291	1,197,876	1,196,971	1,240,038	3.5%
Fort Wayne Citilink	218,133	1,927,679	2,027,954	1,950,456	1.2%
South Bend Public Transportation Corp.	154,346	2,093,235	2,095,663	2,108,432	0.7%
Metro. Evansville Transit System (METS)	121,582	1,515,143	1,544,100	1,518,808	0.2%
Muncie Indiana Transit System	67,430	1,349,515	1,330,575	1,232,017	-8.7%
Average (w/out GPTC)	125,638	1,627,886	1,637,849	1,644,076	0.8%
GPTC	102,746	1,023,216	915,888	1,176,410	15.0%
East Chicago Public Transit	32,414	247,667	240,226	214,973	-13.2%
Hammond Transit System	83,000	541,096	512,958	495,948	-8.3%

Source: Indiana Public Transit Reports, 2006 – 2008.

In 2008 the number of riders using GPTC (900,844) was less than the number of total vehicle miles in the system (1,176,410), which sometimes indicates that a system has infrequently used routes. GPTC had the lowest rider/vehicle mile ratio of the comparable large fixed-route transit systems. The most popular GPTC routes are the Express Routes that connect Gary with other Lake County municipalities, especially the US Route 30 Express that connects Gary to jobs and shopping in Merrillville, Crown Point and Hobart. Heavier ridership on these long routes may drive the lower ridership-to-miles ratio. As described later in this chapter, Gary also has fewer buses than the other systems, meaning that service may be less frequent, which can be a disincentive for riders.

⁴ Information on population and the size of the labor force is drawn from the US Census Bureau's American Community Survey (one-year estimates). Information is not available for Bloomington. The population cited here refers to the number of residents in each city, not the population served by the transit system.



Ridership/Total Vehicle Mile

System	2006	2007	2008	Change %
Lafayette (Citybus)	2.6	2.9	2.8	7.2%
Bloomington Public Transportation Corp.	1.7	2.2	2.3	34.3%
Muncie Indiana Transit System	1.3	1.5	1.6	24.5%
South Bend Public Transportation Corp.	1.5	1.7	1.3	-9.8%
Metro. Evansville Transit System (METS)	1.1	1.1	1.2	10.8%
Fort Wayne Citilink	0.9	1.0	1.1	18.9%
Average (w/out GPTC)	1.5	1.7	1.7	14.3%
GPTC	0.8	1.0	0.8	1.6%
East Chicago Public Transit	1.1	1.1	1.3	14.1%
Hammond Transit System	0.8	0.9	0.8	4.9%

GPTC fares are \$1.25 each way for routes within the City and \$2.00 each way for Express routes. Riders may transfer between Express Routes at no charge. Paratransit service costs \$2.50 for one-way trips within the City, and \$4.00 for one-way trips outside the City limits. Monthly bus passes cost \$45. A more detailed fare schedule is shown below.

GPTC Fare Schedule

Fare type	Local Routes (inside City)	Express Routes (outside City)
Adult fare	\$1.25	\$2.00
Students (must shown ID)	\$1.00	\$1.50
Seniors, disabled and Medicare card holders	\$0.60	\$1.00
Transfers – adults and students	\$0.15	\$0.60 for adults \$0.35 for students
Transfers – seniors, disabled and Medicare card holders	\$0.10	\$0.30

These fares are comparable to those on the Hammond Transit system, which also charged \$1.25 each way for trips. East Chicago Transit does not charge for its service. At present these three carriers are



working to create a unified fare box, which would allow fares and transfers to be used across the three systems.

GPTC's last fare increase occurred in 1996. GPTC's Strategic Business Plan for 2009-2012, released in July 2009, made several recommendations related to fares and assumed an overhaul of the fare policy would be "a considerable factor in GPTC's financial outlook." Among the alternatives discussed were offering discounts to students and off-peak travelers in an attempt to increase ridership, eliminating transfers to increase fare box recovery rates, and an across-the-board fare increase of up to 20 percent.⁵

Governance and employees

GPTC is a public transit corporation authorized under State statute; it functions separately from the City of Gary. In contrast, the East Chicago Transit (ECT) and the soon-to-be-defunct⁶ Hammond Transit System (HTS) operate as departments of their respective municipalities and are funded accordingly.

GPTC operating policy, including contracts, safety, finance, organization, and structure, is set by its seven-member Board of Directors. The Board is appointed jointly by the Mayor of Gary (three appointments) and the Gary Common Council (four appointments). The Board of Directors for the Corporation has the ability to determine routes, equipment, facilities, and scope of service. It can also issue bonds, has condemnation power and may levy taxes.

The GPTC has approximately 100 employees. Bus drivers, maintenance, janitorial, and dispatch personnel are represented by Amalgamated Transit Union, Local 517. The GPTC is currently negotiating a new collective bargaining agreement with these employees. GPTC laid off some employees in 2008 and has since refilled those positions. Annual headcount as of January of each year is shown in the following table. Please note that GPTC reduced the administrative headcount by two from 10 to eight since January 2009. GPTC consolidated two positions related to information systems and facilities maintenance into one position and eliminated another administrative support position.

Historic Employee Count – Filled Positions

	2006	2007	2008	2009
Administration	8	9	9	10
Transportation	70	70	62	70
ADA Paratransit	8	8	7	8
Maintenance	23	23	19	20
TOTAL	101	102	90	100

Revenues

Historically the GPTC's largest sources of revenue have been property taxes, fare box revenue and support from the federal, regional and state governments.

⁵ Gary Public Transportation Corporation 2009-2012 Strategic Business Plan, July 7, 2009 provides more detail on page 17.

⁶ As noted later in this document, plans for replacement service are well underway.



GPTC – Operating Fund Revenues⁷

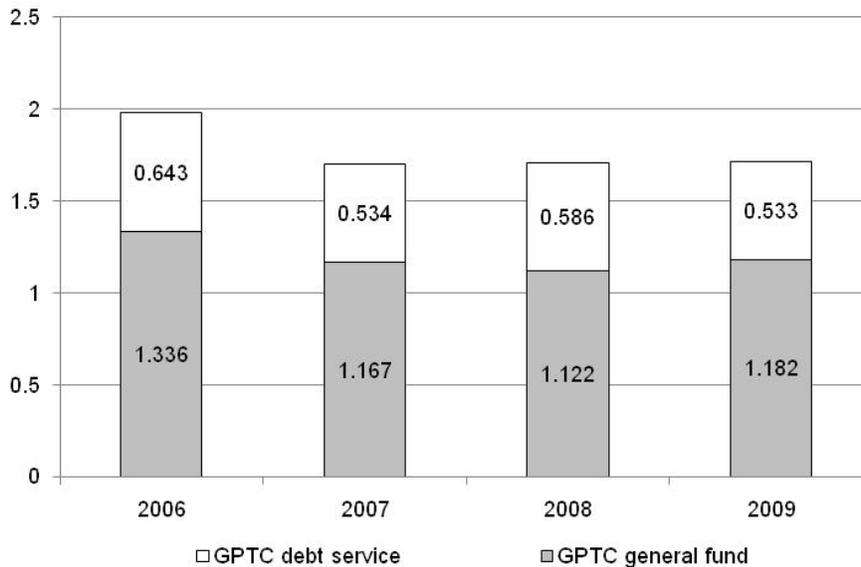
	FY2006 Budget	FY2006 Actual	FY2007 Budget	FY2007 Actual
Property tax	2,576,712	3,127,929	2,680,707	2,673,761
Auto excise tax	79,878	78,131	77,340	76,701
Financial Institution Tax	3,628	3,718	3,674	1,593
CVET tax	8,425	8,859	9,440	6,908
Other taxes subtotal	91,931	90,707	90,454	85,201
Adult fares	853,800	901,028	1,000,000	929,045
Senior citizen fares	30,000	21,484	50,000	16,870
Student fares	84,000	61,871	100,000	35,473
Disabled riders	7,200	10,579	10,000	6,638
ADA revenues	25,000	24,170	40,000	24,805
Fare subtotal	1,000,000	1,019,130	1,200,000	1,012,831
Accounts receivable subtotal	98,300	135,798	0	26,914
Advertising subtotal	15,500	12,989	20,000	33,754
Miscellaneous subtotal	8,000	29,095	10,000	142,321
State support subtotal	931,129	931,129	990,649	930,271
FTA operating assistance	2,200,000	2,298,224	2,200,000	857,819
Transfer	0	0	0	316,485
Total	6,921,572	7,645,001	7,191,810	6,079,358

The GPTC has two property tax levies – a General Fund rate that supports operations (1.182 mills per \$1,000 of assessed value in 2009) and a debt service rate that funds most GPTC debt service payments (0.533 mills per \$1,000 of assessed value in 2009).

⁷ Revenues for 2008 are not shown here because the audit of those figures was still underway at the time of publication.



GPTC Property Tax Rates (Mills per \$1,000 Assessed Value)



GPTC’s property tax revenues are affected by the same issues facing other taxing districts in Gary. In recent years, Lake County has been unable to certify assessments in a timely manner,⁸ generating late property tax bills and loss of some prior year revenues. GPTC and others have been forced to increase the size (and related cost) of annual cash flow borrowings to bridge the gap until property tax revenues were available.⁹

Five of the six comparable large fixed-route transit systems are also directly supported by their own property tax. Evansville’s system, like East Chicago’s, is part of city government, so it does not have its own property tax rate but the system draws funds from the City’s property tax-supported General Fund. Like GPTC, the systems in Muncie and Bloomington are supported by a property tax levied solely on City residents. The property taxes that support systems in Fort Wayne, Lafayette, and South Bend are levied beyond the City’s boundaries. As shown in the following table, in 2008 GPTC had the highest combined property tax rate in 2008, followed by Muncie. Without the debt service millage, Muncie’s rate was higher.

2008 Property Tax Rates (Per \$1,000 Assessed Value)

System	General Rate	Other Millage	Total Rate
GPTC	1.122	0.586	1.708
Muncie Indiana Transit System	1.627	0	1.627
South Bend Public Transportation Corp.	0.821	0	0.821
Fort Wayne Citilink	0.375	0	0.375
Lafayette (Citybus)	0.139	0.198	0.337

⁸ According to recent reports, the problems extend to Calumet Township which is having difficulty completing a related study of assessment accuracy due to foreclosures and delinquent lot sales.

⁹ Please see the Fiscal Monitor’s report on the City of Gary for more discussion of these property tax collection issues.



System	General Rate	Other Millage	Total Rate
Bloomington Public Transportation Corp.	0.265	0	0.265

The next largest source of locally generated revenue for fixed route systems in Indiana is money collected from transit users. For GPTC, fare collections dropped from \$972,270 in 2006 to \$958,823 in 2008, a 4.0 percent decline according to Indiana Public Transit Report data. GPTC had the second lowest fare box recovery rate among large fixed-route systems in 2008 (ahead of Muncie) and is one of only two systems reporting a decline in this metric from 2006 to 2008.

Fare Box Recovery Ratio¹⁰

System	2006	2007	2008
Bloomington Public Transport. Corp.	23%	24%	26%
Lafayette (Citybus)	24%	25%	24%
Metro. Evansville Transit System (METS)	19%	18%	16%
South Bend Public Transportation Corp.	14%	14%	15%
Fort Wayne Citilink	12%	11%	13%
Muncie Indiana Transit System	4%	4%	4%
Average (w/o GPTC)	16%	16%	16%
GPTC	13%	11%	12%
Hammond Transit System	18%	15%	10%

Outside of these locally generated revenues, GPTC also receives funding from federal, regional and state governments. At the federal level, GPTC receives support from the FTA for infrastructure, vehicle purchases (see more below), ADA transit and planning and marketing. Federal funding is often restricted in its use and cannot cover the GPTC's largest operating expenses, employee salaries and benefits. It also may require a matching contribution from state or local sources.

In June 2007 the FTA issued a cease and desist order to the GPTC that prevented it from drawing down federal funds. The FTA cited concerns about a lack of grant management capacity, the use of federal funds for ineligible projects and premature retirement of natural gas fueled buses and fueling stations, primarily issues inherited from prior GPTC management. GPTC repaid a portion of the debt owed to the FTA by using local funding to purchase four new buses and giving the FTA 80 percent interest in the vehicles and repaid the remainder through a reduction in other grant funding designated for GPTC. The FTA granted GPTC conditional reinstatement to draw down federal funds in April 2008.

The GPTC also receives revenue from the Northwest Indiana Regional Bus Authority (RBA)¹¹ to support the Express Routes that connect the City with other Lake County municipalities. Under the terms of the

¹⁰ Fare box recovery is calculated by dividing fare revenue by operating expenses as published in the Indiana Public Transit Reports for the years 2006 to 2008. East Chicago Public Transit does not charge for its service, so there is no fare box recovery rate.



RBA contract, the GPTC operates these routes and provides the RBA with marketing opportunities, data on route usage and reports on other matters. In return the RBA will pay the GPTC approximately \$1.6 million per year through August 2010 to increase the frequency of bus service on these routes.

The State of Indiana provides funding to GPTC through the Public Mass Transportation Fund (PMTF), which is administered by the Department of Transportation. The PMTF is supported by 0.67 percent of the 7.00 percent statewide sales and use tax. The Indiana General Assembly appropriates money to the PMTF every two years as part of the State's budget process. The amount of PMTF funding allocated to each transit entity depends on the entity's classification¹² and three performance indicators that receive equal weight:

- Passengers carried per operating expense;
- Total vehicle miles per operating expense;
- Locally derived income (LDI) per operating expense. Locally derived income includes fare box revenues, property taxes, local bonding funds and unrestricted federal and state grants.¹³

GPTC trailed the other six comparable transit systems in all three indicators in 2008 with the exception of locally derived income per operating expense, where it outperformed Bloomington.

PMTF Indicators

Entity	2008 Passenger/OE	2008 TVM/OE	2008 LDI/OE
Lafayette (Citybus)	0.56	0.20	\$0.52
Muncie Indiana Transit System	0.32	0.19	\$0.53
Metro. Evansville Transit System (METS)	0.28	0.23	\$0.59
South Bend Public Transportation Corp.	0.28	0.21	\$0.59
Fort Wayne Citilink	0.20	0.18	\$0.60
Bloomington Public Transportation Corp.	0.13	0.46	\$0.29
Average (w/out GPTC)	0.29	0.25	\$0.52
Gary Public Transportation Corp. (GPTC)	0.11	0.15	\$0.45
East Chicago Public Transit	0.20	0.16	\$0.49
Hammond Transit System	0.11	0.19	\$0.42

Based on Policy Analytics' projection of how much property tax revenue GPTC would receive in 2009, property taxes will drop from 41 percent of actual operating revenues in 2006 to 21 percent of budgeted

¹¹ The RBA evolved from the Regional Transportation Authority (RTA), which was created by Lake County in 2000. In 2005 the State of Indiana created the Northwest Indiana Regional Development Authority (RDA), changed the Transportation Authority's name to the RBA and enabled the RBA to petition the RDA for funding.

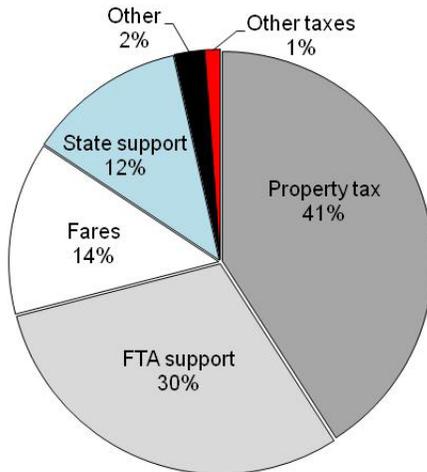
¹² There are four classifications – large fixed route, small fixed route, urban demand response and rural demand response. As described above, GPTC is a large fixed route system.

¹³ Public Mass Transportation Fund (PMTF) Management Guide, August 2008, page 6.

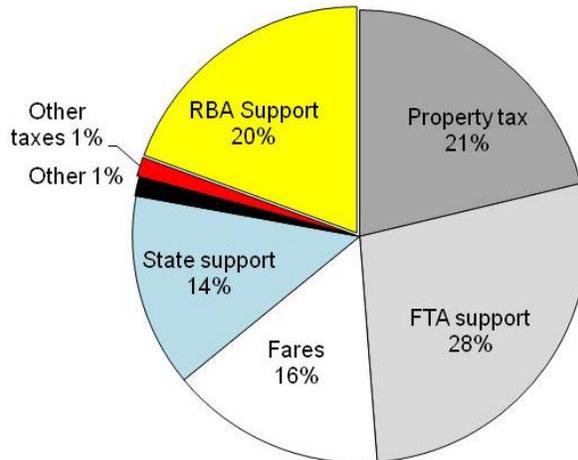


revenues in 2009.¹⁴ RBA support, which is only guaranteed by contract through August 2010, accounts for 20 percent of GPTC's operating revenues. Please note that this comparison only considers how much revenue comes from each source, not whether the revenues are sufficient to cover expenditures.

Actual 2006 Operating Revenues



Budgeted 2009 Operating Revenues



Operating expenditures

GPTC's largest operating expenditures are employee salaries and wages, employee benefits, and operating supplies, primarily gasoline and diesel fuel. Operating fund expenditures for FY2007 exceeded operating fund revenues by

GPTC Historical Expenditures¹⁵

	FY2006 Budget	FY2006 Actual	FY2007 Budget	FY2007 Actual
Salaries and wages	2,867,772	2,748,050	3,068,138	2,907,703
Employee benefits	1,925,714	1,840,327	2,244,938	1,998,289
Other personnel services	27,100	12,472	16,119	30,017
Operating supplies	676,293	669,324	767,592	721,149
Repair & maintenance supplies	230,543	187,286	207,493	163,828
Professional services	499,900	497,187	511,652	721,094
Communication & transportation	133,075	115,463	104,809	502,720
Utility services	224,300	215,408	261,314	226,657
Other services & charges	1,133,140	1,150,629	1,362,122	711,107
Total	7,717,836	7,436,145	8,544,178	7,982,565

¹⁴ Policy Analytics projected that GPTC would receive \$2.86 million in total property tax revenue in 2009, including the relief granted by the DUAB. Of that \$2.86 million, \$1.22 million goes to cover debt service costs, leaving \$1.64 million for operating purposes.

¹⁵ The categories shown here are summaries; more detail is available in the Appendix. Expenditures for 2008 are not shown here because the audit of those figures was still underway at the time of publication.



Of the \$4.9 million in employee compensation costs for FY2007, most were expenditures for salaries (\$2.7 million or 54.8 percent) or health and life insurance (\$1.2 million or 24.0 percent). The collective bargaining agreement between GPTC and ATU Local No. 517 expired on April 30, 2009. Since then GPTC has been operating under an unsigned Memorandum of Understanding while negotiating a new agreement. Under the terms of the expired agreement, Local 517 employees received a 4.8 percent base wage increase in May 2007 and a 1.0 percent increase in May 2008.

Employees receive health insurance coverage toward which they contribute a flat dollar amount for the premium. For 2008 and 2009 employees contributed \$35 per month for single coverage, \$61 for “employee plus one”¹⁶ and \$78 for family coverage. GPTC pays the rest of the costs, which range from \$576 per month for single coverage to \$1,522 per month for family coverage in 2009. The employees’ contribution is approximately five percent of the total premium cost, which is lower than the average contribution by state and local government employees nationally (11.0 percent for single coverage, 19.0 percent for family coverage on an HMO, 23.0 percent for family coverage on a PPO).¹⁷

Nationally health care costs have grown at a much higher rate than general inflation, approaching or exceeding double-digit growth annually. The monthly health insurance premiums for GPTC employees have actually decreased by 5.4 percent since 2006. This is attributable to GPTC changing providers in 2008, which reset the rates at lower levels. While premium costs had not yet returned all the way to 2006 levels by the end of 2009, the 15.7 percent premium increase in 2009 signals the volatility of this important driver of GPTC costs. Because GPTC employees contribute a fixed amount that does not vary with the actual premium cost, GPTC shoulders all the liability associated with any future premium increases. Preliminary indications are that GPTC will see a significant increase in health premiums next year.

Total Monthly Health Insurance Premiums

	2006	2007	2008	2009	2006-2009 % Change
Employee Only	\$644	\$611	\$528	\$611	-5.4%
Employee & Child	\$1,014	\$964	\$833	\$965	-5.4%
Employee & Spouse	\$1,318	\$1,252	\$1,082	\$1,252	-5.4%
Employee & Family	\$1,688	\$1,604	\$1,387	\$1,600	-5.4%

The largest component of GPTC materials, supplies and equipment expenditures is diesel fuel, which has risen from \$465,000 budgeted in FY2006 to \$821,000 budgeted in FY2009. GPTC purchases fuel under a contract that stipulates that prices be based on Oil Price Information Service (OPIS) pricing reports. GPTC has previously considered purchasing fuel through a futures contract that would lock in prices at lower levels, similar to what the City currently uses, but needs a consortium of transit agencies to join them so that they could use their aggregate purchasing power to qualify for the lower prices. Geographic dispersion (i.e. partnering with entities far from Indiana) and lack of interest has precluded this level of cooperation.

¹⁶ Employee plus spouse or employee plus a child

¹⁷ 2009 Kaiser/HRET survey of Employer-sponsored Health Benefits



Fleet inventory, capital and debt service

GPTC has a fleet of 28 vehicles, seven of which were out of service as of September 2009. The fleet includes:

- Six RTS Novabuses (35 feet)
- Three RTS Novabuses (30 feet)
- Five Gillig buses (35 feet)
- Five Optima Opus buses (30 feet)¹⁸
- Three Gillig buses (40 feet)
- Five Ford E450 Startrans vans used for paratransit
- One Chance Coach trolley replica, which is used for special events

FTA regulations set minimum standards for the service life of vehicles purchased using federal funding (e.g. certain buses should last at least 12 years or 500,000 miles). After a vehicle reaches its age or odometer milestone, it may be retired without financial penalty. GPTC is in the process of purchasing nine new buses, five of them with funding provided under the American Recovery Reinvestment Act (ARRA).

Based on 2008 data, GPTC had the smallest fleet among the large, fixed-route transit systems in Indiana, but more vehicles than the East Chicago Public Transit and Hammond Transit System combined. Comparable fleet data is shown in the table below.

Fleet Size

System	Revenue Vehicles	Peak Hour Fleet	Base Fleet	Fuel Use (gallons)
Lafayette (Citybus)	74	59	45	383,671
South Bend Public Transport. Corp.	73	53	45	473,443
Fort Wayne Citilink	48	37	29	415,992
Muncie Indiana Transit System	48	35	28	271,957
Bloomington Public Transport. Corp.	45	38	32	305,662
Metropolitan Evansville Transit System (METS)	42	36	32	266,669
Average	55	43	35	352,899
GPTC	28	22	19	260,284
East Chicago Public Transit	8	5	5	50,404
Hammond Transit System	10	11	8	70,132

GPTC uses federal funds through the FTA's Section 5307 program to purchase new vehicles and make other capital investments. It also accesses funds through the Federal Highway Administration's Surface Transportation Programs, particularly the Congestion Mitigation/Air Quality program (CMAQ). Federal funding usually covers 80 percent of the capital project cost with the other 20 percent coming from a local

¹⁸ The GPTC has requested FTA permission to scrap its five Optima Opus buses, which have not reached their designated service life milestones.



match, which could be GPTC-issued bonds or support from the RDA or RBA. GPTC anticipates receiving \$4.3 million in American Recovery Reinvestment Act (ARRA) funding in 2009 and 2010. In addition to the five new buses noted above, it will use these federal stimulus funds for a variety of projects including rehabilitating the bus staging area and implementing a regional electronic fare collection system.

Entering FY2010, GPTC has one outstanding issue of General Obligation bonds in the amount of \$3.44 million. Including interest and trustee fees, the debt service on this issuance was \$1.33 million in FY2009, all of which was paid from the GPTC's debt service fund that is primarily supported by the separate debt service levy. That portion of the GPTC's property tax millage is not subject to circuit breaker credits established in Public Law 146. GPTC is eligible to issue another General Obligation bond to provide a local match for capital infrastructure in 2011, but this new debt service would be subject to the property tax circuit breaker credit.

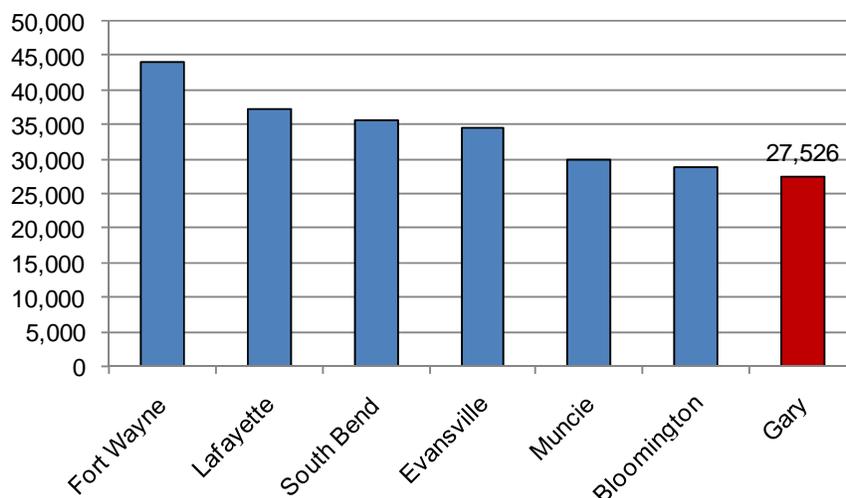
GPTC also had \$1.47 million in 2009 Tax Anticipation Warrants (TAWs) to meet cash flow needs during the delayed receipt of property tax revenue. The TAWs are secured by property tax revenue and mature on December 31, 2009.

Challenges

GPTC's Operating Environment

GPTC's financial and operational challenges can be seen in a broader context when Gary is compared to the other six Indiana cities with large fixed-route transit systems. Gary has the lowest median household income in the group, an amount (\$27,526) more than 20 percent below the average for the others (\$35,063).¹⁹ In Gary, 34.0 percent of households had an income below the poverty level at some point over a recent 12 month period. This is second only to Bloomington (36.5 percent) and almost 50 percent higher than the comparison group's average (23.1 percent). Gary also has the highest unemployment rate (16.9 percent), nearly double that of the group's average (9.0 percent).

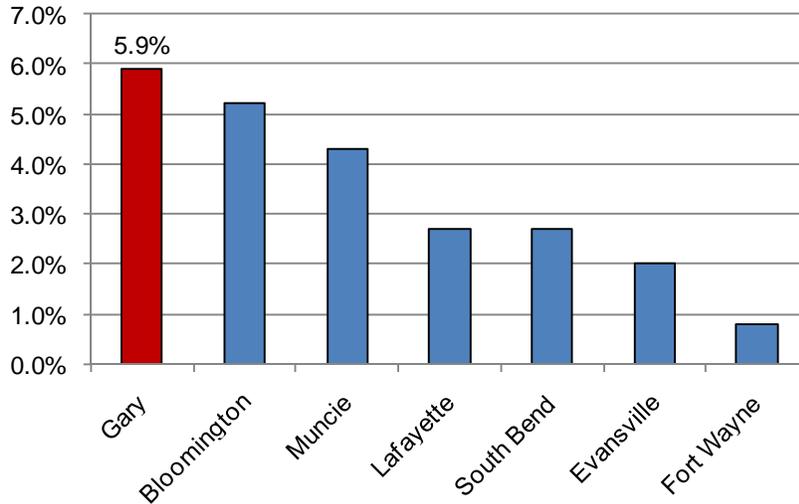
Median Household Income, 2006-2008 Estimate



¹⁹ Unless otherwise noted, the economic data presented in this section comes from the US Census Bureau's American Community Survey, three year estimates for 2006 – 2008.

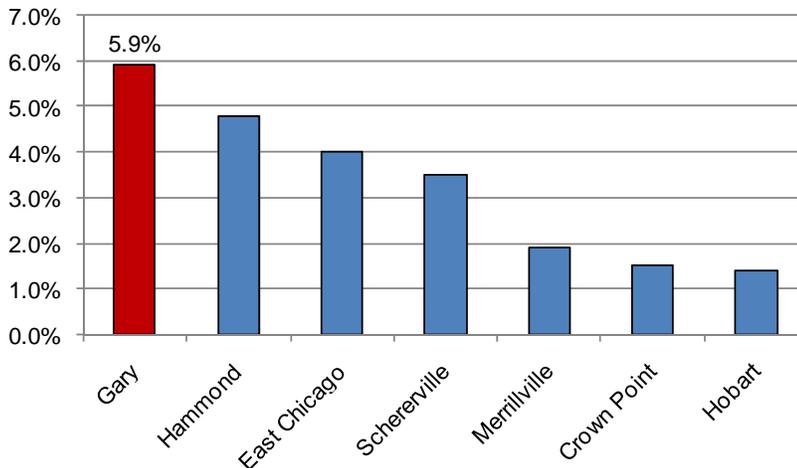
Gary's population relies more heavily on transit to get to work. In Gary, 5.9 percent of workers over the age of 16 use public transit to get to work. Bloomington has 5.2 percent of its workforce using public transit for this purpose but four of the other five comparison cities have less than 3.0 percent of workers using transit to commute transit. Gary residents also have the longest commute to work, with a mean travel time of 24.6 minutes compared to the average time of 17.7 minutes.

**Percentage of Workforce Using Public Transit to Commute to Work
2006-2008 Estimate**



The differences are even more striking when Gary is compared to other Lake County municipalities. Gary's median household income is 44.8 percent lower than the County median (\$49,835). Of the larger municipalities covered in the American Community Survey, only East Chicago (\$29,631) approaches Gary's level of \$27,526. Gary's 34.0 percent poverty rate is more than twice the County average (16.0 percent), as is its unemployment rate (16.9 percent to 8.1 percent). Gary also has the highest incidence of people using public transit to get to work compared to a County average of 3.5 percent. Hammond (4.8 percent) and East Chicago (4.0 percent) have similarly high percentages.

**Percentage of Workforce Using Public Transit to Commute to Work
Lake County Municipalities
2006-2008 Estimate**



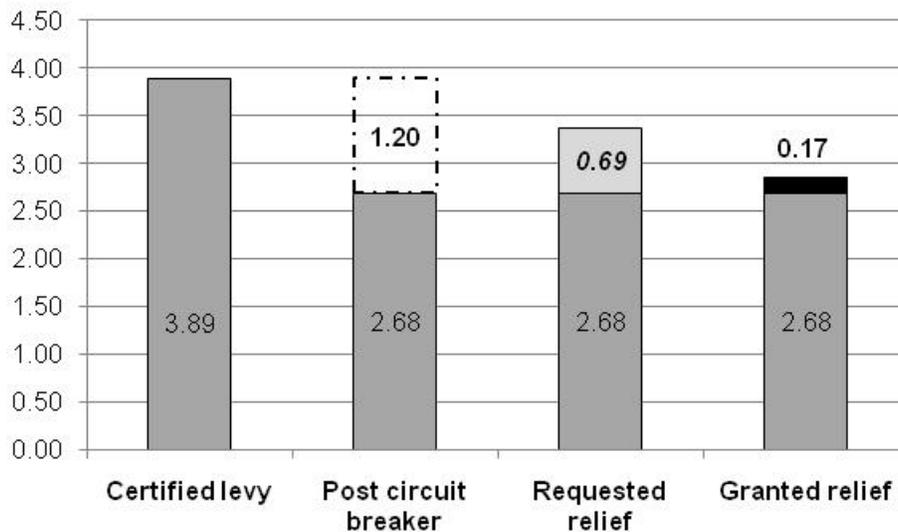


Whether the point of comparison is other Indiana cities or Lake County municipalities, the area served by GPTC appears to be more transit-dependent, and residents have less income to find alternative means of transportation. Against that backdrop, GPTC faces financial challenges that threaten its ability to continue operations.

Circuit Breaker Property Tax Credit and Expenditure Growth Factors

Layered on top of this challenging operating environment is the impact of the circuit breaker tax credits. In 2009, the estimated certified levy for GPTC absent any circuit breaker credit was \$3.89 million for the General Fund and Debt Service Fund combined. The circuit breaker credit authorized by Public Law 146 reduced that amount by an estimated \$1.20 million to \$2.68 million for both funds. GPTC petitioned the DUAB for \$686,000 in relief and received \$174,000, bringing the net revenue – the amount GPTC would receive in 2009 assuming 100 percent collections and timely tax billing – to an estimated \$2.86 million for both funds.

2009 Property Tax Levy, Circuit Breaker Credit and DUAB Relief (\$ Million)²⁰



To compensate for the remaining gap and its pre-existing financial gap, GPTC shifted federal capital funds intended for the regional electronic fare collection project, the regional dispatch project and a bus purchase²¹ to operating support. GPTC leadership acknowledges that these are not long term solutions to its projected shortfall.

As part its petition to the DUAB for property tax relief in FY2009, GPTC included simple projections of its revenues and expenditures through FY2012. The projections held most revenues and expenses constant relative to the FY2009 budget, so they did not grow or decline from FY2010 through FY2012. There was no growth in GPTC’s revenues – taxes, fare collections and intergovernmental contributions all remain flat – and there was no growth in expenditures, including those for employee wages and benefits. The fiscal monitor has modified the projections using the following assumptions:

²⁰ The certified levy and post-circuit breaker amounts were provided by Policy Analytics.

²¹ GPTC will purchase five buses using ARRA funding instead of six.



- Property tax projections are based on Policy Analytics' model that uses individual parcels' value to estimate the amount of property tax revenue jurisdictions can collect each year.²² These projections reflect the full amount that GPTC could collect for its General Fund and Debt Service Fund each year assuming the property tax caps under Public Law 146 are fully implemented in FY2010. The fiscal monitor is using the 100 percent collection level (i.e. \$2.4 million in FY2010) on the assumption that the total collections – money received from current year property taxes plus money collected for delinquent property taxes that were due for payment in previous calendar years – could equal 100 percent.

In addition to collecting delinquent taxes, which is a challenge that all property tax collecting governments confront in varying degrees, there is a second reason that taxing bodies in Lake County do not receive property tax revenues in the year for which they are budgeted. Lake County has been unable to certify assessments in a timely manner, generating late property tax bills.²³ This delay due to procedural problems has forced GPTC and others to increase the size (and related cost) of annual cash flow borrowings to bridge the gap until property tax revenues are available. As with the parallel reports on the City and other taxing units, the projections assume the State, County and other units will resolve this issue or provide the taxing bodies with the relief they need to compensate for it.

- The cost of employee health insurance grows by 10.6 percent annually based on long-term national trends. GPTC recently received an insurance quote for FY2010 that includes a proposed 49 percent price increase. The cost of GPTC's contribution to employee pension benefits increases by 5.0 percent annually.
- Gasoline costs increase by 7.9 percent annually. All other non-personnel related expenses increase by 2.5 percent.
- Personnel costs remain frozen as projected in GPTC's DUAB petition filed in December 2008. Debt service costs in the General Fund and the Debt Service fund remain as projected in the DUAB petition.

**Fiscal Monitor Revenue and Expenditure Projection²⁴
Operating and Debt Service Funds, FY2010-FY2012**

	2010 Projected	2011 Projected	2012 Projected	% Change
Total revenues	8,510,956	8,529,043	8,564,223	0.6%
Total expenditures	9,525,982	9,697,266	9,936,138	4.3%
Surplus/ (Deficit)	(1,015,026)	(1,168,223)	(1,371,915)	N/A

The financial challenges facing the GPTC extend beyond the impact of Public Law 146. As the table above illustrates, with no property tax relief the system faces significant deficits in each of the next three years. Even if GPTC received property tax relief in FY2010 and FY2011, the system would still run deficits in those years before the relief prospectively reduced to zero in FY2012.

²² Policy Analytics' work is the source for the property tax projections in the fiscal monitor's parallel reports on the City and other units of government in Gary. The same source is used in this report for consistency. The projections reflect property values known as of November 3, 2009.

²³ According to recent reports, the problems extend to Calumet Township which is having difficulty completing a related study of assessment accuracy due to foreclosures and delinquent lot sales.

²⁴ Please see the Appendix for more detailed projections.



Revenue and Expenditure Projection with Property Tax Relief²⁵

	2010 Projected	2011 Projected	2012 Projected	% Change
Total revenues	8,835,924	8,700,073	8,564,223	-3.1%
Total expenditures	9,525,982	9,697,266	9,936,138	4.3%
Surplus/ (Deficit)	(690,058)	(997,193)	(1,371,915)	N/A

GPTC officials note that these projected deficits could be even larger if the current contract with the RBA for regional service is not extended beyond its August 2010 expiration. The projections above assume a level \$1.5 million in annual RBA funding in accordance with the GPTC’s petition filed in December 2008.

Regionalization

In recent years there have been ongoing discussions on the consolidation of local transit systems into the RBA. A consolidation plan funded by the Regional Development Authority and completed by the firm Parsons Brinckerhoff was released in July 2009, and estimated that economies-of-scale could “perhaps [realize] a savings of \$250,000 to \$500,000 a year.”²⁶

A larger regionalization based in part on one of the Parsons Brinckerhoff consolidation plan scenarios for a combined authority was advanced in the fall of 2009. The proposed consolidation, which would have abolished the RBA and replaced it with a Regional Transportation District (RTD) to oversee buses in a multi-County area and the South Shore commuter railroad, failed in a referendum on November 3, 2009. This referendum was supposed to take place in Lake, Porter, LaPorte and St. Joseph counties, but was not held in Lake County and LaPorte County. St. Joseph County tallied a “no” vote of 95 percent, and Porter County a “no” vote of 80 percent. If created, the new RTD would have established a 0.25 percent income tax to fund service.

Despite the failure of this referendum, a more limited regionalization is proceeding through the Regional Bus Authority. In place of city-run service, Hammond has earmarked \$900,000 in annual casino revenues to the RBA in each of the next two years and the Regional Development Authority has provided an additional \$500,000 in funding to allow bus service to be continued within that City. The new routes will be operated by the RBA, potentially through a private contractor and may stretch into several surrounding communities for better access to medical offices and shopping plazas. These regional routes are expected to be operating by summer 2010.

In addition, there are a number of initiatives being undertaken by local transit systems – many of them led by GPTC – which may result in a more unified regional transit system, but without the creation of a new entity for oversight. The existing bus companies are cooperating on unified fare box recovery as well as regional dispatching and collective fuel purchasing. Such efforts would be unlikely to realize the full operational and expenditure reduction benefits of a new regional system, but could have effects on service delivery and transit convenience that could increase ridership and help improve the sustainability of the participating systems.

²⁵ The projected relief is an additional \$324,968 in FY2010 revenue and \$171,030 in FY2011 revenue. These projections come from Policy Analytics’ November 3, 2009 analysis.

²⁶ Northwest Indiana Transit Consolidation Plan. July 17, 2009. Page 50.



It is important to note that the savings from regionalization and partially- or fully-privatized operations are unlikely to cover recent deficits in the cost of service provided by the various transit agencies in northwestern Indiana. A long-term solution will require a stable source of non-farebox subsidy to transit, reconfigured and possibly reduced service, or some combination of both.

Initiatives

As noted at the outset of this report, GPTC did not submit a circuit breaker tax credit relief petition to the DUAB for 2010. However, regardless of the level of its property tax revenue, GPTC will face significant financial challenges in 2010 and beyond. These challenges threaten GPTC's ability to provide service and the availability of vital transit services to those who live and work in Gary and nearby jurisdictions. GPTC is fully aware of this situation, noting in its most recent strategic plan that:

Whether a regional concept is implemented to consolidate the three transit agencies in Northwest Indiana (Gary, Hammond and East Chicago) or if the three agencies remain independent is unclear at this time, but if the agencies have to operate as smaller organizations, bus transit can only be sustained if it is re-scaled to fit the realities of today's market and sources of funding. The most difficult task will be securing stability of local/regional/state funding and refining services to assure viable connection of the transit market to the job market while simultaneously providing essential public transportation to the mobility impaired for all trip purposes.²⁷

This fiscal monitor report presumes that the elimination of public transit service is not a desirable outcome for the City of Gary, Lake County, the State of Indiana or other regional stakeholders. At the same time, the State of Indiana has legislated a policy change, directing local government units to reduce reliance on the property tax and increase the amounts of funding generated from user fees and other revenue sources. Therefore, the suggestions here focus on small and large steps that can be taken to maintain transit service in Gary even with lower property tax revenue.

It should be noted that because public transit is rarely self-sufficient, many of the most important initiatives for GPTC cannot be undertaken unilaterally by the system, but require a cooperative solution from city, county, regional and state leaders who value the economic and environmental benefits of public transit in Gary and throughout northwestern Indiana.

Because of the GPTC's decision not to file a petition circuit breaker tax credit relief for 2010, this section of the fiscal monitor report does not provide specific steps the DUAB might direct the system to take to reduce costs and increase revenues in conjunction with a review of their property tax funding allotment. Rather, it includes areas the system should explore in changing its funding structure and operating model to continue to provide service to Gary.

Options for Reduced Operating Costs

The majority of GPTC costs are related to personnel and vehicle purchase, operations and maintenance. Not surprisingly, these areas provide the most options for reducing system operating costs. Key options include:

- **Service reduction:** The system's 2008-2013 financial plan considered the elimination of local weekday evening service (after 8:00 p.m.) and the elimination of local Saturday service. At various times, the system has considered or implemented route elimination. While reduced service can often result in a ridership reduction spiral, given the difficult financial situation, the elimination of the most lightly-used routes must be evaluated by GPTC.

²⁷ 2009-2012 GPTC Strategic Plan, page 9.



- **Health benefit and salary costs:** The fiscal monitor recommended changes to the City of Gary's health insurance cost sharing arrangement and plan design to help the City achieve critically needed expenditure savings in FY2010 and future years. For example, the fiscal monitor recommended that City employees covered by the Health Maintenance Organization (HMO) plan would pay 25 percent of the monthly premium and employees choosing the more generous Preferred Provider Organization (PPO) plan would pay 100 percent of the cost difference between the HMO and PPO coverage.

In the past, GPTC has considered health plan consolidation with the City, but has found its existing plan more affordable. Now, facing a significant premium increase in 2010, and with changes in the City plans, GPTC should again review the potential savings from joining a larger plan with a different cost structure.²⁸ In addition, GPTC may need to consider other employee-related measures offered in the fiscal monitor's plan for the City, including wage freezes and furloughs²⁹. GPTC should review the plan for ideas that might be included in its current round of bargaining with the ATU.

- **Joint purchasing and shared services:** As noted above, GPTC is exploring options for savings from joint purchasing of fuel, its largest commodity expense. There may be additional services GPTC can purchase together with other transit systems or the City of Gary. In addition, the system should consider other procurement consolidation, such as sharing purchasing agent expenses with other regional transit systems, the City of Gary, and the School District.

GPTC may also benefit from working with other Gary government units to review joint service or contracting for items ranging from security services to utilities. The fiscal monitor report for the City suggested that greater attention to energy management could produce savings. Perhaps the GPTC could partner in these efforts.

Options for Increasing Revenues

GPTC has not increased fares in over a decade, and fare hikes will depress ridership at a time when the system and its riders are already suffering from the effects of the national recession. However, as noted in the recent strategic plan, the system must consider eliminating transfers and instituting an across-the-board fare increase. Other revenue initiatives include evaluating paratransit service to determine whether fares and grants cover the cost of service.

Options for Regionalization

As described above, the Parsons Brinckerhoff study completed earlier this year provides an overall examination of the benefits of regionalization and a detailed roadmap to implement a combined transit organization for the region. GPTC's own annual strategic plans also address these issues. There is little to be added by this fiscal monitor report, other than to note that the weak financial results that will occur by the end of FY2010 and worsen in future years put a firm deadline on the period in which regional leaders must devise an alternative funding structure for transit in the area.

Options for Private Operation

In the post-war period, transit in the United States has been increasingly operated by the public sector. With the exception of intercity bus service, commuter transit has had limited private sector operators. That said, there are increasing options for the private operation of all or part of public transit systems,

²⁸ Please see the Workforce Chapter of the fiscal monitor's report on City operations for more details on the City's plans and the fiscal monitor's recommendations.

²⁹ GPTC began requiring non-represented employees to take eight hours of furlough time each month in mid-2009.



including back office functions, fleet maintenance, and other operations and support services. In addition, it appears that some or all of the successor service to Hammond's bus company could be provided by the private sector.

Given these possibilities, and taking into account current GPTC collective bargaining agreements, the agency should evaluate whether selected functions could be provided more cost-effectively by private providers, especially in conjunction with other regional transit systems. GPTC should consult closely with the RBA and the RDA to align its future plans in this regard with those of the other regional transit providers.



**Appendix A
Expenditure Detail, 2006 – 2007**

	FY2006 Budget	FY2006 Actual	FY2007 Budget	FY2007 Actual
Operators' wages	1,471,655	1,535,382	1,657,783	1,578,988
Other salaries - maintenance	542,500	565,621	667,052	575,589
Other salaries - administration	326,199	257,985	322,719	354,067
Other salaries - transportation	191,700	81,470	100,000	115,524
Other wages and salaries	75,018	67,589	59,212	83,088
Overtime - scheduled	90,000	90,267	77,908	72,511
Overtime - unscheduled	111,000	107,402	121,775	94,792
Maintenance double overtime	20,000	13,343	30,307	1,521
Operators spread time	13,000	11,596	14,017	9,817
Float Pay	18,200	15,837	15,699	16,685
Bereavement pay	7,500	1,362	1,208	4,035
Operators build up	1,000	195	458	1,086
Salaries and wages subtotal	2,867,772	2,748,050	3,068,138	2,907,703
FICA - company expense	210,000	225,441	298,504	279,300
Pension plan company expense	60,000	53,365	62,800	51,890
Health/life insurance company expense	1,155,000	1,131,831	1,365,620	1,185,518
State unemployment tax	30,000	27,448	65,938	21,916
Federal unemployment tax	10,000	9,115	15,911	4,536
Holiday pay	67,200	50,949	34,324	64,322
Workers' compensation	65,314	41,951	46,378	103,041
Vacation pay	102,700	89,241	94,779	91,473
Compensated days	29,500	20,466	13,383	16,674
Long term disability	57,000	57,293	70,343	45,918
Fringe benefits jury duty	2,400	716	1,581	0
Other compensation	136,600	132,510	175,377	133,702
Employee benefits subtotal	1,925,714	1,840,327	2,244,938	1,998,289
Uniform/tool allowance	7,000	1,800	4,536	18,498
Employee training	10,500	2,153	806	6,264
Physical examinations	9,000	8,329	10,601	4,850
CDL/Chauffeurs license fees	600	190	176	405
Other personnel services subtotal	27,100	12,472	16,119	30,017



	FY2006 Budget	FY2006 Actual	FY2007 Budget	FY2007 Actual
Materials and supplies	24,644	19,127	13,352	33,100
Gasoline	155,000	159,337	214,225	242,362
Diesel fuel	465,000	467,279	500,000	412,732
Motor oil	15,000	11,159	20,000	9,532
Other lubricants & fluids	6,000	5,998	15,000	23,409
Tires & tubes purchases	10,649	6,424	5,015	15
Office & operating supplies subtotal	676,293	669,324	767,592	721,149
Material/supplies inventory	100,000	84,012	95,711	8,345
Material/supplies expense	103,543	79,781	82,106	134,173
Small tools & equipment	2,000	1,614	5,000	2,113
Coverall & towel rental	25,000	21,878	24,676	19,197
Repair & maintenance supplies	230,543	187,286	207,493	163,828
Legal fees	40,000	39,530	43,712	30,372
Law suit/settlements	8,500	8,500	50,000	5,850
Security services	335,000	344,583	350,719	295,469
Auditing fees	40,000	28,000	45,360	67,730
Consultant fees	15,000	13,256	17,864	30,452
Janitorial services	61,400	63,318	3,997	70,928
Other services	0	0	0	220,293
Professional services subtotal	499,900	497,187	511,652	721,094
Telephone expenses	52,000	47,926	41,822	35,648
Telephone long distance	3,400	3,266	2,832	5,446
Vehicle license and registration	200	51	0	500
Travel, mileage and lodging	54,075	47,319	44,505	450,617
Registrations	15,000	9,647	12,666	4,763
Postage	3,000	2,689	1,686	2,000
Freight/UPS/Fed Ex	5,400	4,565	1,298	3,746
Communication & transportation	133,075	115,463	104,809	502,720³⁰
Electricity	92,000	97,656	142,649	94,981
Natural gas	121,300	108,328	109,207	117,027
Water	11,000	9,424	9,458	14,649
Utility services subtotal	224,300	215,408	261,314	226,657

³⁰ GPTC is aware of this anomalous result, which could be an error in the underlying data, and is investigating it further.



	FY2006 Budget	FY2006 Actual	FY2007 Budget	FY2007 Actual
Interest expense	60,000	113,545	144,500	0
Advertising services	16,000	13,702	7,627	14,500
Public liability insurance	459,000	477,023	510,486	299,107
Maintenance services	164,727	155,794	104,541	133,406
Repair services	29,000	17,971	19,428	75,938
Tires & tubes rentals	37,500	21,740	60,000	43,652
Lease Purchase	22,000	25,141	27,431	25,160
Bank fees	1,800	923	0	1,117
Board members compensation	8,400	8,400	8,400	8,900
Other services	298,463	287,865	455,383	63,841
Waste disposal	18,200	12,132	14,298	15,219
Dues & subscriptions	18,050	16,392	10,028	30,266
Other services & charges subtotal	1,133,140	1,150,629	1,362,122	711,107
Total	7,717,836	7,436,145	8,544,178	7,982,565



**Appendix B
Detailed Revenue and Expenditure Projections, 2010 – 2012**

With the exception of property tax revenue, the revenue projections shown below are based on GPTC's petition to the DUAB for circuit breaker tax credit relief as filed in December 2008. That petition included revenue projections through FY2012.

The property tax figures come from Policy Analytics projections of how much revenue GPTC would receive for its General Fund and Debt Service Fund under the following conditions:

- The property tax caps enacted under Public Law 146 of 2008 take full effect in FY2010.
- GPTC would receive 100 percent of the amount due under the property tax caps in each year. While current year collections would not reach 100 percent in any year, it is possible that the combination of current year revenues and the revenue from delinquent taxes that were due for payment in previous calendar years could reach the 100 percent threshold.
- Property tax projections are based on an estimated certified levy according to property values known on November 3, 2009.

Revenue Projections

	2010 Projected	2011 Projected	2012 Projected	% Change
Financial institution tax	5,000	5,000	5,000	0.0%
License excise tax	80,000	80,000	80,000	0.0%
CVET	20,000	20,000	20,000	0.0%
Other taxes subtotal	105,000	105,000	105,000	0.0%
Federal matching funds	2,127,000	2,127,000	2,127,000	0.0%
PMTF	1,065,000	1,065,000	1,065,000	0.0%
Regional Bus Authority	1,500,000	1,500,000	1,500,000	0.0%
Intergovernmental revenue subtotal	4,692,000	4,692,000	4,692,000	0.0%
Fare box revenue	1,183,000	1,183,000	1,183,000	0.0%
Interest on investments	2,000	2,000	2,000	0.0%
Advertising	20,000	20,000	20,000	0.0%
Miscellaneous revenue	83,000	83,000	83,000	0.0%
Miscellaneous subtotal	105,000	105,000	105,000	0.0%
General fund subtotal	6,085,000	6,085,000	6,085,000	0.0%
Financial institution tax	1,500	1,500	1,500	0.0%
License excise tax	22,000	22,000	22,000	0.0%



	2010 Projected	2011 Projected	2012 Projected	% Change
CVET	4,000	4,000	4,000	0.0%
Debt service fund	27,500	27,500	27,500	0.0%
Property tax (both funds)	2,398,456	2,416,543	2,451,723	2.2%
Total	8,510,956	8,529,043	8,564,223	0.6%

The expenditure projections shown below are based on GPTC's petition to the DUAB for circuit breaker tax credit relief as filed in December 2008. That petition included expenditure projections through FY2012, which have been modified by the fiscal monitor as follows:

- The cost of employee health insurance grows by 10.6 percent annually based on long-term national trends. The cost of GPTC's contribution to employee pension benefits increases by 5.0 percent annually.
- Gasoline costs increase by 7.9 percent annually. All other non-personnel related expenses increase by 2.5 percent.
- Personnel costs remain frozen as projected in GPTC's DUAB petition. Debt service costs in the General Fund and the Debt Service Fund remain as projected in the DUAB petition.

Expenditure Projections

	2010 Projected	2011 Projected	2012 Projected	% Change
Operator's Salaries and Wages	1,665,542	1,665,542	1,665,542	0.0%
Other Salaries and Wages	1,331,373	1,331,373	1,331,373	0.0%
O/T Salaries and Wages - Scheduled	52,090	52,090	52,090	0.0%
O/T Salaries and Wages - Unscheduled	97,320	97,320	97,320	0.0%
Operator's Spread Time	11,075	11,075	11,075	0.0%
Float Pay	17,570	17,570	17,570	0.0%
Bereavement	12,900	12,900	12,900	0.0%
Operator's Build Up	1,500	1,500	1,500	0.0%
Salaries and wages subtotal	3,189,370	3,189,370	3,189,370	0.0%
FICA - Company Expense	243,987	243,987	243,987	0.0%
Pension Plan - Company Expense	55,755	58,543	61,470	10.3%
Health/Life Insurance - Company Exp.	1,342,684	1,485,009	1,642,419	22.3%
Federal/State Unemployment	26,500	26,500	26,500	0.0%



	2010 Projected	2011 Projected	2012 Projected	% Change
Holiday Pay	129,089	129,089	129,089	0.0%
Workmen's Compensation	53,000	53,000	53,000	0.0%
Vacation Pay	140,389	140,389	140,389	0.0%
Compensated Days	36,415	36,415	36,415	0.0%
Long/Short Term Disability	50,280	50,280	50,280	0.0%
Employee benefits	2,078,099	2,223,211	2,383,549	14.7%
Uniform Allowance	33,045	33,045	33,045	0.0%
Employee Training	12,500	12,500	12,500	0.0%
Physical Examinations	6,018	6,018	6,018	0.0%
CDL/Chauffeurs License Fees	385	385	385	0.0%
Other personnel costs	51,948	51,948	51,948	0.0%
Materials & Supplies	30,781	31,550	32,339	5.1%
Gasoline	103,584	111,767	120,597	16.4%
Diesel Fuel	841,525	862,563	884,127	5.1%
Motor Oil	30,750	31,519	32,307	5.1%
Other Lubricants & Fluids	12,300	12,608	12,923	5.1%
Tires & Tubs Purchases	3,075	3,152	3,231	5.1%
Materials & Supplies Inventory	131,969	135,268	138,650	5.1%
Materials & Supplies Expense	172,508	176,820	181,241	5.1%
Small Tools & Equipment	21,525	22,063	22,615	5.1%
Coverall & Towel Rental	17,651	18,092	18,544	5.1%
Supplies	1,365,667	1,405,402	1,446,572	5.9%
Legal Fees	41,000	42,025	43,076	5.1%
Law Suit/Settlements	10,250	10,506	10,769	5.1%
Security Services	116,850	119,771	122,766	5.1%
Audit Fees	44,075	45,177	46,306	5.1%
Consultant Fees	25,625	26,266	26,922	5.1%
Other professional services	5,125	5,253	5,384	5.1%



	2010 Projected	2011 Projected	2012 Projected	% Change
GIS	24,395	25,005	25,630	5.1%
Professional services	267,320	274,003	280,853	5.1%
Telephone Expenses	34,840	35,711	36,604	5.1%
Telephone Long Distance	6,458	6,619	6,784	5.1%
Vehicle License/Registration	513	525	538	5.1%
Travel & Mileage	29,110	29,838	30,584	5.1%
Meetings & Seminars	7,923	8,121	8,324	5.1%
Postage	2,691	2,758	2,827	5.1%
Freight/UPS Charges	10,327	10,585	10,850	5.1%
Communications and travel	91,861	94,157	96,511	5.1%
Public liability insurance	197,108	202,035	207,086	5.1%
Electricity	77,490	79,427	81,413	5.1%
Natural Gas	77,490	79,427	81,413	5.1%
Water/Sewer	12,915	13,238	13,569	5.1%
Utilities	167,895	172,092	176,395	5.1%
Maintenance Services	91,481	93,768	96,112	5.1%
Repair Services	529,105	542,333	555,891	5.1%
Repairs and maintenance	620,586	636,101	652,003	5.1%
Interest Expense	82,000	82,000	82,000	0.0%
Debt service (General Fund)	82,000	82,000	82,000	0.0%
Tires & Tubes Rental	48,431	49,642	50,883	5.1%
Lease Purchase	18,942	19,416	19,901	5.1%
Rentals	67,373	69,058	70,784	5.1%
Advertising	23,063	23,639	24,230	5.1%
Bank Fees	2,050	2,101	2,154	5.1%
Board Members Compensation	8,400	8,610	8,825	5.1%
Other Services	21,489	22,026	22,577	5.1%
Waste Disposal	9,148	9,377	9,611	5.1%



	2010 Projected	2011 Projected	2012 Projected	% Change
Dues & Subscriptions	6,150	6,304	6,461	5.1%
Other services	70,300	72,057	73,859	5.1%
General fund subtotal	8,249,526	8,471,434	8,710,930	5.6%
Principal	1,130,000	1,130,000	1,180,000	4.4%
Interest	141,456	90,832	40,208	-71.6%
Trustee Fees	5,000	5,000	5,000	0.0%
Debt service fund	1,276,456	1,225,832	1,225,208	-4.0%
Total	9,525,982	9,697,266	9,936,138	4.3%