TRANSPORTATION FEE RATE REQUEST

FOR

FY 2016 AND FY 2017

Submitted By

Jose Mitjavila, Chair
IU Student Transportation Board
Representing the Graduate and Professional Student Organization

Perry J. Mauull, Operations Manager
IU Campus Bus Service

March 11, 2015
Background

IU Campus Bus Service is requesting a 2% increase in the Student Transportation Fee for FY 2016 and 2.0% for FY 2017. Bus services on and to/from the IU Bloomington Campus have continued to be an important service provided to IU students.

The mandatory student transportation fee will generate approximately $5 million for FY 2015. The IU Student Transportation Fee is the single largest source of public transportation funding in Bloomington. The IU Student Transportation Fee generates more revenue for public transportation in Bloomington than is generated from any other single source: federal, state, or local.

Service Characteristics

IU Campus Bus Service
IU Campus Bus Service provides an intensive level of service to the Bloomington Campus on 4 regularly scheduled routes with 17 buses during peak hours. Attachment #1 shows ridership trends since FY 2006 when the prepaid fare system was implemented. No fares, passes, or ID’s are required to board a bus which expedites the boarding process for all passengers which results in more efficient service. IU Students represent 99% of the total ridership of IU Campus Bus Service.

Bloomington Transit
IU students have unlimited access to all of Bloomington Transit’s fixed routes. BT’s Route 6, Route 7, and the Route 9 are the routes most heavily used by IU students. Attachment #2 shows Bloomington Transit’s total ridership and IU student ridership. Overall IU students represent about 70% of BT’s ridership.

Challenges

IU Campus Bus Service experienced negative financial results for many years. Over the past 15 years Campus Bus Service ended a fiscal year with both positive net income and positive cash balance just six times: FY 2003, FY 2009, FY 2010, FY 2011, FY 2012 and FY 2013. The end of the fiscal year cash balance changed from a -$328,620 at June 30, 2006 to +$4,224,263 at June 30, 2013. The goal of ending the fiscal year with positive net income was not accomplished in FY 2014, because of the bus rehabilitation project which required the use of $1,219,914 from cash reserves. The bus rehabilitation project is not considered a capital project, so the expenses associated with the project are reflected on the income statement. However, at June 30, 2014 there was still a +$3,136,900 cash balance. Most of this cash, approximately $2,000,000 is pledged to pay for 5 new buses to be delivered in June 2015.

As a unit of Auxiliary Business Services, Campus Bus Service is required to operate in a business-like manner which means that it should end each fiscal year with both a positive cash balance and a positive net income. Just breaking even is not an option for Campus Bus Service, because it needs to have operating reserves to deal with unexpected or uncontrollable increases in expenses.
Campus Bus Service also needs to set aside funding for the replacement of buses, because there is no other source of funding available for this purpose.

Campus Bus Service is faced with many financial challenges largely outside of its control, because many of its costs are set externally by either the University or by the market place.

The Campus Budget Office annually sets a University Tax and an IU Bloomington Campus overhead allocation based on total expenses. The transfers-out amounts to almost $300,000 a year in overhead expenses which is outside of the control of Campus Bus Service. In addition, Campus Bus pays 9% of the salary and fringe benefits or approximately $13,000 per year for the Transportation Liaison and Demand Manager. Campus Bus Service also pays IU Document Service Centers $45,000 each year for accounting services. In total over $350,000 a year in transportation fees are paid to other IU units and are not available to pay for bus services.

The Bloomington Transit contract for prepaid IU student fares was increased by 2% for FY 2015 to $1,071,067. We expect BT to ask for a similar increase in its contract over each of the next two fiscal years. Campus Bus Service has no direct role in the negotiations with Bloomington Transit for BT’s annual contract.

Based on the trend of wage increases being granted by the University it is expected that wages and salaries will increase by 2% for appointed (full-time) employees in each of the next two fiscal years. Fringe benefit rates have been increasing at an even higher rate over the past several years moving from 27.5% in FY 2007 to 45.5% in FY 2015. Most of the increase in fringe benefit rate has been caused by increases in employer paid medical insurance and employer paid pensions.

The cost of diesel fuel has been very volatile since 2008 when diesel fuel hit a high of $4.19 per gallon. These prices are without any federal or state taxes. Currently diesel fuel costs $3.01 per gallon.

Capital expenses associated with replacing the current bus fleet will be a huge challenge in the future. In 2012 Congress eliminated the Federal Transit Administration’s discretionary capital grant program under which Indiana University obtained 80% federal funding to purchase all 27 buses in the current fleet. Federal capital funds will now be allocated by formula to the designated recipient in each urbanized area. Bloomington Transit is the designated recipient for the Bloomington urbanized area. Indiana University is eligible to be approved by the Governor of Indiana as a designated recipient. However, IU would have to request the Governor to become a designated recipient of Federal Transit Administration formula funds.

The existing fleet of 27 buses was acquired during the years 1999 through 2005. The total acquisition cost for the 27 buses was $6,123,045. Of that amount 80% or $4,898,436 was reimbursed by Federal Transit Administration grants. IU Parking Operation paid the balance of 20% or $979,687. No Campus Bus Service funds were used to pay for any of the current 27 buses.

Because Indiana University doesn’t currently have access to Federal Transit Administration grants, Campus Bus Service had to rehabilitate the 18 of its 27 buses, instead of replacing them with new buses. The bus refurbishment project which was completed in November 2014 cost a total of
$2,927,292.90. The bus refurbishment will extend the life of these 18 buses by an average of 6 to 8 years.

Five new buses will be delivered in June 2015 which will replace the nine 1999 buses that were not rehabilitated. As stated above the approximately $2 million cost for these 5 buses will be paid for by Indiana University from a combination of the mandatory student transportation fee and parking revenues.

Campus Bus Service receives an allocation of $200,000 per year from Parking Operations for bus replacement per year, however the balance of the funds required for replacing the bus fleet will need to come from the Campus Bus Service financial resources. To replace the existing fleet of 27 will cost some $10,800,000 at current pricing. All of the capital costs will need to come from the mandatory student transportation fee and the $200,000 annual allocation from parking.

Campus Bus Service does not receive operating financial assistance from either the Federal Transit Administration (FTA) or the Indiana Department of Transportation (INDOT). Indiana University is eligible for both federal and state operating financial assistance, but has not applied for these federal or state grants.

The lack of a diversified revenue base was felt most severely in 2008 when diesel fuel costs unexpectedly escalated and Campus Bus Service was forced to scale back bus service so that it could balance its budget.

Every other public transit system in Indiana obtains operating financial assistance from the Indiana Department of Transportation through the Public Mass Transportation Fund (PMTF) and from the Federal Transit Administration formula grants. Indiana University has chosen not to participate in either of these grant programs.

**Student Transportation Board**

The Student Transportation Board (STB) continuously monitors bus services on the behalf of all IU students. The STB includes representatives from major student organizations: two representatives from the IU Student Association (IUSA), two representatives from the Graduate and Professional Students Organization (GPSO), two representatives from the Residence Halls Association (RHA), one representative from the Inter-Fraternity Council (IFC), and one representative from the Pan Hellenic Association (PHA). An at-large student is appointed by the IU Bloomington Dean of Students. A faculty representative and a staff representative also serve as full voting members on the eleven member board.

The STB meets on a regular basis to provide oversight to public transportation services paid for by the student transportation fee.

The STB Charter calls for it to perform the following:

*The purposes of the Student Transportation Board are: to approve all public transportation services provided by IU Campus Bus Service; to provide student input into the setting of the mandatory student transportation fee; and to monitor the effectiveness of the services as determined by the Board.*
transportation fee which is used to fund services provided by IU Campus Bus Service; and to provide student involvement in the management and operations of IU Campus Bus Service.

Proposed Solutions

Currently 98% of the revenue for Campus Bus Service comes from the mandatory student transportation fee. Other public transportation systems, such as Bloomington Transit, obtain operating revenues from combined state and federal grants, as well as local taxes. If Campus Bus Service does not obtain sufficient revenue from the mandatory student transportation fee to cover all operating costs, then ultimately service levels will have to be proportionately reduced to balance the budget between available revenues and expenses.

Summary of Accomplishments

Campus Bus Service has accomplished the following over the past eight years:

- Aggressively reduced costs through the elimination of a total of nine (9) appointed positions: two clerical staff, maintenance manager, one mechanic, one vehicle service attendant, four dispatcher positions. None of the positions eliminated were appointed bus operator positions, so bus service was not reduced as a result of the elimination of these positions.
- Converted 16 full-time hourly bus operator jobs to appointed bus operator positions resulting in a peak of 22 appointed bus operators in FY 2008. The balance of the full-time hourly bus operator jobs were eliminated when 16 bus operator positions were created.
- Reduced through attrition the number of appointed (full-time) bus operators from the peak of 22 positions to 13 positions. No appointed bus operator lost his or her job. These reductions in vacant positions resulted in reductions in bus service.
- Hired two new appointed bus operators during the current fiscal year with the understanding that they will only be assigned work for 1,280 hours per year during the full service schedule times over the Fall Semester and Spring Semester. This allowed Campus Bus Service to preserve bus service during the Fall and Spring Semesters when it is in the most demand. There are currently 15 appointed bus operators.
- As directed by the 2011 CFR absorbed the expenses for the DoubleMap bus tracking system that had been developed by IU students and paid for by IUSA in 2009-2010.
- Expanded job opportunities for IU students to become part-time bus operators through extensive recruitment campaigns and intensive training programs. IU Campus Bus Service employs 50 IU students as part-time bus operators. This is a huge increase in IU student employment compared to FY 2006 when only 1 IU student was employed as a part-time bus operator. Also, IU students employed as bus operators have allowed Campus Bus Service to almost eliminate overtime by appointed bus operators.
- Created student supervisor jobs to provide upward mobility opportunities for student bus operators. Students provide all supervision for Campus Bus every day, every evening and on weekends, including all Night Owl bus service.
- Converted the Midnight Special into the Night Owl which is jointly operated by Campus Bus and Bloomington Transit. Ridership has more than doubled and the cost of providing the service was dramatically reduced from the previously contractor provided minibus.
service. The service is now reliable providing thousands of safe late night rides, since it was converted a fixed route operation.

- Installed security systems in all 27 buses in the current fleet which provide video and audio recordings to improve the safety and security of bus service for students.
- Rehabbed 18 buses over the last two fiscal years at a cost of approximately $3 million. The rehabbed buses included new non-slide flooring to make the floors safer when wet. Also all mechanical subsystems were replaced, including engines, transmissions, air conditioning, brakes, etc. The rehabbed buses were all repainted into the official cream and crimson paint scheme and now feature LED destination signs.
- Ordered 5 new buses that will be delivered in June 2015 at a cost of approximately $2 million. The 5 new buses are thirty-five feet long, instead of the current forty feet length. The shorter buses have an 8 foot shorter turning radius which will allow buses to better maneuver tight corners around campus, thus making bus service more reliable for students.
- Ordered automatic passenger counters through DoubleMap which will be installed this summer on all buses. DoubleMap will now be able to display when buses are full, so that students will know when buses are full. The automatic passenger counters will also give bus stop boardings and alightings which will improve bus service planning.

Summary of Proposals

Campus Bus Service proposes the following actions to be taken during the next two fiscal years:

- Requests a 2% increase in the current mandatory transportation fee rate for each of the next two fiscal years to fund increases in expenses that are not under our control, such as fuel, salary and wage increases, health care for appointed employees, etc.
- Maintain current service level of 17 peak hour buses in service on a Monday through Thursday basis.
- Hire two more appointed bus operators who will be scheduled for 1,280 hours during the Fall and Spring Semesters.
- Retire the nine 1999 buses that were not rehabbed after the five new buses are delivered this summer.
- Continue to replace the existing bus fleet with funds from the mandatory student transportation fee and the annual allocation from Parking Operations for bus replacement. Two new buses have been ordered for delivery in the summer of 2016 and two more new buses for delivery in the summer of 2017.
- Continue to reduce administrative expenses as the opportunities present themselves.
- Continue to replace 12 month appointed bus operators with appointed bus operators who are only guaranteed 1,280 working hours per year when vacancies occur.
- Continue to evaluate the potential to obtain a fixed cost contract for diesel fuel based on the experience with current contract.
- Continue to recruit, train, and retain IU students as part-time bus operators to reduce total compensation expenses.
- Continue to work with the IU Student Transportation Board to continuously monitor, evaluate, and make recommendations for improvements and cost savings.
Rate Proposal
Increase the mandatory transportation fee rate 2% for each of the next two fiscal years:

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<th>Approved FY 2015</th>
<th>FY2016</th>
<th>FY 2017</th>
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<tr>
<td>$63.84</td>
<td>$65.11</td>
<td>$66.42</td>
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Attachment 1: IU Campus Bus Service Ridership Fiscal Years 2006 through 2014

![2006-2014 Ridership By Fiscal Year](image)

Attachment 2: Bloomington Transit Ridership Calendar Years 2006 through 2014

![BT Boardings by Rider Type](image)