

TRANSPORTATION FEE RATE REQUEST
FOR
FY 2018 AND FY 2019

Submitted By

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Description and Purpose

Bus service on and to/from the IU Bloomington Campus continues to be a required service for many IU students.

IU Campus Bus Service (Campus Bus) provides an intensive level of service to the IU Bloomington campus on 4 regularly scheduled routes during the fall and spring semesters when classes are in session. Peak hour weekday service requires 18 buses.

IU students have unlimited access to all of Bloomington Transit's (BT) fixed routes. BT's Route 6, Route 7, and the Route 9 are the routes most heavily used by IU students. Overall IU students represent about 70% of BT's ridership.

The mandatory student transportation fee will generate approximately \$5 million for FY 2017. 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.

Populations Benefitting

IU students living on campus and off campus, some of whom do not have access to private vehicles, can get around campus and all of Bloomington on a pre-paid basis on bus service provided by Campus Bus and BT.

No fares, passes, or ID's are required to board an IU Campus Bus Service bus, which expedites the boarding process for all passengers and results in more efficient service. IU Students represent 99%+ of the total ridership of IU Campus Bus Service, which carried 2,968,282 passengers during FY 2016.

BT requires IU students to show their student IDs when boarding a BT bus. BT carried 2,455,011 IU students during CY 2016.

Total IU student bus ridership for the last available year period was a total 5,423,293 passenger trips. This number most likely represents one of the highest number of IU students utilizing any of the services funded by a mandatory student fee.

Current Activities

The Student Transportation Board (STB) continuously monitors bus services funded by the mandatory student transportation fee on 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 Government (GPSG), 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 monthly basis during the fall and spring semesters to provide oversight to public transportation services paid for by the student transportation fee.

The STB Charter calls for the STB 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 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.

Budget and Sources of Funding

Campus Bus 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 student transportation fee represents 98% of total operating revenues. The Other Operating Revenues are from the sale of advertising spaces on buses and shuttle services provided for IU Auditorium shows. The IU Auditorium shuttles are paid for by the Provost's Strategic Fund.

FY 2017 Summary Budget	
Student Transportation Fee	\$5,012,960
All Other Operating Revenues	\$81,820
Total Operating Revenues	\$5,094,780
Personnel Expenses	\$1,795,168
General Operating Expenses	\$3,299,612
Total Operating Expenses	\$5,094,780

Personnel expenses include all salaries, wages and fringe benefits for 29 budgeted appointed staff and all 30 temporary employees. Most of the temporary employees are IU students or former IU students who work as part-time bus drivers. General operating expenses include major expenses such as fuel, replacement parts, depreciation, insurance, and the BT annual contract.

The Campus Budget Office annually sets a University Tax and an IU Bloomington Campus overhead allocation based on total expenses of unit and other factors. For FY 2017 the University Tax was \$97,117 and the Campus Overhead Allocation was \$125, 254. Campus Bus Service partnered with another unit to provide accounting and payroll services at a cost of \$45,000 in FY 2017. In total, \$267,371 a year is paid for services provided by central administration.

The BT contract for prepaid IU student fares and other services it provides to IU Campus Bus was \$1,101,055 for FY 2017. We expect BT to ask for a 2% increase in its contract over each of the next two fiscal years.

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.

The cost of diesel fuel has been very volatile since 2008 when diesel fuel hit a high of \$4.19 per gallon. All fuel prices are without any federal or state taxes. For FY 2017 diesel fuel costs \$1.68 per gallon. IU Purchasing annually procures diesel fuel for both Campus Bus and BT. The joint procurement is for 300,000 gallons over the course of FY 2017. Fuel is delivered by a 7,500 gallon tanker which is the most cost effective fuel delivery available.

Capital expenses associated with replacing the aging bus fleet are a huge challenge for the future. IU purchased 27 buses from 1999 through 2005 financed with federal grants. 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 funds were used to pay for any of these 27 buses. In 2012, Congress eliminated the Federal Transit Administration’s discretionary capital grant program. Federal capital funds will now be allocated by formula to the designated recipient in each urbanized area. BT is the designated recipient for the Bloomington urbanized area.

Because Indiana University doesn’t currently have access to Federal Transit Administration grants, Campus Bus had to rehabilitate 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 \$2,927,293. The bus refurbishment will extend the life of these 18 buses by an average of 6 to 8 years. Nine of the 1999 buses were not rehabilitated. Five of those buses were retired in 2015 and four of them were retired in 2016. All nine of the retired buses were sold through IU Surplus. Seven new buses were purchased the last few years, bringing the current Campus Bus fleet to 25 buses.

Five replacement buses were delivered in July 2015. Two more replacement buses were delivered in June 2016. Two more replacement buses will be delivered in March 2017. A purchase order has been issued by IU Purchasing for four more replacement buses with delivery of two in 2018 and two in 2019. Campus Bus Service is working with Gillig, the bus manufacturer, on the specifications for four more replacement buses with delivery of two in 2020 and two in 2021. We expect purchase orders for these four buses to be issued during the Spring Semester 2017.

Bus Replacement Program	# Buses	Cost/Bus	Total Cost
2015	5	\$380,241	\$1,901,205
2016	2	\$397,565	\$795,130
2017	2	\$409,492	\$818,984
2018	2	\$412,579	\$825,158
2019	2	\$424,956	\$849,913
2020	2	\$437,705	Est. \$875,410
2021	2	\$450,836	Est. \$901,672

Campus Bus receives an allocation of \$400,000 per year from the Provost’s Strategic Fund for bus replacement, however the balance of the funds required for replacing the bus fleet has to come

from funds generated through the operating budget. The requirement to generate capital replacement funds internally means that Campus Bus must fund depreciation expenses, as well as generate operating margin each fiscal year.

The lack of a diversified revenue base was felt most severely in 2008 when diesel fuel costs unexpectedly escalated and Campus Bus was forced to scale back bus service so that it could balance its budget. In comparison, BT made no cuts to its bus service. BT and other public transit systems in Indiana receive operating financial assistance from the Indiana Department of Transportation through the Public Mass Transportation Fund (PMTF), the Federal Transit Administration formula grants, as well as local taxes. Campus Bus is almost entirely dependent on the mandatory student fee.

Currently 98% of the revenue for Campus Bus Service comes from the mandatory student transportation fee. If Campus Bus 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. The mandatory transportation fee was increased by 1.2% for FY 2016 and there was no increase in the fee for FY 2017. If the fee is increased by 2% each year over the next two years it would generate enough revenue to sustain our current service level, barring any unforeseen events.

Rate Proposal

Increase the mandatory transportation fee rate 2% for each of the next two fiscal years:

Approved FY 2017	FY2018	FY 2019
\$64.61	\$65.89	\$67.21