

FISCAL IMPACT NOTE

Legislation No: R-29-14

First Reader Date: 9-8-14

Note Date: 9-22-14

Legislation Title: Transit Routes and Services

Description: For the purpose of making changes to the Annapolis Department of Transportation's transit services and routes in order to meet the goals and objectives of the fiscal year 2015 budget.

Analysis of Fiscal Impact: The legislation recommends decreases in the City's FY 2015 transit services and corresponding budget. The FY 2015 transit budget is projected to be \$3.3 over budget unless changes in transit services and/or revenue enhancements are realized. A public hearing was held on July 30, 2014 which addressed two potential solutions, Option I and Option II. Option I recommends service reductions for the following routes; 1 bus for the Gold Route, 1 bus for the Circulator, and 1 bus for the Brown Route. Option B recommended elimination of Gold and Yellow routes along with the Circulator.

Fiscal Impact:

Whereas Option 2 would potentially balance the budget, the recommendation at this time is Option 1. Below is a schedule which outlines the potential cuts based on annualized savings. Therefore, if option I is implemented by October 1st, the potential savings is 9/12 of \$1,340,675 or \$1,005,500. Additionally, each month service or revenue enhancements are not realized, the City will incur a lost cost opportunity equaling \$268,200 per month, or \$804,600 quarterly.

	Gold	Circulator	Brown	Total
Service Reduction	1 Bus of 2	1 Bus of 2	1 Bus of 3	3 Buses
Revenue Change	190,384.56	0.00	250,162.77	440,547.33
Expenses				
Vehicle Operations	508,037.85	612,290.85	284,609.58	1,404,938.28
Maintenance	136,067.34	163,989.33	76,227.42	376,284.09
Total Direct Expenses	644,105.19	776,280.18	360,837.00	1,781,222.37
Net Change	453,720.63	776,280.18	110,674.23	1,340,675.04
Estimated; limited information on elasticity of demand	40% Revenue Reduction	no revenue change	20% reduction in revenues	
	50 % Reduction in Direct Exp	50 % Reduction in Direct Exp	33 % Reduction in Direct Exp	