

Nassau Inter-County Express

2014 Budget & Annual

5 Year Capital Plan

February 14, 2014

Mr. Sheldon L. Shrenkel
Chairman
Nassau County Bus Transit Committee
Mineola, NY 11501

RE: NICE Bus 2014 Budget Plan

Dear Mr. Shrenkel,

Please find the included Nassau Inter-County Express 2014 Budget Plan and 5 Year Capital Budget document that is required by contract, the contents of which has been provided to the Nassau County Staff.

Additionally, the team at NICE Bus would like to take this time to thank Nassau County, especially County Executive Edward Mangano, the New York State DOT and the Federal Transportation Administration for their continued generous support of our mission and goals.

We would also like to thank our committed and dedicated Employees, who strive to deliver world class service, and of course, all our loyal Passengers as we continue toward building a transportation system that everyone will be proud of.

Yours Truly,

Michael Setzer

CEO // NICE Bus

cc: S. Littman

Executive Summary

With the close of our first two full years and the beginning of year three of service, we are proud of our accomplishments thus far but understand that more work is still to be done. We are grateful for additional funding through the State and have outlined various capital projects and costs associated with continuing our efforts in delivering, innovative, efficient, world class service to the Citizens of Nassau County.

Stable, predictable service is important to our customers and the funding outlined in this document will allow us to continue our current level of service throughout Nassau County without increasing fares. The current schedules serve over 100,000 riders a day, in one of the most heavily used suburban bus systems in the Country. We have engineered this system with our customers' safety as the top priority. We understand ensuring we deliver safe and dependable service while doing this efficiently has always been our goal.

We have made some significant improvements over the last 24 months such as greatly improving our Able-Ride on time performance to a level consistently above 90 percent. We've been able to accomplish this through the hard work of many, investments in mobile data terminals for each vehicle and a Veolia Capital Investment in new accessible transit equipped mini vans which allow us to travel on parkways and deliver a more comfortable ride for our clients.

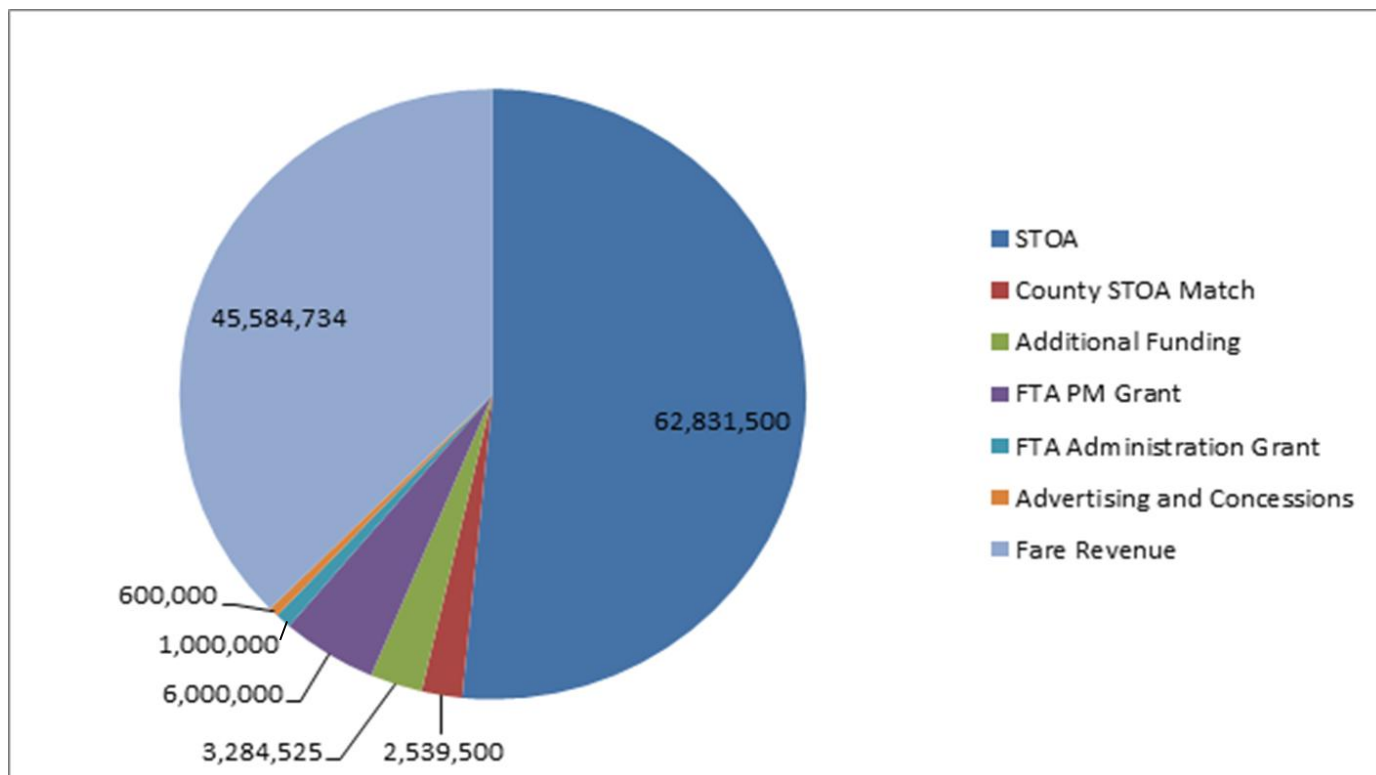
Later this spring, we will enthusiastically launch one of the first bus only mobile ticketing programs in the Country. This initiative will allow our passengers to use mobile technology to pay for their ride. Mobile Ticketing will be available both on fixed route buses and Able-Ride. Mobile Ticketing will be a tangible step toward improving our passengers overall experience by limiting our systems' dependency on the outdated MetroCard technology and or the need to carry 18 quarters each day.

Additionally, NICE Bus will begin deploying a large scale Information Technology Upgrade in the fourth quarter of this year. The 8 million dollar project will allow us to actively manage our system in real time using state of the art GPS technology and on board digital customer counters. Real time arrival information will be available through digital screens at Hempstead Transit Center and through smart phone technology communicating to our customers predictive bus arrival times. These new systems will gather data on a level our system has never seen, allowing us to manage and design the service to better serve our customers.

Lastly, this past winter was one of the most severe on record. We are proud to say, that with the hard work and dedication of everyone at NICE Bus, we were able to safely continue service throughout the series of storms.

Our Operators, Mechanics and Administrative Personnel are all committed to delivering the very best service for the residents of Nassau County. While there remains much to be done, this pioneering partnership between Nassau County and Veolia has proven to be a flexible, efficient and innovative way to meet the transportation challenges in Nassau County.

Total 2014 Fiscal Year Funding Sources



The funding levels graphically illustrated above reflect additional State funding as approved by Governor Cuomo in his Executive BUDGET of \$1.2 million and is required to ensure current and stable service levels. Fare Revenue, shown in light blue, is based upon current levels of service and historical data. Additionally, Fare Revenue projections are based on 2 years of actual collections thus

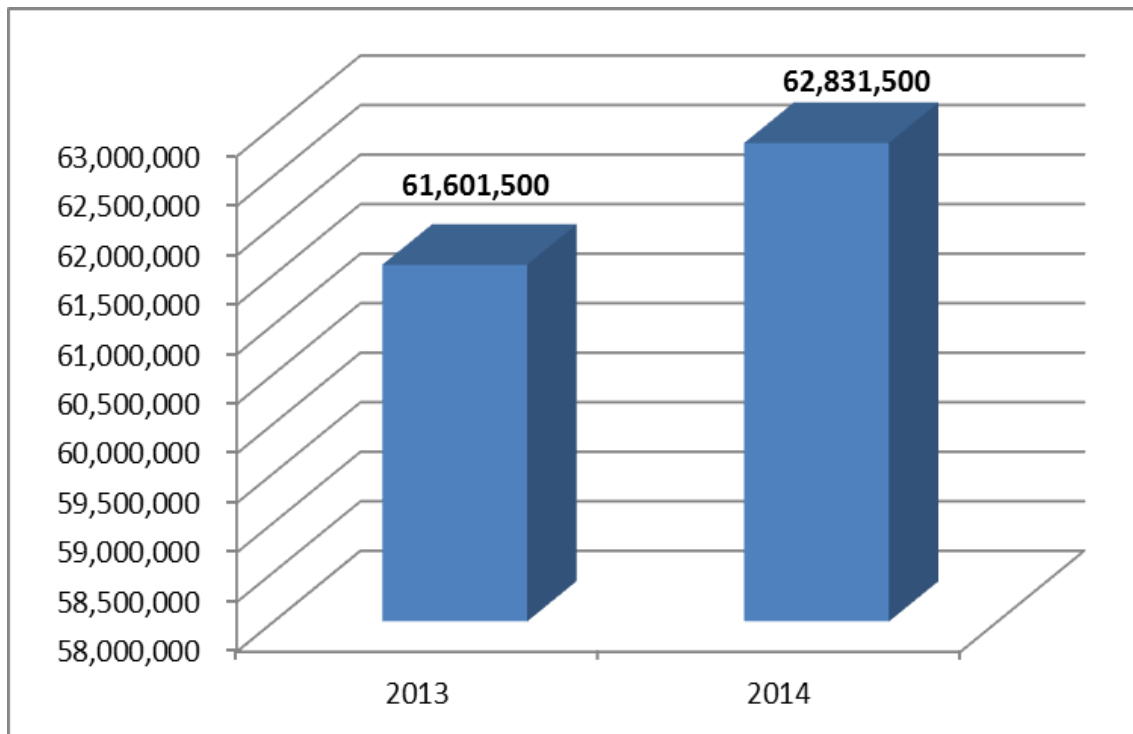
incorporating weather related considerations. Lastly, the chart shows a necessary additional \$3.3 million of funding, from a yet to be determined source

2014 Fiscal Year Funding Sources // STOA

State Transportation Operating Assistance (STOA) Proposed

- 2013 - \$61,601,500.
- 2014 - \$62,831,500.

Total increase of \$1,230,000 or 2%



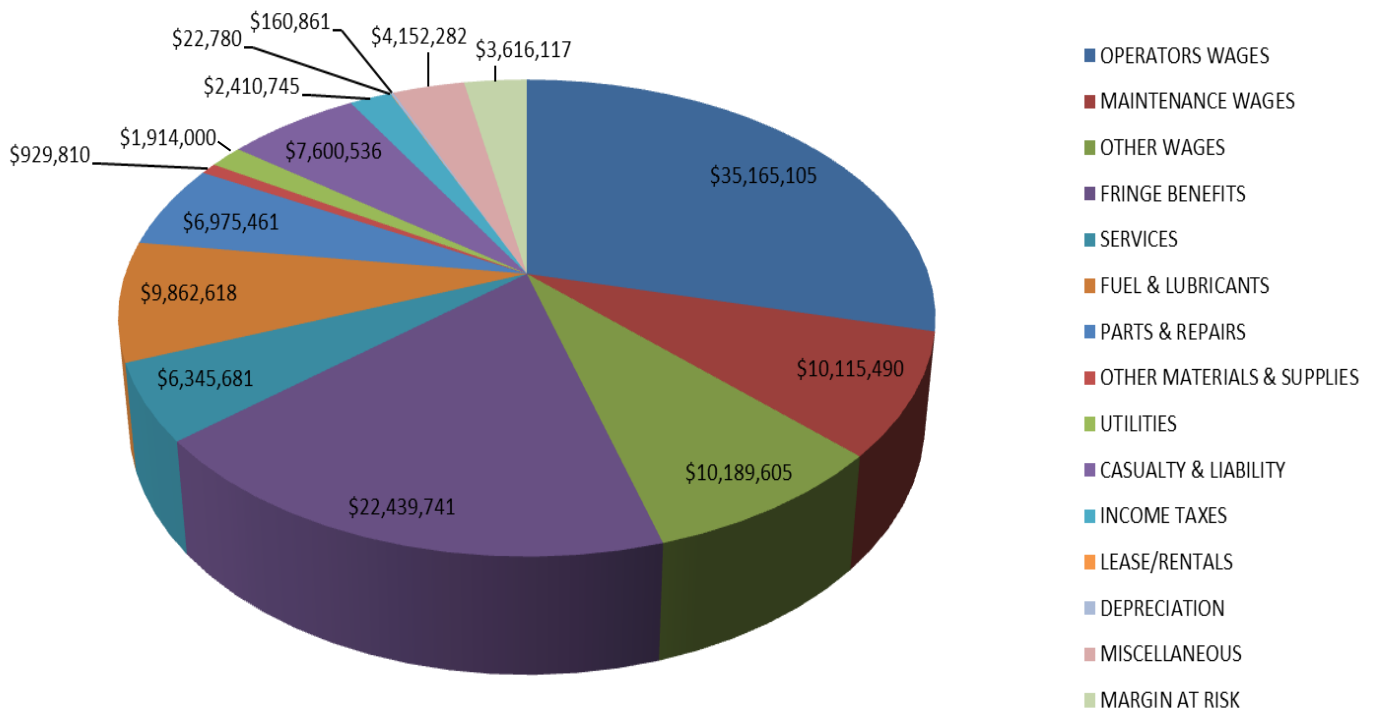
2014 Fiscal Year Fare Revenue Budget Projection

	2014 Projected	2013 Actual Fares
April	\$3,796,536	\$4,373,133
May	\$3,795,666	\$3,731,619
June	\$3,802,192	\$3,504,045
July	\$3,810,526	\$4,104,955
August	\$3,807,301	\$3,732,751
September	\$3,797,040	\$3,751,276
October	\$3,795,900	\$4,462,759
November	\$3,795,417	\$3,691,131
December	\$3,795,916	\$3,547,306
January	\$3,796,289	\$3,437,985
February	\$3,795,946	\$3,354,625 est.
March	\$3,796,005	\$3,841,623 est.
Total	\$45,584,734	\$45,533,206

February and March 2014 are based upon estimated fare collections. Additionally, Fare Revenue projections were established using actual collections, there by recognizing future weather related considerations. Fare projections are based upon current levels of service offered.

Rising Operating Costs

- **3% wage increases effective April 1, 2014**
 - Top Tier Operator Rate: From \$28.57/ hour to \$29.43
 - Top Technician Rate: From \$29.50/hour to \$31.30
- **6% increase in Monthly Health Insurance Premiums**
- **Rising Natural Gas Costs of Approximately 25%**
- **Increased Able-Ride Demand**



Though NICE has been able to gain overall efficiencies in various areas of operation, administration and service design, operating costs have risen. Unforeseen dramatic increases in natural gas costs along with health insurance costs and an increase in paratransit demand and wage rates have created a need for additional funding.

Budget by Expense Center

OPERATORS WAGES	\$ 35,165,105
MAINTENANCE WAGES	\$ 10,115,490
OTHER WAGES	\$ 10,189,605
FRINGE BENEFITS	\$ 22,439,741
SERVICES	\$ 6,345,681
FUEL & LUBRICANTS	\$ 9,862,618
PARTS & REPAIRS	\$ 6,975,461
OTHER MATERIALS & SUPPLIES	\$ 929,810
UTILITIES	\$ 1,914,000
CASUALTY & LIABILITY	\$ 7,600,536
INCOME TAXES	\$ 2,410,745
LEASE/RENTALS	\$ 22,780
DEPRECIATION	\$ 160,861
MISCELLANEOUS	\$ 4,152,282
MARGIN AT RISK	\$ 3,616,117
TOTAL	\$ 121,900,833

Adjusted Veolia Hourly Rates

The adjustments to rates are being proposed for the purpose of bringing the cost allocation methodology into conformity with the definitions of fixed and variable costs contained in the Nassau County / Veolia contract. By themselves, they neither raise nor lower the total cost of service.

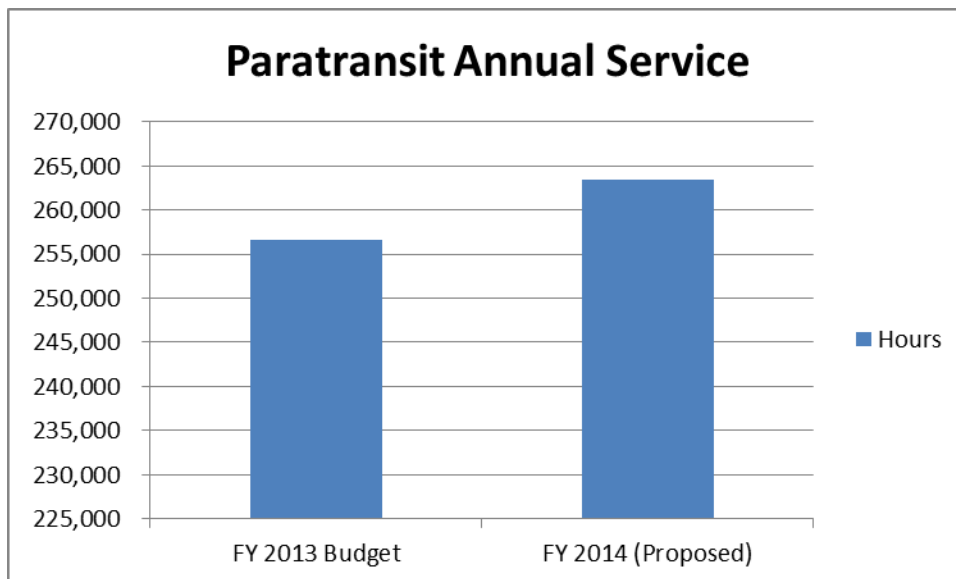


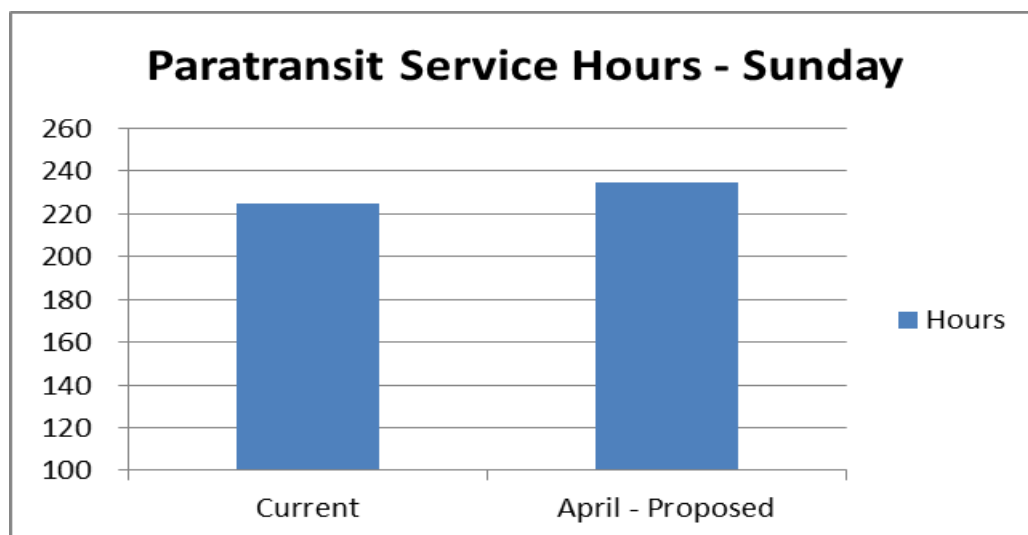
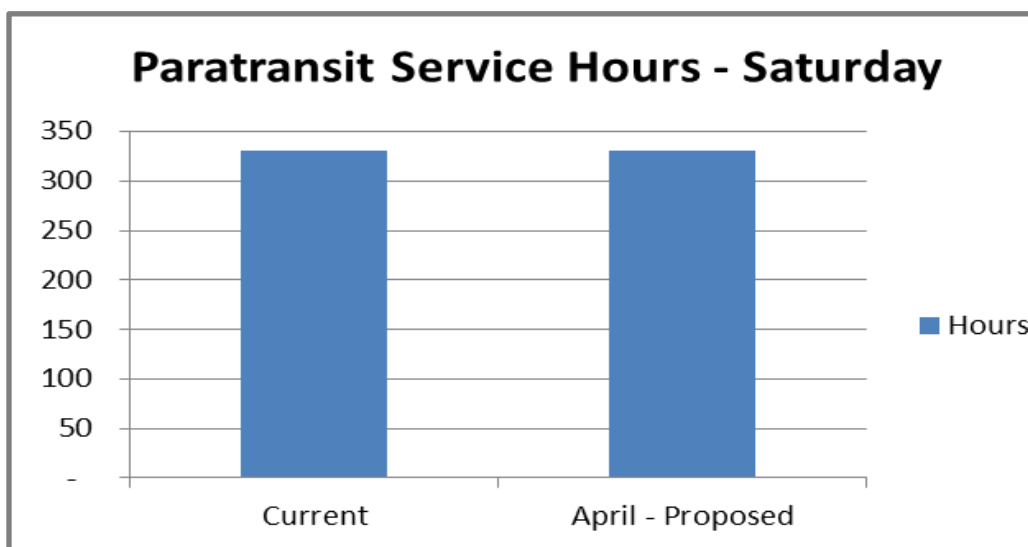
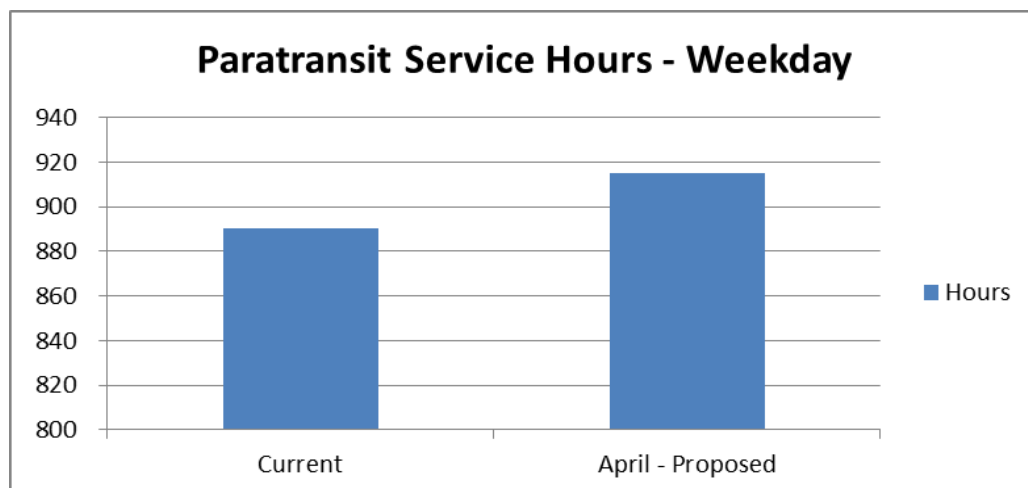
- **Increase Monthly Fixed Fee:**
 - 2013: \$2,319,664 / Month
 - 2014: \$3,039,075 / Month
- **Decrease Fixed Route Variable Rate:**
 - 2013: \$85.25 / HR
 - 2014: \$83.00 / HR
- **Decrease Paratransit Variable Rate:**
 - 2013: \$55.81 / HR
 - 2014: \$45.89 / HR

Able Ride Service Proposed Hours

Able-Ride Must Adjust Service Levels to Accommodate Increased Demand

- American with Disabilities Act (ADA) requires all eligible persons/trips to be served.
- Increase daily hours planned:
 - 2013: 5,005 hours/week
 - 2014: 5,140 hours/week, proposed



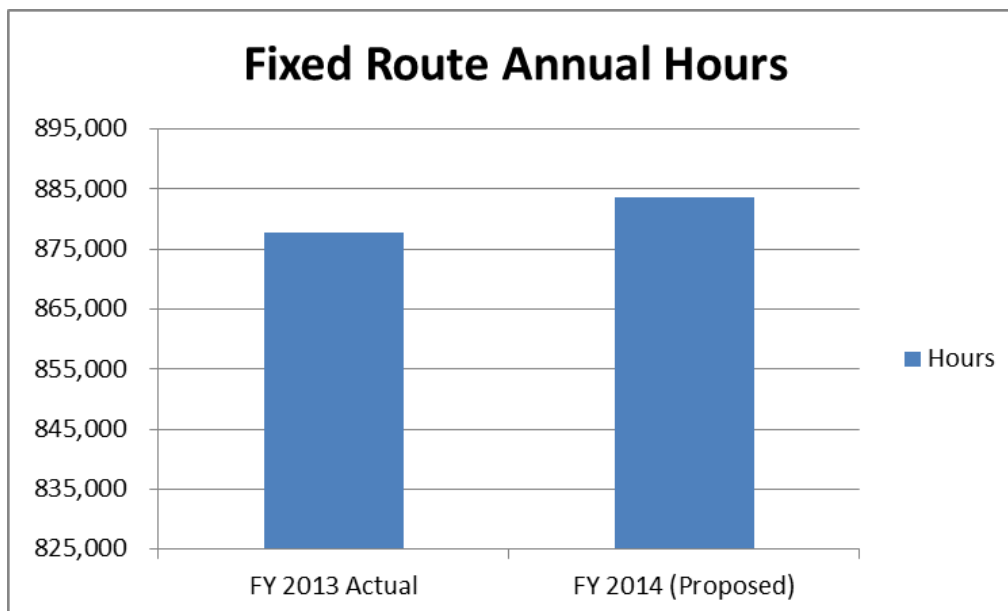


Fixed Route Proposed Hours

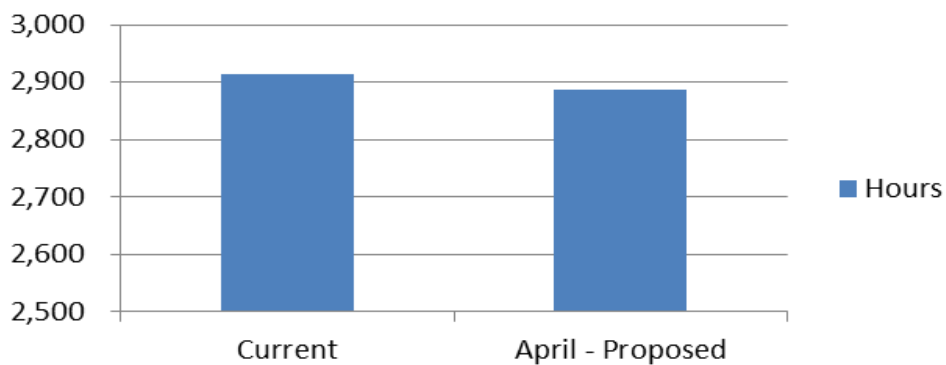
- **Current Weekday Hours**
 - January 2014: 2,915 Hours/Weekday
- **Proposed Weekday Hours**
 - April 2014: 2,886 Hours/Weekday

Stable quarter to quarter schedules are valuable in ensuring overall system effectiveness, dependability and customer satisfaction.

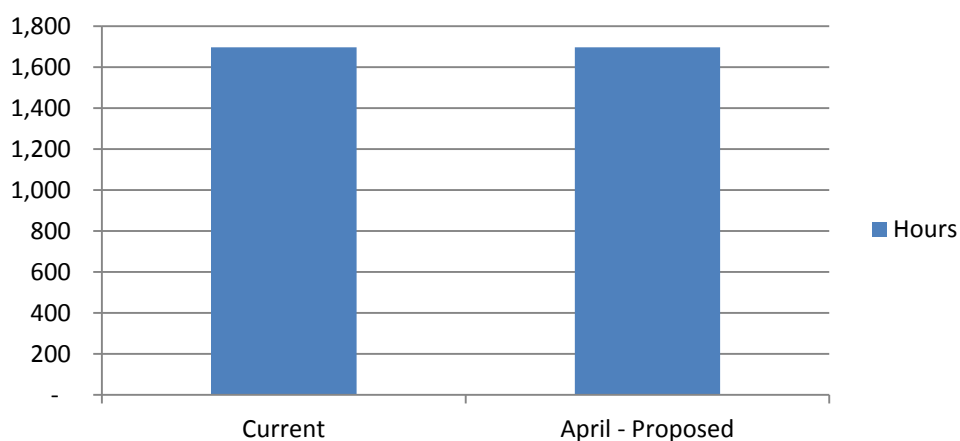
2013 Actual fixed route hours compared to 2014 proposed total fixed route hours are virtually identical and only reflect a .1% change.



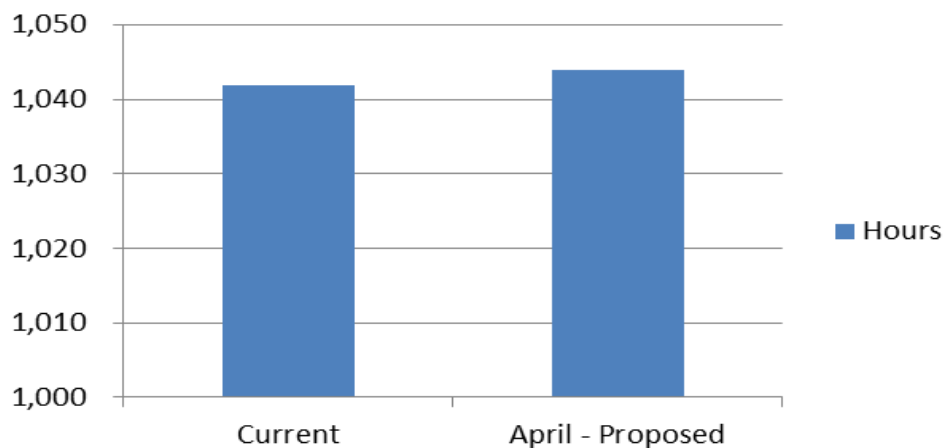
Fixed Route Service Hours - Weekday



Fixed Route Service Hours - Saturday



Fixed Route Service Hours - Sunday



Additional Funding Required

A funding gap was created when fixed cost rose at the beginning of 2014. The funding is needed to preserve the current level of service provided to our 100,000 riders a day. NICE Bus and County officials are aggressively pursuing these dollars to preserve service and current fare rates.



- **\$3.3 Million**
- **Potential Sources**
 - Further STOA Increases
 - Other Subsidy Sources
 - Mid-Year Service Adjustments to align with budget

Five Year Capital Plan

Highlights of the Capital Plan



- 2014-15: Complete ITS Customer Information and Vehicle Location Monitoring System
- 2014: Complete Scheduled Procurement for CNG Facilities Upgrade
- 2014: Purchase New Paratransit Vehicles
- 2015: Receive Delivery of Approximately 45 Full Size CNG Buses

TRANSPORTATION IMPROVEMENT PROGRAM (TIP) - NASSAU INTER COUNTY EXPRESS (NICE)												
Description	Oblig. Date	Fund Type	Total Pre 2014 - 2018	Pre								
				FFY 2014	2014	2015	2016	2017	2018	Post 2018		
Purchase 43 replacement CNG 40' Buses Inspection Services & Spare Parts - to maintain operating efficiency, capacity, and the continued use of alternative fuel	FFY 2013	5307		11,236,000 1,405,000 1,405,000 6,000,000 750,000 750,000								
		CMAQ		750,000								
		TOTAL		\$21,546,000								
Engineering/Design Services - to provide general engineering needs to support the capital program	FFY 2014			560,000 70,000 70,000	240,000 30,000 30,000	240,000 30,000 30,000	240,000 30,000 30,000	240,000 30,000 30,000	240,000 30,000 30,000			
		5307		70,000	30,000	30,000	30,000	30,000	30,000	30,000		
		TOTAL		\$2,200,000	300,000	300,000	300,000	300,000	300,000	300,000		
ITS Customer Information & Vehicle Location/ Monitoring System - to install a new customer information system and upgrade the vehicle location and monitoring systems	FFY 2013			6,400,000 800,000 800,000								
		5307		800,000								
		TOTAL		\$8,000,000								
Purchase New/Replacement Service Support Equipment, and vehicles that are beyond their useful lives	FFY 2014			2,440,000 305,000 305,000 66,600 66,600	532,800 66,600 66,600	400,000 50,000 50,000	400,000 50,000 50,000	400,000 50,000 50,000	400,000 50,000 50,000			
		5307		450,000	66,600	50,000	50,000	50,000	50,000	50,000		
		TOTAL		\$6,166,000	666,000	500,000	500,000	500,000	500,000	500,000		
Facility Capital Replacement/Improvement - to maintain the Operating Facilities and Transit Centers in a state of good repair	FFY 2014			2,864,000 358,000 358,000	400,000 50,000 50,000	400,000 50,000 50,000	800,000 100,000 100,000	800,000 100,000 100,000	800,000 100,000 100,000	400,000 50,000 50,000		
		5307		358,000	50,000	50,000	100,000	100,000	100,000	50,000		
		TOTAL		\$7,080,000	500,000	500,000	1,000,000	1,000,000	1,000,000	500,000		
Preventive Maintenance - to maintain the operation in a state of good repair	FFY 2014			9,600,000 1,200,000 1,200,000	4,800,000 600,000 600,000	4,800,000 600,000 600,000	4,800,000 600,000 600,000	4,800,000 600,000 600,000	4,800,000 600,000 600,000	4,800,000 600,000 600,000		
		5307		1,200,000	600,000	600,000	600,000	600,000	600,000	600,000		
		TOTAL		\$42,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000		
Michel Field CNG Facility Modifications - to replace CNG operating systems that have reached the end of their useful life	FFY 2018									400,000 50,000 50,000		
		5307										
		TOTAL		\$500,000						500,000		
Purchase 70 CNG 40' Buses, Inspection Services & Spare Parts - 67 repl/3 exp - to maintain operating efficiency, capacity, and the continued use of alternative fuel	FFY 2014			2,912,000 364,000 364,000 1,905,000 238,125 238,125	3,796,800 474,600 474,600	3,780,640 472,580 472,580 4,800,000 600,000 600,000	3,822,317 477,790 477,790				8,581,560 1,072,695 1,072,695	
		5307										
		CMAQ										
		5339										
	TOTAL			\$26,270,947	6,021,250	4,746,000	10,725,800	4,777,897			10,726,950	

TRANSPORTATION IMPROVEMENT PROGRAM (TIP) - NASSAU INTER COUNTY EXPRESS (NICE)									
Description	Oblig. Date	Fund Type	Total Pre 2014 - 2018	Pre					Post 2018
				FFY 2014	2014	2015	2016	2017	
Purchase 46 replacement Paratransit Vehicles - to maintain operating efficiency and capacity	FFY 2014	5307		1,136,000 142,000 142,000 446,521 55,815 59,790 59,790 477,023					
		5339 MYSOF							
		TOTAL	\$3,053,071	1,035,174	2,017,897				
Assistance for ADA Complementary Paratransit Service	FFY 2013			1,320,000 240,000 240,000					
		5307							
		TOTAL	\$2,400,000						
Administration - to manage and support the capital projects	FFY 2014			1,840,000 230,000 230,000	800,000 100,000 100,000	800,000 100,000 100,000	800,000 100,000 100,000	800,000 100,000 100,000	800,000 100,000 100,000
		5307							
		TOTAL	\$7,300,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Purchase 103 CNG 40' Buses, Inspection Services & Spare Parts - 100 repl/3 exp - to maintain operating efficiency, capacity, and the continued use of alternative fuel	FFY 2018							3,824,000 478,000 478,000 4,800,000 600,000 600,000	36,696,000 4,587,000 4,587,000
		5307							
		CMAQ							
		5339							
		TOTAL	\$10,780,000					10,780,000	45,870,000
Purchase 29 Paratransit Vehicles - 26 repl/3 exp - to maintain operating efficiency and capacity	FFY 2017				478,317 59,790 59,790	478,317 59,790 59,790	478,317 59,790 59,790	478,317 59,790 59,790	478,317 59,790 59,790
		5339							
		TOTAL	\$2,391,588		597,897	597,897	597,897	597,897	597,897
MIS Upgrade/Replacement Hardware/Software	FFY 2015				384,000 48,000 48,000				
		5307							
		TOTAL	\$480,000		480,000				
Contingency - to provide for capital project reserves	FFY 2014			120,447 15,056 15,056	199,834 24,979 24,980	199,995 24,999 24,999	158,317 19,789 19,790	156,634 19,579 19,580	
		5307							
		TOTAL	\$1,293,827	150,559	249,793	249,993	197,896	195,793	