



**FINANCE/AUDIT COMMITTEE MEETING  
WEDNESDAY, NOVEMBER 9, 2016  
8:00 A.M.**

**MINUTES**

**1. CALL TO ORDER**

Chair Craig Treneff called the meeting to order at 8:10 a.m. Trustee Jean Carter Ryan and Committee member Letty Schamp were also in attendance.

**2. APPROVAL OF NOVEMBER 9, 2016 AGENDA**

Schamp motioned to approve the agenda. Treneff seconded the motion. Motion passed.

**3. APPROVAL OF JULY 27, 2016 FINANCE/AUDIT COMMITTEE MEETING MINUTES**

Schamp motioned to approve the July 27, 2016 Finance/Audit Committee meeting minutes. Treneff seconded the motion. Motion passed.

**4. APPROVAL OF OCTOBER 26, 2016 FINANCE/AUDIT COMMITTEE MEETING MINUTES**

The minutes were not approved since Letty Schamp was not in attendance at the October 26, 2016 meeting. They will be presented for approval at the December 8, 2016 Finance Committee.

**5. 2016 BUDGET PROJECTIONS**

Jeffrey Vosler reviewed the 2016 budget projects. Service hours are consistent with COTA's plan (-0.5% virtually flat). Passengers are projected at nearly 1.5 million below budget or 2.7%. Passenger revenue is projected to be \$800,000 below budget. Sales tax revenue is projected to be 2.6% higher than the budget, representing \$3.3 million. Expenses are expected to be \$2.2 million under budget by year-end. Fuel is projected to be \$1.7 million under by year-end due to a tax credit. Operating labor is \$700,000 over budget due to overtime in Vehicle Maintenance due to vacancies.

**6. PRELIMINARY 2017 BUDGET ASSUMPTIONS**

Vosler reviewed the preliminary 2017 budget assumptions. He said the national and local economy continues to moderate. Consumer and business confidence is strengthening. Employment is stabilizing. The Ohio economy is forecasted to moderate, similar to the national economy. Local unemployment has fallen to 4.2% compared to 4.9% nationally. Inflation is expected to remain relatively low, estimated to be 2.0% for 2017, following a low 1.5% inflation for 2016.

COTA's energy prices are controlled largely through participation in the Energy Price Risk Management programs. Futures markets suggest prices will remain relatively low throughout 2017. Projected CNG usage in 2017 represents 55% of the total fuel volume, up from 40% in 2016. CNG is estimated to be \$2.3 million savings for a full-year. Diesel fuel costs are estimated at \$1.75 per gallon average, down from an estimate of \$2.11 for 2016. Electricity assumes a three-year usage under the Choice Program and newly negotiated rates with Direct Energy. Natural gas assumes a three-year average usage with Constellation/Proliance.

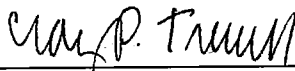
Vosler reported that there will be a 5% increase in employees' health insurance premiums paid to Medical Mutual Ohio. The final impact of the biometrics based premiums, ranging from 8% to 25%, will be determined by December 7, 2016. The current PERS pick up of 2.5% will be reduced to 2.25% effective July 1, 2017.

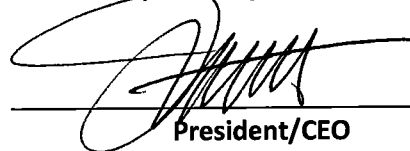
The percentage of change in the 2016 vs. 2017 budget is as follows: operating expenses – 8.5% increase; service hours – 6.5% increase; and cost per service hour – 2% increase. These numbers exclude the TSR expenses.

7. NEXT STEPS

The Budget Committee has completed the first round of internal reviews. Additional reviews and refinements will be made over the next 30 days. The TSR Advisory groups are continuing to refine budget requests. These numbers will be included in the December 8 presentation to the Finance Committee. Proposed operating and capital budget resolutions will be presented at the December 15 Board meeting.

Adopted: January 25, 2017

Signed:   
Chair, Finance/Audit Committee

Attest:   
President/CEO