

June 2, 2022

To: GoTriangle Board of Trustees
From: Finance Staff
Subject: **FY23 Budget Overview**

Attached is the current FY23 budget overview. This is an update to the budget presentation reviewed during the Budget Workshop held on May 11, 2022.

The information includes the latest adjustments to all revenues and expenses. Due to the current challenges in filling positions, adjustments have been made to assume hiring in late FY23. The exception is in the area of Operations and for positions that managers feel confident will be filled soon.

Finance continues to review all expenditure requests and hopes to bring to the June Board meeting additional expenditure reductions for approval in the final FY23 Budget.

Please let us know if there are questions or concerns.

Sandra Freeman
CFO/Director of Administrative Services



FY23 Draft GoTriangle Budget Assumptions

Total Draft GoTriangle Revenue and Expenses

Total Revenue (Includes prior year carryforward) - \$57M (FY22 Budget - \$77.8M)

Total Expenditures - \$61M (FY22 Budget - \$72.5M)

Transfer from reserves - \$4M

FY23 - No CARES Act/ARP Funds - FY22 (\$15.8M)

SMAP Funding - FY23 (Estimate) - \$2.8M (FY22 \$2.8M)

Total Vehicle Rental Tax -

Vehicle Rental Tax: FY23 - \$5.6M (FY22 Budget - \$4.1)

(Half of the vehicle rental tax is allocated to Durham, Orange and Wake Plans)*

**Reviewing transitioning and timing of rental tax from transit plans to GoTriangle*

Total \$5 Vehicle Registration Tax: \$6.8M (FY22 Budget - \$6.3M)

Fares and Consignment: FY23 suspended

Rental Income: \$0 Lease Income and \$395K Plaza building expenses

Headcount - FY23 FTE's - 288 (FY22 Budget- 281) - Includes Durham, Orange and Wake Transit Plans

Average Merit - 3% (FY22 Budget - 3%) - No COLA

5% increase in FY22 budget for employee healthcare; employee only coverage - \$500/employee contribution

Bus operations revenue hours of 123,690 (directly operated) (FY22 Budget 141,118)

Cost per hour - \$148 (FY22 - \$129)

Contracted Services Hours :

FY23 - 11,757 (FY22 - 11,665)

FY23 requested capital expenditures total \$25.8M and are currently under review

\$17M in capital requests are for projects where GoTriangle is managing the federal grant portion only

FY23 Budget GoTriangle Budget Change Impact

	<u>Revenue</u>	<u>Expenditures</u>	<u>Reserve/Cash Impact</u>	<u>Comments</u>
<i>FY23 Draft Budget - May 11, 2022 (Budget Workshop)</i>	\$ 57,228,178	\$ 61,271,574	(\$4,043,396)	
Expenditure schedule change and grant reallocation	(1,187,131)		(1,187,131)	Anticipated reduction in timing of expenses and resulting grant match for RUS BUS.
Increase in carryover dollars	1,369,516		1,369,516	Final review of projects to be carried over
Increase in expenses		64,173	(64,173)	Realignment of start date for new hire.
Increase in expenses		102,105	(102,105)	Updating capital expenditures
<i>Revised Proposed Budget - June 2, 2022 (Ops. & Fin. Committee Mtg.)</i>	\$ 57,410,563	\$ 61,437,852	(4,027,288)	
<i>Change</i>	\$ 182,385	\$ 166,278	16,108	



FY23 Recommended Durham Transit Plan Budget Assumptions

Total Durham Transit Recommended Revenue and Expenses

Total Revenue - \$69.4M (FY22 Budget - \$58.6M)

Includes Prior Year Carryforward: \$30.2M (FY22 Budget \$24.1M)

Total Durham Transit Recommended Half-Cent Tax: \$35.5M (FY22 Budget - \$31.2M)

Total Durham Transit Recommended Vehicle Rental Tax: \$1.2M (FY22 Budget - \$0.9M)

Total Durham Transit Recommended \$3 Vehicle Registration Tax: \$0.7M (FY22 Budget - \$0.7M)

Total Durham Transit Recommended \$7 Vehicle Registration Tax: \$1.7M (FY22 Budget - \$1.7M)

\$11.9M - Operating Expenses

Operating Expense

Tax District Administration -\$0.4M

Transit Plan Administration - \$1.8M

Transit Operations - \$9.7M

\$10.1M Capital Expenses

Capital Expense

Transit Infrastructure \$9.7M

Vehicle Acquisitions - \$0.4M

Total Durham Transit Plan Expenses - \$22.0M

Total Carryforward Durham Transit Plan Expenses - \$30.2M

Allocation to Fund Balance \$17.2M

FY23 Durham Transit Plan Budget Change Impact

Reserve/Cash

	<u>Revenue</u>	<u>Expenditures</u>	<u>Impact</u>	<u>Ordinance Category</u>	<u>Comments</u>
<i>FY23 Draft Budget - April 7, 2022 (Ops and Fin Mtg.)</i>	\$ 39,183,029	\$ 24,614,966	\$ 14,568,063		
<i>Revised Proposed Budget - May 11, 2022 (Budget Workshop)</i>	\$ 39,183,029	\$ 26,348,261	\$ 12,834,767		
Decrease in Administration Expenses		(18,750)	18,750	Tax District Administration	Due to the Governance study currently in the final stages, The 0.25FTE will be removed and revisited once the study is completed
Decrease in Administration Expenses		(226,025)	226,025	Transit Plan Administration	Removal of three (3) City of Durham FTE's
Decrease in Bus Operating Expenses		(97,804)	97,804	Bus Operations	Increased Cost of Existing Service (ICES) allowable <i>decreased</i> based on FY21 Actuals
Decrease in Bus Infrastructure		(4,000,000)	4,000,000	Bus Infrastructure	Removal of FY23 Funds for Transit Emphasis Corridors (TEC) as prior year adopted funds will be utilized
Carryforward Capital Projects	30,151,260	30,151,260	0	Misc. Capital Projects	Capital projects approved in previous transit work plans.
<i>Revised Proposed Budget - June 2, 2022 (Ops. & Fin. Committee Mtg.)</i>	\$ 69,334,289	\$ 52,156,942	\$ 17,177,346		
<i>Change</i>	\$ 30,151,260	\$ 25,808,681	\$ 4,342,579		



FY23 Recommended Orange Transit Plan Budget Assumptions

Total Orange Transit Recommended Revenue and Expenses

Total Revenue - \$17.1M (FY22 Budget - \$14.2M)

Includes Prior Year Carryforward: \$6.5M (FY22 Budget \$5.3M)

Total Orange Transit Recommended Half-Cent Tax: \$8.8M (FY22 Budget - \$7.4M)

Total Orange Transit Recommended Vehicle Rental Tax: \$0.6M (FY22 Budget - \$0.4M)

Total Orange Transit Recommended \$3 Vehicle Registration Tax: \$0.4M (FY22 Budget - \$0.3M)

Total Orange Transit Recommended \$7 Vehicle Registration Tax: \$0.8M (FY22 Budget - \$0.8M)

\$5.4M - Operating Expenses

Operating Expense

Tax District Administration -\$0.3M

Transit Plan Administration - \$0.5M

Transit Operations - \$4.6M

\$2.6M Capital Expenses

Capital Expense

Transit Infrastructure \$0.6M

Vehicle Acquisitions - \$0.2M

Bus Rapid Transit (BRT) - \$1.8M

Total Orange Transit Plan Expenses - \$8.0M

Total Carryforward Orange Transit Plan Expenses - \$6.5M

Allocation to Fund Balance \$2.6M

FY23 Orange Transit Plan Budget Change Impact

Reserve/Cash

	<u>Revenue</u>	<u>Expenditures</u>	<u>Impact</u>	<u>Ordinance Category</u>	<u>Comments</u>
<i>FY23 Draft Budget - April 7, 2022 (Ops and Fin Mtg.)</i>	\$ 10,556,653	\$ 7,831,043	\$ 2,725,610		
<i>Revised Proposed Budget - May 11, 2022 (Budget Workshop)</i>	\$ 10,556,653	\$ 7,827,790	\$ 2,728,863		
Increase in Bus Operating Expenses	0	117,695	(117,695)	Bus Operations	Increased Cost of Existing Service (ICES) allowable decreased based on FY21 Actuals
Carryforward Capital Projects	6,445,794	6,445,794	0	Misc. Capital Projects	Capital projects approved in previous transit work plans.
<i>Revised Proposed Budget - June 2, 2022 (Ops. & Fin. Committee Mtg.)</i>	\$ 17,002,447	\$ 14,391,279	\$ 2,611,168		
<i>Change</i>	\$ (6,445,794)	\$ (6,563,489)	\$ 117,695		



FY23 Recommended Wake Transit Plan Budget Assumptions

Total Wake Transit Recommended Revenue and Expenses

Total Revenue - \$316.8M (FY22 Budget - \$297.8M)

Includes Prior Year Carryforward: \$195.1 (FY22 Budget \$131.3M)

Allocation from Fund Balance: \$0 (FY22 Budget \$55.7M)

Total Wake Transit Recommended Half-Cent Tax: \$107.5M (FY22 Budget - \$98.0M)

Total Wake Transit Recommended Vehicle Rental Tax: \$3.8M (FY22 Budget - \$2.8M)

Total Wake Transit Recommended \$3 Vehicle Registration Tax: \$3.0M (FY22 Budget - \$2.9M)

Total Wake Transit Recommended \$7 Vehicle Registration Tax: \$6.9M (FY22 Budget - \$6.7M)

Total Wake Transit Recommended Other Revenue*: \$0.5M (FY22 Budget - \$0.4M)

\$29.8M - Operating Expenses

Operating Expense

Tax District Administration -\$0.6M

Transit Plan Administration - \$5.5M

Transit Operations - \$21.7M

Community Funding Area - \$2.0M

\$47.1M Capital Expenses

Capital Expense

Bus Rapid Transit (BRT) - \$7.6M

Bus Infrastructure \$35.7M

Bus Acquisitions - \$3.7M

Community Funding Area - \$0.1M

Total Incremental Wake Transit Plan Expenses - \$76.9M

Total Carryforward Wake Transit Plan Expenses - \$195.1M

Allocation to Fund Balance \$44.8M

**Other Revenue includes - federal funds*

FY23 Wake Transit Plan Budget Change Impact

Reserve/Cash

	<u>Revenue</u>	<u>Expenditures</u>	<u>Impact</u>	<u>Ordinance Category</u>	<u>Comments</u>
<i>FY23 Draft Budget - April 7, 2022 (Ops and Fin Mtg.)</i>	\$ 118,127,000	\$ 76,423,913	\$ 41,703,087		
<i>Revised Proposed Budget - May 11, 2022 (Budget Workshop)</i>	\$ 121,707,000	\$ 76,833,639	\$ 44,873,361		
Carryforward Operating Projects	322,500	322,500	0	Misc. Operating Projects	Operating projects approved in previous transit work plans.
Carryforward Capital Projects	194,821,830	194,821,830	0	Misc. Capital Projects	Capital projects approved in previous transit work plans.
<i>Revised Proposed Budget - June 2, 2022 (Ops. & Fin. Committee Mtg.)</i>	\$ 316,851,330	\$ 271,977,969	\$ 44,873,361		



Next Steps

- Continue to identify additional areas of opportunity and make appropriate adjustments in departmental and capital spending
- 2nd Reading/Ordinance Adoption - June Board Meeting (June 22, 2022)