FY 2024 Preliminary Operating Budget & FY 2024 – FY 2028 Capital Improvement Plan

Presentation to City Council

April 6, 2023

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Discussion

- Budget Process
- CEO Focus Areas
- Operating Budget
- Debt Service Budget
- Capital Investment Program

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Budget Review & Approval Process

MTC (8 voting members from Mecklenburg County Towns)
- Can remove CEO through majority Board vote
- Oversees long-range Countywide transit planning
- Provides input on and approves CATS budget
- Directs CATS operational and strategic policies

City of Charlotte Mayor and City Council / City Manager
- Council approves final budget
- City Manager hires and dismisses CATS CEO
- Develops and approves organizational policy

CTAG
- Budget input and recommendations
- Transit alignment/project, improvements to system performance and customer service recommendations

TSAC
- Budget input and recommendations
- System improvements, fares, routes, schedules, policies, performance standards, recommendations
- Receives complaints

CATS

CATS Oversight Categories:
- Budget
- Policy
- Planning
- Operations
- Hiring and dismissal authority

Source: Management Partners CATS Management Roadmap

CEO Focus Areas

- Balanced Budget
- Safety and Security
- Valuing Employees
- Maintenance & Asset Preservation

Preliminary Operating & Debt Service

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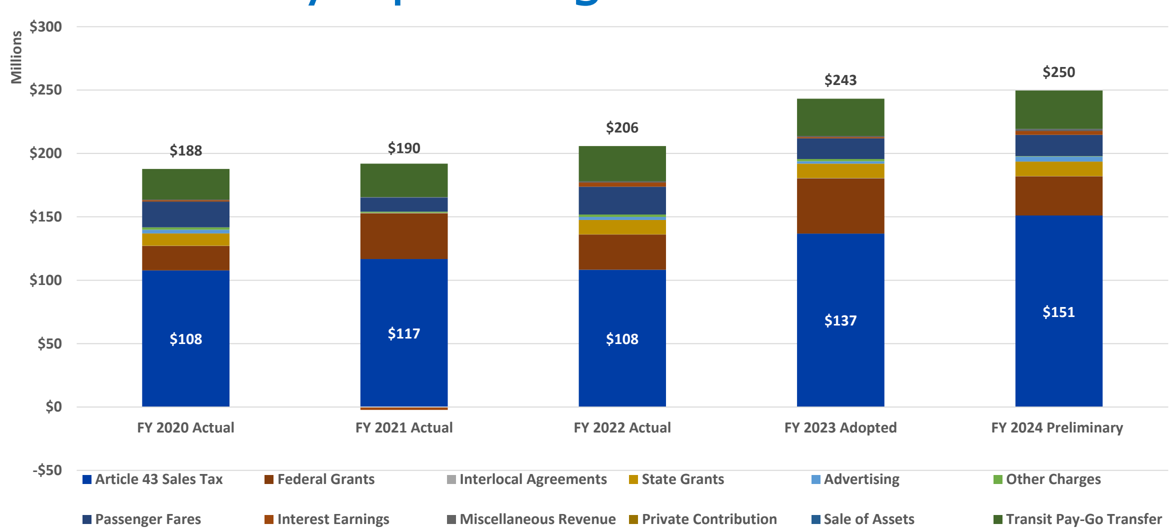
Preliminary Operating Revenues



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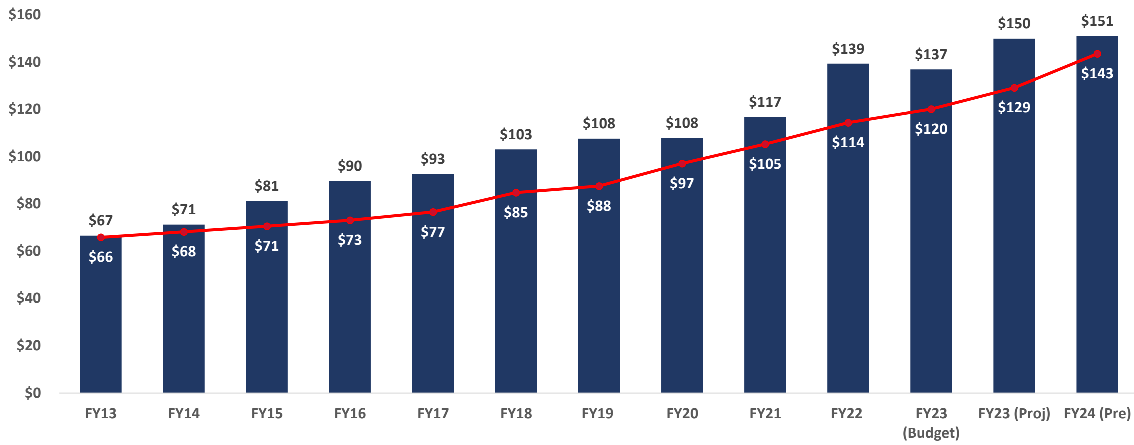
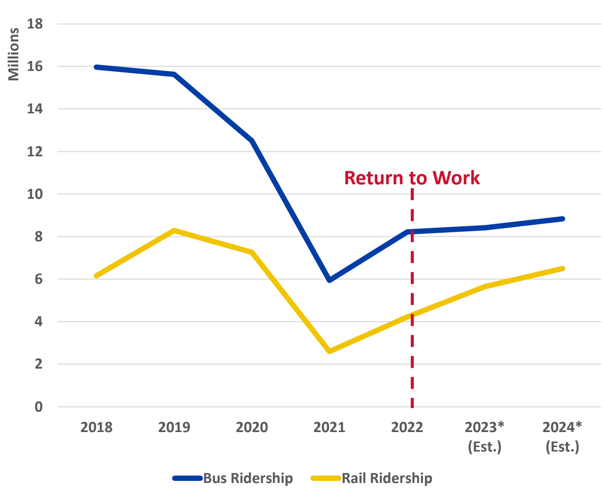
1/2% Sales Tax FY 2013 – FY 2024



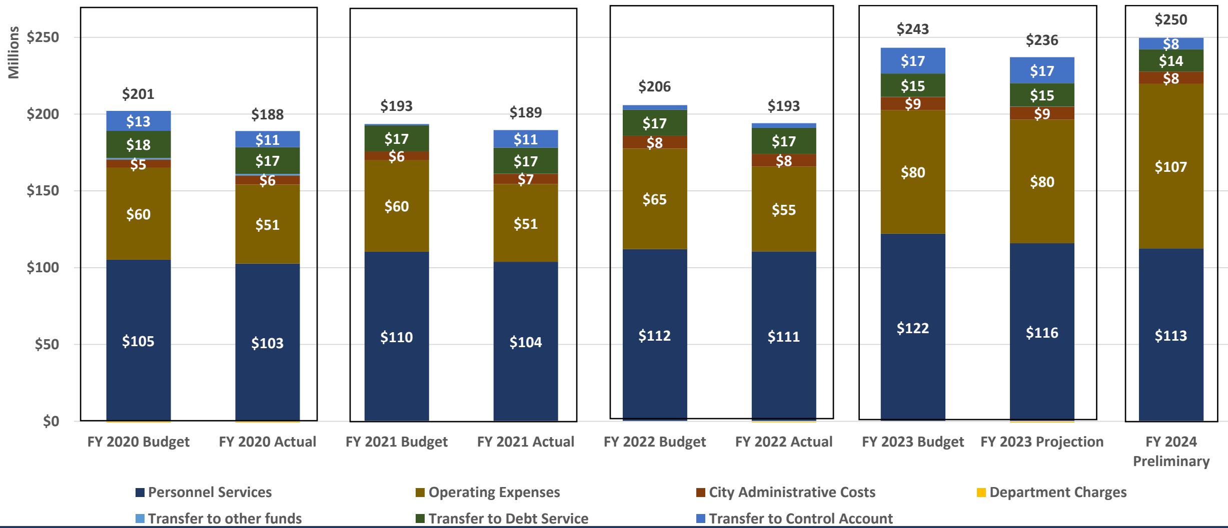
Ridership Trends



Source: 2018-2022 National Transit Database Report

- Based on current trends:
  - Nationally ridership recovery was initially faster than CATS
  - Since widespread return to work in Spring of 2022, ridership has steadily increased
  - Ridership is estimated to continue a positive trend into FY24

Preliminary Operating Expenses



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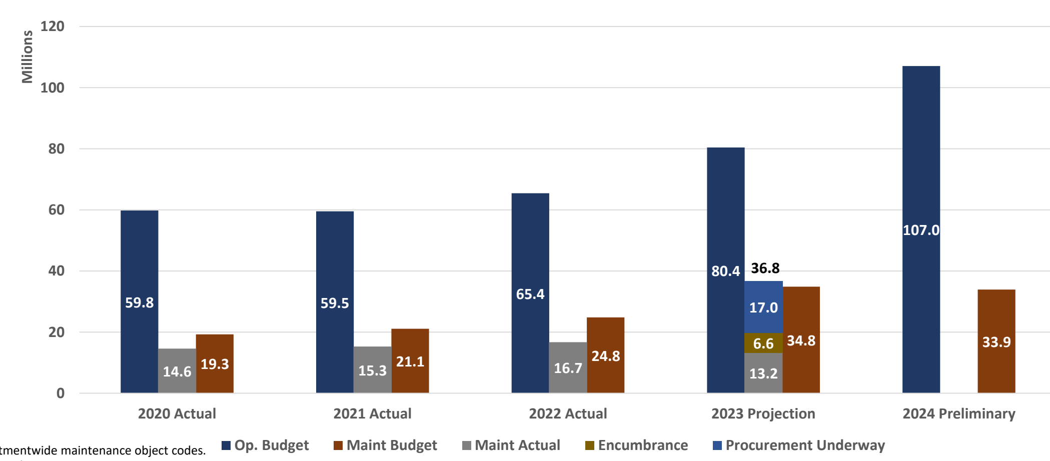
Operating Maintenance Analysis



Source: Departmentwide maintenance object codes.
FY 2024 excludes $35 million transferred in the CIP

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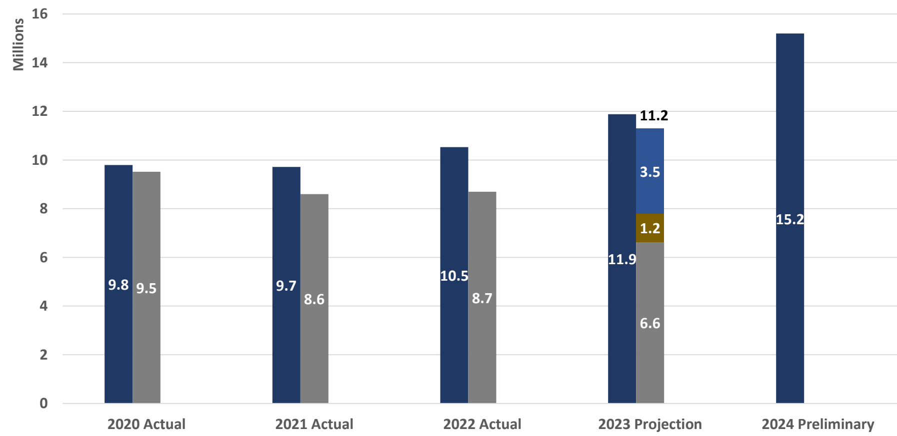
Operating Safety & Security Analysis



Source: Section 4170 Personal Services and Operating Expenses

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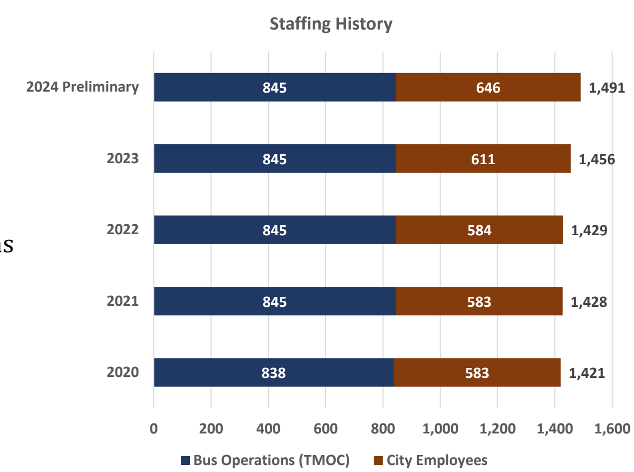
Enhancements

- Safety and Security
  - Funding for expanded security contract
  - Funding for operators and employee training
  - Expand the transit ambassador program
- Valuing Employees
  - eServe Academy – 4 program staff plus funding for 14 apprentices and 10 interns
  - Rate & Compensation Study
  - Right sizing workforce based on operational tempo and current needs – 30 FTEs
- Maintenance & Asset Preservation
  - Increased preventative maintenance for facilities, bus, and rail



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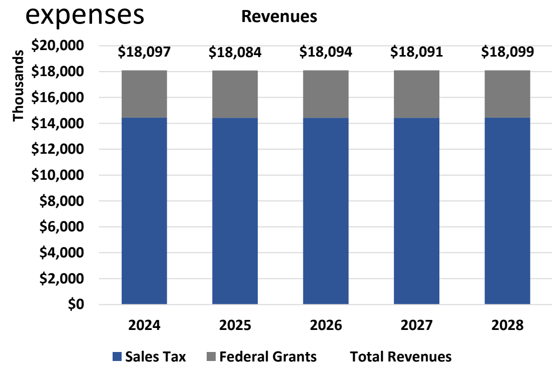
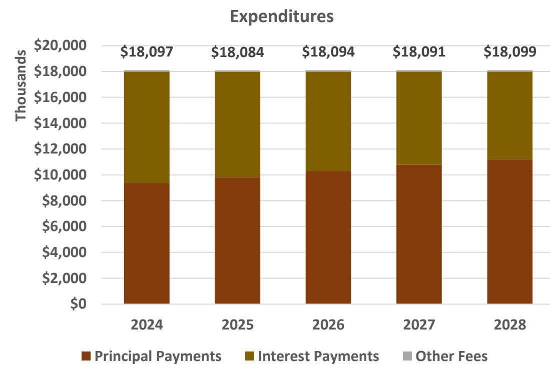
FY 2024 Debt Service

- FY2024 Debt Service Budget ~$18.1 million
- Transit Sales Tax, Federal and State grant funds pay annual principal and interest expenses





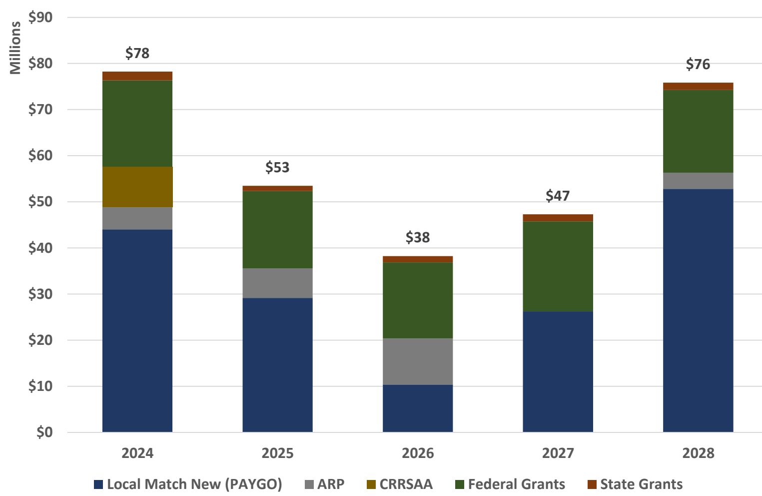
- No new debt issuance programed for FY 2024

Preliminary Capital Investment Plan

FY 2024 – FY 2028 CIP Sources of Funds

FY 2024 Highlights

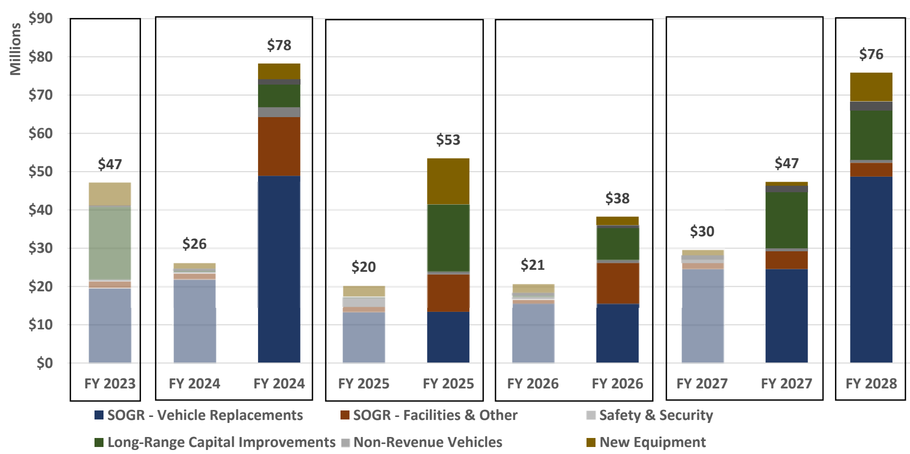
- Utilizes ~$27 million in reserve funds to increase bus purchases
- Utilizes ~$10 million in reserve funds for other projects and equipment purchases
- Working with City Finance to develop a long-term funding strategy for future revenue vehicle purchases



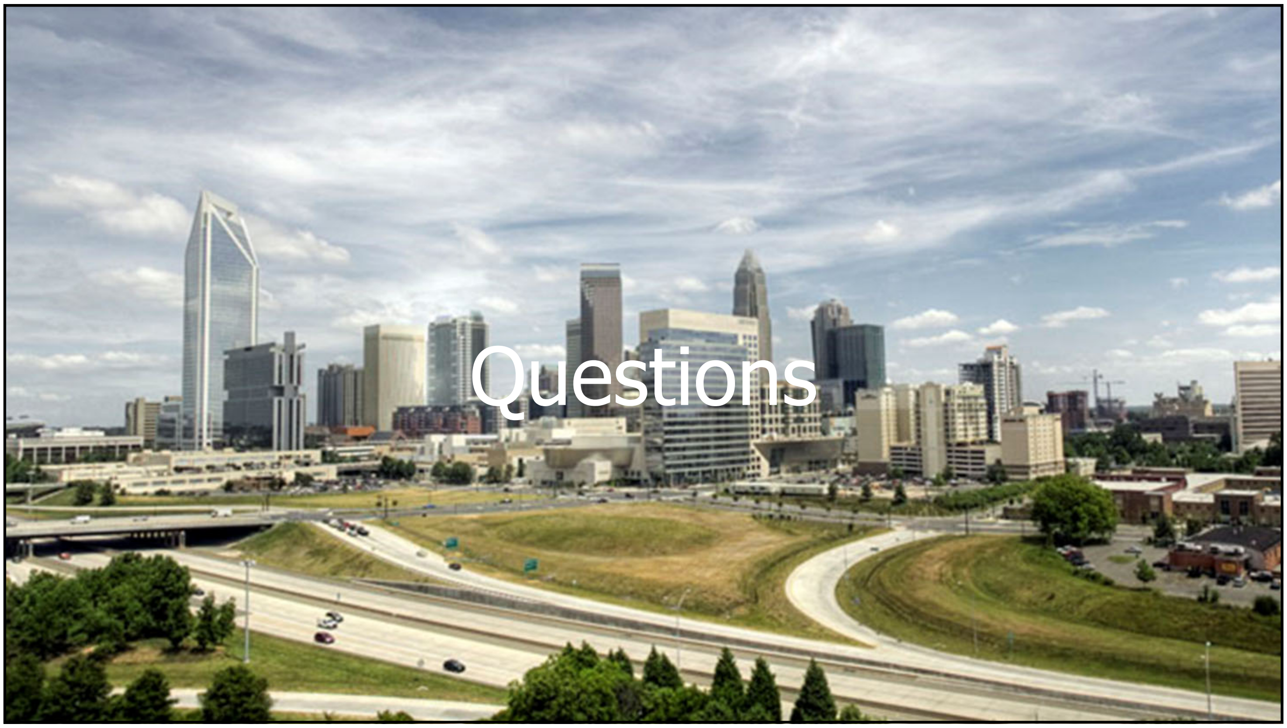
FY 2024 – FY 2028 CIP Expenditures

FY 2024 Highlights

- 37 Replacement Buses
- 19 Replacement STS Vehicles
- Transit Planning
- ADA Improvements
- Security Improvements
- Continues prior-year initiatives



Notes:
1. Shaded columns represent FY 2023 to FY 2027 CIP
2. FY2024 Preliminary Capital Budget excludes carry over amounts
3. Excludes Grant-Funded Operating Projects



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