FY 2025 Preliminary Operating & FY 2025 to FY 2029 Capital Budgets

Presentation to City Council
Budget Workshop
March 25, 2024

CATS — CHARLOTTE AREA TRANSIT SYSTEM

Agenda

▶ Current State of CATS

▶ FY 2025 Revenue Summary

▶ FY 2025 Preliminary Operating Budget

▶ FY 2025 – FY 2029 Preliminary Capital Budget

▶ Next Steps

▶ Discussions
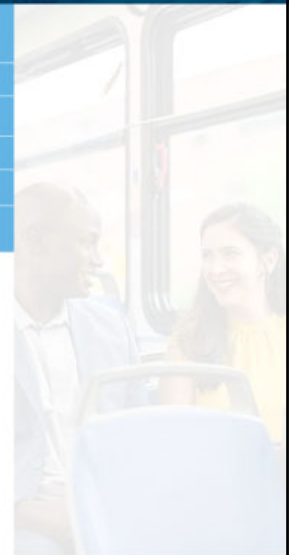
CATS

Accomplishments

▶ **Safety and Security**
- ▷ New security contracts
- ▷ CATS Connect
- ▷ Ambassador Program

▶ **State of Good Repair**
- ▷ LRV Truck Maintenance and Technology System Contract with Siemens
- ▷ Bus and STS Bus Replacement Order and update to fleet replacement plan
- ▷ Awarded a $30M Zero Emission Grant
- ▷ Conducted bridge and parking deck inspections as well as facility assessments

▶ **Valuing employees and improved recruitment and retention efforts**
- ▷ Field staff pay increases
- ▷ Implemented several communication tools

Ongoing and Planned Initiatives

- Microtransit
- Better Bus
- Fare Study
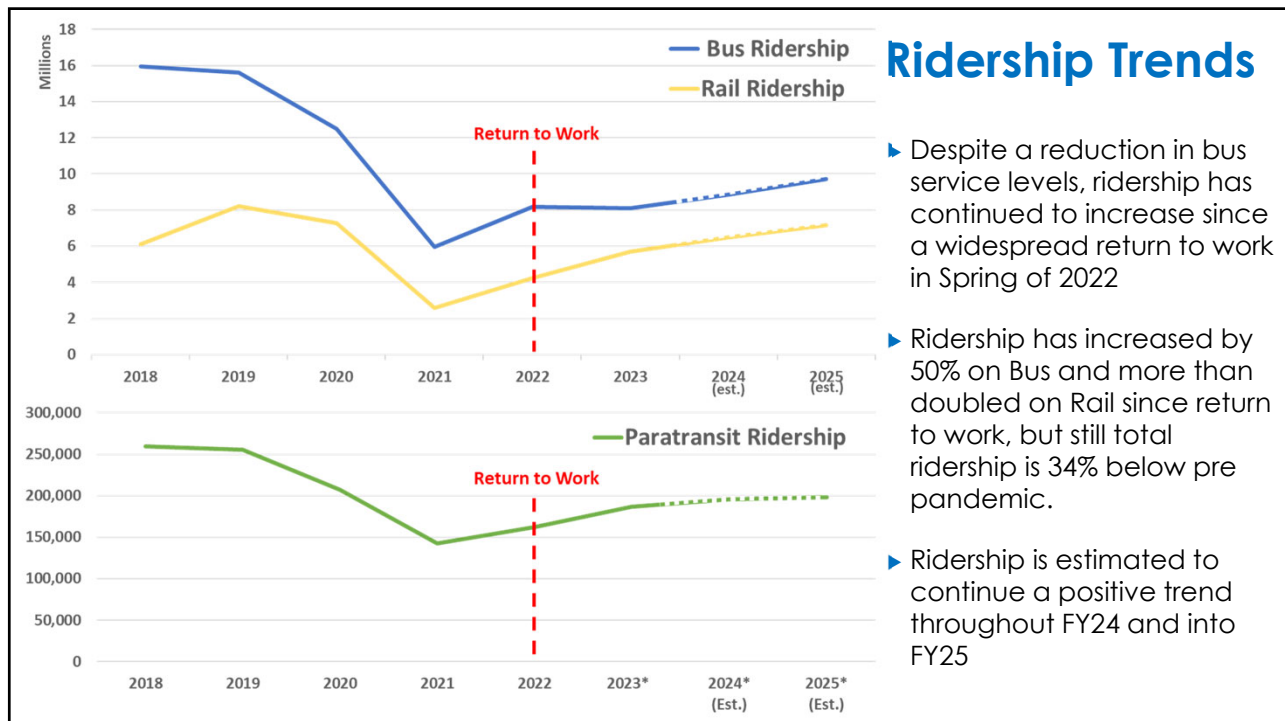- Continued investments in Safety & Security
- Continued focus on our employees
- New revenue initiatives/partnerships

- Marketing and education efforts
- APTA Peer Reviews
- Technology Projects
- Transit Asset Management Program

Ridership Trends

- Despite a reduction in bus service levels, ridership has continued to increase since a widespread return to work in Spring of 2022

- Ridership has increased by 50% on Bus and more than doubled on Rail since return to work, but still total ridership is 34% below pre pandemic.

- Ridership is estimated to continue a positive trend throughout FY24 and into FY25

FY 2025 Revenue Summary

CATS

½ Percent Sales Tax FY 2019 – FY 2025
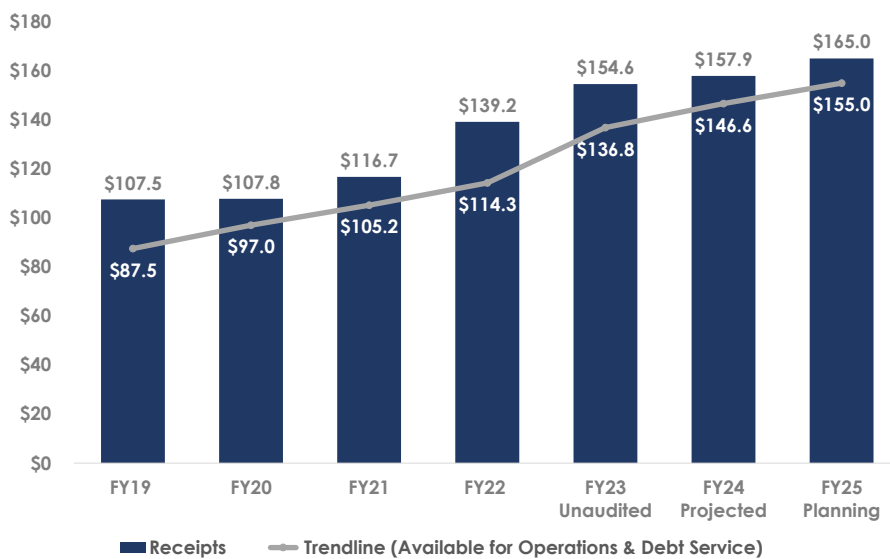
1/2 Cent County-Wide Tax

Does Not Include: grocery foods, automobiles, housing, medical visits and medicines, gasoline, insurance, utilities, debt, school, etc.

Receipts: FY19 $107.5, FY20 $107.8, FY21 $116.7, FY22 $139.2, FY23 Unaudited $154.6, FY24 Projected $157.9, FY25 Planning $165.0

Trendline (Available for Operations & Debt Service): FY19 $87.5, FY20 $97.0, FY21 $105.2, FY22 $114.3, FY23 $136.8, FY24 $146.6, FY25 $155.0

Legend: ■ Receipts — Trendline (Available for Operations & Debt Service)

FY 2025 Revenue Estimates

Legend:
- FY 2024 Projected: $275.5 Million
- FY 2025 Planning: $285.9 Million

Chart (MILLIONS):

Category	FY 2024 Projected	FY 2025 Planning
Sales Tax	$158	$165
Grants & IAs	$43	$40
GF MOE/SC Transfer	$30	$31
Passenger Fares	$15	$16
Advertising	$4	$5
Interest Earnings	$3	$3
Misc. Revenue	$4	$3
Reserve Draw	$18	$23
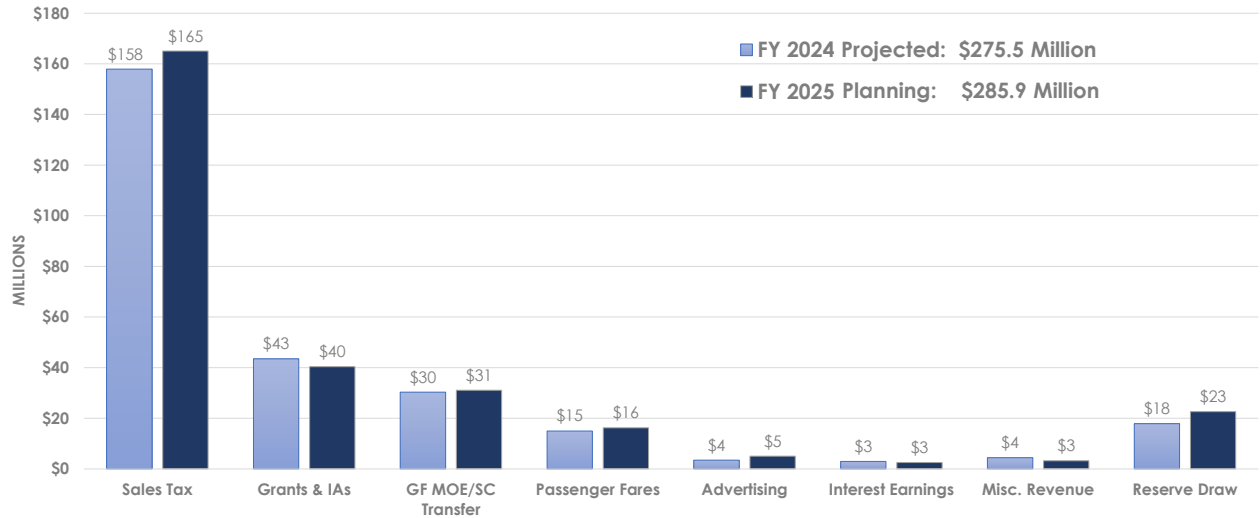
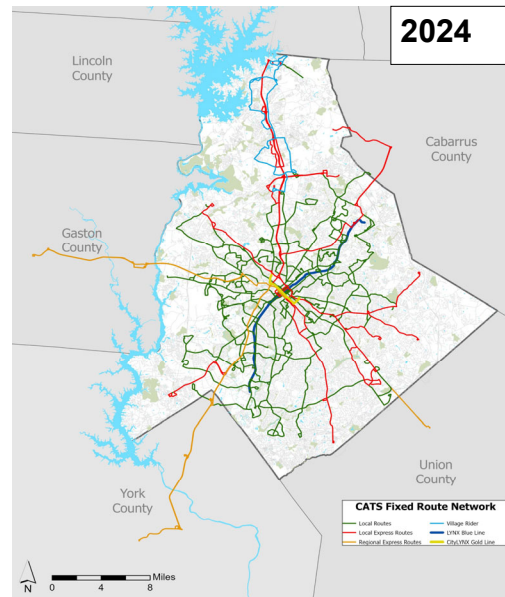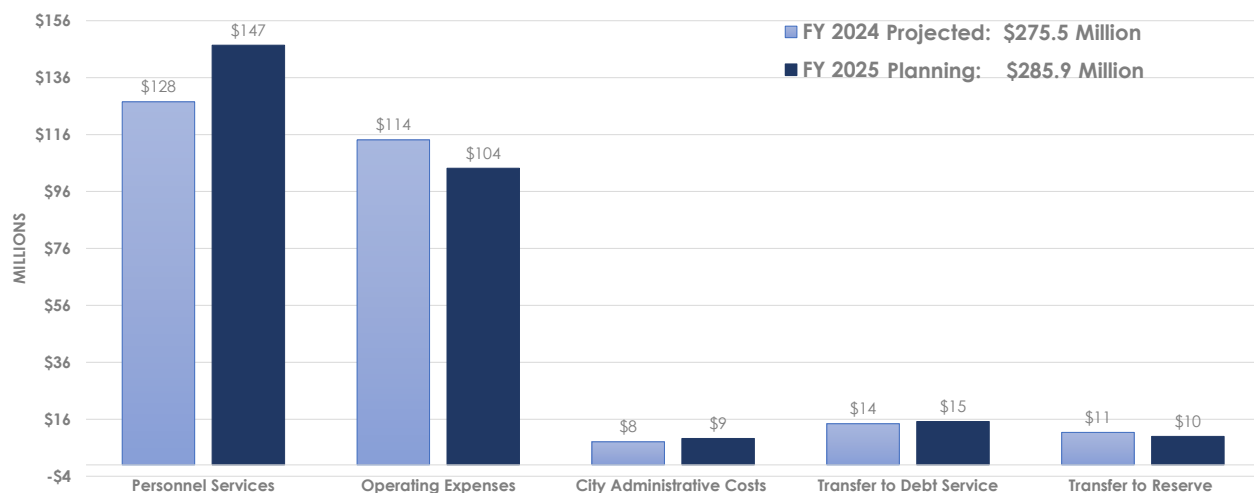
FY 2025 Preliminary Operating Budget

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National and Regional Pressures

▶ Dedicated transit revenues are low compared to peer cities

▶ National and local labor trends have increased operating costs

▶ National ridership patterns and needs post-pandemic have reduced fare revenues

▶ Past reliability issues have damaged perception of the system

▶ Aging system infrastructure and technology is adding to maintenance and capital costs

▶ Capital costs have risen dramatically with inflation

▶ Regional growth creates additional demand

2024

Lincoln County

Cabarrus County

Gaston County

Union County

York County

CATS Fixed Route Network
Local Routes · Village Rider · Local Express Routes · LYNX Blue Line · Regional Express Routes · CityLYNX Gold Line

Miles 0 4 8

FY 2025 Operating Budget Summary
Status Quo Service Levels

FY 2024 Projected: $275.5 Million
FY 2025 Planning: $285.9 Million

	Personnel Services	Operating Expenses	City Administrative Costs	Transfer to Debt Service	Transfer to Reserve
FY 2024 Projected	$128	$114	$8	$14	$11
FY 2025 Planning	$147	$104	$9	$15	$10

MILLIONS

FY 2025 – FY 2029 Preliminary Capital Budget

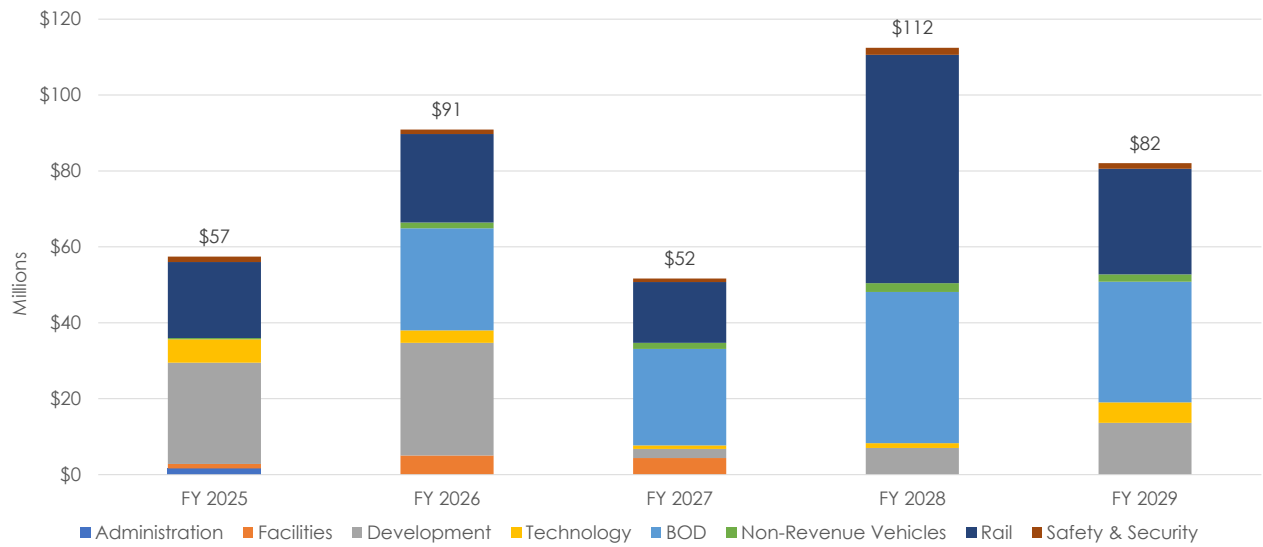13

Capital Budget Summary

- Key projects in FY25 budget:
    - Bus and Rail State of Good Repair
    - Implement Bus and Rail Capital Improvements – Continued Funding FY25-FY29
    - CTC Redevelopment Project
- Continued implementation of projects funded in prior years:
    - Construction Projects
        - ▷ South End Station
        - ▷ Hambright Park and Ride
        - ▷ Operator Comfort Stations
    - Advancing the 2030 Corridor System Plan
        - ▷ Red Line
        - ▷ Gold Line Phase 3
        - ▷ Silver Line
        - ▷ No additional future year funding allocated

FY 2025 – FY 2029 Capital Budget Expenditures

Stacked bar chart (values in Millions). Categories: Administration, Facilities, Development, Technology, BOD, Non-Revenue Vehicles, Rail, Safety & Security.

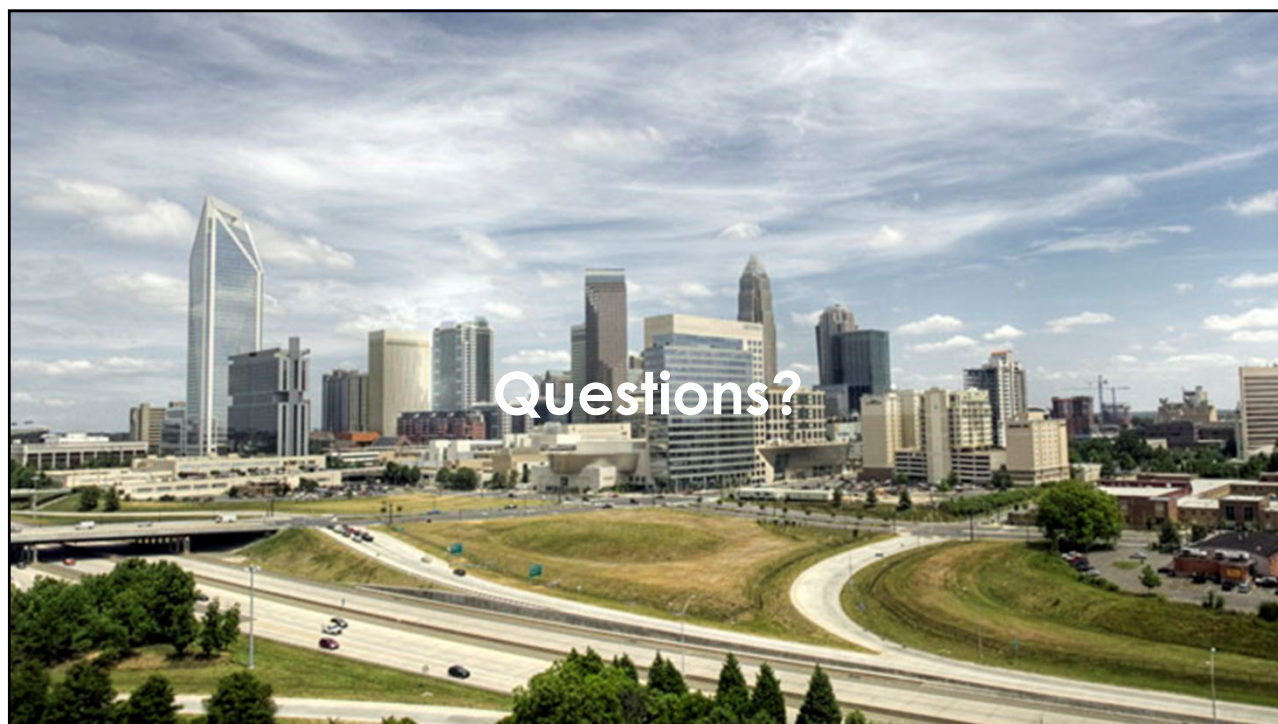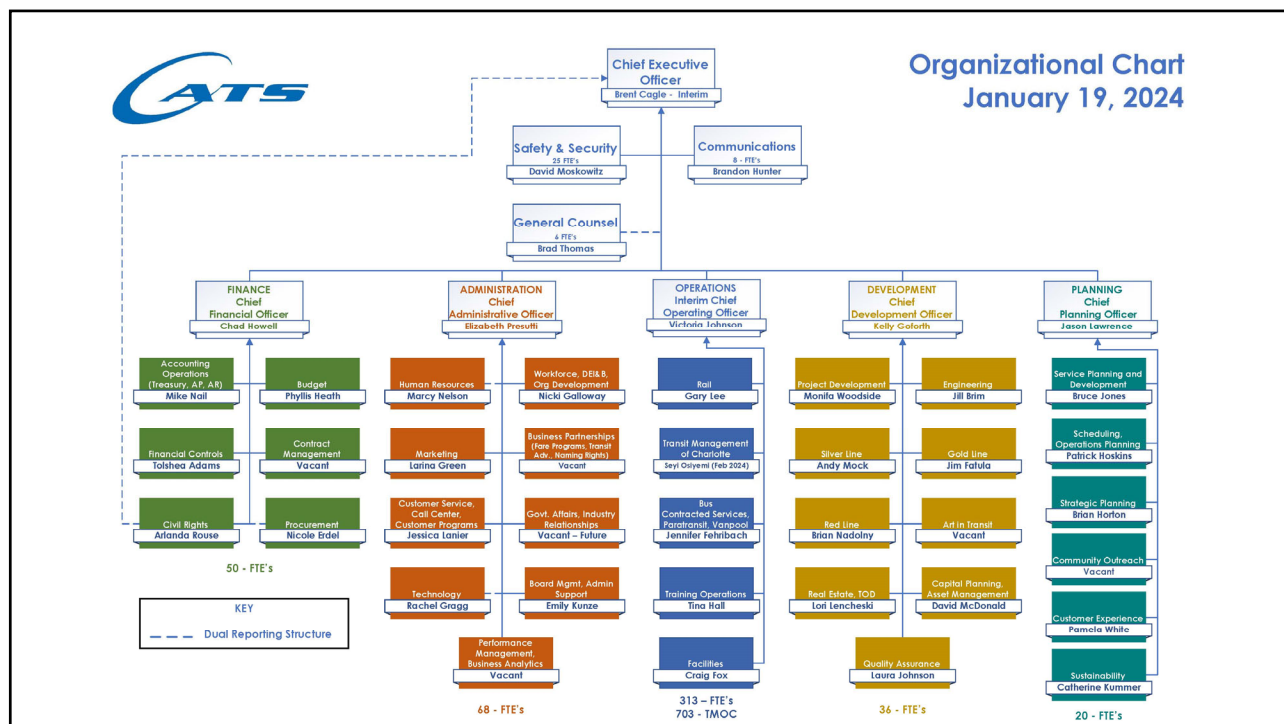| Fiscal Year	Total
FY 2025	$57
FY 2026	$91
FY 2027	$52
FY 2028	$112
FY 2029	$82

Next Steps: FY 2025 Budget Calendar

▶ **March 2024**
- ▷ MTC Capital Budget Workshop
- ▷ Finalize revenue and expenditure projections
- ▷ Workshop results incorporated into preliminary capital budget

▶ **April – June 2024**
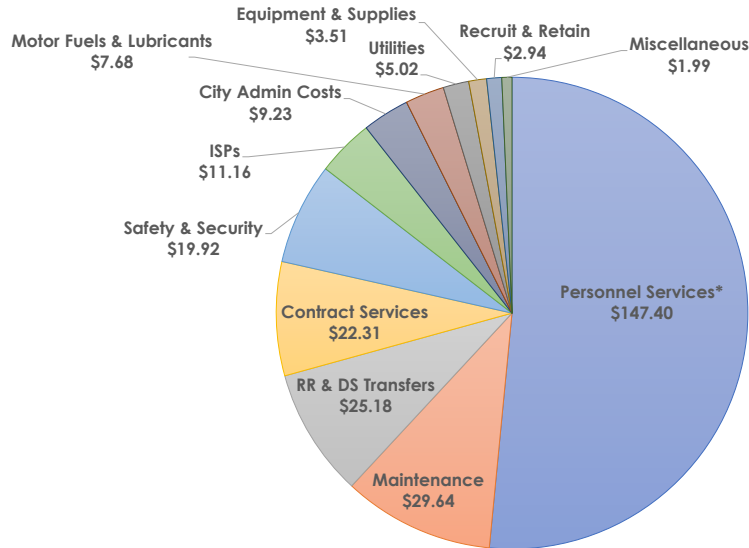- ▷ Revise budget and present to MTC and City Council for adoption

Questions?

SUPPORTING SLIDES
NOT FOR PRESENTATION

Organizational Chart
January 19, 2024

CATS

Chief Executive Officer
Brent Cagle - Interim

Safety & Security
25 FTE's
David Moskowitz

Communications
8 - FTE's
Brandon Hunter

General Counsel
6 FTE's
Brad Thomas

FINANCE
Chief Financial Officer
Chad Howell

ADMINISTRATION
Chief Administrative Officer
Elizabeth Prosutti

OPERATIONS
Interim Chief Operating Officer
Victoria Johnson

DEVELOPMENT
Chief Development Officer
Kelly Goforth

PLANNING
Chief Planning Officer
Jason Lawrence

FINANCE – 50 - FTE's
- Accounting Operations (Treasury, AP, AR) — Mike Nail
- Budget — Phyllis Heath
- Financial Controls — Tolshea Adams
- Contract Management — Vacant
- Civil Rights — Arlanda Rouse
- Procurement — Nicole Erdel

KEY
- - - Dual Reporting Structure

ADMINISTRATION – 68 - FTE's
- Human Resources — Marcy Nelson
- Workforce, DEI&B, Org Development — Nicki Galloway
- Marketing — Larina Green
- Business Partnerships (Fare Programs, Transit Adv., Naming Rights) — Vacant
- Customer Service, Call Center, Customer Programs — Jessica Lanier
- Govt. Affairs, Industry Relationships — Vacant – Future
- Technology — Rachel Gragg
- Board Mgmt, Admin Support — Emily Kunze
- Performance Management, Business Analytics — Vacant

OPERATIONS – 313 – FTE's / 703 - TMOC
- Rail — Gary Lee
- Transit Management of Charlotte — Seyi Osiyemi (Feb 2024)
- Bus Contracted Services, Paratransit, Vanpool — Jennifer Fehribach
- Training Operations — Tina Hall
- Facilities — Craig Fox

DEVELOPMENT – 36 - FTE's
- Project Development — Monifa Woodside
- Engineering — Jill Brim
- Silver Line — Andy Mock
- Gold Line — Jim Fatula
- Red Line — Brian Nadolny
- Art in Transit — Vacant
- Real Estate, TOD — Lori Lencheski
- Capital Planning, Asset Management — David McDonald
- Quality Assurance — Laura Johnson

PLANNING – 20 - FTE's
- Service Planning and Development — Bruce Jones
- Scheduling, Operations Planning — Patrick Hoskins
- Strategic Planning — Brian Horton
- Community Outreach — Vacant
- Customer Experience — Pamela White
- Sustainability — Catherine Kummer

Challenges

- ▶ Financial realities of maintaining what we have
  - ▷ Costs associated with stabilizing the organization
  - ▷ Increasing operating costs
- ▶ Aging system infrastructure and technology
  - ▷ State of good repair
  - ▷ Assets beyond useful life
- ▶ Changing ridership patterns and needs post-pandemic

- ▶ Safety and security for riders and staff
- ▶ Reliability / frequency of services
- ▶ Perception of system
- ▶ Growing region with additional transit needs

Operating Expenses By Major Category

Equipment & Supplies $3.51
Recruit & Retain $2.94
Miscellaneous $1.99
Motor Fuels & Lubricants $7.68
Utilities $5.02
City Admin Costs $9.23
ISPs $11.16
Safety & Security $19.92
Contract Services $22.31
RR & DS Transfers $25.18
Maintenance $29.64
Personnel Services* $147.40

Total Operating = $285.9 Million

Debt Service Expenses

- FY2025 Debt Service Budget ~$18.1 million
- New Debt Issued in FY 2026 for Bus and STS Vehicles and facility improvements
- Transit Sales Tax, Fund Balance, and Federal Grant Funds pay annual principal and interest expenses
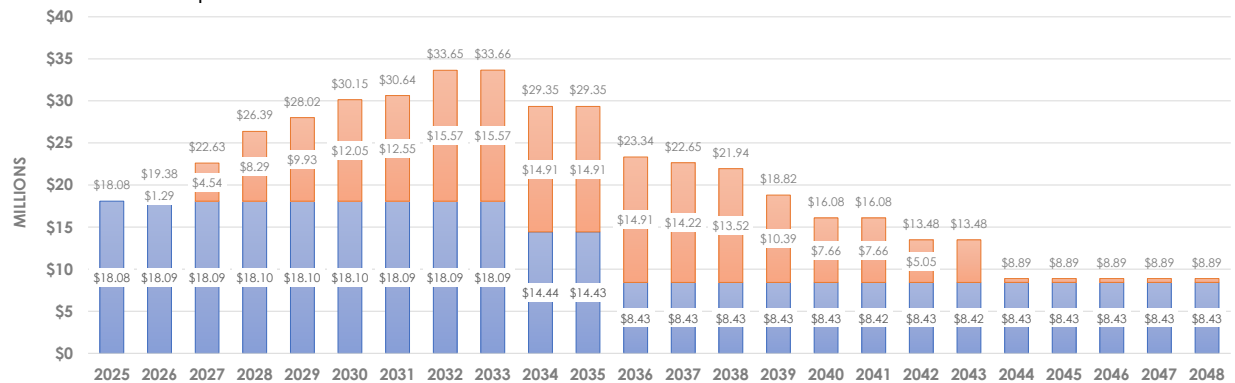
Bus and Rail State of Good Repair

- STS and Bus Replacements
- Light Rail Vehicle Truck Overhaul
- Blue Line Signal House Refresh
- Software Replacements
- ADA Transition Plan – Bus Stop and Facility Improvements
- Community Transit Centers – Condition Assessments
- Drainage Improvements
- Bridge Inspection and Repair Program
  - Inspections nearly complete
  - Repairs in 2024-2025
- Parking Deck Inspection and Repair Program
 - Inspections complete 2023
  - Repairs in 2024-2025

Bus and Rail Capital Improvements

- New Bus Shelters and Amenities
- North Yard Storage Capacity
- EV Charging Infrastructure (Grant Funded)

CTC Redevelopment

► Public-Private Partnership
  ▪ DART/White Point Partners
  ▪ New multi-modal bus facility with mixed use development

► FTA RAISE Grant $15 M - 2021

► City Council approvals
  ▪ Design Reimbursement Dec 2022
  ▪ MOU Feb 2023

► MTC approval – Jan 2022
  ▪ LPA Concourse Design Concept

► Financial Framework
  ▪ Developer's Conceptual Cost Estimate $89 M
    • Includes $12 M CATS for Temp Facility
  ▪ Additional Funding Request FY26-29 $10 M
    • Owner's Representative Consultant
    • Furniture, Fixture, Equipment, Technology Allowance
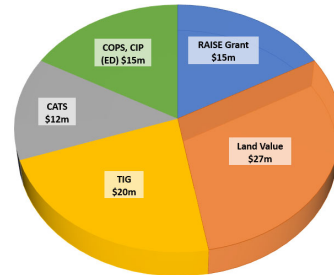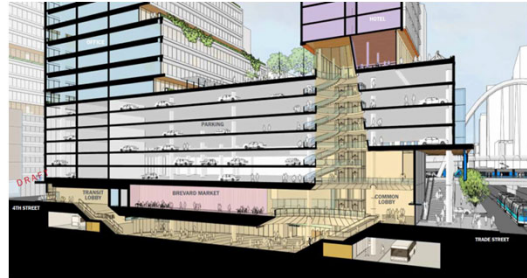
North Corridor: Hambright Park & Ride
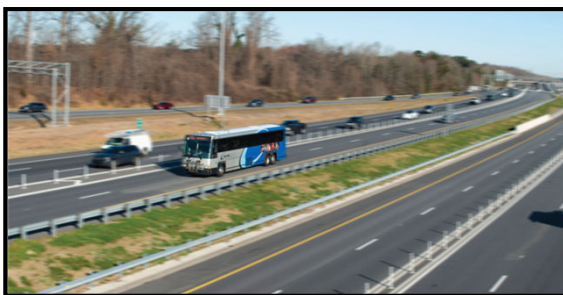
► Project Description
  ▪ Located in Town of Huntersville
  ▪ 500 parking spaces
  ▪ Bus operator restroom
  ▪ Mobility hub
  ▪ Carpool/vanpool staging

► Express buses will use the I-77 express lane direct connect to access the park-and -ride

► Schedule
  ▪ Environmental Complete
  ▪ Design Contract Award Nov 2023
  ▪ Design Phase 2024 -2025
 ▪ Construction 2026

► Funded with CMAQ grant

LYNX Blue Line: South End Station

▶ Project Description
- New Station between New Bern and East-West Stations

▶ Schedule
- Currently in Preliminary Design
- Completion schedule currently being updated

▶ Funded with BLE Cost Savings and Private Contributions

Advancing the Plan

▶ Red Line
- Design Update
- Prior Year Funding $5.0 million
- Expected Completion Spring 2025

▶ Silver Line
- Design and Environmental
- Prior Year Funding $51.2 million
- Expected Completion Summer 2026

▶ Gold Line Phase 3
- Design and Environmental
- Prior year Funding $4.3 million
- Expected Completion Fall 2025

▶ No Additional Funding FY25-29
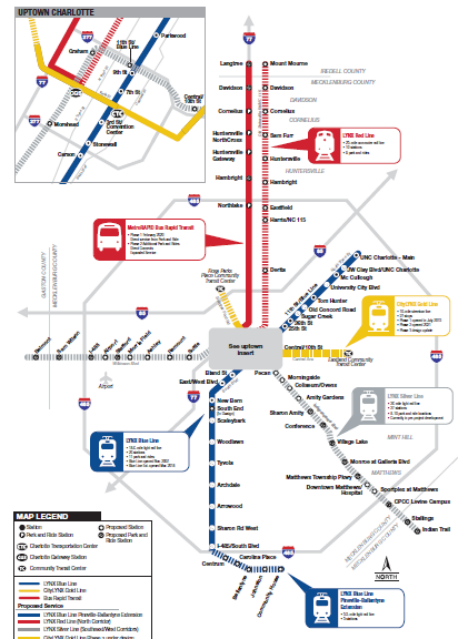
Moving CATS Forward

- **Restoring service, new service delivery concepts and renewed customer experience** focus to catapult continued ridership growth
- **Continued emphasis on safety and security as well as state of good repair**
- **Investing in CATS most important asset – our employees**
- **Strengthening local and regional partnerships**