



OPERATING & CAPITAL BUDGET OVERVIEW

PRESENTATION TO BGIR COMMITTEE

APRIL 7, 2025

AGENDA

- Recent Accomplishments
- Operating & Debt Service Overview
- Capital Overview
- Next Steps



RECENT ACCOMPLISHMENTS



LIVING OUR VISION

Mint Hill STS+ Service

North Mecklenburg Microtransit Launch

28 shelters/stop improvements completed

Reduction of missed trips

Onboarding of new management contractor for TMOC

Norfolk Southern O-Line Purchase

Independence Busway Reopening

E-Serve Program Launch

Completion of Bridge Inspections

South Park Transit Center Upgrades





OPERATING REVENUE OVERVIEW

REVENUE CONSIDERATIONS

Financial Safeguards

- ▷ Total YE FY 2024 Fund Balance = \$248 Million
- ▷ Maintain Unrestricted Fund Balance ≥ \$100 Million
- ▷ Maintain Revenue Reserve Fund Balance = \$30 Million
- ▷ Eliminated fund balance draws to support annual operations.

Sales Tax Outlook

- ▷ Projecting an approximately 4% annual growth
- ▷ Working with the City's Economist to refine this projection
- ▷ Dedicated transit revenues are low compared to peer cities

Federal & State Grants

- ▷ To the extent possible utilize federal formula-based grants for our operating budget
- ▷ Align new grants with strategic priorities and finalize estimated proceeds

- ▷ Research existing grants for alignment or realignment opportunities

Passenger Fares

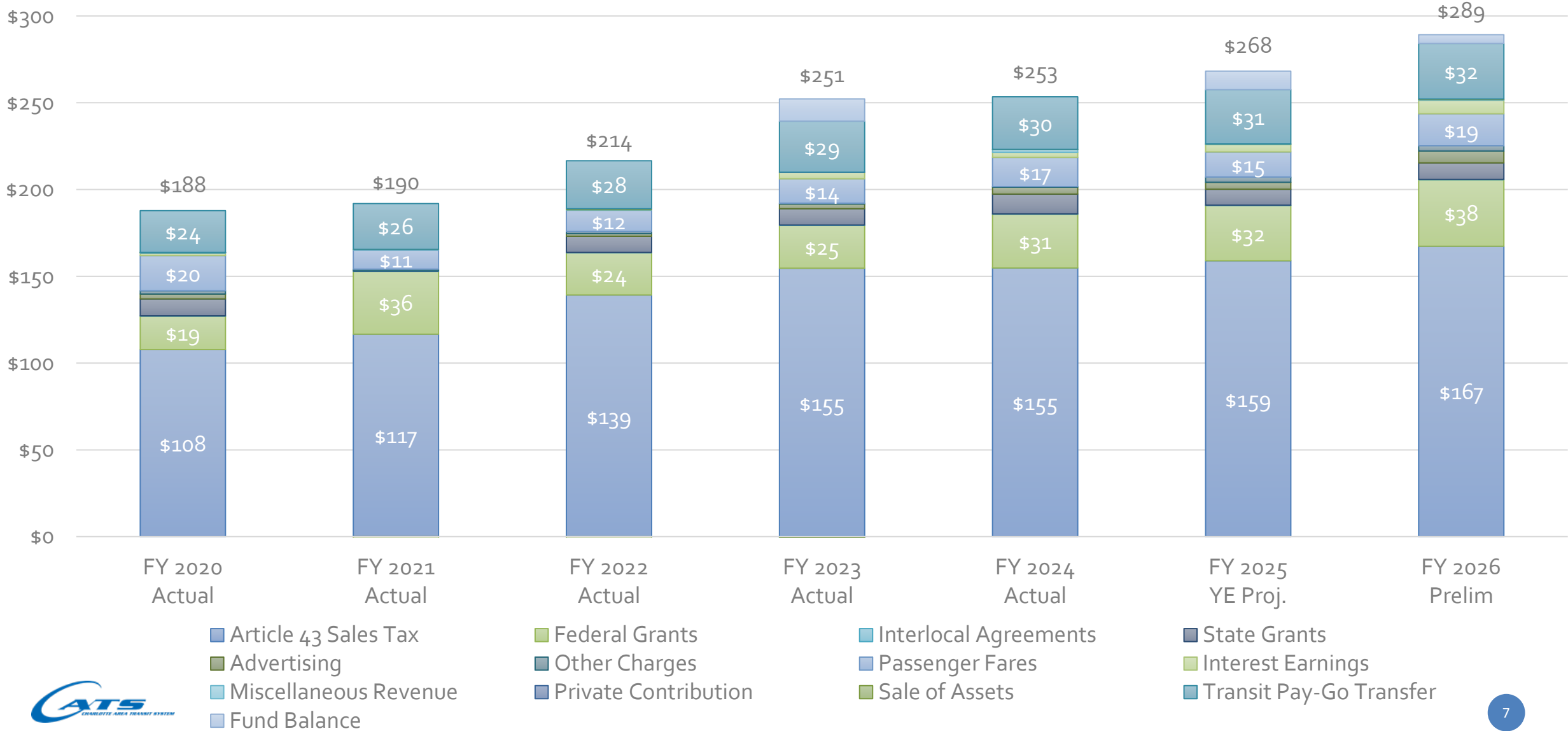
- ▷ Projecting revenues to remain relatively flat from FY 2026
- ▷ No increase in fares
- ▷ CATS is engaged in a fare study
 - ▷ No fare increased in approximately 10-years
 - ▷ Study will lead to revamped fare structure
 - ▷ Reestablishment of regular fare increases

Financial Partnerships & Opportunities

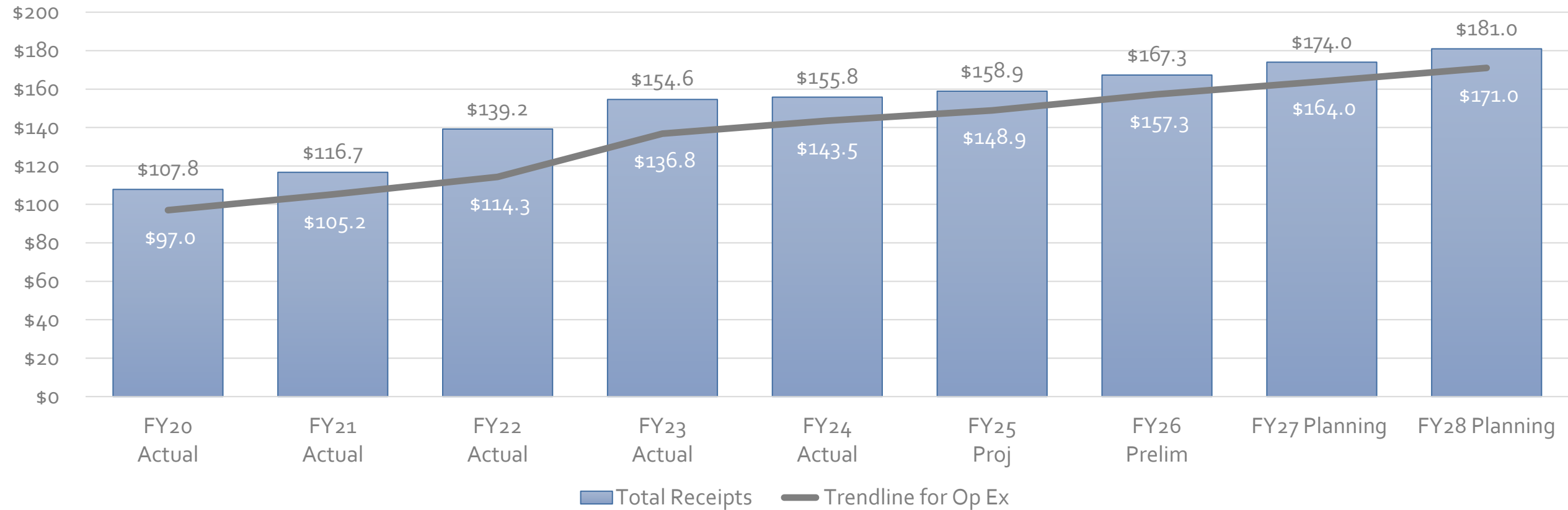
- ▷ Actively seeing new revenue sources to strengthen

Strategic, but limited issuance of new debt

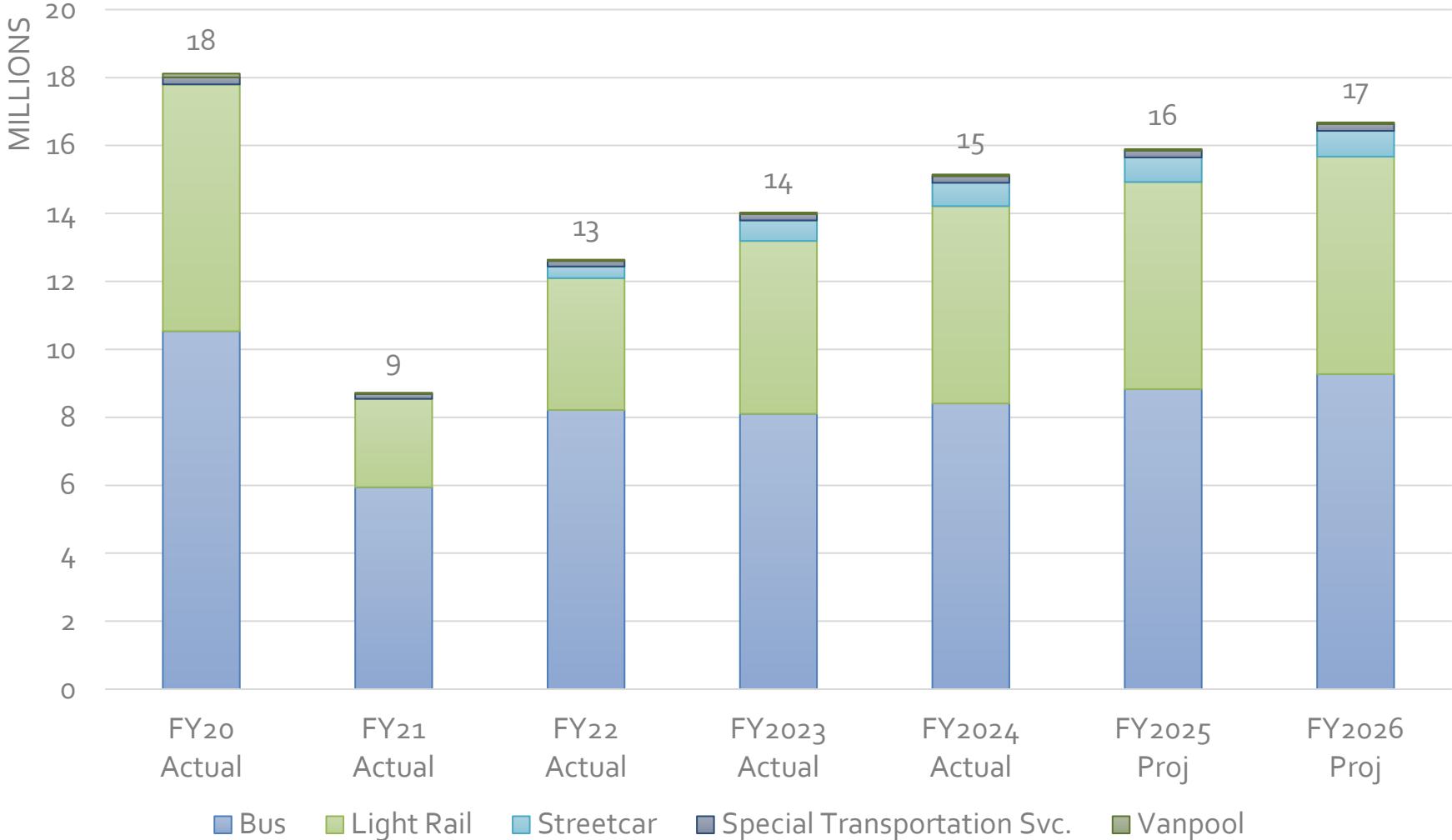
OPERATING REVENUE HISTORY & PROJECTIONS



ARTICLE 43 SALES TAX FY 2020 – FY 2028



RIDERSHIP HISTORY & PROJECTIONS

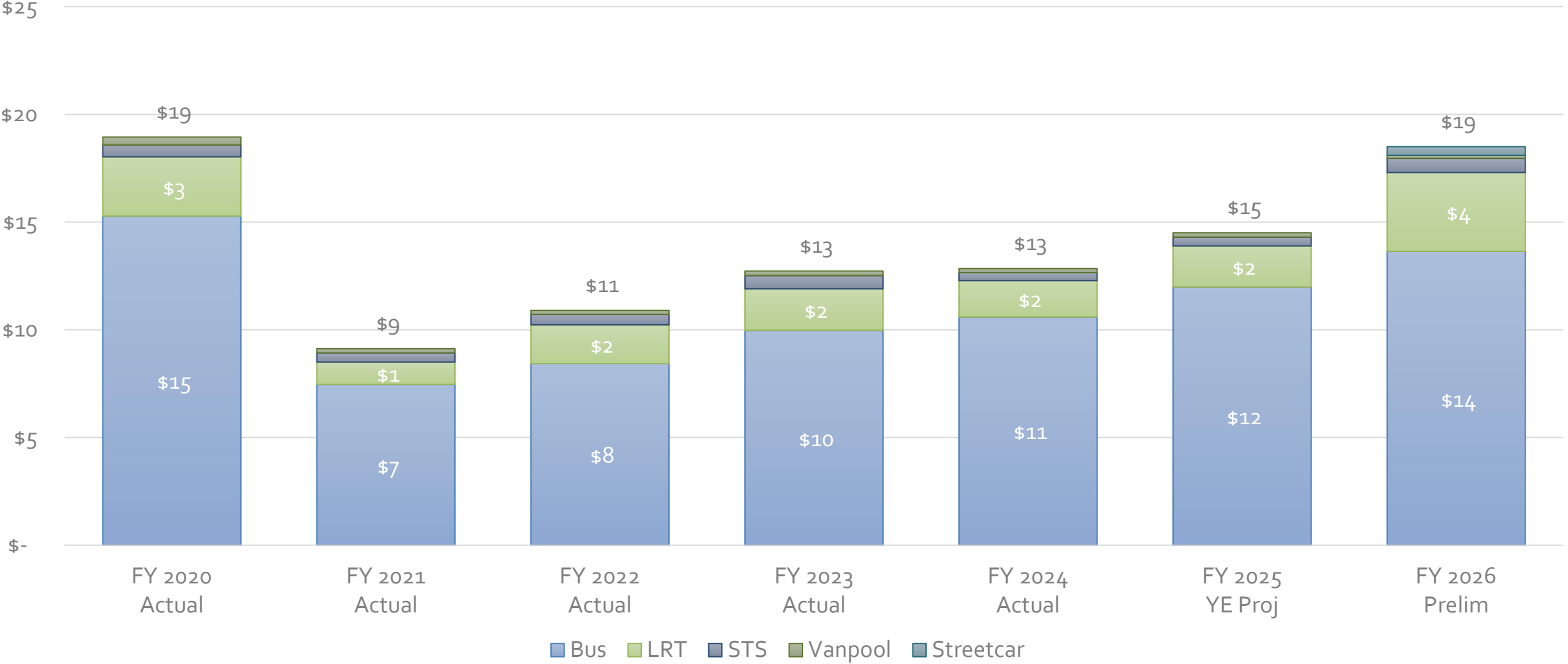


Ridership continues to grow across all modes

Ridership is estimated to continue a positive trend throughout FY25 and into FY26

Inability to fund service enhancements may start to limit future ridership growth

FARE HISTORY & PROJECTIONS



OPERATING EXPENDITURE & DEBT SERVICE OVERVIEW



OPERATING & CAPITAL CHALLENGES

Maintaining current level of services with current revenue streams

Financial realities of maintaining what we have

- ▷ Increased costs associated with stabilizing the system
- ▷ Increasing operating and capital costs due to inflation
- ▷ Most COVID era funds fully expended

Aging system infrastructure and technology

- ▷ State of good repair
- ▷ Assets beyond useful life
- ▷ Higher per vehicle maintenance costs

National and local labor trends have increased operating costs

- ▷ Ongoing union contract negotiations
- ▷ Rightsizing of operations

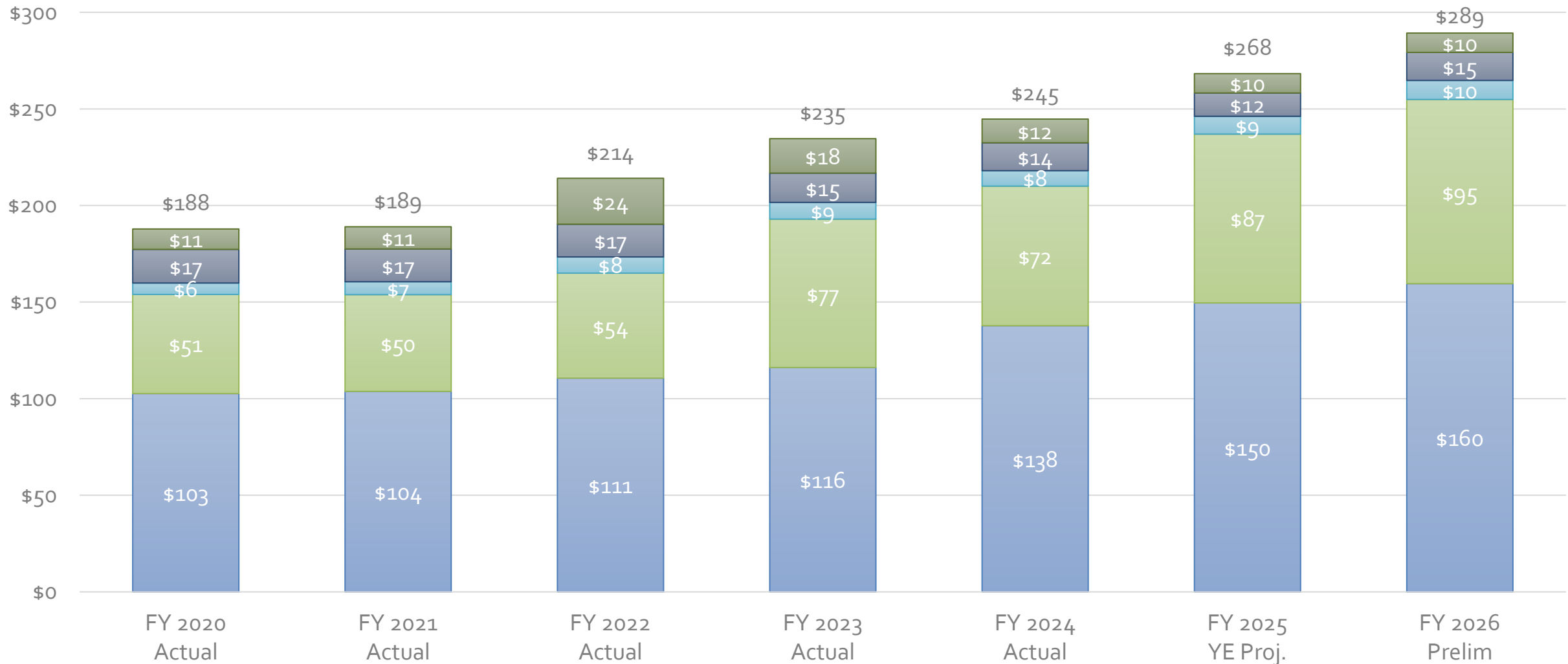
Need for continued safety improvements and security for riders and staff

Reliability / frequency of services

Perception of system

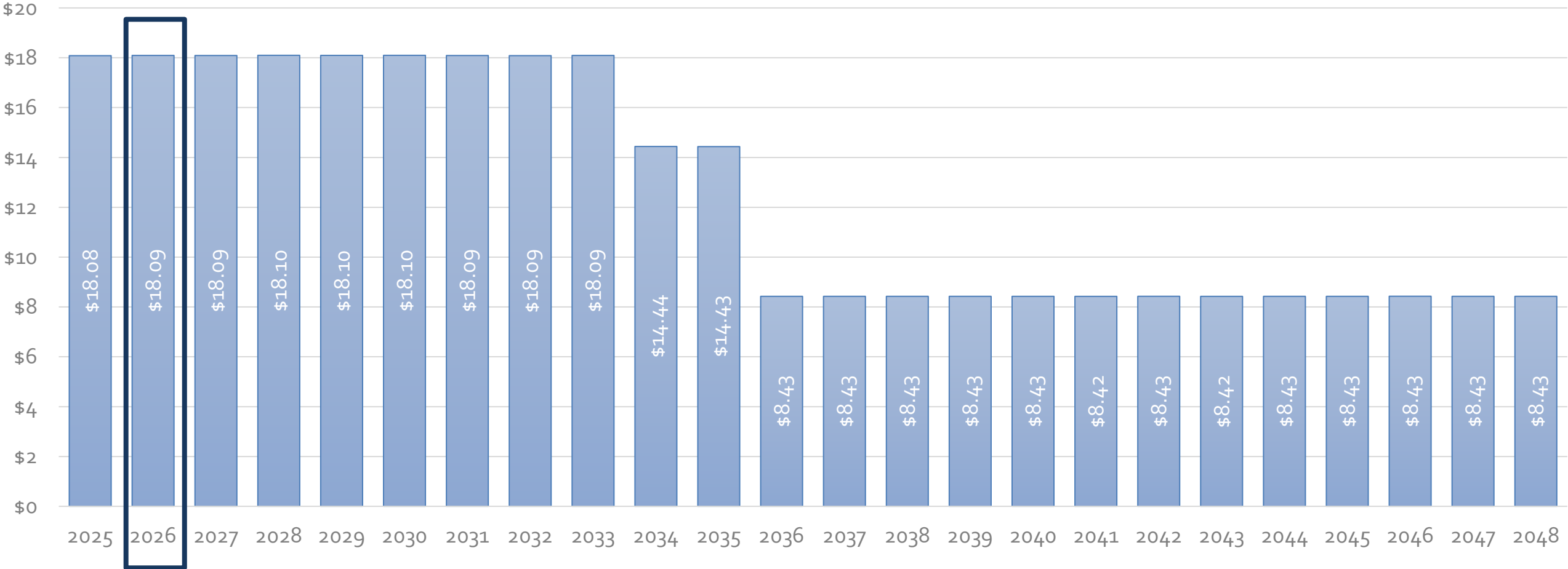
Growing region with additional transit needs

OPERATING EXPENSE HISTORY & PROJECTIONS



■ Personnel Services
 ■ Operating Expenses
 ■ City Administrative Costs
 ■ Transfer to Debt Service
 ■ Transfer to Reserve

EXISTING DEBT SCHEDULE





CAPITAL OVERVIEW

CAPITAL INITIATIVES

Revenue & Non-Revenue Vehicle Replacements

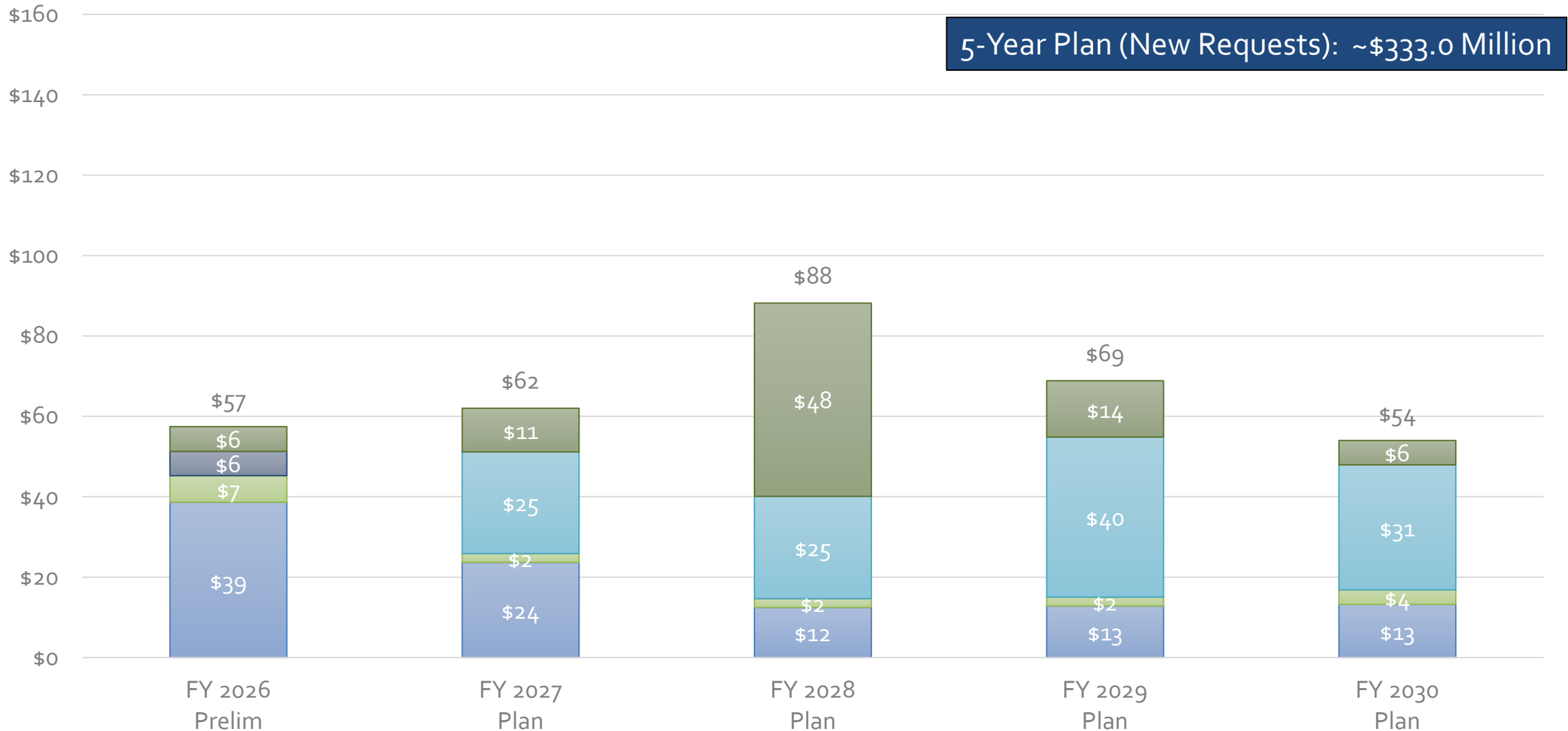
Vehicle, System & Facility Maintenance

Safety, Security, & Technology initiatives

Advancing the Transit System Plan



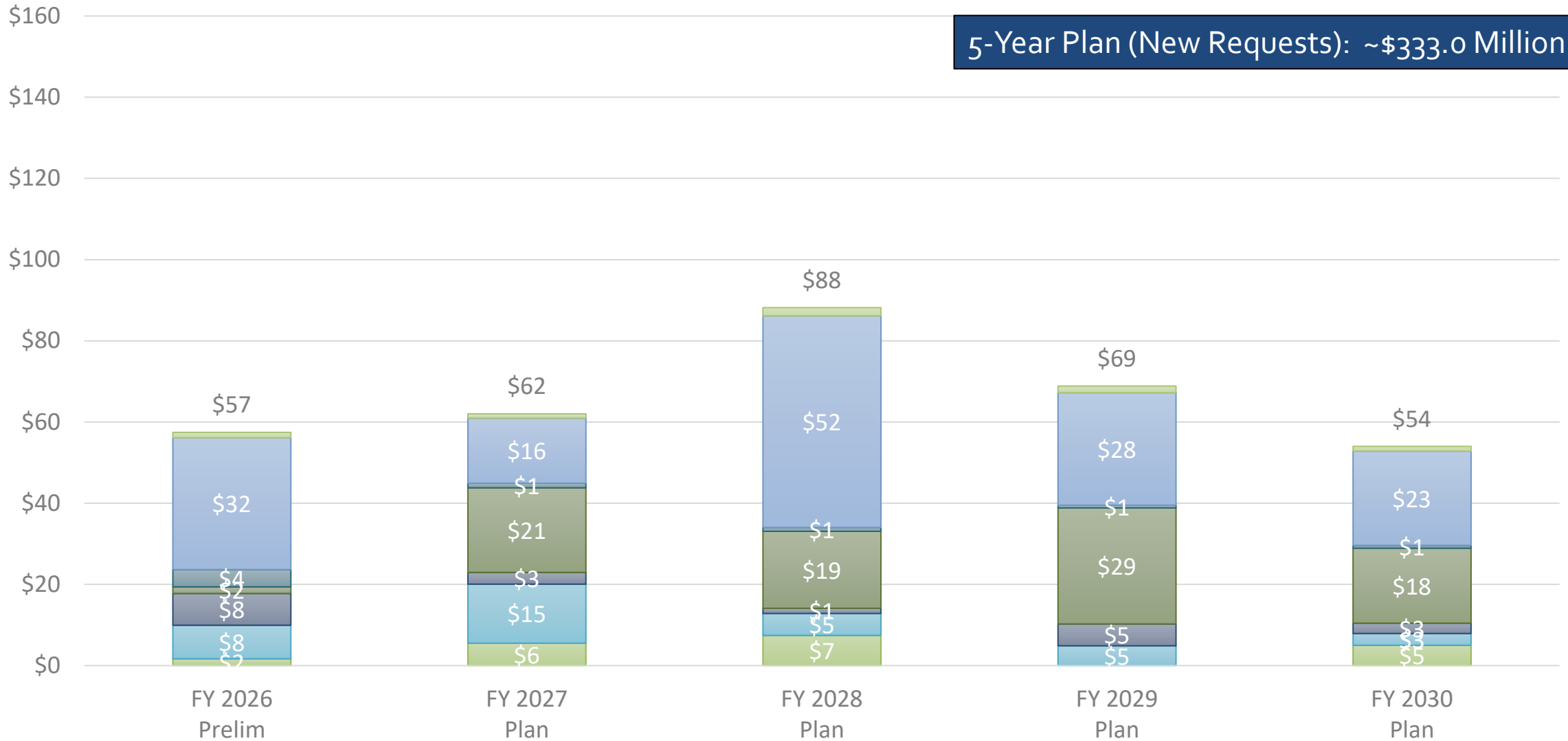
CAPITAL REVENUES (NEW REQUESTS)



■ Federal
 ■ State
 ■ New Debt (COPS)
 ■ PAYGO (Repurposed)
 ■ PAYGO (New) / Interest

CAPITAL EXPENDITURES (NEW REQUESTS)

5-Year Plan (New Requests): ~\$333.0 Million



Administration Facilities Development Technology BOD Non-Revenue Vehicles Rail Safety & Security



NEXT STEPS

PATH TO ADOPTION

April 2025

- ▷ 7th – Present Budget to City Council Budget, Governance, and Intergovernmental Relations Committee Meeting
- ▷ 9th – Present Budget to PTAC
- ▷ 30th – Present to MTC for adoption

May 2025

- ▷ 5th – City Manager Proposed Budget
- ▷ 12th – Budget Public Hearing
- ▷ 19th – Budget Adjustments
- ▷ 29th – City Council Straw Vote

June 2025

- ▷ 9th – Budget Adoption





THANK YOU!
