

FY 2024-2025 Budget Update

APRIL 10, 2024





Topics

- Budget Development Calendar
- Revised Budget Goals
- Financial Projection
- Draft Budget Overview and Assumptions
- Draft Capital

FY 24-25 Budget Development Calendar

March 26, 2023
Budget Goals

May 22, 2024
Proposed Budget

July 1, 2024
The Adopted FY
2024-25 Budget
becomes effective

April 10, 2024
Budget Goals (revised)
Financial Projection
Draft Budget

June 12, 2024
Recommended
Budget

Budget Goal Statement

Establish a strong financial foundation that supports District goals and initiatives and provides a framework within which Operations can support planned service levels and operator availability.

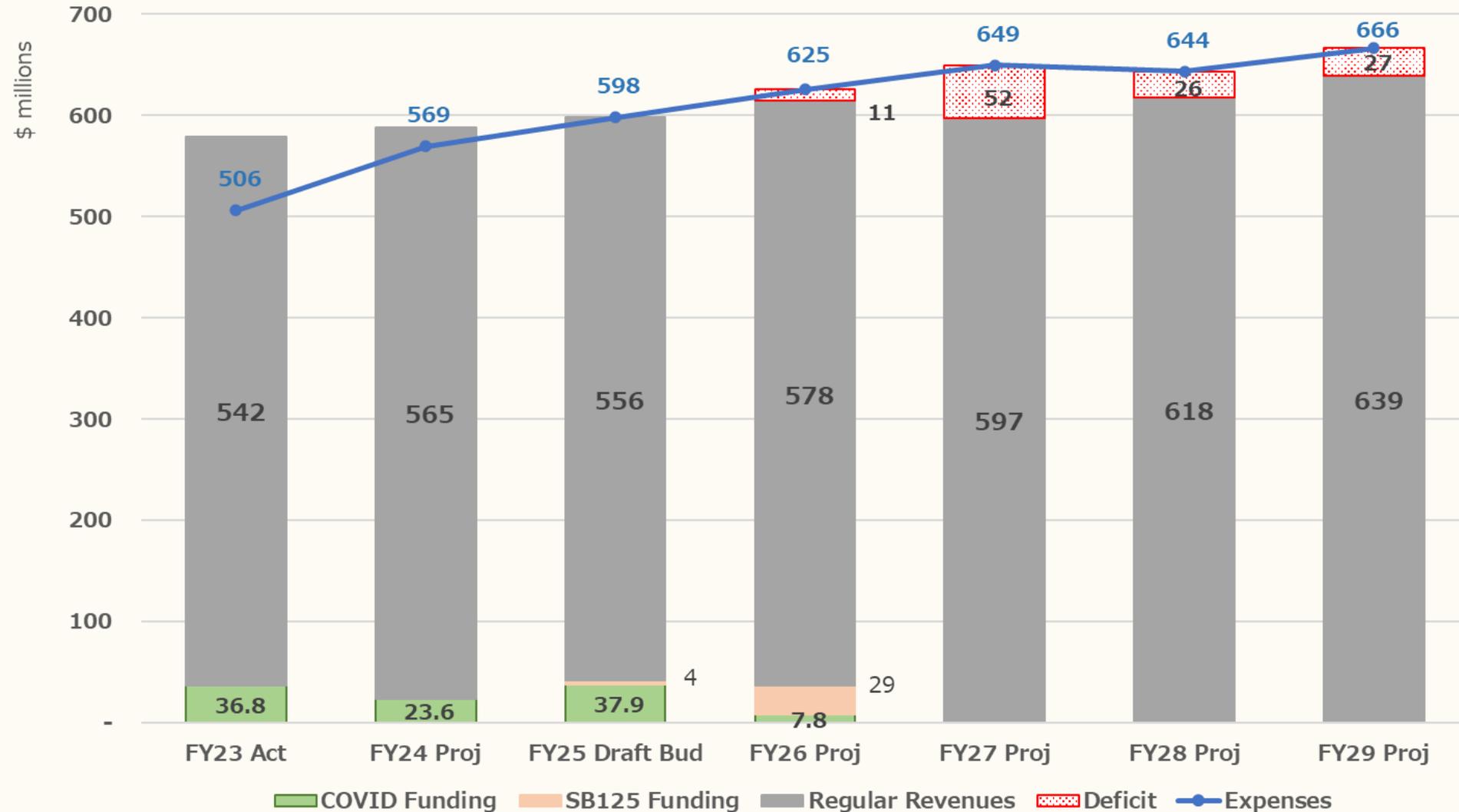


Revised Budget Goals

- **Ensure spending alignment with the strategic plan, including District Goals, initiatives, and metrics**
 - Safe & Secure Operations
 - Convenient & Reliable Service
 - Financial Stability & Resiliency
 - High Performing Workforce
 - Strong Public & Policymaker Support
 - Environmental Improvement
 - Prioritize Diversity, Equity, Inclusion, & Accessibility
- **NEW: Prioritize funding support for improvements in service levels and the hiring and retention of bus operators**
- **Continue to manage the fiscal cliff and take proactive steps to mitigate the financial impact**
- **Maximize external capital funding and effectively leverage constrained District Capital**
- **Prioritize funding to support Realign process and outcomes**
- **Prioritize financial support for safety initiatives**

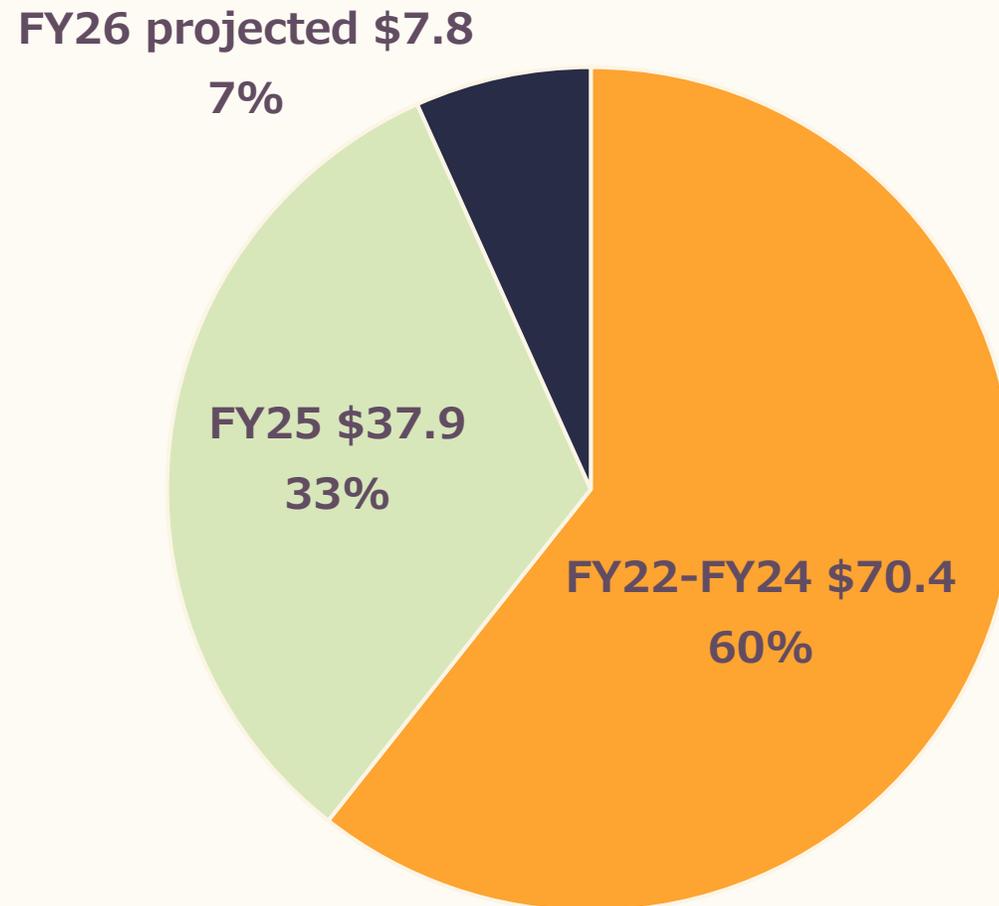
Financial Projection

Expected Scenario
85% Service Level



American Rescue Plan (ARP) Act

Nearing the end of federal emergency revenues



Draft FY 24-25 Budget Overview

<i>(millions)</i>	FY24 Budget	FY25 Draft Budget	+ / (-)
Operating	47.7	52.6	4.9
Subsidies	497.6	507.6	10.1
ARP	23.6	37.9	14.3
Total Revenue	568.9	598.2	29.2
Labor	391.3	403.1	11.8
Non-Labor	177.6	195.1	17.5
Total Expenses	568.9	598.2	29.2
Surplus/(Deficit)	-	-	-

Revenues

Most of remaining ARP used

Expenses

Labor **+3.0%**

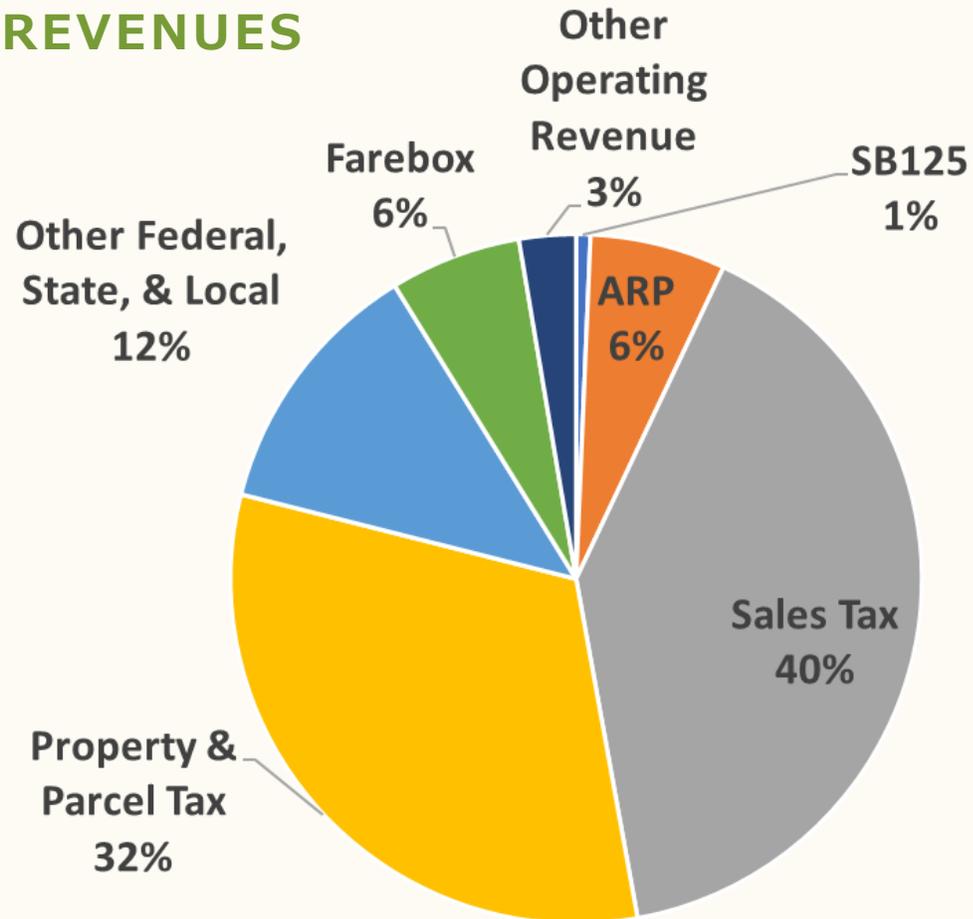
- Maintaining positions to match 85% pre-pandemic service levels
- Healthcare increase (\$3.3M)
- Pension reduction (\$1M)

Non-Labor **+9.8%**

- Unavoidable expense increases in Paratransit and Casualty & Liability
- Fuel costs held flat

Draft FY 24-25 Operating Revenues and Expenses

REVENUES



EXPENSES

- **Labor** **+3.0%**
 - Maintaining positions to match 85% pre-pandemic service levels
 - Healthcare increase (\$3.3M)
 - Pension reduction (\$1M)
- **Non-Labor** **+9.8%**
 - Unavoidable expense increases in Paratransit and Casualty & Liability
 - Fuel costs held flat

Operating Revenue Assumptions in Draft Budget

- Farebox revenue assumption based on gradual increase in ridership and no fare increase
- Subsidies based on MTC and local county estimates
- Property and Parcel tax subsidy revenue assumes steady personal and commercial property values
- Draft Budget includes \$37.9 million of total \$116.3 million ARP funding. Remaining amount projected to be used in FY 2025-26

Expense Assumptions in Draft Budget

- Increases:
 - Most wages based on negotiated labor increases
 - Operator cost and available headcount based on 85% service levels
 - Healthcare rates average increase of 7.2% per provider quotes and annual estimate
 - Liability increase per Insurance Broker quote
 - Paratransit costs based on preliminary new contract cost estimates
 - Professional Services increase; anticipated overall >4%
- Reductions/No increase:
 - Slight Pension budget reduction based on updated estimate
 - Fuel cost flat; adjustment at mid-year if necessary
 - Reduced need for Temporary Help

Labor Budget Highlights

<i>(millions)</i>	FY24 Budget	FY25 Draft Budget	+ / (-) Change
Total Labor Budget	391.3	403.1	11.8
Salaries & Wages	153.6	160.6	7.0
Overtime	23.1	24.0	0.9
Pension	71.5	70.5	-1.0
Healthcare	66.1	69.5	3.4
Workers Comp	21.1	21.3	0.2
Other Fringe Benefits	55.9	57.3	1.4

- Prioritizing filling operator positions and support staff
- Reduced reliance on overtime
- Pension adjusted based on most recent estimates
- Healthcare costs rising
- Other Fringe costs increasing commensurate with Salaries & Wages

Non-Labor Budget Highlights

<i>(millions)</i>	FY24 Budget	FY25 Draft Budget	+ / (-) Change
Total NonLabor Budget	177.6	195.1	17.5
Services	53.9	56.1	2.3
Paratransit Contract	36.1	48.2	12.1
Liability and Insurance	24.2	27.9	3.7

- Services anticipated to increase primarily due to security-related expenses and higher costs for services such as Clipper and Software.
- Paratransit Contract costs are preliminary estimates; will have more information for Proposed Budget version – could be higher!

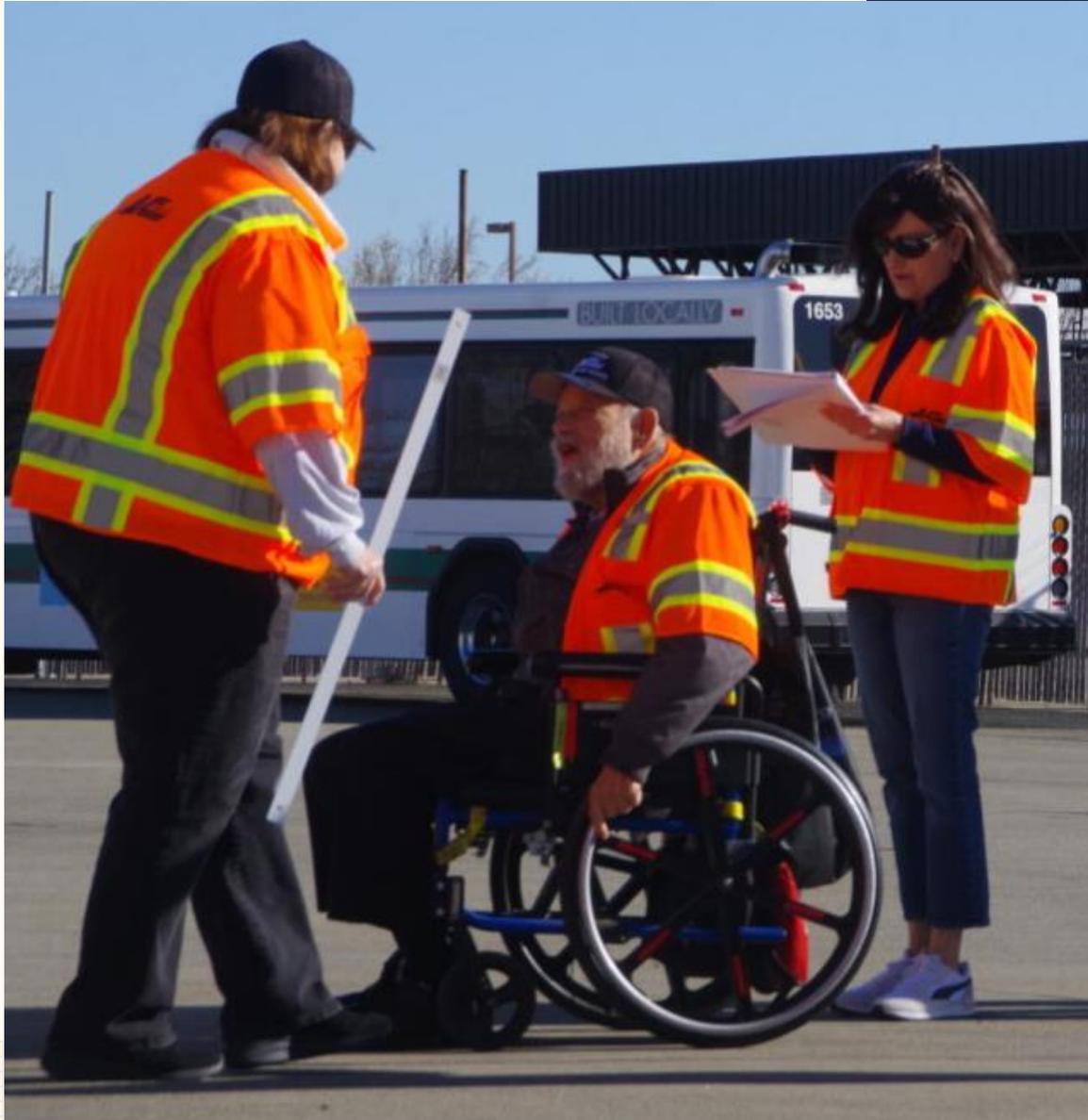
Capital Budget Overview

<i>(millions)</i>	FY25 Draft Budget
District Capital	27.1
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Grants	223.5
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Total	250.6

- District Capital is an important use of our funds for capital projects and to match grant funds.
- District Capital comes from prior years surpluses and working cash



- 62 Projects
 - 47 Continuing
 - 7 New
 - 8 Annual



Major Capital Projects

- 51 Fuel Cell Buses
- D4 Charging Facility
- D4 & D6 Hydrogen Station Upgrades
- TEC Modernization
- Rapid Corridor Improvements

Thank you!

