

**GoTriangle Board of Trustees**  
**Budget Work Session Meeting Minutes**  
**May 1, 2020**  
Held Remotely via WebEx

**Board Members Present Remotely:**

Will Allen III	Mark Marcoplos
Corey Branch	Michael Parker, Chair
Michael Fox (left 10:00 am)	Ellen Reckhow
Sig Hutchinson	Jennifer Robinson
Wendy Jacobs	Steve Schewel
Vivian Jones	

**Board Members Absent:**

Valerie Jordan	Nina Szlosberg-Landis (excused)
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Chair Michael Parker officially called the meeting to order at 9:02 a.m.

**Action:** On motion by Allen and second by Hutchinson the agenda was adopted. Upon roll call, the motion was carried unanimously.

Sandra Freeman reviewed the proposed FY 2021 budget workbook, which is attached and hereby made a part of these minutes. She noted that this has been one of the most challenging budgets to prepare with limited resources, a new financial system and staff working from home during the pandemic.

**Current GoTriangle budget assumptions for FY21:**

- Total Revenue \$34.95 million (down from \$36 million in FY20);
- Total Expenditures \$42.6 million (significantly up from \$38.6 million in FY20); net deficit \$7.7 million – have some mitigating strategies for this deficit will talk through.
- Vehicle Rental Tax revenues \$13.3 million (up from \$13 million in FY20 because tracking ahead a few months ago) – 50% allocated to Durham-Orange and Wake plans;
- Vehicle Registration Tax revenues of \$6.6 million (flat to FY20);
- Plaza building expenses \$588,000 and building lease income of \$495,000 (optimistic will lease building in second half year);
- Total headcount of 285, including county transit plans (down from 291.5 in FY20);
- Average merit 3%; maximum merit 4%; but considering a freeze;
- Estimated 5% increase in employee healthcare costs (no change in \$500 annual employee contribution for employee-only coverage);
- Bus revenue hours of 134,568 (directly operated, including Durham, Orange and Wake) up slightly from FY20 total of 132,986;

- Contracted bus service hours 11,728 (down from 12,324 hours in FY20);
- Bus service current cost per hour \$137 (significantly higher from \$128 budgeted in FY20); hoping to reduce;
- Cost recovery 11% (FY20 12%).

Fox left.

Assumptions for the Durham Transit Plan:

- Total revenues \$33.5 (down from \$38.8 million in FY20), which includes:
  - Half (1/2) cent sales tax \$29.8 million;
  - Vehicle rental tax \$1.4 million;
  - \$7 county vehicle registration tax \$1.6 million;
  - \$3 regional vehicle registration tax \$0.7 million; and
  - Other revenue TBD.
- Total expenditures:
  - Tax district administration \$0.4 million;
  - Transit plan administration \$1.8 million;
  - Transit operations \$7.5 million; and
  - Capital Projects \$21.8 million, including vehicle acquisitions of \$4.6 million.

Assumptions for the Orange Transit Plan:

- Total revenues \$9.7 million (down from \$15.2 million in FY20), which includes:
  - Half (1/2) cent sales tax \$7.1 million;
  - Vehicle rental tax \$0.7 million;
  - \$7 county vehicle registration tax \$0.8 million;
  - \$3 regional vehicle registration tax \$0.3 million; and
  - Other revenue \$0.8 million.
- Total expenditures:
  - Tax district administration \$0.2 million;
  - Transit plan administration \$0.5 million;
  - Transit operations \$4 million; and
  - Capital Projects \$4 million, including vehicle acquisitions of \$0.9 million and BRT of \$2 million.

Freeman reviewed assumptions of the Wake Operating Fund for FY21:

- Total revenues \$111 million (down from \$154.2 million in FY20);
  - Half (1/2) cent sales tax \$28.8 million;
  - Vehicle rental tax \$4.5 million;
  - \$7 county vehicle registration tax \$7.1 million;
  - \$3 regional vehicle registration tax \$3 million;
  - Other revenue \$67.6 million;

- Total expenditures:
  - Tax district administration \$0.5 million;
  - Transit plan administration \$3.9 million;
  - Transit operations \$17.9 million;
  - Community Funding Area \$0.7 million; and
  - Capital Projects \$68.2 million, including BRT of \$67.1 million.

Board members commented on and discussed:

- How realistic the projection for vehicle rental tax revenues is at the FY20 budget level.
- The likelihood of leasing vacant Plaza building space in 2021.
- The continuing trend of annual expenses exceeding revenues and the significant gap projected in the FY21 proposed budget.
- The potential to finance bus purchases at historically low interest rates rather than making large cash outlays weighed against the impact on GoTriangle's future debt rating.
- The history of the allocation of half of the rental vehicle tax revenues to the three counties' transit plans and the potential to regain that revenue stream for GoTriangle.
- A flat \$5 vehicle registration fee which has not grown since authorization, and it now valued at \$2.56.
- The great disparity in the three counties' projections for reduced FY21 revenues.
- The need to establish a capital reserve fund.
- The proposed regional call center budget.
- Inadequate revenues to fund the core activities of the organization and how to generate additional, reliable, revenue streams.
- Advertising.
- The rationale behind charges to the counties for tax district administration and allocation of costs of the ERP system.
- Reducing the anticipated revenues for FY21, with a contingency account for capital spending.
- Headcount increases.
- The increase in the Communications & Public Affairs budget.
- Proposed budget scenarios to reduce expenses in FY21. Board members generally supported all the cuts, but asked Lattuca and the executive team to make a recommendation regarding merit increases for FY21.

Freeman stated that staff would continue to make adjustments in department and capital spending and revisit bus revenue hours and recalculate cost per service hour. She added that additional information as requested today would be provided: a forecast of cash balances and allocations to the three county transit plans.

**Action:** Chair Parker adjourned the meeting at 11:17 a.m.

Prepared by:

A handwritten signature in black ink, appearing to read "Michelle C. Dawson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Michelle C. Dawson, CMC  
Clerk to the Board