June 2, 2022

To: GoTriangle Board of Trustees
From: Finance Staff
Subject: FY23 Budget Overview

Attached is the current FY23 budget overview. This is an update to the budget presentation reviewed during the Budget Workshop held on May 11, 2022.

The information includes the latest adjustments to all revenues and expenses. Due to the current challenges in filling positions, adjustments have been made to assume hiring in late FY23. The exception is in the area of Operations and for positions that managers feel confident will be filled soon.

Finance continues to review all expenditure requests and hopes to bring to the June Board meeting additional expenditure reductions for approval in the final FY23 Budget.

Please let us know if there are questions or concerns.

Saundra Freeman
CFO/Director of Administrative Services
FY23 Draft GoTriangle Budget Assumptions

Total Draft GoTriangle Revenue and Expenses
   Total Revenue (Includes prior year carryforward) - $57M (FY22 Budget - $77.8M)
   Total Expenditures - $61M (FY22 Budget - $72.5M)
   Transfer from reserves - $4M

FY23 - No CARES Act/ARP Funds - FY22 ($15.8M)

SMAP Funding - FY23 (Estimate) - $2.8M (FY22 $2.8M)

Total Vehicle Rental Tax -
   Vehicle Rental Tax:  FY23 - $5.6M (FY22 Budget - $4.1)
   (Half of the vehicle rental tax is allocated to Durham, Orange and Wake Plans)*
   *Reviewing transitioning and timing of rental tax from transit plans to GoTriangle

Total $5 Vehicle Registration Tax:  $6.8M (FY22 Budget - $6.3M)

Fares and Consignment:  FY23 suspended

Rental Income:  $0 Lease Income and $395K Plaza building expenses

Headcount - FY23 FTE's - 288 (FY22 Budget- 281) - Includes Durham, Orange and Wake Transit Plans

Average Merit  - 3% (FY22 Budget - 3%) - No COLA

5% increase in FY22 budget for employee healthcare; employee only coverage - $500/employee contribution

Bus operations revenue hours of 123,690 (directly operated) (FY22 Budget 141,118)

Cost per hour - $148 (FY22 - $129)

Contracted Services Hours :
   FY23 - 11,757   (FY22 - 11,665)

FY23 requested capital expenditures total $25.8M and are currently under review
   $17M in capital requests are for projects where GoTriangle is managing the federal grant portion only
<table>
<thead>
<tr>
<th>FY23 Draft Budget - May 11, 2022 (Budget Workshop)</th>
<th>Revenue</th>
<th>Expenditures</th>
<th>Impact</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure schedule change and grant reallocation</td>
<td>$57,228,178</td>
<td>$61,271,574</td>
<td>($4,043,396)</td>
<td>Anticipated reduction in timing of expenses and resulting grant match for RUS BUS.</td>
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<tr>
<td>Increase in carryover dollars</td>
<td>1,369,516</td>
<td>1,369,516</td>
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<td>Final review of projects to be carried over</td>
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<tr>
<td>Increase in expenses</td>
<td></td>
<td>64,173</td>
<td>(64,173)</td>
<td>Realignment of start date for new hire.</td>
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<tr>
<td>Increase in expenses</td>
<td></td>
<td>102,105</td>
<td>(102,105)</td>
<td>Updating capital expenditures</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Revised Proposed Budget - June 2, 2022 (Ops. &amp; Fin. Committee Mtg.)</th>
<th>Revenue</th>
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</thead>
<tbody>
<tr>
<td>$57,410,563</td>
<td>$61,437,852</td>
<td>($4,027,288)</td>
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<table>
<thead>
<tr>
<th>Change</th>
<th>Revenue</th>
<th>Expenditures</th>
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<tbody>
<tr>
<td>$182,385</td>
<td>$166,278</td>
<td>16,108</td>
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**FY23 Recommended Durham Transit Plan Budget Assumptions**

Total Durham Transit Recommended Revenue and Expenses

**Total Revenue - $69.4M (FY22 Budget - $58.6M)**
Includes Prior Year Carryforward: $30.2M (FY22 Budget $24.1M)

Total Durham Transit Recommended Half-Cent Tax: $35.5M (FY22 Budget - $31.2M)

Total Durham Transit Recommended Vehicle Rental Tax: $1.2M (FY22 Budget - $0.9M)

Total Durham Transit Recommended $3 Vehicle Registration Tax: $0.7M (FY22 Budget - $0.7M)

Total Durham Transit Recommended $7 Vehicle Registration Tax: $1.7M (FY22 Budget - $1.7M)

**$11.9M - Operating Expenses**
- Tax District Administration - $0.4M
- Transit Plan Administration - $1.8M
- Transit Operations - $9.7M

**$10.1M Capital Expenses**
- Transit Infrastructure $9.7M
- Vehicle Acquisitions - $0.4M

**Total Durham Transit Plan Expenses - $22.0M**

**Total Carryforward Durham Transit Plan Expenses - $30.2M**

**Allocation to Fund Balance $17.2M**
## FY23 Durham Transit Plan Budget Change Impact

<table>
<thead>
<tr>
<th>Reserve/Cash</th>
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<th>Ordinance Category</th>
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</thead>
<tbody>
<tr>
<td><strong>FY23 Draft Budget - April 7, 2022 (Ops and Fin Mtg.)</strong></td>
<td>$39,183,029</td>
<td>$24,614,966</td>
<td>$14,568,063</td>
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<tr>
<td><strong>Revised Proposed Budget - May 11, 2022 (Budget Workshop)</strong></td>
<td>$39,183,029</td>
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<tr>
<td>Decrease in Administration Expenses</td>
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<td>(18,750)</td>
<td>18,750</td>
<td>Tax District Administration</td>
<td>Due to the Governance study currently in the final stages, The 0.25FTE will be removed and revisited once the study is completed</td>
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<tr>
<td>Decrease in Administration Expenses</td>
<td></td>
<td>(226,025)</td>
<td>226,025</td>
<td>Transit Plan Administration</td>
<td>Removal of three (3) City of Durham FTE's</td>
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<tr>
<td>Decrease in Bus Operating Expenses</td>
<td></td>
<td>(97,804)</td>
<td>97,804</td>
<td>Bus Operations</td>
<td>Increased Cost of Existing Service (ICES) allowable decreased based on FY21 Actuals</td>
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<tr>
<td>Decrease in Bus Infrastructure</td>
<td></td>
<td>(4,000,000)</td>
<td>4,000,000</td>
<td>Bus Infrastructure</td>
<td>Removal of FY23 Funds for Transit Emphasis Corridors (TEC) as prior year adopted funds will be utilized</td>
</tr>
<tr>
<td>Carryforward Capital Projects</td>
<td>30,151,260</td>
<td>30,151,260</td>
<td>0</td>
<td>Misc. Capital Projects</td>
<td>Capital projects approved in previous transit work plans.</td>
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<tr>
<td><strong>Revised Proposed Budget - June 2, 2022 (Ops. &amp; Fin. Committee Mtg.)</strong></td>
<td>$69,334,289</td>
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<td><strong>Change</strong></td>
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<td>$4,342,579</td>
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</table>
FY23 Recommended Orange Transit Plan Budget Assumptions

Total Orange Transit Recommended Revenue and Expenses

Total Revenue - $17.1M (FY22 Budget - $14.2M)
Includes Prior Year Carryforward: $6.5M (FY22 Budget $5.3M)

Total Orange Transit Recommended Half-Cent Tax: $8.8M (FY22 Budget - $7.4M)

Total Orange Transit Recommended Vehicle Rental Tax: $0.6M (FY22 Budget - $0.4M)

Total Orange Transit Recommended $3 Vehicle Registration Tax: $0.4M (FY22 Budget - $0.3M)

Total Orange Transit Recommended $7 Vehicle Registration Tax: $0.8M (FY22 Budget - $0.8M)

$5.4M - Operating Expenses
Operating Expense
Tax District Administration -$0.3M
Transit Plan Administration - $0.5M
Transit Operations - $4.6M

$2.6M Capital Expenses
Capital Expense
Transit Infrastructure $0.6M
Vehicle Acquisitions - $0.2M
Bus Rapid Transit (BRT) - $1.8M

Total Orange Transit Plan Expenses - $8.0M
Total Carryforward Orange Transit Plan Expenses - $6.5M
Allocation to Fund Balance $2.6M
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<tr>
<td></td>
<td>$10,556,653</td>
<td>$7,831,043</td>
<td>$2,725,610</td>
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<tr>
<td>Revised Proposed Budget - May 11, 2022 (Budget Workshop)</td>
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<td>$7,827,790</td>
<td>$2,728,863</td>
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<tr>
<td>Increase in Bus Operating Expenses</td>
<td>0</td>
<td>117,695</td>
<td>(117,695)</td>
<td>Bus Operations</td>
<td>Increased Cost of Existing Service (ICES) allowable decreased based on FY21 Actuals</td>
</tr>
<tr>
<td>Carryforward Capital Projects</td>
<td>6,445,794</td>
<td>6,445,794</td>
<td>0</td>
<td>Misc. Capital Projects</td>
<td>Capital projects approved in previous transit work plans.</td>
</tr>
<tr>
<td>Revised Proposed Budget - June 2, 2022 (Ops. &amp; Fin. Committee Mtg.)</td>
<td>$17,002,447</td>
<td>$14,391,279</td>
<td>$2,611,168</td>
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<tr>
<td>Change</td>
<td>$(6,445,794)</td>
<td>$(6,563,489)</td>
<td>$117,695</td>
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</tbody>
</table>
FY23 Recommended Wake Transit Plan Budget Assumptions

Total Wake Transit Recommended Revenue and Expenses

**Total Revenue - $316.8M (FY22 Budget - $297.8M)**
Includes Prior Year Carryforward: $195.1 (FY22 Budget $131.3M)

Allocation from Fund Balance: $0 (FY22 Budget $55.7M)

Total Wake Transit Recommended Half-Cent Tax: $107.5M (FY22 Budget - $98.0M)

Total Wake Transit Recommended Vehicle Rental Tax: $3.8M (FY22 Budget - $2.8M)

Total Wake Transit Recommended $3 Vehicle Registration Tax: $3.0M (FY22 Budget - $2.9M)

Total Wake Transit Recommended $7 Vehicle Registration Tax: $6.9M (FY22 Budget - $6.7M)

Total Wake Transit Recommended Other Revenue*: $0.5M (FY22 Budget - $0.4M)

**$29.8M - Operating Expenses**
- Tax District Administration -$0.6M
- Transit Plan Administration - $5.5M
- Transit Operations - $21.7M
- Community Funding Area - $2.0M

**$47.1M Capital Expenses**
- Bus Rapid Transit (BRT) - $7.6M
- Bus Infrastructure $35.7M
- Bus Acquisitions - $3.7M
- Community Funding Area - $0.1M

**Total Incremental Wake Transit Plan Expenses - $76.9M**
**Total Carryforward Wake Transit Plan Expenses - $195.1M**
**Allocation to Fund Balance $44.8M**

*Other Revenue includes - federal funds
## FY23 Wake Transit Plan Budget Change Impact

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<tr>
<td><strong>FY23 Draft Budget - April 7, 2022 (Ops and Fin Mtg.)</strong></td>
<td>$118,127,000</td>
<td>$76,423,913</td>
<td>$41,703,087</td>
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<tr>
<td><strong>Revised Proposed Budget - May 11, 2022 (Budget Workshop)</strong></td>
<td>$121,707,000</td>
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<tr>
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<td>322,500</td>
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<td>Misc. Operating Projects</td>
<td>Operating projects approved in previous transit work plans.</td>
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<tr>
<td>Carryforward Capital Projects</td>
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<td>194,821,830</td>
<td>0</td>
<td>Misc. Capital Projects</td>
<td>Capital projects approved in previous transit work plans.</td>
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<tr>
<td><strong>Revised Proposed Budget - June 2, 2022 (Ops. &amp; Fin. Committee Mtg.)</strong></td>
<td>$316,851,330</td>
<td>$271,977,969</td>
<td>$44,873,361</td>
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Next Steps

- Continue to identify additional areas of opportunity and make appropriate adjustments in departmental and capital spending

- 2nd Reading/Ordinance Adoption - June Board Meeting (June 22, 2022)