



MEMORANDUM

DATE: May 14, 2024

TO: Mayor Linda Gorton and the Lexington-Fayette Urban County Council

FROM: Fred Combs, General Manager

SUBJECT: FY2025 Operating Budget and Capital Plan

Each year, Lextran prepares a one-year operating budget along with a rolling five-year capital plan. The Lextran FY2025 operating budget and 5-Year Capital Plan are attached for the Council's consideration. I am pleased to bring forward a balanced budget for FY2025, with revenues and expenses equaling \$35,495,147. While expenses are rising much more quickly than revenues, our FY2025 budget maintains Lextran's current levels of service. The FY2025 operating budget marks a significant departure from previous budget cycles as for the first time in several years we are not expecting additional federal funding related to the pandemic. On the expenses side, most of the growth is driven by wages & fringe benefits and paratransit services, both of which will be key priorities in FY2025.

In October of 2022, RATP-Dev began operation of Wheels, Lextran's complementary paratransit service providing door-to-door transportation for individuals who cannot access the fixed-route system due to the nature of their disability. In the months prior to RATP-Dev operating service through the remainder of 2022, Wheels on-time performance ranged from 50-60 percent, far below Lextran's goal of 90 percent. The Wheels service is now consistently between 70-80 percent on-time per month, which shows considerable improvement. While we acknowledge that more work remains to improve service, I am confident that we are on the right trajectory.

Included in our capital plan is \$75,000 to conduct a microtransit feasibility study. Microtransit is an emerging service delivery model that implements technology to dynamically match supply and demand in designated zones that augments fixed-route transit service. A feasibility study will help Lexington clarify key questions about a potential microtransit service, including cost.

While we are looking forward to FY2025, we have made tremendous progress so far in the current fiscal year. The Transit Center renovation project will vastly improve the customer and employee experience downtown and is currently out for bid. Lextran has made a significant investment in on-board and back-end technology systems that will enhance real-time information for our customers while giving staff better tools to complete their work. We've also continued our progress towards being a more environmentally friendly fleet with an upgrade to our compressed natural gas infrastructure at our Loudon Avenue maintenance facility that will double our fueling capacity.

I look forward to discussing this budget with you in greater detail. If you have any questions, please call me at 859.255.7756.



FY2025 Operating Budget

REVENUE	FY2025 Budget	FY2024 Projected	FY2024 Budget
Property Tax Revenue	\$24,023,978	\$23,324,250	\$22,418,240
Federal Funding	\$5,617,465	\$5,666,356	\$8,761,413
UK Partnership	\$2,511,104	\$2,521,937	\$2,511,104
State Funding	\$1,587,548	\$1,216,025	\$1,216,025
Passenger Fares	\$1,274,153	\$1,248,830	\$1,207,223
Advertising Revenue	\$300,000	\$275,000	\$260,000
Miscellaneous Revenue (fuel tax, vending)	\$180,900	\$175,643	\$166,500
TOTAL REVENUE	\$35,495,147	\$34,428,041	\$36,540,505

OPERATING EXPENSES

Wages & Fringe	\$19,770,224	\$17,126,454	\$18,009,309
Paratransit Expense	\$8,067,918	\$8,213,665	\$8,080,000
Fuel & Oil	\$1,964,959	\$1,437,621	\$2,273,650
Professional Services	\$1,907,601	\$1,553,477	\$1,979,735
Materials & Supplies	\$1,451,500	\$1,366,166	\$1,428,500
Property & Liability Insurance Expense	\$980,383	\$933,698	\$870,515
Utilities & Phone	\$495,297	\$389,928	\$502,500
Miscellaneous Expenses (Bank fees, fuel tax)	\$295,400	\$286,397	\$250,400
Media Advertising	\$234,500	\$222,556	\$230,000
Professional Development & Employee Engagement	\$325,182	\$160,044	\$264,799
Vanpool Expense	\$0	\$16,423	\$72,000
Leases-Facility-Admin	\$2,184	\$2,184	\$2,184
TOTAL EXPENSES	\$35,495,147	\$31,708,612	\$33,963,592



5 Year Capital Plan

CAPITAL PROJECTS	FY2024	FY2025	FY2026	FY2027	FY2028
Bus Purchase (CNG)	6,000,000	4,000,000	850,000	875,500	901,765
Electric Buses & Chargers		943,581	-	-	-
Paratransit Vehicles	-	850,474	-	-	-
Bus Canopy (carry over)	2,200,000	-	-	-	-
CAD AVL System	3,500,000	-	-	-	-
ITS Technology Services	928,491	1,025,000	1,125,000	1,125,000	1,125,000
Planning, Research & Development	350,000	75,000		500,000	500,000
Service Vehicles	-	-	85,000		95,000
Capital Cost of Contracting (Paratransit)	3,500,000	3,017,465	3,079,339	2,731,633	3,245,285
Capital Maintenance	2,600,000	2,600,000	2,600,000	2,600,000	2,058,804
Transit Center Project (TAP) (carry over)	2,650,000	350,000	-	-	-
Transit Enhancements (Shelters, Benches, Trash Cans)	150,000	50,000	150,000	150,000	150,000
Hardware & Software (IT Projects)	113,000	170,000	190,000	190,000	190,000
Shop Tools/Equipment/Facilities	3,212,412	1,100,000	1,200,000	1,200,000	1,200,000
Security Equipment	63,502	73,138	73,870	74,608	75,355
SUBTOTAL CAPITAL PROJECTS	25,267,405	14,254,658	9,353,209	9,446,741	9,541,208
Section 5307 Formula Funding	6,350,193	6,803,573	6,871,609	6,940,325	7,009,728
Section 5339 Bus & Bus Facilities Funding	553,533	604,909	610,958	617,068	623,238
Section 5339 LoNo Grant (includes canopy carryover)	8,559,880	-	-	-	-
Section 5310 Enhanced Mobility Seniors & Disabilities	-	240,379	-	-	-
State Funding	1,380,745	1,852,121	1,870,642	1,889,348	1,908,242
Carbon Reduction Program (through MPO)	-	754,865	-	-	-
Congestion Mitigation & Air Quality Improvement (CMAQ)	-	3,000,000	-	-	-
Coronavirus Aid, Relief & Economic Security Act (CARES)	3,500,000	-	-	-	-
Transit Center Project (TAP) (carry over)	428,000	-	-	-	-
Local Share from Mass Transit Fund	4,495,054	998,811	-	-	-
TOTAL	25,267,405	14,254,658	9,353,209	9,446,741	9,541,208

**Local match may be required for new grant funds.

Grant funds carry over if not completed during the fiscal year.