



## MEMORANDUM

**DATE:** May 31, 2022

**TO:** Lexington-Fayette Urban County Government and Urban County Council

**FROM:** Jill Barnett, General Manager

**SUBJECT:** Lextran FY2023 Operating Budget and 5-Year Capital Plan

Each year, Lextran prepares a one-year operating budget along with a rolling five-year capital plan. Lextran anticipates finishing FY2022 nearly one million dollars under budget on expenses, leading into FY2023 in a strong position. The Lextran FY2023 Operating Budget and 5-Year Capital Plan are attached for Council's consideration.

Revenues for the FY2023 Operating Budget include a combination of Federal 5307 formula funds, as well as apportionments from the American Rescue Plan Act of 2021 (ARPA), which represent a combined 88 percent increase from federal revenue in FY2022. We anticipate a drawdown of approximately \$11.8 million in APRA funds for FY2023.

As you know, President Joe Biden signed the Infrastructure Investment & Jobs Act (IIJA) into law in November 2021. The IIJA (also known as the "bipartisan infrastructure law") re-authorizes the existing funding programs for the next five years and commits to a significant increase in investments in public transit. The American Public Transit Association (APTA) called the IIJA the "largest federal investment in the history of public transportation." Apportionments are the responsibility of the Federal Transit Administration (FTA). The amounts included in this budget are estimated based on apportionment tables released by FTA as well as information obtained from APTA. Lextran anticipates more than \$1 million per year in additional formula funds thanks to the passage of the IIJA. The IIJA also authorized several competitive funding programs and Lextran will compete for those grants where appropriate.

The state budget also included funding for use by the Office of Transportation Delivery to match federal grants (replacing previous toll credits). In the current fiscal year, we received \$2.4 million, however in the previous fiscal year we received \$0. While there is no formula or set process for distribution at the state level as there is on the federal side, we anticipate a per-year match of approximately \$1.2 million.

Lextran expenses for FY2023 anticipates increases in the areas of paratransit, fuel & oil, and employee wages & fringe benefits. Lextran currently has an open procurement for paratransit services and as a result, the paratransit line item shown here is budgeted flat compared to last year. This line item is subject to a budget amendment once the RFP process wraps up and the new contract is in place. It is important to note that Lexington's paratransit service has been operated by a non-profit entity for the last forty years.



With regard to the fuel & oil line item, diesel is currently budgeted at \$4.25 per gallon in the FY2023 budget, an increase from \$2.20 per gallon in FY2022. The fuel & oil budget line-item is based off recent fuel prices paid by Lextran as well as forecasts from the U.S. Energy Information Administration. This is an item which Lextran will be watching closely.

Employee wages & fringe benefits represents an overall ten percent increase compared to FY2022, which includes the following:

- 223.5 total FTE, an increase of about 3.5 percent from the current fiscal year. This includes both union and non-union positions
- Market adjustments for non-collectively bargained positions, nearly all of which currently pay below market rates
- Adding Juneteenth as a paid holiday for all employees
- A 3.5 percent wage increase for all collectively bargained employees

Additional notes and assumptions for the FY2023 Operating Budget:

- Property tax revenue is budgeted at a 3.5 percent increase
- Employee health insurance assumes a 6 percent increase
- Paratransit RFP is a pending "open procurement" and detailed discussion could compromise the integrity of the process
- Additional Operations positions are partially based on recommendations proposed by the Comprehensive Operations Analysis.

If you have any questions, please call me at 859.255.7756.

# Fiscal Year 2023 Lextran Operating Budget

Presented to the  
LFUCG Urban County Council

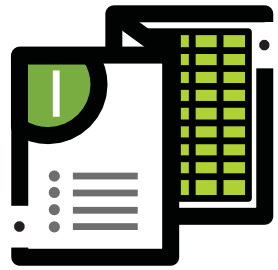
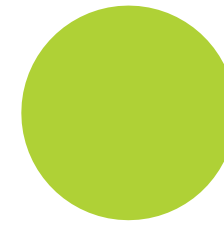
May 31, 2022



**WE SERVE  
PEOPLE  
AND OUR  
COMMUNITY  
WITH MOBILITY  
SOLUTIONS.**



# LEXTRAN AT A GLANCE



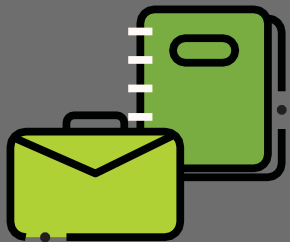
25 FIXED  
ROUTES



2.52 MILLION  
PASSENGER  
TRIPS (2021)



8,377 TRIPS PER  
WEEKDAY (2021)



51% OF TRIPS  
ARE FOR WORK  
OR SCHOOL



896  
BUS STOPS



104 SHELTERS  
AT STOPS



75 VEHICLES IN  
OUR DIVERSE  
FLEET

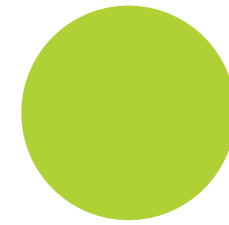


58 WHEELS  
PARATRANSIT  
VEHICLES

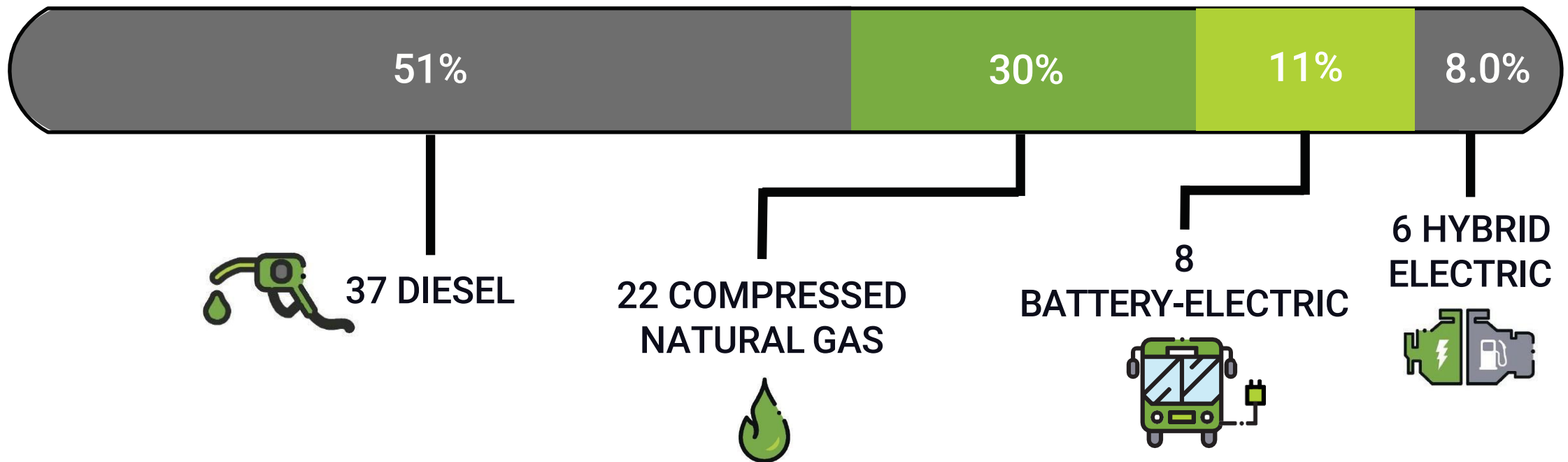


7 VEHICLES FOR  
RIDESHARE

# LEXTRAN'S FLEET



75\* VEHICLES IN  
OUR DIVERSE FLEET



\*"Technically" 75 – two gasoline cutaways are currently out-of-commission



# Highlights for FY2022

- The Infrastructure Investment and Jobs Act (IIJA) was signed into law by President Biden on November 15, 2021
  - Reauthorizes existing federal transportation funding programs and commits to a 29% overall funding increase in the next five years.
- Successfully completed labor negotiations and ratified a new Collective Bargaining Agreement in October 2021
- Won a \$4.1M federal Bus & Bus Facilities competitive grant for fleet replacement
- Received \$2.4M in state funding to match capital projects
- Progress towards fleet replacement program
  - Took delivery of two new buses
  - Placed orders for seven new buses
- Awarded a five-year management contract to Transdev
- Established a Cash Reserve policy through Board approval
- Substantial progress on Comprehensive Operations Analysis
  - Development of near- and mid-term recommendations
  - Public engagement that resulted in more than 200 pieces of feedback from stakeholders



# Looking ahead to FY2023...

- Increased federal investment from the IIJA will positively impact Lextran's budget
- New paratransit services contract (open procurement)
  - Anticipate transition to new provider
  - Communications and marketing with customers
  - Refined internal processes for oversight of requirements, performance metrics, and customer comment intake
- Expansion of on-route passenger facilities (shelters, benches, boarding pads)
- Management of fuel costs (diesel)
- Anticipated construction at downtown Transit Center rehabilitation/Town Branch project
- Planned implementation of comprehensive operations analysis recommendations
- Expected kick-off for canopy construction





# Operating Budget

**DRAFT**  
 FY2023 Budget    FY2022 Projected    FY2022 Budget    FY2021 Actual

## REVENUE

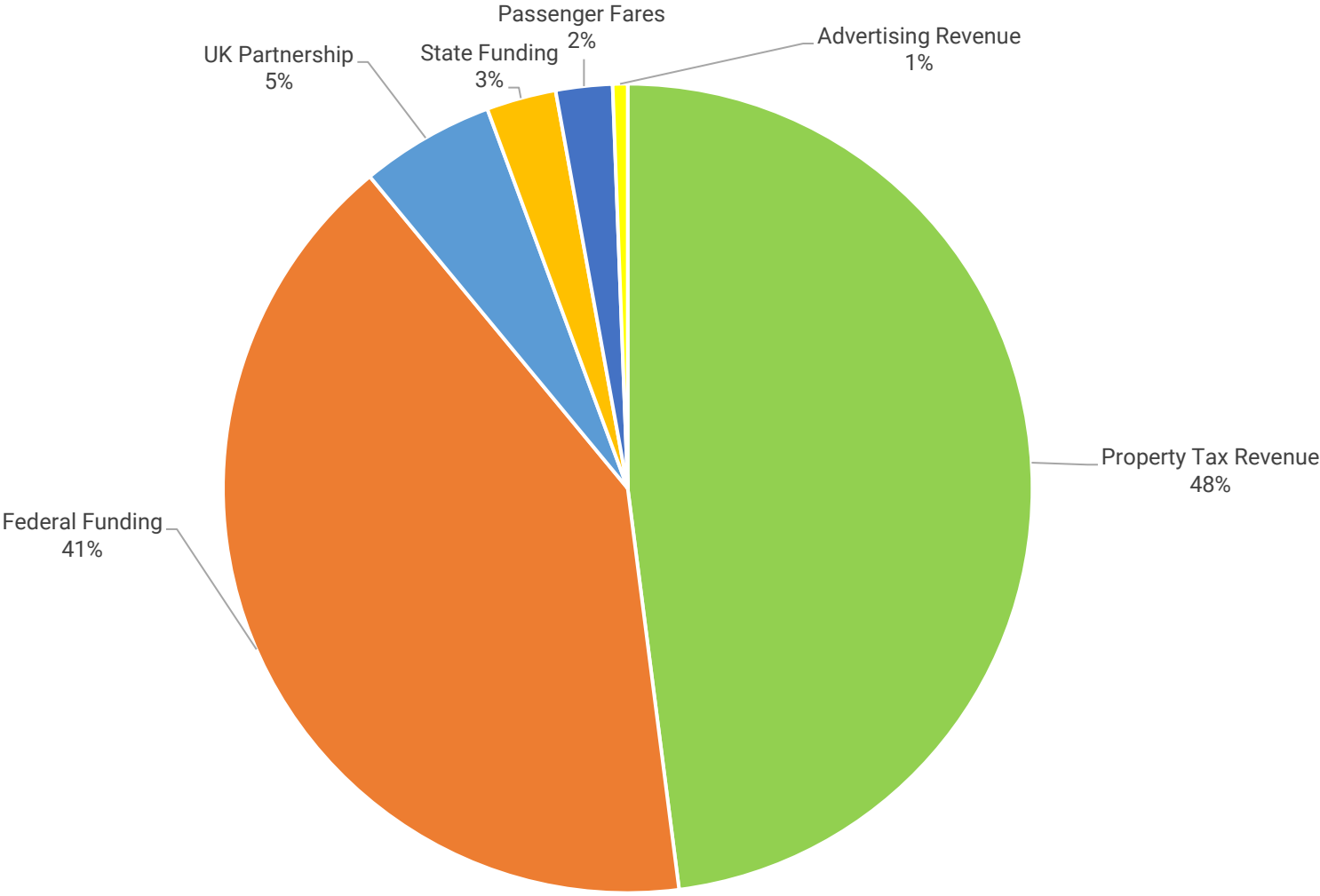
Property Tax Revenue	\$20,949,543	\$20,241,104	\$20,241,104	\$19,957,760
Federal Funding	\$17,018,641	\$9,542,220	\$9,542,220	\$12,357,792
UK Partnership	\$2,339,246	\$2,339,246	\$2,129,201	\$2,129,201
State Funding	\$1,216,025	\$1,216,024	\$0	\$0
Passenger Fares	\$986,917	\$958,675	\$784,000	\$378,546
Advertising Revenue	\$260,000	\$260,000	\$260,000	\$260,000
Miscellaneous Revenue (fuel tax, vending)	\$151,500	\$144,462	\$162,800	\$137,937
Revenue from Lextran Foundation	\$0	\$78,852	\$78,852	\$0
Local Operating Assistance	\$0	\$68,882	\$0	\$125,441
<b>TOTAL REVENUE</b>	<b>\$42,921,872</b>	<b>\$34,849,465</b>	<b>\$33,198,177</b>	<b>\$35,346,677</b>

## OPERATING EXPENSES

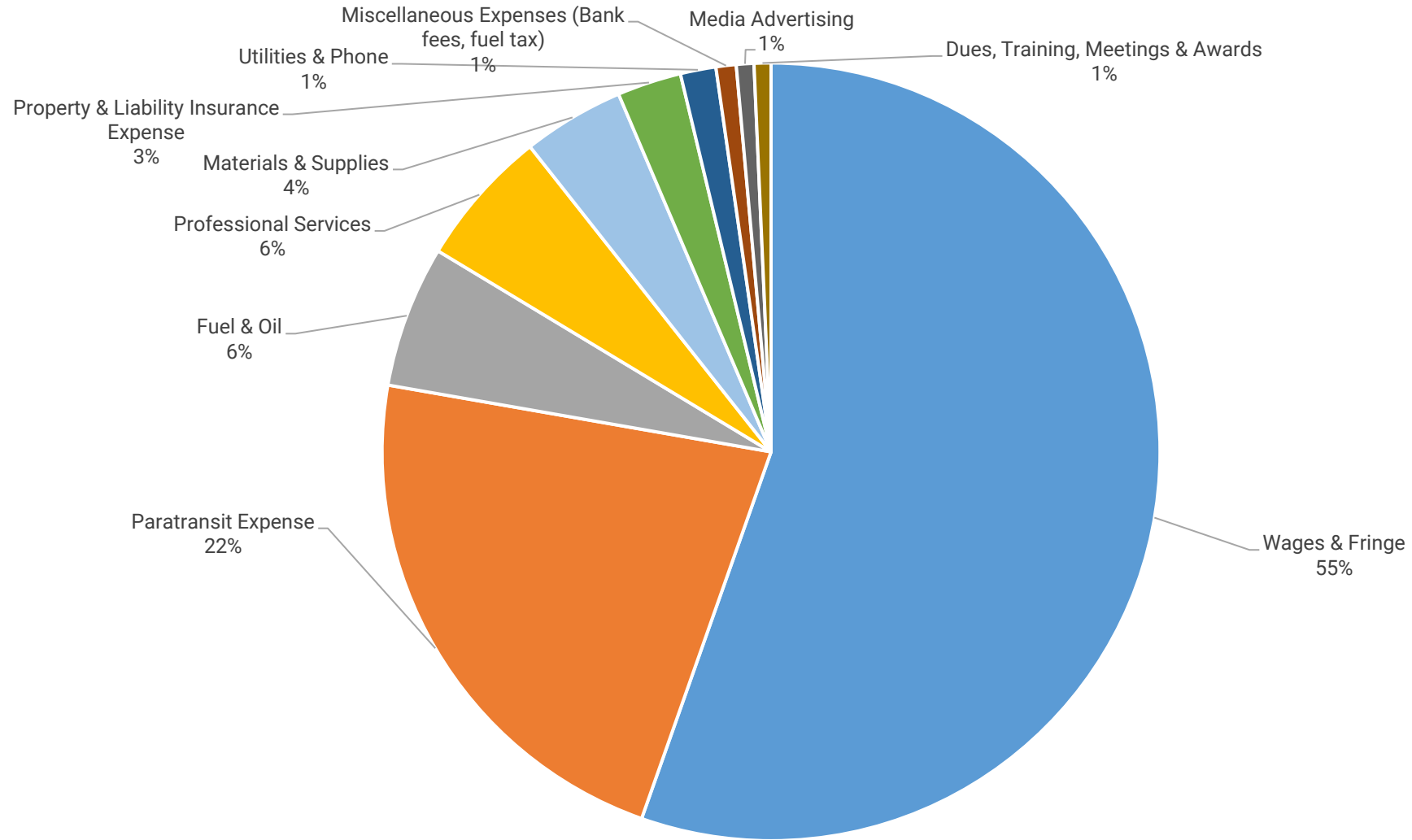
Wages & Fringe	\$17,691,171	\$16,152,411	\$16,142,363	\$14,010,185
Paratransit Expense*	\$5,200,000	\$4,900,000	\$5,200,000	\$4,878,189
Fuel & Oil	\$1,881,484	\$1,427,924	\$1,406,000	\$987,355
Professional Services	\$1,826,663	\$1,245,893	\$1,729,540	\$1,636,496
Materials & Supplies	\$1,349,500	\$1,228,919	\$1,281,500	\$1,497,848
Property & Liability Insurance Expense	\$851,166	\$826,375	\$882,540	\$834,474
Utilities & Phone	\$471,932	\$389,722	\$463,850	\$408,305
Miscellaneous Expenses (Bank fees, fuel tax)	\$267,900	\$240,212	\$210,100	\$214,406
Media Advertising	\$233,000	\$108,688	\$157,000	\$117,387
Dues, Training, Meetings & Awards	\$223,625	\$131,454	\$249,350	\$130,018
Vanpool Expense	\$20,000	\$20,000	\$25,200	\$15,339
Leases-Facility-Admin	\$0	\$208,515	\$208,515	\$826,056
Interest Expense-Admin.	\$0	\$0	\$0	\$60,930
<b>TOTAL EXPENSES</b>	<b>\$30,016,441</b>	<b>\$26,880,113</b>	<b>\$27,955,958</b>	<b>\$25,616,988</b>

\*Paratransit Expense - subject to budget amendment; final amount TBD by competitive RFP process currently underway.

# FY2023 Operating Budget - Revenue



# FY2023 Operating Budget - Expenses



# 5 Year Capital Plan

CAPITAL PROJECTS	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>
Bus Purchase (CNG)	3,696,596	1,403,308	1,445,407	702,000	723,060
Electric Buses & Chargers	-	5,134,553	-	-	-
Bus Canopy (carry over)	2,200,000	-	-	-	-
CAD AVL System	-	-	3,500,000	-	-
ITS Technology Services	656,968	1,018,087	1,050,000	1,100,000	1,125,000
Service Vehicles	75,000	255,000	-	-	75,000
Capital Cost of Contracting (Paratransit)	2,625,000	2,600,000	3,500,000	3,500,000	3,500,000
Capital Maintenance	2,750,000	2,600,000	2,600,000	2,600,000	2,600,000
Transit Center Project (TAP) (carry over)	1,650,000	1,000,000	-	-	-
Transit Enhancements (Shelters, Benches, Trash Cans)	150,000	150,000	150,000	150,000	150,000
Hardware & Software (IT Projects)	194,000	94,200	180,000	190,000	190,000
Shop Tools/Equipment/Facilities	25,000	94,375	1,071,849	1,078,663	1,048,762
Security Equipment	60,683	378,000	75,000	80,000	82,000
<b>SUBTOTAL CAPITAL PROJECTS</b>	<b>14,083,247</b>	<b>14,727,523</b>	<b>13,572,256</b>	<b>9,400,663</b>	<b>9,493,822</b>
Section 5307 Formula Funding	4,854,673	6,238,037	6,300,417	6,363,422	6,427,056
Section 5339 Bus & Bus Facilities Funding	561,323	4,668,965	566,937	572,606	578,332
Section 5339 LoNo Grant (canopy)	2,200,000	-	-	-	-
Surface Transportation Block Grant (SLX)	400,000	400,000	400,000		
State Funding	1,216,024	1,216,025	1,216,025	1,216,025	1,216,025
Volkswagen Settlement Funding	1,145,144				
Coronavirus Aid, Relief & Economic Security Act (CARES)	-	-	3,500,000	-	-
Transit Center Project (TAP) (carry over)	428,000	-	-	-	-
Local Share from Mass Transit Fund	3,278,083	2,204,496	1,588,877	1,248,610	1,272,409
<b>TOTAL</b>	<b>14,083,247</b>	<b>14,727,523</b>	<b>13,572,256</b>	<b>9,400,663</b>	<b>9,493,822</b>

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

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