

South County Transit Committee

May 1, 2024

AGENDA ITEM: A-1

**TOPIC: Fiscal Year 2024-25 Operating and Capital Budget
Projected Five Year Capital Budget**

RECOMMENDATION: Adopt the Fiscal Year 2024-25 Budget as Presented

PRESENTED BY: Tania Arnold

Fiscal Year 2024/2025 Budget



Background

The budget packet contains the following items:

- Our Vision and Mission statements
- Fiscally constrained FY24-25 operating and capital budgets
- Fiscally unconstrained FY25-26 operating budget, and
- Fiscally unconstrained FY25-26 through FY28-29 capital budgets

Assumes the same levels revenue service hours and miles

- Route changes pending, will not impact the hours and miles operated

Key Issue #1

Address the uncertainties the agency currently faces, including state funding uncertainty.

- Liability costs
- Address staffing and retention

Key Issue #2

Continue efforts to implement Zero-Emission Bus technologies, including implementing our first two battery-electric buses (BEBs) delivered in March 2024 and expansion of recharging infrastructure for planned additional BEBs in the coming years.

Key Issue #3

State Transit Assistance (STA) funds are projected to be down slightly compared to the original FY23-24 allocation.

As noted in the April 3, 2024 SLOCOG staff report,

- SoCo Transit STA allocation for regional integration is 100%
- Staff appreciates SLOCOG lowering the farebox recovery ratio (FRR) requirement in the Arroyo Grande-Grover Beach Urbanized Area from 20% to 15% under consolidation

Key Issue #4

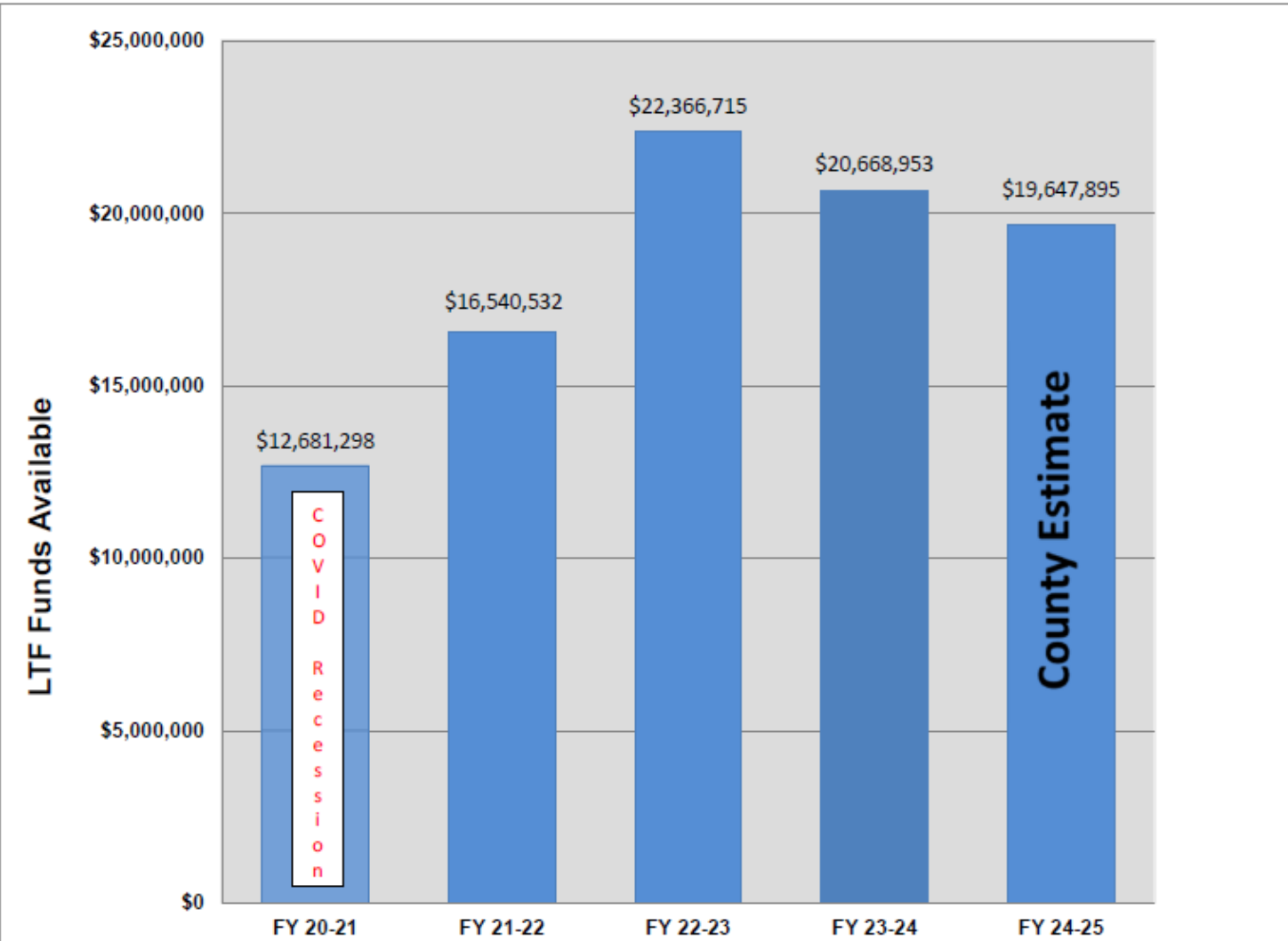
Local Transportation Funds (LTF) used primarily for operating purposes are projected to be lower to the region, but staff will continue to maximize all other funding sources before determining the need for LTF

- As per the April 3, 2024 SLOCOG agenda item B-2 which discusses the LTF coming into the region:
“2024/25 Local Transportation Fund (LTF) - \$19,647,895
(5% decrease in LTF available for distribution)

Key Issue #4 (continued)

Figure 1

Historical LTF Allocations
(Allocations based on estimated receipts + opening cash balance)



Key Issue #4 *(continued)*

Proposed budget includes LTF of \$646,880 for operations.

- Decrease from the amount included as an advisory in May 2023 for FY24-25 of \$918,690.
- Largely due to the larger amount of Federal Transit Administration Section 5307 funds that are higher than in recent years.

Key Issue #5

Fuel costs continue to be volatile and significantly higher than prior years; this also inversely impacts ridership and fare revenues.

Revised Expense Assumptions

Administration Expense for is up by approximately 15%

- Increasing insurance costs
- Upgrade software for legacy fare collection system

Service Delivery cost is up by roughly 7%

- Increase in wages
- Rising fuel prices

Capital and Planning Program

Focus will be to continue implement bus stop improvements

- Some of the FY23-24 capital funds for fully funded projects, such as the bus stop improvements for Ramona Garden Park and the Routes 27 / 28 routing realignment, are not carried over to the proposed FY24-25 budget but will be included in a budget amendment after the start of the fiscal year and the carryover will have no new financial impact to local jurisdictions because the funding has been previously secured

Staff Recommendation

Adopt the fiscal year 2024-2025 budget as presented.

Consent Agenda

C-1 South County Transit Committee Meeting
Minutes of May 3, 2023 (Approve)

