



Cape Fear Public Transportation Authority



Fiscal Year 2020 Budget

INTRODUCTION

The following is an overview of the expenses and revenues for the Cape Fear Public Transportation Authority for the Authority's 2019-2020 fiscal year. The fiscal year encompasses the period from July 01, 2019 through June 30, 2020. Operating revenues and expenditures have been budgeted to increase by 1.48% from the FY 2019 adopted budget. In FY 2020 the Authority will be challenged by significantly reduced revenues. Federal revenues through NCDOT will decline from the urbanization of the region and sunseting of current public transportation grants. Medicaid managed care at the state level is also expected to result in reduced revenue under the para-transit program. Additionally, the operation of the Wilmington Multimodal Transportation Center will require additional revenues. Establishing a dedicated source of funding for Wave Transit has become the Authority's highest priority. Absent a source of reliable and required dedicated funding, the Authority will be forced to dramatically reduce the current level of transit service provided. Questions or comments regarding the budget should be directed to the following:

Cape Fear Public Transportation Authority
P. O. Box 12630 - or - aeby@wavetransit.com
Wilmington, NC 28405-0130

Additional information about the Authority is available at www.wavetransit.com.

Authority Members & Staff

The Cape Fear Public Transportation Authority was created in 2004 by joint resolution of the City of Wilmington and New Hanover County. The Authority was created under authorizing legislation from Article 25 of Section 160A of the North Carolina General Statutes. The Authority is governed by eleven members appointed by the Wilmington City Council and the New Hanover County Board of Commissioners. Meetings of the Authority are held the fourth Thursday of each month. Wave Transit provides public transportation services throughout the urbanized area of New Hanover, Northern Brunswick, and Southern Pender Counties.

AUTHORITY MEMBERS

Honorable Jonathan Barfield, Jr.
New Hanover County Commissioners

Honorable Kevin O'Grady
Wilmington City Council

W. Beck Smith, II
Chairman

Steven D. Kelly, PE
Vice Chairman

Don Betz
Secretary

Fred Gainey

Andrew Koeppl

Caylan McKay

Laura W. Padgett

Anne K. Ryan

Michelle Winstead
Human Service Agency Representative

SENIOR STAFF

Albert Eby
Executive Director

Megan Matheny
Deputy Director

Joseph Mininni, CPA
Director of Finance & Administration



MISSION STATEMENT AND GOALS

The mission of the Cape Fear Public Transportation Authority (Wave Transit) is to develop and maintain an effective, efficient, and safe system of public transportation services within Southeastern North Carolina which is responsive to the mobility needs of the community. Transportation services provided shall be designed to maintain and encourage the use of public transportation and shall contribute to the economic vitality of the community, the conservation of natural resources and the protection of the environment. The goals of Wave Transit are as follows:

1. Provide cost effective transportation services which optimize the utilization of personnel, vehicles, and other resources and which are operated with a minimum of public subsidy.
2. Provide transportation services which meet the mobility needs of the community, within available financial resources.
3. Develop funding options which assure the continued stable operation of transportation services at a public subsidy level acceptable to the community.
4. Develop policies which assure, as much as possible, that transit services are designed and operated to encourage maximum utilization by the community. Service should be provided first in areas where the greatest potential for use exists.
5. Promote the use of public transportation services within the community. This includes both providing adequate and up-to-date information on services available and aggressively marketing the transit system.
6. Expand public transportation to new areas of the community as demand estimates and population densities indicate that service will be sufficiently utilized within established service standards.

The Goals of the Cape Fear Public Transportation Authority will be reviewed and revised, as needed, during the budget development process. These goals and objectives will guide the development of capital and operating budgets, service planning, and operation of transit services.

Adopted: June 09, 2005



Cape Fear Public Transportation Authority

P.O. Box 12630 • Wilmington, NC 28405 • (910) 343-0106 • (910) 343-8317 fax • wavetransit.com

May 10, 2019

Members of the Cape Fear Public Transportation Authority
P. O. Box 12630
Wilmington, NC 28405-0130

Members of the Authority:

Pursuant to Section 159-11 of the North Carolina General Statutes, attached please find the Fiscal Year 2019-2020 proposed budget for the Cape Fear Public Transportation Authority. As required by statute, a public hearing on the proposed budget will be held at a regular meeting of the Authority on June 27, 2019. Notice of the public hearing and information detailing how the community can comment on the proposed budget has been published in the Wilmington Star News and on the Authority's website. In accordance with the statute, staff is presenting members of the Authority a balanced budget proposal for consideration. The proposed budget of \$8,885,711 is 1.48% higher than the adopted FY 2019 budget.

The proposed operating budget has proven to be one of the most challenging of the Authority's sixteen budgets. On the revenue side, rapid growth and development of the region have led to elimination of rural funding appropriations from both the state and federal budgets. Federal transit apportionments have remained flat. The US Congress has failed to reinstate the Alternate Fuels Tax Credit of .50 per gallon equivalent for compressed natural gas. As the Authority continues to integrate new CNG vehicles into our fleet, failure to see benefits from the AFTC will result in six figure losses. Declining ridership appears to have stabilized but passenger fares are reflective of the national trend and unable to offset the subsidies necessary from end users. Local support remains consistent and a three percent increase has been requested from local funding partners.

On the expense side, the Authority continues to see increased pressure for qualified labor. Paratransit wages are the most susceptible due to a low operator wage scale. Wages for contract union employees have been able to maintain pace with a very good economy but competition for quality labor is strong. Health insurance costs continue to outpace inflation rates by a substantial margin. Additionally, legislative changes at the state level to the employer contribution to the Local Government Employees Retirement System have risen significantly and additional increases are expected. Operation of the Wilmington Multimodal Transportation Center has also increased expenses in the FY 2020 proposed budget. The proposed budget plans to take advantage of reduced maintenance cost from the implementation of fourteen replacement vehicles during FY 2020. Much of the savings realized in FY 2020 from the reduced costs will be offset by allocation of local match from funding partners.

The revenue and expense portions of the budget are challenges faced by local governments annually and the Authority is not necessarily in a position that is better or worse than other local governments save for one important revenue line item - dedicated funding. Over our sixteen years, Wave Transit has demonstrated that the Authority has the need and expertise to manage significant dedicated funding but adoption of dedicated revenue under current NC General Statute authority by the authorizing elected officials has remained elusive. In 2019, two independent studies highlighted the number one challenge to public transportation in the region as lack of dedicated funding for Wave Transit. Our request to New Hanover County for a \$7.00 vehicle registration fee has been presented for consideration and efforts to identify challenges from implementing the fee and education of elected officials is underway.

To meet projected revenue reductions the draft budget proposed utilization of \$390,275 in fund balance. As of June 30, 2018 the unappropriated fund balance was \$501,311 or 5.73% of the adopted FY 2019 budget. Appropriation of \$390,275 in the FY 2020 budget would reduce the fund balance to

LETTER OF TRANSMITTAL (CONTINUED)

\$111,036 or 1.25% of the FY 2020 budget. The NC School of Government recommended fund balance for local governments is currently 8% which would be \$710,857 based on the proposed budget. Apportionment of fund balance also reduces revenues available to maintain a healthy cash flow. This was a decision not taken lightly and continuation of this method of balancing the budget is unsustainable past FY 2020. Expense reduction was considered by the Finance & Budget Committee but would require significant reduction in service at a time when the rapidly developing region needs additional transit options, not less. Should New Hanover County fail to implement a vehicle registration fee during FY 2020, planning to dramatically reduce service will commence in late 2019 or early 2020 to reduce the impact on unappropriated fund balance and meet adopted public comment policies. It is important to note that once transit service is reduced and service is eliminated, reestablishment is often unsuccessful. The Authority has an obligation to maintain a very high level of public trust in our service and their ability to rely on Wave Transit offerings to make business and personal long term planning decisions. Dramatic service reduction would erode public trust and could result in a less relevant organization.

An additional major challenge in FY 2020 will be the introduction of managed care in the Medicaid program. Managed care may affect the Authority and its ability to provide Medicaid transportation at a fully allocated rate. As insurance companies and brokered transportation providers move to a new service delivery method, the Authority is unsure how we will be affected by this significant policy change to Medicaid at the State level. Managed care is scheduled to be implemented in the County in February 2020 and our hope is that we will be able to participate in this highly competitive market. Should we not be able to continue to provide service under the managed care model, significant job loss will have to be considered.

The Finance & Budget Committee underwent significant analysis in preparing this draft budget and staff is appreciative of their efforts and counsel. As we look to the future of transit in the region we remain anxious of the road ahead. The community and our elected officials have an opportunity to improve public transportation in the region in response to rapid growth or minimize our efforts to little more than an afterthought. We trust that after careful consideration they will consider the former and provide our citizens with a transit network that is a viable asset to the citizens of Southeastern North Carolina.

Cordially,



Albert Eby
Executive Director

BUDGET ORDINANCE

Cape Fear Public Transportation Authority



Introduced by: Caylan McKay, Chairman Finance & Budget Committee

Date: June 27, 2019

**ORDINANCE MAKING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING
JULY 01, 2019**

BE IT ORDAINED:

That the following appropriations are hereby made by the Cape Fear Public Transportation Authority, and that the following revenues are anticipated to be available during the fiscal year to meet these appropriations.

| | |
|--|----------------------------|
| Operating Appropriations | |
| General Operating Expenses | \$ 8,885,711 |
| Operating Revenues | |
| Passenger Fares | \$ 996,000 |
| FTA 5303 | 56,000 |
| FTA 5307 | 3,019,025 |
| FTA 5310 | 214,500 |
| New Hanover County Department of Aging | 7,000 |
| New Hanover County DSS (Van) | 600,000 |
| New Hanover County DSS (Work First) | 10,000 |
| Other Agencies | 44,500 |
| City of Wilmington | 1,446,280 |
| NCDOT SMAP | 700,000 |
| ROAP | 41,040 |
| New Hanover County | 330,866 |
| Brunswick Consortium | 100,395 |
| Carolina Beach | 10,244 |
| UNCW | 806,284 |
| Other Income | 191,002 |
| Fund Balance | 390,275 |
| Less: | |
| Capital Match | <u>(77,700)</u> |
| Total Operating Revenues | <u>\$ 8,885,711</u> |

Adopted at a regular meeting on June 27, 2019

W. Beck Smith, Chairman

Attest:

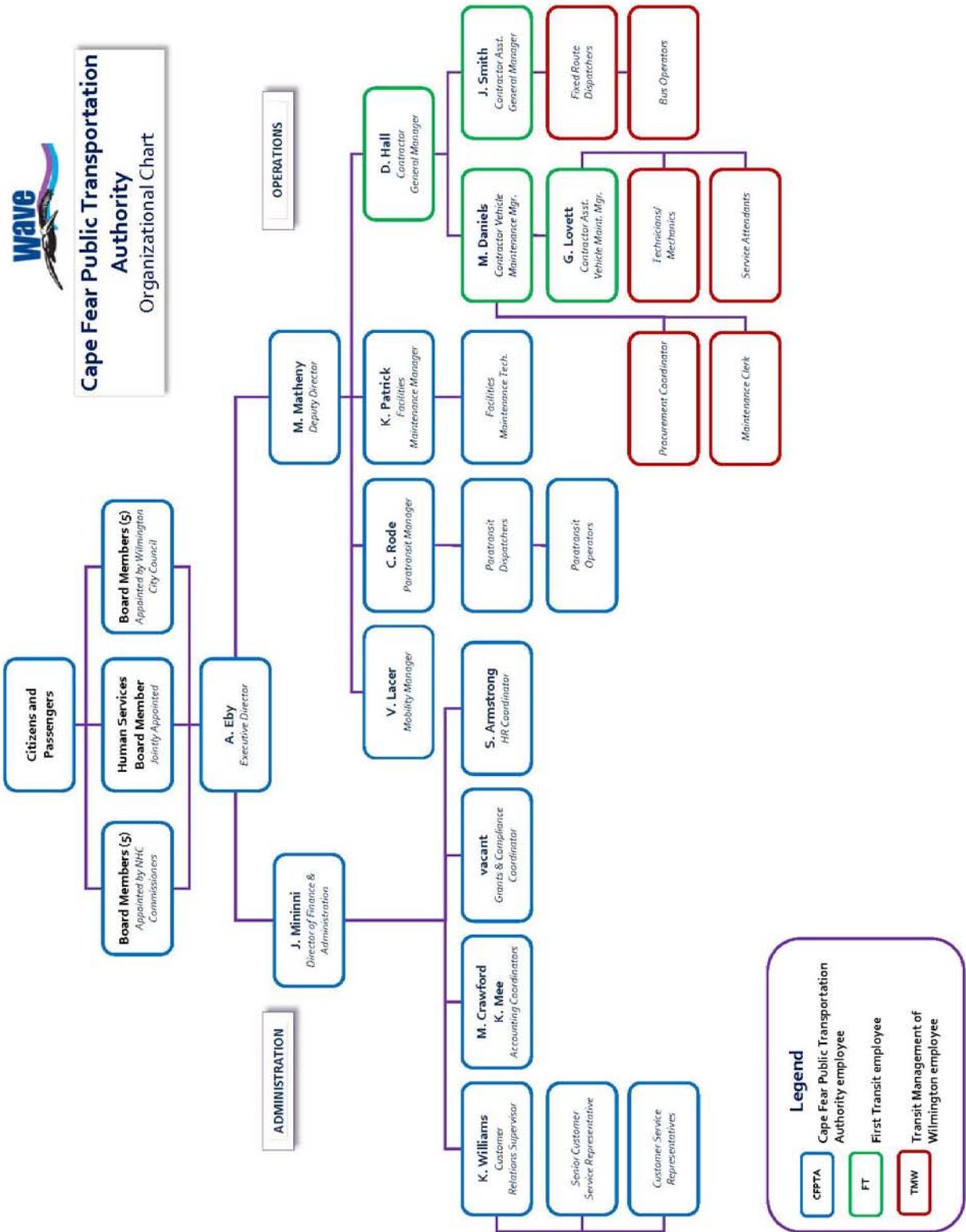
Don Betz, Secretary

REVENUE & EXPENDITURE SUMMARY

Cape Fear Public Transportation Authority Budget Revenue & Expenditure Summary

| | Budget 6/30/2017 | Actual 6/30/2017 | Budget 6/30/2018 | Actual 6/30/2018 | Budget 6/30/2019 | ProForma 6/30/2019 | Budget 6/30/2020 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| Operating Revenues | | | | | | | |
| Passenger fares | 1,045,000 | 967,958 | 1,005,000 | 957,385 | 1,004,500 | 990,000 | 996,000 |
| New Hanover - Department of Aging | 5,000 | 4,822 | 5,000 | 5,781 | 6,000 | 3,200 | 7,000 |
| New Hanover - DSS (Van) | 635,000 | 599,251 | 610,000 | 542,041 | 600,000 | 510,000 | 600,000 |
| New Hanover - DSS (Workfirst) | 1,500 | 5,861 | 4,500 | 7,208 | 10,000 | 3,500 | 10,000 |
| UNCW | 750,000 | 736,868 | 760,000 | 763,655 | 782,800 | 706,000 | 806,284 |
| Other agencies | 73,000 | 28,662 | 44,950 | 39,711 | 40,950 | 60,000 | 44,500 |
| FTA 5307/5340/5339 | 2,774,905 | 2,640,709 | 2,958,136 | 2,914,259 | 3,071,932 | 3,010,000 | 3,019,025 |
| FTA 5317/5310/5316 | 306,825 | 321,366 | 314,083 | 270,085 | 324,573 | 320,000 | 214,500 |
| FTA 5303 (planning) | 60,000 | 56,000 | 56,000 | 56,000 | 95,000 | 56,000 | 56,000 |
| NCDOT SMAP | 640,000 | 710,832 | 704,642 | 704,643 | 704,642 | 704,642 | 700,000 |
| NCDOT CTP | 186,150 | 168,869 | 186,150 | 159,593 | 186,150 | 186,000 | - |
| City of Wilmington | 1,323,550 | 1,323,550 | 1,363,257 | 1,363,257 | 1,404,155 | 1,404,155 | 1,446,280 |
| New Hanover County | 311,873 | 311,873 | 311,873 | 311,873 | 321,229 | 321,229 | 330,866 |
| ROAP | - | 41,040 | 41,040 | 41,040 | 41,040 | 41,040 | 41,040 |
| Brunswick Connector - Brunswick County | 29,350 | 29,350 | 30,231 | 30,231 | 31,138 | 31,138 | 32,072 |
| Brunswick Connector - Leland | 50,000 | 50,000 | 51,500 | 51,500 | 53,045 | 53,045 | 54,636 |
| Brunswick Connector - Navassa | 12,525 | 12,525 | 12,901 | 12,901 | 13,288 | 13,288 | 13,687 |
| Carolina Beach | 9,375 | 9,375 | 9,656 | 9,656 | 9,946 | 9,946 | 10,244 |
| Other income | 129,400 | 163,028 | 140,002 | 178,672 | 147,002 | 240,000 | 191,002 |
| Less: Capital Match | 84,500 | 63,569 | 71,681 | 38,267 | 55,214 | (88,000) | (77,700) |
| Fund Balance | - | 35,548 | 36,000 | 41,235 | 36,000 | 37,617 | 390,275 |
| Total Revenues | <u>8,258,953</u> | <u>8,082,822</u> | <u>8,501,240</u> | <u>8,422,459</u> | <u>8,756,176</u> | <u>8,612,800</u> | <u>8,885,711</u> |
| Operating expenses | | | | | | | |
| Salaries and wages | 4,006,388 | 3,995,778 | 4,072,985 | 4,131,443 | 4,249,938 | 4,245,000 | 4,422,856 |
| Fringe benefits | 1,265,916 | 1,233,031 | 1,476,334 | 1,457,055 | 1,538,940 | 1,510,000 | 1,622,017 |
| Fuel | 572,200 | 529,070 | 695,800 | 601,576 | 741,720 | 640,000 | 628,720 |
| Professional services | 470,000 | 446,634 | 510,500 | 521,022 | 442,000 | 438,000 | 443,000 |
| Vehicle maintenance | 522,566 | 555,865 | 604,950 | 511,483 | 580,450 | 530,000 | 536,950 |
| Insurance | 803,806 | 738,397 | 643,655 | 645,364 | 684,782 | 682,300 | 718,821 |
| Marketing and publishing | 47,000 | 9,408 | 16,500 | 15,306 | 17,500 | 25,000 | 17,500 |
| Tires and tubes | 120,500 | 106,450 | 95,500 | 101,583 | 95,500 | 89,000 | 90,500 |
| Utilities | 118,200 | 118,889 | 121,000 | 121,017 | 130,000 | 152,000 | 130,000 |
| Supplies | 51,540 | 62,655 | 34,460 | 30,939 | 31,250 | 32,500 | 31,250 |
| Services | 143,326 | 131,488 | 143,500 | 159,211 | 159,000 | 161,000 | 159,000 |
| Other | 137,511 | 155,157 | 86,056 | 126,460 | 85,096 | 108,000 | 85,097 |
| Total Expenses | <u>8,258,953</u> | <u>8,082,822</u> | <u>8,501,240</u> | <u>8,422,459</u> | <u>8,756,176</u> | <u>8,612,800</u> | <u>8,885,711</u> |

ORGANIZATIONAL CHART

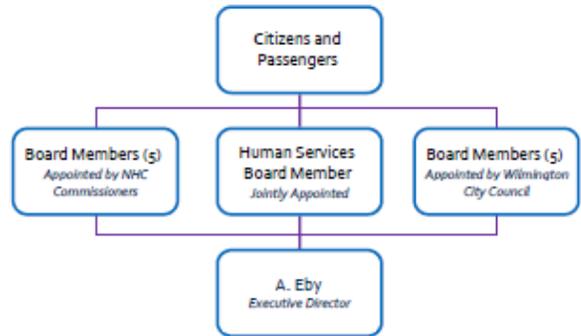


OPERATING EXPENSES BY DEPARTMENT

Authority Member Board & Executive Director

The Authority is governed by eleven members appointed by the Wilmington City Council and the New Hanover County Board of Commissioners. Authority members are statutorily responsible for Authority policy. The Authority employs an Executive Director who serves at the pleasure of the Board. The Executive Director also acts as the liaison to the Board as well as the chief executive officer of the Authority.

Policies and procedures implemented by the Board in from 2004 to the present have resulted in a net position of \$24,128,913. In December 2018, under direction of the Board, the Authority initiated construction on the final phase of the Wilmington Multimodal Transportation Center. The project is the third multimillion dollar facility in the past eight years. Construction is expected to be complete and the facility operational in October 2019.

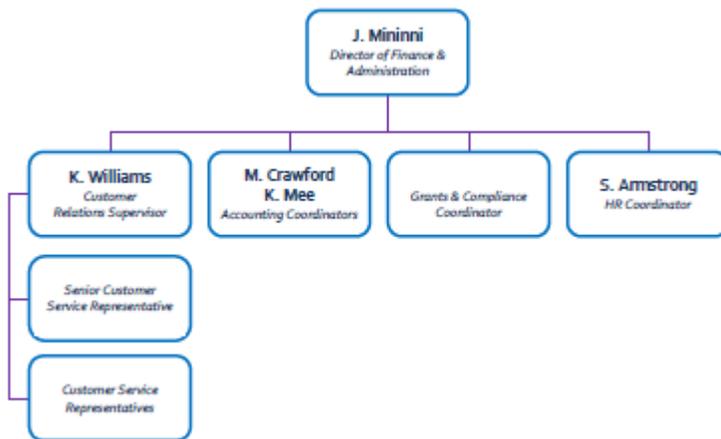


The department budget includes expenses related to monthly meetings of the Authority and Authority appointed committees. Professional development, training, and legislative advocacy are also included in the department budget. The departmental budget includes outside legal counsel which is currently contracted to Craige & Fox, PLLC.

| | |
|---|-------------------|
| Authorized full-time positions | 1 |
| Executive Director expenditures by category | |
| Salary and benefits | \$ 208,216 |
| Legislative & professional development..... | \$ 2,500 |
| Authority members & meetings expenditures by category | |
| Meeting expenditures..... | \$ 4,000 |
| <i>Meeting expenditures include monthly meetings and committee expenses</i> | |
| Legal..... | \$ 23,000 |
| Total Expenses Authority Members and Executive Director | \$ 237,716 |

Finance & Administration

The Finance and Administration department is charged with providing quality and responsible financial management services for the Authority and to ensure prudent use and maintenance of the Authority's financial resources and physical assets, as well as fiscal compliance with the North Carolina General Statutes, the North Carolina Local Government Commission, the Federal Transit Administration, and the North Carolina Department of Transportation. The finance department manages all Authority and contractor payroll, human resource administration, insurance, accounting, and budget preparation. The department also coordinates the annual A-133 financial audit. The department procures



and manages liability, property and health insurance. The Department of Finance & Administration is responsible for payroll and benefits, pension oversight and compliance, and worker compensation.

Risk management also falls under the diction of the department as do all customer service functions. The Grants & Compliance Coordinator is responsible for grant administration and management and National

OPERATING EXPENSES BY DEPARTMENT (CONTINUED)

Finance & Administration (continued)

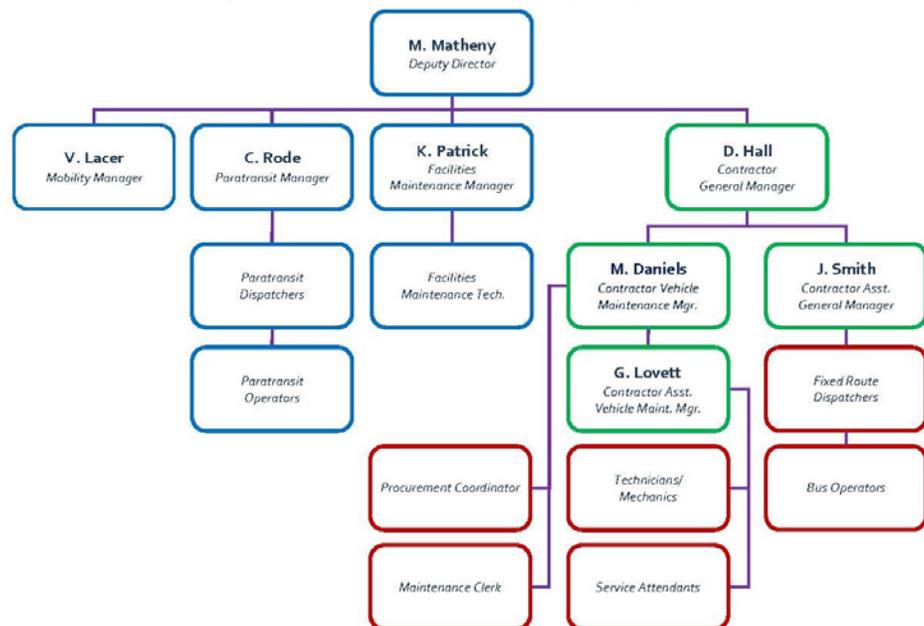
Transit Database reporting and compliance.

| | |
|--|-------------------|
| Authorized full-time positions | 9 |
| Authorized part-time positions | 11 |
| Finance & Administration expenditures by category | |
| Salary and benefits | \$ 700,257 |
| Travel & training | \$ 3,000 |
| Financial audit | \$ 29,000 |
| Dues & subscriptions | \$ 5,000 |
| Information technology | \$ 64,500 |
| Licenses | \$ 2,000 |
| Office supplies & equipment | \$ 17,500 |
| Risk management & fidelity Insurance | \$ 65,200 |
| Other expenses | \$ 17,300 |
| Total Expenses Finance & Administration | \$ 903,757 |

Operations & Planning

Under oversight of the Authority's Deputy Director, the Operations & Planning Department is responsible for delivery of transportation services and meeting transit demands as the region grows. Services include: fixed route; paratransit; facilities and vehicle maintenance; planning; development; public relations; contractor oversight; mobility management and passenger amenities.

Paratransit services are directly operated by the Authority, and all paratransit employees are directly employed by the Authority. Fixed route and vehicle maintenance services are outsourced to ensure compliance with 49 USC §5333(b). Fixed route personnel are employed by Transit Management of Wilmington, a subsidiary of First Transit, Inc. Transit Management of Wilmington employees include bus operators, maintenance technicians, service employees, procurement personnel, vehicle maintenance support, and dispatchers. First Transit provides four managers under the contract for management of the fixed route and vehicle maintenance divisions. The contractor serves as the employer of record for Transit Management of Wilmington.



Wave Connect, the Authority's elder & disabled initiative, also falls under the oversight of the Operations Department. Civil rights compliance and oversight are also functions of the Operations Department. The Operations Department also acts as the Authority's hub for data collection. Transit Management of Wilmington is contractually responsible for labor relations and compliance with the collective bargaining agreement.

In 2017 the Operations Department, under oversight provided by the Planning & Operations Committee and the Short Range Plan Steering Committee, began assessment of the Authority's third *Short Range Transit Plan (S RTP)*. Completed in 2018, the plan recommended minor modification to the current route structure to improve efficiency. The plan, currently being presented to the board, will consist of revenue neutral recom-

OPERATING EXPENSES BY DEPARTMENT (CONTINUED)

Operations & Planning (continued)

mendations and improvements which would require additional funding. The revenue neutral modifications, if approved by the board, will be implemented in conjunction with the opening of the WMMTC in late 2019.

| | |
|--|---------------------|
| Authorized full-time Authority positions | 15 |
| Authorized part-time Authority positions | 18 |
| Authorized full-time contract positions | 72 |
| Authorized part-time contract positions | 10 |
| Authority operations expenditures by category | |
| Salary and benefits | \$ 219,940 |
| Travel & training | \$ 3,000 |
| Marketing..... | \$ 13,500 |
| Planning | \$ 4,000 |
| Fixed route operations expenditures by category | |
| Salary and benefits | \$ 3,496,109 |
| Management services..... | \$ 391,000 |
| Insurance | \$ 405,583 |
| Claims..... | \$ 3,000 |
| Uniforms | \$ 30,000 |
| Fuel | \$ 499,000 |
| Employment testing..... | \$ 15,000 |
| Tires | \$ 75,000 |
| Other..... | \$ 35,000 |
| Paratransit operations expenditures by category | |
| Salary and benefits | \$ 674,527 |
| Insurance | \$ 203,791 |
| Claims..... | \$ 1,000 |
| Uniforms | \$ 9,000 |
| Fuel | \$ 124,200 |
| Employment testing..... | \$ 6,000 |
| Tires | \$ 15,000 |
| Other expenses | \$ 15,000 |
| Vehicle maintenance expenditures by category | |
| Salary and benefits | \$ 690,737 |
| Vehicle maintenance | \$ 536,950 |
| Facility maintenance expenditures by category | |
| Salary and benefits | \$ 108,901 |
| Utilities | \$ 130,000 |
| Facility maintenance..... | \$ 39,000 |
| Total Expenses Operations & Planning | \$ 7,744,238 |



For additional information about this publication or any of the services provided by the Cape Fear Public Transportation Authority, please contact:

Albert Eby,
Executive Director
(910) 202-2035
aeby@wavetransit.com

Cape Fear Public Transportation Authority
P. O. Box 12630
505 Cando Street
Wilmington, NC 28405-0130
(910) 343-0106
(910) 343-8317 fax
www.wavetransit.com