



Cape Fear Public Transportation Authority



# Fiscal Year 2021 Budget

June 25, 2020



## 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

June 22, 2020

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

### Authority Board Members:

Pursuant to Section 159-11 of the North Carolina General Statutes, it is my pleasure to present the Fiscal Year 2020-2021 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 25, 2020. Notice of the public hearing and information detailing how the community can comment on the proposed budget has been published as required. In accordance with the statute, staff is presenting members of the Authority a balanced budget proposal for consideration. The proposed budget is 1.98% higher than the proposed budget presented on May 28, 2020. The proposed budget of \$9,021,202 is 5.97% higher than the amended FY 2020 budget. Details of changes to the proposed budget of May 28, 2020 are highlighted on page five.

The timing of the coronavirus pandemic has resulted in many uncertainties in the coming fiscal year. Funding from the CARES Act will allow the Authority to navigate the financial challenges from the pandemic as we prepare for the challenge of increased ridership and the impact it will have on social distancing in an effort to keep our employees and passengers safe.

### Operations:

Fixed routes are budgeted to continue as currently scheduled with the exception of Route 204 - Brunswick Connector. Identified by TransPro as a low ridership and high subsidy route, members of the Brunswick Consortium consisting of Leland, Navassa and Brunswick County have opted not to extend the funding agreement for the route which expires June 30, 2020. Service reductions implemented in January 2020 which reduced daily service by one hour on weekdays and six hours on Saturday are continued in the proposed budget. The grants and compliance coordinator position, vacant since June 2019, will continue to remain unfilled.

Although UNCW has not indicated their plans for the upcoming fall semester in response to the coronavirus crisis, they have indicated that the Authority should prepare for shuttle service. The FY 2021 agreement between the Authority and UNCW is for a minimum of 16,000 service hours. The proposed budget anticipates providing the minimum hours contracted, but staff is prepared to respond to Seahawk Shuttle service modifications and minimize budgetary impacts should the public health crisis lead to a disruption in UNCW's adopted schedule.

Changes to the adopted budget during FY 2021 resultant from recommendations proposed by TransPro and supported by the board are anticipated. Staff is prepared to modify the budget should additional efficiencies be identified. Ridership increases are typical during periods of economic uncertainty and increasing unemployment similar to the current nationwide crisis. These expectations may be tempered by the need for social distancing and customer perception of safety in Wave's response to the coronavirus.

Public outreach to convey the message that sanitization of vehicles and facilities meets or exceeds CDC requirements will be a focus until the threat is minimized. Additional funds have been budgeted to continue the current level of sanitation which meets CDC guidance and requirements. In response to the virus outbreak, Wave Transit suspended fare collection to enable passengers to board vehicles through the rear doors. This has allowed significant distancing between passengers and bus operators and has been instru-

## LETTER OF TRANSMITTAL

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mental in keeping employees and passengers safe. A return to fare collection is anticipated with the beginning of the new fiscal year. By this time, operator shields and additional guidance for passengers will be installed in all revenue vehicles yielding a permanent environment for passengers to interact with fare collection equipment while minimizing bus operator exposure to contagions. Face mask recommendations for employees and passengers will continue. Public facilities are also anticipated to reopen early in the fiscal year. Public restroom restrictions, facility capacity limitations, employee protection devices and other changes will be required to limit the spread of the virus. Additional cleaning and sanitization methods are being implemented in accordance with public health guidelines and industry accepted practices.

### **Wages:**

Prediction of hourly wages in the proposed budget was challenging. First Transit and ATU 1328 have been operating under short-term temporary agreements since expiration of the collective bargaining agreement on June 30, 2019. Multiple bargaining sessions have failed to yield an agreement. The proposed budget allocates a 3.00% wage increase for collective bargaining unit employees. The 3.00% represents an allocation for fiscal years 2020 and 2021. Staff continues to consult with First Transit regarding the CBA and has suggested options to satisfy the fiscal terms of any future agreement within the funding allocated in the proposed budget.

At the regular board meeting on April 23, 2020, staff was directed to provide revenue and expense scenarios resultant from raising the minimum wage for all Authority employees to \$15.00 per hour. The board also requested that the estimate include various percentage increases to wages for Authority employees earning in excess of \$15.00 per hour. Seven modification scenarios were presented to the board at the May 25, 2020 meeting. Staff was directed to include in the proposed budget wage modification of \$15.00 for all Authority employees earning less than \$15.00 as of June 30, 2020. Additionally, the board requested a 2.00% cost of living wage adjustment be included in the final proposed budget for Authority employees earning above \$15.00 per hour. Both of these expenditure modifications are included in the final proposed budget. The net effect of the changes will result in an increase in projected labor expenses of \$178,569. Funding from the CARES Act in the same amount was added to FY 2021 revenues to balance the budget.

Group health insurance benefits provided to direct and contract employees demonstrated the lowest increase in premiums over the past several years. Healthy living and wellness initiatives will hopefully continue this trend in the future. As a member of the North Carolina Local Government Employees' Retirement System, the Authority provides a contribution on behalf of employees. Over the past five years the required employer contribution has increased from 7.25 percent to 10.21 percent. As private company employees, Transit Management of Wilmington and resident First Transit employees are not eligible to participate in LGERS.

### **Revenues:**

As previously referenced, allocations from the federal CARES Act have been appropriated in the budget to respond to increased expenses in response to COVID-19. The funding has been apportioned by FTA at 100% and no matching funds are required. This important appropriation will allow the Authority to provide a structured and responsible response to the pandemic without additional local subsidies. The proposed budget allocates \$2,090,908 in CARES Act funding which represents 23.18% of the proposed operating budget. The FY 21 CARES Act allocation is 30.5% of the total CARES Act award which will afford the Authority the opportunity to continue its response to the COVID-19 pandemic past FY 2021.

State funding from the NCDOT State Maintenance & Assistance Program (SMAP) was originally proposed to be reduced by 14.29% in response to funding challenges experienced by NCDOT. SMAP apportionments for FY 2021 are not calculated until adoption of the state budget. Based on funding challenges faced by NCDOT, SMAP revenue estimates for FY 2021 are cause for concern. At the May 28, 2020 board meeting, staff was directed to undertake a peer analysis regarding FY 2021 SMAP revenue projections and report to the board. The report demonstrated that the reduction in SMAP revenue of 14% in the proposed Wave Transit FY 2021 budget was significantly more conservative than the reporting peer average reduction of 3.53%. Additional consultation with NCDOT revealed that SMAP revenue could be reduced by as much as



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30%. On June 24, 2020, the NCGA House Transportation Committee passed H77. If adopted, the bill would completely eliminate funding to the SMAP and Rural Operating Assistance (ROAP) Programs in FY 2021. The bill is expected to be adopted by the NC Senate but concurrence by Governor Cooper is uncertain. The final proposed budget eliminates SMAP and ROAP operating revenues in FY 2021. The decrease was offset by an increase in CARES Act funding. Ensuring that the SMAP and ROAP programs are funded in future years is a priority for the Authority.

Increased ridership and farebox revenue is anticipated based on anecdotal evidence, although possible passenger exposure to airborne pathogens could lead customers to seek alternate sources of transport. The proposed budget conservatively estimates a 34.74% decrease in farebox and pass revenue. The estimate takes into account a recovery period to return to more typical passenger loads as well as an increase in transit dependency due to the economy. It also allows for flexibility in revenue should UNCW impose dramatic changes or the region experience another wave of the pandemic.

Primary governments that make up the Authority, New Hanover County and the City of Wilmington have proposed a 3% increase in their support for the Authority. Formula funding provided by the Federal Transit Administration has been awarded and is available to reimburse eligible expenses.

### **Capital:**

The Authority's capital inventory is currently at its most favorable point since Wave Transit was created in 2004. The 2020 *Wave Transit Asset Management Plan* demonstrates that rolling stock assets that meet or exceed their useful benchmark life are at a low 22%. Less than 15 of the Authority's 67 vehicle assets have met or exceeded their useful life. The majority of fully depreciated rolling stock assets being utilized for revenue service are four 35' heavy heavy duty buses. In 2019 Wave Transit responded to a call for projects by the North Carolina Department of Environmental Quality - Air Quality Division, for funding to replace pre-2009 vehicles with funds from the states apportionment of Volkswagen settlement. The \$2,200,000 request is intended to purchase four CNG powered buses which would result in a fleet of heavy heavy duty buses, the Authority's most expensive rolling stock assets, that is within its useful benchmark life. It would also increase the fixed route bus fleet to over 90% CNG powered. Even with historically low diesel fuel prices, CNG continues to save the Authority nearly \$1.00 per diesel gallon equivalent. 49 USC Chapter 53 Section 5339 provides formula funding for urban areas. The Authority's FFY 2019 §5339 apportionment is \$274,456. Matching funds equal to 20% of the FTA apportionment in the amount of \$68,614 have been appropriated in the proposed budget. These funds are programmed to upgrade communication equipment, procure new data collection technology, add to the amenities network, improve security equipment at terminals and on rolling stock and purchase operator protective equipment in response to the COVID-19 pandemic. Five thousand dollars in local capital matching funds has been appropriated to close out remaining grants with low balances.

### **Opportunities:**

The proposed budget continues the Authority's commitment to provide safe and efficient transit service to southeastern North Carolina. Fiscal year 2021 is poised to be a pivotal time in the evolution of public transportation in the region as we work together with community leaders serving on the board and professional transit planners to set a course for the future of transit in New Hanover County. The prospect of a collaborative strategic plan to guide Wave Transit offers hope for a transit network that meets the mission and goals of the Authority while providing a level of quality transit service that our citizens can be proud of. We look forward to working with each of you in the upcoming fiscal year as we respond to unprecedented challenges and hopes for a brighter tomorrow.

Cordially,



Albert Eby  
Executive Director

## BUDGET MODIFICATION

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The following modifications have been made to the original proposed budget of May 28, 2020:

### Revenues:

#### Total Operating Revenues

- Increased by \$178,570
- Revised appropriation \$9,021,202
  - **State Maintenance Assistance Program (SMAP) - defunded by NCGA**
    - Decreased by \$600,000
    - Revised appropriation \$0
  - **Rural Operating Assistance Program (ROAP) - defunded by NCGA**
    - Decreased by \$41,040
    - Revised appropriation \$0
  - **FTA CARES Act**
    - Increased by \$771,610
    - Revised appropriation \$2,090,908
  - **Other Income - Greyhound contract**
    - Increased by \$48,000
    - Revised appropriation \$154,020

### Expenses:

#### Total Operating Expenses

- Increased by \$178,570
- Revised appropriation \$9,021,202
  - **Wages - \$15.00 living wage**
    - Increased by \$148,946
    - Revised appropriation \$4,296,767
  - **Taxes - \$15.00 living wage**
    - Increased by \$11,239
    - Revised appropriation \$322,127
  - **Retirement - \$15.00 living wage**
    - Increased by \$9,844
    - Revised appropriation \$266,241
  - **Insurances - \$15.00 living wage**
    - Increased by \$8,604
    - Revised appropriation \$1,044,027
  - **Insurance - revised estimate**
    - Decreased by \$63
    - Revised appropriation \$839,761

## **BUDGET CALENDAR**

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**April 01, 2020** - Wave Board budget work session

**May 28, 2020** - presentation of proposed budget

**May 29, 2020** - opening of public comment period

**June 25, 2020** - public hearing

**June 25, 2020** - budget adoption

**July 01, 2020** - commencement of Fiscal Year 2021

## BUDGET ORDINANCE

# FY 2021 BUDGET ORDINANCE

## Cape Fear Public Transportation Authority



Introduced by: Joseph Mininni, Director of Finance & Administration

Date: June 25, 2020

### ORDINANCE MAKING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 01, 2020

#### 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 Appropriation

General Operating Expenses **\$ 9,021,202**

#### Operating Revenues

Passenger Fares \$ 738,000

FTA 5303 65,350

FTA 5307 2,482,714

FTA 5310 216,145

FTA CARES ACT 2,090,908

New Hanover County Department of Aging 3,000

New Hanover County DSS (Van) 500,000

New Hanover County DSS (Work First) 2,500

Other Agencies 26,265

City of Wilmington 1,489,668

New Hanover County 340,792

Carolina Beach 10,244

UNCW 824,914

Other Income 154,020

Fund Balance 150,297

Less: Capital Match (73,614)

**Total Operating Revenues \$ 9,021,202**

Adopted at a regular meeting  
on June 25, 2020

\_\_\_\_\_  
Chris Coudriet, Chairman

Attest:

\_\_\_\_\_  
Albert Eby, Secretary

(seal)





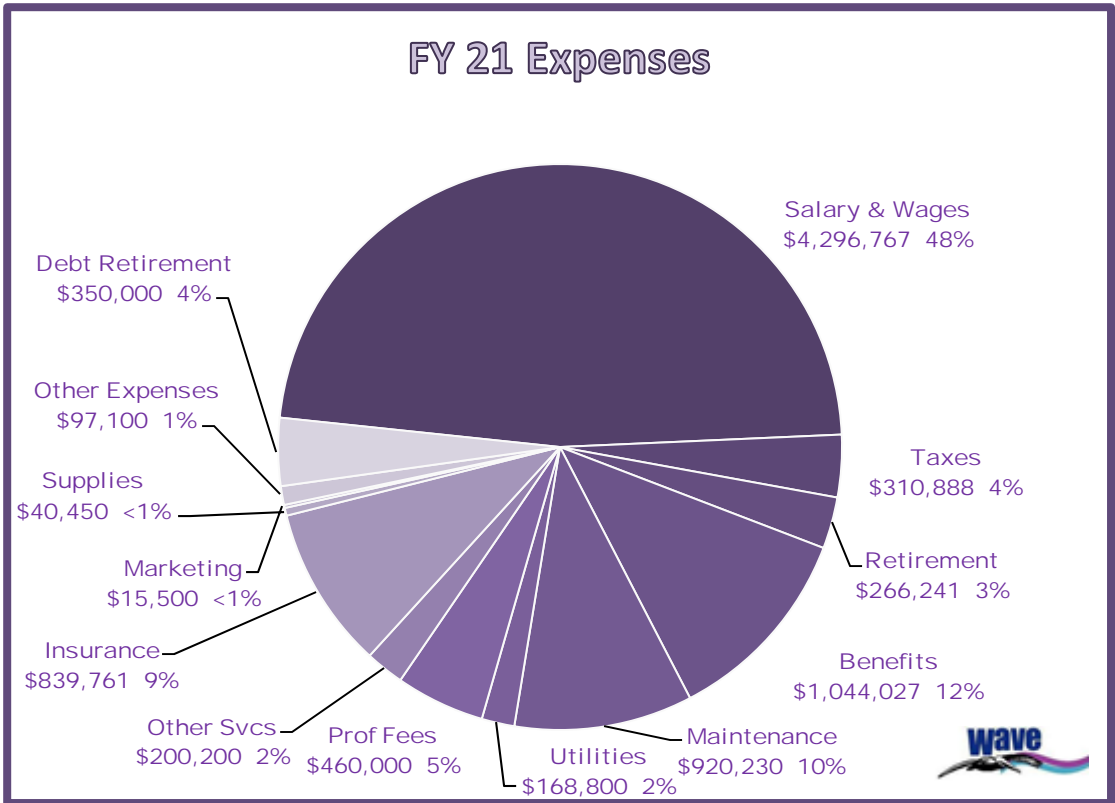
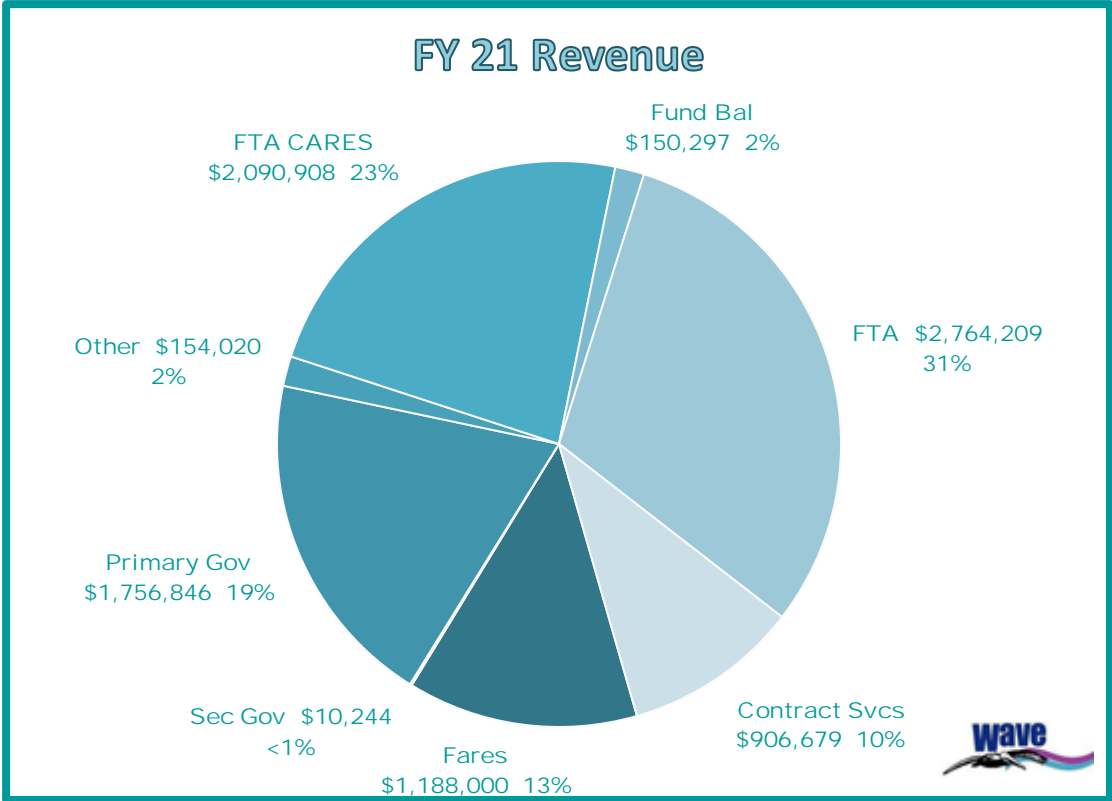
## BUDGET DETAIL

### Cape Fear Public Transportation Authority

#### Fiscal Year 2021 Budget Detail

| Update 06/18/2020         | 2021 Budget |                  | 2020 Budget |                  | Difference          |
|---------------------------|-------------|------------------|-------------|------------------|---------------------|
| <b>Revenues</b>           |             |                  |             |                  |                     |
| Passenger Fares           | \$          | 1,188,000        | \$          | 36,546           | \$ 167,000          |
| Contract Services         | \$          | 906,679          | \$          | 701,137          | \$ 205,542          |
| Federal                   | \$          | 2,764,209        | \$          | 3,124,462        | \$ (360,253)        |
| Federal CARES Act Funding | \$          | 2,090,908        | \$          | 620,000          | \$ 1,470,908        |
| Local Primary Gov         | \$          | 1,756,846        | \$          | 1,689,146        | \$ 67,700           |
| Local Secondary Gov       | \$          | 10,244           | \$          | 110,639          | \$ (100,395)        |
| NCDOT SMAP                | -           |                  | \$          | 697,651          | \$ (697,651)        |
| Other Income              | \$          | 154,020          | \$          | 168,953          | \$ (14,933)         |
| Fund Balance              | \$          | 150,297          | -           |                  | \$ 150,297          |
| Loan Proceeds             | -           |                  | \$          | 350,000          | \$ (350,000)        |
| <b>Total Revenues</b>     | <b>\$</b>   | <b>9,021,203</b> | <b>\$</b>   | <b>8,482,988</b> | <b>\$ 538,215</b>   |
| <b>Expenditures</b>       |             |                  |             |                  |                     |
| Wages                     | \$          | 4,296,767        | \$          | 4,049,782        | \$ (246,985)        |
| Taxes                     | \$          | 322,127          | \$          | 303,395          | \$ (18,732)         |
| Retirement                | \$          | 266,241          | \$          | 233,261          | \$ (32,980)         |
| Insurances                | \$          | 1,044,027        | \$          | 1,241,851        | \$ 197,824          |
| Fuel Maintenance Repairs  | \$          | 920,230          | \$          | 816,026          | \$ (104,204)        |
| Utilities                 | \$          | 168,800          | \$          | 168,375          | \$ (425)            |
| Professional Fees         | \$          | 460,000          | \$          | 435,000          | \$ (25,000)         |
| Other Services            | \$          | 200,200          | \$          | 155,250          | \$ (44,950)         |
| Insurance                 | \$          | 839,761          | \$          | 759,357          | \$ (80,404)         |
| Office                    | \$          | 40,450           | \$          | 38,600           | \$ (1,850)          |
| Marketing                 | \$          | 15,500           | \$          | 27,500           | \$ 12,000           |
| Other Expenses            | \$          | 97,100           | \$          | 104,294          | \$ 7,194            |
| Debt Service              | \$          | 350,000          | -           |                  | \$ (350,000)        |
| Administrative Reserve    |             |                  | \$          | 150,297          | \$ 150,297          |
| <b>Total Expenditures</b> | <b>\$</b>   | <b>9,021,202</b> | <b>\$</b>   | <b>8,482,988</b> | <b>\$ (538,214)</b> |

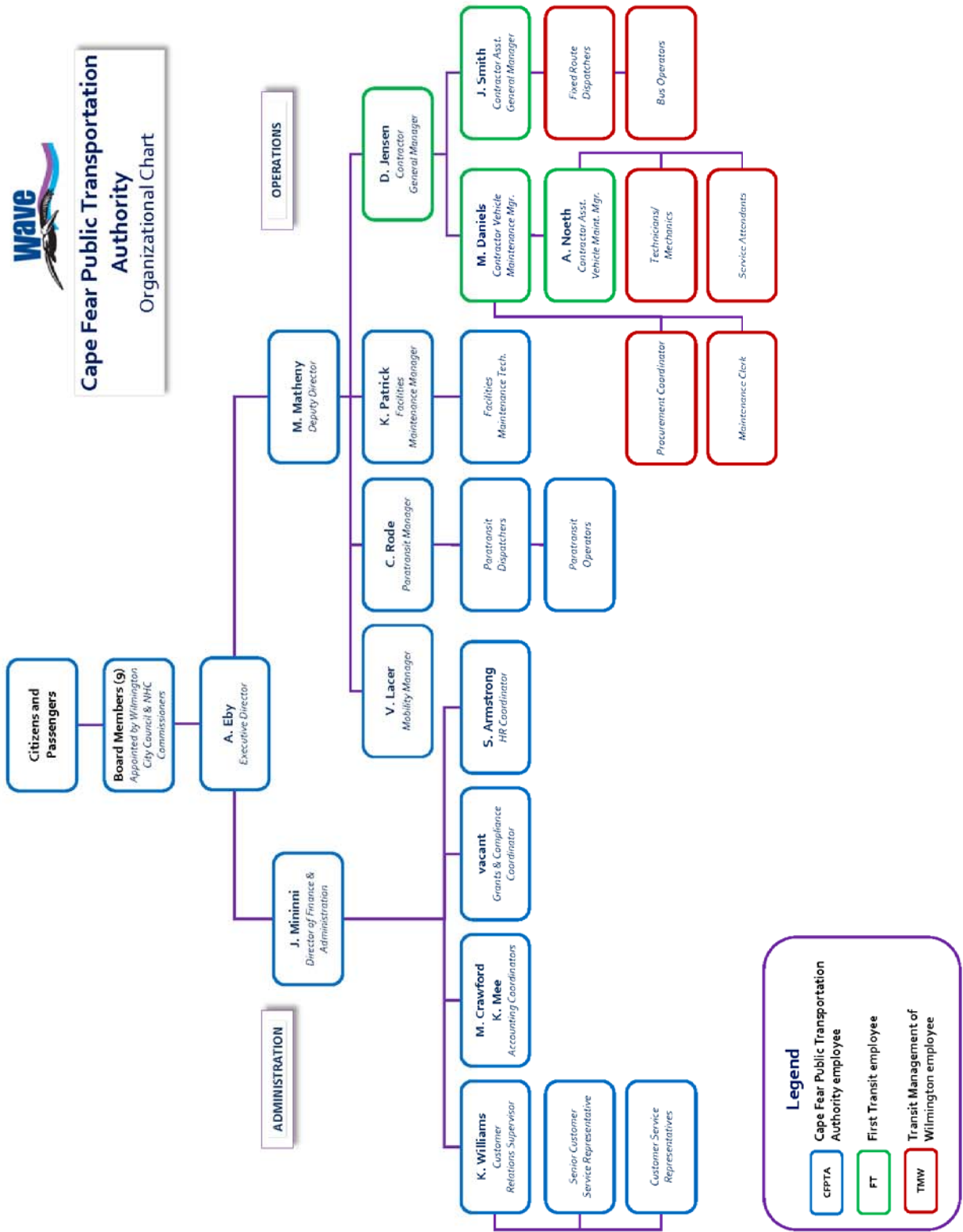
# REVENUE & EXPENDITURE SUMMARY



# ORGANIZATIONAL STRUCTURE



## Cape Fear Public Transportation Authority Organizational Chart



**Legend**

- CFTA Cape Fear Public Transportation Authority employee
- FT First Transit employee
- TMW Transit Management of Wilmington employee