



Cape Fear Public Transportation Authority



Fiscal Year 2022 Budget

May 27, 2021

INTRODUCTION

The following is an overview of the revenue and expenses budget for Cape Fear Public Transportation Authority (Wave Transit) for FY22 (spanning July 01, 2021 through June 30, 2022). Overall expenditures have been budgeted to increase by 4.4% compared to 2021 budget (excluding pass through costs for regional microtransit project). The increase over prior years is attributable to professional fees, fund balance, and wages and insurance.

The Authority is currently in a stable financial position due to the FTA availability of funds for operating assistance over the past 16 months, totaling \$11,129,664. These funds, along with annual 5307 funds, will support the Authority, without any predicted shortfalls, for FY22 and FY23. Fund balance is expected to provide cash for minor capital expenses for which the Authority has no capital reserve fund. Although cash flow is impacted by slow reimbursements from a small number of funding partners, we have experienced improvement over the past year. We welcome and encourage comments to this document addressed to the following:

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

Authority Members & Staff

The Cape Fear Public Transportation Authority is governed by nine members appointed by the Wilmington City Council and the New Hanover County Commissioners. The Authority employs a staff of 113 direct and contract employees led by a senior staff of three directors.

AUTHORITY MEMBERS

Sterling Cheatham, Wilmington City Manager
Chairman

Chris Coudriet, New Hanover County Manager
Vice Chairman

Kemp Burbeau, Deputy County Attorney

Honorable Deb Hays, New Hanover County Commissioner

John Joye, Wilmington City Attorney

Mike Kozlosky, Executive Director, WMPO

Paul Lawler, Appointed by Wilmington City Council

Laura Mortell, Budget Director-City of Wilmington

Lisa Wurtzbacher, Chief Financial Officer-New Hanover County

STAFF

Marie Parker, Executive Director

Megan Matheny, Deputy Director

Joseph Mininni, 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 27, 2021

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

Authority Board Members:

In accordance with the North Carolina General Statutes Section 159-11, the proposed annual budget for Fiscal Year 22, beginning July 1, 2021, and ending June 30, 2022, is submitted for your consideration on behalf of the Cape Fear Public Transportation Authority. As required, a public hearing on the proposed budget will be held at a regular meeting of the Authority on June 24, 2021. Notice of the public hearing and information detailing how the community can comment on the proposed budget has been published per guidelines. In accordance with the statute, staff is presenting members of the Authority a balanced budget proposal for consideration. The proposed budget of \$9,807,232 is 4.4% higher than the FY21 adopted budget (excluding NCDOT pass-through costs for the newly planned regional microtransit project).

The proposed budget is a plan that reflects the Authority's commitment to strong financial principles, with focus on establishing a general fund balance to promote long-term financial sustainability. It is a strategic budget that aligns resources with short term organizational goals, however, does not address expansion or potential staffing needs. It provides for meeting standards in safety, performance management, and continued quality development.

Operations:

Fixed routes are planned and budgeted to continue as currently scheduled through June 30, 2022, based on the joint proposal and adoption of resolution by New Hanover County and the City of Wilmington. During this one-year suspension of service reductions, staff will be reviewing the current Wave Transit System network, the TransPro proposal for redesign, and all possibilities for new options and revisions.

Although UNCW has not confirmed their planned hours for the upcoming fall semester, they have communicated the need to execute more than 16,000 hours for the upcoming year. The FY22 agreement between the Authority and UNCW is currently being negotiated. The proposed budget anticipates providing the increase in hours requested.

Carolina Beach has agreed to move forward with funding a portion of the Route 301 for FY22 as currently designed. The increase was stated at 3%. They have stated an interest in the microtransit model going forward.

A new microtransit project, fully funded by NCDOT's Integrated Mobility Division (IMD) ConCPT funds, is slated to begin October 1, 2021, pending all approvals. This project was born from an initiative to provide vaccine trips in a regional network. Due to decreasing demand for vaccination transportation, the project funding was reappropriated to create a regional microtransit pilot project, with the intent of reestablishing connectivity between Brunswick and New Hanover Counties. The plan is currently designed to be a full turnkey project, with Wave Transit being the designated recipient and project manager. Wave expects the receipt and disbursement of all funds allotted, which includes \$400,000 ConCPT funding and \$100,000 IMD community transportation funds for the first 12 rolling months of

LETTER OF TRANSMITTAL

service. The budget only reflects nine months of performance (\$375k) in the first year. The Authority anticipates applying for funding for year two as soon as it is available. There are no matching funds required. This operation will not exceed funds being provided.

Changes to the adopted budget during FY22 will see slight reductions in response to the health crisis purchases. In FY21 there were capital expenditures, as well as high volume cleaning and personal protective equipment purchased in response to the virus that will not occur or that will be at a lesser frequency based on need and loosening restrictions.

Wages:

Salary and wages for Authority employees is proposed at 3.0%. Increase is slightly higher than prior years, but consistent with industry standard.

Group health insurance benefits provided to direct and contract employees have experienced a substantial increase in premiums over the past year of 7%. Healthy living and wellness initiatives have been promoted in the past and will hopefully be reintroduced in the upcoming budget year as staff are able to conduct business more normally and engage employees more actively. 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 11.35 percent to ensure that pensions guaranteed by the system are properly funded. As private company employees, Transit Management of Wilmington and resident First Transit employees are not eligible to participate in LGERS.

Revenues:

Allocations from the federal CARES Act have been appropriated in the budget to respond to increased expenses in response to COVID-19 and continue support of operations. The funding has been apportioned by FTA at 100% and no matching funds are required. The proposed budget will utilize a combination of CARES Act funding and 5307 funding for the budget year.

State funding from the NCDOT State Maintenance & Assistance Program (SMAP) has not been announced and was not included in the proposed budget.

Predicting passenger fares is more a challenging aspect of the proposed budget. While ridership has increased, there has been a leveling of data that will likely depend on other factors to change to increase substantially. The proposed budget shows a slightly more aggressive farebox and pass revenue reflecting a monthly increase of over 32%. Fares will realize an increase, due to a full year of fare collection compared to several months of suspended fares in FY21 to enable rear door boarding. We are hopeful relaxed COVID restrictions, increased numbers of people returning to work, and mobility for social purposes will increase month over month. The estimate considers a slower recovery period to return to increased passenger loads but is realistic in that it attempts to reflect the trends in the industry.

Primary governments that make up the Authority, New Hanover County and the City of Wilmington have committed 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 rolling stock revenue inventory is currently in a good status. Assets that meet or exceed their useful benchmark life is at 14%. Only nine of the Authority's 67 vehicle assets have met or exceeded their useful life. Most of the fully depreciated rolling stock assets are four 35' heavy duty buses. In a prior response to a call for projects by the North Carolina Department of Environmental Quality - Air Quality Division, funding was identified to replace pre-2009 vehicles with funds from the state's apportionment of Volkswagen settlement. There is one bus currently on order under the qualifying resolution.

LETTER OF TRANSMITTAL

49 USC Chapter 53 Section 5339 provides formula funding for urban areas. The Authority's FY20 §5339 apportionment is \$256,037. Matching funds equal to 20% of the FTA apportionment in the amount of \$64,010 have been appropriated in the proposed budget. These funds are programmed to upgrade communication equipment, procure new passenger and bus inspection technology, add to the amenities network, and improve safety and security enhancements at bus stops.

Opportunities:

The proposed budget continues the Authority's commitment to provide safe and efficient transit service to southeastern North Carolina, while planning for a more robust system in the future. Nationally, transit systems are only transporting 45% of the passengers that were being carried prior to the COVID-19 health crisis (<https://transitapp.com/APTA>, May 2021). The South-Atlantic Region is performing at an even lesser volume, at 40%. While transit, as an industry is recovering slowly, Wave Transit is showing more resiliency, servicing over 55% of its pre-COVID passenger totals on fixed route. Additionally, there are several new initiatives that are pivotal to the establishment of an effective and efficient transit network, many of them already in motion.

New data collection and analysis will create a measure for smarter predictions, planning, and reporting. Forging or reaffirming partnerships within the community from businesses to non-profit organizations, as well as housing and event sponsors will help determine stakeholders' interests and needs in future plans. Additionally, partnerships with neighboring communities can create potential for commuter services, regional collaboration, and a broader connectivity for residents. Relying heavily on innovation and technology making transit easier, faster, and more accessible, in real time, as well as folding in new service models that are tailored to the user, will retain current riders, attract new riders, and make transit a viable option in the area. And finally, the fundamental need for dedicated funding has been critical to Wave's continuation and expansion and has been adopted as a priority by both the City and the County in the form of a future sales tax referendum that is transforming ideas into plan development. An improved transit network that meets the needs of the people that reside here, coupled with the exceptional quality of transit service that is already being provided, will deliver opportunities that cannot be measured. We look forward to continuing to work with each of you in the upcoming fiscal year as we position ourselves to grow along with the City of Wilmington and New Hanover County and serve its citizens therein for many years to come.

Respectfully,



Marie Parker
Executive Director

BUDGET CALENDAR

- **April 8, 2021** CFPTA Executive Staff Budget Review
- **May 20, 2021** Distribution of Summary Budget
- **May 24, 2021** Opening of Public Comment Period
- **May 27, 2021** Presentation of Proposed Budget to Board
- **June 24, 2021** Public Hearing and Budget Adoption

BUDGET ORDINANCE

Cape Fear Public Transportation Authority



Introduced by: Marie Parker, Executive Director

Date: June 24, 2021

ORDINANCE MAKING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 01, 2021

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	<u>\$ 9,807,232</u>
----------------------------	---------------------

Operating Revenues

Passenger Fares	\$ 513,000
FTA 5303	65,350
FTA 5307 (includes CARES Act & ARP Funding)	5,489,590
FTA 5310 (includes CRRSSA Funding)	258,122
NCDOT	375,000
New Hanover County Department of Aging	3,000
New Hanover County DSS (Van)	400,000
New Hanover County DSS (Work First)	2,500
Other Agencies	51,265
City of Wilmington	1,534,358
New Hanover County	351,016
Carolina Beach	10,551
UNCW	825,000
Other Income	150,480
Fund Balance/Reserves	(105,000)
Less: Capital Match	<u>(117,000)</u>

Total Operating Revenues	<u>\$ 9,807,232</u>
---------------------------------	----------------------------

Adopted at a regular meeting
on June 24, 2021

Sterling Cheatham, Chairman

Attest:

Marie Parker, Secretary



REVENUE & EXPENDITURE SUMMARY



Cape Fear Public Transportation Authority

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

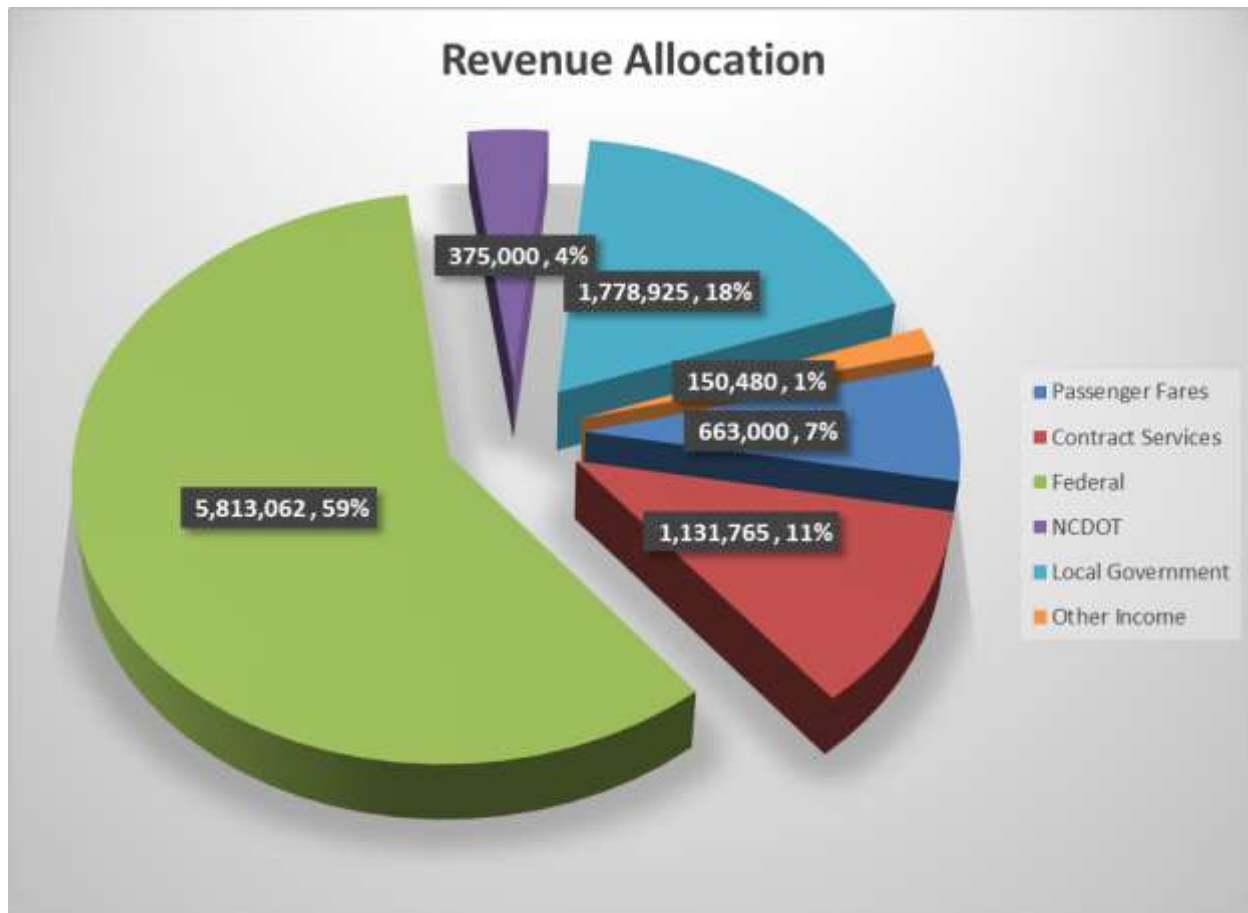
Draft 2022 Budget

	<u>9,807,232</u>	<u>9,021,202</u>	<u>786,030</u>
Update 5/20/2021	2022 Budget	2021 Budget	Difference 2020 vs 2021
Revenues			
Passenger Fares	663,000	1,188,000	(525,000)
Contract Services	1,131,765	906,679	225,086
Federal/5307/Cares/ARP	5,771,085	2,764,209	3,006,876
Federal CARES Act	-	2,090,908	(2,090,908)
Federal CRSSA Act	41,977	-	41,977
Federal ARP Act	-	-	-
Local Primary Gov	1,768,374	1,756,846	11,528
Local Secondary Gov	10,551	10,244	307
NCDOT	375,000	-	375,000
Other Income	150,480	154,020	(3,540)
Fund Balance/Capital	(105,000)	-	(105,000)
Loan Proceeds	-	150,296	(150,296)
Total Revenues	<u>9,807,232</u>	<u>9,021,202</u>	<u>786,030</u>
Expenditures			
On Demand	375,000	-	375,000
Wages	4,510,616	4,296,767	213,849
Taxes	345,062	322,127	22,935
Retirement	286,059	266,241	19,818
Insurances	1,138,642	1,044,026	94,616
Fuel Maintenance Repairs	1,050,575	920,230	130,345
Utilities	187,800	168,800	19,000
Professional Fees	661,000	460,000	201,000
Other Services	219,800	200,200	19,600
Insurance	848,000	839,761	8,239
Office	40,450	40,450	-
Marketing	38,500	15,500	23,000
Other Expenses	105,728	447,100	(341,372)
Debt Service	-	-	-
Administrative Reserve	-	-	-
Total	<u>9,807,232</u>	<u>9,021,202</u>	<u>786,030</u>
(Over)/Under	<u>-</u>	<u>-</u>	<u>-</u>

REVENUE & EXPENDITURE SUMMARY

Cape Fear Public Transportation Authority 2022 Draft Budget Overview

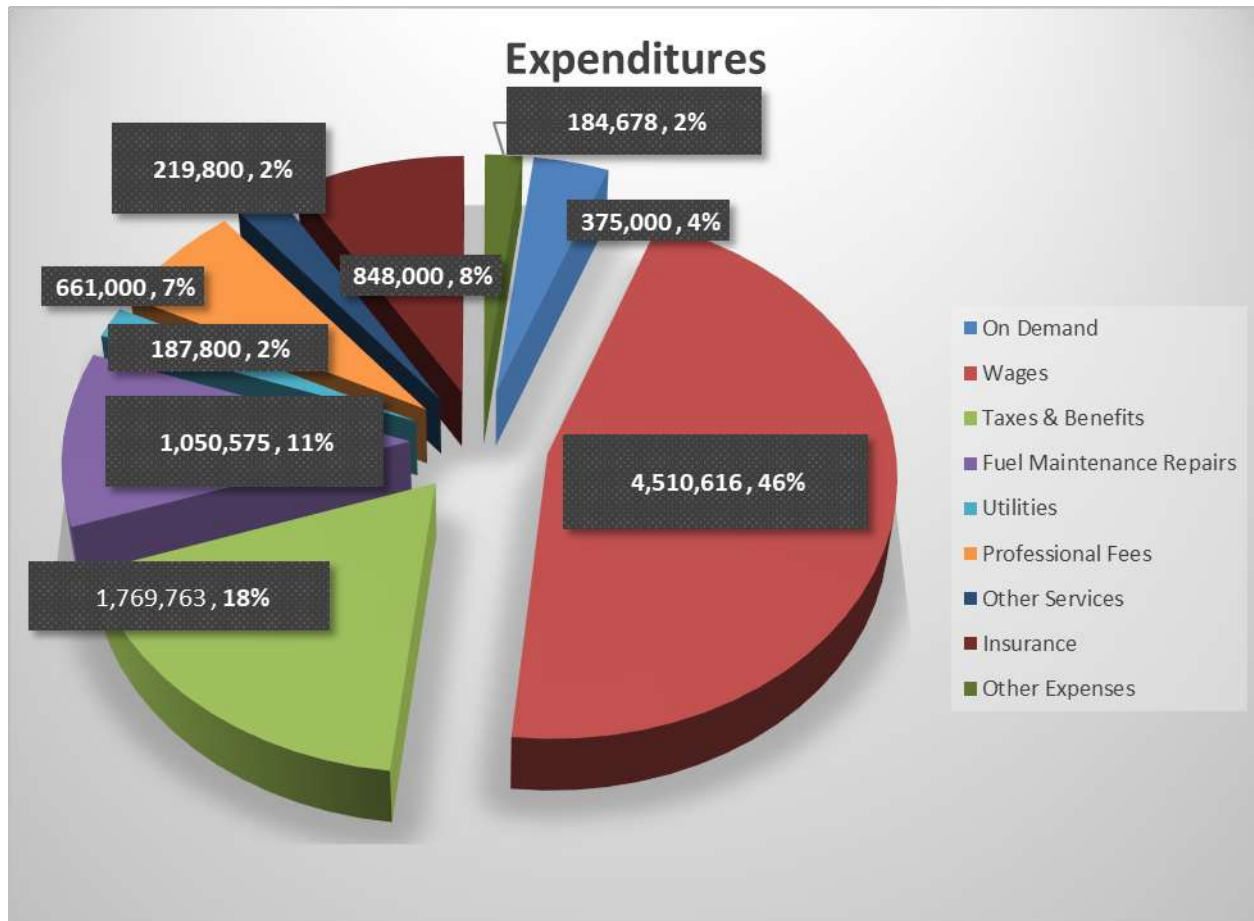
Revenues - \$9,912,232



**\$105,000 to reserves*

REVENUE & EXPENDITURE SUMMARY

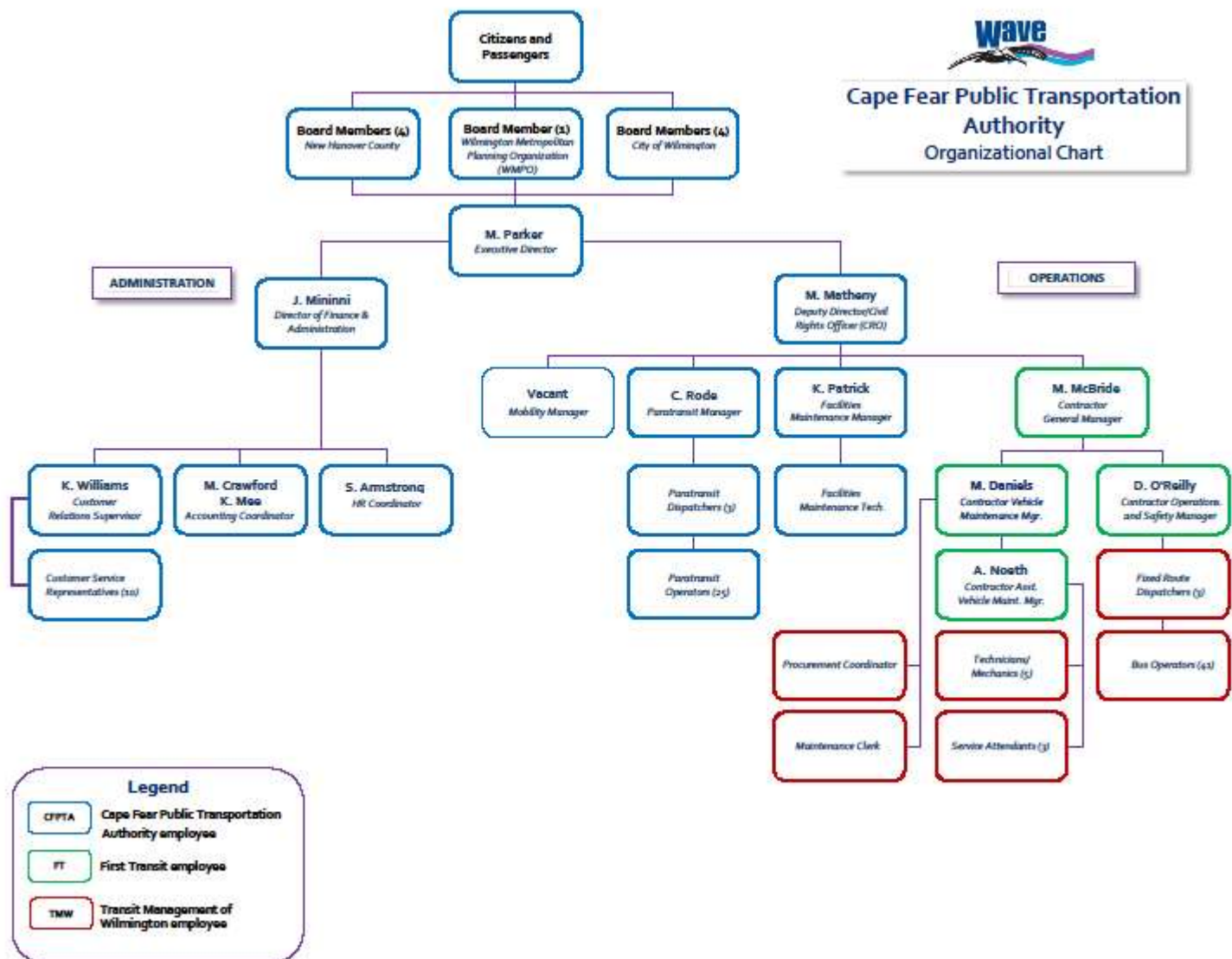
Expenditures - \$9,807,232



Service Delivery

- Approximately 76,000 hours of Fixed Route Revenue
- Approximately 50,000 Paratransit trips
- Approximately 9 months of Microtransit Service

Wages	\$4,510,616
Taxes & Benefits	1,769,763
Fuel Maintenance Repairs	1,050,575
Insurances	848,000
Professional Fees	661,000
On Demand	375,000
Other Services	219,800
Utilities	187,800
Other Expenses	184,678
Total Expenditures	\$9,807,232



Employment

- 86.5 FTE – 68 Fixed Route; 19 Paratransit; 14.5 Admin/CSR/Facilities
- \$4.47 million in wages
- \$1.76 million in benefits & taxes



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

Marie Parker

Executive Director

(910) 202-2035

mparker@wavetransit.com

Cape Fer Public Transportation Authority

P.O. Box 12630

505 Cando Street

Wilmington, NC 28405-0130

(910) 343-0106

(910) 343-8317 fax

www.wavetransit.com