

FINANCE COMMITTEE MEETING

April 6, 2022

2 p.m.

Broadcast on YouTube at:

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AGENDA

I.	Call to order	2:00		
II.	Approval of Minutes – January 27, 2022	2:00	–	2:05
III.	FY2023 Operating Budget	2:05	–	2:50
IV.	Five-Year Capital Plan	2:50	–	3:20
V.	Old Business	3:20	–	3:30
VI.	Adjournment	3:30		

LEXTRAN BOARD OF DIRECTORS FINANCE COMMITTEE MEETING

MINUTES
JANUARY 27, 2022

MEMBERS PRESENT

George Ward, Finance Committee Chair
Jamie Rodgers, Board Member
Dr. Koffi Akakpo, Board Member
Jill Barnett, General Manager
Byron Robinson, Assistant General Manager

MEMBERS ABSENT

Nikki Falconbury, Director of Finance & HR

OTHERS PRESENT

Stephanie Hoke, Finance Manager
Noena Zerna, Marketing & Communications Coordinator
Alan Jones, Systems Administrator
Scott Schutte, McBrayer Law Firm, Board Attorney

I. CALL TO ORDER

Mr. Ward called the January 27, 2022, Lextran Board of Directors Finance Committee meeting to order at 9:01 a.m.

II. APPROVAL OF MINUTES

Mr. Ward called for a motion to approve the September 23, 2021, committee meeting minutes. Ms. Rodgers made a motion to approve the minutes, and it was seconded by Mr. Akakpo. The motion carried unanimously.

III. CASH RESERVE POLICY

Mr. Ward reviewed the proposed cash reserve policy. A minimum percentage of 15% of the total operating budgeted expenses should be maintained in a contingency reserve. These funds may be used with a resolution approved by the Lextran Board of Directors. In addition, staff may utilize these funds on a temporary basis to maintain cash flow for no more than 90 days in the event grant reimbursements are delayed. The reserve account will be evaluated each year during the annual budget process. A long-term plan will help establish the priorities. The Cash Reserve Policy will be recommended to the full board at the February board meeting.

IV. INVESTMENT POLICY

Mr. Ward reviewed the investment policy and suggested the policy should be safe for Lextran. Having the plan be liquid is appropriate. The plan needs to be updated with current titles. Mr. Ward suggested getting policies from other transit agencies to see how they compare. With the new cash reserve policy for long-term projects, we may be able to add more risk. Ms. Barnett will get information from other transit agencies and the Fayette County Public Library,

who is similarly funded. Ms. Barnett has asked McBrayer to review the policy to see what types of funds Lextran is eligible to invest. Ms. Rodgers would like to see an estimate of the return.

V. PROPOSED AGENDA ITEMS

- a. FY2023 Budget
- b. Investment policy
- c. PVA property trends
- d. Long-term capital reserve

VI. ADJOURNMENT

Mr. Ward called for a motion to adjourn the January 27, 2022, meeting of the Lextran Board of Directors Finance Committee. Ms. Rogers made a motion that was seconded by Dr. Akakpo. The meeting adjourned by consensus at 10:40 a.m.



MEMORANDUM

DATE: April 6, 2022

TO: Lextran Board of Directors Finance Committee

FROM: Jill Barnett, General Manager

SUBJECT: FY2023 Operating Budget and 5-Year Capital Plan

Lextran anticipates finishing FY2022 nearly \$1.1 million under budget on expenses, and leading into FY2023 in a strong position. We are pleased to share the FY2023 Operating Budget, which is attached for the Committee's consideration along with the 5-Year Capital Plan.

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.

In November of 2021, President Biden signed the Infrastructure Investment & Jobs Act (IIJA) into law. 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, and thus far only a partial apportionment has been announced for FY2022. The amounts included in this budget are estimated based on that apportionment as well as information obtained from APTA. We anticipate approximately \$2 million more per year in formula funds (5307 and 5339) due to the passage of the IIJA. The IIJA also authorized several competitive funding programs and Lextran will compete for those grants where appropriate.

The current proposed state budget includes approximately \$10 million 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 will publish the paratransit request for proposals (RFP) later this week and it is important to note that the service has been operated by a non-profit entity for the last forty years. On 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. The next energy outlook is scheduled for publication on April 12, 2022, which Lextran will be watching closely. Employee wages & fringe benefits represents a ten percent increase compared to FY2022, which includes the following:

- Adding Juneteenth as a paid holiday for all employees
- A 3.5 percent wage increase for all collectively bargained employees
- Market adjustments for non-collectively bargained positions, nearly all of which currently pay below market rates
- 223.5 total FTE, an increase of about 3.5 percent from FY2022 (includes both collectively bargained and non-collectively bargained positions)

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 open 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.



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	\$17,918,641	\$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
TOTAL REVENUE	\$43,821,872	\$34,849,465	\$33,198,177	\$35,346,677

OPERATING EXPENSES

Wages & Fringe	\$17,691,171	\$16,152,411	\$16,142,363	\$14,010,185
Paratransit Expense	\$7,136,790	\$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
TOTAL EXPENSES	\$31,953,231	\$26,880,113	\$27,955,958	\$25,616,988



5 Year Capital Plan

CAPITAL PROJECTS	FY2022	FY2023	FY2024	FY2025	FY2026
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	3,500,000	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	65,000	1,071,849	1,078,663	1,048,762
Security Equipment	60,683	378,000	75,000	80,000	82,000
TOTAL CAPITAL PROJECTS	14,083,247	15,598,148	13,572,256	9,400,663	9,493,822
Section 5307 Formula Funding	4,854,673	6,844,262	6,912,705	6,981,832	7,051,650
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	2,468,896	976,589	630,200	647,815
TOTAL FUNDING	14,083,247	15,598,148	13,572,256	9,400,663	9,493,822

**Local match may be required for new grant funds.
Grant funds carry over if not completed during the fiscal year.