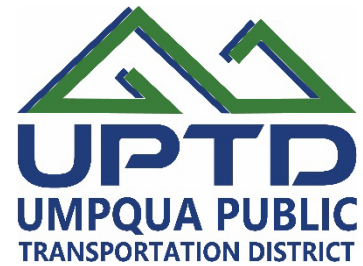


March 29, 2023

To: UPTD Board of Directors and Distinguished Budget
Committee Members

From: Cheryl L. Cheas
General Manager, Chief Executive Officer



Subject: Transmittal Letter & Proposed FY 2023-24 Budget

EXECUTIVE SUMMARY

Attached is the proposed FY 2023-24 UPTD Operating Budget for your consideration. The District has made strategic decisions to improve operational efficiencies, increase hours of service and improve frequency in order to provide a better quality of service for our customers and communities.

This past year has been an unprecedented time of preparation for next steps for the District. In August 2022, the first Federal Bus and Bus Facilities Grant award was executed through ODOT which sets the stage to develop the infrastructure needed for the District to become more efficient.

In October 2022, the District was awarded a second Bus and Bus Facilities Grant and a Low-No Grant for three 35' electric buses. UPTD will be able to utilize this funding to complete the infrastructure project, including building a Preventive Maintenance Facility, Parking Structure, Bus Wash and additional office space for operations staff and training.

Ridership has continued to climb throughout the year and we have seen a 47.17% increase in fixed route ridership year over year from 2021 to 2022. As we are nearing the end of FY 2023 we are projecting a 54% increase in fixed route ridership and anticipate ending June with ridership of 85,814.

Saturday ridership continues to climb as we have completed two full years of Saturday service and we are consistently providing between 350 and 460 rides on Saturday, in Roseburg, every month.

Demand response services have provided 22,208 rides over the last year while driving for 16,110 revenue service hours and 204,380 miles in Douglas County's rural communities.

We are still anticipating delivery of new vehicles and continue to hope the supply chain will return to some semblance of normal. When we receive the new vehicles, it will begin the flurry of activity to hire more drivers, implement our fixed route improvements that

have been on hold for over a year and begin providing more consistent service in the more rural areas of Glendale, Azalea, Glide, Elkton, Yoncalla and Drain.

The District will be focusing on completion of projects through FY 23-24, some of which have been in motion for several years. This is an exciting time for the District as a whole and has been a time of historic progress, building UPTD from the ground up to where we stand today.

In developing the budget, as well as the business strategy, UPTD derives our direction from the District's Vision, Mission and strategic opportunities and guidance built into our new Transit Master Plan and Coordinated Human Services Transportation Plan.

VISION: To be the transportation service of choice for the population we serve.



MISSION: To provide safe, convenient, reliable and affordable multi-modal transportation options to all communities within our District.

FY 2023-24 Operating Budget Overview

The focus of the proposed budget is to ensure UPTD maintains existing levels of service for all modes of transportation with focus on maintaining our vehicles in a state of good repair as we continue moving forward with implementation of projects designated in the Special Transportation Improvement Fund (STIF) Plan. The following pages discuss the assumptions used in developing the proposed FY2023-24 budget.

Inflation

Inflation exceeded 7.5% through much of 2022, however, it has recently slowed to approximately 6% but is not the same rate for all goods and services.

Most of the budget is drawn from actual expenses with projections for the next year being drawn from an average for each category based on FY 21-22 actual expenses.



Fuel and Preventive Maintenance are the runaway expenses that have caused concern since early 2021. For these projections we have factored in the higher costs for the older vehicles being slightly offset by the new vehicles we have been anticipating for the last 18 months.

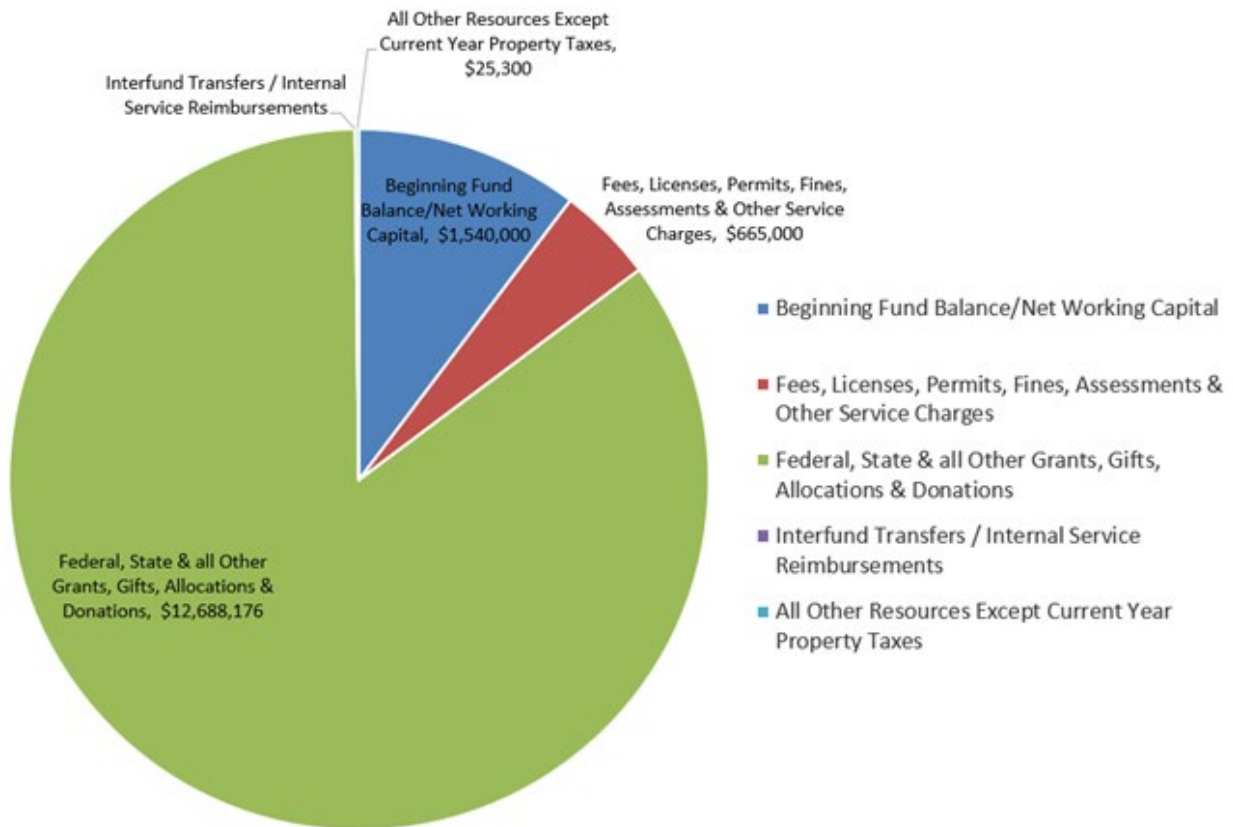
The proposed budget includes enough funding for the Board to make a decision regarding a COLA and choose the percentage they feel appropriate, up to 5%.

General Fund

The Financial Resources in the Budget are comprised of the following:

- Payroll Tax paid as
 - State STIF Population Based and
 - Payroll Based funding
- Federal and State Operating Grants
- Bus Replacement Grants
- Capital Grants for Preventive Maintenance and Equipment Purchases
- Farebox Revenue
- Advertising Revenue
- Medical Transportation income

FY 23-24 Budget Resources



Revenues

The total proposed Budget includes additional 5311 funding that was made available through an adjustment by ODOT to right-size multiple agencies whose growth was greater than the formula increase allowed while ensuring the agencies struggling to recover from COVID ridership losses, did not suffer lost revenue. As a result of this adjustment, UPTD received a 15% increase over last biennium which is 10% greater than the expected allocation.

The 5310 funding has remained stable and UPTD received a discretionary award to help cover the rising costs of Preventive Maintenance.

The Special Transportation Fund (STF) has been eliminated and replaced as STIF Population based formula. The award is the same dollar amount as the previous STF award.

The STIF Fund is now comprised of the Population Base Formula, formerly STF, and Payroll Based award which is 1/10 of a percent of employee payroll tax. STIF Payroll Based funding is funding generated within Douglas County. This fund fluctuates with the economy but typically comes in a little higher than projected.

The 5339 Grant 35395 was included in 22-23 fiscal year's budget. The grant agreement was executed in August of 2022. We have not yet utilized the funding. This funding is carrying over into this budget. The funding shown on the General Fund Resource page is the portion allocated to training.

The portion of 5339 Grant 34227 listed on the resources page is also a carryover from last fiscal year and is to be utilized for radios for the vehicles.

Bus fare income continues to climb despite the fact that we lowered fares last July.

Medical Transport income has double over the last year as we increased capacity to provide both ambulatory and wheelchair rides.

Expenditures

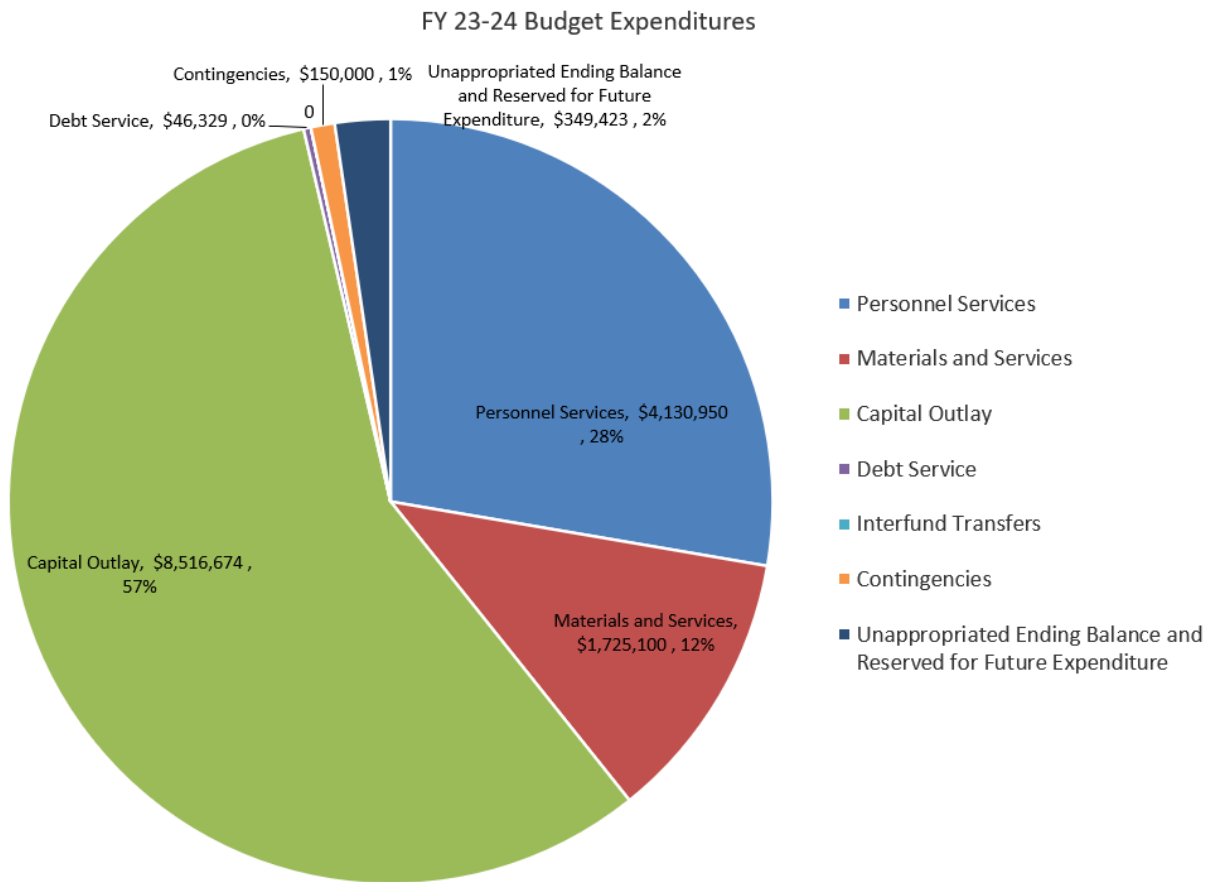
Budgeted General Fund expenditures are projected higher this year. This increase is primarily due to new Capital Grants received to develop property for vehicle parking, preventive maintenance structure with office space for Operations Staff as well as 3 electric buses made possible through the Federal 5339 (c) Low-No grant. Capital Grants constitute 57% of the proposed budget.

Personnel expenses are budgeted at 28% of the total budget. At this time, UPTD has 40 employees for a total of 39.5 FTE's with plans to add an additional 13 FTE's. We held steady this last year and did not hire the number of employees anticipated. We will begin adding more drivers when we receive the vehicles that have been held up in the supply chain for the last 18 months.

We expect to make the following changes:

- Increasing Admin by one FTE with the addition of an HR Specialist.
- Increasing Operations Admin by one FTE as we add a Second Shift Supervisor to ensure appropriate coverage between 4:30 AM and 9:00 PM.
- Operations will increase by 10 FTEs as we add a Facilities/Service position and 8 Transit Bus Drivers.
- Demand Response services, which encompass ParaTransit, Umpqua Rides Dial A Ride and Medical Transportation will increase by 7 FTE's. However, hiring Demand Response drivers is dependent upon the receipt of vehicles which are now anticipated to be received in the October to December 2022 timeframe.

	Current FTE's	Proposed FTE's
Administration		
General Manager	1	1
Finance Manager	1	1
Executive Assistant	1	1
Administrative Assistant	1	1
HR Specialist	0	1
Total Admin	4	5
Call Center		
Dispatch Supervisor	1	1
Dispatchers	3.5	3.5
Total Dispatch	4.5	4.5
Operations Admin		
Operations Manager	1	1
Office Manager	1	1
Driver Supervisor/Trainer	1	1
Second Shift Supervisor	0	0
Operations Assistant	1	1
Total Operations Admin	4	4
Operations		
Transit Bus Driver/Operator	18	26
Lead ParaTransit Driver	1	1
ParaTransit Driver/Operator	4	4
Umpqua Rides Driver	1	4
Medical Transportation Driver	3	4
Facilities Service Tech	0	1
Total Operations	27	40
Grand Total	39.5	53.5



Discretionary Funds

Competitive Discretionary funding is occasionally made available throughout the year. Awards are based on how competitive the application is and the funding type.

This is the category where 5310 Discretionary – Operations - \$80,000 – Additional funding to cover rising preventive maintenance costs was awarded.

Capital Project Funds

Funding for Capital Projects is highly competitive at both the State and Federal level.

The following funds have been awarded:

- *5339 Bus & Bus Facilities 35395 – Capital - \$2,148,496 – Grant to complete Preventive Maintenance Facility, Bus Parking, Bus Wash and Solar Panels*
- *5339 Bus & Bus Facilities 35335 – Capital - \$2,088,000 – Grant is to excavate adjoining property, add utilities including EV charging and prepare for Preventive Maintenance building, bus wash and bus parking*

Capital Bus Funds

Capital Bus Funding is paid as reimbursement after the completed buses are delivered.

- *Surface Transportation Block Grant (STBG) 35326 – 5311 Capital \$809,903 – For replacement of 5 of our older Demand Response vehicles and 1 Class D bus.*
- *STP 34248 – Capital - \$690,921- For replacement of 3 Vans, 2 Class C and 1 Class D vehicle. Extended through 12/31/2023*
- *5339 Grant 34227 – Replaces 4 Vans and procurement of two-way radios. Extended through 12/31/023.*
- *5339 Bus & Bus Facilities 35395 – Capital - \$2,400,000 – 3 35' Proterra Electric Buses.*

Partnership Opportunities

The new Federal IIJA Funding may present opportunities for the District to partner on funding opportunities for projects addressing the electric vehicle charging infrastructure. We will ensure the Board is apprised of opportunities to participate in community partnerships.

I would like to thank our Finance and Operations Managers for their contributions of time, effort, knowledge and desire to be fiscally responsible in the delivery of our services.

We look forward to meeting with the Budget Committee in the hybrid fashion of in person and virtual, via Zoom, combined to provide the greatest opportunity for all to attend at the level of comfort and protection of health, required for each individual.

Respectfully submitted,

Cheryl Cheas, CCTM
General Manager
Umpqua Public Transportation District