



FY2023 BUDGET MESSAGE

ADOPTED JUNE 15, 2022



Budget Message

Purpose of the Budget

In compliance with the State of Oregon Local Budget Law, the 2022-2023 (FY23) Budget beginning July 1, 2022, and ending June 30, 2023 is submitted to the Budget Committee for approval. As prepared and submitted, the annual budget is intended to serve as a financial plan for the Board's goals for the coming fiscal year. To that end the Budget should:

- Outline the forecasted expenditure requirements to meet those goals and the proposed means for financing those requirements.
- Provide a financial overview of the use and deployment of personnel, materials, and services during the fiscal year.
- Offer guidance to the Board and district on overall operational priorities and expenditures.

Accomplishments of Fiscal Year 2022

During FY2022 the district made significant movement with Board goals to enhance local services, promote the economic recovery of our area from the COVID-19 pandemic, and maintain and expand access to residents and visitors in other Gorge communities and the Portland Metropolitan area.

Key outcomes included:

- Hood River City Route evening service and weekend service was expanded, and year-round weekend service was added.
- Amy Schlappi was promoted from the Planning & Development Manager to the Executive Director Position after an extensive search.
- 4-agency GORge pass was launched in July 2021.
- Contracted with Skamania County to provide the Dog Mountain Shuttle for the second year.
- Provided the Gorge-To-Mountain service inhouse, reducing overall costs.
- Implemented the Gorge Transit Connect (low-income pass) program.
- Continued to support local community efforts (Hood River County Health, One Community Health, The Next Door, inc. Emergency Services) to ensure residents have access to COVID testing and vaccinations as well as other social service needs.
- Secured over \$500,000 in capital grant funds for an additional 2 Electric Vehicles and another \$500,000 for a summer expansion of the Columbia Gorge Express to Cascade Locks.
- Began implementation of the 2017 Transit Master Plan Update, including significant public engagement to understand how the district should grow in the next 5-10 years.

Impacts of the COVID Pandemic

The COVID-19 Pandemic has continued to create a variety of challenges and opportunities for CAT and other transit providers in Oregon. Additional CARES Act funding opportunities have been announced, but not yet awarded. Ridership levels have increased but have been impacted by new variants of the virus throughout the year. Staff continues to adapt as requirements related to COVID-19 change to ensure the safety of riders and staff and that they feel comfortable providing and using CAT services. Please see economic outlook where we address the ongoing impacts on inflation and the overall economy.

Board Goals for the 2023 Budget Year

The Board has outlined the following goals for the FY23 Budget:

- Complete the formal update to the Transit Master Plan.
- Continue and grow the multi-provider GOrge Pass program and support the regional transit strategy and work toward improved connectivity throughout the Gorge.
- Identify and secure opportunities for staff training in human Resources, leadership, and overall transit operations training.
- Renovate the CAT office to accommodate growing staff and support expansion of services.
- Secure funding to maintain existing services and implement service expansion prioritized in the Transit Master Plan.
- Expand outreach to vulnerable communities (i.e. Latino, Native American, seniors, individuals with disabilities etc.) to ensure access and awareness of transit.
- Explore innovative options and implement solutions to address specific transportation needs:
 - Local NEMT & Door through Door
 - After hour (hotel/bar/restaurant) shuttle
 - Shared-bike program

Overview of the FY2023 Proposed Budget

The Fiscal Year 2023 Budget allows for CAT to maintain and enhance current services and identify funding streams for new services. Our expectation being that ridership will begin to recover from covid this year and we will see an increase in ridership that is consistent with our ongoing investment.

The budget strategy is outlined in the attached budget. There are three major funding sources, they include:

- **General Budget** – The general budget is made up of federal grants, property tax revenues, state payroll tax collection and a variety of other smaller sources. CAT has had to continue to carry over \$500K in capital grant funds from FY21 and FY22 due to bus delivery delays stemming from COVID-19 induced supply chain issues. In addition, CAT continues to carry over some Statewide Transportation Improvement Fund (STIF) Formula funds that were not spent in the FY19-21 funding cycle. In large part, these carryovers were due to COVID, which caused much of the planned service expansion in FY20 and FY21 to be moved to FY22 and FY23. Other federal COVID related funding (CARES ACT, CRRSSA and Rescue ACT) continue to offer some revenue relief for CAT and other transit agencies as we look to restore confidence in the system. CAT

applied for roughly \$500K through an additional round of CARES ACT funding in early May 2022. We expect to know if that or a partial amount is awarded in June 2022. This year CAT will be creating the FY24/FY25 STIF Plan with input from the HRCTD STIF Committee. This plan will shape how the STIF Formula funds for those years will be spent within the community.

- **Columbia Gorge Express (CGE) Service** – The CGE connects The Dalles, Hood River, Cascade Locks, Multnomah Falls, and Portland and is funded by STIF Discretionary Funds. In FY21 CAT was awarded just over \$1 million for service in FY22 and FY23. A new grant funding application and associated match amount will need to be approved this coming year should the board wish to continue the CGE Intercity service in FY24 and FY25. The new grant match rate is expected to be as high as 50% and will be an important source of discussion for the Budget next year.
- **Gorge to Mountain (G2M) Hwy 35 Service** – G2M connects Hood River to the Upper Valley and Mt. Hood Meadows during the winter and is typically funded by Federal Lands Access Program (FLAP) funds. CAT has included \$80,000 in G2M revenues and expenditures in the FY2023 Budget. CAT applied for \$880,000 of Federal Lands Access Program (FLAP) competitive grant funds for FY2023-2024 in June 2021. The district should receive a final decision in Fall 2022.

In summary, the draft FY 2023 Budget moves forward with Board goals to complete the 2017 Transit Master Plan (TMP) Update, continue efforts to increase ridership, provide staffing necessary to prepare the district for the implementation of short-term goals identified in the TMP and continue and expand transit connectivity within the region.

I wish to thank Patty Fink for her dedicated service as the Executive Director of HRCTD since 2017. During her tenure she has led the charge of transitioning the district from a strictly Dial-A-Ride system to a fixed-route system that connects residents of the county to services and opportunities within the county and in the Portland Metropolitan Region. Additionally, CAT has become a household name and a service that transit dependent and choice transit riders use daily to go to work, medical appointments, grocery stores, social and recreational activities.

Further, I want to thank the citizens of Hood River County and our riders for the continued support of their public transportation system.

I look forward to taking the helm and steering the agency into this next phase and building upon the partnerships that Patty has created with local and regional organizations.



Amy Schlappi
Executive Director
Hood River County Transportation District
(dba Columbia Area Transit)

Hood River County Transportation District

dba Columbia Area Transit

Vision

To connect the people and communities of Hood River County with an accessible and more sustainable future.

Mission

We provide safe, reliable, accessible, and efficient public transportation services in Hood River County and offer critical regional connections to Portland, Washington State and throughout the Gorge.

Values

Safety – We will ensure the safety of our employees, customers, and transit systems.

Customer Service – We will work with our customers to meet their needs and exceed their expectations.

Sustainability – We will continuously improve and be accountable for our financial, environmental, and social outcomes.

Integrity – As stewards of public resources, we will use our assets prudently and conduct ourselves honestly and respectfully.

Community Driven – As stakeholders in Hood River County, we strive to ensure our services contribute to the social, cultural, and economic betterment of all residents.

Innovation – We will pursue opportunities to enhance value for our customers.

Collaboration – We will cultivate strong partnerships, community connections and links to other types of travel.

Teamwork – As a team, we celebrate diversity, foster effective communication; and promote advancement and longevity.

Hood River County Transportation District is proud to present the FY2023 budget to the public. We are committed to providing safe, reliable, accessible, and SUSTAINABLE public transit services far into the future.

Overall Economic Outlook

The overall economic outlook for Hood River County Transportation District is good. CAT received over \$1 Million from federal COVID related funding (CARES ACT, CRRSSA) in FY20, FY21, FY22 and expects to see an additional allocation this year. These funds have helped to maintain stability for the district and have allowed us to move forward with planned enhancements. We expect STIF formula (payroll tax) to continue an upward trend this year with the restoration of normality after COVID-19.

We have been somewhat conservative in our fare revenue estimates as COVID-19 continues to create obstacles, but we are excited about the 4 agency GOrge Pass marketing plan and optimistic with the results from the summer marketing push.

Rising costs due to inflation and stresses on the world supply chain from COVID-19 has caused a sharp increase for vehicles, vehicle parts, labor, repairs, and general goods expenses. Due to labor shortages and rising cost of living within the Gorge, the district significantly increased wages and benefits for staff in February of 2022. This is particularly evident under the direct service staff line item in the proposed FY23 Budget when compared with the original FY22 Budget. The war in Ukraine has caused fuel prices to increase exponentially. We have placed a buffer for the fuel expense line item in case this crisis continues to get worse and cause long term effects on the global fuel supply.

Major Budget Additions

It is important to highlight and call out specific new revenues or expenditures that have been added to this year's budget, they include:

- Service hour additions enhancing services in Hood River on evening and weekends throughout the year as part of the FY 22-23 STIF Plan.
- Increased service levels on the Columbia Gorge Express between Portland, Multnomah Falls, and Cascade Locks during the summer of 2022.
- Implementation of the 2017 Transit Master Plan Update.
- New capital projects (including ADA improvements) that were identified by the community as part of the FY 22-23 STIF Plan.
- Office renovations to allow for growing staff and more effective for needs.
- Identify and secure opportunities for staff training in human Resources, leadership, and overall transit operations training.

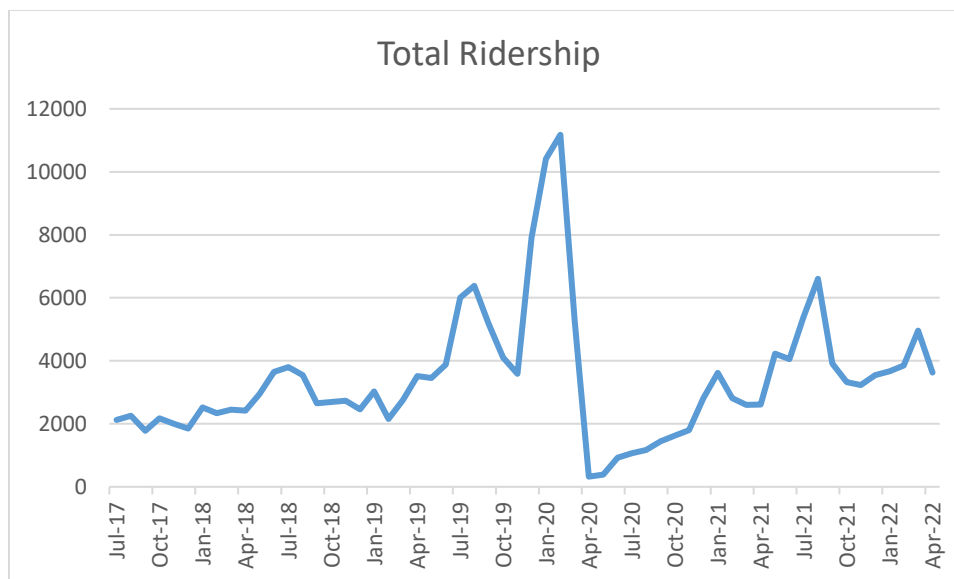
Reserve Funds

HRCTD continues to have a good-sized reserve funds. You will however see a reduction of the STIF reserve funds as we were able to spend down roughly \$150K of those funds this year. STIF Formula funds are one of the only State funding sources we receive upfront each quarter. These funds are allocated to our District on a quarterly basis, based on the STIF plan which is approved every two years by the Board on the recommendations of the HRCTD STIF committee. This plan will need to be updated this upcoming year. For more information on this STIF plan & expenditures, please check our website. <https://www.ridecatbus.org/stfstifcommittee/>

Operations

The past few years have been tumultuous in public transit due to the COVID-19 pandemic, complying with health guidance, and ensuring riders feel comfortable using the transit system. All CAT fixed-route services stopped running mid-March and didn't return to service until June 2020. Most returning routes saw some frequency reductions for the rest of the year. It wasn't until July 2021 that full service on all fixed-routes was restored. While ridership has continued to increase, the full and ongoing impact of COVID-19 on ridership levels is difficult to assess.

To understand the overall effectiveness of the transit system we look at several performance measures including ridership, service hours, and boarding rides per hour. As you can see from the data below, CAT has increased riders steadily from 2017 to March 2020 as we introduced fixed-routes and moved away from the Dial-A-Ride only model. Boarding rides per hour dropped slightly in FY17-18 as new routes were established but by 2019 the trend continued upward and by the FY20-21, boarding rides had increased by 69%. Ridership and boarding rides continued to trend upward through March 2020, when the pandemic hit. Since the pandemic we are seeing ridership increase from the height of the pandemic with seasonal dips and peaks that correlate with our seasonal services. Ridership performance in FY2023 will be critical to ensure the overall success and investment of the system.



The Gorge (like other recreational epicenters around the country) continues to see record visitor levels both in local communities and at key recreational sites. The region continues to grapple with parking and overcrowding issues. CAT continues to work with our partners at the City of Hood River, City of Cascade Locks, the Port of Hood River, the Port of Cascade Locks, the Forest Service, Mt. Hood Meadows, and ODOT to ensure public transit is an option for visitors to reduce the negative impacts of increased visitation to our local environment and economy (i.e. The Gorge-To-Mountain Express, Columbia Gorge Express, Falls-To-Locks). The addition of seasonal service coupled with the strong 4-agency GOrge pass marketing campaign allows CAT to be optimistic that ridership will continue to increase as users realize

how easy it is to access the Gorge by transit and use it within Hood River County to access jobs, medical service, recreational opportunities, and everything in between.

Since the pandemic our service hour levels have been restored to pre-pandemic levels. Additionally, we have added services, which include:

- City of Hood River evening weekend service
- Falls-To-Locks summer service
- Hood River Connector

Highlights of the Budget

As CAT continues to grow and expand, it has become evident that additional operations support staff is needed and that the Planning and Development Manager role does not need to be backfilled but the funds should be directed elsewhere. Several one-time costs have been added to ensure the office environment meets staff needs, staff has access to needed training and ADA improvements at bus stops can be completed as identified in the STIF Plan. Below I have highlighted key things to know about each section of the LB-20.

Revenue:

- Contract Revenue is higher due to contracting with MCEDD and the Link for The Dalles service
- Federal Assistance is much larger due to expected delivery of vehicles
- The Federal Cares Act funds is for the new allotment of funds that were applied for in early May 2022

FY2022	REVENUE	FY2023
\$ 150,000	4001 - Fare Revenue	\$ 200,000
\$ 30,000	4100 - Contract Revenue	\$ 60,000
\$ 317,814	4200 - Federal Assistance	\$ 1,210,566
\$ 1,395,475	4300 - State Assistance	\$ 1,487,200
\$ 200,000	4500 - Local Assistance	\$ 210,000
\$ 65,000	4600 - Other Revenue	\$ 61,258
\$ 472,000	4700 - Federal CARES ACT	\$ 275,000
\$ 2,630,289	Total Available Funds	\$ 3,504,024

Operating Expense:

- Large fuel expense due to fuel shortages
- Preventative Maintenance (under operation expense) is higher than in previous years due to older vehicles and increase cost of parts and labor

FY2022	OPERATING EXPENSE	FY2023
\$ 7,210	5005 Vehicle Expenses	\$ 7,210
\$ 260,000	5015 - Fuel	\$ 288,000
\$ 160,000	5020 - Operation Expenses	\$ 125,000
\$ 32,833	5100 - Communication Expense	\$ 37,440
\$ 28,611	5200 - Vehicle Insurance	\$ 34,800
\$ 12,600	5500 - Driver Expenses	\$ 20,000
\$ 120,000	5600 - Advertising & Marketing	\$ 120,000
\$ 62,000	5700 - Grant / Contract Match Funds	\$ 112,917
\$ 683,254	Total Operating Expense	\$ 745,367

Administrative Expense:

- Added roughly \$70k to renovate office (including \$5K for new furniture)
- Additional expense for human resources, leadership, and general operations training
- Professional fees are increased due to consultants needed to complete the Transit Master Plan Update

FY2022	ADMINISTRATIVE EXPENSE	FY2023
\$ 58,300	7003 - Building Expenses	\$ 100,081
\$ 15,600	7100 - Office Supplies & Expense	\$ 15,600
\$ 123,100	7300 - Professional Fees	\$ 149,800
\$ 11,340	7400 - Other Administrative Expense	\$ 30,900
\$ 208,340	Total Administrative Expense	\$ 296,381

Administrative Personnel Expense:

- The outgoing Executive Director salary has been removed
- 1FTE Office Manager and 1 FTE Administrative Assistant has been added
- .5 of the Operation Manager’s wage has been added
- Chose not to replace Amy’s Planning and Development Manager role

FY2022	ADMINISTRATIVE PERSONNEL EXPENSE	FY2023
\$ 227,220	8003 - Admin Wages	\$ 223,200
\$ 22,770	8030 - Admin ER Taxes	\$ 30,648
\$ 30,390	8080 - Admin Benefits	\$ 43,200
\$ 3,446	8081 - Admin - Accrued PTO Amount	\$ 6,000
\$ 283,826	Total Administrative Personnel Expense	\$ 303,048

Direct Service Personnel Expense:

- Large increase due to \$3.52 hourly wage increase to retain staff
- Addition of 3 FT and 2 PT seasonal drivers to operate the Falls-To-Locks service
- Added 1 FTE Operations Assistant and 1 FTE Field Supervisor (This will allow for two employees to work weekends and provide appropriate coverage with the additional service)

FY2022	DIRECT SERVICE PERSONNEL EXPENSE	FY2023
\$ 1,086,555	8103 - Direct Service Wages	\$ 1,144,200
\$ 105,048	8130 - Direct Service ER Taxes	\$ 112,255
\$ 167,131	8180 - Direct Service Benefits	\$ 158,200
\$ 4,826	8181 - Direct Service - Accrued PTO Amount	\$ 8,000
\$ 1,363,561	Total Direct Service Personnel Expense	\$ 1,428,455

Capital Outlay:

- \$200K for ADA Sidewalk improvements adjacent to CAT bus stops
- Vehicles that have not yet arrived

FY2022	CAPITAL OUTLAY	FY2023
\$ 231,902	9000- Capital Expenses	\$ 907,760
	9999-Other Income, Expense Depreciation	
\$ 231,902	Capital Expenses	\$ 907,760

In conclusion, the theme of this upcoming year is to put the district in a place where staff can easily adapt to service demands and sets the district up for future growth.