



FY2026 BUDGET MESSAGE

JUNE 18, 2025

Budget Message

Purpose of the Budget

In compliance with the State of Oregon Local Budget Law, the 2025-2026 (FY26) Budget beginning July 1, 2025, and ending June 30, 2026, 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, and capital for Administrative and Operating expenditures during the fiscal year.
- Offer guidance to the Board and District on overall operational priorities and expenditures.

Accomplishments of Fiscal Year 2025

During FY25 the District made significant progress toward achieving Board goals to enhance local services, maintain and expand access for residents and visitors in other Gorge communities as well as the Portland Metropolitan area.

Key outcomes included:

- 4-agency Gorge Transit Pass is in its fourth year. Gorge TransLink providers continue to work together to improve rider experience and operational efficiencies. The pass transitioning to a 365-day pass has proven to be very popular among riders.
- Contracted with Skamania County, City of Stevenson, and the U.S. Forest Service to provide the Dog Mountain Shuttle for the fifth year. The District was awarded funding through the Washington State Department of Transportation Consolidated Grants program for a portion of this program for the FY23-25 biennium.
- Provided the Gorge-To-Mountain Express service in-house for the fourth year. Ridership increased from the FY24 season from 8,722 to 9,125 in FY25.
- Partnered with the City of Hood River on the Downtown Employee Pass program for the fourth year.
- Two new 40ft Columbia Gorge Express vehicles were purchased and placed into operation. These vehicles should reduce required repairs and expenses, in addition to being more fuel efficient.
- Awarded funding for two additional new 35-40ft vehicles that can be used on seasonal services and accommodate recreational gear.
- Worked with the Forest Service, ODOT and other partners to ensure the success of the Multnomah Falls I-84 permit program and continuation of the program in the Summer of 2025.
- Ridership overall for FY25 is trending to increase by 10% from FY24.
- Gorge Transit Connect (low-income) fare program has expanded to new partner organizations.
- The District held LGIP account allowed the district to double the interest accrued by its reserve holdings.

- Created two new District held LGIP accounts for the STIF fund and Vehicle fund.
- Purchased an undeveloped parcel of land across the street from the CAT Transit Center. This site will be developed into a new park and ride, allowing the current park and ride location to be repurposed into a bus barn and maintenance facility capable of accommodating large vehicles.
- Procured new and improved dispatch technology to increase operational efficiency and improved rider experience.
- Worked with a consultant to identify strategies to operationally improve the Hood River City Route and create a more convenient service.

Overall Economic Outlook

The overall economic outlook for Hood River County Transportation District is good, if current funding sources remain stable and tariffs do not exponentially increase costs. The District is cautiously optimistic that current funding streams and awarded federal grants will not be impacted by federal government uncertainty.

The COVID-19 Pandemic impact has ceased, and staff have seen a significant increase in ridership over previous years, however, it does seem to be stabilizing. CAT received over \$2 Million from federal COVID related funding (CARES ACT, CRRSSA) in FY20, FY21, FY22, FY23, FY24, and FY25. No additional CARES Act allocations will be made. These funds have helped to maintain stability by addressing increased operational costs, fuel, vehicle expenses, and personnel wages and taxes due to inflation and other economic factors.

On July 1, 2025, the 25-27 biennium will go into effect, allowing the District to utilize recently awarded/approved state and federal grant awards. This year the District will be shifting how the Federal 5311 Formula Funds are utilized, by using them to fund the Hood River City, Upper Valley, and Dial-A-Ride services while leveraging STIF formula funds to pay for the match requirements. This will allow the District to use local funds to match capital grants and ensure the reserve/contingency balance remains healthy to protect the District from potential delays in reimbursements for federal grants.

Board Goals for Fiscal Year 2026

The Board has outlined the following goals for the FY26 Budget:

- Maintain current service levels for year-round services, the Gorge-to-Mountain Express, Dog Mountain Shuttle, and Weekend White Salmon.
- Transition of the Upper Valley deviated fixed route into a fixed route.
- Increase efficiency of the Hood River City route, add bus stops at strategic locations to reduce the need for flag stops, and install permanent bus stop infrastructure.
- Add a bus stop on the Columbia Gorge Express service in Cascade Locks at Forest Lane and WaNaPa.
- Continue implementation of the HRCTD Transit Master Plan Update 2023.
- Continue and grow the multi-provider Gorge Pass program and support the regional transit strategy and work toward improved connectivity throughout the Gorge.
- Ongoing training for staff in human resources, leadership, and overall transit operations.

- Continue to focus on improved driver training and programs.
- Initiate facility expansion and modifications to accommodate electrification and bigger vehicles.
- Initiate the construction of the new park and ride as funding allows.
- Continue to expand outreach to vulnerable communities (i.e. Latino, Native American, seniors, individuals with disabilities etc.) to ensure access and awareness of transit. Ensure website and promotional materials are in plain language and have an accessible user interface.
- Continue to explore innovative options and implement solutions to address specific transportation needs:
 - Local NEMT & Door through Door
 - After hour (hotel/bar/restaurant) shuttle
- Procure new vehicles for local and regional services.

Overview of the FY26 Budget

The Fiscal Year 2026 Budget allows for CAT to maintain and enhance current services and continue implementation of key projects identified in the Transit Master Plan Update 2023. Our expectation is that ridership will continue to increase and be consistent with our ongoing investment.

The budget strategy is outlined in the attached budget. The FY26 Budget has been broken out into resources, administrative requirements, operating requirements, and non-allocated requirements.

- **Resources** – The general budget consists of resources from federal and state grants, property tax revenues, and a variety of other smaller sources. CAT has included \$1.2 million in capital grant funds that were included in the FY25 budget that were not spent, and revenue was not received. In addition, CAT continues to carry over some Statewide Transportation Improvement Fund (STIF) Formula funds that were not spent in FY21-23 and FY23-25 funding cycles that have been reserved for bus stop improvements to ensure ADA accessibility but can also be used for Capital Expansion and Replacement. The staff has included resources for grants that have been awarded but have known reimbursement delays, restrictions due to the current federal government uncertainty, or the contracts have not yet been fully executed yet. These awards include \$483K for formula 5311 and 5310 funds, \$1.6 million for facility site development, \$540K for replacement vehicles, \$167K for increased demand response capacity, \$270K for the Gorge-To-Mountain Service, and \$6.5 million for electric vehicles and facility modifications as part of the FTA Low or No Bus Emissions program. Staff has included \$660K in loans that will be needed to assist with the match requirements for the 2023 FTA Low or No Emissions program.

- **Administrative Requirements** – Under Administrative Requirements staff have included Administrative Materials and Services, Administrative Personnel Services, and Administrative Capital Outlay.
- **Operating Requirements** – Under Operating Requirements staff have included Operating Materials and Services, Operating Personnel Services, and Operating Capital Outlay.
- **Non-Allocated Requirements** – Approximately \$1.3m of non-allocated resources are budgeted as contingency funds and funds reserved for future use.

FY25	BUDGET SUMMARY	FY26
\$ 7,893,900	TOTAL RESOURCES	\$ 14,736,393
\$ 852,126	Total Administrative	\$ 924,290
\$ 5,942,115	Total Operating	\$12,611,814
\$ 1,099,659	Total Non-Allocated	\$1,200,289
\$ 7,893,900	TOTAL REQUIREMENTS	\$ 14,736,393

In summary, the FY26 Budget moves forward with Board’s goals to implement the Transit Master Plan Update 2023, continue efforts to increase ridership, replace aging vehicles, build upon existing partnerships, and expand transit connectivity within the region.

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 this upcoming year and working with staff, the Board and partner organizations to provide dependable, safe, and consistent public transit services to our community.



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 FY26 budget to the public. We are committed to providing safe, reliable, accessible, and SUSTAINABLE public transit services far into the future.

Highlights of the Budget

Resources

- **Beginning Fund Balance** – Staff anticipates a beginning fund balance of approximately \$1.3m from FY25; of this, \$200k is expected to be Statewide Transportation Improvement Fund (STIF) Formula funds that were not spent in the FY21-23 and FY23-25 funding cycles that have been reserved for bus stop improvements to ensure ADA accessibility but can also be used for Capital Expansion and Replacement. \$40k of the restricted funds are from vehicle sales and must be used to purchase new vehicles. The remaining \$1.06 million are unallocated funds.
- **Fare Revenue** – The low-cost annual Gorge Transit Pass program has seen steady 30% growth year over year with a large local following who consistently purchase the Pass year after year. Staff are expecting a roughly 4% increase in one-way fares due to a trend of a steady increase in ridership.
- **Contract Revenue** – Due to an ongoing contract with the U.S. Forest Service to staff the Multnomah Falls I-84 Permit program and operate the Dog Mountain Shuttle, Contract Revenue is expected to remain similar to FY24 and FY25.
- **Federal Assistance** – Staff has included over \$663,516 in 5339 and 5311 funds for electric vehicles (not part of the 2023 FTA Low-No Emissions Bus program) that were in the FY24 and FY25 budgets, but the funds were not spent nor was revenue received. These grants were amended to purchase gas vehicles and have been ordered. Two 35-40ft-replacement vehicles that were also included on the FY25 Budget, but the funds were not spent nor was revenue received due to the reimbursement being delayed are also included. Staff was awarded over \$6 million in FTA Low or No Emission Bus Program grant funds to assist with facility modification and electrification of the fleet. The agreement has not yet been executed, when it is executed there will be a quick timeline for when we will be able to use the funds and what work can be done may be restricted. Federal 5339 funds were awarded to relocate the park and ride so that the current park and ride can be redeveloped into a bus storage and maintenance facility and for the implementation of an interregional transit hub at Lot 1 near the Hood River waterfront. \$800K of these funds were applied for but have not yet been awarded. The remaining anticipated federal revenue consists of 5311 and 5310 formula and 5310 discretionary funding. This revenue partially funds ongoing operations for the Hood River City Route, Dial-A-Ride, and Upper Valley service, preventative maintenance, and mobility management.
- **State Assistance** – Anticipated state revenue consists of Statewide Transportation Improvement Fund (STIF) formula and discretionary funding, and revenue from the statewide Mass Transit Tax. This revenue funds all or partial amounts of ongoing operations for the Columbia Gorge Express, Hood River City Route, Dial-A-Ride, Upper Valley, Gorge-to-Mountain Express, outreach, and mobility projects.
- **Loan and Bond Revenue** - \$660K in loan funds will be required to help pay for the 2023 Low or No Emission Bus Program match requirements. This loan has not yet been acquired.
- **Other Revenue** – The District is expecting to sell a portion of the aging fleet and has benefited from interest generated through three Local Government Investment Pool (LGIP) accounts through the Oregon State Treasury.

FY2025	RESOURCES	FY2026
\$ 960,000	Unallocated Beginning Fund Balance	\$ 1,060,000
\$ 200,000	STIF Dedicated Project Funds	\$ 240,000
\$ 1,160,000	Total Beginning Fund Balance*	\$ 1,300,000
\$ 226,000	Fare Revenue	\$ 221,000
\$ 127,000	Contract Revenue	\$ 142,000
\$ 3,614,949	Federal Assistance	\$ 10,243,927
\$ 2,510,951	State Assistance	\$ 1,884,282
\$ 0	Bond & Other Debt Revenue	\$ 658,184
\$ 215,000	Property Tax	\$ 225,000
\$ 40,000	Other Revenue	\$ 62,000
\$ 7,893,900	TOTAL RESOURCES	\$ 14,736,393

Administrative Requirements

Administrative Materials and Services:

- **Professional Fees** – Professional fees were reduced slightly as the project management, architectural, engineering, and design expenses for the new park and ride and the interregional transit hub were moved to administrative capital outlay.

FY2025	Administrative Materials & Services	FY2026
40,000	Building Expenses	55,000
18,000	Office Supplies	18,000
475,000	Professional Fees	443,090
14,200	Other Administrative Expenses	12,200
\$547,200	Total Administrative Materials & Services	\$ 528,290

Administrative Personnel Services:

- **Administrative Wages** – In FY24 staff introduced a formalized pay step chart that is included in Exhibit A which creates an objective understanding of step increases if an employee receives a positive performance review, and an increase is recommended by the manager. This model has been updated from the FY25 structure per guidance from the Board and Budget Committee. There are three FTE's that are included in this category (Executive Director, Office Manager, Project Coordinator).
- **Administrative Benefits** – Benefits are expected to increase 8% from FY25. All three administrative personnel receive health stipends which are reflected in wages rather than benefits.

FY2025	Administrative Personnel Services	FY2026
264,543	Administrative Wages	278,000
30,881	Administrative ER Tax	33,000
9,502	Administrative Benefits	10,000
304,926	Total Administrative Personnel Services	\$ 321,000

Administrative Capital Outlay:

The Administrative Capital Outlay includes the administrative office facility updates as part of the FTA Low or No Emission Bus Program grant.

FY2025	Administrative Capital Outlay	FY2026
\$0	Total Administrative Capital Outlay	\$ 75,000

Operating Requirements

Operating Materials and Services:

- **Fuel** – Since gasoline prices remain volatile, staff has allowed for an additional buffer in case prices increase or remain high.
- **Vehicle Expenses** – While the District has just received two new vehicles in FY25 the remainder of the fleet is older and continues to have expensive repairs. The Vehicle Replacement grant (two 35-40ft vehicles) has been awarded will assist in reducing reliance on older vehicles, but they are 1.5 years out from implementation due to expected reimbursement delays. In FY25 staff were approved to amend two vehicle grants (two cutaways and 1 van) from an electric fuel type to gas due to a low availability of electric vehicles. The budget of \$228,800 for Vehicle Expenses allows for needed repairs. This year staff placed Repairs and Preventative Maintenance under Vehicle Expense and removed from Operations Expenses to add clarity. Vehicle Insurance was also added to the Vehicle Expenses line item. Vehicle Insurance did increase a minor amount due to the new large buses.
- **Operation Expenses** – There were several changes under the Operations Expense in comparison to FY25. For clarity Communication Expense was rolled under Operation Expenses and in FY25 staff were able to pay for dispatch technology for the next 3 years up front which decreased the expected expense.
- **Driver Expenses** – The driver training, medical exams, drug testing, and uniform expenses remains relatively stable, with an anticipated cost of \$13K for FY26.
- **Advertising and Marketing** – The expected expense remains relatively similar to FY25 but did decrease substantially from prior years due to the success of the Gorge Transit Pass marketing partnership with the four Gorge Transit Agencies. This partnership has required fewer District resources to increase regional awareness. The District will continue to use the available resources for local marketing efforts.
- **Grant Contract Match Funds** – Expenses included in this category are Gorge Transit Pass distributions to other providers, contracting out the staffing of the Multnomah Falls Exit 31 permit program, and outreach consultant. This line item is lower than last year as the E-Bike Lending Library, Vanpool, and Drunk Driving reduction programs were not able to move forward.

FY2025	Operating Materials & Services	FY2026
280,000	Fuel	250,000
255,952	Vehicle Expenses	228,800
97,900	Operation Expenses	29,820
10,000	Driver Expenses	13,000
19,500	Advertising & Marketing	13,500
257,000	Grant/Contract Match Funds	171,000
\$ 920,352	Total Operating Materials & Services	\$ 706,120

Operating Personnel Services:

- **Operations Wages** - Wages have steadily increased due to annual wage increases, and additional drivers and dispatchers needed to operate the expanded demand response program. There are four FTE's (one Transit Operations Manager and three Field Supervisors) that are included in Operating Personnel Services and considered office staff not drivers. These employees are included in the salary scale detailed in Exhibit A. Drivers have a more formalized pay increase structure, which is described in detail in the Union Contract.
- **Operations Benefits** – Benefits are expected to increase 8% from FY25. Since several operating personnel waive their insurance and receive health stipends instead, that expense is reflected in Operations Wages.

FY2025	Operating Personnel Services	FY2026
1,230,049	Operations Wages	1,250,500
165,312	Operations Employer Tax	171,000
213,749	Operations Benefits	222,788
\$ 1,609,110	Total Operating Personnel Services	\$ 1,644,288

Operating Capital Outlay:

- **Operating Capital Outlay** – If the District receives all vehicles that have been awarded grant funds the District will have three new gas vehicles, two new diesel vehicles, and six new electric vehicles. However, staff are cautious in optimism as it has been very difficult to get a hold of transit vehicles due to supply chain and range issues (electric vehicles). Charging infrastructure and facility modifications have been included as part of the 2022 FTA No or Low Emissions Bus program grant however the implementation plan is a little murky due to the grant contract not yet executed and grant timeline restrictions. Additionally, staff has included 5339 funds to design and construct the interregional transit hub on the Port of Hood River's Lot 1. A portion of these funds have been awarded and the other piece has been applied for but not yet awarded.

FY2025		FY2026
\$ 3,412,653	Operating Capital Outlay	\$ 10,261,406

Non-Allocated:

As the District does not plan to spend all available resources in the current year, staff has budgeted the remaining \$1.2m of resources as follows:

- **Debt Service** – The District has set aside 10% of the anticipated loan that will be needed for the large electric vehicles grant match expense to account for associated interest and fees.
- **Contingency** – Approximately \$294K of unallocated resources are reserved for contingency spending, in the event or a major, unforeseen event that would significantly adjust the budgeted expenditures for FY26.
- **Restricted funds** - \$40K will remain in the Vehicle LGIP account and may be used for the match of vehicle purchases or the purchase of used vehicles.

- **Reserve for Future Use** – The District plans to reserve approximately three months of operating expenses, or \$800K, to carry forward into future year.

FY20245	Non-Allocated	FY2026
	Debt Service	65,818
399,659	Contingency	294,471
0	Restricted Funds	40,000
700,000	Reserve for Future Use	800,000
\$ 1,099,659	Total Non-Allocated	\$ 1,200,289

Additional Notes:

There are several vehicles/special projects included in the FY26 budget. The total cost of the projects and match are included below. If all vehicles are delivered and capital projects completed in FY26 the District would be responsible for \$1,376,135 in match which is included in the budget.

Match Requirements – Vehicles/Special Projects	Total Cost	Match
5339 - 1 Gas Vehicle (Van)	200,000	36,412
5311 Capital - 2 Gas Vehicles (Cutaways)	550,000	56,484
Vehicle Replacement – 2 Diesel Vehicles (35 – 40ft)	601,806	61,806
5339 – Facility Site Development	1,762,500	162,500
FTA No or Low Emissions Electrification and Facility Modifications	7,543,340	1,058,933
Total	\$10,657,646	\$1,376,135

Exhibit A: Staff Salary Scale

FY26 (2.5% Step & Variable Paygrades)								
Position	Base	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Executive Director	\$96,000	\$98,400	\$100,860	\$103,382	\$105,966	\$108,615	\$111,331	\$114,114
Transit Operations Manager	\$77,600	\$79,540	\$81,529	\$83,567	\$85,656	\$87,797	\$89,992	\$92,242
Office Manager	\$76,600	\$78,515	\$80,478	\$82,490	\$84,552	\$86,666	\$88,833	\$91,053
Field Supervisor	\$63,000	\$64,575	\$66,189	\$67,844	\$69,540	\$71,279	\$73,061	\$74,887
Dispatch (Hourly)	\$53,670	\$55,011	\$56,387	\$57,796	\$59,241	\$60,722	\$62,240	\$63,796
Project Coordinator (Hourly)	\$57,554	\$58,992	\$60,467	\$61,979	\$63,528	\$65,117	\$66,745	\$68,413
Wage Cost for FY26	\$592,751							

Salary Scale Policy:

- The **Base** rate represents the starting pay for a position.
- **Step 1** may be granted after the employee successfully completes the probationary period and receives a positive performance evaluation.
- **Subsequent step increases** will occur annually on **July 1**, subject to **manager approval**.
- Employees who receive an overall rating of **“Does Not Meet Expectations”** on their annual performance review will **not advance to the next step** until sufficient improvement is demonstrated.

Cost-of-Living Adjustment (COLA) Policy:

In addition to the annual step increases shown in the salary scale, each year the Budget Committee determines the **Cost-of-Living Adjustment (COLA)** to take effect at the start of the new fiscal year (**July 1**). The COLA may range from **0% to a maximum of 5%**, depending on

budget capacity. When funding permits, the District aims to align its COLA with the **Social Security COLA**.

Promotions to Higher Classifications:

When an employee is promoted to a position within a **higher job classification and salary range**, they will be placed at the **next highest pay step** within the new range.

For example: A Dispatcher at Step 7 who is promoted to a Field Supervisor role may be placed at **Step 1 or higher** within the Field Supervisor pay scale, depending on the structure of the salary range.