

To: Administration & Finance Committee

Date: 04/30/2025

From: Amber Johnson, Chief Financial Officer
John Sanderson, Director of ADA and Specialized Services

Reviewed by: *WC.*

SUBJECT: FY 2025 Operating Budget Amendment Request

Background:

County Connection's Fiscal Year (FY) 2025 Operating and Capital Budget was adopted on June 20, 2024 with Resolution 2025-025. The operating budget is divided into two main categories: fixed route (big bus) and paratransit. Current trends for this fiscal year indicate that there are insufficient resources budgeted to paratransit to accommodate the costs of this program, necessitating the request for an amendment to the budget.

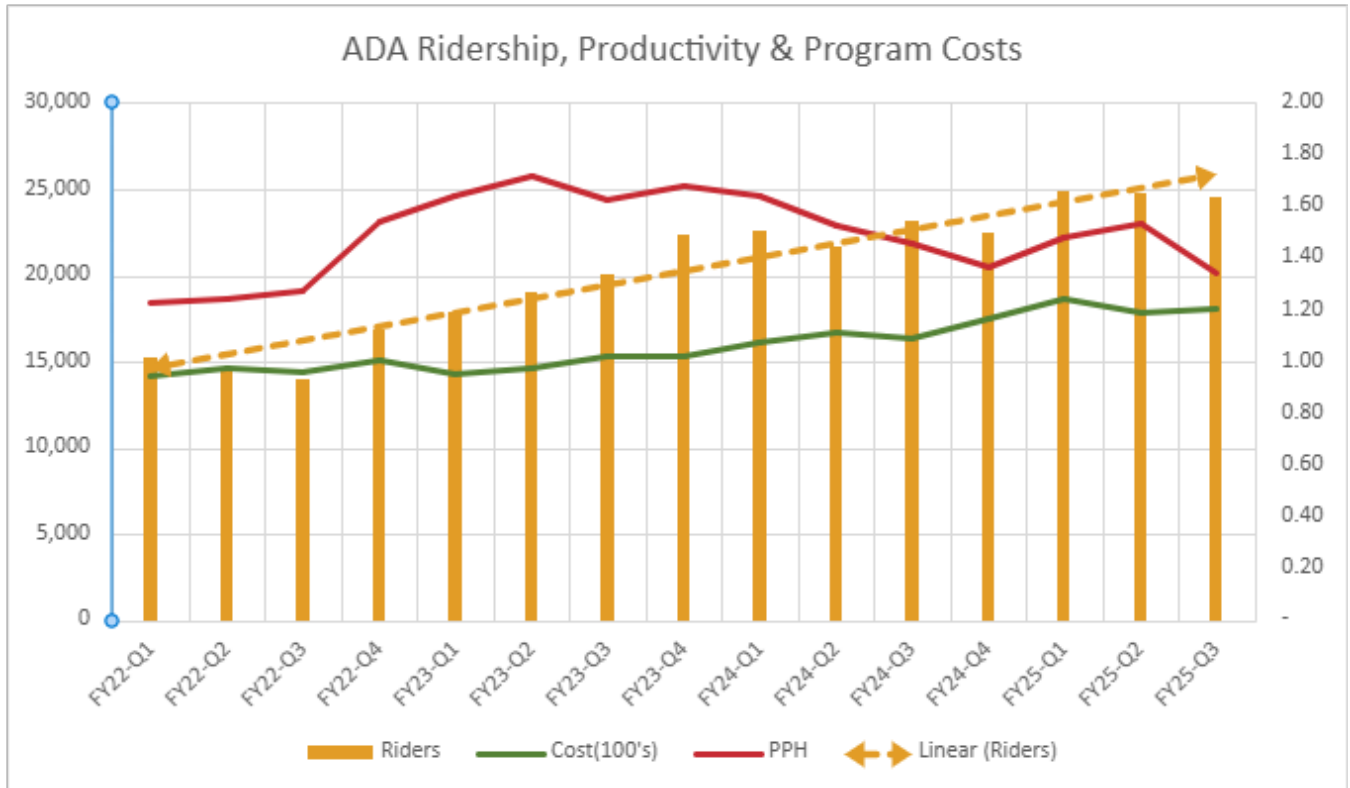
Budget Amendment:

Although the FY 2025 paratransit purchased transportation budget anticipated ridership growth, actual trends for the fiscal year have outpaced the assumptions used. During the opening months of the COVID-19 pandemic at the end of FY 2020, LINK ridership declined by approximately 75%, from a monthly average of about 11,500 trips per month to about 2,900 per month in FY2021. Since the end of FY 2021, paratransit ridership has grown continuously, albeit at a reducing rate. LINK paratransit ridership increased year-over-year by 76% in FY 2022, 30.4% in FY 2023, and 13.3% in FY 2024. Observed growth through the first three quarters of FY 2025 indicates approximately a further increase in ridership of about 9.7% by the end of this fiscal year.

While LINK ridership has continued to increase since FY 2022, LINK productivity as measured by passengers per revenue hour (PPH) initially rose by about 26.4% through FY 2022 from 1.23 to 1.72 PPH, remained relatively stable through FY 2023, and then declined steadily through FY 2024 to a low of 1.37 PPH. A partial recovery in the first half of FY 2025 has unfortunately not been sustained, and productivity for the 3rd quarter of FY 2025 was estimated at about 1.35 PPH, marking a further decline of about 2.7% from FY 2024. Paratransit productivity is driven by a very complex set of conditions and inputs, including the origins, destinations, and requested times of specific trips, traffic conditions within the service area, and several other factors largely beyond providers' control. However, staff is working very closely with the contractor to affect the factors that can be controlled, including trip booking negotiations, scheduling trips as efficiently as possible, and proactive dispatching to balance PPH, on-time performance (OTP), and on-board time for riders.

Since the start of the current LINK contract at the beginning of FY 2022, ridership has seen a cumulative increase of about 62%. At the same time, annual program costs have increased by nearly 25% from \$5.8 million to an estimated \$7.3 million. Pre-pandemic, paratransit ridership, revenue hours, and contract rates were all typically expected to increase by an average of about 3% to 5% annually. For the FY 2025 budget cycle, staff projected a 5% increase in paratransit revenue hours, plus a 4% escalation in costs per revenue hour per the LINK contract. However, the actual ridership increase for FY 2025 has been nearly double the estimate, and as a result actual costs are estimated to exceed the budgeted amount by about 10.7%.

Chart 1: ADA Ridership, Productivity & Program Costs



Staff projects a paratransit operating budget shortfall of \$750,000 in the purchased transportation category for FY 2025. However, the fixed route budget includes a \$500,000 contingency that has not been utilized. Additionally, staff projects that expenditures for fixed route diesel fuel will be below the allocated budget, affording the ability to shift \$250,000 from this line item to paratransit contract costs. The proposed budget amendment is detailed in Table 1.

Table 1: Proposed Budget Amendment

FIXED ROUTE EXPENSES	Current Budget	Proposed Amendment	Revised Budget
Diesel Fuel	2,400,000	(250,000)	2,150,000
Contingency Expense	500,000	(500,000)	-

NET CHANGE TO FIXED ROUTE EXPENSES: (750,000)

PARATRANSIT EXPENSES	Current Budget	Proposed Amendment	Revised Budget
PT Contract_LINK ADA	6,669,907	625,000	7,294,907
PT Contract_One Seat-LINK	339,133	125,000	464,133

NET CHANGE TO PARATRANSIT EXPENSES: 750,000

Financial Implications:

The budget amendment proposes transferring \$750,000 in expenditures from the fixed route category to the paratransit category. This transfer results in a net zero impact on the total budgeted expenditures. A corresponding \$750,000 in Transportation Development Act revenues will be underutilized on the fixed route side, resulting in these funds being available for use on the paratransit side.

Recommendation:

Staff recommends the A&F Committee review and provide comment on the FY 2025 Operating Budget Amendment Request and forward it to the full Board of Directors for approval.

Action Requested:

Staff requests that the A&F Committee forward a recommendation to the Board of Directors to approve the proposed FY 2025 Operating Budget Amendment Request.

Attachments:

None.