



CITIZENS TRANSIT ADVISORY GROUP (CTAG)

Agenda

Tuesday, November 21st, 2023

7:30 am to 9:00 am

Charlotte-Mecklenburg Government Center

[WebEx Conferencing](#)

- I. **Call to Order** Jeffrey Parker, CTAG Co-Chairperson
- II. **Approval of October 17th, 2023 Meeting Summary**
- III. **Budget Update/ Fund Balance Sheet** Chad Howell, Chief Financial Officer
- IV. **MTC Strategy Session** Chad Howell, Chief Financial Officer
- V. **Cancellation of December 2023 Meeting** Jeffrey Parker, CTAG Co-Chairman
- VI. **Other Business**
- VII. **Adjourn**

CITIZENS TRANSIT ADVISORY GROUP (CTAG)
Meeting Summary
November 21st, 2023
DISCUSSION SUMMARY

Present: Jeffrey Parker, Board of County Commissioners, CTAG Co-Chairman
Michael Cataldo, Charlotte City Council
Robert Hillman, Charlotte City Council
Nichel Dunlap-Thompson, Mecklenburg County
Martin Wheeler, Mecklenburg County
Jonathan Wells, Charlotte-Mecklenburg Schools
Todd Steiss, Town of Davidson
Kevin Walsh, Town of Huntersville
Donald Rhodes, Town of Matthews
Jessi Healey, Town of Mint Hill
Justin Musick, Town of Pineville

Staff: Chad Howell, Elizabeth Presutti, Brandon Hunter, Stuart Pratt, Jason Lawrence, Emily Kunze, Paulus Ford

Meeting time 7:30 a.m. – 9:00 a.m.

I. Call to Order

The regular meeting of CTAG via WebEx conferencing was called to order at 7:30am by Co-Chairman Jeffrey Parker (BOCC, Mecklenburg County).

II. Approval of Meeting Summary from October 17th, 2023 – Approved

III. CEO's Comments – Chad Howell, Charlotte Area Transit System's Chief Finance Officer provided updates, on behalf of Brent Cagle, Interim Chief Executive Officer for the group.

- FTA Financial Oversight Review, which consist of 3 parts, is currently underway:
 - 1st part – Staff interviews have been completed.
 - 2nd part – Has been scheduled. 2 (two) – one week sight visits. First on December 11th; second on January 8th. During these visits, FTA will be reviewing our files and documents.
 - 3rd part – Specialize Maintenance Review, focused on the preventative operations on CATS
- FTA Exit Interview – Review findings and plan going forward.

IV. MTC Strategy Session Recap (presentation attached) – Chad Howell, Charlotte Area Transit System's Chief Finance Officer provided a recap from the MTC Strategy session conducted with the voting members of the MTC. At the session CATS covered:

- Goals
- Challenges

- Year in Review
- CATS Overview
- Safety & Security
- Valuing Employees / Customer Experience
- Planning Initiatives
- Development Initiatives
- Financial Overview
- Moving CATS Forward

V. **Budget Update / Fund Balance Sheet** (presentation attached) – **Chad Howell, Charlotte Area Transit System’s Chief Finance Officer** provided an updated of the Budget & Year-End FY 2023 Fund Balance that covered the following topics:

- Financial Planning and Stability – CATS having the strongest credit rating for a transit agency.
- Funding Landscape
 - Financial Safeguards
 - Operating Budget
 - Capital Budget
 - Debt Service Budget
 - Balancing Financial Metrics and Operational Needs
- Operating Revenues
- Operating Expenditures
- Capital Expenditures and Funding
- Debt Service Expenditure and Funding
- FY25 Budget Process
- Year-End FY 2023 Fund Balance

Discussion:

CTAG inquired as to the new transit agency search. It was shared that National Express has been selected. Also, it was asked that will CTAG be provided detailed information cornering National Express governing practices? Which most of that information has been provide to City Council for their vetting of all agencies that submitted a bid.

VI. **Cancellation of December 2023 Meeting** – In light of the Christmas Holiday Season, CTAG voted to cancel the December 19th meeting.

VII. **Other Business**

1. Upcoming requested topic by CTAG:
 - Red Line Update

VIII. **Adjourn**

The meeting was adjourned at 8:21 am

NEXT CTAG MEETING: JANUARY 16ST, 2024 AT 7:30 AM

MTC Strategy Session Recap

Citizens Transit Advisory Group
November 21, 2023



Agenda Recap

- Goals
- Challenges
- Year in Review
- CATS Overview
- Safety & Security
- Valuing Employees / Customer Experience
- Planning Initiatives
- Development Initiatives
- Financial Overview
- Moving CATS Forward.



Strategy Session Goals



- ▶ **Create a better understanding of the CATS system and initiatives underway**
- ▶ **Confirm priorities for near-term while planning for future**
- ▶ **Share strategies we are exploring to meet the needs of the system into the future**

Recent Challenges



- ▶ **Safety and Security issues**
- ▶ **Staffing**
- ▶ **Reliability/Frequency of current services**
- ▶ **Perception of system**
- ▶ **Aging system**
 - ▷ State of good repair
 - ▷ Assets beyond useful life
- ▶ **Growing region with additional transit needs**
- ▶ **Financial realities of maintaining what we have and growing system**

Year in Review



- ▶ **Safety and Security**
 - ▷ New security contracts
 - ▷ CATS Connect
 - ▷ Ambassador Program Expansion
- ▶ **Asset Preservation/Facilities**
 - ▷ Hired Transit Facilities Manager – Craig Fox
 - ▷ Conducting Facilities Assessments and started addressing needs (CTC, Facility Lighting, Bus Stops and Transit Centers, Rail Trail, Elevators)
 - ▷ LRV Truck Maintenance and Technology System Contract with Siemens
 - ▷ Bus and STS Bus Replacement Order and update to fleet replacement plan
- ▶ **Valuing Employees**
 - ▷ Field Staff Pay Increases
 - ▷ Implemented Several Communications Tools
- ▶ **Completed Annual Rail Shutdown with No findings from NCDOT SSO**
- ▶ **Awarded a \$30M Zero Emission Grant**
- ▶ **Hired Key Executives and Implemented New Organization Chart – Per MP Recommendations**
- ▶ **Increased Recruitment and Retention Efforts in Bus and Rail**

CATS Overview

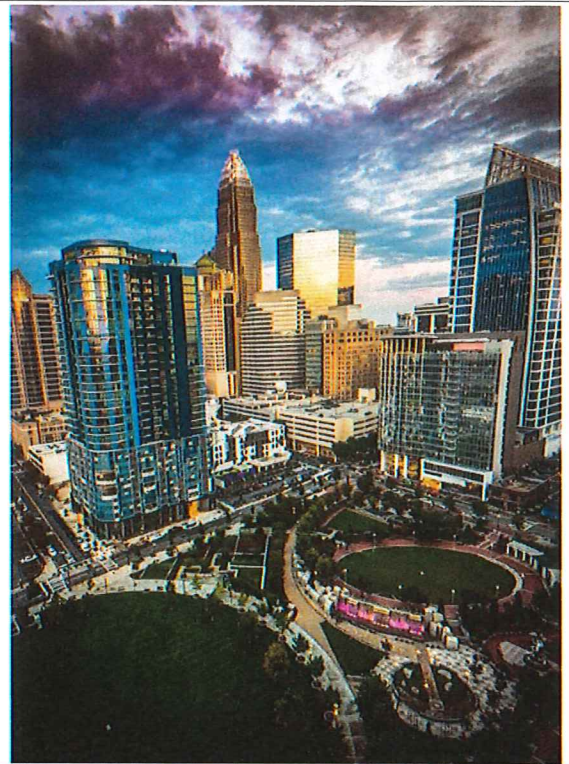


▶ **Service Area Population: 1,302,619**

▶ **Service Area square miles: 675**

▶ **CATS Services**

- ▶ Fixed Bus
- ▶ Light Rail and Streetcar
- ▶ Paratransit
- ▶ Vanpool



Fixed Route Service Management



- ▶ **Fixed Route – Service is managed by RATP-Dev and operated by Transit Management of Charlotte (TMOC)**
 - ▶ TMOC is a subsidiary corporation that is held by the City of Charlotte
- ▶ **CATS contracts with 3rd party management company to operate the bus service since municipalities cannot collectively bargain with existing employee unions under state law**
 - ▶ In 1976, the city of Charlotte bought the bus system from City Coach Lines with an established labor union
 - ▶ In order to receive federal assistance for public transit, the City had to acknowledge the existing union
- ▶ **CATS has contracted with McDonald Transit/RATP-Dev since 2003, the contract expires in February 2024.**
- ▶ **CATS Light Rail operators and STS operators are services that the city implemented post 1976 and staff were hired directly as City of Charlotte employees**
- ▶ **CATS is currently in contract negotiations with National Express to take over management responsibilities for TMOC in February 2024.**
 - ▶ Contract will have enhanced performance measures and incentives from current arrangement
 - ▶ Revisiting organizational structure to better facilitate relationship between TMOC and CATS



Fixed Route Overview



▶ Service Types – 67 Routes

- ▶ 48 - Local
- ▶ 13 - Express
- ▶ 3 - Regional Express
- ▶ 3 - Village Rider

▶ Hours of Service (combined): 5am-2am

▶ FY 2023 Ridership: 8,106,539

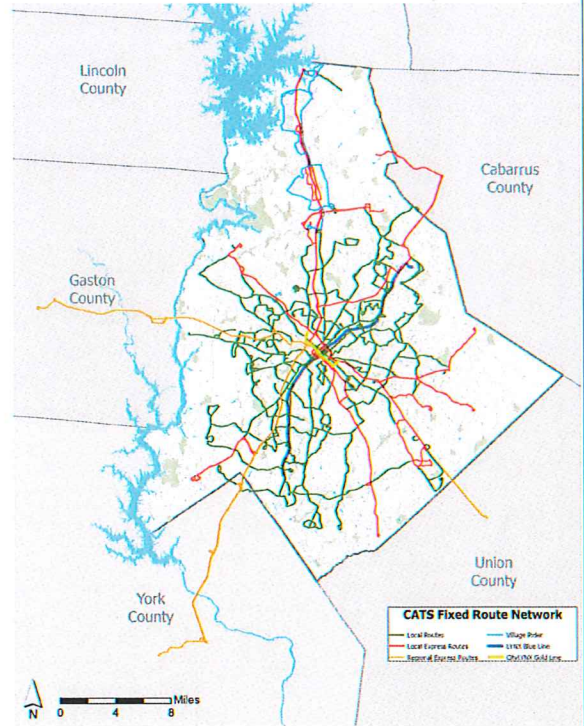
▶ FY 2023 Revenue Miles: 9,116,523

▶ Fleet: 252 Fixed Route Buses (18 Battery Electric Buses)

▶ Avg fleet : 9.7 years

▶ Employees

- ▶ TMOC – approx. 734 Union Operators, Maintenance Technicians and Administrative Staff
- ▶ Managed by RATP-Dev



Rail Overview



▶ LYNX Blue Line

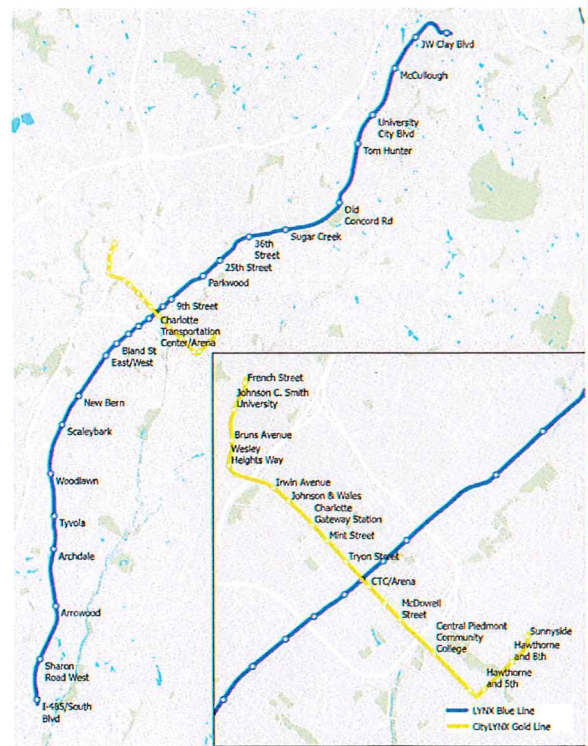
- ▶ 19 miles & 26 stations
- ▶ 42 train cars
- ▶ Daily: 5am-2am
- ▶ FY23 Ridership: 5,132,075

▶ CityLYNX Gold Line

- ▶ 4 miles & 17 stations
- ▶ 6 train cars
- ▶ Weekday: 6am-11:30pm
- ▶ Saturday: 8am-11:30am
- ▶ Sunday: 8am-10:30am
- ▶ FY23 Ridership: 604,270

▶ Rail Operations Team

- ▶ 125 Operators and Ops Support Staff
- ▶ 150 Maintenance and MOW Staff members
- ▶ 13 Administrative Staff

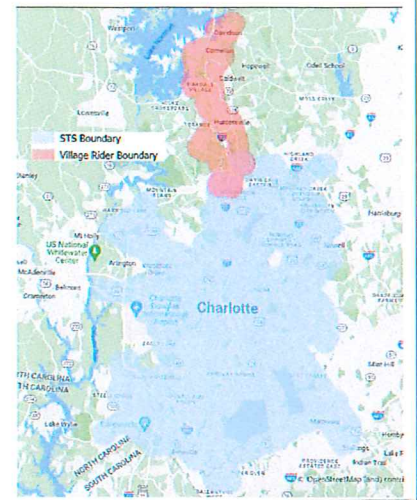




Paratransit – STS Overview



- ▶ FY 2023 Ridership – 204,924
- ▶ Eligible clients – 5,244
- ▶ Fleet - 83 buses
- ▶ Employees - 112
- ▶ 11.5 miles average trip length
- ▶ Service area is based on federal requirement of serving a 3/4 mile buffer around fixed route local services.



SAFETY & SECURITY



CATS Safety and Security Team



▶ Office staffed by highly trained safety and security staff

- ▶ General Manager and Administrator
- ▶ 3 Managers
- ▶ 5 Senior Safety Coordinators
- ▶ 13 Safety and Security Coordinators

▶ Primary Roles and Responsibilities:

- ▶ Provide overall safety and security for employees, customers and the public
- ▶ Provide Safety and Security Training
- ▶ Conduct Audits and Inspections
- ▶ Respond to Incidents and Conduct Investigations
- ▶ Conduct OSHA Reviews and Trainings
- ▶ Fire Life Safety Inspections on Fire Equipment
- ▶ Support Emergency Management and First Responders



Meeting the Safety and Security Need

- ▶ **Increased CATS Safety and Security Staffing**
 - ▶ Support special projects enhancing security for staff and facilities
- ▶ **Expanded Security Services Strategy**
 - ▶ Increased number and improved visibility of Officers and Security Guards with 2 new contractors
 - ▶ Renewed commitment to Customer Service to ensure a positive ride for customers
 - ▶ Security contracts expanded
 - ▶ Enhanced fare enforcement
- ▶ **Ambassador Program**
 - ▶ Customer Service Representatives
- ▶ **CATS CONNECT**
 - ▶ Focus on assisting unhoused and persons in crisis by directing them to available resources from our community partners
- ▶ **Employee Tool Talks**
 - ▶ S&S Staff attend shift changes to review safety and security topics and get feedback



Valuing our employees, improving the customer experience and striving for organizational excellence



Valuing Employees

- ▶ **Strengthen workforce through professional development opportunities that enhance knowledge, skills, and leadership abilities**
 - ▶ DiJulius Group – culture, leadership development and customer experience
 - ▶ De-escalation Training for front line staff
 - ▶ Leadership and management training
- ▶ **Deploy workforce strategies that address the recruitment and retention of talent capable of meeting the current and future needs of CATS.**
 - ▶ Class and Comp study
 - ▶ Targeted recruitment efforts to attract candidates for hard to fill positions
 - ▶ E-Serve academy and apprenticeship programs
 - ▶ Workforce, career pathways and succession planning
- ▶ **Strengthen internal engagement and communication**
 - ▶ Conversation Station
 - ▶ Regular employee communications



Improving the Customer Experience

Providing a high-quality experience that is reliable, on-time and affordable

- ▶ **Simplicity of system and ease of use understanding**
 - ▷ Branding
 - ▷ Fare Structure/Policy
- ▶ **Accessing customer information**
 - ▷ Website
 - ▷ CATS Pass App
 - ▷ Ambassadors
 - ▷ System map, customer information
- ▶ **Waiting experience**
 - ▷ Bus Stop enhancements (Shelters, Adopt a stop, Solar lights, ADA Improvements)
 - ▷ Facility
- ▶ **Ride Experience**
 - ▷ Operator friendliness
 - ▷ Ride and vehicle quality
 - ▷ On-vehicle amenities
- ▶ **Quality Assurance**
 - ▷ Secret Shopper



Enhancing Partnerships

- ▶ **Partnerships are essential for creating public value and being able to delivering upon the mission of CATS.**
 - ▷ Seeking opportunities for enhancing current partnerships in the community as well as establishing new ones to further grow ridership and revenue.
 - ▷ Explore innovative partnerships and service collaborations to better meet the needs of our customers.
 - ▷ Deepen regional partnerships and relationships to improve regional mobility
 - ▷ Expand community and corporate partnerships to attract customers through service refinement and specialty service opportunities



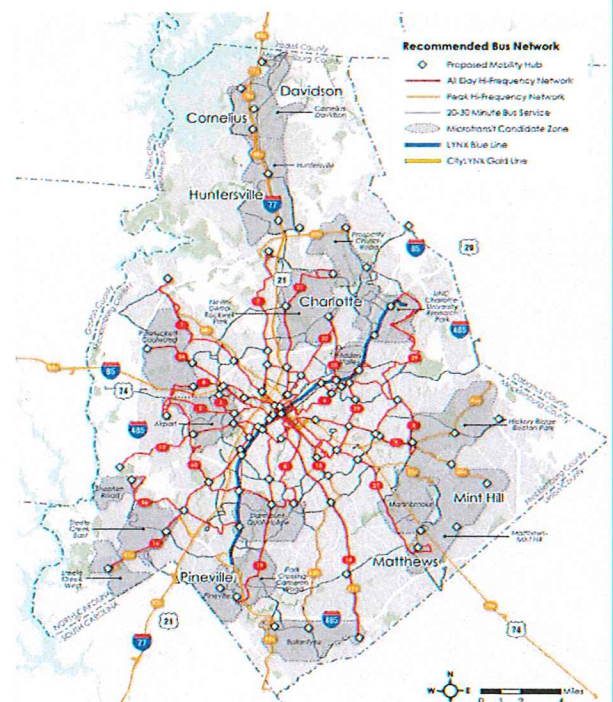
Planning services that meet the needs of our customers



Transit System Planning



- ▶ **Envision my Ride – Implementation**
 - ▶ Microtransit
 - ▶ Priority Corridors
 - ▶ Signal Priority
 - ▶ Mobility Hubs
 - ▶ Bus Stop Improvements
- ▶ **Customer Experience**
- ▶ **Community Engagement**
- ▶ **Running time analysis**
- ▶ **Zero Emission Vehicle Transition Plan**
- ▶ **CONNECT Beyond**
- ▶ **Partnerships – Mecklenburg County & CMS**



Building a system for the future for regional benefit



Transit System Development



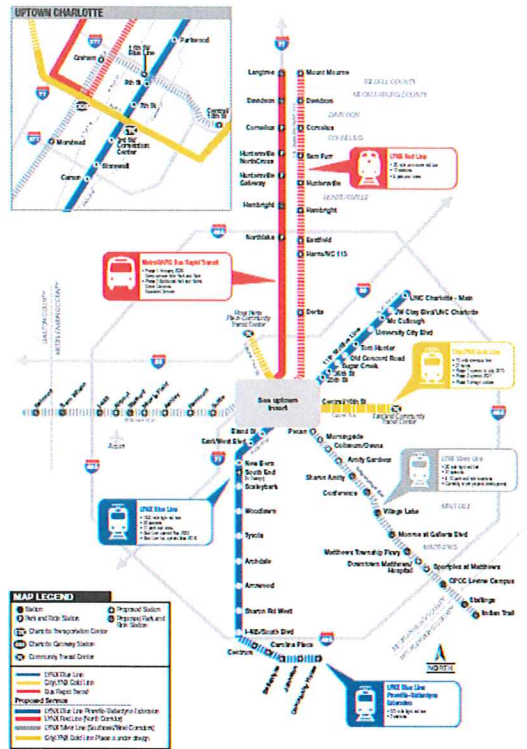
Priorities

- ▶ Advancing the 2030 Corridor System Plan
- ▶ Supporting Transit Oriented Development
- ▶ Ensuring Quality in Projects and Operations
- ▶ Implementing Bus and Rail Capital Improvements
- ▶ Developing Transit Assessment Management Program and Capital Planning



Advancing the Plan

- ▶ Red Line
 - ▷ Design Update
 - ▷ Coordination with Norfolk Southern
- ▶ MetroRapid BRT
 - ▷ Hambricht Park and Ride
- ▶ Silver Line
 - ▷ Design and Environmental
- ▶ Gold Line Phase 3
 - ▷ Design and Environmental
- ▶ Blue Line
 - ▷ South End Station



Planning for a strong financial future



Moving CATS Forward

- ▶ Restoring service, new service delivery concepts and renewed customer experience focus to catapult continued ridership growth
- ▶ Continued emphasis on safety and security as well as state of good repair
- ▶ Investing in CATS most important asset – our employees
- ▶ Strengthening local and regional partnerships



Thank you!



Budget Update & Year-End FY 2023 Fund Balance

Citizens Transit Advisory Group
November 21, 2023



Financial Planning and Stability

- ▶ **Maintain strong financial management practices**
 - ▷ Supports operational needs
 - ▷ Meets or exceeds service expectations
- ▶ **Institute ownership of budget and spending within CATS Divisions**
- ▶ **Reviewing financial polices to ensure alignment and ability to meet in future**
- ▶ **Create a funding plan to meet growing system needs based on current operations**
 - ▷ Developing true operating baseline
 - ▷ Transitioning CIP from budget to cash-flow basis
 - ▷ Examining timing and scheduling of projects
 - ▷ Exploring different financing approaches to meet immediate and future capital needs
- ▶ **Establish a better financial picture for the future by updating and revising the financial model**



Funding Landscape

▶ Financial Safeguards

- ▶ Sales Tax Trend Line
- ▶ Unrestricted Fund Balance ≥ \$100 Million
- ▶ Revenue Reserve Fund Balance = \$30 Million
- ▶ Financial Performance Objectives

▶ Operating Budget

- ▶ Establish true baseline

▶ Capital Budget

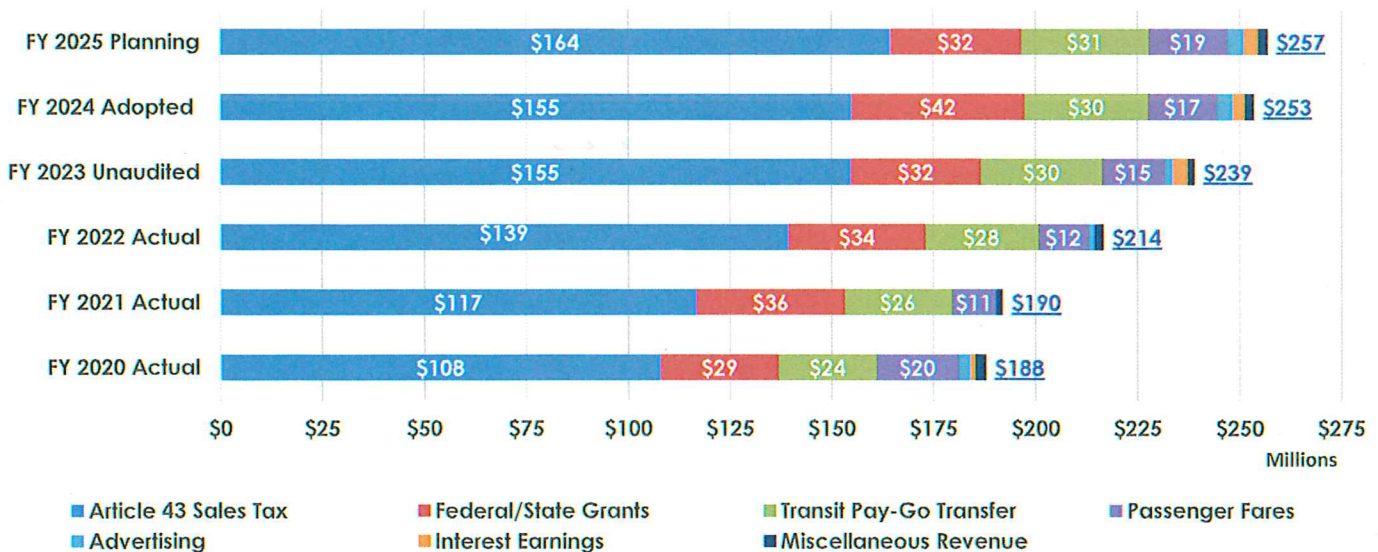
- ▶ Fund major projects and initiatives

▶ Debt Service Budget

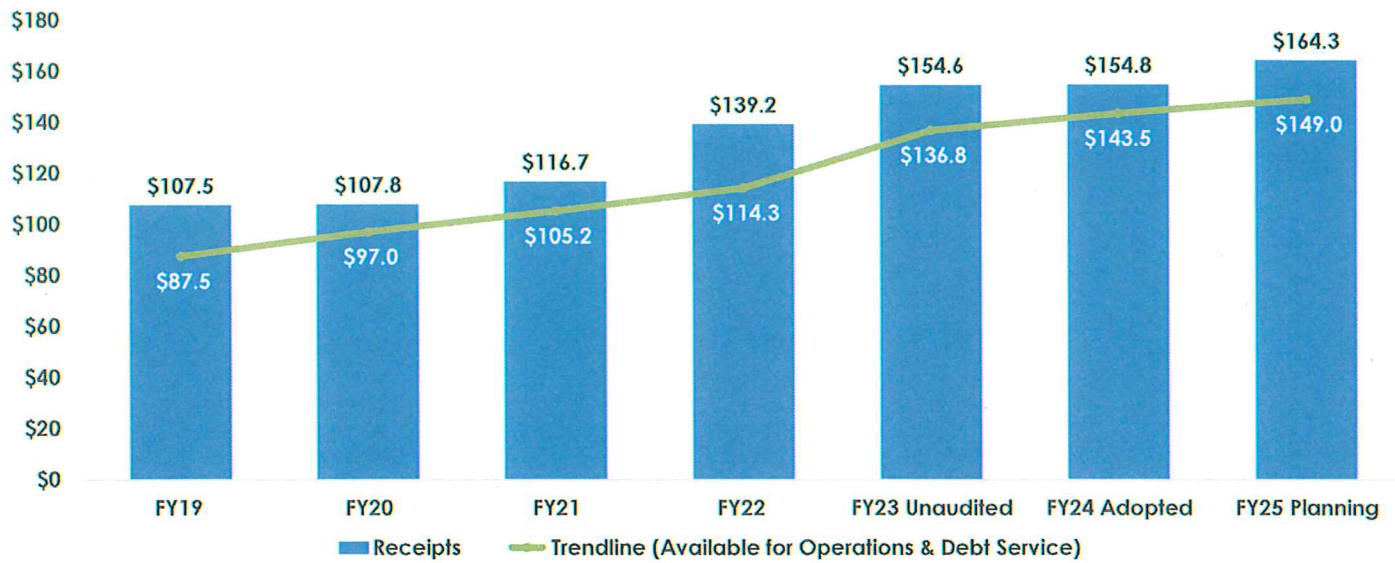
- ▶ Outstanding debt service payments
- ▶ Explore possibility of new debt issuance

▶ Balancing financial metrics and operational needs

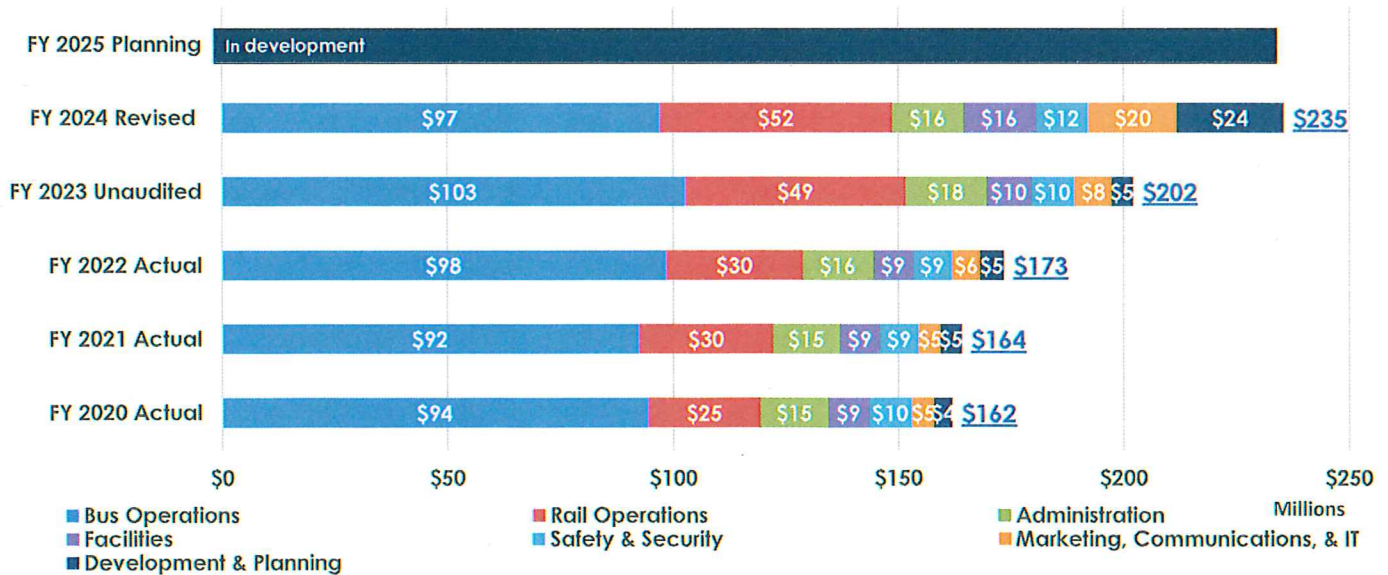
Operating Revenues



1/2 Percent Sales Tax FY 2019 – FY 2025



Operating Expenditures



Excludes Debt Service, PAYGO, and Revenue Reserve Transfers

*Excludes \$13.5 Million of Mid-Life Overhaul funding budgeted in CIP



Capital Expenditures & Funding

► Major Projects & Initiatives

- ▷ Vehicle and equipment replacement / expansion
- ▷ LRV & MOW mid-life overhauls & planning for LRV replacements
- ▷ Facilities & System State of Good Repair
- ▷ Safety, security, & technology initiatives
- ▷ System planning and expansion

► Funding Sources



Debt Service Expenditures & Funding

- FY2024 Debt Service Budget ~\$18.1 million
- Transit Sales Tax, Federal and State grant funds pay annual principal and interest expenses



- No new debt issuance programed for FY 2024



Next Steps

- ▶ CATS Finance consolidates requests and conducts first review sessions
- ▶ CATS Finance and Development vet each capital submission
- ▶ Incorporate Strategic Priorities
- ▶ Prioritize budget requests
- ▶ Align strategic priorities, prioritized projects, with available funding
- ▶ Incorporate into Financial Model
- ▶ Draft preliminary FY 2025 operating and FY 2025 to FY 2029 CIP



FY25 Budget Process

- ▶ **September 2023 – November 2023:**
 - ▷ Staff budget requests provided to CATS Finance
- ▶ **November 2023– December 2023:**
 - ▷ CATS Finance and divisions review of budget requests
- ▶ **December 2023 – January 2024:**
 - ▷ Draft expenditure and revenue projections
 - ▷ Alignment with strategic priorities (based on today's discussion)
- ▶ **January 2024:**
 - ▷ Preliminary Budget Presented to MTC
- ▶ **February – March 2024:**
 - ▷ MTC Budget Workshop
 - ▷ Finalize budget and revenue projections
 - ▷ Budget reviewed with MTC & TSAC



Year-End FY 2023 Fund Balance

Fund Balance Tracking As of Jun 2023 (2023, Pd 13)	6/30/2023					6121 Revenue Reserve
	6100, 6101	6120	6160, 6162, 6163, 6164, 6165, 6198, 6199 CIP - All Other	6161 CIP - NE Corridor	Total	
	Operating	Debt Service				
Accumulated balances:						
302934 CTC Reserves	(559,700.20)				(559,700.20)	-
302941 FB Subsequent Yr Budget						-
302960 FB Unrestricted	(42,913,079.25)	(6,086,028.58)	36,860,930.84	(6,003,491.90)	(18,141,668.89)	(122,975,776.63)
302998 Reserved for Encumbrances	(10,744,179.77)		(68,942,176.44)	(1,911,065.42)	(81,597,421.63)	-
Current year:						
302990 Summary: Revenue	-	-	-	-	-	-
302992 Summary: Expense	-	-	-	-	-	-
	<u>(54,216,959.22)</u>	<u>(6,086,028.58)</u>	<u>(32,081,245.60)</u>	<u>(7,914,557.32)</u>	<u>(100,298,790.72)</u>	<u>(122,975,776.63)</u>
Required for GL/Net Zero:						
302991 Summary: Est Revenue	-	-	447,847,972.96	1,049,629,278.30	1,497,477,251.26	-
302993 Summary: Appropriation	-	-	(1,263,907,410.36)	(1,409,311,958.71)	(2,673,219,369.07)	-
302994 Summary: Encumbrance	-	-	-	-	-	-
302996 Summary: Budgetary FB	-	-	816,059,437.40	359,682,680.41	1,175,742,117.81	-
302997 Summary: Budgetary Res Enc	-	-	-	-	-	-
Fund Balance for \$100M Requirement	<u>(54,216,959.22)</u>	<u>(6,086,028.58)</u>	<u>(32,081,245.60)</u>	<u>(7,914,557.32)</u>	<u>(100,298,790.72)</u>	<u>(122,975,776.63)</u>
	-	-	(0.00)	0.00	-	-
Not available for \$100M Requirement:						
302910 Fund Balance - nonspendable = OPEB, Inventories	(4,728,830.86)		(763,000.60)	(10,813,967.57)	(16,305,799.03)	-
302920 Fund Balance - restricted = 6101 s/b zero; otherwise restricted	-				-	-
302925 Fund Balance - loans	(10,130,668.15)				(10,130,668.15)	-
Fund Balance Not Available for \$100M	<u>(14,859,499.01)</u>	-	<u>(763,000.60)</u>	<u>(10,813,967.57)</u>	<u>(26,436,467.18)</u>	-
Total Fund Balance	<u>(69,076,458.23)</u>	<u>(6,086,028.58)</u>	<u>(32,844,246.20)</u>	<u>(18,728,524.89)</u>	<u>(126,735,257.90)</u>	<u>(122,975,776.63)</u>

Fund Balance should carry a credit balance (displays as a negative)



Thank you!



