

Memorandum

City of Lawrence

City Manager's Office

DATE: 4/17/2009
TO: David L. Corliss, City Manager
FROM: Casey Toomay, Budget Manager / Interim Transit Administrator
CC: Cynthia Boecker, Assistant City Manager
Diane Stoddard, Assistant City Manager
Jonathan Douglass, Assistant to the City Manager
RE: 2010 Transportation Fund Budget Requests

Attached is the 2010 budget request for the Transportation Fund. Per your direction, two budget requests are provided – one that maintains 2009 expenditure levels, excluding personnel costs, and one that reduces 2009 expenditures by five percent.

Revenues

The City is expected to receive \$3,287,205 from the 0.25% sales tax for transit in 2010. Revenue from the 0.05% sales tax, expected to be \$657,441 will be transferred into the City's equipment reserve fund. The proceeds from the 0.20% sales tax are expected to total \$2,629,764 in 2010. In addition to revenue from sales tax, the Transportation Fund will receive revenue from fare boxes and bus pass sales. The reciprocal agreement with the University of Kansas, under which KU Card holders can ride the T for no additional charge, has resulted in increased ridership but has also resulted in decreased revenues to date in 2009. Therefore, the projections for 2010 assume a five percent decrease from 2008 actuals. Overall, the total budget for revenues in the Transportation Fund for 2010 is \$2,903,263.

Expenditures

The first budget submittal totals \$2,351,755. Rather than maintain 2009 expenditure levels excluding personnel costs, this request reduces 2009 expenditures by 2.3%, or \$54,010. Variations from the 2009 budget are outlined below.

- **Motor Vehicle Repair.** Under the contract with MV Transportation, the City is solely responsible for the cost of major component replacement. Due to the age of our exiting fleet and the fact that the new busses the City is purchasing in 2009 are not likely to be delivered until late 2010, additional resources have been budgeted in this line item.
- **Other Service Contracts.** This line item covers the portion of the contract with MV Transportation not paid for with federal grant dollars for 2010. This rate, established in the contract, represents an increase of \$74,415, or 4.6%, over the contract amount in 2009.
- **Diesel.** Under the contract with MV, the City is solely responsible for the cost of fuel. The reduction in this line item of \$89,900 reflects the price of fuel being lower now than when the 2009 budget was developed.
- **Gasoline -Unleaded.** Similarly, the reduction in this line item is due to lower fuel prices.

The second budget request totals \$2,288,990, which is a five percent reduction from the 2009 budget, excluding personnel costs. Almost seventy-four percent of the non-personnel transit budget is the MV contract. In addition, other contractual costs (i.e. shelter maintenance, radio maintenance and trunking fees, courier service, and our Paratransit dispatching software) cannot be reduced. In order to maintain these contractual services, the reduction had to come from other areas of the budget. The operational impact of the reduction is summarized below.

- **Motor Vehicle Repairs.** A five percent reduction would mean that the budget for major component replacement would be reduced by 55%. The City maintains twelve fixed route vehicles, all of which meet or exceed their useful life and are in need of replacement. Without sufficient resources to repair our fleet, vehicles may not be operational and the City may be unable to operate all eight fixed routes.
- **Computers.** The Transit Fund supports four PCs used by the transit staff as well as six PCs used by MV Transportation. The 2010 budget request includes \$4,275 to replace three six-year old PCs. A five percent reduction would mean elimination of the resources needed to replace these computers as recommended by Information Systems.
- **APTA/KPTA Legislative Conference.** Each year, the American Public Transportation Association (APTA) hosts a legislative conference in Washington, D.C.. In addition to the conference, this trip is used to meet with our federal legislative delegation and advocate for federal dollars for public transit. This trip can make the difference in the City receiving federal appropriations to assist with our capital needs. A five percent reduction would eliminate the \$2,700 needed for registration, travel, and lodging for this trip.

Thank you for consideration of the transit budget requests outlined above. Please contact me if you have any questions or need more information.