

# AGENDA ITEM SUMMARY

City Council



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## STAFF

Monica Martinez, FP&A Manager

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## SUBJECT

**First Reading of Ordinance No. 143, 2024, Making Supplemental Appropriations and Authorizing Transfers of Appropriations for Various Transit Services Grants and Revenue.**

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## EXECUTIVE SUMMARY

The purpose of this item is to appropriate grant revenue and the corresponding local match for Transfort.

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## STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading

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## BACKGROUND / DISCUSSION

### Yearly Transfort Reconciliation Process

The City's Budgeting for Outcomes ("BFO") cycle requires that revenue be projected up to three years in advance of actual receipt of revenue. For Transfort, this means that yearly Federal Transit Administration ("FTA") grants such as the main Federal Formula Funds for urbanized areas/5307 operational grant and the Federal Formula Funds for enhanced mobility of senior and individuals with disabilities/5310 grant, are projected using estimates based on prior year amounts, anticipated trends, or anticipated changes to the federal funding bill. Confirmed award amounts for each grant then typically become available in the spring of the award year. Due to this timing, Transfort will require a yearly reconciliation process that appropriates confirmed award amounts for grants used to reimburse that City fiscal year's ("FY") expenses. This supplemental appropriation will update award amounts for 5307 and 5310 grant amounts. Notably, the amount to be appropriated for the FTA's FY23 5307 represents the entirety of the grant. This grant had previously been anticipated for use during the 2025/2026 BFO cycle but will now be used for the 2024 City fiscal year. This places Transfort on a healthy reimbursement track, wherein one 5307 operational grant is used per year and the associated FTA grant year will lag one year behind the City fiscal year in which the City requests reimbursement.

Additionally, the proposed supplemental appropriation will appropriate the award amount for CDOT FY24 FASTER (Funding Advancements for Surface Transportation and Economic Recovery Act of 2009) operational grant funds and move all grant and local match funds into a corresponding grant business unit.

Transfort Budget Update

Transfort’s 2024 operational budget is currently appropriated to \$22,300,000. This includes the \$1,200,000 in 2050 Tax that was approved during the 2024 Mini-BFO process. At this time, it is anticipated that to end the year at current service levels Transfort will need an additional appropriation of \$1,300,000. This additional appropriation will be funded by approximately \$900,000 in grant revenue that is available due to award amounts increasing significantly since initial budget estimates. This is part of the FY23 5307 grant appropriation discussed above. The remaining \$400,000 will be funded by unanticipated grant revenue from prior year reimbursements.

The main drivers in expense increases are listed below:

- 1) \$250,000: 2023 hourly bus operator conversions and the addition of a transit supervisor position. These increases were made once staff identified the availability of grant funding in both 2023 and 2024 due to low budget projections;
- 2) \$350,000: increases to vehicle repair services costs including and \$85,000 for repair on a bus damaged three years ago;
- 3) \$200,000: snow removal costs;
- 4) \$400,000: bus-stop-to-bus-stop gap coverage, due to ongoing discontinued service on routes 11 and 12; and
- 5) \$100,000: contingency

It is anticipated the 2050 tax portion of Transfort’s budget will see savings of approximately \$600,000. This is because the appropriated budgets represented a full year of expenses, while the necessary updates to salaries were not effective until July 2024. As the mini-BFO offers outlined specific costs intended for the 2050 tax, staff intends for unused funds to drop back into 2050 reserves instead of allowing them to fund other Transfort operational expenses.

**CITY FINANCIAL IMPACTS**

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Funds to Appropriated	
FY23 5307 – Grant	\$4,402,305
FY20 5310 - Grant	\$37,153
FY22 5310 - Grant	\$73,000
FY24 FASTER – Grant ( <i>new funds</i> )	\$300,000
FY23 5307 – Local Match ( <i>previously appropriated, transfer into non-lapsing budget</i> )	\$3,613,897
FY20 5310 – Local Match Unanticipated Revenue	\$44,316
FY22 5310 – Local Match Unanticipated Revenue	\$34,524
FY24 FASTER – Local Match Unanticipated Revenue	\$300,000
290 Unanticipated Revenue	\$400,000

**BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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This was supported at the October 3, 2024, Council Finance Committee Meeting

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## **PUBLIC OUTREACH**

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None.

## **ATTACHMENTS**

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1. Ordinance for Consideration