



2023 Duluth Transit Authority Budget Presentation

Better Movement

BETTER BUS STOPS

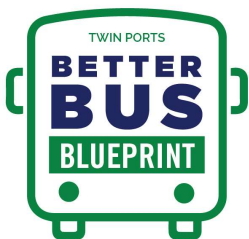
- Signage
- ADA Improvements
- Shelters
- Lighting
- Over \$2M planned

BETTER TECHNOLOGY

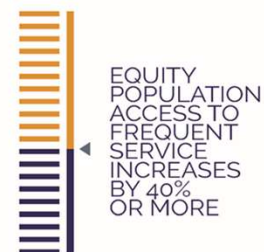
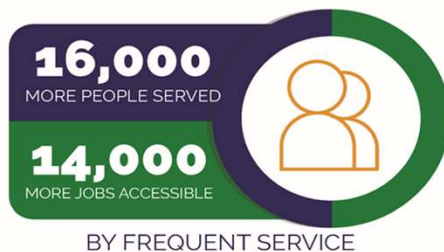
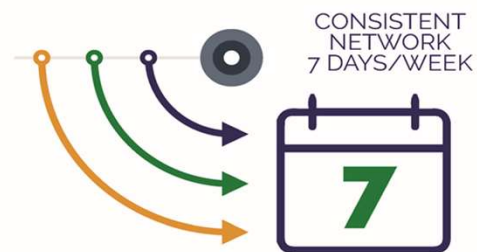
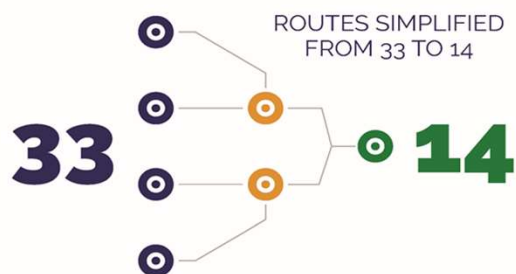
- Mobile App
- Live Bus Tracking
- Signal Priority
- New Fareboxes
- Website

BETTER BUS BLUEPRINT IMPROVING TWIN PORTS TRANSIT

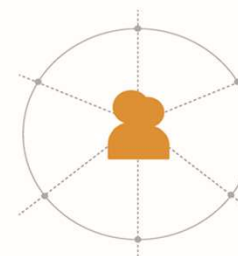
- New Bus Network
- Frequent Service
- More Weekend Service
- Simplified
- First Step to BRT



BENEFITS OF THE RECOMMENDED DRAFT NETWORK



OF EXISTING RIDERSHIP SERVED



RIDERS CAN RELIABLY ACCESS MORE LOCATIONS



TRIPS WITH SIGNIFICANT TRAVEL TIME IMPROVEMENTS

Duluth Transit Authority - Operating Revenues

	2022	2023
OPERATING REVENUES	<u>BUDGET</u>	<u>BUDGET</u>
PASSENGER REVENUE	\$2,461,840	\$1,594,263
CHARTER REVENUE	10,000	10,000
AUXILIARY REVENUES	1,850,066	2,036,628
STRIDE REVENUES	<u>177,105</u>	<u>127,181</u>
TOTAL OPERATING REVENUES	\$4,499,011	\$3,768,072

Duluth Transit Authority - Operating Expenses

	2022	2023
OPERATING EXPENSES	<u>BUDGET</u>	<u>BUDGET</u>
FIXED ROUTE EXPENSES	\$19,584,983	\$22,091,024
STRIDE EXPENSES	<u>1,107,940</u>	<u>1,199,452</u>
TOTAL OPERATING EXPENSES	\$20,692,923	<u>\$23,290,476</u>
TOTAL OPERATING DEFICIT	\$16,193,912	\$19,522,404

2023 Fixed Route Expenses

Labor and Fringe Benefits	\$ 15,428,186	69.9%
Services	\$ 836,954	3.8%
Fuel & Lube	\$ 2,797,457	12.7%
Parts	\$ 997,500	4.5%
Tires	\$ 97,879	0.4%
Office Supplies (Includes Software Maintenance)	\$ 432,900	1.9%
Utilities	\$ 451,555	2.0%
Insurance	\$ 875,703	4.0%
Marketing, Advertising, Dues & Training	\$ 172,890	0.8%
Total Expenses Fixed Route	\$ 22,091,024	100.0%

Inflation

- ▶ Labor (Wages and Fringe)
 - ▶ \$490,164 increase
 - ▶ New 5-year Collective Bargaining Agreement (Yr1: + 12.3%, Yr2: +1.5%, Yr3: 1.5%, Yr4: 1.5%, Yr5: 1.4%)
 - ▶ 2023 Includes a request for 5.5 additional staff positions
- ▶ Fuel and Parts
 - ▶ \$1,712,823 increase (79% increase from 2022)
- ▶ Cost per hour
 - ▶ 2022 budgeted: \$111.43
 - ▶ 2022 YTD through May: \$125.90

CAPITAL PROJECTS 2022-2023

	Project Amount	Local Share
2022 Carryover amount (From IIJA)	\$ 1,746,150	\$ 349,230
9 Class 700 Replacement Buses	\$ 5,166,000	\$ 516,600.0
Facility State of Good Repair	\$ 1,664,000	\$ 332,800.0
Equipment	\$ 20,000	\$ 4,000.0
Information Technology Systems	\$ 375,000	\$ 75,000.0
Passenger Amenities/ADA Improvements	<u>\$ 700,208</u>	<u>\$ 140,041.6</u>
Local Match Required for Capital Projects	\$9,671,358	\$1,417,672

DTA Levy

- ▶ Voter approved levy
 - ▶ 458A.31 “Subdivision 1. Levy limit.
 - ▶ Notwithstanding anything to the contrary contained in the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto, limiting the amount levied in any one year for general or special purposes, the city council of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253 percent of estimated market value, by ordinance. An ordinance fixing the levy shall take effect immediately upon its passage and approval. The proceeds of the levy shall be paid into the city treasury and deposited in the operating fund provided for in section 458A.24, subdivision 3.”
 - ▶ Current levy limit exceeds \$6,700,000
- ▶ DTA has levied \$1,666,900 since 2020

Levy Increase History

► Recent levy increases

Year of Increase	Amount Increased	Total Levy
2004	\$533,700	\$1,063,100
2005	\$253,800	\$1,316,900
2013	\$75,000	\$1,391,900
2016	\$100,000	\$1,491,900
2020	\$175,000	\$1,666,900

Peer Comparison

- ▶ Saint Cloud Metro Bus
 - ▶ Only other Transit Authority in Minnesota with a dedicated tax levy
- ▶ Saint Cloud Metro Bus Local Tax Levy
 - ▶ 2021 - \$3,136,403
 - ▶ \$14,416,812 - Operating Funds Expended; \$2,458,489 - Capital Funds Expended
 - ▶ 2022 - \$3,136,403
- ▶ DTA Local Tax Levy
 - ▶ 2021 - \$1,666,900
 - ▶ \$17,751,838 - Operating Funds Expended; \$12,135,021 - Capital Funds Expended
 - ▶ 2022 - \$1,666,900

Federal Funding Trends

- ▶ 2019 - \$2,190,296
- ▶ 2020 - \$2,255,554
- ▶ 2021 - \$2,259,813 (.19% increase from 2020)
- ▶ 2022 - \$3,476,057 (54% increase from 2021)

- ▶ IIJA (Infrastructure Investment and Jobs Act)
 - ▶ New 5-year federal transportation bill, historic increase in mass transit funding
- ▶ Area of Persistent Poverty
 - ▶ Planning and engineering grant award (\$315,000)

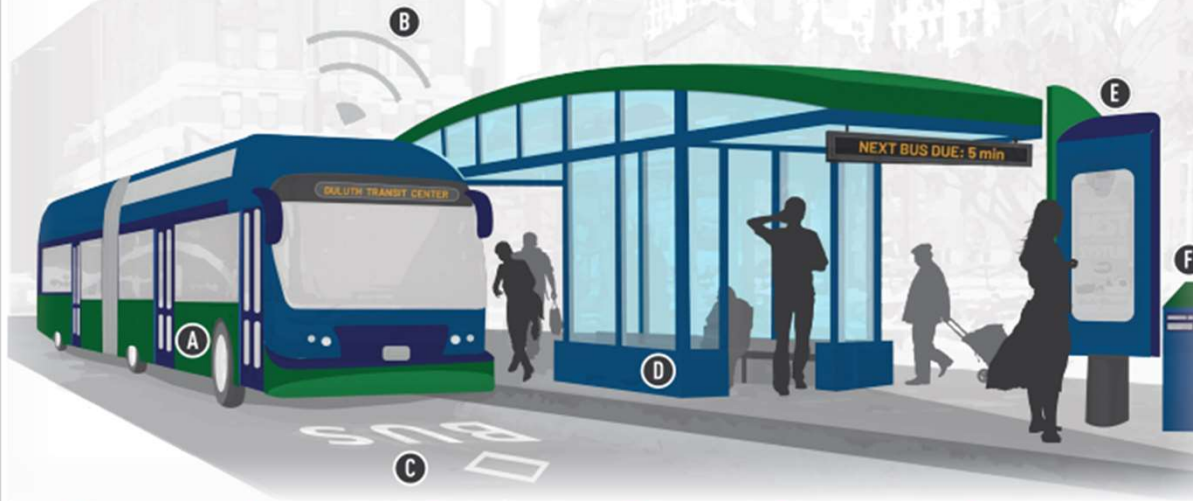
Covid Relief Funds

- ▶ CARES Act - \$6.4M
 - ▶ Depleted
- ▶ CRRSAA - \$3.9M
 - ▶ Full Balance Available
- ▶ ARPA - \$7.8M
 - ▶ Partially Depleted

Go-Lines, Future Bus Rapid Transit (BRT)

A Step Toward the Future

The addition of Go Line service is the first step towards providing Bus Rapid Transit (BRT) to Twin Ports' residents. The DTA is actively looking to expand and improve Go Line service to include more BRT features in the future! Examples of potential BRT features are shown below.



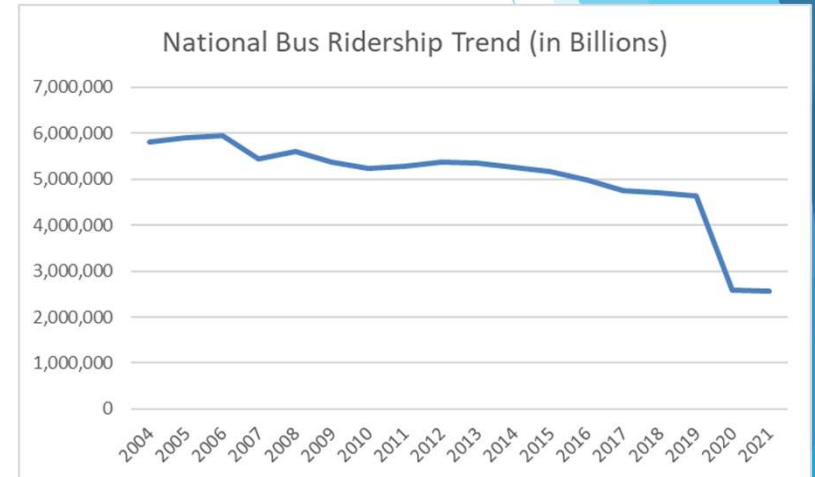
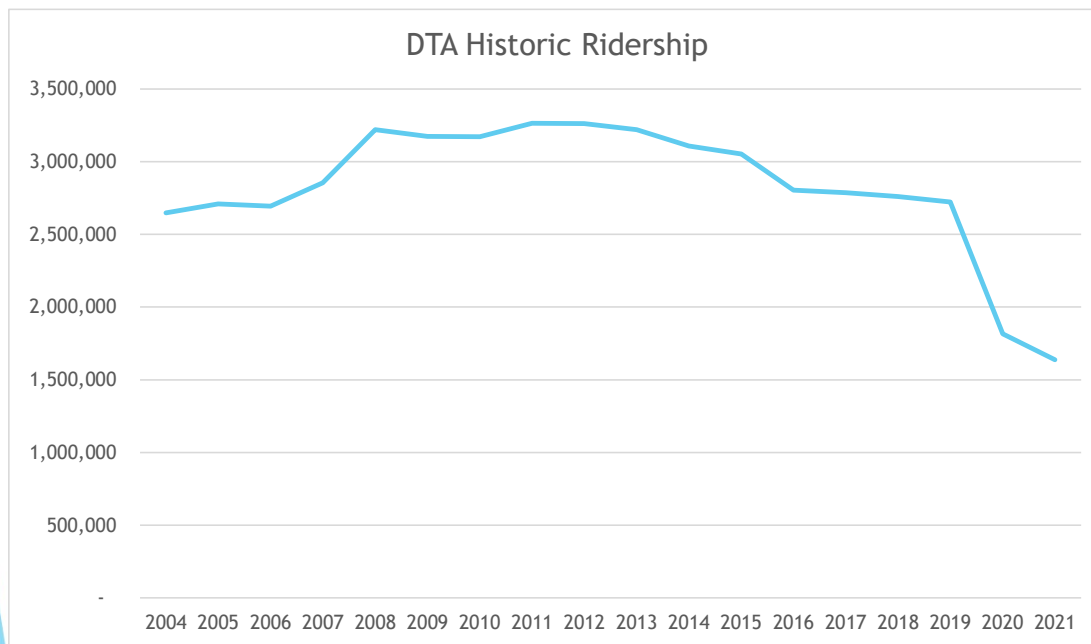
- A. Specialized Vehicles
- B. Transit Signal Priority/Signal Enhancements
- C. Dedicated Transit Lanes
- D. Enhanced Stops/Stations
- E. Branded Infrastructure
- F. Off-Board Fare Collection

Bus Rapid Transit is a higher quality bus service that is often compared to rail. BRT provides frequent, fast, and reliable transit service with fewer stops. BRT commonly includes features like improved customer amenities, enhanced bus stops, branded vehicles, and special road accommodations.

Fare Increase

- ▶ No fare increases proposed at this time
- ▶ Last fare increases in 2011, 2005
 - ▶ Decreases to certain pass types in 2021 (day pass from \$4 to \$3, week pass from \$17 to \$15, and teen 31-day pass from \$37.50 to \$30).
 - ▶ Fare Capping coming soon
- ▶ Peer comparison analysis - 15 similar agencies
 - ▶ Average fare \$1.50 - same as DTA

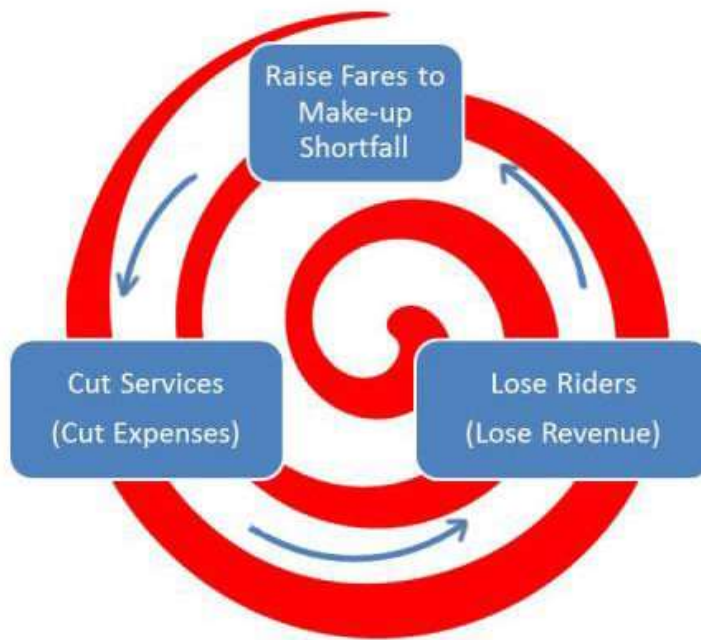
Fixed Route Bus Ridership Trends



What happens if not funded?

- ▶ Expend Covid Relief funding faster
- ▶ Lost opportunities on large grant funded projects if local share not available
- ▶ Inability to keep facilities and assets in state of good repair
- ▶ If Revenue doesn't improve quickly:
 - ▶ Large fiscal cliff once Covid funding is spent, resulting in:
 - ▶ Massive service reductions and/or
 - ▶ Massive levy increase

Avoiding The Transit Death Spiral



Local Match Required

DTA Operating Budget		\$4,253,581
DTA Capital Projects		<u>\$1,417,672</u>
	Total	\$5,671,253
2022 Tax Levy Request		\$1,666,900
2023 Tax Levy Request (58% of max levy)		\$3,900,000
Fare Increase - None		
Remaining balance to be funded by COVID Relief Funds		