



# Long-Range Financial Plan

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Fiscal Years 2025 to 2034

Board of Directors 11/25/24

# Objectives

- Board approved long-range financial plan policy in 2022
- Align financial capacity with long-term service objectives
- Identify and analyze financial challenges to fiscal stability
- Develop comprehensive long-range forecast
- Evaluate ability to fund:
  - Current and expanded needs
  - Reserve requirements
  - Debt financing

# Benefits of a Long-Range Plan Model



Builds a fiscally sound agency



Awareness of options, barriers and opportunities



Improves long-term financial sustainability

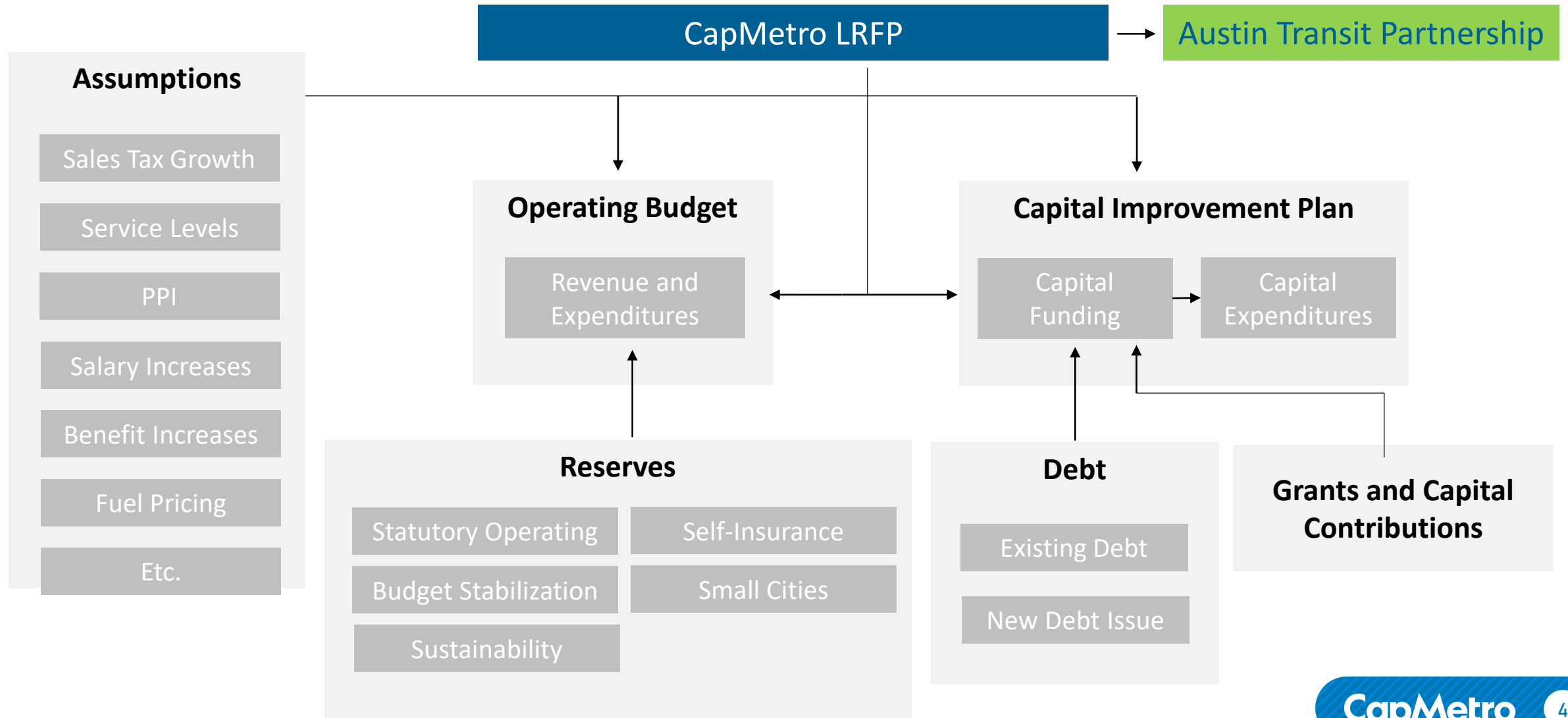


Balances competing demands



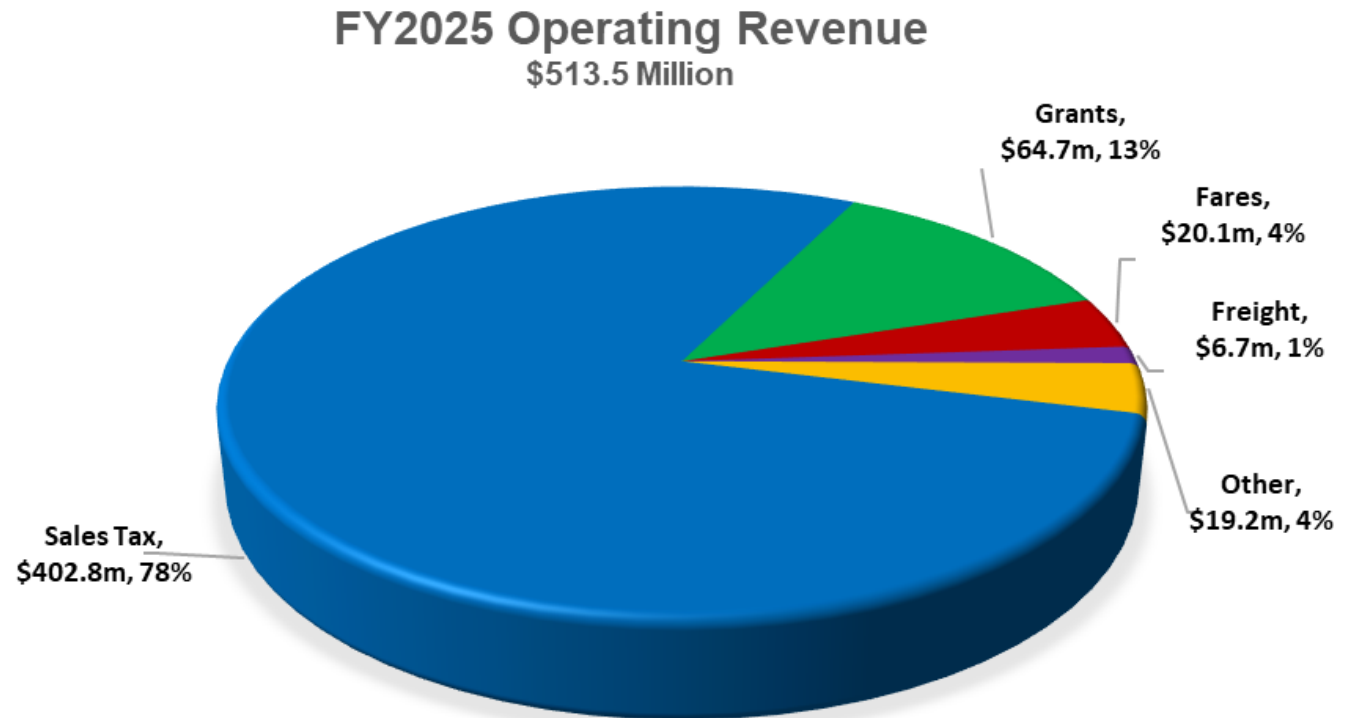
Assesses financial implications of decisions and priorities

# Long-Range Financial Plan Model



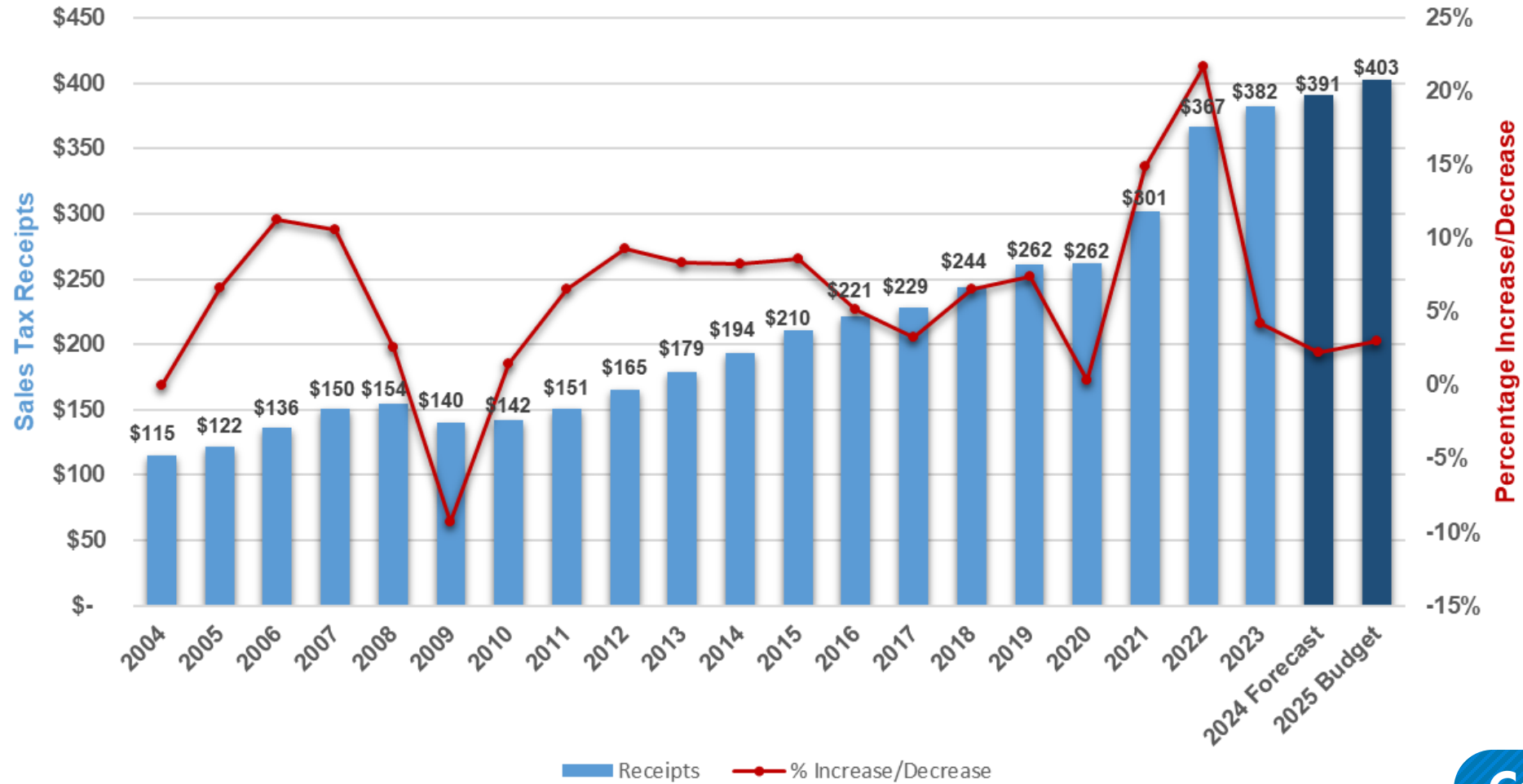
# FY2025 Budgeted Operating Revenue

- Sales tax: 1% growth = \$4.0m
  - Sales tax = 78% of revenue
  - Grants and fare revenue - limited growth in short term
- Long-term projections:
  - Sales tax growth of 3.5%
  - Total revenue growth of 3.2%
    - Total operating and capital expense growth constrained to 3.2%



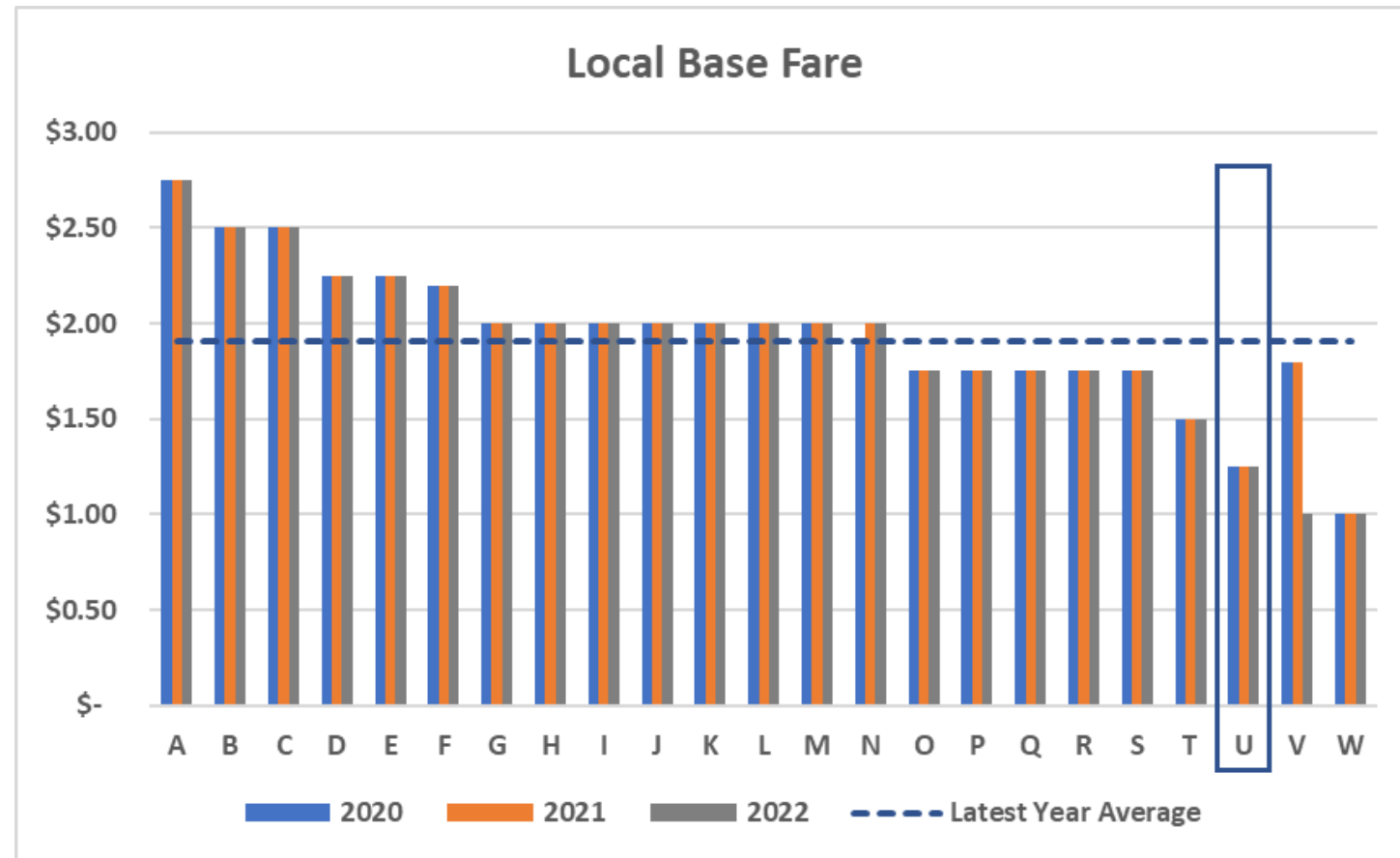
# Sales Tax History

Historical Trend (in millions)



# Fare Revenue

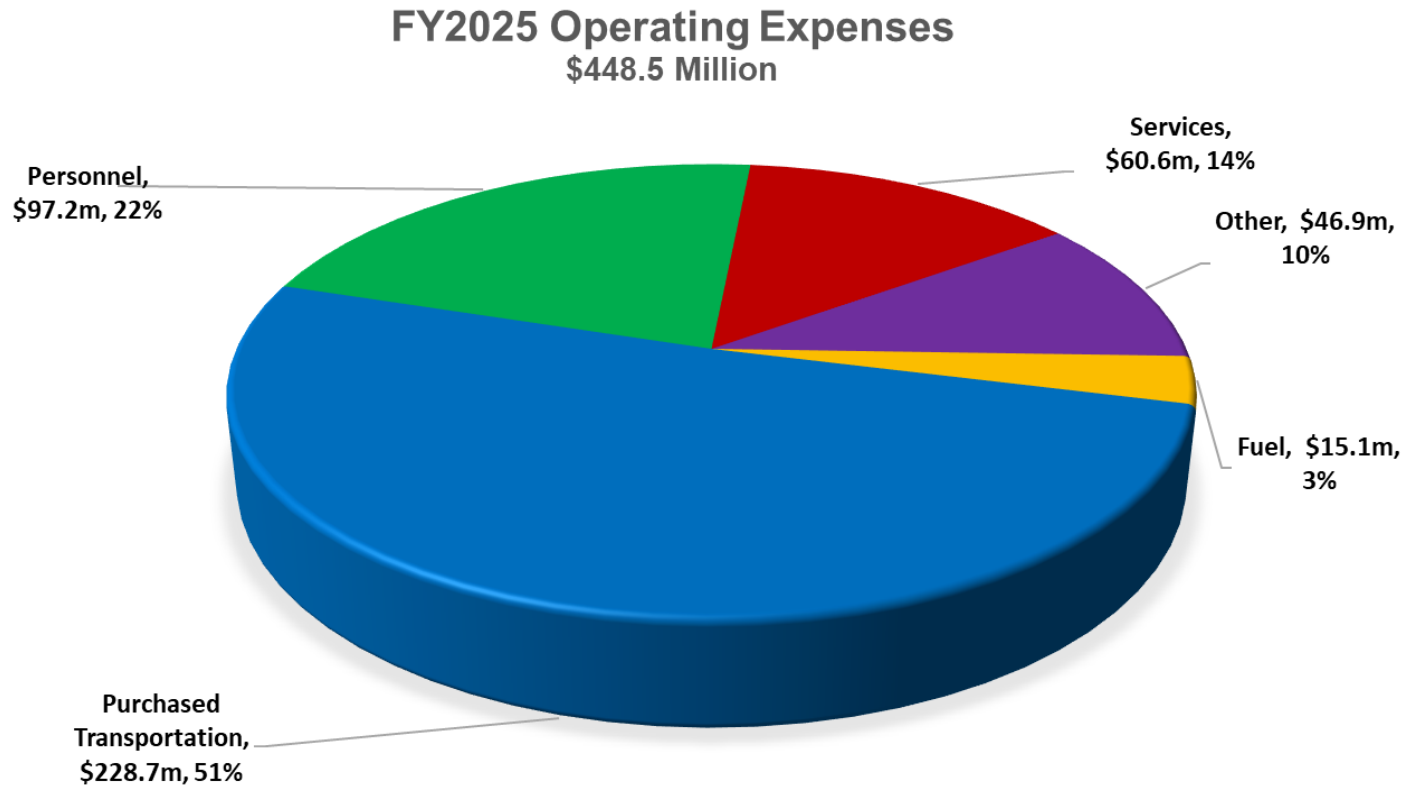
- Low fare structure compared to peer agencies
  - 3<sup>rd</sup> lowest local fare of 23 peers
  - Lowest for weekly and monthly passes
  - Fare recovery of 5.3% in FY2022
- American Bus Benchmarking Group
  - Consortium of mid-sized North American bus agencies
  - Established in 2011 to benchmark performance and share best practices



Source: American Bus Benchmarking Group (ABBG)

# FY2025 Budgeted Operating Expenses

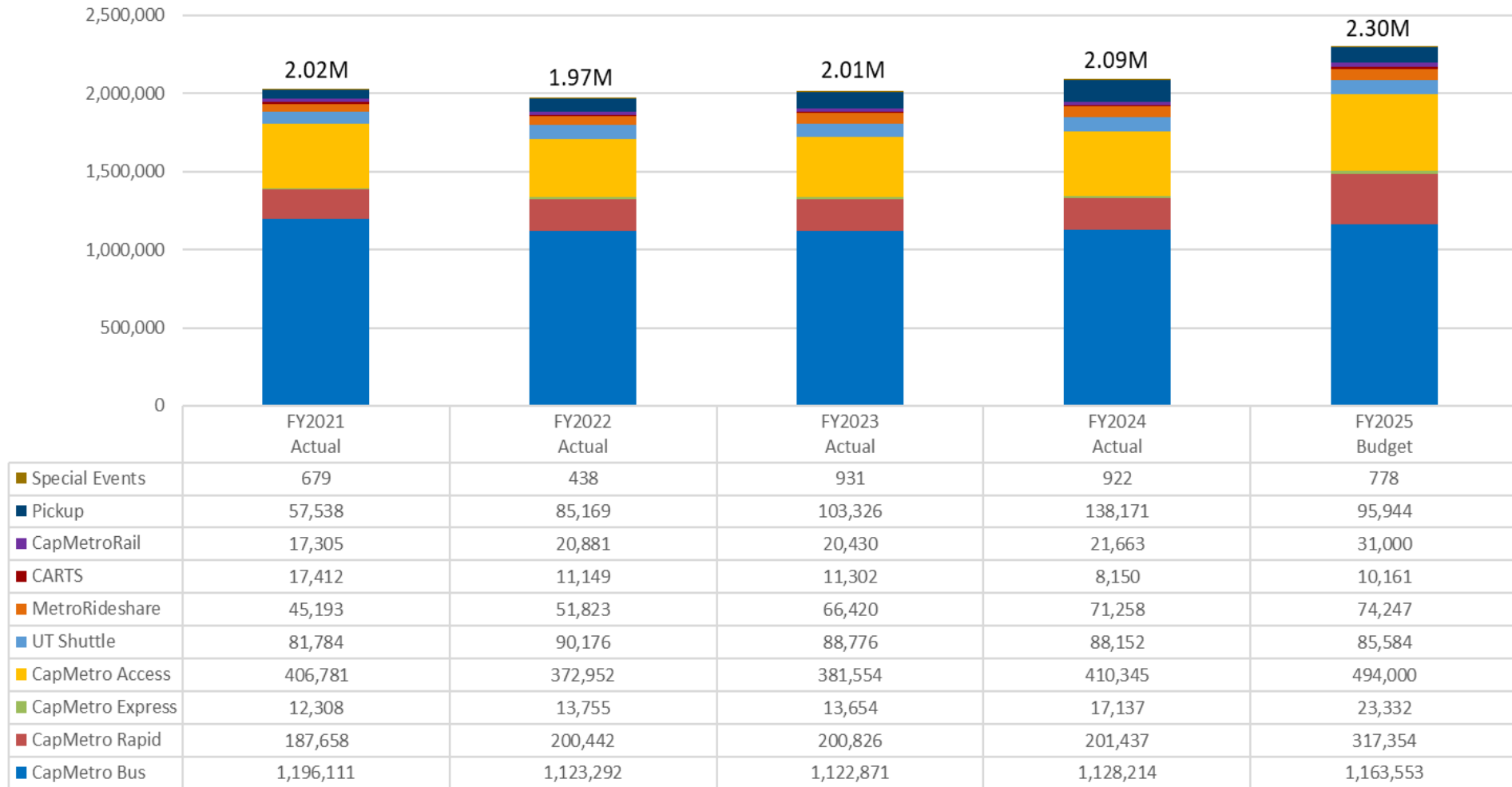
- Major expense categories:
  - Purchased transportation  
Pass through + Fixed fee
  - Wages  
FTE x Rate (increases)
  - Benefits  
Health and pension increases
  - Services  
Control spending





# Service Levels

Vehicle Hours



A man with a goatee, wearing a dark polo shirt with a 'CapMetro' logo, is sitting and smiling. He is wearing a watch on his left wrist. In the background, a white bus is visible with 'A METROBUS 2608' and 'CAPITAL METRO' written on it. The entire image has a blue overlay.

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**LONG-RANGE MODEL**

# Long-Range Financial Plan Model Scenarios

## FY2025 Budget & 5 Year CIP

Long-Range Financial Plan

Scenario 1: Higher Sustained Sales Tax Growth

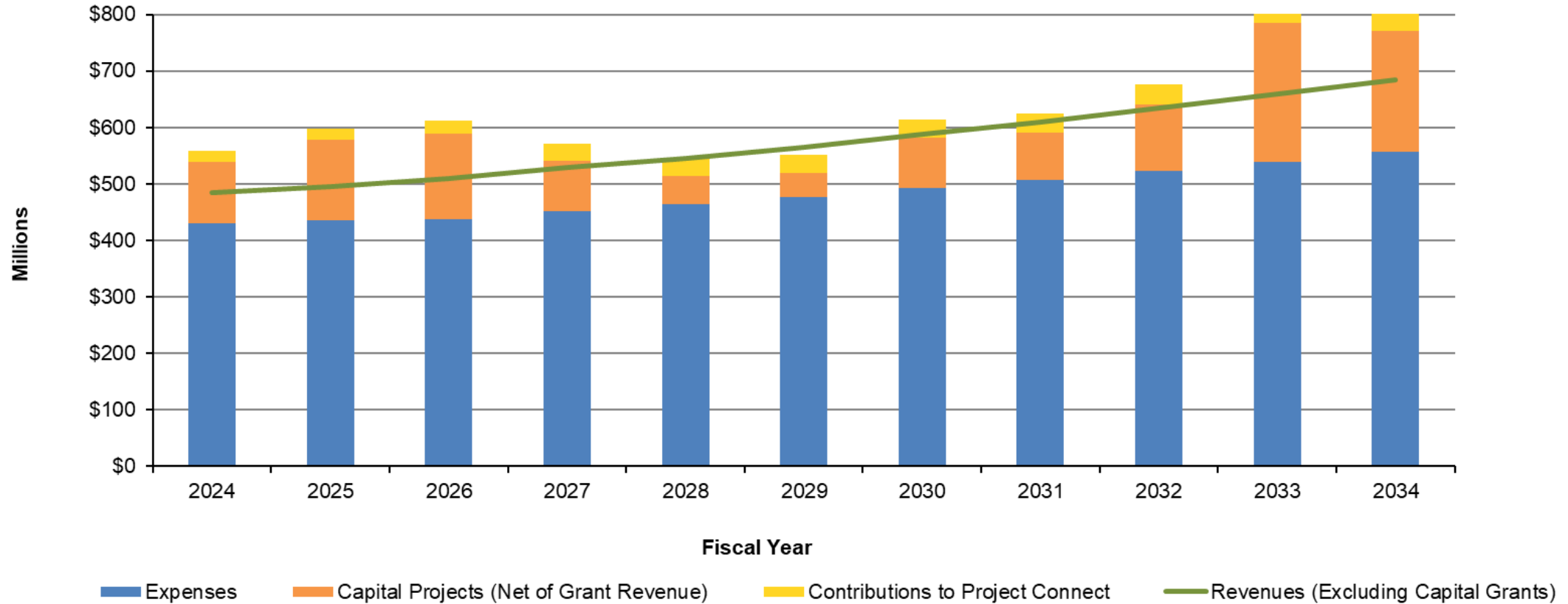
# Long-Range Financial Plan Model Scenario

Assumptions	Years 1-5 FY25-29	Years 6-10 FY30-34
<b>Revenues</b>		
Fare growth	11% FY25, 2% FY26-29	2%
Sales tax growth	3% FY25, 3.5% FY26-29	3.5%
Operating grants	2%	2%
<b>Expenses</b>		
Service costs	3%	
Fuel rates	(5%) FY25, then 2%	
FTE growth	1%	
Wage growth	3%	
Other expenses	3%	

- 3.5% long-term sales tax growth
- 11% fare growth in FY25, then 2% future growth
- Contracted rates and future assumptions
- FY2025 Operating Budget and 10-year CIP is baseline

# Proposed Long-Range Financial Plan – 10 Years

## Total Revenues and Total Expenses



# Long-Range Financial Plan - Financials

*Dollars in Millions*

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Cash &amp; Investments Beginning Balance</b>	\$395	\$291	\$186	\$138	\$128	\$127	\$83	\$46	(\$23)	(\$216)
Revenues (Excluding Capital Grant Revenue)	495	507	523	535	552	570	588	607	627	648
Operating Expenses	(430)	(432)	(446)	(460)	(474)	(488)	(503)	(519)	(535)	(552)
Interlocal Agreements	(5)	(5)	(6)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
<b>Cash Flow available for CIP</b>	<b>60</b>	<b>70</b>	<b>71</b>	<b>72</b>	<b>74</b>	<b>77</b>	<b>81</b>	<b>85</b>	<b>88</b>	<b>91</b>
Capital Projects	(230)	(191)	(138)	(105)	(65)	(217)	(106)	(138)	(331)	(290)
Capital Grant Revenue	88	38	48	54	23	128	21	19	86	74
<b>Capital - Self funded</b>	<b>(142)</b>	<b>(153)</b>	<b>(90)</b>	<b>(51)</b>	<b>(43)</b>	<b>(89)</b>	<b>(84)</b>	<b>(119)</b>	<b>(245)</b>	<b>(215)</b>
Contribution to Project Connect Sequence Plan	(21)	(22)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)
<b>Annual Cash Flow</b>	<b>(103)</b>	<b>(105)</b>	<b>(48)</b>	<b>(10)</b>	<b>(0)</b>	<b>(44)</b>	<b>(37)</b>	<b>(69)</b>	<b>(193)</b>	<b>(161)</b>
<b>Cash &amp; Investments Ending Balance</b>	<b>291</b>	<b>186</b>	<b>138</b>	<b>128</b>	<b>127</b>	<b>83</b>	<b>46</b>	<b>(23)</b>	<b>(216)</b>	<b>(377)</b>
<b>Commitments &amp; Reserve Requirements</b>	<b>151</b>	<b>143</b>	<b>138</b>	<b>134</b>	<b>132</b>	<b>131</b>	<b>130</b>	<b>134</b>	<b>138</b>	<b>143</b>
<b>Cash Balance/(Shortage) 3.5% Growth</b>	<b>\$140</b>	<b>\$44</b>	<b>\$0</b>	<b>(\$6)</b>	<b>(\$5)</b>	<b>(\$48)</b>	<b>(\$84)</b>	<b>(\$157)</b>	<b>(\$354)</b>	<b>(\$519)</b>
<b>Cash Balance/(Shortage) 4.25% Growth</b>	<b>\$140</b>	<b>\$47</b>	<b>\$9</b>	<b>\$13</b>	<b>\$27</b>	<b>\$2</b>	<b>(\$12)</b>	<b>(\$58)</b>	<b>(\$224)</b>	<b>(\$352)</b>

Align spending with forecasted sales tax growth  
Less constraint with higher sustained sales tax growth



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**SUMMARY**

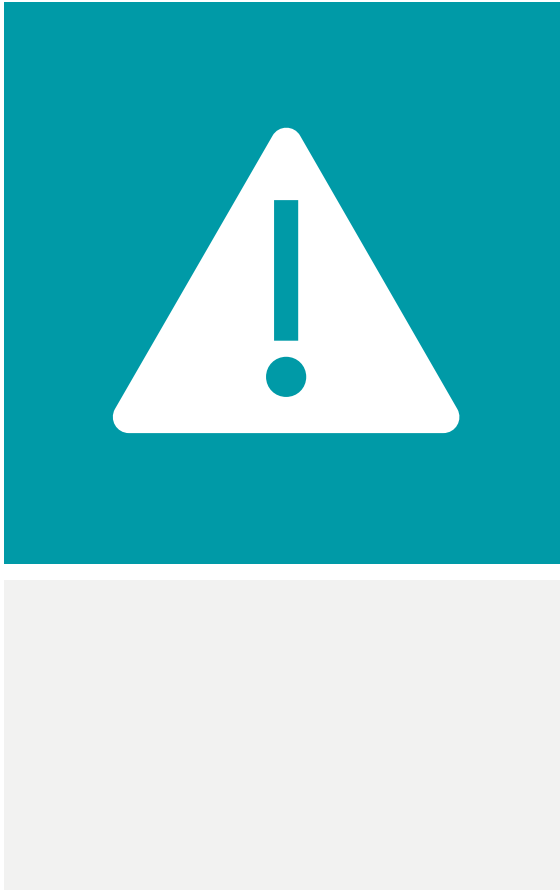
# Changes in Long-Range Financial Plan



- More moderate sales tax growth in FY2025 with a 3.5% future long-term growth assumption due to slowing sales tax receipts
- Continued zero-emission fleet transition and associated infrastructure
- Significant future facility needs for 3<sup>rd</sup> bus garage, north and south demand response facilities and administration headquarters build-out
- MetroBike station and fleet expansion and upgrade



# Risks to Long-Range Financial Plan



- Slower sales tax growth than modeled
- Changes to Federal grant funding programs
- Unforeseen regulatory or capital needs
- Future contracted rates with service providers
- Significant inflation or future recession
- Compensation and benefit plan increases
- Slower ridership return than assumed
- Unforeseen technological changes

# Conclusions and Recommendations



- Continue to monitor and quickly respond to economic developments
- Potential revenue uncertainty
- Align costs with revenue growth
- One-time, accumulated funding available for capital investments
  - Future capital requires funding from income
- Maintain a minimum of \$70 Million in annual cash flow for FTA-required State of Good Repair

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Thank you!