



Lane Transit District

Long Range Financial Plan

FY 2026 – 2035



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INTRODUCTION

The Long Range Financial Plan (LRFP) is one of three key documents, developed with community input, which provides information Lane Transit District (LTD) needs to develop a proposed budget and the timing of community investment projects. The LRFP projects the anticipated resources and expenditures over a 10-year period and, at its core, aligns financial capacity with the objectives outlined in LTD's Strategic Business Plan. The LRFP was last adopted by the Board at the June 12, 2024 Regular Board Meeting.

LTD's fiscal environment is continuously changing. The traditional model of budgeting for cost can lead to a short-term spending profile, which focuses on sustaining existing programs and services; and is not intended to provide information on long-term sustainability to support those programs and services. As such, it is important to consider what levels of service and expense are maintainable over time. The resource projections in the LRFP are a key factor in determining both the design and level of services as well as the planned timing of projects in the Community Investment Plan (CIP).

To provide quality service, reliable vehicles, solid infrastructure, and collaborative programs to serve the community's diverse mobility requirements, ongoing financial resources are required. Payroll taxes are the most significant ongoing funding resource and represents approximately 73% of general fund requirements. LTD's payroll tax projections are based on the projections from the Oregon State Office of Economic Forecasting using two variables: 1) Oregon average wages and 2) total nonfarm employment. Projections are intentionally conservative to ensure LTD does not over-estimate the resource.

Federal grants and funding from the employee tax-based State Transportation Improvement Fund (STIF) are also an important part of LTD's resources. Due to the continuing high costs from recent inflationary and post-pandemic factors, the 2026-2035 LRFP increases the annual Federal funding for operations from \$2.2M to \$4.7M for Fiscal Year 26 and \$4.9M for Fiscal Year 27. Thereafter, Federal funding is set at \$5M. Any additional gap will be covered by the existing General Fund Working Capital balance. The STIF Plan biennium budget increased the funding for Americans with Disabilities Act (ADA) operations which will decrease the amount of general fund needed to support these services.

In the short-term, LTD's costs are increasing at a rate higher than inflation. Market wage rate adjustments and continuing medical insurance increases are some of the biggest challenges long-term. LTD is currently performing a market study that includes wages and benefits for the administrative positions. Additionally, an internal cost analysis was completed to ensure projected future increases are stated at sustainable rates that are closer to the current inflation rate.

Oregon unemployment is up slightly at 4.2 percent from its low of 3.9 percent in June 2022. Interest rates remain elevated from historic lows and government stimulus assistance has come to an end. Current economic analysts indicate that the recession probability is low, but is dependent on the softening global economy and volatility from the tariffs.

LTD continues to be adversely affected by long term impacts of COVID-19 as a result of changes in rider behaviors, including: commuting patterns, remote working or education, and social gatherings. LTD is also adversely impacted by COVID-19 induced inflation and worker shortages which have increased the cost to provide the services to meet the needs of the community.

The economic forecasts are never certain; LTD continually monitors and proactively plans for the risk factors of the economy and adjusts accordingly with the goals of:

- > providing a consistent level of service commensurate with available resources to best meet the needs of the community;
- > balancing fiduciary duty;
- > maintaining assets in a state of good repair; and
- > making long term investments which ensure successful completion of LTD's Mission of Connecting our Community in a consistent, reliable, and safe way.

This includes maintaining strong reserves which enable us to moderate the financial impacts resulting from unexpected volatility.

FACTORS IMPACTING BUDGET

Key Factor 1: Inflation

Inflation is estimated to stay around 3% but could be affected by the tariffs. The year over year change in Consumer Price Index (CPI) reached a 40 year high at 9.1 percent in June 2022. It has since moderated to 3.2 percent as of March 2025, but prices for key items remain high. For this LRFP a 3.8% cost escalation was used to represent inflation, and increasing costs due to technology improvements.

Key Factor 2: Contractual ATU Wage and Benefit Increases

A four year Amalgamated Transit Union (ATU) agreement was ratified in February 2023, increasing wages 22 percent over the next four years. Other contract additions include a \$450 bonus for EmX operators and adding Juneteenth and Martin Luther King Jr. Day holidays. New agreements were reached with the IT, Public Safety Officers, and Facilities bargaining groups. Increases in personnel costs from these agreements were included in the LRFP.

Key Factor 3: Investment to Replace Aging Fleet

Reduction in federal investment in transit bus replacement and the decision to use capital funds to support operations during the recession of 2008, resulted in an aging bus fleet. By the conclusion of FY24, approximately 30 percent of the District's fleet met or exceeded their useful life. During FY23, LTD received 16 new electric buses, however they have not provided the same reliability as diesel buses. LTD has ordered 10 replacement, diesel fueled buses in FY25, and plans on purchasing 8 addition in FY26 and 11 additional in FY27. The District will be using both federal formula and state grant programs for its fleet replacement.

Key Factor 4: STIF Funded Projects and Associated Resources

Oregon House Bill 2017 established a 0.1 percent employee payroll tax to create a Statewide Transportation Improvement Fund for public transportation in Oregon which benefits a high percentage of students and low income households. Ninety percent of STIF funds are formula funds, which are funds awarded on a noncompetitive basis according to a pre-determined formula. Oregon Department of Transportation (ODOT) estimates that Lane County will receive approximately \$37.2 million in formula funds over FY26 and FY27 (July 1, 2025 through June 30, 2027). LTD is

responsible for managing the allocation of these formula funds through an Advisory Committee. A full list of projects submitted in the FY025-2027 plan can be found on LTD's website.

Nine percent of STIF funds are discretionary funds which are awarded based on a competitive grant process. The remaining one percent of STIF funds are allocated for administrative costs.

Key Factor 5: CARES, CRRSA, and ARPA Act Revenues

The Coronavirus Aid, Relief, and Economic Security (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and American Rescue Plan Act (ARPA) acts provide federal assistance for COVID-19 related expenses and lost revenues. By the end of FY27, the District will have used or programmed for use most of the \$25.5 million CARES, \$17.9 million CRRSA, and \$32.7 million ARPA funding. The District will be using these funds to replace lost revenues, cover COVID-19 operating expenses, and make capital investments to improve the safety of riders and continuity of service.

Key Factor 6: Implementation of the Board-Adopted Reserve Policy

Reserves help to ensure LTD can provide service in a consistent, reliable, and safe way. In February 2022, the Board adopted a revamped reserve policy requiring four types of reserves:

- > a sustainable service reserve for the purpose of maintaining consistent, reliable services;
- > a cash flow reserve to ensure adequate cash on hand to cover temporary cash flow shortages;
- > a capital reserve to provide adequate dollars to carry out the Board-adopted CIP; and
- > Board designated reserves for potential financial risks or volatility.

Key Factor 7: Long Range Financial Plan

Working capital and utilization of federal aid provided by pandemic relief funds have provided short term relief with respect to the operating budget. However, service trends, inflationary growth, ATU contract commitments, and Administration reorganization have changed some of the key assumptions used to formulate the LRFP.

Fixed route fare revenues were anticipated to recover over the next five years, but recent national trends are not supporting this. Personnel costs for the FY26 budget increased 10.15 percent. Due to inflation, increasing tech software, hardware, and support costs, the FY26 budgeted materials and supplies costs increased 4.46 percent over FY25 budget.

The LRFP is adjusted each year to account for actual results from the preceding year and a review of assumptions for the future is performed. Management will be working with the Board Finance Committee to establish future LRFP assumptions.

RESOURCES

RESOURCES/REQUIREMENTS	FY2023-24 Actual	FY2024-25 Budget	FY2025-26 Estimated	FY2025-26 Adopted	FY2026-27 Forecast	FY2027-28 Forecast	FY2028-29 Forecast	FY2029-30 Forecast	FY2030-31 Forecast	FY2031-32 Forecast	FY2032-33 Forecast	FY2033-34 Forecast	FY2034-35 Forecast
OPERATING REVENUES													
Cash Fares & Passes	2,321,033	2,839,500	2,386,591	2,467,065	2,541,000	2,617,000	2,696,000	2,777,000	2,860,000	2,946,000	3,034,000	3,125,000	3,219,000
Group Passes	2,019,126	2,137,000	1,902,680	1,959,760	2,019,000	2,080,000	2,142,000	2,206,000	2,272,000	2,340,000	2,410,000	2,482,000	2,556,000
Advertising	0	50,000	0	0	100,000	115,000	130,000	150,000	150,000	150,000	150,000	150,000	150,000
Special Services	142,517	127,400	127,884	131,222	138,000	145,000	152,000	160,000	168,000	176,000	185,000	194,000	204,000
TOTAL OPERATING REVENUE	\$4,482,676	\$5,153,900	\$4,417,155	4,558,047	\$4,798,000	\$4,957,000	\$5,120,000	\$5,293,000	\$5,450,000	\$5,612,000	\$5,779,000	\$5,951,000	6,129,000
NON-OPERATING REVENUES													
Payroll Taxes	54,857,787	53,873,247	55,496,679	58,826,480	61,768,000	64,856,000	68,099,000	71,504,000	75,079,000	78,833,000	82,775,000	86,914,000	91,260,000
Self-Employment Taxes	2,416,284	2,685,256	2,368,128	2,400,000	2,472,000	2,546,000	2,622,000	2,701,000	2,782,000	2,865,000	2,951,000	3,040,000	3,131,000
State-In-Lieu	928,822	841,922	733,499	735,000	757,000	780,000	803,000	827,000	852,000	878,000	904,000	931,000	959,000
Federal Assistance	7,370,304	2,200,000	2,200,000	4,700,000	4,900,000	5,050,000	5,050,000	5,050,000	5,050,000	5,050,000	5,050,000	5,050,000	5,050,000
Federal CARES/APRA		7,450,000	24,417,717										
State Assistance	1,247,940	3,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000
Miscellaneous	351,302	320,000	374,003	391,200	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Sale of Assets				1,000,000	600,000	600,000	600,000	600,000	600,000				
Interest	2,548,001	1,200,000	2,572,008	2,235,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	2,700,000	2,500,000	2,500,000
Transfer from Sustainable Services Reserve								3,000,000	3,000,000	3,000,000	3,518,734	3,518,734	2,500,000
TOTAL NON-OPERATING REVENUE	69,720,440	71,920,425	93,512,034	75,637,680	79,247,000	82,582,000	85,924,000	92,432,000	96,113,000	99,376,000	103,648,734	107,703,734	111,150,000
TOTAL REVENUES	74,203,116	77,074,325	97,929,189	80,195,727	84,045,000	87,539,000	91,044,000	97,725,000	101,563,000	104,988,000	109,427,734	113,654,734	117,279,000

REQUIREMENTS

REQUIREMENTS	FY2023-24 Actual	FY2024-25 Budget	FY2024-25 Estimate	FY2025-26 Adopted	FY2026-27 Forecast	FY2027-28 Forecast	FY2028-29 Forecast	FY2029-30 Forecast	FY2030-31 Forecast	FY2031-32 Forecast	FY2032-33 Forecast	FY2033-34 Forecast	FY2034-35 Forecast
OPERATING REQUIREMENTS													
Personnel Services	43,577,118	51,987,902	59,976,576	57,262,704	60,246,091	63,384,912	66,687,266	70,161,673	73,817,096	77,662,967	81,709,207	85,966,257	90,445,099
Materials & Services	11,808,355	16,778,662	15,455,319	17,526,378	18,192,380	18,883,691	19,601,271	20,346,119	21,119,272	21,921,804	22,754,833	23,619,516	24,517,058
Insurance & Risk Services	2,303,857	2,280,058	2,402,223	2,896,671	2,983,571	3,073,078	3,165,271	3,260,229	3,358,036	3,458,777	3,562,540	3,669,416	3,779,499
TOTAL OPERATING REQUIREMENTS	57,689,330	71,046,622	77,834,118	77,685,753	81,422,042	85,341,681	89,453,808	93,768,021	98,294,403	103,043,547	108,026,580	113,255,189	118,741,655
TRANSFERS													
Transfers to Specialized Services	3,500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Transfer to Medicaid Fund	327,750	327,750	327,750	327,750	327,750	327,750	327,750	327,750	327,750	327,750	327,750	327,750	327,750
Transfer to Point2point Fund	120,000	214,900	214,900	50,000									
Transfer to Sus Serv Reserve	238,919	300,000	12,376,786	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Transfer to Capital Projects Fund	4,016,578	6,675,635	6,675,635	5,628,000	7,571,000	2,941,000	3,178,000	2,464,000	1,808,000	1,594,000	1,395,000	1,255,000	1,277,000
TOTAL TRANSFERS	8,203,247	8,018,285	20,095,071	6,805,750	8,698,750	4,068,750	4,305,750	3,591,750	2,935,750	2,721,750	2,522,750	2,382,750	2,404,750
TOTAL REQUIREMENTS	\$65,892,577	\$79,064,907	\$97,929,189	\$84,491,503	\$90,120,792	\$89,410,431	\$93,759,558	\$97,359,771	\$101,230,153	\$105,765,297	\$110,549,330	\$115,637,939	\$121,146,405
TOTAL REVENUE - TOTAL REQUIREMENTS	\$ 8,310,539	\$ (1,990,582)	\$ -	\$ (4,295,776)	\$ (6,075,792)	\$ (1,871,431)	\$ (2,715,558)	\$ 365,229	\$ 332,847	\$ (777,297)	\$ (1,121,596)	\$ (1,983,206)	\$ (3,867,405)
LRFP FORECASTED SERVICE (VRH)	223,169	236,191	236,191	262,306	276,854	279,400	279,400	279,400	279,400	279,400	279,400	279,400	279,400

RESERVES

RESOURCES	FY2023-24 Actual	FY2024-25 Budget	FY2024-25 Estimated	FY2025-26 Adopted	FY2026-27 Forecast	FY2027-28 Forecast	FY2028-29 Forecast	FY2029-30 Forecast	FY2030-31 Forecast	FY2031-32 Forecast	FY2032-33 Forecast	FY2033-34 Forecast	FY2034-35 Forecast
Gen Fund Beginning Working Capital	35,441,005	43,751,544	43,751,544	43,751,544	39,455,768	33,379,976	31,508,544	28,792,987	29,158,216	29,491,062	28,713,765	27,592,169	25,608,964
Gen Fund Ending Working Capital	43,751,544	24,907,356	43,751,544	39,455,768	33,379,976	31,508,544	28,792,987	29,158,216	29,491,062	28,713,765	27,592,169	25,608,964	21,741,558
Less: Unappropriated Ending Fund Balance (2 months)	(9,614,888)	(11,841,104)	(11,305,686)	(12,947,626)	(13,570,340)	(14,223,614)	(14,908,968)	(15,628,003)	(16,382,401)	(17,173,925)	(18,004,430)	(18,875,865)	(19,790,276)
General Fund Unrestricted Ending Working Capital	34,136,656	13,066,251	32,445,857	26,508,142	19,809,634	17,284,931	13,884,018	13,530,211	13,108,662	11,539,839	9,587,738	6,733,099	1,951,281
SUSTAINABLE SERVICES RESERVE	FY2023-24 Actual	FY2024-25 Budget	FY2024-25 Estimated	FY2025-26 Adopted	FY2026-27 Forecast	FY2027-28 Forecast	FY2028-29 Forecast	FY2029-30 Forecast	FY2030-31 Forecast	FY2031-32 Forecast	FY2032-33 Forecast	FY2033-34 Forecast	FY2034-35 Forecast
Beginning Balance 7/01/202x	10,516,940	11,285,767	11,285,767	26,270,495	27,686,991	29,077,052	30,484,532	31,948,311	30,470,641	29,053,864	27,580,416	25,529,296	23,416,881
Interest Earned	529,908	200,000	567,011	1,116,496	1,090,061	1,107,480	1,163,779	1,222,330	1,283,223	1,226,552	1,167,614	1,106,319	1,141,822
Transfers In/Out	238,919	300,000	14,417,717	300,000	300,000	300,000	300,000	(2,700,000)	(2,700,000)	(2,700,000)	(3,218,734)	(3,218,734)	(2,200,000)
Ending Balance 6/30/202x	11,285,767	11,785,767	26,270,495	27,686,991	29,077,052	30,484,532	31,948,311	30,470,641	29,053,864	27,580,416	25,529,296	23,416,881	22,358,703