



Lane Transit District

Long Range Financial Plan

FY 2027-2036

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INTRODUCTION

The Long-Range Financial Plan (LRFP) is one of three key documents, developed with community input, that provides information Lane Transit District (LTD) needs to develop a proposed budget and timeline for its community investment projects. The LRFP projects LTD's anticipated resources and expenditures over a 10-year period and aligns financial capacity with objectives from LTD's Strategic Business Plan (SBP). The LRFP was last adopted by LTD's Board of Directors at their June 18, 2025 meeting.

LTD's fiscal environment is continuously changing. The traditional model of budgeting for cost can lead to a short-term spending profile focused on sustaining existing programs and services. It is not intended to provide information on the long-term sustainability of said programs and services. The resource projections in the LRFP enable LTD to consider what levels of service and expense are maintainable long term, a key factor in determining both the design and service, as well as the timing of projects in the Community Investment Plan (CIP).

To provide quality service, reliable vehicles and infrastructure, and collaborative programs to serve the community's diverse mobility requirements, ongoing financial resources are required. Payroll taxes are the most significant source, representing approximately 75% 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 overestimate the resource.

Federal grants and funding from the employee tax-based Statewide Transportation Improvement Fund (STIF) are another important source. Due to continued high costs from inflation and LTD's strategy to increase service, the 2027-2036 LRFP increases annual federal and STIF funding for operations from a flat amount to an increasing amount (based on 3% annually). Federal and STIF funding for operations represents approximately 11% of General Fund requirements.

LTD's costs are increasing at a rate higher than inflation. Additional staff, market and contract wage rate adjustments, insurance increases, and technology are the driving factors. LTD is adding operations staff (bus operators, fleet mechanics, public safety officers) to increase service. Between FY25 actual and budget year FY27, LTD's personnel costs increased by \$6.4 million. In November 2025, the LRFP annual personnel cost increase assumption was 5%. This was raised to 5.25% for this proposed LRFP due to a higher percentage increase in the FY27 budget.

Changing markets have put increased pressure on our materials, supplies and technology services. In November 2025, the annual increase assumption for materials and services was 3%. This was increased to 3.5% in this proposed LRFP. Technology software is now nearly all by subscription, a higher expense than on-premise installations. In addition, insurance costs have more than doubled between FY25 actual and FY27 budget.

The result of these increases is persistent operations shortfalls. To sustain operations, this proposed LRFP uses General Fund working capital and transfers from the Sustainable Services Reserve Fund. LTD's reserve policy requires it to keep a minimum of two months operating costs in working capital, and two months in the Sustainable Services Reserve. This proposed LRFP shows LTD has reserves to carry it through nine years, with reserves dipping below the required level in year 10, FY2035-36. While not ideal, this gives LTD time to develop a sustainable financial path forward.

Lane County unemployment has risen 0.6% in the 12 months ending March 2026. Oregon economists say that despite growth in economic output, hiring and average hours worked have yet to keep pace with expectations (Oregon Economic and Revenue Forecast, March 2026, pg. 9). Lane County jobs are actually projected to increase 6% over the next eight years, and wages continue to trend up at approximately 5% per year. At the federal level, growth in economic output exceeded expectations, labor conditions remain stable and price pressures did not spike to the level expected

(Oregon Economic and Revenue Forecast, March 2026, pg. 1). The CPI-U West index shows a 3.1% increase in the last 12 months, up slightly from 2.9% in 2025.

Like polls, economic forecasts are never certain - LTD continually monitors and proactively plans for risk and adjusts accordingly with the goals of:

- Providing consistent service commensurate with available resources to meet the needs of the community
- Balancing fiduciary duty
- Maintaining assets in a state of good repair
- Making long-term investments which meets LTD's mission of "Connecting our Community" reliably and safely

FACTORS IMPACTING BUDGET

Key Factor 1: Inflation

Inflation is estimated to continue in the 3% range in the near future. The year over year change in Consumer Price Index (CPI) reached a 40-year high at 9.1% in June 2022. It has since moderated to 3.1%, as of March 2026. The energy index increased 12.5% for the 12 months ending March 2026. For this LRFP, a 3.5% cost escalation was used to represent inflation. The previous LRFP used a rate of 3.0%. A large increase in fuel cost estimate was made in the FY24 budget. Since LTD's actual fuel expense has been well below budget, no extra inflation for fuel cost increases were deemed necessary for the FY27 budget. Therefore, no extra inflation for fuel cost increases was deemed necessary for the FY27 budget.

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% for the next four years. Other contract additions include a \$450 bonus for EmX operators and adding Juneteenth and Martin Luther King Jr. Day holidays. This agreement expires June 30, 2026 and bargaining is currently underway. During the last year, new agreements were reached with the IT, Public Safety, and Facilities bargaining groups. Increases in personnel costs from these agreements, plus merit and Cost-of-Living-Adjustment (COLA) adjustments for administrative staff, were included in the LRFP at 5.25% per year. Actual COLA increases vary by contract and are in the range of 2.5%-4%.

Key Factor 3: Investment to Replace Aging Fleet

By the end of FY25, approximately 30% of LTD's fleet met or had exceeded its useful life. By 2022, LTD had purchased 30 electric buses, but they were not as reliable as renewable diesel buses and do not have the same capability, due to mileage limitations. LTD is in the process of securing approval to transfer 19 of these buses to LA Metro. LTD purchased 10 renewable diesel buses in 2025, another eight buses on order, and an additional 11 planned for FY27. LTD will use both federal formula and state grant programs for fleet replacement.

Key Factor 4: STIF Funded Projects and Associated Resources

Oregon House Bill 2017 established a 0.1% employee payroll tax to create STIF for public transportation in Oregon. This money benefits a high percentage of students and low-income households. 90% of STIF dollars are formula funds, awarded on a noncompetitive basis according to a pre-determined formula. Oregon Department of Transportation (ODOT) estimates 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 FY2025-2027 plan is on LTD's website.

9% of STIF dollars are discretionary funds, which are awarded in a competitive grant process. The remaining 1% of STIF dollars are allocated for administrative costs.

There will be a vote in May 2026 to determine whether a temporary 0.1% increase in the STIF tax will be collected. There is no official estimate of the amount of this increase, therefore it has not been included here.

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) provided federal assistance for COVID-19 related expenses and lost revenues. LTD was awarded \$25.5 million CARES, \$17.9 million CRRSA, and \$32.7 million ARPA funding. LTD used 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. In June 2025, \$6 million of the COVID funds were contributed to employee pension plans. The impact of this contribution brought the Salaried Plan funding to 92%, and paid for the ATU Plan COLA, approved by the Board in 2025. The long-term impact of this investment will reduce future liability payments to the plans.

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

Reserves help LTD provide service reliably and safely. 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
- Board-designated reserves for potential financial risks or volatility

As noted earlier, the reserves that have been funded allow LTD to continue to meet its financial goals far into the future.

Long Range Financial Plan Summary

Working capital and utilization of federal aid provided by pandemic relief funds have provided short-term relief with respect to the operating budget. 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 have recovered to pre-pandemic levels, although ridership has not kept pace. LTD is increasing revenue service hours each year and has kept the goal of restoring service hours to pre-pandemic levels. Looking ahead, fare revenue is estimated to increase slightly due to changes to LTD's fare collection efforts. An updated Fare Management Policy will be presented to the Board in the next fiscal year. The operations budget continues to be supported in large part by payroll taxes. Tax revenues are projected to increase 5% per year. Actual year-over-year increases have been 6-8% range. Federal and state assistance will also continue to support operations throughout the years included in this LRFP.

Personnel costs are trended at 5.25% per year, using a fully staffed operations model. Increasing tech software, hardware, and support costs will be partially offset with a reduction in contracted services. LTD estimates a 3.5% annual increase in Materials and Supplies. After a big jump in insurance premiums in FY24, LTD estimates a 5% annual increase.

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 work with the Board and Budget Committee to establish future LRFP assumptions.

**Lane Transit District
Proposed Long Range Financial Plan
Fiscal Years 2027-2036**

RESOURCES & REQUIREMENTS

Resources/Requirements	FY2023-24 Actual	FY2024-25 Actual	FY2025-26 Budget	FY2026-27 Proposed Budget	FY2027-28 Forecast	FY2028-29 Forecast	FY2029-30 Forecast	FY2030-31 Forecast	FY2031-32 Forecast	FY2032-33 Forecast	FY2033-34 Forecast	FY2034-35 Forecast	FY2035-36 Forecast
Operating Revenues													
Cash Fares & Passes	2,321,033	2,056,381	2,467,065	2,667,890	2,748,000	2,830,000	2,915,000	3,002,000	3,092,000	3,185,000	3,281,000	3,379,000	3,480,000
Group Passes	2,019,126	2,012,303	1,959,760	2,018,553	2,079,000	2,141,000	2,205,000	2,271,000	2,339,000	2,409,000	2,481,000	2,555,000	2,632,000
Advertising	0	0	0	100,000	115,000	130,000	150,000	150,000	150,000	150,000	150,000	155,000	160,000
Special Services	142,518	111,884	131,222	138,000	145,000	152,000	160,000	168,000	176,000	185,000	194,000	200,000	206,000
Total Operating Revenue	\$4,482,676	\$4,180,569	\$4,558,047	\$4,924,443	\$5,087,000	\$5,253,000	\$5,430,000	\$5,591,000	\$5,757,000	\$5,929,000	\$6,106,000	\$6,289,000	\$6,478,000
Nonoperating Revenues													
Payroll Taxes	54,857,787	55,022,717	58,826,480	63,109,510	66,265,000	69,578,000	73,057,000	76,710,000	80,546,000	84,573,000	88,802,000	93,242,000	97,904,000
Self-employment Taxes	2,416,284	2,539,145	2,400,000	2,623,904	2,703,000	2,784,000	2,868,000	2,954,000	3,043,000	3,134,000	3,228,000	3,325,000	3,425,000
State-in-Lieu	928,822	918,017	735,000	795,715	820,000	845,000	870,000	896,000	923,000	951,000	980,000	1,009,000	1,039,000
Federal Assistance	0	0	4,700,000	4,843,811	4,989,000	5,139,000	5,293,000	5,452,000	5,616,000	5,784,000	5,958,000	6,137,000	6,321,000
Federal CARES/ARPA	7,370,304	24,417,717	0	0									
State Assistance	1,247,940	4,482,201	5,350,000	5,350,000	5,511,000	5,676,000	5,846,000	6,021,000	6,202,000	6,388,000	6,580,000	6,777,000	6,980,000
Local Assistance	0	0	0	30,000									
Miscellaneous	351,302	406,929	391,200	209,500	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Sale of Assets		62,546	1,000,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Interest	2,548,001	3,053,220	2,235,000	2,743,996	2,606,796	2,476,456	2,352,634	2,235,002	2,123,252	2,017,089	1,916,235	1,820,423	1,729,402
Transfer from Sus Serv Reserve					1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	2,500,000	4,500,000	4,500,000	4,500,000
	\$69,720,440	\$90,902,493	\$75,637,680	\$79,856,436	\$84,844,796	\$88,448,456	\$92,236,634	\$96,218,002	\$100,403,252	\$105,797,089	\$112,414,235	\$117,260,423	\$122,348,402
Total Revenues	\$74,203,116	\$95,083,062	\$80,195,727	\$84,780,879	\$89,931,796	\$93,701,456	\$97,666,634	\$101,809,002	\$106,160,252	\$111,726,089	\$118,520,235	\$123,549,423	\$128,826,402

Requirements-Operating	FY2023-24 Actual	FY2024-25 Actual	FY2025-26 Budget	FY2026-27 Proposed Budget	FY2027-28 Forecast	FY2028-29 Forecast	FY2029-30 Forecast	FY2030-31 Forecast	FY2031-32 Forecast	FY2032-33 Forecast	FY2033-34 Forecast	FY2034-35 Forecast	FY2035-36 Forecast
Operating Requirements													
Personnel Services	43,583,917	54,723,330	57,262,704	61,149,205	64,359,538	67,738,414	71,294,681	75,037,651	78,977,128	83,123,427	87,487,407	92,080,496	96,914,722
Materials & Services	11,801,556	12,627,227	17,526,378	18,207,534	18,844,798	19,504,366	20,187,018	20,893,564	21,624,839	22,381,708	23,165,068	23,975,845	24,815,000
Insurance & Risk Services	2,303,858	1,601,905	2,896,671	3,425,052	3,596,305	3,776,120	3,964,926	4,163,172	4,371,331	4,589,897	4,819,392	5,060,362	5,313,380
	\$57,689,331	\$68,952,462	\$77,685,753	\$82,781,791	\$86,800,641	\$91,018,899	\$95,446,625	\$100,094,388	\$104,973,298	\$110,095,033	\$115,471,867	\$121,116,703	\$127,043,102
Transfers													
Transfer to Mobility Services Fund	3,500,000	650,000	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	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Transfer to Point2point Fund	120,000	50,000	50,000	48,000									
Transfer to the Sus Serv Reserve	238,919	12,300,000	300,000	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	5,628,000	4,757,779	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000
	\$8,203,247	\$20,003,385	\$6,805,750	\$5,905,779	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Total Requirements	\$65,892,578	\$88,955,847	\$84,491,503	\$88,687,570	\$92,200,641	\$96,418,899	\$100,846,625	\$105,494,388	\$110,373,298	\$115,495,033	\$120,871,867	\$126,516,703	\$132,443,102

NET RESULTS

Surplus (Deficit)	\$8,310,538	\$6,127,215	(\$4,295,776)	(\$3,906,691)	(\$2,268,844)	(\$2,717,443)	(\$3,179,991)	(\$3,685,386)	(\$4,213,046)	(\$3,768,944)	(\$2,351,633)	(\$2,967,280)	(\$3,616,700)
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**Lane Transit District
Proposed Long Range Financial Plan
Fiscal Years 2027-2036**

SERVICE FORECAST

Revenue Hours	FY2023-24 Actual	FY2024-25 Actual	FY2025-26 Budget	FY2026-27 Proposed Budget	FY2027-28 Forecast	FY2028-29 Forecast	FY2029-30 Forecast	FY2030-31 Forecast	FY2031-32 Forecast	FY2032-33 Forecast	FY2033-34 Forecast	FY2034-35 Forecast	FY2035-36 Forecast
LRFP Forecasted Service (VRH)	223,169	235,015	262,306	274,063	279,400	279,400	279,400	279,400	279,400	279,400	279,400	279,400	279,400

WORKING CAPITAL AND RESERVE

Working Capital	FY2023-24 Actual	FY2024-25 Actual	FY2025-26 Budget	FY2026-27 Proposed Budget	FY2027-28 Forecast	FY2028-29 Forecast	FY2029-30 Forecast	FY2030-31 Forecast	FY2031-32 Forecast	FY2032-33 Forecast	FY2033-34 Forecast	FY2034-35 Forecast	FY2035-36 Forecast
Gen Fund Beg. Working Capital	35,424,296	43,751,544	43,751,544	49,878,759	45,972,068	43,703,224	40,985,781	37,805,789	34,120,403	29,907,357	26,138,414	26,138,414	23,786,781
Gen Fund End. Wkg Capital	43,751,544	47,055,328	39,455,768	45,972,068	43,703,224	40,985,781	37,805,789	34,120,403	29,907,357	26,138,414	23,786,781	23,171,134	20,170,081
Less: Unapprop Ending Fund Balance (2 mos)	(9,614,888)	(11,492,077)	(12,947,626)	(13,796,965)	(14,466,773)	(15,169,817)	(15,907,771)	(16,682,398)	(17,495,550)	(18,349,172)	(19,245,311)	(20,186,117)	(21,173,850)
General Fund Unrestricted End. Working Capital	34,136,656	35,563,251	26,508,143	32,175,103	29,236,450	25,815,964	21,898,018	17,438,005	12,411,808	7,789,242	4,541,470	2,985,016	(1,003,769)
Sustainable Services Reserve	FY2023-24 Actual	FY2024-25 Actual	FY2025-26 Budget	FY2026-27 Proposed Budget	FY2027-28 Forecast	FY2028-29 Forecast	FY2029-30 Forecast	FY2030-31 Forecast	FY2031-32 Forecast	FY2032-33 Forecast	FY2033-34 Forecast	FY2034-35 Forecast	FY2035-36 Forecast
Beginning Balance 7/01/202x	10,516,940	11,286,406	24,157,388	25,515,272	26,835,883	26,642,228	26,374,706	26,097,821	25,811,245	25,514,639	24,207,651	24,207,651	20,854,919
Interest Earned	530,547	570,982	1,057,884	1,020,611	1,006,346	932,478	923,115	913,424	903,394	893,012	847,268	847,268	729,922
Transfers In/(Out)	238,919	12,300,000	300,000	300,000	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(2,200,000)	(4,200,000)	(4,200,000)	(4,200,000)
Ending Balance 6/30/202x	11,286,406	24,157,388	25,515,272	26,835,883	26,642,228	26,374,706	26,097,821	25,811,245	25,514,639	24,207,651	20,854,919	20,854,919	17,384,841