



Bloomington-Normal Public Transit System

2024 – 2025 Budget



Normal, Illinois

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MESSAGE FROM THE GENERAL MANAGER

The Bloomington-Normal Public Transit System (DBA Connect Transit) has prepared this FY 2024 Annual Budget document to communicate our plans and financial requirements to the public and the Connect Transit Board of Trustees (Board). The adoption of the annual budget is one of the single most important actions taken by the Board each year. Connect Transit considers key issues in determining how to use its limited resources to provide essential public transportation to the citizens and guests of Bloomington and Normal, Illinois during the 2024 fiscal year.

Services To Be Delivered

- Connect Transit provides public transit services to the City of Bloomington, Illinois and the Town of Normal, Illinois city limits.
- In FY 2024, Connect Transit will continue to provide essential transportation services needed to support the area workforce, student population, seniors, and people with disabilities to foster a stronger economy. In FY 2019, prior to the COVID-19 pandemic that first affected ridership in mid-March 2020, Connect Transit transported over 2.5 million passenger trips. Ridership has increased approximately 19% year to date when comparing FY 2023 over FY 2022 through May 2023. In FY 2024, Connect Transit estimates approximately 2.2 million trips, covering 2.1 million miles within a 46-mile region, operating and maintaining 44 fixed route buses, 22 ADA compliant demand response buses, and five microtransit vans, and employing 170 staff members.

FY 2024 Budget Initiatives and Priorities

- The Budget is designed as a balanced budget for operating expenses, and a decrease in fund balance for capital projects.
- Increase fare revenue through expanded universal access agreements, Medicaid billing, and advertising sales.
- Build ridership on the new microtransit service to help provide mobility options to residents living outside of our regularly scheduled fixed route service catchment area.
- Develop revenue estimates for service contracts, state and federal grant funding, and other local governmental contributions.
- Incorporate new positions into the budget that were identified as a priority by Management and approved by the Board of Trustees.
- Strategically pursue capital grants to assist funding capital projects and purchases. Only capital projects included in the Transportation Improvement Plan (TIP) are included in the budget.
- Provide efficient and effective transit service.
- Continue to explore stable local funding options.

Continuing Budget Issues

- Connect Transit has increased passenger fare revenue projections slightly for the FY 2024 Annual Budget over FY 2023 due to the addition of a new service and continued growth in existing services. We have seen a slight increase in fare revenue in FY 2023 over FY 2022 and anticipate a slight increase in FY 2024.

- Medicaid billing - Connect Transit continues to be a Non-Emergency Medical Transportation (NEMT) provider. This allows us to recoup costs through Medicaid on approved passenger trips and provide a free fare to the rider. Connect Transit has seen growth in revenues over the past few years and expects a small increase in revenue in FY 2024.
- Connect Transit is in the service industry, and wages and benefits will always be a large portion of our expenses. Labor cost continues to increase due to added services, annual wage increases, and increases in Connect Mobility hours due to demand.
- Diesel fuel prices are known to be volatile. For FY 2024, management will continue to utilize fixed price diesel fuel contracts for a majority of its fuel needs to manage this price volatility. The estimated fuel price reflects a flat price variance per gallon for fuel.
- Health care costs continue to increase, Connect Transit's renewal rates reflect an 11.5% increase in health insurance premiums due to an increase in rates and an increase in the number of employees.
- In 2020, Connect Transit benefited from the CARES Act grant funds with an apportionment of \$9.1 million. In 2021, Connect Transit benefited from ARP Act grant funds with an apportionment of \$6.8 million. These federal stimulus and relief programs are intended to support the continuance of Connect Transit's essential transit services throughout the COVID-19 pandemic and help offset additional costs and revenue shortfalls. Connect Transit will continue to use ARPA and CARES federal funding appropriation on operating expenses in FY 2024 to help offset operating expenses and revenue shortfalls.

New Budget Issues – Long Term Financial Plans

- The COVID-19 global pandemic has disrupted consumer behaviors and supply chains, which has resulted in inflationary pressures and an increase in costs for materials, and goods. The addition of manufacturing businesses in Connect Transit's service area has made it difficult to maintain a full-time workforce. The national shortage of bus drivers and workers has further increased the ongoing challenges affecting Connect Transit with respect to hiring. These factors are anticipated to impact Connect Transit's FY 2024 budget.
- Connect Transit will continue to leverage the State of Illinois Downstate Operating Assistance Program (DOAP) to complete capital projects such as bus stop improvements, facility improvement projects, radio system equipment, service vehicles, and mid-life overhaul of buses. This will require Connect Transit to pledge local capital funding reserves to receive a line of credit. This will allow Connect Transit to leverage 65% percent of the capital cost of certain capital projects through DOAP and reduce the amount of federal and local capital dollars that need to be used.

David Braun
Managing Director

Connect Transit Strategic Plan

Introduction From the General Manager

OUR MULTIFACETED APPROACH TO TRANSIT

I am honored to introduce Connect Transit's Strategic Business Plan, which will guide us through the continual development of our service to the community. Our three services, Transit, Mobility, and FLEX, provide a network of services that are used individually or together to enhance the lives of people in our community as they support our local economy. Our approach to these services is highlighted in our goals, objectives, and activities, which are presented throughout this document.

Our strategy represents the complexity of public transit and the multiple facets we encounter when leading our system into the future. Our high-level strategy encompasses political support, financial stability, customer experience, and service efficiency & quality, each of which is entwined with one another. As we develop objectives and activities that support our goals, it becomes clear that our role is to be a resource for the communities we serve, whether as a transportation provider, an advocate for people in need, a developer of employment opportunities, or an investor in our communities' growth.

Connect moves transit beyond taking people from point A to point B, by offering connections to job and educational opportunities, access to care, and freedom from isolation because of age, income, or lack of resources. I am proud of what we do, and I hope readers will recognize the depth and scope of the benefits Connect Transit, Mobility and FLEX offer the communities we serve.

Yours in service,



David Braun

General Manager

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Executive Summary

Vision

Connect Transit is a robust system of undeniable social, economic, and environmental value to its stakeholders and the community.

Mission Statement

Connect Transit provides safe, reliable transportation and access to opportunity to strengthen and enrich individual lives, our community, the economy, and the environment.

Core Values

At Connect Transit, we are:

- **Customer and safety focused**
- **Respectful** of all persons and perspectives
- **Dedicated** to public service
- **Accountable** stewards of public resources
- **Trusting** and **trustworthy**
- **Open-minded** and eager to learn
- **Positive** in attitude
- **Focused** on the good of the whole

Strategic Business Plan Process

Connect Transit's strategic business plan represents a culmination of efforts reaching back to the transit system's 2021 strategic goals, recognition of recommendations made by the Connect to the Future group in 2019, recognition of workplace changes and operational challenges in a post COVID environment, as well as the growing manufacturing industries in the area.

In 2022, the Board of Trustees met to discuss the future of public transit in Bloomington-Normal. From those discussions, in March 2023 and August 2023, staff made presentations to the Board regarding the financial outlook for public transit and methods to enhance the passenger experience that met the broad vision discussions. The Board met again in early 2024, with information in hand, to further define and prioritize the work that was initiated earlier.

Our approach to strategic planning involved discussions of the strengths and weaknesses of the system and opportunities and threats facing the system, and the recognition of the momentum of transit in the past years due to the \$50+ million in grant funds awarded and the associated projects which need to be completed because of those grant funds. At the root of the plan is our desire to invest those grant funds and operate our services to the benefit of our passengers, community partners, funding partners, and all residents of our service area, while continually demonstrating the value of Connect Transit, Mobility, and FLEX in Bloomington, Normal, and the region.

Plan Goals, Objectives, and Activities

Goal 1: Gain Public and Political Support.

Objective 1: Create and Define a Community Wide Communications Plan.

- Activity: Develop a messaging plan with themes that can be used to encourage support of transit among multiple groups of constituents.
 - Responsibility:
 - Marketing Manager
 - Consultant
 - Marketing and Communications Committee (for insight and on-going review)
 - Timeline:
 - January 2024 – March 2024
 - Success Metrics:
 - Themes are developed and presented to the Board of Trustees.
 - The Marketing and Communications Committee selects a theme to initiate the campaign.
 - The Marketing and Communications Committee presents selected theme to the Board for informational purposes and approval as necessary.
- Activity: Develop a marketing plan with campaign target, campaign purpose, communications strategies (media, events, etc.) to be used, and campaign timeline.
 - Responsibility:
 - Marketing Manager
 - Consultant
 - Marketing and Communications Committee (for insight and on-going review)
 - Timeline: March 2024 – June 2024
 - Success Metrics:
 - A comprehensive plan with campaign strategies and implementation timelines is completed on time with insight from the Marketing and Communications Committee.
 - Plan is presented to the Board by committee for informational purposes and approval as necessary.
- Activity: Implement marketing plan.

- Responsibility:
 - Marketing Manager
 - Marketing and Communications Committee (for insight and on-going review)
- Timeline: July 2024 – June 2026
- Success Metrics:
 - Plan is followed or adjusted and updated to meet changing conditions.
 - Activities and updates communicated to the Board by committee monthly.
 - Feedback sought through social media, app surveys, in-person events regarding each campaign, and other formats to determine the impact of campaign. Measurement may include:
 - Media/Press attention.
 - Media impressions.
 - Content analysis and tone.
 - Website traffic increases.
 - Market surveys.
 - Social media mentions.

Objective 2: Expand the Board’s Role to Advocate on Behalf of Connect Transit.

Please note that Board advocacy, for purposes of this objective, involves being a second set of eyes on projects that affect constituents throughout the Bloomington and Normal areas; to provide communications from constituent groups to Management to determine and propose back to the Board methods for resolving issues; to foresee opportunities such as areas requiring transit service and anticipate community needs; and to avert difficulties or confusion through regular communication with City and Town Councils.

- Activity: Establish committee structure.
 - Responsibility:
 - Board Chair
 - General Manager
 - Timeline: January 2024 – March 2024
 - Success Metrics:
 - General Manager identifies committees needed.
 - Board Chair assigns committee positions.

- Three committees of the Board of Trustees are created for Operations and Planning, Finance, and Marketing and Communications.
 - Regular meeting schedules established.
 - Committee presentations added to the monthly Board meeting agenda with associated action items, if necessary.
- Activity: Codify strategic goals.
 - Responsibility:
 - Board of Trustees
 - General Manager
 - Timeline: March 2024
 - Success Metrics:
 - Draft strategic business plan developed and shared with the Board of Trustees.
 - Feedback received and draft plan modified to meet the needs of the Board.
 - Plan presented to the Board of Trustees.
 - Plan posted on connect-transit.com for public viewing.
- Activity: Develop Board Handbook to provide a central location for Board information.
 - Responsibility:
 - General Manager
 - Board Chair and Vice Chair (for direction, insight, and on-going review)
 - Board of Trustees (for concurrence of contents)
 - Timeline:
 - Handbook is developed by July 2024 Board Meeting
 - Success Metrics:
 - Board Handbook is developed and shared with all Board members in printed and digital format. Handbook contents to be agreed upon by the Board Chair and Vice Chair and shared with the full Board for input.
- Activity: Communicate “talking points” to the Board concerning Connect Transit services and issues facing Connect.
 - Responsibility:
 - General Manager
 - Individual Board members
 - Timeline:

- Communications provided monthly and as needed.
 - Success Metrics:
 - Quarterly post-Board meeting workshops for discussion of advocacy (what advocacy means to you).
 - Monthly reports are developed using strategic business plan goals as a basis for focusing information.
 - Talking points will be clear, pointed, and focused on the issue(s) at hand.
 - Board members share information with City and Town Councils when opportunity arises, or through regular communications.
- Activity: Develop “speakers bureau” to speak to groups (philanthropic, neighborhood, business, non-profit) in our service area and to communicate a consistent message.
 - Responsibility:
 - Marketing Manager
 - General Manager
 - Board of Trustees
 - Timeline: July 2024 – June 2027
 - Success Metrics:
 - Annual performance and budget meetings to City and Town Councils, as required by the Inter-Governmental Agreement.
 - Public presentation developed that is consistent with the messaging plan and communicates issues important to the public. (August 2024 and updated as needed)
 - Groups identified and contacted directly to offer general availability.
 - Contact is made to groups directly as new initiatives are developed (i.e.: Transit center, solar project, Heartland partnership, transit center partner(s), planned FLEX zones, etc.)
 - Speaker request page included on connect-transit.com website.
 - Board notified of and invited to speak or attend speaking opportunities.
 - A minimum of six speaking opportunities are identified and met each year.

Objective 3: Develop and Expand Community Partnerships.

- Activity: Identify opportunities or partnerships that benefit Connect Transit, partners, and our community.
 - Responsibility:

- Board Chair and Vice Chair
 - General Manager
- Timeline: May 2024 – June 2025
- Success Metrics:
 - No less than four new partnerships are identified.
 - Value of opportunity or partnering is identified as it relates to Connect Transit’s financial benefit, political benefit, or community benefit. Benefits may include:
 - Financial support.
 - Improving ridership.
 - Enhancing economic opportunities in our service area.
 - Improving access to medical, employment, shopping, or recreation to residents.
 - Partnership opportunities and benefits shared with the Marketing and Communications Committee, Planning and Operations Committee, or Finance Committee, depending on the nature of the partnership.
 - Opportunity or partnership is presented to the Board by the appropriate committee for information or approval as needed.
- Activity: Conduct “summit” meetings to gather partners with similar interests together (business, education, non-profits, medical community, ADA community, transportation providers, arts community, etc.) to identify opportunities and methods to meet need, if any. Develop on-going relationship with community partners.
 - Responsibility:
 - General Manager
 - Board of Trustees representatives (invited)
 - Timeline:
 - May 2024 – June 2025 and on-going as needed.
 - Summit based on issue or interest and need to inform (fare changes, facility development, policy changes, curriculum, etc.)
 - Success Metrics:
 - A minimum of four summit meetings scheduled.
 - Minutes taken and shared with attendees and the Board of Trustees.
 - Follow-up meetings scheduled as needed to achieve go/no go consensus. Go/no go will be based on:

- Business case for transit’s involvement in helping meet the need is identified and shared with the Planning and Operations Committee.
- Funding is identified to help serve the need, based on need and benefit proposal.
- If go, the need, business case, and funding are presented to the Board by the Operations Committee for information or approval as needed.

Objective 4: Expand Opportunities for the Community to Engage.

- Activity: Continue attempts to develop “Ambassadors” and ad-hoc focus groups to provide insight into issues faced by the transit system (route changes, fares, campaigns, transit centers).
 - Responsibility:
 - Individual Board members (recommendations and approvals)
 - Marketing Manager (meetings and coordination)
 - Transit Planner
 - Marketing and Communications Committee (for insight and on-going review)
 - Timeline:
 - July 2024 – December 2024
 - Success Metrics:
 - Outreach efforts made through the Board and social media.
 - Four or more Ambassadors or ad-hoc groups identified, vetted by the Marketing and Communications Committee, and approved by the Board .
- Activity: Conduct transit center outreach.
 - Examples include:
 - Dedicated website for project.
 - Pre-demolition Open House event.
 - Groundbreaking event.
 - Public Open House meetings.
 - Ribbon cutting.
 - Responsibility:
 - General Manager
 - Marketing Manager
 - Board of Trustees
 - Timeline:

- Estimated July 2024 – December 2026
- Success Metrics:
 - General Manager and Marketing Manager develop consistent messaging pertaining to the benefit of the center for Downtown is developed, communicated, and resonates through media and conversations.
 - Dedicated website created by August 2024.
 - Groundbreaking event by December 2024.
 - Public Open House “progress” meetings every six months after award of Architect and Engineering (A&E) Contract.

Goal 2: Ensure Long-Term Financial Sustainability.

Objective 1: Continue to Secure Federal, State, and Local Dollars.

- Activity: Participate in structured legislative groups and trips to Washington, DC, and Springfield.
 - Responsibility:
 - General Manager
 - Board Representatives
 - Other staff as needed
 - Timeline:
 - When legislatures are in session 2024 – 2027
 - Success Metrics:
 - Trips attended with representatives discussing and leaving behind unique, relevant, and issue-oriented information with legislators.
 - Participate in IPTA Legislative Committee to understand and try to influence decisions impacting transit.
- Activity: Provide elected officials with opportunities for tours, speaking engagements, ribbon cuttings, ground breakings, etc.
 - Responsibility:
 - General Manager
 - Board of Trustees
 - Marketing Manager
 - Timeline:

- 2024 – 2027
 - Success Metrics:
 - Offer annual invitations to elected officials to visit site.
 - Elected officials appear to speak about grants received and associated projects when implemented.
 - Local elected officials appear to speak at new service/partnership rollouts.
- Activity: Aggressively pursue funding opportunities from federal, state, and local funding agencies, as well as non-traditional sources.
 - Responsibility:
 - General Manager
 - Assistant General Manager
 - Timeline:
 - 2024 – 2027
 - Success Metrics:
 - General Manager, Assistant General Manager, and Finance Director evaluate each notice of funding opportunity for applicability to our needs or potential needs.
 - Leadership determines the capacity of staff to develop grant agreements and manage grants if awarded.
 - Leverage community partnerships to support grants to funding bodies through letters of support.
 - Leadership determines potential of success based on past awards from similar grants to determine if staff or consulting resources should be used.
 - Staff uses grant management tool to track grants pursued versus grants awarded to evaluate effectiveness of grant messaging prior to next grant opportunity.
- Activity: Use federal and state funds to provide a broader benefit to more constituents.
 - Examples include:
 - Heartland Community College Training Center on Connect Transit property.
 - Lease with community-oriented partners at transit center.
 - Business sponsored transit center amenities that support constituents.
 - Business or agency sponsored fare off-sets to support riders and ridership.
 - Responsibility:

- General Manager
 - Assistant General Manager
- Timeline:
 - As grants are prepared and awarded: 2024 – 2027.
- Success Metrics:
 - General Manager considers adjacent benefit to customers or community for each grant or project.
 - Staff seeks support for projects from relevant stakeholders, highlighting the shared benefits.
 - Staff develops and communicates consistent messaging pertaining to benefit of Connect Transit to key stakeholders and themes resonate through media and conversations.

Objective 2: Diversify Revenue Streams.

- Activity: Identify non-traditional methods to increase local operating revenues without adding burden to the City and Town.
 - Examples include:
 - Proposed Regional Maintenance Center – Cost-plus operating contract with IDOT and IDOT capital funding for equipment.
 - Proposed Heartland Training Facility Partnership – lease revenue and grant funding.
 - Downtown Transit Center lease space – Market rate or incentive based on complementary use.
 - Expanded advertising on-board vehicles and transit centers.
 - Sponsorships for passenger amenities (bus stops, shelters, benches, etc.).
 - Responsibility:
 - General Manager
 - Assistant General Manager
 - Finance Director
 - Timeline:
 - FY25 – FY27
 - Success Metrics:
 - Non-traditional revenue increases 10% per fiscal year from pre-established baseline.

Objective 3: Continuously Evaluate Cost Management Strategies.

- Activity: Identify methods to reduce operating costs without having an impact on our ability to serve the needs of passengers and the community.
 - Examples include:
 - Reduce utility costs through capital grant-funded solar/battery microgrid.
 - Earn revenue by allowing battery access to energy provider.
 - Managing Mobility trip demand to improve passengers per hour while remaining compliant with the ADA.
 - Improve cost per hour performance by reviewing passenger loads and realigning routes to more productive corridors.
 - Develop employee program to incentivize cost saving initiatives.
 - Responsibility:
 - General Manager
 - Leadership Team
 - Timeline:
 - FY25 – FY27
 - Success Metrics:
 - Pursue at least one cost savings initiative each year saving at least \$50,000 per year.

Objective 4: Regularly Evaluate Fare Structure for Long-Term Sustainability.

- Activity: Evaluate subsidy per passenger against other revenue streams.
 - Responsibility:
 - Finance Director
 - Assistant General Manager
 - Timeline:
 - Annually at the beginning of each fiscal year using prior fiscal year's data as a basis.
 - Success Metrics:
 - Annual report regarding the actual percentage of passenger revenue against other revenue sources.
 - Determine partners who can offset the passenger subsidy.
 - Subsidy per passenger remains the same or decreases year over year.
- Activity: Consider the effect of fare and fare collection changes on ridership and revenue.

- Responsibility:
 - Finance Director
 - Assistant General Manager
 - Data Management Specialist
 - Operations Analyst
 - Marketing Manager
 - Operations and Planning Committee, Finance Committee, and Marketing and Communications Committee (for insight, pre-approval, and on-going review)
- Timeline:
 - Annually at the beginning of each fiscal year using prior fiscal year’s ridership and revenue data as a basis.
- Success Metrics:
 - Annual report to the Board regarding correlation between fare revenues and ridership.
 - Analysis and recommendation for future fares made to Operations and Planning Committee, Finance Committee, and Marketing and Communications Committee using provided data.
 - Recommendation presented to the Board of Trustees by the appropriate committee for information or approval as needed.

Goal 3: Leverage Projects and Initiatives for a Positive Customer Experience.

Objective 1: Complete a State-of-the-Art Downtown Bloomington Transit Center With Modern Facilities That Provides a Wider Bloomington Community Presence.

- Activity: Select A&E with transit experience that understands the needs of transit operations and has experience with transit facilities in an urban environment.
 - Responsibility:
 - Procurement Director
 - Evaluation Committee (designated Connect Transit and City staff)
 - Board of Trustees
 - Timeline:
 - May 2024 recommendation
 - Success Metrics:

- A&E recommended with transit experience and understanding of Midwest/local environment based on former projects or location.
- Activity: Establish a Downtown Transit Center Steering Committee with whom to share thoughts and ideas for feedback relating to business, social service, customer amenities, and vehicle movements.
 - Responsibility:
 - General Manager
 - Marketing Manager
 - Board of Trustees (for insight, pre-approval, and on-going feedback)
 - Timeline:
 - July 2024 – June 2026
 - Success Metrics:
 - Committee is established representing diverse interests (downtown businesses, social services, and non-profit agencies, passengers, and residents).
 - Bi-monthly or quarterly meetings as determined by the committee and the project flow.
 - Recommendations of the committee are considered and included or dismissed for clearly communicated financial or practical reasons.

Objective 2: Optimize the User Experience.

- Activity: Investigate and pursue ways to make riding easier, more convenient, and more understandable.
 - Examples include:
 - Updated fare collection system.
 - Wayfinding improvements.
 - Trip planning app improvements.
 - Personalized ride guidance.
 - Enhanced customer service training.
 - Route realignment or service addition for access.
 - Responsibility:
 - General Manager
 - Assistant General Manager
 - Leadership Team
 - Board of Trustees (for insight and on-going feedback)

- Timeline:
 - FY25 – FY27
- Success Metrics:
 - At least one proposal to enhance the customer experience made each year.
 - Proposal made to the appropriate committee of the Board.
 - Presentation made by the committee to the Board of Trustees.

Goal 4: Operate Efficiently Without Sacrificing Service Quality.

Objective 1: Maintain a Positive Culture of Safety.

- Activity: Develop and implement initiatives that maintain safety at the “top of mind”.
 - Examples include:
 - Weekly messaging on employee communication monitors.
 - Relevant safety article included in monthly newsletter.
 - Annual employee recognition, including safety.
 - Documented evaluation of accidents and incidents for root cause and enforcing policies or making policy or training changes to mitigate future accidents.
 - Take advantage of free safety audits by TSA and property and casualty insurance carrier.
 - Safety included in wellness events.
 - Consistent Safety Committee meetings with representatives from Operations, Maintenance, Administration, and Safety.
 - Responsibility:
 - Safety and Training Director
 - General Manager
 - Union/Management Safety Committee
 - Operations and Planning Committee
 - Timeline:
 - On-going FY24 – FY27
 - Success Metrics:
 - Accident Frequency Rate (AFR) declines 10% each year.
 - A greater number of accident-free driving awards each year.

- Focus on benefits of mindful work rather than discipline.

Objective 2: Regularly Evaluate and Utilize Technology and Data Driven Solutions for Long-Term Optimization.

- Activity: Create a technology policy and plan that documents the age of hardware and software, defines a process of documenting and resolving technology issues, and evaluating the effectiveness of the technology based on frequency of failure/downtime, vendor support, and impact on passengers and employees.
 - Responsibility:
 - IT Manager
 - Assistant General Manager
 - Timeline:
 - FY25 – FY27
 - Success Metrics:
 - Plan completed, and staff trained in meeting the policies and procedures.
 - An appropriate budget is developed that captures the cost and cost savings of technology investments.
 - Grant funds sought and awarded to modernize hardware and software technologies.

Objective 3: Position Connect Transit to Provide Solutions for Changing Service Demands.

- Activity: Continually analyze service performance, City and Town growth plans, large employer locations and work shifts, and changing demographics to identify appropriate methods to meet various needs, as necessary and practical.
 - Responsibility:
 - General Manager
 - Transit Planner
 - Leadership team
 - Operations Committee (for insight and pre-approval)
 - Timeline: FY24 – FY27
 - Success Metrics:
 - Maintain positive relationships with the IDOT and IPTA. (Ongoing)

- Establish email “alerts” that call out articles and postings about key topics affecting the City, Town, and Connect Transit. (Weekly)
- Participate in EDC, Chamber, philanthropic and other groups that follow or report on changes. (As scheduled)
- Participate in MCRPC Planning Committee meetings. (Monthly and as scheduled)
- Promote feedback forms online for service requests. (Quarterly)
- Establish and maintain relationships with local employers. (FY25 – FY27)
- Present service performance statistics and recommendations for changes to the Board. (Quarterly)
- Plan for and implement changes. (Annually with budget or as budget allows)

Reporting and Follow-Up

- Responsibility:
 - General Manager
 - Leadership Team
- Timeline:
 - Monthly strategic business plan status report
 - Annual strategic business plan update meeting
- Format
 - Narrative report
 - Scorecard format

SIGNIFICANT OPERATING BUDGETARY ITEMS AND TRENDS

The adoption of the FY 2025 budget included several assumptions that are necessary due to the unpredictability of costs and organizational needs. All assumptions made in the Operating Budget are based on historical trends and future expectations.

In February 2020, the Connect Transit Board of Trustees voted to support the Connect to The Future Work Group recommendations including the one rate for all fare structure. The one rate for all fare structure implementation date was scheduled for July 1, 2020. However, fare collection was suspended between July 1, 2020 and June 1, 2021 because of the COVID-19 pandemic. Fares were suspended at various times during FY 2022 also due to the COVID-19 pandemic. We do not anticipate suspending fares during FY 2025. We plan to keep the fixed route fare and demand response fare at \$1.25 per ride. The 30-day pass for fixed route and demand response will remain at \$40.

To help pay for the decrease in Connect Mobility fares, and to help decrease the amount of the Federal Section 5307 Grant money used to subsidize operating expenses, Connect Transit asked the City of Bloomington and the Town of Normal to contribute an additional \$250,000.00 to cover operating expenses starting in FY 2021. In FY 2024, local share of operating increased to an additional \$500,000.00 in total per year over the amount contributed in FY 2020.

Connect Transit applied to be a Non-Emergency Medical Transportation (NEMT) provider in November 2017. This status allows Connect Transit to recoup costs through Medicaid on approved passenger trips and provide a free fare to the rider. In FY 2024, we anticipate the revenue to increase slightly over FY 2023 levels, as a result of increased State of Illinois reimbursement rates, and project revenues to remain flat for FY 2025.

Connect Transit is anticipating higher labor costs in FY 2025. This is due to annual wage increases, expansion of microtransit service, and increases in Connect Mobility hours due to the anticipated increase in demand for service after COVID-19.

Connect Transit has kept fare revenue expectations level for the FY 2025 Annual Budget. As we continue to make our way out of the conditions brought on by COVID-19, we believe expenses will still be impacted due to labor shortages, supply chain issues, and inflationary cost increases.

BUDGET OVERVIEW

Bloomington Normal Public Transit System (DBA Connect Transit) is an intergovernmental agency established by the City of Bloomington (City) and the Town of Normal (Town) and governed by a Board appointed by both the City and the Town. Connect Transit operates as an enterprise fund, which accounts for operation in a manner similar to private business enterprises – where the intent of the governing body (the Board of Trustees) is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund reports financial results in accordance with accounting principles generally accepted in the United States of America (GAAP) and Governmental Accounting Standards Board (GASB) guidance. The enterprise fund is the only fund that Connect Transit has.

Connect Transit’s Operating Fund is used to account for general operations and activities. It is Connect Transit’s intent that the costs of operations be financed through the farebox revenue, advertising revenue, general fund allocations from the City of Bloomington and Town of Normal, and state and federal grants. Most of the operational funding is used to pay employee salaries and benefits. Other operational funding goes to pay for things such as fuel, insurance, vehicle and facility maintenance, and utilities.

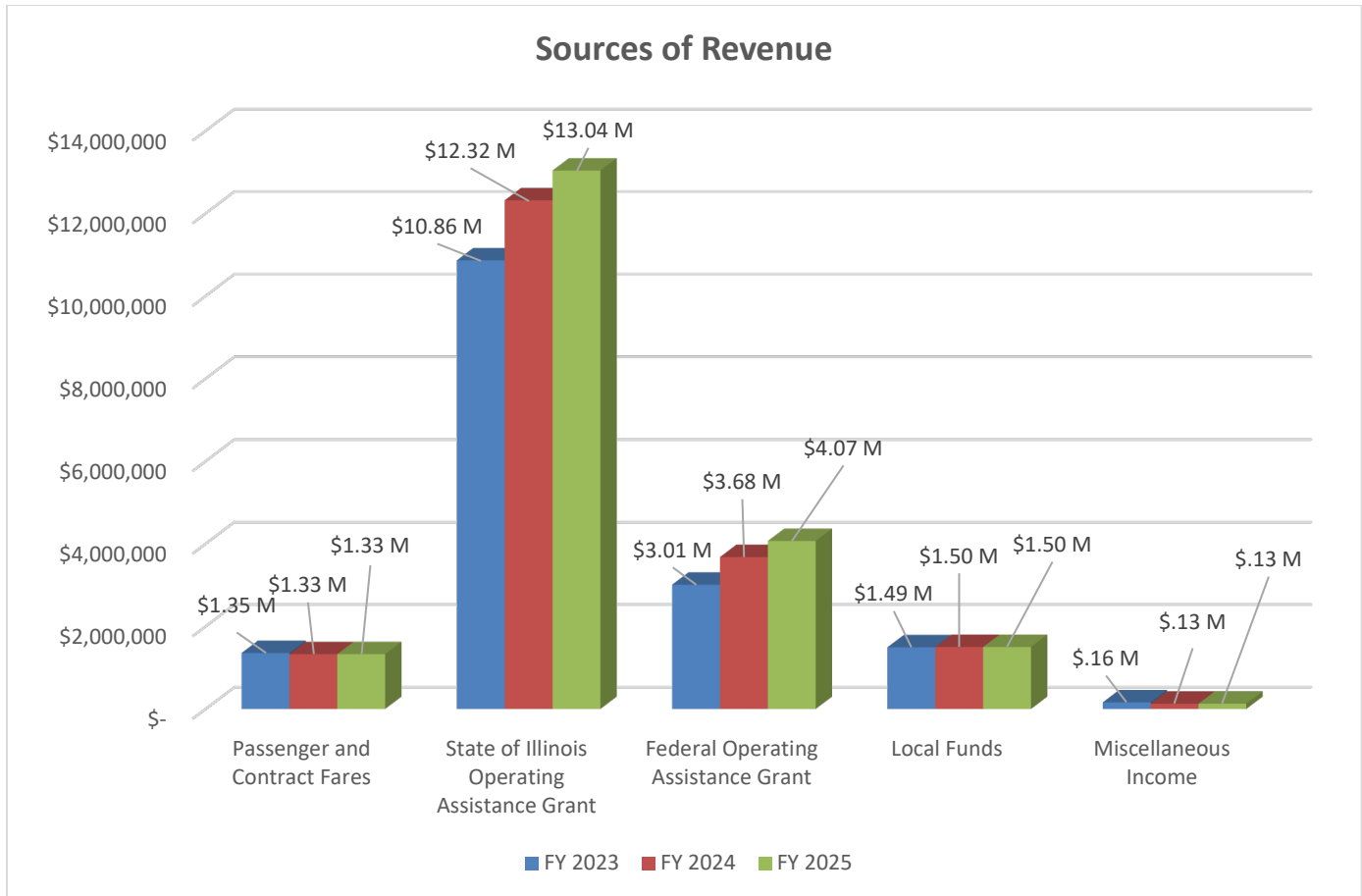
Connect Transit’s Capital Fund is used to finance capital projects and fixed asset purchases such as revenue vehicles, facility enhancements, technology upgrades, and more. Capital funds are collected from the City of Bloomington, the Town of Normal, the State of Illinois, and a variety of Federal Transit Administration grants, including an annual Section 5307 appropriation.

Presented below is a summary of major operating revenues and expenditures. The Capital Budget summary can be found in the Capital Budget section on page 23.

	FY 2023	FY 2024	FY 2025
Revenue:	Actual	Budget	Budget
Passenger and Contract Fares	\$1,354,613	\$1,326,548	\$1,326,548
Miscellaneous Income	158,882	126,800	126,800
Local	1,493,097	1,500,000	1,500,000
State of Illinois Operating Assistance Grant	10,861,831	12,315,386	13,035,312
Federal Operating Assistance Grant	3,008,654	3,678,013	4,065,666
Total Revenue	16,877,077	18,946,747	20,054,326
Expenses:			
Labor	10,021,843	10,719,013	11,441,740
Employee Benefits	2,991,480	3,706,560	3,950,004
Fuel and Lubricants	1,142,285	1,702,509	1,573,528
Bus Repair and Maintenance	950,848	1,037,578	1,056,560
Insurance	494,361	527,725	630,100
Professional Fees	372,227	223,500	342,500
Software Licenses and Supplies	251,632	436,362	455,419
Utilities	177,891	129,000	129,400
Miscellaneous	474,510	464,500	475,075
Total Expenses	\$ 16,877,077	\$ 18,946,747	\$ 20,054,326
Total Surplus/(Deficit) - Fund Balance	\$0	\$0	\$0

In FY 2025, Connect Transit expects to receive \$1.32 million in farebox, pass sales, and universal access revenue; \$13.04 million in funds from the State of Illinois; \$4.07 million from federal funds; \$1.50 million from local funds and \$0.13 million from miscellaneous revenue. Figure 1.1 compares actual sources of revenue for FY 2023, and budgeted sources of revenue for FY 2024 and FY 2025.

Figure 1.1



Passenger and contract fares are projected to decrease from \$1.35 million in FY 2023 to \$1.33 million in FY 2024. The projected decrease in FY 2024 is due to more riders using monthly passes and universal agreements. In FY 2025, Connect Transit expects passenger and contract fares stay consistent from the FY 2024 budgeted amount.

Revenue from the State of Illinois (Downstate Operating Assistance Program, which reimburses 65% of the total eligible expenses) is projected to increase from \$10.86 million to \$12.32 million in FY 2023 to FY 2024 and from \$12.32 million to \$13.04 million FY 2024 to FY 2025, and continues to be Connect Transit’s main source of revenue. This increase is due to the increase in expenses since Connect Transit is reimbursed for 65% of eligible expenses.

Federal revenue (Section 5307 Operating Grant, CARES Act Funding, and ARP Act Funding) for FY 2023 was \$3.01 million and is expected to increase to \$3.68 million in FY 2024. In FY 2025, Connect Transit expects federal revenue to increase to \$4.07 million. The increases from FY 2023 to FY 2024 and FY 2024 to FY 2025 is due to the increase in operating expenses.

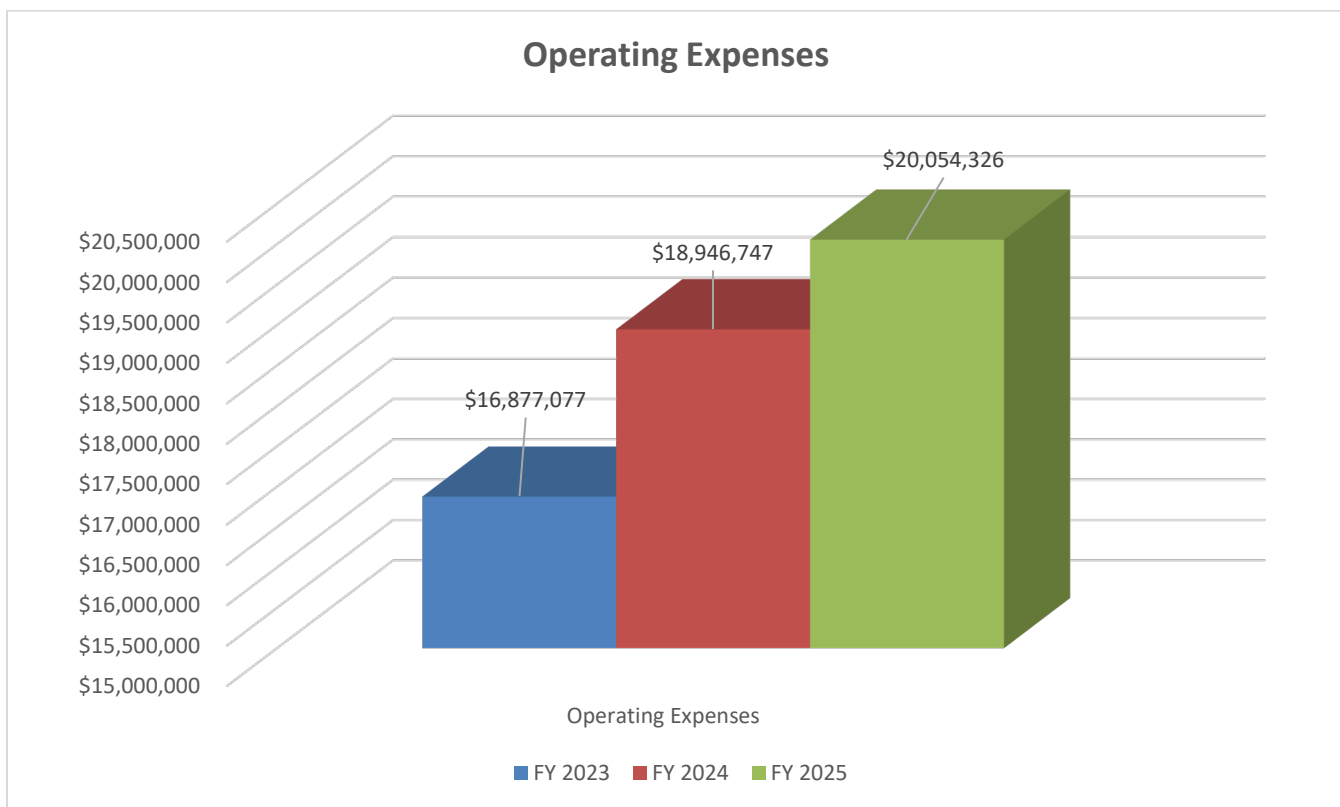
Local revenue (general fund allocations from the City of Bloomington and the Town of Normal) is projected to increase from \$1.49 million to \$1.50 million in FY 2023 to FY 2024 due to the revenue the City of Bloomington and Town of Normal will provide. In FY 2025, Connect Transit expects local revenue to stay at \$1.50 million.

Miscellaneous revenue for FY 2023 was \$0.16 million and is expected to decrease to \$0.13 million in FY 2024 and FY 2025.

USES OF REVENUE

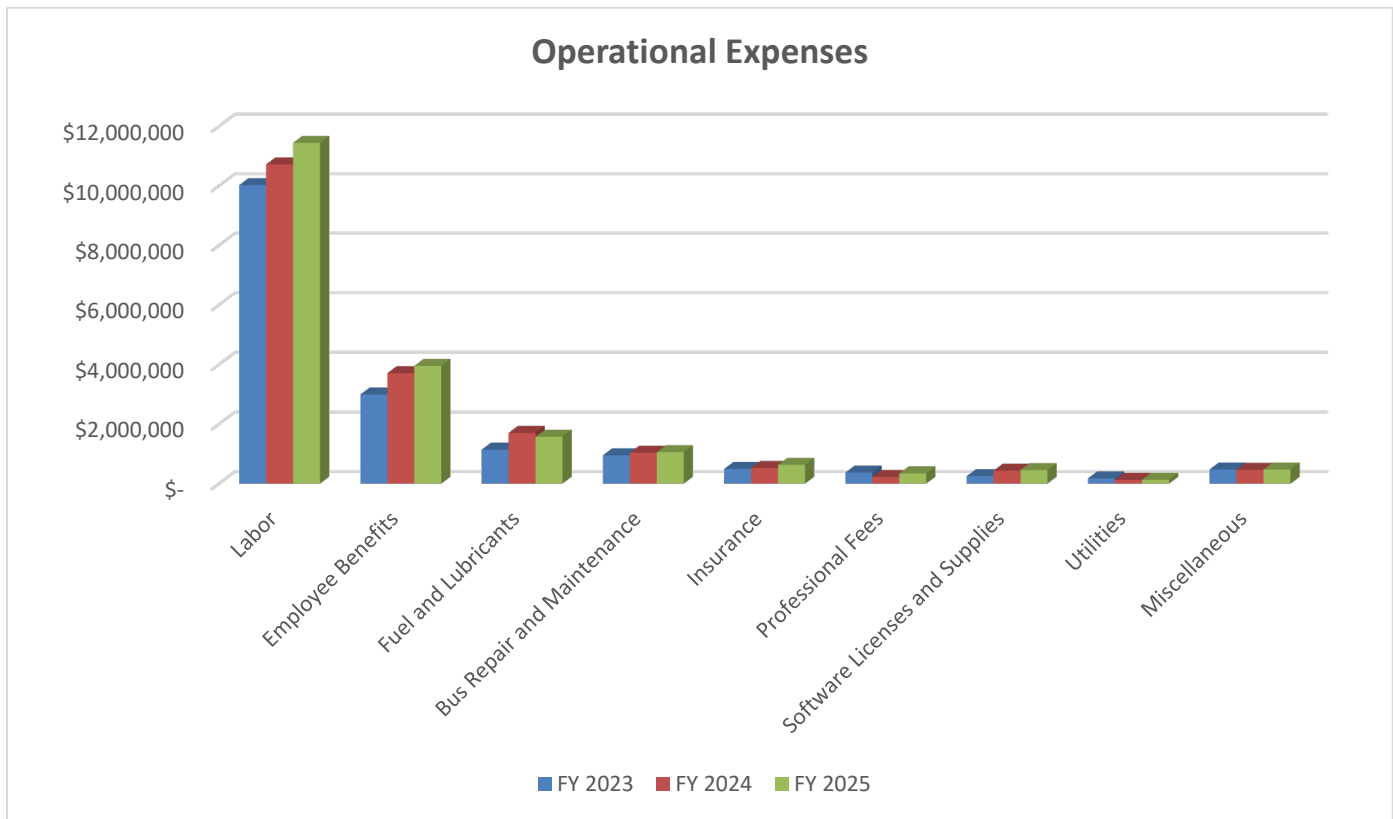
Connect Transit’s budgeted operating expenses for FY 2025 are \$20.01 million. Figure 1.2 illustrates actual operating expenses in FY 2023, and budgeted operating expenses in FY 2024 and FY 2025.

Figure 1.2



Connect Transit budgeted an increase of 5.85% in operational expenses from FY 2024 to FY 2025. Figure 1.3 illustrates the increase in actual operational expenses from FY 2023 and budgeted operational expenses for FY 2024 and FY 2025.

Figure 1.3



Labor is Connect Transit’s primary expense, with wages increasing approximately 6.74% from FY 2024 to FY 2025. We anticipate an increase in Operation’s Labor Expenses due to the expansion of our demand response microtransit service and an anticipated increase in Connect Mobility hours from FY 2024 to FY 2025. All represented employees will receive an increase in wages, per the Collective Bargaining Agreement. Non-represented employees will receive an increase in wages based on performance.

Another significant expense category is Employee Benefits. In FY 2025, we are anticipating a projected 6.57% increase in employee benefits over FY 2024. This is due to an increase in the number of employees and an increase in related benefits (health insurance).

We are projecting a 19.40% increase in Insurance from FY 2024 to FY 2025. This increase is due to an increase in property and automobile insurance due to the increase in value of electric buses over diesel buses.

Figure 1.4 illustrates the breakdown of expenditures in FY 2024. Figure 1.5 illustrates the breakdown of expenditures in FY 2025.

Figure 1.4

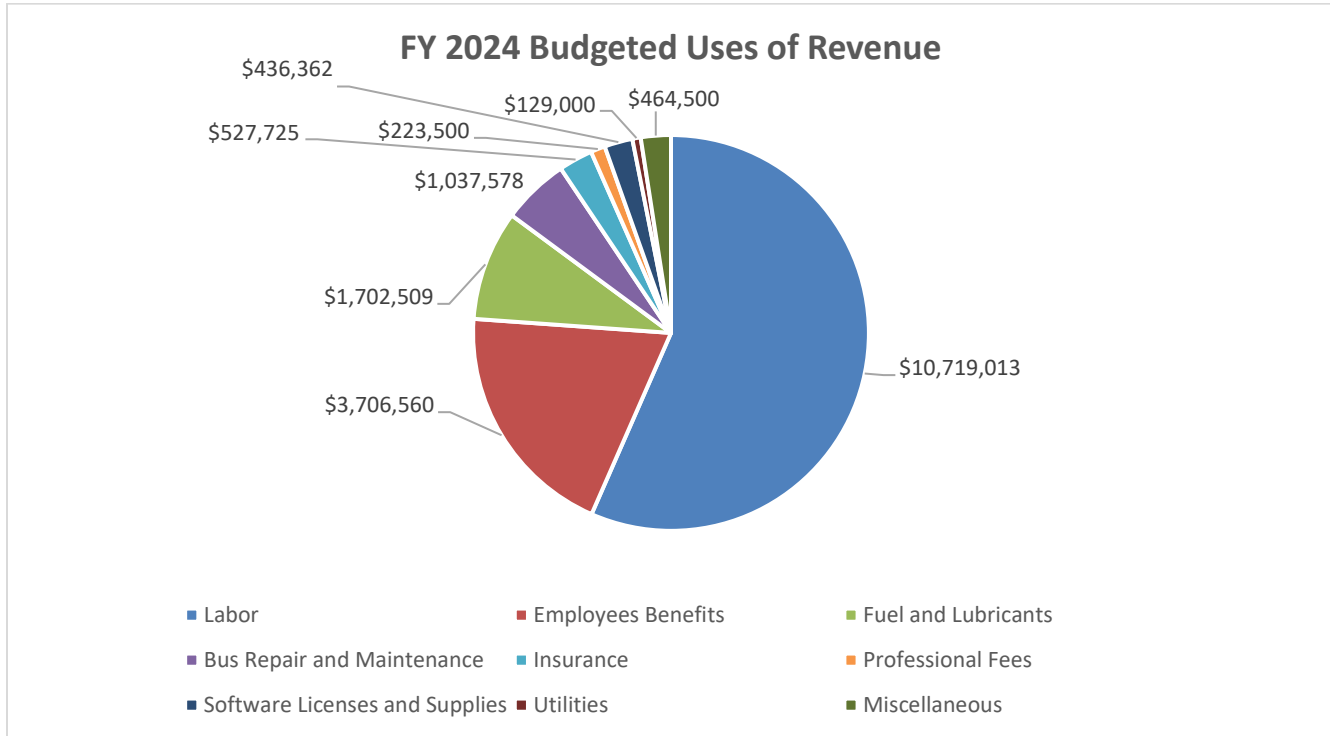
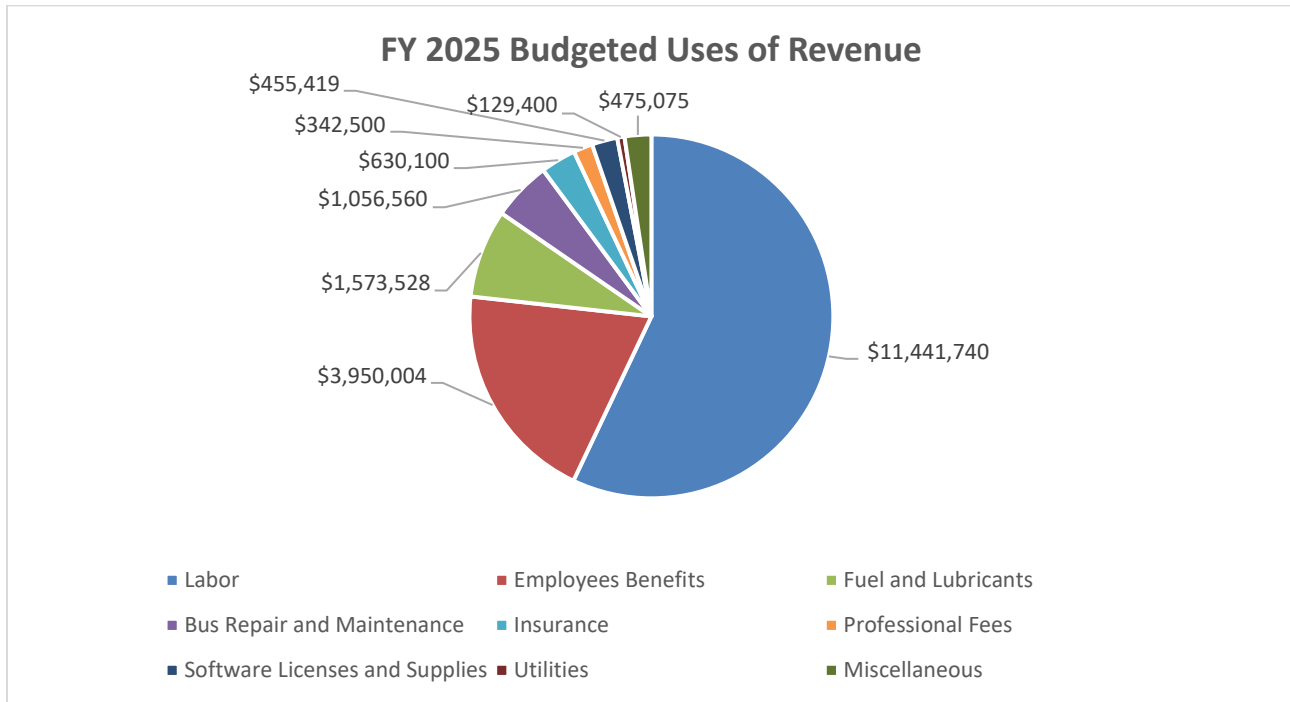
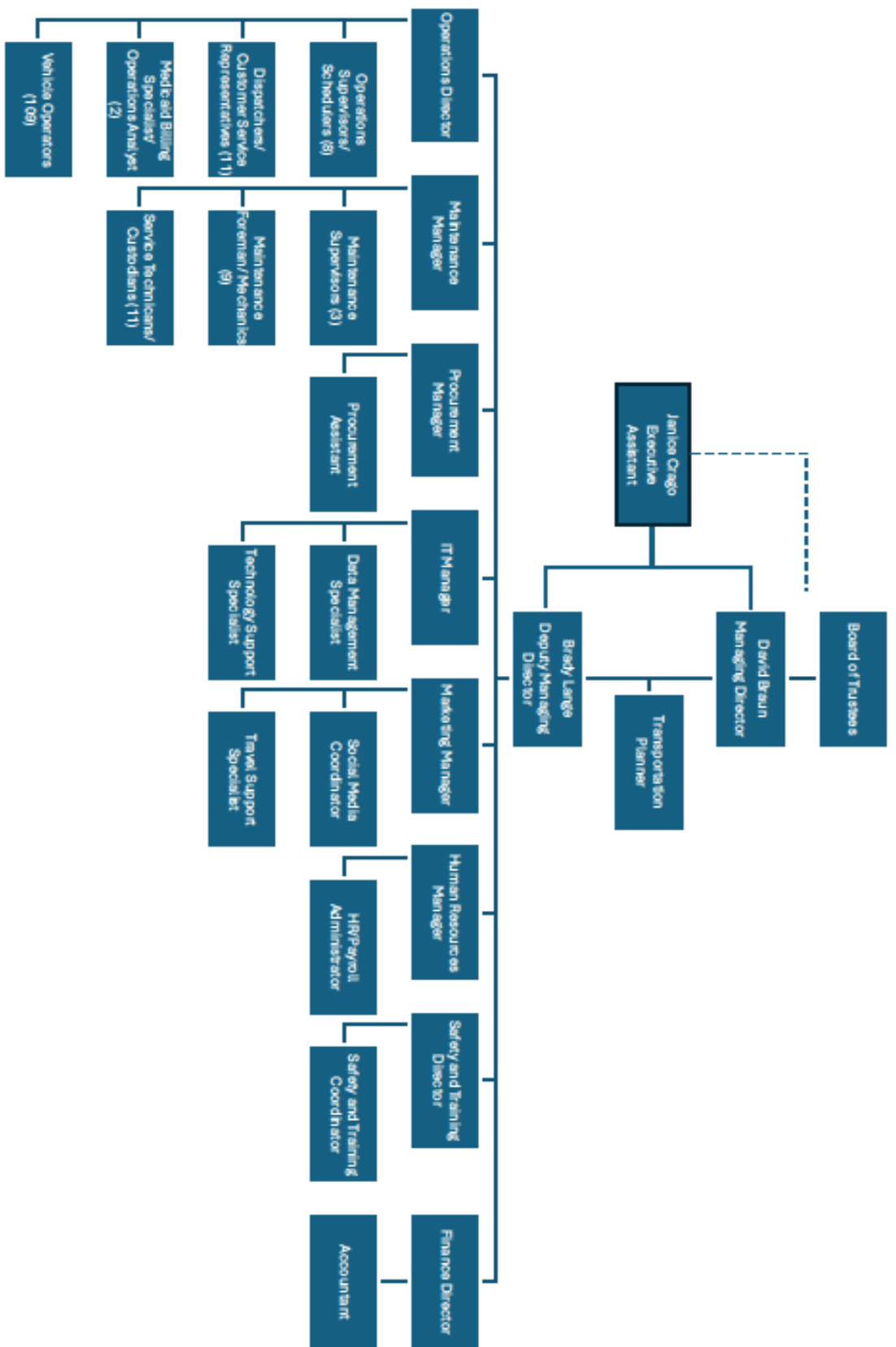


Figure 1.5





BASIS OF ACCOUNTING AND BUDGETING

The “basis of accounting” and “basis of budgeting” determine when revenues and expenditures are recognized for purposes of financial reporting and budget control. Connect Transit’s budget and financial statements are reported in accordance with generally accepted accounting principles on the accrual basis of accounting. The accrual basis of accounting recognizes revenue when it is earned and expenses when incurred. Connect Transit does not budget for depreciation expense.

FINANCIAL POLICIES

Financial policies establish goals and targets for Connect Transit’s financial operations so that the Board can monitor how well Connect Transit is performing. Formal financial policies provide for a consistent approach to fiscal strategies and set forth guidelines to measure financial performance and future budgetary programs.

The following pages contain policy frameworks in the following areas:

- (1) General Financial Goals
- (2) Operating Management Policies
- (3) Operating Budget
- (4) Capital Budget and Planning
- (5) Accounting and Financial Reporting

General Financial Goals

- To ensure delivery of an adequate level of service by assuring reliance on ongoing resources and by maintaining an adequate financial base.
- To ensure that Connect Transit is positioned to respond to changes in the economy or funding without an undue amount of financial stress.
- To adhere to the highest accounting and management policies as set by the Government Finance Officers’ Association, the Government Accounting Standards Board, and other professional standards for financial reporting and budgeting.

Operating Management Policies

- Long Range Planning – All departments share in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and future capital purchases will be developed to reflect projected expenditures, projected resources, and future service requirements.
- Forecasts – Balanced revenue and expenditure forecasts will be prepared to examine Connect Transit’s ability to absorb operating costs due to changes in the economy, funding, and capital improvements.
- Cash and Investments – Cash and investment programs will be maintained in accordance with the current investment policy to ensure that proper controls and safeguards are maintained. Connect Transit funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.

Operating Budget

- Budget Development – Budget development will use strategic fiscal planning, conservative revenue forecasts, and expenditure forecast. The process will include a diligent review of revenues and expenditures by management and the Board of Trustees.
- Balanced Budget – Current expenditures will be funded by current fare revenue, advertising revenue, the City of Bloomington, the Town of Normal, the State of Illinois, and federal funds. Connect Transit’s budget is a balanced budget in that Connect Transit does not intend for a deficit or surplus. Connect Transit’s budgeted revenues and expenditures are equal.
- Fund Balance – Since Connect Transit receives federal funds, through reimbursement of eligible expenses, to cover any revenue shortfall not received from other operating revenue sources, there is no operating fund balance.

Capital Budget and Planning

- Capital Improvement Plan Development – A five-year Capital Improvement Plan (CIP) will be developed and updated annually, including anticipated funding sources. Capital improvement projects are defined as equipment, infrastructure purchases, or construction that results in a capitalized asset costing more than \$10,000.00 and having a useful (depreciable) life of one year or more. Connect Transit will incorporate future operating, maintenance, and replacement costs associated with new capital improvements into the budget document.
- Fund Balance – All reserves that Connect Transit receives from the City of Bloomington and the Town of Normal are shown as a Capital fund balance. The Capital fund balance is shown on pages 34 and 36.

Accounting and Financial Reporting

- Accounting and Reporting Methods – Connect Transit’s accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP), standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).
- Fiscal Monitoring – The Finance Department provides the Board a monthly financial report that provides year-to-date budget to actual performance.
- Internal Controls – Financial systems will maintain internal controls to monitor revenues and expenditures on an ongoing basis.

Debt

- Connect Transit does not incur long-term debt obligations.
- Connect Transit only incurs short-term debt through the use of a line of credit in order to use the State of Illinois Downstate Operating Assistance Program (DOAP). In this program, Connect Transit is able to use DOAP funding to pay for capital projects.
- Connect Transit plans to have a \$2.5 million line of credit during FY 2025.

OPERATING AND CAPITAL BUDGET PROCESS

This section describes the process for preparing, reviewing, and adopting the Operating and Capital Budget for the upcoming fiscal year. It also includes procedures for amending the budget after adoption. Connect Transit uses the accrual basis of accounting for budgeting, which is the same basis of accounting used in the audited financial statements.

Connect Transit’s budget development process started in December 2023 with the Finance Department meeting with the department heads to discuss any expected significant increases or decreases to line item expenses in the Operating Budget. After those meetings, the Finance Department worked with the General Manager to draft a budget. The General Manager, Finance Director, and department heads then met to discuss the budget for the upcoming year. Once the draft budget was agreed upon, the General Manager presented the draft budget to the Board of Trustees in February 2024. The Trustees reviewed the budget and provided feedback. The Board of Trustees then reviewed the budget during the February Board meeting held on February 27, 2024. The annual Budget was presented to the Board of Trustees on March 28, 2024. After discussion, Board members voted on the Budget. The FY 2025 Budget was passed with a unanimous vote. The budget calendar shown below is used to supplement this narrative information.

Connect Transit’s Board of Trustees must approve any adjustment that will increase the expenses to the Operating Budget.

BUDGET CALENDAR

<u>Date Completed</u>	<u>Task</u>
December 2023	Finance Department meets with all departments to discuss and develop a preliminary budget.
January 2024	Administrative staff meets with departments to review and discuss requests.
February 2024	Administrative review is completed.
February 2024	Draft budget is distributed to the Board for purposes of budget review.
February 2024	Draft budget is discussed with the whole Board at the February Board meeting.
March 2024	Finance Department finalizes FY 2024 – 2025 budget based on suggestions from the Board’s comments.
March 2024	Board approves the FY 2024 – 2025 annual budget.

Bloomington Normal Public Transit System FY 2024 - 2025 Operating Budget

	FY 2023	FY 2024	FY 2025	\$ Change from	% Change from
	Actual	Budget	Budget	FY 2024	FY 2024
Operating Revenue					
Passenger Fares	546,604.70	542,500.00	542,500.00	-	0.00%
Contract Fares	808,008.31	784,048.00	784,048.00	-	0.00%
Advertising Revenue	151,992.83	117,300.00	117,300.00	-	0.00%
Miscellaneous Revenue	6,889.60	9,500.00	9,500.00	-	0.00%
Total Operating Revenue	1,513,495.44	1,453,348.00	1,453,348.00	-	0.00%
Operating Expenses					
Operations Wages	7,657,293.56	7,967,560.00	8,529,928.00	562,368.00	7.06%
Maintenance Wages	1,284,191.31	1,573,647.00	1,549,005.00	(24,642.00)	-1.57%
Administration Wages	1,080,359.23	1,177,806.00	1,362,807.00	185,001.00	15.71%
Employer Payroll Tax Expense	830,843.80	869,722.00	920,380.00	50,658.00	5.82%
Retirement Plan	394,713.95	535,951.00	589,087.00	53,136.00	9.91%
Group Insurance	1,735,407.57	2,237,512.00	2,386,762.00	149,250.00	6.67%
Uniform Expense	30,513.64	63,375.00	53,775.00	(9,600.00)	-15.15%
Professional Services	372,227.14	223,500.00	342,500.00	119,000.00	53.24%
Outside Repair - Labor	58,555.11	140,000.00	128,750.00	(11,250.00)	-8.04%
Contract Maintenance Services	178,438.50	234,476.00	235,376.00	900.00	0.38%
Custodial Services	19,206.92	19,060.00	20,360.00	1,300.00	6.82%
Employment Expenses	137,002.83	45,000.00	45,000.00	-	0.00%
Fuel	1,099,194.00	1,616,224.00	1,486,212.00	(130,012.00)	-8.04%
Lubricants	43,091.27	86,285.00	87,316.00	1,031.00	1.19%
Tires	45,674.40	61,680.00	59,781.00	(1,899.00)	-3.08%
Bus Repair Parts	568,953.47	479,362.00	514,093.00	34,731.00	7.25%
Other Materials and Supplies	63,841.95	83,000.00	78,200.00	(4,800.00)	-5.78%
Shelters/Signs/Shop Tools	16,178.03	20,000.00	20,000.00	-	0.00%
Computer and Office Supplies	251,631.95	436,362.00	455,419.00	19,057.00	4.37%
Utilities	177,890.64	129,000.00	129,400.00	400.00	0.31%
Corporate Insurance	494,361.42	527,725.00	630,100.00	102,375.00	19.40%
Dues/Subscriptions/Fees	54,525.88	44,650.00	49,650.00	5,000.00	11.20%
Printing/Marketing/Training	282,980.87	374,850.00	380,425.00	5,575.00	1.49%
Total Operating Expenses	16,877,077.44	18,946,747.00	20,054,326.00	1,107,579.00	5.85%
Summary					
Operating Revenue	1,513,495.44	1,453,348.00	1,453,348.00	-	0.00%
Local Revenue	1,493,097.00	1,500,000.00	1,500,000.00	-	0.00%
State Support	10,861,831.00	12,315,386.00	13,035,312.00	719,926.00	5.85%
Federal Support	3,008,654.00	3,678,013.00	4,065,666.00	387,653.00	10.54%
Total Revenue and Support	16,877,077.44	18,946,747.00	20,054,326.00	1,107,579.00	5.85%

**Bloomington Normal Public Transit System
Seven Year Operating Budget**

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Actual	Budget	Budget	Budget	Budget	Budget	Budget
Operating Revenue							
Passenger Fares	546,604.70	542,500.00	542,500.00	542,500.00	542,500.00	542,500.00	542,500.00
Contract Fares	808,008.31	784,048.00	784,048.00	784,048.00	784,048.00	784,048.00	784,048.00
Advertising Revenue	151,992.83	117,300.00	117,300.00	119,600.00	121,900.00	126,500.00	128,800.00
Miscellaneous Revenue	6,889.60	9,500.00	9,500.00	2,000.00	2,000.00	2,000.00	2,000.00
Total Operating Revenue	1,513,495.44	1,453,348.00	1,453,348.00	1,448,148.00	1,450,448.00	1,455,048.00	1,457,348.00
Operating Expenses							
Operations Wages	7,657,293.56	7,967,560.00	8,529,928.00	8,956,424.40	9,404,245.62	9,874,457.90	10,368,180.80
Maintenance Wages	1,284,191.31	1,573,647.00	1,549,005.00	1,626,455.25	1,707,778.01	1,793,166.91	1,882,825.26
Administration Wages	1,080,359.23	1,177,806.00	1,362,807.00	1,430,947.35	1,502,494.72	1,577,619.45	1,656,500.43
Employer Payroll Tax Expense	830,843.80	869,722.00	920,380.00	966,399.00	1,014,718.95	1,065,454.90	1,118,727.64
Retirement Plan	394,713.95	535,951.00	589,087.00	618,541.35	649,468.42	681,941.84	716,038.93
Group Insurance	1,735,407.57	2,237,512.00	2,386,762.00	2,506,100.10	2,631,405.11	2,762,975.36	2,901,124.13
Uniform Expense	30,513.64	63,375.00	53,775.00	56,463.75	59,286.94	62,251.28	65,363.85
Professional Services	372,227.14	223,500.00	342,500.00	359,625.00	377,606.25	396,486.56	416,310.89
Outside Repair - Labor	58,555.11	140,000.00	128,750.00	135,187.50	141,946.88	149,044.22	156,496.43
Contract Maintenance Services	178,438.50	234,476.00	235,376.00	247,144.80	259,502.04	272,477.14	286,101.00
Custodial Services	19,206.92	19,060.00	20,360.00	21,378.00	22,446.90	23,569.25	24,747.71
Employment Expenses	137,002.83	45,000.00	45,000.00	47,250.00	49,612.50	52,093.13	54,697.78
Fuel	1,099,194.00	1,616,224.00	1,486,212.00	1,560,522.60	1,638,548.73	1,720,476.17	1,806,499.97
Lubricants	43,091.27	86,285.00	87,316.00	91,681.80	96,265.89	101,079.18	106,133.14
Tires	45,674.40	61,680.00	59,781.00	62,770.05	65,908.55	69,203.98	72,664.18
Bus Repair Parts	568,953.47	479,362.00	514,093.00	539,797.65	566,787.53	595,126.91	624,883.25
Other Materials and Supplies	63,841.95	83,000.00	78,200.00	82,110.00	86,215.50	90,526.28	95,052.59
Shelters/Signs/Shop Tools	16,178.03	20,000.00	20,000.00	21,000.00	22,050.00	23,152.50	24,310.13
Computer and Office Supplies	251,631.95	436,362.00	455,419.00	478,189.95	502,099.45	527,204.42	553,564.64
Utilities	177,890.64	129,000.00	129,400.00	135,870.00	142,663.50	149,796.68	157,286.51
Corporate Insurance	494,361.42	527,725.00	630,100.00	661,605.00	694,685.25	729,419.51	765,890.49
Dues/Subscriptions/Fees	54,525.88	44,650.00	49,650.00	52,132.50	54,739.13	57,476.08	60,349.89
Printing/Marketing/Training	282,980.87	374,850.00	380,425.00	399,446.25	419,418.56	440,389.49	462,408.97
Total Operating Expenses	16,877,077.44	18,946,747.00	20,054,326.00	21,057,042.30	22,109,894.42	23,215,389.14	24,376,158.59
Operating Revenue	1,513,495.44	1,453,348.00	1,453,348.00	1,448,148.00	1,450,448.00	1,455,048.00	1,457,348.00
Local Revenue	1,493,097.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
State Support	10,861,831.00	12,315,386.00	13,035,312.00	13,687,077.50	14,371,431.37	15,090,002.94	15,844,503.09
Federal Support	3,008,654.00	3,678,013.00	4,065,666.00	4,421,816.81	4,788,015.05	5,170,338.20	5,574,307.51
Total Revenue and Support	16,877,077.44	18,946,747.00	20,054,326.00	21,057,042.30	22,109,894.42	23,215,389.14	24,376,158.59

CAPITAL BUDGET SUMMARY

The FY 2025 Capital Budget is funded through multiple sources, including Federal Transit Administration (FTA) 5307 Formula Funds, FTA 5339 Bus and Bus Facilities Funds, State of Illinois Debt Service Funds, State of Illinois capital grants, and funding from the City of Bloomington and the Town of Normal. Unlike most large transit agencies, Connect Transit allocates a significant portion of FTA 5307 capital funds toward operations, which is allowed by the FTA. Connect Transit enters into short-term debt from one to three months in duration in order to use debt service funds through the State of Illinois Downstate Operating Assistance Program (DOAP). A capital expenditure is the use of funds in order to purchase fixed assets with a useful life of at least one year.

Presented below is a summary of budgeted major capital funds and expenditures for FY 2024 and FY 2025.

Capital Funding	<u>FY 2024 Budget</u>	<u>FY 2025 Budget</u>
Beginning Capital Funds	\$ 9,896,391	\$ 9,953,631
FTA Section 5307	364,960	2,145,500
FTA Section 5339 - Bus & Bus Facilities	184,402	14,206,415
State of Illinois - Capital	-	8,774,255
State of Illinois - DCEO	-	3,000,000
State of Illinois - DOAP - Debt Service	803,770	3,668,500
City of Bloomington	-	790,610
Town of Normal	-	529,273
	<hr/>	<hr/>
Total Capital Funding	11,249,523	43,068,184
 Capital Expenditures		
Major Capital Projects	739,620	27,548,610
Facilities, Maintenance and Support Equipment	-	3,430,000
Passenger Amenities	400,280	649,600
Other Capital Expenditures	155,992	1,815,000
	<hr/>	<hr/>
Total Capital Expenditures	1,295,892	33,443,210
 Ending Capital Funds	 <u>\$ 9,953,631</u>	 <u>\$ 9,624,974</u>

CAPITAL BUDGET PROCESS

As part of Connect Transit's budgeting process, the Finance and Procurement Departments meet annually with the General Manager and department managers responsible for specific capital projects for which we have received grants or are in our five-year capital plan (Transportation Improvement Plan). During this meeting, managers are asked about any expected increases/decreases they foresee related to their project line items, as well as future capital needs. After the meeting, the Finance and Procurement Departments develop a Capital Budget based on the input of department managers and present the Capital Budget to the Board of Directors. The Board of Directors approves the Capital Budget during the budget Board meeting in March or April. Planned capital projects are issued for procurement throughout the year and considered and approved or denied by the Board of Directors. The budget calendar shown on page 31 is used to supplement this narrative information.

SIGNIFICANT CAPITAL BUDGETARY ITEMS AND TRENDS

Revenues

During the budget development stage, significant assumptions - influenced by current legislative funding opportunities and incentives, historical trends, and long-term agency goals and objectives - are considered to ensure accuracy of the Capital Budget document. Although Connect Transit tries to make the document as accurate as possible, estimated numbers may differ significantly from actual expenditures due to timing of capital project expenditures or unforeseen circumstances.

A key assumption is that Section 5307 grant funds will stay flat year-over-year starting in FY 2025. The Infrastructure Investment and Jobs Act (IIJA) went into effect on November 15, 2021 and is set to end in FY 2026.

The State of Illinois created a Capital Grant Program for transit agencies in FY 2021. This program presented agencies with the opportunity to apply for grants each year from FY 2021 – FY 2023. Connect Transit was awarded \$9,916,000 from this program in FY 2021, \$8,370,000.00 in FY 2022, and \$9,600,000.00 in FY 2023.

Under the State of Illinois Downstate Operating Assistance Program (DOAP), Connect Transit can purchase capital items through DOAP funding. To do this, Connect Transit needs to establish debt service funding through a bank. Connect Transit is assuming the DOAP will continue to allow the purchase of capital items through debt service. This short-term funding is the only debt that Connect Transit uses.

Expenditures

Revenue vehicles are the most valuable capital assets Connect Transit owns and are the focus of the development stage of creating the Capital Budget. Connect Transit sent out a Request for Proposal in FY 2020 for heavy duty electric buses. Connect Transit received four of these buses in FY 2022, and eight more of these buses in FY 2023. Connect Transit plans to receive five of these buses in FY 2025 and five of more of these buses in FY 2026.

Adding facility infrastructure will be another major focus for Connect Transit in the next few years. The preliminary planning for a downtown Bloomington transit center was performed in FY 2021. Connect Transit plans to complete the building of a new downtown Bloomington transit center between FY 2025 and FY 2026. Connect Transit will also be adding a vehicle storage/maintenance facility on the site of our existing administration, maintenance, and vehicle storage facility in FY 2026.

On the next page is Connect Transit's FY 2025 Capital Budget with an extended five-year estimate.

2024 - 2025 Capital Budget

	FY 2023 Actual	FY 2024 Budget	FY 2025 Budget	FY 2026 Estimated	FY 2027 Estimated	FY 2028 Estimated	FY 2029 Estimated
Capital Funding							
Beginning Capital Funds Balance	\$ 9,825,882	\$ 9,896,391	\$ 9,953,631	\$ 9,624,974	\$ 8,769,380	\$ 8,993,051	\$ 10,450,981
FTA Section 5307 Apportionment	407,456	364,960	2,145,500	2,885,714	2,091,500	280,000	3,780,000
FTA Section 5339 Bus & Bus Facilities	5,610,840	184,402	14,206,415	9,548,125	-	-	-
Federal CDS/CPF	-	-	-	2,903,916	-	-	-
State of Illinois - Capital Program	3,153,832	-	8,774,255	20,133,352	-	-	-
State of Illinois - DCEO Program	-	-	3,000,000	-	-	-	-
State of Illinois - DOAP - Debt Service	714,561	803,770	3,668,500	669,500	1,052,000	-	-
City of Bloomington	998,089	-	790,610	830,140	871,647	915,230	960,991
Town of Normal	665,393	-	529,273	555,737	583,524	612,700	643,335
Total Budgeted Sources of Funds for Capital Items	21,376,053	11,249,523	43,068,184	47,151,458	13,368,051	10,800,981	15,835,307
Capital Expenditures							
Major Capital Projects							
Revenue Vehicle Purchase - Mobility Buses	-	-	-	350,000	350,000	350,000	350,000
Revenue Vehicle Purchase - Zero Emmission Fixed Route Bu	-	-	-	-	-	-	7,000,000
Solar Array and Electric Charging Stations	946,192	-	382,945	1,500,000	-	-	-
Revenue Vehicle Purchase - 35'/40' Electric Buses	9,002,803	-	6,367,540	6,367,540	-	-	-
Revenue Vehicle Mid-Life Overhaul	369,812	739,620	1,250,000	-	-	-	-
Revenue Vehicle Micro Transit	649,505	-	1,548,125	1,548,125	-	-	-
Vehicle Storage and Training Facility	-	-	-	20,200,000	-	-	-
Downtown Transfer Center	141,509	-	18,000,000	-	-	-	-
Overhead Charging - Downtown Transit Center	-	-	-	-	3,000,000	-	-
Microgrid	-	-	-	6,106,413	-	-	-
Facilities, Maintenance and Support Equipment							
Bus Protective Shields	175,259	-	-	-	-	-	-
Radio System Replacement	-	-	1,200,000	-	-	-	-
Maintenance Rehab - In-Ground Lift	-	-	675,000	-	-	-	-
Wylie Dr. Campus Safety and Security Improvements	-	-	250,000	-	-	-	-
Facility LED Lighting Upgrades	68,613	-	-	-	-	-	-
EV Charging Upgrades	-	-	-	-	75,000	-	-
Aministration Roof Replacement	-	-	-	600,000	-	-	-
Office Furniture	-	-	-	-	150,000	-	-
Fare Collection and GPS	40,980	-	1,200,000	-	-	-	-
Computer Equipment	65,637	-	-	-	-	-	-
Dispatch Upgrade	-	-	-	200,000	-	-	-
EV Charger - Maintenance	-	-	-	350,000	-	-	-
Floor Scrubber	-	-	75,000	-	-	-	-
Camera and DVR Replacements for Rolling Stock	-	-	-	-	220,000	-	-
Man Lift	-	-	30,000	-	-	-	-
Live Video Monitoring	-	-	-	180,000	-	-	-
Passenger Amenities							
Bus Shelters, Pads, Seating, and Lighting	19,352	400,280	449,600	900,000	500,000	-	-
Uptown Passenger Amenity Upgrades	-	-	200,000	-	-	-	-
Other Capital Expenditures							
ITS Software	-	-	1,500,000	-	-	-	-
Messaging Consultant	-	114,439	-	-	-	-	-
Service Vehicles	-	41,553	315,000	80,000	80,000	-	-
Total Budgeted Capital Expenditures	11,479,662	1,295,892	33,443,210	38,382,078	4,375,000	350,000	7,350,000
Ending Funds Balance	\$ 9,896,391	\$ 9,953,631	\$ 9,624,974	\$ 8,769,380	\$ 8,993,051	\$ 10,450,981	\$ 8,485,307

MAJOR CAPITAL PROJECTS

Generally, capital projects are funded through the annual 5307 formula allocation which requires a twenty percent local match but can be financed through a variety of other capital sources (revenue vehicles purchases are also financed through Section 5339 discretionary grant funds). The local tax revenue by the City of Bloomington and Town of Normal is then used as the local match. The State of Illinois has also had Capital Grant Programs in recent years. Also, the State of Illinois Downstate Operating Program allows capital purchases that have been purchased through debt service. Described below, Connect Transit's capital projects are considered significant nonrecurring capital expenditures and must be financed with capital grant funds, and must be greater than \$10,000 in total cost. These projects are expected to be paid for and completed in FY 2025.

Description of Capital Projects:

Downtown Transit Center

Connect Transit is building a new transit center in downtown Bloomington.

Effect on Operating Budget

It is expected that operating expenses will increase with the addition of a new transit center. We are looking at ways to create revenue at the new facility to offset the increase in operating expenses.

Fixed Route Electric Buses

Connect Transit plans to receive five fixed route buses in FY 2025, and five more fixed route buses in FY 2026.

Effect on Operating Budget

It is expected maintenance and bus parts expenses will decrease resulting in a reduction in operating costs with the addition of new buses.

Fixed Route Diesel Bus Mid-Life Overhaul

Connect Transit plans to perform a mid-life overhaul on 10 40' diesel buses.

Effect on the Operating Budget

This project will have little to no effect on the Operating Budget.

Bus Shelters, Concrete Pads, Seating, and Lighting

Connect Transit plans to improve 52 bus stops in FY 2025. The infrastructure of Connect Transit's service area is in desperate need of bus shelters, concrete pads, seating, and lighting for our customers and their safety.

Effect on the Operating Budget

This project will have little to no effect on the Operating Budget.

POSITION SUMMARY SCHEDULE

Figure 1.6 shows a comparison of the actual number of personnel in FY 2023 and projected number of personnel for FY 2024 and FY 2025.

Figure 1.6

Personnel	FY 2023	FY 2024	FY 2025
Operations Supervision	7	8	8
Dispatchers/Customer Service Reps	12	11	12
Operators	110	110	112
Maintenance Supervision	4	4	4
Maintenance	13	20	20
Administrative	13	17	20
, and Total	<u>159</u>	<u>170</u>	<u>176</u>

In FY 2024, Connect Transit anticipates hiring seven additional maintenance employees to repair and maintain our fleet and facilities.

In FY 2025, Connect Transit anticipates hiring two additional operators to drive fixed route, mobility, and microtransit vehicles. We also anticipate hiring three additional administrative employees.

Department Descriptions

EXECUTIVE DEPARTMENT

The executive department is made up of the Managing Director, Deputy Managing Director, and Executive Assistant. The Managing Director is charged with executing Board policy decisions and providing direction to Connect Transit staff as they work to fulfill the mission and goals of the organization.

MAINTENANCE DEPARTMENT

This department consists of the Maintenance Manager, Maintenance Supervisors, Maintenance Foreman, Mechanics, Service Technicians, and Custodians. This department is responsible for all maintenance of Connect Transit vehicles, facilities, and facility grounds, that consists of administration and maintenance buildings and Connect Transit shelters throughout the service area.

FINANCE DEPARTMENT

The Finance Department is made up of the Finance Director and the Accountant. This department is responsible for preparing the annual budget, coordinating the year-end audit, analyzing, reconciling, and maintaining financial records, and treasury management.

SAFETY AND TRAINING DEPARTMENT

The Safety and Training Department is made up of the Safety and Training Director and the Safety and Training Coordinator. The training side of this department is responsible for new employee general intake training, new Bus Operator training, maintenance training, commercial licensing of employees, and continuing education of employees. The safety side of this department is responsible for accident prevention, safety initiatives, vehicle safety, license and background checks, facilities safety, employee safety, OSHA compliance, substance abuse program, and the Safety Committee.

PROCUREMENT DEPARTMENT

The Procurement Department is made up of the Procurement Manager, and the Procurement Assistant.. This department is responsible for purchasing materials and services, continuously evaluating the price of materials and services purchased, ensuring timely delivery of materials, and ensuring that Connect Transit is complying with all procurement policies.

HUMAN RESOURCES DEPARTMENT

The Human Resources Department is made up of the Human Resources Manager and the HR/Payroll Administrator. This department is responsible for the hiring of personnel, labor relations and discipline management, maintaining employee benefits, managing health, dental and vision insurance plans, managing FMLA and other leave programs, and processing payroll.

INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology Department is made up of the Information Technology Manager, the Data Management Specialist, and the Technology Support Specialist. This department is responsible for managing the information technology and computer systems, ensuring technology is accessible and equipped with current hardware and software, and monitoring and maintaining technology to ensure maximum access.

MARKETING DEPARTMENT

The Marketing Department is made up of the Marketing Manager, the Social Media Coordinator, and the Travel Support Specialist. This department is responsible for directing and managing the outreach, advertising, marketing, promotional activities, and community relations of Connect Transit.

OPERATIONS DEPARTMENT

This department consists of the Operations Director, Operations Supervisors, Schedulers, Dispatchers, Customer Service Representatives, Bus Operators, and Medicaid Billing Specialist. This department is responsible for providing safe, dependable, and on time service to our customers.

PLANNING DEPARTMENT

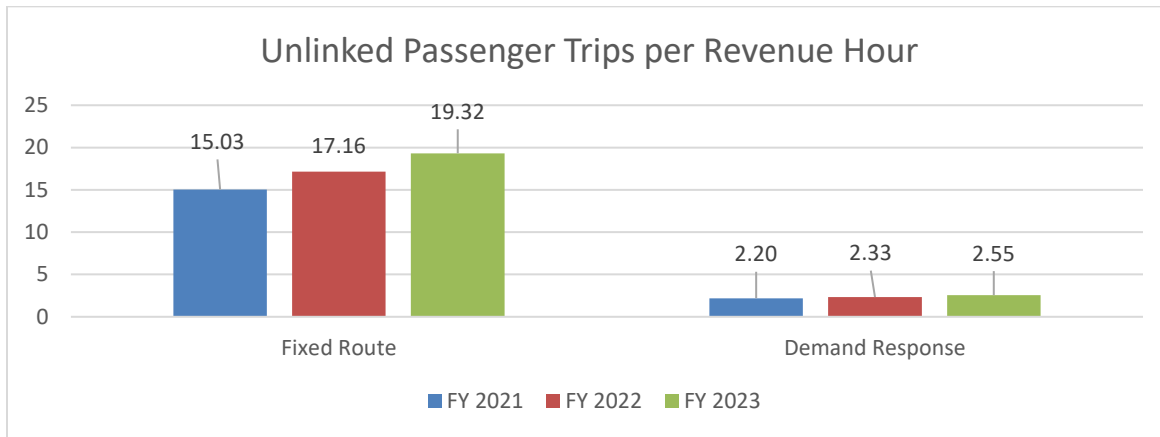
This department consists of the Transportation Planner. This department is responsible for developing transportation strategies that encompass the needs of transit users.

KEY PERFORMANCE INDICATORS

Key Performance Indicators provide a means of evaluating how effectively and efficiently Connect Transit performs over time. The charts below show trends for each performance indicator based on data for the last three fiscal years.

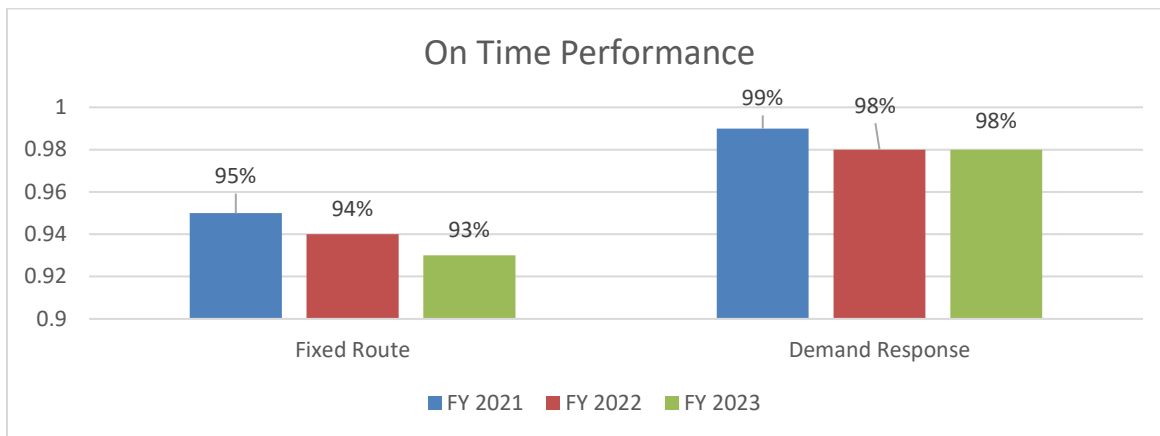
Ridership, Customer Satisfaction and Safety Performance Indicators

Unlinked Passenger Trips per Revenue Hour



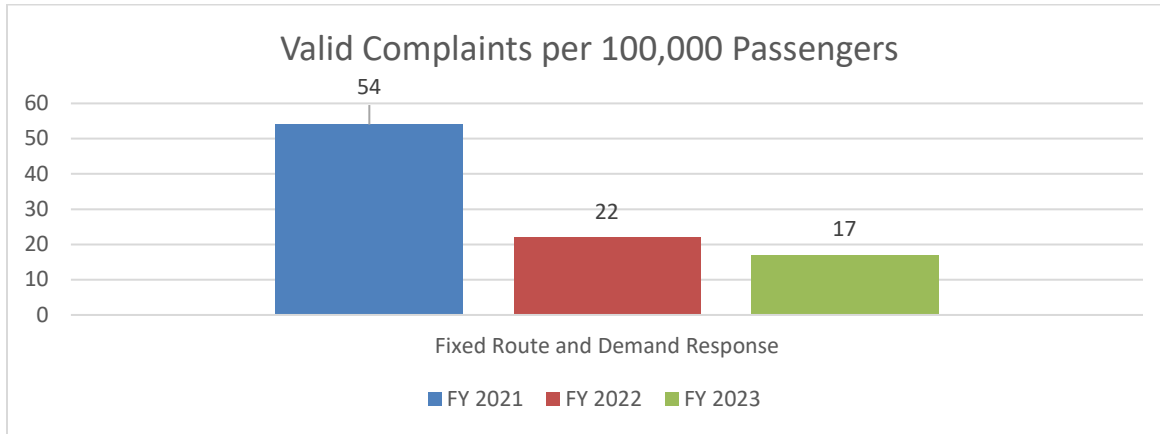
This performance indicator is a ratio of the number of unlinked passenger trips divided by the number of revenue hours operated. The increase reflects the increase in ridership from FY 2021 to FY 2022 and FY 2022 to FY 2023. This increase in ridership can be attributed to the recovery from the COVID-19 pandemic.

On Time Performance



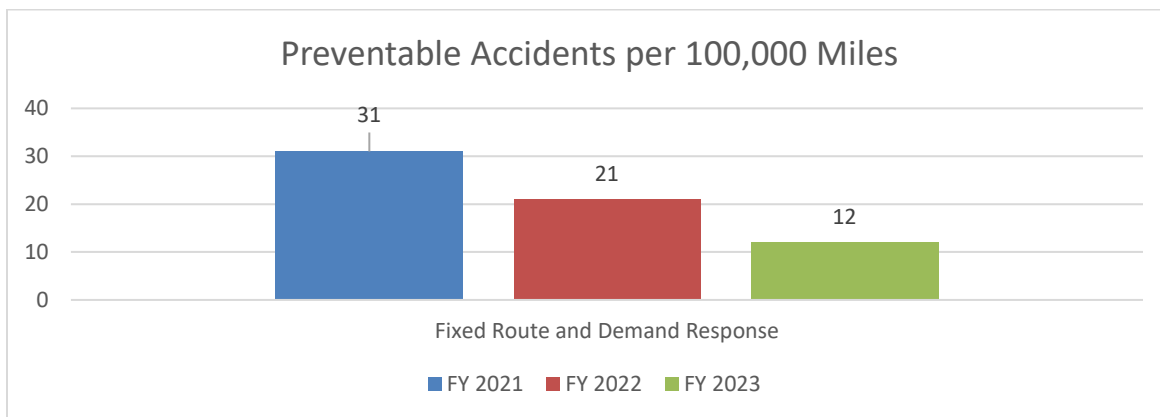
On time performance is determined by the total number of trips that occur where the vehicle leaves its designated time point within five minutes of its scheduled departure time divided by the total number of trips. This gives us a percentage of the trips that we consider to be on time. This metric has stayed flat over the last few years as we have increased the amount of dwell time built into our routes, which allows us to remain on schedule.

Valid Complaints per 100,000 Passengers



Complaints are recorded in a database at the time that they are reported. They are later evaluated by an Operations Supervisor to determine if there is evidence to support the complaint. Evidence can include, but is not limited to, confirmation from other witnesses, video/audio clips supporting the claim, and physical evidence such as property damage. If the complaint is deemed valid by the Operations Supervisor, correctional steps are made to address the underlying issue. This process has been refined over the course of several years and additional steps have been implemented to ensure that all complaints are thoroughly evaluated. In addition, some COVID-19 mitigation steps have led to more potential points of conflict between passengers and drivers. This led to an overall increase in complaints and therefore valid complaints in FY 2021, but those complaints decreased in FY 2022.

Preventable Accidents per 100,000 Miles



A preventable accident is an unplanned event that may or may not have resulted in personal injury or property damage, but in which the employee failed to exercise reasonable precautions to prevent the event. This consists of events such as collision with another vehicle, a collision with a fixed object, closing a vehicle door on a customer, etc.

Cost Performance Indicators

Cost performance indicators are influenced by factors such as changes in the number of revenue hours Connect Transit operates, changes in the cost of operating the services provided, and changes in fare revenue.

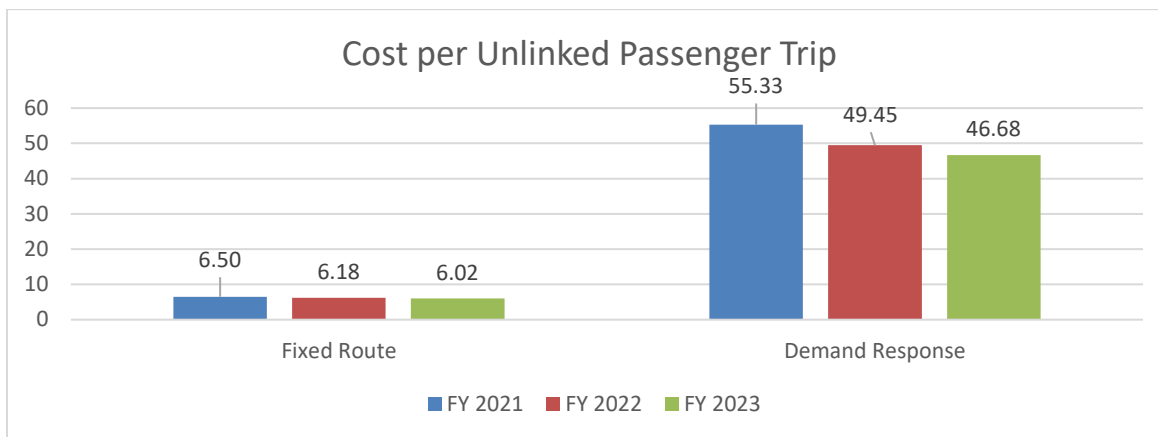
Revenue Hours: Revenue hours increased 7.2% from FY 2021 to FY 2022 and increased 8.4% from FY 2022 to FY 2023 due to the restoration of service after the COVID-19 pandemic.

Operating Expenses: In FY 2022 operating expenses increased by 13.1% compared to FY 2021 and operating expenses increased 17.1% from FY 2022 to FY 2023 due to the restoration of service after the COVID-19 pandemic.

Fare Revenue: Changes in the amount of fare revenue depend on multiple factors which may occur individually or at the same time: a change in the fare charged, a change in the number of riders, or a temporary change in agency fare collection policy due to a pandemic.

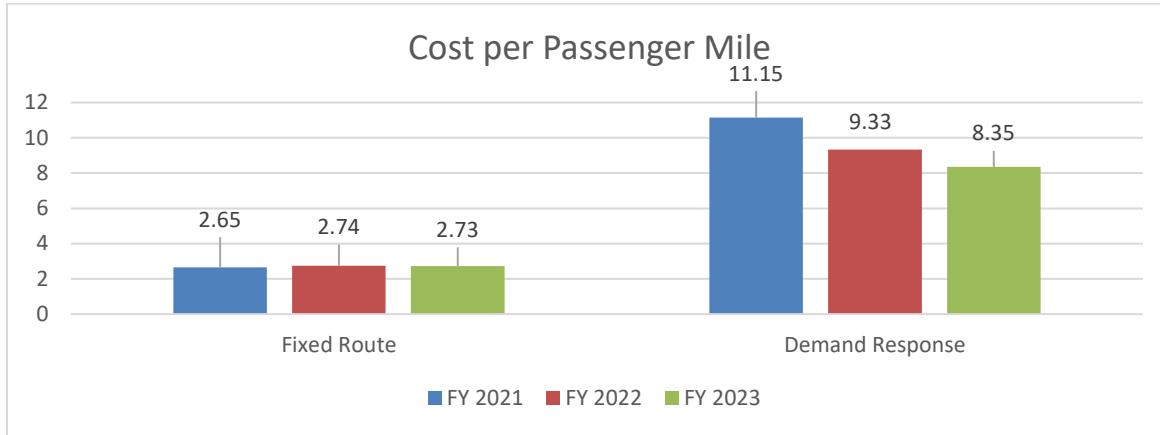
The charts below show how these factors affected Connect Transits performance.

Cost per Unlinked Passenger Trip



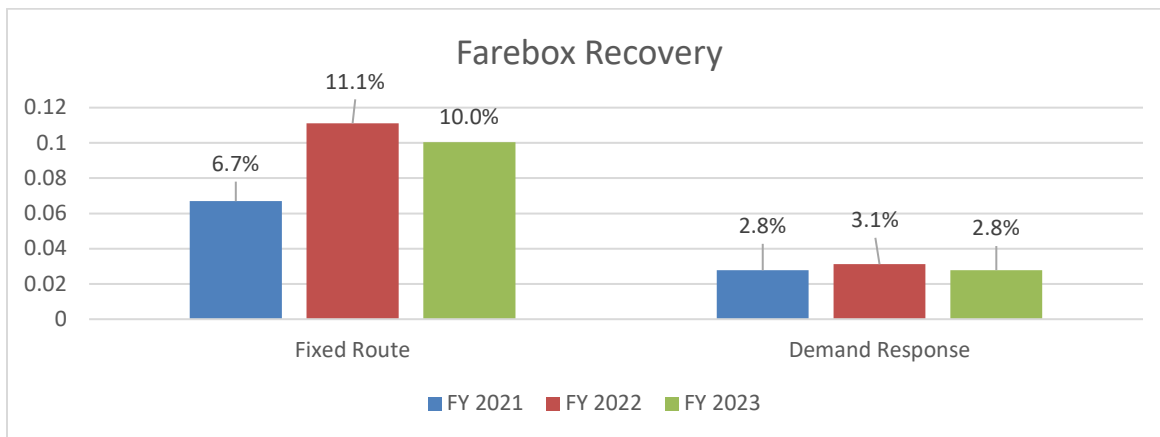
Cost per unlinked passenger trip measures the operating cost for delivery of one passenger trip. It is an indicator of cost efficiency. Connect Transit's fixed route cost per ride decreased 2.6% in FY 2023 compared to FY 2022. Connect Transit's demand response cost per ride decreased 5.6% in FY 2023 compared to FY 2022.

Cost per Passenger Mile



Cost per passenger mile measures the cost of operations to carry one passenger for one mile. Connect Transit's fixed route cost per passenger mile decreased 0.36% in FY 2023 over FY 2022. Connect Transit's demand response cost per passenger mile decreased 10.5% in FY 2023 compared to FY 2022.

Farebox Recovery



Farebox recovery measures the proportion of operating costs paid for by passenger fare revenue. Connect Transit's passenger fare revenue increased in FY 2023 compared to FY 2022 for both fixed route and demand response. This increase in passenger fare revenue in FY 2023 was due to an increase in ridership in FY 2023 compared to FY 2022.

SUPPLEMENTAL INFORMATION

CONNECT TRANSIT AT A GLANCE

In 1972, the City of Bloomington and the Town of Normal, by intergovernmental agreement, established an intergovernmental agency known as the Bloomington Normal Public Transit System after the privately-owned National City bus company left the Bloomington-Normal market. The transit system operates as an independent agency governed by a Board appointed by both the City of Bloomington and Town of Normal. In 2012, the transit system rebranded as Connect Transit.

SERVICE AREA

The operating area of Connect Transit is the combined corporate limits of the City of Bloomington and the Town of Normal.

Demographics

The combined population of the City of Bloomington and the Town of Normal is 131,702. The median household income is \$70,339.

DESCRIPTION OF SERVICES AND FLEET

Connect Transit operates up to 27 buses in maximum service on 15 fixed routes, including campus and late-night service. Connect Transit, under the name of Connect Mobility, provides demand-response service to all paratransit eligible riders within the American with Disabilities Act guidelines. Connect Flex is Connect Transit's on-demand ride share service that launched in July 2023.

Connect Transit maintains a fleet of 45 buses for its 15 fixed routes. Included in this fleet are eight 2022 Proterra 40' buses, four 2021 Proterra 35' buses, ten 2018 New Flyer 40' buses, seven 2016 New Flyer 40' buses, five 2015 New Flyer 40' buses, four 2011 Gillig 35' buses, one 2010 Gillig 35' bus, three 2010 New Flyer 40' buses, and three 2003 New Flyer 40' buses.

Connect Mobility's paratransit fleet has 19 buses and includes six 2020 Ford E-450 vans, nine 2018 Ford E-450 vans, and four 2017 Ford E-450 vans.

The Connect Flex on-demand service has a fleet of five 2022 BraunAbility ProMaster 3500 low floor full-size ADA vans.

BOARD OF DIRECTORS

Connect Transit is comprised of seven members appointed by the City of Bloomington and the Town of Normal. The City Managers for the City and Town are Ex officio members.

Appointed

Four Year Term

<u>Name</u>	<u>Position</u>	<u>Appointed By</u>	<u>Expiration Date</u>
Ryan Whitehouse	Chairman	Bloomington	June 30, 2028
Julie Hile	Vice Chair	Normal	June 30, 2026
Linda Foster	Secretary	Bloomington	June 30, 2027
Judy Buchanan	Trustee	Bloomington	June 30, 2025
Mandava Rao	Trustee	Normal	June 30, 2025
Barbara Singer	Trustee	Bloomington	June 30, 2026
Open	Trustee	Normal	June 30, 2028
Tim Gleason	Ex officio	Bloomington	No expiration
Pam Reece	Ex officio	Normal	No expiration

Budget Glossary

ACTUAL – The actual figures in the budget document are year-end actual totals for the fiscal year preceding the budget year.

BUDGET – A financial plan for a specified period of time (fiscal year) that matches all planned revenues and expenditures.

CAPITAL INVESTMENT - A nonrecurring project, including but not limited to construction of or major alterations; remodeling or repair of physical facilities, buildings, structures, fixed equipment and landscaping.

CAPITAL INVESTMENT PROGRAM - A plan for capital expenditures to provide long-lasting physical improvements to be incurred over a fixed period of several future years.

CONNECT TRANSIT – Bloomington Normal Public Transit System

DEPRECIATION - A method of allocating the cost of a tangible asset over its useful life.

DOAP – State of Illinois’ Downstate Operating Assistance Program

ESTIMATE - Revenue and expenditure estimates for the current fiscal year, which are developed as part of the budget preparation process.

EXPENDITURE - This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained, regardless of when the expense is actually paid.

EXPENSES - Charges incurred, whether paid immediately or unpaid, for operation, maintenance, and other charges.

FISCAL YEAR - The time period designated by Connect Transit signifying the beginning and ending period for recording financial transactions. Connect Transit has a fiscal year of July 1 through June 30.

FIXED ASSETS - Assets of long-term character, which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FTA - Federal Transit Administration

FUND BALANCE - The excess of assets over liabilities and is, therefore, also known as surplus funds.

GAAP – Generally Accepted Accounting Principles

GASB – Government Accounting Standards Board

GFOA - Government Finance Officers Association

IDOT - Illinois Department of Transportation.

REVENUE - Funds that the government receives as income.