



CAPITAL AREA TRANSIT SYSTEM

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**MEETING OF THE
BOARD OF COMMISSIONERS OF
CAPITAL AREA TRANSIT SYSTEM
AND
PUBLIC TRANSPORTATION COMMISSION
DECEMBER 15, 2020
4:30 p.m.
BREC Administration Building
6201 Florida Boulevard
Baton Rouge, LA 70806**

MINUTES

I. CALL TO ORDER: Mr. Mark Bellue

Mr. Bellue called the meeting to order.

II. ROLL CALL: Ms. Amie McNaylor

Present at the meeting were Messrs. Bellue, Cohran, Hill, Lambert, and O’Gorman, and Mss. Green, Perkins, and Pierre. Dr. Breaux was absent. Also present were Mr. Bill Deville, CEO; other CATS staff; Creighton Abadie, CATS attorney; and members of the public.

III. APPROVAL OF MINUTES OF NOVEMBER 17, 2020 MEETING: Mr. Mark Bellue

Ms. Pierre moved to approve the minutes of the November 17, 2020, meeting and Ms. Perkins seconded the motion. Mr. Bellue invited public comment and there was none. The motion passed unanimously with no abstentions. Mr. Cohran was not present for the vote.

IV. APPROVAL OF MINUTES OF DECEMBER 3, 2020 SPECIAL MEETING: Mr. Mark Bellue

Ms. Green moved to approve the minutes of the December 3, 2020, special meeting and Ms. Perkins seconded the motion. Mr. Bellue invited public

comment and there was none. The motion passed unanimously with no abstentions. Mr. Cohran was not present for the vote.

V. PRESIDENT'S ANNOUNCEMENTS: Mr. Mark Bellue

Mr. Bellue thanked those assembled for attending the meeting.

Mr. Bellue reviewed the COVID-19 restrictions in place per BREC guidelines. He noted that any members of the staff and public who wished to attend the meeting would need to observe from the hall once the allocated seats were filled.

Mr. Bellue noted that there was no period for general public comments on the meeting agenda. He let the public know that if there are general public comments they wish to make to the board members, they may do so by emailing catsboard@brcats.com.

VI. ADMINISTRATIVE MATTERS

1. Executive and Financial Report: Mr. Bill Deville and Executive Staff

Mr. Deville let the board know that Governor Edwards has reverted the state to a modified Phase 2 in light of the increase in positive COVID-19 cases; the restrictions are slated to be in effect until at least December 23rd.

CATS continues to operate its essential lifeline service that was designed to carry incrementally increased ridership that should remain in place through January, leading to the February 2021 service change. Staff has begun to plan for the February service pick, with an opportunity to plan for a return to near normal service levels during 2021.

Ms. Williams noted that there are currently 147 total operators. There are 100 active operators. The remaining operators are out as a result of COVID-19, FMLA, and Workers' Comp.

Operations is meeting more frequently as the reopening incrementally expands to determine what Phase 3 requirements look like for the agency.

Ms. Williams shared that ridership for November was 97,230; this is similar to the ridership in July 2020. There was less service because of holidays in November, which contributed to the reduced ridership.

The on-time performance for the month was 72.11%. This is the highest the on-time performance has been. Operations continues monitoring individual routes on a daily basis. The department began tracking individual operator performance on November 30th to determine what tools are needed to help operators increase their performance.

The percentage of trips operated in November was 97.68%. The agency operated 183,389 miles, which is indicative of the service provided. There were 3.3 preventable accidents per 100,000 miles in November, and there were 8,731 mean miles between road calls.

Mr. Deville asked Ms. Williams to explain what cancelled trips are and how the term can be misunderstood. Ms. Williams noted that an operator's shift contains multiple "trips" which may be on more than one route. If a trip is cancelled, it does not mean an entire route is cancelled, but only that one piece of the route at that time.

There are multiple factors that can lead to cancelled trips, including not having an operator, not having a vehicle, road construction, reroutes, and trains stopped on tracks.

It was noted that Operations will be doing refresher training in an effort to reduce preventable accidents.

Ms. Soileau informed the board that staff is working towards the February 2021 service change. This will be part of biannual service changes to address customer needs and route improvement moving forward. She noted that CATS is not adding service in February but is increasing frequency on select routes.

Ms. Soileau let the board know that the current lifeline service should be considered the base level of service for the agency. Any changes made will be made from the base service, and they will occur incrementally over time.

Ms. Soileau shared that staff is working on a Bus Shelter and Passenger Amenity Standardization Plan.

HNTB is working on a Transit Development Plan and a revision of the Strategic Plan is a component of that work.

A service standards manual is in progress and an internal staff review is underway.

CATS is awaiting the Microtransit report from The Goodman Corporation, which is scheduled to be delivered on December 18th.

HDR continues work on the key performance indicators and is anticipated to deliver the report in March 2021.

Staff is beginning to work on the information required for the National Transit Database (NTD) annual submission. The deadline for submission is April 30, 2021.

Ms. Soileau shared that she spoke at the Downtown Development District Board meeting to discuss resuming the Capitol Park Trolley service.

Ms. Soileau spoke at the Transportation and Development meeting of the Louisiana Chapter of American Society of Civil Engineers to discuss bus rapid transit.

Mr. Deville noted that CATS general counsel is leading the agency's response to the ADA lawsuit from Mr. Wright filed against CATS and the City-Parish and is working with the City-Parish and CATS staff.

The CATS CEO participated in the LSU IFC Regional Roundtable Discussion as requested due to a need to include needed transportation access policies in the new revised watershed boundaries created by the 100 year flood of 2016.

Mayor Broome held a City-Parish, CATS, Build Baton Rouge, and DOTD Cooperative Endeavor Agreement press conference to formally announce the agreement paving the way to start the major Baton Rouge/CATS nine-mile BRT Corridor Project.

CATS issued a press release announcing the next major phase of its Strategic Planning process.

CATS jointly held a special event recognizing Mr. Johnnie Jones, Sr. for his efforts playing a major role in the Baton Rouge bus boycott. The collaborators included Build Baton Rouge, Mayor-President Sharon Weston Broome, Baker Mayor Darnell Waites, and CATS. Southern University Law Chancellor John Pierre served as master of ceremonies.

Mr. Cutrone presented the November financials and noted that the total current assets as of November 30, 2020, are \$27,208,486. The total assets are \$51,074,249. The total current liabilities are

\$3,494,042 and the total liabilities are \$6,990,000. The total net assets are \$44,084,249.

The total operating expenses for the month of November are \$2,231,168.

The total CATS-generated operating revenues for the month as of November 30, 2020, are \$46,970. The total non-federal subsidies for the month are \$1,735,530 and the total federal subsidies are \$449,778.

The total operating revenues are \$2,232,278. The net operations balance as of November 30 2020, is a deficit of \$228,042.

VII. COMMITTEE REPORTS AND ANY ACTION THEREON

1. Finance and Executive: Mr. Mark Bellue

Mr. Bellue referred the members to the minutes of the December 10th meeting in their packets. He noted that action items 1 through 5 were discussed at the meeting.

No action was taken on items one, three and five. There were questions that needed to be answered, so these items were referred to the full board with no recommendation from the committee.

The committee members unanimously recommended items 2 and 4 for approval.

Mr. Bellue let the members know that the health insurance item and the MV Transportation contract amendment were sent to the board without a recommendation.

2. Technical, Policies and Practices: Dr. Peter Breaux

Ms. McNaylor gave the report for Dr. Breaux and referred the members to the minutes of the December 12th meeting in their packets.

Ms. McNaylor shared that the only item discussed was the Board Communication Policy. A draft policy has been circulated internally and input will be gathered and incorporated where appropriate.

There will need to be a special TPP Committee meeting in January to recommend the Board Communication Policy to the F&E Committee and full board for approval.

3. Audit: Mr. Cohran

Mr. Cohran noted the committee did not meet.

4. Planning: Mr. Kevin O’Gorman

Mr. O’Gorman noted the committee did not meet but has a meeting scheduled for Friday, December 18th.

5. Community Relations: Ms. Linda Perkins

Ms. Perkins referred the members to the minutes of the December 9th meeting and shared the highlights.

Ms. Perkins let the board know that she attended the event for Mr. Jones and it was a wonderful event.

Ms. Serena Thomas of MV Transportation noted that CATS On Demand had 3,945 scheduled trips in November and 3,777 were completed.

Ms. Thomas shared that there was one valid complaint for the month.

Ms. Thomas noted that the on-time performance for the month was 92.3%.

Ms. Thomas notified the board that MV is still down 10 operators but there are six currently in the qualifications phase.

Ms. Thomas noted that revenue is down 50%.

6. Special Committee: Mr. Johnathan Hill

Mr. Bellue noted that the board would enter executive session to discuss some of the recommendations from the Special Committee and this report would be given before executive session.

VIII. ACTION ITEMS

1. Consideration of authorization to lease three, 30 foot electric buses

Ms. Soileau shared that these vehicles would be leased for a period of no more than two years and would be paid with FY2019 5307 funds. She noted that there are Low-No grants that can also be utilized to purchase electric buses at a later date.

Ms. Soileau informed the board that the fleet currently consists of 57 Gillig buses, 14 Cutaway vans, three electric buses, and four trolleys. The 14 Cutaway vans and four trolleys are beyond their useful life.

She noted that the agency will be looking to purchase six, 35-foot BYD electric buses in the near future and that these have been approved by the board for purchase. Additionally, eight Gillig buses will need to be purchased.

Ms. Soileau also noted that there will be 44 vehicles required for the February 2021 service change based on current covid operating levels. Service is expected to incrementally increase to 61 vehicles, but this will happen gradually over time.

The necessary approvals and amendments have been made to the TIP, STIP, and the FTA has given their approval for the lease.

Mr. Cohran moved that the CEO is authorized to lease three, 30 foot BYD electric buses for a period not to exceed two years and at a total cost not to exceed \$375,000 and Ms. Green seconded the motion. Mr. Bellue invited public comment and there was none. The motion carried unanimously with no abstentions.

2. Consideration of authorization to execute contracts for oil and oil related products

Mr. Godwin noted that there are two contracts; one to purchase oil and one to purchase oil related products. The products include synthetic transmission fluid, wheel grease, gear oil, antifreeze, diesel exhaust fluid, and engine oil.

Staff is recommending that a contract be awarded to Lard Oil for antifreeze, synthetic transmission fluid, and diesel exhaust fluid in an amount not to exceed \$70,045.00.

Staff is recommending that a contract be awarded to Central Oil for gear oil, motor oil, and wheel grease in an amount not to exceed \$36,204.00.

It was noted that these are recommended new contracts, not renewals, as a result of the recent ITB's.

It was noted that this item was unanimously recommended for approval by the F&E Committee.

Ms. Perkins moved that the CEO is authorized to enter into contracts with Lard Oil for antifreeze, synthetic transmission fluid, and diesel exhaust fluid in an amount not to exceed \$70,045 and with Central Oil for gear oil, motor oil, and wheel grease in an amount not to exceed \$36,204. Mr. Hill seconded the motion. Mr. Bellue invited public comment and there was none. The motion passed unanimously with no abstentions.

3. Consideration of authorization to extend the security services contract with Weiser Security

Ms. Thomas shared that the board is being asked to approve an extension of the Weiser Security contract for a period of one year to allow staff the time to issue a an RFP.

Mr. Abadie noted that he has reviewed the contract and his understanding is that Weiser has agreed to the extension for a period of one year.

There was a question as to when the solicitation would be completed and Ms. Thomas stated it would be done by the end of the first quarter of 2021.

Ms. Green moved that the CEO is authorized to extend the security services contract with Weiser Security for a period of one year for an amount not to exceed \$236,841.36 and Ms. Pierre seconded the motion. Mr. Bellue invited public comment and there was none. The motion passed unanimously with no abstentions.

4. Consideration of authorization to extend the claims adjuster services contract with Brown Claims Management Group LLC

Ms. Thomas noted that the board is being asked to approve an extension of the Brown Claims contract for a period of one year.

It was noted that this item was unanimously recommended for approval by the F&E Committee.

There was a question as to the rates for the extension and Mr. Abadie informed the board that his understanding was that the contract is being extended with a rate increase consistent with the Consumer Price Index as per the terms of the contract.

Ms. Green moved that the CEO is authorized to extend the claims adjuster services contract with Brown Claims Management Group LLC for a period of one year at hourly rates to be agreed upon by the

parties after consideration of the increase in the consumer price index. Mr. Lambert seconded the motion. Mr. Bellue invited public comment and there was none. The motion passed unanimously with no abstentions.

5. Consideration of adoption of CATS 2021 budget

Mr. Deville introduced the proposed 2021 budget and noted this is a baseline budget that takes a conservative approach because of COVID-19. He let the members know that he has spoken to other transit CEOs who are taking similar approaches. Mr. Deville anticipates that staff will return to the board after the first quarter for a budget amendment.

Mr. Cutrone informed the board members that CATS is proposing an operating revenue budget of \$29,178,280 with an additional \$5,300,000 for FTA capital projects, for total revenues of \$34,478,280.

The total revenues for 2020 were \$32,012,270.

Mr. Cutrone shared that the budget for passenger paid fares for 2021 is \$870,256, which is a 39.5% decrease in fare revenue. He noted that CATS has not yet resumed fare collection due to Covid.

The total CATS generated revenues are budgeted at \$1,771,676.

The total non-federal revenues are budgeted at \$19,049,505. This is a decrease as a result of Covid. These funds are comprised of the hotel/motel tax, the parish transportation fund, and property tax revenue. These numbers are a conservative projection as a result of Covid.

The majority of property tax funds are generally collected in January. However, with the hardships faced right now, staff wanted to make allowances for this.

The total federal operating revenues are projected at \$8,357,099 which is an increase over the 2020 amount of \$6,420,983.

It was noted that the CARES Act funding was used to replace some preventive maintenance expenses. The preventive maintenance subsidy for 2021 is budgeted at \$7,351,099 as compared to \$6,189,898 in 2020 as a result of rolling some of the CARES funding into preventive maintenance.

There was a question as to the discrepancy in the preventive maintenance funding between the monthly financials that are presented and the budget being presented, and there was a question as to why the amount budgeted for preventative maintenance for 2020 was so high and the 2021 budget is higher when the need appears to have decreased. Mr. Cutrone noted that the remaining funds will be rolled into the 2021 budget line item.

There is \$5,300,000 budgeted for capital projects. These projects consist of the following: ERP software system/Tyler Technologies at \$1,000,000; electric buses and chargers at \$2,600,000; shelters at \$250,000; assessment of the 2250 facility at \$300,000; on-call services at \$300,000; and \$850,000 for BRT planning.

There was an inquiry into preventive maintenance and why there was a discrepancy in cost given the fact that service was down and CARES Act funding was used. Mr. Cutrone stated that not as much maintenance was required as a result of Covid.

The budgeted operating expenses are projected at \$29,178,280 with an additional \$5,300,000 for capital projects. The total expenses are budgeted at \$34,478,280.

A total of \$17,711,584 is budgeted for labor and fringe benefits, compared to \$18,593,732 in 2020. This is largely related to the reduction in service as a result of Covid.

There was a question related to the fringe benefits and how the health insurance cost is increasing but the fringe benefits are decreasing. It was noted that labor and operating are at a 59.5% overhead rate and the labor decreased by \$324,000. This resulted in a decrease of \$193,000 in fringe benefits. There were also issues in previous years where items were listed in the fringe benefits that should have been listed elsewhere.

There was discussion of the miscellaneous expenses and Mr. Cutrone indicated that departments submit their budget requests and they include miscellaneous items.

The budget also contains \$300,000 that is appropriated for the payment of settlements and \$40,000 for the payment of judgments.

There were inquiries as to various differences listed in the monthly financials and the proposed budget. Mr. Cutrone stated he would look into the variances.

The budget for purchased transportation for 2021 is \$1,950,000, as compared to \$2,408,825 in 2020. There were inquiries as to whether this should be increased in the event CATS On Demand paratransit service increases in 2021.

Mr. Bellue noted that there is a resolution that is required to be adopted by the board and he read the resolution into the record.

Mr. Abadie shared that there is language in the resolution providing the authority of the CEO to change line item amounts in the budget that is required by the Local Government Budget Act. He noted that in the last several years, the board has given the CEO the authority to make up to 10% changes in the line items without board approval.

Mr. Bellue moved to adopt the budget resolution and Ms. Pierre seconded the motion. Mr. Bellue invited public comment and there was none. The motion passed unanimously with no abstentions.

RESOLUTION OF CATS BOARD OF COMMISSIONERS APPROVING 2021 BUDGET

BE IT RESOLVED by the Board of Commissioners of Capital Area Transit System that the attached document setting forth the 2021 budget for the Capital Area Transit System, which has been made available for public inspection and presented to the Board, is hereby approved.

BE IT FURTHER RESOLVED that the agency's Chief Executive Officer shall have the authority to make changes to the line item amounts of the operating budget without the approval of the Board of Commissioners if the change does not exceed 10% in either direction. If the change exceeds a 10% variance in either direction, the agency's Chief Executive Officer shall have to return to the Board of Commissioners for approval. In no event may the amounts for total revenues or total expenditures be changed without the approval of the Board of Commissioners.

6. Discussion of the performance of the CEO, Mr. William J. Deville. (The board may vote to go into executive session as provided for by the Louisiana Open Meetings Law to discuss the character and professional competence of Mr. Deville).

Mr. Bellue noted that the last item on the agenda is a presentation by the Special Committee and the last portion of the report will include the board entering executive session to discuss the performance of the CEO.

Mr. Bellue invited Mr. Hill to give his report from the Special Committee.

Mr. Hill noted that during the September 2020 CATS Board meeting, the Board appointed a special committee to evaluate the operations of the agency. The committee consisted of Vice-President Green, Treasurer Mr. Cohran, and Mr. Hill.

The committee was tasked with making recommendations in the following areas, but not limited to: any recommended changes to the board's authority level for approval of contracts; any recommendations that would improve communications between the board and CATS administration; and any recommended changes to performance measures and/or how they are tracked or presented to the board.

The committee met on Friday, October 30th and Friday, November 13th to discuss these matters in addition to other items raised by the committee members.

Based on the committee meeting discussion and documentation provided by staff, the Special Committee offers the following:

- A. Contracts under \$50K – The committee reviewed the list of current contracts under \$50K which the CEO has authorization to execute without board approval. There appeared to be several contracts with minimal scopes and vague deliverables.**

Recommendation: All contracts to be executed under \$50K should be presented to the Finance & Executive Committee and legal counsel for awareness and discussion prior to execution. This should include a detailed scope and deliverables with a definitive termination date. Additionally, a template should be drafted by legal counsel for utilization. Lastly, a bi-yearly review should be conducted of the contracts to ensure the deliverables are being met.

- B. Communication with the Board of Commissioners – Communication between CATS administration and the Board takes place on an “as-needed basis.”**

Recommendation: CATS leadership should take a proactive approach informing board members on agenda items and items that could be considered sensitive and confidential in nature which includes finding the best way to share all necessary documentation. Additionally, the administration should ensure legal mandates,

policies, and procedures are followed prior to presenting items to the board. An official Board Communication Policy was drafted and will be offered to the Board for approval.

C. Legal Counsel's Role with the Agency and Board – After interviews and observations it was noted that the role of the legal counsel(s) appears to be vague and there is concern as to whom legal counsel(s) is answerable to.

Recommendation: Clearly outline the role and duties of legal counsel(s) for the agency and Board of Commissioners, respectively. Additionally, consider adding legal counsel(s) to the agency's organizational chart.

D. Chief Executive Officer and Contractual Responsibilities – There are several pending items that fall under the review of the CEO that need a plan of action to address.

Ms. Green noted that this document should be made available publicly and on the CATS website. She shared that a lot of time and thought went into this final report.

Ms. Green stated that it has been a long year as it pertains to CATS, concerns by the public, staff, and board members.

She noted that HNTB is doing an organizational assessment that will be presented in 30 days to the CEO. These recommendations, along with the report from HNTB, should be taken into strong consideration for future action.

Ms. Green stated that the board committees need to be meeting regularly and that staff needs to be getting action items to the board for discussion.

Ms. Green noted that board committee leadership needs to review the recommendations and put them into action at the appropriate committee level.

Ms. Pierre reiterated that contracts should be presented to the F&E Committee and to legal counsel, regardless of whether they are less than \$50,000 or more than \$50,000.

Ms. Pierre shared that she was under the impression that contracts were already being reviewed by legal counsel and that this should automatically be happening.

Ms. Pierre inquired if the board needed to take action to change the way the CEO reports on contracts. It was noted there are several potential action items that come from this report, but any action will begin at the committee level and flow to the full board.

Mr. Hill moved to enter into executive session to discuss the performance of the CEO and Mr. Cohran seconded the motion. Mr. Bellue invited public comment and there were public comments.

Mr. Abadie noted that the Open Meetings Law allows for executive session to discuss the character and professional competence of an individual provided that written notice is provided to the individual more than 24 hours prior to the meeting. That individual has the right to demand that the discussion take place in the public meeting. Mr. Abadie noted that Mr. Deville was timely notified of the item and informed Mr. Bellue that he was comfortable with the executive session taking place.

Mr. Garland stated that the public has the right to speak on matters and the board has taken that right by removing public comments from the agenda. The board is suppressing the right to allow the public to speak on all matters related to public transit.

The motion to enter executive session passed unanimously with no abstentions.

Subsequently, the board returned from executive session to extend the meeting.

Mr. Bellue moved to extend the meeting and Mr. Cohran seconded the motion. Mr. Bellue invited public comment and there was none. The motion passed unanimously without any abstentions.

Mr. Hill moved to return to executive session and Ms. Pierre seconded the motion. Mr. Bellue invited public comment and there was none. The motion passed unanimously with no abstentions. The board continued with the executive session.

IX. ADJOURNMENT

Upon returning from executive session, Mr. Hill acknowledged that this is the last meeting for Ms. Perkins. He stated that Ms. Perkins has been a dedicated member of the board and has been very welcoming to him in his first year on the board. Other board members echoed Mr. Hill's sentiments and the commitment of Ms. Perkins.

Ms. Perkins moved to adjourn the meeting and Ms. Pierre seconded the motion. The motion passed unanimously with no abstentions.

DRAFT



OPERATING AND CAPITAL BUDGET
FOR THE YEAR ENDING DECEMBER
31, 2021



Capital Area Transit System

Operating Budget

For the Year Ending December 31, 2021

Operating Revenues

Description	2021	2020	Dollar
	Budget	Budget	Variance
Operating Revenue			
Passenger Paid Fares	870,256	1,726,698	(856,442)
Special Transit Fares (Contract)	82,002	243,330	(161,328)
ADA/Paratransit Revenue	59,041	117,144	(58,103)
Advertising Revenue	476,009	540,000	(63,991)
Interest Income	56,969	163,453	(106,484)
Other Agency Revenue	227,399	140,012	87,387
Total CATS Generated	1,771,676	2,930,637	(1,158,961)
Non Federal Revenue			
Hotel/Motel Tax	899,505	1,224,264	(324,759)
Parish Transportation Fund	550,000	550,000	0
Property Tax Revenue	17,600,000	17,780,000	(180,000)
Total Non Federal	19,049,505	19,554,264	(504,759)
Federal Operating Subsidies			
FTA - Preventive Maintenance	7,351,099	6,189,898	1,161,201
FTA - Project Administration	320,000	0	320,000
FTA - Planning	686,000	100,000	586,000
FTA - JARC/New Freedom	0	131,085	(131,085)
Total Federal Operating	8,357,099	6,420,983	1,936,116
Total Operating Revenues	29,178,280	28,905,884	272,396
FTA - Capital Projects	5,300,000	3,106,386	2,193,614
TOTAL SOURCES OF REVENUE	34,478,280	32,012,270	2,466,010

Budget Assumptions:

*Governor's Phases 3 Reopening Continues throughout 2021 (Alternative budgets for reduced services/operations under consideration should pandemic re-occur)

*Revenues does not account for potential 2021 federal legislation for CARES 3 or HERO bill approval by Congress

*Capital Budget accounts for 2021 ramping up of CATS 5 Year Capital Budget due to 2021 available federal grant funding

*2021 Operating Budget \$29,178,280

*2021 Capital Budget \$5,300,000

Capital Area Transit System

Operating Budget

For the Year Ending December 31, 2021

Operating Expenses

Description	2021	2020	Dollar
	Budget	Budget	Variance
Operating Expenses			
Labor	11,329,365	11,653,980	(324,615)
Fringe Benefits	6,382,219	6,939,752	(557,533)
Labor and Fringe Benefits	17,711,584	18,593,732	(882,148)
Casualty and Liability	1,547,000	1,805,525	(258,525)
Services & Capital Expenses	2,804,718	1,917,114	887,604
Purchased Transportation	1,950,000	2,408,825	(458,825)
Materials & Supplies	3,645,000	2,926,174	718,826
Utilities	175,000	291,200	(116,200)
Miscellaneous Expenses	1,250,040	792,020	458,020
Leases and Rentals	94,938	171,294	(76,356)
Total Operating Expenses	29,178,280	28,905,884	272,396
FTA - Capital Projects	5,300,000	3,106,386	2,193,614
TOTAL Operating/Planning/Capital	34,478,280	32,012,270	2,466,010
NET BALANCE (+/-)	0.00	0.00	

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CONTACT

Bill Deville
Chief Executive Officer
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CY2021 Capital Area Transit System Budget Proposal

Although we project to finish the current year below the 2020 operational expense budget by nearly 5 percent, there are several items that we wanted to address and properly keep everyone apprised. As a result of the pandemic, COVID-19 has brought upon both new challenges and opportunities that will be addressed as we present the 2021 Budget. The following budget statement anticipates CATS continuing with its “Lifeline” service with incremental service improvements in service anticipated during 2021.

CATS 2021 Budget Operating Revenues consists of three major components: Direct Operating Revenues, Non-Operating (Non-Federal) Revenues, and Federal Operating Revenue Subsidies (Grants). Total 2021 Operating Revenues amount to \$29,178,280. Capital grants and match revenue outlay for 2021 are projected at \$5,300,000. Total Operating and Capital Budget combined amount to \$34,478,280 for 2021.

CATS 2021 Budgeted Operating Expenses amount to \$29,178,280. CATS Capital Outlay for 2021 is projected to be \$5,300,000. Total Operating and Capital Budget expenditures are expected to total \$34,478,280, providing a “balanced budget” as required by state law.

CATS CY2021 Budget, as presented, represents a stand-still “baseline” operating budget anticipating operating revenues to be reduced by nearly 50% - Covid impact projected. This revenue gap is made up primarily with a combination of FTA 5307 grant and Property Millage revenues. Staff, and the general consensus among regional peer transit agencies, believes **that CATS may need to revise its CY2021 budget by the end of the first quarter of 2021 ...if the Covid condition worsens** (in which case, furloughs/layoffs may considered to occur going forward) as further reductions in service may be required.

The condition just described is our worst case scenario whereby the expected funding via **the Congressional HEROS Act (CARES 3) legislation is not included in this 2021 budget.**

If the HEROS Act is passed by Congress in 2021, then CATS will be seeking to revise its 2021 Budget to reflect the anticipated date/time the HEROS Act/Funding amount and availability takes effect. CATS staff will then come back to the board to present a revised budget for 2021. Please note, in spite of delays caused by the Covid Pandemic through most of 2020, CATS will resume moving forward with its Capital programs and projects to the tune of **capital outlays totaling about \$5.3 million for 2021.**

Those Capital programs and projects include plans for:

2250 Florida Boulevard
Baton Rouge, LA 70802
PHONE: 225.389.8920

CONTACT



- Enterprise Resource Planning software system.
- Fleet replacement.
- Bus stop shelters
- BRT Planning
- On Call support services
- 2250 OAM Facility and Transfer Center Assessments

Regarding CATS current 2020 Budget:

It should be noted that **no budget amendment was warranted for the current 2020 budget.** Expenses did not increase, nor did the loss of revenues exceed ten percent. To the contrary, the **CARES ACT actually filled the gap where there was a loss in revenues for 2020, or where additional expenditures were required...**even allowing CATS to replace, to some extent, badly needed cash reserves depleted in earlier lean years.

It should be noted that the Federal CARES Act, while approved by Congress in late March, 2020, was retroactive to January, 2020, and allowed 100% grant funding with no match required because of the world wide pandemic crisis...Transit Agencies were encouraged to use CARES funding first.

While there is a great need for CATS to continue working hard and smart in seeking more funds from its usual more reliable funding sources, there is also a need in obtaining new sources of revenue to help fund CATS long term Capital Investment Improvement Plan. It can be said, however, the influx of cash provided by the CARES Act was material and timely. CATS was able to move and reallocate property millage tax and some other revenues (about \$14 million) into cash reserves for the following:

- Shortage from operational revenues due to COVID
- Insurance claims & litigation reserves
- Operational contingency reserve
- Replenish restricted cash reserves used prior years
- Future capital improvement/grants match

CONCLUSION – Management respectfully requests board approval 2021 Budget, anticipating a possible return upon completing 2021 first quarter.