

# ***TRANSIT FUND***

## ***Major Revenue Sources - Descriptions and Estimates***

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The Town provides public transit services for the Town of Chapel Hill and the neighboring Town of Carrboro and the University of North Carolina. The two towns and the university share annual operating costs of the transit system on a contractual basis. In 2001, the transit system initiated fare free services, eliminating fare box and pass sale revenues previously collected for the basic system. (One exception is the Tar Heel Express service provided for athletic events and other special events at the University.)

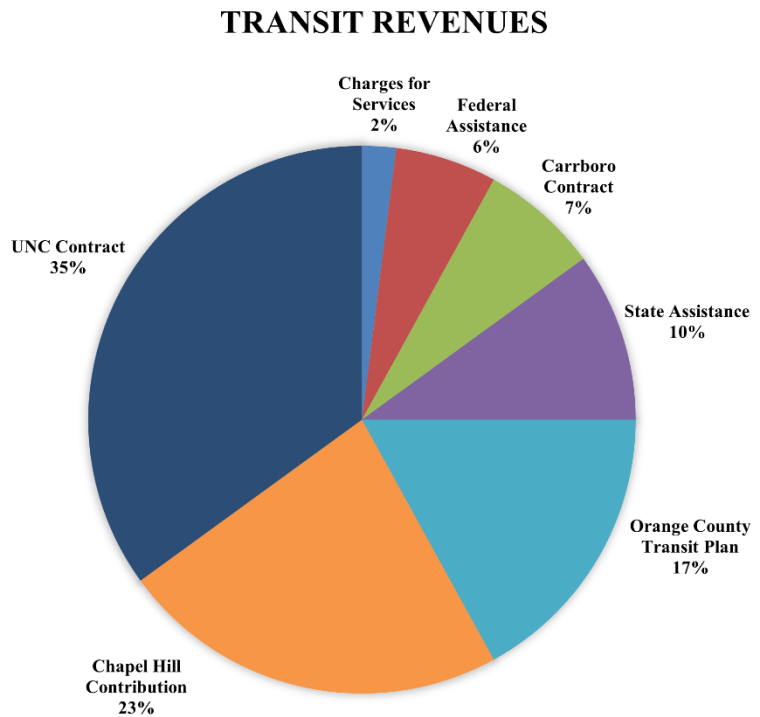
The recommended budget for the Transit Fund for fiscal year 2026-27 totals about \$35.9 million, a decrease of 1.5% from 2025-26. Below is a description of the major revenue sources for the Transit Fund and the pie chart below shows the major revenue sources for fiscal year 2026-27. Please note that due to the partnership between the Town of Chapel Hill, Town of Carrboro, and the University of North Carolina, some financial aspects are still being discussed by the partners and are subject to change.

### **Federal Operating Assistance**

The Transit system receives an operating assistance allocation each year from the federal government based on a variety of factors and funding formulas. We estimate federal funding for operations to remain level at \$2.3 million in FY26-27. No federal operating grants are anticipated at this time. Grants will be sought for 2026-27 as opportunities arise and will be added to the budget through amendment if awarded.

### **State Operating Assistance**

The Transit system also receives an operating assistance allocation each year from the State based on a formula involving various operating statistics for the system. This allocation is anticipated to increase slightly in 2026-27 to \$3.5 million.



# TRANSIT FUND

## Major Revenue Sources - Descriptions and Estimates

### University Contract

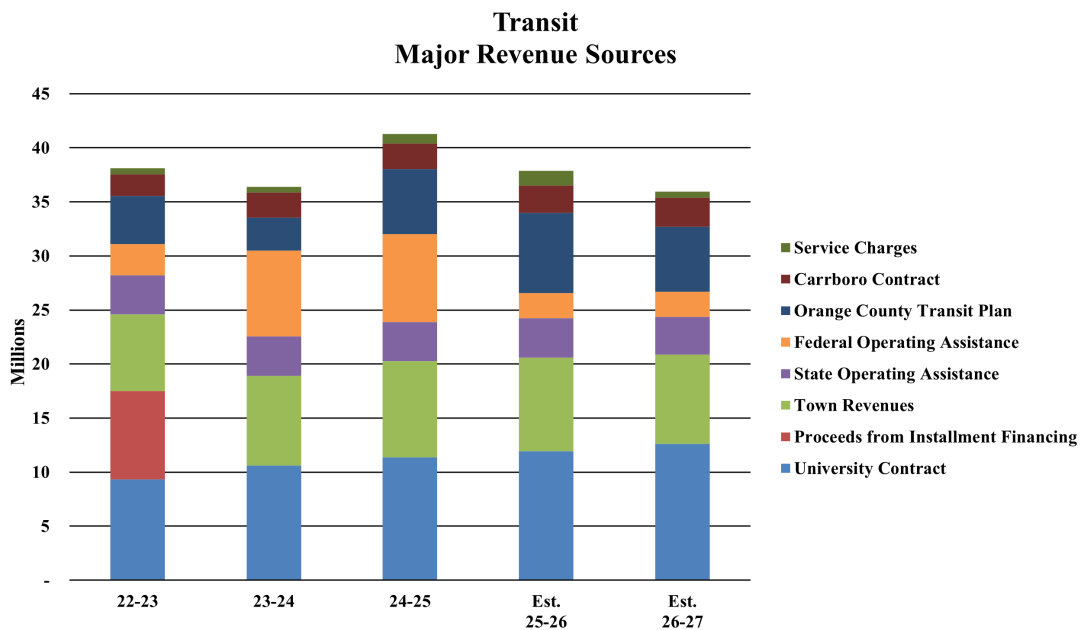
The University of North Carolina contracts with the Town for bus service for routes on and surrounding the campus of the University and UNC Health Care System. The University contract also covers routes determined to serve mainly students and employees of the University. The cost of these services is based on cost sharing arrangements among the Town, the University, and Carrboro, as agreed to in an annual contract. The University's contracted share was about \$11.4 million in 2024-25 and \$11.9 million in 2025-26. UNC's allocation for 2026-27 is up to \$12.6 million.

### Carrboro Contract

The Town of Carrboro likewise contracts with the Town for transit service with costs also based on the Memorandum of Understanding. Carrboro's cost for 2025-26 was about \$2.5 million and the budget for 2026-27 increased to \$2.7 million based on the funding formula.

### Town Revenues

The Town's share of cost for the Transit system is funded primarily by a property tax levy for transit. The cost share in the recommended budget for the Transit Fund in fiscal year 2026-27 is about \$8.26 million. Also included in Town revenues are interest income and \$450,000 for vehicle license fees.



# ***TRANSIT FUND***

## ***Major Revenue Sources - Descriptions and Estimates***

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### **Orange County Transit Plan**

The 2026-27 budget includes operating and capital funds from the Orange County Transit Plan, which was approved by the Orange County Board of Commissioners and the GoTriangle Board of Trustees in April 2017. This funding is utilized locally for capital projects, including the North-South Bus Rapid Transit (NSBRT) project, and is also put toward previous and future service expansions. Based on actual revenues received over the past couple of years, revenues are budgeted to decrease by 15.9% from \$7.2 million in 2025-26 to just over \$6 million in 2026-27.

### **Charges for Service**

The recommended budget for 2026-27 includes revenue from fees for use of Town park and ride lots, estimated to remain level at \$32,000. Another revenue source in this category, the bus route between Chapel Hill and Hillsborough that Chapel Hill Transit formerly operated for GoTriangle, is no longer in the budget for FY27.

Other revenues expected for the system include \$300,000 in fares for the Tar Heel Express service and \$150,000 in bus advertising revenue, both of which are decreases from the previous fiscal year's budget based on actual revenues received in the past couple of years.

### **Fund Balance**

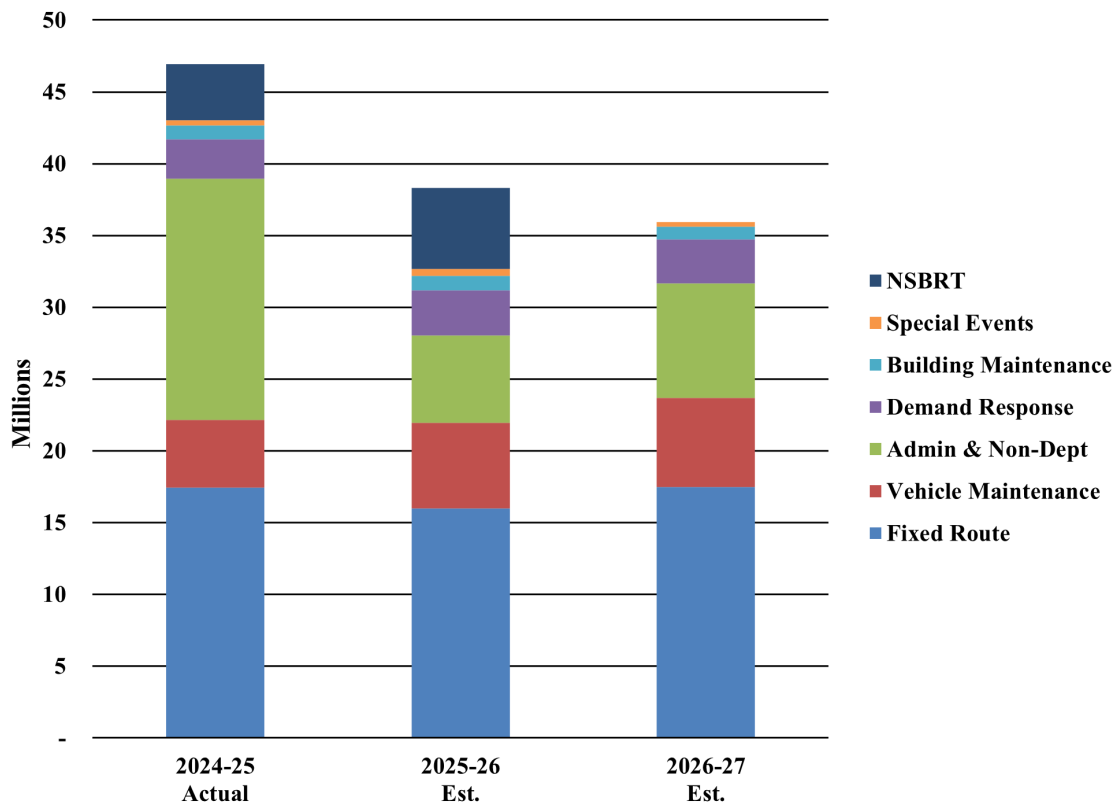
The 2026-27 recommended budget is balanced with no appropriation of fund balance.

# TRANSIT FUND

## Major Expenditures - Descriptions and Estimates

The recommended budget for Transit for 2026-27 continues fare-free services for fixed routes in the system and totals \$35.9 million. Major expenditures of the system consist primarily of personnel, operating, and maintenance costs for a planned fleet of 99 buses, 20 cutaway EZ Rider vehicles, 20 operations support vehicles, and 4 maintenance service trucks that provide transit service to the entire community. Operational costs total about \$20.9 million and Maintenance costs total about \$7.1 million.

**Transit Expenses**



Expenditures for 2026-27 include a 4% of market pay increase, a 10% increase in insurance costs, and a 0.75% retirement increase. There is \$184,800 budgeted for other post-employment benefits (OPEB).

# ***TRANSIT DEPARTMENT***

## ***STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

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	2024-25 ADOPTED	2025-26 ADOPTED	2026-27 RECOMMENDED
<b>Administration</b>			
Director - Transit	1.00	1.00	1.00
Deputy Director - Transit Operations	1.00	1.00	1.00
Assistant Director - Transit Admin	1.00	1.00	1.00
Administrative Services Manager	1.00	1.00	1.00
Transit Community Outreach Manager	1.00	1.00	1.00
Administrative Analyst	1.00	1.00	1.00
Grants Manager	1.00	1.00	1.00
Transit Development Manager I	1.00	1.00	1.00
Transit Development Manager II	1.00	1.00	1.00
Administrative Assistant	2.00	1.00	1.00
Human Resource Generalist	1.00	1.00	1.00
Transit Planning Manager	1.00	1.00	1.00
Payroll Specialist	1.00	1.00	1.00
Information Technology Analyst	1.00	1.00	1.00
Transit & Commute Solutions Comms Specialist <sup>1</sup>	1.00	1.00	1.00
Transit Planner I	1.00	1.00	1.00
Administrative Coordinator	0.00	1.00	1.00
Human Resource Assistant	0.00	1.00	1.00
Quality Assurance/Quality Control Analyst	0.00	1.00	1.00
Division Totals	17.00	19.00	19.00
<b>Operations</b>			
Transit Safety Officer	1.00	1.00	1.00
Transit Development Manager I	1.00	1.00	1.00
Lead Transit Supervisor	1.00	1.00	1.00
Transit Crisis Counselor	1.00	1.00	1.00
Transit Training Manager	1.00	1.00	1.00
Transit Operations Manager	1.00	1.00	1.00
Deputy Operations Manager - Fixed Route	1.00	1.00	1.00
Assistant Operations Manager - Demand Response	1.00	1.00	1.00
Transit Supervisor	10.00	10.00	10.00
Transit Operator - Demand Response	17.00	15.00	15.00
Transit Operator - Fixed Route	118.66	120.66	120.66
Service Attendant	1.00	0.00	0.00
Transit Safety & Training Specialist	4.00	4.00	4.00
Administrative Assistant	1.00	1.00	1.00
Division Totals	159.66	158.66	158.66

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***TRANSIT DEPARTMENT***  
***STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

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	2024-25 ADOPTED	2025-26 ADOPTED	2026-27 RECOMMENDED
<b>Maintenance</b>			
Maintenance Manager	1.00	1.00	1.00
Assistant Maintenance Manager	1.00	1.00	1.00
Bus Technician Supervisor	3.00	3.00	3.00
Bus Technician (I, II, Senior)	15.00	15.00	15.00
Bus Service Technician	3.00	3.00	3.00
Administrative Coordinator	1.00	1.00	1.00
Parts Supervisor	1.00	1.00	1.00
Parts Clerk	2.00	2.00	2.00
Service Attendant	7.00	7.00	7.00
Bus Shelter & Amenities Attendant	1.00	1.00	1.00
Division Totals	35.00	35.00	35.00
Transit Department Totals	211.66	212.66	212.66

<sup>1</sup> This position is grant-funded.

# **TRANSIT**

## **BUDGET SUMMARY**

The budget for the Transit Department continues fare-free service. Federal assistance has remained flat and state assistance has gone up slightly for FY26-27, while partner revenues from the Town of Carrboro and the University of North Carolina at Chapel Hill have increased. Overall, revenues in the 2026-27 recommended budget have decreased slightly due to no new funding from the Orange County Transit Plan for the NSBRT project and due to reduced charges for services, as Go Triangle now operates the bus route between Chapel Hill and Hillsborough. Cost increases include a 0.75% retirement increase, a 10% insurance increase, a pay increase, and increased budget for vehicles, fuel, and demand response software.

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### **EXPENDITURES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Admin & Non-Dept	\$ 16,782,162	\$ 6,025,407	\$ 12,219,048	\$ 6,079,973	\$ 7,982,521	32.5%
Grant-Funded	-	-	548,000	-	-	N/A
NSBRT Project	3,899,002	4,000,000	14,932,164	5,663,361	-	-100.0%
Fixed Route	17,449,038	16,494,122	17,255,768	15,980,868	17,478,707	6.0%
Demand Response	2,757,608	2,775,328	3,685,616	3,110,818	3,060,445	10.3%
Special Events	365,329	318,125	340,125	469,357	318,932	0.3%
Vehicle Maintenance	4,710,673	5,968,547	5,929,645	5,988,899	6,193,723	3.8%
Building Maintenance	967,516	900,446	1,087,324	1,031,715	911,818	1.3%
<b>Total</b>	<b>\$ 46,931,328</b>	<b>\$ 36,481,975</b>	<b>\$ 55,997,690</b>	<b>\$ 38,324,991</b>	<b>\$ 35,946,146</b>	<b>-1.5%</b>

### **REVENUES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Charges for Services	\$ 867,274	\$ 1,320,000	\$ 1,486,422	\$ 1,381,000	\$ 574,000	-56.5%
Federal Assistance	-	2,300,000	2,300,000	2,300,000	2,300,000	0.0%
Federal Ops Grants	8,134,600	52,000	275,000	52,000	-	-100.0%
State Assistance	3,631,704	3,400,000	3,418,991	3,650,695	3,500,000	2.9%
Orange County Transit Plan	6,000,524	7,159,936	7,409,936	7,409,936	6,018,053	-15.9%
UNC Contract	11,390,444	11,952,960	11,952,960	11,952,960	12,624,606	5.6%
Carrboro Contract	2,368,794	2,514,824	2,514,824	2,514,824	2,673,487	6.3%
Chapel Hill Revenues	8,878,967	7,782,255	7,782,255	8,632,255	8,256,000	6.1%
Appropriated Fund Balance	5,659,021	-	18,857,302	431,321	-	N/A
<b>Total</b>	<b>\$ 46,931,328</b>	<b>\$ 36,481,975</b>	<b>\$ 55,997,690</b>	<b>\$ 38,324,991</b>	<b>\$ 35,946,146</b>	<b>-1.5%</b>

***TRANSIT - Administration and Non-Departmental  
BUDGET SUMMARY***

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*The recommended budget for 2026-27 includes a 32.5% overall increase. Personnel has increased by 3.3% due to a 0.75% retirement increase, a 10% increase in insurance costs, and a salary increase, somewhat offset by vacancies and turnover.*

*Operating costs decreased by 4.3% mostly due to the dissolution of the Wellness Clinic and its associated costs. Capital Outlay increased due to funding from the Orange County Transit Plan that will be used to purchase vehicles.*

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**EXPENDITURES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Personnel	\$ 2,262,361	\$ 2,668,392	\$ 2,689,494	\$ 2,472,825	\$ 2,756,192	3.3%
Operating Costs	2,575,715	2,526,015	2,914,469	2,768,233	2,417,344	-4.3%
Transfer to						
Capital Grant	2,995,447	-	1,178,250	-	-	N/A
Capital Outlay	8,948,639	831,000	831,000	838,915	2,808,985	238.0%
Contribution to Reserve	-	-	4,605,835	-	-	N/A
<b>Total</b>	<b>\$ 16,782,162</b>	<b>\$ 6,025,407</b>	<b>\$ 12,219,048</b>	<b>\$ 6,079,973</b>	<b>\$ 7,982,521</b>	<b>32.5%</b>

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***TRANSIT - Grants***  
***BUDGET SUMMARY***

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*As of the time of the recommended budget, there were no planned grant related expenditures for 2026-27.*

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**EXPENDITURES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Personnel	\$ -	\$ -	\$ 227,490	\$ -	\$ -	N/A
Operating Costs	-	-	320,510	-	-	N/A
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 548,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>

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***TRANSIT - North-South Bus Rapid Transit Project***  
***BUDGET SUMMARY***

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*The North-South Bus Rapid Transit project (NSBRT) is the planned 8.2-mile line along one of the town’s busiest and most vital thoroughfares. As the region’s first bus rapid transit system, NSBRT will connect employees, students, residents, and visitors to their regional connections and local destinations.*

*The recommended budget for 2026-27 does not add any new funding. The Orange County Transit Plan is not providing additional monies due to the end of the three year funding period. Existing funds will be used for planning and design services, property acquisition, and construction management.*

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**EXPENDITURES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Operating Costs	3,899,002	4,000,000	14,932,164	5,663,361	-	-100.0%
Total	\$ 3,899,002	\$ 4,000,000	\$ 14,932,164	\$ 5,663,361	\$ -	-100.0%

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***TRANSIT - Fixed Route***  
***BUDGET SUMMARY***

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*The recommended budget reflects a 6% increase in overall costs. Personnel is up 4.6% due to a 0.75% increase in retirement costs, a 10% insurance increase, and a salary increase. Operating expenses increased by 10.1% primarily due to increased budget for contracted services and fuel in FY26-27.*

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**EXPENDITURES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Personnel	\$ 11,106,249	\$ 12,454,634	\$ 12,348,056	\$ 11,816,963	\$ 13,030,160	4.6%
Operating Costs	4,595,232	4,039,488	4,767,712	4,023,905	4,448,547	10.1%
Capital Outlay	1,747,557	-	140,000	140,000	-	N/A
<b>Total</b>	<b>\$ 17,449,038</b>	<b>\$ 16,494,122</b>	<b>\$ 17,255,768</b>	<b>\$ 15,980,868</b>	<b>\$ 17,478,707</b>	<b>6.0%</b>

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***TRANSIT - Demand Response***  
***BUDGET SUMMARY***

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*The recommended budget for the Demand Response division reflects a 10.3% increase over the 2025-26 budget. Personnel expenditures increased by 5.3% due to increases to retirement and insurance costs, along with a salary increase. Operating expenses increased by 25.8% due to a needed upgrade to demand response software and increased budget for fuel.*

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**EXPENDITURES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Personnel	\$ 2,176,728	\$ 2,098,705	\$ 2,098,705	\$ 2,224,860	\$ 2,209,013	5.3%
Operating Costs	580,880	676,623	885,367	684,238	851,432	25.8%
Capital Outlay	-	-	701,544	201,720	-	N/A
<b>Total</b>	<b>\$ 2,757,608</b>	<b>\$ 2,775,328</b>	<b>\$ 3,685,616</b>	<b>\$ 3,110,818</b>	<b>\$ 3,060,445</b>	<b>10.3%</b>

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***TRANSIT - Tarheel Express / Special Events***  
***BUDGET SUMMARY***

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*The recommended budget for Tarheel Express & Special Events in 2026-27 remains relatively flat compared to the previous year.*

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**EXPENDITURES**

	<b>2024-25</b>	<b>2025-26</b>	<b>2025-26</b>	<b>2025-26</b>	<b>2026-27</b>	<b>% Change</b>
	<b>Actual</b>	<b>Original</b>	<b>Revised</b>	<b>Estimated</b>	<b>Recommended</b>	<b>from</b>
		<b>Budget</b>	<b>Budget</b>		<b>Budget</b>	<b>2025-26</b>
Personnel	\$ 293,435	\$ 235,791	\$ 235,791	\$ 354,526	\$ 236,598	0.3%
Operating Costs	71,894	82,334	104,334	114,831	82,334	0.0%
<b>Total</b>	<b>\$ 365,329</b>	<b>\$ 318,125</b>	<b>\$ 340,125</b>	<b>\$ 469,357</b>	<b>\$ 318,932</b>	<b>0.3%</b>

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***TRANSIT - Vehicle Maintenance***  
***BUDGET SUMMARY***

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*The recommended budget for 2026-27 represents a 3.8% increase in expenditures from the 2025-26 fiscal year. The 6.6% increase in personnel costs is due to a 0.75% increase in retirement costs, a 10% insurance increase, a salary increase, impacts from the Pay Study, and turnover. Operating costs decreased by 0.6% largely due to decreased budget for software in the division.*

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**EXPENDITURES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Personnel	\$ 3,075,453	\$ 3,608,986	\$ 3,608,986	\$ 3,477,458	\$ 3,848,430	6.6%
Operating Costs	1,599,555	2,339,561	2,212,459	2,403,241	2,325,293	-0.6%
Capital Outlay	35,665	20,000	108,200	108,200	20,000	0.0%
Total	\$ 4,710,673	\$ 5,968,547	\$ 5,929,645	\$ 5,988,899	\$ 6,193,723	3.8%

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***TRANSIT - Building Maintenance***  
***BUDGET SUMMARY***

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*The recommended budget for Transit's Building Maintenance division reflects a 1.3% increase overall. The 20% increase in personnel expenditures is related to new retiree medical expenses. The operating expenditures increased by 1.2% because of slightly higher utility costs.*

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**EXPENDITURES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Personnel	\$ 2,763	\$ 3,000	\$ 3,000	\$ 3,486	\$ 3,600	20.0%
Operating Costs	954,898	897,446	1,084,324	1,028,229	908,218	1.2%
Capital Outlay	9,855	-	-	-	-	N/A
<b>Total</b>	<b>\$ 967,516</b>	<b>\$ 900,446</b>	<b>\$ 1,087,324</b>	<b>\$ 1,031,715</b>	<b>\$ 911,818</b>	<b>1.3%</b>

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# ***TRANSIT CAPITAL RESERVE BUDGET SUMMARY***

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*The Transit Capital Reserve Fund is intended to accumulate funding to make capital purchases and to meet matching requirements for capital grants for replacement buses and other equipment. Matching funds for 2026-27 are estimates for grants historically received each year, but not yet awarded.*

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## **EXPENDITURES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Contribution to Capital Grant Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
	45,355	-	-	-	-	N/A
Total	\$ 45,355	\$ -	\$ -	\$ -	\$ -	N/A

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## **REVENUES**

	<b>2024-25 Actual</b>	<b>2025-26 Original Budget</b>	<b>2025-26 Revised Budget</b>	<b>2025-26 Estimated</b>	<b>2026-27 Recommended Budget</b>	<b>% Change from 2025-26</b>
Interest Income Appropriated Fund Balance	\$ 45,355	\$ -	\$ -	\$ -	\$ -	N/A
	-	-	-	-	-	N/A
Total	\$ 45,355	\$ -	\$ -	\$ -	\$ -	N/A

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# ***TRANSIT CAPITAL GRANT PROJECT ORDINANCES***

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Transit capital and planning grants awarded by the Federal Transit Administration are implemented pursuant to grant project ordinances authorized by General Statute 159-13.12. Budgets are adopted throughout the year as grant awards are received. Five current project ordinances in the Transit Department are shown below:

**2015-2016 Capital Grant 5339**

The project ordinance for the fiscal year 2015-2016 Section 5339 Transit Capital Grant was executed on May 14, 2018. The funds will be used to expand transit’s employee/visitor parking lot, install a new security gate to the bus fleet yard, and fund a preliminary review and analysis of constructing a solar canopy over the bus yard. 80% is federally funded. 20% will be funded through local budget.

	Project Budget	Estimated Expenditures Through June 30, 2027
2015-16 Transit Capital Grant	\$534,037	\$66,231

**2024 Area of Persistent Poverty Grant**

The project ordinance for the fiscal year 2024-2025 is for the planning of a micro-transit system.

	Project Budget	Estimated Expenditures Through June 30, 2027
2024 Planning Grant	\$437,500	\$304,667

**FY19-FY20 Capital Grant**

The project ordinance for the fiscal year 2021 Capital Investment plan covering: Automatic Vehicle Locator upgrades, Automatic Passenger Counter upgrades, and Radio System upgrades.

	Project Budget	Estimated Expenditures Through June 30, 2027
2020 Transit Capital Grant	\$657,654	\$230,058

**FY22 5339**

This project ordinance for fiscal year 2022 is for the purchase of three (3) 20' Light Transit Vehicles (LTV) for the Demand Response Fleet.

	Project Budget	Estimated Expenditures Through June 30, 2027
2022 Transit Capital Grant	\$623,820	\$49,424

# ***TRANSIT CAPITAL GRANT PROJECT ORDINANCES***

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## **FY23 5339a**

This project ordinance for fiscal year 2023 is for the purchase of an architecture and engineering firm to provide up to 100% completion of construction plans for an expanded fleet yard and training center.

	Project Budget	Estimated Expenditures Through June 30, 2027
2022 Transit Capital Grant	\$298,324	\$238,659