Adopted 2012
Operating and Capital Budgets

December 15, 2011 Board Meeting

Resolution Number: 673-10

Mission

- We are dedicated to providing safe, accessible, convenient, and efficient public transportation services to Spokane region's neighborhoods, business and activity centers;
- We are leaders in transportation and a valued partner in the community's social fabric, economic infrastructure, and quality of life;
- We aspire to be a source of pride for the region.

Organizational Priorities

- Emphasize safety in all aspects of our operations
- Provide outstanding customer service
- Earn and retain the community's trust
- Provide organizational & employee development

2012 Budget Guidance

- Sustain quality – regardless of service level.
- Preserve essential capital projects.
- Maintain flexibility – add revenue or reduce service when required.
- Continue with sustainable plan by avoiding long-term commitments that may not be funded.
- Prepare for phase 3 service reduction.

Outreach Process

- **October 19 Board Meeting**: Draft 2012 Budget
- **November 2**: Board Workshop
- Individual Board Member Sessions if Requested
- **November 8:** Employee Meetings (4 Scheduled throughout the day)
- **November 9:** Public Workshop at the Plaza at noon
- **November 10**: Public Workshop at the Plaza at 5 PM
- **November 16 Board Meeting**: Public Hearing on Budget
- **December 15 Board Meeting**: Adoption of Budget

2012 Operating & Capital Budget Overview

2012 Proposed Final Budget	$75,311,540
2011 Adopted Budget	$75,537,080
$ Difference	$(225,540)
% Difference	(0.3)%

2012 Draft (October)	$76,681,726
2012 Proposed (November)	$76,781,726
2012 Proposed Final (December)	$75,311,540
$ Difference-Draft vs. Proposed Final	$(1,370,186)
% Difference-Draft vs. Proposed Final	(1.8)%

2012 Source of Funds

Summary of Changes		
Draft Budget (October)		**$76,681,726**
Fixed route fare revenues	489,482	
Sales tax projection	293,520	
State grant	(710,978)	
Federal capital grant	1,437,056	
Draw on cash	(1,409,080)	
Total Changes		100,000
Proposed Budget (November)		**$76,781,726**
Sales tax projection	(181,029)	
Draw on cash	(1,289,157)	
Total Changes		(1,470,186)
Proposed Final Budget (December)		**$75,311,540**

2012 Use of Funds

Summary of Changes		
Draft Budget (October)		**$76,681,726**
Cooperative Street Projects	100,000	
Proposed Budget (November)		**$76,781,726**
Labor	100,834	
Benefits	(371,020)	
Cooperative Street Projects	(200,000)	
Transfer from Capital Budget to New Dedicated Reserve for Right of Way Acquisition	(1,000,000)	
Total Changes		(1,470,186)
Proposed Final Budget (December)		**$75,311,540**

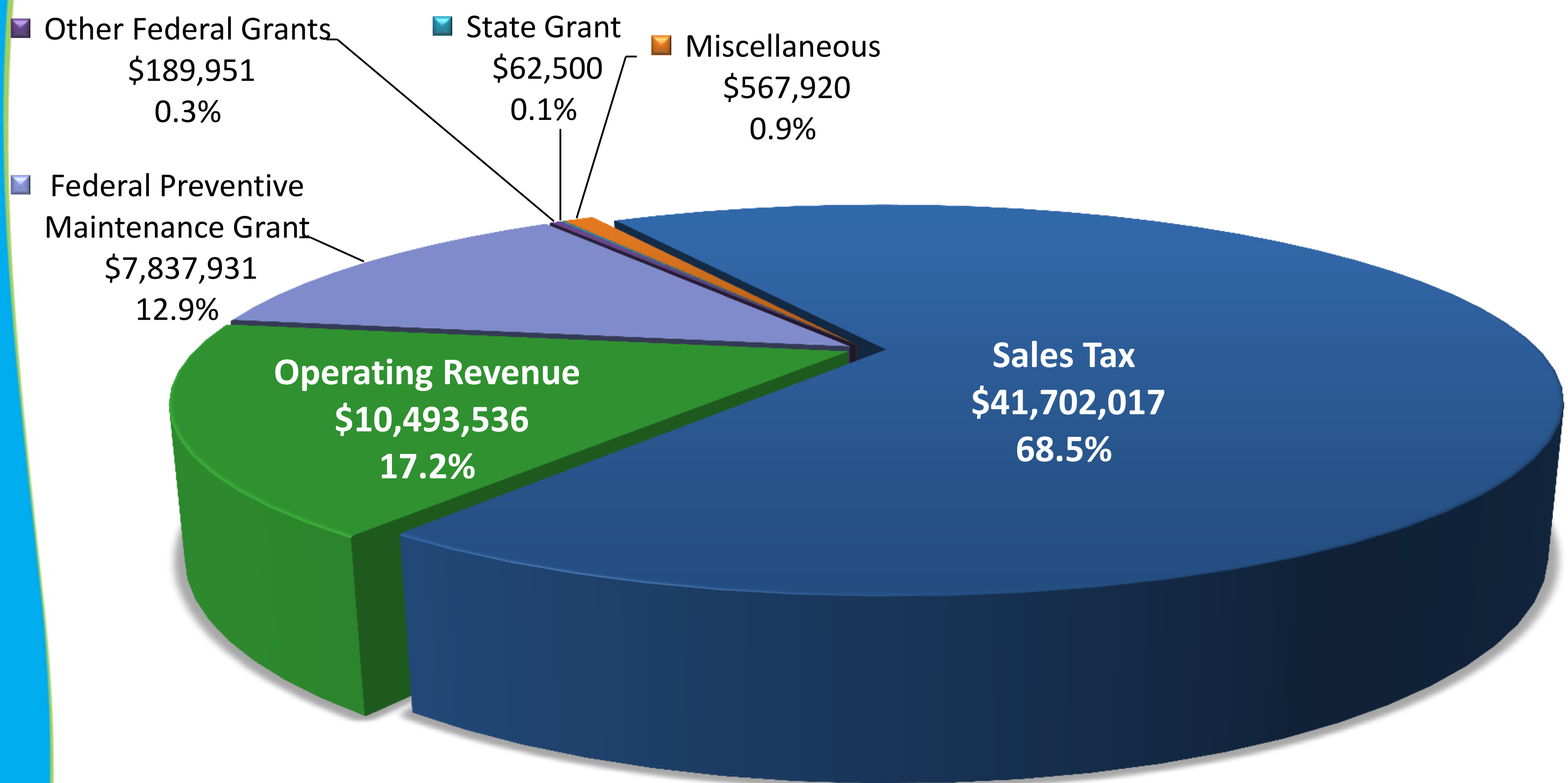
Comparison 2012 Budget to 2011 Budget

	2012 Budget	2011 Budget	$ Change From 2011 Budget	% Change From 2011 Budget
Estimated Revenues:				
Operating Revenues	$10,493,536	$10,999,079	$(505,543)	(4.6)%
Sales Tax	41,702,017	39,577,592	2,124,426	5.4%
State Grants	62,500	348,654	(286,154)	(82.1)%
Miscellaneous	567,920	1,137,977	(570,057)	(50.1)%
Federal Preventive Maintenance Grant	7,837,931	8,037,000	(199,069)	(2.5)%
Other Federal Grants	189,951		189,951	100.0%
Subtotal: Operating Revenues	**60,853,855**	**60,100,302**	**753,553**	**1.3%**
Federal Capital Revenue	5,066,212	4,346,301	719,911	16.6%
State Capital Revenue	1,516,240	40,000	1,476,240	3690.6%
Subtotal: Capital	**6,582,452**	**4,386,301**	**2,196,151**	**50.1%**
Total Revenue	**67,436,307**	**64,486,603**	**2,949,704**	**4.6%**
Decrease in Cash Balance	7,875,233	11,050,477	(3,175,244)	(28.7)%
Total Source of Funds	**$75,311,540**	**$75,537,080**	**$(225,540)**	**(0.3)%**
Estimated Expenditures:				
Fixed Route Bus	$38,854,395	$39,143,840	$(289,445)	(0.7)%
Paratransit	11,735,174	11,134,386	600,788	5.4%
Vanpool	762,730	638,032	124,698	19.5%
Plaza	1,270,878	1,256,881	13,997	1.1%
Administrative	6,076,646	5,759,744	316,902	5.5%
Total Operating Expense	**58,699,823**	**57,932,883**	**766,940**	**1.3%**
Cooperative Street/Road Projects	436,299	4,239,511	(3,803,212)	(89.7)%
Capital Expenditures	16,175,418	13,364,686	2,810,732	21.0%
Total Use of Funds	**$75,311,540**	**$75,537,080**	**$(225,540)**	**(0.3)%**

2012 Operating Revenue Assumptions

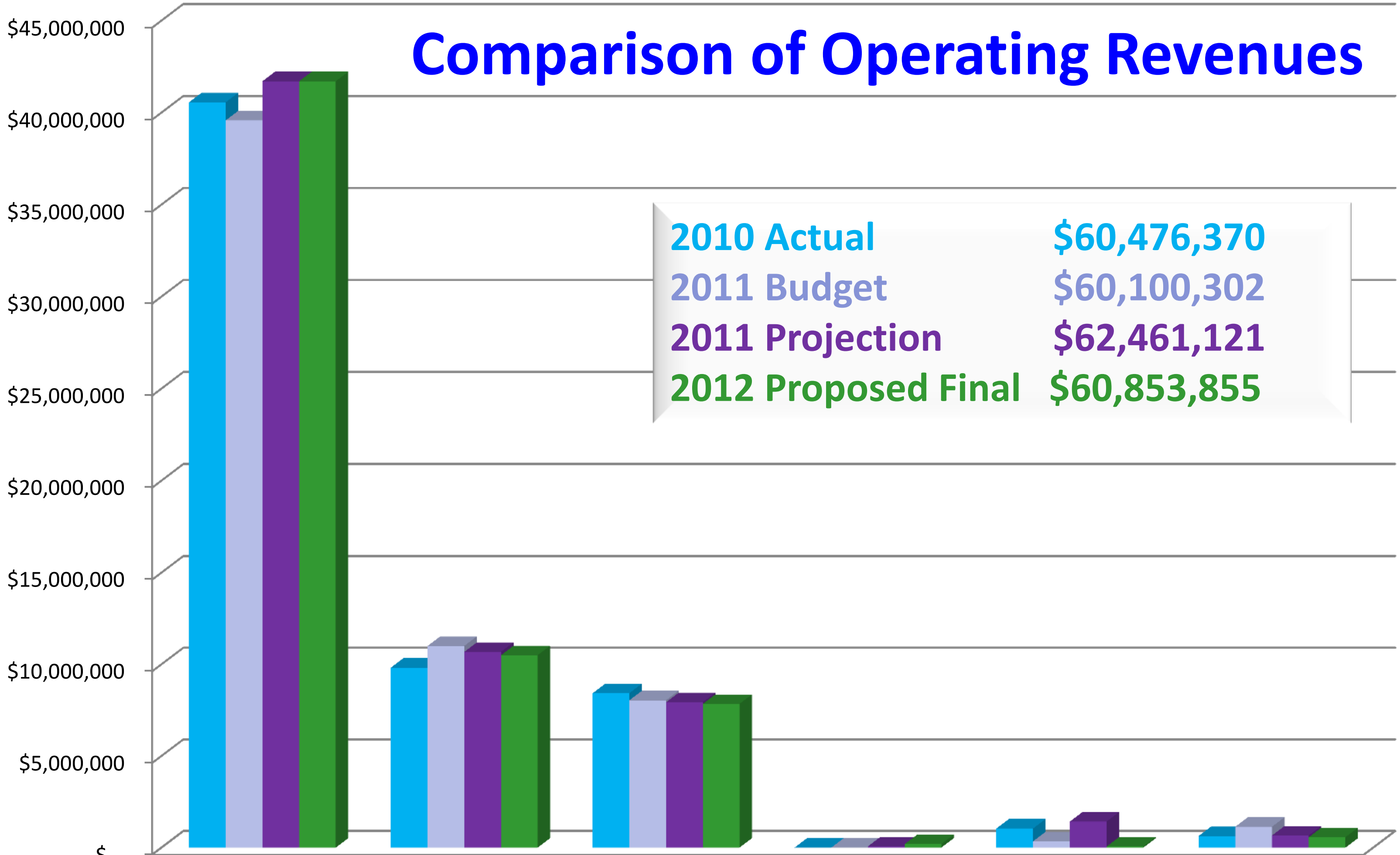
- Sales Tax Revenue: 0.0% growth in 2012 from 2011 projected growth of 3.0% (3.4%)
- Fare revenue:
  - Fixed Route: Retain 95% of 2011 ridership
  - Paratransit:
    - Retain 2011 ridership
    - Fare increase
  - Vanpool: 8.8% ridership growth
- Federal Preventive Maintenance Grant: no expected increase or decrease
- State Grant: cash reimbursement for entire grant in 2011 ($1.4M)
- Investment income: earnings rate of 0.75%

2012 Operating Revenues



$60,853,855

Comparison of Operating Revenues



	Sales Tax	Operating Revenue	Federal Preventive Maintenance Grant	Other Federal Grants	State Grant	Miscellaneous
2010 Actual	$40,559,096	$9,817,194	$8,424,160	$-	$1,045,961	$629,959
2011 Budget	$39,577,592	$10,999,079	$8,037,000	$-	$348,654	$1,137,977
2011 Projection	$41,702,017	$10,674,322	$7,931,402	$68,402	$1,421,955	$663,023
2012 Proposed Budget	$41,702,017	$10,493,536	$7,837,931	$189,951	$62,500	$567,920

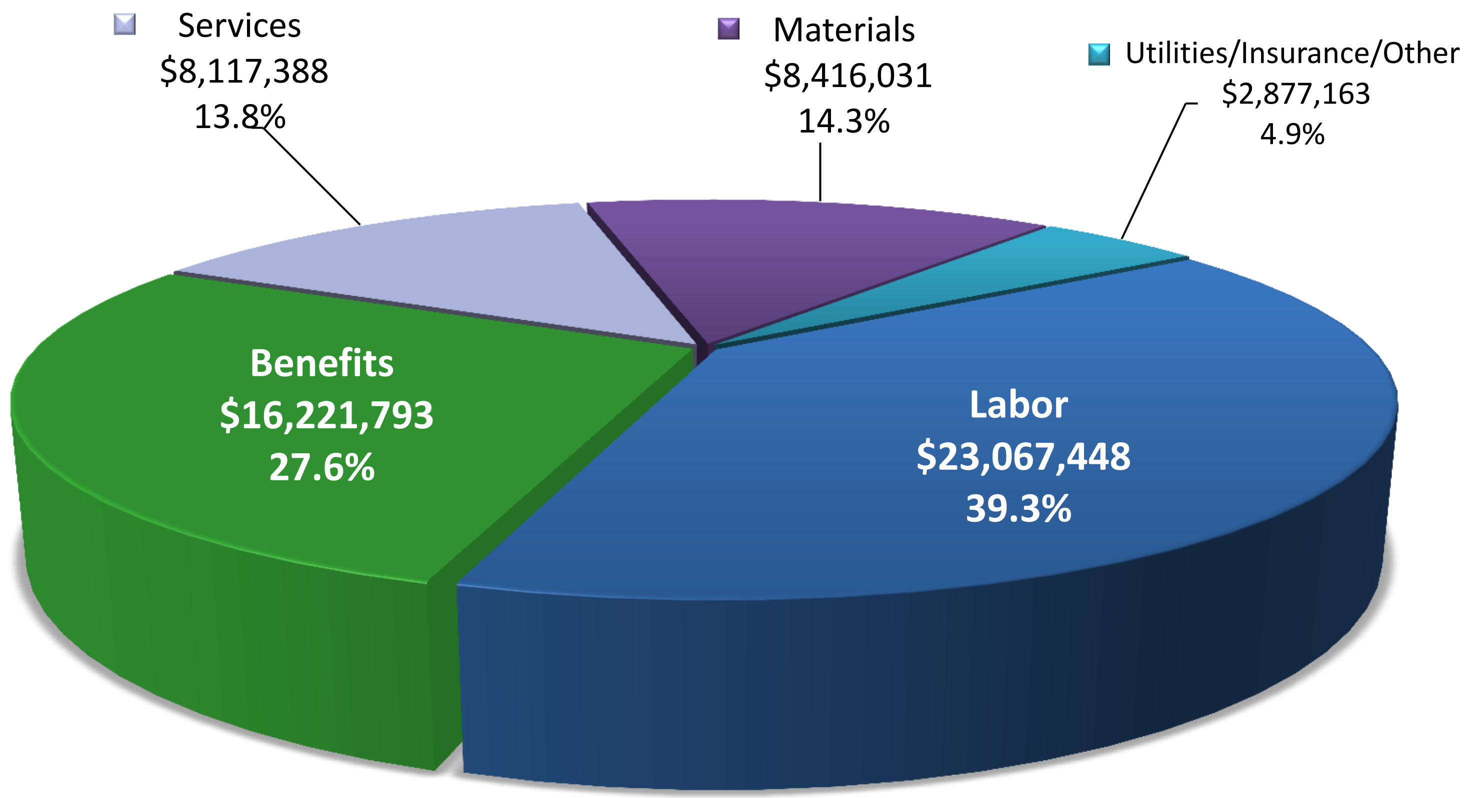
Spokane Transit

2012 Operating Expense Assumptions

- Wages *
  - 1% increase and wage grid adjustment for Administrative employees
  - Wages for represented employees are negotiated
- Benefits:
  - Medical and Dental premiums increase 8.59%
  - Retirement rates remain static
  - L&I rates increase approximately 8%
  - Presidents' Day holiday for ATU 1015 (Fixed Route Operators, Maintenance, Customer Service & certain Clerical) and Administrative employees
- Materials
  - Fuel - Budgeted using Energy Information Administration Forecast plus ½ standard deviation
    - Diesel increase is 19.5% for an average price per gallon of $3.62
    - Gasoline increase is 23.2% for an average price per gallon of $3.59
- Miscellaneous
  - Utilities:
    - Electric, Water, and Sewer: +10%
    - Garbage: +5.5%
    - Gas, Telephone, Cable: +5.0%

* Deferred to January 2012 Board Meeting

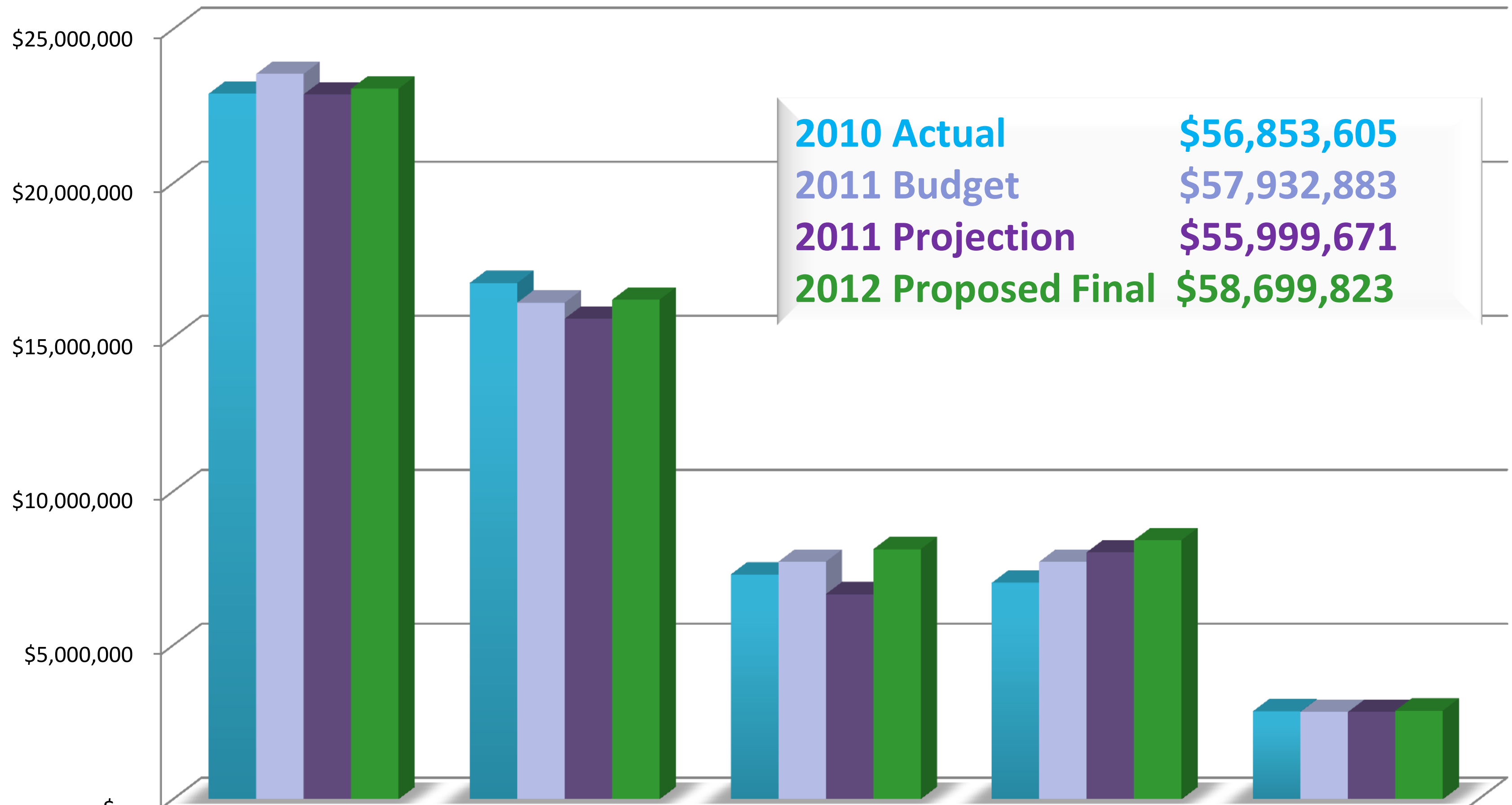
2012 Operating Expenses by Object



$58,699,823

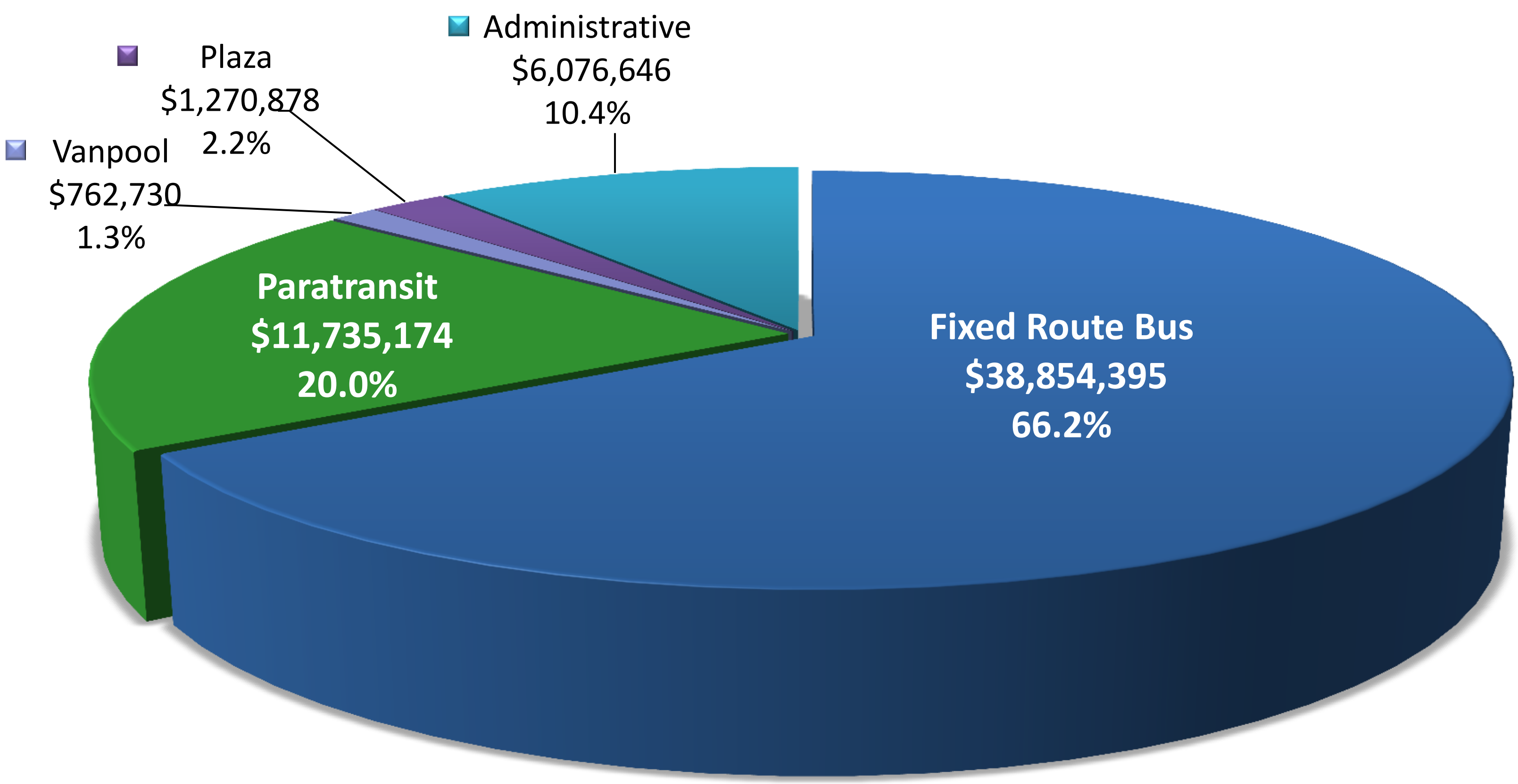
NOTE: As required by federal accounting standards, "labor" includes wages for work time only. "Benefits" includes wages for paid time off. "Materials" include fuel costs. "Services" include contracted transportation, legal, etc.

Comparison of Operating Expenses by Object



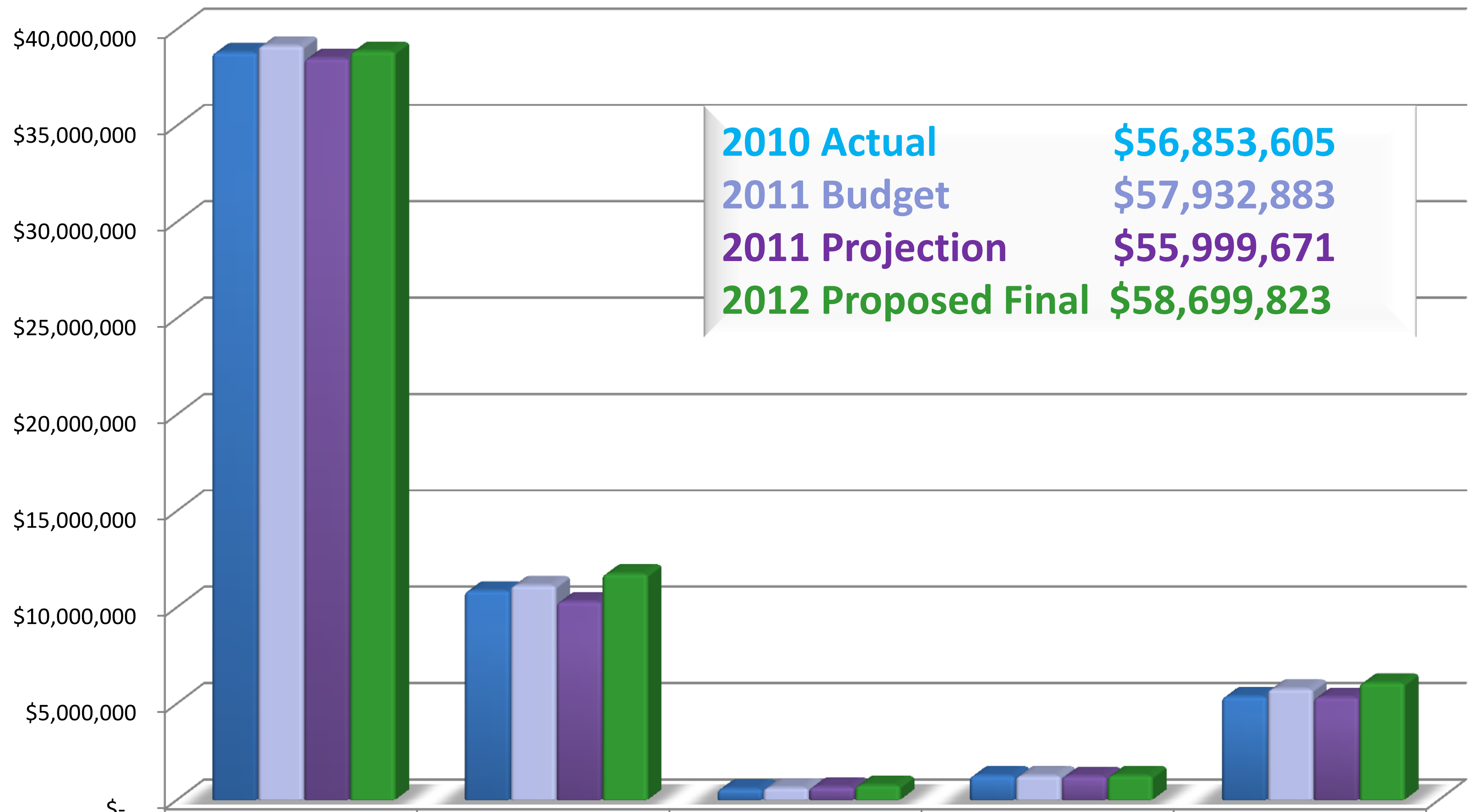
	Labor	Benefits	Services	Materials	Miscellaneous
2010 Actual	$22,905,171	$16,765,749	$7,299,840	$7,029,157	$2,853,689
2011 Budget	$23,547,289	$16,124,940	$7,711,405	$7,712,190	$2,837,059
2011 Projection	$22,885,498	$15,605,878	$6,658,644	$8,021,020	$2,828,631
2012 Proposed Budget	$23,067,448	$16,221,793	$8,117,388	$8,416,031	$2,877,162

2012 Operating Expenses by Division



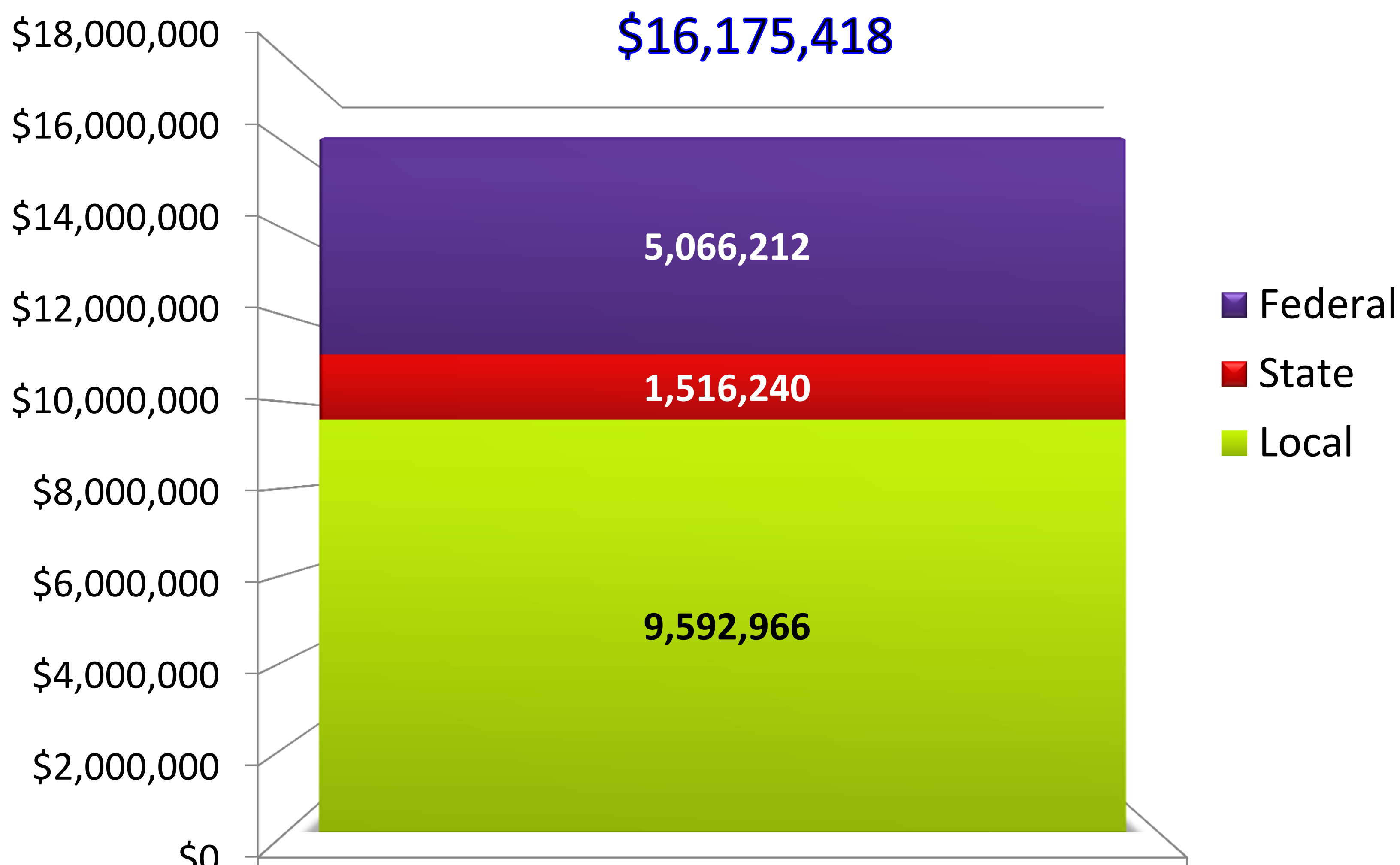
$58,699,823

Comparison of Operating Expenses by Division



	Fixed Route Bus	Paratransit	Vanpool	Plaza	Administrative
2010 Actual	$38,793,958	$10,856,020	$575,587	$1,261,719	$5,366,322
2011 Budget	$39,143,840	$11,134,386	$638,032	$1,256,881	$5,759,744
2011 Projection	$38,484,932	$10,287,805	$670,862	$1,231,279	$5,324,793
2012 Proposed Budget	$38,854,395	$11,735,174	$762,730	$1,270,878	$6,076,646

2012 Capital Budget



Spokane Transit 2012 Capital Budget

Spokane Transit
Draft 2012 Capital Budget
Funded Projects

Revenue Vehicles	Quantity	Local	State	Federal	Total
Fixed Route Coaches	6	$2,640,294		$1,266,200	$3,906,494
Paratransit Vans	12	$234,264		$937,056	$1,171,320
Vanpool Vans	18	$267,800	$214,240		$482,040
Total: Revenue Vehicles	36	$3,142,358	$214,240	$2,203,256	$5,559,854
Non-Revenue Vehicles	**Quantity**	**Local**	**State**	**Federal**	**Total**
Non-Revenue Vehicles	2	$315,000			$315,000
Total: Non-Revenue Vehicles	2	$315,000			$315,000
Maintenance & Facilities	**Quantity**	**Local**	**State**	**Federal**	**Total**
Boone - Facility Master Plan Program		$2,411,426			$2,411,426
Boone - Preservation and Maintenance	1	$542,300		$500,000	$1,042,300
Miscellaneous Equipment and Fixtures		$119,205			$119,205
Valley Transit Center (Pence Cole) Preservation		$153,367			$153,367
Total: Maintenance & Facilities	1	$3,226,298		$500,000	$3,726,298
Technology & Customer Service	**Quantity**	**Local**	**State**	**Federal**	**Total**
Access and Security - Facility Cameras		$100,000			$100,000
Business Systems Replacement		$44,437		$146,563	$191,000
Computers / Preservation and Maintenance Program		$303,338			$303,338
Operating & Customer Service Software		$290,400			$290,400
Radio Narrow Banding		$47,000			$47,000
Smart Bus		$720,200		$1,980,800	$2,701,000
Vanpool Software		$57,000			$57,000
Total: Technology & Customer Service		$1,562,375		$2,127,363	$3,689,738
Planning	**Quantity**	**Local**	**State**	**Federal**	**Total**
Central City Line - HPT		$200,000			$200,000
Operational & Passenger Facilities Improvement Program		$158,898		$235,593	$394,491
Plaza Renovation		$988,037	$1,302,000		$2,290,037
Total: Planning		$1,346,935	$1,302,000	$235,593	$2,884,528
Total Funded Projects		$9,592,966	$1,516,240	$5,066,212	$16,175,418

2012 Cash and Reserve Analysis

	2012 Proposed Final Budget
OPERATING ACTIVITIES	
Revenues (excluding capital grants)	**$60,853,855**
Operating Expenses	**(58,699,823)**
Revenues Over / (Under) Operating Expenses	**2,154,032**
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	**(9,592,966)**
Cooperative Street and Road Projects	**(436,299)**
Total Local Cash Used for Capital Activities	**(10,029,265)**
NET DECREASE IN CASH	**(7,875,233)**
CASH (Beginning of 2012)	**44,186,169**
CASH (End of 2012)	**36,310,936**
RESERVES	
Self Insurance Reserve	**(5,500,000)**
Board Designated Operating Reserve	**(8,804,973)**
Right of Way Acquisition Reserve	**(4,950,000)**
Total Reserves	**(19,254,973)**
2012 Estimated End of Year Cash Balance After Reserves	**$17,055,962**

SPOKANE TRANSIT - 2010 to 2012 Budget Comparison

	2010 Actual	2011 Budget	2012 Budget
Estimated Revenues:			
Operating Revenues	$ 9,817,194	$ 10,999,079	$ 10,493,536
Sales Tax	40,559,096	39,577,592	41,702,017
State Grants	1,045,961	348,654	62,500
Miscellaneous	629,959	1,137,977	567,920
Federal Preventive Maintenance	8,424,160	8,037,000	7,837,931
Federal Grants			189,951
Subtotal: Operating Revenues	**60,476,370**	**60,100,302**	**60,853,855**
Federal Capital Revenue	4,455,366	4,346,301	5,066,212
State Capital Revenue	502,884	40,000	1,516,240
Subtotal: Capital	**4,958,250**	**4,386,301**	**6,582,452**
Total Revenue	**65,434,620**	**64,486,603**	**67,436,307**
Decrease in Cash Balance	2,044,052	11,050,477	7,875,233
Total Source of Funds	**$ 67,478,672**	**$ 75,537,080**	**$ 75,311,540**
Estimated Expenditures:			
Fixed Route Bus	$ 38,793,958	$ 39,143,840	$ 38,854,395
Paratransit	10,856,020	11,134,386	11,735,174
Vanpool	575,587	638,032	762,730
Plaza	1,261,719	1,256,881	1,270,878
Administrative	5,366,322	5,759,744	6,076,646
Total Operating Expense	**56,853,605**	**57,932,883**	**58,699,823**
Cooperative Street/Road Projects	2,335,045	4,239,511	436,299
Capital Expenditures	8,290,021	13,364,686	16,175,418
Total Use of Funds	**$ 67,478,672**	**$ 75,537,080**	**$ 75,311,540**

Recommended Action

- Adopt by resolution, the proposed final 2012 Operating and Capital Budgets:

Source of Funds:			Use of Funds:	
Revenues	$60,853,855		Operating Expenses	$58,699,823
Capital Grants	6,582,452		Cooperative Projects	436,299
From Cash Balance	7,875,233		Capital Projects	16,175,418
Total Source of Funds	**$75,311,540**		**Total Use of Funds**	**$75,311,540**