



# 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)%

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■ 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		
<b>Draft Budget (October)</b>		<b>\$76,681,726</b>
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
<b>Proposed Budget (November)</b>		<b>\$76,781,726</b>
Sales tax projection	(181,029)	
Draw on cash	(1,289,157)	
Total Changes		(1,470,186)
<b>Proposed Final Budget (December)</b>		<b>\$75,311,540</b>

# 2012 Use of Funds

Summary of Changes		
<b>Draft Budget (October)</b>		<b>\$76,681,726</b>
Cooperative Street Projects	100,000	
<b>Proposed Budget (November)</b>		<b>\$76,781,726</b>
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)
<b>Proposed Final Budget (December)</b>		<b>\$75,311,540</b>

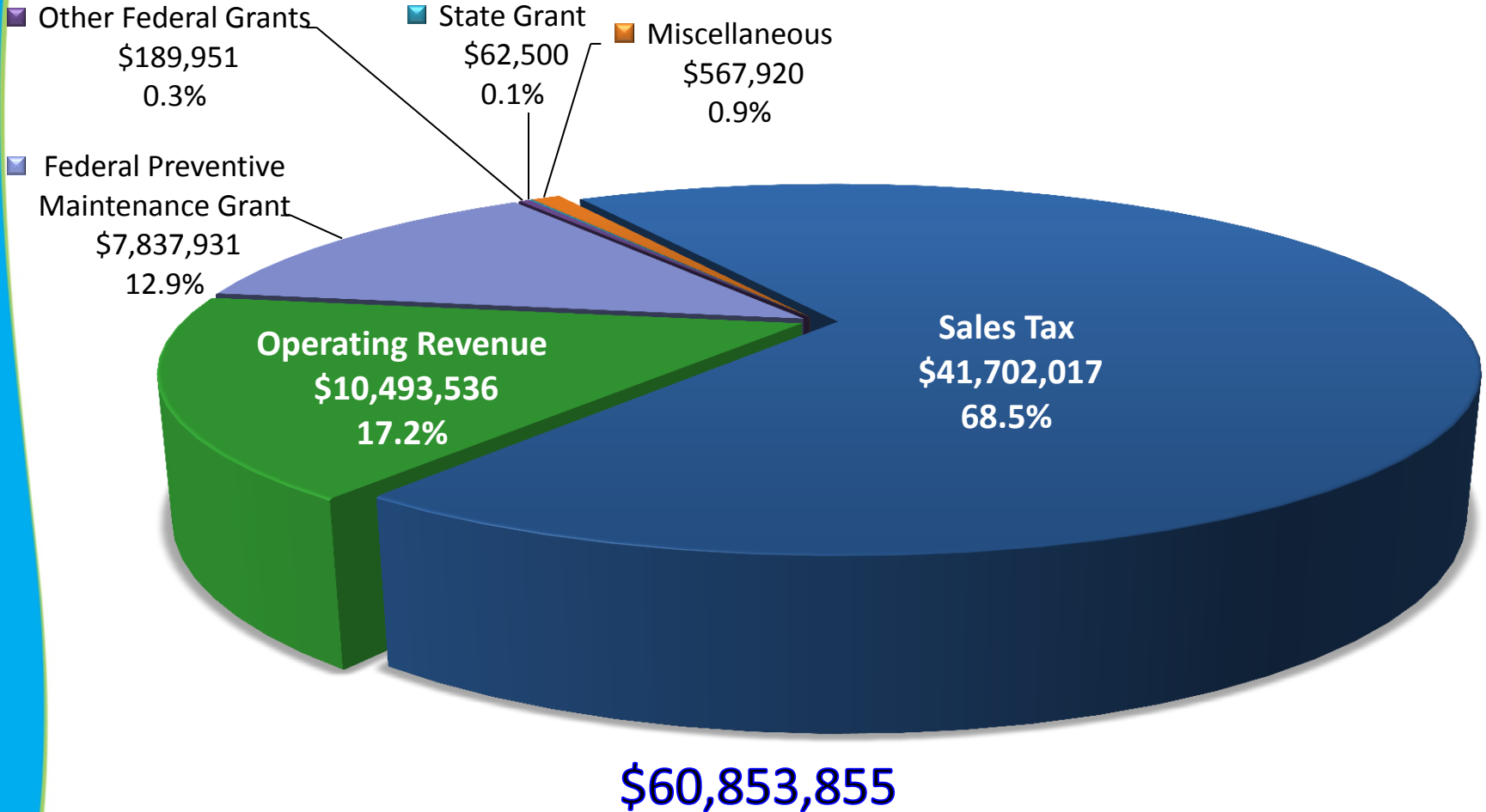
# Comparison 2012 Budget to 2011 Budget

	2012 Budget	2011 Budget	\$ Change From 2011 Budget	% Change From 2011 Budget
<b>Estimated Revenues:</b>				
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%
<b>Subtotal: Operating Revenues</b>	<b>60,853,855</b>	<b>60,100,302</b>	<b>753,553</b>	<b>1.3%</b>
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%
<b>Subtotal: Capital</b>	<b>6,582,452</b>	<b>4,386,301</b>	<b>2,196,151</b>	<b>50.1%</b>
<b>Total Revenue</b>	<b>67,436,307</b>	<b>64,486,603</b>	<b>2,949,704</b>	<b>4.6%</b>
Decrease in Cash Balance	7,875,233	11,050,477	(3,175,244)	(28.7)%
<b>Total Source of Funds</b>	<b>\$75,311,540</b>	<b>\$75,537,080</b>	<b>\$(225,540)</b>	<b>(0.3)%</b>
<b>Estimated Expenditures:</b>				
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%
<b>Total Operating Expense</b>	<b>58,699,823</b>	<b>57,932,883</b>	<b>766,940</b>	<b>1.3%</b>
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%
<b>Total Use of Funds</b>	<b>\$75,311,540</b>	<b>\$75,537,080</b>	<b>\$(225,540)</b>	<b>(0.3)%</b>

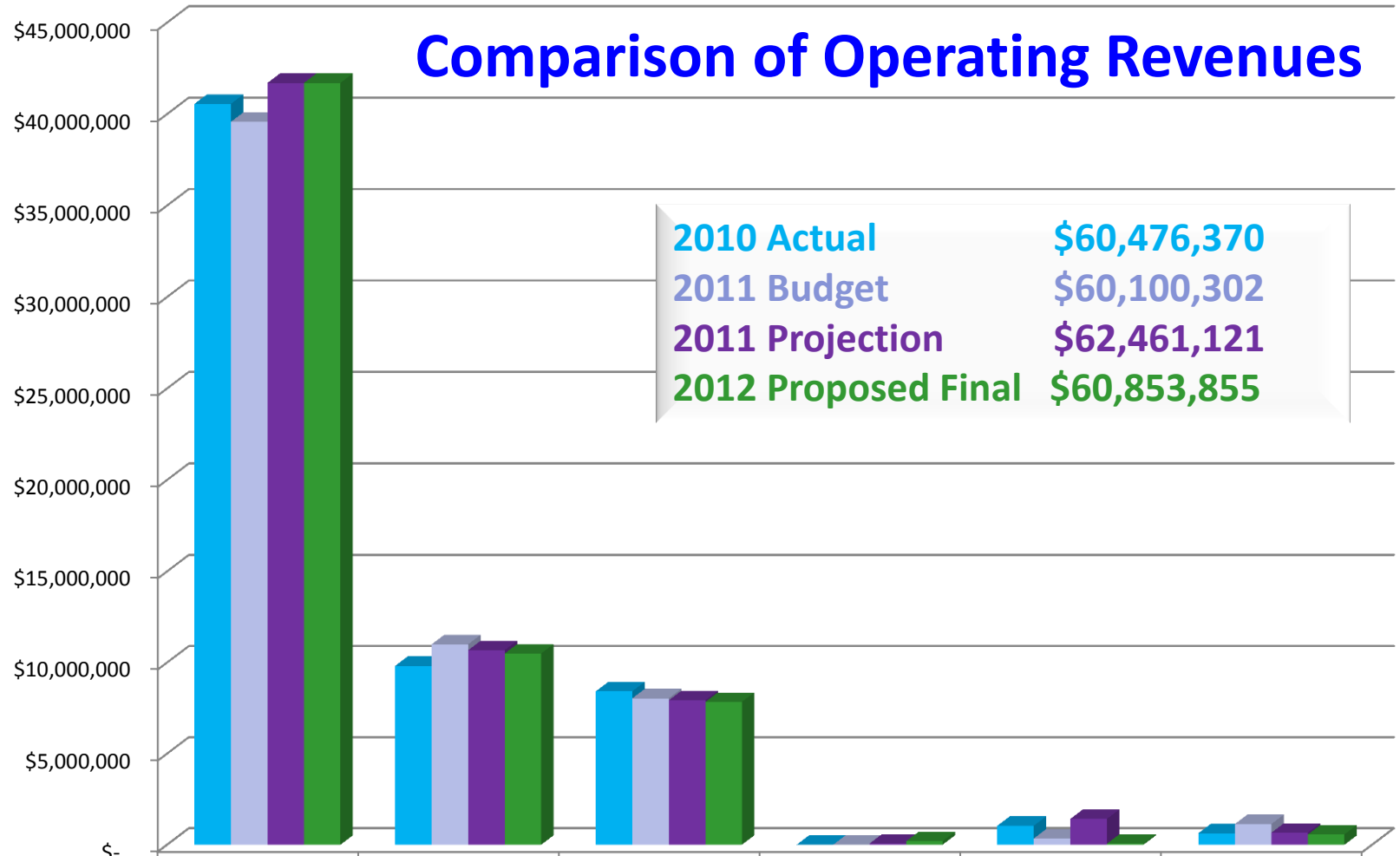
# 2012 Operating Revenue Assumptions

- 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



# Comparison of Operating Revenues



<b>2010 Actual</b>	<b>\$60,476,370</b>
<b>2011 Budget</b>	<b>\$60,100,302</b>
<b>2011 Projection</b>	<b>\$62,461,121</b>
<b>2012 Proposed Final</b>	<b>\$60,853,855</b>

	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

# 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

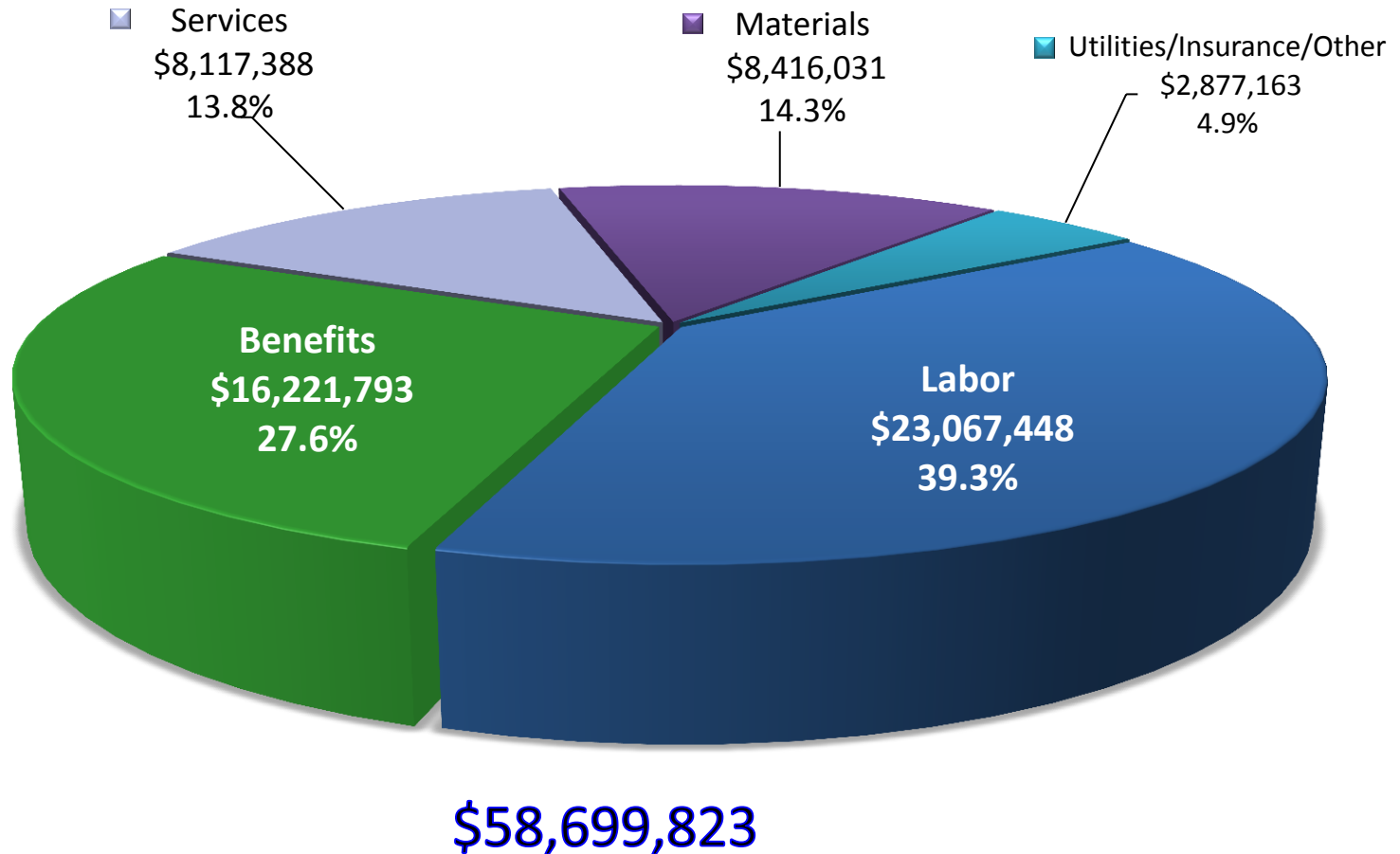
## ■ Miscellaneous

### ■ Utilities:

- Electric, Water, and Sewer: +10%
- Garbage: +5.5%
- Gas, Telephone, Cable: +5.0%

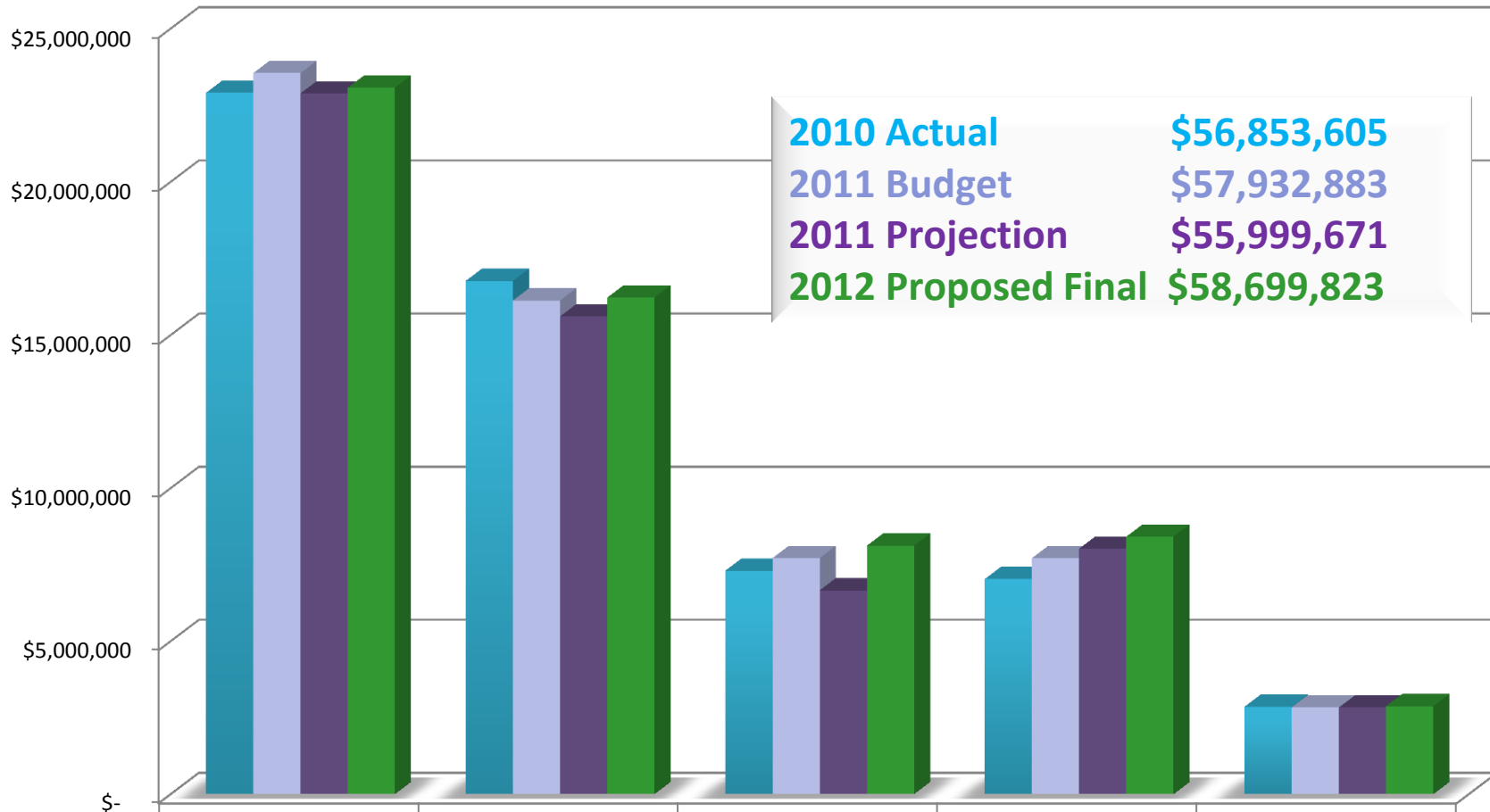
\* Deferred to January 2012 Board Meeting

# 2012 Operating Expenses by Object



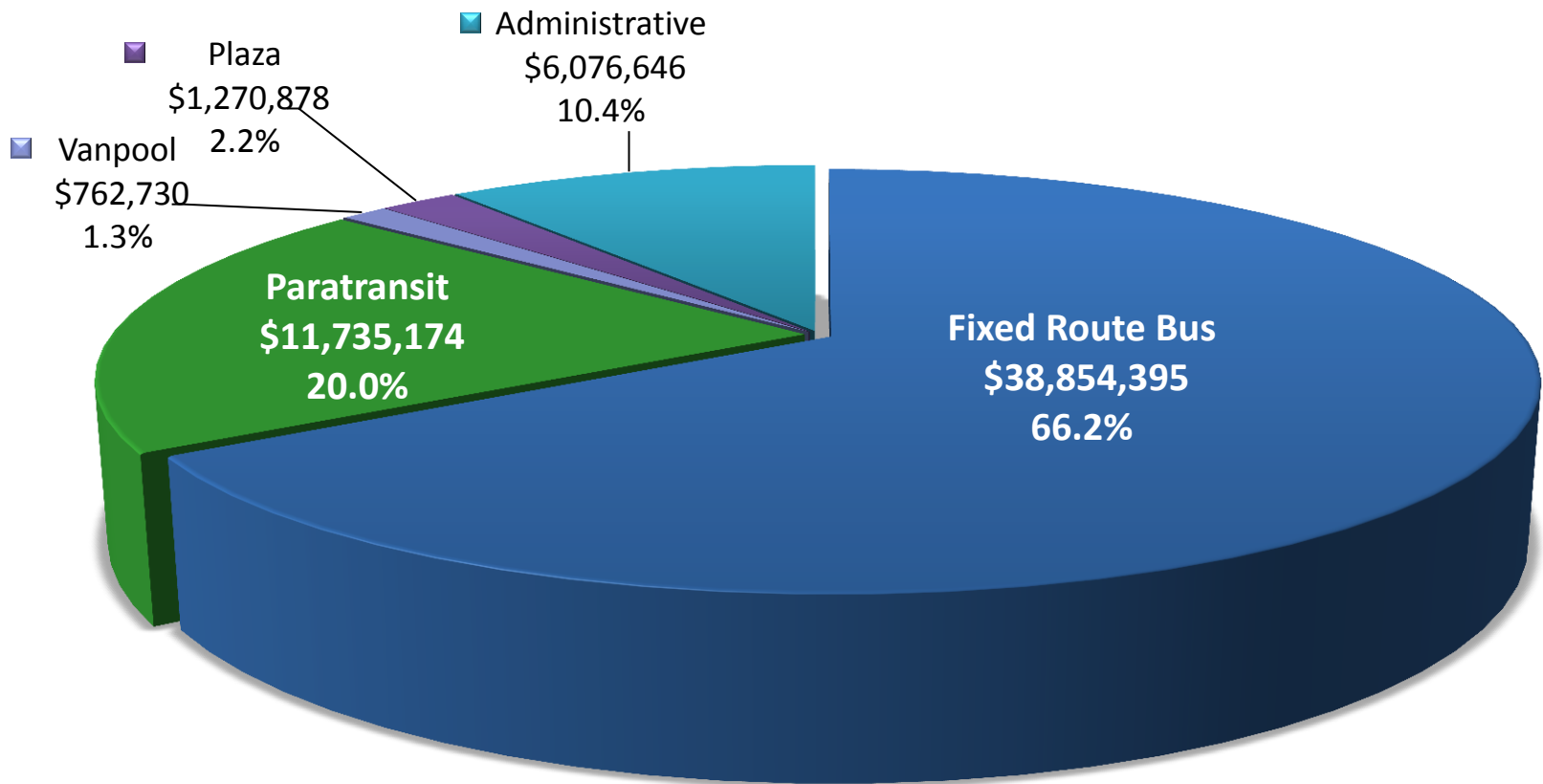
NOTE: As required by federal accounting standards, "labor" includes wages for work time only. "Benefits" includes wages for paid time off. "Materials" include fuel costs. "Services" include contracted transportation, legal, etc.

# Comparison of Operating Expenses by Object



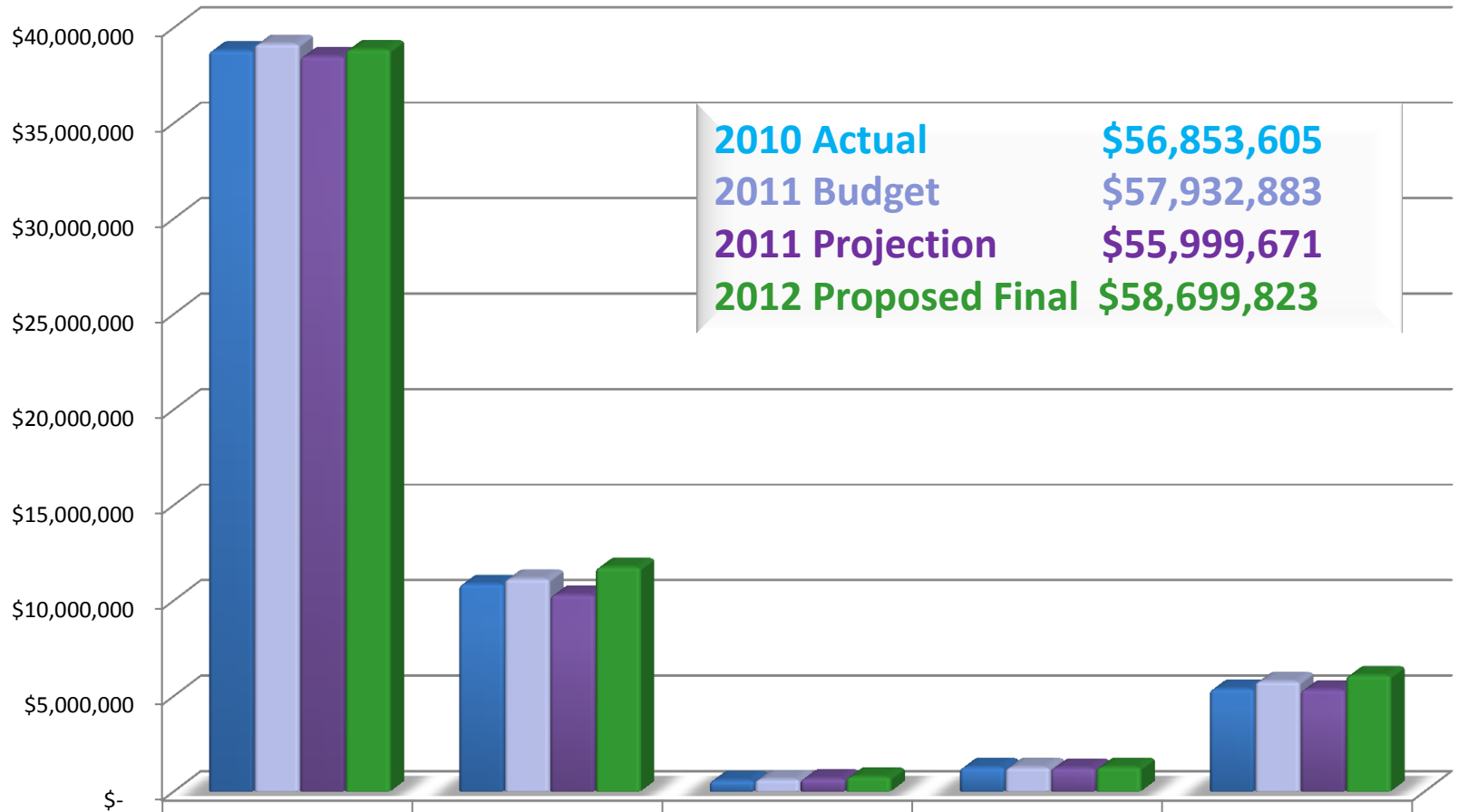
	Labor	Benefits	Services	Materials	Miscellaneous
2010 Actual	\$22,905,171	\$16,765,749	\$7,299,840	\$7,029,157	\$2,853,689
2011 Budget	\$23,547,289	\$16,124,940	\$7,711,405	\$7,712,190	\$2,837,059
2011 Projection	\$22,885,498	\$15,605,878	\$6,658,644	\$8,021,020	\$2,828,631
2012 Proposed Budget	\$23,067,448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

# 2012 Operating Expenses by Division



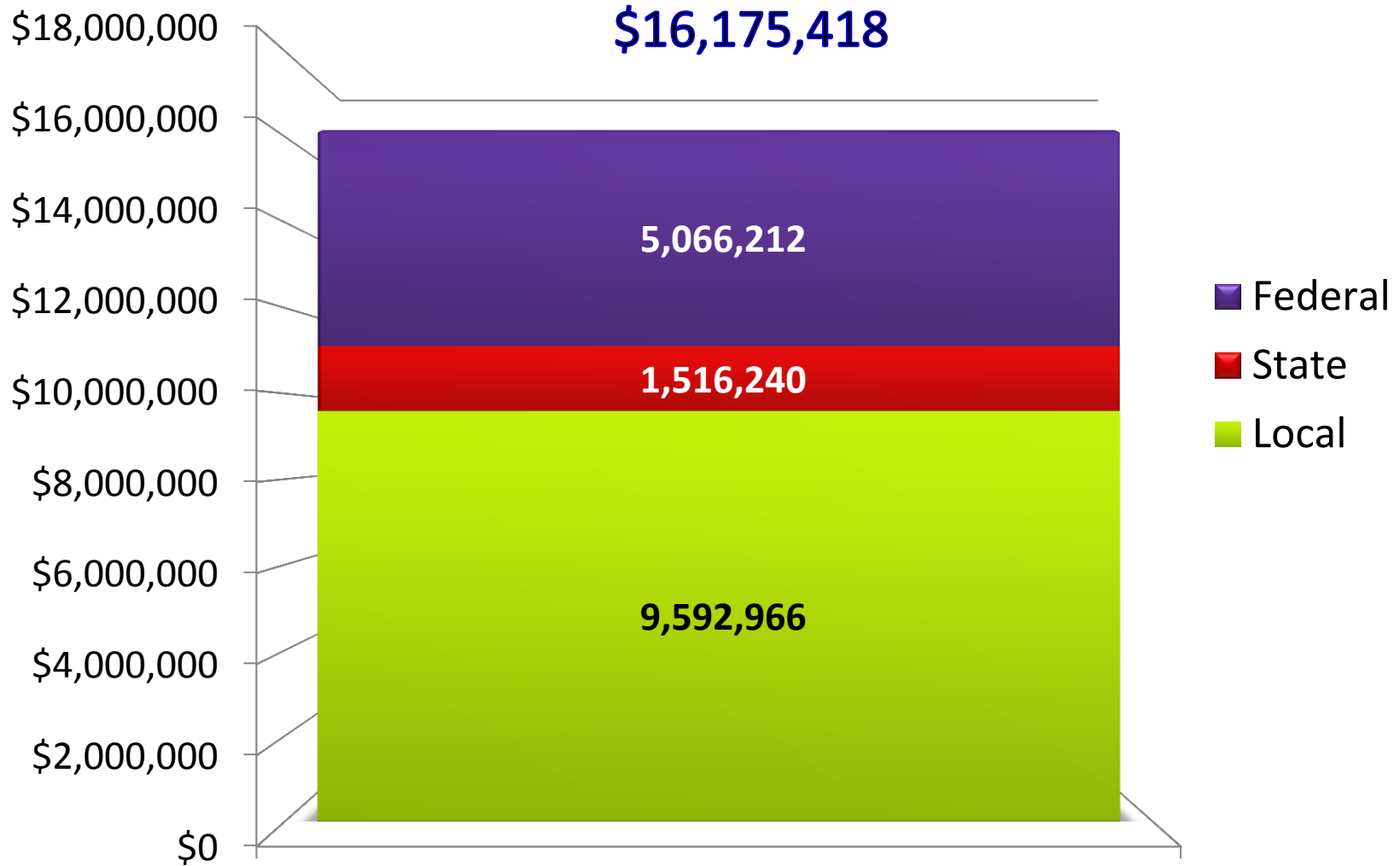
**\$58,699,823**

# 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

<u>Revenue Vehicles</u>	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
<b>Total: Revenue Vehicles</b>	36	\$3,142,358	\$214,240	\$2,203,256	\$5,559,854
<u>Non-Revenue Vehicles</u>	Quantity	Local	State	Federal	Total
Non-Revenue Vehicles	2	\$315,000			\$315,000
<b>Total: Non-Revenue Vehicles</b>	2	\$315,000			\$315,000
<u>Maintenance &amp; Facilities</u>	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
<b>Total: Maintenance &amp; Facilities</b>	1	\$3,226,298		\$500,000	\$3,726,298
<u>Technology &amp; Customer Service</u>	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
<b>Total: Technology &amp; Customer Service</b>		\$1,562,375		\$2,127,363	\$3,689,738
<u>Planning</u>	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
<b>Total: Planning</b>		\$1,346,935	\$1,302,000	\$235,593	\$2,884,528
<b>Total Funded Projects</b>		\$9,592,966	\$1,516,240	\$5,066,212	\$16,175,418

# 2012 Cash and Reserve Analysis

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

# SPOKANE TRANSIT - 2010 to 2012 Budget Comparison

	2010 Actual	2011 Budget	2012 Budget
<b>Estimated Revenues:</b>			
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
<b>Subtotal: Operating Revenues</b>	<b>60,476,370</b>	<b>60,100,302</b>	<b>60,853,855</b>
Federal Capital Revenue	4,455,366	4,346,301	5,066,212
State Capital Revenue	502,884	40,000	1,516,240
<b>Subtotal: Capital</b>	<b>4,958,250</b>	<b>4,386,301</b>	<b>6,582,452</b>
<b>Total Revenue</b>	<b>65,434,620</b>	<b>64,486,603</b>	<b>67,436,307</b>
Decrease in Cash Balance	2,044,052	11,050,477	7,875,233
<b>Total Source of Funds</b>	<b>\$ 67,478,672</b>	<b>\$ 75,537,080</b>	<b>\$ 75,311,540</b>
<b>Estimated Expenditures:</b>			
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
<b>Total Operating Expense</b>	<b>56,853,605</b>	<b>57,932,883</b>	<b>58,699,823</b>
Cooperative Street/Road Projects	2,335,045	4,239,511	436,299
Capital Expenditures	8,290,021	13,364,686	16,175,418
<b>Total Use of Funds</b>	<b>\$ 67,478,672</b>	<b>\$ 75,537,080</b>	<b>\$ 75,311,540</b>

# 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
<b>Total Source of Funds</b>	<b>\$75,311,540</b>	<b>Total Use of Funds</b>	<b>\$75,311,540</b>