2015 Draft Operating and Capital Budget

Spokane Transit

Vision/Mission

Vision

- We aspire to be a source of pride for the region.

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;

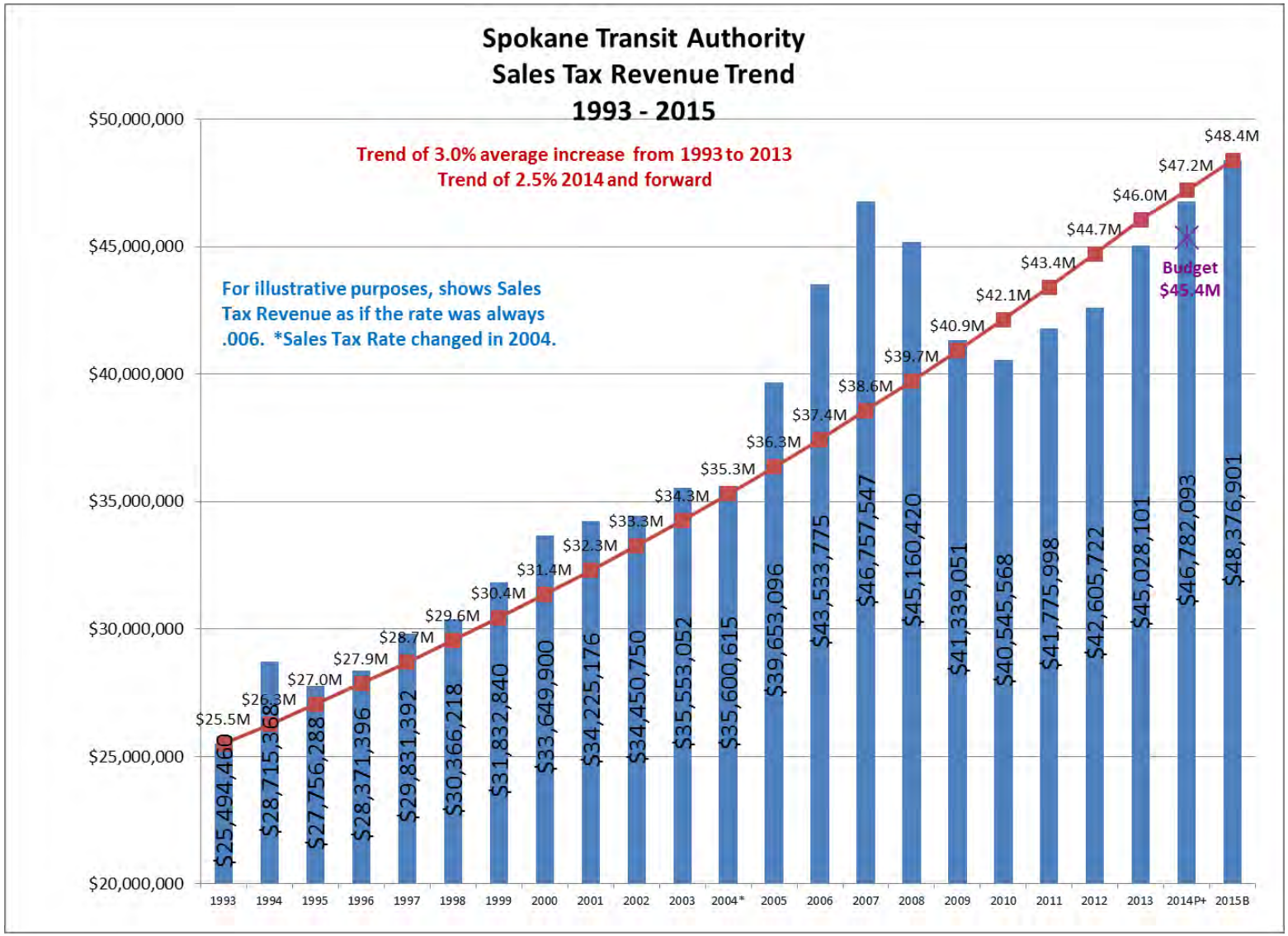
Organizational Priorities

- Ensure Safety
- Earn and Retain the Community's Trust
- Provide Outstanding Customer Service
- Enable Organizational Success
- Exemplify Financial Stewardship

2015 Budget Guidance

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

2015 Draft Budget Assumptions



+ 2014 January – August Actual; September-December Budget Average increase Jan-Aug = 6.4%

2015 Draft Operating Budget Assumptions

Revenue (Slide 1 of 2):

- Sales tax revenue growth assumption based on a 2.5% trend
- Fare revenue based on projected ridership increases of:
  - 0.5% for Fixed Route
  - 0.0% for Paratransit
  - 0.0% for Vanpool
- Federal and State grants

2015 Draft Operating Budget Assumptions

Revenue (Slide 2 of 2):

- Bus advertising revenue of $250,000
- Plaza lease revenue of $115,000
- Interest rate assumption of 1.15% per Spokane County Treasurer

2015 Draft Operating Budget Assumptions

Expenses (Slide 1 of 4)

- Budgeted Personnel

Division	2014	Additions	2015
Fixed Route	361 FT 30 PT	5 Coach Operators 1 Assistant Facilities Manager	367 FT 30 PT
Paratransit	89 FT 5 PT		89 FT 5 PT
Vanpool	2 FT		2 FT
Administrative	41 FT	1 PC Specialist	42 FT
Total	**493 FT** **35 PT** **528 EE**	 **7 FT**	**500 FT** **35 PT** **535 EE**

FT = Full time PT = Part time EE = Employees

2015 Operating Budget Assumptions

Expenses (Slide 2 of 4)

- Compensation

			General Wage Increase					
Employee Group	**# (Aug 2014)**	**Contract Term**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
ATU 1015 (Fixed Route Operators, Maintenance, Facilities & Grounds, Customer Service & Clerical)	370	April 2011 to March 2014	1.5%	0.0%	2.0%	0.0%	TBD In Negotiations	TBD
AFSCME 3939 (Paratransit) * Binding Interest Arbitration Decision	71	July 2012 to June 2015	1.0%	1.0%	2.0%*	2.0%*	3.5%*	TBD
ATU 1598 (Fixed Route & Paratransit Supervisors)	22	February 2012 to January 2015	1.0%	1.0%	1.0%	0.0%	1.5%	TBD
Management & Administrative (Includes Security)	65	At Will	0.0%	1.0%	1.0%	0.0%	1.5%	2.0%
Total	**528 EE** (Current)							

2015 Operating Budget Assumptions

Expenses (Slide 3 of 4):

- **Benefits**
  - Medical & Dental
    - 8.0% premium increase
    - Introduction of Consumer Driven Health Plan
  - Retirement
    - Employer's retirement contribution rate
      - 9.21% January 2015 – June 2015 (Actual)
      - 11.18% July 2015 – December 2015 (State Actuarial Proposal)
    - Employee's contribution rate varies from 5% to 15% depending on their specific plan.

2015 Operating Budget Assumptions

Expenses (Slide 4 of 4):

- Fuel
  - Diesel 0.3% increase[1]
  - Gasoline 1.1% increase[1]

	Per Gallon			2015 # of Gallons (appr)	Total Fuel Budget (appr)
	2013 Actual	2014 Budget	2015 Budget		
Diesel	$3.20	$3.69	$3.70	1.4M	$5.2M
Gasoline	$3.16	$3.57	$3.61	0.2M	$0.6M
Total				**1.6M**	**$5.8M**

1 Energy Information Administration June 2014 forecast with ½ standard deviation

Budget Comparison 2014 to 2015

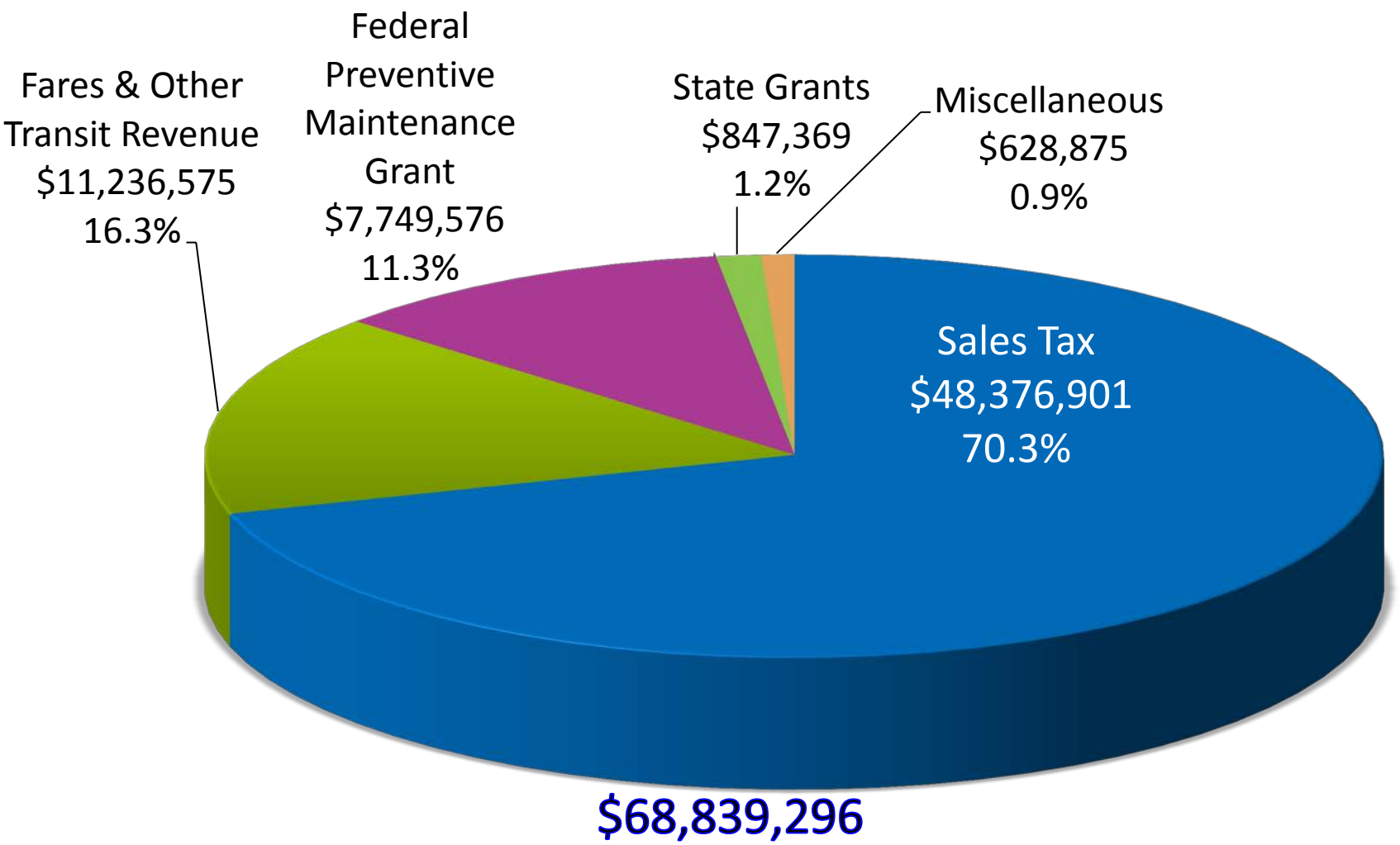
	2014 Budget	2015 Draft Budget	$ Change From 2014 Budget	% Change From 2014 Budget
Estimated Revenues:				
Fares & Other Transit Revenue	$ 11,004,293	$11,236,575	$ 232,282	2.1%
Sales Tax	45,350,578	48,376,901	3,026,323	6.7%
State Grants	1,656,413	847,369	(809,044)	-48.8%
Miscellaneous	438,145	628,875	190,729	43.5%
Federal Preventive Maintenance Grant[1]	7,428,179	7,749,576	321,397	4.3%
Other Federal Grants	350,017	-	(350,017)	-100.0%
Subtotal: Operating Revenues	**66,227,625**	**68,839,296**	**2,611,671**	**3.9%**
Federal Capital Revenue	5,811,227	3,110,914	(2,700,313)	-46.5%
State Capital Revenue	477,287	484,106	6,819	1.4%
Subtotal: Capital	**6,288,514**	**3,595,020**	**(2,693,494)**	**-42.8%**
Total Revenue	72,516,139	72,434,316	(81,823)	**-0.1%**
Decrease in Cash Balance	12,789,266	16,527,446	3,738,180	29.2%
Total Source of Funds	**$ 85,305,405**	**$88,961,762**	**$3,656,357**	**4.3%**
Estimated Expenditures:				
Fixed Route Bus	$ 41,754,190	$42,563,531	$ 809,341	1.9%
Paratransit	11,806,985	12,044,084	237,099	2.0%
Vanpool	894,914	863,074	(31,840)	-3.6%
Plaza	1,324,974	1,363,305	38,331	2.9%
Administrative	7,137,150	7,903,590	766,440	10.7%
Total Operating Expense	**62,918,213**	**64,737,584**	**1,819,371**	**2.9%**
Capital Expenditures	22,387,192	17,971,387	(4,415,805)	-19.7%
FR & PT Fleet Replacement Allocation	0	6,252,791	6,252,791	100.00%
Total Use of Funds	**$ 85,305,405**	**$88,961,762**	**$3,656,357**	**4.3%**

[1] Assumes funding of Highway Trust Fund Mass Transit Account after May 2015.

Operating Expense Changes in 2015

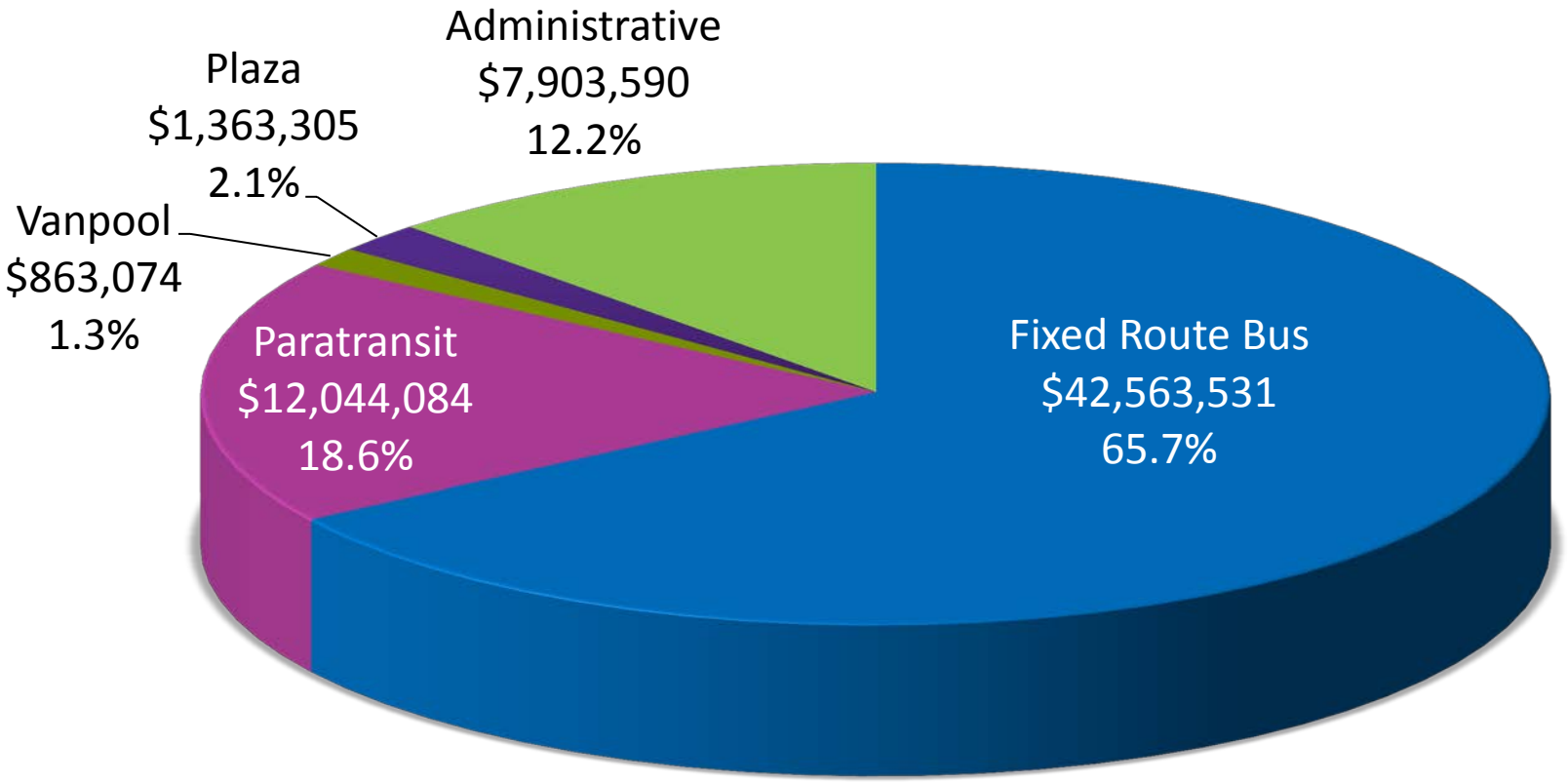
Object	2014 Budget (Rounded)	$ Change (Rounded)	2015 Budget (Rounded)	Additions >$100,000	Amount (Rounded)
Labor/Benefits	$41.6M	$1.0M	$42.7M	Medical/Dental Retirement Wage Increases Additional Personnel	$400K $300K $200K $100K $1.0M
Services/Materials	$18.3M	$600K	$18.8M	Software Licenses Communications/Marketing Consulting Services Computer Materials Vehicle Repairs Fuel	$100K $100K $100K $100K $100K $100K $600K
Utilities **Insurance** **Other**	$3.0M	$200K	$3.2M	Match for CCS UTAP	$100K
Total	**$62.9M**	**$1.8M**	**$64.7M**	**These 11 items explain 94% of the budget change from 2014 to 2015**	**$1.7M**

2015 Estimated Revenues[(1)]



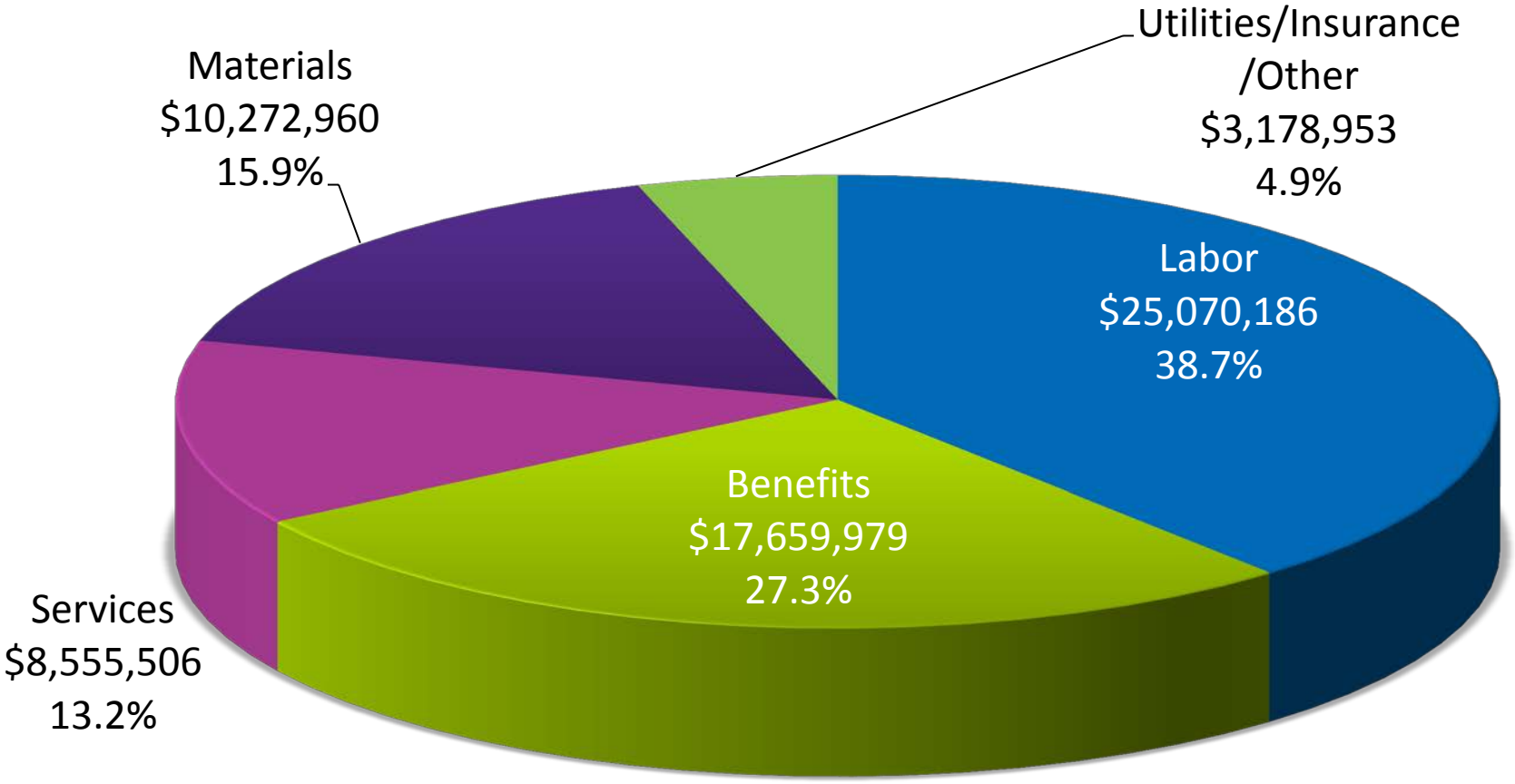
(1) Above amounts exclude grants used for capital projects.

2015 Estimated Operating Expenses by Division



$64,737,584

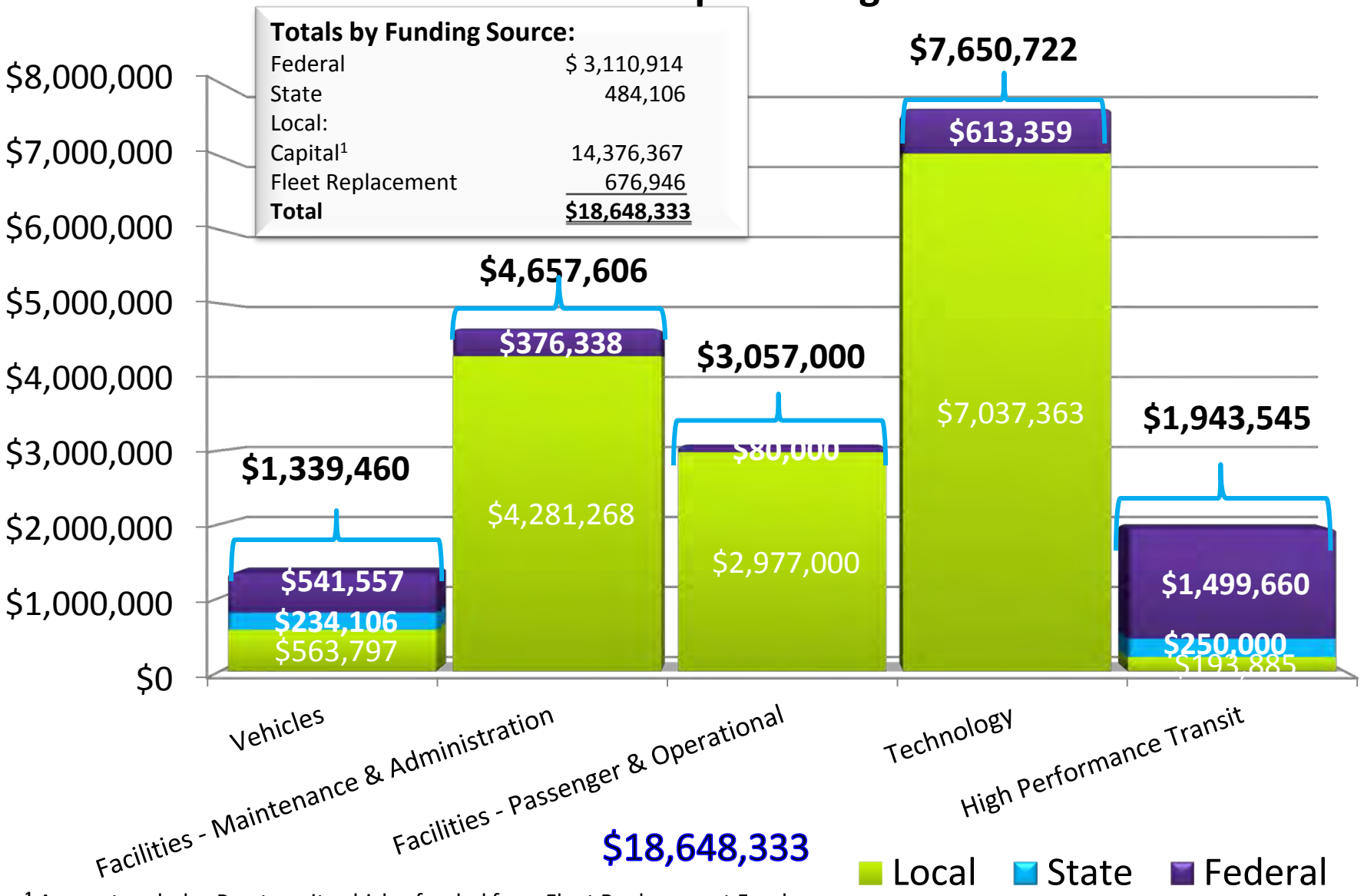
2015 Estimated Operating Expenses by Object



$64,737,584

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.

2015 Draft Capital Budget



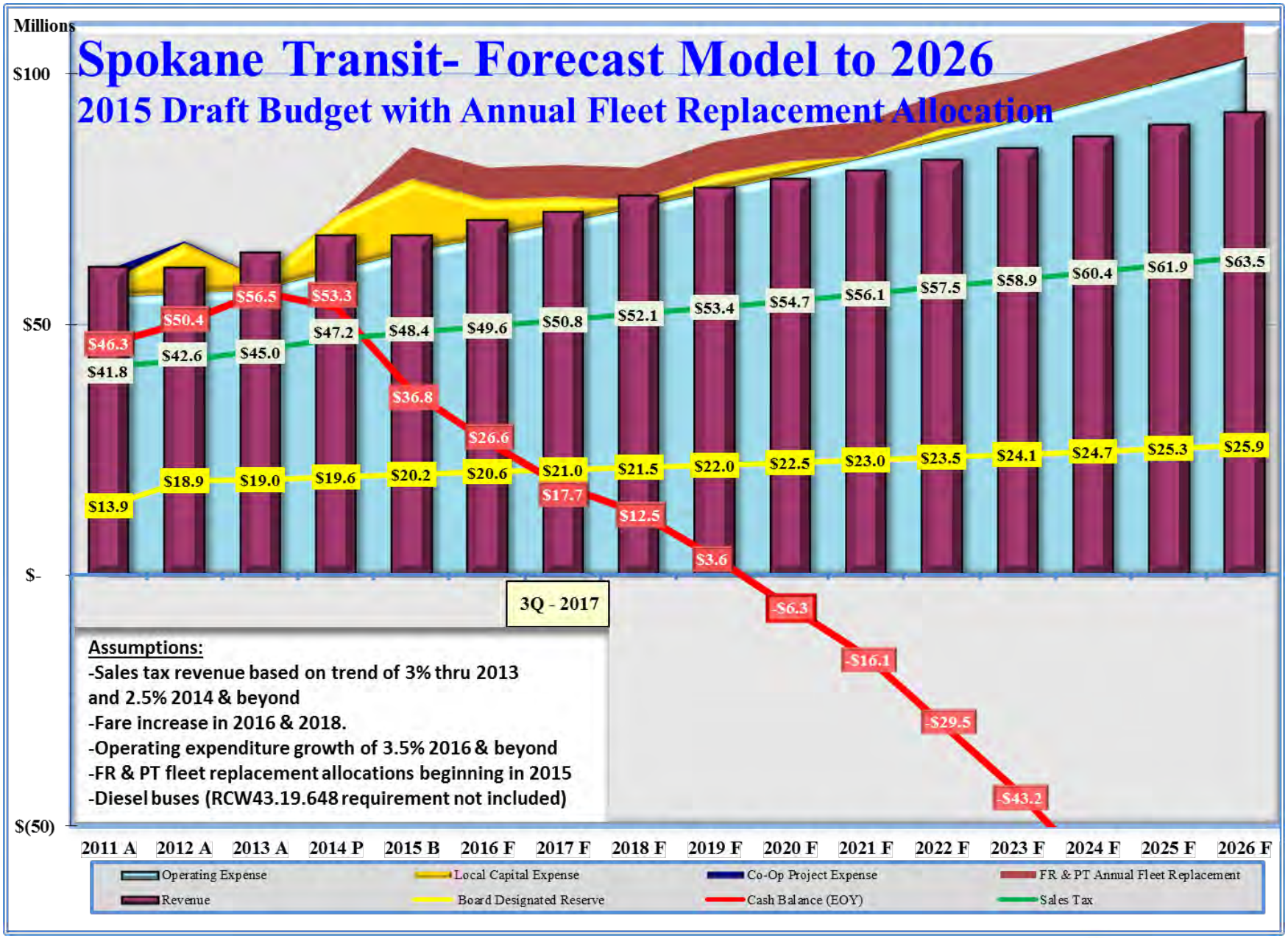
[1] Amount excludes Paratransit vehicles funded from Fleet Replacement Fund.

2015 Cash and Reserve Analysis

	2015 Draft Budget
OPERATING ACTIVITIES	
Revenues (excluding capital grants)	**$68,839,296**
Operating Expenses	**(64,737,584)**
Revenues Over / (Under) Operating Expenses	**4,101,712**
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	**(14,376,367)**
FR & PT Fleet Replacement Allocation	**(6,252,791)**
Total Local Cash Used for Capital Activities	**(20,629,158)**
NET DECREASE IN CASH	**(16,527,446)**
CASH (Projected beginning 2015)	**53,321,066**
CASH (Projected ending 2015)	**36,793,620**
RESERVES	
Self Insurance Reserve	**(5,500,000)**
Board Designated Operating Reserve	**(9,710,638)**
Board Designated Right of Way Acquisition Reserve	**(4,950,000)**
Total Reserves	**(20,160,638)**
2015 Estimated End of Year Cash Balance Dedicated to Planned Future Capital Expense & Fleet Replacement	**$16,632,982**

Next Steps

- **September 3 Planning & Development Committee:** Draft 2015 Budget Review
- **September 18 Board Meeting**: Draft 2015 Budget
- Individual Board Member Sessions if Requested
- **October**: Employee & Citizen Outreach on 2015 Budget
- **October 1 Planning & Development Committee:** Proposed 2015 Budget and Proposed Strategic Plan
- **October 23 Board Meeting:** Public Hearing on Budget/Board Adopt Strategic Plan
- **November 5 Planning & Development Committee**: Recommendations of 2015 Final Proposed Budget-Operating & Capital
- **November 20 Board Meeting**: Adoption of 2015 Budget


Millions
Spokane Transit- Forecast Model to 2026
2015 Draft Budget with Annual Fleet Replacement Allocation
$100
$50
$-
$(50)
$46.3
$50.4
$56.5
$53.3
$36.8
$26.6
$17.7
$12.5
$3.6
-$6.3
-$16.1
-$29.5
-$43.2
$41.8
$42.6
$45.0
$47.2
$48.4
$49.6
$50.8
$52.1
$53.4
$54.7
$56.1
$57.5
$58.9
$60.4
$61.9
$63.5
$13.9
$18.9
$19.0
$19.6
$20.2
$20.6
$21.0
$21.5
$22.0
$22.5
$23.0
$23.5
$24.1
$24.7
$25.3
$25.9
3Q - 2017
Assumptions:
-Sales tax revenue based on trend of 3% thru 2013 and 2.5% 2014 & beyond
-Fare increase in 2016 & 2018.
-Operating expenditure growth of 3.5% 2016 & beyond
-FR & PT fleet replacement allocations beginning in 2015
-Diesel buses (RCW43.19.648 requirement not included)
2011 A
2012 A
2013 A
2014 P
2015 B
2016 F
2017 F
2018 F
2019 F
2020 F
2021 F
2022 F
2023 F
2024 F
2025 F
2026 F
Operating Expense
Local Capital Expense
Co-Op Project Expense
FR & PT Annual Fleet Replacement
Revenue
Board Designated Reserve
Cash Balance (EOY)
Sales Tax

Input/Questions?

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