



Adopted 2013 Operating and Capital Budgets

November 15, 2012 Board Meeting

Resolution Number: 699-12

Mission/Vision

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;

Vision

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

Organizational Priorities

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

2013 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.

Outreach Process

- ✓ **September 5 Planning & Development Committee:** Draft 2013 Budget
- ✓ Individual Board Member Sessions if Requested
- ✓ **October:** Citizen and Employee Outreach
- ✓ **October 3 Planning & Development Committee:** Proposed 2013 Budget
- ✓ **October 18 Board Meeting:** Public Hearing on Budget/Board Adopt Strategic Plan and CIP
- ✓ **October 31 Planning & Development Committee:** Recommendation of 2013 Final Proposed Budget-Operating & Capital
- ✓ **November 15 Board Meeting:** Adoption of 2013 Budget

2013 Changes from Draft to Final Proposed Budget

Summary of Revenue Changes			
	Operating	Capital/Cash	Total
Draft Revenue Budget	\$61,988,573	\$14,254,086	\$76,242,659
Fare Revenues	200,062		
Sales Tax Projection	247,126		
Federal Preventive Maintenance	(531,918)		
Interest Earnings	(118,932)		
Federal Capital Revenue		(611,500)	
Draw on Cash		(331,382)	
Total Changes	(203,662)	(942,882)	(1,146,544)
Adopted Revenue Budget	\$61,784,911	\$13,311,204	\$75,096,115

2013 Changes from Draft to Final Proposed Budget

Summary of Expenditure Changes

	Operating	Capital	Total
Draft Expenditure Budget	\$61,529,945	\$14,712,714	\$76,242,659
Labor	18,500		
Benefits	(459,774)		
Materials	(86,444)		
Utilities/Insurance/Other	(21,650)		
Capital Expenditures		(597,176)	
Total Changes	(549,368)	(597,176)	(1,146,544)
Adopted Expenditure Budget	\$60,980,577	\$14,115,538	\$75,096,115



2013 Primary Budget Assumptions

2013 Operating Budget Assumptions

■ Revenues

- Sales tax revenue growth assumption of 0.0% in 2013
- Fare revenue due to ridership increase of:
 - 1.0% for Fixed Route (\$57,000)
 - 0.0% for Paratransit
 - 8.7% for Vanpool (\$98,000)
- Federal Preventive Maintenance Grant of \$7.5 million
- State grants of \$731,000
- Interest earnings of 0.75%

2013 Operating Budget Assumptions

■ Expenses

- Staffing and Compensation
 - Fill 4 deferred positions
 - 3 Fixed Route Transportation Supervisors to implement CAD/AVL (Smart Bus)
 - 1 Customer Service Representative to meet Call Center goals
 - 1 position deferred until 2014
 - Management & Administration – 0.0% general increase
 - ATU 1598 (Fixed Route & Paratransit Supervisors) – 2013 wage reopener
 - ATU 1015 (Fixed Route Operators, Maintenance, Customer Service & Clerical) – in mediation for 2012 wage reopener
 - AFSCME 3939 (Paratransit) – in mediation for contract renewal for July 1, 2012
- Benefits
 - Projected increase in medical/dental expenses
 - Premera - 0.0%,
 - Group Health - 1.87%
 - Washington Dental - 4.27%
 - Employer's pension contribution rate may increase from 7.21% to 9.19% July 2013
- Materials increase due to anticipated higher fuel costs

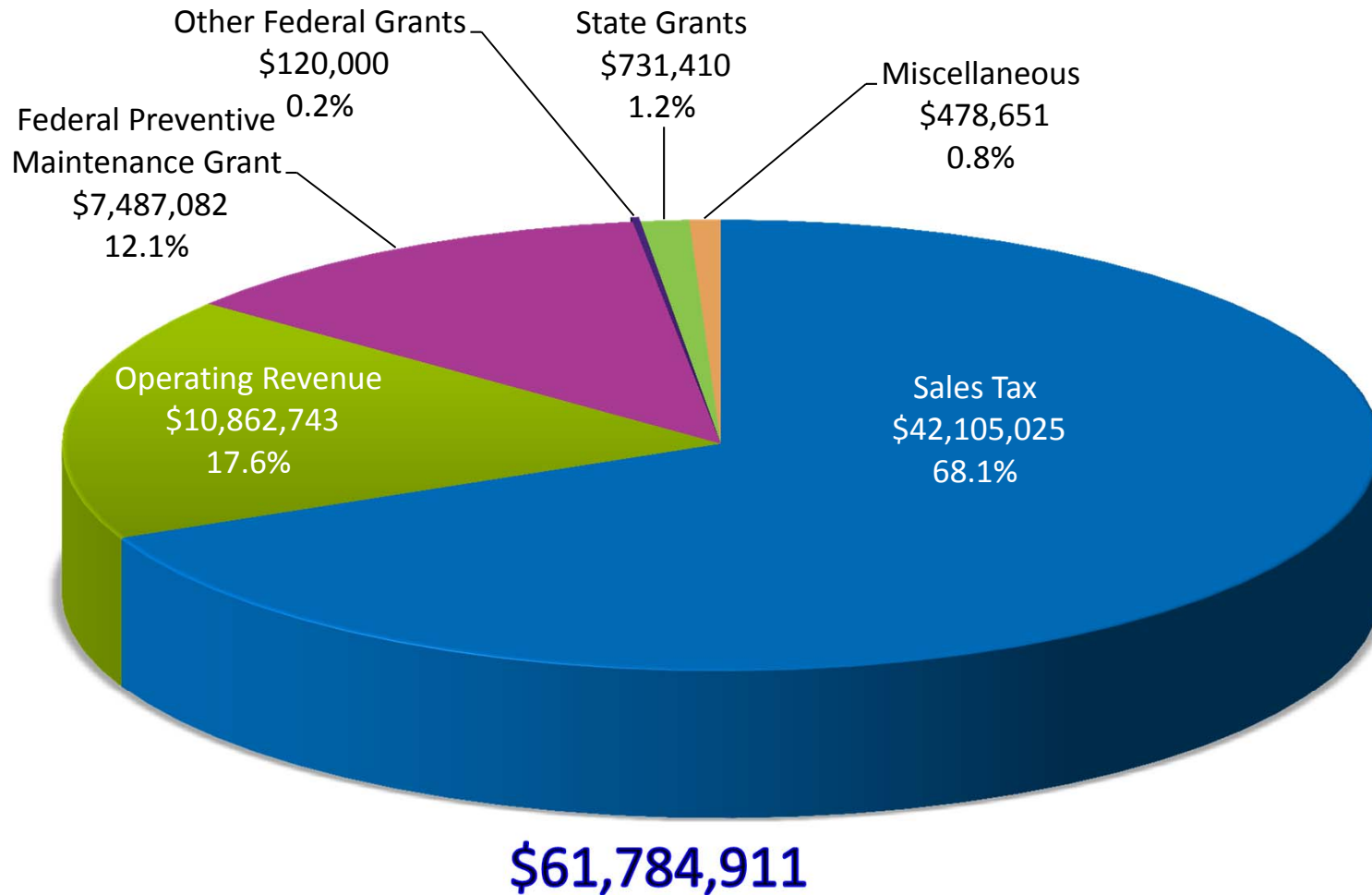
Budget Comparison 2012 to 2013

	2012 Budget	2013 Adopted Budget	\$ Change From 2012 Budget	% Change From 2012 Budget
Estimated Revenues:				
Operating Revenues	\$ 10,493,536	\$ 10,862,743	\$ 369,207	3.5%
Sales Tax	41,702,017	42,105,025	403,008	1.0%
State Grants	62,500	731,410	668,910	1070.3%
Miscellaneous	567,920	478,651	(89,269)	-15.7%
Federal Preventive Maintenance Grant	7,837,931	7,487,082	(350,849)	-4.5%
Other Federal Grants	189,951	120,000	(69,951)	-36.8%
Subtotal: Operating Revenues	60,853,855	61,784,911	931,056	1.5%
Federal Capital Revenue	5,066,212	5,420,309	354,097	7.0%
State Capital Revenue	1,516,240	975,210	(541,030)	-35.7%
Subtotal: Capital	6,582,452	6,395,519	(186,933)	-2.8%
Total Revenue	67,436,307	68,180,430	744,123	1.1%
Decrease in Cash Balance	7,875,233	6,915,685	(959,548)	-12.2%
Total Source of Funds	\$ 75,311,540	\$ 75,096,115	\$ (215,425)	-0.3%
Estimated Expenditures:				
Fixed Route Bus	\$ 38,854,395	\$ 40,567,551	\$ 1,713,156	4.4%
Paratransit	11,735,174	11,812,627	77,453	0.7%
Vanpool	762,730	884,434	121,704	16.0%
Plaza	1,270,878	1,301,204	30,326	2.4%
Administrative	6,076,646	6,414,761	338,115	5.6%
Total Operating Expense	58,699,823	60,980,577	2,280,754	3.9%
Cooperative Street/Road Projects	436,299		(436,299)	-100.0%
Capital Expenditures	16,175,418	14,115,538	(2,059,880)	-12.7%
Total Use of Funds	\$ 75,311,540	\$ 75,096,115	\$ (215,425)	-0.3%

Major Cost Drivers in 2013

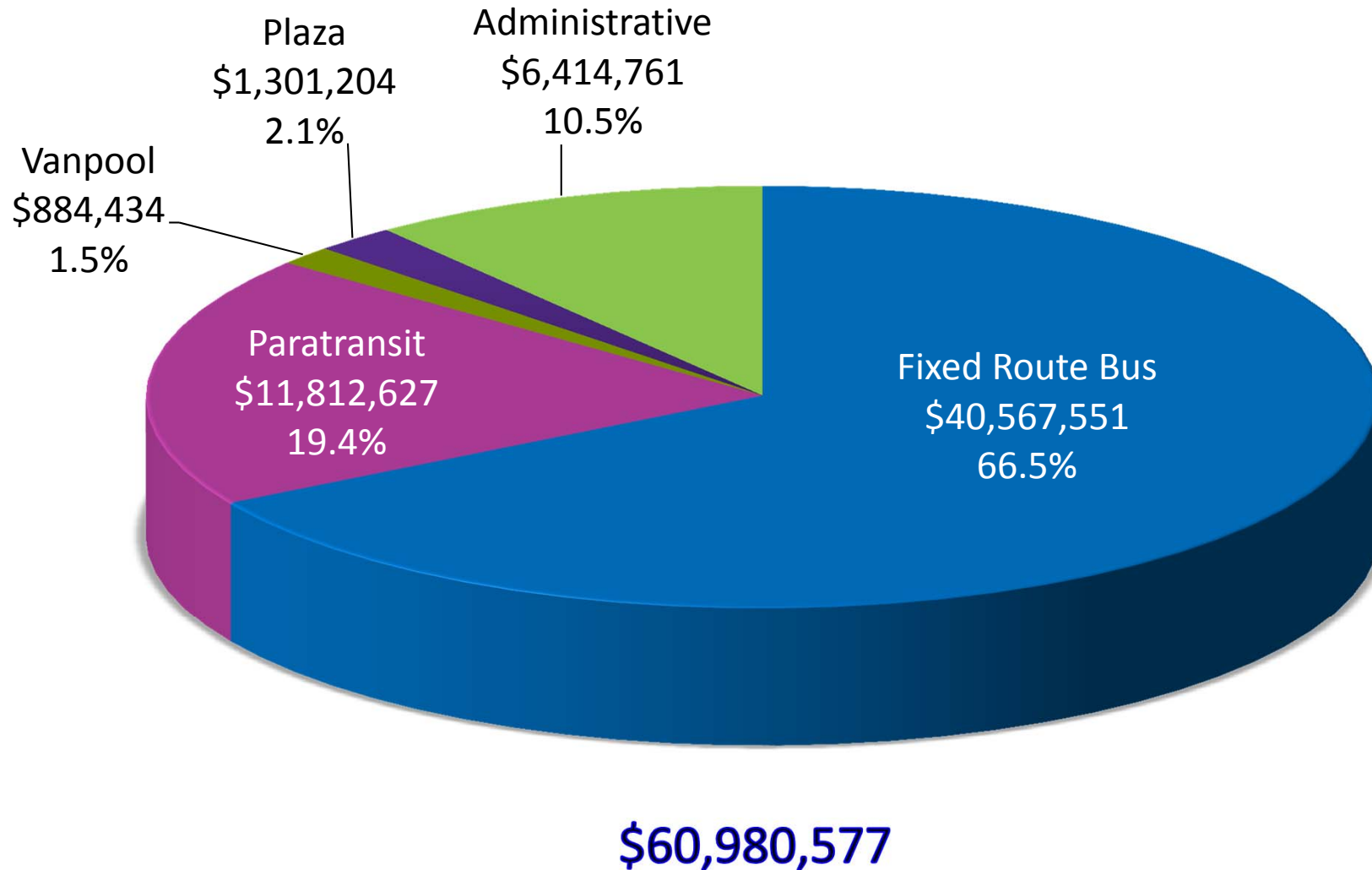
Staffing & Compensation:	3 Fixed Route Supervisors & 1 Customer Service Representative	\$144,552
	Fixed Route Operators	123,718
Fringe Benefits:	Medical/Dental	161,546
	Pension	279,340
Materials and Services:	Fuel	313,096
	Fixed Route Revenue Vehicle Maintenance	142,900
	Boone Facility External Painting	378,200
	Computer Materials	142,398
Total Major Cost Drivers in 2013		\$1,685,750
Total \$ Change in Operating Expenditures		\$2,280,754
Percentage Represented by Major Cost Drivers		74%

2013 Estimated Revenues⁽¹⁾

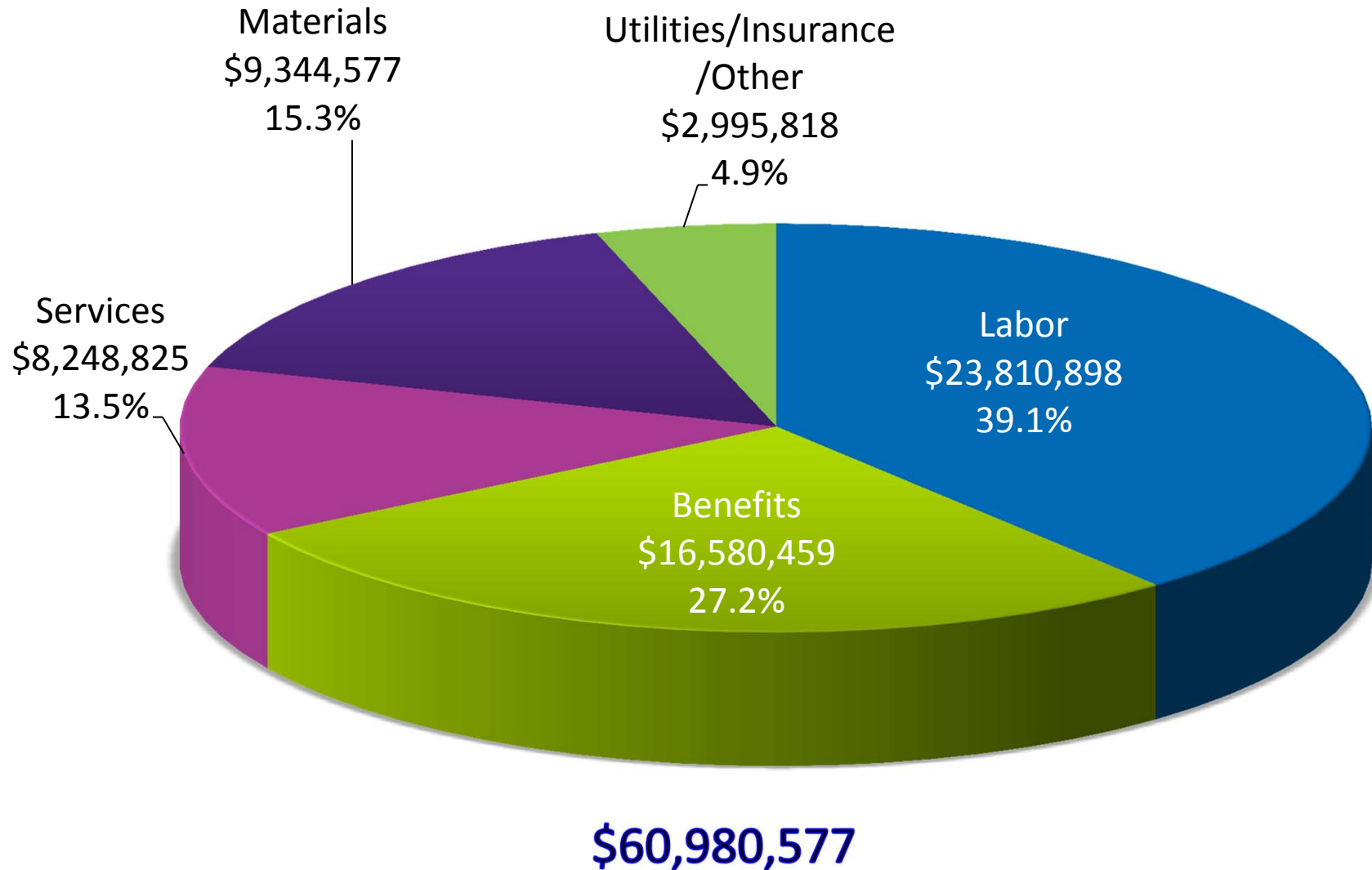


(1) Above amounts exclude grants used for capital projects.

2013 Estimated Operating Expenses by Division

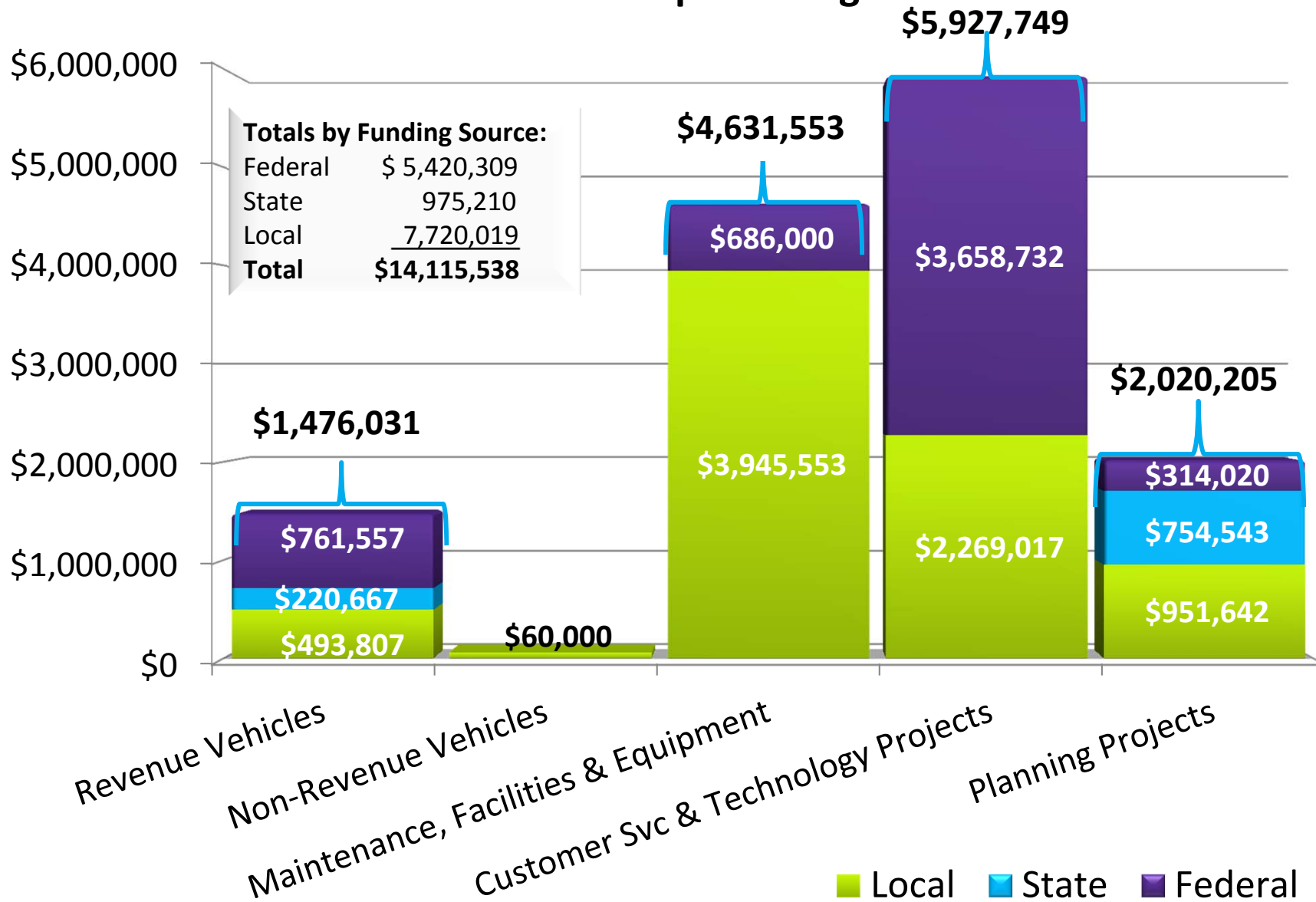


2013 Estimated Operating Expenses by Object



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.

2013 Draft Capital Budget



2013 Source and Use of Funds

Revenues:		Expenditures:	
Operating Revenues	\$10,862,743	Fixed Route Bus	\$40,567,551
Sales Tax	42,105,025	Paratransit	11,812,627
State Grant	731,410	Vanpool	884,434
Miscellaneous	478,651	Plaza	1,301,204
Federal Grants	7,607,082	Administrative	6,414,761
Revenues (before Capital Grants)	61,784,911	Operating Expenses	60,980,577
Federal Capital Grants	5,420,309	Capital Expenditures	14,115,538
State Capital Grants	975,210		
Capital Grants	6,395,519	Capital Expenditures	14,115,538
Total Revenues	68,180,430	Total Expenditures	75,096,115
From Cash Balance	6,915,685		
Total Source of Funds	\$75,096,115	Total Use of Funds	\$75,096,115

2013 Cash and Reserve Analysis

	<u>Adopted 2013 Budgets</u>
OPERATING ACTIVITIES	
Revenues (excluding capital grants)	\$61,784,911
Operating Expenses	(60,980,577)
Revenues Over / (Under) Operating Expenses	804,334
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	(7,720,019)
Total Local Cash Used for Capital Activities	(7,720,019)
NET DECREASE IN CASH	(6,915,685)
CASH (Projected beginning 2013)	40,109,821
CASH (Projected ending 2013)	33,194,136
RESERVES	
Self Insurance Reserve	(5,500,000)
Board Designated Operating Reserve	(9,147,087)
Board Designated Right of Way Acquisition Reserve	(4,950,000)
Total Reserves	(19,597,087)
2013 Estimated End of Year Cash Balance	
Dedicated to Future Capital Expense	\$13,597,049

Recommended Action

- Adopt by resolution, the Final Proposed 2013 Operating and Capital Budgets:

Source of Funds:		Use of Funds:	
Revenues	\$61,784,911	Operating Expenses	\$60,980,577
Capital Grants	6,395,519	Capital Projects	14,115,538
From Cash Balance	6,915,685		
Total Source of Funds	\$75,096,115	Total Use of Funds	\$75,096,115