



Adopted 2014 Operating and Capital Budgets

November 21, 2013 Board Meeting

Resolution Number: 710-13

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

2014 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 2014 Budget
 - ✓ **September 9 All Employee Meetings:** Draft 2014 Budget
 - ✓ **September 19 Board Meeting:** Draft 2014 Budget
 - ✓ Individual Board Member Sessions if Requested
 - ✓ **October:** Citizen and Employee Outreach
 - ✓ **October 10 Planning & Development Committee:** 2014 Budget Updates
 - ✓ **October 24 Board Meeting:** Public Hearing on Budget/Board Adopt Strategic Plan
 - ✓ **November 7 Planning & Development Committee:** Recommendation of 2014 Final Proposed Budget-Operating & Capital
- November 21 Board Meeting:** Adoption of 2014 Budget

2014 Changes from Draft to Final Proposed Budget

Summary of Revenue Changes			
	Operating	Capital/Cash	Total
Draft Revenue Budget	\$65,772,286	\$20,096,086	\$85,868,372
Sales Tax Projection	634,670		634,670
State Grants	(5,325)		(5,325)
Interest Earnings	(14,006)		(14,006)
Federal Preventive Maintenance	(160,000)		(160,000)
Draw on Cash		(1,018,306)	(1,018,306)
Total Changes	455,339	(1,018,306)	(562,967)
Final Proposed Revenue Budget	\$66,227,625	\$19,077,780	\$85,305,405

2014 Changes from Draft to Final Proposed Budget

Summary of Expenditure Changes			
	Operating	Capital	Total
Draft Expenditure Budget	\$63,481,180	\$22,387,192	\$85,868,372
Benefits	(562,967)		(562,967)
Final Proposed Expenditure Budget	\$62,918,213	\$22,387,192	\$85,305,405

2014 Primary Budget Assumptions

2014 Operating Budget Assumptions

■ Revenues

- Sales tax revenue growth assumption of 1.5%
- Ridership increase of:
 - 1.0% for Fixed Route
 - 0.0% for Paratransit
 - 8.9% for Vanpool
- Federal Operating Grants
 - Preventive Maintenance (§5307) - \$7.4 million
 - Preserve Medical Lake Service (§5316) - \$200,000
 - Mobility Training (§5310) - \$150,000
- State Operating Grants
 - Transportation Fee Bill - \$800,000
 - Special Needs - \$680,000
 - Cheney Bus Service - \$175,000
- Interest earnings of 0.75%

2014 Operating Budget Assumptions

■ Expenses

■ Staffing

- Paratransit Scheduler (Reservations/Dispatch) – deferred position
- Communications Specialist – deferred position
- Building Maintenance Facilities & Grounds – fills additional need
- Security Officer (Plaza) – filled in Sept. 2013
- Planning Project Manager – allocated 25% Operating & 75% Capital (HPT)
- Director of Communications & Customer Service – filled in Sept. 2013
- Security Officer (Plaza) – filled in Sept. 2013

■ Compensation

- Management & Administration – 1.5% general wage increase
- Labor Contracts:
 - ATU 1598 (Fixed Route & Paratransit Supervisors) – optional wage reopener
 - ATU 1015 (Fixed Route Operators, Maintenance, Customer Service & Clerical) – contract expires March 31, 2014
 - AFSCME 3939 (Paratransit) – scheduled for arbitration December 2013

2014 Operating Budget Assumptions

- Expenses (continued)
 - Benefits
 - Medical/dental expenses – 0.0% increase
 - Employer's pension contribution rate – 9.21%
 - Materials
 - Diesel costs EIA forecast¹ 2.0% decrease in price per gallon from 2013 Budget
 - Gasoline costs EIA forecast¹ 2.7% decrease in price per gallon from 2013 Budget

¹ Energy Information Administration June 2013 forecast with ½ standard deviation

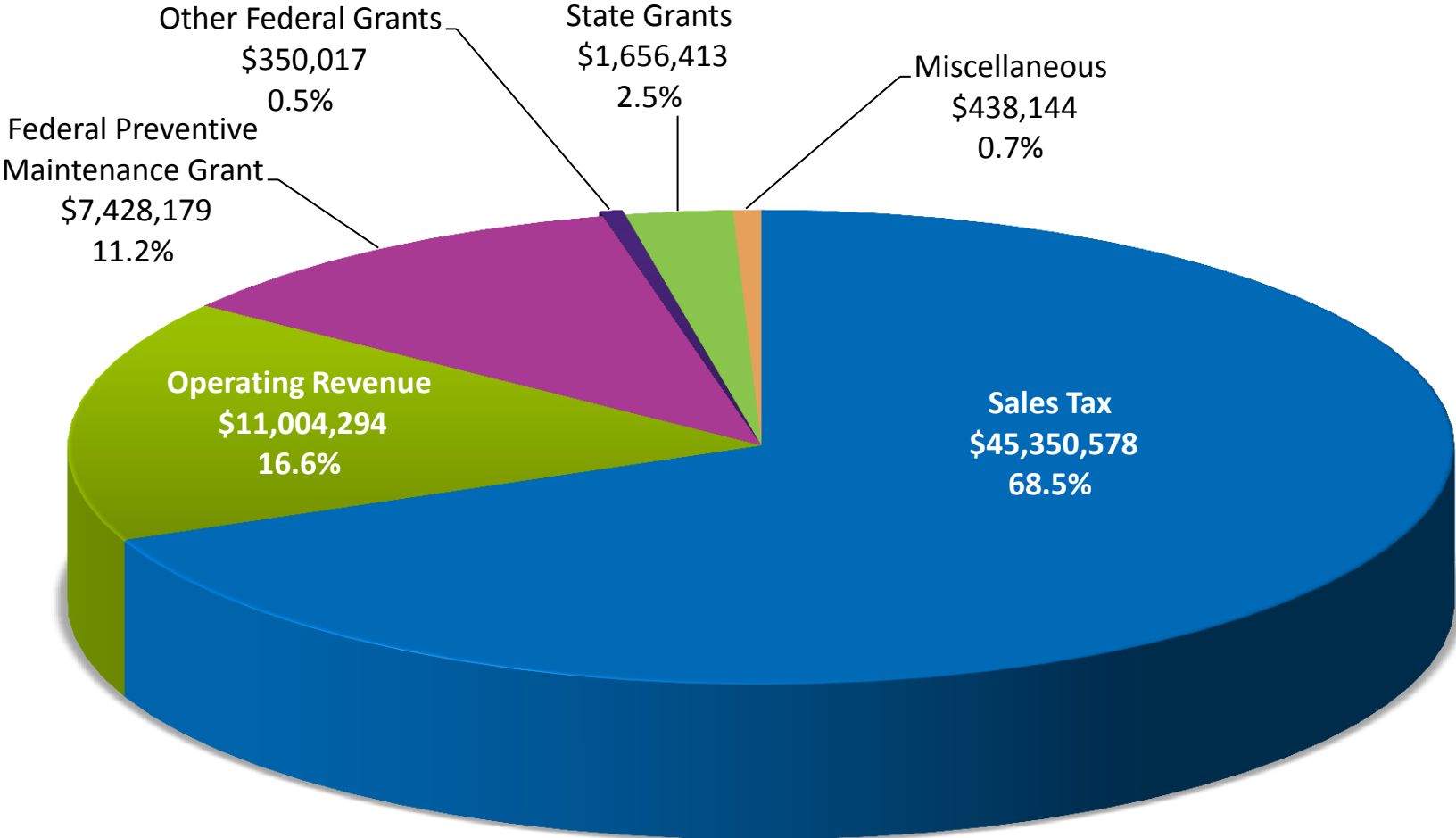
Budget Comparison 2013 to 2014

	2013 Budget	2014 Final Proposed Budget	\$ Change From 2013 Budget	% Change From 2013 Budget
Estimated Revenues:				
Operating Revenues	\$ 10,862,743	\$ 11,004,294	\$ 141,551	1.3%
Sales Tax	42,105,025	45,350,578	3,245,553	7.7%
State Grants	731,410	1,656,413	925,003	126.5%
Miscellaneous	478,651	438,144	(40,507)	-8.5%
Federal Preventive Maintenance Grant	7,487,082	7,428,179	(58,903)	-0.8%
Other Federal Grants	120,000	350,017	230,017	191.7%
Subtotal: Operating Revenues	61,784,911	66,227,625	4,442,714	7.2%
Federal Capital Revenue	5,420,309	5,811,227	390,918	7.2%
State Capital Revenue	975,210	477,287	(497,923)	-51.1%
Subtotal: Capital	6,395,519	6,288,514	(107,005)	-1.7%
Total Revenue	68,180,430	72,516,139	4,335,709	6.4%
Decrease in Cash Balance	6,915,685	12,789,266	5,873,581	84.9%
Total Source of Funds	\$ 75,096,115	\$ 85,305,405	\$ 10,209,290	13.6%
Estimated Expenditures:				
Fixed Route Bus	\$ 40,567,551	\$ 41,754,190	\$ 1,186,639	2.9%
Paratransit	11,812,627	11,806,985	(5,642)	0.0%
Vanpool	884,434	894,914	10,480	1.2%
Plaza	1,301,204	1,324,974	23,770	1.8%
Administrative	6,414,761	7,137,150	722,389	11.3%
Total Operating Expense	60,980,577	62,918,213	1,937,636	3.2%
Capital Expenditures	14,115,538	22,387,192	8,271,654	58.6%
Total Use of Funds	\$ 75,096,115	\$ 85,305,405	\$ 10,209,290	13.6%

Major Operating Expense Changes in 2014

Object	Description	Change
Labor:	Fixed Route Operators	\$517,081
	Staffing (New)	244,121
Benefits:	Retirement	354,414
	Bus Pass	(478,586)
Materials and Services:	Boone/1212 Sharp Furnishings	192,000
	Boone Facility Painting	(311,000)
	Fixed Route Revenue Vehicle Maintenance	351,740
	Fixed Route Revenue Vehicle Painting	122,530
	Computer Materials	137,082
Total Major Operating Expense Changes in 2014		\$1,129,382
Total \$ Change 2013 Budget to 2014 Draft Budget		\$1,937,636
Percent of Major Operating Expense Changes to Total \$ Change		58.3%

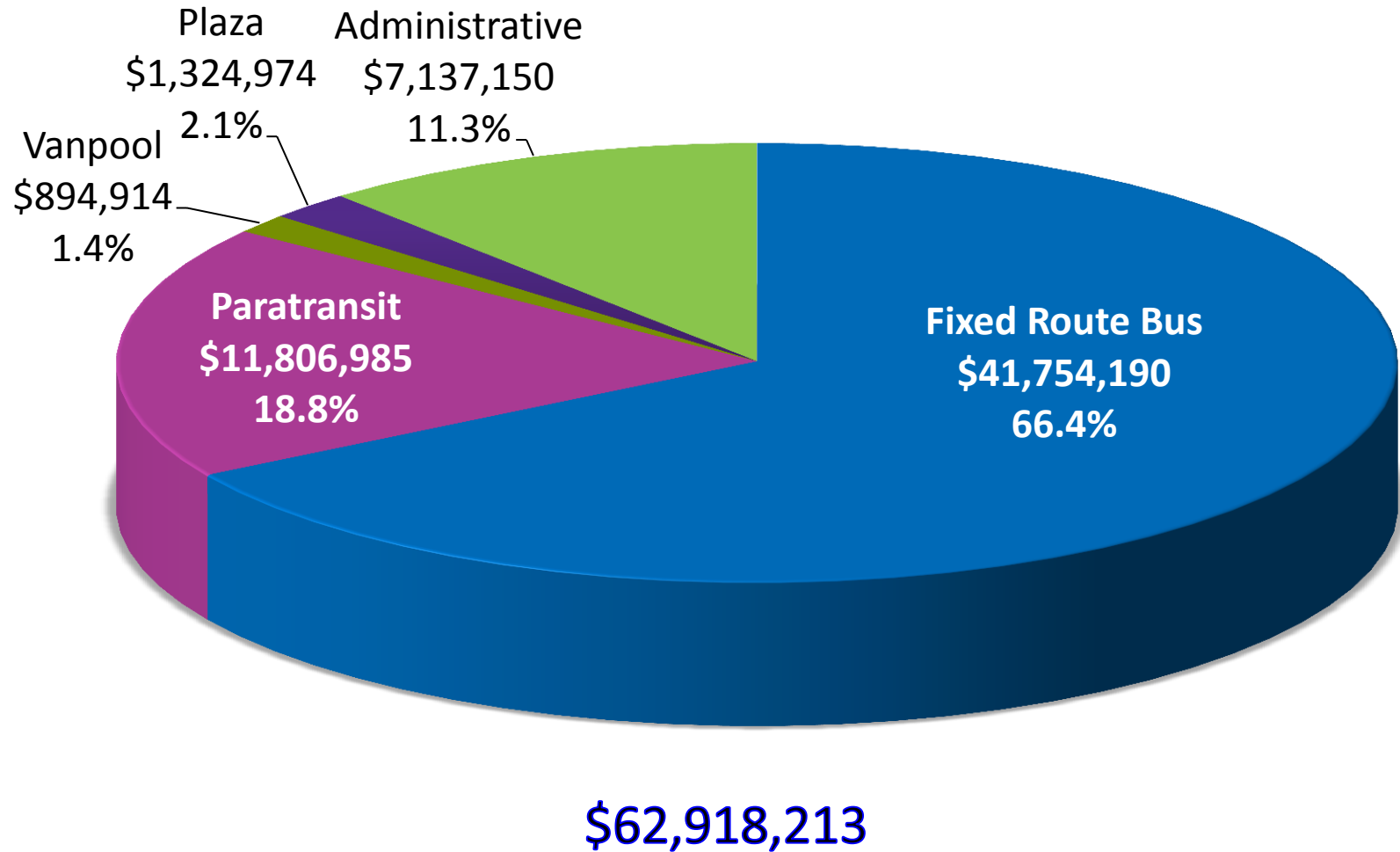
2014 Estimated Revenues⁽¹⁾



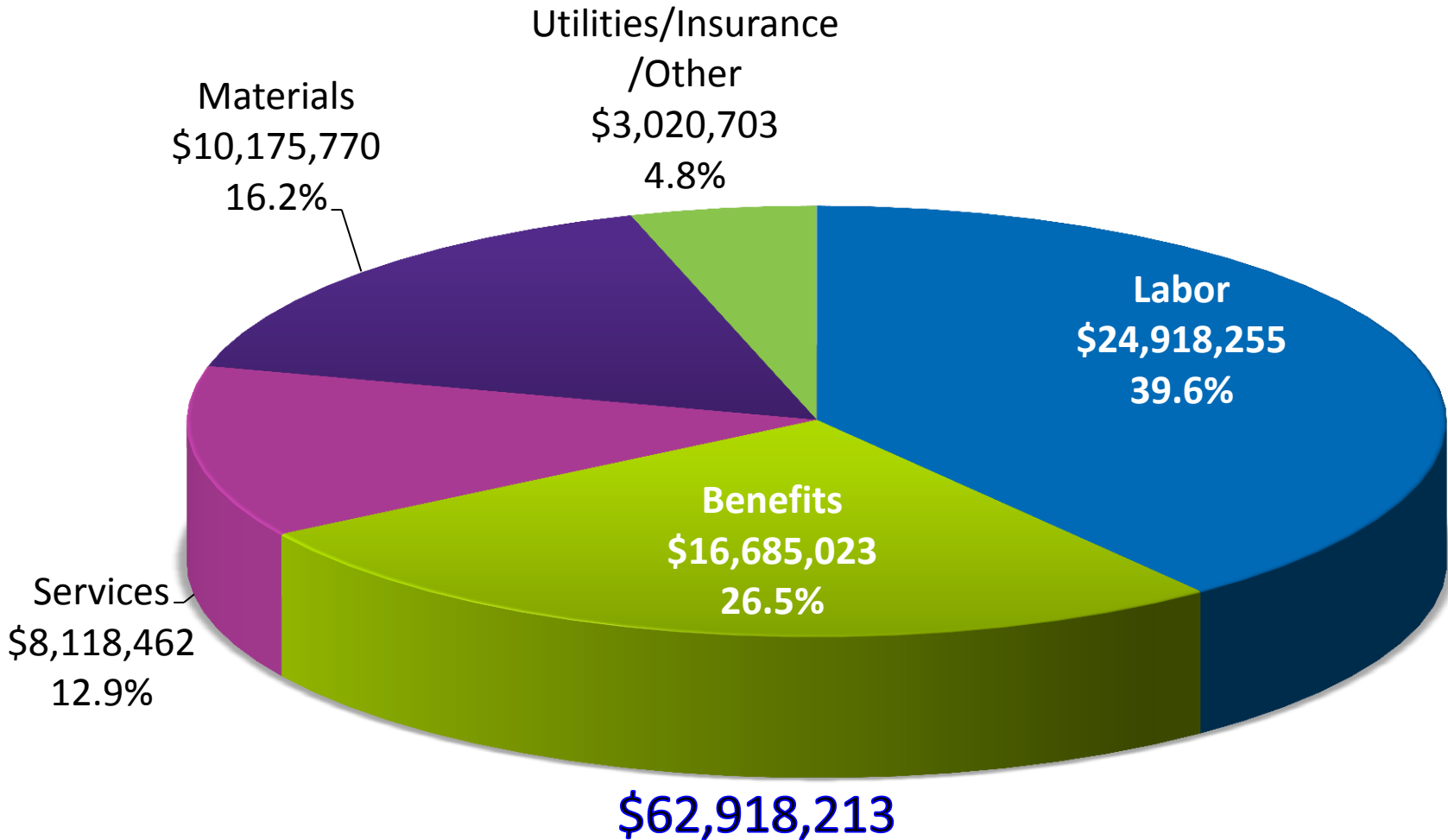
\$66,227,625

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

2014 Estimated Operating Expenses by Division

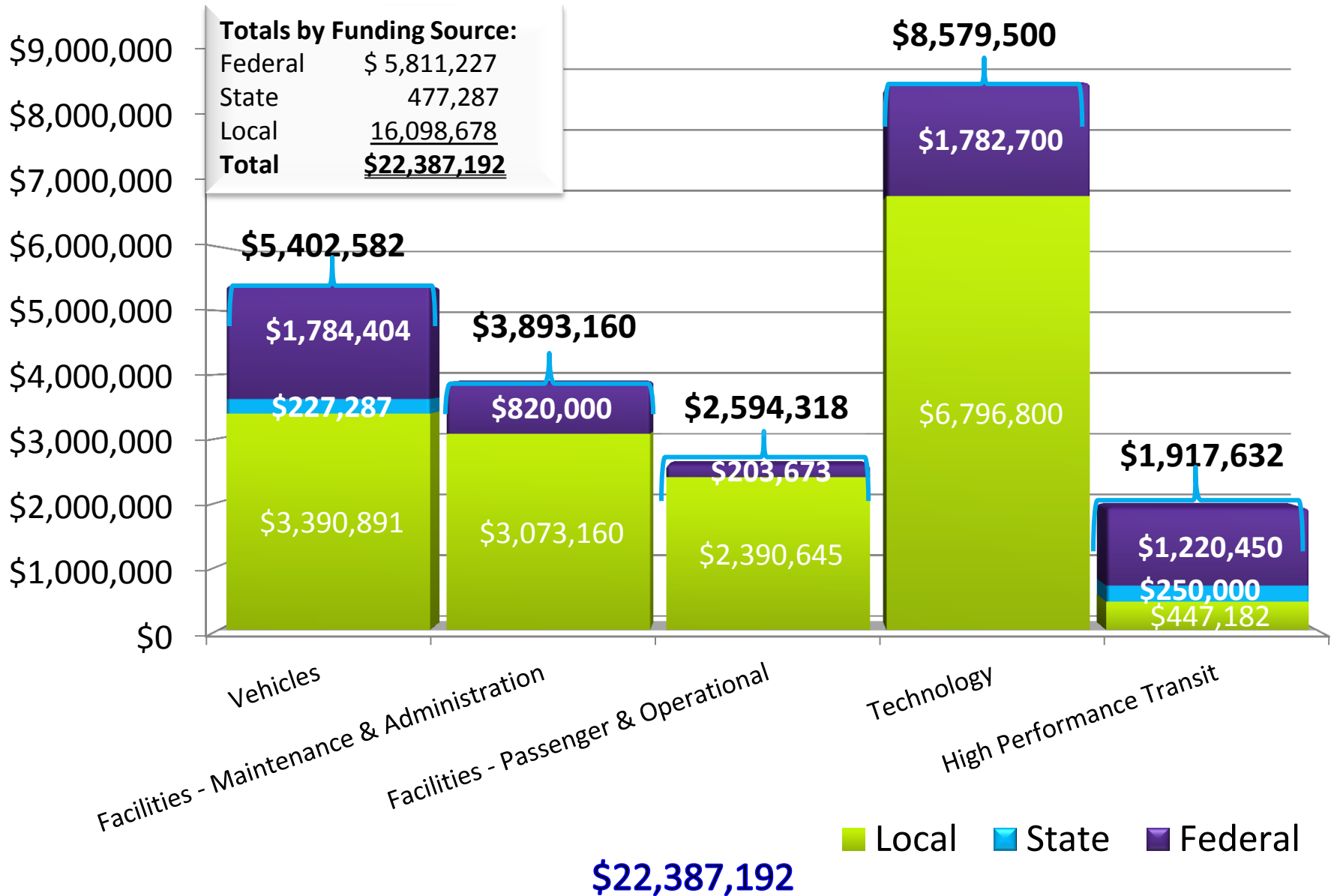


2014 Estimated Operating Expenses by Object



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.

2014 Draft Capital Budget



2014 Source and Use of Funds

Revenues:

Operating Revenues	\$11,004,294
Sales Tax	45,350,578
State Grant	1,656,413
Miscellaneous	438,144
Federal Grants	7,778,196
Operating Revenue	66,227,625
Federal Capital Grants	5,811,227
State Capital Grants	477,287
Capital Grants	6,288,514
Cash Balance	12,789,266
Total Revenue	85,305,405

Expenditures:

Fixed Route Bus	\$41,754,190
Paratransit	\$11,806,985
Vanpool	\$894,914
Plaza	\$1,324,974
Administrative	\$7,137,150
Operating Expenses	62,918,213
Capital Expenditures	22,387,192
Capital Expenditures	22,387,192
Total Expenditures	85,305,405

2014 Cash and Reserve Analysis

	<u>Final Proposed 2014 Budget</u>
OPERATING ACTIVITIES	
Revenues (excluding capital grants)	\$66,227,625
Operating Expenses	(62,918,213)
Revenues Over / (Under) Operating Expenses	3,309,412
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	(16,098,678)
Total Local Cash Used for Capital Activities	(16,098,678)
NET DECREASE IN CASH	(12,789,266)
CASH (Projected beginning 2014)	48,115,672
CASH (Projected ending 2014)	35,326,406
RESERVES	
Self Insurance Reserve	(5,500,000)
Board Designated Operating Reserve	(9,437,732)
Board Designated Right of Way Acquisition Reserve	(4,950,000)
Total Reserves	(19,887,732)
2014 Estimated End of Year Cash Balance	
Dedicated to Future Capital Expense	\$15,438,674

Recommended Action

- Adopt by resolution, the Final Proposed 2014 Operating and Capital Budgets:

Source of Funds:		Use of Funds:	
Revenues	\$66,227,625	Operating Expenses	\$62,918,213
Capital Grants	6,288,514	Capital Projects	22,387,192
From Cash Balance	12,789,266		
Total Source of Funds	\$85,305,405	Total Use of Funds	\$85,305,405