



Adopted 2015 Operating and Capital Budget

November 20, 2014 Board Meeting
Resolution Number: 725-14

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.

Outreach Process

- ✓ **September 3 Planning & Development Committee:** Draft 2015 Budget Review
- ✓ **September 16 All Employee Meetings:** Draft 2015 Budget
- ✓ **September 18 Board Meeting:** Draft 2015 Budget
- ✓ Individual Board Member Sessions if Requested
- ✓ **October:** Citizen Outreach
- ✓ **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:** Recommendation of 2015 Final Proposed Budget-Operating & Capital
- **November 20 Board Meeting:** Adoption of 2015 Budget



2015 Final Proposed Budget

2015 Final Proposed Operating Budget Assumptions

Revenue (Slide 1 of 2):

- Sales tax revenue growth assumption based on 2.5% trend (3% thru 2013)
- 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 Final Proposed Operating Budget Assumptions

Revenue (Slide 2 of 2):

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

2015 Final Proposed 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	7 FT	500 FT 35 PT

FT = Full time PT = Part time

2015 Operating Budget Assumptions

Expenses (Slide 2 of 4)

- Compensation

Employee Group	# (Oct 2014)	Contract Term	General Wage Increase					
			2010	2011	2012	2013	2014	2015
ATU 1015 (Fixed Route Operators, Maintenance, Facilities & Grounds, Customer Service & Clerical)	369	April 2014 to March 2016	1.5%	0.0%	2.0%	0.0%	1.0%	1.0%
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	527							

2015 Operating Budget Assumptions

Expenses (Slide 3 of 4):

- Benefits
 - Medical & Dental
 - Premium increase
 - +5.0% increase in Premera
 - - 3.9% decrease in Group Health
 - - 5.0% decrease in Dental
 - ATU 1015 Premera premium sharing
 - 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
 - PERS 1 6.0% on-going (statutorily set)
 - PERS 2 4.92% January 2015 – June 2015 (Actual)
6.12% July 2015 – December 2015 (State Actuarial Proposal)
 - PERS 3 Varies 5% to 15%

2015 Operating Budget Assumptions

Expenses (Slide 4 of 4):

- Fuel
 - Diesel 0.3% increase¹
 - Gasoline 1.1% increase¹

	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. Reaffirmed October 2014.

2015 Changes from Draft to Final Proposed Budget

Summary of Expenditure Changes

	Operating	Capital/Fleet Replacement	Total
Draft Expenditure Budget	\$64,737,584	\$24,224,178	\$88,961,762
Labor (ATU 1015 agreement)	919,044		919,044
Benefits (ATU 1015 agreement & renewals)	(83,998)		(83,998)
Services (Labor consultants)	(70,000)		(70,000)
Insurance (Final rates)	65,935		65,935
Total Changes	830,981		830,981
Final Proposed Expenditure Budget	\$65,568,565	\$24,224,178	\$89,792,743

2015 Changes from Draft to Final Proposed Budget

Summary of Revenue Changes			
	Operating	Capital/Cash	Total
Draft Revenue Budget	\$68,839,296	\$20,122,466	\$88,961,762
Fare Revenues (Paratransit & Vanpool)	(73,042)		(73,042)
Interest Earnings	42,039		42,039
Draw on Cash		861,984	861,984
Total Changes	(31,004)	861,984	830,981
Final Proposed Revenue Budget	\$68,808,293	\$20,984,450	\$89,792,743

Budget Comparison 2014 to 2015

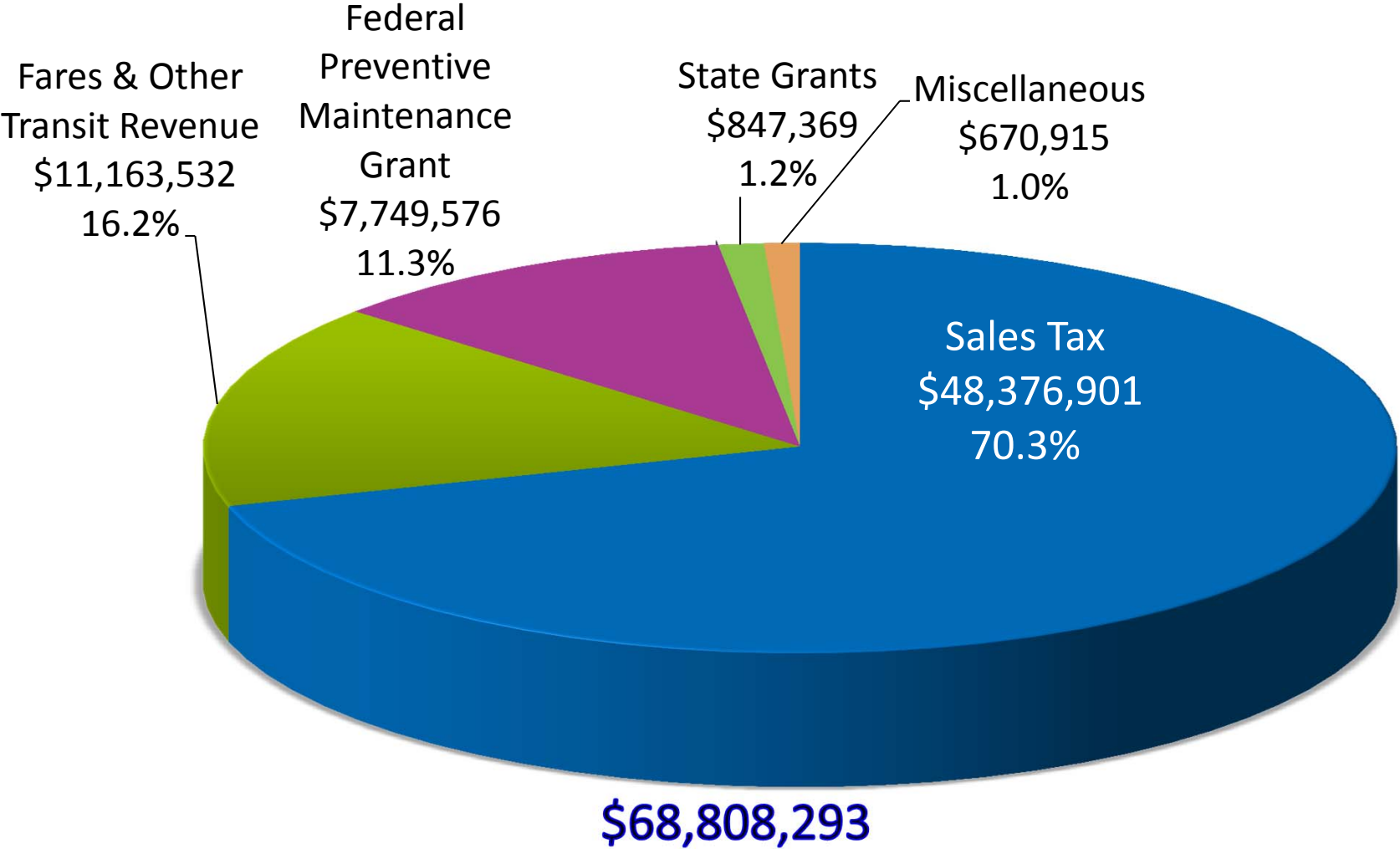
	2014 Budget	2015 Final Proposed Budget	\$ Change From 2014 Budget	% Change From 2014 Budget
Estimated Revenues:				
Fares & Other Transit Revenue	\$ 11,004,293	\$ 11,163,532	\$ 159,239	1.4%
Sales Tax	45,350,578	48,376,901	3,026,323	6.7%
State Grants	1,656,413	847,369	(809,044)	-48.8%
Miscellaneous	438,145	670,915	232,770	53.1%
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	68,808,293	2,580,668	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	72,403,313	(112,826)	-0.2%
Decrease in Cash Balance	12,789,266	17,389,430	4,600,164	36.0%
Total Source of Funds	\$ 85,305,405	\$ 89,792,743	\$ 4,487,338	5.3%
Estimated Expenditures:				
Fixed Route Bus	\$ 41,754,190	\$ 43,474,273	\$ 1,720,083	4.1%
Paratransit	11,806,985	12,029,757	222,772	1.9%
Vanpool	894,914	870,447	(24,467)	-2.7%
Plaza	1,324,974	1,366,439	41,465	3.1%
Administrative	7,137,150	7,827,649	690,499	9.7%
Total Operating Expense	62,918,213	65,568,565	2,650,352	4.2%
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	\$89,792,743	\$4,487,338	5.3%

¹ Assumes funding of Highway Trust Fund beyond May 2015.

Operating Expense Changes in 2015

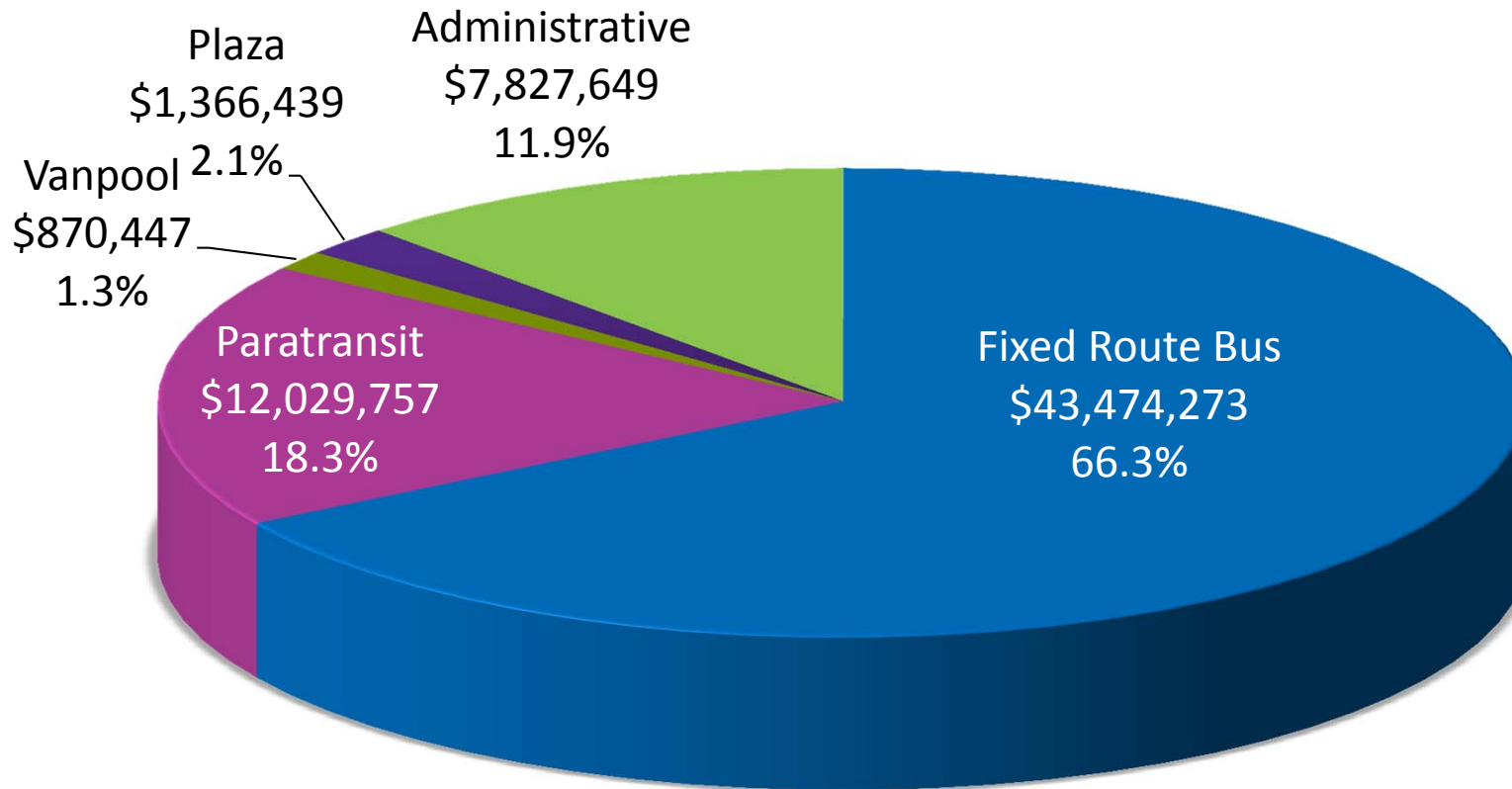
Object	2014 Budget (Rounded)	\$ Change (Rounded)	2015 Budget (Rounded)	Additions >\$100,000	Amount (Rounded to nearest \$100K)
Labor	\$24.9M	\$1.1M	\$26.0M	Wage Increases Additional Personnel	\$1.0M \$100K
Benefits	\$16.7M	\$900K	\$17.6M	Retirement/FICA Medical Premium Change Premera Premium Share Vacation/Sick Leave	\$500K \$200K (\$100K) \$300K
Services	\$8.1M	\$400K	\$8.5M	Software/ Tech. Maintenance Communications/Marketing	\$200K \$100K
Materials	\$10.2M	\$100K	\$10.3M	Fuel	\$100K
Utilities Insurance Other	\$3.0M	\$200K	\$3.2M	Match for CCS UTAP Final Insurance Rates	\$100K \$100K
Total	\$62.9M	\$2.7M	\$65.6M	These 11 items explain 96% of the budget change from 2014 to 2015	\$2.6M

2015 Estimated Revenues⁽¹⁾



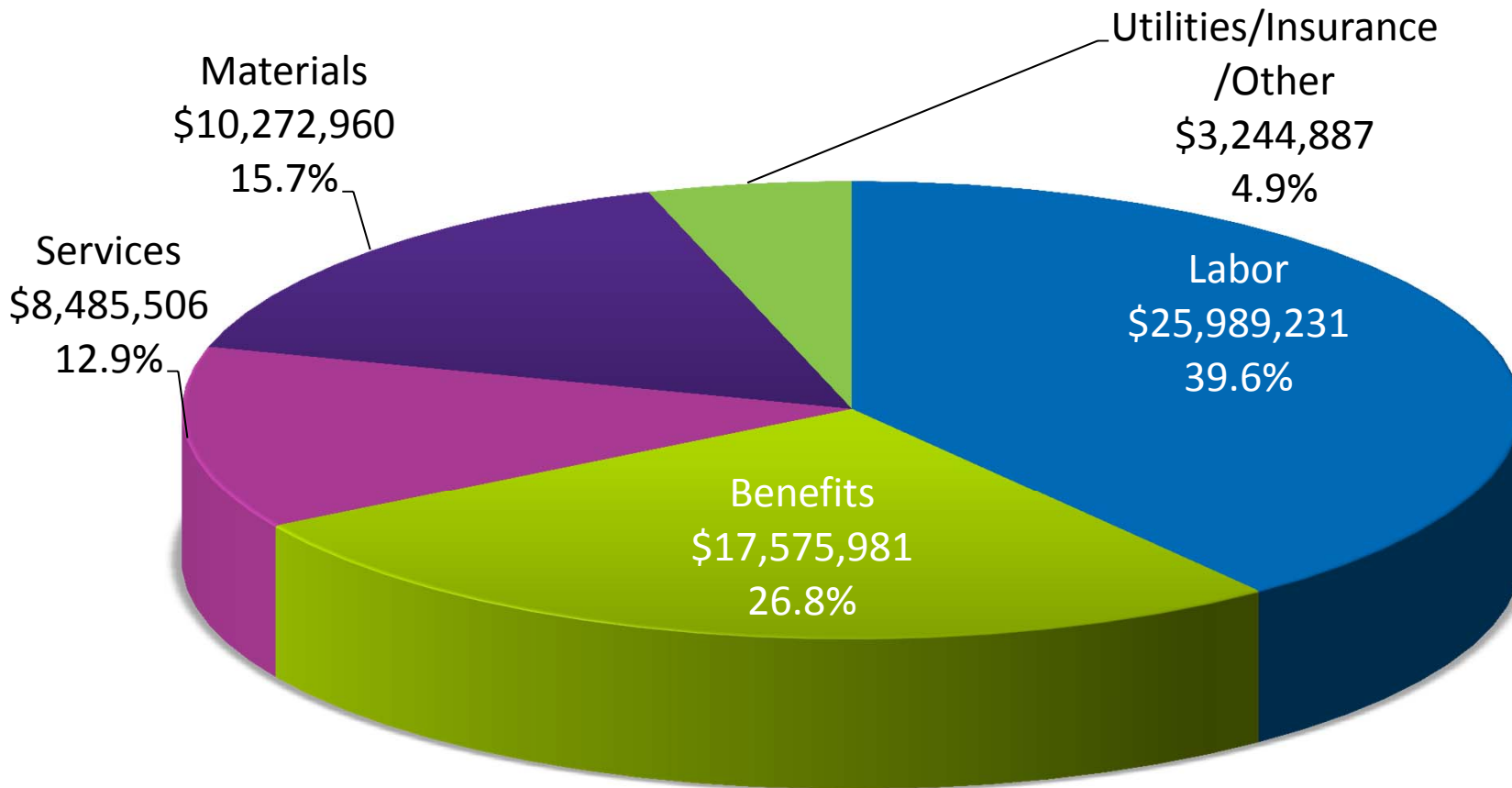
(1) Above amounts exclude grants used for capital projects.

2015 Estimated Operating Expenses by Division



\$65,568,565

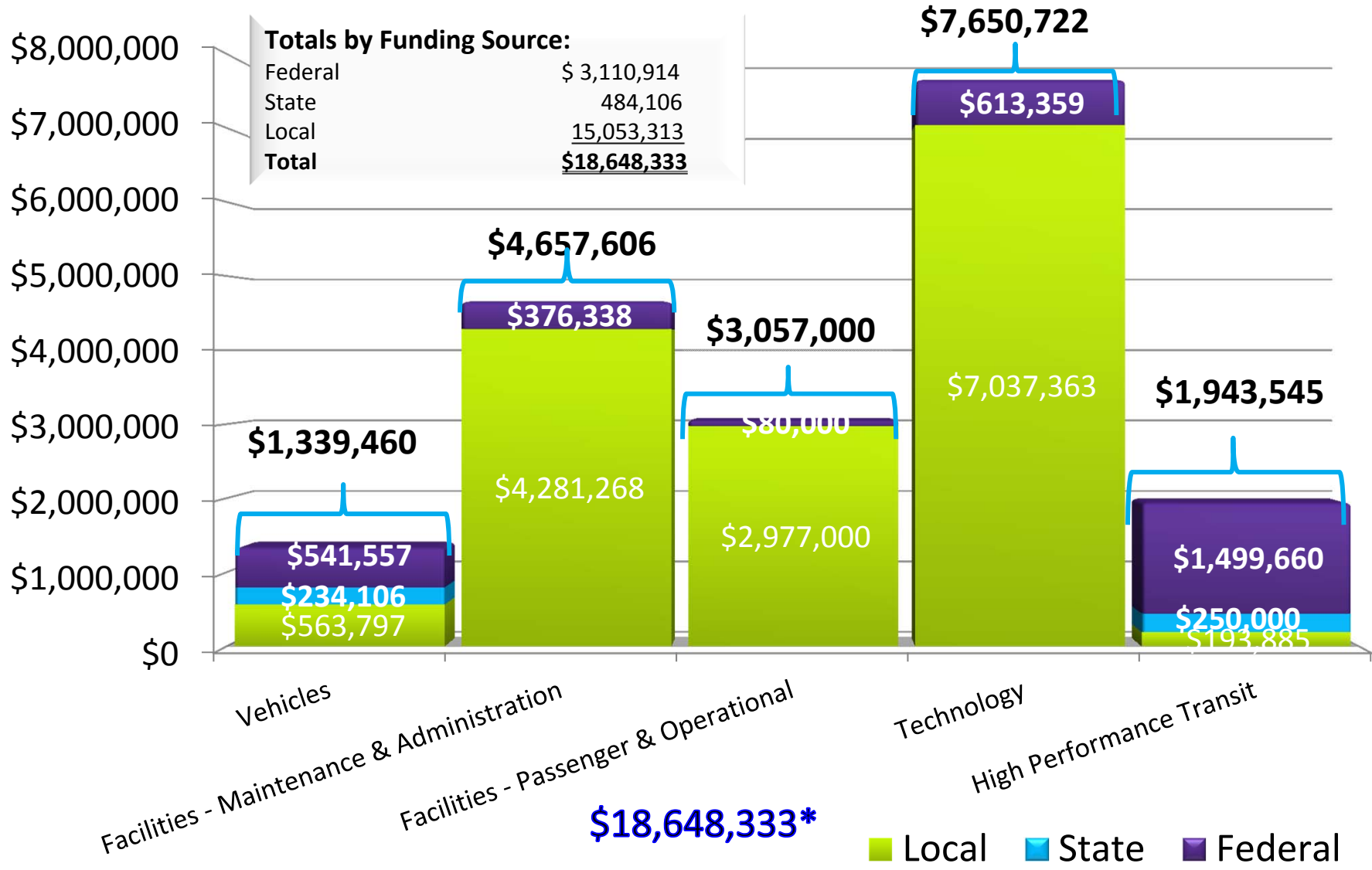
2015 Estimated Operating Expenses by Object



\$65,568,565

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 Final Proposed Capital Budget



*\$18,648,333 - \$676,946 to be paid from Fleet Replacement Allocation = Net Capital Budget of \$17,971,387.

2015 Cash and Reserve Analysis

	2015 Final Proposed Budget
OPERATING ACTIVITIES	
Revenue (excluding capital grants)	\$68,808,293
Operating Expense	<u>(65,568,565)</u>
Revenue Over / (Under) Operating Expenses	3,239,728
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	(17,389,430)
CASH (Projected beginning 2015)	<u>53,321,066</u>
CASH (Projected ending 2015)	35,931,636
RESERVES	
Self Insurance Reserve	(5,500,000)
Board Designated Operating Reserve	(9,835,285)
Board Designated Right of Way Acquisition Reserve	<u>(4,950,000)</u>
	(20,285,285)
2015 Estimated End of Year Cash Balance After Reserves	<u><u>\$15,646,351</u></u>

Recommended Action

- Adopt by resolution, the Final Proposed 2015 Operating and Capital Budgets.

Source of Funds:		Use of Funds:	
Revenues	\$68,808,293	Operating Expenses	\$65,568,565
Capital Grants	3,595,020	Capital Projects	17,971,387
From Cash Balance	17,389,430	Fleet Replacement Allocation	6,252,791
Total Source of Funds	\$89,792,743	Total Use of Funds	\$89,792,743