



Adopted 2016 Operating and Capital Budgets

November 19, 2015 Board Meeting
Resolution Number: 739-15

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

2016 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 2 Planning & Development Committee:** Draft 2016 Budget Review
- ✓ **September 17 Board Meeting:** Draft 2016 Budget
- ✓ Individual Board Member Sessions if Requested
- ✓ **October:** Citizen Outreach
- ✓ **October 7 Planning & Development Committee:** Proposed 2016 Budget and Proposed Strategic Plan
- ✓ **October 22 Board Meeting:** Public Hearing on Budget/Board Adopt Strategic Plan
- ✓ **October 27 All Employee Meeting:** Proposed 2016 Budget
- **November 4 Planning & Development Committee:** Recommendations of 2016 Final Proposed Budget-Operating & Capital
- **November 19 Board Meeting:** Adoption of 2016 Budget

2016 Final Proposed Budget

2016 Final Proposed Operating Budget Assumptions

Revenue (Slide 1 of 2):

- Sales tax revenue growth assumption based on 3.0% trend
- Fare revenue based on:
 - Sustaining ridership levels for Fixed Route
 - Sustaining ridership levels for Paratransit
 - Growing Vanpool ridership by 7% from 2015 projected

2016 Draft Operating Budget Assumptions

Revenue (Slide 2 of 2):

- Federal grants of \$7.7M
- State grants of \$1.1M
- Interest rate assumption of 1.0% per Spokane County Treasurer

2016 Draft Operating Budget Assumptions

Expenses (Slide 1 of 5)

- Personnel

Division	2015	Additions	2016
Fixed Route	367 FT 30 PT	1 Trainer 1 Security Officer	369 FT 30 PT
Paratransit	89 FT 5 PT		89 FT 5 PT
Vanpool	2 FT		2 FT
Administrative	42 FT		42 FT
Total	500 FT 35 PT	2 Full Time	502 FT 35 PT

FT = Full time PT = Part time

2016 Operating Budget Assumptions

Expenses (Slide 2 of 5):

- Benefits
 - Medical & Dental
 - ~~12.0%~~ 9.0% Medical Premium Increase
 - Premium Sharing for Premera plan of:
 - Employee Share from 5% to 7%
 - Employee Share for Dependents from 15% to 17%
 - ~~5%~~ 10.0% Dental Premium Increase
 - Retirement
 - Employer's retirement contribution rate
 - 11.18% January 1 2016 – December 2016
 - Employee's contribution rate
 - PERS 1 6.0% on-going (statutorily set)
 - PERS 2 6.12% January 2016 – December 2016
 - PERS 3 Varies 5% to 15%

2016 Operating Budget Assumptions

Expenses (Slide 3 of 5):

- Fuel
 - Diesel 19.0% decrease¹
 - Gasoline 21.5% decrease¹

	Per Gallon			2016 # of Gallons (appr)	Total Fuel Budget (appr)
	2014 Actual	2015 Budget	2016 Budget		
Diesel	\$2.99	\$3.70	\$3.00	1.4M	\$3.7M
Gasoline	\$3.01	\$3.61	\$2.83	0.2M	\$0.4M
Total				1.6M	\$4.1M

¹ Energy Information Administration June 2015 forecast with ½ standard deviation

2016 Changes from Draft to Final Proposed Budget

Expenses (Slide 4 of 5):

Summary of Expenditure Changes

	Operating	Capital/Fleet Replacement	Total
Draft Expenditure Budget	\$65,628,496	\$16,178,733	\$81,807,229
Medical/Dental	(213,274)	-0-	(213,274)
Workers Compensation	(241,943)	-0-	(241,943)
Insurance (Final rates)	29,744	-0-	29,744
Total Changes	(425,473)	-0-	(425,473)
Final Proposed Expenditure Budget	\$65,203,023	\$16,178,733	\$81,381,756

Operating Expense Changes in 2016

Expenses (Slide 5 of 5):

Object	2015 Budget (Rounded)	\$ Change (Rounded)	2016 Budget (Rounded)	Increases/(Decreases) >\$100,000	Amount (Rounded)
Labor/Benefits	\$43.6M	\$0.5M	\$44.1M	Labor Benefits	\$0.3M \$0.2M
Services	\$8.5M	\$0.4M	\$8.9M	Contracted Security Contractual Services	\$0.2M \$0.2M
Materials	\$10.3M	\$(1.3M)	\$9.0M	Fuel Vehicle Repair Materials	\$(1.1M) \$(0.2M)
Utilities Insurance Other	\$3.2M	\$0.0M	\$3.2M		
Total	\$65.6M	\$(0.4M)	\$65.2M		\$(0.4M)

2016 Revenue Changes from Draft to Final Proposed Budget

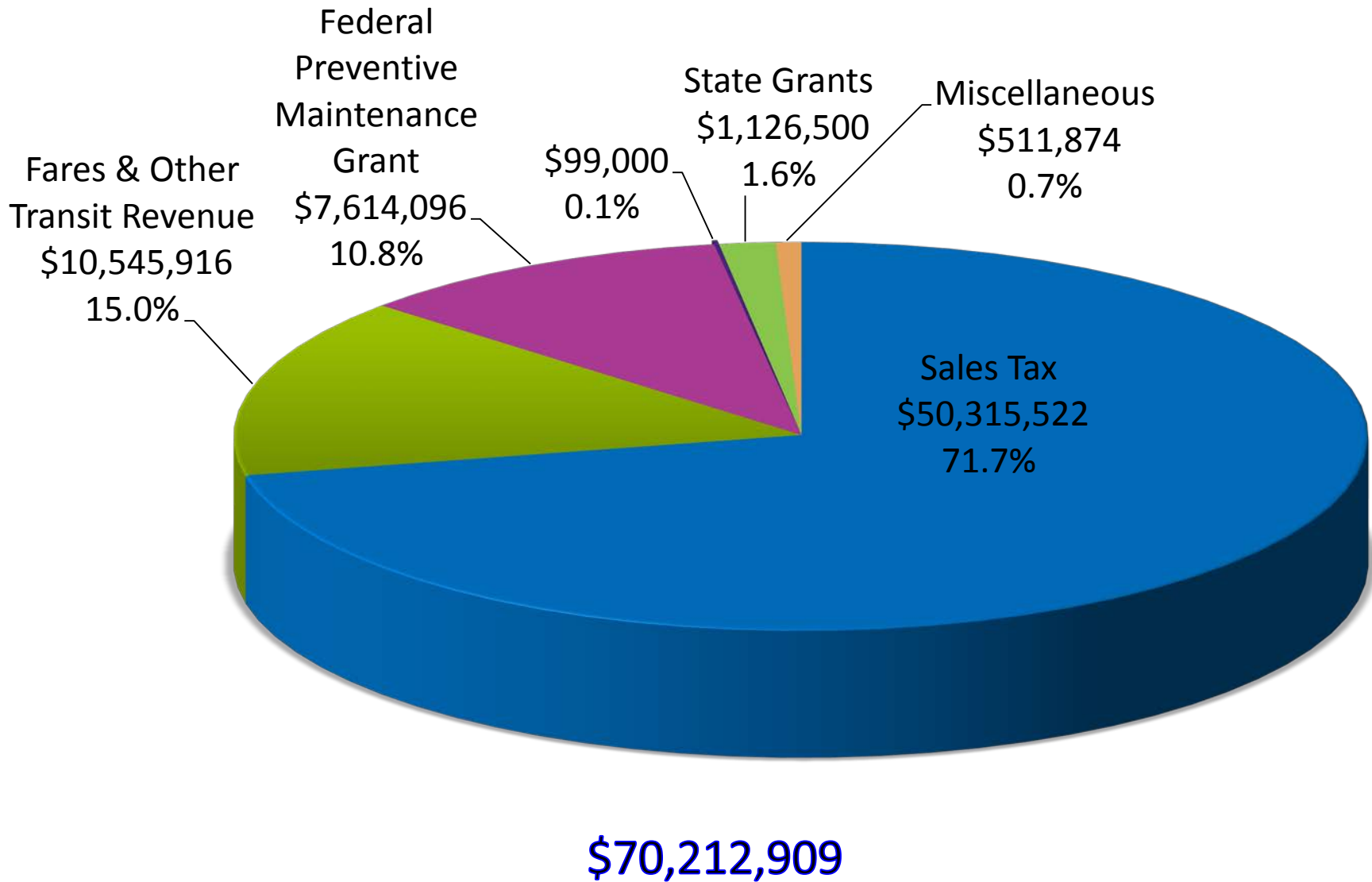
Summary of Revenue Changes			
	Operating	Capital/Cash	Total
Draft Revenue Budget	\$70,212,909	\$11,594,320	\$81,807,229
Draw on Cash	-0-	(425,473)	(425,473)
Total Changes	-0-	(425,473)	(425,473)
Final Proposed Revenue Budget	\$70,212,909	\$11,168,847	\$81,381,756

Budget Comparison 2015 to 2016

	2015 Budget	2016 Final Proposed Budget	\$ Change From 2015 Budget	% Change From 2015 Budget
Estimated Revenues:				
Fares & Other Transit Revenue	\$ 11,163,532	\$ 10,545,916	\$ (617,616)	-5.5%
Sales Tax	48,376,901	50,315,522	1,938,621	4.0%
State Grants	847,369	1,126,500	279,131	32.9%
Miscellaneous	670,914	511,874	(159,040)	-23.7%
Federal Preventive Maintenance Grant ¹	7,749,576	7,614,096	(135,480)	-1.7%
Other Federal Grants	-	99,000	99,000	-
Subtotal: Operating Revenues	68,808,292	70,212,909	1,404,617	2.0%
Federal Capital Revenue	3,110,914	3,037,636	(73,278)	-2.4%
State Capital Revenue	484,106	493,000	8,894	1.8%
Subtotal: Capital	3,595,020	3,530,636	(64,384)	-1.8%
Total Revenue	72,403,312	73,743,546	1,340,233	1.9%
Decrease in Cash Balance	18,066,376	7,638,211	(10,428,166)	-57.7%
Total Source of Funds	\$ 90,469,689	\$ 81,381,756	\$ (9,087,932)	-10.0%
Estimated Expenditures:				
Fixed Route Bus	\$ 43,474,273	\$ 42,917,630	\$ (556,643)	-1.3%
Paratransit	12,029,757	11,953,424	(76,332)	-0.6%
Vanpool	870,447	701,084	(169,363)	-19.5%
Plaza	1,366,439	1,575,427	208,988	15.3%
Administrative	7,827,650	8,055,459	227,809	2.9%
Total Operating Expense	65,568,565	65,203,023	(365,541)	-0.6%
Capital Expenditures	18,642,333	14,604,009	(4,044,324)	-21.7%
FR & PT Fleet Replacement Allocation	6,252,791	1,574,724	(4,678,067)	-74.8%
Total Use of Funds	\$ 90,469,689	\$81,381,756	\$ (9,087,932)	-10.0%

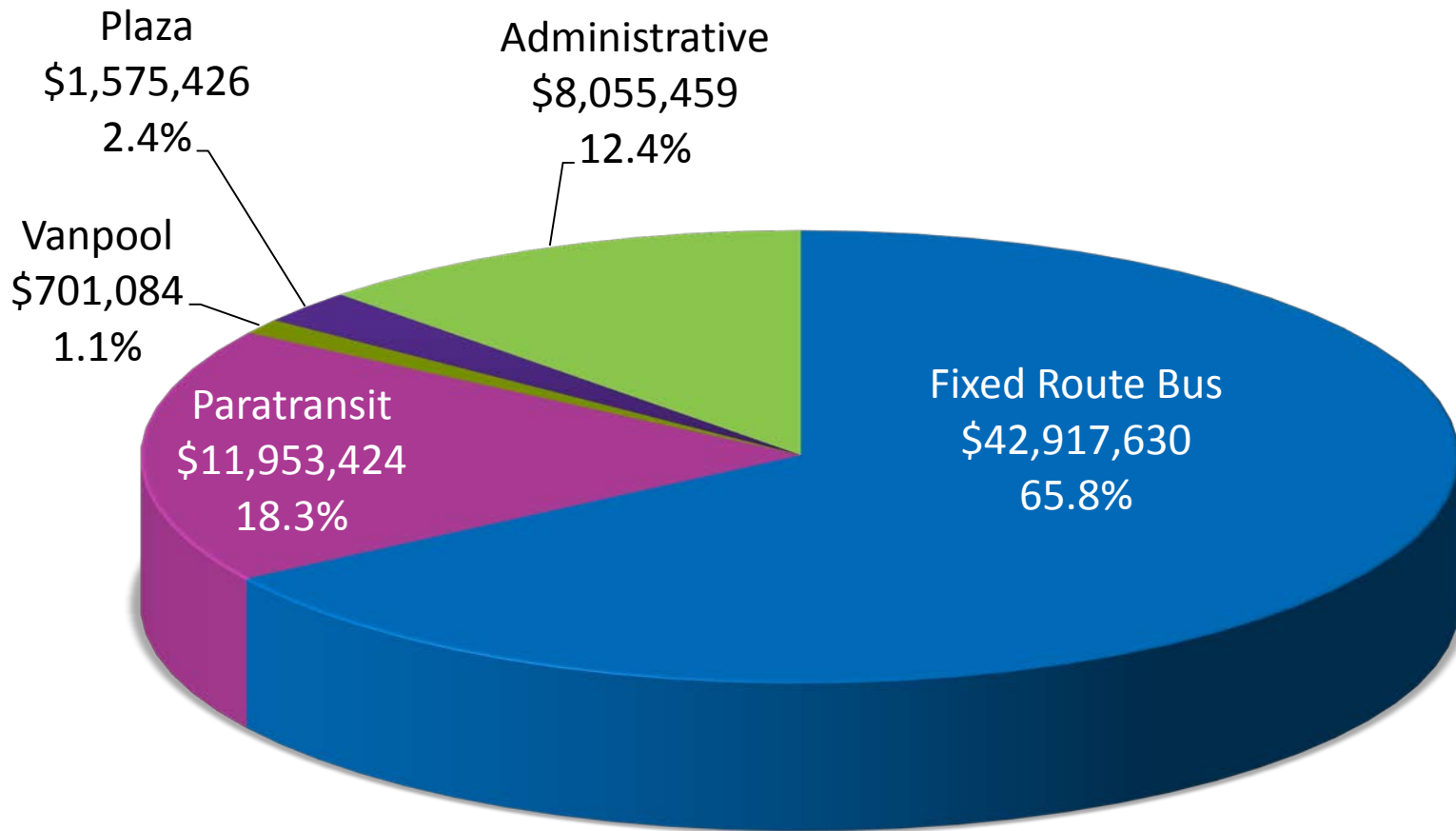
¹ Assumes funding of Highway Trust Fund beyond May 2015.

2016 Estimated Revenues⁽¹⁾



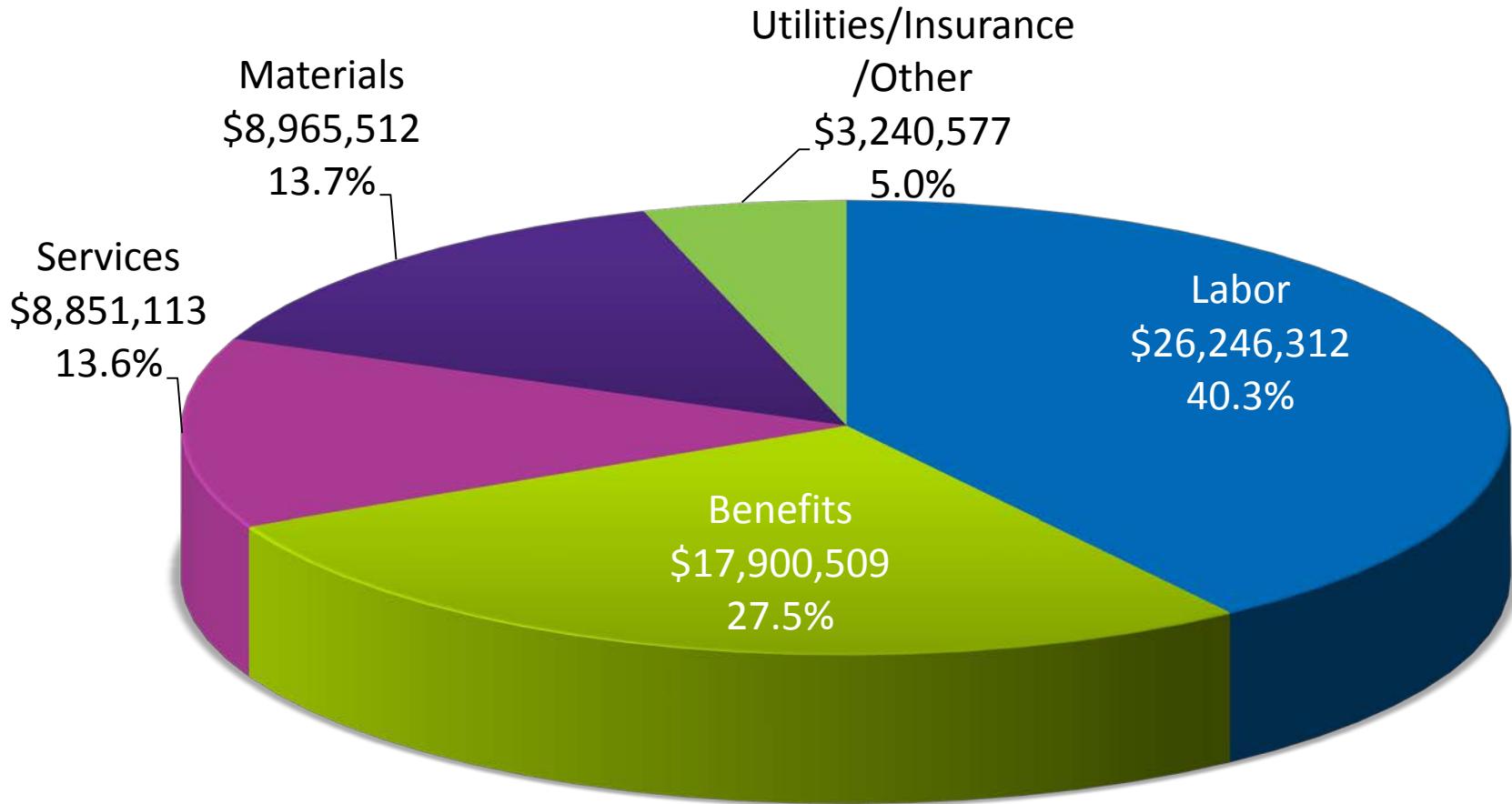
(1) Above amounts exclude grants used for capital projects.

2016 Estimated Operating Expenses by Division



\$65,203,023

2016 Estimated Operating Expenses by Object

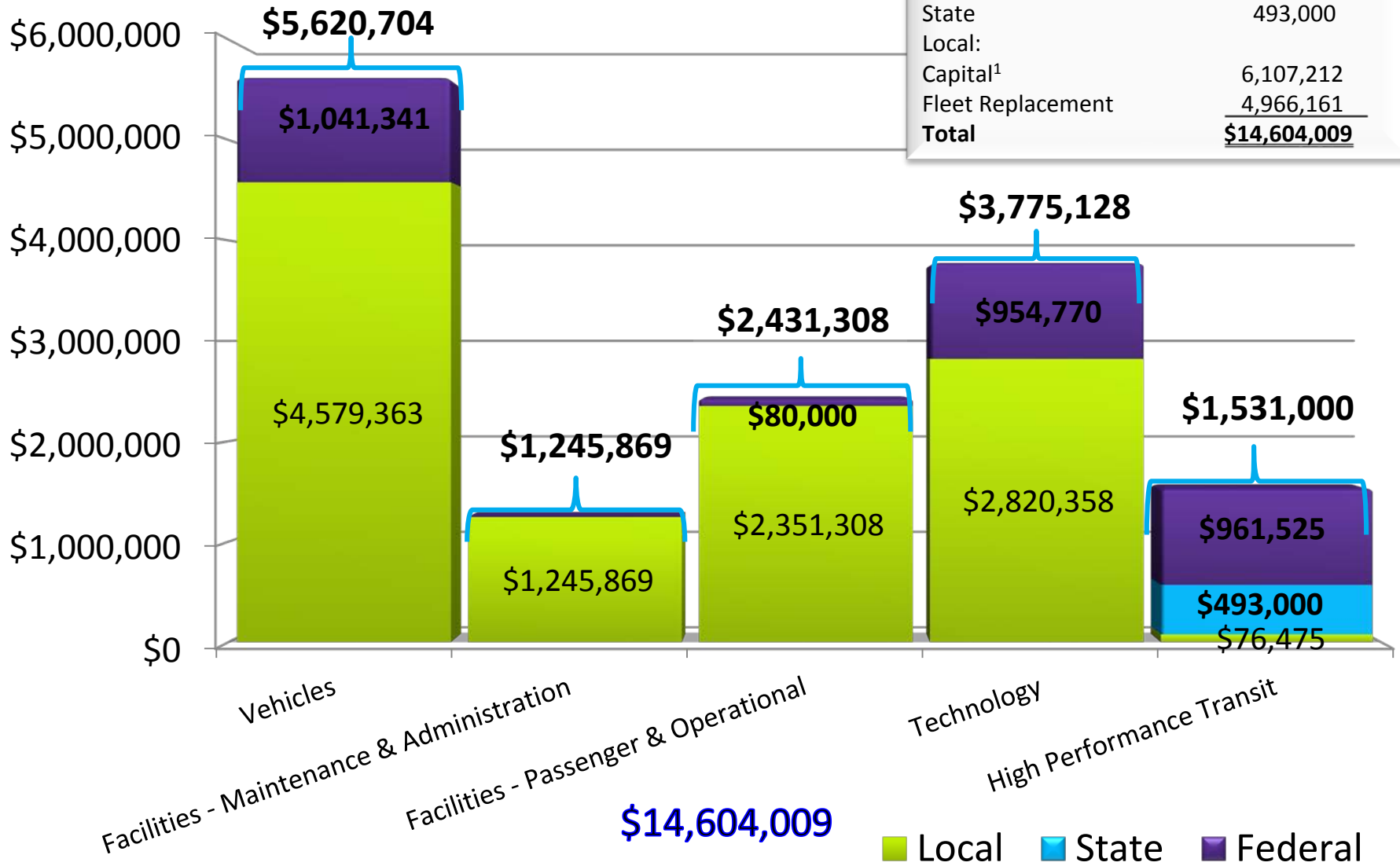


\$65,203,023

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.

2016 Draft Capital Budget

Totals by Funding Source:	
Federal	\$3,037,636
State	493,000
Local:	
Capital ¹	6,107,212
Fleet Replacement	4,966,161
Total	<u>\$14,604,009</u>



¹ Amount excludes Fixed Route Coaches and Paratransit Vans funded from Fleet Replacement Fund.

2016 Cash and Reserve Analysis

	2016 Final Proposed Budget
OPERATING ACTIVITIES	
Revenue (excluding capital grants)	\$70,212,909
Operating Expense	<u>(65,203,023)</u>
Revenue Over / (Under) Operating Expenses	\$5,009,886
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	(11,073,373)
FR & PT Fleet Replacement Allocation	(1,574,724)
Total Local Cash Used for Capital Activities	(12,648,097)
NET DECREASE IN CASH	(7,638,211)
CASH (Projected beginning 2016)	<u>45,702,522</u>
CASH (Projected ending 2016)	38,064,311
BOARD DESIGNATED RESERVES	
Operating Reserve (15% of Operating Expenses)	(9,780,453)
Risk Reserve	(5,500,000)
Right of Way Acquisition Reserve	<u>(4,950,000)</u>
	(20,230,453)
2016 Estimated End of Year Cash Balance After Reserves	<u>17,833,858</u>

Recommended Action

- Review and recommend the Board adopt, by resolution, the Final Proposed 2016 Operating and Capital Budgets.

Source of Funds:		Use of Funds:	
Revenues	\$70,212,909	Operating Expenses	\$65,203,023
Capital Grants	3,530,636	Capital Projects	14,604,009
From Cash Balance	7,638,211	Fleet Replacement Allocation	1,574,724
Total Source of Funds	\$81,381,756	Total Use of Funds	\$81,381,756