

A scenic view of a concrete bridge spanning a river. On the bridge, a white van with 'Spokane Transit Authority' branding and a blue and green bus are visible. In the background, a tall, light-colored brick clock tower with a red-tiled roof stands against a clear blue sky. The scene is reflected in the calm water of the river.

Spokane Transit Authority Adopted 2018 Operating and Capital Budgets

December 14, 2017 Board Meeting Resolution Number: 761-17

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

2018 Budget Guidance

Foster and Sustain Quality – Continue initiatives and projects that improve quality and usefulness of STA's services. (2017 Transit Development Plan)

Maintain a State of Good Repair – Continue vehicle replacement and facility maintenance/improvement programs. (2017 Transit Development Plan)

Expand Ridership – Continue to foster ridership markets in line with the principles of Connect Spokane. (2017 Transit Development Plan)

Proactively Partner in the Community – Coordinate with jurisdictions and other agencies, be a leader in implementing the regional transportation vision. (2017 Transit Development Plan)

Advance and Adapt the System Growth Strategy – Grow the transit system consistent with community growth and resources. (2017 Transit Development Plan)

Continue with a Sustainable Plan that avoids debt. (Connect Spokane)



Operating Expenses

2018 vs 2017

Operating Expense Budget

2018 Operating Expense Budget	\$73,491,322
2017 Operating Expense Budget	<u>\$69,059,203</u>
Operating Expense Budget Change	\$4,432,719 (6.4% increase)

Fixed Route Service increase = 7%

Paratransit Service increase = 1.75%

Operating Expense Changes in 2018

95% of expense changes reflected in items above \$100,000

Object	2017 Budget (Rounded)	\$ Change (Rounded)	2018 Budget (Rounded)	Increases/(Decreases) >\$100,000	Amount (Rounded)
Labor/Benefits	\$47.3M	\$2.9M (6.1%)	\$50.2M	Labor Medical/Dental Retirement Other Benefits	\$1.4M \$0.8M \$0.5M \$0.2M
Services	\$8.6M	\$1.0 (12.3%)	\$9.6M	Software Maintenance Contracted Transportation	\$0.3M \$0.5M
Materials	\$9.2M	\$0.5M (5.4%)	\$9.7M	Fuel/Lubricants Repair Materials/Inventory	\$0.3M \$0.2M
Insurance Utilities Other	\$4.0M	\$0.0M (0.0%)	\$4.0M		
Total	\$69.1M	\$4.4M (6.4%)	\$73.5M		\$4.2M

2018 Operating Budget Assumptions

Expenses – Personnel

Division	2017 Positions	Additions	2018 Positions
Fixed Route	387 FT 30 PT	Coach Operators (Add 7 FT Minus 3 PT) Supervisor (1) Facilities Laborer (2) General Repair Vehicle Technician (3) Servicer Cleaner (1) Customer Service (Add 1 FT Minus 2 PT)	402 FT 25 PT
Paratransit	92 FT 3 PT	Paratransit Reservationist (1)	93 FT 3 PT
Vanpool	2 FT		2 FT
Administrative	51 FT	Senior Network Engineer (1) Communications Specialist (1)	53 FT
Total	532 FT 33 PT	18 FT Additions 5 PT Subtractions	550 FT 28 PT

FT = Full time PT = Part time

2018 Operating Budget Assumptions

Expenses – Compensation

Employee Group	# Of Employees (July 2017)	Contract Term	2018 General Wage Increase
ATU 1015 (Fixed Route Operators, Maintenance, Facilities & Grounds, Customer Service & Clerical)	387	April 2017 To March 2020	3% Effective April 1, 2018
AFSCME 3939 (Paratransit)	77	July 2015 to June 2018	TBD
ATU 1598 (Fixed Route & Paratransit Supervisors)	22	February 2015 to January 2018	TBD
Management & Administrative (Includes Security)	77	At Will	2% Effective January 1, 2018
Total	563		

2018 Operating Budget Assumptions

Expenses – Benefits

Medical & Dental

Plan	2018 Premium % Increase (Decrease)	# of Employees Enrolled (as of July 2017)
Premera	14.7% 22%	277
Kaiser Core HMO	20%	30
Kaiser Buy-Up HMO	20%	216
Kaiser CDHP	22%	19
Washington Dental	(3.9%) (4%)	543

- Retirement
 - Employer's retirement contribution rate
 - 12.7% July 1, 2017 – June 30, 2019
 - Employee's contribution rate
 - PERS 1 6.0% on-going (statutorily set)
 - PERS 2 7.38% (legislatively set)
 - PERS 3 Varies 5% to 15%

2018 Operating Budget Assumptions

Expenses – Fuel

	Average Price Per Gallon			Total Fuel Budget (appr)
	2016 Actual	2017 Budget ¹	2018 Budget ¹	
Diesel	\$1.54	\$2.61	\$2.32	\$3.9M
Gasoline	\$1.97	\$2.52	\$2.37	\$0.4M
Total				\$4.3M

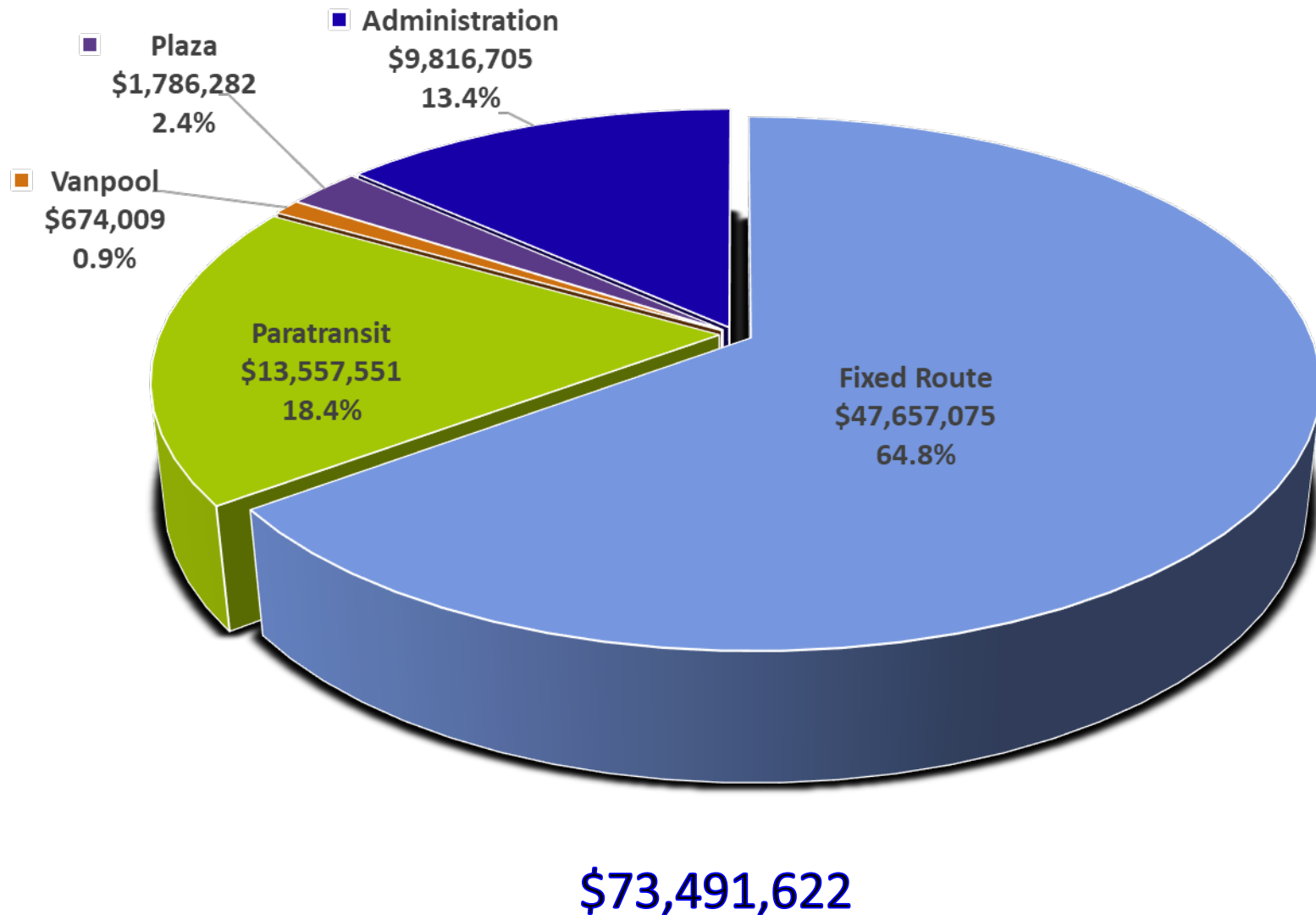
¹ Energy Information Administration July 2017 forecast with ½ standard deviation. Reconfirmed 11/7/17

2018 Changes from Proposed to Final Proposed Budget

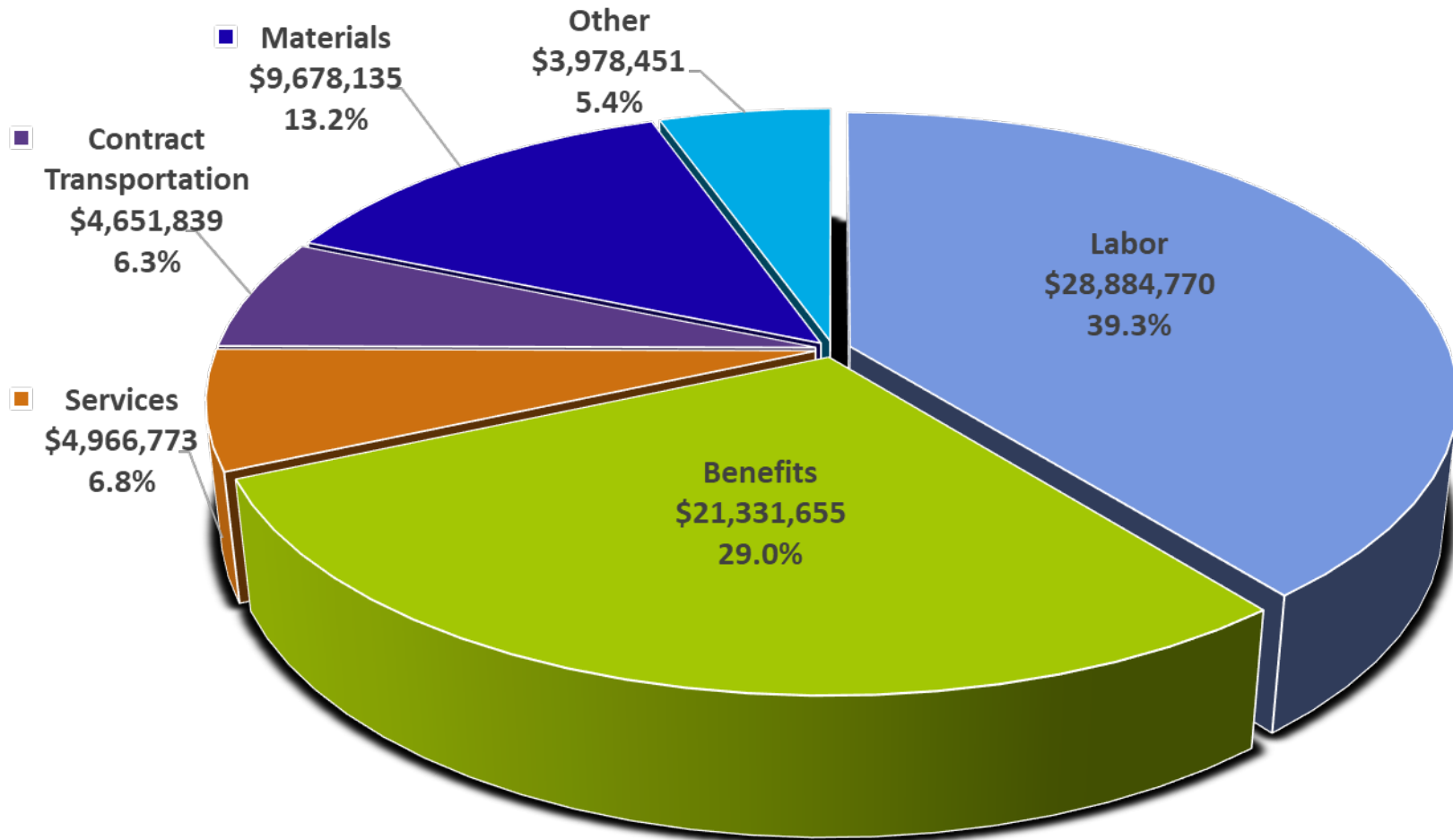
Summary of Expenditure Changes

	Operating	Capital/Fleet Replacement	Total
Proposed Expenditure Budget	\$72,844,230	\$55,394,615	\$128,238,845
Labor	907,270	-0-	907,270
Benefits	-35,911	-0-	-35,911
Property Insurance/Low Income Grant	-223,967	-0-	-223,967
Total Changes	647,392	-0-	647,392
Final Proposed Expenditure Budget	\$73,491,622	\$55,394,615	\$128,886,237

2018 Operating Expenses by Division



2018 Operating Expenses by Object



\$73,491,622

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.



Revenue

2018 vs 2017

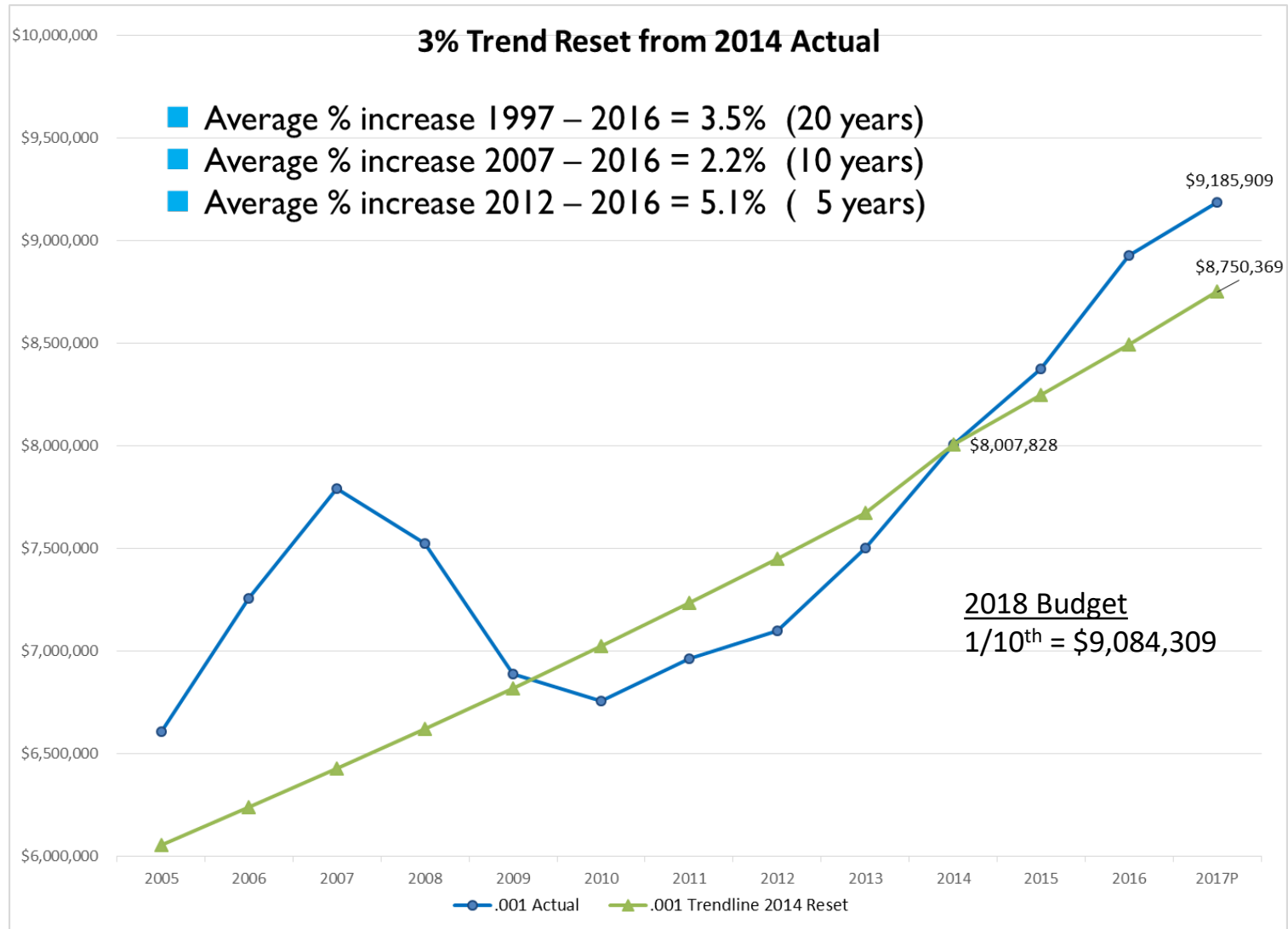
Operating Revenue Budget

2018 Operating Revenue	\$84,532,378
2017 Operating Revenue	<u>\$77,330,393</u>
Operating Revenue Change	\$7,201,985 (9.3% Increase*)

*Mainly sales tax revenue (8%)

Trend vs Actual

Value of 1/10th of a Cent Sales Tax Rate



2017 Projected based on Jan – Aug Actuals and Sept – Dec Budget

Spokane Transit 2018 Adopted Budget

Operating Budget Assumptions

Revenue – Sales Tax

- Sales tax revenue growth assumption based on Board direction of 3.0% trend beginning with 2014 actual sales tax revenue.
- \$500,000 one-time addition to reflect current economic conditions.

Operating Budget Assumptions

Revenue – Fare

- Fare revenue based on:
 - Phase II fare increase effective July 1, 2018
from \$1.75 to \$2.00
 - Ridership Increases

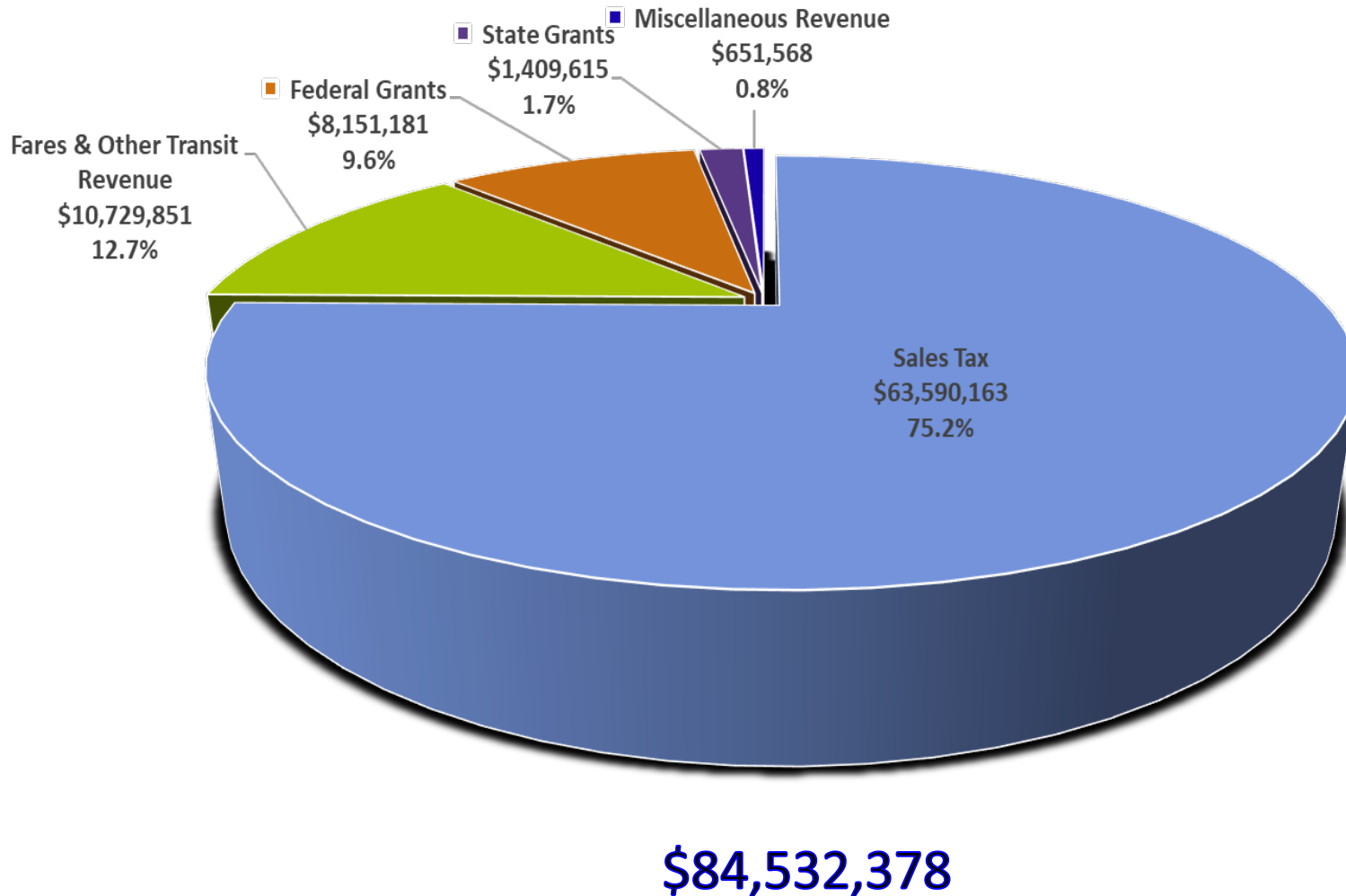
	% Increase over 2017	Estimated Ridership
Fixed Route	1.5%	10.4M
Paratransit	1.5%	477K
Vanpool	2.5%	198K

Operating Budget Assumptions

Revenue – Grants and Miscellaneous

- Federal grants of \$8.1M
- State grants of \$1.4M
- Interest rate assumption of 1.0%

2018 Operating Revenues



2018 Revenue Changes from Proposed to Final Proposed Budget

Summary of Revenue Changes				
	Operating	Capital	Draw on Cash	Total
Proposed Revenue Budget	\$84,532,378	\$14,377,888	\$29,328,579	\$128,238,845
Draw on Cash			647,392	647,392
Total Changes			647,392	647,392
Final Proposed Revenue Budget	\$84,532,378	\$14,377,888	\$29,975,971	\$128,886,237



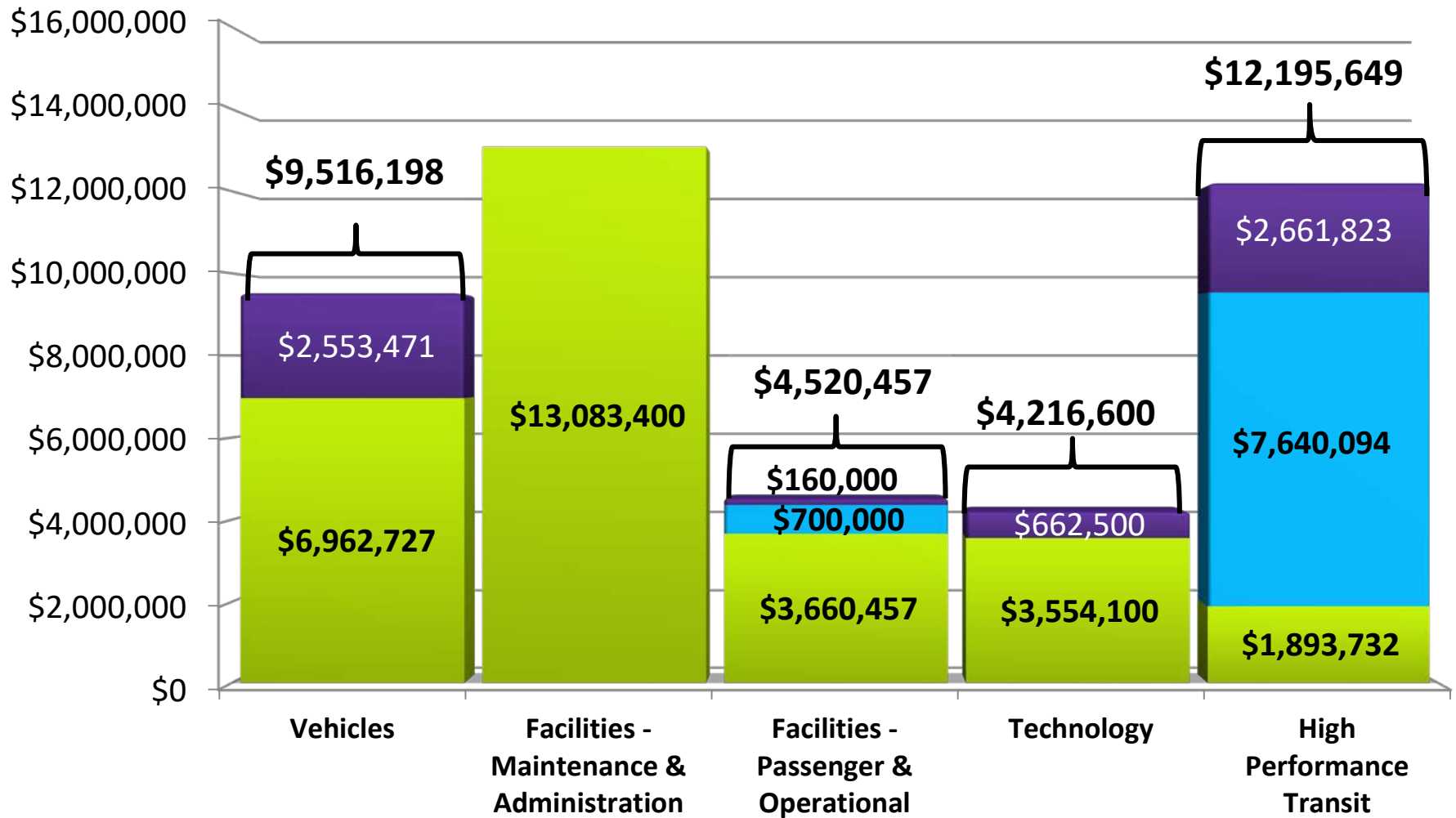
Capital

2018 Capital Budget

Funding Source	Amount	% of Total
Federal	\$ 6,037,794	13.9%
State	\$ 8,340,094	19.2%
Local:		
Capital ¹	\$ 23,117,353	53.1%
Fleet Replacement	<u>\$ 6,037,063</u>	13.9%
	\$ 29,154,416	
Total 2018 Capital Budget	<u>\$ 43,532,304</u>	

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

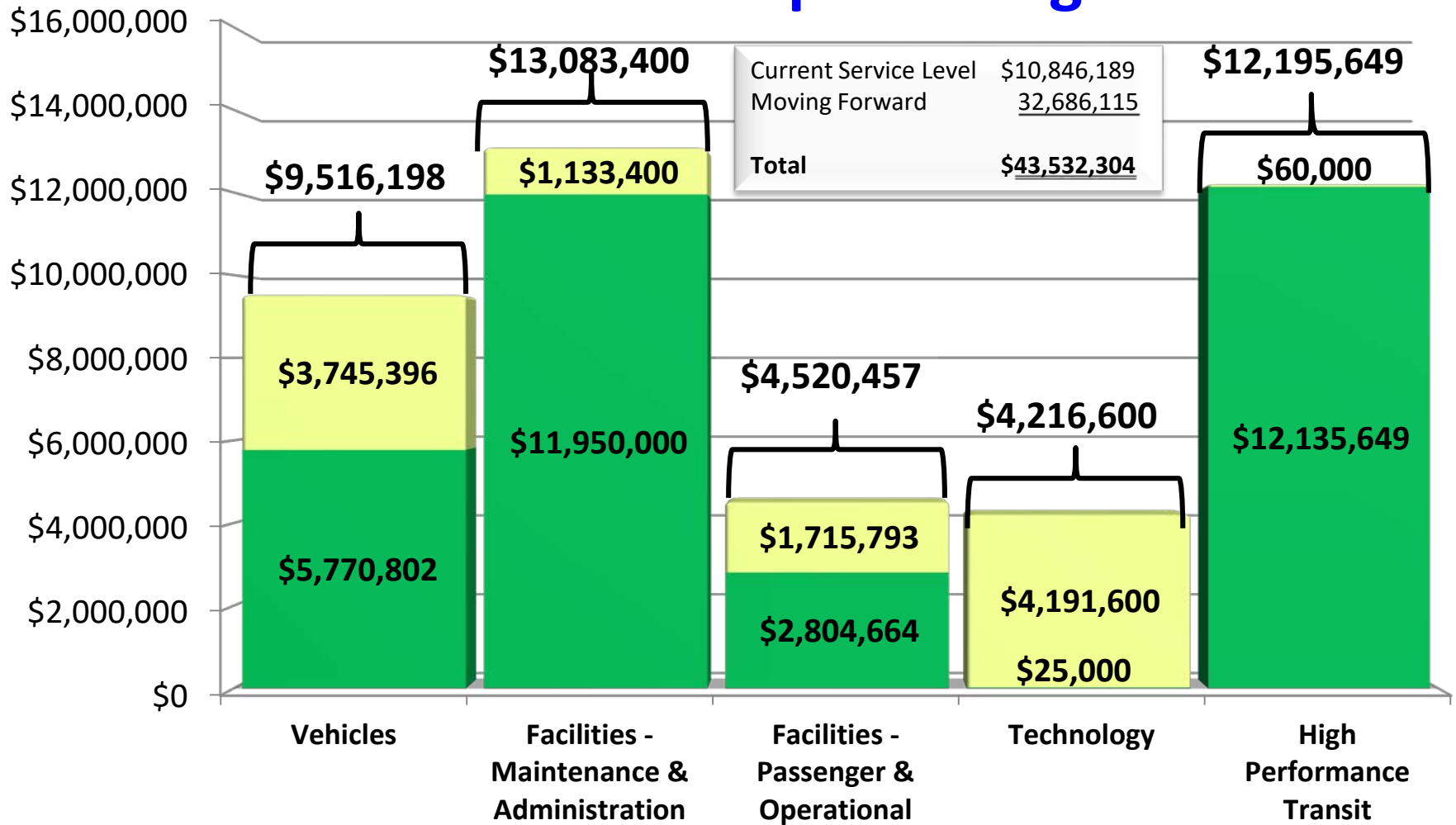
2018 Capital Budget



Total 2018 Capital Budget \$43,532,304

Local State Federal

2018 Moving Forward vs Current Service Level Capital Budget



Total 2018 Capital Budget \$43,532,304

■ Current Service Level
■ Moving Forward

Budget Comparison 2017 to 2018

	2017 Budget	2018 Budget-Final Proposed Budget	\$ Change from 2017 Budget	% Change from 2017 Budget
Estimated Revenues:				
Fares & Other Transit Revenue	10,023,749	10,729,851	706,102	7.0%
Sales Tax	57,412,140	63,590,163	6,178,023	10.8%
State Grants	1,382,750	1,409,615	26,865	1.9%
Miscellaneous Revenue	569,001	651,568	82,567	14.5%
Federal Preventive Maintenance	7,942,753	8,109,550	166,797	2.1%
Other Federal Grants	-	41,631	41,631	-
Subtotal: Operating Revenues	77,330,393	84,532,378	7,201,985	9.3%
Federal Capital Revenue	4,930,113	6,037,794	1,107,681	22.5%
State Capital Revenue	6,553,690	8,340,094	1,786,404	27.3%
Subtotal: Capital Revenue	11,483,803	14,377,888	2,894,085	25.2%
Total Revenue	88,814,196	98,910,266	10,096,070	11.4%
Decrease in Cash Balance*	8,122,746	29,975,971	21,853,225	269.0%
Total Source of Funds	96,936,942	128,886,237	31,949,295	33.0%
Estimated Expenditures:				
Fixed Route	44,473,641	47,657,075	3,183,434	7.2%
Paratransit	12,839,957	13,557,551	717,595	5.6%
Vanpool	699,000	674,009	(24,991)	-3.6%
Plaza	1,836,828	1,786,282	(50,546)	-2.8%
Administration	9,209,778	9,816,705	606,927	6.6%
Total Operating Expenses	69,059,203	73,491,622	4,432,419	6.4%
Capital Expenditures - Includes FR & PT Fleet	22,453,624	43,532,304	21,078,680	93.9%
FR & PT Fleet Replacement Allocation	5,424,115	11,862,311	6,438,196	118.7%
Total Use of Funds	96,936,942	128,886,237	31,949,295	33.0%
* Includes \$6,037,063 from Fleet Replacement Fund (\$29,975,971 - \$6,037,063 = \$23,938,908 = Net Decrease in Cash)				

2018 Cash and Reserve Analysis

	2018 Final Proposed Budget
OPERATING ACTIVITIES	
Revenue (excluding capital grants)	\$84,532,378
Operating Expense	(\$73,491,622)
Revenue Over / (Under) Operating Expenses	\$11,040,756
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	(23,117,353)
FR & PT Fleet Replacement Allocation	(11,862,311)
Total Local Cash Used for Capital Activities	(34,979,664)
NET DECREASE IN CASH	(23,938,908)
CASH (Projected beginning 2018)	55,580,572
CASH (Projected ending 2018)	31,641,664
BOARD DESIGNATED RESERVES	
Operating Reserve (15% of Operating Expenses)	(11,023,743)
Risk Reserve	(5,500,000)
Right of Way Acquisition Reserve	(4,950,000)
	(21,473,743)
2018 Estimated End of Year Cash Balance Dedicated to 2019-2023 Capital¹	\$10,167,921

¹ Estimated end of year cash balance after reserves are used for future capital expenditures included in the 2018-2023 Capital Improvement Plan. This excludes the end of year cash balance in the Fleet Replacement Fund projected to be \$14,134,254 as of December 31, 2018.

Next Steps

Date (2017)	Action
September 6th	2018 Draft Budget-Operating & Capital presented to the Planning & Development Committee
September 21 st	2018 Draft Budget-Operating & Capital presented to STA Board
October	Citizen and Employee Outreach
October 4 th	2018 Proposed Budget-Operating & Capital & 2018 Strategic Plan presented to the Planning & Development Committee
October 19 th	Public Hearing for 2018 Proposed Budget-Operating & Capital
	Board adoption of the 2018 Strategic Plan
November 29 th	Recommendation of 2018 Final Proposed Budget-Operating & Capital presented to the Planning & Development Committee
December 14th	Board adoption of the 2018 Final Proposed Budget-Operating & Capital

Recommended Action

Recommend the Board adopt, by resolution, the Final Proposed 2018 Operating & Capital Budgets

Source of Funds:		Use of Funds:	
Revenues	\$84,532,378	Operating Expenses	\$73,491,622
Capital Grants	14,377,888	Capital Projects	43,532,304
From Cash Balance	29,975,971	Fleet Replacement Allocation	11,862,311
Total Source of Funds	\$128,886,237	Total Use of Funds	\$128,886,237