



Spokane Transit Authority Adopted 2019 Operating and Capital Budgets

**November 15, 2018 Board Meeting
Resolution Number: 764-18**

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

2019 Budget Guidance

- Foster and Sustain Quality
- Maintain a State of Good Repair
- Expand Ridership
- Proactively Partner in the Community
- Advance and Adapt the System Growth
- Continue with a Sustainable Plan that Avoids Debt



Operating Expenses

2019 Adopted Budget

2019 vs 2018

Operating Expense Budget

2019 Operating Expense Budget	\$79,541,504
2018 Operating Expense Budget	<u>\$73,491,622</u>
Operating Expense Budget Change	\$ 6,049,882
	(8.2% increase)

Fixed Route Service increase = 6.2%

Operating Expense Changes in 2019

Object	2018 Budget (Rounded)	\$ Change (Rounded)	2019 Budget (Rounded)	Increases/(Decreases) >\$100,000	Amount (Rounded)
Labor/Benefits	\$50.2M	\$4.0M (8.0%)	\$54.2M	Labor Medical/Dental Retirement (PERS/FICA) L&I WA Paid Medical Leave/Other	\$2.6M \$0.4M \$0.8M \$0.1M \$0.1M
Services	\$5.0M	\$0.2M (4.0%)	\$5.2M	Plaza Maintenance Park & Ride Maintenance	\$0.1M \$0.1M
Contracted Transportation	\$4.7M	\$0.3M (6.4%)	\$5.0M	Paratransit Service	\$0.3M
Materials	\$9.7M	\$1.1M (11.3%)	\$10.8M	Fuel	\$1.1M
Insurance Utilities Other	\$4.0M	\$0.4M (10.0%)	\$4.4M	Property & Liability Insurance	\$0.4M
Total	\$73.5M	\$6.0M (8.2%)	\$79.5M		\$6.0M

2019 Operating Budget Assumptions

Expenses – Personnel

Division	2018 Positions	Additions	2019 Positions
Fixed Route	411 402 FT 25 PT (9 Coach Operators Sept. 2018)	Coach Operators (12) General Repair Vehicle Technician (2) Servicer Cleaner (2) Technical Projects Specialist Associate Building Specialist Customer Service/Plaza Assistant	266 FT Coach Operators 25 PT Coach Operators <u>164</u> FT Other 455
Paratransit	93 FT 3 PT	Van Operators (4 FT minus 1 PT) Servicer Cleaner	61 FT Van Operators 2 PT Van Operators <u>37</u> FT Other 100
Vanpool	2 FT		2 FT
Administrative	54 53 FT (Procurement Coordinator Sept. 2018)	Business Development Manager (offset by reduction in materials & services) Human Resources Manager IS System Administrator Capital Project Manager (50% capital)	58 FT
Total	560 550 FT <u>28</u> PT 588	28 FT Additions <u>1</u> PT Subtraction 27	588 FT <u>27</u> PT 615

FT = Full time PT = Part time

2019 Operating Budget Assumptions

Expenses – Compensation

Employee Group	# Of Employees (August 2018)	Contract Term	2019 General Wage Increase
ATU 1015 (Fixed Route Operators, Maintenance, Facilities & Grounds, Customer Service & Clerical)	405	April 1, 2017 to March 31, 2020	3%
AFSCME 3939 (Paratransit)	78	Contract expired June 2018 (in mediation)	TBD
ATU 1598 (Fixed Route & Paratransit Supervisors)	23	February 2018 to January 2021	3%
Management & Administrative (Includes Security)	76	At Will	3%
Total	582		

2019 Operating Budget Assumptions

Expenses – Benefits

Medical & Dental

Plan	2019 Estimated Premium % Increase (Decrease)	# of Employees Enrolled (as of August 2018)
Premera	4.0%	249
Kaiser Core HMO	5.5%	30
Kaiser Buy-Up HMO	5.5%	251
Kaiser CDHP	5.5%	24
Washington Dental	0.0%	551

- Retirement
 - Employer's retirement contribution rate
 - 12.83% September 1, 2018– June 30, 2019
 - 13.05% Effective July 1, 2019
 - Employee's contribution rate
 - PERS 1 6.0% on-going (statutorily set)
 - PERS 2 7.41% (legislatively set)
 - PERS 3 Varies 5% to 15%

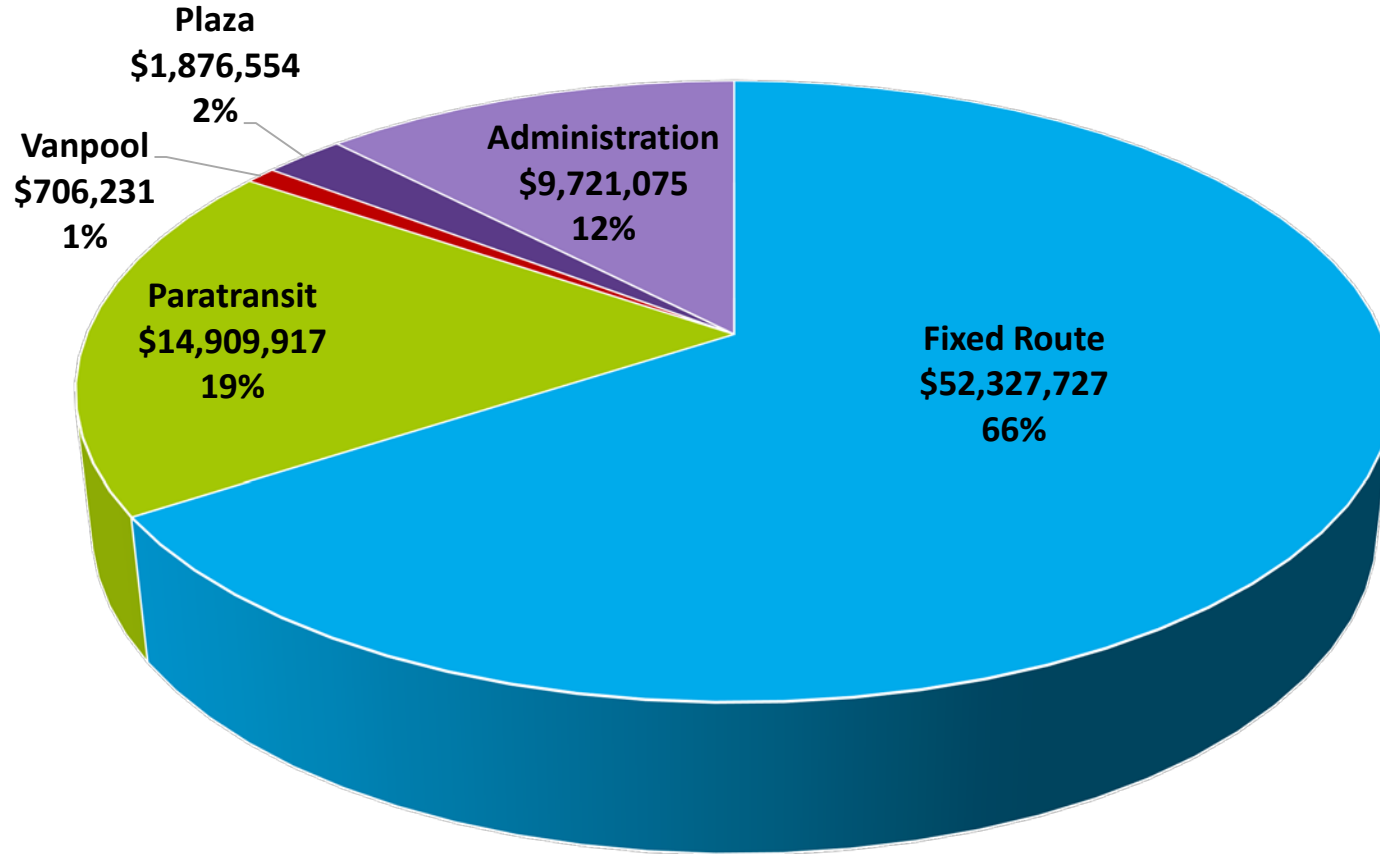
2019 Operating Budget Assumptions

Expenses – Fuel

	Average Price Per Gallon			Total Fuel Budget (appr)
	2017 Actual	2018 Budget	2019 Budget	
Diesel	\$1.98	\$2.65	\$3.39	\$4.5M
Gasoline	\$2.30	\$2.69	\$3.51	\$1.1M
Total				\$5.6M

1 Energy Information Administration July 2018 forecast with ½ standard deviation

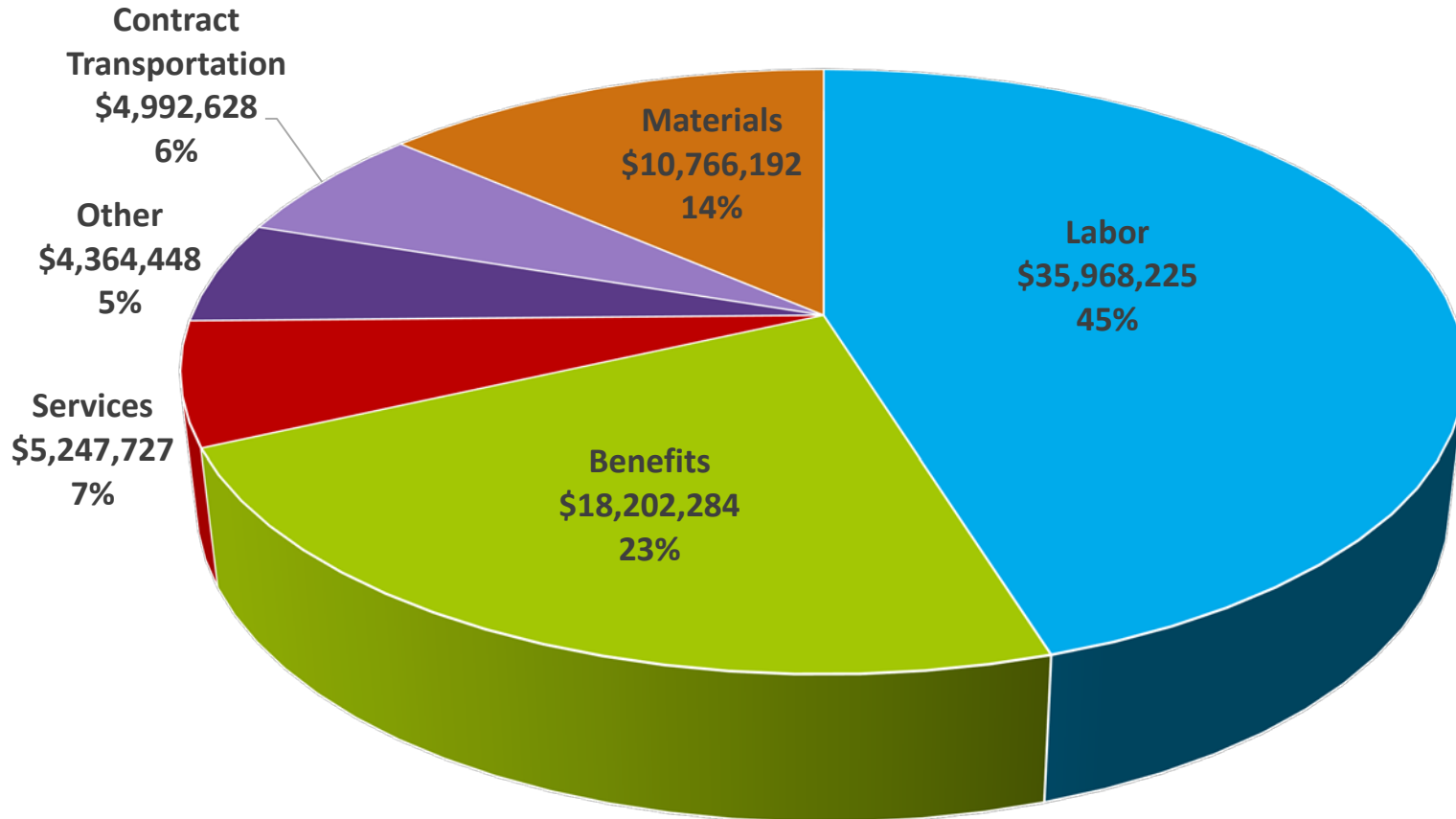
2019 Operating Expenses by Division



\$79,541,504

2019 Adopted Budget

2019 Operating Expenses by Object



\$79,541,504

2019 Adopted Budget



Revenue

2019 vs 2018

Operating Revenue Budget

2019 Operating Revenue	\$99,850,438
2018 Operating Revenue	<u>\$84,532,378</u>
Operating Revenue Change	\$15,318,060 (18.1% Increase)

Operating Revenue Changes in 2019

Source	2018 Budget (Rounded)	\$ Change (Rounded)	2019 Budget (Rounded)	Increases/(Decreases) >\$100,000	Amount (Rounded)
Sales Tax	\$63.6M	\$13.7M (21.5%)	\$77.3M	Flat with 2018 Projection 1/10 th rate change April 2019	\$7.8M \$5.9M
Fares & Other Transit Revenue	\$10.7M	\$1.1M (10.3%)	\$11.8M	Projected Ridership	\$1.1M
Federal Grants	\$8.1M	\$0.2M (2.5%)	\$8.3M	Federal Preventive Maintenance	\$0.2M
State Grants	\$1.4M	\$0.0M (0%)	\$1.4M		\$0.0M
Miscellaneous Revenue	\$0.7M	\$0.4M (57.1%)	\$1.1M	Interest Plaza Leases	\$0.4M
Total	\$84.5M	\$15.4M (18.1%)	\$99.9M		\$15.4M

Operating Budget Assumptions

Revenue – Sales Tax

- In previous years, the sales tax revenue assumption was based on a 3.0% growth beginning with 2014 actual sales tax revenue plus one-time adjustments to reflect current economic conditions.
- Economic conditions the last three years have been better than expected

Operating Budget Assumptions

Revenue – Sales Tax Revenue Recommendation

- For 2019, staff is recommending sales tax revenue be budgeted flat with the 2018 projection.
- Includes implementation of the 0.1% rate change in April 2019.

Operating Budget Assumptions

Revenue – Sales Tax Revenue Budget

2018 Projected Sales Tax Revenue*	\$71,327,399
1/10 th Implemented April**	<u>\$ 5,943,950</u>
2019 Sales Tax Revenue Budget	\$77,271,349

* 2018 actual Jan-Aug + 3% above 2017 actual Sept – Dec

** Begin to receive revenue in June 2019

Operating Budget Assumptions

Revenue – Fare & Other Transit

- Fare revenue of \$11,807,075 based on:
 - Current Fare
 - Ridership Changes

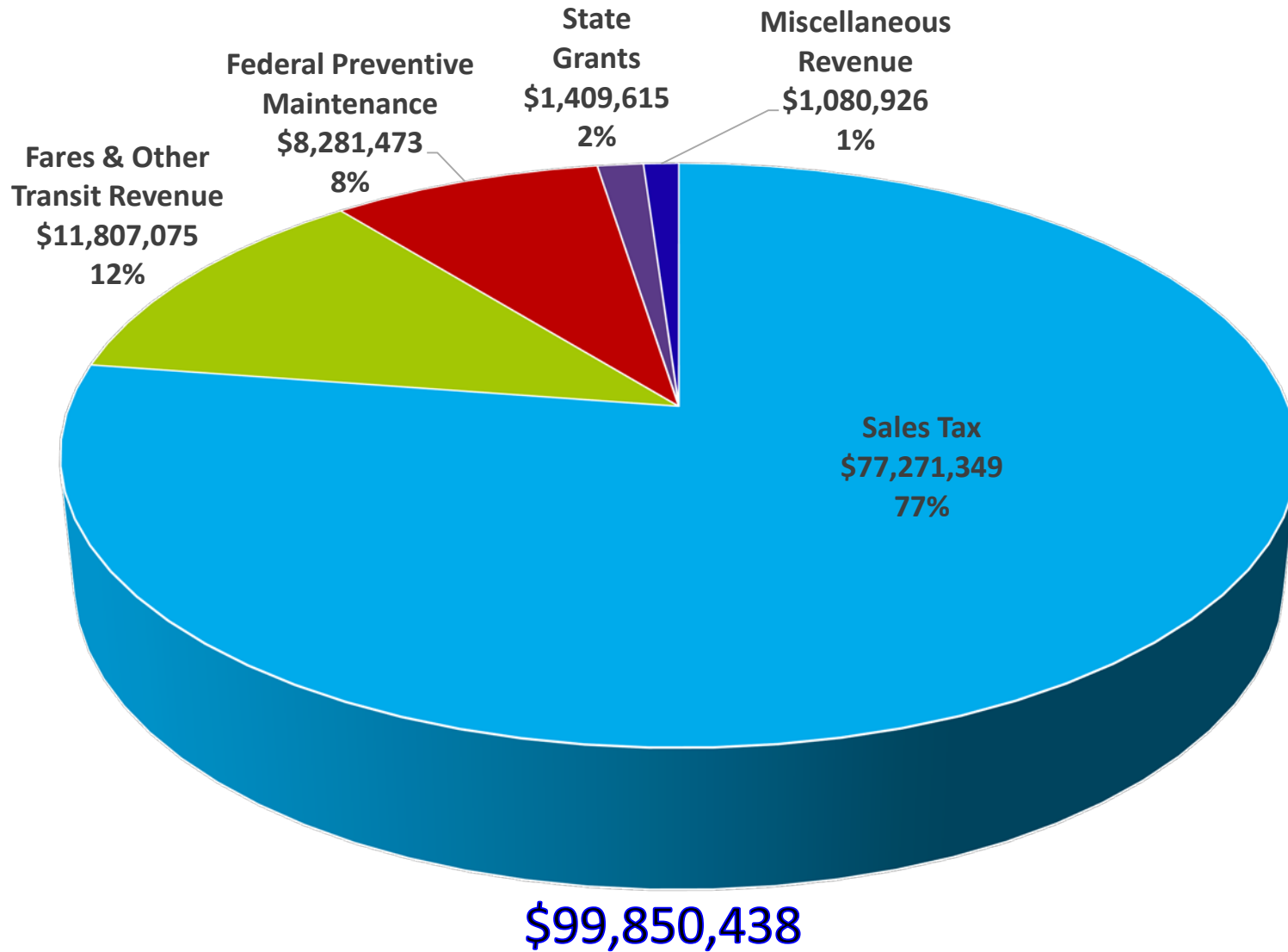
Mode	2019 Goal	2018 Projected	2019 Projected
Fixed Route	2.0%	10.3M	10.5M
Paratransit	1.5%	484K	491K
Vanpool	1.0%	161K	162K

Operating Budget Assumptions

Revenue – Grants and Miscellaneous

- Federal grants of \$8.3M
- State grants of \$1.4M
- Miscellaneous revenue of \$1.1M

2019 Operating Revenues



2019 Adopted Budget



Capital

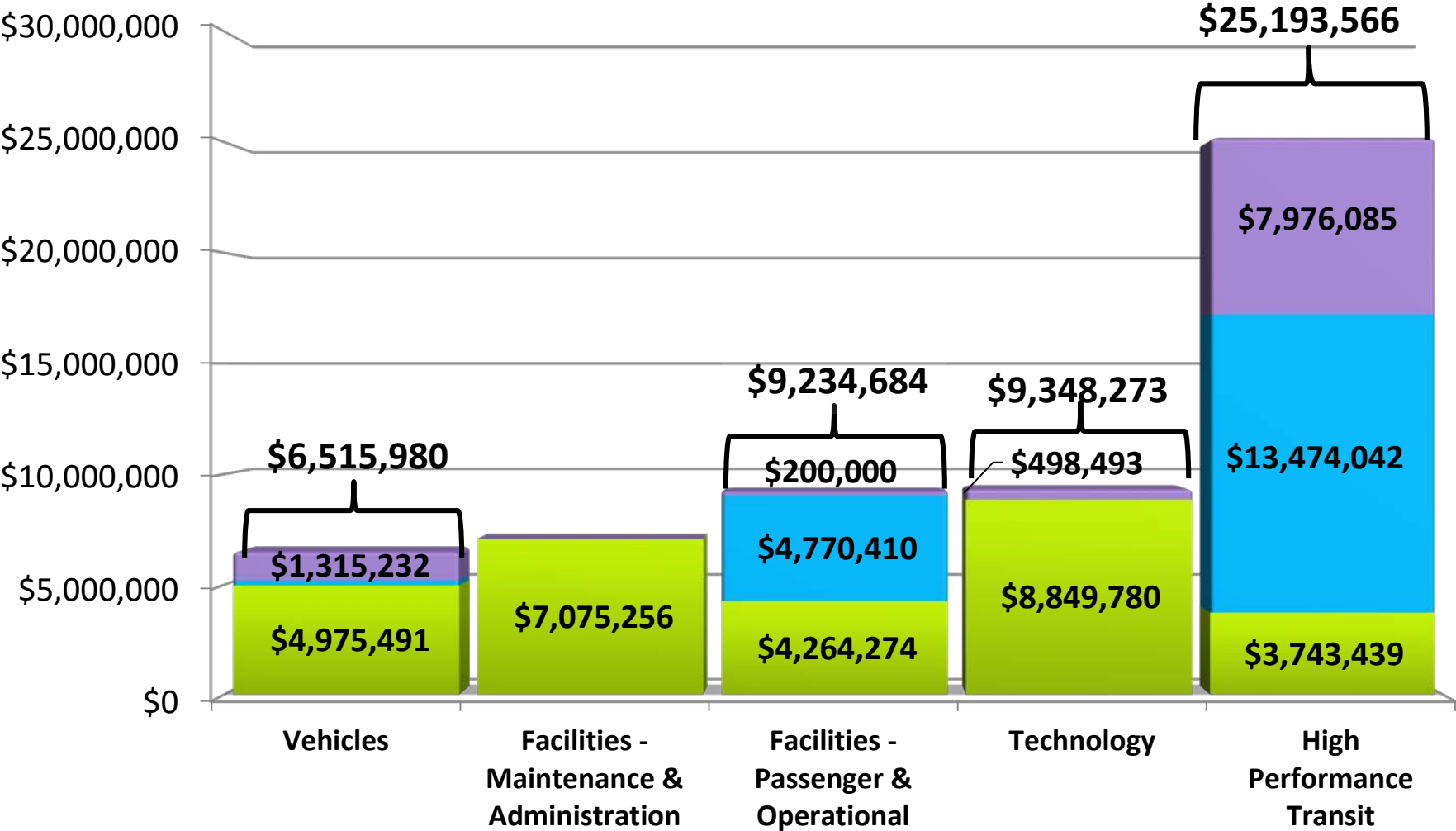
2019 Adopted Budget

2019 Capital/Fleet Replacement Contribution Budget

Funding Source	Amount	% of Total
Federal	\$ 9,989,810	14.4%
State	\$ 18,469,709	26.6%
Local:		
Capital ¹	\$ 28,908,240	41.6%
Fleet Replacement	<u>\$ 12,128,312</u> \$ 41,036,552	17.5%
Total 2019 Capital/Fleet Replacement Contribution Budget	<u>\$ 69,496,071</u>	

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

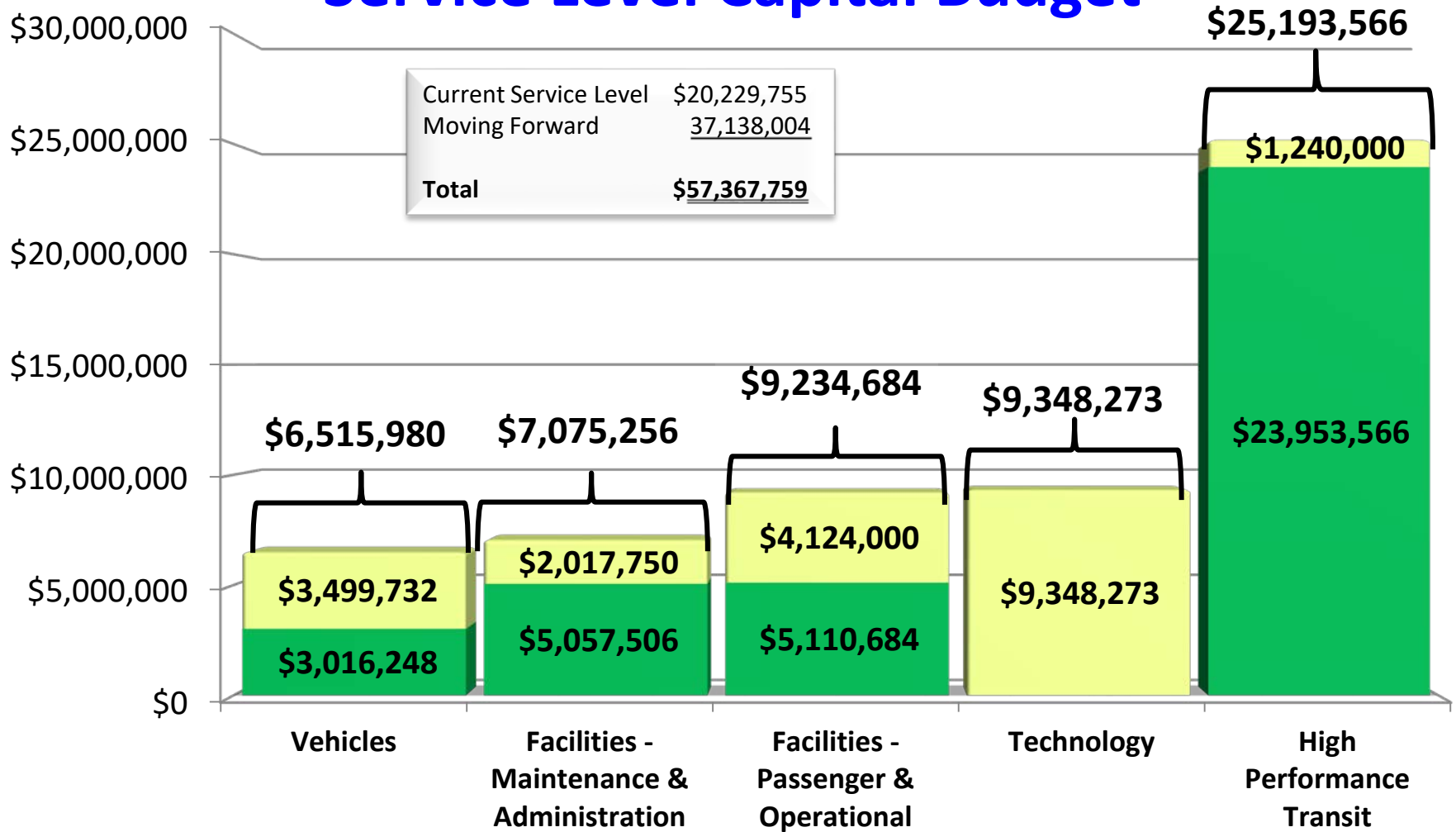
2019 Capital Budget



Total 2019 Capital Budget \$57,367,759

Local State Federal

2019 Moving Forward vs Current Service Level Capital Budget



Total 2019 Capital Budget \$57,367,759

■ Current Service Level
■ Moving Forward

Budget Comparison 2018 to 2019

	2018 Budget	2019 Budget-Final Proposed Level Budget	\$ Change from 2018 Budget	% Change from 2018 Budget
Estimated Revenues:				
Fares & Other Transit Revenue	10,729,851	11,807,075	1,077,224	10.0%
Sales Tax	63,590,163	77,271,349	13,681,186	21.5%
State Grants	1,409,615	1,409,615	-	0.0%
Miscellaneous Revenue	651,568	1,080,926	429,358	65.9%
Federal Preventive Maintenance	8,109,550	8,281,473	171,923	2.1%
Other Federal Grants	41,631	-	(41,631)	-
Subtotal: Operating Revenues	84,532,378	99,850,438	15,318,060	18.1%
Federal Capital Revenue	6,037,794	9,989,810	3,952,016	65.5%
State Capital Revenue	8,340,094	18,469,709	10,129,615	121.5%
Subtotal: Capital Revenue	14,377,888	28,459,519	14,081,631	97.9%
Total Revenue	98,910,266	128,309,957	29,399,691	29.7%
Decrease in Cash Balance*	29,975,971	20,727,618	(9,248,353)	-30.9%
Total Source of Funds	128,886,237	149,037,575	20,151,338	15.6%
Estimated Expenditures:				
Fixed Route	47,657,075	52,327,727	4,670,652	9.8%
Paratransit	13,557,551	14,909,917	1,352,366	10.0%
Vanpool	674,009	706,231	32,222	4.8%
Plaza	1,786,282	1,876,554	90,272	5.1%
Administration	9,816,705	9,721,075	(95,629)	-1.0%
Total Operating Expenses	73,491,622	79,541,504	6,049,882	8.2%
Capital Expenditures - Includes FR & PT Fleet	43,532,304	57,367,759	13,835,455	31.8%
FR & PT Fleet Replacement Allocation	11,862,311	12,128,312	266,001	2.2%
Total Use of Funds	128,886,237	149,037,575	20,151,338	15.6%
* Includes \$4,301,016 from Fleet Replacement Fund (\$20,727,618 - \$4,301,016 = \$16,426,602 = Net Decrease in Cash on Change in Reserve tab)				

2019 Cash and Reserve Analysis

	2019 Final Proposed Level Budget
OPERATING ACTIVITIES	
Revenue (excluding capital grants)	\$99,850,438
Operating Expense	(\$79,541,504)
Revenue Over / (Under) Operating Expenses	\$20,308,934
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	(24,607,224)
FR & PT Fleet Replacement Allocation	(12,128,312)
Total Local Cash Used for Capital Activities	(36,735,536)
NET DECREASE IN CASH	(16,426,602)
CASH (Projected beginning 2019)	51,498,774
CASH (Projected ending 2019)	35,072,172
BOARD DESIGNATED RESERVES	
Operating Reserve (15% of Operating Expenses)	(11,931,226)
Risk Reserve	(5,500,000)
Right of Way Acquisition Reserve	(4,950,000)
Total Board Designated Reserves¹	(22,381,226)
2019 Estimated End-of-Year Cash Balance Dedicated to 2020-2024²	\$12,690,946

¹ In addition to the Board designated reserves, STA maintains a cumulative reserve for unforeseen claim costs of \$357,000 which is part of the public entity surety required by the Department of Labor and Industries.

² Estimated end of year cash balance after reserves are used for future capital expenditures included in the 2020-2024 Capital Improvement Plan. This excludes the projected end of year cash balance in the Fleet Replacement Fund projected to be \$22,329,565 as of December 31, 2019.

Budget Timeline

Date (2018)	Action
September 5 th	2019 Draft Budget-Operating & Capital presented to the Planning & Development Committee
September 20 th	2019 Draft Budget-Operating & Capital presented to STA Board
October	Citizen and Employee Outreach
October 3 rd	2019 Proposed Budget-Operating & Capital & 2019 Strategic Plan presented to the Planning & Development Committee
October 18 th	Public Hearing for 2019 Proposed Budget-Operating & Capital
	Board adoption of the 2019 Strategic Plan
October 31 st	Recommendations of 2019 Final Proposed Budget-Operating & Capital presented to the Planning & Development Committee
November 15 th	Board adoption of the 2019 Final Proposed Budget-Operating & Capital

2019 Operating & Capital Budgets

Adopted by Board Resolution 764-18
on November 15, 2018

Source of Funds:		Use of Funds:	
Revenues	\$99,850,438	Operating Expenses	\$79,541,504
Capital Grants	\$28,459,519	Capital Projects	\$57,367,759
From Cash Balance	\$20,727,618	Fleet Replacement Allocation	\$12,128,312
Total Source of Funds	\$149,037,575	Total Use of Funds	\$149,037,575