



2022 Amended Operating and Capital Budgets

December 15, 2022

Resolution Number 805-22



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

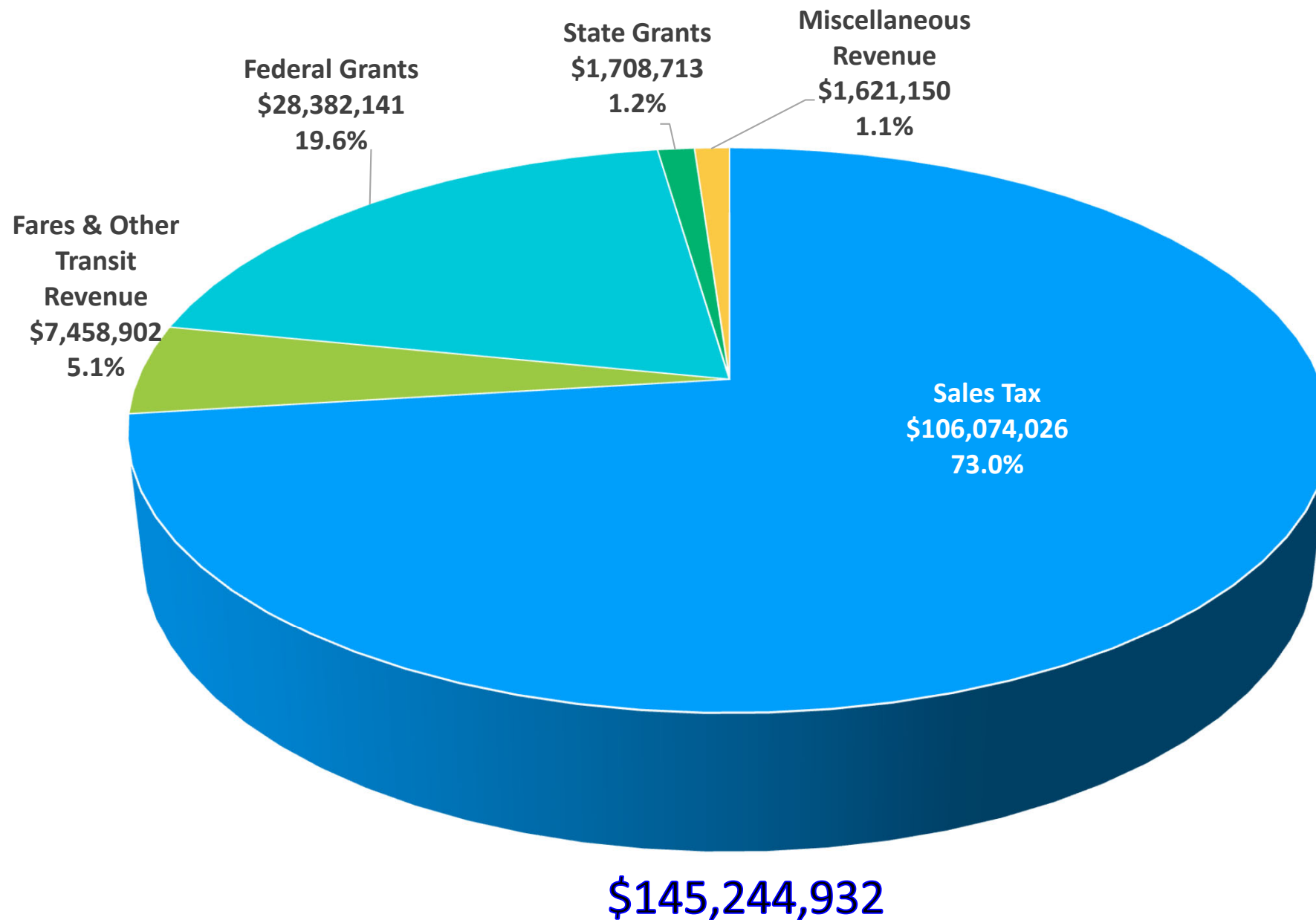
- Ensure Safety
- Earn and Retain the Community's Trust
- Provide Outstanding Customer Service
- Enable Organizational Success
- Exemplify Financial Stewardship

2022 Budget Guidance

- Foster and Sustain Quality
- Maintain a State of Good Repair
- Recover Ridership
- Proactively Partner in the Community
- Advance and implement High Performance Transit (HPT)
- Ensure Financial Resilience through Sustainable Planning that Avoids Debt

OPERATING REVENUE

2022 Operating Revenues



2022 vs 2021 Operating Revenue Budget

2022 Operating Revenue	\$145,244,932
2021 Operating Revenue	<u>\$ 96,994,755</u>
Operating Revenue Change	\$ 48,250,177 (49.7% Increase)

2022 Operating Budget Assumptions

Revenue – Sales Tax

- For 2022, sales tax revenue is budgeted 3% over 2021 projected levels as detailed below.

2020 Actual Nov – Dec	\$16,140,358
2020 Actual Nov-Dec @ 3% increase	\$16,624,569
2021 Actual Jan - Oct	<u>\$86,359,923</u>
2021 Projected	\$102,984,492
2022 Budget 3% over 2021 Projected	\$106,074,026

2022 Operating Budget Assumptions

Revenue – Fare & Other Transit

- Fare revenue of \$7,458,902 based on:
 - Current Fare structure
 - Ridership Changes – Assume continuing recovery from 2021 as ridership slowly regains

Mode	2021 Projected	Adopted 2022 Budget	2022 Change
Fixed Route	5.0M	6.3M	26.0%
Paratransit	249K	277K	11.2%
Vanpool	70K	88K	25.7%

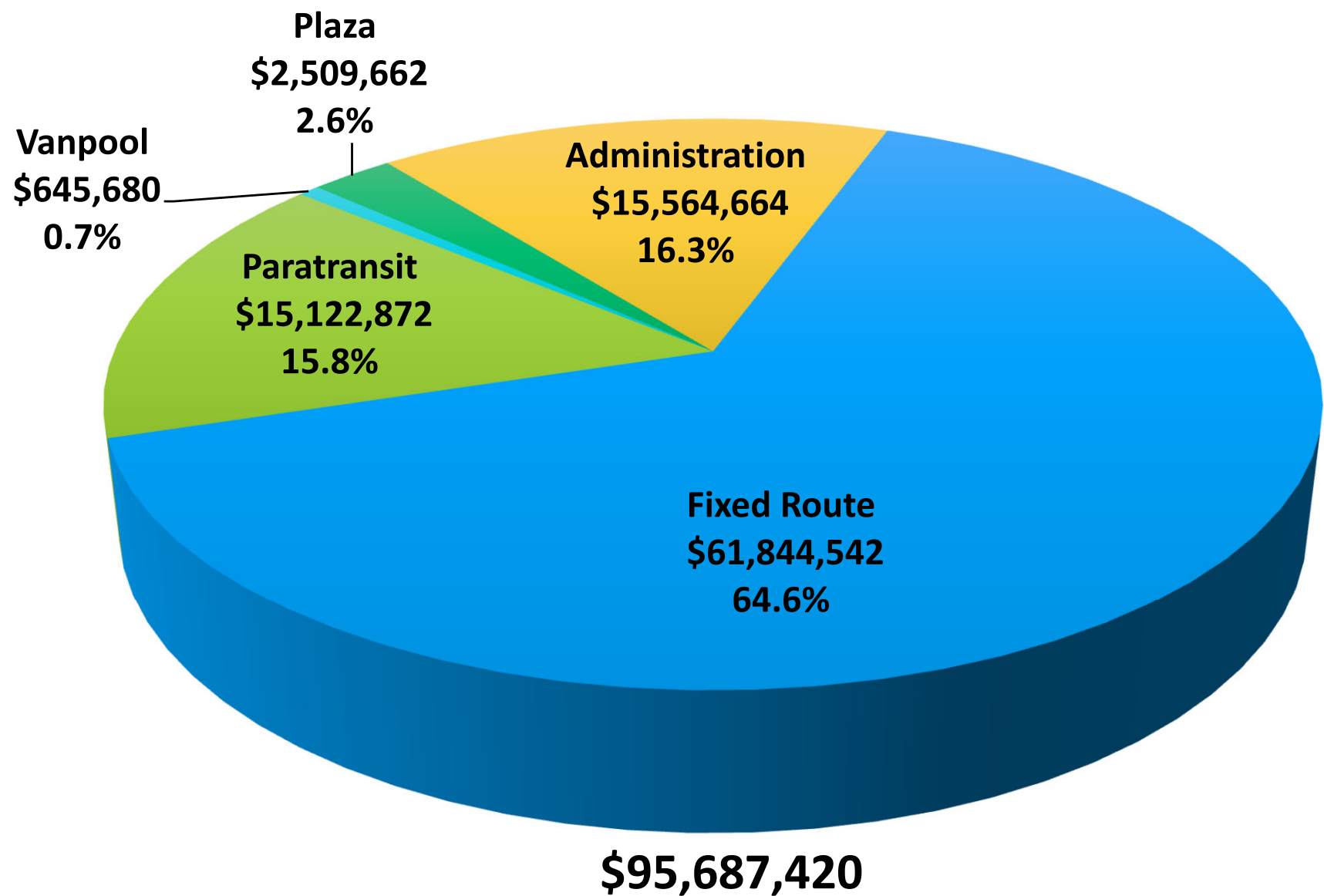
2022 Operating Budget Assumptions

Revenue – Grants and Miscellaneous

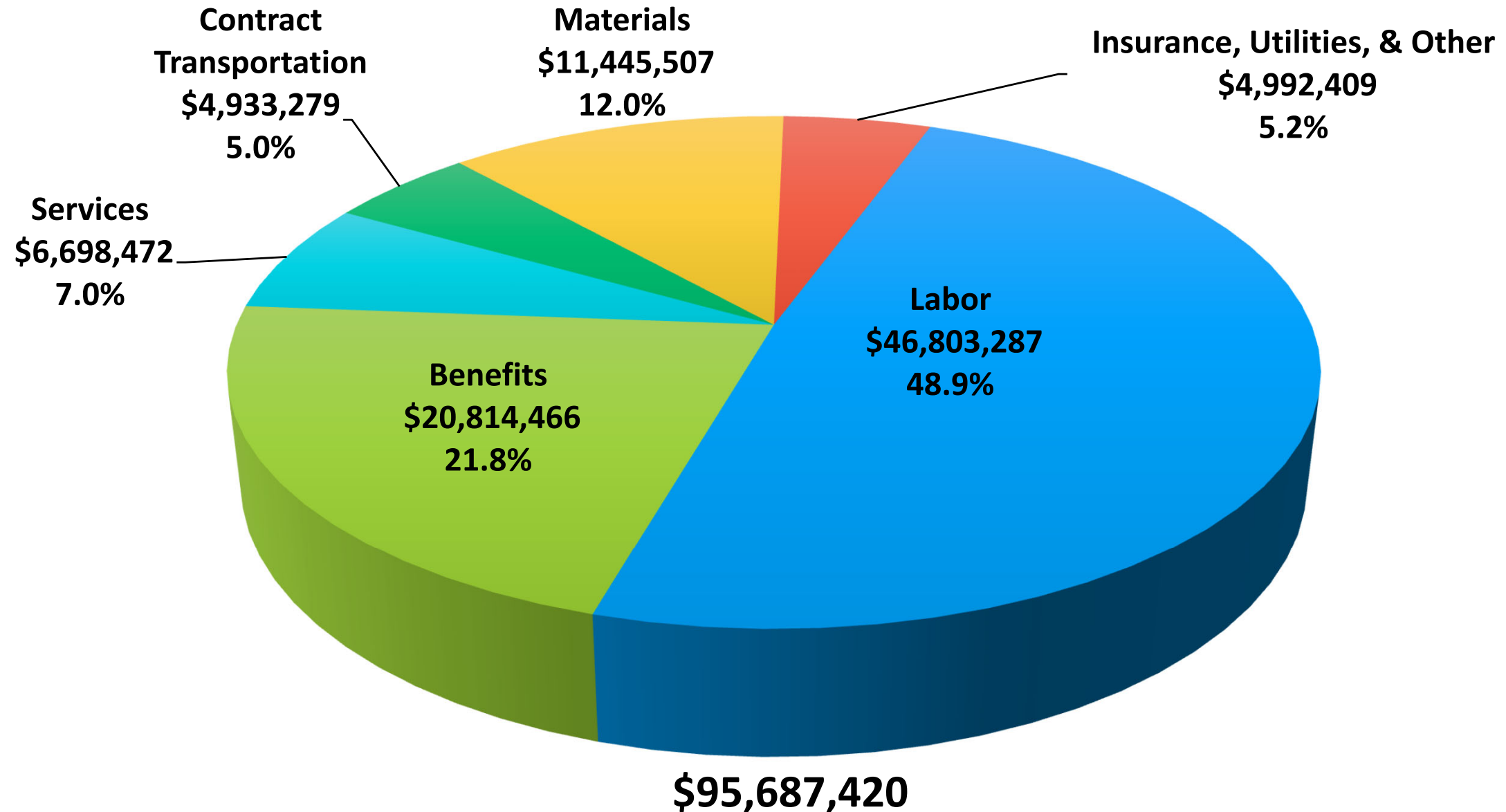
- Federal grants of \$28,382,141
 - 5307 Formula funds - \$8,422,729
 - Federal stimulus packages
 - CRRSAA final draw \$3,940,465 – fully drawn in 2022
 - ARP initial draw \$16,018,947 – remaining \$19,959,412 to be drawn in 2023
- State grants of \$1,708,713
- Miscellaneous revenue of \$1,621,150

OPERATING EXPENSES

2022 Operating Expenses by Division



2022 Operating Expenses by Object



2022 vs 2021 Operating Expense Budget

2022 Operating Expense Budget	\$95,687,420
2021 Operating Expense Budget	<u>\$82,229,691</u>
Operating Expense Change	\$13,457,729
	(16.4% Increase)

2022 Operating Expense Changes

Object	2021 Budget (Rounded)	2022 Amended Budget (Rounded)	\$ Change (Rounded)	Increases/(Decreases) >\$100,000	
Labor/Benefits	\$58.2M	\$67.6M	\$9.4M (16.2%)	Labor Signing Bonuses Retention & Recruitment Incentives Medical/Dental Retirement (PERS/FICA)	\$ 3.2M \$ 1.7M \$ 3.1M \$ 1.1M \$ 0.3M
Services	\$5.3M	\$6.7M	\$1.4M (26.4%)	Consulting (IS/Planning/Maintenance) Professional & Tech Fees (IS, Planning) Temporary Help (Cleaners, Customer Service, Plaza Labor)	\$ 0.9M \$ 0.4M \$ 0.1M
Contracted Transportation	\$3.9M	\$4.9M	\$1.0M (25.6%)	Paratransit Contracted Service Fuel	\$0.9M \$0.1M
Materials	\$10.4M	\$11.4M	\$1.0M (9.6%)	Facilities Supplies (Maintenance) Furniture/Fixtures/Small Equipment Vehicle Repair Materials Fuel	\$ 0.3M \$ 0.2M \$ 0.2M \$ 0.3M
Insurance Utilities Other	\$4.4M	\$5.0M	\$0.6M (13.6%)	Utilities Property & Liability Insurance Training/Meetings/Travel	\$ 0.2M \$ 0.2M \$ 0.1M
Total	\$82.2M	\$95.7M	\$13.5M (16.4%)		

Note: Totals may not add due to rounding

2022 Operating Budget Assumptions

Expenses - Personnel

Division	2021 Positions	Additions	2022 Positions
Fixed Route	290 FT Coach Operators 25 PT Coach Operators <u>188</u> FT Other 503	Supervisors (4 – Hire Q4) Coach Operators (Net 3 - Hire Q3) Lead Vehicle Technician General Repair Vehicle Technician Building Specialist – Graphics Printing (Hire Q4) Customer Service Representative Parts Clerk	296 FT Coach Operators 22 PT Coach Operators <u>197</u> FT Other 515
Paratransit	52 FT Van Operators 2 PT Van Operators <u>41</u> FT Other 95	Van Operator (Net 3 – Add back 2021 Temporary Reduction of 9 unfilled positions) Journeyman Vehicle Technician	56 FT Van Operators 1 PT Van Operators <u>42</u> FT Other 99
Vanpool	2 FT		2 FT
Administrative	65 FT <u>1</u> PT 66	Training Manager Purchasing Manager (Hire Q2) Real Estate Development Manager (Hire Q3)	68 FT <u>1</u> PT 69
Total	638 FT <u>28</u> PT 666	FT Additions PT Reductions	661 FT <u>24</u> PT 685

FT = Full time PT = Part time

2022 Operating Budget Assumptions

Expenses - Compensation

Employee Group	# Of Employees (September 2021)	Contract Term	2022 General Wage Increase
ATU 1015 (Fixed Route Operators, Maintenance, Facilities & Grounds, Customer Service & Clerical)	426	April 1, 2020 to March 31, 2023	2.0%
AFSCME 3939 (Paratransit)	66	July 1, 2021 to June 30, 2024	3.0%
ATU 1598 (Fixed Route & Paratransit Supervisors)	26	February 1, 2021 to January 31, 2024	2.0%
Management & Administrative	87	At Will	3.0%
Total	605		

2022 Operating Budget Assumptions

Expenses – Benefits (Medical & Dental)

Plan	2022 Premium % Increase	# of Employees Enrolled (as of Sept 2021)
Premera	9.9%	196
Kaiser Core HMO	5.5%	50
Kaiser Buy-Up HMO	5.5%	301
Kaiser CDHP	5.5%	26
Washington Dental	3.9%	564

- Retirement
 - Employer's retirement contribution rate
 - 10.25%
 - Employee's contribution rate
 - PERS 1 6.0% on-going (statutorily set)
 - PERS 2 6.36% (legislatively set)
 - PERS 3 Varies 5% to 15%

* The Washington State Pension Funding Council approved the reduction to the 2021-2023 state retirement plan rates effective 7/1/2021. The state Legislature included the approved rates as part of the biennial budget for 2021-2023.

2022 Operating Budget Assumptions

Expenses - Fuel

	Average Price Per Gallon			Total Fuel Budget (approximate)
	2020 Actual	2021 Budget	2022 Budget ¹	
Diesel	\$1.44	\$2.73	\$2.85	\$3.9M
Gasoline	\$1.91	\$2.94	\$3.21	\$0.7M
Total				\$4.6M

¹ Energy Information Administration October 2021 forecast with 1/4 standard deviation

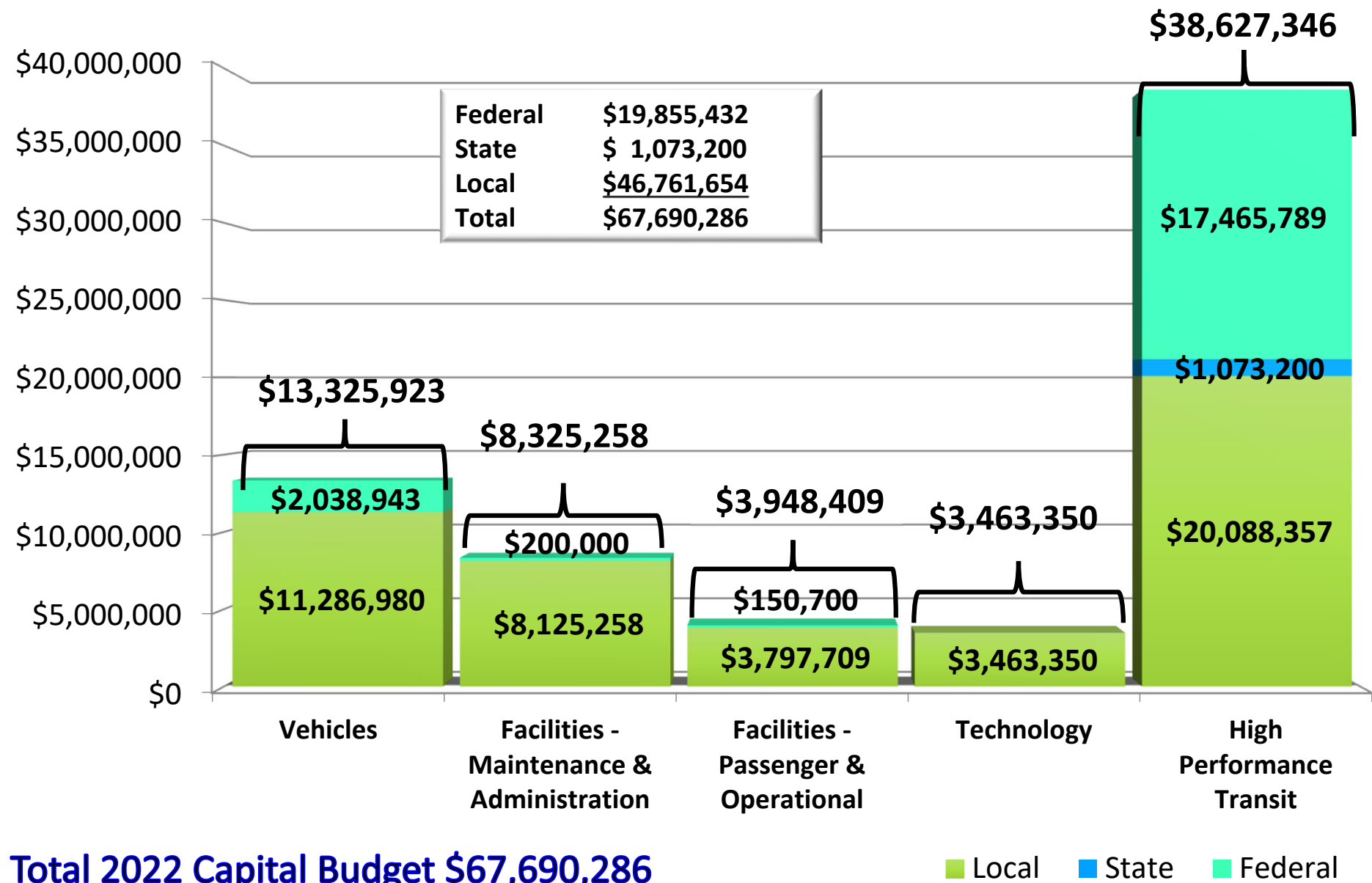
CAPITAL

2022 Capital/Fleet Replacement Contribution Budget

Funding Source	Amount	% of Total
Federal	\$19,855,432	29.3%
State	\$1,073,200	1.6%
Local (includes \$9,051,977 from Fleet Replacement Fund)	<u>\$46,761,654</u>	69.1%
2022 Capital Total *	\$67,690,286	
Fleet Replacement 2022 Contribution	\$ 8,624,427	
Total 2022 Capital/Fleet Replacement Contribution Budget	<u>\$ 76,314,713</u>	

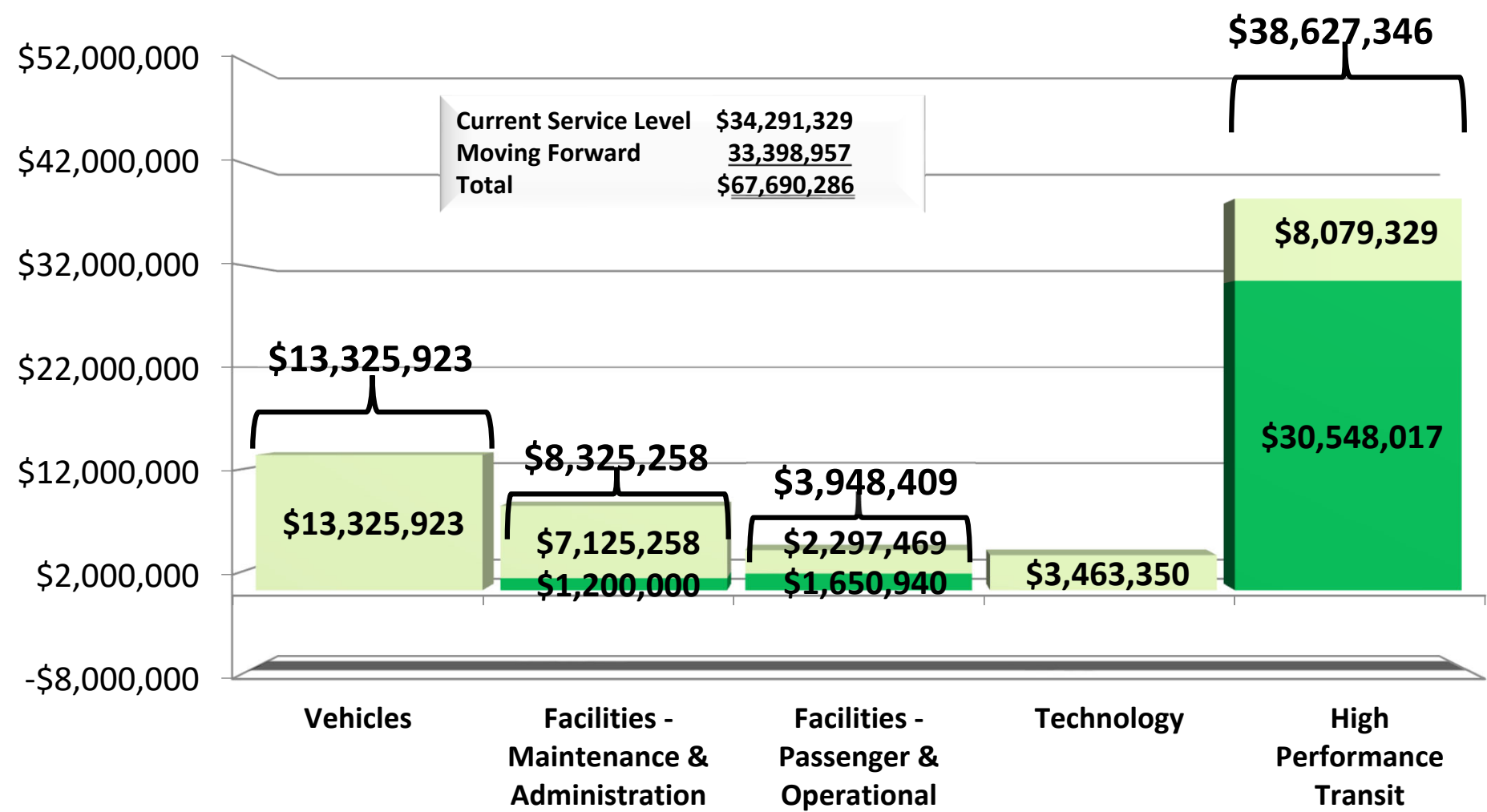
* 2022 capital budget was increased by \$2,214,508 from 2022-2027 CIP which was included in the TDP to account for cost increases and timing of projects – 2022 capital in CIP was \$65,475,778

2022 Capital Budget



Total 2022 Capital Budget \$67,690,286

2022 Moving Forward vs Current Service Level Capital Budget



Total 2022 Capital Budget \$67,690,286

Current Service Level Moving Forward

Budget Comparison 2021 to 2022

	2021 Budget	2022 Amended Budget	\$ Change from 2021 Budget	% Change from 2021 Budget	REFERENCE ONLY 2022 Adopted Budget
Estimated Revenues:					
Fares & Other Transit Revenue	\$7,909,947	\$7,458,902	(\$451,045)	-5.7%	\$7,458,902
Sales Tax	78,486,526	106,074,026	27,587,500	35.1%	106,074,026
State Grants	802,308	1,708,713	906,405	113.0%	1,708,713
Miscellaneous Revenue	1,444,761	1,621,150	176,389	12.2%	1,621,150
Federal Grants	8,351,213	28,382,141	20,030,928	239.9%	28,382,141
Subtotal: Operating Revenues	\$96,994,755	\$145,244,932	\$48,250,177	49.7%	\$145,244,932
Federal Capital Revenue	\$36,229,851	\$19,855,432	(\$16,374,419)	-45.2%	\$19,855,432
State Capital Revenue	2,604,909	1,073,200	(1,531,709)	-58.8%	1,073,200
Subtotal: Capital Revenue	\$38,834,760	\$20,928,632	(\$17,906,128)	-46.1%	\$20,928,632
Total Revenue	\$135,829,515	\$166,173,564	\$30,344,049	22.3%	\$166,173,564
Decrease in Cash Balance*	18,316,262	5,828,569	(12,487,693)	-68.2%	4,128,552
Total Source of Funds	\$154,145,777	\$172,002,133	\$17,856,356	11.6%	\$170,302,116
Estimated Expenditures:					
Fixed Route	\$55,669,975	\$61,844,542	\$6,174,567	11.1%	\$60,436,032
Paratransit	12,847,071	15,122,872	2,275,801	17.7%	14,855,728
Vanpool	603,027	645,680	42,653	7.1%	645,413
Plaza	2,317,546	2,509,662	192,116	8.3%	2,509,662
Administration	10,792,072	15,564,664	4,772,592	44.2%	15,540,568
Total Operating Expenses	\$82,229,691	\$95,687,420	\$13,457,729	16.4%	\$93,987,403
Capital Expenditures - Includes FR & PT Fleet	\$71,916,086	\$67,690,286	(\$4,225,800)	-5.9%	\$67,690,286
FR & PT Fleet Replacement Allocation	-	8,624,427	8,624,427	100.0%	8,624,427
Total Use of Funds	\$154,145,777	\$172,002,133	\$17,856,356	11.6%	\$170,302,116

* Represents net increase in cash from Cash & Reserve Analysis of \$3,223,408 less \$9,051,977 from reduction in Fleet Replacement Fund for purchase of vehicles.

2022 Cash and Reserve Analysis

	2022 Amended Budget
OPERATING ACTIVITIES	
Revenue (excluding capital grants)	\$145,244,932
Operating Expense	(95,687,420)
Revenue Over / (Under) Operating Expenses	49,557,512
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	(37,709,677)
FR & PT Fleet Replacement Allocation	(8,624,427)
Total Local Cash Used for Capital Activities	(46,334,104)
NET INCREASE IN CASH	3,223,408
CASH (Projected beginning 2022)	138,965,875
CASH (Projected ending 2022)	142,189,283
BOARD DESIGNATED AND OTHER RESERVES	
Operating Reserve (15% of Operating Expenses)	(14,353,113)
Risk Reserve	(5,500,000)
Right of Way Acquisition Reserve	(4,950,000)
Claims Reserve - L&I required	(357,000)
Total Board Designated Reserves	(25,160,113)
2022 Estimated End of Year Cash Balance After Reserves¹	\$117,029,170

¹ Estimated end of year cash balance after reserves are used for future capital expenditures included in the 2022-2027 Capital Improvement Plan as well as to support future 2025-2035 strategic planning initiatives to be defined. This excludes the projected end of year cash balance in the Fleet Replacement Fund projected to be \$12,860,434 as of December 31, 2022.

Budget Process Timeline

Dates	Action
October 6, 2021	2022 Draft Budget-Operating & Capital presented to the Planning & Development Committee
October 21, 2021	2022 Draft Budget-Operating & Capital presented to STA Board
November 2021	Citizen and Employee Outreach
November 3, 2021	2022 Proposed Budget-Operating & Capital & 2022 Strategic Plan presented to the Planning & Development Committee
November 18, 2021	Public Hearing for 2022 Proposed Budget-Operating & Capital
	Board adoption of the 2022 Action Plan
December 1, 2021	Recommendation of 2022 Final Proposed Budget-Operating & Capital presented to the Planning & Development Committee
December 16, 2021	Board adoption, by resolution, of the 2022 Operating & Capital Budgets
March 17, 2022	Board adoption, by resolution, of the 2022 Amended Operating & Capital Budgets
December 15, 2022	Board adoption, by resolution, of the 2022 Amended Operating & Capital Budgets

2022 Operating & Capital Budgets

Adopted by STA Board Resolution 805-22 on December 15, 2022

Source of Funds:		Use of Funds:	
Revenues	\$145,244,932	Operating Expenses	\$ 95,687,420
Capital Grants	\$ 20,928,632	Capital Projects	\$ 67,690,286
From Cash Balance	\$ 5,828,569	Fleet Replacement Allocation	\$ 8,624,427
Total Source of Funds	\$172,002,133	Total Use of Funds	\$172,002,133