



Adopted 2017 Operating and Capital Budgets

December 15, 2016 Board Meeting
Resolution Number: 751-16

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

2017 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.

2017 Operating Expenses

2017 vs 2016 Operating Expense Budget

2017 Operating Expenses	\$69,059,203
2016 Operating Expenses	<u>\$65,203,023</u>
Operating Expense Change	\$ 3,856,180

Operating Expense Changes in 2017

90% of expense changes reflected in items above \$100,000

Object	2016 Budget (Rounded)	\$ Change (Rounded)	2017 Budget (Rounded)	Increases/(Decreases) >\$100,000	Amount (Rounded)
Labor/Benefits	\$44.1M	\$3.2M	\$47.3M	Labor Medical/Dental Retirement Other Benefits	\$1.3M \$1.1M \$0.4M \$0.4M
Services	\$8.5M	\$0.1M	\$8.6M	Paratransit	\$0.1M
Materials	\$9.0M	\$0.2M	\$9.2M		
Utilities Insurance Other	\$3.6M	\$0.4M	\$4.0M	Property & Liability Insurance	\$0.2M
Total	\$65.2M	\$3.9M	\$69.1M		\$3.5M

2017 Operating Budget Assumptions

Expenses – Personnel

Division	2016 Positions	Additions	2017 Positions
Fixed Route	371 FT 30 PT	1 Preventive Maintenance Vehicle Tech 1 General Repair Technician 1 Facilities & Grounds Laborer 1 Security Manager 11 Coach Operators (STAMF) 1 Assoc Bldg Maintenance Spec (STAMF)	387 FT 30 PT
Paratransit	89 FT 5 PT	1 Paratransit Customer Support Spec	92 FT 3 PT
Vanpool	2 FT		2 FT
Administrative	42 FT	1 Contract Compliance Specialist 1 Transit Planner I (STAMF) 1 Transit Planner IV (STAMF) 1 Capital Project Coordinator (STAMF) 1 Human Resources Specialist (STAMF) 1 Procurement Coordinator (STAMF) 1 Accounting Coordinator (STAMF)	49 FT
Capital		1 Sr Capital Project Manager (STAMF) 1 Capital Project Manager (STAMF)	2 FT
Total	504 FT 35 PT	26 Full Time	532 FT 33 PT

New between Proposed and Final Proposed

FT = Full time
PT = Part time



2017 Operating Budget Assumptions

Expenses – Compensation

Employee Group	# Of Employees (October 2016)	Contract Term	2017 General Wage Increase
ATU 1015 (Fixed Route Operators, Maintenance, Facilities & Grounds, Customer Service & Clerical)	376	April 2014 to March 2017	TBD
AFSCME 3939 (Paratransit)	71	July 2015 to June 2018	1.50%
ATU 1598 (Fixed Route & Paratransit Supervisors)	23	February 2015 to January 2018	1.50%
Management & Administrative (Includes Security)	67	At Will	1.50%
Total	537		

2017 Operating Budget Assumptions

Expenses – Benefits

- Medical & Dental
 - 18.05% 20% Premera Medical Premium Increase
 - 14% Group Health Medical Premium Increase
 - Premium Sharing for Premera plan:
 - Employee Share from 7% to 10%
 - Employee Share for Dependents from 17% to 20%
 - 5.14% 5% Dental Premium Increase

- Retirement
 - Employer's retirement contribution rate
 - 11.18% January 1, 2017 – June 30, 2017
 - 12.52% July 1, 2017 – December 31, 2017
 - Employee's contribution rate
 - PERS 1 6.0% on-going (statutorily set)
 - PERS 2 7.38%
 - PERS 3 Varies 5% to 15%

2017 Operating Budget Assumptions

Expenses:

- Fuel
 - Diesel 12.9% decrease¹
 - Gasoline 11.2% decrease¹

	Per Gallon			Total Fuel Budget (appr)
	2015 Actual	2016 Budget	2017 Budget	
Diesel	\$1.84	\$3.00	\$2.61	\$3.6M
Gasoline	\$2.13	\$2.83	\$2.52	\$0.3M
Total				\$3.9M

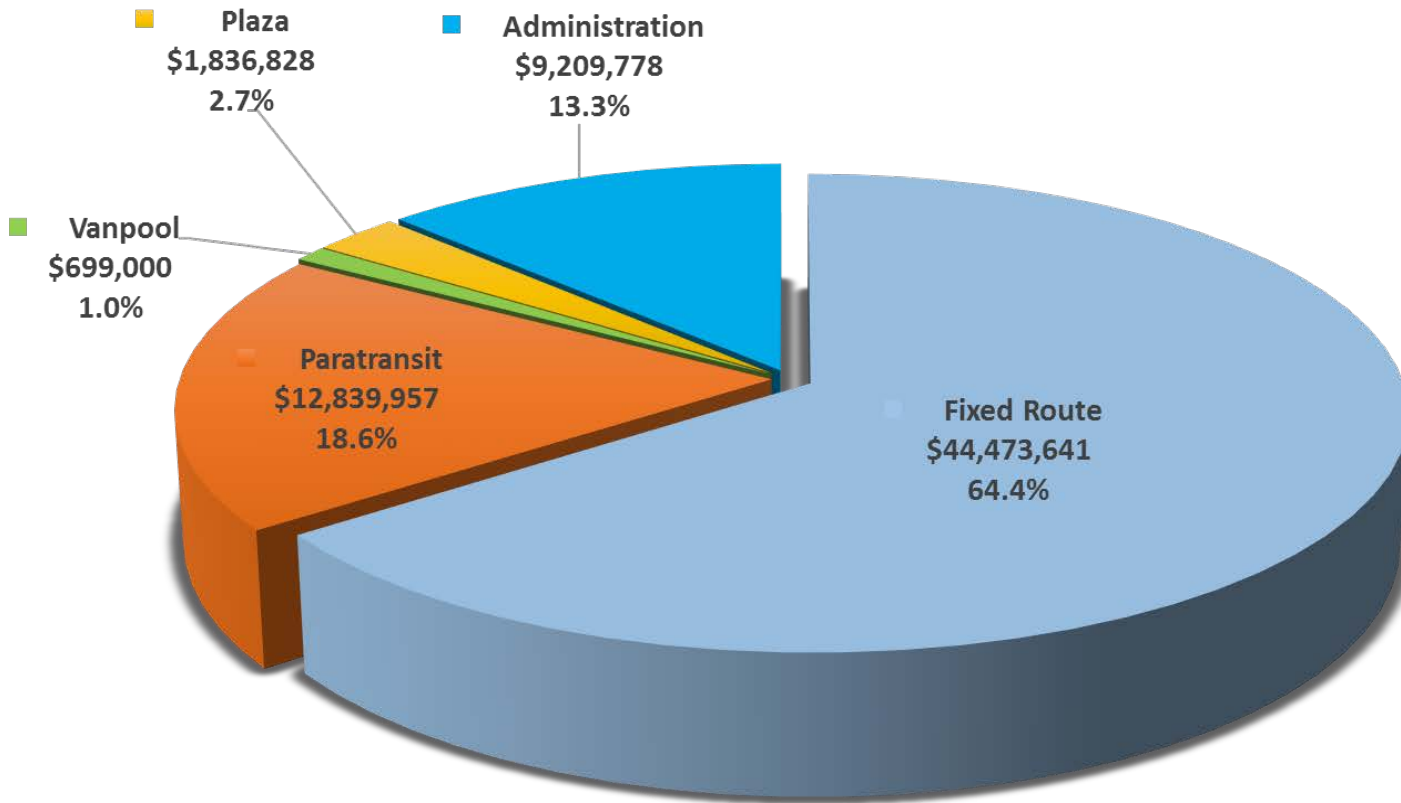
¹ Energy Information Administration July 2016 forecast with ½ standard deviation

2017 Changes from Proposed to Final Proposed Budget

Summary of Expenditure Changes

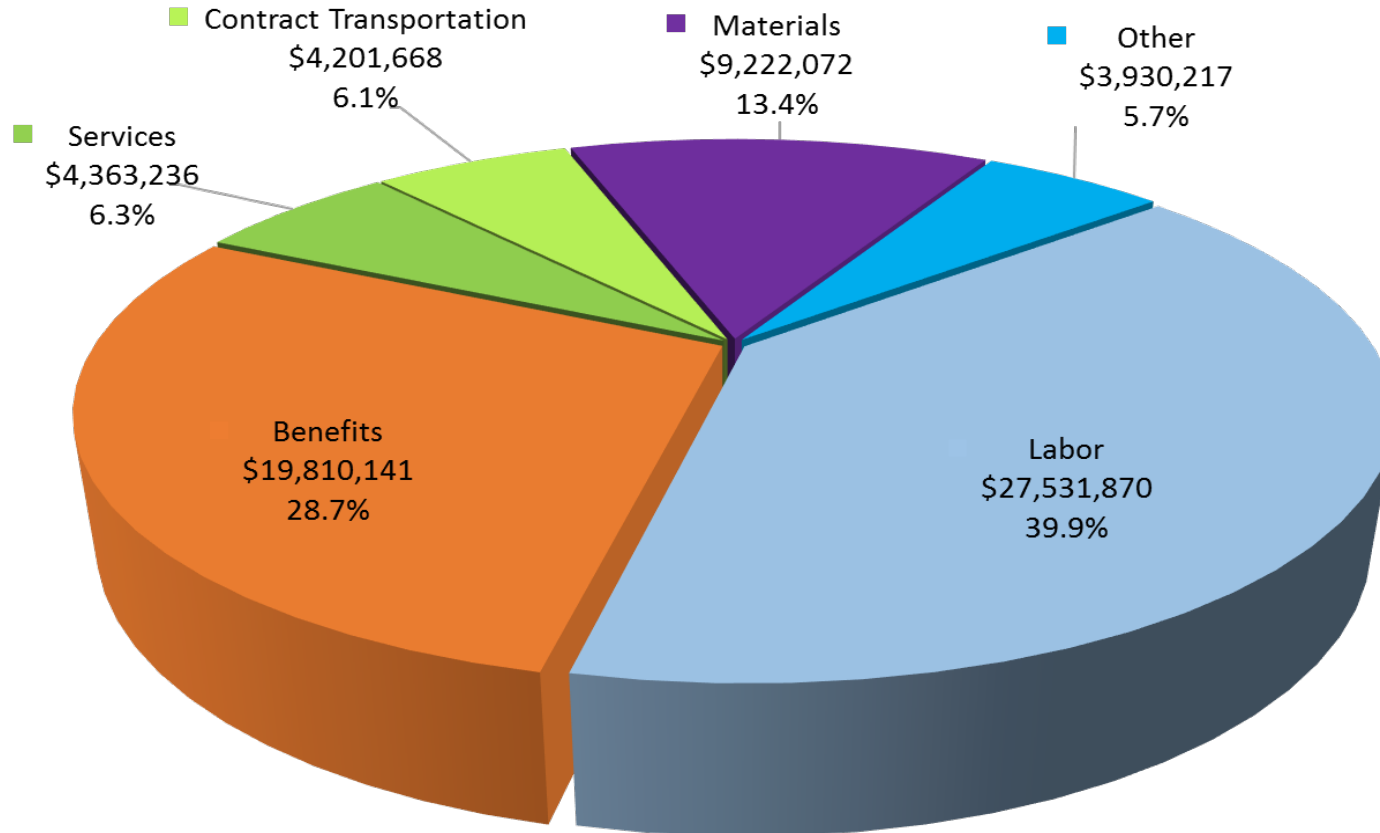
	Operating	Capital/Fleet Replacement	Total
Proposed Expenditure Budget	\$68,942,140	\$26,280,892	\$95,223,032
Labor	164,751	-0-	164,751
Benefits	(67,463)	-0-	(67,463)
Materials	19,775	-0-	19,775
Total Changes	117,063	-0-	117,063
Final Proposed Expenditure Budget	\$69,059,203	\$26,280,892	\$95,340,095

2017 Operating Expenses by Division



\$69,059,203

2017 Operating Expenses by Object



\$69,059,203

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.

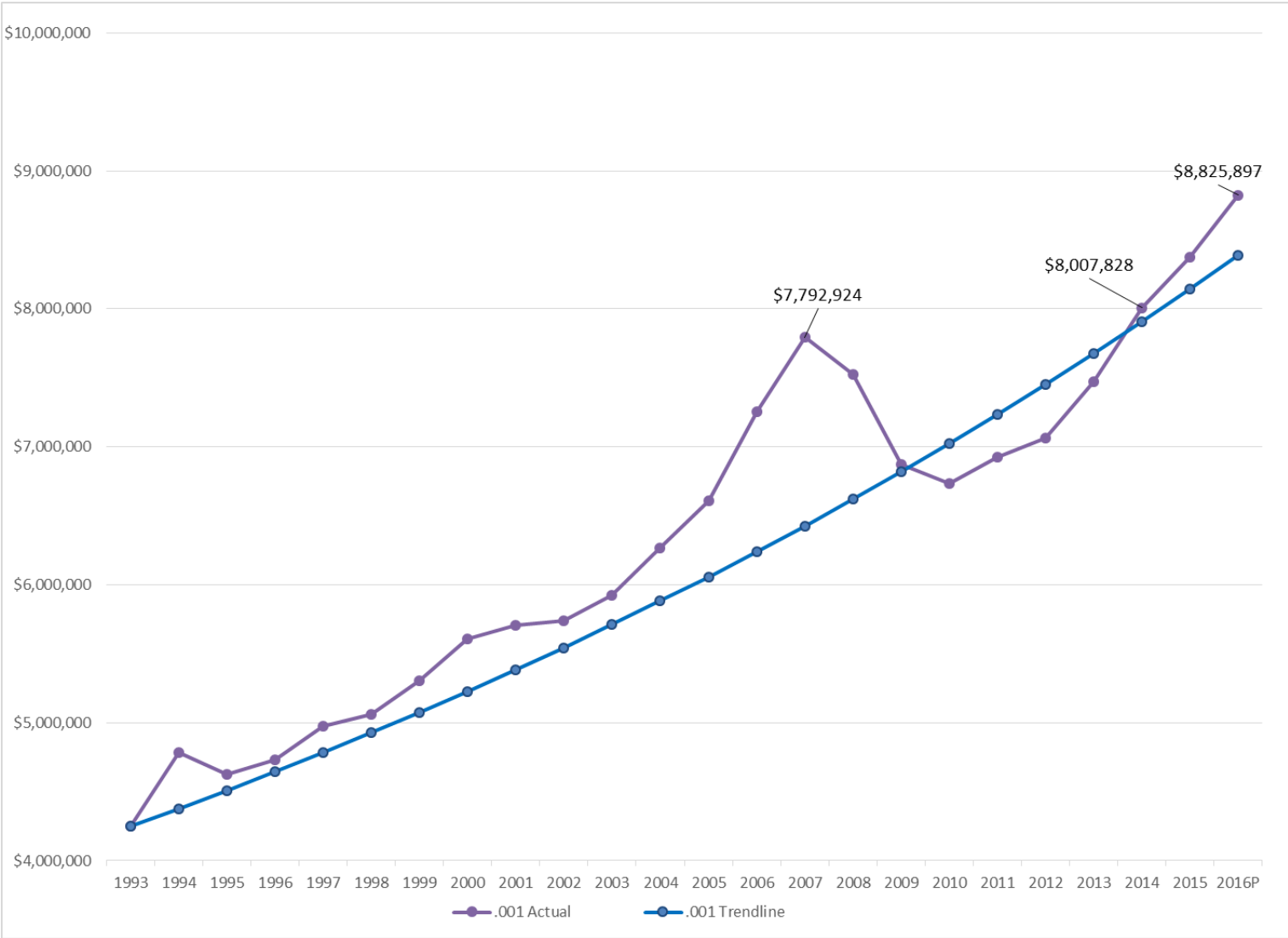
2017 Operating Revenue

2017 vs 2016 Operating Revenue Budget

2017 Operating Revenue	\$77,330,393
2016 Operating Revenue	<u>\$70,212,909</u>
Operating Revenue Change	\$ 7,117,484

Trend vs Actual

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



Final Proposed Operating Budget Assumptions

Revenue – Sales Tax

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

Final Proposed Operating Budget Assumptions

Revenue – Fare

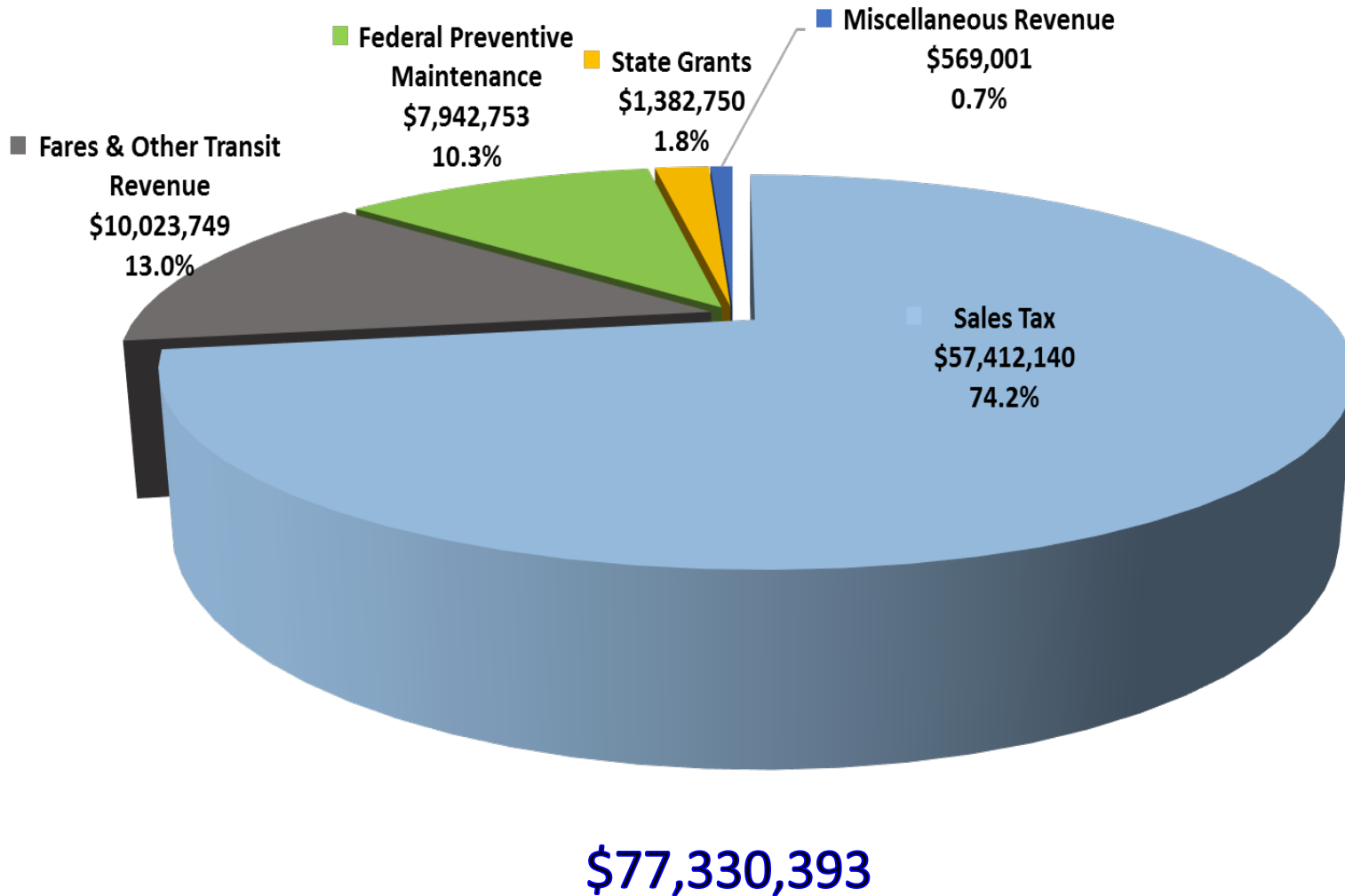
- Fare revenue based on:
 - Sustaining 2016 ridership levels for Fixed Route
 - Paratransit growth of 0.5% over 2016
 - Sustaining 2016 Vanpool ridership
 - Fare Increase effective July 1, 2017

Final Proposed Operating Budget Assumptions

Revenue – Grants and Miscellaneous

- Federal grants of \$7.9M
- State grants of \$1.4M
- Interest rate assumption of 1.0%

2017 Operating Revenues

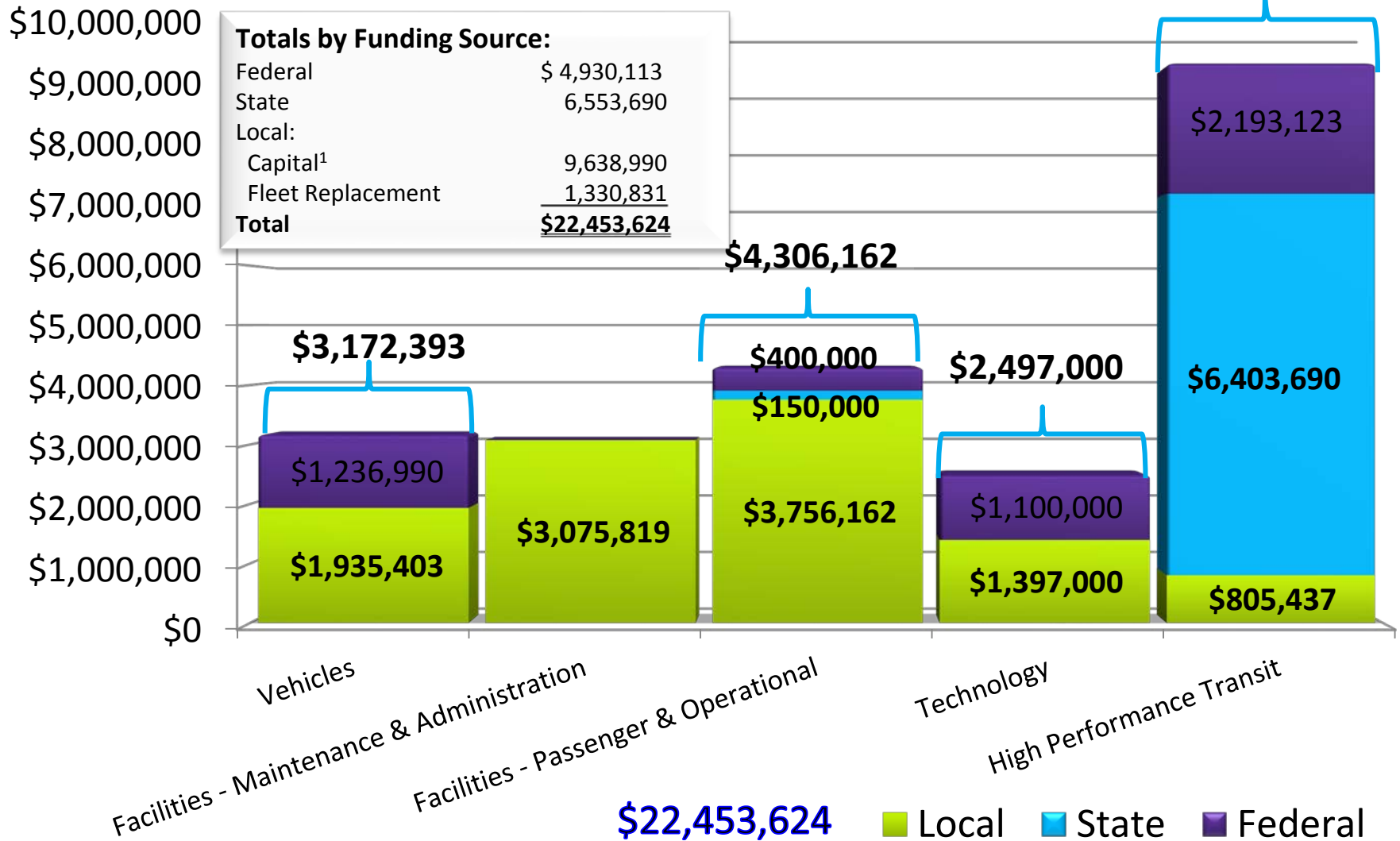


2017 Revenue Changes from Proposed to Final Proposed Budget

Summary of Revenue Changes				
	Operating	Capital	Draw on Cash	Total
Proposed Revenue Budget	\$77,330,393	\$11,483,803	\$6,408,836	\$95,223,032
Draw on Cash			117,063	117,063
Total Changes				117,063
Final Proposed Revenue Budget	\$77,330,393	\$11,483,803	\$6,525,899	\$95,340,095

2017 Capital

Final Proposed Capital Budget



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

Final Proposed Budget Comparison 2016 to 2017

	2016 Budget	2017 Budget-Final Proposed	\$ Change from 2016 Budget	% Change from 2016 Budget
Estimated Revenues:				
Fares & Other Transit Revenue	10,545,917	10,023,749	(522,168)	-5.0%
Sales Tax	50,315,522	57,412,140	7,096,618	14.1%
State Grants	1,126,500	1,382,750	256,250	22.7%
Miscellaneous Revenue	511,874	569,001	57,127	11.2%
Federal Preventive Maintenance	7,614,096	7,942,753	328,657	4.3%
Other Federal Grants	99,000	-	(99,000)	-100.0%
Subtotal: Operating Revenues	70,212,909	77,330,393	7,117,484	10.1%
Federal Capital Revenue	3,037,636	4,930,113	1,892,477	62.3%
State Capital Revenue	493,000	6,553,690	6,060,690	1229.3%
Subtotal: Capital Revenue	3,530,636	11,483,803	7,953,167	225.3%
Total Revenue	73,743,545	88,814,196	15,070,651	20.4%
Decrease in Cash Balance	7,638,211	6,525,899	(1,112,312)	-14.6%
Total Source of Funds	81,381,756	95,340,095	13,958,339	17.2%
Estimated Expenditures:				
Fixed Route	42,869,489	44,473,641	1,604,152	3.7%
Paratransit	11,967,034	12,839,957	872,923	7.3%
Vanpool	707,531	699,000	(8,531)	-1.2%
Plaza	1,575,427	1,836,828	261,401	16.6%
Administration	8,083,542	9,209,778	1,126,236	13.9%
Total Operating Expenses	65,203,023	69,059,203	3,856,180	5.9%
Capital Expenditures - Includes FR & PT Fleet	14,604,009	22,453,624	7,849,615	53.7%
FR & PT Fleet Replacement Allocation	1,574,724	3,827,268	2,252,544	143.0%
Total Use of Funds	81,381,756	95,340,095	13,958,339	17.2%

2017 Cash and Reserve Analysis

	2017 Final Proposed Budget
OPERATING ACTIVITIES	
Revenue (excluding capital grants)	\$77,330,393
Operating Expense	(\$69,059,203)
Revenue Over / (Under) Operating Expenses	\$8,271,190
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	(9,638,990)
FR & PT Fleet Replacement Allocation	(3,827,268)
Total Local Cash Used for Capital Activities	(13,466,258)
NET DECREASE IN CASH	(5,195,068)
CASH (Projected beginning 2017)	48,202,184
CASH (Projected ending 2017)	43,007,116
BOARD DESIGNATED RESERVES	
Operating Reserve (15% of Operating Expenses)	(10,358,881)
Risk Reserve	(5,500,000)
Right of Way Acquisition Reserve	(4,950,000)
	(20,808,881)
2017 Estimated End of Year Cash Balance After Reserves¹	\$22,198,235

¹ Estimated end of year cash balance after reserves are used for future capital expenditures included in the 2017-2022 Capital Improvement Plan. This excludes the end of year cash balance in the Fleet Replacement Fund which is \$7,623,383 as of September 30, 2016.

Next Steps

- **November 9: Board Operations Committee – Proposed 2017 Budget**
- **November 10 – 30: Citizen and Employee Outreach**
- **November 17 Board Meeting: Public Hearing on Proposed 2017 Budget**
- Individual Board Member Sessions if Requested
- **November 30 Planning & Development Committee: Recommendation of Final Proposed 2017 Budget**
- **December 15 Board Meeting: Adoption of 2017 Budget**

Recommended Action

- Recommend the Board adopt, by resolution, the Final Proposed 2017 Operating and Capital Budgets.

Source of Funds:		Use of Funds:	
Revenues	\$77,330,393	Operating Expenses	\$69,059,203
Capital Grants	11,483,803	Capital Projects	22,453,624
From Cash Balance	6,525,899	Fleet Replacement Allocation	3,827,268
Total Source of Funds	\$95,340,095	Total Use of Funds	\$95,340,095