



Final 2015 Budget

Adopted December 16, 2014

Resolution No. 2014-31

Introduction

The economic picture is improving nation-wide as well as regionally. As a result, the 2015 preliminary budget's projected revenue increases, along with reductions in some expenses, are sufficient enough to provide funding for the completion of initiatives and projects that began in earlier years, as well as a service expansion.

The over-arching goals of the 2015 budget are to ensure that Mason Transit Authority (MTA) continues to meet the needs of the community and operate within its available financial resources. With a cautiously optimistic economic outlook, MTA's revenue estimates mirror the state's projections for moderate growth. The long-awaited opening of the Transit-Community Center (T-CC) will take place in the first quarter of 2015, and will generate new revenue sources through its occupancies and events. Total operating expenses for 2015 are expected to increase moderately to accommodate the service increase and operations at the T-CC, and fuel expense estimates, although projected to be somewhat less in 2015, have been conservatively budgeted at the 2014 price level.

2015 Budget Assumptions

The following assumptions are incorporated into the preliminary budget.

Revenue

- Fare revenue, although not at the level projected for the 2014 budget, is expected to have minor growth above 2014 actuals
- Level of sales tax revenues collected in 2014 will continue through 2015 with some growth
- Minor growth in operating grant revenues
- T-CC revenue stream will commence first quarter 2015
- Investment rate will remain low, providing minimal returns

Expenses

- An increase of 4.25 full-time equivalents (FTE's): 0.75 FTE Safety & Training Coordinator; 1.4 FTE additional drivers to cover increased service, 1.10 FTE Customer Service Reps and 1.0 FTE Administrative Assistant for the T-CC
- Continuation of wage-gap closure at 100% for non-exempt employees (\$77,180) and 50% for exempt employees (\$35,380)
- Medical and dental premiums increasing 5% and 8% respectively
- Benefit costs for Public Employee Retirement System (PERS) increasing from 9.21% to 11% as of July 1, 2015
- Performance-based pay incentives of 2.5% (total of \$79,450; \$67,330 for wages and remainder for PERS and FICA)
- A reduction in Shelton School District Co-op After School Activities (ASA) provided service
- One-time start-up costs for the T-CC (\$102,110)
- Fuel prices forecasted by the U.S. Energy Information Administration show slight reduction, but conservatively budgeted at 2014 levels

Capital Budget

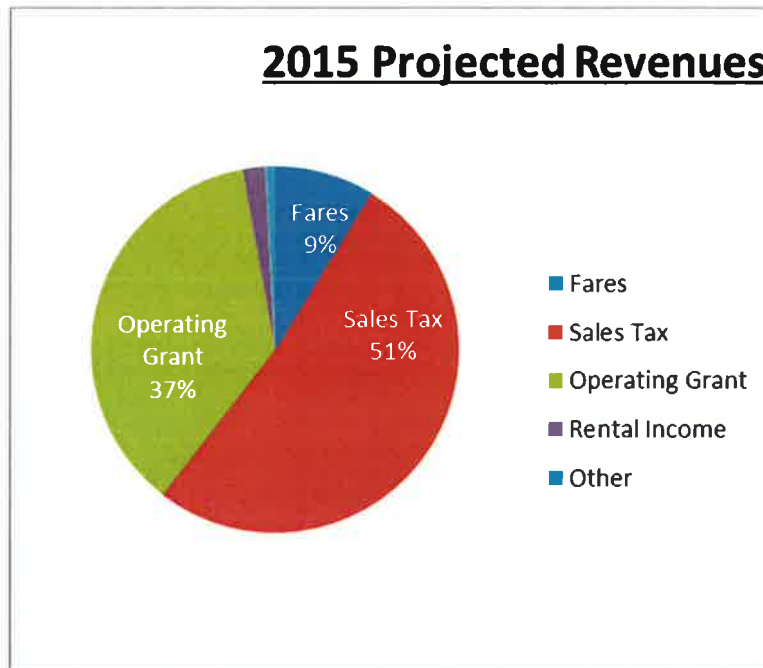
- Capital budget for facility, technology and security is estimated at approximately \$2,297,051, with grant funding of \$1,812,793 (remaining \$484,258 provided by reserves)
- T-CC project expenses included in the capital budget are \$1,626,470, with the Ladders of Opportunity Grant providing funding of \$1,475,000
- Additional T-CC project revenues and expenses will be carried forward from 2014 into 2015 at a later date

Mason Transit Authority 2015 Preliminary Budget - Operating

	<u>2015 Budget</u>	<u>2014 Budget</u>	<u>Current Year % Change</u>	<u>2014 Year-end Projection</u>
REVENUE				
Passenger Fares	\$104,500	\$112,700	-7.3%	\$98,980
PSNS Worker/Driver & Vanpool Fares	394,600	380,000	3.8%	396,170
Special Contract Fares - Local Govt.	83,000	83,000	0.0%	160,810
Total Operating Revenue (Fares)	\$582,100	\$575,700	1.1%	655,960
Sales Tax	3,440,000	3,200,000	7.5%	3,394,240
Operating Grants	2,442,210	2,397,932	1.8%	2,368,835
Rental Income	135,110	17,900	654.8%	18,110
Investment Income	6,200	8,300	-25.3%	6,310
Other Non-operating Revenue	48,500	45,225	7.2%	97,240
Total Revenue	\$6,654,120	\$6,245,057	7%	\$6,540,695
EXPENSES				
Wages and Benefits	\$5,042,990	\$4,527,005	11.40%	\$4,420,735
Contracted services	185,410	167,904	10.43%	153,060
Purchased Transportation	65,200	114,000	-42.81%	78,970
Fuel	453,000	489,714	-7.50%	485,510
Vehicle/Facility Repair & Maintenance	162,790	225,916	-27.94%	156,970
Insurance	202,000	174,283	15.90%	174,280
Intergovernmental - Audit Fees	17,850	17,000	5.00%	29,550
Rent - Park and Ride	6,030	6,025	0.08%	6,030
Utilities	109,250	96,391	13.34%	82,030
Supplies	252,240	106,265	137.37%	170,500
Training & Meetings	62,260	82,523	-24.55%	59,810
CTAA Loan Interest	-	34,750	-100.00%	27,930
Other operating expenses	136,860	122,676	11.56%	57,400
Total OPERATING EXPENSES	\$6,695,880	\$6,164,452	8.62%	\$5,902,775
Net Income (Loss) from Operations	(\$41,760)	\$80,605		\$637,920

Operating Revenues

Total operating revenues are projected to increase from 2014 levels by \$409,000 or 7%. Major revenue sources include sales taxes collected in Mason County and grant funding.



Sales Taxes

Sales taxes are the single largest operating revenue source, and have had positive growth for the last 16 months, beginning with a 0.9% increase in May 2013 to a high of 14.4% in June 2014.

The 2014 budget conservatively projected sales tax collections at \$3.2 million, but positive changes in the economy have resulted in a revised estimate of approximately \$3.42 million, a 7.5% increase.

For 2015, the level of sales tax collection is projected to increase slightly over the 2014 revised projection and estimated at \$3.44 million (an increase of 0.42% over estimated 2014 total collections).

The following chart shows actual sales tax revenue for 2009 through August 2014, along with the 2015 projections.

Historical and Projected Sales Tax Revenues

	2009	2010	2011	2012	2013	2014		2015
						Actual / Estimate	% change 2013- 2014	
JAN	211,867	223,403	220,895	223,999	219,231	237,528	8.3%	214,790
FEB	222,128	220,311	213,228	241,132	217,929	227,815	4.5%	231,020
MAR	267,993	263,166	271,661	257,893	260,652	278,053	6.7%	285,790
APR	249,409	247,785	239,498	240,541	236,931	260,396	9.9%	263,190
MAY	261,430	238,633	283,554	262,716	265,167	274,641	3.6%	278,410
JUN	317,192	283,691	297,471	280,801	282,753	323,498	14.4%	326,040
JUL	280,497	280,582	265,454	280,429	291,925	329,201	12.8%	290,990
AUG	252,926	278,377	298,329	282,521	292,782	323,336	10.4%	328,090
SEP	296,577	310,007	286,873	301,658	306,051	312,172		337,370
OCT	243,989	260,011	260,452	252,888	285,612	291,324		282,000
NOV	213,075	258,127	259,066	234,915	243,571	248,442		257,420
DEC	306,243	304,470	302,470	290,378	312,900	319,158		344,890
Total	3,123,326	3,168,563	3,198,952	3,149,871	3,215,506	3,425,566	3,425,566	3,440,000
						Actual	Estimate	

Grant Revenues

Operating grants comprise 37% of the operating expenditures. The 2013 – 2015 biennium operating grant will fund operations through June 30, 2015, the end of the state’s fiscal year. MTA staff is developing the 2015-2017 biennium operating grant request for submission in November, at an increased amount over the prior biennium of approximately 3%.

Transit-Community Center Revenues

The new T-CC building and operations is expected to begin revenue generation in the latter portion of 2015’s first quarter. Total T-CC revenues are conservatively projected at \$117,610, and are expected to be received from long-term leases (\$85,550) and events (\$32,060), based upon roughly 50% of capacity for 2015.

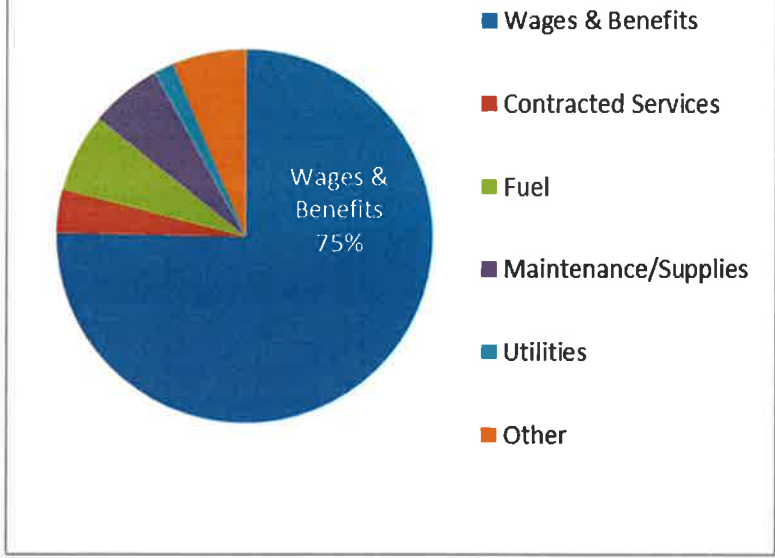
Operating Expenditures

Total operating expenses for 2015 are projected at \$6.695 million, an increase of 8.6 % or \$531,428. The increased expenses are due to a number of factors including continuing the closure of existing wage gaps (100% for non-exempt employees and 50% for exempt employees), increased costs for insurance and employee health and welfare benefits, new operations at the T-CC, and an increase in service level.

Service

The 2015 budget includes the costs associated with the addition of approximately 2,800 hours of service in 2015. Twelve percent of those hours will be used to realign service to the T-CC, make running time adjustments and creation of a new route that will serve Capitol Hill and Mountain View areas, the senior center and Railroad Avenue. The balance of the added service hours will be used to increase the number of trips on Routes 1, 3, 4, 6 and 7 and increase Link service on Saturdays.

2015 Projected Expenditures



Transit – Community Center

There are two separate categories of expenses included within the 2015 operating budget for the T-CC. One-time costs associated with opening the Center are estimated at \$102,000, of which \$6,250 will be eligible for grant funding and the remaining \$95,860 will be funded through operating or reserve funds.

Transit - Community Center Start-Up Costs

(Included in 2015 Budget previously shown)

IT Equipment and Software	\$61,910
Sound System	\$25,000
Furnishings and Minor Equipment	40,200
	\$127,110
Grant Revenue	\$6,250
Cash Reserves	120,860
	\$127,110

The other expense category is the on-going operating costs. They are allocated between Transit-related functions and Community Center-related functions based upon the square footage associated with each. The T-CC’s operating costs projected for 2015 are as follows:

ESTIMATED ANNUAL OPERATING COSTS	Portion based upon sq. ft.		
	0.29	0.71	
Note: *Categories for which transit (MTA) will pay a 29% share.			
Categories	Total Amount	TRANSIT Portion	CC Portion
*Staffing	\$154,710	\$60,167.38	\$94,541.98
*Insurance	\$19,000	\$5,510.00	\$13,490.00
*Water & Sewer	\$12,000	\$3,480.00	\$8,520.00
*Garbage	\$1,440	\$417.60	\$1,022.40
*Natural Gas	\$17,760	\$5,150.40	\$12,609.60
*Electricity	\$9,240	\$2,679.60	\$6,560.40
*Internet/Telephone	\$1,200	\$348.00	\$852.00
Travel	\$2,000		\$2,000.00
Training / Conference Registrations	\$2,000		\$2,000.00
Dues & Memberships	\$500		\$500.00
*Office Supplies	\$1,500	\$435.00	\$1,065.00
Advertising	\$3,000		\$3,000.00
*Janitorial	\$33,900	\$9,831.00	\$24,069.00
*Landscaping	\$500	\$145.00	\$355.00
Miscellaneous	\$2,500	\$725.00	\$1,775.00
TOTAL ANNUAL OPERATING COST	\$261,250	\$88,888.98	\$172,360.38

Salaries, Wages, and Benefits

The salaries, wages and benefits increase in the 2015 preliminary budget is due to a variety of factors:

- An increase in the PERS rate from 9.21% to 11% as of 7/1/2015
- A 5% increase in medical benefit and vision care premiums
- A 8% increase in dental premiums
- A 4.25 increase in FTE's -- 0.75 FTE Safety & Training Coordinator, 1.4 FTE additional drivers to cover increased service, 1.10 FTE Customer Service Reps and 1.0 FTE Administrative Assistant for the T-CC
- Completely closing the remaining wage gap for non-exempt employees (\$77,180)
- Closing 50% of the wage gap for exempt employees (\$35,380)
- Performance-based pay incentives of 2.5% (\$79,450)

Capital

The capital budget for 2015, shown on the following page, includes completion of the T-CC and several projects being carried over from earlier budgets at the same dollar amount, annotated as Note 1, or at a reduced amount (Note 3).

The T-CC project amount shown in the schedule (Note 2) reflects only that portion funded by the Ladders of Opportunity grant. The 2014 carry-forward portion of the GCB 1929 grant will be reported to the board in January or February 2015.

It is estimated that \$271,450 in 2014 budgeted capital projects funds will be unspent at year's end.

**MASON TRANSIT AUTHORITY
2015 EMPLOYEE COMPENSATION PLAN
Approved: December 16, 2014**

BACKGROUND

Prior to 2009 and the national economic recession, MTA historically increased employee compensation through an annual, automatic 2.5% step increase and a 2-3% cost of living adjustment/allowance (COLA). Due to the recession, COLA's were discontinued in 2009. In 2012, through efforts to hire mechanics and drivers, it was identified that a competitive wage gap existed between MTA and similar agencies in MTA's service area. Historically, MTA has not offered competitive wages for entry-level positions but has offered an outstanding benefits package to all staff, paying 100% of premiums until 2013 when employees began contributing 5% to their health benefits. In 2013, MTA also began the transition from automatic step increases to performance-based compensation, recognizing that the step increase plan is not sustainable for the long-term and does not positively impact employee motivation. In addition, changing and uncertain economic conditions require greater flexibility, and that securing funding is, inherently, a competitive process. Employees received a 2.5% base wage increase in 2013 that was spread out across the year instead of given at the employee's step-increase date. This change was done so all employees would be on the same performance review schedule to assist with budgeting and payroll management.

On December 17, 2013, the MTA Board approved the Employee Compensation Philosophy and Plan. The MTA Compensation Philosophy is:

"In support of fulfilling our mission, Mason Transit Authority shall maintain a compensation program directed toward attracting, retaining and rewarding a qualified and diverse workforce. Within the boundaries of financial feasibility, employee compensation shall be competitive within our service area, internally equitable and based upon performance as recognized within the work team."

Having identified the existence of a competitive base wage gap in the driver and mechanics positions, and to improve MTA's opportunities to recruit outstanding talent and retain them, an agency-wide competitive wage analysis was initiated in 2013 and completed in 2014 relative to comparable agencies in MTA's service area (plus Clallam & Grays Harbor Transit, and Mason County Transportation Co-Op). \$60,000 was spent in 2014 to begin closing the base wage gap MTA has for driver and mechanic positions.

For 2014, as MTA continued the transition to performance-based compensation, \$78,000 in potential quarterly agency-wide performance awards was budgeted. Awards did not increase employee base wages. Awards were based upon achieving seven specific measureable and achievable agency-wide performance-based goals that the taxpaying and riding public would find value in the areas of safety & security, financial

stewardship, human resources, outreach and ridership development. Goals were measured and awards distributed in lump-sum, hard check payments, as achieved by percentage (minimum of four goals achieved out of seven equaled 57% of the quarterly award being distributed), on a quarterly basis, with employees receiving a share of the awards based on their employment classification status at the end of each quarter: A full-time employee share of the agency achieving 100% of all quarterly awards received a 100% share (\$1,200/year, \$300/quarter; \$2,000/year, \$500/quarter for managers); part-time employees (including primary worker/drivers) received a 50%; seasonal employees (including backup worker/drivers and cashiers) received a 25% share (\$300; \$75 per quarter). The General Manager and MTA Board Chair (or their designee) had responsibility for certifying quarterly performance award achievement, and unforeseen events beyond the control of the agency were to be taken into consideration when determining whether or not performance goals had been met.

2015 COMPENSATION PLAN

For 2015, MTA seeks to continue being fiscally responsible and sustainable, completing the transition to a performance-based management and compensation system, and take step two out of three closing the base wage gap that exists between MTA and comparable employers in our service area.

CLOSING BASE WAGE GAP

To improve MTA's opportunities to recruit outstanding talent and retain them, \$77,177 is being budgeted in 2015 to close the base wage gap MTA has for non-exempt positions, and \$35,381 to reduce the gap by 50% for exempt positions, relative to comparable agencies in MTA's service area, plus Clallam Transit, Mason County Transportation Co-Op, the City of Shelton & Mason County. With suitable economic conditions, the balance of the remaining wage gap of approximately \$36,000 for exempt positions will be closed in 2016.

PERFORMANCE-BASED COMPENSATION

For 2015, as MTA finalizes the transition to performance-based compensation, \$68,376 in potential performance awards has been budgeted. 53% (\$36,476) will be based upon annual individual Performance Development Plan outcomes and will be added to employee base wages (or paid in one lump-sum payment to employees that are at the maximum for their position in the 1/1/2015 MTA Wage Schedule); 47% (\$31,900) will be applied to one-time quarterly agency-wide awards that will not increase employee base wages. Awards will be based upon achieving the following six measureable and achievable agency-wide performance-based goals that the taxpaying and riding public would find value in the areas of safety & security, financial stewardship, human resources:

- **Safety & Security:**

- 1) Reduce preventable accidents occurring in directly operated service (deviated Fixed Route and Dial-A-Ride demand-response services combined) to:
 - 1st Quarter: Equal to or less than 1.26 per 100,000 miles.
 - 2nd Quarter: Equal to or less than 1.28 per 100,000 miles.
 - 3rd Quarter: Equal to or less than 1.25 per 100,000 miles.
 - 4th Quarter: Equal to or less than 1.24 per 100,000 miles.
- **Financial Stewardship:**
 - 2) Contain the cost of growth per average deviated Fixed Route service mile to 7% or \$5.04/mile or less.
 - 3) Contain the cost of growth per average Dial-A-Ride demand-response service mile to 3.5% or \$5.59/mile or less.
 - 4) Contain the cost of growth per average regional and zone Fixed Route service mile to 7% or \$5.14/mile or less.
- **Human Resources:**
 - 5) Reduce work time loss due to work-related injuries by 62% from 212 days in 2013 to 80 or less in 2015 by continuing the transitional work assignment program and continued worker education and safety training; quarterly goals based on achieving a minimum 15% reduction (20 days).
 - 6) Driver Ride-A-Longs: Achieve 85% participation rate by all non-driving staff (100% participation equals five hours per quarter).
- Goals will be measured and awards will be distributed in lump-sum payments, as achieved, on a quarterly basis, as follows:
 - Total agency awards available for 2015: \$31,900 (\$7,975/quarter):
 - Agency achieves 66% of goals: 66% of award would be distributed.
 - Agency achieves 83% of goals: 83% of award would be distributed.
 - Agency achieves 100% of goals: 100% of award to be distributed.
 - Employees will receive a share of the awards based on their employment classification status at the end of each quarter:
 - A manager's share of the agency achieving 100% of all quarterly awards shall receive a 100% share (\$600; \$150 per quarter; the General Manager is not eligible for performance awards).
 - A supervisor's share of the agency achieving 100% of all quarterly awards shall receive a 100% share (\$500; \$125 per quarter).
 - A full-time employee share of the agency achieving 100% of all quarterly awards shall receive a 100% share (\$400; \$100 per quarter).
 - A part-time employee (including primary worker/ drivers) share of the agency achieving 100% of all quarterly awards shall receive a 50% share (\$300; \$75 per quarter).

- A seasonal employee (including backup worker/ drivers and cashiers) share of the agency achieving 100% of all quarterly awards shall receive a 25% share (\$200; \$50 per quarter).
- Unforeseen events beyond the control of the agency will be taken into consideration when determining whether or not performance goals have been met.
- The General Manager will have responsibility for approving annual individual Performance Development Plan awards.
- The General Manager and MTA Board Chair (or their designee) will have responsibility for certifying agency quarterly performance award achievements.

RESOLUTION NO. 2014-31

**A RESOLUTION ADOPTING A BUDGET FOR THE MASON COUNTY PUBLIC
TRANSPORTATION BENEFIT AREA FOR THE CALENDAR YEAR
BEGINNING JANUARY 1, 2015**

WHEREAS, the Mason County Public Transportation Benefit Area dba Mason Transit Authority has prepared a budget for the 2015 Calendar Year; and

WHEREAS, the Governing Authority of Mason County Public Transportation Benefit Area did hold pursuant to law, three duly advertised public hearings on the preliminary budget; and

WHEREAS, the Governing Authority did hold a public meeting this day for the purpose of fixing the final budget for the calendar year 2015; and

WHEREAS, management has recommended a compensation plan, a copy of which is attached hereto and incorporated by this reference.

**NOW THEREFORE, BE IT RESOLVED BY THE MASON COUNTY PUBLIC
TRANSPORTATION AREA AUTHORITY BOARD** that the following budget for Mason Transit for the year 2015 is hereby adopted:

ESTIMATED RESOURCES

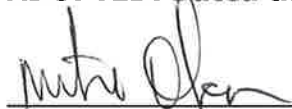
Beginning Estimated Cash and Investment Balance	\$5,910,000
<u>Estimated Revenues</u>	<u>\$8,466,915</u>
Total Estimated Resources	\$14,376,915

ESTIMATED UTILIZATION OF RESOURCES

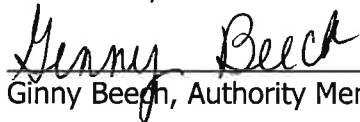
Total Operating and Capital Expenses	\$9,017,930
<u>Estimated Ending Cash and Investment Balance</u>	<u>\$5,358,985</u>
Total Estimated Utilization of Resources	\$14,376,915

BE IT FURTHER RESOLVED that the compensation plan as ^{AMENDED} ~~proposed~~ is adopted and approved by the board.

ADOPTED: Dated this 16th day of December, 2014.

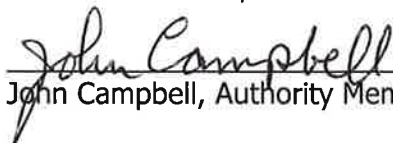


Mike Olsen, Chair



Ginny Beech, Authority Member

Deborah Petersen, Vice-Chair



John Campbell, Authority Member


Terri Jeffreys, Authority Member


Rick Johnson, Authority Member


Randy Neatherlin, Authority Member

Tim Sheldon, Authority Member

Cheryl Williams, Authority Member

APPROVED AS TO CONTENT: 
Brad Patterson, General Manager

APPROVED AS TO FORM: 
Robert W. Johnson, Legal Counsel

ATTEST: 
Jeri A. Wood, Clerk of the Board

DATE: 12/16/14