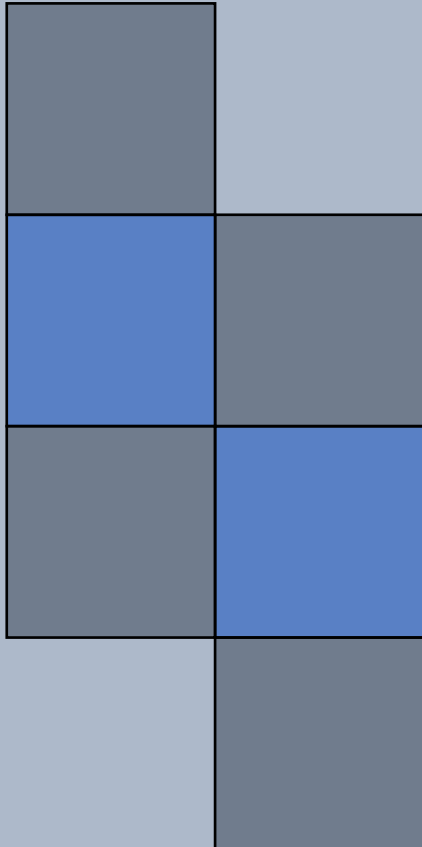


Annual Budget

Whatcom Transportation
Authority

2023



Amended April 2023

**Whatcom Transportation Authority
2023 Annual Budget**

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General Manager's Budget Message

On behalf of WTA's Board of Directors and the WTA Team, welcome to 2023!

We are excited about the opportunities 2023 can bring and are excited that we, as a Whatcom County community, will continue to become an even better place to live, work, and play. WTA is pleased and proud to be an active partner in this effort and to prove value to our community.



Budget Intent

We believe a budget is a strategic implementation tool that shows our community how we align our resources with our mission and priorities. Throughout our budget, the numbers you see tie directly back to the value we provide to our riders and community, through the transportation services we provide.

Strategic Foundation to Budget

Under the leadership of our Board of Directors, WTA has developed a 2023 budget that continues to implement WTA's mission to make our community a better place by:

- Delivering safe, reliable, efficient, and friendly service;
- Offering environmentally sound transportation choices;
- Providing leadership in creating innovative transportation solutions; and,
- Partnering with our community to improve transportation systems.

WTA's 2023 strategic priorities are as follows:

- Ensuring the safety and security of our employees and riders;
- Maintaining our state of good repair;
- Planning for the future;
- Investing in our employees; and,
- Addressing challenges through innovation.

2023 Budget Project Highlights

You will see these elements of our mission and priorities reflected throughout our budget. Examples include:

- Creating a security division (4 new employees) to improve safety at our stations and on buses.
- Increasing paratransit service to Blaine/Birch Bay to meet a growing need to connect people to medical appointments and opportunities.
- Evaluating the effectiveness of our Lynden Hop on-demand pilot project and considering whether it could meet the needs of other small cities.
- Conducting a study to improve reliability and cross county connections.
- Conducting a study on a high frequency corridor in Bellingham to move people more efficiently.
- Continuing to maintain our assets in a state of good repair and completing timely upgrades to our fleet and facilities.
- Reducing waste through efforts such as installing solar panels, improving our recycling program, and adding water bottle refilling stations.
- Partnering with other municipalities to improve the transportation network, through our innovative Transit Access Fund (grant program).
- Improving our bus stops and shelters.

This budget is part of a larger, phased strategic framework in which WTA lays the foundation for future projects. These include an expanded Bellingham Station, infrastructure to support our transition to a zero-emission fleet, and an exploration of how to maximize the value-to-the-public of our Park and Ride facilities.

It is an exciting time to be a provider of public transportation, and to be partnering with our community to meet the complex challenges facing Whatcom County.

All of us at WTA are proud to serve this community. We look forward to the opportunity to make it an even better place, through the services we provide.

Warmly,



Les Reardanz
General Manager



At WTA, our mission is to enhance our community by:

- Delivering safe, reliable, efficient and friendly service.
- Offering environmentally sound transportation choices.
- Providing leadership in creating innovative transportation solutions.
- Partnering with our community to improve transportation systems.



Summary of Updates / Amendment

On April 6, 2023, the WTA Board of Directors approved Resolution #342-23 amending the 2023 Operating and Capital Budgets.

An increase of \$1,958,336 will accommodate the application of certain provisions for non-represented staff and the increased wage and benefit expense relating to the ratification of the collective bargaining agreement with the Amalgamated Transit Union, Local 843 on March 2, 2023.

\$1,111,835 added to the Capital Expense Budget will allow for the replacement of six paratransit minibuses. \$945,060 in grant revenue is expected to offset this cost.

On April 20, 2023, the WTA Board of Directors approved Resolution #243-23 adding three Transit Operators for a total full time equivalent (FTE) count of 310.

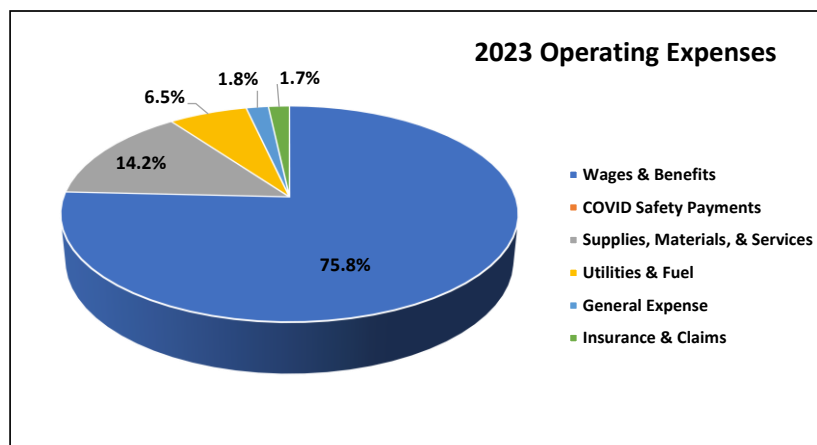
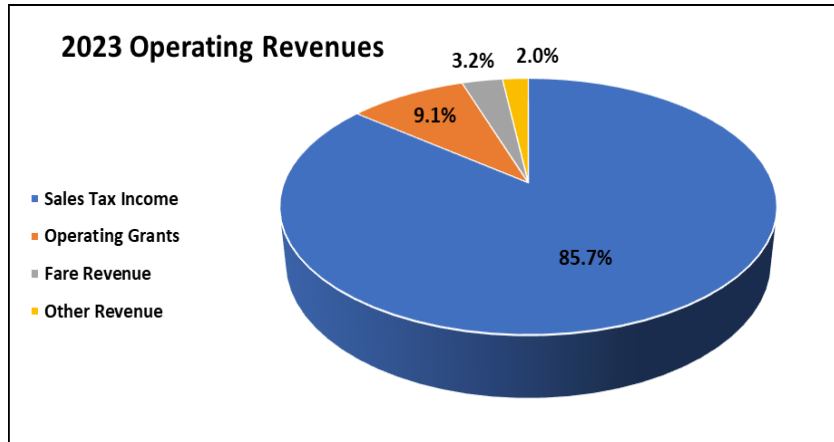
Agency Outlook

WTA heads into 2023 optimistic with robust cash balances due to increasing sales tax receipts and funds from the American Rescue Plan federal relief package funds.

Future sales tax receipts may adversely be impacted by the increases in the Consumer Price Index (CPI), rising interest rates and supply chain disruptions which are causing sizable price increases in a variety of sectors.

WTA is experiencing an increase in the cost of doing business from employee benefits to fuel prices, and vendors requesting double digit price increases in contracts. For example, fuel and bus prices have increased over 50% from some vendors. WTA continues to evaluate the safest, efficient, and economic way to procure these services critical to providing service in our community.

2023 Revenue and Expense Summary



Service, Routes, and Ridership

The Planning Division will continue its work in 2023 to support current operations and plan for future service expansions. Planning staff are managing five different planning projects: a zero-emissions fleet transition plan, a high frequency transit corridor feasibility study, a Bellingham Station expansion visioning study, a cross-county paratransit feasibility study, and a sustainability plan. Each of these projects are anticipated to be completed in 2023. One minor service change is anticipated for June 2023.

The pandemic brought about a severe ridership decline in 2020 and 2021. However, ridership has steadily increased over the past year. With Western Washington University holding almost 100% of classes in person, ridership has stabilized to about 70% of pre-pandemic levels.

Paratransit is likewise impacted by the pandemic and has stabilized at around 70% of 2019 ridership. The vanpool program was overseeing eight vanpools in the fall of 2022.

WTA 2040, WTA's long range transit plan, was adopted by the WTA Board of Directors in February 2022. The plan provides guidance for service and capital investments over the next 20 years. Through a community engagement process the plan establishes three key priorities: "Equity," "Efficiency" and "Environment." These priorities set a framework for service allocation decisions and form the basis of the plan goals and strategies. The plan illustrates service expansions through a 2040 Service Network, which includes new routes, increased headways and expanded span of service as well as two new service types – Bus Rapid Transit and On-Demand. In addition, the plan creates an Enhanced Service Network to allow for a much greater expansion, if demand increases significantly and additional funding becomes available. These network plans are supported by a list of capital projects and implementation actions.

Revenue

The 2023 sales tax revenue is budgeted at a 2% increase over the estimated 2022 actual receipts as of August 30, 2022. We are forecasting 2022 receipts to end the year approximately 11% over budget at greater than \$39 million. The 2023 budget is more conservative estimate as WTA assesses the uncertainty in the economy due to record high inflation, rising interest rates, a struggling supply chain and global geopolitical events.

Fare revenue is budgeted at 5.8% below the 2022 budget as ridership has not rebounded to prior pandemic levels and we are seeing the impacts of our Youth Ride Free program. Our contracts with Western Washington University and Whatcom Community College will also see reduced revenue as many students are able to ride for free.

Cash

WTA's undesignated cash balance is estimated at \$36,491,000 as of January 1, 2023. Undesignated cash supports the daily operations of WTA and is projected to decrease to \$11,452,000 by the end of 2023. This decrease is due to a significant shift of resources into our reserve accounts to fund upcoming fleet replacements and capital projects as well as increases to other expenses.

Total internally designated reserves are estimated at \$39,300,000, as of January 1, 2023, an increase of \$18,183,000 from 2022. This increase is primarily due to the receipt and payment of three bus orders that were delayed and plans to design and begin construction of a building on the campus of our Maintenance, Operations and Administrative Base.

These funds are required by policy to maintain the operating reserve, provide WTA's share of federally funded revenue vehicles, and meet the increased capital needs of the agency.

Conclusion

WTA maintains a positive financial picture heading into 2023 despite challenges occurring within our local, state, and global economies. Prior planning, careful assessment of revenues and expenses along with service changes provide a solid foundation moving into 2023.

Amended Operating Budget

	2023 Budget	2022 Projection	2022 Budget	2021 Actuals
Revenues				
Fixed Route Revenue	\$ 1,311,608	\$ 1,325,759	\$ 1,393,054	\$ 590,632
Paratransit Revenue	69,657	69,428	59,982	37,754
Lynden Hop Revenue	3,245	3,027	2,400	1,172
Vanpool Revenue	85,800	51,263	100,080	55,273
Total Operating Revenues	1,470,310	1,449,477	1,555,516	684,831
Sales Tax Income	39,855,134	39,073,661	35,101,544	34,563,375
Federal COVID Relief Funds	-	21,226,320	21,226,320	9,342,245
Operating Grants	4,248,798	1,543,926	1,617,706	1,484,077
Investment Income	275,000	370,033	264,000	279,227
Other Revenue	659,244	305,569	188,072	97,314
Total Revenues	46,508,486	63,968,986	59,953,158	46,451,069
Expenses				
Wages & Salaries	25,000,265	20,800,493	22,377,395	19,421,203
COVID Safety Payments	-	4,316,250	4,617,750	-
Employee Benefits	10,992,963	9,896,676	10,724,225	8,926,495
Outside Services	3,508,199	1,600,502	2,818,308	1,856,971
Supplies & Materials	3,241,867	2,160,030	2,862,608	1,997,855
Fuel	2,463,790	2,098,414	1,272,280	1,175,305
Utilities	614,228	542,237	565,436	444,366
Insurance & Claims	821,889	749,057	749,057	611,315
Education, Meetings & Travel	541,320	245,572	302,855	69,446
General Expense	325,720	334,726	299,565	219,003
Total Operating Expenses	47,510,241	42,743,957	46,589,479	34,721,959
Net Operating (Loss)/Income	(1,001,755)	21,225,029	13,363,679	11,729,110
Capital Expenditures	15,371,632	5,504,815	17,199,373	15,805,533
Grants & Contributions	7,141,245	3,086,929	9,667,506	5,946,169
Net Capital Expense	8,230,387	2,417,886	7,531,867	9,859,364
Net (Loss)/Income	\$ (9,232,142)	\$ 18,807,143	\$ 5,831,812	\$ 1,869,746

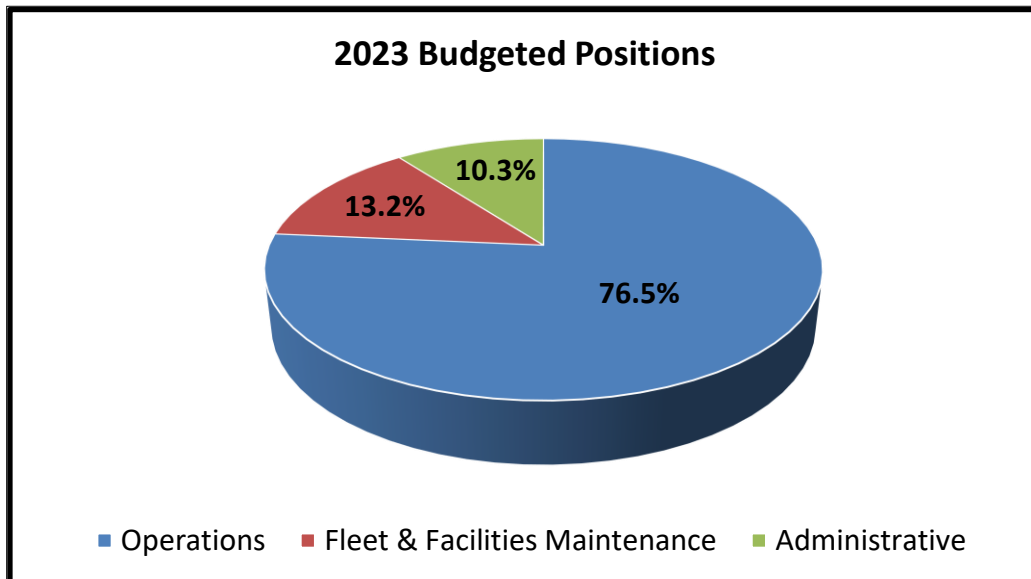
Amended 2023 Personnel Summary

The 2023 Amended Budget includes 310 full-time equivalents (FTEs). This is an increase of ten positions compared to the 2022 Budget.

Requested new positions:

- 1 Safety Supervisor
- 3 Safety Officers
- 2 Administrative Positions to support Payroll and Procurement
- 1 Environmental / Land Use Specialist
- 3 Transit Operators

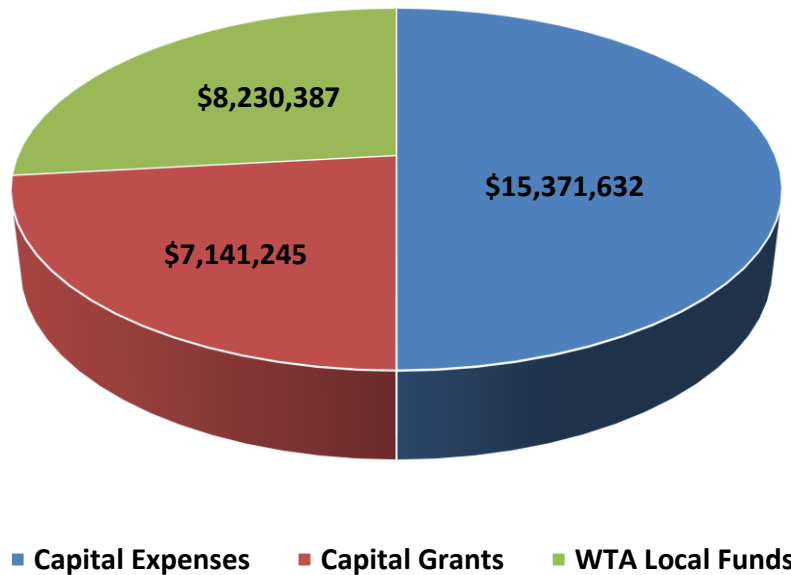
The graph below displays employee composition. Operations includes service delivery and support representing 237 or 76.5% of total positions. Facilities and Fleet Maintenance represents 41 or 13.2% of total positions. The remaining 32 positions, or 10.3%, are in Executive, Finance, Planning, Community Relations, Human Resources, and IT Divisions.



Amended Capital Projects and Grant Revenues

Project	2023 Budget	Grants	Local Match
Receive 2 Electric Buses and Chargers	\$ 2,668,438	\$ 2,084,856	\$ 583,582
Receive 12 replacement Paratransit Buses	2,399,878	2,039,896	359,982
Receive 12 replacement Paratransit Buses	2,399,878	1,440,000	959,878
Receive 6 replacement Paratransit Buses	1,111,835	945,060	166,775
Midway Facility Building Design and Build	1,300,000	-	1,300,000
Midway Backup Generator	1,000,000	-	1,000,000
Midway Electric Charging Facilities (2)	477,000	206,433	270,567
Install A/C on 8 Fixed Route Diesel Buses	474,000	-	474,000
Cordata Station Charging Station	397,144	350,000	47,144
Bus Shelter Replacements	315,000		315,000
Transit Access Fund	300,000	-	300,000
Fleet & Facilities Office Remodel Design	250,000	-	250,000
Thirteen Non-Revenue Vehicles	670,000	-	670,000
MOAB Campus Design	200,000	-	200,000
Design paint booth/body bay	200,000	-	200,000
ADA Access at Bus Stops	150,000	75,000	75,000
Facilities Contingency Fund	150,000	-	150,000
Replace 4 Vanpool Vehicles	170,000	-	170,000
Make Ready 7 Diesel Buses	104,462	-	104,462
BTS and CTS Restroom Security	100,000	-	100,000
Pneumatic Compressor	100,000	-	100,000
Install Digital Signage at BTS	100,000	-	100,000
Finance and Fleet Office Construction	100,000		100,000
Telegraph Rd. Safety Improvements (w/COB)	87,500	-	87,500
Fresh Ideas in Action Improvements	50,000	-	50,000
IT Systems and Parts	40,000	-	40,000
Ferndale & Lynden Stations - Replace Cameras	18,497	-	18,497
On-premise Back Up Storage System	15,000	-	15,000
IT Spare Network Equipment	13,000	-	13,000
Sustainability Plan Implementation	10,000	-	10,000
Total	\$ 15,371,632	\$ 7,141,245	\$ 8,230,387

2023 Capital Revenue, Expenses, and WTA Local Funds



Revenue Vehicles:

WTA currently operates an active fleet of 62 buses, 45 minibuses and 20 vans. Replacement of vehicles that have reached their useful lives is ongoing. Funds are budgeted to add air conditioning to eight fixed route buses to improve operator and rider comfort.

Passenger Stations and Bus Stops:

Funds are budgeted in 2023 to enhance rider convenience and safety, improve access to bus stops and make necessary upgrades to Bellingham, Lynden and Cordata Stations.

Administrative and Maintenance Facilities:

WTA plans to use budgeted funds to explore opportunities for expansion and remodel at the Maintenance, Operations and Administrative Base (MOAB), and property on E. Bakerview Road (North Lot). Also planned are electric vehicle charging station installations at Cordata station, the design of a building at the Midway Lot at Bakerview Spur, and the expansion of fleet maintenance facilities to accommodate growth.

Technology:

Funds are budgeted to make necessary upgrades and replace aging technology equipment at the Maintenance, Operations and Administrative Base, as well as Bellingham, Ferndale, and Lynden Stations.

Other Projects:

Funds are budgeted to support other jurisdictions with transportation related projects through the Transit Access Fund, replace vanpool and staff vehicles, and improve safety at our stations and on the buses.

Grants:

WTA has budgeted for expected grant revenues to be received from the Washington State Department of Transportation, the Federal Transportation Agency, and the City of Bellingham Transportation Fund.

Cash Reserves

WTA maintains cash reserves to protect its ability to provide public transportation service. Reserves ensure that the agency can withstand economic disruptions, unanticipated expenses, capital requirements and meet other non-recurring needs.

Each reserve account has minimum balance and a recommended balance per the Reserve Policy. The reserve accounts proposed for 2023 all meets the recommended balances.

Reserve account balances may only change with Board of Directors' approval. The recommended 2023 reserve balance changes are summarized below.

Cash Reserves			
(in thousands)			
	2023	2022	
Reserve	Recommended Reserves	Current Reserves	Increase (Decrease)
Operating	11,400	11,700	(300)
Capital	7,200	1,232	5,968
Fleet	20,700	8,185	12,515
Rounded	\$39,300	\$21,117	\$18,183

The Operating Reserve accumulates funds to protect against unforeseen operating demands. It is calculated as 25% of the current year’s budgeted operating expenses. The 2023 recommended operating reserve balance is \$11,387,977.

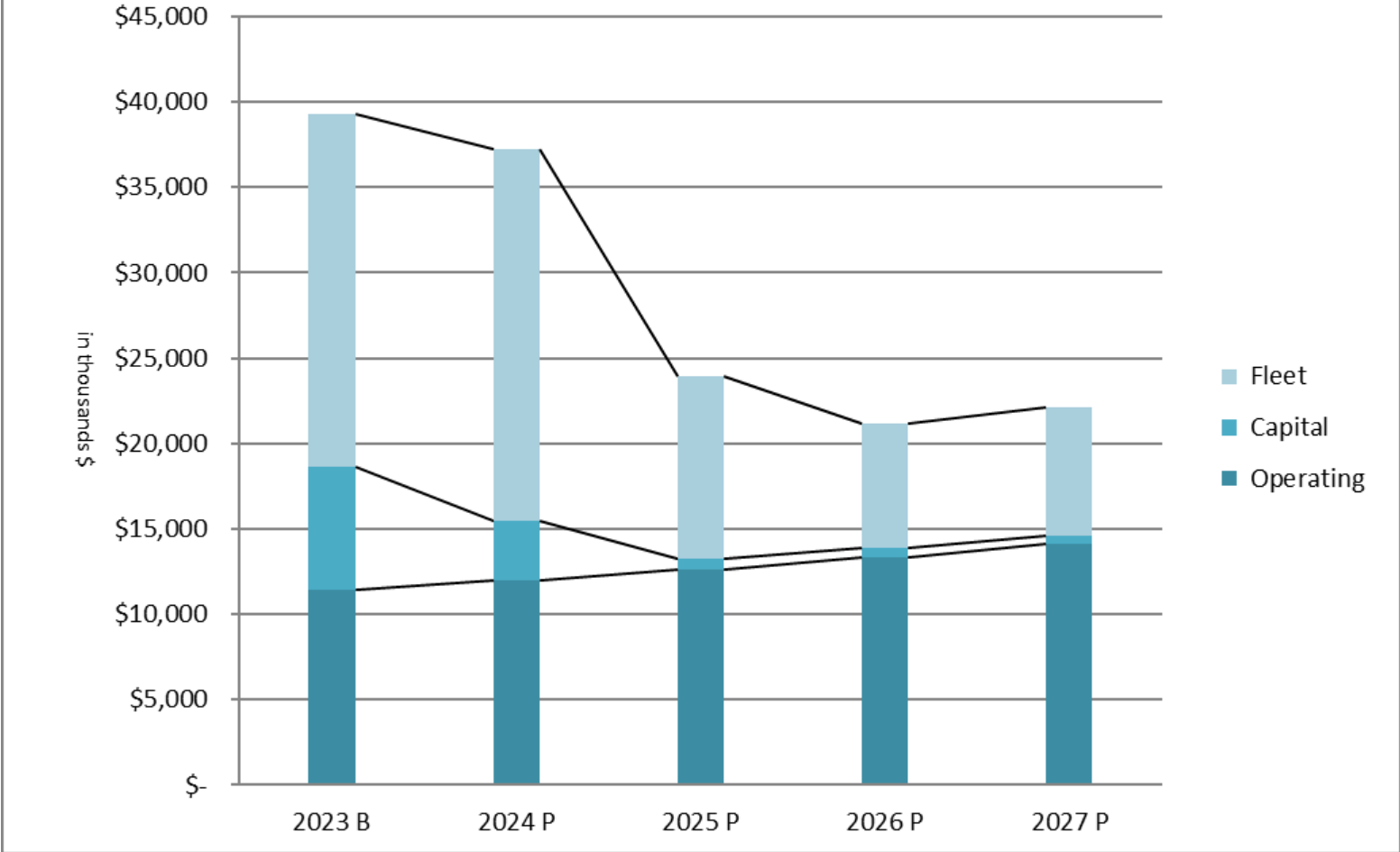
Operating Reserve	2023	2022
Expenditures	\$45,552	\$46,598
Reserve Rate	25%	25%
Calculated Reserve	\$11,388	\$11,650
Recommended Reserve	\$11,400	\$11,700

The Capital Reserve ensures that capital assets (excluding fleet vehicles) can be replaced or acquired as needed. These assets include building components, equipment, staff vehicles, technology, and hardware. The minimum capital reserve is the next two years of WTA’s required local share of identified projects equaling \$7,230,528.

The Fleet Replacement/Expansion Reserve allows WTA to replace revenue vehicles to maintain a state of good repair or expand the fleet as needed in the future. WTA develops the cost to replace the entire fleet over its established useful life. The reserve balance is funded proportionally each year to accumulate the full replacement or expansion cost of the vehicle by the year of replacement for Fixed Route, Paratransit and Rideshare (Vanpool) vehicles. The recommended Fleet Replacement/Expansion Reserve for 2023 is \$20,686,435.

The 2023 budgeted reserve and 2024-2028 projected reserve balances are shown on the following page.

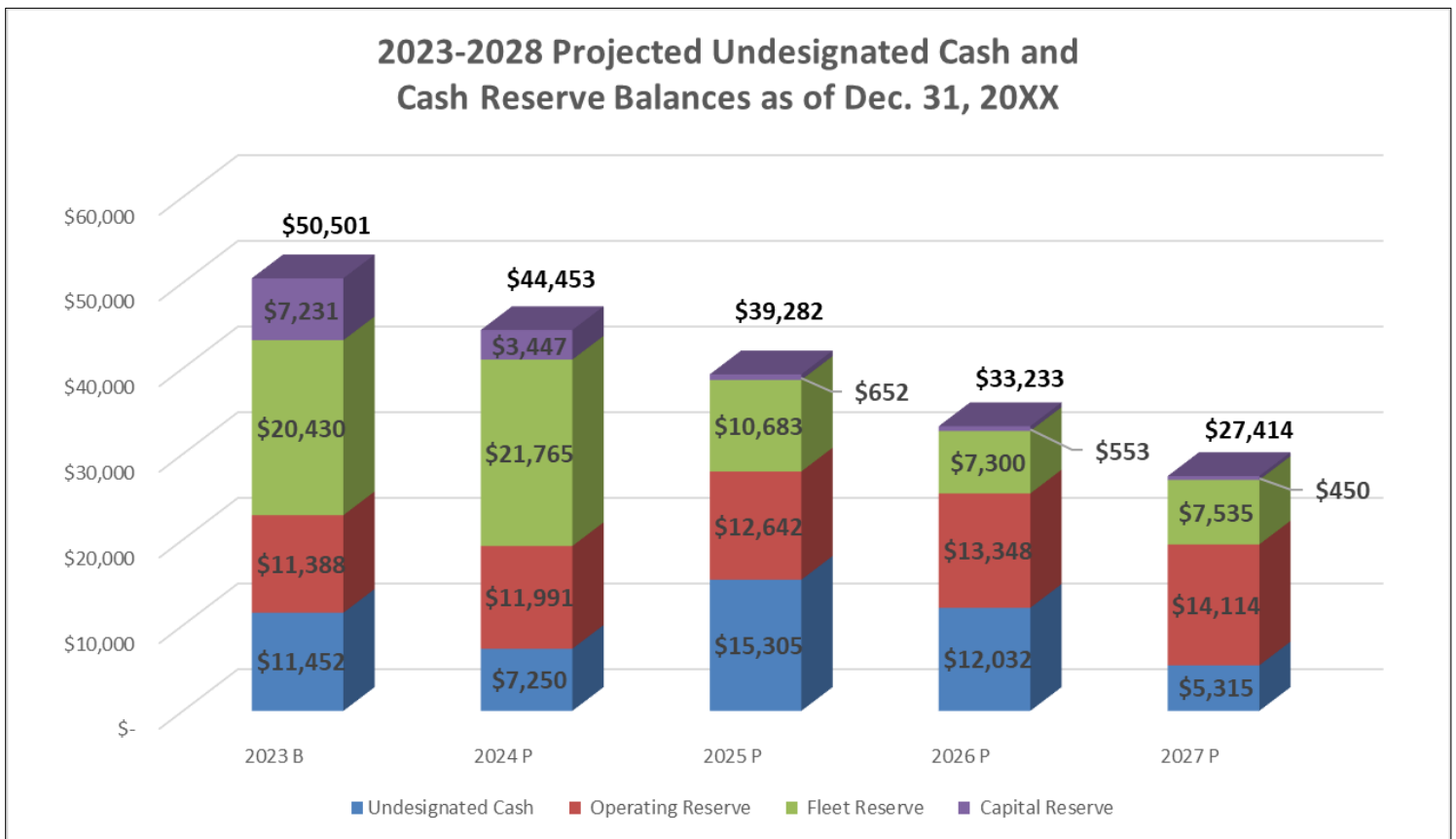
WTA Designated Cash Reserve Projections as of Jan. 1, 20xx



Five Year Projected Undesignated Cash and Designated Cash Reserves Balances

WTA develops a five-year forecast of operating, capital revenues and expenses to project the potential impacts of current and future planning efforts on the undesignated cash and cash reserve balances.

The table below summarizes the budgeted and projected balances at year end for 2023-2028.



Performance Data by Mode				
	2023 Budget	2022 Budget	2022 Projected	2023 vs. 2022
Fixed Route				
Boardings	3,118,500	3,338,600	2,970,000	-6.6%
Total Revenue Hours	156,201	159,186	157,200	-1.9%
Total Revenue Miles	2,124,412	2,148,818	2,134,465	-1.1%
Boardings Per Hour	20.0	21.0	18.9	-4.8%
Passenger Miles per Hour	59.9	62.9	59.7	-4.8%
Passenger Miles Per Boarding	3.00	3.00	3.00	0.0%
Paratransit				
Boardings	170,581	139,194	159,357	22.5%
Total Revenue Hours	68,735	59,116	64,096	16.3%
Total Revenue Miles	881,678	748,033	823,529	17.9%
Boardings Per Hour	2.48	2.35	2.49	5.3%
Passenger Miles per Hour	12.35	12.45	12.39	-0.8%
Passenger Miles Per Boarding	4.98	5.29	4.98	-5.9%
Lynden Hop				
Boardings	13,230	10,948	12,631	20.8%
Total Revenue Hours	5,812	5,474	5,631	6.2%
Total Revenue Miles	35,721	29,560	34,104	20.8%
Boardings Per Hour	2.3	2.0	2.0	15.0%
Passenger Miles per Hour	6.1	5.4	6.1	13.0%
Passenger Miles Per Boarding	2.7	2.7	2.7	0.0%
Vanpool				
Boardings	22,422	27,046	20,564	-17.1%
Total Revenue Hours	2,933	3,986	2,220	-26.4%
Total Revenue Miles	163,270	222,222	120,203	-26.5%
Boardings Per Hour	7.64	6.79	9.26	12.6%
Passenger Miles Per Boarding	39.36	31.25	33.98	26.0%



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