



2018 Preliminary Budget





Mission Statement

Pierce Transit improves people's quality of life by providing safe, reliable, innovative and useful transportation services that are locally based and regionally connected.

Strategic Priorities

Customer: Provide transportation services that meet our current and potential customers' needs.

Internal: Develop a culture which fosters safety, collaboration, data-driven decisions and innovation.

Financial: Act with financial accountability and transparency as stewards of the public trust.

Employee: Attract, cultivate, and maintain an engaged workforce.



2018 PRELIMINARY BUDGET

Fiscal Year January 1, 2018 through December 31, 2018

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Chief Executive Officer

Prepared By
The Finance Division

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PIERCE TRANSIT 2018 PRELIMINARY BUDGET TABLE OF CONTENTS

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Introduction	Page
Pierce Transit Board of Commissioners	2
Organizational Chart	3
Budget Message	4
 Summary	
Overall Summary	19
Operating Summary - Revenues	20
Operating Summary - Expenditures.....	21
Capital Summary	22
Insurance Summary	23
Ending Balances	24
Agency Expenditure Comparison	25
 Statistics	
Operating Statistics - All Modes	27
Personnel Summary	28
Capital Program.....	30
Capital Budget.....	32
Insurance Expenditure Comparison	35
 Six-Year Financial Plan	
Revenues & Expenditures.....	38
Ending Balances	40
Capital Plan	41
 Appendix	
Acronym List.....	45
Budget Glossary	46





*This section includes Pierce
Transit Board of
Commissioners, Organizational
Chart, and the Budget Message.*

2018 Preliminary Budget

Introduction



**BOARD OF
COMMISSIONERS**

Pierce Transit is governed by a nine-member Board. The Board is currently made up of elected officials representing Pierce County, Tacoma, Lakewood, Puyallup, University Place and the smaller cities and towns in Pierce County. The governance structure allows for a tenth, non-voting union representative; however, this right is currently not being exercised and the position is vacant.



**Commissioner
Kent Keel**
Mayor Pro Tem of
University Place;
Chair



**Commissioner
Nancy Henderson**
Town of Steilacoom;
represents Auburn,
Gig Harbor, Fircrest,
Pacific, Ruston, and
Steilacoom



**Commissioner
Don Anderson**
Mayor of Lakewood



**Commissioner
Daryl Eidinger**
Mayor of Edgewood;
represents Fife, Milton
and Edgewood



**Commissioner
Ryan Mello**
Tacoma City Council



**Commissioner
Marilyn Strickland**
Mayor of Tacoma



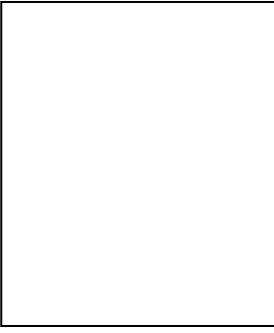
**Commissioner
Bruce Dammeier**
Pierce County
Executive



**Commissioner
Heather Shadko**
Puyallup Council



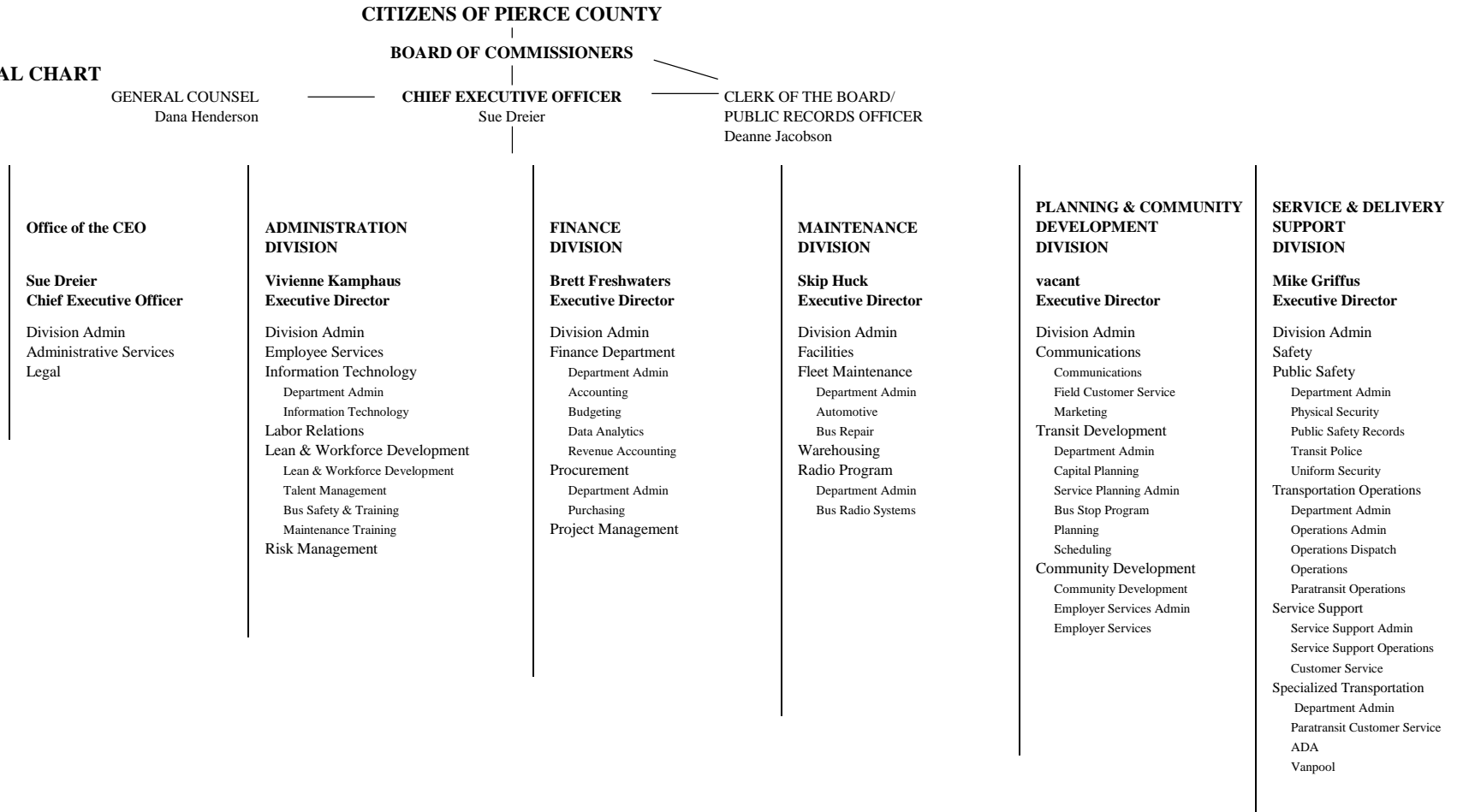
**Commissioner
Rick Talbert**
Pierce County Council



Vacant
Non-Voting Union
Representative



2018 ORGANIZATIONAL CHART





2018 BUDGET MESSAGE



December 11, 2017

TO: Pierce Transit Board of Commissioners, Citizens and Employees

FROM: Sue Dreier, Chief Executive Officer

I am pleased to present the 2018 Budget for your review and consideration. Pierce Transit continues to build momentum as we move into a new year. We made many improvements for our customers in 2017 and invested in key infrastructure upgrades; following are a few of the highlights:

- Added 35,000 service hours in March and 10,000 in September.
- Restructured our fixed-route system to provide more frequent service and a greater span of service.
- Built community partnerships, such as implementing the Clover Park Technical College student bus pass program and the Downtown to Defiance Trolley.
- Continued to provide improved service through innovation, such as the mobile ticketing "Hop Thru" application called PiercePay.
- Invested in aging infrastructure, including select transit centers and park and rides.
- Completed the Base Master Plan to provide a road map for future crucial infrastructure needs.

2018 will present many new challenges as we build upon our efforts to restore service and renew our fleet and aging infrastructure. Fresh off of completing our new Strategic Plan, Pierce Transit is poised to improve service in many areas and ensure facilities keep pace with consumer demand. The goal in the 2017 budget process was to make service restoration and the replacement of critical aging infrastructure our top priorities. We successfully accomplished restoring the service hours, with promising indications of increased ridership.



2018 BUDGET MESSAGE



Replacing aging infrastructure remains a top priority and is a multi-year undertaking. Many new projects were started in 2017 that will carry over into 2018, such as the Tacoma Dome Station refurbish. A major challenge for 2018 and beyond will be implementing the Base Master Plan (BMP). The BMP is a multi-year plan that exceeds \$100 million in cost and will require substantial time and effort to coordinate. The first phase, which involves expanding the bus lot to accommodate for expected fleet growth and widening bus parking lanes for safety, among other things, will cost approximately \$16 million. Balancing the short and long term capital needs with the operating budget and strategic plan goals poses the greatest challenge for this and future budget processes.

Strategic Plan

The Board of Commissioners adopted a new five-year Strategic Plan in June 2017 following an extensive development and review process. The plan provides a framework for the Agency to development specific objectives and performance measurements, from high level agency-wide all the way down to individual performance objectives. The plan will be reviewed and measurements updated throughout the five-year period. The 2018 budget incorporates many objectives and initiatives in direct alignment with the strategic plan.

Economic Condition and Outlook

Pierce Transit's annual planning process examines its programs, service and financial operations, along with various economic forecasts to develop an overall financial outlook. The region's economic growth continues to be steady and moderate, providing sales tax growth to keep pace with inflationary costs of service. However, there are still uncertainties that could impact Pierce Transit's financial condition, such as lack of clarity surrounding federal policy and transit funding.



2018 BUDGET MESSAGE



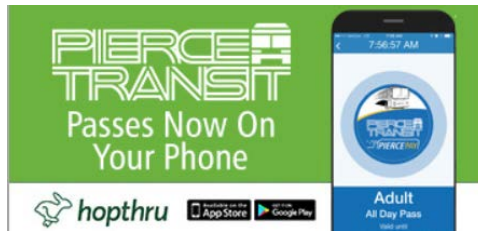
Local economic conditions and retail spending play major roles in the generation of sales tax revenue which is Pierce Transit's primary source of operating revenue. There are signs that the 2018 Puget Sound economy will continue its moderate growth. The Port of Tacoma continues to be a major driver of the Pierce County economy with continued growth in container volumes. The proximity to King County, with its solid growth led in part by Amazon and the high tech industry, will remain an important source of employment for Pierce County residents. Manufacturing growth has also been solid, as has the construction industry.

With slow but steady economic growth over the last several years, consumption has returned to pre-recession levels. Unemployment in the Puget Sound region is at historic lows and we are in the seventh year of expansion following the Great Recession, with personal income expected to grow by 5% in 2018. In 2018, employment growth is expected to continue but at a slower rate, most likely less than 2 percent. Home sales in Pierce County are steady, with buyers from King County increasingly looking south due to more affordable options. Changes in Gross Domestic Product (GDP), consumer disposable income and increased employment are some of the main drivers of the growth in sales tax. These factors are expected to contribute to a modest growth in Pierce Transit's sales tax revenue.

Pierce Transit's sales tax collections are forecasted to remain steady in 2018, with budgeted collections at 6.0% over 2017 projected actual year-end. Sales tax contributes 81% of total budgeted operating revenues in 2018 (excluding Sound Transit regional transit service reimbursement) and is expected to generate \$87 million in sales tax revenue in 2018.



2018 BUDGET MESSAGE



Budget Summary

The 2018 budgeted expenditures are approximately \$235.4 million, balanced by expected revenues and reserves. The gradual recovery of sales tax collections, continuing efforts to improve productivity as well as grants for service have resulted in service restoration plans that added over 45,000 fixed route service hours in 2017, with the same level of service hours planned for 2018.

This budget and service plan support our community by providing transportation access to jobs, school, medical appointments, shopping, and events. It also supports economic development, reduction in carbon emissions and congestion, and provides a lifeline access for those without cars in a growing population.

The Six-Year Financial Plan is sustainable for operations. Reserves will be utilized over the next six years to provide capital infrastructure to support the service plans, and to meet the required reserve at the end of the six-year period. Additional grants or other funding sources will be required to fully implement the planned capital program, particularly the Base Master Plan and High Capacity Transit. Reserves are in compliance with required levels established by the Board of Commissioners. This provides the ability to deal with adverse economic conditions, emergencies, and exposure to casualty and legal risks. The Agency has no long-term debt.

The budget includes several initiatives that are direct outcomes of the new five-year strategic plan, including a strong emphasis on safety, building collaborative partnerships and providing innovative customer service. The Agency is committed to providing innovative, customer-oriented service that will help grow ridership and help improve the quality of life in our service area. We continue to move forward, collaborating with partners to develop a transportation network that will meet the needs of our region well into the future.



2018 BUDGET MESSAGE



I would like to take this opportunity to thank the Pierce Transit Finance and Budget professionals for their thoughtful preparation of the 2018 Budget. It is a testament to Pierce Transit's collaborative spirit and determination to continue the momentum into a bright future.

I also thank the Pierce Transit Board of Commissioners for their commitment to public transit in our communities.

A handwritten signature in blue ink that reads "Sue Dreier".

Sue Dreier, Chief Executive Officer



2018 BUDGET MESSAGE

In brief:

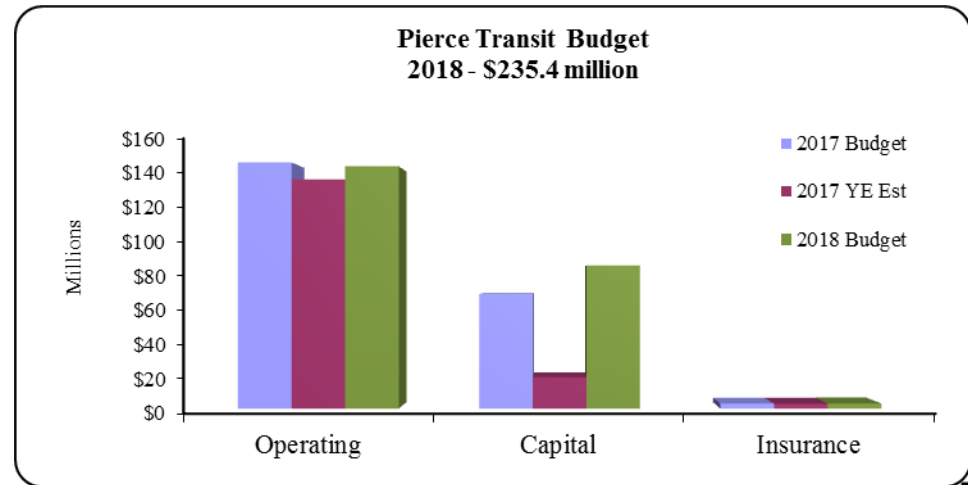
The 2018 preliminary net expenditure budget totals \$235,444,717. This total excludes transfers between funds and balances.

The Board of Commissioners appropriates all funds. The fund structure in the budget is the same as the audited financial statements. Pierce Transit is a single enterprise that uses the same accrual method of accounting as a private enterprise.

The budget is distributed across three major categories: Operating, Capital, and Insurance. These are treated as separate funds for budget purposes.

The operating budget finances the day-to-day operations of the Agency and provides operating transfers to support capital and insurance needs. The capital budget contains revenues and expenditures associated with capital acquisitions. The self-insurance budget is maintained for workers' compensation and unemployment.

Agency Budget Summary



The operating budget is the primary budget of the Agency. It includes revenue from fares, advertising, reimbursement from Sound Transit for regional service, sales tax, interest, other, and operating contributions. The operating budget expenditure categories include wages, benefits, maintenance and operating costs, non-operating expenditures, and transfers to the capital and insurance funds.

The capital budget revenues include federal and state grants, Sound Transit funding, interest earnings, and transfers from the operating fund. Capital expenditures include budgeted replacement vehicles, facilities, and maintenance equipment.

The self-insurance budget for self-insurance programs includes projected revenues for interest earnings on the insurance fund balance and transfers from the operating fund. Insurance expenditures include costs associated with workers' compensation benefits and unemployment costs.

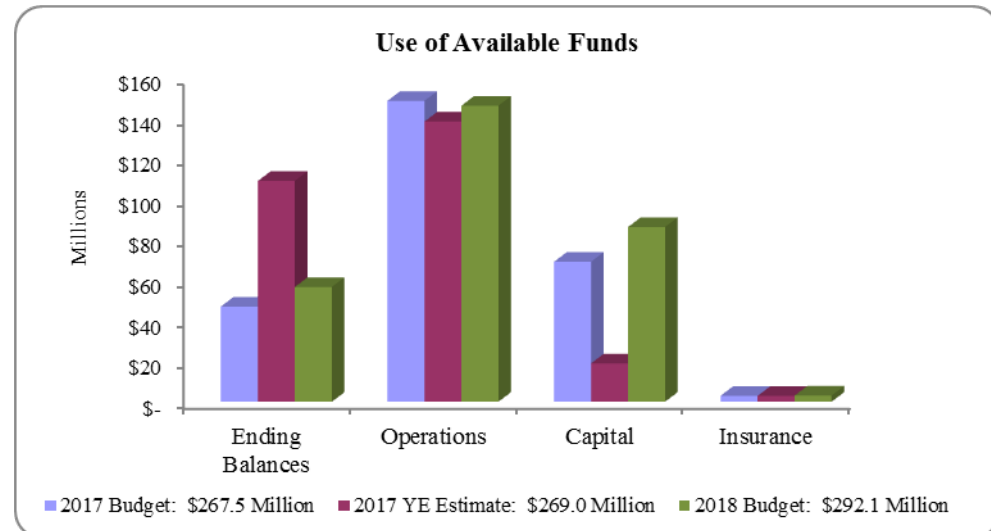
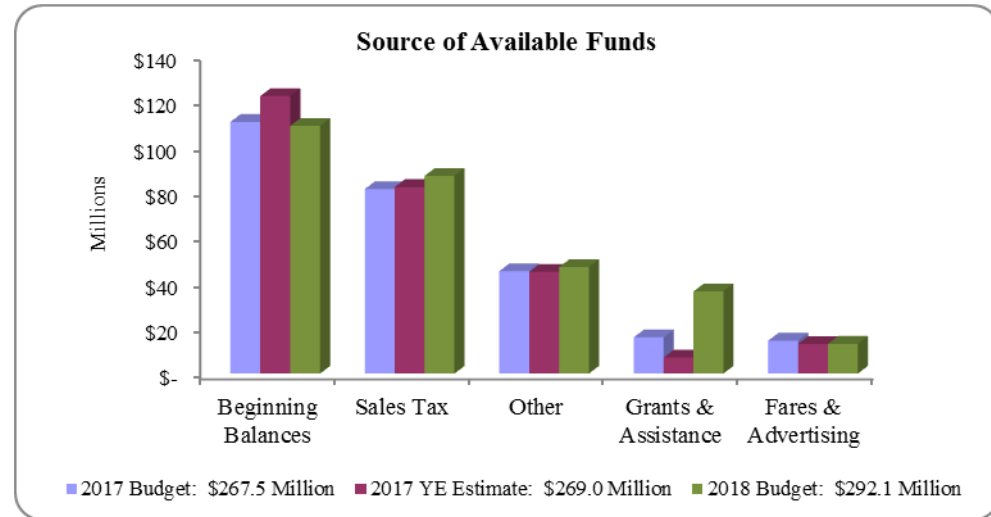


2018 BUDGET MESSAGE

In brief:

The Agency Source of Available Funds includes beginning balances and is shown on the following chart. Sales tax revenue is projected to moderately grow. Grants & Assistance is increasing based on timing of receipts. The remaining categories remain fairly flat.

Use of Available Funds includes ending balances and is shown on the following chart. Ending balances include required reserves and fluctuate based on expenditures. Operating and Insurance expenditures are fairly flat. Capital expenditures include carryover funds for capital projects from the prior year.





2018 BUDGET MESSAGE

Operating Budget

The 2018 operating revenues of \$152,324,275 support the operating expenditures of \$144,094,502, non-operating expenditures of \$2,056,129 and operating transfers of \$17,562,500. Operating transfers support the self-insurance and capital programs and fluctuate from year to year depending on capital and self-insurance needs. The net change in reserves is (\$11,388,856). Reserves beyond the required amount will be utilized over the next six years to maintain service hours, fund capital projects and acquisitions, and support service plans.

The operating budget revenue for 2018 is increasing by 6.2% and operating expenditures are increasing 4.5% from the 2017 Year-End Estimate.

	2017 Year-End <u>Estimate</u>	2018 <u>Budget</u>	Year-End Estimate to Budget Change	
			<u>Amount</u>	<u>%</u>
Operating Revenues	\$ 143,426,868	\$ 152,324,275	\$ 8,897,407	6.2%
Operating Expenditures	(137,942,426)	(144,094,502)	6,152,076	4.5%
	5,484,442	8,229,773	2,745,331	50.1%
Non-Operating Expenditures	(317,097)	(2,056,129)	(1,739,032)	548.4%
Operating Transfers	(42,786,114)	(17,562,500)	25,223,614	-59.0%
Net Change - Reserves	\$ (37,618,769)	\$ (11,388,856)	\$ 26,229,913	-69.7%

2018 Non-Operating Expenditures are for payment of \$2,056,129 for Pierce County Agreement grant exchange funds.



2018 BUDGET MESSAGE

In brief:

Operating Revenues include both Operating Income such as fares, and Non-Operating Income such as sales tax received to pay for ongoing transportation operations.

Operating Revenues

The type of revenue and percent change from 2017 Year-End Estimate are included in the table below.

	2017 Year-End	2018	Year-End Estimate to Budget Change	
	<u>Estimate</u>	<u>Budget</u>	<u>Amount</u>	<u>%</u>
Operating Income				
Fares	\$ 12,536,021	\$ 12,766,221	\$ 230,200	1.8%
Advertising	526,000	300,000	(226,000)	-43.0%
Sound Transit	42,995,656	44,342,387	1,346,731	3.1%
Non-Operating Income				
Sales Tax	82,095,585	87,021,320	4,925,735	6.0%
Miscellaneous	1,407,000	2,179,000	772,000	54.8%
Operating Contributions	3,866,606	5,715,347	1,848,741	47.8%
	<u>\$ 143,426,868</u>	<u>\$ 152,324,275</u>	<u>\$ 8,897,407</u>	<u>6.2%</u>

Fares – Revenues are estimated based on ridership and average fare per boarding projections. The average fare per boarding is expected to be \$1.00 per boarding. Average fare per boarding varies due to factors such as number of boardings and the percentage of boardings by fare type and category. There is no projected fare increase included in the 2018 Budget. The last adult fare increase was November, 2010. The current Adult Fare for Local PT Service (one-ride) is \$2.00 or a Local PT Service All Day Pass is \$5.00. In September 2017 the senior/disabled rate increased from \$1.25 to \$1.75.

Advertising – The advertising budget reflects the minimum contractual agreement rate which may be exceeded, based on demand and the number of buses in service available for ads.



2018 BUDGET MESSAGE

Sound Transit – Regional Transit Service budgeted revenue totals \$44,342,387 in 2018 and is expected to increase by 3.1% from 2017 Year-End Estimate. Pierce Transit is under contract with Sound Transit to provide regional express transit services. Sound Transit reimburses Pierce Transit for the cost of operating its service. For 2018, Sound Transit is increasing service hours 3.9% from 327,684 to 340,452. Sound Transit also reimburses for their share of costs associated with security, liability insurance, special services, and for the cost of operating the Tacoma Dome Station.

Sales Tax – Sales tax projections are based on economic conditions and analysis of activity in the jurisdictions in the Public Transportation Benefit Area (PTBA). Consumer spending plays a major role in the generation of sales tax revenue which is Pierce Transit's primary operating revenue source. Sales tax represents 81% of the operating budget revenue excluding Sound Transit. In 2018, sales tax is expected to total \$87,021,320 which is a 6.0% increase over the 2017 Year-End Estimate, in line with current growth trends.

Miscellaneous – Includes a Compressed Natural Gas (CNG) tax refund and reimbursements of expenses from the Combined Communications Network (CCN) as well as other miscellaneous revenues such as interest revenue and insurance recoveries. The 54.8% increase in 2018 is primarily due to expected authorization of the CNG tax refund and CCN reimbursements.

Operating Contributions – Operating Contributions are funds from partnering agencies. They include the City of Tacoma for Commute Trip Reduction (CTR), Pierce County Employer Services Programs, and Washington State Department of Transportation for Regional Mobility service and Special Needs Operations. Pierce County also partners for Americans with Disabilities Act (ADA) service. Federal Transit Administration (FTA) contributions include the Mobility on Demand (MOD) Sandbox grant. The increase in 2018 is primarily due to the continuation and timing of the Regional Mobility Grant.



In brief:

Operating Expenditures are funds paid for providing transportation services including wages, benefits and Maintenance & Operations (M&O).

Non-Operating Expenditures are funds for Pierce County Agreement grant exchange funds.

2018 BUDGET MESSAGE

Operating Expenditures

Operating expenses are projected to total \$144,094,502 for a 4.5% increase from the 2017 Year-End Estimate. The changes from the 2017 Year-End Estimate to the 2018 Budget are as follows:

	2017 Year-End Estimate	2018 Budget	Year-End Estimate to Budget Change	
			Amount	%
Wages	\$ 63,746,431	\$ 68,766,395	\$ 5,019,964	7.9%
Benefits	28,424,071	27,277,114	(1,146,957)	-4.0%
M & O	45,771,924	48,050,993	2,279,069	5.0%
Total Operations	137,942,426	144,094,502	6,152,076	4.5%
Non-Operating Expenditures	317,097	2,056,129	1,739,032	548.4%
Total	\$ 138,259,523	\$ 146,150,631	\$ 7,891,108	5.7%

Wages – The 2018 Budget includes 981 positions and 960.3 full-time equivalents (FTEs). The 7.9% increase in wages includes an addition of four positions directly related to maintaining service hours and one support position. The increase in wages also includes projected increases in wages and salaries.

Represented employees are 85% of the total Agency workforce. The Master Agreement with the Amalgamated Transit Union (ATU) expired June 30, 2017 and a new contract is being negotiated. The Master Agreement with the International Association of Machinists (IAM) is for a four-year period, May 1, 2014 through April 30, 2018.



2018 BUDGET MESSAGE

Benefits – The decrease in benefits of 4.0% or \$1,146,957 is a result of moving our medical, dental and vision plans to the Association of Washington Cities (AWC) Benefits Trust. Included in the 2018 Budget is an increase in the Washington State Public Employees Retirement System (PERS) employer contribution rates from 11.93% to 12.52% of eligible wages effective July 1, 2018.

Maintenance and Operations – The 2018 Maintenance and Operations (M&O) Budget is \$48,050,993. This is an increase of \$2,279,069 or 5.0% higher than the 2017 Year-End Estimate. The increases support the restoration of service, maintenance of equipment, and technology system needs. The following categories represent the majority of the change.

Services – Increases are included for Agency quarterly safety meetings, third party administrative services, security services, travel and training, and combined communication network agreements.

Insurance (Purchased) – Insurance premiums are increasing due to projected liability claims.

Utilities – Telephone expenses are increasing due to replacement costs. Electricity costs are increasing based on rate increases and the addition of facilities.

Other – Other cost is increasing based on ORCA contract services and software licensing and delivery on a subscription basis.

Non-Operating Expenditures - 2018 Non-Operating Expenditures are for payment of \$2,056,129 for Pierce County Agreement grant exchange funds.



In brief:

The 2018 Capital Budget is comprised of the following categories.

Revenue Vehicles – 45%

Provide customers a comfortable and reliable mode of transportation

Base Facilities – 22%

Support efficient operations of the Agency

Passenger Facilities & Amenities – 12%

Serve as the front door to the transit system

Technology – 18%

Improve information and services for staff and to the public

Other – 3%

Maintain equipment

A detailed project list reflecting the responsible division, carryover, and grant support is located in the Budget Statistics section of this document.

2018 BUDGET MESSAGE

Capital

The Capital Budget presents the revenues and expenditures associated with capital development and acquisition. It includes funds for budgeted replacement vehicles, capital planning for the efficient use of base facilities, maintenance equipment, and off-site improvements. These items are distinguished from operating items due to their greater than \$5,000 value and longer than one year projected useful life. Capital expenses and grant reimbursements are budgeted by project. Projects are budgeted in their entirety when approved regardless of anticipated expenditure dates.

Capital projects for 2018 are budgeted at \$86,254,086. Approved but unspent projects are carried over from the prior year to the following budget year. The 2018 Budget contains \$44,558,206 of prior year budgeted funds (carryover) and \$41,695,880 in new projects. Expenditures are supported by \$30,455,096 in grant revenue primarily from the Federal Transit Administration, Sound Transit, State, and other capital assistance. Operating costs or anticipated savings associated with significant non-routine capital expenditures such as personnel, maintenance, and utility costs have been included in the operating budget.

	Carryover	New	Total
Revenue Vehicles	\$ 20,099,933	\$ 18,469,755	\$ 38,569,688
(Bus, Vanpool, SHUTTLE and Trolley replacements)			
Base Facilities	3,062,338	16,094,753	19,157,091
(Base Master Plan Implementation, Emergency Warning System, Buildings 4 & 6 Improvements)			
Passenger Facilities and Amenities	9,313,491	1,010,000	10,323,491
(Transit Center Renewal: SR512, TCC, 72nd Street; Tacoma Dome Station; Commerce Tunnel Refurbishment)			
Technology	10,579,568	4,885,225	15,464,793
(Next Generation ORCA, Financial Management System, Collision Avoidance System, Security Enhancements LifeCycle)			
Other	1,502,876	1,236,147	2,739,023
(High Capacity Transit Feasibility Study, Support Vehicles, Equipment)			
	<u>\$ 44,558,206</u>	<u>\$ 41,695,880</u>	<u>\$ 86,254,086</u>



2018 BUDGET MESSAGE

Self- Insurance

The 2018 Budget of \$3,040,000 reflects an increase of \$181,587 from the 2017 Year-End Estimate of \$2,858,413. This is a result of projected Workers' Compensation claims and associated costs. Unemployment costs have no projected changes from the prior year.

Ending Balances

Ending balances include the required reserves for the operating, capital, and insurance funds. The Board of Commissioners reserve policy supports management decision-making by avoiding revenue-expenditure imbalances, supporting stable service delivery, and assuring funds are available for operations, self-insurance programs and planned capital acquisition.

Operating reserve – shall be maintained at a minimum of two months of agency operating expenditures.

Capital reserve – shall be maintained at no less than 50% of the previous three years average annual asset depreciation at any time in the Six-Year Financial Plan. At the end of the Six-Year Financial Plan, the capital reserve shall be at least 100% of the previous three years average annual asset depreciation.

Self-Insurance reserve – set at a level adequate to protect the agency from self-insurance risks (currently \$2 million).

Conclusion

The 2018 Budget is balanced and focused on maintaining service restoration and the replacement of critical aging infrastructure. It builds upon our efforts that restored 45,000 service hours in 2017 and begun the multi-year process to replace and renew our fleet and aging facilities.



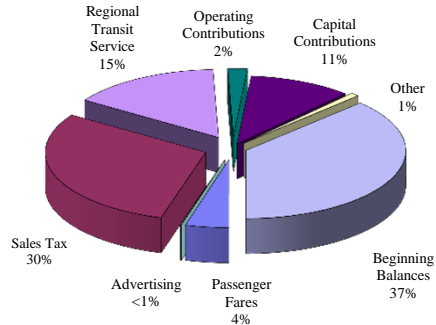
A summary of Pierce Transit's preliminary budget is displayed in the following section. The summary is designed to present an overview of the Agency's financial outlook for the coming year. It includes an overall summary followed by summaries of operating revenues and expenditures, capital, insurance, and ending balances. An agency expenditure comparison concludes this section.

2018 Preliminary Budget

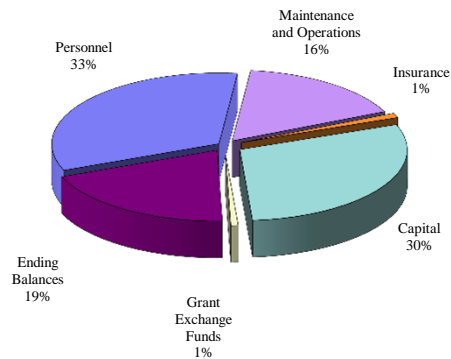
Summary



Revenues



Expenditures



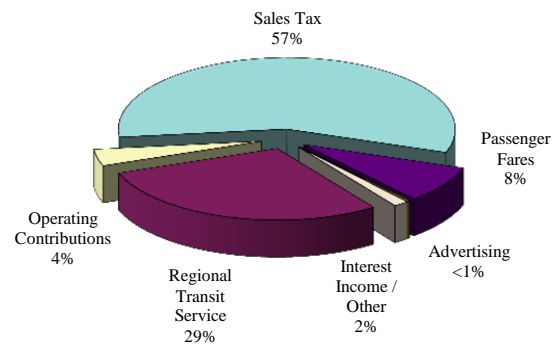
2018 BUDGET OVERALL SUMMARY

	2016 YEAR-END ACTUALS	2017 AMENDED BUDGET	2017 YEAR-END ESTIMATE	2018 BUDGET	% CHANGE 2017 YEAR-END ESTIMATE TO 2018 BUDGET
REVENUES					
OPERATING INCOME					
Passenger Fares	\$ 11,912,836	\$ 13,687,329	\$ 12,536,021	\$ 12,766,221	1.8%
Advertising	669,885	800,000	526,000	300,000	-43.0%
Regional Transit Service (Sound Transit)	40,393,583	42,995,656	42,995,656	44,342,387	3.1%
NON-OPERATING INCOME					
Sales Tax	76,947,406	81,217,200	82,095,585	87,021,320	6.0%
Preventive Maintenance	8,700,193	4,627,700	-	-	0.0%
Other	3,541,339	2,092,100	1,744,140	2,511,500	44.0%
CONTRIBUTIONS					
Operating	4,153,228	3,279,614	3,866,606	5,715,347	47.8%
Capital	728,571	8,045,210	3,156,667	30,455,096	864.8%
REVENUES	147,047,041	156,744,809	146,920,675	183,111,871	24.6%
BEGINNING BALANCES					
Working Cash	93,744,290	77,446,705	85,660,874	48,042,105	-43.9%
Insurance	586,300	1,215,663	1,704,031	2,583,995	51.6%
Capital Reserve	25,295,279	32,098,405	34,735,963	58,359,995	68.0%
BEGINNING BALANCES	119,625,869	110,760,773	122,100,868	108,986,095	-10.7%
TOTAL REVENUES AND BALANCES	\$ 266,672,910	\$ 267,505,582	\$ 269,021,543	\$ 292,097,966	8.6%
EXPENDITURES					
OPERATING EXPENDITURES					
Personnel	\$ 87,722,984	\$ 100,688,244	\$ 92,170,502	\$ 96,043,509	4.2%
Maintenance and Operations	37,371,340	47,030,088	45,771,924	48,050,993	5.0%
Insurance	2,341,465	2,940,000	2,858,413	3,040,000	6.4%
NON-OPERATING EXPENDITURES					
Debt Service	-	-	-	-	0.0%
Grant Exchange Funds	1,889,408	780,258	317,097	2,056,129	548.4%
CAPITAL EXPENDITURES					
Capital	14,404,103	69,085,510	18,917,512	86,254,086	355.9%
EXPENDITURES	143,729,300	220,524,100	160,035,448	235,444,717	47.1%
ENDING BALANCES					
Working Cash	86,503,616	34,738,500	48,042,105	36,653,249	-23.7%
Insurance	1,704,031	2,000,000	2,583,995	2,000,000	-22.6%
Capital Reserve	34,735,963	10,242,982	58,359,995	18,000,000	-69.2%
ENDING BALANCES	122,943,610	46,981,482	108,986,095	56,653,249	-48.0%
TOTAL EXPENDITURES AND BALANCES	\$ 266,672,910	\$ 267,505,582	\$ 269,021,543	\$ 292,097,966	8.6%

NOTE: Transfers are not shown since they result in offsetting allocations between unrestricted and restricted reserves.



Operating Revenues

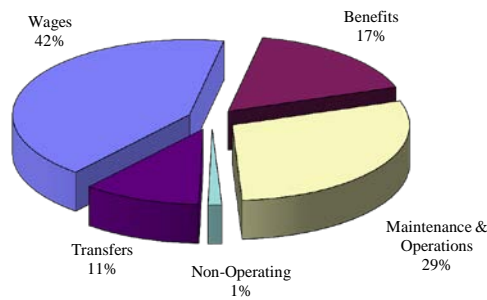


2018 BUDGET OPERATING SUMMARY - REVENUES

	2016 YEAR-END ACTUALS	2017 AMENDED BUDGET	2017 YEAR-END ESTIMATE	2018 BUDGET	% CHANGE 2017 YEAR-END ESTIMATE TO 2018 BUDGET
OPERATING REVENUES					
OPERATING INCOME					
Passenger Fares	\$ 11,912,836	\$ 13,687,329	\$ 12,536,021	\$ 12,766,221	1.8%
Advertising	669,885	800,000	526,000	300,000	-43.0%
Regional Transit Service (Sound Transit)					
Express Reimbursement	39,004,005	42,012,197	42,012,197	43,252,888	3.0%
Tacoma Dome Station Reimbursement	855,644	783,459	783,459	889,499	13.5%
Special Service Reimbursement	272,140	200,000	200,000	200,000	0.0%
Other Reimbursement	261,794	-	-	-	0.0%
OPERATING INCOME	52,976,304	57,482,985	56,057,677	57,408,608	2.4%
NON-OPERATING INCOME					
Sales Tax	76,947,406	81,217,200	82,095,585	87,021,320	6.0%
Preventive Maintenance	8,700,193	4,627,700	-	-	0.0%
Interest Income	500,372	415,000	505,000	525,000	4.0%
Other	2,891,278	1,554,000	902,000	1,654,000	83.4%
NON-OPERATING INCOME	89,039,249	87,813,900	83,502,585	89,200,320	6.8%
OPERATING CONTRIBUTIONS					
CTR / Vanpool Assistance	177,885	181,219	116,219	131,219	12.9%
Operating Grants - Other	2,421,322	1,871,385	2,196,371	3,684,128	67.7%
Special Needs Transportation Grant	1,554,021	1,227,010	1,554,016	1,900,000	22.3%
OPERATING CONTRIBUTIONS	4,153,228	3,279,614	3,866,606	5,715,347	47.8%
TOTAL OPERATING REVENUES	146,168,781	148,576,499	143,426,868	152,324,275	6.2%
BEGINNING BALANCE	93,744,290	77,446,705	85,660,874	48,042,105	-43.9%
TOTAL OPERATING REVENUES AND BEGINNING BALANCE	\$ 239,913,071	\$ 226,023,204	\$ 229,087,742	\$ 200,366,380	-12.5%



Operating Expenditures & Transfers

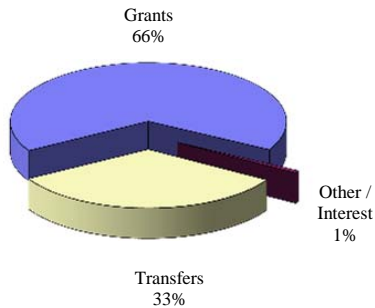


2018 BUDGET OPERATING SUMMARY - EXPENDITURES

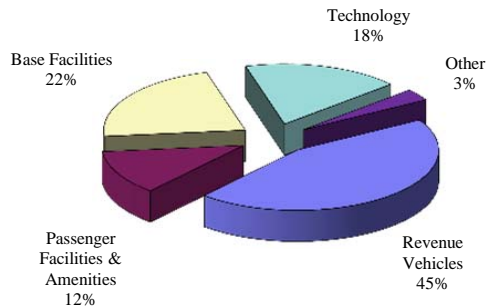
	2016 YEAR-END ACTUALS	2017 AMENDED BUDGET	2017 YEAR-END ESTIMATE	2018 BUDGET	% CHANGE 2017 YEAR-END ESTIMATE TO 2018 BUDGET
OPERATING EXPENDITURES					
OPERATING PERSONNEL					
Wages	\$ 61,526,210	\$ 68,630,926	\$ 63,746,431	\$ 68,766,395	7.9%
Benefits	26,196,774	32,057,318	28,424,071	27,277,114	-4.0%
PERSONNEL	87,722,984	100,688,244	92,170,502	96,043,509	4.2%
MAINTENANCE & OPERATIONS					
Supplies	12,568,434	17,143,953	17,166,984	15,754,310	-8.2%
Services	7,656,047	9,268,695	8,326,048	9,355,359	12.4%
Insurance (Purchased)	2,320,473	2,351,678	2,486,678	3,261,290	31.2%
Utilities	1,409,729	1,876,150	1,683,200	1,873,200	11.3%
Repairs	513,035	946,187	912,554	1,140,191	24.9%
Rentals	426,321	356,963	550,063	435,241	-20.9%
Purchased Transportation	7,700,309	8,530,141	8,444,046	8,518,951	0.9%
Other	4,776,992	6,556,321	6,202,351	7,712,451	24.3%
MAINTENANCE & OPERATIONS	37,371,340	47,030,088	45,771,924	48,050,993	5.0%
OPERATING EXPENDITURES	125,094,324	147,718,332	137,942,426	144,094,502	4.5%
NON-OPERATING EXPENDITURES					
Debt Service	-	-	-	-	0.0%
Special Needs Program Operations	-	-	-	-	0.0%
TOTAL EXPENDITURES	126,983,732	148,498,590	138,259,523	146,150,631	5.7%
TRANSFERS					
Other Insurance Transfer	103,697	47,927	47,927	-	-100.0%
Workers' Comp. Transfer	3,346,864	3,668,310	3,668,310	2,433,505	-33.7%
Capital Reserve	22,975,162	39,069,877	39,069,877	15,128,995	-61.3%
TRANSFERS	26,425,723	42,786,114	42,786,114	17,562,500	-59.0%
TOTAL EXPENDITURES AND TRANSFERS	153,409,455	191,284,704	181,045,637	163,713,131	-9.6%
ENDING BALANCE	86,503,616	34,738,500	48,042,105	36,653,249	-23.7%
TOTAL OPERATING EXPENDITURES AND ENDING BALANCE	\$ 239,913,071	\$ 226,023,204	\$ 229,087,742	\$ 200,366,380	-12.5%



Capital Revenues & Transfers



Capital Expenditures

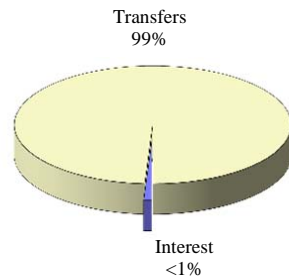


2018 BUDGET CAPITAL SUMMARY

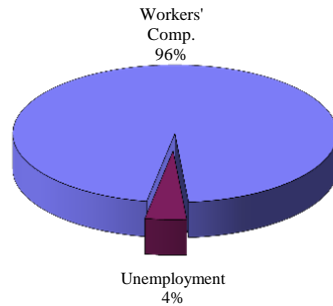
	2016 YEAR-END ACTUALS	2017 AMENDED BUDGET	2017 YEAR-END ESTIMATE	2018 BUDGET	% CHANGE 2017 YEAR-END ESTIMATE TO 2018 BUDGET
CAPITAL REVENUES					
REVENUES					
Grants	\$ 728,571	\$ 8,045,210	\$ 3,156,667	\$ 30,455,096	864.8%
Other Capital Revenue / Interest	141,054	115,000	315,000	310,000	-1.6%
REVENUE	869,625	8,160,210	3,471,667	30,765,096	786.2%
TRANSFERS					
Capital Reserve	22,975,162	39,069,877	39,069,877	15,128,995	-61.3%
TRANSFERS	22,975,162	39,069,877	39,069,877	15,128,995	
CAPITAL REVENUES	23,844,787	47,230,087	42,541,544	45,894,091	7.9%
BEGINNING BALANCE					
Capital Reserve	25,295,279	32,098,405	34,735,963	58,359,995	68.0%
TOTAL CAPITAL REVENUES AND BEGINNING BALANCE	\$ 49,140,066	\$ 79,328,492	\$ 77,277,507	\$ 104,254,086	34.9%
CAPITAL EXPENDITURES					
CAPITAL ACQUISITION					
Revenue Vehicles	\$ 10,959,069	\$ 30,339,568	\$ 6,523,999	\$ 38,569,688	491.2%
Passenger Facilities & Amenities	670,850	11,245,566	1,932,075	10,323,491	434.3%
Base Facilities	143,463	7,527,906	3,727,068	19,157,091	414.0%
Technology	1,856,272	15,125,736	4,546,168	15,464,793	240.2%
Other	774,449	4,846,734	2,188,202	2,739,023	25.2%
CAPITAL EXPENDITURES	14,404,103	69,085,510	18,917,512	86,254,086	355.9%
ENDING BALANCE					
Capital Reserve	34,735,963	10,242,982	58,359,995	18,000,000	-69.2%
TOTAL CAPITAL EXPENDITURES AND ENDING BALANCE	\$ 49,140,066	\$ 79,328,492	\$ 77,277,507	\$ 104,254,086	34.9%



Insurance Revenues & Transfers



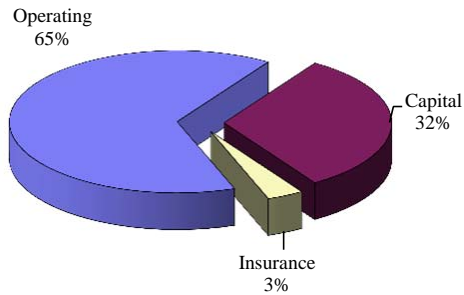
Insurance Expenditures



2018 BUDGET INSURANCE SUMMARY

	2016 YEAR-END ACTUALS	2017 AMENDED BUDGET	2017 YEAR-END ESTIMATE	2018 BUDGET	% CHANGE 2017 YEAR-END ESTIMATE TO 2018 BUDGET
INSURANCE REVENUES					
REVENUES					
Workers' Comp. Interest	\$ 7,667	\$ 7,607	\$ 19,658	\$ 19,978	1.6%
Unemployment Insurance Interest	968	493	2,482	2,522	1.6%
REVENUES	8,635	8,100	22,140	22,500	1.6%
TRANSFERS					
Workers' Comp. Transfer	3,346,864	3,668,310	3,668,310	2,433,505	-33.7%
Unemployment Insurance Transfer	103,697	47,927	47,927	-	-100.0%
TRANSFERS	3,450,561	3,716,237	3,716,237	2,433,505	-34.5%
REVENUES AND TRANSFERS	3,459,196	3,724,337	3,738,377	2,456,005	-34.3%
BEGINNING BALANCES					
Workers' Comp. Insurance	363,910	1,014,083	1,406,989	2,276,544	61.8%
Unemployment Insurance	222,390	201,580	297,042	307,451	3.5%
BEGINNING BALANCES	586,300	1,215,663	1,704,031	2,583,995	51.6%
TOTAL INSURANCE REVENUES AND BEGINNING BALANCES	\$ 4,045,496	\$ 4,940,000	\$ 5,442,408	\$ 5,040,000	-7.4%
INSURANCE EXPENDITURES					
Workers' Comp. Insurance	2,311,452	2,815,000	2,818,413	2,915,000	3.4%
Unemployment Insurance	30,013	125,000	40,000	125,000	212.5%
INSURANCE EXPENDITURES	2,341,465	2,940,000	2,858,413	3,040,000	6.4%
ENDING BALANCES					
Workers' Comp. Insurance	1,406,989	1,875,000	2,276,544	1,815,027	-20.3%
Unemployment Insurance	297,042	125,000	307,451	184,973	-39.8%
ENDING BALANCES	1,704,031	2,000,000	2,583,995	2,000,000	-22.6%
TOTAL INSURANCE EXPENDITURES AND ENDING BALANCES	\$ 4,045,496	\$ 4,940,000	\$ 5,442,408	\$ 5,040,000	-7.4%

Ending Balances

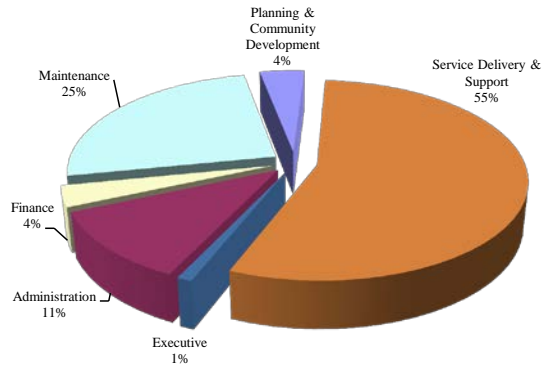


2018 BUDGET ENDING BALANCES

	2016 YEAR-END ACTUALS	2017 AMENDED BUDGET	2017 YEAR-END ESTIMATE	2018 BUDGET	% CHANGE 2017 YEAR-END ESTIMATE TO 2018 BUDGET
OPERATING					
Revenues	\$ 146,168,781	\$ 148,576,499	\$ 143,426,868	\$ 152,324,275	6.2%
Less: Expenditures	(126,983,732)	(148,498,590)	(138,259,523)	(146,150,631)	5.7%
Subtotal	19,185,049	77,909	5,167,345	6,173,644	19.5%
Plus: Beginning Balance	93,744,290	77,446,705	85,660,874	48,042,105	-43.9%
Less: Transfers					
Capital Reserve	(22,975,162)	(39,069,877)	(39,069,877)	(15,128,995)	-61.3%
Insurance	(3,450,561)	(3,716,237)	(3,716,237)	(2,433,505)	-34.5%
ENDING OPERATING BALANCE	\$ 86,503,616	\$ 34,738,500	\$ 48,042,105	\$ 36,653,249	-23.7%
CAPITAL					
Revenues	\$ 869,625	\$ 8,160,210	\$ 3,471,667	\$ 30,765,096	786.2%
Plus: Transfers					
Capital Reserve	22,975,162	39,069,877	39,069,877	15,128,995	-61.3%
Subtotal Revenue	23,844,787	47,230,087	42,541,544	45,894,091	7.9%
Less: Expenditures	(14,404,103)	(69,085,510)	(18,917,512)	(86,254,086)	355.9%
Subtotal	9,440,684	(21,855,423)	23,624,032	(40,359,995)	-270.8%
Plus: Beginning Balance	25,295,279	32,098,405	34,735,963	58,359,995	68.0%
ENDING CAPITAL BALANCE	\$ 34,735,963	\$ 10,242,982	\$ 58,359,995	\$ 18,000,000	-69.2%
INSURANCE					
Revenues	\$ 8,635	\$ 8,100	\$ 22,140	\$ 22,500	1.6%
Plus: Transfers	3,450,561	3,716,237	3,716,237	2,433,505	-34.5%
Subtotal Revenue	3,459,196	3,724,337	3,738,377	2,456,005	-34.3%
Less: Expenditures	(2,341,465)	(2,940,000)	(2,858,413)	(3,040,000)	6.4%
Subtotal	1,117,731	784,337	879,964	(583,995)	-166.4%
Plus: Beginning Balance	586,300	1,215,663	1,704,031	2,583,995	51.6%
ENDING INSURANCE BALANCE	\$ 1,704,031	\$ 2,000,000	\$ 2,583,995	\$ 2,000,000	-22.6%
GRAND TOTAL - ALL BALANCES	\$ 122,943,610	\$ 46,981,482	\$ 108,986,095	\$ 56,653,249	-48.0%



Agency Operating Budget



**2018 OPERATING BUDGET
AGENCY EXPENDITURE COMPARISON**

Description

Personnel

Wages
Benefits

Personnel

	2016 Actual	2017 Amended Budget	2017 Year-End Estimate	2018 Budget	% Change 2017 Year-End Estimate to 2018 Budget
Wages	\$ 61,526,210	\$ 68,630,926	\$ 63,746,431	\$ 68,766,395	7.9%
Benefits	26,196,774	32,057,318	28,424,071	27,277,114	-4.0%
Personnel	87,722,984	100,688,244	92,170,502	96,043,509	4.2%

Maintenance and Operations

Supplies
Services
Insurance
Utilities
Repairs & Maintenance
Rentals
Other
Repairs & Maint Contract Services
Other Improvements

Maintenance and Operations

Supplies	12,568,434	17,143,953	17,166,984	15,754,310	-8.2%
Services	7,656,047	9,268,695	8,326,048	9,355,359	12.4%
Insurance	2,320,473	2,351,678	2,486,678	3,261,290	31.2%
Utilities	1,409,729	1,876,150	1,683,200	1,873,200	11.3%
Repairs & Maintenance	513,035	946,187	912,554	1,140,191	24.9%
Rentals	426,321	356,963	550,063	435,241	-20.9%
Other	11,883,562	14,532,159	14,042,294	15,573,299	10.9%
Repairs & Maint Contract Services	554,959	554,303	604,103	658,103	8.9%
Other Improvements	38,780	-	-	-	0.0%
Maintenance and Operations	37,371,340	47,030,088	45,771,924	48,050,993	5.0%

Total *	\$ 125,094,324	\$147,718,332	\$ 137,942,426	\$ 144,094,502	4.5%
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Total FTE's

955.3

955.3

960.3

Total Positions

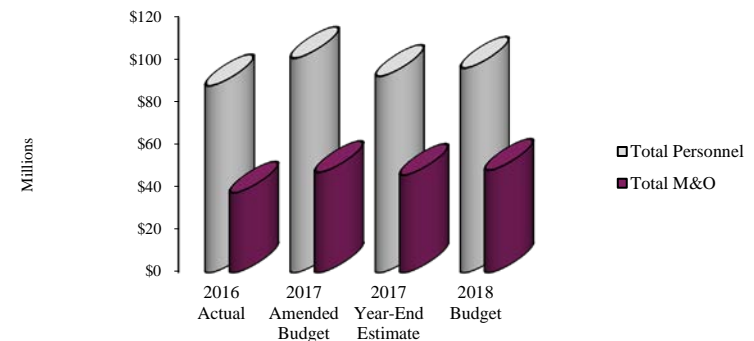
976.0

976.0

981.0

* Does not include Non-Departmental, Debt Service, Transfers or Self-Insurance Expenditures

Expenditure Summary





This section includes Operating Statistics for all modes of service, Personnel Summary, Capital Program, Capital Budget, and an Insurance Expenditure Comparison.

2018 Preliminary Budget

Statistics



**2018 Budget
Operating Statistics
All Modes**

	2017 YE Estimate	2018 Budget	% Change 2017 YE Estimate - 2018 Budget
Pierce Transit			
Fixed Route Local & Express			
Ridership	9,074,817	9,305,690	2.5%
Service Hours	488,106	500,130	2.5%
Service Miles	5,650,261	5,667,527	0.3%
Sound Transit			
Fixed Route Express			
Ridership	5,111,866	5,181,339	1.4%
Service Hours	327,684	340,452	3.9%
Service Miles	8,068,377	8,115,275	0.6%
Total Fixed Route (Pierce Transit & Sound Transit)			
Ridership	14,186,682	14,487,029	2.1%
Service Hours	815,790	840,581	3.0%
Service Miles	13,718,639	13,782,802	0.5%
SHUTTLE			
Ridership	361,204	360,531	-0.2%
Service Hours	181,953	181,872	0.0%
Service Miles	2,647,764	2,652,782	0.2%
Vanpool			
Ridership	807,000	810,000	0.4%
Service Hours	150,000	155,000	3.3%
Service Miles	4,900,000	5,000,000	2.0%
AGENCY TOTAL (Pierce Transit and Sound Transit Fixed Route, SHUTTLE & Vanpool)			
Ridership	15,354,886	15,657,559	2.0%
Service Hours	1,147,743	1,177,454	2.6%
Service Miles	21,266,403	21,435,584	0.8%



2018 BUDGET PERSONNEL SUMMARY

Personnel Summary

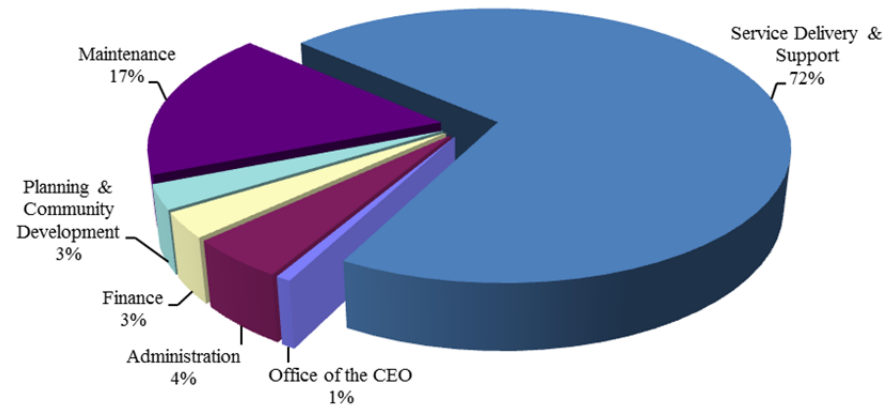
The 2018 Budget includes 981 positions and 960.25 full-time equivalents (FTEs). This is a net increase of 5 positions or 1% from the 2017 Budget.

The 5 new positions include:

- 1 Lean & Change Management Administrator
- 1 Facilities Assistant Manager
- 1 Laborer
- 1 EAM Administrator
- 1 Service Supervisor

Directly operated service includes Service Delivery & Support and Maintenance Divisions and represents 871 or 89% of total positions. The remaining 110 positions or 11% are in the Office of the CEO, Administration, Finance, and Planning & Community Development Divisions.

2018 Budget Positions

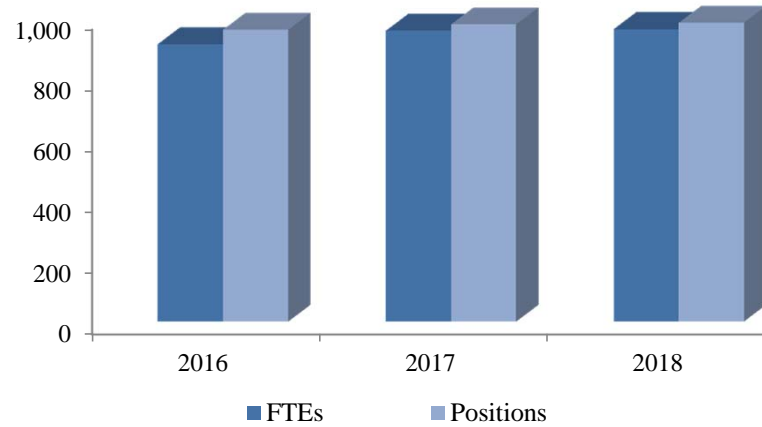




**2018 Budget
PERSONNEL SUMMARY**

Budget FTEs				Budget Positions			
2016 Budget	2017 Budget	2018 Budget	2017-2018 Change	2016 Budget	2017 Budget	2018 Budget	2017-2018 Change
911.00	955.25	960.25	5.00	958	976	981	5

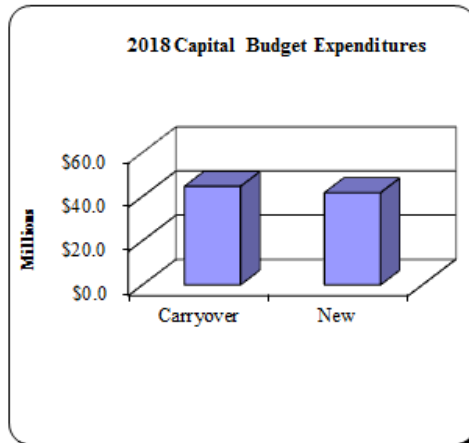
Budget FTEs & Positions





2018 BUDGET CAPITAL PROGRAM

In brief:



- Major projects spanning more than one year account for a significant portion of the budget.
- Investment supports public transportation needs in Pierce County.
- Provides critical infrastructure for the transit system.

The 2018 Capital Budget consists of a variety of projects primarily for the replacement and refurbishment of existing equipment and facilities including some multi-year projects that are carried over.

Revenue Vehicles – Pierce Transit currently operates an active fleet of 152 buses, 369 vanpool vans, and 100 SHUTTLE vehicles. Revenue vehicles are replaced on an as needed basis that meets or exceeds Federal Transit Administration requirements. Pierce Transit has a fixed route fleet with an average age of 11.1 years and continues to extend the useful life of vehicles wherever possible.

Funds are budgeted to replace 20 Compressed Natural Gas (CNG) 40-foot buses, 38 SHUTTLE vans, 28 vanpool vans, and three trolleys.

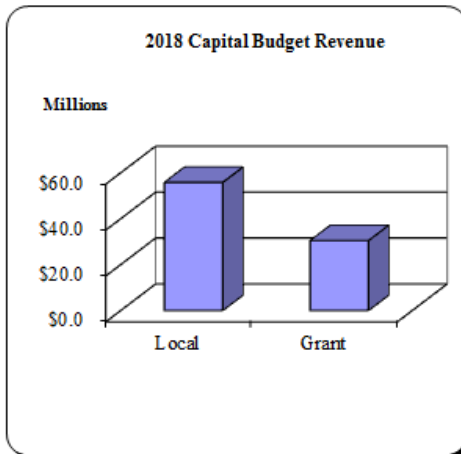
Passenger Facilities & Amenities – Funds are budgeted for necessary repairs and refurbishments at several locations including Commerce Tunnel Refurbishment, Tacoma Dome Station, 512 Park & Ride, 72nd Street Transit Center, TCC Transit Center, Tacoma Mall Transit Center, Lakewood Towne Center Transit Center, and Narrows Park and Ride.

Base Facilities – Funds are budgeted for necessary repairs and refurbishments to base facilities and systems. Based on results of the Base Master Plan study, the Base Master Plan Phase 1 includes expansion of the parking behind Building 5, and reconfiguring of parking around Building 4 to provide additional bus parking capacity, wider lanes and improved circulation.

Technology – Funds are budgeted for maintenance and upgrade of several critical software and systems, as well as replacement of infrastructure that has reached the end of its useful life. Some of these projects include Next Generation ORCA (ngORCA), Collision Avoidance System, TDS Distributed Antenna System, and Security Enhancements Lifecycle Replacement.



- Local funds
- Grant funds



2018 BUDGET CAPITAL PROGRAM

Other – Other capital projects include replacement and expansion of non-revenue support vehicles (trucks, forklifts, cars, etc.), and maintenance and administrative equipment.

Carryover funds – As a matter of policy, Pierce Transit budgets funds in the year in which the Agency anticipates entering into a contract for service or acquisition. This generally results in funds that carry over from the previous budget year for projects in process. At the time the budget is prepared, the amount to be carried over is estimated. The estimated amounts are revised as necessary when the final year end expenditures are available, generally during the first quarter of the year.

Grant funds –

Federal grant revenues for 2018 in the capital program are expected to be over \$21.6 million and include the following projects:

- Tacoma Dome Station Mid-Life Maintenance \$1.8 million
- Bus Fleet Replacement \$14.2 million
- Electric Bus Deployment \$2.6 million
- Collision Avoidance System \$1.7 million
- Bldg. 4 Modifications \$1.3 million

State Grants and Other Capital Assistance are expected to be over \$8.9 million and some of the projects include:

- Tacoma Dome Station Mid-Life Maintenance \$.4 million
- Base Master Plan Implementation \$7.7 million
- Collision Avoidance System \$.2 million
- Vanpool Replacement \$.5 million

The detailed 2018 Preliminary Capital Budget list follows.



2018 CAPITAL BUDGET

			Multi-Year Budget Data				2018 Annual Project Budget Data			Funding of 2018 Project Amount	
				Prior Year Expenditures (through 12/31/16)	ESTIMATED 2017 Expenditures	Closeout - Amount Returned to Reserves	Project Carryover from 2017 into 2018	New 2018 Project Allocation Amount	2018 Annual Capital Budget	Local (Pierce Transit) Funded	Estimated Grant Funding
Project Title	Division	Project Number	Total Project Budget								
Base Facilities Projects											
Base Lot Lighting Upgrades	Facilities	0523	399,750	-	250,000	-	149,750	-	149,750	149,750	-
Base Master Plan Phase 1 Implementation 2017	Planning & CDev	0489	572,000	-	72,000	-	500,000	-	500,000	97,500	402,500
Base Master Plan Update/Facility Needs	Planning & CDev	0470	353,000	137,932	215,068	-	-	-	-	-	-
Bldg 6 Acquisition	Planning & CDev	0521	1,535,000	-	1,535,000	-	-	-	-	-	-
Bldg 6 Property Improvements	Planning & CDev	0522	400,000	-	50,000	-	350,000	-	350,000	350,000	-
Bldg. 4 Modifications	Planning & CDev	0345	3,943,317	2,017,603	230,000	-	1,695,714	-	1,695,714	424,580	1,271,134
Emergency Warning System Repl. 2015	Operations	0452	466,874	-	100,000	-	366,874	-	366,874	366,874	-
West Base Property Acquisition	Planning & CDev	0471	2,590,000	4,500	1,275,000	1,310,500	-	-	-	-	-
ADA Assessment Facility 2018	Facilities	new	141,069	-	-	-	-	141,069	141,069	141,069	-
Base Master Plan Implementation	Planning & CDev	new	15,870,084	-	-	-	-	15,870,084	15,870,084	8,569,845	7,300,239
Bldg 1 Skylight Repl 2018 (2019)	Facilities	new	83,600	-	-	-	-	83,600	83,600	83,600	-
Subtotal Base Facilities Projects			26,354,694	2,160,035	3,727,068	1,310,500	3,062,338	16,094,753	19,157,091	10,183,218	8,973,873
Other Projects (Admin & Shop Equipment)											
Support Vehicle Replacement 2015 CLOSED 6.2.17	Maintenance	0455	417,541	403,699	13,302	540	-	-	-	-	-
Paint Booth Heater Refurb 2015 CLOSED 4.4.17	Maintenance	0458	60,170	15,516	12,409	32,245	-	-	-	-	-
Auto Shop Hoist Repl. 2015	Maintenance	0459	457,258	17,292	439,966	-	-	-	-	-	-
Bldg 1 Body Shop Floor Sweeper Repl 2017	Maintenance	0499	29,969	-	18,385	-	11,584	-	11,584	11,584	-
Bldg 1 Body Shop Frame Rack 2017	Maintenance	0498	75,900	-	-	-	75,900	-	75,900	75,900	-
Bldg 1 Bus Wheel Dollies Repl 2017	Maintenance	0492	52,136	-	41,001	-	11,135	-	11,135	11,135	-
Bldg 1 Industrial Parts Washer Repl 2017	Maintenance	0497	131,146	-	-	-	131,146	-	131,146	131,146	-
Electric Vehicle Infrastructure 2017	Maintenance	0501	38,500	-	38,500	-	-	-	-	-	-
High Capacity Transit (HCT) Feasibility Study	Planning & CDev	0481	1,333,651	-	399,281	-	934,370	-	934,370	934,370	-
Hoist Replacement 2017	Maintenance	0488	591,177	-	344,600	-	246,577	-	246,577	246,577	-
Radio Shop Equip 2015	Maintenance	0465	235,611	56,452	179,159	-	-	-	-	-	-
Support Fleet Replacement 2016	Maintenance	0474	391,714	247,521	144,193	-	-	-	-	-	-
Support Vehicle Expansion 2017	Maintenance	0495	156,716	-	84,552	-	72,164	-	72,164	72,164	-
Support Vehicle Replacement 2017	Maintenance	0500	449,564	-	429,564	-	20,000	-	20,000	20,000	-
Trash Compactor Repl 2017	Maintenance	0493	43,290	-	43,290	-	-	-	-	-	-
Bldg 1 Boiler Repl 2018	Facilities	new	48,350	-	-	-	-	48,350	48,350	48,350	-
Bldg 1 Brake Dyno Roller Tester 2018	Facilities	new	164,850	-	-	-	-	164,850	164,850	164,850	-
Bldg 2 HVAC Unit Repl 2018	Facilities	new	27,500	-	-	-	-	27,500	27,500	27,500	-
Bus Vacuum Sys Repl 2018	Maintenance	new	310,000	-	-	-	-	310,000	310,000	310,000	-
Logo Refresh 2018	Planning & CDev	new	90,452	-	-	-	-	90,452	90,452	90,452	-
Marketing Printer & Plotter Repl 2018	Administration	new	83,308	-	-	-	-	83,308	83,308	83,308	-
Support Vehicle Repl 2018	Maintenance	new	511,687	-	-	-	-	511,687	511,687	511,687	-
Subtotal Other Capital Projects			5,700,490	740,480	2,188,202	32,785	1,502,876	1,236,147	2,739,023	2,739,023	-



2018 CAPITAL BUDGET

			Multi-Year Budget Data				2018 Annual Project Budget Data			Funding of 2018 Project Amount	
				Prior Year Expenditures (through 12/31/16)	ESTIMATED 2017 Expenditures	Closeout - Amount Returned to Reserves	Project Carryover from 2017 into 2018	New 2018 Project Allocation Amount	2018 Annual Capital Budget	Local (Pierce Transit) Funded	Estimated Grant Funding
Project Title	Division	Project Number	Total Project Budget								
Passenger Facilities Projects											
72nd Street Transit Center Renewal	Planning & CDev	0483	1,000,000	8,805	290,986	-	700,209	-	700,209	700,209	-
Air Spare/TDS Transit Oriented Development	Planning & CDev	0450	95,500	16,190	5,000	-	74,310	-	74,310	74,310	-
Commerce Placemaking	Planning & CDev	0487	250,000	-	184,000	-	66,000	-	66,000	66,000	-
Commerce Tunnel Refurbishment	Facilities	0524	1,285,000	-	137,500	-	137,500	1,010,000	1,147,500	1,147,500	-
Facilities Critical Repairs	Planning & CDev	0418	757,051	41,960	13,004	-	702,087	-	702,087	702,087	-
Lakewood Towne Center Transit Center Renewal	Planning & CDev	0502	500,000	-	75,000	-	425,000	-	425,000	425,000	-
Narrows Park & Ride Renewal	Planning & CDev	0503	500,000	-	75,000	-	425,000	-	425,000	425,000	-
SR512 Transit Center Renewal	Planning & CDev	0486	1,000,000	14,071	213,992	-	771,937	-	771,937	771,937	-
Tacoma Mall Transit Center Renewal	Planning & CDev	0485	1,300,000	8,488	189,392	-	1,102,120	-	1,102,120	1,102,120	-
TCC Transit Center Renewal	Planning & CDev	0484	1,500,000	9,697	270,302	-	1,220,001	-	1,220,001	1,220,001	-
TDS G Street Expansion Zone	Planning & CDev	0390	744,024	581,142	162,882	-	-	-	-	-	-
TDS Mid-Life Maintenance	Planning & CDev	0315	4,371,045	366,701	315,017	-	3,689,327	-	3,689,327	1,477,915	2,211,412
Subtotal Passenger Facilities Projects			13,302,620	1,047,054	1,932,075	-	9,313,491	1,010,000	10,323,491	8,112,079	2,211,412
Revenue Vehicles Projects											
Bus Fleet Expansion 2016	Maintenance	0480	4,467,631	-	4,467,631	-	-	-	-	-	-
Bus Fleet Replacement 2015	Maintenance	0460	1,037,875	851,361	186,514	-	-	-	-	-	-
Bus Fleet Replacement 2017	Maintenance	0505	15,946,131	-	6,000	-	15,940,131	-	15,940,131	8,805,463	7,134,668
Electric Bus Deployment 2017	Maintenance	0507	4,284,364	-	154,854	-	4,129,510	-	4,129,510	1,578,722	2,550,788
Vanpool Replacement 2017	Maintenance	0506	1,739,292	-	1,709,000	-	30,292	-	30,292	30,292	-
Bus Fleet Repl 2018-2023	Maintenance	new	14,555,661	-	-	-	-	14,555,661	14,555,661	7,459,575	7,096,086
Shuttle Fleet Repl 2018	Maintenance	new	1,900,000				-	1,900,000	1,900,000	1,900,000	-
Trolley Repl 2018	Maintenance	new	939,999				-	939,999	939,999	939,999	-
Vanpool Fleet Repl 2018	Maintenance	new	1,074,095				-	1,074,095	1,074,095	594,720	479,375
Subtotal Revenue Vehicle Projects			45,945,048	851,361	6,523,999	-	20,099,933	18,469,755	38,569,688	21,308,771	17,260,917



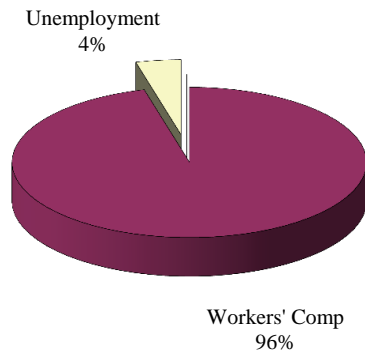
2018 CAPITAL BUDGET

			Multi-Year Budget Data				2018 Annual Project Budget Data			Funding of 2018 Project Amount	
				Prior Year		Closeout -		New 2018 Project			
Project Title	Division	Project Number	Total Project Budget	Expenditures (through 12/31/16)	ESTIMATED 2017 Expenditures	Amount Returned to Reserves	Carryover from 2017 into 2018	Allocation Amount	2018 Annual Capital Budget	Local (Pierce Transit) Funded	Estimated Grant Funding
Technology Projects											
AV System Replacement - Bldg. 5	Administration	0410	546,452	414,918	131,534	-	-	-	-	-	-
CAD AVL GPS Repeater 450 MHz Data Radio	Maintenance	0430	3,612,319	2,289,351	1,322,968	-	-	-	-	-	-
Cameras on Buses	Administration	0416	2,347,811	2,179,090	48,470	-	120,251	-	120,251	120,251	-
Collision Avoidance System	Maintenance	0518	2,800,000	-	10,000	-	2,490,000	300,000	2,790,000	925,106	1,864,894
Financial Mgmt. Sys Repl. 2015	Administration	0445	1,551,957	-	322,717	-	1,229,240	-	1,229,240	1,229,240	-
Hastus Upgrade 2017	Administration	0510	961,975	-	232,466	-	729,509	-	729,509	729,509	-
Highline (SaaS) Upgrade 2017	Administration	0511	29,700	-	29,700	-	-	-	-	-	-
Network Infrastructure Repl 2017	Administration	0508	990,070	-	990,070	-	-	-	-	-	-
ngORCA	Planning & CDev	0482	6,154,834	-	-	-	5,654,834	500,000	6,154,834	6,154,834	-
Radio Site Fixed Video	Maintenance	0477	443,965	88,614	355,351	-	-	-	-	-	-
Radio Subscriber Repl2014	Maintenance	0429	2,105,985	1,856,252	249,733	-	-	-	-	-	-
RSM Ridecheck Software 2015	Planning & CDev	0451	184,835	84,873	99,962	-	-	-	-	-	-
SharePoint Upgrade 2017	Administration	0517	430,734	-	100,000	-	330,734	-	330,734	330,734	-
Shuttle IVR 2017	Administration	0512	110,000	-	85,000	-	25,000	-	25,000	25,000	-
Shuttle MDT Replacement 2017	Administration	0516	303,197	-	303,197	-	-	-	-	-	-
Threat and Vulnerability Software 2017	Administration	0509	145,000	-	145,000	-	-	-	-	-	-
Vanpool Management System 2017	Administration	0514	120,000	-	120,000	-	-	-	-	-	-
App Based On Demand Svc 2018	Administration	new	11,678	-	-	-	-	11,678	11,678	11,678	-
Automated Tool Control Sys 2018	Maintenance	new	152,100	-	-	-	-	152,100	152,100	152,100	-
Backup Software Repl 2018	Administration	new	85,000	-	-	-	-	85,000	85,000	85,000	-
Bus Trax Training Simulator Sys 2018	Administration	new	400,000	-	-	-	-	400,000	400,000	400,000	-
Customer Service Mgmt Sys Repl 2018	Administration	new	139,140	-	-	-	-	139,140	139,140	139,140	-
Drive Cam Program 2018	Service Delivery & S	new	480,000	-	-	-	-	480,000	480,000	336,000	144,000
Facilities Work Order Mgmt Sys Repl 2018	Administration	new	125,000	-	-	-	-	125,000	125,000	125,000	-
Indian Hill Site Refurbishment & Generator Install 2018	Maintenance	new	379,500	-	-	-	-	379,500	379,500	379,500	-
Network Infrastructure 2018 - 2023	Administration	new	564,886	-	-	-	-	564,886	564,886	564,886	-
Priviledged Access Software 2018	Administration	new	95,000	-	-	-	-	95,000	95,000	95,000	-
Real-Time Information Signs 2018	Administration	new	180,000	-	-	-	-	180,000	180,000	180,000	-
Security Enhancements LifeCycle Repl 2018	Service Delivery & S	new	715,584	-	-	-	-	715,584	715,584	715,584	-
Storage Area Network 2018-2023	Administration	new	274,750	-	-	-	-	274,750	274,750	274,750	-
TDS Distributed Antenna Sys for PT PublicSafety 2018	Maintenance	new	312,500	-	-	-	-	312,500	312,500	312,500	-
TRAX Upgrade of ARC-GIS 2018	Administration	new	170,087	-	-	-	-	170,087	170,087	170,087	-
Subtotal Technology Projects			26,924,059	6,913,098	4,546,168	-	10,579,568	4,885,225	15,464,793	13,455,899	2,008,894
Grand Total			\$ 118,226,911	\$ 11,712,028	\$ 18,917,512	\$ 1,343,285	\$ 44,558,206	\$ 41,695,880	\$ 86,254,086	\$ 55,798,990	\$ 30,455,096



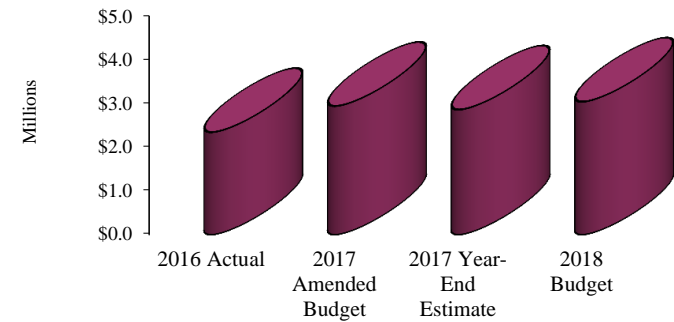
2018 BUDGET INSURANCE EXPENDITURE COMPARISON

Insurance Expenditure Comparison



Description	2016 YEAR-END ACTUALS	2017 AMENDED BUDGET	2017 YEAR END ESTIMATE	2018 BUDGET	% Change 2017 Year-End Estimate to 2018 Budget
Workers' Comp. Insurance	\$ 2,311,452	\$ 2,815,000	\$ 2,818,413	\$ 2,915,000	3.4%
Unemployment Insurance	30,013	125,000	40,000	125,000	212.5%
TOTAL INSURANCE	<u>\$ 2,341,465</u>	<u>\$ 2,940,000</u>	<u>\$ 2,858,413</u>	<u>\$ 3,040,000</u>	<u>6.4%</u>

Expenditure Summary







This section includes the Six-Year Financial Plan Revenues & Expenditures, Ending Balances, and the 2018-2023 Six-Year Capital Plan.

A Six-Year Financial Plan is prepared to ensure fiscal sustainability over time.

2018 Preliminary Budget

Six-Year Financial Plan

PIERCE TRANSIT
2018-2023 Six-Year Financial Plan
Revenues & Expenditures

(Millions)	2017 YE Est	2018 Budget	2019	2020	2021	2022	2023
OPERATING							
Revenue							
Operating Income							
Passenger Fares (Fare Revenue)	\$12.536021	\$12.766221	\$14.060002	\$14.197968	\$15.493383	\$15.622618	\$16.975764
Advertising (contract)	0.526000	0.300000	0.300000	0.300000	0.300000	0.300000	0.300000
Sound Transit Reimbursement (ST)							
ST Express	42.012197	43.252888	47.687475	50.330741	53.087194	55.899990	58.975403
ST Tacoma Dome Station	0.783459	0.889499	0.800000	0.816000	0.832320	0.848966	0.865946
Special Service	0.200000	0.200000	0.200000	0.204000	0.208080	0.212242	0.216486
Other ST	0.000000	0.000000	2.000000	2.000000	2.000000	2.000000	2.000000
Operating Income	56.057677	57.408608	65.047477	67.848710	71.920977	74.883815	79.333599
Non-Operating Income							
Sales Tax	82.095585	87.021320	91.807493	96.856905	102.184034	107.804156	113.733385
Interest	0.505000	0.525000	0.527625	0.530263	0.532914	0.535579	0.538257
Other Miscellaneous	0.902000	1.654000	1.554000	1.554000	1.554000	1.554000	1.554000
Non-Operating Income	83.502585	89.200320	93.889118	98.941168	104.270949	109.893735	115.825642
Operating Contributions							
CTR/Vanpool Assistance	0.116219	0.131219	0.064000	0.064000	0.064000	0.064000	0.064000
Special Needs Transportation Grant	1.554016	1.900000	1.900000	1.900000	1.900000	1.900000	0.950000
Operating Grants - Other	2.196371	3.684128	1.003294	0.500000	0.500000	0.500000	0.500000
Operating Contributions	3.866606	5.715347	2.967294	2.464000	2.464000	2.464000	1.514000
Total Operating Revenue	\$143.426868	\$152.324275	\$161.903889	\$169.253877	\$178.655926	\$187.241551	\$196.673241
Expenditures							
Operating Expenditures							
Wages	\$63.746431	\$68.766395	\$71.998416	\$75.570625	\$79.020505	\$82.786552	\$86.733688
Benefits	28.424071	27.277114	29.995640	32.330783	34.627971	36.943849	39.650008
M & O	24.332079	26.131000	26.175487	26.702946	28.636555	27.811139	28.369269
Fuel	6.276677	6.101649	6.194137	6.293428	6.384256	6.482177	6.582056
Parts	6.672722	7.282543	7.422526	7.578806	7.722396	7.876844	8.034381
Purchased Trans.	8.279046	8.349001	8.535021	8.726743	8.924343	9.128002	9.337908
Bridge Tolls	0.211400	0.186800	0.186800	0.190536	0.194347	0.198234	0.202198
Total Operating Expenditures (w/out Debt, Depreciation, and NonDepartmental)	137.942426	144.094502	150.508027	157.393866	165.510373	171.226797	178.909509
Non-Operating Expenditures							
Long-Term Debt (no debt hide row)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Bonds Debt (no bonds hide row)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Payments to Pierce Co for 5307 Agreement	0.317097	2.056129	0.780000	0.780000	0.780000	0.780000	0.780000
Non-Operating Expenditures	0.317097	2.056129	0.780000	0.780000	0.780000	0.780000	0.780000
Total Operating Expenditures	\$138.259523	\$146.150631	\$151.288027	\$158.173866	\$166.290373	\$172.006797	\$179.689509

PIERCE TRANSIT
2018-2023 Six-Year Financial Plan
Revenues & Expenditures

(Millions)	2017 YE Est	2018 Budget	2019	2020	2021	2022	2023
Total Operating Revenue Less Total Operating Expenditures	\$5.167345	\$6.173644	\$10.615862	\$11.080011	\$12.365552	\$15.234754	\$16.983732
Transfers							
Capital Reserve	\$39.069877	\$15.128995	\$18.778504	\$6.919930	\$7.524552	\$11.128870	\$12.007347
Insurance	3.716237	2.433505	3.121200	3.215136	3.311890	3.411547	3.514193
Transfers	42.786114	17.562500	21.899704	10.135066	10.836442	14.540417	15.521540
Total Expenditures and Transfers	\$181.045637	\$163.713131	\$173.187731	\$168.308932	\$177.126815	\$186.547214	\$195.211049

Change in Reserves	-\$37.618769	-\$11.388856	-\$11.283842	\$0.944945	\$1.529110	\$0.694337	\$1.462192
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CAPITAL

Revenue							
Federal	\$0.000000	\$21.519187	\$6.739286	\$5.299286	\$5.299286	\$5.299286	\$5.299286
State	0.000000	0.479375	3.459625	2.500000	9.800000	0.000000	0.000000
Other	3.156667	8.456534	21.458140	29.273337	79.649038	123.800000	0.156596
Transfer from Operating Fund	39.069877	15.128995	18.778504	6.919930	7.524552	11.128870	12.007347
Interest	0.315000	0.310000	0.090000	0.090000	0.090000	0.106380	0.073538
Proceeds from Bond Debt	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Total Capital Revenues	\$42.541544	\$45.894091	\$50.525555	\$44.082553	\$102.362876	\$140.334536	\$17.536767

Expenditures							
Revenue Vehicles	\$6.523999	\$38.569688	\$16.411244	\$19.231806	\$18.093396	\$20.798066	\$15.303689
Base Facilities	3.727068	19.157091	2.653655	6.267552	0.000000	0.000000	0.340426
Passenger Facilities & Amenities	1.932075	10.323491	7.730000	3.612500	20.987000	0.000000	0.000000
Technology	4.546168	15.464793	5.541161	2.269514	11.236882	0.692470	1.519917
Other	2.188202	2.739023	18.189495	12.701181	52.045598	118.844000	0.372735
Total Capital Expenditures	\$18.917512	\$86.254086	\$50.525555	\$44.082553	\$102.362876	\$140.334536	\$17.536767

Use of Reserve	23.624032	-40.359995	0.000000	0.000000	0.000000	0.000000	0.000000
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INSURANCE

Revenue							
Interest	\$0.022140	\$0.022500	\$0.010000	\$0.010000	\$0.010000	\$0.010000	\$0.010000
Transfer	3.716237	2.433505	3.121200	3.215136	3.311890	3.411547	3.514193
Total Insurance Revenue & Transfer	\$3.738377	\$2.456005	\$3.131200	\$3.225136	\$3.321890	\$3.421547	\$3.524193

Expenditures							
Insurance Expenditures	\$2.858413	\$3.040000	\$3.131200	\$3.225136	\$3.321890	\$3.421547	\$3.524193
Use of Reserve	\$0.879964	-\$0.583995	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000

PIERCE TRANSIT
2018-2023 Six-Year Financial Plan
Ending Balances

(Millions)	2017 YE Est	2018 Budget	2019	2020	2021	2022	2023
OPERATING							
Beginning Balance	\$85.660874	\$48.042105	\$36.653249	\$25.369407	\$26.314352	\$27.843462	\$28.537799
Revenue	143.426868	152.324275	161.903889	169.253877	178.655926	187.241551	196.673241
Total	\$229.087742	\$200.366380	\$198.557138	\$194.623284	\$204.970278	\$215.085013	\$225.211040
Expenditures	\$138.259523	\$146.150631	\$151.288027	\$158.173866	\$166.290373	\$172.006797	\$179.689509
Transfers from Operating	42.786114	17.562500	21.899704	10.135066	10.836442	14.540417	15.521540
Total	\$181.045637	\$163.713131	\$173.187731	\$168.308932	\$177.126815	\$186.547214	\$195.211049
Operating Ending Balance	\$48.042105	\$36.653249	\$25.369407	\$26.314352	\$27.843462	\$28.537799	\$29.999992
Required Margin	22.990404	24.015750	25.084671	26.232311	27.585062	28.537799	29.818251
Margin / (Deficit)	25.051701	12.637499	0.284736	0.082041	0.258400	0.000000	0.181740
CAPITAL							
Beginning Balance	\$34.735963	\$58.359995	\$18.000000	\$18.000000	\$18.000000	\$18.000000	\$18.000000
Revenues	42.541544	45.894091	50.525555	44.082553	102.362876	140.334536	17.536767
Total	\$77.277507	\$104.254086	\$68.525555	\$62.082553	\$120.362876	\$158.334536	\$35.536767
Expenditures	\$18.917512	\$86.254086	\$50.525555	\$44.082553	\$102.362876	\$140.334536	\$17.536767
Capital Ending Balance	\$58.359995	\$18.000000	\$18.000000	\$18.000000	\$18.000000	\$18.000000	\$18.000000
Required Margin \$18 M	18.000000	18.000000	18.000000	18.000000	18.000000	18.000000	18.000000
Margin / (Deficit)	40.359995	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
INSURANCE							
Beginning Balance	\$1.704031	\$2.583995	\$2.000000	\$2.000000	\$2.000000	\$2.000000	\$2.000000
Interest	0.022140	0.022500	0.010000	0.010000	0.010000	0.010000	0.010000
Transfer	3.716237	2.433505	3.121200	3.215136	3.311890	3.411547	3.514193
Total	\$5.442408	\$5.040000	\$5.131200	\$5.225136	\$5.321890	\$5.421547	\$5.524193
Expenditures	\$2.858413	\$3.040000	\$3.131200	\$3.225136	\$3.321890	\$3.421547	\$3.524193
Insurance Ending Balance	\$2.583995	\$2.000000	\$2.000000	\$2.000000	\$2.000000	\$2.000000	\$2.000000
Required Margin	2.000000	2.000000	2.000000	2.000000	2.000000	2.000000	2.000000
Margin / (Deficit)	0.583995	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Total Ending Balances	\$108.986095	\$56.653249	\$45.369407	\$46.314352	\$47.843462	\$48.537799	\$49.999992
ALL FUNDS							
Required Margin	\$42.990404	\$44.015750	\$45.084671	\$46.232311	\$47.585062	\$48.537799	\$49.818251
Margin/ (Deficit)	\$65.995691	\$12.637499	\$0.284736	\$0.082041	\$0.258400	\$0.000000	\$0.181740



2018 - 2023 Six-Year Capital Plan

Project Title	Division	Project Number	2018 Capital Budget Data			2019-2023 Project Forecast					Total
			2017 Estimated Carryover amount	New 2018 Project Allocation Amount	2018	2019	2020	2021	2022	2023	
1 72nd Street Transit Center Renewal	Planning & CDev	0483	\$ 700,209	\$ -	\$ 700,209	\$ -	\$ -	\$ -	\$ -	\$ -	700,209
2 Air Spare/TDS Transit Oriented Development	Planning & CDev	0450	74,310	-	74,310	-	-	-	-	-	74,310
3 Base Lot Lighting Upgrades	Facilities	0523	149,750	-	149,750	-	-	-	-	-	149,750
4 Base Master Plan Phase 1 Implementation 2017	Planning & CDev	0489	500,000	-	500,000	-	-	-	-	-	500,000
5 Bldg 1 Body Shop Floor Sweeper Repl 2017	Maintenance	0499	11,584	-	11,584	-	-	-	-	-	11,584
6 Bldg 1 Body Shop Frame Rack 2017	Maintenance	0498	75,900	-	75,900	-	-	-	-	-	75,900
7 Bldg 1 Bus Wheel Dollies Repl 2017	Maintenance	0492	11,135	-	11,135	-	-	-	-	-	11,135
8 Bldg 1 Industrial Parts Washer Repl 2017	Maintenance	0497	131,146	-	131,146	-	-	-	-	-	131,146
9 Bldg 6 Property Improvements	Planning & CDev	0522	350,000	-	350,000	-	-	-	-	-	350,000
10 Bldg. 4 Modifications	Planning & CDev	0345	1,695,714	-	1,695,714	-	-	-	-	-	1,695,714
11 Bus Fleet Replacement 2017	Maintenance	0505	15,940,131	-	15,940,131	-	-	-	-	-	15,940,131
12 Cameras on Buses	Administration	0416	120,251	-	120,251	-	-	-	-	-	120,251
13 Collision Avoidance System	Maintenance	0518	2,490,000	300,000	2,790,000	-	-	-	-	-	2,790,000
14 Commerce Placemaking	Planning & CDev	0487	66,000	-	66,000	-	-	-	-	-	66,000
15 Commerce Tunnel Refurbishment	Facilities	0524	137,500	1,010,000	1,147,500	-	-	-	-	-	1,147,500
16 Electric Bus Deployment 2017	Maintenance	0507	4,129,510	-	4,129,510	-	-	-	-	-	4,129,510
17 Emergency Warning System Repl. 2015	Operations	0452	366,874	-	366,874	-	-	-	-	-	366,874
18 Facilities Critical Repairs	Planning & CDev	0418	702,087	-	702,087	-	-	-	-	-	702,087
19 Financial Mgmt. Sys Repl. 2015	Administration	0445	1,229,240	-	1,229,240	-	-	-	-	-	1,229,240
20 Hastus Upgrade 2017	Administration	0510	729,509	-	729,509	-	-	-	-	-	729,509
21 High Capacity Transit (HCT) Feasibility Study	Planning & CDev	0481	934,370	-	934,370	-	-	-	-	-	934,370
22 Hoist Replacement 2017	Maintenance	0488	246,577	-	246,577	-	-	-	-	-	246,577
23 Lakewood Towne Center Transit Center Renewal	Planning & CDev	0502	425,000	-	425,000	-	-	-	-	-	425,000
24 Narrows Park & Ride Renewal	Planning & CDev	0503	425,000	-	425,000	-	-	-	-	-	425,000
25 ngORCA	Planning & CDev	0482	5,654,834	500,000	6,154,834	-	-	-	-	-	6,154,834
26 SharePoint Upgrade 2017	Administration	0517	330,734	-	330,734	-	-	-	-	-	330,734
27 Shuttle IVR 2017	Administration	0512	25,000	-	25,000	-	-	-	-	-	25,000
28 SR512 Transit Center Renewal	Planning & CDev	0486	771,937	-	771,937	-	-	-	-	-	771,937
29 Support Vehicle Expansion 2017	Maintenance	0495	72,164	-	72,164	-	-	-	-	-	72,164
30 Support Vehicle Replacement 2017	Maintenance	0500	20,000	-	20,000	-	-	-	-	-	20,000
31 Tacoma Mall Transit Center Renewal	Planning & CDev	0485	1,102,120	-	1,102,120	-	-	-	-	-	1,102,120
32 TCC Transit Center Renewal	Planning & CDev	0484	1,220,001	-	1,220,001	-	-	-	-	-	1,220,001
33 TDS Mid-Life Maintenance	Planning & CDev	0315	3,689,327	-	3,689,327	-	-	-	-	-	3,689,327
34 Vanpool Replacement 2017	Maintenance	0506	30,292	-	30,292	-	-	-	-	-	30,292
Subtotal Existing Projects with Carryover Budget to 2018			44,558,206	1,810,000	46,368,206	-	-	-	-	-	46,368,206



2018 - 2023 Six-Year Capital Plan

Project Title	Division	Project Number	2018 Capital Budget Data			2019-2023 Project Forecast					Total
			2017 Estimated Carryover amount	New 2018 Project Allocation Amount	2018	2019	2020	2021	2022	2023	
35 ADA Assessment Facility 2018	Facilities	new	-	141,069	141,069	-	-	-	-	-	141,069
36 App Based On Demand Svc 2018	Administration	new	-	11,678	11,678	-	-	-	-	-	11,678
37 Automated Tool Control Sys 2018	Maintenance	new	-	152,100	152,100	-	-	-	-	-	152,100
38 Backup Software Repl 2018	Administration	new	-	85,000	85,000	-	-	-	-	-	85,000
39 Base Master Plan Implementation	Planning & CDev	new	-	15,870,084	15,870,084	1,410,603	5,992,552	-	-	340,426	23,613,665
40 Bldg 1 Boiler Repl 2018	Facilities	new	-	48,350	48,350	-	-	-	-	-	48,350
41 Bldg 1 Brake Dyno Roller Tester 2018	Facilities	new	-	164,850	164,850	-	-	-	-	-	164,850
42 Bldg 1 Skylight Repl 2018 (2019)	Facilities	new	-	83,600	83,600	-	-	-	-	-	83,600
43 Bldg 2 HVAC Unit Repl 2018	Facilities	new	-	27,500	27,500	-	-	-	-	-	27,500
44 Bus Driving Training Simulator Sys 2018	Administration	new	-	400,000	400,000	-	-	-	-	-	400,000
45 Bus Fleet Repl 2018-2023	Maintenance	new	-	14,555,661	14,555,661	15,283,444	16,047,616	16,849,997	17,692,497	13,932,841	94,362,056
46 Bus Vacuum Sys Repl 2018	Maintenance	new	-	310,000	310,000	-	-	-	-	-	310,000
47 Customer Service Mgmt Sys Repl 2018	Administration	new	-	139,140	139,140	-	-	-	-	-	139,140
48 Drive Cam Program 2018	Service Delivery & S	new	-	480,000	480,000	-	-	-	-	-	480,000
49 Facilities Work Order Mgmt Sys Repl 2018	Administration	new	-	125,000	125,000	-	-	-	-	-	125,000
50 Indian Hill Site Refurbishment & Generator Install 2018	Maintenance	new	-	379,500	379,500	-	-	-	-	-	379,500
51 Logo Refresh 2018	Planning & CDev	new	-	90,452	90,452	-	-	-	-	-	90,452
52 Marketing Printer & Plotter Repl 2018	Administration	new	-	83,308	83,308	-	-	-	-	106,325	189,633
53 Network Infrastructure 2018 - 2023	Administration	new	-	564,886	564,886	1,433,228	840,735	950,635	252,770	1,190,217	5,232,471
54 Privileged Access Software 2018	Administration	new	-	95,000	95,000	-	-	-	-	-	95,000
55 Real-Time Information Signs 2018	Administration	new	-	180,000	180,000	-	-	-	-	-	180,000
56 Security Enhancements LifeCycle Repl 2018	Service Delivery & S	new	-	715,584	715,584	477,573	-	-	-	-	1,193,157
57 Shuttle Fleet Repl 2018	Maintenance	new	-	1,900,000	1,900,000	-	2,000,000	-	1,800,000	-	5,700,000
58 Storage Area Network 2018-2023	Administration	new	-	274,750	274,750	329,700	329,700	329,700	329,700	329,700	1,923,250
59 Support Vehicle Repl 2018 (4 vehicles in 2018)	Maintenance	new	-	511,687	511,687	536,115	441,181	224,598	44,000	266,410	2,023,991
60 TDS Distributed Antenna Sys for PT PublicSafety 2018	Maintenance	new	-	312,500	312,500	-	-	-	-	-	312,500
61 TRAX Upgrade of ARC-GIS 2018	Administration	new	-	170,087	170,087	-	-	-	-	-	170,087
62 Trolley Repl 2018	Maintenance	new	-	939,999	939,999	-	-	-	-	-	939,999
63 Vanpool Fleet Repl 2018	Maintenance	new	-	1,074,095	1,074,095	1,127,800	1,184,190	1,243,399	1,305,569	1,370,848	7,305,901
Subtotal New 2018 Projects			-	39,885,880	39,885,880	20,598,463	26,835,974	19,598,329	21,424,536	17,536,767	145,879,949



2018 - 2023 Six-Year Capital Plan

Project Title	Division	Project Number	2018 Capital Budget Data			2019-2023 Project Forecast					Total
			2017 Estimated Carryover amount	New 2018 Project Allocation Amount	2018	2019	2020	2021	2022	2023	
64 Agency Plotter Replacement 2019	Planning & CDev	outyear	-	-	-	21,780	-	-	-	-	21,780
65 Bldg 1 Exterior Bus Bay Door Replacement 2019	Maintenance	outyear	-	-	-	516,000	-	-	-	-	516,000
66 Bldg 1 Exterior CMU and Paint Renewal 2019	Maintenance	outyear	-	-	-	502,600	-	-	-	-	502,600
67 Bldg 1 Roof Repair and Preservation 2019	Maintenance	outyear	-	-	-	224,452	-	-	-	-	224,452
68 Bldg 1 Vinyl Cutter Replacement 2019	Maintenance	outyear	-	-	-	6,600	-	-	-	-	6,600
69 Bldg 5 Refurbishment 2020	Maintenance	outyear	-	-	-	-	275,000	-	-	-	275,000
70 CAD-AVL Replacement 2021	Administration	outyear	-	-	-	-	-	8,000,000	-	-	8,000,000
71 Commerce Placemaking 2019	Planning & CDev	outyear	-	-	-	110,000	2,750,000	-	-	-	2,860,000
72 Computer Replacement 2021	Administration	outyear	-	-	-	-	-	1,004,000	-	-	1,004,000
73 Document Management System 2019	Administration	outyear	-	-	-	631,581	-	-	-	-	631,581
74 Hastus Upgrade 2020 and 2023	Administration	outyear	-	-	-	-	-	-	110,000	-	110,000
75 Kimball Park and Ride Renewal 2019	Planning & CDev	outyear	-	-	-	-	-	-	-	-	-
76 Pac Ave SR7 HCT Implementation 2019 - 2021	Planning & CDev	outyear	-	-	-	15,675,000	9,900,000	51,700,000	118,800,000	-	196,075,000
77 Pac Ave SR7 Parking Structure and Bus Turnaround Facility 2	Planning & CDev	outyear	-	-	-	6,900,000	862,500	20,987,000	-	-	28,749,500
78 Radio Site Security Infrastructure Upgrade 2019	Maintenance	outyear	-	-	-	1,099,079	-	-	-	-	1,099,079
79 Radio Site Security Infrastructure Upgrade 2020	Maintenance	outyear	-	-	-	-	1,099,079	-	-	-	1,099,079
80 Radio Site Security Infrastructure Upgrade 2021	Maintenance	outyear	-	-	-	-	-	952,547	-	-	952,547
81 South Hill Mall Transit Center Renewal 2019	Planning & CDev	outyear	-	-	-	720,000	-	-	-	-	720,000
82 SR7 Corridor Improvements 2019	Planning & CDev	outyear	-	-	-	1,950,000	2,360,000	121,000	-	-	4,431,000
83 Upgrade Replacement of Paratransit Routing System 2018 - m	Administration	outyear	-	-	-	1,570,000	-	-	-	-	1,570,000
Subtotal Outyear Projects			-	-	-	29,927,092	17,246,579	82,764,547	118,910,000	-	248,848,218
Grand Total			\$ 44,558,206	\$ 41,695,880	\$ 86,254,086	\$ 50,525,555	\$ 44,082,553	\$ 102,362,876	\$ 140,334,536	\$ 17,536,767	\$ 441,096,373

Grant funding is associated with the project.



*This section includes the
Acronym List
and
Budget Glossary.*

2018 Preliminary Budget

Appendix



2018 BUDGET ACRONYM LIST

Acronyms are words formed from the initial letters of other words most commonly used in the context of the budget.

ADA – American Disabilities Act
APTA – American Public Transportation Association
AWC – Association of Washington Cities
BMP – Base Master Plan
CAFR – Comprehensive Annual Financial Report
CNG – Compressed Natural Gas
CTR – Commute Trip Reduction
DOT – Department of Transportation
FTA – Federal Transit Administration
FY – Fiscal Year
GFOA – Government Finance Officers Association
M&O – Maintenance and Operations
ORCA – One Regional Card for All
PERS – Public Employees Retirement System
PT – Pierce Transit
PTBA – Public Transportation Benefit Area
SHUTTLE – Specialized Transportation
ST – Sound Transit
SUV – Special Use Van
TDS – Tacoma Dome Station
USDOT – United States Department of Transportation
VP – Vanpool
WSDOT – Washington State Department of Transportation
YE – Year End



2018 BUDGET GLOSSARY

Accounting System – Pierce Transit is a single enterprise that uses the accrual method of accounting. Under this method of accounting, revenues are recorded when earned and expenses are recorded as soon as they result in liabilities for benefits received.

Accrual Accounting – A basis of accounting in which revenues and expenses are allocated to the year in which they are incurred, as opposed to when cash is actually received or spent.

Accrual Basis – The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

ADA Americans With Disabilities Act – Federal legislation mandating specific requirements for vehicles and facilities to accommodate the disabled.

Agency – As a government agency, Pierce Transit is often referred to as “the Agency” in this document and in other Pierce Transit publications.

Annual Ridership – The total number of passenger boardings on fixed route, SHUTTLE, or vanpool in a year.

Annual Service Hours – The number of hours of service provided during one year.

Appropriation – A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

APTA – American Public Transportation Association. National, nonprofit trade association representing the public transit industry.

Basis of Accounting – The term that describes the criteria governing the timing of the recognition of transactions and events.

Beginning Reserve Balance – The fund balance as of January 1 that includes designated and undesignated amounts.



2018 BUDGET GLOSSARY

Boardings – Passengers are counted each time they board revenue vehicles no matter how many vehicles they use to travel from their origin to their destination. The official name of this statistic in National Transit Database (NTD) terms is “unlinked passenger trip.”

Bond – Long-term debt issued by an agency to help finance new acquisitions of property, facilities and equipment.

Budget – A financial plan to allocate financial resources to personnel, equipment, and facilities to deliver transit services to the public. It serves four main purposes: a policy statement, an operation guide, a financial plan, and a communication device.

Budget Amendment – A budget amendment is a formal action of the Board of Commissioners. An amendment is required in accordance with the Agency budget procedures.

Budget Revision – A budget revision is a record of change to the budget. A completed budget revision form is required for a revision.

Capital Budget – The Capital Budget is a portion of the annual budget that appropriates funds for the purchase of capital items. It includes funds for capital purchases such as vehicles, construction of new facilities, maintenance machinery, and off-site improvements. In addition, payroll costs and supplies may be capitalized if they are a portion of a project greater than \$5,000. These items are distinguished from operating items due to their value (greater than \$5,000) and projected useful life (greater than one year). Effective 2002.

Capital Fund Account – An account used to segregate a portion of the Agency's equity to be used for future capital program expenditures. The amount of the capital account is roughly equal to the Agency's annual equipment depreciation and an amount identified as being needed for future capital acquisition.

Capital Reserve – Reserves established to meet expenditure requirements for capital programmed in the Six-Year Financial Plan – a minimum amount equal to ten percent of the six-year average annual capital expenditures and fifty percent of the average annual grant funding programmed in the Six-Year Financial Plan.



2018 BUDGET GLOSSARY

Congestion Mitigation & Air Quality Program (CMAQ) – A federal program that funds transportation projects that will contribute to meeting the attainment of national ambient air quality standards.

Cost per Passenger – The cost of carrying each passenger. This is determined by dividing the total cost of carrying all passengers by the total number of passenger trips.

Cost per Vehicle Mile – The cost of traveling one mile. This is determined by dividing the total cost of providing service by the total number of miles traveled.

Deadhead Time – The number of hours a bus is traveling while not in revenue service. Includes travel between the garage and the beginning/end of a route or travel between two routes when the vehicle is not actually in service.

Debt – The amount of money required to pay interest and principal on the Agency's borrowed funds.

Debt Service – The annual debt service requirements and future debt service schedule associated with the bonds currently outstanding as determined by the debt policy. Debt service includes the principal and interest payment obligations for the defined periods.

Department – An sub-organizational unit of a Division responsible for achievement of specific Agency objectives such as service support, facilities management, and procurement.

Division – An organizational unit of the Agency responsible for carrying out Agency functions such as Operations and Finance.

DOT – See USDOT and WSDOT

Dwell Time – The scheduled time a vehicle is allowed to discharge and take on passengers at a stop, including opening and closing doors.

Encumbrances – A classification of expenditures committed for goods or services for which payments have not been made.



2018 BUDGET GLOSSARY

Ending Reserve Balance – The fund balance as of December 31 that includes designated and undesignated amounts.

Enterprise Fund – An enterprise fund is a type of proprietary fund used to account for a government's business-type activities. An enterprise fund may be used to report any activity for which a fee is charged to external users for goods or services. Enterprise funds are commonly used by transit districts to focus attention on the cost of providing services, and they serve to highlight the portion of that cost being borne by taxpayers.

Expenditures – Decrease in net current assets. Expenditures include debt service, capital outlays, and those current operating costs that require the use of current assets.

Expenses – Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

Express – A segment of fixed route service that operates between major commuting centers without intermediate stops. This service is designed to be faster and more direct than local fixed route service. Express service is made up of Sound Transit service and other express services.

Farebox Recovery Ratio – The amount of total fares collected divided by total costs. This ratio indicates how much the passenger provides toward the total cost of service.

Fiscal Year – The fiscal year for Pierce Transit is the calendar year January 1 through December 31.

Fixed Guideway (fg) – A Public transportation facility using and occupying: a separate right-of-way (ROW) or rail for the exclusive use of Public Transportation; or a fixed catenary system usable by other forms of transportation.

Fixed Route – Bus operations that adhere to a published schedule on specific routes.

Full-time Equivalents (FTEs) – A unit used for measuring personnel according to the percentage of hours worked annually, based on a 40-hour workweek / 52 weeks / 2080 hours.



2018 BUDGET GLOSSARY

Fund – A fiscal or accounting entity with a self-balancing set of accounts. A fund is established for the purpose of carrying on specific activities in accordance with specific limitations.

Fund Balance – Fund balance is the difference between assets and liabilities. The fund balance consists of required reserves set by the Board of Commissioners policy and unreserved amounts.

Grants – A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital depending on the purpose of the grant.

Grow America Act – Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America is the proposed multi-year surface transportation reauthorization proposal in 2014.

Insurance Fund Account – This account reflects the Agency's self-insured risk management programs: workers' compensation, and unemployment benefits. Operating funds pay an appropriate premium into this fund, which then pays valid claims. Dedicated cash funds to cover potential claims have been accumulated and are maintained in this account. These funds are restricted in their use.

Insurance Reserve – Reserves set at a level to adequately protect the Agency from self-insurance risks. The risks and reserve levels will be evaluated annually.

JARC – Job Access and Reverse Commute program. A grant funding support van services for Temporary Aid to Needy Families (TANF) and Welfare to Work recipients to transport eligible individuals with low income to and from jobs and activities related to their employment.

Layover Time – The time a bus is not in service between two scheduled trips.

Local Service – Fixed route bus service which travels within the local service area and makes regular and frequent stops. Pierce Transit's local service extends north to the Federal Way Transit Center in south King County, south to Spanaway, west to University Place and Steilacoom, and east to Puyallup.



2018 BUDGET GLOSSARY

Maintenance and Operation Expenditures (M&O) – This term refers to expenditures paid to obtain goods or services; including such items as services, supplies, fuel, utilities, insurance, etc. This category does not include personnel or capital expenditures.

MAP-21 Moving Ahead for Progress in the 21st Century Act (P.L. 112-141) – Federal legislation funding surface transportation programs through the Federal Transit Administration for fiscal years 2013 and 2014. It replaces *SAFETEA-LU*.

Mission Statement – This statement defines the purpose of Pierce Transit, thus providing long-term guidance to the Agency. This Mission Statement is the basis of the Agency's strategy priorities, annual goals, and objectives.

Modified Accrual Basis of Accounting – This method recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash. Non-revenues and expenditures, including capital grant receipts, and capital acquisitions are budgeted on an accrual basis. Debt service principal is budgeted on a cash basis.

Net Cost per Passenger – A measure of the cost-effectiveness of a transit system. This is determined by subtracting total fare revenue from the total cost of providing service, divided by the number of passenger trips.

One Regional Card for All (ORCA) – The seamless fare system for the region's customers. It enables agencies to offer transit fare options, reduce media confusion, and improve interagency fare revenue reconciliation through an apportionment process. Regional fares are shared by the participating agencies which include Community Transit, Everett Transit, Kitsap Transit, King County Metro, Pierce Transit, Sound Transit, and Washington State Ferries.

Operating Budget – A plan of expenditures and proposed sources of financing current service. The operating budget does not include capital funds. The principle sources of revenue are operating income, sales tax, investment income and grants. All divisions are financed through this budget.

Operating Expenditures – The outflow of funds paid, or to be paid, for current goods and services.



2018 BUDGET GLOSSARY

Operating Reserve – Reserves maintained to provide a sufficient working capital and balance to finance cash flow requirements, unanticipated downturns in revenues, and provide funds for emergency expenditures - a minimum of two months of operating expenditures.

Operating Revenue – Funds that the Agency receives as income to pay for ongoing operations. It includes such items as: taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Passengers per Vehicle Hour – The number of passenger trips taken during one hour of service. This is calculated by dividing the total number of service hours by the number of passenger trips.

Performance Indicators – Measures by which Pierce Transit evaluates the effectiveness and efficiency of its operations.

Personnel – This item includes the cost of all salaries, wages, overtime, and benefits associated with the Agency's staff.

Platform Hours – At Pierce Transit, the terms platform hours and service hours are interchangeable (see Service Hours).

Regional Fare Coordination Project (ORCA / Smart Card) - The Regional Fare Coordination (RFC) Contract, Joint Consultant contracts, and the combined Agency activities related to the RFC System. The System, which comprises Community Transit, Everett Transit, Kitsap Transit, King County Metro, Pierce Transit, Sound Transit, and Washington State Ferries, will provide a common, non-cash fare system throughout the Agencies' service areas.

Replacement – Capital items having reached the end of a minimum normal service life.

Required Reserve – The amount approved by the Board of Commissioner for the account groups operating, capital, and insurance account groups needed to mitigate current and future risks.



2018 BUDGET GLOSSARY

Reserve – An account used to segregate a portion of fund balance to indicate that it is not available for expenditures; or an account used to segregate a portion of fund equity as legally set aside for a specific future use.

Revenue Hours – A calculation of service based on the number of hours a vehicle is in service providing passenger trips (and is potentially collecting fare revenue). Revenue hours do not include deadhead time but do include layover time between trips.

Revenue Miles – A calculation of service based on the number of miles in which a vehicle is in service providing passenger trips (and is potentially collecting fare revenue).

Revenue per Passenger – The amount of revenue received per passenger trip. This is calculated by dividing the total amount of fares collected by the total number of passenger trips.

Revenue Vehicle – Any vehicle which provides service resulting in fare revenue for the Agency.

SAFETEA-LU – Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. Reauthorization of the federal surface transportation program covering the time periods 2005-2009 and extended through 2012.

Sales Tax – Tax on certain forms of consumption levied by the State of Washington within the service district for the Agency in the amount of six-tenths of one percent (0.6 percent) (effective 7/1/02).

Sea-Tac – The general geographic area between Seattle and Tacoma and a city in the same area.

Self-insurance – The items determined to be administered by the Agency rather than covered by an insurance policy. The costs may include workers' compensation, unemployment compensation benefits, related attorney fees and legal costs.

Service Hours – A calculation of service based on the number of hours a vehicle is on the road (includes revenue, recovery and deadhead hours) (also referred to as "Platform Hours").



2018 BUDGET GLOSSARY

Service Miles – A calculation of service based on the number of miles a vehicle is on the road (includes revenue, recovery, and deadhead miles but not training or maintenance road test miles).

SHUTTLE – see Specialized Transportation also known as SHUTTLE.

Single-Enterprise Fund – Pierce Transit is a single-enterprise fund. Within the single fund, there are account groups (operating, capital, and insurance).

Smart Card – see Regional Fare Coordination Project.

Sound Transit – Regional Transit Authority. A cooperative known as “Sound Transit” which includes Pierce, King, and Snohomish counties, established to implement a regional, integrated, transit system throughout the Puget Sound area.

Specialized Transportation – An Agency program whereby transportation services are provided to the area disabled.

Transfers – Amounts transferred from the operating budget to the insurance and capital budgets. These amounts represent the annual contribution to these budgets.

Unreserved Amount – The designated or undesignated fund balance resources available for spending.

USDOT – United States Department of Transportation. The federal agency responsible for overseeing, regulating and providing financial assistance to ensure safe, effective national transportation systems including the Federal Transit Administration.

Vanpool – A group of 5 to 15 people sharing the ride in an 8, 12, or 15-passenger van.

Vehicle Hours – Aggregation of time during which a transit vehicle leaves the operating base, is available for service, and returns to the operating base. Includes layover and deadhead hours.

Working Cash – Excess of readily available assets over current liabilities or cash on hand equivalents that may be used to satisfy cash flow needs.

2018 BUDGET GLOSSARY

WSDOT – Washington State Department of Transportation. The state agency responsible for carrying out state transportation programs including public transportation.



