February 8, 2021, 3:00 p.m.
Board of Commissioners Special Study Session Meeting

Virtual Meeting Participation Information:

Due to the COVID-19 Pandemic and the Governor Proclamation 20-28 that is in effect, a physical meeting location will not be provided for this meeting. The public is welcome to attend the meeting by calling 1-253-215-8782 or 1-669-900-6833 and entering Meeting ID No. 890 1166 1597, or by accessing https://us02web.zoom.us/j/89011661597

The Regular Board Meeting will be held subsequently after this meeting at 4:00 p.m.

Call to Order

Roll Call

CEO’s Comments

Presentation/Discussion

1. 2021 Proposed Budget

Brett Freshwaters
Executive Director of Finance

2. Discussion Pertaining to Selecting or Appointing a Committee to Oversee the Recruitment and Transition Process for Hiring a New Chief Executive Officer

Chair Victoria Woodards

Executive Session

Adjournment

American Disability Act (ADA) accommodations are available with a 72-hour notice. Please contact the Clerk’s office at 253-581-8066 for special accommodations.
Pierce Transit
Lakewood, Washington
2021 Budget

“Connecting You with Life”
Division Strategic Initiatives

Administration
Finance
Maintenance
Planning & Community Development
Service Delivery & Support
Strategic Initiatives
Administration Division Highlights

- Enhance employee development programs
- Enhance Diversity, Equity, and Inclusion and EEO programs
- Increase employee retention rate
- Increase awareness and opportunities for employees to participate in Wellness activities
- Focus on Lean projects to increase efficiency and decrease costs
Strategic Initiatives
Finance Division Highlights

• Provide exemplary internal customer service
• Continue to provide meaningful data and reports in improve informed decisions
• Implement processes that will lead to cost savings/increase efficiencies
• Implement process/programs to improve financial accountability and reduce risk of loss
Strategic Initiatives
Maintenance Division Highlights

• Launch Bus Stop Shelter Refurbishment Program
• Improve bus availability
• Develop quality assurance mindset
• Promote, support and sustain a positive, productive work environment
Strategic Initiatives
Planning & Community Development Division Highlights

• Improve perception of Pierce Transit
• Recover ORCA for Business and vanpool accounts
• Advance Stream BRT system
• Implement better customer engagement tools
• Update equity analysis practices
Strategic Initiatives
Service Delivery & Support Division Highlights

• Improve public confidence in the safety of the system
• Increase focus on innovative ways to attract new ridership
• Increase efficiency of service and streamline system (bus stop balancing)
• Improve the safe operations of our services and Agency
• Increase focus on enhancing the customer experience
## Where Our Revenue Comes From

### 2021 Operating Revenue

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$ 95,760,000</td>
</tr>
<tr>
<td>Sound Transit*</td>
<td>$ 50,814,788</td>
</tr>
<tr>
<td>Fares</td>
<td>$ 8,677,844</td>
</tr>
<tr>
<td>Grants</td>
<td>$ 3,110,127</td>
</tr>
<tr>
<td>Other</td>
<td>$ 2,279,288</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>$ 160,642,047</strong></td>
</tr>
</tbody>
</table>

* Sound Transit contracts with Pierce Transit to provide Regional transit service
# Where Our Revenue is Spent

## 2021 Operating Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>$73,573,643</td>
</tr>
<tr>
<td>Benefits</td>
<td>$28,834,826</td>
</tr>
<tr>
<td>Maintenance &amp; Operations</td>
<td>$44,867,386</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$147,275,855</strong></td>
</tr>
<tr>
<td>Non-Operating</td>
<td>$1,143,054</td>
</tr>
<tr>
<td>Transfer to Other Funds</td>
<td>$20,647,692</td>
</tr>
<tr>
<td><em>(self insurance and capital)</em></td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td><strong>$169,066,601</strong></td>
</tr>
</tbody>
</table>

Note that Total Operating Revenue is $8.4 million less than Expenditures.
Operations
Service by the Numbers

2021 Operating Statistics

- Transit Service Hours: 1,017,701
  - One year of Service Hours = 116 years

- Transit Service Miles: 17,507,589
  - One year of Service Miles = 1,215 times summiting Mt. Rainier

- Transit Service Rides: 10,688,868
  - One year of Passenger Rides = 465 times the Tacoma Dome capacity

Community Events

Pierce Transit is out and about throughout the year; so come out and visit us and learn more about the services we provide! Look for us at these upcoming events:

- National Drive Electric Week
- Touch A Truck • Transit to Trails
- Downtown to Defiance
- Mile Harvest Festival
- Truck and Tractor Day • Spring Fair
- Ethnic Fest • Puyallup Santa Parade
- 6th Avenue Santa Parade
- Milton Santa Parade • Taste of Tacoma
- SummerFEST • Washington State Fair
- Downtown On The Go Event:
  - Farmers Markets

Our staff hosts a Pierce Transit booth and shares information about riding the bus, joining a vanpool and using other services our agency provides. Visit PierceTransit.org for more details.
Types of Service We Provide

2021 Operating Statistics – Ridership by Mode

- **Fixed Route**: 9,945,248 (93%)
- **Shuttle**: 225,476 (2%)
- **Vanpool**: 518,144 (5%)
Who We Serve

From Customer Survey Fall 2017

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 55</td>
<td>26%</td>
</tr>
<tr>
<td>Students</td>
<td>10%</td>
</tr>
<tr>
<td>Commuting to Job</td>
<td>66%</td>
</tr>
<tr>
<td>Minority</td>
<td>65%</td>
</tr>
<tr>
<td>Low Income</td>
<td>43%</td>
</tr>
</tbody>
</table>
Where We Serve

Fixed Route and SHUTTLE

- Auburn
- Edgewood
- Fife
- Fircrest
- Gig Harbor
- Lakewood
- Milton
- Pacific
- Puyallup
- Ruston
- Steilacoom
- Tacoma
- Unincorporated Pierce County
- University Place
- Contracted routes with Sound Transit
  - Lakewood to Seattle with stops in between
Where We Serve

Vanpool

Vanpool by Originating County

Vanpool by Destination County
Our Employees

2021 Budget Workforce

- 960 Positions
- 942.50 Full Time Equivalents (FTEs)

- Transit Operators: 55%
- Maintenance & Service Support: 33%
- Exec & Admin Staff: 11%
- Public Safety Officers: 1%
Capital
Infrastructure it Takes

Vehicle Inventory
- 322 Fixed Route*
- 118 Shuttle
- 380 Vanpool
- 116 Non-Revenue

Passenger Facilities & Amenities
- 8 Transit Centers
- 4 Park & Ride Lots
- 2,187 Bus Stops

Technology
- 27 Core Systems
- 500 PCs, Laptops, & Tablets
- 160 Physical & Virtual Servers

Base Facilities
- 7 Administrative Buildings
- Totaling 167,841 square feet

*Includes Sound Transit
Capital Projects

2021 Budget

$120M Carryover

$35M New

Total Capital Budget $155M

9 projects have Grant funds that total $69.7M or 45%

Capital Project Budget by Category

- Other 26%
- Technology 15%
- Passenger Facilities 9%
- Base Facilities 27%
- Revenue Vehicles 23%
- Other 26%

Capital Project Budget by Class

- Expansion Projects 54%
- Replacement Projects 46%
Capital Projects

2021 Budget

Major Capital Projects – Greater than $5M

Stream - Bus Rapid Transit (BRT) $33.4M

Maintenance & Operations Base Improvements (MOBI) $41.1M
Capital Projects
2021 Budget

Major Capital Projects – Greater than $5M, continued

ngORCA $5.7M

Computer Aided Dispatch/Automated Vehicle Location System (CAD/AVL) $10.8M
Capital Projects

2021 Budget

Major Capital Projects – Greater than $5M, continued

Bus Replacement $33.1M 2019, 2020, and 2021 replacement included in total

Replacement includes:
- 6 Electric Buses
- 36 CNG Buses
Six-Year Plan / Budget
Six-Year Financial Plan

2021 – 2026 Assumptions

- Sales Tax Projections
  - 2021 6.4%
  - 2022-2026 3%
- Wage adjustments 3.5%
  - Includes steps, COLA, and performance based
- Benefits
  - Medical and Dental premiums 7%
  - Hold benefits as a percent of wages to 39%
- Fixed Route Service Hours
  - Includes 10,000 hours BRT in 2024 & 2025
  - Projected Sound Transit Service hours decrease 2024 & 2025
- Sustainable
## Six-Year Financial Plan

### 2021 – 2026 Summary

<table>
<thead>
<tr>
<th>$ In Millions (rounded)</th>
<th>2020 Year-End Estimate</th>
<th>2021 Budget</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$ 56.6</td>
<td>$ 70.7</td>
<td>$ 62.2</td>
<td>$ 25.3</td>
<td>$ 27.1</td>
<td>$ 32.8</td>
<td>$ 35.6</td>
</tr>
<tr>
<td>Revenue</td>
<td>172.1</td>
<td>160.6</td>
<td>165.0</td>
<td>170.1</td>
<td>168.3</td>
<td>158.7</td>
<td>163.4</td>
</tr>
<tr>
<td>Total</td>
<td>$ 228.7</td>
<td>$ 231.3</td>
<td>$ 227.2</td>
<td>$ 195.5</td>
<td>$ 195.4</td>
<td>$ 191.5</td>
<td>$ 199.0</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td>$ 135.8</td>
<td>$ 148.4</td>
<td>$ 153.2</td>
<td>$ 158.3</td>
<td>$ 157.9</td>
<td>$ 151.7</td>
<td>$ 157.0</td>
</tr>
<tr>
<td>Transfers from Operating</td>
<td>22.2</td>
<td>20.6</td>
<td>48.7</td>
<td>10.1</td>
<td>4.7</td>
<td>4.2</td>
<td>16.1</td>
</tr>
<tr>
<td>Total</td>
<td>$ 158.0</td>
<td>$ 169.1</td>
<td>$ 201.9</td>
<td>$ 168.4</td>
<td>$ 162.6</td>
<td>$ 155.9</td>
<td>$ 173.0</td>
</tr>
<tr>
<td><strong>Operating Ending Balance</strong></td>
<td>$ 70.7</td>
<td>$ 62.2</td>
<td>$ 25.3</td>
<td>$ 27.1</td>
<td>$ 32.8</td>
<td>$ 35.6</td>
<td>$ 26.0</td>
</tr>
<tr>
<td><strong>Required Balance</strong></td>
<td>$ 22.1</td>
<td>$ 24.5</td>
<td>$ 25.3</td>
<td>$ 26.2</td>
<td>$ 26.1</td>
<td>$ 25.1</td>
<td>$ 26.0</td>
</tr>
<tr>
<td>Margin / (Deficit)</td>
<td>$ 48.6</td>
<td>$ 37.7</td>
<td>$ -</td>
<td>$ 0.9</td>
<td>$ 6.6</td>
<td>$ 10.5</td>
<td>$ -</td>
</tr>
</tbody>
</table>

* Totals May not add due to rounding
## Budget Comparison

### Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>2020 Year-End</th>
<th>2021 Budget</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fares</td>
<td>$ 7,815,545</td>
<td>$ 8,677,844</td>
<td>11.0%</td>
</tr>
<tr>
<td>Advertising</td>
<td>500,000</td>
<td>500,000</td>
<td>0%</td>
</tr>
<tr>
<td>Regional Transit Service</td>
<td>45,662,327</td>
<td>50,814,788</td>
<td>11.3%</td>
</tr>
<tr>
<td><strong>Non-Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>90,000,000</td>
<td>95,760,000</td>
<td>6.4%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>25,065,600</td>
<td>1,779,288</td>
<td>-92.9%</td>
</tr>
<tr>
<td>Operating Contributions</td>
<td>3,008,093</td>
<td>3,110,127</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 172,051,565</td>
<td>$ 160,642,047</td>
<td>-6.6%</td>
</tr>
</tbody>
</table>

* Totals May not add due to rounding
## Budget Comparison

### Operating Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2020 Year-End Estimate</th>
<th>2021 Budget</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>$ 66,132,167</td>
<td>$ 73,573,643</td>
<td>11.3%</td>
</tr>
<tr>
<td>Benefits</td>
<td>26,125,185</td>
<td>28,834,826</td>
<td>10.4%</td>
</tr>
<tr>
<td>M &amp; O</td>
<td>40,177,895</td>
<td>44,867,386</td>
<td>11.7%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>132,435,247</strong></td>
<td><strong>147,275,855</strong></td>
<td><strong>11.2%</strong></td>
</tr>
<tr>
<td>Non-Operating</td>
<td>3,403,572</td>
<td>1,143,054</td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>22,189,135</td>
<td>20,647,692</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 158,027,954</strong></td>
<td><strong>$ 169,066,601</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Totals May not add due to rounding*
## Budget Comparison

### Personnel

- 2021 Budget: 960 positions / 942.50 Full-Time Equivalents (FTEs)
- Net decrease of 33 positions from the 2020 Budget

<table>
<thead>
<tr>
<th>New Positions</th>
<th>Position Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Accountant, Senior</td>
<td>1 General Counsel</td>
</tr>
<tr>
<td>4 Ambassadors</td>
<td>1 Paralegal</td>
</tr>
<tr>
<td>1 IT Specialist</td>
<td>1 Contract Analyst</td>
</tr>
<tr>
<td>1 Data Specialist</td>
<td>1 Warehouse Courier</td>
</tr>
<tr>
<td>3 Public Security Officers</td>
<td>18 Transit Operators</td>
</tr>
<tr>
<td>11 Relief Transit Operators</td>
<td></td>
</tr>
</tbody>
</table>
2021 Budget Summary

Appropriations

- Balanced
- Meets Reserve Requirements
- Sustainable for Operations

<table>
<thead>
<tr>
<th>Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
</tr>
<tr>
<td>Capital</td>
</tr>
<tr>
<td>Insurance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2021 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>$ 148,418,909</td>
</tr>
<tr>
<td>Capital</td>
<td>154,926,801</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,835,000</td>
</tr>
<tr>
<td><strong>Total Appropriations</strong></td>
<td><strong>$ 306,180,710</strong></td>
</tr>
</tbody>
</table>
Next Steps

2021 Budget

- Study Session & Public Hearing 2/8
- Budget Adoption 2/8
- CTAG Presentation 2/25, information review