

# 2017 Budget

Adopted December 1, 2016



RESOLUTION NO. 10-16

A RESOLUTION of the Board of Directors of the Snohomish County Public Transportation Benefit Area Corporation (SCPTBAC, hereafter referred to as Community Transit) adopting the budget and other budget-related items for the fiscal year 2017.

WHEREAS, the Director of Administration and Budget Manager presented the proposed 2017 budget to the Board of Directors on October 27, 2016; and

WHEREAS, the Board of Directors of Community Transit met in regular session on Thursday, November 3, 2016, at 3:00 p.m. in the Community Transit Corporate Board Room at Everett, Washington, for the purpose of hearing all matters and all persons in connection with the adoption of the 2017 Community Transit budget; and

WHEREAS, notice of such hearing was published as required by Resolution No. 22-98;

NOW, THEREFORE, BE IT RESOLVED,

1. That the 2017 budget attached hereto and incorporated herein in summary form as Exhibit A, Totals of Estimated Revenues, and Exhibit B, Expenditures for Each Separate Fund, is hereby adopted; and
2. That, except as otherwise provided, approval by the Board of Directors shall be required before funds can be transferred from one fund in Exhibit B to another; and
3. That staff positions shall be approved for hire by Community Transit's Chief Executive Officer, so long as all expenditures associated with all staff positions hired during the year fall within the 2017 budget as adopted or amended by the Board of Directors by resolution; and
4. That the administrative salary ranges approved by Exhibit C to Resolution No. 13-15, which was adopted by the Board of Directors on December 3, 2015, remain in effect as of January 1, 2017, and
5. That unexpended capital project budgets that have been previously approved by the Board of Directors, including all projects budgeted in the Replacement Reserve Fund 41, the Infrastructure Preservation Fund 42, The Federal Transit Administration (FTA) Capital Projects Fund 45, the Local Capital Projects Fund 46, the Bond Capital Projects Fund 47, and the Facilities and Technology Fund 48, will be reappropriated as of January 1, 2017, with the budget balances remaining as of December 31, 2016, plus any new amounts included in the adopted 2017 budget, unless the project has been completed and no additional funding is required.


APPROVED AND PASSED THIS 1 day of December 2016.

  
Mayor Jon Nehring, Board Chair

ATTEST

  
Mayor Leonard Kelley, Secretary

APPROVED AS TO FORM

  
for Allen J. Hendricks, Attorney

**Community Transit 2017 Budget  
Totals of Estimated Revenues  
Resolution No. 10-16, Exhibit A**

<b>Fund</b>	<b>Fund Description</b>	<b>Beginning Cash</b>	<b>Revenues</b>	<b>Interfund Transfers</b>	<b>Total</b>
40	General Fund	57,674,332	170,597,900	1,502,500	229,774,732
41	Replacement Reserve Fund	31,024,245	10,000	5,591,711	36,625,956
42	Infrastructure Preservation	25,842,595	0	1,550,497	27,393,092
43	Workers' Compensation Fund	6,467,241	6,000	2,615,000	9,088,241
45	FTA Capital Projects Fund	20,607,410	63,160,577	3,552,049	87,320,036
46	Local Capital Projects Fund	5,091,065	6,800,000	1,037,748	12,928,813
47	Bond Capital Projects Fund	0	13,000,000	1,954,361	14,954,361
48	Facilities and Technology Fund	2,943,241	0	20,000,000	22,943,241
50	Bond Debt Service Fund	103,027	2,500	773,500	879,027
	<b>Total Budget</b>	<b>149,753,156</b>	<b>253,576,977</b>	<b>38,577,366</b>	<b>441,907,499</b>

**Community Transit 2017 Budget  
Expenditures for Each Separate Fund  
Resolution No. 10-16, Exhibit B**

<b>Fund</b>	<b>Fund Description</b>	<b>Expenditures</b>	<b>Interfund Transfers</b>	<b>Ending Cash</b>	<b>Total</b>
40	General Fund	134,213,914	34,082,757	61,478,061	229,774,732
41	Replacement Reserve Fund	2,839,000	0	33,786,956	36,625,956
42	Infrastructure Preservation	12,623,914	1,037,748	13,731,430	27,393,092
43	Workers' Compensation Fund	2,615,775	1,500,000	4,972,466	9,088,241
45	FTA Capital Projects Fund	85,365,675	1,954,361	0	87,320,036
46	Local Capital Projects Fund	12,928,813	0	0	12,928,813
47	Bond Capital Projects Fund	14,954,361	0	0	14,954,361
48	Facilities and Technology Fund	2,943,241	0	20,000,000	22,943,241
50	Bond Debt Service Fund	336,000	2,500	540,527	879,027
	<b>Total Budget</b>	<b>268,820,693</b>	<b>38,577,366</b>	<b>134,509,440</b>	<b>441,907,499</b>

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# Chief Executive Officer's Message

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Emmett Heath, CEO

## CEO Budget Message



### *Community Transit's Place in the Community*

Community Transit is delivering on its promise to provide more service, more often, to more places. We are humbled and inspired by the trust placed in us to provide expanded transportation services in 2017 and beyond.

Public transit helps the economy grow and protects the quality of life by offering appealing choices for customers to travel to their destinations, such as jobs, services, healthcare, recreation, shopping, and school. Community Transit provides a safe, reliable, and enjoyable public transit experience to more than 10 million riders each year. Our services move people and connect communities within a regional transportation network. We make it easier for people to get to their destination, whether they use our services or not.

This is an exciting time for Snohomish County. Projections for our region by the Puget Sound Regional Council (PSRC) show steady growth in population and jobs with a forecasted increase of 240,000 people and 130,000 jobs by 2040 ([PSRC Vision 2040](#)). It is also an exciting time for Community Transit. The 2017 budget positions the agency to support and serve one of the fastest growing regions in the United States.

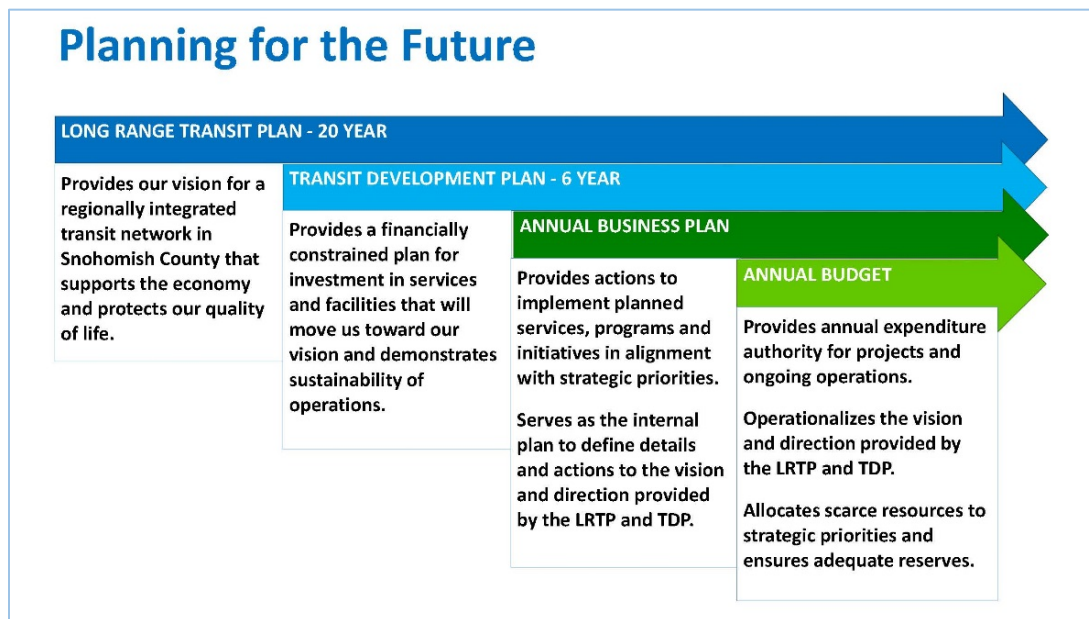
Community Transit gives back to this community, providing not only transit services to support the region's economy and quality of life, but also engaging at the local level to support community services, education, and social programs. We are very present in the community: our employees are caring and were recognized by United Way of Snohomish County for having the best charitable campaign of the year; our staff reaches out to support community events on a regular basis; our sponsorship programs support civic initiatives that complement our mission; and across the entire organization employees are volunteering their services and expertise to support a variety of community programs.

### *Planning the Route Ahead*

Expanding transit options relies on successfully executing a planning and budgeting process that achieves our vision. This includes meeting efficiency and cost containment goals so that we can deliver and sustain lasting results.

Community Transit’s planning cycle consists of comprehensive, deliberate, and integrated planning at many levels of the agency. Development of the annual budget is part of an iterative process, integrated with Community Transit’s planning processes, that begins with its [20-year Long Range Transit Plan \(L RTP\)](#). The L RTP was adopted by Community Transit’s Board of Directors in 2011 and will be updated and presented to the Board for adoption in 2017.

This L RTP presents a vision that informs a [six-year Transit Development Plan \(T DP\)](#) that is updated and adopted annually by the Board of Directors. The T DP is a fiscally constrained operational and financial plan that is a blueprint for implementation over the planning period. The annual business plan and budget then develop the detail and add granularity to the T DP. This planning and budgeting cycle ensures that our operating plan is achievable and sustainable, with a balanced budget and fully funded capital projects and reserves.



Throughout budget development, we ensure that our volume-adjusted operating costs are managed to a level that allows us to achieve our long-term sustainability goals. Even with the increased ramp-up costs for vehicles and staff to enable us to expand service in 2017, this budget achieves our goal of average annual unit cost growth of less than 4 percent. (See [page 3](#), Executive Summary, “Expenditures” section.)

We set conservative and realistic revenue projections and plan for long-term financial health by maintaining adequate reserves to cover our current and future needs for operations, vehicle replacement, and facility and asset preservation. (See [page 37](#), Executive Summary.) We place a strong emphasis on recession buffering our budget and financial plans to strengthen Community Transit’s ability to withstand financial adversity, including future recessions.

Our planning efforts are integrated with local jurisdictions to support transit-oriented development and transit-friendly roads, leading to greater access to jobs and schools, retail and services, business and industry. More and more, land use planning and development is integrated with transit service development. Community Transit is a recognized regional leader for its efforts to coordinate with jurisdictions on growth management, land use, and transportation planning.

With the forecasted growth in Snohomish County comes more traffic congestion and increasingly diverse and complex transportation needs. We recognize there are many unmet transportation needs throughout our region, and the demand for coping with congestion has never been higher. We are up for the challenge. Our mission is to exceed community expectations in providing a safe, reliable, convenient, and enjoyable public transit experience for our customers. Our services move people and connect communities within the regional transportation network and make it easier for everyone to reach their destination.

## ***Delivering On Our Promise***

### ***“More Service, More Often, to More Places”***

The six-year TDP describes 40 percent growth in bus service by the year 2021. After a significant expansion of 37,000 annualized hours of service in 2016, which included two new routes, we will add another 6,000 annualized hours in March 2017 and 21,000 in September 2017. Additional midday and evening service will create new commuting options for many would-be riders.

The 2016 service plans focused on expansion. In 2017 we will further expand service and will also increase the focus on refinement. We will do this by:

- **Increasing and refining our current service.** We want to make the service that we already have even better for our customers! In 2017, we will add more commuter and vanpool trips, improve county connections, and expand Dial-A-Ride Transportation paratransit service. (See [page 4](#) of the Executive Summary for service hours.)

In March 2017, Community Transit will extend the span of service for the existing *Swift Blue Line*, as well as for various local routes serving Aurora Village, Mukilteo, Lynnwood, Smokey Point, Marysville, and Tulalip. More trips will increase capacity, provide better connections, and multiply options for customers. Weekend service will also be extended, and we will continue to improve east/west connectivity.

In September 2017, routes will be refined to make what we have even better. This includes restructuring local routes in South Snohomish County and some commuter



routes into Seattle. In the spring, we will share proposals with the public, as we continue to expand and improve service.

- **Expanding our popular *Swift* bus rapid transit (BRT) service.** The original *Swift* Blue Line is our highest ridership service. In 2017, we will begin constructing the second line—the *Swift* Green Line—and planning will be underway for a third line—the *Swift* Orange Line.

Our *Swift* Green Line will run between the state’s largest manufacturing job center at Boeing/Paine Field and the county’s high-tech job center at Canyon Park/Bothell.

The *Swift* Orange Line will provide additional east-west service in south Snohomish County and integrate with Sound Transit’s Link Light Rail in Lynnwood when it opens in 2023. Also on the drawing board is the southerly extension of the *Swift* Blue Line to connect with Link Light Rail at the 185<sup>th</sup> Street Station.

The vision is to add a new *Swift* line every few years for the foreseeable future. With buses every ten minutes on our most heavily traveled corridors, this will truly transform public transportation in Snohomish County.

- **Improving frequency, connections, and span of service.** We intend to go to more places more often—jobs, housing, retail, health, and education—with new connections, new routes, and new bus rapid transit services. We began this expansion in September 2016 with two new routes, 109 and 209, increasing east-west connectivity, and will continue to improve frequency, connections, and span of service in the years ahead.



## Strategic Focus for 2017

*“A Vision Without Execution is a Dream”*

The 2017 budget turns vision into reality. Through careful financial stewardship, strategic use of new technology, and thoughtful planning, Community Transit will deliver results in 2017. Guiding us are strategic priorities and innovative ideas to deliver results for our customers.

### STRATEGIC FRAMEWORK

#### Vision

Together we will do the extraordinary so that people will always think transit first.

#### Mission

We provide a safe, reliable, and enjoyable public transit experience each and every time. Our services move people and connect communities within a regional transportation network. We make it easier for everyone to get to their destination.

#### Values

- Customers First · Continuous Learning · Rewarding Initiative & Innovation
- Integrity · Respect for the Communities We Serve
- Safety Conscious · Mutual Respect · Accountability · Environmental Stewardship

#### Strategy

Provide appealing choices for customers to travel to their destinations.

### Strategic Priorities

#### Safety/Security/Environmental

Keep people, property, and environment safe.

#### Operational Excellence

Customers value what we do and trust we will do it well.

#### Financial Stewardship

We make every dollar count for the benefit of our community.

#### Employment Experience

Everyone feels valued and inspired to contribute as part of a world-class team.

#### Partnerships & Advocacy

As the trusted partner of choice, Community Transit is positioned for success.

#### Planning for the Future

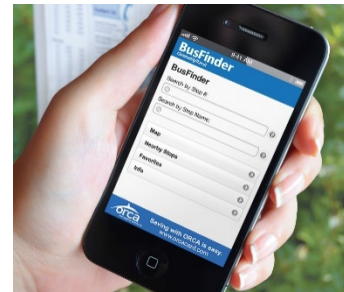
We are integral partners in planning for sustainable growth and development in Snohomish County and the region.

## *Leveraging Technology to Enhance the Customer Experience*

Technology will increasingly enable Community Transit to provide customers an appealing experience. We employ technology to achieve safety, security, operational excellence, and cost efficiencies. While much of the information technology backbone lives behind the scenes, more and more, our technology has evolved to touch the customer with 24/7, high reliability expectations. New customer systems must be accurate, secure, timely, accessible, and reliable. Such a cyberspace is a vitally important and yet an increasingly costly necessity of contemporary public transit service.

Our Intelligent Transportation Systems (ITS) are robust and position us to provide safety and security and to support employees in the performance of their work and customers in the use of our systems.

- Community Transit’s ITS strategic initiatives enhance the customer experience by allowing customers real-time access to schedules, bus departure and arrival estimates; access on mobile devices and the web; and helpful trip-planning tools. ITS also powers “Next-Bus” arrival signs and automated bus route audio announcements and feeds Community Transit’s BusFinder application for real-time departure information.
- Internally, our computer-aided dispatch and automatic vehicle locator systems support active dispatching that improves reliability and on-time performance of the fixed-route system.
- The ORCA regional electronic fare card, which our customers have wholeheartedly embraced, is an important element of providing seamless and convenient transit service among six Puget Sound transit agencies and the Washington State ferries. Community Transit’s ORCA penetration rate is 86 percent, the highest among ORCA consortium members.
- Automatic passenger counters (APCs) provide schedule planners accurate minute-by-minute load factor data to optimize the route network. Cross-referencing APC data to ORCA data permits us to manage fare collection and evasion.
- Transit signal priority technology is used to gain travel time advantage by moving buses through stoplights more quickly, and queue jumps give our buses a head start through busy intersections. We upgrade this technology regularly in coordination with various jurisdictions, including Snohomish County, cities within the county, and the Washington State Department of Transportation.



Technology helps keep people, property, and the environment safe. Examples include:

- Storm water quality discharge monitoring and alarming.
- Underground storage tank monitoring and alarming.
- Video cameras on buses and at selected facilities.
- Radio communication with near 100 percent coverage, including panic alarms and automatic vehicle locator capability.
- Perimeter security systems.
- Radio interoperability with our Sheriff's Department detachment and 911 operators.

### ***Developing a High Capacity Transit System with Swift***

*Swift* bus rapid transit rivals the efficiency and appeal of light rail, delivered faster, at a fraction of the cost and with the added benefit of being flexible for the future. The initial *Swift* line on Highway 99 began operation in 2009. Community Transit envisions a network of *Swift* lines providing fast, easy connections throughout Snohomish County. More information about *Swift* can be found here: [Swift Bus Rapid Transit](#).

*Swift* Green Line construction will become very visible to the public in 2017.

Early in the year, Community Transit will finalize the design/engineering of all project components and obtain the federal Small Starts grant. We will finalize all property acquisitions and continue work on the Seaway Transit Center, the 128<sup>th</sup> Street widening, and station/corridor improvements. Community Transit will purchase the station kits and ticket vending machines, and 13 new *Swift* vehicles.



*A rendering of the Swift Green Line Station to be constructed at SR 527 and 153<sup>rd</sup> southbound (Mill Creek Town Center)*

### ***Investing in Infrastructure to Support Continued Expansion***

The year 2017 will be a record-breaking year for new buses being delivered to Community Transit. We will take delivery of 57 buses, 11 Dial-A-Ride Transportation paratransit coaches,

and 59 vanpool vehicles; these new buses are necessary for service expansion. Community Transit will also inspect and prepare for service 32 buses that will operate in regional express service for our partner Sound Transit.

In 2017 we begin to reserve funds for future expansion of our operating base capacity, and the 2017 budget includes the initial contribution. Expanded base capacity will be required to continue service expansion into the future. As we increase service, we will need more base capacity to park, fuel, and maintain vehicles. The employees needed to support continued service expansion will need additional workspace. Base capacity alternatives will be evaluated as part of a facilities master plan update that will begin in 2017.

### *Providing an Exceptional Employment Experience for All Employees*

Community Transit hires the best of the best and employees stay here a long time—gaining knowledge and experience and adding more and more value as they develop in their careers. Recruiting and retaining highly qualified coach operators and other employees, whether maintenance or customer service or administrative, is critical to our ability to assemble a world-class team of employees.

As service increases, we will need more staff, especially coach operators and maintenance employees, to help deliver the new service. In 2017, Community Transit will hire 19 coach operators, 2 transportation supervisors, 5 maintenance employees, and 8 other employees.

(See [page 14](#) of the Executive Summary.)



In this competitive employment market, Community Transit strives to be an employer of choice, providing jobs that members of our community aspire to obtain. We do this by creating an employment experience that makes employees feel valued and inspired to contribute.

We provide competitive wages; excellent benefits; opportunities for training, development, and advancement; and a culture that demonstrates caring for each other. Employee services such as our health and wellness program and on-site physical rehabilitation services allow employees to engage with each other and perform their jobs at the highest possible level.



## ***An Inspiring Vision of the Future***

Our vision for the future is clear. Our six-year transit development plan describes how we will make the vision come alive. Our operational and capital plans are adequately funded and our financial health is protected by reserves to ensure sustainability through an economic trough. Our business plans reflect the policy guidance embedded in our Board adopted plans. The 2017 budget is balanced, capital projects are funded, reserves are at target levels, and we are reserving for base expansion to support continued growth in the future.

With this foundation, we will achieve our strategic goal of providing appealing choices for customers to travel to their destinations.

It is a privilege to serve this agency as its CEO. Thank you for your continued support of Community Transit.



Emmett Heath, CEO  
Community Transit

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## ***Sources of Information:***

1. Puget Sound Regional Council's population and employment growth projections:  
<http://www.psrc.org/growth/vision2040>
2. Community Transit's 20-year Long Range Transit Plan:  
<http://www.communitytransit.org/projects/long-range-plan>
3. Community Transit's six-year Transit Development Plan:  
<http://www.communitytransit.org/projects/transit-development-plan>
4. Swift Green Line Rapid Transit Brochure:  
<http://www.communitytransit.org/projects/swift-2nd-line>

# Executive Summary

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# Executive Summary of the 2017 Budget

This executive summary contains sections covering these topics:

- An introductory summary that provides a high-level overview of Community Transit's service plan, anticipated revenues and expenditures to support that service plan, the agency's capital program, and the agency's reserves.
- The 2017 service plan that follows Community Transit's *2016-2021 Transit Development Plan* which the Board approved May 5, 2016.
- Budgeted revenue and the sources of that revenue.
- Budgeted expenditures to support operational needs, including service expansion and the capital program.
- Community Transit's capital program to meet the demand for current and future services in the communities we serve.
- Community Transit's reserves and general financial status.

## Summary of the 2017 Adopted Budget

	<b>2015 Actuals</b>	<b>2016 Amended Budget</b>	<b>2017 Adopted Budget</b>	<b>Change 2017 vs. 2016</b>
Operating Revenue	130,214,734	152,093,273	170,597,900	12.2%
Interfund Transfers	\$ 380,291	\$ 900	\$ 1,502,500	166844.4%
<b>Total Operating Revenue</b>	<b>\$ 130,595,025</b>	<b>\$ 152,094,173</b>	<b>\$ 172,100,400</b>	<b>13.2%</b>
Operating Expense	106,385,141	126,959,377	134,213,914	5.7%
Interfund Transfers	\$ 16,953,656	\$ 32,873,129	\$ 34,082,757	3.7%
<b>Total Operating Expense</b>	<b>\$ 123,338,797</b>	<b>\$ 159,832,506</b>	<b>\$ 168,296,671</b>	<b>5.3%</b>
Planned Service Hours <sup>1</sup>	642,654	687,061	724,536	5.5%
Full-Time Equivalent Employees <sup>2</sup>	582.5	662.5	696.5	5.1%
Capital Program <sup>3</sup>	\$ 99,432,359	\$ 66,335,772	\$ 131,655,044	98.5%

<sup>1</sup> Service hours for 2016 are projections based on service already provided or planned to be provided by year end.

<sup>2</sup> Full-Time Equivalent (FTE) employee counts for all years, including 2015, are budgeted FTEs.

<sup>3</sup> The capital program varies from year to year based on service needs and available funding.



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## **Overview**

The 2017 budget is a balanced budget. Revenues exceed expenditures, and all reserves are fully funded. Total 2017 budgeted operating revenues equal \$172.1 million. Total 2017 budgeted operating expenditures equal \$134.2 million. Interfund transfers of \$34.1 million fund capital projects, reserves, workers' compensation, and debt service.

### **Service Plan**

The 2017 budget reflects the annualized effect of adding 6,000 hours in March 2017 and 21,000 hours in September 2017. These service expansions extend service for the *Swift* Blue Line as well as for various local routes serving Aurora Village, Mukilteo, Lynnwood, Smokey Point, Marysville, and Tulalip. They also restructure some local and commuter routes and extend span of service, especially weekend service. Grand total service hours, a primary measure of Community Transit's business activity, will grow at about 5.5 percent. Discussion of the 2017 service plan continues on [page 4](#).

### **Operating Revenues**

Sales tax is Community Transit's main source of revenue. Sales tax revenue is projected to grow by 18.2 percent from the 2016 amended budget to the 2017 budget, or by roughly \$18.9 million. This growth reflects two factors: First, in June 2016 Community Transit began receiving an additional three-tenths of 1 percent sales tax that voters in our public transportation benefit area approved in November 2015. The 2017 budget reflects a full year of this increased level of sales tax collection. The second factor affecting sales tax revenues is the ongoing economic growth in Snohomish County.

Overall, revenues will grow at 12.2 percent. Sales tax revenues drive this increase but are moderated by a slight decline (3.1 percent) in passenger fare revenues from the 2016 amended budget to the 2017 budget. Discussion of 2017 revenues continues on [page 5](#).

### **Operating Expenditures**

Overall operating expenditures are budgeted to grow at about 5.7 percent. Salaries and wages are set to increase by about 4.5 percent as compared to the 2016 amended budget. Benefits will increase by about 11.4 percent. Part of the benefits increase relates to health insurance rate increases imposed by the Washington State Public Employees Benefits Board, including a surcharge for municipalities and political subdivisions authorized by Senate Bill 6475. The

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growth in employee count to support service expansion in 2017 also contributes to the increase in benefits expense.

Community Transit continues to benefit from favorable fuel prices. Budgeted fuel expense decreases from the 2016 to the 2017 budget by about 1 percent, even though mileage for directly operated vehicles will increase. Discussion of expenditures in the 2017 budget continues on [page 13](#).

The cost per service hour is determined by dividing operating expenditures by the hours of service provided. (Workers' compensation, insurance, and similar expenditures are excluded from the calculation.) We project the 2017 cost per service hour to increase by about 4 percent. Over the past five years, the average cost per service hour has remained under 4 percent, and actual financial results indicate that the cost per service hour grew by only 2.7 percent between 2014 and 2015.

### ***Capital Program***

New 2017 capital projects total \$41.3 million for 15 new projects and minor capital requests. The total capital budget for 2017, including new and carryover projects, amounts to \$131.7 million. The largest projects planned for 2017 are the *Swift* Green Line projects (\$38.1 million) which include the *Swift* Green Line corridor and stations, Seaway Transit Center, 128th Street improvements, and *Swift* Green Line sidewalks and trails, as well as bus capital to support the *Swift* Green Line. During 2017, Community Transit will begin setting aside reserve funds totaling \$20 million for expanding its operating base. Discussion of 2017 capital program continues on [page 32](#).

### ***Reserves and Cash Balance***

The 2017 budget fully funds all reserves and provides a margin to fund future growth. Discussion of reserves and the cash balance continues on [page 37](#).

## 2017 Service Plan

The 2016-2021 Transit Development Plan (TDP) adopted in May 2016 highlights Community Transit's vision for direct and frequent trips between jobs, commercial activity, and housing throughout Community Transit's service area. We will focus on building a convenient, reliable transit network to sustain economic growth and quality of life for decades to come. Over the next six years, the TDP includes plans to add almost 140,000 hours of new bus services.

The TDP is built around three themes for service growth:

- Make what we have even better. This means strategically adding more trips throughout the system to carry more passengers and increase reliability.
- Add more Swift bus rapid transit lines. This means building out the Swift network for more connectivity and effectiveness for passengers. Funding has been secured and plans are well underway for the Swift Green Line which will run east/west and connect with the north/south original Swift Blue Line. The 2017 budget also includes funding to begin planning the Swift Orange Line.
- Go more places more often. We will add new routes to areas that Community Transit does not currently serve.

The 2017 service plan increases total hours of service by 5.5 percent as compared to 2016 year-end service projections. The 2017 service plan reflects the annualized effect of the service hours added during 2016 and includes a long list of route expansions to make Community Transit's system more flexible and useable for all customers.

### Summary of 2017 Service Hours by Service Mode

	2015 Actual	2016 Projected	2017 Proposed	Change 2017 vs. 2016	
Directly Operated	283,428	312,092	341,388	29,296	9.4%
Contracted Commuter	38,234	42,431	45,733	3,302	7.8%
Paratransit	85,057	91,111	89,145	(1,966)	-2.2%
<b>Subtotal</b>	<b>406,719</b>	<b>445,634</b>	<b>476,266</b>	<b>30,632</b>	<b>6.9%</b>
Vanpool	143,209	145,000	150,000	5,000	3.4%
<b>Total CT Operated</b>	<b>549,928</b>	<b>590,634</b>	<b>626,266</b>	<b>35,632</b>	<b>6.0%</b>
Sound Transit	92,726	96,427	98,270	1,843	1.9%
<b>Total CT and ST</b>	<b>642,654</b>	<b>687,061</b>	<b>724,536</b>	<b>37,475</b>	<b>5.5%</b>

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In March 2017, additional evening trips are planned for the *Swift* Blue Line and six other routes. More morning trips will be added to at least one route, and midday trips will be added to two routes. We estimate that the new trips will equate to about 6,000 annualized service hours.

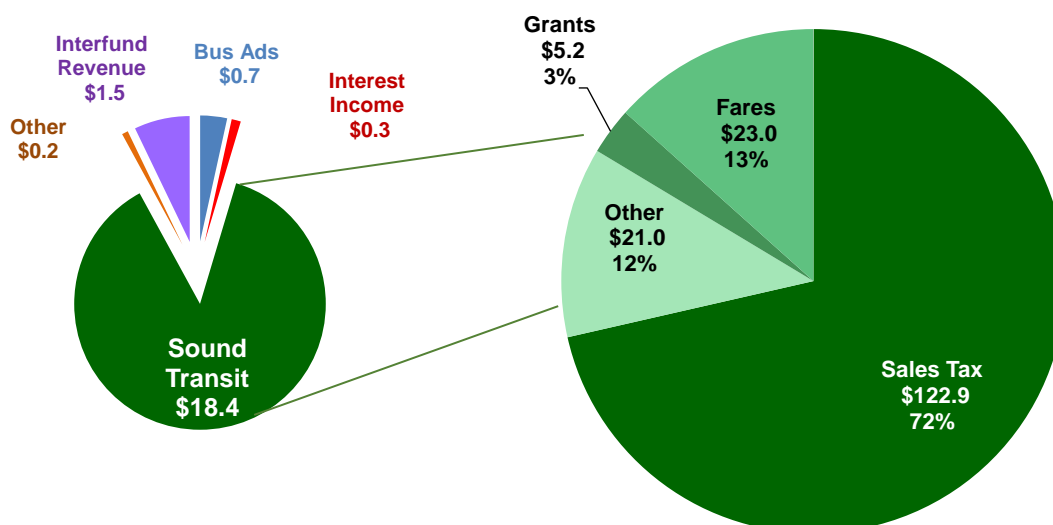
The September 2017 service change will add trips to commuter service, extend the operating span for weekend service, and include system restructures for south Snohomish County local routes and commuter services to King County. We estimate that the new service added in September will equate to about 21,000 annualized service hours. For more information on Community Transit's service for 2017 and beyond, please review the [2016-2021 Transit Development Plan](#).

## 2017 Operating Revenues

Retail sales tax in the amount of 1.2 percent on retail sales made within Community Transit's public transportation benefit area in Snohomish County funds the greatest share of Community Transit's operations. Other sources of revenue include fares and contributions from federal, state, and local governmental entities. In addition, the agency earns income from a contract with Sound Transit and from miscellaneous sources such as bus advertising, sale of surplus equipment, and interest earned on investments.

### Major Sources of Operating Revenue

\$172.1 Million



### *Revenue Type by Category*

<i>Revenue Type</i>	<i>2015 Actual</i>	<i>2016 Amended Budget</i>	<i>2017 Budget</i>	<i>Change 2017 vs. 2016</i>	
				<i>Dollars</i>	<i>Percent</i>
Sales Tax	\$ 83,358,802	\$ 104,030,500	\$ 122,913,000	\$ 18,882,500	18.2%
Fares	20,798,527	23,740,000	23,000,000	(740,000)	-3.1%
Sound Transit Commuter Service	16,600,685	17,970,497	18,360,000	389,503	2.2%
Federal, State, and Local Grants and Contributions	8,306,944	5,278,276	5,182,900	(95,376)	-1.8%
Miscellaneous Revenues	1,149,776	1,074,000	1,142,000	68,000	6.3%
<b>Total: Operating Revenues</b>	<b>\$ 130,214,734</b>	<b>\$ 152,093,273</b>	<b>\$ 170,597,900</b>	<b>\$ 18,504,627</b>	<b>12.2%</b>
Interfund Transfers	380,291	900	1,502,500	1,501,600	166844.4%
<b>Total Revenues</b>	<b>\$ 130,595,025</b>	<b>\$ 152,094,173</b>	<b>\$ 172,100,400</b>	<b>\$ 20,006,227</b>	<b>13.2%</b>

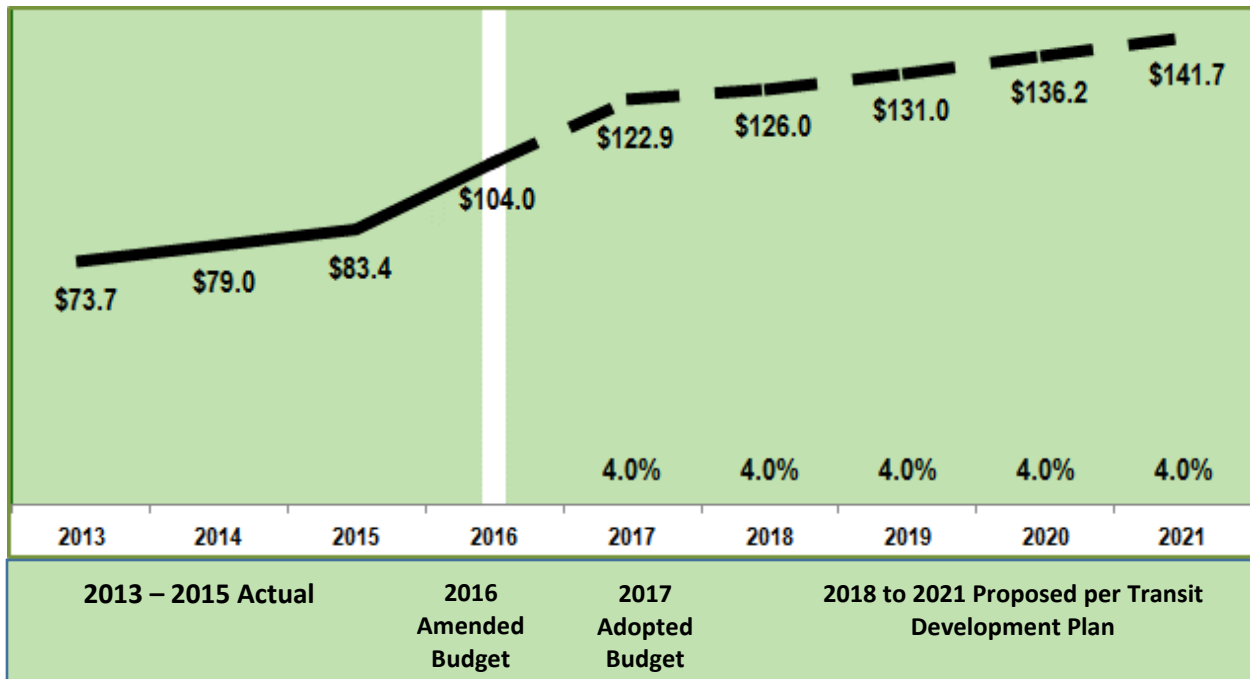
### ***Sales Tax***

Community Transit receives the largest portion of its funding from local retail sales tax. The 2017 proposed budget exceeds 2016 amended budget sales tax collections by 18.2 percent. This increase includes two components:

- One component is the overall estimated retail sales tax growth rate for 2017, forecasted in the TDP at 4 percent, but the actual growth rate was 9.2 percent through November 2016.
- The second component is the full year of the additional three tenths of 1 percent sales tax which voters approved in November 2015 and became effective April 1, 2016. The first collections of the increased sales tax occurred in June 2016, so the 2017 budget includes a full year of this increase.

## Sales Tax: Historical Perspective and Future Forecast

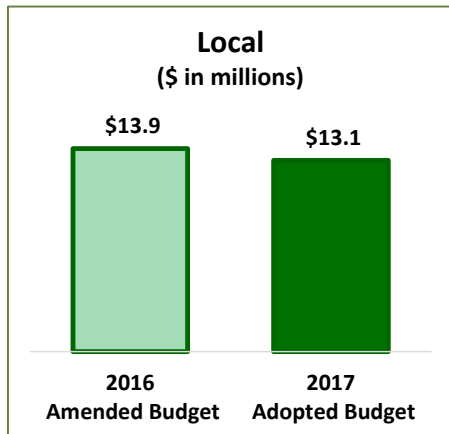
\$ in Millions



## Fares

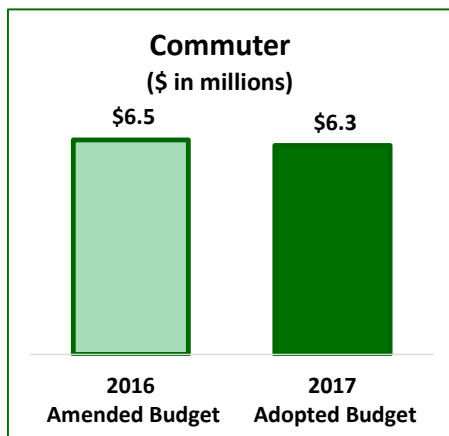
Community Transit estimates that 2017 fare revenue will total \$23 million. This represents modest growth (\$0.5 million) over forecasted 2016 fare revenue of \$22.5 million. While this forecast is less than the original 2016 budget of \$23.7 million, it still represents an increase of 10.6 percent over 2015 actual fares.

Growth in fares from 2016 forecasted fares to the 2017 budget results primarily from ridership increases associated with higher transit service levels. The original 2016 budget, developed in mid-2015, assumed higher ridership growth, per experience at that time. Ridership (thus fare revenue) is influenced by population, employment, economic health, fares, parking costs, gas prices, congestion, demographic shifts, etc., as well as service level. Actual ridership and fare revenue growth has been slightly lower than forecast. Contributing factors include the continued relative low cost of gasoline, the restoration of Sunday and holiday service which is less productive than commuter or weekday fixed-route service, and the time it takes to develop ridership on new routes.



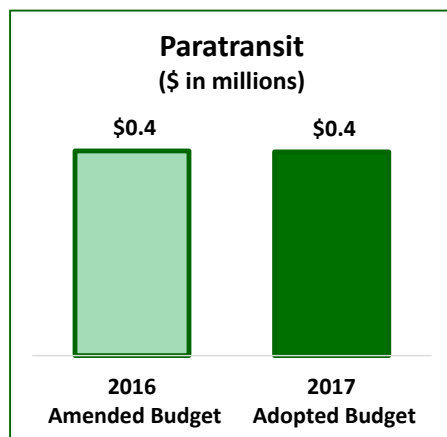
#### Local Directly Operated Fixed-Route Fares

The 2017 budget plans about \$800,000 less in local fares than the 2016 amended budget. Contributing factors are explained in the preceding discussion of fare revenue.



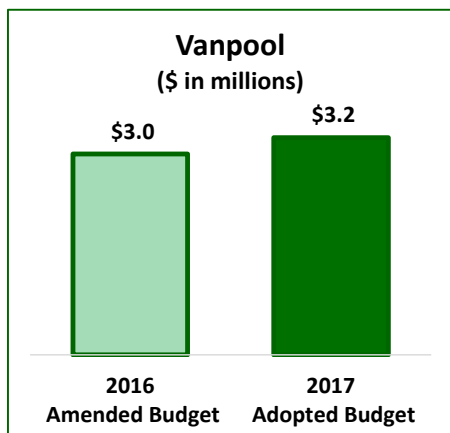
#### Commuter Fares

Community Transit expects 2017 contracted commuter fare revenues to also decrease as compared to the 2016 amended budget, similar to local fares. We expect that 2016 contracted commuter fares will come in slightly under budget and that the 2017 fares will represent a slight increase over 2016 actuals.



#### Paratransit

Paratransit 2017 budgeted revenue of \$391,300 represents a decrease of less than 1 percent compared to the 2016 amended budget. Paratransit service hours for 2017 are projected to be slightly lower than in 2016, which means that paratransit fares will be slightly lower.

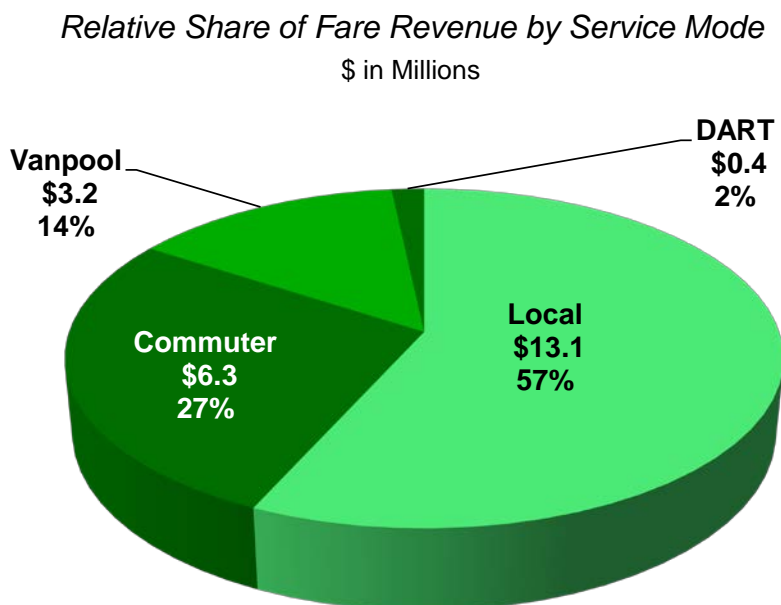


### Vanpool Fares

Vanpool 2017 fare revenue is budgeted at \$3,245,600, which reflects 150,000 budgeted hours of vanpool service, a slightly higher level of vanpool service (3.5 percent increase in service hours from projections) as compared to 2016.

### Ticket Agent Commissions

Ticket agent commissions represent the commission rates paid under the ORCA program and are budgeted at \$18,600, based on recent experience. Under the terms of the interlocal agreement, the cost of the 2 percent commissions paid to retailers for the sale of ORCA products is shared proportionally among participating agencies as a regional program cost.





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## ***Sound Transit***

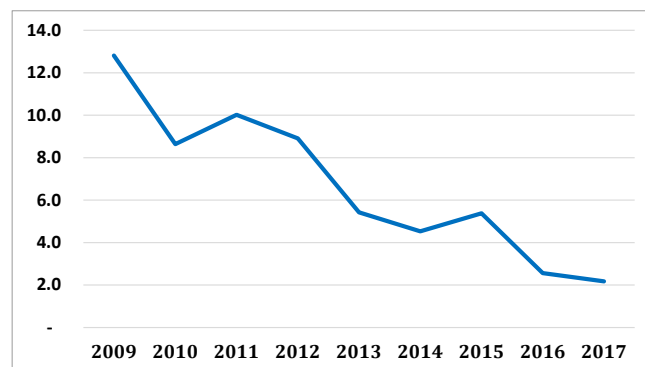
Sound Transit contracts with Community Transit to deliver commuter services that start in Snohomish County and transport commuters to their jobs across county lines. Community Transit expects 2017 contracted commuter service revenues to increase slightly from 2016 levels by \$390,000, or 2.2 percent. Budgeted service hours for 2017 are also increasing from 2016 projections by 1.9 percent. The operating contract between Sound Transit and Community Transit is cost neutral because Sound Transit reimburses Community Transit based on actual expenses to provide the agreed upon service hours.

### ***Operating Grants and Contributions***

#### **Federal Grants**

Federal Transit Administration (FTA) grant rules allow grantees to use grant funds for vehicle maintenance and paratransit service and to identify which portions of their grant funds they choose to use for such purposes. During the recession, Community Transit shifted most federal grant funds into operations for use in maintenance and paratransit service to avoid further service cuts. Once the recession ended, Community Transit began shifting its federal funds into the capital program to fund bus replacements and other needs that were delayed by the recession.

*Federal Grant Funds Used for Operations*  
\$ in Millions



Operating revenues for 2017 include \$2.2 million in FTA grants, \$1.9 million of which are Marysville urbanized area operating and preventative maintenance grant funds. As was the case in 2016, Community Transit will continue to receive Congestion Mitigation and Air Quality Improvement Program grant funds in 2017, in the amount of \$260,000.

#### **State Grants and Contributions**

In 2017, Community Transit will receive \$500,000 in special needs grant funds from the State of Washington. Contributions from the state total \$625,000 and contribute less than 1 percent of Community Transit's operating revenues.

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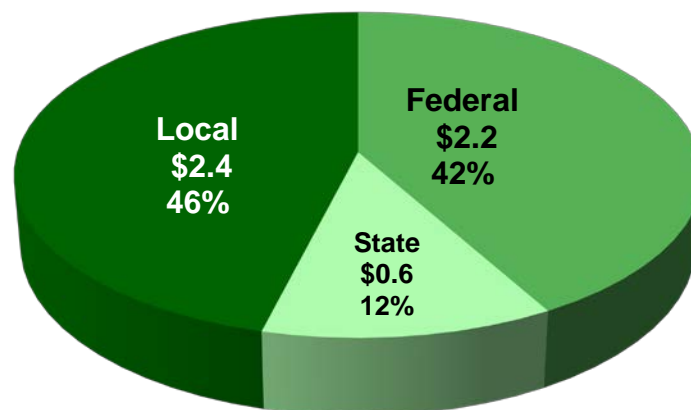
### Local and County Contributions

In recognition of the value the *Swift Blue Line* brings, the City of Everett signed a partnership agreement with Community Transit in December 2007 whereby Everett contributes one-half of one-tenth of 1 percent of Everett's retail sales tax revenue to Community Transit.

The 2017 budget includes \$1.6 million from this revenue source. In addition, Community Transit will receive about \$150,000 from the City of Everett to handle Everett Transit's information phone calls and paratransit eligibility checks.

Snohomish County transportation demand management funding amounts to \$575,000 in 2017. Community Transit will also receive \$112,500 from King County to work on its transportation demand management program again in 2017.

*Relative Share of Operating Grants*  
\$ in Millions



### ***Miscellaneous Revenues***

#### Interest Income

Community Transit invests the portion of its funds not needed immediately for operations or cash flow in the Washington State Treasurer's Local Government Investment Pool (LGIP). The LGIP is a voluntary investment vehicle operated by the State Treasurer. The pool was started in 1986 to provide safe, liquid, and competitive investment options for local governments pursuant to [RCW 43.250](#). The LGIP allows local governments to use the state Treasurer's

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program to safely invest their funds while utilizing the economies of scale available from a \$7 billion to \$11 billion pooled fund investment portfolio.

While the LGIP is a very safe, very liquid way to invest, the rate of return for funds invested in the LGIP has historically been quite low, though it has increased in 2016 from the prior year. During 2016, the pool's rate of return has fluctuated from 0.4 to 0.5 percent, while in 2015 the rate varied from 0.1 to 0.3 percent.

Continued low interest rates drive the low LGIP rate, though near-term predictions suggest that an increase may happen, depending mainly upon the Federal Reserve's decision to raise interest rates. That said, Community Transit staff completed an extensive update of the internal investment policy and have plans to implement a new program to allow for a modest amount of safe investing outside the LGIP as allowed by RCW 39.59 and RCW 43.84.

As a result of the new investment program and possible interest rate increases, the 2017 budget conservatively estimates interest earnings to grow to \$250,000 as compared to the 2016 budget of \$150,000. As an aside, we expect the actual 2016 interest earnings to exceed the 2016 amended budget.

#### Advertising

Community Transit anticipates receiving about \$725,000 in advertising revenues for 2017. This is less than the 2016 budgeted advertising revenues, but greater than the forecast.

#### Miscellaneous

The 2017 budget for other miscellaneous revenues totals \$167,000 and includes the sale of ORCA fare cards, warranty claims from bus manufacturers, annual RideStore sales of passenger amenities, bike locker fees, purchase card rebates, and surplus equipment sales.

#### Interfund Transfers

The 2017 budget includes an interfund transfer in the amount of \$2,500 from Fund 50, Debt Service, related to interest earned. In addition, a one-time transfer from the Fund 43, Workers Compensation, in the amount of \$1.5 million will also occur. In recent years, Community Transit has experienced favorable claims experience and continues to fund claims based on actuarial recommendation. This transfer simply brings the fund balance back to a conservative and appropriate level to cover estimated claims liability.

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## 2017 Expenses

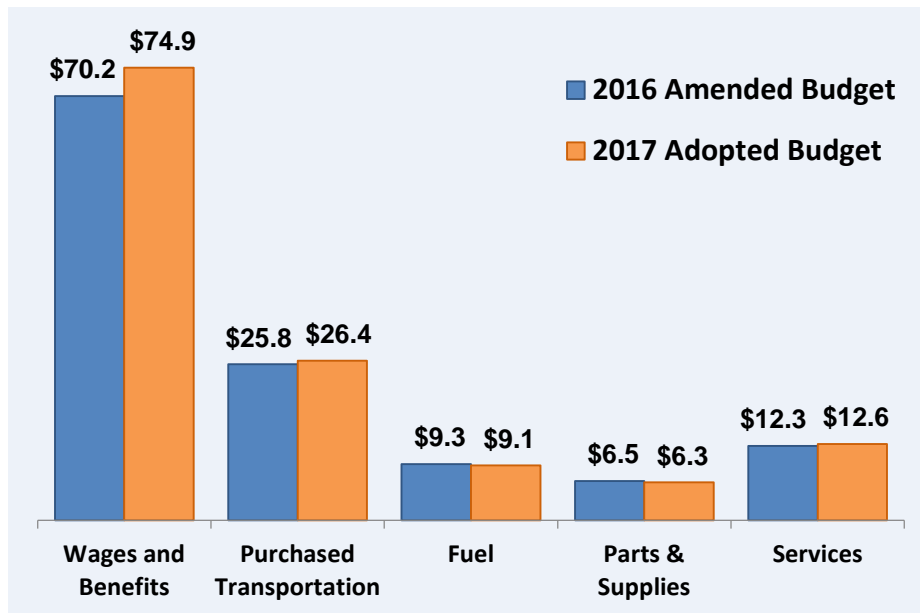
The 2017 budget of \$168.3 million includes both operating and nonoperating expenses. Operating expenses consist of costs incurred by Community Transit departments, fuel, insurance, and cost pools for salary/wage adjustments and professional services. Cost increases reflect the full year of service changes put in place in 2016, as well as those planned for March and September of 2017. Nonoperating expenses consist of interfund cash transfers to capital funds, workers' compensation, and debt service.

### Operating Expenses

The 2017 operating budget of \$134.2 million includes all department-related operating expenses and fuel (\$129.3 million) plus insurance costs and the salary and professional services pools (\$4.9 million). The 2017 budget represents an increase of \$7.3 million (5.7 percent) as compared to the 2016 amended budget.

The following chart shows 2017 department operating expenses distributed by major operating cost category (excluding insurance and cost pools).

*2017 Operating Expense by Category*  
\$134.2 Million



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## ***Wages and Benefits***

Wages and benefits increased by \$4.7 million (6.6 percent) as compared to the 2016 budget. This increase results from adding employees, an increase in the cost of medical benefits, and an increase in the retirement contribution rate.

Community Transit is adding a total of 34 new positions required to keep up with operational needs, mostly related to staffing the March and September 2017 service expansions. One of the new positions, the TDM and outreach specialist, is grant-funded and term-limited based on the duration of the associated grant.

### **34 FTEs Added**

19 Coach Operators	1 TDM and Outreach Specialist	1 Transit Applications Administrator
2 Transportation Supervisors	1 Events Outreach Coordinator	1 Network Administrator
3 Journey Mechanics	1 Public Information Specialist	1 Senior Applications Analyst
1 Apprentice Mechanic	1 Customer Systems Manager	
1 Facilities Assistant Manager		
1 Maintenance Instructor		

### **Department Staffing Summary**

The following table shows the FTE count in 2016 and as planned for 2017.

<b><i>Staffing by Department</i></b>	<b><i>2016 Amended Budget</i></b>	<b><i>2017 Budget</i></b>	<b><i>Change 2016 vs. 2017</i></b>
Board of Directors and Executive	6.5	6.5	0.0
Administration	69.0	70.0	1.0
Customer Experience *	33.0	33.0	0.0
External Affairs *	11.0	15.0	4.0
Planning and Development	30.0	30.0	0.0
Maintenance	108.0	113.0	5.0
Transportation	382.0	403.0	21.0
Information Technology	23.0	26.0	3.0
<b><i>Staffing Total</i></b>	<b><i>662.5</i></b>	<b><i>696.5</i></b>	<b><i>34.0</i></b>

\*These departments have been restructured; 2016 numbers have been adjusted to ensure consistency in comparisons. See page 20 for details.

As a recipient of federal grant funds, Community Transit reports FTEs according to job content, as defined in the Federal Transit Administration's National Transit Database (NTD). The NTD report includes four job categories: operations, vehicle maintenance, nonvehicle maintenance, and administrative. This table shows Community Transit's job distribution according to NTD requirements.

<i><b>NTD Classification</b></i>	<i><b>10-Year Average</b></i>	<i><b>5-Year Average</b></i>	<i><b>Current Year Ratio</b></i>
Operations	64%	63%	64%
Maintenance	13%	13%	13%
Nonvehicle Maintenance	3%	3%	3%
Administration	20%	21%	20%

### Benefits Increase

The Washington State Public Employees Benefits Board (PEBB) provides medical benefits for 82 percent of all Community Transit employees; those employees not covered by PEBB are covered by the IAM Benefit Trust. The 2017 budget includes a 13.5 percent increase (\$1 million) to PEBB medical insurance rates. (Actual increases will vary based on the tiers employees are enrolled in.) Part of the increase (\$262,000 or 26 percent) resulted from an employer group rate surcharge authorized by Senate Bill 6475. Medical insurance rates for the IAM Benefit Trust are anticipated to increase by 8.0 percent in mid 2017.

### Public Employees' Retirement System (PERS) Retirement Contribution

The PERS retirement contribution rates will increase midyear 2017. This equates to a 6.8 percent increase from the average rate paid in 2016.

### ***Purchased Transportation***

Community Transit contracts with other service providers—Senior Services of Snohomish County and First Transit—to provide paratransit services and a significant portion of Community Transit's commuter bus service. The total purchased transportation costs will increase by about 2.5 percent in 2017 as compared to the 2016 amended budget. The increase results from service levels and approved contractual increases.

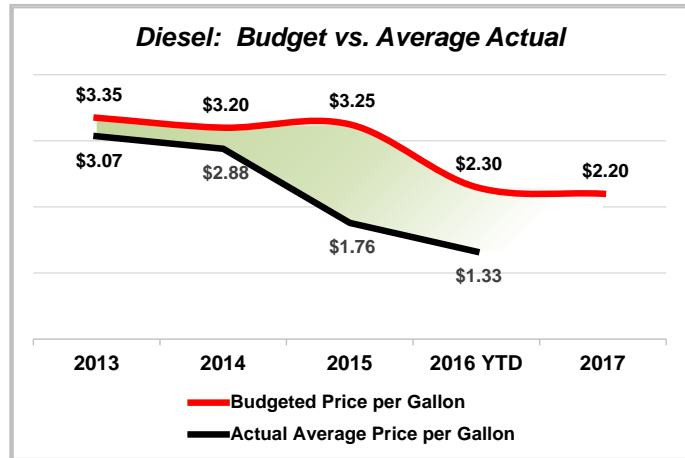
### ***Services***

Overall, Community Transit's services expenses will increase about 2.5 percent in 2017 as compared to the 2016 amended budget. Software, telephone and data service, and other services have increased by 121 percent (slightly less than \$1 million) as the agency continues to implement digital technology solutions to better serve riders. Increases in these categories are offset by decreases in professional services, coach operator recruitment expenses, and temporary services. The Snohomish County Sheriff's Office contract for transit police services is increasing by 3 percent, per the existing three-year contract.

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## ***Fuel***

The 2017 budget for fuel for coaches and other vehicles will decrease by 1.4 percent (\$127,000) as compared to the 2016 amended budget. Service hours are increasing which means more gallons of diesel will be purchased in 2017; however, diesel fuel prices remain extraordinarily low.



Employees in both Finance and Maintenance track the economy and the market for fuel, both locally and internationally. As of September 2016, it appears that crude oil will remain abundant and relatively inexpensive due to low global demand and suppliers who continue to produce excess and accumulate excess supplies of oil despite the low prices. Crude oil prices have translated into very low diesel prices. Staff feel it is reasonable to budget diesel at \$2.20 per gallon for 2017, instead of \$2.30 per gallon or higher, as budgeted previously. Community Transit continues to maintain a \$3 million fuel reserve in the General Fund, in the event that fuel prices rise unexpectedly.

## ***Parts and Supplies***

Agencywide, supplies will increase about \$100,000, mainly in the minor equipment category. Vehicle-related parts and supplies will decrease by about \$285,000 in 2017. Engine rebuilds will occur at a similar rate in 2017 as in 2016, but general parts needed for operations will decrease. Tire costs are increasing related to contract prices and usage.

## ***Department Expenses***

The 2017 department-level operating expense budget of \$121.4 million (excluding insurance expense, cost pools, and diesel fuel) will increase by 4.5 percent (\$5.2 million) as compared to the 2016 amended budget. Increases in 2017 operating costs reflect the full year effect of service added in 2016 and other cost increases, such as PEBB Health insurance, PERS retirement contributions, and employee costs related to the service expansion. Detail will follow in department-specific sections.

### Summary of 2017 Operating Budgets

	<b>2015 Actual</b>	<b>2016 Amended</b>	<b>2017 Adopted</b>	<b>Change 2017 vs. 2016</b>	
Board of Directors/Executive	\$ 1,039,751	\$ 1,106,871	\$ 1,090,007	\$ (16,864)	-1.5%
Administration	11,086,553	12,451,956	12,436,806	(15,150)	-0.1%
Customer Experience <sup>1</sup>	3,806,880	5,247,080	5,487,169	240,089	4.6%
External Affairs <sup>1</sup>	2,094,129	2,662,271	2,713,929	51,658	1.9%
Information Technology	5,418,630	6,974,615	7,914,733	940,118	13.5%
Maintenance	16,629,720	20,142,243	21,120,449	978,206	4.9%
Planning and Development	3,860,817	4,379,832	4,322,275	(57,557)	-1.3%
Purchased Transportation	23,836,443	25,817,156	26,474,144	656,988	2.5%
Transportation	31,633,088	37,432,511	39,845,173	2,412,662	6.4%
<b>Subtotal, Department Operating Expense</b>	<b>\$ 99,406,010</b>	<b>\$ 116,214,535</b>	<b>\$ 121,404,685</b>	<b>\$ 5,190,150</b>	<b>4.5%</b>
Diesel Fuel <sup>2</sup>	\$ 5,318,908	\$ 7,826,000	\$ 7,918,160	\$ 92,160	1.2%
Insurance	1,660,223	2,015,306	2,158,069	142,763	7.1%
Cost Pools *	-	903,536	2,733,000		
<b>Subtotal, Other Operating Expense</b>	<b>\$ 6,979,131</b>	<b>\$ 10,744,842</b>	<b>\$ 12,809,229</b>	<b>\$ 2,064,387</b>	<b>19.2%</b>
<b>Total Operating Expense</b>	<b>\$ 106,385,141</b>	<b>\$ 126,959,377</b>	<b>\$ 134,213,914</b>	<b>\$ 7,254,537</b>	<b>5.7%</b>

<sup>1</sup> These departments will be restructured in 2017 so 2016 numbers have been adjusted for consistency. See [page 20](#) for details.

<sup>2</sup> For comparison purposes, 2015 and 2016 fuel expense has been moved to the “Other Operating Expense” section.

Various factors influence cost and FTE growth in each department. Historically large bus purchases, occurring in 2016 for 2017 and 2018 delivery, have added costs in the Maintenance Department in terms of staff to install new equipment and then commence ongoing bus maintenance. Community Transit continues to recruit and train new coach operators for future service expansions, which also adds staffing costs to various departments, as well as recruitment and other costs.

Community Transit, after rolling out various new technologies, has seen recent growth in the cost of software maintenance and related services. For one, there has been a focus on intelligent transportation systems. These include such systems and programs as the transit technologies software suite which, among other services, delivers real-time transit information to our customers; ORCA; and *Swift* operations, which requires a real-time, 24/7/365 operating platform with high availability, high performance, a high level of security, and proactive system management.



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Other home-grown legacy systems are being replaced with new technology, but these come with a maintenance and licensing price. These include such systems as Community Transit's Customer Comments system. We also have recently implemented new functionality for existing Financial and Human Resources systems, including workflow, a major upgrade to PeopleSoft HR and Payroll, and upgrades to the HASTUS transportation scheduling system. We also have plans for future upgrades such as Time and Labor to allow for automated timecards.

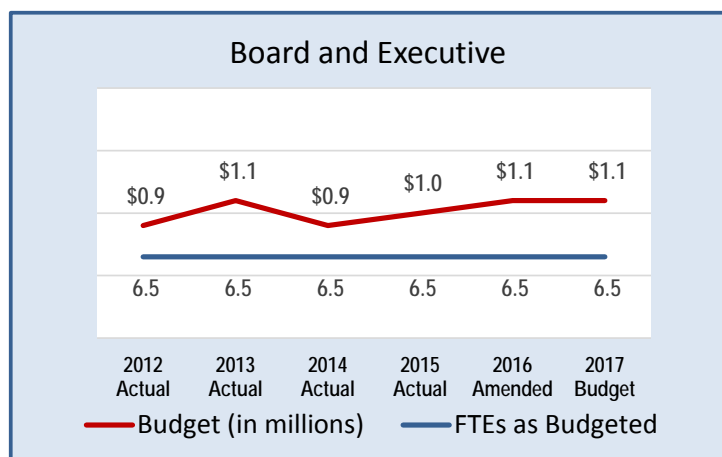
Each Community Transit department plays an important role, which altogether allows Community Transit to fulfill its mission of providing quality transit service for our riders. The next section contains a discussion of each department's budget along with the factors that affect the 2017 budget and any significant differences between the 2017 adopted budget and the 2016 amended budget.

The chart that accompanies each department discussion shows a historical analysis of changes in budget and FTE levels. The charts include four years of actual expense data, the current year's amended budget, and the 2017 adopted budget. All FTE counts for all years are budgeted FTEs.

### ***Board of Directors and Executive***

The Board and Executive 2017 budget has decreased by 1.5 percent as compared to 2016 amended budget. The decrease results from the factors below:

- The 2016 budget contained a one-time professional services expenditure for electronic records policy and records manager recruitment.
- The professional services reduction is offset somewhat by other small increases, most notably employee benefit increases, which apply to all Community Transit employees.

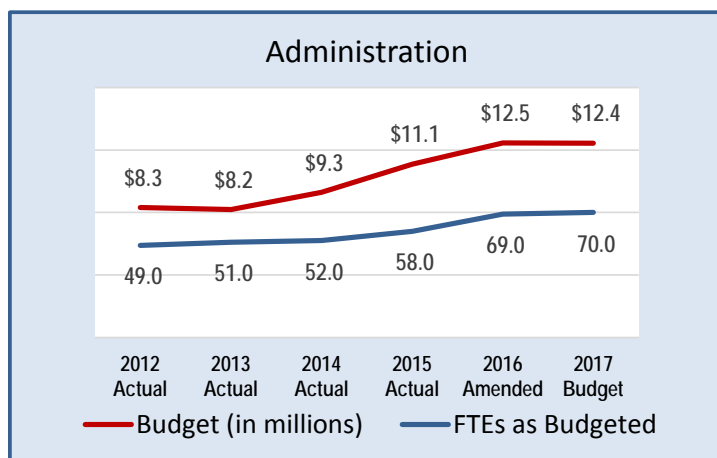


This budget enables the Board and Executive Departments to continue to develop and maintain good relationships at the national, state, regional and local levels, including support of Community Transit staff and attendance at agency events.

## Administration

The Administration Department 2017 budget has decreased by less than 1 percent as compared to the 2016 amended budget. The 2017 budget adds one maintenance instructor to address the Maintenance Department's need for more mechanics.

It is the responsibility of the Administration Department to hire all new employees and train coach operators and mechanics. This includes 46 coach operator trainees, as well as 3 journey mechanics and a mechanic apprentice. Trainee wages are included in the Administration Department budget, but they are not counted as FTEs until they complete training and are transferred to the Transportation Department.



Other highlights of this department's budget follow.

- Salaries and benefits expense remains static. The cost of a single new FTE, plus increased benefit rates in 2017, is offset by a decrease in new coach operator hiring, recruitment, and training.
- Services expenses have decreased. During 2016, several key projects were implemented, including purchase of a learning management system and, with the help of consultants, development of options for wastewater treatment. These projects are largely complete or have been purchased and will not be repeated in 2017. Slightly lower 2017 recruitment efforts also mean slightly lower services expenses, e.g., employment advertising, background checking, and other hiring costs.
- Intergovernmental services has increased by 3 percent. The increase results from contractual obligations to obtain the services of the transit police from the Snohomish County Sheriff.
- Delivery of learning management content to Community Transit employees via the new learning management system should lead to cost savings and efficiencies in the employee training process because employees can take “on-demand” courses at their desktops.

- A safety management system will be developed to align with the Federal Transit Administration’s Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21) requirements.
- Implementing the Time and Labor module in PeopleSoft will allow for electronic timesheets and enable the agency to comply with Affordable Care Act (ACA) reporting requirements.

### ***Customer Experience and External Affairs Restructure***

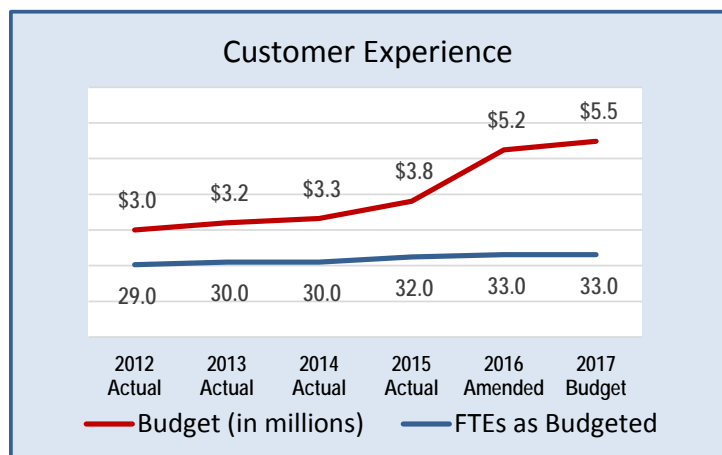
In late 2016, the Departments of Customer Relations and Public Affairs were restructured and rebranded to become the Customer Experience Department and the External Affairs Department. Formerly, the Director of Customer Relations reported to the Chief of Strategic Communications, who reported to the CEO. Going forward the Director of Customer Experience and the Chief of External Affairs will both report directly to the CEO. This creates a more direct relationship between the CEO and the Director of Customer Experience and supports a robust external affairs function for the agency.

For the purposes of year-over-year budget comparison, the chart values for 2012 to 2016 have been restated to provide consistent comparisons. Two FTEs will be transferred from Customer Experience to External Affairs in early 2017, changing the total of FTEs to 33 in Customer Experience, and 15 in External Affairs.

### ***Customer Experience***

The Customer Experience Department budget of \$5,487,169 increased by 4.6 percent as compared to the 2016 amended budget. Elements affecting this budget include:

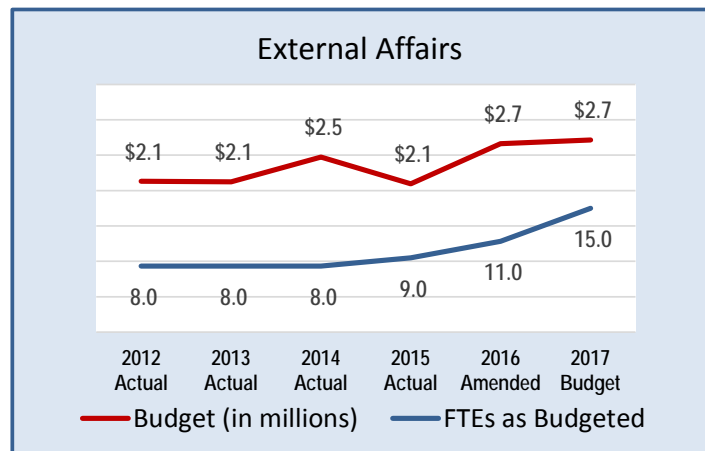
- Vanpool fuel is budgeted at \$2.80 per gallon in the 2017 budget, compared to \$3.25 per gallon in the 2016 budget. Even though the 2017 budget assumes a 3.5 percent increase in vanpool service hours, the net effect of the \$0.45 reduction in cost per gallon results in a budget reduction of about \$207,500.



- An increase of two FTEs consisting of one customer systems position and one term-limited TDM and outreach specialist. Additional grant funding in the amount of \$300,000 supports the TDM and outreach specialist. Two FTEs will be transferred from Customer Experience to External Affairs in early 2017, leaving a total of 33 FTEs.
- Continued expansion of the Curb the Congestion and Choice Connections transportation demand management programs, using grant funds received from Washington State Department of Transportation to deliver enhanced products and services to both customer bases.
- Implementation of the new customer comments/experience system.

### External Affairs

The External Affairs Department's 2017 budget of \$2,713,929 represents an increase of 1.9 percent compared to the 2016 amended budget. The 2017 budget includes:

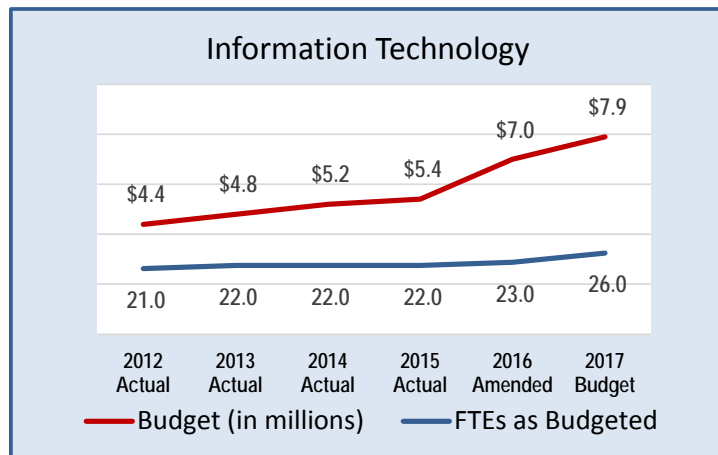


- An increase in professional services expense related to strategic messaging consultation.
- Continued work to protect Community Transit's funding by maintaining positive relationships with key legislators and the various local jurisdictions.
- An increase of two FTEs and the conversion of two term-limited positions to permanent, full-time positions. The new positions include one public information specialist and one events and outreach coordinator. A marketing specialist and a graphics designer were approved as term-limited positions in the 2016 amended budget. In addition, two FTEs will be transferred from Customer Experience to External Affairs in early 2017, for a grand total of 15 FTEs.
- Advertising recruitment-related expenditures for coach operators and mechanics will decrease from 2016 to 2017, as service increase-related recruitment efforts continue but at a lower rate.
- Marketing and outreach efforts include new route promotion and outreach for 2017, branding for the existing and new *Swift* lines, and an Internet/intranet redesign and functionality update.

## Information Technology

The Information Technology Department's 2017 budget increased by 13.5 percent (\$940,000) as compared to the 2016 amended budget. This increase is comprised of several major categories:

- While professional services are decreasing by \$100,000 or 25 percent, software expense will increase by almost \$300,000 or 170 percent. Some of the drivers are: Community Transit will now incur a full year of transit technologies software maintenance in 2017. Also, the agency is replacing many homegrown or older technology systems with new, commercially available, cloud-based solutions which we procure through a subscription fee. Finally, telephone and data services costs are significantly higher (over \$200,000, or 254 percent) due to cellular charges related to the conversion from older land mobile radio data technology to cellular technology.
- The salary component includes the addition of three new support positions. One of those positions will be added to support the new wireless communication project. The other two positions support the new technologies and software systems that are implementing in late 2016 and in 2017. In 2017 alone, over 18 new systems will be added to the agency portfolio for Transportation, Maintenance, Administration, Marketing, and IT Security. The cost of the additional FTEs plus the increase in benefits and PERS for department employees results in a 10 percent increase in Information Technology salaries and benefits.
- Ongoing ORCA costs will increase by \$90,000 (14 percent) as Community Transit continues to address the security elements of an aging ORCA system subject to continued customer and transaction growth. Community Transit is also beginning to experience ngORCA development costs as the project progresses in 2017; these development costs are categorized as operating expenses.
- Supplies expense, which mostly consists of minor equipment, is increasing by 21 percent. This includes such things as replacing all transit technologies workstations

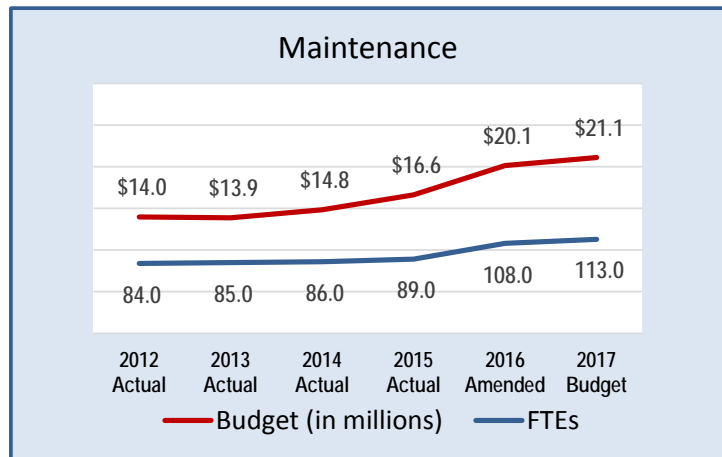


and some high performance physical desktops in 2017, as well as new workstations necessitated by agency FTE growth.

## **Maintenance**

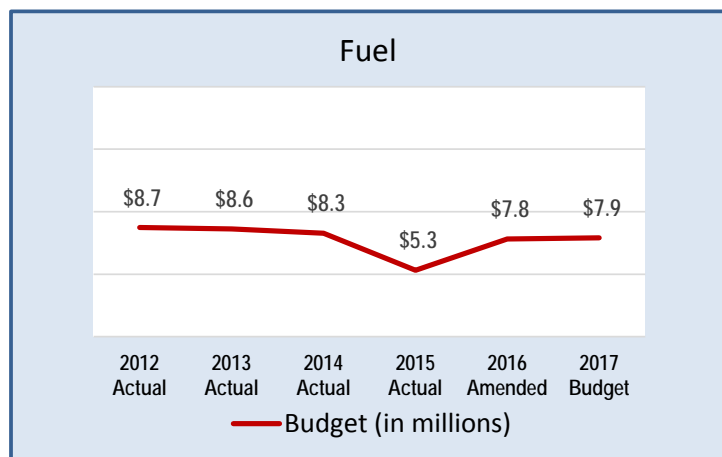
The 2017 Maintenance Department budget shows a 5 percent increase as compared to the 2016 amended budget. The 2017 budget includes:

- The Maintenance Department plans to add five additional FTEs to include one apprentice mechanic, three journey mechanics, and one assistant facilities manager. The need for additional mechanics is a direct result of the historically large bus orders occurring in 2016 to accommodate service growth. Community Transit will receive these buses in 2017 and 2018, which will necessitate greater work for Maintenance—there will be many buses to fit with Community Transit-specific components, and more buses to maintain and repair on an ongoing basis. The five FTEs, combined with benefits increases that will occur in 2017, result in a 10 percent increase in salaries and benefits expense in Maintenance.
- There is a 5 percent increase in services. This increase mainly consists of changes in facilities contract maintenance expense, as well as utilities increases, particularly electricity.



## **Fuel**

For 2017, the diesel fuel budget has been moved out of the Maintenance Department into a separate nondepartmental division in the General Fund. Gasoline for service vehicles remains in the Maintenance Department. This move was made because fuel is an essential operating expense, but it is an expense the agency cannot directly influence.

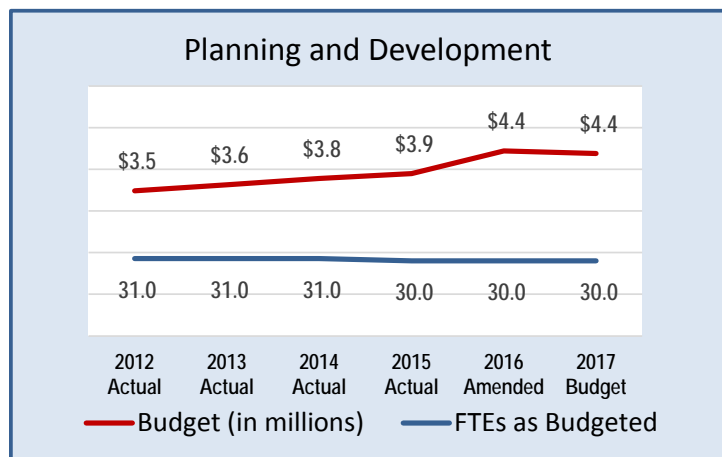


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Prior year comparisons in the Maintenance Department chart have been adjusted to remove fuel expense for the years shown to ensure an “apples to apples” comparison. That said, diesel fuel has been budgeted at \$2.20 per gallon for 2017. In 2016, diesel fuel was budgeted at \$2.80 per gallon, and amended to \$2.30 per gallon. The net effect of increased mileage resulting from increased service levels and decreased fuel cost per gallon is a small overall increase (\$92,000) in the diesel fuel budget for 2017.

### ***Planning and Development***

The Planning and Development budget, including Purchased Transportation and the other Planning divisions, has increased overall by 2 percent compared to the 2016 budget. This department encompasses two primary functions: (1) all Community Transit’s current and long-range planning services, including capital development, and (2) management of purchased transportation. This discussion focuses on the first function. The Planning and Development Department’s 2017 budget decreased by 1 percent as compared to the 2016 amended budget. The Planning and Development Department budget includes:



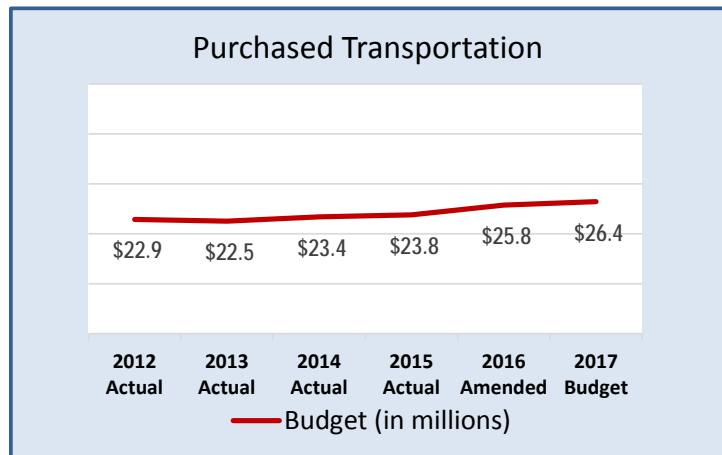
- Management of the ongoing service increase process, including outreach and gathering of public input.
- Completion of the project development phase for the *Swift* Green Line and the commencement of the construction phase.
- Early planning for the *Swift* Orange Line.
- Development of scope and options for a future base expansion.

### ***Purchased Transportation***

The overall Planning and Development Department’s budget encompasses purchased transportation. The department addresses it separately because purchased transportation is service delivery rather than service planning. The 217 purchased transportation budget will increase by 3 percent as compared to the 2016 amended budget.

Purchased transportation includes contracted commuter services and paratransit services. Contracted commuter services expense and service hours will increase by 4 percent and 3 percent, respectively. Paratransit expense and service hours will decrease by 1 percent and 2 percent, respectively. Competitive contracts include \$13.6 million for Sound Transit regional express bus service, \$7.4 million for Dial-A-Ride Transportation (DART) paratransit service, and \$5.4 million for Community Transit commuter service. The 2017 purchased transportation budget funds the following services:

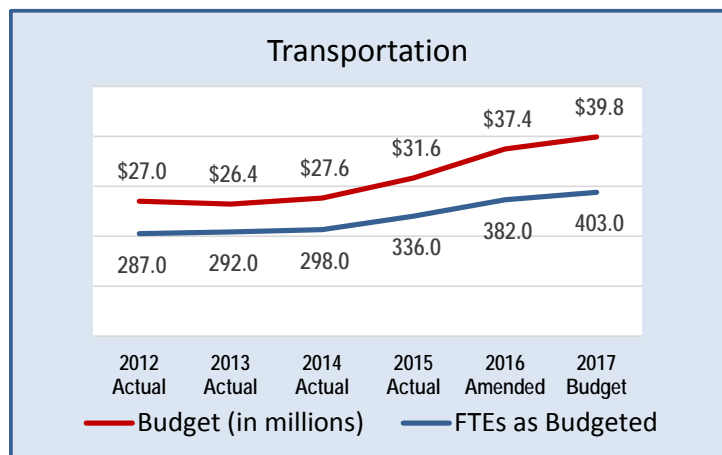
- About 89,100 hours of DART paratransit service (Senior Services).
- About 43,800 hours of Community Transit commuter bus service (First Transit).
- About 97,700 hours of Sound Transit Regional Express bus service.



## Transportation

The Transportation Department's 2017 budget increased by 6 percent as compared to the 2016 amended budget. The 2017 budget includes:

- A total of 403 FTEs, 21 more than the amended 2016 budget. The 2017 budget adds 19 coach operators and two transportation supervisors. This budget includes nearly 60 percent of the agency's employees. The 6 percent increase in the department's salaries and benefits results from this FTE increase, as well as benefits increases that will occur in 2017.
- Implementation of the Trapeze OPS bidding module to automate the route bid and vacation bid processes.

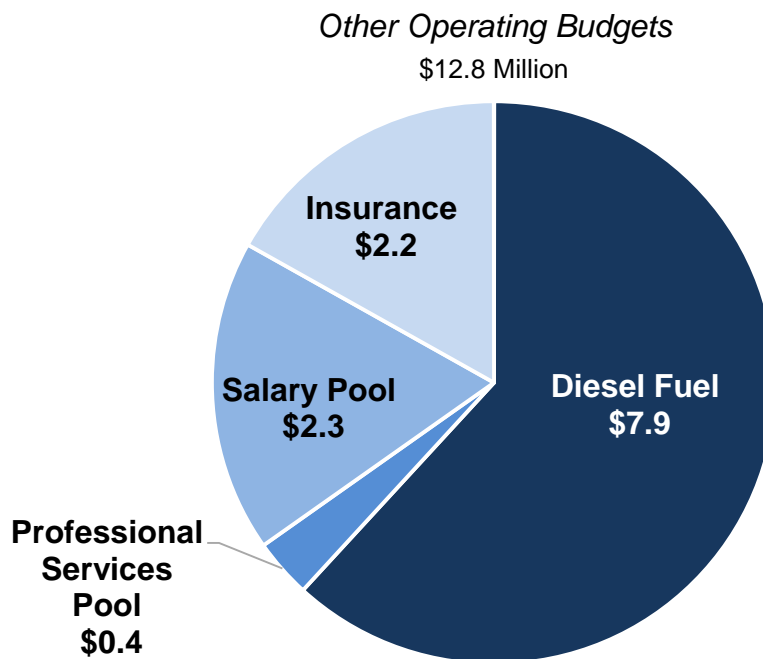




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- Improvements to the customer comment process, as well as the continued automation of various other processes using available technology, data, and visual analytics software.

### ***Other Operating Expense***

The Other Operating Expenses category includes diesel fuel, insurance, a salary pool, and a professional services pool.



#### ***Diesel Fuel***

Budgeted diesel fuel costs have increased about 1.2 percent as compared to the 2016 amended budget. Fuel prices remain very low, and we project they will remain low in 2017. Diesel fuel has been budgeted at \$2.20 per gallon for 2017, compared with \$2.80 per gallon in the original 2016 budget and \$2.30 in the 2016 amended budget. Therefore, even with an increase in service hours in 2017, the diesel fuel budget will increase by only \$92,000.

#### ***Insurance***

The 2017 insurance budget of \$2.2 million represents an increase of approximately 7.1 percent as compared to the 2016 amended budget of \$2.0 million. Actual insurance expense for 2015

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was \$1.6 million. The 2017 insurance budget number is an early estimate; we expect actual premiums will be slightly lower.

Community Transit's insurance, purchased through the Washington State Transit Insurance Pool, provides general liability coverage for the agency's vehicles and property, pollution liability, crime and fidelity, and other related coverages. Vehicle mileage, directly related to the number of service hours operated, drives a significant portion of this cost increase. Increased employee count—more coach operators and other employees to address the increased service—also plays a role in the higher insurance cost.

### ***Salary Pool***

The salary pool funds anticipated employee salary adjustments, including increases to the administrative employee pay plan and any union contract settlements pending during the year, as well as associated payroll taxes, PERS, and other benefits. The salary pool also funds the voluntary paid time off payout program for all employees. The original 2016 salary pool budget included minimal labor contract settlements because few were pending at the time the 2016 budget was adopted. The 2017 salary pool budget is greater than 2016 original budget amount because several bargaining units now have bargaining agreements that are up for renegotiation in 2017. Also, increased FTEs necessitate a slightly higher salary pool estimate. The 2017 salary pool includes early estimates for cost increases.

### ***Professional Services Cost Pool***

Community Transit maintains a professional services cost pool as a contingency for unanticipated professional services needed during the year that could not be identified at the time the budget was prepared. Examples of items previously funded from the professional services cost pool include human resources consulting, legal costs, temporary staff shortages, internal audits, and various consulting tasks, including a transportation services analysis and IT professional services.

The 2017 professional services cost pool will be funded in the amount of \$435,000, down \$120,000 from the 2016 original professional services cost pool budget. The 2016 professional services cost pool included an amount for a possible fuel hedge contingency which is not included in the 2017 budget. Community Transit does not draw from this budget unless or until unanticipated services are required that cannot be met within the department's existing budget.

## **2017 Interfund Transfers**

Transfers to the Replacement Reserve, Infrastructure Preservation Reserve, and Facilities and Technology Expansion Funds follow the plan for balances in the reserves as outlined in the *2016-2021 Transit Development Plan*. Transfers made to the FTA and Local Capital Projects Funds address local funding required to complete Community Transit's approved projects. Contributions to the Workers' Compensation Fund and Debt Service Funds cover usual ongoing costs and the debt service projected to be due in 2017, respectively.

The transfer to Fund 48, Facilities and Technology Expansion Fund, begins the accumulation of funds for a future base expansion to address base capacity associated with service expansion. Community Transit's most recent bond issue was paid in full in August 2016. A new bond issue is planned for 2017 to fund coach purchases needed for service expansions. The transfer to Fund 50, Bond Debt Service, funds the anticipated costs associated with a new bond issue.

### *Interfund Transfers from the General Fund to Other Funds*

	<b>2015 Actual</b>	<b>2016 Amended</b>	<b>2017 Budget</b>	<b>Change 2017 vs. 2016</b>	
Fund 41: Replacement Reserve	\$ 7,171,934	\$ 4,690,444	\$ 5,591,711	\$ 901,267	19.2%
Fund 42: Infrastructure Preservation Reserve	1,913,976	8,518,608	1,550,497	(6,968,111)	-81.8%
Fund 43 Workers' Compensation	2,335,000	2,601,000	2,615,000	14,000	0.5%
Fund 45: FTA Capital Projects	840,000	10,788,259	3,552,049	(7,236,210)	-67.1%
Fund 46: Local Capital Projects	2,840,900	4,326,570	-	(4,326,570)	-100.0%
Fund 47: Bond Capital Projects	-	-	-	-	-
Fund 48: Facilities and Technology Expansion	-	94,248	20,000,000	19,905,752	21120.6%
Fund 50: Bond Debt Service	1,851,846	1,854,000	773,500	(1,080,500)	-58.3%
<b>Total</b>	<b>\$ 16,953,656</b>	<b>\$ 32,873,129</b>	<b>\$ 34,082,757</b>	<b>\$ 1,209,628</b>	<b>3.7%</b>

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### ***Replacement Reserve (Fund 41)***

The Replacement Reserve uses local revenues, primarily sales tax collections, to provide for support vehicles and for the locally funded match to grants for revenue vehicles.

*Fund 41 Revenues:* The 2017 budget consists of \$10,000 in proceeds from the sale of surplus vehicles and interfund transfers from the General Fund in the amount of \$5.6 million.

*Fund 41 Expenditures:* The \$2.8 million 2017 budget includes the replacement of DART paratransit vehicles and vanpool vans. Bus replacements are accounted for in Fund 45, FTA Capital Projects, because much of the cost is covered by FTA grants. The local match for federal bus funding is accumulated in this fund and then transferred to Fund 45 when federal grant funds are awarded.

### ***Infrastructure Preservation Reserve (Fund 42)***

Similar to the Replacement Reserve, this fund reserves a portion of local revenues, primarily sales tax collections, to accumulate funds for the needed repair and replacement of Community Transit's aging facilities and technology infrastructure.

*Fund 42 Revenues:* Budgeted revenues for 2017 consist of interfund transfers from the General Fund in the amount of \$1.6 million.

*Fund 42 Expenditures:* The 2017 budget includes \$12.6 million in remaining carryover and new projects, including the carryover of \$10.4 million to fund a wireless communications solution to replace the current radio system. Funds accumulated in this fund and totaling slightly more than \$1 million will be transferred to Fund 46, Local Capital Projects Fund, to cover funding needed for other local capital projects.

### ***Workers' Compensation (Fund 43)***

This fund was established in 1998 to set aside funds for future claims when Community Transit became self-insured. This fund is comprised of workers' compensation claims, program administration, operation of the employee maintenance center, and ergonomic equipment. It also functions as a reserve to pay future workers' compensation claims and related costs.

*Fund 43 Revenues:* Budgeted revenues for 2017 include \$6,000 of investment income and interfund transfers from the General Fund in the amount of \$2.6 million to cover annual costs.

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*Fund 43 Expenditures:* The 2017 budget is a little more than \$2.6 million, an increase of 1 percent, which is primarily due to professional services expense increases, including actuarial costs. The 2017 workers' compensation claims budget was calculated by Community Transit's consulting actuary using estimated worker hours and the claims experience rates provided. Estimated claims are down by about 5 percent from 2016 to 2017.

State law requires that self-insured entities keep a minimum amount in reserve to pay current and future claims. Projected ending cash for the Workers' Compensation Fund is \$5 million, exceeding the state required minimum and covering a 90 percent confidence level as recommended by Community Transit's actuary.

### ***FTA Capital Projects (Fund 45)***

This fund includes capital projects paid for in part by FTA grants which require that Community Transit contribute a partial match. The local match is usually funded with transfers from other capital reserves or the General Fund.

*Fund 45 Revenues:* The 2017 budget provides \$63.2 million in new and carryover FTA grant funds, including over \$40 million in Small Starts grants for the *Swift* Green Line. The remaining local match is funded by interfund transfers from the General Fund in the amount of \$3.6 million.

*Fund 45 Expenditures:* The 2017 budget of \$85.4 million consists predominantly of the *Swift* Green Line and carryover projects for coach replacements.

### ***Local Capital Projects (Fund 46)***

The Local Capital Projects Fund includes capital projects paid for with locally generated funds, including minor routine capital purchases. It is primarily funded with transfers from capital reserves or the General Fund with occasional state grant or local government contributions.

*Fund 46 Revenues:* The 2017 budget includes a state Regional Mobility grant in the amount of \$6.8 million for the Seaway Transit Center to fund the *Swift* Green Line. Fund 42, Infrastructure Preservation Fund, will provide \$1 million in interfund transfers to cover other funds needed for local projects.

*Fund 46 Expenditures:* The 2017 budget forecasts that \$11.7 million will carry over from prior-year projects and adds \$1.2 million in new capital projects. New capital initiatives include

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replacement of cameras at the Mountlake Terrace Transit Center, vanpool expansion vans, a corridor study for the *Swift* Orange Line, technology upgrades, and other capital needs.

### ***Bond Capital Projects (Fund 47)***

This fund is used only when bond proceeds fund capital projects. Debt service for bond issues is accounted for separately in Fund 50.

*Fund 47 Revenues:* Budgeted revenues for 2017 include a bond issuance in the amount of \$13 million. Interfund revenues in the amount of \$2.0 million will be transferred in from Fund 45, FTA Capital Projects, where part of the 2016 forty-foot coach order (which will be paid for mostly by bond proceeds) was originally budgeted.

*Fund 47 Expenditures:* The bond proceeds, along with the \$1,954,361 interfund transfer, will fund the purchase of forty-foot coaches that were ordered in 2016 but will not be received until later in 2017.

### ***Facility and Technology Expansion (Fund 48)***

This fund was established to set aside reserves for future facility and technology expansion projects. Since its inception in 2005, the largest capital investments from this fund have included the Kasch Park Operating Base maintenance expansion, *Swift* stations, and transit technologies.

*Fund 48 Revenues:* Budgeted revenues consist of \$20 million in interfund transfers from the General Fund designated for future facility expansion to accommodate service growth described in the *2016-2021 Transit Development Plan*.

*Fund 48 Expenditures:* The 2017 budget includes \$1.3 million in remaining carryover projects and \$1.6 million set aside as a contingency reserve.

### ***Bond Debt Service (Fund 50)***

This fund provides annual principal and interest payments on outstanding bonds through interfund transfers from the General Fund.

*Fund 50 Revenues:* Revenues budgeted for 2017 include \$2,500 in investment income and a transfer from the General Fund to cover estimated future debt service in the amount of \$773,500.

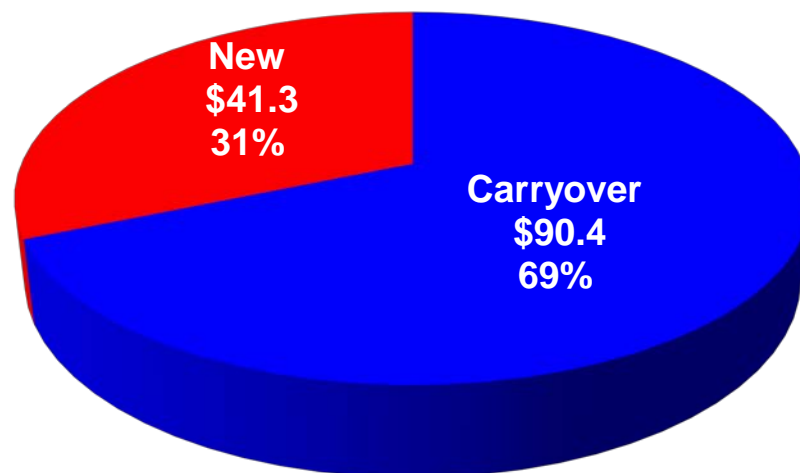
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*Fund 50 Expenditures:* The 2017 budget includes debt service on a new \$13 million bond issue. The proceeds have been budgeted in Fund 47, the Bond Capital Projects Fund. The 2017 budget anticipates that no principal payment will be required in the first year; interest has been estimated at \$156,000.

## ***Capital Program***

The 2017 capital program totals \$131.7 million and includes both new projects and multiyear projects begun in prior years.

*2017 Capital Program*  
\$131.7 million



## ***New Initiatives***

The 2017 budget includes funding for new and ongoing initiatives that set the stage for considerable benefits for the public. Also included are projects and reserve funds intended to keep Community Transit ahead of the game with increasing infrastructure and other needs. Several initiatives from the 2017 capital budget are highlighted in the following discussion.

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### ***Swift Green Line Development and Infrastructure and the Seaway Transit Center***

Community Transit has funds programmed into the 2017 budget to continue with development work and begin construction on the *Swift Green Line*, our second bus rapid transit line. In the second half of 2015, Community Transit received a Regional Mobility grant from the State of Washington to begin constructing the Seaway Transit Center near the Boeing plant in Everett. Conservatively, Community Transit expects to receive \$39.7 million in federal funds to develop, construct, and acquire necessary capital for the *Swift Green Line*.

The *Swift Green Line* project has passed the 60 percent design threshold. Easements and right-of-way acquisition are underway, and all appraisals have been complete. Construction is slated to begin by the summer of 2017. The *Swift Green Line* should begin operations in the spring of 2019. State of Washington grant funds for the *Swift Green Line* will be provided to Community Transit at a future date to help operate the Green Line.

### ***Coach and Other Service Vehicle Acquisitions***

In 2016 a record number of buses were ordered. Likewise, in 2017 a record number of buses will be delivered. We anticipate taking delivery of 57 buses from three different manufacturers for Community Transit service in 2017, plus inspecting and preparing 32 buses for service for Sound Transit. To top this off, Community Transit will take delivery of 11 paratransit buses and 59 vanpool vans. This represents the most coach builds ever in a single year. The total new and carryover budget for revenue vehicles in 2017 is \$63.4 million, almost half of Community Transit's 2017 capital budget!

### ***2017 Technology Enhancements***

Community Transit staff continue implementation of the wireless communications project to replace the current aging 800 MHz voice and 700 MHz mobile data radio systems. These systems support fixed-route and paratransit operations and provide for ongoing safe and efficient operation of Community Transit's system. This project, the largest and most complex technology project planned, will modernize and update communications systems to allow Community Transit to operate its service effectively into the future. The 2017 budget carries over \$10.4 million from a prior-year budget authorization to fund this initiative.

Additionally, the capital budget includes a replacement video system on coaches. Replacement parts for the current video system are out of date and have become hard to locate. This upgrade modernizes a critical system that supports safety, customer service, accident investigations, and other risk management issues.



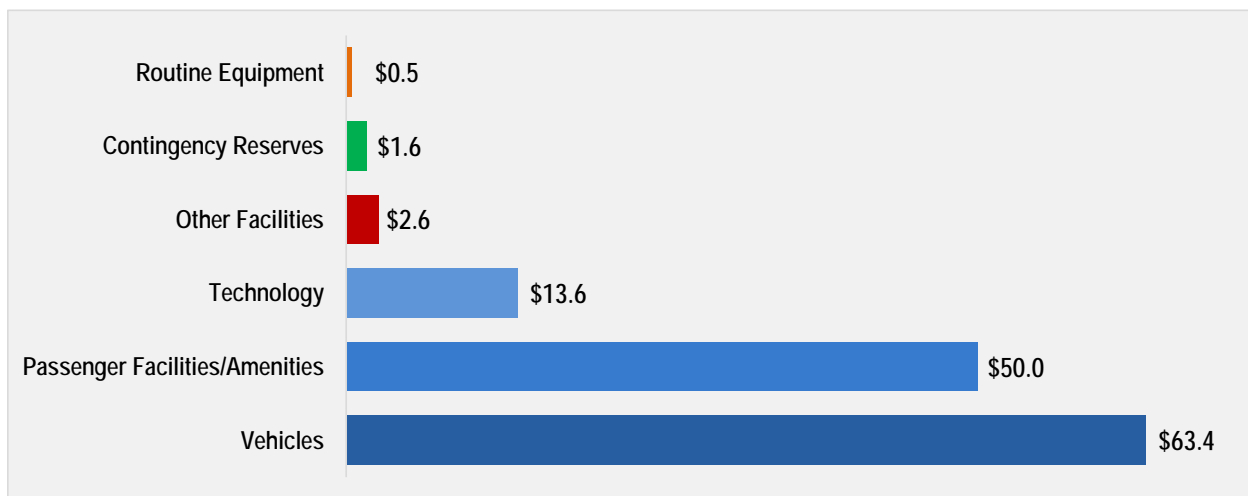
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The capital budget also includes additional funding for transit technologies and funding for other information technology projects including a HASTUS scheduling system upgrade, a Trapeze shop activity project, an IT security and disaster recovery project, implementation of a PeopleSoft Time and Labor module, a new customer comments system, and various other initiatives and upgrades.

### ***Other Passenger Facilities and Amenities***

In addition to new *Swift* bus rapid transit development and construction, the 2017 capital budget programs \$2.4 million for various passenger facilities and amenities including repairs and renovations at the Ash Way Park & Ride, the Edmonds Transit Center, Marysville Ash Avenue Park & Ride, and the Mountlake Terrace Transit Center, as well as *Swift* Blue Line bumpers and ticket vending machine upgrades, ORCA equipment, and Community Transit's facilities master plan.

*2017 Capital Program by Type*  
(\$ in Millions)



A detailed listing of the 2017 capital program, including carryover projects, follows.

## 2017 Capital Program, Including Carryover Projects

Project Category		Capital Fund	Fund Source		Total
			Grants *	CT Local	
Revenue Vehicle Acquisitions					
	Double Tall coaches	45	\$14,193,083	\$ 4,388,267	\$ 18,581,350
	40-Foot coaches	47	0	14,954,361	14,954,361
	60-Foot coaches	45	10,595,630	2,258,149	12,853,779
	Swift Green Line coaches	45	9,500,000	2,500,000	12,000,000
	Swift Blue Line coaches	45	1,624,437	406,109	2,030,546
	Vanpool vans	41/46	0	1,652,000	1,652,000
	DART vehicles	41	0	1,327,000	1,327,000
	Subtotal		\$35,913,150	\$27,485,886	\$ 63,399,036
Transit Facilities and Passenger Amenities					
	Swift Green Line development and infrastructure	45	\$30,100,000	\$ 8,500,000	\$ 38,600,000
	Swift Green Line - Seaway Transit Center	45/46	7,300,000	1,700,000	9,000,000
	Real-time service alert system	48	0	540,000	540,000
	Ash Way P&R transit lane repairs	42	0	445,300	445,300
	Edmonds P&R renovation	42	0	346,600	346,600
	Facilities master plan	46	0	250,000	250,000
	ORCA equipment and passenger shelters	46	0	225,000	225,000
	Swift Blue Line bumpers and TVM upgrades	42/46	0	222,000	222,000
	Swift Orange Line corridor study	46	0	150,000	150,000
	Mountlake Terrace Transit Center cameras	46	0	148,500	148,500
	Marysville Ash Avenue P&R	42	0	99,000	99,000
	Subtotal		\$37,400,000	\$12,626,400	\$ 50,026,400
Technology Systems					
	Wireless communications	42	\$ 0	\$10,389,948	\$ 10,389,948
	APTS	46/48	0	826,060	826,060
	Coach video system replacement	46	0	800,000	800,000
	HASTUS upgrade	46	0	257,500	257,500
	IT security, disaster recovery, and data storage	46	0	249,471	249,471
	Trapeze shop activity and web bidding	46	0	216,102	216,102
	PeopleSoft Time and Labor	46	0	202,000	202,000
	Customer Comments upgrade	46	0	187,675	187,675
	Integrate RTP1 and trip planner	46	0	165,000	165,000
	Open data/GTFS	46	0	103,180	103,180
	Other new software initiatives and projects	46	0	119,264	119,264
	Routine upgrades and maintenance	46	0	100,000	100,000
	Subtotal		\$ 0	\$13,616,200	\$ 13,616,200

Project Category		Capital Fund	Fund Source		Total
			Grants *	CT Local	
Other Facilities					
	MCOB shop upgrades, hoists, and fall protection	42/46	\$ 0	\$ 1,112,283	\$ 1,112,283
	MCOB pavement replacement	45	30,881	769,119	800,000
	KPOB exterior painting	42	0	250,083	250,083
	Industrial wastewater systems	46	0	210,000	210,000
	KPOB and Ridestore HVAC replacement	46	0	180,500	180,500
	Subtotal		\$ 30,881	\$ 2,521,985	\$ 2,552,866
Routine Equipment and Other Minor Projects					
	Vehicle and facility maintenance equipment	46	\$ 0	\$ 163,131	\$ 163,131
	Electric vehicle support equipment	46	0	103,030	103,030
	Construction repairs and small projects	46	0	100,000	100,000
	Supervisor vehicle replacements	46	0	91,100	91,100
	Subtotal		\$ 0	\$ 457,261	\$ 457,261
Capital Program Total			\$ 73,344,031	\$ 56,707,732	\$ 130,051,763
Designated Reserves					
	Construction/EPM contingency reserve	48	\$ 0	\$ 1,603,241	\$ 1,603,241
	Subtotal		\$ 0	\$ 1,603,241	\$ 1,603,241
Capital Program and Designated Reserve Total			\$ 73,344,031	\$ 58,310,973	\$ 131,655,004

\* Grant funding is primarily federal but also includes funding contributions from the State of Washington and other local jurisdictions.

## **2017 General Fund Cash Balance Summary**

The 2017 budget includes revenues of \$172.1 million, which funds 724,000 hours of service with operating expenses of \$134.2 million and also contributes to the 2017 capital program. In addition, the budget fully funds the workers' compensation program at more than a 90 percent actuarial confidence level, funds the projected 2017 debt service requirement, and maintains all reserve balances at levels required by bond covenants, the Board-adopted TDP, or internal policy.

<b><u>\$ in Millions</u></b>	
<b>Beginning Cash</b>	<b>\$57.7</b>
Total General Fund Revenue	\$ 170.6
Total Current Expenses and Obligations	\$ 134.2
<b>Operating Margin</b>	<b>\$ 36.4</b>
Nonoperating Revenue	\$ 1.5
Transfer to Capital/Other Funds	\$ 34.1
<b>Remaining Margin</b>	<b>\$ 3.8</b>
<b>Ending Cash</b>	<b>\$61.5</b>

### **General Fund Reserve Balance Calculation (\$ in millions)**

	<b>2016 Forecast</b>		<b>2017 Budget</b>	
<b>Projected Ending Cash Balance</b>		<b>\$ 57.7</b>		<b>\$ 61.5</b>
Operating Expenses	\$ 119.5		\$ 134.2	
Workers' Compensation Expense	\$ 2.6		\$ 2.6	
<b>Total Expense</b>	<b>\$ 122.1</b>		<b>\$ 136.8</b>	
Operating Reserve (10% of operating expense as required by bond covenant)		\$ 12.2		\$ 13.7
<b>Cash In Excess of Operating Reserve</b>		<b>\$ 45.5</b>		<b>\$ 47.8</b>
Total Operating Expense for 2016 Forecast and 2017 Budget	\$ 119.5		\$ 134.2	
Less: Sound Transit	\$ 17.7		\$ 18.2	
<b>Net Operating Expense Excluding Sound Transit</b>	<b>\$ 101.8</b>		<b>\$ 116.0</b>	
Two Months Operating Expense		\$ 17.0		\$ 19.3
Fuel Reserve		\$ 3.0		\$ 3.0
<b>Cash/Working Capital In Excess of all Reserves</b>		<b>\$ 25.5</b>		<b>\$ 25.5</b>

## *Summary of all Community Transit Reserves*

The following table summarizes the cash reserve balances for all Community Transit Funds.

### ***Summary of Reserve Balances***

<i>Fund</i>	<i>Cash Balance \$ in Millions</i>
<b>Operating Reserve</b>	
Restricted for 2017 Bond Reserves	\$ 13.7
Designated—Operating and Fuel Reserves <sup>1</sup>	22.3
Reserves for Sustainability/Expansion	25.5
<b>Total Operating Reserve</b>	<b>\$ 61.5</b>
<b>Replacement Reserve</b>	<b>33.8</b>
<b>Infrastructure Preservation Reserve</b>	<b>13.7</b>
<b>Facilities and Technology Fund</b> (Reserve is for Base Capacity/Expansion)	<b>20.0</b>
<b>Workers' Compensation</b>	
Statutorily Restricted	\$ 1.8
Designated for Future Claims	3.2
<b>Total Workers' Compensation</b>	<b>5.0</b>
<b>Bond Fund (restricted)</b>	<b>0.5</b>
<b><i>Total as of December 31, 2017</i></b>	<b><u><u>\$ 134.5</u></u></b>

<sup>1</sup> Includes two months operating cash flow reserve and \$3 million fuel reserve.