

The Swift logo is located on a tall, illuminated green and blue structure on the left side of the image. It features the word "Swift" in a blue, stylized font with a yellow swoosh underneath it.

communitytransit

SWIFT GREEN LINE

12

29714

Swift

91079C

2018

Budget

Adopted December 7, 2017

2018 Budget

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Board of Director Goals

Improve ridership.
Demonstrate good stewardship of public funds.
Be a positive force in our communities.

Community Transit—Principal Officials

Board of Directors—as of December 31, 2017

<i>Name</i>	<i>Title</i>
Stephanie Wright, Chair	Council Member, Snohomish County
Leonard Kelley, Vice-Chair	Mayor, City of Stanwood
Jennifer Gregerson, Secretary	Mayor, City of Mukilteo
Dave Earling	Mayor, City of Edmonds
Tom Hamilton	Mayor, City of Snohomish
Jon Nehring	Mayor, City of Marysville
Terry Ryan	Council Member, Snohomish County
Jan Schuette	Council Member, City of Arlington
Mike Todd	Council Member, City of Mill Creek
Lance Norton	Labor Representative

Board Alternates:

Patsy Cudaback	Mayor Pro Tem, City of Monroe
Chris Boyer	Council Member, City of Lynnwood
Joe Neigel	Council Member, City of Sultan
Jerry Smith	Mayor, City of Mountlake Terrace
Vacant	Council Member, Snohomish County

RESOLUTION NO. 30-17

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 2018.

WHEREAS, the Director of Administration and Budget Manager presented the proposed 2018 budget to the Board of Directors on October 26, 2017; and

WHEREAS, the Board of Directors of Community Transit met in regular session on Thursday, November 2, 2017, 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 2018 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 2018 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 2018 budget as adopted or amended by the Board of Directors by resolution; and
4. That all salary bands that are in effect on December 31, 2017, for all exempt and nonexempt salaried administrative employees will be increased by 2.1 percent effective January 1, 2018, as set forth in Exhibit C of this resolution; and
5. That unexpended capital project budgets that have been previously approved by the Board of Directors, including all projects budgeted in Replacement Reserve Fund 41, Infrastructure Preservation Fund 42, FTA Capital Projects Fund 45, Local Capital Projects Fund 46, Bond Capital Projects Fund 47, and Facilities and Technology Fund 48, will be reappropriated as of January 1, 2018, with the budget balances remaining as of December 31, 2017, plus any new amounts included in the adopted 2018 budget unless the project has been completed and no additional funding is required.

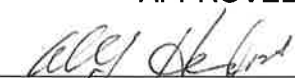
APPROVED AND PASSED THIS 7th day of December 2017.


Council Member Stephanie Wright, Board Chair

ATTEST


Mayor Jennifer Gregerson, Secretary

APPROVED AS TO FORM


Allen J. Hendricks, Attorney

**Community Transit 2018 Budget
Totals of Estimated Revenues
Resolution No. 30-17 Exhibit A**

Fund	Fund Description	Beginning Cash	Revenues	Interfund Transfers	Total
40	General Fund	59,850,698	183,962,493	2,667,833	246,481,024
41	Replacement Reserve Fund	34,223,087	63,000	859,854	35,145,941
42	Infrastructure Preservation	18,685,216	0	15,957,918	34,643,134
43	Workers' Compensation Fund	6,734,790	6,000	2,618,000	9,358,790
45	FTA Capital Projects Fund	15,524,524	64,506,674	6,504,586	86,535,784
46	Local Capital Projects Fund	3,268,466	10,822,409	14,426,696	28,517,571
47	Bond Capital Projects Fund	958,151	0	0	958,151
48	Facilities and Technology Fund	47,059,241	0	14,784,000	61,843,241
50	Bond Debt Service Fund	912,367	0	1,154,892	2,067,259
	Total Budget	187,216,540	259,360,576	58,973,779	505,550,895

**Community Transit 2018 Budget
Expenditures for Each Separate Fund
Resolution No. 30-17 Exhibit B**

Fund	Fund Description	Expenditures	Interfund Transfers	Ending Cash	Total
40	General Fund	141,895,668	41,879,250	62,706,106	246,481,024
41	Replacement Reserve Fund	1,392,860	0	33,753,081	35,145,941
42	Infrastructure Preservation	20,634,743	0	14,008,391	34,643,134
43	Workers' Compensation Fund	2,617,877	0	6,740,913	9,358,790
45	FTA Capital Projects Fund	72,109,088	14,426,696	0	86,535,784
46	Local Capital Projects Fund	26,807,889	1,709,682	0	28,517,571
47	Bond Capital Projects Fund	0	958,151	0	958,151
48	Facilities and Technology Fund	11,840,000	0	50,003,241	61,843,241
50	Bond Debt Service Fund	1,432,837	0	634,422	2,067,259
	Total Budget	278,730,962	58,973,779	167,846,154	505,550,895



Emmett Heath, CEO

CEO Budget Message



Community Transit's 2018 Budget

Delivering Results for Customers and the Community

Community Transit continues to deliver on our promise to provide more service, more often, to more places. Guided by a mission to provide appealing choices for customers to travel to their destinations, Community Transit provides a variety of transportation solutions that help people get to needed services, jobs, healthcare, education, social programs, shopping, and recreation activities all across the region. An efficient, convenient, and easy-to-access public transportation system allows our customers to make those connections—people to people and people to places—often across multiple transit agencies and using various transportation options.

The demand for transportation options has never been greater. The Puget Sound region is one of the most vibrant and fastest-growing regions in the country, and Snohomish County is the second fastest growing area in the state of Washington, adding an additional 16,500 people last year alone. ([PSRC Regional Population Trends 2017](#)). Puget Sound has now surpassed four million people, with an additional one million people expected to move here by 2040 ([PSRC Vision 2040](#)).

As planned, Community Transit is growing too and is positioned to address the increased demand. For the third consecutive year, we are making significant investments to better serve the growing number of residents who call Snohomish County home. In 2018, our customers will see new and extended routes, additional trips, and the construction of a major capital project that will deliver a new [Seaway Transit Center](#) to Boeing/Paine Field, followed by a second line of [Swift Bus Rapid Transit](#) in Snohomish County in early 2019.

We began our journey over 40 years ago as a small, local transit provider, and have grown to be an essential part of the regional transportation network. Along the way, we are ever mindful of the importance of delivering a consistent, quality experience to our customers and the value of giving back to the community. Be it through corporate sponsorships, civic initiatives, or our generous employee giving programs, we are engaged in our community in a very personal way. This is our home, and we are committed to making the investments needed today that will serve our customers, our communities, and this region well into the future.

Planning for the Future

Integrated Business Planning Cycle

The agency's business planning cycle guides the agency from broad visionary planning into action. From a long-range planning horizon to the annual allocation of resources, the business planning cycle provides the roadmap to defining and delivering our vision.

Long Range Transit Plan (LRTP)

The LRTP is a 20-year unconstrained vision of a regionally integrated buildout of the transportation network. The LRTP is updated every five years, and the latest update to this plan will be completed in 2018. A key component of the LRTP is coordinated planning and partnerships with local jurisdictions to help ensure that all agencies are working efficiently toward a common transportation vision. The LRTP is important in helping to define Community Transit's leadership role in providing a variety of transportation solutions to help people move easily throughout the region.

Transit Development Plan (TDP)

The TDP is a six-year financially constrained plan, updated annually, that describes Community Transit's next steps toward implementing its vision. The [2017–2022 TDP](#) details over \$1 billion in investments over the six-year period, including:

- New routes, new connections, and more trips throughout the system.
- Capacity for over 136,000 hours of new bus service; a 36 percent increase by 2022.
- A new Seaway Transit Center serving as a hub for existing and future services in the Mukilteo, South Everett, Boeing and Paine Field residential and industrial areas.
- Completing the *Swift* Green Line, Orange Line, and Blue Line extension to enhance east/west connectivity and to help customers access the regional light rail at Lynnwood and Shoreline.
- Targeting travel behavior change to minimize single occupant vehicle trips and increase average vehicle occupancy, thus easing congestion on crowded roadways.
- Purchasing 127 buses and 334 vanpool vehicles for replacement and to support expansion.
- Implementing new technologies to increase operational and service efficiencies and to improve the way customers get information and provide feedback to our agency.
- Expanding operating base capacity to provide space for additional employees and fleet.

Agency Business Plans

A two-year business plan is updated annually to implement planned services, programs, and initiatives to ensure projects are delivered on scope, schedule, budget, with quality and teamwork as identified in the LRTP and TDP.

Annual Budget and Fiscal Responsibility

Finally, the 2018 budget is a strategic allocation of resources for the coming year to fund the business plan. The annual budget is balanced, financially sustainable, funds reserves at target levels, and is buffered against the effects of an economic downturn. We are proud of our commitment to internal controls that protect the assets we hold in trust for our constituents. This agency's financial stewardship is evidenced by having achieved 22 consecutive clean state annual audits and as a recipient of the State Auditor's Office Stewardship Award.

Turning Plans into Action

Strategic Framework Guides Our Mission

This is an exciting time for Community Transit and for our customers. Thanks to support from the residents of Snohomish County, continuing growth in the economy, and our agency's strong financial foundation, we are making significant investments in improving and enhancing our service. In 2018, the plans we have developed will be on full display with active construction projects and initiatives that improve the customer experience.

The agency's major plans and initiatives in 2018 are guided by a strategic framework, which includes a set of six strategic priorities that help us focus and align our efforts and measure success. These priorities reflect guidance provided by the agency's Board of Directors.

Embedded in each of these strategic priorities is the care we have for the customer; our commitment to improving their experience and understanding their journey within our system and across systems.

Community Transit strives to deliver on existing plans better than promised. We do that by achieving alignment across the agency; the strategic priorities guide our work so that we can exceed our customers' expectations.



Major Initiatives 2018

Expanded Services

The 2018 budget supports continued expansion across our entire service area, with increases in commuter and local service, vanpool trips, and Dial-A-Ride Transportation paratransit service. (See [page 18](#) of Executive Summary for service hours.)

In addition to improving connections for customers with more frequent, more reliable bus service, we are also expanding options and amenities to encourage more customers to access transportation options to driving alone. An ever-expanding fixed-route and commuter bus service works for many of our customers, but when combined with one of the largest [vanpool programs](#) in the nation and innovative Transportation Demand Management (TDM) programs, our customers have a variety of travel choices to help them get from where they are to where they want to be.

Examples in 2018 include a new residential travel conversation project and expansion of small business outreach through our [Curb the Congestion](#) program and providing education and resources to commuters at large businesses within Snohomish County and the City of Bothell through our [Choice Connections](#) program.

Construction of the Swift Green Line Corridor and the Seaway Transit Center



The most visible initiative in 2018 will be the construction of the [Swift Green Line](#) corridor and the new [Seaway Transit Center](#). This is the largest capital project in Community Transit's history and is fully funded from a combination of federal, state, and local sources, including the agency's single largest grant ever received of \$43.19 million.

The Green Line will connect Boeing/Paine Field to Bothell at Canyon Park, with stops in between for fast, frequent service along this busy corridor. A total of 34 stations will be constructed with

boardings at Canyon Park Park & Ride, the Seaway Transit Center, and strategically selected locations along the 12.3 mile route.

The new transit center is already under construction across from Boeing's main gate in south Everett. The [Seaway Transit Center](#) will serve as the *Swift Green Line's* northern terminal and will also be a hub for existing Community Transit, Everett Transit, and King County Metro Transit service. It will also provide easy access to Boeing's shuttle service to transport employees from the transit center to the various buildings on Boeing's campus.



Through partnerships and advocacy with local jurisdictions, Snohomish County, and the Washington State Department of Transportation (WSDOT), the *Swift Green Line* project includes several vehicle and pedestrian/traffic signal improvements that will ensure greater efficiency, traffic flow, and improved transit access.

One such improvement is the [128th Street widening project](#), which adds new right-hand turn lanes on each side of I-5 at 128th Street in south Everett. The roadway improvements will help buses in this very congested corridor and will also benefit all traffic traveling across the overpass or entering I-5 from 128th Street.

With construction of the new [Swift Green Line](#), we will begin to realize our vision for developing a network of high capacity transit connectivity. We have been working with our partner agencies and jurisdictions to ensure our plans are integrated and our projects are delivered efficiently.

The map displays the Swift Transit System with the following components:

- Swift Blue Line:** A solid blue line connecting Shoreline, Lynnwood, Mill Creek, Everett, and Marysville.
- Swift Blue Line extension (planned for 2023):** Represented by a blue line with vertical bars, extending from Everett to Arlington.
- Swift Green Line:** A solid green line connecting Boeing, Mill Creek, and Bothell.
- Swift Orange Line:** An orange line with vertical bars, connecting Lynnwood and Mountlake Terrace.
- Future Swift Lines:** Indicated by grey lines with circular endpoints, showing potential future routes.
- Transit Emphasis Corridors:** Shown as grey lines representing major transportation routes.

Geographic labels include cities (ARLINGTON, MARYSVILLE, TULALIP, EVERETT, MUKILTEO, MILL CREEK, LYNNWOOD, MOUNTLAKE TERRACE, BRIER, BOTHELL, MONROE, SHORELINE, EDMONDS), highways (Hwy 520, Hwy 52, Hwy 528, Hwy 2, Hwy 524, Hwy 522, Hwy 160), and landmarks (LAKE STEVENS, CANYON PARK PARK & RIDE). A legend in the top right corner defines the line types, and a north arrow is located in the bottom left corner.

Helping customers get to Link light rail will be a primary initiative of ours in the coming years, and the buildout of the *Swift* network will transform public transportation in this region.

Coordination and Integration

Collaborative partnerships and planning for the future with other agencies and communities helps to better integrate the regional transportation system. Community Transit coordinates services with local, county, and state partners, and we collaborate with interest groups and community leaders to ensure our goals are aligned on how best to serve our shared customers.



The region's [ORCA](#) (One Regional Card for All) smart card is an example of integration among Puget Sound transportation agencies to make it easy for riders to travel among the systems. Community Transit leads the region with 85 percent of fares paid for with an ORCA card. This speeds boarding, decreases trip times, reduces potential for fare disputes, and offers a

convenient, regionally accepted fare payment option that our customers value.

Currently, Community Transit is involved in the development, design, and delivery of the [Next Generation ORCA system](#). The current system was launched in 2009 and will soon be reaching its end of life. The new ORCA system will provide for a seamless, contemporary, responsive payment option with additional features that customers want and expect.

Another area of coordination and integration for Community Transit is [Sound Transit's Link light rail extension](#) to Shoreline, Mountlake Terrace, and Lynnwood in 2024 (ST 2), and after that, to Everett (ST 3). Community Transit is actively engaged with Sound Transit and jurisdictional partners to ensure a successful and efficient coordination of service with the light rail system.



Estimates are that 18,000 to 20,000 people will access Link light rail at the Lynnwood City Center Station every weekday, making it the busiest station in Sound Transit's network. The vast majority of those customers will be accessing the light rail station using transit. Our *Swift* network and integrated fixed-route service will be essential for customers to access light rail. We also expect an additional 5,000 boardings per day on our local network.

Enhancing the Customer and Employee Experience

Community Transit is aligning across the agency to learn more about customer needs and expectations and to develop a shared understanding and empathy for the customer journey. In 2017, we hired a new Director of Customer Experience to champion this effort, and initiatives are already underway to sharpen our focus on new ways to learn from and serve our customers. Digital interactions with customers will be a particularly fast-paced and challenging evolution to engage in, with social media, apps, and amenities assuming greater prominence in the customer conversation.

These efforts will be further refined and expanded in 2018 by using targeted research around the customer journey, across all modes of service, and across multiple service providers.

Truly understanding our multiple customer personas and the many touchpoints they have with our services—and most importantly, challenging ourselves to assess what’s working well and what can work better—will translate to improvements and measurable results around an improved customer experience. One example is the implementation in 2018 of a new, integrated, customer-care system. Additionally, new technology-based solutions will be delivered in 2018, including tools for customers to access accurate, real-time data and displays.

Transit access is at the forefront of our internal discussions, along with the need to partner with jurisdictions and transit agencies to the north and south to provide a seamless, multi-modal, multi-agency experience for shared customers. Finding a strategic balance between the quality and the quantity of service to serve a diverse geographic and demographic area is a challenge. We will increasingly benefit from data-driven and customer-facing decision making as the customer experience initiatives evolve.



We believe the quality of the employment experience is reflected in the quality of the customer experience. We strive for an employment experience where everyone feels valued and inspired to contribute as part of a world-class team. Community Transit is committed to providing a safe and secure work environment for all employees, competitive wages and benefits, personal and professional development training, whole health resources, and a culture of collaboration and inclusion. The result is a positive employment experience that is reflected in a positive customer experience.

Safety, Security and Environmental

Community Transit places the very highest priority on keeping people, property, and the environment safe. Clean energy policies and regulations are changing rapidly, as is the technology necessary to provide practical alternatives to burning fossil fuels. We support a number of programs and projects that promote clean air and water, such as:

- Installing electric vehicle charging stations for company service vehicles and introducing biofuels in transit buses to align with state requirements.
- Implementing storm water improvements.
- Growing our Transportation Demand Management (TDM) programs, including our award-winning Curb the Congestion program, to promote transportation options to driving alone, thus taking cars off the road, reducing emissions, making the air cleaner, and easing congestion.



We are also increasing investments in safety and security to provide additional resources to our Transit Police Unit to respond quickly to keep customers and employees safe. In 2018, we will add a safety specialist and strengthening law enforcement programs, improving urgent response capabilities and disaster and emergency response planning.

Building Agency Capacity for the Future

Organizational capacity is the ability of an organization to deliver on its policies and plans. Community Transit's organizational capacity is strong, and the agency is well-positioned to deliver on its current commitments. That said, the pace of change affecting the transportation industry is at an unprecedented level. Customers' expectations for new technology and mobility options are changing at a rate that challenges us to keep up. Community Transit will need to be adaptable in the face of change, nimble in the implementation of new approaches, and willing to take an intelligent risk to keep its organizational capacity developed for future success.



Managing growth and our expanded footprint in the future will require more physical space. For the third year, we will contribute to a facility expansion reserve fund, totaling \$50 million, to pay as we go for this expansion. We will need to hire many new employees in every work group across the agency, and changes in the labor market may require new recruiting and employment practices so that we can

continue to attract the best of the best to come to work for Community Transit.

Finally, we need to be alert for opportunities to adjust the organization's framework of functions, roles, and responsibilities to keep the agency positioned for success as change occurs all around us.

Community Transit will navigate these changes and challenges to build on its strong existing foundation of organizational capacity so that we continue to deliver on our plans.

Delivering Results – Better than Promised

Community Transit's Board-adopted six-year Transit Development Plan and the Long Range Transit Plan provide us with a clear vision, and our strong financial position and organizational capacity allows us to deliver on those plans in 2018 and beyond. Adequate reserve levels safeguard us from the adverse impacts of an economic downturn, and productive partnerships with stakeholders and agencies throughout the region provide the support we need to put our plans into action.

Foundational to the plans and initiatives—and at the core of who we are as an agency—is our genuine desire to better understand and serve our customers. Everyone at Community Transit contributes to our ability to deliver a quality customer experience. Whether behind the wheel, maintaining a vehicle, responding to customers via phone, web or social media, and so much more, each and every employee is a part of the customer's journey. Learning more about what our customers experience when interacting with our system promotes a culture of customer empathy across the agency and leads to continuous process and service improvements.

It is a privilege to serve as the CEO of Community Transit. I have every confidence that we will continue to deliver appealing choices for our customers—better than promised.

Thank you for your continued support.

A handwritten signature in black ink that reads "Emmett Heath". The signature is written in a cursive, flowing style.

Chief Executive Officer
Community Transit

2018 Budget Executive Summary

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 2018 service plan follows Community Transit's 2017-2022 Transit Development Plan which the Board approved August 3, 2017.
- Budgeted revenue and the sources of that revenue.
- Budgeted expenditures to support operational needs, including service expansion and the capital program.
- The capital program Community Transit plans 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 2018 Budget

Summary of 2018 Budget

	2016 Actual	2017 Projected	2018 Adopted	Change 2018 vs. 2017	
Operating Revenue	\$ 155,236,379	\$ 170,597,900	\$ 183,962,493	\$ 13,364,593	7.8%
Interfund Transfers	\$ 1,350,900	\$ 2,364,267	\$ 2,667,833	\$ 303,566	12.8%
Total Operating Revenue	\$156,587,279	\$172,962,167	\$186,630,326	\$ 13,668,159	7.9%
Operating Expense	\$ 113,815,489	\$ 134,513,914	\$ 141,895,668	\$ 7,381,754	5.5%
Interfund Transfers	\$ 33,570,724	\$ 55,809,757	\$ 41,879,250	\$ (13,930,507)	-25.0%
Total Operating Expense	\$147,386,213	\$190,323,671	\$183,774,918	\$ (6,548,753)	-3.4%
Planned Service Hours ¹	674,425	712,831	734,460	21,629	3.0%
Full-Time Equivalent Employees ²	662.5	698.5	733.5	35.0	5.0%
Capital Program ³	\$ 63,227,480	\$ 138,992,164	\$ 132,784,580	\$ (6,207,584)	-4.5%

¹ Service hours for 2017 are projections based on service already provided or planned to be provided by year end.

² Full-Time Equivalent (FTE) employee counts for all years, including 2016, are budgeted FTEs.

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

Overview

The 2018 budget is a balanced budget. Revenues exceed expenditures, and all reserves are fully funded. Total 2018 budgeted operating revenues equal \$184.0 million. Total 2018 budgeted operating expenditures equal \$141.9 million. Interfund transfers of \$41.9 million fund capital projects, reserves, workers' compensation, and debt service.

Service Plan

The 2018 budget reflects the effect of adding 1,500 annual hours in March 2018 and 6,700 annual hours in September 2018, as well as the annualized effect of 2017 additions. The March 2018 service change focuses on adding later evening trips on Sundays and holidays to provide a more consistent level of service across the network on these days. The September 2018 service change increases trip frequency on the *Swift* Blue Line route to return weekday service to 10-minute intervals. Grand total service hours, a primary measure of Community Transit's business activity, will grow at about 1.4 percent from 2017 budgeted service hours. Discussion of the 2018 service plan continues on [page 17](#).

Operating Revenues

Sales tax is Community Transit's main source of revenue. Sales tax revenue is projected to grow by 9.1 percent, roughly \$11.2 million, from the 2017 budget to the 2018 budget and by 5 percent from the 2017 forecasted revenues. The major factor affecting sales tax revenues is the ongoing economic growth in Snohomish County.

Overall, revenues will grow at 7.8 percent. Sales tax revenues drive this increase but are moderated by flat passenger fare revenues. Discussion of 2018 revenues continues on [page 19](#).

Operating Expenditures

Overall operating expenditures are budgeted to grow at about 5.5 percent. Salaries and wages are set to increase by about 4.0 percent as compared to the 2017 amended budget. Benefits will increase by about 8.0 percent. Part of the benefits increase relates to health insurance rate increases imposed by the Washington State Public Employees Benefits Board, while another component represents the growth in employee count to support service expansion in 2018 and beyond.

Community Transit continues to benefit from favorable fuel prices. Budgeted diesel fuel expense decreases from the 2017 to the 2018 budget by about 9 percent. This stems from

more precise budgeting, as well as a commitment to increase reserves for fuel costs. Discussion of operating expenditures continues on [page 26](#).

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 2018 cost per service hour to increase by about 2.9 percent, which is below the TDP assumption of 3.3 percent. For this year's budget, Sound Transit hours and estimated costs are not included in the cost per service hour calculation. These have been removed from the calculation from both the 2017 and 2018 budgets. This is because Sound Transit's service hours are not considered to be Community Transit's service and are reported separately to the Federal Transit Administration on the National Transit Database report.

Capital Program

New 2018 capital projects total \$57.2 million for 15 new projects and several minor capital requests. The total capital budget for 2018, including new and carryover projects, amounts to \$132.8 million. The largest projects planned for 2018 are the *Swift* Green Line projects (\$55.8 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 2018, Community Transit will set aside additional reserve funds totaling \$10 million for expanding its operating base. Discussion of the 2018 capital program continues on [page 46](#).

Reserves and Cash Balance

The 2018 budget fully funds all reserves and provides a margin to fund future growth. Discussion of cash balance and reserves continues on [page 52](#).

2018 Service Plan

The 2017-2022 Transit Development Plan (TDP), adopted in August 2017, 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 approximately 136,000 hours of new bus services, which represents a 36 percent increase over the 2016 baseline of 375,000 hours.

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 2018 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 and connect communities we already serve in new ways.

The 2018 service plan increases total hours of service by 3 percent as compared to 2017 year-end service projections. The 2018 service plan reflects the annualized effect of the service hours added during 2017 and includes a long list of route expansions to make Community Transit's system more flexible and useable for all customers.

Summary of 2018 Service Hours by Service Mode

	2016 Actual	2017 Projected	2018 Adopted	Change 2018 vs. 2017	
Directly Operated	311,726	341,010	355,861	14,851	4.4%
Contracted Commuter	42,086	44,094	48,603	4,509	10.2%
Paratransit	82,632	85,000	87,000	2,000	2.4%
Subtotal	436,444	470,104	491,464	21,360	4.5%
Vanpool	141,557	145,000	145,000	-	0.0%
Subtotal, CT Operated	578,001	615,104	636,464	21,360	3.5%
Sound Transit	96,424	97,727	97,996	269	0.3%
Total	674,425	712,831	734,460	21,629	3.0%

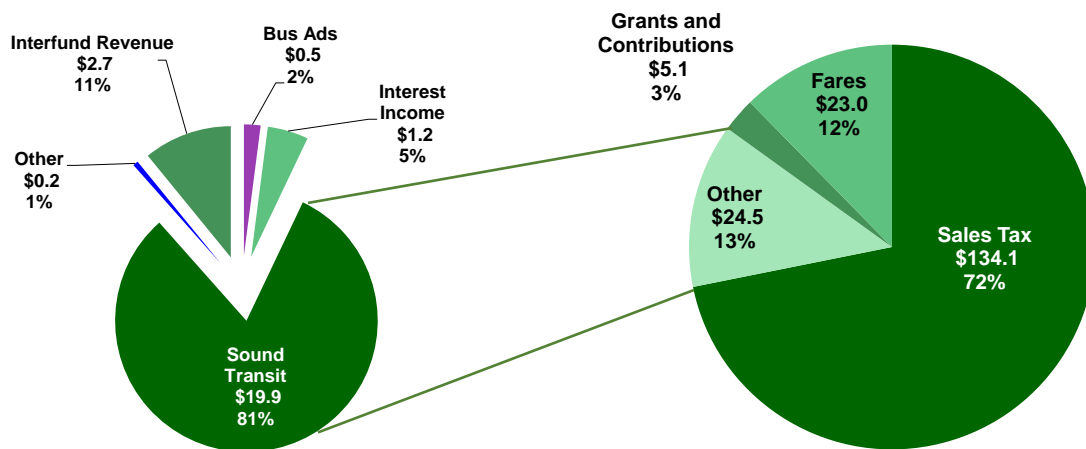
The March 2018 service change includes later evening trips on Sundays and holidays. This will provide a more consistent level of service across the network on these days. We estimate that the new trips will equate to about 1,500 annualized service hours. The September 2018 service change will increase the frequency of *Swift* Blue Line trips to allow for departures every ten minutes for service between Everett Station and the Aurora Village Transit Center. This change will add 6,700 additional service hours. For more information on Community Transit's service for 2017 and beyond, please review the [2017–2022 Transit Development Plan](#).

2018 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, as well as 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

\$186.6 Million



Revenue Type by Category

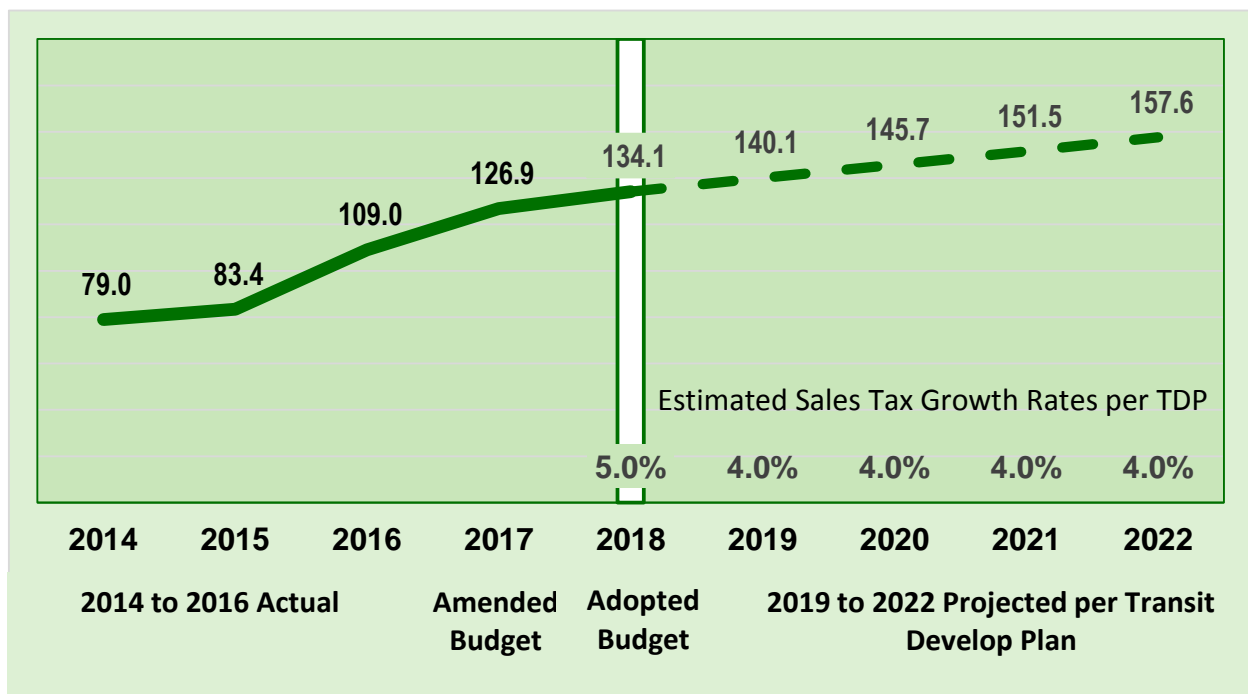
Revenue Type	2016 Actual	2017 Amended Budget	2018 Adopted Budget	Change 2018 vs. 2017	
				Dollars	Percent
Sales Tax	\$ 108,962,998	\$ 122,913,000	\$ 134,067,000	\$ 11,154,000	9.1%
Fares	21,892,470	23,000,000	23,000,000	-	0.0%
Sound Transit Commuter Service	17,805,248	18,360,000	19,938,613	1,578,613	8.6%
Federal, State, and Local Grants and Contributions	5,322,278	5,182,900	5,064,180	(118,720)	-2.3%
Miscellaneous Revenues	1,253,384	1,142,000	1,892,700	750,700	65.7%
Total: Operating Revenues	\$ 155,236,379	\$ 170,597,900	\$ 183,962,493	\$ 13,364,593	7.8%
Interfund Transfers	1,350,900	2,364,267	2,667,833	303,566	12.8%
Total Revenues	\$ 156,587,279	\$ 172,962,167	\$ 186,630,326	\$ 13,668,159	7.9%

Sales Tax

Community Transit receives the largest portion of its funding from local retail sales tax – about 73 percent of its total operating revenues. The 2018 budget exceeds 2017 amended budget sales tax revenues by 7.2 million, or 5.7 percent. Retail sales tax in 2017 grew at a faster rate than the budget originally projected. The sales tax growth rate forecasted in the TDP for 2017 was 5 percent, but the actual growth rate was 5.7 percent through December 2017.

Sales Tax: Historical Perspective and Future Forecast

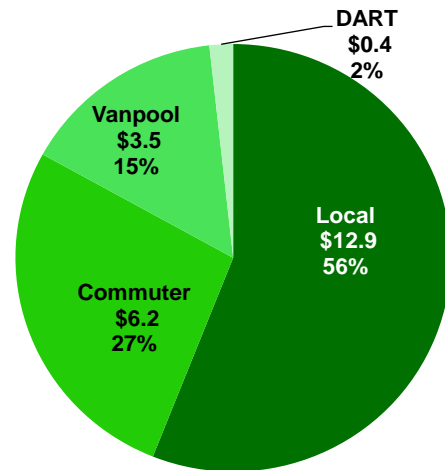
\$ in Millions



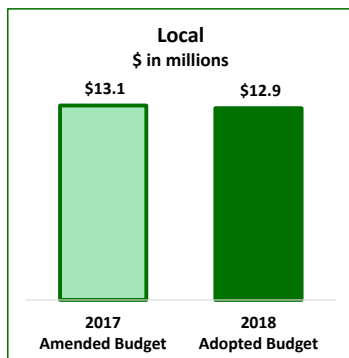
Fares

Community Transit estimates that 2018 fare revenue will total \$23 million. This represents modest growth (\$1.0 million) over forecasted 2017 fare revenue of \$22.0 million, though flat from the original 2017 budget. Fares equal about 12 percent of Community Transit's operating revenues.

Growth in fare revenues from the 2017 forecasted fares to the 2018 budget results primarily from ridership increases associated with higher transit service levels. The original 2017 budget was developed in mid-2016 and assumed higher ridership growth than what has actually occurred in 2016 and 2017. The continued relative low cost of gasoline is assumed to be a significant contributor to lower ridership growth.

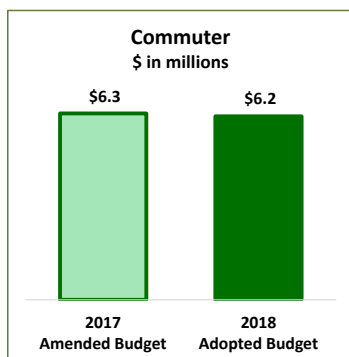


Relative Share of Fare Revenue by Service Mode
\$ in Millions



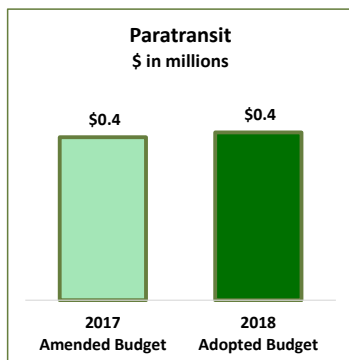
Local Directly Operated Fixed-Route Fares

The 2018 budget anticipates about \$173,000 less in local fares than the 2017 amended budget. Lower gas price leading to lower ridership is a contributor to the estimated drop in local fare revenue.



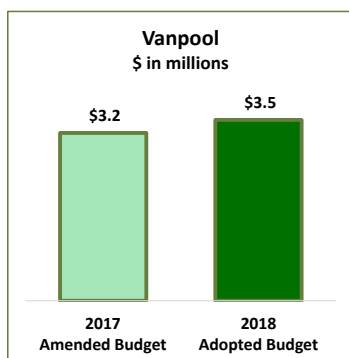
Commuter Fares

Community Transit expects 2018 contracted commuter fare revenues to also decrease slightly as compared to the 2017 amended budget, similar to local fares. We expect that 2017 contracted commuter fares will come in slightly under budget and that the 2018 fares will be approximately on par with 2016 actuals.



Paratransit

Paratransit 2018 budgeted revenue of \$402,000 represents an increase of about 3 percent compared to the 2017 amended budget. Paratransit service hours for 2018 are projected to be slightly lower than those budgeted for 2017, but higher by 2.4 percent than the current projection.



Vanpool Fares

Vanpool 2018 fare revenue is budgeted at \$3.5 million, which reflects 145,000 budgeted hours of vanpool service. Vanpool projected service hours are on par with 2017 projected service hours.

Ticket Agent Commissions

Ticket agent commissions are included here because commissions expense is an offset to fare revenues. Ticket agent commissions reflects a 2 percent commission for ORCA products sold. The commission is retained by retailers as compensation for acting as a sales outlet. The retailer must sell to the general public to be eligible for the commission. Based on recent experience, ticket agent commissions is budgeted at \$18,000. Under the terms of the ORCA 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.

Sound Transit

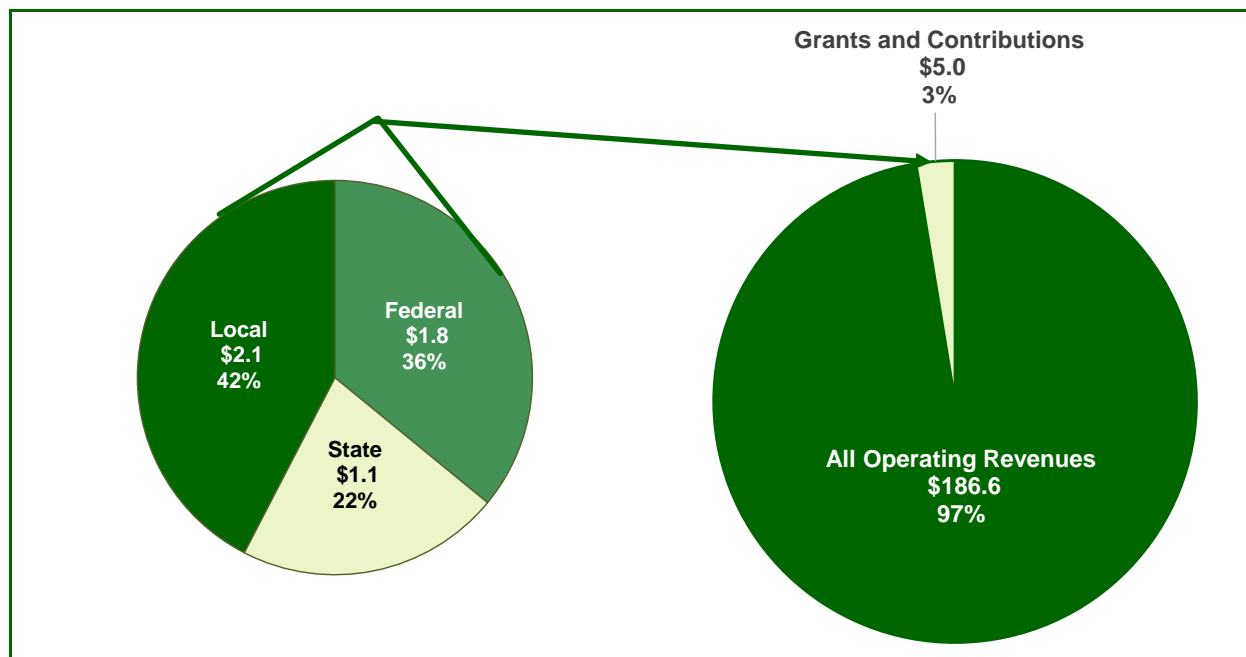
Sound Transit contracts with Community Transit to deliver commuter services that start in Snohomish County and transport commuters to their jobs in King County. Community Transit expects 2018 contracted commuter service revenues to increase from 2017 levels by \$1.6 million, or 9 percent. Contract rates drive this increase since budgeted service hours for 2018 are relatively flat as compared with 2017 budget and projections. The operating contract

between Sound Transit and Community Transit is cost-neutral because Sound Transit reimburses Community Transit for the agreed upon service hours based on actual expenses.

Operating Grants and Contributions

Relative Share of Operating Grants

\$ in Millions

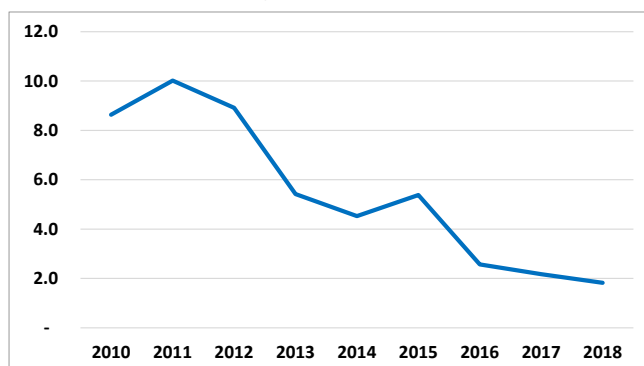


Federal Grants

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 Great 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

Federal Grant Funds Used for Operations

\$ in Millions



the capital program to fund bus replacements and other needs that were delayed by the recession.

Operating revenues for 2018 include \$1.8 million in FTA grants, \$1.66 million of which are for Marysville urbanized area operating and preventative maintenance grant funds. Similar to 2017, Community Transit will receive Congestion Mitigation and Air Quality Improvement Program grant funds amounting to \$160,000 in 2018.

State Grants and Contributions

In 2018, Community Transit will receive \$811,780 in special needs grant funds from the State of Washington and a Commute Trip Reduction/Transportation Demand Management grant of \$285,000. Total contributions from the state total about \$1.1 million and make up slightly less than 1 percent of Community Transit's operating revenues.

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 1 percent of Everett's retail sales tax revenue to Community Transit. The 2018 budget includes \$1.6 million from this revenue source. In addition, Community Transit will receive about \$155,000 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 \$350,000 in 2018. Community Transit will also receive \$42,400 from King County to continue work on its transportation demand management program in 2018.

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 program to safely invest their funds while utilizing the economies of scale available from a \$10 billion to \$15 billion pooled fund investment portfolio in 2016 and 2017.

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 increased in 2017 as compared to the prior

year. During 2017, the pool's rate of return fluctuated from 0.64 to 1.1 percent, while in 2016 the rate varied from 0.4 to 0.52 percent.

Continued low interest rates drive the low LGIP rate. In the past two years, however, the Federal Reserve has raised interest rates four times, after remaining at nearly zero since December 2008. LGIP rates have rebounded somewhat. During 2016, Community Transit staff completed an extensive update of the agency's internal investment policy. In late 2016, staff implemented 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 combination of the new investment program and interest rate increases, Community Transit has seen a very significant increase in investment interest. At mid-year 2017, Community Transit's investment interest income exceeded the total 2016 investment interest by more than 30 percent. The 2018 investment income budget (\$1.19 million) quadruples the amount budgeted (\$250,000) in the 2017 budget.

Advertising

Community Transit anticipates receiving about \$500,000 in advertising revenues for 2018. This is less than 2017 budgeted advertising revenues. Community Transit will enter into a new contract and may change elements of its advertising program. As a result, advertising revenue has been estimated conservatively due to the unknowns with the new contract and program changes.

Miscellaneous

The 2018 budget for other miscellaneous revenues totals \$160,000 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 2018 budget includes an interfund transfer in the amount of \$1.7 million from Fund 46, Local Capital Projects, related to funds returned from completed projects. In addition, a one-time transfer from Fund 47, Bond Capital Projects, in the amount of \$958,000, will also occur. This represents the return of local funds to the General Fund. These funds were not needed for a bus acquisition because we used other sources of funding, mostly bond proceeds and some local funds. This transfer simply brings the fund balance back to zero now that the acquisition of buses has occurred.

2018 Expenses

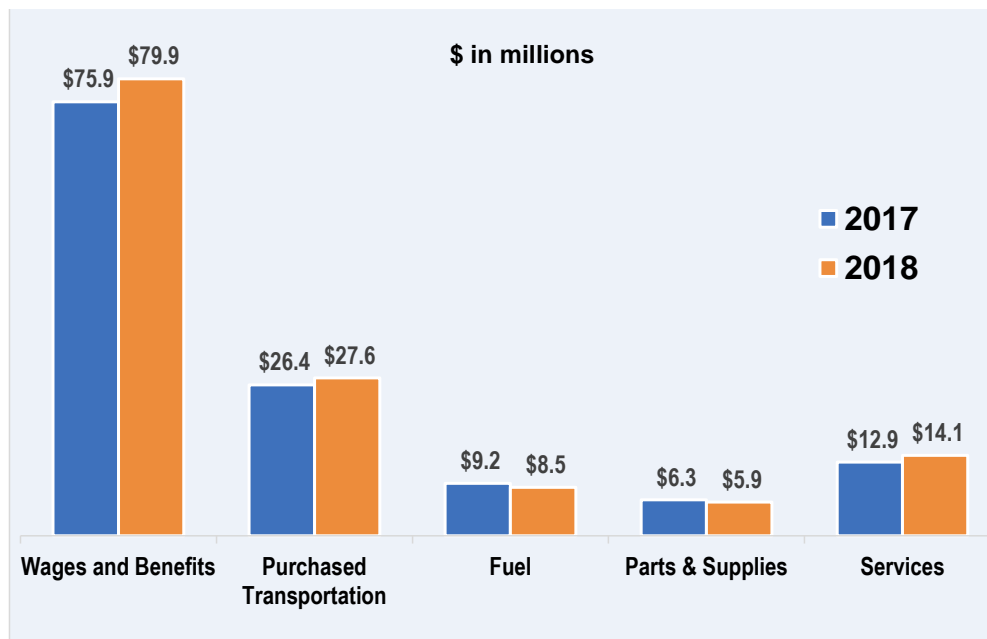
The 2018 budget of \$183.8 million includes both operating and nonoperating expenses. Operating expenses consist of costs incurred by Community Transit departments, fuel, insurance, and cost pools for salary/wage adjustments and professional services. Cost increases reflect the full year of service changes put in place in 2017 as well as those planned for March and September of 2018. Nonoperating expenses consist of interfund cash transfers to capital funds, workers' compensation, and debt service.

Operating Expenses

The 2018 operating budget of \$141.9 million includes all department-related operating expenses (\$128.8 million) plus insurance costs, fuel, and the salary and professional services pools (\$13.1 million). The 2018 budget proposal represents an increase of \$7.4 million (5.5 percent) as compared to operating expenses in the 2017 amended budget.

The following chart shows 2018 department operating expenses distributed by major operating cost category (excluding insurance and cost pools).

2018 Operating Expense by Category
\$136.0 Million



Wages and Benefits

Wages and benefits increase by \$4.0 million (5.3 percent) as compared to the 2017 budget. This increase results from adding employees, particularly those being added in anticipation of the *Swift* Green Line, an increase in the cost of medical benefits, and a full year of the mid-year 2016 increase in the retirement contribution rate that is set by Washington State.

The 2018 budget includes a total of 35 new positions required to keep up with operational needs, mostly related to staffing the March and September 2018 service expansions, as well as in preparation for the 2019 launch of the *Swift* Green Line. Several of the new positions support technology-oriented projects and initiatives.

35 Additional FTEs

24 Coach Operators (16 start in the fourth quarter of 2018)	1 Transportation Instructor	1 Assistant Manager for Capital Development
3 Journey Mechanics (starting in fourth quarter 2018)	1 Security Specialist	1 Transit Applications Administrator
1 Apprentice Mechanic	1 Administrative Assistant II	1 Term-Limited Senior Project Manager
	1 Senior Digital Products Manager	

Department Staffing Summary

The following table shows the FTE counts in 2017 and 2018.

<i>Staffing By Department</i>	<i>2017 Amended Budget</i>	<i>2018 Adopted Budget</i>	<i>Change 2018 vs. 2017</i>
Board of Directors/Executive	5.5	5.5	0.0
Administration	70.0	72.0	2.0
Customer Experience	34.0	35.0	1.0
External Affairs	15.0	16.0	1.0
Information Technology	28.0	30.0	2.0
Maintenance	113.0	117.0	4.0
Planning and Development	30.0	31.0	1.0
Transportation	403.0	427.0	24.0
Staffing Total	698.5	733.5	35.0

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 administration. This table shows Community Transit's job distribution according to NTD classification.

<i>NTD Classification 2018 Budget</i>	<i>10-Year Average</i>	<i>5-Year Average</i>	<i>Current Year Ratio</i>
Operations	64%	64%	65%
Vehicle Maintenance	13%	13%	14%
Nonvehicle Maintenance	3%	3%	3%
Administration	20%	19%	18%

Benefits Increase

The Washington State Public Employees Benefits Board employee medical insurance rates for 2018 will increase at an average rate of about 4.8 percent. Changes in tiered enrollment have positively affected benefits costs, while benefits costs have also increased with growth in FTEs. Rates for the IAM Benefit Trust are anticipated to increase by 7.0 percent in mid-2018.

Public Employees' Retirement System (PERS) Retirement Contribution

The PERS retirement contribution rates increased midyear 2017. In 2018, Community Transit will experience a full year of this increase, which accounts for a 6.4 percent increase in the PERS expense as compared to the prior year.

Purchased Transportation

Community Transit contracts with other service providers—Homage Senior Services 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 4.4 percent in 2018 as compared to the 2017 amended budget. The increase results mostly from approved contractual rate increases.

Services

Overall, Community Transit's services expenses, including intergovernmental services, will increase about 9.0 percent (about \$1.2 million) in 2018 as compared to the 2017 amended budget. Transit police services are the largest cost contributor in this expense category. Contract negotiations with the Snohomish County Sheriff's Office for transit police services were in progress as the 2018 budget was developed. The Board of Directors awarded the contract on the same day the 2018 budget was adopted. The new contract increases the level of services purchased to ramp up security for future transit service increases. The 2018 adopted budget includes sufficient funding to cover contract increases. Other increases in the services category include professional services, temporary services, contract maintenance, and advertising.

Agencywide, supplies will decrease by about \$274,000, mainly in the tires and parts category. Vehicle-related parts and supplies (other than fuel) are the main contributors to this decrease.

The Maintenance department anticipates a reduction in anticipated engine and hybrid battery replacements, leading to reduced costs. Additionally, tire costs will decrease as the result of more favorable terms in the new tire contract.

Department Expenses

The 2018 department-level operating expense budget of \$128.8 million (excluding insurance expense, cost pools, and diesel fuel) will increase by 4.9 percent (\$6.04 million) as compared to the 2017 amended budget. Increases in 2018 operating costs reflect the full-year effect of service added in 2017 and other cost increases such as PEBB health insurance, PERS retirement contributions, and employee costs related to the 2018 service expansion, as well as preparation for the 2019 rollout of the *Swift* Green Line. The *Swift* Green Line will bring a significant increase in service hours in the spring of 2019. Detail will follow in department-specific sections.

Summary of 2018 Operating Budgets

	2016 Actual	2017 Amended	2018 Adopted	Change 2018 vs. 2017	
Board of Directors/Executive	\$ 959,259	\$ 1,007,261	\$ 1,008,065	\$ 804	0.1%
Administration	11,648,627	12,683,378	14,583,407	1,900,029	15.0%
Customer Experience	4,081,311	5,275,713	5,535,059	259,346	4.9%
External Affairs	2,092,569	3,204,151	3,585,831	381,680	11.9%
Information Technology	6,176,513	8,194,218	8,542,059	347,841	4.2%
Maintenance	18,105,361	21,525,326	21,796,180	270,854	1.3%
Planning and Development	4,177,845	4,444,374	4,528,887	84,513	1.9%
Purchased Transportation	25,065,500	26,414,144	27,571,310	1,157,166	4.4%
Transportation	35,149,542	40,004,875	41,645,401	1,640,526	4.1%
Subtotal, Department Operating Expense	\$ 107,456,527	\$ 122,753,440	\$ 128,796,199	\$ 6,042,759	4.9%
Diesel Fuel	\$ 4,451,822	\$ 7,918,160	\$ 7,203,344	\$ (714,816)	-9.0%
Insurance	1,907,141	2,158,069	2,242,125	84,056	3.9%
Cost Pools *	-	1,684,245	3,654,000	1,969,755	117.0%
Subtotal, Other Operating Expense	\$ 6,358,963	\$ 11,760,474	\$ 13,099,469	\$ 1,338,995	11.4%
Total Operating Expense	\$ 113,815,489	\$ 134,513,914	\$ 141,895,668	\$ 7,381,754	5.5%

* Funds from cost pools are transferred into department operating budgets as needed. As a result, differences in dollar amounts or percentages do not provide meaningful comparisons. The 2017 amended amount reflects only the amounts remaining in all cost pools as of the time the 2018 budget was prepared.

Starting in 2017, diesel fuel expense was moved out of the Maintenance Department budget and into a separate nondepartmental budget. For comparison purposes, the table shows 2016 diesel fuel expense in the “Other Operating Expense” section.

The theme for 2018 service delivery is “Making What We Have Better,” followed by “Going More Places, More Often” in 2019 with the roll out of the *Swift* Green Line. TDP estimates that Community Transit will add more than 136,000 hours of new bus service between 2017 and 2022, and that requires significant internal effort and resources to plan and implement.

Various factors influence cost and FTE growth in each department. Bus purchases in 2016 were historically the largest purchases the agency has ever made. Delivery of these buses in 2017 and 2018 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, most significantly, the rollout of the *Swift* Green Line in March 2019. Ramp-up costs for the March 2019 service increase, consisting mainly of staffing and recruitment costs, affect various departments in mid to late 2018.

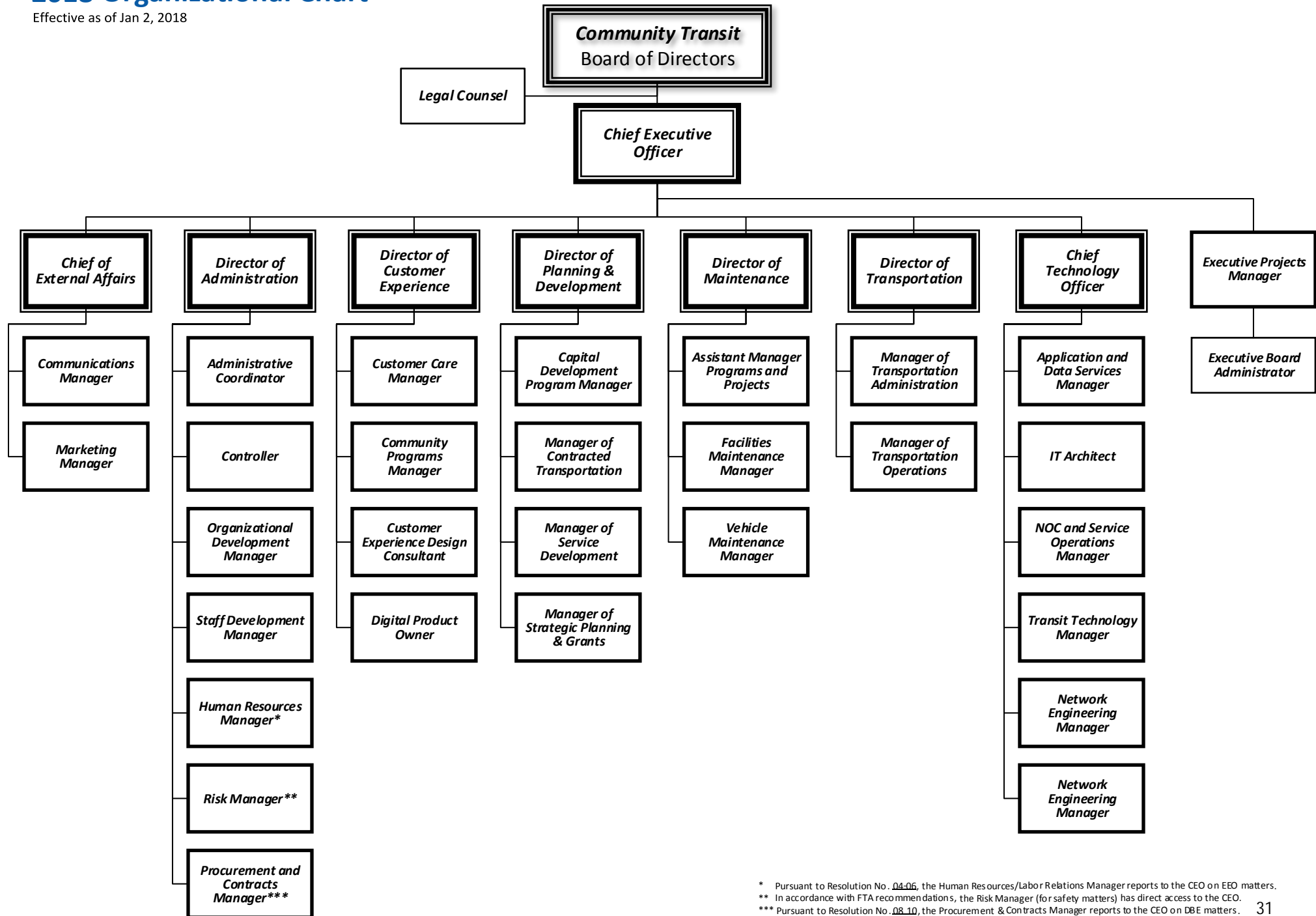
Community Transit has planned for a number of technology initiatives in 2018 which assist the agency in delivering service to the customers as well as help manage internal operations. These include such systems and initiatives as Next Generation ORCA (fare collections), an electronic records management system, evaluation of a new budget and business planning system, additional website enhancements, and transit information systems such as the Passenger Information Control System and a General Transit Feed Specification system.

Several important initiatives focus on our commitment to improve the customer experience and understand customer journeys within and across systems. The 2018 service plan will enhance connections for customers by offering more frequent, more reliable service. More options and amenities will be offered to encourage customers to access transit, and a new residential travel conversation project will help us plan better transportation choices to offer to our customers.

Growth and quality of life depend on a robust transportation system. Economic growth brings more people and traffic to roads, and Community Transit is working to provide transit services that integrate with its partners and provide the community with transportation options. 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.

2018 Organizational Chart

Effective as of Jan 2, 2018



* Pursuant to Resolution No. 04-06, the Human Resources/Labor Relations Manager reports to the CEO on EEO matters.

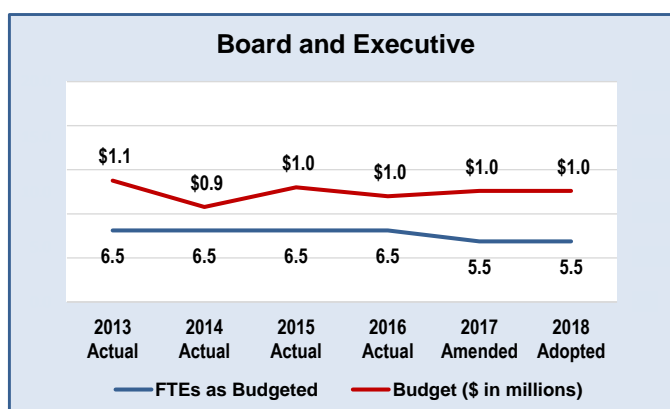
** In accordance with FTA recommendations, the Risk Manager (for safety matters) has direct access to the CEO.

*** Pursuant to Resolution No. 08-10, the Procurement & Contracts Manager reports to the CEO on DBE matters.

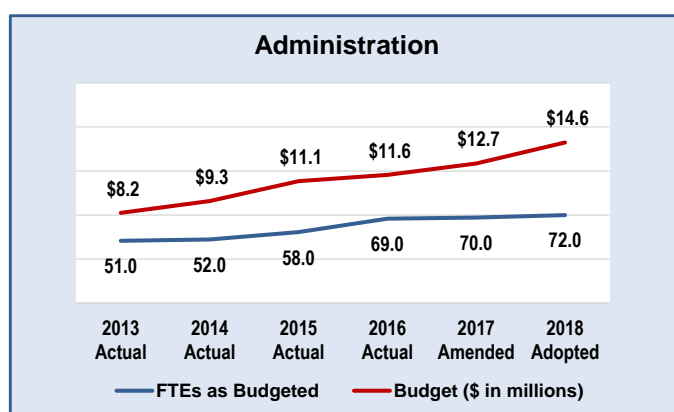
The next section contains a discussion of each department’s budget along with the factors that affect the 2018 budget and any significant differences between the 2018 budget and the 2017 amended budget. The chart that accompanies each department discussion shows a historical analysis of changes in budget and FTE levels. The charts include four years of actual expense data, the prior year’s amended budget, and the budget for 2018. FTE counts for all years are budgeted FTEs.

Board of Directors and Executive

The Board and Executive 2018 budget amount is essentially the same as the 2017 amended budget. This status quo budget enables the Board and Executive Departments to continue developing and maintaining good relationships at the national, state, regional, and local levels, including support of Community Transit staff and attendance at agency events. The 2018 budget includes the first year of a membership in the Congress of Minority Transportation Officials.



Administration



The Administration Department’s 2018 budget increases by 15.0 percent (\$1.9 million) as compared to the 2017 amended budget. The 2018 budget adds two new FTEs, one Transportation Instructor and one Security Specialist, and converts two term-limited positions to regular full time. This department budget also funds training for 102 coach operator trainees needed to support the

September 2018 and March 2019 service increases. (Trainee wages and benefits are included in the Administration Department budget, but the trainees are not counted as FTEs until they successfully complete training and are transferred to the Transportation Department.)

The transit police contract is a significant contributing factor to the budget increase in the Administration department. Contract negotiations with the Snohomish County Sheriff’s Office

for a new three-year successor contract for transit police services were in progress during 2018 budget development, and the Board of Directors awarded the contract on the same day the 2018 budget was adopted. The successor contract expands police service to support increased public transportation service levels and provides additional safety and security in Community Transit's service area. Sufficient funds were included in the 2018 adopted budget to cover increases in the newly approved successor contract.

Other elements of this department's budget follow:

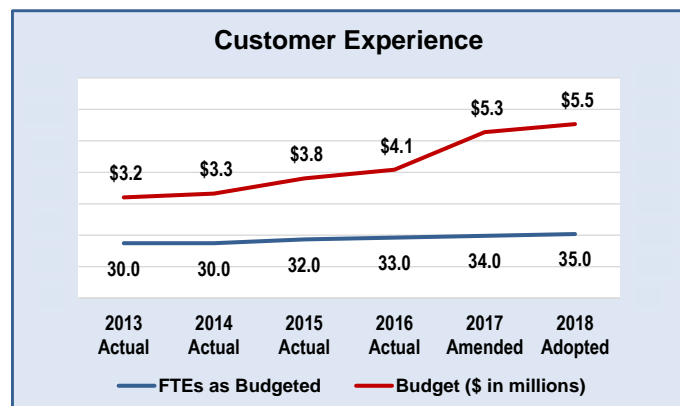
- Recruit, screen, test, interview, hire, and train sufficient coach operator trainees and mechanics to cover routine employee turnover and agency service increases scheduled for 2018 and early 2019.
- Develop a safety management system to align with the Federal Transit Administration's Moving Ahead for Progress in the 21st Century (MAP-21) requirements.
- Implement a payroll module that allows for electronic timesheet preparation and approvals as well as simpler calculation of Fair Labor Standards Act requirements and in-house Affordable Care Act reporting.
- Streamline and simplify contract terms and conditions to make Community Transit a preferred partner for all businesses.
- Replace the budget and business planning system.

Customer Experience

The Customer Experience Department budget of \$5.5 million increased by 4.9 percent as compared to the 2017 amended budget.

Vanpool fuel makes up 20 percent of this department's budget. For 2018, vanpool fuel is budgeted at \$2.80 per gallon, the same price per gallon as in the 2017 budget. The 2018 budget assumes 405 active vans each using 80 gallons of fuel per month.

The 2018 budget converts one grant-funded, term-limited FTE to a regular full-time FTE, provides full-year funding for a Customer Information Services Supervisor added in mid-2017, and adds one new FTE, a Senior Digital Product Manager.

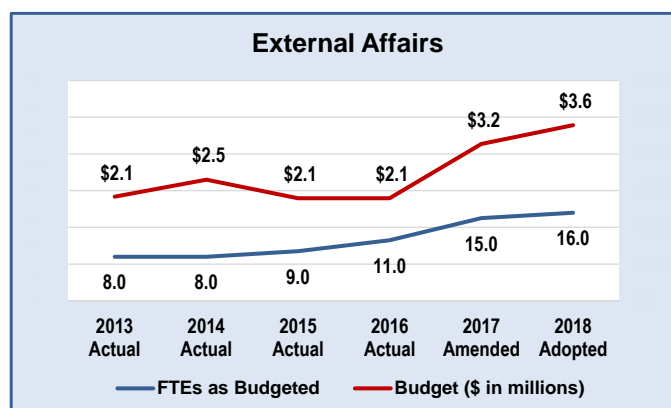


Other activities this budget funds include:

- Develop a strategy and prioritized roadmap for our public-facing website.
- Develop a customer experience strategy.
- Focus on process improvements to better serve the customer.
- Expand our small business program to reach businesses along the Curb the Congestion program corridor with fewer than 100 employees to encourage transportation options.
- Purchase and integrate 54 replacement vans and 30 expansion vans into our existing vanpool fleet.

External Affairs

The 2018 External Affairs Department's budget of \$3.6 million represents an increase of 11.9 percent compared to the 2017 amended budget. This budget adds one FTE, an Administrative Assistant II, to coordinate activities for the Chief of External Affairs, thus freeing up time for the Public Affairs Specialist to work more in the field building key relationships.



The 2018 budget funds these efforts:

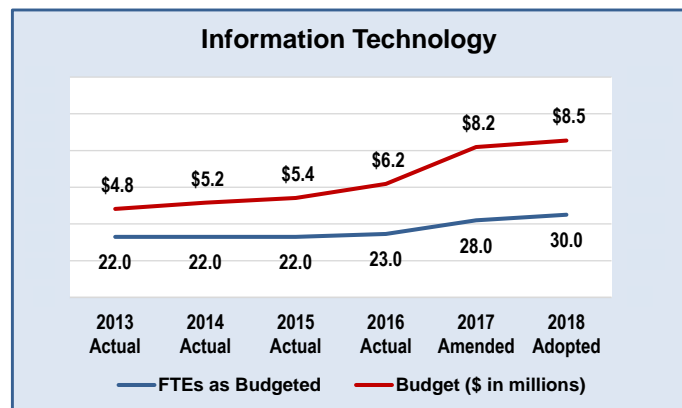
- Advertising in support of coach operator recruitment.
- Outreach to businesses and communities along the *Swift* Green Line.
- Cross-functional work with our transit partners and others to promote seamless integration of services as Link light rail comes to Snohomish County.
- Advocacy for state funding for transit and to protect funds designated for Community Transit.
- Phase two of the “Bringing You Home” campaign, which focuses on marketing Community Transit’s services and telling the story of the riders’ experiences.
- Community Awareness Survey that gauges general public awareness and favorable perception of our organization, service, product lines, and brand recognition.

- Creation of a new generation of BusFinder that includes real-time information for customers and continuation of work on an open data project to provide bus schedule and real-time data to third parties.

Information Technology

The 2018 Information Technology Department budget of \$8.5 million increased by 4.2 percent as compared to the 2017 amended budget. This budget includes the full-year effect of three additional FTEs (one FTE added in late 2017). The position added in 2017 provides project management for a new control system to ensure the ongoing accuracy of real-time information to customers and transit channel partners. The second position provides operational support for both this new control system and the ongoing support for an expanding intelligent transportation systems portfolio. The final position provides project management for a newly acquired customer care system replacing an end-of-life homegrown solution.

This budget funds many initiatives vitally important to the agency, such as support for fare collections (ORCA); for customer amenities such as BusFinder and our website; for essential business functions such as dispatching and radio/wireless communications, business planning, and project management; and for software systems that help us manage human resources, finance, and budgeting activities. In addition to the outward facing programs, projects, and activities, the work of this department includes maintenance of the infrastructure required to support all the data-based requirements of these activities as well as the phone systems, computers, and all other electronic devices employees need to do their work.



Some of the activities the 2018 budget funds include:

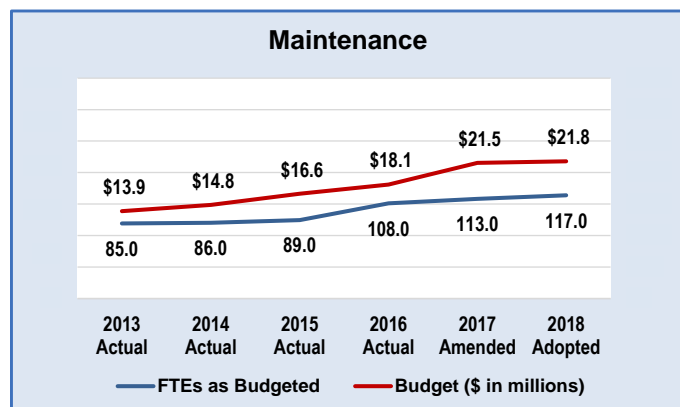
- Manage and maintain 11 radio tower sites along with related equipment that enables voice and data communications between coaches, dispatch, supervisors, and transit police.
- Extend the agency network via cellular technology to provide network connectivity to bus stops as well as coaches, paratransit, and supervisor vehicles.
- Complete replacement of BusFinder and add real-time vehicle location on a map.

- Complete implementation of a new customer care system.
- Implement mandatory security awareness training for all users.
- Deliver initial critical security controls and design audit tests of the security framework.
- Deliver completed basic disaster recovery plan and first exercise.
- Enhance security response for the agency through contracting for incident response (per Washington State Transit Insurance pool standards) and digital forensics.

Maintenance

Beginning in 2017, the diesel fuel budget was moved out of the Maintenance Department into a separate nondepartmental division in the General Fund. Diesel fuel is discussed in the Other Operating Expense section on [page 39](#). Prior year comparisons in the Maintenance Department chart have been adjusted to remove diesel fuel expense for the years shown to ensure an “apples to apples” comparison. Gasoline for service vehicles remains in the Maintenance Department.

The 2018 Maintenance Department’s budget shows a 1.3 percent increase as compared to the 2017 amended budget. In support of the *Swift Green Line*, the department will add four additional FTEs including one apprentice mechanic and three journey mechanics, in the fourth quarter of 2018

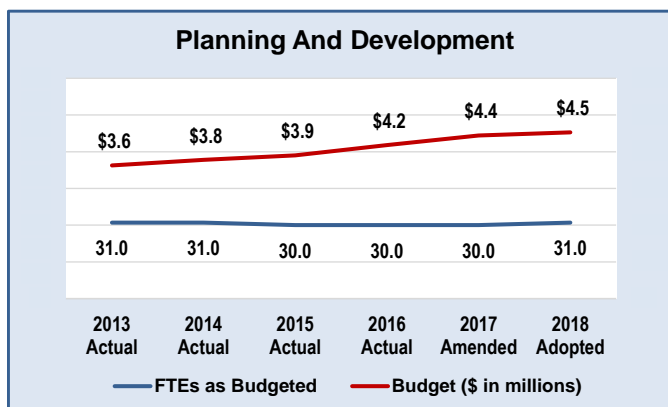


Significant reductions in engine and hybrid battery replacements and a decrease in the tire contract offset increases in salaries and benefits and increases in the contract cost for park-and-ride lot and bus shelter cleaning services. Among other items, the 2018 budget includes funding to:

- Continue work on the radio replacement project and wireless upgrades throughout the fleet, replacing both data and voice radio systems.
- Install electric vehicle charging stations at the Kasch Park Operating Base.
- Manage production of and accept and prepare 16 bus rapid transit coaches for service.

Planning and Development

The Planning and Development 2018 budget, including Purchased Transportation, has increased overall by 4.0 percent compared to the 2017 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. Without purchased transportation, the Planning and Development Department's 2018 budget decreased by 1.9 percent as compared to the 2017 amended budget.

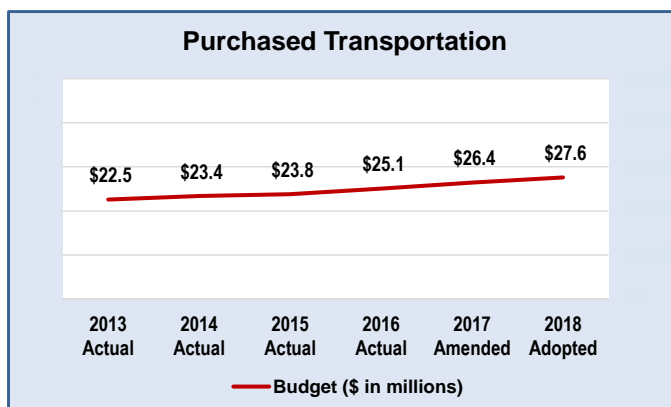


The Planning and Development Department budget includes:

- Delivery of about 150,000 hours of regional bus service, including 98,000 hours of Sound Transit service, and 85,000 hours of paratransit service.
- Managing the service change process consistent with regionally coordinated dates in March and September 2018 as well as developing service proposals for March 2019.
- Pursuing development of the *Swift Orange Line* and the *Swift Blue Line* extension to provide critical transit access to the Lynnwood Link light rail station.

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 2018 purchased transportation budget is anticipated to increase by 4.4 percent as compared to the 2017 amended budget. Contract negotiations with one service provider were ongoing while the 2018 budget was under development. At the same meeting where the Board of



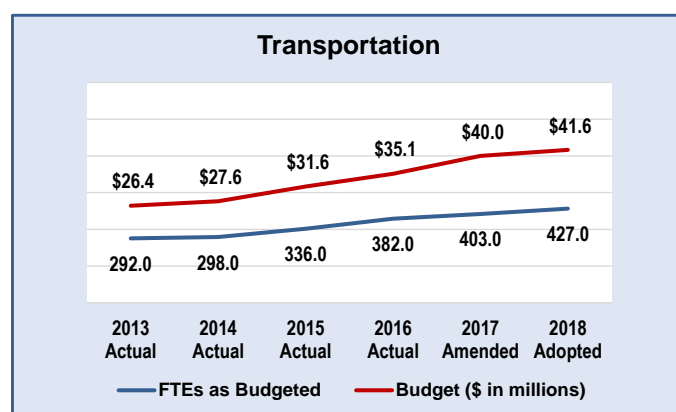
Directors adopted the 2018 budget, they also awarded a one-year contract extension to the service provider. The contract was within the budget estimate that staff developed and the Board adopted.

Purchased transportation includes contracted commuter services and paratransit services. Contracted commuter services expense and service hours will increase by 5.6 percent and 10.2 percent, respectively. Paratransit expense and service hours will increase by 1.3 percent and 2.4 percent, respectively. Competitive contracts include \$13.5 million for Sound Transit regional express bus service, \$7.5 million for Dial-A-Ride Transportation (DART) paratransit service, and \$6.6 million for Community Transit commuter service.

The 2018 purchased transportation budget funds the following:

- About 85,000 hours of DART paratransit service (Homage Senior Services).
- About 48,600 hours of Community Transit commuter bus service (First Transit).
- About 98,000 hours of Sound Transit Regional Express bus service.

Transportation



The 2018 Transportation Department's budget increased by 4.1 percent as compared to the 2017 amended budget.

This budget includes nearly 60 percent of the agency's employees, with a total of 427 FTEs, 24 more than the amended 2017 budget. All 24 FTEs are coach operators. The 4 percent increase in the department's salaries and benefits results

from the increase in the number of FTEs, as well as benefit cost increases that will occur in 2018. Other elements of the 2018 budget include:

- Continuation of the transition to automating processes using available technology, data, and visual analytics software
- Preparation for operating the *Swift Green Line*.

Other Operating Expense

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

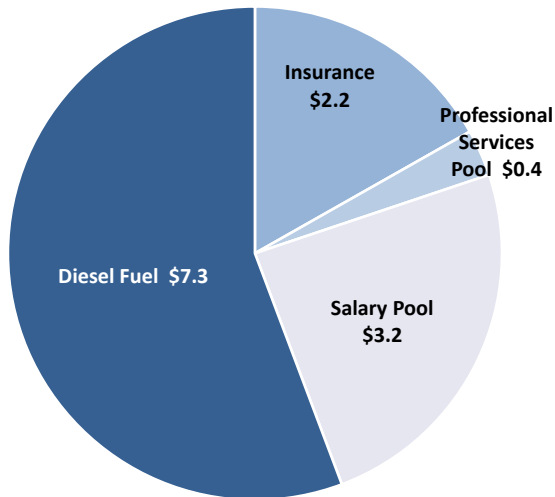
Insurance

The 2018 insurance budget of \$2.24 million represents an increase of approximately 3.9 percent as compared to the 2017 amended budget of \$2.16 million. Actual insurance expense for 2016 was \$1.9 million. The 2018 insurance budget number is an 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.

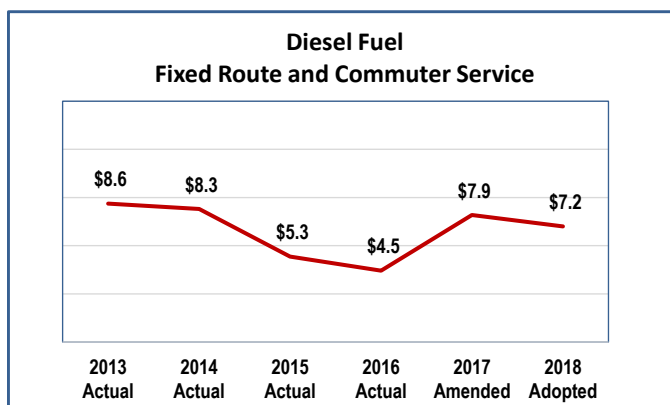
Other Operating Expense

Other Operating Budgets = \$13.1 Million



\$ shown in millions

Diesel Fuel

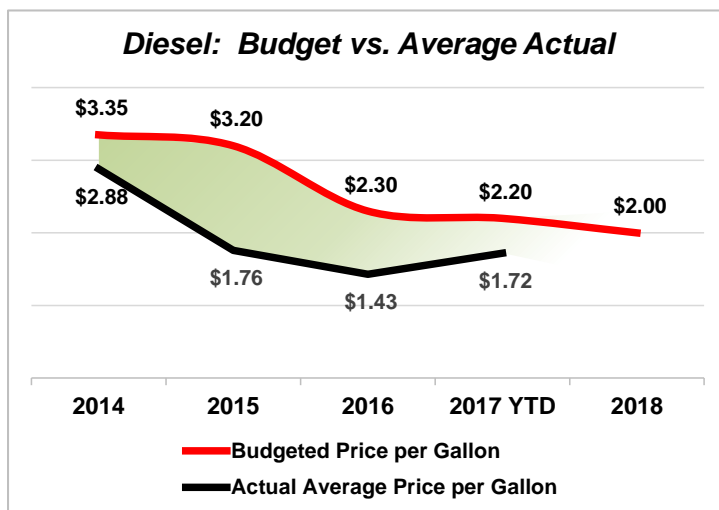


The 2018 budget for diesel fuel for coaches and other vehicles will decrease by 9.0 percent (\$715,000) as compared to the 2017 amended budget. Service hours are increasing in 2018, which means more gallons of diesel will be purchased in 2018; however, diesel fuel prices still remain low.

Employees in both Finance and

Maintenance track the economy and the market for fuel, both locally and internationally. At

present, it appears that crude oil will remain abundant and relatively inexpensive due to low global demand and suppliers who continue to produce and accumulate excess supplies of oil despite the low prices. Fuel prices are projected to remain low in 2018.



Crude oil prices have translated into very low diesel prices. Diesel fuel is budgeted at \$2.00 per gallon for 2018. In 2017, diesel fuel was originally budgeted at \$2.30 and later adjusted to \$2.20 per gallon. Some temporary fluctuations in fuel prices are expected as a result of the aftermath of the 2017 hurricanes in the southern United States; nevertheless \$2.00 per gallon remains a reasonable estimate for cost per gallon during 2018.

In the event that fuel prices rise unexpectedly, Community Transit has increased its fuel reserve from \$3 million to \$5 million in 2018. With this additional reserve and projected flat fuel prices, diesel fuel is budgeted at a slightly lower cost per gallon.

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 2017 salary pool budget included somewhat lower amounts for labor contract settlements. Those that were anticipated to be pending at the time the 2017 budget was created had only been open for a short time; some of these continue to be pending in 2018 and thus the settlement may be larger. Also, increased FTEs necessitate a slightly higher salary pool estimate. The 2018 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 2018 professional services cost pool is funded in the amount of \$445,000, up slightly (\$10,000) from the 2017 original professional services cost pool 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.

2018 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 2017-2022 Transit Development Plan.

Transfers made to the Fund 45, FTA Capital Projects, and Fund 46, Local Capital Projects, address local funding required to complete Community Transit's approved projects. Contributions to the Workers' Compensation Fund and Bond Debt Service Fund cover usual ongoing costs and the debt service projected to be due in 2018, respectively.

The transfer to Fund 48, Facilities and Technology Expansion, includes additional funds to add to the reserve for a future base expansion to address base capacity associated with service expansion. This transfer also includes an additional \$4.7 million for the Next Generation ORCA project.

Community Transit's most recent bond issue occurred in June 2017. The funds from the bond issue purchased forty-foot coaches needed for fleet replacements and service expansions. The transfer to Fund 50, Bond Debt Service, funds the principal and interest payments associated with the new bond issue.

Interfund Transfers from the General Fund to Other Funds

	2016 Actual	2017 Amended	2018 Adopted	Change 2018 vs. 2017	
Fund 41: Replacement Reserve	\$ 4,690,444	\$ 5,591,711	\$ 859,854	\$ (4,731,857)	-84.6%
Fund 42: Infrastructure Preservation Reserve	8,518,608	1,550,497	15,957,918	14,407,421	929.2%
Fund 43: Workers' Compensation	2,601,000	2,615,000	2,618,000	3,000	0.1%
Fund 45: FTA Capital Projects	11,445,854	3,552,049	6,504,586	2,952,537	83.1%
Fund 46: Local Capital Projects	4,366,570	1,727,000	-	(1,727,000)	-100.0%
Fund 47: Bond Capital Projects	-	-	-	-	-
Fund 48: Facilities and Technology Expansion	94,248	40,000,000	14,784,000	(25,216,000)	-63.0%
Fund 50: Bond Debt Service	1,854,000	773,500	1,154,892	381,392	49.3%
Total	\$ 33,570,724	\$ 55,809,757	\$ 41,879,250	\$ (13,930,507)	-25.0%

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 2018 budget consists of \$63,000 in proceeds from the sale of surplus vehicles and interfund transfers from the General Fund in the amount of \$860,000 thousand.

Fund 41 Expenditures: The \$1.4 million 2018 budget includes the replacement of DART paratransit vehicles. 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: Revenues for the 2018 budget consist of interfund transfers from the General Fund in the amount of \$16 million.

Fund 42 Expenditures: The 2018 budget includes \$20.6 million in remaining carryover and new projects, including carryover of \$9 million to fund a wireless communications solution to replace the current radio system. The budget also includes \$9.1 million for the Merrill Creek Operating Base Pavement Replacement project.

Workers' Compensation (Fund 43)

This fund was established to set aside funds for future claims when Community Transit became self-insured in 1998. 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: Revenues for the 2018 budget include \$6,000 of investment income and interfund transfers from the General Fund in the amount of \$2.6 million to cover annual costs.

Fund 43 Expenditures: The 2018 budget of slightly more than \$2.6 million is not an increase compared to the 2017 budget. Increases in professional services expenses, including actuarial costs, and increases related to the addition of new employees were offset by decreased claims. The 2018 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 6 percent from 2017 to 2018. This is the second year in a row where we anticipate lower claims than in the previous year.

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 \$6.7 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 2018 budget provides \$64.5 million in new and carryover FTA grant funds, including \$36.9 million in Small Starts grants for the *Swift* Green Line. The local match for the *Swift* Green Line has been moved to Fund 46, Local Capital Projects, while the remaining local match for other FTA projects is funded by interfund transfers from the General Fund.

Fund 45 Expenditures: The 2018 budget of \$72.1 million consists predominantly of the *Swift* Green Line and other coach replacements and expansion. Additionally there is a transfer of local funds to Fund 46 to cover the local matches for *Swift*-related FTA grants which will now be accounted for in Fund 46 instead of Fund 45.

Local Capital Projects (Fund 46)

The Local Capital Projects Fund includes capital projects paid for with locally generated funds, including minor routine capital purchases and the local match for *Swift* Green Line-related FTA grants. 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 2018 budget includes state Regional Mobility grants in the amount of \$8.9 million for *Swift* Green Line coaches and the carryover of funds for the Seaway Transit Center as well as \$1.5 million in state grants for vanpool replacements and expansion. A transfer of \$14.4 million from Fund 45, FTA Capital Projects, will cover the local portion of the *Swift* Green Line project now budgeted in Fund 46.

Fund 46 Expenditures: The 2018 budget includes \$18.8 million for the *Swift* Green Line, \$3.9 million carryover from prior-year projects, and \$4.0 million in new capital projects. New capital initiatives include the budget and business planning system feasibility study, facility camera replacement, electric vehicle support equipment, the *Swift* Blue Line extension study, vanpool replacement and expansion vehicles, web development, and other minor 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: The 2018 budget does not call for the issuance of additional bonds. No revenue has been budgeted for Fund 47.

Fund 47 Expenditures: Remaining local funds in the amount of about \$958,000 will be transferred from Fund 47 back to the General Fund. Local funds were originally transferred to Fund 47 to supplement the 2017 bond proceeds used to purchase forty-foot coaches ordered in 2016 and received 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 \$14.8 million in interfund transfers from the General Fund; \$10 million of this transfer is designated for future facility expansion to accommodate service growth described in the 2017-2022 Transit Development Plan. The remainder of this transfer funds the Next Generation ORCA project. In 2017 a \$5 million transfer was made to this fund from Fund 42, Infrastructure Preservation Reserve.

Fund 48 Expenditures: The 2018 budget of \$11.8 million includes \$540,000 in carryover projects, \$9.7 million for the Next Generation ORCA project, 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.

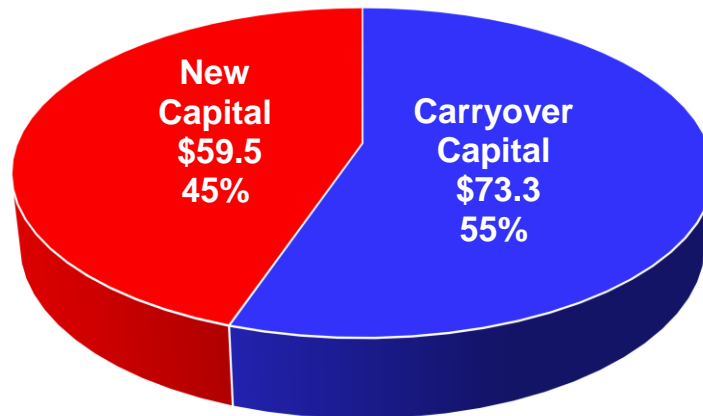
Fund 50 Revenues: Revenues budgeted for 2018 include a transfer from the General Fund to cover 2018 principal and interest payments due for the 2017 Limited Sales Tax General Obligation (LSTGO) bonds. The transfer amounts to \$1.2 million; some funds have already been accumulated in Fund 50 for the first bond payment.

Fund 50 Expenditures: The 2018 budget includes debt service on the 2017 LSTGO Bonds. The principal and interest payments due in 2018 equal \$1.4 million.

Capital Program

The 2018 capital program totals \$132.8 million and includes both new projects and multiyear projects begun in prior years.

2018 Capital Program
\$132.8 million



Preparations for the *Swift* Green Line are already underway. One of Community Transit's significant accomplishments in 2018 will be completion of the Seaway Transit Center in southwest Everett near the Boeing factory. The Seaway Transit Center will be the northern terminus for the new *Swift* Green Line connecting Boeing/Paine Field with Canyon Park in Bothell. In anticipation of the *Swift* Green Line, 128th Street will be modified and widened in 2018. This is a very congested road, and this work is necessary to successfully deliver east-west bus rapid transit (BRT) service. Thirty-four BRT stations for the Green Line will be constructed or planned and under construction during the year.

Fleet replacement continues to be a high priority for Community Transit. The 2018 budget includes funding for 26 sixty-foot buses, 6 Double Tall buses (the Double Tall buses replace 6 sixty-foot buses), 84 vanpool vans (54 replacement vans and 30 expansion vans) and 15 Dial-a-Ride-Transit paratransit replacements vans.

Another continuing priority for Community Transit is building a reserve to expand base capacity. The *Swift* Green Line and other service expansions will stretch base capacity beyond the current limits, especially in terms of bus parking and vehicle maintenance facilities.

The 2016 TDP called for base expansion reserve contributions of \$10 million per year for five years. Since the TDP was adopted after the 2016 budget was adopted, \$20 million was set aside in the original 2017 budget, and \$20 million more was added in an amendment to the 2017 budget. The 2018 budget will add an additional \$10 million.

New Initiatives

The 2018 budget includes funding for new and ongoing initiatives that intensify the effort to roll out a significant amount of new service in 2019 and beyond and that include technology and other improvements that bring considerable value to the public. Other initiatives include projects and reserve funding intended to enable Community Transit to keep ahead of the game by planning for future infrastructure and other needs. Several initiatives from the 2018 capital budget are highlighted in the following discussion.

Swift Green Line Development and Infrastructure and the Seaway Transit Center

Community Transit has funds programmed into the 2018 budget to continue with construction on the *Swift Green Line*, our second bus rapid transit line. A milestone will be the completion of the Seaway Transit Center, which was funded with a State Regional Mobility grant, federal Small Starts grant funds, and local match.

Other important components of the *Swift Green Line* construction include the I-5 approach widening on 128th Street and the construction of 34 bus rapid transit stations at 16 intersections, plus a station at the Canyon Park Park & Ride. Station construction will be financed with an FTA Small Starts grant and local match funds.

The *Swift Green Line* should begin operations in the spring of 2019. Washington State 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

After a record-breaking year for bus acquisitions in 2017, Community Transit will order another round of sixty-foot and Double Tall coaches in 2018. We will also receive the 2017 orders for *Swift Blue* and *Green Line* coaches during 2018. The total new and carryover budget for coaches in 2018 is \$47.9 million, roughly 30 percent of Community Transit's capital budget. More replacement DART vehicles and expansion and replacement vanpool vans will also be ordered in 2018. The vanpool vans are funded predominantly by state grant funds.

2018 Technology Enhancements

The most significant technology project funded in the 2018 budget is the Next Generation ORCA project. This project will revamp the current fare collections system to address customer needs related to reloading ORCA cards and paying with mobile devices. This project is in the early planning phase, and its schedule calls for finalizing project requirements in 2017, procurement in 2018, and implementation to start in 2019. Community Transit has set aside \$9.7 million for this project.

The Wireless Communications Project continues in 2018. This project provides for strategic planning, procurement, and implementation of innovative technology that will replace and improve communications onboard Community Transit's coaches and in the field and operations centers. All phases of the project are funded in the 2018 capital budget, which has been carried over from the prior year. This project is modernizing and updating communication systems to allow Community Transit to operate its services effectively well into the future. The 2018 capital budget contains \$9 million dollars for the Wireless Communications Project.

Another category of information technology enhancements central to Community Transit's customer-focused mission is called intelligent transportation systems. These systems are designed to be customer-facing and available 24/7. Examples are the Passenger Information Control System Project (\$1.6 million), the Real Time Passenger Information (RTPI) system and Trip Planner Integration (\$100,000), and ORCA equipment purchases (\$172,000). These projects not only empower customers, but also provide richer information with higher quality to standardize data, monitor its quality, and efficiently provide information to both internal and external users.

Other notable technology projects include the selection and implementation of an electronic content management system to manage Community Transit's internal records, a replacement customer care system, and planning for a new budgeting and business planning system.

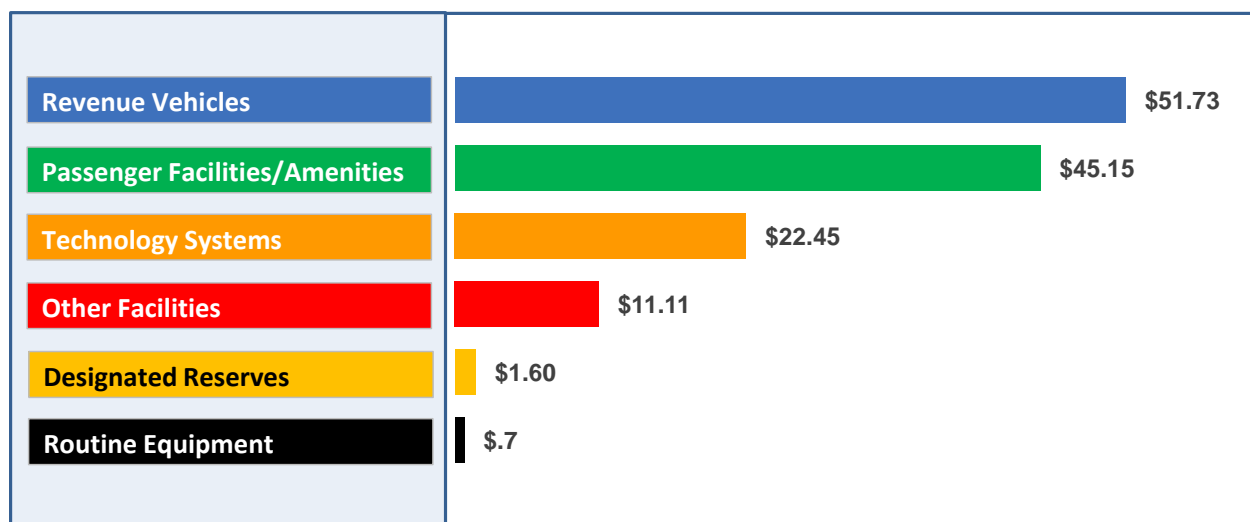
Other Passenger Facilities and Amenities

In addition to *Swift* Green Line ongoing construction, the 2018 capital budget programs \$2.7 million for various passenger facilities and amenities including repairs and renovations at the Ash Way Park & Ride, the Edmonds Transit Center, and the Marysville Ash Avenue Park & Ride, as well as facility camera replacements, passenger shelters, Community Transit's facilities master plan, and a *Swift* Orange Line corridor study.

Finally, Community Transit is planning for a future expansion of its operating base. By 2019, the agency will return to prerecession service levels and fleet size. Service and fleet expansion beyond 2019 will begin to stretch the capacity of maintenance bays, bus parking, and operational support space. By the close of 2018, Community Transit will have reserved \$50 million dollars in the Facilities and Technology Expansion Fund in preparation for this expansion.

2018 Capital Program by Type
New and Carryover Capital--\$132.8

(\$ in Millions)



A detailed listing of the 2018 capital program, including carryover projects, follows.

2018 Capital Program, Including Carryover Projects

Project Category	Capital Fund	Fund Source		Total
		Grants *	CT Local	
Revenue Vehicle Acquisitions				
60-Foot coaches	45	\$ 19,100,800	\$ 4,775,200	\$ 23,876,000
Swift Green Line coaches	45/46	12,113,409	1,246,000	13,359,409
Double Tall coaches	45	6,872,640	1,718,160	8,590,800
Vanpool vans	46	1,511,875	966,125	2,478,000
Swift Blue Line coaches	45	1,624,437	406,109	2,030,546
DART vehicles	41	0	1,392,860	1,392,860
Subtotal		\$41,223,161	\$10,504,454	\$ 51,727,615
Transit Facilities and Passenger Amenities				
Swift Green Line development and infrastructure	45/46	\$31,400,030	\$ 7,683,574	\$ 39,083,604
Swift Green Line - Seaway Transit Center	45/46	2,705,892	686,053	3,391,945
Swift Blue Line refurbishment and extension	42/46	0	913,000	913,000
Ash Way P&R transit lane repairs	42	0	412,218	412,218
Edmonds P&R renovation	42	0	391,600	391,600
ORCA equipment	46	0	261,641	261,641
Passenger shelters	46	0	188,193	188,193
Facility camera replacement	46	0	150,838	150,838
Facilities master plan	46	0	145,000	145,000
Marysville Ash Avenue P&R	42	0	113,412	113,412
Swift Orange Line corridor study	46	0	100,000	100,000
Subtotal		\$34,105,922	\$11,045,529	\$ 45,151,451
Technology Systems				
Next Generation ORCA	48	\$ 0	\$ 9,700,000	\$ 9,700,000
Wireless communications	42	0	9,027,513	9,027,513
Passenger information control system	46/48	0	1,584,000	1,584,000
Electronic content management system	46	0	1,144,000	1,144,000
Customer comments upgrade	46	0	146,700	146,700
Web development	46	0	100,000	100,000
Integrate RTPI and trip planner	46	0	100,000	100,000
IT security, disaster recovery, and data storage	46	0	273,592	273,592
Other new software initiatives and projects	46	0	240,470	240,470
Routine upgrades, maintenance, and equipment	46	0	138,000	138,000
Subtotal		\$ 0	\$22,454,275	\$ 22,454,275

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

2018 Capital Program, Including Carryover Projects

<i>Project Category</i>	<i>Capital Fund</i>	<i>Fund Source</i>		<i>Total</i>
		<i>Grants *</i>	<i>CT Local</i>	
Other Facilities				
MCOB pavement replacement	42/45	\$ 0	\$ 9,802,945	\$ 9,802,945
KPOB roof repair and restoration	42	0	777,000	777,000
Industrial wastewater systems	46	0	339,459	339,459
Small construction projects and repairs	46	0	100,000	100,000
MCOB shop fall protection system	46	0	91,300	91,300
Subtotal		\$ 0	\$ 11,110,704	\$ 11,110,704
Routine Equipment and Other Minor Projects				
Maintenance vehicles	46	\$ 0	\$ 275,653	\$ 275,653
Vehicle and facility maintenance equipment	46	0	142,580	142,580
Electric vehicle support equipment	46	0	117,600	117,600
Support vehicles	46	0	108,702	108,702
Routine minor equipment and furniture	46	0	96,000	96,000
Subtotal		\$ 0	\$ 740,535	\$ 740,535
Capital Program Total		\$ 75,329,083	\$ 55,855,497	\$ 131,184,580
Designated Reserves				
Construction/EPM contingency reserve	48	\$ 0	\$ 1,600,000	\$ 1,600,000
Subtotal		\$ 0	\$ 1,600,000	\$ 1,600,000
Capital Program and Designated Reserve Total		\$ 75,329,083	\$ 57,455,497	\$ 132,784,580

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

2018 General Fund Cash Balance Summary

The 2018 budget includes operating and nonoperating revenues of \$186.6 million, which funds 734,000 hours of service with operating expenses of \$141.9 million and also contributes to the 2018 capital program. In addition, the budget fully funds the workers' compensation program at a level that meets or exceeds actuarial recommendations for claims coverage, funds the 2018 debt service requirement, and maintains all reserve balances at levels required by the Board-adopted TDP, internal policy, and any other statutory or contractual requirement.

\$ in Millions	
Beginning Cash	\$ 59.9
Total General Fund Revenue	\$ 186.6
Total Current Expenses and Obligations	\$ (141.9)
Operating Margin	\$ 44.7
Transfer to Capital/Other Funds	\$ (41.9)
Operating Reserves	\$ (25.8)
Reserves for Sustainability and Expansion	\$ 36.9

General Fund Reserve Balance Calculation (\$ in millions)

	2017 Forecast		2018 Adopted Budget	
Projected Ending Cash Balance		\$ 59.9		\$ 62.7
Operating Expenses	\$ 127.4		\$ 141.9	
Workers' Compensation Expense	\$ 2.0		\$ 2.6	
Total Expense	\$ 129.4		\$ 144.5	
Less: Sound Transit	\$ 19.3		\$ 19.9	
Net Operating Expense Excluding Sound Transit	\$ 110.1		\$ 124.6	
Two Months Operating Expense		\$ 18.3		\$ 20.8
Fuel Reserve		\$ 3.0		\$ 5.0
Cash/Working Capital In Excess of all Reserves		\$ 38.6		\$ 36.9

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>
Operating Reserve	
Designated—Operating and Fuel Reserves ¹	25.8
Reserves for Sustainability/Expansion	36.9
Total Operating Reserve	\$ 62.7
Replacement Reserve	33.8
Infrastructure Preservation Reserve	14.0
Facilities and Technology Fund (Reserve is for Base Capacity/Expansion)	50.0
Workers' Compensation	
Statutorily Restricted	\$ 1.6
Designated for Future Claims	5.1
Total Workers' Compensation	6.7
Bond Fund (restricted)	0.6
<i>Total as of December 31, 2018</i>	<i>\$ 167.8</i>

¹ Includes two months operating cash flow reserve and \$5 million fuel reserve.

Operating Information

Miscellaneous Operational Data: December 31, 2016*

General Information

Date of Incorporation	1976
Form of Government	Public Transportation Benefit Area Corporation (PTBA)
Began Operation	October 4, 1976
Number of Board of Directors	10—nine voting and one nonvoting
Type of Tax Support	Local sales tax Nine-tenths of 1 percent January 1 through March 31, 2016 1.2 percent April 1, 2016, through December 31, 2016
County in Which PTBA Operates	Snohomish County
Population - County	772,860
Population of PTBA	565,244
Park-and-Ride Lots	22

Employees

Operations	430
Maintenance	106
General and Administrative	127
Total	663

Active Revenue Vehicles

Directly Operated	121
Commuter Service	69
Vanpool Vans	432
Contract Commuter	73
DART/Paratransit	52
Total	747

Number of Scheduled Routes

<i>Swift</i> Bus Rapid Transit Routes	1
Local Snohomish County Routes	23
Boeing Commuter Routes	3
University of Washington Routes	6
Intercounty Commuter Routes	13
Total	46

**As per the agency's most current Comprehensive Annual Financial Report*

Operating Information

Service Statistical Data: Ten-Year Comparison

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Directly Operated Service										
Average Weekly Ridership	154,394	170,475	163,867	141,105	133,676	124,481				
Passengers per Hour	18.60	20.20	18.95	16.50	17.10	19.94				
Fare Revenue per Passenger	\$ 1.03	\$ 1.02	\$ 1.08	\$ 1.33	\$ 1.38	\$ 1.50				
Cost per Passenger	\$ 7.73	\$ 7.51	\$ 8.06	\$ 9.09	\$ 9.38	\$ 9.19				
Cost per Mile	\$ 9.15	\$ 9.72	\$ 9.73	\$ 9.33	\$ 10.13	\$ 11.42				
Farebox Return	13.3%	13.6%	13.3%	14.6%	14.7%	16.3%				
Motor Bus Directly Operated										
Average Weekly Ridership							102,143	112,920	117,368	121,575
Passengers per Hour							18.53	19.77	18.43	17.16
Fare Revenue per Passenger							\$ 1.41	\$ 1.28	\$ 1.27	\$ 1.26
Cost per Passenger							\$ 9.10	\$ 8.56	\$ 9.48	\$ 9.89
Cost per Mile							\$ 11.12	\$ 11.37	\$ 11.68	\$ 11.65
Farebox Return							15.4%	15.0%	13.4%	12.8%
Commuter Bus Directly Operated										
Average Weekly Ridership							22,489	22,980	22,613	22,784
Passengers per Hour							34.03	30.10	29.38	28.02
Fare Revenue per Passenger							\$ 2.97	\$ 3.20	\$ 3.44	\$ 3.80
Cost per Passenger							\$ 9.76	\$ 10.83	\$ 11.82	\$ 11.79
Cost per Mile							\$ 15.65	\$ 16.53	\$ 17.62	\$ 17.19
Farebox Return							30.5%	29.5%	29.1%	32.2%
Contract Commuter Service										
Average Weekly Ridership	36,427	38,167	34,061	31,586	30,899	28,951	28,838	31,269	31,851	32,373
Passengers per Hour	29.79	31.06	27.71	30.18	37.57	46.15	41.95	40.01	40.00	38.02
Fare Revenue per Passenger	\$ 2.98	\$ 3.11	\$ 3.30	\$ 4.04	\$ 3.74	\$ 3.36	\$ 3.54	\$ 3.26	\$ 3.45	\$ 3.70
Cost per Passenger	\$ 7.03	\$ 7.03	\$ 7.65	\$ 7.77	\$ 7.31	\$ 6.71	\$ 5.95	\$ 5.60	\$ 5.33	\$ 5.29
Cost per Mile	\$ 9.17	\$ 9.59	\$ 9.27	\$ 10.03	\$ 11.43	\$ 12.59	\$ 10.25	\$ 10.18	\$ 9.87	\$ 9.67
Farebox Return	42.4%	44.3%	43.1%	52.0%	51.1%	50.0%	59.6%	58.3%	64.7%	69.9%
DART/Paratransit										
Average Weekly Ridership	4,082	4,126	4,191	4,186	3,929	3,747	3,620	3,704	3,661	3,734
Passengers per Hour	2.12	2.07	2.11	2.20	2.31	2.28	2.27	2.28	2.24	2.35
Fare Revenue per Passenger	\$ 1.11	\$ 1.28	\$ 1.05	\$ 1.29	\$ 1.42	\$ 1.43	\$ 1.69	\$ 1.67	\$ 1.86	\$ 1.95
Cost per Passenger	\$ 36.84	\$ 39.15	\$ 38.28	\$ 39.16	\$ 41.33	\$ 37.60	\$ 38.48	\$ 39.22	\$ 38.93	\$ 39.49
Cost per Mile	\$ 4.64	\$ 4.85	\$ 4.57	\$ 4.79	\$ 5.28	\$ 4.62	\$ 4.64	\$ 4.83	\$ 4.73	\$ 4.99
Farebox Return	3.0%	3.3%	2.7%	3.3%	3.4%	3.8%	4.4%	4.3%	4.8%	4.9%
Vanpool										
Average Weekly Ridership	14,239	16,439	16,583	16,222	17,172	17,697	17,840	17,787	17,551	16,688
Passengers per Hour	9.75	9.70	10.23	10.32	5.76	6.13	6.25	6.26	6.37	6.13
Fare Revenue per Passenger	\$ 2.24	\$ 2.50	\$ 2.99	\$ 3.09	\$ 3.30	\$ 2.85	\$ 2.97	\$ 3.02	\$ 3.21	\$ 3.22
Cost per Passenger	\$ 4.50	\$ 4.09	\$ 4.26	\$ 4.38	\$ 4.44	\$ 4.17	\$ 4.27	\$ 4.65	\$ 4.39	\$ 4.93
Cost per Mile	\$ 0.81	\$ 0.73	\$ 0.77	\$ 0.79	\$ 0.82	\$ 0.78	\$ 0.82	\$ 0.89	\$ 0.85	\$ 0.93
Farebox Return	49.8%	61.1%	70.2%	70.5%	74.4%	68.4%	69.4%	64.9%	73.2%	65.3%

Data Source: FTA National Transit Database Report

Notes:

- Service hours are defined as active vehicle revenue hours per the FTA National Transit Database.
- Service miles are defined as active vehicle revenue miles per the FTA National Transit Database.
- Beginning in 2013 the FTA National Transit Database discontinued the Directly Operated category and replaced it with two new categories: Motor Bus Directly Operated and Commuter Bus Directly Operated.
- Cost per passenger is not net of fare revenue.

Website Links

Community Transit Budget and Financial Reports:

Comprehensive Annual Financial Report (most current report):

<https://www.communitytransit.org/docs/default-source/default-document-library/2016-cafr.pdf?sfvrsn=2>

Community Transit Services and Customer Programs: <https://www.communitytransit.org>

Use this link to learn more about Curb the Congestion, Choice Connections, our school education and transit instruction programs, vanpools, service schedules, routes, fares, employment, and more.

Community Transit Swift Green Line Projects:

These links take you to specific projects mentioned in the budget materials.

Swift Green Line: <https://www.communitytransit.org/swiftgreen>

Swift Green Line Corridor: <https://www.communitytransit.org/swiftstations>

128th Street Widening Project: <https://www.communitytransit.org/128th>

Seaway Transit Center: <https://www.communitytransit.org/seaway>

Community Transit Short- and Long-Term Transit Planning:

These links take you to our major transit planning documents:

2017-2022 Transit Development Plan: <https://www.communitytransit.org/tdp>

Long Range Plan—*Looking Ahead to 2030*: <https://www.communitytransit.org/projects/long-range-plan>

ORCA Information

Purchasing ORCA fare media: https://orcacard.com/ERG-Seattle/p1_001.do

Next Generation ORCA project: <http://www.nextgenorca.com/>

Puget Sound Regional Council:

Transportation and regional economic strategies: <https://www.psrc.org/vision-2040-documents>

Population trends: <https://www.psrc.org/sites/default/files/trend-population-201707.pdf>

Sound Transit:

Link light rail extension to Lynnwood which will serve Shoreline, Mountlake Terrace and Lynnwood:

<https://www.soundtransit.org/Lynnwoodextension>

Community Transit's Budget Process

Community Transit adopts its annual budget in December preceding the start of a new fiscal year. Staff develops the budget based on agencywide goals and departmental programs and objectives. Budget development consists of a multiphase process beginning in the spring of the current fiscal year and ending with the December Board budget adoption, to create and implement the annual budget for the upcoming fiscal year.

Six-Year Transit Development Plan

On an annual basis, Community Transit's Strategic Planning staff develop its annual Transit Development Plan (TDP), which represents an annual update to the agency's six-year transportation plan. Updates provide a refreshed six-year forecast of agency financials, service levels, and capital projects. The TDP represents an important forum for developing strategic goals and helps set the tone for many agency work programs. The Washington State Department of Transportation requires transit agencies to submit an updated plan, approved via a public process in the spring each year.

The TDP is adopted by resolution of the Board of Directors each year, preceding the development and adoption of Community Transit's annual budget.

TDP development, the completion of which is timed, ideally, to coincide with the inception of the budget process, provides a blueprint and guidance for the organization in the creation of its annual budget. Planning and Finance staff then work cooperatively to meld the higher level TDP projections with the more specific budget instructions and more detailed budget estimates made for the current year's budget process. Consensus, analysis, and best available economic projections drive the projections for the more detailed budget that Finance staff will develop.

Business Planning Process

Annually, staff complete an internal process known as Business Planning in advance of the annual budget process. Business Planning includes mapping out the specific activities and projects for the upcoming year that will be undertaken to achieve the objectives established in the TDP, or to achieve departmental goals and other business requirements. The business planning process allows for better coordination between departments and more effective allocation of staff resources. The process encourages staff agencywide to collaborate and communicate regarding priorities, workload, and assistance needed from other departments to support their projects and initiatives.

The Business Planning process culminates in the development of an agencywide business plan that helps direct departmental budget development. Staff members complete individual business plans for each division and monitor them throughout the year.

Finance and Department Staff

Near the beginning of Community Transit's January to December fiscal year, Finance staff create a calendar to map out the upcoming budget cycle. This calendar starts with budget system preparation in late spring and early summer, and outlines the setting of parameters and assumptions with Planning and Executive staff. It also guides Community Transit departments' budget development and submission timelines as well as review by the CEO and Executive team in late summer.

Service hour projections put forth by Planning staff drive, at least in part, staffing and other costs in departments that perform work driven by service or revenue hour volumes. Finance staff estimates budgeted revenues for the coming year in the early part of summer while departments prepare their budgets. Department staff presents their FTE requests to the Executive team in late June in advance of the start of the departments' budget preparation. The Executive team reviews and makes tentative approvals by early July.

Finance staff also prepare the budgets for workers' compensation, debt service, insurance, benefits, cost pools, and interfund transfers that cover capital project and non-operating expenses. Staff hosts budget labs during the month of July to provide hands-on assistance to Community Transit budget preparers in need of technical assistance when creating and entering data for their departments' budgets. Department budget preparation generally begins around the end of June, with an approximately four-week timeline to complete these budgets.

Capital projects are budgeted on an individual project basis. Department staff submits plans for projects in the spring for the next budget year, and the CEO and Executive staff review and approved these by early June, in advance of budget development. Department staff budgets for their requested capital projects concurrently with the preparation of their department budgets. Capital projects are budgeted in their entirety when approved, regardless of anticipated expenditure dates. Each year thereafter, the remaining unexpended portion of each project, as well as related grant reimbursements, is rebudgeted.

During early August, Finance staff review and analyze budget submissions to ensure an accurate and complete draft budget. Budget review with the CEO and Executive Team begins in mid-August and continues until approximately mid-September, depending on the need for multiple rounds of review. Finance and Administrative staff create reports and presentation materials for the Board of Directors from mid-September to mid-October.

The Board of Directors' Role

The Board of Directors adopts the annual budget. The Board of Directors then monitors the annual budget through quarterly financial reports, monthly review of expenditure listings, and authorization of all expenditures exceeding \$100,000. The Finance and Administration Committee of the Board of Directors receives a monthly fund status report for review and discussion with staff.

Budgetary control is maintained at varying levels. Operating expenses are monitored by department heads who are assigned responsibility for controlling their budgeted appropriations. Emphasis is placed on the total appropriation for the department. Budget overruns at the agency level must be authorized by the Board of Directors, and at lower levels they are the responsibility of the CEO.

Presentation to the Finance and Administration Committee and Board of Directors

Community Transit's Director of Administration, along with the Finance staff, presents an overview of the proposed budget to the Board of Directors in October. The budget is released first to the Finance and Administration Committee members, and then to the Board of Directors at the October Board Workshop.

The budget allocates resources among critical and competing interests, efforts, and initiatives on behalf of residents of Community Transit's public transportation benefit area, which includes most of Snohomish County. The proposed budget also includes a CEO message and an Executive Summary explanation of the budget document. Detail concerning budgets specific to Community Transit departments is also provided.

It is management's responsibility to present a preliminary budget that strikes the right balance between any competing interests at Community Transit and also proposes the right balance between anticipated resources and planned expenditures.

Community Transit also uses the budget document to share the information contained in the budget with members of the community and others who desire information about how Community Transit spends its resources.

Board of Directors' Budget Review Process

The Board of Directors receives a notebook containing Community Transit's proposed budget and related information (e.g., CEO Message, Executive Summary, Department-specific information) in late October at or before its Board workshop. Board members review the proposed budget and submit questions to the Budget Manager, Controller, or Director of

Administration by a date specified in approximately mid-November. The Board holds a public hearing on the budget during the November Board meeting, which gives members an opportunity to take public feedback regarding the budget, further formulate questions, and consider any additional or new information that may surface. Agency staff answer the Board members' budget questions and provide a document on or before a predetermined date in November, usually during the third week in November prior to the Thanksgiving holiday. During the December Board meeting, the Board of Directors votes on the resolution that adopts the budget. If for some reason the Board cannot adopt the budget at their December board meeting, a special meeting must be held prior to December 31st whereby the Board adopts a budget for Community Transit.