



# 2019 Board of Directors Budget Notebook



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## ***Board of Directors***

### **Goals:**

*Improve ridership.*

*Demonstrate good stewardship of public funds.*

*Be a positive force in our communities.*

### ***Board of Directors as of December 31, 2018***

#### ***Board Members***

#### ***Title***

Leonard Kelley, Chair	Mayor, City of Stanwood
Kim Daughtry, Vice-Chair	Council Member, City of Lake Stevens
Jon Nehring, Secretary	Mayor, City of Marysville
Dave Earling	Mayor, City of Edmonds
Jan Schuette	Council Member, City of Arlington
Joe Neigel	Council Member, City of Sultan
Lance Norton	Labor Representative
Mike Todd	Council Member, City of Mill Creek
Stephanie Wright	Council Member, Snohomish County
Terry Ryan	Council Member, Snohomish County

#### ***Board Alternates***

Bruce Straughn	Council Member, City of Granite Falls
Geoffrey Thomas	Mayor, City of Monroe
George Hurst	Council Member, City of Lynnwood
Jennifer Gregerson	Mayor, City of Mukilteo
Nate Nehring	Council Member, Snohomish County



Emmett Heath, CEO

# CEO Budget Message

## **2019 Budget**

### *Delivering Today—Preparing For Tomorrow*

Community Transit has been delivering transportation services in Snohomish County for over 42 years, connecting people to jobs, services, education, recreation, and other activities all across the region. While that part of the Community Transit story is still true today, our agency, like the communities we serve, is changing at an unprecedented rate. Today we find ourselves at the intersection of increased demand, new mobility options, emerging technologies, and changing customer expectations for fast, reliable, enjoyable services that make mobility easy. This is an exciting time at Community Transit as we deliver new and expanded services to meet today's needs, while also positioning the agency to build toward its vision of the future.

At the core of the changing landscape is growth. Puget Sound is one of the most vibrant and fastest-growing regions in the country, and Snohomish County is home to two of the ten fastest growing cities in the region ([PSRC Regional Population Trends 2018](#)). New forecasts show the region needs to plan for 1.8 million additional people and 1.2 million new jobs by 2050 ([PSRC Vision 2050](#)). Increased infrastructure investments will be needed to serve this job and population growth, and 2019 will be a significant year for transportation investments.

In spring 2019, Community Transit's [Swift Green line](#) bus rapid transit project will be completed and, with it, the first high capacity transit network in Snohomish County will be created. In addition, commercial air travel will begin at [Paine Field](#), and Sound Transit will be designing its [I-405 Bus Rapid Transit \(BRT\)](#) service from Burien to Lynnwood via Canyon Park Park & Ride and breaking ground on the [Lynnwood Link Extension](#) from Northgate to Lynnwood City Center station. The arrival of Link light rail in Snohomish County will be transformational, and Community Transit is already closely coordinating with Sound Transit and jurisdictional partners to serve stations at Lynnwood, Mountlake Terrace, and Shoreline when light rail arrives in 2024.

Understanding and listening to our customers is influencing strategic decisions across the agency. New technology will be implemented in 2019 to better engage with our customers, and customer input about their journey is helping us to make improvements in everything from their website experience to vehicle and bus stop enhancements to trip planning. Combined with our continued civic engagement and generous employee giving programs that support local communities, our agency truly puts the customer's voice and the needs of the community at the heart of everything we do.



It is our mission to provide people with appealing choices to get from where they are to where they want to be. The 2019 budget delivers on that mission today, while positioning the agency for continued growth and innovation in the future.

## ***Guiding Principles***

***Strategic Priorities:*** A set of six agency-wide strategic priorities help guide the development of the 2019 budget and support the agency’s vision and mission.



***Business Planning Cycle:*** The 2019 budget reflects long-range and more near-term plans for current and future service.

***Long Range Transit Plan:*** 20-year unconstrained vision of a regionally integrated buildout of the transportation network. Coordinated in conjunction with local jurisdictions, this plan helps to ensure all agencies are working efficiently toward a common transportation vision which includes mobility services and programs to make mobility easier.

***Transit Development Plan:*** Six-year financially sustainable implementation plan, updated annually. The 2017-2022 Transit Development Plan and 2018 Addendum to the Transit Development Plan detail over \$1.3 billion in investments over the six-year period and provide local and county jurisdictions with concrete commitments around which they can coordinate their services and investments.

***Agency Business Plans:*** Two-year plans are updated annually to implement planned services, programs, and initiatives to ensure projects are delivered on scope, schedule, and budget, as identified in the long range transit plan and six-year transit development plan.

**Annual Budget:** Strategic allocation of resources that fund the business plan for the coming year. The 2019 budget is balanced, financially sustainable, funds reserves at target levels, and is buffered against the effects of an economic downturn.

## ***2018 Highlights and Accomplishments***

- Completed the [Seaway Transit Center](#) **on scope, on schedule, and on budget**. When it opens in 2019, this regional hub will be served by Community Transit, Everett Transit, King County Metro, Sound Transit, and provide a connection to Boeing's employee shuttle service.



- In partnership with the Washington State Department of Transportation and Snohomish County, completed the [128<sup>th</sup> street widening project](#), which added two new lanes at 128<sup>th</sup> and I-5 to benefit transit and nontransit users on this congested roadway.

- Expanded the Snohomish County Sheriff's Office Transit Police Unit to enhance safety and security for employees and customers.

- Managed the 2018 budget to board-

approved levels; reserves remained funded at recommended levels to provide sustainability.

- Achieved excellent third-party review results, including: 23 consecutive clean state audits, clean FTA triennial audit, clean FTA drug and alcohol audit, and 28 consecutive Government Finance Officers Association (GFOA) Awards for Excellence in Financial Reporting. Small and Disadvantaged Business Enterprise (DBE) program results exceeded goals.
- Introduced new customer experience initiatives, including a "Walk in the Customer's Shoes" immersion exercise, and conducted a user design workshop with partner transit agencies to better utilize customer input in local and regional system design.
- Hired 62 coach operators and 7 mechanics in anticipation of launching the *Swift* Green Line in spring 2019.
- Maintained all agency capital assets in the appropriate state of good repair.

- Installed electric vehicle charging stations for company service vehicles and purchased the first in a series of electric hybrid light duty vehicles. Introduced biofuels in transit buses to help achieve carbon reduction and clean air goals.
- Developed a new industrial waste pretreatment system and completed the agency-wide Security and Emergency Preparedness Plan; keeping people and the environment safe.
- Completed a comprehensive Facilities Master Plan to determine operating base expansion needs and timeline for design and construction of new base capacity.
- Worked closely with leadership across the region to explore new and coordinated service delivery for our shared customers. Advocated for the best possible customer experience between transit systems, including Everett Transit, Sound Transit, King County Metro, and North Sound transit agencies, as well as ensuring a seamless connection to new services such as commercial air service at Paine Field.
- Maintained a very high level of civic engagement to promote the use of our products and services by supporting community and business activities, positioning Community Transit to help the economy grow, and protecting the quality of life.



## ***2019 Priorities and Initiatives***

### ***Building a High Capacity Transit Network***

2019 will mark the beginning of the buildout of Community Transit's high capacity transit network in Snohomish County. We are very excited about this new connectivity that will be created when the second *Swift* line is fully operational next year.

The [Swift Green Line](#) will launch in spring 2019. It will provide fast, frequent service between Canyon Park Park & Ride and Boeing. This project was fully funded from a combination of federal, state, and local sources, including the agency's single largest grant ever received of \$43.19 million from the Federal Transit Administration (FTA).



In 2019, project development will continue on a third bus rapid transit line—the *Swift Orange Line*—that will provide east/west connectivity and serve Link light rail at Lynnwood City Center in 2024. Also next year, we will begin work to extend our existing [Swift Blue Line](#) south into King County to serve Sound Transit’s Link light rail station in Shoreline at 185<sup>th</sup> & I-5.



Integrated  
Future  
Network

## Improving the Customer Experience

Community Transit is listening to customers in new ways and translating what we learn to improve the customer’s journey. In 2019, we will conduct community and customer surveys to gain insight, and implement a new customer Connections comment system that will enhance the way customers communicate with the agency and access information.



Other initiatives include the completion of a bus stop assessment project and the mapping and display of all bus stops to help customers navigate our service. We will also upgrade the external-facing website and digital tools to make it easier for customers to get the information they need.

## ***Investing in the Employment Experience***

Ensuring we continue to attract and retain a world-class team is fundamentally important for the agency to be able to deliver on its mission. Providing an enriching employment experience, competitive wages, and an opportunity to grow professionally and within the agency are keys to attracting and retaining the best of the best. Community Transit provides an industry-best suite of wellness services, on-site physical therapy facility, comprehensive benefits, and programs to support employees and their families.



## ***Building Organizational Capacity***

It is of paramount importance that we keep the agency positioned to meet its obligations well into the future. In 2019, we will have the largest fleet, workforce, and suite of programs and services in the agency's history. The workforce of approximately 800 employees and 200 contractors will be supporting a growing array of mobility products and services, including a 10 percent increase in service hours.

We will make investments in recruiting, retaining, and succession planning to ensure we have the workforce in place to deliver on our promises, today and in the future. This includes offering professional development and apprenticeship opportunities, such as the mechanics apprenticeship program, to provide opportunities for career satisfaction and advancement.

Growth will continue over the next several years as demand for service continues. Next year, we will continue the design phase for expanding operating base capacity at Merrill Creek, Kasch Park, and Kasch Park Casino Road locations. In 2019, for the third consecutive year, funding will be reserved for base expansion.



## ***Alignment with Regional Partners***

Integrated planning ensures transit partners and local jurisdictions are well-coordinated and aligned. Chief among our integration efforts is to prepare for the arrival of Sound Transit's Link light rail in 2024. Efforts are ongoing, even at this early stage of construction, to ensure our shared customers have a seamless and easy connection between our two services. We will continue to participate in the planning and development process with Sound Transit, as they break ground on the Lynnwood Link Extension and begin development of their I-405 and Highway 522 bus rapid transit service next year.



Mountlake Terrace Transit Center



Partnering with jurisdictions and transit agencies to the north and south will be a priority as well, to provide a seamless, multimodal, multi-agency experience for shared customers. We will also continue our civic engagement efforts with stakeholders and community leaders on issues of mutual interest.



## ***Keeping People and the Environment Safe***

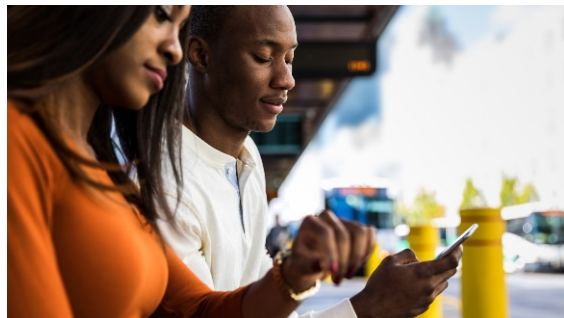
Development of a safety management system is required by the FTA by 2020. Significant work will be completed in 2019 toward this goal, as well as the completion of a new emergency operations plan. 2019 also marks the final phase-in of seven additional deputies (then 20 in total) to the Transit Police Unit, and with these additional resources, they will be well-positioned to protect and support the new service growth and the employees who provide it.

Transportation demand management programs, including our award-winning [Curb the Congestion \(Commute Trip Reduction\)](#) program, promote transportation options to driving alone—taking cars off the road, reducing emissions, making the air cleaner, and easing congestion. Our transportation demand management programs partner with 65 large employers to serve the needs of over 30,000 customers in Snohomish County and Bothell. From January to September 2018, drive alone trips were reduced by 181,071 trips, eliminating over 10 million pounds of carbon dioxide from the air we breathe. Investments in 2019 will enhance the effectiveness of these programs and help them grow into new areas, working with businesses and individuals to make a greater impact.

## ***Promoting Research and Innovation***

Eyeing what's next and adapting to changing expectations is a necessity in this rapidly changing environment. New first mile/last mile and shared mobility options are being introduced to the market at a steady clip, and customer expectations for real-time information, mobile applications, and easy transit access is influencing the pace of adoption.

We are continuing to partner in the development, design, and delivery of the next generation of the region's [ORCA](#) (One Regional Card for All) smart card. The [Next Gen ORCA](#) system will be built with flexibility in order to utilize maturing technologies, no matter where they take us in the years ahead.



In 2019, we will complete the development of a new Voice over Internet Protocol cellular data system, at a savings to the agency of \$13 million over a traditional land mobile radio system. We will provide timely, accurate information to our customers through state-of-the-art technology tools, such as real-time arrival and departure information and mobile applications, and research digital tools and emerging technology to make travel easier for customers.

Next year, we will begin to work with local communities underserved by traditional transit bus service to assess their needs and explore some innovative mobility solutions together. It may be that utilizing our Vanpool and rideshare programs, or other shuttle-type options, could provide local service and connectivity to regional transit service.



The Board-adopted six-year 2017-2022 Transit Development Plan and 2018 Addendum provide us with a clear vision and implementation plan and, thanks to local support, we have a sustainable financial structure that affords the means to deliver on these plans today, and in the coming years. It is a privilege to serve as the CEO of Community Transit. I look forward to continuing to deliver on our commitments in a manner that honors our public promise.

Thank you for your continued support.

*Emmett Heath*

Chief Executive Officer  
Community Transit

## *Executive Summary*

This executive summary covers 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 2019 service plan follows Community Transit's transit development plan. On September 6, 2018, the Board of Directors adopted the 2018 Addendum to the 2017-2022 Transit Development Plan. The 2018 Addendum is limited to technical updates and supplements related to the service plan, capital plan, and financial projects. The Addendum extends, but does not replace, the 2017-2022 Transit Development Plan which was adopted 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 has planned 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 2019 Budget*

	<i>2017 Actual</i>	<i>2018 Amended Budget</i>	<i>2019 Adopted Budget</i>	<i>Change 2019 vs. 2018</i>	
Operating Revenue	\$ 176,759,224	\$ 185,597,821	\$ 199,276,273	\$ 13,678,452	7.4%
Operating Expense	\$ 124,034,211	\$ 141,895,668	\$ 161,113,169	\$ 19,217,501	13.5%
<b>Operating Margin</b>	<b>\$ 52,725,013</b>	<b>\$ 43,702,153</b>	<b>\$ 38,163,104</b>	<b>\$ (5,539,049)</b>	<b>-12.7%</b>
Interfund Transfers In	\$ 2,364,267	\$ 3,025,557	\$ 4,789,925	\$ 1,764,368	58.3%
Interfund Transfers Out <sup>1</sup>	\$ 55,809,757	\$ 49,521,109	\$ 49,760,726	\$ 239,617	0.5%
Capital Program <sup>2</sup>	\$ 68,892,323	\$ 143,658,703	\$ 94,179,937	\$ (49,478,766)	-34.4%
Planned Service Hours <sup>3</sup>	612,148	636,464	700,344	63,880	10.0%
Full-Time Equivalent Employees <sup>4</sup>	700.5	758.5	807.5	49.0	6.5%

<sup>1</sup> Interfund Transfers Out are funded from the operating margin and reserves.

<sup>2</sup> The capital program varies from year to year based on service needs, projects in progress, and available funding.

<sup>3</sup> Service hours do not include Sound Transit.

<sup>4</sup> Full-Time Equivalent (FTE) employee counts for all years, including 2017, are authorized FTEs.

## ***Overview***

The 2019 budget is a balanced budget. Revenues exceed expenditures, and all reserves are fully funded. Total 2019 budgeted operating revenues equal \$199.3 million. Total 2019 budgeted operating expenditures equal \$161.1 million. Interfund transfers of \$49.8 million fund capital projects, reserves, workers' compensation, and debt service.

## ***Service Plan***

The 2019 budget reflects the effect of adding 41,900 annual hours in spring 2019 and 6,500 annual hours in September 2019, as well as the annualized effect of 2018 additions. The spring 2019 service change encompasses implementation of the new *Swift* Green Line, which will provide a new connection between the Boeing/Paine Field manufacturing center and the Canyon Park high-tech job center located in the City of Bothell. The *Swift* Green Line, when complete, will provide world-class bus rapid transit to thousands of residents and commuters traveling in Bothell, Mill Creek, Everett, and Snohomish County.

The September 2019 service change will prioritize ongoing refinement and improvement of existing service and will likely include additional trips on existing routes and adjustments to schedules for improved reliability. Total service hours, a primary measure of Community Transit's business activity, will grow at about 10.0 percent over 2018 budgeted service hours. Discussion of the 2019 service plan continues in the Service Plan section.

## ***Operating Revenues***

Sales tax is Community Transit's main source of revenue. Sales tax revenue is projected to grow by 7.9 percent, roughly \$10.6 million, from the 2018 budget to the 2019 budget and by 5 percent over 2018 forecasted sales tax revenue. The major factor affecting sales tax revenue is the ongoing economic growth in Snohomish County.

Overall, revenues will grow at 8.0 percent. Sales tax revenues drive this increase but are moderated by flat passenger fare revenues. The Revenue section contains more information about revenue assumptions and sources.

## ***Operating Expenditures***

Overall operating expenditures are budgeted to grow at about 13.5 percent. Salaries and wages are set to increase by about 10.7 percent as compared to the 2018 amended budget. Benefits will increase by 13.7 percent. Part of the benefits increase relates to health insurance rate increases imposed by the Washington State Public Employees Benefits Board, while the larger component represents the growth in employee count to support service expansion in 2019 and beyond, particularly the newly implemented *Swift* Green Line.

Community Transit has experienced an increase in fuel cost during 2018, and in 2019 projected fuel utilization will increase as a result of more miles driven. Budgeted diesel fuel expense increases from the 2018 to the 2019 budget by 34.0 percent. The 2019 budget projects \$2.60 per gallon for diesel fuel, compared with \$2.00 per gallon in the 2018 budget, and mileage is increasing by 14.0 percent. Discussion of operating expenditures continues in the Expenses section of this document.

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 2019 cost per service hour to increase by about 3.3 percent, which meets the TDP assumption of 3.3 percent. Sound Transit hours and estimated costs and hours are not included in the cost per service hour calculation. 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 2019 capital projects total \$33.5 million for 14 new projects and various minor capital requests. The total capital budget for 2019, including new and carryover projects, amounts to \$94.2 million. The largest new projects planned for 2019 are vehicle purchases (buses, paratransit vans, and vanpool vans), a hoist repair and replacement project at MCOB, and the *Swift* Orange Line project development. The *Swift* Green Line projects will wrap up in early 2019. Notable new technology projects include a new budgeting and business planning system, an IT service management system, a Dell Compellent Storage Center upgrade, and a Windows and MS Office upgrade. Continued work will occur on the wireless communications project, a passenger information control system, records management, and next generation ORCA. Discussion of the 2019 capital program continues in the Capital Program section.

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

The 2019 budget fully funds all reserves and provides a margin to fund future growth. Community Transit's budgeted reserves follow agency policy for maintaining adequate reserves. Discussion of reserves and the cash balance continues in the Cash and Reserves section.

During 2019, Community Transit will set aside additional reserve funds totaling \$20 million for expanding its operating base and renovate its existing bases. This brings the total set aside reserves for base expansion and renovation to \$70 million.

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

The 2019 capital budget programs \$7.5 million for various passenger facilities and amenities including *Swift* Orange Line development; repairs and renovations at the Ash Way Park & Ride and the Edmonds Transit Center; and *Swift* Blue Line painting.

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 2019, Community Transit will have

reserved \$70 million dollars in the Facilities and Technology Expansion Fund in preparation for this expansion and for the renovation of current facilities.





## Service Plan

The amended 2017-2022 Transit Development Plan was originally adopted in August 2017 and amended in September 2018 to update 2017 actual results and extend the original plan through 2023. It highlights Community Transit's vision for direct and frequent trips between jobs, commercial activity, and housing throughout the agency's service area. The agency 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 transit development plan includes plans to add approximately 143,800 hours of new bus services which represent a 38 percent increase over the 2016 baseline of 375,000 hours.

The transit development plan focuses on 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 was secured and construction is well underway for the *Swift* Green Line which will run east/west and connect with the north/south original *Swift* Blue Line. The 2019 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 2019 service plan increases total hours of service by 10 percent as compared to 2018 budgeted service hours. The 2019 service plan reflects the annualized effect of the service hours added during 2018 and includes the spring 2019 implementation of the *Swift* Green Line which adds considerable bus service. Additional service hours planned for September 2019 will include additional trips on existing routes and adjustments to schedules to improve reliability. This increases the flexibility and usability of Community Transit's system for its customers.

### ***Summary of 2019 Service Hours by Service Mode***

	<b><i>2017 Actual</i></b>	<b><i>2018 Projected</i></b>	<b><i>2019 Adopted</i></b>	<b><i>Change 2019 vs. 2018</i></b>	
Directly Operated	341,028	358,111	399,512	41,401	11.6%
Contracted Commuter	44,021	48,244	53,330	5,086	10.5%
Paratransit	81,264	87,000	90,000	3,000	3.4%
<b>Subtotal</b>	<b>466,313</b>	<b>493,355</b>	<b>542,842</b>	<b>49,487</b>	<b>10.0%</b>
Vanpool	145,835	155,557	157,502	1,945	1.3%
<b>Subtotal, CT Operated</b>	<b>612,148</b>	<b>648,912</b>	<b>700,344</b>	<b>51,432</b>	<b>7.9%</b>
Sound Transit	97,727	97,823	97,358	(465)	-0.5%
<b>Total</b>	<b>709,875</b>	<b>746,735</b>	<b>797,702</b>	<b>50,967</b>	<b>6.8%</b>

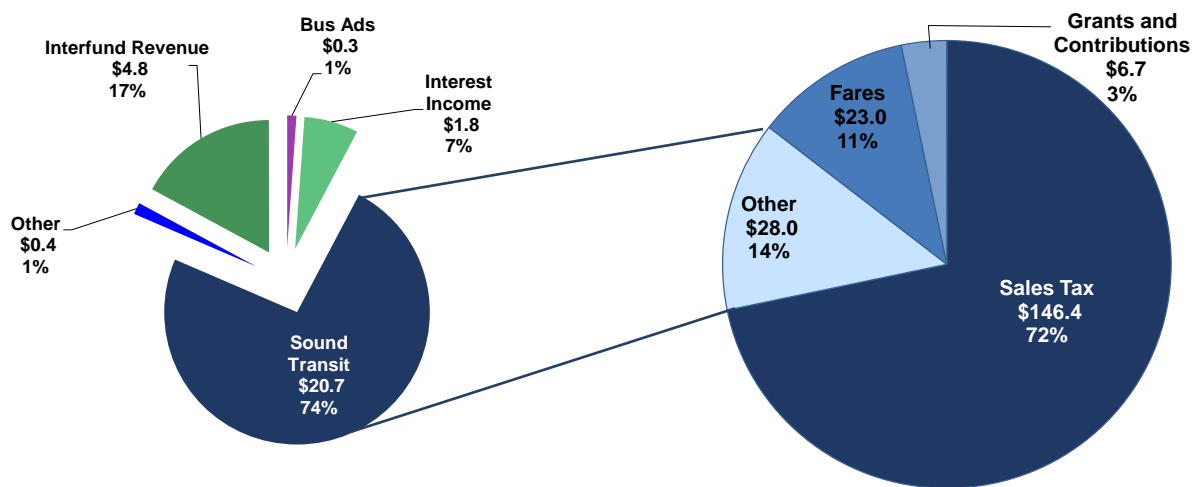
The spring 2019 service change will add an estimated 41,900 new hours, and the September change will add 6,500 additional service hours. For more information on Community Transit's service for 2018 and beyond, please review the [2017–2022 Transit Development Plan](#) and the [2018 Transit Development Plan Addendum](#).

## Revenues

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

### Major Sources of Operating Revenue

\$199.3 (in millions)



### Revenue Type by Category

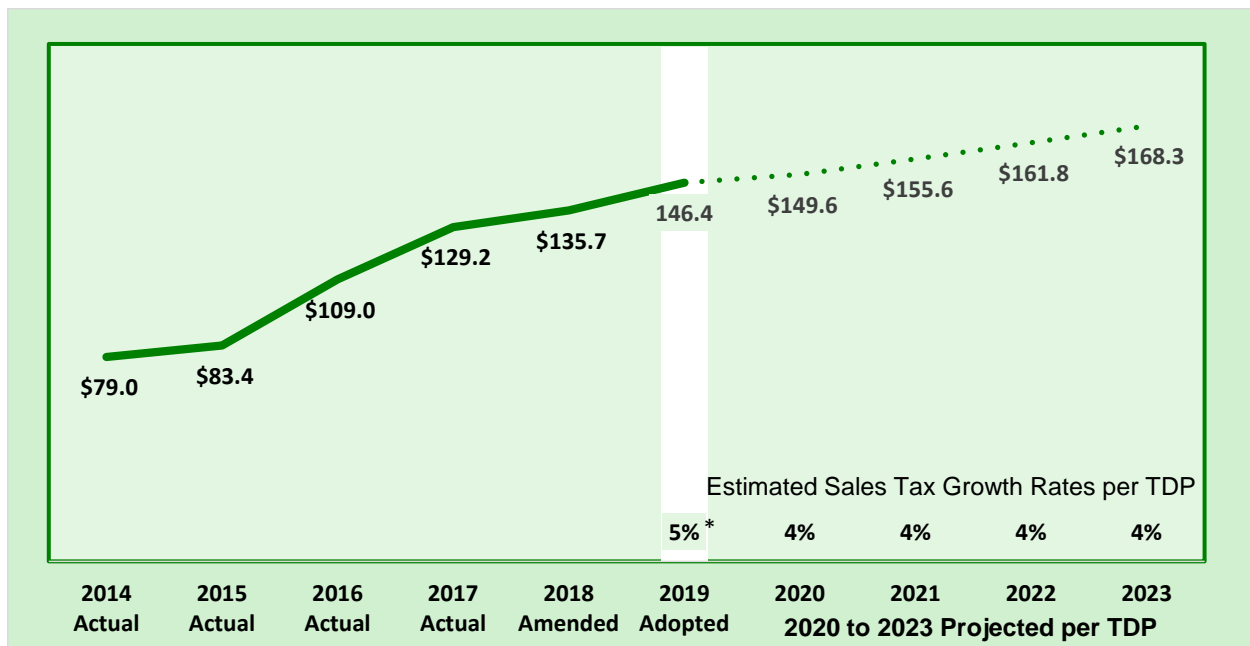
Revenue Type	2017 Actual	2018 Amended Budget	2019 Adopted Budget	Change 2019 vs. 2018	
				Dollars	Percent
Sales Tax	\$ 129,246,225	\$ 135,702,328	\$ 146,364,000	\$ 10,661,672	7.9%
Fares	21,844,659	23,000,000	22,982,000	(18,000)	-0.1%
Sound Transit Commuter Service	18,463,732	19,938,613	20,686,771	748,158	3.8%
Federal, State, and Local Grants and Contributions	5,060,468	5,064,180	6,680,400	1,616,220	31.9%
Miscellaneous Revenues	2,144,141	1,892,700	2,563,102	670,402	35.4%
<b>Total: Operating Revenues</b>	<b>\$ 176,759,224</b>	<b>\$ 185,597,821</b>	<b>\$ 199,276,273</b>	<b>\$ 13,678,452</b>	<b>7.4%</b>
Interfund Transfers	2,364,267	3,025,557	4,789,925	1,764,368	58.3%
<b>Total Revenues</b>	<b>\$ 179,123,491</b>	<b>\$ 188,623,378</b>	<b>\$ 204,066,198</b>	<b>\$ 15,442,820</b>	<b>8.2%</b>

## ***Sales Tax***

Community Transit receives the largest portion of its funding from local retail sales tax—about 73.4 percent of its total operating revenues. The 2019 budget exceeds 2018 amended budget sales tax collections by 10.7 million, or 7.9 percent. Retail sales tax in 2018 is growing at a faster rate than the budget originally projected, thus projections for 2019 are higher. The sales tax growth rate forecasted in the transit development plan for 2018 is 6 percent, but the actual growth rate was 9.6 percent through August 2018. The amended transit development plan projects 5 percent for 2019.

### Sales Tax: Historical Perspective and Future Forecast

(in millions)

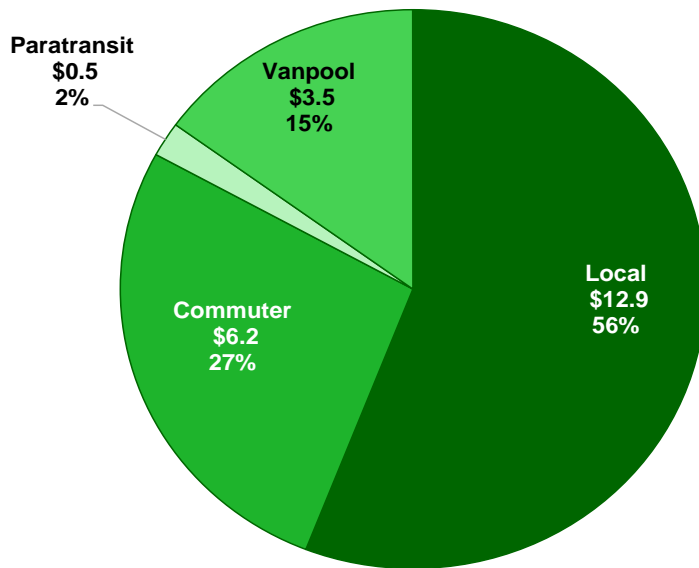


\* The 2019 budget estimate uses a 5% growth trend starting with actual sales tax collected year-to-date in 2018 at the time the budget was developed.

## Fares

Community Transit estimates that 2019 fare revenue will total \$23 million. This represents modest growth (\$700 thousand) over forecasted 2018 fare revenue of \$22.3 million, though flat from the original 2018 budget. Fares equal about 11.5 percent of Community Transit's operating revenues.

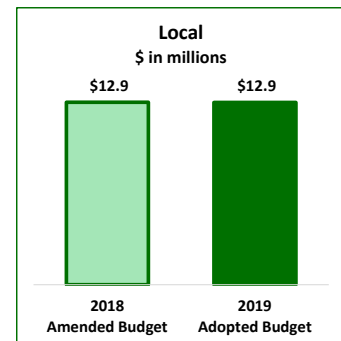
Relative Share of Fare Revenue by Service Mode  
(in millions)



Growth in fare revenues from the 2018 forecasted fares to the 2019 budget results primarily from ridership increases associated with higher transit service levels. The original 2018 budget was developed in mid-2017 and assumed higher ridership growth than what has actually occurred in 2017 and 2018. The continued relative low cost of gasoline is assumed to be a significant contributor to lower ridership growth, although with recent increases in the price of oil, this may change.

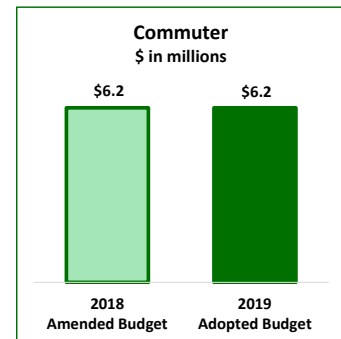
### ***Local Directly Operated Fixed-Route Fares***

The 2019 budget includes about \$22,000 less in local fares than the 2018 amended budget. Still-lower gas price leading to lower ridership is a contributor to the estimated drop in local fare revenue.



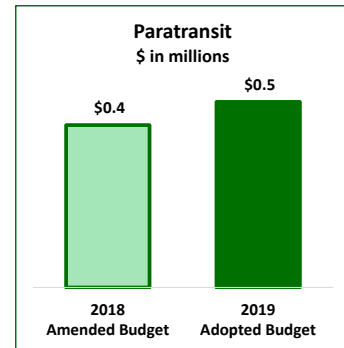
### ***Commuter Fares***

Community Transit expects 2019 contracted commuter fare revenues to also decrease very slightly as compared to the 2018 amended budget, similar to local fares. We expect that 2018 contracted commuter fares will come in slightly under budget and that the 2018 fares may come in slightly less than 2017 actuals.



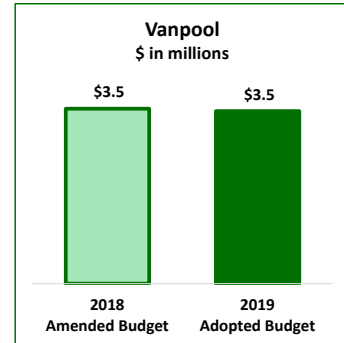
### ***Paratransit***

Paratransit 2019 budgeted revenue of \$460,000 represents an increase of about 14 percent compared to the 2018 amended budget. Paratransit service hours for 2019 are projected to be slightly higher than those budgeted and projected for 2018, by approximately 3.5 percent.



### ***Vanpool Fares***

Vanpool 2019 fare revenue is budgeted at \$3.45 million, which reflects 157,500 budgeted hours of vanpool service. Vanpool projected service hours are higher than 2018 projected service hours, by about 12,500 hours.



### ***Ticket Agent Commissions***

Ticket agent commissions are included here because commission 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***

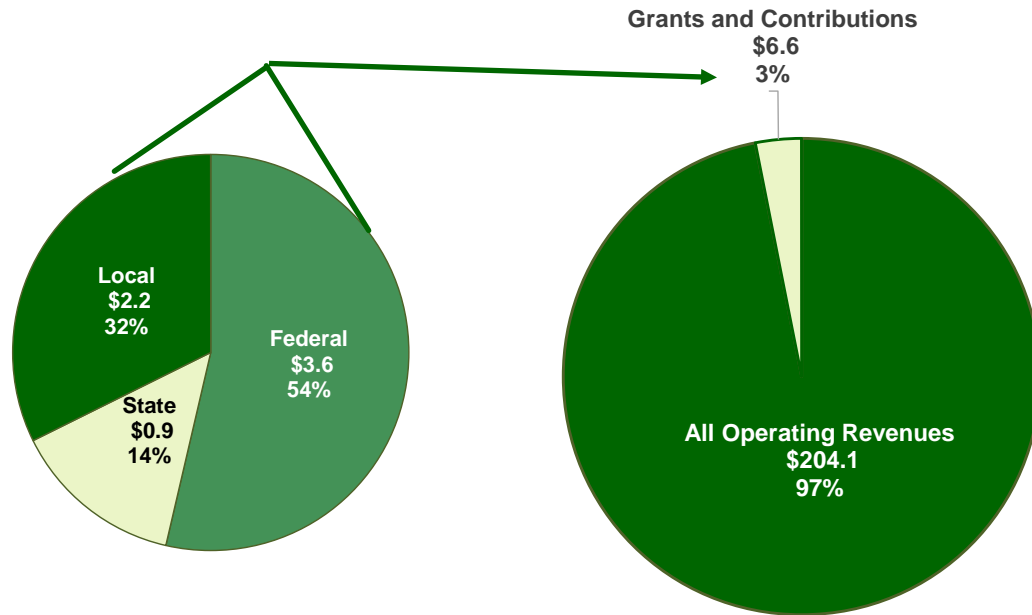
Sound Transit contracts with Community Transit to deliver commuter services that start in Snohomish County and transport commuters to their jobs in King County. Community Transit expects 2019 contracted commuter service revenues to increase from 2018 levels by \$748,000, or about 4 percent. Contract rates drive this increase since budgeted service hours for 2019 are relatively flat as compared with 2018 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)

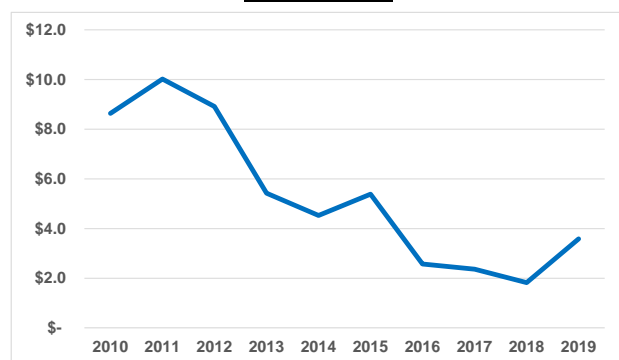


### **Federal Grants**

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

Operating revenues for 2019 include \$3.6 million in FTA grants, \$2.6 million of which are for Marysville urbanized area operating and preventative maintenance grant funds, and \$1 million is a Congestion Mitigation and Air Quality operating grant for a partial year of *Swift Green Line* operations.

### Federal Grant Funds Used for Operations (in millions)



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

In 2019, Community Transit will receive \$812,000 in special needs grant funds from the State of Washington and a Commute Trip Reduction/Transportation Demand Management grant of \$125,000. Total contributions from the state total slightly less than \$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 2019 budget includes \$1.7 million from this revenue source. In addition, Community Transit will receive funds 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 2019.

## ***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 \$13 billion to \$15 billion pooled fund investment portfolio in fiscal year 2017 and so far in 2018.

While the LGIP is a very safe, very liquid way to invest, the rate of return for funds invested in the LGIP has historically been quite low, though it has continued to increase in 2018 from the prior year as it did in 2017. During the state's fiscal year 2018, the pool yielded an average of 1.41 percent, compared with 0.65 percent in the prior year.

Continued low interest rates drive the low LGIP rate. In the past three years, however, the Federal Reserve has raised interest rates nine 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

2018, Community Transit's investment interest income has already exceeded the total 2017 investment interest by 18 percent, or more than \$200,000. The 2019 investment income budget anticipates earnings of \$1.8 million.

### ***Advertising***

Community Transit expects to receive about \$316,000 in advertising revenues for 2019. This is less than previous years' advertising revenues. Community Transit entered into a new contract and has changed elements of its advertising program, related to policy and business decisions. In particular, it has discontinued advertising via wraps on buses. As a result, advertising revenue has decreased in 2018 and for the 2019 budget from previous years' advertising revenues.

### ***Miscellaneous***

The 2019 budget for other miscellaneous revenues totals \$401,000 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, surplus equipment sales, and insurance recoveries. Prior to 2018, Insurance recoveries were treated as an offset to expense, but Community Transit has changed this practice and now records recoveries as revenue.

### ***Interfund Transfers***

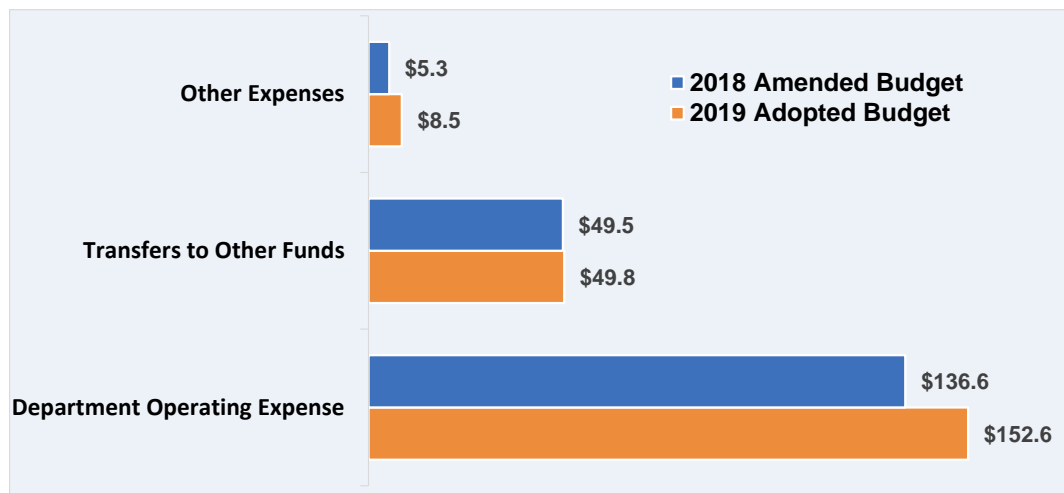
The 2019 budget includes an interfund transfer in the amount of \$1.8 million from Fund 46, Local Capital Projects, related to funds returned from completed projects. In addition, a one-time transfer from Fund 43, the Workers' Compensation Fund, in the amount of \$3 million, will also occur. This represents the return of local funds to the General Fund, because the Workers' Compensation fund has more than sufficient reserves to cover conservatively estimated claims as estimated by Community Transit's actuarial consultants.

## Expenses

	<b>2017 Actual</b>	<b>2018 Amended Budget</b>	<b>2019 Adopted Budget</b>	<b>Change 2019 vs. 2018</b>	
Department Operating Expense	\$ 121,964,214	\$ 136,602,009	\$ 152,594,120	\$ 15,992,111	11.7%
Transfers to Other Funds	55,809,757	49,521,109	49,760,726	239,617	0.5%
Other Expense	2,069,997	5,293,659	8,519,049	3,225,390	60.9%
<b>Total Operating and Other Expense</b>	<b>\$ 179,843,968</b>	<b>\$ 191,416,777</b>	<b>\$ 210,873,895</b>	<b>\$ 19,457,118</b>	<b>10.2%</b>

The 2019 budget of \$210.9 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 2018 as well as those planned for spring and September of 2019. Nonoperating expenses consist of interfund cash transfers to capital funds, workers' compensation, and debt service.

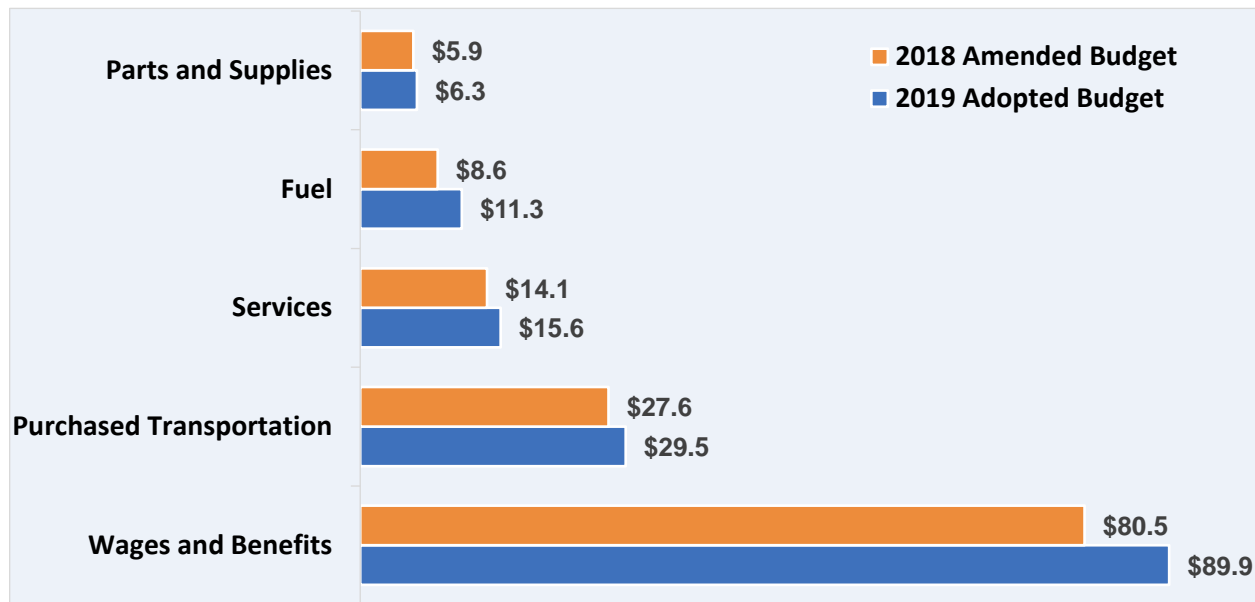
### 2019 Total Operating and Other Expense \$210.9 (in millions)



## Operating Expenses

The 2019 operating budget of \$161.1 million includes all department-related operating expenses (\$142.9 million) plus insurance costs, fuel, and the salary and professional services pools (\$18.2 million). The 2019 budget proposal represents an increase of \$19.2 million, or 13.5 percent, as compared to operating expenses in the 2018 amended budget. The next chart shows 2019 department operating expenses distributed by major operating cost category (excluding insurance and cost pools).

2019 Operating Expense by Category \$152.6 (in millions)



### ***Wages and Benefits***

Wages and benefits increased by \$9.4 million, or 11.7 percent, as compared to the 2018 budget. This increase includes additional staff, an increase in the cost of medical benefits, and a small increase in the retirement contribution rate that is set by Washington State.

In 2019 Community Transit will add a total of 49 new positions required to keep up with operational needs, mostly related to staffing the spring 2019 implementation of the *Swift* Green Line, as well as for the September 2019 service change. Most of the new positions directly support Green Line operations: the majority of the new positions—34 out of the 49—are coach operator positions, five positions maintain Green Line facilities, and four are new *Swift* ambassadors.

#### ***49 New FTEs in the 2019 Adopted Budget***

- 34 Coach Operators (16 start in the fourth quarter of 2018)
- 5 Facility Technicians (including a Lead Technician)
- 4 *Swift* Ambassadors (including one Lead Ambassador)
- 1 Government Relations Manager
- 1 Strategic Communications Specialist
- 1 Administrative Assistant II
- 1 Payroll Specialist
- 1 Copy Writer
- 1 IT Project Manager

## ***Department Staffing Summary***

The following table shows authorized FTEs for 2017 and 2018 and as adopted for 2019.

	<b><i>2017 Authorized</i></b>	<b><i>2018 Authorized</i></b>	<b><i>2019 Adopted</i></b>	<b><i>Change 2019 vs. 2018</i></b>	
Board of Directors/Executive	5.5	5.5	5.5	0.0	0%
Administration	70.0	80.0	82.0	2.0	3%
Communications and Public Affairs	5.0	7.0	9.0	2.0	29%
Customer Experience	44.0	48.0	53.0	5.0	10%
Information Technology	30.0	33.0	34.0	1.0	3%
Maintenance	113.0	119.0	124.0	5.0	4%
Planning and Development	30.0	35.0	35.0	0.0	0%
Transportation	403.0	431.0	465.0	34.0	8%
<b>Total FTEs Authorized</b>	<b>700.5</b>	<b>758.5</b>	<b>807.5</b>	<b>49.0</b>	<b>6%</b>

## ***Benefits Increase***

The Washington State Public Employees Benefits Board employee medical insurance rates for 2019 will increase at an average rate of about 1.55 percent. Rates for the IAM Benefit Trust are anticipated to increase in mid-2019, with an estimated average increase of 4.1 percent. Benefits costs have also increased due to growth in FTEs. Benefits and payroll taxes increased by approximately \$3.6 million from the 2018 budget to the 2019 budget. Of that amount, \$2.1 million is attributable to new FTEs, and \$1.5 million is attributable to benefits rate increases.

## ***Public Employees' Retirement System Retirement Contribution***

The Public Employees' Retirement System retirement contribution rates will increase slightly in September 2018 from 12.70 percent to 12.83 percent, and again in July 2019 from 12.83 percent to 13.18 percent. This rate change accounts for a 2.10 percent increase in the PERS expense as compared to the prior year; the remainder of the Public Employees' Retirement System cost increase of 11.5 percent is related to growth in employee count.

## ***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 7.2 percent in 2019 as compared to the 2018 amended budget. The increase results from service levels and approved contractual increases.



## Services

Overall, Community Transit's services expenses, including intergovernmental services, will increase about 10.6 percent (\$1.5 million) in 2019 as compared to the 2018 amended budget. Transit police deputies are the largest cost contributor in this expense category. Community Transit has increased the level of security services it purchases from the Snohomish County Sheriff's Office to provide security for new transit services, particularly the *Swift* Green Line. Other notable increases in the services category include professional services, contract maintenance, telephone and data, software, and advertising.

## Supplies

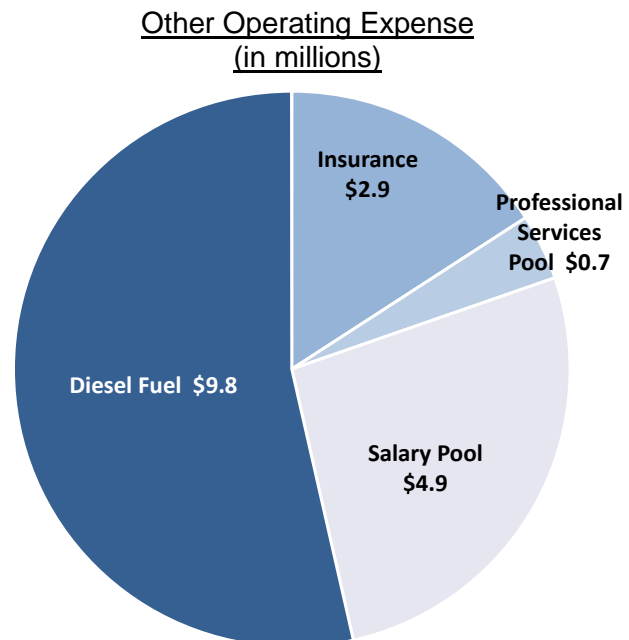
Agencywide, supplies, excluding diesel fuel, will increase by about \$685,000. Notable areas where increases are occurring include predominantly maintenance-oriented supplies such as parts (\$183,000) and oil and lubricants (\$95,000). Budgets for gasoline are slated to increase by \$362,000, related to both increased usage from the 2019 service change as well as higher fuel prices. Community Transit uses gasoline for its vanpool vehicles and for supervisor and pool vehicles.

## Other Operating Expense

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

### Insurance

The 2019 insurance budget of \$2.88 million represents an increase of approximately 26 percent as compared to the 2018 amended budget of \$2.29 million. Actual insurance expense for 2017 was \$2.17 million. Community Transit anticipates higher annual premiums due to two factors: (1) more mileage driven related to the service increase and (2) a review by the insurance agent of Community Transit's property to ensure adequate coverage.

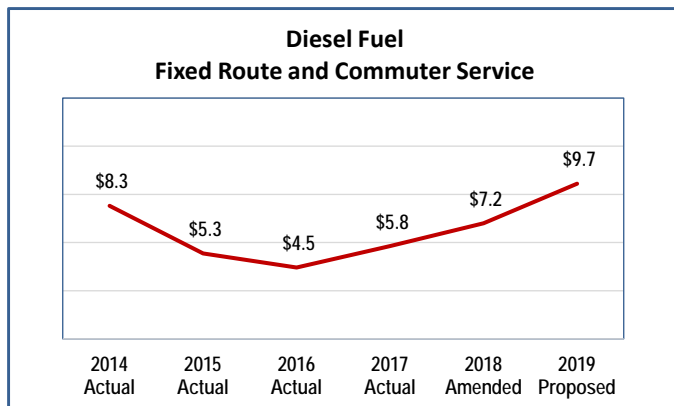


Community Transit's insurance, purchased through the Washington State Transit Insurance Pool, provides general liability coverage for the agency's vehicles and property, pollution liability, crime and fidelity, and other related coverages. Vehicle mileage, directly related to the

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 increase in service—also plays a role in the higher insurance cost.

## ***Diesel Fuel***

The 2019 budget for diesel fuel for coaches and other vehicles will increase by 34 percent (\$2.46 million) as compared to the 2018 amended budget. Service hours are increasing significantly in 2019, which means more gallons of diesel will be purchased in 2019. Oil prices



have also increased during the current year, and Community Transit does not anticipate the same favorable diesel fuel prices in 2018 and 2019 as those experienced in 2017.

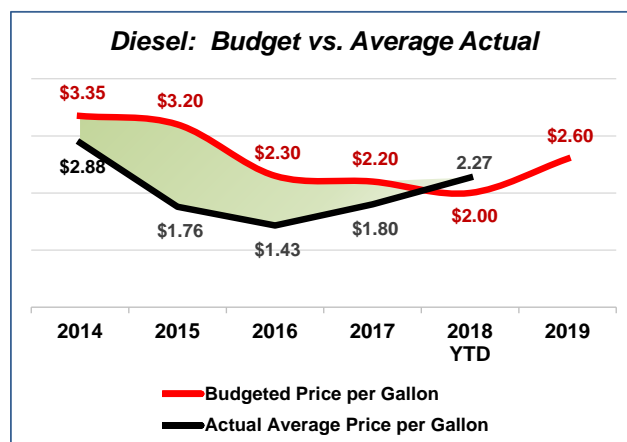
Employees in both Finance and Maintenance track the economy and the market for fuel, both locally and internationally. It appears that crude oil supplies remain relatively abundant and

staff believe at this point that prices will remain relatively stable in 2019, though it depends on worldwide oil producers and global demand for oil.

While diesel fuel was budgeted at \$2.00 per gallon for 2018, the 2019 diesel fuel budget uses a price of \$2.60 per gallon to reflect industry projections for 2019. The difference between 2018 and 2019 fuel price assumptions explains a portion of the 34 percent increase in the diesel fuel budget.

The remainder of the increase can be explained by the large 2019 service increase. Service hours are increasing by 10 percent over the 2018 budget, which means more mileage will be driven (about 1.33 million more miles), and, thus, fuel utilization will increase.

Should fuel prices rise unexpectedly, Community Transit continues to keep \$5 million as a fuel reserve in 2019. With this additional reserve, Community Transit believes it will weather any diesel fuel price fluctuations that occur in 2019.



### ***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, Public Employees' Retirement System and other benefits. The salary pool also funds the voluntary paid time-off payout program for all employees.

The 2019 salary pool budget includes amounts for various labor contract settlements that may occur during the year. Some that were budgeted in 2018 may continue to be pending in 2019 and, thus, the settlement and the cumulative wage increase may be larger. Also, increased FTEs necessitate a slightly higher salary pool estimate. The 2019 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 and other 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 to cover shortages, internal audits, and various consulting tasks, including a transportation services analysis and IT professional services.

The 2019 professional services cost pool is funded in the amount of \$683,000, up significantly (\$238,000) from the 2018 original professional services cost pool budget. This is due to an increased number of projects requiring consultants, surveys, research, or other similar costs, as well as uncertainty with respect to employment advertising. 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.

## *Interfund Transfers*

Transfers to Fund 41, Replacement Reserve, Fund 42, Infrastructure Preservation Reserve, and Fund 48, Facilities and Technology Expansion, follow the plan for balances in the reserves as outlined in the 2017-2022 Transit Development Plan and 2018 Addendum to the Transit Development Plan. The transfer to Fund 48, Facilities and Technology Expansion, includes an additional \$20.0 million to add to the reserve for renovations to Community Transit's existing bases, in addition to the existing \$50.0 million for new base expansion. These future improvements address base capacity associated with service expansion and agency growth.

Contributions to Fund 43, Workers' Compensation, cover usual, ongoing costs including workers' compensation claims and injury prevention efforts.

Transfers made to Fund 45, FTA Capital Projects, and Fund 46, Local Capital Projects, address local funding required to complete Community Transit's approved projects.

Community Transit's most recent limited sales tax general obligation bond issue occurred in June 2017. The transfer to Fund 50, Bond Debt Service, funds the principal and interest payments due in 2019 associated with that bond issue.

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

	<b>2017 Actual</b>	<b>2018 Amended Budget</b>	<b>2019 Adopted Budget</b>	<b>Change 2019 vs. 2018</b>	
Fund 41: Replacement Reserve	\$ 5,591,711	\$ 859,854	\$ 4,950,000	\$4,090,146	475.7%
Fund 42: Infrastructure Preservation Reserve	1,550,497	15,957,918	6,724,884	(9,233,034)	-57.9%
Fund 43: Workers' Compensation	2,615,000	2,618,000	2,400,000	(218,000)	-8.3%
Fund 45: FTA Capital Projects	3,552,049	11,379,995	4,686,216	(6,693,779)	-58.8%
Fund 46: Local Capital Projects	1,727,000	2,766,450	9,580,961	6,814,511	246.3%
Fund 47: Bond Capital Projects	-	-	-	-	-
Fund 48: Facilities and Technology Expansion	40,000,000	14,784,000	20,000,000	5,216,000	35.3%
Fund 50: Bond Debt Service	773,500	1,154,892	1,418,665	263,773	22.8%
<b>Total Interfund Transfers from Fund 40, General Fund</b>	<b>\$ 55,809,757</b>	<b>\$ 49,521,109</b>	<b>\$ 49,760,726</b>	<b>\$ 239,617</b>	<b>0.5%</b>

### ***Fund 41—Replacement Reserve***

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 2019 budget consists of \$0.1 million in proceeds from the sale of surplus vehicles and interfund transfers from the General Fund in the amount of \$5.0 million.

#### ***Fund 41 Expenditures***

The \$1.4 million 2019 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.

### ***Fund 42—Infrastructure Preservation Reserve***

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***

Fund 42 revenues budgeted for 2019 consist of interfund transfers from the General Fund in the amount of \$6.7 million to cover new projects and future reserves.

#### ***Fund 42 Expenditures***

The 2019 budget includes \$16.8 million in new and remaining carryover projects, including carryover of \$8.6 million to fund a wireless communications solution to replace the current radio system. The budget also includes \$6.0 million to replace and repair the hoists at the Merrill Creek Operating Base.

### ***Fund 43—Workers' Compensation***

This fund was established in 1998 when Community Transit became self-insured to set aside funds for future claims. 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***

Fund 43 revenues for 2019 include \$0.2 million of investment income and \$2.4 million in interfund transfers from the General Fund to cover annual workers' compensation program costs.

#### ***Fund 43 Expenditures***

The 2019 budget of \$2.4 million represents a slight decrease compared to the 2018 budget. Increases in professional and other services expenses, including actuarial costs, and increases related to the addition of new employees were offset by decreased claims. The 2019 workers' compensation claims budget was calculated by using estimated worker hours and the claims experience rates provided by Community Transit's actuary. Estimated claims are down 14 percent from the 2018 approved budget as compared to the 2019 adopted budget. Community Transit's claims have shown a downward trend during the past three years.

State law requires that self-insured entities keep a minimum amount in reserve to pay current and future claims. Projected ending cash for the Workers' Compensation Fund is \$5.1 million, exceeding the state-required minimum and covering a 90 percent confidence level as recommended by Community Transit's actuary.

### ***Fund 45—FTA Capital Projects***

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 2019 budget provides \$40.7 million in new and carryover FTA grant funds that cover the purchases of various Community Transit coaches as well as project development for the new *Swift Orange Line*. These grants are matched by \$11.2 million in local funds.

#### ***Fund 45 Expenditures***

The 2019 budget of \$51.9 million consists predominantly of coach replacements and expansion purchases.

## ***Fund 46—Local Capital Projects***

The Local Capital Projects Fund includes capital projects paid for with locally generated funds, including minor routine capital purchases and the local match for a *Swift* Orange Line federal grant. 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 2019 budget includes \$0.1 million in state grants for vanpool vehicles. A transfer of \$9.6 million from the General Fund funds the remainder of the projects budgeted in this fund.

### ***Fund 46 Expenditures***

The 2019 budget includes \$12.7 million for a variety of projects, including technology projects and vanpool and DART vehicle replacements. New capital initiatives include the budget and business planning system implementation, the local portion of the *Swift* Orange Line project development, vanpool replacement vehicles, DART vehicle replacements, a local project contingency, and other minor capital needs.

## ***Fund 48—Facility and Technology Expansion***

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***

Revenues budgeted for 2019 consist of \$20.0 million in interfund transfers from the General Fund, all of which funds renovations and improvements to existing Community Transit operating bases.

### ***Fund 48 Expenditures***

The 2019 budget of \$11.3 million consists of all carryover projects, including \$9.2 million for the next generation ORCA project, \$0.5 million for the passenger information control system, and \$1.6 million set aside as a contingency reserve. Funds held in reserve for future base expansion and currently owned operating base improvements total \$70.0 million and are not appropriated in the 2019 budget.



## ***Fund 50—Bond Debt Service***

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

### ***Fund 50 Revenues***

Revenues budgeted for 2019 include a transfer from the General Fund in the amount of \$1.4 million to cover debt service payments due on the 2017 limited sales tax general obligation bonds. Transfer amounts are prorated by month to ensure that funds are accumulated in advance of the February and August payments. Therefore, the ending cash balance of \$0.6 million is in preparation for debt service payments in 2020.

### ***Fund 50 Expenditures***

The 2019 budget includes debt service on the 2017 limited sales tax general obligation bonds. The principal and interest payments due in 2019 equal \$1.4 million.

## Cash and Reserves

Community Transit defines fund balance as modified working capital, in essence, cash and cash equivalents plus accrued revenues and less accrued expenses. Each fund maintains a level of reserves that meets or exceeds Community Transit's reserve policy (see Financial Policies section).

### General Fund

The 2019 budget includes operating and nonoperating revenues of \$204.1 million which funds operating expenses of \$161.1 million for 798,000 hours of service and also contributes to the 2019 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 2019 debt service requirement, and maintains all reserve balances at levels required by the Board adopted transit development plan, internal policy, and any other statutory or contractual requirement.

<u>\$ in Millions</u>	
<b>Beginning Cash</b>	<b>\$ 66.7</b>
Total General Fund Revenue	\$ 204.1
Total Current Expenses and Obligations	(161.1)
<b>Operating Margin</b>	<b>43.0</b>
Transfer to Capital/Other Funds	(49.8)
<b>Ending Cash</b>	<b>\$ 59.9</b>
Operating and Fuel Reserves	(28.8)
<b>Reserves for Sustainability and Expansion</b>	<b>\$ 31.1</b>

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

	<b>2018 Forecast</b>	<b>2019 Budget</b>
<b>Projected Ending Cash Balance</b>	<b>\$ 66.7</b>	<b>\$ 59.9</b>
Operating Expenses	\$ 140.5	\$ 161.1
Workers' Compensation Expense	1.8	2.4
<b>Total Expense</b>	<b>142.3</b>	<b>163.5</b>
Less: Sound Transit	(20.0)	(20.7)
<b>Net Operating Expense Excluding Sound Transit</b>	<b>122.3</b>	<b>142.8</b>
Two Months Operating Expense	(20.4)	(23.8)
Fuel Reserve	(5.0)	(5.0)
<b>Cash/Working Capital in Excess of all Reserves</b>	<b>\$ 41.3</b>	<b>\$ 31.1</b>

## ***Summary of Cash Balances and Reserves by Fund***

<b><i>Fund</i></b>	<b><i>Cash Balance \$ in Millions</i></b>
<b>Operating Reserve</b>	
Designated—Operating and Fuel Reserves <sup>1</sup>	\$ 28.8
Reserves for Sustainability/Expansion	31.1
<b>Total Operating Reserve</b>	<b>\$ 59.9</b>
<b>Replacement Reserve</b>	<b>38.8</b>
<b>Infrastructure Preservation Reserve</b>	<b>14.1</b>
<b>Facilities and Technology Fund</b>	<b>70.0</b>
Reserve for Base Capacity/Expansion	
<b>Workers' Compensation</b>	
Statutorily Restricted	\$ 2.1
Designated for Future Claims	3.0
<b>Total Workers' Compensation</b>	<b>5.1</b>
<b>Bond Fund</b>	<b>0.6</b>
<b><i>Total as of December 31, 2019</i></b>	<b><u>\$ 188.5</u></b>

<sup>1</sup> Includes two months operating cash flow reserve and \$5.0 million fuel reserve.

**Activity and Cash Balances by Fund**  
**Funds 40, 41, 42**

<i>Fund</i>	<i>Amount (\$ in Millions)</i>	<i>Discussion</i>
<b>40 - General Fund</b>		
<b>Beginning Cash Balance</b>	<b>\$ 66.7</b>	
Revenues	199.3	
Interfund Transfers In	4.8	Return of unspent project funds and cash balance surplus for workers' compensation.
Expenditures	(161.1)	
Interfund Transfers Out	(49.8)	Funds capital projects, workers' compensation, and additions to capital reserves.
<b>Ending Cash Balance</b>	<b>\$ 59.9</b>	
<b>41—Replacement Reserve</b>		
<b>Beginning Cash Balance</b>	<b>\$ 35.1</b>	
Revenues	0.1	
Interfund Transfers In	5.0	Funds capital projects and reserves.
Expenditures	(1.4)	
Interfund Transfers Out	-	
<b>Ending Cash Balance</b>	<b>\$ 38.8</b>	
<b>42 - Infrastructure Preservation Reserve</b>		
<b>Beginning Cash Balance</b>	<b>\$ 24.2</b>	
Revenues	-	
Interfund Transfers In	6.7	Funds capital projects and reserves.
Expenditures	(16.8)	Significant project costs include wireless communications and MCOB hoist repair/replacements.
Interfund Transfers Out	-	
<b>Ending Cash Balance</b>	<b>\$ 14.1</b>	

**Activity and Cash Balances by Fund**  
**Funds 43, 45, 46**

<i>Fund</i>	<i>Amount (\$ in Millions)</i>	<i>Discussion</i>
<b>43 - Workers' Compensation Fund</b>		
<b>Beginning Cash Balance</b>	<b>\$ 7.9</b>	
Revenues	0.2	
Interfund Transfers In	2.4	
Expenditures	(2.4)	Claims and administrative costs.
Interfund Transfers Out	(3.0)	Transfer funds exceeding reserve needs back to the General Fund.
<b>Ending Cash Balance</b>	<b>\$ 5.1</b>	
<b>45 - FTA Capital Projects Fund</b>		
<b>Beginning Cash Balance</b>	<b>\$ 8.3</b>	
Revenues	40.7	FTA grant revenues.
Interfund Transfers In	4.7	Funds capital projects.
Expenditures	(51.9)	Grant-supported coach purchases.
Interfund Transfers Out	(1.8)	
<b>Ending Cash Balance</b>	<b>\$ 0.0</b>	
<b>46 - Local Capital Projects Fund</b>		
<b>Beginning Cash Balance</b>	<b>\$ 3.0</b>	
Revenues	0.1	
Interfund Transfers In	9.6	Funds capital projects
Expenditures	(12.7)	Funds a variety of local capital projects, including minor capital
Interfund Transfers Out	-	
<b>Ending Cash Balance</b>	<b>\$ 0.0</b>	

**Activity and Cash Balances by Fund**  
**Funds 48, 50**

<i>Fund</i>	<i>Amount (\$ in Millions)</i>	<i>Discussion</i>
<b>48 - Facilities and Technology Expansion Fund</b>		
<b>Beginning Cash Balance</b>	<b>\$ 61.3</b>	
Revenues	-	
Interfund Transfers In	20.0	Funds base expansion and renovation.
Expenditures	(11.3)	
Interfund Transfers Out	-	
<b>Ending Cash Balance</b>	<b>\$ 70.0</b>	Reserved for base expansion and renovations to current bases.
<b>50 - Bond Debt Service Fund</b>		
<b>Beginning Cash Balance</b>	<b>\$ 0.6</b>	
Revenues	-	
Interfund Transfers In	1.4	
Expenditures	(1.4)	Principal and interest on 2017 bond issue.
Interfund Transfers Out	-	
<b>Ending Cash Balance</b>	<b>\$ 0.6</b>	
<b>Total at December 31, 2019</b>	<b>\$ 188.5</b>	

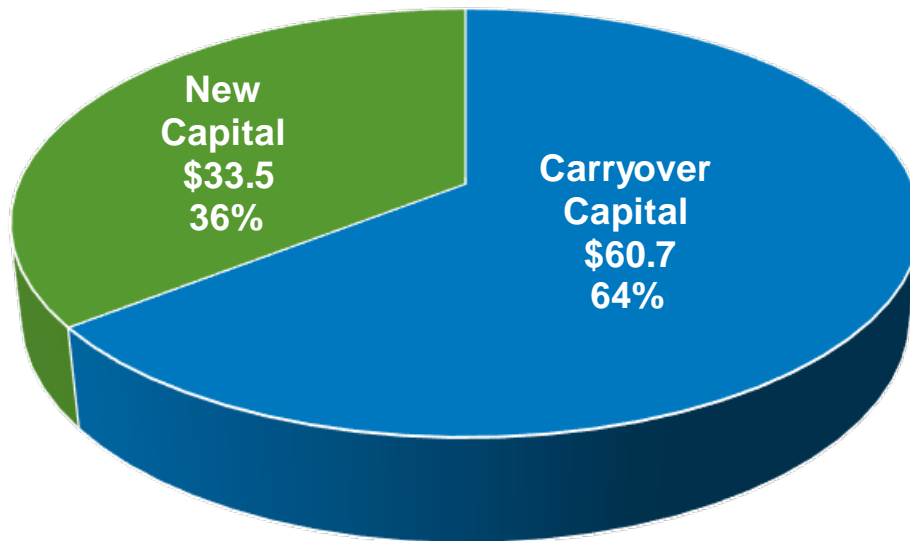
## Capital Program

Community Transit defines capital as property that is expected to generate value over a long period of time and form the productive base to our organization. In terms of expense, agency policy categorizes purchases of single items costing \$5,000 or more per item as capital purchases. The 2019 capital program totals \$94.2 million and includes both new projects and multiyear projects started in prior years.

Implementation of the *Swift* Green Line represents a major cornerstones of the Proposition 1 service expansion plan. The *Swift* Green Line will provide world-class bus rapid transit to thousands of residents and commuters traveling in Bothell, Mill Creek, Snohomish County, and Everett.

Some of the infrastructure that will be completed in late 2018 and early 2019 to support the *Swift* Green Line includes the new transit center terminal at Seaway Blvd. and 75th Street SW, new transit lanes on the approaches to the I-5 overpass on 128th Street, and 34 stations at 16 intersections along the 12.5 mile route. *Swift* Green Line service is expected to commence in spring 2019.

**2019 Capital Program**  
**\$94.2 (in millions)**



In light of planned service increases and a desire to provide the best possible service, Community Transit makes replacement and expansion of its fleet a high priority. The average age of the bus fleet being replaced is 16 years, which is beyond the FTA target life for buses. Community Transit extends the life of its fleet by carefully maintaining its buses using highly trained mechanics who rebuild engines midlife.



The 2019 budget adds funding for the purchase of 24 forty-foot coaches, 62 vanpool vans, and 13 DART paratransit replacement vehicles. This is in addition to revenue vehicle acquisitions carried over from the prior year.

Another continuing priority for Community Transit is building a reserve to expand base capacity, as well as to renovate and update the current bases. 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 2017-2022 Transit Development Plan and 2018 Addendum to the Transit Development Plan call for a base expansion reserve totaling \$50 million. During 2019, an additional \$20 million will be set aside to provide funding to renovate the current operating bases.

## ***New and Existing Initiatives***

The 2019 budget includes funding for new and ongoing initiatives that increase Community Transit's effort to roll out a significant amount of new service in 2019 and beyond. This includes 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 2019 capital budget are highlighted in the following discussion.

### ***Swift Orange Line Project Development***

The *Swift* Orange Line feasibility study has been completed, and the 2019 budget includes \$6.3 million in federal and local funding for program development. Community Transit's third *Swift* bus rapid transit line will connect with Sound Transit's Link light rail when it extends to Lynnwood in 2023.

### ***Swift Green Line Completion***

Community Transit funded the completion of the *Swift* Green Line in the 2018 budget, though final work will carry into 2019. The *Swift* Green Line will begin operations in spring 2019. The benefits of bus rapid transit include fast boarding, no need for schedules, payment made at stations, accessibility, and technologies that allow for quicker movement of buses.

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

Community Transit continues to place large orders for new and replacement coaches. The total new and carryover budget for coaches in 2019 is \$48.7 million, about 56 percent of Community Transit's capital budget. More replacement DART vehicles and expansion and replacement vanpool vans will also be ordered in 2019. State grant money partially funds the expansion vanpool vehicles.

## ***2019 Technology Enhancements***

The most significant new technology project funded in the 2019 budget is the replacement of the budget and business planning system, budgeted at \$0.8 million. This project implements a new system to replace an old system that currently has limited vendor support.

Other new 2019 technology projects include the IT service management system, route schedule module replacement, Dell Compellent Storage Center upgrade, and Windows 7/Office 2013 replacement.

A number of existing technology projects will be carried into the 2019 budget, including the wireless communications project in the amount of \$8.6 million. This project provides for strategic planning, procurement, and implementation of innovative technology that replaces and improves communications on Community Transit's coaches and in the field and operations centers. All phases of the project are funded in the 2019 capital budget, which has been carried over from the prior year.

Some of the key customer-facing systems that are being carried forward include the passenger information control system of \$1.2 million and the next generation ORCA project of \$9.2 million. Funds amounting to \$1.0 million for an electronic content management system to help manage Community Transit's internal records are also rolled into the 2019 budget from the prior year.

## ***Capital Facilities Preservation***

Community Transit operates and maintains transit facilities consisting of administrative offices, two operating bases, the Mountlake Terrace Transit Center, *Swift* bus rapid transit stations, numerous park-and-ride and park-and-pool lots, and over 1,600 bus stops. Many facilities are nearing their life expectancy. The 2019 budget includes several new facilities improvement projects and several that continue from the previous budget year.

Repair and/or replacement of hoists at the Merrill Creek Operating Base is budgeted at \$6 million; the estimate for this necessary upgrade will be further refined by an engineering review that is currently under way. The fire alarm system at the Kasch Park Operating Base, which covers the buildings, fuel island, and bus wash, is also being upgraded in the 2019 budget.

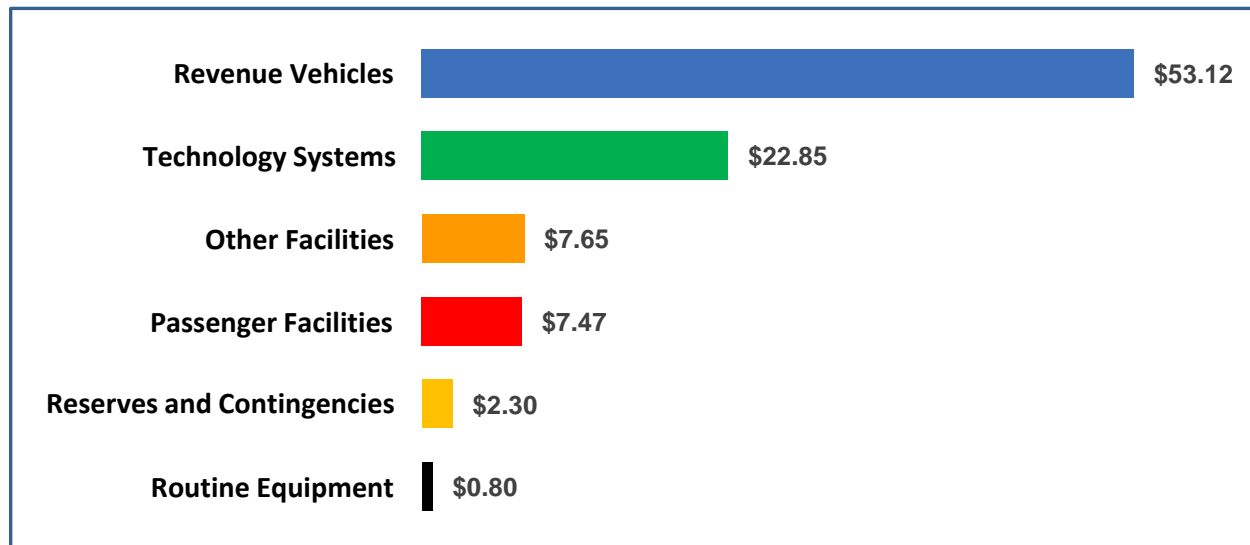
The Kasch Park Operating Base roof repair and restoration project and the second phase of the Merrill Creek Operating Base pavement project are also continuing into 2019.

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

Community Transit is planning for a future expansion of an operating base, plus upgrades and renovations to the currently owned bases. 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 2019, Community Transit will have reserved \$70 million in the Facilities and Technology Expansion Fund in preparation for the expansion and improvements.

### ***2019 Capital Program by Type - \$94.2 (in millions)***



### ***2019 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>	
<b>Revenue Vehicle Acquisitions</b>				
60-Foot coaches	45	\$19,202,800	\$ 4,800,700	\$ 24,003,500
40-Foot coaches	45	9,731,084	4,686,216	14,417,300
Double Tall coaches	45	6,766,640	1,691,660	8,458,300
Swift coaches	46	0	1,850,000	1,850,000
DART vehicles	41/46	0	2,557,960	2,557,960
Vanpool vans	46	140,125	1,688,875	1,829,000
<b>Subtotal</b>		<b>\$35,840,649</b>	<b>\$17,275,411</b>	<b>\$ 53,116,060</b>
<b>Transit Facilities and Passenger Amenities</b>				
Swift Orange Line project development	45/46	\$ 5,000,000	\$ 1,250,000	\$ 6,250,000
Ash Way P&R transit lane repairs	42	0	510,114	510,114
Edmonds P&R renovation	42	0	321,600	321,600
Swift Blue Line refurbishment and extension	42/46	0	154,000	154,000
ORCA equipment	46	0	153,482	153,482
Passenger shelters	46	0	80,450	80,450
<b>Subtotal</b>		<b>\$ 5,000,000</b>	<b>\$ 2,469,646</b>	<b>\$ 7,469,646</b>

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

**2019 Capital Program, Including Carryover Projects (continued)**

<i>Project Category</i>	<i>Capital Fund</i>	<i>Fund Source</i>		<i>Total</i>
		<i>Grants *</i>	<i>CT Local</i>	
<b>Technology Systems</b>				
Next Generation ORCA	48	\$ 0	\$ 9,206,000	\$ 9,206,000
Wireless communications	42	0	8,605,224	8,605,224
Passenger information control system	46/48	0	1,224,422	1,224,422
Electronic content management system	46	0	1,010,250	1,010,250
Budgeting and business planning system	46	0	835,000	835,000
IT security, disaster recovery, and data storage	46	0	425,032	425,032
IT service management system	46	0	216,000	216,000
Windows 7 and Office 2013	46	0	181,000	181,000
Integrate RTPI and trip planner	46	0	139,009	139,009
Web development	46	0	123,084	123,084
Route schedule module replacement	46	0	110,000	110,000
Trapeze WEB bidding requests	46	0	105,470	105,470
Other software initiatives and projects	46	0	313,185	313,185
Routine upgrades, maintenance, and equipment	46	0	357,275	357,275
<b>Subtotal</b>		<b>\$ 0</b>	<b>\$22,850,951</b>	<b>\$ 22,850,951</b>
<b>Other Facilities</b>				
MCOB hoist repair and replacement	42	\$ 0	\$ 6,000,000	\$ 6,000,000
MCOB pavement replacement	42	0	703,549	703,549
KPOB roof repair and restoration	42	0	652,000	652,000
Kasch Park fire alarm system	46	0	290,970	290,970
<b>Subtotal</b>		<b>\$ 0</b>	<b>\$ 7,646,519</b>	<b>\$ 7,646,519</b>
<b>Routine Equipment and Other Minor Projects</b>				
Support vehicles	46	\$ 0	\$ 325,000	\$ 325,000
Maintenance vehicles	46	0	152,000	152,000
Vehicle and facility maintenance equipment	46	0	90,000	90,000
Mechanic training equipment	46	0	56,750	56,750
Electric vehicle support equipment	46	0	37,011	37,011
Routine minor equipment and furniture	46	0	136,000	136,000
<b>Subtotal</b>		<b>\$ 0</b>	<b>\$ 796,761</b>	<b>\$ 796,761</b>
<b>Capital Program Total</b>		<b>\$ 40,840,649</b>	<b>\$ 51,039,288</b>	<b>\$ 91,879,937</b>
<b>Designated Reserves and Contingencies</b>				
Construction/EPM contingency reserve	48	\$ 0	\$ 1,600,000	\$ 1,600,000
Local projects contingency	46	0	500,000	500,000
Department equipment cost pool	46	0	200,000	200,000
<b>Subtotal</b>		<b>\$ 0</b>	<b>\$ 2,300,000</b>	<b>\$ 2,300,000</b>
<b>Capital Program and Designated Reserve Total</b>		<b>\$ 40,840,649</b>	<b>\$ 53,339,288</b>	<b>\$ 94,179,937</b>

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

Community Transit’s capital plan primarily supports new bus service. When Community Transit adds new service, this requires increases to operating expenses, particularly in terms of labor, and maintenance for new transit facilities. Finance and Planning and Development staff analyze costs on a per service hour basis. Staff reviews planned service additions and estimates the incremental maintenance and operations costs for that service based on the projected cost per service hour for the year of the service increase implementation. Those costs then become part of the permanent base in the forecast. When forecasting agency revenues and expenses six years into the future, costs related to new service hours additions are added in the year of the service addition to ensure they are reflected as ongoing expenses.

Many of the projects listed in the 2019 capital program are replacements and renovations, such as vehicle replacements, technology updates, facilities repairs, and replacement equipment, addressing end of life requirements for mission-critical assets. The operating costs for the *Swift* Green Line, planned for opening in early 2019, have already been reflected in the 2019 budget. The following chart shows estimates for the future service expansion initiatives:

***Budget Impact of Major Capital Initiatives***

<b><i>Project</i></b>		<b><i>2019</i></b>	<b><i>2020-2023</i></b>	<b><i>2024</i></b>
<i>Swift</i> Green Line Bus Rapid Transit	New Service Hours	48,400 Hours		
	Estimated Cost	included in budget		
<i>Swift</i> Blue Line Extension and new <i>Swift</i> Orange Line Bus Rapid Transit	New Service Hours			54,000 Hours
	Estimated Cost			\$16,642,000

## *Debt Service and Debt Capacity*

In June 2017, Community Transit issued \$11.0 million in limited sales tax general obligation bonds, which were sold with a premium of \$2.1 million. The proceeds were used to help fund the purchase of 26 forty-foot coaches and cover the bond issue costs.

During 2019, the principal due is \$0.9 million and the interest due is \$0.5 million, resulting in total debt service payments of \$1.4 million. The total principal due after the 2019 bond payments have been made will be \$9.2 million, with a remaining unamortized premium of \$2.0 million. These bonds are subject to federal arbitrage rules.

The 2017 bonds are the only debt of Community Transit and Community Transit does not anticipate issuing additional debt in the near term. Community Transit's net revenues after operating expenses cover the annual bond principal and interest payments due in 2019 more than 26 times as calculated below:

<i><b>Debt Service Coverage</b></i>	<i><b>2019 Budget</b></i>
Operating Revenue	\$ 199,276,273
Operating Expense	(161,113,169)
Net Available for Debt Service	38,163,104
Required Debt Service Payments	1,428,000
<i><b>Debt Service Coverage</b></i>	<i><b><u>26.7 times</u></b></i>

Future annual debt service requirements are as follows:

<i><b>Year</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total Debt Service</b></i>
2021	\$ 1,015,000	\$ 413,500	\$ 1,428,500
2022	1,070,000	362,750	1,432,750
2023	1,120,000	309,250	1,429,250
2024	1,175,000	253,250	1,428,250
2025	1,235,000	194,500	1,429,500
2026	1,295,000	132,750	1,427,750
2027	1,360,000	68,000	1,428,000
<i><b>Total</b></i>	<i><b><u>\$ 8,270,000</u></b></i>	<i><b><u>\$ 1,734,000</u></b></i>	<i><b><u>\$10,004,000</u></b></i>

## ***Debt Capacity***

Community Transit's debt is subject to a legal debt limit. This limit is calculated at 0.375 percent of assessed property values within the agency's boundaries. Larger amounts may be approved with a public vote.

This data is not yet available for the 2019 tax year. For the 2018 tax year, the calculated debt limit is as follows:

<b><i>Legal Debt Margin Information</i></b>		<b><i>(\$ in Millions)</i></b>	
for the most recent valuation year (2017)			
Assessed valuation in 2017 for collection of taxes in 2018	\$	80,388.2	
Nonvoted debt limit 0.375 percent of valuation		301.5	
Less outstanding bond issues - net		(12.9)	
<b><i>Nonvoted Debt Capacity Remaining</i></b>		<b><i>\$</i></b>	<b><i>288.6</i></b>

Outstanding bonds are shown as of December 31, 2017, as per Community Transit's last Comprehensive Annual Financial Report. The table above includes the most recent assessed property valuation provided by the Snohomish County Assessor's Office, with an estimated adjustment for the public transportation benefit area.



## *Department Overview*

### **Summary of 2019 Department Operating Budgets**

	<b>2017 Actual</b>	<b>2018 Amended Budget</b>	<b>2019 Adopted Budget</b>	<b>Change 2019 vs. 2018</b>	
Board of Directors/Executive	\$ 1,086,693	\$ 1,136,727	\$ 1,072,181	\$ (64,546)	-6%
Administration	12,320,379	14,698,732	16,457,215	1,758,483	12%
Communications and Public Affairs	967,789	1,185,785	1,334,221	148,436	13%
Customer Experience	6,349,334	8,017,548	9,285,351	1,267,803	16%
Information Technology	7,115,390	8,596,840	9,579,231	982,391	11%
Maintenance	19,916,347	21,832,909	23,743,441	1,910,532	9%
Planning and Development	30,821,745	32,216,004	34,708,495	2,492,491	8%
Transportation	37,608,630	41,714,120	46,754,327	5,040,207	12%
<b>Total Operating Expense</b>	<b>\$ 116,186,307</b>	<b>\$ 129,398,665</b>	<b>\$ 142,934,462</b>	<b>\$ 13,535,797</b>	<b>10%</b>

Cost increases for employee benefits and participation in the state retirement plan are not within the control of individual department budgets, so are not part of the department discussion. These cost factors are discussed under general operating expenses.

The 2019 budget funds the 2019 Business Plan, and the 2019 Business Plan supports the Six-Year Transit Development Plan. Based on the annual business plan, each department discussion contains a summary of priorities for the department, and each division in the department includes a list of goals, initiatives, programs, and projects that describes how the work of that division supports the overall agency business plan. Most departments have capital initiatives as well as general operating expense.

The department overview in the summary table at the top of this page shows the operational General Fund (Fund 40) budget allocation of each department. However, most agency departments also have budgetary responsibility in funds other than Fund 40. The Administration and Maintenance departments have additional Fund 40 budgetary authority for expenditures that are agencywide in scope, such as insurance and fuel. The next table shows each department's budgetary responsibility across all funds.

## Summary of 2019 Budgetary Responsibility by Department and Fund

Budgets by Department and Fund <sup>1</sup>	General Fund (Fund 40)	Replacement Reserve (Fund 41)	Infrastructure Reserve (Fund 42)	Workers' Comp (Fund 43)	FTA Capital (Fund 45)	Local Capital (Fund 46)	Facility & Tech Expansion (Fund 48)	Bond Debt Service (Fund 50)	Total Departmental Budget Responsibility
Board of Directors and Administration <sup>2</sup>	\$ 1,072,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,072,181
Communications and Public Affairs	24,976,264	\$ -	\$ -	\$ 2,420,022	\$ -	\$ 1,597,750	\$ 1,600,000	\$ 1,428,000	\$ 32,022,036
Customer Experience	1,334,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,334,221
Information Technology	9,285,351	\$ -	\$ -	\$ -	\$ -	\$ 1,839,000	\$ -	\$ -	\$ 11,124,351
Maintenance <sup>3</sup>	9,579,231	\$ -	\$ 8,605,224	\$ -	\$ -	\$ 3,712,739	\$ 9,746,000	\$ -	\$ 31,643,194
Planning and Development	33,403,099	\$ 1,392,860	\$ 54,000	\$ -	\$ 46,879,100	\$ 4,030,781	\$ -	\$ -	\$ 85,759,840
Transportation	34,708,495	\$ -	\$ 8,187,263	\$ -	\$ 5,000,000	\$ 1,430,450	\$ -	\$ -	\$ 49,326,208
Totals by Fund	46,754,327	\$ -	\$ -	\$ -	\$ -	\$ 105,470	\$ -	\$ -	\$ 46,859,797
	\$ 161,113,169	\$ 1,392,860	\$ 16,846,487	\$ 2,420,022	\$ 51,879,100	\$ 12,716,190	\$ 11,346,000	\$ 1,428,000	\$ 259,141,828

<sup>1</sup> Fund 47 has no 2019 budget, thus is not shown.

<sup>2</sup> Administration Fund 40 includes interfund transfers, insurance, and cost pools as well as the department operating expense.

<sup>3</sup> Maintenance Fund 40 includes fuel as well as department operating expense.

## Summary of 2019 FTES by Department

	2017 Authorized	2018 Authorized	2019 Adopted	Change 2019 vs. 2018	
Board of Directors/Executive	5.5	5.5	5.5	0.0	0%
Administration	70.0	80.0	82.0	2.0	3%
Communications and Public Affairs	5.0	7.0	9.0	2.0	29%
Customer Experience	44.0	48.0	53.0	5.0	10%
Information Technology	30.0	33.0	34.0	1.0	3%
Maintenance	113.0	119.0	124.0	5.0	4%
Planning and Development	30.0	35.0	35.0	0.0	0%
Transportation	403.0	431.0	465.0	34.0	8%
Total FTEs Authorized	700.5	758.5	807.5	49.0	6%

Resolution No. 30-17 gives the CEO authority to approve additional FTEs so long as the cost can be absorbed within the Board-approved operating budget. After the original 2018 budget was approved, an additional 24 FTEs were authorized. Most of these FTEs were hired in the third or fourth quarter of 2018. Reasons for adding these employees included support needed to hire and train the employees necessary to operate the *Swift Green Line* when that service becomes active in spring 2019, project management skills needed to support major information technology initiatives, and support for the agency's operational and capital procurement needs.

Specific positions added in each department are listed in that department's individual budget summary.

### ***Summary of 2019 FTEs by NTD Classification***

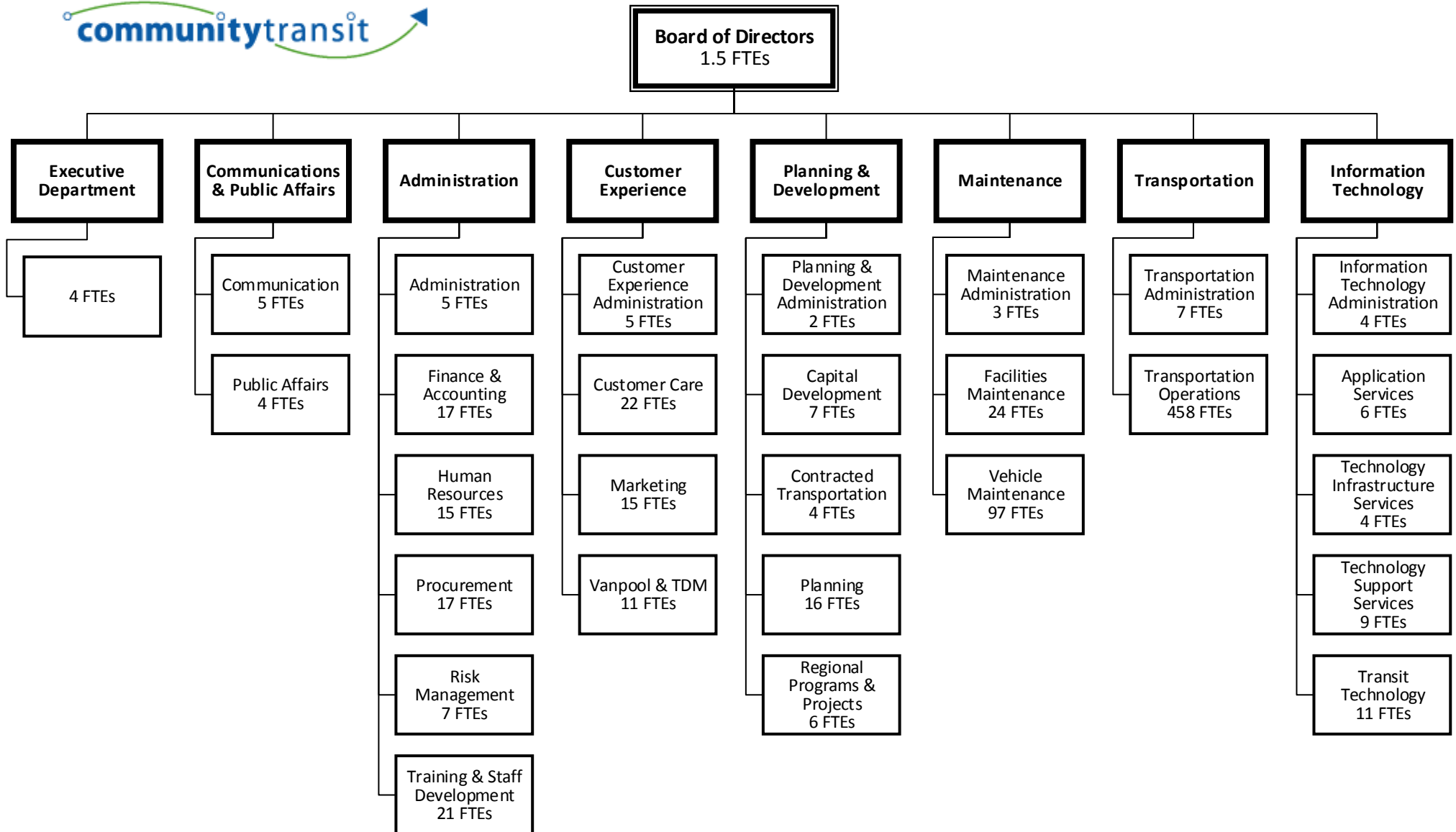
As a recipient of federal grant funds, Community Transit is required to complete the annual Federal Transit Administration (FTA) National Transit Database (NTD) report. Using job content as the criteria, the FTA has established four categories of employee work activity: operations, vehicle maintenance, facility maintenance, and administrative. The intent of the job content classification system is to facilitate comparisons among transit providers. All agencies filing NTD reports must assign each of their employees to one of the NTD job categories and use the job content methodology to account for FTEs in their NTD report. The next table shows Community Transit's employee complement according to NTD classification methodology.

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Change 2019 vs. 2018</b>	
Operations	332.0	372.0	428.0	449.0	484.0	519.0	35.0	7%
Vehicle Maintenance	70.0	73.0	91.0	96.0	102.0	102.0	0.0	0%
Facility Maintenance	16.0	16.0	19.0	19.0	19.0	24.0	5.0	26%
Administration	115.5	119.5	124.5	136.5	153.5	162.5	9.0	6%
<b>Totals</b>	<b>533.5</b>	<b>580.5</b>	<b>662.5</b>	<b>700.5</b>	<b>758.5</b>	<b>807.5</b>	<b>49.0</b>	<b>6%</b>

The table next displays the same NTD job classifications, but shows the number of authorized FTEs in each category as percentages of total authorized FTEs. During each budget cycle Community Transit monitors these ratios with the self-established goal of maintaining an optimum 80/20 ratio of total operational employees (operations, vehicle maintenance, and facility maintenance) to support employees over five- and ten-year periods. The table below shows the consistency of Community Transit's employment practices.

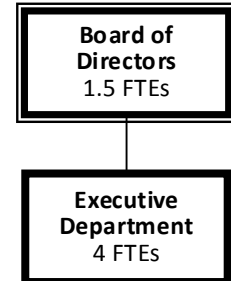
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>5 Year Average</b>	<b>10 Year Average</b>
Operations	62%	64%	65%	64%	64%	64%	64%	64%
Vehicle Maintenance	13%	13%	14%	14%	13%	13%	13%	13%
Facility Maintenance	3%	3%	3%	3%	3%	3%	3%	3%
Administration	22%	21%	19%	19%	20%	20%	20%	20%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# 2019 Organizational Chart



## ***Board of Directors and the Executive Department***

The Board of Directors, as the governing body of the agency, establishes policy and legislative direction for the agency. These duties include approval of the agency's annual budget. Working closely with the Chief Executive Officer (CEO), Board members represent the agency's position to the public, in the legislature, and in the community. They are responsible for hiring, supervising, and evaluating the CEO. Board members establish their performance standards and are expected to abide by all state and local laws with regard to Board member conduct and protocol, as well as the agency's by-laws, resolutions, and procedures. The CEO and the agency's legal counsel report to the Board of Directors.



The Executive Department oversees the general administration of the agency and ensures that the operation of the agency is in accordance with state and federal laws and regulations as they relate to general administration, governing boards, agency documents, and the Public Records Act. The Executive Department provides confidential support for the Board of Directors and assistance to employees and the general public.

## ***Board of Directors***

The Board of Directors consists of ten members, nine of whom are elected officials selected by the respective governing bodies of the county and component cities within Community Transit's service area, as follows:

- Two members and their alternate from the governing body of the county.
- Two members and an alternate from cities with populations of more than 35,000.
- Three members and two alternates from cities with populations between 15,000 and 35,000.
- Two members and an alternate from cities with populations less than 15,000.
- One nonvoting labor representative.



## ***Major Department Accomplishments for 2018***

- Approved service expansion for fall 2018 and spring 2019 that will improve network connections, frequency, span of service, and reliability. The proposal will add approximately 49,000 new revenue hours.
- Approved the 2018 fare change proposal which includes a 25-cent increase to fares and vanpool rates and a simplified commuter fare. The proposal would increase revenues at approximately \$360,000 annually.
- Approved multiple items related to the *Swift* Green Line including corridor stations and ticket vending machines as the agency prepares to open this service in spring 2019.
- Approval of vanpool passenger van replacement (54 vans) and expansion (25 vans) including customer tested and selected vehicles.
- Approval of the Merrill Creek Operating Base Pavement Renovation and Replacement project.
- Approved the voice over Internet protocol and APTS on-board equipment systems replacing the existing end-of-life land mobile radio system. This replacement will improve voice communication quality and provide new functions and features not available with the current system.
- Approval of architect and engineering services to develop a facilities master plan. This plan will account for the current needs and expected growth of Community Transit over the next several years.



## ***Board of Directors 2019 Budget***

<b><i>Expense Type</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Salaries & Wages	168,163	120,482	123,445	2,963	2%
Benefits	12,919	9,305	9,484	179	2%
<b><i>Subtotal: Employee Expense</i></b>	<b><i>181,082</i></b>	<b><i>129,787</i></b>	<b><i>132,929</i></b>	<b><i>3,142</i></b>	<b><i>2%</i></b>
Services	34,535	45,700	43,500	(2,200)	-5%
<b><i>Total Operating Expense</i></b>	<b><i>215,616</i></b>	<b><i>175,487</i></b>	<b><i>176,429</i></b>	<b><i>942</i></b>	<b><i>1%</i></b>

This budget funds industry, legal affairs, and legislative conferences and travel for transit advocacy, both to Olympia and Washington, D.C., stipends for eligible board members, and the hourly contract rate for the Board's legal counsel.

### ***Salaries, Wages, and Benefits***

No significant change from the prior year.

### ***Services***

No significant change from the prior year.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Use the Board of Directors' retreat to reinforce a strong Board team; establish policies and strategic plans as a productive unit.
- Seek education on Community Transit and transit industry issues, using that knowledge to benefit the agency and provide the best possible service to the community.
- Represent the agency in the community, promoting Community Transit's interests and policies.
- Continue to develop and maintain good relationships at the national, state, regional and local levels including support of Community Transit staff and attendance at staff events.
- Abide by the performance standards as outlined in Community Transit's bylaws.

## ***Executive Department***

The department is comprised of the Chief Executive Officer (CEO), Chief of Staff, Executive Board Administrator, and Executive Support/Records Management Specialist.

The CEO is the head of the agency, is in charge of all departments and employees, and possesses the authority to designate assistants and department heads. The CEO is the primary spokesperson for the agency, represents the agency externally, and oversees the administration of the agency in accordance with policies prescribed by the Board of Directors, including state and national legislative issues. The CEO submits a budget to the Board of Directors prior to the beginning of each fiscal year and is responsible for administration of the budget once the Board of Directors adopts it. The CEO develops and implements administrative policies and procedures as well as corporate plans and programs.

The Chief of Staff supports the CEO in maintaining effective working relationships, expanding the agency's positive external presence, and managing the day-to-day operations of the Executive office. The Chief of Staff also coordinates projects and initiatives involving the CEO



and Executive Leadership team and facilitates internal and external outreach activities involving the CEO. The Executive Board Administrator and Records Management/Administrative Assistant report to the Chief of Staff.

The Executive Board Administrator provides administrative support to the Board of Directors and manages the process for selection and orientation of new Board members. The administrator also provides support to the CEO and Chief of Staff, has oversight of the agency's policies, ensures compliance with the Washington State Open Public Meetings Act, receives legal documents, and serves as the Public Records and Title VI Officer.

### ***Major Department Accomplishments for 2018***

- Actively participated in the Washington State Transit Insurance Pool, Washington State Transit Association, American Public Transportation Association, Regional Transit Executive Group, and ORCA Joint Board.
- Kept 2018 expenditures below the adopted budget with reserves at or above recommended levels. Developed a 2019 budget that is balanced and sustainable with reserves fully funded.
- Worked to build strong partnerships by serving on the United Way of Snohomish County Board, and participated in numerous regional forums including chapters, rotaries, jurisdictional councils and the Puget Sound Regional Council.
- Worked collaboratively with leadership at Sound Transit, King County Metro, North Puget Sound Transit Alliance and key Paine Field stakeholders.
- Received and responded to approximately 60 public disclosure requests (as of September 2018) and many other requests for information from the public and transit industry professionals.
- Coordinated with legal counsel to manage the selection and orientation of new Board members.

### ***Alignment with Strategic Priorities***

Community Transit's mission is to provide safe, reliable, and enjoyable transportation services for our customers. To accomplish this purpose, the Board of Directors provides fiduciary oversight to ensure necessary resources are available and approves the annual budget.

The Executive Department supports the mission of Community Transit by (1) providing oversight for the administrative affairs of the agency, (2) advocating for the agency to legislative and community leaders and the general public, and (3) developing and implementing policies and procedures to ensure compliance with state and federal laws and regulations.

## **Executive Department 2019 Budget**

<b>Expense Type</b>	<b>2017 Actuals</b>	<b>2018 Amended Budget</b>	<b>2019 Adopted Budget</b>	<b>2019 Budget Over/Under 2018 Budget</b>	<b>% 2019 Budget Over/Under 2018 Budget</b>
Salaries & Wages	528,636	574,941	510,337	(64,604)	-11%
Benefits	183,173	202,274	193,290	(8,984)	-4%
<b>Subtotal: Employee Expense</b>	<b>711,809</b>	<b>777,215</b>	<b>703,627</b>	<b>(73,588)</b>	<b>-9%</b>
Services	157,085	180,525	188,625	8,100	4%
Supplies	2,182	3,500	3,500	0	0%
<b>Total Operating Expense</b>	<b>871,077</b>	<b>961,240</b>	<b>895,752</b>	<b>(65,488)</b>	<b>-7%</b>

### **Salaries, Wages, and Benefits**

Employee expense contributes 79 percent to this budget.

No additional employees are proposed for this department in the 2019 budget.

### **Services**

Agency memberships are budgeted in the Executive Department services expenditure category. Memberships in the American Public Transportation Association (APTA); Puget Sound Regional Council (PSRC); and the Washington State Transit Association (WSTA) total \$135,500 and comprise 72 percent of the services budget. The remainder of this budget consists of participate at industry conferences, expenditures associated with the agency's records program, and other minor expenditures with no significant change from the prior year.

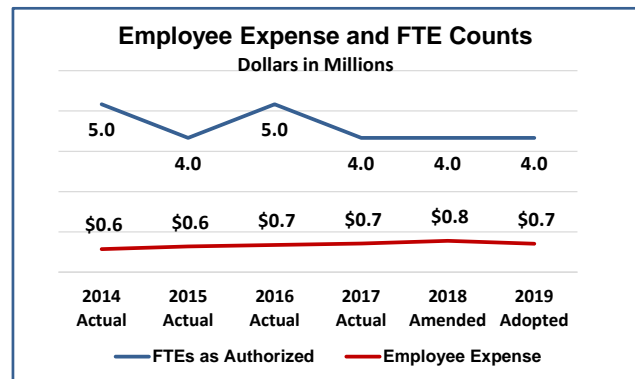
### **Supplies**

No change from prior year.

### **Goals, Initiatives, Programs, and Projects for 2019**

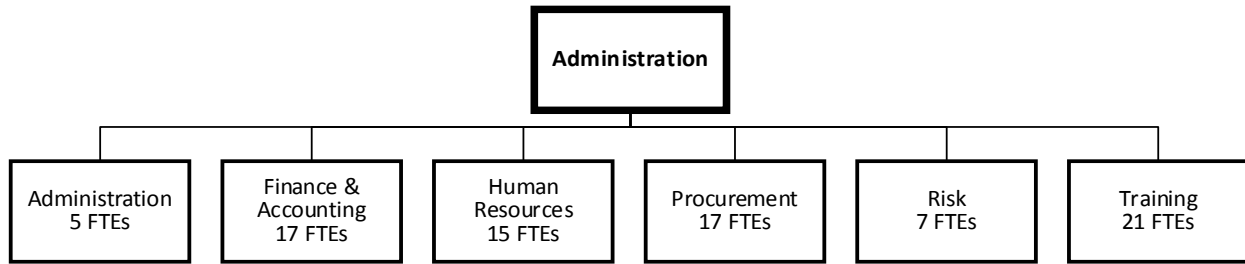
The 2019 budget funds the 2019 Business Plan. In addition to the work described in the division description, the goals, initiatives, programs, and projects listed below are part of the 2019 Business Plan for this division.

- Provide support for Board activities including meeting preparation, adherence to open public meeting regulations, travel assistance, as well as research.



- Manage the agency's records center and public disclosure process in accordance with all applicable laws and regulations.
- Continue to build on Community Transit's favorable reputation with the public, key stakeholders, and business and government leaders. Work in tandem with local, regional and national partners to effectively position Community Transit as a world-class transportation service provider.
- Evolve relationships with local jurisdictions and transit partners to provide a safe, sustainable, integrated and efficient transportation system.
- Guide the Executive Leadership Team in its work to communicate and implement the agency's strategic priorities and goals.
- Maintain relationships with state legislators and federal congressional delegation, leveraging trips to Olympia and Washington, D.C. to advocate for the agency and the needs of public transportation.

## *Administration Department*



The Administration Department consists of six divisions: Administration, Finance and Accounting, Human Resources, Procurement, Risk Management, and Training and Staff Development.

The department's goal is to provide structure and support services to internal and external customers to enable smooth and efficient operations agencywide. Services provided include payroll, budget and accounting, auditing, procurement of all agency goods and services, parts inventory support to maintenance, human resources, labor relations, workers' compensation, training and staff development, agency administrative support, safety and security, and all environmental programs. Financial stewardship is an integral part of every process.

Department employees perform their duties in an environment subject to recurring regulatory review by local, state, and federal agencies, including the Federal Transit Administration and the Office of the Washington State Auditor. As a result, this department places a strong emphasis on developing and implementing policies, procedures, internal controls, and other necessary guidelines that govern how the agency conducts its business. These guidelines ensure that the agency remains in compliance with local, state, and federal governmental and regulatory requirements.

### ***Major Department Accomplishments for 2018***

#### Departmental

- Finance and Human Resources staff implemented the voter-approved Washington State Paid Sick Leave law which became effective January 1, 2018.
- Finance, Human Resources, and Procurement staff completed "Financial Management and Capacity," "Satisfactory Continuing Control," "Equal Employment Opportunity," "Drug and Alcohol," "Procurement," and "Disadvantaged Business Enterprise" sections of the Federal Transit Administration triennial review. There were no findings in these areas or in any other sections of the review.

### Finance and Accounting

- Selected a replacement budgeting and business planning software and developed the implementation plan. The current system is no longer supported by Oracle.
- Completed the 2017 Comprehensive Annual Financial Report and submitted for the agency's 29<sup>th</sup> consecutive Government Finance Officers Association award.
- Achieved the agency's 23<sup>rd</sup> consecutive clean audit by the Washington State Auditor's Office.
- Completed the audit of our 2017 National Transit Database report with no exceptions found, submitted the report, and received Federal Transit Administration acceptance of the 2017 National Transit Database report.
- Transitioned from automated to manual fareboxes with revised internal controls.
- Completed year-end reporting activities which included 774 Form W-2 wage and tax statements to employees for \$45.4 million in taxable wages and 80 IRS Miscellaneous Income Statements to vendors.
- Completed the annual physical inventory of 1,780 capital assets with a total purchase price of \$364.6 million. No exceptions were noted.

### Human Resources

- Hired an estimated 140 coach operator trainees in anticipation of the *Swift* Green Line. In addition, through the end of September 2018, recruited and hired 8 maintenance employees and 23 administrative employees.
- Updated the agency's leave policy to comply with the Washington State Paid Sick Leave law.
- Completed the triannual compensation study and created a recommendation for changes to the administrative pay plan.

### Procurement

- Exceeded the Federal Transit Administration approved goal of 4.7 percent for Small Business Enterprise/Disadvantaged Business Enterprise utilization in our Federal Transit Administration funded contract activity. Achieved race and gender-neutral disadvantaged business enterprise utilization of 21 percent.
- Awarded all bus rapid transit *Swift* Green Line contracts, including buses, in a timely and cost effective manner.
- Implemented a new architectural and engineering contract that ensures regulatory compliance, encourages full and open competition, and ensures better utilization of tax dollars.

### Risk Management

- Oversaw development of the new industrial waste pretreatment system that was recently installed by Capital Development.
- Managed the development and installation of the new vault room setup.
- Managed the first year of the new three-year contract with the Snohomish County Sheriff's Office. Added five new Sheriff's Deputies to increase safety and security.
- Completed the agencywide security and emergency preparedness plan. This strategic document describes all of the programs and plans that make up the security and emergency management function for Community Transit.

### Training and Staff Development

- Delivered de-escalation technique training to over 400 employees across the organization, including all coach operators.
- Continued implementation of the online learning management system.
- Revamped the Transportation Supervisor Training Program and graduated four supervisors.
- Graduated 70 coach operators.
- Completed training with nine journey mechanics.

## ***Administration Department 2019 Budget***

### ***Alignment with Strategic Priorities***

The Administration Department supports the agency's strategic priorities of safety and security, financial stewardship, employment experience, and planning for the future. The department ensures that the agency follows local, state, and federal government and regulatory requirements affecting public transit financial management; procurement of goods and services; employment and personnel management; safety of passengers, employees, facilities, and equipment; environmental oversight; and other similar matters.

### ***Department Priorities for 2019***

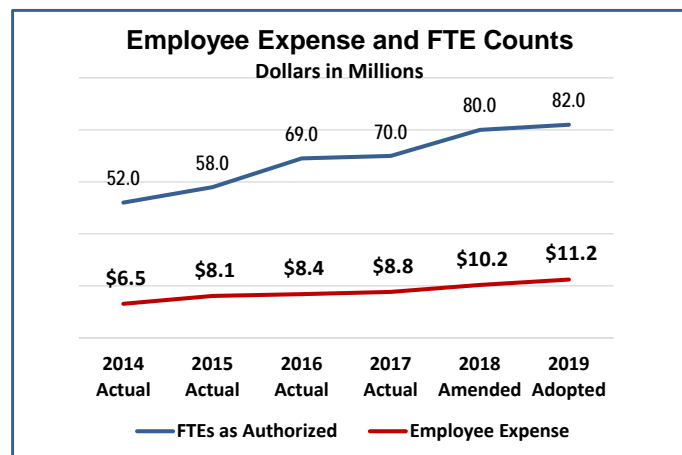
- Recruit, screen, test, interview and hire 123 coach operator trainees to cover driver turnover and agency service increases through 2020 (90 in 2019, 33 for 2020). Maintain mechanic recruitment efforts in the tight market for skilled labor to cover turnover and agency service increases.
- Develop and maintain agency safety, security, and emergency management plans. Provide structure and training for key employees to meet national standards.
- Implement new budget and business planning software in 2019 to be ready for use in 2020 when preparing the 2021 budget.

## Summary of the 2019 Budget in Support of the 2019 Business Plan

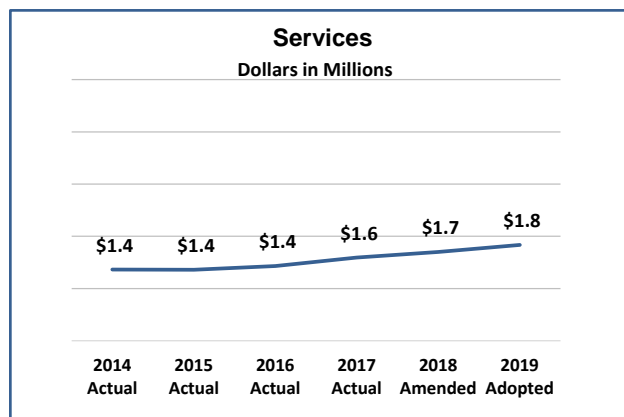
Expense Type	2017 Actuals	2018 Amended Budget	2019 Adopted Budget	2019 Budget Over/Under 2018 Budget	% 2019 Budget Over/Under 2018 Budget
Salaries & Wages	6,162,712	7,001,199	7,650,811	649,612	9%
Benefits	2,655,006	3,176,150	3,554,686	378,536	12%
<b>Subtotal: Employee Expense</b>	<b>8,817,718</b>	<b>10,177,349</b>	<b>11,205,497</b>	<b>1,028,148</b>	<b>10%</b>
Services	1,592,717	1,700,193	1,834,903	134,710	8%
Intergovernmental Services	1,804,357	2,634,940	3,216,115	581,175	22%
Supplies	105,586	186,250	200,700	14,450	8%
<b>Total Operating Expense</b>	<b>12,320,379</b>	<b>14,698,732</b>	<b>16,457,215</b>	<b>1,758,483</b>	<b>12%</b>

### Salaries, Wages, and Benefits

Employee expense makes up 68 percent of the Administration Department budget. This department hires all employees and trains all coach operator candidates. As allowed by Resolution No. 30-17, the CEO authorized nine term-limited positions for this department during 2018: two human resources generalists to recruit and hire coach operator trainees; one administrative assistant to assist at the HR satellite location; four coach operator instructors; and two coach lead operator instructors. All the terms end at 12/31/2019. One regular full-time procurement specialist was also authorized. The 2019 budget adds two regular full-time positions: one payroll specialist and one administrative assistant.



### Services

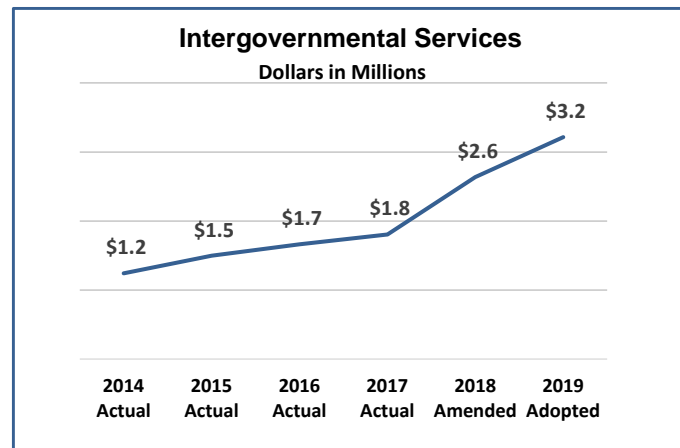


The department services budget amounts to 11 percent of the total department budget. Agencywide training is budgeted centrally in this department and amounts to 24 percent of the services budget; 18 percent is directly related to employee recruitment efforts; and 17 percent funds a variety of employee wellness services including the Injury Free on-site wellness center. The remainder of the services budget funds accounting and auditing service for the annual financial and

National Transit Database audits, legal services, vault and *Swift* ticket vending machine services, advertising as required for procurements, banking fees, and other necessary business services. Services expenses are increasing in 2019 to support the safety and emergency management plan and for vault services for 64 new ticket vending machines on the *Swift* Green Line.

### ***Intergovernmental Services***

The contract with the Snohomish County Sheriff's Office for transit police services is the primary cost driver for intergovernmental services. In support of the *Swift* Green Line, five deputies, one master patrol deputy, and one sergeant are being added in 2018 and 2019.



### ***Supplies***

The Administration department budgets for a number of agencywide supply items such as general office supplies and postage. In 2019 the supplies budget includes funding to add automated external defibrillator machines at the Merrill Creek Operating Base fuel island and at Kasch Park Operating Base Building C.

## ***Administration Division Summary***

This summary compares each budget center's 2019 budget to its 2018 amended budget.

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Administration	573,198	649,766	644,234	(5,532)	-1%
Finance and Accounting	2,273,024	2,418,874	2,443,456	24,582	1%
Human Resources	2,026,551	2,260,174	2,844,370	584,196	26%
Procurement	1,896,655	1,963,134	2,079,844	116,710	6%
Risk Management	2,654,441	3,588,588	4,216,436	627,848	17%
Training and Staff Development	2,896,509	3,818,196	4,228,875	410,679	11%
<b><i>Total Operating Expense</i></b>	<b><i>12,320,379</i></b>	<b><i>14,698,732</i></b>	<b><i>16,457,215</i></b>	<b><i>1,758,483</i></b>	<b><i>12%</i></b>



## ***Administration Division***

The Director of Administration provides guidance for each of the six divisions within the department and helps integrate their various functions agencywide. The Director serves as executive liaison for the Board of Directors' Finance, Performance, & Oversight Committee and is the labor relations contact for the Board of Directors and the Board Executive Committee.

The division's administrative staff support the department director and the Finance, Performance, & Oversight Committee. Administrative employees provide general administrative support by overseeing monthly department reports, providing front-desk reception services, managing the agency's mail and courier services to four agency locations, managing agency contract files, and providing project support for department managers.

### ***Administration 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Administration	573,198	649,766	644,234	(5,532)	-1%
<b><i>Total Operating Expense</i></b>	<b><i>573,198</i></b>	<b><i>649,766</i></b>	<b><i>644,234</i></b>	<b><i>(5,532)</i></b>	<b><i>-1%</i></b>

This budget includes no significant changes and adds no additional FTEs for 2019.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Support department initiatives, programs, and projects throughout the year in an efficient and timely manner.

## ***Finance and Accounting Division***

The Finance and Accounting Division is responsible for payroll, accounts payable, treasury services, asset management, billing and accounts receivable, grants and project accounting, budgeting, financial analysis, and financial investing. This division also prepares quarterly financial reports as well as two reports which are audited annually: the Comprehensive Annual Financial Report and the Federal Transit Administration National Transit Database report. When long-term



financing is required, Finance and Accounting employees support the process for issuing long-term debt.

### ***Finance and Accounting 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Finance and Accounting	2,273,024	2,418,874	2,443,456	24,582	1%
<b><i>Total Operating Expense</i></b>	<b><i>2,273,024</i></b>	<b><i>2,418,874</i></b>	<b><i>2,443,456</i></b>	<b><i>24,582</i></b>	<b><i>1%</i></b>

Employee expense comprises 85 percent of the Finance and Accounting Division budget. In third quarter 2018, a 29-year employee retired, resulting in an overall reduction of employee expenses for existing employees. The 2019 budget adds one payroll specialist to ensure the division's ability to perform payroll processing, as the overall agency FTE count has increased. The net effect of these staffing changes is a 4 percent increase in employee expense in this division.

An end-of-life farebox system was replaced in 2018 with new farebox equipment. However, the new equipment must be emptied manually, requiring additional handling. The 2018 budget included funding for temporary services to assist in the vault room emptying fareboxes. During 2018, these temporary services were shared with the Risk Management Division. Because the work provided by the temporary employee will continue into 2019 and beyond, the 2019 budget adds one administrative assistant position that will be shared between the Finance and Accounting Division and the Risk Management Division. The position is budgeted in the Risk Management Division. The net effect for the Finance and Accounting Division is a reduction in temporary services funding from \$60,000 to \$6,000.

A new contract with lower rates for armored car service was issued in June 2018; however, in spring 2019 when the *Swift* Green Line becomes operational, armored car services will increase to include the 64 ticket vending machines associated with the *Swift* Green Line. At \$172,500, this contract is the largest expense in the Finance and Accounting budget outside of employee expense. Bank fees and annual audit fees contribute \$138,000 to this budget and are the only other significant expenditures.

#### ***Goals, Initiatives, Programs, and Projects for 2019***

- Implement new budget and business planning software. The existing software is no longer supported by Oracle.
- Continue prudent investment practices as the initial agency investments mature.
- Complete the annual financial audit and prepare the 2018 Comprehensive Annual Financial Report.

- Complete the annual National Transit Database report which is a requirement for federal grantees. The 2018 report, due April 30, 2019, requires Community Transit to complete more comprehensive asset reporting on all assets and to report on assets not previously included in the report.
- Manage payroll activities for an expanding labor force. Automate integration of payroll data to the general ledger. Continue implementation of the Time and Labor Module in PeopleSoft.

## ***Human Resources Division***

The Human Resources Division supports and administers the agency's employment programs including hiring and staffing, labor contract negotiation and administration, employee and labor relations, benefits and compensation, workers' compensation, leave management, and personnel systems and records. These functions include responsibility for the agency's affirmative action program and administration of the drug and alcohol program.

The division acts as an internal consultant to the agency, providing advice and assistance in hiring, performance management, grievance resolution, and investigations of allegations of employee misconduct or violations of agency policies. Human Resources employees advise management at all levels of the organization on how to reduce risks associated with employment and how to respond to workplace complaints lodged informally or with state or federal administrative agencies. Division employees manage and coordinate the use of outside resources such as labor and employment attorneys, occupational medicine services, drug testing service providers, and other consultants and benefit providers.

Human Resources also supports and administers Workers' Compensation for the agency. The budget for Workers' Compensation (Fund 43) is comprised of workers' compensation claims, program administration, operation of the employee health maintenance center and ergonomic equipment. It also functions as a reserve to pay future workers' compensation claims and related costs.

### ***Human Resources 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Human Resources	2,026,551	2,260,174	2,844,370	584,196	26%
<b><i>Total Operating Expense</i></b>	<b><i>2,026,551</i></b>	<b><i>2,260,174</i></b>	<b><i>2,844,370</i></b>	<b><i>584,196</i></b>	<b><i>26%</i></b>

Employee expense contributes 69 percent to the Human Resources Division budget. As part of the agency's preparations to launch *Swift* Green Line service in spring 2019, three term-limited

employees were added to this division in 2018: two human resources generalists and one administrative assistant. Terms for all three expire December 31, 2019. The administrative assistant is budgeted in the Human Resources Division but will also provide support services for the Training and Staff Development Division. The 2019 Human Resources budget reflects the full-year effect of adding three term-limited employees and shows an increase of 22 percent in overall employee expense. No additional employees are requested in the 2019 budget.

The Human Resources services category is 31 percent of the division budget. The largest budget factors are services used for employee recruitment. These services include job advertising, background checks, required drug and alcohol testing, and motor vehicle licensing checks. At the time this budget was prepared, the unemployment rate in the greater Puget Sound region was hovering at 3.5 percent, making it increasingly difficult to recruit and hire employees. Human Resources staff plan to increase the use of consulting services in 2019 to support coach operator recruitment efforts.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Develop innovative recruitment methods to hire coach operator and maintenance staff to meet service needs.
- Recruit, screen, test, interview, and hire 123 coach operator trainees to cover driver turnover and agency service increases through 2020. The 2019 budget includes funding for 90 trainees. Maintain mechanic recruitment efforts in a tight market for skilled labor to cover turnover and agency service increases.
- Negotiate and implement successor agreements with the Amalgamated Transit Union (ATU) and the International Association of Mechanics (IAM) Vehicle Maintenance bargaining units.
- Maintain and grow the employee benefits package to attract new employees and enhance the employment experience.

## ***Procurement Division***

### ***Parts Inventory***

The Parts team purchase, stock, and maintain inventory to support the agency in maintaining its full vehicle fleet in a safe, timely, and cost-effective manner. Parts inventory contains items needed for revenue buses, vanpool vans, and other service vehicles. The Parts team also stock new technology equipment and parts and ensure that Community Transit buys quality parts at competitive prices.

### ***Procurement***

The Procurement team support Community Transit with strategic and tactical procurement management to obtain the best value for taxpayer funds. The division ensures full and open

competition to all vendors, promotes best-value purchase of desired quality products and services, fosters small business participation, and partners with customers and suppliers in delivering procurements that meet complex laws and regulations.

### ***Procurement 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Parts Inventory	876,359	911,720	931,764	20,044	2%
Procurement	1,020,296	1,051,414	1,148,080	96,666	9%
<b><i>Total Operating Expense</i></b>	<b><i>1,896,655</i></b>	<b><i>1,963,134</i></b>	<b><i>2,079,844</i></b>	<b><i>116,710</i></b>	<b><i>6%</i></b>

Employee expense contributes 96 percent to the total Procurement Division budget. The Procurement team reorganized in 2018 to better meet changing agency needs. A supervisory position was established and one of the existing procurement specialists was promoted into that position. In addition to filling the vacancy created by the promotion, one additional procurement specialist was added to the team in 2018. This position, along with other team members, partners with internal customers to improve procurement processes and services to those customers. No additional FTEs were added for 2019 for this division.

The remaining 4 percent of the division budget funds office supplies on an agencywide basis, procurement bid advertising, and Disadvantaged Business Enterprise program events which focus on informing potential contractors of Community Transit's procurement needs. This budget also funds administrative costs associated with job-order contracting services used by the Planning and Development Department. The 2019 budget anticipates an increase in job-order contracting services due to an anticipated increase in use of this service.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Continue improving partnerships with internal and external customers. Increase procurement-focused relationships that deliver more value for tax dollars.
- Continue focus on improving use of computer-based tools that improve work quality: PeopleSoft-based processes for internal customers and ProcureWare and B2Gnow for external vendors.
- Partner with the Maintenance Department to improve inventory management and deliver improved customer satisfaction.
- Develop the Procurement Division's capital team to improve and strengthen support to the Maintenance and Planning and Development Departments. Formation of a capital procurement team began in late 2018 with the creation of a supervisory position.

- Improve competition in contracting activities to obtain more value for tax dollars by deploying more strategic procurements.
- Ensure regulatory compliance in a manner that makes doing business with Community Transit easy for internal and external customers. Partner with internal customers to improve support to them by developing integrated procurement methods.
- Create a more efficient year-end cycle for the parts inventory count process to increase efficiency and reduce the negative impact the current week-long process has on the Maintenance shop.

## ***Risk Management Division***

### ***Risk Management***

The Risk Management team manages and provides safety, insurance, motor vehicle accident management, claims management, and environmental compliance services for the organization. Duties are performed in an environment that is subject to recurring regulatory and nonregulatory reviews by local, state, and federal agencies. Additionally, the division manages the agency's Safety Committee and Accident Review Committee, conducts ergonomic assessments, and completes monthly and annual safety reporting, including required safety reporting to the Federal Transit Administration.

### ***Transit Security***

The Transit Security team's responsibilities include agencywide physical security, which covers badges, access control, and video camera systems. Staff also develop security and emergency management plans and policies for the agency. Management of the agency contract with the Snohomish County Sheriff's Office for law enforcement services dedicated to the agency's service area is also a responsibility of this team. The Transit Police Unit consists of fully commissioned deputies who provide vital services to Community Transit's employees and customers. Transit police deputies possess a deep understanding of transit operations and promote a safe and secure environment for all employees and customers through a highly visible police presence and effective patrolling of Community Transit vehicles and properties.

### ***Risk Management 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Risk Management	905,109	611,764	683,361	71,597	12%
Transit Security	1,749,332	2,976,824	3,533,075	556,251	19%
<b><i>Total Operating Expense</i></b>	<b><i>2,654,441</i></b>	<b><i>3,588,588</i></b>	<b><i>4,216,436</i></b>	<b><i>627,848</i></b>	<b><i>17%</i></b>

Employee expenses contribute 20 percent to this division's budget. The 2019 budget adds one administrative assistant. As explained in the Finance and Accounting budget discussion, this position will be shared with the Finance and Accounting Division and will perform work that was previously budgeted as temporary services. Since the work requirement will continue beyond 2019, it is more cost effective to hire an employee who will retain job skills and knowledge continuity within the agency rather than rely on temporary services.

The largest cost element in this division's budget is the contract with the Snohomish County Sheriff's Office for Deputy Sheriffs' services. This contract is budgeted at \$3.2 million for 2019 and is 89 percent of the Transit Security team's budget. The 2019 contract includes addition of two more deputies. By the end of the first quarter of 2019, the unit will have increased by seven FTEs (five in 2018 and two in 2019) and will be well positioned to support the agency's service growth.

This division's budget includes professional consulting services for two work projects: (1) development of complex lockout/tagout procedures for equipment with multiple energy sources and (2) development of the second phase of the security and emergency management action plan. The work product for this phase is an agencywide emergency operations plan.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Develop the agency's safety management system to be compliant with Federal Transit Administration requirements by July 2020.
- Continue to develop and write agencywide security and emergency management plans. Community Transit's new emergency operations plan will be developed in 2019.

## ***Training and Staff Development Division***

### ***Organizational Development***

Organizational Development strengthens the agency's strategic priority of employment experience. The work performed in this division includes training support for training and staff development, and projects that improve the effectiveness and efficiency of departments by capitalizing on the direct involvement of employees in process improvement.

The Unity Team works through the organizational development specialist to promote inclusiveness among employees and supports a positive employment experience. Five events are scheduled throughout the year to bring employees together.

### ***Training and Staff Development***

This team supports the agency by providing a variety of training and staff development opportunities. Training staff operate the agency's in-house, ten-week coach operator training

program. They provide annual refresher training and annual evaluations to incumbent coach operators along with return-to-work training for coach operators who have been away from the job for periods specified in the standard operating procedures and labor contracts. Training staff also provide transportation supervisors and dispatchers with an internally developed, new-hire training program and with annual refresher trainings. The division designs and provides in-house training for the Maintenance Department on safety-critical components as well as for the maintenance apprentice program.



This division, in partnership with Human Resources, plays a critical role in hiring, particularly for new coach operators. They also provide new employee orientation to all new hires and administer the agencywide training budget and program.

### ***Training and Staff Development 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Organizational Development	195,521	194,500	187,525	(6,975)	-4%
Training and Staff Development	2,700,989	3,623,696	4,041,350	417,654	12%
<b><i>Total Operating Expense</i></b>	<b><i>2,896,509</i></b>	<b><i>3,818,196</i></b>	<b><i>4,228,875</i></b>	<b><i>410,679</i></b>	<b><i>11%</i></b>

Employee expense is 88 percent of this budget at \$3.7 million. Of that, \$1.0 million (27 percent) is wages and benefits for coach operator trainees. A total of 90 coach operator trainees are included in the 2019 budget.

The Training and Staff Development Division budgets for all coach operator trainees. The Trainees do not become part of the Transportation Department budget until they have completed their training and are ready to begin driving an actual bus route. To determine how many trainees will be needed in any given budget year, three factors are considered:

1. The number of new FTEs the Transportation Department will need (34 for 2019).
2. The estimated rate of turnover for existing coach operators.
3. The estimated number of trainees who will complete the 11-week training process.

Estimates for turnover and trainee completion rates are based on models and past experience. Since the turnover rate and training completion rate are estimates, the number of coach



operator trainees in the Training and Staff Development budget exceeds the actual number of additional or replacement coach operators that will be hired into the Transportation Department in any given year.

In 2018, six term-limited positions were added to the Training and Staff Development Division: two coach operator lead instructors and four coach operator instructors. All terms expire December 31, 2019. No additional positions are requested in the 2019 budget.

Agencywide training comprises 10 percent of this division's budget. This budget includes registration, fees, and travel expenses associated with trainings. Agencywide training is budgeted at \$424,150 for 2019, which is a 4 percent increase over the 2018 budget and supports a 6 percent increase in the number of authorized FTEs.

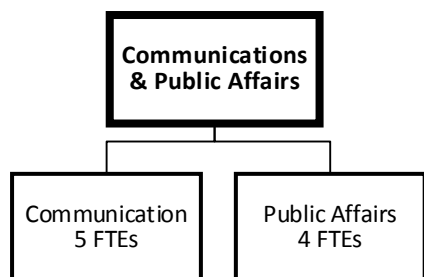
The remaining 2 percent of the division budget funds supplies associated with coach operator and other trainings, professional memberships, the agency membership in the Evergreen Safety Council, and Unity Team employee events.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Continue implementation of the learning management system by expanding functionality. The system includes enhancements to capture outside training and continuing education credits as well as other functions that will greatly improve the ability to track employee training.
- Create a more structured training program for dispatchers that is less reliant on on-the-job training. The goal is to have a revised program in place by the end of the first quarter of 2019 in anticipation of the need for a new or replacement dispatcher.
- Redesign the maintenance training program to create a more interactive program that is less lecture based. Implement new sections as they are completed throughout the year.
- Update the Coach Operator Academy. Identify opportunities to shorten the training program without compromising end results. Complete the final concept by the fourth quarter of 2019.
- Coordinate employee development, employee coaching, and team effectiveness efforts to ensure efficiency and effectiveness. Work with a consultant to create a plan based on best practices.

## Communications and Public Affairs Department

The Communications and Public Affairs Department is responsible for creating messages that reach employees, our customers and the general public, and also enhancing relationships with our community and its business and elected leaders.



The Communications and Public Affairs Department consists of two divisions: Public Affairs and Communications.

Communications staff are responsible for internal and external agency communications including the majority of Community Transit's website, social media, and overall agency messaging. Public Affairs staff are responsible for the agency's government and community relations programs

and corporate positioning activities. Together, these divisions work to maintain the agency's reputation and positively impact our ability to deliver high-quality public transportation services.

### ***Major Department Accomplishments for 2018***

- Established Community Transit Live interactive webcast format and improved upon it throughout the year.
- Successfully communicated information about the *Swift* Green Line construction project to targeted audiences through rider alerts, a weekly newsletter, and media stories, earning positive commendations and very few criticisms.
- Successfully hosted a legislative luncheon at Community Transit in October, which attracted key legislators from our service area.
- Started a strong strategic partnership with the newly formed Lynnwood Chamber of Commerce. City of Lynnwood leadership sees the Chamber taking on a key role as Lynnwood undergoes massive transformation with the eminent arrival of Link light rail.
- Reinvigorated our biweekly employee newsletter, garnering increased dialogue and positive feedback.
- Worked with other departments to consolidate various agency surveys and instituted an agencywide request for proposal for audience research.
- Continued and maintained strategic partnerships with various local jurisdictions served by the agency, specifically in Bothell, Mill Creek, and Monroe.

## ***Communications and Public Affairs Department 2019 Budget***

### ***Alignment with Strategic Priorities***

Community Transit's mission is to provide quality service, increase ridership, and assure a safe and comfortable experience for our riders. The Communications and Public Affairs budget supports the agency's mission by strengthening the image and position of the agency with key stakeholders and the public; securing local, state, and federal funding and legislation; educating about the use of our services; and assisting staff with their communication and information needs.

### ***Department Priorities for 2019***

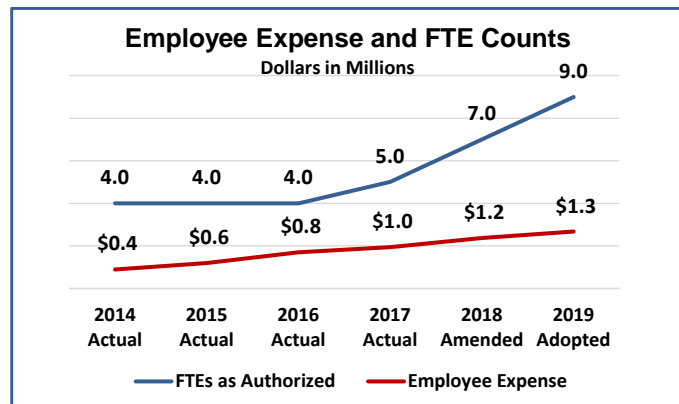
- Conduct a community awareness survey on general public awareness and favorability of the agency, service, product lines and brand recognition.
- Expand the use of live video to engage ridership and the public on areas of interest and concern to them.
- Use analytic tools to identify trends in rider and public engagement and tailor communication strategies to meet those interests.
- Seek opportunities for partnerships and coordination with other agencies that help promote economic development in the region.

### ***Summary of the 2019 Budget in Support of the 2019 Business Plan***

<b><i>Expense Type</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Salaries & Wages	529,305	580,035	749,166	169,131	29%
Benefits	200,489	237,999	329,054	91,055	38%
<b><i>Subtotal: Employee Expense</i></b>	<b><i>729,794</i></b>	<b><i>818,034</i></b>	<b><i>1,078,220</i></b>	<b><i>260,186</i></b>	<b><i>32%</i></b>
Services	235,438	366,401	254,001	(112,400)	-31%
Supplies	2,557	1,350	2,000	650	48%
<b><i>Total Operating Expense</i></b>	<b><i>967,789</i></b>	<b><i>1,185,785</i></b>	<b><i>1,334,221</i></b>	<b><i>148,436</i></b>	<b><i>13%</i></b>

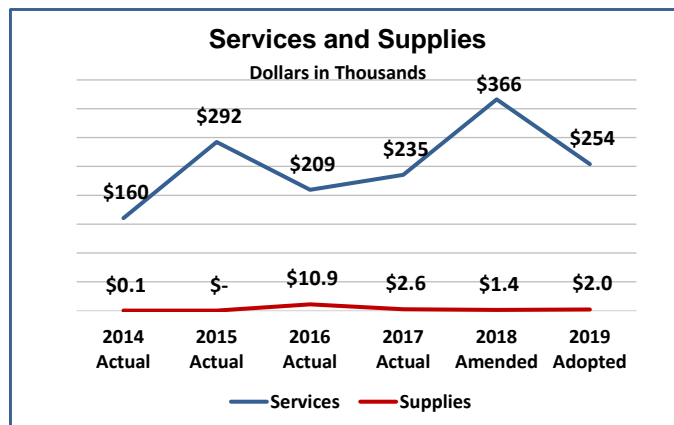
## Salaries, Wages, and Benefits

As is true throughout most agency budgets, employee expense is the largest cost driver, and represents 81 percent of the budget for this department. During 2018, and as authorized by Resolution No. 30-17, one public information specialist was added to this department's staffing complement. The 2019 budget reflects the full year expense of that position and adds one government relations manager and one strategic communications specialist for a total of nine FTEs.



## Services

The services category comprises 19 percent of this department's total budget. The services budget funds lobbying efforts to ensure that the state legislature is informed of agency



interests. Memberships in various city and county chamber of commerce organizations are funded in this budget. These memberships provide Community Transit with forums to discuss transit issues and learn more about how we can improve service to businesses and communities in our service area. This budget also funds travel to industry conferences and to Washington, D.C. to meet with federal legislators on transit issues.

## Supplies

The supplies budget provides funding mainly for office supplies not otherwise included in the general agency office supply budget. Such supplies are used primarily in conjunction with the agency's sponsorships.

## ***Communications and Public Affairs Division Summary***

This summary compares each budget center's 2019 budget to its 2018 amended budget.

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Communications	402,905	529,673	645,811	116,138	22%
Public Affairs	564,884	656,112	688,410	32,298	5%
<b><i>Total Operating Expense</i></b>	<b><i>967,789</i></b>	<b><i>1,185,785</i></b>	<b><i>1,334,221</i></b>	<b><i>148,436</i></b>	<b><i>13%</i></b>

### ***Communications Division***

The Communications Division is responsible for internal and external agency communications and overall agency messaging. Communications team members provide advice to the CEO, the Director of Communications and Public Affairs, and the Executive team on strategic messaging and communications issues to preserve and enhance the agency's reputation.

Internally, the division produces an employee newsletter, maintains the agency intranet site, plans and coordinates agencywide employee meetings, and works with the CEO and Executive team to convey corporate messages and other news to employees to maintain an informed the workforce. Internal communications are becoming increasingly important both to keep employees informed and excited about agency initiatives and to create ambassadors to carry agency information into the community.



Producing a Community Transit webcast.

Externally, the division manages relationships with the news media, social media followers, and other key audiences. The division creates public information for dissemination via the agency's website and social media, electronic alerts to riders, news advisories and releases to traditional media, and rider alerts and printed brochures that are distributed on agency buses.

Communications staff draft speeches and presentations for local, regional, and national audiences; develop fact sheets and talking points for business leaders and elected officials; and create and distribute a monthly newsletter for the public. This team also takes a lead role in

crisis communications and participates in agencywide and countywide disaster training exercises.

For *Swift* Green Line construction, the division established a new weekly publication, the *Swift* Network News, and established a monthly live webcast that has resulted in more than 2,000 viewings each month. This has proven to be a more effective mass communication tool than in-person outreach. Communications staff are now producing live webcasts, called Community Transit Live, for service expansion, fare changes, driver recruitment, and other issue areas.

### ***Communications 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Communications	402,905	529,673	645,811	116,138	22%
<b><i>Total Operating Expense</i></b>	<b><i>402,905</i></b>	<b><i>529,673</i></b>	<b><i>645,811</i></b>	<b><i>116,138</i></b>	<b><i>22%</i></b>

This budget reflects the full-year expense of adding one public information specialist in 2018 and adding one strategic communications specialist in 2019. Employee expense represents 94 percent of this budget. The remainder of this budget funds online news resources, travel to industry conferences, all-employee informational meetings, and analytical tools for monitoring web and social media activity.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Focus on learning more about our riders, stakeholders, and various audiences to help staff produce appealing stories and content along with agency news. Reach beyond “response mode,” and proactively and effectively tell the agency’s story.
- Identify the best channels for communicating agency messages to target audiences.
- Strategically align community outreach with the messages that resonate best with those audiences, building the agency’s brand.
- Produce more content to tell Community Transit’s story through social media, live video, and other channels that reach riders and the public directly. Produce more video and digital content that helps the traditional media tell Community Transit’s story.
- Work closely with Public Affairs to create content for local presentations, as well as brochures, infographics, and handouts that will enhance partnerships with other jurisdictions, agencies, and businesses.

## ***Public Affairs Division***

The Public Affairs Division works to improve the agency's funding and regulatory environment at the federal, state, regional, and local levels; to raise awareness of Community Transit's accomplishments and activities; and to maintain a positive agency reputation. These goals are achieved by building relationships and awareness with business and key thought leaders as well as elected officials. Other employees, community members, the Board of Directors, and the CEO assist in this work. A state contract lobbyist assists with portions of this work.

Public Affairs staff focus on two key tasks: (1) strengthening the image and position of the agency (corporate positioning) and (2) securing local, state, and federal funding and legislation. Corporate positioning is accomplished through membership, participation, and leadership in key organizations including Rotary clubs; Economic Alliance Snohomish County; the Bothell, Edmonds, Lynnwood, Monroe, and Marysville chambers of commerce; Snohomish County Committee for Improved Transportation; Central Puget Sound Transit Caucus; Washington State Transit Association; The Bus Coalition; and the American Public Transportation Association, among others.

Public Affairs staff are also involved in several community service organizations, attend many community events on behalf of the agency, and support the CEO in his local and regional outreach. Advocacy work is accomplished through presentations to city and county councils; visits with elected officials locally, in Olympia, and in Washington, D.C.; and also through special events and programs that leverage the good will of local partners.

The agency does not have a federal contract lobbyist. Instead, that work is done directly by Communications and Public Affairs Department staff assisted by members of the Board of Directors, the CEO, and other agency staff. A cross-functional team assists in developing the strategy for all of these efforts. A contract lobbyist in Olympia performs a majority of the agency's state legislative work.

## ***Public Affairs 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Public Affairs	564,884	656,112	688,410	32,298	5%
<b><i>Total Operating Expense</i></b>	<b><i>564,884</i></b>	<b><i>656,112</i></b>	<b><i>688,410</i></b>	<b><i>32,298</i></b>	<b><i>5%</i></b>

Employee expense comprises 68 percent of the Public Affairs budget. The 2019 budget adds one government relations manager position; \$30,000 of the additional employee expense is offset by elimination of a local community relations consultant contract.

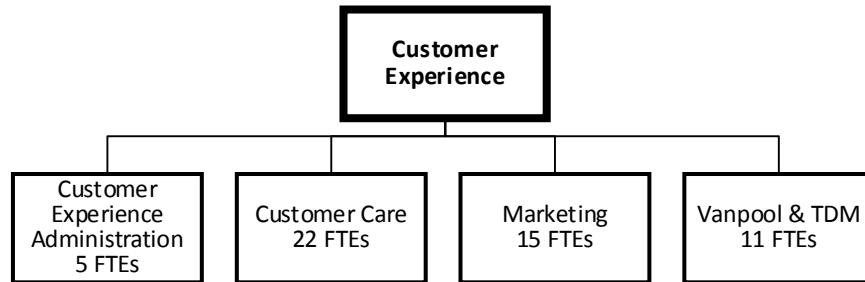
This budget funds the state lobbyist, travel to Olympia and Washington, D.C. to advocate for the agency, memberships in local chambers of commerce, attendance at industry conferences, and special events, such as the CEO roundtables, which provide the CEO with an opportunity to build relationships and awareness with business and key thought leaders.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Seek opportunities for partnerships and coordination with other agencies that help promote economic development in the region.
- Protect federal and local funding and funding levels through advocating and outreach with legislators.
- Support the CEO in his local and regional outreach endeavors.
- Educate local jurisdictions about service changes and agency goals as Community Transit continues to expand service.



## ***Customer Experience Department***



The Customer Experience Department is focused on listening to, understanding, and advocating for customers and their needs. The department consists of four major divisions: Customer Care, Vanpool and Transportation Demand Management (TDM), Marketing, and Customer Experience Administration.

Department services are aligned with agency objectives and goals. Department staff work with major employers within our service area to encourage their employees to consider transportation options other than driving alone, helping to reduce congestion and greenhouse gas emissions. Department staff also work with residents and housing developments along major transportation corridors in our service area to promote transportation options to reduce congestion.

This department provides the agency executive team with data, plans, and programs to ensure that customer input is considered when decisions are made. Department staff create awareness of Community Transit's services, connect customers to compelling brand messages through multichannel marketing strategies, and inspire customer action to increase ridership and change travel behaviors.

### ***Major Department Accomplishments for 2018***

#### **Customer Experience Administration**

- Conducted a variety of customer surveys to gather data which will be used to guide future decision making and improve our customer experience. Conducted a focus group of customers to understand their thoughts on the Lynnwood Link light rail project. Led the bus stop assessment effort to understand needs of customers and gaps in the current customer experience.
- Organized Illinois Institute of Design's on-site Human Centered Design Camp which was attended by a variety of Community Transit, King County Metro, and Sound Transit employees and provided them with tools to better utilize customer input when making decisions.

- Analyzed the BusFinder usability study, summarized results, and spearheaded development of a revised version of the prototype developed by an external vendor.
- Interviewed stakeholders, conducted research, analyzed data, and delivered a draft digital strategy and preliminary product roadmap.
- Partnered with Marketing to develop a creative 404 error (page not found) web page that is on-brand with customer-friendly messaging.

### Customer Care

- Completed the transition to Amalgamated Transit Union representation for the *Swift* service ambassadors.
- Developed, tested and piloted Connections—the new customer comment system—in conjunction with the Transportation Department.
- Hired a new supervisor for the Customer Information Services (CIS) team.
- Adopted an earlier schedule for processing lost-and-found items to provide our customers earlier access to their possessions.
- Initiated a crossover to forever tickets. This is a customer friendly move that doubles as a potential cost saving measure to Community Transit.
- Completed updating bus stop posters, kiosks and delivered the new *Bus Plus* book for the March and September service changes.
- Piloted interdepartmental customer survey teams.

### Marketing

- Continued the marketing and advertising initiative for coach operator and mechanic recruitment efforts.
- Launched the Bringing You Home marketing campaign featuring bus, *Swift*, bike, and vanpool riders.
- Launched a transit instruction program storytelling initiative featuring program graduates.
- Completed the September 2018 and spring 2019 service expansion and fare change outreach and education effort.
- Launched a *Swift* Green Line education and awareness plan; elements included direct mail to targeted audiences, community partnerships, fair and festival events featuring the *Swift* Green Line bus, advertising efforts, outreach to targeted audiences, and an overarching social media strategy.
- Executed a regional youth ORCA card campaign to five area high school freshman classes.

## Vanpool and Transportation Demand Management

- Developed a vanpool program strategic roadmap, and purchased 79 Toyota Sienna minivans (25 expansion, 54 replacement) in response to direct customer feedback that was collected in a February focus group study.
- Transformed key business processes to improve customer experience and efficiency, which is the start of a continuous process improvement focus in the department. Results to date include standardized electronic customer-facing forms and tools, improved data accuracy, faster turnaround, and increased staff capacity.
- Implemented ridership sampling in September, after running a successful six-month pilot.
- Launched a maintenance feasibility study to identify opportunities to improve the customer experience and reduce costs associated with routine preventive maintenance service.
- Developed key learnings on the TDM program messaging by conducting a survey of over 1300 area employees at our Commute Trip Reduction worksites. Based on the results, the TDM programs have adopted simplified messaging, eliminated different program names, and unified branding.
- Optimized our Commute Trip Reduction programs to better serve the needs of employers and employees, reducing 105,367 drive alone trips so far this year (January- June 2018).
- Continued the Curb the Congestion program along congested corridors in southwest Snohomish County, reducing 177,000 drive-alone trips so far this year (January-June 2018).
- Conducted customer testing in the development of travel option guides that provide information on bike, walk, and transit resources within seven neighborhoods along our Curb the Congestion corridors.
- Received a \$1 million Congestion Mitigation and Air Quality grant for 2021-2022 to deliver a community-tailored TDM program to connect people to appealing transportation choices, providing the best quality of life for our customers and our communities.
- Hosted Mark Fenton, a nationally recognized expert on active transportation and public health, as our keynote speaker at a community transportation forum and walkability tour of Canyon Park. This event brought community members, businesses, planners, and city officials together to discuss the benefits of active transportation and ways for businesses and communities to support these options to improve public health, economic vitality, and mobility.

## ***Department Priorities for 2019***

### **Swift Green Line**

- Coordinate with employers and stakeholders in Canyon Park to assess transportation needs and develop TDM programs that increase the use of transportation options other than driving alone by employees, including last-mile connections to the new *Swift* Green Line.
- Continue integrated outreach and education efforts, execute a launch plan, and market the *Swift* Green Line and bus rapid transit network.
- Add three new *Swift* service ambassadors and a *Swift* service ambassador lead to support the *Swift* Green Line launch.

### **Customer Experience**

- Conduct surveys and focus groups with customers to gain insights on how to improve Community Transit's service and customer experience. Develop and conduct data-driven projects to improve the customer experience.
- Deliver choices to our customers by transforming and simplifying the digital experience through a redesign of the CommunityTransit.org website, including restructuring web content, enriching customer service, and improving an internal site search function.
- Innovate program design in our Vanpool program: gather actionable customer feedback, analyze results, and address customer needs with new programs or features.
- Develop and implement a strategic marketing plan for services, products, and programs, integrating the customer into the marketing process (continual through 2019).

### **Employee Experience**

- Complete the implementation of "Connections"—our new customer information system across all work teams in the Customer Care Division.
- Develop and begin implementation of an updated training plan and customer service vision for all Customer Care work teams.

## ***Customer Experience 2019 Budget***

### ***Alignment with Strategic Priorities***

**Planning for the Future:** Improving and expanding our vanpool program; planning for sustainable growth and development in Snohomish County and the region through continued integral partnerships.

Partnership and Advocacy: Working with the customers and communities we serve to provide outstanding service and remain a trusted partner of choice; use the newly implemented Connections system to provide data-driven information for service improvements.

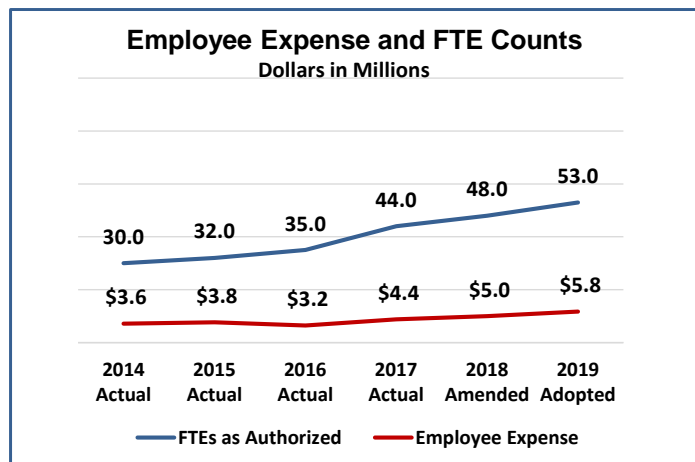
Operational Excellence: Customers value what we do and trust we will do it well. In 2019, the Customer Experience department will use data to drive improvements to our customer experience. The department will also support the opening of the *Swift* Green Line

### ***Summary of the 2019 Budget in Support of the 2019 Business Plan***

<b><i>Expense Type</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Salaries & Wages	3,117,398	3,415,670	3,938,508	522,838	15%
Benefits	1,260,905	1,561,893	1,899,730	337,837	22%
<b><i>Subtotal: Employee Expense</i></b>	<b><i>4,378,302</i></b>	<b><i>4,977,563</i></b>	<b><i>5,838,238</i></b>	<b><i>860,675</i></b>	<b><i>17%</i></b>
Services	1,317,843	1,813,795	1,974,733	160,938	9%
Supplies	653,189	1,226,190	1,472,380	246,190	20%
<b><i>Total Operating Expense</i></b>	<b><i>6,349,334</i></b>	<b><i>8,017,548</i></b>	<b><i>9,285,351</i></b>	<b><i>1,267,803</i></b>	<b><i>16%</i></b>

### ***Salaries, Wages, and Benefits***

Employee expense is the largest cost factor in this budget, representing 63 percent of the 2019 budget for the Customer Experience Department. During 2018, and as authorized by Resolution No. 30-17, three FTEs were added to this department's staffing complement: one senior marketing strategist, one marketing and outreach supervisor, and one digital analyst.



The 2019 budget adds five additional FTES: one copy writer, three *Swift* service ambassadors, and one *Swift* service ambassador lead.

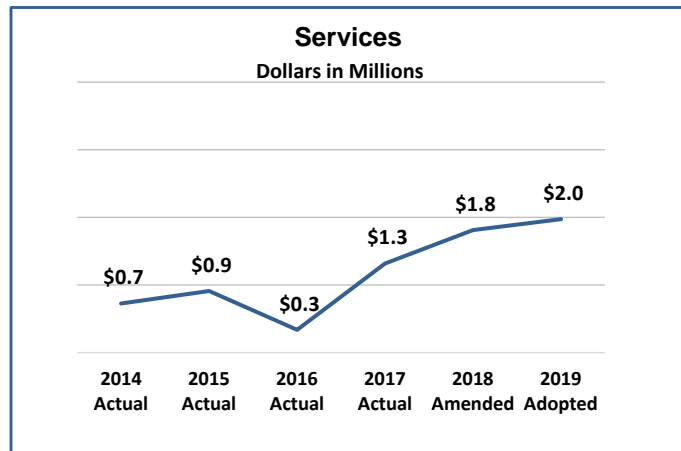
## Services

Services comprise 21 percent of the department's budget. Significant service expenses include \$750,000 for advertising, \$400,000 for professional services, \$270,000 for printing services, and \$268,000 for ridership promotion.

Ridership promotions are primarily in support of the state-mandated Commute Trip Reduction Act and Community Transit's transportation demand management (TDM) program. The agency receives grant funding from Snohomish County in support of this program. Community Transit manages the TDM program on behalf of the county.

The printing budget includes a variety of printed media such as ticket books, lost-and-found item tags, fare enforcement cards, Million Mile Driver decals, customer information brochures, and general marketing materials. The bulk of this budget, 60 percent, is for *Bus Plus* books.

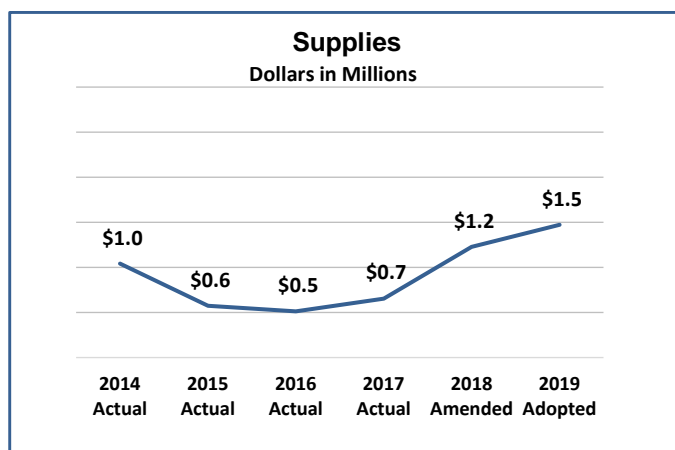
The professional services budget includes funding for customer surveys and other research in support of the department's customer experience initiatives. This budget also includes translation services and interpreters to assist customers with limited English skills or other special needs.



Most of the advertising budget (\$500,000) is planned for employee recruitment efforts. The agency service plan calls for adding more coach operators and other employees in early 2019 in support of increased service. According to the Washington State Employment Security Department, the August 2018 unemployment rate for the Seattle area was 3.5 percent, continuing a trend of very low unemployment in the communities where the agency recruits employees. During 2018, Community Transit began using television and radio advertising to promote employment opportunities. The 2019 budget continues to fund recruitment advertising. The remainder of the advertising budget supports efforts to inform transit riders about service changes and new services such as the opening of the *Swift Green Line*.

## Supplies

The largest supply expense in the Customer Experience Department's budget is fuel for the vanpool program. Fuel alone accounts for 94 percent of the department's supply budget. As the vanpool program continues to grow, this budget will increase to meet demand. Vanpool fuel was budgeted at \$3.35 per gallon for 412,800 gallons of gasoline. Vanpool fuel is not purchased directly from the state contact. Vanpool drivers buy fuel from local sources who accept the Voyager fuel card. The Voyager fuel card is authorized by the state contact.



## Customer Experience Division Summary

This summary compares each division's 2019 budget to its 2018 amended budget.

<b>Description</b>	<b>2017 Actuals</b>	<b>2018 Amended Budget</b>	<b>2019 Adopted Budget</b>	<b>2019 Budget Over/Under 2018 Budget</b>	<b>% 2019 Budget Over/Under 2018 Budget</b>
Customer Experience Admin	531,344	738,102	987,056	248,954	34%
Customer Care	1,458,656	1,638,811	1,969,870	331,059	20%
Marketing	2,007,838	2,667,876	3,190,567	522,691	20%
Vanpool and TDM	2,351,496	2,972,759	3,137,858	165,099	6%
<b>Total Operating Expense</b>	<b>6,349,334</b>	<b>8,017,548</b>	<b>9,285,351</b>	<b>1,267,803</b>	<b>16%</b>

Discussions of each department's budget and 2019 priorities follow.

## Customer Experience Administration Division

The Customer Experience Department is growing to meet the needs of our customers, and its Administrative Division will expand to support staff, programs, and processes. Currently, the division consists of the department director, a customer experience improvement specialist, a digital product owner, and a customer experience support specialist. The customer experience improvement specialist is responsible for gathering data to identify areas throughout our service where there is room to improve our customer experience and then working with departments throughout the agency to make improvements. The digital product owner is responsible for all digital products our customers use for our service and for developing and making improvements to those products.

The Director of Customer Experience is responsible for integrating and coordinating the diverse functions of the department including marketing, vanpool operations, transportation demand management, *Swift* service ambassadors, customer information services, sales and distribution, the ORCA call center, the walk-in center, retail accounts, business account functions, and fare media. The director also oversees the development and implementation of programs to ensure customer input is considered when decisions are made and works with the CEO and the entire Executive team to ensure that department services are aligned with agency objectives and goals.

### ***Customer Experience Administration 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Customer Experience Admin	531,344	738,102	987,056	248,954	34%
<b><i>Total Operating Expense</i></b>	<b><i>531,344</i></b>	<b><i>738,102</i></b>	<b><i>987,056</i></b>	<b><i>248,954</i></b>	<b><i>34%</i></b>

Employee expense represents 73 percent of the division budget. One digital analyst position was added to this budget in the third quarter of 2018 as allowed by Resolution No. 30-17. The 2019 budget reflects the full year effect of the added FTE. The digital analyst will gather and analyze data regarding the digital tools our customers use so that the agency can better understand how to improve our customers' digital experience.

No additional FTEs are planned for 2019; however, the budget does fund hiring of interns for two quarters in 2019 to assist with the digital product initiative. The interns are considered temporary workers and the cost of their services is not part of the normal employee expense.

This budget also includes funding for consultant services to help with a variety of projects as part of the improving customer experience initiative—projects include customer surveys, user testing, and auditing existing digital products that our customers use to see how they are currently working and how they could be improved to better serve our customers.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Conduct surveys and focus groups with customers to gain insights as to how to improve Community Transit's service and customer experience. Using data gathered, redesign and improve a variety of digital tools our customers use to interact with us and use our service, and develop and conduct projects to improve our customer experience.
- Develop a customer experience strategy that will guide the department going forward.
- Test regularly, solicit feedback, and measure the effectiveness of our digital channels so we can better know our customers and create a data-driven culture that listens.



- Deliver choices to our customers by transforming and simplifying the digital experience through a redesign of the CommunityTransit.org website, including restructuring web content, enriching customer service, and improving internal site search.
- Assess the effectiveness of existing email and text messaging efforts by engaging customers, as well as investing in streamlined processes and digital systems to connect with customers.

## ***Customer Care Division***

The Customer Care Division provides a variety of services to our customers. Staff receive complaints and commendations, provide trip planning assistance over the phone, and compile information received from customers to share with other departments within the agency. Sales and Distribution staff provide in-person customer service at the RideStore at Lynnwood Transit Center as well as distribute materials throughout our service area. *Swift* service ambassadors interface with customers on board and at the stations of the *Swift* bus rapid transit lines.

### ***Fare Media***

This cost center captures expenditures for printing and binding fare media. Fare media includes DART passes and ticket books, regular fare tickets, and free-ride coupons for human services agencies.

### ***Sales and Distribution***

The Sales and Distribution team distribute all rider information to outlets in Snohomish County including grocery stores, libraries, post offices, Alderwood Mall, and other similar locations. Materials distributed include *Bus Plus* books, Sound Transit schedule books, system maps, ORCA retail information, park-and-ride kiosk panels, *Swift* kiosk panels, and informational and promotional brochures. The team also post route schedules and map information at over 1,500 bus stops in the system.

RideStore employees sell and reload ORCA fare media, DART passes and ticket books, forever tickets, regional reduced fare permits, and a selection of retail items to make the rider's trip more pleasant. DART fare media may also be purchased online or by mail. RideStore employees staff the ORCA call center and assist callers for Community Transit and Sound Transit. RideStore employees also provide information to our customers and



manage the lost-and-found function for all Community Transit and Sound Transit routes originating in Snohomish County.

### ***Swift Ambassadors***

The *Swift* service ambassadors interface with customers on board and at the stations of the *Swift* bus rapid transit lines. They help educate customers on fares and fare policy and provide instruction on how to use the ticket vending machines and ORCA card readers and how to read general route and schedule information. The service ambassadors encourage fare payment, keep a record of customers who do not pay their fares, and alert the Snohomish County Sheriff's Office transit police deputies if they identify any repeat nonpaying customers. The service ambassadors also inspect all *Swift* stations. They document and photograph graffiti and notify Facilities Maintenance of any damage to the stations so that it can be promptly repaired.

### ***Customer Care***

Customer Care is comprised of a dedicated team of employees who engage with customers via telephone, email, and written letters. They have access to 150 translators to help non-English speaking customers. They use a state-of-the-art trip-planning information system to help riders plan trips using routes offered by any transit provider in the central Puget Sound area. The team provides information about bus stop locations, the ORCA program, fares, current reroutes, and all information regarding Community Transit and Sound Transit services.

The Customer Information Services team also collect commendations, complaints, and suggestions from the public; route requests to the proper department in the agency for resolution; and then provide responses to customers as needed. In 2019, the group will focus on using Connections, a new computer system that collects information from our customers. The collected data can then be shared within the agency to help inform customer-focused decisions to enhance our service and more quickly respond to our customers' concerns.

### ***Customer Care 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Customer Care	516,935	678,861	708,921	30,060	4%
Fare Media	12,431	15,000	10,000	(5,000)	-33%
Sales and Distribution	639,710	621,489	637,703	16,214	3%
Swift Ambassadors	289,580	323,461	613,246	289,785	90%
<b><i>Total Operating Expense</i></b>	<b><i>1,458,656</i></b>	<b><i>1,638,811</i></b>	<b><i>1,969,870</i></b>	<b><i>331,059</i></b>	<b><i>20%</i></b>

Employee expense is the main expense in the division and represents 98 percent of the entire division budget. Fare media is entirely printing expenses. The remainder of this division's

budget includes funding for development of a Customer Service Excellence program. This division plans to add four FTEs in the 2019 budget: three *Swift* service ambassadors and one *Swift* service ambassador lead. These employees will be assigned to the *Swift* Green Line corridor and will help our customers learn how *Swift* can help their commutes and day-to-day activities.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Complete the implementation of “Connections”—our new customer information system—across all Customer Care work teams. This new system will allow Community Transit to gather more detailed information from our customers about how they interact with our services and how we can become more available for their travel needs.
- Integrate the new Connections comment system into the daily work of the RideStore for customer engagement and tracking of free-ride tickets.
- Create a process that will allow Community Transit to quickly respond to customer concerns in the field. Be positioned to serve our customers in a timely manner.
- Develop and begin implementation of an updated training plan and customer service vision for all Customer Care work teams.
- Develop processes and procedures in conjunction with Information Technology staff to ensure RideStore sales comply with payment card industry data security standard requirements.

## ***Marketing Division***

The Marketing Division creates awareness of Community Transit’s services, connects customers to compelling brand messages through multichannel marketing strategies, and inspires customer action to increase ridership and change travel behaviors.

The marketing manager leads the strategic oversight of marketing initiatives, campaigns, and research to drive brand awareness. The manager oversees the development and execution of a multichannel marketing plan across all areas of ownership including the evaluation of key metrics that tie to agency goals.

The Creative Design team concepts, creates, and tests branded visual aspects of marketing materials, digital assets, video stories, website images, and other media to support the marketing strategy and overall agency objectives.

The Outreach and Events team actively works to promote the mission of Community Transit by engaging in community partnerships, executing internal and external events, and communicating agency service initiatives to enhance the customer experience.

## ***Marketing 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Marketing	2,007,838	2,667,876	3,190,567	522,691	20%
<b><i>Total Operating Expense</i></b>	<b><i>2,007,838</i></b>	<b><i>2,667,876</i></b>	<b><i>3,190,567</i></b>	<b><i>522,691</i></b>	<b><i>20%</i></b>

Personnel expenses comprise 58 percent of this budget. As allowed by Resolution No. 30-17, the CEO authorized the addition of two positions in 2018: one senior marketing strategist and one marketing and outreach supervisor. The 2019 budget reflects the full year effect of adding these additional positions in 2018. In 2019, the Marketing Division will add one copy writer.

Other significant expenditures in this budget include \$745,000 for advertising, or 23 percent of the Marketing budget, mainly in support of recruitment initiatives and for customer education about agency initiatives such as the launch of the *Swift* Green Line. Advertising expense is budgeted at \$120,000 more than in the 2018 budget.



The division's budget includes funds for an on-call video contractor. This service is needed to support agency requests for video services. Additional funds have also been added to expand the current media-buying contract to a larger scope to have a full service advertising agency onboard to assist with developing a comprehensive marketing strategy.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Develop and implement a strategic marketing plan for services, products, and programs; integrating the customer into the marketing process.
- Continue integrated outreach and education efforts, execute launch plan, and market the *Swift* Green Line and the bus rapid transit network.
- Refresh brand strategy for internal and external stakeholders.
- Continue marketing and advertising campaigns for recruitment initiatives.

## ***Vanpool and TDM Division***

### ***Vanpool Program***

The vanpool program is currently staffed by five vanpool coordinators who handle one of the largest vanpool programs in the United States and the second largest in the State of Washington. By the end of 2018, there will be 465 vans in the fleet, comprised of a mix of minivans and larger capacity 12- and 15-passenger vans.

The program serves commuter groups with an origin or destination in Snohomish County. Vanpool groups pay a fare each month based on the size of their van and round-trip mileage. Vanpool coordinators provide personalized customer service to their groups, manage maintenance scheduling, and promote ridership.

The program has grown significantly since its inception over 20 years ago, and has not yet made any significant investment in technology to support business automation and digital customer experience. Vanpool program staff are at full workload capacity. Projected increased demand in vanpool options requires the program to improve capacity through workflow optimization, business automation, customer self-service, and product design improvements.

### ***TDM Program***

The TDM team is responsible for implementation of and outreach for a wide range of initiatives with the purpose of providing programs, products, and strategies that result in individual travel behavior change. The group administers the state-mandated Commute Trip Reduction program for eight jurisdictions within Snohomish County and the City of Bothell, effectively helping 65 employers with over 30,000 employees reach their Washington State Commute Trip Reduction goals.

The group also administers a residential, corridor-based TDM program that encourages transportation options other than driving alone on the busiest roadways in Southwest Snohomish County (128th Street, 164th Street, 196th Street, Highway 99 and Highway 527). The TDM group manage ORCA business account operations for companies in Snohomish County.

### ***Vanpool and TDM 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
TDM and Customer Outreach	1,126,462	1,144,281	918,644	(225,637)	-20%
Vanpool Program	1,225,034	1,828,478	2,219,214	390,736	21%
<b><i>Total Operating Expense</i></b>	<b><i>2,351,496</i></b>	<b><i>2,972,759</i></b>	<b><i>3,137,858</i></b>	<b><i>165,099</i></b>	<b><i>6%</i></b>

There are two primary cost drivers in this division budget. The largest, at over \$1.38 million, is fuel for the vanpool program. Fuel is budgeted at 80 gallons per month at \$3.35 per gallon for 430 vans. Fuel represents 44 percent of this budget.

Employee expense of \$1.35 million reflects 43 percent of the budget. The 2019 budget adds no additional staffing in this division.

The remaining 13 percent of the budget covers supplies for the vanpool program, such as driver training materials, and graphics for the vanpool vans, as well as all the supplies and program incentives associated with the transit demand management program and the Commute Trip Reduction Act. This budget also includes funding for the annual Bike to Work Day event and the guaranteed ride home program. The vanpool portion of the budget has increased to fund research and implementation for technology solutions, streamlining workflows, marketing and promotion, improving financial controls, and reducing operating expenses. The 2019 capital budget (discussed elsewhere) includes funding for replacement of vehicles and expansion of the fleet with required local funding.

### ***Goals, Initiatives, Programs, and Projects for 2019***

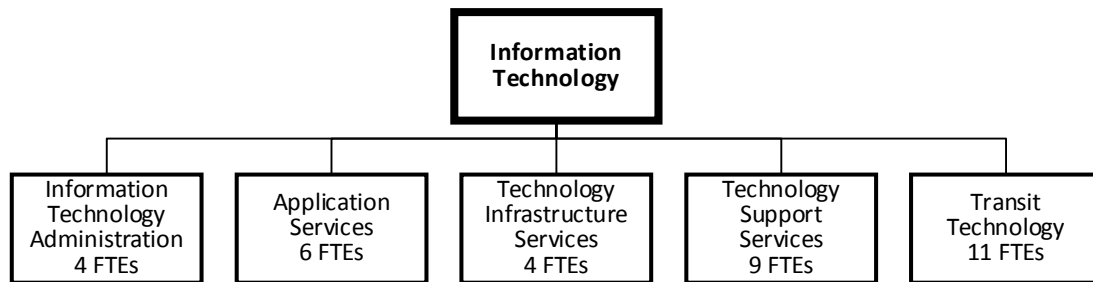
#### Vanpool Program

- Grow the Vanpool program participation by 5 percent year-over-year.
- Increase ridership and participation in existing vans to exceed minimum requirements.
- Implement business automation technology.
- Digitize customer records.
- Launch web and mobile self-service tools.
- Automate internal financial processes and controls.
- Innovate program design. Gather actionable customer feedback and analyze results; address customer needs with new programs or features.

### TDM Program

- Coordinate with employers and stakeholders in Canyon Park to assess transportation needs and develop TDM programs that increase the use of transportation options other than driving alone by employees, including last-mile connections to the new *Swift* Green Line.
- Develop worksite enhancement projects with six businesses in the Commute Trip Reduction program.
- Launch a new incentive strategy for TDM programs to better encourage individual travel behavior change.
- Complete the Community Connections feasibility study to recommend a program that would aim to develop, test, and evaluate new transportation services that take advantage of innovative ideas, unique partnerships, or emerging technology, all while addressing customer needs.

## Information Technology Department



The Information Technology (IT) Department consists of five divisions: Information Technology Administration, Application Services, Technology Infrastructure Services, Technology Support Services, and Transit Technology. Within these departments, there are nine distinct budget centers: administration, application services, enterprise program office, fare collections, technology infrastructure services, radio operations, technology support services, transit information, and wireless communications.

The department's primary mission is to identify, evaluate, implement, and maintain technical solutions for Community Transit's current business needs as well as plan for future requirements. The work of this department impacts all aspects of the agency including transit application systems, internal business systems, fare collection (ORCA), and a transitioning radio communications system (voice and data). In addition, IT supports the agency's public-facing systems such as our website (with popular features such as Trip Planner), our real-time transit signs indicating next departure status, automatic stop annunciation on the coaches, and our BusFinder applications for mobile, desktop, and phone.

Through the Enterprise Program Office, IT manages an agencywide project management process, oversees records management technologies and policies, and leads the agency's annual business planning process, including prioritization of major capital projects.

Currently, staff are working on the onboard coach architecture project which will provide a more operationally stable technology environment better suited to support current and future intelligent transportation systems on Community Transit's coaches. Intelligent transportation systems applications (which include advanced public transportation systems [APTS], *Swift* operations, fare collection, and open data) demand a real-time, 24/7/365 communications and operating platform with high availability, high performance, industrial-strength security, and proactive system management.

With a predictable and reliable operating base in place on coaches, staff can execute the intelligent transportation system strategic plan. This is a very purposeful expansion of technology-based services to meet the emerging expectations of an increasingly tech-savvy ridership. This growing contingent of riders are web-based, mobile, and expect integrated trip



planning and real-time information when making travel choices. Riders want this information to be accurate, at their fingertips, and consistent through popular national transit channels, our regional partners, and any number of commercially available transit mobile apps. Through an intelligent transportation systems strategy, this department's staff looks to meet riders' needs, offer convenient payment options, and proactively offer service alerts in the form riders prefer. The goal is to make riding transit easy, convenient, and intuitive.

## ***Major Department Accomplishments for 2018***

### Information Technology Administration

- Installed a new payment card industry compliant point of sale at the RideStore.
- With the other IT managers, created an operational major incident response process to manage major operational incidents from discovery to service restoration as well as root cause analysis.

### Application Services

- Performed significant configuration changes to the agency's payroll system to comply with new Washington Paid Sick Leave regulatory requirements.
- Completed usability studies for the BusFinder replacement. Development of the application is expected to be completed in the first quarter of 2019.
- Implemented a number of new applications, modules, and systems including:
  - Connections (Astute ePowerCenter): This application replaces a legacy system and provides increased functionality for managing customer correspondence and interactions with the agency.
  - A new system for *Swift* service ambassadors to collect data in the field through their mobile phones.
- Integrated the passenger information control system rider alerts module with the agency website.
- Completed data integration with PeopleSoft Financials and Procurement's online software applications for tracking contract expenses.
- Completed several upgrades, including the following:
  - Trapeze Enterprise Asset Management (EAM) upgrade. This application provides real-time work order management and parts inventory functionality.
  - PeopleSoft Financials tools and application upgrade.
  - HASTUS upgrade. HASTUS is the agency's route, vehicle, and crew scheduling software.

### Technology Infrastructure Services

- Worked with Transit Technology to retire the IPMobileNet mobile data radio infrastructure after successful conversion of the fleet to cellular data services.
- Proposed a cloud-first strategy that set the direction to pursue moving existing systems into the cloud and acquiring new systems whenever possible from cloud providers. Executed a proof of concept for moving physical server backups into the cloud to provide stable file restoration and disaster recovery services.
- Completed the configuring and provisioning of mobile access routers on all coaches as part of the wireless communications program and in preparation for Voice over Internet Protocol (VoIP) project development in 2018 and 2019.
- Completed the transition of all systems from the old fiber channel network equipment to a high speed Internet small computer systems interface network that provides more flexible use of our network-attached storage and provides additional options for the design of the disaster recovery plan.

### Technology Support Services

- Provided agencywide service (help) desk support and network operations center monitoring, including 24/7/365 support for urgent items.
- Completed Windows 7 and Office 2013 succession planning. Developed the strategy and timeline to move from Windows 7 and Office 2013 on-premises software. Performed upgrades as needed to ensure our virtual desktop infrastructure was capable of supporting the next generation operating system. Completed initial pilot of new operating system and office solution.
- Transitioned agencywide end-point security from an on-premises solution to a fully cloud-based system.
- Completed the corporate board room audio and visual upgrade.
- Participated on the project team to implement a new farebox system at the Merrill Creek Operating Base.
- Administered the mobile device management system including upkeep of mobile devices agencywide.
- Participated on the project team to implement a new fare structure, effective October 1, 2018. Updated all systems and applications (including ORCA, ticket vending machines, Alliance for Telecommunications Industry Solutions standards, geographic information systems, Trapeze/Homage) as was necessary to support the new fare structure.

### Transit Technology

- Launched General Transit Feed Specification data to local and national channels.

- Selected a system integrator vendor and developed a data access and reporting system for next generation ORCA. Procured additional legacy ORCA equipment to allow for further fleet expansion.
- Completed the ticket vending machine upgrade project.
- Launched the service alerts module of passenger information control system and established a new cross-departmental business process, which brings information to our customers faster than ever.
- Selected a vendor, completed contract negotiations, and reached 60 percent completion of the system design for Voice over Internet Protocol.

## ***Information Technology Department 2019 Budget***

### ***Alignment with Strategic Priorities***

The 2019 Information Technology budget fully supports the agency's prime mission as well as our significant need to replace an aging radio system and fully launch customer-facing innovations via the new intelligent transportation systems strategy. This budget also supports the agency's growing ability to analyze large-system datasets from sources such as APTS, ORCA, and Trapeze OPS and to provide new insights resulting in ongoing operational efficiencies and important enhancements to our service planning capabilities.

Staff will also be strengthening the operational availability and capacity of our customer-facing applications, including real-time departure signs, BusFinder, open data, and ORCA. While the agency has made substantial progress in understanding the accuracy of our real-time data, additional work needs to be done before data can be published to widely available regional and national channels such as One Bus Away and Google. Additionally, a control system will be implemented to ensure this real-time prediction accuracy remains at a high quality standard.

### ***Department Priorities for 2019***

- Deliver accurate real-time information such as arrival information, vehicle information, and stop locations to customers; launch General Transit Feed Specification real-time.
- Install cellular Voice over Internet Protocol equipment on all the coaches and conduct a mini fleet trial.
- Build on the agency's cloud first strategy by establishing a stable platform to meet expanding business needs.

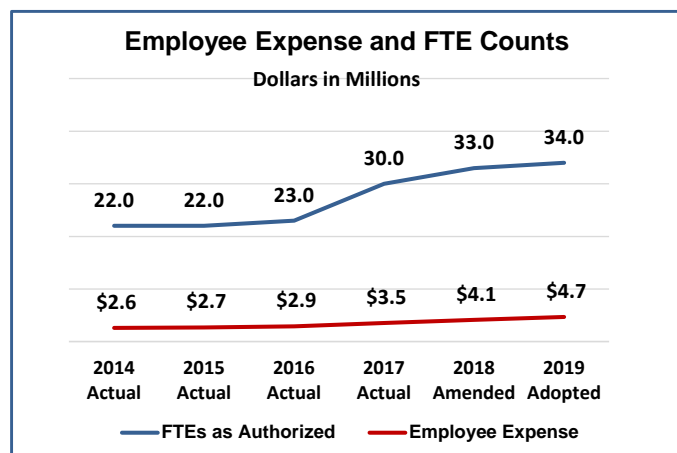


## Information Technology 2019 Budget

<b>Expense Type</b>	<b>2017 Actuals</b>	<b>2018 Amended Budget</b>	<b>2019 Adopted Budget</b>	<b>2019 Budget Over/Under 2018 Budget</b>	<b>%2019 Budget Over/Under 2018 Budget</b>
Salaries & Wages	2,550,848	2,953,202	3,331,600	378,398	13%
Benefits	972,783	1,177,530	1,376,667	199,137	17%
<b>Subtotal: Employee Expense</b>	<b>3,523,632</b>	<b>4,130,732</b>	<b>4,708,267</b>	<b>577,535</b>	<b>14%</b>
Services	2,946,012	3,626,452	4,031,979	405,527	11%
Intergovernmental Services	458,597	579,376	601,605	22,229	4%
Supplies	187,150	260,280	237,380	(22,900)	-9%
<b>Total Operating Expense</b>	<b>7,115,390</b>	<b>8,596,840</b>	<b>9,579,231</b>	<b>982,391</b>	<b>11%</b>

### Salaries, Wages, and Benefits

Employee expense makes up 49 percent of this department's budget. As allowed by Resolution No. 30-17, the CEO authorized two additional positions for the Information Technology Department in 2018: one term-limited project assistant (term to expire 12/31/2019) and one project manager. Two existing term-limited positions were converted to regular full time. The full year effect of these position adjustments is reflected in the 2019 budget.



The 2019 budget adds one project manager. The work this position will fulfill is currently being performed via a contractor.

Many of the agency priorities require support services from the IT Department, both in software and in staffing necessary to maintain the software. As the agency's needs for data management have increased, so have the requirements to have an IT staffing complement that can support these needs.

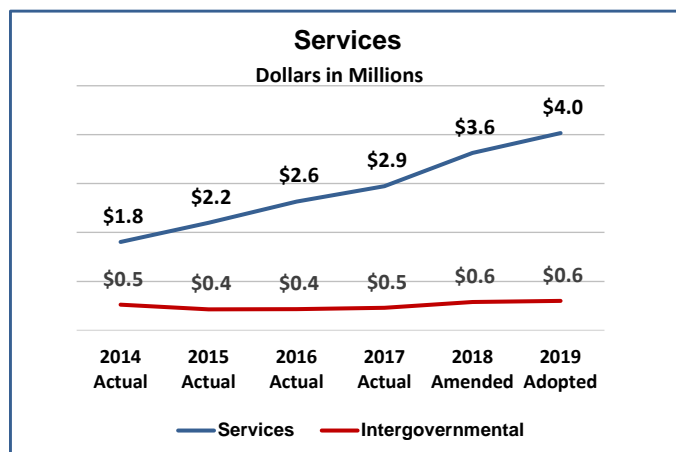
### Services

Total services (general services and intergovernmental services) comprise 48 percent of this department's budget and reflect the agency's increasing reliance on data-driven business decision making. In the Services budget category, 53 percent of the budget is for contract maintenance services for a variety of data-related services ranging from radio site equipment

replacement and repair, to maintenance fees for the ticket vending machines at all *Swift* stations, to maintenance associated with major software systems for scheduling, payroll, human resources, and financial services.

Planned software purchases add 15 percent to the services budget and include all the software that the agency uses on a subscription basis. Software subscription services are cloud based and usage is paid for annually. Examples of these software services include the employee performance review system, the Bigfoot maintenance work order system, the new customer comments Connections system currently in

implementation phase, and the online recruitment software that job prospects use to apply for all agency position openings. The software industry trend is to offer more subscription-based software as a service, so it is likely that budgets in this area will increase in future years as well.



Another 12 percent of the Information Technology Department’s budget is for professional services, mostly for technology consulting services to help the agency maintain its diverse software array. Consultants are used to assist with software upgrades, for emergency on-call support, for data mart business intelligence and analytics services (the 2019 budget expands use of this service as the agency moves to more cloud-based services), for Tableau data and dashboard development, for security control testing and remediation, and other like services. The 2019 budget increases funding for security services at our firewalls and adds support for 64 new ticket vending machines for the new *Swift* Green Line.

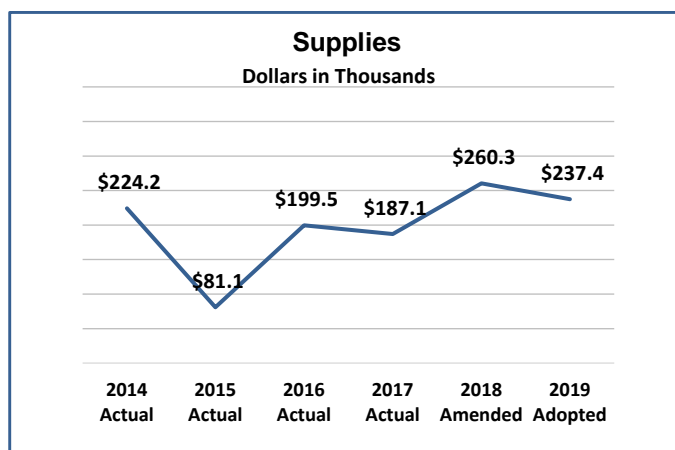
Telephone and data services comprise 11 percent of this department’s services budget. These services support ticket vending machines at *Swift* stations, cellular and land-line services, fiber services to our DART contractor, web conferencing services, and underground tank monitoring services. This budget increases in 2019 due, in part, to a full year of Verizon data service expense, since all data radios have been replaced with cellular services.

### ***Intergovernmental Services***

This budget reflects expenses related to ORCA operations that are paid to Sound Transit (Sound Transit acts as the ORCA fiscal agent) and Snohomish County internet service provider fees.

## Supplies

Supplies contribute less than 3 percent to the overall department budget and primarily fund technology-related equipment such as phones, monitors, tablets, laptops and printers, conference room and presentation equipment, and fleet management equipment. The decrease in this budget reflects the normal fluctuation in anticipated expenses associated with these items.



## Information Technology Division Summary

This summary compares each budget center's 2019 budget to its 2018 amended budget.

<i>Description</i>	<i>2017 Actuals</i>	<i>2018 Amended Budget</i>	<i>2019 Adopted Budget</i>	<i>2019 Budget Over/Under 2018 Budget</i>	<i>%2019 Budget Over/Under 2018 Budget</i>
Information Technology Admin	612,408	672,565	892,860	220,295	33%
Application Services	1,538,009	1,876,455	2,100,758	224,303	12%
Technology Infrastructure Services	1,314,765	1,484,216	1,677,634	193,418	13%
Technology Support Services	1,975,415	2,502,783	2,586,560	83,777	3%
Transit Technology	1,674,794	2,060,821	2,321,419	260,598	13%
<b>Total Operating Expense</b>	<b>7,115,390</b>	<b>8,596,840</b>	<b>9,579,231</b>	<b>982,391</b>	<b>11%</b>

## Information Technology Administration Division

The Information Technology Administrative Division includes the Chief Technology Officer, Information Technology Security Architects, and administrative staff who provides support for the department chief and the department overall.

As head of the department, the Chief Technology Officer guides and integrates the different functions of the department—project management, information technology governance and security, system development, network administration, application maintenance, 24/7/365 real-time logistical support, and customer support—so the department can support all aspects of business operations.

The Chief Technology Officer must perform his duties in an environment of unending technological change. The Information Technology Administration Division establishes policies and standards for payment card industry security technology acquisition and use within the agency, formulates department strategies and architectural alternatives to meet current and long-term agency needs, and provides leadership and direction for the department.

### ***Information Technology Administration 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>%2019 Budget Over/Under 2018 Budget</i></b>
Information Technology Admin	612,408	672,565	892,860	220,295	33%
<b><i>Total Operating Expense</i></b>	<b><i>612,408</i></b>	<b><i>672,565</i></b>	<b><i>892,860</i></b>	<b><i>220,295</i></b>	<b><i>33%</i></b>

In November 2017 a second IT architect position was added to this budget as was allowed by Resolution No. 10-16 which adopted the 2017 budget. The position was needed to proceed with security control testing and remediation requirements to ensure the safety of Community Transit's data networks. Costs for the additional position were absorbed into the 2018 budget as required by Resolution No. 10-16. The 2019 budget reflects the addition of that position. The 2019 budget adds no additional staff to this division.

The 2019 budget funds the next phase of security control testing and remediation and will provide IT staff with information about whether security measures installed over the last few years are working correctly and allow for remediation if they are not. This budget also funds payment card industry (PCI) compliance audits (provided by Coalfire) and reflects both a decreased PCI scope and the high probability of changes in the way credit cards are processed.

#### ***Goals, Initiatives, Programs, and Projects for 2019***

- Expand the formal IT security program to include vulnerability detection, solution design and work tracking.
- Establish a formal IT security testing process and integrate with the IT security program.
- Prepare disaster recovery plans.

### ***Application Services Division***

The Application Services Division provides operational services and support of the agency's application and data assets, including vital transit-oriented information systems such as parts inventory, vehicle maintenance, dispatch, and both route and manpower scheduling. Additionally, Application Services staff improve and maintain agencywide financial, human resource, budgeting, and business intelligence systems. Underlying these systems is the agency's database management system (Oracle) which is also managed by the Application

Services division. The division is responsible for developing the agency website and designing and implementing Internet- and intranet-based applications to support business operations. The Application Services division provides technical services, support, and project management for a number of capital projects.

### ***Application Services 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>%2019 Budget Over/Under 2018 Budget</i></b>
Application Services	1,538,009	1,876,455	2,100,758	224,303	12%
<b><i>Total Operating Expense</i></b>	<b><i>1,538,009</i></b>	<b><i>1,876,455</i></b>	<b><i>2,100,758</i></b>	<b><i>224,303</i></b>	<b><i>12%</i></b>

In 2018, one term-limited project manager was converted to regular full-time. The 2019 budget adds no additional staff to this division.

Increases in this budget result from adding three years of contracted services with Astute ePowerCenter for the customer comments system replacement; data mart services, and adding services to maintain automated software testing scripts for PeopleSoft applications. This budget also includes funding for new software and license increases for existing software.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Maintain software currency. Stay current on application and database management systems. This consists of multiple complex upgrade projects throughout the year.
- Mature the agency's data assets and continue to build out the data mart to support data driven decisions by the agency.
- Implement and maintain testing automation software.
- Provide operational support for the agency's software systems.
- Work with the project team to ensure the successful implementation of an IT service management platform for the department that will provide state-of-the-art tools for managing IT services, and assist staff to refine, streamline, and coordinate services and processes within divisions.
- Implement a replacement business planning and budgeting system.
- Complete implementation of Connections—replacement software to manage customer comments.



## ***Technology Infrastructure Services Division***

Technology Infrastructure Services staff provide a broad range of support and lifecycle management for network, server, and storage infrastructure for Community Transit. This division is responsible for architecting, designing, deploying, and maintaining the agencywide local-and wide-area networks, physical and virtual application and file servers, and email infrastructure.

Technology Infrastructure Services staff manage all data center operations, establish and maintain a digital security perimeter to protect agency systems, provide backup and restoration services for systems and files, develop and implement disaster recovery strategies, and develop standards for technology infrastructure. This division supports wireless data and voice communications for coaches, supervisor vehicles, DART vehicles, and *Swift* stations. Staff in this division respond to security and operational incidents and support needs 24/7/365.

### ***Technology Infrastructure Services 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>%2019 Budget Over/Under 2018 Budget</i></b>
Radio Operations	536,499	552,865	489,310	(63,555)	-11%
Technology Infrastructure Services	778,266	931,351	1,188,324	256,973	28%
<b><i>Total Operating Expense</i></b>	<b><i>1,314,765</i></b>	<b><i>1,484,216</i></b>	<b><i>1,677,634</i></b>	<b><i>193,418</i></b>	<b><i>13%</i></b>

The 2019 budget does not add additional staff to this division.

The reduction in radio operations results from the imminent decommissioning of the land mobile radio system and retirement of the IPMobileNet data radio system after conversion of the fleet to cellular data services.

Budgeted increases in Technology Infrastructure Services include:

- Temporary services to assist with end-of-life equipment retirements and replacements. It is anticipated that this expense will continue into future-year budgets as well.
- Increase in vendor costs for firewall security subscriptions and authentication services for that software.
- Professional services to solicit advice and lessons learned from other information technology organizations throughout the country and develop recommendation about how to apply these lessons at Community Transit.

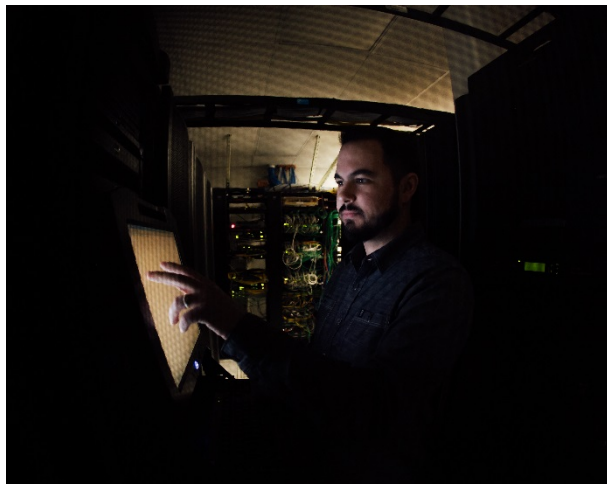
## ***Goals, Initiatives, Programs, and Projects for 2019***

- Maintain the land mobile radio system at the current level of functionality until expected decommissioning in 2020/2021.
- Build on the agency's cloud-first strategy by maturing the new cloud environment and establishing a stable platform to meet expanding business needs while improving IT agility, system scalability, system restorability, and disaster recovery capacity.
- Work with the Voice over Internet Protocol project team to ensure a successful implementation and smooth transition from the agency's existing voice radio system by acquiring, installing, testing, deploying to production, and providing ongoing support for all system hardware.
- Identify, purchase, and implement a scalable, high capacity, high speed storage solution that will meet Community Transit's primary on-premises information storage needs for the next five years and beyond.
- Make improvements to the agency network that will improve redundancy and add bandwidth capacity in anticipation of moving workloads into the cloud and ensuring a positive employee experience when accessing data and applications.

## ***Technology Support Services Division***

Technology Support Services' primary focus is providing high quality, technology-related, operational support for both intelligent transportation system applications and Community Transit end users. This division also operates and manages Community Transit's network operations center and service/help desk.

Technology Support Services is the single point of contact for communications between the Information Technology department and the user community to satisfy both customer needs and department objectives. The division proactively keeps users informed of all relevant service events, actions, and service changes that are likely to affect them.



This division also facilitates the integration of business processes into the IT service management infrastructure and supports real-time systems, such as *Swift* bus rapid transit, APTS, and General Transit Feed Specification on a 24/7/365 basis. In addition, the division establishes and maintains desktop hardware and software standards, tracks and monitors agency software compliance and licensing, and develops and implements desktop-based solutions increasing agency productivity.

## ***Technology Support Services 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>%2019 Budget Over/Under 2018 Budget</i></b>
Technology Support Services	1,975,415	2,502,783	2,586,560	83,777	3%
<b><i>Total Operating Expense</i></b>	<b><i>1,975,415</i></b>	<b><i>2,502,783</i></b>	<b><i>2,586,560</i></b>	<b><i>83,777</i></b>	<b><i>3%</i></b>

The 2019 budget adds no additional staff to this division. The budget increase is a net of several itemizations. The two of most interest are:

- Community Transit’s Microsoft Enterprise contract will renew in 2019. It is highly likely that on-premises offerings will be shifted to the cloud, i.e., Microsoft Office and Microsoft Exchange. This will result in increased overall software costs but will reduce staff overhead and infrastructure requirements.
- Professional services were required for our Windows 7 and Office 2013 succession planning. The implementation phase is included in the 2019 capital budget.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Replace Windows 7 on all Community Transit desktops, laptops, and workstations with a newer vendor-supported operating system no later than January 14, 2020. Pending results of an alternatives analysis in 2018, potentially replace Office 2013 with updated office productivity software (Office 365, Office 2016, or other) during the same timeframe.
- Work with the Voice over Internet Protocol project team to ensure a successful implementation and smooth transition from the agency’s existing voice radio system by acquiring, installing, testing, deploying to production, and providing ongoing support for all system hardware and software.
- Complete software upgrade (for currency) on our Voice over Internet Protocol telephone system.
- Process and validate APTS, ORCA, Alliance for Telecommunications Industry Solutions standards, and General Transit Feed Specification data for all service changes and several interim schedule changes.
- Participate in several efforts aimed toward improving our overall service delivery and data accuracy including the service change implementation process analysis project, base map project, and stop location corrections project.
- Participate on the project team to launch General Transit Feed Specification real-time.
- Provide agencywide service (help) desk support and Network Operations Center monitoring, including 24/7/365 support for urgent items.

## ***Transit Technology Division***

The Transit Technology Division contains four programs: the enterprise program office, fare collections, transit information, and wireless communications.

### ***Enterprise Program Office***

Enterprise Program Office staff lead the strategic planning and project efforts critical to the implementation and success of intelligent transportation applications, the agency's business planning process, project management office, and records management program. The 2019 budget includes salaries and benefits for three employees, operational costs for the management and continuous process improvement of agencywide work such as information governance, business planning process, project management office, and research for future technologies.

### ***Fare Collections Program***

The fare collections program includes operating expenses for the management of fare collections related projects and salaries and benefits for three employees: two positions are onsite at Community Transit; the third position is located in Seattle for the next generation ORCA project. This program includes staff support for current ORCA operations, the regional next generation ORCA project, ticket vending machine project management (maintenance and capital), and transit signal priority project management. The ORCA function includes working with the Joint Board, ORCA operations, ORCA regional program administration, and the fiscal agent; security and data management; and ensuring compliance with preventive maintenance programs, system operations, and customer services.

### ***Transit Information Program***

This budget covers expenses associated with supporting and improving the agency's customer and internal data, applications and systems, salaries and benefits for four employees, and new projects such as service change process improvement, the passenger information control system, accuracy and currency of geographic information systems data, and other real-time applications. Advanced public transportation systems (APTS) is one such system. APTS comprises many technologies including automatic vehicle location, automatic passenger counters, automated stop annunciation, computer-aided dispatch, advanced traveler information systems, open data, and driver display units.

### ***Wireless Communications Program***

This portion of the Transit Technology Division budget is used for expenses associated with managing the wireless communications program for the agency. The operating budget includes salaries, benefits, and associated expenses for management of the estimated \$13 million radio

system replacement capital project as well as other projects within the program, such as the redesign of our onboard technology architecture.

### ***Transit Technology 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>%2019 Budget Over/Under 2018 Budget</i></b>
Enterprise Program Office	444,603	455,579	441,166	(14,413)	-3%
Fare Collections Program	914,211	1,127,302	1,236,988	109,686	10%
Transit Information Program	165,770	325,009	444,574	119,565	37%
Wireless Communications	150,210	152,931	198,691	45,760	30%
<b><i>Total Operating Expense</i></b>	<b><i>1,674,794</i></b>	<b><i>2,060,821</i></b>	<b><i>2,321,419</i></b>	<b><i>260,598</i></b>	<b><i>13%</i></b>

In 2018 one term-limited project assistant was added to the fare collections program and one project manager was added to the transit information program. The term-limited project assistant is set to expire 12/31/2019. In addition, an existing term-limited project manager in the transit information program was converted to regular full time. The 2019 budget reflects the full-year effect of these staffing adjustments and adds one project manager in the wireless communications program.

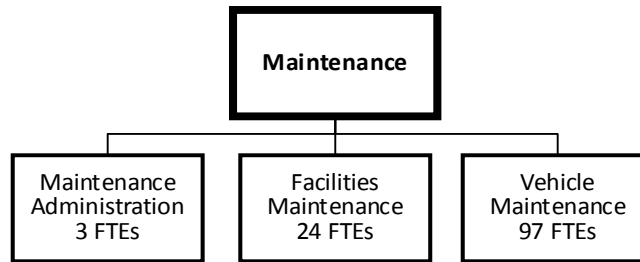
In addition to these staffing changes, this budget supports payment processing for 64 new *Swift* Green Line ticket vending machines and funds an increase in consulting services to support the various projects this division is responsible for managing.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Deliver accurate, real-time information such as arrival information, vehicle information, and stop locations to customers. Launch General Transit Feed Specification real-time.
- Install all cellular Voice over Internet Protocol equipment on all coaches and conduct a mini fleet trial.
- Complete the base map and stop location projects.
- Provide records-related training, guidance, policies, and procedures to staff to improve records management agencywide. Deliver departmental and divisional retention schedules to support federal, state, and transit-related compliance for records retention.
- Continue to improve the agencywide business planning process, the project proposal process, and project management best practices and tools. Develop agencywide business planning and project management training.
- Improve the customer experience with the ticket vending machines and other identified projects.

- Analyze and deliver a transit signal priority strategic plan including identification of new projects.
- Support fare collections by managing ORCA and progressing on the fare collections replacement system, next generation ORCA.
- Capture, manage, document, and improve the service change implementation process. Create a long-term roadmap for continuous process improvement.

## ***Maintenance Department***



The Maintenance Department includes two divisions plus the administrative section. The Vehicle Maintenance Division includes budget centers for the general repair shop, maintenance support, the body shop, contracted commuter vehicles, and automotive maintenance. The Facilities Maintenance Division handles all Community Transit facility needs.

Community Transit's bus fleet is the agency's most expensive capital investment. The Maintenance Department develops specifications for and orders our bus fleet. Once buses are in service, Maintenance employees repair, clean, and provide corrective and preventive maintenance to ensure that we operate safe and reliable equipment for the entire life of our investment. Staff in this department also maintain our vanpool fleet and an administrative support fleet at the same high standards. In addition to the vehicle fleets, Maintenance Department staff maintain our work buildings, park-and-ride lots, and transit centers.

The goal of the Maintenance Department is to provide safe, clean, and well-maintained vehicles and facilities for our customers and staff. Staff continue to work toward improving our customers' impressions of and experiences with Community Transit.

### ***Major Department Accomplishments for 2018***

#### **Fleet**

- Ordered 26 sixty-foot replacement coaches, 8 Double Tall coaches, 15 DART vehicles, and Community Transit's first fully electric sedan support vehicle.
- Managed production and delivery of 16 *Swift* Green Line coaches, and managed acceptance of 32 Sound Transit coaches.
- Accepted, prepared, and placed into service 2 *Swift* Blue Line expansion coaches, 74 vanpool vans, and 9 support vehicles.
- Converted 12 former vanpool vans to support vehicles.
- Redesigned and managed production of interior bike racks for *Swift* Green Line coaches.

## Equipment and Facilities

- Redesigned and managed production of interior bike racks for *Swift* Green Line coaches.
- Completed conversion of the fleet from data radios to cellular mobile access routers.
- Completed conversion of the directly operated fleet to nonregistering fareboxes.
- Maintained directly operated fixed-route vehicles for 9.9 million miles.
- Developed standards for maintenance quality and efficiency and determined baselines for current performance.
- Refurbished and painted 33 *Swift* Blue Line passenger stations.
- Completed heating, ventilating, and air-conditioning upgrades and painted the exteriors of buildings B and D as well as the fuel island at the Kasch Park Operating Base.
- Completed over \$150,000 in job-order contracting projects including repairs to *Swift* stations, door repairs, and fuel-island canopy repairs.

## ***Maintenance Department 2019 Budget***

### ***Alignment with Strategic Priorities***

Community Transit's prime mission is to provide quality service, increase ridership, and assure a safe and comfortable experience for our riders. The Maintenance Department supports this mission by providing safe, well-maintained vehicles and facilities.

### ***Department Priorities for 2019***

- Continue to provide safe, clean, and reliable vehicles and facilities.
- Manage the purchase, production, acceptance, and preparation for service of 18 bus rapid transit coaches, 8 Double Tall coaches, 26 sixty-foot coaches, 24 forty-foot coaches, 28 DART vehicles, as well as service support vehicles.
- Hire and train Maintenance employees to meet increasing service and expansion demands.
- Focus on maintenance quality and efficiency.





- Support expanded operation of bus rapid transit lines.
- Expand facility support by extending hours through graveyard shift.

### **Summary of the 2019 Budget in Support of the 2019 Business Plan**

<b>Expense Type</b>	<b>2017 Actuals</b>	<b>2018 Amended Budget</b>	<b>2019 Adopted Budget</b>	<b>2019 Budget Over/Under 2018 Budget</b>	<b>% 2019 Budget Over/Under 2018 Budget</b>
Salaries & Wages	7,787,939	8,745,912	9,478,828	732,916	8%
Benefits	4,155,517	4,661,772	5,092,233	430,461	9%
<b>Subtotal: Employee Expense</b>	<b>11,943,456</b>	<b>13,407,684</b>	<b>14,571,061</b>	<b>1,163,377</b>	<b>9%</b>
Services	2,375,173	2,825,525	3,120,980	295,455	10%
Intergovernmental Services	51,224	55,000	55,000	0	0%
Supplies	5,546,494	5,544,700	5,996,400	451,700	8%
<b>Total Operating Expense</b>	<b>19,916,347</b>	<b>21,832,909</b>	<b>23,743,441</b>	<b>1,910,532</b>	<b>9%</b>

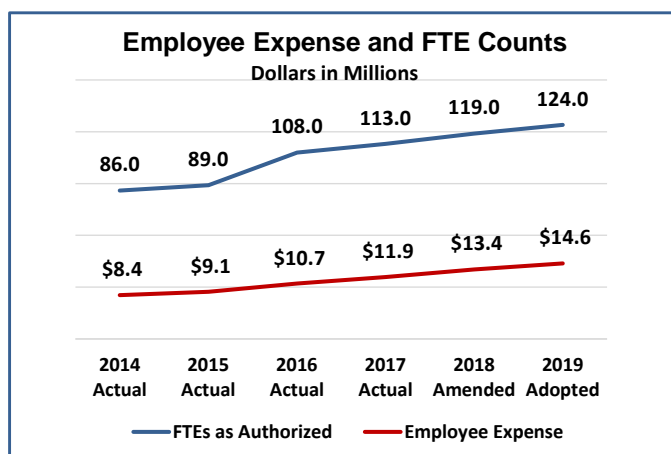
### **Salaries, Wages, and Benefits**

With 124 full-time equivalent employees (FTEs) in 2019, the Maintenance Department is the second largest department in the agency. Salaries, wages, and benefits are the largest cost factor in this department, comprising 61 percent of the total department budget.

Under the authority of Resolution No. 30-17, the Maintenance Department added two vehicle service workers in 2018. The 2019 budget adds five facilities maintenance workers to manage the additional 34 passenger stations along the new *Swift* Green Line route and to increase general service availability by adding a graveyard work shift.

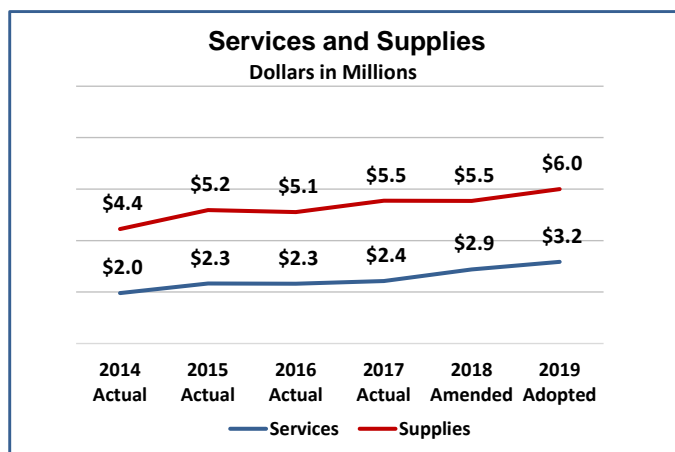
### **Services**

Utilities and contract maintenance services are the primary cost drivers in the services category for the Maintenance Department. Utility costs are 29 percent of the services budget and amount to slightly more than \$900,000, an increase of about \$70,000 as compared to the 2018 budget. The cost increase is due, in part, to an increase in rates and also because Community Transit is adding 34 *Swift* Green Line passenger stations, the new Seaway Transit Center, and a *Swift* Green Line station at the Canyon Park Transit Center.



These additions also affect the Maintenance Department's other large cost driver, contract maintenance, which makes up 66 percent of this department's services budget. The 2019 budget for contract maintenance is \$2.1 million, an increase of about \$180,000 as compared to the 2018 budget. The largest contract maintenance expenditures are for job-order contracting for unanticipated repairs, hazardous waste disposal, janitorial services for all buildings and all passenger facilities, landscape maintenance services, and park-and-ride lot sweeping. A variety of other services, such as pest control and portable restrooms, are also included in contract maintenance services.

This budget also includes the lease expense for a satellite Human Resources office used for employee recruitment purposes.



### **Supplies**

The supply category includes motor fuel for support vehicles; oil, lubricants, parts, and tires for all vehicles; general maintenance supplies; and radio equipment for the increased number of Deputy Sheriffs (see the Administration budget discussion for information about Deputy Sheriffs) and four new *Swift* service ambassadors (see the Customer Experience budget discussion for information about *Swift* ambassadors) who will support the *Swift* Green Line. The budget for support vehicle motor fuel was 82,000 gallons at \$2.65 per gallon in 2018; for 2019 the fuel budget is 90,600 gallons at \$3.15 per gallon.

The vehicle parts budget comprises 61 percent of the supplies budget and is the largest line item in that category. Parts are budgeted at \$3.6 million, an increase of about \$183,000 as compared to the 2018 budget.

### **Intergovernmental Services**

The Maintenance Department includes a small intergovernmental services budget that covers expenditures associated with permits, other government fees, and surface water management assessments. This budget tends to remain constant over time.

## ***Division Summary***

This summary compares each budget center's 2019 budget to its 2018 amended budget.

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Maintenance Administration	479,557	510,715	521,398	10,683	2%
Facilities Maintenance	4,138,482	4,828,514	5,436,043	607,529	13%
Vehicle Maintenance	15,298,307	16,493,680	17,786,000	1,292,320	8%
<b><i>Total Operating Expense</i></b>	<b><i>19,916,347</i></b>	<b><i>21,832,909</i></b>	<b><i>23,743,441</i></b>	<b><i>1,910,532</i></b>	<b><i>9%</i></b>

## ***Maintenance Administration Division***

The Maintenance Administration Division supports the day-to-day operations of Community Transit. The maintenance of all vehicles and facilities is a continuous and challenging endeavor, and the division's efforts focus on providing staff and customers with a quality product each and every day.

The Maintenance Administration Division provides general management and guidance for the department, major project and vehicle purchase management, and administrative support.

## ***Maintenance Administration 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Maintenance Administration	479,557	510,715	521,398	10,683	2%
<b><i>Total Operating Expense</i></b>	<b><i>479,557</i></b>	<b><i>510,715</i></b>	<b><i>521,398</i></b>	<b><i>10,683</i></b>	<b><i>2%</i></b>

## ***Goals, Initiatives, Programs, and Projects for 2019***

- Prepare for and support the operation of the *Swift* Green Line.
- Plan for service expansion and increased facility maintenance support.
- Coordinate the timely replacement of coaches and service vehicles.
- Manage production and acceptance of 8 Double Tall coaches, 26 sixty-foot coaches, and 15 DART vehicles.
- Order 24 forty-foot replacement coaches, and 13 DART replacement vehicles.
- Direct the delivery of vehicle and facility maintenance services for the company.

## ***Facilities Maintenance Division***

Facilities Maintenance maintains and repairs Community Transit assets such as property, buildings, major equipment, park-and-ride lots, bus shelters, and bus stops. The Facilities Maintenance Division delivers on the core values of the agency by providing employees and customers with a clean and safe environment while working at or using Community Transit services.

### ***Facilities Maintenance 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Facilities Maintenance	4,138,482	4,828,514	5,436,043	607,529	13%
<b><i>Total Operating Expense</i></b>	<b><i>4,138,482</i></b>	<b><i>4,828,514</i></b>	<b><i>5,436,043</i></b>	<b><i>607,529</i></b>	<b><i>13%</i></b>

The Facilities Maintenance Division adds five additional workers in support of the *Swift Green Line* implementation in spring 2019. This budget includes all personnel expenditures associated with these new FTEs including uniforms, foul weather gear, and necessary safety shoes and equipment. Utilities, leases, and most contract maintenance expenditures discussed earlier are managed by this division.

#### ***Goals, Initiatives, Programs, and Projects for 2019***

- Ramp up to support *Swift Green Line*.
- Upgrade the fire alarm system at the Kasch Park Operating Base.
- Implement a new graveyard shift to support company operations. This new shift will promote efficiency in bus rapid transit station maintenance and will support the maintenance shop and other area of the company with increased overall coverage.
- Execute unanticipated job order contracting projects.

## ***Vehicle Maintenance Division***

The Vehicle Maintenance Division contains five cost centers.

### ***Automotive Maintenance***

Automotive Maintenance staff perform preventive and corrective maintenance on all vehicles other than coaches, including vanpool vehicles and equipment. This includes oil changes, brakes, transmission overhauls, and other minor engine repairs.

### ***Body Shop***

The Body Shop performs bodywork and painting for all Community Transit vans, buses, and service vehicles.

### ***Contracted Commuter Vehicles***

Contracted Commuter Vehicles budgets for oil and special coach parts for our contracted commuter coach service.

### ***General Repair Shop***

The General Repair Shop performs preventive and corrective maintenance on all coaches and oversees maintenance performed by our contracted services providers.

### ***Maintenance Support***

Maintenance Support provides fleet project support, electronic maintenance, and rebuilds major and minor components on the coach, from fans to engines and transmissions.

## ***Vehicle Maintenance 2019 Budget***

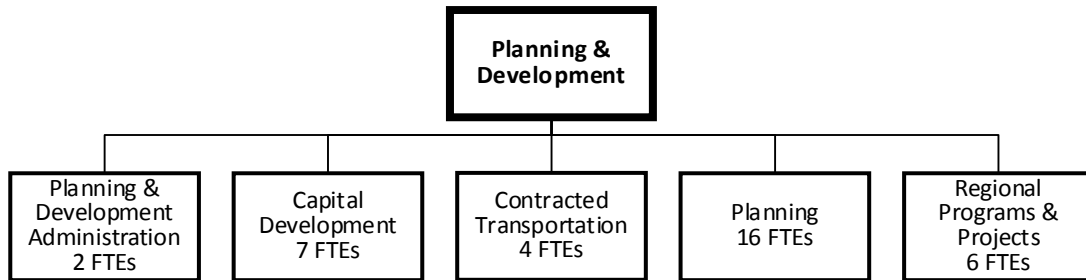
<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Automotive Maintenance	1,192,229	1,315,392	1,446,762	131,370	10%
Body Shop	650,354	716,212	715,501	(711)	0%
Contracted Commuter Vehicles	142,073	208,700	229,400	20,700	10%
General Repair Shop	11,670,446	12,575,464	13,722,012	1,146,548	9%
Maintenance Support	1,643,204	1,677,912	1,672,325	(5,587)	0%
<b><i>Total Operating Expense</i></b>	<b><i>15,298,307</i></b>	<b><i>16,493,680</i></b>	<b><i>17,786,000</i></b>	<b><i>1,292,320</i></b>	<b><i>8%</i></b>

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Focus on maintenance quality and efficiency—avoid repeat repairs and excessive task times.
- Focus on shop floor leadership to enhance harmony and productivity.
- Evaluate the integration of propane-powered DART vans into the fleet and purchase if appropriate.
- Accept and prepare the following vehicles for service:
  - 16 bus rapid transit coaches by spring 2019.
  - 26 replacement sixty-foot commuter coaches.
  - 2 expansion Double Tall coaches by spring 2019.

- 6 replacement Double Tall coaches.
  - 60 vanpool vans.
  - 15 DART vans.
  - 9 support vehicles.
- Convert 12 former vanpool vans to support vehicles.
- Support the computer-aided dispatch/automatic vehicle location upgrade and VoIP migration with onboard equipment installations.
- Maintain directly operated, fixed-route vehicles for 10.8 million miles.

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



The Planning and Development Department staff provide planning, service development, regional integration, capital development, and contracted transportation services for the agency. The department contains five divisions: Capital Development, Contracted Transportation, Development Administration, Planning, and Regional Programs and Projects.

During the third quarter of 2018, the Planning and Development Department reorganized by eliminating two former divisions: Service Development and Strategic Planning and Grants. The work functions of these divisions were divided into two new divisions: Planning and Regional Programs and Projects. The new divisions allow for more focused attention on specific objectives and more accurately reflect the changing transit environment in the Puget Sound region.

### ***Major Department Accomplishments for 2018***

- Developed September 2018 and spring 2019 service proposals, which represent a 12 percent increase in bus service, including implementation of the *Swift* Green Line.
- Developed the proposal for the October 2018 fare change. Conducted public outreach, and secured Board adoption. Implemented the October 2018 fare change which included increases for local bus, DART, and vanpool.
- Conducted research and analysis for development of a low-income fare program. Engaged the Board in policy development.
- Adopted the 2018 Addendum to the 2017-2022 Transit Development Plan, updating service, capital, and financial forecasts through 2023.
- Completed the 2018-2021 Transit Asset Management Plan in fulfillment of new Federal Transit Administration requirements. Completed required state and federal reporting.
- Advanced agency planning for 2024. Facilitated 2024 service workshops in partnership with the Customer Experience Department to begin development of 2024 services related to Link light rail implementation.
- Worked collaboratively with many partners within the region to provide a strong transportation foundation for future generations. Coordinated with Sound Transit,

Washington State Department of Transportation, and local jurisdictions in design and implementation of the Sound Transit 2 and Sound Transit 3 regional transit system projects. Coordinated with partner agencies to minimize construction disruptions.

- Worked with four partner agencies to provide Sound Transit Express service, Community Transit commuter service, DART paratransit service, and travel training services to the citizens of Snohomish County.
- Ensured successful program management and construction of the *Swift* Green Line. Substantially completed construction of the Seaway Transit Center and the new business access and transit lanes/bus-only lanes on 128<sup>th</sup> Street.
- Received a federal capital investment grant for \$43.19 million for the *Swift* Green Line.
- Finalized *Swift* Orange Line feasibility study and began the Federal Transit Administration process to pursue a federal capital investment grant.
- Completed the base facilities master plan, and began design on the Kasch Park Casino Road buildout.
- Began construction on \$10 million pavement replacement program at the Merrill Creek Operating Base.
- Finished construction of hoist additions and window replacement projects at the Merrill Creek Operating Base.

### ***Department Priorities for 2019***

- Research and development of service concepts for 2024 will be the most important focus for this department in 2019. Light rail reaching Lynnwood represents a paradigm shift in transportation for Snohomish County. Much of the division's 2019 work program will focus on market research, collaboration with other departments, and interagency coordination in support of 2024 planning.
- Ensure reliable delivery of service for our customers and look for ways to improve the customer journey. Continue coordination of Sound Transit Link light rail construction to minimize impacts and disruption to customers.
- Launch the *Swift* Green Line in spring 2019—on scope, on schedule, and under budget.
- Advance design engineering of the *Swift* Orange Line for implementation in 2024.
- Conduct a scoping study for extension of the *Swift* Blue Line in 2024.
- Continue efforts to coordinate and integrate with regional partners.
- Complete design documents for the anticipated agency operating base improvements and expansion.



## ***Planning and Development Department 2019 Budget***

### ***Alignment with Strategic Priorities***

The Planning and Development Department budget and work program support agency priorities in four primary areas:

Planning for the Future: Developing sustainable service and capital plans that look to the future, addressing growth and changing needs.

Partnership and Advocacy: Integrating agency plans, services, and projects with those of local jurisdictions and regional agencies. Being a good partner and seeking the best solution for customers and communities.

Financial Stewardship: Ensuring the transit development plan is sustainable and resilient to economic changes, advising the Board on sustainable fare policies, ensuring an effective and successful grant program, managing the cost effectiveness of major service contracts.

Operational Excellence: Developing and delivering quality plans and schedules. Overseeing delivery of more than 200,000 hours of contracted regional bus and paratransit service. Striving for improved customer experience in all functions.

### ***Summary of the 2019 Budget in Support of the 2019 Business Plan***

<b><i>Expense Type</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Salaries & Wages	2,978,682	3,148,307	3,475,747	327,440	10%
Benefits	1,107,693	1,249,682	1,439,895	190,213	15%
<b><i>Subtotal: Employee Expense</i></b>	<b><i>4,086,375</i></b>	<b><i>4,397,989</i></b>	<b><i>4,915,642</i></b>	<b><i>517,653</i></b>	<b><i>12%</i></b>
Services	338,773	234,955	235,335	380	0%
Contracted Transportation	26,385,830	27,571,310	29,546,568	1,975,258	7%
Intergovernmental Services	10,000	10,000	10,000	0	0%
Supplies	767	1,750	950	(800)	-46%
<b><i>Total Operating Expense</i></b>	<b><i>30,821,745</i></b>	<b><i>32,216,004</i></b>	<b><i>34,708,495</i></b>	<b><i>2,492,491</i></b>	<b><i>8%</i></b>

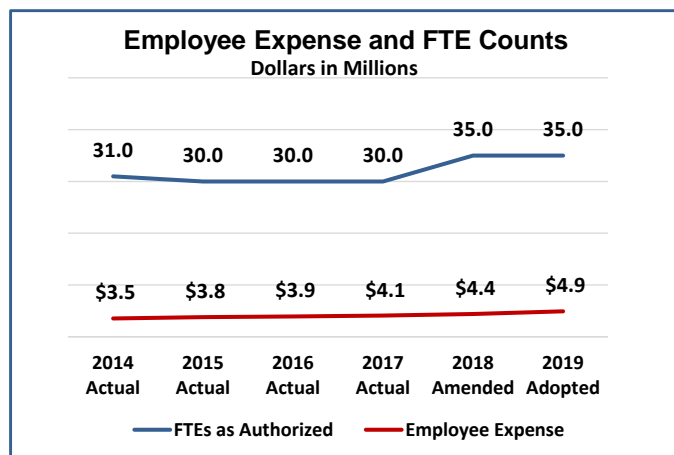
This table shows the complete department budget, including contracted transportation services. The next table shows the department's 2019 budget without the contracted transportation budget. Because the contracted transportation budget is based on negotiated contract rates and is so large in comparison to the other budget categories, budget discussions for employee expense, services, intergovernmental services, and supplies exclude contracted transportation. This allows for analysis of the impact of changes to this department's budget.

<b>Expense Type</b>	<b>2017 Actuals</b>	<b>2018 Amended Budget</b>	<b>2019 Adopted Budget</b>	<b>2019 Budget Over/Under 2018 Budget</b>	<b>% 2019 Budget Over/Under 2018 Budget</b>
Salaries & Wages	2,978,682	3,148,307	3,475,747	327,440	10%
Benefits	1,107,693	1,249,682	1,439,895	190,213	15%
<b>Subtotal: Employee Expense</b>	<b>4,086,375</b>	<b>4,397,989</b>	<b>4,915,642</b>	<b>517,653</b>	<b>12%</b>
Services	338,773	234,955	235,335	380	0%
Intergovernmental Services	10,000	10,000	10,000	-	0%
Supplies	767	1,750	950	(800)	-46%
<b>Total Operating Expense</b>	<b>4,435,915</b>	<b>4,644,694</b>	<b>5,161,927</b>	<b>517,233</b>	<b>11%</b>

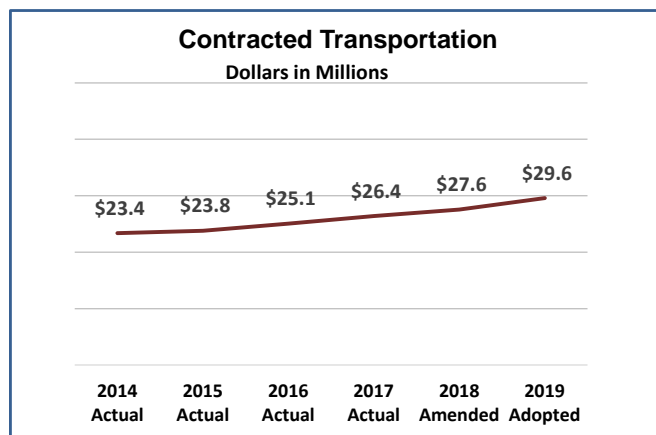
### **Salaries, Wages, and Benefits**

Employee expense is 95 percent of the Planning and Development Department budget (excluding contracted transportation services).

During 2018 the Planning and Development Department reorganized its work functions to better address the agency's future planning needs, including integration with other transit providers in the Puget Sound region.



Under the authority of Resolution No. 30-17, this department added four positions: one schedule analyst, one bus rapid transit program manager, one project manager, and one transit development manager. The additional FTEs account for the increase in employee expense. These positions were added as part of the department's reorganization and ongoing focus on delivering agency objectives.



### **Contracted Transportation**

Contracted transportation is the largest expense in the Planning and Development budget. Community Transit contracts with First Transit to provide most commuter services, and with Homage Senior Services to provide DART services. In addition, Sound Transit contracts with Community Transit to provide Sound Transit's express bus service. Community Transit further

contracts this service out to First Transit. Community Transit's 2019 commuter service contract is \$7.1 million; for DART service, the 2019 contract is valued at \$8.3 million; and for Sound Transit express bus service, the contract is valued at \$14.2 million, for a total contracted services budget of \$29.6 million. The contracted transportation budget reflects negotiated increases in contract rates and increases in the number of service hours operated.

### ***Services***

The services category comprises 5 percent of the department budget. The largest element of this budget is professional services for travel training and eligibility assessments for customers who may need DART services.

### ***Intergovernmental Services***

The small intergovernmental services budget of \$10,000 covers expenditures associated with the Snohomish County Transportation Coalition agreement. This budget tends to remain constant over time.

### ***Supplies***

The items budgeted for in the supply category include cost, code, and industry standard publications used in construction projects as well for general transit planning.

## ***Planning and Development Division Summary***

This summary compares each budget center's 2019 budget to its 2018 amended budget.

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Planning and Development Administration	327,433	343,377	357,278	13,901	4%
Capital Development	925,933	1,088,557	1,121,912	33,355	3%
Contracted Transportation	26,914,173	28,209,273	30,191,614	1,982,341	7%
Planning	2,654,206	2,574,797	2,159,977	(414,820)	-16%
Regional Programs and Projects	0	0	877,714	877,714	n/a
<b><i>Total Operating Expense</i></b>	<b><i>30,821,745</i></b>	<b><i>32,216,004</i></b>	<b><i>34,708,495</i></b>	<b><i>2,492,491</i></b>	<b><i>8%</i></b>

## ***Planning and Development Administration Division***

The Planning and Development Administration Division provides executive management direction to the department and its division managers. Staff direct the work program and ensure appropriate staffing, budgets, and strategic alignment; they also provide support to the CEO with specific emphasis on matters of planning, service contracts, and regional coordination. The division head serves as executive sponsor for the Strategic Alignment & Capital Development Committee, the Snohomish County Transportation Coalition, and the development of the *Swift* Green and subsequent lines.

### ***Planning and Development Administration 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Planning and Development Administration	327,433	343,377	357,278	13,901	4%
<b><i>Total Operating Expense</i></b>	<b><i>327,433</i></b>	<b><i>343,377</i></b>	<b><i>357,278</i></b>	<b><i>13,901</i></b>	<b><i>4%</i></b>

Employee costs represent 97 percent of this budget. The increase results from performance-based salary increases earned by existing staff and increases in benefits and retirement rates that affect all budgets. The 2019 budget adds no additional staff in this division.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Advance development of the *Swift* bus rapid transit network.
- Ensure strategic alignment of agency plans and vision.
- Ensure development of sustainable and integrated service plans that leverage *Swift* and Link light rail implementations.
- Champion partnerships and integration opportunities that will deliver the best outcomes for our region.

## ***Capital Development Division***

The Capital Development Division is responsible for the development and delivery of park-and-ride facilities, transit centers, transit base facilities, and improvements related to updating these facilities. The division evaluates, prioritizes, and manages capital projects; refurbishes and carries out upgrades necessary to preserve existing facilities; assesses current and future facility needs; and facilitates engineering assistance within the agency. Division staff manage the locations of bus stops, shelters, and leased parking facilities and maintain data associated with these locations to ensure safe, convenient, and cost-effective access to services. Additionally, division staff interact with other agencies and jurisdictions to collaborate, review, and partner on infrastructure projects.

### ***Capital Development 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Capital Development	925,933	1,088,557	1,121,912	33,355	3%
<b><i>Total Operating Expense</i></b>	<b><i>925,933</i></b>	<b><i>1,088,557</i></b>	<b><i>1,121,912</i></b>	<b><i>33,355</i></b>	<b><i>3%</i></b>

Employee costs represent 93 percent of the budget. The overall increase results from performance-based salary increases earned by existing staff and increases in benefits and retirement rates that affect all budgets. The 2019 budget adds no additional staff in this division.

#### ***Goals, Initiatives, Programs, and Projects for 2019***

- Complete the Kasch Park Operating Base roof repair and restoration project. Complete the \$10 million pavement replacement program at the Merrill Creek Operating Base.
- Complete all *Swift*-related projects and ensure these facilities are open for operation in spring 2019.
- Complete transit asset management protocol guidelines for agency facilities and condition assessments as required for Federal Transit Administration reporting.
- Complete the facilities master plan project and development for anticipated agency improvements and expansion.
- Complete the Ash Way Park & Ride transit lane repairs project.
- Complete the Edmonds Park & Ride renovation project.

## ***Contracted Transportation Division***

Contracted Transportation consists of three focus areas: Contracted Transportation Administration, Contracted Commuter Service, and Paratransit Service.

### ***Contracted Transportation Administration***

The Contracted Transportation Division is responsible for development, administration, and oversight of Community Transit's major transportation contracts including intercounty commuter bus service, paratransit service, and Sound Transit Regional Express bus service.

The team provides and contracts for travel training for seniors and persons with disabilities. Staff work closely with schools, senior centers, colleges, and individuals within Snohomish County, both with and without special needs, to educate individuals on how to ride transit. The division also works with the Snohomish County Transportation Coalition to develop a more coordinated transportation system.

### ***Contracted Commuter Service***

Contracted Commuter Services operates Community Transit commuter bus and Sound Transit Regional Express bus services through a contract with First Transit.

### ***Paratransit Service***

In compliance with the Americans with Disabilities Act, division staff provide DART paratransit service operated through a contract with Homage Senior Services of Snohomish County. The budget includes fuel and service delivery, as well as eligibility determination and travel instruction. Travel instruction is designed to enable customers with special needs to use the fixed-route network to the greatest extent possible with the goal of reducing their reliance on DART service.

## ***Contracted Transportation 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Contract Transportation Admin	484,028	577,963	585,046	7,083	1%
Contracted Commuter Service	19,243,172	20,110,637	21,281,273	1,170,636	6%
Paratransit Service	7,186,973	7,520,673	8,325,295	804,622	11%
<b><i>Total Operating Expense</i></b>	<b><i>26,914,173</i></b>	<b><i>28,209,273</i></b>	<b><i>30,191,614</i></b>	<b><i>1,982,341</i></b>	<b><i>7%</i></b>

Contract rate increases are effective January 1, 2019, for contracted commuter service. The 2019 budget includes 4,700 additional service hours. Diesel fuel for contracted commuter service is purchased from the state contract and budgeted separately under directly operated

fuel. The budgeted rate is \$2.60 per gallon, and Community Transit anticipates purchasing about 1.5 million gallons of diesel fuel for contracted commuter service.

For DART services, contract rates also increase effective January 1, 2019. About 3,000 more hours of paratransit service are planned under the DART 2019 contract. Fuel for DART service is budgeted at \$3.15 per gallon for unleaded fuel, which is an increase over the 2018 budget of \$2.60 per gallon.

No additional staffing was added to this division for 2019.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Deliver 857 hours of travel Instruction, 90,000 hours of paratransit service, 53,330 hours of Community Transit commuter service, and 97,358 hours of Sound Transit express service.
- Ensure reliable delivery of all contracted service for our customers.
- Focus on improvements to the customer journey.
- Continue to improve our partnerships within the industry and with our community.

## ***Planning Division***

### ***Planning***

The Planning team is responsible for near-term and long-term plans for market development, service design, fare policy, and transit asset management. This division coordinates agency service plans with other jurisdictions, transit authorities, and large employment and education sites such as the University of Washington, Edmonds Community College, and Boeing. Planning provides research, analysis, financial modeling, and reporting support for the agency.

### ***Scheduling***

The Scheduling team develops transit route schedules, analyzes service performance, develops the run-cut of driver work assignments, and assures efficient use of the agency's service assets, including buses.

### ***Planning 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Scheduling	959,743	993,215	522,939	(470,276)	-47%
Strategic Planning and Grants	1,694,463	1,581,582	0	(1,581,582)	-100%
Planning	0	0	1,637,038	1,637,038	n/a
<b><i>Total Operating Expense</i></b>	<b><i>2,654,206</i></b>	<b><i>2,574,797</i></b>	<b><i>2,159,977</i></b>	<b><i>(414,820)</i></b>	<b><i>-16%</i></b>

The Planning Division was reorganized in 2018. Most employees in the former Strategic Planning and Grants Division became part of the new Planning team, and the former Service Development Division became the Scheduling team. The total FTE complement of this new division is 16 FTEs: 4 in Scheduling and 12 in Planning. As allowed by Resolution No. 30-17, the Chief Executive Officer authorized adding one schedule analyst and one transit development assistant manager during 2018. No additional FTEs were added in the 2019 budget. Employee costs are 97 percent of this division's total planned expenditures.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Develop the 2019-2024 Transit Development Plan, including a multimodal service vision for 2024. Conduct public outreach and secure Board adoption.
- Implement a research program to support transit service planning and development.
- Develop service proposals for September 2019 and March 2020. Conduct public outreach and secure Board adoption.
- Create schedule and run-cut of driver work assignments for September 2019 and March 2020.
- Coordinate with other agencies in design and implementation of the Sound Transit 2 and Sound Transit 3 regional transit system.
- Implement a low-income fare program.
- Complete required state and federal reporting.
- Support improvement of digital transit data sources for operations and delivery of customer information.

## ***Regional Programs and Projects Division***

This division is responsible for regional integration and coordination of major initiatives affecting Community Transit. Division staff work closely with regional partners to maximize integration of major efforts such as Link light rail as well as facilitate internal communication and coordination to reduce impacts on our customers and enhance transit usage. This division also manages the development and buildout of the *Swift* bus rapid transit network. The third aspect of the





division's mission is to develop and pursue grant strategies and manage the agency's grant program to maximize opportunities to fund major projects and initiatives.

### ***Regional Programs and Projects 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Regional Programs and Projects	0	0	877,714	877,714	n/a
<b><i>Total Operating Expense</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>877,714</i></b>	<b><i>877,714</i></b>	<b><i>n/a</i></b>

As part of the department's 2018 reorganization, three employees from the former Strategic Planning and Grants Division became the nucleus of the new Regional Programs and Projects Division. To round out staffing requirements for this new division and to meet its goals and objectives, one position was transferred from the former Service Development Division and two new positions were authorized by the CEO as allowed by Resolution No. 30-17. No additional FTEs were added in the 2019 budget. Employee costs are 97 percent of this division's budget.

### ***Goals, Initiatives, Programs, and Projects for 2019***

#### Bus Rapid Transit Development

- Implement *Swift* Green Line service which launches in spring 2019. At the time this budget was prepared (third quarter 2018), the *Swift* Green Line project was on scope, on schedule, and under budget.
- Initiate design and engineering project development activities for the *Swift* Orange line.
- Perform an advance scoping study to extend the *Swift* Blue Line to the 185th Street Link light rail station in Shoreline.

#### Grant Activities

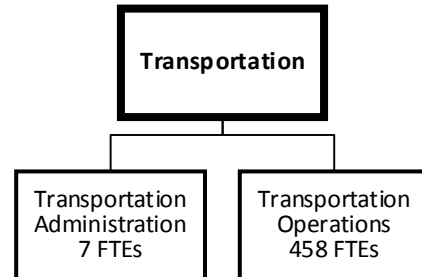
- Begin pursuit of federal capital investment grant funding (specifically the Small Starts Grant) for the *Swift* Orange Line.
- Identify and pursue new grant opportunities to support agency objectives.

#### Regional Integration

- Increase coordination and relationship building with regional partners.
- Continue coordination of Sound Transit Link light rail construction impacts to minimize disruption to customers.
- Ensure transit priority consideration in regional projects and initiatives.

## ***Transportation Department***

The Transportation Department manages and supervises all Community Transit directly operated bus services. The department includes Transportation Administration and Transportation Operations. Transportation Administration provides administrative support to the department, while Transportation Operations provides direct services. Transportation Operations is subdivided into Vehicle Control and Vehicle Operations. Vehicle Control staff manage, schedule, and dispatch all operations service, while Vehicle Operations consists of the coach operators who provide the service.



### ***Major Department Accomplishments for 2018***

- Welcomed 62 coach operator graduates to the department as of September 30, 2018. An additional 12 coach operators are expected to have joined the department by the end of October 2018.
- Promoted four coach operators to transportation supervisor positions. Created and filled a new Event Supervisor position. Completed staffing in Dispatch.
- Improved utilization of employee common area spaces.
- Adapted to new coach parking processes during the yard construction project.
- Celebrated numerous department team and individual awards, including the following:
  - Three Million Mile Operator, Ray Harnisch
  - Two Million Mile Operator, Ken Sahota, Perry Young
  - One Million Mile Operator, Rocky Cazares, Jennifer Routley-Strohm, Steve Richards
- Continued to focus on the department's strategic performance plan measures. At the end of second quarter 2018, the department had successfully exceeded benchmarks in the following focus areas:
  - Completed more than 99.8 percent of scheduled trips.
  - Kept preventable accidents below a rate of 0.85 accidents per 100,000 miles.
  - Received fewer than 0.27 negative comments related to customer service per 10,000 customer boardings.
  - Remained under budget on overtime expenditures.

## **Transportation Department 2019 Budget**

### **Alignment with Strategic Priorities**

Community Transit's mission is to provide quality service, increase ridership, and assure a safe and comfortable experience for our riders. The Transportation Department supports this mission by delivering reliable, safe, courteous service to Community Transit customers. The Transportation Department budget reflects the resources needed to support the 2019 service plan, which includes upcoming service expansions.

### **Department Priorities for 2019**

- Implement *Swift* Green Line service in spring 2019.
- Coordinate with Information Technology through passenger information control system integration and replacement of the agency's existing voice radio system with a new VoIP system on the coaches.
- Continue improving departmental data analysis reporting and automating processes.

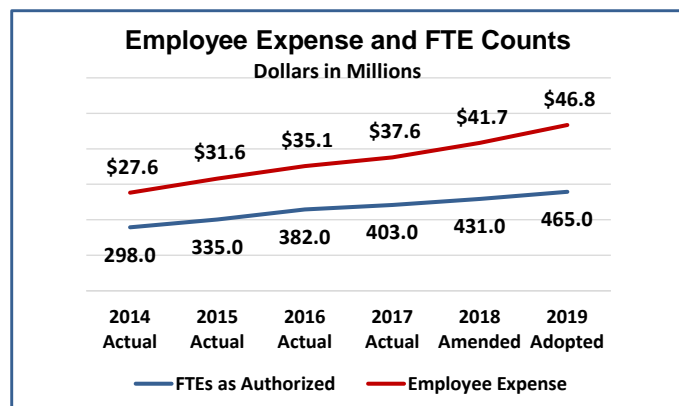
### **Summary of the 2019 Budget in Support of the 2019 Business Plan**

<b>Expense Type</b>	<b>2017 Actuals</b>	<b>2018 Amended Budget</b>	<b>2019 Adopted Budget</b>	<b>2019 Budget Over/Under 2018 Budget</b>	<b>%2019 Budget Over/Under 2018 Budget</b>
Salaries & Wages	25,789,313	27,874,537	30,955,536	3,080,999	11%
Benefits	11,747,585	13,783,458	15,742,786	1,959,328	14%
<b>Subtotal: Employee Expense</b>	<b>37,536,897</b>	<b>41,657,995</b>	<b>46,698,322</b>	<b>5,040,327</b>	<b>12%</b>
Services	66,430	40,225	44,605	4,380	11%
Supplies	5,304	15,900	11,400	(4,500)	-28%
<b>Total Operating Expense</b>	<b>37,608,630</b>	<b>41,714,120</b>	<b>46,754,327</b>	<b>5,040,207</b>	<b>12%</b>

### **Salaries, Wages, and Benefits**

Salaries, wages, and benefits are the primary cost driver in the Transportation budget. Coach operator staffing was authorized at 372 FTEs in the 2018 budget and will increase to 406 in the 2019 budget. The additional 34 FTEs are needed primarily to implement *Swift* Green Line service scheduled to begin operations in spring 2019.

During 2018, four coach operators were promoted to transportation supervisor positions. Turnover in coach operator staffing is



budgeted in the Administration Department's Training and Staff Development Division. The Training and Staff Development Division budget for coach operator trainees includes the number of new FTEs the Transportation Department will need (34 for 2019), plus additional FTEs needed to replace current coach operators who are promoted to other positions, who are unavailable for service due to unanticipated circumstances, or who leave the agency for any reason.

Transportation and Training staff use a model to estimate the number of coach operator trainees needed each year to cover long-term or permanent vacancies in existing coach operator staffing. Training uses another model to calculate the total number of coach operator trainees needed both to replace vacancies in existing staff as well as to fill coach operator staffing additions needed to support new service. Not all coach operator trainees complete the training process, so the number of trainees in the Training and Staff Development budget exceeds the actual number of additional or replacement coach operators needed in any given year. The Training and Staff Development 2019 budget includes funding for 90 coach operator trainees.

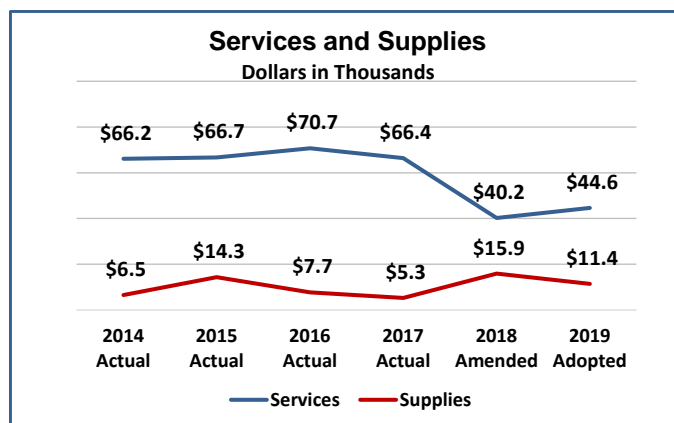
The 2019 Transportation Department budget also includes a full year of funding for three transportation supervisors and one assistant manager who were added after January 1, 2018, as allowed by Board Resolution No. 30-17. These positions were added both to manage existing service as well as prepare for implementation of the Green Line.

### **Services**

Services amount to less than 0.1 percent of the total Transportation budget. The increase in this budget covers costs associated with a fourth service change.

### **Supplies**

The supplies budget reflects supply items needed for a specific year. The reduction in the 2019 supplies budget reflects the variable nature of supply requirements. Supplies represent 0.02 percent of the entire Transportation budget.



## ***Division Summary***

This summary compares each budget center's 2019 budget to its 2018 amended budget.

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Transportation Administration	883,632	951,173	890,444	(60,729)	-6%
Transportation Operations	36,724,998	40,762,947	45,863,883	5,100,936	13%
<b><i>Total Operating Expense</i></b>	<b><i>37,608,630</i></b>	<b><i>41,714,120</i></b>	<b><i>46,754,327</i></b>	<b><i>5,040,207</i></b>	<b><i>12%</i></b>

## ***Transportation Administration Division***

The Transportation Administration Division provides administrative support services to several work teams, both within the Transportation Department and for other departments. The team maintains the Transportation employee filing system and the policies, procedures, and training manuals required for the department; provides support services for coach operators, supervisors, dispatchers, and operations management; and manages the department's contracts and projects. Transportation Administration staff also provide reporting and statistical analysis of daily operations.

### ***Transportation Administration 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Transportation Administration	883,632	951,173	890,444	(60,729)	-6%
<b><i>Total Operating Expense</i></b>	<b><i>883,632</i></b>	<b><i>951,173</i></b>	<b><i>890,444</i></b>	<b><i>(60,729)</i></b>	<b><i>-6%</i></b>

Staffing changes in this budget lowered salary and wage expenses. No additional staff were added to this budget in 2019.

### ***Goals, Initiatives, Programs, and Projects for 2019***

- Provide de-escalation training for employees (in conjunction with refresher training).
- Successfully launch the new *Swift* Green Line in spring 2019 and other new service.
- Focus on team development for transportation leadership, dispatchers, and supervisors.
- Continue to participate in the evaluation of adequate space for required staff.
- Work with Human Resources and Training to fill open coach operator positions.
- Focus on controlling overtime expenditures as new coach operator positions are filled.

- Continue improving and automating processes.
- Finalize implementation of Trapeze OPS Workforce Management; complete the upgrade to Trapeze OPS in order to maintain currency.

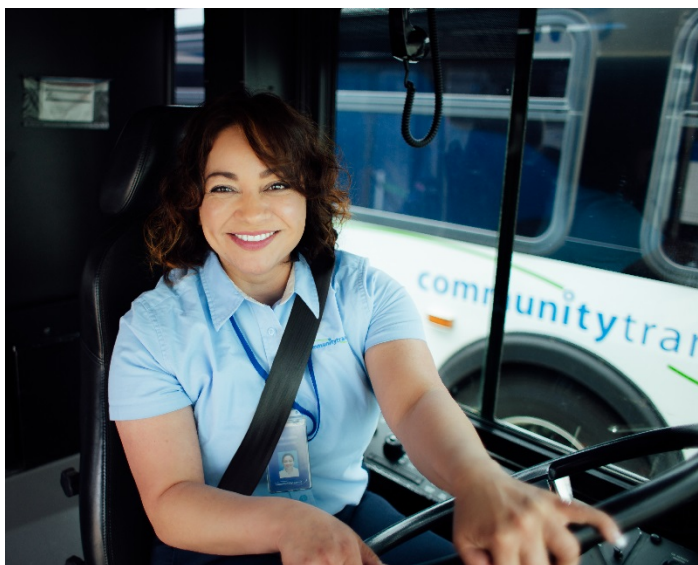
## ***Transportation Operations***

### ***Vehicle Control***

Vehicle Control Division staff are responsible for operations management; the efficient scheduling and dispatching of operations service; the monitoring and enforcement of policies and procedures; and the resolution of service problems and emergencies. This division is also responsible for obtaining video recordings from coaches as requested.

### ***Vehicle Operations***

The Vehicle Operations Division is composed of coach operators. Coach operators are responsible for delivering reliable, safe, courteous service to Community Transit customers following published routes and schedules. They are the core of the department's daily operations.



### ***Transportation Operations 2019 Budget***

<b><i>Description</i></b>	<b><i>2017 Actuals</i></b>	<b><i>2018 Amended Budget</i></b>	<b><i>2019 Adopted Budget</i></b>	<b><i>2019 Budget Over/Under 2018 Budget</i></b>	<b><i>% 2019 Budget Over/Under 2018 Budget</i></b>
Vehicle Control	6,060,384	6,571,463	7,078,988	507,525	8%
Vehicle Operations	30,664,615	34,191,484	38,784,895	4,593,411	13%
<b><i>Total Operating Expense</i></b>	<b><i>36,724,998</i></b>	<b><i>40,762,947</i></b>	<b><i>45,863,883</i></b>	<b><i>5,100,936</i></b>	<b><i>13%</i></b>

The Vehicle Control budget reflects the full-year expense in 2019 of adding three operations supervisors and one assistant manager after the original 2018 budget was adopted. The only expense in this budget that is not a direct employee expense is a \$5,000 allowance for temporary services for service evaluators. No additional staff were added to this budget in 2019.

The Vehicle Operations budget includes 34 additional coach operator FTEs in 2019. Wages and benefits are the only expenses in this budget. Coach operator trainees are budgeted in the Administration Department Training and Staff Development Division.

***Goals, Initiatives, Programs, and Projects for 2019***

- Achieve adequate coach operator staffing levels to ensure the successful launch of the new *Swift Green Line*.
- Focus on dispatch and supervisor team development.
- Continue developing the Leadership team through education of core business processes.
- Finalize implementation of the Trapeze OPS Workforce Management project; complete the upgrade to Trapeze OPS in order to maintain currency.
- Continue work with Customer Experience to implement a new customer comment system and enhance the services we provide to the public surrounding customer interaction.
- Improve the onboarding process for new coach operators.
- Track impacts from the new Washington Paid Sick Leave regulations; begin preparations for the Paid Family and Medical Leave program in 2020; continue to monitor absences and processes related to leave management.
- Continue focusing on the department's strategic initiatives.
- Complete updates to the departmental standard operating procedures.

## Agency Profile

Community Transit, a special purpose municipal corporation providing public transportation services, began operations on October 4, 1976. The agency's original service area consisted of Edmonds, Lynnwood, Marysville, Mountlake Terrace, Brier, Snohomish, and Woodway. The following table shows when residents of other Snohomish County communities approved annexation into Community Transit's service area.

<u>Year</u>	<u>Communities Added to Community Transit's Service Area</u>
1977	Lake Stevens and Monroe
1979	Granite Falls, Mukilteo, Stanwood, and Sultan
1980	Arlington
1981	Goldbar, Index, and Startup
1982	Oso and Darrington
1983	Mill Creek
1992	Snohomish County portion of Bothell
1997	Silver Firs and the Tulalip Indian Reservation

Today, Community Transit's boundaries encompass a land area slightly in excess of 1,300 square miles including most of urbanized Snohomish County, except for the city of Everett. On the south, Community Transit borders King County, which includes the cities of Seattle and Bellevue. Community Transit serves more than 576,000 residents, about 73 percent of Snohomish County's population. The remainder of the county's population resides in the city of Everett and in less populated areas in north and east Snohomish County. Snohomish County is one of the fastest growing counties in the nation.

Although the city of Everett is not part of Community Transit's service area and taxing authority, Community Transit provides *Swift* Blue Line bus rapid transit service to Everett Station and receives payment from the City of Everett for this service.

### ***Governing Body***

Community Transit is governed by a Board of Directors consisting of nine voting members and one nonvoting member. Voting board members are elected officials appointed by their respective jurisdictions and elected to two-year terms by representatives from similarly sized cities. Voting board members include:

- Two members and their alternate from the governing body of the county.
- Two members and an alternate from cities with populations of more than 35,000.



- Three members and two alternates from cities with populations between 15,000 and 35,000.
- Two members and an alternate from cities with populations less than 15,000.

The nonvoting board member is a labor representative selected as specified in the Revised Code of Washington (RCW) 36.57A.050 by the bargaining units who represent approximately 75 percent of Community Transit's workforce.

The Chair, Vice-Chair, and Secretary are elected from among the voting Board members. During 2018, Mayor Leonard Kelley from the City of Stanwood served as Chair, Council Member Kim Daughtry from the City of Lake Stevens served as Vice-Chair, and Mayor Jon Nehring from the City of Marysville served as Secretary.

Community Transit's Chief Executive Officer (CEO), Emmett Heath, is responsible for overall administration of the agency as directed through policy guidance issued from the Board of Directors. In addition to the CEO, the agency's principal officers in 2018 were the Director of Administration (Geri Beardsley), Director of Customer Experience (Molly Marsicek), Director of Planning and Development (Joy Munkers), Director of Maintenance (Dave Richards), Director of Transportation (Interim Director Colleen Bauman), Chief Technology Officer (Tim Chrobuck), and Chief of Communications and Public Affairs (vacant).

## ***Services***

Community Transit's local, commuter, paratransit, and vanpool services provide customers with a variety of options to meet their transportation needs. Local fixed-route service provides all-day coverage which links most communities in Snohomish County. The agency provides commuter service within Snohomish County and to major destinations in King County. The Everett Boeing facility is the primary destination for Snohomish County commuter routes, while commuter routes to King County serve the Seattle central business district and the University of Washington. Both local and commuter services allow riders to connect with services provided by King County Metro, Sound Transit, Everett Transit, Skagit Transit, Amtrak, and the Washington State Ferry System.

Community Transit's DART paratransit program serves those customers unable to use fixed-route service. Vanpool and ride-matching services enable commuter groups to use vanpools and carpools to travel to and from Snohomish and King County destinations that are less accessible by local or commuter bus routes. Community Transit also provides information and technical support to employers affected by the state's commute trip reduction legislation.

Sound Transit contracts with Community Transit to operate its Snohomish County Express bus service. In the Statistics and Demographics section, if Sound Transit data is reported, it has been broken out separately. Community Transit contracts with Homage Senior Services to operate all

paratransit services. Community Transit also contracts with First Transit to operate most of its commuter bus service, including Sound Transit's Snohomish County express bus service.

Much of the data provided in the following sections covers the year ending December 31, 2017, which, at the time this document was drafted, was the last complete year of actual service and fiscal results.

## ***Ridership***

As reported in the Federal Transit Administration's National Transit Database Report, Community Transit provided over 10.4 million passenger trips in 2017 on bus, DART paratransit, and vanpool services.<sup>1</sup> Overall ridership was relatively flat (increasing slightly more than 1 percent as compared to 2016). Bus boardings increased from 9.2 to 9.3 million accounting for the increase in overall ridership. Vanpool boardings of 0.9 million and DART boardings of 0.2 million remained static as compared to the prior year.

Community Transit's 2017 bus ridership averaged 32,700 weekday boardings (a 1.7 percent increase), 11,800 Saturday boardings (a 4.6 percent increase), and 7,400 Sunday boardings (a 7.9 percent increase). The key performance indicators in this budget document contain additional ridership information.

The agency anticipates adding about 42,900 service hours in spring 2019 when the *Swift* Green Line goes into service, plus an additional 6,500 hours in September 2019. These service additions fulfill Community Transit's promise to the communities we serve who approved additional tax resources for this purpose. The statistical section of this report contains additional detailed operating information including ridership, service hours, and fares.

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<sup>1</sup> This budget document was prepared in 2018. As a result, 2017 ridership data is the most current actual data available.

## ***Agency Summary***

### ***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 1.2 percent
County in Which PTBA Operates	Snohomish County
Population - County *	789,400
Population of PTBA*	576,493
Park-and-Ride Lots *	22

### ***Employees\****

Operations	448
Maintenance	108
General and Administrative	131
<b>Total</b>	<b>687</b>

### ***Active Revenue Vehicles\****

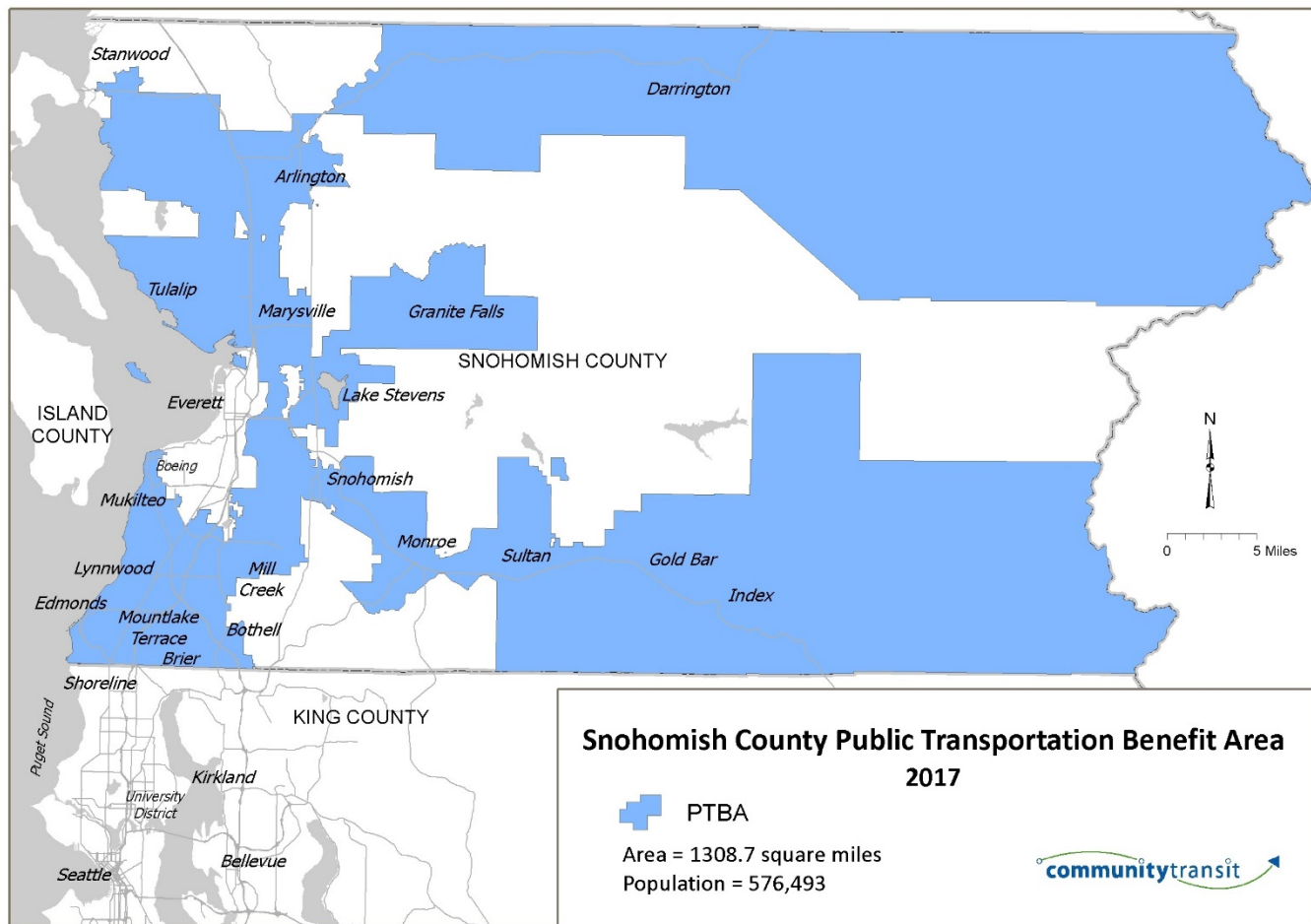
Directly Operated	109
Commuter Service	91
Vanpool Vans	437
Contract Commuter	83
DART/Paratransit	52
<b>Total</b>	<b>772</b>

### ***Number of Scheduled Routes\****

Swift Bus Rapid Transit Routes	1
Local Snohomish County Routes	22
Boeing Commuter Routes	3
University of Washington Routes	6
Intercounty Commuter Routes	13
<b>Total</b>	<b>45</b>

\*Information is as of 12/31/2017, which was the last completed fiscal year as of the drafting of this document.

## Snohomish County Public Transportation Benefit Area Map



## *Economy*

### ***Local Economy—Snohomish County<sup>2</sup>***

Snohomish County is the third most populous county in the state, with an estimated population of 789,400 in 2017. Over the past ten years, the county's population has grown an average of 1.4 percent per year.

Snohomish County is home to over 20,500 businesses, ranging from small family farms to the world's largest advanced manufacturing facility producing state-of-the-art aerospace equipment. The 50 largest employers account for over 96,900 jobs, or about 34 percent of the county's total employment. Manufacturing jobs account for 20 percent of the county's jobs, and the median household income is \$80,579. The county boasts a labor force of over 422,000 workers: 92 percent are high school graduates and 31 percent have a bachelor's degree or higher.

North Snohomish County is the manufacturing center of Washington State with 20 percent of the county's workforce engaged in manufacturing jobs. The Boeing Company remains the county's largest employer with about 34,500 jobs. Aerospace manufacturing jobs also supply Airbus and a growing list of airframe manufacturers. These suppliers have also diversified to serve other markets such as shipbuilding, defense, and energy generation. South Snohomish County includes a cluster of medical device companies with a focus on ultrasound diagnostics. Other south county companies research and produce biopharmaceutical and cancer therapies.

Providence Regional Medical Center, the Tulalip Tribes, Naval Station Everett, and Washington State government round out the top five county employers and add about 14,000 more jobs.

Community Transit's primary operating revenue source is retail sales tax, which is driven by personal income, consumer confidence, local business purchases, and construction projects. Local retail sales tax growth has allowed Community Transit to increase revenue hours by 6.6 percent (45,000 revenue hours), from 679,000 revenue hours in 2016 to 724,000 revenue hours in 2017.

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<sup>2</sup> This section contains data provided by the Economic Alliance of Snohomish County.

## ***Economic Outlook—Regional and Statewide Factors***

The Washington State Economic and Revenue Forecast Council measures changes in the state's economy. The following table provides a summary of key statewide economic indicators from the Council's February 2018 forecast.

<b>Washington State Economic Indicators</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Unemployment	5.0%	4.5%	4.1%	4.1%	4.1%	4.1%
Percent Change in Real Capita Income	1.7%	1.5%	1.8%	1.8%	1.7%	1.7%
Percent Change in Personal Income	3.5%	3.3%	3.4%	3.3%	3.2%	3.0%

The Washington economy is expanding at a rapid pace. Unemployment dropped from a statewide average of 5.6 percent in 2016 to 5.0 percent in 2017. For Snohomish County specifically, the unemployment rate was 3.9 percent in December 2016, increasing slightly to 4.0 percent in December 2017.

## **Statistics and Demographics**

### ***Snohomish County Demographic and Economic Statistics***

<b>Year</b>	<b>County Population (1)</b>	<b>Household Income (2)</b>	<b>Per Capita Personal Income (3)</b>	<b>Unemployment Rate (4)</b>
2008	696,600	\$ 64,289	\$ 42,310	5.1%
2009	704,300	63,297	39,657	10.1%
2010	711,100	62,034	39,844	9.8%
2011	717,000	62,687	41,879	8.6%
2012	722,900	64,033	44,042	7.5%
2013	730,500	64,391	44,641	6.7%
2014	741,000	68,637	46,888	4.6%
2015	757,600	75,292	48,488	5.0%
2016	772,860	77,985	50,101	3.9%
2017	789,400	80,579	52,405	4.0%

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**Data Sources:**

- (1) Washington State Employment Security Department
- (2) Washington State Office of Financial Management
- (3) US Bureau of Economic Analysis (November 15, 2018, report)
- (4) Employment Security Department

***Snohomish County Principal Employers  
Fiscal Years Ending December 31, 2017 and 2008***

	<b>2017</b>			<b>2008</b>		
<b><i>Employer</i></b>	<b><i>Employees</i></b>	<b><i>Rank</i></b>	<b><i>Percent of Total County Employment</i></b>	<b><i>Employees</i></b>	<b><i>Rank</i></b>	<b><i>Percent of Total County Employment</i></b>
Boeing	34,500	1	12.02%	35,000	1	13.82%
Providence Regional Med. Ctr.	4,775	2	1.66%	3,200	3	1.26%
Tulalip Tribes Enterprises	3,200	3	1.11%	2,300	7	0.91%
Everett Naval Station	2,987	4	1.04%	6,000	2	2.37%
Washington State Government	2,950	5	1.03%	3,000	5	1.18%
Snohomish County Government	2,617	6	0.91%	2,700	6	1.07%
Edmonds School District	2,605	7	0.91%	-	-	n/a
Premera Blue Cross	2,600	8	0.91%	3,200	4	1.26%
Walmart	2,312	9	0.81%	-	-	n/a
The Everett Clinic	2,255	10	0.79%	-	-	n/a
Everett School District	-	-	n/a	1,700	8	0.67%
Phillips Medical Systems	-	-	n/a	1,600	9	0.63%
Zumiez	-	-	n/a	1,500	10	0.59%
<b>Total, Principal Employers</b>	<b>60,801</b>			<b>60,200</b>		
<b>Total County Employment</b>	<b>287,000</b>			<b>253,302</b>		
<b>Percentage of Principal Employers to Total County Employment</b>	<b>21.19%</b>			<b>23.77%</b>		

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Data Sources:

Snohomish County Economic Alliance



***Snohomish County Population Demographic Statistics  
Ten-Year Comparison***

<b><i>Year</i></b>	<b><i>County Population</i></b>	<b><i>PTBA Population</i></b>	<b><i>Age Distribution for Snohomish County</i></b>		
			<b><i>0-19</i></b>	<b><i>20-64</i></b>	<b><i>65+</i></b>
2008	696,600	494,440	28.4%	61.9%	9.7%
2009	704,300	498,815	28.2%	61.9%	9.9%
2010	711,100	516,099	28.0%	61.9%	10.1%
2011	717,000	524,954	26.8%	62.7%	10.5%
2012	722,900	528,849	26.0%	62.9%	11.1%
2013	730,500	533,746	25.7%	62.7%	11.6%
2014	741,000	542,727	25.3%	62.6%	12.1%
2015	757,600	555,637	25.0%	62.4%	12.6%
2016	772,860	565,244	24.9%	61.9%	13.2%
2017	789,400	576,493	24.8%	61.5%	13.7%

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Data Source:

Washington State Office of Financial Management

County population by age and gender: <http://www.ofm.wa.gov/pop/default.asp>

# Service and Operating Information

## Service Statistical Data: Ten-Year Comparison

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Directly Operated Service</b>										
Average Weekly Ridership	170,475	163,867	141,105	133,676	124,481					
Passengers per Hour	20.20	18.95	16.50	17.10	19.94					
Fare Revenue per Passenger	\$ 1.02	\$ 1.08	\$ 1.33	\$ 1.38	\$ 1.50					
Cost per Passenger	\$ 7.51	\$ 8.06	\$ 9.09	\$ 9.38	\$ 9.19					
Cost per Mile	\$ 9.72	\$ 9.73	\$ 9.33	\$ 10.13	\$ 11.42					
Farebox Return	13.6%	13.3%	14.6%	14.7%	16.3%					
<b>Motor Bus Directly Operated</b>										
Average Weekly Ridership						102,143	112,920	117,368	121,575	123,343
Passengers per Hour						18.53	19.77	18.43	17.16	15.61
Fare Revenue per Passenger						\$ 1.41	\$ 1.28	\$ 1.27	\$ 1.26	\$ 1.27
Cost per Passenger						\$ 9.10	\$ 8.56	\$ 9.48	\$ 9.89	\$ 11.23
Cost per Mile						\$ 11.12	\$ 11.37	\$ 11.68	\$ 11.65	\$ 12.38
Farebox Return						15.4%	15.0%	13.4%	12.8%	11.3%
<b>Commuter Bus Directly Operated</b>										
Average Weekly Ridership						22,489	22,980	22,613	22,784	22,463
Passengers per Hour						34.03	30.10	29.38	28.02	26.30
Fare Revenue per Passenger						\$ 2.97	\$ 3.20	\$ 3.44	\$ 3.80	\$ 3.72
Cost per Passenger						\$ 9.76	\$ 10.83	\$ 11.82	\$ 11.79	\$ 11.50
Cost per Mile						\$ 15.65	\$ 16.53	\$ 17.62	\$ 17.19	\$ 16.08
Farebox Return						30.5%	29.5%	29.1%	32.2%	32.3%
<b>Contract Commuter Service</b>										
Average Weekly Ridership	38,167	34,061	31,586	30,899	28,951	28,838	31,269	31,851	32,373	33,111
Passengers per Hour	31.06	27.71	30.18	37.57	46.15	41.95	40.01	40.00	38.02	36.80
Fare Revenue per Passenger	\$ 3.11	\$ 3.30	\$ 4.04	\$ 3.74	\$ 3.36	\$ 3.54	\$ 3.26	\$ 3.45	\$ 3.70	\$ 3.61
Cost per Passenger	\$ 7.03	\$ 7.65	\$ 7.77	\$ 7.31	\$ 6.71	\$ 5.95	\$ 5.60	\$ 5.33	\$ 5.29	\$ 5.62
Cost per Mile	\$ 9.59	\$ 9.27	\$ 10.03	\$ 11.43	\$ 12.59	\$ 10.25	\$ 10.18	\$ 9.87	\$ 9.67	\$ 9.99
Farebox Return	44.3%	43.1%	52.0%	51.1%	50.0%	59.6%	58.3%	64.7%	69.9%	64.2%
<b>DART/Paratransit</b>										
Average Weekly Ridership	4,126	4,191	4,186	3,929	3,747	3,620	3,704	3,661	3,734	3,740
Passengers per Hour	2.07	2.11	2.20	2.31	2.28	2.27	2.28	2.24	2.35	2.39
Fare Revenue per Passenger	\$ 1.28	\$ 1.05	\$ 1.29	\$ 1.42	\$ 1.43	\$ 1.69	\$ 1.67	\$ 1.86	\$ 1.95	\$ 1.98
Cost per Passenger	\$ 39.15	\$ 38.28	\$ 39.16	\$ 41.33	\$ 37.60	\$ 38.48	\$ 39.22	\$ 38.93	\$ 39.49	\$ 42.15
Cost per Mile	\$ 4.85	\$ 4.57	\$ 4.79	\$ 5.28	\$ 4.62	\$ 4.64	\$ 4.83	\$ 4.73	\$ 4.99	\$ 5.41
Farebox Return	3.3%	2.7%	3.3%	3.4%	3.8%	4.4%	4.3%	4.8%	4.9%	4.7%
<b>Vanpool</b>										
Average Weekly Ridership	16,439	16,583	16,222	17,172	17,697	17,840	17,787	17,551	16,688	16,565
Passengers per Hour	9.70	10.23	10.32	5.76	6.13	6.25	6.26	6.37	6.13	6.13
Fare Revenue per Passenger	\$ 2.50	\$ 2.99	\$ 3.09	\$ 3.30	\$ 2.85	\$ 2.97	\$ 3.02	\$ 3.21	\$ 3.22	\$ 3.22
Cost per Passenger	\$ 4.09	\$ 4.26	\$ 4.38	\$ 4.44	\$ 4.17	\$ 4.27	\$ 4.65	\$ 4.39	\$ 4.93	\$ 5.09
Cost per Mile	\$ 0.73	\$ 0.77	\$ 0.79	\$ 0.82	\$ 0.78	\$ 0.82	\$ 0.89	\$ 0.85	\$ 0.93	\$ 0.96
Farebox Return	61.1%	70.2%	70.5%	74.4%	68.4%	69.4%	64.9%	73.2%	65.3%	63.2%

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 split the Directly Operated category into two new categories: Motor Bus Directly Operated and Commuter Bus Directly Operated.
- Cost per passenger is not net of fare revenue.

### ***Ridership: Ten-Year Comparison***

<b><i>Year</i></b>	<b><i>Directly Operated</i></b>	<b><i>Motor Bus Directly Operated</i></b>	<b><i>Commuter Bus Directly Operated</i></b>	<b><i>Contract Commuter</i></b>	<b><i>DART Paratransit</i></b>	<b><i>Vanpool</i></b>	<b><i>Total: Community Transit Service</i></b>	<b><i>Sound Transit</i></b>
2008	8,864,677	-	-	1,984,681	214,568	854,850	11,918,776	2,477,782
2009	8,521,071	-	-	1,771,177	217,909	862,341	11,372,498	2,642,636
2010	7,337,474	-	-	1,642,463	217,648	843,551	10,041,136	2,631,195
2011	6,951,171	-	-	1,606,732	204,291	892,936	9,655,130	3,136,037
2012	6,473,033	-	-	1,505,441	194,862	920,252	9,093,588	3,467,994
2013	-	5,311,451	1,169,446	1,499,566	188,222	927,660	9,096,345	3,226,043
2014	-	5,871,816	1,194,937	1,625,988	192,633	924,912	9,810,286	3,676,480
2015	-	6,103,118	1,175,876	1,656,233	190,366	912,637	10,038,230	3,646,063
2016	-	6,321,906	1,184,766	1,683,375	194,175	867,776	10,251,998	3,645,267
2017	-	6,413,837	1,168,082	1,721,767	194,471	861,372	10,359,529	3,648,400

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Data Source:

FTA National Transit Database Report

Note:

- Beginning in 2013 the FTA National Transit Database split the Directly Operated category into two new categories: Motor Bus Directly Operated and Commuter Bus Directly Operated.

## Service Hours: Ten-Year Comparison

<b>Year</b>	<b>Directly Operated</b>	<b>Motor Bus Directly Operated</b>	<b>Commuter Bus Directly Operated</b>	<b>Contract Commuter</b>	<b>DART Paratransit</b>	<b>Vanpool</b>	<b>Total: Community Transit Service</b>	<b>Sound Transit</b>
2008	438,796	-	-	63,894	103,795	88,136	694,621	74,994
2009	449,565	-	-	63,922	103,188	84,326	701,001	80,736
2010	444,619	-	-	54,426	99,012	81,716	679,773	87,210
2011	406,586	-	-	42,766	88,623	155,119	693,094	90,976
2012	324,576	-	-	32,623	85,353	150,057	592,609	91,982
2013	-	286,645	34,365	35,745	82,832	148,411	587,998	89,822
2014	-	297,021	39,699	40,635	84,349	147,749	609,453	113,606
2015	-	331,147	40,022	41,403	85,057	143,209	640,838	114,896
2016	-	368,327	42,286	44,280	82,632	141,557	679,082	114,183
2017	-	410,763	44,419	46,789	81,264	140,624	723,859	115,418

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Data Source:

FTA National Transit Database Report

Notes:

- Service hours are defined as active vehicle revenue hours per the FTA National Transit Database.
- Beginning in 2013 the FTA National Transit Database split the Directly Operated category into two new categories: Motor Bus Directly Operated and Commuter Bus Directly Operated.

## Service Miles: Ten-Year Comparison

<b>Year</b>	<b>Directly Operated</b>	<b>Motor Bus Directly Operated</b>	<b>Commuter Bus Directly Operated</b>	<b>Contract Commuter</b>	<b>DART Paratransit</b>	<b>Vanpool</b>	<b>Total: Community Transit Service</b>	<b>Sound Transit</b>
2008	6,848,299	-	-	1,454,047	1,733,901	4,810,407	14,846,654	2,043,660
2009	7,057,907	-	-	1,461,601	1,824,704	4,782,731	15,126,943	2,159,803
2010	7,153,098	-	-	1,272,040	1,778,032	4,664,437	14,867,607	2,347,355
2011	6,433,509	-	-	1,027,925	1,598,833	4,866,450	13,926,717	2,433,091
2012	5,212,202	-	-	802,860	1,587,283	4,906,497	12,508,842	2,444,935
2013	-	4,348,641	729,406	870,208	1,560,027	4,857,847	12,366,129	2,448,842
2014	-	4,422,817	783,031	893,801	1,565,104	4,817,228	12,481,981	2,512,980
2015	-	4,953,326	789,259	894,394	1,566,883	4,711,901	12,915,763	2,510,798
2016	-	5,368,515	812,772	921,961	1,537,407	4,586,434	13,227,089	2,524,196
2017	-	5,817,556	835,800	968,627	1,514,562	4,557,911	13,694,456	2,514,666

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Data Source:

FTA National Transit Database Report

Notes:

- Service miles are defined as active vehicle revenue miles per the FTA National Transit Database.
- Beginning in 2013 the FTA National Transit Database split the Directly Operated category into two new categories: Motor Bus Directly Operated and Commuter Bus Directly Operated.

### ***Fare Structure: Ten-Year Comparison***

<b><i>Local Service</i></b>				<b><i>Commuter: South County</i></b>			<b><i>Commuter: North &amp; East County</i></b>			
<b>Year</b>	<b>Regular</b>	<b>Youth</b>	<b>Senior/ Disabled</b>	<b>Regular</b>	<b>Youth</b>	<b>Senior/ Disabled</b>	<b>Regular</b>	<b>Youth</b>	<b>Senior/ Disabled</b>	<b>Paratransit Fares</b>
Jan–Sep 2008	1.25	0.75	0.50	3.00	2.25	1.50	3.75	3.00	1.75	1.25
Oct–Dec 2008	1.50	1.00	0.50	3.50	2.75	1.50	4.50	3.75	1.75	1.50
2009	1.50	1.00	0.50	3.50	2.75	1.50	4.50	3.75	1.75	1.50
Jan–May 2010	1.50	1.00	0.50	3.50	2.75	1.50	4.50	3.75	1.75	1.50
Jun–Dec 2010	1.75	1.25	0.75	3.50	2.75	1.50	4.50	3.75	1.75	1.75
2011	1.75	1.25	0.75	3.50	2.75	1.50	4.50	3.75	1.75	1.75
2012	1.75	1.25	0.75	3.50	2.75	1.50	4.50	3.75	1.75	1.75
Jan 2013	1.75	1.25	0.75	3.50	2.75	1.50	4.50	3.75	1.75	1.75
Feb–Dec 2013	2.00	1.50	1.00	4.00	3.00	2.00	5.25	4.00	2.50	2.00
2014	2.00	1.50	1.00	4.00	3.00	2.00	5.25	4.00	2.50	2.00
Jan–Jun 2015	2.00	1.50	1.00	4.00	3.00	2.00	5.25	4.00	2.50	2.00
July–Dec 2015	2.25	1.50	1.00	4.25	3.00	2.00	5.50	4.00	2.50	2.25
2016	2.25	1.50	1.00	4.25	3.00	2.00	5.50	4.00	2.50	2.25
2017	2.25	1.50	1.00	4.25	3.00	2.00	5.50	4.00	2.50	2.25

### ***Capital Assets—Active Revenue Vehicles: Ten-Year Comparison***

<b><i>Year</i></b>	<b><i>Directly Operated</i></b>	<b><i>Motor Bus Directly Operated</i></b>	<b><i>Commuter Bus Directly Operated</i></b>	<b><i>Contract Commuter</i></b>	<b><i>DART Paratransit</i></b>	<b><i>Vanpool</i></b>	<b><i>Total: Community Transit Service</i></b>
2008	190	-	-	92	54	419	755
2009	199	-	-	92	54	402	747
2010	178	-	-	88	53	396	715
2011	174	-	-	65	54	396	689
2012	159	-	-	65	54	395	673
2013	-	97	63	65	54	414	693
2014	-	99	63	65	54	412	693
2015	-	124	70	73	52	408	727
2016	-	121	69	73	52	432	747
2017	-	109	91	83	52	437	772

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Data Source:

FTA National Transit Database Report

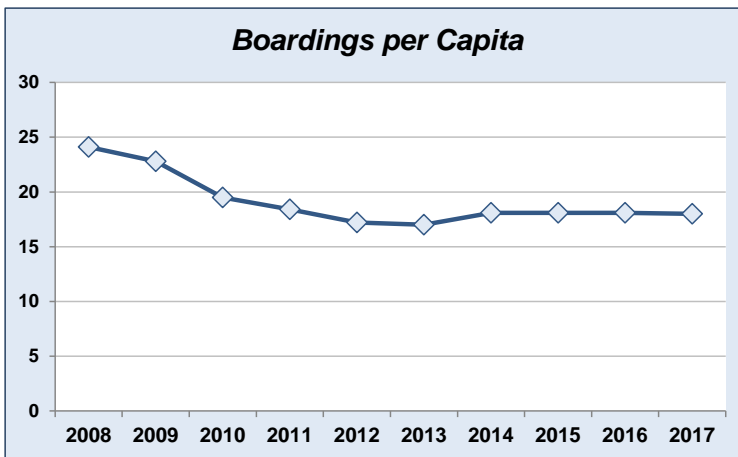
Note:

- Beginning in 2013 the FTA National Transit Database split the Directly Operated category into two new categories: Motor Bus Directly Operated and Commuter Bus Directly Operated.

## Key Performance Indicators

In 2003, Community Transit developed a series of key performance indicators to measure the agency's performance. Key performance indicators provide a means of evaluating how effectively and efficiently the agency performs over time. The Board of Directors originally adopted nine performance indicators in two categories: Customer Satisfaction/Ridership Growth and Good Stewards of Public Funds. A tenth indicator, cost per rider, was added in 2011. The charts that follow show trends for each performance indicator based on data for ten years (or the number of years we have collected the data if less than ten). These charts exclude Sound Transit service, since Community Transit operates that service on a contract basis.

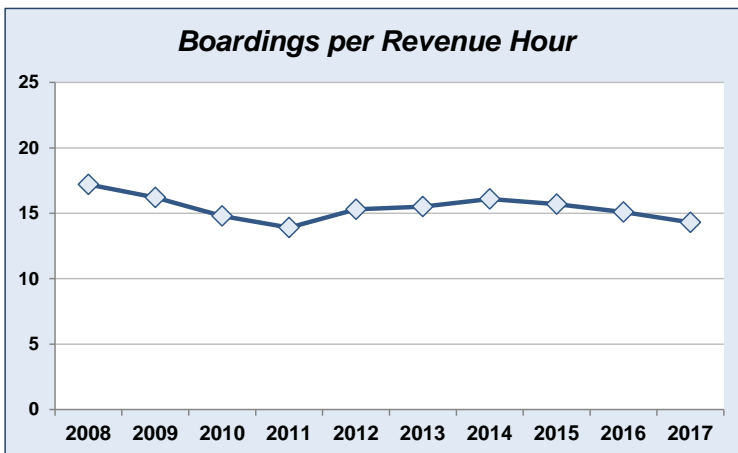
### Customer Satisfaction and Ridership Growth



Measures how effectively Community Transit attracts increased ridership in proportion to the population.

#### Boardings per Capita

Between 2016 and 2017, the population in Community Transit's taxing authority increased by 2.0 percent while ridership increased by 1.1 percent. There were 18.0 boardings per capita in 2017. Boardings per capita has remained stable since 2014, suggesting that as population grows in the agency's taxing authority, ridership follows.



Measures use of the service Community Transit operates based on the number of passenger boardings per hour.

#### Boardings per Revenue Hour

This performance indicator is a ratio of the number of passenger boardings divided by the number of service hours. In 2017, Community Transit added 45,000 service hours across all modes (bus, vanpool, and paratransit), an increase of over 6.6 percent. Bus service alone increased by 10.3 percent.

New service generally takes time to reach anticipated productivity, and when additional service is added, it is expected that productivity will decline somewhat until that service matures. The



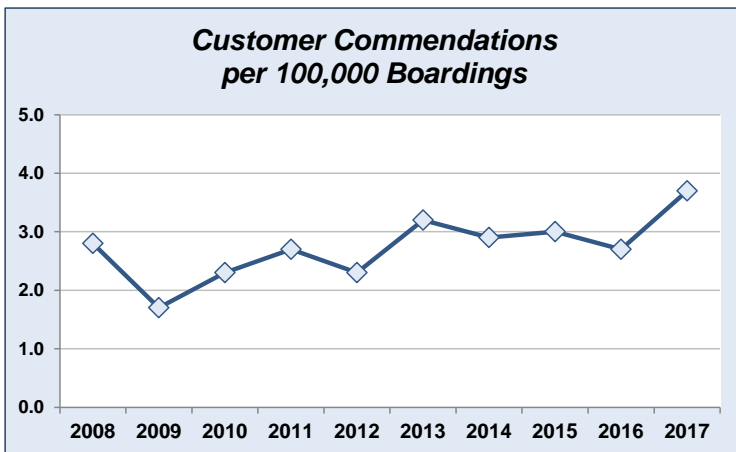
chart's downward slope reflects the lag between the time new service is added and when ridership on that service matures.

Boardings per service hour decreased 5.2 percent from 15.1 in 2016 to 14.3 in 2017. Since 2014, Community Transit has added an average of 34,000 new service hours each year. The agency anticipates adding about 10,000 service hours in 2018 in preparation for the opening of the *Swift Green Line* in spring 2019. The Green Line will add about 42,000 hours of service.

## ***Customer Experience***

In 2017, Community Transit began implementing programs to learn more about (1) the experience riders have when they use public transit service and (2) why people in our service area choose to use other means of transportation rather than public transit. These programs may have generated activity in both customer commendations and other customer comments. However, service changes and inclement weather events are the more usual triggers for commendations and other comments.

In general both customer commendations and other comments come from people who use public transit services. Although either category may contain comments from people who do not use transit, the information the agency receives in the "Other Comments" category is slightly more likely to be initiated by people who do not use transit.

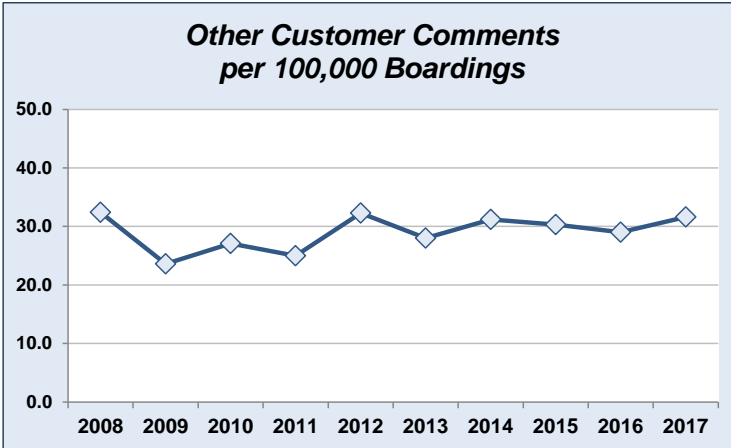


Considered one indicator of customer satisfaction with Community Transit services.

## ***Customer Commendations***

In 2017, Community Transit received 3.7 commendations per 100,000 boardings, an increase of 37.0 percent over the 2016 rate of 2.7 commendations per 100,000 boardings. Although the region suffered several inclement weather incidents during 2017, Community Transit's directly operated bus service completed 99.8 percent of all trips as scheduled.

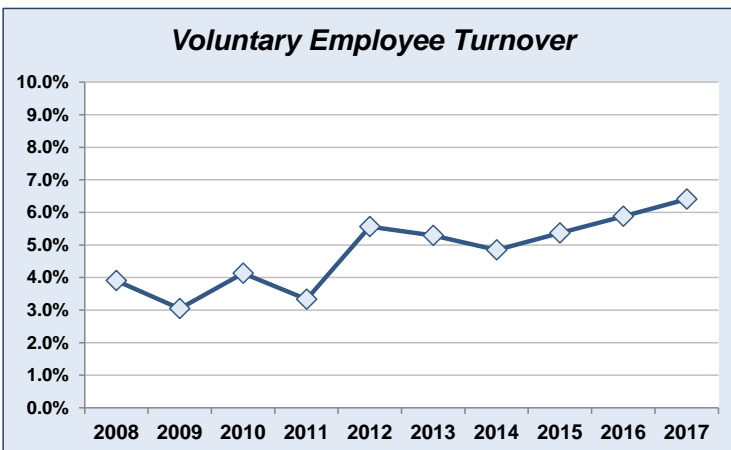
Service reliability as well as more focus on the customer's ridership experience may have contributed to the upswing in customer commendations.



Considered an indicator of customer interest, concern, or dissatisfaction with Community Transit services.

### **Other Customer Comments**

This includes requests for additional service, suggestions for changes in existing service, and customer complaints. In 2017, Community Transit received 31.6 other customer comments per 100,000 boardings as compared to 29.0 per 100,000 boardings in 2016, a 9.0 percent increase.



The total number of voluntary resignations (including retirements) expressed as a percent of the total number of employees.

### **Voluntary Employee Turnover**

This measurement tracks voluntary employee separations from employment with Community Transit. This statistic is influenced by factors such as retirements, relocations, competition in the job market, and job satisfaction. The voluntary turnover ratio increased from 5.9 percent in 2016 to 6.4 percent in 2017. About 27 percent of the

voluntary separations in 2017 resulted from employee retirements, and of those retirements, two-thirds were employees with more than 20 years of service.

## ***Good Stewards of Public Funds***

Cost performance indicators are influenced by factors such as changes in the number of revenue hours (service hours) the agency operates, changes in the cost of operating the services offered, and changes in fare revenue.

***Service Changes:*** In 2017, Community Transit added 45,000 revenue hours<sup>3</sup> of service, continuing the trend of service expansion begun in 2014. The new service hours were spread across local, commuter, and paratransit service and amounted to a 6.6 percent increase in total Community Transit revenue hours. Adding service increases operating expense.

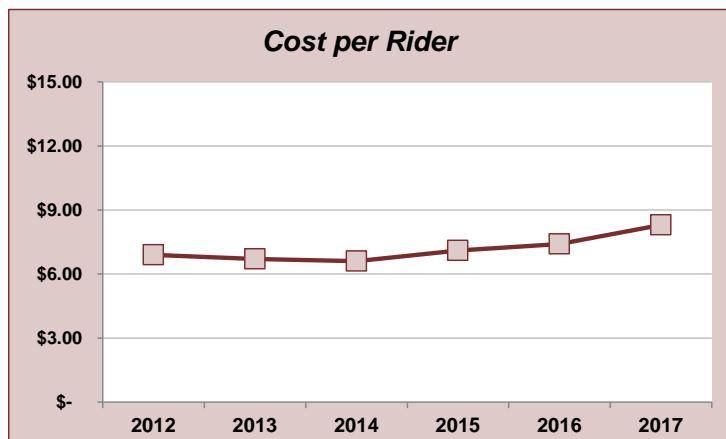
***Operating Expenses:*** In 2017, operating costs for all service modes increased by 10.6 percent in support of a service increase of 45,000 hours. As was the case in 2016, the most significant contributor to the increase in operating costs was implementing additional service. More service means more employees to operate and maintain the new service and the additional recruitment and training expenses, salaries, wages, and benefits associated with those employees. In a tight job market, as the Puget Sound Region has been in 2017, recruiting expenses increase because the available applicant pool is smaller.

***Fare Revenue:*** Changes in the amount of fare revenue depend on multiple factors which may occur individually or at the same time: a change in the fare rates charged, a change in the number of riders, or a change in the mix of riders by fare type. There were no fare increases in 2017. As compared to 2016, the number of passenger boardings increased by 1.0 percent and fare revenue remained relatively constant, decreasing by 0.2 percent as compared to 2016.

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<sup>3</sup> One revenue hour is the basic unit of operation as defined in the FTA National Transit Database Report. Revenue hours include all the time that buses operate on a route; revenue hours do not include the time it takes a bus to get to the starting point of a route or to return to base at the end of a route.

The charts that follow show how these factors affected Community Transit's 2017 performance.



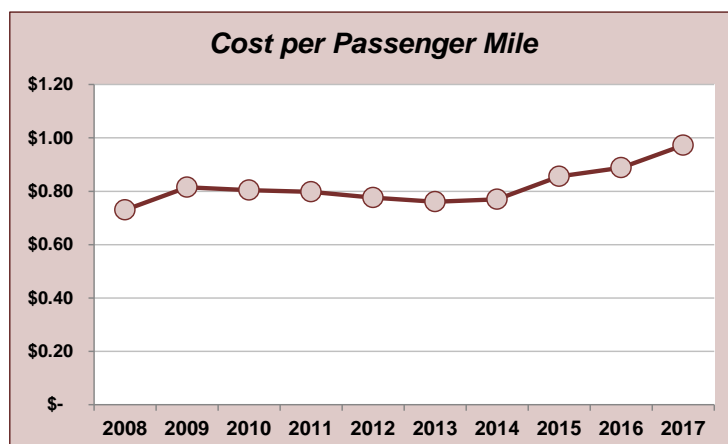
Operating expense less fare revenue divided by total ridership (boardings).

**Cost per Rider** measures the net cost after fare payment for delivery of one passenger trip. It is an indicator of cost efficiency. Community Transit's 2017 cost per rider was \$8.29, an increase of 12.6 percent as compared to the 2016 cost per rider of \$7.36 which was an increase of 4.3 percent compared to 2015

The continued increase in cost per rider reflects service increases that began in 2014 and will continue through 2019 and beyond. Between January 2014 and December 2017, Community Transit implemented over 135,800 hours of new service (a 23.1 percent increase) with increases averaging almost 34,000 service hours in each of those years. These service increases included expansion of existing service as well as service to new markets.

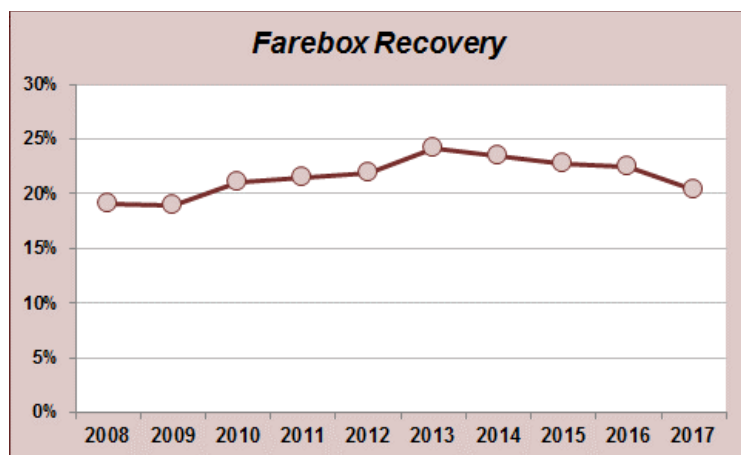
The continued increase in cost per rider reflects service increases that

In periods of continuous service expansion, it is expected that the cost per rider will increase over time until ridership matures and reaches optimum productivity. The current trend of higher cost per rider is expected to continue at least through 2019 as about 42,000 more service hours will be implemented in spring 2019 when the *Swift* Green Line goes into operation.



Operating cost divided by passenger miles.

**Cost per Passenger Mile** measures the cost of operations to carry one passenger for one mile. The 2017 cost per passenger mile was 97 cents, an increase of 8 cents as compared to the 2016 cost per passenger mile of 89 cents. The increase in cost per passenger mile was an expected outcome for the same reasons that affect cost per rider.

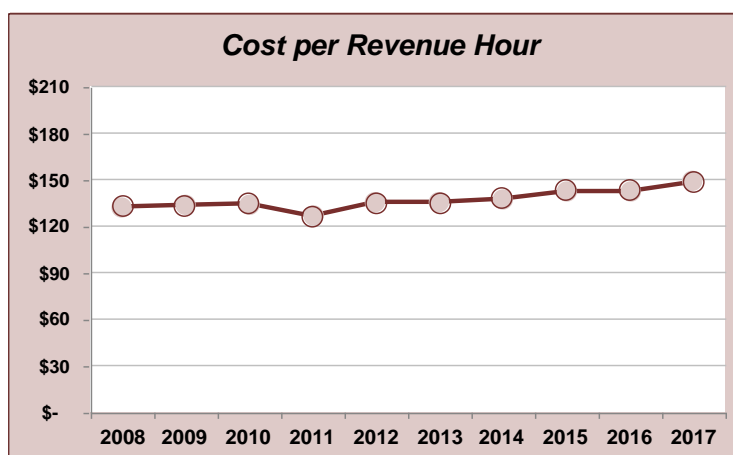


Fares divided by operating cost.

**Farebox Recovery** measures the proportion of operating costs paid for by passenger fare revenue. Community Transit's goal is to maintain a farebox recovery ratio of about 20 percent. The 2017 farebox recovery ratio was 20.3 percent. Any increase in operating cost affects the farebox recovery rate, and operating expenses for 2017 increased by 10.6 percent as compared to 2016. However, the increase in operating cost was necessary to support the addition of new service.

**Cost per Revenue Hour** measures the cost of operations for one revenue hour of service. This performance measure indicates efficiency of the unit cost of operations.

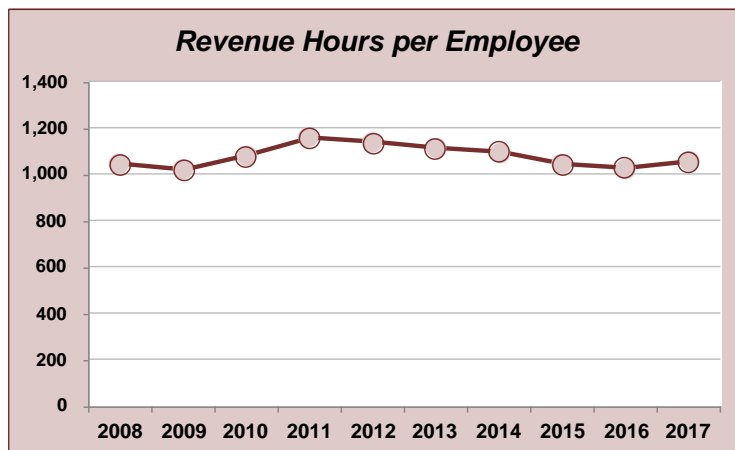
The 2017 cost per revenue hour was \$148.77, a 3.8 percent increase as compared to the 2016 cost per revenue hour of \$143.40. Implementing new service includes start-up costs to recruit, hire, and train the staff required to operate and maintain the new service. The 2016 increase in cost per revenue hour was 0.2 percent, a small increase when compared to the 38,200 hours of service implemented in 2016.



Operating cost divided by revenue hours.

As is true for most service organizations, the agency's largest expense is employee wages and benefits: 53.6 percent of the cost increase between 2016 and 2017 can be attributed to employee wages and benefits. The wage and benefit expense covers the cost of wage increases for existing employees, for new employees added each year, and for coach operator trainees. Community Transit trains all its coach operators. During recruitment and hiring, every effort is made to select future employees who will provide our customers with a quality rider experience.

Other expenses that contributed to the cost per revenue hour include vehicle fuel, both diesel and gasoline, which comprised 14.1 percent of the cost increase. During 2017, the cost of diesel fuel increased 19.2 percent, while gasoline increased 27.3 percent. The remaining 32.3 percent is comprised of a variety of expenses including bus and vanpool parts and maintenance supplies; advertising for coach operator trainees; software, wireless communications, and related technology expenses; insurance; minor equipment replacement for items such as the ticket vending machines at the *Swift* stations; and vehicle cleaning services.



Revenue hours divided by year-end employee count.

**Revenue Hours per Employee** measures how much service Community Transit operates per employee and is one indicator of workforce labor efficiency. When the number of employees increases at a lesser rate than the rate of change in revenue hours, revenue hours per employee increases. When the number of employees increases at a greater rate than the rate of change in revenue hours, revenue hours per employee decreases.

In the two-year period beginning January 1, 2016, and ending December 31, 2017, Community Transit implemented more than 83,000 hours of new service (a 13.0 percent increase in the number of revenue hours) and added 72 employees (an 11.7 percent increase) to support service expansion. The outcome displayed in this chart reflects a period when the agency was significantly increasing revenue hours and hired more employees to support the additional revenue service.

## ***Budget Process***

Community Transit's Board of Directors adopts its annual budget in December preceding the start of a new fiscal year, based on its Board Resolution No. 22-98, which specifies the timeline for presentation of the budget to the Board and requires that the budget presented be balanced. Furthermore, RCW 36.57.040(1) requires transportation authorities "to prepare, adopt, carry out, and amend a general comprehensive plan for public transportation service."

Staff develop 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, pursuant to RCW 36.57A.060, Community Transit's Strategic Planning staff develop the annual transit development plan, 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 transit development plan 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 transit development plan also serves as an important communication tool to internal staff, community partners, and citizens.

The transit development plan is adopted by resolution of the Board of Directors each year, generally preceding the development and adoption of Community Transit's annual budget. The plan contains a six year financial projection that:

- Provides estimates of retail sales growth for the six-year period along with associated revenue projections.
- Estimates cash flows and annual fund balances for all Community Transit funds.
- Plans for reserves required for new and replacement capital.
- Provides a financial roadmap for the delivery of Community Transit's service delivery plan over the next six years.

- Ensures financial stability and continuity to accommodate fluctuating economic conditions, support future growth and expansion needs, to allow the agency to continue to deliver on its mission and vision.

### ***General Fund—Six-Year Forecast***

	<b>2018 Forecast<sup>1</sup></b>	<b>2019 Approved Budget</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>Transit Development Plan - Financial Plan</i>					
Sales Tax	\$ 139,392,849	\$ 146,364,000	\$ 149,605,090	\$ 155,589,294	\$ 161,812,866	\$ 168,285,380
Fares	22,282,000	22,982,000	24,610,000	26,332,700	28,175,989	30,148,308
Other Revenues	30,954,449	34,720,198	29,416,103	30,528,121	31,366,075	31,882,896
<b>Total Revenues</b>	<b>192,629,298</b>	<b>204,066,198</b>	<b>203,631,194</b>	<b>212,450,115</b>	<b>221,354,930</b>	<b>230,316,585</b>
Department Operating Exp <sup>2</sup>	140,471,594	155,526,169	166,121,945	176,631,853	187,661,871	196,836,184
Other Operating	3,772,892	3,818,665	4,225,000	4,317,000	4,412,000	4,510,000
Cost Pools	-	5,587,000	-	-	-	-
<b>Total Expenses</b>	<b>144,244,486</b>	<b>164,931,834</b>	<b>170,346,945</b>	<b>180,948,853</b>	<b>192,073,871</b>	<b>201,346,184</b>
<b>Surplus</b>	<b>\$ 48,384,812</b>	<b>\$ 39,134,364</b>	<b>\$ 33,284,248</b>	<b>\$ 31,501,262</b>	<b>\$ 29,281,058</b>	<b>\$ 28,970,401</b>
Interfund Transfers <sup>3</sup>	45,748,217	45,942,061	35,882,579	24,940,681	11,418,463	18,138,486
<b>Net Change to Cash Balance</b>	<b>2,636,595</b>	<b>(6,807,697)</b>	<b>(2,598,331)</b>	<b>6,560,580</b>	<b>17,862,595</b>	<b>10,831,915</b>
<b>Projected Ending Cash Balance</b>	<b>\$ 66,748,235</b>	<b>\$ 59,940,538</b>	<b>\$ 57,342,207</b>	<b>\$ 63,902,788</b>	<b>\$ 81,765,383</b>	<b>\$ 92,597,298</b>

<sup>1</sup> The 2018 forecast was used in this table, in lieu of the amended budget, to more closely approximate the ending cash balance.

<sup>2</sup> Department operating expenses include fuel expense and insurance.

<sup>3</sup> Transfers for workers' compensation and debt service are included in "Other Operating" for consistency with Transit Development Plan (TDP) 2019 budgeted interfund transfers which include additional funding for a base expansion/renovation reserve that was not included in the TDP. This additional reserve impacts projected ending cash balances from 2019 through 2023.

The transit development plan, 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 transit development plan projections with the more specific budget instructions and 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.

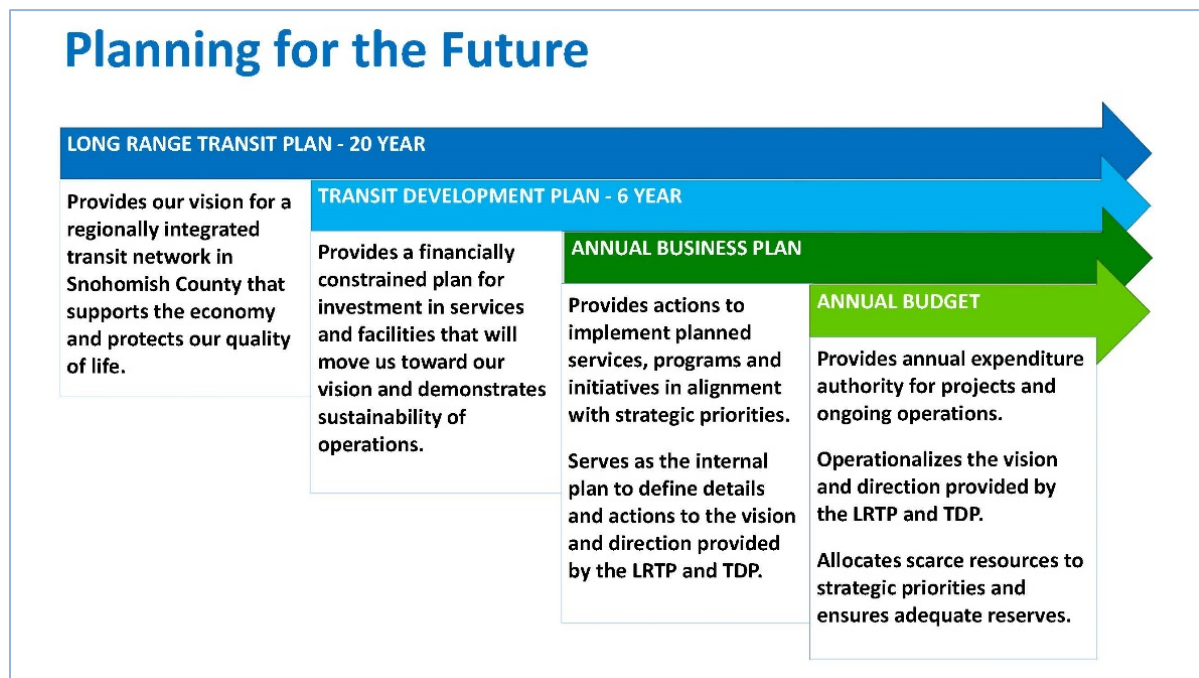
### ***Business Planning Process***

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 transit development plan 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 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 agency 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 estimate budgeted revenues for the coming year in the early part of summer while departments prepare their budgets. Department staff present their FTE requests to the

Executive team in early June, prior to the start of the departments' budget preparation. The Executive team reviews and makes tentative approvals by late June.

Finance staff also prepare the budgets for workers' compensation, debt service, insurance, benefits, cost pools, and interfund transfers that cover capital project and nonoperating expenses. Staff host budget labs during the month of July to provide hands-on assistance to agency budget preparers who may need 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 submit plans for projects in approximately March for the next budget year. The Business Planning team reviews the capital project proposals for completeness, and the CEO and Executive staff review and approve these by early June, in advance of budget development. Department staff budget for their requested capital projects concurrently with the preparation of their department budgets. Capital projects are budgeted and funded 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 included in the next fiscal year's budget.

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 early 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 Board Finance, Performance, & Oversight Committee 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 and for the divisions within each department. Budget overruns at the agency level must be authorized by the Board of Directors; at lower levels they are the responsibility of the CEO.

## ***Presentation to the Finance, Performance, & Oversight Committee and Board of Directors***

Community Transit's Director of Administration and Finance staff present an overview of the proposed budget to the Board of Directors in October. The budget is released first to the Finance, Performance, & Oversight 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 each agency department 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 between anticipated resources and planned expenditures.

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

## ***Board of Directors' Budget Review Process***

Each member of the Board of Directors and all alternates to the Board receive a notebook containing Community Transit's proposed budget and related information (such as CEO Message, Executive Summary, and department-specific information) in late October at or before the 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 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 regular December board meeting, a special meeting must be held prior to December 31<sup>st</sup> whereby the Board adopts a budget for Community Transit.










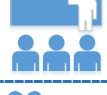

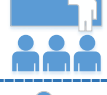


## ***Budget Amendment***

During the course of the fiscal year, unanticipated events, including economic and other changes, may occur that warrant changes to Community Transit's Board-adopted budget. At least twice annually, the budget manager works with agency staff to develop amendments to the current year budget, based on agency needs. These include the appropriation of unanticipated revenues, emergency or unexpected operational needs, and capital project requirements.

One amendment is processed in advance of the annual budget process. This amendment usually includes such elements as off-cycle project requests or adjustments to the service plan. A final year-end amendment is processed near the close of the fiscal year. This amendment often includes updates to the revenue budget and/or adjustments needed to existing project budgets.

The budget manager compiles items for each amendment and prepares the resolution and associated attachments. The Board of Directors reviews and approves budget amendments. This process occurs at a regular Board of Directors meetings, which are public meetings held on the first Thursday of each month.

## *Budget Schedule*

	<b><i>Task</i></b>	<b><i>Timeline</i></b>
	Budget kickoff/parameter development occurs	Late April/Early May
	FTE request review process occurs	Early to Mid-June
	Budget workshops held	Mid-June
	Budget system released to department budget preparers	Late June
	Budget labs conducted	July – various dates
	Department Operating and Capital Budgets due	Late July
	Round 1 and 2 budget reviews occur	Round 1 – Mid-Aug Round 2 – Late Aug
	Executive Team approves budget	Early September
	Analysis and report preparation occur	September-October
	Budget preview presented to the Board	First Thursday in October on an as-needed basis.
	Budget Presented to the Finance, Performance, and Oversight Committee	Third Thursday in October
	Budget presented to Board of Directors at quarterly workshop	Fourth Thursday in October
	Public hearing on the budget occurs	First Thursday in November
	Board adopts budget	First Thursday in December

## ***Funds List***

Community Transit uses a single enterprise fund to account for its operations and prepares its financial statements on the accrual basis of accounting according to generally accepted accounting principles. For budget purposes as well as for tracking reserves and capital projects, the agency breaks this enterprise fund into multiple funds in its financial system. These budgetary funds include a general operating fund, several reserve funds, funds to cover debt service and the worker compensation program, and multiple capital project funds.

Most revenues and expenditures are budgeted on an accrual basis. Significant differences include sales tax revenue, compensated absences payable, actuarial accrual of future workers' compensation losses, postemployment benefits, debt service, capital projects, and depreciation and amortization.

### ***Fund 40—General Fund***

The General Fund accounts for Community Transit's operations. Revenues include retail sales tax, fares, grants and contributions, and other miscellaneous revenues. Operating expenses include salaries and wages, benefits, fuel, purchased transportation, services, utilities, and consumable supplies.

### ***Fund 41—Replacement Reserve***

The Replacement Reserve uses local revenues, primarily sales tax collections, to provide for the locally-funded portion of costs for the scheduled replacement of buses, paratransit vehicles, vanpool vans, and support vehicles. Vehicle purchases without grant funding may be recorded in Fund 41 while interfund transfers to other capital funds provide the local match portion required by grants.

### ***Fund 42—Infrastructure Preservation Reserve***

The Infrastructure Preservation Reserve sets aside 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 43—Workers' Compensation Fund***

Community Transit sets aside funds to pay for its workers' compensation program and related costs, including injury prevention. State law requires that all self-insured entities maintain a minimum reserve balance to cover the estimated current and future claims costs. The minimum is determined by actuarial methods utilizing actual loss experience.

#### ***Fund 45—FTA Capital Projects***

This fund includes capital projects paid for primarily by Federal Transit Administration (FTA) grants that require Community Transit to contribute a partial match. The local match is usually funded with transfers from other capital reserves or the General Fund.

#### ***Fund 46—Local Capital Projects***

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

#### ***Fund 47—Bond Capital Projects***

Bond Capital Projects includes capital projects paid for by bond proceeds or proceeds from other forms of public debt, which Community Transit may issue in future years. Once bond proceeds are fully spent, this fund is used for tracking and depreciation accounting; it is inactive for budgeting purposes.

#### ***Fund 48—Facility and Technology Expansion***

This fund provides for specific facility and technology projects and accumulates a reserve for future facility and technology expansion.

#### ***Fund 50—Bond Debt Service***

This fund accumulates the minimum necessary funds to cover annual principal and interest payments due on outstanding bonds. Funding is provided by sales tax revenue recorded in the General Fund and transferred to Fund 50. Community Transit's bond resolution requires that the agency set aside a portion of its sales tax revenue to meet bond debt service requirements.

## ***Financial Policies***

### ***Significant Accounting Policies***

#### ***Basis of Accounting***

The accounting policies of Community Transit conform to generally accepted accounting principles applicable to governmental units. Community Transit applies all applicable pronouncements from the Governmental Accounting Standards Board (GASB). Community Transit uses an enterprise fund to account for its operations and prepares its financial statements on the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded as soon as the benefits are received.

Operating revenues and expenses generally result from providing transportation services. Community Transit's primary operating revenues include: passenger fares (charges to customers for transportation services), reimbursements from Sound Transit for providing regional express bus service, and revenues earned from advertisements posted on buses. Operating expenses consist of service directly operated and service provided under contract, vehicle and facility maintenance, administrative expenses, depreciation and amortization of capital assets.

All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses and include subsidies such as tax revenues and operating grants, investment income, miscellaneous revenues, interest expense, and gains or losses on the sale of capital assets and maintenance parts inventory.

Community Transit's accounting records are maintained in accordance with methods prescribed by the State Auditor under the authority of Washington State law. Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### ***Budgeting***

Community Transit adopts its annual budget in December of the preceding fiscal year. The budget is based on agencywide goals and departmental programs and objectives as well as revenue and service growth assumptions as outlined in the Board-adopted six-year transit development plan. After these programs and objectives are developed, revenue for the coming year is estimated. The estimated revenue is used to determine the level of service to be provided the following year.



Most operating revenues and expenditures are budgeted on an accrual basis. Significant differences between budgeting and accounting include depreciation and amortization, compensated absences payable, sales tax revenue, actuarial accrual of future workers' compensation losses, postemployment benefits, and miscellaneous revenues. Debt service is budgeted on a cash basis.

### ***Cash and Short-Term Investments***

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments purchased with a remaining maturity of three months or less. Community Transit's investment policies are governed by regulations established for public funds by Washington State law.

Investments are reported at fair value except for investments in the Washington State Local Government Investment Pool (LGIP) which is reported at amortized cost. Changes in fair value are included as revenue in the financial statements.

### ***Restricted Assets***

Funds are classified as restricted assets when their use is limited by bond covenants, state requirements for workers' compensation, or other legally binding conditions. Currently, the only restricted asset the agency has is for self-insured workers' compensation.

### ***Maintenance Parts Inventory***

Vehicle maintenance parts are held for consumption and valued at cost using the weighted average method. The costs of maintenance parts are recorded as an expense when consumed rather than when purchased.

### ***Debt Policy***

Community Transit Staff seek Board of Directors' guidance and approval on a case by case basis when seeking to issue debt.

### ***Capital Assets and Depreciation***

Assets with a useful life in excess of one year are capitalized if the individual cost is at least \$5,000. Capital assets are recorded at historical cost. Donated assets are measured at acquisition value. Replacements which improve or extend the life of property are capitalized. Repairs and maintenance are expensed as incurred.

Community Transit participates with the Washington State Department of Transportation in the construction of passenger park-and-ride facilities within the transit service area. Community Transit contributes funds to provide the local match required under the terms of federal construction grants. The State of Washington retains park-and-ride facility ownership, but Community Transit's contribution allows us to use these facilities. The rights are valued at the amount of the contribution made and are reported under capital assets as site improvements.

Depreciation is computed using the straight-line method (without salvage values) over the estimated useful life of the asset. When used assets are acquired, they are assigned a useful life of one-half the new life.

Newly acquired assets are assigned useful lives as follows:

- Land—not depreciated
- Work in Progress—not depreciated
- Intangible Property—easements not depreciated
- Buildings—5 to 30 years
- Site Improvements—5 to 30 years
- Buses—12 to 15 years
- Other Vehicles—5 years
- Machinery and Equipment—3 to 10 years
- Computer Equipment—3 to 7 years
- Intangible Property—3 to 10 years

Capital projects are budgeted on a project basis. 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.

Community Transit encumbers expenditures for management information. Encumbrances do not constitute a legal reduction of appropriations and are not reported on the financial statements.

### ***Compensated Absences***

Policies for the accrual and use of compensated absences vary depending on whether an employee is represented by a labor contract or subject to the personnel policy. All employees are covered in the same three plans: paid time off, major sick leave, and Washington Paid Sick Leave (WPSL). Paid time off is payable upon an employee's termination. Major sick leave and WPSL are payable upon termination at 25 percent of the hours accrued; employees are paid out at 50 percent if retiring.

### ***Unearned Revenue***

Revenues received in advance are recorded as unearned revenue on the Comparative Statements of Net Position.

### ***Pensions***

Information about the fiduciary net position of all state-sponsored pension plans and additions to or deductions from the fiduciary net position of those plans has been determined on the

same basis as they are reported by the Washington State Department of Retirement Systems. This information was used to measure net liability, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## ***Calculating Community Transit's Reserve Balances***

Community Transit's finances were significantly impacted by the global recession of 2007-2009 and the slow economic recovery following the recession. Revenues fell short of the agency's planned revenue forecasts. The agency took action to restore its financial strength and continues to respond to economic conditions. One of Community Transit's goals is to preserve service levels and jobs while fully funding reserves and maintaining its existing assets.

With this goal in mind, in 2012 Community Transit engaged Moss Adams Advisory Services to perform a review and analysis of Community Transit's reserve funds. Moss Adams was retained to assess whether specific reserve fund balances were within a reasonable range and funding practices were appropriate. Moss Adams analyzed the following: the operating, replacement, and infrastructure preservation reserves, as well as the agency's aggregate reserves.

The analysis was conducted by evaluating current funding levels and practices versus industry standards and practices. From the analysis, Moss Adams developed recommendations and suggested steps that might be taken to bridge any gaps between current and recommended funding levels. Reserve calculations were developed as a result of this study.

The Workers' Compensation fund reserves were not addressed by the Moss Adams study. Therefore, GASB pronouncements and Washington State law were reviewed to determine what requirements, if any, would apply to Community Transit's self-insured Workers' Compensation program.

Each year, in partnership with long range planning, budget staff in the Finance Division calculate the reserve requirements during the annual budget development. The Board of Directors reviews the proposed reserve balances as part of the annual budget process and adopts the budget in December of each year.

## ***Delegating Purchasing and Other Authorities***

This policy applies to any employee who has been delegated the authority to make certain financial, contractual, or regulatory transactions on Community Transit's behalf. The policy has nine sections.

### **Section 1: Authorizing Employees to Make Purchases on Behalf of Community Transit**

Section 2: Authorizing Employees to Enter into Contracts on the Agency’s Behalf

Section 3: Approving Invoices for Payment

Section 4: Authorizing Release of Payments

Section 5: Authorizing Budget Transfers

Section 6: Authorizing Acceptance of Public Works Projects

Section 7: Authorizing the Release of Surplus Property

Section 8: Delegating Authority for the Annual USDOL1 OSHA2 300 Report

Section 9: Administering this Policy

## ***Controlling Noncapitalized Assets***

A noncapitalized asset is defined as any item with a value of at least \$300 but less than \$5,000, meets specific criteria, and is vulnerable to theft, loss, or misuse. These items are referred to as “small and attractive items” per Resolution No. 01-02 and are tracked and verified annually.

## ***Procurement Policy***

Resolution No. 05-11 authorizes the Chief Executive Officer or designee to establish and maintain an agencywide procurement program of policies and procedures in compliance with federal, state, and local laws.

Procurements that exceed \$150,000 in value or per contract year for multiple-year contracts, except exemptions listed in Section 4 of Resolution No. 05-11, are awarded by the Board of Directors. All other procurements are awarded by the Chief Executive Officer, provided they are funded from the Board-approved budget.

## ***Investing Community Transit’s Funds***

This policy applies to all financial assets belonging to Community Transit except that bond proceeds are governed first by any associated bond financing documents. These funds are accounted for in Community Transit’s Comprehensive Annual Financial Report.

Section 1: Affirming Community Transit’s Key Investment Principles. This section outlines Community Transit’s investment principles in priority order: safety, then liquidity, then return on investment.

Section 2: Managing Community Transit's Investment Program

Section 3: Selecting Financial Institutions and Brokers/Dealers

Section 4: Evaluating Investment Decisions

Section 5: Developing Community Transit's Investment Strategy

Section 6: Investing in Authorized Securities

Appendices A-E: Appendices include the following topics: the approved securities list, portfolio maximum percentages, and duties of the investment team.

## ***Small and Disadvantaged Business Enterprise Program***

Community Transit has established a Small and Disadvantaged Business Enterprise (SBE/DBE) program in accordance with regulations of the US Department of Transportation, 49 CFR Part 26. Community Transit has received federal financial assistance from the Department of Transportation/Federal Transit Administration (DOT/FTA), and as a condition of receiving this assistance, Community Transit has signed an assurance that it will comply with 49 CFR Part 26.

It is the policy of Community Transit to ensure that SBE/DBEs, as defined in 49 CFR Part 26, have equal opportunity to receive and participate in DOT/FTA-assisted contracts.

## ***Managing Payment Cards***

This policy applies to agency employees who perform one or more of the following functions:

- Audit procedures associated with and use of any agency payment card.
- Authorize other employees to perform any activity associated with the agency payment card program.
- Issue payments for purchases made using agency payment cards.
- Serve as a card user and use an agency payment card to purchase goods and services.
- Serve as a card custodian for any agency payment card.

The policy covers the following information:

Section 1: Managing the Agency Payment Card Program

Section 2: Setting Payment Card Limits

Section 3: Managing Employee Access to Payment Cards

Section 4: Using Payment Cards

Section 5: Monitoring and Paying for Purchases Made Using Payment Cards

Section 6: Dealing with Employee Misuse of a Payment Card

Appendices A-F: Appendices include the following topics: payment card custodian responsibilities, payment card user responsibilities, department head responsibilities, payment card administrator responsibilities, director of administration responsibilities, and procurement/contracts manager/DBE liaison responsibilities.

## ***Managing Community Transit's Business Travel Program***

This policy applies to any person authorized to travel on behalf of Community Transit and to employees who make or authorize travel arrangements or prepare travel budgets. This policy is authorized by Resolution No. 2-08 and is modeled after the Washington State Office of Financial Management State Administrative and Accounting Manual, Chapter 10. The policy covers the following topics:

Section 1: Managing the Agency Travel Program

Section 2: Making Travel Arrangements

Section 3: Purchasing Transportation for Business Travel

Section 4: Purchasing Lodging for Business Travel

Section 5: Using Per Diems While Traveling on Agency Business

Section 6: Administering Travel Advances

Section 7: Paying, Reconciling, and Reimbursing Travel Expenses

Section 8: Travel Program Tip Guidelines

Section 9: Combining Business and Personal Travel

Section 10: Changing, Transferring, or Cancelling Travel Arrangements

Section 11: Requesting Exceptions to the Agency Travel Program

Section 12: Documenting Agency Travel

Section 13: Purchasing Meals for Agency Activities

Section 14: Determining When Travel Time is Compensable

Appendices A-M: Appendices include the following: approval authority matrix, duties of department heads and the director of administration, duties of designated travel coordinators, guidelines for applying per diems to partial travel days, tip guidelines, nonexempt employee travel compensation, compensable and noncompensable commutes and travel time, compensating nonexempt employees in other travel circumstances, and calculating transportation expense.

## ***Using Staff and Personal Vehicles to Conduct Agency Business***

This policy applies to any person who uses a personal vehicle or a Community Transit staff vehicle to conduct agency business. The policy covers the following information:

Section 1: Driving a Staff Vehicle on Behalf of Community Transit

Section 2: Determining Driver Qualifications

Section 3: Monitoring Driving Status

Section 4: Monitoring and Scheduling Staff Vehicles

Section 5: Using Staff Vehicles

Section 6: Assigning Staff Vehicles for Long-Term Use

Section 7: Using Personally Owned Vehicles to Conduct Agency Business

Section 8: Administering This Policy

## ***Managing Community Transit's Fixed-Route Free Ride Fare Media***

This policy applies to all employees who issue, use, and manage Community Transit's free ride fare media. The policy covers the following information:

Section 1: The Chief Executive Officer Establishes Free Ride Fare Policy.

The Chief Executive Officer is authorized to establish free ride fare media per Resolution No. 2-81 and Resolution No. 12-86. Fixed-route free ride fare media can be used for approved purposes contained within the policy.

Section 2: Customer Service Manager Oversees the Free Ride Fare Media Program.

Customer Service Manager consults with Strategic Planning, Finance, Training, and Transportation before ordering or considering new free ride fare media. The Customer Service Manager determines who is authorized to issue free ride fare media.

Section 3: Marketing Designs Free Ride Fare Media. Marketing consults with Strategic Planning, Finance, Training, and Transportation when designing new or updating existing free ride fare media.

Section 4: Customer Service Manager Reports on the Use of Free Ride Fare Media. The Customer Service Manager provides a quarterly report to Strategic Planning summarizing the distribution, use, and collection of free ride fare media.

## ***Completing the Business Planning Process***

This policy outlines the annual business planning process at Community Transit. The policy covers the following information:

Section 1: Executive Team Makes Final Decisions Regarding the Business Planning Process. The Executive Team serves as a final decision point as determined by the Steering Committee. Supports and communicates expectations to division managers and staff.

Section 2: Division Staff Monitor and Complete the Business Planning Process. Division staff complete the business planning process and communicate with other divisions to refine work activities and/or estimates according to information provided by the Enterprise Program Office (EPO).

Section 3: Division Staff Collaborate on Work Activities with Staff in other Divisions. Communication is essential for business planning. The result will be better information discovered as a prebudget activity.

Section 4: Department Subject Matter Experts (SMEs) Support and Advise Division Staff. The department SMEs are selected by directors and serve as the single contact point for division managers for support and advice regarding overall process, tasks, and timelines.

Section 5: Managers, Selected Supervisors and Department SMEs Participate in the “Swap Meet”. Managers and selected supervisors attend and participate in the meeting to discuss the work activities entered into their division’s business planning form. Department SMEs attend the “swap meet” and provide follow up assistance to division staff.

Section 6: EPO Administers the Business Planning Process. The EPO provides information to the agency in order to complete the business planning process. EPO utilizes the PeopleSoft module to maintain the data and distribute reports.



## ***Glossary: Finance Terms and Acronyms***

<i><b>Term or Acronym</b></i>	<i><b>Definition</b></i>
Account	A numerical chartfield that describes the nature of an expenditure or revenue.
Accrual Basis of Accounting	Accounting method where transactions are recognized when they occur, regardless of the timing of associated cash receipts and disbursements.
Annual Budget	A financial and operating plan that establishes a budget for a single fiscal year only.
Appropriation	An authorization made by the Board of Directors that allows for the expenditure of agency resources during a given fiscal year.
Asset	Resources or items of value that are owned by an entity.
Balanced Budget	A budget in which revenues exceed expenditures, all reserves are fully funded, and Community Transit's volume adjusted operating costs grow at a rate that is less than the cap set in the six year Transit Development Plan.
BARS	Budget, Accounting, and Reporting System—the required financial reporting system for government entities in Washington State.
Biennial Budget	A financial and operating plan that establishes a budget for a two-year period.
BRT	Bus Rapid Transit system—a BRT aims to combine the capacity and speed of light rail or metro with the flexibility, lower cost and simplicity of a bus system, and can be described as a "surface subway".
Budget	A plan for revenues and expenditures, according to a set of strategic decisions made by agency leadership, which is approved by the Board of Directors annually. The budget funds initiatives and controls expenditures within boundaries.
Budget Resolution	The official legal document approved by the Board of Directors that authorizes the expenditure of resources.
Budget Status Report	A report that compares budgeted expenditures with actual expenditures and encumbrances, usually reported by department and/or division as a means of monitoring the actual financial results against the annual approved budget.
Bond	A type of security that is sold by firms or governments as a means to borrow money at specified interest rates.

<b><i>Term or Acronym</i></b>	<b><i>Definition</i></b>
CAFR	Comprehensive Annual Financial Report—the official financial report of a government.
Capital	Property that is expected to generate value over a long period of time and form the productive base of an organization.
Chartfield	A term used to describe the fields that segregate and categorize a transaction. At Community Transit these include: funds, departments, accounts, and projects.
Consumer Price Index (CPI)	A measure of the average change over time in the prices paid by urban consumers for goods and services.
Contingency	A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.
CPA	Certified Public Accountant
DART	Dial-a-Ride Transportation, also known as paratransit.
Debt Service	Payment of principal and interest to Community Transit’s bondholders.
Department	A major unit of a company, organization, or government entity.
Encumbrance	The commitment of some portion of a budget to purchase an item or service. At Community Transit, an encumbrance is recorded when a purchase order is generated.
EPM	PeopleSoft Enterprise Performance Management software.
Expense	The economic costs a business or government incurs through its operations to earn revenue or provide a service.
Fiscal Year	A twelve-month period to which the annual approved operating budget applies; also the segment of time in which an entity measures its financial results.
Fixed Assets	Items of value which are purchased for long-term use and are not likely to be converted quickly into cash, such as land, buildings, and equipment.
FTA	Federal Transit Administration—the federal agency responsible for transit programs and funding.
FTE	Full Time Equivalent—a measure of staffing in terms of full time hours worked.
Fund	An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities.
Fund Balance	Modified working capital; in essence, cash and cash equivalents plus accrued revenues and less accrued expenses.

<b><i>Term or Acronym</i></b>	<b><i>Definition</i></b>
GAAP	Generally Accepted Accounting Principles—used by industry and governments as standards for accounting and reporting financial activity. GAAP adherence assures all state and local governments' reports contain the same type of financial statements and disclosure, based on the same measurement and classification criteria.
GASB	Governmental Accounting Standards Boards—the entity that determines GAAP for government entities.
GFOA	Government Finance Officers Association
Interfund Transfer	A payment made from one fund in a government entity to another for goods or services rendered or to provide funding for another allowable public purpose.
Intergovernmental Services	Purchases made from other governments for specialized services typically performed by those governments.
Investment	An asset or item acquired with the goal of generating income or appreciation.
Liability	The future sacrifices of economic benefits that the entity is obliged to make to other entities as a result of past transactions or other past events, the settlement of which may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future.
LSTGO Bond	Limited Sales Tax General Obligation Bond—bonds that pledge the full faith and credit of a sales tax-funded government agency for payment.
NTD	National Transit Database—a federal reporting program for transit agencies receiving FTA funding. It serves as a primary repository for all transit-related data and statistics in the United States.
Operating Budget:	The primary means by which most of the acquisition, spending, and service delivery activities of a government are controlled.
Operating Expense	Expenses that support the operating budget, such as the government entity's acquisition, spending and service delivery activities.
Performance Measure	A numerical expression documenting some aspect of the output or outcomes of an activity, service, process or program.
PERS	Public Employees Retirement System—retirement benefits provided by the State of Washington, in which Community Transit employees participate.

<b><i>Term or Acronym</i></b>	<b><i>Definition</i></b>
Project	A temporary endeavor to create a unique product, service or result, which has a defined beginning and end time as well as a defined scope and resources.
RCW	Revised Code of Washington—the laws of the State of Washington.
Reserve	A portion of fund equity that is legally or managerially restricted for a specific purpose.
Revenue	Income received by Community Transit to conduct services that support the mission of organization. Income may be in the form of sales tax, passenger fares, grants, interest earnings, and other sources.
Strategic Plan	A long range statement of direction for an organization, which identifies vision, mission, goals and strategies, as well as measures which will show progress made in achieving goals.
TDP	Transit Development Plan—a six-year blueprint for developing the agency’s long range transit system. It identifies transit service needs, prioritizes improvements and determines the resources required for implementing modified or new service.
Vanpool	An element of a transit system that allow groups of people to share the ride similar to a carpool, but on a larger scale with concurrent savings in fuel and vehicle operating costs.
WAC	Washington Administrative Code—administrative rules of the State of Washington, which are designed to help the public comply with state laws, processes, and other requirements.
WSDOT	Washington State Department of Transportation—the department that oversees Washington State’s multimodal transportation system and ensures that people and goods move safely and efficiently. In particular, this agency builds, maintains, and operates the state highway system, as well as the state ferry system.
WSTIP	Washington State Transit Insurance Pool—the insurance pool consists of twenty-five Washington State public transit agencies, who combine their resources in order to provide and purchase insurance coverage, manage claims and litigation, and receive risk management assistance and training.



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