



**PIERCE TRANSIT BOARD OF COMMISSIONERS
EXECUTIVE FINANCE COMMITTEE
3701 96th ST SW, Lakewood, WA 98499
Grand Conference Room
October 15, 2015 – 3:00 PM**

AGENDA

CALL TO ORDER

APPROVAL OF MINUTES: August 20, 2015 Regular Meeting

ACTION AGENDA:

1. FS 15-060, Authorizing the Chief Executive Officer to Enter Into and Execute an Agreement with Xerox Financial Services LLC for a Sixty (60) Month Operating Lease
Keith Messner
Information Technology Manager
2. FS 15-061, Authorizing the Chief Executive Officer to Enter Into and Execute a Five (5) Year Agreement with QBSI for Software, Hardware, Maintenance and Support Services
Keith Messner
Information Technology Manager
3. FS 15-062, Authorizing the Chief Executive Officer to Enter Into and Execute a Multi-Year Contract with Battery Systems for the Purchase of Vehicle Batteries
Bill Spies
Fleet Manager

PRESENTATIONS/DISCUSSIONS:

1. 2016 State and Federal Legislative Priorities
Justin Leighton
Government Relations Officer
2. 2016 Preliminary Budget
Wayne Fanshier
Chief Financial Officer

EXECUTIVE SESSION ~ None

ADJOURNMENT

American Disability Act (ADA) accommodations are available with a 72-hour notice. An interpreter for the hearing impaired will be provided upon request with a minimum notice of two weeks. Please contact the Clerk's office at 253-581-8066 for special accommodations. Meeting room is wheelchair accessible. Registered SHUTTLE customers may obtain specialized transportation to and from the hearing by calling SHUTTLE at 253-581-8000 from one to five days in advance of the hearing.

**PIERCE TRANSIT
EXECUTIVE FINANCE COMMITTEE MEETING
3701 96th STREET SW, LAKEWOOD, WA
GRAND CONFERENCE ROOM**

August 20, 2015

MINUTES

CALL TO ORDER

Chair Vermillion called the meeting to order at 3:07 PM.

ATTENDANCE

Executive Finance Committee Commissioners present:

Steve Vermillion, Chair, City of Puyallup Councilmember
Don Anderson, City of Lakewood Mayor (appeared via phone)
Rick Talbert, Pierce County Councilmember (arrived at 3:10 PM)

Executive Finance Committee Commissioners excused:

Lauren Walker, Vice-Chair, City of Tacoma Councilmember

Staff present:

Sue Dreier, Chief Executive Officer
Wayne Fanshier, Chief Financial Officer
Doug Middleton, Chief Operations Officer
Vivienne Kamphaus, Interim Chief Administration Officer
Dana Henderson, General Counsel
Deanne Jacobson, Clerk of the Board
Jay Peterson, Transit Development Manager
Tina Lee, Service Innovation Admin
Kathy Sullivant, Finance Manager
Liz Passmore, Finance Assistant Manager
Keith Messner, Information Technology Manager
Angela Woods, Deputy Clerk of the Board

APPROVAL OF MINUTES

Commissioners Anderson and Vermillion **moved** and seconded to approve the July 16, 2015, meeting minutes as presented.

Motion **carried**, (2-0).

Chair Vermillion announced that item no. 2, FS 15-050, Authority to Amend a Contract with IPKeys Technologies for Network Engineering Services, on the action agenda was

pulled. The project had not exceeded the budget amount of \$250,000; therefore an amendment is not needed at this time.

ACTION AGENDA

- 1. FS 15-049, Authority for Washington State Department of Enterprise Services to Enter Into and Execute a Contract on Behalf of Pierce Transit with Wiss, Janney, Elstner Associates, Inc., for Construction Administration Services for the Tacoma Dome Station Mid-Life Maintenance Project**

Commissioners Anderson and Vermillion **moved** and seconded to authorize for Washington State Department of Enterprise Services to enter into and execute a contract on behalf of Pierce Transit with Wiss, Janney, Elstner Associates, Inc., for construction administration services for the Tacoma Dome Station Mid-Life Maintenance Project.

Transit Development Manager Jay Peterson presented on the item (*Commissioner Talbert arrived at 3:10 PM*).

Motion **carried**, (3-0).

- 3. FS 15-051, Authority to Execute a Contract with GBH Communications, Inc., to Replace the Building 5 Audio Visual System**

Commissioners Anderson and Talbert **moved** and seconded to authorize the execution of a contract with GBH Communications, Inc., to replace the Building 5 Audio Visual System.

Information Technology Manager Keith Messner presented on this item. Mr. Messner provided details for the proposed design. He discussed the audio and visual system components and added that two of the three training rooms will have video conferencing. The third conference room has the option of video conferencing, if staff approves.

Mr. Messner responded to questions pertaining to the cost of the project.

Commissioners Vermillion, Talbert and Anderson opted for two training rooms being equipped with video conferencing.

Motion **carried**, (3-0).

PRESENTATIONS

- 1. Tacoma Mall Transit Center**

Transit Development Manager Jay Peterson explained the lease agreement with the Tacoma Mall Transit Center has expired. Staff has negotiated a long term lease for \$50,000 per year with an escalation clause. Mr. Peterson explained that this proposed lease agreement was reasonable in comparison to other transit center leases.

Mr. Peterson answered questions from Commissioners Talbert and Anderson regarding the current market value and the cost of the lease.

Commissioner Anderson suggested advertising inside the Tacoma Mall to promote transit. Mr. Peterson explained the current advertising at the mall.

2. **Washington State Fair**

Service Innovation Administrator Tina Lee distributed Pierce Transit's Fair Express brochures. She noted the locations for the Fair Express Routes are Tacoma Mall, Lakewood Towne Center, and South Hill Mall.

Ms. Lee answered questions from the Commissioners regarding ridership from last year, and advertising of the route.

3. **Investment Policy**

Chief Financial Officer Wayne Fanshier reviewed the proposed Investment Policy with the Commissioners through a PowerPoint presentation. He noted that the last update to the policy was in 1992 and highlighted the proposed changes.

The proposed Investment Policy is scheduled for action at the September 14, 2015, Board Meeting.

4. **Public Safety Model**

Chief Operations Officer Doug Middleton discussed changing the Public Safety Model to eliminate individual off-duty police officer contracts and entering into interlocal agreements with local police agencies.

Discussion ensued about the timeline for the interlocal agreements with the agencies and the recruitment process for a Public Safety Chief.

ADJOURNMENT

The meeting was adjourned at 3:55 PM.

Angela Woods
Deputy Clerk of the Board

Steve Vermillion, Chair
Board Executive Finance Committee

FACT SHEET – EXECUTIVE FINANCE COMMITTEE

TITLE: Authority to Enter Into and Execute an Agreement with Xerox Financial Services LLC for a Sixty (60) Month Operating Lease

DIVISION: Administration

ORIGINATOR: Keith Messner
Information Technology Manager

PRECEDING ACTION: Resolution No. 14-067, Adoption of the 2015 Agency Budget

COORDINATING DEPARTMENT: Information Technology

APPROVED FOR SUBMITTAL:

Chief Financial Officer

APPROVED FOR AGENDA:

Chief Executive Officer

General Counsel

ATTACHMENTS:

Exhibit A, Municipal Lease Agreement

BUDGET INFORMATION

2015 Budget Amount
\$0

Required Expenditure over five years
\$210,129

2015 Impact
\$7,005

Explanation:

Required expenditure is the result of an operating lease spread over 60 months. The monthly impact is \$3,502.15. The current Capital project to purchase copier/printers was cancelled when a more cost effective lease option was selected. This expenditure is a result of the operating lease selection over a five year period. The annual impact is \$42,025.80. The current M&O budget will cover the 2015 expense, and years 2016 through 2020 expenditures will be budgeted in the 2016, 2017, 2018, 2019, and 2020 budgets. The total 5-year value of the lease agreement is \$210,129 (including tax).

BACKGROUND:

The need to replace these particular copier/printer units is due to high usage and constant maintenance issues. These units are a unique subset of the agencies copier/printer fleet known as ColorQube® printer/copiers. QBSI provides onsite support each week to solve problems occurring with these units. Even with the onsite support, constant breakdowns impact operations, causing costly delays in daily workflow. Replacing ColorQube® printer/copiers with laser copier/printers would alleviate many of the maintenance issues.

The original intent was to purchase new replacement machines. Upon further review, an operating lease based on Sound Transit's Agreement No. RTA/RP 0024-14 for Enterprise Managed Print Services (EMPS) is the most cost effective solution. Utilizing an operating lease instead of purchasing the units outright saves Pierce Transit approximately \$27,600.

ALTERNATIVES:

- 1) Delay replacement. This is not ideal as these units heavily influence staff productivity. If they are down for any extended period of time there is a productivity cost which is already being experienced.
- 2) Purchase instead of operating lease. This is option is not ideal due to the cost differential explained in the background above.
- 3) Go out for bid. The costs in the inter-local agreement are vetted and considered fair and reasonable. Lengthening the process with proposals is not likely to produce improved results.

RECOMMENDATION:

Authorize the Chief Executive Officer to enter into and execute an agreement with Xerox Financial Services LLC for a sixty (60) month Operating Lease in the amount of \$210,129 (including tax).

Executive/Finance Committee Action:

Approved: _____

Disapproved: _____

Steve Vermillion, Chair
Executive/Finance Committee

ATTEST:

Deanne Jacobson, CMC
Clerk of the Board

Xerox Financial Services LLC
 45 Glover Avenue
 Norwalk, CT 06856

**Municipal Lease Agreement
 (Taxable; Fair Market Value)**



Lease Agreement		Dealer Name: QBSI-XEROX, 14432 SE Eastgate Way Ste. 300, Bellevue WA 98007			
LESSEE INFORMATION					
Full Legal Name PIERCE TRANSIT		DBA			
Billing Address PO BOX 99070		City LAKEWOOD		State WA	ZIP Code 98499
Phone 253-983-2720	Contact Name SHANEY EDINGTON	Contact Email SEDINGTON@PIERCETRANSIT.ORG		Lessee PO# (Optional)	
EQUIPMENT					
Quantity	Model and Description	Quantity	Model and Description		
14	XEROX 7835 MFP	2	XEROX 7855 MFP		
2	XEROX 7845 MFP	4	XEROX 7970 MFP		
Equipment Location (if different from Billing Address)		3701 96TH STREET SW, LAKEWOOD WA 98499			
TERM AND PAYMENT					
Original Term plus all Renewal Terms (in months):		60 months			
		Monthly Lease Payment: \$ 3201.23 plus applicable charges & taxes			
LESSEE ACCEPTANCE					
BY YOUR SIGNATURE BELOW, YOU ACKNOWLEDGE THAT YOU ARE ENTERING INTO A NON-CANCELLABLE LEASE AND THAT YOU HAVE READ AND AGREED TO ALL APPLICABLE TERMS AND CONDITIONS SET FORTH ON PAGES 1 AND 2 OF THIS LEASE.					
Authorized Signer X		Date		Federal Tax ID # (Required)	
Print Name		Title (indicate President, Partner, Proprietor, etc.)			
LESSOR ACCEPTANCE					
Accepted by: Xerox Financial Services LLC		Name and Title		Date	
TERMS & CONDITIONS					

1. Definitions. The words "you" and "your" mean the legal entity identified in "Lessee Information" above, and "XFS," "we," "us" "Lessor" and "our" means Xerox Financial Services LLC. "Acceptance Certificate" means a certificate certifying the Equipment has been delivered, installed and accepted by you. "Commencement Date" means the date of delivery and acceptance of the Equipment. "Dealer" means the entity identified in "Dealer Name" above. "Discount Rate" means a rate equal to the 1-year Treasury Constant Maturity rate as published in the Selected Interest Rates table of the Federal Reserve statistical release H.15(519) or successor publication for the week ending immediately prior to the Commencement Date. "Equipment" means the items identified in "Equipment" above and in any attached Equipment schedule, plus any Software (as defined in Section 5 hereof), attachments, accessories, replacements, replacement parts, substitutions, additions and repairs thereto. "Lease" means this Municipal Lease Agreement (Taxable; Fair Market Value), including any attached Equipment schedule. "Lease Payment" means the Monthly Lease Payment specified above. "Lease Term" means the Original Term and all Renewal Terms plus all additional terms, if any, agreed to pursuant to Section 7, but ending upon the termination of this Lease in accordance with its terms. "Maintenance Agreement" means a separate agreement between you and Dealer for maintenance and support purposes. "Original Term" means the term commencing on the Commencement Date and ending at the end of your budget year in effect on the Commencement Date. "Origination Fee" means a one-time fee of \$125 billed on your first invoice which you agree to pay, covering the origination, documentation, processing and certain other initial costs for the Lease. "Party" means you or XFS, and "Parties" means both you and XFS. "Renewal Term" means any one-year term after the Original Term coinciding with your budget year. "Scheduled Termination Date" means the last date on which a Lease Payment is due during the final Renewal Term previously agreed to by Lessee and Lessor. "UCC" means the Uniform Commercial Code as adopted in your State.

2. Lease, Payments and Late Payments. You agree and represent that all Equipment was selected, configured and negotiated by you based upon your own judgment and has been, or is being, supplied by Dealer. XFS agrees to lease the Equipment to you under this Lease and you agree to lease the Equipment from XFS. If requested, you will sign a separate Acceptance Certificate. We may at our discretion confirm by telephone that you have the Equipment and that telephone verification of your acceptance of the Equipment shall have the same effect as a signed Acceptance Certificate. Lease Payments will be due as set above until the balance of Lease Payments and any additional Lease Payments or expenses chargeable to you under this Lease are paid in full. You agree to pay XFS the first Lease Payment 30 days after the Commencement Date; each subsequent Lease Payment, which may include charges you, Dealer and XFS agree will be invoiced by us, shall be payable on the same date of each month thereafter, whether or not XFS invoices you. **If any payment is not paid in full within 5 days after its due date, you will pay a late charge of the greater of 10% of the amount due or \$25, not to exceed the maximum amount permitted by law.** For each dishonored or returned payment, you will be assessed the applicable returned item fee, which shall not exceed \$35. Restrictive covenants on any method of payment will be ineffective.

3. Continuation of Lease Term. This Lease commences on the Commencement Date and continues thereafter for an Original Term ending at the end of your budget year in effect on the Commencement Date and may be continued by you for an additional one-year Renewal Term coinciding with your budget year up to the total number of months until the Scheduled Termination Date indicated above; provided, however, that at the end of the Original Term and at the end of each Renewal Term until the Scheduled Termination Date, you shall be deemed to have continued this Lease for the next Renewal Term unless you shall have terminated this Lease pursuant to Section 4.

You currently intend, subject to Section 4, to continue this Lease through the Original Term and all of the Renewal Terms and to pay the Lease Payments hereunder. You reasonably believe that legally available funds in an amount sufficient to make all Lease Payments during the Original Term and all Renewal Terms can be obtained. Your responsible financial officer shall do all things lawfully in his or her power to obtain and maintain funds from which the Lease Payments may be made, including making provision for the Lease Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with your applicable procedures and to exhaust all available reviews and appeals if that portion of the budget is not approved. Notwithstanding the foregoing, the decision whether to budget or appropriate funds and to extend this Lease for any Renewal Term is solely within the discretion of your governing body.

The Lease Term shall terminate upon the earliest of any of the following events: (a) the expiration of the Original Term or any Renewal Term and the nonrenewal of this Lease in the event of no appropriation of funds pursuant to Section 4; (b) your exercise of the option to purchase the Equipment under Section 7 or Section 17 and payment of the fair market value and all other amounts payable in connection therewith; (c) a default by Lessee and Lessor's election to terminate this Lease under Section 15; and (d) your payment of all Lease Payments authorized or required hereunder and your election to return the Equipment to XFS.

4. No appropriation. You are obligated only to pay such Lease Payments under this Lease as may lawfully

be made from funds budgeted and appropriated for that purpose during your then current budget year. If you fail to appropriate or otherwise make available funds to pay the Lease Payments required to be paid in the next occurring Renewal Term, this Lease shall be terminated at the end of the then current Original Term or Renewal Term. You agree to deliver written notice to us of such termination at least 90 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice shall not extend the term of this Lease beyond the then current Original Term or Renewal Term. If this Lease is terminated in accordance with this Section, you agree, at your cost and expense, to peaceably deliver the Equipment to us at the location or locations specified by us in the manner set forth in Section 8.

5. Equipment and Software. To the extent that the Equipment includes intangible property or associated services such as software licenses, such intangible property shall be referred to as "Software." You acknowledge and agree that that XFS has no right, title or interest in the Software and you will comply throughout the Lease Term with any license and/or other agreement ("Software License") with the supplier of the Software ("Software Supplier"). You are responsible for entering into any required Software License with the Software Supplier no later than the Commencement Date. You agree the Equipment is for your lawful business use in the United States (including its possessions and territories), will not be used for personal, household or family purposes, and is not being acquired for resale. You will not attach the Equipment as a fixture to real estate or make any permanent alterations to it.

6. Absolute, Unconditional Obligation. **SUBJECT TO SECTION 4 HEREOF, YOUR OBLIGATION TO MAKE ALL LEASE PAYMENTS, AND TO PAY ALL OTHER AMOUNTS DUE OR TO BECOME DUE, IS ABSOLUTE AND UNCONDITIONAL AND NOT SUBJECT TO DELAY, REDUCTION, SET-OFF, DEFENSE, COUNTERCLAIM OR RECOURSE FOR ANY REASON WHATSOEVER, IRRESPECTIVE OF THE PERFORMANCE OF THE EQUIPMENT, DEALER, ANY THIRD PARTY OR XFS.** Any pursued claim by you against XFS for alleged breach of our obligations hereunder shall be asserted solely in a separate action; **provided, however, that your obligations under this Lease shall continue unabated.**

7. End of Lease Options. If you are not in default and if you provide no greater than 150 days and no less than 60 days' prior written notice to XFS, you may, as of the Scheduled Termination Date, either (a) purchase all, but not less than all, of the Equipment "AS IS, WHERE IS" and WITHOUT ANY WARRANTY AS TO CONDITION OR VALUE at the time of purchase by paying its fair market value, as determined by XFS in its sole but reasonable discretion, plus taxes, (b) enter into a new lease on mutually agreeable terms, or (c) de-install and return the Equipment, at your expense, fully insured, to a continental US location XFS specifies. If you have not elected one of the above options, you shall be deemed to have entered into a new lease with a 3 month term on terms and conditions identical to this Lease, except that either party may terminate the new lease at the end of its 3 month term on 30 days' prior written notice and, when this new lease terminates, shall take one of the actions identified in (a) (b) or (c) in the preceding sentence or be deemed to have entered into another new lease with a 3 month term as provided herein. Any purchase option shall be exercised with respect to each item of Equipment on the day immediately following the date of expiration of the Scheduled Termination Date of such item, and by the delivery at such time by you to XFS of payment, in cash or by certified check, of the amount of the applicable purchase price for the Equipment. Upon payment of the applicable amount, XFS shall, upon your request, execute and deliver to you a bill of sale for the Equipment on an "AS IS," "WHERE IS," "WITH ALL FAULTS" basis, without representation or warranty of any kind or nature whatsoever. After such payment, you may trade-in the Equipment as part of another transaction with XFS and, if you do, you must pass unencumbered title of the Equipment being traded-in to XFS.

8. Equipment Return. Any Equipment returned to XFS shall be in the same condition as when delivered to you, normal wear and tear excepted and, if not in such condition, you will be liable to the extent permitted by law for all expenses XFS incurs to return the Equipment to such "normal wear and tear" condition. **IT IS SOLELY YOUR RESPONSIBILITY TO SECURE ANY SENSITIVE DATA AND PERMANENTLY DELETE SUCH DATA FROM THE INTERNAL MEDIA STORAGE PRIOR TO RETURNING THE EQUIPMENT TO XFS. YOU SHALL HOLD XFS HARMLESS FROM YOUR FAILURE TO SECURE AND PERMANENTLY DELETE ALL SUCH LESSEE DATA AS OUTLINED IN THIS SECTION.**

You shall, at your sole expense, surrender each item of the Equipment at the expiration or earlier termination of the Lease Term by delivering the item to XFS at a location accessible by common carrier and designated by XFS within the Continental United States or, if specified by XFS, into the custody of a carrier designated by XFS. In the case of software, you shall destroy all tangible items constituting such software and shall deliver to XFS all tangible items constituting such software. At XFS's request, you shall also certify in a form acceptable to XFS that: (i) you have complied with the above software return provisions, (ii) you will not use the software after the expiration or earlier termination of the Lease Term; and (iii) you shall permit XFS to inspect your locations to verify compliance with the terms hereof.

If the item of the Equipment is delivered into the custody of a carrier, you shall arrange for the shipping of the item and its insurance in transit in accordance with XFS's instructions and at your sole expense. You, at your

sole expense, shall completely sever and disconnect the Equipment from your property, all without liability of XFS to you, or to any person claiming through or under you, for damage or loss caused by such severance and disconnection. You, at your sole expense, shall pack or crate the Equipment or its component parts carefully and in accordance with any recommendations of the manufacturer with respect to similar new software or system before surrendering the Equipment to XFS. You shall deliver to XFS the plans, specifications, operation manuals and other warranties and documents furnished by the manufacturer or vendor of the Equipment and such other documents in your possession relating to the maintenance and methods of operation of such Equipment.

When an item of software or Equipment is surrendered to XFS it shall be in the condition and state of repair required to be maintained under this Lease. It will also be free of all evidence of advertising or insignia placed on it by you and meet all legal and regulatory conditions necessary for XFS to sell or lease it to a third party and be free of all liens. If XFS reasonably determines that an item of software or Equipment, once it is returned, is not in the condition required hereby, XFS may cause the repair, service, upgrade, modification or overhaul of the item of software or Equipment to achieve such condition and upon demand, you shall promptly reimburse XFS for all amounts reasonably expended in connection with the foregoing.

Should you not return the Equipment at the end of the Lease Term, you shall continue to make Lease Payments to XFS in the sum equal to the last Lease Payment and at the same intervals as set out in this Lease as a 3 month term (or other term as designated by XFS) until returned by you or until returned upon demand therefore by XFS. The acceptance of said Lease Payments by XFS shall not waive XFS's right to have the Equipment promptly returned to XFS pursuant to the provisions hereof, nor shall the acceptance of said Lease Payments be deemed to be an extension of the Lease Term.

Upon written request of XFS, you shall provide free storage for any item of Equipment for a period not to exceed 60 days after expiration of the Lease Term before returning it to XFS. You shall arrange for the insurance described to continue in full force and effect with respect to such item during its storage period and XFS shall reimburse you on demand for the incremental premium cost of providing such insurance.

9. Equipment Delivery and Maintenance. Equipment will be delivered to you by Dealer at the location specified on the first page hereof or in an Equipment schedule, and you agree to execute an Acceptance Certificate at XFS's request (and confirm same via telephone and/or electronically) confirming that you have received, inspected and accepted the Equipment, and that XFS is authorized to fund Dealer for the Equipment. If you reject the Equipment, you assume all responsibility for any purchase order or other contract issued on your behalf directly with Dealer. Equipment may not be moved to another location without first obtaining XFS's written consent, which shall not be unreasonably withheld. You shall permit XFS to inspect Equipment and any maintenance records relating thereto during your normal business hours upon reasonable notice. You represent that you have entered into a Maintenance Agreement with Dealer to maintain the Equipment in good working order in accordance with the manufacturer's maintenance guidelines, and to provide you with supplies for use with the Equipment. **IN NO EVENT WILL XFS BE LIABLE TO YOU FOR ANY BREACH BY THE DEALER OF ANY OF ITS OBLIGATIONS TO YOU, NOR WILL ANY OF YOUR OBLIGATIONS UNDER THIS LEASE BE AFFECTED, MODIFIED, RELEASED OR EXCUSED BY ANY ALLEGED BREACH BY DEALER.**

10. Equipment Ownership, Labeling. During the Lease Term, title to the Equipment shall vest in XFS, subject to your rights under this Lease. You shall, nevertheless, execute and deliver any such instruments as we may request to evidence title and possession in XFS. You agree to keep the Equipment free from any liens or encumbrances. You have the right to use the Equipment during the term of this Lease, except as otherwise expressly set forth in this Lease. Although the Equipment may become attached to real estate, it remains personal property. If we feel it is necessary, you agree to provide us with waivers of interest or liens from anyone claiming any interest in the real estate on which any items of Equipment is located.

11. Assignment. YOU MAY NOT ASSIGN, SELL, PLEDGE, TRANSFER, SUBLEASE OR PART WITH POSSESSION OF THE EQUIPMENT, THIS LEASE OR ANY OF YOUR RIGHTS OR OBLIGATIONS UNDER THIS LEASE (COLLECTIVELY "ASSIGNMENT") WITHOUT XFS'S PRIOR WRITTEN CONSENT, WHICH SHALL NOT BE UNREASONABLY WITHHELD, BUT SUBJECT TO THE SOLE EXERCISE OF XFS'S REASONABLE CREDIT DISCRETION AND EXECUTION OF ANY NECESSARY ASSIGNMENT DOCUMENTATION. If XFS agrees to an Assignment, you agree to pay the applicable assignment fee and reimburse XFS for any costs we incur in connection with that Assignment. XFS may sell, assign or transfer all or any part of the Equipment, this Lease and/or any of our rights (but none of our obligations) under this Lease. XFS's assignee will have the same rights that we have to the extent assigned (but none of our obligations) and YOU AGREE NOT TO ASSERT AGAINST SUCH ASSIGNEE ANY CLAIMS, DEFENSES, COUNTERCLAIMS, RECOUPMENTS, OR SET-OFFS THAT YOU MAY HAVE AGAINST XFS. XFS agrees and acknowledges that any Assignment by us will not materially change your obligations under this Lease. You agree to maintain a written record of each assignment. No such assignment shall be binding on you until you have received written notice from the assignor of the name and address of the assignee.

12. Taxes. You will be responsible for, indemnify and hold XFS harmless from, all applicable taxes, fees or charges (including sales, use, personal property and transfer taxes, other than net income taxes), plus interest and penalties, assessed by any governmental entity on the Equipment, this Lease or the amounts payable under this Lease (collectively, "Taxes"), which will be included in XFS's invoice to you unless you timely provide continuing proof of your tax-exempt status. If Equipment is delivered to a jurisdiction where certain taxes are calculated and paid at the time of lease initiation, you authorize XFS to finance and adjust your Lease Payment to include such Taxes over the Original Term unless you require otherwise. Unless and until XFS notifies you in writing to the contrary, XFS will file all personal property tax returns covering the Equipment, pay the personal property taxes levied or assessed thereon, and collect from your account all personal property taxes on the Equipment.

13. Equipment Warranty Information and Disclaimers. XFS IS MERELY A FINANCIAL INTERMEDIARY, AND HAS NO INVOLVEMENT IN THE SALE, DESIGN, MANUFACTURE, CONFIGURATION, DELIVERY, INSTALLATION, USE OR MAINTENANCE OF THE EQUIPMENT. THEREFORE, WITH RESPECT TO EQUIPMENT, XFS DISCLAIMS, AND YOU WAIVE SOLELY AGAINST XFS, ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR PARTICULAR PURPOSE, AND XFS MAKES NO REPRESENTATIONS OF ANY KIND OR TYPE, INCLUDING, BUT NOT LIMITED TO, THE EQUIPMENT'S SUITABILITY, FUNCTIONALITY, DURABILITY, OR CONDITION. Since you have selected the Equipment and Dealer, you acknowledge that you are aware of the name of the manufacturer of each item of Equipment and agree that you will contact each manufacturer and/or Dealer for a description of any warranty rights you may have under the Equipment supply contract, sales order, or otherwise. Provided you are not in default hereunder, XFS hereby assigns to you any warranty rights we may have against Dealer or manufacturer with respect to the Equipment. If the Equipment is returned to XFS, such rights are deemed reassigned by you to XFS. **IF THE EQUIPMENT IS NOT PROPERLY INSTALLED, DOES NOT OPERATE AS WARRANTED, BECOMES OBSOLETE, OR IS UNSATISFACTORY FOR ANY REASON WHATSOEVER, YOU SHALL MAKE ALL RELATED CLAIMS SOLELY AGAINST MANUFACTURER OR DEALER AND NOT AGAINST XFS, AND YOUR OBLIGATIONS HEREUNDER SHALL NEVERTHELESS CONTINUE, INCLUDING YOUR OBLIGATION, TO PAY ALL LEASE PAYMENTS AND OTHER SUMS PAYABLE UNDER THIS LEASE IN ACCORDANCE WITH THE TERMS HEREOF.**

14. Liability and Indemnification. XFS IS NOT RESPONSIBLE FOR ANY LOSSES, DAMAGES, EXPENSES OR INJURIES OF ANY KIND OR TYPE, INCLUDING, BUT NOT LIMITED TO, ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES (COLLECTIVELY, "CLAIMS"), TO YOU OR ANY THIRD PARTY CAUSED BY THE EQUIPMENT OR ITS USE, EXCEPT THOSE CLAIMS ARISING DIRECTLY AND PROXIMATELY FROM XFS'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. In addition, except for Claims arising directly and proximately from XFS's gross negligence or willful misconduct, you assume the risk of liability for, and to the extent permitted by law, hereby agree to indemnify and hold safe and harmless, and covenant to defend, XFS, its employees, officers and agents from and against: (a) any and all Claims (including legal expenses of every kind and nature) arising out of the manufacture, purchase, shipment and delivery of the Equipment to you, acceptance or rejection, ownership, leasing, possession, operation, use, return or other disposition of the Equipment, including, without limitation, any liabilities that may arise from patent or latent defects in the Equipment (whether or not discoverable by you), any claims based on absolute tort liability or warranty and any claims based on patent, trademark or copyright infringement; and (b) any and all loss or damage of or to the Equipment. This indemnity will continue even after the termination of this Lease.

15. Default and Remedies. Subject to Section 4, you will be in default under this Lease if (1) XFS does not receive any payment within 10 days after its due date, or (2) you breach any other obligation under this Lease

or any other agreement with XFS. If you default, and such default continues for 10 days after XFS provides notice to you, XFS may, in addition to other remedies (including requesting Dealer to cease performing under the Maintenance Agreement), with or without terminating the Lease, declare the entire balance of the unpaid Lease Payments for the then current Original Term or Renewal Term (or any additional term pursuant to Section 7) immediately due and payable; sue for and receive all Lease Payments and any other payments then accrued or accelerated under this Lease; charge you interest on all monies due us at the rate of (18%) per year from the date of default until paid, but in no even more than the maximum rate permitted by law; and

Xerox Financial Services LLC

45 Glover Avenue
Norwalk, CT 06856

**Municipal Lease Agreement
(Taxable; Fair Market Value)**



require you to promptly return the Equipment as provided in Sections 4 and 8 hereof. You agree to pay all reasonable costs, including attorneys' fees and disbursements, incurred by XFS to enforce this Lease.

16. Loss or Damage. You assume and agree to bear the entire risk of loss, theft, destruction or other impairment of the Equipment upon delivery. No such loss or damage relieves you from any obligation under this Lease.

17. Insurance. You, at your own expense, (i) shall keep Equipment insured against loss or damage at a minimum of full replacement value thereof, and (ii) shall carry public liability insurance against bodily injury, including death, and against property damage in the amount of at least \$2 million (collectively, "Required Insurance"). All such Required Insurance shall be with loss payable to "XFS, its successors and/or assigns, as their interests may appear," and shall be with companies reasonably acceptable to XFS. In addition, XFS shall be similarly named as an additional insured on all public liability insurance policies. The Required Insurance shall provide for 30 days' prior notice to XFS of cancellation.

YOU MUST PROVIDE XFS OR OUR DESIGNEES WITH SATISFACTORY WRITTEN EVIDENCE OF REQUIRED INSURANCE WITHIN 30 DAYS OF THE COMMENCEMENT DATE AND ANY SUBSEQUENT WRITTEN REQUEST BY XFS OR OUR DESIGNEES.

You must promptly notify XFS of any loss or damage to Equipment which makes any item of Equipment unfit for continued or repairable use. You hereby irrevocably appoint XFS as your attorney-in-fact to execute and endorse all checks or drafts in your name to collect under any such Required Insurance. Insurance proceeds from Required Insurance received shall be applied, at XFS's option, to (x) restore the Equipment so that it is in the same condition as when delivered to you (normal wear and tear excepted), or (y) if the Equipment is not restorable, to replace it with like-kind condition Equipment from the same manufacturer, or (z) pay to XFS the greater of (i) the total unpaid Lease Payments for the entire term hereof (discounted to present value at the Discount Rate) plus XFS's residual interest in such Equipment (herein agreed to be 20% of the Equipment's original cost to XFS, discounted to present value at the Discount Rate) plus any other amounts due to us under this Lease, or (ii) the fair market value of the Equipment immediately prior to the loss or damage, as determined by XFS. Any balance of remaining insurance proceeds after paying the costs set forth above shall be paid to you. **NO LOSS OR DAMAGE TO EQUIPMENT, OR XFS'S RECEIPT OF INSURANCE PROCEEDS, SHALL RELIEVE YOU OF ANY OF YOUR REMAINING OBLIGATIONS UNDER THIS LEASE.** Notwithstanding procurement of Required Insurance, you remain primarily liable for performance under subclauses (x), (y) or (z) in the third sentence of this paragraph in the event the applicable insurance carrier fails or refuses to pay any claim.

18. Finance Lease and Lessee Waivers. The parties agree this Lease is a "finance lease" under UCC Article 2A. You waive, solely against XFS and its successors and assigns, (a) all rights and remedies conferred on a lessee under Article 2A (Sections 508-522) of the UCC, and (b) any rights you now or later may have which require XFS to sell, lease or otherwise use any Equipment to reduce our damages including our realization of the remaining value of the Equipment, or which may otherwise limit or modify any of our rights or remedies.

19. Representations and Warranties. You warrant and represent as follows: (a) you are a public body corporate and politic duly organized and existing under the constitution and laws of your State with full power and authority to enter into this Lease and the transactions contemplated hereby and to perform all of your obligations hereunder; (b) you will do or cause to be done all things to preserve and keep in full force and effect your existence as a political subdivision; (c) you have duly authorized the execution and delivery of this Lease by proper action by your governing body at a meeting duly called, regularly convened and attended throughout by the requisite majority of the members thereof or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Lease; (d) you have complied with such public bidding requirements as may be applicable to this Lease and the lease by you of the Equipment; (e) all authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by you of this Lease or in connection with the carrying out by you of your obligations hereunder have been obtained; (f) this Lease constitutes the legal, valid and binding obligation of you enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally; (g) you have, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Lease Payments scheduled to come due during the current budget year and to meet your other obligations under this Lease for the current budget year, and those funds have not been expended for other purposes; (h) the Equipment is essential to your functions or to the services you provide to your citizens, you have an immediate need for the Equipment and expect to make immediate use of the Equipment, your need for the Equipment is not temporary and you do not expect the need for any item of the Equipment to diminish in the foreseeable future, through the Scheduled Termination Date; (i) you have never failed to appropriate or otherwise make available funds sufficient to pay rental or other payments coming due under any lease purchase, installment sale or other similar agreement; and (j) you agree to furnish financial information that XFS may request now, including your tax identification number, and you authorize XFS to obtain credit reports on you in the future should you default or fail to make prompt payments under the Lease.

20. Original and Sole Controlling Document; No Modifications Unless in Writing. This Lease constitutes the entire agreement between the Parties as to the subjects addressed herein, and representations or statements not included herein are not part of this Lease and are not binding on the Parties. You agree that an executed copy of this Lease that is signed by your authorized representative and by XFS's authorized representative (an original manual signature or such signature reproduced by means of a reliable electronic form, such as electronic transmission of a facsimile or electronic signature) shall be marked "original" by XFS and shall constitute the only original document for all purposes. All other copies shall be duplicates. To the extent this Lease constitutes chattel paper (as defined in the UCC), no security interest in this Lease may be created except by the possession or transfer of the copy marked "original" by XFS. IF A PURCHASE ORDER OR OTHER DOCUMENT IS ISSUED BY YOU, NONE OF ITS TERMS AND CONDITIONS SHALL HAVE ANY FORCE OR EFFECT, AS THE TERMS AND CONDITIONS OF THIS LEASE EXCLUSIVELY GOVERN THE TRANSACTION DOCUMENTED HEREIN. THE DEALER AND ITS REPRESENTATIVES ARE NOT OUR AGENTS AND ARE NOT AUTHORIZED TO MODIFY OR NEGOTIATE THE TERMS OF THIS LEASE. **THIS LEASE MAY NOT BE AMENDED OR SUPPLEMENTED EXCEPT IN A WRITTEN AGREEMENT SIGNED BY AUTHORIZED REPRESENTATIVES OF THE PARTIES AND NO PROVISIONS CAN BE WAIVED EXCEPT IN A WRITING SIGNED BY XFS.** XFS's failure to object to terms contained in any communication from you will not be a waiver or modification of the terms of this Lease. You authorize XFS to insert or correct missing information on this Lease, including but not limited to your proper legal name, lease numbers, serial numbers and other information describing the Equipment, so long as there is no material impact to your financial obligations.

21. Governing Law, Jurisdiction, Venue and JURY TRIAL WAIVER. THIS LEASE SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE YOU ARE LOCATED. **TO THE EXTENT PERMITTED BY LAW THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION RELATED TO OR ARISING OUT OF THIS LEASE.**

22. Miscellaneous. Your obligations under the "Taxes" and "Liability" Sections commence upon execution, and survive the expiration or earlier termination, of this Lease. Notices under this Lease must be in writing. Notices to you will be sent to the "Billing Address" provided on the first page hereof, and notices to XFS shall be sent to our address provided on the first page hereof. Notices will be deemed given 5 days after mailing by first class mail or 2 days after sending by nationally recognized overnight courier. Invoices are not considered notices and are not governed by the notice terms hereof. You authorize XFS to communicate with you by any electronic means (including cellular phone, email, automatic dialing and recorded messages) using any phone number (including cellular) or electronic address you provide to us. If a court finds any term of this Lease unenforceable, the remaining terms will remain in effect. The failure by either Party to exercise any right or remedy will not constitute a waiver of such right or remedy. If more than one party has signed this Lease as lessee, each such party agrees that its liability is joint and several. The following four sentences control over every other part of this Lease. Both Parties will comply with applicable laws. XFS will not charge or collect any amounts in excess of those allowed by applicable law. Any part of this Lease that would, but for the last four sentences of this Section, be read under any circumstances to allow for a charge higher than that allowed under any applicable legal limit, is modified by this Section to limit the amounts chargeable under this Lease to the maximum amount allowed under the legal limit. If, in any circumstances, any amount in excess of that

allowed by law is charged or received, any such charge will be deemed limited by the amount legally allowed and any amount received by XFS in excess of that legally allowed will be applied by us to the payment of amounts legally owed under this Lease or refunded to you.

FACT SHEET – EXECUTIVE FINANCE COMMITTEE

TITLE: Authority to Enter Into and Execute a Five (5) Year Agreement with QBSI for Software, Hardware, Maintenance and Support Services

DIVISION: Administration

ORIGINATOR: Keith Messner
Information Technology Manager

PRECEDING ACTION: Resolution No. 14-067, Adoption of the 2015 Agency Budget

COORDINATING DEPARTMENT: Information Technology and Project Management Office

APPROVED FOR SUBMITTAL:

Chief Financial Officer

APPROVED FOR AGENDA:

Chief Executive Officer

General Counsel

ATTACHMENTS:

None

BUDGET INFORMATION

2015 Budget Amount
0

Required Expenditure over five years
\$221,942

2015 Impact
\$26,942

(\$21,942 + \$5,000 (partial quarterly billing amount))

Explanation:

The current Capital project to purchase the copier/printers was cancelled when the more cost effective five-year lease option was selected. The total required expenditure includes the cost of software, hardware and professional services at \$21,942 and the cost of ongoing maintenance and support billed quarterly at \$10,000 (total of \$200,000 over 60 months) including tax. The quarterly rate is based on a cost per copy model. \$10,000 per quarter is an approximation for long range planning purposes based on historical data. Funding will come from the Maintenance and Operations budget. Years 2016 through 2020 will be budgeted in the 2016, 2017, 2018, 2019 and 2020 budgets. Total five year cost is \$221,942 including tax.

BACKGROUND:

The software, hardware and professional services provide administrative tools for printer/copier management as well as tools to ensure ease of use. Printing and copying is a costly business expense. This update includes features such as authentication, Follow-You printing, usage reports, dashboards, tracking, chargeback, and rules and routing. These features ensure Pierce Transit is able make efficient use of workflows and resources.

The maintenance and support agreement rates are based on Sound Transit's *Agreement No. RTA/RP 0024-14 for Enterprise Managed Print Services (EMPS)*. The cost per copy rates is \$.0039 for black/white and \$.039 for color. These rates were compared to the WSCA rates of \$.0078 for black/white and \$.0559 for color. The Sound Transit inter-local agreement rates offer the best deal.

ALTERNATIVES:

- 1) Exclude some elements of the proposed agreement. This is not an ideal option as excluding any of the proposed agreement negatively impacts operations and cost. Removing the hardware/software component limits flexibility and cost analysis. Removing the Sound Transit cost per copy rate tied to the inter-local agreement would result in Pierce Transit managing the logistics and liability tied to usage of the machines.
- 2) Go out for bid. The costs in the inter-local agreement are vetted and considered fair and reasonable. Lengthening the process with proposals is not likely to produce improved results.

RECOMMENDATION:

Authorize the Chief Executive Officer to enter into and execute a five (5) year agreement with QBSI for software, hardware, maintenance and support services.

Executive/Finance Committee Action:

Approved: _____

Disapproved: _____

Steve Vermillion, Chair
Executive/Finance Committee

ATTEST:

Deanne Jacobson, CMC
Clerk of the Board

FACT SHEET – EXECUTIVE/FINANCE COMMITTEE

TITLE: Authority to Enter Into and Execute a Multi-Year Contract with Battery Systems for the Purchase of Vehicle Batteries

DIVISION: Operations

ORIGINATOR: Bill Spies, Fleet Manager

PRECEDING ACTION: N/A

COORDINATING DEPARTMENT: Maintenance and Purchasing

APPROVED FOR SUBMITTAL:

Chief Financial Officer

APPROVED FOR AGENDA:

Chief Executive Officer

General Counsel

ATTACHMENTS:

None

BUDGET INFORMATION

2015 Budget Amount
\$1,124,189 (parts budget)

Required Expenditure
\$57,045 (2015)

Impact
N/A

Total Expenditure
\$315,214 (5-year estimate)

Explanation:

The bid price for the first year of the contract is \$57,045. Pricing for all future years has been estimated using a 5% escalator, but actual future year pricing shall be increased or decreased based on the manufacturer's pricing and the number of vehicles in the Pierce Transit fleet. The expenditure will be paid from each subsequent year's parts budget. The total cost of the expenditure is also contingent upon whether Pierce Transit exercises any or all three (3) one-year extensions.

BACKGROUND:

As part of the maintenance program at Pierce Transit, staff requests authority to execute a contract to purchase vehicle batteries for maintenance of its vehicles.

The invitation to bid was released on August 12, 2015 and was posted on the eBids website, advertised on Pierce Transit's website, The Daily Journal of Commerce, Tacoma Daily Index, the Office of Minority & Women's Business Enterprises (OMWBE) and Transit Talent. There were eighteen (18) firms that downloaded the bid documents. We received nine (9) bids, two (2) of which were determined non-responsive. Seven (7) responsive bids were received

and evaluated. As a result, one (1) firm was determined to be the lowest responsible and responsive bidder; Battery Systems' bid meets the needs of Pierce Transit.

ALTERNATIVES:

The alternative would be to reject all bids or select an alternate bidder. This is not recommended as staff is recommending the firm that most closely meets the standards of Pierce Transit and the best price as published in the Invitation to Bid document.

RECOMMENDATION:

Authorize the Chief Executive Officer to enter into and execute a multi-year contract with Battery Systems for the purchase of vehicle batteries for two (2) years, with three (3) optional one-year extensions for an approximate cost of \$315,214.

Executive/Finance Committee Action:

Approved: _____

Disapproved: _____

Steve Vermillion, Chair
Executive/Finance Committee

ATTEST:

Deanne Jacobson, CMC
Clerk of the Board

Pierce Transit 2016 Legislative Priorities

CNG: Pierce Transit fuels nearly 90% of its fixed route fleet on CNG, saving the agency thousands of dollars. Protecting CNG as a true alternative clean fuel option for transit is a top priority. Pierce Transit will seek legislative clarification on taxes imposed on manufacturing of compressed natural gas by transit agencies.

SEPA: The transportation revenue package passed in 2015 includes many projects that may negatively impact transit during and after construction. Pierce Transit would like to request that transit mitigation be included in the Environmental Impact Statement (EIS) process for major transportation projects that may impact transit service.

Vanpool Investment: Pierce Transit supports the expansion of the Vanpool Investment Grant program to include capital replacement in addition to expansion.

Rule 171: Predictability in planning and construction of capital facilities is vital to the financial success for the agency. Pierce Transit supports clarification of the Department of Revenue Rule 171, which governs the application of sales tax on construction of transit agency capital facilities.

PTBA De-Annexation: In 2012 Pierce Transit's boundaries were constricted as a result of a Public Transportation Improvement Conference process, authorized in statute. To make the process consistent with annexing into a PTBA, which requires a vote of the people, Pierce Transit seeks legislation to require a local vote of the people before de-annexation from a PTBA becomes final.

Regional Tolling: Pierce Transit supports the creation of a uniform policy for the tolling of transit vehicles on Washington highway facilities. This process should include input from stakeholders, including transit agencies that face an unpredictable financial burden associated with current toll policies.

GMA/Land Use: As the Puget Sound continues to grow at an unprecedented rate, consideration of transportation is an essential part of planning. Pierce Transit will support the development of land use policies that include consideration of effective transit service in future development.

Open Public Meetings Act: Pierce Transit opposes legislation that would mandate all collective bargaining and negotiations with labor groups be subject to the OPMA.

Public Records: Pierce Transit recognizes the need to balance the priority of government transparency with maintaining information security and individuals' privacy. Pierce Transit supports efforts to clarify the Public Records Act in a manner that addresses the cost to public agencies of responding to public records requests.

Support and/or monitor policies and legislation related to:

NEMT: Continue to seek solutions that lower the burden on transit agencies of providing non-emergency medical transportation.

Monitor: Federal Guideline Implementation, Growth Management Act, performance measures, accountability and/or governance that might negatively alter the oversight, financing, construction, and/or operations of Pierce Transit.

WSTA: Pierce Transit works collaboratively with the Washington State Transit Association and is supportive of their legislative priorities' advancement through the legislature.

Pierce Transit

Federal Advocacy Program, 2016-2017

Sustainable Federal Funding for Transit

Transit funding is at risk as Congress and the Administration deliberate on long term funding for transportation. Pierce Transit supports and advocates for long term and sustainable funding for Transit.

Public Transportation Infrastructure Funding

Pierce Transit has a growing need for both capital bus replacement and facility needs associated with both maintenance and service. Additionally, the 2012 "MAP-21" legislation provided less funding for the Bus and Bus Facilities program, which benefitted Pierce Transit as a discretionary program. Pierce Transit supports the re-establishing of the Bus and Bus Facilities program as well as a renewed commitment to funding capital needs.

Transportation Grants

Major federal transportation resources, including the Small Starts program, the TIGER grants, and TIFIA loans, are all available to fund future Pierce Transit projects on a competitive basis. Evaluate which future projects should have federal capital participation and seek funding working with the Congressional delegation and DOT.

Alternative Fuel Tax Credit

Pierce Transit relies considerably on the Alternative Energy Tax Credit, which has been kept alive legislatively by one-year "extenders". It is under review with ongoing tax reform deliberations and Pierce Transit to formalize the Alternative Fuel Tax Credit, which will provide sustainable financial planning for the agency.

Internet Sales Tax Reform

The passage of legislation which would allow states to collect sales tax on internet purchases by residents of their states, which could generate substantial revenue for Washington State as tax compliance, not a new tax. Enactment could generate additional sales revenues to help sustain Pierce Transit service.

Non-Emergency Medical Transportation

None-Emergency Medical Transportation (NEMT) is a major federal program administered by the Centers for Medicare and Medicaid Services and provides funding for the cost of the NEMT trip by clients. Private providers may receive 100% reimbursement while public providers may only receive the amount of the published fare. Pierce Transit seeks clarification and equalization of this system at both the state and federal levels.

Mission Statement

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

Strategic Priorities

Service Excellence

Financial Stability

Community Engagement

Innovative Solutions

Economic Development

Sustainability

Engaged Workforce



2016 PRELIMINARY BUDGET

Fiscal Year January 1, 2016 through December 31, 2016

SUE DREIER
Chief Executive Officer

Prepared By
The Finance Division

WAYNE FANSHIER
Vice President, Finance

KATHY SULLIVANT
Finance Manager

KELLI DION
Budget Assistant Manager

CARON SANDERSON
Budget Coordinator

BARB HUNTER
Grants Administrator

For budget and other information about Pierce Transit visit www.piercetransit.org

3701 96th Street S.W.
P.O. Box 99070
Lakewood, WA 98496-0070
253-581-8000
Fax 253-581-8075

PIERCE
TRANSIT



**PIERCE TRANSIT
2016 PRELIMINARY BUDGET
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*Information is available on Pierce
Transit’s website:*

www.piercetransit.org

*Or contact the Pierce Transit Budget
Office:*

*Kelli Dion – (253) 983-3344 or
kdion@piercetransit.org*

*Caron Sanderson – (253) 581-8048 or
csanderson@piercetransit.org*

*Barb Hunter – (253) 984-8200 or
bhunter@piercetransit.org*

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PIERCE
TRANSIT



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

2016 Preliminary Budget

Introduction



BOARD OF COMMISSIONERS

Pierce Transit is a separate municipal corporation, not part of the City of Tacoma or Pierce County.

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



Commissioner Rick Talbert
Pierce County Council
Chair
Term Expires 12/31/16



Commissioner Steve Vermillion
Puyallup Council
Vice Chair
Term Expires 5/1/18



Commissioner Don Anderson
Mayor of Lakewood
Term Expires 12/31/15



Commissioner Daryl Eiding
Represents Fife, Milton and Edgewood
Term Expires 05/01/18



Commissioner Nancy Henderson
Represents Cities of: Pacific, Auburn, Ruston, Fircrest, Steilacoom and Gig Harbor
Term Expires 05/01/18



Commissioner Kent Keel
University Place Council
Term Expires 12/31/15



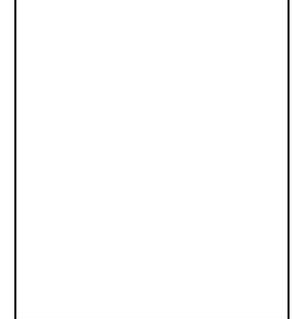
Commissioner Pat McCarthy
Pierce County Executive
Term Expires 5/1/16



Commissioner Marilyn Strickland
Mayor of Tacoma
Term Expires 12/31/15



Commissioner Lauren Walker
Tacoma City Council
Term Expires 12/31/15



Vacant
Non-Voting Union Representative
Term Expires N/A



2016 ORGANIZATIONAL CHART

CITIZENS OF PIERCE COUNTY

BOARD OF COMMISSIONERS

CHIEF EXECUTIVE OFFICER

Sue Dreier

CLERK OF THE BOARD/
PUBLIC RECORDS OFFICER

Deanne Jacobson

Office of the CEO

Sue Dreier
Chief Executive Officer

- Division Admin
- Business Development
 - Project Management
- Legal
- Public Relations
- Safety

ADMINISTRATION
DIVISION

Vivienne Kamphaus
Acting, Chief Administration Officer

- Division Admin
- Human Resources
- Labor Relations
- Training
- Information Technology Department*
 - Department Admin
 - Information Technology
- Marketing Department*
 - Marketing
 - Administrative Services
 - Customer Services
 - Field Customer Services
- Risk Management Department*
 - Risk Management
 - ADA

FINANCE
DIVISION

Wayne Fanshier
Chief Finance Officer

- Division Admin
- Finance Department*
 - Department Admin
 - Accounting
 - Budgeting
 - Revenue Accounting
- Procurement Department*
 - Department Admin
 - Purchasing
 - Warehousing
- Transit Development Department*
 - Department Admin
 - Capital Planning
 - Bus Stop Program
 - Employer Services Admin
 - Employer Services
 - Vanpool
 - Service Planning*
 - Service Planning Admin
 - Bus Stop Program
 - Planning
 - Scheduling

OPERATIONS
DIVISION

Doug Middleton
Chief Operating Officer

- Division Admin
- Radio Program Admin
 - Maintenance Bus Radio Systems
- Facilities Management
- Fleet Maintenance Department*
 - Department Admin
 - Automotive
 - Bus Repair
 - Maintenance Training
- Public Safety Department*
 - Department Admin
 - Physical Security
 - Public Safety Records
 - Transit Police
 - Uniform Security
- Transportation Department*
 - Department Admin
 - Transportation Operators*
 - Operators Admin
 - Operators Dispatch
 - Operators
 - Paratransit*
 - Paratransit Admin
 - Paratransit Customer Service
 - Paratransit Operations
 - Transportation Service Support Department*
 - Service Support Admin
 - Service Support Operations
 - Bus Safety & Training



2016 BUDGET MESSAGE

December 14, 2015

TO: Pierce Transit Board of Commissioners, Citizens and Employees

FROM: Sue Dreier, Chief Executive Officer



I am pleased to present the 2016 Budget for your review and consideration. Pierce Transit is a strong and resilient Agency and has moved out of the Great Recession with determination and optimism. We enter 2016 with the understanding of the important and critical role that public transit plays in the health and vitality of our communities. We do this by serving the community with respect, collaborating internally and externally and caring for our customers, employees and business partners. We deliver reliable public transportation services that reduce the dependency on the automobile supporting our core mission and values.

Pierce Transit's mission, vision, and goals align with Pierce Transit's Board of Commissioner's strategic direction. The Strategic Plan ensures we have a common framework to guide us. The strategic priorities are:

1. **Service Excellence:** Achieve service excellence in the way the Agency performs its work and delivers transit service.
2. **Financial Stability:** Maintain long-term financial stability in order to maximize and sustain a consistent level of service to the public.
3. **Community Engagement:** Achieve a high level of confidence from our riders and the communities Pierce Transit serves.
4. **Innovative Solutions:** Develop innovative transportation services with community involvement, tailored to meet the diverse needs of residents.
5. **Economic Development:** Support local and regional development by increasing useful transit options in areas of economic activity.
6. **Sustainability:** Integrate operations, planning and construction business practices and strategies to support environmentally friendly sustainable practices.
7. **Engaged Workforce:** Involve employees in achieving the first six strategic goals.



2016 BUDGET MESSAGE

The *Back to Basics Initiative* aligns the budget process with the strategic plan. It prioritizes service first and is focused around three objectives:

- **Service Excellence:** Everyone we interact with – whether it’s a customer, a member of the community, a contractor or a regional partner – will be offered the very best service.
- **Safety:** Pierce Transit will be an Agency where employee and customer safety is understood and accepted to be a top priority.
- **Community Engagement:** Pierce Transit staff will increase awareness of the value we add to the community by providing a high-quality transportation system and supporting economic growth in the region.

The goal in the 2016 Budget process was to limit expenses in order to provide funds for service restoration. We accomplished this mission and at a minimum 20,000 fixed route service hours will be restored in September 2016. This builds upon our service restoration of over 14,000 hours in 2015. Pierce Transit will have the capacity to restore modest service levels over the next six years if revenue and expense forecast perform as expected.

Additionally, in support of the Strategic Plan, Pierce Transit’s budget will align with the goals of the Agency that include:

- Maximizing service efficiency and productivity
- Increase ridership as measured by boardings
- Improve our public image via high performance care of facilities
- Prepare for regional employment and population growth by collaborating with Sound Transit for seamless connections of ST2 and ST3 initiatives
- Continue to assure high-quality fixed route, paratransit and vanpool transportation services appropriate to the resources available
- Continue the planning process for High Capacity Corridor service on Pacific/SR7



2016 BUDGET MESSAGE

- Using Lean processes seek and implement new business models that improve efficiency and productivity in all areas of Pierce Transit
- Implement a Wellness Program
- Plan for the future of the Agency with a well-defined succession plan
- Continue to serve small communities with innovative thinking
- Seek opportunities to increase grant funded capital projects

Overview

Pierce Transit's annual planning process has examined the economic forecasts, its programs, service, financial operations and financial outlook. Local economic conditions and consumer spending play major roles in the generation of sales tax revenue which is Pierce Transit's primary operating revenue source. The outlook for the economic future is improving at a moderate pace and as these conditions improve, so will our levels of service.

There are still uncertainties that could have impact for Pierce Transit's financial condition. Two of the uncertainties are the continued local economic growth and the settlement of the Amalgamated Transit Union (ATU) labor contract. Additionally, a long term transportation package has not been agreed upon at the Federal level.

The Bus and Bus Facility formula program was reduced under the *Moving Ahead for Progress in the 21st Century* (MAP21) Federal program and we continue our collective efforts to seek increased funding in this area. Sixty-seven of Pierce Transit's buses will be well past useful life over the next 5 years.



2016 BUDGET MESSAGE

Economic Condition and Outlook

The U.S. economy is expected to grow by approximately 3.2 percent in 2015. Leading the national economic recovery is declining unemployment, declining oil prices, support from Federal Reserve policy, and pent-up demand as consumers regain confidence after nearly seven years of economic doldrums. Unemployment is expected to fall below 5% nationally, as a result of 3 million more Americans who found work in 2014, the largest number of jobs since 2008.

Local economic conditions and retail spending play major roles in the generation of sales tax revenue which is Pierce Transit's primary operating revenue source. Pierce Transit relies heavily on sales tax collected within its Public Transportation Benefit Area (PTBA) for its operating revenue. Sales tax contributes 73% of total budget operating revenues in 2016 (excluding Sound Transit regional transit service revenue) and is expected to generate \$74.1 million in sales tax revenue in 2016.

Pierce Transit's sales tax collections showed slight improvements during 2014, with year-end collections up 5.1% over 2013. Sales tax growth has continued through the most recent July 2015 sales tax collections. Changes in Gross Domestic Product (GDP), consumer disposable income and increased employment are some of the main drivers of the growth in sales tax. GDP is expected to grow by about 3.0% in 2015 and Washington State employment is expected to increase by approximately 1.1%. These factors are expected to contribute to a modest growth in Pierce Transit's sales tax revenue.

Though the economic recovery has been slow, there are signs that the Puget Sound economy will continue its steady improvement. The Port of Tacoma is expected to be a major driver of the Pierce County economy with continued growth in container volumes. The proximity to King County, with its solid growth led in part by Amazon.com and Boeing, will remain an important source of employment for Pierce County residents.



2016 BUDGET MESSAGE

With slow but steady economic growth over the last several years, consumption is finally returning to pre-recession levels. In 2016, the Puget Sound's retail sales are expected to grow by 3.9 percent. The Washington state unemployment rate, which ended 2014 at 6.3 percent, declined to 5.9 percent in March of 2015. Home sales are rebounding. Personal income growth is also expected to grow modestly in 2016. Falling gas prices are also expected to add to a more robust economy.

Budget Summary

The 2016 Budget is approximately \$153 million. This is balanced by expected revenues and reserves. The gradual recovery of sales tax collections, continuing efforts to improve productivity as well as grants for service have resulted in service restoration plans to add over 20,000 fixed route service hours in 2016. A comprehensive system-wide service analysis will be completed and is expected to be implemented with the September 2016 service change. This service analysis will provide information in order to more effectively and efficiently utilize service hours.

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

The Six-Year Financial Plan is sustainable. Reserves will be utilized over the next six years to restore additional service hours in 2017 and 2018, to provide capital acquisitions to support the service plans, and to meet the required reserve at the end of the six-year period. Reserves are in compliance with required levels established by the Board of Commissioners. This provides the ability to deal with adverse economic conditions, emergencies, and exposure to casualty and legal risks. The Agency has no long-term debt.



2016 BUDGET MESSAGE

Efforts are continuing to focus resources on restoring service, controlling costs, redesigning service delivery processes, and prioritizing the delivery of service to better align services based on customer needs. The Agency is committed to providing as much service as possible to the public. Service excellence, safety, and community engagement remain top priorities.

We are currently in a very exciting period for Pierce Transit and the communities we serve. We have come through the worst economic downturn since the Great Depression. The Agency is poised to move forward, collaborating with our cities and partner agencies in developing a vision that will result in a transportation network to meet the needs of our region into the future.

I would like to take this opportunity to thank the Pierce Transit Finance and Budget professionals for their thoughtful preparation of the 2016 Budget. It is a testament to the cooperation and moving forward spirit of the Agency.

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

The 2016 Budget is balanced, sustainable, and focused on restoring a high-quality transportation system.

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

Sue Dreier, Chief Executive Officer



2016 BUDGET MESSAGE

In brief:

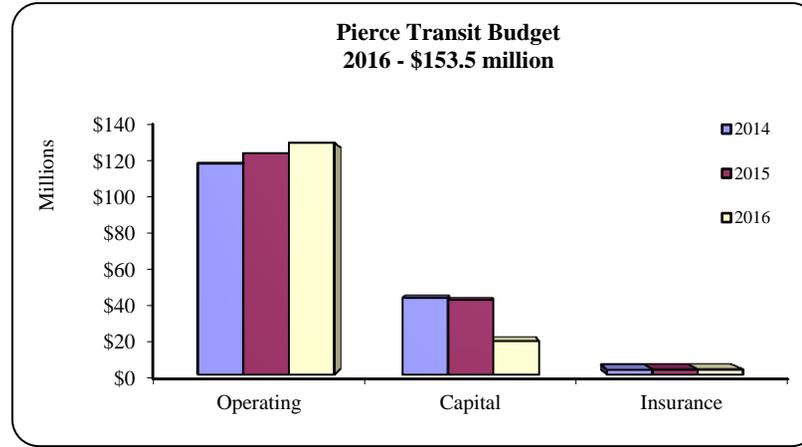
The 2016 preliminary budget totals \$153,490,644.

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

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

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

Agency Budget Summary



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

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

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

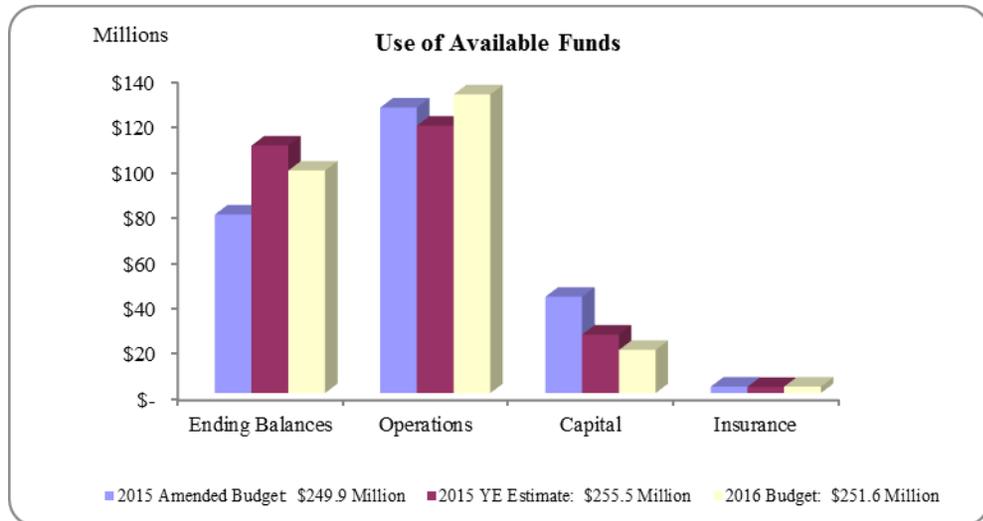
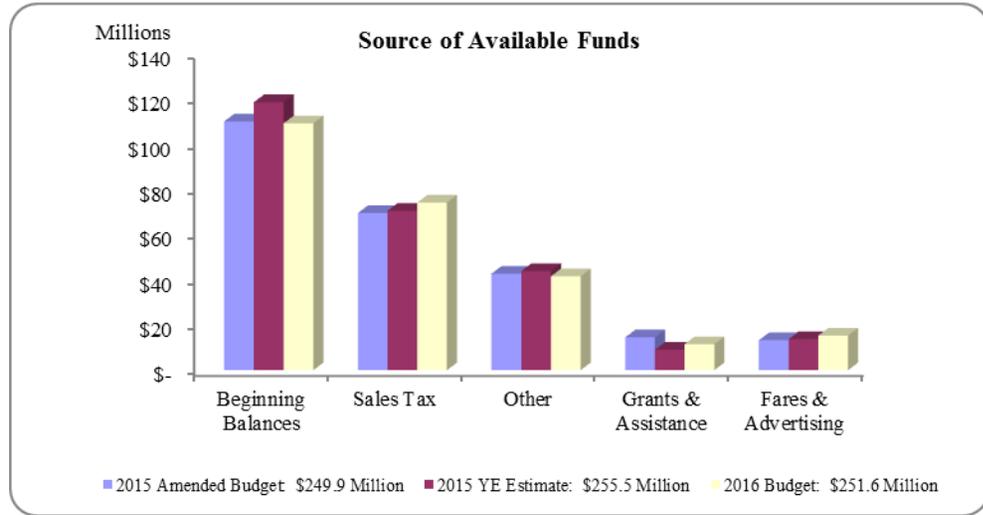


2016 BUDGET MESSAGE

A comparison of revenues and expenditures including beginning balances and ending balances for the total Agency 2015 Amended Budget, the 2015 Year-End Estimates, and the 2016 Budget is shown.

Sales tax revenue is gradually improving and offsetting other decreases in revenue.

Expenditure changes are driven by fixed route service changes and the carryover of capital projects.





2016 BUDGET MESSAGE

In brief:

The budget includes operating revenues, operating expenditures, non-operating expenditures, and operating transfers.

Operating Revenues – Funds such as sales tax and fares received to pay for ongoing operations.

Operating Expenditures – Funds paid for providing transportation services.

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

Operating Transfers – Amounts transferred from the Operating Budget to the Capital and Insurance Budgets to fund expenditures and reserves.

Operating Budget

The 2016 operating revenues of \$139,712,508 support the operating expenditures of \$130,895,108, non-operating expenditures of \$780,258, and operating transfers of \$9,266,121. Operating transfers support the self-insurance and capital programs and fluctuate from year to year depending on capital and self-insurance needs. The use of reserves is \$(1,228,979). Additional reserves will be utilized over the next six years to restore additional service hours in 2017 and 2018, to provide capital acquisitions to support service plans, and to meet the required reserves by the end of the six-year period.

The operating budget revenue for 2016 is increasing by 4.7% and operating expenditures are increasing 4.7% from the 2015 Amended Budget.

	2015 Amended	2016	Budget to Budget Change	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>%</u>
Operating Revenues	\$ 133,491,270	\$ 139,712,508	\$ 6,221,238	4.7%
Operating Expenditures	(125,021,531)	(130,895,108)	5,873,577	4.7%
	8,469,739	8,817,400		
Non-Operating Expenditures	(860,301)	(780,258)		
Operating Transfers	(23,518,465)	(9,266,121)		
Net Change - Reserves	\$ (15,909,027)	\$ (1,228,979)		

2015 Non-Operating Expenditures are for the payment of \$780,258 for the Pierce County Agreement grant exchange funds.



2016 BUDGET MESSAGE

In brief:

The type of revenue and percent change from 2015 Amended Budget are provided in the table and briefly explained as follows:

- Fares – service changes
ridership projections
average fare per boarding
- Advertising – advertising demand
- Sound Transit – reimbursement rate
services provided
- Sales Tax – estimated revenue
- Interest – investment balance
interest rates
- Other – projected property sales
- Operating Contributions – grants

Operating Revenues

	2015 Amended	2016	Budget to Budget Change	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>%</u>
Operating Income				
Fares	\$ 12,483,534	\$ 14,527,774	\$ 2,044,240	16.4%
Advertising	763,000	763,000	-	0.0%
Sound Transit	37,309,657	38,651,000	1,341,343	3.6%
Non-Operating Income				
Sales Tax	69,476,194	74,106,092	4,629,898	9.7%
Preventive Maintenance	4,627,700	4,627,700	-	0.0%
Interest	95,000	120,000	25,000	26.3%
Other	5,235,564	2,318,295	(2,917,269)	-55.7%
Operating Contributions	3,500,621	4,598,647	1,098,026	31.4%
	<u>\$ 133,491,270</u>	<u>\$ 139,712,508</u>	<u>\$ 6,221,238</u>	<u>4.7%</u>

Fares - Revenues are estimated based on ridership and average fare per boarding projections. The average fare per boarding is expected to increase in 2016 to \$.95 from \$.85 per boarding. Average fare per boarding varies due to factors such as the percentage of boardings by fare type and category. Pierce Transit implemented revisions to its fares in 2014 to coincide with the replacement of its fareboxes. The revisions included elimination of paper transfers and the introduction of a new All Day Pass valid on Pierce Transit local service.

There is no projected adult fare increase included in the 2016 Budget revenue. The last adult fare increase was November, 2010. The increase was \$.25 for the local adult fare from \$1.75 to \$2.00. There is a proposed fare increase scheduled in March 2016 for senior/disabled, youth and paratransit (SHUTTLE) riders. Senior/ disabled, youth and SHUTTLE fares were last increased in March 2006.



2016 BUDGET MESSAGE

Advertising – The advertising budget reflects demand and the number of buses in service available for ads.

Sound Transit – Regional Transit Service budgeted revenue totals \$38,651,000 in 2016 and is expected to increase 3.6% from 2015 Budget. Pierce Transit is under contract with Sound Transit to provide regional express transit services. Sound Transit reimburses Pierce Transit for the cost of operating its service. For 2016, Sound Transit is increasing service hours 0.3% from 306,577 to 307,491. Sound Transit also reimburses for their share of costs associated with the Tacoma Dome Station, security, liability insurance, and special services.

Sales Tax - The sales tax projections are based on economic conditions and analysis of activity in the jurisdictions in the Public Transportation Benefit Area. Consumer spending plays a major role in the generation of sales tax revenue which is Pierce Transit's primary operating revenue source. Sales tax represents 73% of the operating budget revenue excluding Sound Transit. In 2016, sales tax is expected to total \$74,106,092. The 2016 Budgeted sales tax revenue is a 6.7% increase over the 2015 Budget. This consists of a 5.1% increase over 2015 year-end estimate and the 2015 year-end estimate is 1.6% over 2015 Budget. The outlook for the economic future is improving at a moderate pace and as these conditions improve, so will our levels of service.

Preventive Maintenance - This source is a Federal Transit Administration (FTA) 5307 grant. The 5307 grant is allocated based on certain performance measures including the number of passenger boardings and service hours provided, based on a two year lag. Preventive Maintenance for 2016 is \$4,627,700 and is authorized under the Moving Ahead for Progress in the 21st Century Act (MAP-21, Public Law 112-141). MAP 21 full reauthorization is pending congressional action. No additional increase is anticipated in 2016.

Interest - Interest revenue estimates are based on investment balances and projected interest rates. Interest rates and available funds to invest have increased slightly during 2015 resulting in increased interest revenue in 2016.



2016 BUDGET MESSAGE

Other - This revenue category includes \$1.0 million for a one-time sale of property, revenue from parking fees at the Tacoma Dome Station, revenue from the sale of vehicles at the end of their useful life, and miscellaneous sources. The 55.7% reduction in 2016 is primarily due to the one time sale of property in 2015.

Operating Contributions - Included in Operating Contributions are grants with Pierce County and the City of Tacoma for \$196,219 for Commute Trip Reduction (CTR) administration and Pierce County Employer Services Programs. Washington State Department of Transportation Regional Mobility Grants for peak hour service expansions is included for \$1,792,127. Also included is a Federal grant for \$80,960 for a community accessibility inventory program to help individuals with disabilities utilize bus service. The remainder of the funds provide services required by the Americans with Disabilities Act (ADA) through an agreement with Pierce County for the use of \$975,322 in federal formula funds and \$1,554,019 for a Washington Department of Transportation grant for special needs transportation.



2016 BUDGET MESSAGE

In brief:

The 2016 Budget reflects the best use of the projected funds for the effective, efficient, and convenient provision of service to the community.

The type of expenditures and 2016 dollar and percent change from 2015 Amended Budget is provided in the table and is briefly explained as follows:

- Wages –
 - Projected wage adjustments
- Benefits –
 - Medical and Dental insurance premium increases
 - Employer contribution rate change for Washington State Public Employees Retirement System (PERS)
- Maintenance & Operating (M&O) –
 - Services increase

Operating Expenditures

The focus for the 2016 Budget process was to limit expenses in order to provide funds for service restoration based on our *Back to Basics Initiative* that prioritizes service first and is built around the strategic priorities. That goal was accomplished and 20,000 fixed route service hours will be restored in September 2016. Operating expenses are projected to total \$130,895,108 for a 4.7% increase from the 2015 Amended Budget. The changes from the 2015 Amended Budget to the 2016 Budget are as follows:

	2015 Amended	2016	Budget to Budget Change	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>%</u>
Wages	\$ 59,318,841	\$ 61,064,863	\$ 1,746,022	2.9%
Benefits	24,483,131	27,384,694	2,901,563	11.9%
M & O	41,219,559	42,445,551	1,225,992	3.0%
Total Operations	125,021,531	130,895,108	5,873,577	4.7%
Non-Operating Expenditures	860,301	780,258	(80,043)	-9.3%
Total	<u>\$ 125,881,832</u>	<u>\$ 131,675,366</u>	<u>\$ 5,793,534</u>	4.6%

Wages - The 2016 Budget includes 916 positions and 897.5 full-time equivalents (FTEs). The 2.9% increase in wages includes an addition of twenty-two new positions directly related to restoring service hours and one reclassification of a contract services position for ORCA support personnel. The increase in wages also includes projected increases in wages and salaries.

Represented employees are 84% of the total Agency workforce. The Master Agreement with the transit union for the three-year period, July 1, 2011 through June 30, 2014, has ended and a new contract is being negotiated. The Master Agreement with the transit security officer union is for a four-year period, May 1, 2014 through April 30, 2018.



2016 BUDGET MESSAGE

The fuel prices for the 2016 Budget are shown below.

	2016 Budget
Unleaded	\$ 2.500
Diesel	\$ 2.500
CNG	\$ 0.714

Unleaded and diesel prices are per gallon and CNG prices are per gas gallon equivalent.

Benefits - The increase in benefits of 11.9% or \$2,901,563 is a result of staff increases, medical and dental premium increases, and an increase in the Washington State Public Employees Retirement System (PERS) employer contribution rates. PERS is projected to increase from 2015 Budget of 10.11% of eligible wages to 11.18% of eligible wages effective July 1, 2015.

Maintenance and Operations - The 2016 Maintenance and Operations (M&O) Budget is \$42,445,551. This is an increase of \$1,225,992 or 3.0% higher than the 2015 Amended Budget. The increase is to support the restoration of service and radio maintenance system and facility needs.

Fuel - Fuel costs of \$6,424,344 represent approximately 15.1% of the maintenance and operating budget. Compressed Natural Gas (CNG) comprises 18.1% of the fuel costs and is driven by CNG contracted prices. The Pierce Transit fleet is nearly 100% CNG powered and Sound Transit fleet is primarily diesel powered. The diesel and unleaded costs are estimated based on the best information available. A majority of diesel costs are reimbursed by Sound Transit.

Non-Operating Expenditures - 2016 Non-Operating Expenditures are for the payment of \$780,258 for the Pierce County Agreement grant exchange funds.



2016 BUDGET MESSAGE

In brief:

Itemization of Budgetary Changes

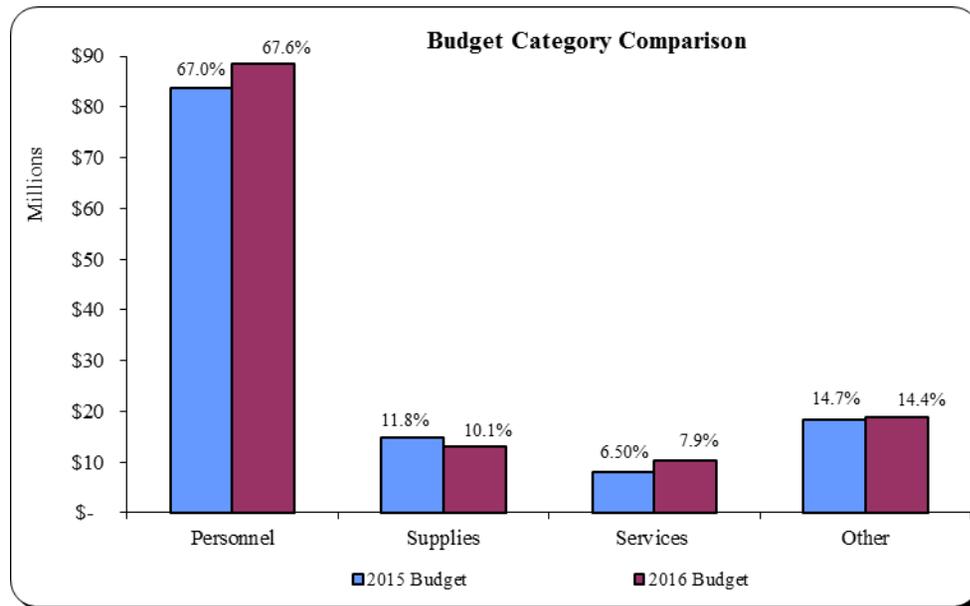
The 2016 total operating budget is 4.7% above the 2015 Amended Budget. An itemization of this increase is shown in the following chart.

Itemization of Budgetary Changes

Category	% Change
Wages	1.4%
Benefits	2.3%
Services	1.9%
Supplies	-0.2%
Fuel	-1.1%
Repairs & Maintenance	0.0%
Rentals	0.0%
Utilities	0.3%
Purchased Transportation	0.0%
Insurance	-0.2%
Other	0.3%
Total	4.7%

Budget category comparison

As shown in the graph below, the operating budget categories for 2015 Budget and 2016 Budget represent similar percentages of the total operating budget. Personnel costs are approximately 68%, supplies 10%, services 8%, and other 14%.





2016 BUDGET MESSAGE

In brief:

The 2016 Capital Budget is comprised of the following categories.

Revenue Vehicles – 46%

Provide customers a comfortable and reliable mode of transportation

Passenger Facilities & Amenities – 17%

Serve as the front door to the transit system

Base Facilities – 20%

Support the efficiency of the Agency

Technology – 13%

Improve information and services to the public

Other – 4%

Maintain equipment

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

Capital

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

Capital projects for 2016 are budgeted at \$18,985,278. Approved but unspent projects are carried over to the following budget year. The 2016 Budget contains \$12,693,470 of prior year budgeted funds (carryover) and \$6,291,808 in new projects in 2016. Expenditures are supported by \$2,701,290 in grant revenue primarily from the Federal Transit Administration, Sound Transit, and a FEMA Transit Security Grant Program. Operating costs or anticipated savings associated with significant non-routine capital expenditures such as personnel, maintenance, and utility costs have been included in the operating budgets of the responsible department.

	Carryover	New	Total
Revenue Vehicles	\$ 6,805,165	\$ 1,946,406	\$ 8,751,571
(Bus - 9 @ 25' replacement, Bus - 6@40' expansion; Vanpool - 60 replacement)			
Passenger Facilities and Amenities	3,318,090	-	3,318,090
(Tacoma Dome Station, Air Spares, 512 P&R, 72nd St P&R)			
Base Facilities	914,539	2,843,000	3,757,539
(Buildings 1 and 4, West Base, Base Rewire & Electrical Needs)			
Technology	1,344,458	1,028,107	2,372,565
(ORCA II, Financial Management System, Portfolio Management System, RSM Ride Check System, CCTV, Server and Infrastructure Replacement)			
Other	311,218	474,295	785,513
(Support Vehicles, Maintenance, Admin. and Shop Equipment)			
	\$ 12,693,470	\$ 6,291,808	\$ 18,985,278



2016 BUDGET MESSAGE

Self- Insurance

The 2016 Budget of \$2,830,000 reflects an increase of \$12,000 from the 2015 Amended Budget of \$2,818,000. This is a result of projected Workers' Compensation claims and associated costs. Unemployment costs have no projected changes from the prior year.

Ending Balances

Ending balances include the required reserves for the operating, capital, and insurance funds. The Board of Commissioners designated balances policy follows:

Operating reserve - a minimum of two months of agency operating expenditures.

Capital reserve - a minimum amount equal to ten percent of the six-year average annual capital expenditures and fifty percent of the average annual grant funding programmed in the Six-Year Financial Plan.

Self-Insurance reserve - a level adequate to protect the agency from self-insurance claims (currently \$1 million).

Conclusion

The 2016 Budget is balanced, sustainable, and focused on restoring a high-quality transportation system.



A summary of Pierce Transit's preliminary budget is displayed in the following section. This summary is designed to present a brief overview of the Agency's financial outlook for the coming year. This information includes an overall summary, operating revenue summary, operating expenditure summary, capital summary, insurance summary, ending balances summary and an agency expenditure comparison.

2016 Preliminary Budget

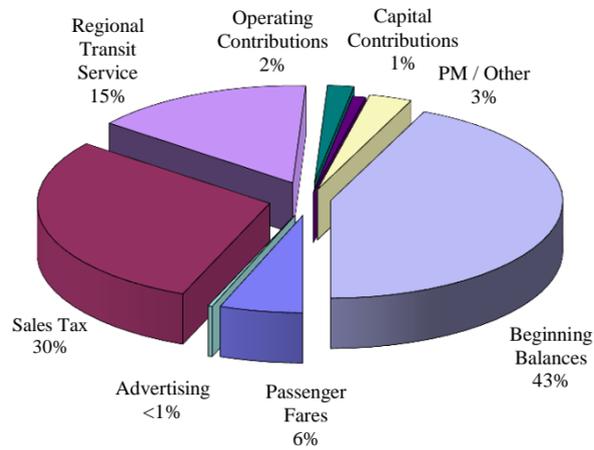
Budget Summary



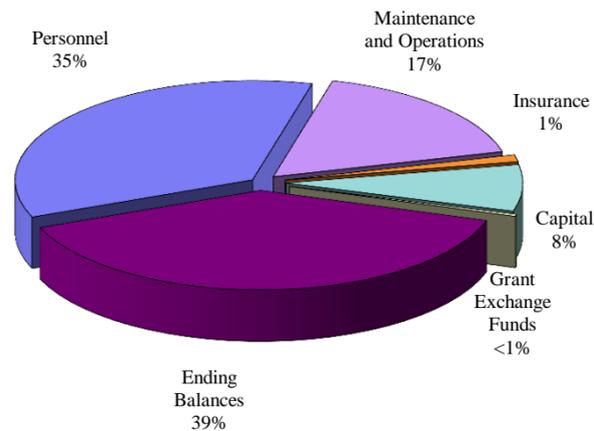


**2016 BUDGET
OVERALL SUMMARY**

Revenues



Expenditures



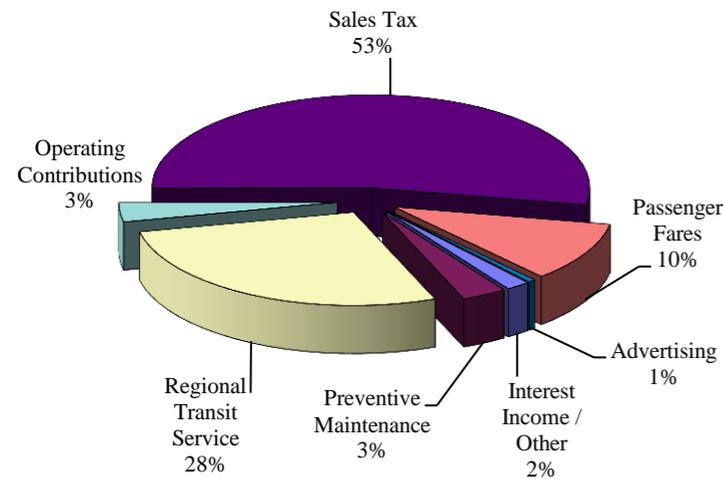
	2014 YEAR-END ACTUALS	2015 AMENDED BUDGET	2015 YEAR-END ESTIMATE	2016 BUDGET	% CHANGE 2016 BUDGET TO 2015 BUDGET
REVENUES					
OPERATING INCOME					
Passenger Fares	\$ 12,212,748	\$ 12,483,534	\$ 12,813,209	\$ 14,527,774	16.4%
Advertising	710,527	763,000	895,000	763,000	0.0%
Regional Transit Service (Sound Transit)	36,089,965	37,309,657	38,506,181	38,651,000	3.6%
NON-OPERATING INCOME					
Sales Tax	66,612,814	69,476,194	70,510,078	74,106,092	6.7%
Preventive Maintenance	6,635,282	4,627,700	5,082,836	4,627,700	0.0%
Other	5,012,075	5,367,264	5,300,384	2,883,260	-46.3%
CONTRIBUTIONS					
Operating	4,302,541	3,500,621	2,469,152	4,598,647	31.4%
Capital	7,782,172	6,383,951	1,454,853	2,286,325	-64.2%
REVENUES	139,358,124	139,911,921	137,031,693	142,443,798	1.8%
BEGINNING BALANCES					
Working Cash	79,544,188	91,839,884	98,347,580	91,851,513	0.0%
Insurance	2,362,635	1,183,270	429,949	374,439	-68.4%
Capital Reserve	28,196,953	17,014,085	19,740,699	16,935,743	-0.5%
BEGINNING BALANCES	110,103,776	110,037,239	118,518,228	109,161,695	-0.8%
TOTAL REVENUES AND BALANCES	\$ 249,461,900	\$ 249,949,160	\$ 255,549,921	\$ 251,605,493	0.7%
EXPENDITURES					
OPERATING EXPENDITURES					
Personnel	\$ 76,511,368	\$ 83,801,972	\$ 80,452,072	\$ 88,449,557	5.5%
Maintenance and Operations	35,041,365	41,219,559	36,899,758	42,445,551	3.0%
Insurance	2,616,060	2,818,000	2,691,040	2,830,000	0.4%
NON-OPERATING EXPENDITURES					
Debt Service	-	-	-	-	0.0%
Grant Exchange Funds	1,139,554	860,301	520,173	780,258	-9.3%
CAPITAL EXPENDITURES					
Capital	16,267,984	42,494,187	25,825,183	18,985,278	-55.3%
EXPENDITURES	131,576,331	171,194,019	146,388,226	153,490,644	-10.3%
ENDING BALANCES					
Working Cash	97,714,920	75,930,857	91,851,513	90,622,534	19.3%
Insurance	429,950	1,000,000	374,439	1,000,000	0.0%
Capital Reserve	19,740,699	1,824,284	16,935,743	6,492,315	255.9%
ENDING BALANCES	117,885,569	78,755,141	109,161,695	98,114,849	24.6%
TOTAL EXPENDITURES AND BALANCES	\$ 249,461,900	\$ 249,949,160	\$ 255,549,921	\$ 251,605,493	0.7%

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



**2016 BUDGET
OPERATING SUMMARY - REVENUES**

Operating Revenues

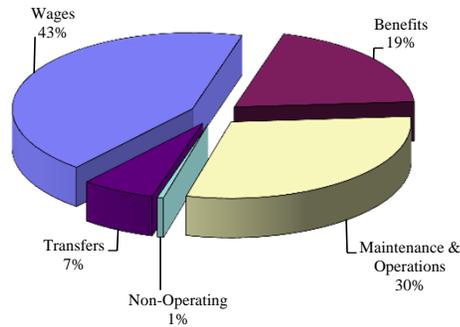


	2014 YEAR-END ACTUALS	2015 AMENDED BUDGET	2015 YEAR-END ESTIMATE	2016 BUDGET	% CHANGE 2016 BUDGET TO 2015 BUDGET
OPERATING REVENUES					
OPERATING INCOME					
Passenger Fares	\$ 12,212,748	\$ 12,483,534	\$ 12,813,209	\$ 14,527,774	16.4%
Advertising	710,527	763,000	895,000	763,000	0.0%
Regional Transit Service (Sound Transit)					
Express Reimbursement	35,029,480	36,294,014	37,503,538	37,604,645	3.6%
TDS Reimbursement	847,832	777,643	777,643	846,355	8.8%
Special Service Reimbursement	188,035	200,000	200,000	200,000	0.0%
Other Reimbursement	24,618	38,000	25,000	-	-100.0%
OPERATING INCOME	49,013,240	50,556,191	52,214,390	53,941,774	6.7%
NON-OPERATING INCOME					
Sales Tax	66,612,814	69,476,194	70,510,078	74,106,092	6.7%
Preventive Maintenance	6,635,282	4,627,700	5,082,836	4,627,700	0.0%
Interest Income	79,483	95,000	105,000	120,000	26.3%
Other	4,896,440	5,235,564	4,512,945	2,318,295	-55.7%
NON-OPERATING INCOME	78,224,019	79,434,458	80,210,859	81,172,087	2.2%
OPERATING CONTRIBUTIONS					
CTR / Vanpool Assistance	147,751	100,902	131,219	196,219	94.5%
Grant Exchange Funds	1,353,882	1,075,376	650,216	975,322	-9.3%
Operating Grants - Other	1,443,923	695,960	344,610	1,873,087	169.1%
Special Needs Transportation Grant	1,356,985	1,628,383	1,343,107	1,554,019	-4.6%
OPERATING CONTRIBUTIONS	4,302,541	3,500,621	2,469,152	4,598,647	31.4%
TOTAL OPERATING REVENUES	131,539,800	133,491,270	134,894,401	139,712,508	4.7%
BEGINNING BALANCE	79,544,188	91,839,884	98,347,580	91,851,513	0.0%
TOTAL OPERATING REVENUES AND BEGINNING BALANCE	\$ 211,083,988	\$ 225,331,154	\$ 233,241,981	\$ 231,564,021	2.8%



**2016 BUDGET
OPERATING SUMMARY - EXPENDITURES**

Operating Expenditures & Transfers

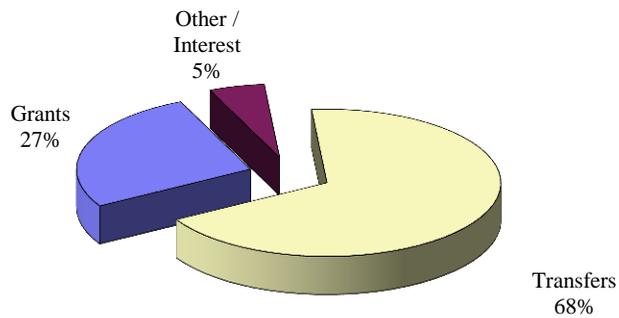


	2014 YEAR-END ACTUALS	2015 AMENDED BUDGET	2015 YEAR-END ESTIMATE	2016 BUDGET	% CHANGE 2016 BUDGET TO 2015 BUDGET
OPERATING EXPENDITURES					
OPERATING					
PERSONNEL					
Wages	\$ 54,326,151	\$ 59,318,841	\$ 57,296,985	\$ 61,064,863	2.9%
Benefits	22,185,217	24,483,131	23,155,087	27,384,694	11.9%
PERSONNEL	76,511,368	83,801,972	80,452,072	88,449,557	5.5%
MAINTENANCE & OPERATIONS					
Supplies	13,235,781	14,814,473	13,213,092	13,178,261	-11.0%
Services	4,820,233	8,060,663	6,554,355	10,405,482	29.1%
Insurance (Purchased)	2,384,464	2,391,618	2,258,972	2,116,997	-11.5%
Utilities	1,330,277	1,528,500	1,707,200	1,878,500	22.9%
Repairs	430,965	622,952	656,204	677,808	8.8%
Rentals	310,079	472,570	473,203	457,509	-3.2%
Purchased Transportation	7,848,907	8,180,053	7,493,395	8,202,451	0.3%
Other	4,680,659	5,148,730	4,543,337	5,528,543	7.4%
MAINTENANCE & OPERATIONS	35,041,365	41,219,559	36,899,758	42,445,551	3.0%
OPERATING EXPENDITURES	111,552,733	125,021,531	117,351,830	130,895,108	4.7%
NON-OPERATING EXPENDITURES					
Grant Exchange Funds	1,139,554	860,301	520,173	780,258	-9.3%
NON-OPERATING EXPENDITURES	1,139,554	860,301	520,173	780,258	-9.3%
TOTAL EXPENDITURES	112,692,287	125,881,832	117,872,003	131,675,366	4.6%
TRANSFERS					
Liability and Other Insurance Transfer	(1,144,072)	455,477	83,940	103,697	-77.2%
Workers' Comp. Transfer	1,820,853	2,174,553	2,546,090	3,346,864	53.9%
Capital Reserve	-	20,888,435	20,888,435	5,815,560	-72.2%
TRANSFERS	676,781	23,518,465	23,518,465	9,266,121	-60.6%
TOTAL EXPENDITURES AND TRANSFERS	113,369,068	149,400,297	141,390,468	140,941,487	-5.7%
ENDING BALANCE	97,714,920	75,930,857	91,851,513	90,622,534	19.3%
TOTAL OPERATING EXPENDITURES AND ENDING BALANCE	\$ 211,083,988	\$ 225,331,154	\$ 233,241,981	\$ 231,564,021	2.8%

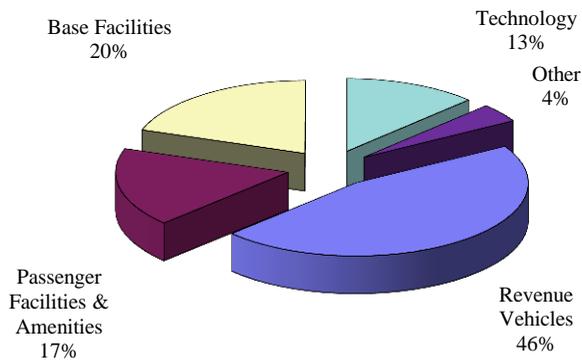


**2016 BUDGET
CAPITAL SUMMARY**

Capital Revenues & Transfers



Capital Expenditures

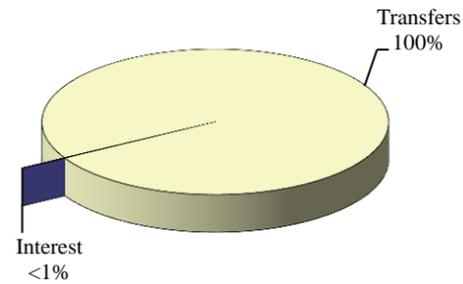


	2014 YEAR-END ACTUALS	2015 AMENDED BUDGET	2015 YEAR-END ESTIMATE	2016 BUDGET	% CHANGE 2016 BUDGET TO 2015 BUDGET
CAPITAL REVENUES					
REVENUES					
Grants	\$ 7,782,172	\$ 6,383,951	\$ 1,454,853	\$ 2,286,325	-64.2%
Other Capital Revenue / Interest	29,558	32,000	676,939	439,965	1274.9%
REVENUE	7,811,730	6,415,951	2,131,792	2,726,290	-57.5%
TRANSFERS					
Capital Reserve	-	20,888,435	20,888,435	5,815,560	-72.2%
TRANSFERS	-	20,888,435	20,888,435	5,815,560	
CAPITAL REVENUES	7,811,730	27,304,386	23,020,227	8,541,850	-68.7%
BEGINNING BALANCE					
Capital Reserve	28,196,953	17,014,085	19,740,699	16,935,743	-0.5%
TOTAL CAPITAL REVENUES AND BEGINNING BALANCE	\$ 36,008,683	\$ 44,318,471	\$ 42,760,926	\$ 25,477,593	-42.5%
CAPITAL EXPENDITURES					
CAPITAL ACQUISITION					
Revenue Vehicles	\$ 7,675,219	\$ 18,856,392	\$ 9,801,351	\$ 8,751,571	-53.6%
Passenger Facilities & Amenities	1,061,742	1,849,971	1,537,173	3,318,090	79.4%
Base Facilities	1,757,098	5,445,150	493,775	3,757,539	-31.0%
Technology	4,497,316	14,659,040	12,620,470	2,372,565	-83.8%
Other	1,276,609	1,683,634	1,372,414	785,513	-53.3%
CAPITAL EXPENDITURES	16,267,984	42,494,187	25,825,183	18,985,278	-55.3%
ENDING BALANCE					
Capital Reserve	19,740,699	1,824,284	16,935,743	6,492,315	255.9%
TOTAL CAPITAL EXPENDITURES AND ENDING BALANCE	\$ 36,008,683	\$ 44,318,471	\$ 42,760,926	\$ 25,477,593	-42.5%

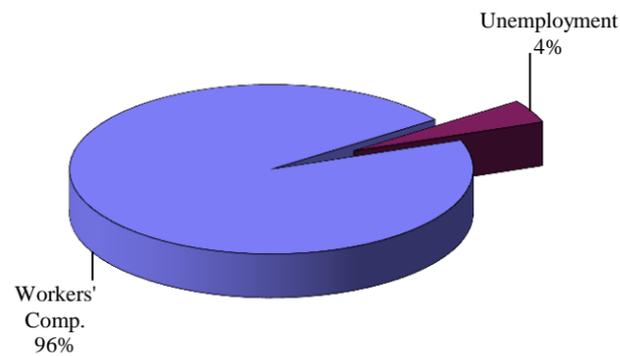


**2016 BUDGET
INSURANCE SUMMARY**

Insurance Revenues & Transfers



Insurance Expenditures

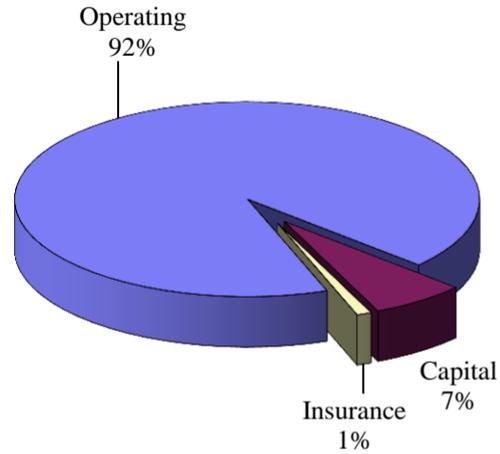


	2014 YEAR-END ACTUALS	2015 AMENDED BUDGET	2015 YEAR-END ESTIMATE	2016 BUDGET	% CHANGE 2016 BUDGET TO 2015 BUDGET
INSURANCE REVENUES					
REVENUES					
Liability Insurance Interest	\$ -	\$ 1,787	\$ -	\$ -	-100.0%
Workers' Comp. Interest	6,457	2,476	5,387	4,941	99.6%
Unemployment Insurance Interest	137	437	113	59	-86.5%
REVENUES	6,594	4,700	5,500	5,000	6.4%
TRANSFERS					
Liability Insurance Transfer	-	371,537	-	-	-100.0%
Workers' Comp. Transfer	1,820,853	2,174,553	2,546,090	3,346,864	53.9%
Unemployment Insurance Transfer	(1,144,072)	83,940	83,940	103,697	23.5%
TRANSFERS	676,781	2,630,030	2,630,030	3,450,561	31.2%
REVENUES AND TRANSFERS	683,375	2,634,730	2,635,530	3,455,561	31.2%
BEGINNING BALANCES					
Liability Insurance	463,753	654,676	-	-	-100.0%
Workers' Comp. Insurance	489,620	362,971	242,758	228,195	-37.1%
Unemployment Insurance	1,409,262	165,623	187,191	146,244	-11.7%
BEGINNING BALANCES	2,362,635	1,183,270	429,949	374,439	-68.4%
TOTAL INSURANCE REVENUES AND BEGINNING BALANCES	\$ 3,046,010	\$ 3,818,000	\$ 3,065,479	\$ 3,830,000	0.3%
INSURANCE EXPENDITURES					
Liability Insurance	\$ -	\$ 528,000	\$ -	\$ -	-100.0%
Workers' Comp. Insurance	2,537,925	2,165,000	2,566,040	2,705,000	24.9%
Unemployment Insurance	78,135	125,000	125,000	125,000	0.0%
INSURANCE EXPENDITURES	2,616,060	2,818,000	2,691,040	2,830,000	0.4%
ENDING BALANCES					
Liability Insurance	463,753	500,000	-	-	-100.0%
Workers' Comp. Insurance	(220,995)	375,000	228,195	875,000	133.3%
Unemployment Insurance	187,192	125,000	146,244	125,000	0.0%
ENDING BALANCES	429,950	1,000,000	374,439	1,000,000	0.0%
TOTAL INSURANCE EXPENDITURES AND ENDING BALANCES	\$ 3,046,010	\$ 3,818,000	\$ 3,065,479	\$ 3,830,000	0.3%



**2016 BUDGET
ENDING BALANCES**

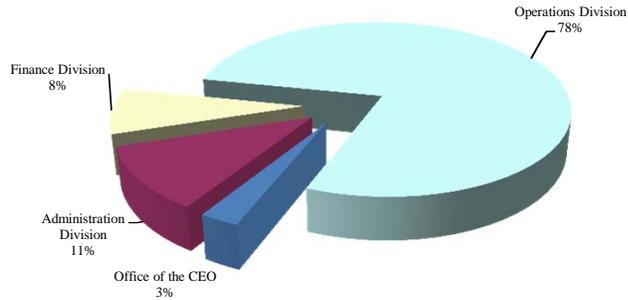
Ending Balances



	2014 YEAR-END ACTUALS	2015 AMENDED BUDGET	2015 YEAR-END ESTIMATE	2016 BUDGET	% CHANGE 2016 BUDGET TO 2015 BUDGET
OPERATING					
Revenues	\$ 131,539,800	\$ 133,491,270	\$ 134,894,401	\$ 139,712,508	4.7%
Less: Expenditures	(112,692,287)	(125,881,832)	(117,872,003)	(131,675,366)	4.6%
Subtotal	18,847,513	7,609,438	17,022,398	8,037,142	5.6%
Plus: Beginning Balance	79,544,188	91,839,884	98,347,580	91,851,513	0.0%
Less: Transfers					
Capital Reserve	-	(20,888,435)	(20,888,435)	(5,815,560)	-72.2%
Insurance	(676,781)	(2,630,030)	(2,630,030)	(3,450,561)	31.2%
ENDING OPERATING BALANCE	\$ 97,714,920	\$ 75,930,857	\$ 91,851,513	\$ 90,622,534	19.3%
CAPITAL					
Revenues	\$ 7,811,730	\$ 6,415,951	\$ 2,131,792	\$ 2,726,290	-57.5%
Plus: Transfers					
Capital Reserve	-	20,888,435	20,888,435	5,815,560	-72.2%
Subtotal Revenue	7,811,730	27,304,386	23,020,227	8,541,850	-68.7%
Less: Expenditures	(16,267,984)	(42,494,187)	(25,825,183)	(18,985,278)	-55.3%
Subtotal	(8,456,254)	(15,189,801)	(2,804,956)	(10,443,428)	-31.2%
Plus: Beginning Balance	28,196,953	17,014,085	19,740,699	16,935,743	-0.5%
ENDING CAPITAL BALANCE	\$ 19,740,699	\$ 1,824,284	\$ 16,935,743	\$ 6,492,315	255.9%
INSURANCE					
Revenues	\$ 6,594	\$ 4,700	\$ 5,500	\$ 5,000	6.4%
Plus: Transfers	676,781	2,630,030	2,630,030	3,450,561	31.2%
Subtotal Revenue	683,375	2,634,730	2,635,530	3,455,561	31.2%
Less: Expenditures	(2,616,060)	(2,818,000)	(2,691,040)	(2,830,000)	0.4%
Subtotal	(1,932,685)	(183,270)	(55,510)	625,561	-441.3%
Plus: Beginning Balance	2,362,635	1,183,270	429,949	374,439	-68.4%
ENDING INSURANCE BALANCE	\$ 429,950	\$ 1,000,000	\$ 374,439	\$ 1,000,000	0.0%
GRAND TOTAL - ALL BALANCES	\$ 117,885,569	\$ 78,755,141	\$ 109,161,695	\$ 98,114,849	24.6%



Agency Operating Budget

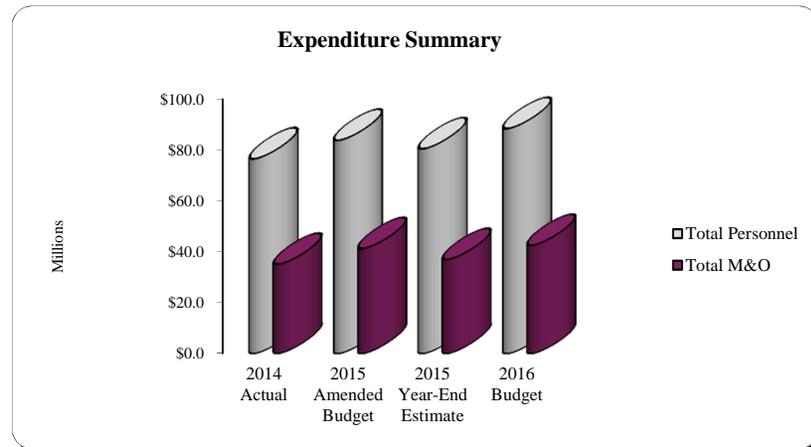


2016 OPERATING BUDGET AGENCY EXPENDITURE COMPARISON

Description	2014	2015	2015	2016	% Change
	Actual	Amended Budget	Year-End Estimate	Budget	2016 Budget to 2015 Budget
Personnel					
Wages	\$ 54,326,151	\$ 59,318,841	\$ 57,296,985	\$ 61,064,863	2.9%
Benefits	22,185,217	24,483,131	23,155,087	27,384,694	11.9%
Personnel	76,511,367	83,801,972	80,452,072	88,449,557	5.5%
Maintenance and Operations					
Supplies	13,235,781	14,814,473	13,213,092	13,178,261	-11.0%
Services	4,820,233	8,060,663	6,554,355	10,405,482	29.1%
Insurance	2,384,464	2,391,618	2,258,972	2,116,997	-11.5%
Utilities	1,330,277	1,528,500	1,707,200	1,878,500	22.9%
Repairs & Maintenance	430,965	622,952	656,204	677,808	8.8%
Rentals	310,079	472,570	473,203	457,509	-3.2%
Other	12,066,506	12,693,130	11,416,829	12,879,241	1.5%
Repairs & Maint Contract Services	441,223	498,353	483,103	509,603	2.3%
Other Improvements	21,837	137,300	136,800	342,150	149.2%
Maintenance and Operations	35,041,365	41,219,559	36,899,758	42,445,551	3.0%
Total *	\$ 111,552,732	\$ 125,021,531	\$ 117,351,830	\$ 130,895,108	4.7%

Total FTE's	875.5	875.5	897.5
Total Positions	893.0	893.0	916.0

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







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

2016 Preliminary Budget

Budget Statistics





**2016 Budget
Operating Statistics
All Modes**

	2015 Budget	2016 Budget	% Change 2015 - 2016
Pierce Transit			
Fixed Route Local & Express			
Ridership	10,792,701	11,475,046	6.3%
Service Hours	442,542	464,000	4.8%
Service Miles	4,961,958	5,198,370	4.8%
Sound Transit			
Fixed Route Express			
Ridership	7,480,480	7,502,782	0.3%
Service Hours	306,577	307,491	0.3%
Service Miles	7,639,900	7,662,677	0.3%
Total Fixed Route (Pierce Transit & Sound Transit)			
Ridership	18,273,181	18,977,828	3.9%
Service Hours	749,119	771,491	3.0%
Service Miles	12,601,858	12,861,047	2.1%
SHUTTLE			
Ridership	378,603	371,378	-1.9%
Service Hours	189,220	187,860	-0.7%
Service Miles	2,738,744	2,730,176	-0.3%
Vanpool			
Ridership	950,000	950,000	0.0%
Service Hours	147,000	147,000	0.0%
Service Miles	5,000,000	5,000,000	0.0%
AGENCY TOTAL (Pierce Transit and Sound Transit Fixed Route, SHUTTLE & Vanpool)			
Ridership	19,601,784	20,299,206	3.6%
Service Hours	1,085,339	1,106,351	1.9%
Service Miles	20,340,602	20,591,223	1.2%



2016 BUDGET PERSONNEL SUMMARY

In brief:

Pierce Transit workforce is representative of the diversity of customers served.

The ethnicity of the workforce is

White – 66%

African American – 19%

Asian – 8%

Hispanic – 4%

Native American – 1%

Pacific Islander – 1%

More than one race – 1%



Personnel Summary

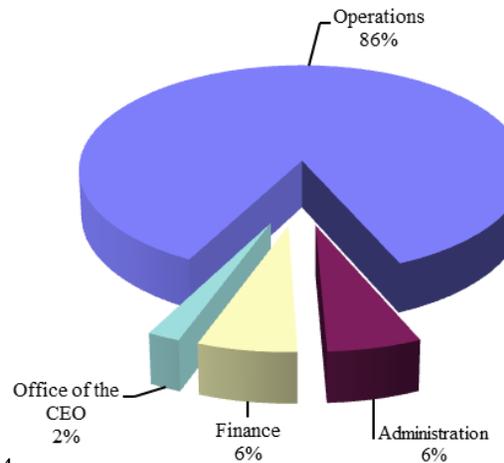
The 2016 Budget includes 916 positions and 897.5 full-time equivalents (FTEs). This is an increase of 23 positions or 2.5% from the 2015 Budget. The increase includes 22 positions in Operations for directly operated service and one position in Finance for an Employer Service Administrator from a reclassification of a professional service contract for One Regional Card for All (ORCA) support.

The 22 Direct Operating Positions include:

10 Transit Operators	1 Service Station Attendant
6 Relief Transit Operators	1 Facilities Custodian I
1 Journey Level Mechanic	3 Public Safety Officers

The Operations Division, which includes Maintenance personnel, represents 784 or 86% of total positions. The remaining 132 positions or 14%, are in the Office of the CEO, Finance Division, and Administration Division.

2016 Budget Positions

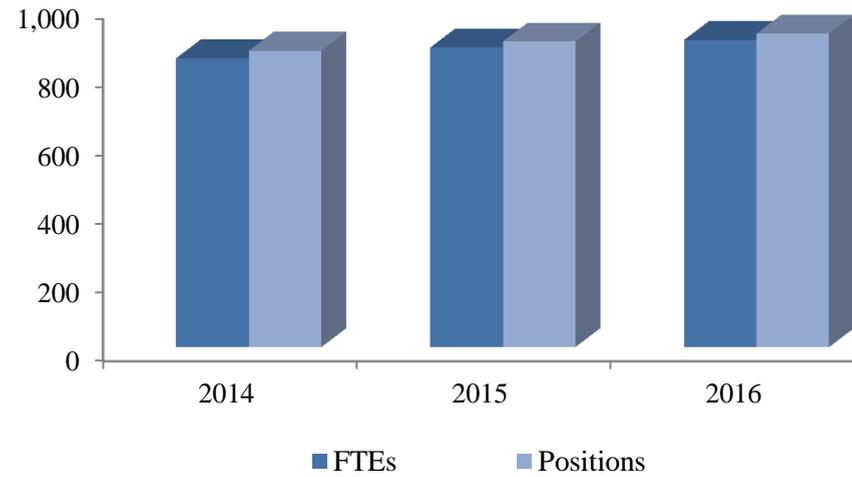




**2016 BUDGET
PERSONNEL SUMMARY**

Budget FTEs							
2014 Budget	2015 Budget	2016 Budget	2015-2016 Change	2014 Budget	2015 Budget	2016 Budget	2015-2016 Change
844.0	875.5	897.5	22.0	866.0	893.0	916.0	23.0

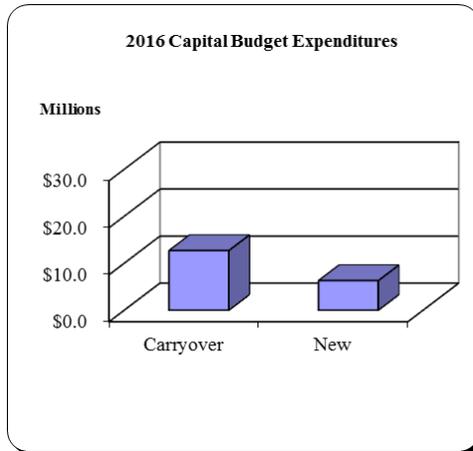
Budget FTEs & Positions





2016 BUDGET CAPITAL PROGRAM

In brief:



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

The 2016 Capital Budget consists of a variety of projects primarily for the replacement and refurbishment of existing equipment and facilities including some multi-year projects that are carried over.

Revenue Vehicles – Pierce Transit currently operates an active fleet of 149 buses, 366 vanpool vans, and 100 SHUTTLE vehicles. Revenue vehicles are replaced on a regular cycle. The replacement schedule meets or exceeds Federal Transit Administration requirements that a vehicle not be removed from service prior to the completion of its useful life. With recent reductions, Pierce Transit has a fixed route fleet with an average age of 8.8 years. The actual replacement of vehicles will be on an as-needed basis and the Agency continues to extend the useful life of vehicles wherever possible.

Passenger Facilities & Amenities – Funds are budgeted for necessary repairs and refurbishments at several locations including Tacoma Dome Station, and 512 Park & Ride, 72nd Street Transit Center, as well as Transit Oriented Development at the Air Spares property near the Tacoma Dome Station.

Base Facilities – Funds are budgeted for necessary repairs and refurbishments to base facilities and systems, and the acquisition of additional property for the base.

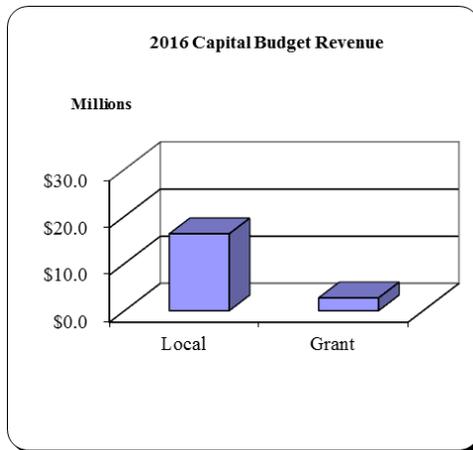
Technology – Funds are budgeted for for maintenance and upgrade of several critical software and systems, as well as replacement of infrastructure that has reached the end of its useful life. Some of these projects include the financial management system replacement, server and infrastructure replacement, portfolio management software, and Closed Circuit Television (CCTV).

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



2016 BUDGET CAPITAL PROGRAM

- Local funds
- Grant funds



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

Grant funds – Federal grant revenues for 2016 in the capital program are expected to be nearly \$3 million and include the following projects:

- Tacoma Dome Station Mid-Life Maintenance \$2 million
- Fixed Video at Radio Sites

State Grants and Other Capital Assistance are expected to be nearly \$2 million for the Base Master Plan project.

The detailed 2016 Preliminary Capital Budget list follows.



2016 PRELIMINARY CAPITAL BUDGET BY PROJECT NUMBER

Project Biographical Data		Responsibility	Account Tracking		Multi-Year Budget Data				2016 Annual Project Budget Data			Funding of 2016 Project Amount	
#	Project	Division	Cost Center	Project Number	Total Project Budget	Prior Year Expenditures	Estimated 2015 Expenditures	Project Closeout - Amount Returned to Reserves At Close	Estimated Project Carryover from 2015 into 2016	New 2016 Project Allocation Amount	Total 2016 Annual Capital Budget	Local (Pierce Transit) Funded	Estimated Grant Funding
						(through 12/31/14)							
1	TDS Mid-Life Maintenance	Finance	411000	0315	2,871,045	182,449	84,356	-	2,604,240	-	2,604,240	418,915	2,185,325
2	112th Street & Pacific/SR-7 Transit Access Mods	Finance	411000	0343	2,375,658	1,058,421	756,579	560,658	-	-	-	-	-
3	Master Key System Replacement	Operations	645000	0344	110,889	48,345	62,544	-	-	-	-	-	-
4	Bldg. 4 Modifications	Finance	411000	0345	2,443,317	1,592,509	409,151	441,657	-	-	-	-	-
5	Adept Version Upgrade	Administration	262000	0358	157,119	136,978	20,141	-	-	-	-	-	-
6	Maintenance Management System	Administration	262000	0359	539,312	180,022	323,763	35,527	-	-	-	-	-
7	Limited Access Control Software	Administration	262000	0361	204,951	180,015	24,936	-	-	-	-	-	-
8	ORCA (Regional Fare Integration)	Finance	243000	0364	5,296,645	4,690,210	-	-	254,623	351,812	606,435	606,435	-
9	LAN Replacement 2013--CLOSED 2015	Administration	262000	0386	358,939	338,865	-	20,074	-	-	-	-	-
10	CAD AVL System Upgrade 2013	Administration	262000	0387	404,269	-	104,000	300,269	-	-	-	-	-
11	Fare Box Replacement 2013	Administration	262000	0388	3,700,000	2,160,474	1,539,526	-	-	-	-	-	-
12	TDS G Street Expansion Zone	Finance	411000	0390	744,024	80,327	524,673	139,024	-	-	-	-	-
13	TRAX Data Coverage Upgrade	Operations	662000	0397	192,257	-	192,257	-	-	-	-	-	-
14	Radio Subscriber Replacement	Operations	662000	0398	2,154,188	1,663,802	490,386	-	-	-	-	-	-
15	Bus Replacement 2013	Operations	652000	0406	4,215,900	4,190,997	24,903	-	-	-	-	-	-
16	Ticket Vending Machine Purchase	Finance	243000	0407	109,771	-	109,771	-	-	-	-	-	-
17	AV System Replacement - Bldg. 5	Administration	262000	0410	546,452	-	410,000	136,452	-	-	-	-	-
18	Supervisor Vehicle Computer Replacement	Administration	262000	0413	169,788	2,085	167,703	-	-	-	-	-	-
19	CAD AVL System Upgrade 2014 and 2019	Administration	262000	0415	454,780	-	454,780	-	-	-	-	-	-
20	Cameras on Buses	Administration	262000	0416	2,050,391	13,176	2,036,824	391	-	-	-	-	-
21	End Point Security--CLOSED 2015	Administration	262000	0417	90,255	-	24,123	66,132	-	-	-	-	-
22	Facilities Critical Repairs	Finance	411000	0418	714,850	-	100,000	-	614,850	-	614,850	614,850	-
23	Support Vehicle Replacement 2014	Operations	651000	0420	696,229	619,753	76,476	-	-	-	-	-	-
24	Shuttle Replacement 2014	Operations	651000	0422	417,727	-	50,000	367,727	-	-	-	-	-
25	Vanpool Replacement 2014	Operations	651000	0423	1,539,424	-	1,539,424	-	-	-	-	-	-
26	Vanpool Expansion 2014	Operations	651000	0424	325,000	-	325,000	-	-	-	-	-	-
27	Brake Lathe Replacement 2014--CLOSED	Operations	652000	0426	18,830	-	12,396	6,434	-	-	-	-	-
28	Trolley Vehicle Expansion--CLOSED 2014	Operations	652000	0427	234,650	56,097	3,977	174,576	-	-	-	-	-
29	Building 4 Roof Deck Replacement	Operations	653000	0428	334,752	277,884	24,824	32,044	-	-	-	-	-
30	Radio Subscriber Replacement/Bus, Shuttle and Support	Operations	662000	0429	2,244,848	717,066	1,527,782	-	-	-	-	-	-
31	CAD AVL GPS Repeater 450 MHz Data Radio Project	Operations	662000	0430	3,402,197	60,735	3,341,462	-	-	-	-	-	-
32	Bus Replacement 2014	Operations	652000	0442	5,411,413	2,050	5,409,363	-	-	-	-	-	-
33	DFAR	Operations	645000	0443	45,000	11,316	33,684	-	-	-	-	-	-
34	Financial Mgmt Sys Repl 2015	Finance	241000	0445	1,010,000	-	-	-	1,010,000	-	1,010,000	1,010,000	-
35	Copier Repl 2015	Administration	262000	0446	437,600	-	437,600	-	-	-	-	-	-
36	Network Infrastructure Repl 2015	Administration	262000	0447	680,518	-	680,518	-	-	-	-	-	-
37	SAN 2015	Administration	262000	0448	191,450	-	131,542	59,908	-	-	-	-	-
38	Portfolio Mgmt Software 2015	Executive	263000	0449	130,000	-	65,000	-	65,000	-	65,000	65,000	-
39	Air Spare/TDS Transit Oriented Development	Finance	411000	0450	99,000	-	-	-	99,000	-	99,000	99,000	-
40	RSM Ridecheck Software 2015	Operations	451000	0451	184,835	-	170,000	-	14,835	-	14,835	14,835	-
41	Emergency Warning System Repl 2015	Operations	645000	0452	466,874	-	-	-	466,874	-	466,874	466,874	-
42	Shuttle Fleet Replacement 2015	Operations	651000	0453	2,368,440	-	2,368,440	-	-	-	-	-	-
43	Vanpool Fleet Replacement 2015	Operations	651000	0454	1,780,120	-	-	1,780,120	-	-	-	-	-
44	Support Vehicle Replacement 2015	Operations	651000	0455	411,711	-	411,711	-	-	-	-	-	-
45	Vanpool Fleet Expansion 2015	Operations	651000	0456	550,000	-	80,244	469,756	-	-	-	-	-
46	Auto Shop Equip Repl 2015	Operations	651000	0457	28,679	-	28,679	-	-	-	-	-	-
47	Paint Booth Heater Refurbishment 2015	Operations	651000	0458	60,170	-	60,170	-	-	-	-	-	-
48	Auto Shop Hoist Repl 2015	Operations	651000	0459	311,218	-	-	-	311,218	-	311,218	311,218	-



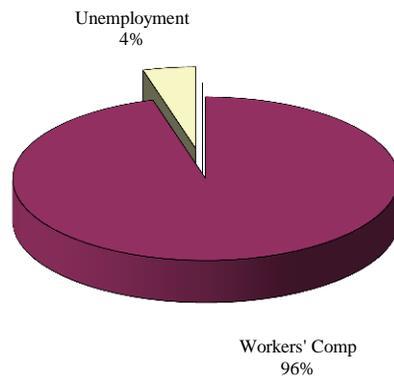
2016 PRELIMINARY CAPITAL BUDGET BY PROJECT NUMBER

Project Biographical Data		Responsibility	Account Tracking		Multi-Year Budget Data			2016 Annual Project Budget Data			Funding of 2016 Project Amount		
#	Project	Division	Cost Center	Project Number	Total Project Budget	Prior Year Expenditures	Estimated 2015 Expenditures	Project Closeout - Amount Returned to Reserves At Close	Estimated Project Carryover from 2015 into 2016	New 2016 Project Allocation Amount	Total 2016 Annual Capital Budget	Local (Pierce Transit) Funded	Estimated Grant Funding
						(through 12/31/14)							
49	Bus Fleet Replacement 2015	Operations	652000	0460	1,069,875	-	-	-	1,069,875	-	1,069,875	1,069,875	-
50	Bldg 1 and 4 Rewire 2015	Administration	262000	0461	447,665	-	-	-	447,665	-	447,665	447,665	-
51	Critical Electrical Needs in Base Power 2015	Operations	653000	0462	59,800	-	59,800	-	-	-	-	-	-
52	TDS Bus Shop Lighting 2015	Operations	653000	0463	71,565	-	71,565	-	-	-	-	-	-
53	Radio Subscriber Repl for Bus, Shuttle & Support Veh 2015	Operations	662000	0464	819,499	-	819,499	-	-	-	-	-	-
54	Radio Shop Equip 2015	Operations	662000	0465	235,611	-	235,611	-	-	-	-	-	-
55	Bus Fleet Expansion 2015	Operations	652000	0469	5,735,290	-	-	-	5,735,290	-	5,735,290	5,735,290	-
56	CCTV Video Retention Expansion	Operations	645000	TBA	48,000	-	-	-	-	48,000	48,000	48,000	-
57	Money Counting Room Sorter Replacement	Finance	242000	TBA	12,581	-	-	-	-	12,581	12,581	12,581	-
58	Support Fleet Replacement	Operations	651000	TBA	391,714	-	-	-	-	391,714	391,714	391,714	-
59	Network Infrastructure Replacement	Administration	262000	TBA	213,330	-	-	-	-	213,330	213,330	213,330	-
60	Vanpool Fleet Replacement	Operations	651000	TBA	1,946,406	-	-	-	-	1,946,406	1,946,406	1,946,406	-
61	Training Fare Boxes	Operations	643000	TBA	70,000	-	-	-	-	70,000	70,000	70,000	-
62	Base Master Plan Update and Facility Needs Assessment	Finance	411000	TBA	253,000	-	-	-	-	253,000	253,000	152,000	101,000
63	West Base Property Acquisition	Finance	411000	TBA	2,590,000	-	-	-	-	2,590,000	2,590,000	2,590,000	-
64	Radio Site Fixed Video	Operations	662000	TBA	414,965	-	-	-	-	414,965	414,965	-	414,965
Grand Total					\$ 67,664,786	\$ 18,263,576	\$ 25,825,183	\$ 4,590,749	\$ 12,693,470	\$ 6,291,808	\$ 18,985,278	\$ 16,283,988	\$ 2,701,290

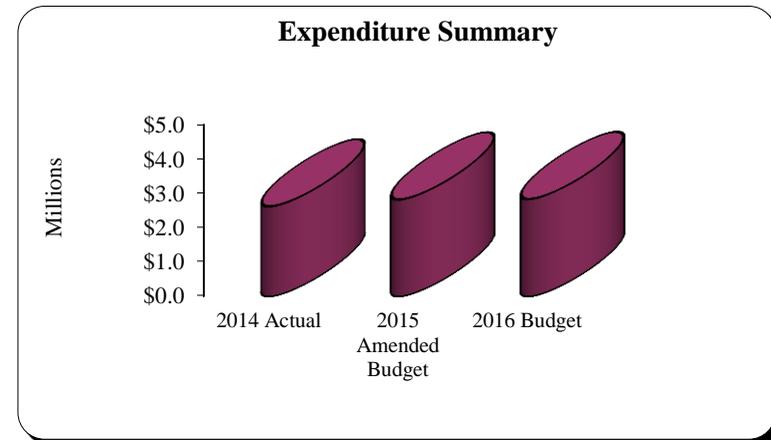


2016 BUDGET INSURANCE EXPENDITURE COMPARISON

Insurance Expenditure Comparison



Description	2014 ACTUAL	2015 AMENDED BUDGET	2016 BUDGET	% Change 2016 Budget to 2015 Budget
Liability & Other Insurance	458,372	528,000	-	-100.0%
Workers' Comp. Insurance	2,079,553	2,165,000	2,705,000	24.9%
Unemployment Insurance	78,135	125,000	125,000	0.0%
TOTAL INSURANCE	\$ 2,616,060	\$ 2,818,000	\$ 2,830,000	0.4%





This section includes the Six-Year Financial Plan Operating Revenues & Expenditures, Ending Balances, and the 2016-2021 Six-Year Capital Plan.

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

2016 Preliminary Budget

Six-Year Financial Plan

PIERCE TRANSIT
2016-2021 Six-Year Financial Plan
Operating Revenues & Expenditures

(Millions)	2015 YE Est	2016 Budget	2017	2018	2019	2020	2021
REVENUES -							
BEGINNING WORKING CASH	\$98.347580	\$91.851513	\$90.622534	\$74.054075	\$72.255654	\$57.277953	\$43.016243
OPERATING INCOME							
FARES AND PASSES							
Local Fares	9.219039	10.814265	11.039334	12.765882	12.893540	14.293758	14.405385
Express Fares (Excludes ST)	0.049916	0.060700	0.059430	0.066343	0.067007	0.074122	0.074863
Shuttle	0.361854	0.352809	0.363393	0.413695	0.426106	0.480688	0.495108
Vanpool	3.182400	3.300000	3.610000	4.085000	4.085000	4.560000	4.560000
Subtotal- Fares and Passes	12.813209	14.527774	15.072158	17.330919	17.471652	19.408568	19.535357
SALES TAX	70.510078	74.106092	77.996662	82.286478	87.017951	92.239028	97.773369
OPER. ASSIST. CTR/VANPOOL	0.131219	0.196219	0.100990	0.100990	0.100990	0.100990	0.100990
SPECIAL NEEDS PROGRAM FUNDS	1.343107	1.554019	1.227010	0.932412	0.932412	0.932412	0.932412
INTEREST	0.105000	0.120000	0.000000	0.000000	0.000000	0.000000	0.000000
ADVERTISING							
Contract Advertising - Pierce Transit Revenue	0.895000	0.763000	0.750000	0.750000	0.750000	0.750000	0.750000
SOUND TRANSIT							
ST Express Reimb.	37.503538	37.604645	41.135820	43.366754	47.186990	49.717435	52.415594
ST TDS Reimb.	0.777643	0.846355	0.846355	0.871746	0.897898	0.924835	0.952580
Special Service	0.200000	0.200000	0.200000	0.206000	0.212180	0.218545	0.225102
Other ST Reimb.	0.025000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
MISCELLANEOUS							
Operating Grant - Other (Homeland Sec/Reg Mob)	0.344610	1.873087	1.476239	1.160352	0.580176	0.000000	0.000000
Operating Grant (5307)/Pierce County	0.650216	0.975322	0.975322	0.975322	0.975322	0.975322	0.975322
Preventive Maint. (5307) / ADA	5.082836	4.627700	4.627700	4.627700	4.627700	4.627700	4.627700
Other Miscellaneous	4.512945	2.318295	0.200000	0.200000	0.200000	0.200000	0.200000
TOTAL OPERATING INCOME	134.894401	139.712508	144.608256	152.808672	160.953270	170.094834	178.488426
TOTAL REVENUES & WORKING CASH	\$233.241981	\$231.564021	\$235.230790	\$226.862747	\$233.208924	\$227.372786	\$221.504668

PIERCE TRANSIT
2016-2021 Six-Year Financial Plan
Operating Revenues & Expenditures

(Millions)	2015 YE Est	2016 Budget	2017	2018	2019	2020	2021
EXPENDITURES -							
Ongoing Operations							
Wages	\$57.296985	\$61.064863	\$64.155465	\$69.014907	\$71.946867	\$75.154079	\$78.195731
Benefits	23.155087	27.384694	30.688055	34.224308	37.012358	40.133404	43.373619
M & O	18.322932	23.356591	22.486292	23.198672	23.894632	24.614048	25.349815
Fuel	6.199817	6.624344	6.684162	6.907946	7.057333	7.216733	7.369685
Parts	4.725554	4.080298	4.083203	4.270222	4.398329	4.534680	4.666187
Purchased Trans.	7.493395	8.202451	8.026029	8.202902	8.385195	8.573077	8.766718
Bridge Tolls	0.158060	0.181867	0.183992	0.189076	0.194302	0.199673	0.205194
TOTAL EXPENDITURES: w/out Debt Payment and Depreciation	117.351830	130.895108	136.307198	146.008033	152.889016	160.425693	167.926950
Non-Operating Costs							
Payments to Pierce Co for 5307 Agreement	0.520173	0.780258	0.780258	0.780258	0.780258	0.780258	0.780258
Subtotal	0.520173	0.780258	0.780258	0.780258	0.780258	0.780258	0.780258
EXPENDITURES (w/ Debt & Reimbursements)	117.872003	131.675366	137.087456	146.788291	153.669274	161.205951	168.707208
CURRENT REVENUES LESS CURRENT							
EXPENDITURES	17.022398	8.037142	7.520800	6.020381	7.283997	8.888882	9.781217
TRANSFERS -							
Capital Reserve	20.888435	5.815560	21.174359	4.816455	19.169281	19.965402	17.318741
Insurance	2.630030	3.450561	2.914900	3.002347	3.092417	3.185190	3.280746
Subtotal Transfers	23.518465	9.266121	24.089259	7.818802	22.261698	23.150592	20.599487
TOTAL EXPENDITURES AND TRANSFERS	141.390468	140.941487	161.176715	154.607093	175.930972	184.356543	189.306695
ENDING WORKING CASH	91.851513	90.622534	74.054075	72.255654	57.277953	43.016243	32.197974
REQUIRED CASH	19.558638	21.815851	22.717866	24.334672	25.481503	26.737616	27.987825
TOTAL EXPENDITURES & WORKING CASH	\$233.241981	\$231.564021	\$235.230790	\$226.862747	\$233.208924	\$227.372786	\$221.504668
MARGIN / (DEFICIT)	\$72.292875	\$68.806683	\$51.336208	\$47.920982	\$31.796450	\$16.278627	\$4.210149

PIERCE TRANSIT
2016-2021 Six-Year Financial Plan
Ending Balances

(Millions)	2015 YE Est	2016 Budget	2017	2018	2019	2020	2021
<u>OPERATING FUND</u>							
Operating Fund Beginning Balance	98.347580	91.851513	90.622534	74.054075	72.255654	57.277953	43.016243
Revenue							
Operating Income	134.894401	139.712508	144.608256	152.808672	160.953270	170.094834	178.488426
Subtotal - Operating Revenue	134.894401	139.712508	144.608256	152.808672	160.953270	170.094834	178.488426
Expenditures							
Operating Expenditures	117.872003	131.675366	137.087456	146.788291	153.669274	161.205951	168.707208
Transfers	23.518465	9.266121	24.089259	7.818802	22.261698	23.150592	20.599487
Subtotal - Operating Expenditures	141.390468	140.941487	161.176715	154.607093	175.930972	184.356543	189.306695
Operating Fund Ending Balance	\$91.851513	\$90.622534	\$74.054075	\$72.255654	\$57.277953	\$43.016243	\$32.197974
Required Margin	19.558638	21.815851	22.717866	24.334672	25.481503	26.737616	27.987825
Margin / (Deficit)	72.292875	68.806683	51.336208	47.920982	31.796450	16.278627	4.210149
<u>CAPITAL FUND</u>							
Beginning Reserves	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
Revenue							
5307 Funding							
5307 Earned Share	5.082836	4.627700	4.627700	4.627700	4.627700	4.627700	4.627700
5307 Competitive Funds	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Less Preventive Maintenance	-5.082836	-4.627700	-4.627700	-4.627700	-4.627700	-4.627700	-4.627700
5307 Funds Available for Capital Projects	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Pierce County 5307							
5307 Revenues from Pierce Co Agreement	0.650216	0.975322	0.975322	0.975322	0.975322	0.975322	0.975322
Pierce Co. 5307	-0.650216	-0.975322	-0.975322	-0.975322	-0.975322	-0.975322	-0.975322
Pierce County 5307 Available for Capital	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Flexible Funds & Earmarks							
Federal Flex Funds - Regional	0.000000	0.000000	0.000000	0.000000	2.720000	2.720000	2.640000
Federal Flex Funds - Countywide	0.258775	0.000000	4.500000	4.500000	0.000000	0.000000	0.000000
Earmarks - 5309	0.405601	1.775530	0.000000	0.000000	0.000000	0.000000	0.000000
Sound Transit							
Sound Transit Base Expansion	0.000000	0.000000	0.000000	2.053800	0.000000	0.000000	0.000000
Sound Transit - Other Capital	0.000000	0.510795	0.000000	0.000000	0.000000	0.000000	0.000000
Other Funding							
State Funding	0.790477	0.000000	0.000000	0.855000	0.000000	0.000000	0.000000
Interest	0.025000	0.025000	0.000000	0.000000	0.000000	0.000000	0.000000
Other Capital Revenues	0.651939	0.414965	0.000000	0.000000	0.000000	0.000000	0.000000
Contributions from Other Funds							
Transfer from Operating Fund	20.888435	5.815560	21.174359	4.816455	19.169281	19.965402	17.318741
Total Capital Revenues & Reserves	23.020227	8.541850	25.674359	12.225255	21.889281	22.685402	19.958741

PIERCE TRANSIT
2016-2021 Six-Year Financial Plan
Ending Balances

(Millions)	2015 YE Est	2016 Budget	2017	2018	2019	2020	2021
Expenditures							
Revenue Vehicles	9.801351	8.751571	19.281980	6.195788	16.745424	15.405699	15.197540
Passenger Facilities & Amenities	1.537173	3.318090	1.015839	0.000000	0.000000	0.700000	3.300000
Base Facilities	0.493775	3.757539	0.460000	3.984500	0.000000	0.000000	0.327800
Technology	12.620470	2.372565	3.639245	0.635450	1.021000	2.746474	0.771936
Other	1.372414	0.785513	1.277295	1.409517	4.122857	3.833229	0.361465
Total Capital Expenditures (Inflated)	25.825183	18.985278	25.674359	12.225255	21.889281	22.685402	19.958741
USE OF CAPITAL RESERVE	-2.804956	-10.443428	0.000000	0.000000	0.000000	0.000000	0.000000

CAPITAL RESERVE

Revenue

Beginning Reserves	\$19.740699	\$16.935743	\$6.492315	\$6.492315	\$6.492315	\$6.492315	\$6.492315
Total Capital Revenues	23.020227	8.541850	25.674359	12.225255	21.889281	22.685402	19.958741
TOTAL CAPITAL RESERVE REVENUES & BEGINNING RESERVE	42.760926	25.477593	32.166674	18.717570	28.381596	29.177717	26.451056

Expenditures

Capital Expenditures	25.825183	18.985278	25.674359	12.225255	21.889281	22.685402	19.958741
CAPITAL RESERVE - Req'd \$6.492315	\$16.935743	\$6.492315	\$6.492315	\$6.492315	\$6.492315	\$6.492315	\$6.492315

INSURANCE FUND

Revenue

Beginning Balance	\$0.429949	\$0.374439	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Interest on Insurance Fund	0.005500	0.005000	0.000000	0.000000	0.000000	0.000000	0.000000
Transfer	2.630030	3.450561	2.914900	3.002347	3.092417	3.185190	3.280746

Expenditures

Payments from Insurance Fund	2.691040	2.830000	2.914900	3.002347	3.092417	3.185190	3.280746
Insurance Fund Ending Balance	\$0.374439	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000

TOTAL ENDING BALANCES \$109.161695 \$98.114849 \$81.546390 \$79.747969 \$64.770268 \$50.508558 \$39.690289



2016 - 2021 PROPOSED SIX YEAR CAPITAL PLAN BY COST CENTER

L i n e #	Project Biographical Data Project Title	Responsibility Division	Account Tracking		2016 Annual Budget Data		2017-2021 Project Forecast					Total
			Cost Center	Project Number	2015 Est. Carryover Amount	2016	2017	2018	2019	2020	2021	
1	Document Management System	Executive	111000	TBA	\$ -	\$ -	\$ 232,400	\$ -	\$ -	\$ -	\$ -	\$ 232,400
2	Money Counting Room Sorter Replacement	Finance	242000	TBA	-	12,581	-	-	-	-	-	12,581
3	ORCA 2	Finance	243000	0364	254,623	351,812	689,686	-	-	81,365	166,936	1,544,422
4	Financial Mgmt. Sys Repl. 2015	Finance	241000	0445	1,010,000	-	-	-	-	-	-	1,010,000
5	Agency Plotter Replacement	Administration	262000	TBA	-	-	-	-	18,000	-	-	18,000
6	Bldg. 1 and 4 Rewire 2015	Administration	262000	0461	447,665	-	-	-	-	-	-	447,665
7	Business Intelligence System	Administration	262000	TBA	-	-	-	-	-	-	-	-
8	CAD AVL System Upgrade	Administration	262000	TBA	-	-	-	-	-	800,000	-	800,000
9	Copier Repl. 2015	Administration	262000	TBA	-	-	-	-	-	-	-	-
10	Customer Resource Management System Replacement	Administration	262000	TBA	-	-	-	120,450	-	-	-	120,450
11	Hastus Upgrade 2017 and 2020	Administration	262000	TBA	-	-	501,609	-	-	501,609	-	1,003,218
12	Marketing Printer and Plotter Replacement	Administration	262000	TBA	-	-	66,950	-	-	-	-	66,950
13	Network Infrastructure Repl.	Administration	262000	TBA	-	213,330	785,000	340,000	797,000	883,500	430,000	3,448,830
14	Service Supervisor Vehicle Computer Replacement	Administration	262000	TBA	-	-	-	-	-	200,000	-	200,000
15	Shuttle Scheduling Software Replacement	Administration	262000	TBA	-	-	963,600	-	-	-	-	963,600
16	Storage Area Network	Administration	262000	TBA	-	-	400,000	175,000	200,000	280,000	175,000	1,230,000
17	Vinyl Cutter Repl. 2016	Administration	262000	TBA	-	-	-	-	6,000	-	-	6,000
18	Portfolio Mgmt. Software 2015	Executive	263000	0449	65,000	-	-	-	-	-	-	65,000
19	Air Spare/TDS Transit Oriented Development	Finance	411000	0450	99,000	-	-	-	-	-	-	99,000
20	Articulated Bus Infrastructure (route 1)	Finance	411000	TBA	-	-	53,856	106,920	-	-	-	160,776
21	Base Master Plan Update and Facility Needs Assessment	Finance	411000	TBA	-	253,000	-	-	-	-	-	253,000
22	Building 1 Expansion	Finance	411000	TBA	-	-	460,000	3,984,500	-	-	-	4,444,500
23	Facilities Critical Repairs	Finance	411000	0418	614,850	-	-	-	-	-	-	614,850
24	Pac Ave SR-7 P&R Bus Turnaround	Finance	411000	TBA	-	-	-	700,000	3,400,000	3,400,000	-	7,500,000
25	South Hill P&R	Finance	411000	TBA	-	-	-	-	-	700,000	3,300,000	4,000,000
26	TDS Mid-Life Maintenance	Finance	411000	0315	2,604,240	-	-	-	-	-	-	2,604,240
27	Transit Center Shelter Refurbishment	Finance	411000	TBA	-	-	1,015,839	-	-	-	-	1,015,839
28	Vanpool Carport	Finance	411000	TBA	-	-	-	-	-	-	-	-
29	West Base Property Acquisition	Finance	411000	TBA	-	2,590,000	-	-	-	-	327,800	2,917,800
30	RSM Ridecheck Software 2015	Operations	451000	0451	14,835	-	-	-	-	-	-	14,835
31	Training Fare Boxes	Operations	643000	TBA	-	70,000	-	-	-	-	-	70,000
32	CCTV Video Retention Expansion	Operations	645000	TBA	-	48,000	-	-	-	-	-	48,000
33	Emergency Warning System Repl. 2015	Operations	645000	0452	466,874	-	-	-	-	-	-	466,874
34	Physical Protection System Integration Phase 1	Operations	645000	TBA	-	-	-	-	-	-	-	-
35	Auto Shop Hoist Repl. 2015	Operations	651000	0459	311,218	-	-	-	-	-	-	311,218
36	Shuttle Fleet Replacement	Operations	651000	TBA	-	-	-	-	3,492,004	2,062,126	4,016,896	9,571,026
37	Support Fleet Replacement	Operations	651000	TBA	-	391,714	311,087	516,211	546,152	400,471	317,309	2,482,944
38	Vanpool Fleet Replacement	Operations	651000	454/TBA	-	1,946,406	2,138,184	856,061	706,740	587,683	1,197,559	7,432,633
39	Wheel Alignment System Replacement (Auto Shop Equip)	Operations	651000	TBA	-	-	24,024	32,000	7,463	9,152	10,000	82,639
40	Bus Fleet Expansion 2015	Operations	652000	0469	5,735,290	-	6,500,000	-	-	-	-	12,235,290
41	Bus Fleet Replacement	Operations	652000	460/TBA	1,069,875	-	10,643,796	5,339,727	12,546,680	12,755,890	9,983,085	52,339,053
42	Crash Avoidance System	Operations	652000	TBA	-	-	842,380	-	-	-	-	842,380
43	Parts Cleaner Cabinet Replacement (Bus Shop Equip)	Operations	652000	TBA	-	-	45,948	54,386	169,242	23,606	34,156	327,338
44	Radio Site Fixed Video	Operations	662000	TBA	-	414,965	-	-	-	-	-	414,965
Total					\$ 12,693,470	\$ 6,291,808	\$ 25,674,359	\$ 12,225,255	\$ 21,889,281	\$ 22,685,402	\$ 19,958,741	\$ 121,418,316
Anticipated Grant Revenues					2,175,498	515,965	4,500,000	7,408,800	2,720,000	2,720,000	2,640,000	22,680,263

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

2016 Preliminary Budget

Appendix



2016 BUDGET ACRONYM LIST

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

ADA – American Disabilities Act
APTA – American Public Transportation Association
BVP – Bulletproof Vest Partnership
CAFR – Comprehensive Annual Financial Report
CCTV – Closed Circuit Television
CMAQ – Congestion Mitigation & Air Quality Program
CNG – Compressed Natural Gas
CTR – Commute Trip Reduction
DOT – Department of Transportation
FEMA – Federal Emergency Management Agency
FTA – Federal Transit Administration
FY – Fiscal Year
GFOA – Government Finance Officers Association
GROW AMERICA ACT – Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America
ISTEA – Intermodal Surface Transportation Efficiency Act
JARC – Job Access and Reverse Commute
MAP 21– Moving Ahead for Progress in the 21st Century Act (P.L. 112-141)
ORCA – One Regional Card for All
OJP – Office of Justice Programs
PCEI – Pierce County Economic Index
PL – Public Law
PT – Pierce Transit
POV – Privately Owned Vehicle
PTBA – Public Transportation Benefit Area
RCW – Revised Code of Washington



**2016 BUDGET
ACRONYM LIST**

SAFETEA-LU – Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
SHUTTLE – Specialized Transportation
ST – Sound Transit
SUV – Special Use Van
TANF – Temporary Aid to Needy Families
TBSH – The Bus Stops Here
TDP – Transit Development Plan
TDS – Tacoma Dome Station
USDOT – United States Department of Transportation
UZA – Urbanized Area
VP – Vanpool
WATPA – Washington Auto Theft Prevention Authority
WSDOT – Washington State Department of Transportation
YE – Year End



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

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

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

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

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

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

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

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

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

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

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



2016 BUDGET GLOSSARY

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

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

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

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

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

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

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

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



2016 BUDGET GLOSSARY

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

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

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

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

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

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

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

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

DOT – See USDOT and WSDOT

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

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



2016 BUDGET GLOSSARY

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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



2016 BUDGET GLOSSARY

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



2016 BUDGET GLOSSARY

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

SHUTTLE – see Specialized Transportation also known as SHUTTLE.

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

Smart Card – see Regional Fare Coordination Project.

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

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

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

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

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

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

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

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

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

