



2013

Pierce Transit

Interim Budget

Lakewood,
Washington



Mission Statement

“Pierce Transit connects communities with safe, reliable, customer-friendly transit options.”

We are locally based and regionally connected.

Our services are safe and on time.

Our fares are affordable.

Our vehicles are clean and comfortable.

We listen to our customers to make their service better.

We work with others to plan transportation improvements.

Our decisions reflect respect for this region’s environment.

We use our tax resources effectively.

Our dedicated, professional employees are the key to quality.



2013 PRELIMINARY BUDGET

Fiscal Year January 1, 2013 through December 31, 2013

LYNNE GRIFFITH
Chief Executive Officer

Prepared By
The Finance Division

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

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PIERCE TRANSIT 2013 PRELIMINARY BUDGET TABLE OF CONTENTS

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

2013 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 ten-member Board of Commissioners. The Board is made up of elected officials representing Pierce County, Tacoma, Lakewood, Puyallup, University Place, the smaller towns and cities of our service area, and one non-voting Union Representative.



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



Commissioner Rick Talbert
Pierce County Council
VICE CHAIR
Term Expires 12/31/13



Commissioner Don Anderson
Lakewood Deputy Mayor
Term Expires 12/31/14



Commissioner Jake Fey
Tacoma City Council
Term Expires 12/31/12



Commissioner Glenn Hull
Fife City Council
Term Expires 12/31/15



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



Commissioner Pat McCarthy
Pierce County Executive
Term Expires 5/1/15



Commissioner Steve Vermillion
Puyallup City Council
Term Expires 5/1/15



Commissioner Derek Young
Gig Harbor Council
Term Expires 12/31/13



Commissioner Don McKnight
Non-voting Union Representative
Term Expires N/A



2013 ORGANIZATIONAL CHART

CITIZENS OF PIERCE COUNTY

BOARD OF COMMISSIONERS

GENERAL COUNSEL

CHIEF EXECUTIVE OFFICER

Lynne Griffith

CLERK OF THE BOARD,
ASSISTANT TO CEO
Vacant

Office of the CEO	Office of Public Safety	ADMINISTRATION DIVISION	FINANCE DIVISION	OPERATIONS DIVISION	TRANSIT DEVELOPMENT DIVISION
Lynne Griffith, Chief Executive Officer	Rod Baker, Public Safety Chief	Alberto Lara Vice President	Wayne Fanshier Vice President	Doug Middleton Vice President	Vacant (Not Funded) Vice President
Office Admin Project Management Safety	Office Admin Physical Security Transit Police Uniform Security	Division Admin Administrative Services Customer Services Human Resources Labor Relations	Division Admin Data Analytics Internal Auditing	Division Admin	Division Admin Capital Planning
		<i>Information Technology Department</i> Department Admin Information Technology	<i>Finance Department</i> Department Admin Accounting Budgeting ORCA Revenue Accounting	Maintenance Office Office Admin Automotive <i>Bus Department</i> Bus Maintenance Bus Radio Systems Bus Repair Facilities	<i>Market Development & Research Department</i> Department Admin Business Partnerships Field Customer Service Marketing Vanpool
		<i>Organizational Development Department</i> Organizational Development Employee Development/Instruction Maintenance Training	<i>Procurement Department</i> Department Admin Purchasing Warehousing	<i>Transportation Office</i> Office Admin <i>Transportation Service Support Department</i> Service Support Admin Service Support Operations <i>Transportation Operators Department</i> Operators Admin Operators Dispatch Operators <i>Paratransit Department</i> Paratransit Admin Paratransit Customer Service Paratransit Operations	<i>Service Planning Department</i> Department Admin Bus Stop Program Planning Scheduling
		<i>Risk Management Department</i> Risk Management ADA			



2013 BUDGET MESSAGE

December 10, 2012

TO: PIERCE TRANSIT BOARD OF COMMISSIONERS, CITIZENS AND EMPLOYEES

FROM: LYNNE GRIFFITH, CHIEF EXECUTIVE OFFICER

Challenges for public transportation - Pierce Transit's Financial Outlook

Economic conditions and constrained revenues continue to impact Pierce Transit's financial outlook. Pierce Transit depends on sales tax revenues for 71% of operations expenses. On November 6, 2012, a majority of the voters residing in the Public Transportation Benefit Area rejected Proposition 1, which asked citizens to increase the Pierce Transit tax rate from .6% of 1% to the legal limit of .9% of 1%.

The 2013 Budget presented here is an interim budget designed to continue service at its current level until the Board of Commissioners and staff have reviewed the necessary changes resulting from the failure of Proposition 1.

Failure of Proposition 1 requires the Agency to significantly decrease service by early 2014 eliminating Saturday and Sunday service for both fixed route bus and paratransit services. It also means more no service on holidays or past 7 pm, longer wait times, and no restoration of special express service to events like the Puyallup Fair and the Fourth of July Freedom Fair.

Financial assumptions remain highly sensitive to changing economic conditions occurring locally and on the state and national levels. Sales tax collection trends will also affect the assumptions used in developing a revised 2013 Budget and the Agency's Six Year Plan While sales tax collections for May through July 2012 have shown a small improvement over the same months in the prior year, the result is not significant.





2013 BUDGET MESSAGE

Another impact to the Agency in the last year was the Public Transportation Improvement Conference (PTIC) as outlined by RCW 36.57A.020. The PTIC process allows jurisdictions the opportunity to opt out of the transportation service district. As a result of the PTIC, Pierce Transit's service and taxing area was changed. The cities of Bonney Lake, Buckley, Dupont, Orting and Sumner as well as portions of unincorporated Pierce County left the district.

The approved delineation and the new composition of the Board of Commissioners became effective on May 8, 2012. Taxing authority in the areas that were removed ended in October of 2012. The financial impact is projected to be a loss of \$8 million annually.

The slower than expected economic recovery and reduction in service boundaries resulted in a reduction in forecasted sales tax in our Six-Year Financial Plan. The Agency will be required to reduce service by 2014.

While service will be reduced, we are continuing our focus on getting the most from every dollar we spend. We have been proactive in preparing for a long-term economic downturn by reducing expenditures and postponing or eliminating capital projects. It remains our top priority to preserve as much vital service to the community as possible. We will continue to maintain reliable transportation service for seniors, people with disabilities, students, and commuters.



2013 BUDGET MESSAGE

Budget Overview

This interim budget is approximately \$158 million. This is balanced by expected revenues and the use of \$25,109,105 in reserves. Planned capital expenditures are approximately \$40 million primarily for revenue vehicle replacement and the preservation of business systems. The budget reflects ongoing efforts to control costs and deliver the most value possible for the public's tax and fare dollars.

Highlights of the Budget

Operating efficiencies have been included that

- reduce contract costs for paratransit services for persons with disabilities
- provide no wage increases over the three year contract with the Amalgamated Transit Union (ATU) Local #758
- redesign medical and dental benefit plans that lower costs to the Agency
- continue staffing reductions resulting from organizational redesign in 2012

Continued efforts to reduce costs, redesign business processes, and prioritize the delivery of service are underway. The Board of Commissioners, Legislators, local elected officials, key community and business leaders, and our employees will continue to be engaged in examining every possible way to lower Agency expenditures and increase revenues. Although the loss of Proposition 1 and continued financial challenges are disappointing, the Agency is committed to providing as much service as possible to the public. Safety, quality, customers, and the success of our employees remain a top priority.



2013 BUDGET MESSAGE

As our population increases and reliance on transit continues to grow, Pierce Transit will continue to make the best use of available funds, we will continue our efforts to better align services based on customer needs and demands and to ensure that the funds entrusted to Pierce Transit are used in the most effective and efficient manner possible.

A handwritten signature in cursive script, reading "Lynne Griffith".

Lynne Griffith, Chief Executive Officer



2013 BUDGET MESSAGE

In brief:

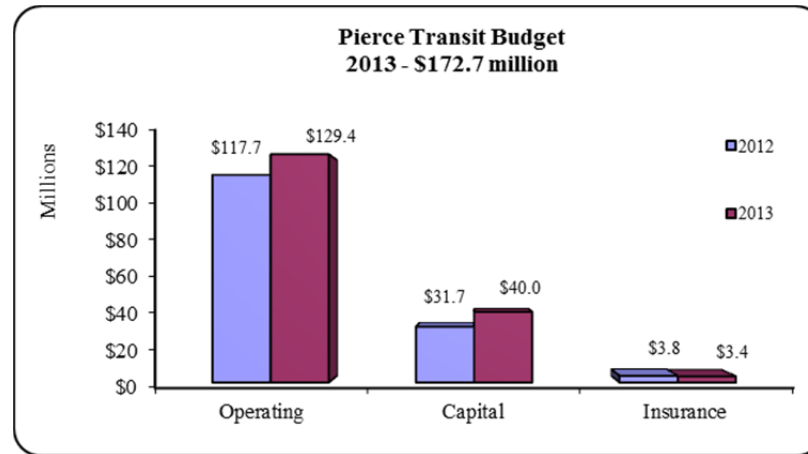
The 2013 preliminary balanced budget totals \$172,749,302. Internal transfers are \$15,090,749 resulting in a net budget of \$157,658,553.

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 insurance budget is maintained for the self-insurance expenses.

Agency Budget Summary



The operating budget is the primary budget of the Agency. It includes revenue from fares, advertising, sales tax, grant funding, reimbursement from Sound Transit for regional service, interest, and miscellaneous revenue. The operating budget expenditure categories include wages and benefits, maintenance, operating costs, 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, capital planning for the efficient use of facilities, and maintenance equipment.

The insurance budget for administering self-insurance programs includes projected revenues for interest earnings on the insurance fund balance and transfers from the operating fund. Insurance expenditures include professional services, workers' compensation benefits, unemployment costs, and self-insured liability claims prior to 2010.

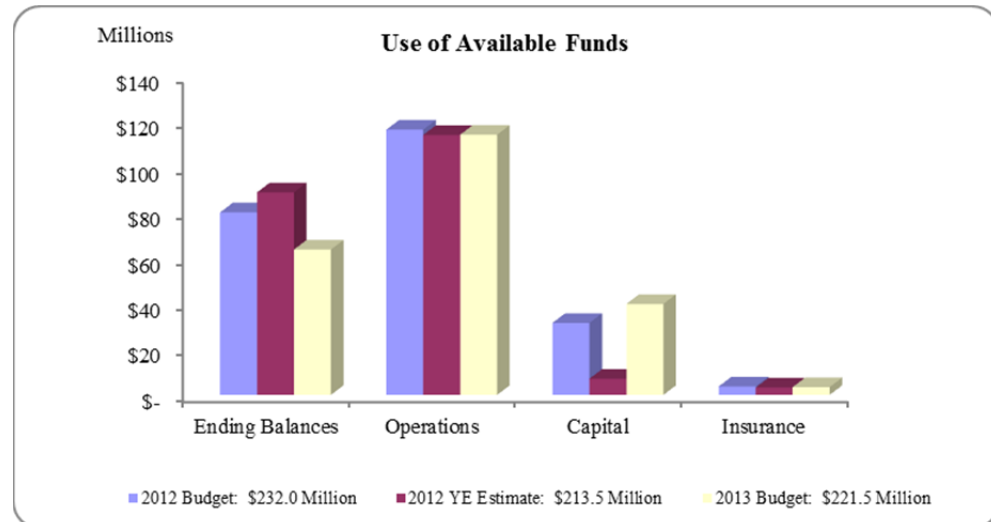
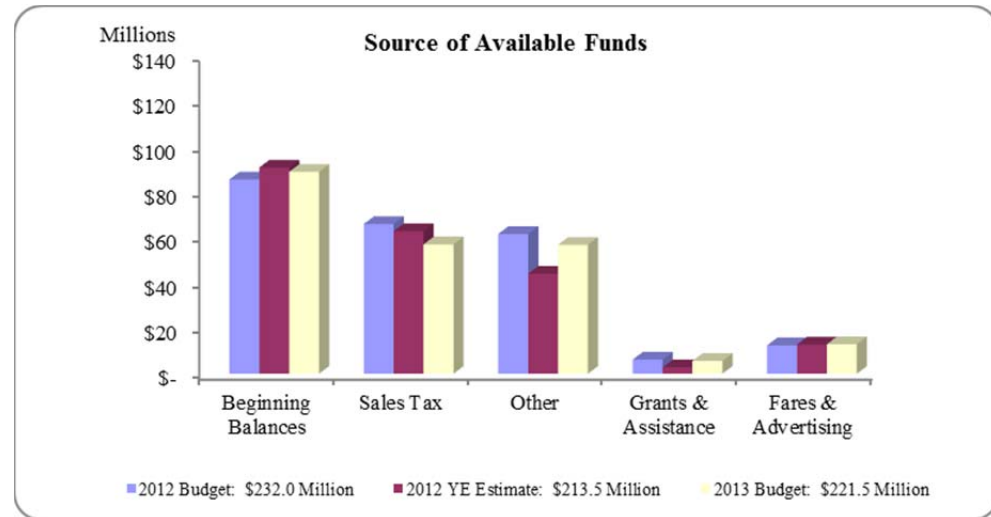


2013 BUDGET MESSAGE

A comparison of revenues and expenditures including beginning balances and ending balances for the total Agency 2012 Amended Budget, the 2012 Year-End Estimates, and the 2013 Budget is shown.

The change in 2013 other revenues is primarily due to projected property sales.

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





2013 BUDGET MESSAGE

In brief:

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

Operating Revenues – Funds such as sales taxes 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 2013 operating revenues of \$117,690,003 support the operating expenditures of \$113,406,745, non-operating expenditures of \$860,300, and operating transfers of \$15,090,749. Operating transfers support the self-insurance and capital programs. The net change in reserves is (\$11,667,791). The operating budget revenue for 2013 is decreasing by 10.3% and operating expenditures are decreasing 1.9% from the 2012 Amended Budget.

	2012 Amended <u>Budget</u>	2012 Year-End <u>Estimate</u>	2013 <u>Budget</u>	Budget to Budget Change	
				<u>Amount</u>	<u>%</u>
Operating Revenues	\$ 131,183,221	\$ 120,894,653	\$ 117,690,003	\$ (13,493,219)	-10.3%
Operating Expenditures	(115,609,650)	(113,181,158)	(113,406,745)	(2,202,905)	-1.9%
	15,573,571	7,713,495	4,283,258		
Non-Operating Expenditures	(860,301)	(997,751)	(860,300)		
Operating Transfers	(1,202,336)	(1,202,336)	(15,090,749)		
Net Change - Reserves	\$ 13,510,934	\$ 5,513,408	\$ (11,667,791)		

2013 Non-Operating Expenditures include the payment of \$860,300 for the Pierce County Agreement grant exchange funds.



2013 BUDGET MESSAGE

In brief:

The type of revenue and 2013 dollar and percent change from 2012 Amended Budget are provided in the table and briefly explained as follows.

Explanation of Change:

Fares – service changes
ridership projections

Advertising – advertising demand
service changes

Sound Transit – reimbursement rate
services provided

Sales Tax – estimated revenue

Interest – investment balance
interest rates

Other – salvage sales
projected property sales

Operating Contributions – grants

Operating Revenues

	2012 Amended Budget	2012 Year-End Estimate	2013 Budget	Budget to Budget Change	
				Amount	%
Operating Income					
Fares	\$ 11,787,529	\$ 12,275,276	\$ 12,317,655	\$ 530,126	4.5%
Advertising	750,000	637,027	690,000	(60,000)	-8.0%
Sound Transit	31,629,405	32,128,823	32,726,400	1,096,995	3.5%
Non-Operating Income					
Sales Tax	65,992,241	62,843,558	57,003,863	(8,988,378)	-13.6%
Preventive Maintenance	6,861,081	7,387,079	6,254,458	(606,623)	-8.8%
Interest	94,444	102,620	85,669	(8,775)	-9.3%
Other	11,880,000	3,133,157	6,374,429	(5,505,571)	-46.3%
Operating Contributions	2,188,521	2,387,113	2,237,529	49,008	2.2%
	<u>\$ 131,183,221</u>	<u>\$ 120,894,653</u>	<u>\$ 117,690,003</u>	<u>\$ (13,493,218)</u>	<u>-10.3%</u>

Fares - Revenues are estimated based on ridership and average fare per boarding projections. Pierce Transit ridership is expected to slightly decline in 2013 due to economic conditions influencing ridership demand and one less service day for a non-leap-year. The last adult fare increase was November, 2010. The increase was \$.25 for the local adult fare from \$1.75 to \$2.00. There was no increase for senior/disabled, youth or specialized transportation (SHUTTLE) riders. The prior fare increase was January 1, 2009.

Advertising – The advertising budget reflects service reductions which reduced the number of buses in service available for ads. Revenues are also decreasing due to projected advertising demand.



2013 BUDGET MESSAGE

Sound Transit - Pierce Transit is under contract with Sound Transit to provide regional express services. Sound Transit reimbursement represents 28% of operating budget revenue. For 2013, Sound Transit is increasing service hours 2.7% from 252,217 to 259,098. The rate of reimbursement is a negotiated rate. Sound Transit also reimburses for their share of costs associated with the Tacoma Dome Station, security, liability insurance, and special services.

Sales Tax - A Public Transportation Improvement Conference (PTIC) as outlined by RCW 36.57A.020 was convened in 2012. As a result of the PTIC process, Pierce Transit's service and taxing area were changed. The cities of Bonney Lake, Buckley, Dupont, Orting and Sumner as well as portions of unincorporated Pierce County opted out of Pierce Transit's taxing and service area. The approved delineation and the new composition of the Board of Commissioners became effective on May 8, 2012. Taxing authority in the areas that were removed ended in October of 2012. The financial impact is projected to be a loss of \$8 million annually. The sales tax projections for 2013 are therefore based on estimates, revised taxing areas, and economic conditions. A one percent change is projected from 2011 year-end actuals less the projected reduction in collections due to the taxing area revision in 2012. Sales tax represents 71% of the operating budget revenue excluding Sound Transit and a one-time sale of property.

Preventive Maintenance - This source is Federal Transit Administration (FTA) 5307 Preventive Maintenance dollars of \$6,254,458 for 2013 authorized under the Moving Ahead for Progress in the 21st Century Act (MAP-21, Public Law 112-141), signed into law by President Obama on July 6, 2012. It extends the current law (SAFETEA-LU) through September 30, 2012 and puts MAP-21 into full effect on October 1, 2012. This authorizes programs for two years, through September 30, 2014.

Interest - Interest revenue estimates are based on investment balances and projected interest rates. Interest rates and available funds to invest have decreased during 2012 resulting in lower interest revenue in 2013.



2013 BUDGET MESSAGE

Other - This revenue category includes revenue received 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 decrease in 2013 is primarily due to nonrecurring revenue including sale of property and insurance recovery funds.

Operating Contributions - Included in the Operating Contributions are grants with Pierce County for \$149,998 for Commute Trip Reduction (CTR) administration and Pierce County Employer Services Programs. 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 \$1,075,376 in federal formula funds and \$1,012,155 for a Washington Department of Transportation grant for special needs transportation.



2013 BUDGET MESSAGE

In brief:

The 2013 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 2013 dollar and percent change from 2012 Amended Budget is provided in the table and is briefly explained as follows.

Explanation of Change:

Wages –
overtime adjustment

Maintenance & Operating (M&O) –
fuel prices
nonrecurring projects completion
purchased transportation contract

Operating Expenditures

The focus for 2013 is on the strategic priorities: ensure quality customer experience, develop new markets, add value to the community, develop new revenue streams, and value employee success. Operating expenses for 2013 are projected to total \$113,406,745 for a 1.9% decrease of \$2,202,905 from the 2012 Amended Budget.

The changes from the 2012 Amended Budget to the 2013 Budget are as follows:

	2012 Amended Budget	2012 Year-End Estimate	2013 Budget	Budget to Budget Change	
				Amount	%
Wages	\$ 54,461,677	\$ 54,629,604	\$ 55,409,143	\$ 947,466	1.7%
Benefits	22,084,695	20,845,263	22,088,371	3,676	0.0%
M & O	39,063,278	37,706,291	35,909,231	(3,154,047)	-8.1%
Total Operations	115,609,650	113,181,158	113,406,745	(2,202,905)	-1.9%
Non-Operating Expenditures	860,301	997,751	860,300	(1)	0.0%
Total	\$ 116,469,951	\$ 114,178,909	\$ 114,267,045	\$ (2,202,906)	-1.9%

Wages - The 1.7% increase in wages is due to approximately \$678,000 in overtime that was under-budgeted in 2012. The under-stated 2012 overtime amount is attributable to a calculation error made in the overtime needed for regularly scheduled service. If the 2012 overtime had been correctly stated, the 2013 budgeted increase would have been .5%. The .5% increase is due to changes in personnel and the movement of employees through the salary schedule. The 2013 Budget includes 866 positions and 842 full-time equivalents (FTEs). There are no increases in staff in the 2013 Budget.



The fuel prices from 2012 Amended Budget and 2013 Budget are shown below.

Fuel Prices				
	2012 Amended	2013	\$ Change	
	Budget	Budget	2013 Budget	
			to 2012	
			Amended Budget	
Unleaded	\$ 3.250	\$ 3.300	\$	0.050
Diesel	\$ 3.350	\$ 3.500	\$	0.150
CNG	\$ 0.952	\$ 0.721	\$	-0.231

2013 BUDGET MESSAGE

Represented employees are 84% of the total Agency workforce. The current Master Agreement with the Amalgamated Transit Union is for a three-year period, July 1, 2011 through June 30, 2014 and does not provide for a wage increase. Fourteen transit security bargaining employees are represented by the International Association of Machinists and Aerospace Workers. This Master Agreement with the transit security officers union is for the three-year period, May 1, 2011 through April 30, 2014. This contract provides a 1% increase in wages effective May 1, 2013, of approximately \$4,000 in 2013. No wage increase is budgeted in 2013 for non-represented employees.

Benefits - The increase in 2013 budgeted benefits is only \$3,676, or .02%. Benefit costs vary each year based on individual employee's medical and dental care selections. As a part of the labor agreement, the medical plans have been redesigned for 2013. This results in the primary health care provider's 2013 actual premiums decreasing by 5.3% from 2012 actual rates. Premium costs for the secondary health care provider increased by 9.3%.

Maintenance and Operations - The 2013 Maintenance and Operations (M&O) Budget is \$35,909,231. This is a decrease of \$3,154,047 or 8.1% lower than the 2012 Amended Budget. The decrease is attributable to a reduction in compressed natural gas (CNG) fuel prices, completion of nonrecurring operating projects in 2012, and a reduction in purchased transportation service contract rates resulting from a competitive procurement.

Fuel - Fuel costs, representing approximately 7% of the operating budget, are decreasing \$179,695. Compressed Natural Gas (CNG) comprises 21% of the fuel costs. The Pierce Transit fleet is nearly 100% CNG powered and Sound Transit fleet is primarily diesel powered. The CNG price reflects the contract price. 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 - 2013 Non-Operating Expenditures include the payment of \$860,300 for the Pierce County Agreement grant exchange funds.



2013 BUDGET MESSAGE

In brief:

Itemization of Budgetary Changes

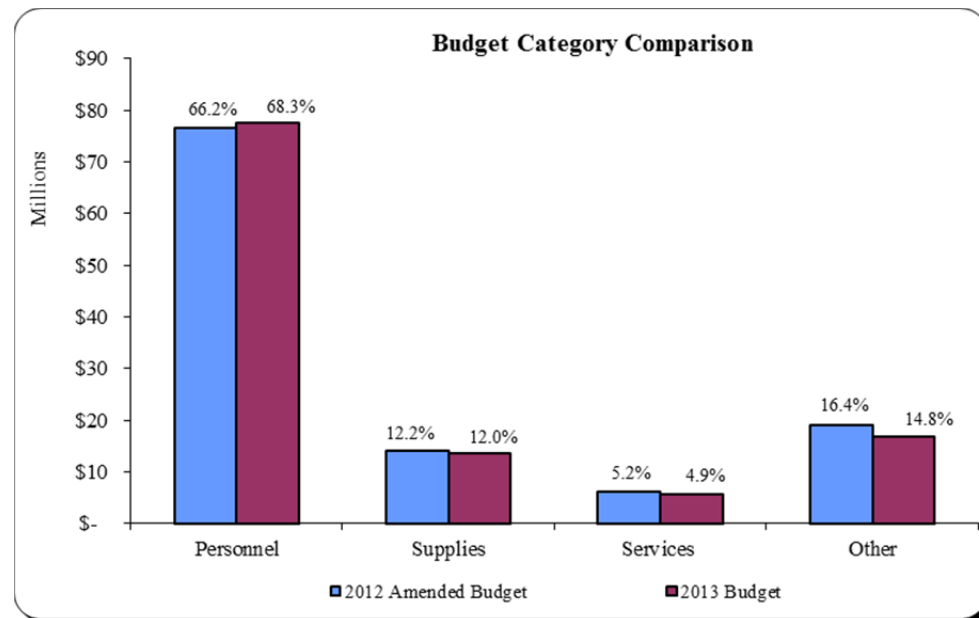
The 2013 total operating budget is 1.9% below the 2012 Amended Budget. An itemization of this decrease is shown in the following chart.

Itemization of Budgetary Changes

Category	% Change
Wages	0.8%
Benefits	0.0%
Services	-0.3%
Supplies	-0.4%
Fuel	-0.2%
Repairs & Maintenance	0.0%
Rentals	-0.1%
Utilities	0.0%
Purchased Transportation	-1.3%
Insurance	-0.2%
Other	-0.4%
Total	-1.9%

Budget category comparison

As shown in the graph below, while the operating budget expenditures have decreased, the operating budget categories are similar in the years shown. Personnel costs are approximately 68%, supplies 12%, services 5%, and other 15% of the operating budget.





In brief:

The 2013 Capital Budget is comprised of the following categories.

Revenue Vehicles – 32%

Provide customers a comfortable and reliable mode of transportation

Passenger Facilities & Amenities – 17%

Serve as the front door to the transit system

Base Facilities – 17%

Support the efficiency of the Agency

Technology – 29%

Improve information and services to the public

Other – 5%

Maintain equipment

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

2013 BUDGET MESSAGE

Capital

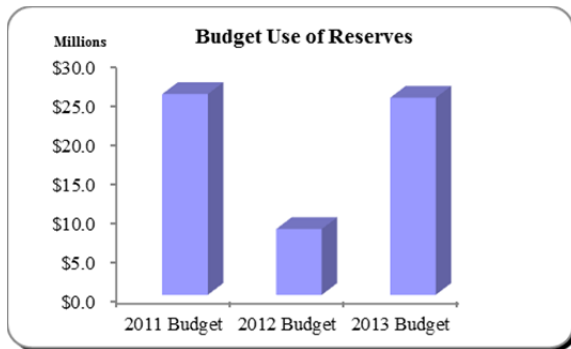
The Capital Budget presents the revenues and expenditures associated with capital development and acquisition. It includes funds for budgeted replacement vehicles, capital planning for the efficient use of base facilities, maintenance equipment, and off-site improvements. These items are distinguished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

Capital projects for 2013 are budgeted at \$39,966,508. Approved but unspent projects are carried over to the following budget year. The 2013 Budget contains approximately \$25 million of prior year budgeted funds (carryover). Expenditures are supported by \$14.7 million in grant revenue primarily from the Federal Transit Administration, Sound Transit, and the WSDOT Regional Mobility 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	\$ 8,542,262	\$ 4,121,182	\$ 12,663,444
(Bus - 6 replacement, Vanpool - 53 replacement, Shuttle Vehicles - 27 replacement)			
Passenger Facilities and Amenities	5,110,714	1,601,224	6,711,938
(Parkland Transit Center, Tacoma Dome Station, 112th Street & Pacific Ave., Tacoma Comm. College Transit Center)			
Base Facilities	6,741,413	-	6,741,413
(Main Base, Bldg. 4, Bus Lot, Fueling Station, Methane Detection System)			
Technology	3,757,182	7,917,190	11,674,372
(Fare Box Replacement, Maintenance Mgmt. System, Master Key System, Radio Subscriber Replacement, Tacoma Dome CCTV System, Server and Infrastructure Replacement)			
Other	1,461,216	714,125	2,175,341
(Support Vehicles, Maintenance and Shop Equipment, Downtown Tacoma Signal Priority, Admin. Equipment)			
	\$ 25,612,787	\$ 14,353,721	\$ 39,966,508



2013 BUDGET MESSAGE



Insurance

The 2013 Budget of \$3,425,000 reflects a decrease of \$330,000 from the 2012 Amended Budget of \$3,755,000. Workers' Compensation costs are projected to increase by 12.1% as a result of workers' compensation claims. Third Party Liability costs are projected to decrease by 27% from 2012 as a result of the settlement and close out of self-insured liability claims. The Agency began purchasing liability insurance as of January 2010. Unemployment costs are projected to decrease \$320,000 or 24% due to nonrecurring expenses from 2011 layoffs.

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

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

Conclusion

The 2013 Budget will focus on the strategic priorities adopted by the Board of Commissioners and continues to provide quality transportation services.



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.

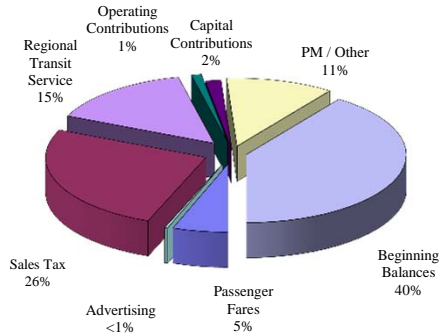
2013 Preliminary Budget

Budget Summary

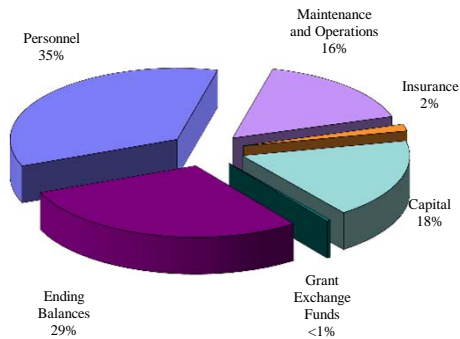




Revenues



Expenditures



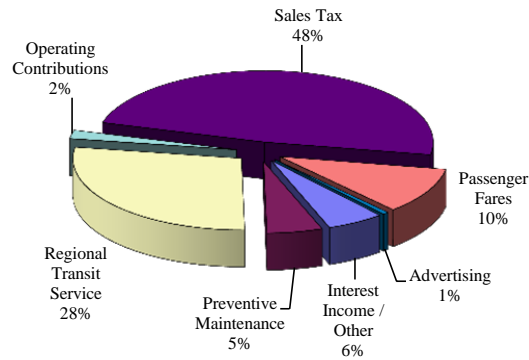
2013 BUDGET OVERALL SUMMARY

	2011 YEAR-END ACTUALS	2012 AMENDED BUDGET	2012 YEAR-END ESTIMATE	2013 BUDGET	% CHANGE 2013 BUDGET TO 2012 BUDGET
REVENUES					
OPERATING INCOME					
Passenger Fares	\$13,502,384	\$11,787,529	\$12,275,276	\$12,317,655	4.5%
Advertising	738,817	750,000	637,027	690,000	-8.0%
Regional Transit Service (Sound Transit)	25,638,170	31,629,405	32,128,823	32,726,400	3.5%
NON-OPERATING INCOME					
Sales Tax	64,512,697	65,992,241	62,843,558	57,003,863	-13.6%
Preventive Maintenance	7,391,260	6,861,081	7,387,079	6,254,458	-8.8%
Other	10,018,673	23,110,957	4,563,202	17,856,689	-22.7%
CONTRIBUTIONS					
Operating	2,646,985	2,188,521	2,387,113	2,237,529	2.2%
Capital	3,695,855	4,070,658	437,000	3,462,854	-14.9%
REVENUES	128,144,841	146,390,392	122,659,078	132,549,448	-9.5%
BEGINNING BALANCES					
Working Cash	66,290,355	55,526,367	62,341,745	67,855,153	22.2%
Insurance	3,027,901	3,442,852	2,788,383	795,530	-76.9%
Capital Reserve	25,689,792	26,649,187	25,717,429	20,285,985	-23.9%
BEGINNING BALANCES	95,008,048	85,618,406	90,847,557	88,936,668	3.9%
TOTAL REVENUES AND BALANCES	\$223,152,889	\$232,008,798	\$213,506,635	\$221,486,116	-4.5%
EXPENDITURES					
OPERATING EXPENDITURES					
Personnel	\$80,540,895	\$76,546,372	\$75,474,867	\$77,497,514	1.2%
Maintenance and Operations	38,836,914	39,063,278	37,706,291	35,909,231	-8.1%
Insurance	1,946,088	3,755,000	3,248,240	3,425,000	-8.8%
NON-OPERATING EXPENDITURES					
Debt Service	-	-	-	-	0.0%
Grant Exchange Funds	1,106,447	860,301	997,751	860,300	0.0%
CAPITAL EXPENDITURES					
Capital	8,520,529	31,656,579	7,142,818	39,966,508	26.3%
EXPENDITURES	130,950,873	151,881,530	124,569,967	157,658,553	3.8%
ENDING BALANCES					
Working Cash	62,696,202	69,037,301	67,855,153	56,187,362	-18.6%
Insurance	3,788,386	1,000,000	795,530	1,000,000	0.0%
Capital Reserve	25,717,428	10,089,967	20,285,985	6,640,201	-34.2%
ENDING BALANCES	92,202,016	80,127,268	88,936,668	63,827,563	-20.3%
TOTAL EXPENDITURES AND BALANCES	\$223,152,889	\$232,008,798	\$213,506,635	\$221,486,116	-4.5%

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



Operating Revenues



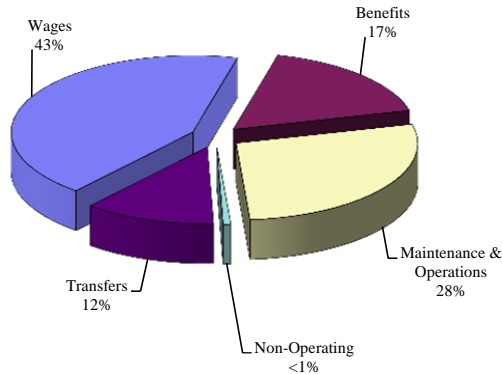
2013 BUDGET OPERATING SUMMARY - REVENUES

	2011 YEAR-END ACTUALS	2012 AMENDED BUDGET	2012 YEAR-END ESTIMATE	2013 BUDGET	% CHANGE 2013 BUDGET TO 2012 BUDGET
OPERATING REVENUES					
OPERATING INCOME					
Passenger Fares	\$13,502,384	\$11,787,529	\$12,275,276	\$12,317,655	4.5%
Advertising	738,817	750,000	637,027	690,000	-8.0%
Regional Transit Service (Sound Transit)					
Express Reimbursement	24,462,103	30,501,759	31,226,550	32,078,200	5.2%
TDS Reimbursement	698,239	717,500	404,400	408,200	-43.1%
Special Service Reimbursement	284,847	210,146	200,000	200,000	-4.8%
Other Reimbursement	192,981	200,000	297,873	40,000	-80.0%
OPERATING INCOME	39,879,371	44,166,934	45,041,126	45,734,055	3.5%
NON-OPERATING INCOME					
Sales Tax	64,512,697	65,992,241	62,843,558	57,003,863	-13.6%
Preventive Maintenance	7,391,260	6,861,081	7,387,079	6,254,458	-8.8%
Interest Income	86,414	94,444	102,620	85,669	-9.3%
Other	9,971,909	11,880,000	3,133,157	6,374,429	-46.3%
NON-OPERATING INCOME	81,962,280	84,827,766	73,466,414	69,718,419	-17.8%
OPERATING CONTRIBUTIONS					
CTR / Vanpool Assistance	214,197	100,990	127,770	149,998	48.5%
Grant Exchange Funds	1,383,059	1,075,376	1,247,188	1,075,376	0.0%
Special Needs Transportation Grant	1,049,729	1,012,155	1,012,155	1,012,155	0.0%
OPERATING CONTRIBUTIONS	2,646,985	2,188,521	2,387,113	2,237,529	2.2%
TOTAL OPERATING REVENUES	124,488,636	131,183,221	120,894,653	117,690,003	-10.3%
BEGINNING BALANCE	66,290,355	55,526,367	62,341,745	67,855,153	22.2%
TOTAL OPERATING REVENUES AND BEGINNING BALANCE	\$190,778,991	\$186,709,588	\$183,236,398	\$185,545,156	-0.6%



**2013 BUDGET
OPERATING SUMMARY - EXPENDITURES**

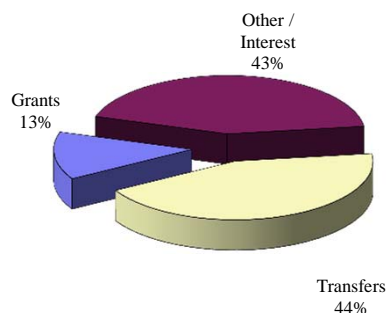
Operating Expenditures & Transfers



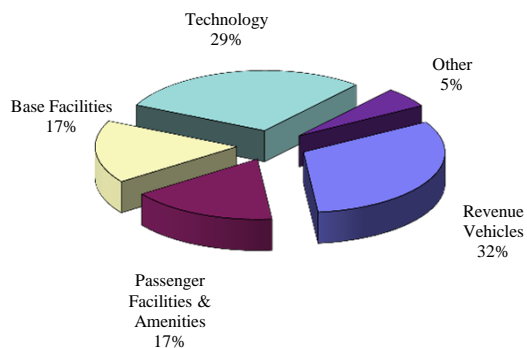
	2011 YEAR-END ACTUALS	2012 AMENDED BUDGET	2012 YEAR-END ESTIMATE	2013 BUDGET	% CHANGE 2013 BUDGET TO 2012 BUDGET
OPERATING EXPENDITURES					
OPERATING					
PERSONNEL					
Wages	\$59,861,120	\$54,461,677	\$54,629,604	\$55,409,143	1.7%
Benefits	20,679,775	22,084,695	20,845,263	22,088,371	0.0%
PERSONNEL	80,540,895	76,546,372	75,474,867	77,497,514	1.2%
MAINTENANCE & OPERATIONS					
Supplies	16,821,070	14,090,499	14,638,357	13,611,051	-3.4%
Services	3,679,346	6,056,066	4,684,935	5,559,054	-8.2%
Insurance (Purchased)	2,402,219	2,189,154	2,102,392	1,975,000	-9.8%
Utilities	1,068,250	1,434,141	1,304,975	1,460,142	1.8%
Repairs	620,423	605,578	498,674	597,534	-1.3%
Rentals	338,712	308,924	250,203	230,104	-25.5%
Purchased Transportation	9,134,883	8,885,050	9,285,709	7,406,298	-16.6%
Other	4,772,011	5,493,866	4,941,046	5,070,048	-7.7%
MAINTENANCE & OPERATIONS	38,836,914	39,063,278	37,706,291	35,909,231	-8.1%
OPERATING EXPENDITURES	119,377,809	115,609,650	113,181,158	113,406,745	-1.9%
NON-OPERATING EXPENDITURES					
Debt Service	-	-	-	-	0.0%
Grant Exchange Funds	1,106,447	860,301	997,751	860,300	0.0%
NON-OPERATING EXPENDITURES	1,106,447	860,301	997,751	860,300	0.0%
TOTAL EXPENDITURES	120,484,256	116,469,951	114,178,909	114,267,045	-1.9%
TRANSFERS					
Liability and Other Insurance Transfer	736,402	1,596,918	1,596,918	1,878,443	17.6%
Workers' Comp. Transfer	1,987,331	(394,582)	(394,582)	1,698,433	-530.4%
Capital Reserve	4,874,800	-	-	11,513,873	0.0%
TRANSFERS	7,598,533	1,202,336	1,202,336	15,090,749	1155.1%
TOTAL EXPENDITURES AND TRANSFERS	128,082,789	117,672,287	115,381,245	129,357,794	9.9%
ENDING BALANCE	62,696,202	69,037,301	67,855,153	56,187,362	-18.6%
TOTAL OPERATING EXPENDITURES AND ENDING BALANCE	\$190,778,991	\$186,709,588	\$183,236,398	\$185,545,156	-0.6%



Capital Revenues & Transfers



Capital Expenditures

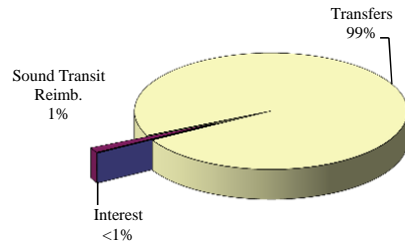


2013 BUDGET CAPITAL SUMMARY

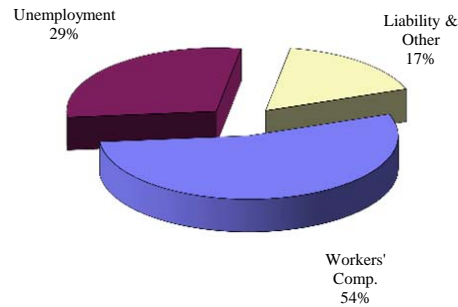
	2011 YEAR-END ACTUALS	2012 AMENDED BUDGET	2012 YEAR-END ESTIMATE	2013 BUDGET	% CHANGE 2013 BUDGET TO 2012 BUDGET
CAPITAL REVENUES					
REVENUES					
Grants	\$3,695,855	\$4,070,658	\$437,000	\$3,462,854	-14.9%
Other Capital Revenue / Interest	(22,490)	11,026,701	1,274,374	11,343,997	2.9%
REVENUE	3,673,365	15,097,359	1,711,374	14,806,851	-1.9%
TRANSFERS					
Capital Reserve	4,874,800	-	-	11,513,873	0.0%
TRANSFERS	4,874,800	-	-	11,513,873	
CAPITAL REVENUES	8,548,165	15,097,359	1,711,374	26,320,724	74.3%
BEGINNING BALANCE					
Capital Reserve	25,689,792	26,649,187	25,717,429	20,285,985	-23.9%
TOTAL CAPITAL REVENUES AND BEGINNING BALANCE	\$34,237,957	\$41,746,546	\$27,428,803	\$46,606,709	11.6%
CAPITAL EXPENDITURES					
CAPITAL ACQUISITION					
Revenue Vehicles	\$1,345	\$9,160,555	\$618,293	\$12,663,444	38.2%
Passenger Facilities & Amenities	455,520	5,486,673	375,959	6,711,938	22.3%
Base Facilities	5,001,144	8,884,013	2,199,333	6,741,413	-24.1%
Technology	1,833,339	6,421,307	2,660,059	11,674,372	81.8%
Other	1,229,181	1,704,031	1,289,174	2,175,341	27.7%
CAPITAL EXPENDITURES	8,520,529	31,656,579	7,142,818	39,966,508	26.3%
ENDING BALANCE					
Capital Reserve	25,717,428	10,089,967	20,285,985	6,640,201	-34.2%
TOTAL CAPITAL EXPENDITURES AND ENDING BALANCE	\$34,237,957	\$41,746,546	\$27,428,803	\$46,606,709	11.6%



Insurance Revenues & Transfers



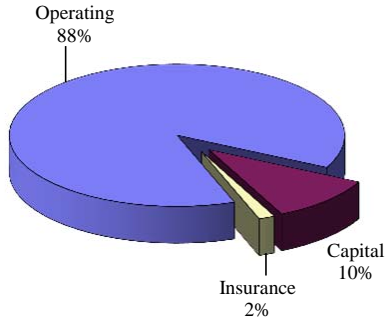
Insurance Expenditures



2013 BUDGET INSURANCE SUMMARY

	2011 YEAR-END ACTUALS	2012 AMENDED BUDGET	2012 YEAR-END ESTIMATE	2013 BUDGET	% CHANGE 2013 BUDGET TO 2012 BUDGET
INSURANCE REVENUES					
REVENUES					
Liability Insurance Interest	\$4,395	\$4,262	\$1,363	\$1,159	-72.8%
Workers' Comp. Interest	5,252	5,066	1,674	1,423	-71.9%
Unemployment Insurance Interest	475	484	14	12	-97.5%
Sound Transit Reimbursement Liability	(27,282)	100,000	50,000	50,000	-50.0%
REVENUES	(17,160)	109,812	53,051	52,594	-52.1%
TRANSFERS					
Liability Insurance Transfer	618,361	353,910	353,910	837,486	136.6%
Workers' Comp. Transfer	1,987,331	(394,582)	(394,582)	1,698,433	-530.4%
Unemployment Insurance Transfer	118,041	1,243,008	1,243,008	1,040,957	-16.3%
TRANSFERS	2,723,733	1,202,336	1,202,336	3,576,876	
REVENUES AND TRANSFERS	2,706,573	1,312,148	1,255,387	3,629,470	176.6%
BEGINNING BALANCES					
Liability Insurance	470,581	826,828	161,816	186,355	-77.5%
Workers' Comp. Insurance	2,221,556	2,414,516	2,785,558	525,144	-78.3%
Unemployment Insurance	335,764	201,508	(158,991)	84,031	-58.3%
BEGINNING BALANCES	3,027,901	3,442,852	2,788,383	795,530	-76.9%
TOTAL INSURANCE REVENUES AND BEGINNING BALANCES	\$5,734,474	\$4,755,000	\$4,043,770	\$4,425,000	-6.9%
INSURANCE EXPENDITURES					
Liability and Other Insurance	\$907,072	\$785,000	\$380,734	\$575,000	-26.8%
Workers' Comp. Insurance	428,581	1,650,000	1,867,506	1,850,000	12.1%
Unemployment Insurance	610,435	1,320,000	1,000,000	1,000,000	-24.2%
INSURANCE EXPENDITURES	1,946,088	3,755,000	3,248,240	3,425,000	-8.8%
ENDING BALANCES					
Liability Insurance	158,983	500,000	186,355	500,000	168.3%
Workers' Comp. Insurance	3,785,558	375,000	525,144	375,000	0.0%
Unemployment Insurance	(156,155)	125,000	84,031	125,000	0.0%
ENDING BALANCES	3,788,386	1,000,000	795,530	1,000,000	0.0%
TOTAL INSURANCE EXPENDITURES AND ENDING BALANCES	\$5,734,474	\$4,755,000	\$4,043,770	\$4,425,000	-6.9%

Ending Balances

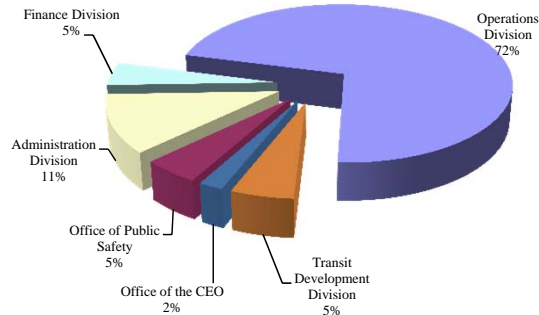


2013 BUDGET ENDING BALANCES

	2011 YEAR-END ACTUALS	2012 AMENDED BUDGET	2012 YEAR-END ESTIMATE	2013 BUDGET	% CHANGE 2013 BUDGET TO 2012 BUDGET
OPERATING					
Revenues	\$124,488,636	\$131,183,221	\$120,894,653	\$117,690,003	-10.3%
Less: Expenditures	(120,484,256)	(116,469,951)	(114,178,909)	(114,267,045)	-1.9%
Subtotal	4,004,380	14,713,270	6,715,744	3,422,958	-76.7%
Plus: Beginning Balance	66,290,355	55,526,367	62,341,745	67,855,153	22.2%
Less: Transfers					
Capital Reserve	(4,874,800)	-	-	(11,513,873)	0.0%
Insurance	(2,723,733)	(1,202,336)	(1,202,336)	(3,576,876)	197.5%
ENDING OPERATING BALANCE	\$62,696,202	\$69,037,301	\$67,855,153	\$56,187,362	-18.6%
CAPITAL					
Revenues	\$3,673,365	\$15,097,359	\$1,711,374	\$14,806,851	-1.9%
Plus: Transfers					
Capital Reserve	4,874,800	-	-	11,513,873	0.0%
Subtotal Revenue	8,548,165	15,097,359	1,711,374	26,320,724	74.3%
Less: Expenditures	(8,520,529)	(31,656,579)	(7,142,818)	(39,966,508)	26.3%
Subtotal	27,636	(16,559,220)	(5,431,444)	(13,645,784)	-17.6%
Plus: Beginning Balance	25,689,792	26,649,187	25,717,429	20,285,985	-23.9%
ENDING CAPITAL BALANCE	\$25,717,428	\$10,089,967	\$20,285,985	\$6,640,201	-34.2%
INSURANCE					
Revenues	(\$17,160)	\$109,812	\$53,051	\$52,594	-52.1%
Plus: Transfers	2,723,733	1,202,336	1,202,336	3,576,876	197.5%
Subtotal Revenue	2,706,573	1,312,148	1,255,387	3,629,470	176.6%
Less: Expenditures	(1,946,088)	(3,755,000)	(3,248,240)	(3,425,000)	-8.8%
Subtotal	760,485	(2,442,852)	(1,992,853)	204,470	-108.4%
Plus: Beginning Balance	3,027,901	3,442,852	2,788,383	795,530	-76.9%
ENDING INSURANCE BALANCE	\$3,788,386	\$1,000,000	\$795,530	\$1,000,000	0.0%
GRAND TOTAL - ALL BALANCES	\$92,202,016	\$80,127,268	\$88,936,668	\$63,827,563	-20.3%



Agency Operating Budget



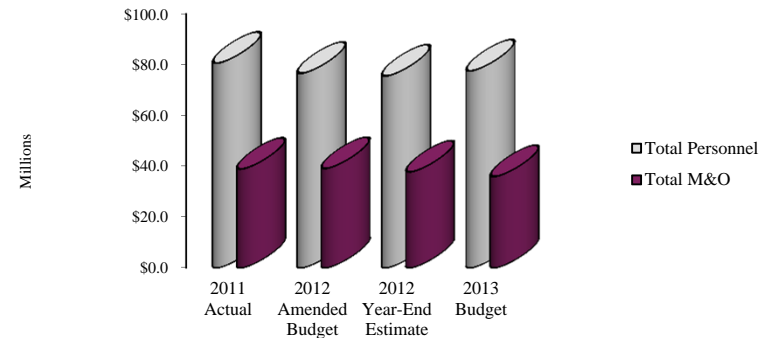
**2013 OPERATING BUDGET
AGENCY EXPENDITURE COMPARISON**

Description	2011	2012	2012	2013	% Change
	Actual	Amended Budget	Year-End Estimate	Budget	2013 Budget to 2012 Budget
Personnel					
Wages	\$ 59,861,120	\$ 54,461,677	\$ 54,629,603	\$ 55,409,143	1.74%
Benefits	20,679,775	22,084,695	20,845,263	22,088,371	0.02%
Personnel	80,540,894	76,546,372	75,474,866	77,497,514	1.24%
Maintenance and Operations					
Supplies	16,821,070	14,090,499	14,638,356	13,611,051	-3.40%
Services	3,679,346	6,056,066	4,684,934	5,559,054	-8.21%
Insurance	2,402,219	2,189,154	2,102,392	1,975,000	-9.78%
Utilities	1,068,250	1,434,141	1,304,975	1,460,142	1.81%
Repairs & Maintenance	620,423	605,578	498,674	597,534	-1.33%
Rentals	338,712	308,924	250,203	230,104	-25.51%
Other	13,266,389	13,560,513	13,550,852	11,855,543	-12.57%
Repairs & Maint Contract Services	640,505	709,903	624,903	529,503	-25.41%
Other Improvements	-	108,500	51,000	91,300	-15.85%
Maintenance and Operations	38,836,913	39,063,278	37,706,289	35,909,231	-8.07%
Total *	\$ 119,377,807	\$ 115,609,650	\$ 113,181,155	\$ 113,406,745	-1.91%

Total FTE's 842.0 842.0 842.0
Total Positions 866.0 866.0 866.0

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

Expenditure Summary







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

2013 Preliminary Budget

Budget Statistics





**2013 Budget
Operating Statistics
All Modes**

	2012 Budget	2013 Budget	% Change 2012 - 2013
Pierce Transit			
Fixed Route Local, BusPLUS & Express			
Ridership	10,976,758	10,943,783	-0.3%
Service Hours	418,835	416,911	-0.5%
Service Miles	4,704,110	4,676,629	-0.6%
Sound Transit			
Fixed Route Express			
Ridership	6,222,683	6,463,096	3.9%
Service Hours	252,217	259,098	2.7%
Service Miles	6,339,336	6,332,649	-0.1%
Total Fixed Route (Pierce Transit & Sound Transit)			
Ridership	17,199,441	17,406,879	1.2%
Service Hours	671,052	676,009	0.7%
Service Miles	11,043,446	11,009,278	-0.3%
SHUTTLE			
Ridership	384,111	350,625	-8.7%
Service Hours	198,596	173,238	-12.8%
Service Miles	2,681,657	2,406,321	-10.3%
Vanpool			
Ridership	848,000	890,000	5.0%
Service Hours	141,000	143,000	1.4%
Service Miles	4,711,000	5,516,968	17.1%
AGENCY TOTAL (Pierce Transit and Sound Transit Fixed Route, BusPLUS, SHUTTLE & Vanpool)			
Ridership	18,431,552	18,647,504	1.2%
Service Hours	1,010,648	992,247	-1.8%
Service Miles	18,436,103	18,932,567	2.7%



2013 BUDGET PERSONNEL SUMMARY

In brief:

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

The ethnicity of the workforce is

White – 70%

African American – 19%

Native American – 1%

Asian – 6%

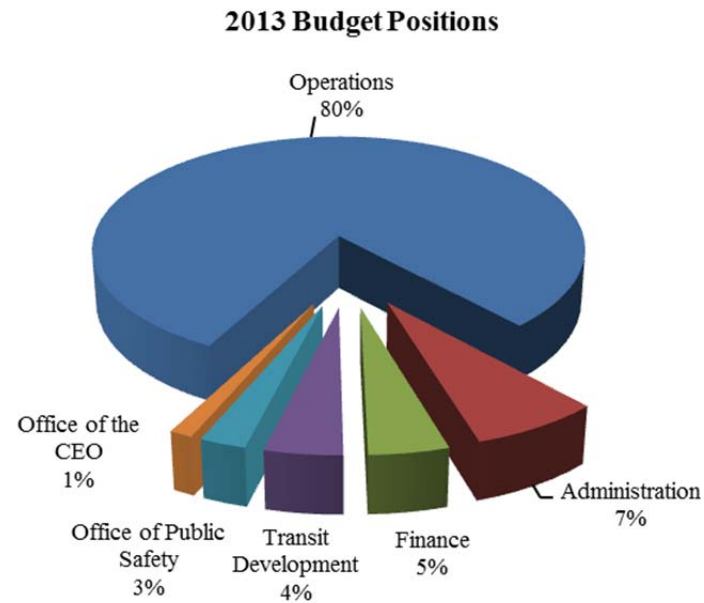
Hispanic – 4%



Personnel Summary

The 2013 Budget includes 866 positions and 842 full-time equivalents (FTEs). There are no increases in staff positions in the 2013 Budget.

The Operations Division, which includes Maintenance personnel, represents 696 or 80% of total positions. The remaining 170 positions or 20% are in the Office of the CEO, Office of Public Safety, Transit Development Division, Finance Division, and the Administration Division.

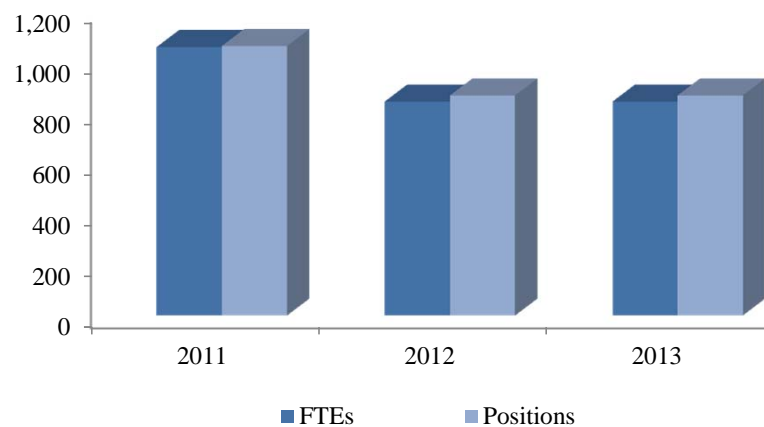




2013 BUDGET PERSONNEL SUMMARY

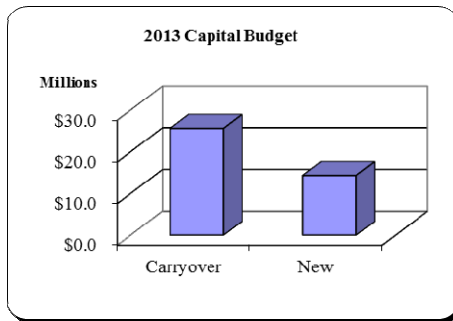
Budget FTEs				Budget Positions			
2011 Budget	2012 Budget	2013 Budget	2013-2012 Change	2011 Budget	2012 Budget	2013 Budget	2013-2012 Change
1,056.1	842.0	842.0	-	1,060.0	866.0	866.0	-

Budget FTEs & Positions





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

2013 BUDGET CAPITAL PROGRAM

The 2013 Capital Budget consists of a variety of projects primarily for the replacement and refurbishment of existing equipment and facilities including a few major multi-year projects that are carried over.

Revenue Vehicles – Pierce Transit currently operates an active fleet of 130 buses, 346 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 7.9 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 Parkland Transit Center, Tacoma Dome Station, 112th and Pacific Avenue, and Commerce.

Base Facilities – Funds are budgeted for necessary repairs and refurbishments to base facilities and systems such as the Building 4.

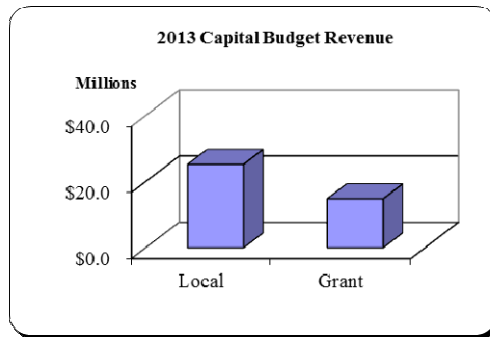
Technology – The 2013 Capital Budget includes funds for maintenance and upgrade of several critical software and systems, as well replacement of infrastructure that has reached the end of its useful life. Some of these projects include the maintenance management system replacement, fare boxes, telephone system, closed-circuit television system, server replacement, and limited access control software.

Other – Other capital projects include replacement of non-revenue support vehicles (trucks, forklifts, cars, etc.), and maintenance and administrative equipment. Also continuing into 2013 is a grant-funded Transit Signal Priority project in downtown Tacoma that will provide improvements that support both transit and LINK light rail.



Capital projects are funded by

- Local funds
- Grant funds



2013 BUDGET CAPITAL PROGRAM

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 carryover over from the previous budget year for projects in process.

The detailed 2013 Preliminary Capital Budget list follows.



2013 PRELIMINARY CAPITAL BUDGET

Line #	Project Title	Cost Center	Project Number	Total Project Budget	Prior Years Expenditures	2012 Estimated Expenditures	2013 Project Budget			2013 Project Funding	
							2012 Est. Carryover Amount	New 2013 Amount	Total 2013 Annual Budget	Local	Grant
1	High Line HR/Payroll System Enhancement	121000	0307	\$ 276,622	\$ 47,850	\$ 203,772	\$ 25,000	\$ -	\$ 25,000	\$ 25,000	\$ -
2	Performance Management System	126000	TBA	149,300	-	-	-	149,300	149,300	149,300	-
3	West Base Property Acquisition	233000	0349	950,000	943,298	6,702	-	-	-	-	-
4	ST Extension	233000	0351	1,537,500	-	-	1,537,500	-	1,537,500	1,537,500	-
5	ORCA (Regional Fare Integration)	243000	197/364	4,944,833	4,588,718	227,115	109,000	20,000	129,000	129,000	-
6	Copier Replacement	262000	0346	300,223	-	-	240,600	59,623	300,223	300,223	-
7	SHUTTLE Software Replacement	262000	0194	1,197,123	1,173,409	23,714	-	-	-	-	-
8	LAN Equipment Replacement 2012	262000	0352	15,000	-	15,000	-	-	-	-	-
9	Server Replacement 2012	262000	0353	106,303	-	106,303	-	-	-	-	-
10	Hastus Update	262000	0354	700,165	-	-	700,165	-	700,165	700,165	-
11	Blade Server Enclosure	262000	0355	46,500	-	46,500	-	-	-	-	-
12	Adept Version Upgrade	262000	0358	157,119	-	-	157,119	-	157,119	157,119	-
13	Maintenance Management System	262000	0359	255,644	-	-	255,644	-	255,644	255,644	-
14	Telephone System Update	262000	0360	427,438	-	24,319	403,119	-	403,119	403,119	-
15	Limited Access Control Software	262000	0361	204,951	-	-	204,951	-	204,951	204,951	-
16	Bldg 5 Audio Visual System Upgrade	262000	0362	377,223	-	377,223	-	-	-	-	-
17	ATIS Upgrade	262000	0363	78,183	-	78,183	-	-	-	-	-
18	Server Replacement 2013	262000	TBA	76,510	-	-	-	76,510	76,510	76,510	-
19	Marketing Plotter Replacement 2013	262000	TBA	73,243	-	-	-	73,243	73,243	73,243	-
20	Blade Enclosures 2013	262000	TBA	193,461	-	-	-	193,461	193,461	193,461	-
21	SAN Replacement 2013	262000	TBA	327,900	-	-	-	327,900	327,900	327,900	-
22	Hardware Load Balancer	262000	TBA	60,115	-	-	-	60,115	60,115	60,115	-
23	LAN Replacement 2013	262000	TBA	358,939	-	-	-	358,939	358,939	358,939	-
24	CAD AVL System Upgrade 2013	262000	TBA	404,269	-	-	-	404,269	404,269	404,269	-
25	Fare Box Replacement 2013	262000	TBA	3,751,585	-	-	-	3,751,585	3,751,585	3,751,585	-
26	Mobile Communications System	263000	0193	36,779,583	35,221,653	1,557,930	-	-	-	-	-
27	Parkland Transit Center	411000	0170	418,462	172,959	-	211,503	34,000	245,503	46,553	198,950
28	121st Street Improvements/Parkland Design	411000	0176	134,533	36,521	45,000	53,012	-	53,012	53,012	-
29	Base Master Plan	411000	0287	352,862	177,924	174,938	-	-	-	-	-
30	112th Street & Pacific/SR-7 Transit Access Mods	411000	0343	2,375,658	-	265,959	2,109,699	-	2,109,699	1,559,084	550,615
31	Bldg 4 Modifications	411000	0345	4,079,503	-	36,000	4,043,503	-	4,043,503	2,129,650	1,913,853
32	Downtown Tacoma TSP II	411000	0284	2,763,531	2,014,124	95,876	653,531	-	653,531	207,531	446,000
33	ST Extension Critical Maintenance	411000	0365	690,795	-	-	690,795	-	690,795	690,795	-
34	Base Improvements for ST Route 566 & 577	411000	0339	281,199	149,690	131,509	-	-	-	-	-
35	TCC Transit Center Signal	411000	TBA	823,200	-	-	-	823,200	823,200	111,132	712,068
36	TDS G Street Expansion Zone	411000	TBA	744,024	-	-	-	744,024	744,024	116,553	627,471
37	TDS Mid-Life Maintenance	411000	0315	2,761,250	-	65,000	2,696,250	-	2,696,250	239,250	2,457,000
38	Pacific Avenue Streetscape	412000	0366	27,500	-	-	27,500	-	27,500	27,500	-
39	Fare Media Safe	636000	TBA	18,141	-	-	-	18,141	18,141	18,141	-
40	Master Key System Replacement	645000	0344	110,889	-	-	110,889	-	110,889	110,889	-
41	Support Vehicle Replacement 2012	651000	0275	645,141	304,141	25,117	315,883	-	315,883	315,883	-
42	Shuttle Replacement 2012	651000	0296	3,246,671	1,785	-	3,244,886	-	3,244,886	1,277,049	1,967,837
43	ST Service Vehicle	651000	0336	50,000	47,464	2,536	-	-	-	-	-



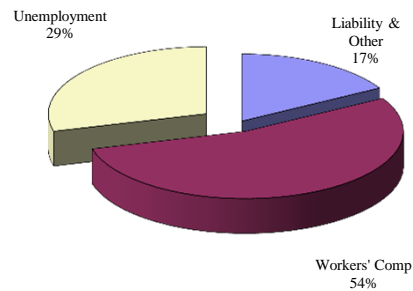
2013 PRELIMINARY CAPITAL BUDGET

Line #	Project Title	Cost Center	Project Number	Total Project Budget	Prior Years Expenditures	2012 Estimated Expenditures	2013 Project Budget			2013 Project Funding	
							2012 Est. Carryover Amount	New 2013 Amount	Total 2013 Annual Budget	Local	Grant
44	Vanpool Fleet Replacement 2012	651000	0367	1,341,696	-	-	1,341,696	-	1,341,696	254,002	1,087,694
45	Deputy Police Chief Vehicle	651000	0368	45,818	-	-	45,818	-	45,818	45,818	-
46	WSDOT Vanpool Van Expansion	651000	0379	550,000	-	550,000	-	-	-	-	-
47	Vanpool Fleet Replacement 2013	651000	TBA	1,447,727	-	-	-	1,447,727	1,447,727	1,447,727	-
48	Support Vehicle Replacement 2013	651000	TBA	593,577	-	-	-	593,577	593,577	593,577	-
49	Shuttle Replacement 2013	651000	TBA	2,673,455	-	-	-	2,673,455	2,673,455	2,673,455	-
50	Auto Shop Equipment Repl 2012	651000	TBA	29,100	-	-	-	29,100	29,100	29,100	-
51	Rotating Electric Tester	652000	0237	60,547	40,302	20,245	-	-	-	-	-
52	ARRA Bus Replacement	652000	0310	5,508,000	5,439,707	68,293	-	-	-	-	-
53	Bus Fleet Replacement	652000	0369	3,955,680	-	-	3,955,680	-	3,955,680	682,980	3,272,700
54	Fleetwatch Data Logger System	652000	0370	185,918	-	-	172,234	13,684	185,918	185,918	-
55	Methane Detection System	653000	0314	254,500	52,266	84,279	117,955	-	117,955	117,955	-
56	Commerce Turnaround Fire Panel	653000	0331	12,750	-	-	12,750	-	12,750	12,750	-
57	Commerce Tunnel Exhaust Fans	653000	0332	33,150	-	-	33,150	-	33,150	33,150	-
58	Bus Lot Concrete Repair	653000	0347	75,375	-	-	75,375	-	75,375	75,375	-
59	CNG Fueling Station	653000	0348	3,220,274	1,281,490	1,764,892	173,892	-	173,892	173,892	-
60	ARRA CNG Compressor/Equipment	653000	0309	1,602,497	457,097	1,145,400	-	-	-	-	-
61	Tacoma Dome CCTV System Upgrade	657000	0337	989,908	-	-	989,908	-	989,908	-	989,908
62	Base Bus & Vehicle Lots CCTV Cameras	657000	0338	550,137	-	-	550,137	-	550,137	-	550,137
63	TDS Panic Alarm System	657000	0342	251,250	-	-	251,250	-	251,250	251,250	-
64	Physical Security Enhanc.-CCTV	657000	0260	1,361,388	1,257,982	1,013	102,393	-	102,393	102,393	-
65	Bus Radio Shop Equipment	662000	TBA	205,423	-	-	-	205,423	205,423	205,423	-
66	TRAX Data Coverage Upgrade	662000	TBA	142,257	-	-	-	142,257	142,257	142,257	-
67	Radio Subscriber Replacement	662000	TBA	2,154,188	-	-	-	2,154,188	2,154,188	2,154,188	-
Grand Total				\$ 100,517,706	\$ 53,408,380	\$ 7,142,818	\$ 25,612,787	\$ 14,353,721	\$ 39,966,508	\$ 25,192,275	\$ 14,774,233



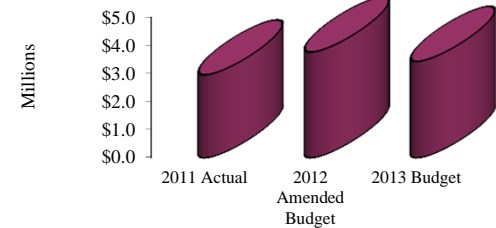
2013 BUDGET INSURANCE EXPENDITURE COMPARISON

Insurance Expenditure Comparison



Description	2011 ACTUAL	2012 AMENDED BUDGET	2013 BUDGET	% Change 2013 Budget to 2012 Budget
Liability & Other Insurance				
Liability	\$ 534,513	\$ 350,000	\$ 125,000	-64.29%
Light Duty	172,921	185,000	185,000	0.00%
Professional Services	61,440	70,000	60,000	-14.29%
Legal Services	(2,100)	-	-	0.00%
Other Expenses	140,297	180,000	205,000	13.89%
Liability & Other Insurance	907,072	785,000	575,000	-26.75%
Workers' Comp. Insurance	1,428,581	1,650,000	1,850,000	12.12%
Unemployment Insurance	610,435	1,320,000	1,000,000	-24.24%
TOTAL INSURANCE	\$ 2,946,088	\$ 3,755,000	\$ 3,425,000	-8.79%

Expenditure Summary





*This section includes the
Acronym List
and
Budget Glossary*

2013 Preliminary Budget

Appendix



2013 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
ISTEA – Intermodal Surface Transportation Efficiency Act
JARC – Job Access and Reverse Commute
MAP – 21 Moving Ahead for Progress – 2012 Federal reauthorization of SAFETE-LU (5307)
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
SAFETEA-LU – Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
SHUTTLE – Specialized Transportation
ST – Sound Transit



**2013 BUDGET
ACRONYM LIST**

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



2013 BUDGET GLOSSARY

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.



2013 BUDGET GLOSSARY

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.

Bus PLUS – Bus PLUS means transit services differentiated from fixed route service by customer-initiated deviations from routes or schedules. Bus PLUS service does not require complementary ADA paratransit service. The service may replace existing fixed route and paratransit service or may be introduced into areas where service has not previously been provided. There is currently no BusPLUS service operating.

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.



2013 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

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

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



2013 BUDGET GLOSSARY

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 between Puyallup, Gig Harbor and Tacoma. There is no complimentary ADA service required for express service.

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

Full-time Equivalents (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.

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.



2013 BUDGET GLOSSARY

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.

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.

ISTEA – Intermodal Surface Transportation Efficiency Act of 1991. Legislation authorizing funds for highways and mass transportation for 1992 – 1997.

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 Puyallup.

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.

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.



2013 BUDGET GLOSSARY

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.

Moving Ahead for Progress in the 21st Century Act (MAP-21, Public Law 112-141), signed into law by President Obama on July 6, 2012. It extends the current law (SAFETEA-LU) through September 30, 2012 and puts MAP-21 into full effect on October 1, 2012. This authorizes programs for two years, through September 30, 2014.

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 – This term refers to the outflow of funds paid, or to be paid, for current goods and services.

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.



2013 BUDGET GLOSSARY

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.

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.



2013 BUDGET GLOSSARY

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.

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").

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.



2013 BUDGET GLOSSARY

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 – A major 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.

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



2013 BUDGET GLOSSARY

