

September 19, 2019 - 3:00 p.m.
Executive Finance Committee Meeting



Pierce Transit Training Center
3720 96th Street SW
Lakewood, WA
Rainier Conference Room

AGENDA

CALL TO ORDER

APPROVAL OF MINUTES – July 18, 2019

CEO'S COMMENTS

ACTION AGENDA:

DISCUSSION/UPDATE:

1. Employee Referral Pilot Program

Jean Carlson
Talent Management Administrator

2. Review of the Proposed 2020 Budget
(Presentation)

Brett Freshwaters
Executive Director of Finance

COMMISSIONER COMMENTS

EXECUTIVE SESSION

ADJOURNMENT

**PIERCE TRANSIT
EXECUTIVE FINANCE COMMITTEE MEETING
3720 96th STREET SW, LAKEWOOD, WA
RAINIER CONFERENCE ROOM**

July 18, 2019

MINUTES

CALL TO ORDER

Vice Chair Eidinger called the meeting to order at 3:06 p.m.

ATTENDANCE

Executive Finance Committee Commissioners present:

Daryl Eidinger, Vice Chair, City of Edgewood Mayor

(representing Edgewood, Fife and Milton)

Don Anderson, City of Lakewood Mayor

Robin Farris (Alternate), City of Puyallup Councilmember

Executive Finance Committee Commissioners excused:

Victoria Woodards, Chair, Mayor of City of Tacoma

Bruce Dammeier, Pierce County Executive

Staff present:

Sue Dreier, Chief Executive Officer

Dana Henderson, General Counsel

Deanne Jacobson, Clerk of the Board

APPROVAL OF MINUTES

Commissioners Anderson and Farris **moved** and seconded to approve the May 23, 2019 meeting minutes as presented.

Motion **carried**, 3-0.

SPECIAL BUSINESS

Election of Vice Chair

Commissioner Eidinger volunteered to serve as vice chair of the committee. No other members expressed a desire to serve in this capacity.

Commissioners Anderson and Farris **moved** and seconded to nominate Commissioner Daryl Eidinger to serve as Vice Chair.

Motion **carried**, 3-0.

ACTION AGENDA – None.

DISCUSSION/UPDATE

Review of Proposed Changes to Board of Commissioner Bylaws

The committee reviewed the proposed changes to the Board of Commissioner Bylaws.

General Counsel Dana Henderson noted that there has been a comprehensive review of the Bylaws, which have not been visited for some time. She advised that if this committee is fine with the proposed amendments, the next steps would be to distribute the amended Bylaws to the members within the Public Transit Benefit Area (PTBA), or if the committee preferred, the proposed amendments could be reviewed by the full Board prior to notifying the members within the PTBA.

The committee gave direction for the proposed Bylaw amendments to be distributed to the members in the PTBA and if there are no concerns from these members, staff should bring back the Bylaws before the full Board for consideration and final approval.

Update on Implementation of Financial Software System

Executive Director of Finance Brett Freshwaters provided an update on the implementation of the Financial Software System One Solution that when live June 8, 2019.

He distributed a document outlining the current status of the project and the benefits realized by transitioning to the new software system as well as outstanding items that still need to be completed. He noted that the agency is working on moving towards a paperless environment, and this system moves the agency in the right direction.

Commissioner Farris suggested it would be beneficial to do a comparison showing the savings and ease of doing business with the old system versus the new system.

Update on Tacoma Dome Station Parking Program

Planning Manager Tina Lee provided an update on the Tacoma Dome Station Parking Program, noting to date 41 permits have been sold to date (15 HOV, 23 SOV and 3 ORCA LYFT).

She discussed the lessons being learned from the program, noting that most permit users do not use their spot every day and there have been warnings issued to people who park in the reserved parking spots who did not pay for the permit/parking spot.

She also advised the committee that Pierce Transit has received a request from a customer who lives outside of the PTBA to purchase a parking spot, and at this point the program does not allow for it, but it may be something that the Board may want to consider again in the future should there be more demand for it.

At the end of the discussion, the committee requested to have an update at the full Board in approximately six months, or so, to hear how the program is doing,

COMMISSIONER COMMENTS

Commissioner Anderson provided a short update about the Road Usage Charge (RUC) that was recently discussed at the Puget Sound Regional Council Transportation Policy Board meeting.

EXECUTIVE SESSION ~ None.

ADJOURNMENT

There being no further business before the committee, the meeting was adjourned at 4:14 p.m.

Deanne Jacobson
Clerk of the Board

Daryl Eiding, Vice Chair
Executive Finance Committee



**EMPLOYEE REFERRAL PROGRAM
(18-MONTH PILOT PROGRAM)
January 1, 2020 – June 30, 2021**

Background

Like other transit organizations across the nation, Pierce Transit is experiencing an increase in vacancies and a shortage of qualified applicants, specifically for our Relief Transit Operator and Journey Level Mechanic positions. The shortage of Relief Transit Operators can be attributed, in part, to the current economic conditions, which provide many job opportunities, as well as an aging workforce, which has resulted in employees leaving in greater numbers. The Journey Level Mechanic positions are difficult to fill for different reasons. Organizations compete for top talent in this line of work, reducing the available pool of talent. Additionally, the requirements (i.e. working nights and weekends) for these positions at Pierce Transit impact the level of interest.

Talent Management and Employee Services, in conjunction with the Service Delivery and Support and Maintenance divisions, have examined recruitment and selection processes, schedules, and drivers of employee engagement to identify possible improvements that will address these shortages. The recommendation from staff is to create an employee referral program which will have a positive impact on the ability to recruit and retain top candidates.

Pierce Transit employees are excellent champions of the organization because they know the mission, the people, the work, the benefits, the culture, the stability and the values shared in serving our community. Research has shown that referred candidates often stay longer and are invested in the organization. When employees refer candidates, they are likely to be similarly minded to existing employees, prioritizing safety, reliability and excellent customer service. The expected outcome of this program is an increase in the number of qualified applicants using the organization's best recruiters, its own employees.

Other Washington transit agencies' employee referral programs were researched; the results are outlined below. An initial 18-month pilot program is recommended, specifically for the positions of Relief Transit Operator and Journey Level Mechanic, as these vacancies are the most challenging to fill. The effectiveness of the program will be evaluated at the completion of the pilot program. At that time other classifications may be added to the program.



Comparable Transit Agencies – Active Referral Programs

Agency	Which jobs qualify?	Payment amount	Payment timeline
Community Transit (Snohomish)	All jobs	\$600 Operators \$600 Mechanics \$300 all others	<u>Operators</u> - \$200 upon graduation/\$200 at probation/\$200 at completion of one year <u>Mechanics</u> - \$300 at probation/\$300 at completion of one year <u>All other jobs</u> - \$150 at probation/\$150 at completion of one year
C-Tran (Vancouver)	All jobs	\$500	\$250 at probation/\$250 at completion of one year
Kitsap Transit	All jobs	\$500	\$500 at successful completion of probation

Comparable Transit Agencies – Inactive Referral Programs

Agency	Which jobs qualify?	Payment amount
King County Metro	Operators	\$300
Spokane Transit Authority	Cancelled due to tax concerns	

Pierce Transit Pilot Employee Referral Program

Agency	Which jobs qualify?	Payment amount	Payment timeline
Pierce Transit	Relief Transit Operators	\$500 Relief Transit Operators	<u>Relief Transit Operators</u> \$250 upon successful completion of probation/\$250 upon successful completion of one year
	Journey Level Mechanics	\$500 Journey Level Mechanic	<u>Journey Level Mechanics</u> \$250 upon successful completion of probation/\$250 upon successful completion of one year



Program Guidelines

Program details will need to be finalized and communicated to employees, such as eligibility for a referral award. As an example, an employee would not be eligible for a referral award for positions over which they have span of control authority, supervisory responsibility or for which they are involved in the hiring decision.

Anticipated Budget Impact

Approximately 15% of the Relief Transit Operator and Journey Level Mechanic hired in 2019 YTD were referred to the positions from employee referrals. In 2018, that same employee referral rate was approximately 14%. Estimates show approximately \$7,000 would have been paid to employees for referring candidates to the Relief Transit Operator and Journey Level Mechanic positions. For the year 2019, that number would be estimated at \$9,000. Once the pilot program is launched, an increase in employee referrals is anticipated. Projected amounts for referral rewards of these two positions is \$12,000 - \$15,000 in 2020.

Overall, this is a relatively small investment to make for quality candidates who will be more likely to become invested in the organization and provide excellent service to our customers.



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

Customer: *Provide transportation services that meet our current and potential customers' needs.*

Internal: *Develop a culture which fosters safety, collaboration, data-driven decisions and innovation.*

Financial: *Act with financial accountability and transparency as stewards of the public trust.*

Employee: *Attract, cultivate, and maintain an engaged workforce.*



2020 PRELIMINARY BUDGET

Fiscal Year January 1, 2020 through December 31, 2020

SUE DREIER, Chief Executive Officer

Prepared By
The Finance Division

BRETT FRESHWATERS, Executive Director of Finance, CFO

KELLI DION, Budget Assistant Manager

CARON SANDERSON, Budget Coordinator

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



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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

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

2020 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 comprised 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
Victoria Woodards
Chair
Mayor of Tacoma**



**Commissioner
Marty Campbell
Vice Chair
Pierce County Council**



**Commissioner
Don Anderson
Mayor of Lakewood**



**Commissioner
Bruce Dammeier
Pierce County
Executive**



**Commissioner
Daryl Eiding
Mayor of Edgewood
Representing Fife,
Milton and Edgewood**



**Commissioner
Robin Farris
Puyallup City Council**



**Commissioner
Nancy Henderson
Town of Steilacoom
Representing Auburn,
Fircrest, Gig Harbor,
Pacific, Ruston and
Steilacoom**



**Commissioner
Kent Keel
Mayor of
University Place**



**Commissioner
Ryan Mello
Tacoma City Council**

**Vacant
Non-Voting Union
Representative**



2020 ORGANIZATIONAL CHART

CITIZENS OF PIERCE COUNTY

BOARD OF COMMISSIONERS

GENERAL COUNSEL
Dana Henderson

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
Legal
Communications

ADMINISTRATION
DIVISION

Amy Cleveland
Executive Director

Division Admin
Employee Services
Labor Relations
Lean & Workforce Development
Lean & Workforce Development
Talent Management
Bus Safety & Training
Risk Management
Administrative Services

FINANCE
DIVISION

Brett Freshwaters
Executive Director

Division Admin
Finance
Accounting
Revenue Accounting
Budget & Analytics
Budgeting
Data Analytics
Information Technology
Procurement
Project Management

MAINTENANCE
DIVISION

Skip Huck
Executive Director

Division Admin
Maintenance Training
Facilities
Fleet Maintenance
Department Admin
Automotive
Bus Repair
Warehousing
Radio Program
Department Admin
Bus Radio Systems

PLANNING & COMMUNITY
DEVELOPMENT
DIVISION

Ryan Wheaton
Executive Director

Division Admin
Marketing
Transit Development
Department Admin
Service Planning Admin
Capital Planning
Bus Stop Program
Planning
Scheduling
Community Development

SERVICE & DELIVERY
SUPPORT
DIVISION

Mike Griffus
Executive Director

Division Admin
Safety
Public Safety
Department Admin
Physical Security
Public Safety Records
Transit Police
Uniform Security
Transportation Operations
Department Admin
Operations Admin
Operations Dispatch
Operations
Paratransit Operations
Service Support
Service Support Admin
Service Support Operations
Customer Service
Specialized Transportation
Department Admin
Paratransit Customer Service
ADA



2020 BUDGET MESSAGE



December 9, 2019

TO: Pierce Transit Board of Commissioners, Citizens and Employees

FROM: Sue Dreier, Chief Executive Officer

I am pleased to present the 2020 Budget for your review and consideration. The budget before you continues the process started in 2017 to implement Pierce Transit's updated Strategic Plan. A few highlights from 2019 illustrate the recent progress:

Customer Focused

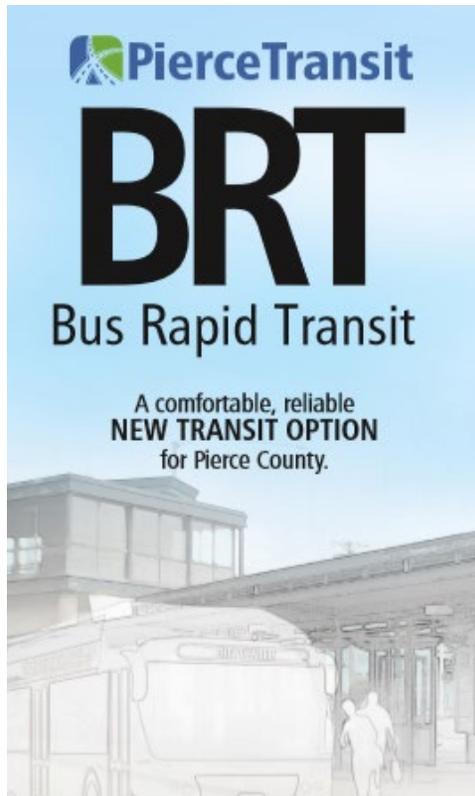
- Continued to focus on building partnerships to leverage resources and better serve our customers, working with school districts, community colleges, employers and even the rideshare company Lyft to provide more transit access.
- Provided a clean, safe and inviting space for our customers by completing renovation of the Tacoma Dome Station and several transit centers.
- Installed real-time bus information displays at eight of our transit centers to better inform our customers.
- Introduced the South Sound's first hybrid-electric vanpool vans through a unique partnership with Tacoma Public Utilities and the Washington State Department of Transportation.

Safety

- Started on-road testing of the Collision Avoidance System to decrease the risk of collisions.
- Completed the Public Transportation Agency Safety Plan to ensure that safety is firmly embedded as a priority into the Pierce Transit culture.
- Fine-tuned use of the Drive Cam system to reinforce safe driving behavior in all agency vehicles.



2020 BUDGET MESSAGE



Financial

- Completing the 2040 Long Range Plan Update to provide a better roadmap to maintain a fiscally sustainable transit system and target the agency's transit service spending where customers most desire it.
- Implemented One Solution, a new financial management system, that provides improved financial controls and reporting as well as electronic workflows for greater efficiency and paper use reduction.

Employee

- Implemented a Mechanic Apprentice Program to develop a skilled in-house workforce.
- Implemented dedicated paths for professional development.

These projects represent the many we undertake each year to carry out Pierce Transit's Mission.

The 2020 Budget includes several operating and capital projects, as well as day-to-day activities, that continue our focus on providing safe, reliable and innovative transportation options. Three major projects that exemplify this focus are Bus Rapid Transit (BRT), Base Master Plan (BMP) and Computer Aided Dispatch/Automated Vehicle Locator (CAD/AVL).

The BRT project is well into the design phase as we complete our architect and contractor team. 2020 will bring major design milestones, as well as implementation of two related projects, the Traffic Signal Priority project and the Spanaway Turnaround Facility. The BRT project is a major undertaking for this agency that will improve service to our customers on our busiest route.

2020 BUDGET MESSAGE



The BMP project will update our 30-year old base to provide safe operating space and facilities for the next 30 years. This is a multi-year project that will bring the older facilities up to current code requirements, install new and innovative bus maintenance solutions and provide space for changing fleet composition and growth into the foreseeable future.

The CAD/AVL project will replace the current obsolete system that does not meet the requirements for Next Gen ORCA. The new system will use open standards for hardware and software (rather than the current proprietary system) and use cellular technology for reduced operating costs.

Economic Condition and Outlook

Pierce Transit's annual budget planning process examines its programs, service and financial operations, along with various economic forecasts, to develop an overall financial outlook. The region's economic growth continues to be steady and moderate, providing sales tax growth to keep pace with inflationary costs of service.

Local economic conditions and retail spending play major roles in the generation of sales tax revenue, which is Pierce Transit's primary source of operating revenue. The economic recovery is going on ten years; the Puget Sound economy is expected to continue its moderate growth into 2020. Many indicators suggest that the Puget Sound region has been the fastest-growing metropolitan area in the U.S. this decade, with high positive net migration. Locally, residents continue to move into Pierce County due to higher housing prices in King County. Employment growth has been strong in the service sectors (e.g., information technology, health care, etc.). Boeing, Joint Base Lewis-McChord (JBLM), the Port of Tacoma and high-tech companies all are major drivers of Pierce County's economy.

With slow but steady economic growth over the last several years, consumption has returned



2020 BUDGET MESSAGE



to pre-recession levels. Personal income is expected to grow by 4.5% in 2020. Employment growth is expected to slow down to 1.4% in 2020, then level off around that level for a few years. Home sales in Pierce County have slowed somewhat over the past year, but prices are still increasing year over year. Personal income growth and increased employment, along with generally positive consumer sentiment, are some of the main drivers of the growth in retail sales. These factors are expected to contribute to a modest growth in Pierce Transit's sales tax revenue next year.

Specifically, Pierce Transit's sales tax collections are forecasted to increase 5% in 2020, slowing from the last three years of growth. Sales tax will contribute 86% of total budgeted operating revenues in 2020 (excluding Sound Transit regional transit service revenue) and is expected to generate \$98 million in revenue.

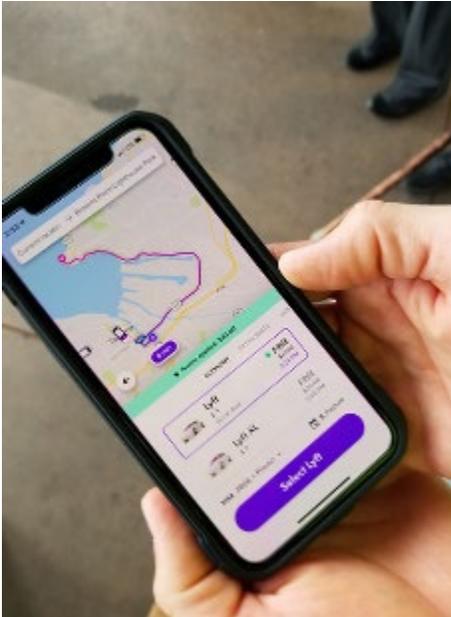
Budget Summary

The 2020 budgeted expenditures for all funds are approximately \$291 million, balanced by expected revenues and reserves. While sales tax collections continue to increase at a moderate rate, uncertainty remains about future stability. While costs continue to escalate, employees will focus their efforts on improving productivity, reducing costs and obtaining grants for service and projects. Operating expenditures are increasing by 3.9%, with most of the growth coming from wages. Pierce Transit fixed route service hours for 2020 are planned to remain steady at approximately 500,000. The budget includes 971 FTEs (991 positions), a net reduction of two FTEs from 2019.

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



2020 BUDGET MESSAGE

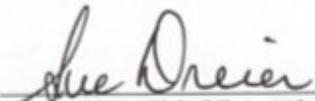


The Six-Year Financial Plan is sustainable for operations. Reserves and operating transfers will be used over the next six years to provide capital infrastructure that supports service plans. Additional grants or other funding sources will be required to fully implement the planned capital program, particularly the Base Master Plan and Bus Rapid Transit. Reserves comply with required levels established by the Board of Commissioners, giving us the ability to deal with adverse economic conditions, emergencies, and exposure to casualty and legal risks. The Agency has no long-term debt.

The 2020 budget includes several initiatives that are direct outcomes of the Strategic Plan, including placing a strong emphasis on safety, building collaborative partnerships, using data-driven analysis and providing innovative customer service and mobility options. We continue to move forward, collaborating with partners to develop a transportation network that will meet the needs of our region well into the future. I believe this budget fully meets our agency's Mission: Pierce Transit improves people's quality of life by providing safe, reliable, innovative and useful transportation services that are locally based and regionally connected.

I would like to thank the Pierce Transit Finance and Budget professionals for their thoughtful preparation of the agency's 2020 Budget. The budget development process continues to improve every year, resulting in a plan that allows Pierce Transit to serve its communities well into the future.

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


Sue Dreier, Chief Executive Officer



2020 BUDGET MESSAGE

In brief:

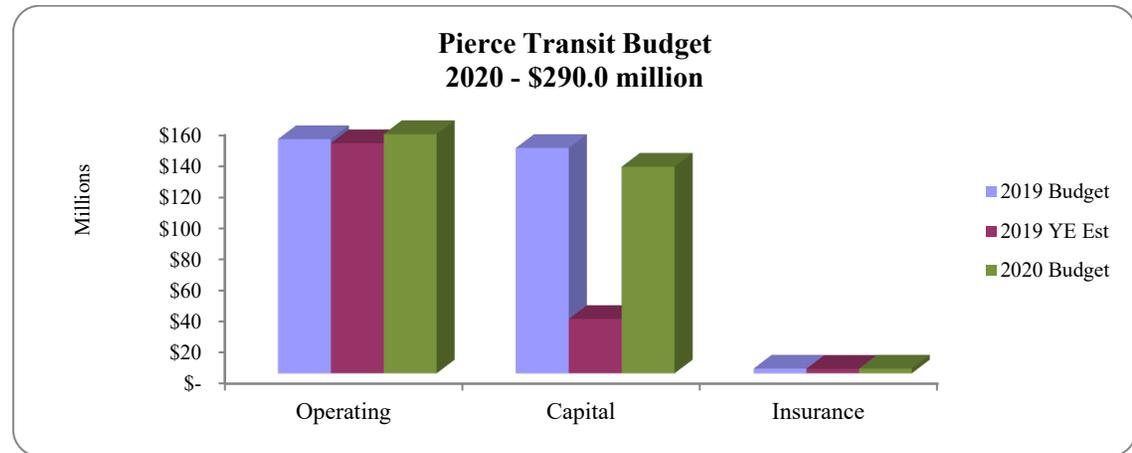
The 2020 preliminary net expenditure budget totals \$291,020,258. This total excludes transfers between funds and balances.

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 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 workers' compensation and unemployment.

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, 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 budget expenditures include 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 budget costs.

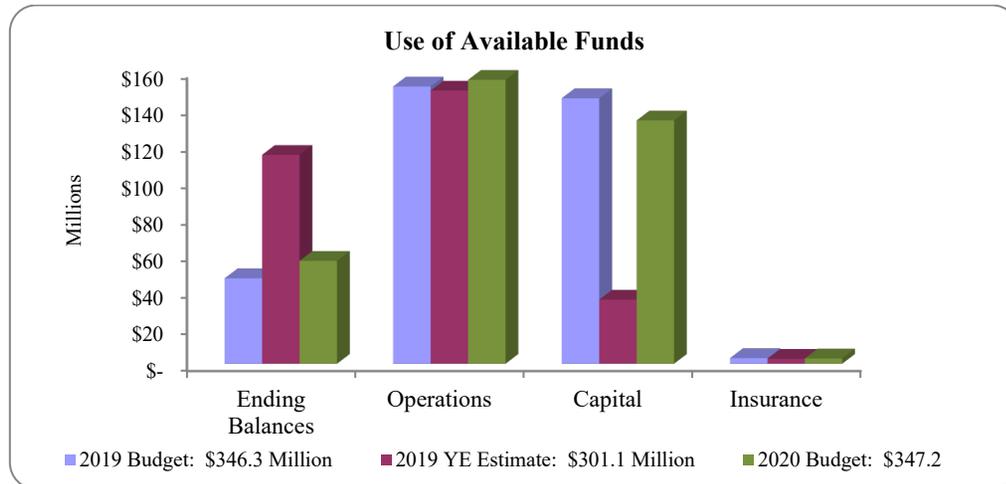
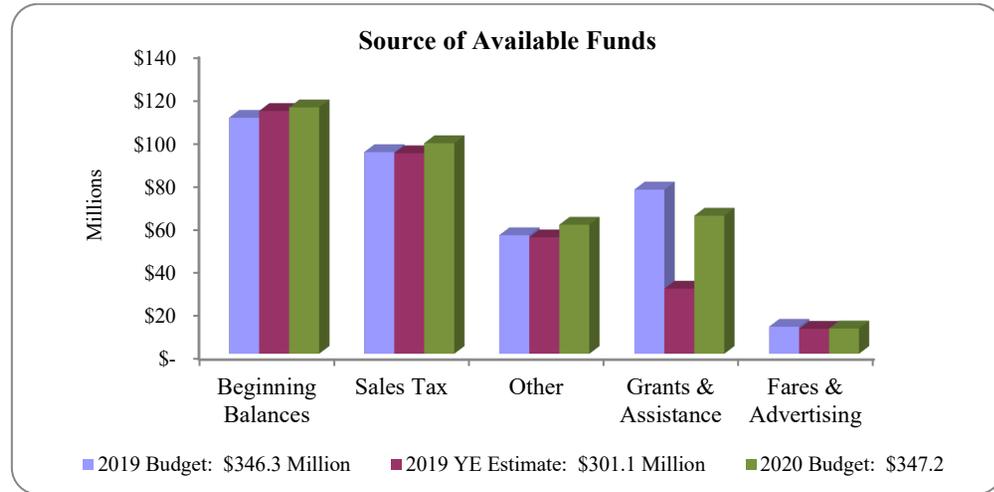


2020 BUDGET MESSAGE

In brief:

The Agency Source of Available Funds includes beginning balances and is shown on the following chart. Sales tax revenue is projected to moderately grow. Grants & Assistance is increasing based on timing of receipts and increases in capital project funding. The remaining categories remain fairly flat.

Use of Available Funds includes ending balances and is shown on the following chart. Ending balances include required reserves and fluctuate based on expenditures. Operating and Insurance expenditures are fairly flat. Capital expenditures include carryover funds for capital projects from the prior year.





2020 BUDGET MESSAGE

Operating Budget

The 2020 operating revenues of \$171,175,672 support the operating expenditures of \$154,020,353, non-operating expenditures of \$1,143,054 and operating transfers of \$2,339,673. Operating transfers support the self-insurance and capital programs and fluctuate from year to year depending on capital and self-insurance needs. The net change in reserves is \$13,672,592. Reserves beyond the required amount will be utilized over the next six years to fund capital projects.

The operating budget revenue for 2020 is increasing by 6.5% and operating expenditures are increasing 3.9% from the 2019 Year-End Estimate.

	2019 Year-End Estimate	2020 Budget	Year-End Estimate to Budget Change	
			Amount	%
Operating Revenues	\$ 160,675,390	\$ 171,175,672	\$ 10,500,282	6.5%
Operating Expenditures	(148,171,512)	(154,020,353)	(5,848,841)	3.9%
	12,503,878	17,155,319	4,651,441	37.2%
Non-Operating Expenditures	(1,143,468)	(1,143,054)	414	0.0%
Operating Transfers	(37,411,962)	(2,339,673)	35,072,289	-93.7%
Net Change - Reserves	\$ (26,051,552)	\$ 13,672,592	\$ 39,724,144	-152.5%

2020 Non-Operating Expenditures are for payment of \$1,143,054 for Pierce County Agreement grant exchange funds.



2020 BUDGET MESSAGE

In brief:

Operating Revenues include both Operating Income such as fares, and Non-Operating Income such as sales tax received to pay for ongoing transportation operations.

Operating Revenues

The type of revenue and percent change from 2019 Year-End Estimate are included in the table below.

	2019 Year-End		2020		Year-End Estimate to Budget Change	
	Estimate		Budget		Amount	%
Operating Income						
Fares	\$ 11,237,077	\$	11,363,904	\$	126,827	1.1%
Advertising	320,000		340,000		20,000	6.3%
Sound Transit	51,273,524		57,277,321		6,003,797	11.7%
Non-Operating Income						
Sales Tax	92,916,050		97,561,853		4,645,803	5.0%
Miscellaneous	1,623,527		1,676,414		52,887	3.3%
Operating Contributions	3,305,212		2,956,180		(349,032)	-10.6%
	<u>\$ 160,675,390</u>		<u>\$ 171,175,672</u>		<u>\$ 10,500,282</u>	6.5%

Fares – Revenues are estimated based on ridership and average fare per boarding projections. The average fare per boarding is expected to be \$0.95 per fixed route boarding. Average fare per boarding varies due to factors such as number of boardings and the percentage of boardings by fare type and category. There is no projected fare increase included in the 2020 Budget. The last adult fare increase was November, 2010. The current Adult Fare for Local PT Service (one-ride) is \$2.00 or a Local PT Service All Day Pass is \$5.00. In September 2017 the senior/disabled rate increased from \$1.25 to \$1.75.

Advertising – The advertising budget reflects the minimum contractual agreement rate which may be exceeded based on demand and the number of buses in service available for ads.



2020 BUDGET MESSAGE

Sound Transit – Regional Transit Service budgeted revenue totals \$57,277,321 in 2020 and is expected to increase by 11.7% from 2019 Year-End Estimate. 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 2020, Sound Transit is increasing service hours 3.9% from 343,685 to 357,142. Sound Transit also reimburses for their share of costs associated with security, liability insurance, special services, and for the cost of operating the Tacoma Dome Station.

Sales Tax – Sales tax projections are based on economic conditions and analysis of activity in the jurisdictions in the Public Transportation Benefit Area (PTBA). 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 86% of the operating budget revenue excluding Sound Transit. In 2020, sales tax is expected to total \$97,561,853 which is a 5.0% increase over the 2019 Year-End Estimate and in line with current growth trends.

Miscellaneous – Includes reimbursements of expenses from the Combined Communications Network (CCN) as well as other miscellaneous revenues such as interest revenue and insurance recoveries.

Operating Contributions – Operating Contributions are funds from partnering agencies. They include the City of Tacoma for Commute Trip Reduction (CTR), Pierce County Employer Services Programs, and Washington State Department of Transportation Special Needs Operations. Pierce County also partners for Americans with Disabilities Act (ADA) service. The decrease in 2020 is due to the completion of two grants.



2020 BUDGET MESSAGE

In brief:

Operating Expenditures are funds paid for providing and administering transportation services including wages, benefits and Maintenance & Operations (M&O).

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

Operating Expenditures

Operating expenses are projected to total \$155,163,407 for a 3.9% increase from the 2019 Year-End Estimate. The changes from the 2019 Year-End Estimate to the 2020 Budget are as follows:

	2019 Year-End	2020	Year-End Estimate to Budget Change	
	Estimate	Budget	Amount	%
Wages	\$ 73,030,712	\$ 77,035,334	\$ 4,004,622	5.5%
Benefits	28,034,828	28,754,405	719,577	2.6%
M & O	47,105,972	48,230,614	1,124,642	2.4%
Total Operations	148,171,512	154,020,353	5,848,841	3.9%
Non-Operating Expenditures	1,143,468	1,143,054	(414)	0.0%
Total	\$ 149,314,980	\$ 155,163,407	\$ 5,848,427	3.9%

Wages – The 2019 Budget includes 991 positions and 970.75 full-time equivalents (FTEs). The 5.5% increase in wages includes general wage adjustments and eligible step increases. The increase in wages also includes projected wages and salaries for filling vacant positions from the prior year.

Represented employees are 85% of the total Agency workforce. The Master Agreement with the Amalgamated Transit Union (ATU) is for three-and-a-half-year period, July 1, 2017 through December 31, 2020. The Master Agreement with the International Association of Machinists (IAM) is for May 1, 2018 through December 31, 2021. The ATU contract calls for a general wage adjustment of 2.85% on January 1, 2020 and IAM wages will increase 2.5%.



2020 BUDGET MESSAGE

Benefits – The increase in benefits of 2.6% or \$719,577 is a result of 7% medical and dental premium increases, filling of vacancies, and a slight increase in the Washington State Public Employees Retirement System (PERS) employer contribution rates.

Maintenance and Operations – The 2020 Maintenance and Operations (M&O) Budget is \$48,230,614. The expenditures support service, maintenance of equipment, and technology system needs. This is an increase of \$1,124,642 or 2.4% higher than the 2019 Year-End Estimate. The increases in expenses are impacted by the number of service hours and miles operated. The following categories represent most of the change.

Supplies – Increases include fuel and parts costs.

Services – Security services and publicity are increasing.

Other – Purchased transportation and software subscriptions and support are increasing.

Non-Operating Expenditures – 2020 Non-Operating Expenditures are for payment of \$1,143,054 for Pierce County Agreement grant exchange funds.



2020 BUDGET MESSAGE

In brief:

Pierce Transit defines the Operating Reserve Balance as reserves maintained to provide sufficient working capital and balances to finance cash flow requirements, meet unanticipated downturns in revenue, and provide funds for emergency expenditures. This balance must be maintained at a level of reserves that meets or exceeds the Agency's required reserve policy of two months of operating expenses.

Operating Reserve Balance

The 2020 budget includes operating and non-operating revenues of \$171.2 million which funds operating and non-operating expenses of \$155.2 million for 1,151,126 hours of service and contributes to the capital and insurance programs. In addition, the budget fully funds and maintains all reserve balances at levels required by the Board adopted reserve policy.

	\$ in Millions
Beginning Cash	<u>\$ 25.7</u>
Operating & Non-Operating Revenue	\$ 171.2
Operating & Non-Operating Expenditures	<u>(155.2)</u>
Operating Margin	\$ 16.0
Transfer to Capital / Insurance	<u>(2.3)</u>
Ending Cash	\$ 39.4
Operating Reserves	(25.7)
Reserves for Sustainability	<u>\$ 13.7</u>

Operating Reserve Balance Calculation (\$ in millions)

	<u>2019 Forecast</u>	<u>2020 Budget</u>
Projected Ending Balance	\$ 25.7	\$ 39.4
Operating Expenses	\$ 148.2	\$ 154.0
Two Months Operating Expense / Required Operating Reserve	(24.7)	(25.7)
Cash/Working Capital in Excess of Reserves	<u>\$ 1.0</u>	<u>\$ 13.7</u>



2020 BUDGET MESSAGE

In brief:

The 2020 Capital Budget is comprised of the following categories.

Revenue Vehicles – 24%

Provide customers a comfortable and reliable mode of transportation

Base Facilities – 25%

Support efficient operations of the Agency

Passenger Facilities & Amenities – 10%

Serve as the front door to the transit system

Technology – 20%

Provide infrastructure and software to improve information and services for staff and the public

Other – 21%

Maintain equipment and provide improved transportation services

A detailed project list reflecting the responsible division, carryover, and grant support is 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 and passenger facilities, technology, and maintenance equipment. These items are distinguished from operating items due to their greater than \$5,000 value and longer than one year projected useful life. Capital expenses and grant reimbursements are budgeted by project. Pierce Transit budgets funds in the year in which the Agency anticipates entering into a contract for service or acquisition.

Capital projects for 2020 are budgeted at \$132,965,521. Approved but unspent projects are carried over from the prior year to the following budget year. The 2020 Budget contains \$109,536,671 of prior year budgeted funds (carryover) and \$23,428,850 in new projects. Expenditures are supported by \$61,023,277 in grant revenue primarily from the Federal Transit Administration, Sound Transit, State, and other capital assistance. 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 budget.

	Carryover	New	Total
Revenue Vehicles (Bus, Vanpool, SHUTTLE and Trolley replacements)	\$ 23,996,627	\$ 8,272,634	\$ 32,269,261
Base Facilities (Base Master Plan Implementation)	25,751,649	7,163,068	32,914,717
Passenger Facilities and Amenities (Tacoma Dome Station, South Hill Transit Center, Pac Ave SR 7 Park & Ride, Commerce Tunnel)	8,976,849	3,811,000	12,787,849
Technology (Next Generation ORCA, CAD-AVL System Replacement, Collision Avoidance System, Security Systems Replacement, Network Infrastructure)	24,415,247	2,065,196	26,480,443
Other (Corridor Speed & Reliability Improvements, BRT, TDS Elevator)	26,396,299	2,116,952	28,513,251
	<u>\$ 109,536,671</u>	<u>\$ 23,428,850</u>	<u>\$ 132,965,521</u>



2020 BUDGET MESSAGE

Self- Insurance

The 2020 Budget of \$2,891,330 reflects an increase of \$189,000 from the 2019 Year-End Estimate of \$2,702,330. The increase is due to projected Workers' Compensation Insurance costs.

Ending Balances

Ending balances include the required reserves for the operating, capital, and insurance funds. The Board of Commissioners reserve policy supports management decision-making by avoiding revenue-expenditure imbalances, supporting stable service delivery, and assuring funds are available for operations, self-insurance programs and planned capital acquisition during economic downturns or other unanticipated events.

Operating reserve – shall be maintained at a minimum of two months of agency operating expenditures.

Capital reserve – shall be maintained at no less than 50% of the previous three years average annual asset depreciation at any time in the Six-Year Financial Plan. At the end of the Six-Year Financial Plan, the capital reserve shall be at least 100% of the previous three years average annual asset depreciation.

Self-Insurance reserve – set at a level adequate to protect the agency from self-insurance risks (currently \$2 million).

Conclusion

The 2020 Budget is balanced and sustainable and focused on strategic initiatives to meet Pierce Transit's Vision and Mission.



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A summary of Pierce Transit's preliminary budget is displayed in the following section. The summary is designed to present an overview of the Agency's financial outlook for the coming year. It includes an overall summary followed by summaries of operating revenues and expenditures, capital, insurance, and ending balances. An agency expenditure comparison concludes this section.

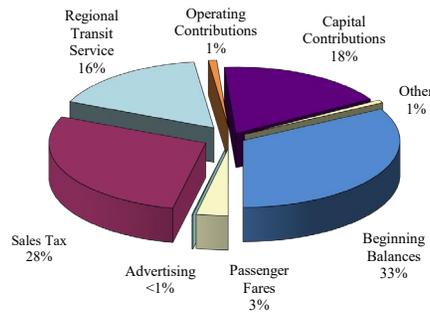
2020 Preliminary Budget

Summary

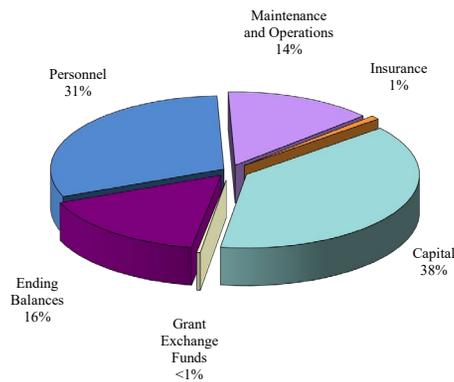


**2020 BUDGET
OVERALL SUMMARY**

Revenues



Expenditures



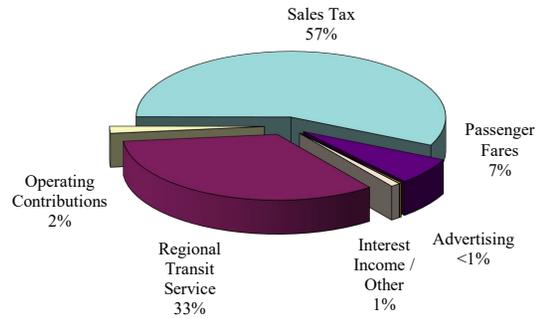
	2018 YEAR-END ACTUALS	2019 AMENDED BUDGET	2019 YEAR-END ESTIMATE	2020 BUDGET	% CHANGE 2019 YEAR-END ESTIMATE TO 2020 BUDGET
REVENUES					
OPERATING INCOME					
Passenger Fares	\$ 12,014,669	\$ 12,209,000	\$ 11,237,077	\$ 11,363,904	1.1%
Advertising	334,350	320,000	320,000	340,000	6.3%
Regional Transit Service (Sound Transit)	47,975,426	52,394,123	51,273,524	57,277,321	11.7%
NON-OPERATING INCOME					
Sales Tax	87,679,018	93,415,421	92,916,050	97,561,853	5.0%
Other	3,251,366	2,549,000	2,725,527	2,536,414	-6.9%
CONTRIBUTIONS					
Operating	4,234,031	2,719,219	3,305,212	2,956,180	-10.6%
Capital	12,989,844	73,359,382	26,874,823	61,023,277	127.1%
REVENUES	168,478,704	236,966,145	188,652,213	233,058,949	23.5%
BEGINNING BALANCES					
Working Cash	51,720,305	49,464,798	51,777,764	25,726,212	-50.3%
Insurance	2,559,856	2,139,022	2,266,679	2,491,657	9.9%
Capital Reserve	61,532,132	57,710,190	58,440,197	85,910,171	47.0%
BEGINNING BALANCES	115,812,293	109,314,010	112,484,640	114,128,040	1.5%
TOTAL REVENUES AND BALANCES	\$ 284,290,997	\$ 346,280,155	\$ 301,136,853	\$ 347,186,989	15.3%
EXPENDITURES					
OPERATING EXPENDITURES					
Personnel	\$ 93,766,514	\$ 101,042,039	\$ 101,065,540	\$ 105,789,739	4.7%
Maintenance and Operations	42,029,171	49,708,640	47,105,972	48,230,614	2.4%
Insurance	2,807,993	3,061,330	2,702,330	2,891,330	7.0%
NON-OPERATING EXPENDITURES					
Grant Exchange Funds	879,816	780,000	1,143,468	1,143,054	0.0%
CAPITAL EXPENDITURES					
Capital	32,322,861	145,072,276	34,991,503	132,965,521	280.0%
EXPENDITURES	171,806,355	299,664,285	187,008,813	291,020,258	55.6%
Working Cash	51,777,764	23,258,920	25,726,212	39,398,804	53.1%
Insurance	2,266,681	2,000,000	2,491,657	2,000,000	-19.7%
Capital Reserve	58,440,197	21,356,950	85,910,171	14,767,927	-82.8%
ENDING BALANCES	112,484,642	46,615,870	114,128,040	56,166,731	-50.8%
TOTAL EXPENDITURES AND BALANCES	\$ 284,290,997	\$ 346,280,155	\$ 301,136,853	\$ 347,186,989	15.3%

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



**2020 BUDGET
OPERATING SUMMARY - REVENUES**

Operating Revenues

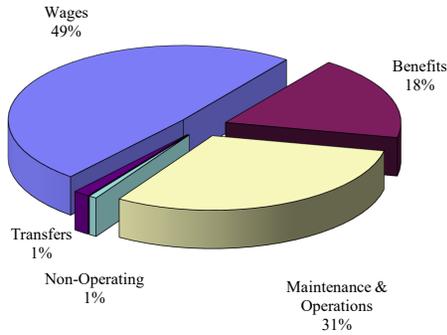


	2018 YEAR-END ACTUALS	2019 AMENDED BUDGET	2019 YEAR-END ESTIMATE	2020 BUDGET	% CHANGE 2019 YEAR-END ESTIMATE TO 2020 BUDGET
OPERATING REVENUES					
OPERATING INCOME					
Passenger Fares	\$ 12,014,669	\$ 12,209,000	\$ 11,237,077	\$ 11,363,904	1.1%
Advertising	334,350	320,000	320,000	340,000	6.3%
Regional Transit Service (Sound Transit)					
Express Reimbursement	46,892,773	51,334,645	50,256,107	56,266,216	12.0%
Tacoma Dome Station Reimbursement	806,615	1,059,478	1,017,417	1,011,105	-0.6%
Special Service Reimbursement	276,038	-	-	-	0.0%
OPERATING INCOME	60,324,445	64,923,123	62,830,601	68,981,225	9.8%
NON-OPERATING INCOME					
Sales Tax	87,679,018	93,415,421	92,916,050	97,561,853	5.0%
Interest Income	1,133,321	650,000	800,000	700,000	-12.5%
Other	924,645	1,029,000	823,527	976,414	18.6%
NON-OPERATING INCOME	89,736,984	95,094,421	94,539,577	99,238,267	5.0%
OPERATING CONTRIBUTIONS					
CTR / Vanpool Assistance	195,996	319,219	297,719	176,219	-40.8%
Operating Grants - Other	2,137,895	500,000	2,215,768	729,920	-67.1%
Special Needs Transportation Grant	1,900,140	1,900,000	791,725	2,050,041	158.9%
OPERATING CONTRIBUTIONS	4,234,031	2,719,219	3,305,212	2,956,180	-10.6%
TOTAL OPERATING REVENUES	154,295,460	162,736,763	160,675,390	171,175,672	6.5%
BEGINNING BALANCE	51,720,305	49,464,798	51,777,764	25,726,212	-50.3%
TOTAL OPERATING REVENUES AND BEGINNING BALANCE	\$ 206,015,765	\$ 212,201,561	\$ 212,453,154	\$ 196,901,884	-7.3%



**2020 BUDGET
OPERATING SUMMARY - EXPENDITURES**

Operating Expenditures & Transfers



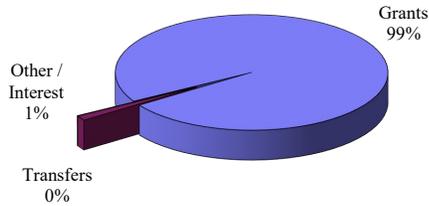
	2018 YEAR-END ACTUALS	2019 AMENDED BUDGET	2019 YEAR-END ESTIMATE	2020 BUDGET	% CHANGE 2019 YEAR-END ESTIMATE TO 2020 BUDGET
OPERATING EXPENDITURES					
OPERATING PERSONNEL					
Wages	\$ 67,365,031	\$ 72,719,660	\$ 73,030,712	\$ 77,035,334	5.5%
Benefits	26,401,483	28,322,379	28,034,828	28,754,405	2.6%
PERSONNEL	93,766,514	101,042,039	101,065,540	105,789,739	4.7%
MAINTENANCE & OPERATIONS					
Supplies	15,804,187	17,947,467	16,219,790	16,624,755	2.5%
Services	7,230,617	9,305,955	8,681,816	9,125,477	5.1%
Insurance (Purchased)	3,130,245	3,605,021	3,605,021	3,463,707	-3.9%
Utilities	1,649,201	1,924,151	1,847,330	1,766,240	-4.4%
Repairs	287,154	956,694	912,580	663,002	-27.3%
Rentals	609,245	533,096	558,676	558,236	-0.1%
Purchased Transportation	7,233,090	8,064,533	7,926,112	8,490,200	7.1%
Other	6,085,432	7,371,723	7,354,647	7,538,997	2.5%
MAINTENANCE & OPERATIONS	42,029,171	49,708,640	47,105,972	48,230,614	2.4%
OPERATING EXPENDITURES	135,795,685	150,750,679	148,171,512	154,020,353	3.9%
NON-OPERATING EXPENDITURES					
Grant Exchange Funds	879,816	780,000	1,143,468	1,143,054	0.0%
NON-OPERATING EXPENDITURES	879,816	780,000	1,143,468	1,143,054	0.0%
TOTAL EXPENDITURES	136,675,501	151,530,679	149,314,980	155,163,407	3.9%
TRANSFERS					
Other Insurance Transfer	-	49,923	49,923	252,560	405.9%
Workers' Comp. Transfer	2,433,505	2,802,385	2,802,385	2,087,113	-25.5%
Capital Reserve	15,128,995	34,559,654	34,559,654	-	-100.0%
TRANSFERS	17,562,500	37,411,962	37,411,962	2,339,673	-93.7%
TOTAL EXPENDITURES AND TRANSFERS	154,238,001	188,942,641	186,726,942	157,503,080	-15.7%
ENDING BALANCE	51,777,764	23,258,920	25,726,212	39,398,804	53.1%
TOTAL OPERATING EXPENDITURES AND ENDING BALANCE	\$ 206,015,765	\$ 212,201,561	\$ 212,453,154	\$ 196,901,884	-7.3%



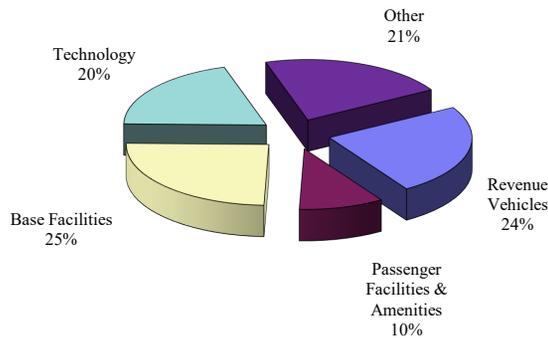
**2020 BUDGET
CAPITAL SUMMARY**

	2018 YEAR-END ACTUALS	2019 AMENDED BUDGET	2019 YEAR-END ESTIMATE	2020 BUDGET	% CHANGE 2019 YEAR-END ESTIMATE TO 2020 BUDGET
CAPITAL REVENUES					
REVENUES					
Grants	\$ 12,989,844	\$ 73,359,382	\$ 26,874,823	\$ 61,023,277	127.1%
Other Capital Revenue / Interest	1,112,087	800,000	1,027,000	800,000	-22.1%
REVENUE	14,101,931	74,159,382	27,901,823	61,823,277	121.6%
TRANSFERS					
Capital Reserve	15,128,995	34,559,654	34,559,654	-	-100.0%
TRANSFERS	15,128,995	34,559,654	34,559,654	-	-
CAPITAL REVENUES	29,230,926	108,719,036	62,461,477	61,823,277	-1.0%
BEGINNING BALANCE					
Capital Reserve	61,532,132	57,710,190	58,440,197	85,910,171	47.0%
TOTAL CAPITAL REVENUES AND BEGINNING BALANCE	\$ 90,763,058	\$ 166,429,226	\$ 120,901,674	\$ 147,733,448	22.2%
CAPITAL EXPENDITURES					
CAPITAL ACQUISITION					
Revenue Vehicles	\$ 17,926,899	\$ 42,157,914	\$ 18,160,158	\$ 32,269,261	77.7%
Passenger Facilities & Amenities	8,095,288	11,084,034	2,107,185	12,787,849	506.9%
Base Facilities	2,161,498	28,708,401	2,950,908	32,914,717	1015.4%
Technology	2,729,033	28,450,777	4,035,530	26,480,443	556.2%
Other	1,410,143	34,671,150	7,737,722	28,513,251	268.5%
CAPITAL EXPENDITURES	32,322,861	145,072,276	34,991,503	132,965,521	280.0%
ENDING BALANCE					
Capital Reserve	58,440,197	21,356,950	85,910,171	14,767,927	-82.8%
TOTAL CAPITAL EXPENDITURES AND ENDING BALANCE	\$ 90,763,058	\$ 166,429,226	\$ 120,901,674	\$ 147,733,448	22.2%

Capital Revenues & Transfers



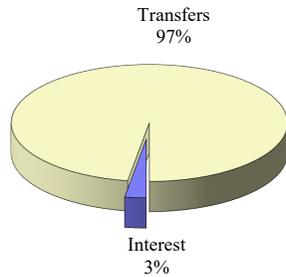
Capital Expenditures



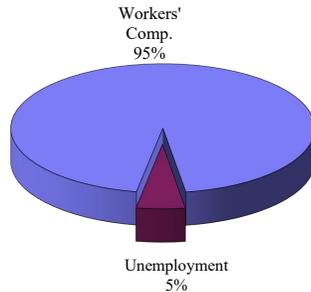


**2020 BUDGET
INSURANCE SUMMARY**

Insurance Revenues & Transfers



Insurance Expenditures

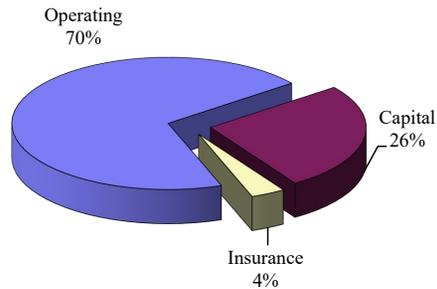


	2018 YEAR-END ACTUALS	2019 AMENDED BUDGET	2019 YEAR-END ESTIMATE	2020 BUDGET	% CHANGE 2019 YEAR-END ESTIMATE TO 2020 BUDGET
INSURANCE REVENUES					
REVENUES					
Workers' Comp. Interest	\$ 74,762	\$ 62,153	\$ 69,000	\$ 55,000	-20.3%
Unemployment Insurance Interest	6,551	7,847	6,000	5,000	-16.7%
REVENUES	81,313	70,000	75,000	60,000	-20.0%
TRANSFERS					
Workers' Comp. Transfer	2,433,505	2,802,385	2,802,385	2,087,113	-25.5%
Unemployment Insurance Transfer	-	49,923	49,923	252,560	405.9%
TRANSFERS	2,433,505	2,852,308	2,852,308	2,339,673	-18.0%
REVENUES AND TRANSFERS	2,514,818	2,922,308	2,927,308	2,399,673	-18.0%
BEGINNING BALANCES					
Workers' Comp. Insurance	2,275,809	1,946,792	2,155,162	2,474,217	14.8%
Unemployment Insurance	284,047	192,230	111,517	17,440	-84.4%
BEGINNING BALANCES	2,559,856	2,139,022	2,266,679	2,491,657	9.9%
TOTAL INSURANCE REVENUES AND BEGINNING BALANCES	\$ 5,074,674	\$ 5,061,330	\$ 5,193,987	\$ 4,891,330	-5.8%
INSURANCE EXPENDITURES					
Workers' Comp. Insurance	2,628,913	2,936,330	2,552,330	2,741,330	7.4%
Unemployment Insurance	179,080	125,000	150,000	150,000	0.0%
INSURANCE EXPENDITURES	2,807,993	3,061,330	2,702,330	2,891,330	7.0%
ENDING BALANCES					
Workers' Comp. Insurance	2,155,163	1,875,000	2,474,217	1,875,000	-24.2%
Unemployment Insurance	111,518	125,000	17,440	125,000	616.7%
ENDING BALANCES	2,266,681	2,000,000	2,491,657	2,000,000	-19.7%
TOTAL INSURANCE EXPENDITURES AND ENDING BALANCES	\$ 5,074,674	\$ 5,061,330	\$ 5,193,987	\$ 4,891,330	-5.8%



**2020 BUDGET
ENDING BALANCES**

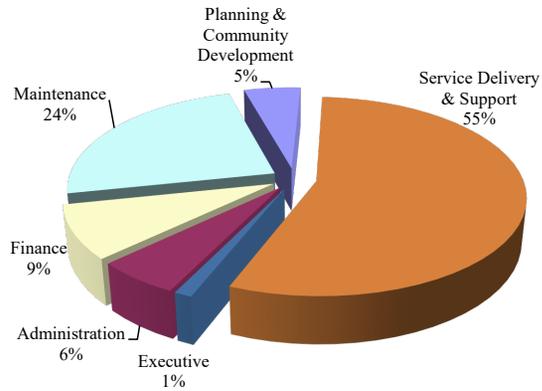
Ending Balances



	2018 YEAR-END ACTUALS	2019 AMENDED BUDGET	2019 YEAR-END ESTIMATE	2020 BUDGET	% CHANGE 2019 YEAR-END ESTIMATE TO 2020 BUDGET
OPERATING					
Revenues	\$ 154,295,460	\$ 162,736,763	\$ 160,675,390	\$ 171,175,672	6.5%
Less: Expenditures	(136,675,501)	(151,530,679)	(149,314,980)	(155,163,407)	3.9%
Subtotal	<u>17,619,959</u>	<u>11,206,084</u>	<u>11,360,410</u>	<u>16,012,265</u>	40.9%
Plus: Beginning Balance	51,720,305	49,464,798	51,777,764	25,726,212	-50.3%
Less: Transfers					
Capital Reserve	(15,128,995)	(34,559,654)	(34,559,654)	-	-100.0%
Insurance	(2,433,505)	(2,852,308)	(2,852,308)	(2,339,673)	-18.0%
ENDING OPERATING BALANCE	<u>\$ 51,777,764</u>	<u>\$ 23,258,920</u>	<u>\$ 25,726,212</u>	<u>\$ 39,398,804</u>	53.1%
CAPITAL					
Revenues	\$ 14,101,931	\$ 74,159,382	\$ 27,901,823	\$ 61,823,277	121.6%
Plus: Transfers					
Capital Reserve	15,128,995	34,559,654	34,559,654	-	-100.0%
Subtotal Revenue	<u>29,230,926</u>	<u>108,719,036</u>	<u>62,461,477</u>	<u>61,823,277</u>	-1.0%
Less: Expenditures	(32,322,861)	(145,072,276)	(34,991,503)	(132,965,521)	280.0%
Subtotal	<u>(3,091,935)</u>	<u>(36,353,240)</u>	<u>27,469,974</u>	<u>(71,142,244)</u>	-359.0%
Plus: Beginning Balance	61,532,132	57,710,190	58,440,197	85,910,171	47.0%
ENDING CAPITAL BALANCE	<u>\$ 58,440,197</u>	<u>\$ 21,356,950</u>	<u>\$ 85,910,171</u>	<u>\$ 14,767,927</u>	-82.8%
INSURANCE					
Revenues	\$ 81,313	\$ 70,000	\$ 75,000	\$ 60,000	-20.0%
Plus: Transfers	2,433,505	2,852,308	2,852,308	2,339,673	-18.0%
Subtotal Revenue	<u>2,514,818</u>	<u>2,922,308</u>	<u>2,927,308</u>	<u>2,399,673</u>	-18.0%
Less: Expenditures	(2,807,993)	(3,061,330)	(2,702,330)	(2,891,330)	7.0%
Subtotal	<u>(293,175)</u>	<u>(139,022)</u>	<u>224,978</u>	<u>(491,657)</u>	-318.5%
Plus: Beginning Balance	2,559,856	2,139,022	2,266,679	2,491,657	9.9%
ENDING INSURANCE BALANCE	<u>\$ 2,266,681</u>	<u>\$ 2,000,000</u>	<u>\$ 2,491,657</u>	<u>\$ 2,000,000</u>	-19.7%
GRAND TOTAL - ALL BALANCES	<u>\$ 112,484,642</u>	<u>\$ 46,615,870</u>	<u>\$ 114,128,040</u>	<u>\$ 56,166,731</u>	-50.8%



Agency Operating Budget

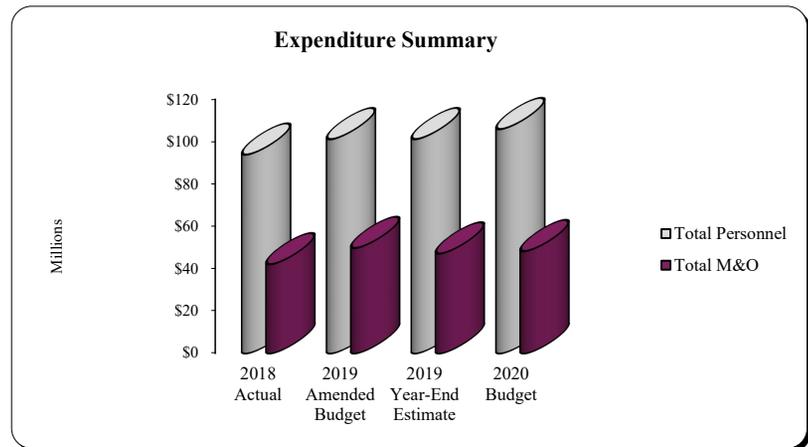


**2020 OPERATING BUDGET
AGENCY EXPENDITURE COMPARISON**

Description	2018 Actual	2019 Amended Budget	2019 Year-End Estimate	2020 Budget	% Change 2019 Year-End Estimate to 2020 Budget
Personnel					
Wages	\$ 67,365,031	\$ 72,719,660	\$ 73,030,712	\$ 77,035,334	5.5%
Benefits	26,401,483	28,322,379	28,034,828	28,754,405	2.6%
Personnel	93,766,514	101,042,039	101,065,540	105,789,739	4.7%
Maintenance and Operations					
Supplies	15,804,187	17,947,467	16,219,790	16,624,755	2.5%
Services	7,230,617	9,305,955	8,681,816	9,125,477	5.1%
Insurance	3,130,245	3,605,021	3,605,021	3,463,707	-3.9%
Utilities	1,649,201	1,924,151	1,847,330	1,766,240	-4.4%
Repairs & Maintenance	287,154	956,694	912,580	663,002	-27.3%
Rentals	609,245	533,096	558,676	558,236	-0.1%
Other	12,736,204	14,808,453	14,380,556	15,127,778	5.2%
Repairs & Maint Contract Services	582,318	627,803	900,203	901,419	0.1%
Other Improvements	-	-	-	-	0.0%
Maintenance and Operations	42,029,171	49,708,640	47,105,972	48,230,614	2.4%
Total *	\$ 135,795,685	\$ 150,750,679	\$ 148,171,512	\$ 154,020,353	3.9%

Total FTE's: 972.75 (2019 Amended Budget), 972.75 (2019 Year-End Estimate), 970.75 (2020 Budget)
 Total Positions: 993 (2019 Amended Budget), 993 (2019 Year-End Estimate), 991 (2020 Budget)

* 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, and an Insurance Expenditure Comparison.

2020 Preliminary Budget

Statistics



**2020 Budget
Operating Statistics
All Modes**

	2018 Actual	2019 YE Estimate	2020 Budget	% Change 2019 YE Estimate - 2020 Budget
Pierce Transit				
Fixed Route Local & Express				
Ridership	8,654,242	8,597,535	8,610,329	0.1%
Service Hours	490,585	491,369	500,130	1.8%
Service Miles	5,792,497	5,782,071	5,791,440	0.2%
Sound Transit				
Fixed Route Express				
Ridership	5,222,584	5,327,120	5,535,701	3.9%
Service Hours	344,618	343,685	357,142	3.9%
Service Miles	8,074,891	8,102,122	8,317,546	2.7%
Total Fixed Route (Pierce Transit & Sound Transit)				
Ridership	13,876,826	13,924,655	14,146,030	1.6%
Service Hours	835,203	835,054	857,272	2.7%
Service Miles	13,867,388	13,884,193	14,108,987	1.6%
SHUTTLE				
Ridership	300,043	283,598	299,043	5.4%
Service Hours	164,381	163,077	166,620	2.2%
Service Miles	2,348,588	2,255,371	2,387,092	5.8%
Vanpool				
Ridership	783,571	749,545	781,166	4.2%
Service Hours	146,913	141,820	145,278	2.4%
Service Miles	4,729,543	4,526,602	4,691,477	3.6%
AGENCY TOTAL (Pierce Transit and Sound Transit Fixed Route, SHUTTLE & Vanpool)				
Ridership	14,960,440	14,957,798	15,226,239	1.8%
Service Hours	1,146,497	1,139,951	1,169,170	2.6%
Service Miles	20,945,519	20,666,166	21,187,556	2.5%



2020 BUDGET PERSONNEL SUMMARY

Personnel Summary

The 2020 Budget includes 991 positions and 970.75 full-time equivalents (FTEs). This is a net decrease of 2 positions from the 2019 Budget. The net decrease in positions include:

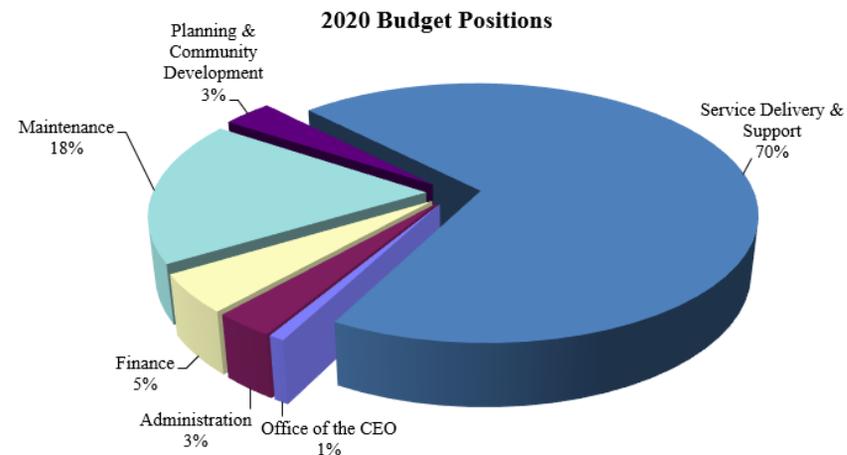
5 New Positions

- 1 Records Analyst
- 1 Systems Analyst
- 1 Sr. Construction Project Manager
- 1 BRT Coordinator
- 1 Customer Satisfaction Coordinator

7 Position Reductions

- 3 Paratransit Transit Operators
- 2 Paratransit Specialized Transportation Dispatchers
- 2 Paratransit Data Specialists

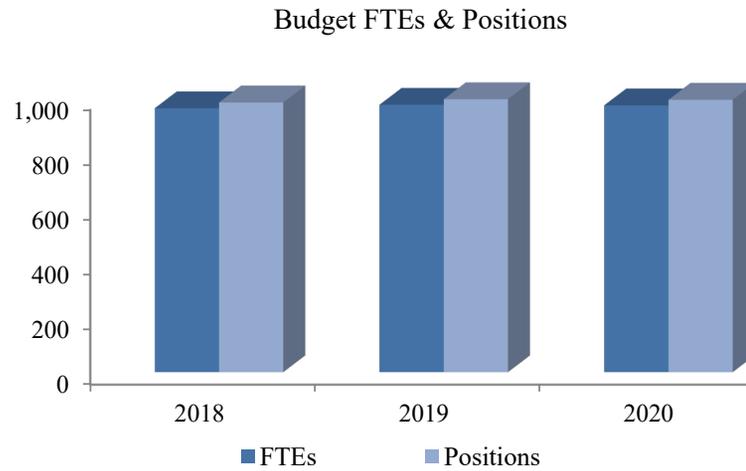
Directly operated service includes Service Delivery & Support and Maintenance Divisions and represents 872 or 88% of total positions. The remaining 119 positions or 12% are in the Office of the CEO, Administration, Finance, and Planning & Community Development Divisions.





2020 BUDGET PERSONNEL SUMMARY

Budget FTEs				Budget Positions			
2018 Budget	2019 Budget	2020 Budget	2019-2020 Change	2018 Budget	2019 Budget	2020 Budget	2019-2020 Change
960.25	972.75	970.75	(2.00)	981	993	991	(2)





2020 BUDGET CAPITAL PROGRAM

In brief:

Capital projects for 2020 are budgeted at \$132,965,521. Approved but unspent projects are carried over from the prior year to the following budget year. The 2020 Budget contains \$109,536,671 of prior year budgeted funds (carryover) and \$23,428,850 in new projects. Expenditures are supported by \$61,023,277 in grant revenue from the Federal Transit Administration, Sound Transit, State, and other capital assistance.

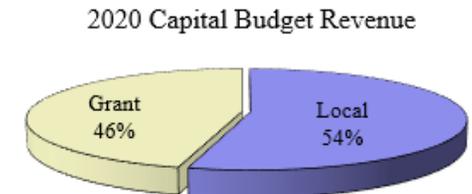
The Capital Budget presents the revenues and expenditures associated with capital development and acquisition. It includes funds for budgeted replacement vehicles, capital planning for the efficient use of base and passenger facilities, technology, and maintenance equipment. These items are distinguished from operating items due to their greater than \$5,000 value and longer than one year projected useful life. Capital expenses and grant reimbursements are budgeted by project. 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. 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 budget.

Capital Revenues

Where possible, capital projects are funded from non-recurring funding sources such as grants and other capital assistance. Grant funding sources are estimated to provide \$61.0 million for capital funding in 2020. The remaining local funds come from transfers from operating and interest/other.

Grant revenues of \$61.0 million include the following projects:

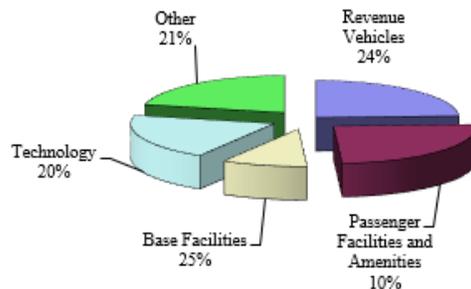
- Bus Rapid Transit (BRT) \$22.7 million
- Base Master Plan \$14.5 million
- Bus Fleet Replacement \$14.8 million
- Pac Ave SR 7 Park & Ride \$4.2 million
- CAD/AVL System \$3.3 million
- Collision Avoidance System \$1.1 million
- Vanpool Replacement \$0.4





2020 BUDGET CAPITAL PROGRAM

The capital budget is separated into five expenditure categories that are important for Agency reporting requirements and include Revenue Vehicles, Passenger Facilities and Amenities, Base Facilities, Technology, and Other.



Capital Expenditures

Revenue Vehicles – Pierce Transit currently operates an active fleet of 156 buses, 362 vanpool vans, and 100 SHUTTLE vehicles. Revenue vehicles are replaced on an as needed basis that meet or exceed Federal Transit Administration (FTA) requirements. Pierce Transit has a fixed route fleet with an average age of 9.38 years and continues to extend the useful life of vehicles wherever possible. Funds are budgeted to replace 8 buses and 22 vanpool vans that have exceeded FTA requirements.

Passenger Facilities & Amenities – This category includes funds for necessary repairs and refurbishments at several locations including Tacoma Dome Station, South Hill Transit Center, Pac Ave SR 7 Park & Ride, and Commerce Tunnel.

Base Facilities – Funds are budgeted for repairs and refurbishments to base facilities and systems. Based on results of the Base Master Plan study, the Base Master Plan Phase 1 includes expansion of the parking behind Building 5, and reconfiguring of parking around Building 4 to provide additional bus parking capacity, wider lanes and improved circulation.

Technology – Budget includes maintenance and upgrade of critical software and systems, as well as replacement of infrastructure that has reached the end of its useful life. Some of these projects include Next Generation ORCA, CAD-AVL System, Collision Avoidance System, Security Systems, and Network Infrastructure.

Other – Other capital projects include the Bus Rapid Transit (BRT) project covering engineering design, environmental clearances, right-of-way, property acquisitions, community outreach, contractor services, and permits. This project is almost fully funded by State and Sound Transit contributions. Other also includes replacement and expansion of non-revenue support vehicles (trucks, forklifts, cars, etc.), and maintenance and administrative equipment.

The detailed 2020 Preliminary Capital Budget list follows.

2020 CAPITAL BUDGET

Project Title	Project Number	Multi-Year Budget Data				2020 Annual Project Budget Data			Funding of 2020 Project Amount	
		Total Project Budget	Prior Year Expenditures (through 12/31/18)	Estimated 2019 Expenditures	Project Closeout - Amount Returned to Reserves At Close	Project Carryover from 2019 into 2020	New 2020 Project Allocation Amount	2020 Annual Capital Budget	Local (Pierce Transit) Funded	Estimated Grant Funding
Base Facilities Projects										
Bldg. 4 Modifications	345	\$ 3,943,317	\$ 2,202,670	\$ 605,943	\$ -	\$ 1,134,704	\$ -	\$ 1,134,704	\$ 1,134,704	\$ -
Base Master Plan Update/Facility Needs	470	353,000	332,502	14,654	5,844	-	-	-	-	-
Bldg 6 Property Improvements	522	975,000	493,029	257,850	-	224,121	-	224,121	224,121	-
Base Lot Lighting Upgrades	523	399,750	65,428	334,322	-	-	-	-	-	-
Base Master Plan Implementation	525	33,677,647	409,238	1,738,139	-	24,367,202	7,163,068	31,530,270	17,026,346	14,503,924
Solar Panel Pilot Project 2019	561	25,622	-	-	-	25,622	-	25,622	25,622	-
Subtotal Base Facilities Projects		\$ 39,374,336	\$ 3,502,867	\$ 2,950,908	\$ 5,844	\$ 25,751,649	\$ 7,163,068	\$ 32,914,717	\$ 18,410,793	\$ 14,503,924
Other Projects (Admin & Shop Equipment)										
High Capacity Transit (HCT) Feasibility Study	481	\$ 1,490,507	\$ 1,063,958	\$ 426,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bldg 1 Body Shop Frame Rack 2017	498	75,900	-	-	-	75,900	-	75,900	75,900	-
Bldg 1 Boiler Repl 2018 CLOSED 6.19	530	48,350	28,745	-	19,605	-	-	-	-	-
Logo Refresh 2018	533	90,452	-	73,166	-	17,286	-	17,286	17,286	-
Support Vehicle Repl 2018	534	546,687	355,280	53,242	138,165	-	-	-	-	-
Automated Tool Control Sys 2018	535	152,100	-	-	-	152,100	-	152,100	152,100	-
Corridor Speed & Reliability Improvements 2018	554	4,500,000	-	1,610,347	-	2,889,653	-	2,889,653	2,889,653	-
Support Vehicle Replacement 2019-2024	560	486,858	-	486,858	-	-	-	-	-	-
BRT Pac Ave SR 7 Construction 2019-2021	563	28,015,000	-	5,000,060	-	23,014,940	-	23,014,940	360,000	22,654,940
Bldg 4 Ops Lobby Skylights 2019	565	103,500	-	-	-	103,500	-	103,500	103,500	-
Bldg 4 IT Help Desk Area Remodel 2019	566	92,920	-	-	-	92,920	-	92,920	92,920	-
TDS Operators Rest Area 2019	568	30,000	-	2,500	-	27,500	-	27,500	27,500	-
Warehouse Stand Up Forklift Repl 2019	569	57,500	-	35,000	-	22,500	-	22,500	22,500	-
Manlift Repl 2018	581	50,000	-	50,000	-	-	-	-	-	-
TDS Elevator Repairs/Upgrades 2020	NEW	1,718,558	-	-	-	-	1,718,558	1,718,558	1,718,558	-
TDS Server Room HVAC 2020	NEW	30,410	-	-	-	-	30,410	30,410	30,410	-
Maintenance Floor Scrubber Repl 2020	NEW	28,146	-	-	-	-	28,146	28,146	28,146	-
Folding Stuffing Machine Repl 2020	NEW	10,963	-	-	-	-	10,963	10,963	10,963	-
Marketing Auto-Cutting Device 2020	NEW	28,875	-	-	-	-	28,875	28,875	28,875	-
ADA Eligibility-Travel Training Office move to Commerce 202	NEW	300,000	-	-	-	-	300,000	300,000	300,000	-
Subtotal Other Projects		\$ 37,856,726	\$ 1,447,983	\$ 7,737,722	\$ 157,770	\$ 26,396,299	\$ 2,116,952	\$ 28,513,251	\$ 5,858,311	\$ 22,654,940

2020 CAPITAL BUDGET

Project Title	Project Number	Multi-Year Budget Data				2020 Annual Project Budget Data			Funding of 2020 Project Amount	
		Total Project Budget	Prior Year Expenditures (through 12/31/18)	Estimated 2019 Expenditures	Project Closeout - Amount Returned to Reserves At Close	Project Carryover from 2019 into 2020	New 2020 Project Allocation Amount	2020 Annual Capital Budget	Local (Pierce Transit) Funded	Estimated Grant Funding
Passenger Facilities Projects										
TDS Mid-Life Maintenance	315	\$ 5,671,045	\$ 4,313,859	\$ 376,130	\$ -	\$ 981,056	\$ -	\$ 981,056	\$ 981,056	\$ -
Facilities Critical Repairs	418	63,843	54,656	-	-	9,187	-	9,187	9,187	-
Air Spare/TDS Transit Oriented Dev.	450	95,500	16,190	-	79,310	-	-	-	-	-
72nd Street Transit Center Renewal	483	520,671	292,672	133,418	-	83,581	11,000	94,581	94,581	-
TCC Transit Center Renewal	484	1,500,000	1,160,799	166,211	-	172,990	-	172,990	172,990	-
Tacoma Mall Transit Center Renewal	485	1,193,179	837,750	245,089	-	110,340	-	110,340	110,340	-
SR512 Transit Center Renewal	486	2,529,310	2,191,362	29,115	-	308,833	-	308,833	308,833	-
Commerce Placemaking	487	250,000	196,371	2,321	-	51,308	-	51,308	51,308	-
Lakewood Towne Center Transit Center Renewal	502	765,000	44,175	588,617	-	107,208	25,000	132,208	132,208	-
Narrows Park & Ride Renewal	503	500,000	4,943	87,952	-	407,105	-	407,105	407,105	-
Commerce Tunnel Refurbishment	524	1,285,000	18,177	176,282	-	1,090,541	-	1,090,541	1,090,541	-
Commerce Placemaking 2019-2020	570	2,860,000	-	110,000	-	-	2,750,000	2,750,000	2,750,000	-
South Hill Mall Transit Center Renewal 2019	571	846,750	-	-	-	821,750	25,000	846,750	846,750	-
Pac Ave SR 7 Park & Ride 2019	556	5,025,000	-	192,050	-	4,832,950	-	4,832,950	632,950	4,200,000
Kimball Drive Park & Ride 2020	NEW	400,000	-	-	-	-	400,000	400,000	400,000	-
Parkland Transit Center 2020	NEW	200,000	-	-	-	-	200,000	200,000	200,000	-
North Purdy Park & Ride 2020	NEW	400,000	-	-	-	-	400,000	400,000	400,000	-
Subtotal Passenger Facilities Projects		\$ 24,105,298	\$ 9,130,954	\$ 2,107,185	\$ 79,310	\$ 8,976,849	\$ 3,811,000	\$ 12,787,849	\$ 8,587,849	\$ 4,200,000
Revenue Vehicles Projects										
Bus Fleet Replacement 2017	505	\$ 15,946,131	\$ 13,399,867	\$ 1,354,935	\$ -	\$ 1,191,329	\$ -	\$ 1,191,329	\$ 1,191,329	\$ -
Electric Bus Deployment 2017	507	4,284,364	3,773,241	5,909	-	505,214	-	505,214	505,214	-
Bus Fleet Repl 2018	536	14,555,661	-	13,172,404	-	1,383,257	-	1,383,257	1,383,257	-
Shuttle Fleet Repl 2018	537	1,900,000	-	1,900,000	-	-	-	-	-	-
Trolley Repl 2018	538	1,021,809	-	1,021,809	-	-	-	-	-	-
Vanpool Fleet Repl 2018	539	1,110,095	814,189	116,837	-	179,069	-	179,069	179,069	-
Vanpool Fleet Expansion 2018	555	349,236	-	340,696	-	8,540	-	8,540	8,540	-
Bus Replacement 2019	557	17,959,490	-	-	-	17,959,490	-	17,959,490	7,839,715	10,119,775
SHUTTLE Replacement 2019	558	1,051,607	-	-	-	1,051,607	-	1,051,607	1,051,607	-
Vanpool Replacement 2019	559	1,965,689	-	247,568	-	1,718,121	-	1,718,121	1,718,121	-
Bus Replacement 2020	NEW	7,419,663	-	-	-	-	7,419,663	7,419,663	2,763,903	4,655,760
Vanpool Replacement 2020	NEW	852,971	-	-	-	-	852,971	852,971	402,521	450,450
Subtotal Revenue Vehicle Projects		\$ 68,416,716	\$ 17,987,297	\$ 18,160,158	\$ -	\$ 23,996,627	\$ 8,272,634	\$ 32,269,261	\$ 17,043,276	\$ 15,225,985

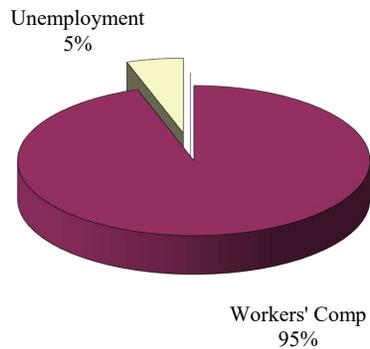
2020 CAPITAL BUDGET

Project Title	Project Number	Multi-Year Budget Data				2020 Annual Project Budget Data			Funding of 2020 Project Amount	
		Total Project Budget	Prior Year Expenditures (through 12/31/18)	Estimated 2019 Expenditures	Project Closeout - Amount Returned to Reserves At Close	Project Carryover from 2019 into 2020	New 2020 Project Allocation Amount	2020 Annual Capital Budget	Local (Pierce Transit) Funded	Estimated Grant Funding
Technology Projects										
Financial Mgmt. Sys Repl. 2015	445	\$ 1,551,957	\$ 632,061	\$ 196,972	\$ -	\$ 722,924	\$ -	\$ 722,924	\$ 722,924	\$ -
Security Systems Repl 2015	452	2,183,143	102,881	-	-	1,870,412	209,850	2,080,262	2,080,262	-
ngORCA	482	6,154,834	146,693	81,948	-	5,926,193	-	5,926,193	5,926,193	-
Network Infrastructure Repl 2017	508	990,070	787,060	203,010	-	-	-	-	-	-
Hastus Upgrade 2017	510	961,975	650,999	140,170	-	170,806	-	170,806	170,806	-
Shuttle IVR 2017	512	140,000	-	140,000	-	-	-	-	-	-
Vanpool Management System 2017	514	315,173	31,646	4,459	-	279,068	-	279,068	279,068	-
SharePoint Upgrade 2017	517	351,734	-	166,123	-	185,611	-	185,611	185,611	-
Collision Avoidance System	518	2,800,000	144,487	1,288,965	-	1,366,548	-	1,366,548	266,548	1,100,000
TDS Distributed Antenna Sys for PT PublicSafety 2018	540	312,500	-	26,009	-	286,491	-	286,491	286,491	-
Network Infrastructure 2018	541	564,886	519,731	45,155	-	-	-	-	-	-
Storage Area Network 2018	542	274,750	211,315	63,435	-	-	-	-	-	-
Backup Software Repl 2018	543	85,000	-	85,000	-	-	-	-	-	-
Bus Driving Simulator 2018	544	507,581	25,000	-	-	482,581	-	482,581	482,581	-
Real-Time Information Signs 2018	546	300,000	17,044	278,156	-	4,800	-	4,800	4,800	-
Customer Service Mgmt Sys Repl 2018 CLOSED 2019	547	139,140	-	-	139,140	-	-	-	-	-
Security Enhance Life Cycle Repl 2018 CONSOL 2019	551	-	-	-	-	-	-	-	-	-
AV System Controller Replacement 2019	572	170,500	-	-	-	170,500	-	170,500	170,500	-
CAD-AVL System Replacement 2019	573	11,000,000	-	-	-	11,000,000	-	11,000,000	7,661,572	3,338,428
Clarity Chat Survey 2019	574	30,800	-	30,800	-	-	-	-	-	-
E-Builder Software	575	200,000	-	200,000	-	-	-	-	-	-
Facilities Workorder Management System 2019	576	201,250	-	-	-	201,250	-	201,250	201,250	-
Maintenance Management System - EAM Replacement 2019	577	257,910	-	-	-	257,910	-	257,910	257,910	-
Network Infrastructure Replacements 2019-2024	578	1,773,000	-	562,547	-	1,210,453	-	1,210,453	1,210,453	-
Storage Area Network 2019 - 2024	579	329,700	-	50,000	-	279,700	-	279,700	279,700	-
Zonar 2019	580	472,781	-	472,781	-	-	-	-	-	-
Bus Systems Mobile Access Routers	NEW	808,940	-	-	-	-	808,940	808,940	808,940	-
Network Infrastructure Replacement 2020	NEW	506,325	-	-	-	-	506,325	506,325	506,325	-
Bldg 4 & 5 UPS Replacement	NEW	352,275	-	-	-	-	352,275	352,275	352,275	-
ATIS Info-Web Software 2020	NEW	117,806	-	-	-	-	117,806	117,806	117,806	-
Vanpool Telematics 2020	NEW	70,000	-	-	-	-	70,000	70,000	70,000	-
Subtotal Technology Projects		\$ 33,924,030	\$ 3,268,917	\$ 4,035,530	\$ 139,140	\$ 24,415,247	\$ 2,065,196	\$ 26,480,443	\$ 22,042,015	\$ 4,438,428
Total		\$ 203,677,106	\$ 35,338,018	\$ 34,991,503	\$ 382,064	\$ 109,536,671	\$ 23,428,850	\$ 132,965,521	\$ 71,942,244	\$ 61,023,277

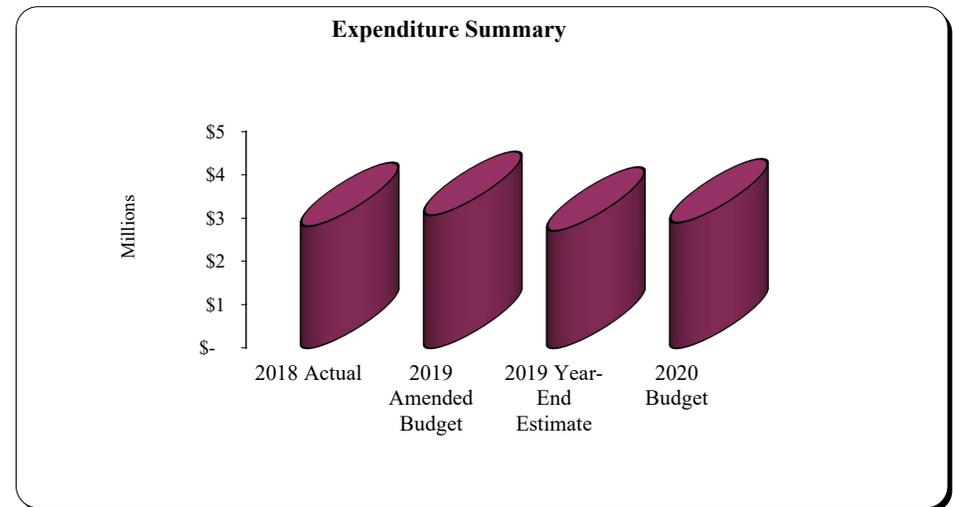


2020 BUDGET INSURANCE EXPENDITURE COMPARISON

Insurance Expenditure Comparison



Description	2018 YEAR-END ACTUALS	2019 AMENDED BUDGET	2019 YEAR END ESTIMATE	2020 BUDGET	% Change 2019 Year-End Estimate to 2020 Budget
Workers' Comp. Insurance	\$ 2,628,913	\$ 2,936,330	\$ 2,552,330	\$ 2,741,330	7.4%
Unemployment Insurance	179,080	125,000	150,000	150,000	0.0%
TOTAL INSURANCE	<u>\$ 2,807,993</u>	<u>\$ 3,061,330</u>	<u>\$ 2,702,330</u>	<u>\$ 2,891,330</u>	<u>7.0%</u>





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This section includes the Six-Year Financial Plan Revenues & Expenditures, Ending Balances, and the 2020-2025 Six-Year Capital Plan.

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

2020 Preliminary Budget

Six-Year Financial Plan

PIERCE TRANSIT
2020-2025 Six-Year Financial Plan
Revenues & Expenditures

(Millions)	2019	2020	2021	2022	2023	2024	2025
	YE Est	Budget					
OPERATING							
Revenue							
Operating Income							
Passenger Fares (Fare Revenue)	\$11.237077	\$11.363904	\$11.092303	\$11.174919	\$11.258361	\$11.342638	\$11.427757
Advertising (contract)	0.320000	0.340000	0.320000	0.320000	0.320000	0.320000	0.320000
Sound Transit Reimbursement (ST)							
ST Express	50.256107	56.266216	56.355140	58.980523	61.779253	64.657452	67.726401
ST Tacoma Dome Station	1.017417	1.011105	1.031327	1.051954	1.072993	1.094453	1.116342
Operating Income	62.830601	68.981225	68.798769	71.527395	74.430607	77.414542	80.590500
Non-Operating Income							
Sales Tax	92.916050	97.561853	101.464327	105.522900	109.743816	114.133569	118.698912
Interest	0.800000	0.700000	0.703500	0.707018	0.710553	0.714105	0.717676
Other Miscellaneous	0.823527	0.976414	0.775000	0.275000	0.275000	0.275000	0.275000
Non-Operating Income	94.539577	99.238267	102.942827	106.504918	110.729369	115.122674	119.691588
Operating Contributions							
CTR/Vanpool Assistance	0.297719	0.176219	0.100000	0.000000	0.000000	0.000000	0.000000
Special Needs Transportation Grant	0.791725	2.050041	2.199940	2.199940	2.199940	2.199940	2.199940
Operating Grants - Other	2.215768	0.729920	0.729920	0.729920	0.729920	0.729920	0.729920
Operating Contributions	3.305212	2.956180	3.029860	2.929860	2.929860	2.929860	2.929860
Total Operating Revenue	\$160.675390	\$171.175672	\$174.771456	\$180.962173	\$188.089835	\$195.467077	\$203.211948
Expenditures							
Operating Expenditures							
Wages	\$73.030712	\$77.035334	\$80.655995	\$84.446826	\$89.358226	\$93.558062	\$97.955291
Benefits	28.034828	28.754405	31.466821	32.899388	34.866241	36.453829	38.227581
M & O	25.940167	26.301323	27.837881	26.991303	27.543783	28.091323	28.649815
Fuel	5.897484	6.083012	6.101583	6.193738	6.317300	6.413770	6.512169
Parts	7.344209	7.354079	7.389422	7.537210	7.733075	7.887737	8.045492
Purchased Trans.	7.826112	8.490200	8.361479	8.361479	8.361479	8.361479	8.361479
Bridge Tolls	0.098000	0.002000	0.002040	0.002081	0.002122	0.002165	0.002208
Total Operating Expenditures (w/out Debt, Depreciation, and NonDepartmental)	148.171512	154.020353	161.815219	166.432025	174.182227	180.768365	187.754034
Non-Operating Expenditures							
Payments to Pierce Co for 5307 Agreement	1.143468	1.143054	1.143054	1.143054	1.143054	1.143054	1.143054
Non-Operating Expenditures	1.143468	1.143054	1.143054	1.143054	1.143054	1.143054	1.143054
Total Operating Expenditures	\$149.314980	\$155.163407	\$162.958273	\$167.575079	\$175.325281	\$181.911419	\$188.897088

PIERCE TRANSIT
2020-2025 Six-Year Financial Plan
Revenues & Expenditures

(Millions)	2019 YE Est	2020 Budget	2021	2022	2023	2024	2025
Total Operating Revenue Less Total Operating Expenditures	\$11.360410	\$16.012265	\$11.813183	\$13.387094	\$12.764554	\$13.555657	\$14.314860
Transfers							
Capital Reserve	\$34.559654	\$0.000000	\$21.274714	\$9.560215	\$8.323419	\$0.000000	\$9.833275
Insurance	2.852308	2.339673	2.968070	3.057412	3.149434	3.244217	3.341844
Transfers	37.411962	2.339673	24.242784	12.617627	11.472853	3.244217	13.175119
Total Expenditures and Transfers	\$186.726942	\$157.503080	\$187.201057	\$180.192706	\$186.798135	\$185.155637	\$202.072207
Change in Reserves	-\$26.051552	\$13.672592	-\$12.429601	\$0.769467	\$1.291701	\$10.311440	\$1.139741

CAPITAL

Revenue							
Federal	\$20.495036	\$14.915535	\$16.068382	\$65.245646	\$11.610071	\$7.412071	\$7.412071
State	1.268738	26.250450	0.450450	0.000000	0.000000	0.000000	0.000000
Other	5.111049	19.857292	71.555968	2.570212	10.043122	2.145997	0.000000
Transfer from Operating Fund	34.559654	0.000000	21.274714	9.560215	8.323419	0.000000	9.833275
Interest	1.027000	0.800000	0.073840	0.046000	0.046000	0.046000	0.046123
Total Capital Revenues	\$62.461477	\$61.823277	\$109.423354	\$77.422073	\$30.022612	\$9.604068	\$17.291469
Expenditures							
Revenue Vehicles	\$18.160158	\$32.269261	\$16.353234	\$14.505918	\$14.066017	\$1.743043	\$6.483254
Base Facilities	2.950908	32.914717	39.055189	0.130000	8.651976	4.665210	0.000000
Passenger Facilities & Amenities	2.107185	12.787849	0.000000	0.000000	0.000000	0.000000	0.000000
Technology	4.035530	26.480443	1.075450	4.228361	1.890850	1.470095	1.632750
Other	7.737722	28.513251	58.507408	58.557794	5.413769	1.701185	0.000000
Total Capital Expenditures	\$34.991503	\$132.965521	\$114.991281	\$77.422073	\$30.022612	\$9.579533	\$8.116004
Use of Reserve	27.469974	-71.142244	-5.567927	0.000000	0.000000	0.024535	9.175465

INSURANCE

Revenue							
Interest	\$0.075000	\$0.060000	\$0.010000	\$0.010000	\$0.010000	\$0.010000	\$0.010000
Transfer	2.852308	2.339673	2.968070	3.057412	3.149434	3.244217	3.341844
Total Insurance Revenue & Transfer	\$2.927308	\$2.399673	\$2.978070	\$3.067412	\$3.159434	\$3.254217	\$3.351844
Expenditures							
Insurance Expenditures	\$2.702330	\$2.891330	\$2.978070	\$3.067412	\$3.159434	\$3.254217	\$3.351844
Use of Reserve	\$0.224978	-\$0.491657	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000

PIERCE TRANSIT
2020-2025 Six-Year Financial Plan
Ending Balances

(Millions)	2019 YE Est	2020 Budget	2021	2022	2023	2024	2025
OPERATING							
Beginning Balance	\$51.777764	\$25.726212	\$39.398804	\$26.969203	\$27.738670	\$29.030371	\$39.341811
Revenue	160.675390	171.175672	174.771456	180.962173	188.089835	195.467077	203.211948
Total	\$212.453154	\$196.901884	\$214.170260	\$207.931376	\$215.828506	\$224.497448	\$242.553759
Expenditures	\$149.314980	\$155.163407	\$162.958273	\$167.575079	\$175.325281	\$181.911419	\$188.897088
Transfers from Operating	37.411962	2.339673	24.242784	12.617627	11.472853	3.244217	13.175119
Total	\$186.726942	\$157.503080	\$187.201057	\$180.192706	\$186.798135	\$185.155637	\$202.072207
Operating Ending Balance	\$25.726212	\$39.398804	\$26.969203	\$27.738670	\$29.030371	\$39.341811	\$40.481552
Required Margin	24.695252	25.670059	26.969203	27.738671	29.030371	30.128061	31.292339
Margin / (Deficit)	1.030960	13.728745	0.000000	0.000000	0.000000	9.213750	9.189213
CAPITAL							
Beginning Balance	\$58.440197	\$85.910171	\$14.767927	\$9.200000	\$9.200000	\$9.200000	\$9.224535
Revenues	62.461477	61.823277	109.423354	77.422073	30.022612	9.604068	17.291469
Total	\$120.901674	\$147.733448	\$124.191281	\$86.622073	\$39.222612	\$18.804068	\$26.516004
Expenditures	\$34.991503	\$132.965521	\$114.991281	\$77.422073	\$30.022612	\$9.579533	\$8.116004
Capital Ending Balance	\$85.910171	\$14.767927	\$9.200000	\$9.200000	\$9.200000	\$9.224535	\$18.400000
Required Margin <\$9.2 M; 2025 \$18.4 M	9.000000	9.200000	9.200000	9.200000	9.200000	9.200000	18.400000
Margin / (Deficit)	76.910171	5.567927	0.000000	0.000000	0.000000	0.024535	0.000000
INSURANCE							
Beginning Balance	\$2.266679	\$2.491657	\$2.000000	\$2.000000	\$2.000000	\$2.000000	\$2.000000
Interest	0.075000	0.060000	0.010000	0.010000	0.010000	0.010000	0.010000
Transfer	2.852308	2.339673	2.968070	3.057412	3.149434	3.244217	3.341844
Total	\$5.193987	\$4.891330	\$4.978070	\$5.067412	\$5.159434	\$5.254217	\$5.351844
Expenditures	\$2.702330	\$2.891330	\$2.978070	\$3.067412	\$3.159434	\$3.254217	\$3.351844
Insurance Ending Balance	\$2.491657	\$2.000000	\$2.000000	\$2.000000	\$2.000000	\$2.000000	\$2.000000
Required Margin	2.000000	2.000000	2.000000	2.000000	2.000000	2.000000	2.000000
Margin / (Deficit)	0.491657	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Total Ending Balances	\$114.128040	\$56.166731	\$38.169203	\$38.938670	\$40.230371	\$50.566346	\$60.881552
ALL FUNDS							
Required Margin	\$35.695252	\$36.870059	\$38.169203	\$38.938671	\$40.230371	\$41.328061	\$51.692339
Margin/ (Deficit)	\$78.432788	\$19.296672	\$0.000000	\$0.000000	\$0.000000	\$9.238285	\$9.189213

#	Project Title	Project Number	2019 Estimated Carryover	New 2020 Project Allocation	2020-Cap	2021-Cap	2022-Cap	2023-Cap	2024-Cap	2025-Cap	Total
1	TDS Mid-Life Maintenance	315	\$ 981,056	-	\$ 981,056	-	-	-	-	-	\$ 981,056
2	Bldg. 4 Modifications	345	1,134,704	-	1,134,704	-	-	-	-	-	1,134,704
3	Facilities Critical Repairs	418	9,187	-	9,187	-	-	-	-	-	9,187
4	Financial Mgmt. Sys Repl. 2015	445	722,924	-	722,924	-	-	-	-	-	722,924
5	Security Systems Repl	452	1,870,412	209,850	2,080,262	-	385,000	664,450	380,195	-	3,509,907
6	ngORCA	482	5,926,193	-	5,926,193	-	-	-	-	-	5,926,193
7	72nd Street Transit Center Renewal	483	83,581	11,000	94,581	-	-	-	-	-	94,581
8	TCC Transit Center Renewal	484	172,990	-	172,990	-	-	-	-	-	172,990
9	Tacoma Mall Transit Center Renewal	485	110,340	-	110,340	-	-	-	-	-	110,340
10	SR512 Transit Center Renewal	486	308,833	-	308,833	-	-	-	-	-	308,833
11	Commerce Placemaking	487	51,308	-	51,308	-	-	-	-	-	51,308
12	Bldg 1 Body Shop Frame Rack 2017	498	75,900	-	75,900	-	-	-	-	-	75,900
13	Lakewood Towne Center Transit Center Renewal	502	107,208	25,000	132,208	-	-	-	-	-	132,208
14	Narrows Park & Ride Renewal	503	407,105	-	407,105	-	-	-	-	-	407,105
15	Bus Fleet Replacement 2017	505	1,191,329	-	1,191,329	-	-	-	-	-	1,191,329
16	Electric Bus Deployment 2017	507	505,214	-	505,214	-	-	-	-	-	505,214
17	Hastus Upgrade 2017	510	170,806	-	170,806	-	-	-	-	-	170,806
18	Vanpool Management System 2017	514	279,068	-	279,068	-	-	-	-	-	279,068
19	SharePoint Upgrade 2017	517	185,611	-	185,611	-	-	-	-	-	185,611
20	Collision Avoidance System	518	1,366,548	-	1,366,548	-	-	-	-	-	1,366,548
21	Bldg 6 Property Improvements	522	224,121	-	224,121	-	-	-	-	-	224,121
22	Commerce Tunnel Refurbishment	524	1,090,541	-	1,090,541	-	-	-	-	-	1,090,541
23	BMP	525	24,367,202	7,163,068	31,530,270	39,055,189	130,000	8,651,976	4,665,210	-	84,032,645
24	Logo Refresh 2018	533	17,286	-	17,286	-	-	-	-	-	17,286
25	Automated Tool Control Sys 2018	535	152,100	-	152,100	-	-	-	-	-	152,100
26	Bus Fleet Repl 2018	536	1,383,257	-	1,383,257	-	-	-	-	-	1,383,257
27	Vanpool Fleet Repl 2018	539	179,069	-	179,069	-	-	-	-	-	179,069
28	TDS Distributed Antenna Sys for PT Public Safety 2018	540	286,491	-	286,491	-	-	-	-	-	286,491
29	Bus Driving Simulator 2018	544	482,581	-	482,581	-	-	-	-	-	482,581
30	Real-Time Information Signs 2018	546	4,800	-	4,800	-	-	-	-	-	4,800
31	Corridor Speed & Reliability Improvements 2018	554	2,889,653	-	2,889,653	-	-	-	-	-	2,889,653
32	Vanpool Fleet Expansion 2018	555	8,540	-	8,540	-	-	-	-	-	8,540
33	Pac Ave SR 7 Park & Ride 2019	556	4,832,950	-	4,832,950	-	-	-	-	-	4,832,950
34	Bus Replacement 2019	557	17,959,490	-	17,959,490	-	-	-	-	-	17,959,490
35	SHUTTLE Replacement 2019	558	1,051,607	-	1,051,607	-	-	-	-	-	1,051,607
36	Vanpool Replacement 2019	559	1,718,121	-	1,718,121	-	-	-	-	-	1,718,121
37	Solar Panel Pilot Project 2019	561	25,622	-	25,622	-	-	-	-	-	25,622
38	BRT	563	23,014,940	-	23,014,940	58,350,000	58,410,000	5,083,000	-	-	144,857,940

#	Project Title	Project Number	2019 Estimated Carryover	New 2020 Project Allocation	2020-Cap	2021-Cap	2022-Cap	2023-Cap	2024-Cap	2025-Cap	Total
39	Bldg 4 Ops Lobby Skylights 2019	565	103,500	-	103,500	-	-	-	-	-	103,500
40	Bldg 4 IT Help Desk Area Remodel 2019	566	92,920	-	92,920	-	-	-	-	-	92,920
41	TDS Operators Rest Area 2019	568	27,500	-	27,500	-	-	-	-	-	27,500
42	Warehouse Stand Up Forklift Repl 2019	569	22,500	-	22,500	-	-	-	-	-	22,500
43	Commerce Placemaking 2020-2025	570	-	2,750,000	2,750,000	-	-	-	-	-	2,750,000
44	South Hill Mall (restroom improvements)	571	821,750	25,000	846,750	-	-	-	-	-	846,750
45	AV System Controller Replacement 2019	572	170,500	-	170,500	-	-	-	-	-	170,500
46	CAD-AVL System Replacement 2019	573	11,000,000	-	11,000,000	-	-	-	-	-	11,000,000
47	Facilities Workorder Management System 2019	576	201,250	-	201,250	-	-	-	-	-	201,250
48	Maintenance Management System 2019	577	257,910	-	257,910	-	-	-	-	-	257,910
49	Network Infrastructure Replacements 2019	578	1,210,453	-	1,210,453	-	-	-	-	-	1,210,453
50	Storage Area Network 2019	579	279,700	-	279,700	-	-	-	-	-	279,700
Subtotal Additional & Carryover Requests			\$ 109,536,671	\$ 10,183,918	\$ 119,720,589	\$ 97,405,189	\$ 58,925,000	\$ 14,399,426	\$ 5,045,405	\$ -	\$ 295,495,609
51	Bus Replacement 2020	new	\$ -	\$ 7,419,663	\$ 7,419,663	\$ 15,539,116	\$ 13,052,857	\$ 7,709,344	\$ -	\$ -	\$ 43,720,980
52	Bus Systems Mobile Access Routers	new	-	808,940	808,940	-	-	-	-	-	808,940
53	Network Infrastructure Replacement 2020	new	-	506,325	506,325	388,500	417,900	1,226,400	1,089,900	1,632,750	5,261,775
54	Tacoma Dome Station Elevator Repairs/Upgrades	new	-	1,718,558	1,718,558	-	-	-	-	-	1,718,558
55	Building 4 and 5 UPS Replacement	new	-	352,275	352,275	-	-	-	-	-	352,275
56	HVAC for TDS Server Room 2020	new	-	30,410	30,410	-	-	-	-	-	30,410
57	Vanpool Replacement 2020	new	-	852,971	852,971	814,118	1,453,061	2,333,233	1,743,043	2,324,651	9,521,077
58	Maintenance Floor Scrubber Replacements 2020	new	-	28,146	28,146	-	-	-	-	-	28,146
59	Folding Stuffing Machine Replacement 2020	new	-	10,963	10,963	-	-	-	-	-	10,963
60	ATIS Info-Web Software 2020	new	-	117,806	117,806	-	-	-	-	-	117,806
61	Vanpool Telematics 2020	new	-	70,000	70,000	-	-	-	-	-	70,000
62	Kimball Drive Park & Ride 2020	new	-	400,000	400,000	-	-	-	-	-	400,000
63	Parkland Transit Center 2020	new	-	200,000	200,000	-	-	-	-	-	200,000
64	Marketing Department Auto Cutting Device 2020	new	-	28,875	28,875	-	-	-	-	-	28,875
65	North Purdy Park & Ride 2020	new	-	400,000	400,000	-	-	-	-	-	400,000
66	ADA Eligibility - Travel Training Office Move to Commerce 2020	new	-	300,000	300,000	-	-	-	-	-	300,000
Subtotal New Requests			\$ -	\$ 13,244,932	\$ 13,244,932	\$ 16,741,734	\$ 14,923,818	\$ 11,268,977	\$ 2,832,943	\$ 3,957,401	\$ 62,969,805
67	Agency Computer Replacement 2022	outyear	\$ -	\$ -	\$ -	\$ -	\$ 1,152,901	\$ -	\$ -	\$ -	\$ 1,152,901
68	Hastus Upgrade 2022	outyear	-	-	-	-	347,560	-	-	-	347,560
69	Marketing Plotter - Printer Replacement 2023	outyear	-	-	-	-	-	115,684	-	-	115,684
70	Records Management System 2021	outyear	-	-	-	686,950	-	-	-	-	686,950
71	SHUTTLE Replacement 2023	outyear	-	-	-	-	-	4,023,440	-	4,158,603	8,182,043
72	Support Vehicle Replacement 2021	outyear	-	-	-	157,408	147,794	215,085	1,701,185	-	2,221,472
73	Upgrade or Replace Paratransit Scheduling/Routing System 2022	outyear	-	-	-	-	1,925,000	-	-	-	1,925,000
Subtotal Outyear Requests			\$ -	\$ -	\$ -	\$ 844,358	\$ 3,573,255	\$ 4,354,209	\$ 1,701,185	\$ 4,158,603	\$ 14,631,610
Grand Total			\$ 109,536,671	\$ 23,428,850	\$ 132,965,521	\$ 114,991,281	\$ 77,422,073	\$ 30,022,612	\$ 9,579,533	\$ 8,116,004	\$ 373,097,024



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

2020 Preliminary Budget

Appendix



2020 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
AWC – Association of Washington Cities
BMP – Base Master Plan
BRT – Bus Rapid Transit
CAFR – Comprehensive Annual Financial Report
CNG – Compressed Natural Gas
CTR – Commute Trip Reduction
DOT – Department of Transportation
FTA – Federal Transit Administration
FY – Fiscal Year
GFOA – Government Finance Officers Association
JBLM – Joint Base Lewis McChord
M&O – Maintenance and Operations
ngORCA – Next Generation One Regional Card for All
PERS – Public Employees Retirement System
PT – Pierce Transit
PTBA – Public Transportation Benefit Area
SHUTTLE – Specialized Transportation
ST – Sound Transit
SUV – Special Use Van
TDS – Tacoma Dome Station
USDOT – United States Department of Transportation
VP – Vanpool
WSDOT – Washington State Department of Transportation
YE – Year End



2020 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.



2020 BUDGET GLOSSARY

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

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.

Bus Rapid Transit – Bus Rapid Transit systems are designed to carry larger numbers of riders with greater speed, reliability and frequency than a standard fixed-route bus.

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.



2020 BUDGET GLOSSARY

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.

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



2020 BUDGET GLOSSARY

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.

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.



2020 BUDGET GLOSSARY

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.

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.



2020 BUDGET GLOSSARY

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.

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.



2020 BUDGET GLOSSARY

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.

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.



2020 BUDGET GLOSSARY

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.

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.



2020 BUDGET GLOSSARY

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").

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.

2020 BUDGET GLOSSARY

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.



Pierce Transit

2020 Preliminary Budget



Lakewood, Washington



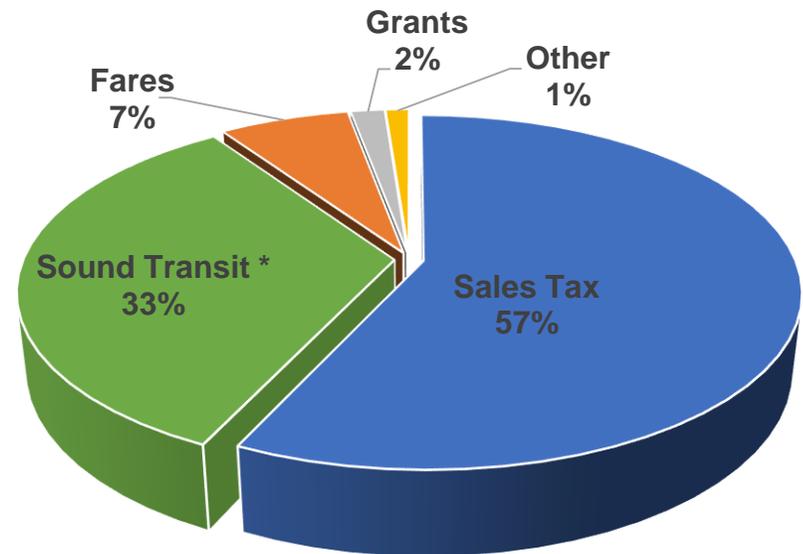
Where Our Revenue Comes From

2020 Operating Revenue

Sales Tax	\$ 97,561,853
Sound Transit*	\$ 57,277,321
Fares	\$ 11,363,904
Grants	\$ 2,956,180
Other	\$ <u>2,016,414</u>
Total Operating Revenue	\$ 171,175,672

*Sound Transit contracts with Pierce Transit to provide Regional transit service

2020 Budget Operating Revenue

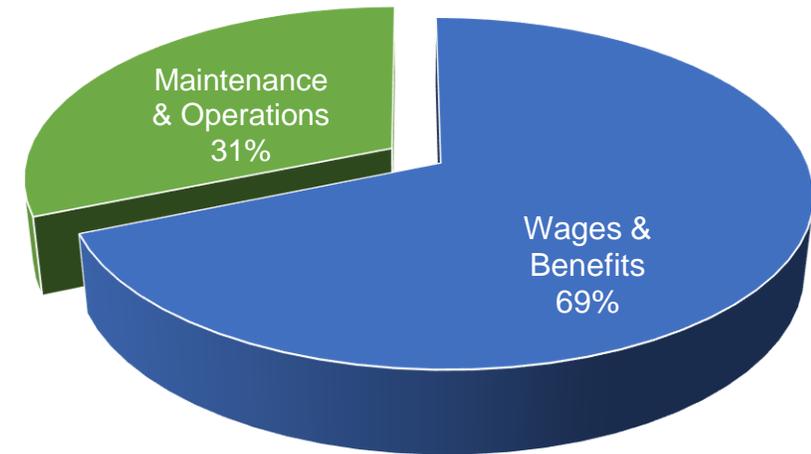


Where Our Revenue is Spent

2020 Operating Expenditures

Wages	\$ 77,035,334
Benefits	\$ 28,754,405
Maintenance & Operations	\$ 48,230,614
<i>Subtotal</i>	<i>\$ 154,020,353</i>
Non-Operating	\$ 1,143,054
Transfer to other Funds <i>(self insurance and capital)</i>	\$ 2,339,673
Total Operating Expenditures	\$157,503,080

2020 Budget Operating Expenditures (excluding Non-Operating & Transfers)



Note that Total Operating Revenue is \$13.7 million more than Expenditures.



Division Strategic Initiatives



Strategic Initiatives

Administration Division Highlights

- Enhance Diversity, Equality, and Inclusion Program
- Implement Classification and Compensation System
- Increase Employee Retention Rate
- Implement Employee Financial Wellness Campaign



Strategic Initiatives

Finance Division Highlights

- Implement/manage projects to improve customer service:
 - Base Master Plan
 - CAD/AVL
 - Bus Rapid Transit
- Implement processes that will lead to cost savings/increase efficiencies
- Implement processes/programs to improve financial accountability and reduce risk of loss



Strategic Initiatives

Maintenance Division Highlights

- Development of a Human Capital Strategy with focus on apprentice program and leadership management fundamentals
- Focusing on safety awareness and safe practices
- Continuous improvement of planned maintenance programs for Facilities and Fleet
- Improve employee engagement through effective, consistent communication



Strategic Initiatives

Planning & Community Development Division Highlights

- Improve perception of Pierce Transit
- Maintain timelines for major projects
- Update service scheduling process
- Increase number of ORCA for Business accounts



Strategic Initiatives

Service Delivery & Support Division Highlights

- Improve the safe operations of our services and Agency
- Increase focus on enhancing the customer experience
- Improve reliability of Fixed Route service
- Address staffing levels that impacts our safety and efficiencies
- Pilot new service offerings to increase ridership



Operations



Services We Provide

2020 Operating Statistics

- Transit Service Hours: 1,169,170
 - *One year of Service Hours = 131 years*
- Transit Service Miles: 21,187,556
 - *One year of Service Miles = 851 trips around the Earth*
- Transit Service Rides: 15,226,239
 - *One year of Passenger Rides would fill the Tacoma Dome 662 times*

Community Events

Pierce Transit is the way to go to fairs and other festivities around town! If you're heading out, chances are there's a local Pierce Transit route that can take you there - or maybe even an express bus straight to the event! Check PierceTransit.org for more news!



National Drive Electric Week • Touch A Truck

Downtown to Defiance



Fife Harvest Festival • Truck and Tractor Day

Puyallup Santa Parade • Milton Santa Parade



6th Avenue Santa Parade



Spring Fair • Taste of Tacoma

Freedom Fair • Ethnic Fest



Washington State Fair



Downtown On The Go Events

transit
to trails



Pierce Transit's Historic Twin bus will be on display this summer. Visit our website for more information www.PierceTransit.org/twin



Farmers Market locations include Fife, Gig Harbor, Puyallup, Ruston, Steilacoom, and Tacoma markets at: Broadway, Eastside and South Tacoma.

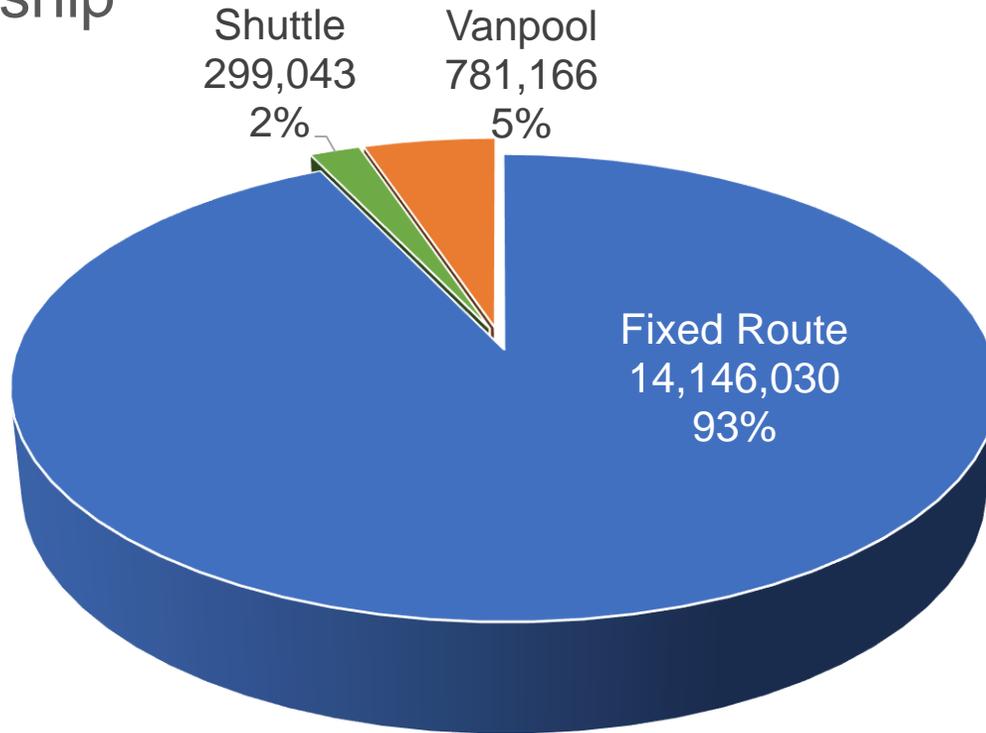
For details visit www.pugetsoundfresh.org/markets



Services We Provide

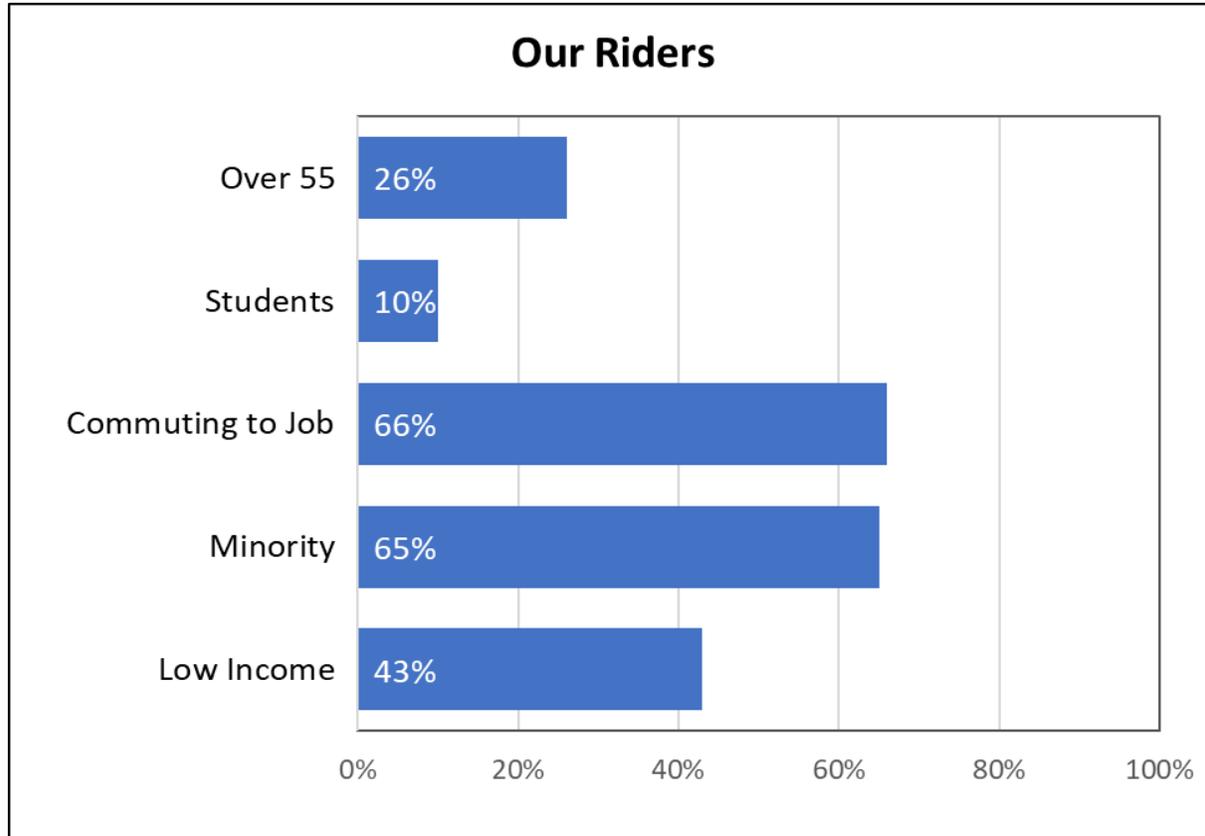
2020 Operating Statistics – Ridership by Mode

Ridership



Who We Serve

From Customer Survey Fall 2017

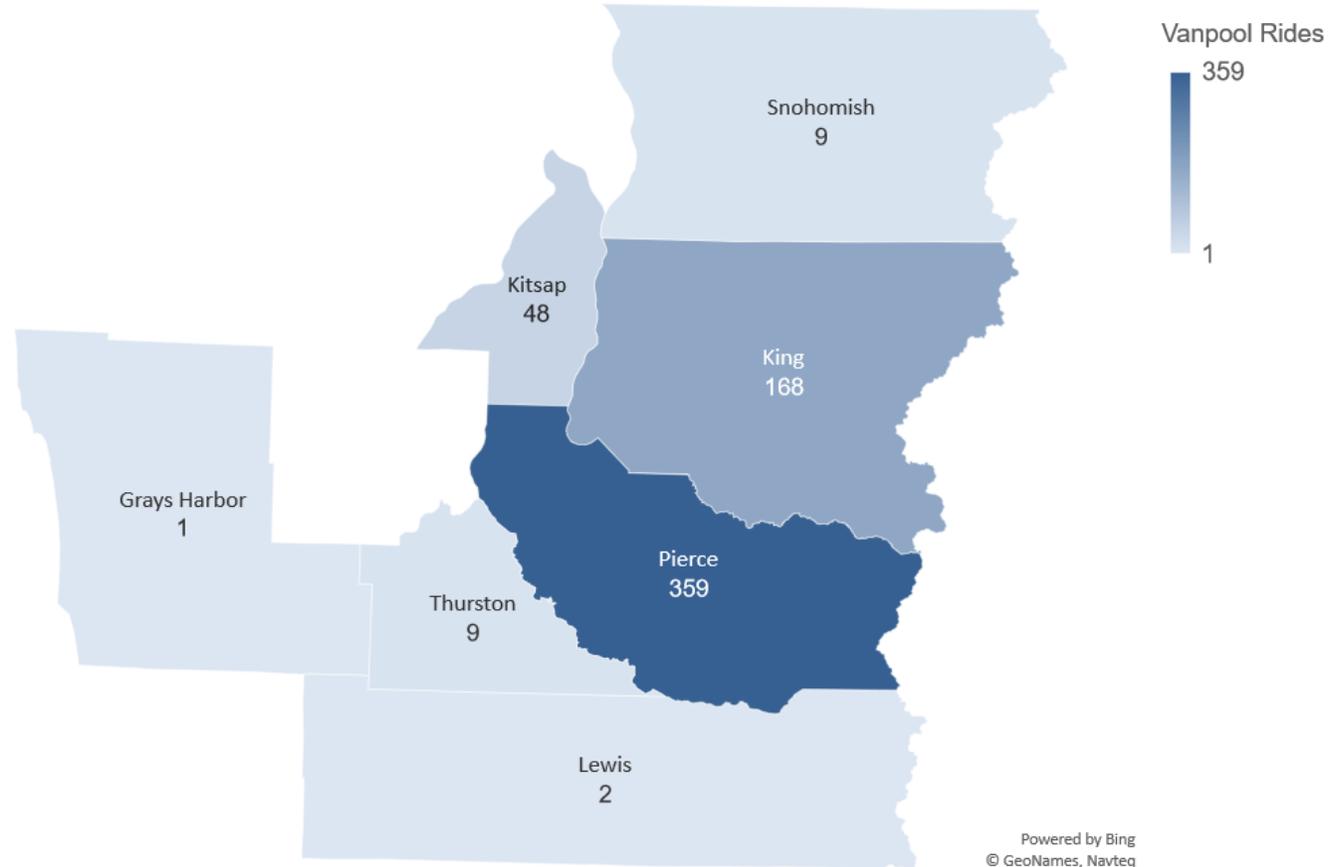


Where We Serve

Vanpool



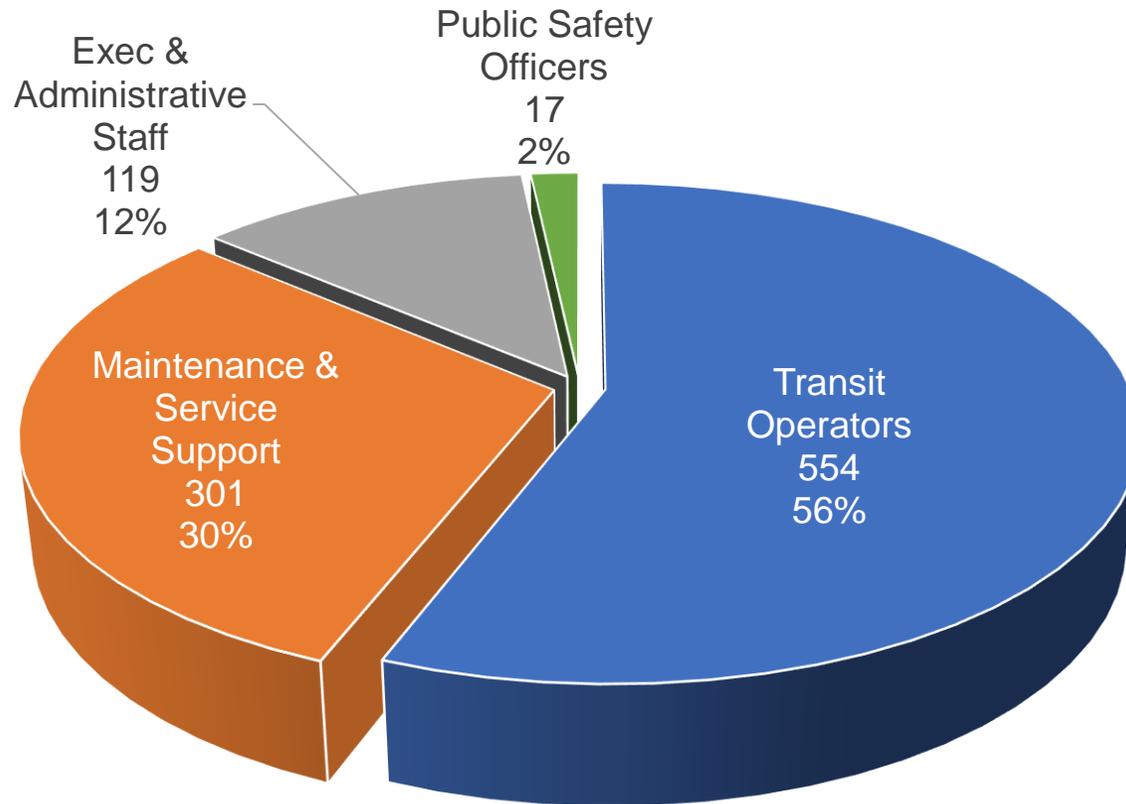
Vanpool Participation by County



Our Employees

2020 Budget Workforce

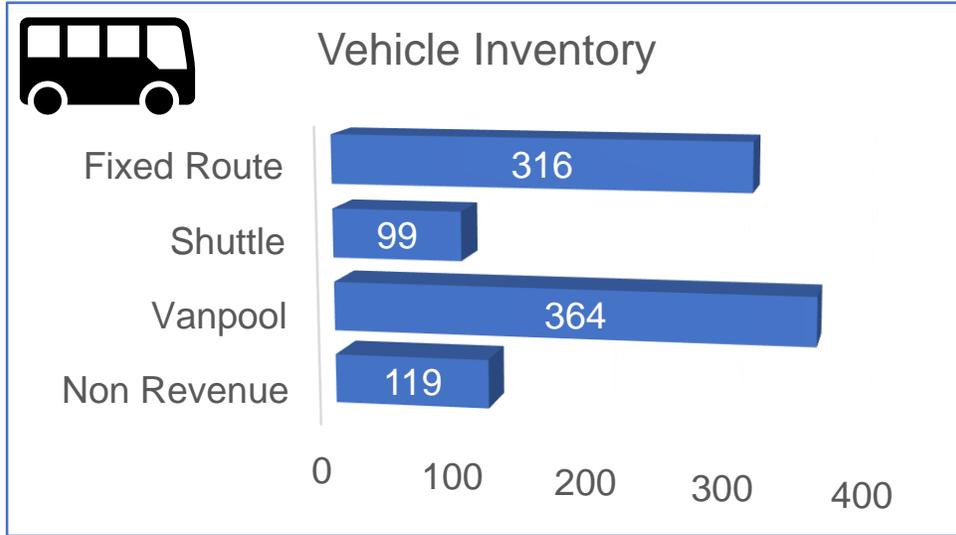
- 991 Positions
970.75 Full Time Equivalent (FTEs)



Capital



Infrastructure it Takes



4 Park & Ride Lots
8 Transit Centers
2400+ Bus Stops



Information Technology
20 Core Systems
500-600 PCs & Laptops
200 Tablets
120 Virtual & Physical Servers



8
Administrative/Maintenance
Buildings
179,791 square feet

81% of
Tacoma
Dome SqF

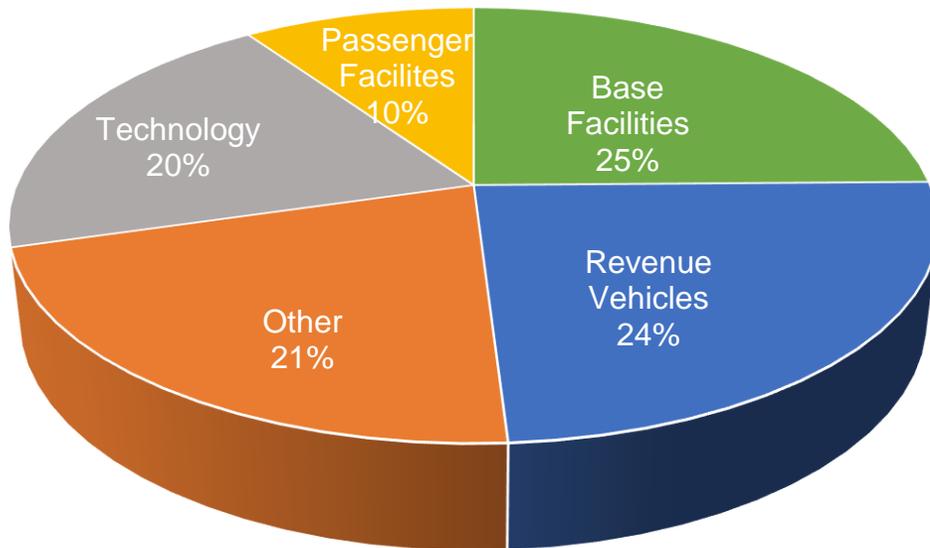


Capital Projects

2020 Budget

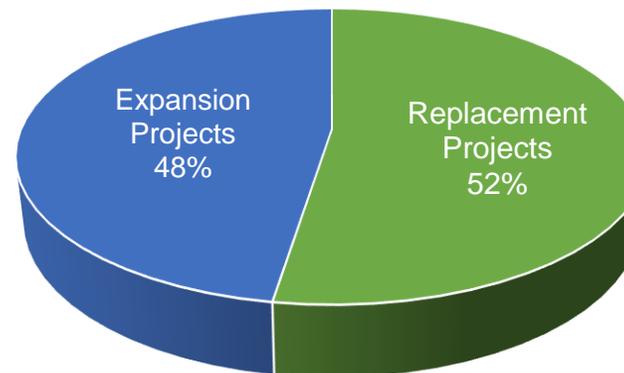


Capital Project Budget by Category



8 projects have Grant funds that total \$61M or 46%

Capital Project Budget by Class



Capital Projects

2020 Budget



Bus Replacement: \$7,410,663



**TDS Elevator Repairs/Upgrades:
\$1,718,558**



Capital Projects

2020 Budget



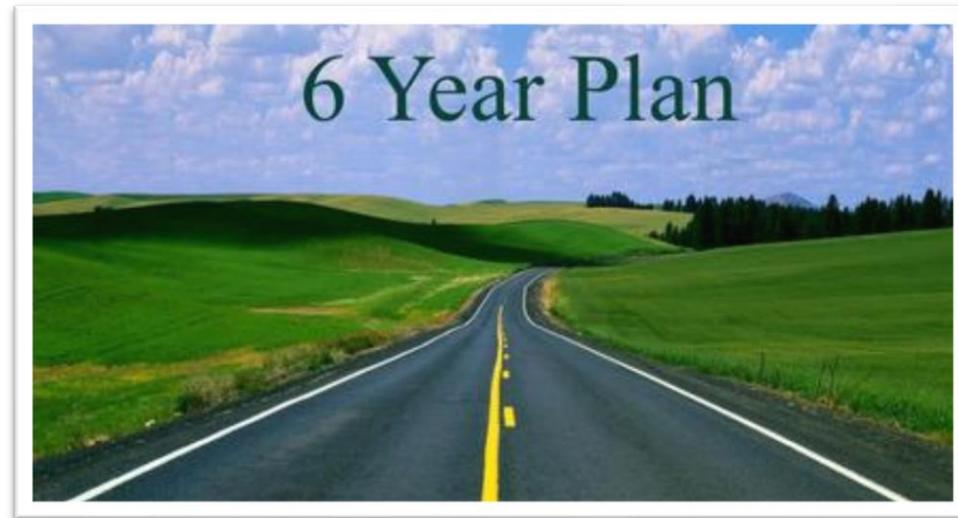
BMP: Add \$7,163,068



Commerce Placemaking: Add \$2,750,000



Six-Year Plan / Budget



Six-Year Financial Plan

2020 – 2025 Assumptions

- Sales Tax Projections
 - 2020 5%
 - 2021-2025 4%
- Wage adjustments 4.7%
 - Includes steps, COLA, and performance based
- Benefits
 - Medical and Dental premiums 8%
 - Hold benefits as a percent of wages to 39%
- Fixed Route Service Hours
 - Includes 10,000 hours BRT in 2023
- Sustainable



Six-Year Financial Plan

2020 – 2025 Summary

\$ In Millions (*rounded)	<u>2019 Year- End Estimate</u>	<u>2020 Budget</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating							
Beginning Balance	\$ 51.8	\$ 25.7	\$ 39.4	\$ 27.0	\$ 27.7	\$ 29.0	\$ 39.3
Revenue	160.7	171.2	174.8	180.9	188.1	195.5	203.2
Total	\$ 212.5	\$ 196.9	\$ 214.2	\$ 207.9	\$ 215.8	\$ 224.5	\$ 242.5
Expenditures	\$ 149.3	\$ 155.2	\$ 163.0	\$ 167.6	\$ 175.3	\$ 181.9	\$ 188.9
Transfers from Operating	37.4	2.3	24.2	12.6	11.5	3.2	13.2
Total	\$ 186.7	\$ 157.5	\$ 187.2	\$ 180.2	\$ 186.8	\$ 185.1	\$ 202.1
Operating Ending Balance	\$ 25.7	\$ 39.4	\$ 27.0	\$ 27.7	\$ 29.0	\$ 39.3	\$ 40.5
Required Balance	\$ 24.7	\$ 26.7	\$ 27.0	\$ 27.7	\$ 29.0	\$ 30.1	\$ 31.3
Margin / (Deficit)	\$ 1.0	\$ 13.7	\$ -	\$ -	\$ -	\$ 9.2	\$ 9.2

* Totals May not add due to rounding



Budget Comparison

Operating Revenues

	<u>2019 Year-End Estimate</u>	<u>2020 Budget</u>	<u>% Change</u>
Operating Income			
Fares	\$ 11,237,077	\$ 11,363,904	1.1%
Advertising	320,000	340,000	6.3%
Regional Transit Service	51,273,524	57,277,321	11.7%
Non-Operating Income			
Sales Tax	92,916,050	97,561,853	5.0%
Miscellaneous	1,623,527	1,676,414	3.3%
Operating Contributions	3,305,212	2,956,180	-10.6%
Total	\$ 160,675,390	\$ 171,175,672	6.5%



Budget Comparison

Operating Expenditures

	2019 Year-End Estimate	2020 Budget	% Change
Wages	\$ 73,030,712	\$ 77,035,334	5.5%
Benefits	28,034,828	28,754,405	2.6%
M & O	47,105,972	48,230,614	2.4%
Subtotal	148,171,512	154,020,353	3.9%
Non-Operating	1,143,468	1,143,054	
Transfers	37,411,962	2,339,673	
Total	\$ 186,726,942	\$ 157,503,080	



Budget Comparison

Personnel

- 2020 Budget 991 positions / 970.75 Full-Time Equivalents (FTEs)
 - Net decrease of 2 positions from the 2019 Budget

5 New Positions

- 1 Records Analyst
- 1 Systems Analyst
- 1 Sr. Construction Project Manager
- 1 BRT Coordinator
- 1 Customer Satisfaction Coordinator

7 Position Reductions

- 3 Paratransit Transit Operators
- 2 Paratransit Specialized Transportation Dispatchers
- 2 Paratransit Data Specialists



2020 Budget Summary

Appropriations

- Balanced
- Meets Reserve Requirements
- Sustainable for Operations

	2020 Budget
Operating	\$ 157,503,080
Capital	132,965,521
Insurance	2,891,330
Total Appropriations	\$ 293,020,258



Ready to Ride?

make PierceTransit.org your first stop!



These are some of the features you will find on PierceTransit.org to help you:



Use Trip Planner
to plan your trip from beginning to end.



Get real-time bus arrival information
that tells you when your bus arrives at your stop.



Stay Connected
by having Route Updates and other news sent directly to your inbox or phone



Select foreign language translation
to view PierceTransit.org in a different language



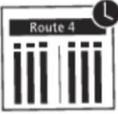
Adjust the type size
to your viewing needs on PierceTransit.org



Take a virtual trip
to see where a route will take you



Check social media
for updates such as service on or around holidays.



Find your schedule,
print your schedule.



Access interactive maps
to spot landmarks or transfer points along your route.





Next Steps

2020 Budget

- Study Session & Public Hearing 10/14
- CTAG Presentation 10/24
- Budget Adoption 12/9

Stay Connected!
Get real-time information about the latest Pierce Transit news.

Visit [PierceTransit.org/StayConnected](https://www.piercetransit.org/StayConnected) to sign up for the latest news about Pierce Transit service changes, rider alerts, route-specific impacts, major initiatives, job opportunities, the Bus Rapid Transit project, and more!

When you sign up for route alerts using your smart phone, you'll receive text messages similar to this one with updates about your route.

Rt 1, detoured due to parade. Catch your bus on 9th & Market St. Instead of 9th & Pacific Ave.

