

**Board of Commissioners Special Study Session Agenda
November 14, 2022, 3:00 p.m.**



Virtual Meeting Participation Information:

Dial: 1-253-215-8782 Meeting ID No. 82316110510
Webinar link: <https://us02web.zoom.us/j/82316110510>

Physical Meeting Location:

Pierce Transit Training Center
3720 96th Street SW
Lakewood, WA 98499

The Regular Board Meeting will follow this meeting at 4:00 P.M.

Call to Order

Roll Call

Public Hearing – Proposed 2023 Budget (Includes presentation and review of the proposed 2023 Budget)

Chris Schuler
Chief Financial Officer

Citizens wishing to provide comments during public hearing will be given up to three minutes to comment on the public hearing topic(s). The Chair, at his or her discretion, may reduce the comment time to allow sufficient time for the Board to conduct business.

To request to speak virtually during public comment, please press the Raise Hand button near the bottom of your Zoom window or press *9 on your phone. If speaking in person, please sign in at the table at the back of the room. Your name or the last four digits of your phone number will be called out when it is your turn to speak. Written comments may also be emailed to Djacobson@piercetransit.org.

Presentation/Discussion

1. Overview of the Agency's Diversity Equity and Inclusion (DEI) Program

Amy Cleveland
Executive Director of Administration

Adjournment



**PIERCE TRANSIT
NOTICE OF PUBLIC HEARING
PROPOSED 2023 BUDGET**

A public hearing will be held as part of the Board of Commissioners Special Study Session meeting on Monday, November 14, 2022. The meeting begins at 3:00 p.m. and members of the public may attend the meeting in person or virtually through Zoom.

The purpose of the public hearing is to advise the public and receive public comment on the proposed 2023 Budget. The proposed Budget may be viewed on the Agency's website at <http://www.piercetransit.org/documents/>.

Details on how to attend this hearing in person or virtually can be found on the November 14, 2022, Special Study Session meeting agenda page by visiting <https://www.piercetransit.org/board-meetings/> after November 9, 2022. Those wishing to submit written comments may do so by emailing Djacobson@piercetransit.org, or by submitting written comments to Deanne Jacobson, Pierce Transit Clerk of the Board, 3701 96th Street SW, Lakewood, WA 98499. Written comments will be received up to 12:00 p.m. on November 14, 2022, and will be forwarded to the Pierce Transit Board.

American Disability Act (ADA) accommodations are available with 48-hour notice. Please contact the Clerk's office at (253) 581-8066, or Djacobson@piercetransit.org for special accommodations.

Dated this 1st day of November 2022.

Deanne Jacobson, Clerk of the Board

Published in the Tacoma Daily Index and Tacoma News Tribune on Wednesday, November 2, 2022.



Division Strategic Initiatives



EXECUTIVE



ADMINISTRATION



FINANCE



MAINTENANCE



PLANNING &
COMMUNITY
DEVELOPMENT



SERVICE DELIVERY &
SUPPORT



Strategic Initiatives

Executive Division Highlights

- Complete and execute a comprehensive communications campaign around the Free Youth Transit Pass, including partnering with school districts and community organizations
- Elevate MOBI among lawmakers and position for funding opportunities in 2023
- Develop a six-year strategic plan in the first quarter of 2023
- Maintain an agency focus on customer service and work-life balance for employees, especially Operators
- Engage Pierce Transit staff, the Board of Commissioners, elected officials and partners to ensure that the BRT project remains on schedule



Strategic Initiatives

Administrative Division Highlights

- Participate in and enhance agency outreach efforts
- Strengthen and enhance the EEO and DEI programs
- Deliver a comprehensive development program for employees
- Provide a foundation to engage and retain our workforce
- Address workforce shortages



Strategic Initiatives

Finance Division Highlights

- Ensure effective information technology and data gathering governance structures through inter-departmental collaboration
- Continue to implement effective cyber security measures and ensure a robust data backup and business continuity system
- Implement processes that will lead to cost savings and/or increased efficiencies
- Implement processes or programs to improve financial accountability and reduce risk
- Prepare to accept, implement and manage a TIFIA loan while developing contingency plans for the MOBI project



Strategic Initiatives

Maintenance Division Highlights

- Develop employee-led safety initiatives
- Establish a clear plan for the public and stakeholders on MOBI-related schedule and impacts to service
- Enhance the customer experience by providing exceptionally clean and safe vehicles and facilities
- Improve employee engagement through transparent communications
- Advance the utilization of battery electric vehicles throughout the fleet
- Foster a healthy and productive work environment



Strategic Initiatives

Planning & Community Development Division Highlights

- Assess local bus system for realignment opportunities
- Complete zero emission bus study and create a strategic plan
- Identify specific projects within CIP for grant funding opportunities
- Expand flexible fare payment options
- Analyze and lay groundwork for potential ballot measure
- Select locally preferred alternative and conduct initial planning phase for BRT 2



Strategic Initiatives

Service Delivery & Support Division Highlights

- Improve public confidence in the safety of the system
- Increase focus on innovative ways to rebuild ridership
- Improve the safe operations of our services and agency
- Develop and maintain programs that enhance the customer experience
- Increase service reliability and improve On Time Performance

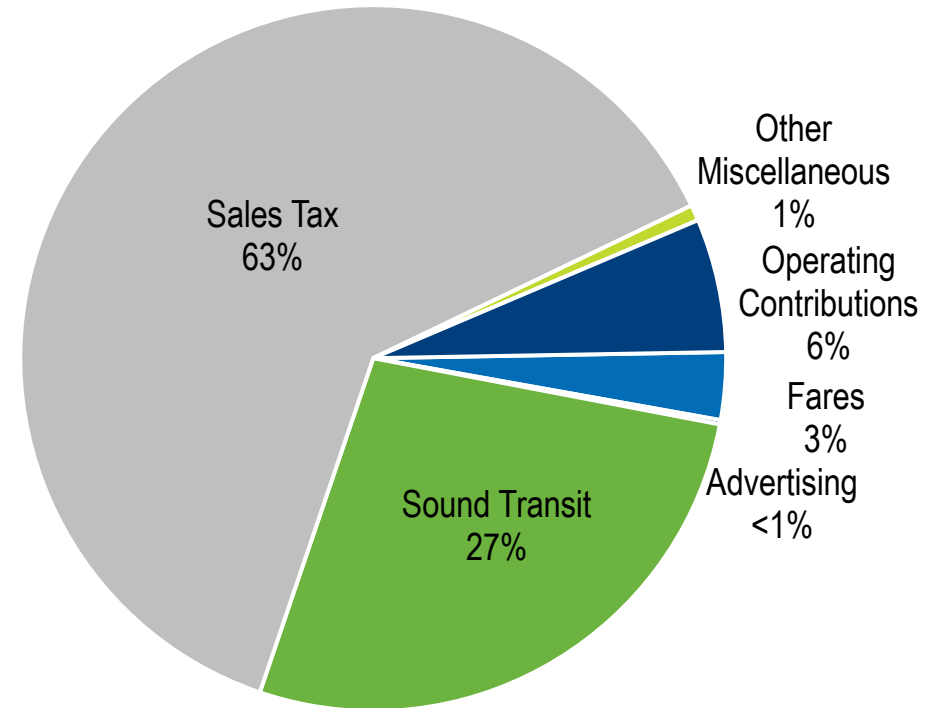


Where Our Revenue Comes From

2023 Operating Revenue

Fares	\$	5,446,210
Advertising	\$	350,000
Sound Transit	\$	47,986,720
Sales Tax	\$	110,557,130
Other Miscellaneous	\$	1,273,270
Operating Contributions	\$	10,795,670
Total Operating Revenue	\$	176,409,000

2023 Budget Operating Revenue



Budget Comparison

Operating Revenues

	<u>2019 Actuals</u>	<u>2020 Actuals</u>	<u>2021 Actuals</u>	<u>2022 Year-End Estimate</u>	<u>2023 Budget</u>	<u>% Change 22YE v 23B</u>
Operating Income						
Fares	\$11,820,798	\$6,391,850	\$5,987,961	\$5,451,320	\$5,446,210	-0.1%
Advertising (Other)	468,865	515,512	493,154	372,500	350,000	-6.0%
Regional Transit Service	50,713,326	48,109,519	47,250,234	42,275,440	47,986,720	13.5%
Non-Operating Income						
Sales Tax*	90,647,576	91,744,911	107,084,956	107,151,530	110,557,130	3.2%
Other Miscellaneous	4,045,983	2,419,115	11,917,286	759,430	1,273,270	67.7%
Operating Contributions	4,635,073	27,548,949	34,233,034	52,227,210	10,795,670	-79.3%
Total	\$162,331,621	\$176,729,855	\$206,966,624	\$ 208,237,430	\$ 176,409,000	-15.3%

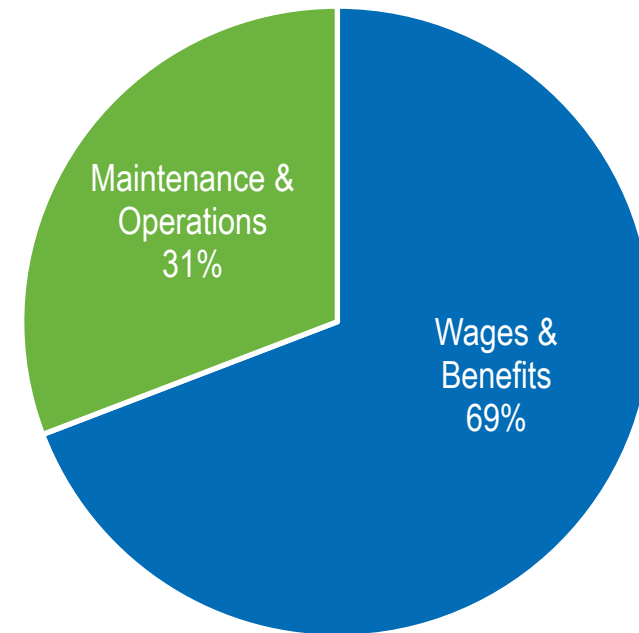


Where Our Revenue is Spent

2023 Operating Expenditures

Wages	\$ 81,402,050
Benefits	\$ 31,237,330
<u>Maintenance & Operations</u>	<u>\$ 49,970,850</u>
Subtotal	\$ 162,610,230
Non-Operating	\$ 1,150,000
<u>Transfer to Other Budgets</u>	<u>\$ 61,383,510</u>
<i>(self insurance and capital)</i>	
Total Operating Expenditures	\$ 225,143,740

2023 Budget Operating Expenditures
(excluding Non-Operating & Transfers)



Note: Total Operating Revenue is \$48.7 million less than Expenditures.



Budget Comparison

Operating Expenditures

	<u>2019 Actuals</u>	<u>2020 Actuals</u>	<u>2021 Actuals</u>	<u>2022 Year-End Estimate</u>	<u>2023 Budget</u>	<u>% Change 22YE v 23B</u>
Operating						
Wages	\$ 69,382,120	\$ 65,241,313	\$ 68,615,578	\$ 76,362,210	\$ 81,402,050	6.6%
Benefits	15,025,940	25,905,379	24,993,805	27,721,270	31,237,330	12.7%
Maintenance & Operations	44,240,095	40,490,730	39,464,910	46,538,890	49,970,850	7.4%
Subtotal	\$ 128,648,155	\$ 131,637,422	\$ 133,074,293	\$ 150,622,370	\$ 162,610,230	8.0%
Non-Operating	1,143,468	4,945,230	4,063,915	5,606,440	1,150,000	-79.5%
Transfers	17,562,500	22,189,135	20,647,692	61,510,480	61,383,510	-0.2%
Total	\$ 147,354,123	\$ 158,771,787	\$ 157,785,900	\$ 217,739,290	\$ 225,143,740	3.4%





Operations

Service by the Numbers

2023 Operating Statistics

- Transit Service Hours: 1,031,722
 - **One year of Service Hours = 118 years**
- Transit Service Miles: 16,218,294
 - **One year of Service Miles = 2,830 round trips from Tacoma to NYC**
- Transit Service Rides: 6,086,923
 - **One year of Passenger Rides = 265 times the Tacoma Dome capacity**



NYC



	2019	2020	2021	2022 YE EST	2023 Budget	% Change
Fixed Route PT						
Ridership	8,376,891	4,755,557	4,363,240	3,731,430	3,747,285	0.4%
Service Hours	491,882	431,958	447,203	435,000	475,000	9.2%
Service Miles	5,847,190	5,015,093	5,263,909	5,120,764	4,888,627	-4.5%
Fixed Route ST						
Ridership	5,251,005	2,338,192	1,950,596	1,655,147	1,641,148	-0.8%
Service Hours	354,178	314,059	301,299	258,617	271,300	4.9%
Service Miles	8,234,630	7,502,760	7,088,503	5,877,236	5,807,806	-1.2%
SHUTTLE						
Ridership	291,142	148,698	163,024	219,889	298,490	35.7%
Service Hours	162,773	93,594	109,259	133,512	195,422	46.4%
Service Miles	2,312,349	1,365,629	1,583,674	2,115,328	2,521,861	19.2%
Vanpool						
Ridership	740,207	397,472	322,999	380,000	400,000	5.3%
Service Hours	135,978	83,295	73,490	80,000	90,000	12.5%
Service Miles	4,529,043	3,015,970	2,583,251	2,850,000	3,000,000	5.3%

Infrastructure it Takes

Vehicle Inventory

305 Fixed Route*
100 Shuttle
273 Vanpool
121 Non-Revenue

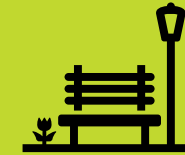


Technology

27 Core Systems
500 PCs, Laptops, & Tablets
160 Physical & Virtual Servers

Passenger Facilities & Amenities

8 Transit Centers
4 Park & Ride Lots
1,979 Bus Stops



Base Facilities

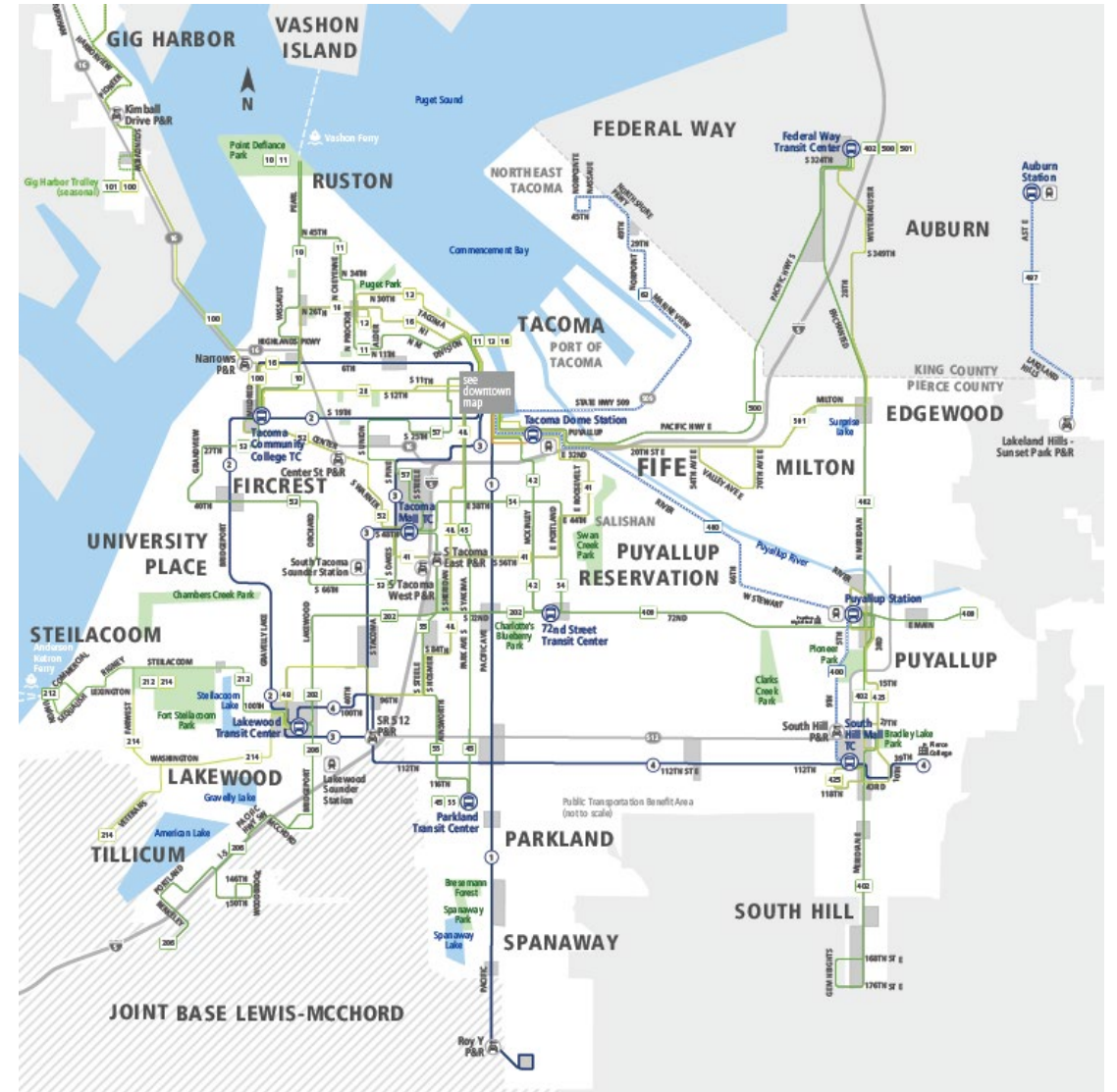
6 Buildings
Totaling 136,522 square feet



Where We Serve

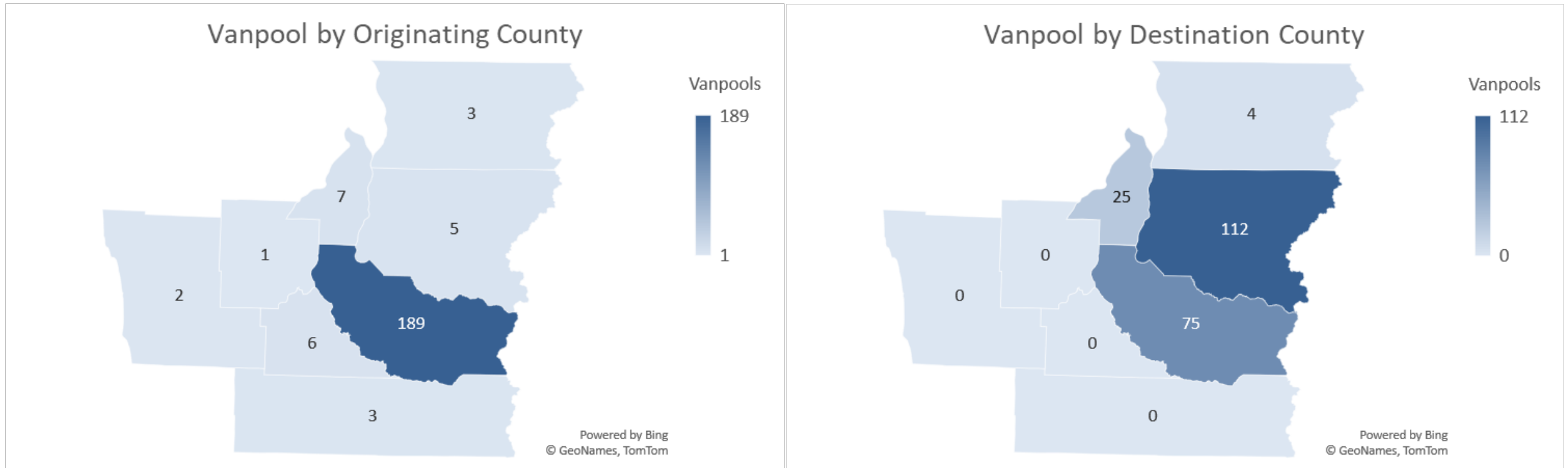
Fixed Route and SHUTTLE

- Auburn
- Edgewood
- Fife
- Fircrest
- Gig Harbor
- Lakewood
- Milton
- Pacific
- Puyallup
- Ruston
- Steilacoom
- Tacoma
- Unincorporated Pierce County
- University Place
- Contracted routes with Sound Transit
 - Lakewood to Seattle with stops in between



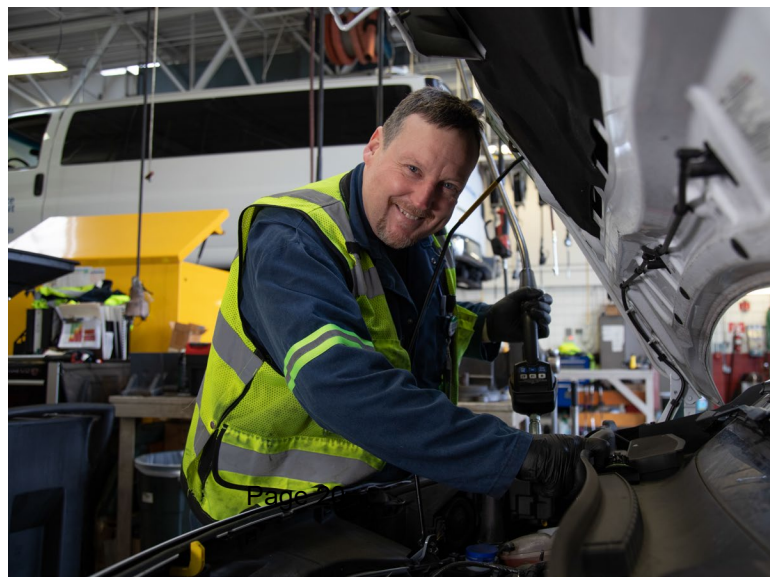
Where We Serve

Vanpool



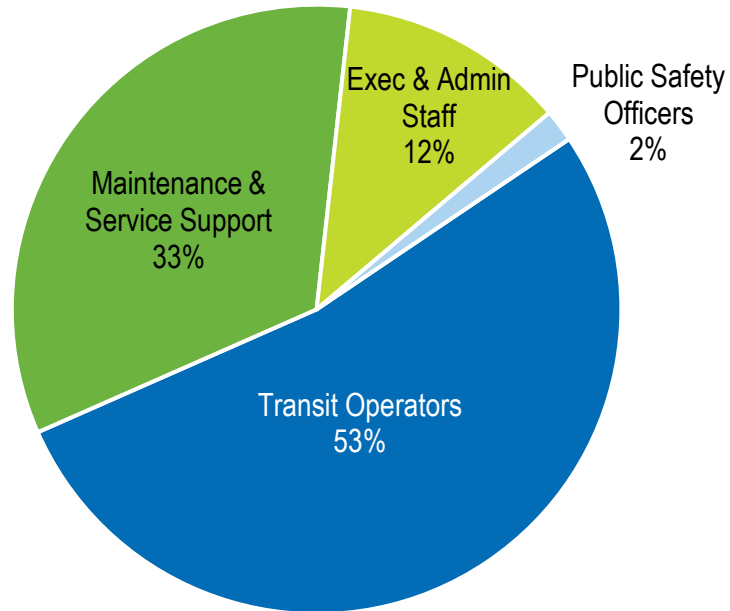


Our Employees



Personnel Budget

2023 Budget 987 positions / 966 Full-Time Equivalents (FTEs)



16 New Positions

- | | |
|-------------------------------------|---------------------------------|
| 1 Records Management | 1 Equity & Engagement Manager |
| 2 Contract Coordinator | 3 Fleet Care Attendant |
| 1 Transit System Maintenance Worker | 1 Transit Facilities Specialist |
| 1 Community Development Coordinator | 1 Grants Coordinator |
| 1 ADA Eligibility Analyst | 1 Service Supervisor |
| 1 Instructor | 2 Division Assistant |

14 Position Reductions

- 14 Relief Transit Operators (Vacant)



How New Positions Align with Strategic Initiatives

- Executive
 - **Records Management Position** – Lead an agency-wide effort to develop a comprehensive records management program
- Administration
 - **Equity & Engagement Manager** – Strengthen and enhance DEI and EEO programs
 - **Division Assistant** – Provide administrative support to engage and retain our workforce
- Finance
 - **Contract Coordinator(2)** – Increase workload capacity due to increased number and complexity of contracts on projects such as BRT and MOBI
- Maintenance
 - **Fleet Care Attendant (3), Transit System Maintenance Worker, and Transit Facilities Specialist** – Enhance the customer experience by providing clean, safe vehicles and facilities



How New Positions Align with Strategic Initiatives

- **Planning & Community Development**
 - **Community Development Coordinator** – Expand workload capacity and allow for an increased focus on program service quality and performance enhancements
 - **Grants Coordinator** – Directly support grants administration in managing active grants and seeking grant funding opportunities, support the Grant Administrator with requirements on highly regulated, process intensive programs such as CIG and TIFIA, and support Capital Planning’s development of its first Capital Investment Program (CIP) by identifying projects for grant funding
- **Service Delivery & Support**
 - **ADA Eligibility Analyst** – Maintain programs to enhance customer experience and ensure that customers are directed to the appropriate services for their needs and improve their ridership experience
 - **Service Supervisor & Instructor** – Improve public confidence in the safety of our system; improve safe operations of our system, and improve service reliability and OTP
 - **Division Assistant** – Enable the division to meet strategic objectives by enabling timely and accurate responses to customer needs, integration of safety and reliability within the division, and provide assistance so that forward facing staff can focus on improving service reliability and safety

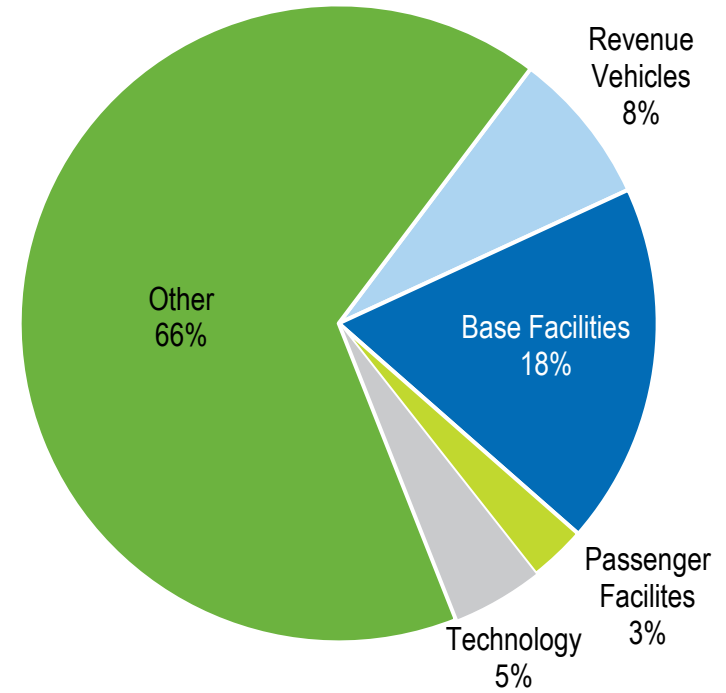




Capital

Capital Budget

Capital Project Budget by Category



Major Capital Projects – Over \$5 Million

Project Milestones



- 2022: 60% Design Complete, Continued work on the TIA and Downtown Tacoma Traffic Analysis – Project 30% complete
- 2023: 90% Design Complete, Environmental Review– Project 45% Complete



Major Capital Projects – Over \$5 Million

Project Milestones



- Fuel & Wash Building Construction
 - 2022: Design, Permitting, and 80% of Construction Complete – Project 90% Complete
 - 2023: 100% Construction – Project 100% Complete
- Building 6 Improvements
 - 2022: Design complete – Project 15% Complete
 - 2023: Permitting and Construction – Project 100% Complete
- Bus Parking Rearrangement
 - 2022: 95% of Design – Project 15% Complete
 - 2023: Design, Permitting, and Construction – Project 100% Complete
- Building 1 Replacement Design
 - 2022: 10% of Design – Project 5% Complete
 - 2023: 30% of Design – Project 15% Complete
- Building 2 & 3 Demolition & Parking Lot Restoration
 - 2022: Project 0% Complete
 - 2023: Design Complete – Project 15% Complete

Major Capital Projects – Over \$5 Million



Project Milestones

- Phase I
 - 2022: Property Acquisition, Design, Contractor Procurement, and Permitting – Project 20% complete
 - 2023: Construction – Project 100% complete
- Phase II
 - 2022: Consultant Procurement and 30% of Land Acquisition – Project 15% Complete
 - 2023: 70% of Land Acquisition – Project 30% Complete

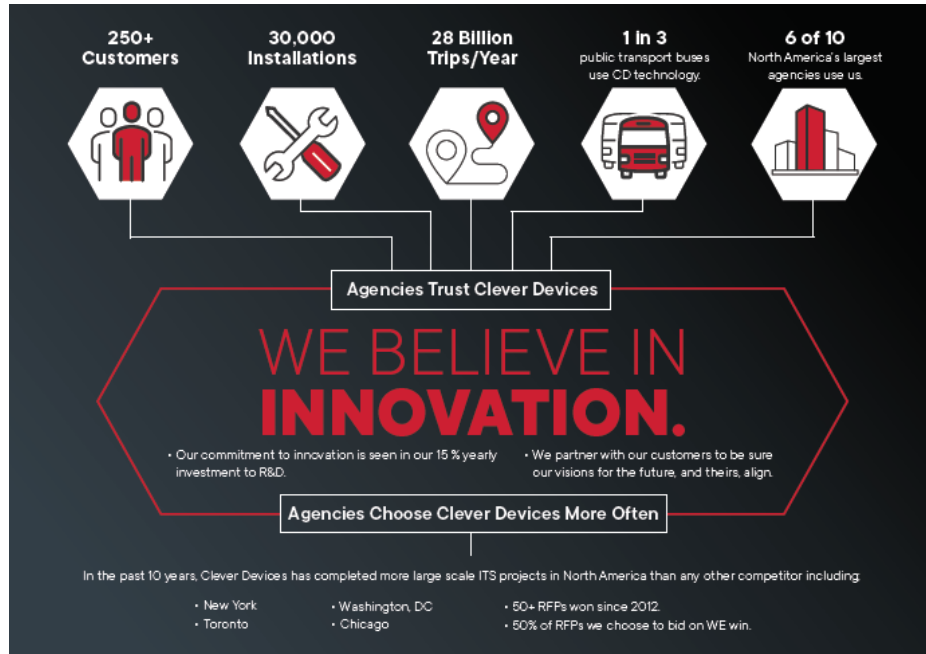
Major Capital Projects – Over \$5 Million



Project Milestones

- 2022 Bus Replacement
 - 2022: Vehicles ordered – Project 50% Complete
 - 2023: Vehicles delivered and commissioned for service – Project 100% Complete
- 2023 Bus Replacement
 - 2022: New Project – Project 0% Complete
 - 2023: Vehicles configured and ordered, includes 3 electric vehicles – Project 45% Complete

Major Capital Projects – Over \$5 Million



Project Milestones

- 2022: Factory Acceptance Testing (FAT), Acceptance of Testing Stage 2 (Pilot/Minifleet Testing), Shipment of Onboard Hardware, Pilot/Minifleet Training, SmartYard (Yard Management) Construction & Testing and Paratransit Vehicle Installs – Project 80% complete
- 2023: Acceptance of 100% installation (Fixed Route), Acceptance of Manuals and Training and Final System Acceptance – Project 100% Complete



2023 -2028 Six-Year Financial Plan



Six-Year Financial Plan

2023 – 2028 Assumptions

- Sales Tax Projections
 - 2023 4.22%
 - 2024-2028 average 3.76%
- Wage adjustments 4.57%
 - Includes step increases and COLA
- Benefits
 - Medical and Dental premium increase 5%
 - Hold benefits as a percent of wages to 39%
- Fixed Route Service Hours
 - Pierce Transit Service – 475,000 in 2023, increased to 500,000 in 2024
 - Sound Transit Service – 271,300 in 2023, increased to 341,500 in 2024
 - Additional 10,000 hours with commencement of BRT in 2027
 - Projected Sound Transit Service hours decrease 2025 & 2027



Six-Year Financial Plan

2023 – 2028 Summary

\$ In Millions (*rounded)	<u>2022 Year-End</u> <u>Estimate</u>	<u>2023 Budget</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Operating							
Beginning Balance	\$ 115.8	\$ 106.3	\$ 57.6	\$ 50.8	\$ 29.3	\$ 30.3	\$ 30.7
Revenue	208.2	176.4	195.8	201.0	207.8	203.3	210.6
Total	\$ 324.1	\$ 282.8	\$ 253.4	\$ 251.8	\$ 237.1	\$ 233.7	\$ 241.3
Expenditures	\$ 156.2	\$ 163.8	\$ 171.8	\$ 176.8	\$ 183.1	\$ 185.2	\$ 191.8
Transfers from Operating	61.5	61.4	30.8	45.7	23.7	17.8	17.7
Total	\$ 217.7	\$ 225.1	\$ 202.6	\$ 222.5	\$ 206.8	\$ 203.0	\$ 209.5
Operating Ending Balance	\$ 106.3	\$ 57.6	\$ 50.8	\$ 29.3	\$ 30.3	\$ 30.7	\$ 31.8
Required Balance	\$ 25.1	\$ 27.1	\$ 28.4	\$ 29.3	\$ 30.3	\$ 30.7	\$ 31.8
Margin / (Deficit)	\$ 81.2	\$ 30.5	\$ 22.4	\$ -	\$ -	\$ -	\$ -

* Totals may not add due to rounding



2023 Reserve Requirements

Reserve Levels – Updated by Resolution in 2017 (R-17-038)

- Operating Reserve – Will maintain at a minimum of two months of the agency's annual operating expenditures. *(Pierce Transit Municipal Code 3.63.020 B)*
- Capital Reserve – The 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.
(Pierce Transit Municipal Code 3.63.040 B)
- Insurance Reserve – Reviewed annually and set at a level adequate to protect the agency from self-insurance risks. *(Pierce Transit Municipal Code 3.63.030)*



2023 Budget Summary

Appropriations

- Balanced
- Sustainable for Operations
- Meets Reserve Requirements

	2023 Budget
Operating	\$ 163,760,230
Capital	337,319,480
Insurance	3,775,710
Total Appropriations	\$ 504,855,420

Online Tools

Ready to ride?
Make PierceTransit.org
your first stop!

It's loaded with features
 that make transit easy:



Trip Planning
 Plan your trip from
 beginning to end



Real-Time Info
 Know when your bus
 arrives at your stop



Service Updates
 Learn about detours &
 other key service alerts



Online Translation
 Select "Language" and
 choose from 100+ options



Font Resizing
 Resize the website font
 to better fit your needs



Virtual Trips
 See where your route
 will take you



Interactive Maps
 Use our online maps to
 interact with your route



Schedule Search
 View your schedule
 online or print it



Social Media
 Follow our accounts
 to easily get updates

Go to PierceTransit.org and experience it today!



Next Steps

2023 Budget

Completed Presentations

- ✓ Board Study Session 9/15
- ✓ CTAG 10/27

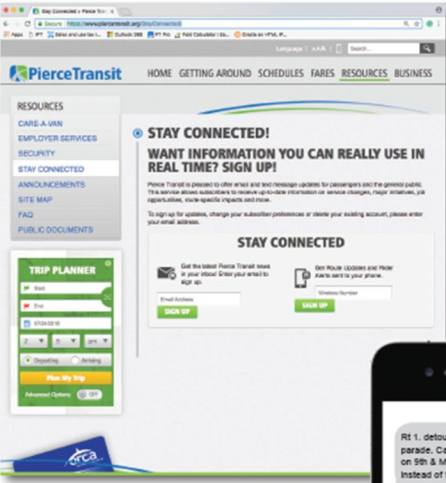
Upcoming Presentations

- Board Study Session 11/14
- Public Hearing 11/14
- Budget Adoption 12/12


Stay Connected!

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

Visit 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.



2023 Preliminary Budget Pierce Transit

Lakewood, WA



2023 Preliminary Budget

Fiscal Year January 1, 2023 through December 31, 2023

Mike Griffus, Chief Executive Officer

Prepared by

The Finance Division

Christopher Schuler, Executive Director of Finance/CFO

Lisa McVay, Budget Supervisor

Julie Stutzke, Budget Coordinator

3701 96th Street SW

Lakewood, WA 98496-0070

253.581.8000

For more information about Pierce Transit visit www.PierceTransit.org

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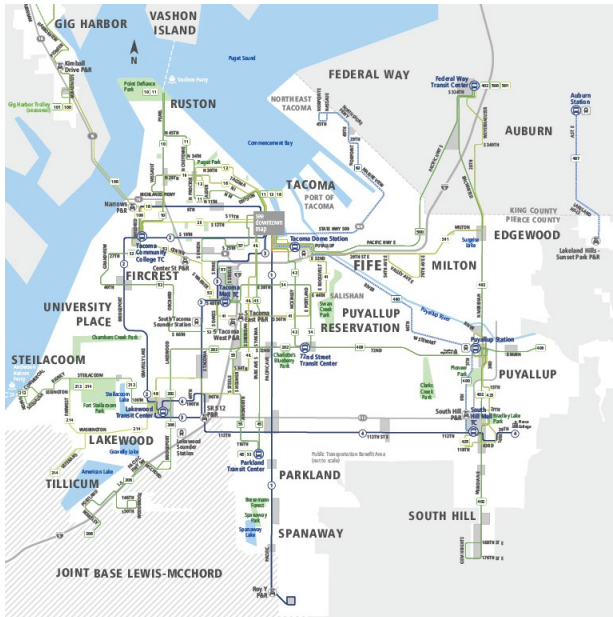
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72nd Street Transit Center

Introduction

About Pierce Transit



Our Service

Pierce Transit serves 292 square miles within Pierce County, extending north to Federal Way, east to Puyallup, south to Spanaway, and west to Gig Harbor. Locally, there are 31 routes with 1,979 stops and a fleet of 672 vehicles. Additionally, the agency partners with Sound Transit to provide regional transportation services between Lakewood and Seattle.

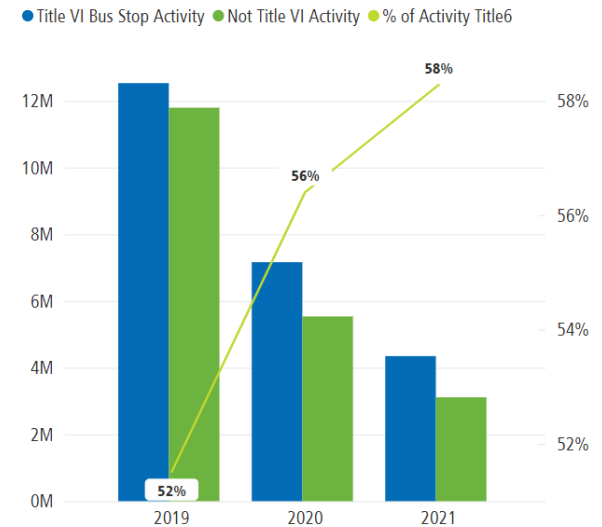
Pierce Transit offers four transportation modes: bus transportation that follows one of 31 routes on a schedule; SHUTTLE paratransit, which provides transportation for those with a qualifying disability within $\frac{3}{4}$ of a mile of our bus routes; Vanpool service, which allows groups of three or more whose journey has a common beginning and ending location and begins or ends within Pierce County to commute together to reduce traffic; and RUNNER service, which allows patrons to use a mobile app or call for on-demand trips within specific microtransit zones in the agency’s service area.

Our Customers

Pierce Transit provides critical transportation needs in our community. The agency regularly monitors equity with the most recent US Census demographic overlays to assess system performance for low-income and minority populations. Most Pierce Transit bus routes and bus stops serve disadvantaged communities by providing public transportation for daily activities such as work, shopping, and medical appointments. The percentage of essential riders increased to 58 percent in 2021. In addition to striving to provide equity in transportation, Pierce Transit works to ensure nondiscriminatory transportation in support of social and economic quality of life across every community in the agency’s service area. Title VI of the Civil Rights Act of 1964 protects people from discrimination based on race, color, and national origin in programs and activities that receive federal financial assistance.

For more information on Pierce Transit, visit the agency’s public dashboard at PierceTransit.org/PT-Key-Performance-Indicators.

Title VI bus stop activity, by year



Our Purpose

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.

Vision

Your preferred transportation choice for today and tomorrow.

Values

Innovative – Dedicated to providing our customers with leading-edge services that enhance their transportation experience.

Driven – Continuously improving our capabilities, work habits, processes, and attitudes by listening to our employees and customers.

Responsible – Invested in managing the safety, quality, and reliability of our services.

Strategic Priorities



Customer – Provide transportation service that meets 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.

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
Marty Campbell, Chair**
Pierce County Council
Pierce County



**Commissioner
Kristina Walker, Vice Chair**
Tacoma City Council
Tacoma



**Commissioner
John Hines**
Tacoma City Council
Tacoma



**Commissioner
Kent Keel**
University Place City
Council
University Place & Fircrest



**Commissioner
Ryan Mello**
Pierce County Council
Pierce County



**Commissioner
John Palmer**
Deputy Mayor of Puyallup
Puyallup & Edgewood



**Commissioner
Kim Roscoe**
Mayor of Fife
Fife, Milton, Pacific,
Auburn, Ruston,
Steilacoom and Gig
Harbor



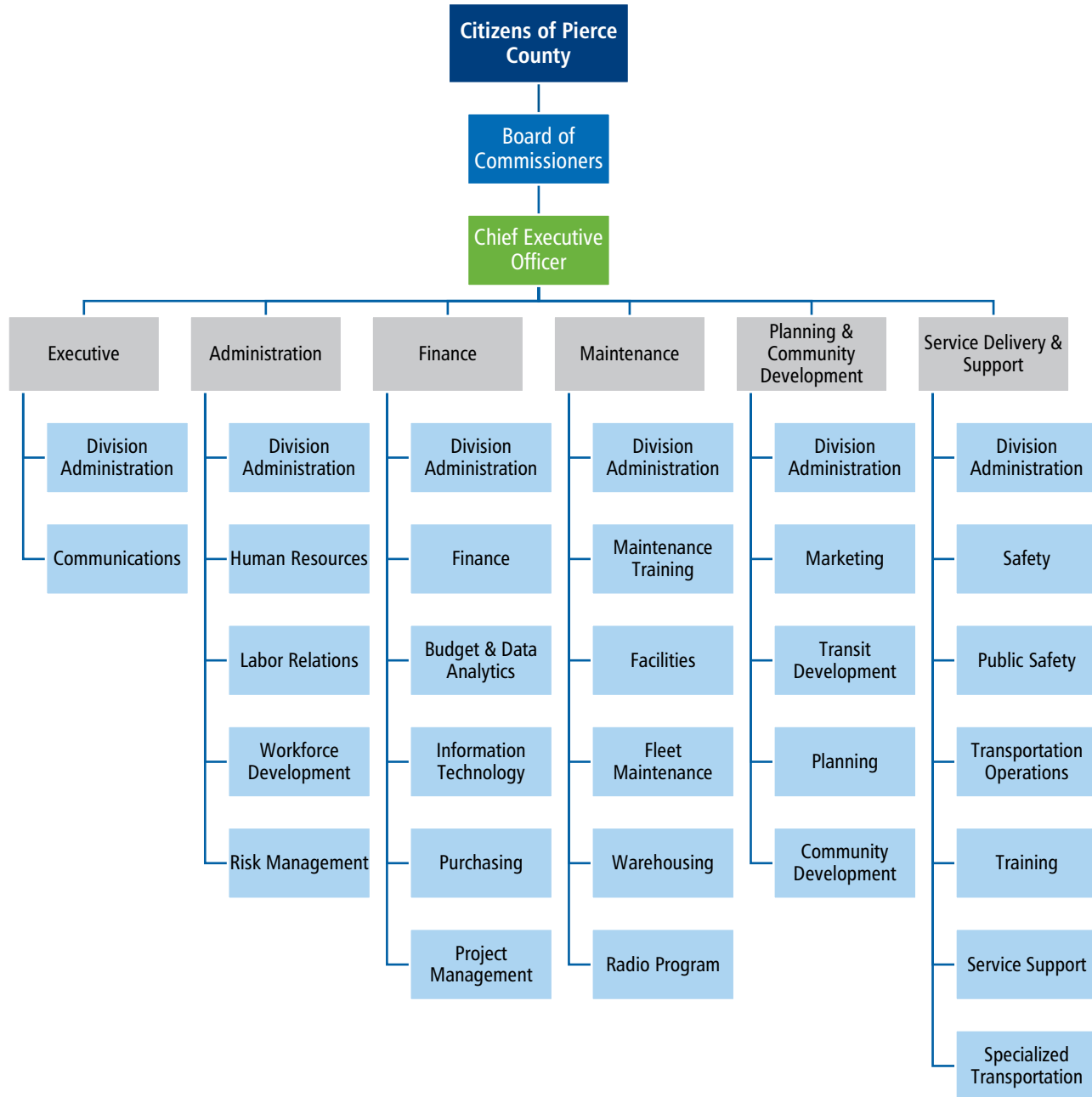
**Commissioner
Jason Whalen**
Deputy Mayor of
Lakewood
Lakewood



**Commissioner
Victoria Woodards**
Mayor of Tacoma
Tacoma

Vacant
Non-Voting Union
Representative

Our Organization



Message from Our CEO

December 12, 2022

TO: Pierce Transit Board of Commissioners, Community Members and Employees

FROM: Mike Griffus, Chief Executive Officer

I am pleased to present the 2023 Budget for your review and consideration. If I could sum up what we hope to accomplish with this budget, it would be improving the experience of public transportation for our customers and laying the path for new and expanded services in the future. Pierce Transit successfully weathered the COVID storm and continued our recovery in 2022. Our focus remains on restoring service and bringing riders back to our system while adapting and transforming transit to meet the needs of the communities we serve. However, we still have lingering economic recovery challenges ahead that we must address in this budget, including:

- Continued reduced ridership and fare collections
- Recruiting for vacant positions, particularly operators
- Continuing to take precautions to prevent COVID spread and provide a safe workplace for employees and customers
- Improving the safety of our customers and staff
- Accounting for higher prices and materials shortages, in both construction projects and operations
- Future potential economic downturns

I am extremely proud of the entire Pierce Transit workforce. Our employees' dedication to serving the public is a major force that keeps Pierce Transit moving forward and provides a strong foundation for the service we will provide in the future.



Economic Condition and Outlook

Even as ridership returns closer to pre-pandemic levels, the post-COVID emergency economic disruption continues. Pierce Transit experiences the impacts of this ongoing disruption on many levels. Controlling the overall cost of services and projects is of utmost importance to Pierce Transit; however, inflation, including a level of uncertainty related to future fuel and service vehicle prices, will have a magnifying effect on the cost of service delivery over the next few years. Supply chain delays and ever-increasing delivery times are exacerbating the complexity of capital projects.

Pierce Transit's annual budget planning process examines its programs, services and financial operations, along with various economic forecasts, to develop an overall financial outlook. While the pandemic caused a sudden and severe downturn in the economy and revenue collections in 2020, signs point to continued recovery into 2023.

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. While economic expansion halted abruptly in March 2020, consumer spending rebounded significantly in 2021 and continues to slowly increase in 2022. The impact of the economy including the threatened recession will affect future revenue. As we closely monitor trends and update forecasts, adjustments to the 2023 budget may be required.

The Puget Sound region has been one of the fastest-growing metropolitan areas in the U.S. Locally, residents continue to move into Pierce County due to higher housing prices in King County and employment growth continues despite low workforce availability.

Specific areas of concern that could hinder Pierce Transit's growth include recruitment challenges for positions across the agency. Operators and maintenance positions are particularly impacted. While the region's working-age population is expanding, the labor force participation rate is down. The return to previous years' service delivery levels will depend on increased workforce availability and funding that keeps up with service costs that currently outpace overall average inflation.



Budget Summary

Given that there is still some uncertainty around the economy in 2023, our team's goal was to build a draft 2023 budget that allows us to increase our local service to 95 percent of pre-pandemic levels if conditions, including staffing levels, progress as anticipated. The budget before you supports this goal. The 2023 budgeted expenditures for all funds are approximately \$505 million, balanced by expected revenues and reserves. Sales tax will contribute 86 percent of total budgeted operating revenues in 2023 (excluding the revenue from our contract to provide Sound Transit regional service) and is expected to generate \$111 million in revenue. While sales tax collections are projected to increase above 2022 levels, uncertainty exists around future collections. Therefore, the six-year plan shows modest 3.83 percent annual increases, well below our historical average annual increase of 5.8 percent. While costs continue to escalate faster than prior years, employees will focus their efforts on improving productivity, reducing costs and obtaining grants for service and projects. Operating expenditures are increasing by 8.1 percent over projected 2022 levels, due primarily to filling vacant positions with an eye toward restoring service back to 95 percent of pre-COVID levels. The budget includes 966 FTEs (987 positions). Pierce Transit fixed route service hours for 2023 are planned to increase to 475,000. By way of comparison, we were budgeting for 500,000 service hours pre-COVID.

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 and/or other funding sources will be required to fully implement the planned capital program, particularly the Maintenance and Operations Base Improvements (MOBI) and Bus Rapid Transit (BRT) projects. Reserves comply with required levels established by the Board of Commissioners. Reserves provide the ability to deal with adverse economic conditions, emergencies, and exposure to casualty and legal risks. While the agency currently has no long-term debt, the Board has approved our application to seek a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the United States Department of Transportation's Build America Bureau. This loan is intended to fund a significant portion of base improvements that are currently unfunded. The agency should know the results of the application in

late 2023. Pierce Transit is also requesting additional FTA funding for the initial BRT along SR-7. Future projects, including BRT expansion and transition to zero-emission vehicles, will be dependent on future funding opportunities.


The 2023 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. Our goal with this budget and throughout the six-year plan framework is to continue building on our solid foundation to provide an improved public transportation system that meets the needs of our communities. 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. Some efforts reflected in the 2023 budget include:

- Transit station security
- Enhanced employee safety initiatives
- Increased vanpool customer safety using telematics
- Diversity, equity, and inclusion
- Employee development
- Providing a foundation to engage and retain our workforce
- Improved commitment to facility state of good repair
- Zero emission/electrification
- Building capacity to identify, increase and manage grant funding
- Focus on innovative ways to provide service and increase ridership
- Youth-Ride-Free commitment



I would like to thank the Pierce Transit Finance and Budget professionals for their thoughtful preparation of the agency's 2023 Budget. The budget provides a plan that allows Pierce Transit to serve its communities not only in 2023, but well into the future.

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

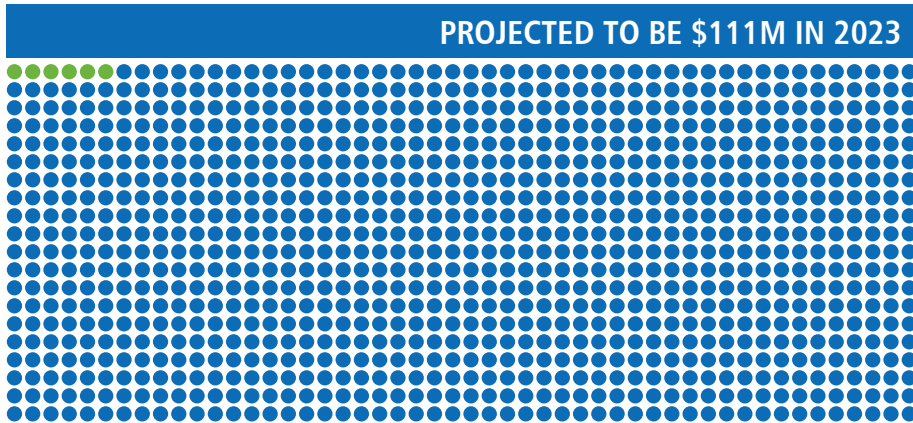

Mike Griffus, Chief Executive Officer

PierceTransit 2023 Budget Highlights

BUDGET
BREAKDOWN



Sales Tax is our #1 Revenue Source

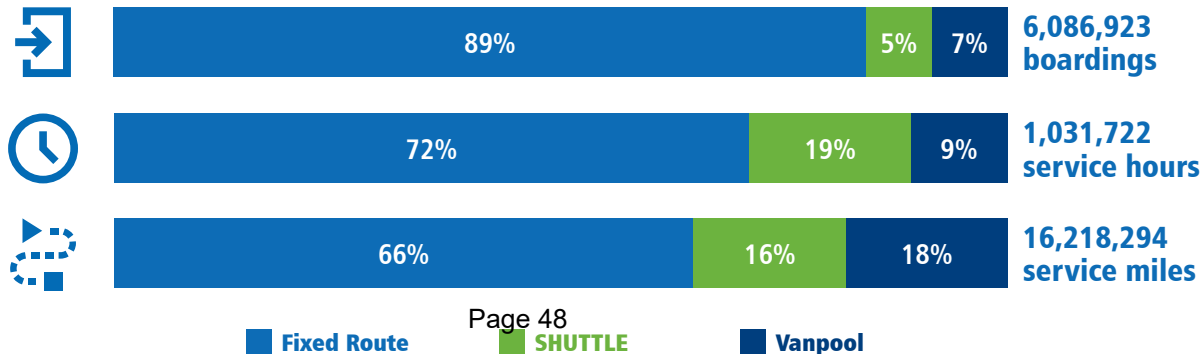


We collect **6¢** for every \$10 spent within our benefit area



2 new positions compared to 2022

DESPERSED SERVICE



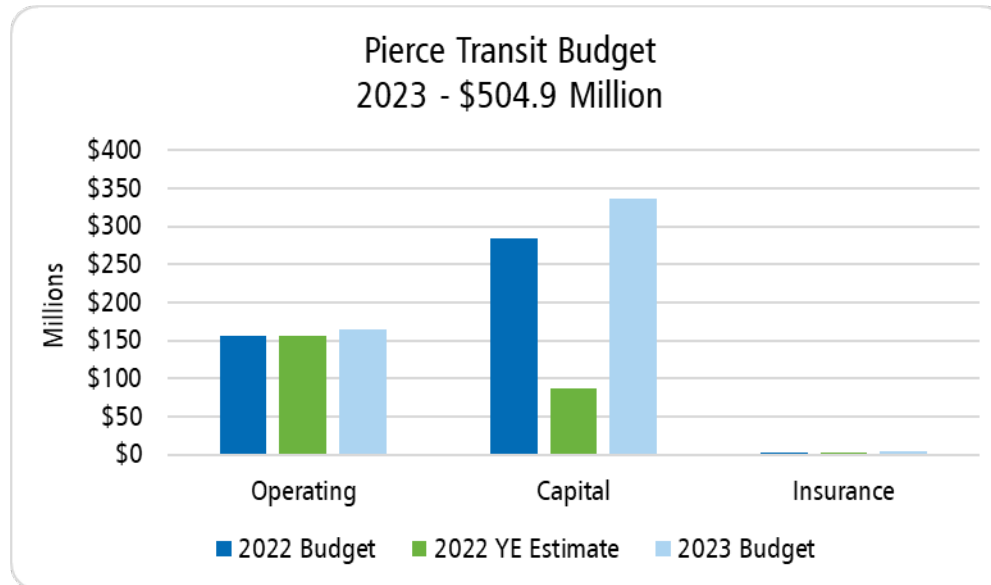


Gillig Electric Buses

Annual Budget

2023 Agency-Wide Budget

The 2023 agency-wide expenditure budget totals \$504,855,420. Pierce Transit is a single enterprise that uses the same accrual method of accounting as a private enterprise. The fund structure in the budget is the same as the audited financial statements. The budget is distributed across three major categories: Operating, Capital, and Insurance. These are treated as separate components for budgeting purposes. The Board of Commissioners has the legal authority to appropriate all funds.

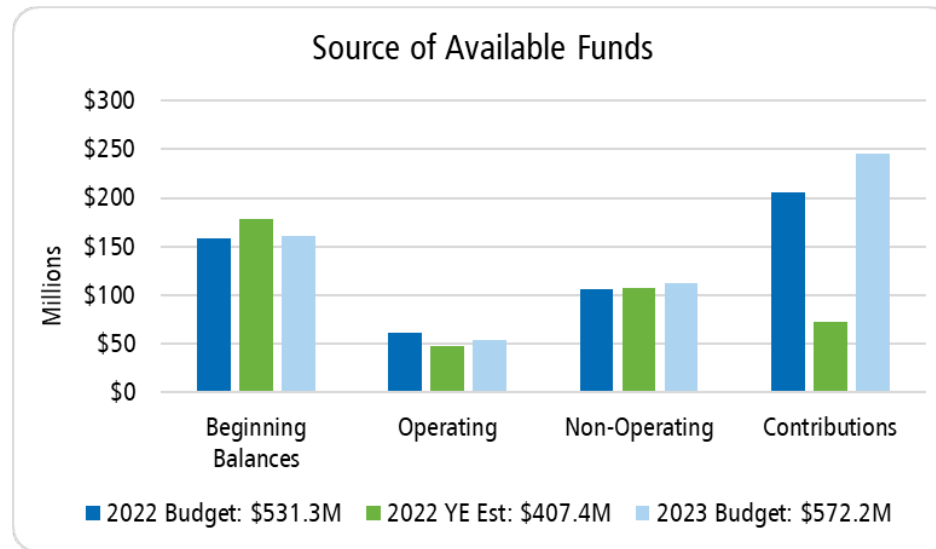


The operating budget finances the day-to-day operations, provides transfers to support capital and insurance needs, and is the primary budget of the Agency. The operating budget revenue includes fares, advertising, reimbursement from Sound Transit for regional service, sales tax, interest, operating contributions, and other miscellaneous revenues. Expenditure categories include wages, benefits, maintenance and operating costs, non-operating expenditures, and transfers to the capital and insurance budgets.

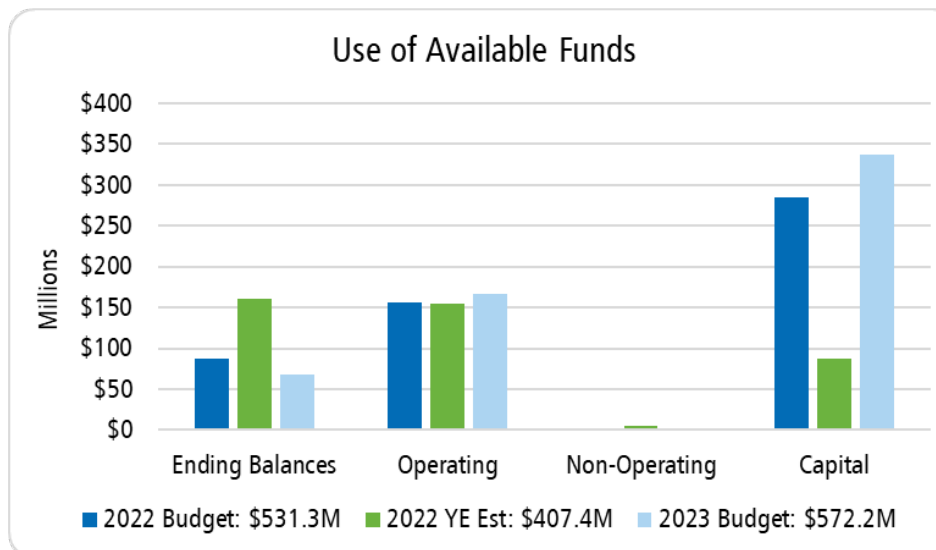
The capital budget revenues include federal and state grants, Sound Transit funding, interest earnings, and transfers from the operating budget. Capital budget expenditures include replacement vehicles, facility additions and improvements, and equipment.

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

The agency's source of available funds includes beginning balances and revenue which is divided into three categories: Operating includes fares, reimbursements for service, and advertising; Non-Operating includes sales tax, interest, and other; and Contributions includes grants and assistance to provide specific programs or projects from Federal, State, and other agencies.

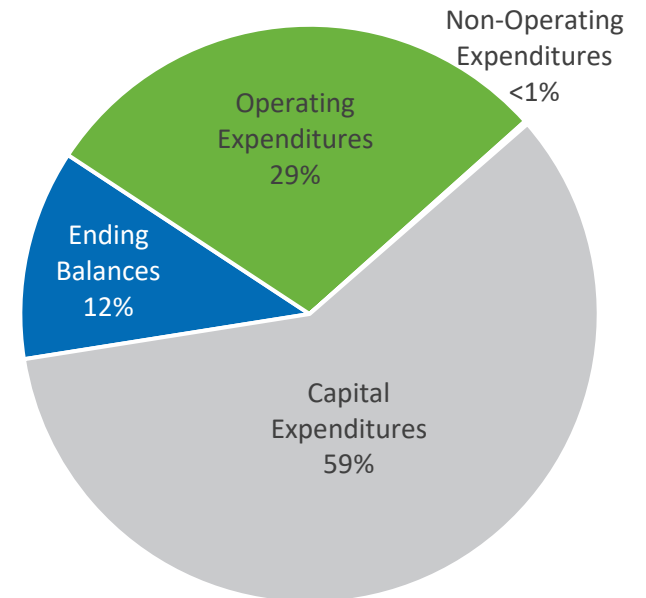
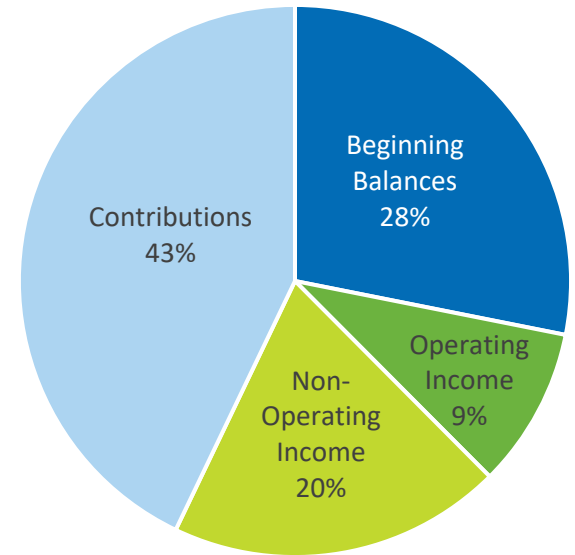


Use of available funds includes ending balances and expenditures: Operating which includes personnel and maintenance and operations; Non-operating which includes payments to Pierce County Ferries 5307 agreement; and Capital expenditures including carryover funds for capital projects from the prior year.



**2023 BUDGET
OVERALL SUMMARY**

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
REVENUES					
OPERATING INCOME					
Passenger Fares	6,008,335	6,747,477	5,451,320	5,446,210	-0.1%
Advertising	493,154	500,000	372,500	350,000	-6.0%
Regional Transit Service (Sound Transit)	47,250,234	53,818,060	42,275,440	47,986,720	13.5%
NON-OPERATING INCOME					
Sales Tax	107,084,956	104,956,178	107,151,530	110,557,130	3.2%
Other	3,799,484	1,090,917	951,280	1,473,270	54.9%
CONTRIBUTIONS					
Operating	34,233,034	29,963,820	52,227,210	10,795,670	-79.3%
Capital	31,225,638	175,522,501	20,713,790	234,631,590	1032.7%
TOTAL REVENUES	230,094,835	372,598,953	229,143,070	411,240,590	79.5%
BEGINNING BALANCES					
Operating	74,827,192	97,907,631	115,845,220	106,343,360	-8.2%
Insurance	3,615,475	1,625,899	475,450	(884,390)	-286.0%
Capital	67,857,436	59,174,073	61,887,830	55,464,480	-10.4%
TOTAL BEGINNING BALANCES	146,300,103	158,707,603	178,208,500	160,923,450	-9.7%
TOTAL REVENUE & BEGINNING BALANCES	376,394,938	531,306,555	407,351,570	572,164,040	40.5%
EXPENDITURES					
OPERATING EXPENDITURES					
Personnel	93,609,383	107,841,820	104,083,480	112,639,380	8.2%
Maintenance & Operations	39,464,911	46,539,108	46,538,890	49,970,850	7.4%
Insurance	3,479,789	2,540,000	3,468,620	3,775,710	8.9%
NON-OPERATING EXPENDITURES					
Grants Exchange Funds	4,063,915	1,143,054	5,606,440	1,150,000	0.0%
CAPITAL EXPENDITURES					
Capital Projects	57,568,440	285,133,952	86,730,690	337,319,480	288.9%
TOTAL EXPENDITURES	198,186,438	443,197,934	246,428,120	504,855,420	104.9%
ENDING BALANCES					
Operating	115,845,220	77,608,621	106,343,360	57,608,620	-45.8%
Insurance	475,450	1,200,000	(884,390)	1,200,000	-235.7%
Capital	61,887,830	9,300,000	55,464,480	8,500,000	-84.7%
TOTAL ENDING BALANCES	178,208,500	88,108,621	160,923,450	67,308,620	-58.2%
TOTAL EXPENDITURES & ENDING BALANCES	376,394,938	531,306,555	407,351,570	572,164,040	40.5%



2023 Operating Budget

The 2023 operating revenues of \$176,409,000 support the operating expenditures of \$162,610,230, non-operating expenditures of \$1,150,000 and transfers of \$61,383,510. 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 a decrease of \$48,734,740. Reserves beyond the required amount will be utilized over the next six years to fund capital projects. The operating budget revenue for 2023 is decreasing by 15.3% and operating expenditures are increasing 8.0% from the 2022 Year-End Estimate.

	<u>2022 YE Estimate</u>	<u>2023 Budget</u>	Year-End Estimate to Budget	
			<u>\$ Change</u>	<u>% Change</u>
Operating Revenues	208,237,430	176,409,000	(31,828,430)	-15.3%
Operating Expenditures	(150,622,370)	(162,610,230)	(11,987,860)	8.0%
	57,615,060	13,798,770	(43,816,290)	-76.1%
Non-Operating Expenditures	(5,606,440)	(1,150,000)	4,456,440	-79.5%
Transfers-Out	(61,510,480)	(61,383,510)	126,970	-0.2%
Net Change - Reserves	(9,501,860)	(48,734,740)	(39,232,880)	412.9%

Operating Revenues

Operating Revenues include both Operating Income, Non-Operating Income, and Contributions to pay for ongoing transportation operations. The type of revenue and percent change from 2022 Year-End Estimate are included in the table below.

	<u>2022 YE Estimate</u>	<u>2023 Budget</u>	Year-End Estimate to Budget	
			<u>\$ Change</u>	<u>% Change</u>
Operating Income				
Fares	5,451,320	5,446,210	(5,110)	-0.1%
Advertising	372,500	350,000	(22,500)	-6.0%
Regional Transit Service	42,275,440	47,986,720	5,711,280	13.5%
Non-Operating Income				
Sales Tax	107,151,530	110,557,130	3,405,600	3.2%
Miscellaneous	759,430	1,273,270	513,840	67.7%
Operating Contributions	52,227,210	10,795,670	(41,431,540)	-79.3%
	208,237,430	176,409,000	(31,828,430)	-15.3%

Fares – Revenues are estimated based on ridership and average fare per boarding projections. The average fare per boarding is expected to be \$0.84 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 2023 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. The current Discounted Fare for Local PT Service (one-ride) is \$1.00 or a Local PT Service All Day Pass is \$2.50. As of September 1, 2022, no fares will be collected for riders aged 18 and under on local Pierce Transit services.

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.

Sound Transit – Regional Transit Service budgeted revenue totals \$47,986,720 in 2023 a 13.5% increase from 2022 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 2023, Sound Transit is increasing service hours 4.9% from 258,617 to 271,300. Sound Transit also reimburses for their share of costs associated with security, liability insurance, and special services for operating Tacoma Dome Station. Beginning in 2023, Pierce Transit will provide reimbursable ADA services to assist Sound Transit with FTA requirements for their Hilltop light rail extension.

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 86.1% of the operating budget revenue excluding Sound Transit. In 2023, sales tax is expected to total \$110,557,130, a 3.2% increase over the 2022 Year-End Estimate and in line with current growth trends.

Miscellaneous – Includes revenues such as interest, gains on disposed assets, Lakeland Hill transportation services, and parking fees.

Operating Contributions – Operating Contributions are funds from partnering agencies. They include Pierce County Commute Trip Reduction (CTR), Washington State Department of Transportation Special Needs Operations, and Move Ahead WA. Pierce Transit also partners for Americans with Disabilities Act (ADA) service. One-time Federal contributions such as Coronavirus Aid, Relief, and Economic Security 2020 (CARES), Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA) and American Rescue Plan Act 2022 (ARPA) are included in operating contributions. No one-time Federal contributions are anticipated after 2022.

Operating Expenditures

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 expenses are projected to total 162,610,230 an 8.0% increase from the 2022 Year-End Estimate. The larger than normal increase over year-end estimates is a result of reduced service and expenditures in 2022 due to Operator shortages and returning to 95% pre-COVID service levels in 2023. The changes from the 2022 Year-End Estimate to the 2023 Budget are as follows:

	<u>2022 YE Estimate</u>	<u>2023 Budget</u>	Year-End Estimate to Budget	
			<u>\$ Change</u>	<u>% Change</u>
Wages	76,362,210	81,402,050	5,039,840	6.6%
Benefits	27,721,270	31,237,330	3,516,060	12.7%
M&O	46,538,890	49,970,850	3,431,960	7.4%
Total Operations	150,622,370	162,610,230	11,987,860	8.0%
Non-Operating	5,606,440	1,150,000	(4,456,440)	-79.5%
Total Expenditures	156,228,810	163,760,230	7,531,420	4.8%

Wages – The 2023 Budget includes 987 positions and 966 full-time equivalents (FTEs). The 6.6% 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 in addition to the net one new position.

Represented employees are 83% of the total Agency workforce. The Master Agreement with the Amalgamated Transit Union (ATU) is for a three-year period, January 1, 2021 through December 31, 2023. The Master Agreement with the International Association of Machinists (IAM) is for a two-year period, January 1, 2022 through December 31, 2023. The ATU contract calls for a general wage increase of 2.25% on January 1, 2023 and IAM wages will not have an increase.

Benefits – The increase in benefits of 12.7% or \$3,516,060 is a result of medical and dental premium increases, percentage-based benefits that increase with wages, and filling prior year vacancies and new positions.

Maintenance and Operations – The 2023 Maintenance and Operations (M&O) Budget is \$49,970,850. The expenditures support service, maintenance of equipment, and technology system needs. This is an increase of \$3,431,960 or 7.4% higher than the 2022 Year-End Estimate. The increases in expenses are impacted by the planned number of service hours and miles operated as well as inflation.

Non-Operating Expenditures – 2023 Non-Operating Expenditures are for payment of \$1,150,000 for Pierce County Agreement grant exchange funds.

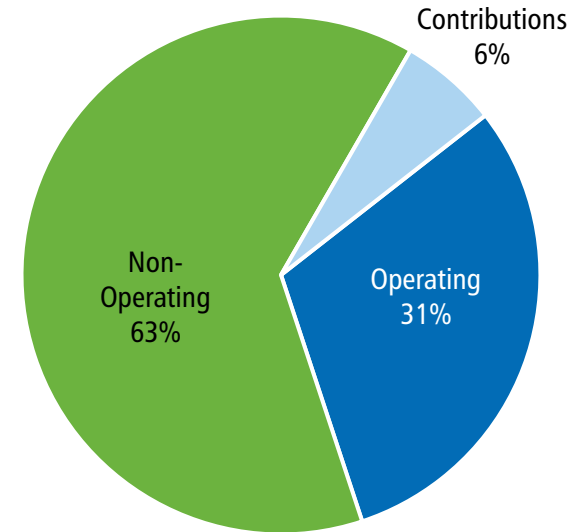
Operating Reserve Balance

Pierce Transit defines the operating reserve balance as reserves maintained to provide enough working capital 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.

The 2023 budget includes operating and non-operating revenues of \$176.4 million which funds operating and non-operating expenses of \$163.8 million for 1,031,722 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.

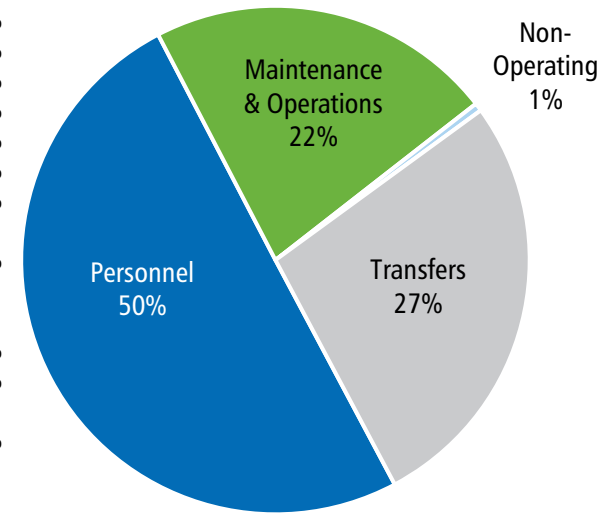
**2023 BUDGET
OPERATING SUMMARY - REVENUES**

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
OPERATING REVENUES					
OPERATING INCOME					
Passenger Fares	6,008,335	6,747,477	5,451,320	5,446,210	-0.1%
Advertising	493,154	500,000	372,500	350,000	-6.0%
Regional Transit Service (Sound Transit)					
Express Reimbursement	46,377,943	52,740,121	41,478,550	47,008,150	13.3%
Tacoma Dome Station Reimbursement	872,291	1,077,939	796,890	934,840	17.3%
ADA Travel Trainer Reimbursement	-	-	-	43,730	0.0%
TOTAL OPERATING INCOME	53,751,723	61,065,537	48,099,260	53,782,930	11.8%
NON-OPERATING INCOME					
Sales Tax	107,084,956	104,956,178	107,151,530	110,557,130	3.2%
Interest Income	89,200	250,000	331,800	250,000	-24.7%
Other	3,645,016	497,417	427,630	1,023,270	139.3%
TOTAL NON-OPERATING INCOME	110,819,172	105,703,595	107,910,960	111,830,400	3.6%
OPERATING CONTRIBUTIONS					
Federal	32,142,764	27,729,920	47,429,190	729,920	-98.5%
State	2,088,833	2,233,900	4,798,020	9,940,750	107.2%
Other	1,437	2,500	-	125,000	0.0%
TOTAL OPERATING CONTRIBUTIONS	34,233,034	29,966,320	52,227,210	10,795,670	-79.3%
TOTAL REVENUES	198,803,929	196,735,452	208,237,430	176,409,000	-15.3%
BEGINNING BALANCE	74,827,192	97,907,631	115,845,220	106,343,360	-8.2%
TOTAL REVENUES & BEGINNING BALANCE	273,631,122	294,643,082	324,082,650	282,752,360	-12.8%



**2023 BUDGET
OPERATING SUMMARY - EXPENDITURES**

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
OPERATING EXPENDITURES					
PERSONNEL					
Wages	68,615,578	77,490,382	76,362,210	81,402,050	6.6%
Benefits	24,993,805	30,351,438	27,721,270	31,237,330	12.7%
TOTAL PERSONNEL	93,609,383	107,841,820	104,083,480	112,639,380	8.2%
MAINTENANCE & OPERATIONS					
Supplies	12,445,683	14,157,988	13,453,660	19,413,680	44.3%
Services	7,496,962	9,045,876	9,491,640	9,085,890	-4.3%
Insurance	3,679,860	3,862,662	4,137,290	4,602,530	11.2%
Utilities	1,711,260	1,796,060	1,704,760	1,687,100	-1.0%
Repairs	572,204	734,169	732,950	676,250	-7.7%
Rentals	589,648	585,120	581,580	506,840	-12.9%
Other	12,278,076	15,651,165	15,767,720	13,161,870	-16.5%
Contract Services	691,219	706,068	669,290	836,690	25.0%
Other Improvements	-	-	-	-	0.0%
TOTAL MAINTENANCE & OPERATIONS	39,464,912	46,539,108	46,538,890	49,970,850	7.4%
TOTAL OPERATING EXPENDITURES	133,074,295	154,380,928	150,622,370	162,610,230	8.0%
NON-OPERATION EXPENDITURES					
Grant Exchange Funds	4,063,915	1,143,054	5,606,440	1,150,000	-79.5%
TOTAL NON-OPERATING EXPENDITURES	4,063,915	1,143,054	5,606,440	1,150,000	-79.5%
TOTAL EXPENDITURES	137,138,210	155,523,982	156,228,810	163,760,230	4.8%
TRANSFERS					
To Insurance Fund	334,904	2,098,101	2,098,100	5,835,100	178.1%
To Capital Fund	20,312,788	59,412,378	59,412,380	55,548,410	-6.5%
TOTAL TRANSFERS	20,647,692	61,510,479	61,510,480	61,383,510	-0.2%
TOTAL EXPENDITURES & TRANSFERS	157,785,902	217,034,461	217,739,290	225,143,740	3.4%
ENDING BALANCES	115,845,220	77,608,621	106,343,360	57,608,620	-45.8%
TOTAL EXPENDITURES & ENDING BALANCES	273,631,122	294,643,082	324,082,650	282,752,360	-12.8%



2023 Personnel

The 2023 Budget includes 987 positions and 966 full-time equivalents (FTE). This is a net increase of two positions from the 2022 Budget. The budget also accounts for changing four Intern positions previously budgeted as dollars to FTEs beginning in 2023. The net increase in positions includes:

16 New Positions

- | | |
|-------------------------------------|---------------------------------|
| 1 Records Management | 1 Equity & Engagement Manager |
| 2 Contract Coordinator | 3 Fleet Care Attendant |
| 1 Transit System Maintenance Worker | 1 Transit Facilities Specialist |
| 1 Community Dev Coordinator | 1 Grants Coordinator |
| 1 ADA Eligibility Analyst | 1 Service Supervisor |
| 1 Instructor | 2 Division Assistant |

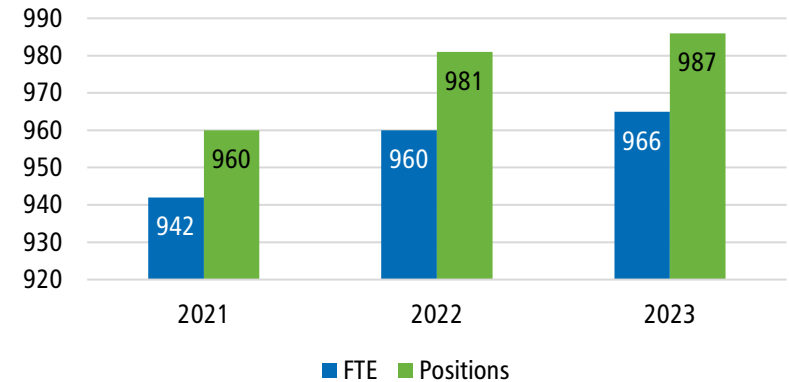
14 Position Reductions

- 14 Relief Transit Operators (Vacant)

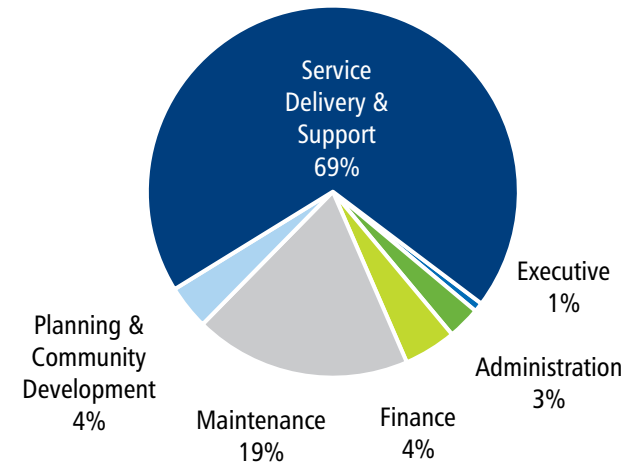
Directly operated service includes Service Delivery & Support and Maintenance divisions. These divisions represent 867 or 88% of the total positions. The remaining 120 positions or 12% are in Executive, Administration, Finance and Planning & Community Development divisions.

Most of the staff at Pierce Transit is equal to 1.0 FTE. FTE is defined as having a work schedule of 2,080 hours annually. In the 2023 Budget, we have 78 positions that are considered less than 1.0 FTE, the majority in the Relief Transit Operators classification.

Budgeted FTEs & Positions



2023 Budgeted Positions - 987



2023 Capital Budget

The Capital budget represents the revenues and expenditures associated with capital development and acquisition. It includes funds for replacement vehicles, capital planning for the efficient use of base and passenger facilities, technology, and equipment. 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 the total project cost the year the Agency anticipates entering into a contract for service or acquisition.

Capital projects for 2023 are budgeted at \$337,319,480. Approved but unspent projects are carried over from the prior year to the following budget year. The 2023 Budget contains \$257,021,390 of prior year budgeted funds (carryover) and \$80,298,090 in new projects. Expenditures are supported by \$234,631,590 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.

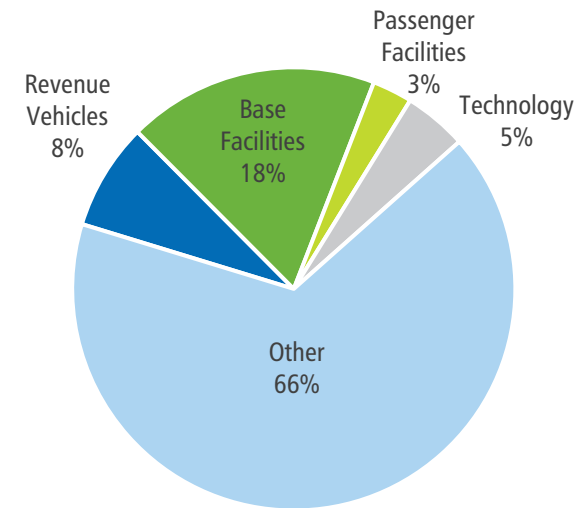
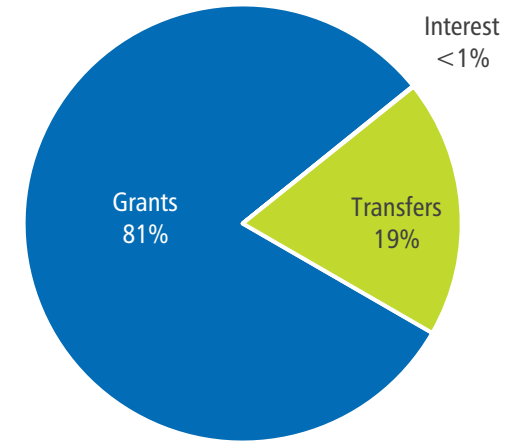
The 2023 Capital Budget is comprised of the following categories:

- Revenue Vehicles, 8% of the Capital budget, provide customers a comfortable and reliable mode of transportation
- Base Facilities, 18% of the Capital budget, support efficient operations of the Agency
- Passenger Facilities & Amenities, 3% of the Capital budget, serve as the front door to the transit system
- Technology, 5% of the Capital budget, provide infrastructure and software to improve information and services for staff and the public
- Other, 66% of the Capital budget, maintain equipment and provide improved transportation services

	2023 Capital Budget Expenditures		
	<u>Carryover</u>	<u>New</u>	<u>Total</u>
Revenue Vehicles (Bus, SHUTTLE, Vanpool Replacements)	13,361,920	13,090,810	26,452,730
Base Facilities (Maintenance & Operations Base Improvements)	478,080	61,421,500	61,899,580
Passenger Facilities (Transit Centers, Park & Rides, TDS)	9,831,360	-	9,831,360
Technology (ngORCA, CAD/AVL, ADEPT, Security Systems)	13,578,200	2,016,950	15,595,150
Other (BRT, TDS Elevator, Commerce Charging Station)	219,771,830	3,768,830	223,540,660
	257,021,390	80,298,090	337,319,480

**2023 BUDGET
CAPITAL SUMMARY**

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
CAPITAL REVENUES					
REVENUES					
Grants	31,225,638	175,522,501	20,713,790	234,631,590	1032.7%
Interest	60,408	325,000	181,170	175,000	-3.4%
TOTAL REVENUES	31,286,046	175,847,501	20,894,960	234,806,590	1023.7%
TRANSFERS					
From Operating Fund	20,312,788	59,412,378	59,412,380	55,548,410	-6.5%
TOTAL TRANSFERS	20,312,788	59,412,378	59,412,380	55,548,410	-6.5%
TOTAL REVENUE & TRANSFERS	51,598,834	235,259,879	80,307,340	290,355,000	261.6%
BEGINNING BALANCE					
Capital Fund	67,857,436	59,174,073	61,887,830	55,464,480	-10.4%
TOTAL REVENUES & BEGINNING BALANCE	119,456,270	294,433,952	142,195,170	345,819,480	143.2%
CAPITAL EXPENDITURES					
CAPITAL ACQUISITION					
Revenue Vehicles	23,610,313	18,341,397	6,775,510	26,452,730	290.4%
Base Facilities	14,508,122	60,751,000	62,271,750	61,899,580	-0.6%
Passenger Facilities & Amenities	5,444,928	10,710,135	3,149,380	9,831,360	212.2%
Technology	4,704,589	23,645,828	7,851,750	15,595,150	98.6%
Other	9,300,489	171,685,592	6,682,300	223,540,660	3245.3%
TOTAL EXPENDITURES	57,568,440	285,133,952	86,730,690	337,319,480	288.9%
ENDING BALANCE					
Capital Fund	61,887,830	9,300,000	55,464,480	8,500,000	-84.7%
TOTAL EXPENDITURES & ENDING BALANCE	119,456,270	294,433,952	142,195,170	345,819,480	143.2%



Below is a detailed project list reflecting the carryover and new allocations to our Capital budget.

Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	Local Funding	Grant Funding
Base Facilities Projects									
Building 4 Modifications	345	4,255,020	4,045,300	21,830	187,890		187,890	187,890	
Maintenance & Operations Base Improvements (MOBI)	525	84,500,000	22,330,800	62,169,200	-	55,762,220	55,762,220	55,762,220	
Building 4 Lobby Hardening	618	150,520		13,510	137,010		137,010	137,010	
Building 5 A/V Equip Replacement	620	220,390		67,210	153,180		153,180	153,180	
Building 5 Exterior Sealing	NEW					130,000	130,000	130,000	
Building 4 Exterior Painting	NEW					273,160	273,160	273,160	
Building 1 Iron Worker Replacement for the Body Shop	NEW					58,710	58,710	58,710	
Base Storm Water System Repair & Maintenance	NEW					266,110	266,110	266,110	
Shatter Proof Film Buildings 4, 5 & TDS	NEW					92,900	92,900	92,900	
Base BEB Charging Expansion to 12 Buses	NEW					4,838,400	4,838,400	967,700	3,870,700
Subtotal Base Facilities Projects		89,125,930	26,376,100	62,271,750	478,080	61,421,500	61,899,580	58,028,880	3,870,700
Other Projects									
High-Capacity Transit (HCT) Feasibility Study	481	1,716,630	1,267,350		449,280		449,280	449,280	
Corridor Speed & Reliability Improvements 2018	554	4,500,000	1,847,270	100,170	2,552,560		2,552,560	2,552,560	
Bus Rapid Transit (BRT)	563	236,900,000	18,242,360	5,810,570	212,847,070		212,847,070	13,002,030	199,845,040
Building 5 Shuttle & Pub Safety Office Move	600	317,000	49,960	115,700	151,340		151,340	151,340	
Maintenance Power Pusher	601	32,480		22,370	10,110		10,110	10,110	
Commerce Facility Bus Charging Station	612	2,000,000	350		1,999,650		1,999,650	1,414,450	585,200
BRT System Expansion Study	613	837,300	225,830	258,020	353,450		353,450	353,450	
Support Vehicle Replacement 2022	624	334,840		150,000	184,840		184,840	184,840	
Parts Washers Replacement 2022	627	46,530			46,530		46,530	46,530	
Consolidate IT Work Area & Storage 2022	629	57,480			57,480		57,480	57,480	
Building 5 Chair Replacement	632	35,000			35,000		35,000	35,000	
Bus Stop Shelter Refurbishment	633	1,000,000			1,000,000		1,000,000	1,000,000	
Rivet Gun	635	16,000			16,000		16,000	16,000	
Miscellaneous Capital Equipment	778	68,520			68,520	100,000	168,520	168,520	
Support Replacement 2023	NEW					626,830	626,830	626,830	
Employee Engagement Tool	NEW					42,000	42,000	42,000	
Bus Rapid Transit (BRT) 2 - Downtown Tacoma to Lakewood	NEW					3,000,000	3,000,000	-	3,000,000
Subtotal Other Projects		247,861,780	21,633,120	6,456,830	219,771,830	3,768,830	223,540,660	20,110,420	203,430,240
Passenger Facilities Projects									
Narrows Park & Ride Renewal	503	1,013,060	77,490	21,200	914,370		914,370	914,370	
Commerce Tunnel Refurbishment	524	3,635,360	3,278,020	273,940	83,400		83,400	83,400	
Spanaway Transit Center Park & Ride - Phase I	556	9,242,890	3,402,790	1,407,660	4,432,440		4,432,440	84,630	4,347,810
South Hill Mall Transit Center Renewal	571	1,832,370	1,216,620	320,610	295,140		295,140	295,140	
Tacoma Dome Station Elevator Repairs & Upgrades	588	3,451,550	254,210	753,330	2,444,010		2,444,010	376,480	2,067,530
Kimball Drive Park & Ride 2020	590	379,180		96,970	282,210		282,210	282,210	
North Purdy Park & Ride 2020	591	259,890		60,590	199,300		199,300	199,300	
Parkland Transit Center 2020	592	360,940		79,430	281,510		281,510	281,510	
Spanaway Transit Center Park & Ride - Phase II Design	607	1,000,000	370	100,650	898,980		898,980	37,500	861,480
Subtotal Passenger Facilities Projects		21,175,240	8,229,500	3,114,380	9,831,360	-	9,831,360	2,554,540	7,276,820

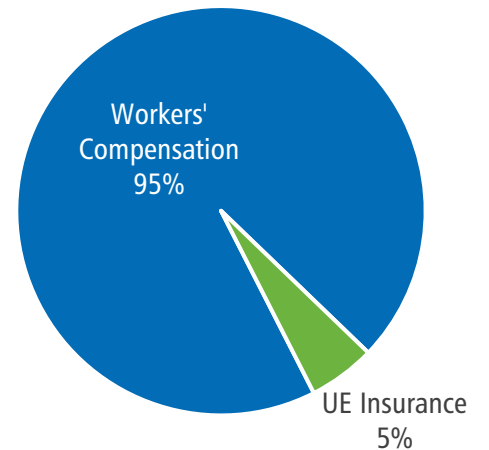
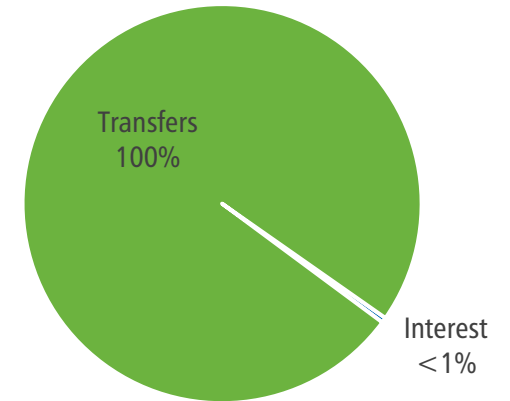
Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	Local Funding	Grant Funding
Revenue Vehicle Projects									
SHUTTLE Replacement 2019	558	1,051,610	-		1,051,610		1,051,610	1,051,610	
Bus Fleet Replacement 2021	602	6,209,100		5,662,510	546,590		546,590	109,320	437,270
Vanpool Replacement 2021	611	814,120		400,000	414,120		414,120	414,120	
Bus Fleet Replacement 2022	622	7,061,430			7,061,430		7,061,430	1,412,290	5,649,140
SHUTTLE Replacement 2022	623	2,928,530			2,928,530		2,928,530	1,165,600	1,762,930
Vanpool Replacement 2022	628	1,453,060		700,000	753,060		753,060	753,060	
Barrier Door Install	NEW	606,580			606,580		606,580	606,580	
SHUTTLE Replacement 2023	NEW					3,114,390	3,114,390	622,880	2,491,510
Bus Fleet Replacement 2023	NEW					7,704,850	7,704,850	1,540,970	6,163,880
Vanpool Replacement 2023	NEW					1,933,230	1,933,230	1,933,230	
Puyallup Runner Wheelchair Accessible Vehicles (2)	NEW					138,340	138,340	27,670	110,670
Vanpool Telematics 2023	NEW					200,000	200,000	100,000	100,000
Subtotal Revenue Vehicle Projects		20,124,430	-	6,762,510	13,361,920	13,090,810	26,452,730	9,737,330	16,715,400
Technology Projects									
Security Systems Replacement	452	3,765,990	628,430	1,159,880	1,977,680		1,977,680	1,977,680	
ngORCA	482	6,154,830	2,317,340	607,700	3,229,790		3,229,790	3,229,790	
Hastus Upgrade 2017	510	961,980	897,530	34,560	29,890		29,890	29,890	
Collision Avoidance System	518	2,364,890	2,280,830	13,260	70,800		70,800	70,800	
Backup Software Replacement 2018	543	85,000	-	-	85,000		85,000	85,000	
Bus Driving Simulator 2018	544	507,580	347,760	116,440	43,380		43,380	43,380	
CAD-AVL System Replacement 2019	573	11,000,000	1,819,870	5,553,180	3,626,950		3,626,950	288,520	3,338,430
Facilities Workorder Management System - EAM Replacement 2019	576	48,880			48,880		48,880	48,880	
Storage Area Network 2019	579	329,700	30,610		299,090		299,090	299,090	
Bus Systems Mobile Access Routers	597	808,940	121,910		687,030		687,030	687,030	
Network Infrastructure Replacement 2021	603	760,000	102,760	285,260	371,980		371,980	371,980	
Call Center Software Replacement 2021	604	159,000			159,000		159,000	159,000	
NeoGov HRIS Module	609	90,200			90,200	59,800	150,000	150,000	
ADEPT Upgrade or Replacement 2022	625	2,200,000		2,260	2,197,740		2,197,740	2,197,740	
Network Infrastructure Replacement 2022	626	440,000			440,000		440,000	440,000	
Computer & Laptop Replacement	631	300,000		79,210	220,790		220,790	220,790	
Network Infrastructure Replacement 2023	NEW					732,050	732,050	732,050	
Communication Center Radio Consoles Replacement	NEW					284,500	284,500	284,500	
Real Time Sign Refurbishment	NEW					43,070	43,070	43,070	
Computer & Laptop Replacement 2023	NEW					332,750	332,750	332,750	
CCTV Additions to Park & Rides	NEW					314,780	314,780	314,780	
Managed Cyber Security Services	NEW					250,000	250,000	250,000	
Subtotal Technology Projects		29,976,990	8,547,040	7,851,750	13,578,200	2,016,950	15,595,150	12,256,720	3,338,430
Total Capital Projects		408,264,370	64,785,760	86,457,220	257,021,390	80,298,090	337,319,480	102,687,890	234,631,590

2023 Insurance Budget

The Insurance budget pays for the claims that arise from workers' compensation or unemployment. The 2023 Budget of \$3,775,710 reflects an increase of \$307,090 from the 2022 Year-End Estimate of \$3,468,620. The increase is due to projected Workers' Compensation insurance costs.

2023 BUDGET INSURANCE SUMMARY

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
INSURANCE REVENUES					
REVENUES					
Interest	4,860	16,000	10,680	25,000	134.1%
TOTAL REVENUES	4,860	16,000	10,680	25,000	134.1%
TRANSFERS					
From Operating Fund	334,904	2,098,101	2,098,100	5,835,100	178.1%
TOTAL TRANSFERS	334,904	2,098,101	2,098,100	5,835,100	178.1%
TOTAL REVENUES & TRANSFERS	339,764	2,114,101	2,108,780	5,860,100	177.9%
BEGINNING BALANCE					
Insurance Fund	3,615,475	1,625,899	475,450	(884,390)	-286.0%
TOTAL REVENUES & BEGINNING BALANCE	3,955,239	3,740,000	2,584,230	4,975,710	92.5%
INSURANCE EXPENDITURES					
EXPENDITURES					
Workers' Compensation Insurance					
Light Duty	12,862	125,000	8,000	60,000	650.0%
Workers' Compensation	2,813,459	1,750,000	2,815,000	2,950,000	4.8%
Professional Services	49,556	80,000	80,000	100,000	25.0%
Excess Workers' Compensation	65,229	75,000	100,620	115,710	15.0%
Taxes & Assessments	344,096	310,000	345,000	350,000	1.4%
Unemployment Insurance	194,588	200,000	120,000	200,000	66.7%
TOTAL EXPENDITURES	3,479,789	2,540,000	3,468,620	3,775,710	8.9%
ENDING BALANCE					
Insurance Fund	475,450	1,200,000	(884,390)	1,200,000	-235.7%
TOTAL EXPENDITURES & ENDING BALANCE	3,955,239	3,740,000	2,584,230	4,975,710	92.5%

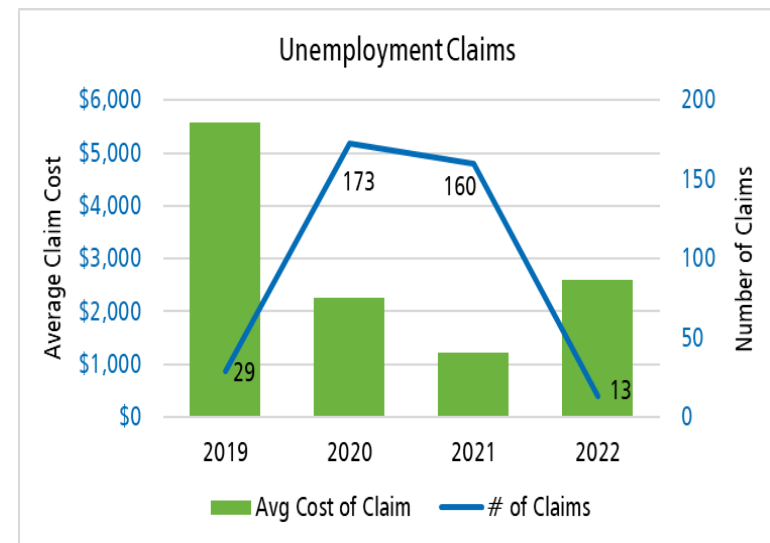
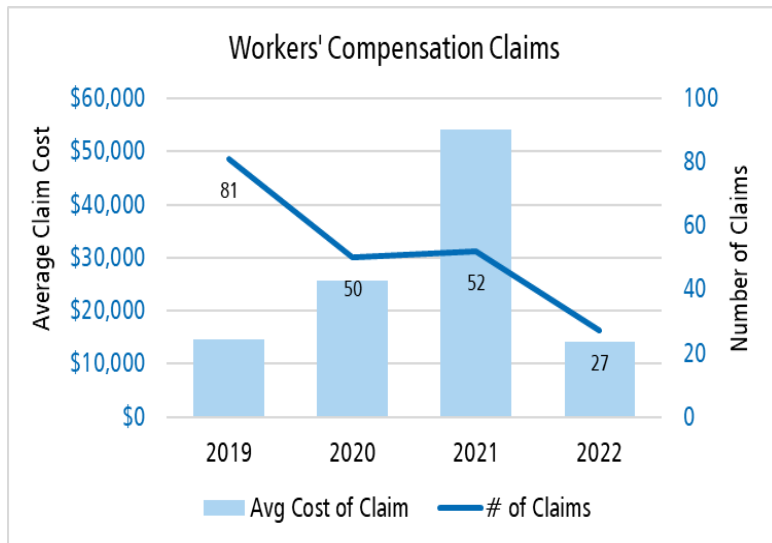


Workers Compensation

Workers' compensation covers the expenses incurred by employees injured on the job resulting in the inability to work or perform their regular assigned duties while dealing with the effects of the injury. Workers' Compensation benefits are statutorily determined and governed by Labor & Industries. Pierce Transit is permissibly self-insured and financially responsible for the first \$1 million of every claim incurred. When Workers' Compensation payments exceed \$1 million, excess insurance takes over payments made to the injured worker, medical providers, and other qualifying expenses. Pierce Transit reduces workplace injuries by weekly safety reminders, enforcing safety policies, providing proper equipment to employees, and effective Workers' Compensation claims management practices. The cost of claims can vary based on the nature and severity of the injury. In 2020 and 2021, Pierce Transit saw a 63% reduction in the number of claims compared to 2019, however, the average cost per claim rose dramatically in 2021. The average claim cost is calculated by dividing the total expenditures by the number of claims. Due to this, the 2022 average claim cost will fluctuate through the remainder of the year based on claims determinations. The number of claims for 2022 is based on active claims for the year through June. Should we continue the same trend, Pierce Transit would recognize a 4% increase in the number of claims compared to 2021 but significantly reduced average claim cost.

Unemployment

Unemployment was established to provide temporary income when an employee loses a job through no fault of their own. Pierce Transit pays claims based on the determination of the Employment Security Department. In 2020, there was a rise in unemployment claims due to the pandemic. Pierce Transit had to make severe reductions in service that lead to furloughs and layoffs. Pierce Transit made every effort to bring back laid-off employees as service increased. Additionally, Pierce Transit may be responsible for unemployment claims where a previous employee left for employment opportunities elsewhere but lost employment with the other organization. These claims arise due to the Employment Security Department calculation, where Pierce Transit may be considered a base-year employer. Currently, the number of claims is trending back to pre-pandemic levels, but with a lower average claim cost.



2023 Ending Balances

Ending balances include the required reserves for the operating, capital, and insurance budgets. 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 \$1.2 million.

Budget	Beginning Balance	+	Revenue & Transfers-In	-	Expenditures & Transfers-Out	=	Ending Balance	Required Reserves	Margin
Operating	\$ 106,343,360		\$ 176,409,000		\$ 225,143,740		\$ 57,608,620	\$ 27,101,710	\$ 30,506,910
Capital	55,464,480		290,355,000		337,319,480		8,500,000	8,500,000	-
Insurance	(884,390)		5,860,100		3,775,710		1,200,000	1,200,000	-
Total	\$ 160,923,450		\$ 472,624,100		\$ 566,238,930		\$ 67,308,620	\$ 36,801,710	\$ 30,506,910

Conclusion

The 2023 Budget is balanced, sustainable, and focused on strategic initiatives to meet Pierce Transit’s vision and mission.



HIRING BUS DRIVERS

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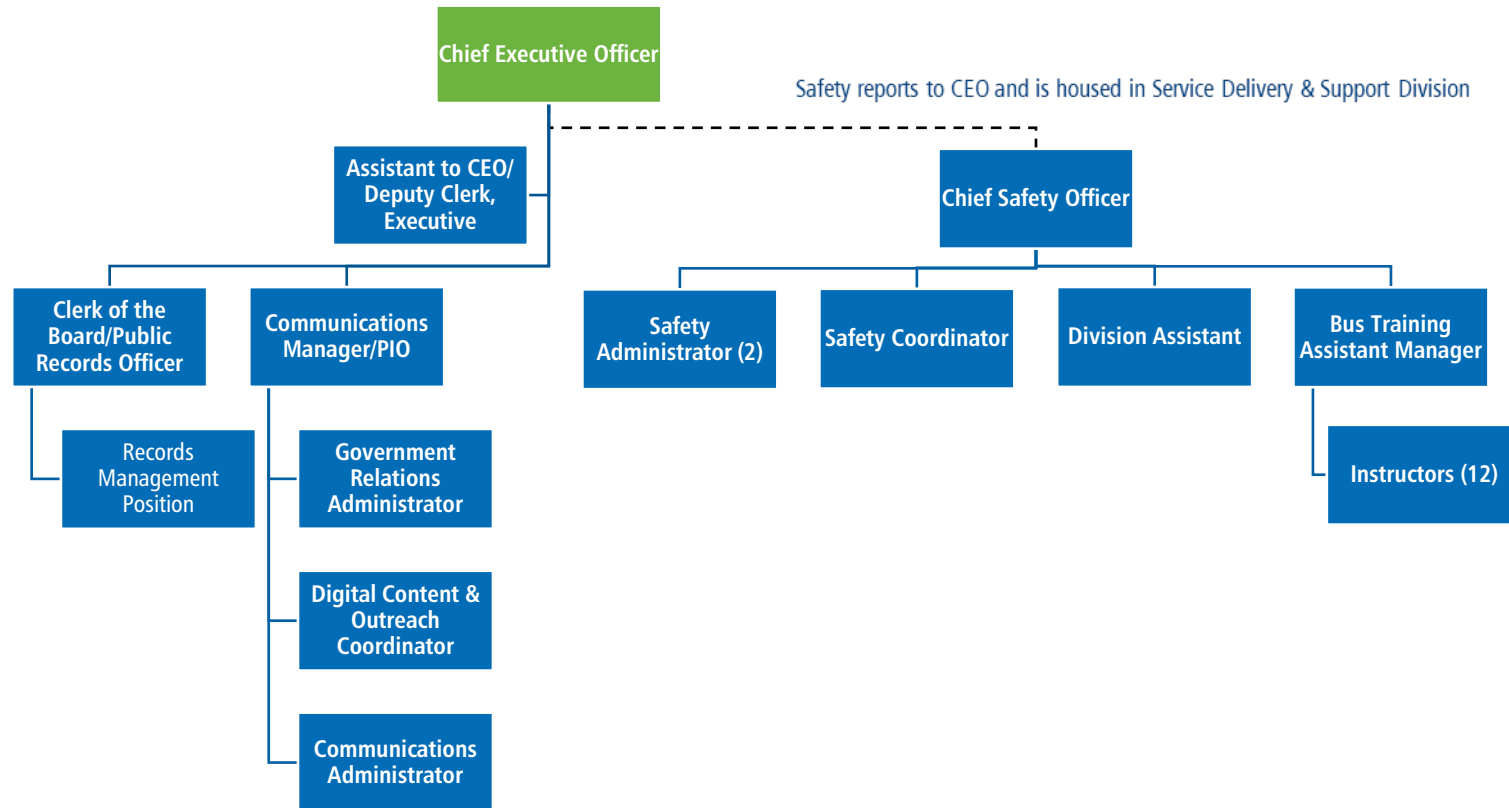
Join the team!



Recruitment Team

Division Budgets








Executive Division



Division Overview

The Executive Division consists of two departments: Division Administration and Communications. This division is responsible for overseeing the day-to-day operations, legal review of contracts, creating agency policies, implementing the vision of the Board, holding and documenting agency meetings, pursuing legislative priorities and the internal and external communications of the agency. There are eight budgeted positions within this division, representing less than 1% of the agency personnel. Executive has an operating budget of \$2,065,660 in 2023.

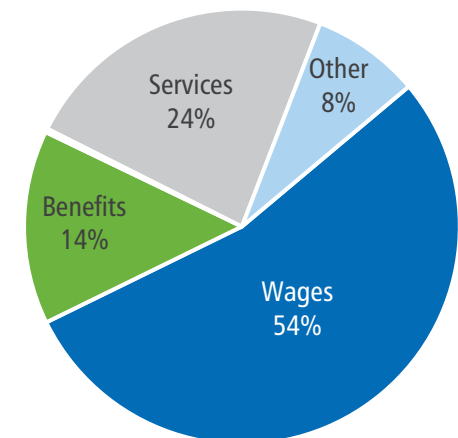
Strategic Initiatives

Strategic Priority	Initiative
 	Complete and execute a comprehensive communications campaign around the Free Youth Transit Pass, including partnering with school districts and community organizations
 	Elevate MOBI among lawmakers and position for funding opportunities in 2023
	Develop a six-year strategic plan in the first quarter of 2023
	Maintain an agency focus on customer service and work-life balance for employees, especially Operators
	Engage Pierce Transit staff, the Board of Commissioners, elected officials, and partners to ensure that the BRT project remains on schedule

Operating Budget by Object Type

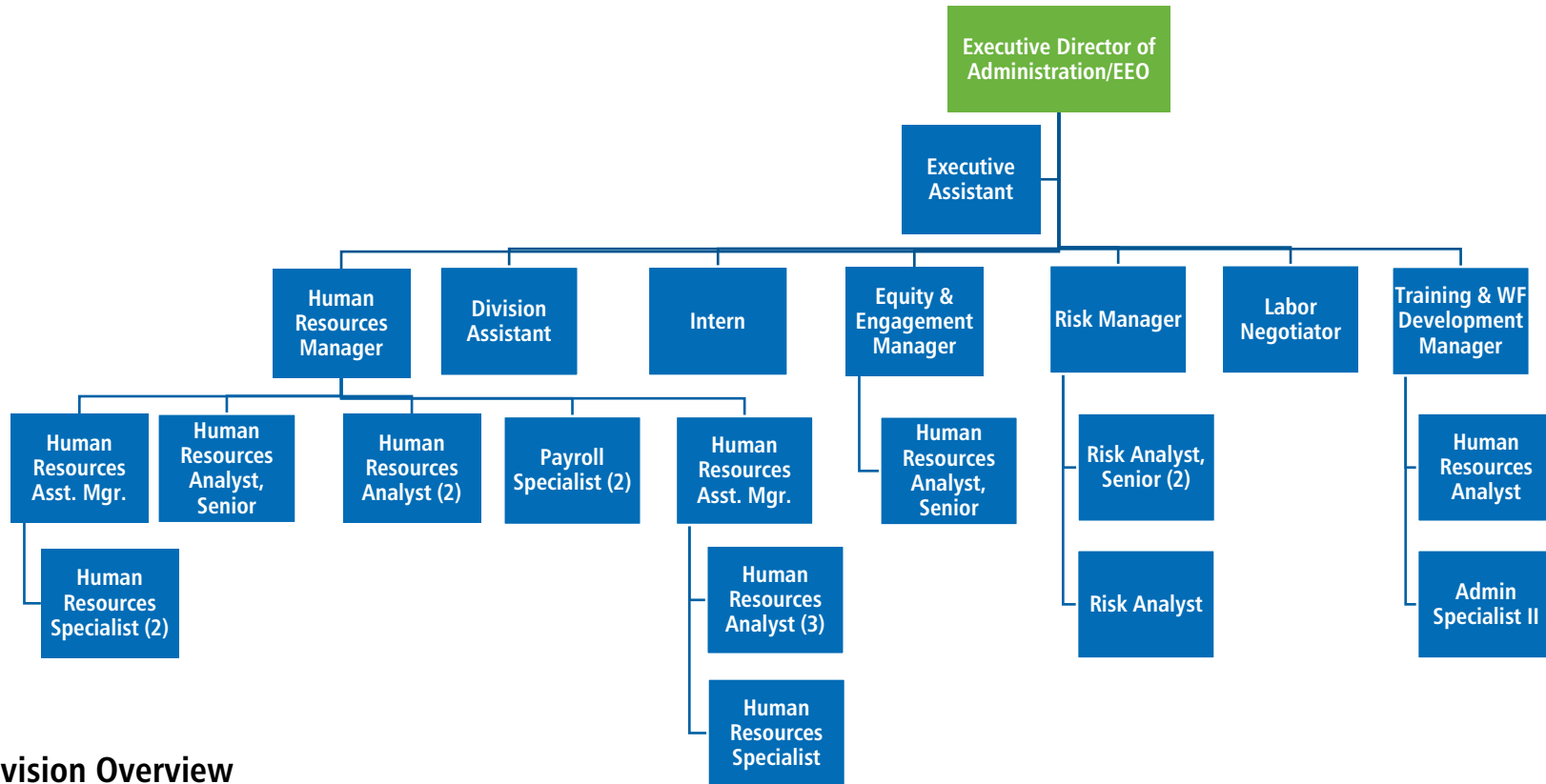
	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 970,992	\$ 949,201	\$ 962,660	\$ 1,112,590	\$ 149,930	15.57%
Benefits	226,788	254,801	243,420	297,160	53,740	22.08%
Supplies	3,675	5,145	3,780	5,880	2,100	55.56%
Services	384,788	539,170	325,000	484,170	159,170	48.98%
Other	158,294	154,684	166,130	165,860	(270)	-0.16%
Division Total	\$ 1,744,537	\$ 1,903,001	\$ 1,700,990	\$ 2,065,660	\$ 364,670	21.44%

2023 Executive Budget



Supplies are less than 1%






Administration Division



Division Overview

The Administration Division consists of five departments: Division Administration (includes Equity and Engagement), Human Resources, Risk Management, Labor Relations, and Workforce Development. This division is responsible for directing and coordinating programs and policies that support current and future workforce strategic initiatives; strategic leadership and collaboration in managing and administering DEI and EEO programs working cross-departmentally across the organization, providing agency ADA coordination; managing and providing payroll services, employee leave and benefits, classification and compensation, HRMS, performance management, employee relations, personnel investigations, and recruitment; agency-wide workforce training and development programs; risk management through agency insurance, self-insurance, drug and alcohol compliance program, claims settlement, and workers' compensation, serving on the board at WSTIP (Washington State Transit Insurance Pool); agency-wide labor relations management including serving as primary liaison between management and union leadership, compliance with collective bargaining agreements, policies, and labor and employment laws, administration and interpretation of collective bargaining agreements, and management and resolution of grievance and arbitration processes. There are 28 budgeted positions within this division, representing 3% of the agency personnel. Administration has an operating budget of \$9,597,520 in 2023.

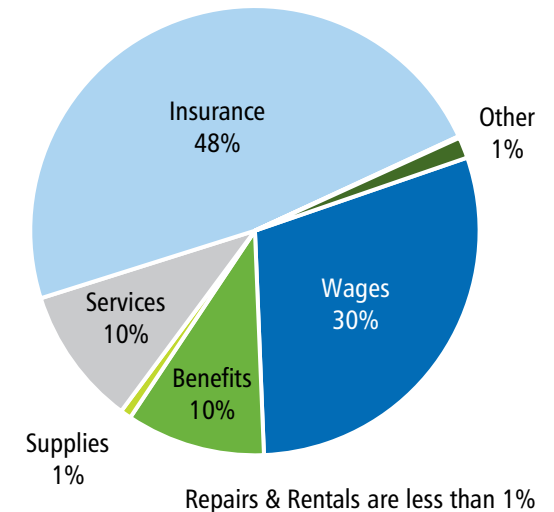
Strategic Initiatives

Strategic Priority	Initiative
	Participate in and enhance agency outreach efforts
	Strengthen and enhance the EEO and DEI programs
	Deliver a comprehensive development program for employees
	Provide a foundation to engage and retain our workforce
	Address workforce shortages

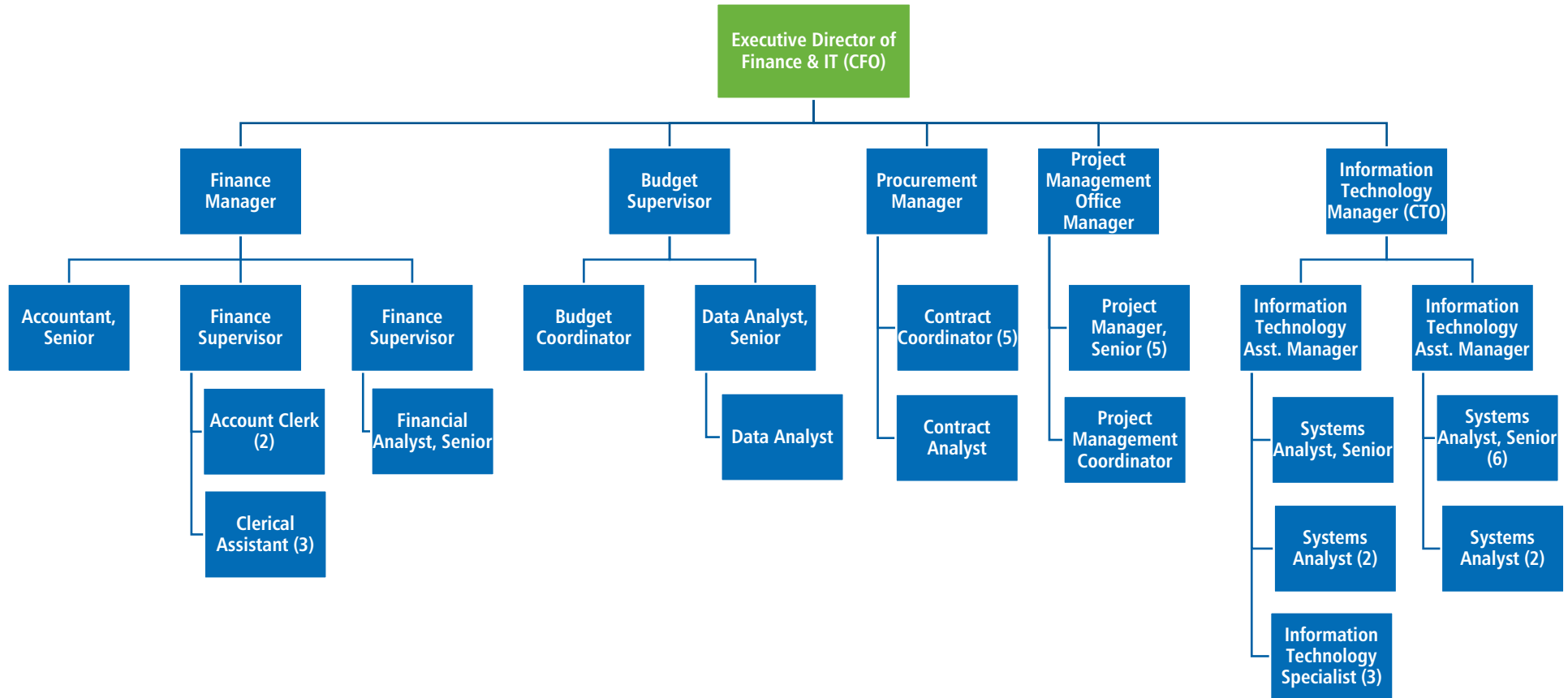
Operating Budget by Object Type

	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 1,782,772	\$ 2,393,786	\$ 2,441,040	\$ 2,844,280	\$ 403,240	16.52%
Benefits	605,574	940,682	820,770	960,640	139,870	17.04%
Supplies	26,317	76,250	56,150	75,200	19,050	33.93%
Services	561,902	849,585	667,420	958,430	291,010	43.60%
Insurance	3,679,860	3,862,662	4,137,290	4,602,530	465,240	11.25%
Repairs	2,620	4,500	6,200	6,650	450	7.26%
Rentals	3,453	4,700	4,700	4,700	-	0.00%
Other	118,868	96,895	131,370	145,090	13,720	10.44%
Division Total	\$ 6,781,366	\$ 8,229,060	\$ 8,264,940	\$ 9,597,520	\$ 1,332,580	16.12%

2023 Administration Budget








Finance Division



Division Overview

The Finance Division consists of six departments: Division Administration, Finance, Budget and Data Analytics, Procurement, Project Management, and Information Technology. This division is responsible for processing and maintaining the financial records for the agency, producing budget and reporting documents, developing reporting for effective decision making, administering contracts and purchasing, keeping projects going on-time and within budget, and implementing and supporting critical software and equipment throughout the agency. There are 46 budgeted positions within this division, representing 5% of the agency personnel. Finance has an operating budget of \$12,960,020 in 2023.

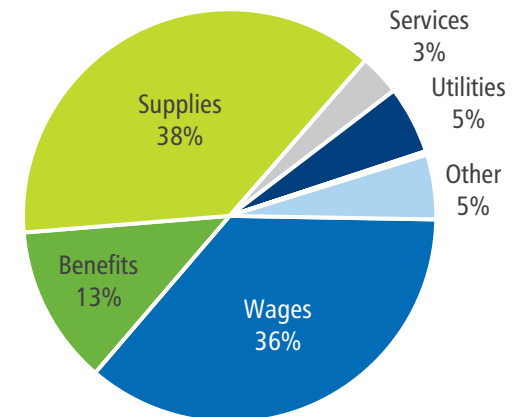
Strategic Initiatives

Strategic Priority	Initiative
	Ensure effective information technology and data gathering governance structures through inter-departmental collaboration
	Continue to implement effective cyber security measures and ensure a robust data backup and business continuity system
	Implement processes that lead to cost savings and/or increased efficiencies
	Implement processes and programs to improve financial accountability and reduce risk of loss
	Prepare to accept, implement and manage a TIFIA loan while developing contingency plans for the MOBI project

Operating Budget by Object Type

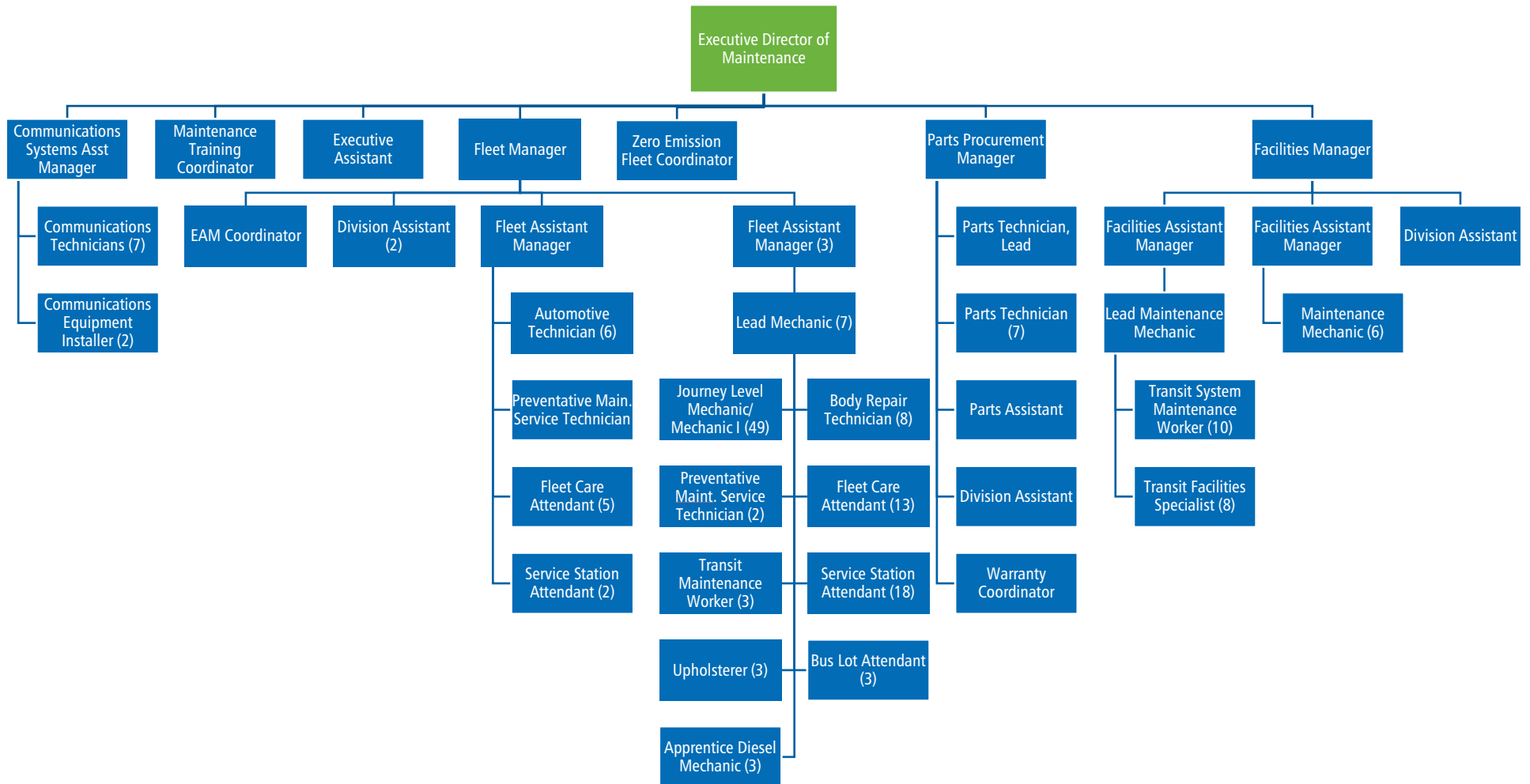
	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 4,345,144	\$ 4,399,132	\$ 4,444,310	\$ 4,683,880	\$ 239,570	5.39%
Benefits	1,435,579	1,547,324	1,529,260	1,612,880	83,620	5.47%
Supplies	499,057	380,364	378,240	4,872,110	4,493,870	1188.10%
Services	136,085	377,639	397,970	414,840	16,870	4.24%
Utilities	756,539	729,560	729,560	684,600	(44,960)	-6.16%
Repairs	8,666	27,500	27,750	6,750	(21,000)	-75.68%
Rentals	34,929	24,000	24,000	32,000	8,000	33.33%
Other	4,127,754	5,616,572	5,696,630	652,960	(5,043,670)	-88.54%
Division Total	\$ 11,343,753	\$ 13,102,091	\$ 13,227,720	\$ 12,960,020	\$ (267,700)	-2.02%

2023 Finance Budget



Repairs & Rentals are less than 1%







Maintenance Division



Division Overview

The Maintenance Division consists of six departments: Division Administration, Maintenance Training, Facilities, Fleet Maintenance, Warehousing and Radio Program. This division is responsible for commissioning and maintaining all fleet vehicles, communications equipment and facilities as well as keeping appropriate stock of inventory and procurement of specialized parts for the agency. There are 186 budgeted positions within this division, representing 19% of the agency personnel. Maintenance has an operating budget of \$37,034,200 in 2023.

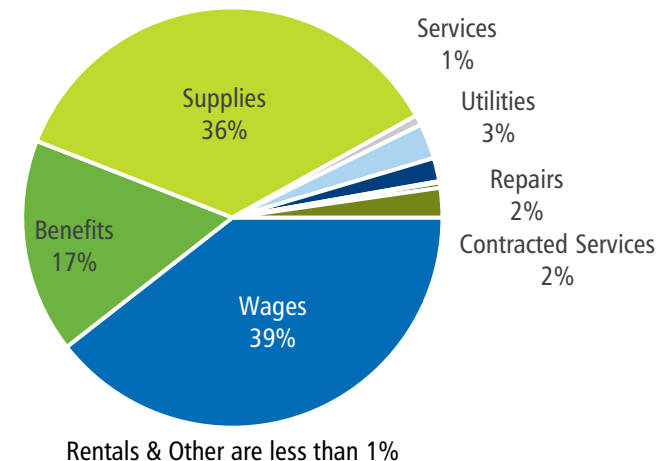
Strategic Initiatives

Strategic Priority	Initiative
	Develop employee-led safety initiatives
	Establish a clear plan for the public and stakeholders on MOBI-related schedule and impacts to service
	Enhance the customer experience by providing exceptionally clean and safe vehicles and facilities
	Improve employee engagement through transparent communications
	Advance the utilization of battery electric vehicles throughout the fleet
	Foster a healthy and productive work environment

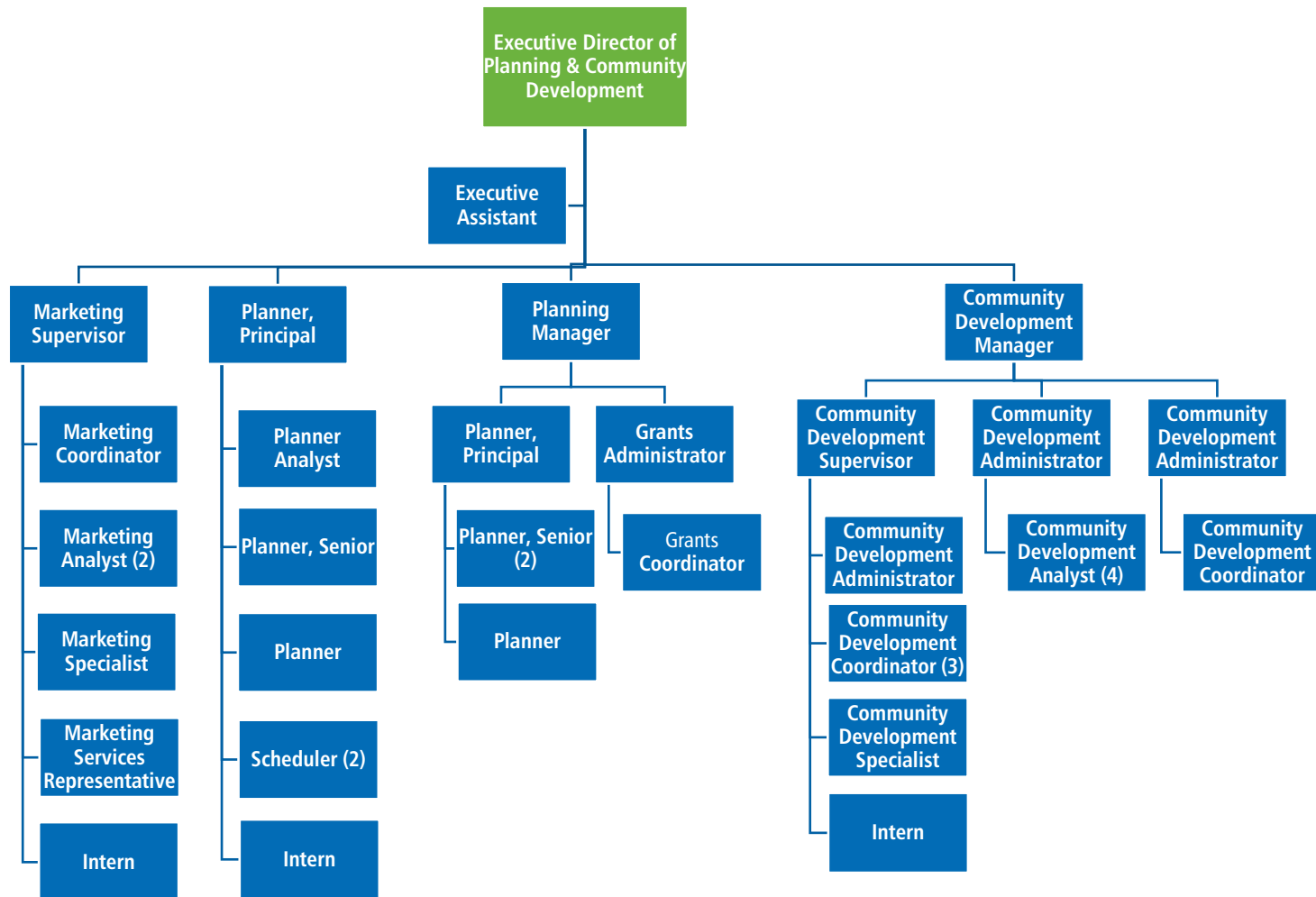
Operating Budget by Object Type

	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 12,478,681	\$ 13,814,177	\$ 13,773,930	\$ 14,601,500	\$ 827,570	6.01%
Benefits	5,033,258	5,733,242	5,409,990	6,185,000	775,010	14.33%
Supplies	11,206,907	12,720,429	11,973,370	13,272,840	1,299,470	10.85%
Services	857,021	828,673	835,610	289,430	(546,180)	-65.36%
Utilities	953,681	1,062,500	973,700	1,000,000	26,300	2.70%
Repairs	560,917	701,769	698,600	662,450	(36,150)	-5.17%
Rentals	149,849	141,420	137,880	40,000	(97,880)	-70.99%
Other	498,756	88,199	663,500	148,080	(515,420)	-77.68%
Contracted Services	690,947	705,000	667,500	834,900	167,400	25.08%
Division Total	\$ 32,430,017	\$ 35,795,409	\$ 35,134,080	\$ 37,034,200	\$ 1,900,120	5.41%

2023 Maintenance Budget












Planning & Community Development Division



Division Overview

The Planning and Community Development Division consists of five departments: Division Administration, Marketing, Transit Development, Planning and Community Development. This division is responsible for providing marketing tools to promote current and future services, planning and developing our transit system annually and long term, connecting with businesses to provide transportation alternatives and pursuing grants to help fund operating and capital costs. There are 38 budgeted positions within this division, representing 4% of the agency personnel. Planning and Community Development has an operating budget of \$8,194,230 in 2023.

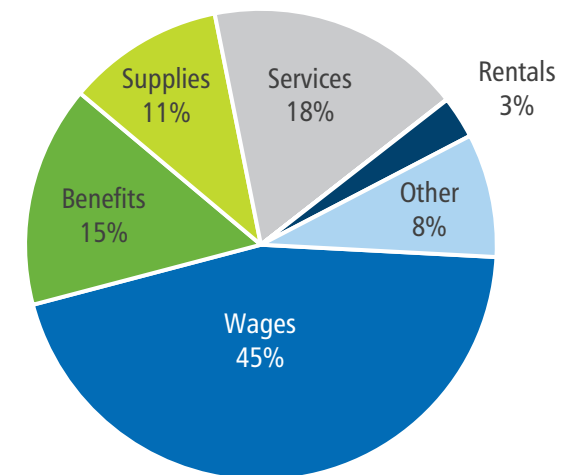
Strategic Initiatives

Strategic Priority	Initiative
	Assess local bus system for realignment opportunities
	Complete zero emission bus study and create strategic plan
 	Identify specific projects within CIP for grant funding opportunities
	Expand flexible fare payment options
 	Analyze and lay groundwork for potential ballot measure
 	Select locally preferred alternative and conduct initial planning phase for BRT 2

Operating Budget by Object Type

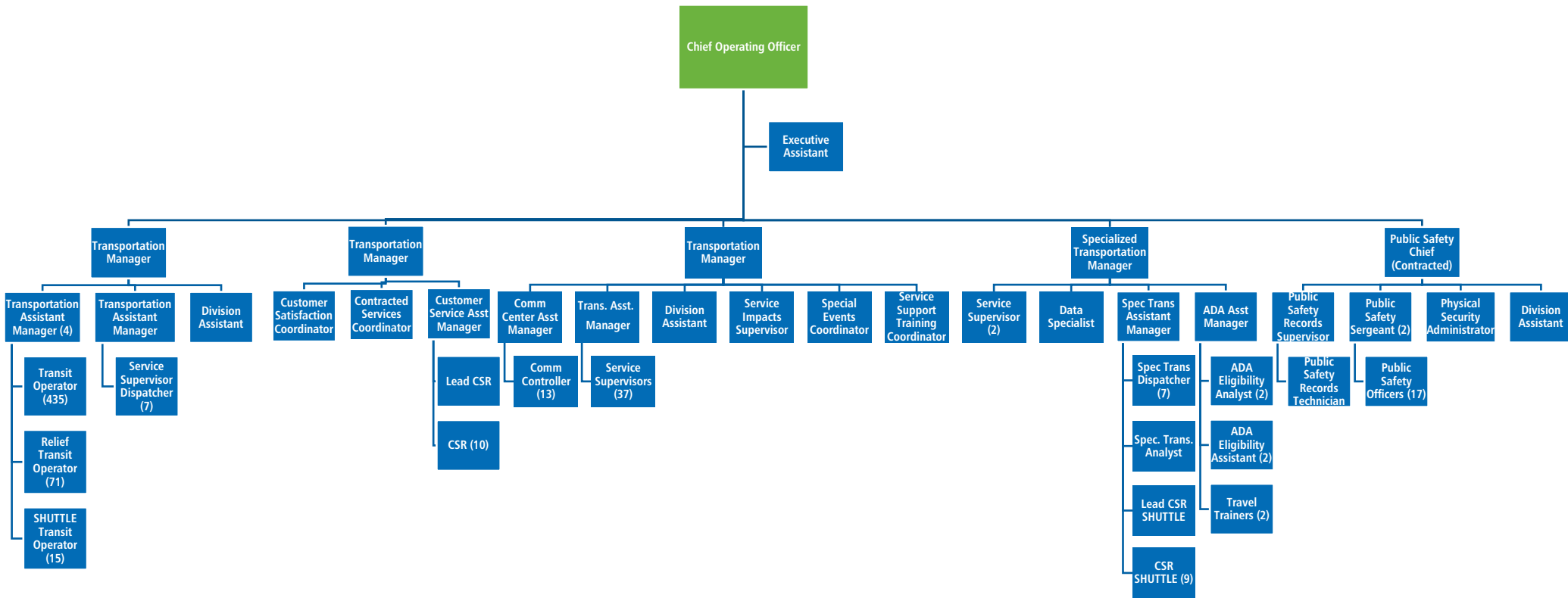
	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 3,035,565	\$ 3,252,591	\$ 3,306,910	\$ 3,693,090	\$ 386,180	11.68%
Benefits	1,020,747	1,112,822	1,101,110	1,245,590	144,480	13.12%
Supplies	560,295	722,630	803,190	880,950	77,760	9.68%
Services	933,729	1,020,694	892,110	1,440,340	548,230	61.45%
Utilities	1,040	4,000	1,500	2,500	1,000	66.67%
Repairs	-	400	400	400	-	0.00%
Rentals	221,205	230,000	230,000	236,900	6,900	3.00%
Other	324,374	772,676	681,680	694,460	12,780	1.87%
Division Total	\$ 6,096,955	\$ 7,115,813	\$ 7,016,900	\$ 8,194,230	\$ 1,177,330	16.78%

2023 Planning & Community Development Budget



Utilities & Repairs are less than 1%






Service Delivery & Support Division



Division Overview

The Service Delivery and Support Division consists of seven departments: Division Administration, Safety, Public Safety, Transportation Operations, Training, Service Support and Specialized Transportation. This division is responsible for training the operators that provide our service, managing customer service to assist customer using our service, scheduling and managing daily activities, providing public safety at our transit centers, bus stops and on our buses, and providing ADA assessments and services for those unable to utilize our fixed route system. There are 681 budgeted positions within this division, representing 69% of the agency personnel. Service Delivery and Support has an operating budget of \$92,758,600 in 2023.

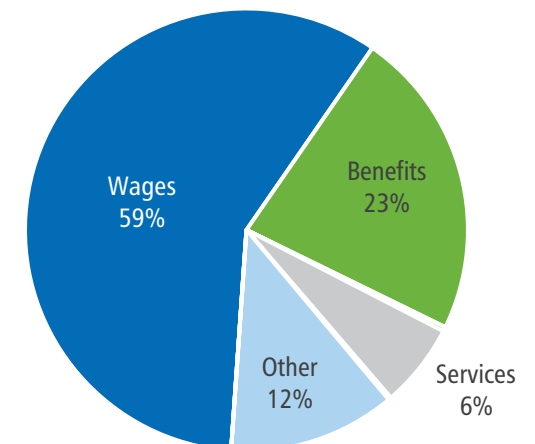
Strategic Initiatives

Strategic Priority	Initiative
	Improve public confidence in the safety of the system
	Increase focus on innovative ways to rebuild ridership
	Improve the safe operations of our services and agency
	Develop and maintain programs that enhance the customer experience
	Increase service reliability and improve on-time performance

Operating Budget by Object Type

	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 46,002,424	\$ 52,681,495	\$ 51,433,360	\$ 54,466,710	\$ 3,033,350	5.90%
Benefits	16,671,860	20,762,567	18,616,720	20,936,060	2,319,340	12.46%
Supplies	149,433	253,170	238,930	306,700	67,770	28.36%
Services	4,623,435	5,430,115	6,373,530	5,498,680	(874,850)	-13.73%
Rentals	180,211	185,000	185,000	193,240	8,240	4.45%
Other	7,050,028	8,922,139	8,428,410	11,355,420	2,927,010	34.73%
Contracted Services	272	1,068	1,790	1,790	-	0.00%
Division Total	\$ 74,677,663	\$ 88,235,554	\$ 85,277,740	\$ 92,758,600	\$ 7,480,860	8.77%

2023 Service Delivery & Support Budget



Supplies, Rentals & Contracted Services are less than 1%



Headquarters Building

Six-Year Plan

2023 – 2028 Six-Year Plan Revenues & Expenditures

	2021 Actuals	2022 YE Est	2023 Budget	2024	2025	2026	2027	2028
OPERATING								
Revenues								
Operating Income								
Passenger Fares	6,008,335	5,451,320	5,446,210	5,477,690	5,509,480	5,541,590	5,574,020	5,606,770
Advertising	493,154	372,500	350,000	350,000	350,000	350,000	522,500	702,350
Sound Transit Reimbursement								
ST Express	46,377,943	41,478,550	47,008,150	62,047,140	62,292,860	64,885,380	56,183,400	58,520,280
ST Tacoma Dome Station	872,291	796,890	934,840	955,410	976,430	997,910	1,019,860	1,042,300
ST ADA Travel Trainer	-	-	43,730	45,550	47,450	49,430	51,490	53,640
Total Operating Income	53,751,723	48,099,260	53,782,930	68,875,790	69,176,220	71,824,310	63,351,270	65,925,340
Non-Operating Income								
Sales Tax	107,084,956	107,151,530	110,557,130	115,034,240	119,511,350	123,988,460	128,465,570	132,942,680
Interest	89,200	331,800	250,000	288,040	254,190	146,370	151,630	153,370
Other Miscellaneous	3,645,016	427,630	1,023,270	887,390	1,275,440	1,177,080	884,070	1,417,810
Total Non-Operating Income	110,819,172	107,910,960	111,830,400	116,209,670	121,040,980	125,311,910	129,501,270	134,513,860
Operating Contributions								
Federal	32,142,764	47,429,190	729,920	729,920	729,920	729,920	729,920	729,920
State	2,088,833	4,798,020	9,940,750	9,970,250	10,023,330	9,977,840	9,761,840	9,479,040
Local	1,437	-	125,000	-	-	-	-	-
Total Operating Contributions	34,233,034	52,227,210	10,795,670	10,700,170	10,753,250	10,707,760	10,491,760	10,208,960
Total Operating Revenue	198,803,929	208,237,430	176,409,000	195,785,630	200,970,450	207,843,980	203,344,300	210,648,160
Expenditures								
Operating Expenditures								
Wages	68,615,575	76,362,210	81,402,050	86,346,240	89,143,620	92,860,030	93,527,340	97,426,500
Benefits	24,993,808	27,721,270	31,237,330	33,675,030	34,766,010	36,215,440	36,475,700	37,996,340
M&O	39,464,911	46,538,890	49,970,850	50,626,070	51,739,860	52,878,120	54,041,440	55,230,350
Total Operating Expenditures (less Debt, Depreciation, & Non-Departmental)	133,074,294	150,622,370	162,610,230	170,647,340	175,649,490	181,953,590	184,044,480	190,653,190
Non-Operating Expenditures								
Payment to Pierce Co. for 5307 Agreement	4,063,915	5,606,440	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Long-Term Debt Payments	-	-	-	-	-	-	-	-
Total Expenditures	137,138,209	156,228,810	163,760,230	171,797,340	176,799,490	183,103,590	185,194,480	191,803,190

	2021 Actuals	2022 YE Est	2023 Budget	2024	2025	2026	2027	2028
Transfers								
To Capital Fund	20,312,788	59,412,380	55,548,410	26,875,220	41,735,100	19,569,890	13,557,740	13,372,440
To Insurance Fund	334,904	2,098,100	5,835,100	3,882,980	3,999,650	4,119,820	4,243,600	4,371,080
Total Transfers	20,647,692	61,510,480	61,383,510	30,758,200	45,734,750	23,689,710	17,801,340	17,743,520
Total Expenditures & Transfers	157,785,901	217,739,290	225,143,740	202,555,540	222,534,240	206,793,300	202,995,820	209,546,710
Change in Reserves	41,018,028	(9,501,860)	(48,734,740)	(6,769,910)	(21,563,790)	1,050,680	348,480	1,101,450
CAPITAL								
Revenues								
Federal Grants	11,729,684	4,575,050	157,436,630	14,348,040	14,948,950	7,478,100	9,289,510	7,412,070
State Grants	7,905,372	559,840	24,791,200	-	55,340	-	-	-
Other Grants/Contributions	11,590,582	15,578,900	52,403,760	-	-	-	-	-
Interest	60,408	181,170	175,000	42,500	42,500	42,500	42,500	42,500
TIFIA Loan Proceeds	-	-	-	-	6,590,950	34,475,580	15,376,160	18,348,640
Total Revenue	31,286,046	20,894,960	234,806,590	14,390,540	21,637,740	41,996,180	24,708,170	25,803,210
Transfers								
From Operating	20,312,788	59,412,380	55,548,410	26,875,220	41,735,100	19,569,890	13,557,740	13,372,440
Total Revenue & Transfers	51,598,834	80,307,340	290,355,000	41,265,760	63,372,840	61,566,070	38,265,910	39,175,650
Expenditures								
Revenue Vehicles	23,610,313	6,775,510	26,452,730	14,769,350	11,523,770	12,151,830	15,203,300	18,213,900
Base Facilities	14,508,122	62,271,750	61,899,580	20,613,870	42,875,320	45,410,840	21,278,030	9,628,350
Passenger Facilities & Amenities	5,444,928	3,149,380	9,831,360	3,927,000	3,606,400	-	-	-
Technology	4,704,589	7,851,750	15,595,150	1,618,980	5,367,350	1,730,300	1,300,750	1,851,300
Other	9,300,489	6,682,300	223,540,660	336,560	-	2,273,100	483,830	982,100
Total Expenditures	57,568,440	86,730,690	337,319,480	41,265,760	63,372,840	61,566,070	38,265,910	30,675,650
Change in Reserves	(5,969,606)	(6,423,350)	(46,964,480)	-	-	-	-	8,500,000
2021 Actuals 2022 YE Est 2023 Budget 2024 2025 2026 2027 2028								
INSURANCE								
Revenues								
Interest	4,860	10,680	25,000	6,000	6,000	6,000	6,000	6,000
Transfers								
From Operating	334,904	2,098,100	5,835,100	3,882,980	3,999,650	4,119,820	4,243,600	4,371,080
Total Revenue & Transfers	339,764	2,108,780	5,860,100	3,888,980	4,005,650	4,125,820	4,249,600	4,377,080
Expenditures								
Workers' Compensation	3,285,201	3,348,620	3,575,710	3,682,980	3,793,470	3,907,270	4,024,490	4,145,220
Unemployment Insurance	194,588	120,000	200,000	206,000	212,180	218,550	225,110	231,860
Total Expenditures	3,479,789	3,468,620	3,775,710	3,888,980	4,005,650	4,125,820	4,249,600	4,377,080
Change in Reserves	(3,140,025)	(1,359,840)	2,084,390	-	-	-	-	-

2023 – 2028 Six-Year Plan Ending Balances

	2021 Actuals	2022 YE Est	2023 Budget	2024	2025	2026	2027	2028
OPERATING								
Beginning Balance	74,827,192	115,845,220	106,343,360	57,608,620	50,838,710	29,274,920	30,325,600	30,674,080
Revenue	198,803,929	208,237,430	176,409,000	195,785,630	200,970,450	207,843,980	203,344,300	210,648,160
Total	273,631,121	324,082,650	282,752,360	253,394,250	251,809,160	237,118,900	233,669,900	241,322,240
Expenditures	137,138,209	156,228,810	163,760,230	171,797,340	176,799,490	183,103,590	185,194,480	191,803,190
Transfers to Capital/Insurance	20,647,692	61,510,480	61,383,510	30,758,200	45,734,750	23,689,710	17,801,340	17,743,520
Total	157,785,901	217,739,290	225,143,740	202,555,540	222,534,240	206,793,300	202,995,820	209,546,710
Ending Balance	115,845,220	106,343,360	57,608,620	50,838,710	29,274,920	30,325,600	30,674,080	31,775,530
Required Reserve	22,179,049	25,103,730	27,101,710	28,441,220	29,274,920	30,325,600	30,674,080	31,775,530
Margin / (Deficit)	93,666,171	81,239,630	30,506,910	22,397,490	-	-	-	-
CAPITAL								
Beginning Balance	67,857,436	61,887,830	55,464,480	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Revenue	31,286,046	20,894,960	234,806,590	14,390,540	21,637,740	41,996,180	24,708,170	25,803,210
Transfer from Operating	20,312,788	59,412,380	55,548,410	26,875,220	41,735,100	19,569,890	13,557,740	13,372,440
Total	119,456,270	142,195,170	345,819,480	49,765,760	71,872,840	70,066,070	46,765,910	47,675,650
Expenditures	57,568,440	86,730,690	337,319,480	41,265,760	63,372,840	61,566,070	38,265,910	30,675,650
Ending Balance	61,887,830	55,464,480	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	17,000,000
Required Reserve	9,500,000	9,300,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	17,000,000
Margin / (Deficit)	52,387,830	46,164,480	-	-	-	-	-	-
INSURANCE								
Beginning Balance	3,615,475	475,450	(884,390)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Revenue	4,860	10,680	25,000	6,000	6,000	6,000	6,000	6,000
Transfer from Operating	334,904	2,098,100	5,835,100	3,882,980	3,999,650	4,119,820	4,243,600	4,371,080
Total	3,955,239	2,584,230	4,975,710	5,088,980	5,205,650	5,325,820	5,449,600	5,577,080
Expenditures	3,479,789	3,468,620	3,775,710	3,888,980	4,005,650	4,125,820	4,249,600	4,377,080
Ending Balance	475,450	(884,390)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Required Reserve	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Margin / (Deficit)	(724,550)	(2,084,390)	-	-	-	-	-	-
AGENCY-WIDE								
Operating Ending Balance	178,208,500	160,923,450	67,308,620	60,538,710	38,974,920	40,025,600	40,374,080	49,975,530
Required Reserve	32,879,049	35,603,730	36,801,710	38,141,220	38,974,920	40,025,600	40,374,080	49,975,530
Margin / (Deficit)	145,329,451	125,319,720	30,506,910	22,397,490	-	-	-	-

2023 – 2028 Six-Year Capital Plan

#	Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	2024	2025	2026	2027	2028	Total Capital
1	Building 4 Modifications	345	4,255,020	4,045,300	21,830	187,890		187,890						187,890
2	Security Systems Replacement	452	3,765,990	628,430	1,159,880	1,977,680		1,977,680						1,977,680
3	High-Capacity Transit (HCT) Feasibility Study	481	1,716,630	1,267,350		449,280		449,280						449,280
4	ngORCA	482	6,154,830	2,317,340	607,700	3,229,790		3,229,790						3,229,790
5	Narrows Park & Ride Renewal	503	1,013,060	77,490		21,200		914,370						914,370
6	Hastus Upgrade 2017	510	961,980	897,530	34,560	29,890		29,890						29,890
7	Collision Avoidance System	518	2,364,890	2,280,830	13,260	70,800		70,800						70,800
8	Commerce Tunnel Refurbishment	524	3,635,360	3,278,020	273,940	83,400		83,400						83,400
9	Maintenance & Operations Base Improvements (MOBI)	525	84,500,000	22,330,800	62,169,200	-	55,762,220	55,762,220	20,613,870	42,875,320	45,410,840	21,278,030	9,628,350	195,568,630
10	Backup Software Replacement 2018	543	85,000	-	-	85,000		85,000						85,000
11	Bus Driving Simulator 2018	544	507,580	347,760	116,440	43,380		43,380						43,380
12	Corridor Speed & Reliability Improvements 2018	554	4,500,000	1,847,270	100,170	2,552,560		2,552,560						2,552,560
13	Spanaway Transit Center Park & Ride - Phase I	556	9,242,890	3,402,790	1,407,660	4,432,440		4,432,440						4,432,440
14	SHUTTLE Replacement 2019	558	1,051,610	-	-	1,051,610		1,051,610						1,051,610
15	Bus Rapid Transit (BRT)	563	236,900,000	18,242,360	5,810,570	212,847,070		212,847,070						212,847,070
16	South Hill Mall Transit Center Renewal	571	1,832,370	1,216,620	320,610	295,140		295,140						295,140
17	CAD-AVL System Replacement 2019	573	11,000,000	1,819,870	5,553,180	3,626,950		3,626,950						3,626,950
18	Facilities Workorder Management System - EAM Replacement 2019	576	48,880			48,880		48,880						48,880
19	Storage Area Network 2019	579	329,700	30,610		299,090		299,090						299,090
20	Tacoma Dome Station Elevator Repairs & Upgrades	588	3,451,550	254,210	753,330	2,444,010		2,444,010						2,444,010
21	Kimball Drive Park & Ride 2020	590	379,180			96,970		282,210						282,210
22	North Purdy Park & Ride 2020	591	259,890			60,590		199,300						199,300
23	Parkland Transit Center 2020	592	360,940			79,430		281,510						281,510
24	Bus Systems Mobile Access Routers	597	808,940	121,910		687,030		687,030						687,030
25	Building 5 Shuttle & Public Safety Office Moves	600	317,000	49,960	115,700	151,340		151,340						151,340
26	Maintenance Power Pusher	601	32,480			22,370		10,110						10,110
27	Bus Fleet Replacement 2021	602	6,209,100		5,662,510	546,590		546,590						546,590
28	Network Infrastructure Replacement 2021	603	760,000	102,760	285,260	371,980		371,980						371,980
29	Call Center Software Replacement 2021	604	159,000			159,000		159,000						159,000
30	Spanaway Transit Center Park & Ride - Phase II Design	607	1,000,000	370	100,650	898,980		898,980	3,927,000	3,583,000				8,408,980
31	NeoGov HRIS Module	609	90,200			90,200	59,800	150,000						150,000
32	Vanpool Replacement 2021	611	814,120		400,000	414,120		414,120						414,120
33	Commerce Facility Bus Charging Station	612	2,000,000	350		1,999,650		1,999,650						1,999,650
34	Bus Rapid Transit (BRT) System Expansion Study	613	837,300	225,830	258,020	353,450		353,450						353,450
35	Building 4 Lobby Hardening	618	150,520			13,510		137,010						137,010
36	Building 5 A/V Equip Replacement	620	220,390			67,210		153,180						153,180
37	Bus Fleet Replacement 2022	622	7,061,430			7,061,430		7,061,430						7,061,430
38	SHUTTLE Replacement 2022	623	2,928,530			2,928,530		2,928,530						2,928,530
39	Support Vehicle Replacement 2022	624	334,840		150,000	184,840		184,840						184,840
40	ADEPT Upgrade or Replacement 2022	625	2,200,000		2,260	2,197,740		2,197,740						2,197,740
41	Network Infrastructure Replacement 2022	626	440,000			440,000		440,000						440,000
42	Parts Washers Replacement 2022	627	46,530			46,530		46,530						46,530
43	Vanpool Replacement 2022	628	1,453,060		700,000	753,060		753,060						753,060
44	Consolidate IT Work Area & Storage 2022	629	57,480			57,480		57,480						57,480
45	Computer & Laptop Replacement	631	300,000		79,210	220,790		220,790						220,790

A portion of the project is funded by grants

#	Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	2024	2025	2026	2027	2028	Total Capital
46	Building 5 Chair Replacement	632	35,000			35,000		35,000						35,000
47	Bus Stop Shelter Refurbishment	633	1,000,000			1,000,000		1,000,000						1,000,000
48	Rivet Gun	635	16,000			16,000		16,000						16,000
49	Barrier Door Install	NEW	606,580			606,580		606,580						606,580
50	Misc. Capital Equipment	778	68,520			68,520	100,000	168,520						168,520
Subtotal Carry-Over & Additional			408,264,370	64,785,760	86,457,220	257,021,390	55,922,020	312,943,410	24,540,870	46,458,320	45,410,840	21,278,030	9,628,350	460,259,820

#	Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	2024	2025	2026	2027	2028	Total Capital
51	SHUTTLE Replacement 2023	NEW					3,114,390	3,114,390						3,114,390
52	Bus Fleet Replacement 2023	NEW					7,704,850	7,704,850						7,704,850
53	Support Replacement 2023	NEW					626,830	626,830						626,830
54	Network Infrastructure Replacement 2023	NEW					732,050	732,050						732,050
55	Communication Center Radio Consoles Replacement	NEW					284,500	284,500						284,500
56	Building 5 Exterior Sealing	NEW					130,000	130,000						130,000
57	Building 4 Exterior Painting	NEW					273,160	273,160						273,160
58	Building 1 Iron Worker Replacement	NEW					58,710	58,710						58,710
59	Real Time Sign Refurbishment	NEW					43,070	43,070						43,070
60	Vanpool Replacement 2023	NEW					1,933,230	1,933,230						1,933,230
61	Computer & Laptop Replacement 2023	NEW					332,750	332,750						332,750
62	CCTV Additions to Park & Rides	NEW					314,780	314,780						314,780
63	Base Storm Water System Repair & Maintenance	NEW					266,110	266,110						266,110
64	Managed Cyber Security Services	NEW					250,000	250,000						250,000
65	Employee Engagement Tool	NEW					42,000	42,000						42,000
66	Shatter Proof Film Buildings 4, 5 & TDS	NEW					92,900	92,900						92,900
67	Base BEB Charging Expansion to 12 Buses	NEW					4,838,400	4,838,400						4,838,400
68	Bus Rapid Transit (BRT) 2 - Downtown Tacoma to Lakewood	NEW					3,000,000	3,000,000						3,000,000
69	Puyallup Runner Wheelchair Accessible Vehicles (2)	NEW					138,340	138,340		69,170				207,510
70	Vanpool Telematics 2023	NEW					200,000	200,000						200,000
Subtotal New Requests			-	-	-	-	24,376,070	24,376,070	-	69,170	-	-	-	24,445,240

#	Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	2024	2025	2026	2027	2028	Total Capital
71	Vanpool Replacement	OUTYEAR							1,743,040	3,247,170	2,804,200	1,581,140	3,663,620	13,039,170
72	Support Vehicle Replacement	OUTYEAR							336,560	-	703,730	483,830	372,700	1,896,820
73	TDS Parking Payment System	OUTYEAR											609,400	609,400
74	TDS Parking Guidance System	OUTYEAR									1,569,370			1,569,370
75	72nd Park & Ride Seal Coat and Striping	OUTYEAR								23,400				23,400
76	Bus Fleet Replacement	OUTYEAR						9,408,180	5,635,820	6,134,840	9,928,130	10,612,250		41,719,220
77	SHUTTLE Vehicle Replacement	OUTYEAR						3,618,130	2,571,610	3,212,790	3,694,030	3,938,030		17,034,590
78	Finance ERP Replacement	OUTYEAR								2,300,000				2,300,000
79	Network Infrastructure Replacement	OUTYEAR						1,255,980	2,613,600	1,276,550	847,000	1,397,550		7,390,680
80	Computer & Laptop Replacement	OUTYEAR						363,000	453,750	453,750	453,750	453,750		2,178,000
Subtotal Outyear			-	-	-	-	-	16,724,890	16,845,350	16,155,230	16,987,880	21,047,300	30,675,650	87,760,650

Grand Total			408,264,370	64,785,760	86,457,220	257,021,390	80,298,090	337,319,480	41,265,760	63,372,840	61,566,070	38,265,910	30,675,650	572,465,710
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A portion of the project is funded by grants



Ruston Runner Service

Appendix

2023 Service Summary

All Modes

		2021 Actual	2022 YE Estimate	2023 Budget	% Change 2022 YE Estimate - 2023 Budget
Pierce Transit					
	Fixed Route Local & Express				
	Ridership	4,363,240	3,731,430	3,747,285	0.4%
	Service Hours	447,203	435,000	475,000	9.2%
	Service Miles	5,263,909	5,120,764	4,888,627	-4.5%
Sound Transit					
	Fixed Route Express				
	Ridership	1,950,596	1,655,147	1,641,148	-0.8%
	Service Hours	301,299	258,617	271,300	4.9%
	Service Miles	7,088,503	5,877,236	5,807,806	-1.2%
Total Fixed Route (Pierce Transit & Sound Transit)					
	Ridership	6,313,836	5,386,577	5,388,433	0.0%
	Service Hours	748,502	693,617	746,300	7.6%
	Service Miles	12,352,412	10,998,000	10,696,433	-2.7%
SHUTTLE					
	Ridership	163,024	219,889	298,490	35.7%
	Service Hours	109,259	133,512	195,422	46.4%
	Service Miles	1,583,674	2,115,328	2,521,861	19.2%
Vanpool					
	Ridership	322,999	380,000	400,000	5.3%
	Service Hours	73,490	80,000	90,000	12.5%
	Service Miles	2,583,251	2,850,000	3,000,000	5.3%
AGENCY TOTAL					
	Ridership	6,799,859	5,986,466	6,086,923	1.7%
	Service Hours	931,251	907,129	1,031,722	13.7%
	Service Miles	16,519,337	15,963,328	16,218,294	1.6%

Pierce Transit by the Numbers

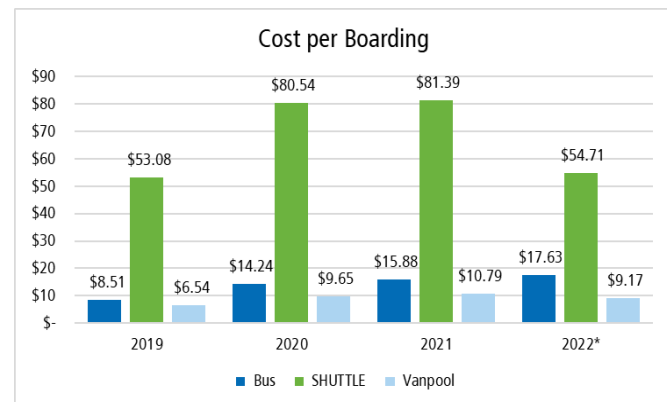
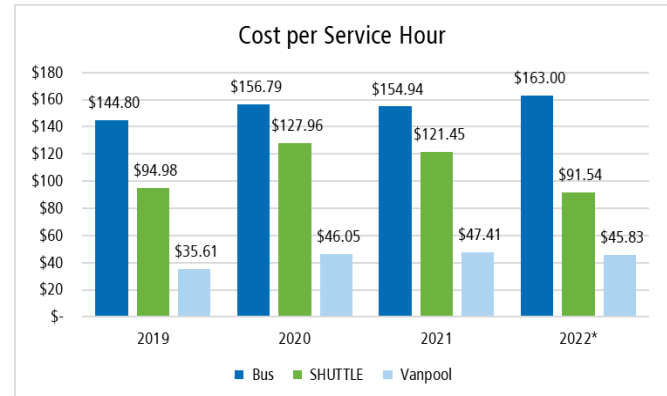
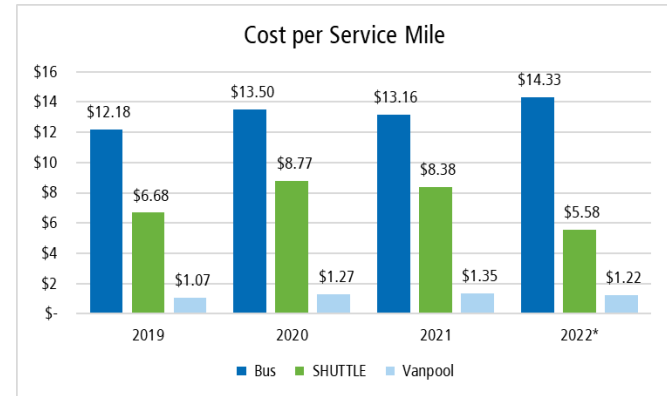
The following charts provide a historical view of Pierce Transit. Years 2019 through 2021 use the actuals to perform the calculation, while 2022 budgeted amounts are used to break down costs by mode. The charts break down the cost of service by the mile, hour, and ridership. Pierce Transit has three modes: Fixed Route, SHUTTLE, and Vanpool. Looking at one unit, whether it is a mile, an hour, or a boarding, allows us to compare costs more easily over time. As a service industry, most of our operating expense is personnel costs. As wage and benefit costs rise, the cost per unit will increase until the units or efficiencies increase.

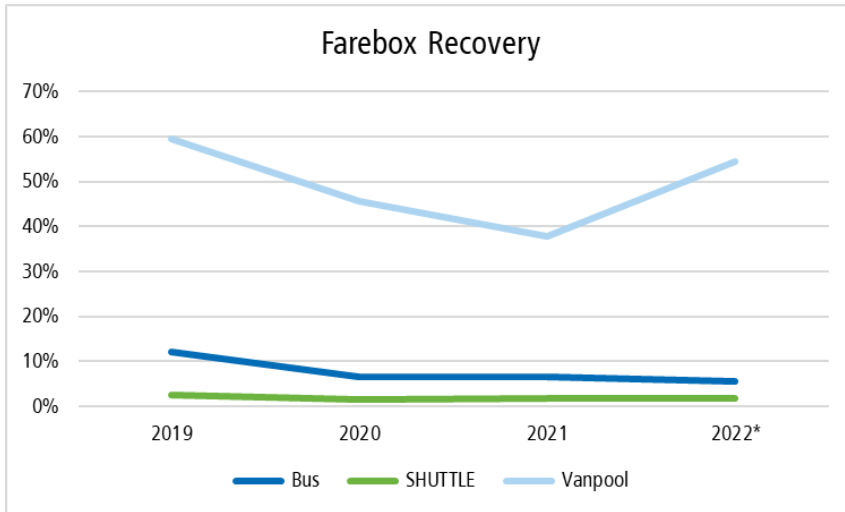
Fixed Route accounts for 80% of anticipated operating costs, over \$81 million in 2022, a 17.62% increase over 2021 costs of \$69.3 million. Service miles, hours, and ridership are all budgeted an increase in 2022, 8.06%, 11.81%, and 5.96%, respectively.

SHUTTLE service is budgeted with increased expenditures during this same time frame of 11.66%. Similar to Fixed Route, SHUTTLE service miles, hours, and ridership are all budgeted for an increase, 67.59%, 48.14%, and 66.13%, respectively.

Vanpool is challenging to predict because the service is requested, not planned. Remote working has increased in the last two years while active vanpools have declined, however, approximately 30 vanpools have either resumed or created in the first half of 2022. Vanpool service miles, hours, and ridership are all budgeted to increase 16.13%, 8.83%, and 23.84%, respectively.

Due to current inflation, costs will continue to escalate at a sharper rate than recent years to maintain current service levels.





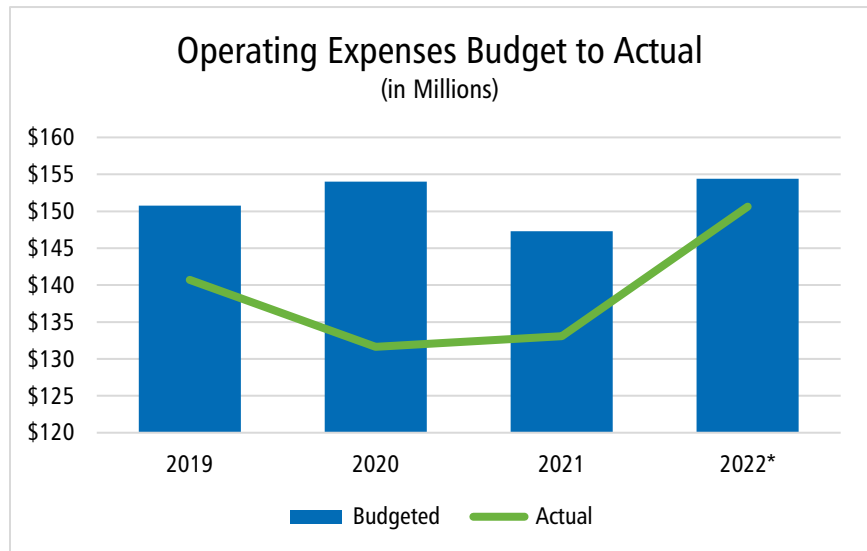
Fares

Farebox recovery is the percentage of direct fares received by each mode to cover the costs of operating the mode. Public transit is a benefit to the community and not for profit. As such, fares are not expected to cover the services provided in full. Pierce Transit anticipates that fares are approximately 2.6% of operating revenues in 2022. The remainder of the service is funded through sales tax collections.

SHUTTLE does receive an operating grant through the State of Washington to assist with providing services that are not depicted in the graph.

Budget Versus Actuals

As one of Pierce Transit’s strategic priorities, we act with financial accountability and transparency as stewards of the public trust. Pierce Transit has underspent its budget by an average of 6.44% pre-COVID and had historic savings in 2020 of 14.53% due to reduced services and extreme cost-saving measures during uncertain times. We will continue to be conservative in our spending while planning appropriately to meet the needs of our riders and plan for the future.



Federal Funding

Pierce Transit utilizes federal funding to cover the cost of capital projects. More routine formula funding is used to purchase replacement fleet vehicles. Federal funding has also contributed to the new bus rapid transit line, Stream. There is a variety of federal funds available to Pierce Transit either through formula or discretionary funding.

5307 funding is apportioned based on legislative formulas. The formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density.

5337 funds are apportioned by statutory formulas for high intensity fixed guideway systems are based on revenue miles and route miles reported to National Transit Database (NTD).

5309 is FTA discretionary grant program funds transit capital investments, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit.

5339 provides funding to states and transit agencies through a statutory formula to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. In addition to the formula allocation, this program includes two discretionary components: The Bus and Bus Facilities Discretionary Program and the Low or No Emissions Bus Discretionary Program.

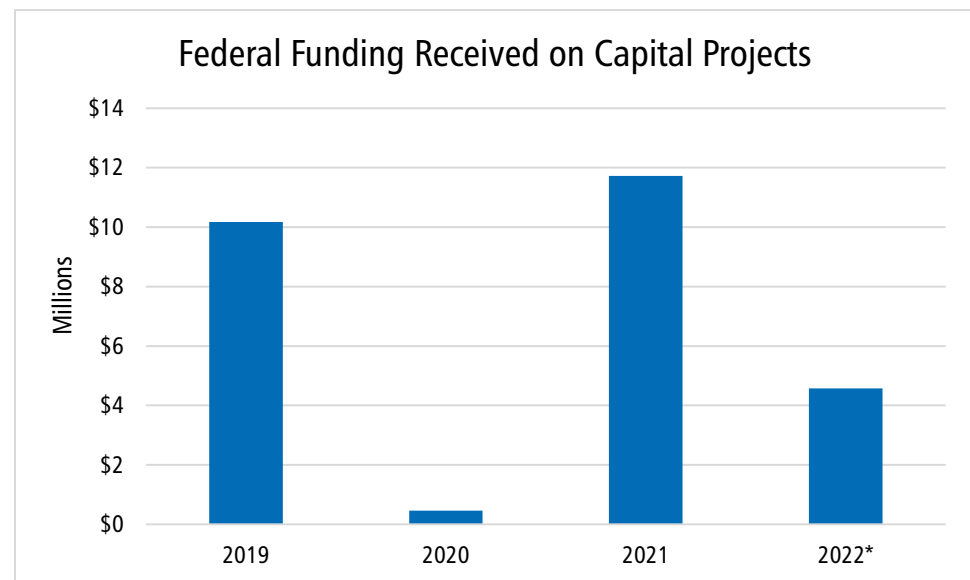
Current Projects with Federal Funding

- Bus Rapid Transit, \$212,847,070
- Spanaway Transit Center Phase I & II, \$12,841,420
- Bus Replacement 2021, 2022 & 2023, \$15,312,870
- SHUTTLE Replacement 2022 & 2023, \$6,042,920

Future Projects with Potential Federal Funding

- Bus Replacement 2024 – 2028, \$41,719,220
- SHUTTLE Replacement 2024 – 2027, \$17,034,590

*Anticipated to receive in 2022



Peer Comparison

The following performance analysis utilizes the 2020 National Transit Database (NTD) reporting. The selection of comparison transit agencies is based on proximity to Pierce Transit, annual expenditure and services provided.

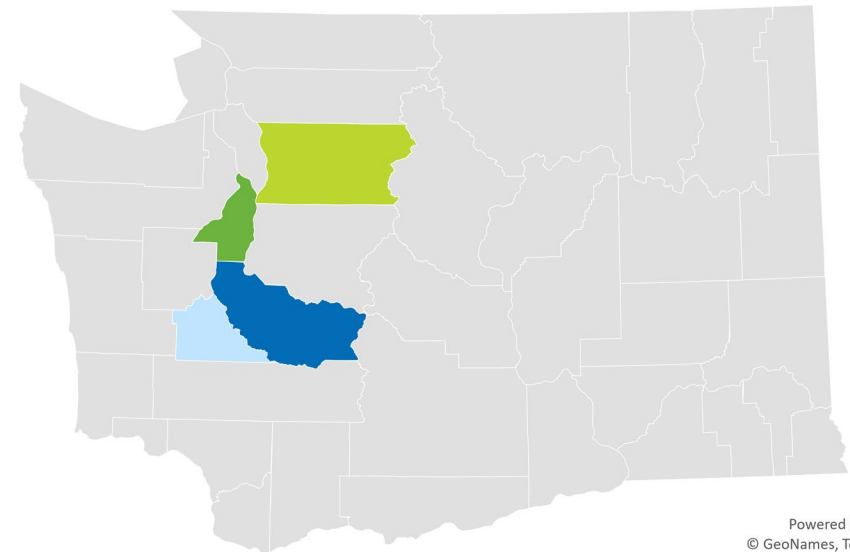
Agency	Agency Profile			
	Service Population	Service Area (Sq Mi)	FTA Urbanized Zone Area	Vehicles Operated at Maximum Service
Pierce Transit	575,963	292	Seattle	514
Kitsap Transit	254,183	396	Bremerton	257
InterCity Transit	192,400	101	Olympia	289
Community Transit	829,856	258	Seattle	666

Agency	Sales Tax Rate	Local Fares		
		Adult	Discounted	Adult Monthly
Pierce Transit	0.6%	\$ 2.00	\$ 1.00	\$ 62.00
Kitsap Transit	0.8%	\$ 2.00	\$ 1.00	\$ 50.00
InterCity Transit	1.2%	\$ -	\$ -	\$ -
Community Transit	1.2%	\$ 2.50	\$ 1.25	\$ 90.00

Agency	Motor Bus				
	Operating Expenses	Vehicle Revenue Miles	Vehicle Revenue Hours	Unlinked Trips	Fare Revenue
Pierce Transit	67,727,590	4,271,293	388,929	4,755,960	4,461,166
Kitsap Transit	26,831,268	2,134,714	122,574	1,220,764	1,905,331
InterCity Transit	24,648,174	1,515,742	119,381	1,851,237	8,674
Community Transit	88,919,609	6,207,498	437,507	4,445,897	4,209,241

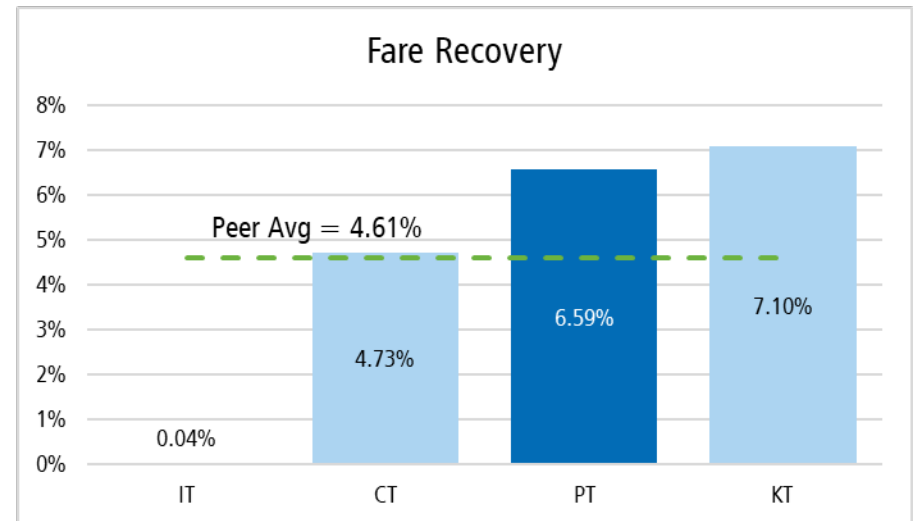
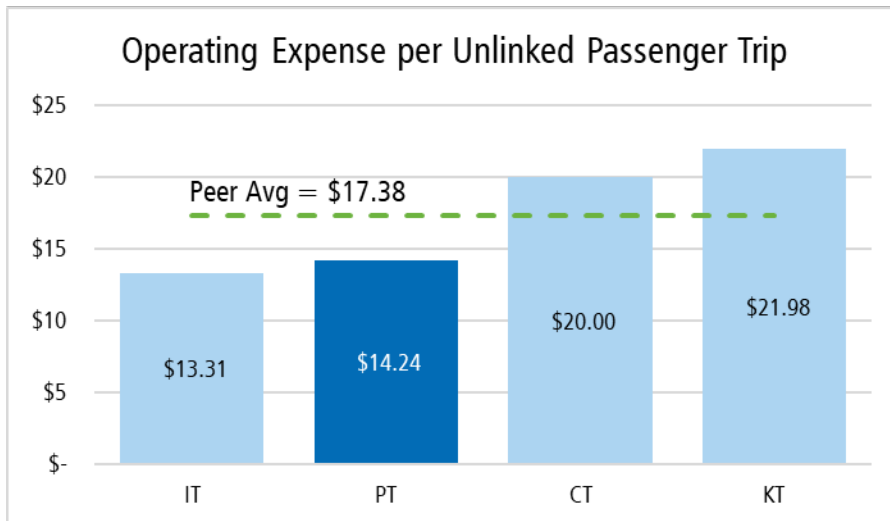
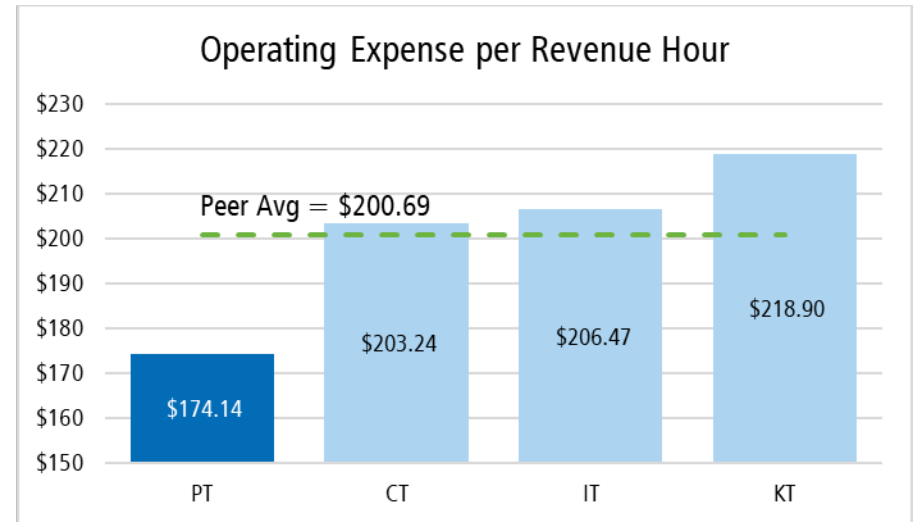
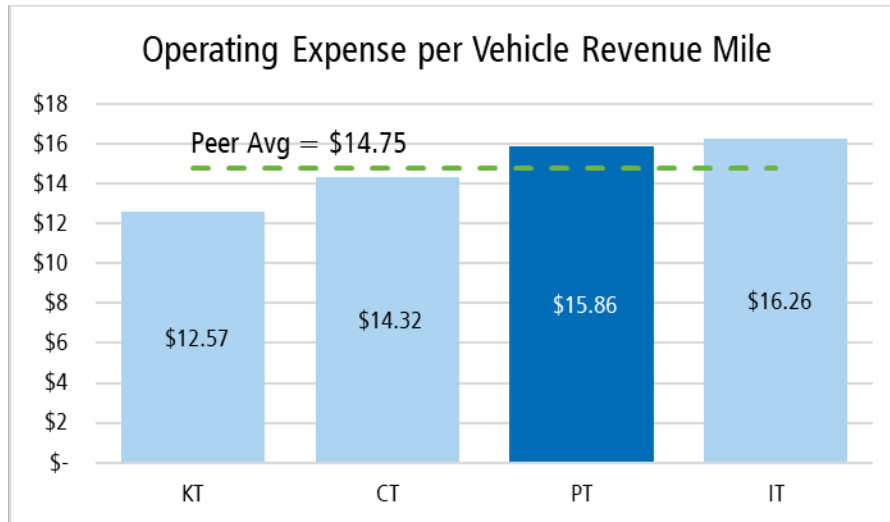
Agency	SHUTTLE				
	Operating Expenses	Vehicle Revenue Miles	Vehicle Revenue Hours	Unlinked Trips	Fare Revenue
Pierce Transit	11,976,001	1,184,490	82,899	150,289	180,140
Kitsap Transit	13,299,912	839,090	57,380	135,989	100,856
InterCity Transit	15,843,190	1,010,160	83,571	143,104	-
Community Transit	9,926,526	679,859	36,370	69,387	134,061

Agency	Vanpool				
	Operating Expenses	Vehicle Revenue Miles	Vehicle Revenue Hours	Unlinked Trips	Fare Revenue
Pierce Transit	3,836,144	3,015,970	83,295	397,472	1,750,544
Kitsap Transit	860,783	419,490	13,981	77,466	175,381
InterCity Transit	2,303,078	1,626,197	42,809	284,796	299,046
Community Transit	3,387,575	2,068,568	64,978	302,038	1,509,559

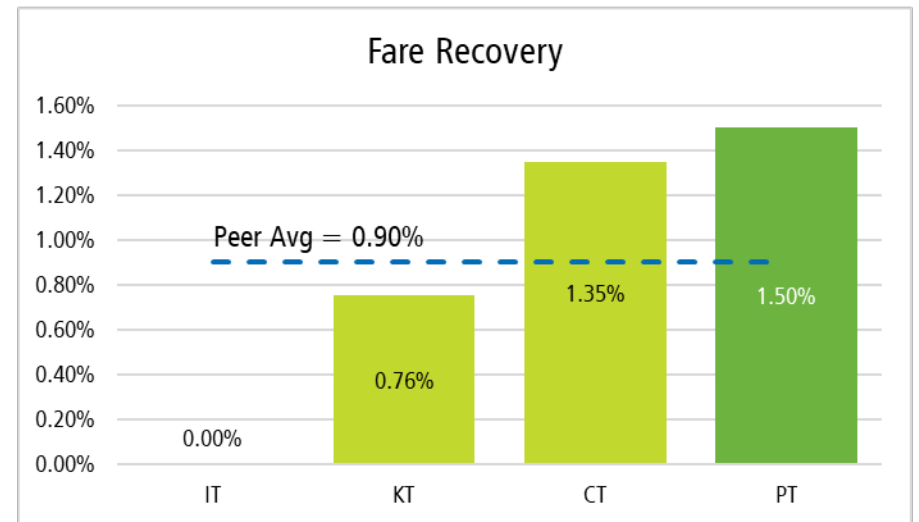
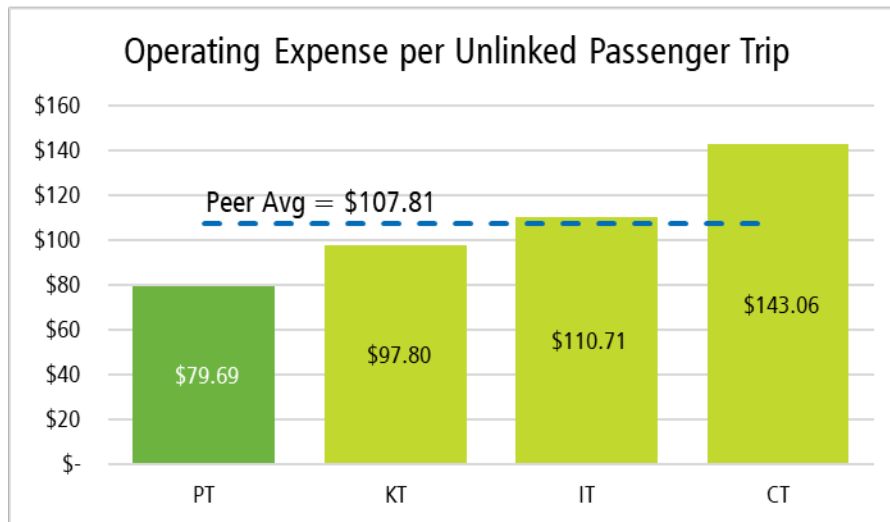
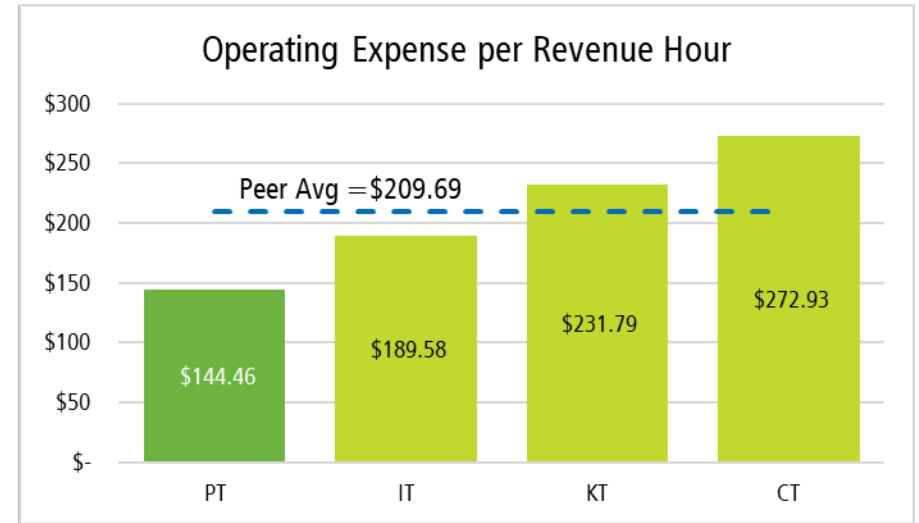
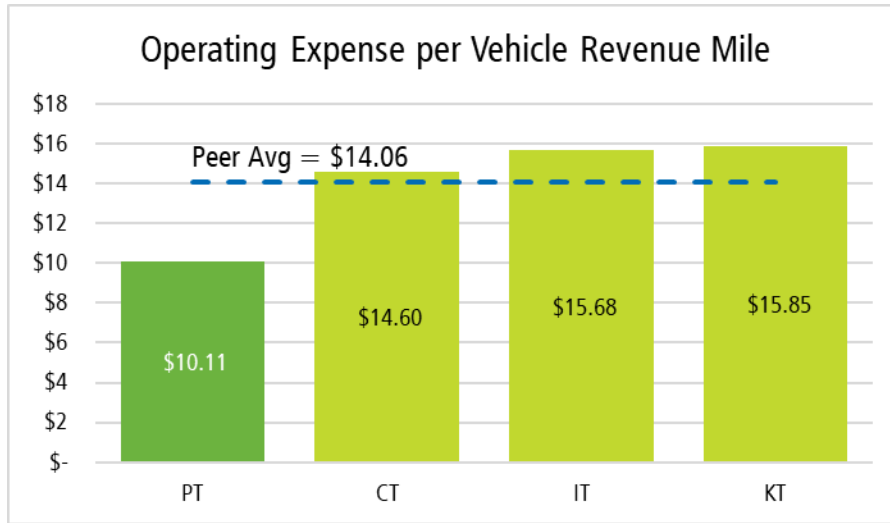


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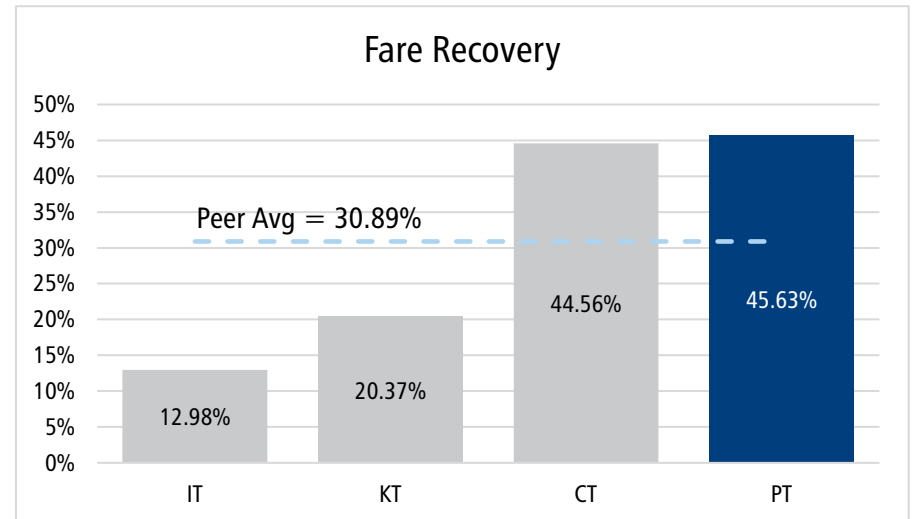
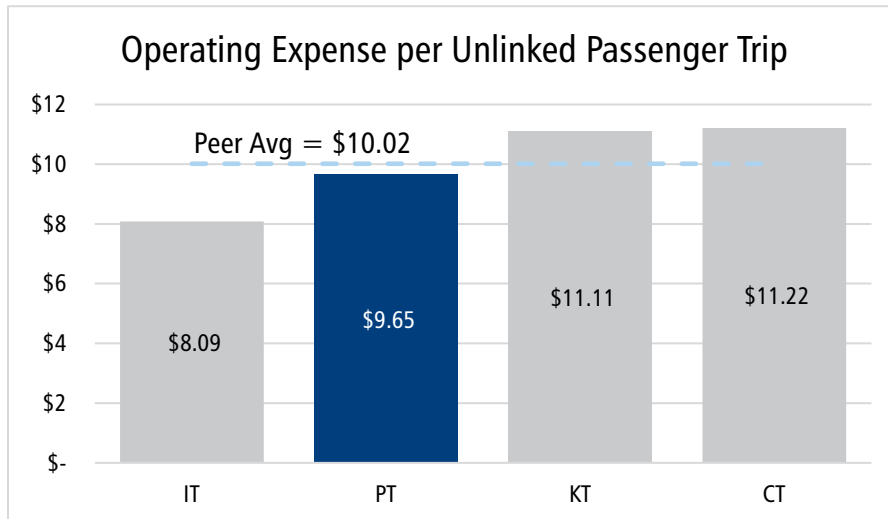
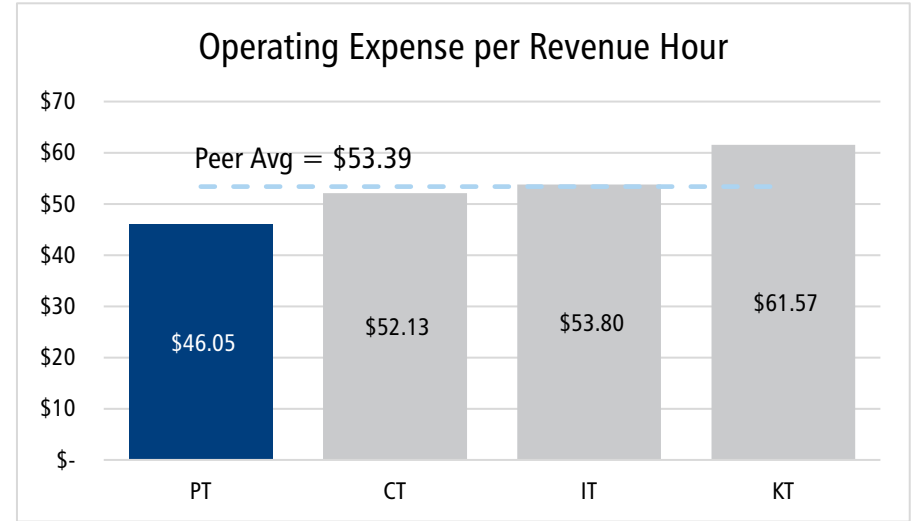
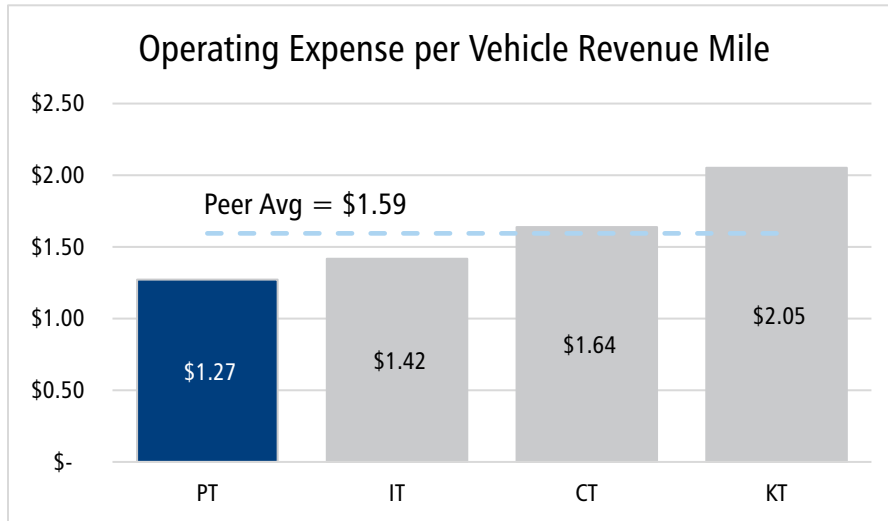
Motor Bus



SHUTTLE



Vanpool



Acronyms

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

ADA – American Disabilities Act

AFR – Annual Financial Report

APTA – American Public Transportation Association

BEB – Battery Electric Bus

BRT – Bus Rapid Transit

CNG – Compressed Natural Gas

CTR – Commute Trip Reduction

DOT – Department of Transportation

FTA – Federal Transit Administration

FTE – Full-Time Equivalent

FY – Fiscal Year

JBLM – Joint Base Lewis McChord

M&O – Maintenance and Operations

MOBI – Maintenance & Operations Base Improvements

ngORCA – Next Generation One Regional Card for All

NTD – National Transit Database

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

Glossary

Accrual Basis of Accounting – A method of accounting that matches revenues and expenditures with the period to which they relate rather than received or distributed.

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.

Appropriation – A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

Beginning Balance – The fund balance as of January 1.

Benefits – Employer paid costs provided for employees such as retirement contributions, medical and dental insurance premiums, and workers’ compensation.

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 for the operation of a program or organization for a specific timeframe or through project completion.

Budget Amendment – A budget amendment is a formal action of the Board of Commissioners to approve additional appropriations after the initial budget adoption.

Budget Revision – A budget revision is a record of change to the budget with no financial impact.

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 – Purchase or construction project that has a cost of greater than \$5,000, or \$50,000 aggregate, and a useful life of greater than one year.

Capital Budget – A portion of the annual budget that appropriates funds for the purchase of capital items.

Consumer Price Index (CPI) – A statistical description of price levels provided by the U.S. Department of Labor that measures the change in the cost of goods purchased in comparative timeframes.

Cost per Passenger – The cost of carrying each passenger 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 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.

Division – An organizational unit of the Agency responsible for carrying out Agency functions.

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

Ending Balance – The fund balance as of December 31.

Enterprise Fund – An enterprise fund is a type of proprietary fund used to account for a government's business-type activities and used to report any activity for which a fee is charged to external users for goods or services.

Expenditure – The payment of cash or the transfer of property or services for the purpose of acquiring an asset, service, or materials.

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

Farebox Recovery Ratio – The total fares collected divided by total costs to operate the service.

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

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

Full-time 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, established for the purpose of carrying on specific activities.

Grants – A contribution by a government or other organization to support a particular function.

Insurance Budget – A portion of the annual budget that appropriates funds for Workers' Compensation and Unemployment claims.

Insurance Reserve – Reserves set at a level to adequately protect the Agency from self- insurance risks that is evaluated annually.

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

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

On Demand Services – Allows user to ride-hail on-demand trips within a specific microtransit zone using a mobile app.

One Regional Card for All (ORCA) – The seamless fare system for the region's customers, enabling agencies to offer transit fare options, reduce media confusion, and improve interagency fare revenue reconciliation through an apportionment process.

Operating Budget – A portion of the annual budget that appropriates funds for continued operations.

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

Platform Hours – see Service Hours

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 set by Board of Commissioners.

Revenue – Income received by the agency in support of its program of services to the community.

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

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

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.

Self-insurance – The items determined to be administered by the Agency rather than covered by an insurance policy.

Service Hours – A calculation of service based on the number of hours a vehicle is on the road, includes revenue, recovery, and deadhead 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.

Single-Enterprise Fund – A self-supporting government fund whose activities include selling goods and/or services to the public for a charge or fee.

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

Specialized Transportation – A program whereby transportation services are provided to those with a qualifying disability within $\frac{3}{4}$ of a mile of our fixed bus routes.

Transfers – Amounts transferred from the operating budget to the insurance and capital budgets.

Vanpool – A group of 3 to 15 people sharing the ride in an 8, 12, or 15-passenger van.

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

2023 Preliminary Budget Pierce Transit

Lakewood, WA



2023 Preliminary Budget

Fiscal Year January 1, 2023 through December 31, 2023

Mike Griffus, Chief Executive Officer

Prepared by

The Finance Division

Christopher Schuler, Executive Director of Finance/CFO

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For more information about Pierce Transit visit www.PierceTransit.org

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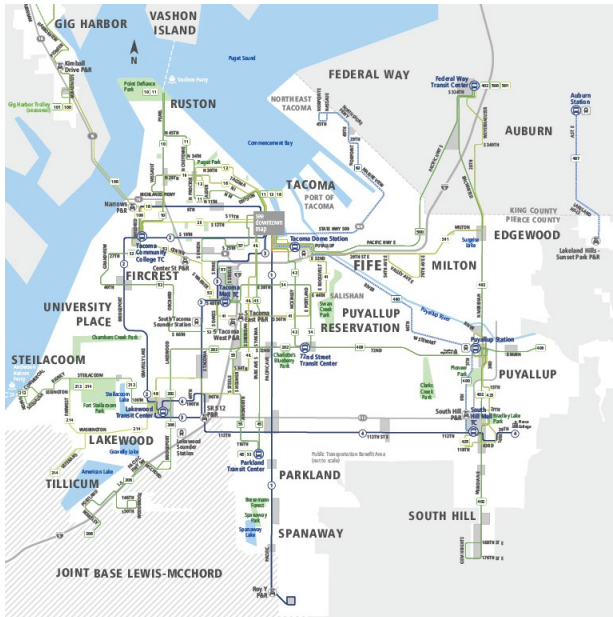
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72nd Street Transit Center

Introduction

About Pierce Transit



Our Service

Pierce Transit serves 292 square miles within Pierce County, extending north to Federal Way, east to Puyallup, south to Spanaway, and west to Gig Harbor. Locally, there are 31 routes with 1,979 stops and a fleet of 672 vehicles. Additionally, the agency partners with Sound Transit to provide regional transportation services between Lakewood and Seattle.

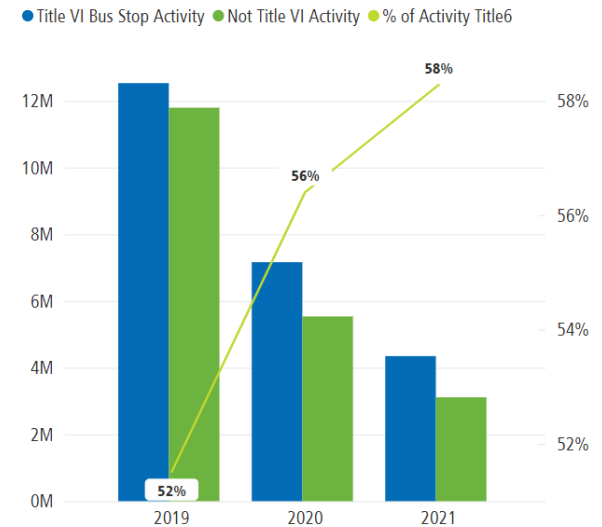
Pierce Transit offers four transportation modes: bus transportation that follows one of 31 routes on a schedule; SHUTTLE paratransit, which provides transportation for those with a qualifying disability within $\frac{3}{4}$ of a mile of our bus routes; Vanpool service, which allows groups of three or more whose journey has a common beginning and ending location and begins or ends within Pierce County to commute together to reduce traffic; and RUNNER service, which allows patrons to use a mobile app or call for on-demand trips within specific microtransit zones in the agency’s service area.

Our Customers

Pierce Transit provides critical transportation needs in our community. The agency regularly monitors equity with the most recent US Census demographic overlays to assess system performance for low-income and minority populations. Most Pierce Transit bus routes and bus stops serve disadvantaged communities by providing public transportation for daily activities such as work, shopping, and medical appointments. The percentage of essential riders increased to 58 percent in 2021. In addition to striving to provide equity in transportation, Pierce Transit works to ensure nondiscriminatory transportation in support of social and economic quality of life across every community in the agency’s service area. Title VI of the Civil Rights Act of 1964 protects people from discrimination based on race, color, and national origin in programs and activities that receive federal financial assistance.

For more information on Pierce Transit, visit the agency’s public dashboard at PierceTransit.org/PT-Key-Performance-Indicators.

Title VI bus stop activity, by year



Our Purpose

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.

Vision

Your preferred transportation choice for today and tomorrow.

Values

Innovative – Dedicated to providing our customers with leading-edge services that enhance their transportation experience.

Driven – Continuously improving our capabilities, work habits, processes, and attitudes by listening to our employees and customers.

Responsible – Invested in managing the safety, quality, and reliability of our services.

Strategic Priorities



Customer – Provide transportation service that meets 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.

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
Marty Campbell, Chair**
Pierce County Council
Pierce County



**Commissioner
Kristina Walker, Vice Chair**
Tacoma City Council
Tacoma



**Commissioner
John Hines**
Tacoma City Council
Tacoma



**Commissioner
Kent Keel**
University Place City
Council
University Place & Fircrest



**Commissioner
Ryan Mello**
Pierce County Council
Pierce County



**Commissioner
John Palmer**
Deputy Mayor of Puyallup
Puyallup & Edgewood



**Commissioner
Kim Roscoe**
Mayor of Fife
Fife, Milton, Pacific,
Auburn, Ruston,
Steilacoom and Gig
Harbor



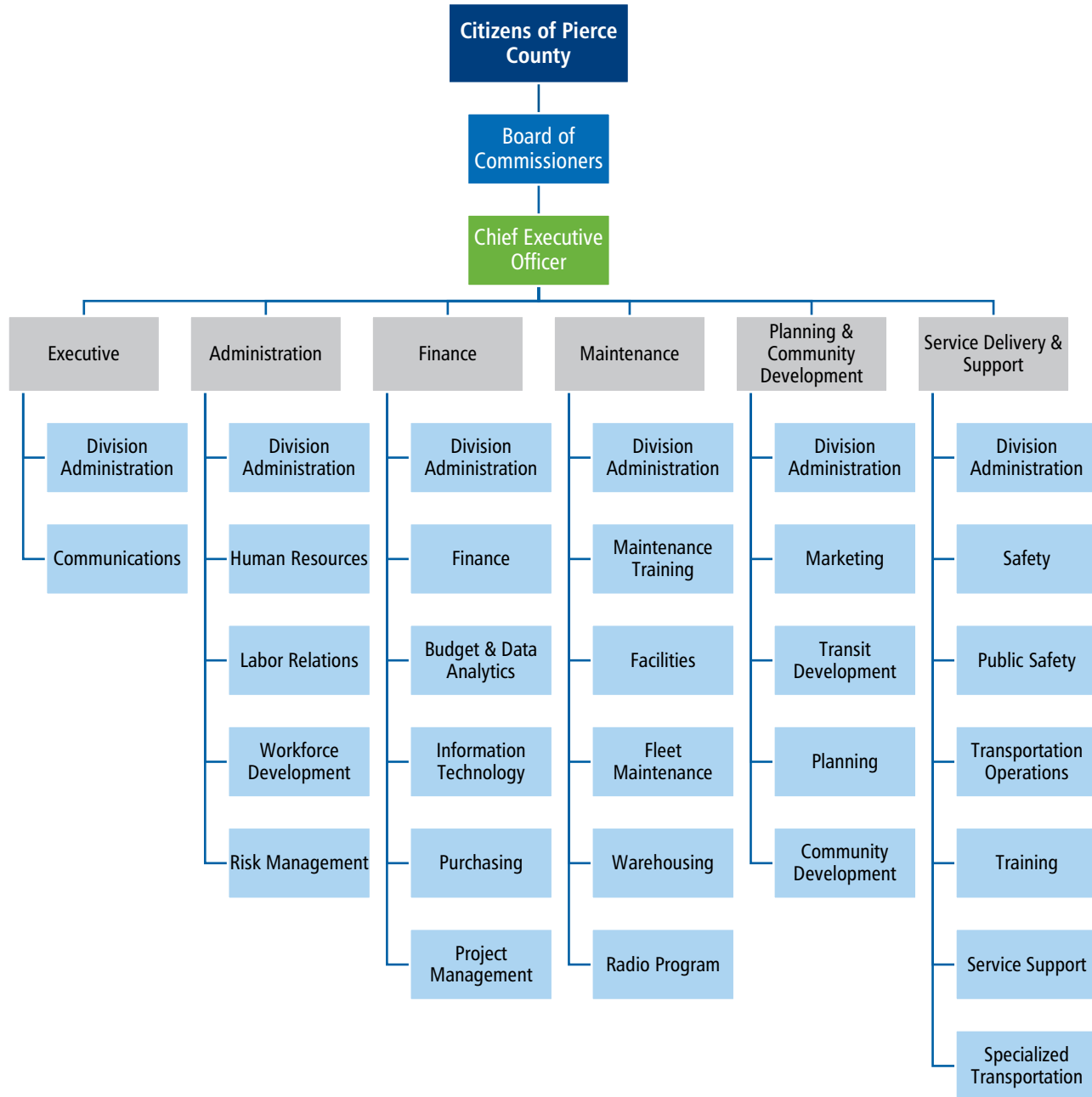
**Commissioner
Jason Whalen**
Deputy Mayor of
Lakewood
Lakewood



**Commissioner
Victoria Woodards**
Mayor of Tacoma
Tacoma

Vacant
Non-Voting Union
Representative

Our Organization



Message from Our CEO

November 9, 2022

TO: Pierce Transit Board of Commissioners, Community Members and Employees

FROM: Mike Griffus, Chief Executive Officer

I am pleased to present the 2023 Budget for your review and consideration. If I could sum up what we hope to accomplish with this budget, it would be improving the experience of public transportation for our customers and laying the path for new and expanded services in the future. Pierce Transit successfully weathered the COVID storm and continued our recovery in 2022. Our focus remains on restoring service and bringing riders back to our system while adapting and transforming transit to meet the needs of the communities we serve. However, we still have lingering economic recovery challenges ahead that we must address in this budget, including:

- Continued reduced ridership and fare collections
- Recruiting for vacant positions, particularly operators
- Continuing to take precautions to prevent COVID spread and provide a safe workplace for employees and customers
- Improving the safety of our customers and staff
- Accounting for higher prices and materials shortages, in both construction projects and operations
- Future potential economic downturns

I am extremely proud of the entire Pierce Transit workforce. Our employees' dedication to serving the public is a major force that keeps Pierce Transit moving forward and provides a strong foundation for the service we will provide in the future.



Economic Condition and Outlook

Even as ridership returns closer to pre-pandemic levels, the post-COVID emergency economic disruption continues. Pierce Transit experiences the impacts of this ongoing disruption on many levels. Controlling the overall cost of services and projects is of utmost importance to Pierce Transit; however, inflation, including a level of uncertainty related to future fuel and service vehicle prices, will have a magnifying effect on the cost of service delivery over the next few years. Supply chain delays and ever-increasing delivery times are exacerbating the complexity of capital projects.

Pierce Transit's annual budget planning process examines its programs, services and financial operations, along with various economic forecasts, to develop an overall financial outlook. While the pandemic caused a sudden and severe downturn in the economy and revenue collections in 2020, signs point to continued recovery into 2023.

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. While economic expansion halted abruptly in March 2020, consumer spending rebounded significantly in 2021 and continues to slowly increase in 2022. The impact of the economy including the threatened recession will affect future revenue. As we closely monitor trends and update forecasts, adjustments to the 2023 budget may be required.

The Puget Sound region has been one of the fastest-growing metropolitan areas in the U.S. Locally, residents continue to move into Pierce County due to higher housing prices in King County and employment growth continues despite low workforce availability.

Specific areas of concern that could hinder Pierce Transit's growth include recruitment challenges for positions across the agency. Operators and maintenance positions are particularly impacted. While the region's working-age population is expanding, the labor force participation rate is down. The return to previous years' service delivery levels will depend on increased workforce availability and funding that keeps up with service costs that currently outpace overall average inflation.



Budget Summary

Given that there is still some uncertainty around the economy in 2023, our team's goal was to build a draft 2023 budget that allows us to increase our local service to 95 percent of pre-pandemic levels if conditions, including staffing levels, progress as anticipated. The budget before you supports this goal. The 2023 budgeted expenditures for all funds are approximately \$505 million, balanced by expected revenues and reserves. Sales tax will contribute 86 percent of total budgeted operating revenues in 2023 (excluding the revenue from our contract to provide Sound Transit regional service) and is expected to generate \$111 million in revenue. While sales tax collections are projected to increase above 2022 levels, uncertainty exists around future collections. Therefore, the six-year plan shows modest 3.83 percent annual increases, well below our historical average annual increase of 5.8 percent. While costs continue to escalate faster than prior years, employees will focus their efforts on improving productivity, reducing costs and obtaining grants for service and projects. Operating expenditures are increasing by 8.1 percent over projected 2022 levels, due primarily to filling vacant positions with an eye toward restoring service back to 95 percent of pre-COVID levels. The budget includes 966 FTEs (987 positions). Pierce Transit fixed route service hours for 2023 are planned to increase to 475,000. By way of comparison, we were budgeting for 500,000 service hours pre-COVID.

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 and/or other funding sources will be required to fully implement the planned capital program, particularly the Maintenance and Operations Base Improvements (MOBI) and Bus Rapid Transit (BRT) projects. Reserves comply with required levels established by the Board of Commissioners. Reserves provide the ability to deal with adverse economic conditions, emergencies, and exposure to casualty and legal risks. While the agency currently has no long-term debt, the Board has approved our application to seek a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the United States Department of Transportation's Build America Bureau. This loan is intended to fund a significant portion of base improvements that are currently unfunded. The agency should know the results of the application in

late 2023. Pierce Transit is also requesting additional FTA funding for the initial BRT along SR-7. Future projects, including BRT expansion and transition to zero-emission vehicles, will be dependent on future funding opportunities.

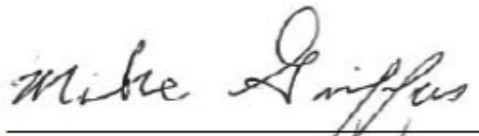
The 2023 budget includes several initiatives that are direct outcomes of the Strategic Plan, including placing a strong emphasis on safety, building collaborative partnerships, using data-driven analysis and providing innovative customer service and mobility options. Our goal with this budget and throughout the six-year plan framework is to continue building on our solid foundation to provide an improved public transportation system that meets the needs of our communities. 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. Some efforts reflected in the 2023 budget include:

- Transit station security
- Enhanced employee safety initiatives
- Increased vanpool customer safety using telematics
- Diversity, equity, and inclusion
- Employee development
- Providing a foundation to engage and retain our workforce
- Improved commitment to facility state of good repair
- Zero emission/electrification
- Building capacity to identify, increase and manage grant funding
- Focus on innovative ways to provide service and increase ridership
- Youth-Ride-Free commitment



I would like to thank the Pierce Transit Finance and Budget professionals for their thoughtful preparation of the agency's 2023 Budget. The budget provides a plan that allows Pierce Transit to serve its communities not only in 2023, but well into the future.

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

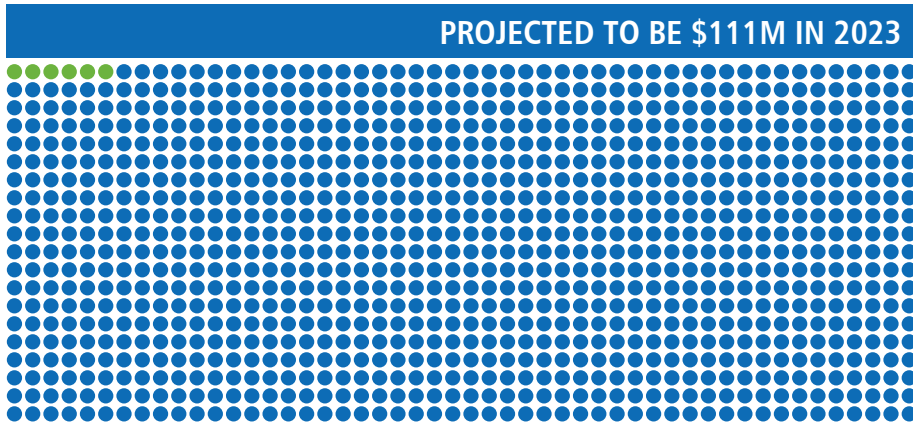

Mike Griffus, Chief Executive Officer

PierceTransit 2023 Budget Highlights

BUDGET
BREAKDOWN



Sales Tax is our #1 Revenue Source

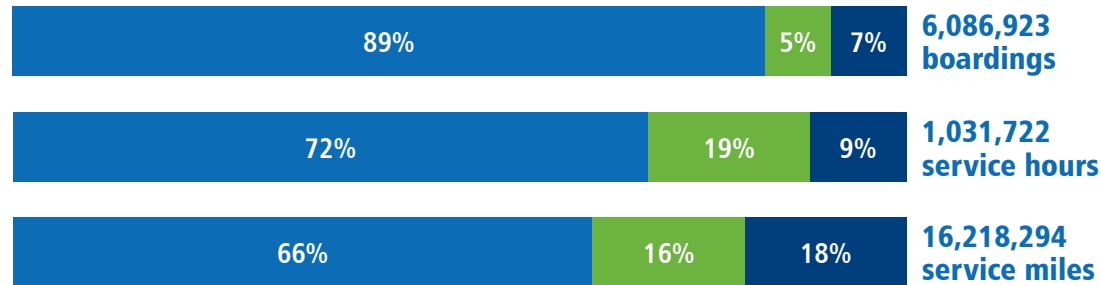


We collect **6¢** for every \$10 spent within our benefit area



2 new positions compared to 2022

DESPERSED SERVICE



■ Fixed Route

■ SHUTTLE

■ Vanpool

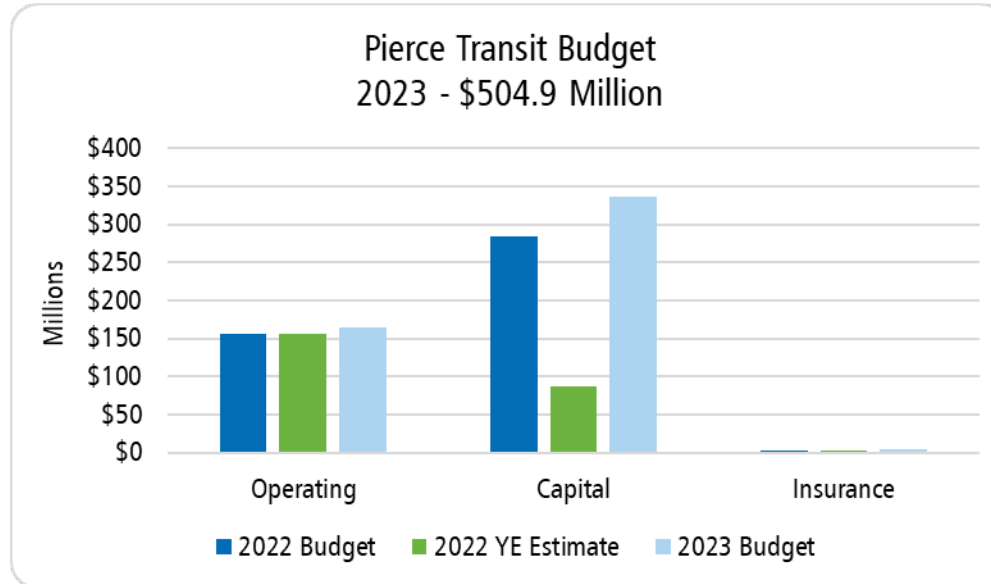


Gillig Electric Buses

Annual Budget

2023 Agency-Wide Budget

The 2023 agency-wide expenditure budget totals \$504,855,420. Pierce Transit is a single enterprise that uses the same accrual method of accounting as a private enterprise. The fund structure in the budget is the same as the audited financial statements. The budget is distributed across three major categories: Operating, Capital, and Insurance. These are treated as separate components for budgeting purposes. The Board of Commissioners has the legal authority to appropriate all funds.

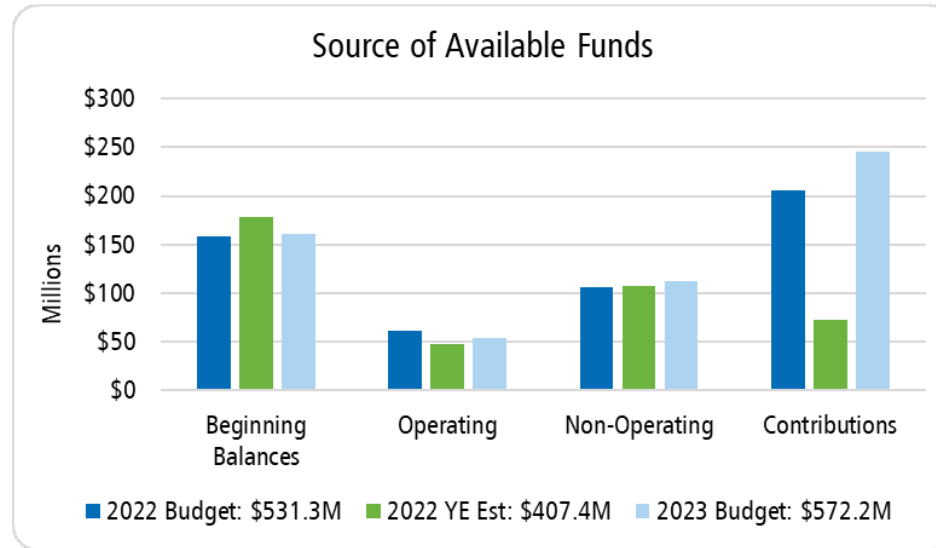


The operating budget finances the day-to-day operations, provides transfers to support capital and insurance needs, and is the primary budget of the Agency. The operating budget revenue includes fares, advertising, reimbursement from Sound Transit for regional service, sales tax, interest, operating contributions, and other miscellaneous revenues. Expenditure categories include wages, benefits, maintenance and operating costs, non-operating expenditures, and transfers to the capital and insurance budgets.

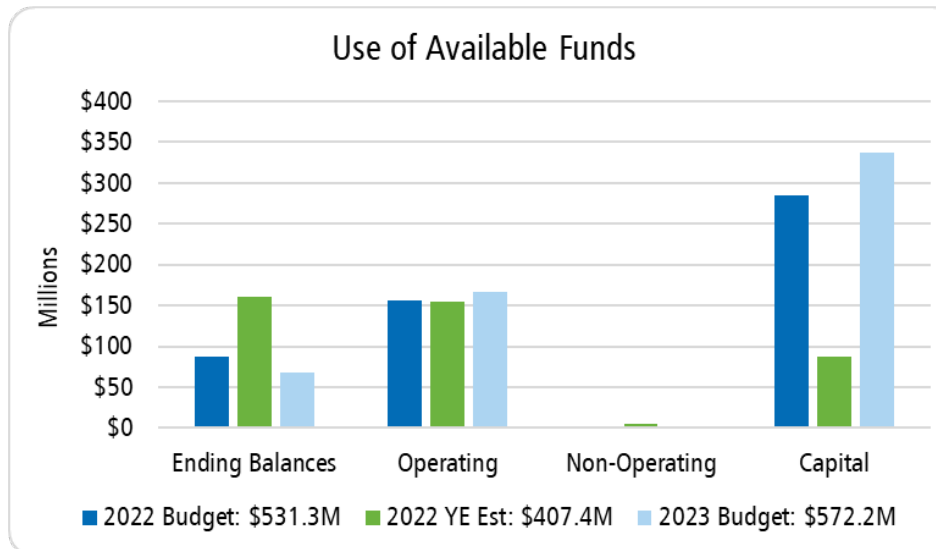
The capital budget revenues include federal and state grants, Sound Transit funding, interest earnings, and transfers from the operating budget. Capital budget expenditures include replacement vehicles, facility additions and improvements, and equipment.

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

The agency's source of available funds includes beginning balances and revenue which is divided into three categories: Operating includes fares, reimbursements for service, and advertising; Non-Operating includes sales tax, interest, and other; and Contributions includes grants and assistance to provide specific programs or projects from Federal, State, and other agencies.

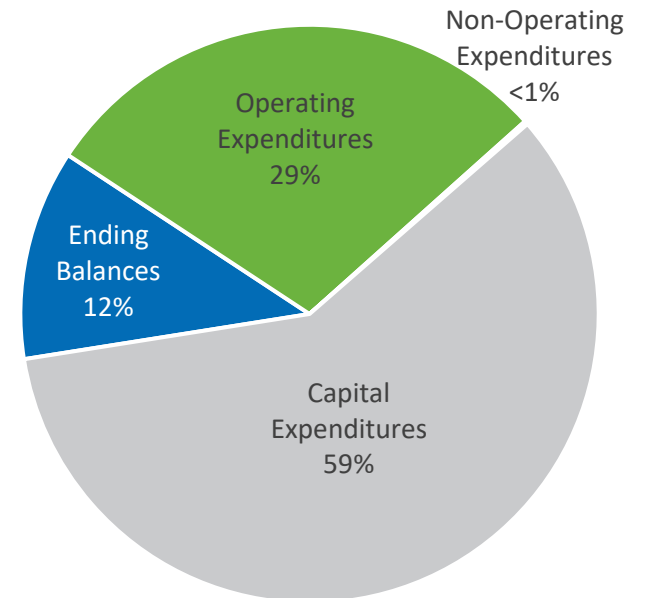
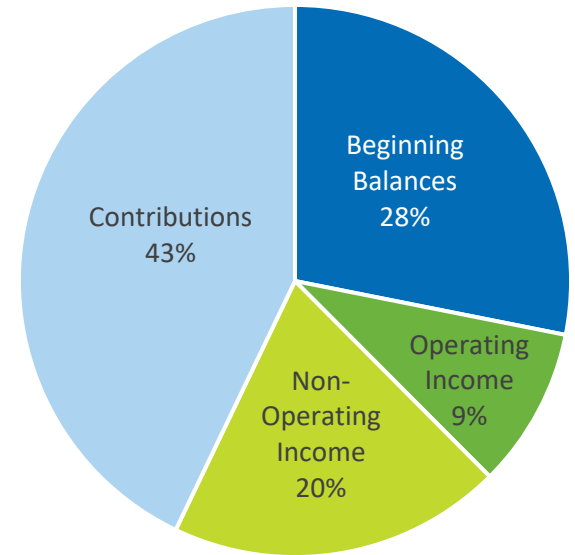


Use of available funds includes ending balances and expenditures: Operating which includes personnel and maintenance and operations; Non-operating which includes payments to Pierce County Ferries 5307 agreement; and Capital expenditures including carryover funds for capital projects from the prior year.



**2023 BUDGET
OVERALL SUMMARY**

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
REVENUES					
OPERATING INCOME					
Passenger Fares	6,008,335	6,747,477	5,451,320	5,446,210	-0.1%
Advertising	493,154	500,000	372,500	350,000	-6.0%
Regional Transit Service (Sound Transit)	47,250,234	53,818,060	42,275,440	47,986,720	13.5%
NON-OPERATING INCOME					
Sales Tax	107,084,956	104,956,178	107,151,530	110,557,130	3.2%
Other	3,799,484	1,090,917	951,280	1,473,270	54.9%
CONTRIBUTIONS					
Operating	34,233,034	29,963,820	52,227,210	10,795,670	-79.3%
Capital	31,225,638	175,522,501	20,713,790	234,631,590	1032.7%
TOTAL REVENUES	230,094,835	372,598,953	229,143,070	411,240,590	79.5%
BEGINNING BALANCES					
Operating	74,827,192	97,907,631	115,845,220	106,343,360	-8.2%
Insurance	3,615,475	1,625,899	475,450	(884,390)	-286.0%
Capital	67,857,436	59,174,073	61,887,830	55,464,480	-10.4%
TOTAL BEGINNING BALANCES	146,300,103	158,707,603	178,208,500	160,923,450	-9.7%
TOTAL REVENUE & BEGINNING BALANCES	376,394,938	531,306,555	407,351,570	572,164,040	40.5%
EXPENDITURES					
OPERATING EXPENDITURES					
Personnel	93,609,383	107,841,820	104,083,480	112,639,380	8.2%
Maintenance & Operations	39,464,911	46,539,108	46,538,890	49,970,850	7.4%
Insurance	3,479,789	2,540,000	3,468,620	3,775,710	8.9%
NON-OPERATING EXPENDITURES					
Grants Exchange Funds	4,063,915	1,143,054	5,606,440	1,150,000	0.0%
CAPITAL EXPENDITURES					
Capital Projects	57,568,440	285,133,952	86,730,690	337,319,480	288.9%
TOTAL EXPENDITURES	198,186,438	443,197,934	246,428,120	504,855,420	104.9%
ENDING BALANCES					
Operating	115,845,220	77,608,621	106,343,360	57,608,620	-45.8%
Insurance	475,450	1,200,000	(884,390)	1,200,000	-235.7%
Capital	61,887,830	9,300,000	55,464,480	8,500,000	-84.7%
TOTAL ENDING BALANCES	178,208,500	88,108,621	160,923,450	67,308,620	-58.2%
TOTAL EXPENDITURES & ENDING BALANCES	376,394,938	531,306,555	407,351,570	572,164,040	40.5%



2023 Operating Budget

The 2023 operating revenues of \$176,409,000 support the operating expenditures of \$162,610,230, non-operating expenditures of \$1,150,000 and transfers of \$61,383,510. 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 a decrease of \$48,734,740. Reserves beyond the required amount will be utilized over the next six years to fund capital projects. The operating budget revenue for 2023 is decreasing by 15.3% and operating expenditures are increasing 8.0% from the 2022 Year-End Estimate.

	<u>2022 YE Estimate</u>	<u>2023 Budget</u>	Year-End Estimate to Budget	
			<u>\$ Change</u>	<u>% Change</u>
Operating Revenues	208,237,430	176,409,000	(31,828,430)	-15.3%
Operating Expenditures	(150,622,370)	(162,610,230)	(11,987,860)	8.0%
	57,615,060	13,798,770	(43,816,290)	-76.1%
Non-Operating Expenditures	(5,606,440)	(1,150,000)	4,456,440	-79.5%
Transfers-Out	(61,510,480)	(61,383,510)	126,970	-0.2%
Net Change - Reserves	(9,501,860)	(48,734,740)	(39,232,880)	412.9%

Operating Revenues

Operating Revenues include both Operating Income, Non-Operating Income, and Contributions to pay for ongoing transportation operations. The type of revenue and percent change from 2022 Year-End Estimate are included in the table below.

	<u>2022 YE Estimate</u>	<u>2023 Budget</u>	Year-End Estimate to Budget	
			<u>\$ Change</u>	<u>% Change</u>
Operating Income				
Fares	5,451,320	5,446,210	(5,110)	-0.1%
Advertising	372,500	350,000	(22,500)	-6.0%
Regional Transit Service	42,275,440	47,986,720	5,711,280	13.5%
Non-Operating Income				
Sales Tax	107,151,530	110,557,130	3,405,600	3.2%
Miscellaneous	759,430	1,273,270	513,840	67.7%
Operating Contributions	52,227,210	10,795,670	(41,431,540)	-79.3%
	208,237,430	176,409,000	(31,828,430)	-15.3%

Fares – Revenues are estimated based on ridership and average fare per boarding projections. The average fare per boarding is expected to be \$0.84 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 2023 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. The current Discounted Fare for Local PT Service (one-ride) is \$1.00 or a Local PT Service All Day Pass is \$2.50. As of September 1, 2022, no fares will be collected for riders aged 18 and under on local Pierce Transit services.

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.

Sound Transit – Regional Transit Service budgeted revenue totals \$47,986,720 in 2023 a 13.5% increase from 2022 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 2023, Sound Transit is increasing service hours 4.9% from 258,617 to 271,300. Sound Transit also reimburses for their share of costs associated with security, liability insurance, and special services for operating Tacoma Dome Station. Beginning in 2023, Pierce Transit will provide reimbursable ADA services to assist Sound Transit with FTA requirements for their Hilltop light rail extension.

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 86.1% of the operating budget revenue excluding Sound Transit. In 2023, sales tax is expected to total \$110,557,130, a 3.2% increase over the 2022 Year-End Estimate and in line with current growth trends.

Miscellaneous – Includes revenues such as interest, gains on disposed assets, Lakeland Hill transportation services, and parking fees.

Operating Contributions – Operating Contributions are funds from partnering agencies. They include Pierce County Commute Trip Reduction (CTR), Washington State Department of Transportation Special Needs Operations, and Move Ahead WA. Pierce Transit also partners for Americans with Disabilities Act (ADA) service. One-time Federal contributions such as Coronavirus Aid, Relief, and Economic Security 2020 (CARES), Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA) and American Rescue Plan Act 2022 (ARPA) are included in operating contributions. No one-time Federal contributions are anticipated after 2022.

Operating Expenditures

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 expenses are projected to total 162,610,230 an 8.0% increase from the 2022 Year-End Estimate. The larger than normal increase over year-end estimates is a result of reduced service and expenditures in 2022 due to Operator shortages and returning to 95% pre-COVID service levels in 2023. The changes from the 2022 Year-End Estimate to the 2023 Budget are as follows:

	<u>2022 YE Estimate</u>	<u>2023 Budget</u>	Year-End Estimate to Budget	
			<u>\$ Change</u>	<u>% Change</u>
Wages	76,362,210	81,402,050	5,039,840	6.6%
Benefits	27,721,270	31,237,330	3,516,060	12.7%
M&O	46,538,890	49,970,850	3,431,960	7.4%
Total Operations	150,622,370	162,610,230	11,987,860	8.0%
Non-Operating	5,606,440	1,150,000	(4,456,440)	-79.5%
Total Expenditures	156,228,810	163,760,230	7,531,420	4.8%

Wages – The 2023 Budget includes 987 positions and 966 full-time equivalents (FTEs). The 6.6% 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 in addition to the net one new position.

Represented employees are 83% of the total Agency workforce. The Master Agreement with the Amalgamated Transit Union (ATU) is for a three-year period, January 1, 2021 through December 31, 2023. The Master Agreement with the International Association of Machinists (IAM) is for a two-year period, January 1, 2022 through December 31, 2023. The ATU contract calls for a general wage increase of 2.25% on January 1, 2023 and IAM wages will not have an increase.

Benefits – The increase in benefits of 12.7% or \$3,516,060 is a result of medical and dental premium increases, percentage-based benefits that increase with wages, and filling prior year vacancies and new positions.

Maintenance and Operations – The 2023 Maintenance and Operations (M&O) Budget is \$49,970,850. The expenditures support service, maintenance of equipment, and technology system needs. This is an increase of \$3,431,960 or 7.4% higher than the 2022 Year-End Estimate. The increases in expenses are impacted by the planned number of service hours and miles operated as well as inflation.

Non-Operating Expenditures – 2023 Non-Operating Expenditures are for payment of \$1,150,000 for Pierce County Agreement grant exchange funds.

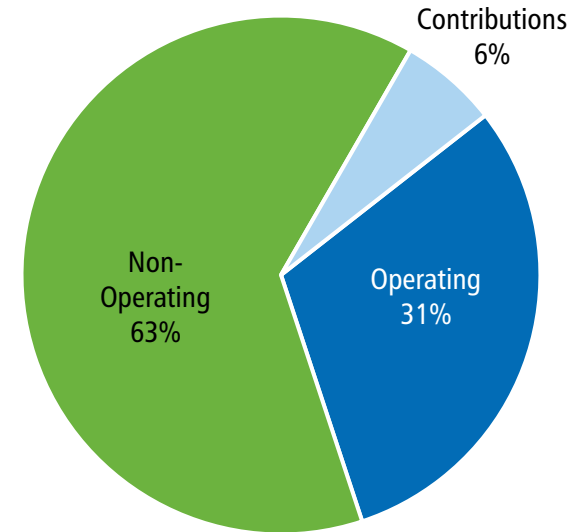
Operating Reserve Balance

Pierce Transit defines the operating reserve balance as reserves maintained to provide enough working capital 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.

The 2023 budget includes operating and non-operating revenues of \$176.4 million which funds operating and non-operating expenses of \$163.8 million for 1,031,722 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.

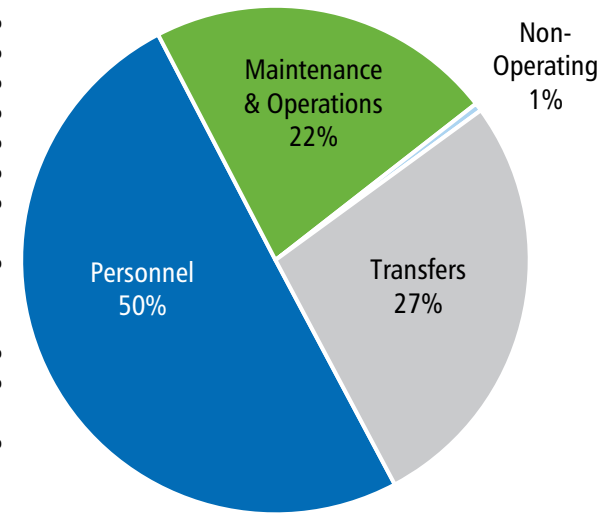
**2023 BUDGET
OPERATING SUMMARY - REVENUES**

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
OPERATING REVENUES					
OPERATING INCOME					
Passenger Fares	6,008,335	6,747,477	5,451,320	5,446,210	-0.1%
Advertising	493,154	500,000	372,500	350,000	-6.0%
Regional Transit Service (Sound Transit)					
Express Reimbursement	46,377,943	52,740,121	41,478,550	47,008,150	13.3%
Tacoma Dome Station Reimbursement	872,291	1,077,939	796,890	934,840	17.3%
ADA Travel Trainer Reimbursement	-	-	-	43,730	0.0%
TOTAL OPERATING INCOME	53,751,723	61,065,537	48,099,260	53,782,930	11.8%
NON-OPERATING INCOME					
Sales Tax	107,084,956	104,956,178	107,151,530	110,557,130	3.2%
Interest Income	89,200	250,000	331,800	250,000	-24.7%
Other	3,645,016	497,417	427,630	1,023,270	139.3%
TOTAL NON-OPERATING INCOME	110,819,172	105,703,595	107,910,960	111,830,400	3.6%
OPERATING CONTRIBUTIONS					
Federal	32,142,764	27,729,920	47,429,190	729,920	-98.5%
State	2,088,833	2,233,900	4,798,020	9,940,750	107.2%
Other	1,437	2,500	-	125,000	0.0%
TOTAL OPERATING CONTRIBUTIONS	34,233,034	29,966,320	52,227,210	10,795,670	-79.3%
TOTAL REVENUES	198,803,929	196,735,452	208,237,430	176,409,000	-15.3%
BEGINNING BALANCE	74,827,192	97,907,631	115,845,220	106,343,360	-8.2%
TOTAL REVENUES & BEGINNING BALANCE	273,631,122	294,643,082	324,082,650	282,752,360	-12.8%



**2023 BUDGET
OPERATING SUMMARY - EXPENDITURES**

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
OPERATING EXPENDITURES					
PERSONNEL					
Wages	68,615,578	77,490,382	76,362,210	81,402,050	6.6%
Benefits	24,993,805	30,351,438	27,721,270	31,237,330	12.7%
TOTAL PERSONNEL	93,609,383	107,841,820	104,083,480	112,639,380	8.2%
MAINTENANCE & OPERATIONS					
Supplies	12,445,683	14,157,988	13,453,660	19,413,680	44.3%
Services	7,496,962	9,045,876	9,491,640	9,085,890	-4.3%
Insurance	3,679,860	3,862,662	4,137,290	4,602,530	11.2%
Utilities	1,711,260	1,796,060	1,704,760	1,687,100	-1.0%
Repairs	572,204	734,169	732,950	676,250	-7.7%
Rentals	589,648	585,120	581,580	506,840	-12.9%
Other	12,278,076	15,651,165	15,767,720	13,161,870	-16.5%
Contract Services	691,219	706,068	669,290	836,690	25.0%
Other Improvements	-	-	-	-	0.0%
TOTAL MAINTENANCE & OPERATIONS	39,464,912	46,539,108	46,538,890	49,970,850	7.4%
TOTAL OPERATING EXPENDITURES	133,074,295	154,380,928	150,622,370	162,610,230	8.0%
NON-OPERATION EXPENDITURES					
Grant Exchange Funds	4,063,915	1,143,054	5,606,440	1,150,000	-79.5%
TOTAL NON-OPERATING EXPENDITURES	4,063,915	1,143,054	5,606,440	1,150,000	-79.5%
TOTAL EXPENDITURES	137,138,210	155,523,982	156,228,810	163,760,230	4.8%
TRANSFERS					
To Insurance Fund	334,904	2,098,101	2,098,100	5,835,100	178.1%
To Capital Fund	20,312,788	59,412,378	59,412,380	55,548,410	-6.5%
TOTAL TRANSFERS	20,647,692	61,510,479	61,510,480	61,383,510	-0.2%
TOTAL EXPENDITURES & TRANSFERS	157,785,902	217,034,461	217,739,290	225,143,740	3.4%
ENDING BALANCES	115,845,220	77,608,621	106,343,360	57,608,620	-45.8%
TOTAL EXPENDITURES & ENDING BALANCES	273,631,122	294,643,082	324,082,650	282,752,360	-12.8%



2023 Personnel

The 2023 Budget includes 987 positions and 966 full-time equivalents (FTE). This is a net increase of two positions from the 2022 Budget. The budget also accounts for changing four Intern positions previously budgeted as dollars to FTEs beginning in 2023. The net increase in positions includes:

16 New Positions

- | | |
|-------------------------------------|---------------------------------|
| 1 Records Management | 1 Equity & Engagement Manager |
| 2 Contract Coordinator | 3 Fleet Care Attendant |
| 1 Transit System Maintenance Worker | 1 Transit Facilities Specialist |
| 1 Community Dev Coordinator | 1 Grants Coordinator |
| 1 ADA Eligibility Analyst | 1 Service Supervisor |
| 1 Instructor | 2 Division Assistant |

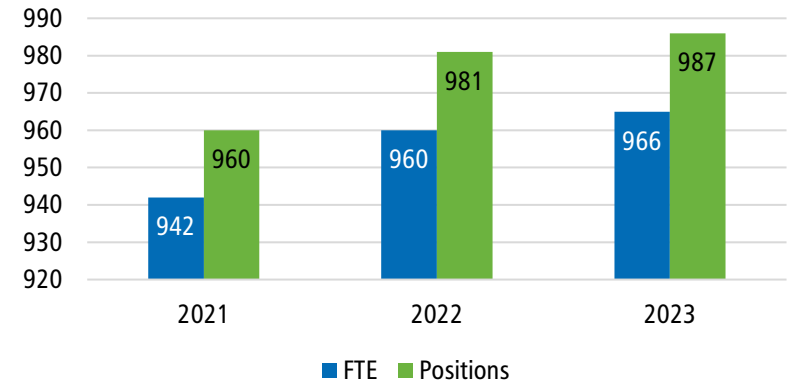
14 Position Reductions

- 14 Relief Transit Operators (Vacant)

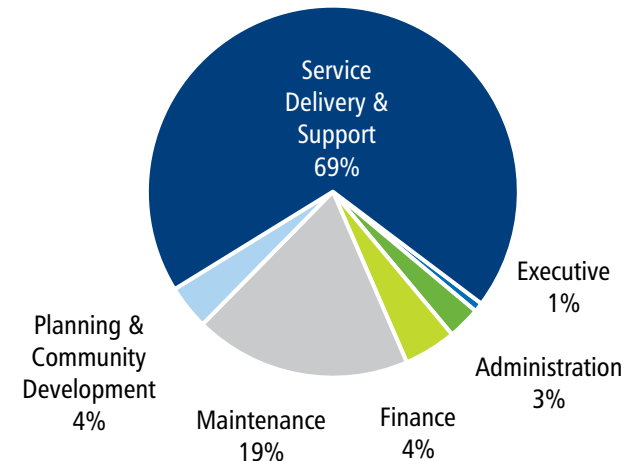
Directly operated service includes Service Delivery & Support and Maintenance divisions. These divisions represent 867 or 88% of the total positions. The remaining 120 positions or 12% are in Executive, Administration, Finance and Planning & Community Development divisions.

Most of the staff at Pierce Transit is equal to 1.0 FTE. FTE is defined as having a work schedule of 2,080 hours annually. In the 2023 Budget, we have 78 positions that are considered less than 1.0 FTE, the majority in the Relief Transit Operators classification.

Budgeted FTEs & Positions



2023 Budgeted Positions - 987



2023 Capital Budget

The Capital budget represents the revenues and expenditures associated with capital development and acquisition. It includes funds for replacement vehicles, capital planning for the efficient use of base and passenger facilities, technology, and equipment. 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 the total project cost the year the Agency anticipates entering into a contract for service or acquisition.

Capital projects for 2023 are budgeted at \$337,319,480. Approved but unspent projects are carried over from the prior year to the following budget year. The 2023 Budget contains \$257,021,390 of prior year budgeted funds (carryover) and \$80,298,090 in new projects. Expenditures are supported by \$234,631,590 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.

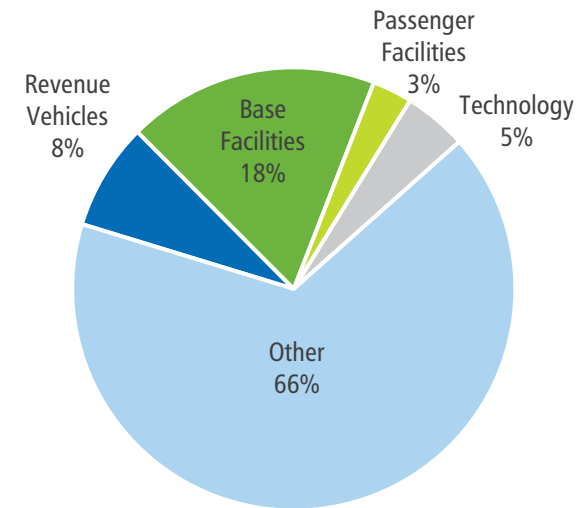
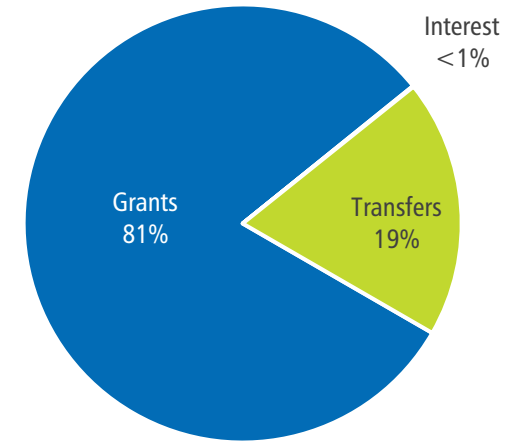
The 2023 Capital Budget is comprised of the following categories:

- Revenue Vehicles, 8% of the Capital budget, provide customers a comfortable and reliable mode of transportation
- Base Facilities, 18% of the Capital budget, support efficient operations of the Agency
- Passenger Facilities & Amenities, 3% of the Capital budget, serve as the front door to the transit system
- Technology, 5% of the Capital budget, provide infrastructure and software to improve information and services for staff and the public
- Other, 66% of the Capital budget, maintain equipment and provide improved transportation services

	2023 Capital Budget Expenditures		
	<u>Carryover</u>	<u>New</u>	<u>Total</u>
Revenue Vehicles (Bus, SHUTTLE, Vanpool Replacements)	13,361,920	13,090,810	26,452,730
Base Facilities (Maintenance & Operations Base Improvements)	478,080	61,421,500	61,899,580
Passenger Facilities (Transit Centers, Park & Rides, TDS)	9,831,360	-	9,831,360
Technology (ngORCA, CAD/AVL, ADEPT, Security Systems)	13,578,200	2,016,950	15,595,150
Other (BRT, TDS Elevator, Commerce Charging Station)	219,771,830	3,768,830	223,540,660
	257,021,390	80,298,090	337,319,480

**2023 BUDGET
CAPITAL SUMMARY**

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
CAPITAL REVENUES					
REVENUES					
Grants	31,225,638	175,522,501	20,713,790	234,631,590	1032.7%
Interest	60,408	325,000	181,170	175,000	-3.4%
TOTAL REVENUES	31,286,046	175,847,501	20,894,960	234,806,590	1023.7%
TRANSFERS					
From Operating Fund	20,312,788	59,412,378	59,412,380	55,548,410	-6.5%
TOTAL TRANSFERS	20,312,788	59,412,378	59,412,380	55,548,410	-6.5%
TOTAL REVENUE & TRANSFERS	51,598,834	235,259,879	80,307,340	290,355,000	261.6%
BEGINNING BALANCE					
Capital Fund	67,857,436	59,174,073	61,887,830	55,464,480	-10.4%
TOTAL REVENUES & BEGINNING BALANCE	119,456,270	294,433,952	142,195,170	345,819,480	143.2%
CAPITAL EXPENDITURES					
CAPITAL ACQUISITION					
Revenue Vehicles	23,610,313	18,341,397	6,775,510	26,452,730	290.4%
Base Facilities	14,508,122	60,751,000	62,271,750	61,899,580	-0.6%
Passenger Facilities & Amenities	5,444,928	10,710,135	3,149,380	9,831,360	212.2%
Technology	4,704,589	23,645,828	7,851,750	15,595,150	98.6%
Other	9,300,489	171,685,592	6,682,300	223,540,660	3245.3%
TOTAL EXPENDITURES	57,568,440	285,133,952	86,730,690	337,319,480	288.9%
ENDING BALANCE					
Capital Fund	61,887,830	9,300,000	55,464,480	8,500,000	-84.7%
TOTAL EXPENDITURES & ENDING BALANCE	119,456,270	294,433,952	142,195,170	345,819,480	143.2%



Below is a detailed project list reflecting the carryover and new allocations to our Capital budget.

Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	Local Funding	Grant Funding
Base Facilities Projects									
Building 4 Modifications	345	4,255,020	4,045,300	21,830	187,890		187,890	187,890	
Maintenance & Operations Base Improvements (MOBI)	525	84,500,000	22,330,800	62,169,200	-	55,762,220	55,762,220	55,762,220	
Building 4 Lobby Hardening	618	150,520		13,510	137,010		137,010	137,010	
Building 5 A/V Equip Replacement	620	220,390		67,210	153,180		153,180	153,180	
Building 5 Exterior Sealing	NEW					130,000	130,000	130,000	
Building 4 Exterior Painting	NEW					273,160	273,160	273,160	
Building 1 Iron Worker Replacement for the Body Shop	NEW					58,710	58,710	58,710	
Base Storm Water System Repair & Maintenance	NEW					266,110	266,110	266,110	
Shatter Proof Film Buildings 4, 5 & TDS	NEW					92,900	92,900	92,900	
Base BEB Charging Expansion to 12 Buses	NEW					4,838,400	4,838,400	967,700	3,870,700
Subtotal Base Facilities Projects		89,125,930	26,376,100	62,271,750	478,080	61,421,500	61,899,580	58,028,880	3,870,700
Other Projects									
High-Capacity Transit (HCT) Feasibility Study	481	1,716,630	1,267,350		449,280		449,280	449,280	
Corridor Speed & Reliability Improvements 2018	554	4,500,000	1,847,270	100,170	2,552,560		2,552,560	2,552,560	
Bus Rapid Transit (BRT)	563	236,900,000	18,242,360	5,810,570	212,847,070		212,847,070	13,002,030	199,845,040
Building 5 Shuttle & Pub Safety Office Move	600	317,000	49,960	115,700	151,340		151,340	151,340	
Maintenance Power Pusher	601	32,480		22,370	10,110		10,110	10,110	
Commerce Facility Bus Charging Station	612	2,000,000	350		1,999,650		1,999,650	1,414,450	585,200
BRT System Expansion Study	613	837,300	225,830	258,020	353,450		353,450	353,450	
Support Vehicle Replacement 2022	624	334,840		150,000	184,840		184,840	184,840	
Parts Washers Replacement 2022	627	46,530			46,530		46,530	46,530	
Consolidate IT Work Area & Storage 2022	629	57,480			57,480		57,480	57,480	
Building 5 Chair Replacement	632	35,000			35,000		35,000	35,000	
Bus Stop Shelter Refurbishment	633	1,000,000			1,000,000		1,000,000	1,000,000	
Rivet Gun	635	16,000			16,000		16,000	16,000	
Miscellaneous Capital Equipment	778	68,520			68,520	100,000	168,520	168,520	
Support Replacement 2023	NEW					626,830	626,830	626,830	
Employee Engagement Tool	NEW					42,000	42,000	42,000	
Bus Rapid Transit (BRT) 2 - Downtown Tacoma to Lakewood	NEW					3,000,000	3,000,000	-	3,000,000
Subtotal Other Projects		247,861,780	21,633,120	6,456,830	219,771,830	3,768,830	223,540,660	20,110,420	203,430,240
Passenger Facilities Projects									
Narrows Park & Ride Renewal	503	1,013,060	77,490	21,200	914,370		914,370	914,370	
Commerce Tunnel Refurbishment	524	3,635,360	3,278,020	273,940	83,400		83,400	83,400	
Spanaway Transit Center Park & Ride - Phase I	556	9,242,890	3,402,790	1,407,660	4,432,440		4,432,440	84,630	4,347,810
South Hill Mall Transit Center Renewal	571	1,832,370	1,216,620	320,610	295,140		295,140	295,140	
Tacoma Dome Station Elevator Repairs & Upgrades	588	3,451,550	254,210	753,330	2,444,010		2,444,010	376,480	2,067,530
Kimball Drive Park & Ride 2020	590	379,180		96,970	282,210		282,210	282,210	
North Purdy Park & Ride 2020	591	259,890		60,590	199,300		199,300	199,300	
Parkland Transit Center 2020	592	360,940		79,430	281,510		281,510	281,510	
Spanaway Transit Center Park & Ride - Phase II Design	607	1,000,000	370	100,650	898,980		898,980	37,500	861,480
Subtotal Passenger Facilities Projects		21,175,240	8,229,500	3,114,380	9,831,360	-	9,831,360	2,554,540	7,276,820

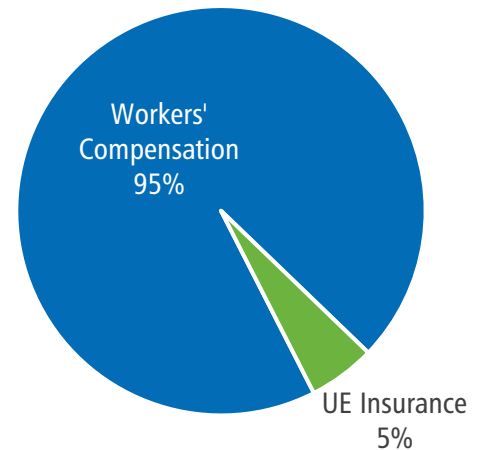
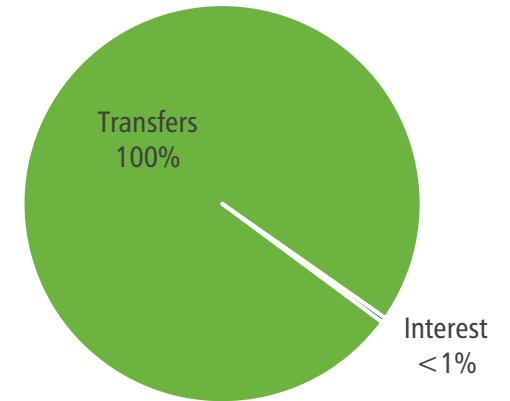
Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	Local Funding	Grant Funding
Revenue Vehicle Projects									
SHUTTLE Replacement 2019	558	1,051,610	-		1,051,610		1,051,610	1,051,610	
Bus Fleet Replacement 2021	602	6,209,100		5,662,510	546,590		546,590	109,320	437,270
Vanpool Replacement 2021	611	814,120		400,000	414,120		414,120	414,120	
Bus Fleet Replacement 2022	622	7,061,430			7,061,430		7,061,430	1,412,290	5,649,140
SHUTTLE Replacement 2022	623	2,928,530			2,928,530		2,928,530	1,165,600	1,762,930
Vanpool Replacement 2022	628	1,453,060		700,000	753,060		753,060	753,060	
Barrier Door Install	NEW	606,580			606,580		606,580	606,580	
SHUTTLE Replacement 2023	NEW					3,114,390	3,114,390	622,880	2,491,510
Bus Fleet Replacement 2023	NEW					7,704,850	7,704,850	1,540,970	6,163,880
Vanpool Replacement 2023	NEW					1,933,230	1,933,230	1,933,230	
Puyallup Runner Wheelchair Accessible Vehicles (2)	NEW					138,340	138,340	27,670	110,670
Vanpool Telematics 2023	NEW					200,000	200,000	100,000	100,000
Subtotal Revenue Vehicle Projects		20,124,430	-	6,762,510	13,361,920	13,090,810	26,452,730	9,737,330	16,715,400
Technology Projects									
Security Systems Replacement	452	3,765,990	628,430	1,159,880	1,977,680		1,977,680	1,977,680	
ngORCA	482	6,154,830	2,317,340	607,700	3,229,790		3,229,790	3,229,790	
Hastus Upgrade 2017	510	961,980	897,530	34,560	29,890		29,890	29,890	
Collision Avoidance System	518	2,364,890	2,280,830	13,260	70,800		70,800	70,800	
Backup Software Replacement 2018	543	85,000	-	-	85,000		85,000	85,000	
Bus Driving Simulator 2018	544	507,580	347,760	116,440	43,380		43,380	43,380	
CAD-AVL System Replacement 2019	573	11,000,000	1,819,870	5,553,180	3,626,950		3,626,950	288,520	3,338,430
Facilities Workorder Management System - EAM Replacement 2019	576	48,880			48,880		48,880	48,880	
Storage Area Network 2019	579	329,700	30,610		299,090		299,090	299,090	
Bus Systems Mobile Access Routers	597	808,940	121,910		687,030		687,030	687,030	
Network Infrastructure Replacement 2021	603	760,000	102,760	285,260	371,980		371,980	371,980	
Call Center Software Replacement 2021	604	159,000			159,000		159,000	159,000	
NeoGov HRIS Module	609	90,200			90,200	59,800	150,000	150,000	
ADEPT Upgrade or Replacement 2022	625	2,200,000		2,260	2,197,740		2,197,740	2,197,740	
Network Infrastructure Replacement 2022	626	440,000			440,000		440,000	440,000	
Computer & Laptop Replacement	631	300,000		79,210	220,790		220,790	220,790	
Network Infrastructure Replacement 2023	NEW					732,050	732,050	732,050	
Communication Center Radio Consoles Replacement	NEW					284,500	284,500	284,500	
Real Time Sign Refurbishment	NEW					43,070	43,070	43,070	
Computer & Laptop Replacement 2023	NEW					332,750	332,750	332,750	
CCTV Additions to Park & Rides	NEW					314,780	314,780	314,780	
Managed Cyber Security Services	NEW					250,000	250,000	250,000	
Subtotal Technology Projects		29,976,990	8,547,040	7,851,750	13,578,200	2,016,950	15,595,150	12,256,720	3,338,430
Total Capital Projects		408,264,370	64,785,760	86,457,220	257,021,390	80,298,090	337,319,480	102,687,890	234,631,590

2023 Insurance Budget

The Insurance budget pays for the claims that arise from workers' compensation or unemployment. The 2023 Budget of \$3,775,710 reflects an increase of \$307,090 from the 2022 Year-End Estimate of \$3,468,620. The increase is due to projected Workers' Compensation insurance costs.

2023 BUDGET INSURANCE SUMMARY

	2021 YEAR-END ACTUALS	2022 AMENDED BUDGET	2022 YEAR-END ESTIMATE	2023 BUDGET	% CHANGE 2022 YEAR-END ESTIMATE VS. 2023 BUDGET
INSURANCE REVENUES					
REVENUES					
Interest	4,860	16,000	10,680	25,000	134.1%
TOTAL REVENUES	4,860	16,000	10,680	25,000	134.1%
TRANSFERS					
From Operating Fund	334,904	2,098,101	2,098,100	5,835,100	178.1%
TOTAL TRANSFERS	334,904	2,098,101	2,098,100	5,835,100	178.1%
TOTAL REVENUES & TRANSFERS	339,764	2,114,101	2,108,780	5,860,100	177.9%
BEGINNING BALANCE					
Insurance Fund	3,615,475	1,625,899	475,450	(884,390)	-286.0%
TOTAL REVENUES & BEGINNING BALANCE	3,955,239	3,740,000	2,584,230	4,975,710	92.5%
INSURANCE EXPENDITURES					
EXPENDITURES					
Workers' Compensation Insurance					
Light Duty	12,862	125,000	8,000	60,000	650.0%
Workers' Compensation	2,813,459	1,750,000	2,815,000	2,950,000	4.8%
Professional Services	49,556	80,000	80,000	100,000	25.0%
Excess Workers' Compensation	65,229	75,000	100,620	115,710	15.0%
Taxes & Assessments	344,096	310,000	345,000	350,000	1.4%
Unemployment Insurance	194,588	200,000	120,000	200,000	66.7%
TOTAL EXPENDITURES	3,479,789	2,540,000	3,468,620	3,775,710	8.9%
ENDING BALANCE					
Insurance Fund	475,450	1,200,000	(884,390)	1,200,000	-235.7%
TOTAL EXPENDITURES & ENDING BALANCE	3,955,239	3,740,000	2,584,230	4,975,710	92.5%

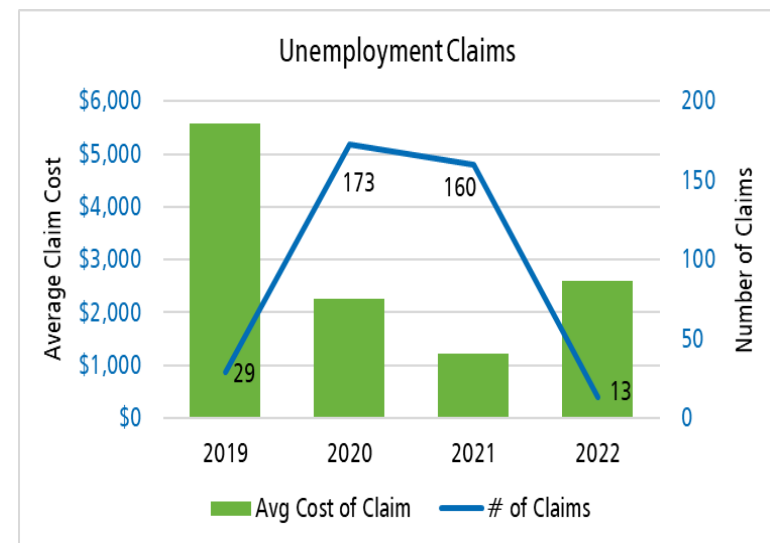
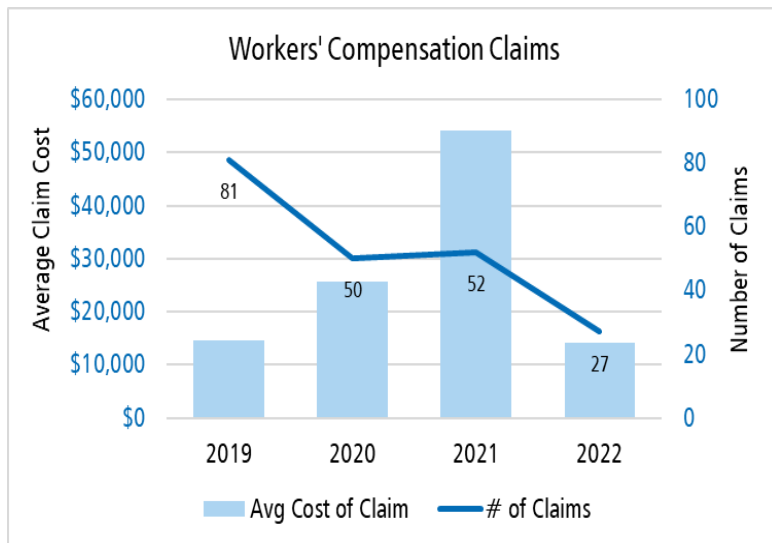


Workers Compensation

Workers' compensation covers the expenses incurred by employees injured on the job resulting in the inability to work or perform their regular assigned duties while dealing with the effects of the injury. Workers' Compensation benefits are statutorily determined and governed by Labor & Industries. Pierce Transit is permissibly self-insured and financially responsible for the first \$1 million of every claim incurred. When Workers' Compensation payments exceed \$1 million, excess insurance takes over payments made to the injured worker, medical providers, and other qualifying expenses. Pierce Transit reduces workplace injuries by weekly safety reminders, enforcing safety policies, providing proper equipment to employees, and effective Workers' Compensation claims management practices. The cost of claims can vary based on the nature and severity of the injury. In 2020 and 2021, Pierce Transit saw a 63% reduction in the number of claims compared to 2019, however, the average cost per claim rose dramatically in 2021. The average claim cost is calculated by dividing the total expenditures by the number of claims. Due to this, the 2022 average claim cost will fluctuate through the remainder of the year based on claims determinations. The number of claims for 2022 is based on active claims for the year through June. Should we continue the same trend, Pierce Transit would recognize a 4% increase in the number of claims compared to 2021 but significantly reduced average claim cost.

Unemployment

Unemployment was established to provide temporary income when an employee loses a job through no fault of their own. Pierce Transit pays claims based on the determination of the Employment Security Department. In 2020, there was a rise in unemployment claims due to the pandemic. Pierce Transit had to make severe reductions in service that lead to furloughs and layoffs. Pierce Transit made every effort to bring back laid-off employees as service increased. Additionally, Pierce Transit may be responsible for unemployment claims where a previous employee left for employment opportunities elsewhere but lost employment with the other organization. These claims arise due to the Employment Security Department calculation, where Pierce Transit may be considered a base-year employer. Currently, the number of claims is trending back to pre-pandemic levels, but with a lower average claim cost.



2023 Ending Balances

Ending balances include the required reserves for the operating, capital, and insurance budgets. 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 \$1.2 million.

Budget	Beginning Balance	+	Revenue & Transfers-In	-	Expenditures & Transfers-Out	=	Ending Balance	Required Reserves	Margin
Operating	\$ 106,343,360		\$ 176,409,000		\$ 225,143,740		\$ 57,608,620	\$ 27,101,710	\$ 30,506,910
Capital	55,464,480		290,355,000		337,319,480		8,500,000	8,500,000	-
Insurance	(884,390)		5,860,100		3,775,710		1,200,000	1,200,000	-
Total	\$ 160,923,450		\$ 472,624,100		\$ 566,238,930		\$ 67,308,620	\$ 36,801,710	\$ 30,506,910

Conclusion

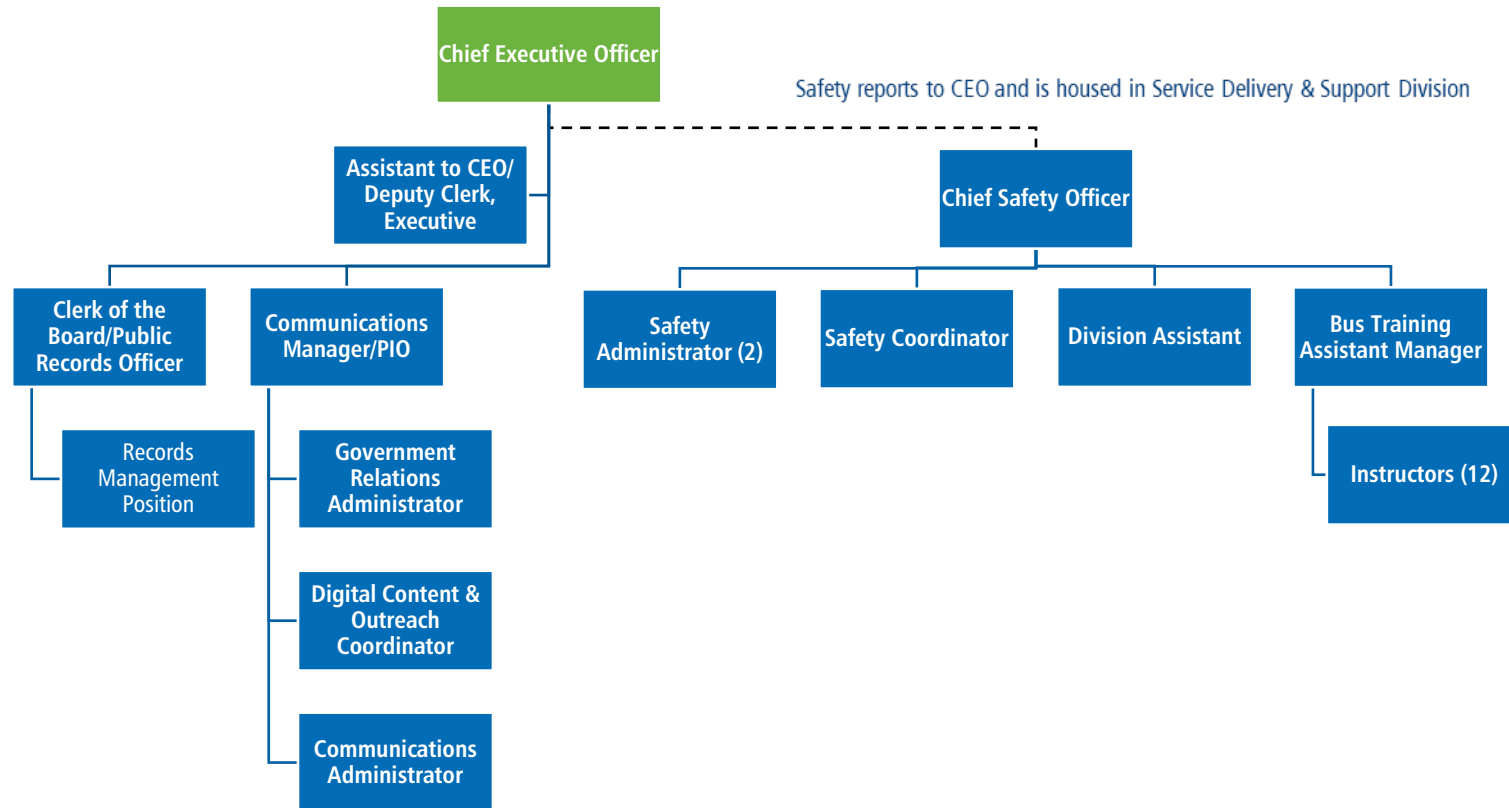
The 2023 Budget is balanced, sustainable, and focused on strategic initiatives to meet Pierce Transit’s vision and mission.



Recruitment Team

Division Budgets








Executive Division



Division Overview

The Executive Division consists of two departments: Division Administration and Communications. This division is responsible for overseeing the day-to-day operations, legal review of contracts, creating agency policies, implementing the vision of the Board, holding and documenting agency meetings, pursuing legislative priorities and the internal and external communications of the agency. There are eight budgeted positions within this division, representing less than 1% of the agency personnel. Executive has an operating budget of \$2,065,660 in 2023.

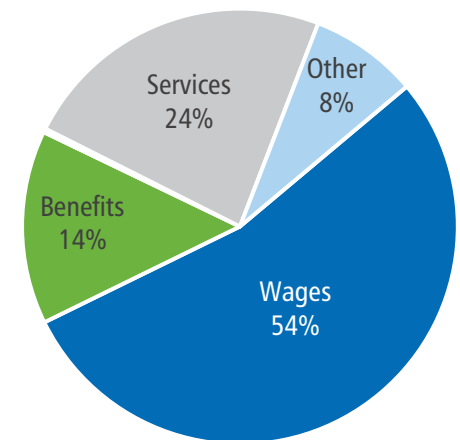
Strategic Initiatives

Strategic Priority	Initiative
 	Complete and execute a comprehensive communications campaign around the Free Youth Transit Pass, including partnering with school districts and community organizations
 	Elevate MOBI among lawmakers and position for funding opportunities in 2023
	Develop a six-year strategic plan in the first quarter of 2023
	Maintain an agency focus on customer service and work-life balance for employees, especially Operators
	Engage Pierce Transit staff, the Board of Commissioners, elected officials, and partners to ensure that the BRT project remains on schedule

Operating Budget by Object Type

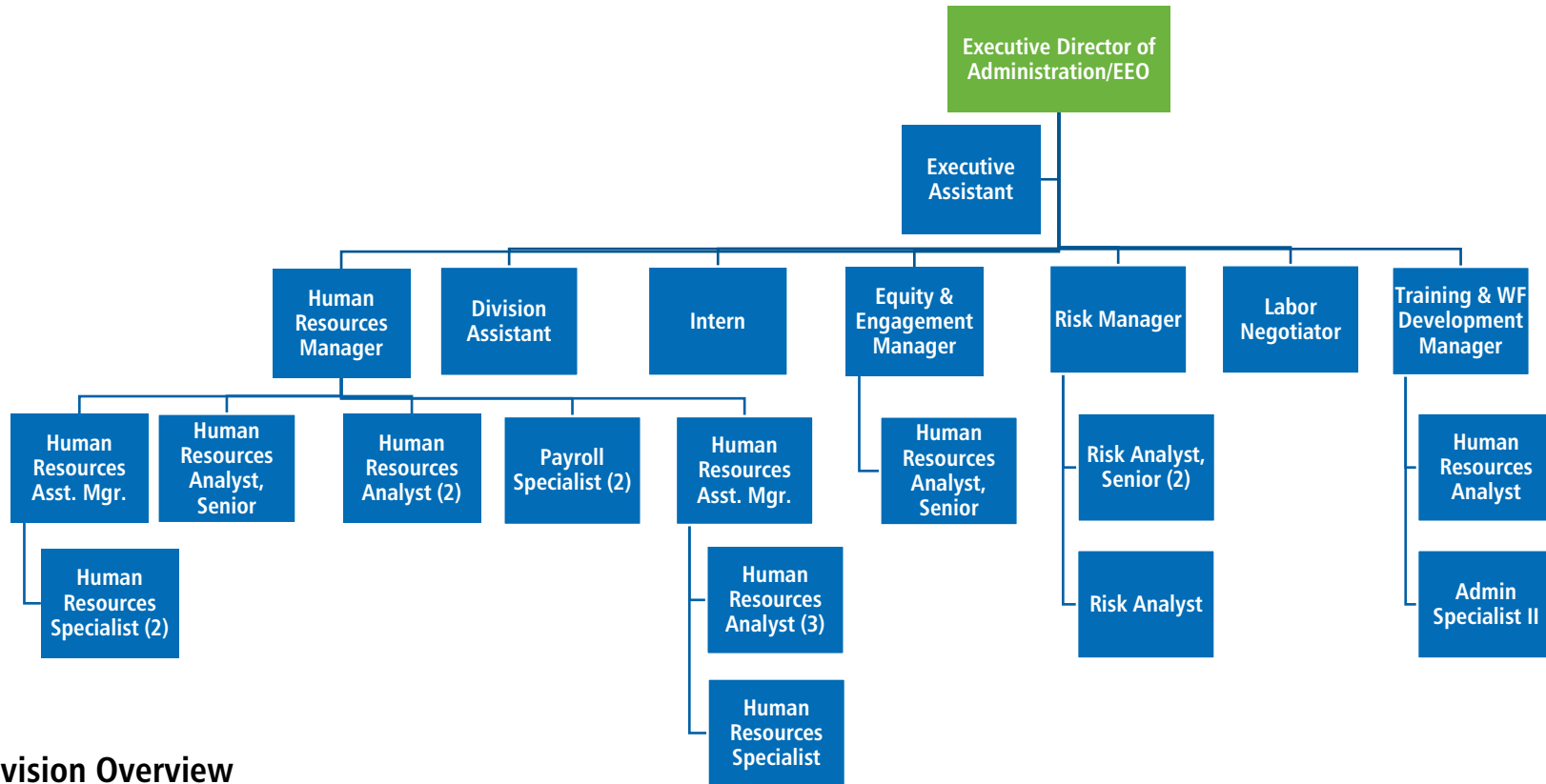
	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 970,992	\$ 949,201	\$ 962,660	\$ 1,112,590	\$ 149,930	15.57%
Benefits	226,788	254,801	243,420	297,160	53,740	22.08%
Supplies	3,675	5,145	3,780	5,880	2,100	55.56%
Services	384,788	539,170	325,000	484,170	159,170	48.98%
Other	158,294	154,684	166,130	165,860	(270)	-0.16%
Division Total	\$ 1,744,537	\$ 1,903,001	\$ 1,700,990	\$ 2,065,660	\$ 364,670	21.44%

2023 Executive Budget



Supplies are less than 1%






Administration Division



Division Overview

The Administration Division consists of five departments: Division Administration (includes Equity and Engagement), Human Resources, Risk Management, Labor Relations, and Workforce Development. This division is responsible for directing and coordinating programs and policies that support current and future workforce strategic initiatives; strategic leadership and collaboration in managing and administering DEI and EEO programs working cross-departmentally across the organization, providing agency ADA coordination; managing and providing payroll services, employee leave and benefits, classification and compensation, HRMS, performance management, employee relations, personnel investigations, and recruitment; agency-wide workforce training and development programs; risk management through agency insurance, self-insurance, drug and alcohol compliance program, claims settlement, and workers' compensation, serving on the board at WSTIP (Washington State Transit Insurance Pool); agency-wide labor relations management including serving as primary liaison between management and union leadership, compliance with collective bargaining agreements, policies, and labor and employment laws, administration and interpretation of collective bargaining agreements, and management and resolution of grievance and arbitration processes. There are 28 budgeted positions within this division, representing 3% of the agency personnel. Administration has an operating budget of \$9,597,520 in 2023.

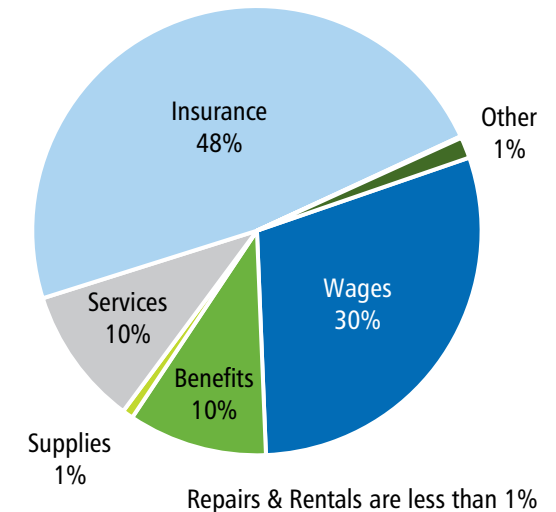
Strategic Initiatives

Strategic Priority	Initiative
	Participate in and enhance agency outreach efforts
	Strengthen and enhance the EEO and DEI programs
	Deliver a comprehensive development program for employees
	Provide a foundation to engage and retain our workforce
	Address workforce shortages

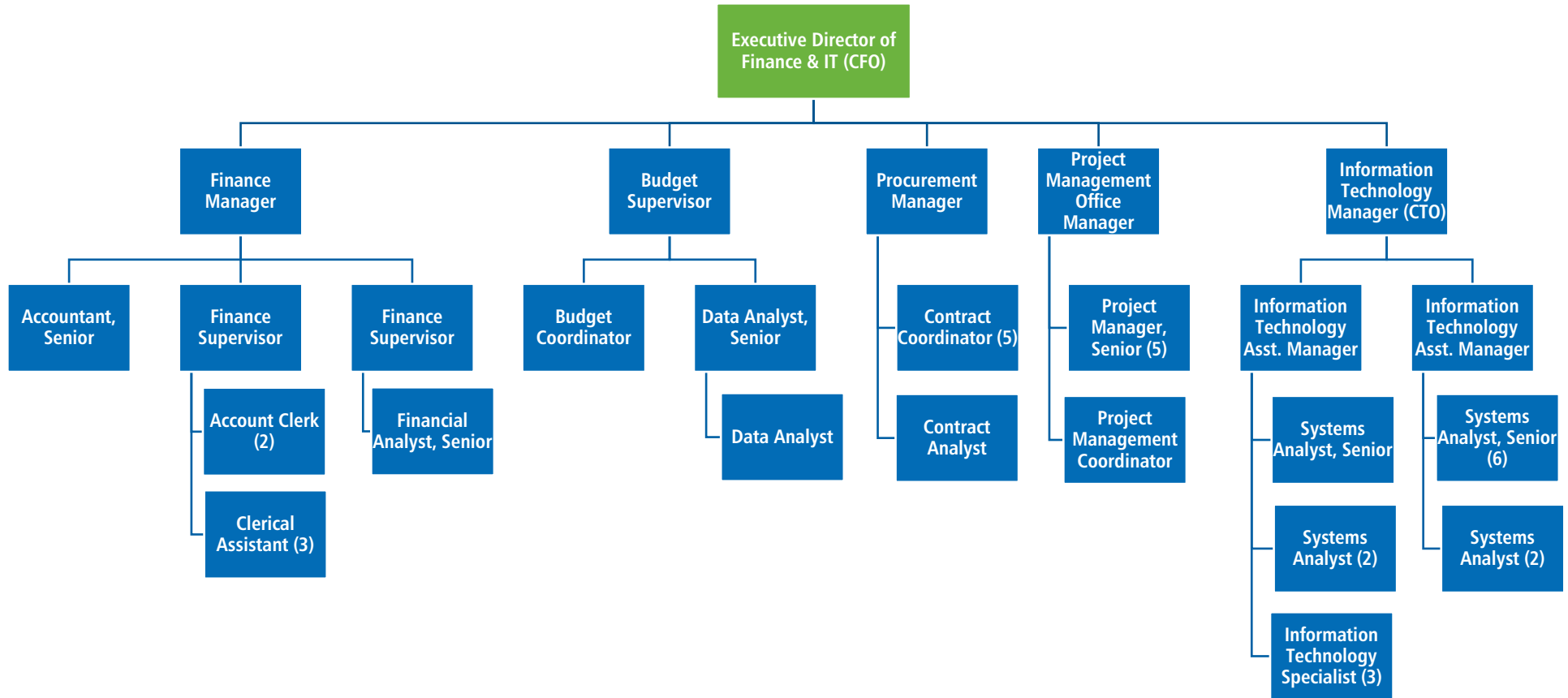
Operating Budget by Object Type

	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 1,782,772	\$ 2,393,786	\$ 2,441,040	\$ 2,844,280	\$ 403,240	16.52%
Benefits	605,574	940,682	820,770	960,640	139,870	17.04%
Supplies	26,317	76,250	56,150	75,200	19,050	33.93%
Services	561,902	849,585	667,420	958,430	291,010	43.60%
Insurance	3,679,860	3,862,662	4,137,290	4,602,530	465,240	11.25%
Repairs	2,620	4,500	6,200	6,650	450	7.26%
Rentals	3,453	4,700	4,700	4,700	-	0.00%
Other	118,868	96,895	131,370	145,090	13,720	10.44%
Division Total	\$ 6,781,366	\$ 8,229,060	\$ 8,264,940	\$ 9,597,520	\$ 1,332,580	16.12%

2023 Administration Budget












Finance Division



Division Overview

The Finance Division consists of six departments: Division Administration, Finance, Budget and Data Analytics, Procurement, Project Management, and Information Technology. This division is responsible for processing and maintaining the financial records for the agency, producing budget and reporting documents, developing reporting for effective decision making, administering contracts and purchasing, keeping projects going on-time and within budget, and implementing and supporting critical software and equipment throughout the agency. There are 46 budgeted positions within this division, representing 5% of the agency personnel. Finance has an operating budget of \$12,960,020 in 2023.

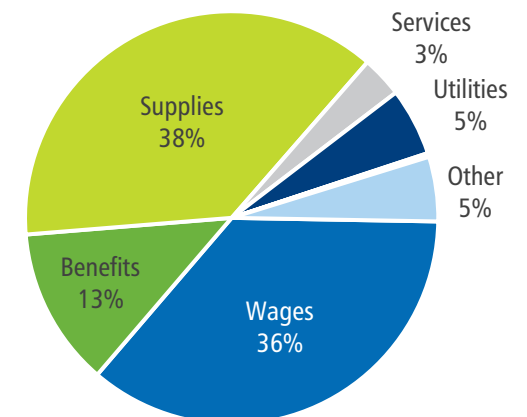
Strategic Initiatives

Strategic Priority	Initiative
	Ensure effective information technology and data gathering governance structures through inter-departmental collaboration
 	Continue to implement effective cyber security measures and ensure a robust data backup and business continuity system
 	Implement processes that lead to cost savings and/or increased efficiencies
 	Implement processes and programs to improve financial accountability and reduce risk of loss
 	Prepare to accept, implement and manage a TIFIA loan while developing contingency plans for the MOBI project

Operating Budget by Object Type

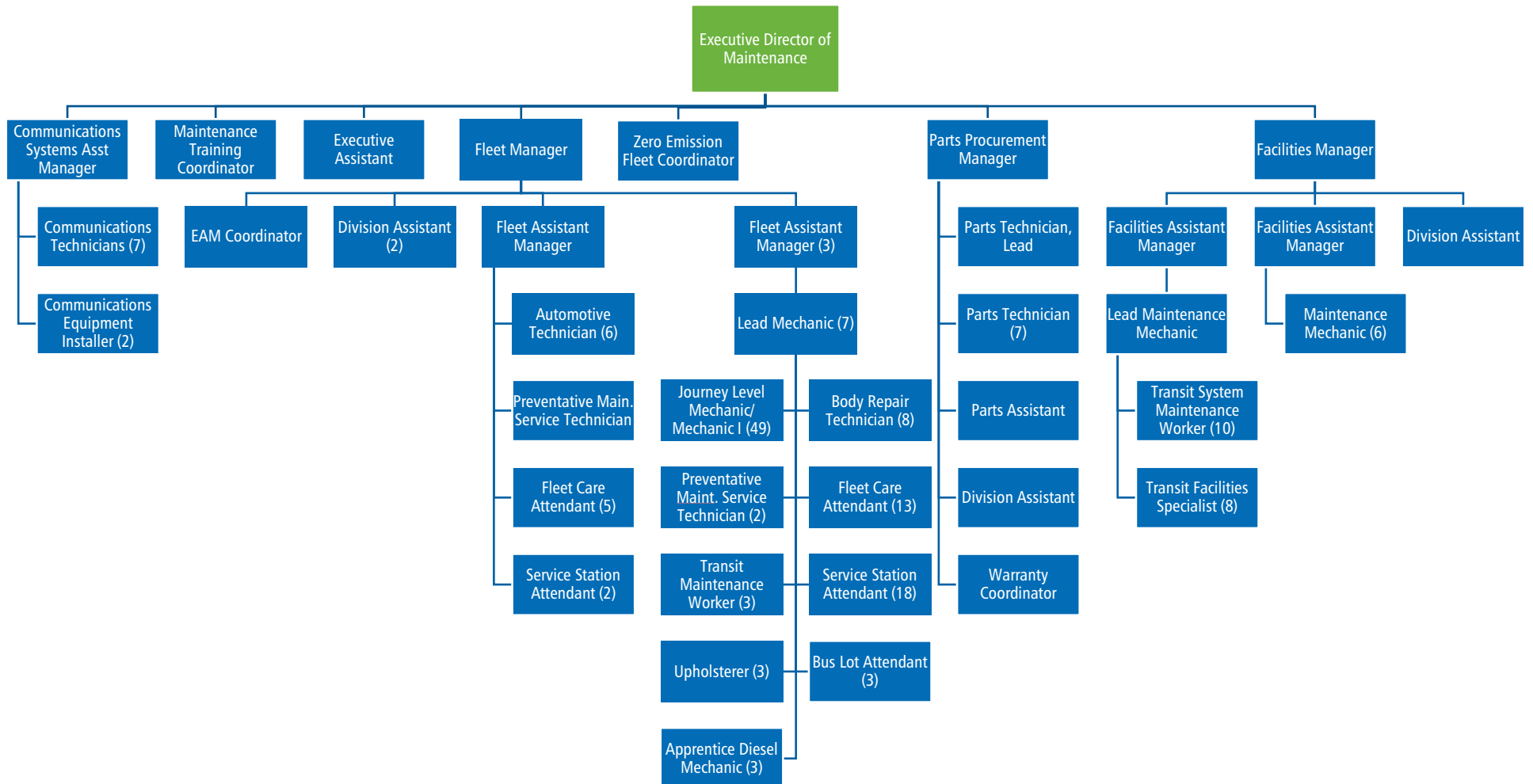
	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 4,345,144	\$ 4,399,132	\$ 4,444,310	\$ 4,683,880	\$ 239,570	5.39%
Benefits	1,435,579	1,547,324	1,529,260	1,612,880	83,620	5.47%
Supplies	499,057	380,364	378,240	4,872,110	4,493,870	1188.10%
Services	136,085	377,639	397,970	414,840	16,870	4.24%
Utilities	756,539	729,560	729,560	684,600	(44,960)	-6.16%
Repairs	8,666	27,500	27,750	6,750	(21,000)	-75.68%
Rentals	34,929	24,000	24,000	32,000	8,000	33.33%
Other	4,127,754	5,616,572	5,696,630	652,960	(5,043,670)	-88.54%
Division Total	\$ 11,343,753	\$ 13,102,091	\$ 13,227,720	\$ 12,960,020	\$ (267,700)	-2.02%

2023 Finance Budget



Repairs & Rentals are less than 1%







Maintenance Division



Division Overview

The Maintenance Division consists of six departments: Division Administration, Maintenance Training, Facilities, Fleet Maintenance, Warehousing and Radio Program. This division is responsible for commissioning and maintaining all fleet vehicles, communications equipment and facilities as well as keeping appropriate stock of inventory and procurement of specialized parts for the agency. There are 186 budgeted positions within this division, representing 19% of the agency personnel. Maintenance has an operating budget of \$37,034,200 in 2023.

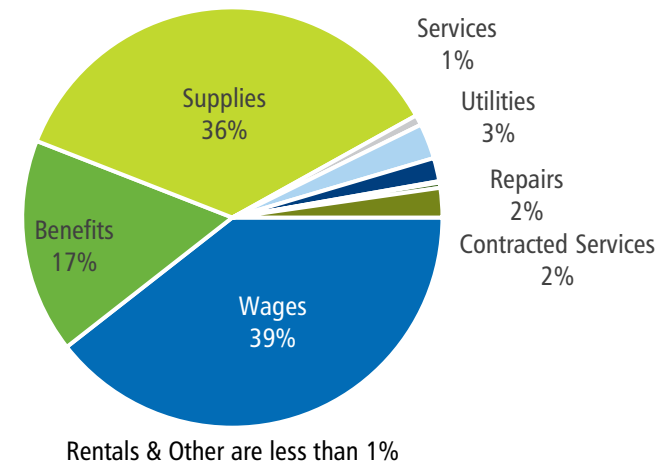
Strategic Initiatives

Strategic Priority	Initiative
	Develop employee-led safety initiatives
	Establish a clear plan for the public and stakeholders on MOBI-related schedule and impacts to service
	Enhance the customer experience by providing exceptionally clean and safe vehicles and facilities
	Improve employee engagement through transparent communications
	Advance the utilization of battery electric vehicles throughout the fleet
	Foster a healthy and productive work environment

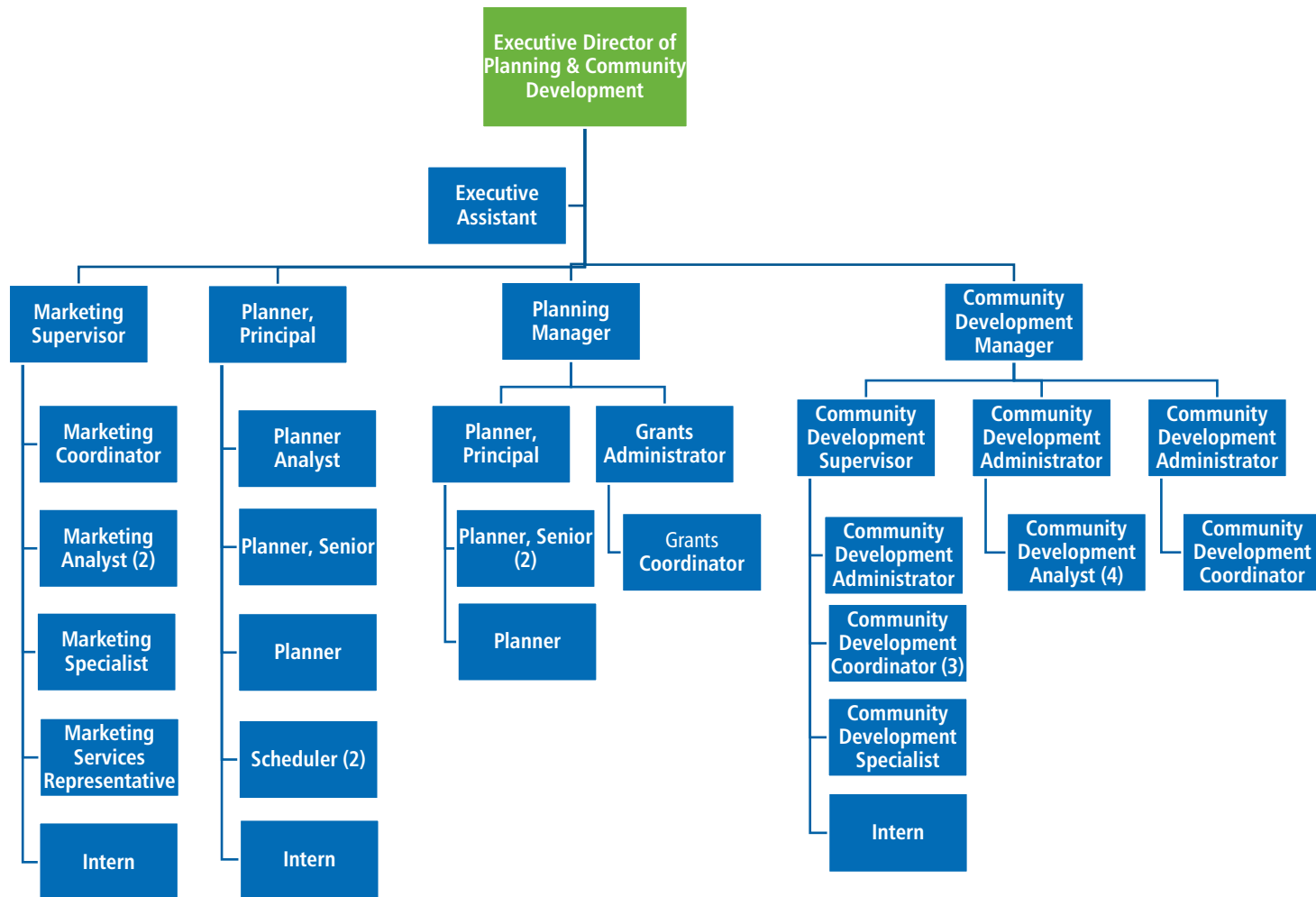
Operating Budget by Object Type

	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 12,478,681	\$ 13,814,177	\$ 13,773,930	\$ 14,601,500	\$ 827,570	6.01%
Benefits	5,033,258	5,733,242	5,409,990	6,185,000	775,010	14.33%
Supplies	11,206,907	12,720,429	11,973,370	13,272,840	1,299,470	10.85%
Services	857,021	828,673	835,610	289,430	(546,180)	-65.36%
Utilities	953,681	1,062,500	973,700	1,000,000	26,300	2.70%
Repairs	560,917	701,769	698,600	662,450	(36,150)	-5.17%
Rentals	149,849	141,420	137,880	40,000	(97,880)	-70.99%
Other	498,756	88,199	663,500	148,080	(515,420)	-77.68%
Contracted Services	690,947	705,000	667,500	834,900	167,400	25.08%
Division Total	\$ 32,430,017	\$ 35,795,409	\$ 35,134,080	\$ 37,034,200	\$ 1,900,120	5.41%

2023 Maintenance Budget












Planning & Community Development Division



Division Overview

The Planning and Community Development Division consists of five departments: Division Administration, Marketing, Transit Development, Planning and Community Development. This division is responsible for providing marketing tools to promote current and future services, planning and developing our transit system annually and long term, connecting with businesses to provide transportation alternatives and pursuing grants to help fund operating and capital costs. There are 38 budgeted positions within this division, representing 4% of the agency personnel. Planning and Community Development has an operating budget of \$8,194,230 in 2023.

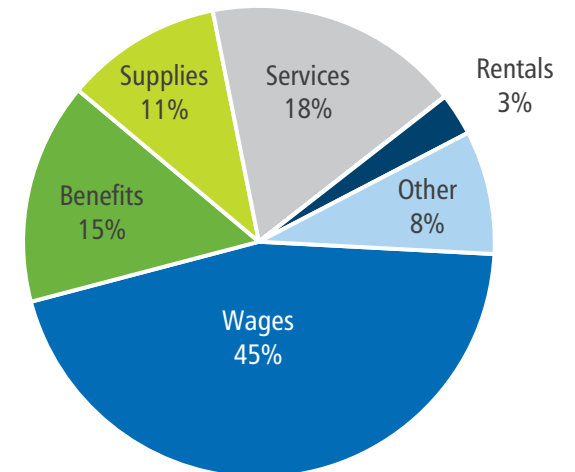
Strategic Initiatives

Strategic Priority	Initiative
	Assess local bus system for realignment opportunities
	Complete zero emission bus study and create strategic plan
 	Identify specific projects within CIP for grant funding opportunities
	Expand flexible fare payment options
 	Analyze and lay groundwork for potential ballot measure
 	Select locally preferred alternative and conduct initial planning phase for BRT 2

Operating Budget by Object Type

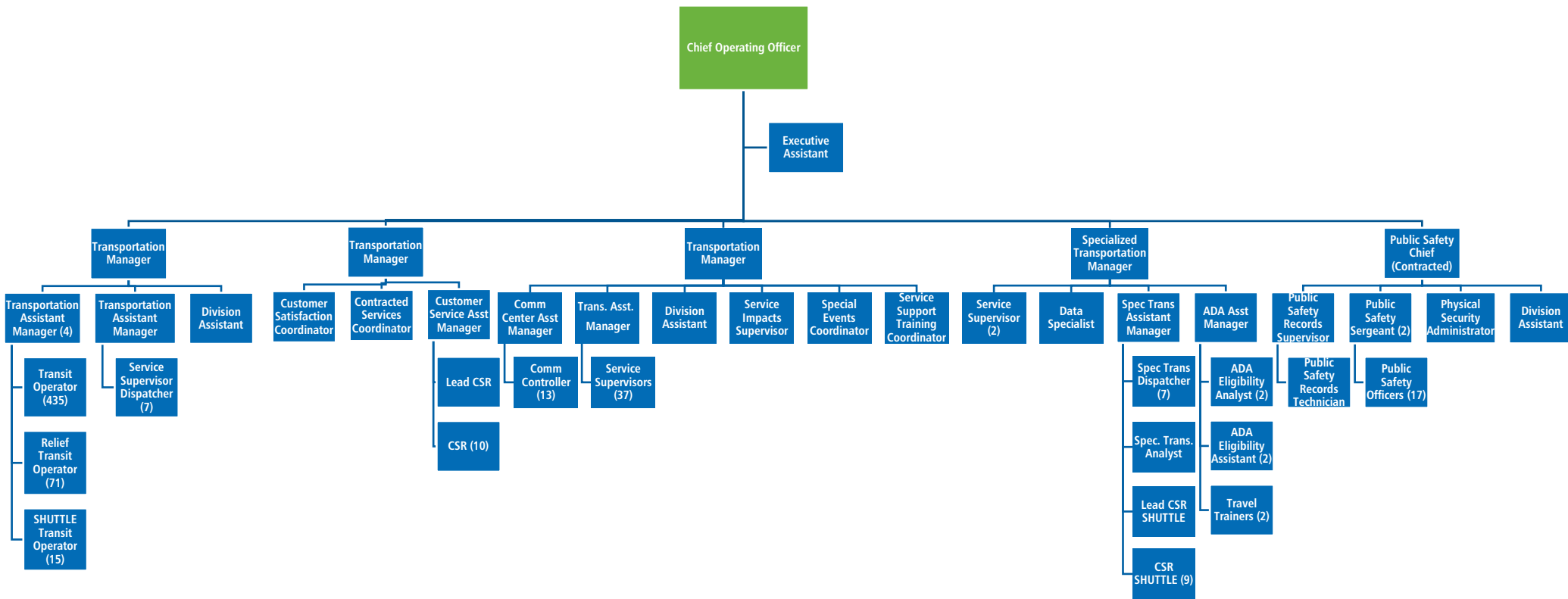
	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 3,035,565	\$ 3,252,591	\$ 3,306,910	\$ 3,693,090	\$ 386,180	11.68%
Benefits	1,020,747	1,112,822	1,101,110	1,245,590	144,480	13.12%
Supplies	560,295	722,630	803,190	880,950	77,760	9.68%
Services	933,729	1,020,694	892,110	1,440,340	548,230	61.45%
Utilities	1,040	4,000	1,500	2,500	1,000	66.67%
Repairs	-	400	400	400	-	0.00%
Rentals	221,205	230,000	230,000	236,900	6,900	3.00%
Other	324,374	772,676	681,680	694,460	12,780	1.87%
Division Total	\$ 6,096,955	\$ 7,115,813	\$ 7,016,900	\$ 8,194,230	\$ 1,177,330	16.78%

2023 Planning & Community Development Budget



Utilities & Repairs are less than 1%






Service Delivery & Support Division



Division Overview

The Service Delivery and Support Division consists of seven departments: Division Administration, Safety, Public Safety, Transportation Operations, Training, Service Support and Specialized Transportation. This division is responsible for training the operators that provide our service, managing customer service to assist customer using our service, scheduling and managing daily activities, providing public safety at our transit centers, bus stops and on our buses, and providing ADA assessments and services for those unable to utilize our fixed route system. There are 681 budgeted positions within this division, representing 69% of the agency personnel. Service Delivery and Support has an operating budget of \$92,758,600 in 2023.

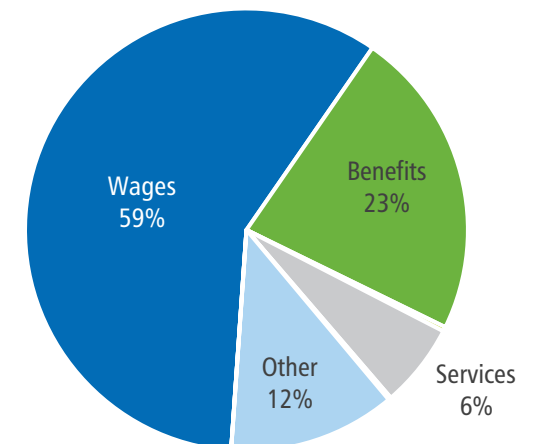
Strategic Initiatives

Strategic Priority	Initiative
	Improve public confidence in the safety of the system
	Increase focus on innovative ways to rebuild ridership
	Improve the safe operations of our services and agency
	Develop and maintain programs that enhance the customer experience
	Increase service reliability and improve on-time performance

Operating Budget by Object Type

	2021 Actuals	2022 Budget	2022 YE Estimate	2023 Budget	\$ Change 22 YE Est - 23 Budget	% Change 22 YE Est - 23 Budget
Wages	\$ 46,002,424	\$ 52,681,495	\$ 51,433,360	\$ 54,466,710	\$ 3,033,350	5.90%
Benefits	16,671,860	20,762,567	18,616,720	20,936,060	2,319,340	12.46%
Supplies	149,433	253,170	238,930	306,700	67,770	28.36%
Services	4,623,435	5,430,115	6,373,530	5,498,680	(874,850)	-13.73%
Rentals	180,211	185,000	185,000	193,240	8,240	4.45%
Other	7,050,028	8,922,139	8,428,410	11,355,420	2,927,010	34.73%
Contracted Services	272	1,068	1,790	1,790	-	0.00%
Division Total	\$ 74,677,663	\$ 88,235,554	\$ 85,277,740	\$ 92,758,600	\$ 7,480,860	8.77%

2023 Service Delivery & Support Budget



Supplies, Rentals & Contracted Services are less than 1%



Headquarters Building

Six-Year Plan

2023 – 2028 Six-Year Plan Revenues & Expenditures

	2021 Actuals	2022 YE Est	2023 Budget	2024	2025	2026	2027	2028
OPERATING								
Revenues								
Operating Income								
Passenger Fares	6,008,335	5,451,320	5,446,210	5,477,690	5,509,480	5,541,590	5,574,020	5,606,770
Advertising	493,154	372,500	350,000	350,000	350,000	350,000	522,500	702,350
Sound Transit Reimbursement								
ST Express	46,377,943	41,478,550	47,008,150	62,047,140	62,292,860	64,885,380	56,183,400	58,520,280
ST Tacoma Dome Station	872,291	796,890	934,840	955,410	976,430	997,910	1,019,860	1,042,300
ST ADA Travel Trainer	-	-	43,730	45,550	47,450	49,430	51,490	53,640
Total Operating Income	53,751,723	48,099,260	53,782,930	68,875,790	69,176,220	71,824,310	63,351,270	65,925,340
Non-Operating Income								
Sales Tax	107,084,956	107,151,530	110,557,130	115,034,240	119,511,350	123,988,460	128,465,570	132,942,680
Interest	89,200	331,800	250,000	288,040	254,190	146,370	151,630	153,370
Other Miscellaneous	3,645,016	427,630	1,023,270	887,390	1,275,440	1,177,080	884,070	1,417,810
Total Non-Operating Income	110,819,172	107,910,960	111,830,400	116,209,670	121,040,980	125,311,910	129,501,270	134,513,860
Operating Contributions								
Federal	32,142,764	47,429,190	729,920	729,920	729,920	729,920	729,920	729,920
State	2,088,833	4,798,020	9,940,750	9,970,250	10,023,330	9,977,840	9,761,840	9,479,040
Local	1,437	-	125,000	-	-	-	-	-
Total Operating Contributions	34,233,034	52,227,210	10,795,670	10,700,170	10,753,250	10,707,760	10,491,760	10,208,960
Total Operating Revenue	198,803,929	208,237,430	176,409,000	195,785,630	200,970,450	207,843,980	203,344,300	210,648,160
Expenditures								
Operating Expenditures								
Wages	68,615,575	76,362,210	81,402,050	86,346,240	89,143,620	92,860,030	93,527,340	97,426,500
Benefits	24,993,808	27,721,270	31,237,330	33,675,030	34,766,010	36,215,440	36,475,700	37,996,340
M&O	39,464,911	46,538,890	49,970,850	50,626,070	51,739,860	52,878,120	54,041,440	55,230,350
Total Operating Expenditures (less Debt, Depreciation, & Non-Departmental)	133,074,294	150,622,370	162,610,230	170,647,340	175,649,490	181,953,590	184,044,480	190,653,190
Non-Operating Expenditures								
Payment to Pierce Co. for 5307 Agreement	4,063,915	5,606,440	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Long-Term Debt Payments	-	-	-	-	-	-	-	-
Total Expenditures	137,138,209	156,228,810	163,760,230	171,797,340	176,799,490	183,103,590	185,194,480	191,803,190

	2021 Actuals	2022 YE Est	2023 Budget	2024	2025	2026	2027	2028
Transfers								
To Capital Fund	20,312,788	59,412,380	55,548,410	26,875,220	41,735,100	19,569,890	13,557,740	13,372,440
To Insurance Fund	334,904	2,098,100	5,835,100	3,882,980	3,999,650	4,119,820	4,243,600	4,371,080
Total Transfers	20,647,692	61,510,480	61,383,510	30,758,200	45,734,750	23,689,710	17,801,340	17,743,520
Total Expenditures & Transfers	157,785,901	217,739,290	225,143,740	202,555,540	222,534,240	206,793,300	202,995,820	209,546,710
Change in Reserves	41,018,028	(9,501,860)	(48,734,740)	(6,769,910)	(21,563,790)	1,050,680	348,480	1,101,450
CAPITAL								
Revenues								
Federal Grants	11,729,684	4,575,050	157,436,630	14,348,040	14,948,950	7,478,100	9,289,510	7,412,070
State Grants	7,905,372	559,840	24,791,200	-	55,340	-	-	-
Other Grants/Contributions	11,590,582	15,578,900	52,403,760	-	-	-	-	-
Interest	60,408	181,170	175,000	42,500	42,500	42,500	42,500	42,500
TIFIA Loan Proceeds	-	-	-	-	6,590,950	34,475,580	15,376,160	18,348,640
Total Revenue	31,286,046	20,894,960	234,806,590	14,390,540	21,637,740	41,996,180	24,708,170	25,803,210
Transfers								
From Operating	20,312,788	59,412,380	55,548,410	26,875,220	41,735,100	19,569,890	13,557,740	13,372,440
Total Revenue & Transfers	51,598,834	80,307,340	290,355,000	41,265,760	63,372,840	61,566,070	38,265,910	39,175,650
Expenditures								
Revenue Vehicles	23,610,313	6,775,510	26,452,730	14,769,350	11,523,770	12,151,830	15,203,300	18,213,900
Base Facilities	14,508,122	62,271,750	61,899,580	20,613,870	42,875,320	45,410,840	21,278,030	9,628,350
Passenger Facilities & Amenities	5,444,928	3,149,380	9,831,360	3,927,000	3,606,400	-	-	-
Technology	4,704,589	7,851,750	15,595,150	1,618,980	5,367,350	1,730,300	1,300,750	1,851,300
Other	9,300,489	6,682,300	223,540,660	336,560	-	2,273,100	483,830	982,100
Total Expenditures	57,568,440	86,730,690	337,319,480	41,265,760	63,372,840	61,566,070	38,265,910	30,675,650
Change in Reserves	(5,969,606)	(6,423,350)	(46,964,480)	-	-	-	-	8,500,000
2021 Actuals 2022 YE Est 2023 Budget 2024 2025 2026 2027 2028								
INSURANCE								
Revenues								
Interest	4,860	10,680	25,000	6,000	6,000	6,000	6,000	6,000
Transfers								
From Operating	334,904	2,098,100	5,835,100	3,882,980	3,999,650	4,119,820	4,243,600	4,371,080
Total Revenue & Transfers	339,764	2,108,780	5,860,100	3,888,980	4,005,650	4,125,820	4,249,600	4,377,080
Expenditures								
Workers' Compensation	3,285,201	3,348,620	3,575,710	3,682,980	3,793,470	3,907,270	4,024,490	4,145,220
Unemployment Insurance	194,588	120,000	200,000	206,000	212,180	218,550	225,110	231,860
Total Expenditures	3,479,789	3,468,620	3,775,710	3,888,980	4,005,650	4,125,820	4,249,600	4,377,080
Change in Reserves	(3,140,025)	(1,359,840)	2,084,390	-	-	-	-	-

2023 – 2028 Six-Year Plan Ending Balances

	2021 Actuals	2022 YE Est	2023 Budget	2024	2025	2026	2027	2028
OPERATING								
Beginning Balance	74,827,192	115,845,220	106,343,360	57,608,620	50,838,710	29,274,920	30,325,600	30,674,080
Revenue	198,803,929	208,237,430	176,409,000	195,785,630	200,970,450	207,843,980	203,344,300	210,648,160
Total	273,631,121	324,082,650	282,752,360	253,394,250	251,809,160	237,118,900	233,669,900	241,322,240
Expenditures	137,138,209	156,228,810	163,760,230	171,797,340	176,799,490	183,103,590	185,194,480	191,803,190
Transfers to Capital/Insurance	20,647,692	61,510,480	61,383,510	30,758,200	45,734,750	23,689,710	17,801,340	17,743,520
Total	157,785,901	217,739,290	225,143,740	202,555,540	222,534,240	206,793,300	202,995,820	209,546,710
Ending Balance	115,845,220	106,343,360	57,608,620	50,838,710	29,274,920	30,325,600	30,674,080	31,775,530
Required Reserve	22,179,049	25,103,730	27,101,710	28,441,220	29,274,920	30,325,600	30,674,080	31,775,530
Margin / (Deficit)	93,666,171	81,239,630	30,506,910	22,397,490	-	-	-	-
CAPITAL								
Beginning Balance	67,857,436	61,887,830	55,464,480	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Revenue	31,286,046	20,894,960	234,806,590	14,390,540	21,637,740	41,996,180	24,708,170	25,803,210
Transfer from Operating	20,312,788	59,412,380	55,548,410	26,875,220	41,735,100	19,569,890	13,557,740	13,372,440
Total	119,456,270	142,195,170	345,819,480	49,765,760	71,872,840	70,066,070	46,765,910	47,675,650
Expenditures	57,568,440	86,730,690	337,319,480	41,265,760	63,372,840	61,566,070	38,265,910	30,675,650
Ending Balance	61,887,830	55,464,480	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	17,000,000
Required Reserve	9,500,000	9,300,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	17,000,000
Margin / (Deficit)	52,387,830	46,164,480	-	-	-	-	-	-
INSURANCE								
Beginning Balance	3,615,475	475,450	(884,390)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Revenue	4,860	10,680	25,000	6,000	6,000	6,000	6,000	6,000
Transfer from Operating	334,904	2,098,100	5,835,100	3,882,980	3,999,650	4,119,820	4,243,600	4,371,080
Total	3,955,239	2,584,230	4,975,710	5,088,980	5,205,650	5,325,820	5,449,600	5,577,080
Expenditures	3,479,789	3,468,620	3,775,710	3,888,980	4,005,650	4,125,820	4,249,600	4,377,080
Ending Balance	475,450	(884,390)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Required Reserve	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Margin / (Deficit)	(724,550)	(2,084,390)	-	-	-	-	-	-
AGENCY-WIDE								
Operating Ending Balance	178,208,500	160,923,450	67,308,620	60,538,710	38,974,920	40,025,600	40,374,080	49,975,530
Required Reserve	32,879,049	35,603,730	36,801,710	38,141,220	38,974,920	40,025,600	40,374,080	49,975,530
Margin / (Deficit)	145,329,451	125,319,720	30,506,910	22,397,490	-	-	-	-

2023 – 2028 Six-Year Capital Plan

#	Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	2024	2025	2026	2027	2028	Total Capital
1	Building 4 Modifications	345	4,255,020	4,045,300	21,830	187,890		187,890						187,890
2	Security Systems Replacement	452	3,765,990	628,430	1,159,880	1,977,680		1,977,680						1,977,680
3	High-Capacity Transit (HCT) Feasibility Study	481	1,716,630	1,267,350		449,280		449,280						449,280
4	ngORCA	482	6,154,830	2,317,340	607,700	3,229,790		3,229,790						3,229,790
5	Narrows Park & Ride Renewal	503	1,013,060	77,490	21,200	914,370		914,370						914,370
6	Hastus Upgrade 2017	510	961,980	897,530	34,560	29,890		29,890						29,890
7	Collision Avoidance System	518	2,364,890	2,280,830	13,260	70,800		70,800						70,800
8	Commerce Tunnel Refurbishment	524	3,635,360	3,278,020	273,940	83,400		83,400						83,400
9	Maintenance & Operations Base Improvements (MOBI)	525	84,500,000	22,330,800	62,169,200	-	55,762,220	55,762,220	20,613,870	42,875,320	45,410,840	21,278,030	9,628,350	195,568,630
10	Backup Software Replacement 2018	543	85,000	-	-	85,000		85,000						85,000
11	Bus Driving Simulator 2018	544	507,580	347,760	116,440	43,380		43,380						43,380
12	Corridor Speed & Reliability Improvements 2018	554	4,500,000	1,847,270	100,170	2,552,560		2,552,560						2,552,560
13	Spanaway Transit Center Park & Ride - Phase I	556	9,242,890	3,402,790	1,407,660	4,432,440		4,432,440						4,432,440
14	SHUTTLE Replacement 2019	558	1,051,610	-	-	1,051,610		1,051,610						1,051,610
15	Bus Rapid Transit (BRT)	563	236,900,000	18,242,360	5,810,570	212,847,070		212,847,070						212,847,070
16	South Hill Mall Transit Center Renewal	571	1,832,370	1,216,620	320,610	295,140		295,140						295,140
17	CAD-AVL System Replacement 2019	573	11,000,000	1,819,870	5,553,180	3,626,950		3,626,950						3,626,950
18	Facilities Workorder Management System - EAM Replacement 2019	576	48,880			48,880		48,880						48,880
19	Storage Area Network 2019	579	329,700	30,610		299,090		299,090						299,090
20	Tacoma Dome Station Elevator Repairs & Upgrades	588	3,451,550	254,210	753,330	2,444,010		2,444,010						2,444,010
21	Kimball Drive Park & Ride 2020	590	379,180		96,970	282,210		282,210						282,210
22	North Purdy Park & Ride 2020	591	259,890		60,590	199,300		199,300						199,300
23	Parkland Transit Center 2020	592	360,940		79,430	281,510		281,510						281,510
24	Bus Systems Mobile Access Routers	597	808,940	121,910		687,030		687,030						687,030
25	Building 5 Shuttle & Public Safety Office Moves	600	317,000	49,960	115,700	151,340		151,340						151,340
26	Maintenance Power Pusher	601	32,480		22,370	10,110		10,110						10,110
27	Bus Fleet Replacement 2021	602	6,209,100		5,662,510	546,590		546,590						546,590
28	Network Infrastructure Replacement 2021	603	760,000	102,760	285,260	371,980		371,980						371,980
29	Call Center Software Replacement 2021	604	159,000			159,000		159,000						159,000
30	Spanaway Transit Center Park & Ride - Phase II Design	607	1,000,000	370	100,650	898,980		898,980	3,927,000	3,583,000				8,408,980
31	NeoGov HRIS Module	609	90,200			90,200	59,800	150,000						150,000
32	Vanpool Replacement 2021	611	814,120		400,000	414,120		414,120						414,120
33	Commerce Facility Bus Charging Station	612	2,000,000	350		1,999,650		1,999,650						1,999,650
34	Bus Rapid Transit (BRT) System Expansion Study	613	837,300	225,830	258,020	353,450		353,450						353,450
35	Building 4 Lobby Hardening	618	150,520		13,510	137,010		137,010						137,010
36	Building 5 A/V Equip Replacement	620	220,390		67,210	153,180		153,180						153,180
37	Bus Fleet Replacement 2022	622	7,061,430			7,061,430		7,061,430						7,061,430
38	SHUTTLE Replacement 2022	623	2,928,530			2,928,530		2,928,530						2,928,530
39	Support Vehicle Replacement 2022	624	334,840		150,000	184,840		184,840						184,840
40	ADEPT Upgrade or Replacement 2022	625	2,200,000		2,260	2,197,740		2,197,740						2,197,740
41	Network Infrastructure Replacement 2022	626	440,000			440,000		440,000						440,000
42	Parts Washers Replacement 2022	627	46,530			46,530		46,530						46,530
43	Vanpool Replacement 2022	628	1,453,060		700,000	753,060		753,060						753,060
44	Consolidate IT Work Area & Storage 2022	629	57,480			57,480		57,480						57,480
45	Computer & Laptop Replacement	631	300,000		79,210	220,790		220,790						220,790

A portion of the project is funded by grants

#	Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	2024	2025	2026	2027	2028	Total Capital
46	Building 5 Chair Replacement	632	35,000			35,000		35,000						35,000
47	Bus Stop Shelter Refurbishment	633	1,000,000			1,000,000		1,000,000						1,000,000
48	Rivet Gun	635	16,000			16,000		16,000						16,000
49	Barrier Door Install	NEW	606,580			606,580		606,580						606,580
50	Misc. Capital Equipment	778	68,520			68,520	100,000	168,520						168,520
Subtotal Carry-Over & Additional			408,264,370	64,785,760	86,457,220	257,021,390	55,922,020	312,943,410	24,540,870	46,458,320	45,410,840	21,278,030	9,628,350	460,259,820

#	Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	2024	2025	2026	2027	2028	Total Capital
51	SHUTTLE Replacement 2023	NEW					3,114,390	3,114,390						3,114,390
52	Bus Fleet Replacement 2023	NEW					7,704,850	7,704,850						7,704,850
53	Support Replacement 2023	NEW					626,830	626,830						626,830
54	Network Infrastructure Replacement 2023	NEW					732,050	732,050						732,050
55	Communication Center Radio Consoles Replacement	NEW					284,500	284,500						284,500
56	Building 5 Exterior Sealing	NEW					130,000	130,000						130,000
57	Building 4 Exterior Painting	NEW					273,160	273,160						273,160
58	Building 1 Iron Worker Replacement	NEW					58,710	58,710						58,710
59	Real Time Sign Refurbishment	NEW					43,070	43,070						43,070
60	Vanpool Replacement 2023	NEW					1,933,230	1,933,230						1,933,230
61	Computer & Laptop Replacement 2023	NEW					332,750	332,750						332,750
62	CCTV Additions to Park & Rides	NEW					314,780	314,780						314,780
63	Base Storm Water System Repair & Maintenance	NEW					266,110	266,110						266,110
64	Managed Cyber Security Services	NEW					250,000	250,000						250,000
65	Employee Engagement Tool	NEW					42,000	42,000						42,000
66	Shatter Proof Film Buildings 4, 5 & TDS	NEW					92,900	92,900						92,900
67	Base BEB Charging Expansion to 12 Buses	NEW					4,838,400	4,838,400						4,838,400
68	Bus Rapid Transit (BRT) 2 - Downtown Tacoma to Lakewood	NEW					3,000,000	3,000,000						3,000,000
69	Puyallup Runner Wheelchair Accessible Vehicles (2)	NEW					138,340	138,340		69,170				207,510
70	Vanpool Telematics 2023	NEW					200,000	200,000						200,000
Subtotal New Requests			-	-	-	-	24,376,070	24,376,070	-	69,170	-	-	-	24,445,240

#	Project Name	Project #	Project Budget	Spent Thru 2021	2022 YE Est	2022 Est Carryover	2023 New Request	2023	2024	2025	2026	2027	2028	Total Capital
71	Vanpool Replacement	OUTYEAR							1,743,040	3,247,170	2,804,200	1,581,140	3,663,620	13,039,170
72	Support Vehicle Replacement	OUTYEAR							336,560	-	703,730	483,830	372,700	1,896,820
73	TDS Parking Payment System	OUTYEAR											609,400	609,400
74	TDS Parking Guidance System	OUTYEAR									1,569,370			1,569,370
75	72nd Park & Ride Seal Coat and Striping	OUTYEAR								23,400				23,400
76	Bus Fleet Replacement	OUTYEAR						9,408,180	5,635,820	6,134,840	9,928,130	10,612,250	41,719,220	
77	SHUTTLE Vehicle Replacement	OUTYEAR						3,618,130	2,571,610	3,212,790	3,694,030	3,938,030	17,034,590	
78	Finance ERP Replacement	OUTYEAR								2,300,000				2,300,000
79	Network Infrastructure Replacement	OUTYEAR						1,255,980	2,613,600	1,276,550	847,000	1,397,550	7,390,680	
80	Computer & Laptop Replacement	OUTYEAR						363,000	453,750	453,750	453,750	453,750	453,750	2,178,000
Subtotal Outyear			-	-	-	-	-	16,724,890	16,845,350	16,155,230	16,987,880	21,047,300	87,760,650	

Grand Total			408,264,370	64,785,760	86,457,220	257,021,390	80,298,090	337,319,480	41,265,760	63,372,840	61,566,070	38,265,910	30,675,650	572,465,710
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A portion of the project is funded by grants



Ruston Runner Service

Appendix

2023 Service Summary

All Modes

		2021 Actual	2022 YE Estimate	2023 Budget	% Change 2022 YE Estimate - 2023 Budget
Pierce Transit					
	Fixed Route Local & Express				
	Ridership	4,363,240	3,731,430	3,747,285	0.4%
	Service Hours	447,203	435,000	475,000	9.2%
	Service Miles	5,263,909	5,120,764	4,888,627	-4.5%
Sound Transit					
	Fixed Route Express				
	Ridership	1,950,596	1,655,147	1,641,148	-0.8%
	Service Hours	301,299	258,617	271,300	4.9%
	Service Miles	7,088,503	5,877,236	5,807,806	-1.2%
Total Fixed Route (Pierce Transit & Sound Transit)					
	Ridership	6,313,836	5,386,577	5,388,433	0.0%
	Service Hours	748,502	693,617	746,300	7.6%
	Service Miles	12,352,412	10,998,000	10,696,433	-2.7%
SHUTTLE					
	Ridership	163,024	219,889	298,490	35.7%
	Service Hours	109,259	133,512	195,422	46.4%
	Service Miles	1,583,674	2,115,328	2,521,861	19.2%
Vanpool					
	Ridership	322,999	380,000	400,000	5.3%
	Service Hours	73,490	80,000	90,000	12.5%
	Service Miles	2,583,251	2,850,000	3,000,000	5.3%
AGENCY TOTAL					
	Ridership	6,799,859	5,986,466	6,086,923	1.7%
	Service Hours	931,251	907,129	1,031,722	13.7%
	Service Miles	16,519,337	15,963,328	16,218,294	1.6%

Pierce Transit by the Numbers

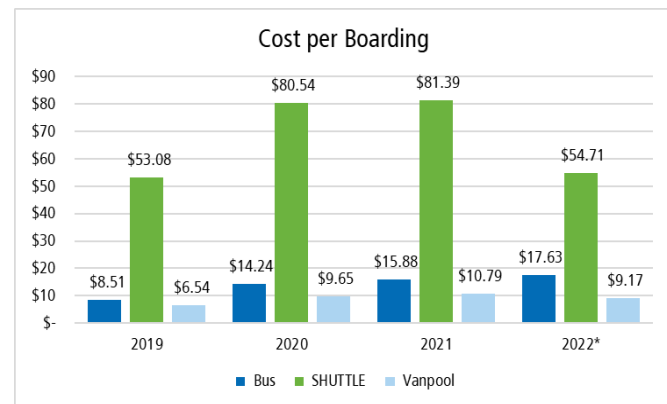
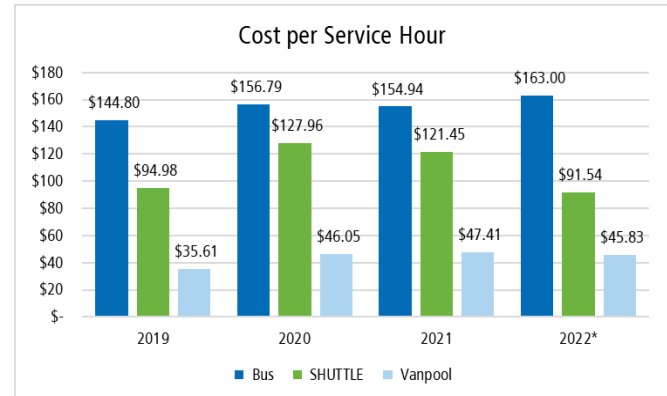
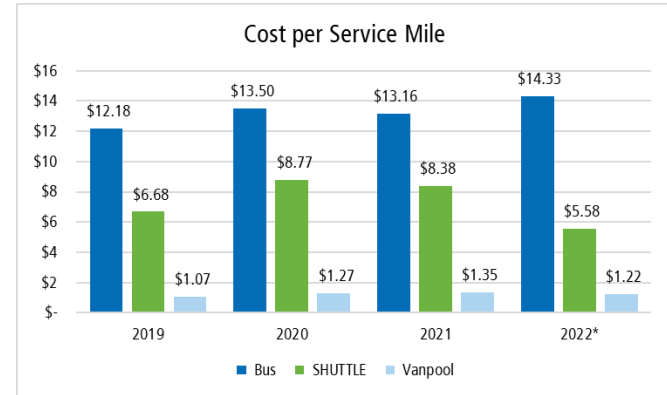
The following charts provide a historical view of Pierce Transit. Years 2019 through 2021 use the actuals to perform the calculation, while 2022 budgeted amounts are used to break down costs by mode. The charts break down the cost of service by the mile, hour, and ridership. Pierce Transit has three modes: Fixed Route, SHUTTLE, and Vanpool. Looking at one unit, whether it is a mile, an hour, or a boarding, allows us to compare costs more easily over time. As a service industry, most of our operating expense is personnel costs. As wage and benefit costs rise, the cost per unit will increase until the units or efficiencies increase.

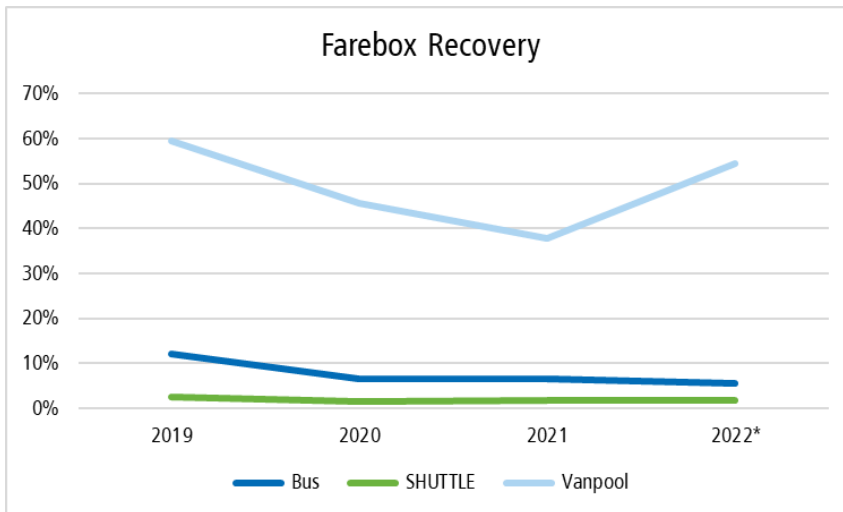
Fixed Route accounts for 80% of anticipated operating costs, over \$81 million in 2022, a 17.62% increase over 2021 costs of \$69.3 million. Service miles, hours, and ridership are all budgeted an increase in 2022, 8.06%, 11.81%, and 5.96%, respectively.

SHUTTLE service is budgeted with increased expenditures during this same time frame of 11.66%. Similar to Fixed Route, SHUTTLE service miles, hours, and ridership are all budgeted for an increase, 67.59%, 48.14%, and 66.13%, respectively.

Vanpool is challenging to predict because the service is requested, not planned. Remote working has increased in the last two years while active vanpools have declined, however, approximately 30 vanpools have either resumed or created in the first half of 2022. Vanpool service miles, hours, and ridership are all budgeted to increase 16.13%, 8.83%, and 23.84%, respectively.

Due to current inflation, costs will continue to escalate at a sharper rate than recent years to maintain current service levels.





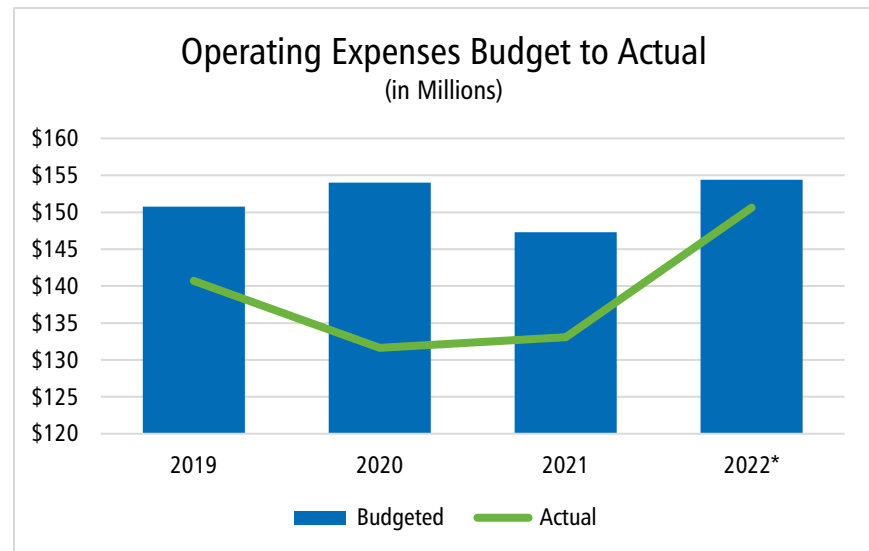
Fares

Farebox recovery is the percentage of direct fares received by each mode to cover the costs of operating the mode. Public transit is a benefit to the community and not for profit. As such, fares are not expected to cover the services provided in full. Pierce Transit anticipates that fares are approximately 2.6% of operating revenues in 2022. The remainder of the service is funded through sales tax collections.

SHUTTLE does receive an operating grant through the State of Washington to assist with providing services that are not depicted in the graph.

Budget Versus Actuals

As one of Pierce Transit's strategic priorities, we act with financial accountability and transparency as stewards of the public trust. Pierce Transit has underspent its budget by an average of 6.44% pre-COVID and had historic savings in 2020 of 14.53% due to reduced services and extreme cost-saving measures during uncertain times. We will continue to be conservative in our spending while planning appropriately to meet the needs of our riders and plan for the future.



Federal Funding

Pierce Transit utilizes federal funding to cover the cost of capital projects. More routine formula funding is used to purchase replacement fleet vehicles. Federal funding has also contributed to the new bus rapid transit line, Stream. There is a variety of federal funds available to Pierce Transit either through formula or discretionary funding.

5307 funding is apportioned based on legislative formulas. The formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density.

5337 funds are apportioned by statutory formulas for high intensity fixed guideway systems are based on revenue miles and route miles reported to National Transit Database (NTD).

5309 is FTA discretionary grant program funds transit capital investments, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit.

5339 provides funding to states and transit agencies through a statutory formula to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. In addition to the formula allocation, this program includes two discretionary components: The Bus and Bus Facilities Discretionary Program and the Low or No Emissions Bus Discretionary Program.

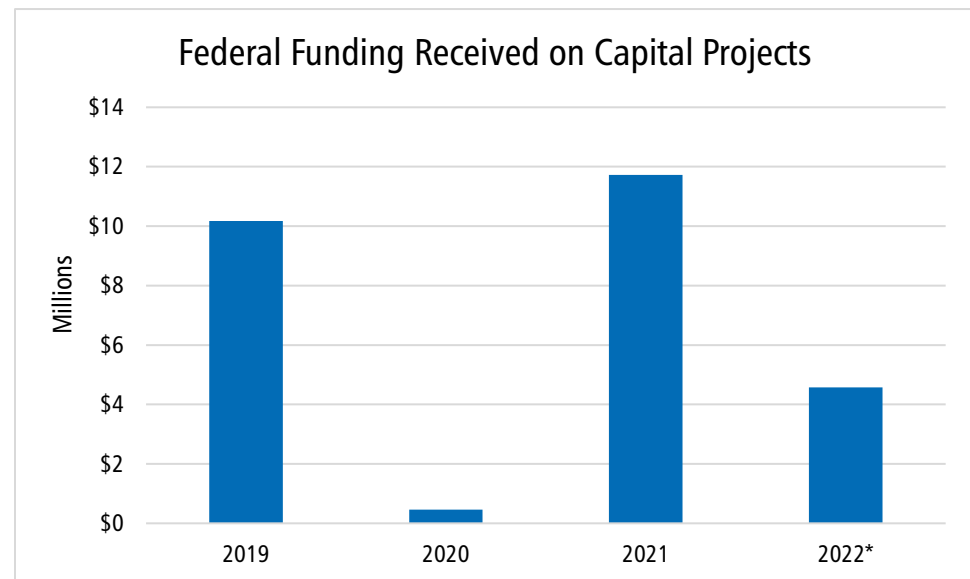
Current Projects with Federal Funding

- Bus Rapid Transit, \$212,847,070
- Spanaway Transit Center Phase I & II, \$12,841,420
- Bus Replacement 2021, 2022 & 2023, \$15,312,870
- SHUTTLE Replacement 2022 & 2023, \$6,042,920

Future Projects with Potential Federal Funding

- Bus Replacement 2024 – 2028, \$41,719,220
- SHUTTLE Replacement 2024 – 2027, \$17,034,590

*Anticipated to receive in 2022



Peer Comparison

The following performance analysis utilizes the 2020 National Transit Database (NTD) reporting. The selection of comparison transit agencies is based on proximity to Pierce Transit, annual expenditure and services provided.

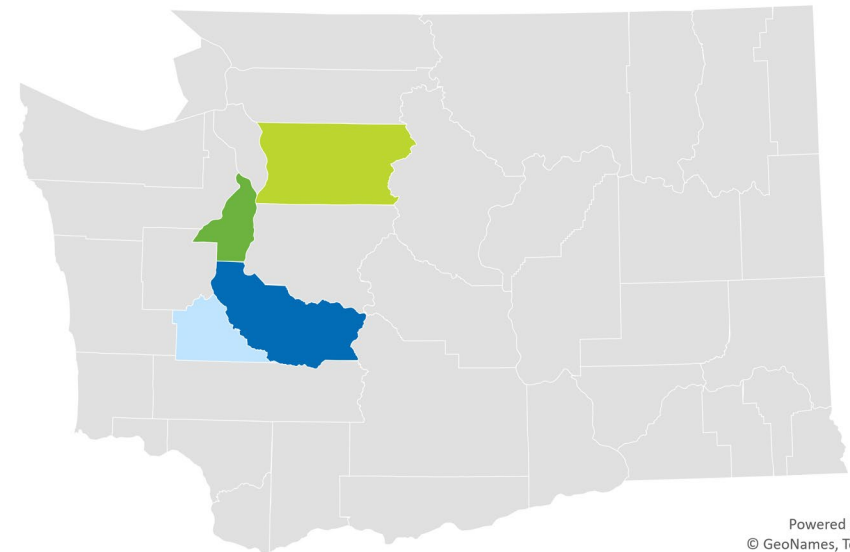
Agency	Agency Profile			
	Service Population	Service Area (Sq Mi)	FTA Urbanized Zone Area	Vehicles Operated at Maximum Service
Pierce Transit	575,963	292	Seattle	514
Kitsap Transit	254,183	396	Bremerton	257
InterCity Transit	192,400	101	Olympia	289
Community Transit	829,856	258	Seattle	666

Agency	Sales Tax Rate	Local Fares		
		Adult	Discounted	Adult Monthly
Pierce Transit	0.6%	\$ 2.00	\$ 1.00	\$ 62.00
Kitsap Transit	0.8%	\$ 2.00	\$ 1.00	\$ 50.00
InterCity Transit	1.2%	\$ -	\$ -	\$ -
Community Transit	1.2%	\$ 2.50	\$ 1.25	\$ 90.00

Agency	Motor Bus				
	Operating Expenses	Vehicle Revenue Miles	Vehicle Revenue Hours	Unlinked Trips	Fare Revenue
Pierce Transit	67,727,590	4,271,293	388,929	4,755,960	4,461,166
Kitsap Transit	26,831,268	2,134,714	122,574	1,220,764	1,905,331
InterCity Transit	24,648,174	1,515,742	119,381	1,851,237	8,674
Community Transit	88,919,609	6,207,498	437,507	4,445,897	4,209,241

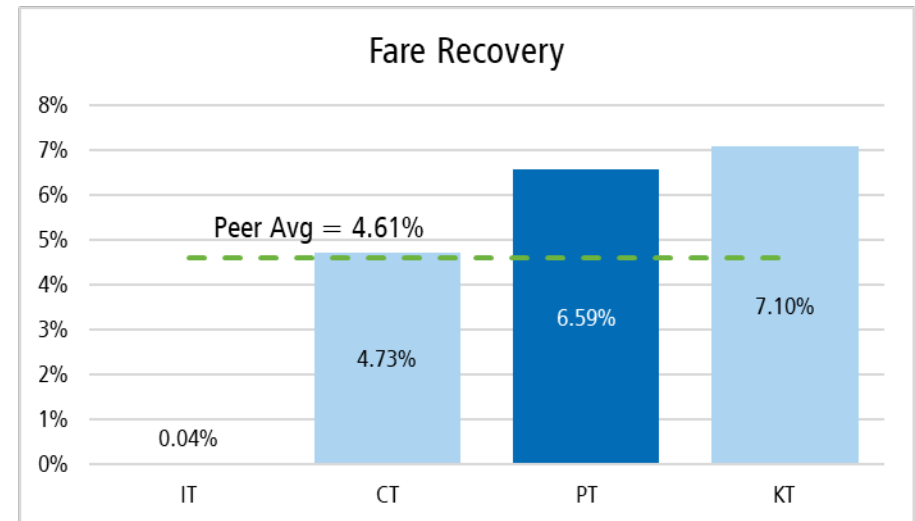
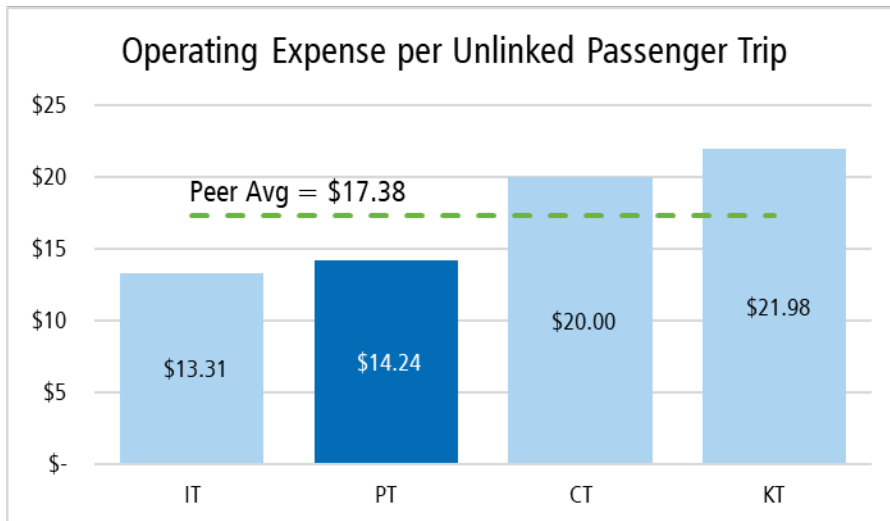
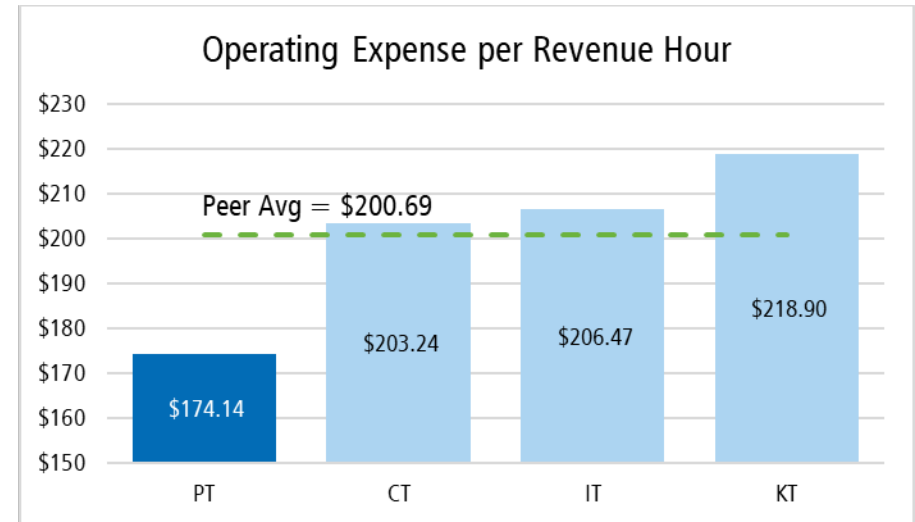
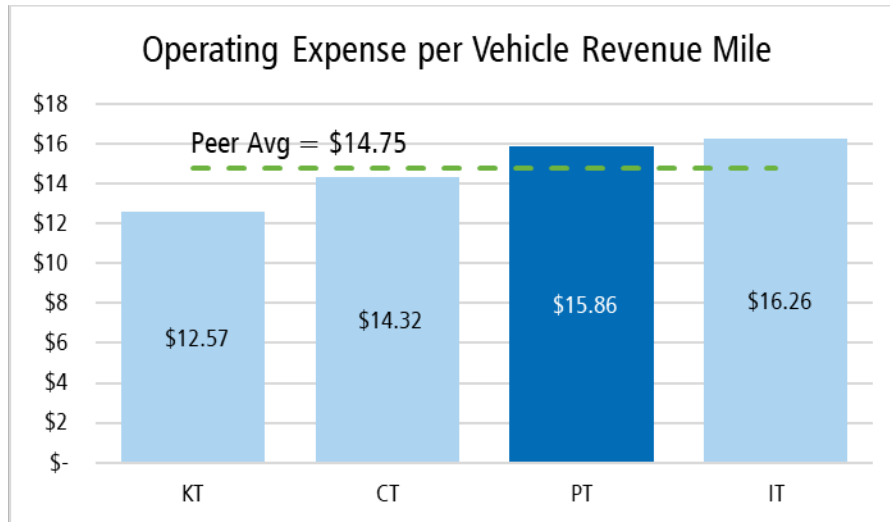
Agency	SHUTTLE				
	Operating Expenses	Vehicle Revenue Miles	Vehicle Revenue Hours	Unlinked Trips	Fare Revenue
Pierce Transit	11,976,001	1,184,490	82,899	150,289	180,140
Kitsap Transit	13,299,912	839,090	57,380	135,989	100,856
InterCity Transit	15,843,190	1,010,160	83,571	143,104	-
Community Transit	9,926,526	679,859	36,370	69,387	134,061

Agency	Vanpool				
	Operating Expenses	Vehicle Revenue Miles	Vehicle Revenue Hours	Unlinked Trips	Fare Revenue
Pierce Transit	3,836,144	3,015,970	83,295	397,472	1,750,544
Kitsap Transit	860,783	419,490	13,981	77,466	175,381
InterCity Transit	2,303,078	1,626,197	42,809	284,796	299,046
Community Transit	3,387,575	2,068,568	64,978	302,038	1,509,559

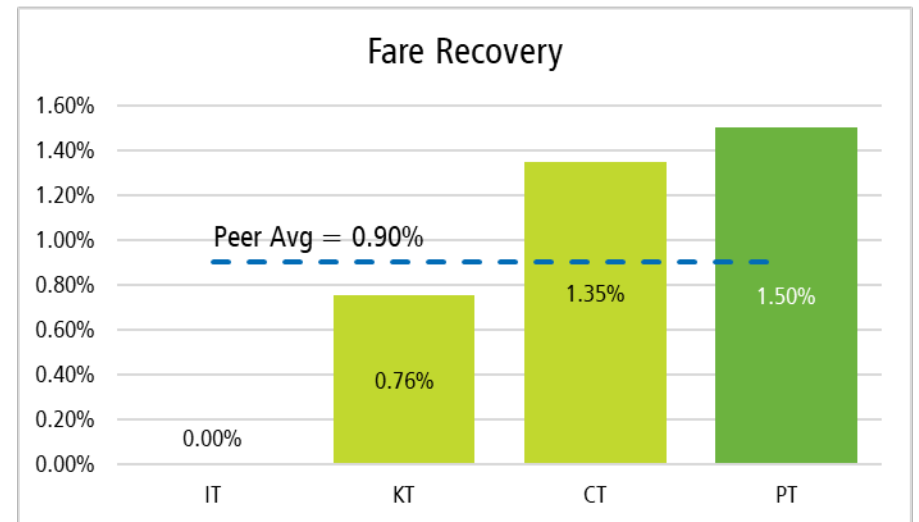
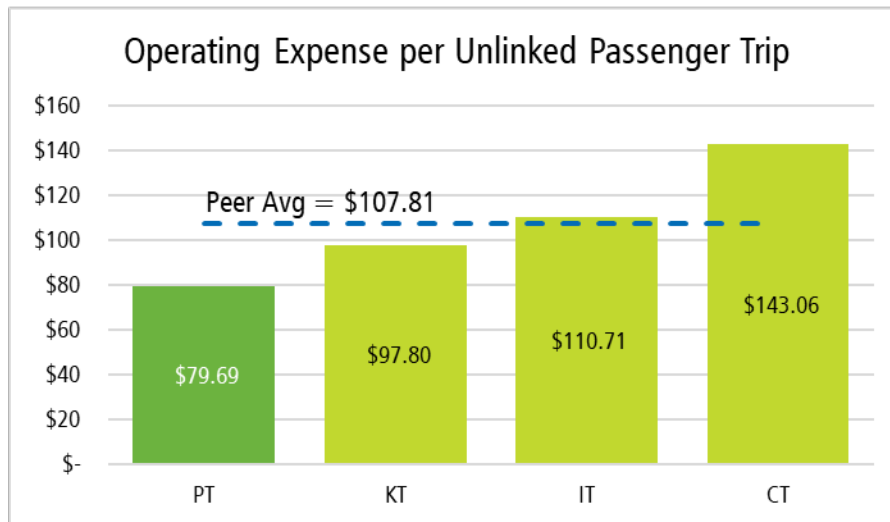
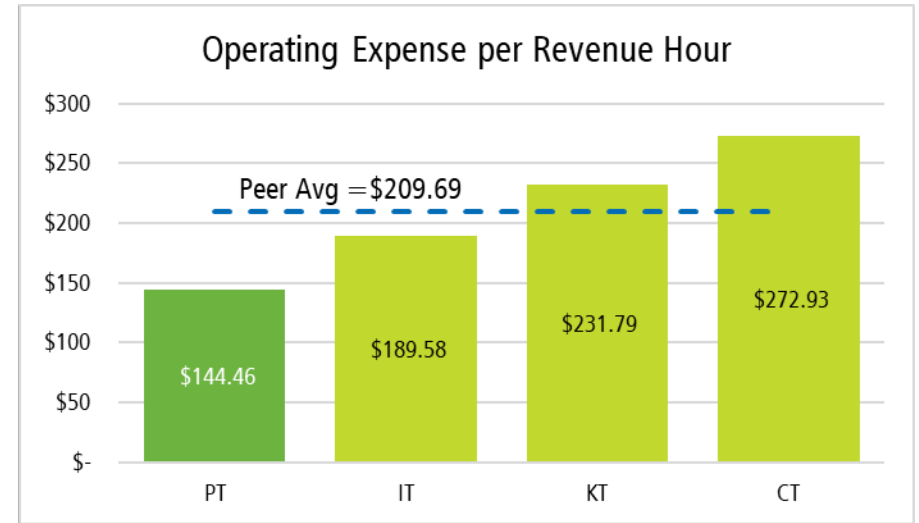
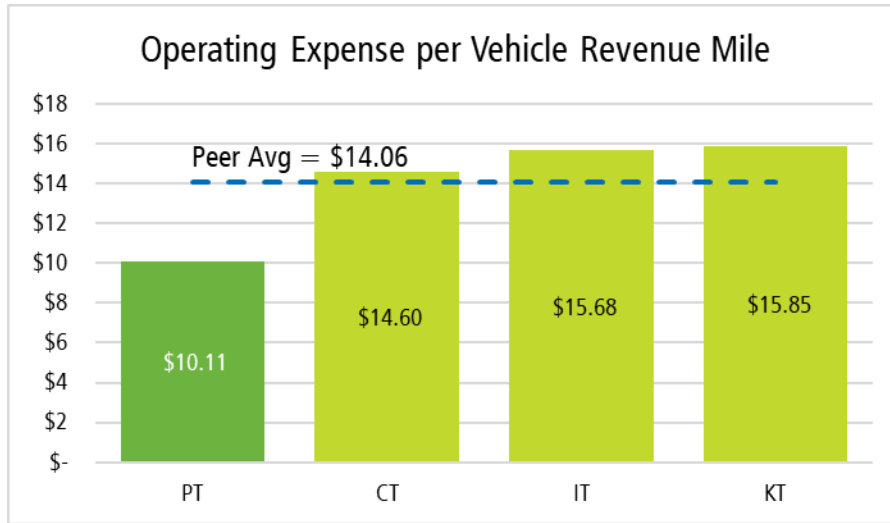


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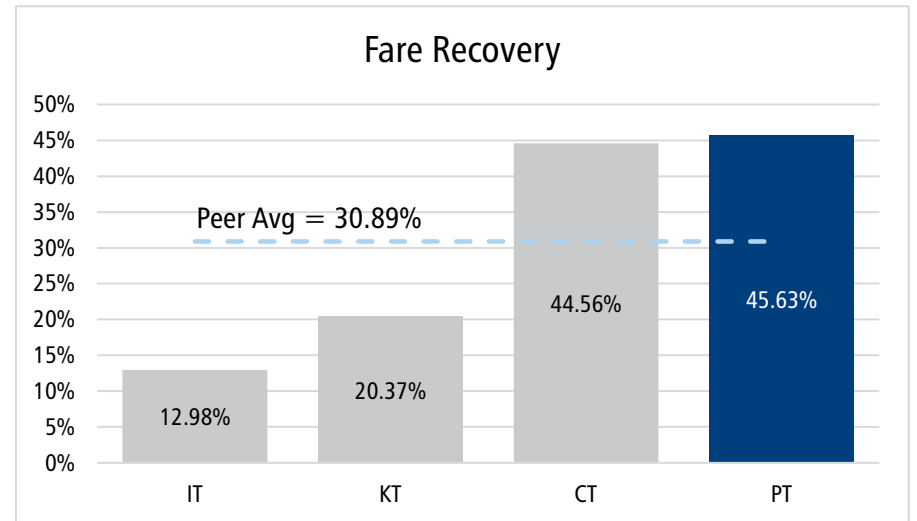
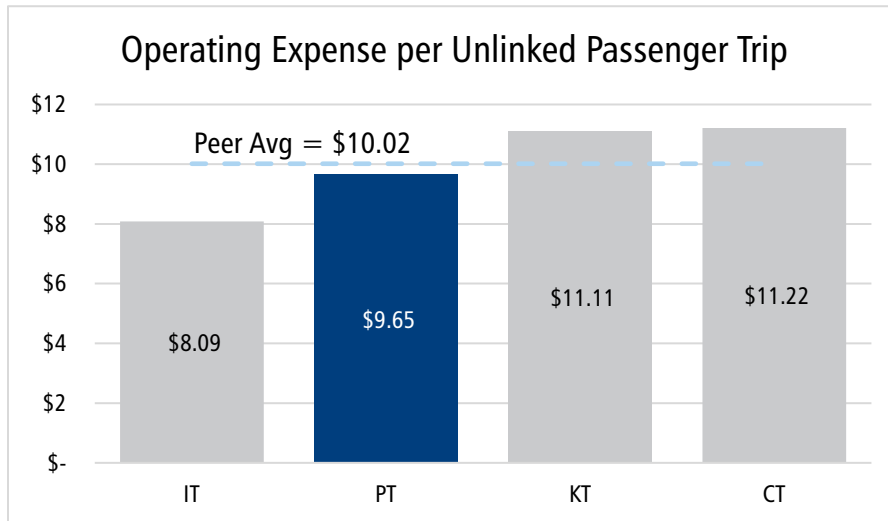
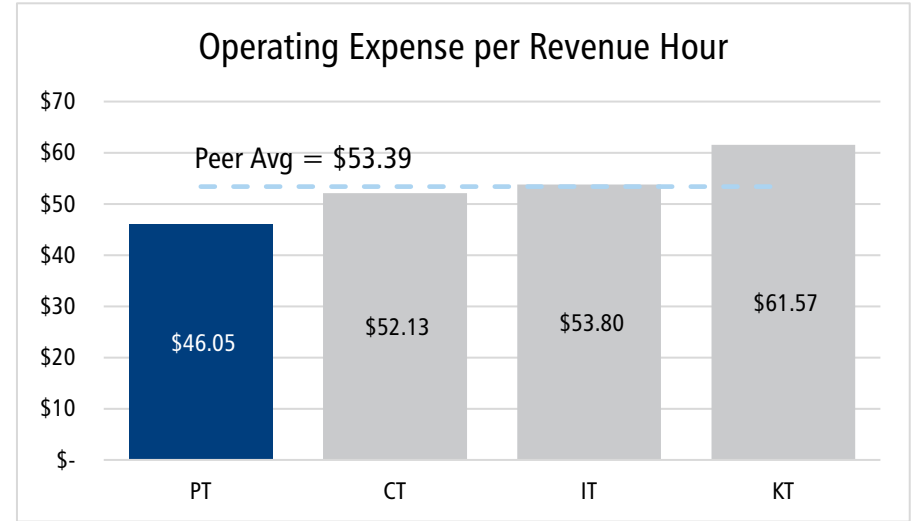
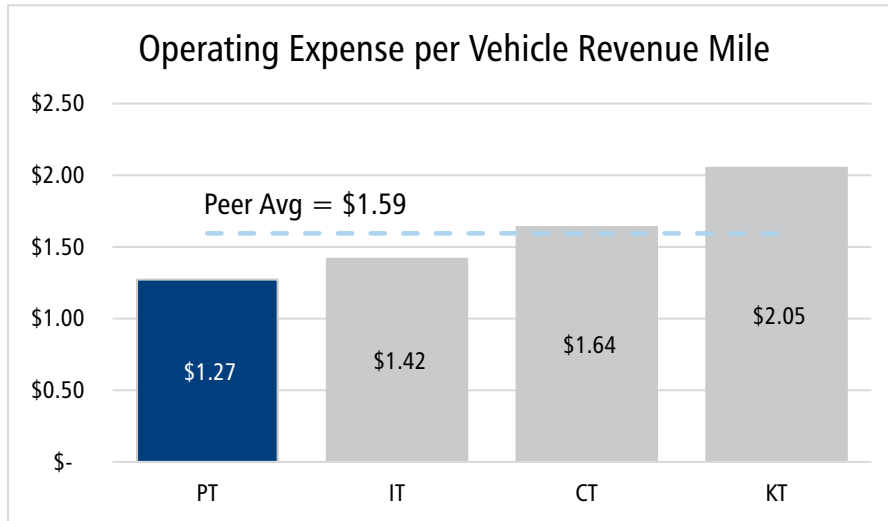
Motor Bus



SHUTTLE



Vanpool



Acronyms

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

ADA – American Disabilities Act

AFR – Annual Financial Report

APTA – American Public Transportation Association

BEB – Battery Electric Bus

BRT – Bus Rapid Transit

CNG – Compressed Natural Gas

CTR – Commute Trip Reduction

DOT – Department of Transportation

FTA – Federal Transit Administration

FTE – Full-Time Equivalent

FY – Fiscal Year

JBLM – Joint Base Lewis McChord

M&O – Maintenance and Operations

MOBI – Maintenance & Operations Base Improvements

ngORCA – Next Generation One Regional Card for All

NTD – National Transit Database

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

Glossary

Accrual Basis of Accounting – A method of accounting that matches revenues and expenditures with the period to which they relate rather than received or distributed.

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.

Appropriation – A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

Beginning Balance – The fund balance as of January 1.

Benefits – Employer paid costs provided for employees such as retirement contributions, medical and dental insurance premiums, and workers’ compensation.

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 for the operation of a program or organization for a specific timeframe or through project completion.

Budget Amendment – A budget amendment is a formal action of the Board of Commissioners to approve additional appropriations after the initial budget adoption.

Budget Revision – A budget revision is a record of change to the budget with no financial impact.

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 – Purchase or construction project that has a cost of greater than \$5,000, or \$50,000 aggregate, and a useful life of greater than one year.

Capital Budget – A portion of the annual budget that appropriates funds for the purchase of capital items.

Consumer Price Index (CPI) – A statistical description of price levels provided by the U.S. Department of Labor that measures the change in the cost of goods purchased in comparative timeframes.

Cost per Passenger – The cost of carrying each passenger 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 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.

Division – An organizational unit of the Agency responsible for carrying out Agency functions.

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

Ending Balance – The fund balance as of December 31.

Enterprise Fund – An enterprise fund is a type of proprietary fund used to account for a government's business-type activities and used to report any activity for which a fee is charged to external users for goods or services.

Expenditure – The payment of cash or the transfer of property or services for the purpose of acquiring an asset, service, or materials.

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

Farebox Recovery Ratio – The total fares collected divided by total costs to operate the service.

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

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

Full-time 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, established for the purpose of carrying on specific activities.

Grants – A contribution by a government or other organization to support a particular function.

Insurance Budget – A portion of the annual budget that appropriates funds for Workers' Compensation and Unemployment claims.

Insurance Reserve – Reserves set at a level to adequately protect the Agency from self- insurance risks that is evaluated annually.

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

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

On Demand Services – Allows user to ride-hail on-demand trips within a specific microtransit zone using a mobile app.

One Regional Card for All (ORCA) – The seamless fare system for the region's customers, enabling agencies to offer transit fare options, reduce media confusion, and improve interagency fare revenue reconciliation through an apportionment process.

Operating Budget – A portion of the annual budget that appropriates funds for continued operations.

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

Platform Hours – see Service Hours

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 set by Board of Commissioners.

Revenue – Income received by the agency in support of its program of services to the community.

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

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

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.

Self-insurance – The items determined to be administered by the Agency rather than covered by an insurance policy.

Service Hours – A calculation of service based on the number of hours a vehicle is on the road, includes revenue, recovery, and deadhead 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.

Single-Enterprise Fund – A self-supporting government fund whose activities include selling goods and/or services to the public for a charge or fee.

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

Specialized Transportation – A program whereby transportation services are provided to those with a qualifying disability within $\frac{3}{4}$ of a mile of our fixed bus routes.

Transfers – Amounts transferred from the operating budget to the insurance and capital budgets.

Vanpool – A group of 3 to 15 people sharing the ride in an 8, 12, or 15-passenger van.

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

Diversity, Equity, and Inclusion at Pierce Transit

11.14.2022



DEI at Pierce Transit

- Components of DEI
- EEO Program
- Agency Focus/Programs
- Roadmap for Future

Pierce Transit's mission is to improve people's quality of life by providing safe, reliable, innovative and useful transportation services that are locally based and regionally connected.

Pierce Transit's Vision: Your preferred transportation choice for today and tomorrow



Diversity, Equity, and Inclusion

- Recruitment/Talent Acquisition
- Employee Experience
- Training and Development
- Customer and Employer Branding
- Supplier and Contract Diversity



EEO Program Plan

- Federal Transit Administration, Office of Civil Rights
- Equal Employment Opportunity Program ensures recipients do not discriminate against any employees or applicants for employment because of race, color, religion, sex, disability, age, or national origin.

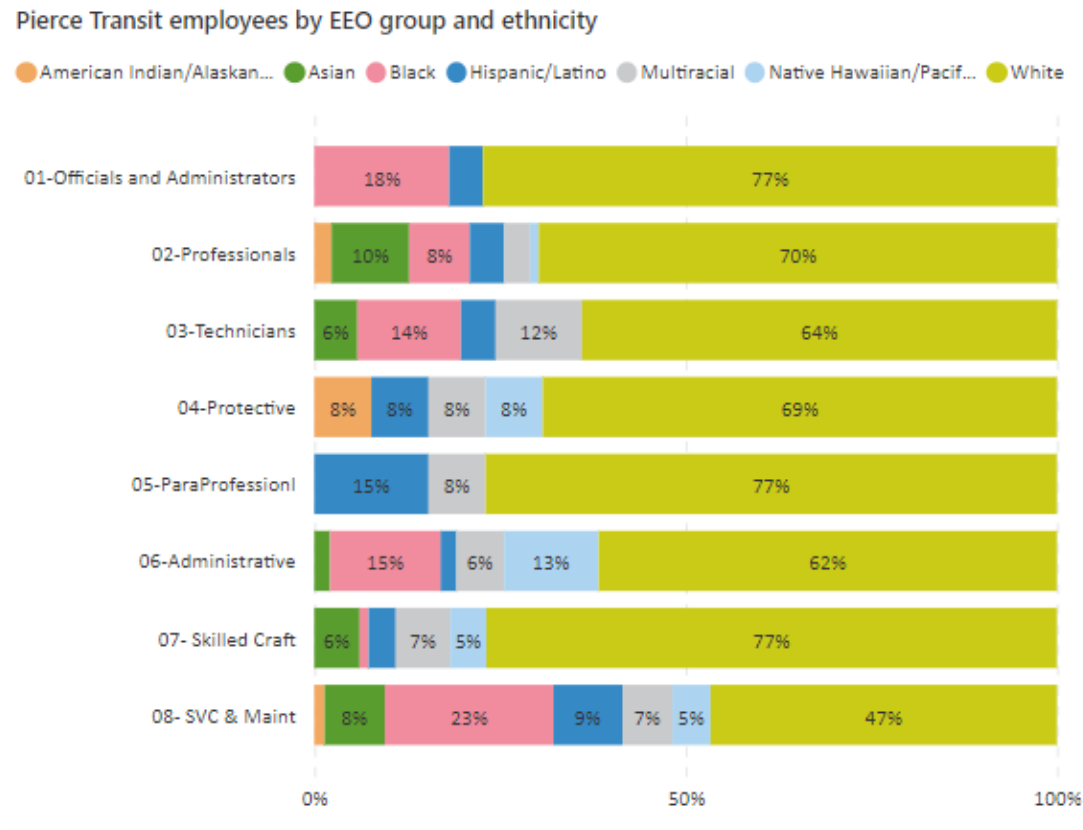


EEO Program Plan Utilization

Job Group Underutilized (3/1/2020 – 2/28/2021, Affirmity)	Protected Class Underutilized (3/1/2020 – 2/28/2021, Affirmity)	2021 Utilization % (3/1/2020 – 2/28/2021, Affirmity)	Current Goals (3/1/2021 - 2/28/2022, Affirmity)	Current Percentage of Protected Class (10/16/2022- Power BI)
1 – Official and Administrators	Minority	18.18	23.56	22.73
3 – Technicians	Minority	29.62	36.31	36.01
4 – Protective Service	Female	0.00	41.68	0.00
7 – Skilled Craft Workers	Female	1.25	3.98	2.44
8 – Service – Maintenance	Female	25.13	47.37	26.00

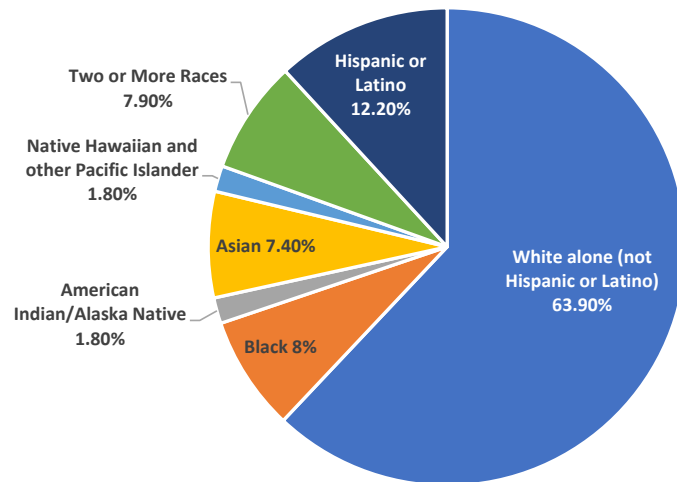


Employee Demographics

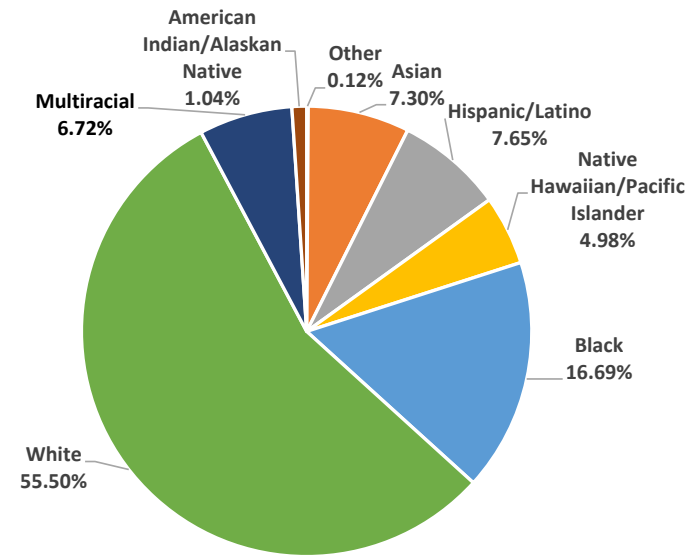


Employee and Population Demographics

US Census Bureau, 2020, Pierce County



Workforce Demographics
% of Agency by Race

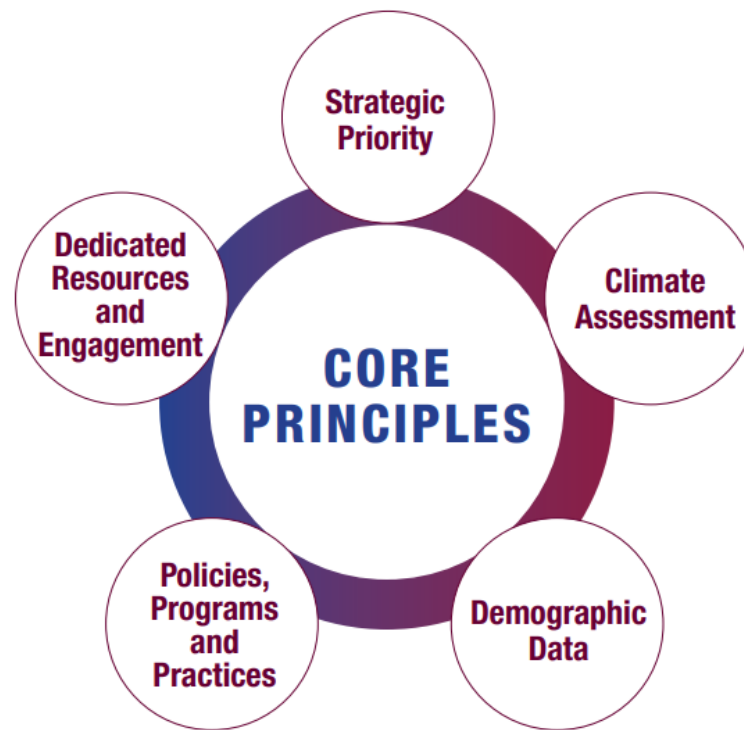


DEI Program

- DEI Committee
 - Equity and Engagement
 - Recruitment
 - Workforce Development
 - APTA Racial Equity Pilot
 - COMTO (Conference of Minority Transit Officials)
 - GARE (Government Alliance on Race and Equity)
- DEI Committee
 - Courageous Conversations
 - Book Clubs
 - Employee Resource Groups
 - Newsletters
 - Vision: A diverse and transparent culture that supports and empowers employees and the community we serve



APTA Racial Equity Pilot Program



External Focus

- DBE Program
- Title VI Program
- DEI Committee community partnerships
- Recruiting community partnerships



Coming in 2023

- Strategic Plan
- Recruitment and Retention Strategy
- Policy Reviews
- Climate Assessment
- Courageous Conversations
- APTA Racial Equity Pilot

