



2027 Preliminary Budget



L A K E W O O D , W A S H I N G T O N

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DRAFT

2027 Preliminary Budget

Fiscal Year January 1 through December 31, 2027

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

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Introduction



CEO Budget Message

December 14, 2026

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

FROM: Mike Griffus, Chief Executive Officer

I am pleased to present Pierce Transit's 2027 Budget, which reflects our continued commitment to providing safe, reliable, accessible and sustainable transportation to the communities we serve. This budget builds on our progress in 2026 while positioning the agency to meet evolving needs, strengthen operations and invest in our future.

This year, we achieved a vacancy rate of less than 5%, strengthening our workforce and supporting service reliability. We also successfully reinstated special service for the Washington State Fair and secured \$1,317,580 in state and federal funding to support World Cup activities and implement ConnectPoint throughout our system, providing benefits to customers beyond the event.

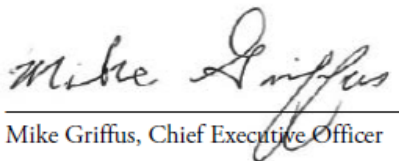
Financial stewardship remains central to our work. From January through September 2026, Pierce Transit received \$17.6 million in grant reimbursements for operating and capital needs. We also adapted to changing federal priorities by working to repurpose an original \$14 million electrification award for Building 1 state-of-good-repair improvements. This long-needed facility investment will address critical infrastructure needs while leveraging federal funding to reduce the burden on local taxpayers.

The 2027 Budget advances our four Strategic Priorities: adopting a customer-first mindset, engaging with the community, elevating employee experience and assuring sustainability. Key areas of focus include improving system connectivity, expanding community outreach, maintaining a strong workforce and ensuring the long-term financial and operational health of the agency.

Safety and security will remain priorities in 2027, with four approved public safety positions, including a supervisory role on the graveyard shift. These positions will strengthen oversight and support a safer environment for our customers and employees. We will also continue improving connections across our system to make transit easier and more seamless for the people who depend on us.

The 2027 Budget supports Pierce Transit's Strategic Plan and our 20-year Long Range Plan, Destination 2045. Through responsible financial planning, strategic investments and continued pursuit of outside funding, we will work to deliver reliable service today while preparing for the region's future transportation needs.

I thank the Pierce Transit Board of Commissioners for its continued leadership and commitment to public transportation, and our dedicated employees for their daily work connecting people to jobs, education, healthcare, and opportunity. Together, we will continue strengthening our communities, one ride at a time.



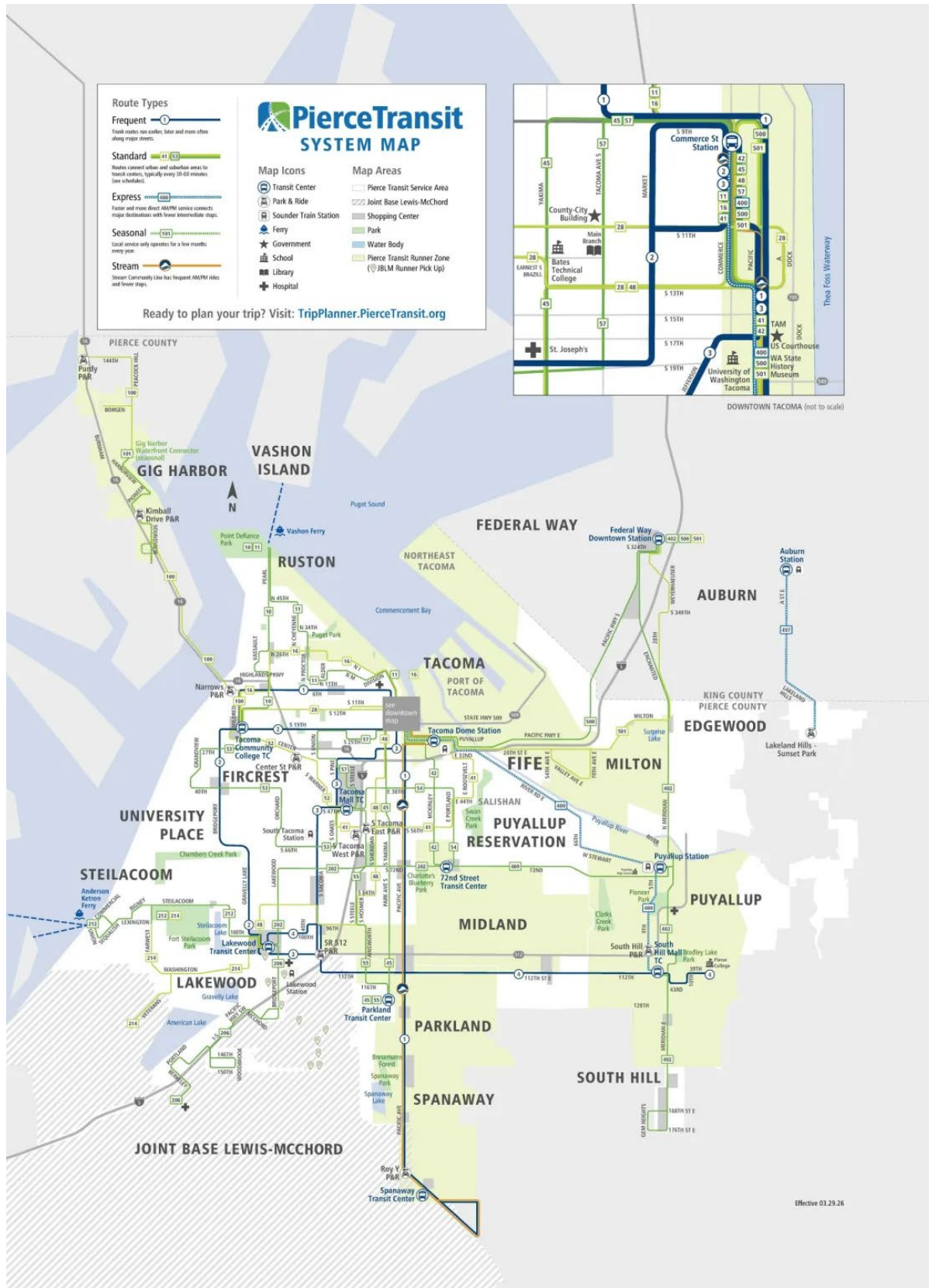
Mike Griffus, Chief Executive Officer

About Pierce Transit

Pierce Transit was established by a vote of the people on November 6, 1979, to expand the public transportation system from Tacoma city limits to greater Pierce County. Over the years, we have adapted our service as opportunities have risen to meet the needs of our community. Currently, Pierce Transit serves approximately 292 square miles and 70 percent of the population, north to Federal Way, east to Puyallup, south to Spanaway and west to Gig Harbor.

Pierce Transit offers four transportation modes: bus transportation that follows one of 29 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; Rideshare 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 Pierce Transit 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. Additionally, Pierce Transit contracts with Sound Transit to provide regional service from Pierce County to King County.

For more information on Pierce Transit, visit the agency's public dashboard at PierceTransit.org/about-us.

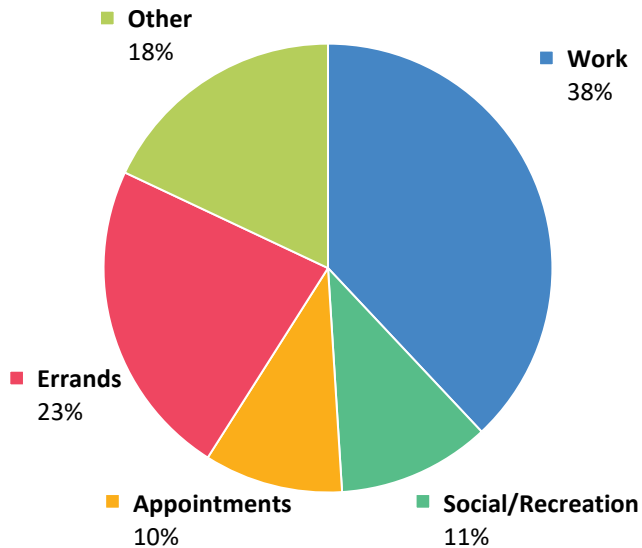


Picture above show a map of Pierce Transit's service area and routes.

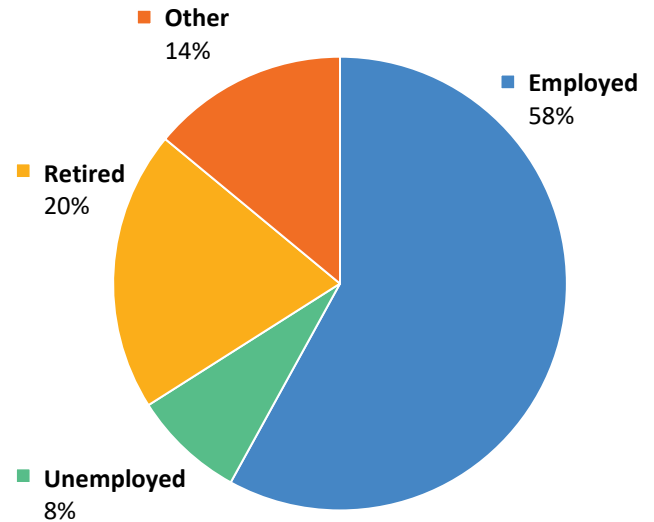
Our Customers

Pierce Transit routinely performs customer surveys, conducted by a third-party vendor. Our most recent survey was conducted October 7 through November 19, 2024, and received 643 responses, with 465 being current riders. The survey allows Pierce Transit to collect ridership data and assess current customer and potential customer awareness of and attitudes towards Pierce Transit. The following charts are representative of the information collected on current riders.

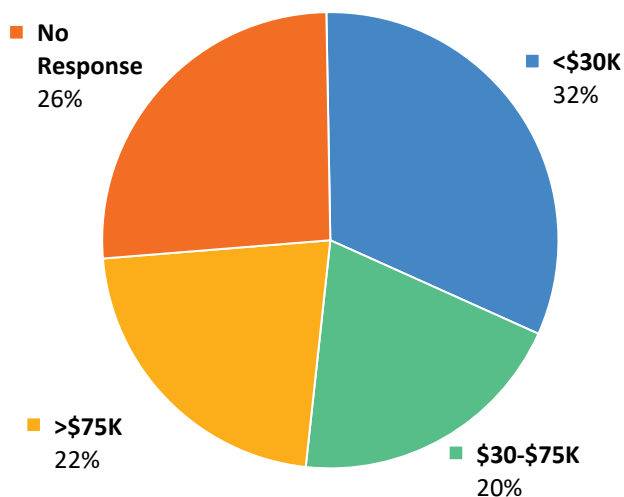
TRIP PURPOSE



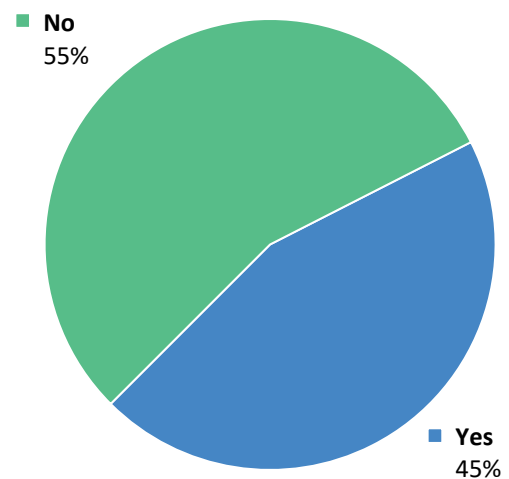
EMPLOYMENT



ANNUAL HOUSEHOLD INCOME



VEHICLE ACCESS



A Brief History



Pierce Transit Established

Voters approved establishing a public transportation system for Pierce County funded by a 0.3% Sales Tax

1979



Switch to Natural Gas

Pierce Transit unveils the nation's first two natural gas-fuel buses

1986



Vanpool Launched

Vanpool, known today as Rideshare, is introduced to provide another transit option for commuters

1986



Tacoma Dome Station (TDS) Opens

TDS begins operations as a central bus hub

1997



Partners with Sound Transit

Pierce Transit begins operating regional service for Sound Transit

1999



Real-Time Bus Info

Real-time bus arrival info becomes available to riders via the One Bus Away collaboration

2010



It's Electric

Pierce Transit purchases its first three battery electric buses

2018



Improved Connectivity

Runner on-demand service added to connect customers with local attractions and other transit services

2020



Youth Ride Free

On September 1, Pierce Transit implements free rides for all youth ages 18 and under on all Pierce Transit services

2022



ORCA LIFT Implemented

On April 1, ORCA LIFT reduced fares are implemented for income-qualified riders

2023



Our Mission



VISION

Your preferred transportation choice.



MISSION

Improve people's quality of life by providing safe, reliable, and accessible transportation services that are locally based and regionally connected.



VALUES

Innovation, Driven, Responsible, Equitable

Strategic Priorities



Adopt a “Customer First” mindset.

Metrics:

- 6% ridership growth per year
 - 20% increase of satisfied riders
 - 25% walkable high-frequency bus routes
 - 85% on-time performance
-



Engage with the community through outreach, partnerships, and listening opportunities.

Metrics:

- 10% increase favorable opinion of Pierce Transit
 - 25% increase in ORCA business accounts
-



Elevate the employee experience.

Metrics:

- 85% retention rate
 - 60% survey response rate
-



Assure sustainability of agency’s finances, infrastructure, and environment

Metrics:

- 40% reduction of CO2 emissions from 2017 levels
- 75% of facilities within useful life or good repair
- 95% of fleet within useful life or good repair

Board of Commissioners



Kristina Walker
Board Chair,
Commissioner
Tacoma City Council
Tacoma



Rosie Ayala
Board Vice Chair,
Commissioner
Pierce County Council
Pierce County



Lauren Adler
Commissioner
Puyallup City Council
Puyallup



Paul Bocchi
Commissioner
Mayor of Lakewood
Lakewood



Olgy Diaz
Commissioner
Tacoma City Council
Tacoma



Doug Fagundes
Commissioner
Fife City Council
*Auburn, Edgewood, Fife,
Milton, Pacific, Ruston, and
Steilacoom*



John Hines
Commissioner
Tacoma City Council
Tacoma



Ryan Mello
Commissioner
Pierce County Executive
Pierce County

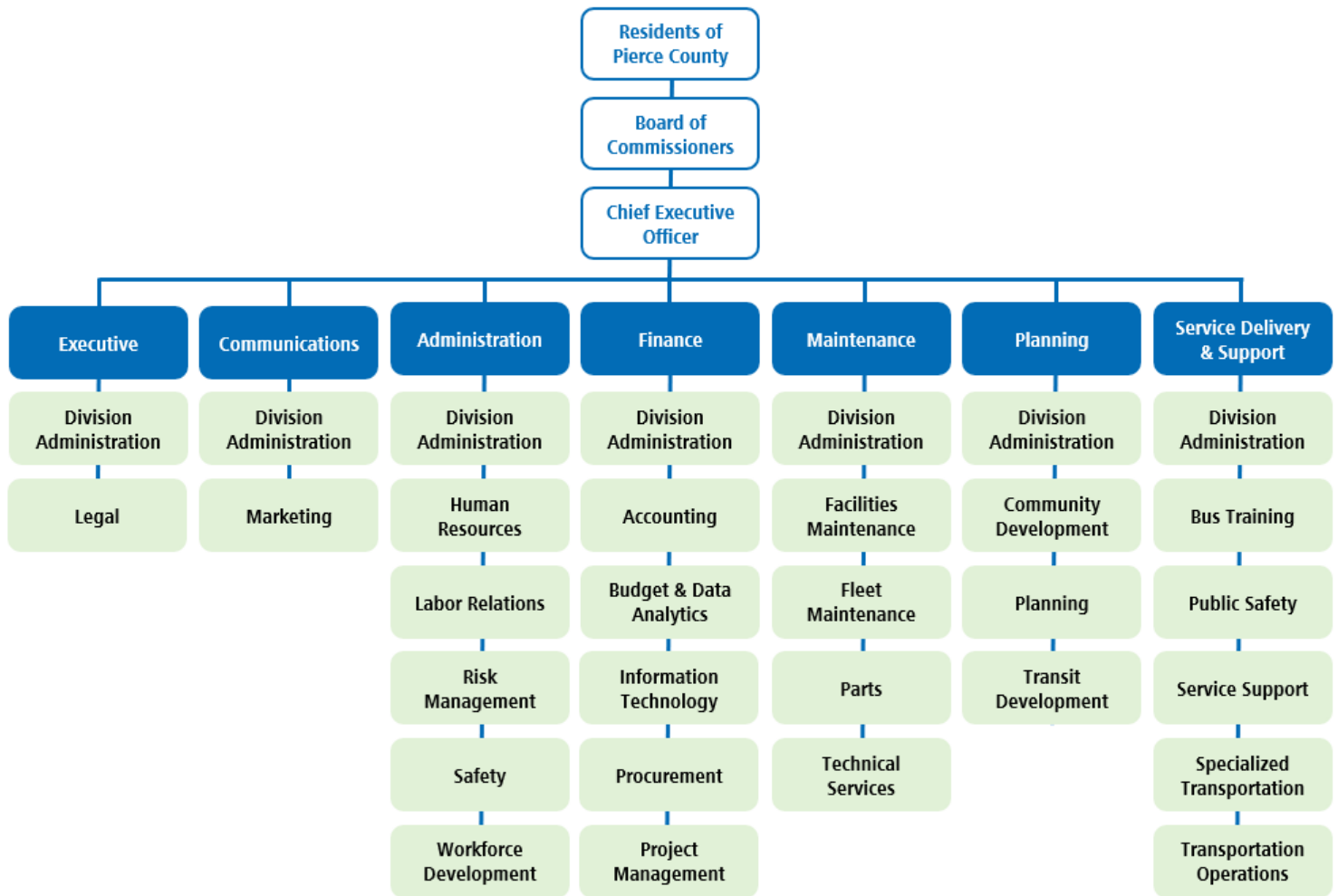


Shannon Reynolds
Commissioner
Mayor of Fircrest
*Fircrest, Gig Harbor, and
University Place*



John Hoheusle
Commissioner
Non-Voting Labor
Representative

Organizational Chart



The organizational chart above shows how Pierce Transit is structured. Pierce County residents guide the direction of Pierce Transit by electing officials within their jurisdiction. A representative from the elected officials, nine positions within the PTBA, comprise the Board of Commissioners, which provides the overall policy direction for the agency. The Chief Executive Officer carries out that direction within the organization. Pierce Transit is organized into seven divisions: Executive, Communications, Administration, Finance, Maintenance, Planning, and Service Delivery and Support. Each division consists of one or more departments responsible for specific agency functions.

Reserve Policy and Budget Process

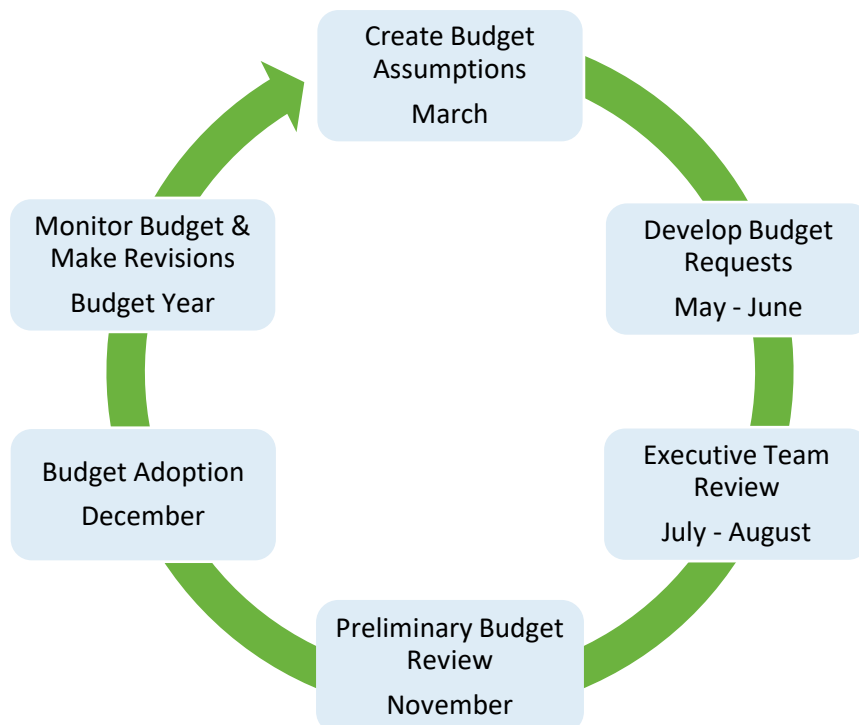
RESERVE POLICY

- 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)*
- 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)*
- 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)*

BUDGET PROCESS

The budget cycle begins by making assumptions of what should be captured in the budget. The assumptions made each year are the level of service to provide, anticipated revenue, impacts of wage adjustments and collective bargaining agreements, benefit costs and trends, and capital investment needs.

There are six major steps that make up the budget process. They are: Create budget assumptions, Develop budget requests, Executive team review for priorities, feasibility, and sustainability, Board of Commissioners preliminary review, Board of Commissioners budget adoption, and finally Budget monitoring throughout the budget year.



Economic Environment and Budget Objectives

ECONOMIC CONDITIONS

In recent years, the economy has gone through periods of uncertainty, but national trends point to gradual, manageable shifts rather than sharp changes*:

- Unemployment is expected to increase only slightly—from about 4.3% in 2026 to roughly 4.4% in 2027, remaining well within a historically healthy range.
- Inflation is projected to keep easing, moving from around 3.4% in mid-2026 toward 2.0-2.5% in late 2027.
- Interest rates are anticipated to steadily decline, with the federal funds rate expected to settle between 2.9-3.6% by late 2027.

State and local conditions largely mirror national trends, though Pierce County faces a mix of constraints and strengths. The county's natural beauty, diverse landscapes, and mild climate continue to attract new residents, supporting ongoing demand for housing, retail, and local services. While this growth helps sustain economic activity and tax revenues, affordability remains a challenge for many households.

Pierce Transit is committed to supporting county residents with sustainable, reliable transportation well into the future. Even with an uncertain revenue outlook, we are maintaining service levels, making modest improvements, and investing in infrastructure that will allow us to meet future demand. Our sustainability is rooted in intentional financial management and disciplined planning:

- Remaining debt-free allows us to fund today's service at today's costs.
- Thoughtful, mission-focused budgeting ensures we continue providing safe, reliable, and accessible transportation.
- Strategic capital investments help maintain essential infrastructure and build the capacity needed for future service expansion.
- Responsible investing protects us from uncertainty and gives us the flexibility to temporarily bridge revenue gaps without reducing service.

BUDGET OBJECTIVES

- **Adopt a "Customer First" mindset:**
We have restored Fair Express Service beginning in 2026 and will continue operating it in 2027. We will also continue offering Gig Harbor Trolley service and providing transportation to other community events when possible. Even in uncertain economic conditions, we are working to meet customer requests for more service while reducing emissions and fuel costs. Our proposed fleet expansion supports this effort, including the purchase of three battery-electric buses that will advance Phase 3 of our Bus System Recovery Plan.

- **Assure sustainability of agency infrastructure and environment:**
We continue to maintain a reliable fleet by replacing standard Bus, Shuttle, Rideshare, and Public Safety vehicles as needed to support safe, dependable service. We are also investing in infrastructure improvements, including critical repairs to the Tacoma Dome Station elevators and updates to HVAC systems, lighting, and fire-suppression equipment at our base facilities.
- **Engage with the community through outreach, partnerships, and listening opportunities:**
Our long-standing community outreach has given us a solid understanding of what our riders value most in their transit system. We are united with a desire to offer more service to more places, more often, but our existing revenue sources limit us to current service levels. We will continue to seek ongoing, additional revenue streams to allow us to expand service.

BUDGET SUMMARY

The 2027 budget underscores Pierce Transit's continued commitment to serving our communities effectively. It focuses on improving efficiencies, strengthening outreach to better understand service needs, and investing in essential system infrastructure. The 2027 budgeted expenditures total \$357 million, balanced by projected revenues of \$309 million and reserves. This budget includes a modest increase in service hours, adds key staffing to enhance safety and community engagement, and supports infrastructure projects through the system. Overall, it maintains a careful balance between delivering reliable service and preserving critical infrastructure within available resources.

Budget Assumptions

REVENUE ASSUMPTIONS

Fare revenue projections are based on the average fare per boarding (AFB), calculated using actual fare revenue and ridership data from the most recently completed fiscal year (FY 2025). This AFB serves as the baseline for forecasting fare revenue in the current year (FY 2026) and the budget year (FY 2027). Ridership estimates for FY 2026 and FY 2027 are provided by Service Planning and are multiplied by the FY 2025 AFB to determine projected fare revenue for those years. For the outyears (FY 2028-FY 2032), ridership is adjusted based on the annual population growth forecast published by the Washington State Office of Financial Management. These adjusted ridership figures are then multiplied by the FY 2025 AFB to estimate fare revenue. No change to fare structure or policy is assumed during the forecast period.

Reimbursement from Sound Transit for regional transit services is calculated using a Cost Allocation Model (CAM), which assigns both direct and indirect costs to each mode of transportation provided. The CAM is based on actual budget data for the budget year (FY 2027), with outyear projections (FY 2028-FY 2032) adjusted to reflect anticipated increases in costs. In addition to the CAM-based reimbursement, the budget includes a cost-sharing agreement for specific services. These include operation costs for Tacoma Dome Station and reimbursement for ADA paratransit services provided in the Hilltop area, which lies outside of Pierce Transit's service area. These agreements are expected to continue throughout the forecast period under current terms.

Sales tax revenue projections for the current fiscal year (FY 2026) and the upcoming fiscal year (FY 2027) are based on the most recent thirty-six months of actual collections (January 2023-December 2025). This rolling 36-month total is used as a baseline to reflect the most current economic activity and consumer spending trends. To develop the six-year forecast (FY 2027-FY 2032), the model incorporates the three most recent completed fiscal year of actual sales tax collection (FY 2023-FY 2025), along with the forecasted amounts for FY 2026 and FY 2027. These six data points are used to establish a trend line and calculate average annual growth rates, which are then applied to project revenue for FY 2028 through FY 2032. This methodology balances short-term responsiveness with long-term trend analysis, providing a stable yet adaptive foundation for multi-year financial planning. It assumes no significant changes in tax policy, economic disruptions, or shifts in consumer behavior beyond those already reflected in the current data.

Grant contributions included are based on awards that have been formally secured. These known grant amounts are programmed into the applicable years of the six-year forecast (FY 2027-FY 2032) according to their award terms and spending schedules. For Federal Transit Administration (FTA) formula funding, where future year allocations are not yet published, the forecast assumes the continuation of the last known estimated fiscal year across the remaining years of the forecast. This approach provides a conservative and stable estimate in the absence of updated federal apportionments.

The "Other" revenue category includes advertising income, earned interest, proceeds for the sale of surplus assets, and other minor revenue sources. In recent years, the largest contributor within this category has been earned interest. Interest earnings are calculated by applying an assumed interest rate – ranging from 3 to 4 percent – to the prior year's ending balance. This method is used throughout the six-year forecast period to estimate interest income. Projections assume stable market conditions and no significant changes in investment strategy. Remaining other revenue sources use historical averages for budgeted amounts.

EXPENDITURE ASSUMPTIONS

Wage projections for employees covered by collective bargaining agreements are based on the negotiated wage adjustments outlined in the current contracts. For years beyond the expiration of these agreements, a 2 percent wage adjustment is applied, along with applicable step increases. For non-represented employees, an annual adjustment is applied to the salary table, in addition to applicable step increases. These adjustments are determined based on internal compensation strategies and market conditions. All years in the six-year forecast (FY 2027-FY 2032) assume that all budgeted positions are fully staffed at 100% occupancy, providing a consistent basis for projecting personnel-related expenditures.

Benefit costs for the budget year (FY 2027) are calculated during position budgeting using estimated rates for each benefit category. All vacant positions are budgeted with the highest-cost benefit packages to ensure adequate funding regardless of future hires. For the outyears, (FY 2028-FY 2032), benefit costs are projected as a percentage of wages, based on recent historical trends. This percentage ranges from 34 to 39 percent over the six-year forecast period, reflecting anticipated changes in healthcare premiums, retirement contributions, and other benefit-related expenses.

Maintenance and operations (M&O) costs for the budget year (FY 2027) are developed by the individual budget requestors based on program needs, service levels, and known cost drivers. These amounts serve as the baseline for projecting M&O costs in the outyears (FY 2028-FY 2032). Outyear projections are escalated annually using the anticipated Consumer Price Index (CPI), as published by the United States Congressional Budget Office. This approach ensures that inflationary impacts on goods and services are reflected in the long-range financial plan.

Self-insurance costs for the budget year (FY 2027) are developed by individual budget requestors using a combination of historical actuals, anticipated claims activity, and known or expected changes within the insurance industry. This approach allows for a tailored estimate that reflects both experience and emerging risk factors. Outyear projections are escalated annually using the anticipated Consumer Price Index (CPI), as published by the United States Congressional Budget Office.

Pass-thru costs are equal to 80 percent of the estimated earned share due to Pierce County Ferries from Federal Transit Administration (FTA) funding. For FTA formula funding, where future year allocations are not yet published, the forecast assumes the continuation of 80 percent of the last known estimated fiscal year across the remaining years of the forecast.

ONE-TIME VERSUS ONGOING ASSUMPTIONS

The budget distinguishes between one-time and ongoing costs to ensure accurate long-term financial planning. Known one-time costs are fully included in the first year of the budget (FY 2027) and are removed from the projections in the outyears (FY 2028-FY 2032). Ongoing costs projected beyond the first year are adjusted based on the methods listed above for each expenditure category. All capital projects are considered one-time expenditures, where the full cost is applied to the anticipated project start year. All remaining project balances as of June 30th in the current fiscal year (FY 2026) that are not expected to be completed this year are carried forward to the budget year (FY 2027).

2027 Budget Highlights

Budget Breakdown

Ongoing
Operations
\$226M

+

Capital
Improvements
\$132M

=

Total
Budget

\$358M

Sales Tax is Pierce Transit's #1 Revenue Source.

We collect 6¢ for every \$10 spent within our benefit area. Sales tax projects to be **\$123M** in 2027.



we're adding
7 new
positions
compared to 2026



Projected Service for 2027



Fixed Route*

10,455,943
Ridership

779,294
Service Hours

12,234,766
Service Miles



SHUTTLE

365,764
Ridership

220,028
Service Hours

3,086,523
Service Miles



Runner

110,568
Ridership

62,892
Service Hours

899,164
Service Miles



Rideshare

408,000
Ridership

114,000
Service Hours

3,600,000
Service Miles

**Local and Regional*

Annual Budget



Operating Budget

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 2026 Year-End Estimate is included in the table below.

Fares – Fare revenue accounts for approximately three percent of total operating revenue and is derived from fees charged to individuals for transit services. The average fare per boarding (AFB) for fixed route service is projected to be \$0.67 in FY 2027. The AFB varies based on factors such as total boardings and the distribution of boardings by fare type and rider category. No fare increases are included in the FY 2027 budget. The last adult fare increase occurred in November 2010. As of September 1, 2022, fares are no longer collected for riders aged 18 and under. Additionally, the ORCA LIFT reduce fare program became available to eligible riders on April 1, 2023.

	One Ride	All Day Local	All Day Regional	Monthly Local	Monthly Regional
Adult (19-64)	\$2	\$5	\$6	\$62	\$72
ORCA LIFT	\$1	\$2	\$2	\$31	\$36
Discounted	\$1	\$2	--	\$31	\$36
Youth (18 & Under)	FREE	FREE	FREE	FREE	FREE

Sound Transit – Regional Transit Service budgeted revenue totals \$66,250,000 in 2027 a 9.5 percent increase from 2026 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 2027, Sound Transit service hours are budgeted at 280,494. In addition to Express Service reimbursement, Sound Transit reimburses for their share of costs associated with security, liability insurance, and special services for operating Tacoma Dome Station and reimbursable ADA services to assist Sound Transit with FTA requirements for their Hilltop light rail extension.

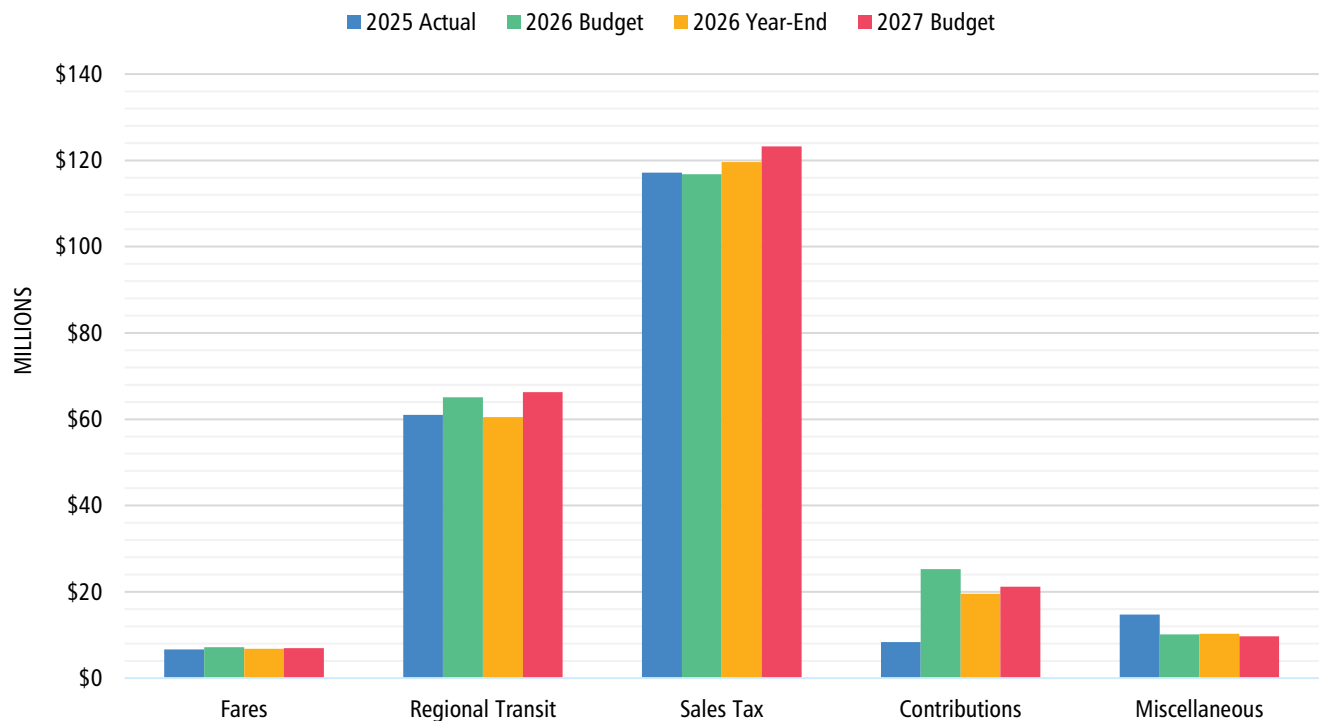
Sales Tax – Sales tax projections are based on economic conditions and analysis of activity in the jurisdictions in the Public Transportation Benefit Area (PTBA). Consumer spending plays a major role in the generation of sales tax revenue which is Pierce Transit's primary operating revenue source. Sales tax represents 76.4 percent of the operating budget revenue excluding Sound Transit. In 2027, sales tax is expected to total \$123,226,750, a 3 percent increase over the 2026 Year-End Estimate and in line with current growth trends.

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

Operating Contributions – Operating Contributions are funds from partnering agencies. They include Federal Transportation Administration (FTA) for ADA Services and Low-No and Washington State Department of Transportation (WSDOT) for Special Needs, Transit Support, and Runner programs.

Revenue	2025 Actuals	2026 Budget	2026 Year-End	2027 Budget	Change 2026 YE vs 2027 Budget	
Fares	\$6,607,283	\$7,149,240	\$6,806,680	\$6,928,860	\$122,180	1.8%
Regional Transit	61,001,600	65,124,290	60,482,020	66,250,000	5,767,980	9.5%
Sales Tax	117,160,747	116,794,690	119,637,620	123,226,750	3,589,130	3.0%
Contributions	8,350,884	25,291,750	19,565,120	21,207,320	1,642,200	8.4%
Miscellaneous	14,692,580	10,112,660	10,267,230	9,705,110	-562,120	-5.5%
Total	\$207,813,094	\$224,472,630	\$216,758,670	\$227,318,040	\$10,559,370	4.9%

Operating Revenue by Year and Category



OPERATING GRANTS

Activity	Grantor	Percent	Grant Funding	Required Match	Additional Local	Activity Cost
2027						
Preventative Maint	FTA	80%	5,773,160	1,443,290	13,664,250	20,880,700
ADA Operations	FTA	80%	943,680	235,920	2,447,690	3,627,290
FY22 Low-No WF Dev	FTA	80%	80,000	20,000		100,000
Bus Stop Upgrades	FTA	80%	661,600	165,400		827,000
Tideflats Runner	WSDOT	80%	227,470	56,870	1,415,660	1,700,000
Gig Harbor Runner	WSDOT	80%	259,970	64,990	275,040	600,000
Ruston Runner	WSDOT	80%	75,820	18,960	75,220	170,000
Spanaway North Runner	WSDOT	80%	99,120	24,780	156,100	280,000
Spanaway South Runner	WSDOT	80%	99,120	24,780	626,100	750,000
HCT Study	WSDOT	100%	2,000,000			2,000,000
Puyallup Runner	WSDOT	80%	154,750	38,690	1,306,560	1,500,000
Transit Support	WSDOT	100%	7,182,140		58,327,110	65,509,250
Special Needs	WSDOT	80%	3,578,490	894,620	9,281,770	13,754,880
Regional Mobility	WSDOT	80%	72,000	18,000		90,000
2028						
Preventative Maint	FTA	80%	1,109,470	277,370	19,801,710	21,188,550
ADA Operations	FTA	80%	822,750	205,690	2,292,400	3,320,840
FY22 Low-No WF Dev	FTA	80%	170,000	42,500		212,500
Bus Stop Upgrades	FTA	80%	531,400	132,850	187,560	851,810
Transit Support	WSDOT	100%	7,182,140		61,936,670	69,118,810
Special Needs	WSDOT	80%	3,578,490	894,620	9,970,630	14,443,740
Regional Mobility	WSDOT	80%	144,000	36,000		180,000
2029						
Preventative Maint	FTA	80%	1,702,870	425,720	19,953,540	22,082,130
ADA Operations	FTA	80%	822,750	205,690	2,365,460	3,393,900
Transit Support	WSDOT	100%	7,182,140		64,851,580	72,033,720
Special Needs	WSDOT	80%	3,578,490	894,620	10,288,390	14,761,500
Regional Mobility	WSDOT	80%	72,000	18,000		90,000
2030						
Preventative Maint	FTA	80%	1,702,870	425,720	20,883,510	23,012,100
ADA Operations	FTA	80%	822,750	205,690	2,440,120	3,468,560
Transit Support	WSDOT	100%	7,182,140		67,885,220	75,067,360
Special Needs	WSDOT	80%	3,578,490	894,620	10,613,150	15,086,260
2031						
Preventative Maint	FTA	80%	1,702,870	425,720	21,851,310	23,979,900
ADA Operations	FTA	80%	822,750	205,690	2,516,430	3,544,870
Transit Support	WSDOT	100%	7,182,140		71,042,290	78,224,430
Special Needs	WSDOT	80%	3,578,490	894,620	10,945,050	15,418,160
2032						
Preventative Maint	FTA	80%	1,702,870	425,720	22,858,470	24,987,060
ADA Operations	FTA	80%	822,750	205,690	2,594,420	3,622,860
Transit Support	WSDOT	100%	7,182,140		74,327,700	81,509,840
Special Needs	WSDOT	80%	3,578,490	894,620	11,284,250	15,757,360

EXPENDITURES

Operating expenditures are funds paid for providing and administering transportation services including wages, benefits, maintenance and operations (M&O), and self-insurance costs. Non-operating expenditures are funds for Pierce County grant exchange funds agreements.

Operating expenses are projected to total \$225,570,790, a 12.8 percent increase from the 2026 year-end estimate. The changes from the 2026 year-end estimate to the 2027 budget are as follows:

Wages – The 2027 budget includes 973 positions or 971 full-time equivalents (FTEs). The 10.5 percent increase in wages includes general wage adjustments, eligible step increases, and projected wages and salaries for filling vacant positions from the prior year. Represented employees are 84% of the total agency workforce. The master agreement with the Amalgamated Transit Union (ATU) expires December 31, 2026, International Association of Machinists (IAM) expires December 31, 2027, and Protec17 is currently in negotiations. A placeholder for bargaining units without a contract in place has been assumed in the budget; however, the actual amounts will be set in the final master agreement.

Benefits – The increase in benefits of 13.6 percent or \$3,997,670 is a result of projected medical, dental, and vision premium increases, percentage-based benefits that increase with wages, and filling vacancies with the most expensive benefit package.

- AWC medical, dental, and vision benefits increased at the 2026 increases.
- Public Employees Retirement System decreased by 3.2% based on DRS adopted rates.
- Deferred compensation, long-term disability, and federal tax rates remain unchanged.

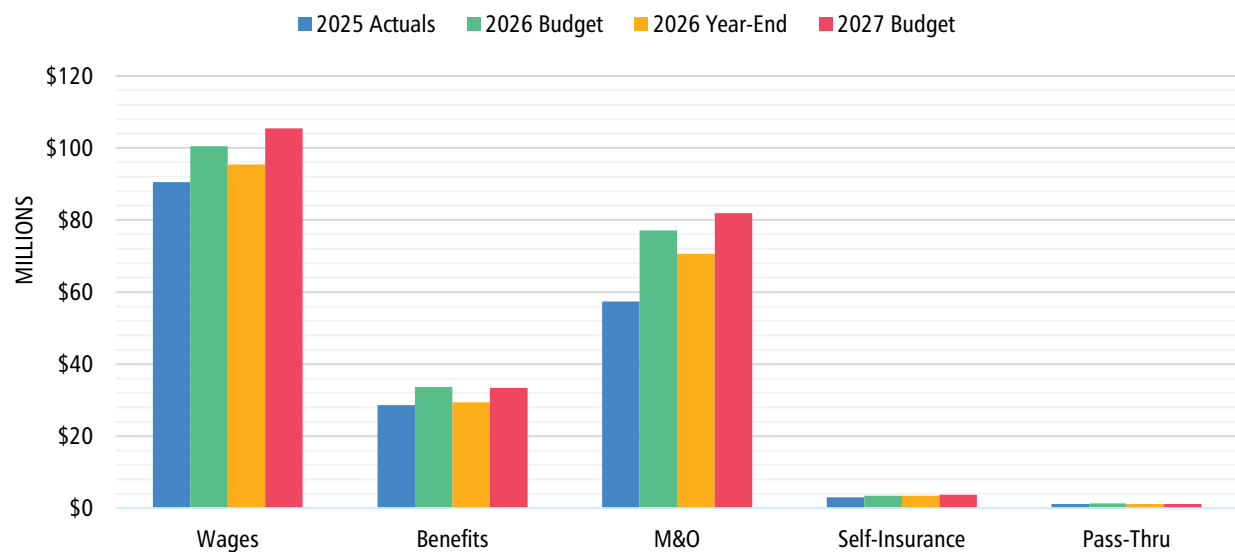
Maintenance and Operations – The 2027 maintenance and operations (M&O) budget is \$81,893,370. The expenditures support service, maintenance of equipment, and technology system needs. This is an increase of \$11,267,000 or 16 percent higher than the 2026 year-end estimate. The increases in expenses are impacted by the planned number of service hours and miles operated as well as inflation on key items such as fuel and purchased transportation costs.

Self-Insurance – The 2027 self-insurance budget is \$3,720,000. These expenditures cover the cost of claims that arise from workers' compensation and unemployment.

Non-Operating Expenditures – 2027 non-operating expenditures is a payment of \$1,135,530 to Pierce County grant exchange funds agreement. Pierce County Ferries receives 80% of their portion of FTA funding. The remainder is held by Pierce Transit as an administrative fee.

Expenditure	2025 Actuals	2026 Budget	2026 Year-End	2027 Budget	Change 2026 YE vs 2027 Budget	
Wages	\$90,551,112	\$100,477,360	\$95,409,670	\$105,473,860	\$10,064,190	10.5%
Benefits	28,556,026	33,699,740	29,350,360	33,348,030	3,997,670	13.6%
M&O	57,336,231	77,082,210	70,626,370	81,893,370	11,267,000	16.0%
Self-Insurance	2,959,669	3,417,000	3,425,370	3,720,000	294,630	8.6%
Pass-Thru	1,092,050	1,325,010	1,135,530	1,135,530	--	0.0%
Total	\$180,495,088	\$216,001,320	\$199,947,300	\$225,570,790	\$25,623,490	12.8%

Operating Expenditures by Year and Category

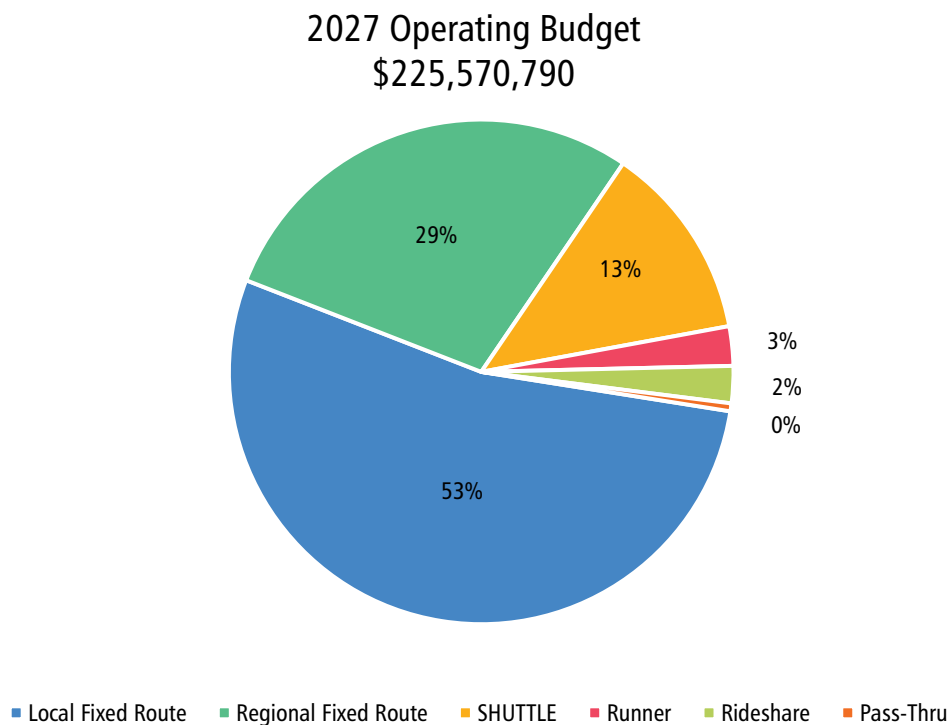


TRANSFERS

Transfers are the movement of funding between operating and self-insurance or capital budget to remain compliant with the reserve balance prescribed by Pierce Transit's municipal code.

Budget	2025 Actuals	2026 Budget	2026 Year-End	2027 Budget
Operating	-6,431,030	-4,569,000	-3,501,980	-5,452,830
Self-Insurance	955,140	4,569,000	3,501,980	3,640,800
Capital	5,475,890	--	--	1,812,030

Operating Budget by Mode

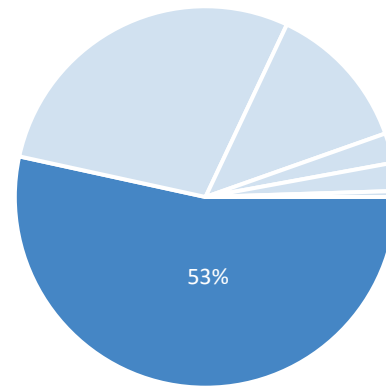


Pierce Transit's budget is allocated across our various service modes, as illustrated in the chart above. Detailed descriptions for each mode can be found in their respective sections. The pass-thru amount of \$1,135,530 is included in the total budget shown in the charts; however, it is not allocated to individual modes and represents less than one percent of the overall operating budget.

LOCAL FIXED ROUTE

Local fixed route service represents the majority of Pierce Transit's operations. This service includes 29 routes and approximately 2,000 bus stops, along with special event services such as the Washington State Fair and Gig Harbor Waterfront. Annual operating costs total \$120 million. Local fixed route represents 53 percent of Pierce Transit's operating budget, 42 percent of total service hours, and 30 percent of total service miles.

Percent of 2027 Operating Budget



Category	2025 Actuals	2026 Budget	2026 YE Estimate	2027 Budget
Wages	53,138,720	58,797,930	54,764,470	61,847,660
Benefits	18,472,436	21,256,340	18,970,310	21,410,760
Services	7,678,283	13,535,310	14,506,490	16,368,220
Supplies	7,864,605	13,361,390	10,600,680	11,961,140
Utilities	1,076,536	943,600	1,036,060	1,169,030
Insurance	2,750,674	2,485,230	2,490,630	2,810,320
Other	2,373,432	3,735,230	3,859,580	4,380,890
Rentals	127,250	391,820	438,070	542,870
Total	93,481,936	114,506,850	106,666,290	120,490,890

Measure	2026 YE Estimate	2027 Budget	Change	2027 Cost/Measure
Ridership	7,296,846	7,389,165	1.3%	16.31
Service Hours	492,568	498,800	1.3%	241.56
Service Miles	5,901,795	5,976,464	1.3%	20.16

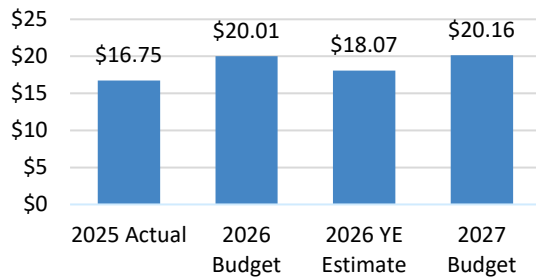
2026 Accomplishments

- Achieved 482,000 service hour goal
- Maintained sufficient operator staffing to maintain service
- Improved On-Time Performance to 84.5%

2027 Goals

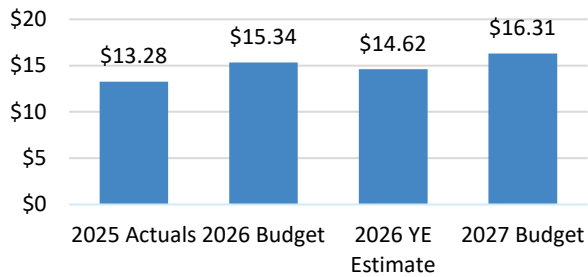
- Maintain a minimum 85% On-Time Performance
- Staff all budgeted positions

Operating Expense per Vehicle Mile



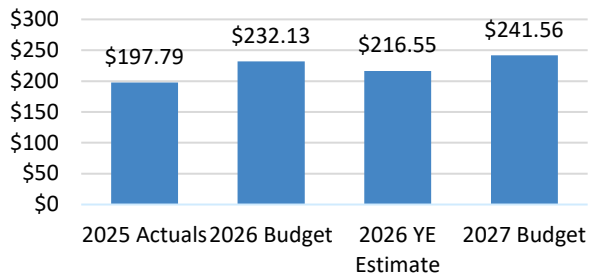
Expense per revenue mile is the total cost to operate the service divided by the number of miles, excluding the miles from base to the first pickup and the last drop off to base.

Operating Expense per Boarding



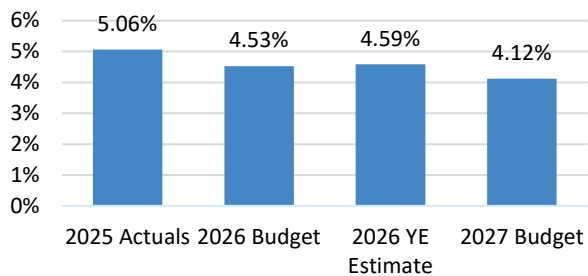
Expense per boarding is the total cost to operate the service divided by the total number of boardings.

Operating Expense per Vehicle Hour



Expense per revenue hour is the total cost to operate the service divided by the number of hours, excluding the time from base to the first pick up and the last drop off to base.

Fare Recovery

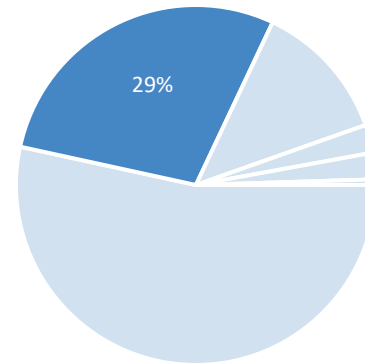


Fare recovery is the revenue generated by a service divided by the total cost to run the service.

REGIONAL FIXED ROUTE

Regional fixed route service is provided through a contract between Pierce Transit and Sound Transit to support travel between Pierce and King counties. Pierce Transit operates this service, and Sound Transit reimburses all associated costs. Annual operating costs total \$65 million. Regional fixed route service has 10 routes and represents 29 percent of Pierce Transit's operating budget, 24 percent of total service hours, and 32 percent of total service miles.

Percent of 2027 Operating Budget



Category	2025 Actuals	2026 Budget	2026 YE Estimate	2027 Budget
Wages	30,279,205	34,054,850	31,575,950	35,628,380
Benefits	10,557,508	12,435,050	10,789,080	12,173,740
Services	3,606,009	6,619,390	2,228,410	2,514,400
Supplies	8,755,614	7,072,370	8,714,730	9,833,170
Utilities	478,226	528,540	169,510	191,270
Insurance	1,849,516	2,216,340	2,254,820	2,544,220
Other	892,547	1,697,750	1,448,230	1,634,100
Total	56,418,625	64,624,290	57,180,730	64,519,280

Measure	2026 YE Estimate	2027 Budget	Change	2027 Cost/Measure
Ridership	2,873,570	3,066,778	6.7%	21.04
Service Hours	262,772	280,494	6.7%	230.02
Service Miles	6,019,888	6,258,302	4.0%	10.31

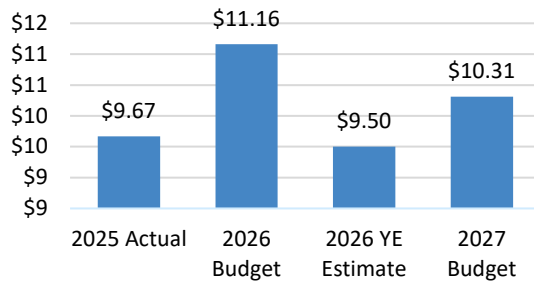
2026 Accomplishments:

- Increased On-Time Performance by an average of 2%
- Executed contract with Sound Transit for Express service through December 2026
- Restored service hours paused in March 2024

2027 Goals:

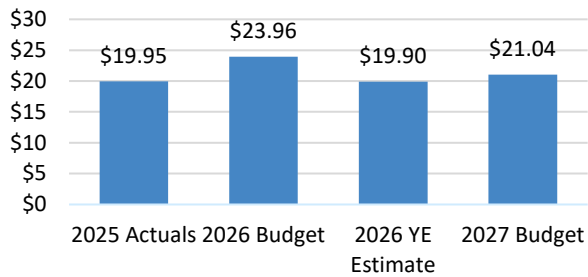
- Execute a contract extension for Express service through December 2027
- Draft new IGA contract with Sound Transit for Express service to commence January 2028

Operating Expense per Vehicle Mile



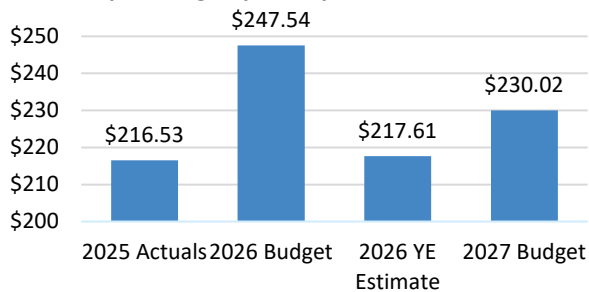
Expense per revenue mile is the total cost to operate the service divided by the number of miles, excluding the miles from base to the first pickup and the last drop off to base.

Operating Expense per Boarding



Expense per boarding is the total cost to operate the service divided by the total number of boardings.

Operating Expense per Vehicle Hour



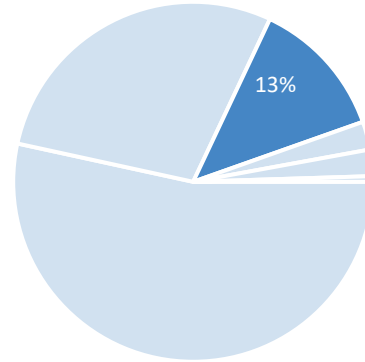
Expense per revenue hour is the total cost to operate the service divided by the number of hours, excluding the time from base to the first pick up and the last drop off to base.

Fare Recovery is not supplied for Sound Transit

DEMAND RESPONSE - SHUTTLE

Paratransit, known as Shuttle, is a federally required component of public transit. Shuttle operates within three-quarters of a mile of local fixed route services and is available to riders who apply for and meet eligibility requirements. Annual operating costs total \$28 million. Shuttle represents 13 percent of Pierce Transit's operating budget, 19 percent of total service hours, and 16 percent of total service miles.

Percent of 2027 Operating Budget



Category	2025 Actuals	2026 Budget	2026 YE Estimate	2027 Budget
Wages	4,684,163	5,450,480	4,991,370	5,631,960
Benefits	1,508,136	1,909,810	1,725,630	1,947,100
Services	462,901	688,750	844,120	952,450
Supplies	1,173,013	1,429,130	1,579,230	1,781,910
Utilities	47,669	46,670	41,510	46,840
Insurance	101,287	127,100	51,670	58,300
Other	12,517,949	16,048,460	15,666,010	17,676,570
Rentals	98,780	265,000	265,000	272,000
Total	20,593,898	25,965,400	25,164,540	28,367,130

Measure	2026 YE Estimate	2027 Budget	Change	2027 Cost/Measure
Ridership	347,728	365,764	5.2%	77.56
Service Hours	216,081	220,028	1.8%	128.93
Service Miles	3,017,963	3,086,523	2.3%	9.19

2026 Accomplishments

- Answered over 200,000 calls
- Provided over 325,000 trips, an 8% increase over 2025

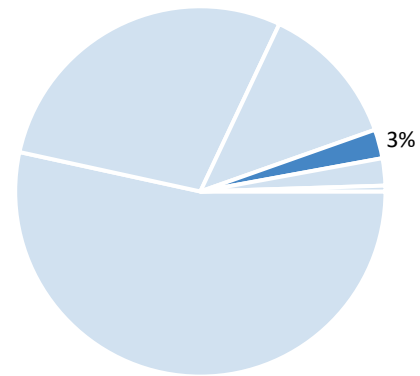
2027 Goals

- Maintain a 92% on-time performance
- Answer 99% of calls within three minutes
- Increase PPSH by greater than 5%

DEMAND RESPONSE - RUNNER

On-demand service, known as Runner, provides services within defined zones to connect communities to the greater transit system. Annual operating costs total \$6 million. Runner represents three percent of Pierce Transit's operating budget, five percent of total service hours, and five percent of total service miles.

Percent of 2027 Operating Budget



Category	2025 Actuals	2026 Budget	2026 YE Estimate	2027 Budget
Wages	404,490	263,750	252,810	285,260
Benefits	139,821	101,690	99,700	112,490
Services	97,674	66,380	60,790	68,590
Supplies	21,865	69,430	29,150	32,890
Utilities	9,918	9,410	8,770	9,890
Insurance	586	31,770	7,710	8,700
Other	3,260,233	3,372,190	4,592,030	5,181,370
Total	3,934,588	3,914,620	5,050,960	5,699,190

Measure	2026 YE Estimate	2027 Budget	Change	2027 Cost/Measure
Ridership	110,568	110,568	0.0%	51.54
Service Hours	62,892	62,892	0.0%	90.62
Service Miles	899,164	899,164	0.0%	6.34

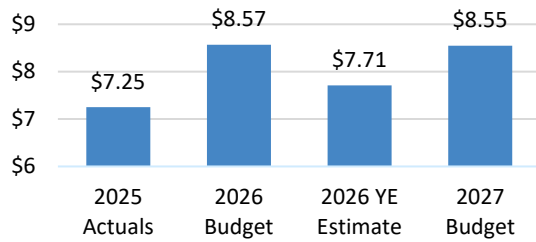
2026 Accomplishments

- Renegotiated and extended Via contract for three additional years
- Implemented ORCA payment integration through new fare payment system
- Implemented telematics reporting through Via, providing improved operational data

2027 Goals

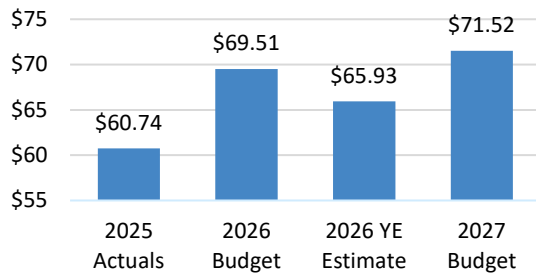
- Secure additional grant funding to support and sustain services across all zones
- Assess integration of microtransit and paratransit for improved efficiency
- Evaluate use of non-dedicated backup transportation to fill gaps, improving service reliability and customer satisfaction

Operating Expense per Vehicle Mile



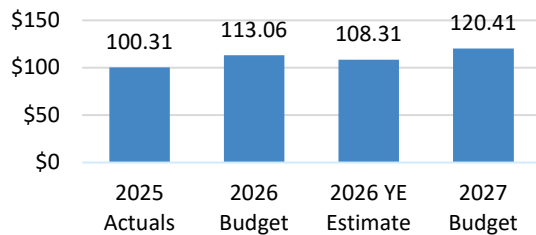
Expense per revenue mile is the total cost to operate the service divided by the number of miles, excluding the miles from base to the first pickup and the last drop off to base.

Operating Expense per Boarding



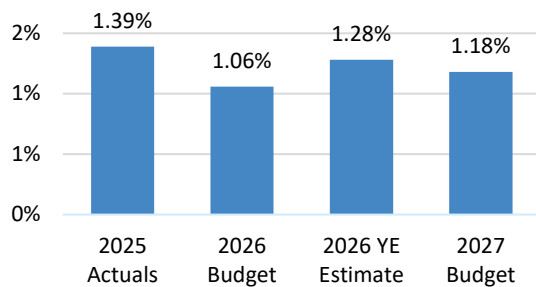
Expense per boarding is the total cost to operate the service divided by the total number of boardings.

Operating Expense per Vehicle Hour



Expense per revenue hour is the total cost to operate the service divided by the number of hours, excluding the time from base to the first pickup and the last drop off to base.

Fare Recovery

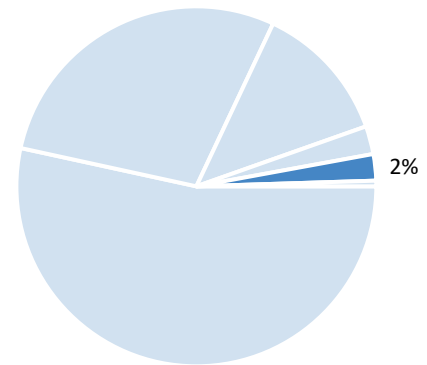


Fare recovery is the revenue generated by a service divided by the total cost to run the service.

RIDESHARE

Pierce Transit's Rideshare program connects commuters traveling between similar origins and destinations, providing a shared transportation option that reduces single-occupancy vehicle trips and helps ease congestion. Pierce Transit provides vehicles, fuel, maintenance, and insurance, while participants pay a monthly fare and share the commute. Annual operating costs total \$5 million. Rideshare represents two percent of Pierce Transit's operating budget, 10 percent of total service hours, and 18 percent of total service miles.

Percent of 2027 Operating Budget



Category	2025 Actuals	2026 Budget	2026 YE Estimate	2027 Budget
Wages	2,113,810	2,161,780	1,875,100	2,115,750
Benefits	697,912	758,240	681,220	768,650
Services	265,838	401,990	304,040	343,060
Supplies	1,158,387	1,426,780	1,158,770	1,307,480
Utilities	54,092	50,430	43,990	49,640
Insurance	609,801	722,610	559,840	631,690
Other	74,151	143,320	126,290	142,500
Total	4,973,991	5,665,150	4,749,250	5,358,770

Measure	2026 YE Estimate	2027 Budget	Change	2026 Cost/Measure
Ridership	400,000	408,000	2.0%	13.13
Service Hours	114,000	114,000	0.0%	47.01
Service Miles	3,540,494	3,600,000	1.7%	1.49

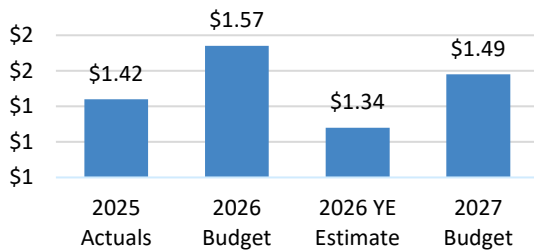
2026 Accomplishments

- Secured two grants to support vehicle replacement and participant incentives
- Completed an electric vehicle survey to inform future fleet planning
- Launched API integration between RidePro and the data warehouse to improve program data and reporting

2027 Goals

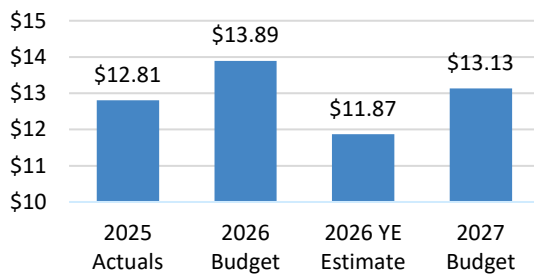
- Increase Rideshare ridership by two percent
- Implement a four-participant minimum to improve fleet utilization and program cost efficiency
- Complete the Rideshare fare analysis and determine appropriate fare adjustment to support long-term program sustainability

Operating Expense per Vehicle Mile



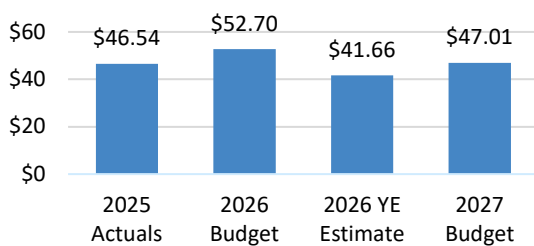
Expense per revenue mile is the total cost to operate the service divided by the number of miles, excluding the miles from base to the first pickup and the last drop off to base.

Operating Expense per Boarding



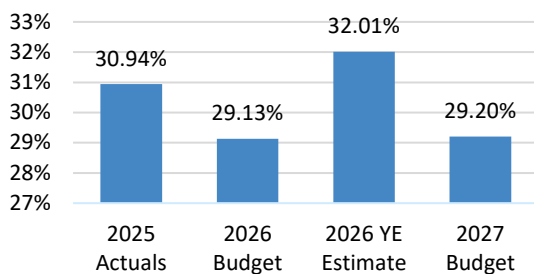
Expense per boarding is the total cost to operate the service divided by the total number of boardings.

Operating Expense per Vehicle Hour



Expense per revenue hour is the total cost to operate the service divided by the number of hours, excluding the time from base to the first pick up and the last drop off to base.

Fare Recovery



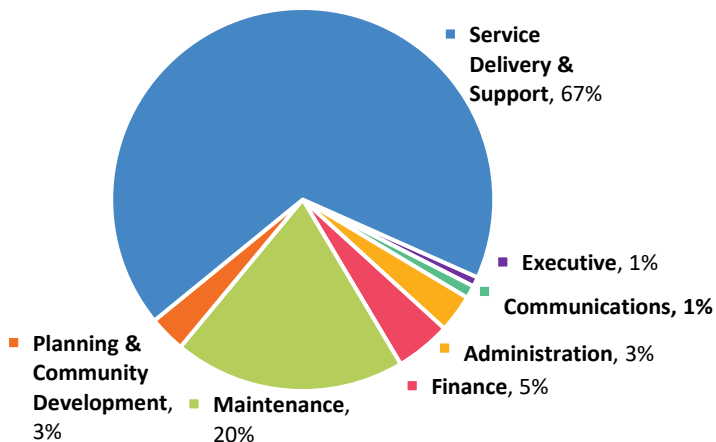
Fare recovery is the revenue generated by a service divided by the total cost to run the service.

Operating Budget by Division

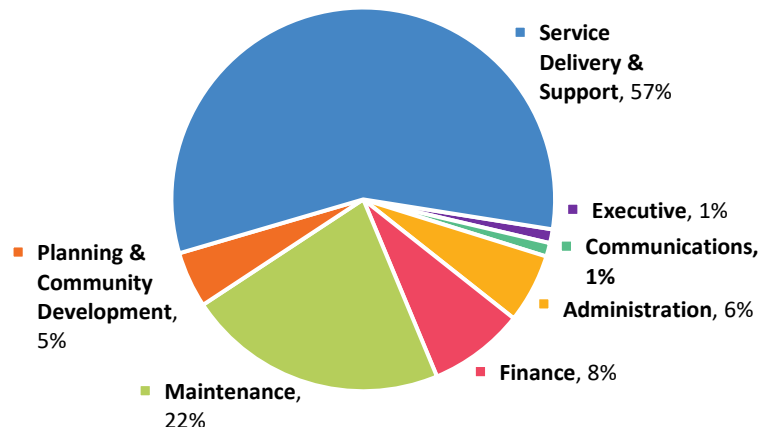
Category	Executive	Comm	Admin	Finance	Maint	Planning	Service
FTE	8	10.5	31	45.5	190	30	656
Wages	\$1,503,440	\$1,360,920	\$4,178,820	\$6,379,250	\$19,371,710	\$3,568,230	\$69,111,490
Benefits	395,690	431,330	1,314,280	1,988,630	6,707,010	1,096,510	21,414,580
Personnel	1,899,130	1,792,250	5,493,100	8,367,880	26,078,720	4,664,740	90,526,070
Supplies	20,780	30,590	321,820	8,066,120	18,252,250	916,000	1,724,930
Services	435,650	679,400	1,185,500	688,750	562,630	2,777,760	10,413,000
Insurance			5,842,480		138,450		2,300
Utilities				329,290	1,127,380	10,000	
Repairs				11,600	738,370	33,040	30,800
Rentals					265,230	267,940	281,700
Other	216,220	26,840	36,150	363,950	230,880	1,768,410	22,892,510
Contracts	1,000		1,790		1,191,860		10,000
Total M&O	673,650	736,830	7,387,740	9,459,710	22,507,050	5,773,150	35,355,240
Grand Total	\$2,572,780	\$2,529,080	\$12,880,840	\$17,827,590	\$48,585,770	\$10,437,890	\$125,881,310

The difference between the total operating budget of \$225,570,790 and the operating budget by division of \$220,715,260 is \$4,855,530. This is the cost of self-insurance, \$3,720,000 and pass-thru to Pierce County Ferries, \$1,135,530, which are considered non-departmental expenditures.

2027 FULL-TIME EQUIVALENT BY DIVISION



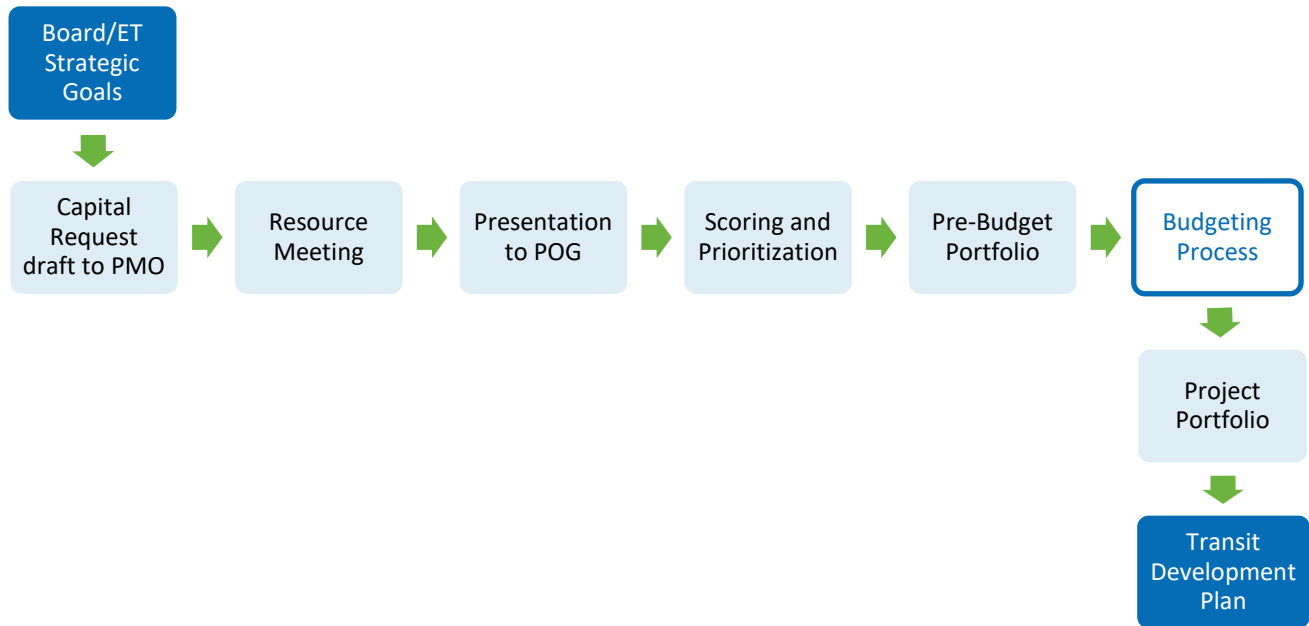
2027 EXPENDITURES BY DIVISION



Capital Budget

PROJECT SELECTION

Annually, the Project Oversight Group (POG) performs the Capital Project Selection process to develop the Six-Year Capital Improvement plan. Capital Project Selection is a process during which capital projects are proposed throughout the Agency, and the POG determines which projects, and order of priority, to recommend to the Executive Team for funding. Current projects that are not completed are automatically carried forward to the next year's budget.



For more information on our current Transit Development Plan, visit PierceTransit.org/public-documents.

REVENUES

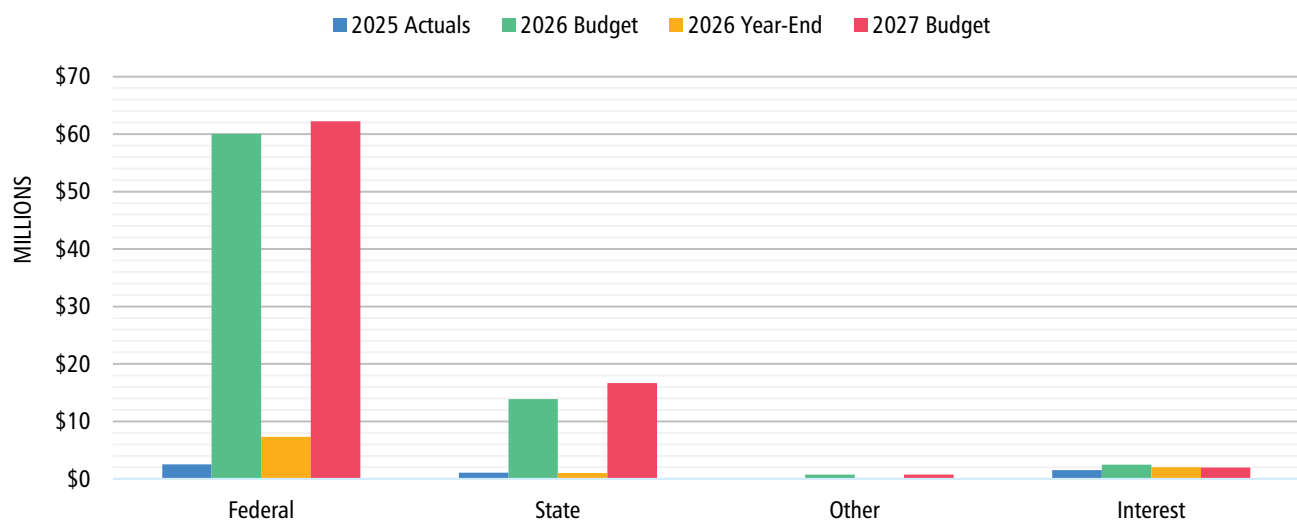
Federal – The majority of Pierce Transit’s federal funding comes from the Federal Transportation Administration (FTA) through formula funds. Formula funds are based on metrics from the urbanized area, allocating a portion of the money to Pierce Transit. Due to the routine nature of formula funds, Pierce Transit often uses them to fund vehicle replacement. Pierce Transit also participates in competitive grant awards with FTA, which we have successfully secured over \$27 million competitive awards included in the 2027 budget. The current budget has \$41 million funding vehicles, \$6 million funding passenger facilities, and \$15 million funding other assets such as bus shelters and base charging infrastructure.

State – Similar to federal funding we have one main source for state, Washington State Department of Transportation (WSDOT). Approximately \$8.4 million of state funding is being used towards the Spanaway Transit Center Parking Lot Expansion and Enhanced Bus projects. The remainder is funding charging infrastructure, system enhancements and vehicles.

Other – All of the \$0.7 million in other funding is from Sound Transit. They fund projects that support their services at Tacoma Dome Station.

Revenue	2025 Actuals	2026 Budget	2026 Yearend	2027 Budget	Change 2026 YE vs 2027 Budget	
Contributions						
Federal	\$2,526,395	\$60,045,040	\$7,329,970	\$62,234,480	\$54,904,510	749.0%
State	1,104,123	13,861,080	1,047,430	16,644,750	15,597,320	1,489.1%
Other	50,254	743,400	0	743,400	743,400	--
Interest	1,504,377	2,493,120	2,000,000	1,944,130	-55,870	-2.8%
Total	\$5,185,150	\$77,142,640	\$10,377,400	\$81,566,760	\$71,189,360	686.0%

Capital Revenues by Year and Category



EXPENDITURES

Revenue Vehicles – 43% of the capital budget, this category consists of bus, shuttle, and Rideshare vehicle replacement.

Base Facilities – 20% of the capital budget, projects such as electric vehicle charging infrastructure at our headquarter facilities.

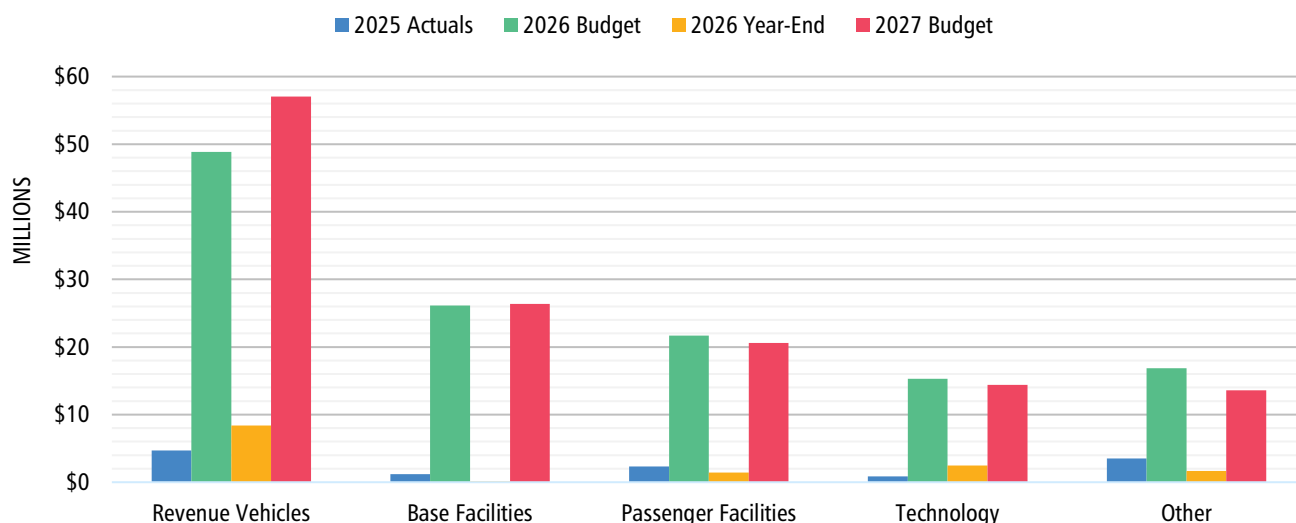
Passenger Facilities – 16% of the capital budget, this category contains improvement projects to Transit Centers and Park and Rides.

Technology – 11% of the capital budget, provide infrastructure and software to improve information and services for staff and the public.

Other – 10% of the capital budget, this category includes support vehicles for maintenance and operations, bus shelters, and equipment that is not fixed to a building.

Expenditures	2025 Actuals	2026 Budget	2026 Year-End	2027 Budget	Change 2026 YE vs 2027 Budget	
Revenue Vehicles	\$4,685,980	\$48,875,390	\$8,403,670	\$57,046,190	\$48,642,520	578.8%
Base Facilities	1,205,804	26,143,350	119,440	26,367,290	26,247,850	21,975.8%
Passenger Facilities	2,325,469	21,696,420	1,433,320	20,590,640	19,107,320	1336.6%
Technology	855,055	15,276,600	2,450,610	14,389,500	11,938,890	487.2%
Other	3,514,594	16,879,620	1,649,940	13,598,350	11,948,410	724.2%
Total	\$12,586,902	\$128,871,380	\$14,056,980	\$131,991,970	\$117,934,890	839%

Capital Expenditures by Year and Category



Line	Project Name	Project Number	Project Budget	Spent	2027 Budget	Local	Funding
1	MOBI	525	57,800,000	57,440,390	359,610	359,160	
2	Base BEB Charging Exp to 12	653	4,444,500	277,600	4,166,900	833,380	3,333,520
3	Bldg 4 HVAC Retrofit	671	350,900	43,950	306,950	306,950	
4	Bldg 5 Spec Transportation	676	390,794	369,034	21,760	21,760	
5	Bus Lot Emergency Notification	683	104,390	--	104,390	20,880	83,510
6	Bldg 1 Security Cameras & EWS	684	38,760	--	38,760	38,760	
7	Bldg 1 Tire Shop Office Reno	690	85,800	31,320	54,480	10,890	43,590
8	EV Charger F&W/Bldg 5	692	680,030	17,700	662,330	132,470	529,860
9	Running Repair Restroom	712	31,500	--	31,500	31,500	
10	Bldg 1 Bodyshop Restroom	713	31,500	--	31,500	31,500	
11	Bldg 1 Lighting Modification	714	151,800	--	151,800	151,800	
12	ADA Eligibility Assessment Fac	718	2,686,350	--	2,686,350	537,270	2,149,080
13	Workspace Design	719	120,000	--	120,000	120,000	
14	Bldg 1 Improvements	726	14,455,950	--	14,455,950	2,891,200	11,564,750
15	Gates for Bldg 5 & Bus Yard	NEW09	200,000	--	200,000	200,000	
16	Bldg 6 State of Good Repair	NEW10	665,010	--	665,010	133,000	532,010
17	Bldg 5 State of Good Repair	NEW14	1,774,800	--	1,774,800	354,960	1,419,840
18	Parts Room Refresh	NEW15	445,200	--	445,200	445,200	
19	Maintenance Pit Cover	NEW19	90,000	--	90,000	90,000	
Total Base Facilities			84,547,284	58,179,994	26,367,290	6,711,130	19,656,160
20	Bus Shelter Replacement	633	6,477,510	3,898,760	2,578,750	444,670	2,134,080
21	Enhanced Bus SR7	657	6,967,520	2,720,460	4,247,060	713,720	3,533,340
22	Bldg 1 Paint Booth Controls	658	210,580	--	210,580	210,580	
23	Fleet Maintenance Purchase	686	688,124	147,834	540,290	540,290	
24	Support Vehicle Replacement	696	3,439,040	750,000	2,689,040	2,689,040	
25	Stream Meridian/SR161 TSP	703	1,300,000	--	1,300,000		1,300,000
26	Facilities Maintenance Purchases	704	85,177	17,787	67,390	67,440	
27	Protective Devices	721	75,590	74,490	1,100	1,100	
28	Bldg 5 Light Pole	722	25,190	--	25,190	25,190	
29	CNG Compressor Replacement	724	71,270	--	71,270	71,270	
30	Misc. Capital Equipment	778	200,000	--	200,000	200,000	
31	AC/Freon Recharging Machine	NEW04	16,500	--	16,500	16,500	
32	Emergency Alarm Indicator	NEW08	77,000	--	77,000	77,000	
33	Support Vehicle Repl 2027	NEW13	998,650	--	998,650	998,650	
34	PT Access Control Upgrade	NEW16	240,510	--	240,510	240,510	
35	Support Vehicle Exp 2027	NEW17	292,160	--	292,160	292,160	
36	Canon Printer Replacement	NEW18	42,860	--	42,860	42,860	
Total Other			21,207,680	7,609,330	13,598,350	6,630,930	6,967,420

Line	Project Name	Project Number	Project Budget	Spent	2027 Budget	Local	Funding
37	Pacific Ave/SR7 Park & Ride	556	13,192,886	11,295,286	1,897,600	1,897,600	
38	TDS Elevator Repairs & Upgrades	588	3,451,549	3,398,319	53,230	53,230	
39	Spanaway TC Parking Lot Exp	607	15,493,350	1,698,880	13,794,470	1,848,610	11,945,860
40	TDS Wayfinding	608	1,308,837	759,187	549,650	-193,750	743,400
41	Braille Tactile Signs	687	1,777,430	--	1,777,430	594,580	1,182,850
42	Commerce Tunnel Gate Retrofit	691	295,000	210,260	84,740	84,740	
43	Lakewood TC Roof Replacement	698	45,960	--	46,060	46,060	
44	TDS Pedestrian Improvement	709	33,000	--	33,000	33,000	
45	TCC Transit Center SOGR	715	58,460	--	58,460	58,460	
46	512 Park & Ride Seal & Stripe	717	250,000	--	250,000	250,000	
47	Water Intrusion TDS Elevators	NEW03	2,046,000	--	2,046,000	1,923,790	122,210
Total Passenger Facilities			37,952,472	17,361,932	20,590,640	6,596,320	13,994,320
48	Shuttle Replacement 2023	637	3,114,590	2,657,200	457,390	457,390	
49	Bus Replacement 2024	659	13,651,990	--	13,651,990	2,730,390	10,921,600
50	Shuttle Replacement 2024	660	13,898,430	7,880,140	6,018,290	4,545,440	1,472,850
51	Shuttle Replacement 2025	681	4,120,340	--	4,120,340	824,070	3,296,270
52	Bus Replacement 2025	682	5,951,420	--	5,951,420	1,190,280	4,761,140
53	Rideshare Replacement 25/26	693	4,356,097	2,486,667	1,869,430	1,029,850	839,580
54	Bus Replacement 2025 Group 2	725	4,025,000	--	4,025,000	805,000	3,220,000
55	Bus Replacement 2027	NEW01	9,913,310	--	9,913,310	1,590,300	8,323,010
56	Shuttle Replacement 2027	NEW02	3,289,320	--	3,289,320	657,860	2,631,460
57	Rideshare Replacement 2027	NEW05	1,991,430	--	1,991,430	1,991,430	
58	Shuttle Replacement 2027	NEW11	1,334,740	--	1,334,740	1,334,740	
59	Bus Expansion (3)	NEW24	4,423,530	--	4,423,530	884,710	3,538,820
Total Revenue Vehicles			70,707,197	13,024,007	57,046,190	18,041,460	39,004,730
60	Security Systems Replacement	452	4,080,769	3,083,019	997,750	997,750	
61	ngORCA	482	6,935,194	4,199,034	2,736,160	2,736,160	
62	CAD/AVL	573	11,000,000	9,584,230	1,415,770	1,415,770	
63	Call Center S/W Replacement	604	159,000	151,470	7,530	7,530	
64	Real Time Sign Replacement	645	43,070	--	43,070	43,070	
65	Finance ERP	675	3,900,000	1,773,940	2,126,060	2,126,060	
66	Network Infrastructure Repl 24	678	1,680,290	617,940	1,062,350	1,062,350	
67	Hastus Upgrade 25	688	824,870	291,740	533,130	533,130	
68	Network Infrastructure Repl	689	678,040	31,800	646,240	646,240	
69	VOAM Module Interface	695	227,920	--	227,920	227,920	
70	Fleetwatch Software Update	705	57,000	--	57,000	57,000	
71	Fleetwatch Bldg 1 Equipment	706	789,900	5,480	784,420	784,420	
72	Radio and Telephone Recording	708	75,130	--	75,130	75,130	
73	EAM for Capital Facilities	711	309,320	--	309,320	309,320	
74	Network Infrastructure Repl	NEW06	859,890	--	859,890	859,890	

Line	Project Name	Project Number	Project Budget	Spent	2027 Budget	Local	Funding
75	Clever Insights	NEW07	113,890	--	113,890	113,890	
76	Stabilize CAD/AVL Bus Radio	NEW12	1,029,860	--	1,029,860	1,029,860	
77	Trapeze Mobile Focus	NEW20	365,200	--	365,200	365,200	
78	Dashcam Rideshare Vehicles	NEW21	333,480	--	333,480	333,480	
79	Clever CAD System to Cloud	NEW22	385,730	--	385,730	385,730	
80	ConnectPoint TC Infill	NEW23	279,600	--	279,600	279,600	
Total Technology			34,128,153	19,738,653	14,389,500	14,389,500	--
Total Capital			247,905,786	115,913,916	131,991,970	52,369,340	79,622,630

RESERVE BALANCE

Pierce Transit defines the 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. Below is a high-level table showing the ending balances for 2027.

2027 Budget	Operating	Insurance	Capital
Beginning Balance	\$227,524,560	\$2,400,000	\$58,913,180
Revenues	227,238,840	79,200	81,566,760
Transfers-In	--	3,640,800	1,812,030
Expenditures	221,850,790	3,720,000	131,991,970
Transfers-Out	5,452,830	--	--
Ending Balance	\$227,459,780	\$2,400,000	\$10,300,000

The 2027 budget includes operating and non-operating revenues of \$227 million which funds operating and non-operating expenses of \$225 million for 1,176,214 hours of service and contributes to the capital program. In addition, the budget fully funds and maintains all reserve balances at levels required by the Board adopted reserve policy.

Six-Year Forecast



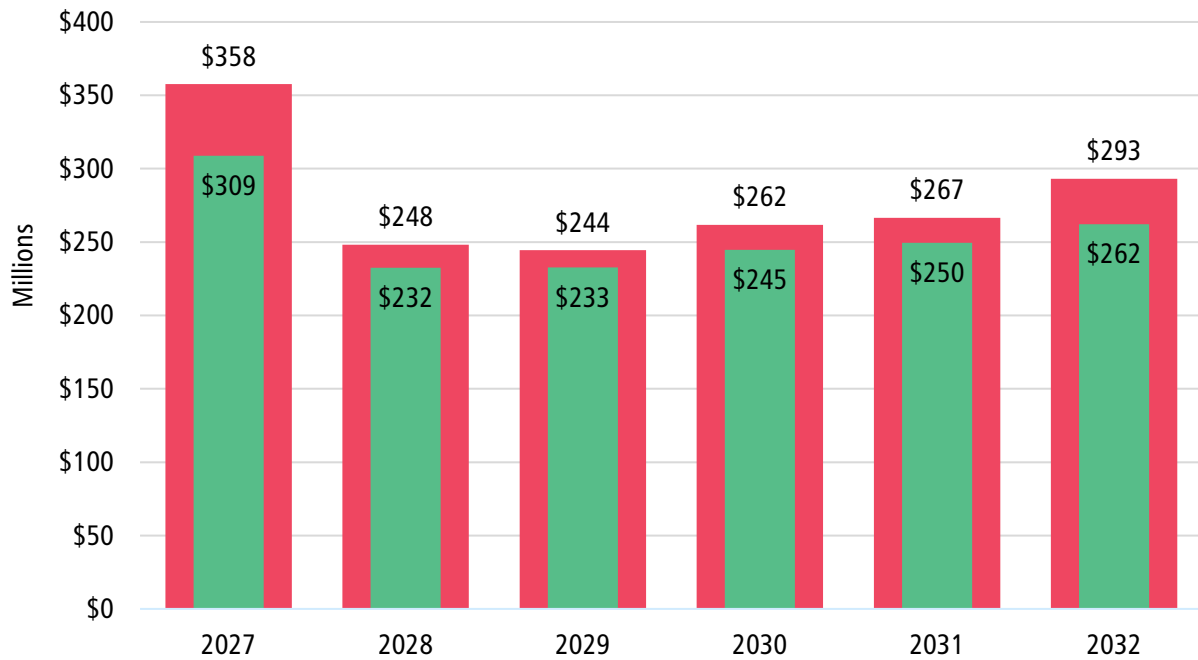
Six-Year Forecast

The six-year financial table and charts below illustrate the forecasted trajectory of the agency's finances. In 2027, both revenues and expenditures are higher compared to the subsequent years. This is primarily due to the outstanding capital projects carried forward from 2026. Although the full amount of these projects is budgeted in the first year of the plan, larger construction-type projects typically incur expenses over multiple years.

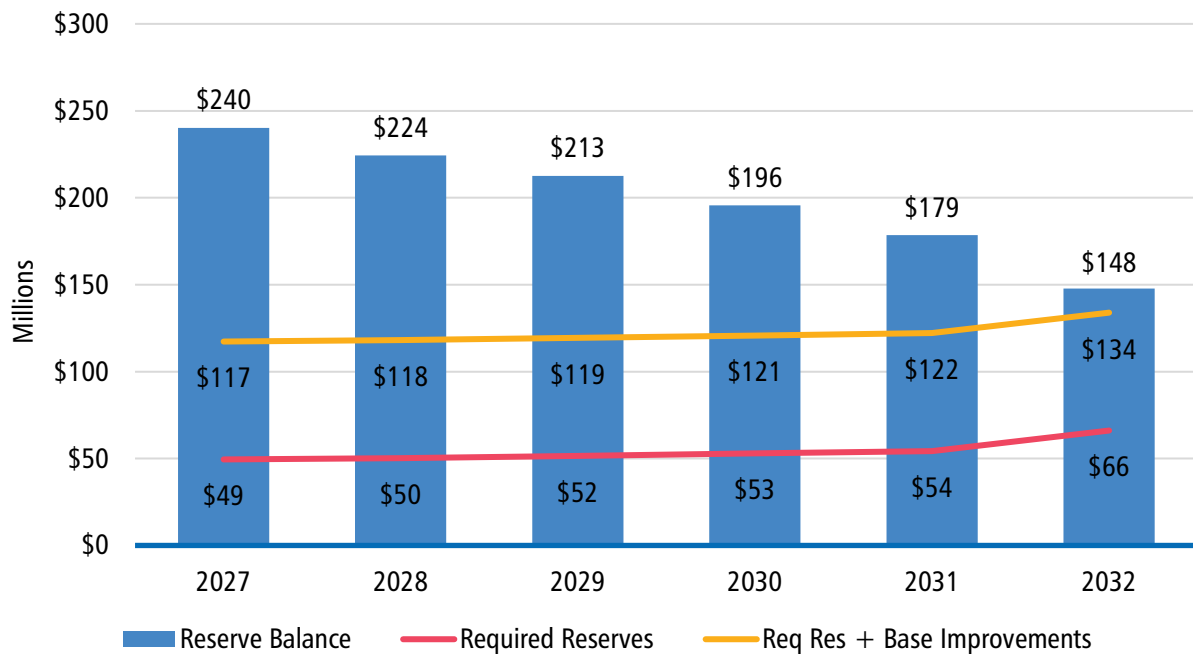
From 2028 through 2032, while our revenues show a year-over-year increase, expenditures continue to outpace revenues. This trend results in a gradual decrease in our reserves each year. However, it is important to note that we maintain reserves higher than those required by our municipal code throughout the entire six-year plan.

	2027	2028	2029	2030	2031	2032
Beginning Balance	288,837,740	240,159,780	224,311,290	212,623,500	195,583,430	178,584,700
Revenues						
Passenger Fares	6,928,860	7,029,880	7,078,480	7,126,550	7,174,040	7,221,470
Advertising	663,040	669,780	676,670	678,670	690,900	698,260
Regional Transit	66,250,000	69,034,520	71,900,250	74,882,000	77,984,340	81,212,020
Sales Tax	123,226,750	126,923,550	130,731,260	134,653,200	138,692,800	142,853,580
Miscellaneous	10,986,200	9,391,970	8,881,470	8,296,030	7,764,010	7,233,710
Operating Grants	21,207,320	13,006,850	13,358,250	13,286,250	13,286,250	13,286,250
Capital Grants	79,622,630	6,337,920	74,840	5,776,760	4,000,000	9,701,920
Total Revenue	308,884,800	232,394,470	232,701,220	244,704,500	249,592,340	262,207,210
Expenditures						
Wages	105,473,860	109,150,260	112,901,510	116,781,720	120,795,280	124,946,740
Benefits	33,348,030	35,602,210	37,954,770	40,427,000	43,024,320	45,752,430
M&O	85,613,370	84,358,450	86,214,630	88,111,610	90,050,360	92,031,760
Non-Operating	1,135,530	1,135,530	1,135,530	1,135,530	1,135,530	1,135,530
Capital	131,991,970	17,996,510	6,182,570	15,288,710	11,585,580	29,228,800
Total Expenditures	357,562,760	248,242,960	244,389,010	261,744,570	266,591,070	293,095,260
Ending Balances	240,159,780	224,311,290	212,623,500	195,583,430	178,584,700	147,696,650

Six-Year Revenues & Expenditures



Six-Year Ending Balance & Required Reserves



Six-Year Capital Projects

Line	Project Name	Project Number	2027	2028	2029	2030	2031	2032
1	Security System Replacement	452	997,750					
2	ngORCA	482	2,736,160					
3	MOBI	525	359,610					
4	Pacific Ave/SR7 Park & Ride	556	1,897,600					
5	CAD/AVL	573	1,415,770					
6	TDS Elevator Repairs & Upgrades	588	53,230					
7	Call Center Software Replacement	604	7,530					
8	Spanaway TC Parking Lot Exp	607	13,794,470					
9	TDS Wayfinding	608	549,650					
10	Bus Shelter Replacement	633	2,578,750					
11	Shuttle Replacement 23	637	457,390					
12	Real Time Sign Replacement	645	43,070					
13	Base BEB Charging Exp to 12	653	4,166,900					
14	Enhanced Bus SR7	657	4,247,060					
15	Bldg 1 Paint Booth Controls	658	210,580					
16	Bus Replacement 24	659	13,651,990					
17	Shuttle Replacement 24	660	6,018,290					
18	Bldg 4 HVAC Retrofit	671	306,950					
19	Finance ERP	675	2,126,060					
20	Bldg 5 Spec Trans Remodel	676	21,760					
21	Network Infrastructure Repl 24	678	1,062,350					
22	Shuttle Replacement 25	681	4,120,340					
23	Bus Replacement 25	682	5,951,420					
24	Bus Lot Emergency Notification	683	104,390					
25	Bldg 1 Security Cameras & EWS	684	38,760					
26	Fleet Maintenance Purchases	686	540,290					
27	Braille Tactile Signs	687	1,777,430					
28	Hastus Upgrade 25	688	533,130					
29	Network Infrastructure Repl 25	689	646,240					
30	Bldg 1 Tire Shop Office Reno	690	54,480					
31	Commerce Tunnel Gate Retrofit	691	84,740					
32	EV Charger F&W/Bldg 5	692	662,330					
33	Rideshare Replacement 25/26	693	1,869,430					
34	VOAM Module Interface	695	277,920					
35	Support Vehicle Repl 25/26	696	2,689,040					
36	Lakewood TC Roof Repl	698	46,060					
37	Stream Meridian/SR161 TSP	703	1,300,000					
38	Facilities Maintenance Purchases	704	67,390					
39	Fleetwatch Software Update	705	57,000					
40	Fleetwatch Bldg 1 Equipment	706	784,420					

Line	Project Name	Project Number	2027	2028	2029	2030	2031	2032
41	Radio and Telephone Recording	708	75,130					
42	TDS Pedestrian Improvements	709	33,000					
43	EAM for Capital Facilities	711	309,320					
44	Running Repair Restroom	712	31,500					
45	Bldg 1 Bodysshop Restroom	713	31,500					
46	Bldg 1 Lighting Modification	714	151,800					
47	TCC Transit Center SOGR	715	58,460					
48	512 Park & Ride Seal and Stripe	717	250,000					
49	ADA Eligibility Assessment Fac	718	2,686,350					
50	Workspace Design	719	120,000					
51	Protective Devices	721	1,100					
52	Bldg 5 Light Pole	722	25,190					
53	CNG Compressor Replacement	724	71,270					
54	Bus Fleet Repl Group 2	725	4,025,000					
55	Bldg 1 Improvements	726	14,455,950					
56	Misc. Capital Equipment	778	200,000					
Total Carryforward Projects			100,783,300					
57	Bus Fleet Replacement 2027	NEW01	9,913,310					
58	Shuttle Replacement 2027	NEW02	3,289,320					
59	Water Intrusion TDS Elevators	NEW03	2,046,000					
60	AC/Freon Recharging Machine	NEW04	16,500					
61	Rideshare Replacement 2027	NEW05	1,991,430					
62	Network Infrastructure Repl 2027	NEW06	859,890					
63	Clever Insights	NEW07	113,890					
64	Emergency Alarm Indicator	NEW08	77,000					
65	Gates for Bldg 5 & Bus Yard	NEW09	200,000					
66	Bldg 6 State of Good Repair	NEW10	665,010					
67	Shuttle Expansion 2027	NEW11	1,334,740					
68	Stabilize CAD/AVL Bus Radio	NEW12	1,029,860					
69	Support Vehicle Repl 2027	NEW13	998,650					
70	Bldg 5 State of Good Repair	NEW14	1,774,800					
71	Parts Room Refresh	NEW15	445,200					
72	PT Access Control Upgrade	NEW16	240,510					
73	PS Vehicle Expansion	NEW17	292,160					
74	Canon Printer Replacement	NEW18	42,860					
75	Maintenance Pit Cover	NEW19	90,000					
76	Trapeze Mobile Focus	NEW20	365,200					
77	Dashcam Rideshare Vehicles	NEW21	333,480					
78	Clever CAD to Cloud	NEW22	385,730					
79	ConnectPoint TC Infill	NEW23	279,600					
80	Bus Expansion (3)	NEW24	4,423,530					

Line	Project Name	Project Number	2027	2028	2029	2030	2031	2032
Total New Projects			31,208,670					
81	Bus Fleet Replacement	OUT01		11,997,990		10,102,100		16,389,740
82	Network Infrastructure Repl	OUT02		577,110	1,441,210	423,890	902,270	448,110
83	Rideshare Replacement	OUT03		2,059,130	2,113,110	2,175,000	2,218,150	2,261,740
84	Support Vehicle Replacement	OUT04		1,688,810	1,152,550	590,020	604,170	650,800
85	ORCA Reader on Shuttle Vehicles	OUT05		440,000				
86	Rideshare Expansion	OUT06		1,145,730	1,175,490	1,209,160	1,208,090	1,256,140
87	Fleet Admin Offices Remodel	OUT07		34,500				
88	Employee E-Bike Charging Hub	OUT08		53,240				
89	72 nd & Portland TC SOGR	OUT09			37,390			
90	Bldg 1 Transmission Jack Repl	OUT10			30,000			
91	Parkland TC Sealcoat & Striping	OUT11			42,060			
92	Parkland TC State of Good Repair	OUT12			97,210			
93	Bldg 5 Parking Lot EVSE Exp	OUT13			93,550			
94	Bldg 1 Brake Dyno Replacement	OUT14				250,000		
95	Bldg 1 Horizontal Ban Saw Repl	OUT15				13,200		
96	Bldg 1 Parts Washer Replacement	OUT16				275,000		
97	Bldg 4 Fire Alarm System	OUT17				138,290		
98	AC/Freon Reloading Machine	OUT18				18,500		
99	Fuel & Wash EVSE Expansion	OUT19				93,550		
100	Shuttle Replacement	OUT20					6,652,900	6,652,900
101	TDS Parking Guidance System	OUT21						1,569,370
Total Outyear Projects				17,996,510	6,182,570	15,288,710	11,585,580	29,228,800
Total			131,991,870	17,996,510	6,182,570	15,288,710	11,585,580	29,228,800

Indicates a project is partially covered with outside funding.

While the list of capital projects for the outyears includes those that we routinely replace, such as vehicles, each year we conduct a comprehensive evaluation of projects across the entire agency. This process may result in the addition of new projects to future budgets that are not currently listed. The following projects were submitted for inclusion but were ultimately not included in the budget.

Unfunded Projects	Cost	Year	Reason
Commerce Station State of Good Repair	296,100	2028	POG Declined
TCC Battery Electric Bus On-Route Charging	3,761,410	2028	POG Declined
Lakewood Transit Center Inductive Chargers & Support	3,761,410	2029	POG Declined
Hydrogen Fuel Study	330,900	2032	POG Declined
TDS Parking Payment System	609,400	2033	Outside of 6-Year Forecast
Commerce Station Battery Electric Bus On-Route Charging	2,885,400	2038	Outside of 6-Year Forecast
South Hill Mall TC Battery Electric Bus ON-Route Charging	4,328,100	2039	Outside of 6-Year Forecast
Tacoma Mall TC Battery Electric Bus On-Route Charging	4,328,100	2039	Outside of 6-Year Forecast
Total	20,300,820		

Appendix



Service Summary

Mode	2025 Actual	2026 Budget	2026 YE Estimate	2027 Budget	% Change 26B vs 27B	% Change 26YE vs 27B
Pierce Transit – Local Fixed Route						
Ridership	7,039,888	7,462,264	7,296,846	7,389,165	-1.0%	1.3%
Service Hours	472,639	493,929	492,568	498,800	1.0%	1.3%
Service Miles	5,582,584	5,721,238	5,901,795	5,976,464	4.5%	1.3%
Sound Transit – Regional Fixed Route						
Ridership	2,828,248	2,696,863	2,873,570	3,066,778	13.7%	6.7%
Service Hours	260,556	261,071	262,772	280,494	7.4%	6.7%
Service Miles	5,832,445	5,789,430	6,019,888	6,258,302	8.1%	4.0%
Shuttle						
Ridership	316,646	337,645	347,728	365,764	8.3%	5.2%
Service Hours	198,188	216,284	216,081	220,028	1.7%	1.8%
Service Miles	2,698,866	2,880,485	3,017,963	3,086,523	7.2%	2.3%
On Demand Runner						
Ridership	87,192	92,195	110,568	110,568	19.9%	0.0%
Service Hours	46,331	47,995	62,892	62,892	31.0%	0.0%
Service Miles	686,506	607,741	899,164	899,164	48.0%	0.0%
Rideshare						
Ridership	388,390	408,000	400,000	408,000	0.0%	2.0%
Service Hours	106,880	107,500	114,000	114,000	6.0%	0.0%
Service Miles	3,509,334	3,600,000	3,540,494	3,600,000	0.0%	1.7%
All Modes						
Ridership	10,660,364	10,996,967	11,028,712	11,340,275	3.1%	2.8%
Service Hours	1,084,594	1,126,779	1,148,313	1,176,214	4.4%	2.4%
Service Miles	18,309,735	18,598,894	19,379,304	19,820,453	6.6%	2.3%

Peer Comparison

Agency	Service Population	Service Area (Sq Mi)	FTA UZA	Vehicles Operated at Maximum Service	Sales Tax Rate
Pierce Transit	575,963	292	Seattle	430	0.6%
Kitsap Transit	254,183	396	Bremerton	222	0.8%
Intercity Transit	200,200	101	Olympia	230	1.2%
Community Transit	910,144	256	Seattle	497	1.2%
Spokane Transit	475,470	248	Spokane	316	0.8%

Agency	Operating Expenses	Vehicle Revenue Miles	Vehicle Revenue Hours	Unlinked Trips	Fare Revenue
Motor Bus					
Pierce Transit	90,607,159	4,524,583	403,238	6,774,524	4,670,852
Kitsap Transit	34,228,333	2,336,300	123,088	1,655,636	2,289,353
Intercity Transit	46,573,420	3,251,046	236,495	4,087,404	17,133
Community Transit	142,181,141	7,175,822	505,580	7,101,368	5,403,010
Spokane Transit	94,947,373	7,146,245	524,059	10,166,876	6,844,290
Demand Response					
Pierce Transit	22,911,211	2,682,487	195,218	360,400	416,366
Kitsap Transit	19,563,618	1,378,465	92,181	265,231	175,090
Intercity Transit	17,225,012	812,190	78,361	137,998	--
Community Transit	14,284,292	1,635,027	113,113	218,546	527,717
Spokane Transit	22,707,248	2,485,326	161,951	390,956	517,872
Vanpool					
Pierce Transit	4,812,706	3,206,018	95,009	362,661	1,534,391
Kitsap Transit	1,036,485	453,489	15,117	66,885	244,872
Intercity Transit	2,973,114	2,612,749	73,959	208,164	456,805
Community Transit	5,822,845	2,764,318	84,300	381,964	2,149,451
Spokane Transit	947,664	1,096,062	32,585	103,270	304,084

Our peers were selected by the location and services of the providing agency. They serve similar areas considered to be city and suburban and offer motorbus, demand response, and vanpool modes. The following charts break down the spending on a per unit basis to make comparisons easier to determine utilizing the last completed year of NTD data, currently 2024. The definitions below will assist you in understanding what is being measured in the charts.

Revenue Mile: The total miles driven while the vehicle is in service providing passenger trips, not including the miles from base to the first stop or the last stop returning to base.

Revenue Hour: The total hours driven while the vehicle is in service providing passenger trips, not including the time from base to the first stop or the last stop returning to base.

Unlinked Passenger Trip: The total number of passengers who board public transportation vehicles counted each time they board.

Fare Recovery: The amount of money collected by the specific mode to offset the costs of operating the mode.

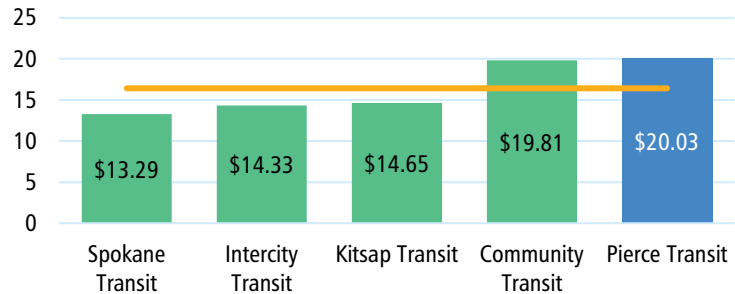
MOTORBUS

These graphs illustrate the performance of fixed-route bus services – referred to as motorbus, directly operated (MBDO) in the National Transit Database (NTD) – using 2024 agency profile data. The use of standardized NTD reporting supports consistent, reliable comparisons across transit agencies.

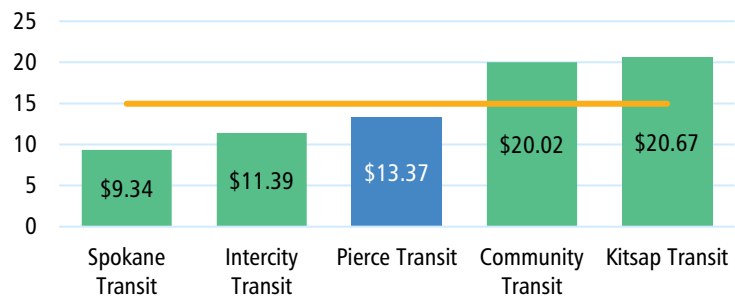
Among the metrics shown, Pierce Transit ranks third among peer agencies in all areas except cost per vehicle revenue mile, where Pierce Transit's cost is 22 percent higher than the peer average. One possible factor influencing this result is lower speed limits within our service area, which can reduce the number of miles that can be operated within a given period of time.

For most metrics, lower values indicate greater efficiency or reduced costs. Fare recovery is the exception: a higher percentage reflects a greater share of the operating costs being covered by passenger fares.

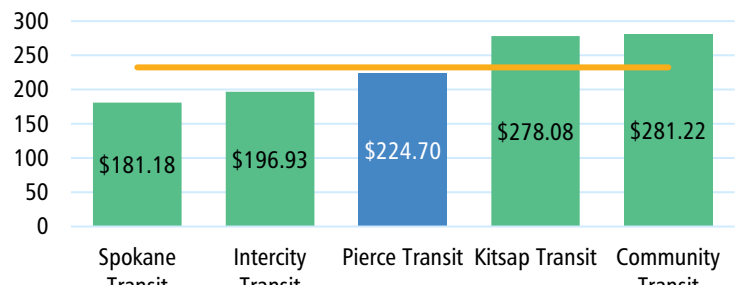
Operating Expense per Vehicle Revenue Mile



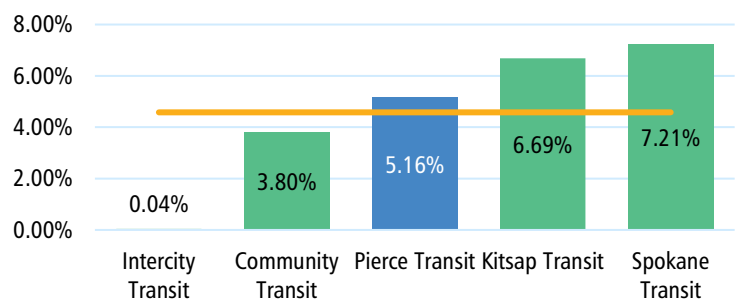
Operating Expense per Unlinked Passenger Trip



Operating Expense per Vehicle Revenue Hour



Fare Recovery



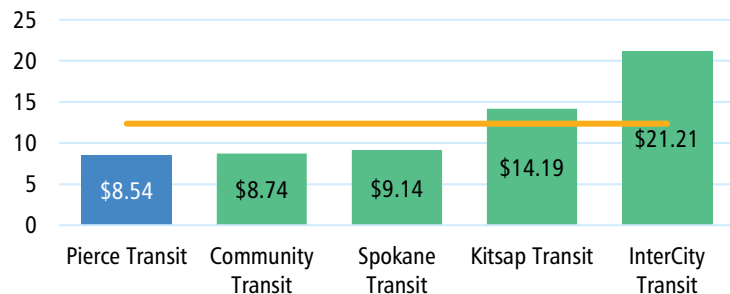
DEMAND RESPONSE

These graphs illustrate the performance of paratransit and on demand services – referred to as demand response directly operated (DRDO) and demand response purchased transportation (DRPT) in the National Transit Database (NTD) – using 2024 agency profile data. The use of standardized NTD reporting supports consistent, reliable comparisons across transit agencies.

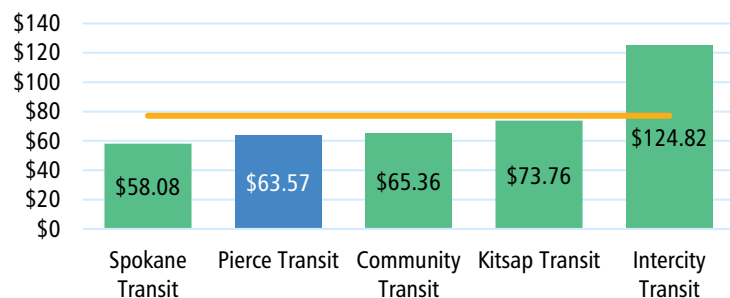
Among the metrics shown, Pierce Transit ranks first in cost per vehicle revenue mile and cost per vehicle revenue hour, coming in 31 percent and 28 percent below the peer average, respectively. Cost per passenger trip and fare recovery both rank second, continuing the trend of performing better than the peer average.

For most metrics, lower values indicate greater efficiency or reduced costs. Fare recovery is the exception: a higher percentage reflects a greater share of the operating costs being covered by passenger fares.

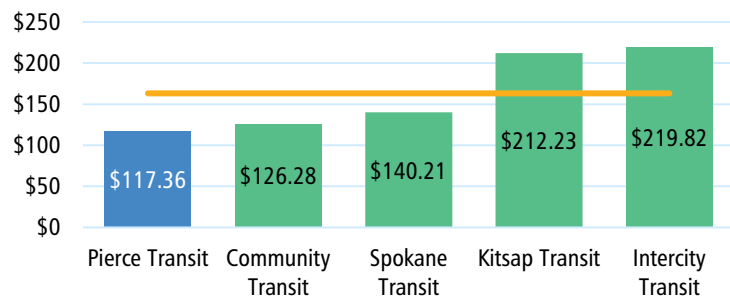
Operating Expense per Vehicle Revenue Mile



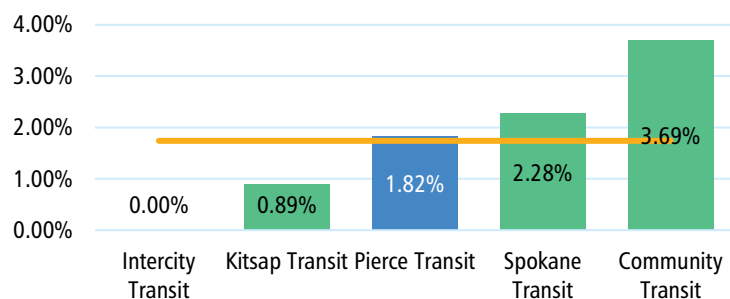
Operating Expense per Unlinked Passenger Trip



Operating Expense per Vehicle Revenue Hour



Fare Recovery



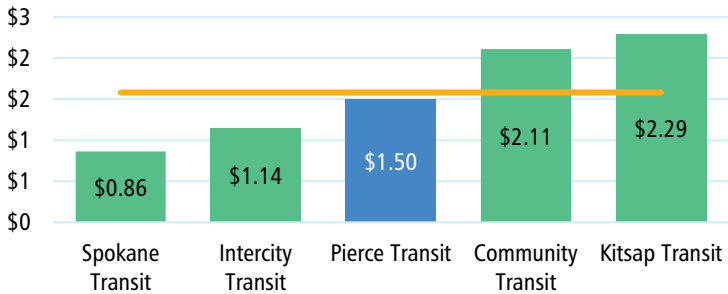
VANPOOL

These graphs illustrate the performance of Rideshare services – referred to as vanpool, directly operated (VPDO) in the National Transit Database (NTD) – using 2024 agency profile data. The use of standardized NTD reporting supports consistent, reliable comparisons across transit agencies.

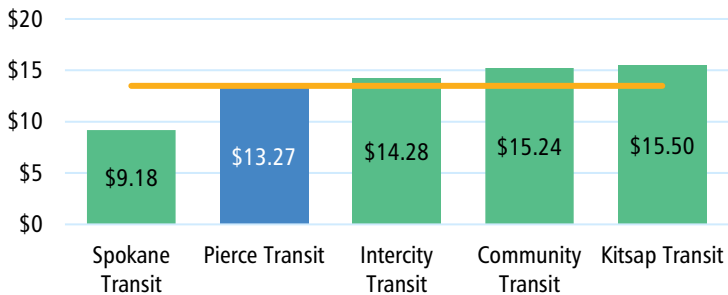
Among the metrics shown, Pierce Transit ranks third among peer agencies in all areas except for the cost per passenger trip, where Pierce Transit’s cost ranks second and in line with the peer average. One possible factor influencing this result is higher number of passengers in each group, which can lower the cost for each passenger.

For most metrics, lower values indicate greater efficiency or reduced costs. Fare recovery is the exception: a higher percentage reflects a greater share of the operating costs being covered by passenger fares.

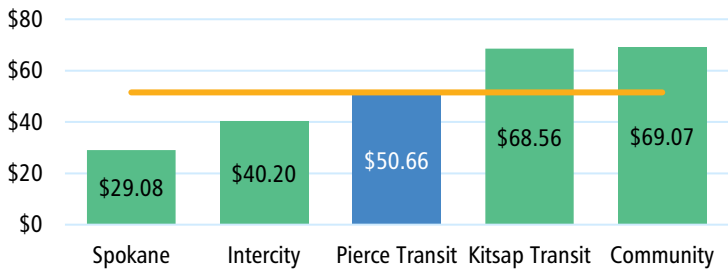
Operating Expense per Vehicle Revenue Mile



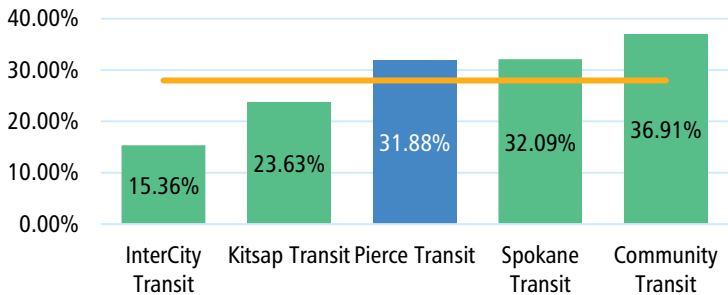
Operating Expense per Unlinked Passenger Trip



Operating Expense per Vehicle Revenue Hour



Fare Recovery



Acronyms

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

ADA – Americans with Disabilities Act

AFB – Average Fare per Boarding

ATU – Amalgamated Transit Union

AWC – Association of Washington Cities

BEB – Battery Electric Bus

CAM – Cost Allocation Model

DRDO – Demand Response Directly Operated

DRPT – Demand Response Purchased Transportation

EAM – Enterprise Asset Management

ERP – Enterprise Resource Planning

EV – Electric Vehicle

EWS – Emergency Warning System

FTA – Federal Transit Administration

FTE – Full-Time Equivalent

FY – Fiscal Year

F&W – Fuel and Wash

IAM – International Association of Machinists

MBDO – Motor Bus Directly Operated

MOBI – Maintenance and Operations Building Improvements

M&O – Maintenance and Operations

ngORCA – Next Generation One Regional Card for All

NTD – National Transit Database

POG – Project Oversight Group

PTBA – Public Transportation Benefit Area

P&R – Park and Ride

SOGR – State of Good Repair

SSes – Stream System Expansion Study

TC – Transit Center

TCC – Tacoma Community College

TDS – Tacoma Dome Station

VPDO – Vanpool Directly Operated

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.

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

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

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 formal action of the Board of Commissioners to approve additional appropriations after the initial budget adoption.

Budget Transfer – A record of change to the budget with no financial impact.

Bus Rapid Transit – Systems 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.

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.

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

Fund – A fiscal or accounting entity with a self-balancing set of accounts, 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.

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

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

Ridership – The total number of passenger boardings on fixed route, SHUTTLE, or Rideshare 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 – 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.

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.

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