

2017

Proposed Budget



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September 2016

To: Sound Transit Board of Directors
 From: Peter M. Rogoff, Chief Executive Officer *PMR*
 Subject: Proposed 2017 Annual Budget

2016 has been an incredible time to be at such a fast-growing transit agency in one of the most vibrant regions in the country. With two Link extension openings in less than a year and Sound Transit 2 (ST2) construction reaching its peak, dedicated and experienced Sound Transit staff here have delivered on behalf of Puget Sound taxpayers time and time again. It has been a pleasure and an honor, since January, to lead this extraordinary team in reaching these critical and exciting milestones. Thanks to their efforts, and with the guidance and support of an active and committed Board of Directors, for all of us at ST, this year so far has been as gratifying as it has been challenging.

Here are just a few highlights from the past nine months:

- The U Link and South 200th Link extensions, including three new stations and a 1,050 space parking garage at the Angle Lake Station, were completed.
- Reduced fares for low-income riders on all ST services became effective March 1.
- The U Link Extension opened for service earlier than planned on March 19.
- We broke ground on East Link Extension construction in April.
- The new south platform at the Sounder Mukilteo Station went into service in April.
- The Sound Transit 3 (ST3) Plan was approved by the Board on June 23.
- The last tunnel segment for Northgate Link Extension was completed on September 1.
- A Sounder south line mid-day trip went into service on September 12.
- The South 200th Link Extension opened on September 24.
- Contracts were issued to purchase 32 double decker buses and 122 light rail vehicles.

ST3 plan approved by the Board in June and on the November ballot

The region's high-capacity transit system could change dramatically starting in 2017. Voters in November 2016 will decide on a 25-year, \$54 billion plan that would build 62 more miles of light rail linking central Puget Sound cities, add new Bus Rapid Transit service on the Eastside, and extend Sounder commuter rail service. **If ST3 is approved, revisions to the 2017 budget will be proposed initially prior to adoption of the annual budget in December, and again throughout the year to facilitate early work.**

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Build-out of ST2 continues with construction in all three corridors

Sound Transit will be incredibly busy in 2017 with continuing construction on the Link light rail extensions funded by ST2. All segments of the East Link Extension project will be under construction, including the downtown Bellevue tunnel. Northgate Link Extension construction of tunnel cross passages and station boxes will continue in 2017, and design and preconstruction for station finishes will be initiated. Final design for the Lynnwood Link Extension will continue, culminating in final preparations to kick off construction in 2018. The Northgate Link Extension is on track to open in 2021, followed by the Lynnwood Link and East Link extensions in 2023.

The Federal Way Link Extension project will enter final design in 2017. The project has funding to construct a light rail extension from the new Angle Lake Station in SeaTac to Kent/Des Moines by 2023. This project will be expanded to reach Federal Way in 2024 if ST3 passes.

Also entering final design in 2017 will be the Link Operations and Maintenance Facility (OMF) East project in Bellevue, as well as Sounder station improvements for Puyallup and Sumner.

Improving project delivery

2017 will be the fourth year of the agency's continuous process improvement program. Based on the public's response to the ST3 system expansion proposal, Sound Transit has established a cross-functional team to examine ways to improve our processes and provide recommendations of ways to reduce project delivery timelines. These recommendations are currently in development, and regardless of the outcome of the ST3 ballot measure, they will inform how the agency approaches its work moving forward.

Over 47 million boardings expected in 2017

Ridership on Sound Transit trains and buses will reach records levels in 2017, with the first full year of Link serving the Capitol Hill, University of Washington, and Angle Lake Stations. Ridership across all modes is forecasted to exceed 47 million, with a 32.1 percent increase for Link and a 12.4 percent increase for Sounder over the current 2016 ridership forecast.

Link light rail expansion dramatically increases ridership

In 2017, Link ridership is expected to surpass that of ST Express, which has long been the Sound Transit service with the highest ridership. The U Link Extension and its two new stations at Capitol Hill and the University of Washington opened in March, generating ridership that dramatically surpassed forecasts. After U Link service began, light rail ridership increased by 83 percent over the previous year, and Link averaged more than 65,000 weekday boardings. Comparing ridership in 2015 before U Link to 2017 projections including a full year of U Link service, ridership is expected to roughly double from 11.5 to 22.9 million annually, and from 35,683 to 69,400 average weekday boardings.

On September 24, 2016 we began service from Seattle-Tacoma International Airport to South 200th Street in the City of SeaTac. The 1.6-mile extension southward from SeaTac/Airport Station to Angle Lake Station improves access to light rail for more people in south King and Pierce counties. The station area includes a 1,050-stall parking garage.

Sounder service expands to meet demand

Sounder commuter rail's steady growth in demand prompted us to plan additional trips on the south line for 2016 and 2017. The proposed 2017 budget increases for Sounder include a full year of operations funding for a mid-day trip that began on September 12 this year, and two additional trips slated to begin in the fourth quarter of 2017. The two new planned trips include an additional mid-day trip, and a reverse commute round trip that leaves Seattle at 8:43 am and returns from Lakewood at 4:10 pm, bringing total daily Sounder weekday trips in 2017 to 13. The 2017 Sounder ridership forecast is about 4.5 million boardings annually, which is 12.4 percent higher than the 2016 forecast.

ST Express service added to mitigate traffic congestion

ST Express ridership is expected to be down slightly in 2017 due to increased traffic congestion caused by expected construction and population growth in the region. In response to these continuing challenges, over 32,000 hours of service are being added in 2017 to improve on-time performance and alleviate crowding on buses during peak times. Sound Transit will purchase 11 new buses to support the necessary additional service hours.

Tacoma Link awaits major expansion

Tacoma Link is expecting to exceed one million riders in 2017. The Tacoma Link Expansion project will extend service from north downtown Tacoma to the Stadium District and Hilltop by 2022. Final design will get underway in 2017.

Knowledge Transfer initiative

As the organization matures, it is critical that the expertise, wisdom, and skills of key professionals are captured and transferred to others who are called upon to complete the same or similar work. An important component of succession planning, knowledge transfer refers to the structures and processes that move the right knowledge and skills at the right time to keep a workforce prepared, productive, and innovative. The agency has piloted an approach to knowledge transfer, and is now ready for an agency-wide rollout. This initiative is expected to require approximately \$1.6 million over two years.

Comprehensive Operational Analysis

"Increase ridership and deliver a safe, high quality customer experience" is one of the agency's six strategic objectives. To ensure that we are making the best use of our resources in addressing customer needs, the Operations Department has budgeted \$565,000 to complete a Comprehensive Operational Analysis (COA). This in-depth study is designed to identify strengths and opportunities for transit service improvement. The outcome of the study will include recommendations for short and long-term operating modifications that may pertain to schedules, routes, vehicle type, and service characteristics. Improvements may also be proposed to passenger facilities, fare policy, performance standards and metrics, and staffing along with an implementation plan.

2017 Budget summary

We expect to collect revenues of \$1 billion in 2017, 4.7 percent higher than the Adopted 2016 Budget. Retail sales and use taxes are budgeted at 6 percent or \$42.2 million higher than last year, fueled by the strong job and construction markets. Lower grants receipts in 2017 reflect the completion of the U Link Extension and Point Defiance Bypass projects.

Total operating budgets for 2017 are 9.3 percent higher than last year at \$396.2 million. This increase includes the cost of 55 new positions and a full year's cost of 35 positions that were added in 2016, as well as increases in transit service. The biggest impact on transit service in 2017 will be the first full year of operating the new U Link and South 200th Link extensions. The expanded service and the addition of stations, property, and equipment necessitate increases in staff, security, utility, and maintenance expenses in the agency's operating budgets.

Project budgets for 2017 add up to \$1.2 billion. They are focused on the execution of our ST2 program, and include the construction of the Northgate and East Link light rail extensions, the finalization of design and the initiation of pre-construction for Lynnwood Link Extension, and the completion of the new Tacoma Trestle. We also expect to award a design-build contract for the Link OMF East. Additionally, numerous maintenance projects are planned to keep our facilities and equipment in a state of good repair.

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January 1, 2016

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Budget Overview

2017 Budget Summary

The 2017 budget includes revenues of \$1.0 billion and outlays of \$1.6 billion. The agency's unrestricted cash balance is projected to be \$571.7 million by end of 2016 and an estimated (\$28.0) million by the end of 2017. As of August 2016, the agency had an unrestricted cash balance of \$789.3 million. The 2017 budget does not currently include any forecasted bond issuance for 2017. However, as fiscal year 2016 and fiscal year 2017 progress, we will monitor the cash flow requirements and evaluate the need to either issue bonds or to draw down available federal loans to meet cash flow requirements. Any bond issues and associated costs must be approved by the Board.

Revenues & Other Financing Sources

We expect to collect revenues in excess of \$1.0 billion in 2017, an increase of \$47.2 million or 4.7 percent over the 2016 budget, driven by higher sales taxes and passenger fare revenues. Retail sales and use taxes are the largest revenue source at \$750.6 million, or 71.8 percent of the total. Passenger fare revenues are projected to be 22.1 percent higher reflecting increases in Link and Sounder services.

Operating Budgets

The total departments operating budget of \$396.2 million is up 9.3 percent compared to the 2016 budget, driven primarily by transit service increases – specifically the two new light rail extensions that went into service in 2016, new commuter rail service, and additional express bus hours. Of the total operating budget, \$287.5 million or 72.6 percent will be charged to transit modes and the remaining \$108.7 million or 27.4 percent to projects.

Other budgets include debt service of \$124.0 million and donations to other governments of \$5.0 million.

Project Budgets

Total project spending is budgeted at \$1.2 billion for 2017. Approximately \$1.1 billion or 90.2 percent is budgeted to continue with planning, design, and build-out of current voter-approved programs, Sound Move and ST2. An additional \$43.0 million is budgeted to enhance or maintain current service and operational capabilities. Administrative projects, which includes IT infrastructure and programs, and overhead allocated to construction in progress and general and administrative expense are budgeted at \$76.6 million.

2017 BUDGET SUMMARY
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget |
|---|--------------------|--------------------|--------------------|--------------------|
| Revenues and Other Financing Sources | | | | |
| Retail Sales And Use Tax | \$699,114 | \$708,394 | \$726,869 | \$750,583 |
| Motor Vehicle Excise Tax | 79,564 | 80,289 | 82,917 | 85,239 |
| Rental Car Tax | 3,297 | 3,280 | 3,395 | 3,497 |
| Federal Grants | 148,268 | 105,488 | 155,122 | 88,101 |
| Local & State Contributions | 4,607 | 6,666 | 299 | 8,500 |
| Passenger Fare Revenue | 65,426 | 72,046 | 81,531 | 87,961 |
| Investment Income | 5,125 | 10,250 | 17,875 | 9,646 |
| Miscellaneous Revenues | 41,185 | 11,958 | 12,146 | 12,013 |
| Bond Proceeds | 601,141 | - | - | - |
| Total Revenues and Other Financing Sources | \$1,647,726 | \$998,371 | \$1,080,155 | \$1,045,541 |
| Expenses & Outlays | | | | |
| Operating Budgets | | | | |
| Departments | | | | |
| Communications & External Affairs | \$6,977 | \$8,014 | \$7,337 | \$6,848 |
| Design, Engineering & Construction Management | 34,893 | 40,639 | 38,589 | 44,333 |
| Executive | 16,312 | 19,091 | 19,319 | 23,489 |
| Finance & Information Technology | 35,350 | 42,728 | 41,911 | 46,362 |
| Legal | 2,776 | 3,368 | 3,134 | 3,660 |
| Operations | 197,336 | 241,345 | 240,226 | 263,701 |
| Planning, Environment & Project Development | 6,478 | 7,329 | 6,958 | 7,843 |
| | 300,122 | 362,514 | 357,474 | 396,236 |
| Charges to Projects ¹ | (87,422) | (99,716) | (102,313) | (108,748) |
| Subtotal Transit Mode Budgets | 212,700 | 262,799 | 255,161 | 287,488 |
| Project Budgets | | | | |
| Project Types | | | | |
| System Expansion | 687,839 | 839,384 | 824,287 | 1,100,540 |
| Enhancement | 16,784 | 25,794 | 9,306 | 26,270 |
| Rehabilitation And Replacement | 23,798 | 13,990 | 17,431 | 16,727 |
| Administrative | 67,574 | 63,679 | 64,527 | 76,616 |
| Subtotal Project Budgets | 795,994 | 942,847 | 915,551 | 1,220,153 |
| Debt Service | 107,206 | 121,842 | 122,240 | 123,975 |
| Donations to Other Governments | 5,000 | 5,000 | 5,000 | 5,000 |
| Total Expenses & Outlays | \$1,120,900 | \$1,332,488 | \$1,297,952 | 1,636,616 |
| Projected Unrestricted Cash Balance as of 1/1/2017 | | | | \$571,746 |
| Sources | | | | |
| Revenues and Other Financing Sources | | | | 1,045,541 |
| Uses | | | | |
| Expenses and Outlays | | | | (1,636,616) |
| Restricted Reserves | | | | (8,615) |
| Projected Unrestricted Cash Balance as of 12/31/2017 | | | | (\$28,000) |

¹ Direct charges of salaries and benefits for employees that work on projects and allocations of administrative overhead to assets and administrative projects is included in the project budgets.

2017 Agency Scorecard

Every year the agency establishes objectives and priorities that align with the strategic direction set by the Board. In 2017, we will focus on improving our customers' experiences and collaborating with our transit partners to deliver the most effective and efficient regional transit system possible. We will continue to strengthen our relationships with the citizens of the communities that we serve, our many contractors, and our employees. We will renew the agency's long-term commitments to financial stewardship, sustainability, transit oriented development, and station access. The proposed budget for 2017 aligns with the strategic direction set in the following 2017 Agency Scorecard.

2017 AGENCY SCORECARD

Vision | Easy connections. . .to more places. . .for more people.

Mission | Sound Transit plans, builds and operates regional transit systems and services to improve mobility for Central Puget Sound.

Values | As employees of Sound Transit, we will exemplify these values in our work as we achieve our vision of a regional transit system. Accountability, Excellence, Inclusiveness, Innovation, Integrity, Public Trust, Respect and Transparency.

Objective #1: Increase ridership and deliver a safe, high quality customer experience

| Priorities | Performance Measures |
|---|---|
| Increase system-wide ridership through reliable and efficient service delivery | Serve 47 million riders system-wide |
| | Meet on-time performance objectives by mode |
| | Meet passengers per trip targets by mode |
| | Meet targets for percent of scheduled trips operated by mode |
| Deliver a high quality customer experience | Receive Customer Satisfaction Survey score of 3.3 (out of 5) or above |
| | Keep customer complaints per 100,000 boardings below modal targets |
| Ensure Sound Transit facilities and assets are safe, secure and in a state of good repair | Keep preventable accidents below modal targets |
| | Meet 80% of annual asset management goals |
| | Maintain state of good repair condition rating per Federal Transit Administration standards of 2.5 or higher for all assets |
| | Keep nuisance crimes below 10 per 100,000 boardings |

Objective #2: Successfully deliver voter approved capital projects

| Priorities | Performance Measures |
|---|---|
| Deliver quality projects on schedule and budget | Meet 80% of agency milestones relating to capital projects |
| | Maintain positive schedule float throughout project life |
| | Complete each project phase within approved budget |
| | Keep cost of construction change orders issued for design errors and omissions below 5% of contract value |
| Ensure project safety and safety certification requirements are met | Keep loss time injury rate on construction projects below national average |
| | Gain acceptance of verification report before scheduled opening of revenue service and public access |
| Inform, engage and provide a positive interaction for stakeholders | Receive positive response rate of 75% or higher on outreach surveys |
| Accelerate project delivery | Complete priority process improvements to reduce project delivery times |
| Promote environmental stewardship | Receive no violations of stormwater, wastewater or wetland permits during construction |

Objective #3: Promote a safe and secure culture

| Priorities | Performance Measures |
|---|--|
| Promote a safety culture | Keep employee recordable injuries below 7.1 per 200,000 labor hours |
| | Keep employee lost time cases below 4.4 per 200,000 labor hours |
| | Achieve 100% new staff participation in safety orientation |
| Manage information security throughout the agency | Train all staff in information security awareness |
| | Incur zero major security incidents |
| | Define mitigation plans and owners for 100% of high priority information risks |

Objective #4: Maintain fiscal integrity, accountability and transparency

| Priorities | Performance Measures |
|---|--|
| Maintain a balanced financial plan | Maintain debt service coverage ratio of 1.5 or above |
| | Achieve farebox recovery ratio of 26% for Sounder, 37% for Link and 28% for ST Express |
| | Meet 90% of grant drawdown goals in Financial Plan |
| Address audit findings to effectively improve performance | Implement corrective action plans for audit findings within 90 days following release of final audit report to Audit and Reporting Committee |
| Ensure procurement activities maintain high performance and integrity | Solicit and award procurements within the timeframe established for each procurement method |
| Deliver cost efficient operations | Keep administrative costs under 10% of total operating costs |
| | Keep operating cost per revenue hour under \$481 for Link, \$844 for Sounder and \$215 for ST Express |

Objective #5: Foster an inclusive, sustainable agency

| Priorities | Performance Measures |
|---|--|
| Integrate or implement sustainability throughout the agency | Meet 85% of annual sustainability targets |
| Maximize use of Disadvantaged Business Enterprises and Small Businesses | Achieve or exceed the agency's small business goals and the FFY 2017 Disadvantaged Business Enterprise goal of 12.2% |
| Ensure social equity and equal access | Achieve 100% compliance with Federal Transit Administration requirements regarding non-discrimination in all programs and services |

Objective #6: Enhance talent management and organizational vibrancy

| Priorities | Performance Measures |
|---|--|
| Advance integrated talent management and continuous alignment of people, strategy and performance | Reflect demographics of region in Sound Transit workforce |
| | Align equal employment opportunity program with best practices in the Federal Transit Administration circular |
| | Submit 100% of performance evaluations to Human Resources Division before anniversary date |
| | Enhance performance management system to promote accountability, efficiency and innovation at all levels of the organization |
| | Develop agency-wide succession planning program |
| Enhance cross-departmental collaboration, inclusiveness and support | Receive a higher inter-group relations score in the 2017 Employee Engagement Survey than in 2016 |
| Provide consistent, equitable, respectful and inclusive leadership and culture | Train 90% of staff in harassment prevention |
| | Receive five or fewer formal equal employment opportunity complaints |
| Support high level of personal engagement and pride in the agency's work | Maintain or increase the 2017 employee engagement survey scores in all dimensions |

Revenues & Other Financing Sources

Funding for Sound Transit’s operations and capital programs comes from local retail sales and use tax, motor vehicle excise tax (MVET), rental car tax, federal and state grants, passenger fare revenue, investment income on cash balances, bond issues, and miscellaneous revenues. Our sales and use tax and MVET revenue forecasts are based on data and assumptions provided by an independent forecaster.

We expect to collect over \$1.0 billion in revenues in 2017, which is 4.7 percent or \$47.2 million higher than the 2016 budget, mainly due to higher sales tax and passenger fare revenues.

Retail Sales and Use Tax

- Sound Transit receives 0.9 percent of transactions subject to sales and use taxes generated within the Sound Transit district.
- 2017 receipts of \$750.6 million are projected to be 6.0 percent or \$42.2 million higher than the 2016 budget, and 3.3 percent or \$23.7 million higher than the 2016 forecast, reflecting a booming construction sector and stronger consumer spending in the regional economy.

Motor Vehicle Excise Tax (MVET)

- Sound Transit receives 0.3 percent of vehicle license renewals within the Sound Transit district.
- Receipts of \$85.2 million in 2017 are 6.2 percent or \$5.0 million higher than the 2016 budget.

Rental Car Tax

- Sound Transit receives 0.8 percent of rental car payments within the Sound Transit district.
- Receipts of \$3.5 million in 2017 are 6.6 percent or \$217 thousand higher than the 2016 budget.

Federal Grants

- Federal grant revenues are projected to be \$88.1 million in 2017 and includes grant drawdowns for the following projects:
 - Point Defiance Bypass – construction costs reimbursed through Federal High Speed Rail grant administered by Washington State Department of Transportation at \$26.0 million.
 - Light rail preventative maintenance Federal Transit Administration (FTA) operating grants – \$13.0 million.
 - Bus preventative maintenance FTA operating grants – \$8.5 million.
 - Northgate Link Extension FTA grant for construction – \$8.0 million.
 - Link Operating & Maintenance Facility East FTA grant for preliminary engineering/design work – \$7.0 million.
 - Sounder Commuter Rail FTA grant for easement costs – \$7.0 million.
- Federal grant revenues of \$88.1 million are 16.5 percent or \$17.4 million lower than the 2016 budget, and 43.2 percent or \$67.0 million lower than the 2016 forecast, mainly due to lower anticipated drawdowns for University Link Extension after project completion and expiring Federal Railroad Administration grant drawdowns for the Point Defiance Bypass project.

Local & State Contributions

- This category includes state grants for projects and operating grants, as well as any contributions from local jurisdictions.
- The 2017 budget of \$8.5 million includes reimbursements for Overlake Transit Center Bridge & Station improvements, and Overlake Village Pedestrian Bridge and Infiltration Vault.

Passenger Fare Revenue

- Passenger fare revenues are projected to be \$88.0 million in 2017, up 22.1 percent or \$15.9 million over the 2016 budget, reflecting a full year of light rail service from South 200th Street to the University of Washington, a full year of service for an additional midday Sounder trip started in 2016 plus one additional reverse commuter trip starting in fourth quarter 2017.
- On April 28, 2016 the Sound Transit Board voted to defer charging fares on Tacoma Link until service on the 2.4-mile Tacoma Link extension begins, currently planned for 2022.
- Total 2017 ridership is forecast to increase by 6.0 million or 14.4 percent over the 2016 forecast, with light rail boardings increasing by 5.6 million or 32.1 percent, express bus boardings decreasing by 217 thousand or 1.1 percent, and Sounder ridership increasing by 0.5 million or 12.4 percent. Tacoma Link ridership is expected to increase by 73 thousand or 7.6 percent.
- Average fare per boarding assumptions for the 2017 budget: Link, \$1.59; Sounder, \$3.25; ST Express, \$1.98.

Investment Income

- Sound Transit receives investment income on surplus cash and restricted funds invested in accordance with Washington State law and overseen according to Board-approved investment policy (Asset Liability Management Policies).
- Investment income is projected at \$9.6 million for 2017, down 5.9 percent or \$604 thousand compared to the 2016 budget, mainly due to lower anticipated cash balances.

Miscellaneous Revenue

- Miscellaneous revenues include advertising revenues, rental income from Sound Transit properties, ORCA regional program billing reimbursements, operating & maintenance reimbursements for Sounder and ST Express, and federal government bond subsidy payments.
- 2017 revenues of \$12.0 million are slightly higher than the 2016 budget, up 0.5 percent or \$55 thousand.

Bond Proceeds

- Bonds are issued to finance capital projects. No new bond proceeds are currently assumed in the 2017 budget.

Operating Budgets

Sound Transit's proposed 2017 operating budgets for departments are \$396.2 million, of which \$287.5 million is charged to transit modes and \$108.7 million to projects and capital assets.

Departments

For each department, this section includes a discussion of 2016 activities and accomplishments, 2017 budget highlights, and budget summary. Also, an overview of staffing changes by department is provided. Later in this section, transit mode budget reports, 2017 budget highlights, and performance statistics are included for all transit modes.

Major drivers of the \$33.7 million or 9.3 percent increase in department budgets are the first full year of light rail service to the University of Washington and South 200th Street in SeaTac, and additional commuter rail and express bus service. Purchased transportation services, security & safety, and contract maintenance account for just over half of the increase in the operating budgets. Salaries and benefits contribute 28.7 percent of the increase due to an increase in existing salaries, a full year of costs for 35 net positions added in 2016, along with 55 new positions included in the proposed 2017 budget.

Agency Staffing

Staffing growth in 2016 and 2017 is driven primarily by capital project activities and expansion of light rail service. Sound Transit tracks and forecasts long-term staffing needs, balancing the addition of permanent positions with the use of consultants to ensure capital and operating programs are adequately supported and affordable. Changes in departmental staffing levels over the past few years are summarized below.

AGENCY STAFFING SUMMARY

| Department | 2015 | 2016 | | | | 2017 | | |
|---|------------|------------|-----------|------------|------------|-----------|-----------|------------|
| | | Adopted | Adds | Closed | Current | New | Transfers | Proposed |
| Communications & External Affairs | 39 | 39 | - | (1) | 38 | - | - | 38 |
| Design, Engineering & Construction Mgmt | 246 | 255 | - | - | 255 | 15 | 2 | 272 |
| Executive | 113 | 119 | 4 | - | 123 | 19 | (2) | 140 |
| Finance & Information Technology | 144 | 150 | 5 | (1) | 154 | 5 | - | 159 |
| Legal | 16 | 16 | - | - | 16 | 1 | - | 17 |
| Operations | 116 | 120 | 3 | - | 123 | 13 | - | 136 |
| Planning, Environment & Project Dev | 49 | 49 | - | - | 49 | 2 | - | 51 |
| Total Positions | 723 | 748 | 12 | (2) | 758 | 55 | - | 813 |

DEPARTMENT BUDGETS SUMMARY

(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|--|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$51,392 | \$57,002 | \$56,062 | \$62,618 | \$5,616 | 9.9% |
| Benefits | 32,431 | 36,369 | 37,021 | 40,422 | 4,053 | 11.1 |
| Subtotal | 83,824 | 93,371 | 93,083 | 103,040 | 9,669 | 10.4 |
| Services | | | | | | |
| Marketing Agency | 259 | 261 | 259 | 288 | 27 | 10.3 |
| Professional & Technical | 6,192 | 10,245 | 9,847 | 10,434 | 189 | 1.8 |
| Temporary Services | 454 | 530 | 457 | 274 | (256) | (48.4) |
| Contract Maintenance | 26,691 | 33,701 | 34,384 | 37,444 | 3,743 | 11.1 |
| Security & Safety | 14,209 | 18,530 | 16,772 | 21,412 | 2,882 | 15.6 |
| Other Services | 8,285 | 9,242 | 9,267 | 12,135 | 2,892 | 31.3 |
| Subtotal | 56,090 | 72,509 | 70,985 | 81,986 | 9,476 | 13.1 |
| Materials & Supplies | 9,097 | 11,656 | 11,453 | 12,715 | 1,058 | 9.1 |
| Utilities | 4,826 | 5,585 | 6,182 | 6,681 | 1,096 | 19.6 |
| Insurance | 5,165 | 6,424 | 6,274 | 7,519 | 1,095 | 100.2 |
| Taxes | 2,186 | 2,275 | 2,565 | 3,052 | 776 | 34.1 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,276 | 1,906 | 1,441 | 1,632 | (274) | (14.4) |
| Purchased Transportation | 124,772 | 151,155 | 149,103 | 161,395 | 10,240 | 6.8 |
| Subtotal | 126,048 | 153,061 | 150,544 | 163,027 | 9,966 | 6.5 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 443 | 610 | 661 | 742 | 132 | 21.6 |
| Travel & Meetings | 554 | 793 | 584 | 856 | 63 | 7.9 |
| Advertising & Promotion Media | 1,655 | 2,111 | 1,580 | 1,401 | (711) | (33.7) |
| Training | 406 | 550 | 434 | 561 | 12 | 2.1 |
| Other Miscellaneous | 335 | 734 | 665 | 945 | 210 | 28.7 |
| Subtotal | 3,393 | 4,799 | 3,924 | 4,505 | (294) | (6.1) |
| Leases & Rentals | | | | | | |
| Transit Way | 5,669 | 7,267 | 7,256 | 7,982 | 715 | 9.8 |
| General Administrative Facilities | 3,824 | 5,566 | 5,208 | 5,731 | 164 | 3.0 |
| Subtotal | 9,493 | 12,834 | 12,464 | 13,713 | 879 | 6.9 |
| Department Budgets Summary Total | \$300,122 | \$362,514 | \$357,474 | \$396,236 | \$33,721 | 9.3% |

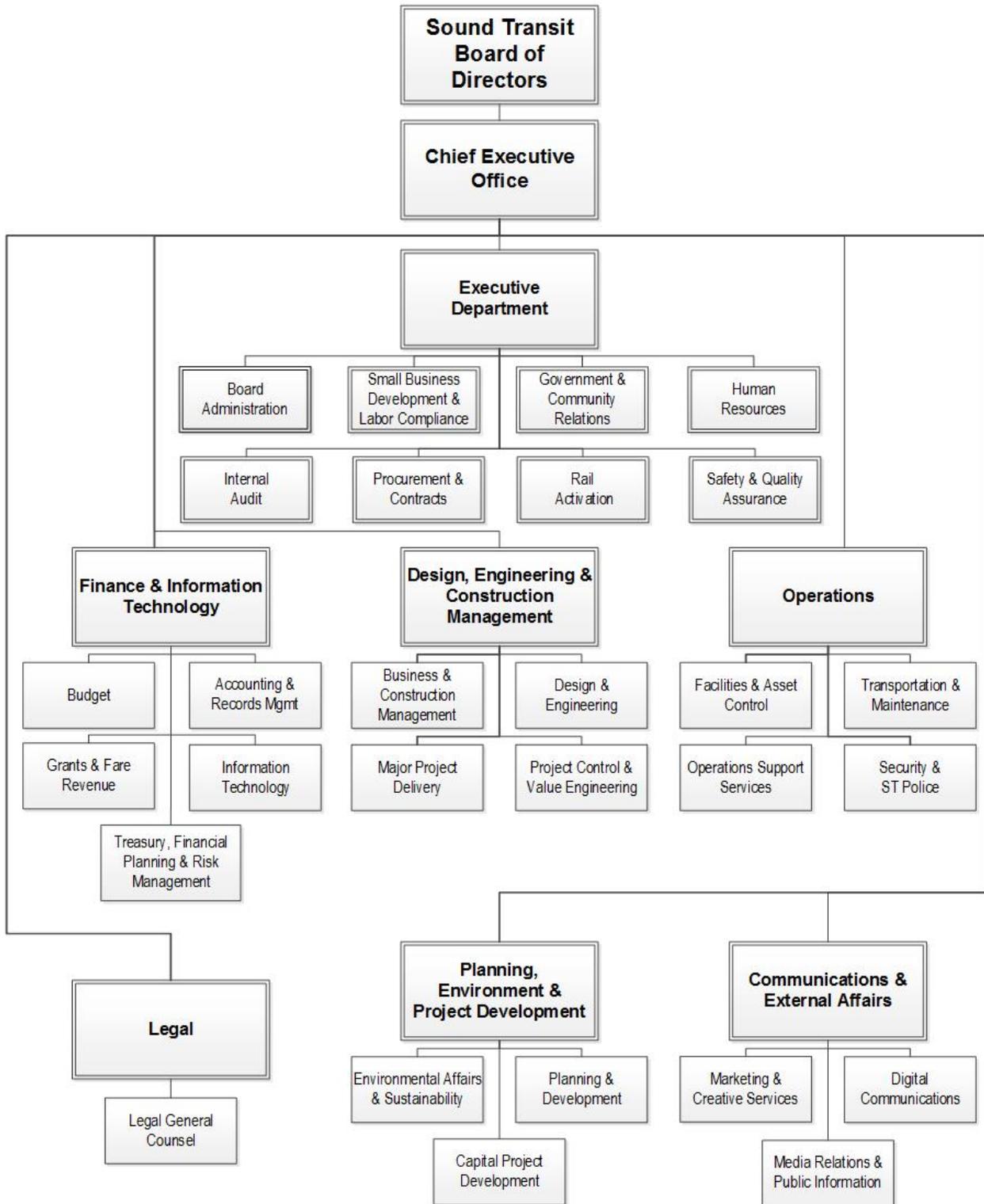
CHANGES TO DEPARTMENT BUDGETS BY DEPARTMENT

(in thousands)

| Department | 2016 Budget | 2017 Budget | Budget \$ Change | Budget % Change |
|---|------------------|------------------|---------------------|--------------------|
| Communications & External Affairs | \$8,014 | \$6,848 | (\$1,166) | (14.5%) |
| Design, Engineering & Construction Management | 40,639 | 44,333 | 3,694 | 9.1 |
| Executive | 19,091 | 23,489 | 4,398 | 23.0 |
| Finance & Information Technology | 42,728 | 46,362 | 3,634 | 8.5 |
| Legal | 3,368 | 3,660 | 292 | 8.7 |
| Operations | 241,345 | 263,701 | 22,356 | 9.3 |
| Planning, Environment & Project Development | 7,329 | 7,843 | 514 | 7.0 |
| Total Department Budgets | \$362,514 | \$396,236 | \$33,721 | 9.3% |

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SOUND TRANSIT ORGANIZATION CHART



Communications & External Affairs

Communications & External Affairs (CEA) provides high-quality communications that build public trust and connect Sound Transit to customers, prospective riders, stakeholders, and the community. CEA contributes to the success of the agency by maintaining transparency into Sound Transit operations, creating awareness of our projects, and reporting our performance on milestone achievements, project updates, and financial goals. CEA helps to grow ridership by engaging existing riders, educating the public about the benefits of mass transit, and continuously improving the customer experience through the delivery of relevant, timely rider information through cost-effective communication channels.

2016 Activities and Accomplishments

The Marketing & Creative Services division hired an event planning consultant to prepare for the agency's two new light rail segment openings in 2016. The Events and Customer Outreach team participated in numerous events, including the Seattle Pride Parade and local fairs and festivals, as well as outreach for the March 2016 service change that involved one of the largest restructures in local King County bus service.

Digital Communications substantially increased e-mail subscribers, Facebook reach, Twitter followers, and web traffic across PC and mobile platforms, providing the public with information in the communication channels they use today. Deliverables included completing mobile web usability studies, launching a desktop improvements project, and conducting social media campaigns, including the Federal Way Link Extension public survey, capital project milestones, and Sound Transit 3 (ST3) public outreach. Digital Communications also engaged in projects to improve Search Engine Optimization (SEO) to help the public quickly find the information they need, track customer service issue patterns to better address rider problems, and improve response rates on Twitter to assist riders.

The Media Relations & Public Information division (MRPI) focused extensively on supporting efforts that secured the ST3 revenue authority that the Board requested and on implementing the first round of public involvement to help shape the list of candidate projects for the ST3 system plan measure. Other media relations highlights included promoting the Board's selection of a preferred alignment for Lynnwood Link through traditional and social media channels and highlighting progress to complete the University Link and South 200th Link extension projects. MRPI will continue to focus on increasing awareness of regional transit benefits and the agency's successful project delivery, with particular focus on conveying accurate ST3 and South 200th opening information.

2017 Budget Highlights

CEA's 2017 budget request decreased by \$1.2 million or 14.5 percent below the 2016 budget with reductions in advertising services of \$796 thousand and market research of \$194 thousand. The reduced advertising budget reflects a shift from system-wide demand generation marketing to more strategic campaigns geo-targeting specific routes and services where there is additional capacity. The market research request was reduced to a level to support the annual customer satisfaction survey with no additional market research initiatives due to the increase in available customer data to inform decisions versus using traditional survey collection methodologies. This reflects a shift from demand generation marketing to a greater emphasis on customer care. Other budget reductions include printing services, marketing materials, and postage.

CEA will continue to devote resources to meet customer expectations through the use of mobile trip planner, web, and other digital tools. The Digital Communications division's budget request includes web-based subscription services, social media metrics software, and social media content management services.

CEA also will continue public involvement efforts and solicit input from the public, transit partners, local jurisdictions, and other stakeholders for new programs, capital expansion, and safety outreach.

The CEA budget request includes the conversion of two term-limited positions to ongoing status: Communications Project Manager and Communications Specialist. The Social Media Analyst position, also term-limited, has expired. There are no new position requests for 2017.

COMMUNICATIONS & EXTERNAL AFFAIRS

| (in thousands) | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|---------------------------------|----------------|----------------|------------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$2,405 | \$2,673 | \$2,625 | \$2,598 | (\$75) | (2.8%) |
| Benefits | 1,525 | 1,690 | 1,848 | 1,671 | (18) | (1.1) |
| Subtotal | 3,930 | 4,363 | 4,472 | 4,270 | (93) | (2.1) |
| Services | | | | | | |
| Marketing Agency | 257 | 261 | 259 | 288 | 27 | 10.3 |
| Professional & Technical | 347 | 443 | 367 | 269 | (174) | (39.3) |
| Contract Maintenance | 3 | 13 | 7 | 1 | (12) | (93.8) |
| Other Services | 539 | 577 | 448 | 456 | (121) | (21.0) |
| Subtotal | 1,146 | 1,294 | 1,080 | 1,014 | (281) | (21.7) |
| Materials & Supplies | 104 | 166 | 100 | 69 | (97) | (58.2) |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 278 | 301 | 373 | 413 | 111 | 37.0 |
| Travel & Meetings | 21 | 27 | 17 | 31 | 4 | 15.6 |
| Advertising & Promotion Media | 1,475 | 1,796 | 1,256 | 1,000 | (796) | (44.3) |
| Training | 19 | 27 | 19 | 24 | (4) | (13.0) |
| Other Miscellaneous | 1 | 31 | 14 | 23 | (8) | (25.8) |
| Subtotal | 1,794 | 2,182 | 1,679 | 1,490 | (692) | (31.7) |
| Leases & Rentals | | | | | | |
| General Administrative | 3 | 9 | 5 | 5 | (3) | (39.5) |
| Subtotal | 3 | 9 | 5 | 5 | (3) | (39.5) |
| Department Total | \$6,977 | \$8,014 | \$7,337 | \$6,848 | \$(1,166) | (14.5%) |

Design, Engineering & Construction Management

Design, Engineering & Construction Management (DECM) is principally responsible for final design, engineering, and construction management for all major capital projects, as well as community outreach, right-of-way acquisition, and support for capital improvements to the existing transit system. Additionally, DECM manages agency-owned surplus and holding properties, and administers the agency's public art program.

DECM is also engaged during earlier phases as projects progress from conceptual to preliminary engineering by matrixing technical staff to Planning, Environment and Project Development department led project teams. Collaboration with other departments ensures a smooth handoff of the engineering, enhances buildability, reduces project risks, and ultimately delivers effective transit facilities that operate efficiently.

2016 Activities and Accomplishments

DECM celebrated the openings of Link light rail for both the University of Washington and South 200th Link extensions, adding three new stations and significantly increasing daily Link ridership. The South 200th Link Extension was the first Link project to be completed using a design-build (D-B) alternative procurement strategy. D-B is also being used for the design and construction of the Link Operations and Maintenance Facility East (OMF-East) in Bellevue, the East Link segment along SR520 to Redmond Technology Center, and the Sounder Lakewood Layover Yard. Groundbreaking for the East Link Extension occurred in April 2016 and construction of the Downtown Bellevue Tunnel has commenced.

Construction continued on the final stage (Stage 3) of the I-90 Two Way Transit and High Occupancy Vehicle Operations project to allow the center roadway to be converted beginning in mid-2017 for light rail use for the East Link Extension. I-90 Stage 3 is the final Regional Express project of Sound Move. Construction of the Northgate Link Extension continued on schedule and all tunnel boring machine (TBM) tunneling was successfully completed in 2016. Revenue service for the Northgate Link Extension is planned for 2021.

DECM completed the final Sound Move Sounder project, the Mukilteo South Platform, in 2016. In addition, construction began on the expansion of the Lakewood Layover to accommodate additional Sounder south service planned for late 2016 and 2017, the replacement of the Tacoma Trestle, and the Point Defiance Bypass, on behalf of the Washington State Department of Transportation (WSDOT), that includes reconstruction of track and signals on Sound Transit owned right-of-way between Lakewood and Nisqually to enhance Amtrak travel efficiencies between Tacoma and Portland, Oregon. DECM also completed installation of wayside and vehicle positive train control equipment for Sounder operations and testing will begin in late 2016. Sounder positive train control is expected to be fully operational by September 2017, two years ahead of the federal regulatory deadline.

Final design was initiated on the expansion of Tacoma Link, the Lynnwood Link Extension, and station access improvements at the Puyallup and Sumner Sounder Stations. Lastly, DECM awarded the contract for manufacturing and delivering the light rail vehicles required for the full ST2 buildout.

2017 Budget Highlights

DECM has requested fifteen new positions to maintain appropriate levels of staffing to ensure on-time project completion. The department's priorities for 2017 include completion of I-90 Stage 3 and turnover of the center roadway for East Link construction, acquiring the rights-of-way for the OMF-East, East Link and Lynnwood Link extensions, continuing progress in construction of the Northgate and East Link extensions, and the final designs for the Sounder Maintenance Base, Lynnwood Link Extension, Tacoma Link Expansion, and access improvements for the Puyallup and Sumner Sounder stations. Final design of the Federal Way Link Extension also will begin in 2017.

To ensure that operation of light rail under the University of Washington campus does not exceed noise and vibration thresholds that may impact sensitive research equipment, DECM is developing a sound and vibration monitoring program in coordination with the Operations department. Efforts in 2017 related to this program include collection and analysis of Link operational data and development of a maintenance program to address operational issues that may contribute to noise and vibration.

Property acquisitions for East Link, Lynnwood Link and Federal Way Link extension projects will add substantial cost to the Real Property division's budget. Contract maintenance for landscaping, security, janitorial, utilities, and structural services needs are expected to increase by \$617 thousand. The expenses for taxes on acquired properties are anticipated to increase by \$324 thousand. The total requests for professional & technical consulting services will be augmented by approximately \$65 thousand. Real estate consultants are employed to review third party agreements for acquired properties.

DESIGN, ENGINEERING & CONSTRUCTION MANAGEMENT

| (in thousands) | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|---------------------------------|-----------------|-----------------|------------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$18,495 | \$20,193 | \$18,990 | \$21,727 | \$1,534 | 7.6% |
| Benefits | 11,742 | 12,954 | 12,520 | 14,095 | 1,141 | 8.8 |
| Subtotal | 30,236 | 33,147 | 31,510 | 35,822 | 2,675 | 8.1 |
| Services | | | | | | |
| Professional & Technical | 156 | 348 | 424 | 457 | 109 | 31.2 |
| Temporary Services | 3 | 30 | 24 | 20 | (10) | (33.3) |
| Contract Maintenance | 745 | 1,274 | 1,096 | 1,654 | 380 | 29.8 |
| Security & Safety | 7 | 325 | 189 | 386 | 61 | 18.7 |
| Other Services | 6 | 9 | 6 | 7 | (2) | (25.0) |
| Subtotal | 918 | 1,986 | 1,739 | 2,523 | 537 | 27.0 |
| Materials & Supplies | 62 | 70 | 46 | 42 | (29) | (41.0) |
| Utilities | 260 | 271 | 429 | 458 | 187 | 68.9 |
| Insurance | 24 | 35 | 35 | 35 | 0 | 0.0 |
| Taxes | 99 | 133 | 320 | 457 | 324 | 242.7 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 44 | 66 | 57 | 109 | 43 | 64.1 |
| Travel & Meetings | 87 | 171 | 111 | 122 | (49) | (28.8) |
| Advertising & Promotion Media | 0 | 1 | 2 | 3 | 2 | 400.0 |
| Training | 130 | 174 | 134 | 169 | (6) | (3.3) |
| Other Miscellaneous | 12 | 6 | 5 | 0 | (6) | (100.0) |
| Subtotal | 273 | 418 | 310 | 402 | (16) | (3.8) |
| Leases & Rentals | | | | | | |
| General Administrative | 3,020 | 4,578 | 4,200 | 4,595 | 17 | 0.4 |
| Subtotal | 3,020 | 4,578 | 4,200 | 4,595 | 17 | 0.4 |
| Department Total | \$34,893 | \$40,639 | \$38,589 | \$44,333 | \$3,694 | 9.1% |

Executive

This department includes the Chief Executive Office and divisions that report directly to the CEO or Deputy CEO. The department's staff support the agency's mission by ensuring open public access to the Sound Transit Board's proceedings; engaging local, state, and federal officials regarding public transit needs; managing purchasing and contracting for agency projects; and conducting independent audits to confirm the adequacy of internal controls and identify improvement opportunities. They also administer the agency's human resources, construction safety and quality assurance, assistance to small businesses, and labor compliance programs.

2016 Activities and Accomplishments

The Chief Executive Office leads agency performance management efforts through a comprehensive policy program, agency-wide business planning, and continuous process improvement. The office establishes standards for agency policy, facilitates policy development, and leads the development of the Agency Scorecard that cascades to individual staff performance reviews. The office routinely organizes and facilitates cross-functional groups to improve core processes, formalize practices key to the agency's mission, and coach staff on linking their everyday work with agency goals.

The Procurement & Contracts division represented Sound Transit in the 2016 FTA Triennial Review with zero findings. They contributed to Sound Transit's presentation to the state's Project Review Committee resulting in a unanimous vote to renew the agency's GC/CM certification. Procurement & Contracts successfully awarded over \$1 billion for final design and public work procurements for the Lynnwood Link Extension. An interdepartmental policy development team began work on a new agency procurement policy. Division staff updated and revised the Procurement and Contract Administration Manual.

Human Resources, in partnership with Accounting, Budget, and Information Technology, successfully launched the new Human Resources Information Management System in January 2016. The agency's wellness program received Platinum-level recognition from the American Heart Association for the third year in a row.

Safety and Quality Assurance division delivered a high level of quality on the University Link segment and ensured that safety certification was received before the launch of service in 2016. Construction Safety is maintaining the Loss Time Injury rate far below the national average for all Link and Sounder construction projects. Operational Safety has contributed to significantly low rates of preventable accidents.

Government & Community Relations and Board Administration supported the agency's work in the development of the Sound Transit 3 plan and adoption by the Sound Transit Board. Both divisions continued to support the agency's work to implement Sound Transit 2.

2017 Budget Highlights

The Executive Department's budget is higher than the 2016 budget by 23.0 percent with significant increases coming from salaries & benefits and professional & technical services. Nineteen new positions requested in 2017 to support the agency activities in Internal Audit, Small Business Development and Labor Compliance, Government and Community Relations, Human Resources, Procurements and Contracts, and Safety and Quality Assurance.

The Chief Executive Office is budgeting approximately \$650 thousand for professional & technical services to support ongoing programs in scorecard development and broad employee engagement in continuous process improvement. All employees are trained to analyze and redesign processes in their own work groups and those that cross organizational boundaries.

Safety and Quality Assurance division will be adding ten positions in 2017 in support of the increasing levels of design and construction activity, and hiring and training staff to provide coverage

for light rail, bus and commuter rail services. Professional & technical services for safety planning and auditing is adding \$750 thousand to the department's budget request.

Five positions will be added in Procurement & Contracts to cover the increased activity in the agency, from design and construction to information technology contracts. Government and Community Relations will hire a manager to oversee staff, provide strategic guidance and focus on issues that cut across our regional jurisdictions. Small Business Development and Labor Compliance will add a Labor Agreement Specialist due to higher levels of construction activity.

Human Resources is budgeting \$375 thousand in advertising & promotion media to assist with recruitment of engineers, technology, finance, and various professionals as competition among employers in the local job market increases. The division is planning to roll out the Knowledge Transfer program to all departments in Sound Transit within a period of four years, which translates to \$850 thousand of professional & technical services. Also, ST University is exploring methods to consolidate all agency-wide training, from Safety's floor captain training to bucket truck and forklift training. In addition, Human Resources will add two positions in 2017.

Internal Audit is budgeting \$120 thousand in professional & technical services for electrical and mechanical contract close-out audits for the University Link Station. Independent cost audits are required when General Contractor/Construction Manager (GC/CM) contracting is used. With the addition of one new staff position, the division will be able to perform the audits in-house and avoid an additional \$120 thousand of consulting services.

EXECUTIVE

(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|---------------------------------|-----------------|-----------------|------------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$7,564 | \$8,757 | \$8,881 | \$10,281 | \$1,524 | 17.4% |
| Benefits | 4,811 | 5,589 | 5,921 | 6,611 | 1,022 | 18.3 |
| Subtotal | 12,375 | 14,346 | 14,802 | 16,893 | 2,547 | 17.8 |
| Services | | | | | | |
| Professional & Technical | 2,580 | 2,735 | 2,503 | 3,108 | 373 | 13.6 |
| Temporary Services | 166 | 34 | 54 | 49 | 15 | 44.8 |
| Contract Maintenance | 0 | 28 | 28 | 28 | 0 | 0.0 |
| Other Services | 368 | 495 | 469 | 1,563 | 1,067 | 215.5 |
| Subtotal | 3,115 | 3,292 | 3,058 | 4,747 | 1,455 | 44.2 |
| Materials & Supplies | 140 | 154 | 209 | 183 | 30 | 19.3 |
| Utilities | 1 | 1 | 1 | 1 | (0) | (22.5) |
| Insurance | 0 | 0 | 0 | 2 | 2 | 100.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 30 | 64 | 73 | 47 | (17) | (26.0) |
| Travel & Meetings | 190 | 264 | 214 | 294 | 29 | 11.1 |
| Advertising & Promotion Media | 177 | 311 | 314 | 396 | 85 | 27.2 |
| Training | 82 | 64 | 70 | 135 | 71 | 111.3 |
| Other Miscellaneous | 157 | 510 | 491 | 696 | 186 | 36.5 |
| Subtotal | 635 | 1,213 | 1,161 | 1,568 | 354 | 29.2 |
| Leases & Rentals | | | | | | |
| General Administrative | 47 | 86 | 88 | 96 | 10 | 11.7 |
| Subtotal | 47 | 86 | 88 | 96 | 10 | 11.7 |
| Department Total | \$16,312 | \$19,091 | \$19,319 | \$23,489 | \$4,398 | 23.0% |

Finance & Information Technology

Finance & Information Technology (FIT) divisions are responsible for accounting, budgeting, financial planning, grant applications and drawdowns, records management, revenue collection, risk management, and treasury functions. The Information Technology division supports implementation of new technology and maintains the agency's network and various software applications used throughout the agency. FIT's ORCA ST Regional Services division acts as the fiscal agent for the ORCA system. All ORCA ST 2017 costs will be reimbursed by the ORCA regional partners, and this reimbursement is captured in agency miscellaneous revenues.

2016 Activities and Accomplishments

The department successfully launched the University Link fare collection system in support of opening of the new University Link Extension. Financial planning supported the ST3 planning process by providing financial modeling, debt allocation strategies, and operations and maintenance cost estimates. IT staff directed significant efforts towards enhancing the agency's computer system security by evaluating, identifying, and implementing improvements that reduce susceptibility to cyber threats and phishing attacks. Safeguarding ST's computer and data systems is an ongoing effort, so a new IT business unit was created specifically to focus on cyber-security.

2017 Budget Highlights

An additional \$1.1 million is budgeted for insurance premiums in order to provide appropriate coverage to safeguard our riders and the increased number of light rail vehicles on the recently opened University Link segment. A supplementary \$350 thousand is budgeted to cover tax revenue collection fees that have risen due to the growth in tax revenue collections. \$410 thousand is budgeted to fund increases in fare collection costs caused by demand for Ticket Vending Machines (TVMs) and mobile device transactions. To further the agency's goal of ensuring that assets are in a state of good repair, \$100 thousand has been added for professional and technical services to continue development and implementation of an enterprise asset management system. New technological systems, computer workstations, and software require an investment of \$658 thousand in order to support the agency in achieving its goals. Professional and technical services will be lower by \$800 thousand because a consulting contract for ORCA has been moved to the Fare Administration project.

Information Technology has added four new positions to support the operations and maintenance of existing rider technologies, ST websites, and user applications, as well as to drive improvements and creation of additional rider technologies, such as Real Time Train information and an enhanced Trip Planner. One new position requested in the Accounting division to assist with the National Transportation and Safety Board reporting process.

FINANCE & INFORMATION TECHNOLOGY

(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|---------------------------------|-----------------|-----------------|------------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$9,955 | \$11,382 | \$11,721 | \$12,470 | \$1,088 | 9.6% |
| Benefits | 6,011 | 7,298 | 7,636 | 8,093 | 795 | 10.9 |
| Subtotal | 15,966 | 18,680 | 19,357 | 20,563 | 1,883 | 10.1 |
| Services | | | | | | |
| Professional & Technical | 2,372 | 4,067 | 3,908 | 3,448 | (619) | (15.2) |
| Temporary Services | 254 | 245 | 245 | 120 | (125) | (51.0) |
| Contract Maintenance | 2,532 | 3,121 | 2,661 | 3,475 | 354 | 11.3 |
| Other Services | 6,119 | 6,978 | 6,774 | 7,758 | 779 | 11.2 |
| Subtotal | 11,277 | 14,411 | 13,588 | 14,800 | 389 | 2.7 |
| Materials & Supplies | 1,679 | 1,692 | 1,248 | 1,627 | (65) | (3.9) |
| Utilities | 690 | 733 | 744 | 953 | 219 | 29.9 |
| Insurance | 5,144 | 6,389 | 6,241 | 7,482 | 1,093 | 17.1 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 30 | 77 | 62 | 68 | (9) | (11.7) |
| Travel & Meetings | 120 | 152 | 109 | 143 | (9) | (5.7) |
| Training | 87 | 139 | 118 | 138 | (1) | (0.5) |
| Other Miscellaneous | 120 | 161 | 126 | 173 | 12 | 7.5 |
| Subtotal | 356 | 528 | 415 | 522 | (6) | (1.2) |
| Leases & Rentals | | | | | | |
| General Administrative | 238 | 294 | 319 | 415 | 121 | 41.1 |
| Subtotal | 238 | 294 | 319 | 415 | 121 | 41.1 |
| Department Total | \$35,350 | \$42,728 | \$41,911 | \$46,362 | \$3,634 | 8.5% |

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Legal

The Legal Department monitors changes in law and regulations on behalf of the agency and provides analysis and advice on real estate acquisitions, labor and employment, municipal zoning and land use, environmental law, construction claims, permitting, litigation, railroad easements, contracts, and interagency issues. Attorneys in the department oversee the work of external specialized attorneys particularly in the area of right-of-way acquisition agreements and processes. Costs for this work is included in project budgets.

2016 Activities and Accomplishments

The Legal Department successfully supported the agency's efforts in implementing the ST3 Ballot Measure. Legal negotiated a multi-jurisdictional agreement for permitting the Lynnwood Link Extension, a critical step in moving the project forward. The department expects to answer 425 public disclosure requests in 2016, which furthers the agency's goal of maintaining public trust through open accountability.

2017 Budget Highlights

Legal requested one new position to contribute to the agency's land acquisitions work in support of the ST2 Plan. Professional & Technical services is budgeted \$21 thousand or 5.5 percent lower than in 2016, based on reduced expected needs for external legal services in 2017.

LEGAL

(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|---------------------------------|----------------|----------------|------------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$1,639 | \$1,732 | \$1,701 | \$1,923 | \$191 | 11.0% |
| Benefits | 1,041 | 1,098 | 1,003 | 1,227 | 129 | 11.7 |
| Subtotal | 2,680 | 2,830 | 2,704 | 3,150 | 320 | 11.3 |
| Services | | | | | | |
| Professional & Technical | 44 | 393 | 283 | 372 | (21) | (5.5) |
| Temporary Services | 0 | 79 | 79 | 75 | (4) | (4.5) |
| Other Services | 1 | 1 | 11 | 1 | (0) | (21.4) |
| Subtotal | 45 | 472 | 373 | 447 | (25) | (5.3) |
| Materials & Supplies | 3 | 3 | 2 | 3 | 0 | 0.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 36 | 40 | 40 | 39 | (0) | (0.8) |
| Travel & Meetings | 5 | 7 | 6 | 7 | (0) | (5.4) |
| Training | 7 | 15 | 9 | 13 | (2) | (13.1) |
| Subtotal | 47 | 62 | 54 | 59 | (3) | (4.3) |
| Leases & Rentals | | | | | | |
| General Administrative | 0 | 1 | 1 | 1 | 0 | 0.0 |
| Subtotal | 0 | 1 | 1 | 1 | 0 | 0.0 |
| Department Total | \$2,776 | \$3,368 | \$3,134 | \$3,660 | \$292 | 8.7% |

Operations

The Operations Department is responsible for all modal operations. They operate Tacoma Link directly and oversee agreements with our transit partners to provide operations and maintenance for Link light rail, ST Express bus, and paratransit services. Sounder commuter rail service and rail access is fulfilled through a contract with Burlington Northern Santa Fe (BNSF); maintenance is provided through a contract with Amtrak. Department personnel are also responsible for transit asset management, facilities maintenance, service planning, customer service, and Americans with Disabilities Act accessibility. The department also manages security for all transit and administrative facilities through a contract with Securitas Services and an agreement with the King County Sheriff's Office.

2016 Activities and Accomplishments

Many department activities have been focused on supporting University Link Extension. Earlier this year, the department coordinated with King County Metro, the University of Washington, and the City of Seattle to ensure a successful opening of UW Station at Husky Stadium and Capitol Hill Station on March 19th. Currently, the department has ramped up support contractors' work prior to beginning the System Integrated Testing (SIT) for the S 200th Link Extension. Scheduling support, work plans, track access, and staffing are being closely monitored as open items. Another major department activity is the transition of assets from the S 200th Link and University Link projects, which represents the largest transition of assets since the initial segment opening in 2009. Other activities include Sounder schedule expansion, upgrading three Sounder locomotives, and evaluating electric charging services at customer facilities. The department has been tasked, along with King County Metro staff, to identify and test solutions to improve light rail vehicle travel time in the Downtown Seattle Transit Tunnel. The department has coordinated with King County, the City of Seattle, Community Transit, and the Washington State Department of Transportation on integrated service changes.

2017 Budget Highlights

The Operations Department budget request includes thirteen new positions for 2017 to support higher levels of transit services and an expanded number of facilities to manage and maintain.

The 2017 budget increased by \$22.4 million. Aside from adding thirteen new positions, the budget increase is driven primarily by increases in security services, Downtown Seattle Transit Tunnel costs, the Sounder vehicle maintenance contract, professional and technical services, utilities, and purchased transportation services.

- Security services are anticipated to increase by \$2.8 million due to a full year of operations for the University Link and S 200th Link extensions, plus Sounder trips added in 2016 and 2017.
- Downtown Seattle Transit Tunnel costs are anticipated to increase by approximately \$1.5 million due to the proportion of ST's shared obligations increasing from 64 percent in 2016 to 70 percent in 2017. These costs are included in lease and rentals – transit way and contract maintenance.
- Sounder vehicle maintenance program (Amtrak contract) costs are increasing by \$1.1 million. The majority of the contract increase is associated with supporting the mid-day train and increased fleet size. The addition of eight new cab cars that will be put into service, stored, and maintained at Amtrak's facility drives up the increase.
- Professional & technical and other services are anticipated to increase by \$1.7 million, to include a Comprehensive Operational Analysis, engineering consultant support, technical consulting services, and a new parking permit program.
- Utilities are anticipated to increase by \$690 thousand to cover annualized traction power costs for Link light rail extensions and a rate increase.

- Purchased transportation services are anticipated to increase by \$10.0 million to support service expansion across three Sound Transit modes in 2017:
 - ST Express will add 32,428 service hours – approximately 26,000 are the annualized hours approved in the 2016 budget, plus some increases in planned services. The remaining 6,428 hours are added to help mitigate schedule degradation from traffic congestion (which is 15,000 hours annualized in 2018). In March 2017 3,214 platform hours will be added with another 3,214 hours in September 2017.
 - Sounder will add the annualized expenses for the round trip between Seattle and Lakewood approved in the 2016 budget and will add one more round trip in September 2017.
 - Link will add the annualized expenses for revenue service north to Capitol Hill and the University of Washington stations and south to Angle Lake Station in 2017.

OPERATIONS

(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|--|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$7,750 | \$8,166 | \$8,255 | \$9,200 | \$1,034 | 12.7% |
| Benefits | 5,027 | 5,105 | 5,580 | 5,855 | 750 | 14.7 |
| Subtotal | 12,777 | 13,271 | 13,835 | 15,055 | 1,784 | 13.4 |
| Services | | | | | | |
| Professional & Technical | 246 | 1,784 | 1,884 | 2,325 | 541 | 30.3 |
| Temporary Services | 31 | 143 | 55 | 10 | (133) | (93.0) |
| Contract Maintenance | 23,305 | 29,265 | 30,593 | 32,287 | 3,021 | 10.3 |
| Security & Safety | 14,202 | 18,205 | 16,580 | 21,026 | 2,821 | 15.5 |
| Other Services | 1,252 | 1,179 | 1,557 | 2,345 | 1,166 | 98.9 |
| Subtotal | 39,036 | 50,576 | 50,670 | 57,993 | 7,416 | 14.7 |
| Materials & Supplies | 7,106 | 9,564 | 9,845 | 10,785 | 1,221 | 12.8 |
| Utilities | 3,875 | 4,580 | 5,009 | 5,270 | 690 | 15.1 |
| Taxes | 2,087 | 2,142 | 2,245 | 2,595 | 453 | 21.1 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,276 | 1,906 | 1,441 | 1,632 | (274) | (14.4) |
| Purchased Transportation | 124,772 | 151,155 | 149,103 | 161,395 | 10,240 | 6.8 |
| Subtotal | 126,048 | 153,061 | 150,544 | 163,027 | 9,966 | 6.5 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 19 | 47 | 43 | 55 | 8 | 16.9 |
| Travel & Meetings | 98 | 106 | 89 | 210 | 104 | 98.0 |
| Advertising & Promotion Media | 1 | 3 | 3 | 2 | (1) | (34.5) |
| Training | 60 | 105 | 66 | 57 | (48) | (45.8) |
| Other Miscellaneous | 46 | 26 | 29 | 53 | 27 | 100.6 |
| Subtotal | 225 | 287 | 230 | 376 | 89 | 31.0 |
| Leases & Rentals | | | | | | |
| Transit Way | 5,669 | 7,267 | 7,256 | 7,982 | 715 | 9.8 |
| General Administrative | 516 | 596 | 595 | 619 | 22 | 3.7 |
| Subtotal | 6,185 | 7,863 | 7,851 | 8,601 | 737 | 9.4 |
| Department Total | \$197,336 | \$241,345 | \$240,226 | \$263,701 | \$22,356 | 9.3% |

Planning, Environment & Project Development

Planning, Environment & Project Development (PEPD) leads the initial project activities beginning with public outreach, environmental impact analysis, and system planning to ensure the integrity of our long-range plan, as well as potential future plans to be decided by voters. They provide preliminary engineering and environmental compliance pursuant to state and national regulations. Once project development is complete and project scopes are defined, project management responsibility shifts to the Design, Engineering & Construction Management (DECM) department to oversee design and construction. In addition to project development, PEPD is responsible for the agency's sustainability programs and transit oriented development (TOD) efforts to encourage residential and commercial development near transit stations.

2016 Activities and Accomplishments

PEPD completed the Sound Transit 3 System Plan, which was adopted by the Sound Transit Board of Directors and placed on the November 2016 ballot. The Board selected the projects to be built for the Federal Way Link Extension, the Sounder Maintenance Base, and the Sumner and Puyallup Access Improvements. The Board also reactivated project development for the previously suspended Downtown Redmond Link Extension and the Kent and Auburn Station Access Improvements as a result of improved revenue performance. Project development staff negotiated third party agreements with local jurisdictions to support the Lynnwood Link Extension and Tacoma Link Expansion during final design and permitting. They have obtained Federal Transit Administration (FTA) – National Environmental Policy Act (NEPA) approval for the Sounder Maintenance Base project and the Sumner and Puyallup Station Access Improvements. The final Environmental Impact Study (EIS) is expected to be issued in the fourth quarter of 2016 for the Federal Way Link Extension. Additionally, they have executed TOD agreements for the East Link Operations and Maintenance Facility East (OMF-East) and for parcels adjacent to Capitol Hill Station, as well as implemented the Parking Permit Program to issue HOV permits at ten stations. The staff has integrated sustainability features in the design and planning of ST3, including building green infrastructure and reducing the amount of waste generated during the construction process. These efforts are driven by the agency's dedication to efficient project management, meeting or exceeding environmental requirements, and sustainability goals.

2017 Budget Highlights

PEPD will focus on the Downtown Redmond Link Extension and a preferred alternative will be identified for the Kent and Auburn Station Access Improvements projects along with NEPA reviews for those projects. PEPD expects to receive environmental permits for the Link OMF– East and Lynnwood Link Extension projects. The Federal Way Link Extension and the Sumner and Puyallup Station Access Improvements projects will transition to final design. PEPD also will expand the HOV parking permit program to all ST stations and fully implement TOD planning at the earliest stages of project development. The department requests one TOD position and one environmental position in anticipation of the upcoming workload for 2017. The staff is committed to integrating sustainability initiatives in our projects, and we are proud that the agency has become only the second transit agency in the nation to earn Platinum Level recognition for sustainability from the American Public Transportation Association (APTA). PEPD has identified implementation-ready opportunities and recommendations for reducing fuel use for existing vehicles and new technologies and alternative fuels for future fleet purchases. The use of new technologies and alternative fuels could increase fuel efficiency and decrease carbon emissions, which are crucial for reducing the agency's ecological footprint.

A significant portion of the department's budget includes \$456 thousand for professional & technical consulting. Consulting costs for environmental compliance have increased by \$61 thousand to fully address issues including: integrated pest management; mitigation and migratory bird treaty act monitoring; facilities compliance; and to begin documenting and update environmental review procedures and templates. Additional consulting services are intended to further study sustainable infrastructure design and construction techniques, waste reduction, and facility energy conservation.

PEPD plans to add two new positions to address the increasing volume of project development and Transit Oriented Development planning expected in 2017.

PLANNING, ENVIRONMENT & PROJECT DEVELOPMENT

| (in thousands) | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|---------------------------------|----------------|----------------|------------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$3,583 | \$4,099 | \$3,890 | \$4,419 | \$320 | 7.8% |
| Benefits | 2,275 | 2,635 | 2,512 | 2,869 | 234 | 8.9 |
| Subtotal | 5,858 | 6,734 | 6,402 | 7,287 | 554 | 8.2 |
| Services | | | | | | |
| Professional & Technical | 446 | 475 | 477 | 456 | (19) | (4.0) |
| Contract Maintenance | 107 | 0 | 0 | 0 | | |
| Other Services | 1 | 3 | 1 | 7 | 4 | 124.1 |
| Subtotal | 553 | 478 | 478 | 463 | (15) | (3.2) |
| Materials & Supplies | 3 | 6 | 3 | 5 | (1) | (18.1) |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 7 | 16 | 14 | 11 | (4) | (26.4) |
| Travel & Meetings | 33 | 66 | 39 | 50 | (16) | (24.9) |
| Advertising & Promotion Media | 1 | 1 | 5 | 0 | (1) | (100.0) |
| Training | 21 | 25 | 17 | 26 | 1 | 3.5 |
| Other Miscellaneous | 0 | 1 | 0 | 0 | (1) | (100.0) |
| Subtotal | 63 | 108 | 75 | 87 | (21) | (19.4) |
| Leases & Rentals | | | | | | |
| General Administrative | 0 | 3 | 0 | 1 | (2) | (71.4) |
| Subtotal | 0 | 3 | 0 | 1 | (2) | (71.4) |
| Department Total | \$6,478 | \$7,329 | \$6,958 | \$7,843 | \$514 | 7.0% |

Transit Modes

Transit Mode budgets for 2017 total \$287.5 million, \$24.7 million or 9.4 percent higher than the 2016 budget of \$262.8 million. In 2017, Sound Transit expects to surpass 47 million boardings by providing approximately 878 thousand revenue vehicle hours across our four modes of service.

Transit Mode costs include operations and vehicle maintenance provided primarily through contracts with our transit agency partners. Sound Transit employees perform only Tacoma Link operations and maintenance. Our light rail, commuter rail, and express bus services are supported by 34 rail stations, six ST-owned transit centers, and six ST-owned park-and-ride lots. Sound Transit also operates through numerous facilities owned by other agencies.

All costs are reported by the department that manages them. The Transit Mode budgets shown in this section represent all operating budget activities associated with the mode, including agency overhead. Modal budgets are comprised of costs managed primarily by Operations, Finance & Information Technology, and Communications & External Affairs departments.

Operations department staff manage our facilities, overseeing hundreds of contractors including many small and minority-owned businesses. Information Technology division staff installs, repairs, and maintains ticket vending machines, closed-circuit television (CCTV) cameras, automatic passenger counters, passenger information systems, and other technology used in the delivery of service. Communications and External Affairs manages all advertising and promotions, including our attendance at community events and festivals to promote public transit ridership.

Readers may be interested in two other companion documents that also incorporate the Proposed 2017 Budget for the Transit Modes and provide subsequent five-year financial estimates of operating and maintenance costs. The first is the Proposed 2017 Transit Improvement Plan (TIP), which contains discussion of projected costs for the Transit Modes and capital projects that will enhance revenue service during the TIP's six year period. The second is the Service Implementation Plan (SIP) prepared by the Service Planning division, which includes service levels for each mode and expenditure forecasts for the same six-year period. The Draft 2017 SIP provides the service plan detail on which the Proposed 2017 Budget is based.

The ST Express budget makes up the largest portion of the Transit Modes with 45.2 percent of the budget, down from 47.2 percent of last year's total budget. Sounder's share of the total budget increased to 19.0 percent, compared to 17.4 percent in 2016. Link light rail's share of the budget increased from 33.4 percent last year to 34.3 percent of the total in 2017. Tacoma Link's budget share declined to 1.6 percent of the total from 1.9 percent in 2016.

Purchased Transportation

By far the largest line item in the Transit Modes budget is purchased transportation services. This category of expense covers the negotiated agreements with our partners to operate three of our transit modes: Link light rail, Sounder commuter rail, and ST Express bus services. For these three modes, the costs of purchased transportation is \$163.0 million, or 56.7 percent, of the total Transit Modes budget for 2017. Tacoma Link is operated by Sound Transit employees and does not purchase transportation services.

TRANSIT MODES BUDGET SUMMARY

| (in thousands) | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|--|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$3,787 | \$4,190 | \$3,583 | \$4,560 | \$371 | 8.8% |
| Benefits | 2,370 | 2,603 | 2,258 | 2,882 | 279 | 10.7 |
| Subtotal | 6,157 | 6,793 | 5,841 | 7,443 | 650 | 9.6 |
| Services | | | | | | |
| Advertising Fees | 75 | 85 | 82 | 85 | 0 | 0.0 |
| Professional & Technical | 171 | 896 | 988 | 1,019 | 123 | 13.7 |
| Temporary Services | 0 | 0 | 11 | 0 | 0 | 0.0 |
| Contract Maintenance | 22,276 | 28,612 | 29,702 | 31,220 | 2,607 | 9.1 |
| Security & Safety | 14,087 | 18,075 | 16,530 | 21,004 | 2,929 | 16.2 |
| Other Services | 3,775 | 4,582 | 4,519 | 6,038 | 1,456 | 31.8 |
| Subtotal | 40,385 | 52,251 | 51,832 | 59,366 | 7,115 | 13.6 |
| Materials & Supplies | 7,010 | 9,462 | 9,567 | 10,623 | 1,162 | 12.3 |
| Utilities | 3,701 | 4,435 | 4,740 | 5,163 | 728 | 16.4 |
| Insurance | 4,381 | 5,323 | 5,234 | 6,578 | 1,255 | 23.6 |
| Taxes | 2,080 | 2,136 | 2,239 | 2,594 | 458 | 21.4 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,276 | 1,906 | 1,441 | 1,632 | (274) | (14.4) |
| Purchased Transportation | 124,772 | 151,155 | 149,103 | 161,395 | 10,240 | 6.8 |
| Subtotal | 126,048 | 153,061 | 150,544 | 163,027 | 9,966 | 6.5 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 1 | 3 | 1 | 1 | (1) | (55.4) |
| Travel & Meetings | 42 | 57 | 32 | 57 | 1 | 1.3 |
| Advertising & Promotion Media | 499 | 600 | 494 | 400 | (200) | (33.3) |
| Training | 14 | 46 | 18 | 20 | (27) | (57.5) |
| Other Miscellaneous | 45 | 25 | 28 | 52 | 27 | 105.8 |
| Subtotal | 601 | 730 | 572 | 530 | (201) | (27.4) |
| Leases & Rentals | | | | | | |
| Transit Way | 5,669 | 7,267 | 7,256 | 7,982 | 715 | 9.8 |
| General Administrative Facilities | 178 | 265 | 252 | 234 | (31) | (11.7) |
| Subtotal | 5,848 | 7,532 | 7,508 | 8,217 | 684 | 9.1 |
| Expense Transfers | | | | | | |
| Operations Department | 4,986 | 5,831 | 1,597 | 6,947 | 1,116 | 19.1 |
| Administrative Departments | 11,504 | 15,244 | 4,742 | 17,001 | 1,757 | 11.5 |
| Subtotal | 16,489 | 21,075 | 6,338 | 23,948 | 2,873 | 13.6 |
| Transit Modes Budget Total | \$212,700 | \$262,799 | \$244,417 | \$287,488 | \$24,689 | 9.4% |

Service Changes

Service increases for 2017 are planned for three of the agency's four modes:

- Link extensions between Westlake and UW stations and from Airport to Angle Lake stations will deliver a full year of revenue service in 2017.

- Sounder service planned for 2017 includes two additional round trips, one peak and one reverse commute. The midday round trip added in late 2016 will operate for a full year in 2017.
- ST Express hours will increase by 32,428. Approximately 26,000 additional platform hours are annualized hours approved in the 2016 budget to mitigate service disruption caused by East Link construction, overcrowding on particular routes, plus some increases in planned services. Another 6,428 platform hours (15,000 annualized) are added to help mitigate schedule degradation from traffic congestion.
- Tacoma Link has no service changes planned for 2017.

Ridership Forecast

2017 systemwide ridership is expected to pass the 47 million mark, 14.4 percent higher than 2016 boardings forecast of 41.2 million. Projected ridership for 2017 is based on modal trends for 2016 through the second quarter, plus newly planned service for 2017.

Link ridership is anticipated to rise sharply to 22.9 million, a 32.1 percent increase, as a result of providing a full year of revenue service for U Link and S 200th Link extensions. Also, Link's current ridership growth trend on the system (pre-expansion) is expected to continue.

Sounder ridership is projected to increase by 4.5 million, or 12.4 percent over the 2016 forecast. The ridership growth on both north and south lines has remained higher than anticipated. A full year of service for the round trip added in 2016 and two more round trips expected to begin in the fourth quarter of 2017 should contribute to Sounder surpassing the 2016 forecast.

ST Express ridership is expected to decrease to 18.7 million, or a 1.1% decrease over the 2016 forecast due to continuing low gas prices. Service hours are being added to address capacity issues on several routes during 2017.

Tacoma Link ridership is expected to increase by 7.6 percent over the 2016 forecast of just under 1.0 million. No passenger fares will be collected in 2017.

Paratransit ridership is expected to grow as Link services increase since it connects eligible people who are otherwise unable to connect to our buses and trains. Costs for paratransit are included with Link operations.

Although three of the four modes will offer additional service and expect increased boardings in 2017, light rail service, with its higher passenger capacity and additional stations, is projected to grow the most, from 42.0 percent of system boardings in 2016 to 48.5 percent of system boardings in 2017. ST Express, which is forecast to carry more than Link through 2016, is projected to carry 39.6 percent of ST boardings in 2017, making Link the largest passenger segment. Relatively unchanged from 2016: Sounder will carry 9.5 percent of system boardings, and Tacoma Link will carry 2.2 percent.

2017 RIDERSHIP FORECAST (in thousands)

| Transit Mode | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Change from Forecast | % Change from Forecast | Change from Budget | % Change from Budget |
|------------------------|----------------|----------------|------------------|----------------|----------------------------|------------------------------|--------------------------|----------------------------|
| Link | 11,530 | 17,200 | 17,331 | 22,900 | 5,569 | 32.1% | 5,700 | 33.1% |
| Sounder | 3,812 | 3,730 | 3,987 | 4,480 | 493 | 12.4 | 750 | 20.1 |
| ST Express | 18,313 | 19,500 | 18,897 | 18,680 | (217) | (1.1) | (820) | -4.2 |
| Tacoma Link | 981 | 950 | 967 | 1,040 | 73 | 7.6 | 90 | 9.5 |
| Paratransit | 56 | 70 | 46 | 80 | 34 | 73.8 | 10 | 14.3 |
| Total All Modes | 34,692 | 41,450 | 41,227 | 47,180 | 5,953 | 14.4% | 5,730 | 13.8% |

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Link Light Rail

In 2017, Link light rail trains will run between the University of Washington Station and Angle Lake Station in the city of SeaTac, serving 16 passenger stations, including the 4 stations in the Downtown Seattle Transit Tunnel, the SeaTac/Airport station, and three stations opened in 2016: Capitol Hill, University of Washington, and Angle Lake.

Sound Transit operates Link light rail out of our operations and maintenance facility in Seattle's SODO neighborhood. King County Metro (KCM) performs operations and maintenance of the system through an intergovernmental agreement with oversight by agency staff. Sound Transit is directly responsible for security, spare parts, insurance, traction power, and other utilities. Agency Information Technology staff provide maintenance for ticket vending machines, security cameras, and other passenger related technology.

Beginning in 2017, KCM will employ 282 staff to operate and maintain Link light rail, including control center personnel, service supervisors, maintenance-of-way personnel, maintenance technicians, facilities custodians, and light rail operators. King County staff provides supervision and operations of the trains, maintenance of the vehicles, and maintenance of the stations and track facilities.

The Link fleet consists of 62 single-car vehicles. Each of these vehicles has the capacity to carry 74 seated passengers plus another 74 standing passengers.

The 22.9 million boardings for 2017 represent a 32.1 percent increase over the 2016 forecast. Increased service plus strong population growth in the Puget Sound area continue to push ridership upward.

Link 2017 Budget Highlights

The budget for Link light rail is expected to increase by 12.1 percent to \$98.5 million in 2017.

- Security services will increase by 17.9 percent, or \$2.3 million, due to annualization of the costs associated with the U Link and S 200th extensions. Contract rate increases also account for a portion of the increase.
- Contract maintenance will increase by \$1.5 million, or 19.0 percent, due primarily to escalations of Downtown Seattle Transit Tunnel maintenance costs as the proportion of Sound Transit's share will increase from 64% in 2016 to 70% in 2017.
- Purchased transportation services will increase by 5.2 percent, or \$2.0 million over the 2016 budget, due to a full year of operating costs for Link extensions opened in 2016. The higher 2017 budget is being driven by an increase in the number of King County Metro staff that operate and maintain Link as well as an increase in the contract rate. Paratransit expenses in 2016 are forecast substantially below budget due to changes in qualification requirements to use the service. The 2017 budget has been reduced to reflect our 2016 experience.
- Agency administrative expense allocations are forecast higher by 24.2 percent, or \$2.1 million, over last year due to a higher base budget (purchased transportation services are excluded in the calculation) and higher ridership.

LINK

| (in thousands) | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|--|-----------------|-----------------|------------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$996 | \$1,091 | \$1,067 | \$1,354 | \$263 | 24.1% |
| Benefits | 633 | 693 | 659 | 867 | 174 | 25.1 |
| Subtotal | 1,629 | 1,785 | 1,727 | 2,222 | 437 | 24.5 |
| Services | | | | | | |
| Advertising Fees | 25 | 28 | 28 | 30 | 1 | 5.0 |
| Professional & Technical | 80 | 735 | 891 | 753 | 18 | 2.4 |
| Contract Maintenance | 5,191 | 7,930 | 8,144 | 9,434 | 1,504 | 19.0 |
| Security & Safety | 8,602 | 13,013 | 11,951 | 15,347 | 2,334 | 17.9 |
| Other Services | 966 | 1,507 | 1,403 | 2,023 | 516 | 34.3 |
| Subtotal | 14,865 | 23,214 | 22,418 | 27,587 | 4,373 | 18.8 |
| Materials & Supplies | 2,267 | 2,431 | 2,829 | 3,508 | 1,077 | 44.3 |
| Utilities | 2,213 | 3,408 | 2,914 | 3,323 | (85) | (2.5) |
| Insurance | 2,358 | 3,567 | 3,548 | 3,421 | (145) | (4.1) |
| Taxes | 456 | 596 | 663 | 883 | 287 | 48.1 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,276 | 1,906 | 1,441 | 1,632 | (274) | (14.4) |
| Purchased Transportation | 26,137 | 37,095 | 37,099 | 39,383 | 2,289 | 6.2 |
| Subtotal | 27,413 | 39,001 | 38,540 | 41,015 | 2,015 | 5.2 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 0 | 1 | 0 | 0 | (1) | (100.0) |
| Travel & Meetings | 27 | 28 | 15 | 28 | (0) | (0.1) |
| Advertising & Promotion Media | 163 | 270 | 222 | 140 | (130) | (48.1) |
| Training | 1 | 11 | 3 | 5 | (6) | (55.4) |
| Subtotal | 193 | 310 | 240 | 173 | (137) | (44.2) |
| Leases & Rentals | | | | | | |
| Transit Way | 3,013 | 4,723 | 4,719 | 5,384 | 661 | 14.0 |
| General Administrative Facilities | 10 | 10 | 3 | 14 | 4 | 34.2 |
| Subtotal | 3,022 | 4,733 | 4,722 | 5,398 | 664 | 14.0 |
| Expense Transfers | | | | | | |
| Operations Department | 1,419 | 2,166 | 1,449 | 3,299 | 1,133 | 52.3 |
| Administrative Departments | 3,940 | 6,645 | 6,078 | 7,649 | 1,004 | 15.1 |
| Subtotal | 5,360 | 8,811 | 7,527 | 10,948 | 2,136 | 24.2 |
| Mode Total | \$59,776 | \$87,855 | \$85,128 | \$98,477 | \$10,623 | 12.1% |

Link Performance Statistics

Budget projections for 2017 show improved farebox recovery and cost per boarding. However, along with the increased service comes increased operating costs.

- About 201,100 revenue vehicle hours are expected to be delivered, an increase of 13.0 percent over the 2016 budget. Cost per vehicle hour is expected to decrease only slightly from \$483.10 to \$481.58.
- Revenue train hours are expected to increase only 7.4 percent compared to 13.0 percent for revenue vehicle hours due to an increase in the use of longer three-car trains.
- Ridership is forecasted at 69,400 weekday boardings and 22.9 million annual boardings, a 34 percent gain over the 2016 budget resulting in a decrease in cost per boarding from \$5.00 to \$4.23, or 15.4 percent lower in 2017.
- Operating costs for Link (excluding Paratransit, which is not included in Link performance statistics) are projected to rise by 12.7 percent, to \$96.8 million, in 2017.
- Over 4 million revenue vehicle miles are planned for 2017, an increase of 15.6 percent over 2016 budget. Cost per revenue vehicle mile is projected to decrease from \$24.36 to \$23.74.

LINK PERFORMANCE STATISTICS

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | 2017 v 2016 Budget |
|---|----------------|----------------|------------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 172,153 | 177,911 | 183,384 | 201,100 | 13.0% |
| Revenue Vehicle Miles Operated | 2,759,825 | 3,528,190 | 3,699,713 | 4,079,414 | 15.6% |
| Revenue Train Hours Operated | 84,299 | 88,955 | 88,576 | 95,511 | 7.4% |
| Trips Operated | 93,004 | 100,664 | 101,537 | 102,616 | 1.9% |
| Service Consumed | | | | | |
| Total Boardings | 11,530,411 | 17,200,000 | 17,330,617 | 22,900,000 | 33.1% |
| Average Weekday Boardings | 35,683 | 51,800 | 56,100 | 69,400 | 34.0% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 68.0 | 96.7 | 94.5 | 113.9 | 17.8% |
| Total Boardings/Trip | 123 | 171 | 171 | 223 | 30.6% |
| Percentage of Scheduled Trips Operated | 99.0% | 98.5% | 98.2% | 98.5% | 0.0% |
| Headway Management | 93.7% | >90% | 89.6% | >90% | 0.0% |
| Complaints/100,000 Boardings | 1.2 | <15.0 | 2.4 | <15.0 | 0.0% |
| Preventable Accidents/100,000 Service Miles | 0 | <0.3 | 0.3 | <0.3 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Fare Revenues | \$18,152,813 | \$24,424,100 | \$31,159,571 | \$36,414,800 | 49.1% |
| Operating costs (less deprec. & paratransit) | \$58,499,812 | \$85,948,466 | \$83,687,745 | \$96,844,902 | 12.7% |
| Cost/Revenue Vehicle Hour | \$339.81 | \$483.10 | \$456.35 | \$481.58 | -0.3% |
| Cost/Revenue Vehicle Mile | \$21.20 | \$24.36 | \$22.62 | \$23.74 | -2.5% |
| Cost/Revenue Train Hour | \$693.96 | \$966.20 | \$944.81 | \$1,013.97 | 4.9% |
| Cost/Boarding | \$5.00 | \$5.00 | \$4.83 | \$4.23 | -15.4% |
| Farebox Recovery | 31.0% | 28.4% | 37.2% | 37.6% | 32.3% |

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Sounder Commuter Rail

Sounder commuter rail spans three counties, serving commuters making their way from Lakewood on the south end and Everett on the north end of central Puget Sound. Sounder service operates via a contract with Burlington Northern Santa Fe (BNSF), owner of the railway between Tacoma and Everett. Sound Transit owns the railway from M Street in Tacoma to Lakewood.

South line commuter service currently offers eleven daily round trips between Seattle and Tacoma. Seven of these round trips extend service to Lakewood. In late 2017 two additional round trips will be added between Lakewood and Seattle on the south line. North line Sounder service offers four daily round trips between Everett and Seattle. No service additions are scheduled for the north line in 2017.

Sounder service is supported by 12 stations and 11 parking facilities. The Sounder fleet consists of 14 locomotives, 40 coaches, and 18 cab cars that include an engineer's cab. All vehicles are maintained by Amtrak at their Holgate Yard in Seattle during the day with overnight storage for the four north line trains in Everett and the six south line trains in Tacoma. Sounder also utilizes numerous other supporting contracts, such as services for security, station agents, and facilities maintenance.

Sounder boardings in 2017 are expected to increase from 3.7 million budgeted in 2016, to 4.5 million in 2017, an increase of 20.0 percent.

Sounder 2017 Budget Highlights

The 2017 Sounder budget is \$54.5 million, an increase of 19.2 percent, from \$45.7 million in 2016.

- Contract maintenance is expected to increase \$1.2 million primarily due to increased costs of vehicle maintenance provided by Amtrak. The Sounder fleet will increase from 62 vehicles to 70 in 2017. The additional vehicles that will be stored and maintained at Amtrak's facility are a key driver of the 2017 cost increase. Maintenance of Way contract services are expected to increase as well due to an additional 11 miles of track for Point Defiance Bypass high speed rail, which is scheduled to be operational in the fourth quarter of 2017.
- Security and Safety costs are expected to increase by \$523 thousand or 21.4 percent due to additional trips in 2017.
- Purchased transportation services base costs charged by Burlington Northern Santa Fe (BNSF) to operate our Sounder service are expected to increase by \$1.8 million or 17.2 percent, due to an increase in contracted rates for service, increase in ST share of overhead, and annualization of a trip that will begin revenue services in the fourth quarter of 2016 and the addition of two round trips between Seattle and Lakewood in the fourth quarter of 2017.
- Agency administrative expense allocations will increase by \$1.5 million or 32.7 percent in 2017 from last year due to a higher proportional allocation to Sounder's budget.

SOUNDER

| (in thousands) | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|--|-----------------|-----------------|------------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$1,116 | \$1,235 | \$878 | \$1,422 | \$187 | 15.1% |
| Benefits | 708 | 777 | 530 | 924 | 147 | 18.9 |
| Subtotal | 1,824 | 2,012 | 1,408 | 2,346 | 334 | 16.6 |
| Services | | | | | | |
| Advertising Fees | 25 | 28 | 26 | 25 | (3) | (10.0) |
| Professional & Technical | 54 | 107 | 36 | 208 | 100 | 93.4 |
| Temporary Services | 0 | 0 | 11 | 0 | 0 | 0.0 |
| Contract Maintenance | 11,975 | 14,438 | 15,458 | 15,649 | 1,211 | 8.4 |
| Security & Safety | 2,915 | 2,445 | 2,239 | 2,968 | 523 | 21.4 |
| Other Services | 1,512 | 1,466 | 1,556 | 2,318 | 852 | 58.1 |
| Subtotal | 16,479 | 18,484 | 19,326 | 21,169 | 2,684 | 14.5 |
| Materials & Supplies | 4,567 | 6,749 | 6,448 | 6,881 | 132 | 2.0 |
| Utilities | 1,029 | 661 | 1,331 | 1,290 | 629 | 95.1 |
| Insurance | 1,657 | 1,177 | 1,115 | 2,794 | 1,616 | 137.3 |
| Taxes | 916 | 835 | 857 | 977 | 142 | 17.1 |
| Purchased Transportation Services | | | | | | |
| Purchased Transportation | 9,276 | 10,319 | 10,218 | 12,097 | 1,777 | 17.2 |
| Subtotal | 9,276 | 10,319 | 10,218 | 12,097 | 1,777 | 17.2 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 0 | 1 | 0 | 0 | (1) | (96.2) |
| Travel & Meetings | 8 | 11 | 1 | 9 | (2) | (18.7) |
| Advertising & Promotion Media | 173 | 180 | 148 | 120 | (60) | (33.3) |
| Training | 2 | 5 | 0 | 3 | (2) | (37.7) |
| Other Miscellaneous | 45 | 25 | 28 | 52 | 27 | 105.8 |
| Subtotal | 227 | 221 | 177 | 183 | (38) | (17.1) |
| Leases & Rentals | | | | | | |
| Transit Way | 379 | 422 | 431 | 444 | 22 | 5.1 |
| General Administrative Facilities | 150 | 238 | 95 | 194 | (44) | (18.6) |
| Subtotal | 529 | 660 | 527 | 637 | (23) | (3.5) |
| Expense Transfers | | | | | | |
| Operations Department | 1,193 | 760 | 690 | 1,580 | 820 | 107.9 |
| Administrative Departments | 2,919 | 3,847 | 3,066 | 4,532 | 685 | 17.8 |
| Subtotal | 4,112 | 4,607 | 3,756 | 6,112 | 1,505 | 32.7 |
| Mode Total | \$40,617 | \$45,726 | \$45,164 | \$54,486 | \$8,760 | 19.2% |

Souder Performance Statistics

- In late 2017, we will have thirteen daily round trips between Seattle and Tacoma, eight of which will go to Lakewood. We expect to deliver more than 64,500 service hours.
- Ridership is expected to grow to almost 4.5 million total boardings annually with 16,900 boardings per weekday. This increase in ridership both improves farebox recovery and reduces cost per boarding. Farebox recovery is projected to increase to 26.7 percent from 25.3 percent budgeted for 2016. Cost per boarding will decrease to \$12.16 in 2017 from \$12.26 in 2016.
- Operating costs for Souder are projected to rise by 19.2 percent to \$54.5 million in 2017.
- Souder cost per revenue vehicle hour is projected to increase from \$814.35 in 2016 to \$844.74 in 2017, an increase of 3.7 percent. Cost per vehicle mile is projected to increase from \$24.50 in 2016 to \$28.89 in 2017, or 17.9 percent. These increases are driven by increases in maintenance, security, purchased transportation services, and insurance costs.

SOUNDER PERFORMANCE STATISTICS

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | 2017 v 2016 Budget |
|---|----------------|----------------|------------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 53,054 | 56,150 | 59,437 | 64,500 | 14.9% |
| Revenue Vehicle Miles Operated | 1,662,963 | 1,866,151 | 1,809,890 | 1,885,900 | 1.1% |
| Trips Operated | 7,270 | 7,362 | 7,366 | 8,078 | 9.7% |
| Service Consumed | | | | | |
| Total Boardings | 3,812,040 | 3,730,000 | 3,987,475 | 4,480,000 | 20.1% |
| Average Weekday Boardings | 14,567 | 14,022 | 15,500 | 16,900 | 20.5% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 72 | 66 | 67 | 69 | 4.6% |
| Total Boardings/Trip | 524 | 609 | 541 | 555 | -8.9% |
| Percentage of Scheduled Trips Operated | 98.9% | >99.5% | 98.4% | >99.5% | 0.0% |
| On-time Performance | 96.2% | ≥ 95% | 94.8% | ≥ 95% | 0.0% |
| Complaints/100,000 Boardings | 6.3 | <15 | 7.3 | <15 | 0.0% |
| Preventable Accidents/1 Million Total Miles | 0 | ≤1 | 0.5 | ≤1 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Farebox Revenue | \$11,037,534 | \$11,563,000 | \$13,592,566 | \$14,560,000 | 25.9% |
| Operating costs (less depreciation) | \$40,616,947 | \$45,726,001 | \$45,164,029 | \$54,485,723 | 19.2% |
| Cost/Revenue Vehicle Hour | \$765.58 | \$814.35 | \$759.86 | \$844.74 | 3.7% |
| Cost/Revenue Vehicle Mile | \$24.42 | \$24.50 | \$24.95 | \$28.89 | 17.9% |
| Cost/Boarding | \$10.65 | \$12.26 | \$11.33 | \$12.16 | -0.8% |
| Farebox Recovery | 27.2% | 25.3% | 30.1% | 26.7% | 5.7% |

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ST Express Bus

ST Express offers fast, frequent, two-way service on 28 routes along 20 corridors, connecting Snohomish, King, and Pierce Counties. Sound Transit provides this bus service via contracts with our transit partners, including King County Metro (KCM), Pierce Transit (PT), and Community Transit (CT).

Sound Transit provides 307 buses to support ST Express service. The bus fleet is maintained by our transit partners KCM (119 buses), PT (129 buses), and CT (59 buses). ST Express provides service to 25 transit centers and 33 park-and-ride lots.

Service levels will be increased by 32,428 hours in 2017 to address changes caused by East Link construction, overcrowding on some routes, as well as to help mitigate schedule degradation from traffic congestion.

The fourth year of a Regional Mobility Grant awarded to Intercity Transit has enabled us to continue the extension of Route 592 to the south, beyond Lacey to Olympia. With the extension, we are able to provide six rush-hour trips each weekday between Seattle and Olympia.

Boardings in 2017 are expected to be flat or slightly down due to continuing low gas prices.

ST Express 2017 Budget Highlights

ST Express's 2017 budget will increase to \$130.0 million, up 4.7 percent, from \$124.1 million in the 2016 budget.

- Contract maintenance is expected to increase by \$305 thousand, or 5.7 percent in 2017, as major repairs are scheduled at several ST Express stations.
- Purchased transportation services are expected to increase by \$6.2 million or 6.0 percent. This reflects increased rates with all three transit partners, as well as an additional 32,428 service hours to be provided during 2017.
- Agency administrative expense allocations are forecast to decrease by \$765 thousand or 11.3 percent in 2017 from 2016 due to a lower proportional allocation to the ST Express modal budget.

ST EXPRESS

| (in thousands) | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|--|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$423 | \$526 | \$346 | \$415 | (\$111) | (21.2%) |
| Benefits | 269 | 300 | 215 | 270 | (30) | (10.1) |
| Subtotal | 692 | 826 | 561 | 685 | (142) | (17.1) |
| Services | | | | | | |
| Advertising Fees | 25 | 28 | 28 | 30 | 1 | 5.0 |
| Professional & Technical | 28 | 36 | 42 | 41 | 5 | 14.1 |
| Contract Maintenance | 4,688 | 5,315 | 5,348 | 5,620 | 305 | 5.7 |
| Security & Safety | 2,119 | 2,200 | 1,970 | 2,263 | 64 | 2.9 |
| Other Services | 1,291 | 1,587 | 1,550 | 1,689 | 103 | 6.5 |
| Subtotal | 8,150 | 9,166 | 8,938 | 9,644 | 478 | 5.2 |
| Materials & Supplies | 70 | 106 | 95 | 76 | (30) | (27.9) |
| Utilities | 376 | 264 | 395 | 423 | 159 | 60.3 |
| Insurance | 138 | 214 | 206 | 178 | (36) | (16.8) |
| Taxes | 708 | 702 | 718 | 734 | 31 | 4.5 |
| Purchased Transportation Services | | | | | | |
| Purchased Transportation | 89,358 | 103,736 | 101,781 | 109,910 | 6,174 | 6.0 |
| Subtotal | 89,358 | 103,736 | 101,781 | 109,910 | 6,174 | 6.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 1 | 1 | 1 | 1 | 0 | 6.7 |
| Travel & Meetings | 5 | 6 | 6 | 8 | 3 | 49.2 |
| Advertising & Promotion Media | 163 | 150 | 124 | 140 | (10) | (6.7) |
| Training | 10 | 0 | 0 | 0 | (0) | (64.2) |
| Subtotal | 178 | 157 | 130 | 150 | (7) | (4.8) |
| Leases & Rentals | | | | | | |
| Transit Way | 2,278 | 2,122 | 2,106 | 2,155 | 33 | 1.5 |
| General Administrative Facilities | 8 | 9 | 6 | 4 | (5) | (52.6) |
| Subtotal | 2,286 | 2,131 | 2,111 | 2,159 | 28 | 1.3 |
| Expense Transfers | | | | | | |
| Operations Department | 2,079 | 2,788 | 2,540 | 1,865 | (923) | (33.1) |
| Administrative Departments | 4,026 | 3,995 | 2,546 | 4,152 | 157 | 3.9 |
| Subtotal | 6,105 | 6,782 | 5,086 | 6,017 | (765) | (11.3) |
| Mode Total | \$108,063 | \$124,085 | \$120,022 | \$129,975 | \$5,890 | 4.7% |

ST Express Performance Statistics

- We expect 18.7 million boardings in 2017, a decrease of 4.2 percent from the 2016 budget. This yields a cost per boarding 9.3 percent higher than the 2016 budget, an increase from \$6.36 to \$6.96 per boarding.
- Operating expenses for ST Express are projected to rise by 4.7 percent, to \$130.0 million, in 2017.
- Revenue vehicle hours are expected to rise by 4.2 percent over 2016. Platform hours are planned to increase by 4.4 percent over 2016. A cost per platform hour rate of \$167.18 is expected in 2017, up 0.4 percent from 2016 budget cost of \$166.56.
- ST Express cost per revenue vehicle hour is projected to increase from \$214.68 in 2016 to \$215.73 in 2017, an increase of 0.5 percent.
- ST Express will deliver roughly the same revenue vehicle miles in 2017, 11,998,600, compared to 11,994,000 in the 2016 budget. This will result in an increase in cost per revenue vehicle mile from \$10.35 to \$10.83 in 2017, due to operating costs increasing at a faster pace than mileage.

ST EXPRESS PERFORMANCE STATISTICS

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | 2017 v 2016 Budget |
|---|----------------|----------------|------------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 562,319 | 578,000 | 586,700 | 602,500 | 4.2% |
| Revenue Vehicle Miles Operated | 11,602,605 | 11,994,000 | 11,695,400 | 11,998,600 | 0.0% |
| Trips Operated | 452,034 | 466,000 | 477,698 | 481,598 | 3.3% |
| Platform Hours | 722,937 | 745,000 | 756,807 | 777,448 | 4.4% |
| Service Consumed | | | | | |
| Total Boardings | 18,313,617 | 19,500,000 | 18,896,705 | 18,680,000 | -4.2% |
| Average Weekday Boardings | 63,121 | 67,903 | 64,300 | 65,000 | 0.0% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 32.6 | 33.7 | 32.2 | 31.0 | -8.1% |
| Total Boardings/Trip | 40.5 | 41.8 | 39.6 | 38.8 | -7.3% |
| Percentage of Scheduled Trips Operated | 99.9% | 99.8% | 99.8% | 99.8% | 0.0% |
| On-time Performance | 82.2% | 85.0% | 83.2% | 85.0% | 0.0% |
| Complaints/100,000 Boardings | 14.8 | <15.0 | 16.1 | <15.0 | 0.0% |
| Preventable Accidents/100,000 revenue miles | 0.8 | <0.80 | 0.86 | <0.80 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Farebox Revenues | \$34,666,496 | \$35,796,600 | \$36,779,329 | \$36,986,400 | 3.3% |
| Operating costs (less depreciation) | \$108,062,965 | \$124,084,727 | \$120,021,674 | \$129,974,613 | 4.7% |
| Cost/Revenue Vehicle Hour | \$192.17 | \$214.68 | \$204.57 | \$215.73 | 0.5% |
| Cost/Revenue Vehicle Mile | \$9.31 | \$10.35 | \$10.26 | \$10.83 | 4.7% |
| Cost/Platform Hour | \$149.48 | \$166.56 | \$158.59 | \$167.18 | 0.4% |
| Cost/Boarding | \$5.90 | \$6.36 | \$6.35 | \$6.96 | 9.3% |
| Farebox Recovery | 32.1% | 28.8% | 30.6% | 28.5% | -1.4% |

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Tacoma Link Light Rail

Tacoma Link is a 1.6-mile light rail passenger line that runs through the heart of downtown Tacoma. There are six unique stations complete with artwork that reflects the history and community of Tacoma. Trains run every 12 minutes during peak hours and every 24 minutes at all other times.

Sound Transit performs routine maintenance work out of our operations and maintenance facility in the Tacoma Dome District. We typically contract for track, signal, and station maintenance services.

Tacoma Link 2017 Budget Highlights

- The total 2017 budget is \$4.6 million, 11.4 percent lower than the 2016 budget.
- Contract maintenance is lower by \$413 thousand. A one-time concrete repair project was budgeted for 2016 and is expected to be completed.
- Materials and supplies are reduced by 10.1% from 2016 budget. Anticipated usage for LRV parts is expected to be lower than 2016.
- Administrative expense allocations is relatively unchanged from 2016 to 2017 at \$871 thousand. Administrative expenses for the agency have increased but Tacoma Link direct and indirect costs have decreased.

TACOMA LINK

| (in thousands) | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | Budget \$ Change | Budget % Change |
|--|----------------|----------------|------------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$1,252 | \$1,337 | \$1,291 | \$1,370 | \$32 | 2.4% |
| Benefits | 761 | 832 | 853 | 821 | (11) | (1.3) |
| Subtotal | 2,012 | 2,170 | 2,145 | 2,191 | 21 | 1.0 |
| Services | | | | | | |
| Professional & Technical | 10 | 18 | 19 | 17 | (1) | (4.5) |
| Contract Maintenance | 423 | 928 | 753 | 516 | (413) | (44.5) |
| Security & Safety | 452 | 418 | 370 | 426 | 8 | 2.0 |
| Other Services | 6 | 22 | 9 | 7 | (15) | (67.7) |
| Subtotal | 890 | 1,386 | 1,151 | 966 | (420) | (30.3) |
| Materials & Supplies | 106 | 177 | 195 | 159 | (18) | (10.1) |
| Utilities | 83 | 103 | 100 | 127 | 25 | 23.9 |
| Insurance | 227 | 365 | 366 | 184 | (181) | (49.5) |
| Taxes | 0 | 3 | 0 | 0 | (3) | (94.6) |
| Purchased Transportation Services | | | | | | |
| Purchased Transportation | 0 | 5 | 5 | 5 | 0 | 1.0 |
| Subtotal | 0 | 5 | 5 | 5 | 0 | 1.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 0 | 0 | 0 | 0 | (0) | (90.0) |
| Travel & Meetings | 2 | 13 | 10 | 13 | 0 | 0.0 |
| Training | 1 | 30 | 15 | 12 | (18) | (61.1) |
| Subtotal | 3 | 43 | 25 | 24 | (18) | (43.3) |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 10 | 8 | 148 | 23 | 14 | 178.7 |
| Subtotal | 10 | 8 | 148 | 23 | 14 | 178.7 |
| Expense Transfers | | | | | | |
| Operations Department | 294 | 117 | 111 | 203 | 86 | 73.6 |
| Administrative Departments | 619 | 757 | 602 | 668 | (89) | (11.8) |
| Subtotal | 913 | 874 | 714 | 871 | (3) | (0.4) |
| Mode Total | \$4,244 | \$5,133 | \$4,847 | \$4,550 | (\$583) | (11.4%) |

Tacoma Link Performance Statistics

Budget projections for 2017 show an increase in ridership and a decrease in operating costs, which results in a performance improvement in 2017 when compared to 2016.

- Expected ridership is 1,040,000 boardings or an average of 3,500 per weekday. Ridership is projected to increase 9.5 percent compared to the 2016 budget, resulting in a decrease in cost per boarding from \$5.40 in 2016 to \$4.38 in 2017 or a 19.0 percent decrease.
- Operating costs are projected to decrease to \$4.6 million or 11.4 percent in 2017. Service will remain unchanged; therefore, the cost per hour is expected to decrease by 11.9 percent.
- Approximately 9,900 revenue vehicle hours are expected to be delivered, a 0.6 percent increase over 2016. The cost per revenue vehicle hour will decrease from \$521.48 to \$459.63, a decrease of 11.9 percent.
- Revenue vehicle miles are relatively unchanged for 2017. The cost per revenue vehicle mile will also decrease from \$67.29 in 2016 to \$59.87 in 2017, a decrease of 11.0 percent.

TACOMA LINK PERFORMANCE STATISTICS

| | 2015 Actual | 2016 Budget | 2016 Forecast | 2017 Budget | 2017 v 2016 Budget |
|---|----------------|----------------|------------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 9,857 | 9,844 | 9,748 | 9,900 | 0.6% |
| Revenue Vehicle Miles Operated | 76,167 | 76,291 | 75,091 | 76,000 | -0.4% |
| Trips Operated | 49,071 | 49,481 | 49,267 | 49,194 | -0.6% |
| Service Consumed | | | | | |
| Total Boardings | 980,706 | 950,000 | 966,583 | 1,040,000 | 9.5% |
| Average Weekly Boardings | 3,326 | 3,234 | 3,400 | 3,500 | 8.2% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 99.5 | 96.5 | 99.2 | 105.1 | 8.9% |
| Total Boardings/Trip | 20.0 | 19.2 | 19.6 | 21.1 | 10.1% |
| Percentage of Scheduled Trips Operated | 99.9% | 98.5% | 99.8% | 98.5% | 0.0% |
| On-time Performance | 99.9% | 98.5% | 99.8% | 98.5% | 0.0% |
| Complaints/100,000 Boardings | 0.2 | <15.0 | 0.8 | <15.0 | 0.0% |
| Preventable Accidents/100,000 Service Miles | 0.0 | <1.7 | 1.0 | <1.7 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Operating costs (less depreciation) | \$4,244,043 | \$5,133,496 | \$4,846,839 | \$4,550,352 | -11.4% |
| Cost/Revenue Vehicle Hour | \$430.56 | \$521.48 | \$497.21 | \$459.63 | -11.9% |
| Cost/Revenue Vehicle Mile | \$55.72 | \$67.29 | \$64.55 | \$59.87 | -11.0% |
| Cost/Boarding | \$4.33 | \$5.40 | \$5.01 | \$4.38 | -19.0% |

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Project Budgets

The annual budget for projects is \$1.2 billion for 2017. The Transit Improvement Plan (TIP) includes history and forecasts for all Board-approved budgets of active projects. Both the Proposed Budget and TIP present projects by category (defined below) and then by program: Link, Sounder, Regional Express, and Other (non-mode specific).

System Expansion

This category includes projects that expand the regional mass transit system, specifically projects that are part of a voter-approved program — ST2 and Sound Move.

System Expansion – Link 2017 Budget Highlights

Link light rail projects account for \$977.0 million or 80.0 percent of the total annual projects budget and include plans to:

- Continue final design and right-of-way acquisition for East Link Extension as well as tunneling in Bellevue.
- Award design-build contract and complete right-of-way acquisition for Link Operations and Maintenance Facility East.
- Continue construction of tunnels and station boxes and complete station final design and major right-of-way acquisitions for Northgate Link Extension.
- Conclude environmental process and preliminary engineering, transition to final design, and initiate right-of-way acquisition for Federal Way Extension.
- Continue final design, right of way, and pre-construction services activities for Lynnwood Link Extension.

SYSTEM EXPANSION - LINK PROJECTS

(in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|---------------------------------------|---|--|-------------|
| Downtown Redmond Link Extension | Complete preliminary engineering to extend light rail approximately 3.7 miles from Redmond Technology Center Station (Overlake Transit Center) to Downtown Redmond with two planned stations. | Continue preliminary engineering, coordinate design and develop agreements with City of Redmond, WSDOT, and King County. | \$14,225 |
| East Link Extension | Extend light rail to East King County via I-90, from downtown Seattle to downtown Bellevue, and to the Overlake Transit Center in Redmond. | Complete final design and right-of-way acquisitions. Continue heavy construction and tunneling work in Bellevue. Continue design-build contract activities for SR520 to Redmond Technology Center segment. Begin construction of Seattle to South Bellevue, South Bellevue and Bel-Red segments. | \$393,373 |
| Enhancements to Tacoma Link Expansion | Provide preliminary engineering for transit improvements and station access enhancements, in conjunction with the Tacoma Link Expansion project. | Provide grant administration for a \$2 million grant from the Federal Transit Administration. The City of Tacoma will manage the project and provide \$500 thousand in local matching funds. | \$1,500 |
| Federal Way Link Extension | Expand Link light rail from S. 200th Street in SeaTac to Federal Way Transit Center. | Conclude the environmental process and preliminary engineering. Transition to final design and initiate right-of-way acquisition activities. | \$6,139 |

| Project | Description | 2017 Activities | 2017 Budget |
|---|---|--|------------------|
| First Hill Streetcar | Provide a fixed contribution for the planning, design, and construction of a streetcar from Capitol Hill to the International District Station. | Continue ST administrative tasks related to project monitoring and Agreement maintenance. | \$8 |
| Link Operations & Maintenance Facility - East | Develop, design, and construct a light rail operations and maintenance facility in Bellevue to support the link system expansion. | Award design-build contract and complete right-of-way acquisitions. | \$99,847 |
| Lynnwood Link Extension | Extend light rail over 8.5 miles north from Northgate to Lynnwood. | Continue final design, right of way, and pre-construction services activities in preparation for baseline. | \$116,196 |
| Northgate Link Extension | Extend light rail 4.3-miles from the UW Station north to Northgate. | Continue construction of tunnels and station boxes, complete utility relocation at Northgate, and demolition/remediation at Key Bank parcel. Complete station final design and continue systems design. Continue preconstruction work on station finishes. Complete major right-of-way acquisitions. | \$258,860 |
| South 200th Link Extension | Extend light rail approximately 1.6 miles south from Sea-Tac/Airport Station to Angle Lake Station at South 200th Street. | Continue project closeout activities, road improvements at the intersection of South 200th and Military Road by WSDOT, and City of SeaTac alternative mitigation road work improvements at 28th/24th connection. | \$9,428 |
| ST2 Light Rail Vehicle Fleet Expansion | Procure 122 new light rail vehicles (LRVs) to meet fleet requirements to support revenue service of all the ST2 light rail expansion projects. | Continue mobilization of manufacturer and sub-component manufacturers, commence procurement of long lead items, complete preliminary and final design reviews, complete first article of inspections and delivery LRV cab mock-up. | \$59,534 |
| Tacoma Link Expansion | Design and construct the preferred alternative to expand Tacoma Link from north downtown Tacoma to the Stadium District and Hilltop, in cooperation with the city of Tacoma and Pierce Transit, | Begin procurement for final design consultant and coordinate the commencement of final design activities. | \$9,986 |
| University Link Extension | Extend light rail 3.15 miles from downtown Seattle to the University of Washington. | Continue close out activities, optimization and fine tuning of Link operating systems. Resolve outstanding commercial issues. | \$7,795 |
| Total System Expansion - Link | | | \$976,890 |

System Expansion - Sounder 2017 Budget Highlights

Sounder commuter rail projects are budgeted at \$68.7 million and include plans to:

- Continue preliminary engineering for station improvements at Puyallup and Sumner stations.
- Complete construction of Point Defiance Bypass – including a new second track between South Tacoma and Lakewood and track improvements near Nisqually and at some existing at-grade crossings.
- Complete construction to replace Tacoma Trestle Bridge and expand the third layover track in Lakewood.
- Take delivery of nine Sounder passenger cab cars.
- Complete design-build contract to increase capacity at the layover facility in Lakewood to accommodate seven train sets.

SYSTEM EXPANSION - SOUNDER COMMUTER RAIL PROJECTS

(in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|-----------------------------------|---|--|-------------|
| Auburn Station Access Improvement | Evaluate the potential capital improvements to facilitate access to Auburn Station for pedestrians, bicyclists, and drivers. Improvements include additional parking facilities, pedestrian access improvements, bicycle route improvements and bicycle storage. | Continue conceptual engineering and right-of-way appraisals. | \$506 |
| D St-M St Track & Signal | Design and construct a 1.4-mile rail extension between Tacoma Dome Station and M Street in Tacoma. | Fund legal and staff costs in support of City of Tacoma lawsuit. | \$71 |
| Kent Station Access Improvements | Evaluate the potential capital improvements to facilitate access to Kent Station for pedestrians, bicyclists, and drivers. Improvements include additional parking facilities, pedestrian access improvements, bicycle route improvements and bicycle storage. | Continue conceptual engineering and right-of-way appraisals. | \$506 |
| Lakewood Station Improvements | Design and construct a pedestrian overpass connecting Lakewood Station with the community to the northwest, in partnership with the City of Lakewood. Sound Transit will provide a local grant match of \$100 thousand plus additional funds for associated administrative costs. | Acquire right-of-way for the project. | \$29 |
| Mukilteo Station, S Platform | Design and construction of a south boarding platform at Mukilteo Station. | Continue follow-on work and project close out. | \$320 |
| Point Defiance Bypass | Construct a new second track adjacent to Sound Transit's existing main line between South Tacoma and Lakewood. Upgrade Sound Transit's existing track between Lakewood and Nisqually. Make improvements at the connection to | Complete construction. | \$6,972 |

| Project | Description | 2017 Activities | 2017 Budget |
|---|--|--|-----------------|
| | BNSF's main line near Nisqually and at some existing at-grade crossings. | | |
| Puyallup Station Improvements | Improve station access at Puyallup Sounder station. | Complete design-build bridging documents, right-of-way appraisals and acquisition. | \$4,379 |
| Sounder Maintenance Base | Evaluate commuter rail vehicle storage and maintenance requirements and strategies to identify cost efficient ways to develop commuter rail operations and maintenance facilities. | Continue preliminary engineering and ROW appraisals. | \$3,367 |
| Sounder South Expanded Service | Purchase four easements, track and signal improvements, and environmental permitting/mitigation for four additional daily round trips between Seattle and Lakewood. | Complete design and begin construction of fish culvert. | \$4,800 |
| Sounder ST2 Fleet Expansion | Purchase of 9 passenger cab cars. | Accept delivery of 9 passenger cab cars purchased. | \$3,829 |
| Sounder Yard Expansion | Increase track capacity at the layover facility in Lakewood in order to store up to seven train sets. | Complete construction of the facility via the design-build contract. | \$4,755 |
| Sumner Station Improvements | Improve station access at Sumner Sounder station. | Complete design-build bridging documents and right-of-way appraisals. | \$701 |
| Tacoma Trestle Track & Signal | Design and build additional track, bridge and station platforms between Tacoma Dome Station and near M Street in Tacoma. | Complete construction – reach substantial complete. | \$38,133 |
| Tukwila Station | Design and construct a permanent boarding platform, parking, and station amenities. | Complete follow on work and project close out. | \$366 |
| Total System Expansion - Sounder | | | \$68,733 |

System Expansion - Regional Express 2017 Budget Highlights

Regional Express projects are budgeted at \$43.0 million and include continuation of construction of I-90 High-Occupancy-Vehicle (HOV) lanes and receipt of 13 new buses.

SYSTEM EXPANSION – REGIONAL EXPRESS (in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|--------------------------------------|--|---|-------------|
| Bothell Transit Related Improvements | Provide fixed contribution to the City of Bothell to improve rider access to transit service serving Bothell and operating in the SR 522 corridor. | Provide fixed contribution funding to City of Bothell to improve rider access to transit service. | \$5,036 |

| Project | Description | 2017 Activities | 2017 Budget |
|--|--|--|-----------------|
| I-90 Two-Way Transit & HOV Operations, Stage 3 | Provide two-way transit and HOV lanes eastbound and westbound on I-90 between 80th Avenue SE, Mercer Island, and Rainier Avenue/I-5 in Seattle. | Complete construction. | \$23,721 |
| ST Express Bus Base | Conduct planning and preliminary design for a bus operations and maintenance base to improve cost efficiency of ST Express bus operations and maintenance. | Resume conceptual engineering and environmental documentation, if project reactivated. | \$587 |
| ST Express Fleet Expansion | Expand bus fleet to accommodate additional service hours. | Take delivery of remaining 5 of 11 Compressed Natural Gas (CNG) buses and 4 of 16 double decker buses approved in 2016. Take delivery of 4 of 11 buses requested in the 2017 budget. | \$13,649 |
| Total System Expansion - Regional Express | | | \$42,992 |

System Expansion – Other 2017 Budget Highlights

Other projects are budgeted at \$11.9 million and include continued work on delivery of regional transit data to passengers like web and mobile applications and station signage, ST3 planning, as well as fabrication and installation of public art for Link extensions under construction as well as Tacoma Trestle.

SYSTEM EXPANSION – OTHER (in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|---------------------|--|--|-------------|
| Fare Administration | Manage fares for Sound Transit. Support initiatives for generating earned revenue from services such as parking and concessions. Fund upgrades to the ORCA system. | Execute strategic planning initiatives in support of ORCA as established by the Joint Board. | \$600 |
| Fare Collection | Facilitate capital maintenance, support, and software/hardware upgrades and enhancements that ensure reliable and cost effective performance of fare collection enforcement systems. | Maintain TVMs already placed in service by installing systemwide upgrades and software enhancements that prolong the useful life of the TVM system and increase machine performance. Develop software and purchase hardware necessary to provide electronic citation equipment to fare enforcement officers. | \$148 |
| Fare Policy Program | Research and develop business practices and strategic initiatives to improve regional mobility and system efficiency. Develop and implement programs to improve the match between market needs and system performance. | Conduct community outreach, system analysis, and market needs research. | \$400 |

| Project | Description | 2017 Activities | 2017 Budget |
|--------------------------------|--|---|-------------|
| Research & Technology | Assess and implement technologies to improve passenger safety, security, service, and information. | Continue work on regional data repository, develop real time customer facing applications, and improved station signage systems. Deliver real time web and mobile applications for Sounder and Link passengers. | \$2,297 |
| ST3 Planning | Plan next expansion of the regional transit system beyond Sound Move and ST2 programs. Develop project estimate methodologies, system alternatives, project priority list, and ridership forecasting, as well as election costs in support of ST3 program public vote. | Develop work plan and budget for 2017 in response to the outcome of the ST3 public ballot. | \$6,850 |
| STart | Integrate public art into Sound Transit projects. | Fabricate and install station artwork for East Link and Northgate Link. Continue with artwork design for Lynnwood Link and Tacoma Link and art planning for Federal Way Link and Downtown Redmond Link. Install artwork for Sounder Tacoma Trestle. | \$1,390 |
| STart Operations & Maintenance | Maintain Sound Transit art installations, including documentation, monitoring, cleaning, and repairing. | Clean over 50 artworks and perform scheduled maintenance at Beacon Hill Station, Tukwila International Boulevard Station, Mukilteo Station, and SODO Station. Convert Lynnwood Transit Center artwork's incandescent lights to an LED system. | \$239 |
| Total System Expansion - Other | | | \$11,924 |

Enhancement

This category includes projects that improve the public's riding experience, increase the system's functionality, or reduce operating costs.

2017 Budget Highlights

Enhancement projects are budgeted at \$26.3 million and include plans to:

- Install a second light rail vehicle lift at Link Operations and Maintenance Facility.
- Finalize Positive Train Control system commissioning, which is scheduled to start up in September 2017.
- Facilitate transit oriented development near transit stations.

ENHANCEMENT PROJECTS

(in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|---------------------------|---|------------------------------------|-------------|
| LINK | | | |
| Central Link Card Readers | Install card readers on Central Link facility doors to improve security and | Complete card reader installation. | \$295 |

| Project | Description | 2017 Activities | 2017 Budget |
|--|--|---|-------------|
| | eliminate the need to physically issue keys to all staff requiring access. | | |
| Central Link HVAC - Instrument House and UPS Room | Install air conditioning in uninterruptable power supply (UPS) rooms and signal houses to reduce the potential impact of high temperatures on system operation components. | Complete installation of the HVAC systems. | \$86 |
| Central Link Overhead Catenary System Tie Switch | Install tie switches to connect the overhead catenary system (electrical lines that power light rail trains) sections so traction power substations can be inspected and maintained without interrupting Link service. | Install tie switches to connect the overhead catenary system sections. | \$2,845 |
| Link Remote Switch Heaters | Install remote switch heaters to maintain all-weather capability for light rail between Tukwila and Westlake. | Complete installation of remote switch heaters between Tukwila and Westlake stations. . | \$184 |
| LRV Wash Bay Modifications | Modify the Link light rail vehicle (LRV) car wash system at the Operations and Maintenance Facility (OMF), including upgrades to electrical and mechanical equipment, to provide automatic LRV forehead cleaning and eliminate manual washing. | Install modifications to the Link LRV car wash system, including upgrades to electrical and mechanical equipment. | \$300 |
| LRV Wheel Flat Software | Purchase and install an additional axle identifier (transponder) software module to enhance the existing LRV wheel flat detection system. | Purchase and install additional software module to enhance the existing LRV wheel flat detection system, including selection of contractor to oversee installation. | \$250 |
| Noise Abatement | Install rail lubricators, rail grinding, erect noise barriers, and retrofit residential properties to lessen noise near rail facilities in Tukwila and the Rainier Valley. | Complete monitoring of noise levels to ensure regulatory compliance along the Initial Segment alignment. | \$130 |
| Non-revenue Support Vehicles | Purchase additional or replacement maintenance vehicles that support operations and maintenance work. | Replace four and purchase two additional maintenance vehicles. Take delivery of specialty Boom Truck. | \$316 |
| OMF Energy Efficiency | Replace existing OMF shop bay lighting with LED fixtures, and replace the Direct Digital Control controls on the HVAC system to allow integration with Union Station controls. | Install LED fixtures and Direct Digital Control controls on the HVAC system at the Link OMF. | \$1,042 |
| Operations & Maintenance Facility LRV Vehicle Lift | Design, procure, and install a second light rail vehicle lift in the Link OMF. | Design, procure and install second light rail vehicle lift at the OMF. | \$4,237 |
| Signage Improvements | Upgrade signage at existing Link and Sounder stations and ticket vending machine (TVM) locations to improve wayfinding to reflect system expansion. | Design, fabricate, and install upgraded signage at King Street and International District/Chinatown stations and update SeaTac Airport wayfinding signage. | \$735 |

| Project | Description | 2017 Activities | 2017 Budget |
|---|---|---|-----------------|
| SOUNDER | | | |
| Customer Emergency Stations | Install customer emergency stations at the Kent and Auburn parking garages. | Begin installation of customer emergency stations at the Kent and Auburn parking garages. | \$300 |
| Kent Station Parking Lot Paving | Improve unused ST property adjacent to Kent Station to support overflow parking. | Complete site survey, environmental review, and construction of 39 parking spaces. | \$635 |
| Locomotive Inboard Cameras | Install inboard facing cameras to monitor the engineer on all of our cab cars and locomotives. This is a FRA regulation. | Install inboard facing cameras on all of our cab cars and locomotives. | \$300 |
| Positive Train Control | Design and install remote operations monitoring and control system to minimize the risk of passenger train collisions. | Complete commissioning of position train control system. | \$8,002 |
| Sounder Passenger Emergency Intercom | Upgrades passenger emergency intercom (PEI) system which will enable passengers to speak directly to the conductor instead of the engineer so as not to allow passengers to disturb the engineer meeting FRA regulations. | Install improved PEI system in all Sounder coach and cab cars to be in compliance with the new FRA regulations. | \$750 |
| REGIONAL EXPRESS | | | |
| Bellevue Transit Center Security System | Procure and install security systems in the Bellevue Transit Center. | Procure and install security systems at the Bellevue Transit Center. | \$150 |
| OTHER | | | |
| Bike Locker Program | Install bike parking and other bike and pedestrian amenities at various Sounder, Link and ST Express stations. | Install security equipment and project close out activities. | \$39 |
| Downtown Seattle Transit Tunnel Mitigation | Complete street improvements in Seattle to enable King County Metro buses to transition out of Downtown Seattle Transit Tunnel to accommodate an increase in light rail traffic. | Provide fixed payments to fund Seattle street improvements. | \$1,834 |
| Transit Oriented Development Property Disposition | Prepare properties for sale or lease that have been identified as having potential for transit oriented development. | Assess joint development and public/private or public/public partnerships opportunities to develop Sound Transit owned sites near transit stations. | \$2,758 |
| Union Station Garden Level Remodel | Renovate the Garden Level of Union Station to accommodate additional staff and consultants. | Complete renovation, expected completion in Q1 2017. | \$1,082 |
| Total Enhancement | | | \$26,270 |

Rehabilitation & Replacement

This category includes projects that extend the life of existing transit system assets or replace those at the end of their useful life.

2017 Budget Highlights

Rehabilitation & Replacement projects are budgeted at \$16.7 million and include plans to:

- Upgrade closed-circuit television (CCTV) cameras in all Link facilities.
- Continue with Sounder vehicle overhaul program, including three remaining engines to be upgraded.

REHABILITATION & REPLACEMENT PROJECTS (in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|---|--|---|-------------|
| LINK | | | |
| Link Bridge Repairs | Repair bridge structures within the Tukwila Freeway Route (C755) and E-3 Busway (C700) segments of the Link light rail alignment. | Procure and award contract; contractor to perform necessary repairs of the Link bridge structures. | \$550 |
| Link CCTV System Upgrade | Replace Closed Circuit Television (CCTV) system video recorders and central storage servers to be compatible with the new system installed for University Link and South 200th extensions. Added scope - The Link cameras have reached end of life and are no longer supported both technically or spare parts. Video quality also suffers as the current system quality has been inadequate. | Upgrade cameras in the all link stations including the Operations and Maintenance Facility (OMF). | \$2,154 |
| Link Radio Upgrade | Procure and install an upgraded distributed antenna system in support of Link operations in tunnels. | Procure and install upgraded Distributed Antenna System in support of Link tunnel operations. | \$1,000 |
| Link Station Braided Tile Replacement | Demolish and reinstall braided wayfinding tile at five link stations: Stadium, SODO, Columbia City, Othello, and Rainier Beach. | Install and replace existing tiles as needed and complete project. | \$435 |
| Tacoma Link Light Rail Vehicle Overhaul | Repair, replace and overhaul Tacoma Link LRV's traction motor and truck per manufacturer's 375,000 mile overhaul guidelines. | Overhaul four of Tacoma Link's light rail vehicle's trucks. | \$418 |
| SOUNDER | | | |
| Sounder Vehicle Overhaul Program | Overhaul of locomotives, engines, train cars, and replacement of passenger door motors. | Overhaul 4 units of HVAC, 8 trucks and final 3 engines (and also upgrade to Tier 3 engines). Also HEP (Head End Power) Controllers Overhaul and Passenger Car Door Rehabilitation requested in 2017 budget. | \$6,652 |

| Project | Description | 2017 Activities | 2017 Budget |
|---|---|--|-----------------|
| Station Midlife Refurbishment Program | Fund maintenance projects at stations that have been in service for fifteen or more years. | Rehabilitate Auburn Bus Loop and Tukwila International Boulevard Station (TIBS) bus loop. | \$540 |
| REGIONAL EXPRESS | | | |
| ST Express Fleet Replacement | Replacement of 185 buses over the period 2013 through 2021 | Accept delivery of single replacement bus. | \$25 |
| OTHER | | | |
| IT Link Light Rail | Repair, replace, and rehabilitate projects for Link light rail SCADA-integrated computer infrastructure. Includes maintenance of computer systems and related hardware as well as integration of the legacy hardware/software at Link stations and control centers with upcoming future Light Rail expansion. | Perform lifecycle maintenance of SCADA systems including, but not limited to, servers, SANs, networking equipment, Video Messaging Systems/backend and other computer-based infrastructure, and enhancements and maintenance for IT SCADA security | \$1,597 |
| IT Transit Systems | Rehabilitate and replace closed-circuit television (CCTV) and Passenger Announcement (PA) technology at Sounder and ST Express transit centers. | Upgrade closed circuit television (CCTV) and Passenger Announcement (PA) system upgrades at Sounder and ST Express transit centers. Upgrade automatic passenger count back office systems. | \$355 |
| Small Works Program | Repair or replace in-service assets when the total cost is less than \$200,000. | Continue work in progress: electric fleet vehicle chargers and light rail vehicle wash bay drainage at the OMF. Start new projects such as airport vehicle gate replacements, operating and maintenance facility and equipment upgrades. | \$2,588 |
| Tacoma Dome Station | Complete major mid-life maintenance at Tacoma Dome Station with Pierce Transit. Payment is dependent on Pierce Transit's completion of rehabilitation work at Tacoma Dome Station. | Provide cost share if Pierce Transit completes rehabilitation work. | \$414 |
| Total Rehabilitation & Replacement | | | \$16,727 |

Administrative

This category includes projects that support transit projects and operations indirectly including administrative infrastructure and overhead expenses.

2017 Budget Highlights

Administrative projects are budgeted at \$76.6 million and include plans to:

- Fund department costs allocated to projects as administrative overhead and department costs that are unallocated.
- Implement enterprise asset management system and human resource information management systems.
- Design and develop Business Intelligence program.

ADMINISTRATIVE PROJECTS

(in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|--|---|---|-----------------|
| Administrative Capital | Maintain administrative facilities and purchase equipment or other assets to support administrative activities. | Procure and replace eight non-revenue administrative vehicles, replace asphalt shingle portion of Union Station roof, and procure furnishings for newly constructed maintenance of way building at the Link Operations & Maintenance Facility and other facilities in support of increased space needs. | \$2,259 |
| Agency Administration Operating | Fund staff-related expenses that support projects and agency administration. | Fund department costs allocated to projects as administrative overhead that may be eligible for partial reimbursement from federal grants. Also, fund department costs that are unallocated. | \$71,735 |
| Environmental Mitigation, Monitoring & Maintenance | Monitor and maintain post-construction environmental mitigation including groundwater and plant establishment. | Monitor and maintain mitigation maintenance activities at Tukwila, McKinley Park, and Ash Way. | \$165 |
| Information Technology Program | Invest in IT hardware and software to improve productivity and ensure system integrity. | Continue design and implement Enterprise Asset Management System (EAMS), maintain agency IT infrastructure, finalize implementation of the Human Resource Information Management System (HRIMS), replace eBid (vendor solicitation) system, and begin development of Business Intelligence program. | \$2,274 |
| Surplus Property Disposition | Prepare agency-owned surplus property for sale. Includes properties not considered to have transit-oriented development potential, due to size or location. | Prepare surplus properties for sale. | \$183 |
| Total Administrative | | | \$76,616 |

Other Budgets

For 2017 debt service costs of \$124.0 million include interest, principal repayments, and financing expenses. Cash donations to other governments are budgeted at \$5.0 million. Reserves totaling \$69.0 million will be set aside in 2017 but are not included in the spending authorization request.

Debt Service

As of July 31, 2016, Sound Transit has \$1.9 billion of outstanding long-term bonds. Bond proceeds finance construction of capital projects. Interest on long-term debt is capitalized to fixed assets to the extent that the underlying debt funds construction in progress; otherwise it is expensed.

For 2017 debt service is budgeted at \$124.0 million including:

- \$33.2 million of principal repayment
- \$89.4 million of capitalized interest
- \$1.3 million for financing expenses

Donations to Other Governments

Sound Transit makes donations to other governments in the form of non-cash capital assets or cash contributions for operations and maintenance. A \$5.0 million cash donation to the city of Seattle for First Hill Streetcar operating and maintenance expenses is budgeted for 2017 and annually through 2023.

Reserves

Sound Transit maintains reserves in anticipation of future financial obligations. Amounts budgeted as reserves are not included in our spending authorization request. If reserved funds are to be used, the Board's approval is required in advance.

- \$3.0 million contribution to the emergency/loss reserve to cover the retention/deductible in the event of an insured loss. Reserve balance is currently \$14.9 million.
- \$66.0 million for an operating reserve consisting of two months of operating expenses consistent with the Board-adopted financial policies.
- \$300 million minimum Capital Replacement Reserve to be maintained by the agency for unanticipated or emergency capital replacements. The reserve balance is currently \$315.2 million. In 2015 the Sound Transit Board adopted an Asset Management Policy to establish state of good repair funding guidelines. Repair and replacement projects will be established and funded as needed. A 40-year forecast will be maintained and included in the agency's Financial Plan.

Appendix A - Subarea Allocations

The Central Puget Sound Regional Transit Authority (Sound Transit) has implemented an accounting and reporting system consistent with the financial policies approved in the ST2 voter-approved program. Annually, Sound Transit (the Agency) prepares a Schedule of Sources and Uses of Funds by Subarea (the schedule) that is based on the Agency's audited financial statements and the Agency's long-term Financial Plan. The schedule reports actual tax revenues received by subarea and an allocation to each subarea of other sources and uses earned.

This system is integrated into the Agency's system of internal control over financial reporting, ensuring the integrity of the information reported and providing management, the Board, and the Citizen Oversight Panel required information to monitor progress against Sound Transit's subarea commitments to its voters.

Annually, the Agency's financial statement auditors perform agreed upon procedures which look at the allocation of sources and uses of funds presented. These procedures were developed by management, reviewed by the Citizen Oversight Panel, and approved by the Audit and Reporting Committee of the Board. All results from independent examinations are presented to the Board.

This appendix provides the drivers that will be used to allocate sources and uses to subareas in 2016 as well as new projects for 2017. Any additional projects are added at the end of the year when subarea allocations are calculated.

Revenues and Financing Sources

SOURCES

| Description | Driver |
|--------------------------|---|
| Bond Proceeds | Financial Plan |
| Capital Grants | Project Costs or Board Designation |
| Interest Earnings | Financial Plan |
| Motor Vehicle Excise Tax | Zip Code Location |
| Operating Grants | Operating Uses by Mode |
| Other Revenue | Location/Modal Operating Use Drivers (see Operating Uses section below) |
| Passenger Fares | (see next section) |
| Rental Car Tax | Department of Revenue Location Code/County Level |
| Sales & Use Tax | Department of Revenue Location Code |

PASSENGER FARES

| Description | Driver |
|------------------------------|--------------------------------|
| Link Light Rail Fares | Station Boardings |
| Souder Fares | Station Boardings |
| ST Express Fares | Route Boardings/Platform Hours |
| Tacoma Link Light Rail Fares | Station Boardings |

Operating Uses

LINK LIGHT RAIL SERVICES OPERATING USES

| Description | Driver |
|------------------------|-----------------------|
| Link Operations | Track Miles/Boardings |
| Tacoma Link Operations | Location |

SOUNDER COMMUTER RAIL SERVICES OPERATING USES

| Description | Driver |
|------------------------------|---------------|
| BNSF North Line | Track Miles |
| BNSF South Line | Track Miles |
| All Other Sounder Operations | Vehicle Miles |

ST EXPRESS SERVICES OPERATING USES

| Description | Driver |
|-----------------|----------------|
| Bus Operations | Platform Hours |
| DSTT Operations | Location |

OTHER USES

| Description | Driver |
|-----------------|-------------------------------|
| Art Maintenance | Location |
| Other Expenses | Location or Board Designation |

Capital Project Uses (Outlays)

| System Expansion – Link Light Rail Projects | Driver |
|---|----------------------------|
| Downtown Redmond Link Extension | Location |
| East Link Extension | ST2 Adopted Financial Plan |
| Federal Way Transit Extension | Location |
| First Hill Link Streetcar | Location |
| Link Operations & Maintenance Facility East | ST2 Adopted Financial Plan |
| Lynnwood Link Extension | ST2 Adopted Financial Plan |
| Northgate Link Extension | Location |
| S. 200 th Link Extension | Location |
| Tacoma Link Expansion | Location |
| University Link Extension | Location |

| System Expansion – Sounder Commuter Rail Projects | Driver |
|---|----------|
| Auburn Station Access Improvements | Location |

| System Expansion – Sounder Commuter Rail Projects | Driver |
|--|----------------------------|
| D St-M St Track & Signal | Location |
| Kent Station Improvements | Location |
| Lakewood Station Improvements | Location |
| M St.-Lakewood Track & Signal | Location |
| Mukilteo Station, South Platform | Location |
| Passenger Information System/CCTV | Location |
| Point Defiance Bypass | Location |
| Puyallup Station Improvements | Location |
| Sounder South Expanded Service | ST2 Adopted Financial Plan |
| Sounder ST2 Fleet Expansion | ST2 Adopted Financial Plan |
| Sounder Maintenance Base | ST2 Adopted Financial Plan |
| Sounder Yard Expansion | Track Miles |
| Sumner Station Improvements | Location |
| Tacoma Trestle Track & Signal | Location |
| Tukwila Station | Location |

| System Expansion – ST Express Projects | Driver |
|--|----------------------------|
| Bothell Transit Related Improvements | Location |
| I-90 Two-Way Transit & HOV Operations, Stage 3 | Location |
| Kirkland Transit Center/3 rd | Location |
| ST Express Bus Base | ST2 Adopted Financial Plan |
| ST Express Fleet Expansion | Service Hours |
| ST Express Mid-Day Bus Storage | Location |

| System Expansion – Other | Driver |
|--------------------------------------|--------------------|
| Central & East HCT Study | Financial Policies |
| Fare Administration | Financial Policies |
| Fare Collection | Location |
| HCT Corridor Planning Studies | Financial Policies |
| Research and Technology | Financial Policies |
| South Corridor Alternatives Planning | Location |
| ST3 Planning | Financial Policies |
| ST <i>art</i> | Location |

| Enhancement Projects | Driver |
|-----------------------------|----------------|
| Bike Locker Program | Location |
| Bus Maintenance Facility | Platform Hours |

| Enhancement Projects | Driver |
|--|------------------------|
| Central Link Card Readers | Boardings/Track Miles |
| Central Link HVAC – Instrument House & UPS Room | Boardings/Track Miles |
| Central Link Overhead Catenary System Tie Switch | Boardings/Track Miles |
| Downtown Seattle Transit Tunnel Mitigation | Location |
| Kent Station Parking Lot Paving | Location |
| Kent Station Platform Lighting | Location |
| LRV Wash Bay Modification | Boardings/Track Miles |
| LRV Wheel Flat Software | Boardings/Track Miles |
| LRV On Board Energy Storage | Location |
| Locomotive Inboard Facing Cameras | Vehicle Miles |
| Noise Abatement | Location |
| Non Revenue Support Vehicles | Boardings/ Track Miles |
| OMF Energy Efficiency | Boardings/Track Miles |
| OMF LRV Wash Heater System | Boardings/Track Miles |
| Operations & Maintenance LRV Vehicle Lift | Boardings/Track Miles |
| Positive Train Control | Location |
| Puyallup Station LED Lighting | Location |
| Regional Parking Pilot Project | Financial Policies |
| Remote Switch Heaters | Location |
| Security Enhancements | Location |
| Signage Improvements | Location |
| Souder Passenger Emergency Intercom | Vehicle Miles |
| Sumner Station LED Lighting | Location |
| Tacoma Link Fare Collection | Location |
| TOD Planning | Location |
| TOD Property Disposition | Location |
| Union Station Remodel – Renovation of Garden Level Remodel | Location |

| Rehabilitation & Replacement Projects | Driver |
|--|-----------------------|
| IT Link Light Rail | Financial Policies |
| IT Transit Systems | Financial Policies |
| Link CCTV System Upgrade | Boardings/Track Miles |
| Link Bridge Repairs | Location |
| Link Radio Upgrade | Boarding/Track Miles |
| Link Station Braided Tile Replacement | Location |
| LRV Overhaul | Track Miles/Boardings |

| Rehabilitation & Replacement Projects | Driver |
|--|----------------|
| Small Works Program | Location |
| Souder Vehicle Overhaul Program | Vehicle Miles |
| ST Express Fleet Replacement | Platform Hours |
| Station Midlife Refurbishment Program | Location |
| Tacoma Dome Station | Location |
| Tacoma Link LRV Communications Upgrade | Location |

| Administrative Projects | Driver |
|--|-------------------------------|
| Administrative Capital | Financial Policies |
| Environmental Mitigation, Monitoring and Maintenance | Modal Operating Expense Rules |
| Information Technology Program | Financial Policies |
| Surplus Property Disposition | Location |

Systemwide Uses

| Description | Driver |
|-----------------------|--------------------|
| Agency Administration | Financial Policies |

Debt Service

| Description | Driver |
|--------------------|----------------|
| Debt Service | Financial Plan |

