


2016

Proposed Budget



September 2015

To: Sound Transit Board of Directors
From: Mike Harbour, Acting Chief Executive Officer 
Subject: Proposed 2016 Budget

The year 2016 will be a significant one for Sound Transit with the opening of two new light rail segments that will greatly increase ridership and change the way many people travel around our region. In the first quarter of 2016, the University Link Extension will open, connecting downtown Seattle, Capitol Hill, and the University of Washington. The project is \$150 million under budget and six months ahead of schedule. In the fall, the South 200th Link Extension between Sea-Tac Airport and the new Angle Lake Station will open.

Sound Transit ridership, already at record highs, will jump to over 41 million in 2016 with the opening of the two light rail extensions. University Link will connect three busy urban centers in Seattle – downtown, Capitol Hill, and the University District. The extension south to the Angle Lake Station will include a new 1,000-space parking facility that will make it more convenient for residents of south King and Pierce counties to use Sound Transit's light rail system.

Work will also continue in 2016 on more Link extensions going east, south, and north. Construction will begin on the 14-mile East Link Extension connecting Redmond, Bellevue, and Mercer Island to the existing light rail line at Seattle's International District Station. Work continues on the Northgate extension from the University of Washington Station to serve the U District and Roosevelt neighborhoods and Northgate Mall. The two tunnel boring machines that are mining between Northgate and the University of Washington Station are expected to complete their work in 2016.

In addition, Sound Transit will continue exploring a major expansion of the region's high-capacity transit system. New taxing authority was granted to Sound Transit by the Washington State Legislature and work is continuing to shape a Sound Transit 3 (ST3) ballot measure that could go to voters in November 2016.

2016 Budget

Sound Transit's proposed 2016 budget is \$1.2 billion, 6.0 percent lower than the 2015 budget. We expect to collect revenues of \$997.9 million in 2016, 6.9 percent higher than the 2015 budget. The 2015 forecast includes bond proceeds of \$600 million. All revenue categories are trending higher — with the exception of federal grants — as construction on University Link winds down. We will seek a significant Full Funding Grant Agreement (FFGA) for the Lynwood Link Extension.

The proposed 2016 operating budget is \$359.8 million, 13.3 percent higher than 2015. The increase includes the addition of 23 positions in 2016 and the full year's cost of 31 positions added in 2015. Nearly 85 percent of the operating budget

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increase is due to increased transit service levels. We will open two new Link segments and propose additional service hours on ST Express to address passenger overloads and on-time performance issues. The addition of 19,750 service hours in 2016 equates to an annualized amount of 32,000 hours in 2017, which will meet the full commitment to ST Express bus service made in the ST2 transit plan. An additional round trip will also be added on Sounder between Seattle and Lakewood. Our transit services operating budget for the year is \$264.3 million to provide 988,000 service hours.

More than two-thirds of the 2016 budget, or \$802.9 million, will be spent on project development, design, and construction. We will continue to perform quality and safety audits on major capital projects and carefully monitor project budgets and schedules. Also, we will continue to engage Small and Disadvantaged Business Enterprises to perform work for Sound Transit.

Major projects and initiatives driving the 2016 budget include:

- Service increases on Sounder, ST Express, and light rail service.
- Continued progress of the ST2 program with the completion of the U Link and South 200th Street extensions, continuing construction on Northgate Link, the initiation of construction on East Link, and the continuing environmental and design work on Lynnwood Link, Federal Way Link, Tacoma Link, and the new Operations and Maintenance Satellite Facility.
- Increased security and public safety spending as new stations open and ridership increases.
- Additional safety positions and expenditures reflecting new federal requirements, an increased number of projects needing safety certification, and expanded light rail and commuter rail operations.
- Increased operating costs in the Downtown Seattle Transit Tunnel as more light rail service reduces the number of buses in the tunnel, necessitating increased debt and maintenance payments and investments on surface streets and in-tunnel operations.
- An increased number of active projects, continued technology improvements, and an increased level of operations requiring additional support positions in Finance and Information Technology, Diversity, and Procurement and Contracts.
- Completion of the ST3 System Plan. A significant amount of work is needed to complete the technical analysis required to develop a System Plan for voter consideration in November 2016. This work requires specialized technical expertise as well as extensive engagement with other public agencies, local jurisdictions, business and community organizations, interest groups, and the general public.

Ridership

Ridership will reach a new high in 2016 with the U Link and South 200th Street light rail openings, expanded ST Express bus service and increased Sounder service. The ridership forecast for 2016 is 41.5 million boardings, a 20 percent increase over 2015.

Sustainability

Sustainability is a key part of how we do business, and that remains true in 2016 as we continue implementing our sustainability initiatives and seeking improvement. Sound Transit's environmental program looks for ways to conserve natural resources, reduce construction-related pollution, increase the efficiency of our transit vehicles, and integrate sustainability measures in decision-making. In 2016 we will perform a sustainability analysis of the ST3 plan, update the ST Express and Sounder Fuel Efficiency Strategy, and integrate sustainability into the Federal Way and Lynnwood Link extensions.

Employee Engagement and Continued Process Improvement

Key elements of Sound Transit's success are the engagement, commitment, and quality of its employees. Our annual Employee Engagement Survey shows employees have a strong belief in the agency's mission, high levels of job satisfaction, and trust for supervisors and fellow employees. The

proposed 2016 budget reflects a commitment to continuous improvement throughout the organization and to maintaining the high levels of employee engagement. Continuous process improvement efforts will continue and accelerate in 2016 as we complete training in Rapid Office Kaizen for all employees and continue to initiate new Kaizen efforts to improve how we work. The budget also continues the commitment to a well-trained workforce with the Management Excellence Program expanding to 40 participants in 2016. About 50 participants completed this award-winning training in 2014 and 2015. Our Knowledge Transfer program and other training programs will be further enhanced in 2016.

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Introduction

Introduction to Proposed 2016 Budget

New Look for Budget and TIP

This year we have changed the format of the Proposed Budget and Proposed TIP documents to enhance readability and make them more sustainable. We have excluded supplemental materials, photos, and color printing, since the proposed books have a short shelf life. However, budget tables have not been abbreviated. The adopted budget and TIP documents will be longer as they will include several more appendices, photos, and charts. As usual, the books will be posted on the agency's website—www.soundtransit.org—to improve access and enhance sustainability.

Change to Operating Budgets

In prior years, direct transit mode costs appeared in transit mode budgets and non-modal costs appeared in separate department budgets. Beginning in 2016, all operating costs are budgeted by department. This approach makes clear which costs are managed by each department. Reports that show the direct and indirect costs charged to each transit mode are still included, unchanged from prior years.

Structural Changes

To reflect the new look and changes to operating budgets, we created a new section for *Revenues and Other Financing Sources*, combined Service Delivery and Agency Administration into *Operating Budgets*, and Project Delivery is now *Project Budgets*. Debt service, donations, and reserves are covered in *Other Budgets*.

Expanded Budget Discussion

Although the Proposed Budget is shorter, we have enhanced the discussion of operating budgets by providing highlights of current activities and accomplishments, as well as 2016 budget highlights for each department. Transit modal budgets and performance statistics are also discussed.

2016 Agency Scorecard

Every year the agency establishes objectives and priorities that align with the strategic direction set by the Board. In 2016, 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 we impact, our many contractors, and employees. Will we renew the agency's long-term commitments to financial stewardship, sustainability, transit-oriented development, and station access. The proposed budget for 2016 aligns with the strategic direction set in the following 2016 Agency Scorecard. Our priorities include continuing to:

- Engage the community.
- Maintain a balanced financial plan.
- Maximize the use of disadvantaged and small businesses.
- Implement transit-oriented development and parking management programs.
- Integrate sustainable practices into all agency activities.
- Seek integration opportunities with the region's transportation providers.
- Improve workforce programs to retain and engage talented staff.

2016 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: Successfully deliver voter approved capital projects

| Priorities | Performance Measures |
|---|---|
| Deliver quality projects on schedule | 80% of Agency Milestones relating to capital projects met |
| Deliver quality projects on budget | Cost of each project phase maintained within the approved budget |
| | Cost of construction change orders issued for design conflicts or design errors and omissions kept below 5% of the contract value |
| Ensure project safety and safety certification requirements are met | Loss Time Injury rate on construction projects below the national average |
| | Design and construction safety certification milestones met |
| Engage and inform communities and stakeholders | Positive response rate of 70% or higher on outreach surveys achieved |

Objective #2: Increase ridership and deliver a safe, high quality customer experience

| Priorities | Performance Measures |
|--|---|
| Increase systemwide ridership | 40 million riders served |
| Increase transit use for off-peak travel | Average weekly off-peak ridership increased by 5% |
| Improve service quality and efficiency | On-time performance objectives for each mode met |
| | Fewer customer complaints received per 100,000 boardings than the modal targets |
| | No preventable accidents occurred on rail modes. Less than 0.80 accidents occurred per 100,000 miles traveled on ST Express buses |
| | Downtown Seattle Transit Tunnel nine minute travel time (less than 11 minutes for 90% of the time) between Stadium and Westlake Stations achieved |
| | Customer Satisfaction Survey score of 3.3 or above |
| | Rate of Transit Conduct incidents kept below 10 per 100,000 boardings |

Objective #2: Increase ridership and deliver a safe, high quality customer experience

| Priorities | Performance Measures |
|--|--|
| Increase transit mode split in commuter travel | Barriers to transit use for 500,000 potential boardings identified |
| | Share of non-SOV (single occupancy vehicle) arrivals at Sound Transit facilities with parking increased by 5% |
| Maintain Sound Transit business and services during and after an emergency event | Service restoration plan developed within 48 hours in the case of a major service interruption |
| | Continuity of Operations Plan implemented |
| Maintain Sound Transit facilities and assets to a state of good repair | 80% of 2016 enterprise asset management plan goals met |
| | Preventive maintenance targets for each mode met |
| | Condition rating of 2.5 (as defined by the Federal Transit Administration) achieved for all assets undergoing condition assessment |

Objective #3: Maintain and enhance effective business practices and improve financial and environmental sustainability

| Priorities | Performance Measures |
|---|--|
| Maintain a balanced financial plan | Debt service coverage ratio maintained above policy level (cash flow at least 1.5 times debt service costs) |
| | Farebox recovery ratio of 23% for Sounder, 27% for Link and 20% for ST Express achieved |
| | 90% of grant drawdown goals in the Financial Plan achieved |
| Improve internal business processes | 100% of Continuous Process Improvement events completed as scheduled |
| | 100% of priority policy changes completed as scheduled and in accordance with the agency's Policy Development and Adoption Policy and Procedures |
| | 100% of audit recommendations addressed within the schedules set by management responses |
| Integrate or implement sustainability throughout the agency | 85% of annual sustainability targets met |
| Maximize use of Disadvantaged Business Enterprises and local small businesses | Disadvantaged Business Enterprise agency goal of 12.4% on all federally funded contracts and all agency small business goals met |
| Ensure procurement activities maintain high performance, integrity and sustainability standards | Contract solicitations issued on time in accordance with targets for each procurement type |
| | Green procurement goals established and tracked at the agency and department levels |
| | Procurement integrity training completed by 90% of staff |

Objective #3: Maintain and enhance effective business practices and improve financial and environmental sustainability

| Priorities | Performance Measures |
|--|--|
| Promote a safety culture | Priority safety plans, programs and procedures (Safety System Management Plan, Safety System Certification Plan and Safety System Program Plans) reflecting current business practices adopted and implemented |
| | Job Safety Training Assessments and all required safety trainings completed |
| Integrate service and planning efforts with partner agencies | Puget Sound Regional Council Transit Integration Report completed |

Objective #4: Enhance talent management and organizational vibrancy

| Priorities | Performance Measures |
|---|---|
| Advance strategic workforce planning and continuous alignment of people, strategy and performance | Demographics of the region reflected in the Sound Transit workforce |
| | 100% of performance evaluations submitted to the Human Resources Division before the anniversary date |
| | In-depth performance management training provided to at least 70% of managers |
| Enhance cross-departmental collaboration, inclusiveness and support | 85% of staff trained in Rapid Office Kaizen |
| | Interdepartmental relations score in the 2016 Employee Engagement Survey improved to 3.2 or above |
| Provide consistent, equitable, respectful and inclusive leadership and culture | Diversity and inclusion refresher training completed by 90% of staff |
| | Three or fewer formal equal employment opportunity complaints filed |
| Maximize talent potential, preserving and further developing critical skills and knowledge | Department-level succession planning program piloted by Q3 2016 |
| | Internal promotions, transfers and job reclassifications tracked quarter-to-date for baselines of career growth opportunities |
| Support high level of personal engagement and pride in the agency's work | 2016 employee engagement scores received at or above national norms in all dimensions, including key engagement dimensions |
| | Focus on employee retention: percent of voluntary turnover (excluding retirements) and percent of retirements |

Objective #5: Plan for system expansion

| Priorities | Performance Measures |
|---|---|
| Deliver actionable information for the Sound Transit Board to use in adopting the next System Plan | System planning requirements met, and System Plan adopted by the Board on schedule to allow a November 2016 ballot measure |
| Deliver sustainable long-term financing scenarios for system expansion | ST3 financial plan finalized |
| Engage the community in system expansion planning | Support for system expansion maintained at 80% or greater |
| Deliver a ballot measure in time for the November 2016 election, if the Sound Transit Board elects to place a measure before the voters | Ballot measure adopted by the Board and forwarded to Snohomish, King and Pierce counties for action to place it on the November 2016 ballot |

Objective #6: Open University Link and S. 200th Link extensions for passenger service

| Priorities | Performance Measures |
|--|--|
| Ensure readiness for passenger service | Safety certification completed as required in the activation schedule |
| | Operations staff trained and ready to open the system |
| | Substantial completion of construction and system integration testing completed 30 days before revenue service |
| | Certificate of Occupancy Permit secured before opening day |
| Engage and inform communities and stakeholders | Communications and marketing plan for launches delivered |
| | 2.9 million residents of the Sound Transit district reached |
| | Safety education campaign completed with 100% of priority audiences |
| Start up new service | University Link opened in Q1 2016 |
| | South 200 th Link Extension opened in Q3 2016 |

Budget Overview

Sound Transit services are expanding. New Link light rail service to University of Washington and Angle Lake stations will launch in 2016. Sounder Southline will add another round trip between Seattle and Lakewood in September. ST Express buses will add 19,750 service hours in 2016, or approximately 92 weekday trips, to address immediate capacity needs and add connections to new Sounder and Link services. Total ridership on all modes is forecast to surpass 41 million.

Light rail design and construction projects are underway to extend light rail service north to Northgate and Lynnwood, south to Federal Way, and east to the Overlake area of Redmond. In addition, planning is ongoing for the next system expansion program.

2016 Budget Highlights

The 2016 budget includes revenues of \$997.9 million and outlays of \$1.2 billion. The agency's projected unrestricted cash balance of \$645.6 million at the end of 2015 together with 2016 revenues will fund annual expenditures and reserve contributions, yielding a projected unrestricted cash balance of \$440.9 million at the end of 2016.

Revenues & Other Financing Sources

We expect to collect revenues of \$997.9 million in 2016, which is 6.9 percent higher than the 2015 budget, mainly due to higher sales tax, motor vehicle excise tax, and passenger fare revenues. On August 4, 2015, Sound Transit executed a \$1.0 billion bond sale, which closed on September 10, 2015. The bonds generated \$601.1 million in new proceeds and \$433.8 million in repayment of bonds issued previously, generating present value savings of over \$30 million.

Operating Budgets

Beginning in 2016, departments will report all operating expenses under their management, regardless of where the expenses are ultimately charged. All department costs are either direct charged or allocated to transit service modes or projects. Sound Transit employs a cost allocation model to allocate administrative overhead to transit modes and to construction in progress. Use of the approved model increases the amounts eligible for reimbursement through federal grants.

The total operating budget of \$359.8 million is up 13.3 percent compared to the 2015 budget, driven primarily by transit service increases and specifically by the two new Link extensions, new Sounder service, and additional bus hours slated to begin in 2016. Of the total, \$264.3 million or 73.5 percent will be charged to transit modes and the remaining \$95.5 million or 26.5 percent to projects.

Project Budgets

Total project spending is budgeted at \$802.9 million for 2016. Almost 89.1 percent or \$715.0 million is budgeted to continue with planning, design, and build-out of current voter-approved programs, Sound Move and ST2, and to plan for the next extension to the regional transit system. An additional \$27.7 million is budgeted to enhance or maintain current service and operational capabilities. Administrative infrastructure projects, project staffing, and agency support are budgeted at \$60.1 million.

2016 BUDGET SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget |
|---|--------------------|--------------------|--------------------|--------------------|
| Revenues and Other Financing Sources | | | | |
| Retail Sales And Use Tax | \$639,890 | \$651,825 | \$680,417 | \$708,394 |
| Motor Vehicle Excise Tax | 74,166 | 75,604 | 77,484 | 80,289 |
| Rental Car Tax | 3,092 | 2,879 | 3,184 | 3,280 |
| Federal Grants | 184,719 | 121,420 | 131,719 | 104,988 |
| Local & State Contributions | 10,940 | 3,934 | 4,475 | 6,666 |
| Passenger Fare Revenue | 60,180 | 60,062 | 65,073 | 72,046 |
| Investment Income | 14,759 | 6,952 | 3,753 | 10,250 |
| Miscellaneous Revenues | 11,092 | 10,957 | 11,894 | 11,958 |
| Bonds Proceeds | - | - | 601,141 | - |
| Total Revenues and Other Financing Sources | \$998,837 | \$933,633 | \$1,579,141 | \$997,871 |
| Expenditures & Outlays | | | | |
| Operating Budgets | | | | |
| Departments | | | | |
| Communications & External Affairs | \$6,137 | \$7,405 | \$7,153 | \$7,808 |
| Design, Engineering & Construction Management | 30,652 | 35,772 | 35,217 | 38,626 |
| Executive | 13,861 | 17,512 | 16,309 | 18,693 |
| Finance & Information Technology | 29,782 | 38,327 | 33,593 | 42,915 |
| Legal | 2,653 | 3,113 | 2,935 | 3,312 |
| Operations | 196,062 | 207,732 | 208,812 | 241,215 |
| Planning, Environment & Project Development | 6,692 | 7,599 | 6,748 | 7,201 |
| Subtotal Department Budgets | 285,837 | 317,460 | 310,768 | 359,769 |
| Charges to Projects | (78,411) | (89,047) | (87,371) | (95,517) |
| Charges to Transit Modes | 207,426 | 228,413 | 223,397 | 264,252 |
| Project Budgets | | | | |
| System Expansion | 672,045 | 805,705 | 801,631 | 715,044 |
| Enhancement | 22,667 | 35,230 | 24,328 | 17,192 |
| Rehabilitation & Replacement | 27,750 | 27,292 | 29,473 | 10,547 |
| Administrative | 53,511 | 60,235 | 70,433 | 60,074 |
| Subtotal Project Budgets | 775,973 | 928,462 | 925,865 | 802,856 |
| Debt Service | 105,757 | 108,255 | 107,214 | 121,842 |
| Donations to Other Governments | 3,090 | 5,000 | 5,000 | 5,000 |
| Total Expenditures & Outlays | \$1,092,246 | \$1,270,130 | \$1,261,476 | \$1,193,951 |

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 grants, passenger fare revenue, investment income on cash balances, bond issues, and miscellaneous revenues, such as advertising on our vehicles and property rentals. Our sales and use tax and MVET revenue forecasts are based on data and assumptions provided by an independent forecaster.

We expect to collect \$997.9 million in total revenues in 2016, which is 6.9 percent or \$64.2 million higher than the 2015 budget, mainly due to higher sales tax, MVET, and passenger fare revenues. The 2015 revenue forecast of \$1.6 billion includes \$601.1 million from the sale of bonds in August 2015, which was not included in the adopted 2015 budget.

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.
- Retail Sales and Use Tax is Sound Transit's largest revenue source at 71.0 percent of total revenues, with \$708.4 million projected in 2016.
- Receipts in 2016 are projected to be 8.7 percent or \$56.6 million higher than the 2015 budget, and 4.1 percent or \$28.0 million higher the 2015 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 \$80.3 million in 2016 are 6.2 percent or \$4.7 million higher than the 2015 budget.

Rental Car Tax

- Sound Transit receives 0.8 percent of rental car payments within the Sound Transit district.
- Receipts of \$3.3 million in 2016 are 13.9 percent or \$401 thousand higher than the 2015 budget.

Federal Grants

- Federal grant revenues are projected to be \$105.0 million in 2016 and include the following projects:
 - University Link - FTA grant of \$25.0 million for construction, vehicles, startup, and capitalized interest.
 - Point Defiance Bypass - construction costs reimbursed through Federal High Speed Rail grant administered by WSDOT at \$26.0 million.
 - Tacoma Trestle Track & Signal - FTA grant of \$6.1 million for construction, TIGER Award of \$5.0 million for construction, \$4.0 million for construction costs reimbursed through Federal High Speed Rail grant administered by WSDOT.
 - I-90 Two Way Transit & HOV Operations Stage 3 - construction TIGER Award of \$10.5 million.
 - Northgate Link Extension - FTA grant of \$7.0 million for construction.
- Federal grant revenues of \$105.0 million are 13.5 percent or \$16.4 million lower than the 2015 budget, and 20.3 percent or \$26.7 million lower than the 2015 forecast, mainly due to lower

anticipated grant drawdowns for the University Link Extension, which will be transitioning to Operations.

Local & State Contributions

- This category includes state grants for projects and operating grants, as well as any contributions from local jurisdictions.
- The 2016 budget of \$6.7 million includes reimbursements for Overlake Transit Center Bridge & Station improvements, Overlake Village Pedestrian Bridge and Infiltration Vault, and University District Station TOD Overbuild.

Passenger Fare Revenue

- Passenger fare revenues are projected to be \$72.0 million in 2016, up 20.0 percent or \$12.0 million over the 2015 budget, reflecting the launch of new light rail service in 2016 from downtown Seattle to the University of Washington and from SeaTac Airport to South 200th Street, the implementation of fare revenues for Tacoma Link from Q4 of 2016, and an additional Sounder trip.
- Total 2016 ridership is forecast to increase by 26.5 percent over the 2015 budget. Boardings for bus, light rail, and commuter rail modes will increase over the 2015 budget; light rail increasing by 5.8 million boardings or 50.9 percent, ST Express bus boardings will increase by 2.3 million or 13.4 percent, and Sounder ridership will increase by 630 thousand or 20.3 percent. Only Tacoma Link is expected to lose ridership, approximately 5.0 percent due to the implementation of fare collection in Q4 2016.
- Average fare per boarding assumptions for the 2016 budget: Link \$1.42; Tacoma Link, \$0.99; Sounder, \$3.10; ST Express, \$1.89.

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 \$10.3 million for 2016, up 47.4 percent or \$3.3 million compared to the 2015 budget, mainly due to additional investments resulting from the sale of bond proceeds in 2015.

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.
- 2016 revenues of \$12.0 million are 9.1 percent or \$1.0 million higher than the 2015 budget mainly due to higher reimbursements for the ORCA Regional Program.

Bond Proceeds

- Bonds are issued to finance capital projects. On August 4, 2015, Sound Transit executed a \$1.0 billion bond sale (including premiums), which closed on September 10, 2015. The bond sale generated \$601.1 million in new proceeds, while \$433.8 million of the bonds refinanced debt issued previously at higher interest rates. There are no current plans to issue debt in 2016; however, we will continue to evaluate this based on market conditions and liquidity needs.

Operating Budgets

Sound Transit's proposed 2016 operating budgets are \$359.8 million, of which \$264.3 million is allocated to transit modes and \$95.5 million to projects and capital assets. Reporting operating budgets by the department responsible is a change from prior years, when direct charges to transit modes were included in modal budgets and not department budgets. For each department, this section includes a discussion of 2015 activities and accomplishments, 2016 budget highlights, and budget summary. Also, an overview of staffing changes by department is provided. Later in this section, transit mode budget reports, 2016 budget highlights, and performance statistics are included for all transit modes.

Departments

Major drivers of the \$42.3 million or 13.3 percent increase in department budgets are startup of light rail service to the University of Washington and South 200th Street in SeaTac. Purchased Transportation Services, Security & Safety, and Contract Maintenance account for two-thirds of the increase in the operating budgets. Salaries and Benefits contribute 14.1 percent of the increase due to an anticipated 3.5 percent average increase in existing salaries, a full year of costs for 31 positions added in 2015, along with 23 new positions proposed for 2016.

Agency Staffing

Staffing growth in 2015 and 2016 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 since the 2015 budget are summarized below.

AGENCY STAFFING SUMMARY

| Department | 2014 Staffing | 2015 Staffing | Mid-Year Adds | Current Staffing | 2016 Changes | 2016 Staffing | 2016 vs 2015 |
|---|------------------|------------------|------------------|---------------------|-----------------|------------------|-----------------|
| Communications & External Affairs | 35 | 38 | - | 38 | - | 38 | - |
| Design, Engineering & Construction Mgmt | 240 | 245 | 1 | 246 | 7 | 253 | 8 |
| Executive | 108 | 111 | 2 | 113 | 7 | 120 | 9 |
| Finance & Information Technology | 135 | 142 | 2 | 144 | 5 | 149 | 7 |
| Legal | 16 | 16 | - | 16 | - | 16 | - |
| Operations | 108 | 114 | 2 | 116 | 4 | 120 | 6 |
| Planning, Environment & Project Development | 49 | 49 | - | 49 | - | 49 | - |
| Total | 691 | 715 | 7 | 722 | 23 | 745 | 30 |

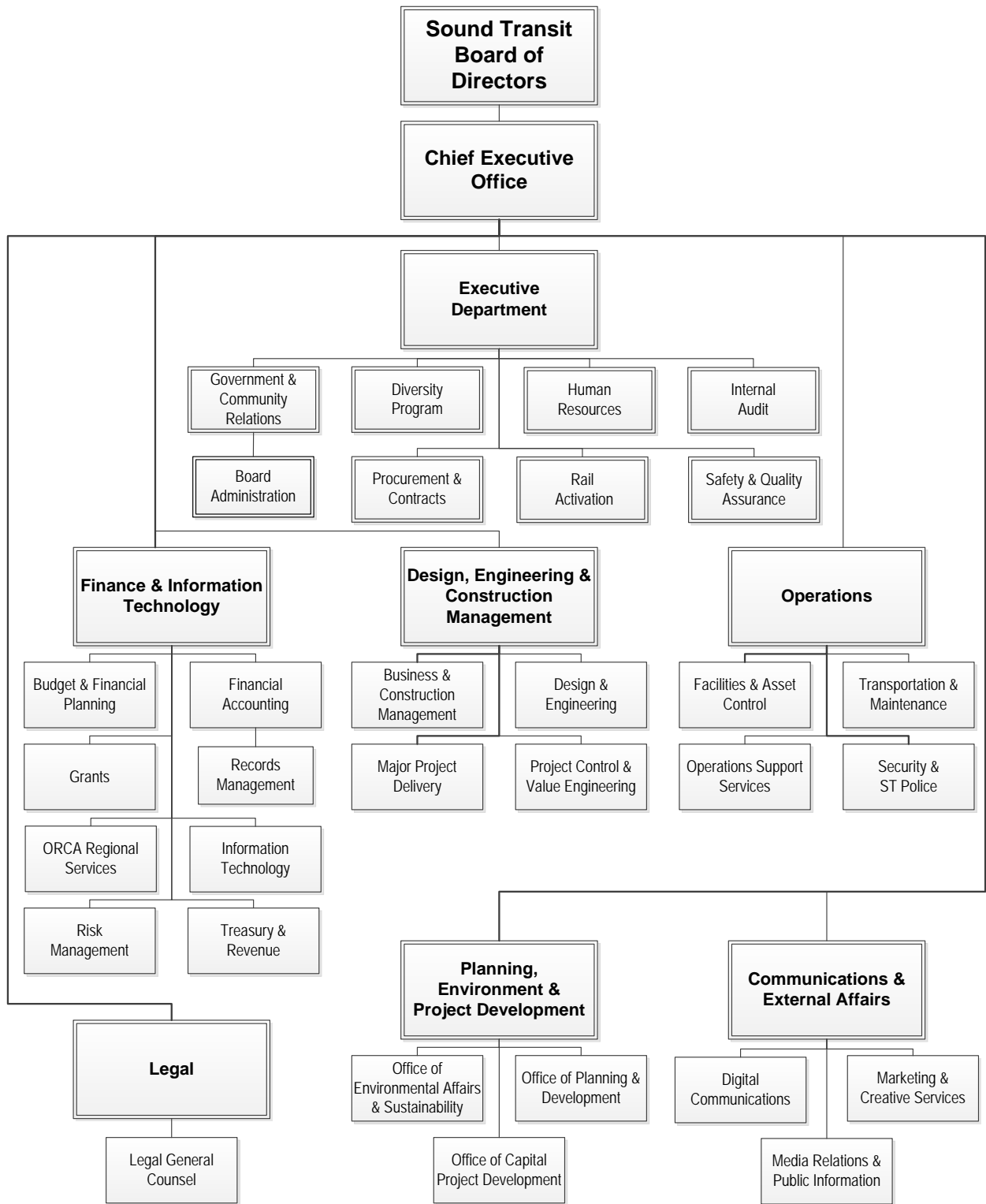
DEPARTMENT BUDGETS SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|--|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$45,497 | \$52,246 | \$50,157 | \$56,700 | \$4,454 | 8.5 |
| Benefits | 27,433 | 32,834 | 30,287 | 34,353 | 1,519 | 4.6 |
| Subtotal | 72,930 | 85,079 | 80,444 | 91,052 | 5,973 | 7.0 |
| Services | | | | | | |
| Marketing Agency | 216 | 261 | 261 | 261 | - | - |
| Professional & Technical | 5,431 | 7,242 | 6,704 | 10,245 | 3,003 | 41.5 |
| Temporary Services | 525 | 149 | 435 | 530 | 381 | 256.7 |
| Contract Maintenance | 26,687 | 27,655 | 26,354 | 33,351 | 5,696 | 20.6 |
| Security & Safety | 13,167 | 14,579 | 16,409 | 19,202 | 4,623 | 31.7 |
| Other Services | 7,476 | 8,982 | 6,912 | 9,243 | 261 | 2.9 |
| Subtotal | 53,502 | 58,867 | 57,075 | 72,832 | 13,965 | 23.7 |
| Materials & Supplies | 9,321 | 11,240 | 9,920 | 11,656 | 416 | 0.0 |
| Utilities | 4,165 | 4,531 | 4,782 | 5,585 | 1,054 | 0.2 |
| Insurance | 4,691 | 6,194 | 5,949 | 6,985 | 792 | 0.1 |
| Taxes | 1,946 | 2,061 | 2,127 | 2,275 | 214 | 0.1 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,456 | 1,710 | 1,697 | 1,906 | 196 | 11.5 |
| Purchased Transportation | 125,155 | 133,989 | 134,791 | 150,827 | 16,838 | 12.6 |
| Subtotal | 126,611 | 135,699 | 136,488 | 152,733 | 17,034 | 12.6 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 375 | 544 | 548 | 611 | 67 | 12.4 |
| Travel & Meetings | 557 | 661 | 633 | 799 | 138 | 20.8 |
| Advertising & Promotion Media | 1,658 | 1,645 | 1,671 | 2,111 | 466 | 28.3 |
| Training | 410 | 541 | 467 | 551 | 10 | 1.8 |
| Other Miscellaneous | 321 | 743 | 615 | 734 | (9) | (1.2) |
| Subtotal | 3,322 | 4,135 | 3,935 | 4,806 | 671 | 16.2 |
| Leases & Rentals | | | | | | |
| Transit Way | 5,449 | 5,410 | 5,346 | 7,267 | 1,857 | 34.3 |
| General Administrative Facilities | 3,901 | 4,244 | 4,701 | 4,576 | 332 | 7.8 |
| Subtotal | 9,350 | 9,654 | 10,047 | 11,844 | 2,190 | 22.7 |
| Department Budgets Summary Total | \$285,837 | \$317,460 | \$310,768 | \$359,769 | \$42,308 | 13.3% |

CHANGES TO DEPARTMENT BUDGETS
(in thousands)

| Department | 2015 Budget | 2016 Budget | \$ Change | % Change |
|---|------------------|------------------|-----------------|--------------|
| Communications & External Affairs | 7,405 | 7,808 | 402 | 5.4 |
| Design, Engineering & Construction Management | 35,772 | 38,626 | 2,854 | 8.0 |
| Executive | 17,512 | 18,693 | 1,181 | 6.7 |
| Finance & Information Technology | 38,327 | 42,915 | 4,587 | 12.0 |
| Legal | 3,113 | 3,312 | 199 | 6.4 |
| Operations | 207,732 | 241,215 | 33,483 | 16.1 |
| Planning, Environment & Project Development | 7,599 | 7,201 | (398) | (5.2) |
| Total Department Budgets | \$317,460 | \$359,769 | \$42,308 | 13.3% |

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 digital communication channels, such as the web, e-mail, and social media.

2015 Activities and Accomplishments

The Marketing & Creative Services Division has hired an event planning consultant to prepare for the agency's two new light rail segment launches in 2016. The Events and Customer Outreach team has participated in 20 events through the second quarter, including Seattle Pride Parade and numerous local fairs and festivals, with planning underway for fall and winter events, as well as outreach for the September 2015 service change.

Digital Communications has 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 include 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). Digital Communications is also engaged in projects to improve Search Engine Optimization (SEO), track customer service issue patterns and response rates on Twitter.

The Media Relations & Public Information Division (MRPI) has focused extensively on supporting efforts that secured the ST3 revenue authority that the Board requested and implementing the first round of public involvement to help shape the list of candidate projects for the measure. Other media relations highlights have included promoting the Board's selection of a preferred alignment for Lynnwood through traditional and social media channels and highlighting progress completing 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 ST3 and University Link.

2016 Budget Highlights

CEA's budget request for 2016 increased by \$402 thousand or 5.4 percent above the 2015 budget as the department prepares for the opening of the University Link and South 200th Link extensions. CEA will conduct marketing, digital, and earned media campaigns to highlight the new service, as well as conduct the opening day events.

Budgets for Services are expected to decrease by \$215 thousand mainly due to lower expenses for video & audio production, market research and printing. The Advertising & Promotion Media budget request increased by \$396 thousand, with \$168 thousand allocated for opening event advertising.

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 \$69 thousand for 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 regarding the anticipated ST3 expansion program. CEA has no new position requests.

COMMUNICATIONS & EXTERNAL AFFAIRS BUDGET SUMMARY

(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|----------------|----------------|------------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$2,005 | \$2,445 | \$2,329 | \$2,596 | \$150 | 6.1 |
| Benefits | 1,264 | 1,623 | 1,530 | 1,581 | (41) | (2.6) |
| Subtotal | 3,269 | 4,068 | 3,860 | 4,177 | 109 | 2.7 |
| Services | | | | | | |
| Marketing Agency | 216 | 261 | 261 | 261 | - | - |
| Professional & Technical | 451 | 490 | 433 | 443 | (47) | (9.6) |
| Contract Maintenance | 4 | 15 | 13 | 13 | (2) | (10.3) |
| Other Services | 574 | 744 | 715 | 577 | (167) | (22.4) |
| Subtotal | 1,246 | 1,509 | 1,423 | 1,294 | (215) | (14.2) |
| Materials & Supplies | 32 | 102 | 92 | 146 | 43 | 0.4 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 210 | 270 | 297 | 301 | 31 | 11.6 |
| Travel & Meetings | 19 | 21 | 21 | 27 | 6 | 26.9 |
| Advertising & Promotion Media | 1,341 | 1,400 | 1,425 | 1,796 | 396 | 28.3 |
| Training | 13 | 28 | 31 | 27 | (1) | (2.5) |
| Other Miscellaneous | 1 | 2 | 2 | 31 | 30 | 1,966.7 |
| Subtotal | 1,584 | 1,720 | 1,776 | 2,182 | 462 | 26.8 |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 6 | 6 | 3 | 9 | 3 | 56.4 |
| Subtotal | 6 | 6 | 3 | 9 | 3 | 56.4 |
| Department Total | \$6,137 | \$7,405 | \$7,153 | \$7,808 | \$402 | 5.4% |

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 PEPD 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.

2015 Activities and Accomplishments

DECM has made significant progress in delivering voter-approved projects in 2015. By the end of the second quarter in 2015: University Link construction is approximately 96 percent complete; Capitol Hill Station is 95 percent complete; University of Washington Station is substantially complete; Angle Lake Station for South 200th Link Extension is now 75 percent complete. Construction of the I-90 two-way transit project will continue in 2016. DECM has hosted numerous community outreach public meetings in Bellevue and supported the Sound Transit Board in adopting permanent station names for East Link Extension. The department is on track to complete the installation of Positive Train Control (PTC) for Sounder by December 2015. PTC is an integrated communication and control system that utilizes real-time position tracking of trains in order to slow them down if necessary to prevent derailments and collisions. The installation of this cutting-edge technology complies with federal law and furthers the agency's commitment to passenger safety. For ST Express, DECM has completed a bus storage facility that has been transitioned to the Operations Department.

2016 Budget Highlights

DECM's priorities in 2016 include successfully completing University Link and South 200th Link extension projects, and the startup of passenger service. 2016 marks the beginning of final design work for Lynnwood Link Extension and Link Operations & Maintenance Satellite Facility as well as the procurement of light rail vehicles for extensions. Breaking ground on East Link Extension and Tacoma Trestle Track and Signal will be key milestones in 2016.

The department has requested seven new positions to maintain appropriate levels of staffing to ensure on-time project completion.

Contract Maintenance for landscaping, security, janitorial, utilities, and structural services needs are expected to increase by \$348 thousand to manage an increased number of properties acquired for East Link and Lynnwood Link extension projects. Requests for Professional & Technical consulting services will be augmented by approximately \$238 thousand. DECM plans to develop specifications for Building Information Modeling (BIM) and Civil Information Modeling (CIM) to maximize collaboration with designers and construction consultants and adopt standard civil and structural design specifications.

DESIGN, ENGINEERING & CONSTRUCTION MANAGEMENT BUDGET SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|-----------------|-----------------|------------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$16,351 | \$18,712 | \$18,521 | \$19,970 | \$1,258 | 6.7 |
| Benefits | 9,746 | 11,531 | 10,729 | 12,154 | 622 | 5.4 |
| Subtotal | 26,097 | 30,243 | 29,250 | 32,124 | 1,880 | 6.2 |
| Services | | | | | | |
| Professional & Technical | 141 | 111 | 292 | 348 | 238 | 214.9 |
| Temporary Services | 1 | 30 | 6 | 30 | - | - |
| Contract Maintenance | 758 | 926 | 873 | 1,274 | 348 | 37.6 |
| Security & Safety | 6 | 155 | 167 | 325 | 170 | 109.7 |
| Other Services | 59 | 10 | 7 | 9 | (1) | (7.4) |
| Subtotal | 965 | 1,232 | 1,345 | 1,986 | 755 | 61.3 |
| Materials & Supplies | 54 | 79 | 66 | 70 | (8) | (0.1) |
| Utilities | 50 | 183 | 206 | 271 | 89 | 0.5 |
| Insurance | 32 | 35 | 36 | 35 | - | - |
| Taxes | 90 | 133 | 108 | 133 | - | - |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 39 | 69 | 60 | 67 | (2) | (3.4) |
| Travel & Meetings | 108 | 151 | 123 | 171 | 20 | 13.4 |
| Training | 136 | 172 | 159 | 174 | 2 | 1.2 |
| Other Miscellaneous | (5) | - | - | 6 | 6 | 100.0 |
| Subtotal | 278 | 392 | 342 | 418 | 26 | 6.5 |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 3,085 | 3,475 | 3,865 | 3,588 | 113 | 3.3 |
| Subtotal | 3,085 | 3,475 | 3,865 | 3,588 | 113 | 3.3 |
| Department Total | \$30,652 | \$35,772 | \$35,217 | \$38,626 | \$2,854 | 8.0% |

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, diversity, construction safety and quality assurance programs.

2015 Activities and Accomplishments

The Executive Department is actively engaged in improving the efficiency and effectiveness of the agency's processes. Some important processes that are being tackled include IT procurement, agreement management, job order contracting, and architecture and engineering invoice processing. Support comes from both external consultants and employees trained to teach a process improvement methodology called Rapid Office Kaizen.

The Procurement & Contracts Division was an early adopter of Kaizen and has made significant improvements in the quality and timeliness of their processes. They lead the agency in the use of alternative contracting methods, including General Contracting/Construction Management (GC/CM) and job order contracting. Their Green Procurement Policy, along with guidelines and training, is under development and will be rolled out in 2016.

Human Resources, in partnership with Accounting, Budget, and Information Technology, has contracted with a vendor to develop and install a fully integrated Human Resources Information Management System. They continuously develop new ST University offerings and train their staff to be instructors.

The Safety & Quality Assurance Division's role in the launch of new Link service in 2016 is to ensure safety certification is received on time. For the first half of 2015, they have achieved their goal of 100% of quality audits completed on design and construction projects. Annual reviews and updates of system safety program plans for all transit modes are near completion.

Government & Community Relations focused intensely on achieving its most significant goal for the year: the Governor of Washington State signed legislation authorizing \$15 billion in new revenue authority for Sound Transit.

2016 Budget Highlights

The Executive Department's budget is higher by 6.7 percent with significant increases coming from Salaries & Benefits and Professional & Technical services. Seven additional positions are proposed for 2016 to support the agency's procurements and contracts, diversity, and safety and quality assurance functions.

New federal safety regulations, increasing levels of design and construction activity, and hiring and training staff to prepare for the opening of new Link services in 2016 requires the addition of four positions in the Safety and Quality Assurance Division. Professional & Technical services for safety planning and auditing is adding \$673 thousand to the department's budget request.

The Executive Department leads the agency's efforts in managing performance through 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. Approximately \$220 thousand is budgeted within Professional & Technical services to support these ongoing programs.

Human Resources is budgeting \$245 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. Knowledge transfer and succession planning are supported with \$100 thousand of Professional & Technical services to ensure a smooth transition as a number of key personnel reach retirement. Also, ST University continues to expand its Management Excellence Program, with plans to spend \$76 thousand to train 40 employees in 2016.

Internal Audit has \$240 thousand budgeted in Professional & Technical services for electrical and mechanical contract close-out audits for the University Link Station. Independent cost audits are required when GC/CM contracting is used.

EXECUTIVE BUDGET SUMMARY

(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|-----------------|-----------------|------------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$6,812 | \$8,073 | \$7,265 | \$8,688 | \$615 | 7.6 |
| Benefits | 4,314 | 5,124 | 4,686 | 5,259 | 136 | 2.6 |
| Subtotal | 11,126 | 13,197 | 11,951 | 13,947 | 750 | 5.7 |
| Services | | | | | | |
| Professional & Technical | 1,426 | 2,257 | 2,195 | 2,735 | 478 | 21.2 |
| Temporary Services | 176 | 44 | 195 | 34 | (10) | (23.0) |
| Contract Maintenance | 0 | 3 | 27 | 28 | 26 | 1,020.0 |
| Other Services | 245 | 664 | 637 | 495 | (168) | (25.4) |
| Subtotal | 1,847 | 2,967 | 3,055 | 3,292 | 325 | 10.9 |
| Materials & Supplies | 125 | 136 | 151 | 154 | 18 | 0.1 |
| Utilities | 2 | 1 | 1 | 1 | 1 | 1.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 22 | 50 | 57 | 64 | 14 | 28.1 |
| Travel & Meetings | 175 | 207 | 239 | 264 | 57 | 27.6 |
| Advertising & Promotion Media | 312 | 243 | 244 | 311 | 68 | 28.1 |
| Training | 67 | 76 | 75 | 64 | (12) | (16.0) |
| Other Miscellaneous | 106 | 553 | 453 | 510 | (43) | (7.7) |
| Subtotal | 682 | 1,128 | 1,068 | 1,213 | 85 | 7.5 |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 79 | 83 | 84 | 86 | 3 | 3.6 |
| Subtotal | 79 | 83 | 84 | 86 | 3 | 3.6 |
| Department Total | \$13,861 | \$17,512 | \$16,309 | \$18,693 | \$1,181 | 6.7% |

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 of its 2016 costs, budgeted at \$2.1 million, will be reimbursed by the ORCA regional partners. This reimbursement is captured in miscellaneous revenues. Sound Transit's share of regional costs is budgeted by Treasury at \$2.2 million.

2015 Activities and Accomplishments

The department focused its efforts on maximizing the agency's fiscal stability by successfully closing the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan, the second largest single TIFIA loan in program history and lowest rate in program history. The Treasury Division completed the successful sale of the world's largest issuance of municipal green bonds. Additionally, the agency closed on a large bond sale in September 2015 that will save \$30 million in interest costs and contribute \$600 million in new proceeds to fund ST2 projects. Tacoma Link Small Starts grant of \$74.9 million was successfully included in the US President's 2015 Budget to contribute funding for extending Tacoma Link. ST was awarded a \$2 million Federal Transit Authority (FTA) Transit Oriented Development (TOD) grant for investments to support TOD along Tacoma Link expansion route. In support of the agency's ST3 plan, the department made significant progress on critical financial planning required to move ST3 planning forward.

2016 Budget Highlights

The 2016 FIT budget includes additional resources to support fare collection efforts, which will expand with the start of new Link service in 2016. Rising use of Ticket Vending Machines (TVMs) and a jump in the number of riders in our system require additional reinforcement for our fare collection efforts; a supplemental \$332 thousand is budgeted for that support in Other Services. IT is investing resources to enhance reliability of the agency's technology in transit systems, rider technology, including security remediation, project delivery, and disaster recovery efforts. An additional \$677 thousand for Insurance is driven primarily by ridership on the new University Link and South 200th Street light rail services.

Information Technology has added four new positions to support implementation of transit operations technology: transit systems, agency infrastructure, and IT project development. One new position has been added in Accounting. Two new positions—one of which is reimbursable from the ORCA regional partnership—will be added that directly support enhancing rider experience by developing ORCA 2, the next fare collection system. Sound Transit is the lead agency in the development of the new ORCA 2 system and an additional \$800 thousand is included in Other Services to begin planning and development. This cost is also reimbursable by the ORCA regional partnership. To ensure that Sound Transit assets are in a state of good repair, \$150 thousand is included in Professional & Technical services to continue development and implementation of an enterprise asset management system.

FINANCE & INFORMATION TECHNOLOGY BUDGET SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|------------------------|------------------------|--------------------------|------------------------|-----------------------------|----------------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$7,832 | \$9,952 | \$9,363 | \$11,382 | \$1,429 | 14.4% |
| Benefits | 4,680 | 6,355 | 5,321 | 6,923 | 568 | 8.9 |
| Subtotal | 12,511 | 16,308 | 14,684 | 18,305 | 1,998 | 12.2 |
| Services | | | | | | |
| Professional & Technical | 2,323 | 3,052 | 2,473 | 4,067 | 1,015 | 33.3 |
| Temporary Services | 235 | 70 | 206 | 245 | 175 | 250.0 |
| Contract Maintenance | 2,409 | 3,627 | 2,721 | 3,121 | (506) | (14.0) |
| Other Services | 5,426 | 6,274 | 4,420 | 6,978 | 704 | 11.2 |
| Subtotal | 10,393 | 13,023 | 9,821 | 14,411 | 1,388 | 10.7 |
| Materials & Supplies | 956 | 1,588 | 1,775 | 1,692 | 104 | 0.1 |
| Utilities | 647 | 697 | 758 | 733 | 35 | 0.1 |
| Insurance | 4,666 | 6,049 | 5,913 | 6,950 | 902 | 0.1 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 40 | 42 | 67 | 77 | 35 | 83.6 |
| Travel & Meetings | 109 | 132 | 128 | 152 | 20 | 15.1 |
| Training | 104 | 126 | 102 | 139 | 13 | 10.3 |
| Other Miscellaneous | 176 | 159 | 134 | 161 | 1 | 0.7 |
| Subtotal | 430 | 459 | 431 | 528 | 69 | 15.0 |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 178 | 202 | 211 | 294 | 92 | 45.3 |
| Subtotal | 178 | 202 | 211 | 294 | 92 | 45.3 |
| Department Total | \$29,782 | \$38,327 | \$33,593 | \$42,915 | \$4,587 | 12.0% |

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.

2015 Activities and Accomplishments

The Legal Department achieved a major milestone in 2015 with the negotiation and execution of the Bellevue Memorandum of Understanding (MOU), an agreement which will allow us to move forward with the construction of the East Link Extension and that finalizes Bellevue's \$100 million contribution of funds for the project. The MOU provides for the inclusion of a downtown tunnel, as well as terms for the mitigation of construction and operational impacts on neighborhoods and the environment. The department prevailed in attaining approval of the Bellevue shoreline permit, which removed the last legal obstacle prior to the commencement of East Link construction. The staff supported the agency's efforts to seek approval from the Washington State legislature and the Governor of Senate Bill 5987–2015-16, which will allow Sound Transit to request up to \$15 billion from taxpayers for system expansion in the ST3 ballot measure. Legal arranged for new agreements for Regional Express operations and maintenance, more financially sustainable payments on leases of state property, and licensing agreements to install wireless systems for mobile service in underground facilities. The department answered 207 public disclosure requests in the first two quarters of 2015, which furthers the agency's goal of maintaining public trust through open accountability.

2016 Budget Highlights

Legal will be focusing on the development of the ST3 ballot to ensure that all legal requirements are complete and the ballot is approved for placement in all three counties. Legal has no new position requests. Professional & Technical services is budgeted \$115 thousand lower, or 22.6 percent lower, than in 2015, based on expected needs for external legal services in 2016.

LEGAL BUDGET SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|------------------------|------------------------|--------------------------|------------------------|-----------------------------|----------------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$1,580 | \$1,623 | \$1,664 | \$1,732 | \$109 | 6.7 |
| Benefits | 828 | 921 | 944 | 1,042 | 120 | 13.1 |
| Subtotal | 2,409 | 2,544 | 2,608 | 2,774 | 230 | 9.0 |
| Services | | | | | | |
| Professional & Technical | 186 | 508 | 265 | 393 | (115) | (22.6) |
| Temporary Services | 0 | 0 | 0 | 79 | 79 | 100.0 |
| Other Services | 0 | 1 | 1 | 1 | - | 27.3 |
| Subtotal | 186 | 509 | 266 | 472 | (36) | (7.1) |
| Materials & Supplies | 3 | 3 | 3 | 3 | 1 | 0.2 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 41 | 37 | 37 | 40 | 2 | 6.2 |
| Travel & Meetings | 3 | 5 | 5 | 7 | 3 | 53.0 |
| Training | 11 | 15 | 15 | 15 | - | 0.9 |
| Subtotal | 55 | 57 | 57 | 62 | 5 | 8.2 |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | - | 1 | 1 | 1 | - | - |
| Subtotal | - | 1 | 1 | 1 | - | - |
| Department Total | \$2,653 | \$3,113 | \$2,935 | \$3,312 | \$199 | 6.4% |

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.

2015 Activities and Accomplishments

New bus operating agreements with Community and Pierce Transit were executed in June, and the current King County Metro agreement is expected to be completed in December 2015. Many departmental activities in 2015 are focused on supporting Link expansion, including adapting to a new SCADA system for train control and reporting, training staff, and supporting contractors. Other activities include testing and implementing the new positive train control system to improve Sounder safety, implementing a new Maintenance Management Information System for Link maintenance, and embarking on a fuel efficient driving program with Community Transit bus operators. The department is also coordinating with King County, City of Seattle, Community Transit and Washington State Department of Transportation on integrated service changes.

2016 Budget Highlights

The Operations Department has requested four new positions for 2016 to support higher levels of transit services and an expanded number of facilities to manage and maintain.

The Services budget will increase by \$12.2 million, driven primarily by increases in security services, the Downtown Seattle Transit Tunnel costs, Facilities Maintenance, Consulting Services, and Utilities:

- Security services are anticipated to increase by \$3.7 million to support Link expansion to University of Washington Station to the north, and Angle Lake Station to the south.
- Downtown Seattle Transit Tunnel costs are anticipated to increase by approximately \$3.1 million to support the expansion of Link service in the DSTT from eight to ten trains per hour with six minute headways.
- Facilities Maintenance is anticipated to increase by \$1.8 million to support 14 mid-life maintenance/repair projects at various stations, as well as increases to current contractual values, plus escalation.
- Consulting and other Services are anticipated to increase by \$1.4 million, to include Job Order Contracts and engineering consultant support.
- Utilities are anticipated to increase by \$570 thousand to cover increasing traction power costs and utilities at new stations related to Link expansion.

Purchased Transportation Services are anticipated to increase by \$17.0 million to support service expansion across three Sound Transit modes in 2016.

- ST Express will add 19,750 service hours over two service changes to relieve overloads and increase efficiencies due to traffic congestion. An initial 17,000 hours will be added in March 2016, followed by the remaining 2,750 hours in September 2016.
- Sounder will add one more round trip between Seattle and Lakewood in September 2016.

- Link will begin revenue service north to Capitol Hill and the University of Washington and south to Angle Lake in 2016.

OPERATIONS BUDGET SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|--|------------------------|------------------------|--------------------------|------------------------|-----------------------------|----------------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$7,174 | \$7,290 | \$7,229 | \$8,233 | \$943 | 12.9% |
| Benefits | 4,448 | 4,818 | 4,840 | 4,894 | 75 | 1.6 |
| Subtotal | 11,622 | 12,108 | 12,069 | 13,126 | 1,018 | 8.4 |
| Services | | | | | | |
| Professional & Technical | 369 | 219 | 426 | 1,784 | 1,565 | 100.0 |
| Temporary Services | 113 | 2 | 24 | 143 | 141 | 100.0 |
| Contract Maintenance | 23,304 | 22,801 | 22,697 | 28,915 | 6,114 | 26.8 |
| Security & Safety | 13,154 | 14,424 | 16,242 | 18,877 | 4,453 | 30.9 |
| Other Services | 1,147 | 1,284 | 1,130 | 1,179 | (104) | (8.1) |
| Subtotal | 38,087 | 38,730 | 40,518 | 50,899 | 12,168 | 31.4 |
| Materials & Supplies | 8,148 | 9,325 | 7,827 | 9,584 | 260 | - |
| Utilities | 3,494 | 3,650 | 3,818 | 4,580 | 930 | 0.3 |
| Insurance | (7) | 110 | - | - | (110) | (1.0) |
| Taxes | 1,855 | 1,928 | 2,019 | 2,142 | 214 | 0.1 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,456 | 1,710 | 1,697 | 1,906 | 196 | 11.5 |
| Purchased Transportation | 125,155 | 133,989 | 134,791 | 150,827 | 16,838 | 12.6 |
| Subtotal | 126,611 | 135,699 | 136,488 | 152,733 | 17,034 | 12.6 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 14 | 63 | 20 | 47 | (16) | (25.3) |
| Travel & Meetings | 117 | 102 | 76 | 106 | 4 | 3.8 |
| Advertising & Promotion Media | 4 | 1 | 2 | 3 | 2 | 100.0 |
| Training | 71 | 101 | 67 | 105 | 4 | 4.1 |
| Other Miscellaneous | 44 | 29 | 26 | 26 | (3) | (9.6) |
| Subtotal | 249 | 296 | 191 | 287 | (9) | (2.9) |
| Leases & Rentals | | | | | | |
| Transit Way | 5,449 | 5,410 | 5,346 | 7,267 | 1,857 | 34.3 |
| General Administrative Facilities | 553 | 476 | 537 | 596 | 121 | 25.4 |
| Subtotal | 6,002 | 5,885 | 5,883 | 7,863 | 1,978 | 33.6 |
| Department Total | \$196,062 | \$207,732 | \$208,812 | \$241,215 | \$33,483 | 16.1% |

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 and Construction Management (DECM) Department to oversee design and construction. In addition to project development, PEPD is responsible for the agency's sustainability programs and efforts to encourage residential and commercial development near transit stations.

2015 Activities and Accomplishments

PEPD completed public outreach efforts focused on the Draft Priority Project List, including six open houses in the three-county region. The department has engaged in critical work regarding reducing storm water runoff from construction sites and important mitigation plans to reduce 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. They have obtained Federal Transit Authority (FTA) - National Environmental Policy Act (NEPA) approval for Northgate Link Expansion and Tacoma Link Expansion, and the Final Environmental Impact Study (FEIS) has been issued for Lynnwood Link Expansion. As part of the department's goal to increase mass transit usage, reduced fare ORCA LIFT cards have been issued to 10,000 riders region-wide.

2016 Budget Highlights

PEPD will focus on ST3 planning and corridor development in the coming year, resulting in a considerable increase in planning and design work. The department is now fully staffed in anticipation of the upcoming workload, and no new temporary services or permanent position requests have been made for 2016. 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 from the American Public Transportation Association (APTA). A significant portion of the budget includes \$475 thousand for Professional & Technical consulting. Consulting services are intended to further study sustainable infrastructure design and construction techniques, waste reduction, and facility energy conservation. The use of new technologies and alternative fuels could increase fuel efficiency and decrease carbon emissions. These strategies are crucial for reducing the agency's ecological footprint.

PLANNING, ENVIRONMENT & PROJECT DEVELOPMENT BUDGET SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|----------------|----------------|------------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$3,743 | \$4,150 | \$3,786 | \$4,099 | \$(51) | (1.2) |
| Benefits | 2,152 | 2,461 | 2,237 | 2,500 | 39 | 1.6 |
| Subtotal | 5,895 | 6,611 | 6,023 | 6,598 | (12) | (0.2) |
| Services | | | | | | |
| Professional & Technical | 535 | 605 | 620 | 475 | (130) | (21.5) |
| Temporary Services | 0 | 3 | 3 | 0 | (3) | (100.0) |
| Contract Maintenance | 211 | 283 | 23 | 0 | (283) | (100.0) |
| Other Services | 3 | 6 | 2 | 3 | (3) | (53.0) |
| Subtotal | 749 | 897 | 648 | 478 | (420) | (46.7) |
| Materials & Supplies | 4 | 8 | 5 | 6 | (1) | (0.2) |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 8 | 13 | 11 | 16 | 3 | 21.7 |
| Travel & Meetings | 26 | 44 | 40 | 72 | 28 | 64.7 |
| Advertising & Promotion Media | 0 | 1 | 1 | 1 | - | (20.0) |
| Training | 9 | 23 | 19 | 26 | 3 | 14.5 |
| Other Miscellaneous | 0 | 1 | 0 | 1 | - | (20.0) |
| Subtotal | 43 | 81 | 72 | 115 | 34 | 41.9 |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | - | 2 | 1 | 3 | 1 | 40.0 |
| Subtotal | - | 2 | 1 | 3 | 1 | 40.0 |
| Department Total | \$6,692 | \$7,599 | \$6,748 | \$7,201 | \$(398) | (5.2%) |

Transit Modes

Transit Mode budgets for 2016 total \$264.3 million, \$35.9 million or 15.7 percent higher than the 2015 total of \$228.4 million. Transit mode costs include operations and vehicle maintenance provided primarily through contracts with our transit agency partners. Only Tacoma Link operations and maintenance is performed by Sound Transit employees. Our light rail, commuter rail, and express bus services are supported by 31 rail stations, 11 transit centers, and 17 park-and-ride lots. Expansion of service in 2016 will add three more light rail stations and a parking facility. Sound Transit owns 23 of these facilities.

TRANSIT MODE BUDGETS SUMMARY

(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|--|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$3,082 | \$3,940 | \$2,763 | \$4,190 | \$249 | 6.3 |
| Benefits | 1,884 | 2,412 | 1,895 | 2,459 | 47 | 2.0 |
| Subtotal | 4,966 | 6,352 | 4,657 | 6,649 | 296 | 4.7 |
| Services | | | | | | |
| Marketing Agency | 73 | 85 | 85 | 85 | - | - |
| Professional & Technical | 463 | 443 | 322 | 896 | 453 | 102.1 |
| Contract Maintenance | 23,013 | 22,691 | 21,708 | 28,262 | 5,571 | 24.6 |
| Security & Safety | 13,014 | 14,305 | 16,119 | 18,738 | 4,433 | 31.0 |
| Other Services | 3,769 | 4,202 | 2,234 | 4,582 | 380 | 9.1 |
| Subtotal | 40,332 | 41,727 | 40,468 | 52,564 | 10,837 | 26.0 |
| Materials & Supplies | 8,116 | 9,262 | 7,514 | 9,462 | 200 | 2.2 |
| Utilities | 3,395 | 3,528 | 3,622 | 4,435 | 907 | 25.7 |
| Insurance | 1,904 | 5,357 | 4,490 | 5,943 | 586 | 10.9 |
| Taxes | 1,854 | 1,924 | 2,014 | 2,136 | 213 | 11.1 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,456 | 1,710 | 1,697 | 1,906 | 196 | 11.5 |
| Purchased Transportation | 125,155 | 133,989 | 134,791 | 150,827 | 16,838 | 12.6 |
| Subtotal | 126,611 | 135,699 | 136,488 | 152,733 | 17,034 | 12.6 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 1 | 43 | 1 | 3 | (40) | (94.0) |
| Travel & Meetings | 35 | 57 | 15 | 57 | - | - |
| Advertising & Promotion Media | 458 | 500 | 500 | 600 | 100 | 20.0 |
| Training | 48 | 78 | 26 | 46 | (32) | (41.1) |
| Other Miscellaneous | 42 | 28 | 25 | 25 | (3) | (10.3) |
| Subtotal | 585 | 706 | 567 | 730 | 25 | 3.5 |
| Leases & Rentals | | | | | | |
| Transit Way | 5,459 | 5,425 | 5,351 | 7,277 | 1,852 | 34.1 |
| General Administrative Facilities | 246 | 158 | 211 | 255 | 97 | 61.5 |
| Subtotal | 5,705 | 5,583 | 5,562 | 7,532 | 1,949 | 34.9 |
| Expense Transfers | | | | | | |
| Administrative Departments | 13,959 | 18,275 | 18,015 | 22,067 | 3,792 | 20.7 |
| Subtotal | 13,959 | 18,275 | 18,015 | 22,067 | 3,792 | 20.7 |
| Transit Modes Total | \$207,426 | \$228,413 | \$223,397 | \$264,252 | \$35,839 | 15.7% |

Beginning in 2016, all costs will be reported by the department that manages them. The transit mode budgets include 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 and External Affairs departments.

Operations Department staff manages 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. The Marketing & Creative Services Division manages all advertising and promotions, including our attendance at community events and festivals to promote public transit ridership.

The table below shows the 2016 operating budget for each department and the amounts charged to the transit modes, as well as to projects. The remaining administrative costs are allocated to transit modes or projects. Therefore, the transit mode budget reports displayed in the following pages are a compilation of department costs charged to each mode.

DEPARTMENT BUDGETS CHARGED TO TRANSIT MODES

(in thousands)

| Department | 2016 Budget | Tacoma Link | Central Link | Souder | ST Express | Projects | Allocated Admin Costs |
|-------------------------------------|------------------|----------------|-----------------|-----------------|------------------|-----------------|--------------------------|
| Communications & External Affairs | \$7,808 | \$18 | \$378 | \$278 | \$296 | \$ - | \$6,839 |
| Design, Engineering & Construction | | | | | | | |
| Mgmt | 38,626 | | | | | 31,519 | 7,107 |
| Executive | 18,693 | | | | | | 18,693 |
| Finance & Information Technology | 42,915 | 545 | 6,274 | 2,839 | 2,011 | 1,863 | 29,384 |
| Legal | 3,312 | | | | | | 3,312 |
| Operations | 241,215 | 3,701 | 73,148 | 37,591 | 115,107 | | 11,667 |
| Planning, Environment & Project Dev | 7,201 | | | | | 5,301 | 1,900 |
| Overhead Alloc. to Transit Modes | | 804 | 7,797 | 5,056 | 8,410 | | (22,067) |
| Overhead Alloc. To Projects | | | | | | 56,834 | (56,834) |
| Total | \$359,769 | \$5,068 | \$87,596 | \$45,764 | \$125,823 | \$95,517 | \$ - |

Service Changes

Service increases for 2016 are planned for three of the agency's four modes:

- Tacoma Link has no service changes planned for 2016.
- Link extensions between Westlake and UW stations and from Airport to Angle Lake stations will begin in 2016.
- Souder will add an additional round trip from Seattle to Lakewood in late 2016.
- ST Express hours will increase by 19,750, with additions in March and September to address overcrowding on some routes and to provide connections to new Link and Souder services.

Ridership Forecast

2016 system-wide ridership is expected to pass the 41 million mark, 19.8 percent higher than the 2015 forecast.

Tacoma Link ridership is expected to decrease 5.0 percent from the 2015 forecast of 1,000,000 after the implementation of this line's first passenger fares in the fourth quarter of 2016.

Link ridership is anticipated to rise sharply to 17.2 million, a 49.6 percent increase, as a result of new service to University of Washington and Angle Lake. Also, Link's current ridership growth trend on the existing system will continue.

Sounder ridership is projected to increase to 3.7 million, due to continued ridership growth on both North and South lines, and the addition of one more round trip in September 2016.

ST Express ridership is expected to continue its strong growth, increasing to 19.5 million with service hours being added to address capacity issues on several routes.

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

2016 RIDERSHIP FORECAST

(in thousands)

| Transit Mode | 2013 Actual | 2014 Actual | 2015 Forecast | 2016 Budget | Change from Forecast | %Change |
|---------------------|------------------------|------------------------|--------------------------|------------------------|-------------------------------------|----------------|
| Tacoma Link | 1,000 | 964 | 1,000 | 950 | (50) | -5.0% |
| Link | 9,681 | 10,950 | 11,500 | 17,200 | 5,700 | 49.6% |
| Sounder | 3,036 | 3,361 | 3,645 | 3,730 | 85 | 2.3% |
| ST Express | 16,605 | 17,662 | 18,406 | 19,500 | 1,094 | 5.9% |
| Paratransit | 62 | 56 | 58 | 70 | 12 | 20.7% |
| Total | 30,385 | 32,993 | 34,609 | 41,450 | 6,841 | 19.8% |

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 2016 Budget Highlights

The total 2016 budget is \$5.1 million, 9.6 percent higher than the 2015 budget.

- Contract Maintenance is higher by \$547 thousand driven by a \$350 thousand repair project for concrete failure along the system right-of-way. There is also an increase in light rail vehicle maintenance contracts of \$125 thousand to help maintain the aging fleet.
- Administrative expense allocations in 2016 are budgeted higher than 2015 by \$87 thousand, or 12.2 percent in 2016 due to a higher base budget.

TACOMA LINK (in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|--|----------------|----------------|------------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$1,171 | \$1,363 | \$1,107 | \$1,337 | (\$26) | (1.9) |
| Benefits | 792 | 912 | 743 | 762 | (150) | (16.5) |
| Subtotal | 1,963 | 2,275 | 1,850 | 2,099 | (176) | (7.7) |
| Services | | | | | | |
| Professional & Technical | 29 | 31 | 6 | 18 | (14) | (44.3) |
| Contract Maintenance | 283 | 381 | 345 | 928 | 547 | 143.6 |
| Security & Safety | 375 | 465 | 507 | 445 | (20) | (4.3) |
| Other Services | 36 | 20 | 18 | 22 | 2 | 10.3 |
| Subtotal | 722 | 898 | 876 | 1,414 | 515 | 57.3 |
| Materials & Supplies | 105 | 167 | 79 | 177 | 10 | 5.9 |
| Utilities | 106 | 104 | 86 | 103 | (1) | (0.8) |
| Insurance | 167 | 383 | 336 | 413 | 30 | 7.8 |
| Taxes | - | - | - | 3 | 3 | 100.0 |
| Purchased Transportation Services | | | | | | |
| Purchased Transportation | 4 | 5 | - | 5 | - | - |
| Subtotal | 4 | 5 | - | 5 | - | - |
| Miscellaneous | | | | | | |
| Travel & Meetings | 11 | 12 | - | 13 | 1 | 4.2 |
| Training | 42 | 50 | - | 30 | (20) | (40.0) |
| Subtotal | 53 | 62 | - | 43 | (20) | (31.7) |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 10 | 11 | 4 | 8 | (3) | (28.7) |
| Subtotal | 10 | 11 | 4 | 8 | (3) | (28.7) |
| Expense Transfers | | | | | | |
| Administrative Departments | 819 | 717 | 744 | 804 | 87 | 12.2 |
| Subtotal | 819 | 717 | 744 | 804 | 87 | 12.2 |
| Mode Total | \$3,951 | \$4,623 | \$3,975 | \$5,068 | \$445 | 9.6% |

Tacoma Link Performance Statistics

Budget projections for 2016 show a slight decrease in ridership and an increase in operating costs, which results in a performance decline in 2016 when compared to 2015.

- Operating costs are projected to increase by 9.6 percent. Service will remain relatively unchanged; therefore, the cost per hour is expected to increase by 8.8 percent.
- Expected ridership is 950,000 boardings or an average of 3,234 per weekday. Ridership is projected to decrease slightly compared to the 2015 budget, resulting in an increase in cost per boarding from \$4.82 to \$5.33 or 10.8 percent in 2016.
- Approximately 9,844 revenue vehicle hours are expected to be delivered, a 0.8 percent increase over 2015. The cost per revenue vehicle hour will increase from \$473.15 to \$514.85, an increase of 8.8 percent.
- Revenue vehicle miles are planned to increase 0.8 percent in 2016, to 76,291. The cost per revenue vehicle mile will also increase from \$61.05 to \$66.43, an increase of 8.8 percent.

TACOMA LINK PERFORMANCE STATISTICS

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | 2016 v 2015 Budget |
|---|----------------|----------------|------------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 9,837 | 9,770 | 9,794 | 9,844 | 0.8% |
| Revenue Vehicle Miles Operated | 76,239 | 75,718 | 75,904 | 76,291 | 0.8% |
| Trips Operated | 49,447 | 49,100 | 49,221 | 49,481 | 0.8% |
| Service Consumed | | | | | |
| Total Boardings | 963,695 | 960,000 | 1,000,000 | 950,000 | -1.0% |
| Average Weekly Boardings | 3,286 | 3,400 | 3,410 | 3,234 | -4.9% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 98.0 | 98.3 | 102.1 | 96.5 | -1.8% |
| Total Boardings/Trip | 19.5 | 19.6 | 20.3 | 19.2 | -1.8% |
| Percentage of Scheduled Trips Operated | 99.9% | 98.5% | 99.9% | 98.5% | 0.0% |
| On-time Performance | 99.9% | 98.5% | 98.5% | 98.5% | 0.0% |
| Complaints/100,000 Boardings | 0.7 | <15.0 | 0.4 | <15.0 | 0.0% |
| Preventable Accidents/100,000 Service Miles | 0.0 | <1.7 | 0.0 | <1.7 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Operating costs (less depreciation) | \$3,950,655 | \$4,622,669 | \$3,975,459 | \$5,068,135 | 9.6% |
| Cost/Revenue Vehicle Hour | \$401.61 | \$473.15 | \$405.91 | \$514.85 | 8.8% |
| Cost/Revenue Vehicle Mile | \$51.82 | \$61.05 | \$52.37 | \$66.43 | 8.8% |
| Cost/Boarding | \$4.10 | \$4.82 | \$3.98 | \$5.33 | 10.8% |

Link Light Rail

Link light rail trains run between downtown Seattle and Sea-Tac Airport, serving 13 passenger stations, including the 4 stations in the Downtown Seattle Transit Tunnel. In 2016 Link service will be extended north to the University of Washington and to South 200th Street in the city of SeaTac.

Sound Transit operates Link light rail out of our operations and maintenance facility in Seattle's SODO neighborhood. Operations and maintenance of the system is performed by King County Metro (KCM) through an inter-governmental agreement. Agency staff oversees operations and maintenance of the trains. 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 2016, KCM will employ 247 staff, 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, including 27 vehicles to accommodate the extension of service to the University of Washington and Angle Lake in 2016. Each of these vehicles carries 74 seated passengers plus another 74 standing passengers.

The 17.2 million boardings for 2016 represent a 49.6 percent increase over the 2015 forecast. Increased service plus strong population growth in the Puget Sound area continue to push ridership upward.

Link 2016 Budget Highlights

The budget for Link light rail is expected to increase 38.0 percent to \$87.6 million in 2016.

- Security services will increase by 56.8 percent, or \$4.9 million, due to expanded service to University of Washington and to Angle Lake. In addition to a larger geographic area to patrol, the extensions will add three stations and a large parking facility. Contract rate increases also account for a portion of the increase.
- Professional & Technical services will increase by \$483 thousand, or 191.7 percent, due primarily to engineering consulting support for facilities repair projects.
- Purchased Transportation Services will increase 29.2 percent, or \$8.8 million over 2015 budget, due to increased operating and maintenance costs associated with the Link expansion. The higher 2016 budget is being driven by an increase in the number of King County Metro staff that operate Link as well as an increase in the contract rate.
- Agency Administrative expense allocations are forecast higher by 51.8 percent, or \$2.7 million, over last year due to a higher base budget, excluding Purchased Transportation Services.

LINK BUDGET SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|--|-----------------|-----------------|------------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$815 | \$1,010 | \$681 | \$1,091 | \$81 | 8.0 |
| Benefits | 462 | 618 | 469 | 650 | 32 | 5.2 |
| Subtotal | 1,276 | 1,629 | 1,150 | 1,741 | 113 | 6.9 |
| Services | | | | | | |
| Marketing Agency | 24 | 28 | 28 | 28 | - | - |
| Professional & Technical | 272 | 252 | 260 | 735 | 483 | 191.7 |
| Contract Maintenance | 5,387 | 5,280 | 4,907 | 7,930 | 2,651 | 50.2 |
| Security & Safety | 8,432 | 8,561 | 9,579 | 13,423 | 4,862 | 56.8 |
| Other Services | 1,080 | 1,047 | 440 | 1,507 | 460 | 43.9 |
| Subtotal | 15,196 | 15,168 | 15,215 | 23,624 | 8,456 | 55.7 |
| Materials & Supplies | 1,901 | 2,214 | 2,229 | 2,431 | 216 | 9.8 |
| Utilities | 2,115 | 2,172 | 2,572 | 3,408 | 1,236 | 56.9 |
| Insurance | 1,488 | 3,504 | 2,505 | 3,956 | 452 | 12.9 |
| Taxes | 400 | 411 | 517 | 596 | 185 | 45.0 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,456 | 1,710 | 1,697 | 1,906 | 196 | 11.5 |
| Purchased Transportation | 25,634 | 28,468 | 28,415 | 37,095 | 8,627 | 30.3 |
| Subtotal | 27,090 | 30,177 | 30,112 | 39,001 | 8,823 | 29.2 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 0 | 1 | 1 | 1 | - | 3 |
| Travel & Meetings | 15 | 26 | 6 | 28 | 2 | 9.3 |
| Advertising & Promotion Media | 157 | 175 | 175 | 270 | 95 | 54.3 |
| Training | 4 | 16 | 3 | 11 | (4) | (27.9) |
| Other Miscellaneous | 1 | - | - | - | - | 0.0 |
| Subtotal | 177 | 217 | 184 | 310 | 93 | 42.9 |
| Leases & Rentals | | | | | | |
| Transit Way | 2,822 | 2,824 | 2,836 | 4,730 | 1,906 | 67.5 |
| General Administrative Facilities | 1 | 1 | 3 | 4 | 3 | 304.7 |
| Subtotal | 2,823 | 2,825 | 2,839 | 4,733 | 1,909 | 67.6 |
| Expense Transfers | | | | | | |
| Administrative Departments | 3,998 | 5,136 | 5,402 | 7,797 | 2,661 | 51.8 |
| Subtotal | 3,998 | 5,136 | 5,402 | 7,797 | 2,661 | 51.8 |
| Mode Total | \$56,462 | \$63,453 | \$62,727 | \$87,596 | \$24,144 | 38.0% |

Link Performance Statistics

Budget projections for 2016 show increased ridership and increased operating costs, which result in mixed performance statistics for Link.

- Operating costs for Link (excluding Paratransit, which is not included in Link performance statistics) are projected to rise by 38.9 percent, to \$85.8 million, in 2016.
- Ridership is forecasted at 51,800 weekday boardings and 17.2 million annual boardings, a 49.6 percent gain over the 2015 forecast resulting in a decrease in cost per boarding from \$5.23 to \$4.99, or 4.7 percent lower in 2016.
- About 178,000 revenue vehicle hours are expected to be delivered, an increase of 22.1 percent over the 2015 budget. Cost per vehicle hour is expected to increase by 13.7 percent, from \$423.79 to 482.02.
- Over 3.5 million revenue vehicle miles are planned for 2016, an increase of 31.9% over 2015 budget. Cost per revenue vehicle mile is projected to increase by 5.3 percent, from \$23.08 to \$24.31.

LINK PERFORMANCE STATISTICS

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | 2016 v 2015 Budget |
|---|----------------|----------------|------------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 143,880 | 145,693 | 159,535 | 177,911 | 22.1% |
| Revenue Vehicle Miles Operated | 2,697,521 | 2,675,000 | 2,936,032 | 3,528,190 | 31.9% |
| Revenue Train Hours Operated | 75,774 | 75,005 | 84,299 | 94,692 | 26.2% |
| Trips Operated | 90,724 | 90,500 | 93,642 | 100,664 | 11.2% |
| Service Consumed | | | | | |
| Total Boardings | 11,000,000 | 11,800,000 | 11,500,000 | 17,200,000 | 45.8% |
| Average Weekday Boardings | 32,924 | 35,300 | 34,600 | 51,800 | 46.7% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 77.6 | 81.0 | 72.1 | 96.7 | 19.4% |
| Total Boardings/Trip | 123 | 130 | 123 | 171 | 31.0% |
| Percentage of Scheduled Trips Operated | 99.5% | 98.5% | 99.5% | 98.5% | 0.0% |
| Headway Management | 94.2% | >90% | 91.0% | >90% | 0.0% |
| Complaints/100,000 Boardings | 1.2 | <15.0 | 1.3 | <15.0 | 0.0% |
| Preventable Accidents/100,000 Service Miles | 0 | <0.3 | 0 | <0.3 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Fare Revenues | \$15,872,737 | \$15,386,000 | \$16,814,440 | \$24,424,100 | 58.7% |
| Operating costs (less deprec. & paratransit) | \$55,005,820 | \$61,743,181 | \$61,029,514 | \$85,756,056 | 38.9% |
| Cost/Revenue Vehicle Hour | \$382.30 | \$423.79 | \$382.55 | \$482.02 | 13.7% |
| Cost/Revenue Vehicle Mile | \$20.39 | \$23.08 | \$20.79 | \$24.31 | 5.3% |
| Cost/Revenue Train Hour | \$725.92 | \$823.19 | \$723.96 | \$905.63 | 10.0% |
| Cost/Boarding | \$5.00 | \$5.23 | \$5.31 | \$4.99 | -4.7% |
| Farebox Recovery | 28.9% | 24.9% | 27.6% | 28.5% | 14.3% |

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 ten daily round trips between Seattle and Tacoma. Six of these round trips extend service to Lakewood. In late 2016 an additional round trip 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 2016.

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. Nine cab cars are expected to be delivered in late 2016. 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 benefits from numerous other supporting contracts, such as services for security, station agents, and facilities maintenance.

Sounder boardings in 2016 are expected to step-up from 3.2 million budgeted in 2015, to 3.7 million in 2016, an increase of 16.6 percent.

Sounder 2016 Budget Highlights

The 2016 Sounder budget is \$45.8 million, an increase of 5.1 percent, from \$43.6 million in 2015.

- Contract Maintenance is expected to increase \$1.9 million primarily due to increased costs of vehicle maintenance by Amtrak. In addition to a 2.5% rate increase, there will be eight additional vehicles in September 2016. Positive Train Control requirements will add \$70 thousand in operating and maintenance costs.
- Purchased Transportation base costs charged by BNSF to operate our Sounder service are expected to increase \$559 thousand or 5.9 percent, due to an increase in contracted rates for service and the addition of another round trip in September 2016.
- Agency Administrative expense allocations will increase by \$179 thousand or 3.7 percent in 2016 over last year due to a higher base budget.

SOUNDER BUDGET SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|--|------------------------|------------------------|--------------------------|------------------------|-----------------------------|----------------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$766 | \$1,022 | \$630 | \$1,235 | \$212 | 20.8 |
| Benefits | 437 | 608 | 450 | 729 | 121 | 19.9 |
| Subtotal | 1,203 | 1,630 | 1,081 | 1,964 | 333 | 20.5 |
| Services | | | | | | |
| Marketing Agency | 24 | 28 | 28 | 28 | - | - |
| Professional & Technical | 132 | 124 | 16 | 107 | (17) | (13.7) |
| Contract Maintenance | 12,258 | 12,196 | 11,702 | 14,088 | 1,892 | 15.5 |
| Security & Safety | 2,856 | 3,063 | 3,428 | 2,583 | (480) | (15.7) |
| Other Services | 1,368 | 1,522 | 1,212 | 1,466 | (56) | (3.7) |
| Subtotal | 16,639 | 16,934 | 16,387 | 18,273 | 1,339 | 7.9 |
| Materials & Supplies | 5,876 | 6,768 | 5,151 | 6,749 | (19) | (0.3) |
| Utilities | 827 | 923 | 682 | 661 | (262) | (28.4) |
| Insurance | 296 | 1,275 | 1,457 | 1,355 | 80 | 6.3 |
| Taxes | 781 | 873 | 809 | 835 | (39) | (4.4) |
| Purchased Transportation Services | | | | | | |
| Purchased Transportation | 8,926 | 9,433 | 9,291 | 9,992 | 559 | 5.9 |
| Subtotal | 8,926 | 9,433 | 9,291 | 9,992 | 559 | 5.9 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 0 | 1 | 1 | 1 | - | 44.0 |
| Travel & Meetings | 3 | 6 | 5 | 11 | 5 | 89.2 |
| Advertising & Promotion Media | 177 | 175 | 175 | 180 | 5 | 2.9 |
| Training | 2 | 12 | 1 | 5 | (8) | (63.2) |
| Other Miscellaneous | 42 | 28 | 25 | 25 | (3) | (10.3) |
| Subtotal | 223 | 222 | 206 | 221 | - | (0.2) |
| Leases & Rentals | | | | | | |
| Transit Way | 497 | 479 | 377 | 425 | (54) | (11.2) |
| General Administrative Facilities | 231 | 139 | 194 | 235 | 96 | 68.9 |
| Subtotal | 728 | 618 | 571 | 660 | 42 | 6.8 |
| Expense Transfers | | | | | | |
| Administrative Departments | 3,385 | 4,876 | 4,379 | 5,056 | 179 | 3.7 |
| Subtotal | 3,385 | 4,876 | 4,379 | 5,056 | 179 | 3.7 |
| Mode Total | \$38,885 | \$43,552 | \$40,014 | \$45,764 | \$2,212 | 5.1% |

Sounder Performance Statistics

- Operating costs for Sounder are projected to rise by 5.1 percent, to \$45.8 million, in 2016.
- In late 2016, we will have eleven daily round trips between Seattle and Tacoma, seven of which will go to Lakewood. We expect to deliver more than 56,000 service hours.
- Ridership is expected to be 3.7 million total boardings, a 16.6 percent rise, or 14,000 boardings per weekday. This increase in ridership both improves farebox recovery and reduces cost per boarding. Farebox recovery is projected to increase to 25.3 percent from 22.4 percent. Cost per boarding will decrease to \$12.27 from \$13.61.
- Sounder cost per revenue vehicle hour is projected to decrease from \$853.97 in 2015 to \$815.04 in 2016, a decrease of 4.6 percent. This is driven by a 10.1 percent increase in the number of revenue vehicle hours operated.
- Sounder cost per vehicle mile is projected to decrease from \$25.69 to \$24.52, or 4.6 percent, driven by an increase in revenue vehicle miles operated.

SOUNDER PERFORMANCE STATISTICS

| | 2013 Actual | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | 2016 v 2015 Budget |
|---|----------------|----------------|----------------|------------------|----------------|-----------------------|
| SUMMARY DATA | | | | | | |
| Service Provided | | | | | | |
| Revenue Vehicle Hours Operated | 49,257 | 50,375 | 51,000 | 52,522 | 56,150 | 10.1% |
| Revenue Vehicle Miles Operated | 1,636,847 | 1,603,802 | 1,695,000 | 1,721,018 | 1,866,151 | 10.1% |
| Trips Operated | 6,685 | 6,746 | 7,340 | 7,050 | 7,362 | 0.3% |
| Service Consumed | | | | | | |
| Total Boardings | 2,968,041 | 3,361,317 | 3,200,000 | 3,650,000 | 3,730,000 | 16.6% |
| Average Weekday Boardings | 11,320 | 12,624 | 11,628 | 13,701 | 14,022 | 20.6% |
| SERVICE PERFORMANCE MEASURES | | | | | | |
| Total Boardings/Revenue Vehicle Hour | 60 | 64 | 63 | 69 | 66 | 5.9% |
| Total Boardings/Trip | 444 | 498 | 436 | 518 | 507 | 16.2% |
| Percentage of Scheduled Trips Operated | 97.9% | 96.7% | >99.5% | 99.6% | >99.5% | 0.0% |
| On-time Performance | 97.2% | 95.1% | ≥ 95% | 97.0% | ≥ 95% | 0.0% |
| Complaints/100,000 Boardings | 0.9 | 7.6 | <15 | 4.8 | <15 | 0.0% |
| Preventable Accidents/1 Million Total Miles | 0 | 0 | ≤1 | 0 | ≤1 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | | |
| Farebox Revenue | \$9,484,285 | \$10,464,741 | \$9,765,000 | \$11,037,534 | \$11,563,000 | 18.4% |
| Operating costs (less depreciation) | \$38,156,838 | \$38,884,663 | \$43,552,314 | \$40,013,630 | \$45,764,175 | 5.1% |
| Cost/Revenue Vehicle Hour | \$774.65 | \$771.90 | \$853.97 | \$761.85 | \$815.04 | -4.6% |
| Cost/Revenue Vehicle Mile | \$23.31 | \$24.25 | \$25.69 | \$23.25 | \$24.52 | -4.6% |
| Cost/Boarding | \$12.86 | \$11.57 | \$13.61 | \$10.96 | \$12.27 | -9.9% |
| Farebox Recovery | 24.9% | 26.9% | 22.4% | 27.6% | 25.3% | 12.7% |

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 transit partners, including King County Metro (KCM), Pierce Transit (PT), and Community Transit (CT).

Sound Transit provides 309 buses to support ST Express service. The bus fleet is maintained by our transit partners KCM (119 buses), PT (129 buses), and CT (61 buses). ST Express provides service to 25 transit centers and 33 park-and-ride lots.

Service levels will be increased by 19,750 hours in 2016 to address overcrowding on some routes, primarily in East King County, as well as to provide connections to new Link and Sounder service.

The third 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 2016 are expected to continue a steady growth trend with an increase of 10.9 percent, or 1.9 million, over our 2015 budget.

ST Express 2016 Budget Highlights

ST Express's 2016 budget will increase to \$125.8 million, up 7.7 percent, from \$116.8 million in the 2015 budget.

- Contract Maintenance is expected to increase by \$481 thousand, to \$5.3 million in 2016, as major repairs are scheduled at several ST Express stations.
- Security and Safety costs are expected to increase \$71 thousand, or 3.2 percent, in the ST Express mode due to contract rate increases.
- Purchased Transportation Services are expected to increase by \$7.7 million or 8.0 percent. This increase reflects increased rates with all three transit partners, as well as an increase of 19,750 service hours during 2016.
- Agency Administrative expense allocations are forecast to increase by \$864 thousand or 11.5 percent in 2016 over last year due to a higher base budget.

ST EXPRESS BUDGET SUMMARY
(in thousands)

| | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | Budget \$ Change | Budget % Change |
|--|------------------------|------------------------|--------------------------|------------------------|-----------------------------|----------------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$330 | \$544 | \$344 | \$526 | (\$18) | (3.3) |
| Benefits | 193 | 274 | 232 | 318 | 44 | 16.1 |
| Subtotal | 523 | 818 | 576 | 845 | 26 | 3.2 |
| Services | | | | | | |
| Marketing Agency | 24 | 28 | 28 | 28 | - | - |
| Professional & Technical | 31 | 36 | 39 | 36 | 1 | 1.9 |
| Contract Maintenance | 5,085 | 4,834 | 4,754 | 5,315 | 481 | 10.0 |
| Security & Safety | 1,352 | 2,216 | 2,605 | 2,287 | 71 | 3.2 |
| Other Services | 1,284 | 1,612 | 563 | 1,587 | (26) | (1.6) |
| Subtotal | 7,776 | 8,726 | 7,990 | 9,254 | 528 | 6.0 |
| Materials & Supplies | 234 | 113 | 54 | 106 | (7) | (6.3) |
| Utilities | 347 | 330 | 282 | 264 | (66) | (20.0) |
| Insurance | (47) | 195 | 191 | 220 | 24 | 12.4 |
| Taxes | 673 | 639 | 687 | 702 | 63 | 9.9 |
| Purchased Transportation Services | | | | | | |
| Purchased Transportation | 90,591 | 96,084 | 97,084 | 103,736 | 7,652 | 8.0 |
| Subtotal | 90,591 | 96,084 | 97,084 | 103,736 | 7,652 | 8.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | - | 41 | - | 1 | (40) | (97.5) |
| Travel & Meetings | 6 | 14 | 5 | 6 | (8) | (58.8) |
| Advertising & Promotion Media | 124 | 150 | 150 | 150 | - | - |
| Training | 0 | - | 22 | 0 | - | (16.3) |
| Subtotal | 131 | 205 | 177 | 157 | (48) | (23.4) |
| Leases & Rentals | | | | | | |
| Transit Way | 2,140 | 2,122 | 2,139 | 2,122 | - | 0.0 |
| General Administrative Facilities | 4 | 7 | 9 | 8 | 2 | 26.8 |
| Subtotal | 2,144 | 2,129 | 2,148 | 2,131 | 2 | 0.1 |
| Expense Transfers | | | | | | |
| Administrative Departments | 5,757 | 7,545 | 7,491 | 8,410 | 864 | 11.5 |
| Subtotal | 5,757 | 7,545 | 7,491 | 8,410 | 864 | 11.5 |
| Mode Total | \$108,129 | \$116,785 | \$116,681 | \$125,823 | \$9,038 | 7.7% |

ST Express Performance Statistics

- Operating expenses for ST Express are projected to rise by 7.7 percent, to \$125.8 million, in 2016.
- We expect 19.5 million boardings in 2016, an increase of 10.9 percent from the 2015 budget. This yields a cost per boarding 2.9 percent lower than in 2015, a decrease from \$6.64 to \$6.45 per boarding.
- ST Express cost per revenue vehicle hour is projected to increase from \$214.09 in 2015 to \$217.69 in 2016, an increase of 1.7 percent. Revenue vehicle hours are expected to rise by 6.0 percent over 2015. Platform hours are planned to increase by 4.6 percent over 2015. A cost per platform hour rate of \$168.89 is expected in 2016, up 3.0 percent from 2015 budget cost of \$164.02.
- ST Express will deliver a planned 11,994,000 revenue vehicle miles in 2016, an increase of 3.6% over the 2015 budget. This will result in an increase in cost per revenue vehicle mile from \$10.09 to \$10.49 in 2016, due to operating costs increasing at a faster pace than mileage.

ST EXPRESS PERFORMANCE STATISTICS

| | 2013 Actual | 2014 Actual | 2015 Budget | 2015 Forecast | 2016 Budget | 2016 v 2015 Budget |
|---|----------------|----------------|----------------|------------------|----------------|-----------------------|
| SUMMARY DATA | | | | | | |
| Service Provided | | | | | | |
| Revenue Vehicle Hours Operated | 564,594 | 533,299 | 545,500 | 553,000 | 578,000 | 6.0% |
| Revenue Vehicle Miles Operated | 11,554,328 | 11,663,456 | 11,575,000 | 11,852,000 | 11,994,000 | 3.6% |
| Trips Operated | 452,191 | 451,258 | 452,000 | 452,000 | 466,000 | 3.1% |
| Platform Hours | 704,166 | 720,764 | 712,000 | 725,000 | 745,000 | 4.6% |
| Service Consumed | | | | | | |
| Total Boardings | 16,604,132 | 17,661,976 | 17,583,000 | 18,410,000 | 19,500,000 | 10.9% |
| Average Weekday Boardings | 57,253 | 61,348 | 58,795 | 64,198 | 67,903 | 15.5% |
| SERVICE PERFORMANCE MEASURES | | | | | | |
| Total Boardings/Revenue Vehicle Hour | 29.4 | 33.1 | 32.2 | 33.3 | 33.7 | 4.7% |
| Total Boardings/Trip | 36.7 | 39.1 | 38.9 | 40.7 | 41.8 | 7.6% |
| Percentage of Scheduled Trips Operated | 99.8% | 99.9% | 99.8% | 99.8% | 99.8% | 0.0% |
| On-time Performance | 87.3% | 85.9% | 85.0% | 85.0% | 85.0% | 0.0% |
| Complaints/100,000 Boardings | 14.2 | 13.5 | <15.0 | 12.9 | <15.0 | 0.0% |
| Preventable Accidents/100,000 revenue miles | 0.64 | 0.84 | <0.80 | 0.82 | <0.80 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | | |
| Farebox Revenues | \$32,588,161 | \$33,838,941 | \$34,396,560 | \$34,666,496 | \$35,796,600 | 4.1% |
| Operating costs (less depreciation) | \$105,802,368 | \$108,128,843 | \$116,784,774 | \$116,681,053 | \$125,823,029 | 7.7% |
| Cost/Revenue Vehicle Hour | \$187.40 | \$202.75 | \$214.09 | \$211.00 | \$217.69 | 1.7% |
| Cost/Revenue Vehicle Mile | \$9.16 | \$9.27 | \$10.09 | \$9.84 | \$10.49 | 4.0% |
| Cost/Platform Hour | \$150.25 | \$150.02 | \$164.02 | \$160.94 | \$168.89 | 3.0% |
| Cost/Boarding | \$6.37 | \$6.12 | \$6.64 | \$6.34 | \$6.45 | -2.9% |
| Farebox Recovery | 30.8% | 31.3% | 29.5% | 29.7% | 28.4% | -3.4% |

Project Budgets

The proposed annual budget for projects is \$802.9 million for 2016. 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

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

System Expansion - Link 2016 Budget Highlights

Link light rail projects account for \$480.3 million or 59.8 percent of the total annual projects budget and include plans to:

- Start revenue service on University Link and South 200th Link extensions.
- Continue with final design and right-of-way acquisition for East Link Extension.
- Begin final design and continue right-of-way acquisition for Link Operations and Maintenance Satellite Facility (OMSF).
- Complete station final design and continue with tunnel construction, right-of-way acquisition, and design of track electrification, signals, and communication system for Northgate Link Extension.
- Begin final design and continue with planning for Federal Way and Lynnwood link extensions.

SYSTEM EXPANSION - LINK PROJECTS (in thousands)

| Project | Description | 2016 Activities | 2016 Budget |
|----------------------------|--|--|-------------|
| 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. | Continue final design and right-of-way acquisition. Begin heavy construction and tunneling work in Bellevue. Begin construction work in Redmond with the award of a design-build contract for the Bel-Red segment. | \$220,339 |
| Federal Way Link Extension | Plan for expansion of light rail south of South 200th to Federal Way. | Complete Final Environmental Impact Statement (FEIS) for entire alignment and preliminary engineering to Kent/Des Moines. | \$22,973 |
| First Hill Streetcar | Plan, design, and construct a streetcar from Capitol Hill to the International District Station. Provide a \$79 million capped contribution to City of Seattle, the lead agency for the project. | Complete processing of invoices related to final construction and systems testing. | \$137 |
| Initial Segment | Close out Initial Segment of the Link light rail system connecting S. 154th Street in Tukwila with downtown Seattle. | Project close out activities anticipated to be complete in 2016. | \$289 |

| Project | Description | 2016 Activities | 2016 Budget |
|--|--|--|-------------|
| Link Operations & Maintenance Satellite Facility | Review and evaluate current and future light rail storage and maintenance requirements. Initiate development, design, and construction of future light rail operations and maintenance facilities to support ST2 system expansion. | Complete Final Environmental Impact Statement and preliminary engineering. Start final design. | \$3,339 |
| Lynnwood Link Extension | Extend light rail over 8.5 miles north from Northgate to Lynnwood. | Complete environmental review and begin final design of selected alignment. | \$7,211 |
| 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. | \$162,433 |
| South 200th Link Extension | Extend light rail approximately 1.6 miles south from SeaTac/Airport Station to Angle Lake Station at South 200th Street in the City of SeaTac. | Conclude construction of elevated guideway, Angle Lake station, 1050 stall parking garage and road improvements. | \$23,010 |
| University Link Extension | Extend light rail 3.15 miles from downtown Seattle to the University of Washington. | Finish Capitol Hill Station, systems installation, and start-up activities to achieve substantial completion. Begin revenue service. | \$40,561 |
| Total System Expansion - Link | | | \$480,292 |

System Expansion - Sounder 2016 Budget Highlights

Sounder commuter rail projects are budgeted at \$133.2 million and include plans to:

- Continue preliminary engineering for station improvements at Puyallup and Sumner stations.
- Construct a second track adjacent to Sound Transit's existing main line between South Tacoma and Lakewood, a key component of the Point Defiance Bypass project.
- Complete final design and begin construction to replace Tacoma Trestle Bridge and expand the third layover track in Lakewood.
- Secure environmental permits and finalize wetland mitigation to enable additional Sounder service between Lakewood and Seattle.

SYSTEM EXPANSION - SOUNDER COMMUTER RAIL PROJECTS

(in thousands)

| Project | Description | 2016 Activities | 2016 Budget |
|--------------------------|--|--|-------------|
| D St-M St Track & Signal | Design and construct a 1.4-mile rail extension between Tacoma Dome Station and M Street in Tacoma. | Complete minor drainage repairs, pedestrian safety items, and rail repairs required by the City of Tacoma prior to project closeout. | \$460 |

| Project | Description | 2016 Activities | 2016 Budget |
|---|---|--|------------------|
| Lakewood Station Improvements | In partnership with the city of Lakewood, design and construct a pedestrian overpass connecting Lakewood Station with the community northwest of the station. | Provide local grant match of \$100 thousand for station improvements. Additional budget for associated administrative costs. | \$138 |
| M St-Lakewood Track & Signal | Reconstruction of approximately 7 miles of existing track between M Street in Tacoma and Lakewood. | Complete boundary survey and project closeout. | \$5 |
| Mukilteo Station, S Platform | Design and construction of a south boarding platform at Mukilteo Station. | Project close-out activities. | \$1,040 |
| 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 BNSF's main line near Nisqually and at some existing at-grade crossings. | Track and signal improvements from 66th Street in Tacoma to Nisqually. | \$50,482 |
| Puyallup Station Improvements | Improve station access at Puyallup Sounder station. | Continue preliminary engineering and environmental review. | \$5,945 |
| Sounder South Expanded Service | Purchase of four easements, track and signal improvements, and environmental permitting/mitigation for four additional daily round trips between Seattle and Lakewood. | Secure environmental permits through King County's Mitigation Reserve Program. | \$4,300 |
| Sounder ST2 Fleet Expansion | Expand fleet to add trips between Seattle and Lakewood. | Purchase of nine new passenger cab cars. | \$8,897 |
| Sounder Yard & Shops Facility | 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, environmental planning, and site selection. | \$5,006 |
| Sounder Yard Expansion | Increase track capacity at the layover facility in Lakewood to store up to seven train sets. | Complete final design and begin construction under a design-build contract. | \$11,405 |
| Sumner Station Improvements | Improve station access at Sumner Sounder station. | Continue preliminary engineering and environmental review. | \$1,177 |
| Tacoma Trestle Track & Signal | Design and build additional track and bridge between Tacoma Dome Station and near M Street in Tacoma. | Complete final design and right-of-way acquisition. Begin construction. | \$43,583 |
| Tukwila Station | Design and construct permanent boarding platform, parking, and station amenities. | Complete follow-on work. Project is substantially complete. | \$730 |
| Total System Expansion - Sounder | | | \$133,168 |

System Expansion - Regional Express 2016 Budget Highlights

Regional Express projects are budgeted at \$83.1 million and include continuation of construction of I-90 High-Occupancy-Vehicle (HOV) lanes and preliminary engineering for a new bus base.

SYSTEM EXPANSION REGIONAL EXPRESS PROJECTS

(in thousands)

| Project | Description | 2016 Activities | 2016 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. | Establish a memorandum of understanding with the city of Bothell that outlines the responsibilities of each party. | \$5,032 |
| 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 in Mercer Island and Rainier Avenue/I-5 in Seattle. | Upgrade fire life safety components in outer tunnels of I-90, to include fire suppression, upgraded exhaust fans and integration of system into WSDOT control center. | \$75,303 |
| ST Express Bus Base | Planning and preliminary design for a bus operations and maintenance base to improve cost efficiency of ST Express Bus operations and maintenance. | Continue with preliminary engineering, environmental planning and permitting, and site selection. | \$2,793 |
| Total System Expansion - Regional Express | | | \$83,128 |

System Expansion - Other 2016 Budget Highlights

Other projects are budgeted at \$18.5 million and include finalizing a new system expansion plan ballot measure for voters to consider in November 2016.

SYSTEM EXPANSION – OTHER

(in thousands)

| Project | Description | 2016 Activities | 2016 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. | Source an ORCA parking integration solution that allows validation of parking with ORCA cards for the parking permit program. Execute strategic planning initiatives in support of ORCA 2 as established by the Joint Board. | \$1,494 |
| 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. | \$788 |

| Project | Description | 2016 Activities | 2016 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 improve station signage systems. Deliver real time web and mobile applications for Sounder and Link passengers. | \$2,727 |
| 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 a November 2016 public vote. | Develop project estimate methodologies, systems alternatives, project priority list, ridership forecasting, and administrative election cost estimates for a November 2016 public vote. | \$11,942 |
| STart | Integrate public art into Sound Transit projects. | Manage public art development process for ten East Link stations, three Northgate Link stations, Angle Lake Station, Capitol Hill Station, and two locations along the Sounder Lakewood corridor as well as temporary art to mitigate construction impacts at the Northgate Link stations. | \$1,254 |
| STart Operations & Maintenance | Maintain Sound Transit art installations, including documentation, monitoring, cleaning, and repairing. | Restore existing art installations at Kent Station, repair art at Sumner Station, and repaint lamp posts on Pacific Overpass in Everett. | \$250 |
| Total System Expansion - Other | | | \$18,455 |

Enhancement

Improve the public's riding experience, increase the system's functionality, or reduce operating costs.

Enhancement 2016 Budget Highlights

Enhancement projects are budgeted at \$17.2 million and include plans to:

- Finalize Positive Train Control project, which is scheduled to start up in December 2015.
- Install a second light rail vehicle lift at Link Operations and Maintenance Facility.
- Facilitate transit oriented development near transit stations.

ENHANCEMENT PROJECTS

(in thousands)

| Project | Description | 2016 Activities | 2016 Budget |
|--|--|---|-------------|
| LINK | | | |
| Central Link Card Readers | Install card readers on Link facility doors to improve security and eliminate the need to physically issue keys to all staff requiring access. | Complete card reader installation. | \$393 |
| 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. | Procure right-of-way for space to install equipment in support of the design, and installation of the HVAC systems. | \$904 |
| Central Link Overhead Catenary System Tie Switch | Install tie switches to connect overhead catenary system (electrical lines that power light rail trains) sections so traction power substations can be inspected and maintained without interrupting Link service. | Acquire materials and complete a portion of the work, pending the start of revenue service for University Link and South 200th Link extensions. | \$100 |
| Link Remote Switch Heaters | Install remote switch heaters to maintain all-weather capability for light rail between Tukwila and Westlake. | Install remote switch heaters at Rainier Beach and Stadium stations. | \$165 |
| LRV On Board Energy Storage | Design, procure, and install energy storage units on vehicles for capturing and storing energy generated by vehicle braking to lower energy consumption and reduce operating costs. | Complete installation of energy storage units. | \$93 |
| Noise Abatement | Install rail lubricators, grind rails, erect noise barriers, and retrofit residential properties to reduce noise near rail lines in Tukwila and Rainier Valley. | Complete residential noise insulation installation and monitoring of noise levels to ensure regulatory compliance along the Initial Segment alignment. | \$26 |
| Non-revenue Support Vehicles | Purchase and replace maintenance vehicles that support operations and maintenance work. | Replace four and purchase two additional maintenance vehicles. Take delivery of specialty Boom Truck. | \$865 |
| 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 reface TVMs to reflect system expansion. | \$784 |
| Tacoma Link Fare Collection | Implement fare collection for Tacoma Link. | Implement ticket sales and fare enforcement for Tacoma Link. Install and commission ticket vending machines. Conduct public outreach. | \$392 |
| Operations & Maintenance Facility LRV Vehicle Lift | Design, procure and install a second light rail vehicle lift in the Link Operations & Maintenance Facility (OMF). | Design and award contract for installation of light rail vehicle lift. | \$2,475 |

| Project | Description | 2016 Activities | 2016 Budget |
|---|---|---|-----------------|
| SOUNDER | | | |
| Kent Station Parking Lot Paving | Improve unused ST property adjacent to Kent Station to provide overflow parking. | Complete site survey, environmental review, and construction of 39 parking spaces. | \$700 |
| Kent Station Platform Lighting | Install energy efficient lighting at Kent Station. | Replace existing conventional lighting with energy efficient LED lighting. | \$236 |
| Positive Train Control | Design and install remote operations monitoring and control system to minimize the risk of passenger train collisions. | Complete final testing and commissioning of fully operational positive train control system. | \$2,694 |
| Puyallup Station LED Lighting | Install energy efficient lighting at Puyallup Station. | Replace existing conventional lighting with energy efficient LED lighting. | \$178 |
| Sumner Station LED Lighting | Install energy efficient lighting at Sumner Station. | Replace existing conventional lighting with energy efficient LED lighting. | \$134 |
| REGIONAL EXPRESS | | | |
| Bus Maintenance Facility | Enhance capacity to maintain Sound Transit's fleet. | Contribute funds to Pierce Transit for a maintenance base expansion study. | \$275 |
| Pierce Transit Radio System Upgrade | Replace mobile radios on Sound Transit buses operated by Pierce Transit. Upgrade infrastructure to comply with Federal Communications Commission regulations by December 2016. | Project completed. Any remaining funds are considered surplus. | \$438 |
| ST Express Mobile Communications | Upgrade mobile communications systems to be compatible with our transit partners, ensuring safety and improving customer service planning information. | Project completed. Any remaining funds are considered surplus. | \$220 |
| OTHER | | | |
| Downtown Seattle Transit Tunnel Mitigation | Complete street improvements in Seattle to enable King County Metro buses to transition out of Downtown Seattle Transit Tunnel (DSTT) to accommodate an increase in light rail traffic. | Provide a fixed payment to fund Seattle street improvements. | \$728 |
| Regional Parking Pilot Project | Test and evaluate parking management strategies to implement customer parking permits. | Project completed. Any remaining funds are considered surplus | \$115 |
| 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 stations. | \$3,925 |
| Union Station Garden Level Remodel | Renovate the Garden Level of Union Station to accommodate additional staff and consultants. | Complete renovations to increase work stations. | \$1,353 |
| Total Enhancement | | | \$17,192 |

Rehabilitation & Replacement

Extend the life of existing transit system assets or replace those at the end of their useful life.

Rehabilitation & Replacement 2016 Budget Highlights

Rehabilitation & Replacement projects are budgeted at \$10.5 million.

- Replace ST Express buses.
- Overhaul Sounder locomotive engines to extend their useful life and improve energy efficiency.

REHABILITATION & REPLACEMENT PROJECTS

(in thousands)

| Project | Description | 2016 Activities | 2016 Budget |
|---------------------------------------|--|--|-------------|
| LINK | | | |
| 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 Announcement/Sign System | Replace outdated communications system. | Project completed. Any remaining funds are considered surplus. | \$29 |
| SOUNDER | | | |
| Sounder Vehicle Overhaul Program | Overhaul of locomotives, engines, train cars, and replacement of passenger door motors. | Upgrade one locomotive to Tier-3 quality and two locomotives to Tier-0+ quality engine. Tier-3 being the higher standard. | \$4,573 |
| Station Midlife Refurbishment Program | Fund maintenance projects at stations that have been in service for fifteen or more years. | Rehabilitate Auburn Bus Loop, King Street Station, and Weller Street bridge. | \$265 |
| REGIONAL EXPRESS | | | |
| Federal Way Post Tension Cable Repair | Remediate post tension cables that reinforce the structural slab at the Federal Way Transit Center Parking Garage. Remove failed grout pockets and replace the grease-filled caps. | Project was determined to be unnecessary. Any remaining funds are considered surplus. This project is complete. | \$521 |
| ST Express Fleet Replacement | Replacement of 185 buses over the period 2013 through 2021. | Payment of buses ordered in 2015 and delivered in 2016. | \$3,352 |
| OTHER | | | |
| 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. | \$515 |

| Project | Description | 2016 Activities | 2016 Budget |
|------------------------------------|---|---|-------------|
| Small Works Program | Repair or replace in-service assets when the total cost is less than \$200,000. | Continue work in progress: Link OMF Entrance Gate Improvements, Canopy/Safety Cable Upgrades, Generator on Trailer for Sumner and Auburn, HVAC for Communications Room at Beacon Hill Station, and Wireless Microphone System for Sounder stations. | \$856 |
| Total Rehabilitation & Replacement | | | \$10,547 |

Administrative

Support transit projects and operations indirectly including administrative infrastructure and overhead expenses.

2016 Budget Highlights

Administrative Projects are budgeted at \$60.1 million and include projects to:

- Continue implementation of enterprise asset management system and human resource information management systems.
- Continue environmental monitoring and mitigation for several closed projects.

ADMINISTRATIVE PROJECTS (in thousands)

| Project | Description | 2016 Activities | 2016 Budget |
|--|---|--|-------------|
| OTHER | | | |
| 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. | \$762 |
| 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. | \$56,834 |
| 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 Ashway. | \$194 |

| Project | Description | 2016 Activities | 2016 Budget |
|--------------------------------|---|---|-----------------|
| 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. | \$2,164 |
| 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. | \$120 |
| Total Administrative | | | \$60,074 |

Other Budgets

For 2016, debt service costs of \$121.8 million include interest, principal repayments, and financing fees. Cash donations to other governments are budgeted at \$5.0 million. Reserves totaling \$68.6 million will be set aside in 2016 but are not included in the spending authorization request.

Debt Service

As of September 10, 2015, 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.

Sound Transit executed a \$1.0 billion (including premiums) bond sale which closed on September 10, 2015. The bond sale generated \$601.1 million in new proceeds while \$433.8 million refinanced previously issued debt, generating present value savings of over \$30.0 million. \$150.0 million of the new issue are variable interest rate bonds.

For 2016 debt service is budgeted at \$121.8 million including:

- \$30.4 million of principal repayment
- \$91.1 million of capitalized interest
- \$0.3 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 2016 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 \$11.9 million.
- \$5.6 million contribution to the insurance systemwide reserve, beginning in 2016, to partially pay for builders' risk insurance in conjunction with funds provided by building contractors.
- \$60.0 million for an operating reserve consisting of two months of operating expenses consistent with the Board-adopted financial policies.
- \$300 million minimum reserve is maintained by the agency for unanticipated expenditures that may be necessary to keep the system in good working condition. In addition, the agency also maintains a forecast of the funds necessary to repair and replace existing assets to keep the regional transit system in a "state of good repair" consistent with industry standards. These long-term estimates are included in the agency's long-term financial plan as a financial commitment. When such investments are identified as needed within the TIP time period, they are added to the budget and TIP as "repair and replacement" projects. The reserve balance is currently \$306.4 million.

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 2015 as well as new projects for 2016. 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 |
|-------------------------------|--------------------------------|
| Central Link Light Rail Fares | Station Boardings |
| Sounder 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 |
|-------------------------|-----------------------|
| Central 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 |
|--|-------------------------------------|
| East Link Extension | ST2 Adopted Financial Plan Location |
| Federal Way Transit Extension | Location |
| First Hill Link Streetcar | Location |
| Initial Segment | 2009 Sound Move Reported Rules |
| Link Operations & Maintenance Satellite Facility | 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 |
|---|----------|
| D St-M St Track & Signal | Location |

| System Expansion – Sounder Commuter Rail Projects | Driver |
|--|----------------------------|
| 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 Yard & Shops Facility | 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 |
|--|----------------------------|
| 85 th Corridor, Kirkland | Location |
| Bothell Transit Related Improvements | Location |
| Federal Way Transit Center | 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 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 |
| STart | Location |

| Enhancement Projects | Driver |
|-----------------------------|-----------------------|
| Bike Locker Program | Location |
| Bus Maintenance Facility | Platform Hours |
| Central Link Card Readers | Boardings/Track Miles |

| Enhancement Projects | Driver |
|--|-----------------------|
| Central Link HVAC – Instrument House & UPS Room | Boardings/Track Miles |
| Central Link HVAC for Traction Power | 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 |
| Link CCTV System Upgrade | Boardings/Track Miles |
| LRV On Board Energy Storage | Location |
| Noise Abatement | Location |
| Non Revenue Support Vehicles | Boarding/ Track Miles |
| OMF LRV Wash Heater System | Boardings/Track Miles |
| Operations & Maintenance LRV Vehicle Lift | Boardings/Track Miles |
| Pierce Transit Radio System Upgrade | Platform Hours |
| 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 |
| ST Express Mobile Communications | Platform Hours |
| 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 |
|--|-----------------------|
| Beacon Avenue Paving | Location |
| Federal Way: Post Tension Cable Repair | Location |
| IT Link Light Rail | Financial Policies |
| IT Transit Systems | Financial Policies |
| Link Station Braided Tile Replacement | Location |
| LRV Overhaul | Track Miles/Boardings |
| Small Works Program | Location |
| Sounder 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 |



SOUNDTRANSIT

Union Station
401 S. Jackson St.
Seattle, WA 98104
1-888-889-6368
TTY Relay: 711
main@soundtransit.org
soundtransit.org