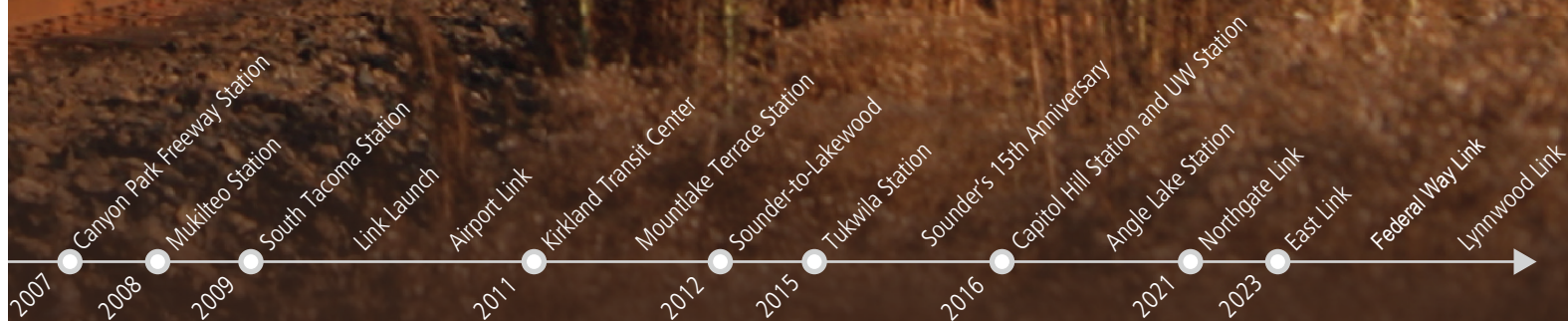


2017

Adopted Budget



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March 2017

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

2016 was an incredible time to be at such a fast-growing transit agency in one of the most vibrant regions in the country. With two Link extensions and three station openings, an 80 plus percent spike in light rail ridership, and capital construction reaching its peak, dedicated and experienced Sound Transit staff delivered on behalf of Puget Sound taxpayers time and time again. It was a pleasure and honor to lead this extraordinary team in reaching these critical and exciting milestones. Thanks to their efforts, and with the guidance and support of an active and committed Board of Directors, 2016 was as gratifying as it was challenging for all of us at Sound Transit.

Here are a few highlights from 2016:

- Voters approved an historic expansion of the region's high-capacity transit system in November – a 25-year capital program that will build out a 116-mile light rail network, new Bus Rapid Transit lines, and expanded Sounder service.
- The University Link and South 200th Link extensions, including three new stations and a 1,050-space parking garage at the Angle Lake Station, were completed and opened for service.
- Reduced fares for low-income riders on all ST services became effective in March.
- Construction began on the East Link Extension in April.
- Sound Transit became the first transportation agency in the nation to receive a TIFIA Master Credit Agreement (MCA) from the U.S. Department of Transportation. Totalling \$1.99 billion over four separate loans, the MCA holds the promise of saving taxpayers between \$200 and \$300 million in borrowing costs.
- The Sounder Mukilteo Station new south platform went into service in April.
- Crews completed the last tunnel segment for the Northgate Link Extension project in September.
- Sounder south line ridership climbed 15 percent in a single year while another Sounder south line mid-day trip began service in September.
- Contracts were issued to purchase 32 double-decker buses to serve our Snohomish County routes and 122 light rail vehicles to prepare for the opening of both the Northgate Link and East Link extensions.

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CHIEF EXECUTIVE OFFICER

Peter M. Rogoff

Major system expansion plan approved by voters

In November 2016 voters approved a 25-year, \$54 billion plan to build 62 miles of light rail linking Central Puget Sound cities, add new Bus Rapid Transit service, and both expand and extend Sounder south line commuter rail service. To reflect passage of the plan, initial revisions were made to the proposed 2017 budget to facilitate early work.

Build-out of capital projects continues with construction in all three corridors

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

Sumner Station improvements and Federal Way Link Extension projects both entered final design early this year and the Link Operations and Maintenance Facility East project will award a design-build contract in the second quarter of 2017. Federal Way Link will extend light rail from the new Angle Lake Station in SeaTac to Federal Way in 2024.

Improving project delivery

Sound Transit's continuous process improvement program has been in place for four years. The agency recently utilized this program to establish a cross-functional team to examine ways to improve its processes and provide recommendations to reduce project delivery timelines. An agency capital program implementation plan will be released in the second quarter of 2017 that incorporates the recommendations stemming from this process as well as recommendations that emerged from peer-review meetings with other transit agencies who have launched similar major capital build-outs.

More than 47 million boardings expected in 2017

Ridership on Sound Transit trains and buses will reach record levels in 2017, with the first full year of Link serving the Capitol Hill, University of Washington, and Angle Lake stations. We expect ridership across all modes to exceed 47 million, with an increase of 19.8 percent for Link and an increase of 7.0 percent for Sounder over 2016 ridership.

Link light rail expansion dramatically increases ridership

Opening the Capitol Hill and University of Washington stations in March generated ridership that dramatically surpassed forecasts. Link's average weekday boardings were 65,125 in February 2017, up 81.5 percent over the prior year. With a full year of service, we expect 2017 ridership to grow significantly from 19.1 to 22.9 million annually, and from 59,118 to 69,400 average weekday boardings.

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

Sounder service expands to meet demand

Sounder commuter rail's steady growth in demand prompted us to plan additional trips on the south line for 2016 and 2017. On September 12, 2016, we added a mid-day Sounder trip and two additional trips are slated to begin in the fourth quarter of 2017. The two new planned trips include an additional mid-day trip and a reverse commute round trip that leaves Seattle at 8:43 a.m. and returns from Lakewood at 4:10 p.m., bringing total daily Sounder weekday trips in 2017 to 13. The 2017 Sounder ridership forecast is around 4.5 million boardings annually, which is 7.0 percent higher than in 2016.

ST Express service added to mitigate traffic congestion

ST Express will add 6,428 platform hours of service in 2017, which will result in 15,000 additional hours in 2018, to improve on-time performance and alleviate crowding on buses during peak times. We expect ST Express ridership to increase slightly in 2017 to average weekday boardings of 65,000.

Tacoma Link awaits major expansion

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

Knowledge transfer initiative

As the organization matures, it is critical that we capture and transfer the expertise, wisdom, and skills of key professionals to colleagues doing the same or similar work. Knowledge transfer, an important component of succession planning, refers to the structures and processes that move the right knowledge and skills at the right time to keep a workforce prepared, productive, and innovative. A knowledge transfer pilot approach is being prepared for an agencywide rollout in 2017, and we expect this initiative to require approximately \$1.6 million in funding over two years.

Comprehensive Operational Analysis

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

Chief Passenger Experience Officer

Early in 2017, I will be initiating a recruitment for a new Chief Passenger Experience Officer. This new senior executive will report directly to me on the quality of the daily passenger experience of our customers and ways in which any deficiencies should be addressed across all Sound Transit departments. The goal is to hire an experienced professional who will work collaboratively across departments to consistently improve the quality of the passenger experience.

2017 Budget summary

The 2017 revenue budget of \$1.6 billion is \$623.0 million or 62.4 percent higher than the adopted 2016 budget with the addition of ST3 revenues for sales taxes, motor vehicle excise taxes, and property taxes. Retail sales and use taxes are budgeted at \$1.0 billion, up \$316.1 million over the 2016 budget, and motor vehicle excise taxes are budgeted at \$236.9 million, up \$156.6 million over the 2016 budget. Property taxes, a new revenue source for 2017, are budgeted at \$126.6 million. The 2017 passenger fare revenue budget of \$88.0 million is \$15.9 million higher than the 2016 budget.

Total operating budgets for 2017 of \$407.1 million are 12.3 percent higher than last year. This increase includes the cost of increased transit service as well as 83 new positions and a full year's cost of 35 positions added in 2016. The biggest impact on transit service in 2017 will be the first full year of operating the new University Link and South 200th Link extensions. The expanded service and the addition of stations, property, and equipment necessitate increases in staff, security, utility, and maintenance expenses in the agency's operating budgets.

Project budgets for 2017 add up to \$1.3 billion. They focus on the execution of our capital program, and include the construction of the Northgate and East Link light rail extensions, the finalization of design and the initiation of preconstruction for Lynnwood Link Extension, and the completion of the new Tacoma Trestle. We also expect to award a design-build contract for the Link Operations and Maintenance Facility East. Additionally, we've planned numerous maintenance projects to keep our facilities and equipment in a state of good repair.

In summary, Sound Transit staff will be extremely busy in 2017. It will be a year of record ridership, continued construction on the East Link and Northgate Link light rail extensions, as well as the initiation of several projects and initiatives stemming from the historic system expansion approved by voters.



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**Central Puget Sound Regional Transit
Washington**

For the Fiscal Year Beginning

January 1, 2016

Executive Director

Contents

| | |
|--|-----|
| Agency Overview | 1 |
| Agency Scorecard | 8 |
| Budget Overview | 13 |
| Revenues & Other Financing Sources | 15 |
| Operating Budgets | 20 |
| Departments | 20 |
| <i>Communications & External Affairs</i> | 22 |
| <i>Design, Engineering & Construction Management</i> | 24 |
| <i>Executive</i> | 26 |
| <i>Finance & Information Technology</i> | 28 |
| <i>Legal</i> | 30 |
| <i>Operations</i> | 32 |
| <i>Planning, Environment & Project Development</i> | 34 |
| Transit Modes | 36 |
| <i>Link Light Rail</i> | 42 |
| <i>Sounder Commuter Rail</i> | 46 |
| <i>ST Express Bus</i> | 50 |
| <i>Tacoma Link Light Rail</i> | 54 |
| Project Budgets | 58 |
| <i>System Expansion</i> | 58 |
| <i>Enhancement</i> | 65 |
| <i>Rehabilitation & Replacement</i> | 69 |
| <i>Administrative</i> | 72 |
| Other Budgets | 74 |
| Appendices | 76 |
| Appendix A – Budget Process | 76 |
| Appendix B – Financial Policies | 77 |
| Appendix C – Resolution R2016-37 | 86 |
| Appendix D – Reconciliation of Proposed 2016 Budget to Adopted 2016 Budget | 110 |
| Appendix E – Glossary..... | 116 |



Agency Overview

Our Story

The Central Puget Sound Regional Transit Authority – better known as Sound Transit – was created by the Washington State legislature in 1993. Sound Transit plans, builds, and operates a regional mass transit system that connects people to their communities and jobs throughout urban areas of King, Pierce, and Snohomish counties. We have grown from a planning agency to one that carried 33.0 million passengers in 2014; 34.7 million passengers in 2015; and 42.8 million passengers in 2016 on our trains and buses. Our ridership forecast for 2017 is 47.2 million. We continue building extensions to light rail, transit centers, stations, and other transportation infrastructure.

In 1996 voters in the region approved implementation of the Sound Move plan. The plan includes a mix of transportation improvements establishing four transit modes: ST Express bus service in 1999, Sounder commuter rail in 2000, Tacoma Link in 2003, and Link light rail in 2009. The vast majority of Sound Move projects have been completed and closed or are pending closeout. Recently completed Sound Move projects include: University Link Extension from downtown Seattle to the University of Washington, which opened in March 2016; HOV lane work on I-90 to accommodate light rail across Lake Washington to Bellevue and Overlake; and Mukilteo Station South Platform.

In 2008 voters of the Central Puget Sound region approved the Sound Transit 2 (ST2) ballot measure. This program includes the addition of 36 miles of track with 18 new stations to create a 50-mile regional light rail system. Due to the Great Recession and resulting reduction in tax revenues, the ST2 program was realigned to maintain affordability. ST2 light rail projects include: South 200th Street Link Extension from Airport Station to Angle Lake Station in SeaTac, which opened in September 2016; extensions east to Bellevue and the Overlake area of Redmond, north to Northgate and Lynnwood, and south to Kent/Des Moines in the area of Highline Community College; as well as planning for future extensions south to Federal Way, east to downtown Redmond, and expansion of Tacoma Link. Regional Express bus projects include fleet expansion, a bus base, bus storage, and transit center facilities. Sounder commuter rail projects include station access improvements, permanent stations for Tukwila and Edmonds, track and signal improvements, fleet expansion, and a Sounder yard and shops facility. ST2 also provided for the addition of ST Express bus and Sounder commuter rail service.

In November 2016 voters approved the Sound Transit 3 (ST3) ballot measure. This program provides the next phase of high-capacity transit improvements for Central Puget Sound. With this plan the light rail system will more than double to 116 miles with over 70 stations.

Light rail will expand north to Everett, south to Federal Way and Tacoma, east to downtown Redmond, south Kirkland, and Issaquah, and west to Ballard and West Seattle. ST3 will invest in Bus Rapid Transit (BRT) in two corridors: connecting Lynnwood to Burien via I-405 and SR 518 to serve Eastside cities as well as Tukwila and Burien; and on SR 522 between Bothell and Shoreline with service extending to Woodinville, and connecting to Link light rail via Northeast 145th Street. Sounder commuter rail will expand with an extension to serve Joint Base Lewis-McChord and DuPont. When complete, the system will connect 16 cities with light rail, 30 cities with Bus Rapid Transit/ST Express bus and 12 cities with commuter rail across Pierce, King, and Snohomish counties.

Safeguarding Tax Dollars

Sound Transit takes its stewardship responsibilities very seriously and is committed to protecting taxpayers' money.



*Dave Somers, Chair
Sound Transit Board of Directors*

An 18-member Board made up of local elected officials and the Secretary of the Washington State Department of Transportation governs Sound Transit. The Board establishes policies, gives direction to agency staff, and authorizes all spending.

The Board's four committees dig into the details and provide strategic direction for capital projects, and the operation of our trains and buses, as well as monitor our annual financial reports and external and internal audits.

In addition, an independent Citizen Oversight Panel (COP) was created in 1997 to independently monitor Sound Transit and ensure that we meet our commitment to voters to build and operate a regional bus, light rail, and commuter rail transit system. COP members are appointed by the Sound Transit Board and are tasked with asking hard questions, reviewing details, and reporting findings back to the Board. Both the Board and the COP receive regular briefings from Sound Transit staff. For more information, please visit www.soundtransit.org then click on "About Sound Transit."

Our People

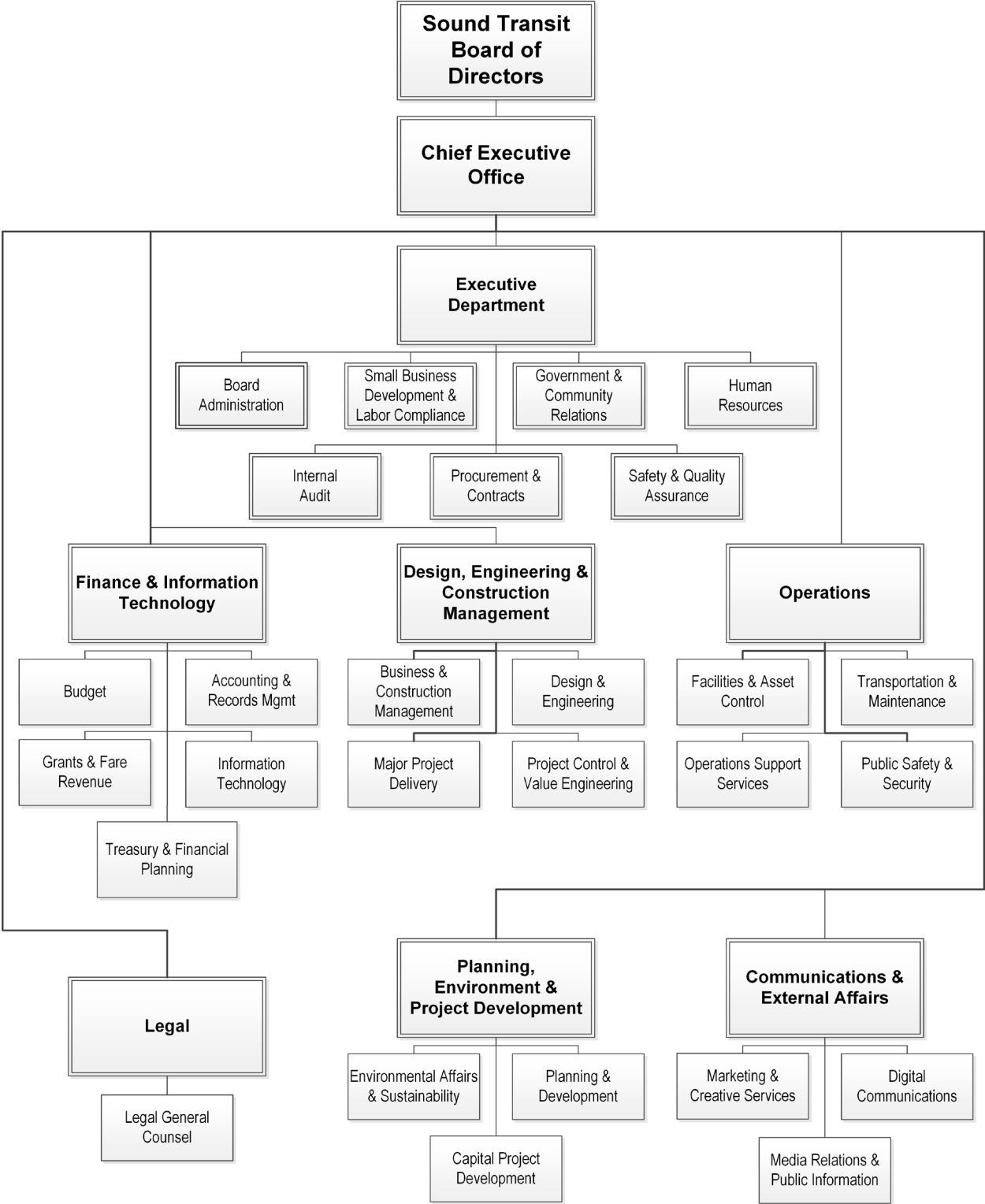
Sound Transit's departments are organized in a way that ensures taxpayer dollars are aligned with our mission of planning, building, and operating the regional transit system. An organization chart follows the department descriptions.

- Executive Department includes the Chief Executive Office as well as Board Administration, Small Business and Labor Compliance, Government & Community Relations, Human Resources, Internal Audit, Procurement & Contracts, Rail Activation, and Safety & Quality Assurance.
- Planning, Environment & Project Development (PEPD) leads the initial project activities that engage the public and inform Board decisions on projects' scope and alignment. Our ST3 planning effort, sustainability, and transit oriented development programs are led by PEPD.
- Design, Engineering & Construction Management (DECM) is principally responsible for final design and construction of all major capital projects. DECM supplies professional and technical resources throughout the design and construction phases of each project and also supports the Operations Department in design and delivery of small capital projects for our facilities. The department provides project control and real estate services for the entire agency.
- Operations (OPS) oversees transit service, maintenance, and security for Link light rail, Tacoma Link light rail, Sounder commuter rail, ST Express bus, and all Sound Transit facilities. The department also directly operates and maintains Tacoma Link light rail.
- Finance & Information Technology (FIT) is responsible for all financial activities including financial planning, budgeting, accounting, treasury, revenue collection, grants, records management, and risk management, as well as managing information technology. The Information Technology division manages the implementation of new technology and maintains our network and software for both transit operations and administrative systems.
- Communications & External Affairs (CEA) focuses on marketing and creative services, customer outreach and public involvement, media relations and public information, and digital communications.
- Legal provides analysis and advice on a variety of legal subjects including real estate, labor, environmental, construction, land use, permitting, litigation, contracts, and interagency issues.

Sound Transit staff commemorate the passage of ST3.



SOUND TRANSIT ORGANIZATION CHART



Our Key Financial Policies

Sound Transit's financial policies provide the framework for planning, building, and operating the regional transit system for Sound Move, Sound Transit 2 (ST2), and Sound Transit 3 (ST3). Our key policies are outlined below.

Financial Policies

Sound Transit's Financial Policies were amended June 23, 2016. The "Financial Policies reflect Sound Transit's commitment to subarea equity while maintaining the flexibility necessary to manage the financing of the System Plan on a consolidated basis and within legal constraints."

Subarea equity is defined as utilizing local tax revenues for projects and services that provide transportation benefits to the residents and businesses in each of the subareas generally in proportion to the level of revenues each subarea generates. The Sound Transit District is divided into five geographic subareas: Snohomish County, Pierce County, and three subareas within King County – North King County, East King County, and South King County. The regional transit system plan addresses unique needs in each of these subareas.

The policies cover implementation of subarea equity and debt management for current and future phases, as well as asset management and Sound Transit's commitment to invest, maintain, and manage its physical assets and infrastructure. The full document can be found in the Appendices section.

Budgeting Policies

The budget policies, amended July 25, 2002 (Resolution No. R2002-08), outline the contents of the agency's annual budget and the processes for its submittal, adoption, and modification.

Phase Gate

Phase Gate is a project management process designed around a series of eight defined gates. Gates represent key transition and/or decision points in a project's progression through planning and environmental review, design, construction, and transition to operations. Internally, management and staff representatives throughout the agency review all aspects of a project including budget, schedule, risk mitigation, design, and operational startup plans to determine if the project is ready to advance. The process ensures that the Board and public have visibility into project scope, schedule, and budget through routine staff reporting. And, the process gives the Board control over key project decisions – specifically, approval of budget and project scope and schedule. The 2017 Transit Improvement Plan provides more information on our Phase Gate process.

Basis of Budgeting and Accounting

Sound Transit maintains a financial reporting system that records expenditures on an accrual basis. Budgets are prepared on the same basis with a few exceptions. Tax revenues are recorded on a modified accrual basis. Principal payments on long-term debt are applied to the outstanding liability. Assets that are transferred to another governmental entity are expensed as a donation upon completion.

Balanced Budget

In a situation where Sound Transit's annual revenues are less than annual expenditures, the budget is balanced with a contribution from unrestricted cash balance. Because of Sound Transit's ability to borrow to build capital projects, revenues do not need to equal expenditures.

Enterprise Fund

Sound Transit uses a single or general fund to account and budget for operating and capital transactions. Funds are not segregated for specific purposes.

Financial Plan

Sound Transit maintains a financial plan that projects the total revenues and costs of Sound Move, ST2, and ST3 plans through 2040. The plan is used to verify long-term viability of the programs and confirm the maintenance of subarea equity.

Procurement

Resolution No. 78-2 grants the Chief Executive Officer or their delegate authority to approve transactions of \$200 thousand or less within current budget authorization and \$50 thousand or less outside of budget authorization. Sound Transit's Capital Committee and the Operations and Administration Committee are authorized to approve the award of contracts when the contract value does not exceed \$5.0 million. The full Sound Transit Board must approve contracts above \$5.0 million.

Our Business Planning and Reporting

With guidance from the Board, Sound Transit's executive management establishes the agency's objectives and priorities each year. Departments use these to create their annual scorecard – establishing their strategies and performance measures. Departments also update their business plans which enable us to align resource use with strategic priorities and strengthen collaboration within and across departments. The plans identify issues and opportunities, and specify the resources and inter-departmental support necessary to execute the initiatives and achieve the goals. Business planning is a critical step to building a more strategic and efficient budget.

Each year we set agency milestones to establish accountability in the areas of customer service and communications, asset management, ridership growth, system-expansion planning, major infrastructure projects, and sustainability, including transit oriented development and energy efficiency initiatives. Performance relative to these milestones is reported to the Board.

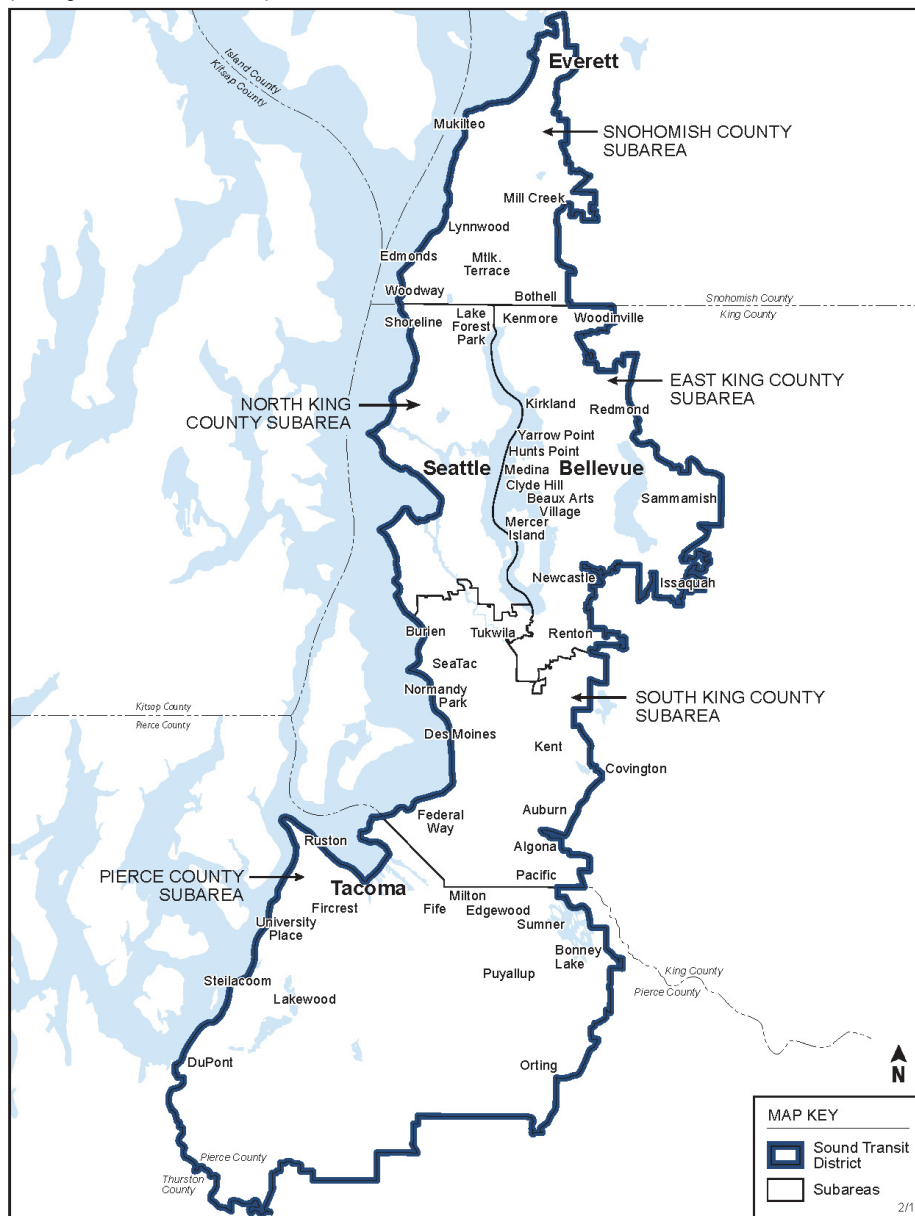
In close coordination with the agency's budget and long-range financial plan, Sound Transit's Service Planning division prepares a Service Implementation Plan (SIP). The SIP describes service and revisions for the upcoming year and cost estimates for the subsequent five-year period.

Performance relative to the adopted budget is presented to the Audit and Reporting Committee and is published in the

agency's Quarterly Performance Report. Capital program performance is detailed in the Agency Progress Report.

Sound Transit District

Sound Transit's boundaries, shown on the accompanying map, generally follow the urban-growth boundaries created by each county in accordance with Washington State's Growth Management Act. The Sound Transit District is divided into five subareas: Snohomish County, Pierce County, and three subareas within King County – North King, East King, and South King. Revenues and expenses are allocated to the subareas. To learn more about Sound Transit, please visit www.soundtransit.org.



The Region We Serve – Puget Sound

Sound Transit operates in a dynamic, growing, and geographically diverse metropolitan region. The Puget Sound area has long been considered one of America's best places to live due to its natural beauty, recreational opportunities, ports, proximity to some of the world's biggest and best companies, research institutes, and world-class universities. We continue to see tremendous job growth, residential and commercial construction, and immigration. Our natural and economic assets will continue to drive population growth and increase pressure on our region's infrastructure. Sound Transit is working every day to expand the region's public transportation system and to carry an estimated 47.2 million passengers in 2017.

Population and Where We Live

In 2016, the Central Puget Sound was the seventh fastest growing region in the United States among metro areas above two million in population. (Source: US Census Bureau)

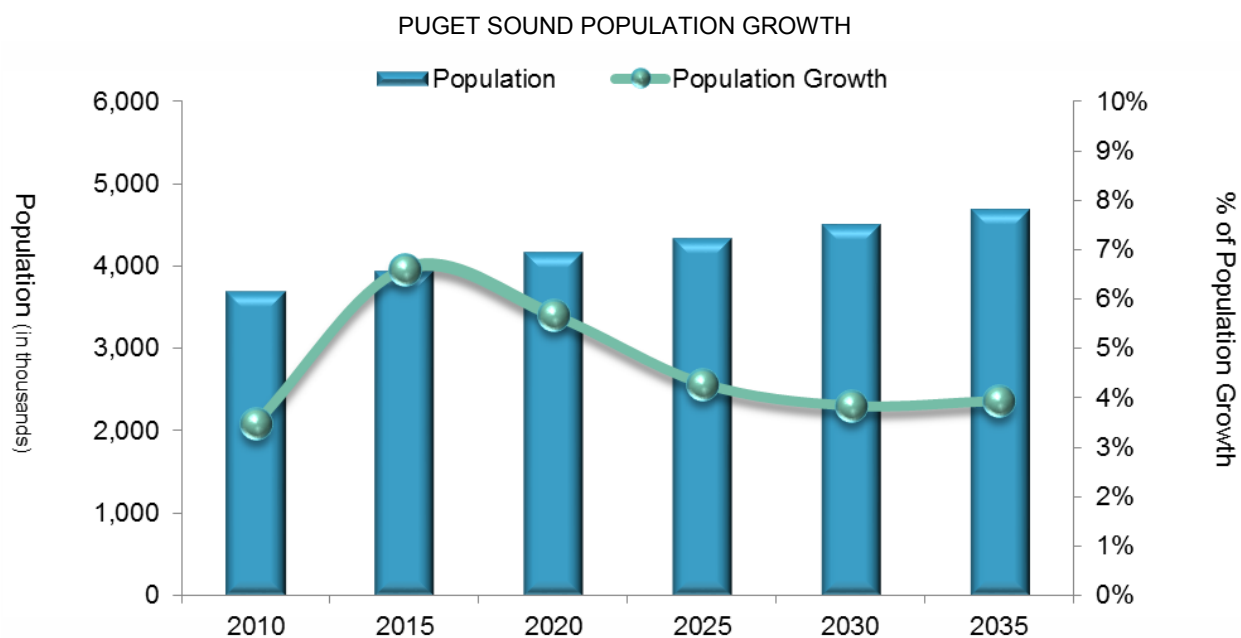
- Four counties – King, Kitsap, Snohomish, and Pierce.
- 6,267 square miles – 636 people per square mile.
- Fifteenth most populated metro area in the U.S. (Source: U.S. Census Bureau)
- 2016 population estimate 3,985,100; forecasted 2020 population 4,168,267. (Source: Puget Sound Regional Council Economic and Demographic Forecast)

- Total 2015 employment estimate 2,186,000; by 2020 growing to 2,290,588. (Source: Puget Sound Regional Council)
- 1.66 million housing units – average household size 2.49. (Source: Puget Sound Regional Council)

Traffic

According to 2015 data, Seattle has the tenth worst commute in the country and 23rd worst in the world based on hours of delay, and the sixth worst based on average time wasted per commuter. (Source: INRIX Annual Report 2016)

- 2.8 million licensed drivers. (Source: State of Washington Office of Financial Management)
- 69.0 percent of commuters drive to work alone.
- 9.3 percent carpool to work.
- 9.4 percent use public transportation.
- 1.2 percent walk to work.
- 4.1 percent bike to work.
- Remainder either work from home or use private transit options. (Source: Puget Sound Regional Council and U.S. Census Bureau)



(Source: U.S. Census Bureau, WA State Office of Financial Management)

Local Economy

The Seattle area is the largest economy in the Pacific Northwest and sixth largest in exports for the United States. Economic indicators show regional economic growth has increased by 7.0 percent since 2010. Transit boardings in the central Puget Sound have grown faster than any other large region in the United States since 2005, growing by 3.6% annually. (Source: Puget Sound Regional Council)

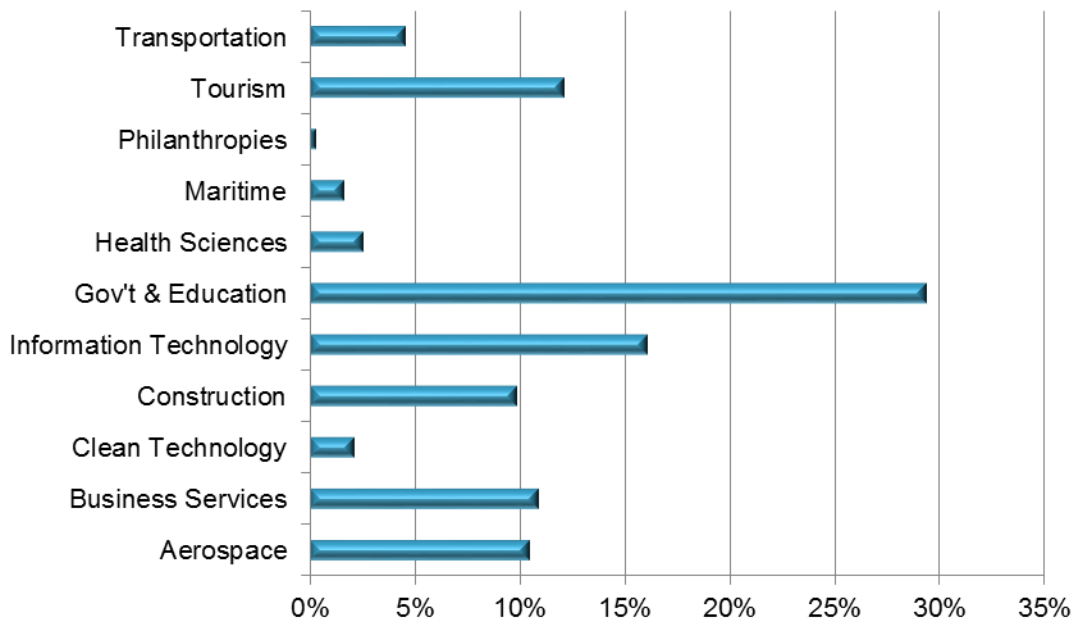
- Twelfth largest economy in the U.S. at \$313 billion Gross Domestic Product (GDP). (Source: Bureau of Economic Analysis news release, September 2016)
- 2016 December unemployment rate of 3.5 percent. (Source: Employment Security Department, December 2016 Report)

The region has shown a strong recovery from the Great Recession. In 2016 the region added 60,000 new jobs, the sixth consecutive year of job growth.

We are fortunate to have both diverse industries and major employers represented within the Sound Transit district that have continued to add to their payrolls. (Source: Economic Development Council of Seattle and King County, 2016 Report)

1. Boeing – 81,919
2. Microsoft – 43,031
3. University of Washington – 30,200
4. Amazon – 24,700
5. Starbucks -11,239
6. Weyerhaeuser – 10,000

EMPLOYMENT BY INDUSTRY



(Source: Puget Sound Regional Council – employment covered under the state's Unemployment Insurance program and constitutes approximately 85-90% of total employment.)

2017 Agency Scorecard

Every year the agency establishes objectives and priorities that align with the strategic direction set by the Board. In 2017, we will focus on improving our customers' experiences and collaborating with our transit partners to deliver the most effective and efficient regional transit system possible. We will continue to strengthen our relationships with the citizens of the communities that we serve, our many contractors, and our employees.

We will renew the agency's long-term commitments to financial stewardship, sustainability, transit oriented development, and station access. The adopted budget for 2017 aligns with the strategic direction set in the following 2017 Agency Scorecard.

2017 AGENCY SCORECARD

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

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

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

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

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

Objective #2: Successfully deliver voter approved capital projects

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

Objective #3: Promote a safe and secure culture

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

Objective #4: Maintain fiscal integrity, accountability and transparency

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

Objective #5: Foster an inclusive, sustainable agency

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

Objective #6: Enhance talent management and organizational vibrancy

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

Capitol Hill Station



Budget Overview

2017 Budget Summary

The 2017 budget includes revenues of \$1.6 billion and outlays of \$1.8 billion. The agency's unrestricted cash balance of \$1.3 billion at the end of 2016 together with 2017 revenues will fund annual expenditures and reserve contributions yielding a projected unrestricted cash balance of \$1.1 billion by the end of 2017. The 2016 unrestricted cash balance was boosted by new bond proceeds of \$477.5 million after Sound Transit executed a green bond sale on December 19, 2016. 2017 revenues include ST3 tax revenues of \$552.2 million, following voter approval of the ST3 system expansion plan.

Revenues & Other Financing Sources

We expect to collect revenues in excess of \$1.6 billion in 2017, an increase of \$623.0 million or 62.4 percent over the 2016 budget, mainly due to the addition of ST3 revenues for sales taxes, motor vehicle excise taxes, and property taxes totaling \$552.2 million. Retail sales and use taxes of \$1.0 billion reflect the ST3 increase in the sales tax rate by 0.5 percent to 1.4 percent. Motor vehicle excise taxes of \$236.9 million reflect the ST3 increase in the motor vehicle excise tax rate of 0.8 percent to 1.1 percent. Property taxes are a new revenue source from ST3 and are budgeted at \$126.6 million. Federal grant revenues of \$108.4 million are the second largest revenue category after taxes. Passenger fare revenues of \$88.0 million are projected to be 22.1 percent higher than the 2016 budget reflecting increases in Link and Sounder services.

Operating Budgets

The total operating budget of \$407.1 million is up 12.3 percent compared to the 2016 budget, driven primarily by transit service increases – specifically the two new light rail extensions that went into service in 2016, new commuter rail service, and additional express bus hours. Of the total operating budget, \$299.3 million or 73.5 percent will be charged to transit modes and the remaining \$107.8 million or 26.5 percent to projects.

Other budgets include debt service of \$144.0 million and donations to other governments of \$5.0 million.

Project Budgets

Total project spending is budgeted at \$1.3 billion for 2017. Approximately \$1.2 billion or 89.5 percent is budgeted to continue with planning, design, and build-out of Sound Move and ST2, as well as initial budget revisions to fund early ST3 work. An additional \$54.9 million is budgeted to enhance or maintain current service and operational capabilities. Administrative projects, which includes IT infrastructure and programs, overhead allocated to construction in progress, and general and administrative expense are budgeted at \$81.5 million.

Sounder Commuter Rail



2017 BUDGET SUMMARY
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget |
|---|--------------------|--------------------|--------------------|----------------------|
| Revenues and Other Financing Sources | | | | |
| Retail Sales And Use Tax | \$699,114 | \$708,394 | \$753,591 | \$1,024,473 |
| Motor Vehicle Excise Tax | 79,564 | 80,289 | 84,657 | 236,936 |
| Rental Car Tax | 3,297 | 3,280 | 3,489 | 3,497 |
| Property Tax | - | - | - | 126,585 |
| Federal Grants | 148,268 | 105,488 | 149,313 | 108,425 |
| Local & State Contributions | 4,607 | 6,666 | 60,038 | 11,797 |
| Passenger Fare Revenue | 65,426 | 72,046 | 80,406 | 87,961 |
| Investment Income | 5,125 | 10,250 | 12,746 | 9,646 |
| Miscellaneous Revenues | 41,185 | 11,958 | 14,113 | 12,013 |
| Bond Proceeds | 601,141 | - | 477,549 | - |
| Total Revenues and Other Financing Sources | \$1,647,726 | \$998,371 | \$1,635,903 | \$1,621,334 |
| Expenses & Outlays | | | | |
| Operating Budgets | | | | |
| Departments | | | | |
| Communications & External Affairs | \$6,977 | \$8,014 | \$6,510 | \$7,387 |
| Design, Engineering & Construction Management | 34,823 | 40,319 | 37,593 | 45,929 |
| Executive | 16,312 | 19,091 | 17,345 | 24,300 |
| Finance & Information Technology | 35,346 | 42,728 | 40,134 | 49,203 |
| Legal | 2,776 | 3,368 | 3,097 | 3,741 |
| Operations | 197,410 | 241,665 | 230,857 | 267,514 |
| Planning, Environment & Project Development | 6,478 | 7,329 | 6,920 | 9,034 |
| | 300,122 | 362,514 | 342,456 | 407,107 |
| Charges to Projects ¹ | (87,422) | (99,716) | (90,132) | (107,759) |
| Subtotal Transit Mode Budgets | \$212,700 | \$262,799 | \$252,324 | \$299,348 |
| Project Budgets | | | | |
| Project Types | | | | |
| System Expansion | \$709,375 | \$839,384 | \$710,180 | \$1,167,621 |
| Enhancement | 16,235 | 25,137 | 5,969 | 30,742 |
| Rehabilitation & Replacement | 23,797 | 13,440 | 10,331 | 24,150 |
| Administrative | 55,661 | 63,679 | 52,676 | 81,521 |
| Subtotal Project Budgets | \$805,067 | \$941,639 | \$779,156 | \$1,304,035 |
| Debt Service | \$114,496 | \$121,842 | \$120,442 | \$143,975 |
| Donations to Other Governments | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Total Expenses & Outlays | \$1,137,263 | \$1,331,281 | \$1,156,922 | \$1,752,358 |
| Unrestricted Cash Balance as of 1/1/2017 | | | | \$1,289,311 |
| Sources | | | | |
| Total Revenues and Other Financing Sources | | | | \$1,621,334 |
| Uses | | | | |
| Expenses and Outlays | | | | (\$1,752,358) |
| Restricted Reserves | | | | (\$10,048) |
| Projected Unrestricted Cash Balance as of 12/31/2017 | | | | \$1,148,239 |

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

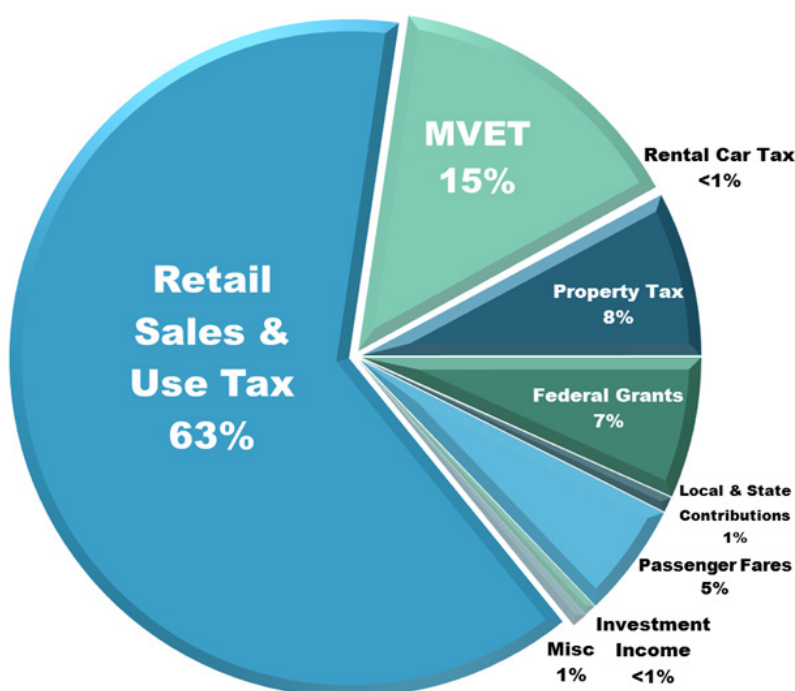
Revenues & Other Financing Sources

Funding for Sound Transit's operations and capital programs comes from local retail sales and use tax, motor vehicle excise tax (MVET), rental car tax, federal and state grants, passenger fare revenue, investment income on cash balances, bond issues, and miscellaneous revenues. With the voter approval of the ST3 Plan in November 2016, property taxes are a new revenue source. Our sales and use tax and MVET revenue forecasts are based on data and assumptions provided by an independent forecaster. We expect to collect over \$1.6 billion in revenues in 2017, which is 62.4 percent or \$623.0 million higher than the 2016 budget, mainly due to the addition of ST3 revenues for sales taxes, motor vehicle excise taxes, and property taxes totaling \$552.2 million.

REVENUES & OTHER FINANCING SOURCES (in thousands)

| | |
|-----------------------------|--------------------|
| Retail Sales & Use Tax | \$1,024,473 |
| Motor Vehicle Excise Tax | 236,936 |
| Rental Car Tax | 3,497 |
| Property Tax | 126,585 |
| Federal Grants | 108,425 |
| Local & State Contributions | 11,797 |
| Passenger Fare Revenue | 87,961 |
| Investment Income | 9,646 |
| Miscellaneous Revenue | 12,013 |
| Total | \$1,621,334 |

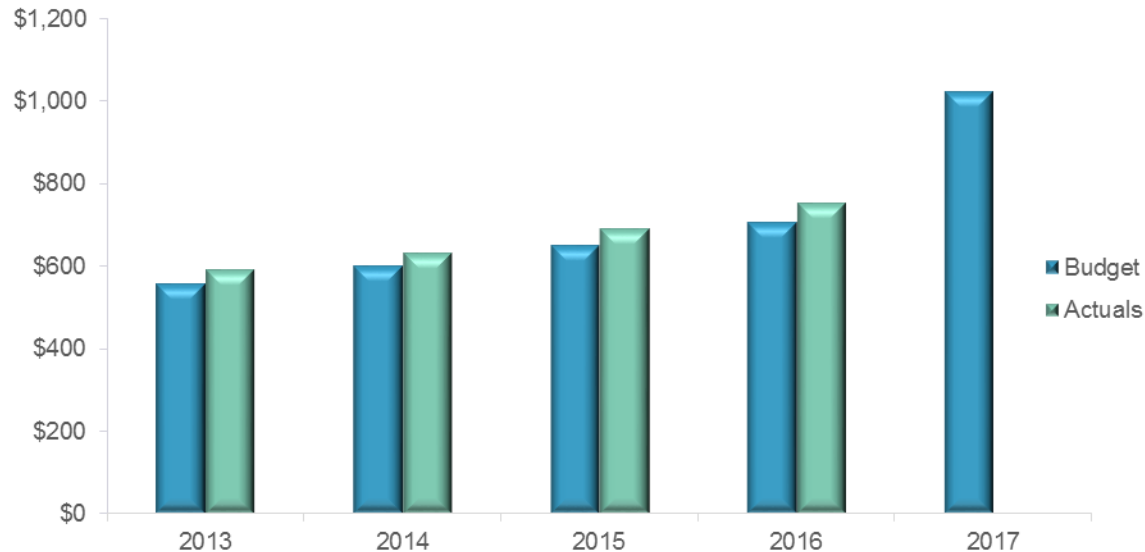
REVENUES & OTHER FINANCING SOURCES



Retail Sales and Use Tax

- Sound Transit receives 1.4 percent of transactions subject to sales and use taxes generated within the Sound Transit district. In November 2016, voters approved a 0.5 percent increase in the sales tax rate to fund ST3, a major system expansion plan.
- 2017 receipts of \$1.0 billion are projected to be 44.6 percent or \$316.1 million higher than the 2016 budget, and 35.9 percent or \$270.9 million higher than 2016 receipts, reflecting the higher sales tax rate effective from April 1, 2017.

SALES TAX REVENUE 2013 – 2017
(in millions)



Motor Vehicle Excise Tax (MVET)

- Sound Transit receives 1.1 percent of vehicle license renewals within the Sound Transit district. In November 2016, voters approved a 0.8 percent increase in the motor vehicle excise tax rate to fund ST3.
- Projected receipts of \$236.9 million for 2017 are 179.9 percent or \$152.3 million higher than 2016 receipts, reflecting the higher motor vehicle excise tax rate effective from March 1, 2017.

Rental Car Tax

- Sound Transit receives 0.8 percent of rental car payments within the Sound Transit district.
- Projected receipts of \$3.5 million for 2017 are 0.2 percent or \$8 thousand higher than 2016 receipts.

Property Tax

- This is a new revenue source for Sound Transit, following voter approval of ST3 in November 2016. Sound Transit will levy a property tax rate of 25 cents per \$1,000 of assessed valuation within the Sound Transit district.
- Sound Transit has budgeted \$126.6 million in property tax receipts for 2017.

Federal Grants

- Federal grant revenues are projected to be \$108.4 million in 2017 and include grant drawdowns for the following projects:
 - Point Defiance Bypass construction costs reimbursed through Federal High Speed Rail grant administered by Washington State Department of Transportation – \$40.0 million.
 - Light rail preventative maintenance Federal Transit Administration (FTA) operating grants – \$13.0 million.
 - Bus preventative maintenance FTA operating grants – \$8.5 million.
 - University Link Extension FTA grant for construction, vehicles, and startup costs – \$8.9 million.
 - Northgate Link Extension FTA grant for construction – \$8.0 million.
 - Link Operating & Maintenance Facility East FTA grant for preliminary engineering/design work – \$7.0 million.
 - Sounder Commuter Rail FTA grant for easement costs – \$7.0 million.

- Federal grant revenues of \$108.4 million are 27.4 percent or \$40.9 million lower than 2016 receipts, mainly due to lower anticipated drawdowns for University Link Extension after project completion and expiring Federal Railroad Administration grant drawdowns for the Point Defiance Bypass project.

Local & State Contributions

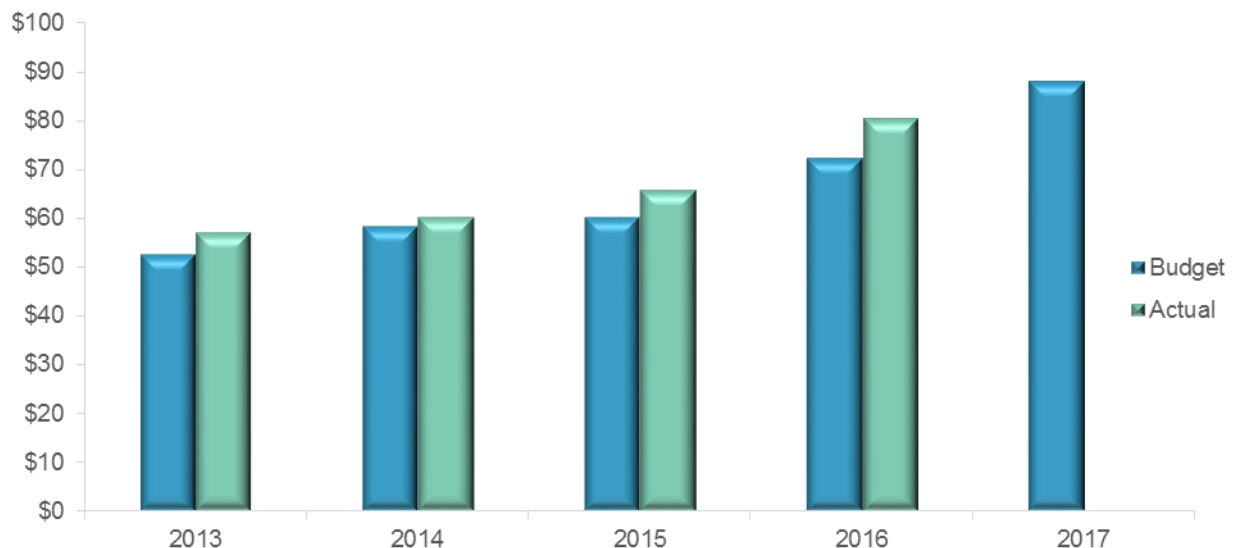
- This category includes state grants for projects and operating grants, as well as any contributions from local jurisdictions.
- The 2017 budget of \$11.8 million includes reimbursements for (i) Overlake Transit Center Bridge & Station improvements, (ii) Overlake Village Pedestrian Bridge and Infiltration Vault, (iii) the purchase of four double decker buses, and (iv) the Regional Transit ORCA Marketing Project.

- On April 28, 2016 the Sound Transit Board voted to defer charging fares on Tacoma Link until service on the 2.4-mile Tacoma Link extension begins, currently planned for 2022.
- Total 2017 ridership forecast of 47.2 million is 4.4 million or 10.3 percent higher than the 2016 ridership, with forecasts for light rail boardings increasing by 3.8 million or 19.8 percent, Sounder boardings increasing by 292 thousand or 7.0 percent, ST express bus boardings increasing by 212 thousand or 1.1 percent, and Tacoma Link boardings increasing by 102 thousand or 10.9 percent.
- Average fare per boarding assumptions for the 2017 budget are: Link, \$1.59; Sounder, \$3.25; ST Express, \$1.98.

Passenger Fare Revenue

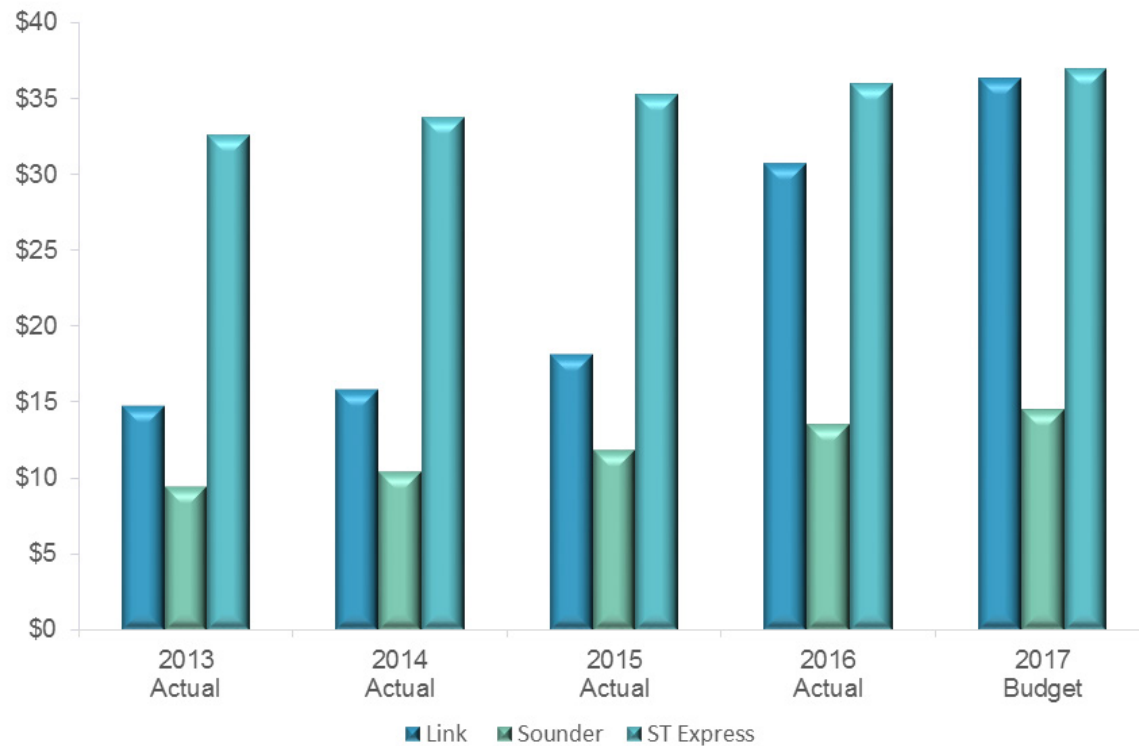
- Passenger fare revenues are projected to be \$88.0 million in 2017, up 9.4 percent or \$7.6 million over 2016 receipts, reflecting a full year of light rail service from South 200th Street to the University of Washington, a full year of service for an additional midday Sounder trip started in 2016 plus one additional reverse commuter trip starting in fourth quarter 2017.

PASSENGER FARE REVENUE 2013 – 2017
(in millions)



FARE REVENUE BY MODE 2013 – 2017

(in millions)



Investment Income

- Sound Transit receives investment income on surplus cash and restricted funds invested in accordance with Washington State law and overseen according to the Board-approved investment policy (Asset Liability Management Policies).
- Investment income is projected at \$9.6 million for 2017, down 24.3 percent or \$3.1 million compared to 2016 receipts, mainly due to a one-time realized gain on the sale of investments in 2016.

Miscellaneous Revenue

- Miscellaneous revenues include advertising revenues, rental income from Sound Transit properties, ORCA regional program billing reimbursements, operating & maintenance reimbursements for Sounder and ST Express, and federal government bond subsidy payments.
- 2017 revenues of \$12.0 million are 14.9 percent or \$2.1 million lower than 2016 receipts mainly due to land sale proceeds in 2016.

Bond Proceeds

Bonds are issued to finance capital projects. Sound Transit executed a green bond sale on December 19, 2016, generating new bond proceeds of \$477.5 million.

Tukwila International Boulevard Station



Operating Budgets

Sound Transit's 2017 operating budgets for departments are \$407.1 million, of which \$299.3 million is charged to transit modes and \$107.8 million to projects and capital assets.

Departments

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

Major drivers of the \$44.6 million or 12.3 percent increase in department budgets over the 2016 budget are the first full year of light rail service to the University of Washington and South 200th Street in SeaTac, additional commuter rail and express bus service, as well as budget revisions to plan and facilitate early ST3 work.

Purchased transportation services, security & safety, and contract maintenance account for 40.8 percent of the increase in the operating budgets. Salaries and benefits account for 29.8 percent of the increase in operating budgets due to inflation of existing salaries, a full year of costs for 35 net positions added in 2016, along with 80 net new positions approved for 2017.

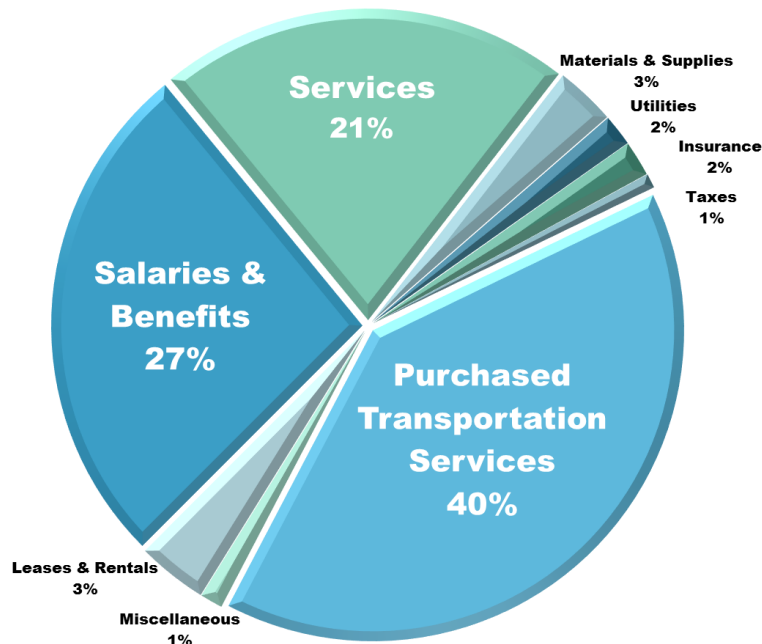
Agency Staffing

Staffing growth in 2017 was driven primarily by ongoing capital project activities, expansion of light rail service and early planning and facilitation work for the ST3 system expansion plan. Sound Transit tracks and forecasts long-term staffing needs, balancing the addition of permanent positions with the use of consultants to ensure capital and operating programs are adequately supported and affordable. Changes in departmental staffing levels over the past few years are summarized below.

AGENCY STAFFING SUMMARY

| Department | 2015 | 2016 | 2017 | | |
|---|------------|------------|-----------|------------|------------|
| | | | Adds | Changes | Adopted |
| Communications & External Affairs | 39 | 38 | - | - | 38 |
| Design, Engineering & Construction Mgmt | 246 | 255 | 19 | - | 274 |
| Executive | 113 | 123 | 24 | (3) | 144 |
| Finance & Information Technology | 144 | 154 | 11 | (2) | 163 |
| Legal | 16 | 16 | 1 | - | 17 |
| Operations | 116 | 123 | 18 | 2 | 143 |
| Planning, Environment & Project Dev | 49 | 49 | 10 | - | 59 |
| Total Positions | 723 | 758 | 83 | (3) | 838 |

OPERATING BUDGET BY EXPENSE CATEGORY



DEPARTMENT BUDGETS SUMMARY
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|--|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$51,392 | \$57,002 | \$54,357 | \$64,314 | \$7,312 | 12.8% |
| Benefits | 32,431 | 36,369 | 34,631 | 42,328 | 5,959 | 16.4 |
| Subtotal | 83,824 | 93,371 | 88,989 | 106,642 | 13,271 | 14.2 |
| Services | | | | | | |
| Marketing Agency | 259 | 261 | 238 | 423 | 162 | 62.1 |
| Professional & Technical | 6,192 | 10,245 | 6,709 | 11,889 | 1,644 | 16.0 |
| Temporary Services | 454 | 530 | 1,710 | 274 | (256) | (48.4) |
| Contract Maintenance | 26,691 | 33,701 | 30,662 | 39,027 | 5,326 | 15.8 |
| Security & Safety | 14,209 | 18,530 | 19,146 | 21,412 | 2,882 | 15.6 |
| Other Services | 8,285 | 9,242 | 7,966 | 14,699 | 5,457 | 59.0 |
| Subtotal | 56,090 | 72,509 | 66,431 | 87,724 | 15,214 | 21.0 |
| Materials & Supplies | 9,097 | 11,656 | 9,125 | 12,715 | 1,058 | 0.1 |
| Utilities | 4,826 | 5,585 | 5,994 | 6,688 | 1,102 | 0.2 |
| Insurance | 5,165 | 6,424 | 6,592 | 7,519 | 1,095 | 0.2 |
| Taxes | 2,186 | 2,275 | 2,649 | 3,052 | 776 | 0.3 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,276 | 1,906 | 1,615 | 1,632 | (274) | (14.4) |
| Purchased Transportation | 124,772 | 151,155 | 145,371 | 161,394 | 10,239 | 6.8 |
| Subtotal | 126,048 | 153,061 | 146,986 | 163,026 | 9,965 | 6.5 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 443 | 610 | 684 | 742 | 132 | 21.6 |
| Travel & Meetings | 554 | 793 | 577 | 865 | 72 | 9.1 |
| Advertising & Promotion Media | 1,655 | 2,111 | 1,489 | 1,652 | (459) | (21.8) |
| Training | 406 | 550 | 363 | 561 | 12 | 2.1 |
| Other Miscellaneous | 335 | 734 | 403 | 995 | 260 | 35.5 |
| Subtotal | 3,393 | 4,799 | 3,517 | 4,816 | 17 | 0.3 |
| Leases & Rentals | | | | | | |
| Transit Way | 5,669 | 7,267 | 7,373 | 7,982 | 715 | 9.8 |
| General Administrative Facilities | 3,824 | 5,566 | 4,802 | 6,946 | 1,379 | 24.8 |
| Subtotal | 9,493 | 12,834 | 12,175 | 14,928 | 2,094 | 16.3 |
| Department Budgets Summary Total | \$300,122 | \$362,514 | \$342,456 | \$407,107 | \$44,593 | 12.3% |

CHANGES TO DEPARTMENT BUDGETS
(in thousands)

| Department | 2016 Budget | 2017 Budget | Budget \$ Change | Budget % Change |
|---|------------------|------------------|---------------------|--------------------|
| Communications & External Affairs | \$8,014 | \$7,387 | (\$627) | (7.8%) |
| Design, Engineering & Construction Management | 40,319 | 45,929 | 5,647 | 13.9 |
| Executive | 19,091 | 24,300 | 5,209 | 27.3 |
| Finance & Information Technology | 42,728 | 49,203 | 6,475 | 15.2 |
| Legal | 3,368 | 3,741 | 373 | 11.1 |
| Operations | 241,665 | 267,514 | 25,812 | 10.7 |
| Planning, Environment & Project Development | 7,329 | 9,034 | 1,705 | 23.3 |
| Total Department Budgets | \$362,514 | \$407,107 | \$44,593 | 12.3% |

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 enabling transparency for the public and reporting on agency achievements, project updates, and financial goals. CEA helps grow ridership by informing the public about the benefits of mass transit and continuously improving the customer experience through the delivery of relevant, timely rider information via cost-effective communication channels.

2016 Activities and Accomplishments

The Marketing & Creative Services Division led work to promote the opening of the agency's two new light rail segments in 2016, which dramatically expanded Sound Transit ridership. The Events and Customer Outreach team participated in numerous events, including the Seattle Pride Parade and local fairs and festivals, as well as outreach for the March 2016 service change that involved one of the largest restructures in local King County bus service.

The Digital Communications Division worked to expand our reach and engagement across all direct channels, and we saw significant growth in e-mail and text message subscribers, as well as Facebook, Twitter, Instagram and LinkedIn followers. Web traffic grew by an average of 61 percent, with sharp gains in the mobile share. Deliverables included a web platform study and planning for a major effort to redesign soundtransit.org to meet customer needs, a web accessibility study and mitigation effort to meet ADA requirements, and social media campaigns including Sound Transit 3 (ST3) public outreach and Link service launches. Digital Communications also engaged in projects to expand and improve MS Dynamics CRM functionality, research and implement improvements to dynamic signage, track customer service issue patterns to better address rider problems, and improve customer service response rates on Twitter.

The Media Relations & Public Information Division focused extensively on the Sound Transit 3 ballot measure. This included managing public involvement that supported the Board's work to finalize the ST3 Plan, preparing an array of public information resources, and managing intense public and media interest. Products included an interactive website, printed and online ST3 plan documents, and a statutorily required mailer that was sent to district residents.

Other 2016 highlights included promoting the opening of the University of Washington and South 200th Link extensions, as well as the agency's work to deliver other voter-approved projects.

Project milestones in 2016 included but were not limited to breaking ground on East Link light rail, completing tunnel mining for the Northgate Link light rail extension, and securing significant federal support through the nation's first TIFIA master credit agreement.

2017 Budget Highlights

CEA's 2017 budget decreased by \$627 thousand or 7.8 percent below the 2016 budget with reductions in advertising services of \$544 thousand and market research of \$194 thousand. The reduced advertising budget reflects a shift from systemwide demand generation marketing to more strategic campaigns geo-targeting specific routes and services where there is additional capacity. The market research budget was reduced to a level to support the annual customer satisfaction survey with no additional market research initiatives due to the increase in available customer data to inform decisions versus using traditional survey collection methodologies. This reflects a shift from demand generation marketing to a greater emphasis on customer care.

The adopted 2017 budget includes a budget revision of \$537 thousand for the agency's participation in the grant funded Regional Transit ORCA Marketing Project, to increase ORCA awareness and the number of ORCA card users. The 2017 budget also includes a budget revision of \$50 thousand to develop naming conventions and standards for all ST projects as they progress through construction and transition into service.

CEA will continue to devote resources to understand and meet customer expectations via digital platforms including web, dynamic signage and customer-facing applications.

Efforts to address media and public interest in Sound Transit project delivery will ramp up in 2017 as the agency advances planning for transit expansions that voters approved in 2016 at the same time as it works to complete previously approved projects by 2023, including major intensification of East Link construction.

The Customer Outreach team within Marketing & Creative Services, will be working with the Operations Department to develop an outreach program for service restructuring planned for the I-90 and SR-520 corridors.

COMMUNICATIONS & EXTERNAL AFFAIRS
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|----------------|----------------|----------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$2,405 | \$2,673 | \$2,408 | \$2,533 | (\$140) | (5.2%) |
| Benefits | 1,525 | 1,690 | 1,529 | 1,688 | (1) | (0.1) |
| Subtotal | 3,930 | 4,363 | 3,937 | 4,222 | (141) | (3.2) |
| Services | | | | | | |
| Marketing Agency | 257 | 261 | 238 | 423 | 162 | 62.1 |
| Professional & Technical | 347 | 443 | 234 | 319 | (124) | (28.0) |
| Contract Maintenance | 3 | 13 | 3 | 1 | (12) | (93.8) |
| Other Services | 539 | 577 | 344 | 606 | 29 | 5.0 |
| Subtotal | 1,146 | 1,294 | 819 | 1,349 | 54 | 4.2 |
| Materials & Supplies | 104 | 166 | 65 | 69 | (97) | (1) |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 278 | 301 | 423 | 413 | 111 | 37.0 |
| Travel & Meetings | 21 | 27 | 12 | 31 | 4 | 15.6 |
| Advertising & Promotion Media | 1,475 | 1,796 | 1,224 | 1,252 | (544) | (30.3) |
| Training | 19 | 27 | 21 | 24 | (4) | (13.0) |
| Other Miscellaneous | 1 | 31 | 6 | 23 | (8) | (25.8) |
| Subtotal | 1,794 | 2,182 | 1,687 | 1,742 | (440) | (20.2) |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 3 | 9 | 2 | 5 | (3) | (39.5) |
| Subtotal | 3 | 9 | 2 | 5 | (3) | (39.5) |
| Department Total | \$6,977 | \$8,014 | \$6,510 | \$7,387 | \$(627) | (7.8%) |

Design, Engineering & Construction Management

Design, Engineering & Construction Management (DECM) is 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 technical staff are matrixed to Planning, Environment and Project Development Department led project teams ensuring a smooth transition from planning to design, enhancing buildability, reducing project risks, and delivering safe and efficient transit facilities on time and within budget

2016 Activities and Accomplishments

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

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

DECM completed the final Sound Move Sounder project, the Mukilteo South Platform, in 2016. In addition, construction began on the expansion of the Lakewood Layover to accommodate additional Sounder south service planned for 2017, the replacement of the Tacoma Trestle, and the Point Defiance Bypass, on behalf of the Washington State Department of Transportation (WSDOT), that includes reconstruction of track and signals on Sound

Transit owned right-of-way between Lakewood and Nisqually to enhance Amtrak travel efficiencies between Tacoma and Portland, Oregon. DECM also completed installation of wayside and vehicle positive train control equipment for Sounder operations and testing began in late 2016. Sounder positive train control is expected to be fully operational by September 2017.

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

2017 Budget Highlights

DECM has begun recruitment for an additional 19 positions to maintain appropriate levels of staffing to ensure on-time project completion. The department's priorities for 2017 include completion of I-90 Stage 3 and turnover of the center roadway for East Link construction, acquiring the rights-of-way for the OMF-East, East Link and Lynnwood Link extensions, continuing progress in construction of the Northgate Link and East Link extensions, and the final designs for the Sounder Maintenance Base, Lynnwood Link Extension, Tacoma Link Extension, and access improvements for the Puyallup and Sumner Sounder stations. Final design of the Federal Way Link Extension will also begin in 2017. To ensure that operation of light rail under the University of Washington campus does not exceed noise and vibration thresholds that may impact sensitive research equipment, DECM is developing a sound and vibration monitoring program in coordination with the Operations Department. Efforts in 2017 related to this program include collection and analysis of Link operational data and development of a maintenance program to address operational issues that may contribute to noise and vibration.

The agency's increasing portfolio of properties is being driven by acquisitions for the East Link, Federal Way Link and Lynnwood Link extension projects. Therefore, the costs associated with holding these properties is also growing. An additional \$617 thousand is budgeted for landscaping, security, janitorial, utilities, and structural services. In addition, the budget for tax expenses is \$324 thousand higher and real estate consulting services for the third party agreements review is higher by \$217 thousand for 2017.

DESIGN, ENGINEERING & CONSTRUCTION MANAGEMENT
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$18,495 | \$20,193 | \$19,537 | \$21,959 | \$1,766 | 8.7% |
| Benefits | 11,742 | 12,954 | 12,510 | 14,306 | 1,352 | 10.4 |
| Subtotal | 30,236 | 33,147 | 32,047 | 36,265 | 3,118 | 9.4 |
| Services | | | | | | |
| Professional & Technical | 156 | 348 | 378 | 752 | 404 | 115.9 |
| Temporary Services | 3 | 30 | 6 | 20 | (10) | (33.3) |
| Contract Maintenance | 701 | 1,266 | 467 | 1,649 | 380 | 29.8 |
| Security & Safety | 1 | 15 | 14 | 35 | 61 | 18.7 |
| Other Services | 6 | 9 | 5 | 7 | (2) | (25.0) |
| Subtotal | 867 | 1,667 | 870 | 2,462 | 832 | 41.9 |
| Materials & Supplies | 44 | 69 | 45 | 41 | (29) | (0.4) |
| Utilities | 260 | 271 | 330 | 458 | 187 | 0.7 |
| Insurance | 24 | 35 | 32 | 35 | 0 | 0.0 |
| Taxes | 98 | 133 | 128 | 457 | 324 | 2.4 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 44 | 66 | 53 | 109 | 43 | 64.1 |
| Travel & Meetings | 87 | 171 | 88 | 122 | (49) | (28.8) |
| Advertising & Promotion Media | 0 | 1 | 2 | 3 | 2 | 400.0 |
| Training | 130 | 174 | 82 | 169 | (6) | (3.3) |
| Other Miscellaneous | 12 | 6 | (1) | 0 | (6) | (100.0) |
| Subtotal | 273 | 418 | 223 | 402 | (16) | (3.8) |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 3,020 | 4,578 | 3,918 | 5,810 | 1,232 | 26.9 |
| Subtotal | 3,020 | 4,578 | 3,918 | 5,810 | 1,232 | 26.9 |
| Department Total | \$34,823 | \$40,319 | \$37,593 | \$45,929 | \$5,647 | 13.9% |

Executive

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

2016 Activities and Accomplishments

The Chief Executive Office led agency performance management efforts through a comprehensive policy program, agencywide business planning, and continuous process improvement. The office established standards for agency policy, facilitates policy development, and led the development of the Agency Scorecard that cascaded to individual staff performance reviews. The office organized and facilitated cross-functional groups to improve core processes, formalize practices key to the agency's mission, and coached staff on linking their everyday work with agency goals.

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

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

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

The Government & Community Relations and Board Administration divisions supported the agency's work in the development of the Sound Transit 3 plan and adoption by the Sound Transit Board.

2017 Budget Highlights

The Executive Department's budget is higher than the 2016 budget by 27.3 percent with significant increases coming from salaries & benefits and professional & technical services. Twenty-four new positions were approved for 2017.

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

The Safety and Quality Assurance Division will add ten positions in 2017 in support of the increasing levels of design and construction activity, as well as hiring and training staff to provide inspections of light rail, bus, and commuter rail services. Professional & technical services for safety planning and auditing is adding \$750 thousand to the department's budget request.

Procurement & Contracts will add eight positions to cover the increased activity in the agency. Government and Community Relations will add two position to oversee staff, provide strategic guidance and focus on issues that cut across our regional jurisdictions. Small Business Development and Labor Compliance will add a Labor Agreement Specialist due to higher levels of construction activity.

Human Resources budgeted \$375 thousand in advertising & promotion media to assist with recruitment of engineers, technology, finance, and various professionals as competition among employers in the local job market increases. The division is planning to roll out the Knowledge Transfer program to all departments in Sound Transit within a period of two years, which translates to \$850 thousand of professional & technical services in 2017. Additionally, Human Resources will add two positions in 2017.

Internal Audit is budgeting \$120 thousand in professional & technical services for electrical and mechanical contract close-out audits for the University Link Station. With the addition of one new staff position, the division will be able to perform the audits in-house and avoid an additional \$120 thousand of consulting services.

EXECUTIVE
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$7,564 | \$8,757 | \$8,127 | \$10,506 | \$1,748 | 20.0% |
| Benefits | 4,811 | 5,589 | 5,164 | 6,945 | 1,356 | 24.3 |
| Subtotal | 12,375 | 14,346 | 13,291 | 17,451 | 3,105 | 21.6 |
| Services | | | | | | |
| Marketing Agency | 1 | 0 | 0 | 0 | 0 | 0.0 |
| Professional & Technical | 2,580 | 2,735 | 2,488 | 3,301 | 566 | 20.7 |
| Temporary Services | 166 | 34 | 71 | 49 | 15 | 44.8 |
| Contract Maintenance | 0 | 28 | 0 | 28 | 0 | 0.0 |
| Security & Safety | 0 | 0 | 5 | 0 | 0 | 0.0 |
| Other Services | 368 | 495 | 485 | 1,563 | 1,067 | 215.5 |
| Subtotal | 3,115 | 3,292 | 3,049 | 4,940 | 1,648 | 50.1 |
| Materials & Supplies | 140 | 154 | 190 | 183 | 30 | 0.2 |
| Utilities | 1 | 1 | 1 | 1 | (0) | (0.2) |
| Insurance | 0 | 0 | 0 | 2 | 2 | 1.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 30 | 64 | 62 | 47 | (17) | (26.0) |
| Travel & Meetings | 190 | 264 | 185 | 304 | 39 | 14.9 |
| Advertising & Promotion Media | 177 | 311 | 256 | 396 | 85 | 27.2 |
| Training | 82 | 64 | 80 | 135 | 71 | 111.3 |
| Other Miscellaneous | 157 | 510 | 169 | 746 | 236 | 46.3 |
| Subtotal | 635 | 1,213 | 752 | 1,628 | 414 | 34.2 |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 47 | 86 | 62 | 96 | 10 | 11.7 |
| Subtotal | 47 | 86 | 62 | 96 | 10 | 11.7 |
| Department Total | \$16,312 | \$19,091 | \$17,345 | \$24,300 | \$5,209 | 27.3% |

Finance & Information Technology

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

2016 Activities and Accomplishments

The department successfully launched the University Link fare collection system in support of University Link Extension. Financial planning supported ST3 plan development by providing financial modeling, debt allocation strategies, and operations and maintenance cost estimates. IT staff enhanced the agency's computer systems that reduced susceptibility to cyber threats and phishing attacks. To further safeguard ST's computer and data systems a new IT business unit was created to focus on cyber-security. Financial Planning and Treasury successfully closed the Transportation Infrastructure Finance and Innovation Act (TIFIA) Master Credit Agreement and Northgate Link Extension loan and completed the agency's second green bond sale for \$477.5 million.

2017 Budget Highlights

An additional \$1.1 million is budgeted for insurance premiums driven higher due to an increase in riders and the added number of light rail vehicles on the recently opened University Link and South 200th Link Extensions. \$2.4 Million is budgeted to cover additional tax collection fees for Department of Revenue and Department of Licensing for ST3 approved taxes. Fare collection costs are budgeted \$410 thousand higher due to the increased use of Ticket Vending Machines (TVMs) and mobile devices. To further the agency's goal of ensuring that assets are in a state of good repair, \$100 thousand has been added for professional and technical services to continue development and implementation of an enterprise asset management system. The addition of new technological systems, computer workstations, and software require an investment of \$658 thousand in order to support the agency in achieving its goals. Professional and technical services will be lower by \$800 thousand because a consulting contract for next generation ORCA (ngORCA) has been moved to the Fare Administration project.

Information Technology has added four new positions to support the operations and maintenance of existing rider technologies, ST websites, and user applications, as well as to drive improvements and creation of additional rider technologies, such as Real Time Train information and an enhanced Trip Planner. Six new IT positions were added to support and improve agency operations technology via the newly created Operations and Technology Division within the Operations Department. One new position was requested in the Accounting division to assist with the National Transportation and Safety Board reporting process.

FINANCE & INFORMATION TECHNOLOGY
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$9,955 | \$11,382 | \$10,746 | \$12,560 | \$1,179 | 10.4% |
| Benefits | 6,011 | 7,298 | 6,800 | 8,420 | 1,122 | 15.4 |
| Subtotal | 15,966 | 18,680 | 17,546 | 20,981 | 2,301 | 12.3 |
| Services | | | | | | |
| Professional & Technical | 2,372 | 4,067 | 2,291 | 3,523 | (544) | (13.4) |
| Temporary Services | 254 | 245 | 1,473 | 120 | (125) | (51.0) |
| Contract Maintenance | 2,532 | 3,121 | 2,905 | 3,467 | 346 | 11.1 |
| Other Services | 6,119 | 6,978 | 5,922 | 10,172 | 3,194 | 45.8 |
| Subtotal | 11,277 | 14,411 | 12,591 | 17,281 | 2,870 | 19.9 |
| Materials & Supplies | 1,679 | 1,692 | 1,877 | 1,582 | (111) | (0.1) |
| Utilities | 688 | 733 | 780 | 953 | 219 | 0.3 |
| Insurance | 5,141 | 6,389 | 6,564 | 7,482 | 1,093 | 0.2 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 30 | 77 | 58 | 66 | (10) | (13.3) |
| Travel & Meetings | 120 | 152 | 128 | 134 | (18) | (12.0) |
| Advertising & Promotion Media | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Training | 87 | 139 | 104 | 136 | (3) | (2.0) |
| Other Miscellaneous | 120 | 161 | 170 | 173 | 12 | 7.5 |
| Subtotal | 356 | 528 | 461 | 509 | (19) | (3.6) |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 238 | 294 | 316 | 415 | 121 | 41.1 |
| Subtotal | 238 | 294 | 316 | 415 | 121 | 41.1 |
| Department Total | \$35,346 | \$42,728 | \$40,134 | \$49,203 | \$6,475 | 15.2% |

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, interagency issues, and proposed regulatory and legislative changes. Attorneys in the department oversee the work of external specialized attorneys particularly in litigation, such as condemnation cases and construction claims. Costs for this work is included in project budgets.

2016 Activities and Accomplishments

The Legal Department successfully supported the agency's implementation of the ST3 Ballot Measure.

Legal negotiated a multi-jurisdictional agreement for permitting the Lynnwood Link Extension, a critical step in moving the project forward. The department answered 597 public disclosure requests in 2016, which furthers the agency's goal of maintaining public trust through accountability and transparency. For the East Link project all City of Bellevue land use permits were issued with no appeals.

2017 Budget Highlights

Legal requested one new position to contribute to the agency's land acquisitions work in support of the ST2 and ST3 projects. Professional & technical services are budgeted \$21 thousand or 5.5 percent lower than in 2016, based on reduced expected needs for external legal services in 2017.

LEGAL
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|----------------|----------------|----------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$1,639 | \$1,732 | \$1,689 | \$1,948 | \$216 | 12.5% |
| Benefits | 1,041 | 1,098 | 1,073 | 1,282 | 184 | 16.8 |
| Subtotal | 2,680 | 2,830 | 2,762 | 3,231 | 400 | 14.1 |
| Services | | | | | | |
| Professional & Technical | 44 | 393 | 217 | 372 | (21) | (5.5) |
| Temporary Services | 0 | 79 | 60 | 75 | (4) | (4.5) |
| Other Services | 1 | 1 | 4 | 1 | (0) | (21.4) |
| Subtotal | 45 | 472 | 281 | 447 | (25) | (5.3) |
| Materials & Supplies | 3 | 3 | 2 | 3 | 0 | 0.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 36 | 40 | 39 | 39 | (0) | (0.8) |
| Travel & Meetings | 5 | 7 | 4 | 7 | (0) | (5.4) |
| Training | 7 | 15 | 8 | 13 | (2) | (13.1) |
| Other Miscellaneous | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Subtotal | 47 | 62 | 51 | 59 | (3) | (4.3) |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 0 | 1 | 0 | 1 | 0 | 0.0 |
| Subtotal | 0 | 1 | 0 | 1 | 0 | 0.0 |
| Department Total | \$2,776 | \$3,368 | \$3,097 | \$3,741 | \$373 | 11.1% |

UW Station



Operations

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

2016 Activities and Accomplishments

Many department activities were focused on supporting the University Link and South 200th Link Extensions in 2016. The department coordinated with King County Metro, the University of Washington, and the City of Seattle to ensure the successful openings of UW Station and Capitol Hill Station. The department also ramped up support contractors' work prior to beginning the System Integrated Testing (SIT) for the South 200th Link Extension. Another major department activity was the transition of assets for the South 200th Link and University Link projects to the Operations Department, the largest transition of agency assets since the Initial Segment opening in 2009. Other activities included: expanding Sounder services; upgrading three Sounder locomotives; providing three-car peak service trains and three-car trains all weekend due to the increase in Link ridership; providing alternative bus services to mitigate the East Link construction impact; and evaluating electric car charging services at customer facilities. Identifying solutions for downtown traffic upon the closure of the Downtown Seattle Transit Tunnel (DSTT) to buses in 2019 is an ongoing effort that requires the staff's continuous participation. The department coordinated with King County, the City of Seattle, Community Transit, and the Washington State Department of Transportation on integrated service changes.

2017 Budget Highlights

The 2017 budget increased by \$25.8 million. The budget increase is driven primarily by increases in security services, DSTT costs, the Sounder vehicle maintenance contract, professional and technical services, utilities, and purchased transportation services. In addition, the Operations Department budget includes eighteen new positions for 2017 to support higher levels of transit services and an expanded number of facilities to manage and maintain.

- Security services expenses are anticipated to increase by \$2.8 million due to a full year of operations for the University Link and South 200th Link extensions, plus Sounder trips added in 2016 and 2017.
- Downtown Seattle Transit Tunnel costs are anticipated to increase by approximately \$1.5 million due to the proportion of ST's shared obligations increasing from 64.0 percent in 2016 to 70.0 percent in 2017. These expected costs are included in leases and rentals, transit way and services contract maintenance budget lines.
- Sounder vehicle maintenance program (Amtrak contract) costs are increasing by \$1.1 million. The majority of the contract increase is associated with supporting the additional train service and increased fleet size. The addition of eight new cab cars that will be put into service, stored, and maintained at Amtrak's facility drives the budget increase.
- Professional & technical and other services are anticipated to increase by \$1.4 million, to include a Comprehensive Operational Analysis, engineering consultant support, technical consulting services, and a new parking permit program.
- Utilities are anticipated to increase by \$696 thousand to cover annualized traction power costs for Link light rail extensions and an electricity rate increase.
- Purchased transportation services are anticipated to increase by \$10.0 million to support service expansion across three Sound Transit modes in 2017:
 - ST Express will add 32,428 service hours – approximately 26,000 are the annualized hours approved in the 2016 budget, plus some increases in planned services. The remaining 6,428 hours are added to help mitigate schedule degradation from traffic congestion (which is equivalent to 15,000 annualized hours in 2018). In March 2017 3,214 platform hours will be added with another 3,214 hours in September 2017.
 - Sounder will add the annualized expenses for the round trip between Seattle and Lakewood approved in the 2016 budget and will add two more round trips in September 2017.
 - Link will add the annualized expenses for revenue service north to Capitol Hill and the University of Washington stations and south to Angle Lake Station in 2017.

OPERATIONS
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$7,750 | \$8,166 | \$7,890 | \$9,677 | \$1,511 | 18.5% |
| Benefits | 5,027 | 5,105 | 5,038 | 6,337 | 1,232 | 24.1 |
| Subtotal | 12,777 | 13,271 | 12,929 | 16,015 | 2,743 | 20.7 |
| Services | | | | | | |
| Professional & Technical | 246 | 1,784 | 761 | 3,167 | 1,383 | 77.5 |
| Temporary Services | 31 | 143 | 100 | 10 | (133) | (93.0) |
| Contract Maintenance | 23,349 | 29,274 | 27,284 | 33,883 | 4,613 | 15.8 |
| Security & Safety | 14,209 | 18,515 | 19,126 | 21,377 | 2,821 | 15.5 |
| Other Services | 1,252 | 1,179 | 1,204 | 2,345 | 1,166 | 98.9 |
| Subtotal | 39,086 | 50,895 | 48,475 | 60,782 | 9,850 | 19.5 |
| Materials & Supplies | 7,125 | 9,566 | 6,941 | 10,831 | 1,266 | 0.1 |
| Utilities | 3,877 | 4,580 | 4,883 | 5,276 | 696 | 0.2 |
| Insurance | (1) | 0 | (4) | 0 | | 0.2 |
| Taxes | 2,087 | 2,142 | 2,521 | 2,595 | 453 | |
| Purchased Transportation | | | | | | |
| Paratransit | 1,276 | 1,906 | 1,615 | 1,632 | (274) | (14.4) |
| Purchased Transportation | 124,772 | 151,155 | 145,371 | 161,394 | 10,239 | 6.8 |
| Subtotal | 126,048 | 153,061 | 146,986 | 163,026 | 9,965 | 6.5 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 19 | 47 | 39 | 56 | 9 | 19.5 |
| Travel & Meetings | 98 | 106 | 95 | 219 | 113 | 106.6 |
| Advertising & Promotion Media | 1 | 3 | 3 | 2 | (1) | (34.5) |
| Training | 60 | 105 | 54 | 59 | (46) | (43.9) |
| Other Miscellaneous | 46 | 26 | 59 | 53 | 27 | 100.6 |
| Subtotal | 225 | 287 | 249 | 389 | 101 | 35.3 |
| Leases & Rentals | | | | | | |
| Transit Way | 5,669 | 7,267 | 7,373 | 7,982 | 715 | 9.8 |
| General Administrative Facilities | 516 | 596 | 504 | 619 | 22 | 3.7 |
| Subtotal | 6,185 | 7,863 | 7,877 | 8,601 | 737 | 9.4 |
| Department Total | \$197,410 | \$241,665 | \$230,857 | \$267,514 | \$25,812 | 10.7% |

Planning, Environment & Project Development

Planning, Environment & Project Development (PEPD) leads the project development process for transit capital investments, including alternatives analysis, conceptual & preliminary engineering, and environmental review. This includes engagement with partner agencies and the general public. With these activities PEPD supports decision making by the Board of Directors on projects to be built. PEPD also integrates transit oriented development, system access, and transit integration into project development. Once project development is complete and project scopes are defined, PEPD conveys project management leadership to the Design, Engineering & Construction Management (DECM) Department to oversee design and construction, while remaining involved to support project all the way through activation. In addition to project development, PEPD is responsible for the agency's environmental compliance & sustainability programs; system-level planning, forecasting, and policy development; and transit-oriented development (TOD) efforts to encourage residential and commercial development near transit stations.

2016 Activities and Accomplishments

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

dedication to efficient project management, meeting or exceeding environmental requirements, and sustainability goals.

2017 Budget Highlights

Project Development will begin on the first set of new projects approved in the ST3 Plan by voters – including the West Seattle, Ballard and Everett Link extensions and the I-405 and SR 522/145th Bus Rapid Transit projects. Preliminary engineering will continue on the Downtown Redmond Link Extension and a preferred alternative will be identified for the Kent and Auburn Station Access Improvements projects. Environmental review for these projects will also begin this year and be completed in 2018. PEPD expects to receive environmental permits for the Link OMF East and Lynnwood Link Extension projects. The Board will select the project to build for the Federal Way Link Extension in early 2017. The Federal Way project, the Sumner and Puyallup Station Access Improvements, and Sounder Maintenance Base projects will transition to final design. PEPD also will expand the HOV parking permit program to all ST stations. Planning for stations access and TOD will be occurring from the early stages of project development. The 2017 work plan for TOD will also focus on implementing new state legislative requirements for affordable housing and updating Board policy and procedures.

Staff is committed to integrating sustainability initiatives within our projects. With the passage of the ST3 Plan, PEPD staff will be administering a fully funded Sustainability Program to integrate green building and infrastructure in capital expansion projects across all project phases. Staff will also develop a strategy to disperse the \$25.0 million ST3 Sustainability and Efficiency Fund. The focus will be on operation of the agency's fleets and facilities while implementing resource efficiency and renewable energy projects.

The department's budget includes \$456 thousand for professional & technical consulting. Costs for environmental compliance fully address issues including: integrated pest management; mitigation and migratory bird treaty act monitoring; facilities compliance; and to begin documenting and update environmental review procedures and templates. Additional consulting services are intended to further study sustainable infrastructure design and construction techniques, waste reduction, and facility energy conservation. The department has requested 10 new positions to maintain the appropriate level of qualified staff to support the increasing volume of projects and planning activities.

PLANNING ENVIRONMENT & PROJECT DEVELOPMENT
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|-----------------------------------|----------------|----------------|----------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$3,583 | \$4,099 | \$3,960 | \$5,130 | \$1,031 | 25.2% |
| Benefits | 2,275 | 2,635 | 2,517 | 3,348 | 714 | 27.1 |
| Subtotal | 5,858 | 6,734 | 6,477 | 8,478 | 1,745 | 25.9 |
| Services | | | | | | |
| Professional & Technical | 446 | 475 | 340 | 456 | (19) | (4.0) |
| Contract Maintenance | 107 | 0 | 3 | 0 | 0 | 0.0 |
| Other Services | 1 | 3 | 1 | 7 | 4 | 124.1 |
| Subtotal | 553 | 478 | 345 | 463 | (15) | (3.2) |
| Materials & Supplies | 3 | 6 | 4 | 5 | (1) | (0.2) |
| Utilities | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 7 | 16 | 10 | 11 | (4) | (26.4) |
| Travel & Meetings | 33 | 66 | 65 | 50 | (16) | (24.9) |
| Advertising & Promotion Media | 1 | 1 | 5 | 0 | (1) | (100.0) |
| Training | 21 | 25 | 14 | 26 | 1 | 3.5 |
| Other Miscellaneous | 0 | 1 | 0 | 0 | (1) | (100.0) |
| Subtotal | 63 | 108 | 94 | 87 | (21) | (19.4) |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 0 | 3 | 0 | 1 | (2) | (71.4) |
| Subtotal | 0 | 3 | 0 | 1 | (2) | (71.4) |
| Department Total | \$6,478 | \$7,329 | \$6,920 | \$9,034 | \$1,705 | 23.3% |

Transit Modes

Transit Mode budgets for 2017 total \$299.3 million, \$36.6 million or 13.9 percent higher than the 2016 budget of \$262.8 million. In 2017, Sound Transit expects to surpass 47 million boardings by providing approximately 894 thousand revenue vehicle hours across our four modes of service.

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

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

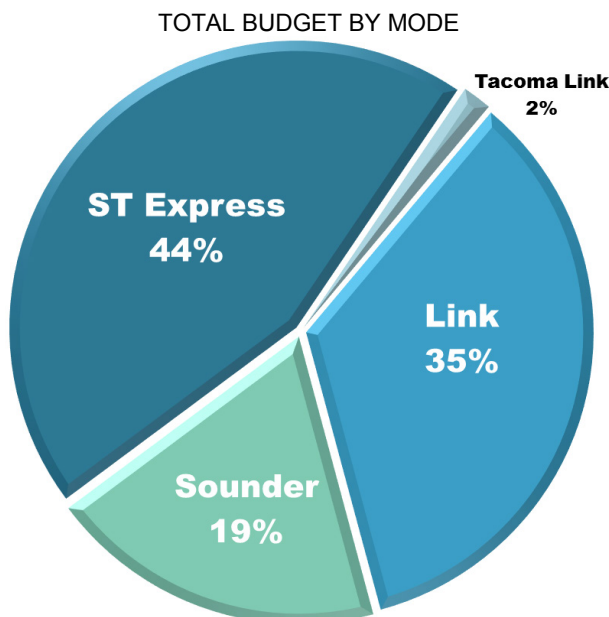
Operations department staff manage our facilities, overseeing hundreds of contractors including many small and minority-owned businesses. Information Technology division staff installs, repairs, and maintains ticket vending machines, closed-circuit television (CCTV) cameras, automatic passenger counters,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

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

The ST Express budget makes up the largest portion of the transit modes budget with 44.6 percent of the budget, down from 47.2 percent of last year's total budget. Sounder's share of the total budget increased to 19.0 percent, compared to 17.4 percent in 2016. Link light rail's share of the budget increased from 33.4 percent last year to 34.7 percent of the total in 2017. Tacoma Link's budget share declined to 1.6 percent of the total from 1.9 percent in 2016.

2017 BUDGET BY MODE
(in thousands)

| | |
|--------------|------------------|
| Link | \$103,908 |
| Sounder | 56,880 |
| ST Express | 133,649 |
| Tacoma Link | 4,910 |
| Total | \$299,348 |



TRANSIT MODES BUDGET
(in thousands)

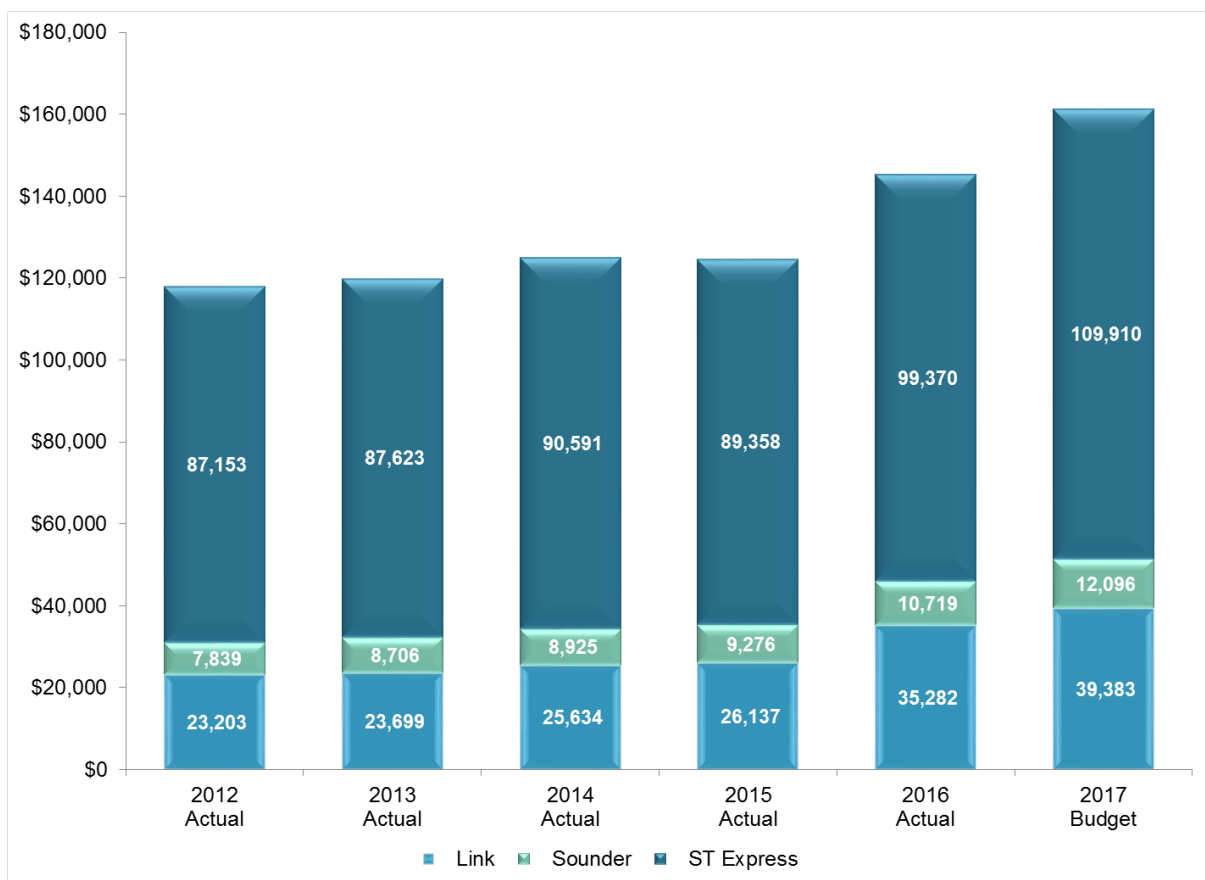
| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|--|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$3,787 | \$4,190 | \$4,218 | \$5,413 | \$1,224 | 29.2% |
| Benefits | 2,370 | 2,603 | 2,680 | 3,528 | 925 | 35.5 |
| Subtotal | 6,157 | 6,793 | 6,899 | 8,941 | 2,149 | 31.6 |
| Services | | | | | | |
| Marketing Agency | 75 | 85 | 69 | 85 | 0 | 0.0 |
| Professional & Technical | 171 | 896 | 618 | 1,369 | 473 | 52.7 |
| Temporary Services | 0 | 0 | 18 | 0 | | |
| Contract Maintenance | 22,276 | 28,612 | 26,372 | 32,811 | 4,199 | 14.7 |
| Security & Safety | 14,087 | 18,075 | 18,844 | 21,004 | 2,929 | 16.2 |
| Other Services | 3,775 | 4,582 | 3,436 | 6,038 | 1,456 | 31.8 |
| Subtotal | 40,385 | 52,251 | 49,357 | 61,308 | 9,057 | 17.3 |
| Materials & Supplies | 7,010 | 9,462 | 7,091 | 10,669 | 1,207 | 12.8 |
| Utilities | 3,701 | 4,435 | 4,690 | 5,170 | 734 | 16.6 |
| Insurance | 4,381 | 5,323 | 5,925 | 6,335 | 1,012 | 19.0 |
| Taxes | 2,080 | 2,136 | 2,511 | 2,594 | 458 | 21.4 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,276 | 1,906 | 1,615 | 1,632 | (274) | (14.4) |
| Purchased Transportation | 124,772 | 151,155 | 145,371 | 161,394 | 10,239 | 6.8 |
| Subtotal | 126,048 | 153,061 | 146,986 | 163,026 | 9,965 | 6.5 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 1 | 3 | 0 | 2 | (0) | (8.4) |
| Travel & Meetings | 42 | 57 | 33 | 66 | 10 | 17.4 |
| Advertising & Promotion Media | 499 | 600 | 413 | 400 | (200) | (33.3) |
| Training | 14 | 46 | 15 | 22 | (25) | (53.1) |
| Other Miscellaneous | 45 | 25 | 55 | 52 | 27 | 105.8 |
| Subtotal | 601 | 730 | 517 | 542 | (188) | (25.8) |
| Leases & Rentals | | | | | | |
| Transit Way | 5,669 | 7,267 | 7,373 | 7,982 | 715 | 9.8 |
| General Administrative Facilities | 178 | 265 | 191 | 234 | (31) | (11.7) |
| Subtotal | 5,848 | 7,532 | 7,564 | 8,217 | 684 | 9.1 |
| Expense Transfers | | | | | | |
| Operations Department | 4,986 | 5,831 | 5,109 | 7,860 | 2,029 | 34.8 |
| Administrative Departments | 11,504 | 15,244 | 15,634 | 24,687 | 9,443 | 61.9 |
| Subtotal | 16,489 | 21,075 | 20,743 | 32,547 | 11,472 | 54.4 |
| Service Delivery Budget Total | \$212,700 | \$262,799 | \$252,283 | \$299,348 | \$36,549 | 13.9% |

Purchased Transportation

By far the largest line item in the Transit Modes budget is purchased transportation services. This category of expense covers the negotiated agreements with our partners to operate three of our transit modes: Link light rail (includes paratransit service), Sounder commuter rail, and ST Express bus services.

For these three modes, the cost of purchased transportation is \$163.0 million, or 54.4 percent, of the total transit modes budget for 2017. Tacoma Link is operated by Sound Transit employees, so it does not purchase transportation services.

PURCHASED TRANSPORTATION COSTS* (in thousands)



(*excludes Paratransit)

Service Changes

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

- Link extensions between Westlake and UW stations and from SeaTac/Airport to Angle Lake stations will deliver a full year of revenue service in 2017.
- Sounder service planned for 2017 includes two additional round trips, one peak and one reverse commute. The midday round trip added in late 2016 will operate for a full year in 2017.
- ST Express hours will increase by 32,428. Approximately 26,000 additional platform hours are annualized hours approved in the 2016 budget to mitigate service disruption caused by East Link construction, overcrowding on particular routes, plus some increases in planned services. Another 6,428 platform hours (15,000 annualized in 2018) are added to help mitigate schedule degradation from traffic congestion.
- Tacoma Link has no service changes planned for 2017.

Ridership Forecast

2017 systemwide ridership is expected to pass the 47 million mark, 10.3 percent higher than 2016 boardings actuals of 42.8 million. Projected ridership for 2017 is based on modal trends for 2016 through the second quarter, plus newly planned service for 2017.

Link ridership is anticipated to rise sharply to 22.9 million, a 19.8 percent increase, as a result of providing a full year of revenue service for U Link and S 200th Link extensions. Also, Link's current ridership growth trend on the system (pre-expansion) is expected to continue.

Sounder ridership is projected to increase to 4.5 million, or 7.0 percent over the 2016 actual. The ridership growth on both north and south lines has remained higher than anticipated. A full year of service for the round trip added in 2016 and two more round trips expected to begin in the fourth quarter of 2017 should contribute to Sounder surpassing 2016 ridership.

ST Express ridership is expected to increase to 18.7 million, or a slight 1.1% increase over the 2016 actual. Service hours are being added to address capacity issues on several routes during 2017.

Tacoma Link ridership is expected to increase by 10.9 percent over the 2016 actual. No passenger fares will be collected in 2017.

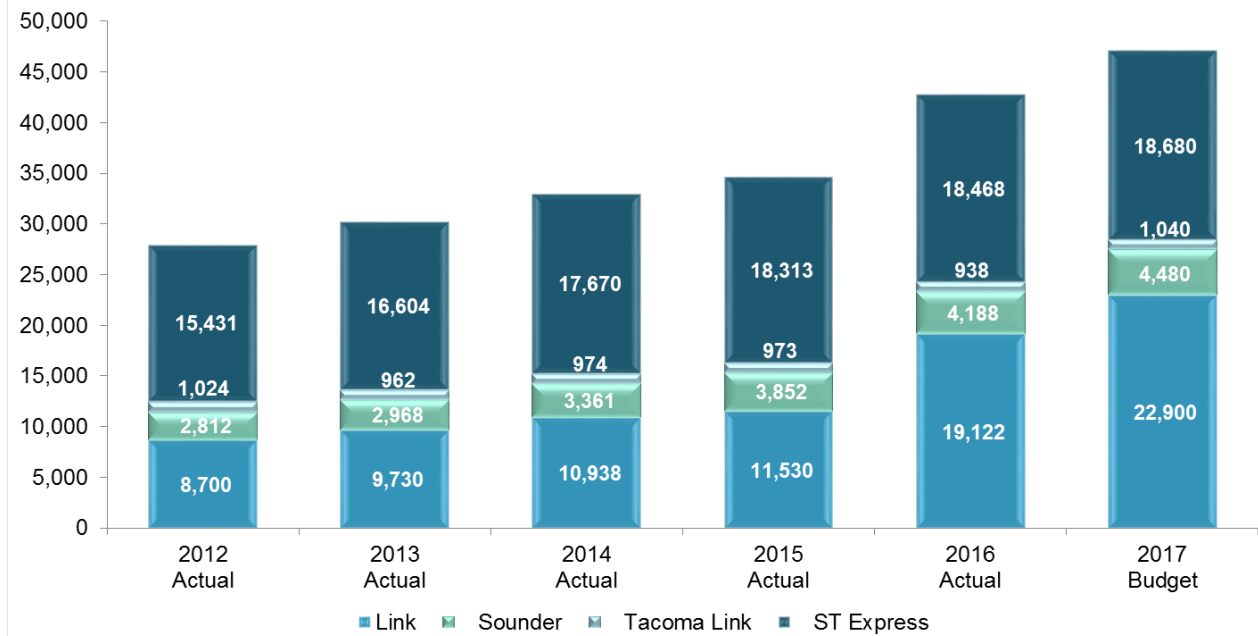
Paratransit ridership is expected to grow as Link services increase since it connects eligible people who are otherwise unable to connect to our buses and trains. Costs for paratransit are included with Link operations.

Although three of the four modes will offer additional service and expect increased boardings in 2017, light rail service, with its higher passenger capacity and additional stations, is projected to grow the most, from 44.7 percent of system boardings in 2016 to 48.5 percent of system boardings in 2017. ST Express, which is forecast to carry more than Link through 2016, is projected to carry 39.6 percent of ST boardings in 2017, making Link riders the largest passenger segment. Relatively unchanged from 2016: Sounder will carry 9.5 percent of system boardings, and Tacoma Link will carry 2.2 percent.

2017 RIDERSHIP FORECAST (in thousands)

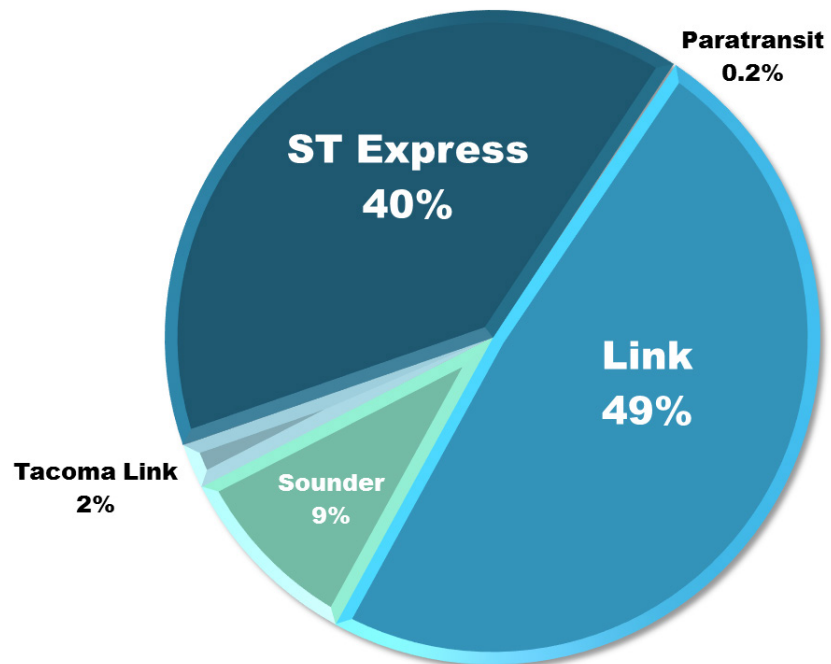
| Transit Mode | 2015 | 2016 | 2017 | Change | % Change |
|------------------------|---------------|---------------|---------------|---------------------|---------------------|
| | Actual | Actual | Budget | from 2016 Actual | from 2016 Actual |
| Link | 11,530 | 19,122 | 22,900 | 3,778 | 19.8% |
| Sounder | 3,852 | 4,188 | 4,480 | 292 | 7.0 |
| ST Express | 18,313 | 18,468 | 18,680 | 212 | 1.1 |
| Tacoma Link | 973 | 938 | 1,040 | 102 | 10.9 |
| Paratransit | 46 | 48 | 80 | 32 | 65.8 |
| Total All Modes | 34,714 | 42,764 | 47,180 | 4,416 | 10.3% |

RIDERSHIP BY MODE 2012 – 2017* (in thousands)



(*excludes Paratransit)

TOTAL BOARDINGS BY MODE



Link Light Rail



Link Light Rail

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

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

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

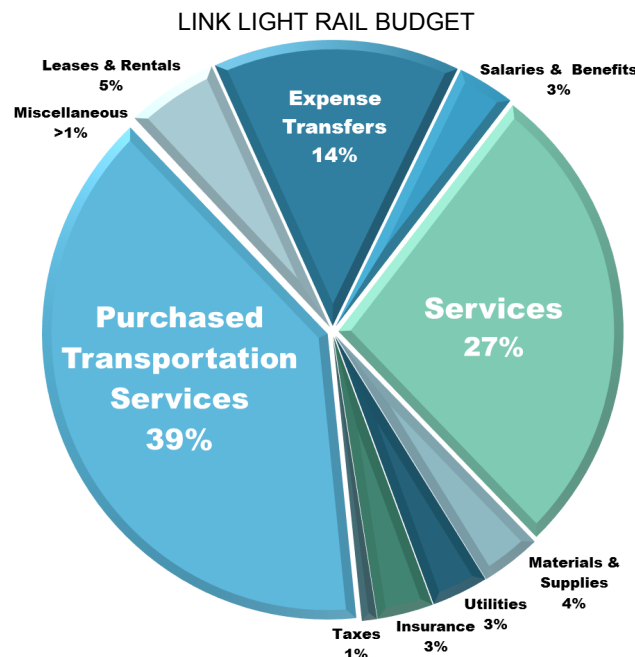
The Link fleet consists of 62 single-car vehicles. Each of these vehicles has the capacity to carry 74 seated passengers plus another 74 standing passengers.

The 22.9 million boardings forecast for 2017 represent a 19.8 percent increase over the 2016 actuals. Increased service plus strong population growth in the Puget Sound area continue to push ridership upward.

Link 2017 Budget Highlights

The budget for Link light rail is expected to increase by 18.3 percent to \$103.9 million in 2017.

- Security services are forecast to increase by 17.9 percent, or \$2.3 million, due to annualization of the costs associated with the U Link and S 200th Link extensions. Contract rate increases also account for a portion of the increase.
- Contract maintenance is forecast to increase by \$1.9 million, or 23.7 percent, due primarily to escalations of Downtown Seattle Transit Tunnel maintenance costs as the proportion of Sound Transit's share will increase from 64% in 2016 to 70% in 2017.
- Purchased transportation services is forecast to increase by 5.2 percent, or \$2.0 million over the 2016 budget, due to a full year of operating costs for Link extensions opened in 2016. The higher 2017 budget is being driven by an increase in the number of King County Metro staff that operate and maintain Link as well as an increase in the contract rate. Paratransit expenses in 2016 are substantially below budget due to changes in qualification requirements to use the service. The 2017 budget has been reduced to reflect our 2016 experience.
- Agency administrative expense allocations are forecast to be higher by 65.2 percent, or \$5.7 million. This category includes the overhead costs allocated from both administrative departments and certain Operations Department divisions. The increase reflects the growth of the agency and Link budget.



LINK
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|--|-----------------|-----------------|-----------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$996 | \$1,091 | \$1,318 | \$2,005 | \$914 | 83.8% |
| Benefits | 633 | 693 | 837 | 1,324 | 630 | 90.9 |
| Subtotal | 1,629 | 1,785 | 2,155 | 3,329 | 1,544 | 86.5 |
| Services | | | | | | |
| Marketing Agency | 25 | 28 | 23 | 30 | 1 | 5.0 |
| Professional & Technical | 80 | 735 | 242 | 1,103 | 368 | 50.0 |
| Contract Maintenance | 5,191 | 7,930 | 8,393 | 9,812 | 1,882 | 23.7 |
| Security & Safety | 8,602 | 13,013 | 13,466 | 15,347 | 2,334 | 17.9 |
| Other Services | 966 | 1,507 | 1,061 | 2,103 | 596 | 39.5 |
| Subtotal | 14,865 | 23,214 | 23,186 | 28,395 | 5,181 | 22.3 |
| Materials & Supplies | 2,267 | 2,431 | 2,233 | 3,553 | 1,122 | 46.2 |
| Utilities | 2,213 | 3,408 | 2,943 | 3,323 | (85) | (2.5) |
| Insurance | 2,358 | 3,567 | 3,300 | 3,273 | (294) | (8.2) |
| Taxes | 456 | 596 | 751 | 883 | 287 | 48.1 |
| Purchased Transportation Services | | | | | | |
| Paratransit | 1,276 | 1,906 | 1,615 | 1,632 | (274) | (14.4) |
| Purchased Transportation | 26,137 | 37,095 | 35,282 | 39,383 | 2,289 | 6.2 |
| Subtotal | 27,413 | 39,001 | 36,897 | 41,015 | 2,015 | 5.2 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 0 | 1 | 0 | 1 | 1 | 133.0 |
| Travel & Meetings | 27 | 28 | 14 | 37 | 9 | 32.5 |
| Advertising & Promotion Media | 163 | 270 | 186 | 140 | (130) | (48.1) |
| Training | 1 | 11 | 3 | 7 | (4) | (37.6) |
| Other Miscellaneous | 0 | 0 | 1 | 0 | | |
| Subtotal | 193 | 310 | 204 | 185 | (124) | (40.2) |
| Leases & Rentals | | | | | | |
| Transit Way | 3,013 | 4,723 | 4,787 | 5,384 | 661 | 14.0 |
| General Administrative Facilities | 10 | 10 | 23 | 14 | 4 | 34.2 |
| Subtotal | 3,022 | 4,733 | 4,810 | 5,398 | 664 | 14.0 |
| Expense Transfers | | | | | | |
| Operations Department | 1,419 | 2,166 | 1,545 | 3,741 | 1,575 | 72.7 |
| Administrative Departments | 3,940 | 6,645 | 6,761 | 10,814 | 4,169 | 62.7 |
| Subtotal | 5,360 | 8,811 | 8,306 | 14,555 | 5,744 | 65.2 |
| Mode Total | \$59,776 | \$87,855 | \$84,785 | \$103,908 | \$16,054 | 18.3% |

LINK LIGHT RAIL SERVICE ROUTE



Link Performance Statistics

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

- About 214,900 revenue vehicle hours are expected to be delivered, an increase of 20.8 percent over the 2016 budget. Cost per vehicle hour is expected to decrease only slightly from \$483.10 to \$475.92.
- Revenue train hours are expected to increase only 7.4 percent compared to 20.6 percent for revenue vehicle hours due to an increase in the use of longer three-car trains.
- Ridership is forecasted at 69,400 weekday boardings and 22.9 million annual boardings, a 33.1 percent gain over the 2016 budget resulting in a decrease in cost per boarding from \$5.00 to \$4.47, or 10.6 percent lower in 2017.
- Operating costs for Link (excluding Paratransit, which is not included in Link performance statistics) are projected to rise by 19.0 percent, to \$102.3 million, in 2017.
- Over 4 million revenue vehicle miles are planned for 2017, an increase of 20.6 percent over 2016 budget. Cost per revenue vehicle mile is projected to decrease from \$24.36 to \$24.04.

LINK PERFORMANCE STATISTICS

| | 2015 Actual | 2016 Budget | 2016 Actuals | 2017 Budget | 2017 v 2016 Budget |
|---|----------------|----------------|-----------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 145,847 | 177,911 | 204,824 | 214,900 | 20.8% |
| Revenue Vehicle Miles Operated | 2,719,160 | 3,528,190 | 4,103,169 | 4,255,015 | 20.6% |
| Revenue Train Hours Operated | 73,124 | 88,955 | 90,019 | 95,511 | 7.4% |
| Trips Operated | 93,004 | 100,664 | 102,312 | 102,616 | 1.9% |
| Service Consumed | | | | | |
| Total Boardings | 11,530,411 | 17,200,000 | 19,121,621 | 22,900,000 | 33.1% |
| Average Weekday Boardings | 35,429 | 51,800 | 59,118 | 69,400 | 34.0% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 79.1 | 96.7 | 93.4 | 106.6 | 10.2% |
| Total Boardings/Trip | 124 | 171 | 187 | 223 | 30.6% |
| Percentage of Scheduled Trips Operated | 99.0% | 98.5% | 98.2% | 98.5% | 0.0% |
| Headway Management | 93.7% | >90% | 89.6% | >90% | 0.0% |
| Complaints/100,000 Boardings | 1.2 | <15.0 | 2.4 | <15.0 | 0.0% |
| Preventable Accidents/100,000 Service Miles | 0 | <0.3 | 0.3 | <0.3 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Fare Revenues | \$18,203,801 | \$24,424,100 | \$30,755,549 | \$36,414,800 | 49.1% |
| Operating costs (less deprec. & paratransit) | \$58,499,812 | \$85,948,466 | \$83,169,938 | \$102,276,016 | 19.0% |
| Cost/Revenue Vehicle Hour | \$401.10 | \$483.10 | \$406.06 | \$475.92 | -1.5% |
| Cost/Revenue Vehicle Mile | \$21.51 | \$24.36 | \$20.27 | \$24.04 | -1.3% |
| Cost/Revenue Train Hour | \$800.01 | \$966.20 | \$923.92 | \$1,070.83 | 10.8% |
| Cost/Boarding | \$5.07 | \$5.00 | \$4.35 | \$4.47 | -10.6% |
| Farebox Recovery | 31.1% | 28.4% | 37.0% | 35.6% | 25.3% |

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

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

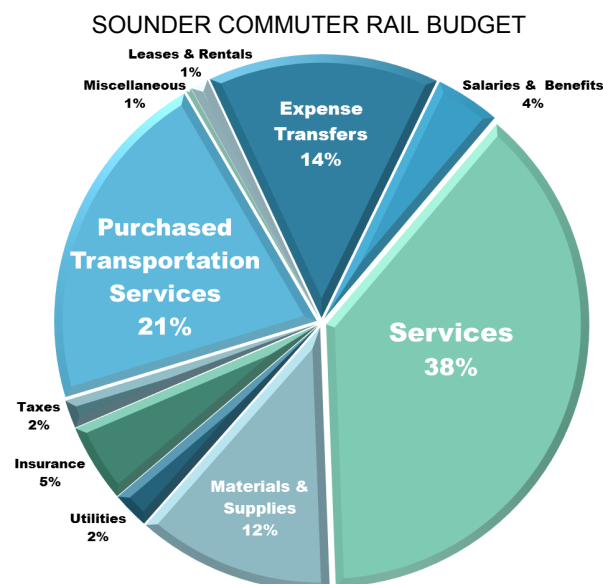
Sounder boardings in 2017 are expected to increase from 3.7 million budgeted in 2016, to 4.5 million in 2017, an increase of 20.0 percent.

Sounder 2017 Budget Highlights

The 2017 Sounder budget is \$56.9 million, an increase of 24.4 percent, from \$45.7 million in 2016.

- Contract maintenance is expected to increase \$1.8 million primarily due to increased costs of vehicle maintenance provided by Amtrak.

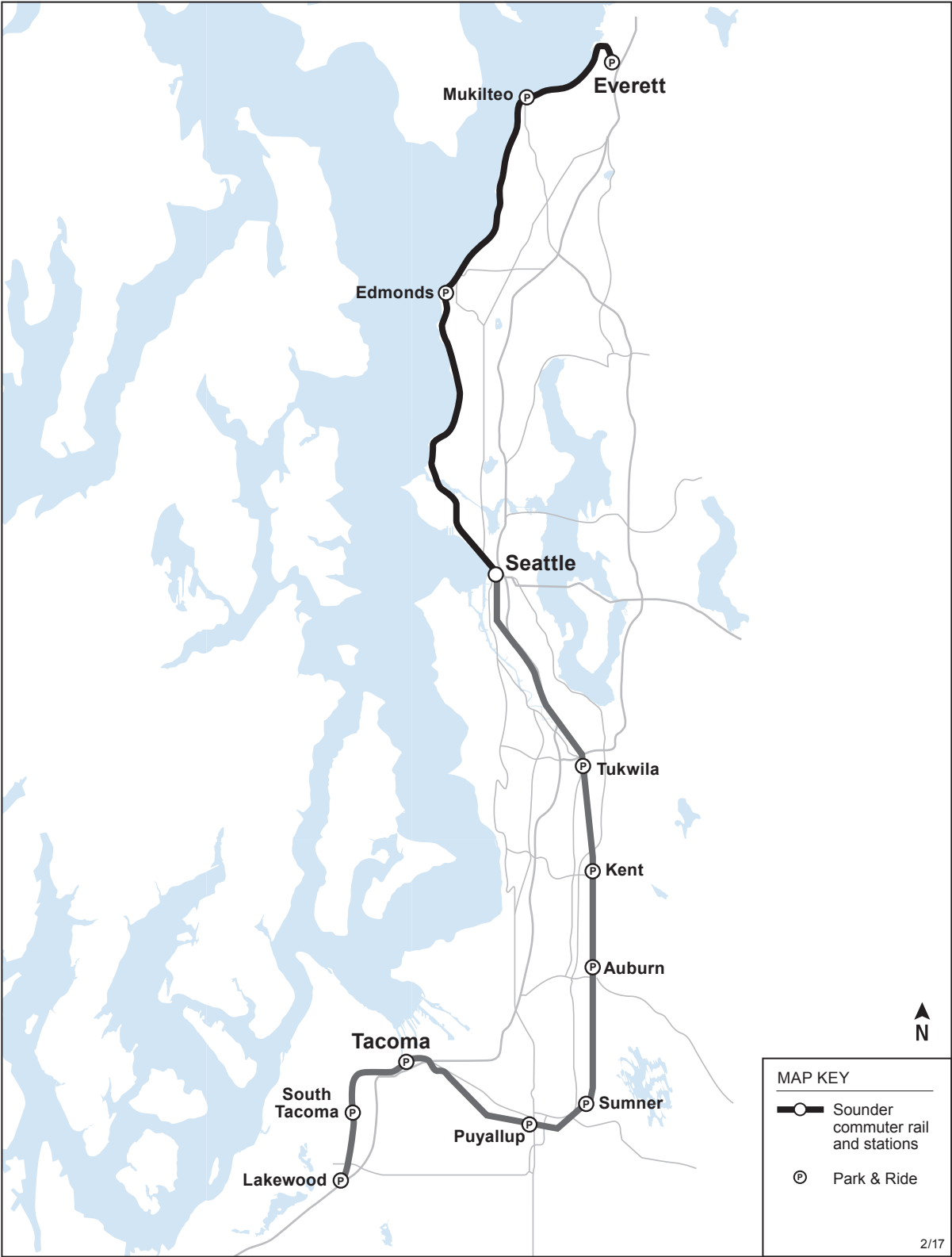
- The Sounder fleet will increase from 62 vehicles to 70 in 2017. The additional vehicles that will be stored and maintained at Amtrak's facility are a key driver of the 2017 cost increase. Maintenance of way contract services are expected to increase as well due to an additional 11 miles of track for Point Defiance Bypass high speed rail, which is scheduled to be operational in the fourth quarter of 2017.
- Security and Safety costs are expected to increase by \$523 thousand or 21.4 percent due to additional trips in 2017.
- Insurance is expected to increase by \$1.6 million. In 2016, the new Federal Railroad Administration regulations require heavy rail liability insurance to be increased from \$200 to \$295 million per incident, resulting in a higher insurance premium charged to Sounder than was budgeted. The increase in 2017 budget reflects this change.
- Purchased transportation services base costs charged by Burlington Northern Santa Fe (BNSF) to operate our Sounder service are expected to increase by \$1.8 million or 17.2 percent. The higher budget is due to an increase in contracted rates for services provided by BNSF, a full year of operating costs for a trip added in the fourth quarter of 2016, and the costs of two round trips between Seattle and Lakewood planned for the fourth quarter of 2017.
- Agency administrative expense allocations will increase by \$3.5 million or 75.4 percent in 2017 from last year. This category includes the costs allocated from both administrative departments and certain Operations Department divisions. The increase reflects the growth of the agency and Sounder budget.



SOUNDER
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|--|-----------------|-----------------|-----------------|-----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$1,116 | \$1,235 | \$1,158 | \$1,341 | \$106 | 8.6% |
| Benefits | 708 | 777 | 736 | 896 | 118 | 15.2 |
| Subtotal | 1,824 | 2,012 | 1,894 | 2,237 | 224 | 11.2 |
| Services | | | | | | |
| Marketing Agency | 25 | 28 | 23 | 26 | (3) | (10.0) |
| Professional & Technical | 54 | 107 | 326 | 208 | 100 | 93.4 |
| Temporary Services | 0 | 0 | 18 | 0 | | |
| Contract Maintenance | 11,975 | 14,438 | 13,038 | 16,228 | 1,790 | 12.4 |
| Security & Safety | 2,915 | 2,445 | 2,686 | 2,968 | 523 | 21.4 |
| Other Services | 1,512 | 1,466 | 1,210 | 2,311 | 846 | 57.7 |
| Subtotal | 16,479 | 18,484 | 17,300 | 21,741 | 3,256 | 17.6 |
| Materials & Supplies | 4,567 | 6,749 | 4,553 | 6,881 | 132 | 2.0 |
| Utilities | 1,029 | 661 | 1,304 | 1,297 | 636 | 96.2 |
| Insurance | 1,657 | 1,177 | 2,103 | 2,749 | 1,572 | 133.5 |
| Taxes | 916 | 835 | 1,039 | 977 | 142 | 17.1 |
| Purchased Transportation Services | | | | | | |
| Purchased Transportation | 9,276 | 10,319 | 10,719 | 12,096 | 1,776 | 17.2 |
| Subtotal | 9,276 | 10,319 | 10,719 | 12,096 | 1,776 | 17.2 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 0 | 1 | 0 | 0 | (1) | (96.2) |
| Travel & Meetings | 8 | 11 | 2 | 9 | (2) | (18.7) |
| Advertising & Promotion Media | 173 | 180 | 124 | 120 | (60) | (33.3) |
| Training | 2 | 5 | 2 | 3 | (2) | (37.7) |
| Other Miscellaneous | 45 | 25 | 55 | 52 | 27 | 105.8 |
| Subtotal | 227 | 221 | 182 | 183 | (38) | (17.1) |
| Leases & Rentals | | | | | | |
| Transit Way | 379 | 422 | 385 | 444 | 22 | 5.1 |
| General Administrative Facilities | 150 | 238 | 139 | 194 | (44) | (18.6) |
| Subtotal | 529 | 660 | 524 | 637 | (23) | (3.5) |
| Expense Transfers | | | | | | |
| Operations Department | 1,193 | 760 | 736 | 1,763 | 1,003 | 132.1 |
| Administrative Departments | 2,919 | 3,847 | 3,702 | 6,319 | 2,472 | 64.3 |
| Subtotal | 4,112 | 4,607 | 4,438 | 8,082 | 3,476 | 75.4 |
| Mode Total | \$40,617 | \$45,726 | \$44,056 | \$56,880 | \$11,154 | 24.4% |

SOUNDER COMMUTER RAIL SERVICE ROUTE



Sounder Performance Statistics

- In late 2017, we will have thirteen daily round trips between Seattle and Tacoma, eight of which will go to Lakewood. We expect to deliver more than 66,576 service hours.
- Ridership is expected to grow to almost 4.5 million total boardings annually with 16,900 boardings per weekday. Farebox recovery is projected to increase to 25.6 percent from 25.3 percent budgeted for 2016. Cost per boarding will increase to \$12.70 in 2017 from \$12.26 in 2016.
- Operating costs for Sounder are projected to rise by 24.4 percent to \$56.9 million in 2017.
- Sounder cost per revenue vehicle hour is projected to increase from \$814.35 in 2016 to \$854.36 in 2017, an increase of 4.9 percent. Cost per vehicle mile is projected to increase from \$24.50 in 2016 to \$27.59 in 2017, or 12.6 percent. These increases are driven by increases in maintenance, security, purchased transportation services, and insurance costs.

SOUNDER PERFORMANCE STATISTICS

| | 2015 Actual | 2016 Budget | 2016 Actuals | 2017 Budget | 2017 v 2016 Budget |
|---|----------------|----------------|-----------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 58,760 | 56,150 | 58,778 | 66,576 | 18.6% |
| Revenue Vehicle Miles Operated | 1,783,254 | 1,866,151 | 1,810,562 | 2,061,257 | 10.5% |
| Trips Operated | 7,270 | 7,362 | 7,507 | 8,078 | 9.7% |
| Service Consumed | | | | | |
| Total Boardings | 3,851,831 | 3,730,000 | 4,188,274 | 4,480,000 | 20.1% |
| Average Weekday Boardings | 14,775 | 14,022 | 16,010 | 16,900 | 20.5% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 66 | 66 | 71 | 67 | 1.3% |
| Total Boardings/Trip | 530 | 609 | 558 | 555 | -8.9% |
| Percentage of Scheduled Trips Operated | 98.9% | >99.5% | 98.4% | >99.5% | 0.0% |
| On-time Performance | 96.2% | ≥ 95% | 94.8% | ≥ 95% | 0.0% |
| Complaints/100,000 Boardings | 6.3 | <15 | 7.3 | <15 | 0.0% |
| Preventable Accidents/1 Million Total Miles | 0 | ≤1 | 0.5 | ≤1 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Farebox Revenue | \$11,903,668 | \$11,563,000 | \$13,576,911 | \$14,560,000 | 25.9% |
| Operating costs (less depreciation) | \$40,616,947 | \$45,726,001 | \$44,056,205 | \$56,880,111 | 24.4% |
| Cost/Revenue Vehicle Hour | \$691.23 | \$814.35 | \$749.54 | \$854.36 | 4.9% |
| Cost/Revenue Vehicle Mile | \$22.78 | \$24.50 | \$24.33 | \$27.59 | 12.6% |
| Cost/Boarding | \$10.54 | \$12.26 | \$10.52 | \$12.70 | 3.6% |
| Farebox Recovery | 29.3% | 25.3% | 30.8% | 25.6% | 1.2% |

ST Express Bus

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

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

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

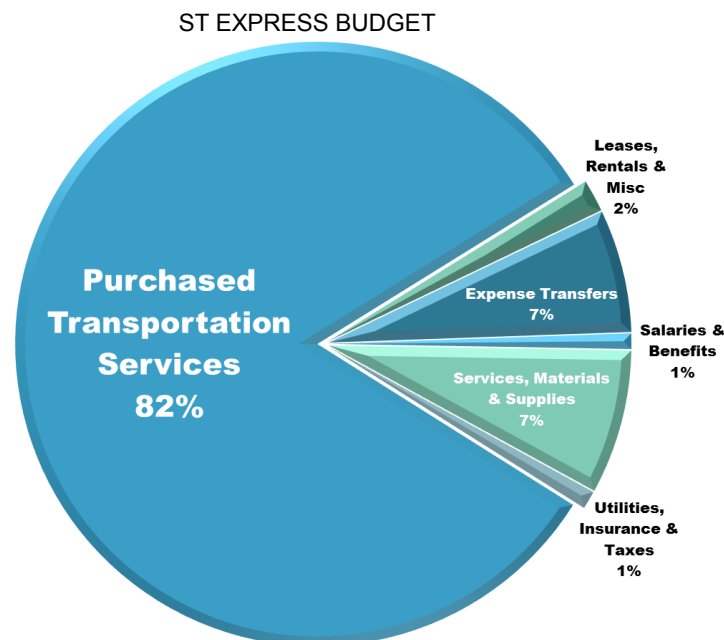
The fourth year of a Regional Mobility Grant awarded to Intercity Transit has enabled us to continue the extension of Route 592 to the south, beyond Lacey to Olympia. With the extension, we are able to provide six rush-hour trips each weekday between Seattle and Olympia.

Boardings in 2017 are expected to be up only slightly over 2016.

ST Express 2017 Budget Highlights

ST Express's 2017 budget will increase to \$133.6 million, up 7.7 percent, from \$124.1 million in the 2016 budget.

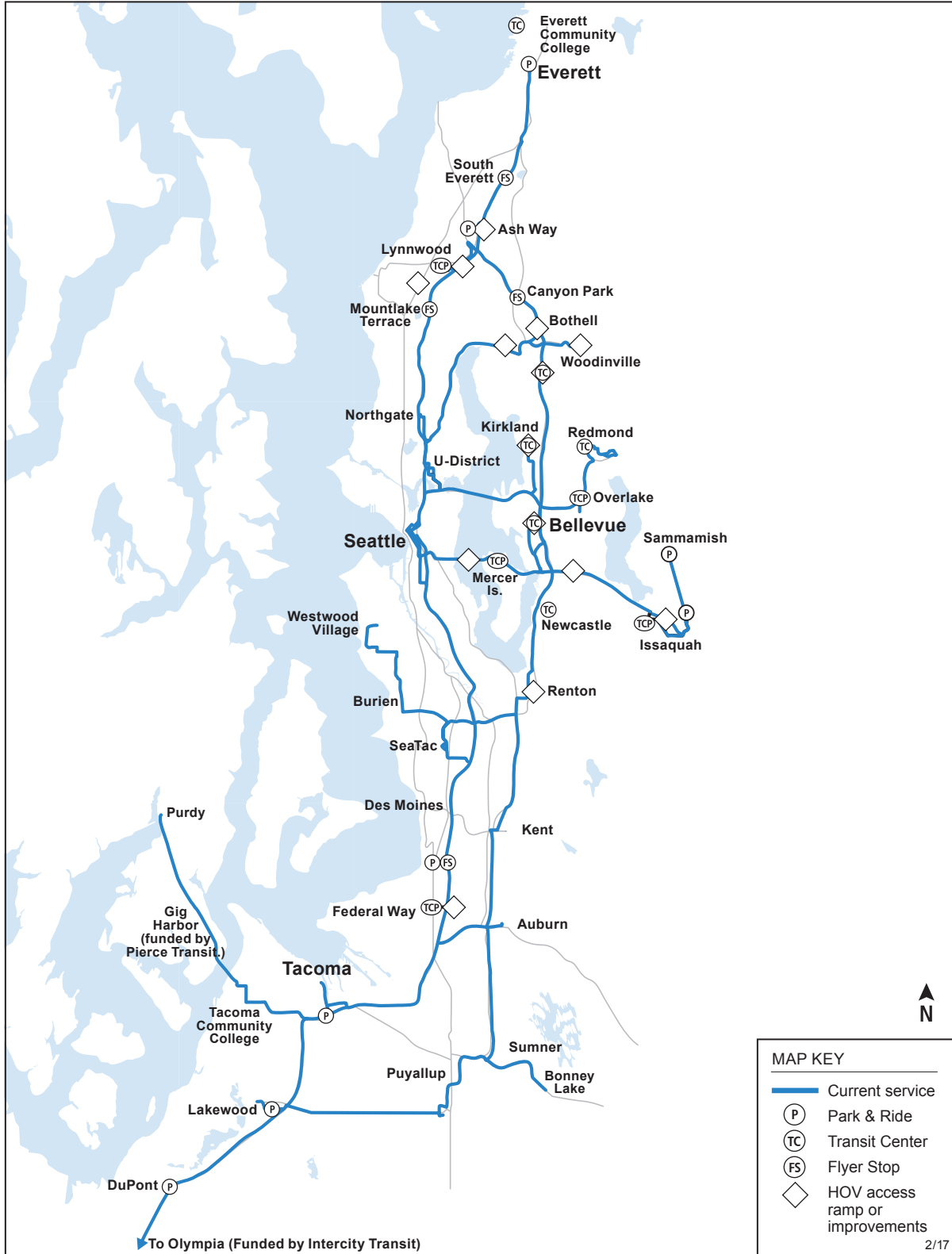
- Contract maintenance is expected to increase by \$940 thousand, or 17.7 percent in 2017, as major repairs are scheduled at several ST Express stations.
- Purchased transportation services are expected to increase by \$6.2 million or 6.0 percent. This reflects increased rates with all three transit partners, as well as an additional 32,428 service hours to be provided during 2017.
- Agency administrative expense allocations are forecast to increase by \$2.0 million or 29.1 percent in 2017 from 2016. This category includes the costs allocated from both administrative departments and certain Operations Department divisions. The increase reflects the growth of the agency and ST Express budget.



ST EXPRESS
(in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|--|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$423 | \$526 | \$416 | \$655 | \$128 | 24.4% |
| Benefits | 269 | 300 | 264 | 434 | 134 | 44.8 |
| Subtotal | 692 | 826 | 680 | 1,089 | 263 | 31.8 |
| Services | | | | | | |
| Marketing Agency | 25 | 28 | 23 | 30 | 1 | 5.0 |
| Professional & Technical | 28 | 36 | 35 | 41 | 5 | 14.1 |
| Contract Maintenance | 4,688 | 5,315 | 4,646 | 6,255 | 940 | 17.7 |
| Security & Safety | 2,119 | 2,200 | 2,259 | 2,263 | 64 | 2.9 |
| Other Services | 1,291 | 1,587 | 1,159 | 1,617 | 30 | 1.9 |
| Subtotal | 8,150 | 9,166 | 8,122 | 10,206 | 1,040 | 11.3 |
| Materials & Supplies | 70 | 106 | 103 | 76 | (30) | (27.9) |
| Utilities | 376 | 264 | 355 | 423 | 159 | 60.3 |
| Insurance | 138 | 214 | 233 | 146 | (69) | (32.1) |
| Taxes | 708 | 702 | 721 | 734 | 31 | 4.5 |
| Purchased Transportation Services | | | | | | |
| Purchased Transportation | 89,358 | 103,736 | 99,370 | 109,910 | 6,174 | 6.0 |
| Subtotal | 89,358 | 103,736 | 99,370 | 109,910 | 6,174 | 6.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 1 | 1 | 0 | 1 | 0 | 6.7 |
| Travel & Meetings | 5 | 6 | 3 | 8 | 3 | 49.2 |
| Advertising & Promotion Media | 163 | 150 | 103 | 140 | (10) | (6.7) |
| Training | 10 | 0 | 0 | 0 | (0) | (64.2) |
| Subtotal | 178 | 157 | 107 | 150 | (7) | (4.8) |
| Leases & Rentals | | | | | | |
| Transit Way | 2,278 | 2,122 | 2,201 | 2,155 | 33 | 1.5 |
| General Administrative Facilities | 8 | 9 | 5 | 4 | (5) | (52.6) |
| Subtotal | 2,286 | 2,131 | 2,206 | 2,159 | 28 | 1.3 |
| Expense Transfers | | | | | | |
| Operations Department | 2,079 | 2,788 | 2,709 | 2,126 | (662) | (23.7) |
| Administrative Departments | 4,026 | 3,995 | 4,505 | 6,633 | 2,638 | 66.0 |
| Subtotal | 6,105 | 6,782 | 7,215 | 8,758 | 1,976 | 29.1 |
| Mode Total | \$108,063 | \$124,085 | \$119,111 | \$133,649 | \$9,565 | 7.7% |

ST EXPRESS BUS SERVICE ROUTE



ST Express Performance Statistics

- We expect 18.7 million boardings in 2017, a decrease of 4.2 percent from the 2016 budget. This yields a cost per boarding 12.4 percent higher than the 2016 budget, an increase from \$6.36 to \$7.15 per boarding.
- Operating expenses for ST Express are projected to rise by 7.7 percent, to \$133.7 million, in 2017.
- Revenue vehicle hours are expected to rise by 4.2 percent over 2016. Platform hours are planned to increase by 4.4 percent over 2016. A cost per platform hour rate of \$171.91 is expected in 2017, up 3.2 percent from 2016 budget cost of \$166.56.
- ST Express cost per revenue vehicle hour is projected to increase from \$214.68 in 2016 to \$221.82 in 2017, an increase of 3.3 percent.
- ST Express will deliver roughly the same revenue vehicle miles in 2017: 11,998,600 compared to 11,994,000 in the 2016 budget. This will result in an increase in cost per revenue vehicle mile from \$10.35 to \$11.14 in 2017, due to operating costs increasing at a faster pace than mileage.

ST EXPRESS PERFORMANCE STATISTICS

| | 2015 Actual | 2016 Budget | 2016 Actuals | 2017 Budget | 2017 v 2016 Budget |
|---|----------------|----------------|-----------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 563,414 | 578,000 | 596,619 | 602,500 | 4.2% |
| Revenue Vehicle Miles Operated | 11,308,662 | 11,994,000 | 11,915,866 | 11,998,600 | 0.0% |
| Trips Operated | 452,034 | 466,000 | 475,095 | 481,598 | 3.3% |
| Platform Hours | 727,947 | 745,000 | 761,231 | 777,448 | 4.4% |
| Service Consumed | | | | | |
| Total Boardings | 18,312,624 | 19,500,000 | 18,468,373 | 18,680,000 | -4.2% |
| Average Weekday Boardings | 62,997 | 67,903 | 64,183 | 65,000 | 0.0% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 32.5 | 33.7 | 31.0 | 31.0 | -8.1% |
| Total Boardings/Trip | 40.5 | 41.8 | 38.9 | 38.8 | -7.3% |
| Percentage of Scheduled Trips Operated | 99.9% | 99.8% | 99.8% | 99.8% | 0.0% |
| On-time Performance | 82.2% | 85.0% | 83.2% | 85.0% | 0.0% |
| Complaints/100,000 Boardings | 14.8 | <15.0 | 16.1 | <15.0 | 0.0% |
| Preventable Accidents/100,000 revenue miles | 0.8 | <0.80 | 0.86 | <0.80 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Farebox Revenues | \$35,318,173 | \$35,796,600 | \$36,073,130 | \$36,986,400 | 3.3% |
| Operating costs (less depreciation) | \$108,062,965 | \$124,084,727 | \$119,111,105 | \$133,649,397 | 7.7% |
| Cost/Revenue Vehicle Hour | \$191.80 | \$214.68 | \$199.64 | \$221.82 | 3.3% |
| Cost/Revenue Vehicle Mile | \$9.56 | \$10.35 | \$10.00 | \$11.14 | 7.7% |
| Cost/Platform Hour | \$148.45 | \$166.56 | \$156.47 | \$171.91 | 3.2% |
| Cost/Boarding | \$5.90 | \$6.36 | \$6.45 | \$7.15 | 12.4% |
| Farebox Recovery | 32.7% | 28.8% | 30.3% | 27.7% | -4.1% |

Tacoma Link Light Rail

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

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

Tacoma Link 2017 Budget Highlights

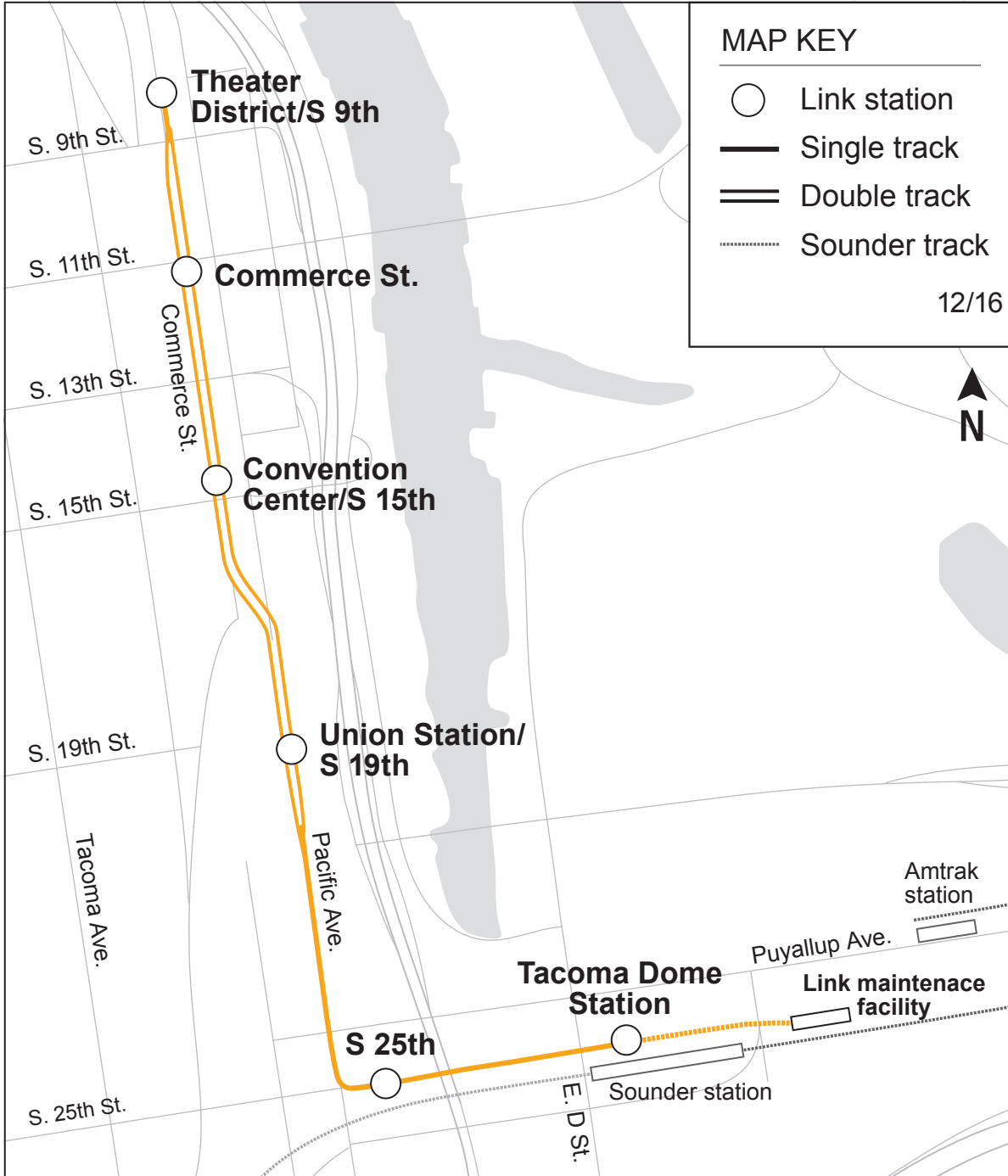
- The total 2017 budget is \$4.9 million, 4.3 percent lower than the 2016 budget.

- Services are reduced by \$420 thousand. The 2016 budget included \$350 thousand for a concrete repair project along the system right-of-way that is not needed for 2017. Insurance is decreased by \$198 thousand. The proportion of insurance premium allocated to Tacoma Link has been reduced due to the policy for heavy rail now being allocated to Sounder 100%.
- Administrative expense allocations are increased by 31.7% or \$277 thousand. This category includes the staff costs allocated from both administrative departments and certain Operations Department divisions. The increase reflects the growth of the agency.

TACOMA LINK (in thousands)

| | 2015 Actual | 2016 Budget | 2016 Actual | 2017 Budget | Budget \$ Change | Budget % Change |
|--|----------------|----------------|----------------|----------------|---------------------|--------------------|
| Salaries & Benefits | | | | | | |
| Salaries | \$1,252 | \$1,337 | \$1,326 | \$1,413 | \$75 | 5.6% |
| Benefits | 761 | 832 | 843 | 875 | 42 | 5.1 |
| Subtotal | 2,012 | 2,170 | 2,170 | 2,287 | 118 | 5.4 |
| Services | | | | | | |
| Professional & Technical | 10 | 18 | 15 | 17 | (1) | (4.5) |
| Contract Maintenance | 423 | 928 | 295 | 516 | (413) | (44.5) |
| Security & Safety | 452 | 418 | 433 | 426 | 8 | 2.0 |
| Other Services | 6 | 22 | 5 | 7 | (15) | (67.7) |
| Subtotal | 890 | 1,386 | 748 | 966 | (420) | (30.3) |
| Materials & Supplies | 106 | 177 | 203 | 159 | (18) | (10.1) |
| Utilities | 83 | 103 | 89 | 127 | 25 | 23.9 |
| Insurance | 227 | 365 | 289 | 167 | (198) | (54.2) |
| Taxes | 0 | 3 | 0 | 0 | (3) | (94.6) |
| Purchased Transportation Services | | | | | | |
| Purchased Transportation | 0 | 5 | 0 | 5 | 0 | 1.0 |
| Subtotal | 0 | 5 | 0 | 5 | 0 | 1.0 |
| Miscellaneous | | | | | | |
| Dues & Subscriptions | 0 | 0 | 0 | 0 | (0) | (90.0) |
| Travel & Meetings | 2 | 13 | 14 | 13 | 0 | 0.0 |
| Training | 1 | 30 | 10 | 12 | (18) | (61.1) |
| Subtotal | 3 | 43 | 24 | 24 | (18) | (43.3) |
| Leases & Rentals | | | | | | |
| General Administrative Facilities | 10 | 8 | 23 | 23 | 14 | 178.7 |
| Subtotal | 10 | 8 | 23 | 23 | 14 | 178.7 |
| Expense Transfers | | | | | | |
| Operations Department | 294 | 117 | 119 | 230 | 113 | 96.4 |
| Administrative Departments | 619 | 757 | 666 | 921 | 164 | 21.7 |
| Subtotal | 913 | 874 | 785 | 1,152 | 277 | 31.7 |
| Mode Total | \$4,244 | \$5,133 | \$4,331 | \$4,910 | (\$223) | (4.3%) |

TACOMA LINK SERVICE ROUTE



Tacoma Link Performance Statistics

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

- Expected ridership is 1,040,000 boardings or an average of 3,500 per weekday. Ridership is projected to increase 9.5 percent compared to the 2016 budget, resulting in a decrease in cost per boarding from \$5.40 in 2016 to \$4.72 in 2017 or a 12.6 percent decrease.
- Operating costs are projected to decrease to \$4.9 million or a 4.3 percent decrease in 2017. Service will remain relatively unchanged; therefore, the cost per hour is expected to decrease by 4.9 percent.
- Approximately 9,900 revenue vehicle hours are expected to be delivered, a 0.6 percent increase over 2016. The cost per revenue vehicle hour will decrease from \$521.48 to \$495.99, a decrease of 4.9 percent.
- Revenue vehicle miles are relatively unchanged for 2017. The cost per revenue vehicle mile will also decrease from \$67.29 in 2016 to \$64.61 in 2017, a decrease of 4.0 percent.

TACOMA LINK PERFORMANCE STATISTICS

| | 2015 Actual | 2016 Budget | 2016 Actuals | 2017 Budget | 2017 v 2016 Budget |
|---|----------------|----------------|-----------------|----------------|-----------------------|
| SUMMARY DATA | | | | | |
| Service Provided | | | | | |
| Revenue Vehicle Hours Operated | 9,814 | 9,844 | 9,864 | 9,900 | 0.6% |
| Revenue Vehicle Miles Operated | 75,567 | 76,291 | 75,968 | 76,000 | -0.4% |
| Trips Operated | 49,071 | 49,481 | 49,333 | 49,194 | -0.6% |
| Service Consumed | | | | | |
| Total Boardings | 973,412 | 950,000 | 937,885 | 1,040,000 | 9.5% |
| Average Weekly Boardings | 3,303 | 3,234 | 3,181 | 3,500 | 8.2% |
| SERVICE PERFORMANCE MEASURES | | | | | |
| Total Boardings/Revenue Vehicle Hour | 99.2 | 96.5 | 95.1 | 105.1 | 8.9% |
| Total Boardings/Trip | 19.8 | 19.2 | 19.0 | 21.1 | 10.1% |
| Percentage of Scheduled Trips Operated | 99.9% | 98.5% | 99.8% | 98.5% | 0.0% |
| On-time Performance | 99.9% | 98.5% | 99.8% | 98.5% | 0.0% |
| Complaints/100,000 Boardings | 0.2 | <15.0 | 0.8 | <15.0 | 0.0% |
| Preventable Accidents/100,000 Service Miles | 0.0 | <1.7 | 1.0 | <1.7 | 0.0% |
| FINANCIAL PERFORMANCE MEASURES | | | | | |
| Operating costs (less depreciation) | \$4,244,043 | \$5,133,496 | \$4,331,081 | \$4,910,260 | -4.3% |
| Cost/Revenue Vehicle Hour | \$432.45 | \$521.48 | \$439.09 | \$495.99 | -4.9% |
| Cost/Revenue Vehicle Mile | \$56.16 | \$67.29 | \$57.01 | \$64.61 | -4.0% |
| Cost/Boarding | \$4.36 | \$5.40 | \$4.62 | \$4.72 | -12.6% |

Tacoma Link



Project Budgets

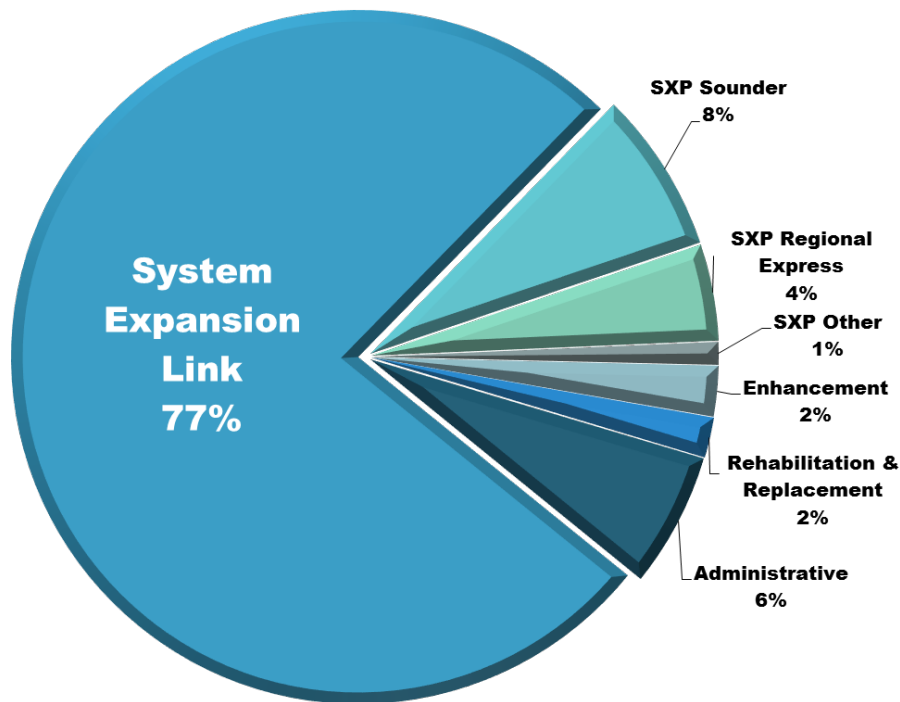
The annual budget for projects is \$1.3 billion for 2017. The Transit Improvement Plan (TIP) includes history and forecasts for all Board-approved budgets of active projects. Both the Adopted 2017 Budget and Adopted 2017 TIP present projects by category (defined below) and then by mode: Link, Sounder, Regional Express, and Other (non-mode specific).

PROJECT BUDGETS

(in millions)

| | |
|------------------------------|----------------|
| System Expansion | |
| Link | \$998 |
| Sounder | 98 |
| Regional Express | 58 |
| Other | 14 |
| Subtotal | 1,168 |
| Enhancement | 31 |
| Rehabilitation & Replacement | 24 |
| Administrative | 82 |
| Total | \$1,304 |

PROJECT BUDGET BY CATEGORY



System Expansion

These projects expand the regional transit system, including planning, design, and construction of light rail, commuter rail, and express bus transit infrastructure.

System Expansion – Link 2017 Budget Highlights

Link light rail projects account for \$997.5 million and include plans to:

- Complete final design and right-of-way acquisition for East Link Extension, continue tunneling work in downtown Bellevue, progressing construction in all segments of the project.

- Award design-build contract and complete right-of-way acquisition for Link Operations and Maintenance Facility East.
- Continue construction of tunnel cross-passages and begin rail procurement, complete pre-construction of station finishes and begin station construction, and complete right-of-way acquisitions for Northgate Link Extension.
- Conclude environmental process and preliminary engineering, transition to final design, and initiate right-of-way acquisition for Federal Way Extension.

- Continue final design, right of way, and pre-construction services activities for Lynnwood Link Extension in preparation to baseline the project.
- Continue final design coordination and establish project baseline for Tacoma Link Extension.
- Continue mobilization of manufacturer, commence procurement of long lead items and complete design reviews and first inspections for the ST2 Light Rail Vehicle Fleet Expansion.
- Continue close out activities for the University Link and South 200th Link extensions.

SYSTEM EXPANSION - LINK PROJECTS
(in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|---|--|--|-------------|
| Downtown Redmond Link Extension | Complete preliminary engineering to extend light rail approximately 3.7 miles from Redmond Technology Center Station at Overlake Transit Center to Downtown Redmond with two planned stations. | Continue preliminary engineering, coordinate design and develop agreements with City of Redmond, WSDOT and King County. | \$14,225 |
| East Link Extension | Extend light rail to East King County via I-90, from downtown Seattle through downtown Bellevue to the Overlake Transit Center in Redmond. | Completion of final design and right-of-way acquisitions. Continue heavy construction and tunneling work in Bellevue. Continue Design/Build activities for SR520 to Redmond Technology Center segment. Anticipate NTPs given to Seattle to South Bellevue segment; South Bellevue segment and Bel-Red segment to commence construction activities. | \$393,373 |
| Enhancements to Tacoma Link Extension | Provide preliminary engineering for transit improvements and station access enhancements, in conjunction with the Tacoma Link Extension project. | Provide grant administration for a \$2.0 million grant from the Federal Transit Administration. The City of Tacoma will manage the project and provide \$500,000 in local matching funds. | \$1,500 |
| Federal Way Link Extension | Expand Link light rail from S. 200th Street in SeaTac to Federal Way Transit Center. | Conclude the environmental process and preliminary engineering. Transition to final design and initiate right-of-way acquisition activities. | \$6,121 |
| First Hill Streetcar | Provide a fixed contribution for the planning, design, and construction of a streetcar from Capitol Hill to the International District Station. | Continue ST administrative tasks related to project monitoring and Agreement maintenance. | \$438 |
| Link Operations & Maintenance Facility - East | Development, design, and construction of light rail operations and maintenance facility in Bellevue to support the link system expansion. | Award design-build contract and complete ROW acquisitions. | \$108,766 |

| Project | Description | 2017 Activities | 2017 Budget |
|--|---|--|------------------|
| Lynnwood Link Extension | Extend light rail over 8.5 miles north from Northgate to Lynnwood. | Continue final design, right of way, and pre-construction services activities in preparation for establishment of the baseline budget. | \$116,296 |
| Northgate Link Extension | Extend light rail 4.3-miles from the UW Station north to Northgate. | Continue construction of tunnel cross passages and begin rail procurement and pre-fabrication of floating slab segments. Award U District Station Finishes and Systems contracts. Complete preconstruction for U District and Roosevelt station finishes and begin station construction. Continue Northgate station, guideway and parking garage construction. Finalize major right-of-way acquisitions. Conduct preliminary electromagnetic interference (EMI)/vibration testing at UW. | \$267,957 |
| South 200th Link Extension | Extend light rail approximately 1.6 miles south from Sea-Tac/Airport Station to Angle Lake Station at South 200th Street. | Continue project closeout activities, miscellaneous follow-on work, and WSDOT required road improvements at the intersection of South 200th and Military Road. | \$9,428 |
| ST2 Light Rail Vehicle Fleet Expansion | Procure 122 new light rail vehicles (LRVs) to support revenue service for all the ST2 light rail system expansion projects. | Continue mobilization of manufacturers and commence procurement of long-lead-time items. Complete preliminary and final design reviews. Complete first inspections and delivery of LRV cab mock-up. | \$59,534 |
| Tacoma Link Extension | In cooperation with the City of Tacoma and Pierce Transit, design and construct the preferred alternative to expand Tacoma Link from north downtown Tacoma to the Stadium District and Hilltop. | Continue final design coordination and establish project baseline. Procure construction management consultant services and light rail vehicles. | \$12,096 |
| University Link Extension | Extend light rail 3.15 miles from downtown Seattle to the University of Washington. | Continue close out activities. Optimization and fine tuning of Link operating systems. Resolve outstanding commercial issues. | \$7,795 |
| Total System Expansion - Link | | | \$997,529 |

System Expansion - Sounder 2017 Budget Highlights

Sounder commuter rail projects are budgeted at \$97.8 million and include plans to:

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

SYSTEM EXPANSION - SOUNDER COMMUTER RAIL PROJECTS

(in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|-----------------------------------|---|--|-------------|
| Auburn Station Access Improvement | Improve station access at Auburn Sounder Station. | Continue conceptual engineering design and ROW appraisals. | \$506 |
| D St-M St Track & Signal | Design and construct a 1.4-mile rail extension between Tacoma Dome Station and M Street in Tacoma. | Complete closeout activities which may include claims mitigation and associated costs. | \$71 |
| Kent Station Access Improvements | Improve station access at Kent Sounder Station. | Continue conceptual engineering design and ROW appraisals. | \$506 |
| Mukilteo Station, S Platform | Design and construction of a south boarding platform at Mukilteo Station. | Continue follow-on work and project close out. | \$1,620 |
| 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. | Complete construction. | \$6,972 |
| Puyallup Station Improvements | Improve station access at Puyallup Sounder station. | Complete design-build bridging documents, right-of-way appraisals and acquisitions. Start the Request for Proposal (RFP) process for the design-build and design-build/project management contracts. | \$6,014 |
| Sounder Maintenance Base | Evaluate commuter rail vehicle storage and maintenance requirements and strategies to identify cost efficient ways to develop commuter rail operations and maintenance facilities. | Continue preliminary engineering and ROW appraisals. | \$5,814 |

| Project | Description | 2017 Activities | 2017 Budget |
|---|---|--|-----------------|
| Sounder South Expanded Service | Purchase four easements, track and signal improvements, and environmental permitting/mitigation for four additional daily round trips between Seattle and Lakewood. | Complete design and begin construction of Fish Culvert. | \$4,800 |
| Sounder ST2 Fleet Expansion | Purchase of 9 passenger cab cars. | Accept delivery of 9 passenger cab cars purchased. | \$3,244 |
| Sounder Yard Expansion | Increase track capacity at the layover facility in Lakewood in order to store up to seven train sets. | Complete construction of the facility via the design-build contract. | \$4,755 |
| Sumner Station Improvements | Improve station access at Sumner Sounder station. | Complete design-build bridging documents, right-of-way appraisals and acquisitions. Start the Request for Proposal (RFP) process for the design-build and design-build/project management contracts. | \$4,481 |
| Tacoma Trestle Track & Signal | Design and build additional track, bridge and station platforms between Tacoma Dome Station and near M Street in Tacoma. | Reach substantial completion of construction activities. | \$58,630 |
| Tukwila Station | Design and construct a permanent boarding platform, parking, and station amenities. | Complete follow on work and project close out. | \$366 |
| Total System Expansion - Sounder | | | \$97,778 |

System Expansion - Regional Express 2017 Budget Highlights

Regional Express projects are budgeted at \$58.5 million and include completing construction of I-90 High-Occupancy-Vehicle (HOV) lanes and receipt of 13 new buses.

SYSTEM EXPANSION – REGIONAL EXPRESS (in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|--|--|--|-----------------|
| Bothell Transit Related Improvements | Provide fixed contribution to the City of Bothell to improve rider access to transit services serving Bothell and operating in the SR 522 corridor. | Provide fixed contribution funding to City of Bothell to improve rider access to transit service. | \$5,036 |
| I-90 Two-Way Transit & HOV Operations, Stage 3 | Provide two-way transit and HOV lanes eastbound and westbound on I-90 between 80th Avenue SE, Mercer Island, and Rainier Avenue/I-5 in Seattle. | Complete construction. | \$39,221 |
| 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. | Resume conceptual engineering and environmental documentation if project reactivated. | \$587 |
| ST Express Fleet Expansion | In support of an additional 32,000 peak service bus hours, increase the ST Express bus fleet by 27 buses. New in 2017 request – 11 buses to support additional 15,000 bus service hours. | Accept delivery of remaining 5 of the 11 compressed natural gas (CNG) buses and 4 of the 16 double decker buses approved in 2016. Also delivery of 4 of the 11 buses requested in 2017 budget. | \$13,649 |
| Total System Expansion - Regional Express | | | \$58,492 |

System Expansion – Other 2017 Budget Highlights

Other projects are budgeted at \$13.8 million and include continued work on delivery of regional transit data to passengers via web and mobile applications and station signage, ST3 planning, as well as fabrication and installation of public art for Link extensions under construction and the Tacoma Trestle.

SYSTEM EXPANSION – OTHER (in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|--------------------------|---|---|-------------|
| Central & East HCT Study | Identify and evaluate high capacity transit alternatives in the following corridors: Ballard to U-District, U-District to Kirkland to Redmond, Eastside Rail Corridor, I-405 Bus Rapid Transit, and Kirkland to Bellevue to Issaquah. | The project is closing in 2017. Any unspent funds are considered surplus. | \$25 |

| Project | Description | 2017 Activities | 2017 Budget |
|--------------------------------|--|--|-------------|
| Fare Administration | Manage fares for Sound Transit. Support initiatives for generating earned revenue from services such as parking and concessions. Fund upgrades to the ORCA system. | Execute strategic planning initiatives in support of ngORCA as established by the Joint Board. Continue to support ORCA and update current equipment and technologies. | \$2,473 |
| 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 ticket vending machines (TVMs) already placed in service by installing systemwide upgrades and software enhancements that prolong the useful life of the TVM system and increase machine performance. Develop software and purchase hardware necessary to provide electronic citation equipment to fare enforcement officers. | \$148 |
| Fare Policy Program | Research and develop business practices and strategic initiatives to improve regional mobility and system efficiency. Develop and implement programs to improve the match between market needs and system performance. | Conduct community outreach, system analysis and market research. | \$400 |
| Research & Technology | Assess and implement technologies to improve passenger safety, security, service, and information. | Continue work on open transit data and customer facing applications. Improve rider alert systems and station signage systems. Deliver real time information for Sounder and Link passengers. | \$2,297 |
| ST3 Planning | Plan next expansion of the regional transit system beyond Sound Move and ST2 programs. Develop project estimate methodologies, system alternatives, project priority list, and ridership forecasting, as well as election costs in support of ST3 program public vote. | Continue follow-up coordination and work related to implementation of ST3 Planning projects. | \$6,850 |
| STart | Integrate public art into Sound Transit projects. | Begin the fabrication and installation of art projects for East Link and Northgate Link. Proceed with artwork design for Lynnwood Link and Tacoma Link and continue art planning for Federal Way Link and Redmond Link. Sounder Tacoma Trestle. | \$1,390 |
| STart Operations & Maintenance | Maintain Sound Transit art installations, including documentation, monitoring, cleaning, and repairing. | Clean over 50 artworks at transit facilities. Additional artwork refurbishment and scheduled maintenance will be done at Beacon Hill | \$239 |

| Project | Description | 2017 Activities | 2017 Budget |
|---------------------------------------|-------------|--|-----------------|
| | | Station, Tukwila International Boulevard Station, Mukilteo Station, and SoDo Stations. Lynnwood Transit Center artwork's incandescent lights will be converted to an LED system. | |
| Total System Expansion - Other | | | \$13,821 |

Enhancement

These projects improve operating efficiency and effectiveness, improve rider experience, increase system functionality, or reduce operating costs.

2017 Budget Highlights

Enhancement projects are budgeted at \$30.7 million and include plans to:

- Begin installation of a second light rail vehicle lift at Link Operations and Maintenance Facility.

- Finalize Positive Train Control system commissioning, which is scheduled to start up in September 2017.
- Facilitate transit oriented development near transit stations.
- Implement energy efficiency upgrades at the Link Operations and Maintenance Facility, Puyallup, Kent and Sumner Sounder stations.
- Complete the remodel of working spaces and HVAC improvements in Union Station.

ENHANCEMENT PROJECTS (in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|---|--|--|-------------|
| LINK | | | |
| Central Link Card Readers | Install card readers on Central Link facility doors to improve security and eliminate the need to physically issue keys to all staff requiring access. | Complete card reader installation. | \$292 |
| Central Link HVAC - Instrument House and UPS Room | Install air conditioning in uninterruptable power supply rooms and signal houses to reduce the potential impact of high temperatures on system operation components. | Complete installation of the HVAC systems. | \$449 |
| Central Link Overhead Catenary System Tie Switch | Install tie switches to connect the overhead catenary system (electrical lines that power light rail trains) sections so traction power substations can be inspected and maintained without interrupting Link service. | Install tie switches to connect the overhead catenary system sections. | \$2,995 |

| Project | Description | 2017 Activities | 2017 Budget |
|--|---|---|-------------|
| Link Operating Segment Systems Enhancements and Upgrades | Deliver enhancements and upgrades to systems on the existing Link operating segment, including AC power distribution, traction power, overhead catenary system, signals and communications systems upgrades, and enhancements to existing engineering infrastructure. | Perform upgrades to Link operating systems including engineering infrastructure and power, signal, and communication systems | \$1,400 |
| Link Remote Switch Heaters | Install remote switch heaters to maintain all-weather capability for light rail between Tukwila and Westlake. | Continue to evaluate project scope. | \$125 |
| LRV Between Car Barriers | Procure and install barriers for 21 Link stations to prevent access to space between light rail vehicles. | Procure and install barriers for 21 Link stations to prevent access to space between light rail vehicles. | \$520 |
| LRV Wash Bay Modifications | Modify the Link light rail vehicle car wash system at the Link Operations and Maintenance Facility, including upgrades to electrical and mechanical equipment, to provide automatic light rail vehicle forehead cleaning and eliminate manual washing. | Install modifications to the Link light rail vehicle car wash system, including upgrades to electrical and mechanical equipment. | \$300 |
| LRV Wheel Flat Software | Purchase and install an additional axle identifier (transponder) software module to enhance the existing LRV wheel flat detection system. | Purchase and install additional software module to enhance the existing LRV wheel flat detection system, including selection of contractor to oversee installation. | \$250 |
| Noise Abatement | Install rail lubricators, grind rails, erect noise barriers, and retrofit residential properties to lessen noise near rail facilities in Tukwila and the Rainier Valley. | Complete monitoring of noise levels to ensure regulatory compliance along the Initial Segment alignment. | \$130 |
| Non-revenue Support Vehicles | Purchase additional or replacement maintenance vehicles that support operations and maintenance work. | Replace four and purchase two additional maintenance vehicles. Take delivery of specialty Boom Truck. | \$1,034 |
| OMF Energy Efficiency | Replace existing Operations and Maintenance Facility shop bay lighting with LED fixtures, and replace the Direct Digital Control controls on the HVAC system to allow integration with Union Station controls. | Install LED fixtures and replace direct digital controls on the HVAC system at the Link Operations and Maintenance Facility. | \$1,042 |

| Project | Description | 2017 Activities | 2017 Budget |
|--|--|---|-------------|
| Operations & Maintenance Facility LRV Lift | Design, procure, and install a second light rail vehicle lift in the Link Operations & Maintenance Facility. | Re-advertise the Request for Qualifications (RFQ), evaluate potential contractors to begin design and install second light rail vehicle lift at the Link Operations and Maintenance Facility. | \$4,458 |
| Signage Improvements | Upgrade signage at existing Link and Sounder stations and ticket vending machine locations to improve wayfinding. | Fabricate and install upgraded signage at King Street and International District/Chinatown stations and update SeaTac Airport wayfinding signage. | \$1,014 |
| SOUNDER | | | |
| Customer Emergency Stations | Procure and install customer emergency stations at the Kent and Auburn Sounder station parking garages. | Procure and install customer emergency stations at the Kent and Auburn Sounder station parking garages. | \$300 |
| Kent Station Parking Lot Paving | Improve unused ST property adjacent to Kent Station to support overflow parking. | Complete site survey, environmental review and pause pending the integration of ST3 projects into the transit improvement plan. | \$626 |
| Kent Station Platform Lighting | Replace existing conventional lighting with energy efficient LED lighting. | Complete installation and proceed to close out the project. | \$236 |
| King St Station Platform Improvements | Participate in a local partnership to design and construct passenger access improvements to King Street Station to improve access to Century Link Field. | Design and construct passenger access improvements to King Street Station to improve access to Century Link Field. | \$300 |
| Locomotive Inboard Cameras | Install equipment to be compliant with a new Federal Railroad Administration regulation that requires inboard facing cameras to monitor the engineer on all cab cars and locomotives. | Install inboard facing cameras to monitor the engineer on all of our cab cars and locomotives. | \$300 |
| Positive Train Control | Design and install remote operations monitoring and control system to minimize the risk of passenger train collisions. | Complete commissioning of the positive train control system. | \$8,002 |
| Puyallup Station LED Lighting | Install energy efficient lighting at Puyallup Station. | Complete installation and proceed to close out the project. | \$178 |
| Sounder Passenger Emergency Intercom | This project upgrades the passenger emergency intercom (PEI) system which, will enable passengers to speak directly to the conductor instead of the engineer. The upgrade is required to | Install upgraded PEI system in all Sounder coach and cab cars. | \$750 |

| Project | Description | 2017 Activities | 2017 Budget |
|---|---|---|-----------------|
| | meet Federal Rail Administration (FRA) regulations. | | |
| Sumner Station LED Lighting | Replace the outdated high intensity discharge technology with the newest LED technology at Sumner Station. | Complete installation and proceed to close out the project. | \$134 |
| REGIONAL EXPRESS | | | |
| Bellevue TC Security System | Procure and install security systems in the Bellevue Transit Center. | Procure and install security systems at the Bellevue Transit Center. | \$150 |
| On-Demand Bike Locker Pilot | Installation of 16 bike lockers with on-demand technology at Mercer Island Transit Center to test and evaluate system for potential use at other locations. | Project pending an affordability review. | \$60 |
| OTHER | | | |
| Bike Locker Program | Install bike parking and other bike and pedestrian amenities at various Sounder, Link and ST Express stations. | Complete the installation of security equipment for lockers and initiate project close out activities. | \$184 |
| 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 fixed payments to fund Seattle street improvements. | \$2,334 |
| Transit Oriented Development Property Disposition | Prepare properties for sale or lease that have been identified as having potential for transit oriented development. | Assess joint development and public/private or public/public partnerships opportunities to develop Sound Transit owned sites near transit stations. | \$1,725 |
| Union Station Garden Level Remodel | Renovate the Garden Level of Union Station to accommodate additional staff and consultants. | Complete renovation of Garden Level of Union Station and begin project close out activities. | \$1,455 |
| Total Enhancement | | | \$30,742 |

Rehabilitation & Replacement

These projects extend the life of existing transit system assets and replace those at the end of their useful life; and invest in maintaining assets in a state of good repair.

2017 Budget Highlights

Rehabilitation & Replacement projects are budgeted at \$24.2 million and include plans to:

- Install electrical distribution equipment required for Convention Place development.
- Upgrade closed-circuit television (CCTV) cameras in all Link facilities.
- Continue with the overhaul of Link light rail and Sounder vehicles.

REHABILITATION & REPLACEMENT PROJECTS (in thousands)

| Project | Description | 2017 Activities | 2017 Budget |
|---|--|---|-------------|
| LINK | | | |
| Access Control Card Upgrade | Upgrade the existing access control system that manages the secure access to Sound Transit Link facilities. The existing system was installed in 2008 and is no longer supported by the manufacturer. A new system will allow for a single access control platform for all of the agency's Link facilities. | Upgrade the existing access control card system for Link facilities. | \$1,114 |
| Convention Place Development Systems Retrofit | Install electrical distribution equipment that is necessary for the operation and integration of the Pine Street facility with University Link and the Downtown Seattle Transit Tunnel. This effort is in support of the deletion of the emergency generator necessary for the Convention Center project. | Install electrical distribution equipment in the Convention Place/Pine Street area. | \$2,549 |
| Link Bridge Repairs | Repair bridge structures within the Tukwila Freeway Route and E-3 Busway segments of the Link light rail alignment. | Select and award contract; contractor to perform necessary repairs of the Link bridge structures. | \$550 |
| Link CCTV System Upgrade | Replace Closed Circuit Television (CCTV) system video recorders with digital cameras and equipment to be compatible with the new system installed for University Link and S 200th Link extensions. This is an addition to the original scope of the project. The Link cameras have reached end of life and are no longer supported both by the vendor. | Upgrade cameras in all Link stations and the Operations and Maintenance Facility. | \$2,394 |

| Project | Description | 2017 Activities | 2017 Budget |
|---|--|--|-------------|
| Link Radio Upgrade | Procure and install upgraded distributed antenna system in support of Link tunnel operations. | Procure and install a distributed antenna system. | \$1,000 |
| Link Station Braided Tile Replacement | Demolish and reinstall braided wayfinding tile at five Link stations: Stadium, Sodo, Columbia City, Othello, and Rainier Beach. | Replace existing tiles as needed; complete project. | \$435 |
| LRV Overhaul | Purchase materials, equipment, services, and labor necessary to complete emergency repairs to the gear units and traction motors on Sound Transit's fleet of light rail vehicles (LRVs). | Complete repairs to spare traction power motors and gear boxes, including testing. | \$2,959 |
| Tacoma Link Light Rail Vehicle Overhaul | Repair, replace and overhaul traction motors and trucks, including wheel assemblies and gear boxes, for the Tacoma Link fleet of three light rail vehicles per the manufacturer's 375,000 mile overhaul guidelines. | Overhaul Tacoma Link light rail vehicle traction motors and trucks. | \$418 |
| SOUNDER | | | |
| Sounder Vehicle Overhaul Program | Overhaul of locomotives, engines, train cars, and replacement of passenger car door motors. | Overhaul 4 HVAC units, 8 trucks and the final 3 engines (upgrade to tier 3) as well as head end power controllers, and passenger car doors. | \$6,652 |
| Station Midlife Refurbishment Program | Fund maintenance projects at stations that have been in service for fifteen or more years. | Rehabilitate Auburn Station bus loop and Tukwila International Blvd Station bus loop. | \$616 |
| REGIONAL EXPRESS | | | |
| ST Express Fleet Replacement | Replacement of 185 buses over the period 2013 through 2021 | Accept delivery of a single replacement bus. | \$25 |
| OTHER | | | |
| IT Link Light Rail | Lifecycle maintenance of the IT infrastructure behind the Link light rail Supervisory Control and Data Acquisition (SCADA) system to mitigate equipment failure of an operationally-critical system, including servers, storage area networks, networking equipment, Video Messaging Systems/backend and other computer- | Perform lifecycle maintenance of SCADA systems servers, storage area networks, networking equipment, Video Messaging Systems/backend and other computer-based infrastructure, including IT SCADA security. | \$1,597 |

| Project | Description | 2017 Activities | 2017 Budget |
|---|---|---|-----------------|
| | based infrastructure, including IT SCADA security. | | |
| IT Transit Systems | Install new, rehabilitate and replace closed-circuit television, security systems and Passenger Announcement technology at Sounder and ST Express transit centers. | Upgrade closed circuit television and Passenger Announcement system upgrades at Sounder and ST Express transit centers. Upgrade automatic passenger count back office systems, install Customer Emergency Stations at Kent and Auburn Garages, and install new security equipment in the Bellevue Transit Center. | \$355 |
| Small Works Program | Repair or replace in-service assets when the total cost is less than \$200,000. | Continue work in progress from 2016, establish 2017 project list and deliver projects using traditional procurement methods, Job Order Contracting or through internal resources. | \$3,073 |
| Tacoma Dome Station | Cost sharing for major Tacoma Dome mid-life maintenance with Pierce Transit. Payment is dependent on Pierce Transit's completion of rehabilitation work at Tacoma Dome Station. | Provide cost share if Pierce Transit completes rehabilitation work. | \$414 |
| Total Rehabilitation & Replacement | | | \$24,150 |

Administrative

These projects support administration of the agency. The majority of these project costs are capitalized with the assets of the projects or expensed as transit operating costs. Remaining costs are treated as general and administrative expenses.

2017 Budget Highlights

Administrative projects are budgeted at \$81.5 million and include plans to:

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

ADMINISTRATIVE PROJECTS (in thousands)

| Project | Description | 2017 Activities | 2017 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 and other facilities in support of increased space needs. | \$6,526 |
| 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. | \$72,374 |
| Environmental Mitigation, Monitoring & Maintenance | Monitor and maintain post-construction environmental mitigation including groundwater and plant establishment. | Monitor and maintain mitigation maintenance activities at Tukwila, McKinley Park, and Ash Way transit centers. | \$165 |
| Information Technology Program | Invest in IT hardware and software to improve productivity and ensure system integrity. | Implement the agency's enterprise asset management system, maintain agency IT infrastructure, implement information security controls, replace eBid (vendor solicitation) system, and develop a business intelligence program. | \$2,274 |
| Surplus Property Disposition | Prepare agency-owned surplus property for sale. Includes properties not considered to have transit | Prepare surplus properties for sale. | \$183 |

| Project | Description | 2017 Activities | 2017 Budget |
|-----------------------------|--|-----------------|-----------------|
| | oriented development potential, due to size or location. | | |
| Total Administrative | | | \$81,521 |

Other Budgets

For 2017 debt service costs of \$144.0 million include interest, principal repayments, and financing expenses. Cash donations to other governments are budgeted at \$5.0 million. Reserves totaling \$70.9 million will be set aside in 2017 but are not included in the spending authorization request.

Debt Service

As of December 31, 2016, Sound Transit has \$2.3 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 green bond sale on December 19, 2016, generating \$477.5 million in new bond proceeds.

On December 22, 2016, Sound Transit executed the Transportation Infrastructure Finance and Innovation Act (TIFIA) Master Credit Agreement with the United States Department of Transportation covering four future project loans for the Northgate Link Extension, Lynnwood Link Extension, Federal Way Link Extension and the Operation and Maintenance Facility East.

The four future loans under the Master Credit Agreement have a total principal amount of up to \$1.99 billion and could save taxpayers \$200 million to \$300 million in interest expense. On December 22, 2016, Sound Transit executed the first of the TIFIA loans under the Master Credit Agreement for the Northgate Link Extension for up to \$615.3 million. In addition to the TIFIA Loan for the East Link Extension for \$1.33 billion executed January 16, 2015, Sound Transit has not drawn on either of the executed TIFIA loans and has no debt outstanding and currently no future debt service requirements related to the East Link TIFIA Loan or the Northgate Link Extension TIFIA Loan.

For 2017 debt service is budgeted at \$144.0 million including:

- \$33.2 million of principal repayment
- \$109.4 million of capitalized interest
- \$1.3 million for financing expenses

DEBT SERVICE REQUIREMENTS BY MATURITY*
(in thousands)

| Year Ending | | | |
|-------------------|--------------------|--------------------|--------------------|
| December 31, 2016 | Principal | Interest | Total |
| 2017 | 33,235 | 107,386 | 140,621 |
| 2018 | 35,560 | 108,340 | 143,900 |
| 2019 | 39,520 | 106,408 | 145,928 |
| 2020 | 42,915 | 104,322 | 147,237 |
| 2021 | 54,300 | 102,058 | 156,358 |
| 2022-2026 | 369,125 | 463,130 | 832,255 |
| 2027-2031 | 365,350 | 368,437 | 733,787 |
| 2032-2036 | 433,665 | 282,338 | 716,003 |
| 2037-2041 | 433,510 | 164,888 | 598,398 |
| 2042-2046 | 340,200 | 75,476 | 415,676 |
| 2047-2050 | 132,750 | 15,501 | 148,251 |
| Total | \$2,280,130 | \$1,898,284 | \$4,178,414 |

*Debt service requirements are maintained on a cash basis but are budgeted on an accrual basis so there will be a slight budget variance. Debt service does not deduct for Build America Bond 35% subsidy on interest payments.

Legal Debt Limit

Sound Transit is currently authorized to incur debt in an amount equal to 1.5 percent of the value of taxable property within the service area without securing voter approval for bonds. Under state law, issuance of bonds payable from any type of tax is subject to statutory debt limitations.

With approval of 60 percent of the region's voters, Sound Transit may incur aggregate indebtedness of up to 5 percent of the value of taxable property within the service area. Each county assessor in the service area is required to report to Sound Transit annually on the value of the property within its taxing district.

2016 DEBT CAPACITY STATUS FOR SOUND TRANSIT (in millions)

| | | |
|--|----|---------------|
| Assessed Valuation in 2015 for collection of taxes in 2016 | \$ | 503,649 |
| Maximum non-voted debt (1.5% of assessed valuation) | \$ | 7,555 |
| Less: Existing Series Bonds and Other Long-Term Debt * | | <u>-4,240</u> |
| Non-voted debt capacity remaining | \$ | 3,315 |
| Maximum voted debt (5% of assessed valuation) | \$ | 25,182 |
| Less: Existing Series Bonds and Other Long-Term Debt * | | <u>-4,240</u> |
| Voted debt capacity remaining | \$ | 20,942 |

*Includes total principal outstanding plus total TIFIA principal.

Donations to Other Governments

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

Reserves

Sound Transit maintains reserves in anticipation of future financial obligations. Amounts budgeted as reserves are not included in our spending authorization request. If reserved funds are to be used, the Board's approval is required in advance. Additional reserves included in the ST3 Plan approved by voters in November 2016 will be included in the 2018 annual budget document.

- \$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 \$15.1 million.
- \$67.9 million for an operating reserve consisting of two months of operating expenses consistent with the Board-adopted financial policies.
- \$300 million minimum Capital Replacement Reserve to be maintained by the agency for unanticipated or emergency capital replacements. The reserve balance is currently \$316.8 million. In 2015 the Sound Transit Board adopted an Asset Management Policy to establish state of good repair funding guidelines. Repair and replacement projects will be established and funded as needed. A 40-year forecast will be maintained and included in the agency's Financial Plan.

Appendix A – Budget Process

Sound Transit's budget process is structured to serve two purposes. Within the agency, the development of the budget provides a forum for joint planning of objectives and strategies, with executive and Board review of programs. For the region's citizens, the budget reports on the status of projects and services, detailing the agency's proposed activities and their costs for the coming year.

The internal process is a collaborative and iterative one, with the agency's senior management providing strategic direction and critical review, managers and project managers preparing resource proposals, and budget staff providing analysis and technical support for the process. Once the proposed budget and transit improvement plan have been published, the Sound Transit Board and the public provide an external review of project and service proposals from a policy standpoint.

The annual budget process begins with business planning beginning in March, budget development beginning in May and with budget adoption anticipated in December. Major phases of this process are outlined below. In addition, a Service Implementation Plan is also prepared that guides the delivery of transit services and is approved by the Board.

Amendments to the budget after adoption require the CEO to submit a budget resolution to the Board. Amending the budget is required if spending is to exceed the total annual operating budget for the agency or the authorized budget for a capital project. Budget resolutions must be passed by a two-thirds majority vote of the Board.

BUDGET PROCESS

| | Business Planning |
|--------------------|---|
| March – May | <ul style="list-style-type: none"> Executive team sets strategic direction for the agency based on direction from the Board. Team of Senior Managers from across the agency update departmental business plans and identify initiatives to achieve the agency's strategy. Executive team reviews business plans and approves initiatives to move forward to budget. |
| | Budget Development |
| May – June | <ul style="list-style-type: none"> Managers prepare budget requests for all operating divisions and projects. Department Executive Directors review and approve their managers' budget requests. Budget staff review budget requests and work with departments to finalize budget submissions to the Deputy CEO. CFO presents key agency objectives, strategies, and performance measurements to the Board. |
| | Internal Review |
| July – August | <ul style="list-style-type: none"> Department Executive Directors present budget and position requests to Deputy CEO for review. Deputy CEO communicates new position and budget request decisions to departments and allows time for appeals. Deputy CEO presents the budget to CEO. CEO makes final decisions on proposed budget. |
| | Proposed Budget Documentation |
| August – September | <ul style="list-style-type: none"> Budget staff develop proposed budget and TIP documents. CEO presents the proposed budget to the Board. Operations Department executives present the Proposed Service Implementation Plan (SIP) to the Operations and Administration Committee who recommend to the Board for approval. |
| | Board Review |
| October – November | <ul style="list-style-type: none"> Finance staff provide budget and finance plan briefings to the various board committees and Citizen Oversight Panel. Board holds a public hearing on the budget. Budget staff prepare any necessary revisions to the proposed budget and brief committee members for their recommendation to the Board for approval. (Starting in 2017, the Board will adopt the budget in November.) |
| | Budget Adoption |
| December – March | <ul style="list-style-type: none"> Board adopts the budget with revisions. (Starting in 2017, the Board will adopt the budget in November.) Budget staff prepare the adopted budget and TIP publications. |
| | |

Appendix B – Financial Policies

Sound Transit 3

**Appendix B:
Financial Policies**

Adopted June 23, 2016

Sound Transit Financial Policies

The Sound Transit Board may amend these Financial Policies from time to time; the most current version of the Financial Policies is available at www.soundtransit.org

PURPOSE

The Sound Transit Board (the Board) adopted an initial framework for the financing of Sound Move and *ST2*, by setting local tax rates, focusing on minimizing the cost of capital, requiring conservative projections for federal and state funding, defining equity and adopting the subarea equity principle to guide how projects are funded in the five subareas. The Financial Policies reflect the Board's policy intent for implementing the financial framework for completing *Sound Move* and *ST2* and subsequent system plans and for providing the tools to the Board to appropriately manage toward and respond to future conditions.

LEGAL RESPONSIBILITIES

In adopting these Financial Policies, the Board recognizes certain legal responsibilities. Existing state law grants all legislative and policy authority to the Board and does not allow the Board to abrogate, transfer or delegate such authority to other agencies or to the five subareas within the Sound Transit District. Consequently, all funds collected by or provided to Sound Transit, including local tax revenues, federal and other government grants, bond and loan proceeds, fare box revenues, interest earnings, and private development revenues, may be disbursed only with approval of the Board. Priorities for disbursements will be determined within Sound Transit's annual budgetary process, which by law requires two-thirds affirmative vote of the Board.

Similarly, the Board recognizes that bonds issued and loans incurred by Sound Transit will be secured by a pledge of repayment through revenues including local taxes. When bonds are issued or loans secured, Sound Transit will enter a binding contract with its bondholders and lenders that requires first lien claim against pledged revenues for repayment and for maintenance and operation of the transit facilities and services funded by the bonds. Stated differently, bondholders and lenders will have a legal priority to Sound Transit's local tax revenues to repay the bonds and operate and maintain the transit system, notwithstanding any commitment or policy that no subarea will pay another subarea's debt. These Financial Policies reflect Sound Transit's commitment to subarea equity while maintaining the flexibility necessary to manage the financing of the System Plan on a consolidated basis and within legal constraints.

EQUITY

Definition of Equity

Equity will be defined as utilizing local tax revenues for projects and services that provide transportation benefits to the residents and businesses in each of the subareas generally in proportion to the level of revenues each subarea generates. Subareas may fund projects or services located outside of the geographic subarea when the project substantially benefits the residents and businesses of the funding subarea. The Financial Plan for Sound Transit activities addresses this equity principle by providing a financial plan for each of the five Sound Transit subareas, comprised of the subarea's share of local taxes, debt capacity, farebox proceeds and an assumption for federal funding. The five subareas are defined as Snohomish County, North King County/Seattle, East King County, South King County, and Pierce County. While the Financing Plan will be managed by the Board on a consolidated basis, the Board will report annually on individual subarea performance.

The Board agrees, therefore, that the facilities, projects and services identified in all voter-approved system plans represent a reasonable definition of equity.

IMPLEMENTATION POLICY

Subarea Reporting

1. The Financial Plan will provide projections for each of the five subareas, comprised of the subarea's projected share of local taxes, use of debt, farebox proceeds, other revenue, and an assumption for federal funding and related expenditures.
2. Local taxes will be allocated for subarea reporting based on actual tax receipts collected by subarea and within the Sound Transit District. The annual Financial Plan will incorporate updated forecasts based on these actual receipts. A portion of local taxes from each subarea will be allocated to fund system-wide costs as identified by the Board.
3. For subarea reporting purposes, government funding that is received for a specific project or service will be allocated to subarea(s) on a basis consistent with the allocation of costs for the project or service, unless the Board takes action to allocate the funds to other subareas as it deems in the best interest of Sound Transit after consideration of the funding needs to complete, enhance or extend the system plan.

For subarea reporting purposes, government funding that is received that is agency-wide or general in scope will be allocated by the Board as it deems in the best interest of Sound Transit after consideration of the funding needs to complete, enhance or extend the system plan.

4. Miscellaneous revenues, such as those generated through private-public partnerships, advertising and terminal concessions will be allocated for subarea reporting based on subarea investment in the facility and/or service from which the revenue is generated.
5. Debt will be allocated for subarea reporting based on a subarea's share of total long-term bonding requirements or as otherwise directed by the Board as deemed in the best interest of Sound Transit.
6. Subarea expenditures will be allocated for subarea reporting based on facilities and services to be provided, their projected costs and project contingencies, associated operating costs, debt service, reserves for debt service, operations and maintenance and capital replacement. The allocation of expenditures for reporting purposes for facilities and services that cross subarea boundaries will be made by the Board to ensure safe and efficient maintenance and operation of the system-wide facilities and services after due consideration to subarea benefits and priorities.

Monitoring Function

1. Sound Transit will establish a system that on an annual basis reports subarea revenues and expenditures. This monitoring and reporting function will be incorporated into Sound Transit's financial cycle. The Board may at its discretion conduct an independent assessment of the consistency of subarea reporting with Board policy guidance.
2. Sound Transit will appoint an advisory citizen oversight panel to monitor Sound Transit performance under these policies (see Public Accountability below).

Adjustments to Subarea Projects and Services

1. Subarea capital projects and transit services will be evaluated and adjusted annually as a part of the Board's consideration and adoption of an annual budget, which requires a two-thirds affirmative vote of the Board. Adjustments to subarea capital projects and services can include additional priority projects and/or services within that subarea should funding be available. This adjustment process recognizes that some fluctuation in revenues and expenditures against forecasts will occur.
2. For those cases in which a subarea's actual and projected expenditures exceed its actual and projected revenues and funding sources by five percent or greater, and/or where unforeseen circumstances occur that would result in an inability to substantially complete projects within such subarea's plan, the Board must take one or more of the following actions:
 - Correct the shortfall through use of such subarea's uncommitted funds and/or bond capacity available to the subarea; and/or

- Scale back the subarea plan or projects within the plan to match a revised budget; and/or
 - Extend the time period of completion of the subarea plan; and/or
 - Seek legislative authorization and voter approval for additional resources.
3. For those cases in which a subarea's actual and projected revenue to be collected until the system plan is completed will exceed its actual and projected expenditures by five percent or greater, and/or where unforeseen circumstances occur that would result in the subarea's ability to fund additional projects and services not identified in the system plan, then Sound Transit may use such surplus funds to complete, extend or enhance the system plan to provide transportation benefits for the subarea's residents or businesses as determined by the Board. Contributions from other parties, including the State, local governments and private sector can be programmed by the Board to complete, extend or enhance the System Plan, consistent with agreements with the other party.

SYSTEM-WIDE EXPENDITURES

The Board will fund such system-wide expenditures as necessary to maintain and plan for an integrated regional transit system consistent with voter-approved system plans. Such system-wide expenditures will include fare administration, technology and innovation programs, system access, transit oriented development, future phase planning and agency administration, system-wide transit assets and other such expenditures as determined by the Board to be appropriate. Properties authorized for purchase by the Board to preserve required right-of-way will be funded as a system-wide cost until such time as the right-of-way is utilized by a subarea(s), at which time the cost will be allocated to the subarea(s) consistent with Board approved allocation. System-wide expenditures, not funded by dedicated system-wide agency interest earnings, revenues or other specific funding sources, will be funded by subareas proportional to the subarea's share of total local tax revenues, population, benefits received, or on another basis as deemed appropriate by the Board.

DEBT MANAGEMENT

Legal Definition of Sound Transit Debt Financing Capacity

Sound Transit's enabling legislation defines Sound Transit's capacity for issuing general obligation debt at one and one-half percent of the value of the taxable property within the boundaries of the Sound Transit District (and with approval of three-fifths of voters voting within the Sound Transit District, up to five percent of the value of the taxable property within the district's boundaries). There is no dollar limit for revenue indebtedness.

Debt Service Coverage Requirements

The Board recognizes that its bondholders and lenders will hold first claim against revenues pledged as repayment for outstanding bonds and loans based on the flow of funds. However, Sound Transit's debt financing capacity will be calculated on a more conservative basis, by evaluating all revenues and deducting total operating expenses for net revenues available for debt service.

For long-term planning purposes, Sound Transit agency debt service coverage ratio policy will be set at an average coverage ratio of 2.0x for net revenues over annual debt service costs, not to fall below 1.5x in any single year. However, as voter-approved plans are implemented, prudent changes to coverage ratios may be made by the Board as appropriate. Before issuing bonds, Sound Transit will establish the appropriate debt service coverage ratio to incorporate into the bond covenants for the specific bond issuance.

Uses of Debt Financing

1. The ST3 Plan will be financed through a variety of mechanisms, including without limitation: direct expenditure of tax revenues, operating revenues, and other receipts; state, federal and local government grants; private donations; tax backed and non-tax backed debt issuance by Sound Transit, associated or subsidiary entities, by cooperating public or private entities; leases; public private partnerships or other contractual arrangement.
2. Debt financing for capital projects covers two distinct types of borrowing, the first related to long-term debt financing, and the second related to short-term debt financing.
3. Short-term debt financing (with terms of ten years or less) is expected to be used primarily to bridge the gap between the necessary timing of expenditures and the anticipated receipt of revenues.
4. The use of long-term financing (with terms of more than ten years) is expected to be limited to capital and related costs for portions of the program that have a useful life in excess of the term of the debt. Long-term financing should be preserved for those aspects of the program for which other sources of funds are not likely to be available.

Allocation of Sound Transit Debt

1. For reporting purposes, the amount of long-term debt financing used to benefit each of the subareas will be based on each subarea's ability to repay debt after covering operating costs. For internal reporting purposes, the Board may determine appropriate internal debt service limits by subarea.

2. While the above policy prescribes the use of debt financing for subarea reporting, the Board will manage the agency's debt capacity on a consolidated basis to maximize resources between subareas.

PRIORITIES FOR EXPENDITURES

The Board will adopt expense budgets for transit operations and agency administration and maintain a multi-year capital improvement plan. A two-thirds affirmative vote of the Board is required for budget adoption. Sound Transit will establish guidelines for its budgeting process and criteria to establish priorities for expenditures.

FINANCIAL MANAGEMENT & PROCUREMENT

Sound Transit will maintain policies for debt and investment management, asset management, fares and operating expenses and grants management to effectively manage voter-approved revenues and efficiently operate the regional public transit system.

Sound Transit will evaluate alternative procurement methods for capital projects. Such methods will be implemented when they are calculated to result in schedule or cost savings, favorable risk transfer, or more effective project management, and are consistent with best practices in procurement and strong control systems.

ASSET MANAGEMENT

Sound Transit will invest in, maintain, and manage its physical assets and infrastructure to ensure safe, cost effective and sustainable ongoing provision of regional high capacity transit services to the citizens of the Puget Sound. The agency will operate and maintain its assets in a state of good repair that meets or exceeds all federal and other regulatory requirements. The Board will maintain capital replacement and maintenance reserves and annual budgetary amounts sufficient to fully fund the system in a state of good repair. Sufficient funds will be set aside funds with the agency's long-term financial plan to meet these obligations, and their funding will have precedence over other agency expenditures.

PUBLIC ACCOUNTABILITY

To ensure that the voter approved program development and implementation occurs within the framework and intent of these policies, Sound Transit will:

1. Conduct an annual independent audit of its financial statements in compliance with state and federal requirements;
2. Implement a performance audit program; and

3. Appoint and maintain an advisory citizen oversight panel to conduct annual reviews of Sound Transit's performance and financial plan, and submit a report and recommendations to the Board.

FUTURE PHASES

Voter Approval Requirement

The Board recognizes that the voter-approved taxes are intended to be used to implement the System Plan and to provide permanent funding for future operations, maintenance, capital replacement and debt service ("permanent operations") for voter-approved programs and services. The Board has the authority to fund these future costs through a continuation of the local taxes authorized by the voters. However, as a part of its commitment to public accountability, the Board pledges that the local taxes will be rolled back to the level required for permanent operations and debt service after the voter-approved ST3, Sound Transit 2 and Sound Move plans are completed and implemented. The rollback procedure is contained in the Tax Rate Rollback section. The Board further pledges that, after the voter-approved ST3, Sound Transit 2, and *Sound Move* plans are completed and implemented, any additional capital programs that would continue local taxes at tax rates higher than necessary for permanent operations will require approval by a vote of those citizens within the Sound Transit district.

Tax Rate Rollback

When the voter-approved capital projects in ST3, ST2 and *Sound Move* are completed and implemented, the Board will initiate two steps to roll back the rate of one or more of the taxes collected by Sound Transit.

1. First, Sound Transit will initiate an accelerated pay off schedule for any outstanding bonds whose retirement will not otherwise impair the ability to collect tax revenue and complete ST3, ST2 or Sound Move, or impair contractual obligations and bond covenants. Sound Transit will implement a sales tax rollback to a level necessary to pay the accelerated schedule for debt service on outstanding bonds, system operations and maintenance, fare administration, capital replacement and ongoing system-wide costs and reserves.
2. After all debt is retired, Sound Transit will implement a tax rollback to a level necessary to pay for permanent operations, including, system operations and maintenance, fare administration, capital replacement and ongoing system-wide costs and reserves.

Financial Policies Review

These Financial Policies may be amended from time to time as the Board deems necessary to implement and complete the System Plan. These policies, as they may be amended, will apply to future capital programs. The Financial Policies will be reviewed before submittal of a future capital program to the Sound Transit district voters.

Financial Policy Content

The policies in this document together with Appendix A (Sources and Uses of Funds) to the ST 3 Regional Transit System Plan constitute the financial plan for the ST 3 Regional Transit System Plan, Sound Move and ST 2. The documents are available online at _____(XXX)_ , at Sound Transit's offices at 401 S. Jackson St., Seattle, Washington 98104 or by mail on request.

Appendix C – Resolution R2016-37

RESOLUTION NO. R2016-37

Proposed 2017 Budget

| MEETING: | DATE: | TYPE OF ACTION: | STAFF CONTACT: |
|----------|------------|-----------------|---|
| Board | 12/15/2016 | Final Action | Brian McCartan, Executive Director Finance & Information Technology |

PROPOSED ACTION

Adopts an annual budget for the period from January 1 through December 31, 2017, and adopts the 2017 Transit Improvement Plan.

KEY FEATURES SUMMARY

- The Proposed 2017 Budget requests funding authorization of \$1.6 billion. This request is comprised of:
 - \$396.2 million for Operating budgets (including \$287.5 million for transit modes, \$2.8 million for ORCA expenses, and \$105.9 million in charges to projects);
 - \$1.2 billion for Projects; and
 - \$129.0 million for Other Budgets (including debt service).
- The Proposed 2017 Transit Improvement Plan (TIP) totals \$14.6 billion and provides a long-term forecast of project and transit mode costs, plus reserves set aside for potential future expenditures. It contains \$12.2 billion in authorized project allocations to date that have been approved by the Board in accordance with the Phase Gate process, and six-years of forecasted costs for Transit Modes consistent with the Service Implementation Plan.
- The Proposed 2017 Budget would be funded by an estimated \$1.0 billion in revenues and an estimated \$787.2 million in unrestricted cash balances projected for the end of 2016. As of October 2016, the agency had an unrestricted cash balance of \$810.3 million.
- The Proposed 2017 Budget and Proposed 2017 TIP are fully affordable within the agency's existing revenue projections and financial policies.

BACKGROUND

The Sound Transit Board adopts the Sound Transit annual budget and the transit improvement plan, which contains the agency's budget for revenue and financing, administrative expenses, transit mode expenses, projects, and debt service. Sound Transit's annual budget and TIP are organized by three primary program areas: Operating Budgets (including transit modes), Project Budgets, and Other Budgets. Sound Transit's annual budget and fiscal year runs from January 1st to December 31st.

The Sound Transit Board adopts the TIP, a cumulative total of authorized project allocations to date for all active projects. The adopted TIP is the proposed TIP and associated revisions adopted by the Board, plus any one-time actions that the budget policy authorizes the CEO to take after the Board adopts the annual budget and TIP resolution. Also included in the TIP for reference are summary-level, six-year forecasts for Transit Mode expenses that reflect the forecasted cost of the detailed service plans contained in the annual Service Implementation Plan.

The resolution approves the following revenues and expenditures for 2017:

Revenues – \$1.0 billion of estimated revenues include:

- \$750.6 million from Retail Sales and Use Tax

- \$88.7 million from Motor Vehicle Excise and Rental Car Taxes
- \$88.1 million from federal grants
- \$8.5 million from local and state contributions
- \$88.0 million from passenger fare revenues
- \$9.6 million in interest income
- \$12.0 million in miscellaneous revenues

Operating Budgets - \$396.2 million includes:

- \$287.5 million for transit modes made up of \$4.6 million for Tacoma Link, \$98.5 million for Link Light Rail, \$54.5 million for Sounder Commuter Rail and \$130.0 million for ST Express.
- \$105.9 million for administrative project support costs is distributed and recognized in the Project Budgets.
- \$2.8 million for the regionally shared operation and maintenance costs under for the ORCA fare collection system.

Project Budgets – \$1.2 billion for the delivery of projects:

System Expansion Projects – \$1.1 billion which includes:

- \$976.9 million for Link
- \$68.7 million for Sounder
- \$43.0 million for Regional Express
- \$11.9 million for Other

Enhancement Projects – \$26.3 million

Rehabilitation and Replacement Projects – \$16.7 million

Administrative Projects – \$76.6 million

Other Budgets – \$124.0 million for Debt Service and \$5.0 million for Donations to Other Governments.

Reserves – The resolution also provides for the agency to reserve funds for the following purposes:

- \$66.0 million for an operating reserve equal to two months of operating expenses
- \$3.0 million for the Emergency/Loss Reserve

The resolution also authorizes:

- Revisions and cashflow changes approved by the Capital Committee and the Operations and Administration Committee and those adopted by the Board as part of this action. Approved revisions are shown in Attachment C.
- After the Board adopts the budget, the chief executive officer may take the following one-time actions to produce the final adopted annual budget and adopted TIP documents:
 - Include an executed copy of the annual budget and TIP resolution and a reconciliation of changes between the proposed annual budget and adopted annual budget and between the proposed TIP and adopted TIP;
 - Incorporate budget amendments adopted by the Board after the proposed annual budget and proposed TIP are submitted to the Board for review and before the adopted annual budget and adopted TIP are published;
 - Replace prior year forecasts with prior year actual outlays and expenses;
 - Allow unspent operating budgets from the prior year to lapse;
 - Shift annual project budgets between the upcoming fiscal year and the prior year to align annual project budget with expenditures;

- Move authorized project allocation to date between phases of the same project;
 - Revise the adopted annual budget and adopted TIP documents to correct any nonmaterial errors; and
 - Reformat, as necessary before publishing, the adopted annual budget and adopted TIP documents to uniformly present information.
- Approval of changes to the authorized project allocation to date for seven projects and the establishment of nine projects with an authorized project allocation to date increase of \$26.3 million which are included in the proposed 2017 TIP, or as amended by the Board.
 - The chief executive officer provides quarterly reports to the Board that compare actual financial performance to the current adopted annual budget.

FISCAL INFORMATION

The Proposed 2017 Budget and Proposed 2017 Transit Improvement Plan are fully affordable within the agency's existing revenue projections and financial policies.

Sound Transit's Proposed Annual 2017 Budget requests funding authorization totaling \$1,636,615,506 in operating expenditures and project costs. The agency's expenses and outlays will be funded by an estimated \$1,045,541,038 in revenue and other financing sources (on an accrual basis) and by a projected positive cash position in January 2017 of \$787,231,000. As of October 2016, the agency had an unrestricted cash balance of \$810,249,763.

Since the Proposed 2017 Budget and TIP were published, voters have passed the ST3 Plan, producing estimated additional tax revenues of \$552,171,095 in 2017.

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

EQUAL EMPLOYMENT WORKFORCE PROFILE

Not applicable to this action.

PUBLIC INVOLVEMENT

The Sound Transit Board reviewed the Proposed 2017 Budget and Proposed 2017 Transit Improvement Plan at public meetings that took place in September, October, and November 2016. On October 27, 2016, a public hearing was held in order to provide an opportunity for testimony from interested members of the public.

TIME CONSTRAINTS

A one-month delay would postpone adoption of the Proposed 2017 Budget and Proposed 2017 TIP into the 2017 fiscal year and the agency would have no spending authority beginning January 1, 2017.

PRIOR BOARD/COMMITTEE ACTIONS

Resolution No. R72-1: Rescinded Resolution 72 and amended the financial policies to include a strategic property acquisition program as an enumerated purpose of the Regional Fund.

Resolution No. R2002-08: Adopted revised budget policies and superseded Resolution No. 98-4.

Resolution No. R2016-16: Adopted revised financial policies and superseded Resolution No. R2008-10.

ENVIRONMENTAL REVIEW

Jl 11/29/2016

LEGAL REVIEW

JW 12/13/2016

RESOLUTION NO. R2016-37

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority adopting an annual budget for the period from January 1 through December 31, 2017, and adopting the 2017 Transit Improvement Plan.

WHEREAS, the Central Puget Sound Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit District on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the central Puget Sound region; and

WHEREAS, Sound Transit is successfully building and operating the first, second and third phases of the regional transit system plan that were approved by voters in 1996, 2008 and 2016; and

WHEREAS, Sound Transit is meeting a high standard of public accountability through effective monthly progress reports and quarterly financial reporting; and

WHEREAS, the Sound Transit Board adopted financial policies to govern the financing and implementation of the regional transit system and to specify budgetary guidelines for providing subarea equity in accomplishing the same; and

WHEREAS, the chief executive officer submitted a Proposed 2017 Budget and Proposed 2017 Transit Improvement Plan (TIP) for Board consideration; and

WHEREAS, the Proposed 2017 Budget and Proposed 2017 TIP are consistent with and affordable under Sound Transit Financial Policies as adopted by Resolution No. R2016-16 and complies with the Budget Policies as adopted by Resolution No. R2002-08; and

WHEREAS, in 2010 the Sound Transit Board designated the Capital Committee and the Operations and Administration Committee as permanent committees with specific responsibilities, including reviewing proposed annual budgets, and authorized project allocations to date included in the TIP and providing recommendations to the Board; and

WHEREAS a public hearing was held on October 27, 2016, to take public testimony on the Proposed 2017 Budget and Proposed 2017 TIP; and

WHEREAS, at its December 1, 2016, meeting, the Operations and Administration Committee adopted Motion No. M2016-124 recommending the Proposed 2017 Operating Budgets (including agency revenues and other financing sources, operating expenses including transit mode budgets, debt service, donations to other governments, and contributions to reserves) and revisions approved by the Committee to the Board; and

WHEREAS, at its December 8, 2016, meeting, the Capital Committee adopted Motion No. M2016-126 recommending the Proposed 2017 Project Budgets (annual and authorized project allocations to date) and revisions approved by the Committee to the Board; and

WHEREAS, a two-thirds affirmative vote of the entire membership of the Sound Transit Board is required to adopt the Proposed 2017 Budget and Proposed 2017 TIP with revisions.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that:

Section 1a – Revenues. The Proposed 2017 Budget projects the collection of \$1,045,541,038 in total revenues including Sales and Use Tax - \$750,583,490, Motor Vehicle Excise Tax and Rental Car Tax - \$88,736,671, federal grants - \$88,100,619, local and state contributions - \$8,500,000, passenger fare revenues - \$87,961,200, interest income - \$9,646,108 and miscellaneous revenues- \$12,012,950 and/or such amounts as are contained in revisions to the Proposed 2017 Budget as adopted by the Board.

Section 1b – Operating Budgets. Sound Transit is authorized to incur \$396,235,596 in operating expenses, including \$287,487,802 for transit mode budgets, \$2,825,105 for ORCA expenses, and \$105,922,689 for charges to projects.

- Transit Modes: Sound Transit is authorized to incur \$129,974,613 for ST Express bus expenses; \$4,550,352 for Tacoma Link light rail expenses; \$98,477,114 for Link light rail expenses; \$54,485,723 for Sounder commuter rail expenses; and/or such amounts as are contained in revisions to the Proposed 2017 Budget as adopted by the Board.
- ORCA: The chief executive officer is authorized to incur \$2,825,105 for the regionally shared operation and maintenance costs under the Interlocal Agreement (ILA) for the ORCA fare collection system.
- Charges to projects of \$105,922,689 include direct charges of salaries and benefits for employees that work on projects and allocations of administrative overhead to assets and administrative projects.

Section 1c – Project Budgets. Sound Transit is authorized to incur a total of \$1,220,152,865 for project outlays, comprised of budgets for the following project types: System Expansion – Link \$976,890,483; System Expansion – Sounder \$68,733,297; System Expansion – Regional Express \$42,992,391; System Expansion – Other \$11,924,050; Enhancement projects \$26,269,569; Rehabilitation and Replacement projects \$16,726,941; and Administrative projects \$76,616,134; and/or such amounts as are contained in revisions to the Proposed 2017 Budget as adopted by the Board.

Section 1d – Debt Service. Sound Transit is authorized to incur \$90,739,839 in fixed and variable rate interest and fees on debt and \$33,235,000 in principal repayments for a total of \$123,974,839 for debt service on outstanding bonds, and/or such amounts as are contained in revisions to the Proposed 2017 Budget as adopted by the Board.

Section 1e – Donations to Other Governments. Sound Transit is authorized to incur \$5,000,000 in cash donations to other governments, and/or such amounts as are contained in revisions to the Proposed 2017 Budget as adopted by the Board.

Section 1f – Reserves. Sound Transit is authorized to place in reserve the following amounts; \$3,000,000 for Emergency/Loss and \$66,039,266 for Operations and Maintenance.

Section 2. The Proposed 2017 TIP includes changes in authorized project allocations to date not previously adopted by the Board in the amount of \$26,334,725, including \$19,178,486 for existing projects and \$7,156,239 for new projects. The specific projects impacted are referenced in Attachment D – Changes to Authorized Project Allocations To Date in the Proposed 2017 TIP.

Section 3. The budget for the period January 1, 2017 to December 31, 2017 as set forth in Attachment A (Proposed 2017 Budget) and Attachment B (Proposed 2017 TIP), and the approved revisions to the Proposed 2017 Budget and Proposed 2017 TIP in Attachment C together constitute the Adopted 2017 Budget and Adopted 2017 TIP as adopted by this Resolution.

Section 4. The Adopted 2017 Budget and Adopted 2017 TIP are not an exclusive authorization of expenses or capital outlays, except as specified in Section 1b– ORCA and Section 1d– Debt Service. Authorization of expenditures must comply with Resolution No. 78-2, Sound Transit's Procurement and Delegation of Authority Policy.

Section 5. After the Board adopts the budget, the chief executive officer may take the following one-time actions to produce the final adopted annual budget and adopted TIP documents:

Section 5a – Include an executed copy of the annual budget and TIP resolution and a reconciliation of changes between the proposed annual budget and adopted annual budget and between the proposed TIP and adopted TIP;

Section 5b – Incorporate budget amendments adopted by the Board after the proposed annual budget and proposed TIP are submitted to the Board for review and before the adopted annual budget and adopted TIP are published;

Section 5c – Replace prior year forecasts with prior year actual outlays and expenses;

Section 5d – Allow unspent operating budgets from the prior year to lapse;

Section 5e – Shift annual project budgets between the upcoming fiscal year and the prior year to align annual project budget with expenditures;

Section 5f – Move authorized project allocation to date between phases of the same project;

Section 5g – Revise the adopted annual budget and adopted TIP documents to correct any nonmaterial errors; and

Section 5h – Reformat, as necessary before publishing, the adopted annual budget and adopted TIP documents to uniformly present information.

Section 6. The chief executive officer may record spending as a capital outlay or operating expenditure to comply with Generally Accepted Accounting Principles and Governmental Accounting Standards Board regulations.

Section 7. The chief executive officer provides quarterly reports to the Board that compare actual financial performance to the current adopted annual budget.

Section 8. The Board further authorizes the chief executive officer to take any actions necessary to implement the policies and determinations of the Board pursuant to this Resolution.

ADOPTED by no less than a two-thirds affirmative vote of the entire membership of the Sound Transit Board at a regular meeting thereof held on December 15, 2016.


Dow Constantine
Board Chair

ATTEST:


Kathryn Flores
Board Administrator

Resolution No. R2016-37
Attachment C – Approved Amendments

Amendments approved by the Operations and Administration Committee on December 1, 2016

O-1 Operating Budget – CEA Department; Regional Transit ORCA Marketing Project

Total Revision: \$536,500

Funding Source: New Appropriation

Description: Increase the Department budget to reflect the agency's participation in the Regional Transit ORCA Marketing Project. This project is grant funded.

Justification: ST will participate in the Regional Transit ORCA Marketing Project in consultation with the Regional Marketing Committee partner transit agencies, to increase ORCA awareness and the number of ORCA card users. King County Metro Transit Division, as lead agency for this grant project, will reimburse ST up to \$536,500 in WSDOT Puget Sound Transit Coordination Grant funds for costs incurred by ST on this project. ST will also provide matching funds of \$59,611 in staff time, which have already been included in the Proposed 2017 Department budget.

Budget/Schedule Risk: Low/Low

O-2 Revenue Budget - Regional Transit ORCA Marketing Project

Total Revision: \$536,500

Funding Source: WSDOT Puget Sound Transit
Coordination Grant

Description: Increase the revenue budget to reflect the receipt of WSDOT Puget Sound Transit Coordination Grant funds for the Regional Transit ORCA Marketing Project.

Justification: ST will participate in the ORCA Regional Marketing Project with the Regional Marketing Committee partner transit agencies to increase ORCA awareness and the number of ORCA card users in the central Puget Sound region. King County Metro Transit Division, as lead agency for this grant project, will reimburse ST up to \$536,500 in WSDOT Puget Sound Transit Coordination Grant funds for costs incurred by ST on this project.

Budget/Schedule Risk: Low/Low

O-3 Revenue Budget - Transit Security Grant Program

Total Revision: \$240,000

Funding Source: Department of Homeland Security
Transit Security Grant

Description: Increase the revenue budget to reflect the receipt of a Department of Homeland Security Transit Security Grant for a Video Monitoring System at Union Station.

Justification: This grant to procure and install a video monitoring system at Union Station will allow the Security Operations Center personnel to monitor activities and events in real time as they occur in the field. The Department of Homeland Security Transit Security Grant Program helps mitigate some of the identified system gaps while allowing security the ability to sustain core capabilities and day to day operations. The agency will receive 100% reimbursement for costs incurred. A corresponding \$240,000 budget revision is being requested for the Link CCTV System Upgrade project.

Budget/Schedule Risk: Low/Low

O-4 Operating Budget – DECM Department Consulting Services Budget Increase

Total Revision: \$175,000

Funding Source: New Appropriation

Description: Increase consultant services for noise and vibration analysis for the Link light rail system.

Justification: \$175,000 is requested for software and consultant services to provide monitoring equipment and data analysis of outputs of noise and vibration on the active light rail operating system. The results of this analysis would be used to inform future light rail design and to monitor existing noise and vibration levels vs. requirements.

\$175,000 was originally planned to be charged to the capital program, but a change in accounting treatment after the preparation of the Proposed 2017 Budget now requires that these funds, if approved, be charged as operating costs.

Budget/Schedule Risk: Low/Low

O-5 Operating Budget – DECM Department Consulting Services Budget Increase

Total Revision: \$170,000

Funding Source: New Appropriation

Description: Increase consultant services to complete a standard specifications document for capital projects.

Justification: The \$170,000 would be used for completion of a standard specification for physical assets and infrastructure for the light rail system for future system design and construction.

\$150,000 was originally budgeted in 2016 for this effort of which only \$30,000 is forecasted to be spent, requiring a \$130,000 reauthorization of funds for 2017. In addition, costs for the existing scope have grown by \$20,000 and new scope for Building Information Management (BIM) specifications have been added to the proposed costs – resulting in a \$170,000 budget request (\$130,000 carry forward + \$20,000 higher cost + \$20,000 for new BIM scope).

Budget/Schedule Risk: Low/Low

O-6 Operating Budget - DECM Department Staff Increase

Total Revision: \$267,616

Funding Source: New Appropriation

Description: Two new FTEs added to the 2017 Budget, both effective Q1 2017:

1. Executive Project Director, Federal Way
2. Project Coordinator, Federal Way

Justification: Additional staff for Federal Way Link Extension is still very much needed to navigate the technical work of the project with stakeholders, property owners and third party partners.

Executive Project Director directs, manages, and coordinates the delivery of major corridor projects within DECM Department, coordinates assigned activities with other programs and divisions throughout the Agency and major external partners including City of Federal Way, Washington State Department of Transportation (WSDOT), federal transit administration (FTA), Federal Highway Administration (FHWA), King County Metro and other jurisdictions; provides highly responsible and complex technical, policy, and administrative support to the Executive Director.

Project Coordinator position is necessary to assist in the day-to-day management of the team and interface with external partners.

Budget/Schedule Risk: Low/Low

O-7 Operating Budget - Operations Department Facilities Repairs Carry Over

Total Revision: \$1,190,096

Funding Source: New Appropriation

Description: Nine operating facilities repair and maintenance activities included in the 2016 budget are deferred until 2017. An extensive list of routine maintenance and scheduled maintenance is established for completion at the beginning of every budget year. A variety of factors impact our ability to complete all of them including unanticipated needs of a higher priority as well as weather and resource constraints. The activities deferred until 2017 include restriping and sealing of parking lots, elevator upgrades, asphalt patching and resurfacing, and other miscellaneous repairs and studies.

Justification: These activities are incomplete so are deferred to 2017.

Budget/Schedule Risk: Low/Low

O-8 Operating Budget - Operations Department Additional Facilities Repairs

Total Revision: \$417,673

Funding Source: New Appropriation

Description: Three additional repair and maintenance activities have been identified for inclusion in the Operations Department/Facilities Division budget for 2017.

1. OMF YA Track Repair – In the OMF yard the earthen structure supporting the YA track has been partially eroded and must be repaired. (\$110,142)
2. Gilliam Creek Fish Exclusion – Emergency interim repair to ensure proper drainage through a culvert off of an ST parking lot located under the elevated light rail guideway within the City of Tukwila. Work is to begin shortly before the beginning of the rainy season. (\$200,000)
3. Storm water Services - The Tukwila Sounder Station and Lynnwood Transit Center have a total of seven retention ponds that must be cleaned out (\$90,531). In addition, on-call services are estimated higher than initially budgeted. (\$17,000)

Justification: Critical additional work was identified as needed in 2017.

Budget/Schedule Risk: Low/Low

O-9 Operating Budget – Operations Department OMF Office Renovation

Total Revision: \$47,044

Funding Source: New Appropriation

Description: At the Operations & Maintenance Facility - renovate Office #103 to create two offices.

Justification: One office is being split into two offices to accommodate rail supervisors and their staff.

Budget/Schedule Risk: Low/Low

O-10 Revenue Budget – Federal Grants

Total Revision: \$22,844,911

Funding Source: FRA and FTA

Description: Increase 2017 federal grant revenue budget to reflect updated 2017 eligible project costs for grant drawn down.

Justification: Updated 2017 eligible project costs for drawn down include:

- An additional \$14.0 million FRA (WSDOT) grant for the Point Defiance Bypass project
- An additional \$6.9 million in FTA funds for the University Link Extension project
- An additional \$3.1 million in FTA funds for the Sounder Vehicle Overhaul project
- A reduction of \$2.0 million in CMAQ funds (for Puyallup and Auburn Station Access projects) due to PSRC region reaching the 2017 appropriation amount.

Budget/Schedule Risk: Low/Low

O-11 Operating Budget – EXEC Department Staff Increase

Total Revision: \$449,735

Funding Source: New Appropriation

Description: Addition of five FTEs to the 2017 budget.

1. Government & Community Relations Office (South Corridor)
2. Design & Construction Contracts Analyst
3. Design and Construction Administrator (1 of 2)
4. Design and Construction Administrator (2 of 2)
5. Sr. HR Generalist Recruiter

Justification: Additional staff are needed to support the ST3 program.

Budget/Schedule Risk: Low/Low

O-12 Operating Budget – PEPD Department Staff Increase

Total Revision: \$1,104,949

Funding Source: New Appropriation

Description: Addition of eight FTEs to the 2017 budget.

1. HCT Corridor Development Director (East Corridor)
2. HCT Corridor Development Director (West Corridor)
3. HCT Corridor Development Director (South Corridor)
4. HCT Corridor Development Director (North Corridor)
5. Project Manager – PEPD – Light Rail Segment (Ballard)
6. Project Manager – PEPD – Light Rail Segment (West Seattle)
7. Project Manager – PEPD – Light Rail Segment (Downtown Seattle)
8. Sr TOD (Housing) Analyst

Justification: Additional staff are needed to support the ST3 program.

Budget/Schedule Risk: Low/Low

O-13 Operating Budget – Operations Department Staff Increase

Total Revision: \$326,882

Funding Source: New Appropriation

Description: Addition of four FTEs to the 2017 Budget

1. Bus/Rail service Modeler/Scheduler
2. BRT Implementation Coordinator
3. Design Review Project Manager
4. Space Planner

Justification: Additional staff are needed to support the ST3 program.

Budget/Schedule Risk: Low/Low

O-14 Operating Budget – FIT Department Consultant for ST2/ST3 Combined Model

Total Revision: \$75,000

Funding Source: New Appropriation

Description: Consultant support for the development of a combined ST2 and ST3 financial planning model.

Justification: The agency needs the ability to manage revenues and expenses for both the ST2 and ST3 programs as a whole.

Budget/Schedule Risk: Low/Low

O-15 Operating Budget –Funding for Naming Conventions Study.

Total Revision: \$50,000

Funding Source: New Appropriation

Description: Develop naming conventions and standards for all ST projects as they progress through construction and transition into service.

Justification: This work would ensure the naming conventions are used consistently and easily understood by existing and future customers.

Budget/Schedule Risk: Low/Low

O-16 Operating Budget – Leased Office Space

Total Revision: \$1,215,000

Funding Source: New Appropriation

Description: Nine month lease of additional 45,000 square feet at \$36 per foot.

Justification: Additional space will be leased at 705 5th Avenue S to accommodate additional staff and the increasing number of consultants working onsite.

Budget/Schedule Risk: Low/Low

O-17 Operating Budget – Organizational Design and Facilitation Consulting Support

Total Revision: \$150,000

Funding Source: New Appropriation

Description: Consulting support for organizational review and facilitation services.

Justification: A current assessment and potential changes to the organizational structure may be necessary given the size and complexity of the ST3 program.

Budget/Schedule Risk: Low/Low

O-18 Operating Budget – Human Resource Expenses for Additional Hiring

Total Revision: \$189,975

Funding Source: New Appropriation

Description: Expected increase in expenses to recruit and hire additional staff required for ST3 early mobilization.

Justification: Recruiting and hiring the additional positions to support ST3 will require support from executive search firms and may require candidate travel as well as relocation expenses for new hires.

Budget/Schedule Risk: Low/Low

O-19 Operating Budget – Tax Collection Fees

Total Revision: \$2,414,577

Funding Source: New Appropriation

Description: Additional tax collection fees to DOR and DOL for ST3 approved taxes.

Justification: The agency must pay the Department of Revenue and the Department of Licensing to collect the additional tax revenue approved for ST3. The collection fees are not offset from the revenue budget.

Budget/Schedule Risk: Low/Low

O-20 Operating Budget – Light Rail Modeling Consultant

Total Revision: \$180,000

Funding Source: New Appropriation

Description: Increase modeling consultant contract costs.

Justification: This work will support the agency's decision whether to exercise options it has to purchase additional light rail vehicles.

Budget/Schedule Risk: Low/Low

O-21 Operating Budget – Service Standards Update Consultant

Total Revision: \$240,000

Funding Source: New Appropriation

Description: Consulting support to update service standards in combination with the Comprehensive Operations Analysis planned for 2017.

Justification: Sound Transit's service standards are refreshed every three to four years and the last update was in 2014. New service standards are required for ST3 due to the addition of Bus Rapid Transit as a mode as well as and updated standards for ST Express. The additional consulting support will be used to update the service standards, which requires an inclusive public process with multiple rounds of meaningful engagement with stakeholders and the Board.

Budget/Schedule Risk: Low/Low

O-22 Capital Budget – Tenant Improvements and Furnishings for Leased Space

Total Revision: \$3,800,000

Funding Source: New Appropriation

Description: Tenant improvements and furnishings for an additional 45,000 square feet of office space.

Justification: The ST3 Program will require substantial additions of both staff and consultants and current office space is currently near maximum capacity.

Budget/Schedule Risk: Low/Low

O-23 Revenue Budget – ST3 Sales & Use Taxes

Total Revision: \$273,889,383

Funding Source: Sales & Use Taxes

Description: ST3 is funded by an increase in the sales tax rate of 0.5 percent.

Justification: Additional sales & use taxes will be used to fund the voter-approved ST3 Program.

Budget/Schedule Risk: Low/Low

O-24 Revenue Budget – ST3 Motor Vehicle Excise Taxes

Total Revision: \$151,696,825

Funding Source: Motor Vehicle Excise Taxes

Description: ST3 is funded by an increase in the motor vehicle excise tax rate of 0.8 percent.

Justification: Additional motor vehicle excise taxes will be used to fund the voter-approved ST3 Program.

Budget/Schedule Risk: Low/Low

O-25 Revenue Budget – ST3 Property Taxes

Total Revision: \$126,584,887

Funding Source: Property Taxes

Description: ST3 is funded by a property tax increase of 25 cents per \$1,000 of assessed valuation.

Justification: ST3 property taxes will be used to fund the voter-approved ST3 Program.

Budget/Schedule Risk: Low/Low

O-26 Operating Budget – Operations Department Staff Increase

Total Revision: \$950,196

Funding Source: New Appropriation

Description: Addition of nine new FTEs to the 2017 Budget.

1. Operations Technology Director
2. Senior Systems Engineer (1 of 2)
3. Senior Systems Engineer (2 of 2)
4. Transit Systems Engineer
5. Sr Network Engineer
6. Sr IT Systems Engineer (1 of 2)
7. Sr IT Systems Engineer (2 of 2)
8. Sr IT Project Managers (1 of 2)
9. Sr IT Project Managers (2 of 2)

Justification: The technology required to operate transit services on all modes, including safety/security and passenger information, has become increasingly complex and requires a highly skilled organization to support and manage these critical systems.

Budget/Schedule Risk: Low/Low

O-27 Operating Budget – Operations Department SCADA Training and Support

Total Revision: \$350,000

Funding Source: New Appropriation

Description: Enhanced training and contractor support for DECM and Operations engineers/administrators to enable Sound Transit to make basic database changes and user interface enhancements to the SCADA system.

Justification: SCADA is integral to the operations of the light rail system and must be maintained and updated on a timely basis.

Budget/Schedule Risk: Low/Low

Amendments approved by the Capital Committee on December 8, 2016

C-1 #4X115 Lynnwood Link Extension – Additional Allocation for Permit Costs

Total Amendment: \$500,000

Funding Source: ST2 Cost Estimate

Description: Increase Construction phase to account for project early permit costs.

Justification: This project is currently in final design and permit costs are accounted for in construction phase which is not funded until baseline. However, there are recently identified early permitting costs which need to be funded.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|--|--------------------|---------------|-------------------------|-------------------------------------|---------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | \$ 7,225 | | \$ 7,225 | \$ 88,305 | | \$ 88,305 |
| Preliminary Engr / Environmental Documentation | \$ - | | \$ - | \$ 42,000 | | \$ 42,000 |
| Final Design | \$ 37,750 | | \$ 37,750 | \$ 111,453 | | \$ 111,453 |
| Third Party | \$ 4,396 | | \$ 4,396 | \$ 17,400 | | \$ 17,400 |
| Row Acquisition and Permits | \$ 57,025 | | \$ 57,025 | \$ 123,779 | | \$ 123,779 |
| Construction | \$ - | \$ 100 | \$ 100 | \$ - | \$ 500 | \$ 500 |
| Construction Management | \$ 9,800 | | \$ 9,800 | \$ 104,925 | | \$ 104,925 |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | \$ 116,196 | \$ 100 | \$ 116,296 | \$ 487,861 | \$ 500 | \$ 488,361 |

C-2 #400008 Tacoma Link Expansion – Additional Allocation for Pre-Construction Costs

Total Amendment: \$1,070,000

Funding Source: ST2 Cost Estimate

Description: This amendment would provide funding for construction management pre-construction costs and City of Tacoma services for design review and permitting.

Justification: Accounts for costs that are incurred in advance of the baseline of the project.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|--|--------------------|-----------------|-------------------------|-------------------------------------|-----------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | \$ 1,606 | \$ - | \$ 1,606 | \$ 10,600 | | \$ 10,600 |
| Preliminary Engr / Environmental Documentation | \$ - | \$ - | \$ - | \$ 5,872 | | \$ 5,872 |
| Final Design | \$ 4,475 | \$ 1,300 | \$ 5,775 | \$ 10,830 | | \$ 10,830 |
| Third Party | \$ 100 | \$ 650 | \$ 750 | \$ 500 | \$ 810 | \$ 1,310 |
| Row Acquisition and Permits | \$ 2,565 | \$ - | \$ 2,565 | \$ 3,200 | | \$ 3,200 |
| Construction | \$ - | \$ - | \$ - | \$ - | | \$ - |
| Construction Management | \$ 440 | \$ 160 | \$ 600 | \$ 550 | \$ 260 | \$ 810 |
| Vehicles | \$ 800 | | \$ 800 | \$ 2,000 | | \$ 2,000 |
| Contingency | | | | | | |
| Total | \$ 9,986 | \$ 2,110 | \$ 12,096 | \$ 33,552 | \$ 1,070 | \$ 34,622 |

C-3 # 300018 Sumner Station Access Improvements – Additional Allocation for Right of Way Acquisitions

Total Amendment: \$1,501,935

Funding Source: ST2 Cost Estimate

Description: Increase allocation to the Right of Way phase to acquire the necessary properties in a timely manner.

Justification: This allocation would normally occur during a phase gate action but the time of the phase gate and the necessity for the funds requires this amendment to ensure a timely acquisition of properties.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|-------------------------|--------------------|--------------|-------------------------|-------------------------------------|--------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | 144 | | 144 | 762 | | 762 |
| Preliminary Engineering | 518 | | 518 | 2,685 | | 2,685 |
| Final Design | | | | | | |
| Third Party Agreements | | | | | | |
| Right of Way | | 1,615 | 1,615 | 2,912 | 1,502 | 4,414 |
| Construction | 39 | | 39 | 113 | | 113 |
| Construction Services | | | | | | |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | 701 | 1,615 | 2,316 | 6,472 | 1,502 | 7,974 |

C-4 #300004 Sounder Maintenance Base – Early ROW Activity

Description: Allocation from the project cost estimate to accommodate early ROW activities in advance of Phase Gate, Gate 4 (Enter Final Design) when right of way funds are traditionally allocated. Additionally, adjust the 2017 cash-flow to anticipate potential ROW action.

Justification: To allow the flexibility to acquire property that may become available prior to any phase gate actions.

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|--|--------------------|-----------------|-------------------------|-------------------------------------|-----------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | \$ 186 | \$ - | \$ 186 | \$ 860 | | \$ 860 |
| Preliminary Engr / Environmental Documentation | \$ 3,066 | \$ - | \$ 3,066 | \$ 5,116 | | \$ 5,116 |
| Final Design | | | | | | \$ - |
| Third Party | | | | | | \$ - |
| Row Acquisition and Permits | \$ 115 | \$ 2,448 | \$ 2,563 | \$ 865 | \$ 2,127 | \$ 2,992 |
| Construction | | | | | | |
| Construction Management | | | | | | |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | \$ 3,367 | \$ 2,448 | \$ 5,815 | \$ 6,841 | \$ 2,127 | \$ 8,968 |

C-5 #600016 Fare Administration – Increase 2017 Spending

Total Amendment: \$1,872,931

Funding Source: N/A

Description: Increase to 2017 spending in support of OCRA. A shift in phase allocation to budget administrative costs. No change to total budget allocation.

Justification: Proposed TIP was developed before a mature scope of work and schedule could be completed. This change reflects the completed work plan.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|----------------------------------|--------------------|-----------------|-------------------------|-------------------------------------|-------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | \$ - | \$ 115 | \$ 115 | | \$ 115 | \$ 115 |
| Preliminary Engr / Environmental | \$ 200 | \$ 35 | \$ 235 | \$ 1,646 | | \$ 1,646 |
| Research & Technology | \$ 400 | \$ 1,722 | \$ 2,122 | \$ 14,457 | \$ (115) | \$ 14,342 |
| Final Design | | | | | | |
| Third Party | | | | | | |
| Row Acquisition and Permits | | | | | | |
| Construction | | | | | | |
| Construction Services | | | | | | |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | \$ 600 | \$ 1,873 | \$ 2,473 | \$ 16,103 | \$ - | \$ 16,103 |

C-6 #804100 TOD Property Surplus Disposition – Reduce Annual Spending

Total Amendment: (\$1,033,195)

Funding Source: N/A

Description: Reduce annual project budget. No change in total project allocation.

Justification: Reduction is in line with anticipated work plan and cash flow.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|--|--------------------|-------------------|-------------------------|-------------------------------------|-------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | \$ 530 | | \$ 530 | \$ 2,326 | | \$ 2,326 |
| Preliminary Engr / Environmental Documentation | | | | | | |
| Final Design | | | | | | |
| Third Party | | | | | | |
| Row Acquisition and Permits | \$ 1,715 | \$ (820) | \$ 895 | \$ 8,444 | | \$ 8,444 |
| Construction | \$ 513 | \$ (213) | \$ 300 | \$ 845 | | \$ 845 |
| Construction Services | | | | | | |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | \$ 2,758 | \$ (1,033) | \$ 1,725 | \$ 11,615 | \$ - | \$ 11,615 |

C-7 #300017 Puyallup Station Access Improvements – Establish 2017 Annual Budget

Description: 2017 Annual increase to allow for establishment of the final design phase. This action is in conjunction with a November 2016 project budget allocation from the cost estimate and Phase Gate 4 increasing the project budget by \$2,594,563.

Justification: Establish 2017 annual spending consistent with budgets changes approved under a separate 2016 Board action.

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|-------------------------|--------------------|-----------------|-------------------------|-------------------------------------|-------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | \$ 140 | \$ 384 | \$ 524 | \$ 1,223 | | \$ 1,223 |
| Preliminary Engineering | \$ 518 | \$ 302 | \$ 820 | \$ 2,996 | | \$ 2,996 |
| Final Design | | \$ - | | | | |
| Third Party Agreements | | \$ 50 | \$ 50 | \$ 105 | | \$ 105 |
| Right of Way | \$ 3,720 | \$ 837 | \$ 4,557 | \$ 6,555 | | \$ 6,555 |
| Construction | | \$ - | | | | |
| Construction Services | | \$ 63 | \$ 63 | \$ 130 | | \$ 130 |
| Vehicles | | \$ - | | | | |
| Contingency | | \$ - | | | | |
| Total | \$ 4,379 | \$ 1,635 | \$ 6,014 | \$ 11,009 | \$ - | \$ 11,009 |

C-8 #700793 Signage Improvements – Study Sign Identification and Wayfinding Issues

Total Amendment: \$200,000

Funding Source: New Appropriation

Description: Study wayfinding issues in relationship to location, size and ease of identification to assist in the ease of access to Link services. Identify solutions.

Justification: Study is in response to recent customer complaints of wayfinding signs not readily identifiable for instruction to and location of link services.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|--|--------------------|---------------|-------------------------|-------------------------------------|---------------|---------------------------------------|
| | Proposed Budget | Amendment | Amended Proposed Budget | Authorized Project Allocation | Amendment | Amended Authorized Project Allocation |
| Agency Administration | \$ 22 | | \$ 22 | \$ 76 | | \$ 76 |
| Preliminary Engr / Environmental Documentation | | | | | | |
| Final Design | | | | \$ 94 | | \$ 94 |
| Third Party | | \$ 200 | \$ 200 | | \$ 200 | \$ 200 |
| Row Acquisition and Permits | | | | | | |
| Construction | \$ 712 | \$ - | \$ 712 | \$ 728 | | \$ 728 |
| Construction Services | | | | \$ 33 | | \$ 33 |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | \$ 735 | \$ 200 | \$ 935 | \$ 931 | \$ 200 | \$ 1,131 |

C-9 #600033 Link CCTV System Upgrade – Increase for grant funding video monitoring system

Total Amendment: \$240,000

Funding Source: Grant funded

Description: Procure and install a video monitoring system at Union Station aiding Security Operations Center in monitoring events in the field.

Justification: This procurement is fully funded by a recently awarded Homeland Security Grant.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|--|--------------------|---------------|-------------------------|-------------------------------------|---------------|---------------------------------------|
| | Proposed Budget | Amendment | Amended Proposed Budget | Authorized Project Allocation | Amendment | Amended Authorized Project Allocation |
| Agency Administration | \$ 20 | | \$ 20 | \$ 20 | | \$ 20 |
| Preliminary Engr / Environmental Documentation | | | | | | |
| Final Design | \$ 50 | | \$ 50 | \$ 50 | | \$ 50 |
| Third Party | | | | | | |
| Row Acquisition and Permits | | | | | | |
| Construction | \$ 2,084 | \$ 240 | \$ 2,324 | \$ 2,784 | \$ 240 | \$ 3,024 |
| Construction Services | | | | | | |
| Vehicles | | | | | | |
| System Testing & Startup | | | | | | |
| Contingency | | | | | | |
| Total | \$ 2,154 | \$ 240 | \$ 2,394 | \$ 2,854 | \$ 240 | \$ 3,094 |

C-10 #TBD Access Control System Upgrade

Total Amendment: \$1,114,000

Funding Source: New Appropriation

Description: Upgrade of the existing access control system which manages the secure access to agency facilities. The existing system utilizes General Electric (GE) Secure Perfect system was installed in 2008 and is no longer supported by GE. A new system will allow for a single access control platform for all Sound Transit Facilities.

Justification: The current system has been unsupported by GE since 2013. King County had maintained the system with a reliable source of spare parts. However, very recently, spare parts have been more difficult to source necessitating the need for a system replacement and upgrade of features and functionality.

Budget/Schedule Risk: Medium/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|--|--------------------|-----------------|-------------------------|-------------------------------------|-----------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | | | | | | |
| Preliminary Engr / Environmental Documentation | | | | | | |
| Final Design | | | | | | |
| Third Party | | | | | | |
| Row Acquisition and Permits | | | | | | |
| Construction | | \$ 1,114 | \$ 1,114 | | \$ 1,114 | \$ 1,114 |
| Construction Management | | | | | | |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | \$ - | \$ 1,114 | \$ 1,114 | \$ - | \$ 1,114 | \$ 1,114 |

C-11 # TBD LRV Between Car Barriers

Total Amendment: \$560,000

Funding Source: New Appropriation

Description: Procure and install barriers 21 Link Stations to prevent access to space between LRV vehicles.

Justification: To comply with FTA Regulation 49 CFR 38.85 requiring barriers between LRV vehicles when stopped at stations to ensure that visually impaired riders do not mistaken the space between vehicles as an open door. This project was originally anticipated to be a small works project in 2016, once the cost estimate was established for the scope and staff oversight, the project did not meet small works eligibility moving it to a full capital budget consideration.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|--|--------------------|---------------|-------------------------|-------------------------------------|---------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | | \$ 152 | \$ 152 | | \$ 152 | \$ 152 |
| Preliminary Engr / Environmental Documentation | | | | | | |
| Final Design | | | | | | |
| Third Party | | | | | | |
| Row Acquisition and Permits | | | | | | |
| Construction | | \$ 368 | \$ 368 | | \$ 368 | \$ 368 |
| Construction Management | | | | | | |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | \$ - | \$ 520 | \$ 520 | \$ - | \$ 520 | \$ 520 |

C-12 # TBD King Street Station Platform Improvements

Total Amendment: \$300,000

Funding Source: New Appropriation

Description: Participate in a local partnership to design and construction passenger access improvements to King Street Station improving access to Century Link Field.

Justification: This partnership was not formalized, nor was the cost established until after the submission deadline for the 2017 TIP. The partnership is between ST, WSDOT and Amtrak to improve special event train access to King Street Station. Special events requiring 7 car platform support limit train access to other platforms. This will allow improvements to track 9 for game days and special events reducing platform crowding and improving overall safety to passengers. This will be partially funded by a grant from the Federal Railway Administration.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|-------------------------|--------------------|---------------|-------------------------|-------------------------------------|---------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | | \$ 25 | \$ 25 | | \$ 25 | \$ 25 |
| Preliminary Engineering | | \$ 25 | \$ 25 | | \$ 25 | \$ 25 |
| Final Design | | \$ 50 | \$ 50 | | \$ 50 | \$ 50 |
| Third Party Agreements | | | | | | |
| Right of Way* | | \$ 75 | \$ 75 | | \$ 75 | \$ 75 |
| Construction | | \$ 125 | \$ 125 | | \$ 125 | \$ 125 |
| Construction Services | | | | | | |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | | \$ 300 | \$ 300 | | \$ 300 | \$ 300 |

C-13 # TBD Convention Place Development System Retrofit

Total Amendment: \$2,549,150

Funding Source: New Appropriation

Description: Retrofit existing power distribution control and monitoring system at Pine Street. Install new 26kV feeder breakers at Pine Street and feeder cables to new convention place traction power substation and install new 480kV back-up power cables from Pine Street to Westlake and University Stations.

Justification: Current power distribution infrastructure in Convention Place/Pine Street area is scheduled for redevelopment necessitating relocation and decommissioning of existing equipment located on the Convention Place site. The scope of work and cost estimate was only recently established.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|-------------------------|--------------------|--------------|-------------------------|-------------------------------------|--------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | | 233 | 233 | | 233 | 233 |
| Preliminary Engineering | | | | | | |
| Final Design | | 72 | 72 | | 72 | 72 |
| Third Party Agreements | | | | | | |
| Right of Way | | | | | | |
| Construction | | 2,025 | 2,025 | | 2,025 | 2,025 |
| Construction Services | | 220 | 220 | | 220 | 220 |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | | 2,549 | 2,549 | | 2,549 | 2,549 |

C-14 # TBD Link Operating Segment System Enhancements and Upgrades

Total Amendment: \$1,400,000

Funding Source: New Appropriation

Description: The purpose of this project is to deliver enhancements and upgrades to systems on the existing link operating segment. Systems covered include but are not limited to AC power distribution, traction power, overhead catenary system, signals and communications systems upgrades, and enhancements to existing engineering infrastructure of link operating segment.

Justification: To assure continued safe and reliable operation of existing link systems via enhancements and upgrades identified based on system operational performance.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|-------------------------|--------------------|--------------|-------------------------|-------------------------------------|--------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Proposed Budget | Revision | Revised Authorized Project Allocation |
| Agency Administration | | 185 | 185 | | 185 | 185 |
| Preliminary Engineering | | | | | | |
| Final Design | | 185 | 185 | | 185 | 185 |
| Third Party Agreements | | | | | | |
| Right of Way | | | | | | |
| Construction | | 950 | 950 | | 950 | 950 |
| Construction Services | | 80 | 80 | | 80 | 80 |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | | 1,400 | 1,400 | | 1,400 | 1,400 |

C-15 # TBD On-Demand Bike Locker Pilot

Total Amendment: \$60,000

Funding Source: New Appropriation/Grant

Description: Installation of 16 bike lockers with on-demand technology at Mercer Island Transit Center to test and evaluate system for potential use at other locations. This project recently received partial funding through a local grant making this project affordable.

Justification: Provides a low cost review and experience of new technologies to better achieve full utilization bike lockers for active bike riders at locations where a high demand for lockers exist.

Budget/Schedule Risk: Low/Low

| Phase | 2017 Annual Budget | | | Total Authorized Project Allocation | | |
|--|--------------------|--------------|-------------------------|-------------------------------------|--------------|---------------------------------------|
| | Proposed Budget | Revision | Revised Proposed Budget | Authorized Project Allocation | Revision | Revised Authorized Project Allocation |
| Agency Administration | | | | | | |
| Preliminary Engr / Environmental Documentation | | | | | | |
| Final Design | | | | | | |
| Third Party | | | | | | |
| Row Acquisition and Permits | | | | | | |
| Construction | | \$ 60 | \$ 60 | | \$ 60 | \$ 60 |
| Construction Management | | | | | | |
| Vehicles | | | | | | |
| Contingency | | | | | | |
| Total | \$ - | \$ 60 | \$ 60 | \$ - | \$ 60 | \$ 60 |

Resolution No. R2016-37
Attachment D – Changes to Authorized Project Allocation to Date in Transit Improvement Plan

Adoption of the Proposed 2017 Transit Improvement Plan will approve the changes to the authorized project allocation to date for the following projects:

| | 2016 TIP | \$ Change | 2017 TIP |
|---|----------------------|---------------------|----------------------|
| Existing Projects | | | |
| Tacoma Link Expansion | \$33,002,000 | \$550,000 | \$33,552,000 |
| ST Express Fleet Expansion | 26,184,555 | 13,572,214 | 39,756,769 |
| Fare Administration | 17,611,406 | (1,508,239) | 16,103,167 |
| Link CCTV System Upgrade | 700,000 | 2,153,500 | 2,853,500 |
| Sounder Vehicle Overhaul | 24,301,406 | 800,000 | 25,101,406 |
| Station Midlife Refurbishment Program | 1,450,000 | 245,441 | 1,695,441 |
| Small Works Program | 7,942,164 | 3,365,570 | 11,307,734 |
| Subtotal Existing Projects | \$111,191,531 | \$19,178,486 | 130,370,017 |
| New Projects | | | |
| Fare Policy | - | \$1,508,239 | \$1,508,239 |
| LRV Wash Bay Modifications | - | 300,000 | 300,000 |
| LRV Wheel Flat Software | - | 250,000 | 250,000 |
| OMF Energy Efficiency | - | 1,098,000 | 1,098,000 |
| Customer Emergency Stations | - | 800,000 | 800,000 |
| SCR Passenger Emergency Intercom | - | 1,500,000 | 1,500,000 |
| Bellevue Transit Center Security System | - | 150,000 | 150,000 |
| Link Bridge Repairs | - | 550,000 | 550,000 |
| Link Radio Upgrade | - | 1,000,000 | 1,000,000 |
| Subtotal New Projects | - | \$7,156,239 | \$7,156,239 |
| Total | \$111,191,531 | \$26,334,725 | \$137,526,256 |

Appendix D – Reconciliation of Proposed 2017 Budget to Adopted 2017 Budget

The Proposed 2017 Budget and Proposed 2017 Transit Improvement Plan (TIP) were submitted for Board review in September 2016. By Resolution No. R2016-37, the Board adopted the annual budget for the period January 1 through December 31, 2017. Consistent with budget policies, the resolution adopted the operating and capital plan contained in the proposed budget, and authorized Sound Transit to expend \$1.64 billion in the operating and capital program subject to changes identified in selected budget revisions and administrative adjustments.

Adjustments to the Operating & Project Budgets for Fiscal Year 2017

The Adopted 2017 Budget document was produced after the close of fiscal year 2016. Based on a comparison of the forecasted expenditures for 2016 contained in the Proposed 2017 Budget to actual expenditures, project budget cash flows are adjusted to reflect actual 2016 expenditures. These adjustments may result in offsetting adjustments to the 2017 fiscal year budget.

As part of the budget review process, board committees reviewed the Proposed 2017 Budget and budget revisions before the final approval of the budget by the board. These changes made by the board as part of the review process are included in the following reconciliation.

As a result, there are four primary sources for changes from the proposed to the adopted budget:

1. Budget revisions to the proposed budget that were adopted by the board.
2. Updated project cash flows to reflect actual 2016 capital outlays.
3. Any other changes per Resolution No. R2016-37.
4. Other budget amendments adopted by the Board prior to or since budget adoption.

Consistent with budget policies and Resolution No. R2016-37, the following changes were made to the proposed 2017 budget. In total, these changes increased the operating & capital outlay budget for 2017 by \$115.7 million to a new total of \$1.75 billion.

| | |
|--|-------------|
| Proposed Expenses & Outlays for 2017 (in thousands) | \$1,636,616 |
| 1. Budget Revisions | 29,429 |
| 2. Cashflow Changes | 62,317 |
| 3. Other Changes Per Resolution R2016-37 | 1,360 |
| 4. Any other Budget Amendments adopted by the Board. | 22,636 |
| Adopted Operating & Capital Budget for 2017 * | \$1,752,358 |

* Numbers may not sum due to rounding.

1. Changes to Budgets Reflected in Budget Revisions

| Budget/Project Category | Budget Revision Number / Description | 2017 Change (\$000) | Comments |
|--------------------------------|---|---------------------|--|
| OPERATING BUDGETS | | | |
| DEPARTMENT BUDGET | O-1 REGIONAL TRANSIT ORCA MARKETING PROJECT | 537 | Increase reflects the agency's participation in the Regional Transit ORCA Marketing Project. |
| DEPARTMENT BUDGET | O-4 DECM DEPARTMENT CONSULTING | 175 | Increase reflects consultant services for noise and vibration analysis. |
| DEPARTMENT BUDGET | O-5 DECM DEPARTMENT CONSULTING | 170 | Increase reflects consultant services to complete a standard specifications document for capital projects. |
| DEPARTMENT BUDGET | O-6 DECM DEPARTMENT STAFFING | 268 | Funds two new FTEs for Federal Way Link Extension. |
| DEPARTMENT BUDGET | O-7 OPERATIONS DEPARTMENT FACILITIES REPAIRS | 1,190 | Funds nine facilities repair and maintenance activities deferred from 2016. |
| DEPARTMENT BUDGET | O-8 OPERATIONS DEPARTMENT FACILITIES REPAIRS | 418 | Funds three additional facilities repair and maintenance activities identified for inclusion in 2017. |
| DEPARTMENT BUDGET | O-9 OPERATIONS DEPARTMENT OMF OFFICE RENOVATION | 47 | Funds an office renovation at the Operations & Maintenance Facility. |
| DEPARTMENT BUDGET | O-11 EXECUTIVE DEPARTMENT STAFFING | 450 | Funds five additional FTEs in support of the ST3 program. |
| DEPARTMENT BUDGET | O-12 PEPD DEPARTMENT STAFFING | 1,105 | Funds eight additional FTEs in support of the ST3 program. |
| DEPARTMENT BUDGET | O-13 OPERATIONS DEPARTMENT STAFFING | 327 | Funds four additional FTEs in support of the ST3 program. |
| DEPARTMENT BUDGET | O-14 FIT DEPARTMENT CONSULTING | 75 | Funds consultant support for a combined ST2/ST3 financial planning model. |
| DEPARTMENT BUDGET | O-15 CEA DEPARTMENT CONSULTING | 50 | Funds a naming conventions and standards study for all ST projects. |
| DEPARTMENT BUDGET | O-16 DECM DEPARTMENT LEASED OFFICE SPACE | 1,215 | Funds a nine month lease for an additional 45,000 square feet of office space. |
| DEPARTMENT BUDGET | O-17 EXECUTIVE DEPARTMENT CONSULTING | 150 | Funds consultant support for organizational review and facilitation services. |
| DEPARTMENT BUDGET | O-18 EXECUTIVE DEPARTMENT HUMAN RESOURCES | 190 | Funds additional expenses to recruit and hire additional staff required for ST3 early mobilization work. |
| DEPARTMENT BUDGET | O-19 FIT DEPARTMENT TAX FEES | 2,415 | Increases budget for additional tax collection fees to the Department Of Revenue and Department of Licensing for ST3 approved taxes. |
| DEPARTMENT BUDGET | O-20 OPERATIONS DEPARTMENT CONSULTING | 180 | Funds consultant for light rail modelling. |
| DEPARTMENT BUDGET | O-21 OPERATIONS DEPARTMENT CONSULTING | 240 | Funds consultant support to update service standards in combination with the Comprehensive Operations Analysis. |
| DEPARTMENT BUDGET | O-26 OPERATIONS DEPARTMENT STAFFING | 950 | Funds nine additional FTEs in support of the ST3 program. |
| DEPARTMENT BUDGET | O-27 OPERATIONS DEPARTMENT SCADA EXPENSES | 350 | Funds enhanced training and contractor support for ST employees using the SCADA system. |
| OPERATING BUDGETS TOTAL | | 10,500 | |

| Budget/Project Category | Budget Revision Number / Project | 2017 Change (\$000) | Comments |
|--|--|---------------------------|---|
| PROJECT BUDGETS | | | |
| SYSTEM EXPANSION -LINK | C-1 4X115 - LYNNWOOD LINK EXTENSION | 100 | Early permitting costs required in advance of project baseline. |
| SYSTEM EXPANSION -LINK | C-2 400008 - TACOMA LINK EXPANSION | 2,110 | Construction management preconstruction costs and design review and permitting costs. |
| SYSTEM EXPANSION -SOUNDER | C-3 300018 - SUMNER STATION IMPROVEMENTS | 1,615 | To allow the flexibility to acquire property that may become available prior to any phase gate actions. |
| SYSTEM EXPANSION -SOUNDER | C-4 300004 - SOUNDER MAINTENANCE BASE | 2,447 | To allow the flexibility to acquire property that may become available prior to any phase gate actions. |
| SYSTEM EXPANSION -OTHER | C-5 600016 - FARE ADMINISTRATION | 1,873 | Increase to annual spending reflects revised work plan in support of ORCA. |
| ENHANCEMENT | C-6 804100 - TOD PROPERTY DISPOSITION | -1,033 | Reduction reflects anticipated work plan. |
| SYSTEM EXPANSION -SOUNDER | C-7 300017 - PUYALLUP STATION IMPROVEMENTS | 1,635 | Establish 2017 annual spending consistent with budget changes approved when project proceeded into final design. |
| ENHANCEMENT | C-8 700793 - SIGNAGE IMPROVEMENTS | 200 | To study wayfinding issues to assist ease of access to Link services. |
| REHABILITATION AND REPLACEMENT | C-9 600033 - LINK CCTV SYSTEM UPGRADE | 240 | To procure and install video monitoring system at Union Station aiding Security Operations Center in monitoring events in the field. This amount is the amount of the Homeland Security Grant for the procurement. |
| ENHANCEMENT | C-10 700695 - ACCESS CONTROL CARD UPGRADE | 1,114 | New project to upgrade existing access control system to centralize access control to all Sound Transit facilities. |
| ENHANCEMENT | C-11 700697 - LRV BETWEEN CAR BARRIERS | 520 | Install barriers at 21 Link stations to prevent access to space between LRV vehicles. |
| ENHANCEMENT | C-12 700696 - KING ST STATION PLATFORM IMPROVEMENTS | 300 | New project to participate in local partnership to design and construct passenger access improvements to King Street Station improving access to Century Link Field. |
| REHABILITATION AND REPLACEMENT | C-13 400046 - CONVENTION PL SYSTEM RETROFIT | 2,549 | New project. Current power distribution infrastructure in the Convention Place/Pine Street area is scheduled for redevelopment making it necessary to relocate and decommission existing equipment located at the site. |
| ENHANCEMENT | C-14 400044 - LINK OPERATING SYSTEM ENHANCEMENTS/UPGRADES | 1,400 | New project to provide continued safe and reliable operation of existing Link systems via enhancements and upgrades identified based on system operational performance. |
| ENHANCEMENT | C-15 600045 - ON-DEMAND BIKE LOCKER PILOT | 60 | New project to install 16 bike lockers with on demand technology at Mercer Island Transit Center. |
| ADMINISTRATIVE | 0-22 802000 - ADMINISTRATIVE CAPTIAL | 3,800 | Required tenant improvements to additional lease space. |
| PROJECT BUDGETS TOTAL | | 18,929 | |
| TOTAL OPERATING AND PROJECT BUDGETS | | 29,429 | |

2. Updated Project Cash Flows Based on Actual Expenditures in 2016

Project cash flows within the proposed 2017 budget document included a forecast for 2016 expenditures. As part of developing the adopted 2017 budget document, the proposed 2017 budget annual project cash flows are updated to reflect actual capital outlays for the preceding year (2016). The effect of this change is an increase of \$62.3 million for cash flow adjustments. The following projects' fiscal year 2017 projected cash flows were adjusted:

| Project | Proposed 2017 (\$000) | Revised 2017 (\$000) | Difference (\$000) | Comments |
|--|-----------------------|----------------------|--------------------|--|
| SYSTEM EXPANSION - LINK | | | | |
| 400007 - FIRST HILL STREETCAR | 8 | 438 | 430 | Payment to the City of Seattle was anticipated in 2016 and now carried over into 2017. |
| 400009 - LINK O&M FACILITY EAST | 99,847 | 108,766 | 8,920 | Design/Build Procurement & ROW acquisition delay. Shifting some PE budget into 2017 to support concept validation, environmental permit support, and development of conformed plans. All acquisitions now planned for 2017 (condemnation). |
| 4X100 - NORTHGATE LINK EXTENSION | 258,860 | 267,957 | 9,098 | Payment to KCM related to bus transit facilities property acquisition delayed to 2017. |
| 4X445 - FEDERAL WAY LINK EXTENSION | 6,139 | 6,121 | -19 | Overspending in 2016 carried over into 2017. |
| SYSTEM EXPANSION - SOUNDER | | | | |
| 300019 - LAKEWOOD STATION IMPROVEMENTS | 29 | 0 | -29 | Project closing. Remaining funds are considered surplus. |
| 300021 - TACOMA TRESTLE TRACK & SIGNAL | 38,133 | 58,630 | 20,497 | Construction delay, moving budget into 2017 for work to be completed in 2017. |
| 3X206 - MUKILTEO STATION-S PLATFORM | 320 | 1,620 | 1,300 | Port of Everett parcel acquisition delay. Shifting ROW budget to 2017. |
| 3X212 - FARE COLLECTION | 148 | 148 | 0 | Slight overspending in 2016 carried over into 2017. |
| 7X755 - SOUNDER ST2 FLEET EXPANSION | 3,829 | 3,244 | -585 | Early delivery of vehicles resulted in higher spending in 2016. |
| SYSTEM EXPANSION - REGIONAL EXPRESS | | | | |
| 5X387 - REX I-90 2 WAY TRANS& HOV III | 23,721 | 39,221 | 15,500 | Construction delay. Shifting some Construction budget into 2017. Work to be completed in 2017. Allocated and unallocated contingency budgets in 2018/19. |
| SYSTEM EXPANSION - OTHER | | | | |
| 6X668 - ST ART | 1,390 | 1,390 | 0 | Slight underspending in 2016 carried over into 2017. |
| 809103 - CENTRAL & EAST HCT STUDY | 0 | 25 | 25 | Project closing. Remaining funds are considered surplus. |

| Project | Proposed 2017 (\$000) | Revised 2017 (\$000) | Difference (\$000) | Comments |
|---|-----------------------------|----------------------------|-----------------------|--|
| ENHANCEMENT | | | | |
| 700723 - DSTT MITIGATION | 1,834 | 2,334 | 500 | Anticipated payments to fund Seattle street improvements will commence in 2017. |
| 700724 - PUYALLUP STN LED LIGHTING | 0 | 178 | 178 | Project was expected to complete in 2017. However, delayed into 2018 to complete installation. |
| 700725 - SUMNER STN LED LIGHTING | 0 | 134 | 134 | Project was expected to complete in 2017. However, delayed into 2018 to complete installation. |
| 700726 - KENT STN PLATFORM LIGHTING | 0 | 236 | 236 | Project was expected to complete in 2017. However, delayed into 2018 to complete installation. |
| 700727 - KENT STN PARKING LOT PAVING | 635 | 626 | -8 | Project pending integration of ST3 project. |
| 700730 - OMF LRV LIFT | 4,237 | 4,458 | 220 | Project delayed to revise the RFQ for the procurement contract and readvertise. |
| 700736 - UNION STN GARDEN LEVEL REMODEL | 1,082 | 1,455 | -98 | Project increased project allocation in Jan 2017. Overspending in 2016 was moved into 2017. |
| 700774 - C LINK HVAC-INSTRU HSE/UPS RM | 86 | 449 | 363 | Underspending in 2016. Project is expected to be completed in 2017. |
| 700775 - C LINK CARD READERS | 295 | 292 | -4 | Project is on hold. |
| 700777 - C LINK OH CAT SYS TIE SWITCH | 2,845 | 2,995 | 150 | Underspending in 2016 due to lack of DECM resources, moving costs into 2017. |
| 700793 - SIGNAGE IMPROVEMENTS | 735 | 1,014 | 79 | Input from third parties delayed the design process resulting in work shifting into 2017. |
| 700798 - LINK REMOTE SWITCH HEATERS | 184 | 125 | -59 | Project scope under evaluation. |
| 7X753 - BIKE LOCKER PROGRAM | 39 | 184 | 144 | Complete installation of security equipment and project close out activities moving into 2017. |
| 700781 - NON-REVENUE SUPPORT VEHICLES | 316 | 1,034 | 718 | Carry over of unspent funds into 2017 to fund vehicle procurement. |
| REHABILITATION AND REPLACEMENT | | | | |
| 700769 - LRV OVERHAUL | 0 | 2,959 | 2,959 | Spending in 2016 for Auburn bus loop was lower than expected, moving budget into 2017. |
| 700771 - STATION MIDLIFE MAINTENANCE | 540 | 616 | 76 | Spending in 2016 for Auburn bus loop was lower than expected, moving budget into 2017. |
| 7X740 - SMALL WORKS PROGRAM | 2,588 | 3,073 | 485 | Carry over of incomplete and anticipated work delayed until 2017. |
| ADMINISTRATIVE | | | | |
| 802000 - ADMINISTRATIVE CAPTIAL | 2,259 | 6,526 | 466 | Furniture procurement delayed until 2017. |
| 0X002 - AGENCY ADMIN OPERATING | 71,735 | 72,374 | 639 | Revised total of Sound Transit overhead costs. |
| TOTAL | 447,832 | 509,285 | 62,317 | |

3. Any Other Changes per Resolution No. R2016-37

Resolution No.2016-37, section 5g, authorizes the CEO to revise the adopted 2017 budget to correct for non-material errors and these are shown below:

| Budget/Project Category | Project Name or Description | 2017 Change (\$000) | Comments |
|-------------------------|-----------------------------|---------------------|--|
| OPERATING BUDGETS | SALARIES & BENEFITS | 989 | Lower charges to projects which increases the department budget. |
| OPERATING BUDGETS | SALARIES & BENEFITS | 371 | Addition to benefits budget to reflect updated salaries and benefits data. |
| Total | | 1,360 | |

4. Other Budget Amendments Adopted by the Board prior to or since Budget Adoption.

The following are other budget amendments adopted by the Board prior to or since budget adoption on 12/15/16:

| Budget/Project Category | Project Name or Description | 2017 Change (\$000) | Comments |
|---------------------------|---|---------------------|---|
| DEBT SERVICE | 2016 PARITY BONDS SALE | 20,000 | Increase in capitalized interest of \$20 million arising from the agency's parity bond sale on December 19, 2016, and budget amendment authority per Resolution No. R2016-32, section 19. |
| SYSTEM EXPANSION -SOUNDER | 300018 - SUMNER STATION IMPROVEMENTS | 2,165 | Budget allocation increase per Resolution No. R2017-01 as project enters into final design. |
| ENHANCEMENT | 700736 - UNION STN GARDEN LEVEL REMODEL | 471 | Budget revision per Resolution No. R2016-31 to increase project allocation due to changes in project design, added work spaces and furnishings, and electrical condition mitigation. |
| TOTAL | | 22,636 | |

Adopted 2017 Revenue Budget

Resolution No. R2016-37 projected annual revenues of \$1.0 billion subject to changes identified in the following revenue revisions adopted by the Board on 12/15/16:

| Budget Category | Budget Revision Number / Description | 2017 Change (\$000) | Comments |
|-----------------|---|---------------------|--|
| REVENUE BUDGET | O-2 REGIONAL TRANSIT ORCA MARKETING PROJECT | 537 | Increase reflects the receipt of WSDOT Puget Sound Transit Coordination Grant funds for the agency's participation in the Regional Transit ORCA Marketing Project. |
| REVENUE BUDGET | O-3 TRANSIT SECURITY GRANT PROGRAM | 240 | Increase reflects the receipt of a Department of Homeland Security Grant for a video monitoring system at Union Station. |
| REVENUE BUDGET | O-10 FEDERAL GRANTS | 22,845 | Increase reflects updated 2017 eligible project costs for grant drawdown, and includes the Point Defiance Bypass, University Link Extension and Sounder Vehicle Overhaul Projects. |
| REVENUE BUDGET | O-23 ST3 SALES AND USE TAX | 273,889 | Increase reflects the ST3 increase in the sales tax rate of 0.5 percent. |
| REVENUE BUDGET | O-24 ST3 MOTOR VEHICLE EXCISE TAX | 151,697 | Increase reflects the ST3 increase in the motor vehicle excise tax rate of 0.8 percent. |
| REVENUE BUDGET | O-25 ST3 PROPERTY TAX | 126,585 | New revenue source with the ST3 property tax rate of 25 cents per \$1,000 of assessed valuation. |
| Total | | 575,793 | |

Appendix E – Glossary

A87 – A federal government Office of Management and Budget circular that establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments. The A-87 Revised (effective June 9, 2004) rescinds and supersedes Circular A-87 (issued May 4, 1995).

ADA (Americans with Disabilities Act) – Federal law passed in 1990 that prohibits discrimination in services, facilities, and employment against individuals with disabilities.

Adopted Annual Budget – The proposed annual budget and associated revisions adopted by the Board before the beginning of the fiscal year, plus any one-time actions that the agency's Budget Policy authorizes the CEO to take after the Board adopts the budget and transit improvement plan (TIP) and before publication of the adopted annual budget document.

Adopted Transit Improvement Plan (TIP) – The TIP is the cumulative total of authorized project allocations to date for all active projects. The adopted TIP is the proposed TIP and associated revisions adopted by the Board, plus any one-time actions that the Budget Policy authorizes the CEO to take after the Board adopts the annual budget and TIP resolution.

Annual Budget and TIP Resolution – Board-adopted resolution that establishes annual spending authority and divides spending totals into categories such as operating including transit modes, projects by type, and debt service, plus an annual revenue forecast. It also establishes the authorized project allocation to date for projects included in the TIP and not approved by separate Board resolution.

Annual Operating Budget – Board-authorized agency operating expenditures. The agency maintains operating budgets at five levels:

Agency: Total agency operating expenditures.

Department: All operating expenditures managed by a department (e.g., DECM, Operations, Executive). Included in agency budget document.

Division: All operating expenditures managed by a division (e.g., Construction Management, Environmental & Sustainability, Human Resources, Service Planning,). Not included in agency budget document but maintained and monitored within agency financial systems.

Business Unit: All operating expenditures for smallest organization component. Not included in agency budget documents but maintained and monitored within agency financial systems.

Modal: All operating expenditures for a transit mode: Sounder commuter rail, ST Express bus, Tacoma Link, and Link light rail. Included in agency budget document.

Annual Project Budget – The amount of project costs expected to be incurred during the budget year.

Authorized Project Allocation to Date – The current Board-authorized spending ceiling for a project.

Average Weekday Boardings – Number of one-way passenger movements (trips) between two points on a single vehicle on all routes on an average weekday.

Baseline – A plan, design, specification, contract, or other approved document or configurations against which actual performance is measured. Baseline can also refer to a schedule or budget used for management control and reporting purposes.

BNSF – Burlington Northern Santa Fe Railway - The railroad company that contractually operates Sounder, Sound Transit's commuter rail service.

Board – The Sound Transit Board of Directors, made up of 18 members: 17 elected officials from local jurisdictions within the Sound Transit district and the Secretary of the Washington State Department of Transportation.

Boarding – The number of one-way passenger trips between two points on a single vehicle. Also synonymous with unlinked passenger trip, rider, or passenger.

Capital Asset – Individual assets costing \$5,000 or more and having useful lives greater than one year. Also, significant alterations, renovations, or structural changes that increase the usefulness of a Sound Transit owned asset, enhance its efficiency, or prolong its useful life by more than one year.

Capital Outlay – An expense that results in the acquisition of or addition to fixed assets.

Capital Projects – Projects that purchase or construct capital assets.

Catenary – Suspended overhead wire that carries high voltage for electrically-powered transit vehicles (such as light rail) from a central power source.

CCTV (Closed Circuit Television) – Cameras installed aboard transit vehicles and at passenger stations for security purposes.

CEA – Communications & External Affairs department.

CEO – Chief Executive Officer of Sound Transit who reports directly to the Board of Directors.

COLA (Cost-of-Living Adjustment) – Refers to the annual percentage increase applied to an employee's salary for inflationary factors.

Commuter Rail – Railway for urban passenger train service consisting of local short distance travel operating between a central city and adjacent suburbs.

Complaints per 100,000 Boardings – The performance metric (calculated for each mode) that measures the number of service complaints per 100,000 passenger boardings.

*Calculation = [(Service Complaints Received/ Modal Passenger Boardings) * 100,000]*

Contingency – A budgetary reserve put aside for emergencies or unforeseen expenses.

COP (Citizen Oversight Panel) – An independent panel of 15 volunteers appointed by the Board of Directors representing each of Sound Transit's five subareas. Its mission is to monitor the agency's commitment to the public, reviewing projects, budgets, and performance, and reporting its findings and recommendations for improvement to the Board.

Cost per Boarding – Calculated for each mode, this metric represents the fully allocated cost of providing service to a passenger.

Calculation = (Modal Operating Expenses/Modal Passenger Boardings)

Cost per Platform Hour – Calculated for each mode, this metric measures the fully allocated cost of providing one hour of service, inclusive of revenue and non-revenue time.

Calculation = (Modal Operating Expenses/Modal Platform Hours)

Cost per Revenue Vehicle Hour – Calculated for each mode, this metric represents the fully allocated cost of providing one revenue vehicle hour of service.

Calculation = (Modal Operating Expense/Modal Revenue Vehicle Hours)

CPI (Cost Performance Index) – A measure of the value of the work completed compared to the actual cost or progress made on the project.

Deadhead – The amount of non-revenue service time or miles when a bus or train is not carrying revenue passengers, usually a trip from, to, or between lines, yards, or garages.

Debt Service – The payment of interest and the repayment of principal on long-term borrowed funds according to a predetermined schedule.

DECM – Design, Engineering & Construction Management department.

DB (Design-build) – A procurement method used to minimize design and construction risks while reducing the project delivery schedule by overlapping the design phase and construction phase of a project. Using DB, the owner contracts with a single entity for all engineering, design, and construction services for a transit facility/system.

Department – Highest organizational unit of Sound Transit, consisting of: Communications & External Affairs; Design, Engineering & Construction Management; Executive; Finance & Information Technology; Legal; Operations; and Planning, Environment & Project Development.

Depreciation – A method by which the costs of property and equipment are systematically and rationally allocated over their useful life.

Division – Organizational sub-unit within departments.

DSTT – Downtown Seattle Transit Tunnel.

EIS (Environmental Impact Statement) – A study of the impacts of a major project on the environment and surrounding areas, required for any capital construction project for which federal funds are used.

Expense – A decrease in net current assets. Expenses include salaries and benefits, administrative expenses, debt service, and those current operating costs that require the use of current assets.

Farebox Recovery – Calculated for each mode collecting fares, this metric represents the percentage of operating cost of each mode that is paid by transit riders.

Calculation = (Modal Operating Expenses/Modal Passenger Fare Revenue)

FCC – Federal Communications Commission.

Financial Plan Project Estimate – The current estimated project cost from inception to completion, as maintained and updated annually in the agency's financial plan. Maintained in inflation adjusted year of expenditure dollars.

Fiscal Year – A 12-month period for calculating annual financial statements. Sound Transit's fiscal year is January 1 to December 31.

FIT – Finance & Information Technology department.

FTA (Federal Transit Administration) – The federal agency responsible for the administration of federal transit programs, including the allocation of grant funds. FTA is a part of the U.S. Department of Transportation.

FTE (Full Time Equivalent) – The fractional equivalent of one full-time employee working a 40-hour work week for one calendar year.

FY – Fiscal Year.

GCCM (General Contractor/Construction Manager) – A procurement method used to reduce construction risk. Using GCCM, the owner has access to construction expertise and experience prior to completion of design. Services offered by a GCCM contractor include assistance with decision-making, constructability reviews, value engineering, budget control, cost estimating, and schedule control.

GFOA (Government Finance Officers Association) – An organization whose purpose is to enhance and promote the professional management of governments for the public's benefit by identifying and developing financial policies and practices and promoting them through education, training, and leadership.

GIS – Geographic Information Services

HCT (High Capacity Transit) – Public transportation within an urbanized region operating principally on exclusive rights of way, including interim express services and high occupancy vehicle lanes, which taken as a whole, provides a substantially higher level of passenger capacity, speed, and service frequency than traditional public transportation systems operating principally in general purpose roadways.

HOV (High-Occupancy Vehicle) – A vehicle containing two or more passengers. Occupancy designations are used on designated auto traffic lanes to encourage car-pooling, ride sharing, or the use of public transportation.

IT – Information Technology

KCM (King County Metro) – The public transit division of King County Department of Transportation, responsible for providing bus, trolley bus, light rail, water taxi, paratransit, and vanpool services in a service area of about 2,000 square miles. Sound Transit contracts a portion of its express bus service as well as all of its light rail service with KCM.

Light Rail – Service using trains powered with overhead catenary power, operating on tracks embedded in city streets or along a separate right-of-way. Passengers are picked up and discharged at fixed locations (stations) located along the tracks.

LRV (Light Rail Vehicle) – A vehicle with overhead catenary power operating on tracks. It may be connected to other vehicles and operated as a train.

MMIS (Maintenance Management Information System) – The Maintenance Management Information System is an online system that helps gather and analyze data about an organization's maintenance operations with the intention of helping management make informed decisions and staff do their jobs more effectively.

Mode – A system for carrying transit passengers described by specific right-of-way, technology, and operational features. Sound Transit modes are light rail, commuter rail, and regional express bus.

MVET (Motor Vehicle Excise Tax) – Also called the “car tab” tax; this is a tax on vehicles based on the depreciated value of the vehicle using the Manufacturer's Suggested Retail Price (MSRP) as the initial vehicle value. The tax on commercial trucks and trailers is based on the depreciated value using the latest purchase price and year as the initial vehicle value. Sound Transit currently assesses a 0.3 percent MVET within its taxing district.

NRV (Non-Revenue Vehicles) – Agency fleet consisting of cars, trucks, vans, SUVs, specialty vehicles, and equipment used for administrative purposes.

O&M – Operations and Maintenance

OMF – Operations Maintenance Facility

On-Time Performance – A performance ratio that measures how often a transit service is on time (i.e., at a designated pick-up spot within a predetermined timeframe). The timeframe differs based on mode and frequency of service.

Calculation = $(\# \text{ Scheduled Trips} - \# \text{ Trips Early or Late}) / \text{Total \# of Scheduled Trips}$

ORCA (One Regional Card for All) – A stored-value smart card used for payment of public transit fares in the Central Puget Sound region.

Paratransit – The comparable transportation service required by the ADA for individuals with disabilities who are unable to use fixed-route (bus and rail) service. The vehicles used do not operate over a fixed route or on a fixed schedule.

PE/ED – Preliminary Engineering and Environmental Documentation

PEPD – Planning, Environment & Project Development department

Percentage of Scheduled Trips Operated – A performance ratio that measures the number of times a Sound Transit vehicle or mode of service completes its scheduled route/trip

Phase Gate Process – Project management oversight and project budget approval process to ensure projects are ready to advance to a subsequent phase. Intended to enhance Board visibility into projects and control over key project decisions. The Phase Gate process triggers requests to the Board for Phase Gate project budget and other actions.

PLA (Project Labor Agreement) – PLAs are collective bargaining agreements between building trade unions and contractors. They govern terms and conditions of employment for all craft workers – union and nonunion – on a construction project.

Platform Hours (also called Service Hours) – For any mode, the total time the operator operates the vehicle, including revenue service (scheduled route, special event, and layover time) and non-revenue service (pullout and pull-in times from first/last stop to garage).

Platform Miles (also called Service Miles) – For any mode, the total miles traveled by a vehicle from pullout of garage/yard to return to garage/yard at end of revenue service, including any layover time and time when not carrying passengers.

Preventable Accidents per 100,000 Revenue Miles – For any mode, the number of preventable accidents reported per 100,000 miles of actual revenue vehicle mileage. A preventable accident is one in which the driver failed to do everything that reasonably could have been done to avoid the crash.

*Calculation = (Preventable Accidents / Actual Revenue Mileage) * 100,000*

Project Amendment – A change to an authorized project allocation to date for a previously established phase budget or baseline. Generally triggered by a cost overrun or underrun.

Project Type – A category name used to identify projects of a similar nature. Sound Transit has four project types:

System Expansion: Projects that expand the current regional transit system including planning, design, and construction of light rail, commuter rail, and express bus transit infrastructure. Examples: East Link Extension, Tukwila Station, Fare Collection.

Enhancement: Projects that improve operating efficiency and effectiveness, improve rider experience, increase system functionality, or reduce operating costs. Examples: Noise Abatement, Signage Improvements, OMF Energy Efficiency

Rehabilitation & Replacement: Projects that extend the life of existing system assets and replace those at the end of their useful life; investment in maintaining assets in a state of good repair. Examples: Small Works Program, Link CCTV System Upgrade, Sounder Vehicle Overhaul Program

Administrative: Projects that support administration of the agency. The majority of these costs are capitalized with the assets produced by projects or expensed as transit operating costs. Remaining costs are treated as general and administrative expenses. Examples: Information Technology Program, Environmental Mitigation Monitoring & Maintenance, Surplus Property Disposition

Proposed Annual Budget – The initial annual operating and project budget as submitted by the CEO to the Board for its consideration and adoption.

Proposed Transit Improvement Plan (TIP) – The TIP is the cumulative total of authorized project allocations to date for all active projects. The proposed TIP is the initial submission to the Board for their review and adoption.

Purchased Transportation – Transportation service provided to a public transit agency from a public or private transportation provider, based on a written contract.

Rebaselined Budget – Board adopted change to a previously adopted baseline budget. Occurs when new scope elements have been included in a project that were not previously part of the project baseline. In order to maintain clear cost management accountability, projects are not rebaselined when project cost elements are higher than previously estimated.

Revenue Vehicle Hours – The number of hours that a vehicle is in revenue service and there is a reasonable expectation of carrying passengers (includes layover time, but not deadhead).

Revenue Vehicle Miles – The number of miles that a vehicle is in revenue service and there is a reasonable expectation of carrying passengers (includes layover time, but not deadhead).

Revenues – Increases in proprietary fund type net total assets from other than expense refunds and capital contributions.

ROW (Right-of-Way) – A right-of-way is a right to make a way over a piece of land, usually to and from another piece of land. A right of way is a type of easement granted or reserved over the land for transportation purposes. Also used to describe the land on which a railroad line, road, or utility is built.

Sales Tax – A 0.9 percent tax levied on sales of eligible items within the boundaries of the Sound Transit District and collected by the State for the benefit of Sound Transit.

SCADA (Supervisory Control and Data Acquisition) – A centralized system to control signals, systems, and substations on Sound Transit's light rail system. The system also provides real-time location data to a control center.

Service Hours (also called Platform Hours) – For any mode, the total time the operator operates the vehicle, including revenue service (scheduled route, special event, and layover time) and non-revenue service (pullout and pull-in times from first/last stop to garage).

Service Miles (also called Platform Miles) – For any mode, the total miles traveled by a vehicle from pullout of garage/yard to return to garage/yard at end of revenue service, including any layover time and time when not carrying passengers.

Service Implementation Plan (SIP) – Board-adopted document that details six-year transit mode service levels and operating expenses. SIP is a planning document and does not constitute authorization for expenditure of funds.

Smart Card – A small card, usually plastic, with an imbedded computer chip good for one or more trips that is usually altered by a fare collection machine removing some or all of the stored value as each trip is taken.

SODO – The general area south of downtown Seattle; also, the name of one of Sound Transit's light rail stations located in that neighborhood.

Sound Move – Voter-approved plan (1996) to build a high-capacity public transit system.

Sound Transit – The Central Puget Sound Regional Transit Authority

SPI (Schedule Performance Index) – A measure of schedule efficiency on a project. It is the ratio of earned value (EV) to planned value (PV).

SR – State Route

ST2 (Sound Transit 2) – Voter-approved (2008) second phase of Sound Transit's plan for mass transit expansion.

ST3 (Sound Transit 3) – The third phase of Sound Transit's plan for mass transit expansion.

STart (Sound Transit Art Program) – Program whose purpose is to incorporate public art into Sound Transit systems and facilities that will reflect the communities served and enhance the customer experience.

STU (Sound Transit University Program) – Refers to a range of training courses, both on-site and off-site, offered for Sound Transit employees to improve professional and technical skills.

Subarea – Five subareas of the Sound Transit District defined for planning and budgeting purposes consisting of Snohomish County, North King County, East King County, South King County, and Pierce County.

System Plan – (see Sound Move).

TCO (Total Cost of Ownership) – A financial estimate intended to help buyers and owners determine the direct and indirect costs of a product or system.

TGT (Technology Governance Team) – Team of Sound Transit employees who provide leadership and direction for the Information Technology (IT) division to ensure reliable, consistent, cost-effective, and accountable services.

TIFIA (Transportation Infrastructure Financing and Innovation Act) – A direct loan, loan guarantee, and standby line of credit program allowing the USDOT to provide credit assistance of up to 33 percent of the construction costs of a regionally or nationally significant surface transportation project. Loans are made at U.S. Treasury rates and may be repaid over as long as 35 years after substantial completion of the project.

TIP (Transit Improvement Plan) – This document provides projected capital and operating expenditures for the construction and operation of the Sound Transit regional transit system in the central Puget Sound. The TIP contains information on scope and budget as well as changes in budget and schedule for all active phases of both capital and operating programs.

TOD (Transit-Oriented Development) – The development of residential, commercial, and retail uses within walking distance of a transit station or stop.

Total Baseline Budget – The total budget to complete all phases of a project approved by the Board as a benchmark for performance and reporting purposes in year of expenditure dollars. A project may set a new baseline if there is a change in the scope of the project. However, a project baseline is not adjusted to account for cost overruns or underruns.

Total Capital Project Cost Estimate – The current estimated project cost from inception to completion, as maintained and updated at engineering milestones by agency Project Controls. Maintained in constant dollars.

TPSS (Traction Power Sub Station) – A wayside unit that converts electric power from the form provided by the public utility to an appropriate voltage, current type, and frequency to supply traction power to the motor of the light rail vehicle through the overhead catenary.

TVM (Ticket Vending Machine) – Automated equipment located at customer facilities that enable the purchase of fare media for access to the Sound Transit transportation system.

UPS – Uninterrupted Power Supply

UW – University of Washington

Variance – The difference between planned costs and actual costs.

WSDOT – Washington State Department of Transportation

YOE (Year of Expenditure) – refers to the representation of a project's cost inclusive of an annual inflationary factor calculation.

