

2018


Adopted Budget



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April 2018

To: Sound Transit Board of Directors
From: Peter M. Rogoff, Chief Executive Officer 
Subject: Adopted 2018 Budget

After voters approved Sound Transit 3 (ST3) in November 2016, the agency kicked off the most ambitious transit capital investment program in the country. In order to deliver such a large program as quickly and efficiently as possible, an internal cross-functional team quickly developed the System Expansion Implementation Plan (SEIP). The SEIP identifies project timelines and process improvements while prioritizing early collaboration and partnerships.

As we accommodate a record number of daily passengers, we are simultaneously planning, designing, or building 24 capital projects throughout King, Pierce, and Snohomish counties. The Adopted 2018 Budget reflects planning for new light rail projects such as the Lynnwood, West Seattle and Ballard, Tacoma Dome, and Federal Way Link extensions, as well as bus rapid transit projects along I-405 and SR 522. We are continuing construction on the Northgate Link and East Link extensions, along with investments in enhancements and maintenance of our revenue vehicles, facilities, and infrastructure. The agency's annual scorecard communicates our strategy, goals, and performance measures.

2017 Highlights

- Ridership on all modes combined was 47 million, up 9.7 percent over 2016. Link led the way with a 21.3 percent increase and over 66,000 average weekday boardings.
- The Executive Leadership Team of the agency was expanded and, for the first time, co-located on a single building floor with the goal of fostering improved cross-discipline collaboration and faster unified decision making.
- Sound Transit has created a new EEO, Equity and Inclusion Office to strengthen our values of an open, respectful, and inclusive work environment. We conducted an internal compensation equity study to ensure equal pay for equal work and launched employee resource groups as an integral part to achieving our goal of growing and sustaining a diverse workforce, inclusive culture, and equitable work environment.
- The agency grew by 169 positions in 2017 in order to ensure the success of the largest capital transit program in the country. We work to promote the growth of our talent, and over 30 percent of new positions were filled with internal candidates.
- Angle Lake Station received Leadership Energy and Environmental Design (LEED) Gold Certification for the use of non-toxic building materials and solar energy.
- Architectural design began for Transit-Oriented Development (TOD) parcels at the Capitol Hill light rail station.

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CHIEF EXECUTIVE OFFICER

Peter M. Rogoff

- Mercy Othello Plaza opened in early 2017, providing 108 energy-efficient affordable housing units across the street from Othello Station for individuals and families earning \$18,000 to \$55,000 a year.
- East Link construction intensified, including tunnel construction underneath Downtown Bellevue, post-tensioning of the I-90 floating bridge across Lake Washington, and installing girders and other portions of elevated guideway. Building light rail across a floating bridge is a global first, made possible by innovative track bridges that compensate for six ranges of lake motion.
- The U.S. Department of Transportation executed an \$87.7 million low-interest TIFIA loan to begin building the new Operations and Maintenance Facility East (OMFE) in Bellevue to support upcoming light rail expansions across the region. This is the second loan of a \$1.99 billion master credit agreement that will support upcoming light rail extensions. A design-build contract was awarded for this project this year as well.
- To support the Federal Way and Downtown Redmond Link extensions, Sound Transit added 30 light rail vehicles (LRVs) to an existing contract for 122 LRVs. The new Siemens S70 LRVs will arrive in stages through 2023.
- Sound Transit's federal funding partnerships face an uncertain future. Though the Administration has proposed to no longer fund the Federal Transit Administration's Capital Investment Grant (CIG) program, a funding source that the agency has successfully competed for in the past, in the FY 2018 spending bill, Congress rejected the Administration's approach on CIG and provided sufficient funding for projects like Lynnwood Link to receive funding. The agency continues to advance the Lynnwood CIG application and pre-requisites to maximize the possibility of executing a multi-year grant in 2018.
- Sound Transit executed an innovative ten-year agreement with Puget Sound Energy (PSE) to purchase wind energy that will enable Link light rail trains to run on 100 percent clean energy starting in 2019.
- Construction began on Northgate Station, one of three light rail stations set to open in 2021 with the completion of the Northgate Link Extension.
- Qualified entities were selected to develop affordable housing as part of larger transit-oriented developments on Sound Transit-controlled property at the Roosevelt light rail station and in First Hill and Capitol Hill.
- The Capital Committee approved investments for a bus-on-shoulder program, allowing ST Express buses to bypass traffic on southbound I-5 between Lynnwood and Mountlake Terrace.

System Expansion Implementation Plan (SEIP)

Published in April 2017, the agency's SEIP is designed to reduce the time required for project development, which includes the planning, environmental, and permitting phases. Staff from across the agency developed the plan with input from peer transit agencies, federal and state partners, and trade organizations. Sound Transit has begun executing the SEIP, and the full document is available at soundtransit.org.

The following are a few key features of the plan:

- Co-locate project teams of all disciplines to increase efficiency, eliminate handoffs, and enable integration of design, construction, and operating imperatives early in the process.
- Begin project development and stakeholder collaboration sooner.
- Identify preferred route and station locations earlier.
- Streamline the number of alternatives studied.
- Acquire real estate sooner.
- Develop early permitting plans with partner agencies.

Ongoing construction of East Link and Northgate Link

Sound Transit will be incredibly busy in 2018 with continuing construction on Link light rail extensions. East Link is expected to consume about 30 percent of the annual projects budget, completing final design and right-of-way acquisitions, continuing heavy construction and tunneling work in Bellevue, undertaking design-build activities for the SR 520 to Redmond Technology Center segment, and continuing heavy construction in the South Bellevue and Bel-Red segments.

Construction will continue on Northgate Link's U District, Roosevelt, and Northgate stations. With tunnel boring and cross passages complete, contractors will begin installing rails and electrical systems, and the agency will finalize right-of-way acquisitions.

Final design for Federal Way Link and Lynnwood Link

Sound Transit expects that the Lynnwood Link team will complete final design and right-of-way acquisition, and establish its baseline budget. The Federal Way team expects to issue a request for proposals for a design-build contractor before the end of 2018.

New 2018 projects

The West Seattle and Ballard Link Extensions, the most complex of the agency's new projects, will continue with alternatives development. The project includes 5.4 miles of track from Ballard to downtown Seattle, a new downtown tunnel from Seattle Center to the International District, and 4.7 miles of mostly elevated track from the International District to Alaska Junction in West Seattle. The new light rail lines will have 14 new stations connected by rail-only bridges over Salmon Bay and the Duwamish River, and will serve an estimated 189,000 to 230,000 weekday riders.

The Tacoma Dome Link Extension will enter into project development in 2018. The project adds 9.7 miles of light rail from Federal Way Transit Center to Tacoma Dome, with four new stations in Federal Way, Fife, and Tacoma. It also includes design and construction of the Operations and Maintenance Facility South.

Bus Rapid Transit (BRT) is a new mode for the agency. I-405 BRT, SR 522 BRT, and the BRT Maintenance Base has been in project development since mid-2017. The I-405 project will provide BRT from Lynnwood Transit Center to the Burien Transit Center via I-405 and SR 518, connecting to Link at Lynnwood, Bellevue, and Tukwila. SR 522 BRT will connect Woodinville, Bothell, Kenmore, and Lake Forest Park to the Shoreline South/145th Link Station. Both projects will open in 2024 and will include new parking facilities, access improvements, new stations, and I-405 BRT will include a new transit center in South Renton.

More than 49 million boardings expected in 2018

Ridership on Sound Transit trains and buses will reach new record levels in 2018. We expect ridership across all modes to exceed 49 million, with an annual increase of 8.8 percent for Link and 4.7 percent for Sounder.

Link light rail ridership continues to increase

Responding to high demand for Link light rail, in 2017 Sound Transit expanded trainsets to a baseline of three-car trains, supplemented by additional two-car trains during weekday peak periods. We project that Link will carry 25.2 million boardings in 2018, with 78,700 average weekday boardings.

Sounder service

Sounder south line service increased from 22 to 26 weekday trips in 2017, with no new service planned for 2018. We project 4.7 million annual Sounder boardings in 2018, with 18,000 average weekday boardings.

ST Express service added to mitigate traffic congestion

ST Express service will increase by an additional 17,332 platform hours to improve on-time performance and alleviate crowding on buses during peak times. We expect ST Express ridership to increase slightly to 18.9 million annual boardings, with 65,500 average weekday boardings.

2018 Budget Summary

The 2018 revenue budget of \$2.1 billion is \$444.2 million or 27.4 percent higher than the adopted 2017 budget. This reflects a full year of ST3 revenues for sales taxes and motor vehicle excise taxes, an anticipated federal grant drawdown for the Lynnwood Link Extension, as well as Transportation Infrastructure Finance and Innovation Act (TIFIA) loan proceeds of \$56.6 million, the first drawdown for Northgate Link Extension. Retail sales and use taxes are budgeted at \$1.2 billion, up \$214.8 million over the 2017 budget, motor vehicle excise taxes are budgeted at \$312.3 million, up \$75.3 million over the 2017 budget, and property taxes are budgeted at \$150.0 million, up \$23.4 million over the 2017 budget. The 2018 passenger fare revenue budget of \$93.4 million is 6.2 percent higher than the 2017 budget.

The total 2018 operating budget of \$467.8 million is 15.5 percent higher than 2017, reflecting the higher cost of increased transit service, as well as 118 new positions and a full year's cost of 169 net positions added in 2017. The 2018 operating budget reflects a full year of two additional Sounder trips added in fourth quarter of 2017, and an additional 17,332 platform hours for ST Express. The expanded service and replacement of the aging fleet and infrastructure necessitate increases in staff, security, purchased transportation, and maintenance expenses.

Project budgets for 2018 total \$1.9 billion. They focus on the execution of our capital program, and include continuing construction on the Northgate and East Link light rail extensions, final design and preconstruction activities for the Lynnwood Link Extension and the completion of preliminary engineering and permitting for the Federal Way Link Extension. Additionally, we have funded 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 2018. It will be a year of record ridership, continued construction, and final design work, as well as the initiation of several projects and initiatives stemming from the major transit expansion plan approved by voters in November 2016.





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Washington**

For the Fiscal Year Beginning

January 1, 2017

Christopher P. Morill

Executive Director

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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 34.7 million passengers in 2015; 42.9 million passengers in 2016; and 47.0 million passengers in 2017 on our trains and buses. Our ridership forecast for 2018 is 49.7 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 soundtransit.org then click on "About Sound Transit."

Our People

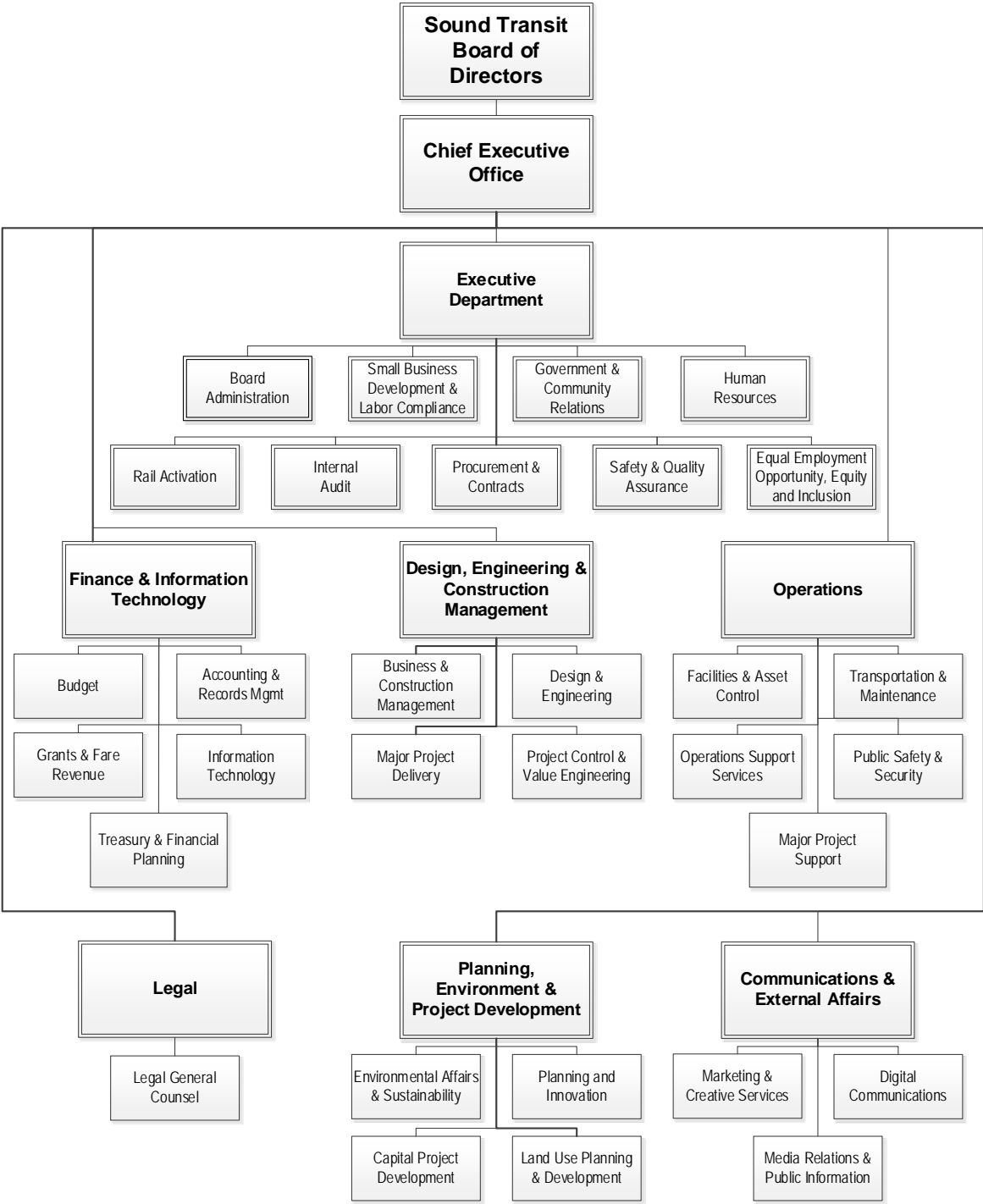
Sound Transit's departments are organized in a way that ensures taxpayer dollars are aligned with our mission of planning, building, and operating the regional transit system. An organization chart follows the department descriptions.

- Communications & External Affairs (CEA) focuses on marketing and creative services, customer outreach, media relations and public information, and digital communications.
- 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.
- Executive Department includes the Chief Executive Office as well as Board Administration, Small Business Development and Labor Compliance, Government & Community Relations, Human Resources, Equal Employment Opportunity, Equity & Inclusion, Internal Audit, Procurement & Contracts, Rail Activation, and Safety & Quality Assurance.
- 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.
- 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.
- 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.
- 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.

Sound Transit staff celebrate at the 2017 Pride Parade.



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 defined gates. Gates represent key transition and/or decision points in a project's progression through planning and environmental review, design, selection of contract methodology, 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 it gives the Board control over key project decisions, such as approval of budget, project scope, and schedule. The 2018 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 2060. The plan is used to verify long-term viability of the programs and confirm the maintenance of subarea equity.

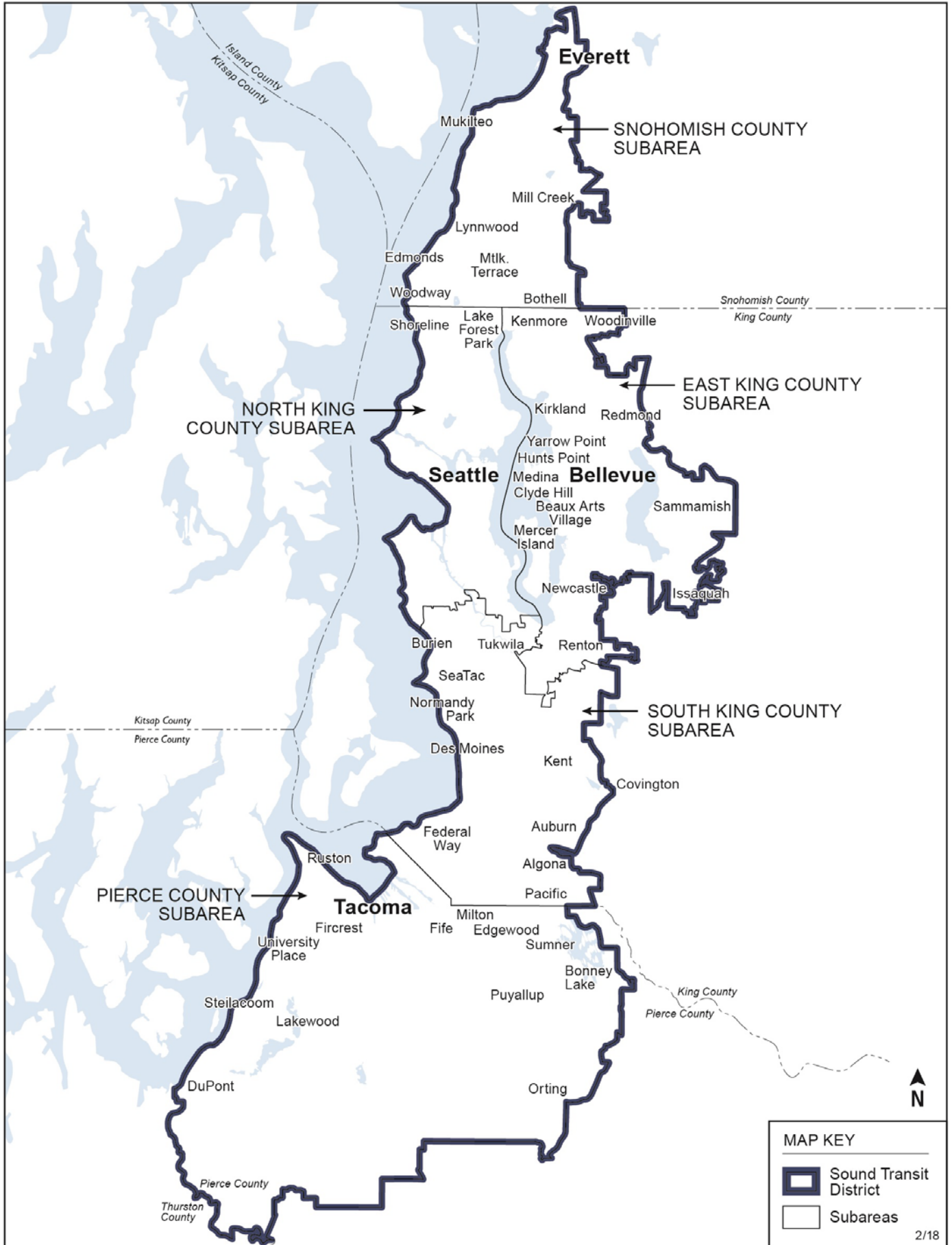
Procurement

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.

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 soundtransit.org.

SOUND TRANSIT DISTRICT



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 nearly 50 million passengers in 2018.

Population and Where We Live

In 2016, the Central Puget Sound was the fourth fastest growing region in the United States among metro areas above three million in population. (Source: US Census Bureau Population Estimates, May 2017)

- Four counties – King, Kitsap, Snohomish, and Pierce.
- 6,267 square miles – 648 people per square mile.
- Fifteenth most populated metro area in the U.S. (Source: U.S. Census Bureau Population Estimates, May 2017)

- 2017 population estimate is 4,066,800; the forecasted 2020 population is 4,250,567. (Source: WA State Office of Financial Management, April 2017)
- Total 2017 employment estimate is 2,125,400 growing to 2,290,588 million by 2020. (Source: Puget Sound Trends, PSRC, March 2018; Puget Sound Regional Macroeconomic Forecast, February 2017)

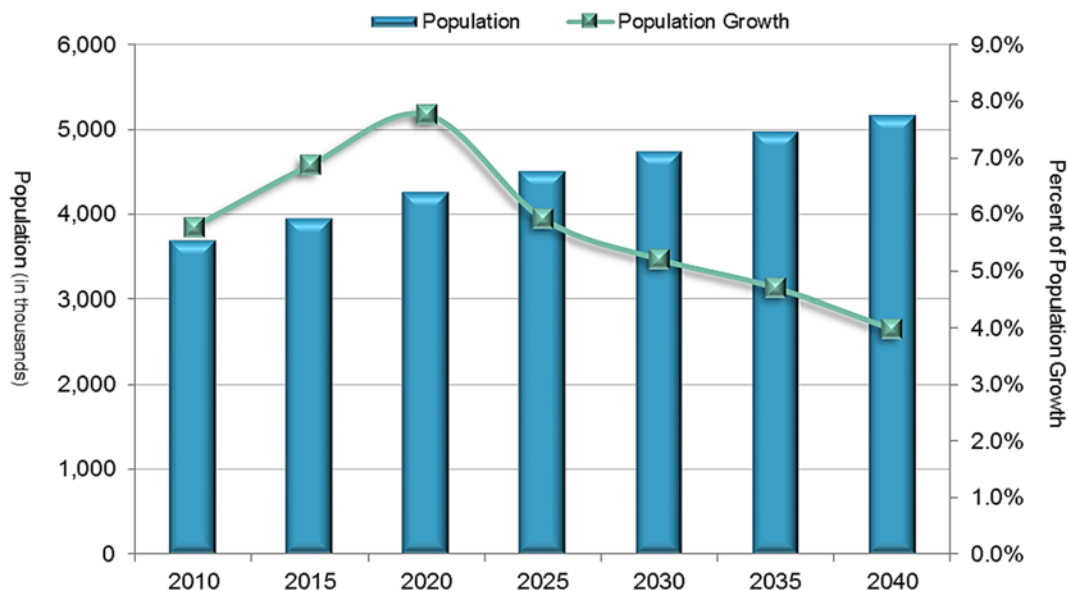
Traffic

According to 2017 data, Seattle has the ninth worst traffic based on hours spent in congestion in the country. During the peak commute Seattle traffic is the third worst in the country. (Source: INRIX Press Release, February 2018)

Commuting to Work

- 68.3 percent of commuters drive to work alone.
- 9.7 percent carpool to work.
- 9.5 percent use public transportation.
- 6.1 percent work at home.
- 4.1 percent bike/walk to work.
- The remainder use private transit options. (Source: U.S. Census Bureau American FactFinder, January 2017)

PUGET SOUND POPULATION GROWTH



(Source: WA State Office of Financial Management, April 2017)

Local Economy

The Seattle area is the largest economy in the Pacific Northwest and tenth largest in exports for the United States. Based on November 2017 data, Seattle ranked number one in the nation in small business job growth. (Source: Paychex HIS Small Business Employment Watch). Transit boardings in the central Puget Sound grew faster than any other major region in the United States from 2016 to 2017, growing by 3.0%. (Source: U.S DOT National Transit Database, March 2018)

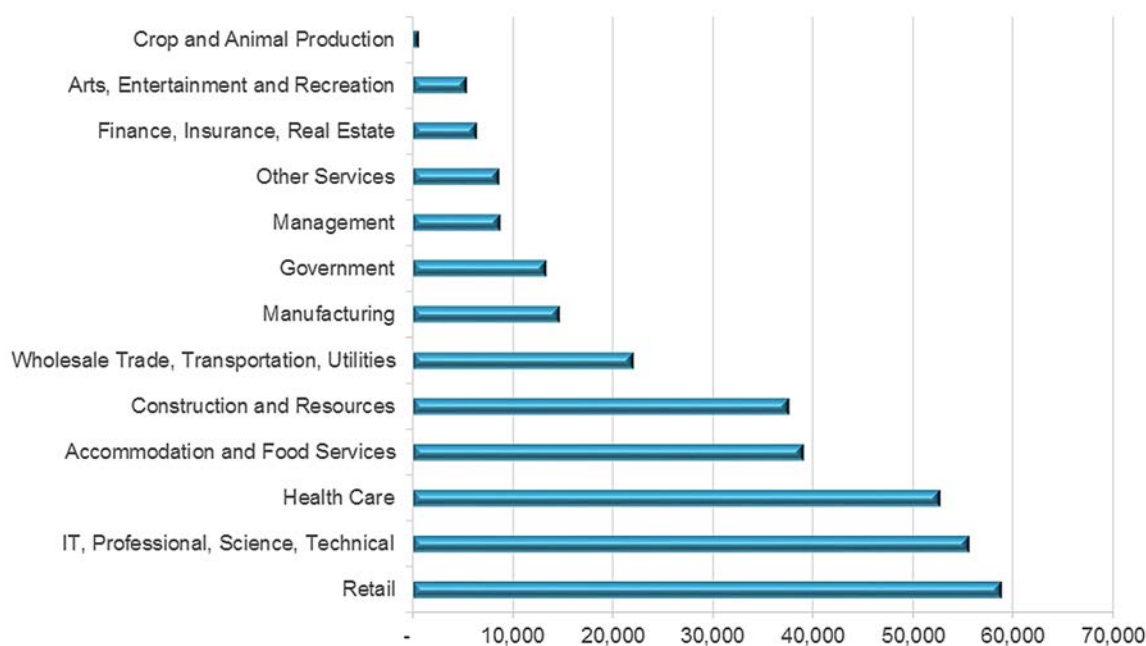
- Eleventh largest economy in the U.S. at \$330 billion Gross Domestic Product (GDP). (Source: Bureau of Economic Analysis, September 2017)

- December 2017 unemployment rate of 4.1 percent. (Source: Employment Security Department, December 2017)

The region has shown a strong recovery from the Great Recession. In 2017 the region added over 59,700 new jobs, the eighth consecutive year of job growth, with 362,800 jobs added to the region since 2010. (Source: Puget Sound Trends, PSRC, March 2018)

PUGET SOUND REGION JOB CHANGE, 2010 – 2017

(Source: Puget Sound Trends, PSRC, March 2018)



Our Business Planning and Reporting

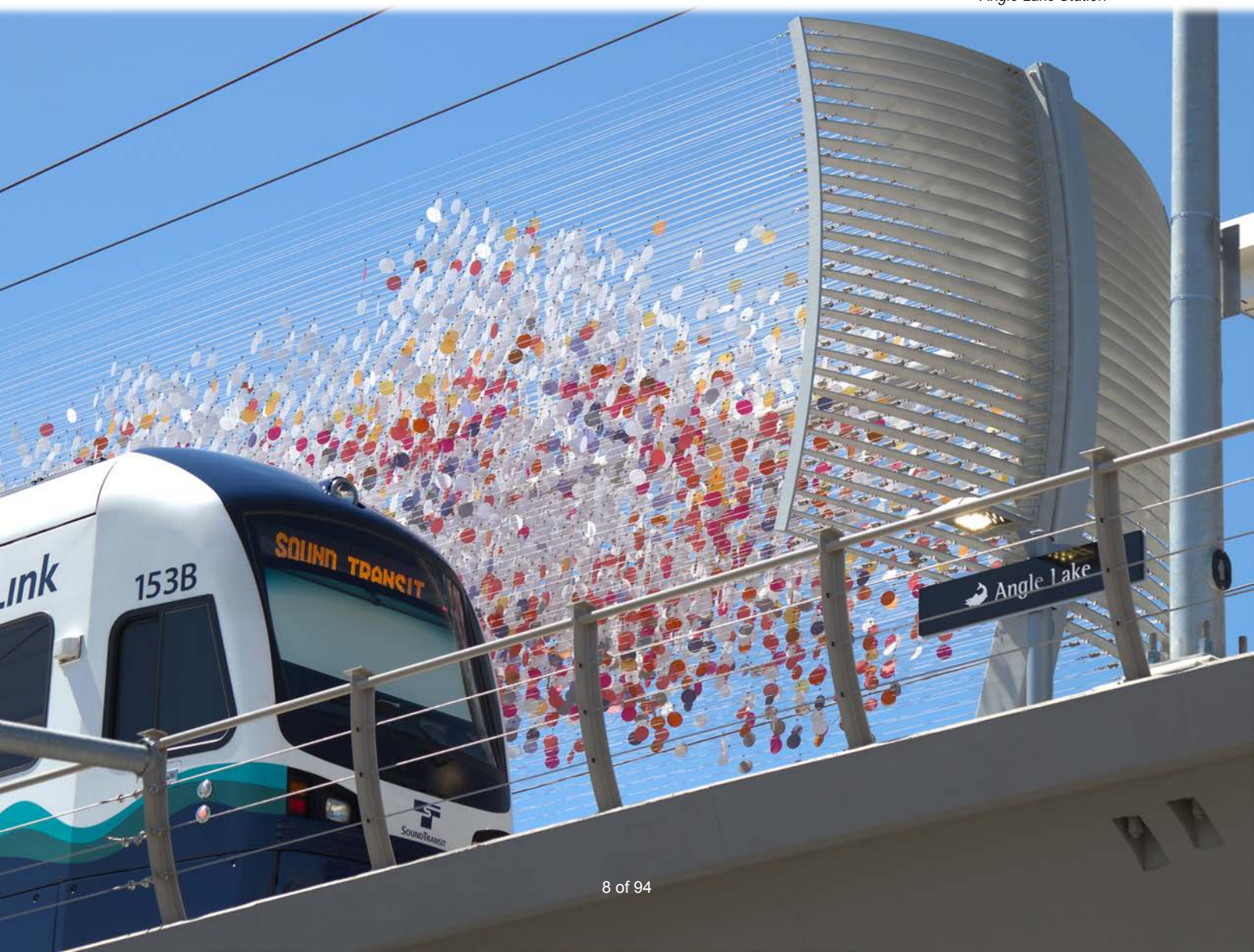
With guidance from the Board, Sound Transit's executive management establishes the agency's objectives and priorities each year. Departments use these to create their annual scorecard – establishing their strategies and performance measures. Departments also update their business plans which enable us 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 Financial Performance Report. Capital program performance is detailed in the Agency Progress Report.

Angle Lake Station



Strategic Performance Management Update

In 2018 Sound Transit will begin using **strategic themes** to categorize and communicate four key areas of performance tracking. Each theme is supported by goal statements that are broad enough for each employee to connect their work to, yet specific enough to communicate the work needed to further propel the agency. Performance metrics will be created, curated, and monitored under these themes and goals to further align the agency as we work towards a singular mission and vision. The agency will utilize quarterly reports to evaluate changes in the performance metrics, adjust targets, and identify actions to drive positive change.

Our strategic efforts will be guided under the following four themes and their associated goals:

Serve the public (customer satisfaction)

- Enhance the customer experience by increasing public and stakeholder engagement;
- ensuring equitable access;
- optimizing system safety;
- improving communications;
- building collaborative partnerships;
- delivering quality capital programs, transit facilities, and services.

Continuously improve (internal processes)

- Create and adopt effective, efficient, impactful business practices to meet evolving needs;
- reduce waste;
- enhance capital program delivery and quality;
- advance the agency's core values;
- promote safety, social equity, sustainability, and fairness.

Cultivate our staff (staff development, learning, and growth)

- Foster a collaborative, inclusive, equitable, and safety focused culture;
- execute innovative programs to attract, engage, and retain talent;
- maximize individual potential and performance;
- ensure compelling rewards;
- make ST an employer of choice.

Manage finances (financial stewardship)

- Ensure fiscal stewardship, integrity, accountability, transparency, and equitable resource allocation;
- provide efficient transit services;
- procure and manage contracts to deliver quality and value.

Tukwila International Boulevard Station



Budget Overview

2018 Budget Summary

The 2018 annual budget includes revenues of \$2.1 billion and outlays of \$2.4 billion. The 2018 annual revenue budget includes Transportation Infrastructure Finance and Innovation Act (TIFIA) loan proceeds of \$56.6 million. The agency's unrestricted cash balance of \$1.3 billion at the end of 2017 together with 2018 revenues will fund annual expenditures and reserve contributions yielding a projected unrestricted cash balance of \$935.0 million by the end of 2018.

Revenues & Other Financing Sources

We expect to collect \$2.1 billion in revenues in 2018, an increase of \$444.2 million or 27.4 percent over the 2017 budget, reflecting a full year of ST3 revenues for sales taxes and motor vehicle excise taxes, an anticipated federal grant drawdown for Lynnwood Link Extension, as well as \$56.6 million in TIFIA proceeds (the first drawdown for Northgate Link Extension). Retail sales and use taxes are the largest revenue source at \$1.2 billion, or 60.0 percent of the total. Passenger fare revenues are projected to be 6.2 percent higher than the 2017 budget driven by higher Link ridership.

Operating Budgets

The total operating budget of \$467.8 million is up 15.5 percent compared to the 2017 budget, primarily due to staffing growth and transit service costs.

Staffing growth in 2018 is driven by an increase in capital project activities. Transit service increases are driven by a full year of service additions for ST Express and Sounder initiated in 2017. Increases in third party costs for operations, maintenance, and security are related to fleet and facility aging and increased ridership, particularly on Link light rail. Of the total operating budget, \$321.4 million or 68.7 percent will be charged to transit modes and the remaining \$146.4 million or 31.3 percent to projects.

Other budgets include debt service of \$146.2 million, donations to other governments of \$5.0 million, and tax revenue collection of \$6.1 million.

Project Budgets

Total project spending is budgeted at \$1.9 billion for 2018. Approximately \$1.8 billion or 90.3 percent is budgeted to continue with planning, design, and build-out of the capital program. An additional \$111.3 million is budgeted to enhance or maintain current operational assets and capabilities. Administrative projects, which includes information technology hardware and applications, overhead allocated to construction in progress, and general and administrative expense are budgeted at \$78.1 million.

*Note: 2017 Budget refers to the Amended Budget per Board Resolution R2017-17 and other Project Budget Amendments approved by the Board during 2017.

Sounder Commuter Rail



2018 BUDGET SUMMARY
(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget
Revenues and Other Financing Sources				
Retail Sales And Use Tax	\$749,735	\$1,024,473	\$1,119,719	\$1,239,238
Motor Vehicle Excise Tax	85,515	236,936	280,382	312,253
Rental Car Tax	3,506	3,497	3,548	3,720
Property Tax	-	126,585	140,869	150,000
Federal Grants	165,729	108,425	89,339	172,239
Local & State Contributions	60,052	11,797	294,508	6,110
Passenger Fare Revenue	80,562	87,961	90,339	93,449
Investment Income	12,630	9,646	16,897	19,469
Miscellaneous Revenues	14,595	12,013	12,407	12,399
Bond & TIFIA Loan Proceeds	477,549	-	-	56,606
Total Revenues and Other Financing Sources	\$1,649,873	\$1,621,334	\$2,048,008	\$2,065,483
Expenses & Outlays				
Operating Budgets				
Departments				
Communications & External Affairs	\$6,553	\$7,571	\$7,171	\$9,425
Design, Engineering & Construction Management	38,031	46,950	42,292	54,900
Executive	17,411	25,352	19,794	34,542
Finance & Information Technology	38,032	44,045	42,888	53,679
Legal	3,135	3,889	3,448	4,698
Operations	230,026	267,822	251,652	297,374
Planning, Environment & Project Development	7,049	9,379	8,251	13,137
	340,236	405,007	375,496	467,755
Charges to Projects ¹	(89,502)	(105,378)	(104,335)	(146,394)
Subtotal Transit Mode Budgets	250,734	299,630	271,161	321,362
Project Budgets				
Project Types				
System Expansion	\$700,722	\$1,297,953	\$1,141,539	\$1,753,440
Enhancement	6,135	30,805	7,304	56,646
State Of Good Repair	11,875	24,145	19,019	54,615
Administrative	52,961	81,521	60,696	78,143
Subtotal Project Budgets	771,693	1,434,425	1,228,558	1,942,844
Debt Service	120,442	143,975	140,258	146,227
Tax Revenue Collection	3,063	5,915	6,143	6,147
Donations to Other Governments	5,000	5,000	5,000	5,000
Total Expenses & Outlays	\$1,150,931	\$1,888,944	\$1,651,120	\$2,421,580
Unrestricted Cash Balance as of 1/1/2018				\$1,305,382
Sources				
Total Revenues and Other Financing Sources				\$2,065,483
Uses				
Expenses and Outlays				(2,421,580)
Unrestricted Reserves				(14,278)
Projected Unrestricted Cash Balance as of 12/31/2018				\$935,008

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

Revenues & Other Financing Sources

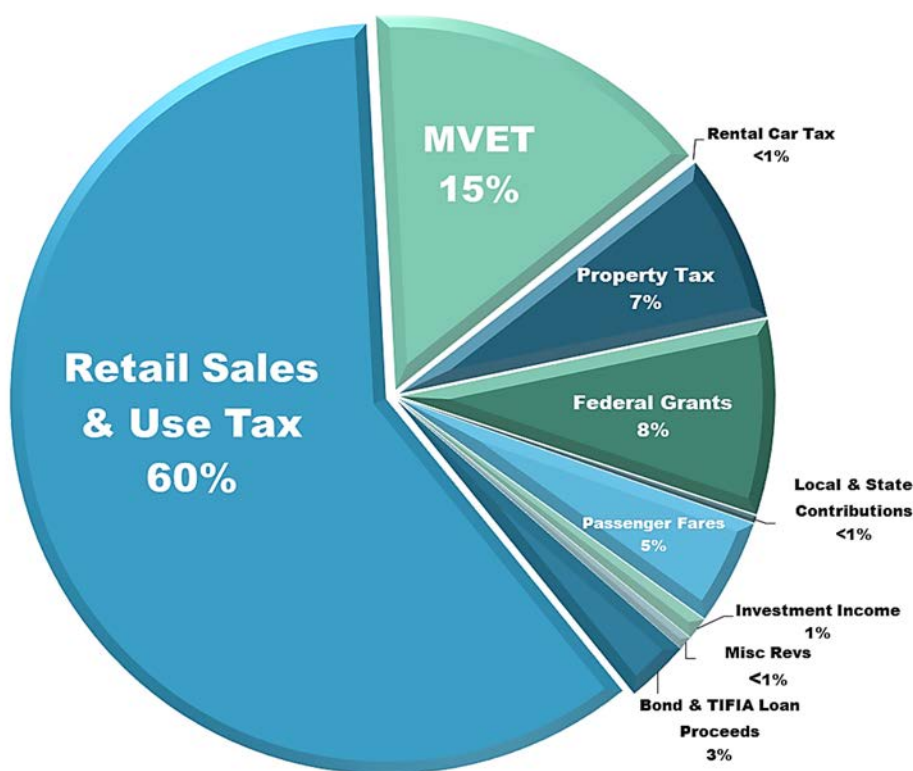
Funding for Sound Transit's operations and capital programs comes from local retail sales and use tax, motor vehicle excise tax (MVET), rental car tax, property tax, federal and state grants, passenger fare revenues, investment income on cash balances, bond and Transportation Infrastructure Finance and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

We expect to collect \$2.1 billion in revenues in 2018, which is 27.4 percent or \$444.2 million higher than the 2017 budget, reflecting a full year of ST3 revenues for sales taxes and motor vehicle excise taxes, an anticipated federal grant drawdown for Lynnwood Link Extension, as well as the first TIFIA loan drawdown for the Northgate Link Extension. We expect 2018 revenues to exceed 2017 receipts by 0.9 percent or \$17.5 million, with 2017 receipts boosted by WSDOT Landbank Contributions totaling \$272.4 million which are recognized as state contributions.

REVENUES & OTHER FINANCING SOURCES (in thousands)

Retail Sales & Use Tax	\$1,239,238
Motor Vehicle Excise Tax	312,253
Rental Car Tax	3,720
Property Tax	150,000
Federal Grants	172,239
Local & State Contributions	6,110
Passenger Fare Revenue	93,449
Investment Income	19,469
Miscellaneous Revenue	12,399
Bond & TIFIA Loan Proceeds	56,606
Total	\$2,065,483

REVENUES & OTHER FINANCING SOURCES

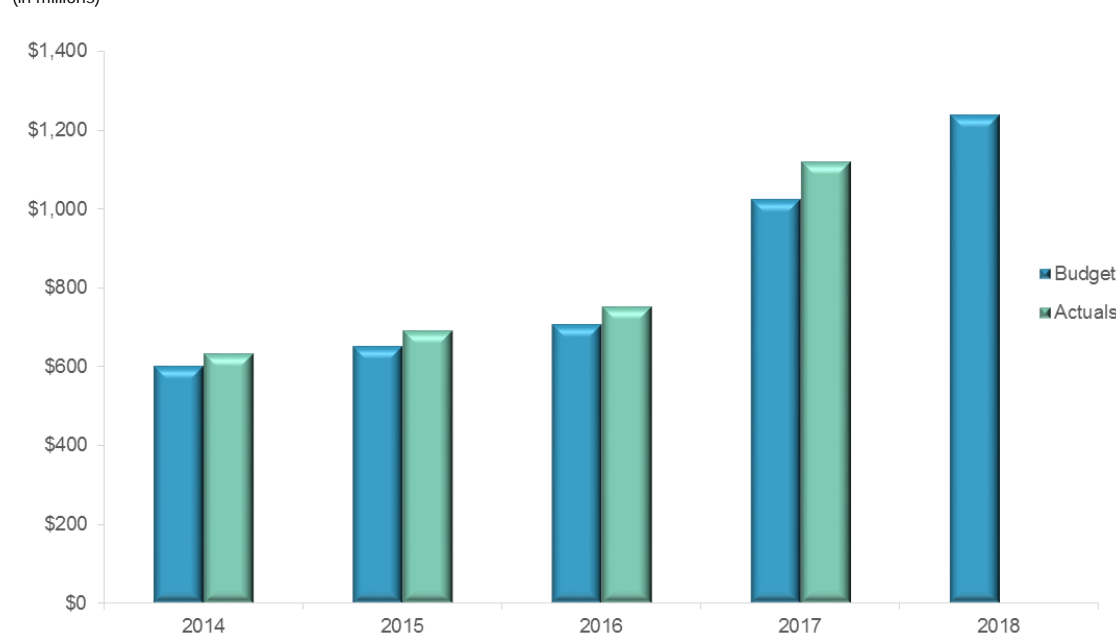


Retail Sales and Use Tax

- 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. This increase took effect in April 2017.
- 2018 projected revenues of \$1.2 billion are 10.7 percent or \$119.5 million higher than 2017 receipts reflecting a full year of sales taxes at the 1.4 percent rate.

SALES TAX REVENUE 2014 – 2018

(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. This increase took effect in March 2017.
- 2018 budget of \$312.3 million is 11.4 percent or \$31.9 million higher than 2017 receipts reflecting a full year of MVET at the 1.1 percent rate.

Rental Car Tax

- Sound Transit receives 0.8 percent of rental car payments within the Sound Transit district.
- 2018 budget of \$3.7 million is 4.8 percent or \$171 thousand higher than 2017 receipts.

Property Tax

- Sound Transit began levying property taxes in 2017 at a rate of 25 cents per \$1,000 of assessed valuation within the Sound Transit district, following voter approval of ST3 in November 2016.
- 2018 budget of \$150.0 million is 6.5 percent or \$9.1 million higher than 2017 receipts reflecting increases in assessed valuation.

Federal Grants

- 2018 federal grant budget of \$172.2 million includes grant drawdowns for the following projects:
 - Lynnwood Link Extension Federal Transit Administration (FTA) grant for preliminary engineering and design work, \$100.0 million.
 - Northgate Link Extension FTA grant for construction \$19.7 million.
 - Tacoma Link Expansion FTA grant for construction & vehicles, \$14.7 million.
 - Light rail preventative maintenance FTA operating grants \$12.0 million. Bus preventative maintenance FTA operating grants, \$6.0 million.
 - Link Operating & Maintenance Facility East FTA grant for design & construction work, \$5.7 million.
 - Federal Way Link Extension FTA grant for construction, \$4.5 million.
- 2018 federal grant budget of \$172.2 million is 92.8 percent or \$82.9 million higher than 2017 receipts mainly due to the anticipated grant drawdown for Lynnwood Link Extension of \$100.0 million in 2018.

Local & State Contributions

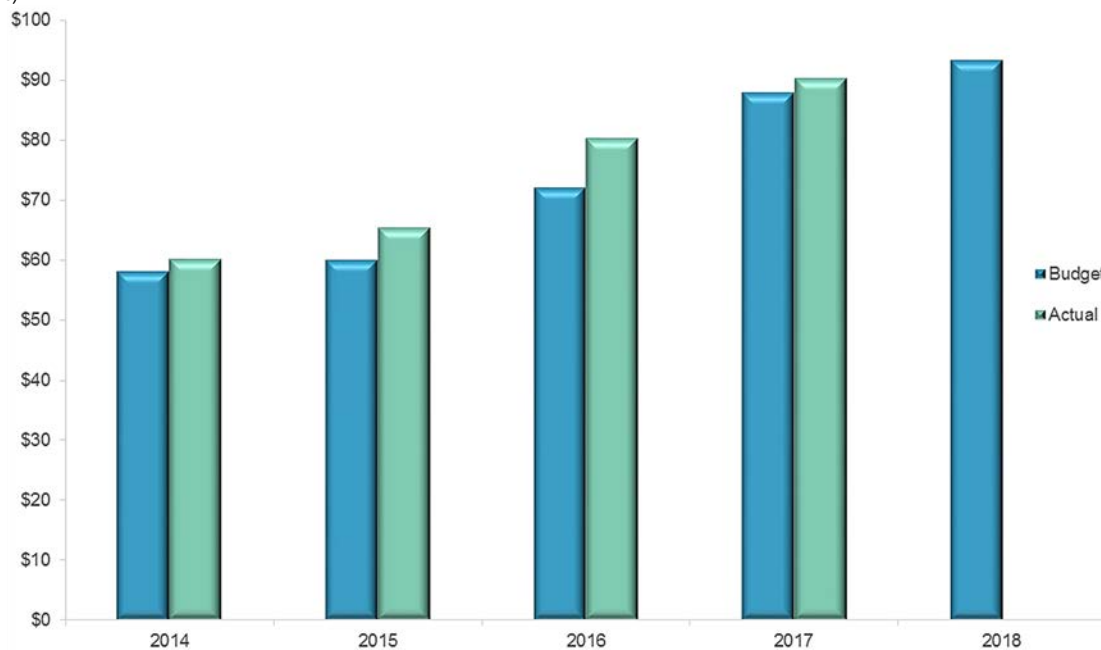
- This category includes state grants for projects and operating grants, as well as any contributions from local jurisdictions.
- 2018 budget of \$6.1 million includes reimbursements for the Overlake Village Pedestrian Bridge and Infiltration Vault, a Regional Mobility Grant for Tacoma Link Expansion, and a state grant for additional bus service.

Passenger Fare Revenue

- 2018 passenger fare revenue budget of \$93.4 million is 3.4 percent or \$3.1 million higher than the 2017 receipts reflecting higher ridership for Link, Sounder, and ST Express. Fares are not charged on Tacoma Link.
- Total 2018 ridership forecast of 49.7 million is 5.7 percent or 2.7 million higher than the 2017 ridership, with light rail boardings increasing by 8.8 percent, or 2.0 million, Sounder boardings increasing by 4.7 percent or 212 thousand, and ST Express bus boardings increasing by 2.6 percent or 487 thousand.
- Average fare per boarding assumptions for the 2018 budget are: Link, \$1.61; Sounder, \$3.25; ST Express, \$2.00.

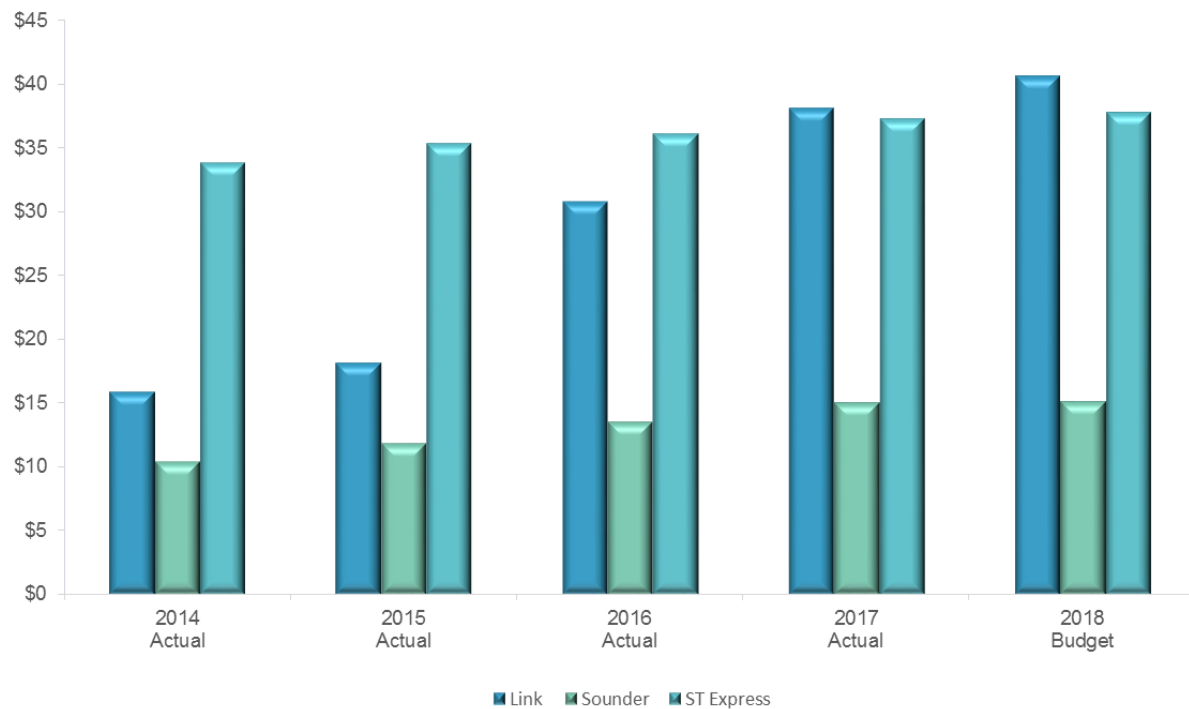
PASSENGER FARE REVENUE 2014 – 2018

(in millions)



FARE REVENUE BY MODE 2014 – 2018

(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).
- 2018 investment income budget of \$19.5 million is 15.2 percent or \$2.6 million higher than 2017 receipts due to higher projected cash balances.

Miscellaneous Revenue

- Miscellaneous revenues include advertising revenues, rental income from Sound Transit properties, ORCA regional program billing reimbursements, operating & maintenance reimbursements for Sounder and ST Express, and federal government bond subsidy payments.
- 2018 budget of \$12.4 million is slightly lower than 2017 receipts by 0.1 percent or \$8 thousand.

Bond and TIFIA Loan Proceeds

- Bonds are issued and Transportation Infrastructure Finance and Innovation Act (TIFIA) loans are executed to finance capital projects. No new bond proceeds are currently assumed in the 2018 budget. \$56.6 million in proceeds from the TIFIA Northgate Link Extension Loan have been assumed in the 2018 budget.

UW Station



Operating Budgets

Sound Transit's 2018 operating budgets for departments are \$467.8 million, of which \$321.4 million is charged to transit modes and \$146.4 million to projects and capital assets.

Departments

This section includes 2017 activities and accomplishments, 2018 budget highlights and a budget summary for each department. Also, an overview of staffing changes by department is provided. Later in this section, budget reports, 2018 budget highlights, and performance statistics are included for each transit mode.

Major drivers of the \$62.7 million or 15.5 percent increase in department budgets over the 2017 budget are large increases in staffing, third party rates for purchased transportation services, professional and technical services, as well as safety and security.

Salaries and benefits account for 49.0 percent of the increase in operating budgets due to inflation of existing salaries, a full year of costs for 169 net positions added in 2017, along with 118 net new positions approved for 2018. Purchased transportation services accounts for 22.4 percent of the increase in the operating budgets. Professional and technical services accounts for 11.0 percent, and security & safety accounts for 6.0 percent of the total increase.

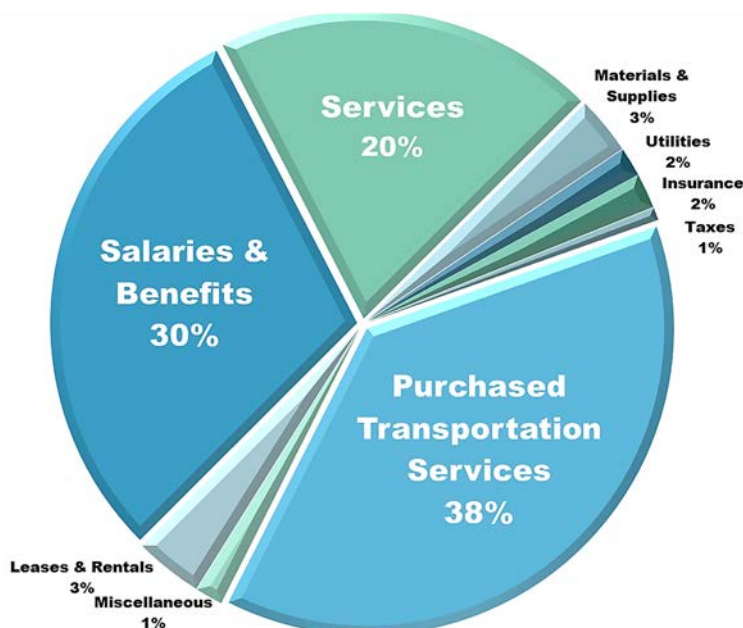
Agency Staffing

Staffing growth in 2018 is driven primarily by increasing capital project activities. 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	2018	
				New	Adopted
Communications & External Affairs	39	38	41	4	45
Design, Engineering & Construction Management	246	255	297	34	331
Executive	113	123	161	26	187
Finance & Information Technology	144	154	171	22	193
Legal	16	16	21	1	22
Operations	116	123	162	21	183
Planning, Environment & Project Development	49	49	74	10	84
Total Positions	723	758	927	118	1,045

OPERATING BUDGET BY EXPENSE CATEGORY (in thousands)



Category	2018 Budget
Salaries & Benefits	\$139,917
Services	94,081
Materials & Supplies	14,226
Utilities	7,133
Insurance	8,633
Taxes	3,103
Purchased Transportation Services	177,101
Miscellaneous	6,777
Leases & Rentals	16,784
Total	\$467,755

DEPARTMENT BUDGETS SUMMARY
(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$54,327	\$65,851	\$61,042	\$83,442	\$17,591	26.7%
Benefits	35,411	43,327	40,181	56,475	13,149	30.3
Subtotal	89,738	109,177	101,222	139,917	30,739	28.2
Services						
Marketing Agency	238	423	318	363	(60)	(14.2)
Professional & Technical	6,817	12,319	7,788	19,249	6,930	56.3
Temporary Services	1,742	274	1,026	286	12	4.4
Contract Maintenance	30,287	39,109	32,254	39,666	557	1.4
Security & Safety	19,141	21,412	21,104	25,163	3,752	17.5
Other Services	5,118	8,785	6,284	9,355	570	6.5
Subtotal	63,343	82,320	68,774	94,081	11,761	14.3
Materials & Supplies	9,133	13,143	10,943	14,226	1,084	8.2
Utilities	5,996	6,688	6,634	7,133	445	6.7
Insurance	7,052	7,519	6,807	8,633	1,114	14.8
Taxes	2,652	3,052	2,818	3,103	51	1.7
Purchased Transportation Services						
Paratransit	1,698	1,632	2,023	1,968	336	20.6
Purchased Transportation	144,838	161,394	156,528	175,133	13,739	8.5
Subtotal	146,536	163,026	158,550	177,101	14,076	8.6
Miscellaneous	3,611	5,141	4,267	6,777	1,636	31.8
Leases & Rentals						
Transit Way	7,373	7,982	8,134	8,501	519	6.5
General Administrative Facilities	4,802	6,960	7,347	8,284	1,324	19.0
Subtotal	12,175	14,942	15,480	16,784	1,842	12.3
Department Budgets Summary Total	\$340,236	\$405,007	\$375,496	\$467,755	\$62,748	15.5%

CHANGES TO DEPARTMENT BUDGETS (in thousands)

Department	2017 Budget	2018 Budget	Budget \$ Change	Budget % Change
Communications & External Affairs	\$7,571	\$9,425	\$1,854	24.5%
Design, Engineering & Construction Management	46,950	54,900	7,951	16.9
Executive	25,352	34,542	9,190	36.2
Finance & Information Technology	44,045	53,679	9,634	21.9
Legal	3,889	4,698	810	20.8
Operations	267,822	297,374	29,551	11.0
Planning, Environment & Project Development	9,379	13,137	3,758	40.1
Total Department Budgets	\$405,007	\$467,755	\$62,748	15.5%

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.

2017 Activities and Accomplishments

The Marketing & Creative Services Division developed and implemented the agency's annual ridership advertising campaign that generated 60.6 million media impressions. The division also applied for a WSDOT Transit Integration Grant and was awarded \$530,000 to develop and implement an ORCA awareness campaign that resulted in the distribution of more than 20,000 free ORCA cards. The division worked with ST's Bus Rapid Transit (BRT) team to include a branding component in their request for a consultant to help develop and implement the program. Additionally, the team focused on customer care efforts such as promoting the Transit GO Ticket app and a multi-channel integrated campaign to support adding Sounder service in September resulting in nearly 60,000 visits to the website and more than 1 million impressions. The division added two customer outreach positions, a Senior Designer position and a Marketing Copywriter position in 2017.

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 10%, with the share of mobile visits reaching 75% of site traffic. The team launched a new blog, The Platform, to help engage and inform the public. A major focus of the year was planning and designing a new mobile-friendly website to be deployed in 2018 that will greatly improve the user experience and be easier to maintain. The division also engaged in projects to expand and improve customer relationship management functionality, and to research and plan improvements to dynamic signage.

Following the November 2016 voter approval of the Sound Transit 3 ballot measure, the Media Relations & Public Information Division worked closely with departments across the agency to develop and communicate plans for delivering the largest transit expansion program in the country.

The group's public information officers and other staff are embedded closely with cross-disciplinary project teams within the expanded collaboration paradigm established by the System Expansion Implementation Plan. In 2017 priorities also included working to anticipate and respond to funding threats associated with proposed motor vehicle excise tax changes at the state level, as well as communications around threats to the agency's federal funding assumptions and actions to address upward cost pressures associated with the region's booming economy.

2018 Budget Highlights

CEA's 2018 budget is \$1.9 million or 24.5 percent higher than the 2017 budget reflecting significant efforts in media relations, marketing, and creative services in support of the expanded capital program, and the addition of four new positions.

CEA will invest in user-centered research to understand and meet customer expectations for digital channels including the web, email, and dynamic signage. They will expand resources, including a new position in the Digital Communications division, to improve online communications for system expansion and service planning programs.

As Sound Transit's delivery of capital projects dramatically expands, the Media Relations and Public Information division will lead expanded efforts to maintain strong public awareness of progress and benefits. The division will work in close partnership with other agency departments and add a new Public Information Officer, to be located with the project team, to focus on the key projects in each corridor. The division will also work with internal partners to advance an expanded and more formalized employee communications function.

The Customer Outreach team within Marketing & Creative Services will work with the Operations Department to develop an outreach program for service restructuring planned for the I-90 and SR-520 corridors. The Marketing & Creative Services division will add two new positions and continue to develop promotional campaigns to support customer care and retention objectives. They also will continue a Washington State Department of Transportation (WSDOT) grant-funded campaign to build awareness for ORCA and develop a new regional campaign educating the public on how to connect to rail services using local bus routes.

COMMUNICATIONS & EXTERNAL AFFAIRS

(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$2,408	\$2,579	\$2,644	\$3,186	\$607	23.5%
Benefits	1,570	1,718	1,757	2,149	430	25.0
Subtotal	3,978	4,298	4,401	5,335	1,037	24.1
Services						
Marketing Agency	238	423	318	363	(60)	(14.2)
Professional & Technical	234	319	134	819	500	156.7
Contract Maintenance	3	1	0	3	3	312.5
Other Services	344	596	523	741	145	24.3
Subtotal	820	1,339	975	1,926	587	43.9
Materials & Supplies	65	64	25	389	325	503.9
Utilities	0	0	2	2	2	0.0
Miscellaneous	1,689	1,865	1,766	1,770	(94)	(5.1)
Leases & Rentals						
General Administrative	2	5	2	3	(2)	(43.3)
Subtotal	2	5	2	3	(2)	(43.3)
Department Total	\$6,553	\$7,571	\$7,171	\$9,425	\$1,854	24.5%

Design, Engineering & Construction Management

Design, Engineering & Construction Management (DECM) is responsible for final design, engineering, and construction management of all system expansion projects, as well as community outreach, right of way acquisition, permitting, and other services to support capital project design and construction. DECM works collaboratively with the Operations department to support repairs and modifications to the operating transit infrastructure and systems, as well as to manage properties acquired prior to construction and surplus properties following construction. DECM staff also administer the agency's public art program.

DECM technical staff are matrixed to Planning, Environment, and Project Development (PEPD) 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.

2017 Activities and Accomplishments

In 2017 construction of the Sounder Yard Expansion, Point Defiance Bypass, and the Tacoma Trestle projects was completed allowing expanded Sounder south service and the start of Amtrak service. In addition, tunneling was completed for the Northgate Link Extension, and construction initiated on stations, the elevated guideway, and the Northgate Station Parking Garage. Construction of the I-90 HOV Operations and Two-Way Transit also has been completed, allowing construction of light rail infrastructure to begin on the I-90 corridor. Construction is now underway on the complete 14-mile alignment of the East Link Extension.

Contracts were awarded for the light rail vehicles needed for Link extensions to the north, east, south, and for Tacoma Link. A design-build contract was awarded for the Operations and Maintenance Facility East. Development of project requirements and design-build procurement documents was initiated for the Federal Way Link Extension, the Sounder Yard and Shops project, and the Sumner and Puyallup station access improvements. The Lynnwood and Tacoma Link extensions reached the 60% and the 100% design milestones, respectively.

2018 Budget Highlights

DECM's 2018 budget of \$54.9 million is 16.9% higher than the 2017 budget. DECM plans to add 34 positions to support system expansion. Department priorities for 2018 include:

- Continuing construction progress on the Northgate and East Link extensions.
- Wrapping up design efforts and initiating construction on the Operations and Maintenance Facility East, as well as the Tacoma and Lynnwood Link extensions.
- Procuring design-build contractors for the Federal Way Link Extension, Sounder Maintenance Base, and the Puyallup and Sumner station access improvement projects.
- Collaborating with PEPD and Operations on the preliminary engineering and environmental review of the West Seattle to Ballard, Downtown Redmond, and Tacoma Dome Link extensions, and BRT projects as outlined in the System Expansion and Implementation Plan.

DECM will continue to develop standard design specifications and guidance drawings and update the design criteria in order to streamline design of system expansions. Staff also will continue noise and vibration monitoring and implement mitigation if necessary in accordance with our agreements with the University of Washington to operate light rail under the campus.

The agency's portfolio of properties will continue to expand as properties are acquired for the Lynnwood, Downtown Redmond, and Federal Way Link extensions. Budget has been established for property management costs, including leasing, landscaping, security, janitorial services, utilities, and structural services.

DESIGN, ENGINEERING & CONSTRUCTION MANAGEMENT
(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$19,536	\$22,365	\$20,789	\$26,428	\$4,062	18.2%
Benefits	12,719	14,570	13,528	17,975	3,405	23.4
Subtotal	32,255	36,935	34,317	44,402	7,467	20.2
Services						
Professional & Technical	380	752	502	1,208	456	60.7
Temporary Services	6	20	0	20	0	0.0
Contract Maintenance	467	1,649	300	573	(1,076)	(65.3)
Security & Safety	153	385	259	376	(9)	(2.3)
Other Services	5	7	60	11	4	66.7
Subtotal	1,011	2,812	1,121	2,187	(625)	(22.2)
Materials & Supplies	45	41	41	72	32	77.9
Utilities	330	458	247	431	(27)	(6.0)
Insurance	32	35	29	100	65	185.7
Taxes	128	457	150	235	(223)	(48.7)
Miscellaneous	312	402	274	402	0	0.1
Leases & Rentals						
General Administrative	3,918	5,810	6,113	7,071	1,261	21.7
Subtotal	3,918	5,810	6,113	7,071	1,261	21.7
Department Total	\$38,031	\$46,950	\$42,292	\$54,900	\$7,950	16.9%

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 programs, and provide assistance to small businesses, and labor compliance programs.

2017 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, facilitated 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 (PC&D) awarded and executed close to \$2.5 billion in contracts on behalf of the agency. These include Architecture & Engineering, Construction, Materials, Services, Rolling Stock and Technology contracts. Two new procurement units were established within the division (Agency Agreements and Design & Construction Contract Administration) to more completely serve and support the agency. The division created and deployed the agency's first ever Procurement Integrity curriculum highlighting process integrity and personal integrity based on public procurement and ethical standards, with annual training workshops attended by all Sound Transit staff involved in contractor/supplier source selection or contract negotiation. With the Office of Small Business, Labor, and Compliance Division (OSBLC), P&CD worked to improve processes and systems designed to advance procurement opportunities for small, disadvantaged, women, and minority owned businesses.

The Human Resources (HR) division reorganized and expanded to meet the increased needs of ST3 and agency growth. The HR management team is fully staffed and functional, and most HR teams are fully staffed. The accomplishments of the teams include a record number of employees hired; the successful conversion to a calendar based, electronic performance review system; facilitated the new system expansion teams to streamline project

collaboration and planning; completed a compensation study to ensure internal equity and competitive wages; worked in partnership with the CEO to establish the new Office of Equal Employment Opportunity, Equity and Inclusion (EEOEI); completed the Management Excellence Program with the highest number of graduates to date; implemented the new benefits programs of 457 Roth retirement savings, salary continuation for family, illness and caregiver leave, and Guaranteed Education Tuition program. The agency's wellness program received Platinum-level recognition from the American Heart Association for the fourth year in a row along with Gallagher's Best in Class Award.

The Safety and Quality Assurance (SQA) Division was 100 percent compliant in local, state, and federal accident and incident reporting requirements, as well as station and facilities safety inspections. A Quality Integration (QI) Workshop with DECM and Operations was conducted. Recommendations from the workshop were implemented and integrated into procurement, design, construction, and operations processes for quality improvement and development of the ST Quality Management System Plan.

The Government and Community Relations (GCR) Division supported early implementation of the agency's System Expansion Implementation Program which has added emphasis on early engagement of elected officials and key stakeholders in project development and delivery. The division supported the Board's state legislative agenda in Olympia, and relationships with the federal government and federal congressional delegation.

The OSBLC ensured that the agency exceeded its 2017 Disadvantaged Business Enterprises (DBE) goal; launched a comprehensive DBE and Small Business technical assistance program; and established an initiative to mitigate the risk of a projected workforce shortage.

2018 Budget Highlights

The Executive Department's budget is \$9.2 million or 36.2 percent higher than the 2017 budget with significant increases coming from salaries & benefits and professional & technical services. There are 26 new positions that have been proposed for 2018.

The EEOEI division was added to the Executive Department in mid-2017 with three positions. The Rail Activation division will be reactivated in 2018 with two positions in preparation for startup activities for Northgate Link as well as future project completions.

The Chief Executive Office budgeted approximately \$760 thousand for professional & technical services to support ongoing programs, broaden employee engagement in continuous process improvement, and new services requests for organizational development and a strategic advisor.

The SQA division will add twelve positions in 2018 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. \$745 thousand is budgeted for professional & technical services in 2018 for safety planning and auditing.

P&CD will add five positions to cover the increased activity in the agency. GCR will add one position to provide strategic guidance and focus on issues in the central corridor.

The OSBLC will add two positions to support the increased level of work in both the DBE/Small Business and Labor Compliance programs; \$850 thousand is budgeted to increase and retain the number of skilled workers for our projects.

HR is budgeting \$3.4 million in professional & technical services in 2018. Major components include: \$1.5 million to assist with the recruitment of engineering, technology, and finance professionals as well as executives in an increasingly competitive local job market; approximately \$850 thousand for various agencywide training programs; and \$500 thousand for the knowledge transfer program. Four new positions have been proposed for 2018.

Internal Audit is budgeting \$153 thousand in professional & technical services primarily for the 2018 performance audit.

EXECUTIVE (in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$8,086	\$10,761	\$9,603	\$14,292	\$3,530	32.8%
Benefits	5,274	7,111	6,350	9,713	2,602	36.6
Subtotal	13,360	17,872	15,953	24,004	6,132	34.3
Services						
Professional & Technical	2,499	3,731	1,803	4,875	1,144	30.7
Temporary Services	68	49	66	56	7	14.4
Contract Maintenance	0	28	2	2	(26)	(91.8)
Security & Safety	5	0	0	0	0	0.0
Other Services	485	1,563	454	1,812	249	15.9
Subtotal	3,057	5,370	2,325	6,744	1,374	25.6
Materials & Supplies	174	183	173	213	30	16.4
Utilities	1	1	1	1	0	0.0
Insurance	0	2	0	0	(2)	(100.0)
Miscellaneous	755	1,828	1,282	3,476	1,649	90.2
Leases & Rentals						
General Administrative	62	96	60	102	6	6.8
Subtotal	62	96	60	102	6	6.8
Department Total	\$17,411	\$25,352	\$19,794	\$34,542	\$9,190	36.2%

Finance & Information Technology

Finance divisions are responsible for accounting, budgeting, financial planning, grant applications and administration, records management, revenue collection, risk management, and treasury functions. The Information Technology divisions support implementation of new technology and maintain our network and various software applications used throughout the agency. Sound Transit acts as the fiscal agent for the ORCA system. The majority of ST's ORCA related costs will be reimbursed by the ORCA regional partners, and this reimbursement is captured in the agency's miscellaneous revenues. ORCA inter-local costs are budgeted in the Fares and Grants division.

2017 Activities and Accomplishments

Finance & Information Technology (FIT) implemented revenue collection for ST3 voter approved taxes and secured approval for the 2018 property tax levy. Fiscal year 2016 financial audits were completed in 2017 with clean opinions. Financial Planning and Treasury closed the second loan under the Master Credit Agreement for OMF East for \$87.7 million. ORCA Next Generation completed high-level design work and submitted the data access request for proposal, a critical step in moving the region's new fare collection system forward.

Information Technology completed work that further expanded the Enterprise Asset Management System to include assets for technology systems installed in Sounder and Regional Express modes as well as fully implementing asset management for facilities. Progress was made in implementing rider-facing systems including: cellular connectivity activated through the DSTT and installation started for Beacon Hill cellular connectivity; Link real time arrival information was validated and included in One Bus Away; mobile website improvements launched and the full website redesign started. IT also supported current phases of system expansion through activation of a number of remote sites for East Link and Northgate Link, and supported the reorganization and subsequent moves of staff and the onboarding of new staff.

2018 Budget Highlights

FIT's 2018 budget is \$9.6 million or 21.9 percent higher than the 2017 budget reflecting higher services provided in line with the overall growth of the agency. The increase from the 2017 budget is primarily due to the addition of 22 new positions, higher insurance costs in line with ST's value of assets, higher regional fare collection costs driven by ridership increases, and increasing costs for new software.

Accounting will add two new positions: an Accountant position to support the increased workload associated with Transportation Infrastructure Finance and Innovation Act (TIFIA) loans and Federal Transit Administration (FTA) grants, and an Accounts Receivables Clerk to effectively process the increase in number of billings generated by agency growth. Records Management adds two new positions: a Project Manager to support the growing number of records that will be generated by ST3 projects, and a General Services Center Supervisor to support the growing number of offices, ST staff, and consultants.

An additional \$1.1 million is budgeted for insurance premiums driven higher due to increases in the number of vehicles and light rail ridership, as well as increasing earthquake and cyber security coverage. A Risk and Claims Coordinator position is added to manage and process an increasing number of insurance claims.

The addition of new technological systems, computer workstations, and software require an investment of \$1.2 million in order to support the agency in achieving its goals. To support the development of the regional Next Generation ORCA system, two new cost share positions are added to Information Technology: ORCA Transition Integration Project Manager and ORCA Next Generation Experience Designer.

Information Technology is strengthening the agency's data security by purchasing additional cyber security software and by investing in two new positions: an InfoSec Risk Specialist and an IT Disaster Recovery Specialist. IT Transit Systems is adding two new positions to adequately staff a growing transit system: an IT Transit Systems Field Tech will allow for scheduling staff for weekends and evenings, and a Transit Systems Coordinator will provide asset management and procurement support.

In addition, 11 positions will be added to meet the agency's growing needs in IT infrastructure, agency applications, modal signage, and to develop and implement a number of business intelligence (BI) solutions to improve data analysis and decision making.

FINANCE & INFORMATION TECHNOLOGY
(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$10,747	\$12,702	\$12,233	\$16,355	\$3,654	28.8%
Benefits	6,966	8,512	8,097	11,111	2,599	30.5
Subtotal	17,713	21,214	20,330	27,467	6,253	29.5
Services						
Professional & Technical	2,344	3,523	2,972	3,869	346	9.8
Temporary Services	1,509	120	816	115	(5)	(4.2)
Contract Maintenance	2,914	3,548	3,851	5,210	1,662	46.8
Other Services	3,101	4,258	3,220	4,628	371	8.7
Subtotal	9,868	11,448	10,859	13,822	2,374	20.7
Materials & Supplies	1,870	2,009	2,983	1,876	(134)	(6.7)
Utilities	780	953	1,064	1,068	115	12.1
Insurance	7,024	7,482	6,780	8,533	1,051	14.0
Miscellaneous	461	509	514	448	(61)	(12.0)
Leases & Rentals						
General Administrative Facilities	316	429	358	466	36	8.5
Subtotal	316	429	358	466	36	8.5
Department Total	\$38,032	\$44,045	\$42,888	\$53,679	\$9,634	21.9%

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 law, 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 are included in project budgets.

2017 Activities and Accomplishments

The Legal Department successfully supported the agency's work on moving the East Link project forward by limiting local jurisdiction permitting delays and successfully litigating other jurisdictional challenges. The department answered 521 public disclosure requests in 2017, which furthers the agency's goal of maintaining public trust through accountability and transparency.

Legal managed 70 condemnation cases, including participation in 26 mediations and three multi-week trials. Staff supported the agency as it responded to the State Senate investigation of ST3. The department also began negotiations and drafting of early agreements on Federal Way Link, Lynnwood Link, and Bus Rapid Transit (BRT) projects.

2018 Budget Highlights

Legal's 2018 budget is \$810 thousand or 20.8 percent higher than the 2017 budget. One new position will be added to provide municipal law work as the agency's capital program will be working in many jurisdictions in support of system expansion projects. Professional services are budgeted to be \$219 thousand or 49.1 percent higher than in 2017 to engage outside legal counsel to supplement internal staff.

LEGAL
(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$1,689	\$2,038	\$1,684	\$2,351	\$313	15.4%
Benefits	1,101	1,341	1,120	1,605	\$264	19.7%
Subtotal	2,791	3,379	2,803	3,956	577	17.1
Services						
Professional & Technical	229	372	538	591	219	59.1
Temporary Services	58	75	45	75	0	0.0
Other Services	4	1	0	1	0	0.0
Subtotal	291	447	583	667	219	49.1
Materials & Supplies	2	3	2	3	0	0.0
Miscellaneous	51	59	59	73	13	22.0
Leases & Rentals						
General Administrative Facilities	0	1	0	1	0	0.0
Subtotal	0	1	0	1	0	0.0
Department Total	\$3,135	\$3,889	\$3,448	\$4,698	\$810	20.8%

Operations

The Operations Department is responsible for all Link light rail, Sounder commuter rail, ST Express bus, and Tacoma Link light rail 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 the BNSF Railway; 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 manages security for all transit and administrative facilities through a contract with Securitas Services, and the Sound Transit Police through an agreement with the King County Sheriff's Office. Staff provide support for transit expansion projects in development through participation on co-managed corridor teams, design review of projects in development, and support for startup and testing of line extensions and new stations. Finally, the Operations Department provides space planning and maintenance support for the agency's administrative buildings, and it manages the non-revenue vehicle fleet to support both staff and operational needs.

2017 Activities and Accomplishments

The department's primary focus was on meeting modal service demand. Systemwide ridership reached a record 47.0 million boardings driven primarily by continued strong demand for Link and the 2016 extensions to the University of Washington, Capitol Hill, and Angle Lake. Sounder added two additional round trips between Lakewood and Seattle and put into service seven of nine new cab cars received. ST Express implemented 16 thousand more service hours (annualized) and put 12 new 45-foot MCI buses and ten new 42-foot double deck buses into service. Tacoma Link focused considerable managerial resources on reviewing and refining designs for the planned 2021 expansion. The department dedicated considerable time to participate in System Expansion design reviews.

Other activities included: upgrading three Sounder locomotives; planning for Link LRV midlife overhaul; providing alternative bus services to mitigate the East Link construction impact; identifying downtown capacity solutions with King County and the City of Seattle for increased downtown traffic upon the closure of the Downtown Seattle Transit Tunnel (DSTT) to buses in 2019; and coordinating efforts with King County, the City of Seattle, Community Transit, and the Washington State Department of Transportation on integrated service changes.

2018 Budget Highlights

The 2018 budget increased by \$29.6 million or 11.0 percent. The budget increase is driven by increases in purchased transportation services, security services, Downtown Seattle Transit Tunnel (DSTT) costs, professional & technical services, and materials & supplies. In addition, the Operations Department budget includes 21 new positions for 2018 to support higher levels of transit services and an expanded number of facilities to manage and maintain.

- The Operations Technology division was added to the Operations Department in mid-2017 to support operations system maintenance.
- The Operations Transit Expansion division will be added to the department in 2018 to participate in corridor project development teams. This division will represent Operations in all design review of transit expansion.

Purchased transportation services, excluding paratransit, are anticipated to increase by \$13.7 million to support rate increases and service expansion in 2018:

- ST Express will add 17,332 service hours: 8,760 hours are forecasted overrun in 2017 that will roll into 2018 baseline and 8,572 hours are the annualized hours approved in the 2017 budget. The average rate charged by our operating partners (King County Metro, Pierce Transit, and Community Transit) is projected to increase by 4.4 percent.
- Sounder will add the annualized expenses for two round trips between Seattle and Lakewood that began revenue service in September 2017. The contract rate increase is forecasted at 3.5 percent.
- Link will add 41 King County Metro FTEs including operators and mechanics for various maintenance functions. Additional operators are needed to cover overtime, special events, and extended operating hours to meet increased service demands. Maintenance workers are needed to perform vehicle services and upkeep of facilities. In addition, a budgeted 5.0 percent rate increase is to account for expected labor negotiations.

Security services expenses are anticipated to increase by \$3.8 million primarily driven by:

- Training 12 new King County Sheriff officers in 2018 for deployment in the DSTT in 2019. Adding eight officers to the Securitas contract: Two Lakewood officers to support the additional Sounder train trips that leave later and arrive earlier in the afternoon, two to provide 24 hour coverage at the Link Operations and Maintenance Facility (OMF), and four at Union Station.

DSTT costs are anticipated to increase by approximately \$1.6 million due to the proportion of our shared obligations increasing from 70.0 percent in 2017 to 75.0 percent.

Professional & technical services are anticipated to increase by \$4.0 million to include the second year of the Comprehensive Operational Analysis contract, on-going engineering consultant support, technical consulting services, and the continuation of the parking permit program. In addition, the 2018 budget includes cost estimates for the technology maintenance program, a new condition assessment contract for the DSTT, and consulting services related to agency office space planning.

Materials & supplies are expected to increase by \$829 thousand primarily driven by increases in Sounder fuel costs and spare parts usage for Sounder and Link.

OPERATIONS

(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$7,901	\$10,076	\$9,327	\$13,562	\$3,486	34.6%
Benefits	5,194	6,596	6,212	8,971	2,375	36.0
Subtotal	13,095	16,672	15,539	22,533	5,861	35.2
Services						
Professional & Technical	731	3,167	1,556	\$7,164	3,997	126.2
Temporary Services	100	10	100	20	10	100.0
Contract Maintenance	26,900	33,883	28,095	33,837	(46)	-0.1
Security & Safety	18,983	21,027	20,845	24,787	3,761	17.9
Other Services	1,177	2,345	2,022	2,148	(197)	-8.4
Subtotal	47,891	60,432	52,617	67,957	7,525	12.5
Materials & Supplies	6,973	10,832	7,712	11,663	831	7.7
Utilities	4,886	5,276	5,320	5,632	355	6.7
Insurance	(4)	0	(3)	0	0	0.0
Taxes	2,524	2,595	2,668	2,868	274	10.5
Purchased Transportation Services						
Paratransit	1,698	1,632	2,023	1,968	336	20.6
Purchased Transportation	144,838	161,394	156,528	175,133	13,739	8.5
Subtotal	146,536	163,026	158,550	177,101	14,076	8.6
Miscellaneous	249	389	303	480	91	23.5
Leases & Rentals						
Transit Way	7,373	7,982	8,134	8,501	519	6.5
General Administrative Facilities	504	619	813	639	21	3.4
Subtotal	7,877	8,601	8,947	9,140	539	6.3
Department Total	\$230,026	\$267,822	\$251,652	\$297,374	\$29,552	11.0%

Planning, Environment & Project Development

Planning, Environment & Project Development (PEPD) leads the project development process for transit capital investments, including alternatives analysis, conceptual and 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 land use planning and transit oriented development (TOD), system access, and transit connections 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 the project all the way through activation. In tandem with project development, PEPD is responsible for the agency's environmental compliance and sustainability programs; system-level planning, forecasting, research and innovation; and equitable TOD implementation that supports mixed-use residential and commercial development adjacent to transit stations.

2017 Activities and Accomplishments

In 2017 the Board selected the Federal Way Link project to build, and the project transitioned to DECM for final design and construction. The Board also identified the preferred alternatives for the Kent and Auburn Sounder Station Access projects and advanced them for environmental review. The previously suspended Downtown Redmond Link Extension project progressed quickly through preliminarily engineering, and the Board identified proposed refinements for future study and environmental review. Early work for new ST3 projects commenced, including the West Seattle, Ballard, and Tacoma Dome light rail extensions, and I-405 and SR 522 Bus Rapid Transit (BRT) projects.

The Board declared Roosevelt Station and First Hill TOD sites suitable for housing development, and developers were chosen for mixed-use, mixed-income transit-oriented development.

Work began to frame the management strategy for the System Access Program, and to offer reserved parking permits for solo drivers in 2018.

Staff initiated the Sound Transit Efficiency & Sustainability Fund and formalized the agency's utility conservation program. In collaboration with DECM, clean diesel construction equipment standards were implemented for the Lynnwood Link Extension project wherever feasible.

2018 Budget Highlights

PEPD's 2018 budget of \$13.1 million is 40.1 percent higher than the 2017 budget. The department will add ten new positions in 2018 to maintain the appropriate level of qualified staff to support the increasing volume of projects and planning activities.

The Office of Capital Project Development will add five positions and is advancing alternatives development on the first set of new projects approved by voters in the ST3 Plan, including the West Seattle, Ballard, and Tacoma Dome Link extensions, and the I-405 and SR 522 (BRT) projects. Environmental review will be completed for the Downtown Redmond Link Extension, and the project will transition to DECM for final design and construction. By the end of 2018, the Kent and Auburn Station Access Improvements projects are anticipated to complete conceptual engineering and environmental review. Project development will be initiated for the South Sounder capital program, North Sounder parking and access, and a feasibility study will be completed for the Bus on Shoulder project.

The Office of Planning and Innovation (OPI) will prepare a multi-modal access strategic plan, allocate initial Transit System Access Program funds, and perform pre-project development activities in corridors where active project development is not yet underway. OPI also will expand the HOV parking permit program to include single-occupancy vehicles. OPI staff will be embedded in each corridor planning team to assist with early planning. To assist the agency in completing its capital program, \$400 thousand has been added to analyze the use of public-private partnerships that could be used to complete capital projects.

The Office of Land Use Planning and Development Planning (OLUPD) will add three positions and will initiate legal and appraisal services to speed up the pipeline of transactional work. Also, an updated equitable TOD policy will be presented to the Board for approval by the second quarter of 2018. OLUPD staff will be embedded in each corridor planning team to assist with early planning.

The Office of Environmental Affairs and Sustainability (EAS) will add two positions and will continue to manage the Agency's environmental program. This includes the environmental review, permitting, and mitigation associated with the system expansion plan, as well as environmental compliance assistance and oversight both during and after construction. In addition, EAS administers a fully funded Sustainability Program to integrate green building and infrastructure into capital expansion projects.

PLANNING ENVIRONMENT & PROJECT DEVELOPMENT

(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$3,960	\$5,329	\$4,763	\$7,268	\$1,939	36.4%
Benefits	2,586	3,478	3,117	4,951	1,474	42.4
Subtotal	6,546	8,807	7,879	12,220	3,413	38.8
Services						
Professional & Technical	400	456	283	724	268	58.8
Contract Maintenance	3	0	6	40	40	0.0
Other Services	1	17	5	14	(2)	(12.9)
Subtotal	405	473	294	778	306	64.7
Materials & Supplies	4	10	7	10	(0)	(0.0)
Utilities	0	0	0	0	(0)	(100.0)
Miscellaneous	94	89	70	127	38	43.1
Leases & Rentals						
General Administrative Facilities	0	1	1	2	1	150.0
Subtotal	0	1	1	2	1	150.0
Department Total	\$7,049	\$9,379	\$8,251	\$13,137	\$3,758	40.1%

Transit Modes

Transit mode budgets for 2018 total \$321.4 million, \$21.7 million or 7.3 percent higher than the 2017 budget of \$299.6 million. In 2018, Sound Transit expects to surpass 49 million boardings by providing approximately 965 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.

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.

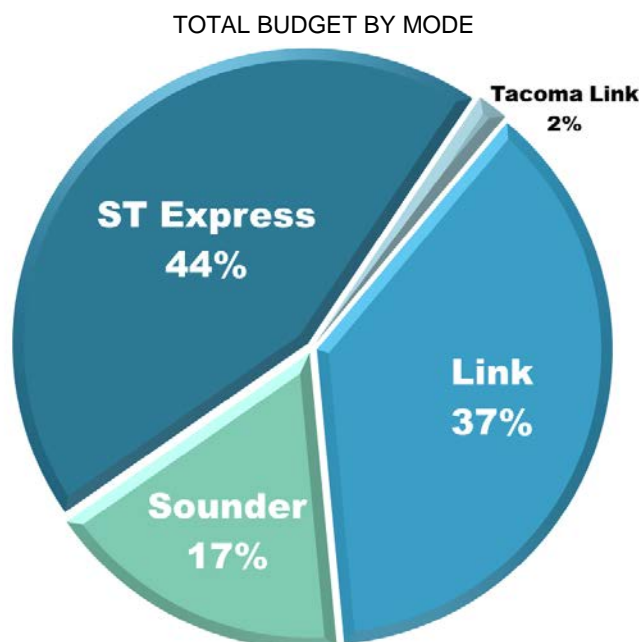
Operations department staff manage our facilities and oversee hundreds of contractors including many small and minority-owned businesses. Information Technology division staff install, repair, and maintain ticket vending machines, closed-circuit television (CCTV) cameras, automatic passenger counters, passenger information systems, and other technology used in the delivery of service. Communications and External Affairs manage 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 2018 budget for the transit modes and provide subsequent five-year financial estimates of operating and maintenance costs. The first is the Adopted 2018 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 2018 SIP provides the service plan detail on which the Adopted 2018 Budget is based.

The ST Express budget makes up the largest portion of the transit modes budget with 44.1 percent of the budget, down from 44.6 percent of last year's total budget. Link light rail's share of the budget increased from 34.8 percent last year to 37.4 percent of the total in 2018. Sounder's share of the total budget is 16.8 percent, down from 19.0 percent in 2017. Tacoma Link's budget share remains the same as 2017 at 1.7 percent of the total Transit Mode budget.

2018 BUDGET BY MODE
(in thousands)

Link	\$120,218
Sounder	54,092
ST Express	141,602
Tacoma Link	5,450
Total	\$321,362



TRANSIT MODES BUDGET
(in thousands)

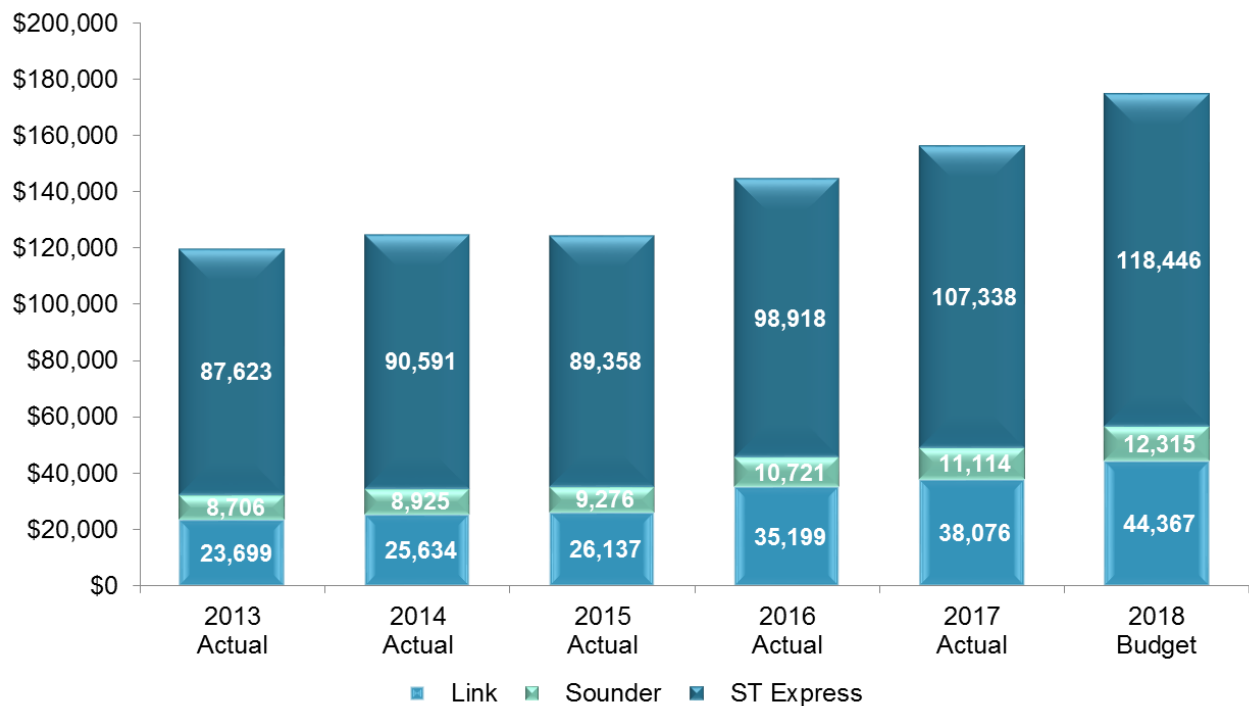
	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$4,218	\$5,475	\$5,344	\$6,559	\$1,084	19.8%
Benefits	2,751	3,568	3,543	4,370	802	22.5
Subtotal	6,969	9,043	8,886	10,929	1,886	20.9
Services						
Marketing Agency	69	85	64	85	0	0.0
Professional & Technical	618	1,549	861	5,184	3,635	234.7
Temporary Services	18	0	44	0	0	0.0
Contract Maintenance	25,987	32,811	27,096	32,341	(470)	(1.4)
Security & Safety	18,840	21,004	20,832	26,203	5,199	24.8
Other Services	3,846	6,038	4,891	6,437	398	6.6
Subtotal	49,377	61,488	53,788	70,250	8,762	14.2
Materials & Supplies	7,091	10,669	7,466	11,404	735	6.9
Utilities	4,693	5,170	5,219	5,510	340	6.6
Insurance	6,385	6,335	5,730	6,869	534	8.4
Taxes	2,514	2,594	2,658	2,867	273	10.5
Purchased Transportation Services						
Paratransit	1,698	1,632	2,023	1,968	336	20.6
Purchased Transportation	144,838	161,394	156,528	175,133	13,739	8.5
Subtotal	146,536	163,026	158,550	177,101	14,076	8.6
Miscellaneous	518	542	503	599	57	10.5
Leases & Rentals						
Transit Way	7,373	7,982	8,134	8,501	519	6.5
General Administrative Facilities	191	234	190	218	(16)	(7.0)
Subtotal	7,564	8,217	8,324	8,719	502	6.1
Expense Transfers						
Operations Department	5,054	7,860	6,116	9,540	1,680	21.4
Administrative Departments	14,032	24,687	13,921	17,574	(7,113)	(28.8)
Subtotal	19,086	32,547	20,037	27,114	(5,433)	(16.7)
Service Delivery Budget Total	\$250,734	\$299,630	\$271,161	\$321,362	\$21,732	7.3%

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 \$177.1 million, or 55.1 percent, of the total transit modes budget for 2018. The graph below shows a total of \$175.1 million, with the difference due to the exclusion of paratransit from the total. 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 2018 are planned for two of the agency's four modes:

- Sounder service planned for 2018 includes the annualization of two additional round trips—one peak and one reverse commute—that began in September 2017. Additionally, the anticipated contract rate increase is projected at 3.5 percent.
- ST Express will add 17,332 service hours: 8,760 hours are forecasted overrun in 2017 that will roll into the 2018 baseline, plus 8,572 more hours planned as the result of annualization of 15,000 hours approved in 2017. Additionally, the rate increases from our transit partners are forecast at an average of 4.4 percent.
- Link has no trip increases planned for 2018, although there will be an increase in revenue vehicle miles operated as we continue to operate more three-car trains to meet passenger demand. The purchased transportation budget reflects an expected labor cost increase of 5.0 percent, which includes negotiated labor contract increases and additional staffing to accommodate the increase in vehicle miles.
- Tacoma Link has no service changes planned for 2018.

Ridership Forecast

2018 systemwide ridership is expected to approach the 50 million mark, 5.7 percent higher than the 2017 ridership of 47 million. Projected 2018 ridership is based on modal trends for 2017 through the second quarter, plus newly planned service for 2018.

Link ridership is expected to increase to 25.2 million, an 8.8 percent increase from the 2017 actual. Link ridership has risen higher and faster than anticipated in 2017. As a result, three-car trains are deployed all day with additional two-car trains added during peak times to accommodate the growing demand. This growth trend is expected to continue.

Sounder ridership is projected to increase to 4.7 million, or 4.7 percent over the 2017 actual. The ridership growth on both north and south lines has remained higher than anticipated. A full year of service for two more round trips added in 2017 should contribute to Sounder surpassing 2017 ridership.

ST Express ridership is expected to increase by 2.6 percent over the 2017 actual due to continuing low gas prices. Service hours are being added in 2018 as ST Express continues to address capacity issues and traffic delays anticipated on several routes.

Tacoma Link ridership is expected to decrease by 3.1 percent from the 2017 actual. No passenger fares will be collected in 2018.

Paratransit ridership is expected to remain the same as 2017 actual. Costs for paratransit are included in the Link operating budget.

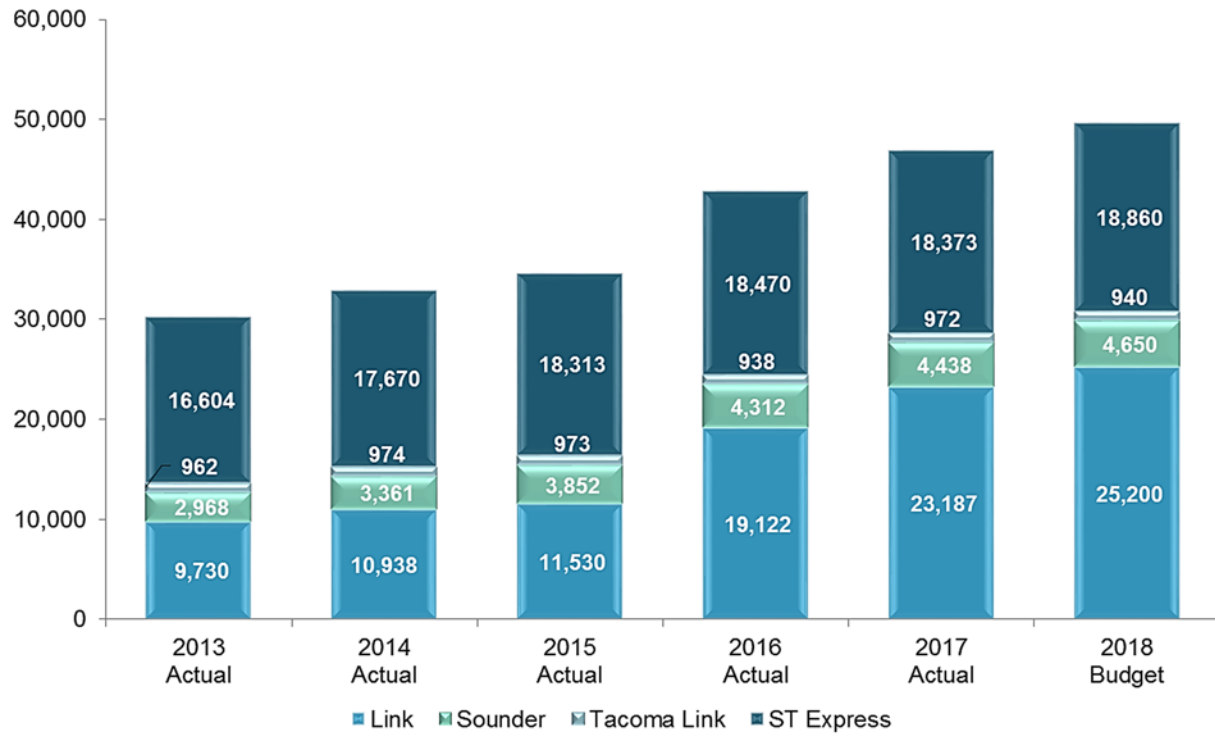
Light rail service, with its higher passenger capacity and additional stations, is projected to grow the most, from 49.3 percent of system boardings in 2017 to 50.7 percent of system boardings in 2018. Relatively unchanged, Sounder is projected to carry 9.4 percent of system boardings and ST Express will carry 37.9 percent. Tacoma Link will carry 1.9 percent of system boardings.

2018 RIDERSHIP FORECAST

(in thousands)

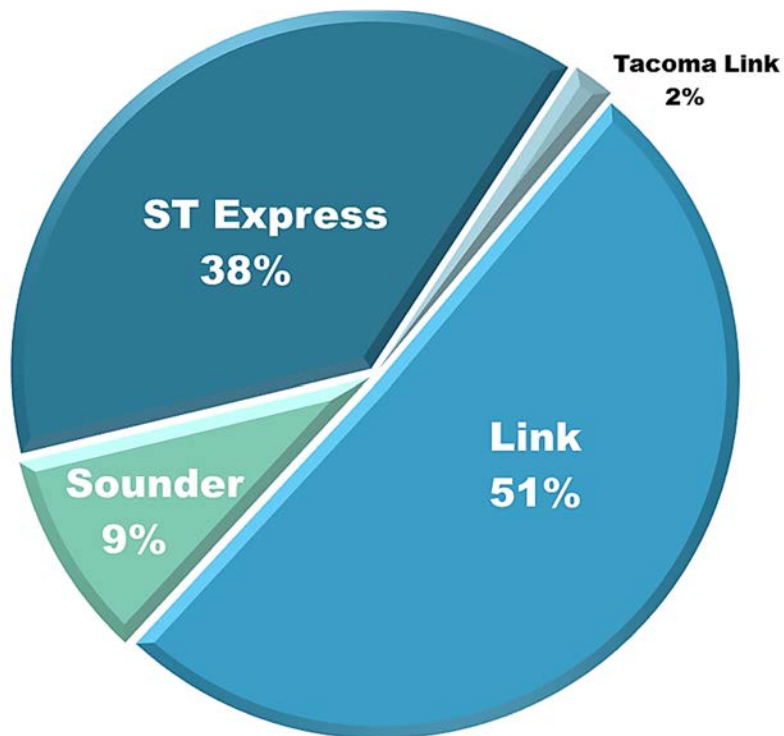
Mode	2015 Actual	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Change from Budget	% Change from Budget	Change from 2017 Actual	% Change from 2017 Actual
Link	11,530	19,122	22,900	23,187	25,200	2,300	10.0%	2,013	8.8%
Sounder	3,852	4,312	4,480	4,438	4,650	170	3.8	212	4.7
ST Express	18,313	18,470	18,680	18,373	18,860	180	1.0	487	2.6
Tacoma Link	973	938	1,040	972	940	(100)	(9.6)	(32)	(3.1)
Paratransit	46	48	80	60	60	(20)	(25.0)	(0)	(0.2)
Total All Modes	34,714	42,891	47,180	47,031	49,710	2,530	5.4%	2,679	5.7%

RIDERSHIP BY MODE 2013 – 2018* (in thousands)



(*excludes Paratransit)

TOTAL BOARDINGS BY MODE



Link Light Rail



Link Light Rail

Sound Transit operates Link light rail out of our Operations and Maintenance Facility (OMF) 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 2018, KCM will employ 323 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 provide supervision and operation 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 25.2 million boardings forecast for 2018 represent a 10.0 percent increase over the 2017 budget (an 8.8 percent increase over 2017 actual). Increased service plus strong population growth in the Puget Sound area continue to push ridership upward.

Link 2018 Budget Highlights

The 2018 budget for Link light rail is 15.4 percent higher than 2017, increasing from \$104.2 million to \$120.2 million.

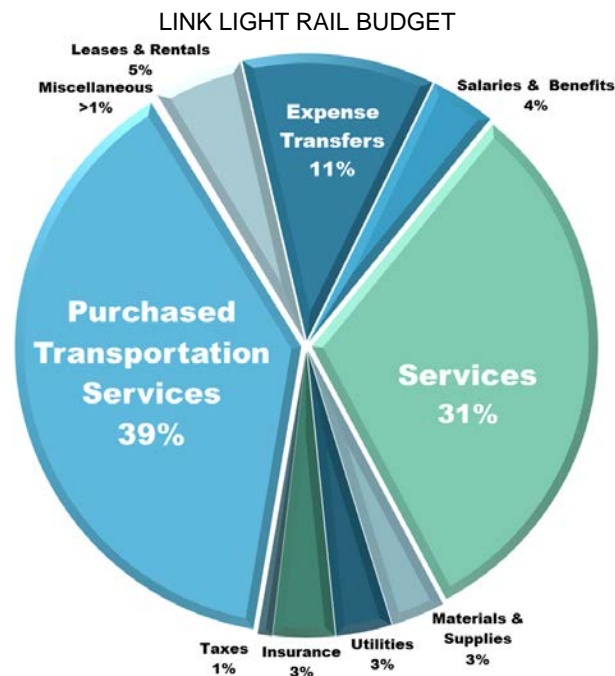
Security services are forecast to increase by 32.8 percent, or \$5.0 million; 12 new King County Sheriff Office (KCSO) officers will be trained at the KCSO academy for future deployment. Sound Transit is preparing to take over operations of the Downtown Seattle Transit Tunnel in 2019. The Securitas Services contract is increasing due to a contract rate increase and the addition of two officers at the Link Operations and Maintenance Facility.

Contract maintenance is forecast to increase by \$2.1 million or 20.9 percent primarily due to Sound Transit's proportionate use of the Downtown Seattle Transit Tunnel increasing from 70.0 percent in 2017 to 75.0 percent in 2018.

Professional services are forecast to increase by \$1.5 million or 120.6 percent primarily due to Link operating technology system maintenance and support.

Purchased transportation services are forecast to increase by 13.0 percent or \$5.3 million over the 2017 budget, primarily due to adding 41 King County Metro (KCM) staff positions, including operators and mechanics. Additional operators are needed to cover overtime, special events, and extended operating hours to meet increased service demands. Maintenance workers are needed to perform vehicle maintenance, vehicle overhauls, and facilities maintenance. In addition, a 5.0 percent KCM labor rate increase is expected.

Agency administrative expense allocations are forecast to be lower by 10.5 percent, or \$1.5 million. This category includes the overhead costs allocated from both administrative departments and certain Operations Department divisions.



LINK
(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$1,318	\$2,046	\$1,960	\$2,628	\$582	28.4%
Benefits	859	1,350	1,299	1,780	430	31.8
Subtotal	2,177	3,396	3,258	4,408	1,012	29.8
Services						
Marketing Agency	23	30	22	34	4	14.3
Professional & Technical	242	1,283	360	2,830	1,547	120.6
Temporary Services	0	0	43	0	0	0.0
Contract Maintenance	8,040	9,812	8,080	11,863	2,051	20.9
Security & Safety	13,466	15,347	15,162	20,376	5,029	32.8
Other Services	1,220	2,103	1,660	2,562	459	21.8
Subtotal	22,992	28,575	25,327	37,666	9,091	31.8
Materials & Supplies	2,233	3,553	2,737	3,639	86	2.4
Utilities	2,943	3,323	3,652	3,782	459	13.8
Insurance	3,620	3,273	3,224	4,176	903	27.6
Taxes	752	883	917	972	90	10.2
Purchased Transportation						
Paratransit	1,698	1,632	2,023	1,968	336	20.6
Purchased Transportation	35,199	39,383	38,076	44,367	4,984	12.7
Subtotal	36,897	41,015	40,099	46,336	5,320	13.0
Miscellaneous	204	185	169	244	59	31.7
Leases & Rentals						
Transit Way	4,787	5,384	5,412	5,944	560	10.4
General Administrative Facilities	23	14	26	29	16	113.1
Subtotal	4,810	5,398	5,437	5,974	576	10.7
Expense Transfers						
Operations Department	2,191	3,741	2,888	4,855	1,114	29.8
Administrative Departments	5,096	10,814	6,149	8,167	(2,647)	(24.5)
Subtotal	7,287	14,555	9,037	13,021	(1,533)	(10.5)
Mode Total	\$83,915	\$104,156	\$93,857	\$120,218	\$16,062	15.4%

LINK LIGHT RAIL SERVICE ROUTE



Link Performance Statistics

- Budget projections for 2018 show both fare revenues increasing by 11.4 percent and operating expenses increasing by 15.3 percent. As a result, the farebox recovery decreases from 35.5 percent to 34.3 percent.
- Revenue vehicle hours delivered are expected to increase to 263,064, an increase of 22.4 percent over the 2017 budget. Cost per revenue vehicle hour is expected to decrease from \$477.08 to \$449.51.
- Revenue train hours are expected to increase only 1.6 percent compared to 22.4 percent for revenue vehicle hours due to an increase in the use of longer three-car trains.
- Ridership is forecasted at 78,700 weekday boardings and 25.2 million annual boardings, a 10.0 percent gain over 2017 budget (8.8 percent gain over 2017 actual). However, due to expenses being expected to increase by 15.3 percent, the cost per boarding is expected to rise from \$4.48 to \$4.69.
- Over 5 million revenue vehicle miles are planned for 2018, an increase of 23.8 percent over the 2017 budget. Cost per revenue vehicle mile is projected to decrease from \$24.09 to \$22.44.

LINK PERFORMANCE STATISTICS

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	2018 v 2017 Budget
SUMMARY DATA					
Service Provided					
Revenue Vehicle Hours Operated	204,824	214,900	254,466	263,064	22.4%
Revenue Vehicle Miles Operated	4,103,169	4,255,015	5,200,856	5,269,034	23.8%
Revenue Train Hours Operated	90,019	95,511	97,475	97,017	1.6%
Trips Operated	102,020	102,616	104,021	102,616	0.0%
Service Consumed					
Total Boardings	19,121,621	22,900,000	23,186,633	25,200,000	10.0%
Average Weekday Boardings	59,118	69,400	66,239	78,700	13.4%
SERVICE PERFORMANCE MEASURES					
Total Boardings/Revenue Vehicle Hour	93.4	106.6	91.1	95.8	-10.1%
Total Boardings/Trip	187	223	223	246	10.0%
Percentage of Scheduled Trips Operated	98.4%	98.5%	98.6%	98.5%	0.0%
Headway Management	90.7%	>90%	89.2%	>90%	0.0%
Complaints/100,000 Boardings	1.2	<15.0	2.0	<15.0	0.0%
Preventable Accidents/100,000 Service Miles	0.05	<0.3	0.00	<0.3	0.0%
FINANCIAL PERFORMANCE MEASURES					
Fare Revenues	\$30,787,213	\$36,414,800	\$38,019,998	\$40,576,800	11.4%
Operating costs (less deprec. & paratransit)	\$82,216,534	\$102,523,859	\$91,834,384	\$118,249,309	15.3%
Cost/Revenue Vehicle Hour	\$401.40	\$477.08	\$360.89	\$449.51	-5.8%
Cost/Revenue Vehicle Mile	\$20.04	\$24.09	\$17.66	\$22.44	-6.9%
Cost/Revenue Train Hour	\$913.32	\$1,073.42	\$942.13	\$1,218.85	13.5%
Cost/Boarding	\$4.30	\$4.48	\$3.96	\$4.69	4.8%
Farebox Recovery	37.4%	35.5%	41.4%	34.3%	-3.4%

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 were 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 2018.

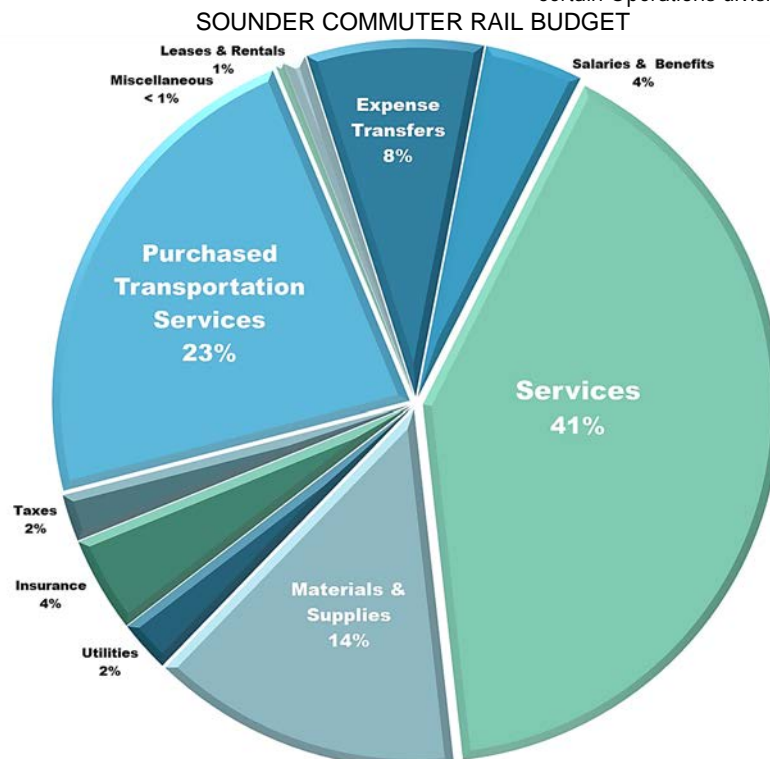
Sounder service is supported by 12 stations and 11 parking facilities. The Sounder fleet consists of 14 locomotives, 40 coaches, and 18 cab cars that include an engineer's cab. All vehicles are maintained by Amtrak at their Holgate Yard in Seattle during the day, with overnight storage for the four north 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 2018 are expected to increase by 3.8 percent to 4.7 million from 4.5 million in 2017 budget (4.7 percent gain over 2017 actual).

Sounder 2017 Budget Highlights

The 2018 Sounder budget is \$54.1 million, a decrease of 4.9 percent or \$2.8 million from \$56.9 million in 2017.

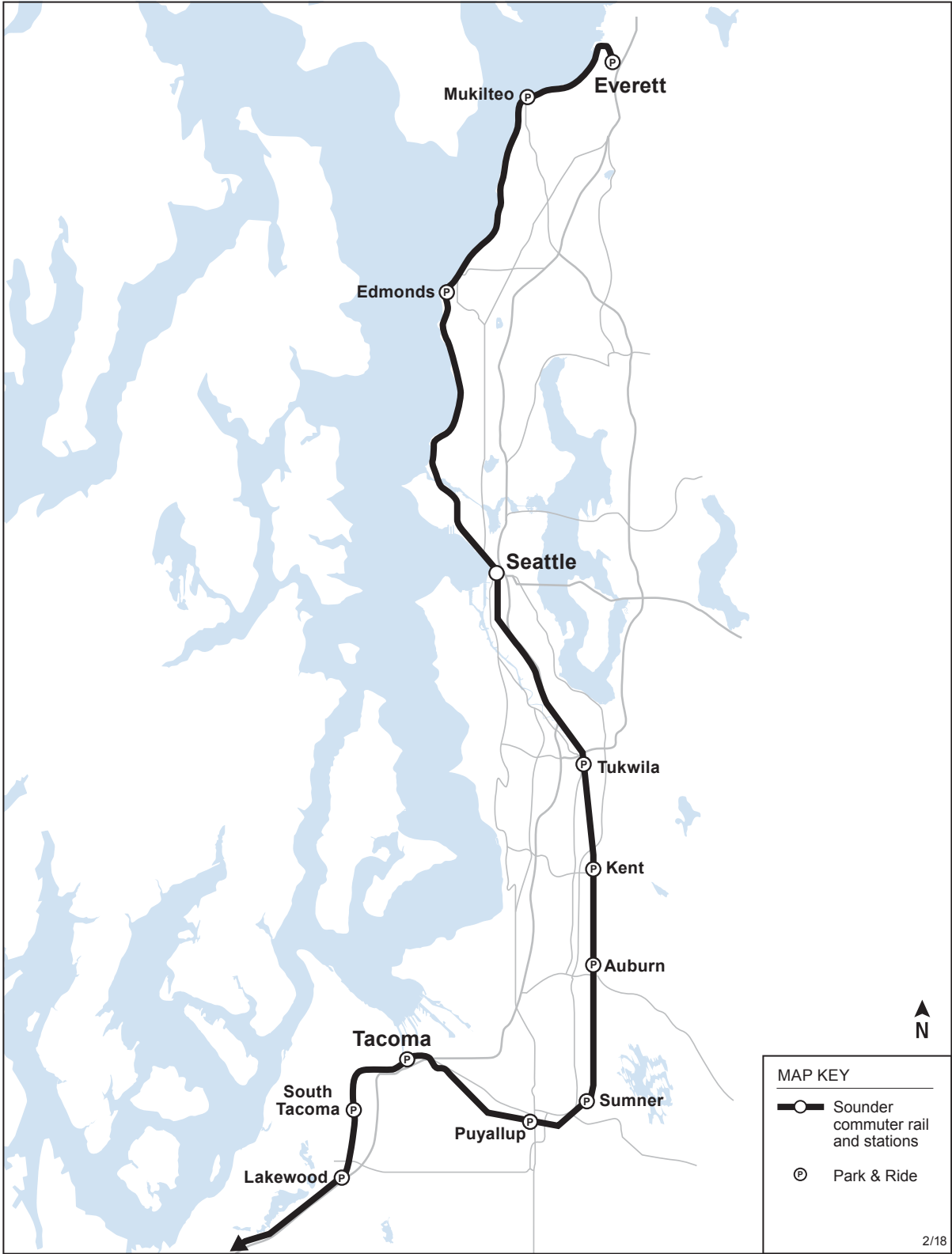
- Materials & supplies are expected to increase by 10.1 percent, or \$694 thousand primarily due to an expected increase in fuel costs. Also, additional fuel is needed to support the annualization of two trips added to south line in the fourth quarter of 2017.
- Insurance is expected to decrease by \$425 thousand or 15.5 percent. The 2018 premium for heavy rail is more favorable than in 2017, resulting in a budget reduction. In addition, 2018 will see a shift of property insurance from Sounder to Link light rail due to the growth in Link ridership.
- Purchased transportation service charges from the BNSF Railway Company to operate our Sounder service are expected to increase by \$219 thousand, or 1.8 percent. The key cost drivers in 2018 are the annualization of the additional crew costs to support two trips and a base rate increase of 3.5 percent for both the south and north lines. These increases are offset by reductions in BNSF maintenance overhead from 2017 budget levels resulting into a relatively smaller net increase of \$219 thousand overall.
- Agency administrative expense allocations will decrease by \$3.8 million or 46.7 percent in 2018 from last year. This category includes the costs allocated from both administrative departments and certain Operations divisions.



SOUNDER
(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$1,158	\$1,341	\$1,283	\$1,423	\$82	6.2%
Benefits	755	896	852	971	76	8.4
Subtotal	1,913	2,237	2,135	2,395	158	7.1
Services						
Marketing Agency	23	26	19	26	0	0.0
Professional & Technical	326	208	453	1,561	1,354	652.1
Temporary Services	18	0	1	0	0	0.0
Contract Maintenance	13,021	16,228	13,986	15,106	(1,122)	(6.9)
Security & Safety	2,685	2,968	3,003	3,062	94	3.2
Other Services	1,285	2,311	2,098	2,276	(35)	(1.5)
Subtotal	17,357	21,741	19,559	22,030	290	1.3
Materials & Supplies	4,553	6,881	4,511	7,575	694	10.1
Utilities	1,307	1,297	1,166	1,267	(30)	(2.3)
Insurance	2,103	2,749	2,362	2,324	(425)	(15.5)
Taxes	1,039	977	999	1,146	169	17.3
Purchased Transportation Services						
Purchased Transportation	10,721	12,096	11,114	12,315	219	1.8
Subtotal	10,721	12,096	11,114	12,315	219	1.8
Miscellaneous	183	183	166	201	18	9.9
Leases & Rentals						
Transit Way	385	444	410	369	(74)	(16.7)
General Administrative Facilities	139	194	137	162	(32)	(16.4)
Subtotal	524	637	546	532	(106)	(16.6)
Expense Transfers						
Operations Department	1,106	1,763	1,397	2,005	242	13.7
Administrative Departments	4,014	6,319	1,805	2,302	(4,018)	(63.6)
Subtotal	5,120	8,082	3,202	4,307	(3,776)	(46.7)
Mode Total	\$44,819	\$56,880	\$45,760	\$54,092	(\$2,788)	(4.9%)

SOUNDER SERVICE ROUTE



Sounder Performance Statistics

- In 2018, we will have a full year of thirteen daily round trips between Seattle and Tacoma, eight of which will go to Lakewood. We expect to deliver 74,789 service hours, a 12.3 percent increase.
- Ridership is expected to grow to almost 4.7 million total boardings annually with 18,000 boardings per weekday. Farebox recovery is projected to increase to 28.0 percent from 25.6 percent budgeted for 2017. Cost per boarding will decrease to \$11.63 in 2018 from \$12.70 in 2017.
- Operating costs for Sounder are projected to decrease by 4.9 percent to \$54.1 million in 2018.
- Sounder cost per revenue vehicle hour is projected to decrease by 15.3 percent, from \$854.36 in 2017 to \$723.26 in 2018. The cost per revenue vehicle mile is projected to decrease from \$27.59 in 2017 to \$23.24 in 2018. The decrease is primarily driven by lower insurance and agency overhead budgets.

SOUNDER PERFORMANCE STATISTICS

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	2018 v 2017 Budget
SUMMARY DATA					
Service Provided					
Revenue Vehicle Hours Operated	59,275	66,576	63,812	74,789	12.3%
Revenue Vehicle Miles Operated	1,794,741	2,061,257	1,916,536	2,327,812	12.9%
Trips Operated	7,351	8,078	7,917	8,636	6.9%
Service Consumed					
Total Boardings	4,312,113	4,480,000	4,438,374	4,650,000	3.8%
Average Weekday Boardings	16,662	16,900	14,179	18,000	6.5%
SERVICE PERFORMANCE MEASURES					
Total Boardings/Revenue Vehicle Hour	73	67	70	62	-7.6%
Total Boardings/Trip	587	555	561	538	-2.9%
Percentage of Scheduled Trips Operated	98.7%	99.5%	98.6%	99.5%	0.0%
On-time Performance	92.8%	≥ 95%	91.2%	≥ 95%	0.0%
Complaints/100,000 Boardings	11.2	<15	13.4	<15	0.0%
Preventable Accidents/100,000 Total Miles	0	≤1	0	≤1	0.0%
FINANCIAL PERFORMANCE MEASURES					
Farebox Revenue	\$13,580,801	\$14,560,000	\$15,054,027	\$15,137,847	4.0%
Operating costs (less depreciation)	\$44,819,343	\$56,880,111	\$45,760,193	\$54,092,146	-4.9%
Cost/Revenue Vehicle Hour	\$756.13	\$854.36	\$717.11	\$723.26	-15.3%
Cost/Revenue Vehicle Mile	\$24.97	\$27.59	\$23.88	\$23.24	-15.8%
Cost/Boarding	\$10.39	\$12.70	\$10.31	\$11.63	-8.4%
Farebox Recovery	30.3%	25.6%	32.9%	28.0%	9.3%

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 non-competitively procured service agreements 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 increase by 17,332 service hours: 8,760 hours are forecasted overrun in 2017 that will roll into the 2018 baseline service, plus 8,572 more hours added as the result of annualizing hours approved in 2017.

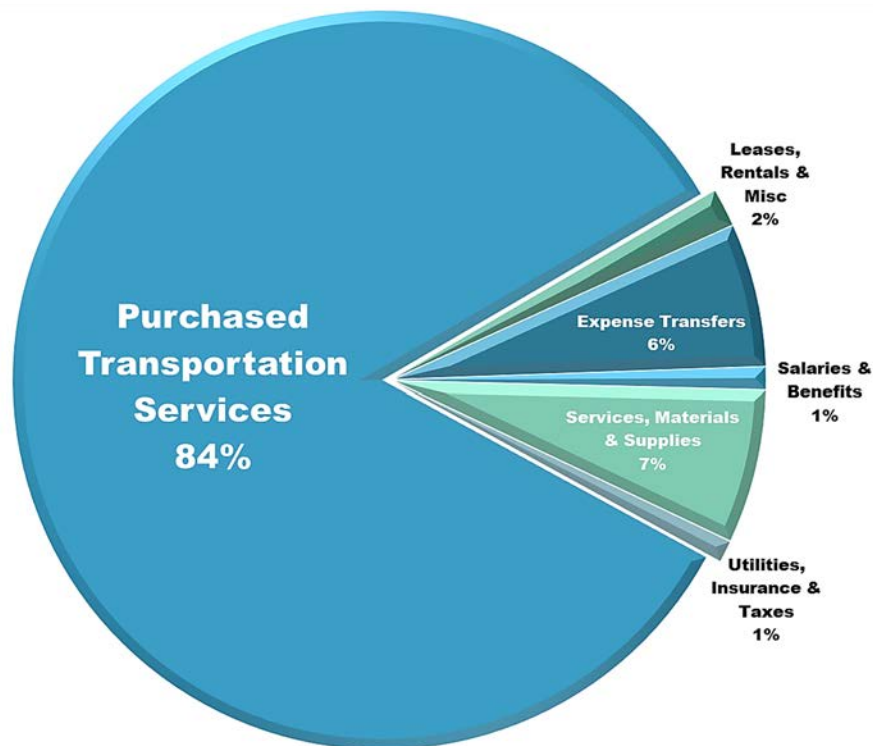
Boardings in 2018 are expected to be up only slightly due to continuing low gas prices.

ST Express 2018 Budget Highlights

ST Express's 2018 budget will increase to \$141.6 million, up 6.0 percent, from \$133.6 million in the 2017 budget.

- Contract maintenance is expected to decrease by \$1.2 million, or 19.9 percent, in 2018 primarily due to the decrease in ST Express's share of Downtown Seattle Transit Tunnel operating and maintenance costs, with more costs being shifted to Link light rail.
- Purchased transportation services are expected to increase by \$8.5 million or 7.8 percent due to an increase in platform hours. The rate increase from our transit partners is forecast at an average of 4.4 percent.
- Agency administrative expense allocations are forecast to increase by \$42 thousand or 0.5 percent in 2018 from 2017. This category includes the costs allocated from both administrative departments and certain Operations divisions.

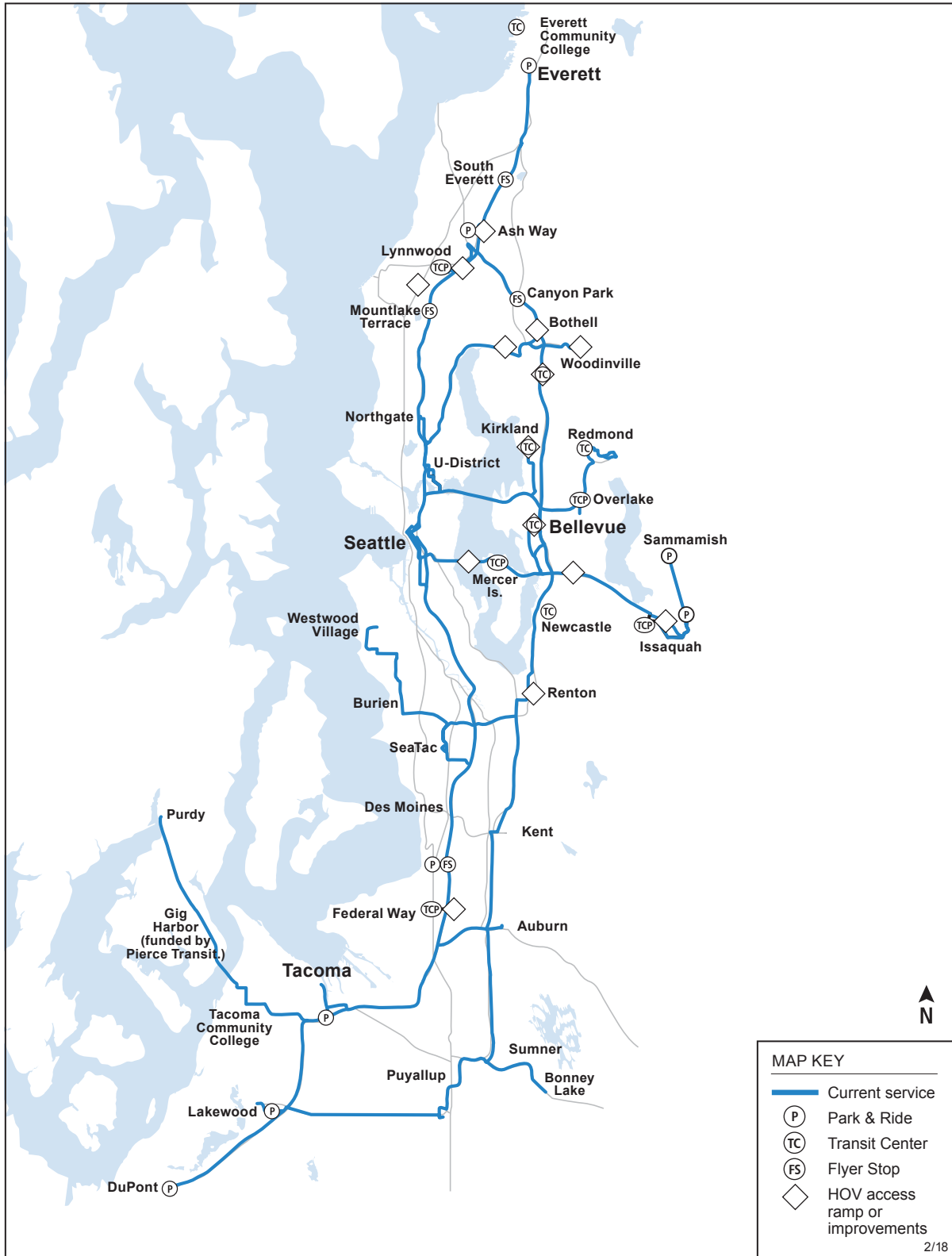
ST EXPRESS BUDGET



ST EXPRESS
(in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$416	\$655	\$618	\$793	\$139	21.2%
Benefits	271	434	410	542	107	24.7
Subtotal	687	1,089	1,029	1,335	246	22.6
Services						
Marketing Agency	23	30	22	26	(4)	(14.3)
Professional & Technical	35	41	21	480	438	1,061.6
Contract Maintenance	4,622	6,255	4,689	5,011	(1,244)	(19.9)
Security & Safety	2,256	2,263	2,215	2,286	23	1.0
Other Services	1,336	1,617	1,130	1,594	(23)	(1.4)
Subtotal	8,272	10,206	8,078	9,396	(810)	(7.9)
Materials & Supplies	103	76	90	50	(26)	(34.7)
Utilities	355	423	301	344	(79)	(18.6)
Insurance	373	146	(25)	162	17	11.5
Taxes	723	734	741	748	14	1.9
Purchased Transportation Services						
Purchased Transportation	98,918	109,910	107,338	118,446	8,536	7.8
Subtotal	98,918	109,910	107,338	118,446	8,536	7.8
Miscellaneous	107	150	148	129	(20)	(13.4)
Leases & Rentals						
Transit Way	2,201	2,155	2,312	2,187	33	1.5
General Administrative Facilities	5	4	4	4	(1)	(13.3)
Subtotal	2,206	2,159	2,316	2,191	32	1.5
Expense Transfers						
Operations Department	1,577	2,126	1,653	2,408	282	13.3
Administrative Departments	4,207	6,633	5,362	6,392	(240)	(3.6)
Subtotal	5,785	8,758	7,015	8,800	42	0.5
Mode Total	\$117,528	\$133,649	\$127,029	\$141,602	\$7,952	6.0%

ST EXPRESS SERVICE ROUTE



ST Express Performance Statistics

- We expect 18.9 million boardings in 2018, an increase of 1.0 percent from 2017 budget (2.6 percent increase from 2017 actual). Farebox revenues are projected to increase by 2.0 percent while expenses are expected to rise by 6.0 percent. Since expenses are rising faster than farebox revenues, we will see an increase of 4.9 percent in cost per boarding, from \$7.15 in 2017 to \$7.51 in 2018, and a decrease of 3.7 percent in farebox recovery from 27.7 to 26.6 percent.
- ST Express cost per revenue vehicle hour is projected to increase from \$221.82 in 2017 to \$229.24 in 2018, an increase of 3.3 percent.
- Platform hours are planned to increase by 2.2 percent over 2017. A cost per platform hour rate of \$178.16 is expected in 2018, up 3.6 percent from 2017 budget cost of \$171.91.
- ST Express will deliver roughly the same revenue vehicle miles in 2017: 12,118,429 compared to 11,998,600 in the 2017 budget. This will result in an increase in cost per revenue vehicle mile from \$11.14 to \$11.68 in 2018, due to operating costs increasing at a faster pace than mileage.

ST EXPRESS PERFORMANCE STATISTICS

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	2018 v 2017 Budget
SUMMARY DATA					
Service Provided					
Revenue Vehicle Hours Operated	609,563	602,500	608,810	617,710	2.5%
Revenue Vehicle Miles Operated	11,920,347	11,998,600	11,991,221	12,118,429	1.0%
Trips Operated	475,159	481,598	481,216	482,879	0.3%
Platform Hours	764,880	777,448	780,506	794,780	2.2%
Service Consumed					
Total Boardings	18,470,408	18,680,000	18,373,006	18,860,000	1.0%
Average Weekday Boardings	64,130	65,000	58,825	65,500	0.8%
SERVICE PERFORMANCE MEASURES					
Total Boardings/Revenue Vehicle Hour	30.3	31.0	30.2	30.5	-1.5%
Total Boardings/Trip	38.9	38.8	38.2	39.1	0.7%
Percentage of Scheduled Trips Operated	99.8%	99.8%	99.9%	99.8%	0.0%
On-time Performance	82.8%	85.0%	83.1%	85.0%	0.0%
Complaints/100,000 Boardings	17.6	<15.0	17.2	<15.0	0.0%
Preventable Accidents/100,000 revenue miles	0.8	<0.80	0.69	<0.80	0.0%
FINANCIAL PERFORMANCE MEASURES					
Farebox Revenues	\$36,194,309	\$36,986,400	\$37,264,867	\$37,734,098	2.0%
Operating costs (less depreciation)	\$117,528,060	\$133,649,397	\$127,029,334	\$141,601,767	6.0%
Cost/Revenue Vehicle Hour	\$192.81	\$221.82	\$208.65	\$229.24	3.3%
Cost/Revenue Vehicle Mile	\$9.86	\$11.14	\$10.59	\$11.68	4.9%
Cost/Platform Hour	\$153.66	\$171.91	\$162.75	\$178.16	3.6%
Cost/Boarding	\$6.36	\$7.15	\$6.91	\$7.51	4.9%
Farebox Recovery	30.8%	27.7%	29.3%	26.6%	-3.7%

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.

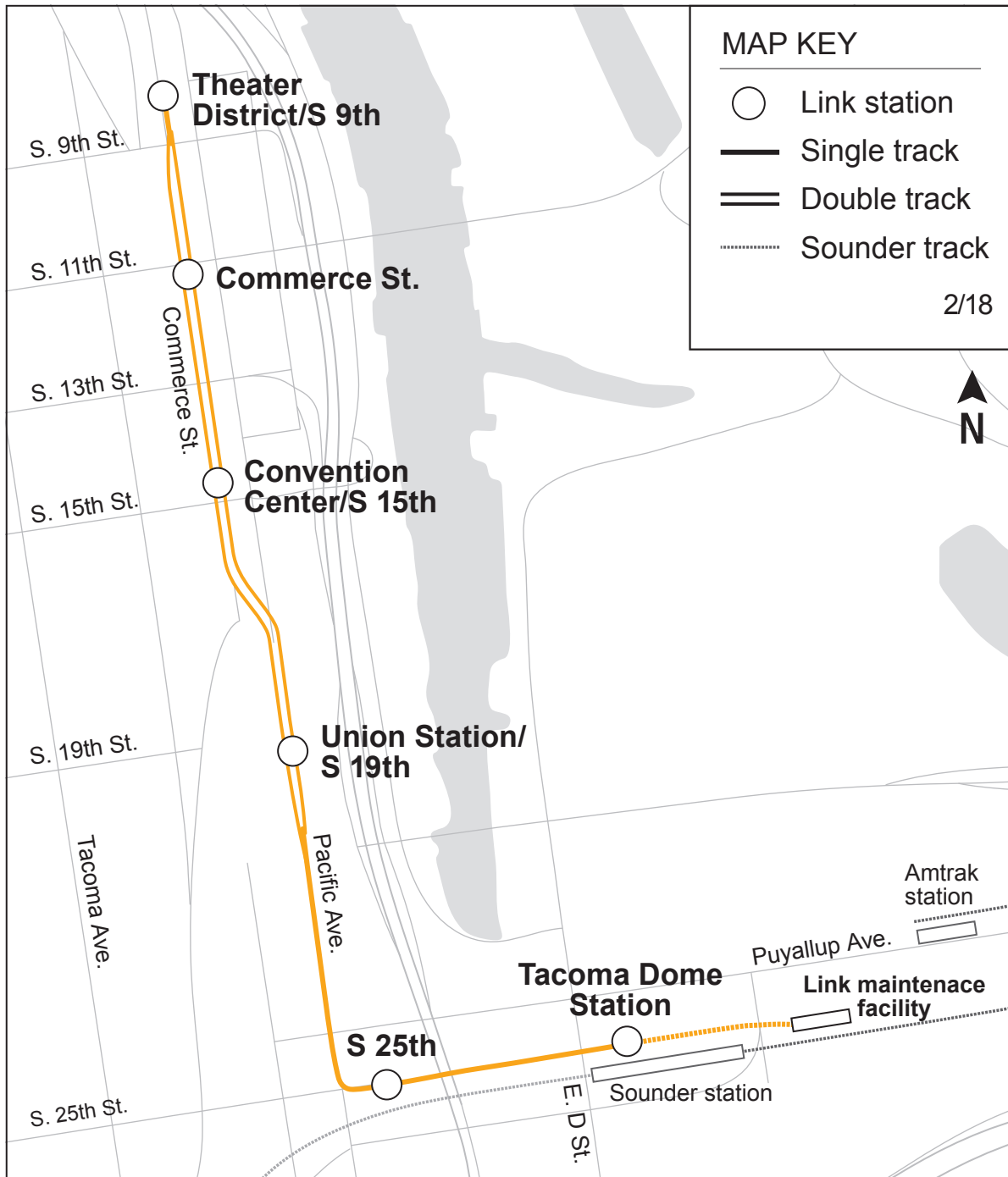
Tacoma Link 2018 Budget Highlights

- The total 2018 budget is \$5.5 million, which is 10.2 percent higher than the 2017 budget.
- Services are increasing by \$191 thousand, or 19.8 percent from 2017. The 2018 budget request includes \$300 thousand for a roof repair project at Tacoma Link Operations and Maintenance Facility, offset by savings in other areas, driving the net increase.
- Administrative overhead expense allocations are lower by 14.4 percent, or \$166 thousand. This category includes the staff costs allocated from both administrative departments and certain Operations divisions.

TACOMA LINK (in thousands)

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Salaries & Benefits						
Salaries	\$1,326	\$1,433	\$1,483	\$1,715	\$281	19.6%
Benefits	866	888	982	1,077	189	21.3
Subtotal	2,192	2,321	2,465	2,792	470	20.3
Services						
Professional & Technical	15	17	27	313	296	1,767.4
Contract Maintenance	304	516	342	360	(155)	(30.1)
Security & Safety	432	426	452	479	53	12.4
Other Services	5	7	3	5	(2)	(27.8)
Subtotal	757	966	823	1,157	191	19.8
Materials & Supplies	203	159	129	140	(19)	(12.0)
Utilities	89	127	100	117	(10)	(8.0)
Insurance	289	167	170	206	39	23.2
Taxes	0	0	1	0	0	106.8
Purchased Transportation Services						
Purchased Transportation	0	5	0	5	(0)	(1.0)
Subtotal	0	5	0	5	(0)	(1.0)
Miscellaneous	24	24	20	24	0	0.0
Leases & Rentals						
General Administrative Facilities	23	23	24	23	0	0.8
Subtotal	23	23	24	23	0	0.8
Expense Transfers						
Operations Department	179	230	179	272	42	18.3
Administrative Departments	715	921	604	713	(208)	(22.6)
Subtotal	894	1,152	783	985	(166)	(14.4)
Mode Total	\$4,472	\$4,944	\$4,514	\$5,450	\$506	10.2%

TACOMA LINK SERVICE ROUTE



Tacoma Link Performance Statistics

- Budget projection for 2018 shows an increase in operating costs, mainly driven by facility repair and maintenance.
- Expected ridership is 940,000 boardings or an average of 3,200 per weekday. Ridership is projected to decrease 9.6 percent compared to 2017 budget. The cost per boarding is expected to increase from \$4.75 in 2017 to \$5.80 in 2018, or by 22.0 percent.
- Operating costs are projected to increase to \$5.5 million or by 10.2 percent in 2018. Service will remain at current levels; therefore, the cost per revenue hour is expected to increase by 10.2 percent.
- Revenue vehicle miles are relatively flat for 2018. The cost per revenue vehicle mile will increase from \$65.06 in 2017 to \$71.71 in 2018, an increase of 10.2 percent.

TACOMA LINK PERFORMANCE STATISTICS

	2016 Actual	2017 Budget	2017 Actual	2018 Budget	2018 v 2017 Budget
SUMMARY DATA					
Service Provided					
Revenue Vehicle Hours Operated	9,868	9,900	9,887	9,900	0.0%
Revenue Vehicle Miles Operated	75,983	76,000	76,151	76,000	0.0%
Trips Operated	49,353	49,194	49,328	49,194	0.0%
Service Consumed					
Total Boardings	938,315	1,040,000	972,405	940,000	-9.6%
Average Weekday Boardings	3,182	3,500	2,956	3,200	-8.6%
SERVICE PERFORMANCE MEASURES					
Total Boardings/Revenue Vehicle Hour	95.1	105.1	98.4	94.9	-9.6%
Total Boardings/Trip	19.0	21.1	19.7	19.1	-9.6%
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	0.5	<15.0	0.0	<15.0	0.0%
Preventable Accidents/100,000 Service Miles	1.3	<1.7	1.31	<1.7	0.0%
FINANCIAL PERFORMANCE MEASURES					
Operating costs (less depreciation)	\$4,471,829	\$4,944,182	\$4,514,081	\$5,450,017	10.2%
Cost/Revenue Vehicle Hour	\$453.16	\$499.41	\$456.57	\$550.51	10.2%
Cost/Revenue Vehicle Mile	\$58.85	\$65.06	\$59.28	\$71.71	10.2%
Cost/Boarding	\$4.77	\$4.75	\$4.64	\$5.80	22.0%

Capitol Hill Station



Project Budgets

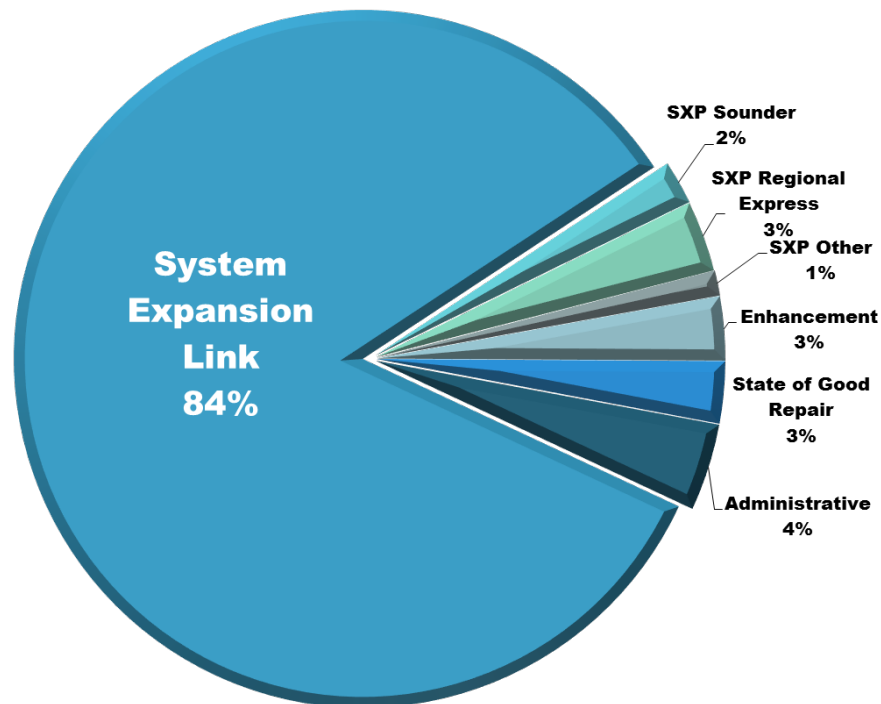
The annual budget for projects is \$1.9 billion for 2018. The Transit Improvement Plan (TIP) includes history and forecasts for all Board-authorized project allocations for active projects. Both the Adopted 2018 Budget and Adopted 2018 TIP present projects by category and then by mode: Link, Sounder, Regional Express, and Other (non-mode specific).

PROJECT BUDGETS

(in millions)

System Expansion	
Link	\$1,628
Sounder	39
Regional Express	63
Other	22
Subtotal	1,753
Enhancement	57
State of Good Repair	55
Administrative	78
Total	\$1,943

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 2018 Budget Highlights

Link light rail projects account for \$1.6 billion and include plans to:

- Begin the preliminary engineering and environmental review for the West Seattle & Ballard Link Extensions and combine three ST3 voter-approved projects: Ballard Link Extension, Downtown Tunnel, and West Seattle Link Extension to generate efficiencies during project development.
- Begin the preliminary engineering and environmental review for the Tacoma Dome Link Extension. Combining two ST3 voter-approved projects: Federal Way to Tacoma Dome Link Extension and the Operations and Maintenance Facility South generates efficiencies during project development.
- Continue right-of-way acquisition and construction for East Link Extension, progressing construction in all segments of the project.

- Continue design-build contract focused on several design packages and permitting activities for Link Operations and Maintenance Facility East.
- Complete construction of tunnel cross-passages and begin tunnel trackwork. Complete rail procurement, continue station construction, and finalize 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 Link Extension.
- Continue final design, right of way, and pre-construction services activities for Lynnwood Link Extension in preparation to baseline the project.
- Continue preliminary engineering and right of way acquisitions, coordinate design and develop agreements with City of Redmond, Washington Department of Transportation and King County for Downtown Redmond Link Extension.
- Complete preliminary/final design reviews, and operating and maintenance manuals for the Light Rail Vehicle Fleet Expansion. Continue to initiate work by component manufacturers as designs are approved.

SYSTEM EXPANSION – LINK PROJECTS

(in thousands)

Project	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Downtown Redmond Link Extension	\$216	\$14,225	\$9,921	\$157,268	\$143,043	1005.6%
East Link Extension	192,704	393,373	432,165	574,491	181,118	46.0
Enhancements to Tacoma Link Extension	0	1,500	34	1,966	466	31.0
Federal Way Link Extension	15,344	70,758	21,919	116,533	45,775	64.7
First Hill Streetcar	(494)	438	434	8	(430)	(98.3)
Light Rail Vehicle Fleet Expansion	3,470	71,934	69,542	37,572	(34,362)	(47.8)
Link Operations & Maintenance Facility: East	3,711	108,766	96,986	116,381	7,615	7.0
Lynnwood Link Extension	38,072	116,296	109,277	251,680	135,384	116.4
Northgate Link Extension	167,262	267,957	255,404	311,397	43,440	16.2
South 200th Link Extension	36,812	9,428	7,872	424	(9,004)	(95.5)
Tacoma Dome Link Extension	0	0	494	10,250	10,250	100.0
Tacoma Link Extension	3,447	12,096	11,916	19,305	7,208	59.6
University Link Extension	37,092	7,795	4,976	5,454	(2,341)	(30.0)
West Seattle & Ballard Link Extensions	0	4,150	2,155	25,500	21,350	514.5
Total System Expansion - Link	\$497,636	\$1,078,716	\$1,023,097	\$1,628,227	\$549,511	50.9 %

System Expansion – Sounder 2018 Budget Highlights

Sounder commuter rail projects are budgeted at \$39.4 million and include plans to:

- Begin final design for station improvements at Puyallup and Sumner stations.
- Begin preliminary engineering for access improvements at the Kent, Auburn, Edmonds, and Mukilteo Sounder stations.
- Complete punch list items for Point Defiance Bypass, obtain certification for positive train control and resume revenue service.
- Complete construction to replace Tacoma Trestle Bridge.
- Introduce nine Sounder passenger cab cars into service.
- Continue preliminary engineering to construct a Sounder Maintenance facility at the Lakewood layover yard.

SYSTEM EXPANSION – SOUNDER COMMUTER RAIL PROJECTS

(in thousands)

Project	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Auburn Station Access Improvement	\$111	\$506	\$561	\$2,652	\$2,146	424.1%
D St-M St Track & Signal	(77)	71	18	50	(21)	(29.2)
Kent Station Access Improvements	120	506	588	2,651	2,145	423.9
Lakewood Station Improvements	15	0	1	0	-	-
Mukilteo Station, S Platform	691	1,620	1,577	440	(1,180)	(72.8)
North Sounder Parking and Access Improvements	0	0	6	718	718	100.0
Point Defiance Bypass	48,666	6,972	14,478	100	(6,872)	(98.6)
Puyallup Station Improvements	654	6,014	1,123	6,015	2	0.0
Sounder Fleet Expansion	5,738	6,764	637	5,263	(1,501)	(22.2)
Sounder Maintenance Base	266	5,814	483	5,276	(537)	(9.2)
Sounder South Expanded Service	317	4,800	404	5,050	250	5.2
Sounder Yard Expansion	10,602	4,755	3,444	100	(4,655)	(97.9)
Sumner Station Improvements	513	4,481	1,178	3,935	(546)	(12.2)
Tacoma Trestle Track & Signal	36,798	58,630	57,090	5,864	(52,766)	(90.0)
Tukwila Station	121	366	247	1,305	939	256.6
Total System Expansion - Sounder	\$104,533	\$101,298	\$81,833	\$39,420	(\$61,878)	(61.1) %

System Expansion – Regional Express 2018 Budget Highlights

Regional Express projects are budgeted at \$63.4 million and include early development of the Bus on Shoulder program, receipt of 16 new buses, and the initial development of a bus rapid transit program along I-405 and SR 522.

SYSTEM EXPANSION – REGIONAL EXPRESS

(in thousands)

Project	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Bothell Transit Related Improvements	\$0	\$5,036	\$1	\$0	(\$5,036)	(100.0)%
Bus on Shoulder Project	0	0	24	1,180	1,180	100.0
I-405 Bus Rapid Transit	0	45,650	501	35,553	(10,097)	(22.1)
I-90 Two-Way Transit & HOV Operations, Stage 3	76,536	39,221	31,433	4,955	(34,266)	(87.4)
SR 522 Bus Rapid Transit	0	0	295	5,781	5,781	100.0
ST Express Bus Base	18	587	2	587	-	-
ST Express Fleet Expansion	8,350	13,649	101	15,357	1,709	12.5
Total System Expansion - Regional Express	\$84,904	\$104,142	\$32,357	\$63,414	(\$40,729)	(39.1) %

System Expansion – Other 2018 Budget Highlights

Budgeted at \$22.4 million, this category includes programs for transit system access, innovation and technology, public art, efficiency and sustainability, and transit oriented development planning.

SYSTEM EXPANSION – OTHER

(in thousands)

Project	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Efficiency & Sustainability Program	\$0	\$0	\$0	\$350	\$350	100.0%
Fare Administration	188	2,473	81	1,630	(843)	(34.1)
Fare Collection	436	148	61	195	47	32.0
Innovation and Technology Program	0	0	6	4,250	4,250	100.0
ORCA Next Generation	0	0	226	1,527	1,527	100.0
Research & Technology	2,512	2,297	806	613	(1,684)	(73.3)
Research and Business Development Program	0	400	51	300	(100)	(25.0)
ST3 Planning	9,070	6,850	1,590	3,000	(3,850)	(56.2)
STart	1,326	1,390	1,177	2,134	744	53.5
STart Operations & Maintenance	116	239	253	231	(8)	(3.3)
Transit Oriented Development Planning Program	0	0	0	400	400	100.0
Transit System Access Program	0	0	0	7,750	7,750	100.0
Total System Expansion - Other	\$13,649	\$13,796	\$4,252	\$22,379	\$8,583	62.2 %

Enhancement

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

2018 Budget Highlights

Enhancement projects are budgeted at \$56.6 million and include plans to:

- Complete installation of a second light rail vehicle lift at Link Operations and Maintenance Facility (Link OMF).
- Achieve system certification for Positive Train Control system scheduled to start up in December 2018.
- Facilitate transit oriented development near transit stations.

- Contribute financially to street and signal improvements in Seattle to mitigate the impacts of additional buses moving from the Downtown Seattle Transit Tunnel (DSTT) to surface streets.
- Renovate Link OMF to increase the efficient use of space, secure the Link Control Center, and expand parking with the addition of car charging stations for ST electric vehicles.
- Participate in the development of a master plan for the expansion of the Pierce Transit Bus Maintenance Facility.
- Establish the scope for a digital passenger information system to enhance the rider experience and provide an enhanced exchange of informational data with our riders and transit partners.

ENHANCEMENT PROJECTS

(in thousands)

Project	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
LINK						
Central Link Card Readers	(\$229)	\$292	(\$0)	\$292	(\$0)	0.0%
Central Link HVAC - Instrument House and UPS Room	430	449	10	408	(41)	(9.0)
Central Link Overhead Catenary System Tie Switch	0	2,995	1	125	(2,870)	(95.8)
Light Rail Vehicle Wireless Communication Upgrade	0	0	0	156	156	100.0
Link Operating Segment Systems Enhancements and Upgrades	0	1,400	5	1,395	(5)	(0.4)
LRV Between Car Barriers	0	520	412	108	(412)	(79.3)
LRV Wash Bay Modifications	0	300	0	300	(0)	(0.1)
LRV Wheel Flat Software	0	250	0	250	-	-
Noise Abatement	9	130	1	610	480	369.2
Non-revenue Support Vehicles	120	1,034	689	674	(361)	(34.9)
OMF Energy Efficiency	0	1,042	916	182	(860)	(82.5)
Operations & Maintenance Facility Light Rail Vehicle Lift	254	4,458	216	4,238	(220)	(4.9)
Operations Maintenance Facility (OMF) - Link Control Center (LCC) Upgrades	0	0	0	400	400	100.0
Operations Maintenance Facility (OMF) - Renovations	0	0	0	3,225	3,225	100.0
Operations Maintenance Facility (OMF) Expanded Parking	25	188	57	538	351	186.7
Signage Improvements	34	1,014	240	773	(241)	(23.7)

Project	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
Tacoma Link Radio Upgrade	0	0	0	748	748	100.0
SOUNDER						
Customer Emergency Stations	0	300	0	800	500	166.7
Kent Station Parking Lot Paving	73	626	0	627	0	0.0
Kent Station Platform Lighting	50	236	83	102	(134)	(56.6)
King St Station Platform Improvements	0	300	5	295	(5)	(1.6)
Locomotive Inboard Cameras	0	300	0	300	-	-
Positive Train Control	3,819	8,002	1,913	3,055	(4,946)	(61.8)
Puyallup Station LED Lighting	50	178	94	34	(144)	(81.0)
Sounder Passenger Emergency Intercom	0	750	0	1,500	750	100.0
Sumner Station LED Lighting	50	134	49	35	(99)	(74.0)
REGIONAL EXPRESS						
Bellevue TC Security System	0	150	0	150	-	-
Bus Maintenance Facility	7	0	2	12,776	12,776	100.0
Community Transit - On-Board Communication Upgrade	0	0	0	2,080	2,080	100.0
Opensidewalks Data Development	0	60	50	10	(50)	(83.3)
Pierce Transit - Global Positioning System Repeater	0	0	0	1,662	1,662	100.0
OTHER						
Bike Locker Program	17	184	70	114	(70)	(38.0)
Bike Parking Program	0	0	0	640	640	100.0
Digital Passenger Information System	0	0	0	1,617	1,617	100.0
Downtown Seattle Transit Tunnel Mitigation	0	2,334	408	9,070	6,736	288.6
Everett Station Security Improvements	0	0	0	289	289	100.0
LED Lighting Program	0	0	0	1,500	1,500	100.0
Security Operations Center - Video Monitoring Improvements	0	0	0	188	188	100.0
Security Radio System	0	0	0	915	915	100.0
SODO/MLK Hazard Mitigation	0	0	0	1,584	1,584	100.0
Transit Oriented Development Property Disposition	809	1,725	1,088	2,660	935	54.2
Union Station Garden Level Remodel	614	1,455	996	221	(1,234)	(84.8)
Total Enhancement	\$6,135	\$30,805	\$7,304	\$56,646	\$25,841	83.9 %

State of Good Repair

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

2018 Budget Highlights

State of Good Repair projects are budgeted at \$54.6 million and include plans to:

- Complete the installation of 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.
- Contribute financially to the repair and maintenance of the Tacoma Dome parking facility.
- Replace 16 buses in the ST Express Fleet.

STATE OF GOOD REPAIR PROJECTS (in thousands)

Project	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
LINK						
Access Control Card Upgrade	\$0	\$1,114	\$0	\$520	(\$594)	(53.3)%
Convention Place Development Systems Retrofit	0	2,549	1,002	1,547	(1,002)	(39.3)
Light Rail Vehicle Overhaul	742	2,959	0	3,081	122	4.1
Link Bridge Repairs	0	550	0	165	(385)	(70.1)
Link CCTV System Upgrade	626	2,394	0	2,468	74	3.1
Link Light Rail Vehicle Overhaul	0	0	0	5,100	5,100	100.0
Link Operating Technology Upgrades	0	0	0	500	500	100.0
Link Radio Upgrade	0	1,000	0	1,000	-	-
Link SCADA System Support	0	0	0	250	250	100.0
Link Station Braided Tile Replacement	0	435	0	435	-	-
Tacoma Link HVAC and Building Systems Upgrade	0	0	0	400	400	100.0
Tacoma Link Light Rail Vehicle Overhaul	54	418	0	580	163	38.9
SOUNDER						
King Street Station Vertical Window Glazing	0	0	0	767	767	100.0
Sounder Vehicle Overhaul Program	5,649	6,652	5,968	2,137	(4,515)	(67.9)
Station Midlife Refurbishment Program	385	616	33	583	(33)	(5.3)
REGIONAL EXPRESS						
ST Express Fleet Replacement	3,714	25	9,850	26,195	26,170	104,190.7
OTHER					-	100.0
Information Technology (IT) Infrastructure	55	1,597	1,331	1,162	(435)	(27.3)
IT Transit Systems	224	355	220	143	(212)	(59.8)
Othello Traction Power Sub-station Parking Lot	1	378	130	249	(130)	(34.3)
Safety Oversight Approval Program	0	0	0	200	200	100.0
Small Works Program	427	2,689	485	3,581	892	33.2
Tacoma Dome Station	0	414	0	3,553	3,139	758.9
Total State of Good Repair	\$11,875	\$24,145	\$19,019	\$54,615	\$30,470	126.2 %

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.

2018 Budget Highlights

Administrative projects are budgeted at \$78.1 million and include plans to:

- Fund department costs allocated to projects as administrative overhead and department costs that are unallocated.
- Develop a Link Operations performance reporting program, workflow automation, and information security controls.
- Commence improvements to Union Station by increasing work spaces in office areas and continuing the replacement of the HVAC equipment and variable air volume systems.

ADMINISTRATIVE PROJECTS

(in thousands)

Project	2016 Actual	2017 Budget	2017 Actual	2018 Budget	Budget \$ Change	Budget % Change
OTHER						
Administrative Capital	\$792	\$6,526	\$2,925	\$6,249	(\$277)	(4.2)%
Agency Administration Operating	49,922	72,374	53,514	68,409	(3,965)	(5.5)
Environmental Mitigation, Monitoring & Maintenance	172	165	92	121	(44)	(26.7)
Information Technology Program	1,995	2,274	4,130	3,265	991	43.6
Surplus Property Disposition	80	183	35	100	(83)	(45.4)
Total Administrative	\$52,961	\$81,521	\$60,696	\$78,143	(\$3,378)	(4.1) %

Other Budgets

Other budgets include debt service, donations to other governments, and tax collection fees. 2018 debt service is budgeted at \$146.2 million and includes interest, principal repayments, and financing expenses. Cash donations to other governments are budgeted at \$5.0 million and tax collection fees are budgeted at \$6.1 million. Reserves totaling \$82.4 million will be set aside in 2018 but are not included in the spending authorization request.

Debt Service

As of December 31, 2017 Sound Transit has \$2.2 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.

On June 22, 2017, Sound Transit executed the second Transportation Infrastructure Finance and Innovation Act

(TIFIA) loan under the Master Credit Agreement for the Operation and Maintenance Facility East for up to \$87.7 million. In addition, the TIFIA loan for the East Link Extension for \$1.3 billion was executed on January 16, 2015 and the first TIFIA loan under the Master Credit Agreement for the Northgate Link Extension for \$615.3 million was executed on December 22, 2016. Sound Transit has budgeted a draw on the Northgate TIFIA loan for \$56.6 million in January 2018 and the resulting debt service has been incorporated into the 2018 debt service budget.

2018 debt service is budgeted at \$146.2 million including:

- \$35.6 million of principal repayment;
- \$95.3 million of capitalized interest;
- \$14.3 million of interest expense;
- \$1.0 million for financing expenses.

DEBT SERVICE REQUIREMENTS BY MATURITY*

(in thousands)

Year Ending			
December 31, 2017	Principal	Interest	Total
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	58,390	99,275	157,665
2023-2027	401,675	444,539	846,214
2028-2032	351,815	351,806	703,621
2033-2037	455,700	261,764	717,464
2038-2042	400,540	142,635	543,175
2043-2047	304,725	60,314	365,039
2048-2050	101,755	9,438	111,193
Total	\$2,246,895	\$1,790,898	\$4,037,793

*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.

2017 DEBT CAPACITY STATUS FOR SOUND TRANSIT (in millions)

Assessed Valuation in 2017 for collection of taxes in 2018	\$	641,239
Maximum non-voted debt (1.5% of assessed valuation)	\$	9,619
Less: Existing Series Bonds and Other Long-Term Debt *		<u>-4,294</u>
Non-voted debt capacity remaining	\$	5,325
Maximum voted debt (5% of assessed valuation)	\$	32,062
Less: Existing Series Bonds and Other Long-Term Debt *		<u>-4,294</u>
Voted debt capacity remaining	\$	<u>27,768</u>

*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 2018.

Tax Collection Fees

Sound Transit pays the Department of Revenue (DOR) fees for the collection and administration of sales taxes and rental car taxes, and the Department of Licensing (DOL) fees for the collection and administration of motor vehicle excise taxes. These were previously budgeted in the Finance & Information Technology Department. The DOR and DOL fees are budgeted at \$6.1 million in 2018.

Reserves

Sound Transit maintains reserves in anticipation of future financial obligations. Additional reserves included in the ST3 Plan approved by voters in November 2016 are included in the adopted 2018 annual budget. 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.

- \$5.5 million contribution to the emergency/loss reserve to cover the retention/deductible in the event of an insured loss. The reserve balance is currently \$18.2 million.
- \$76.9 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 \$323.3 million at the end of 2017. In 2015 the Sound Transit Board adopted an Asset Management Policy to establish state of good repair funding guidelines. State of good repair 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

	Pre-Budget Planning
March – May	<ul style="list-style-type: none"> Executive team sets strategic direction for the agency based on direction from the Board. New project requests submitted to Budget. Budget kickoff meeting in late May.
	Operating Budget Development
June – July	<ul style="list-style-type: none"> Managers prepare new position requests, long-term staffing forecasts, and budget requests for all operating divisions. 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.
	Project Budget Development
July - August	<ul style="list-style-type: none"> Cross-functional team prioritizes new project submissions and prepares recommendation to Deputy CEO. Project Control staff prepare project budget requests and annual cash flow.
	Internal Review
August – September	<ul style="list-style-type: none"> Department Executive Directors present operating budget and position requests as well as project budget 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
September-October	<ul style="list-style-type: none"> Budget staff develop proposed budget and TIP documents. CEO presents the proposed budget to the Board.
	Board Review
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.
	Budget Adoption
December – March	<ul style="list-style-type: none"> Board adopts the budget with revisions in December. Budget staff prepare the adopted budget and TIP publications for distribution in March.

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 R2017-44



RESOLUTION NO. R2017-44 Proposed 2018 Budget

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Board	12/21/2017	Final Action	Brian McCartan, Executive Director Finance & Information Technology

PROPOSED ACTION

Adopts an annual budget for the period from January 1 through December 31, 2018, and adopts the 2018 Transit Improvement Plan.

KEY FEATURES SUMMARY

- The Proposed 2018 Budget requests funding authorization of \$2.2 billion. This request is comprised of:
 - \$461.6 million for Operating budgets (including \$317.5 million for transit modes, \$2.3 million for ORCA expenses, and \$141.7 million in charges to projects);
 - \$1.7 billion for Projects; and
 - \$157.4 million for Other Budgets (including debt service).
- The Proposed 2018 Transit Improvement Plan (TIP) totals \$16.4 billion and provides a long-term forecast of project and transit mode costs, plus reserves set aside for potential future expenditures. It contains \$13.7 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 2018 Budget would be funded by an estimated \$2.0 billion in revenues and an estimated \$1.4 billion in unrestricted cash balances projected for the end of 2017. As of November 2017, the agency had an unrestricted cash balance of \$1.3 billion.
- The Proposed 2018 Budget and Proposed 2018 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 2018:

Revenues – \$2.0 billion of estimated revenues include:

- \$1,239.2 million from Retail Sales and Use Tax

- \$316.0 million from Motor Vehicle Excise and Rental Car Taxes
- \$150.0 million from Property Tax
- \$173.4 million from federal grants
- \$4.9 million from local and state contributions
- \$93.4 million from passenger fare revenues
- \$19.5 million in interest income
- \$12.4 million in miscellaneous revenues

Operating Budgets - \$461.6 million includes:

- \$317.5 million for transit modes made up of \$5.2 million for Tacoma Link, \$117.1 million for Link Light Rail, \$53.9 million for Sounder Commuter Rail and \$141.3 million for ST Express.
- \$141.7 million for administrative project support costs is distributed and recognized in the Project Budgets.
- \$2.3 million for the regionally shared operation and maintenance costs under for the ORCA fare collection system.

Project Budgets – \$1.7 billion for the delivery of projects:

System Expansion Projects – \$1.5 billion which includes:

- \$1,423.3 million for Link
- \$35.3 million for Sounder
- \$63.5 million for Regional Express
- \$21.0 million for Other

Enhancement Projects – \$58.4 million

State of Good Repair Projects – \$51.0 million

Administrative Projects – \$78.2 million

Other Budgets – \$146.2 million for Debt Service, \$6.1 million for Tax Collection Fees, and \$5.0 million for Donations to Other Governments.

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

- \$76.9 million for an operating reserve equal to two months of operating expenses
- \$5.6 million for the insurance systemwide reserve
- \$5.5 million for the emergency/loss reserve
- \$5.0 million for the systemwide contingency reserve

The resolution also authorizes:

- Revisions and cash flow 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 16 projects and the establishment of 30 projects with an authorized project allocation to date increase of \$730.0 million which are included in the proposed 2018 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 2018 Budget and Proposed 2018 Transit Improvement Plan are fully affordable within the agency's existing revenue projections and financial policies.

Sound Transit's Proposed Annual 2018 Budget requests funding authorization totaling \$2,205,686,729 in operating expenditures and project costs. The agency's expenses and outlays will be funded by an estimated \$2,008,890,308 in revenue and other financing sources (on an accrual basis) and by a projected positive cash position in January 2018 of \$1,393,306,583. As of November 2017, the agency had an unrestricted cash balance of \$1,329,982,970.

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 2018 Budget and Proposed 2018 Transit Improvement Plan at public meetings that took place in October and November 2017. On November 2, 2017, 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 2018 Budget and Proposed 2018 TIP into the 2018 fiscal year and the agency would have no spending authority beginning January 1, 2018.

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

KH 12/15/17

LEGAL REVIEW

AJP 12/15/17

RESOLUTION NO. R2017-44

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, 2018, and adopting the 2018 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 2018 Budget and Proposed 2018 Transit Improvement Plan (TIP) for Board consideration; and

WHEREAS, the Proposed 2018 Budget and Proposed 2018 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 November 2, 2017, to take public testimony on the Proposed 2018 Budget and Proposed 2018 TIP; and

WHEREAS, at its December 7, 2017, meeting, the Operations and Administration Committee adopted Motion No. M2017-147 recommending the Proposed 2018 Operating Budgets (including agency revenues and other financing sources, operating expenses including transit mode budgets, debt service, tax collection fees, donations to other governments, and contributions to reserves) and revisions approved by the Committee to the Board; and

WHEREAS, at its December 14, 2017, meeting, the Capital Committee adopted Motion No. M2017-156 recommending the Proposed 2018 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 2018 Budget and Proposed 2018 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 2018 Budget projects the collection of \$2,008,890,308 in total revenues including Sales and Use Tax - \$1,239,238,432, Motor Vehicle Excise Tax and Rental Car Tax - \$315,972,794, Property Tax - \$150,012,859, federal grants - \$173,438,840, local and state contributions - \$4,910,297, passenger fare revenues - \$93,448,744, interest income - \$19,469,273 and miscellaneous revenues - \$12,399,069 and/or such amounts as are contained in revisions to the Proposed 2018 Budget as adopted by the Board.

Section 1b – Operating Budgets. Sound Transit is authorized to incur \$461,567,747 in operating expenses, including \$317,513,062 for transit mode budgets, \$2,337,105 for ORCA expenses, and \$141,717,580 for charges to projects.

- Transit Modes: Sound Transit is authorized to incur \$141,303,915 for ST Express bus expenses; \$5,171,156 for Tacoma Link light rail expenses; \$117,138,146 for Link light rail expenses; \$53,899,846 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 \$2,337,105 for the regionally shared operation and maintenance costs under the Interlocal Agreement (ILA) for the ORCA fare collection system.
- Charges to projects of \$141,717,580 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 \$1,730,799,508 for project outlays, comprised of budgets for the following project types: System Expansion – Link \$1,423,300,000; System Expansion – Sounder \$35,287,388; System Expansion – Regional Express \$63,514,567; System Expansion – Other \$21,029,276; Enhancement projects \$58,440,290; State of Good Repair projects \$51,034,609; and Administrative projects \$78,193,378; and/or such amounts as are contained in revisions to the Proposed 2018 Budget as adopted by the Board.

Section 1d – Debt Service. Sound Transit is authorized to incur \$110,667,260 in fixed and variable rate interest and fees on debt and \$35,560,000 in principal repayments for a total of \$146,227,260 for debt service on outstanding bonds, and/or such amounts as are contained in revisions to the Proposed 2018 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 2018 Budget as adopted by the Board.

Section 1f – Tax Revenue Collection Fees. Sound Transit is authorized to incur \$6,146,900 in tax revenue collection fees, and/or such amounts as are contained in revisions to the Proposed 2018 Budget as adopted by the Board.

Section 1g – Reserves. Sound Transit is authorized to place in reserve the following amounts: \$76,927,958 for Operations and Maintenance, \$5,625,000 for Insurance Systemwide, \$5,500,000 for Emergency/Loss, and \$5,000,000 for Systemwide Contingency.

Section 2. The Proposed 2018 TIP includes changes in authorized project allocations to date not previously adopted by the Board in the amount of \$730,021,977, including \$212,723,885 for existing projects and \$517,298,092 for new projects. The specific projects impacted are referenced in Attachment D – Changes to Authorized Project Allocations To Date in the Proposed 2018 TIP.

Section 3. The budget for the period January 1, 2018 to December 31, 2018 as set forth in Attachment A (Proposed 2018 Budget) and Attachment B (Proposed 2018 TIP), and the approved revisions to the Proposed 2018 Budget and Proposed 2018 TIP in Attachment C together constitute the Adopted 2018 Budget and Adopted 2018 TIP as adopted by this Resolution.

Section 4. The Adopted 2018 Budget and Adopted 2018 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

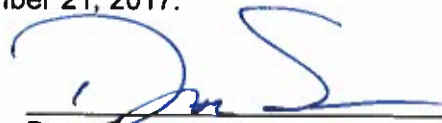
Section 5h – Reformat, as necessary before publishing, the adopted annual budget and adopted TIP documents to uniformly present information.

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.

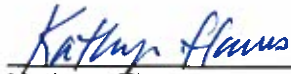
Section 8. The Board further authorizes the chief executive officer to take any actions necessary to implement the policies and determinations of the Board pursuant to this Resolution.

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 21, 2017.



Dave Somers
Board Chair

ATTEST:



Kathryn Flores
Board Administrator

Resolution No. R2017-44
Attachment C – Approved Amendments

Amendments approved by the Operations and Administration Committee on December 7, 2017

O-1 Operating Budget – Executive Department; Office of Small Business Development and Labor Compliance: Increase Annual Operating Budget to Accommodate Additional Scope

Total Revision: \$850,000

Description: This revision increases the annual operating budget for the Executive Department to provide funding for workforce development and pre-apprentice programs.

Justification:

1. Trades Mentoring Program (\$200,000). Utilize the Mentorship Matters curriculum to provide training to apprentices and mentors.
2. Pre-Apprentice Training Support (\$360,000). Fund pre-apprenticeship programs with a focus on under-represented population groups and for targeted occupations.
3. Support Services (\$205,000). Fund entry core services for program participants including childcare, transportation and needed equipment.
4. Respectful Project Site/Rise Up (\$85,000). Provide training to managers and employees in dealing with conflict arising out of diversity.

O-2 Revenue and Other Financing Sources Budget – Transportation Infrastructure Finance and Innovation Act (TIFIA) Proceeds: First Drawdown for Northgate Link Extension

Total Revision: \$56,605,824 (proceeds)

Description: This revision increases the annual budget for Revenues and Other Financing Sources as a result of the first TIFIA loan drawdown.

Justification: Sound Transit entered into the Northgate TIFIA loan of \$615.3 million at a rate of 3.13% on December 22, 2016, the first loan executed under the Master Credit Agreement with TIFIA. All parties (ST, TIFIA, and FTA) have agreed to an initial drawdown in 2018 to streamline the process. The drawdown amount is made up of qualifying invoices.

Amendments approved by the Capital Committee on December 14, 2017

C-1 #4X630 Downtown Redmond Link Extension – Increase Authorized Project Allocation to Date and Annual Project Budget for Right of Way Phase

TIP Revision: \$86,020,000

Annual Project Budget Revision: \$85,991,000

Description: This revision authorizes the full project allocation and increases the annual budget for the Right-of-Way Phase of the project. The additional budget will fund the acquisition of properties needed to construct the project.

Justification: Timely acquisition of the identified right-of-way properties is necessary to meet critical project milestones, including the procurement of a design-build contractor. The overall project budget and schedule risks are high due to escalating land values and other current economic factors.

Budget/Schedule Risk: High/High

(in thousands)				Authorized Project Allocation to Date		
Phase	Annual Project Budget			Authorized Project Allocation to Date (Current)	Allocation Change	Authorized Project Allocation to Date (New)
	Proposed 2018 Annual Project Budget	Budget Revision	Revised 2018 Annual Project Budget			
Agency Administration	\$3,118		\$3,118	\$5,306		\$5,306
Preliminary Engineering	8,700		8,700	21,500		21,500
Final Design						
Third Party Agreements	1,250		1,250	2,500		2,500
Right of Way	55,040	85,991	141,031	61,050	86,020	147,070
Construction						
Construction Services	700		700	1,650		1,650
Vehicles						
Contingency						
Total	\$68,808	\$85,991	\$154,799	\$92,006	\$86,020	\$178,026

C-2 #4X115 Lynnwood Link Extension – Increase Authorized Project Allocation to Date and Annual Project Budget for Right of Way Phase

TIP Revision: \$111,881,500

Annual Project Budget Revision: \$103,653,968

Description: This revision authorizes an increase to the project allocation and increases the annual project budget for the Right of Way Phase of the project. The additional budget will fund the acquisition of properties needed to construct the project.

Justification: Timely acquisition of the identified right-of-way properties is necessary to meet critical project milestones, including preparation of the project baseline. With the project in final design and appraisals for all targeted properties complete, there is a high level of confidence that all right of way acquisitions can be completed with this funding. The overall project budget and schedule risks remain high due to price escalation, labor shortages and FTA requirements for New Starts grant application process.

Budget/Schedule Risk: High/High

(in thousands)				Authorized Project Allocation to Date		
Phase	Annual Project Budget			Authorized Project Allocation to Date (Current)	Allocation Change	Authorized Project Allocation to Date (New)
	Proposed 2018 Annual Project Budget	Budget Revision	Revised 2018 Annual Project Budget			
Agency Administration	\$10,960		\$10,960	\$88,305		\$88,305
Preliminary Engineering				42,000		42,000
Final Design	29,906		29,906	111,453		111,453
Third Party Agreements	7,403		7,403	17,400		17,400
Right of Way	38,225	103,654	141,879	123,779	111,882	235,660
Construction	34,000		34,000	67,595		67,595
Construction Services	27,532		27,532	104,925		104,925
Vehicles						
Contingency						
Total	\$148,026	\$103,654	\$251,680	\$555,457	\$111,882	\$667,338

C-3 #700686 Secure Radio – Increase Authorized Project Allocation to Date and Annual Project Budget to Accommodate an Addition to Project Scope

TIP Revision: \$662,138

Annual Project Budget Revision: \$450,000

Description: This revision authorizes an increase to the project allocation to date and annual project budget to procure a redundant 800Mhz radio system.

Justification: This procurement increases functionality, range and provides redundancy to Sound Transit communications systems currently provided by King County. A federal Homeland Security Grant has been secured that will fully reimburse the radio system costs.

Budget/Schedule Risk: Low/Low

(in thousands)				Authorized Project Allocation to Date		
Phase	Annual Project Budget			Authorized Project Allocation to Date (Current)	Allocation Change	Authorized Project Allocation to Date (New)
	Proposed 2018 Annual Project Budget	Budget Revision	Revised 2018 Annual Project Budget			
Agency Administration	\$	\$	\$	\$	\$	\$
Preliminary Engineering						
Final Design						
Third Party Agreements						
Right of Way						
Construction	293	450	743	293	662	955
Construction Services						
Vehicles						
Contingency						
Total	\$293	\$450	\$743	\$293	\$662	\$955

Resolution No. R2017-44
Attachment D – Changes to Authorized Project Allocation to Date in Transit Improvement Plan

Adoption of the Proposed 2018 Transit Improvement Plan will approve the changes to the authorized project allocation to date for the following projects:

	2017 TIP	\$ Change	2018 TIP
Existing Projects			
Lynnwood Link Extension	\$488,361,000	\$67,095,000	\$555,456,000
Downtown Redmond Link Ext	28,617,000	63,389,000	85,991,000
Tacoma Trestle Track & Signal	161,065,000	(48,000)	161,017,000
Sounder South Expanded Service	201,967,962	3,600,000	205,567,962
Kent Station Access improvements	831,000	3,327,000	4,158,000
Auburn Station Access Improvements	831,000	3,327,000	4,158,000
Sounder Fleet Expansion	49,530,000	17,670,000	67,200,000
I-405 Bus Rapid Transit	45,650,000	42,403,000	88,053,000
Fare Administration	13,805,944	(8,364,466)	5,441,478
Research and Business Development Program	1,508,240	(365,500)	1,142,740
Downtown Seattle Transit Tunnel Mitigation	2,334,000	10,000,000	12,334,000
Non-Revenue Support Vehicles	2,129,810	2,398,285	4,528,095
Tacoma Dome Station	413,616	3,139,000	3,552,616
Link Access Control Card Upgrade	1,114,000	1,150,000	2,264,000
Information Technology Program	32,235,337	2,900,193	35,135,530
Small Works Program	11,307,734	1,103,373	12,411,107
Subtotal Existing Projects	\$1,041,701,643	\$212,723,885	\$1,254,425,528
New Projects			
Tacoma Dome Link Extension	-	\$125,673,000	\$125,673,000
Sounder North Parking/Access	-	2,511,000	2,511,000
SR 522 Bus Rapid Transit	-	18,556,000	18,556,000
Bus on Shoulder	-	3,878,000	3,878,000
Transit System Access Program	-	142,139,000	142,139,000
Innovation and Technology Program	-	106,604,000	106,604,000
Efficiency and Sustainability Program	-	25,000,000	25,000,000
Transit Oriented Development Planning Program	-	30,171,000	30,171,000
NG ORCA	-	31,500,000	31,500,000
Digital Passenger Information System	-	1,617,150	1,617,150
Tacoma Link Radio Upgrade	-	748,374	748,374
Everett Station Security Improvements	-	289,000	289,000
Security Radio Project	-	292,655	292,655
SOC Video Monitoring Improvements	-	188,000	188,000
LED Lighting Program	-	1,500,000	1,500,000
Pierce Transit – Global Positioning System Repeater	-	1,662,000	1,662,000
Community Transit – On Board Communication Upgrade	-	2,080,000	2,080,000

OMF – Link Control Center (LCC) Upgrades	-	400,000	400,000
OMF – Expanded Parking	-	621,000	621,000
OMF – Renovations	-	5,325,000	5,325,000
Bike Parking Program	-	640,000	640,000
Link Light Rail – Wireless Communications Upgrade	-	155,514	155,514
Tacoma Link HVAC/Building Upgrade	-	400,000	400,000
Link SCADA Support	-	250,000	250,000
King Street Station Vertical Window Glazing	-	767,000	767,000
Othello Traction Power Sub-Station Parking	-	378,899	378,899
Safety Oversight Approval Program (SOAP)	-	200,000	200,000
SODO/Martin Luther King Blvd Hazard Mitigation	-	3,136,050	3,136,050
Link LRV Overhaul	-	10,115,000	10,115,000
Link Operating Technology Upgrades	-	500,000	500,000
Subtotal New Projects	-	\$517,298,092	\$517,298,092
Total	\$1,041,701,643	\$730,021,977	\$1,771,723,620

Appendix D – Reconciliation of Proposed 2018 Budget to Adopted 2018 Budget

The Proposed 2018 Budget and Proposed 2018 Transit Improvement Plan (TIP) were submitted for Board review in October 2017. By Resolution No. R2017-44, the Board adopted the annual budget for the period January 1 through December 31, 2018. Consistent with budget policies, the resolution adopted the operating and capital plan contained in the proposed budget, and authorized Sound Transit to expend \$2.2 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 2018

The Adopted 2018 Budget document was produced after the close of fiscal year 2017. Based on a comparison of the forecasted expenditures for 2017 contained in the Proposed 2018 Budget to actual expenditures, project budget cash flows are adjusted to reflect actual 2017 expenditures. These adjustments may result in offsetting adjustments to the 2018 fiscal year budget.

As part of the budget review process, board committees reviewed the Proposed 2018 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 2017 capital outlays.
3. Any other changes per Resolution No. R2017-44.
4. Other budget amendments adopted by the Board prior to or since budget adoption.

Consistent with budget policies and Resolution No. R2017-44, the following changes were made to the proposed 2018 budget. In total, these changes increased the operating & capital outlay budget for 2018 by \$215.9 million to a new total of \$2.4 billion.

Proposed Expenses & Outlays for 2018 (in thousands)	\$2,205,687
1. Budget Revisions	190,945
2. Cashflow Changes	22,296
3. Other Changes Per Resolution R2017-44	2,999
4. Any other Budget Amendments adopted by the Board.	(347)
Adopted Operating & Project Budgets for 2018 *	\$2,421,580

* Numbers may not sum due to rounding.

1. Changes to Budgets Reflected in Budget Revisions

Budget/Project Category	Budget Revision Number / Description	2018 Change (\$000)	Comments
OPERATING BUDGETS			
DEPARTMENT BUDGET	O-1 EXECUTIVE DEPARTMENT OFFICE OF SMALL BUSINESS DEV & LABOR COMPLIANCE	850	Funds workforce development and pre-apprentice programs.
OPERATING BUDGETS TOTAL		850	
PROJECT BUDGETS			
SYSTEM EXPANSION -LINK	C-1 4X630 -DOWNTOWN REDMOND LINK EXTENSION	85,991	Right of way funding added for property acquisitions to meet critical project milestones.
SYSTEM EXPANSION -LINK	C-2 4X115 - LYNNWOOD LINK EXTENSION	103,654	Right of way funding added for property acquisitions to meet critical project milestones.
ENHANCEMENT	C-3 700686 - SECURITY RADIO SYSTEM	450	Procure and install a 800Mhz radio system.
PROJECT BUDGETS TOTAL		190,095	
TOTAL OPERATING AND PROJECT BUDGETS		190,945	

2. Updated Project Cash Flows Based on Actual Expenditures in 2017

Project cash flows within the proposed 2018 budget document included a forecast for 2017 expenditures. As part of developing the adopted 2018 budget document, the proposed 2018 budget annual project cash flows are updated to reflect actual capital outlays for the preceding year (2017). The effect of this change is an increase of \$22.3 million for cash flow adjustments. The following projects' fiscal year 2018 projected cash flows were adjusted:

Project	Proposed 2018 (\$000)	Revised 2018 (\$000)	Difference (\$000)	Comments
SYSTEM EXPANSION - LINK				
400008 - TACOMA LINK EXTENSION	20,302	19,305	-997	Anticipating small delays due to tight grant application windows.
400009 - LINK O&M FACILITY EAST	97,156	116,381	19,225	Property acquisitions planned for 2017 have shifted to 2018.
400034 - ENHANCEMENTS TO TLE	1,684	1,966	281	Lower grant matching claims in 2017 than budgeted.
4X420 - S 200th LINK EXTENSION	120	424	304	Project closeout work has been extended into 2018.
4X445 - FEDERAL WAY LINK EXTENSION	122,533	116,533	-6,000	Project activities planned for 2017 delayed to 2018.
4X630 - DOWNTOWN REDMOND LINK EXT*	154,799	157,268	2,469	Increase in project allocation resulted in increased spending in 2018.
SYSTEM EXPANSION - SOUNDER				
300004 - SOUNDER MAINTENANCE BASE	3,933	5,276	1,343	Property acquisition and phase gate 3 and 4 delayed into 2018.
300017 - PUYALLUP STATION IMPROVEMENTS	3,586	6,015	2,429	Property acquisition deferred to 2018.
300018 - SUMNER STATION IMPROVEMENTS	2,568	3,935	1,367	Property acquisition deferred to 2018.
3X510 - SOUNDER SOUTH EXPANDED SERVICE	7,800	5,050	-2,750	Project pending final activity - constructin of fish culvert in 2018 fish window.
7X755 - SOUNDER FLEET EXPANSION	3,520	5,263	1,743	Delay in a cab delivery shirft the cost from 2017 to 2018.
SYSTEM EXPANSION - REGIONAL EXPRESS				
700720 - ST EXPRESS FLEET EXPANSION	15,458	15,357	-101	Improved cost forecasts for 16 buses being delivered in 2018.
SYSTEM EXPANSION - OTHER				
600073 - TRANSIT SYSTEM ACCESS PROGRAM	6,000	7,750	1,750	Increased to include administrative costs and a consulting study.
600076 - INNOVATION & TECHNOLOGY PROG	4,000	4,250	250	Increased to include IT staff time allocation and other administrative costs.
601000 - EFFICIENCY & SUSTAINABILITY	1,000	350	-650	Reduction in planned activities in 2018.
ENHANCEMENT				
400044 - LINK OP SYST ENHANCEMENT/UPGRD	714	1,395	681	Work will not start until 2018.
5X261 - BUS MAINTENANCE FACILITY	10,880	12,776	1,896	Project activities planned for 2017 delayed to 2018.
600045 - OPENSIDEWALKS DATA DEVELOPMENT	0	10	10	Project closeout activities delayed into 2018.
600085 - SODO/MLK HAZARD MITIGATION	3,136	1,584	-1,552	Better schedule forecasts since project creation. Some project activities to be completed in 2019.
700686 - SECURITY RADIO SYSTEM*	743	915	172	Project activities planned for 2017 delayed to 2018.
700692 - OMF EXPANDED PARKING	456	538	82	Project activities planned for 2017 delayed to 2018.
700696 - KING ST STATION PLATFORM IMPRV	299	295	-4	Work planned for 2018 began in 2017.
700697 - LRV BETWEEN CAR BARRIERS	170	108	-62	Work planned for 2018 began in 2017.
700706 - OMF ENERGY EFFICIENCY	0	182	182	Project closeout activities delayed into 2018.
700707 - BELLEVUE TC SECURITY SYSTEM	25	150	125	Project activities planned for 2017 delayed to 2018.
700708 - CUSTOMER EMERGENCY STATIONS	520	800	280	Project activities planned for 2017 delayed to 2018.
700710 - LOCOMOTIVE INBOARD CAMERAS	236	300	64	Project activities planned for 2017 delayed to 2018.
700713 - LRV WASH BAY MODIFICATIONS	0	300	300	Project closeout activities delayed into 2018.

Project	Proposed 2018 (\$000)	Revised 2018 (\$000)	Difference (\$000)	Comments
700723 - DSTT MITIGATION	11,820	9,070	-2,750	Project cash flow revised to reflect schedule of work anticipated for One Center City agreement in negotiations with SDOT and KCM.
700724 - PUYALLUP STN LED LIGHTING	0	34	34	Project closeout work has been extended into 2018.
700725 - SUMNER STN LED LIGHTING	0	35	35	Project closeout work has been extended into 2018.
700726 - KENT STN PLATFORM LIGHTING	0	102	102	Project closeout work has been extended into 2018.
700730 - OMF LRV LIFT	4,205	4,238	34	Expenditures anticipated in 2017 shifted to 2018.
700736 - UNION STN GARDEN LEVEL REMODEL	0	221	221	Project closeout work has been extended into 2018.
700774 - C LINK HVAC-INSTRU HSE/UPS RM	0	408	408	Project closeout work has been extended into 2018.
700777 - C LINK OH CAT SYS TIE SWITCH	2,984	125	-2,859	Delay in project schedule into 2019.
700781 - NON-REVENUE SUPPORT VEHICLES	730	674	-56	Improved cost forecasts for equipment being delivered in 2018.
700793 - SIGNAGE IMPROVEMENTS	615	773	158	Design and installation of wayfinding signage delayed to 2018 pending coordination with other improvements by the Port of Seattle.
7X753 - BIKE LOCKER PROGRAM	90	114	24	Project closeout work has been extended into 2018.
804100 - TOD PROPERTY DISPOSITION	2,430	2,660	230	Project activities planned for 2017 delayed to 2018.
STATE OF GOOD REPAIR				
400046 - CONVENTION PL SYSTEM RETROFIT	1,100	1,547	447	Software installation projected to start in 2018.
700695 - ACCESS CONTROL CARD UPGRADE	2,189	520	-1,669	Project scheduled includes planned activities delayed to 2019.
700705 - LINK BRIDGE REPAIRS	485	165	-320	Schedule delayed further into 2019.
700716 - OTHELLO TPSS PARKING LOT	24	249	225	Project activities planned for 2017 delayed to 2018.
700718 - TACOMA LINK LRV OVERHAUL	387	580	193	Project activities planned for 2017 delayed to 2018.
700769 - LRV OVERHAUL	2,591	3,081	490	Testing of vehicle repairs is ongoing in 2018.
700770 - SOUNDER VEHICLE OVERHAUL PROG	1,220	2,137	917	Updated estimates for rebuilding 120 heating, ventilating and air conditioning units.
700771 - STATION MIDLIFE MAINTENANCE	616	583	-33	Activities planned for 2018 began in 2017.
7X701 - ST EXPRESS FLEET REPLACEMENT	23,477	26,195	2,718	Delay in bus delivery schedule in 2017 shift the costs into 2018.
7X740 - SMALL WORKS PROGRAM	2,968	3,927	959	Sub-projects planned in 2017 delayed to 2018.
ADMINISTRATIVE				
802000 - ADMINISTRATIVE CAPTIAL	6,299	6,249	-50	Reduced unallocated contingency in current year.
TOTAL	525,867	548,163	22,296	

* Proposed 2018 Budget shown in this table for these projects reflects any budget revisions approved by the board, the changes here therefore only reflect budget in addition to these approved revisions.

3. Any Other Changes per Resolution No. R2017-44

Resolution No.2017-44, section 5g, authorizes the CEO to revise the adopted 2018 budget to correct for non-material errors and these are shown below:

Budget/ Project Category	Project Name or Description	2018 Change (\$000)	Comments
OPERATING BUDGETS	SALARIES & BENEFITS	5,337	Increase reflects updated salaries and benefits data including updated data from the 2017 compensation review as well as earlier start dates for new positions.
OPERATING BUDGETS	SALARIES & BENEFITS	-2,339	Higher charges to projects (which decreases the department budget) due to an increase in project budgets for 2018.
Total		2,999	

* Numbers may not sum due to rounding.

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 12/21/17.

Budget/Project Category	Project Name or Description	2018 Change (\$000)	Comments
STATE OF GOOD REPAIR	7X740 - SMALL WORKS PROGRAM	-347	2 subprojects were broken out as standalone projects from the small works program via R2017-24 for Othello Traction Power Substation Parking Lot project at \$179.2K and R2017-44 for OMF Expanded Parking project at \$167.4K.
TOTAL		-347	

Adopted 2018 Revenue Budget

Resolution No. R2017-44 projected annual revenues of \$2.0 billion subject to changes identified in the following revenue revision adopted by the Board on 12/21/17:

Budget Category	Budget Revision Number / Description	2018 Change (\$000)	Comments
REVENUES & OTHER FINANCING SOURCES BUDGET	O-2 TRANSPORTATION INFRASTRUCTURE FINANCE & INNOVATION ACT (TIFIA) PROCEEDS	56,606	Increases the annual revenue and other financing sources budget as a result of the first TIFIA loan drawdown for Northgate Link Extension.
Total		56,606	

Appendix E – Glossary

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 = ((# Scheduled Trips – # Trips Early or Late)/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.



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