Proposed 2018 Budget

Operations and Administration Committee

November 2, 2017
Proposed Annual 2018 Budget – Key Drivers

- New System Expansion Implementation Plan.
- Construction activity reaching its highest level to date.
- Right-of-way and construction cost increases.
- Customer experience enhancements.
- Link ridership growth.
Proposed 2018 Annual Revenue & Financing - $2.0B

First Full Year of ST3 Revenues for:

- Sales & use tax – 0.5% rate increase effective April 2017.
- MVET – 0.8% rate increase effective March 2017.

Property Tax - $150M:
- Includes increase of 1%.

Budget will require ~$200 million drawdown in agency Cash balances

**Misc. includes investment income, local & state contributions, rental car tax, etc.**
Proposed 2018 Annual Budget - $2.2B

- Project budgets are $1.7B – primarily Link extensions.
- Transit mode operating budgets are $318M driven by increase in number of staff and service rate.
- Debt service is $146M.
  - $36M principal repayment.
  - $95M capitalized interest.
  - $14M interest expense.
  - $1M financing expense

*Other includes $5M in donations and $6M in tax revenue collection costs.
Proposed 2018 Operating Budget - $462M

*Other includes $5M in donations and $6M in tax revenue collection costs.
# Operating Budget - $75M Higher than 2017 FC

<table>
<thead>
<tr>
<th>Departments</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Forecast</th>
<th>2018 Budget</th>
<th>2018 Budget vs. 2017 FC ($)</th>
<th>2018 Budget vs. 2017 FC (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications &amp; External Affairs</td>
<td>$6,553</td>
<td>$7,571</td>
<td>$7,438</td>
<td>$9,502</td>
<td>$2,064</td>
<td>28%</td>
</tr>
<tr>
<td>Design, Engineering &amp; Construction Mgmt.</td>
<td>38,031</td>
<td>47,022</td>
<td>42,112</td>
<td>53,725</td>
<td>11,613</td>
<td>28%</td>
</tr>
<tr>
<td>Executive</td>
<td>17,411</td>
<td>25,352</td>
<td>21,356</td>
<td>32,111</td>
<td>10,755</td>
<td>50%</td>
</tr>
<tr>
<td>Finance &amp; Information Technology</td>
<td>38,032</td>
<td>43,973</td>
<td>43,780</td>
<td>53,260</td>
<td>9,480</td>
<td>22%</td>
</tr>
<tr>
<td>Legal</td>
<td>3,135</td>
<td>3,889</td>
<td>3,255</td>
<td>4,662</td>
<td>1,407</td>
<td>43%</td>
</tr>
<tr>
<td>Operations</td>
<td>230,026</td>
<td>267,822</td>
<td>260,030</td>
<td>296,106</td>
<td>36,076</td>
<td>14%</td>
</tr>
<tr>
<td>Planning, Environment &amp; Project Dev.</td>
<td>7,049</td>
<td>9,378</td>
<td>8,371</td>
<td>12,202</td>
<td>3,831</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>340,236</td>
<td>405,006</td>
<td>386,342</td>
<td>461,568</td>
<td>75,226</td>
<td>19%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Forecast</th>
<th>2018 Budget</th>
<th>2018 Budget vs. 2017 FC ($)</th>
<th>2018 Budget vs. 2017 FC (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$89,738</td>
<td>$109,176</td>
<td>$100,816</td>
<td>$134,570</td>
<td>$33,764</td>
<td>33%</td>
</tr>
<tr>
<td>Purchased Transp Svcs</td>
<td>$148,536</td>
<td>$163,026</td>
<td>$161,140</td>
<td>$177,101</td>
<td>$15,961</td>
<td>10%</td>
</tr>
<tr>
<td>Services</td>
<td>$63,343</td>
<td>$82,320</td>
<td>$75,120</td>
<td>$94,081</td>
<td>$18,961</td>
<td>25%</td>
</tr>
<tr>
<td>Other</td>
<td>$40,619</td>
<td>$50,483</td>
<td>$49,266</td>
<td>$55,806</td>
<td>$6,540</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>340,236</td>
<td>405,006</td>
<td>386,342</td>
<td>461,568</td>
<td>75,226</td>
<td>19%</td>
</tr>
</tbody>
</table>
Workforce Growth to Support Capital Program

123 New Positions Proposed from 2017 to 2018:

- 79 to support increasing capital project activities.
- 23 to support growing operations.
- 21 to support growing administrative needs.
Revision to Proposed Annual 2018 Budget

Workforce development and pre-apprentice programs - $850,000.

- Trades Mentoring Program - $200,000.
- Pre-Apprentice Training Support - $350,000.
- Support Services - $195,000.
- Respectful Project Site/Rise Up - $85,000.
2018 Ridership Could Surpass 50M

- Ridership to reach 49.7M, up by 4.3%.
- Link continues to grow with 7.7% increase.
- Sounder up by steady 3.3%.
- ST Express up by 0.5%.
- Tacoma Link up by 3.3%.

Please note % change is from 2017 Ridership Forecast.
Proposed 2018 Transit Mode Budgets - $318M

- Transit Mode budget is up 12%.
- Purchased Transportation is $177M, up 10% - increases in Link vehicle hours and labor rates
- Security is $25M, up 16% - DSTT takeover in 2019.
- Contract maintenance is $35M, up 25% - higher share of tunnel costs and aging assets.

Please note % change is from 2017 Forecast.
### Proposed 2018 Link Budget - $117M

<table>
<thead>
<tr>
<th></th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Forecast</th>
<th>2018 Budget</th>
<th>Change from 2017 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Boardings</td>
<td>19,121,621</td>
<td>22,900,000</td>
<td>23,400,000</td>
<td>25,200,000</td>
<td>7.7%</td>
</tr>
<tr>
<td>Vehicle Hours</td>
<td>204,824</td>
<td>214,900</td>
<td>251,758</td>
<td>263,064</td>
<td>4.5%</td>
</tr>
<tr>
<td>Operating Expenses*</td>
<td>$82,216,534</td>
<td>$102,523,859</td>
<td>$98,897,917</td>
<td>$115,169,737</td>
<td>16.5%</td>
</tr>
<tr>
<td>Passenger Revenues</td>
<td>$30,787,213</td>
<td>$36,414,800</td>
<td>$37,466,911</td>
<td>$40,572,000</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

*Operating Expenses excludes paratransit

### $ per Boarding

- **Cost per Boarding**: $1.61 (2016), $1.59 (2017), $1.60 (2017), $1.61 (2018)

### $ per Vehicle Hour

### Proposed 2018 Sounder Budget - $54M

<table>
<thead>
<tr>
<th></th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Forecast</th>
<th>2018 Budget</th>
<th>Change from 2017 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Boardings</td>
<td>4,312,113</td>
<td>4,480,000</td>
<td>4,500,000</td>
<td>4,650,000</td>
<td>3.3%</td>
</tr>
<tr>
<td>Vehicle Hours</td>
<td>59,275</td>
<td>66,576</td>
<td>64,641</td>
<td>74,789</td>
<td>15.7%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$44,819,343</td>
<td>$56,880,111</td>
<td>$48,699,682</td>
<td>$53,899,846</td>
<td>10.7%</td>
</tr>
<tr>
<td>Passenger Revenues</td>
<td>$13,580,801</td>
<td>$14,560,000</td>
<td>$14,574,227</td>
<td>$15,127,847</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

**$ per Boarding**

- **Cost per Boarding**
  - 2016 Actual: $10.39
  - 2017 Budget: $12.70
  - 2017 Forecast: $10.47
  - 2018 Budget: $11.59

- **Revenue per Boarding**
  - 2016 Actual: $3.15
  - 2017 Budget: $3.25
  - 2017 Forecast: $3.24
  - 2018 Budget: $3.25

**$ per Vehicle Hour**

- **Cost per Vehicle Hour**
  - 2016 Actual: $756
  - 2017 Budget: $854
  - 2017 Forecast: $753
  - 2018 Budget: $721

- **Revenue per Vehicle Hour**
  - 2016 Actual: $229
  - 2017 Budget: $219
  - 2017 Forecast: $225
  - 2018 Budget: $202
## Proposed 2018 ST Express Budget - $141M

<table>
<thead>
<tr>
<th></th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Forecast</th>
<th>2018 Budget</th>
<th>Change from 2017 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Boardings</td>
<td>18,470,408</td>
<td>18,680,000</td>
<td>18,770,000</td>
<td>18,860,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>Vehicle Hours</td>
<td>609,563</td>
<td>602,500</td>
<td>608,578</td>
<td>617,710</td>
<td>1.5%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$117,528,060</td>
<td>$133,649,397</td>
<td>$128,211,410</td>
<td>$141,303,915</td>
<td>10.2%</td>
</tr>
<tr>
<td>Passenger Revenues</td>
<td>$36,194,309</td>
<td>$36,986,400</td>
<td>$37,247,717</td>
<td>$37,733,598</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

### $ per Boarding

- **Cost per Boarding**
  - 2016 Actual: $6.36
  - 2017 Budget: $7.15
  - 2017 Forecast: $6.80
  - 2018 Budget: $7.49

- **Revenue per Boarding**
  - 2016 Actual: $1.96
  - 2017 Budget: $1.98
  - 2017 Forecast: $1.98
  - 2018 Budget: $2.00

### $ per Vehicle Hour

- **Cost per Vehicle Hour**
  - 2016 Actual: $193
  - 2017 Budget: $59
  - 2017 Forecast: $61
  - 2018 Budget: $61

- **Revenue per Vehicle Hour**
  - 2016 Actual: $222
  - 2017 Budget: $61
  - 2017 Forecast: $61
  - 2018 Budget: $61
## Proposed 2018 Tacoma Link Budget - $5M

<table>
<thead>
<tr>
<th></th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Forecast</th>
<th>2018 Budget</th>
<th>Change from 2017 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Boardings</td>
<td>938,315</td>
<td>1,040,000</td>
<td>910,000</td>
<td>940,000</td>
<td>3.3%</td>
</tr>
<tr>
<td>Vehicle Hours</td>
<td>9,868</td>
<td>9,900</td>
<td>9,809</td>
<td>9,900</td>
<td>0.9%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$4,471,829</td>
<td>$4,944,182</td>
<td>$4,828,838</td>
<td>$5,171,156</td>
<td>7.1%</td>
</tr>
<tr>
<td>Passenger Revenues</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>$ per Boarding</th>
<th>$ per Vehicle Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Actual</td>
<td>$4.77</td>
<td>$453</td>
</tr>
<tr>
<td>2017 Budget</td>
<td>$4.75</td>
<td>$499</td>
</tr>
<tr>
<td>2017 Forecast</td>
<td>$5.14</td>
<td>$492</td>
</tr>
<tr>
<td>2018 Budget</td>
<td>$5.50</td>
<td>$522</td>
</tr>
</tbody>
</table>
Proposed 2018 Annual Project Budget - $1.7B

- Peak of construction activity to date.
- Link - 82% of total 2018 construction spending.
  - East Link $575M.
  - Northgate Link $311M.
  - Federal Way Link $123M.
  - Lynnwood Link $148M.
  - Tacoma Link $20M.

*Other includes $5M in donations and $6M in tax revenue collection costs.*
2018 Presentation Schedule

Proposed 2018 Budget & TIP
- Oct 26 – Full Board
- Nov 2 – O&A Committee
- Nov 2 – Citizen’s Oversight Panel
- Nov 9 – Capital Committee
- Nov – Subarea Briefings

Service Implementation Plan
- Oct 19 – Citizen’s Oversight Panel
- Nov 2 – O&A Committee
- Nov 16 – Full Board

Agency Financial Plan
- Oct 26 – Full Board
- Nov 2 – Executive Committee
- Nov – Subarea Briefings
- Dec 7 – Executive Committee

Committees Recommend/Board Adopts
- Dec 7 – O&A Committee
- Dec 14 – Capital Committee
- Dec 21 – Full Board
Appendix - Sounder South and North

- South line accounts for ~90% of Sounder Ridership.
- Projected 4% growth driven by annualizing additional trips to South line in 2017.
- North line continues to grow steadily based on historical trend.
Appendix - Less Crowded ST Express

- Ridership up 1% while Service Level to increase by 2.2%.
- Continuing improvement on over crowded ST Express YoY.

<table>
<thead>
<tr>
<th>Year</th>
<th>Ridership (in 000)</th>
<th>Platform Hours (in 000)</th>
<th>Ridership per Hour</th>
<th>YoY% Ridership Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>15,431</td>
<td>690</td>
<td>22.4</td>
<td>N/A</td>
</tr>
<tr>
<td>2013</td>
<td>16,604</td>
<td>706</td>
<td>23.5</td>
<td>5.2%</td>
</tr>
<tr>
<td>2014</td>
<td>17,670</td>
<td>717</td>
<td>24.6</td>
<td>4.7%</td>
</tr>
<tr>
<td>2015</td>
<td>18,314</td>
<td>728</td>
<td>25.2</td>
<td>2.1%</td>
</tr>
<tr>
<td>2016</td>
<td>18,470</td>
<td>765</td>
<td>24.1</td>
<td>-4.0%</td>
</tr>
<tr>
<td>2017</td>
<td>18,680</td>
<td>777</td>
<td>24.0</td>
<td>-0.5%</td>
</tr>
<tr>
<td>2018</td>
<td>18,860</td>
<td>795</td>
<td>23.7</td>
<td>-1.2%</td>
</tr>
</tbody>
</table>