

Community Transit's

2015

Adopted Budget

Adopted
December 4, 2014



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Community Transit Envisioned Future

BHAG

- ◆ **Think Transit First**

Vivid Description

- ◆ **We will give people such convenience at such an affordable price that they will use transportation alternatives as a matter of course. People will enjoy the ease and comfort of being transported rather than driving. They will relax in a comfortable, clean, and safe environment while being whisked to their destination. Families will be able to enjoy stress free travel making this a fun part of the family outing rather than just a way to get to the destination. Bus travel, as well as sharing the ride, will be a social event where people are happy to share the experience. Automobiles will disappear as the main mode of transport. The environment will be greatly improved due to much less pollutants being spewed into the air. The roadways will not be congested so commercial vehicles will be able to deliver goods and services quicker thereby improving our economy. All people will have the same access to personal mobility without regard to income or physical/mental ability. Children will be able to travel safely to all events freeing up family members who currently have to carpool these groups of children. Families will opt to have only one automobile or none as public transportation will be such a wonderful experience that it will become the mode of choice. We will all “think transit first”!**

Vision

*Together we will do the extraordinary
so that people will always think transit first.*

Our Mission

*Today we will provide a safe, reliable, and enjoyable experience,
each and every ride.*

Core Values

Customers First. Exceeding our customers' expectations for an enjoyable and convenient trip is our reason for being. We serve them by actively looking for ways to improve their riding experience.

Safety Conscious. We are focused upon ensuring the personal safety and security of our customers and our employees, both in our facilities and while riding our vehicles.

Accountability. By establishing clear priorities, setting realistic goals, and maintaining consistent policies we are pledging to accept responsibility for our own performance—both as individuals and as teams—and providing the means to measure our success.

Rewarding Initiative and Innovation. We foster an entrepreneurial spirit that gives us the flexibility to maximize opportunities and the encouragement to take risks that allow us to be at the cutting edge of new and better ways to better serve our customers and communities.

Mutual Respect. We are committed to treating one another with respect and with sensitivity to diversity, and thereby cultivating positive working relations, good internal communication, and open decision-making.

Continuous Learning. Employees will have the tools, resources and training each of us needs to do our jobs well and serve our customers better.

Respect for the Communities We Serve. We stress community involvement in our planning process so that we can understand their needs and they can understand how we are striving to meet them.

Integrity. We are honest in our behaviors and communications; we follow through on our commitments; we are good caretakers of the public's resources and preserve the public trust.

Environmental Stewardship. We embrace ways of doing business that are environmentally friendly, and seek to be a role model for other organizations in reducing environmental impacts.

CEO's 2015 Budget Message

Community Transit is a strong and resilient agency, guided by our Vision, Mission, and Core Values. The 2015 budget is a reflection of that resiliency as we continue to gain momentum following the Great Recession. It is our strongest budget in several years and is the result of a series of strategic policy, planning, operational, and financial decisions that restored the agency to a sustainable business model. Consequently, there is renewed optimism as we build for the future. Revenues are as projected, costs have been controlled at levels better than forecast, and reserves are fully funded. The service growth that began in 2013 and 2014 continues into 2015 with the anticipated return to 7/365 operations and a service increase of approximately 28,000 revenue hours. Having taken a significant stride toward recovering from the recession, we are gaining momentum and the future looks bright.



Emmett Heath, CEO

The 2015 budget was guided by the policy, financial, and service framework adopted by the Board of Directors in the 2014 to 2019 Transit Development Plan (TDP). This framework shows that Community Transit will have capacity to add and sustain modest levels of new service over the next six years if revenue and expense forecasts perform as expected. The TDP financial forecast limits annual volume-adjusted cost growth to 4 percent in order to afford the projected service plan. The 2015 budget successfully controls volume-adjusted cost growth to 3.5 percent, within our TDP parameters. Sales tax, our primary source of operating revenue, is forecast to continue annual growth of 6 percent for 2015 and average 4.5 percent from 2016 to 2019. Sales tax growth in 2014 is performing as expected. Fare revenue will increase in 2015 due to a planned fare increase effective July 1, 2015, and anticipated increasing ridership. While federal grant revenue amounts are difficult to predict with precision, they have been a reliable source of funds. The conventional wisdom is that avoiding a reduction in current levels of funding would be a good outcome. We need to continue our efforts to seek increased and long-term transportation funding levels.

Community Transit chose the path less traveled to navigate the Great Recession. The Community Transit Board of Directors and executive team decided to adjust the agency's cost structure to re-establish a sustainable operation and operating cost structure. This resulted in service reductions and job loss ahead of industry peers. While difficult at the time, implementing that early strategy has positioned Community Transit to emerge from the recession ahead of the pack. As a result, we added service in 2013 and 2014 and are proposing further additions, including 7/365 operations, beginning June 2015. It also paid dividends by gaining Community Transit recognition as a fiscally prudent steward of the public's funds. This was noted and appreciated by legislative leaders.

While we operate the system we have, we are gaining momentum and building for the future.

Marching down concurrent paths, we will continue to:

1. Operate today's system better than promised;
2. Grow the service; and,
3. Build for the future.

Operate Today's System Better Than Promised

The core business of Community Transit is to "provide a safe, reliable, and enjoyable experience each and every ride." We want to exceed our customers' expectations and make their experience with Community Transit a positive one. We want our service to be as efficient and cost-effective as possible, delivered by happy and friendly employees. An essential element of customer responsiveness is achieving what the customers expect in a manner that is better than promised.

Safety and security are Community Transit's highest priorities. We have 139 coach operators that have become Million Mile Operators, driving one million miles or 25,000 hours (about 12 years) without a preventable accident. Nineteen operators have achieved Two Million Mile Operator status, and one became a Three Million Mile Operator. Our safety and training programs are robust; we have less than two vehicle accidents per 100,000 miles, and approximately one preventable passenger accident for every 350,000 boardings, well below the national average.

The Transportation Department continues to find ways to be fiscally responsible while improving ridership. They leverage technology to support operators, measure departmental performance, reduce costs, improve departmental processes, and ensure the service is running efficiently. This includes automating manual processes, analyzing departmental data, and using that data for modeling, forecasting, and better management information. Our Transportation staff delivered 99.69 percent of scheduled service trips over the last 13 months.

We have made significant progress toward our vision of frequent bus service on a connected network of transit emphasis corridors. *Swift* bus rapid transit carries one in six Community Transit riders and is attracting new people to transit every day. Snohomish County and our partner cities are changing development regulations to focus activity around transit emphasis corridors and provide incentives for transit-oriented development. Lynnwood is beginning to plan for priority bus lanes on 196th Street, and award-winning programs like Curb the Congestion are making a real difference. Transit technologies are becoming operational across all modes, improving our services and making them easier for customers to use. Our riders continue to want more service and our partners are working to help us make the vision of “Think Transit First” a reality.

Grant funding contributes to our ability to operate our service. Community Transit’s 2015 budget shows grant revenues of \$9 million in federal, state, and local operating dollars and \$7.9 million in new capital dollars. The grant funds are used for projects like preventive maintenance for vehicles, ADA paratransit services, and replacement buses. Grants and Finance staff will manage over \$31.8 million in new and carryover capital grant funding for 2015. New competitive grant-funded projects include *Swift II* project development and 4,600 new service hours for Routes 201 and 202 (Smokey Point-Lynnwood). In 2015 Community Transit will complete grant-funded customer facilities at Swamp Creek and Ash Way park and rides and Smokey Point Transit Center and will purchase 17 double-decker buses to replace end-of-life 60-foot articulated coaches.

Community Transit has improved customer service through increased use of social media and other forms of electronic communication. Coach operators continue to be the face of the agency to our customers, while social media emerges as the virtual, yet still personal, interaction between our customers and the agency. By monitoring customer comments and posts in real time, we are able to respond immediately to questions and comments, detect trends, and anticipate future inquiries. When questions are addressed through social media, many people benefit by seeing the conversation online.

Social media is a cost-effective way to educate the public about the agency's major initiatives and teaches riders how to use our services. Through our rider alerts, we share news about service changes and discuss initiatives like VanGo or our legislative agenda for more funding. When we post videos instructing riders how to use a bike rack, we are not only providing step-by-step instructions, but also promoting Community Transit as a commute option. As we engage customers in a two-way conversation, they stay engaged in the activities and programs we offer. In turn, these customers share information with their social networks and act as champions for the agency. Local media also follow our blog and Twitter account, and we routinely get news coverage from our social media posts.

Grow the Service

During the recession, we cut 160,000 hours of bus service, including all Sunday and major holiday service. In 2013, we received a federal Congestion Mitigation and Air Quality Improvement (CMAQ) grant that enabled us to add about 13,000 hours of service, the first service addition since the recession. Then, in September 2014, we added about 7,400 net new service hours funded by increased sales tax revenue. Additionally, we were able to redeploy 6,000 hours to improve the functionality and operation of the network.

Based on forecasts for continued growth in sales tax revenue, the 2015 budget proposes to add 28,000 new service hours. This represents our most significant increase since the recession, and allows us to reestablish 7/365 operation, bringing Sunday and holiday service back to our customers.

Technology plays a major role in our ability to expand service and control costs. Some of the service improvements and cost savings experienced through use of technology include the following:

- Gained 6,000 hours in service efficiencies that were redeployed in the September 2014 service change through use of Advanced Public Transportation Systems (APTS) and HASTUS/ATP systems (service planning and scheduling).
- Self-service functions have reduced staff time for data entry (i.e., open enrollment and coach operator requests for leave), thus increasing desktop efficiencies.
- Desktop virtualization of two-thirds of the agency's desktop computers is saving approximately \$100,000 per year in equipment replacements. In addition, costs associated with distribution of software, licensing, help desk, and power use are reduced.

-
- Automation of labor-intensive processes saves time and increases staff efficiencies. The Office 2013 upgrade in 2015 will provide new features that will further streamline and automate manual processes.
 - Leasing of printers/copiers and centralized outsourcing of their support and maintenance has reduced large capital outlays and consolidated operational costs.
 - System downtime is reduced through use of Data Guard which allows us to quickly switch to a standby database in the event of hardware failure or to perform server maintenance.
 - With the completion of the five-site radio expansion project, we were able to address major radio coverage holes in our network such that we now have strong voice and data radio connections at all times to all our buses whether they are in remote parts of the county or in downtown Seattle.
 - Critical upgrade of our data security technologies such that we became the first regional agency to successfully pass the Payment Card Industry (PCI) audit for ORCA while also substantially improving our electronic banking systems to prevent potential fraud and loss.

Build for the Future

While it is exciting to be able to add more service in 2015, we need to accelerate our progress toward our “Think Transit First” vision. Our current route network is performing well, yet we still have unmet needs in many of our communities. Service additions planned over the next few years will help, but Community Transit has much broader visionary plans for service improvements. The next progressive step toward our vision is expansion of the *Swift* bus rapid transit network, with a new line connecting the Seaway Transit Center adjacent to the Boeing/Everett Plant to Canyon Park. This second *Swift* line would provide critical east-west connections across *Swift* on Highway 99, Interstate 5, and Highway 527. With all-day frequent transit service on congested roadways connecting important economic, education, and residential centers, this project will ease congestion in Snohomish County. Travel time and reliability are two of the most important factors that draw more riders to transit, and by expanding the second *Swift* line, we expect new riders.

In order to build for the future at a faster pace, Community Transit needs new or expanded revenue. A new funding source will provide true long-term capacity for growth of service and improved local and regional mobility. Community Transit has stretched the value of transit dollars. More seats are filled on buses. Productivity of our service (riders per hour) is at record levels. We are controlling costs and making service growth our highest priority. Innovative partnerships with other agencies and grant funding have helped leverage the value of local

funds to pay for service and maintain assets. We have asked more of our customers with regular fare increases. The average fare per boarding has increased by 36 percent since 2008, and our farebox recovery ratio has grown to 24 percent.

We also continue to plan for much larger future service growth to meet the needs of our region and local communities in Snohomish County. Community Transit continues to receive favorable ratings for its performance from customers, business partners, local jurisdictions, and the general public. Demand for our service continues to grow. Our Long-Range Transit Plan and “Think Transit First” vision are becoming embedded elements of local city and county transportation planning—they have become the community’s plan. Achieving this vision will require the participation of the entire community. We are seeking support from the jurisdictions we serve, state legislators, local businesses, and voters of Snohomish County to approve new funding for transit.

Major Capital Initiatives

Transit Technologies

In 2014, the Advanced Public Transportation Systems (APTS) project has completed full system acceptance testing for all fixed-route vehicles. BusFinder moved from pilot mode to full launch, so all customers have access on their mobile devices to real-time departure information for all buses at all stops. We are getting close to project closure. The radio site expansion project was completed, and regional efforts for a strategic plan for the next generation One Regional Card for All (ORCA) have been started.

In 2015, we plan to optimize use of the existing APTS system to improve business intelligence by providing data collection and reporting tools. The APTS program will also focus on continuous improvement for accuracy of information, operability of the system, and customer satisfaction. This will improve operational performance, safety, and the overall customer experience. Our technology planning will focus on the replacement of our 800 MHz radio and ORCA fare collection systems. The new radio system will provide the agency with continued reliability of Community Transit’s voice communications, while the ORCA replacement will provide a more stable platform for future regional payment collection technology.

Swift II Bus Rapid Transit

In 2014, Community Transit secured \$3,360,000 in funding from the Federal Transit Administration (FTA) 5307 competitive grant program to fund project development for a

second line of *Swift* bus rapid transit. *Swift II* will link the Seaway Transit Center and Boeing manufacturing area with the Canyon Park Park & Ride in Bothell. A formal request has been sent to FTA headquarters for approval to begin the project development phase. In 2015, staff will begin project development work which includes environmental, design and engineering, and development of partnership agreements and any required plans for *Swift II*. This prescribed FTA process is the first phase in applying for FTA Small Starts funding for right-of-way acquisition and construction of our *Swift II* bus rapid transit project.

Current and Future Infrastructure Needs

Community Transit continues to provide for its infrastructure preservation needs. Some of the projects funded through the 2015 budget include:

- Pavement replacement at Merrill Creek and Kasch Park operating bases and Swamp Creek Park & Ride.
- Reroofing at the Merrill Creek Administration and Operations buildings.
- Ash Way Park & Ride pavement and fencing improvements, adding parking spaces and driver restroom.
- McCollum Park double-decker access improvements.
- Change out of bus wash system at Merrill Creek base.

2015 Revenues and Expenses

The 2015 budget of \$133.2 million in operating revenues reflects an increase of 3 percent compared to the 2014 budget. The increase results from the net effect of changes in all Community Transit operating revenues: sales tax, fares, grants, contributions, interest, and miscellaneous revenues. See Table B, page 30, for revenue details.

Total expenses are budgeted at \$130.3 million, which includes operating expenses of \$116.2 million and interfund transfers of \$14.1 million for debt service, the workers' compensation insurance reserve, and capital reserves. Total expenses for 2015 are projected to increase by \$7.7 million or 6 percent as compared to the 2014 amended budget, largely due to the 2015 service increase. See Tables C, D, and E, (pp. 31 to 36) for more detailed information about expenditures.

Community Transit's transit development plan (TDP) limits expense growth to 4 percent annually on a volume-adjusted basis. The increase in the unit cost of service—cost per service

hour—in the 2015 budget equals 3.5 percent, which remains within the range permitted by the TDP.

Capital Budget

Community Transit’s 2015 capital program reflects continuation or completion of several projects addressing needs in four areas:

- Vehicle replacements
- Technology
- Customer facilities
- Capital infrastructure preservation

The 2015 capital program totals \$68.9 million. Carryover capital projects account for 70 percent, or \$48 million of the total. New capital projects total \$20.9 million and account for the remaining 30 percent of the total capital budget. Federal funds provide 56 percent (\$11.7 million) of the new capital budget.

Summary

Community Transit is gaining momentum and is optimistic about the future. The 2015 budget is the agency’s strongest since before the recession and positions us for continued expansion opportunities as the economy continues to recover. The six-year Transit Development Plan guides our actions as we operate the system better than promised, grow the service, and build for the future. We are maintaining appropriate reserve levels, working to preserve agency assets, and managing cost growth. We continue to work with community partners to advocate for transit-friendly policies and increased transit funding. Our customer focus, as demonstrated through implementation of transit technologies, service enhancements, and outreach efforts, will help us achieve our short-term objectives while we continue to innovate new strategies to achieve our long-term vision. Let’s all

Think Transit First.

2015 Adopted Budget

Type of Expense	2013 Actuals	2014 Budget	2015 Budget
Department-Level Operating Expenses	\$ 94,566,181	\$ 103,391,677	\$ 110,699,569
Other Operating Expenses	\$ 1,468,424	\$ 2,725,543	\$ 5,011,321
Nonoperating Expenses	\$ 16,639,381	\$ 16,478,958	\$ 14,552,756
New Capital Program (Budgeted)	\$ 10,427,239	\$ 3,466,807	\$ 20,917,748
Employment Level (in FTEs)	525.5	533.5	579.5

Type of Expense	Change vs	
Department-Level Operating Expenses	\$ 7,307,892	7.1%
Other Operating Expenses	\$ 2,285,778	83.9%
Nonoperating Expenses	\$ (1,926,202)	-11.7%
Capital Program	\$ 17,450,941	503.4%
Employment Level (in FTEs)	46.0	8.6%

The Other Operating Expenses category includes Insurance and the Salary Pool. A major driver for the 83.9 percent increase in Other Operating is the 2015 budget for the Salary Pool, which when made, included retroactive and current year wage estimates for the recently-settled contract with Community Transit's largest bargaining unit, the ATU, in addition to regularly occurring cost estimates.

Nonoperating expenses consist of interfund cash transfers and the Professional Services Cost Pool. Many of the interfund transfers to capital reserves are planned in the annual Transit Development Plan and may decline or increase from year-to-year depending upon: 1) capital project funding needs and 2) detailed replacement schedules maintained by the Planning Department. In 2015 transfers for capital projects are lower than in 2014 and are consistent with the TDP.

Additional detail concerning department-level operating expenses, the capital program, and FTEs has been explained in more detail in the remainder of this Executive Summary. Tables C through H starting on page 30 provide detail for operating and nonoperating expenditures, the capital program, and FTEs.

Operating Program Service Levels

General

The 2015 budget reflects a more than 4 percent overall increase in service hours, over and above 2014 budgeted service hours. The 2015 service increase includes the following. See Table A on page 29 for additional detail.

- Full-year effect of adding approximately 7,500 Community Transit directly operated service hours in September 2014.
- An addition of approximately 28,000 annual service hours planned for June 2015, about 17,000 of which are for Sunday and holiday service.
- Related schedule adjustments to promote efficiencies and address customer demand.
- Continued efficiency improvements for both local and commuter service.
- An increase for paratransit service corresponding with the increase in directly operated service hours.

Directly Operated Fixed-Route Service

Community Transit plans to increase directly operated, fixed-route service from over 259,000 hours projected in 2014 to 281,000 hours in 2015. This 9 percent increase includes both efficiency improvements as well as a significant service expansion of 28,000 hours planned for June 2015, which includes delivery of Sunday and holiday service.

Contracted Commuter Service

The 2015 budget includes slightly more than 37,000 hours of contracted commuter service. Compared with the 2014 projected contracted commuter service hours, the 2015 budget maintains service levels.

Paratransit Service

Community Transit estimates paratransit service to increase by 5,000 hours from 85,000 hours in 2014 to 90,000 hours in 2015.

Vanpool

Over the past years, the Snohomish County community increasingly has shown a strong demand for utilizing vanpools. After receiving an FTA grant for the purchase of 20 vanpool vans, vanpool hours have increased. Comparing 2013 actual vanpool hours with the 2014 forecasted hours equates to a 4.5 percent increase (in excess of 12,000 hours). The 2015 budget projects a further increase of 5,000 hours, anticipating that Community Transit vanpools will drive 160,000 hours.

Sound Transit

The 2015 budget maintains current levels of Sound Transit regional express bus service: we have projected 90,000 service hours to be delivered in 2015. Under contract with Sound Transit, Community Transit began this regional express bus service in September 1999.

Operating Budgets

General

The 2015 operating budget of \$115.7 million includes insurance costs and the salary pool and represents an increase of \$9.6 million, or 9 percent, as compared to the 2014 amended budget. More than half of this increase—approximately \$5.6 million—addresses Community Transit’s new requirements for its 28,000 service-hour increase slated to occur in mid-2015.

The 2015 department-level operating expense budget of \$110.7 million (excludes insurance costs, the Salary Pool, and the Professional Services Pool) has increased \$7.3 million, or 7 percent, as compared to the 2014 amended budget. Increases in 2015 operating costs include all the additional costs needed to expand service by 28,000 hours, increased pension and other benefits costs, salary obligations for unsettled labor contracts, and the administrative pay plan.

2015 Service Expansion

Community Transit plans to expand service by approximately 28,000 hours in 2015. This includes approximately 23,000 hours of local service and 5,000 hours of DART paratransit service. We project providing over 568,000 total service hours in 2015, including directly operated, contracted commuter, paratransit, and vanpool. This count does not include Sound Transit, which equates to an additional 90,000 hours, bringing the 2015 services hour grand total to over 658,000 hours. See Table A on page 29 for service hour details.

Much of the added local service hours will provide Sunday and holiday service. This service was eliminated in 2010 in response to the recession.

Adding 28,000 service hours that includes service on Sundays and holidays means opening our operating facilities on Sunday and adding employees to operate the service. This requires additional staff support. The 2015 budget adds 46 FTEs. Table H (page 42) shows FTE changes by department.

- 34 Coach Operators
- 2 Transportation Supervisors
- 1 Dispatcher
- 3 Journey Mechanics
- 1 Coach Operator Instructor
- 1 Journey Parts Person
- 4 support positions

In addition to the 46 new FTEs, the 2015 budget also converts five existing term-limited positions to regular full-time positions. Two of these five are coach operator instructors; two are IT staff, including one in support of our radio system; and the last is a vanpool coordinator. In all, the 2015 budget includes a total of approximately 579 FTEs as compared to about 538 FTEs in the 2014 budget.

Community Transit plans to train 75 coach operators during 2015, in support of service increases planned for 2015, as well as to replace coach operators that will be lost through attrition, usually to retirement. All in all, the 2015 budget includes new service-related costs estimated at \$5.6 million. The following lists the components of the \$5.6 million service increase cost:

<u>34 New Coach Operators</u>	<u>\$ 2.5</u>
<u>Maintenance</u>	<u>\$ 1.2</u>
<u>Recruiting and Training Coach Operators</u>	<u>\$ 1.0</u>
<u>Operational Expense</u>	<u>\$ 0.8</u>
<u>Other</u>	<u>\$ 0.1</u>
Total	<u>\$ 5.6</u>

New Initiatives

The 2015 budget includes funding for initiatives that will reduce future costs, mitigate risk associated with changing technology, and provide information about public preferences for service expansion in 2015 and beyond. These new initiatives include:

- **Employee Maintenance Center/ Injury Free Program:** Continuation of the Injury Free program, which was funded with startup funds from Community Transit's Workers' Compensation fund.
- **Realizing the Benefits of Technology:** In 2015, we begin to see the results of our technology implementation efforts. APTS is in the final stages of completion. The Information Technology Department has virtualized most computer desktops and switched to networked instead of individual printers, which will save Community Transit significant equipment replacement costs.
- **Sustain and Rebuild:** Staff in Vehicle Maintenance will rebuild an estimated 48 bus engines in 2015, which is roughly triple the number that historically are rebuilt annually, as well as replace three *Swift* hybrid batteries. The Planning and Development Department has reduced a vacant FTE and continues to harness technology to accomplish more complex workload with existing staff. Information Technology will now support five additional radio sites.

Employee Costs

Employee benefits have increased by \$1.9 million, or 11.8 percent. This increase consists of:

- **Benefits for Trainees:** Beginning in September 2014, Community Transit began providing benefits to Coach Operator Trainees. This serves as a component of the strategic initiatives being used to recruit new trainees who may need enticement to leave benefitted positions.
- **FTEs:** The 2015 budget proposes 46 FTEs, which increases both wages and benefits.
- **Benefits Increase:** The Public Employees Benefits Board (PEBB) medical rates will increase by 4 percent for 2015. Medical rates for employees not covered by PEBB will experience a similar increase midyear 2015. Rates for most other benefit providers will increase nominally.
- **PERS Retirement Contribution:** Midyear 2015, PERS contribution rates will increase by about 21 percent, or a weighted average rate of 10.8 percent for 2015.

Salary Pool

Community Transit budgets its Salary Pool within the Administration Department. This pool funds anticipated employee salary adjustments, including increases to the administrative employee pay plan and any union contract settlements pending during the year, as well as associated payroll taxes. The Salary Pool also funds the voluntary paid time off payout program for all employees. The 2015 Salary Pool budget amounts to \$3,200,000, which reflects the compound effect of retroactive wage adjustments for prior years.

Other Expenses

Other notable increases include an increase in the “Services” expenditure category of \$232,000 for contract maintenance for janitorial and landscaping, advertising and printing (TDM program and new bus schedule printing), and various other professional services.

Board of Directors and Executive

The 2015 Board of Directors and Executive Department budget of \$1.1 million, decreased by \$7,000 (1 percent) as compared to the 2014 amended budget. The Board/Executive 2015 budget reflects:

- Retirement of the 20-year incumbent CEO and anticipated arrival of a new CEO in early 2015.
- Minor changes in expenditure categories, including supplies, services and salaries .

Administration

The 2015 Administration Department budget of \$10.2 million is an increase of \$1.4 million (16 percent) as compared to the 2014 amended budget. The 2015 budget reflects:

- Training up to 75 coach operator trainees in support of the 2015 service increase, as well as to address regular attrition, usually to retirement. Trainees complete nine weeks of training and in-service driving prior to becoming coach operators at Community Transit.
- Adding one new coach operator instructor and converting two existing term-limited coach operator instructors to regular full-time.
- An increase in the staffing level associated with the extension to the Snohomish County Sheriff’s contract. The 2015 budget adds two deputies to: 1) cover seven-day-a-week

service, which will be added within the 28,000 service hour increase, and 2) allows for more proactive enforcement of rider infractions and vehicle break-ins/thefts at park and rides.

- Addition of staff in Parts, Human Resources, and Risk Management.
- Implementation of the on-site Employee Maintenance Center.
- Management of the new APTS parts inventory.
- Implementation of Government Accounting Standards Board (GASB) requirements for pension liability and disclosure reporting in the 2014 Comprehensive Annual Financial Report.
- Implement new functionality in our PeopleSoft Human Resources and Financial systems to enhance business processes in payroll and for employee benefits open enrollment.

Customer Relations

The 2015 Customer Relations Department budget of \$6.8 million includes an increase of \$457,000 (7 percent) as compared to the 2014 amended budget. The 2015 budget reflects:

- Expansion of the Curb the Congestion and Choice Connections TDM programs, using new grant funds received from WSDOT to deliver enhanced products and services to both customer bases.
- Outreach and support for the 2015 service change, including public meetings, outreach events at many park and rides, and customer messaging in print, on social media, and on the web.
- Continued support for coach operator recruitment.
- Conducting a community awareness survey to collect information about the public's awareness of transit services in Snohomish County.
- Outreach in support of Community Transit's efforts to obtain a local funding option.
- An increase of two FTEs, which support customer and community outreach efforts related to new service initiatives.

Information Technology

The 2015 Information Technology Department budget of \$5.6 million reflects a decrease of \$163,000 (3 percent) as compared to the 2014 amended budget. The 2015 budget funds:

-
- A radio system consultant study for the future replacement and upgrade of the agency's voice radio system.
 - Close out of the APTS project and transition to normal IT maintenance and operations with continued support at the regional level to identify and implement refinements and enhancements to improve ridership.
 - Complete migration of desktop productivity software (Office 2007/Outlook 2010) to Office 2013.
 - Complete implementation of the Network Operations Center project, improving our ability to proactively identify and resolve problems before impact to our customers. This effort supports APTS, *Swift* bus rapid transit, and ongoing business operations.
 - Growth and maturity of data governance and business intelligence initiatives by replacing existing reporting methods with automated interactive dashboards and developing new dashboards and data analysis as needs arise.
 - Replacement of aging, customized Intranet and Internet architecture with commercial, off-the-shelf, industry-standard solutions. This project is driven by the need to move from our current legacy environment to a supportable and modern development platform.
 - Replacement of the 20-year-old and homegrown customer comments system with a commercial off-the-shelf solution.
 - Continue efforts to keep the agency in compliance with Payment Card Industry Data Security Standard, which becomes mandatory in 2015.

Maintenance

The 2015 Maintenance Department budget of \$26.4 million reflects an increase of \$1.8 million (7 percent) as compared to the 2014 amended budget. The 2015 budget funds:

- Three additional journey mechanics.
- Supplies necessary to keep our coaches in service. With additional service, all categories of supplies increase as a result of more mileage on the coaches.
- Diesel fuel budgeted at \$3.25 per gallon. We will use more diesel fuel in support of service, but the increase in use is somewhat offset by the lower budgeted cost per gallon.
- Forty-eight engine rebuilds—20 more than Maintenance will rebuild in 2014.

-
- Complete the purchase of, inspect, and prepare 17 double-decker coaches and 13 paratransit coaches for service.
 - Inspect and prepare 45 vanpool vehicles for service.
 - Seat safety modifications will be continued and completed in 2015.

Planning and Development

The 2015 Planning and Development Department budget of \$28.5 million reflects an increase of \$1 million (4 percent) as compared to the 2014 amended budget. The department budget includes \$3.9 million in administrative and planning expense and \$24.6 million in service delivery through competitive contracts. Competitive contracts include \$12.6 million for Sound Transit regional express bus service, \$7.3 million for DART paratransit service, and \$4.6 million for Community Transit commuter service. The 2015 Planning and Development budget funds:

- Planning for approximately 28,000 revenue hours of new bus service, including Sunday and holiday service beginning in June 2015.
- Development of service concepts for 2016.
- Project development for the second line of *Swift* bus rapid transit.
- Implementation of the biannual fare increase on July 1, 2015, pending Board adoption.
- Continued focus on preservation and maintenance of existing facilities.
- Annual update to the Six-Year Transit Development plan and technical update to the Long-Range Transit Plan adopted in 2011.
- Contractual rate increases for service delivery contracts.
- Additional refinements to bus routes and schedules.

This budget also eliminates one FTE which is no longer needed due to efficiencies in data collection afforded by APTS.

Public Affairs

The 2015 Public Affairs Department budget of \$447,000 is an increase of less than \$2,000 (0.2 percent) compared to the 2014 amended budget. The 2015 budget funds:

- Support for the agency's mission by strengthening the image and position of the agency through outreach to legislators, business leaders and key thought leaders.

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- Work on the passage of a local option for Community Transit.
 - Efforts towards a new federal authorization bill which provides funding opportunities for a second line of *Swift* and appropriately funds the programs that support our agency.

Transportation

The 2015 Transportation Department budget of \$31.5 million includes an increase of \$2.8 million (10 percent) as compared to the 2014 amended budget. The 2015 budget funds:

- Thirty-seven FTEs: 34 coach operators, 2 transportation supervisors, and 1 dispatcher needed to implement the June service change and bring back Sunday and holiday service.
- Implementation of the Trapeze OPS Workforce Management system which automates and consolidates performance management for accidents, attendance, etc.
- Improvements to the customer comment process.

Professional Services Cost Pool

The Professional Services Cost Pool is a contingency for unanticipated professional services needed during the year which could not be identified at the time the budget was prepared. Examples of items funded from the Professional Services Cost Pool include a contingency for coach operator recruitment, temporary staff shortages; internal audits; various consulting tasks including a Transportation services analysis, and IT professional services. The 2015 Professional Services Cost Pool will be funded in the amount of \$440,000, which is \$35,000 less than the 2014 original Professional Services Cost Pool budget.

2015 Nonoperating Expense and Revenue Budgets

Interfund Transfers

Transfers to the Replacement and Infrastructure Reserve Funds follow the plan outlined in the 2014 adopted TDP. Transfers made to the FTA and Local Capital Projects Funds address local funding required to complete Community Transit's projects. Contributions to the Workers' Compensation and Debt Service Funds cover ongoing workers' compensation claims, administration, and other costs and the debt payment due in 2015, respectively. See Table D for detail of the transfers.

Revenues

Starting in 2009, the projected interest income earned on Replacement Reserve funds has been combined with the interest earned on operating funds. This has been continued in the 2015 General Fund revenue budget.

Workers' Compensation (Fund 43)

Fund 43 Revenues: In 2015, the Workers Compensation Fund is projected to earn \$6,000 in interest. Transfers from the operating fund total \$2,335,000 for 2015. This amount covers workers' compensation claims, administration, actuarial analysis, operation of the employee maintenance center, and ergonomic equipment.

Based on projections, the ending cash balance as of December 31, 2014, and December 31, 2015, will amount to \$5,012,874 and \$4,965,134 respectively.

Fund 43 Expenditures: Proposed 2015 Workers' Compensation Fund expenditures, excluding claims, have decreased by \$164,360 (6.5 percent) as compared to the 2014 amended budget. This decrease relates mainly to a decrease in the secondary injury component.

On a budget basis, claims expenses in 2015 will decrease by \$17,000 as compared to the 2014 amended budget. A lower cost-of-claims trend began in 2012 and has continued through the current year. Actuarial estimates show this trend continuing in 2015.

The 2015 Workers' Compensation costs were calculated by Community Transit's consulting actuary using the estimated 2015 worker hours and the claims experience rates provided.

Decreases in overall costs are the net effect of more exposure from increased worker hours that is more than offset by favorable claims experience and other factors.

The Capital Program

Replacement Reserve (Fund 41)

Fund 41 Revenues: The 2015 budget includes \$10,000 in proceeds from the sale of surplus vehicles. There were no sale proceeds received in 2013. The forecast for 2014 amounts to \$10,000, as \$4,500 was received in the first half of the year. The actual amount each year depends on the number of vehicles surplused by Community Transit.

Fund 41 Expenditures: The 2015 budget reserves new funds in the amount of \$2.9 million (all local funds) for the replacement of vanpool vehicles, DART paratransit vehicles and support vehicles. Carryover funding for the 2014 DART vehicle order in the amount of \$1.6 million in local funds has also been budgeted. See Table G for project details by fund.

Infrastructure Preservation Reserve (Fund 42)

Fund 42 Revenues: In 2011, Community Transit established the Infrastructure Preservation Reserve (Fund 42) for the purpose of accumulating funds over time for needed repair and replacement of aging infrastructure—both physical facilities and information technology network facilities. The 2015 budget includes transfers of \$ 1.9 million from the General Fund as a planned contribution per the 2014 adopted six-year TDP.

Like other capital funds, the 2015 projected interest income has been combined with the interest earned on operating funds in the 2015 General Fund budget. Other revenue included for 2015 is a \$2.2 million contribution from Sound Transit for the KPOB pavement replacement project.

Fund 42 Expenditures: The 2015 budget includes \$2 million for new projects.

In 2012, Community Transit experienced two outages of its legacy radio system. This system's age exceeds 20 years and the agency continues to rely on it for ongoing operations. Staff estimated a \$26 million replacement cost for this critical communications system. The 2015 budget continues to assume a \$26 million replacement cost, with 50% paid for by local funds and 50% funded with future bond proceeds.

See Table G for project details by fund.

FTA Capital Projects (Fund 45)

Fund 45 Revenues: The 2015 budget includes interfund transfers in the amount of \$840,000 from the General Fund, \$1.6 million from the Replacement Reserve and \$242,000 from the Infrastructure Preservation Fund to fund the local match required for the FTA capital program.

The 2015 budget provides \$12.1 million in new grant funds for 2015 and carries over prior-year grants amounting to \$10.9 million (total: \$23 million).

Fund 45 Expenditures: The 2015 budget includes new FTA grants in the amount of \$11.5 million for new projects including the 2015 order for 40-foot replacement coaches, *Swift II* project development, and MCOB pavement replacement. These projects require local funding of \$2.9 million.

Swift II project development kicks off the start of a new bus rapid transit line. A small portion of this project, related to preplanning to apply for the grant, as well as the MCOB pavement replacement, is being funded in the 2014 budget. The 2015 budget also includes \$14.4 million in carryover funds for projects the Board has already approved.

See Table G for project details by fund.

Local Capital Projects (Fund 46)

Fund 46 Revenues: The 2015 budget includes new state grant funds of \$1.7 million for the replacement of Double-Tall buses and \$4.8 million in carryover state grant funds for the Mukilteo Park & Ride at Paine Field and for Double-Tall bus replacements.

Projected 2015 interest income from the Local Capital Projects Fund has been budgeted with interest earned on operating funds in the 2015 General Fund. The 2015 budget includes interfund transfers totaling \$53,000 from Fund 42 (Workers' Compensation) for the Employee Maintenance Center and a transfer from totaling \$311,000 from Fund 42 for these projects:

Fund 46 Expenditures: The 2015 budget includes \$512,000 to fund new projects, including the IT corporate security upgrade, a fall arrest system for Maintenance, the KPOB heating and ventilation system replacement, and an upgrade to our aging customer comments system. Fund 46 also includes new minor capital expenditures totaling \$331,000, as well as \$9.1 million of carryover funds (\$2.6 local capital; \$6.5 grant-funded) for various projects.

See Table G for project details by fund.

Bond Capital Project Fund (Fund 47): Bond Proceeds

The 2015 budget adds no new capital program bond financing. The remaining bond proceeds from the 2004 bond issue were used in 2006 to fund a portion of the Merrill Creek Operating Base concrete replacement project.

Facility and Technology Expansion Fund (Fund 48)

Fund 48 Revenues: The 2015 budget includes no new revenues and no transfers from other funds. Interest earned on Fund 48 is combined in the budget with the General Fund.

Fund 48 Expenditures: The 2015 budget includes no new projects and no new expenditures.

See Table G for project details by fund.

Bond Debt Service Fund (Fund 50)

Fund 50 Revenues: Interest earnings in the amount of \$1,000 earned on the 2010 bond reserves are budgeted for 2015. The 2015 budget does not incorporate funding from a new bond issue.

Fund 50 Expenditures: In 2010, Community Transit took advantage of the historically low interest rates by refunding its 2004 Bond Issue. This allowed the agency the ability to bridge the impact of the recession by lowering its interest cost, as well as deferring principal payments due from 2010 through 2013 until the years 2014 through 2016 when the bonds are paid in full. The 2015 budget reflects a transfer from the General Fund of \$1.9 million for debt service: interest payments totaling \$106,000 and the principal payment of \$1.8 million due in August 2015. The 2015 budget includes a transfer from the General Fund of \$1.9 million to fund the principal and interest payment due.

Revenues for Operating Funds

General

General Fund revenues for 2015 are budgeted at \$133.2 million. The 2015 General Fund revenues are higher by \$4.3 million (3 percent) as compared to the 2014 amended budget. These revenues are used to fund both operating and nonoperating expenses.

Sales Tax

Sales tax revenue continues to be Community Transit's most significant revenue stream. Local sales tax collections declined in 2008 when the national economic recession greatly impacted the local economy. While most economists agreed that the recession indeed ended in 2009, Community Transit's local sales tax did not return to its 2007 levels until the current year. The 2014 year-end sales tax forecast of \$78.1 million means that Community Transit's revenues have reached a level that exceeds 2007's sales tax revenues of \$76.6 million, in terms of nominal dollars. In today's dollars, sales tax collections do not cover the same level of expenditures that they did in 2007, due to inflationary factors.

Snohomish County continues to enjoy better than expected levels of employment, and though home sales appear to track with expectations, housing permits, which are a measure of future performance of the construction industry, are not trending favorably. The Washington State Economic Forecaster shows a decline in new housing permits of 31 percent in the third quarter of 2014 and no rebound in the fourth quarter. Low interest rates have continued into 2014, with possible predicted increases coming in 2015, as we have expected for some time. Consumer spending in Washington State has shown positive, but not booming, growth.

Predictions for 2015 point to the persistence of these favorable variables. The national economy continues to advance at a modest pace, with a rebound in gross domestic product after the big winter slump. Weak economic growth in Europe and a slow Chinese economy could also impact the national and local economic outlook negatively.

The September 2014 report issued by the Washington State Economic and Revenue Forecast Council (a state agency that monitors economic indicators) describes a very moderately expanding economy. Significant report indicators are listed in the following table:

Indicator % change	2012	2013	2014	2015	2016
Real Per Capita Income	1.8%	0.8%	2.1%	2.3%	3.0%
Unemployment	8.1%	7.0%	5.9%	5.4%	5.3%

Based on current economic trends and continued economic uncertainties, the 2015 sales tax budget projection of \$82.8 million represents a growth rate of 6 percent (\$4.7 million) as compared to the 2014 year-end forecast (\$78.1 million). The following table shows Snohomish County-specific indicators published by the Puget Sound Economic Forecaster in September of 2014:

Indicator % change	2011	2012	2013	2014	2015	2016
Personal Income (\$)	6.5%	3.8%	2.5%	4.6%	5.9%	5.9%
Employment	3.2%	4.1%	1.2%	0.2%	2.3%	2.2%
Taxable Retail Sales	2.1%	6.1%	8.1%	6.1%	5.5%	5.5%
Housing Permits	16.3%	34.3%	-20.4%	-20.5%	7.1%	13.9%

FTA Operating Grant

FTA grant rules allow grantees to use grant funds for vehicle maintenance and paratransit service. Grantees may identify a portion of their grant funds for such purposes. Community Transit's six-year plan calls for FTA formula funds to be split 50/50 between capital and operating projects. On that basis, the 2015 budget includes \$5.5 million in FTA grant funds for vehicle maintenance and paratransit service. Other 2015 FTA grant funds consist of \$1.6 million for local fixed-route service.

For 2015, Community Transit has secured an additional Congestion Mitigation and Air Quality Improvement (CMAQ) grant of \$200,000. Additionally, Community Transit expects to receive \$500,000 from a state special needs grant and \$770,000 from the state for transit operations.

County Grants

The Snohomish County Transportation Demand Management (TDM) funding amounts to \$440,000 in 2015, which is an increase from the expected \$148,000 in 2014. Community Transit will also receive \$80,000 from King County to work on its TDM program in 2015. The King County revenue represents new funding, which started in mid-2014.

Directly Operated Fixed-Route (Local) Fares

Projected fare revenues on directly operated, fixed-route service are expected to increase in 2015 by \$1.3 million (11.6 percent) as compared to the 2014 year-end forecast. This increase reflects:

- An increase in ridership is expected, related to the planned June 2015 service expansion, which is slated to include Sunday service.
- The full-year increase in ridership anticipated for the September 2014 service increase.
- An anticipated midyear 2015 fare increase.

Contracted Commuter Fares

- Compared to 2014 year-end projections, contracted commuter service fare revenues for 2015 are budgeted to increase by \$123,000 (2.1 percent). An anticipated midyear 2015 fare increase contributes to this revenue increase.

Paratransit

The 2015 budgeted revenue of \$350,000 represents an increase of \$32,000 (10.1 percent) compared to 2014 year-end projections. Factors affecting the increase include:

- An increase in ridership is expected, related to the planned June 2015 service expansion, which is slated to include Sunday service.
- The full-year increase in ridership anticipated for the September 2014 service increase.
- An anticipated midyear 2015 fare increase.

Ticket Agent Commissions

Ticket agent commissions represent the commission rates paid under the ORCA program and are budgeted at \$11,000 based on recent experience. Under the terms of the interlocal agreement, the cost of the 2 percent commissions paid to retailers for the sale of ORCA products is shared proportionally among participating agencies as a regional program cost.

Vanpool Fares

The 2015 budgeted revenue of \$3,000,000 and budgeted vanpool service hours of 160,000 hours reflect the continuation of vanpool service at similar levels as compared to 2014.

Advertising

The 2014 advertising year-end forecast of \$790,000 matches its budget estimate of \$790,000. The 2015 budget has been reset at \$650,000. Community Transit anticipates a new procurement process to rebid its advertising contract. We anticipate receiving equal or better advertising revenue from the selected vendor, but until the selection process has been completed, the exact amount of revenue expected is not known.

Sound Transit

The 2015 budget of \$18.3 million represents an increase of \$872,000 (5 percent) as compared to the 2014 year-end projection. The increase results from:

- Purchased transportation contractual rate increases.
- Regular inflationary growth in budgeted amounts for fuel and nonpurchased transportation services called for in the Sound Transit operating agreement.
- The 2014 revenue projection included a reconciliation amount owed back to Sound Transit of \$342,000, which makes the 2015 increase appear slightly larger than it would otherwise have been.

Interest Earnings

Since the 2009 budget, interest earned on capital program funds has been used as a revenue source for operating expenses. The 2015 budget continues this approach. Interest earnings in the 2015 budget were estimated at \$100,000, which represents no increase from the 2014 year-end projection.

Community Transit invests the portion of its funds not needed immediately for operations or cash flow in the Washington State Treasurer's Local Government Investment Pool (LGIP). The Local Government Investment Pool (LGIP) is a voluntary investment vehicle operated by the State Treasurer. The pool since it was started in 1986 to provide safe, liquid, and competitive investment options for local government pursuant to [RCW 43.250](#). The LGIP lets local governments use the State Treasurer's resources to safely invest their funds while enjoying the economies of scale available from a \$7 to \$11 billion pooled fund investment portfolio.

- While the LGIP is a very safe way to invest and very liquid, the rate of return on investment for funds invested in the LGIP has been very low. During 2014, the pool's rate of return has averaged about 0.1 percent. Continued historic low earnings rates

drive this low LGIP rate. At some point, we expect federal monetary policy to change and interest rates to rise, but near-term predictions don't indicate an increase, at least for much of 2015.

- That said, all indications point toward investment rates of return remaining near 2014 levels, and thus, 2015 interest earnings projections remain in line with the 2014 forecast.

Sale of Equipment

A sale of surplus equipment is planned each year. The 2015 budget includes \$5,000 from the sale of surplus equipment. This is about the same as 2013 actual revenue (\$4,800) and in line with the 2014 year-end forecast of \$5,000.

Local Grants

In recognition of the value the *Swift* line brings, the City of Everett signed a partnership agreement with Community Transit in December 2007 whereby Everett agreed to contribute 0.05 of 1 percent of Everett's sales tax to Community Transit. The 2015 budget includes \$1.4 million from this revenue source, including \$50,000 for Everett Transit ORCA information phone calls. In 2011 Community Transit agreed, on a reimbursement basis, to assume responsibility from Everett Transit. Reimbursement in 2015 is budgeted at the same level as in 2014.

State/Grants

In 2007 the Washington State Legislature provided funds to expand paratransit services. The 2015 budget includes \$500,000 for this purpose. In addition, the 2015 budget includes state funds in the amount of \$125,000 for the Commute Trip Reduction program and a State transit operations grant of \$770,000.

Miscellaneous

In 2009 Community Transit renegotiated an agreement with Sound Transit for the maintenance of park-and-ride lots in Snohomish County which are jointly used by both Sound Transit and Community Transit. Under the terms of the agreement, Sound Transit reimburses Community Transit for a share of the annual maintenance costs.

The 2015 budget also provides for the sale of ORCA fare cards, warranty claims from bus manufacturers, annual RideStore sales of passenger amenities, bike locker fees, and a rebate

Community Transit receives from the bank under the terms of its purchase card agreement. The 2015 budget for Miscellaneous Revenues totals \$369,000.

Interfund Transfers

The 2015 budget transfers \$379,000 from Fund 46 for unexpended project funds from completed projects and \$1,000 from Fund 50, Debt Service, related to interest earned.

Table A
Summary of Service Levels
in Revenue Hours

	2013	2014	2015	Change	
	Actual	Projected	Proposed	2015 vs. 2014	
Directly Operated	253,257	259,532	281,100	21,568	8.31%
Contracted Commuter	35,760	37,204	37,383	179	0.48%
Paratransit	82,832	85,000	90,000	5,000	5.88%
Subtotal	371,849	381,736	408,483	26,747	7.01%
Vanpool	148,356	155,000	160,000	5,000	3.23%
Subtotal, CT Operated	520,205	536,736	568,483	31,747	5.91%
Sound Transit	89,661	90,000	90,000	0	0.00%
Total	609,866	626,736	658,483	31,747	5.07%

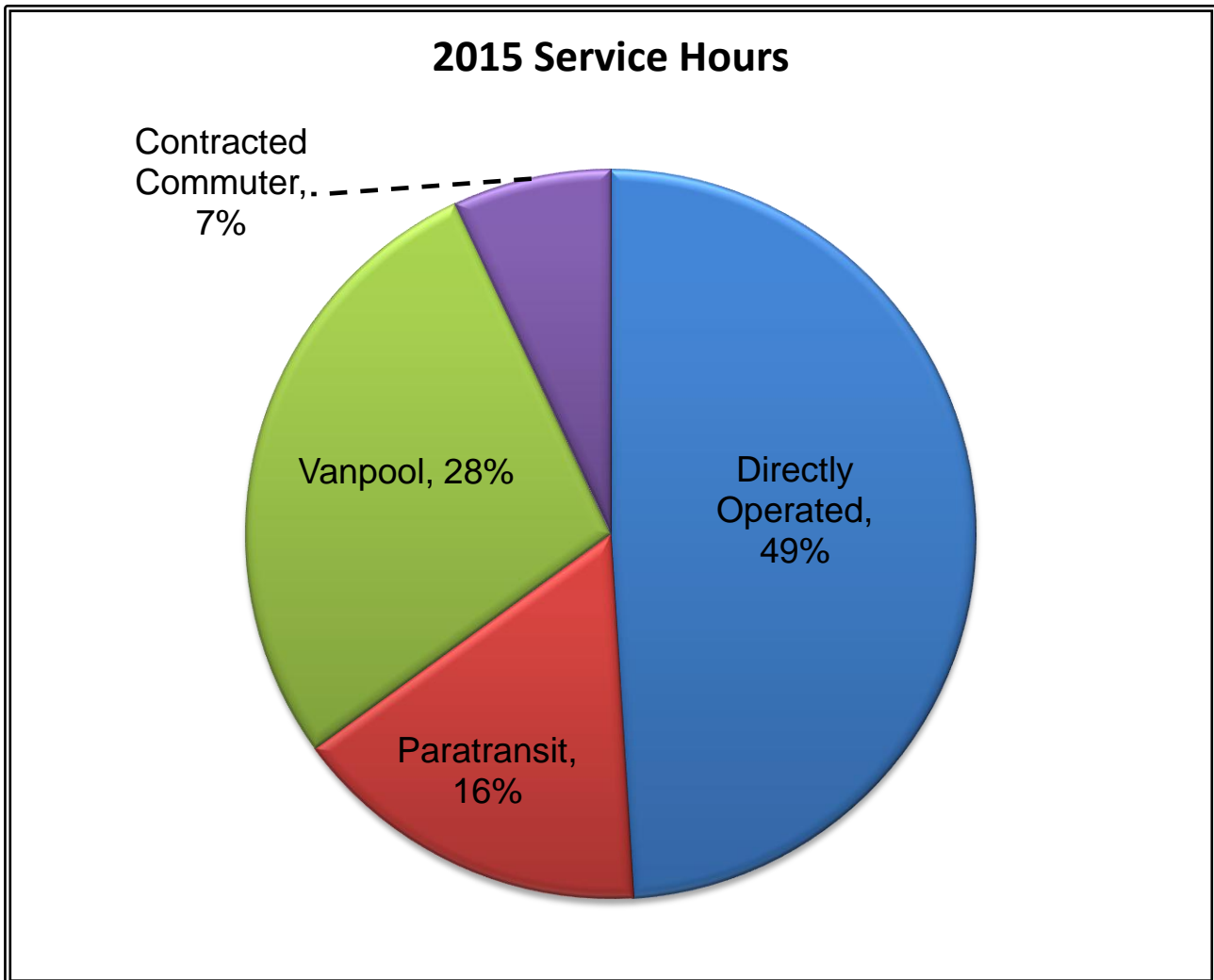


Table B

Operating Revenues

Revenue Type	2013 Actual	2014 Budget	2015 Budget	Differences 2015 vs. 2014	
				Dollars	Percent
Sales Tax	\$ 73,729,713	\$ 78,120,000	\$ 82,809,000	\$ 4,689,000	6.00%
Directly Operated	10,953,518	10,740,000	12,300,000	1,560,000	14.53%
Paratransit	318,984	310,000	350,000	40,000	12.90%
Contracted Commuter	5,317,008	5,630,000	5,900,000	270,000	4.80%
Ticket Agent Commissions	(11,074)	(10,000)	(11,000)	(1,000)	-10.00%
Advertising	784,946	790,000	650,000	(140,000)	-17.72%
Sound Transit, Operating	16,402,918	18,410,000	18,330,000	(80,000)	-0.43%
Sound Transit, Smart Card	667	0	500	500	N/A
Federal Section 9	5,420,276	9,033,000	5,512,070	(3,520,930)	-38.98%
State Grants	1,597,472	906,000	1,596,103	690,103	76.17%
Local/County Contributions	1,653,824	1,732,861	1,922,500	189,639	10.94%
Interest Income	79,434	115,000	100,000	(15,000)	-13.04%
Vanpool	2,752,805	2,920,000	3,000,000	80,000	2.74%
Sale of Equipment/Other	4,888	10,000	5,000	(5,000)	-50.00%
Miscellaneous	492,201	246,000	369,500	123,500	50.20%
Total Operating Revenue	\$ 119,497,580	\$ 128,952,861	\$ 132,833,673	\$ 3,880,812	3.01%
Interfund Transfer	0	0	380,291	380,291	N/A
Total Revenue	\$ 119,497,580	\$ 128,952,861	\$ 133,213,964	\$ 4,261,103	3.30%

Table C

Operating Expenses by Department

Expense by Department	2013 Actual	2014 Budget	2015 Budget	Differences 2015 vs. 2014	
				Dollars	Percent
Board of Directors and Executive	\$ 1,101,975	\$ 1,130,817	\$ 1,123,453	\$ (7,364)	-0.65%
Administration	8,194,534	8,808,753	10,189,717	1,380,964	15.68%
Customer Relations	4,919,927	6,322,394	6,779,263	456,869	7.23%
Information Technology	4,822,725	5,797,727	5,634,145	(163,582)	-2.82%
Maintenance	22,493,301	24,585,022	26,424,218	1,839,196	7.48%
Planning and Development	3,628,203	3,982,634	3,942,735	(39,899)	-1.00%
Purchased Transportation	22,547,152	23,531,063	24,595,651	1,064,588	4.52%
Public Affairs	408,423	445,351	446,919	1,568	0.35%
Transportation	26,449,941	28,787,916	31,563,468	2,775,552	9.64%
Department Total	\$ 94,566,181	\$ 103,391,677	\$ 110,699,569	\$ 7,307,892	7.07%
Other Expenses					
Insurance	\$ 1,468,424	\$ 1,755,780	\$ 1,811,321	\$ 55,541	3.16%
Salary Pool	0	969,763	3,200,000	2,230,237	229.98%
Total Other Expenses	\$ 1,468,424	\$ 2,725,543	\$ 5,011,321	\$ 2,285,778	83.87%
Total Operating Expenses	\$ 96,034,605	\$ 106,117,220	\$ 115,710,890	\$ 9,593,670	9.04%

Table D

Nonoperating Expenses

Category	2013 Actual	2014 Budget	2015 Budget	Differences 2015 vs. 2014	
				Dollars	Percent
Professional Services Cost Pool	\$ 0	\$ 406,500	\$ 440,000	\$ 33,500	8.24%
Interfund Transfers:					
Fund 41: Replacement Reserve	\$ 2,756,000	\$ 0	\$ 7,171,934	\$ 7,171,934	N/A
Fund 42: Infrastructure Preservation Reserve	9,069,000	7,196,166	1,913,976	(5,282,190)	-73.40%
Fund 43: Workers' Compensation	2,349,000	2,166,000	2,335,000	169,000	7.80%
Fund 45: FTA Capital Projects	25,885	0	840,000	840,000	N/A
Fund 46: Local Capital Projects	1,576,046	2,607,600	0	(2,607,600)	-100.00%
Fund 47: Bond Capital Projects	0	0	0	0	N/A
Fund 48: Facilities and Technology Expansion	0	2,250,846	0	(2,250,846)	-100.00%
Fund 50: Bond Debt Service	863,450	1,851,846	1,851,846	0	0.00%
Total Interfund Transfers	\$ 16,639,381	\$ 16,072,458	\$ 14,112,756	\$ (1,959,702)	-12.19%
Total Nonoperating Expenses	\$ 16,639,381	\$ 16,478,958	\$ 14,552,756	\$ (1,926,202)	-11.69%
Total Expenses	\$ 112,673,986	\$ 122,596,178	\$ 130,263,646	\$ 7,667,468	6.25%

Table E**Summary of Operating Expenses by Type**

Type of Expense	2013 Actual	2014 Budget	2015 Budget	Differences 2015 vs. 2014	
				Dollars	Percent
Wages	\$ 35,866,314	\$ 38,302,412	\$ 40,918,806	\$ 2,616,394	6.83%
Fringe Benefits	14,264,010	16,207,409	18,121,410	1,914,001	11.81%
Purchased Transportation	22,547,152	23,531,063	24,595,651	1,064,588	4.52%
Services	5,087,560	6,640,156	6,872,289	232,133	3.50%
Intergovernmental	1,617,489	1,847,307	2,095,984	248,677	13.46%
Supplies	13,969,107	15,546,537	16,804,116	1,257,579	8.09%
Utilities	895,004	993,008	962,613	(30,395)	-3.06%
Leases and Rentals	319,545	323,785	328,700	4,915	1.52%
Department Operating Total	\$ 94,566,181	\$ 103,391,677	\$ 110,699,569	\$ 7,307,892	7.07%
Insurance	\$ 1,468,424	\$ 1,755,780	\$ 1,811,321	\$ 55,541	3.16%
Salary Pool	0	969,763	3,200,000	2,230,237	229.98%
Professional Services Cost Pool	0	406,500	440,000	33,500	8.24%
Operating Expenses Total	\$ 96,034,605	\$ 106,523,720	\$ 116,150,890	\$ 9,627,170	9.04%
Interfunds	\$ 16,639,381	\$ 16,072,458	\$ 14,112,756	\$ (1,959,702)	-12.19%
Grand Total	\$ 112,673,986	\$ 122,596,178	\$ 130,263,646	\$ 7,667,468	6.25%

Table E**Summary of Operating Expenses by Type**

<i>Type of Expense</i>	<i>2013 Actual</i>	<i>2014 Budget</i>	<i>2015 Budget</i>	<i>Differences 2015 vs. 2014</i>		<i>Explanation</i>
				<i>Dollars</i>	<i>Percent</i>	
Wages	\$ 35,866,314	\$ 38,302,412	\$ 40,918,806	\$ 2,616,394	6.83%	This increase includes Salaries related to 46 new FTEs, including including 34 coach operators, a dispatcher, 2 transportation supervisors, 3 journey mechanics, 1 new coach operator instructor, a journey parts position, and several other positions that fulfill various business requirements.
Fringe Benefits	14,264,010	16,207,409	18,121,410	1,914,001	11.81%	Increases in benefits include: limited benefits to cover 75 Coach Operator trainees, as per new statutory requirements; An increase in 2015 PEBB health insurance rates of 4%, with a similar mid-year increase other groups; nominal increases for other employee benefits; Increased FTEs in 2015 (46 FTEs), predominantly related to the 2015 service change have also driven benefits cost increases; PERS contribution rates will increase by about 21% on 7/1/2015, for a weighted average 2015 increase of 10.75%.
Purchased Transportation	22,547,152	23,531,063	24,595,651	1,064,588	4.52%	Purchased Transportation increases annually as per contractual obligations.
Services	5,087,560	6,640,156	6,872,289	232,133	3.50%	Highlights include increases in IT for 5 new radio sites (\$98k) and software maintenance (\$55k); also, for advertising for coach operator recruitment (\$87k) and printing (TDM program and new bus schedule printing), and various other professional services.
Intergovernmental	1,617,489	1,847,307	2,095,984	248,677	13.46%	Most of this increase -- \$239,027 -- stems from the addition of 2.0 contract deputy sheriffs to provide transit security at a slightly higher level, as Community Transit will require security services on Sundays and holidays during 2015.

Table E

Summary of Operating Expenses by Type

Type of Expense	2013 Actual	2014 Budget	2015 Budget	Differences 2015 vs. 2014		Explanation
				Dollars	Percent	
Supplies	13,969,107	15,546,537	16,804,116	1,257,579	8.09%	Fuel (\$290k) and parts (\$1.4 million) have each increased. Fuel represented a 3% increase over 2014, reflecting an 8% increase in service but offset in a \$.05 per gallon cost decrease. However, Community Transit has chosen to forego fuel hedging for 2015, which represents a \$250,000 decrease in the "fuel offset" budget line item. Parts did increase slightly due to the planned service increase, but the majority of the Parts expense increase relates to planned engine rebuilds 2015 (48 engines in total). Maintenance supplies also show an increase of nearly \$50,000, partly related to shelter supplies. Minor equipment is down about \$226k, mainly due to the completion of the Windows 7 migration, which is not a repeatable expense for 2015.
Utilities	895,004	993,008	962,613	(30,395)	-3.06%	This decrease relates to the "telephone and data" line item budget.
Leases and Rentals	319,545	323,785	328,700	4,915	1.52%	Leases and rentals consist mainly of radio site leases and copier/printer leases; these are increasing very nominally for 2015.
Department Operating Total	\$ 94,566,181	\$ 103,391,677	\$ 110,699,569	\$ 7,307,892	7.07%	

Table E

Summary of Operating Expenses by Type

Type of Expense	2013 Actual	2014 Budget	2015 Budget	Differences 2015 vs. 2014		Explanation
				Dollars	Percent	
Insurance	\$ 1,468,424	\$ 1,755,780	\$ 1,811,321	\$ 55,541	3.16%	The base rates, experience ratings, "units of exposure" (e.g., miles driven, property owned), and other assessments have increased slightly from 2014 to 2015, resulting in a 3% estimated insurance premium increase.
Salary Pool	0	969,763	3,200,000	2,230,237	229.98%	Increase includes estimates for unsettled labor agreements, estimated merit/market increases for other employees, other payouts that may occur during the year, as well as all of the associated benefits and payroll taxes.
Professional Services Cost Pool	0	406,500	440,000	33,500	8.24%	Increase relates to a variety of potential organizational needs that may arise during the course of 2015.
Total Operating Expenses	\$ 96,034,605	\$ 106,523,720	\$ 116,150,890	\$ 9,627,170	9.04%	
Interfunds	\$ 16,639,381	\$ 106,523,720	\$ 116,150,890	\$ (1,959,702)	-12.19%	Interfund transfers fund the following: Workers Compensation, Debt Service, funding for new projects, matching funds for grant-funded projects, as well as planned contributions to Vehicle Replacement and Facilities reserve funds. Reserve fund contributions are planned in the 6 Year Transit Development Plan and reflect annual vehicle replacement schedule needs and estimates for facility preservation. Capital Project and reserve funding fluctuate annually according to project needs and replacement schedules and may be lower or higher year over year.
Grand Total	\$ 112,673,986	\$ 122,596,178	\$ 130,263,646	\$ 7,667,468	6.25%	

Table F**Summary of 2015 Capital Program**

Project Category	Fund Source		Total
	Grants *	CT Local	
Revenue Vehicle Acquisitions			
40-Foot Coaches (Replacement Buses)	7,900,222	1,975,056	9,875,278
Bus Replacement (Double Talls)	\$ 14,739,600	\$ 2,260,400	\$ 17,000,000
DART Vehicle Replacement	0	2,983,473	2,983,473
Vanpool (Replacement Vans)	0	1,260,000	1,260,000
Subtotal	\$ 22,639,822	\$ 8,478,929	\$ 31,118,751
Technology Systems			
APTS	\$ 0	\$ 2,921,968	\$ 2,921,968
APTS Storage Area Network(SAN)	\$ 0	\$ 108,782	\$ 108,782
Customer Comments Upgrade	\$ 0	\$ 100,000	\$ 100,000
Data Storage/Recovery	\$ 0	\$ 36,471	\$ 36,471
Datacenter Facilities	\$ 0	\$ 57,342	\$ 57,342
Disaster Recovery/Warm Site	\$ 0	\$ 103,000	\$ 103,000
Fiber Optic Cable Install WAN	\$ 0	\$ 29,991	\$ 29,991
HASTUS Upgrade	\$ 0	\$ 211,500	\$ 211,500
IT Corporate Security Upgrade	\$ 0	\$ 115,000	\$ 115,000
Network Operations Center	\$ 95,571	\$ 23,893	\$ 119,464
Network Security Enhancement	\$ 0	\$ 62,097	\$ 62,097
Network Switch Fleet Mgmt	\$ 0	\$ 56,472	\$ 56,472
Overhead paging system	\$ 0	\$ 13,650	\$ 13,650
PeopleSoft HCM Upgrade	\$ 0	\$ 110,000	\$ 110,000
PeopleSoft Workflow	\$ 0	\$ 17,000	\$ 17,000
Radio and Microwave Systems	\$ 0	\$ 50,000	\$ 50,000
Radio System Replacement	\$ 0	\$ 13,000,000	\$ 13,000,000
Records Management Software	\$ 0	\$ 44,264	\$ 44,264
Replace other media server	\$ 0	\$ 10,000	\$ 10,000
Replace plotter - Body Shop	\$ 0	\$ 9,555	\$ 9,555
Server Fleet Management	\$ 0	\$ 110,821	\$ 110,821
Server Virtualization	\$ 0	\$ 83,166	\$ 83,166
Smart Card Integration	\$ 0	\$ 99,986	\$ 99,986
Smart Card Local Contingency	\$ 0	\$ 164,425	\$ 164,425
Stancil hardware replacement	\$ 0	\$ 16,380	\$ 16,380
Stancil professional services	\$ 0	\$ 5,460	\$ 5,460
Trapeze Employee Info Module	\$ 0	\$ 20,000	\$ 20,000
Trapeze Ops Workforce Mgmt	\$ 0	\$ 103,901	\$ 103,901
VPN Solution	\$ 0	\$ 35,000	\$ 35,000
Web Upgrade	\$ 0	\$ 57,000	\$ 57,000
Subtotal	\$ 95,571	\$ 17,777,124	\$ 17,872,695

Table F**Summary of 2015 Capital Program**

Project Category	Fund Source		Total
	Grants *	CT Local	
Transit Facilities			
Ash Way Transit Center Improv.	564,527	141,132	705,659
BRT Station 99 & 204th SB	0	426,000	426,000
Bus Zone/Passenger Shelters	0	85,000	85,000
Edmonds P&R Renovation	0	351,600	351,600
Facilities Master Plan	0	275,000	275,000
Mukilteo P&R - Paine Field	837,213	0	837,213
Particulate trap cleaner	0	49,000	49,000
Smokey Point Transit Center	0	171,862	171,862
Swamp Creek P&R Renovation	1,098,141	274,535	1,372,676
Swift II Project Development	3,280,000	820,000	4,100,000
Subtotal	\$ 5,779,881	\$ 2,594,129	\$ 8,374,010
Other Facilities			
Employee Maintenance Center	0	36,100	36,100
KP & MC Window Refurbishment	0	300,400	300,400
KPCR Rooftop HV System	168,088	42,022	210,110
KPOB Bldg C HVAC Replacement	0	144,100	144,100
KPOB Bus Wash Refurbish	0	55,000	55,000
KPOB Exterior Bldg Painting	0	192,515	192,515
KPOB Pavement Replacement	2,240,262	2,426,951	4,667,213
MC/KP Base Lighting Upgrade	0	591,436	591,436
McColum Double Tall Lane	0	311,800	311,800
MCOB Bus Wash and Chassis Lift	543,539	135,885	679,424
MCOB Pavement Replacement	360,000	90,000	450,000
MCOB Reroof Three Buildings	0	742,986	742,986
MCOB Trench and Yard Repairs	0	58,706	58,706
P&R Security Camera Systems	0	235,000	235,000
Swift Bumper Refurbishment	0	100,000	100,000
Subtotal	\$ 3,311,889	\$ 5,462,901	\$ 8,774,790

Table F**Summary of 2015 Capital Program**

Project Category	Fund Source		Total
	Grants *	CT Local	
Routine Equipment			
Automatic tank gauging	\$ 0	\$ 25,000	\$ 25,000
Engine Dynamometer upgrade	\$ 0	\$ 32,637	\$ 32,637
Fall Arrest System	\$ 0	\$ 152,900	\$ 152,900
Flip-Up Seat Modifications	\$ 0	\$ 146,231	\$ 146,231
King pin press	\$ 0	\$ 11,700	\$ 11,700
KP-C filter crusher	\$ 0	\$ 10,000	\$ 10,000
KPCR floor sweeper/scrubber	\$ 0	\$ 10,000	\$ 10,000
Pressure washer	\$ 0	\$ 6,000	\$ 6,000
Replacement MCOB shop exhaust hoses (6)	\$ 0	\$ 8,000	\$ 8,000
Roof fall protection system	\$ 0	\$ 45,000	\$ 45,000
Support Vehicle Replacements	\$ 0	\$ 292,691	\$ 292,691
Swift light system controllers (35)	\$ 0	\$ 35,000	\$ 35,000
Transmission jack	\$ 0	\$ 8,400	\$ 8,400
Subtotal	\$ 0	\$ 783,559	\$ 783,559
Capital Program Total	\$ 31,827,163	\$ 35,096,642	\$ 66,923,805
Designated Reserves			
Construction/EPM Contingency Reserve	\$ 0	\$ 2,008,001	\$ 2,008,001
Subtotal	\$ 0	\$ 2,008,001	\$ 2,008,001
Capital Program and Designated Reserve Total	\$ 31,827,163	\$ 37,104,643	\$ 68,931,806

* Grant funding is primarily federal but also includes funding contributions from the State of Washington.

Table G**Summary of 2015 Capital Program by Fund**

Project Category		Fund Source		Total
		Grants *	CT Local	
Fund 41	DART Vehicle Replacement	0	2,983,473	2,983,473
	Vanpool (Replacement Vans)	0	1,260,000	1,260,000
	Support Vehicle Replacements	\$ 0	\$ 292,691	\$ 292,691
	Subtotal	\$ 0	\$ 4,536,164	\$ 4,536,164
Fund 42	MCOB Trench and Yard Repairs	\$ 0	\$ 58,706	\$ 58,706
	KPOB Bus Wash Refurbish	\$ 0	\$ 55,000	\$ 55,000
	KPOB Pavement Replacement	\$ 2,240,262	\$ 2,426,951	\$ 4,667,213
	KP & MC Window Refurbishment	\$ 0	\$ 300,400	\$ 300,400
	Radio System Replacement	\$ 0	\$ 13,000,000	\$ 13,000,000
	MC/KP Base Lighting Upgrade	\$ 0	\$ 591,436	\$ 591,436
	Swift Bumper Refurbishment	\$ 0	\$ 100,000	\$ 100,000
	KPOB Exterior Bldg Painting	\$ 0	\$ 192,515	\$ 192,515
	MCOB Reroof Three Buildings	\$ 0	\$ 742,986	\$ 742,986
	Edmonds P&R Renovation	\$ 0	\$ 351,600	\$ 351,600
	Subtotal	\$ 2,240,262	\$ 17,819,594	\$ 20,059,856
Fund 45	Network Operations Center	\$ 95,571	\$ 23,893	\$ 119,464
	Swamp Creek P&R Renovation	\$ 1,098,141	\$ 274,535	\$ 1,372,676
	Ash Way Transit Center Improv.	\$ 564,527	\$ 141,132	\$ 705,659
	Bus Replacement (Double Talls)	\$ 9,041,600	\$ 2,260,400	\$ 11,302,000
	MCOB Bus Wash and Chassis Lift	\$ 543,539	\$ 135,885	\$ 679,424
	KPCR Rooftop HV System	\$ 168,088	\$ 42,022	\$ 210,110
	Swift II Project Development	\$ 3,280,000	\$ 820,000	\$ 4,100,000
	MCOB Pavement Replacement	\$ 360,000	\$ 90,000	\$ 450,000
	40-Foot Coaches (Replacement Buses)	\$ 7,900,222	\$ 1,975,056	\$ 9,875,278
Subtotal	\$ 23,051,688	\$ 5,762,923	\$ 28,814,611	
Fund 46	Bus Replacement (Double Talls)	\$ 5,698,000	\$ 0	\$ 5,698,000
	Smart Card Local Contingency	\$ 0	\$ 164,425	\$ 164,425
	McCollum Double Tall Lane	\$ 0	\$ 311,800	\$ 311,800
	Facilities Master Plan	\$ 0	\$ 275,000	\$ 275,000
	P&R Security Camera Systems	\$ 0	\$ 235,000	\$ 235,000
	Fall Arrest System	\$ 0	\$ 152,900	\$ 152,900
	Flip-Up Seat Modifications	\$ 0	\$ 146,231	\$ 146,231
	KPOB Bldg C HVAC Replacement	\$ 0	\$ 144,100	\$ 144,100
	HASTUS Upgrade	\$ 0	\$ 211,500	\$ 211,500
	APTS Storage Area Network(SAN)	\$ 0	\$ 108,782	\$ 108,782
	Server Fleet Management	\$ 0	\$ 110,821	\$ 110,821
	Trapeze Ops Workforce Mgmt	\$ 0	\$ 103,901	\$ 103,901
	Disaster Recovery/Warm Site	\$ 0	\$ 103,000	\$ 103,000

Table G**Summary of 2015 Capital Program by Fund**

Project Category		Fund Source		Total
		Grants *	CT Local	
	Customer Comments Upgrade	\$ 0	\$ 100,000	\$ 100,000
	Smart Card Integration	\$ 0	\$ 99,986	\$ 99,986
	IT Corporate Security Upgrade	\$ 0	\$ 115,000	\$ 115,000
	PeopleSoft HCM Upgrade	\$ 0	\$ 110,000	\$ 110,000
	Mukilteo P&R - Paine Field	\$ 837,213	\$ 0	\$ 837,213
	Bus Zone/Passenger Shelters	\$ 0	\$ 85,000	\$ 85,000
	Server Virtualization	\$ 0	\$ 83,166	\$ 83,166
	Network Security Enhancement	\$ 0	\$ 62,097	\$ 62,097
	Web Upgrade	\$ 0	\$ 57,000	\$ 57,000
	Network Switch Fleet Mgmt	\$ 0	\$ 56,472	\$ 56,472
	Datacenter Facilities	\$ 0	\$ 57,342	\$ 57,342
	Radio and Microwave Systems	\$ 0	\$ 50,000	\$ 50,000
	Data Storage/Recovery	\$ 0	\$ 36,471	\$ 36,471
	Employee Maintenance Center	\$ 0	\$ 36,100	\$ 36,100
	Fiber Optic Cable Install WAN	\$ 0	\$ 29,991	\$ 29,991
	Trapeze Employee Info Module	\$ 0	\$ 20,000	\$ 20,000
	PeopleSoft Workflow	\$ 0	\$ 17,000	\$ 17,000
	Records Management Software	\$ 0	\$ 44,264	\$ 44,264
	Minor Capital Equipment		\$ 330,782	\$ 330,782
	Subtotal	\$ 6,535,213	\$ 3,458,131	\$ 9,993,344
Fund 48	APTS	\$ 0	\$ 2,921,968	\$ 2,921,968
	BRT Station 99 & 204th SB	\$ 0	\$ 426,000	\$ 426,000
	Smokey Point Transit Center	\$ 0	\$ 171,862	\$ 171,862
	Subtotal	\$ 0	\$ 3,519,830	\$ 3,519,830
	Capital Program Total	\$ 31,827,163	\$ 35,096,642	\$ 66,923,805
	Designated Reserves			
	Construction/EPM Contingency Reserve	\$ 0	\$ 2,008,001	\$ 2,008,001
	Subtotal	\$ 0	\$ 2,008,001	\$ 2,008,001
	Capital Program and Designated Reserve Total	\$ 31,827,163	\$ 37,104,643	\$ 68,931,806

* Grant funding is primarily federal but also includes funding contributions from the State of Washington.

Table H**Staffing Level (in FTE)**

Staffing by Department	2013 Actual*	2014 Budget	2015 Budget	Differences 2015 vs. 2014
Board of Directors and Executive	6.5	6.5	6.5	-
Administration	51.0	52.0	57.0	5.0
Customer Relations	36.0	36.0	38.0	2.0
Planning and Development	31.0	31.0	30.0	(1.0)
Maintenance	85.0	86.0	89.0	3.0
Transportation	292.0	298.0	335.0	37.0
Information Technology	22.0	22.0	22.0	-
Public Affairs	2.0	2.0	2.0	-
Total Staff	525.5	533.5	579.5	46.0

*As of December 31, 2013

Table I**Cost Per Revenue Hour
Systemwide Basis**

	2013 Actual	2014 Budget	2015 Budget
Operating Cost	\$ 96,034,605	\$ 106,117,220	\$ 115,710,890
Total Annual Revenue Hours of Service (All Types)	609,866	626,736	658,483
Cost Per Revenue Hour	\$ 157	\$ 169	\$ 176