

# Joint Transportation Committee



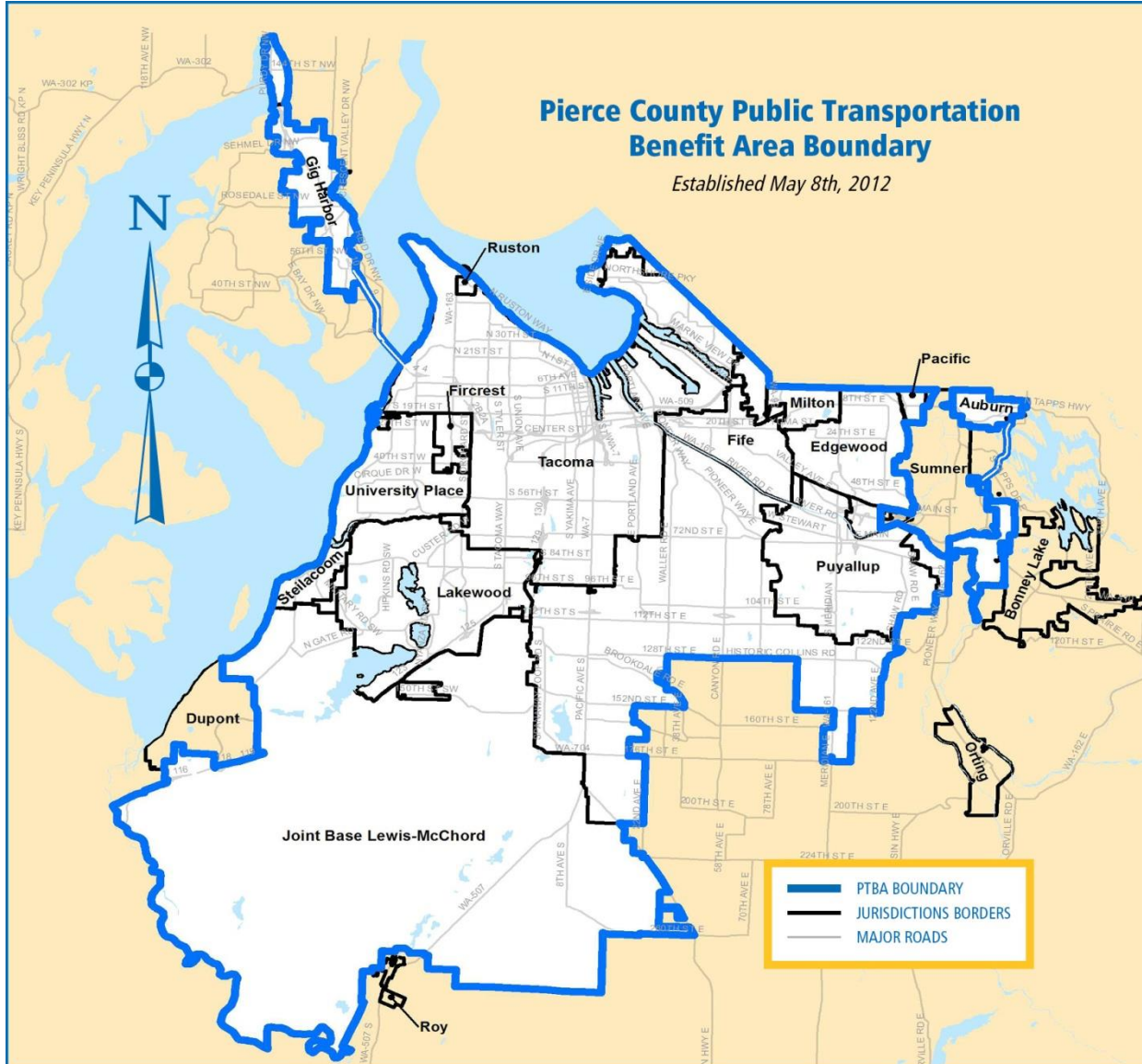
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September 11, 2013

# Pierce Transit

## Service area



- 292 Square Miles
- 13 Cities & Towns
- Portions of Unincorporated Pierce County
- 70% of Pierce County Population

# Pierce Transit

## Our Riders



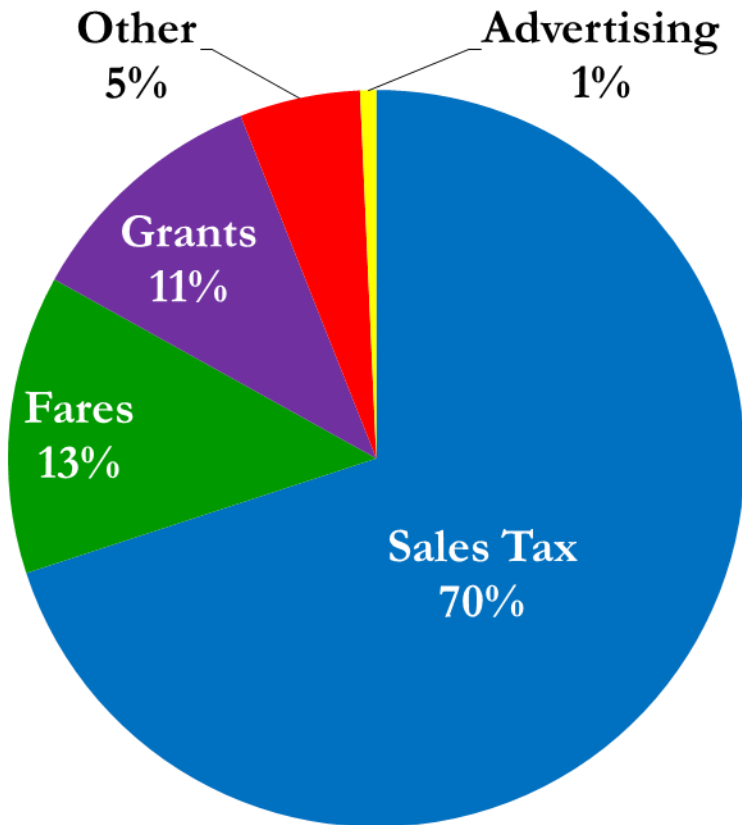
- 56% of Pierce Transit riders come from households with annual income of \$20,000 or less.
- 45% do not have access to a working vehicle.
- 43% use Pierce Transit to get to work or school.
- 22% use Pierce Transit for appointments.
- 32% use Pierce Transit for shopping/errands or recreation.

# Pierce Transit

## Finances

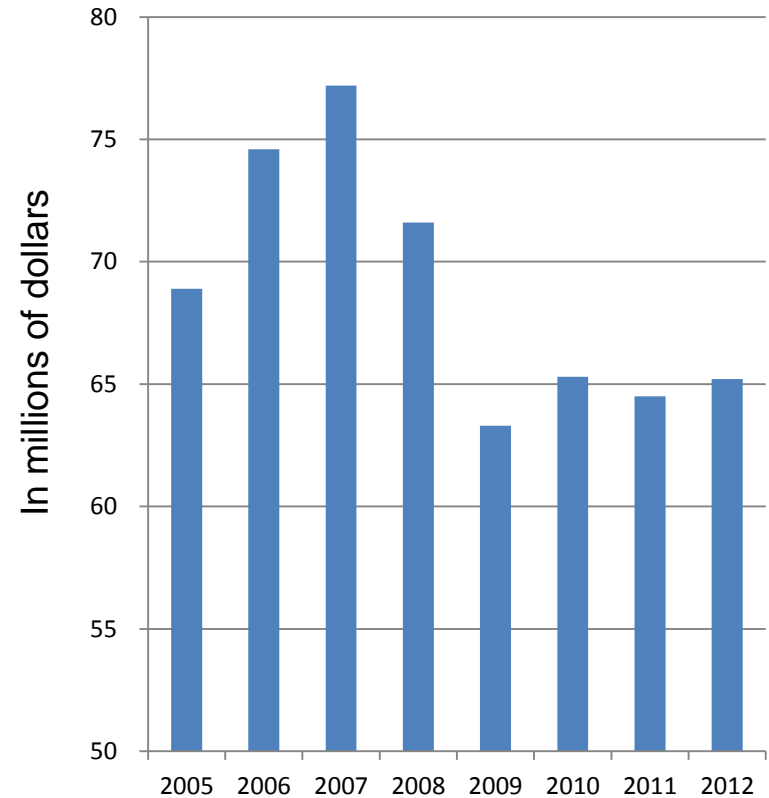


### Operating Revenues



2012 Actuals  
Excludes Sound Transit

### Annual Sales Tax Collections



# Pierce Transit

## Cost Containing Measures Responding to Recession



### \$135 Million cut or saved since 2008



- 2 Fare Increases.
- 38% Cut in Management with 4 rounds of layoffs.
- 0-0-0% increase in pay with recent Union contract as well as paying more for medical/dental cost,
- Freeze on cost of living and wages for management and non-represented employees.
- Capital projects delayed or eliminated including extending the life of our buses and facility upgrades delayed or canceled.
- Federal grants, and alternative fuel reimbursements saved in congressional budget.

# Pierce Transit

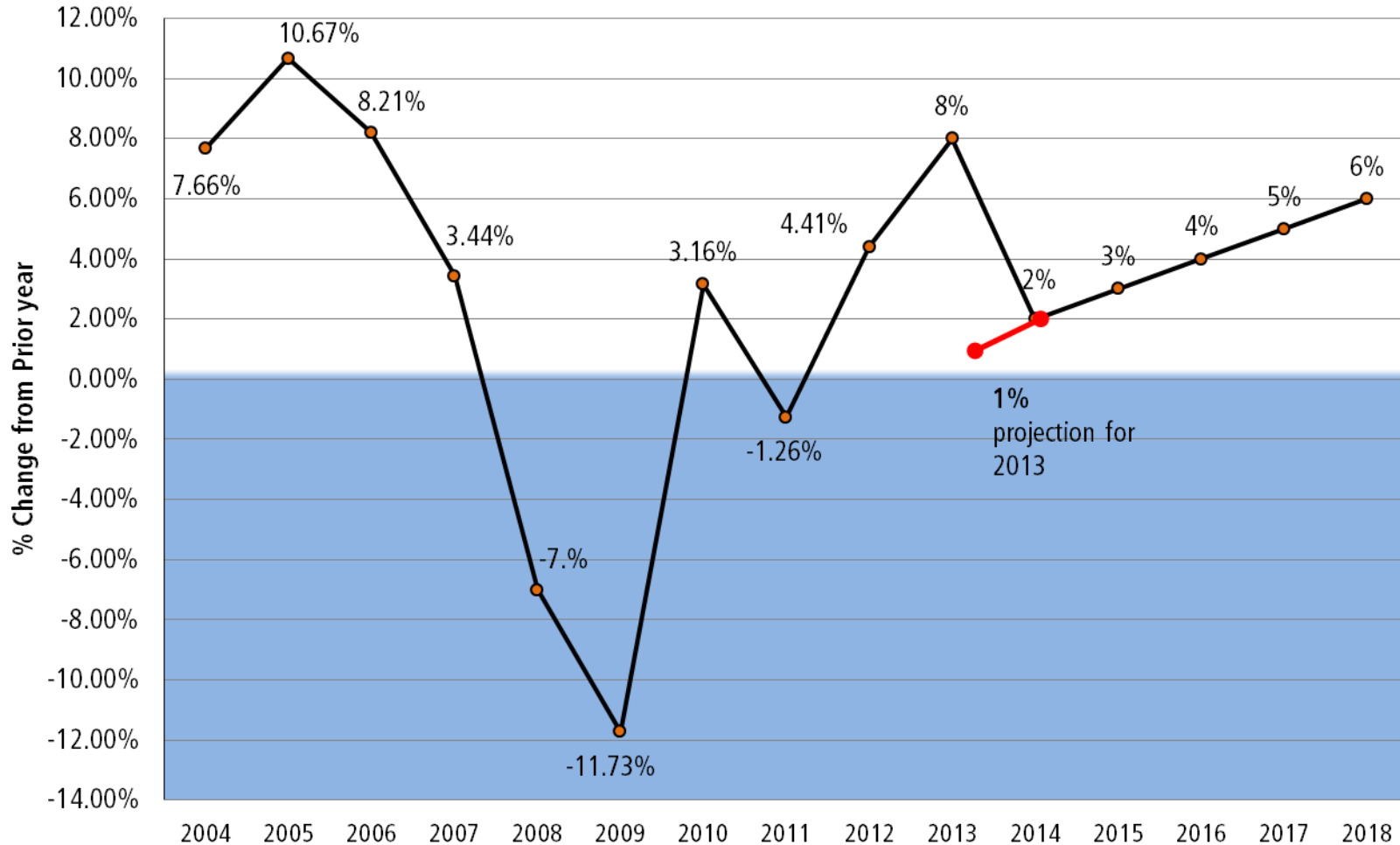
## The Art of Forecasting



- Over 200 inputs go into the financial model.
- Sales tax, healthcare, fuel and personnel costs remain top inputs into the financial model.
- Even 1% of change in sales tax can impact the budget significantly.
- Pierce Transit will remain conservative in expectations for sales tax growth.
- Federal grant dollars are provided based on formula funding.
  - As service and ridership decline, the less federal formula funding received.

# Pierce Transit

## Sales Tax Collections Percent Change From Prior Year



# Pierce Transit

The Region is Seeing Growth



**Business  
EXAMINER** | MEDIA  
GROUP

“Pierce County reported \$2.8 billion in taxable retail sales, up 11.0 percent. Within Tacoma’s city limits, a total of \$989 million -- up 6.2 percent -- placed the city as third-highest in the state for taxable retail sales behind only Seattle and Bellevue.”

*Business Examiner July 23, 2013*



“Pierce Transit – like many government entities – had been using conservative forecasts after living through the impacts of this recession.”

*The News Tribune – August 15, 2013*

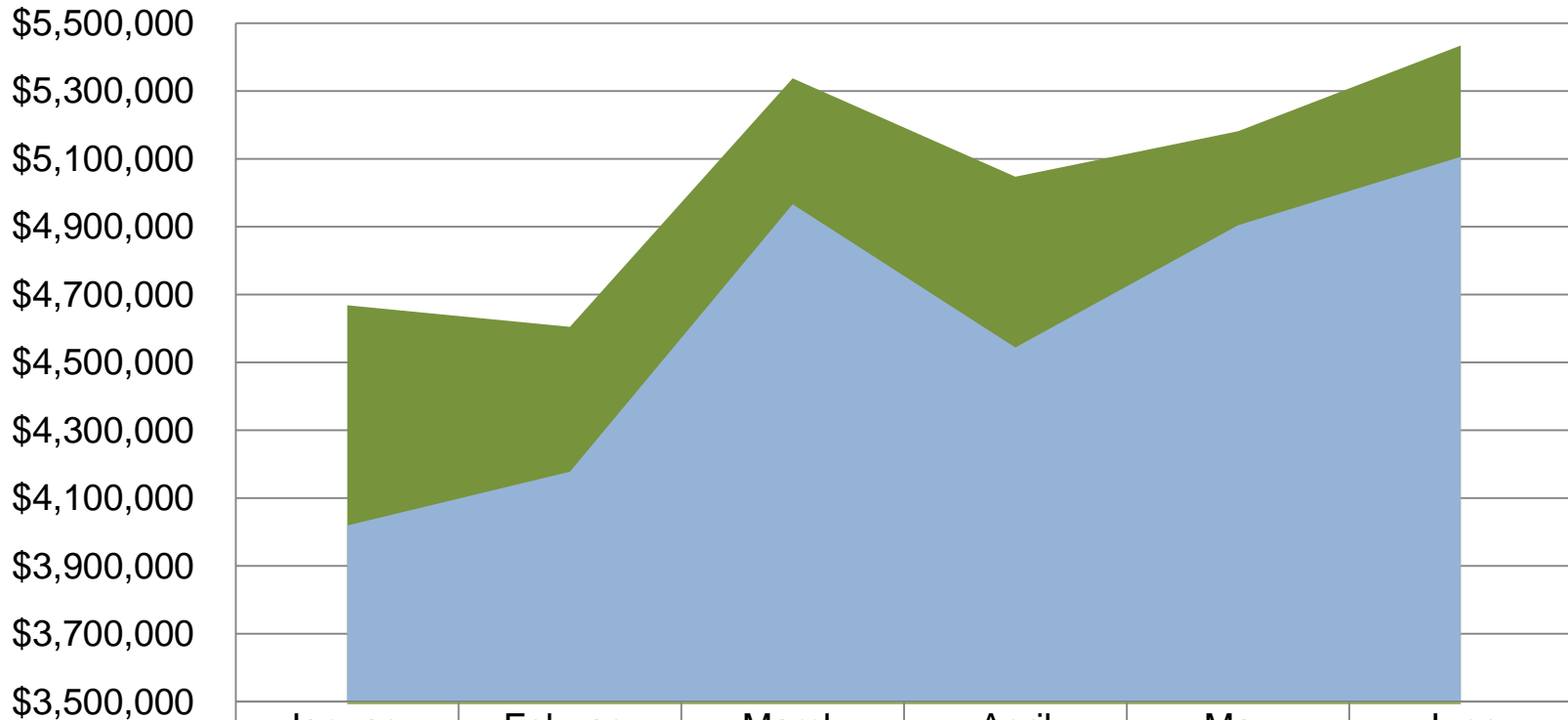
“...But no growth spurt is in sight. One reason might be the lingering psychological effects of the Great Recession. Swenson said local governments continue to be overly cautious in predicting revenue growth. When he tells local forecasters that assuming only 2.5 percent annual growth in tax revenue is too low, “they say, ‘we don’t care,’” Swenson joked”

*The News Tribune – August 15, 2013*



# Pierce Transit

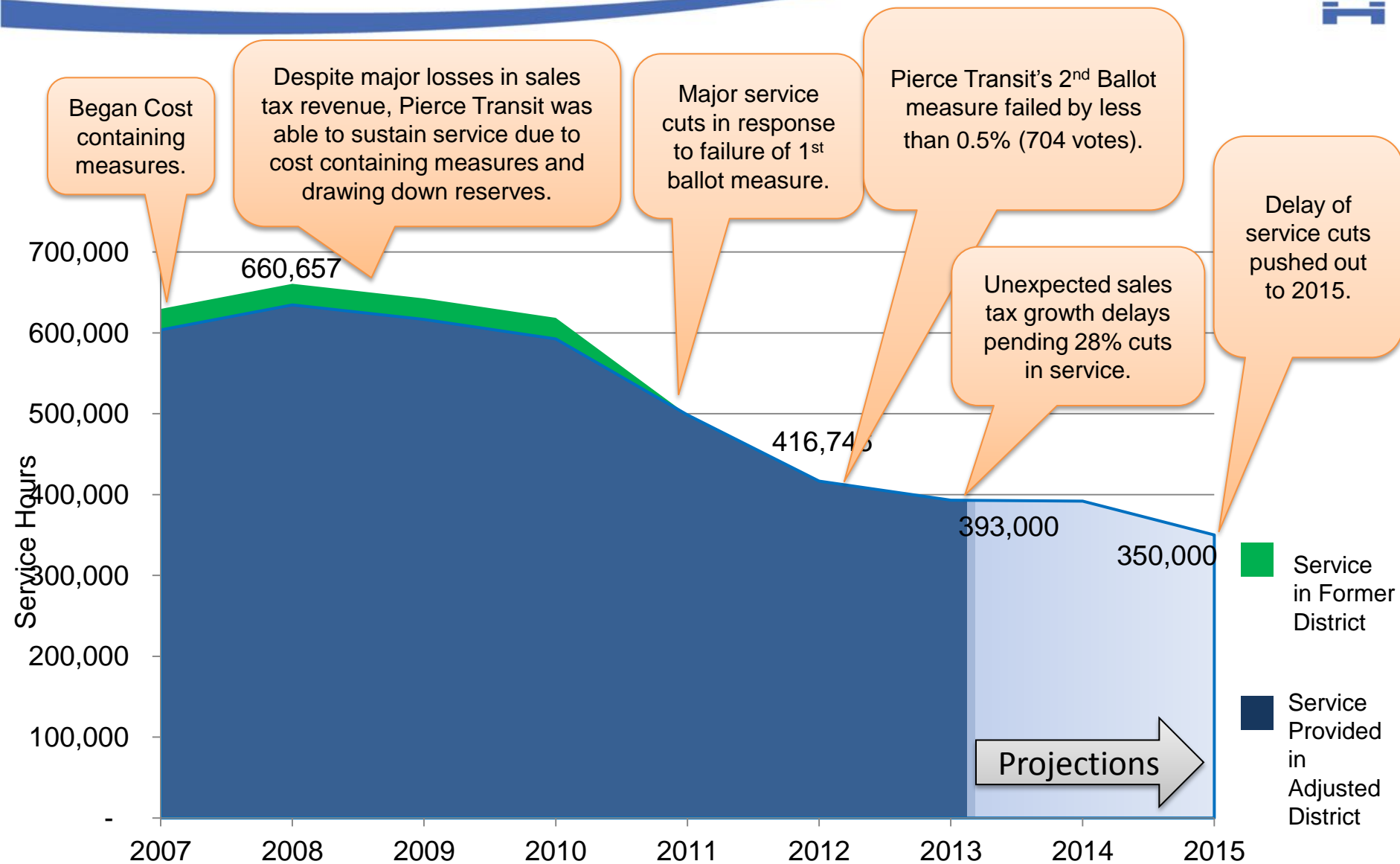
## 2013 Sales Tax Collections



|            | January    | February   | March      | April      | May        | June       |
|------------|------------|------------|------------|------------|------------|------------|
| ■ Actual   | \$4,668,22 | \$4,604,69 | \$5,337,34 | \$5,047,25 | \$5,181,29 | \$5,434,17 |
| ■ Budgeted | \$4,018,90 | \$4,177,54 | \$4,966,00 | \$4,543,77 | \$4,904,23 | \$5,105,95 |
| ■ Change   | \$649,318  | \$427,145  | \$371,334  | \$503,485  | \$277,059  | \$328,217  |

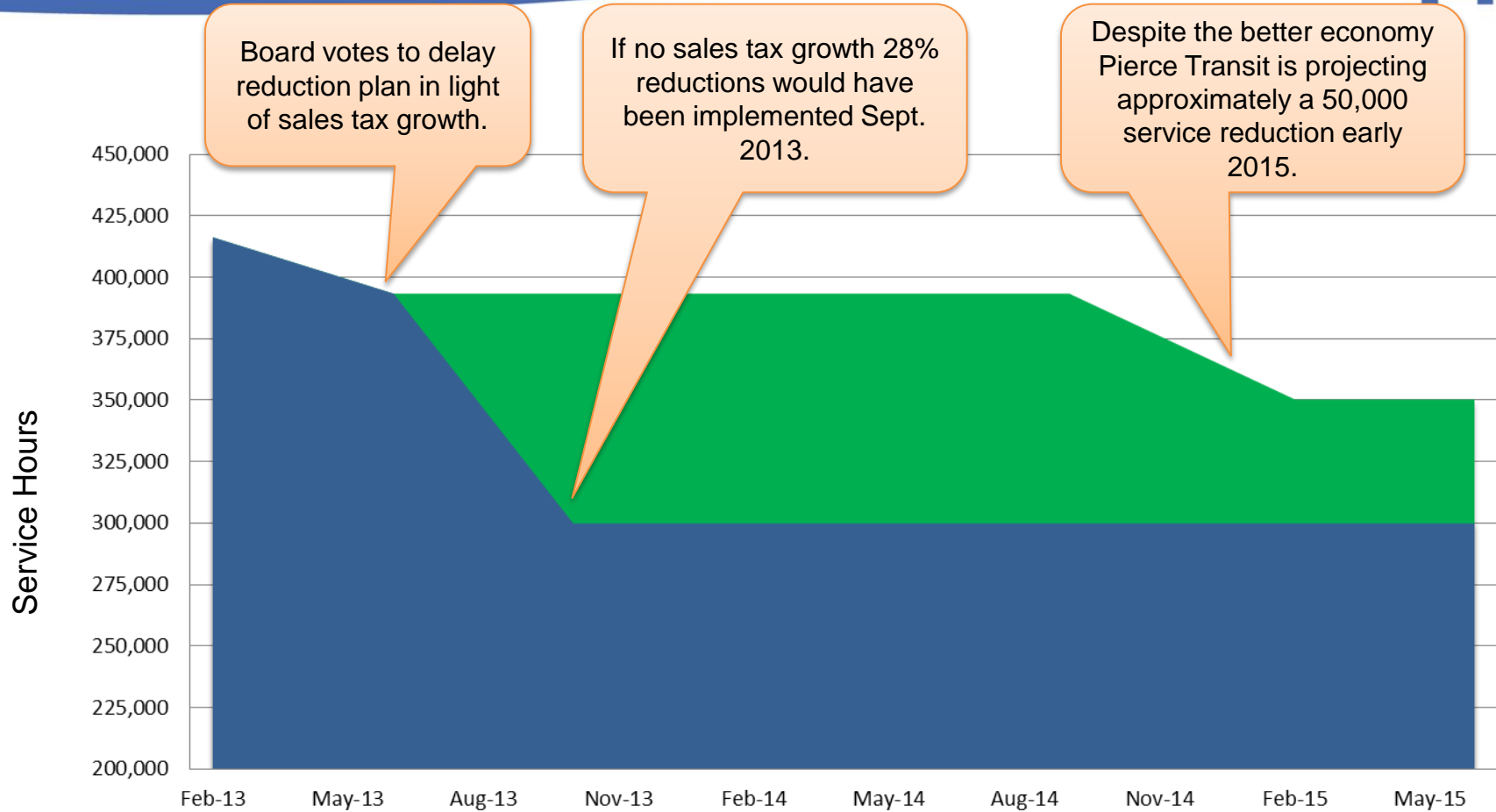
# Pierce Transit

## Service Hours



# Pierce Transit

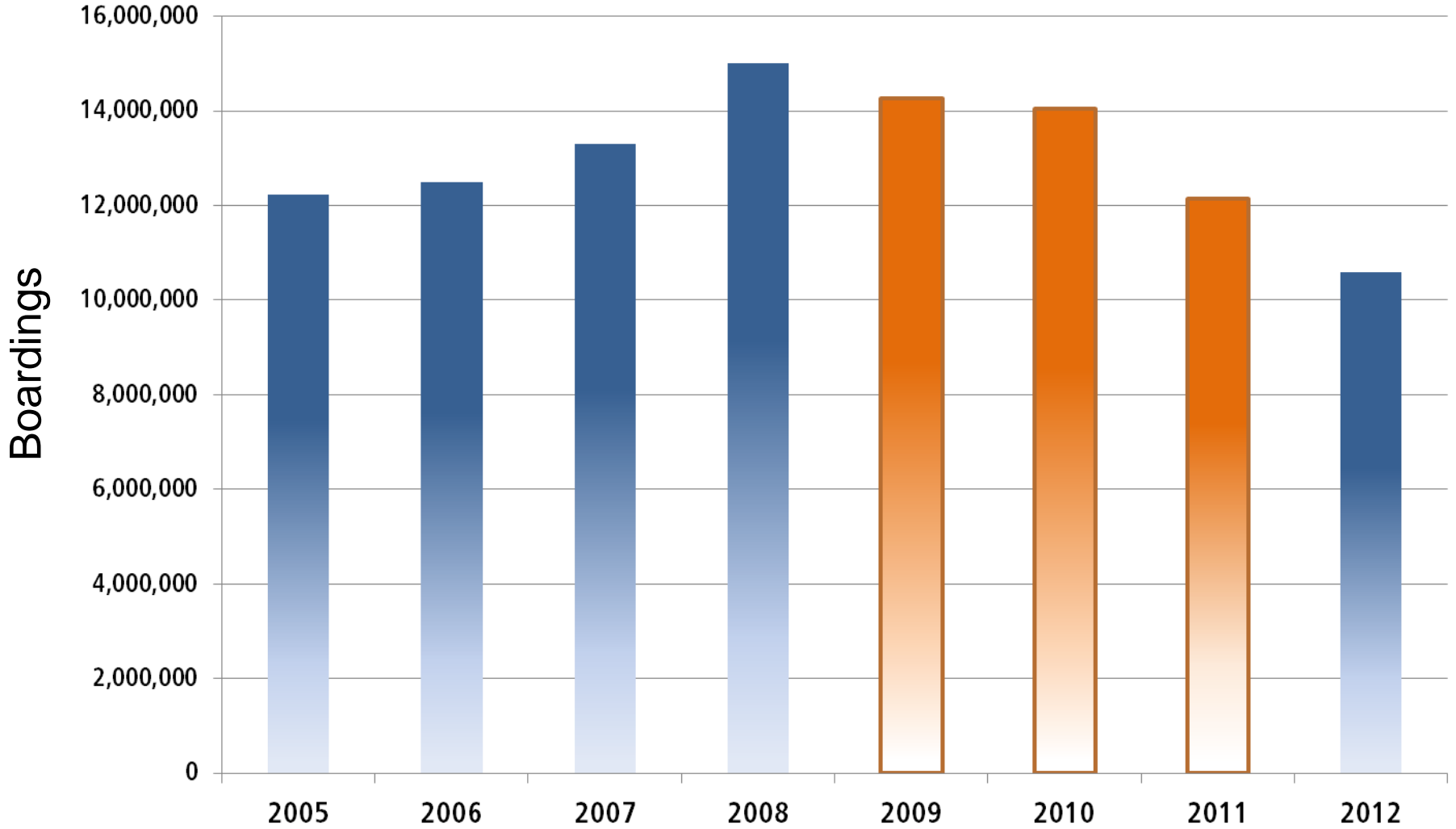
## Delayed Service Reduction Plan



|                          | Feb-13  | Jun-13  | Oct-13  | 1-Feb   | Jun-14  | Sep-14  | Feb-15  | Jun-15  |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| ■ Delayed Reduction Plan | 416,000 | 393,000 | 393,000 | 393,000 | 393,000 | 393,000 | 350,000 | 350,000 |
| ■ Former Reduction Plan  | 416,000 | 393,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |

# Pierce Transit

## Ridership





Service Reductions

# Pierce Transit

A More Productive System



| Year     |  Service Hours |  Passenger Per Service Hours |
|----------|---|---|
| 2007     | 637,935   | 20.48   |
| 2012     | 417,000   | 25.36   |
| 2013 YTD | 393,000   | 25.80   |

# Pierce Transit

## Looking Ahead



- Even with the unexpectedly high sales tax growth – Pierce Transit is projecting approximately 50,000 service hours to be eliminated in 2015.
- Because of the volatility of sales tax – we are remaining relatively cautious and conservative in our six year projections.
- If the economy improves faster than projections we may see the opportunity to cancel the anticipated 2015 delayed service cuts.
- If sales tax remains anemic and does not grow at projected pace, cuts could be deeper than today's anticipation.



# Pierce Transit

## Looking Ahead – Rapid Design Process



Working to find community solutions with new and innovative service design that works better than traditional bus service.

### Solutions Include:

- **Customized Bus:**
  - Provide service for targeted stakeholder group with 80-100% fare box recovery.
- **Small City Circulators**
  - Working on solution for Fife, Milton, Edgewood and Puyallup
- **Special Events**
  - Puyallup Fair, JBLM Airshow, Freedom Fest
- **Gig Harbor Trolley**
  - Over 25,000 boardings in just 9 weeks
  - Financial partnership with local community organizations and the city



# Questions?



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