ST3 Financial Planning Update
Capital & Operating Reserves

• Capital & Operating Reserves:
  
  – Capital Reserve – Mid-life Maintenance & End-of-Life Replacement
    • Annual funding currently calculated as 1.5% of total proposed ST3 Capital Program – (Scaled in over 1st ten years in service)
    • Once the ST3 Capital Program is finalized Capital Reserve funding will be calculated using a detailed model
      » Useful Life
      » Original Cost
      » Estimated % Refurbished
      » Estimated % Replaced
      » Years to Refurb / Replace
  
  – Operating & Maintenance Reserve – Safety net to cover unexpected reduction in revenue or spikes in O&M expense
    • Calculated as Two Months O&M expense
    • Consistent with ST2 Financial Policies
ST3 Financial Planning Update
ST3 Taxing Authority Cost Per Household

- **ST3 Cost** – Estimated Tax Burden Per Typical Household:
  - **Sales & Use 0.5% - $151 / Household** ($423 with Sound Move & ST2)
    - Calculated using the Washington State Alternatives Tax Model – DOR 2014
    - Medium Household Size – King, Pierce & Snohomish Counties from PSRC Estimates
  - **MVET 0.8% - $151 / Household** ($208 with Sound Move & ST2)
    - Average Vehicle Value from consulting economist data
    - Average number of Vehicles per Household from Census data
  - **Property Tax - $0.25 / $1,000 Assessed Value - $90 / Household**
    - Median House by County from Zillow.com
    - Weight Averaged by number of County Households from PSRC data
# ST3 Financial Planning Update

ST Financial Plan – Inflation Indices

## Inflation Indices - Average Rate 2015-2025

<table>
<thead>
<tr>
<th>Index Description</th>
<th>2016 DRAFT</th>
<th>2015 Financial Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base</td>
<td>Contingency</td>
</tr>
<tr>
<td>CPI (O&amp;M/Design/Vehicles)</td>
<td>2.14%</td>
<td>0.25%</td>
</tr>
<tr>
<td>CCI (Construction Costs)</td>
<td>4.01%</td>
<td>0.10%</td>
</tr>
<tr>
<td>ROWI (Right-of-Way)</td>
<td>4.57%</td>
<td>0.15%</td>
</tr>
</tbody>
</table>