Draft 2026 Regional ORCA Operating Budget
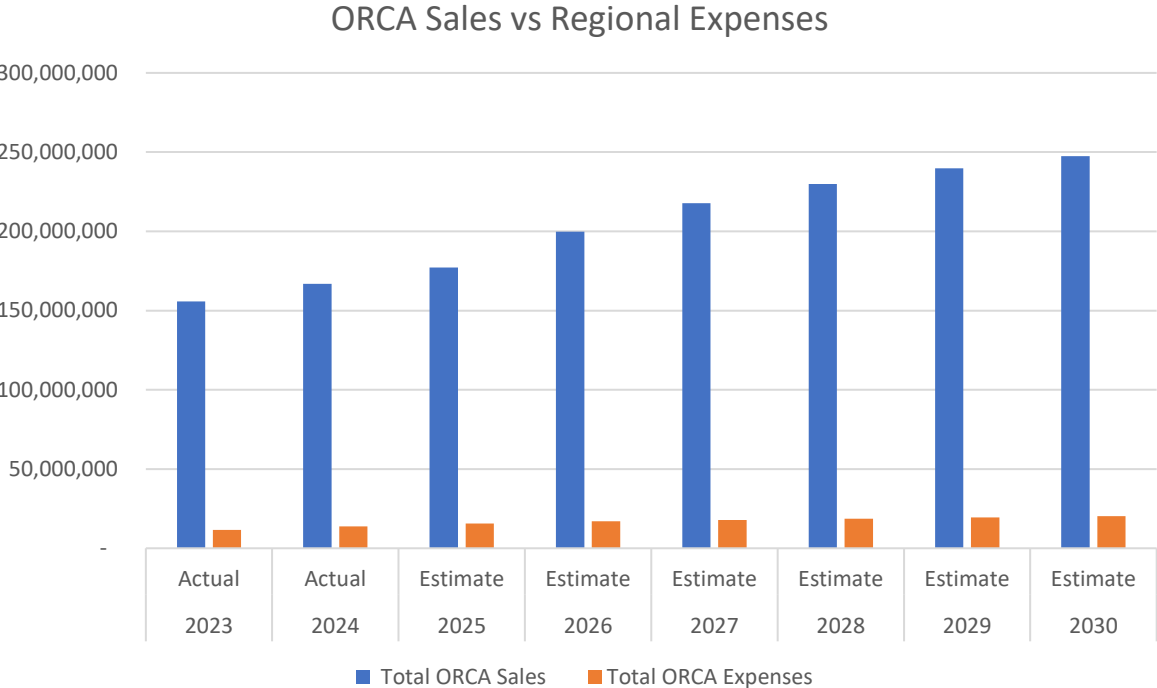
ORCA Joint Board

May 13, 2025

Agenda

- Assumptions

- Summary

- ORCA Budget Detail

  - Regional Services

  - Professional Services

  - Materials and Software

  - Contingency

- Budget Forecast

Cost to collect ORCA fares

ORCA Sales vs Regional Expenses

2026 Cost to Collect Fares = 8.6%

2026 Budget Assumptions

- Continued ridership recovery including 2026 FIFA event

- Full System Integrator operating costs as of 1/1/2025 as all milestones have been met

- New system operating cost estimates still carry some uncertainty surrounding:

  - Operating cost of new features and enhancements

  - Timing of deliveries/completions (e.g. fare media deliveries, new feature/enhancements)

  - Open Payment adoption and impacts to credit card transactions

2026 Budget Summary

	2025 Adopted Budget	2026 Proposed Budget	2026 Proposed Compared to 2025 Adopted	% Change
ORCA Operations Costs	17,071,850	17,142,314	70,464	0.4%
Contingency	853,592	857,116	3,523	0.4%
TOTAL	**$ 17,925,442**	**$ 17,999,430**	**$ 73,987**	**0.4%**

2026 Budget Detail

	2025 Adopted Budget	2026 Proposed Budget	2026 Proposed Compared to 2025 Adopted
ORCA Regional Expenses			
Regional Services			
ROOT Operations	3,927,195	4,188,574	261,380
ST Admin Host	1,365,768	1,413,389	47,621
KCM Admin Card Mgmt	531,364	620,920	89,556
VM O&M	468,459	416,762	(51,697)
Professional Services			
SI O&M	5,071,145	4,940,169	(130,976)
OBI O&M	513,000	260,000	(253,000)
Financial Services	2,828,109	2,964,750	136,641
Other Services	626,607	692,493	65,886
Retail Network	316,076	116,918	(199,158)
Materials and Software			
Fare Media	1,187,893	1,211,618	23,725
Other Materials and Software	236,233	316,720	80,487
ORCA Operations Costs	17,071,850	17,142,314	70,464
Contingency	853,592	857,116	3,523
TOTAL	17,925,442	17,999,430	73,987

What's included in Regional Services

- ROOT Operations
  - Salaries, benefits, and training for operations-focused staff (FinMan, SysOps, BusOps, InfoSec, CX, and Oversight)
- ST Admin Host
  - Administrative services such as Rent, Facilities, Finance, Human Resources, Procurement and Contracts, Legal, and Information Technology
- KCM Admin Card Management
  - Regional Mail Center and Regional Inventory Distribution Center services
- ST Vending Machine O&M
  - Vending machine maintenance services provided to KCM/KT/PT by ST, vandalism mitigation, paper stock, and armored car revenue services

	2025 Adopted Budget	2026 Proposed Budget	2026 Proposed Compared to 2025 Adopted
ORCA Regional Expenses			
Regional Services			
ROOT Operations	3,927,195	4,188,574	261,380
ST Admin Host	1,365,768	1,413,389	47,621
KCM Admin Card Mgmt	531,364	620,920	89,556
VM O&M	468,459	416,762	(51,697)
Total Regional Services	**6,292,786**	**6,639,646**	**346,860**

What's included in Professional Services

- SI O&M
  - System operations and maintenance provided by the Systems Integrator, INIT
- OBI O&M
  - Expenses of operating ORCA Business Intelligence (OBI) and the DARe platform housing all ORCA data
- Financial Services
  - Credit card transaction fees, banking fees, and financial audit fees
- Other Services
  - InfoSec, marketing, legal, and consulting services
- Retail Network
  - Includes commissions and card fees payable to retail network through Ready Credit Corporation

	2025 Adopted Budget	2026 Proposed Budget	2026 Proposed Compared to 2025 Adopted
Professional Services			
SI O&M	5,071,145	4,940,169	(130,976)
OBI O&M	513,000	260,000	(253,000)
Financial Services	2,828,109	2,964,750	136,641
Other Services	626,607	692,493	65,886
Retail Network	316,076	116,918	(199,158)
Total Professional Services	9,354,938	8,974,330	(380,607)

What's included in Materials and Software

- Fare Media

  - Physical fare media including bulk and retailer cards

  - Estimated virtual card fees

- Other Materials and Software

  - SysOps monitoring and admin software

  - Inspection device software

  - Marketing software

  - Electronic agreements software

  - Telephone charges

  - Supplies

	2025 Adopted Budget	2026 Proposed Budget	2026 Proposed Compared to 2025 Adopted
Materials and Software			
Fare Media	1,187,893	1,211,618	23,725
Other Materials and Software	236,233	316,720	80,487
Total Materials and Software	1,424,127	1,528,338	104,211

Contingency

	2025 Adopted Budget	2026 Proposed Budget	2026 Proposed Compared to 2025 Adopted
Contingency	853,592	857,116	3,523

While we still carry many unknowns, the system is reaching three years of steady operation. The current unknowns relate to implementation of new functionality such as Open Payments and the continued recovery of ridership.

Budget Forecast Assumptions

- Continued gradual ridership recovery

- Contracted SI costs escalate by an average of 2% each year after full costs are incurred

    - Other operating contracts have similar escalation clauses

- Operating costs will increase as we add new features and capabilities

Thank you.

orca

Friendly. Practical. Trustworthy.