

Long-Range Financial Plan Projections 2019 Update & Proposed 2020 Budget

Board of Directors | 10/24/2019



Long-range financial plan and budget

Long-range Financial Plan Projections 2017 - 2041

- 25-year plan including Sound Move, ST2, and ST3 sources and uses

Transit Improvement Plan to 2025

- Board-approved life-to-date and future costs for active projects

Budget 2020

- Annual revenue & financing sources and appropriations for all expenditures

***Long-range financial plan
projections 2017 - 2041***

Key takeaways – long-range financial plan projections

1. Higher capital cost forecast partially offset by stronger tax revenue forecast; remainder funded with additional debt
2. Updated operating budget process slows spending growth
3. Available debt capacity remains largely unchanged from 2018; capacity more constrained during peak period of ST3 delivery

Financial plan projections change from 2018 2017-2041 (YOE\$)



Change in sources

- Higher tax revenue forecast \$1.0B
- Additional borrowing \$0.7B

Change in uses

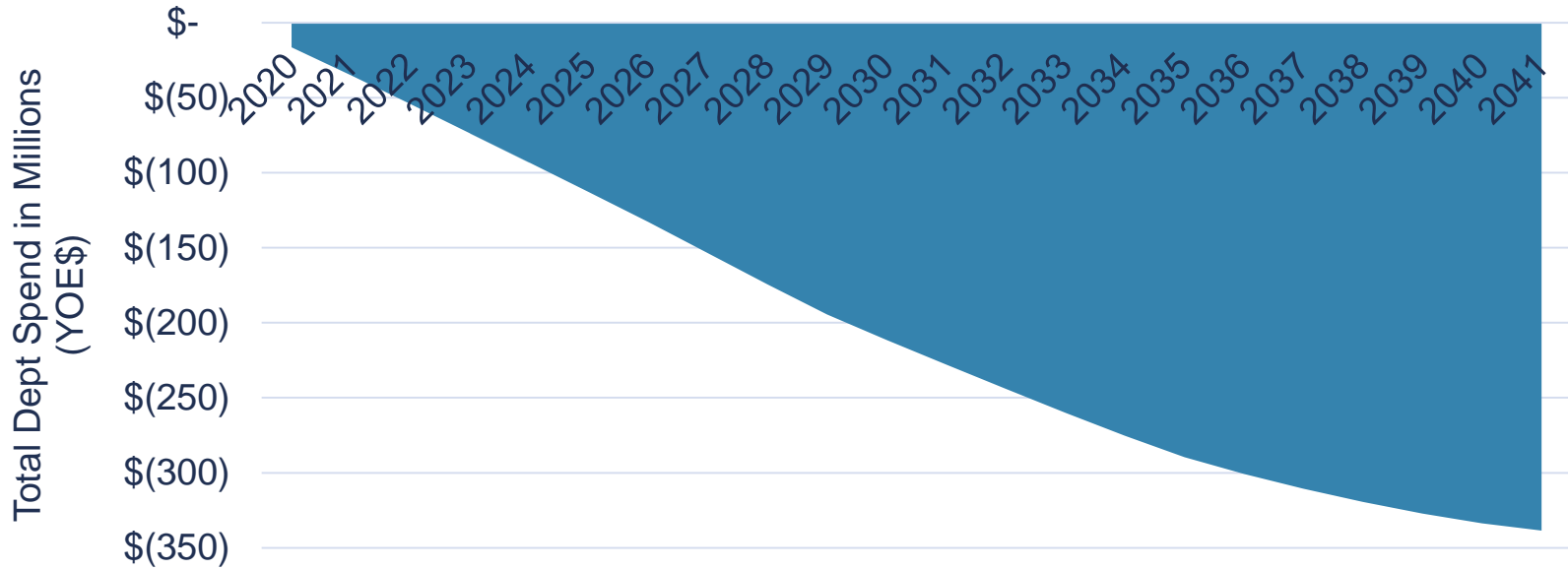
- Higher projected project costs \$1.2B
- Increased debt service \$0.3B
- Other \$0.2B

Operating projections down slightly from 2018 projections (2017-2041)

Total decrease: *-\$87M (-0.3%)*

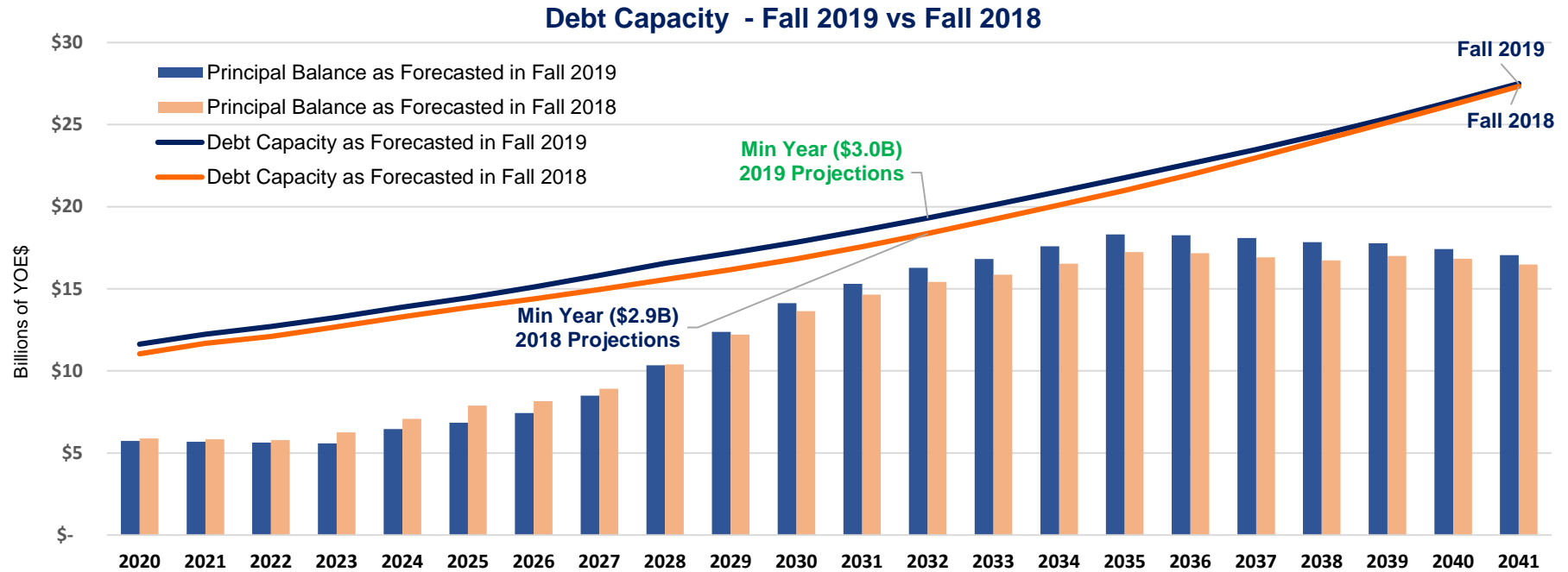
- Decrease primarily due to implementing tight, affordability based operating targets: *-\$325M*
- Lower projected Consumer Price Index (CPI): *-\$223M*
- Downtown Seattle Transit Tunnel (DSTT) and vertical conveyance maintenance cost increase: *+\$256M*
- Projected increase in security spending: *+\$205M*

Effects of updating operating budget process: \$325M projected budget reduction through 2041



Projected capacity similar to 2018 forecast

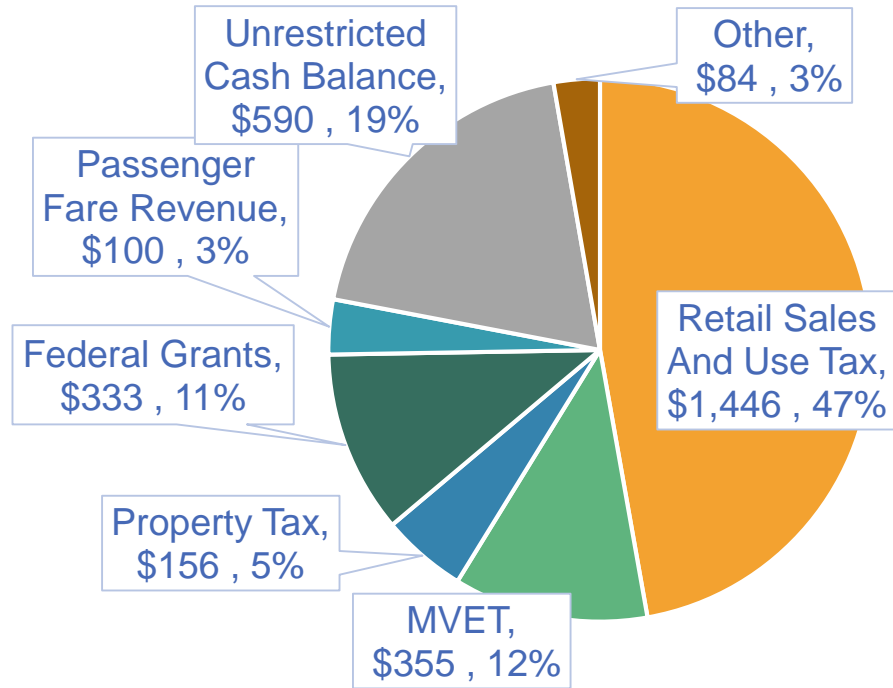
Slight increase on assessed value (AV) growth offset by increased borrowing



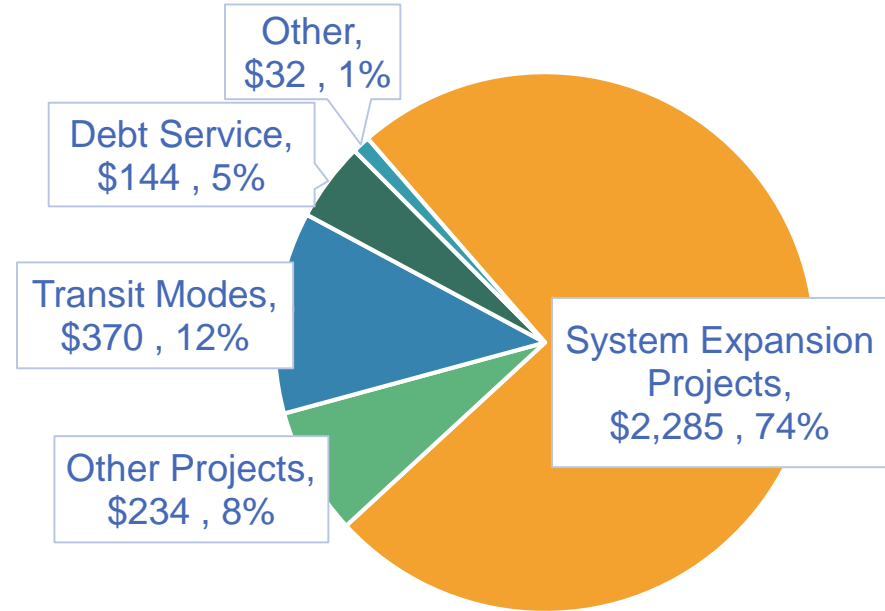
Proposed 2020 budget

2020 sources and uses of funds: \$3.1B

Sources of Funds (in \$M)



Uses of Funds (in \$M)



2020 revenues and funding sources: \$2.5B

| <i>In \$Million</i> | 2019 Forecast | 2020 Proposed | % Change |
|---------------------|------------------|------------------|---------------|
| Sales tax | 1,392 | 1,446 | 4% |
| MVET | 340 | 355 | 4% |
| Federal grants | 318 | 333 | 5% |
| Property tax | 149 | 156 | 4% |
| Fares | 98 | 100 | 3% |
| Other | 182 | 84 | (54)% |
| Total | \$2,480M | \$2,474M | (0.2)% |

- Tax revenues up 4% due to strong local economy
- Sales and use tax = 58% of all funding sources
- Fares up due to Link ridership
- No borrowing planned for 2020

*Numbers may not add correctly due to rounding.

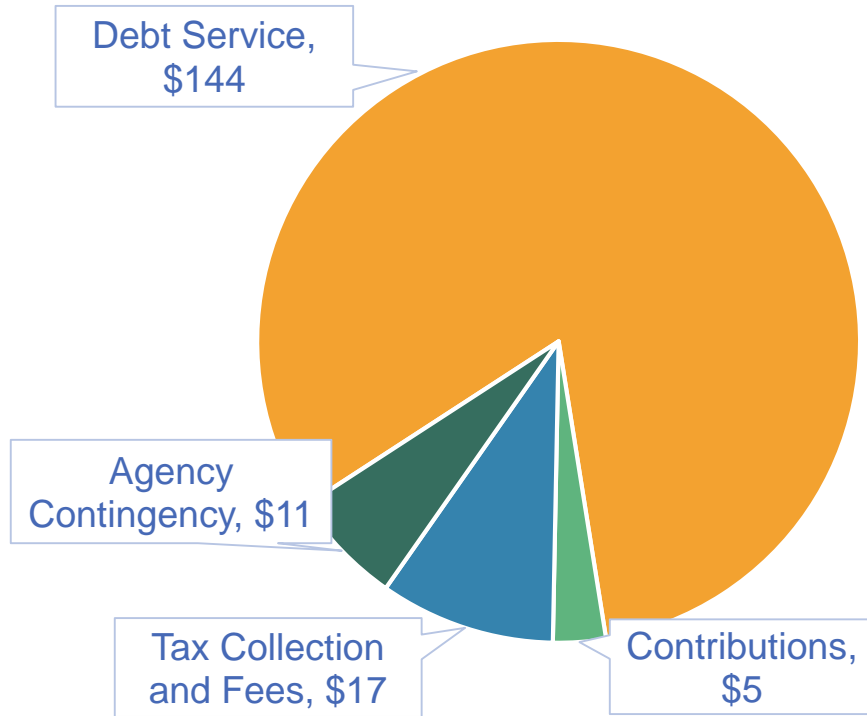
2020 transit operations: \$370M

| <i>In \$Million</i> | 2019 Forecast | 2020 Proposed | % Change |
|---------------------|------------------|------------------|-------------|
| Link | 138 | 148 | 7% |
| ST Express | 144 | 151 | 4% |
| Sounder | 56 | 66 | 16% |
| Tacoma Link | 5 | 6 | 9% |
| Total | \$345M | \$370M | 7% |

- Transit Operations budget up 7% over 2019 forecast
- Purchased Transportation up 4.9% or \$9.4M
- Personnel and admin. up \$7.2M
- Insurance up \$3.5M
- Safety and security up \$2.6M
- Elevator and escalator maintenance up \$1.9M

*Numbers may not add correctly due to rounding.

2020 debt service and other: \$177M



- Debt service includes principal payments on bonds, interest, and fees
- Tax collection fees to DOR/DOL and sales tax off-set fees
- Agency contingency for unforeseeable expenses

*Numbers may not add correctly due to rounding.

2020 projects \$2.5B with non-system expansion \$232M

| In \$Million | 2019 Forecast | 2020 Proposed |
|----------------------|-----------------|-----------------|
| System Expansion | 1,987 | 2,285 |
| Enhancements | 24 | 38 |
| State of Good Repair | 17 | 76 |
| Administrative | 106 | 127 |
| Less: Modal Expenses | (4) | (9) |
| Total | \$2,129M | \$2,517M |

Non-system expansion \$232M

- DSTT Improvements
- ST Express buses
- Passenger info management system
- OMF Renovations
- Vertical Conveyance Modernization
- Info Tech Program

*Numbers may not add correctly due to rounding.

System expansion in all corridors \$2.3B

| <i>In \$Million</i> | 2019 Forecast | 2020 Proposed |
|-----------------------------------|------------------|------------------|
| Link | 1,836 | 2,063 |
| Sounder | 27 | 57 |
| Regional Express | 11 | 43 |
| Stride | 97 | 93 |
| Other | 16 | 29 |
| Total System Expansion | \$1,987M | \$2,285M |

Link

- Substantially complete 2020
- Design and construction
- Early stage and new projects

Sounder

- Access projects
- Sounder Maintenance Base

Regional Express & Stride

- Bus system expansion
- Bus Rapid Transit
- Bus Base North

*Numbers may not add correctly due to rounding.

Budget timeline

Timeline

October

- **10/3** – Ridership Experience and Operations Committee – Budget Presentation
- **10/10** – System Expansion Committee – Budget Presentation
- **10/24** – Finance and Audit Committee – Budget Presentation
- **10/24** – Board – Budget Presentation
- **10/31** – Citizen Oversight Panel – Budget presentation

November

- **11/14** – Public Hearing – Budget and property taxes

Timeline continued

December

- **12/5** – Rider Experience and Operations Committee – Final budget recommendation
- **12/12** – Executive Committee – Overview of budget and final budget recommendation
- **12/12** – System Expansion Committee – Final budget recommendation
- **12/19** – Finance and Audit Committee – Final budget recommendation
- **12/19** – Board Meeting – 2020 Budget and Transit Improvement Plan approval

Thank you.



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