



Resolution No. R2021-21

Adopting the Proposed 2022 Budget and 2022 Transit Improvement Plan

Meeting:	Date:	Type of action:	Staff contact:
Finance and Audit Committee Board	12/16/2021 12/16/2021	Recommend to Board Final action	Mary Cummings, Chief Financial Officer Ryan Fisher, Executive Deputy Director of FP&A and Budget

Proposed action

Adopts an annual budget for the period from January 1 through December 31, 2022 and adopts the 2022 Transit Improvement Plan (TIP).

Key features summary

- The Proposed 2022 Budget (including the revision in Attachment B) requests funding authorization of \$3.0 billion. This request is comprised of:
 - \$444.3 million for Transit Operating;
 - \$2.4 billion for Projects; and
 - \$220.1 million for Other (including debt service).
- The Proposed 2022 TIP totals \$22.2 billion in authorized project allocations.
- The Proposed 2022 Budget will be funded by an estimated \$3.4 billion in revenues and other financing sources and an estimated \$386.9 million in surplus cash will be added to the agency's unrestricted cash balance.
- The Proposed 2022 Budget and Proposed 2022 TIP, with the revision, are fully affordable within the agency's current financial projections.

Background

The Sound Transit Board adopts the Sound Transit annual budget, which contains the agency's budget for revenue and financing, administrative expenses, transit operating expenses, projects, and debt service. The Sound Transit Board adopts the TIP, a cumulative total of authorized project allocations for all active projects. Sound Transit's annual budget and TIP are organized by three primary program areas: Transit Operating, Projects, and Other.

The resolution approves the following revenues and expenditures for 2022:

Revenues – \$3.4 billion of estimated revenues and other financing sources includes:

- \$1,685.4 million from Retail Sales and Use Tax
- \$404.4 million from Motor Vehicle Excise
- \$3.0 million from Rental Car Taxes
- \$165.0 million from Property Tax
- \$497.7 million from federal grants
- \$1.1 million from local and state contributions
- \$36.5 million from passenger fare revenues
- \$13.0 million in investment income

- \$17.3 million in miscellaneous revenues
- \$615.0 million in TIFIA loan proceeds

Transit Operating Budget – \$444.3 million includes:

- \$150.7 million for ST Express
- \$201.4 million for Link Light Rail
- \$81.1 million for Sounder Commuter Rail
- \$11.1 million for Tacoma Link

Project Budgets – \$2.4 billion for the delivery of projects:

- System Expansion Projects – \$2.1 billion which includes:
 - \$1,767.1 million for Link (\$1,760.3 million Proposed 2022 Budget plus \$6.8 million budget revision shown in Attachment B)
 - \$36.5 million for Tacoma Link
 - \$55.9 million for Sounder
 - \$24.0 million for Regional Express
 - \$211.5 million for Stride
 - \$47.2 million for Other
- Non-System Expansion Projects – \$250.1 million which includes:
 - \$48.0 million for Enhancement Projects
 - \$70.3 million for State of Good Repair Projects
 - \$131.8 million for Administrative Projects
- \$(20.7) million in non-system expansion expense projects charged to Transit Operating.

Other Budget – \$220.1 million includes:

- \$156.7 million for Debt Service
- \$28.7 million for Tax Collection & Fees
- \$12.5 million for Operating Contingency
- \$17.3 million for Leases
- \$5.0 million for Contributions to Other Governments

Reserves – The resolution also provides for the agency to reserve funds for the following purposes:

- Operations & Maintenance Reserve: balance is projected to be \$93.2 million at the end of 2021. A contribution of \$12.9 million is budgeted for 2022.
- Emergency/Loss Reserve: balance is projected to be \$41.6 million at the end of 2021. A contribution of \$5.5 million is budgeted for 2022.
- Regional Affordable Housing Revolving Loan Fund: balance is projected to be \$12.1 million at the end of 2021. A contribution of \$4.0 million is budgeted for 2022.
- Capital Replacement Reserve: balance is projected to be \$362.5 million at the end of 2021. No contribution is required/budgeted for 2022.

The resolution also authorizes:

- The revision recommended by the System Expansion Committee, and those adopted by the Board as part of this action, shown in Attachment B.
- Changes to the authorized project allocation for existing projects as well as establishment of new projects, and closure of completed projects with an authorized project allocation net increase of \$766.6 million, shown in Attachment C.

- Affirms the Board Administrator's authority to file any administrative forms necessary for the collection of Sound Transit's property tax, as authorized by Resolution No. R2019-30. Any property tax estimates required for property tax collection may not exceed the previous year's collections plus additional revenue arising from new assessments for new construction, property improvements, value increases due to the construction of new renewable electric facilities, and new state property assessments, unless expressly authorized by the Board.

Fiscal information

The Proposed 2022 Budget and Proposed 2022 TIP are fully affordable within the agency's current financial projections.

With the revision in Attachment B, which increases the 2022 funding authorization request by \$6,830,000, the 2022 funding authorization request totals \$3,035,990,337 in total expenses and outlays.

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

The Sound Transit Board reviewed the Proposed 2022 Budget and Proposed 2022 Transit Improvement Plan at public meetings that took place in October and November 2021 and reviewed revisions to both in December. On November 4, 2021, a public hearing was held in order to provide an opportunity for testimony from interested members of the public.

Time constraints

A one-month delay would postpone adoption of the Proposed 2022 Budget and Proposed 2022 Transit Improvement Plan into the 2022 fiscal year and the agency would have no spending authority beginning January 1, 2022. Budget adoption is required prior to the commencement of the fiscal year to provide authorization to expend funds.

Prior Board/Committee actions

Resolution No. R2020-24: Adopted a Budget Policy and superseding Resolution No. R2018-23.

Resolution No. R2018-44: Adopted a grant benefit allocation policy for subarea reporting purposes, granting the agency the flexibility to allocate certain federal grant reimbursements as deemed to be in the best interest of system instead of allocating the reimbursements directly to recipient subareas.

Resolution No. R2016-16: Adopted the Sound Transit 3 Regional Transit System Plan.

Resolution No. R72-1: Superseded Resolution 72 and amended the financial policies to include a strategic property acquisition program as an enumerated purpose of the Regional Fund.

Environmental review – KH 12/10/21

Legal review – MT 12/10/21



Resolution No. R2021-21

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority adopting an annual budget for the period from January 1 through December 31, 2022, and adopting the 2022 Transit Improvement Plan.

WHEREAS, the Central Puget Sound Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit District on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the central Puget Sound region; and

WHEREAS, Sound Transit is successfully building and operating the first, second and third phases of the regional transit system plan that were approved by voters in 1996, 2008 and 2016; and

WHEREAS, Sound Transit is meeting a high standard of public accountability through effective monthly progress reports and quarterly financial reporting; and

WHEREAS, the Sound Transit Board adopted financial policies to govern the financing and implementation of the regional transit system and to specify budgetary guidelines for providing subarea equity in accomplishing the same; and

WHEREAS, permitting the designation of reimbursements from Federal Transit Administration's (FTA) Capital Investment Grant program and FTA Formula funding grants not necessary to complete a subarea's projects as system-wide grant funds available to complete the voter-approved system plans is consistent with the financial policies adopted as part of the voter-approved plans and could (1) allow the Board to roll back taxes at the earliest possible date, and (2) permit all projects, including rail segments connecting the subareas, to be completed on schedule based on current financial projections. To the extent the funds legally available to a subarea are sufficient to complete the subarea projects as scheduled, reimbursements from those FTA grants not necessary to meet the subarea's project's baseline cost budget as set by the Board, can be designated a system-wide grant fund so long as the designation does not violate the grant requirements; and

WHEREAS, the chief executive officer submitted a Proposed 2022 Budget and Proposed 2022 Transit Improvement Plan (TIP) for Board consideration; and

WHEREAS, the Proposed 2022 Budget and Proposed 2022 TIP are consistent with and affordable under Sound Transit Financial Policies as adopted by Resolution No. R2016-16 and comply with the Budget Policies as adopted by Resolution No. R2020-24; and

WHEREAS, in 2018 the Sound Transit Board designated the Rider Experience and Operations Committee, Executive Committee, System Expansion Committee, and the Finance and Audit Committee as permanent committees with specific responsibilities, including reviewing proposed annual budgets, and authorized project allocations to date included in the TIP and providing recommendations to the Board; and

WHEREAS a public hearing was held on November 4, 2021, to take public testimony on the Proposed 2022 Budget, TIP, and Property Tax Levy; and

WHEREAS, at its December 2, 2021, meeting, the Rider Experience and Operations Committee approved Motion No. M2021-71 recommending the Proposed 2022 Budget and TIP for Enhancement projects, State of Good Repair projects, and Administrative projects (annual and authorized project allocations) and the Proposed 2022 Transit Operating Budget to the Finance and Audit Committee; and

WHEREAS, at its December 9, 2021, meeting, the Executive Committee approved Motion No. M2021-75 recommending the Proposed 2022 Budget and TIP for System Expansion – Other projects (annual and authorized project allocations) and Debt Service and Other to the Finance and Audit Committee; and

WHEREAS, at its December 9, 2021, meeting, the System Expansion Committee approved Motion No. M2021-77 recommending the Proposed 2022 Budget and TIP for System Expansion projects, excluding System Expansion – Other projects (annual and authorized project allocations) including a revision to the Finance and Audit Committee; and

WHEREAS, a two-thirds affirmative vote of the entire membership of the Sound Transit Board is required to adopt the Proposed 2022 Budget and Proposed 2022 TIP.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that:

Section 1a – Revenues and Other Financing Sources. The Proposed 2022 Budget projects the collection of \$3,438,412,943 in total revenues and financing sources including \$1,685,429,000 for Sales and Use Tax, \$404,425,000 for Motor Vehicle Excise Tax, \$3,049,000 for Rental Car Tax, \$165,000,000 for Property Tax, \$497,737,226 for federal grants, \$1,103,000 for local and state contributions, \$36,455,790 for passenger fare revenues, \$12,963,277 for investment income, \$17,250,651 for miscellaneous revenues, and \$615,000,000 in TIFIA loan proceeds.

Section 1b – Transit Operating Budget. Sound Transit is authorized to incur \$444,304,103 in transit operating expenses to operate and maintain ST Express bus, Link light rail, Sounder commuter rail, and Tacoma Link light rail.

Under Transit Operating Budget, the chief executive officer is authorized to incur \$5,987,817 for Sound Transit's share of the regionally shared operation and maintenance costs under the ORCA interlocal agreement.

Section 1c – Project Budget. Sound Transit is authorized to incur a total of \$2,392,266,959 for project outlays, comprised of budgets for the following project types: System Expansion projects \$2,142,212,936 (\$2,135,382,936 Proposed 2022 Budget plus \$6,830,000 budget revision); Enhancement projects \$47,951,047; State of Good Repair projects \$70,293,931; Administrative projects \$131,809,045; and/or such amounts as are contained in revisions to the Proposed 2022 Budget as adopted by the Board. \$(20,711,633) in non-system expansion expense project costs will be charged to transit operating.

Section 1d – Debt Service. Sound Transit is authorized to incur \$156,679,797 for debt service which includes principal repayments, fixed and variable rate interest and fees on outstanding bonds and loans.

Section 1e – Contributions to Other Governments. Sound Transit is authorized to incur \$5,000,000 in contributions to other governments for the operating and maintenance expenses of First Hill Street car based on an agreement with the City of Seattle.

Section 1f – Tax Collection and Fees. Sound Transit is authorized to incur \$28,659,615 in tax collection and fees.

Section 1g – Leases. Sound Transit is authorized to incur \$17,291,496 in operating leases.

Section 1h – Operating Contingency. Sound Transit is authorized to incur \$12,500,000 in operating expense contingency. Operating expenses include

Section 1i – Reserves. Sound Transit is authorized to place in reserve the following amounts: \$5,500,000 for Emergency/Loss and \$12,877,603 for Operations and Maintenance, and \$4,000,000 for Regional Affordable Housing Revolving Loan Fund.

Section 2. The Proposed 2022 TIP includes changes in authorized project allocations in the amount of \$766,647,536: \$674,726,224 net increase for existing projects and \$182,723,310 increase for new projects and \$(90,801,997) decrease for closed projects. The specific projects impacted are referenced in Attachment C – Changes to Authorized Project Allocations. These changes, together with the revision to the Proposed 2022 TIP in Attachment B, equal a new authorized project allocations of \$22,235,304,303.

Section 3. The budget for the period January 1, 2022 to December 31, 2022 as set forth in Attachment A (2022 Financial Plan and Proposed Budget), and the approved revision to the Proposed 2022 Budget and Proposed 2022 TIP in Attachment B, and the changes authorized by the Board's Budget Policy including technical and conforming changes and shifts to annual project budgets between the prior year and upcoming fiscal years, together constitute the Adopted 2022 Budget and Adopted 2022 TIP as adopted by this Resolution.

Section 4. The Adopted 2022 Budget and Adopted 2022 TIP are not an exclusive authorization of expenses or capital outlays, except as specified in Section 1b – ORCA and Section 1d – Debt Service. Authorization of expenditures must comply with Sound Transit's Procurement, Agreements and Delegated Authority Policy, Resolution No. R2018-40.

Section 5. The Board affirms the continuing delegation to the Board Administrator made in Resolution No. R2019-30 to execute and file any collection estimate legally required to collect Sound Transit's property tax.

Section 6. The Board further authorizes the chief executive officer to take any actions necessary to implement the policies and determinations of the Board pursuant to this Resolution.

ADOPTED by a two-thirds affirmative vote of the entire membership of the Sound Transit Board at a regular meeting thereof held on _____.

ATTEST:

Kent Keel
Board Chair

Kathryn Flores
Board Administrator



Resolution No. R2021-21

Attachment A – Proposed 2022 Budget and Transit Improvement Plan

Link to Proposed 2022 Budget on Soundtransit.org:

[Proposed 2022 Budget and Transit Improvement Plan](#)



Resolution No. R2021-21

Attachment B – Approved Revision to the Proposed 2022 Budget and Transit Improvement Plan

Approved by the System Expansion Committee on December 9, 2021

S-1 #400115 NE 130th Infill Station – Increase Annual Project Budget to Accommodate Additional Construction Costs

Annual Project Budget Revision: \$6,830,000

Authorized Project Allocation Revision: \$0

Project Type: System Expansion - Link

Funding Source: Long-range Financial Plan

Description: Increase construction phase to fund advancement of the construction phase for procurement of structural steel and concrete pre-cast girders and system general contractor/construction management..

Justification: The NE 130th Street Infill Station is located along the Lynnwood Link Extension (LLE) alignment, in the City of Seattle north of the Northgate Station and south of the Shoreline South/148th Station in Shoreline. The infill station is an ST3 project with an originally scheduled start date of 2024 and a planned opening of 2031. On August 5, 2021, as part of the Board's actions with realignment, the opening date of this station was rescheduled to 2025. This increase in annual spending allows for the amendment of existing contracts as described above to complete schedule critical procurements to maintain revised delivery date.

Project Phase	2022 Annual Project Budget			Authorized Project Allocation*		
	Proposed Annual Budget	Proposed Revision	Revised Proposed Budget	Proposed Project Allocation	Proposed Revision	Revised Proposed Allocation
Agency Administration	\$1,245	\$	\$1,245	\$3,583	\$	\$3,583
Preliminary Engineering	20		20	2,721		2,721
Final Design	1,844		1,844	10,793		10,793
Third Party Agreements	357		357	950		950
Right of Way	220		220	242		242
Construction	2,394	6,830	9,224	16,038		16,038
Construction Services	551		551	2,090		2,090
Total	\$6,630	\$6,830	\$13,460	\$36,417	\$	\$36,417

*Authorized Project Allocation per Board Resolution No. R2021-17 approved by the Board on October 28, 2021.



Resolution No. R2021-21

Attachment C – Changes to Authorized Project Allocations in Transit Improvement Plan

Adoption of the Proposed 2022 Transit Improvement Plan will approve the changes to the authorized project allocation for the following projects, including any revisions approved by any of the recommending Committees.

PROPOSED 2022 TIP CHANGES TO AUTHORIZED PROJECT ALLOCATION

(in thousands)		Project Allocation 2021	Changes to Project Allocation	Project Allocation 2022
Existing Projects with Changes				
0X002	Agency Administrative Operating	1,408,454	132,102	1,540,556
300011	Positive Train Control	47,350	(4,216)	43,134
300019	Lakewood Station Improvements	1,960	3,897	5,857
300021	Tacoma Trestle Track and Signal	135,192	(5,000)	130,192
300040	Auburn Station Access Improvements	12,592	2,322	14,914
300056	Sounder South Capacity Expansion	17,372	3,719	21,091
300057	South Tacoma Access Improvements	1,534	3,907	5,441
400033	Link At-Grade	4,906	(1,500)	3,406
400052	Everett Link Extension	185,042	2,900	187,942
400053	Tacoma Dome Link Extension	125,673	700	126,373
400086	West Seattle Ballard Link	285,896	850	286,746
400113	North Corridor MOW	22,857	1,765	24,622
400122	Escalator Modernization Program	45,227	(41,823)	3,404
4X420	S. 200th Link Extension	339,641	(9,066)	330,575
5X387	I-90 2-Way Transit and HOV Lanes Stage 3	207,648	2,371	210,020
500050	I-405 Bus Rapid Transit	268,340	435,590	703,930
500051	SR 522 NE 145th ST Bus Rapid Transit	148,570	60,558	209,128
500070	Bus Rapid Transit Maintenance Base	48,676	15,335	64,011
600016	Fare Administration	5,941	9,017	14,959
600143	Environmental Remediation	1,000	2,500	3,500
600146	Design & Engineering Standards Update	1,600	1,500	3,100
700655	Kinkisharyo LRV Systems Upgrade	17,800	8,888	26,688
700728	Link Station Tile Replacement	3,230	835	4,065
700766	OPS Enhancement Portfolio	1,114	0	1,114
700767	Administrative Pool Vehicles	1,006	555	1,561
700770	Sounder Vehicle Overhaul Program	46,209	27,500	73,709
700817	OMF Shop Crane Modification	523	477	1,000
700824	Admin Facilities	6,123	350	6,473
700825	Vertical Conveyance Program	9,690	13,100	22,790
7X356	Tacoma Dome Station	3,553	644	4,197
800509	Engineering Services Program	2,792	5,853	8,645
802000	Administrative Capital	47,588	(905)	46,683

(in thousands)		Project Allocation 2021	Changes to Project Allocation	Project Allocation 2022
New Projects				
300136	Tacoma Dome Parking and Access Improvements	-	548	548
400089	Bellevue Rider Service Center	-	425	425
600002	PXO OPEX SOGR Program	-	100	100
600004	Safety OPEX SOGR Program	-	75	75
600078	Pine Street Stub Security Improvements	-	300	300
700003	OPS OPEX SOGR Program	-	4,218	4,218
700826	Sounder Witronix Hardware Upgrade	-	1,838	1,838
700841	Link OMF FACP System Replacement	-	500	500
700844	Central Link Fiber Upgrade	-	25,227	25,227
700827	DSTT Access Impact Mitigation	-	7,325	7,325
700828	BHS Emergency Fan Redundancy	-	375	375
700829	LRV Friction Brake By-Pass	-	600	600
700843	Link Radio DAS SCADA Update	-	94	94
700845	TLink On-board PIMS Upgrade	-	750	750
700846	CLink Tie Switch Install	-	1,529	1,529
700847	BHS Electrical Maint-UPS System	-	280	280
700848	Forest Street Yard Storage	-	339	339
700849	Pierce Transit CAD AVL Replacement	-	3,777	3,777
700850	MT Lake Terrace Pedestrian Bridge	-	952	952
700851	Eastmont South Lot Curb Repair	-	1,204	1,204
700852	Everett Station Pedestrian Bridge	-	770	770
700853	SeaTac Station Restroom Renovation	-	702	702
803903	IT Network Redesign - Phase 2	-	68,920	68,920
803904	Data Management Program	-	59,011	59,011
803905	InfoSec Risk Mitigation Program	-	865	865
803912	ERP Research	-	2,000	2,000
Closed Projects				
300027	Point Defiance By-Pass	76,670	(76,670)	-
400034	Enhancements to TLE	2,000	(2,000)	-
400044	Link Operating System Enhancement Upgrade	58	(58)	-
400117	DSTT Single Tracking	3,227	(3,227)	-
700685	Everett Station Security Improvements	289	(289)	-
700687	SOC Video Monitoring Improvements	241	(241)	-
700696	King Street Station Platform Improvements	43	(43)	-
700697	LRV Between Car Barriers	425	(425)	-
700706	OMF Energy Efficiency	1,053	(1,053)	-
700708	Customer Emergency Stations	243	(243)	-
700727	Kent Station Parking Lot Paving	76	(76)	-
700736	Union Station Garden Level Remodel	1,715	(1,715)	-
7X770	Small Works Program Prior to 2020	4,317	(4,317)	-
870101	IT Transit Systems	444	(444)	-
Total Project Allocation Changes		\$ 3,545,901	\$ 766,647	\$ 4,312,549