

2020 Proposed Budget

Rider Experience and Operations Committee

10/03/19

Why we are here

- Summary of the 2020 proposed agency budget
- Detailed briefing on budget sections within Committee purview:
 - Transit operations budget
 - State of good repair projects
 - Enhancement projects
 - Administrative projects
- Today we are here to provide information

2020 budget overview

Budget & financial planning documents

Long-term Financial Projection 2017 to 2041

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

Transit Improvement Plan to 2025

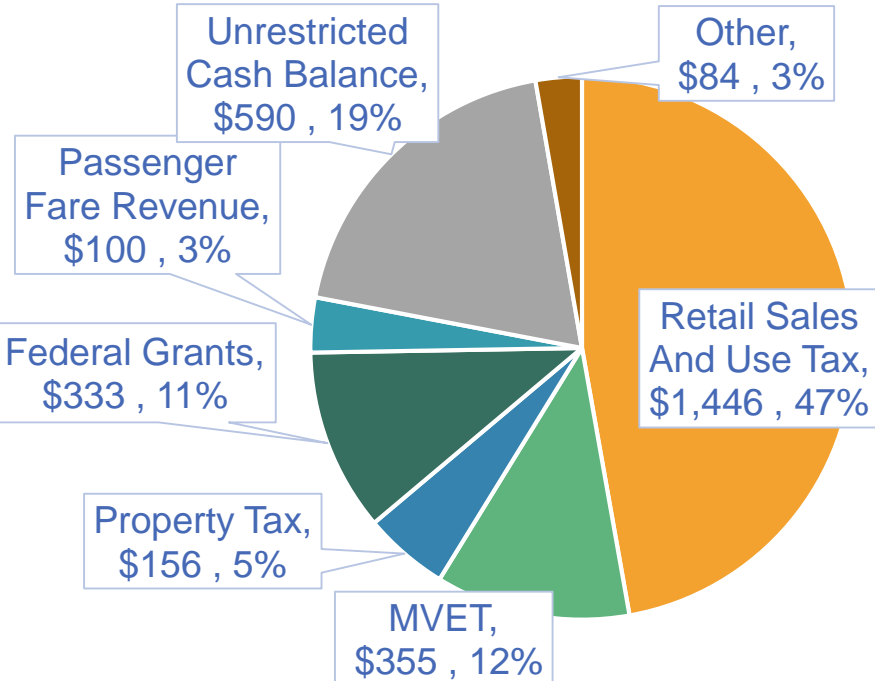
- Board-approved life-to-date and future costs for active projects

Budget 2020

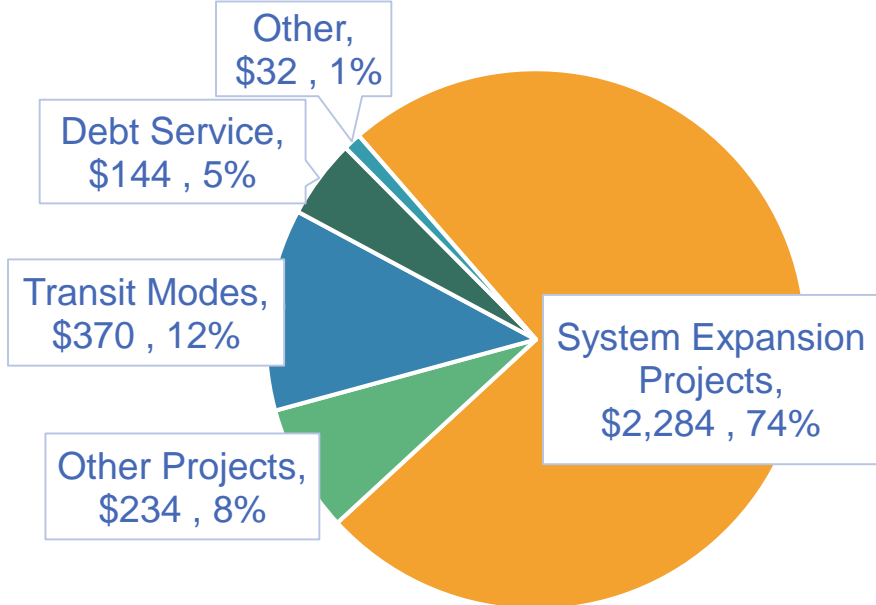
- Annual revenue and appropriation for all agency expenditures

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 revenue up 4% over 2019
- Sales tax = 58% of 2020 sources
- 2020 federal grant drawdowns
- Other: no borrowing planned for 2020

Project spending driven primarily by Link

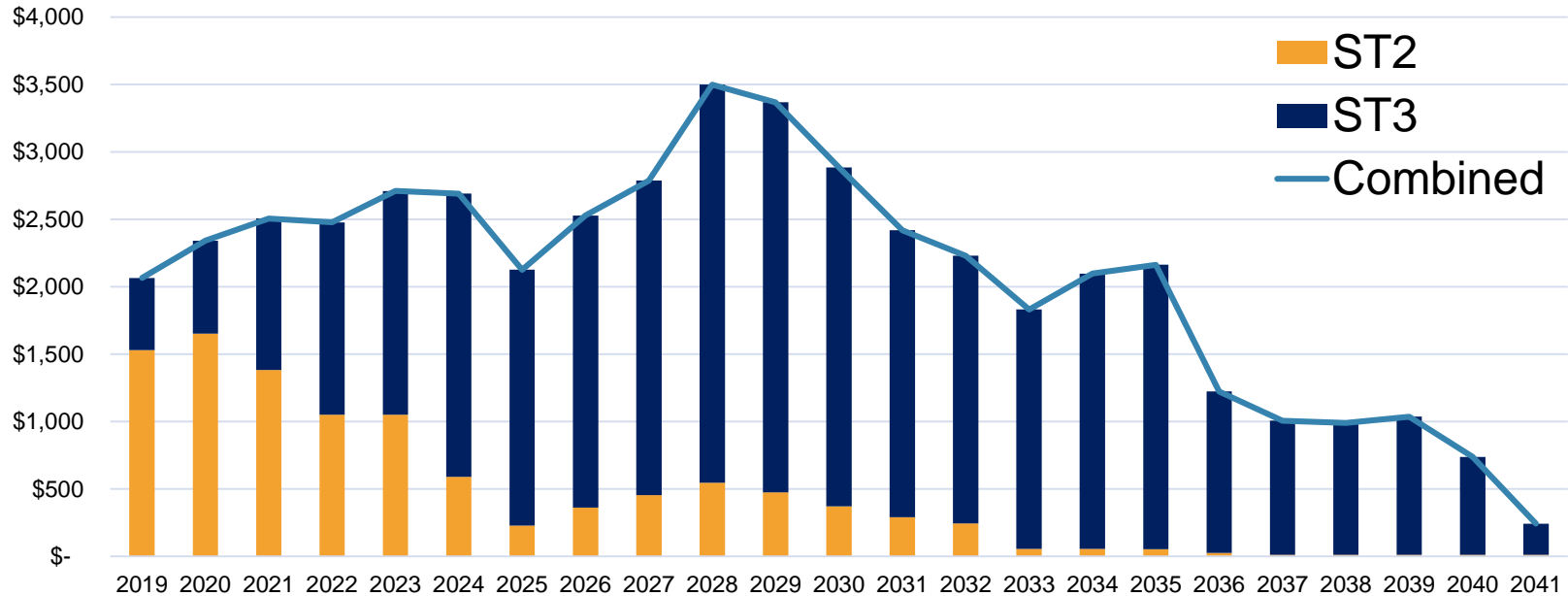
In \$Million	2019 Forecast	2020 Proposed	% Change
System Expansion	1,986	2,284	15%
Enhancements	25	40	56%
State of Good Repair	16	76	377%
Administrative	106	127	20%
Less: Modal Expenses	(4)	(9)	141%
Total	\$2,129M	\$2,517M	18%

- Construction on eight Link projects ~78% of project spend
- Delivery of three light rail vehicles per month in 2020: \$137M

*Numbers may not add correctly due to rounding.

Capital spending: ST2 wrap up & ST3 ramp up

YOE\$ in Millions



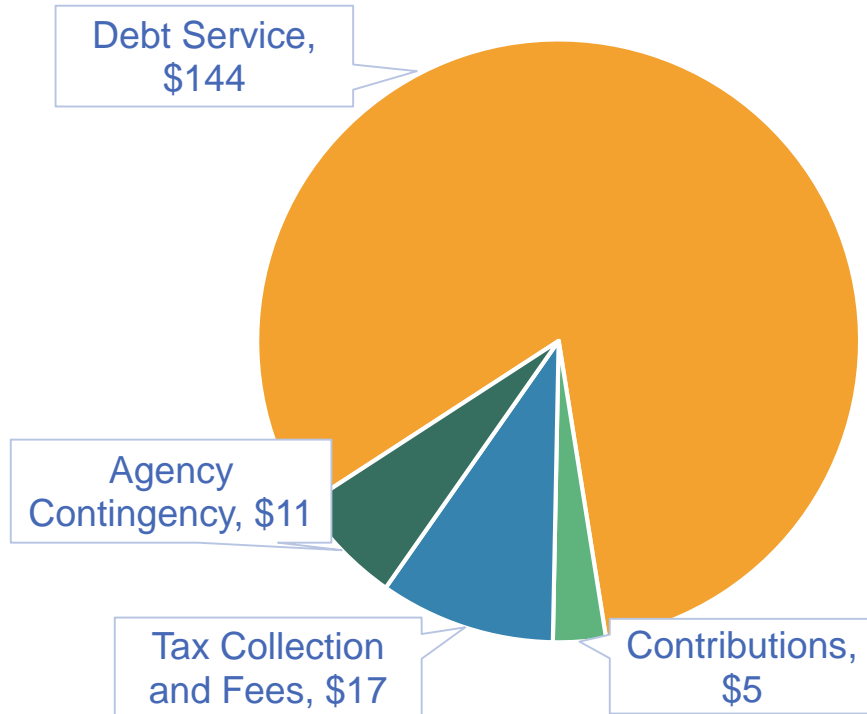
2020 transit operations: safety, security & reliability improvements

<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%

- Purchased transportation up \$9.4M
- Security & safety up \$2.6M
- Vertical conveyance up \$1.9M
- Sounder overhaul of locomotives and cab cars up \$4.7M

*Numbers may not add correctly due to rounding.

2020 debt service and other: \$177.0M



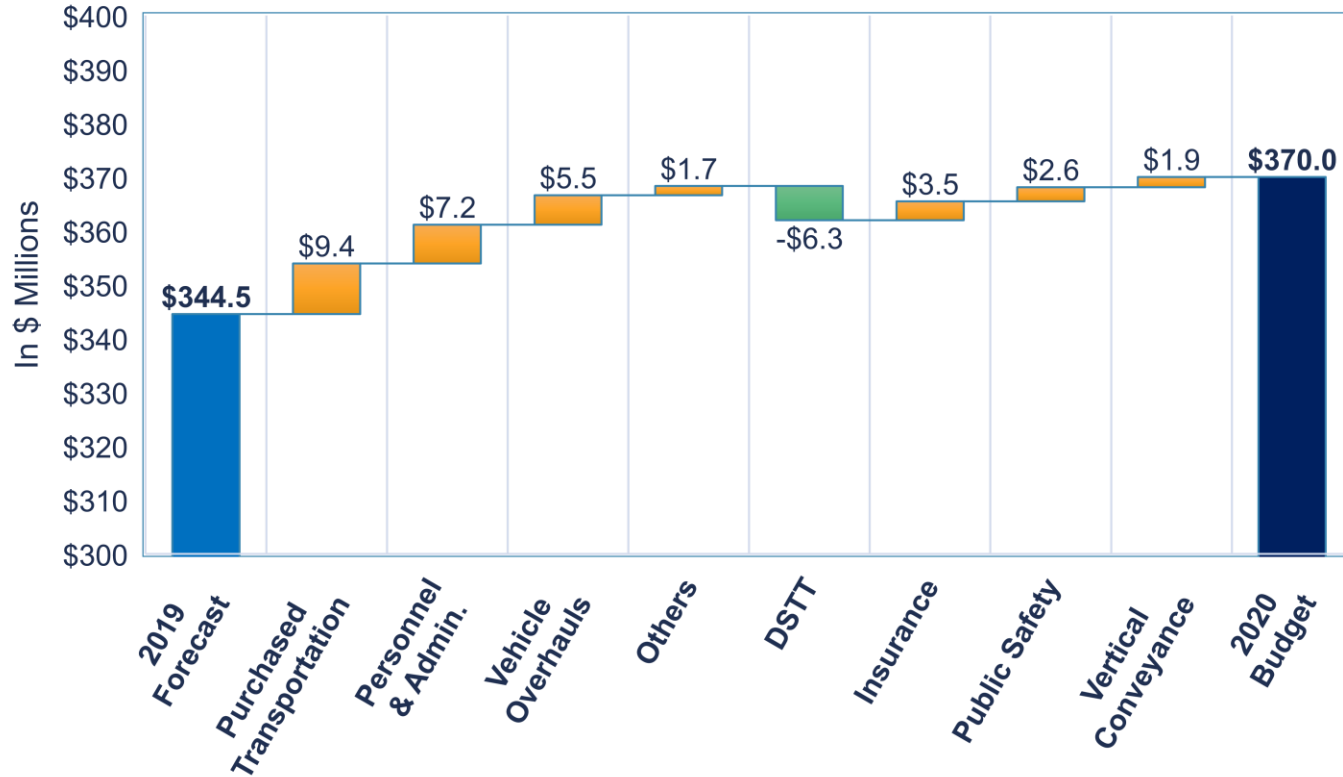
- Debt service includes principal payments on bonds, interest, and fees
- Tax collection fees to DOR/DOL and sales tax off-set fees
- Agency contingency for unforeseeable expenses

REO budget review

- ***Transit operations budget***
- ***Project budgets***

Transit operations budget

2020 transit operations up \$25.5M (7%)



2020 security and safety up \$2.6M (9%)

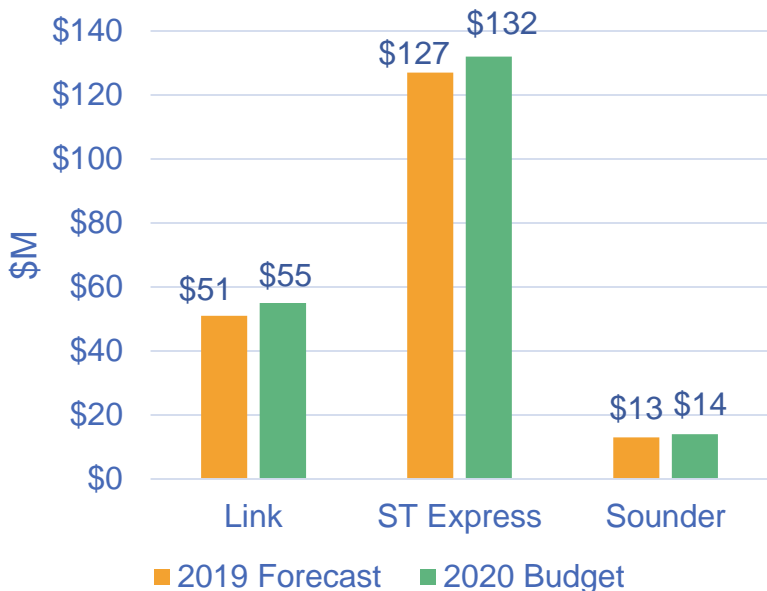
- Third party security hours increasing by 14% due to full year of ST ownership of Downtown Seattle Transit Tunnel and higher deployment rate (\$1.8M)
- 4% wage escalation for third party security provider (\$0.5M)
- 5% Cost of Living Adjustment for King County Sheriffs Officers (\$0.3M)

2020 vertical conveyance up \$1.9M

- System-wide contract implemented September 2019
- Covers all conveyances including DSTT upon ST ownership
- Benefits expected:
 - system-wide control over maintenance quality
 - dedicated technicians during peak service hours
 - improved reliability, safety, and response time

Purchased transportation up \$9.4M (5%)

2020 budget by mode



- Link: up 7% on increased labor rates and partner agency staffing
- ST Express: up 4% on increased partner rates (3%) and platform hours (1%)
- Sounder: up 5% on contract escalation rates for labor, train costs, and on-time performance incentive for BNSF

Project budgets

2020 State of good repair projects* \$76.1M

- Extend Asset Life – Downtown Seattle Transit Tunnel improvements, mid-life maintenance for Link & Sounder vehicles and ST Facilities – \$47M
- Replacement – replace 25 ST Express buses and certain IT assets – \$29M

****State of good repair ensures or extends the useful life of an asset and replaces those at the end of their useful life***

2020 Enhancement projects* \$39.6M

- Rider Experience – improve rider information, vertical conveyance reliability, and bus circulation through downtown – \$21M
- Safety & Security – improve locomotive safety, rail crossing warnings, fall protection, and Sounder passenger emergency intercom – \$5M
- Efficiency & Expense Reduction – install 2nd lift and increase capacity for growing Link operations and support vehicle maintenance at the Operations & Maintenance Facility; upgrade bus communications – \$14M

****Improve the rider experience, increase system functionality, or reduce operating expenses***

2020 Administrative projects* \$127.3M

- Administrative Capital - maintain admin facilities, procure admin vehicles, and support increased work space for agency staff \$6.5M
- Information Technology - upgrade SharePoint; install operations performance reporting and property management systems \$8.2M
- Agency Administration - overhead allocated to capital projects and general and administrative expenses \$112.5M

****Funding assets in support of agency administration and indirect project costs.***

Next steps

Timeline

October

- **10/10** – System Expansion Committee – Budget briefing
- **10/17** – Finance and Audit Committee – Overview of budget and financial plan
- **10/24** – Board Meeting – Overview of budget and financial plan

November

- **11/7** – Executive Committee – Final budget recommendation
- **11/7** – Citizen Oversight Panel – Budget presentation

Timeline continued

December

- **12/5** – Rider Experience and Operations Committee – Final budget recommendation
- **12/12** – Executive Committee – 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 approval

Thank you.



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