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)**
- Unrestricted Cash Balance, $590, 19%
- Passenger Fare Revenue, $100, 3%
- Federal Grants, $333, 11%
- Property Tax, $156, 5%
- MVET, $355, 12%
- Retail Sales And Use Tax, $1,446, 47%
- Other, $84, 3%

**Uses of Funds (in $M)**
- System Expansion Projects, $2,284, 74%
- Transit Modes, $370, 12%
- Other Projects, $234, 8%
- Debt Service, $144, 5%
- Other, $32, 1%
### 2020 revenues and funding sources: $2.5B

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

- 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

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

<table>
<thead>
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<th>2020 Proposed</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Expansion</td>
<td>1,986</td>
<td>2,284</td>
<td>15%</td>
</tr>
<tr>
<td>Enhancements</td>
<td>25</td>
<td>40</td>
<td>56%</td>
</tr>
<tr>
<td>State of Good Repair</td>
<td>16</td>
<td>76</td>
<td>377%</td>
</tr>
<tr>
<td>Administrative</td>
<td>106</td>
<td>127</td>
<td>20%</td>
</tr>
<tr>
<td>Less: Modal Expenses</td>
<td>(4)</td>
<td>(9)</td>
<td>141%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,129M</strong></td>
<td><strong>$2,517M</strong></td>
<td><strong>18%</strong></td>
</tr>
</tbody>
</table>

*Numbers may not add correctly due to rounding.
Capital spending: ST2 wrap up & ST3 ramp up

YOE$ in Millions

- ST2
- ST3
- Combined

2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041
2020 transit operations: safety, security & reliability improvements

<table>
<thead>
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<th>In $Million</th>
<th>2019 Forecast</th>
<th>2020 Proposed</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Link</td>
<td>138</td>
<td>148</td>
<td>7%</td>
</tr>
<tr>
<td>ST Express</td>
<td>144</td>
<td>151</td>
<td>4%</td>
</tr>
<tr>
<td>Sounder</td>
<td>56</td>
<td>66</td>
<td>16%</td>
</tr>
<tr>
<td>Tacoma Link</td>
<td>5</td>
<td>6</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>$345M</td>
<td>$370M</td>
<td>7%</td>
</tr>
</tbody>
</table>

- 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

Debt Service, $144
Agency Contingency, $11
Tax Collection and Fees, $17
Contributions, $5
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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