

2022 Proposed Budget

Executive Committee

11/04/2021



Why we are here

Today we are here to provide information

- **Summary of the 2022 proposed agency budget**
- **Briefing on budget sections within the Executive Committee's purview:**
 - System expansion projects – other (programs)
(Fare Programs, TOD, System Access, ST3 Planning, Sustainability, SStart)
 - Debt service and other costs
(Principal repayments, interest & fees, tax collection & fees, leases, partner contributions, contingency)

Budgets within Committee purview

Committee	Budget/TIP Sections
Rider Experience and Operations	<ul style="list-style-type: none">• Transit operations• Non-system expansion projects
System Expansion	System expansion projects – Link, Tacoma Link, Sounder, Stride, and ST Express
Executive	<ul style="list-style-type: none">• System expansion projects – other (programs)• Debt service and other costs
Finance and Audit Committee	Other committees recommend budget to FAC; FAC recommends to Board

2022 Proposed Budget

2022 revenue and other financing sources: \$3.4 billion

<i>In \$Million</i>	2021 Forecast	2022 Proposed	% Change
Taxes	2,124	2,258	6%
Federal Grants	793	498	(37)%
Fare Revenues	20	36	79%
Investment / Misc. Revenues	27	31	18%
Subtotal	\$2,964M	\$2,823M	(5)%
TIFIA	87	615	NA
Total	\$3,051M	\$3,438M	13%

- Primarily higher retail sales and use tax
- Federal grants lower in 2022 due to CRRSAA /ARP funding in 2021
- Fare revenues assumed up with Northgate and as we begin to regain ridership
- Higher ORCA regional reimbursement
- TIFIA draws for OMFE in 2021 & Northgate in 2022

Note: Numbers may not add correctly due to rounding.

2022 proposed expenditures: \$3.0 billion

<i>In \$million</i>	2021 Forecast	2022 Proposed
Projects	2,204	2,365
Transit Operating	368	444
Debt Service & Other	199	220
Total	\$2,770	\$3,029

Other includes debt service, tax collection & fees, contributions to partner agencies, operating leases, and operating contingency

Note: Numbers may not add correctly due to rounding.

2022 budget priorities

- Maintain long term financial sustainability
- Resource allocation consistent with realignment resolution and agency priorities
- Adequate resources to support new services and assets
- Service levels/budget reflect current ridership demand

Executive Committee budget review

- *System expansion projects - other*
- *Debt service and other*

***System Expansion Projects -
Other***

2022 projects budget: \$2.4 billion

Reflects Board realignment resolution

<i>In \$million</i>	2021 Forecast	2022 Proposed
System Expansion	2,057	2,135
Enhancements	22	48
State of Good Repair	28	70
Administrative	112	132
<i>Less charges to Transit Operating</i>	<i>(15)</i>	<i>(21)</i>
Total	\$2,204	\$2,365

Note: Numbers may not add correctly due to rounding.

2022 system expansion projects: \$2.1 billion

<i>In \$Million</i>	2021 Forecast	2022 Proposed
Link	1,809	1,760
Souder	76	56
ST Express	10	24
Stride	62	212
Tacoma Link	65	36
Other	34	47
Total	\$2,057M	\$2,135M

Examples of system expansion projects – other:

- Fare programs
- Transit Oriented Development (TOD)
- System Access
- ST3 Planning
- Sustainability
- SStart

Note: Numbers may not add correctly due to rounding.

PEPD managed projects

In \$Millions	2021 Forecast	2022 Proposed
Transit System Access	10.4	12.6
ST3 Planning	2.6	3.4
TOD Property Disposition	2.0	2.1
Efficiency & Sustainability	1.0	1.3
Other	1.7	1.7
Total	\$17.7	\$21.1

Note: Numbers may not add correctly due to rounding.

2022 Project Highlights

- SAF - Continued implementation of awarded projects by third parties. More than 20 SAF-funded projects will be underway in 2022
- ST3 Planning – Stormwater activities, Ridership forecasting and KCM & CT Integration coordination activities
- E&S – Continued LED bulb replacement, and power storage feasibility study active
- TOD activities at Roosevelt, Overlake Village, U District, Mount Baker, OMF, East, Lynnwood, Angle Lake, FWTC, Kent-Des Moines, SE Redmond and Revolving Loan Fund

Finance managed projects

In \$Millions	2021 Forecast	2022 Proposed
Next Generation ORCA	6.5	9.9
Fare Administration	1.0	2.8
Total	\$7.5	\$12.7

2022 Project Highlights

- Next Generation ORCA
 - Fare Equipment & Installation (validators / vending machines)
- Fare Administration
 - ORCA card expenditures (CMAQ Grant Funded)
 - Subsidized Annual Pass Pilot
 - Additional ORCA LIFT Outreach

Note: Numbers may not add correctly due to rounding.

Passenger Experience managed projects

In \$Millions	2021 Forecast	2022 Proposed
Innovation and Technology	2.0	5.6
Research and Business Development Program	0.4	0.0
Total	\$2.4	\$5.6

2022 Project Highlights

- Passenger Facing Technology
- Program Development
- Data and Analytics Projects
- Mobility Partnership Projects
- User-Centered Design
- Fare Ambassador Program

Note: Numbers may not add correctly due to rounding.

Projects managed by other departments

In \$Millions	2021 Forecast	2022 Proposed
Start Programs	3.9	5.6
Research & Technology	3.4	2.3
Total	\$7.3	\$7.9

2022 Project Highlights

- Fabrication/Installation for Lynnwood and East Link artwork. Fabrication of FWLE Artwork.
- Ongoing maintenance including deep cleaning, repainting and system-wide LED replacement.
- R&T – Complete Phase 1 Network Redesign

Note: Numbers may not add correctly due to rounding.

Debt Service & Other

2022 debt service and other costs: \$220 million

In \$Millions	2021 Forecast	2022 Proposed
Debt Service	149.7	156.7
Tax Collection Fees	10.5	9.1
Sales & Use Tax Offset Fee	17.4	19.6
Partner Contributions	5.0	5.0
Leases	16.1	17.3
Operating Contingency*	2.3	12.5
Total	\$201.1	\$220.1

- Debt service includes principal repayment, interest expense and financing expenses
- Tax collection fees to WA DOR for rental car and sales & use taxes; DOL for MVET collection
- Sales & use tax offset fee based on 3.25% of eligible construction costs for FWLE and DRLE
- Contributions: First Hill Street Car payment to the City of Seattle

Note: Numbers may not add correctly due to rounding.

*Operating Contingency budget is equivalent to 2.0% of proposed operating budget.

***Budget timeline
and next steps***

Potential budget adjustment needed in 2022

Mid year budget adjustment may be requested from the Board:

- Increased service to meet higher ridership demand
- Continued COVID-related cost increases
- Adjustment to projects resulting from Annual Program Review

Timeline

October – budget and Financial Plan kickoff

- **10/28** – Board Meeting – Overview of Long-Range Financial Plan projections and budget

November – budget overview and property tax levy approval

- ➔ **11/4** – Executive Committee – budget overview
- **11/4** – Rider Experience and Operations Committee – budget overview
- **11/4** – Public hearing – budget and property taxes
- **11/10** – System Expansion Committee – budget overview
- **11/18** – Board Meeting – request for approval of the property tax levy

Timeline continued

December – budget recommendation and approval

- **12/2** – Rider Experience and Operations Committee – recommends to FAC
- **12/9** – **Executive Committee – recommends to FAC**
- **12/9** – System Expansion Committee – recommends to FAC
- **12/16** – Finance and Audit Committee – recommends to Board
- **12/16** – Board – adoption of the Proposed 2022 Budget and Transit Improvement Plan

Thank you.



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