

2023 Proposed Budget

Executive Committee

11/03/2022



Why we are here

Today we are here to provide information

- Summary of the 2023 proposed agency budget
- Briefing on budget sections within the Executive Committee's purview

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

2023 Proposed Budget

2023 budget priorities

- Maintain long term financial sustainability
- Resource allocation consistent with August 2021 capital expansion resolution and agency DEIC priorities
- Operating resources to support new services and assets
- Service levels/budget reflect current ridership demand

2023 proposed sources: \$3.1B

<i>In \$million</i>	<i>2022 Forecast</i>	<i>2022 Budget</i>	<i>2023 Proposed</i>	<i>Budget % Change</i>
Tax Revenues	2,238	2,256	2,298	2%
Passenger Revenues	41	36	52	44%
Federal Grants	612	498	282	-43%
Investment/Misc.	4	31	52	67%
Bond & TIFIA Loan Proceeds	615	615	0	-100%
Cash Balance	0	0	390	N/A
Total	3,510	3,437	3,075	-11%

- Sales and use tax is 65% of all 2023 total revenue and financing sources
- Federal grants lower in 2023 due to ARP funding in 2022
- Fare revenues increase with increased ridership
- Higher ORCA regional reimbursement

- No TIFIA draws for 2023

2023 proposed expenditures: \$3.1 billion

<i>In \$million</i>	<i>2022 Forecast</i>	<i>2022 Budget*</i>	<i>2023 Proposed</i>	<i>Budget % Change</i>
Projects	2,134	2,359	2,369	0%
Transit Operating	384	433	500	15%
Other**	198	230	205	-11%
Total	2,717	3,022	3,075	2%

*2022 budget includes budget adjustments via Board actions and R2020-24 Budget Policy Section 3.4.2.

**Other includes debt service, tax collection & fees, contributions to partner agencies, operating leases, non-operating expenses, and operating contingency.

Note: Numbers may not add correctly due to rounding.

***System Expansion Projects -
Other***

2023 system expansion projects: \$2.1B

<i>In \$million</i>	2022 Forecast	2022 Budget	2023 Proposed	Budget % Change
Link	1,649	1,783	1,686	-5%
Sounder	65	70	42	-40%
Regional Express	16	24	35	44%
Stride	109	164	288	76%
Tacoma Link	66	66	10	-85%
Other Projects	44	47	37	-20%
Total	1,950	2,154	2,099	-3%

Examples of system expansion projects – other:

- Transit System Access Program, ST Art, IT Program, TOD Planning Program Capital, ST3 Planning, Fare Admin, and ORCA NEXT GEN

Note: Numbers may not add correctly due to rounding.

PEPD managed projects

Note: Numbers may not add correctly due to rounding.

<i>In \$million</i>	<i>2022 Forecast</i>	<i>2022 Budget</i>	<i>2023 Proposed</i>	<i>% Change</i>
ST3 Planning	4	3	3	-19%
Transit Access System Program	13	13	13	1%
Efficiency & Sustainability	1	2	1	-35%
Environmental Remediation	1	1	1	55%
TOD Planning Program	2	1	3	130%
TOD Property Disposition	2	2	0	-100%
Total	23	22	20	-8%

2023 Project Highlights

- ST3 Planning – Stormwater activities, Ridership forecasting and KCM & CT Integration coordination activities
- System Access Program - Continued execution of awarded projects by local jurisdictions. More than 24 SAF-funded projects will be underway in 2023
- E&S – Continued LED bulb replacement, and assess and prioritize energy efficiency and renewable energy audits
- TOD planning and implementation at TOD sites, such as those in Seattle, Federal Way, Kent, Redmond, Lynnwood, and Bellevue. TOD budget code consolidation occurring in 2023

Finance managed projects

<i>In \$million</i>	2022 Forecast	2022 Budget	2023 Proposed	% Change
Fare Administration	3	3	3	-3%
ORCA Next Generation	9	9	2	-79%
Total	11	11	4	-61%

2023 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.

Projects managed by other departments

Note: Numbers may not add correctly due to rounding.

<i>In \$million</i>	<i>2022 Forecast</i>	<i>2022 Budget</i>	<i>2023 Proposed</i>	<i>% Change</i>
ST Art	4	5	7	36%
Innovation & Technology Prog	4	6	5	-19%
STart Operations & Maintenance	0	0	0	-26%
Research & Technology	2	2	0	-84%
Total	10	13	12	-7%

2023 Project Highlights

- ST ART – Fabrication/Installation for Lynnwood and East Link artwork. Fabrication of FWLE Artwork.
- Innovation & Technology – Continue development of passenger facing technologies.
- ST ART O&M – Ongoing maintenance including deep cleaning, repainting and system-wide LED replacement.

Debt Service & Other

2023 debt service and other costs: \$205M

<i>In \$million</i>	2022 Forecast	2022 Budget	2023 Proposed	Budget % Change
Debt Service	134	157	144	-8%
Tax Collection & Fees	22	29	24	-17%
Leases	17	17	17	-1%
Contributions to Other Governments	5	5	5	0%
Agency Contingency*	21	21	14	-33%
Lakewood to Dupont	(0)	1	1	5%
Total	198	230	205	-11%

- 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***

Timeline

October – budget and Financial Plan kickoff

- **10/27** – Board Meeting – Overview of Long-Range Financial Plan projections and budget

November – budget overview and property tax levy approval

- **11/3 – Executive Committee – budget overview**
- **11/3** – Rider Experience and Operations Committee – budget overview
- **11/3** – Public hearing – budget and property taxes
- **11/10** – System Expansion Committee – budget overview
- **11/17** – Board Meeting – request for approval of the property tax levy

Timeline continued

December – budget recommendation and approval

- 12/1 – Rider Experience and Operations Committee – recommends to FAC
- **12/8 – Executive Committee – recommends to FAC**
- 12/8 – System Expansion Committee – recommends to FAC
- 12/15 – Finance and Audit Committee – recommends to Board
- 12/15 – Board – adoption of the Proposed 2023 Budget and Transit Improvement Plan

Thank you.



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