

2023 Proposed Budget

Rider Experience and Operations 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 Committee 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, 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>	2022 Forecast	2022 Budget*	2023 Proposed	Budget % Change
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.

REO budget review

- ***Transit operations budget***
- ***Non System Expansion Project budgets***

Transit operations budget

2023 transit operations budget by mode

<i>In \$million</i>	2022 Forecast	2022 Budget	2023 Proposed	Budget % Change
Link	178	199	240	20%
Sounder	67	76	90	18%
Regional Express	132	146	153	5%
Tacoma Link	8	11	17	56%
Total	384	433	500	15%

*Numbers may not add correctly due to rounding.

- **Link:** increase in Purchased Transportation services, spares, consulting and security
- **Sounder:** recovery of South trips, increase in fuel rate, maintenance, and vehicle overhaul
- **ST Express:** increase in fuel rate and partner operating cost escalation
- **Tacoma Link:** Tacoma Hilltop service begins

Link

20.3% or \$40.5M increase from 2022 budget

- \$14.7M to fund KCM partner operating cost increases and additional resources to prepare for East Link opening
- \$9.2M to fund increased needs for services including security & safety and consulting needs for expanding system
- \$5.4M to fund operational projects
- \$4.9M to fund materials & supplies for expanding LRV fleet & OMFE
- \$4.6M S&B driven by cost escalation and additional ST staffing to support expansions

Sounder

17.7% or \$13.5M increase from 2022 budget

- \$4.6M materials & supplies driven by increasing fuel rates (\$3.20 to \$5.00 per gallon) and more spare parts usage due to expanding fleet
- \$2.7M services driven by additional vehicle maintenance on a higher numbers of trains being maintained
- \$4.3M to fund operational projects and resource support for those projects

Regional Express

4.8% or \$7.0M increase from 2022 budget

- Partner operating cost escalation 5% without fuel
- Fuel cost per gallon 56% increase over 2022 Budget (\$3.20 to \$5.00)
- Above cost increases partly off-set by a 6% reduction in bus hours to align realistic operator availability with service plan

Tacoma Link

55.7% or \$6.1M increase from 2022 budget

- Budget assumes Hilltop Link Extension begins revenue service Q1 2023
- Staffing increases to support expansion, previously charged to the project, now become operational costs
- New Tacoma Police security contract

Project budgets

2023 projects budget: \$2.4B

<i>In \$million</i>	<i>2022 Forecast</i>	<i>2022 Budget</i>	<i>2023 Proposed</i>	<i>Budget % Change</i>
System Expansion (SYX)	1,950	2,154	2,099	-3%
Enhancement (ENH)	31	44	62	41%
State of Good Repair (SOGR)	32	46	77	68%
Administrative (ADM)	132	133	159	19%
Less Charges to Transit Modes	(12)	(18)	-27	52%
Total	2,134	2,359	2,369	0%

Note: Numbers may not add correctly due to rounding.

Operations managed projects

2023 Project Highlights

SOGR Portfolio:

- \$13.3M DSTT Capital Improvements
- \$7.4M Sounder Vehicle Overhaul
- \$5.9M Vertical Conveyance Program

Enhancement Portfolio:

- \$3.6M SeaTac Second Elevator
- \$1.4M CLink Tie Switch Installation
- \$1.4M OMF Electrical Capacity

Administrative:

- \$1.7M Admin Facilities

<i>In \$millions</i>	<i>2022 Forecast</i>	<i>2022 Budget</i>	<i>2023 Proposed</i>	<i>Budget % Change</i>
SOGR	21	35	57	66%
ENH	5	7	15	113%
ADM	1	3	2	-32%
Total	27	44	74	68%

Note: Numbers may not add correctly due to rounding.

Information Technology managed projects

<i>In \$millions</i>	2022 Forecast	2022 Budget	2023 Proposed	Budget % Change
SOGR	10	10	19	83%
ENH	13	21	19	-10%
ADM	5	6	9	56%
Total	29	37	47	26%

2023 Project Highlights

SOGR:

- \$8.2M IT Tech Infrastructure
- \$7.4M IT Network Redesign
- \$1.7M ERP Assessment
- \$1.0M EAMS Repl. Assessment

Enhancements:

- \$16.0M Digital Passenger Info Sys
- \$2.9M Database Management Prog

Administrative:

- \$8.7M IT Program

Note: Numbers may not add correctly due to rounding.

Portfolio Services Office managed projects

<i>In \$millions</i>	<i>2022 Forecast</i>	<i>2022 Budget</i>	<i>2023 Proposed</i>	<i>Budget % Change</i>
ENH	5	5	16	234%
Total	5	5	16	234%

2023 Project Highlights

- \$12M PSO Programmatic Work
- \$2.8M Central Link Fiber Upgrade
- \$0.8M Noise Abatement

Note: Numbers may not add correctly due to rounding.

Passenger Experience managed projects

<i>In \$millions</i>	<i>2022 Forecast</i>	<i>2022 Budget</i>	<i>2023 Proposed</i>	<i>Budget % Change</i>
SOGR	0	0	0	-100%
ENH	3	3	4	20%
Total	3	3	4	16%

2023 Project Highlights

- \$3.3M Fare Paid Zone
- \$0.3M Signage Improvements
- \$0.3M Link Line Renaming

Note: Numbers may not add correctly due to rounding.

Other managed projects

2023 Project Highlights

SOGR:

- \$90K Bellevue Rider Svc Ctr

Enhancements:

- \$1.5M OMF Security Enh
- \$1.4M Bike Parking Program
- \$1.2M Security Radio System
- \$0.8M Crossing Pre-project & Outreach

Administrative:

- \$145.8M Agency Admin Operating

<i>In \$millions</i>	<i>2022 Forecast</i>	<i>2022 Budget</i>	<i>2023 Proposed</i>	<i>Budget % Change</i>
SOGR	0	0	0	-80%
ENH	5	7	8	6%
ADM	125	125	149	19%
Total	131	133	157	18%

Note: Numbers may not add correctly due to rounding.

***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 & 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 & 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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