

2023 Proposed Budget

Board of Directors

12/15/2022

Why we are here

Request that the Board:

- Approve Resolution No. R2022-35, recommended by Finance and Audit Committee, to adopt the 2023 Budget and Transit Improvement Plan.

2023 budget and Transit Improvement Plan recommendations

Long-Range Financial Plan Projections 2017 - 2046

- Including Sound Move, ST2, and ST3 sources and uses through 2046

Transit Improvement Plan to 2028

- Board-approved costs for active projects through 2028

Budget 2023

- Annual revenue, financing sources and expenditures for 2023

2023 budget priorities

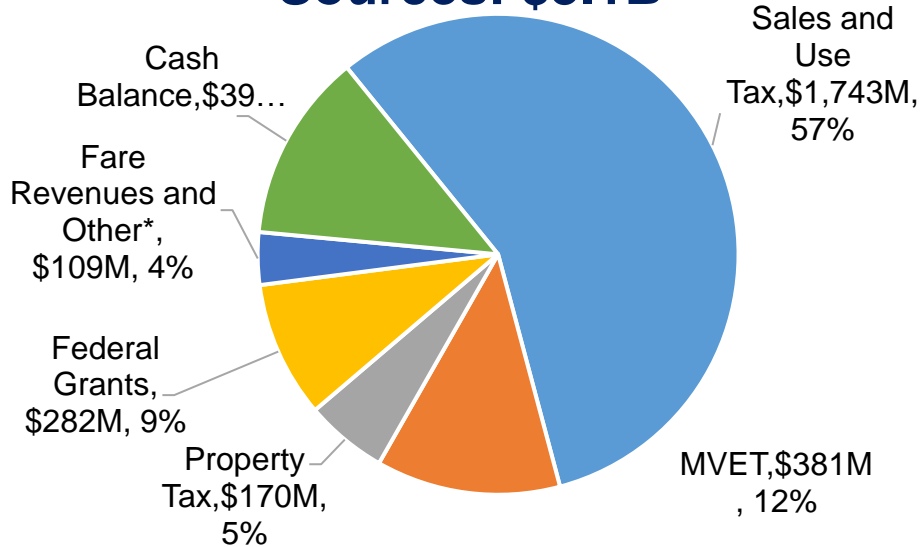
- Maintain long term financial sustainability
- Resource allocation consistent with August 2021 capital expansion resolution and agency DEIC priorities
- Operating resources to support new services and assets
- Service levels/budget reflect current ridership demand

***Committee
Recommendations***

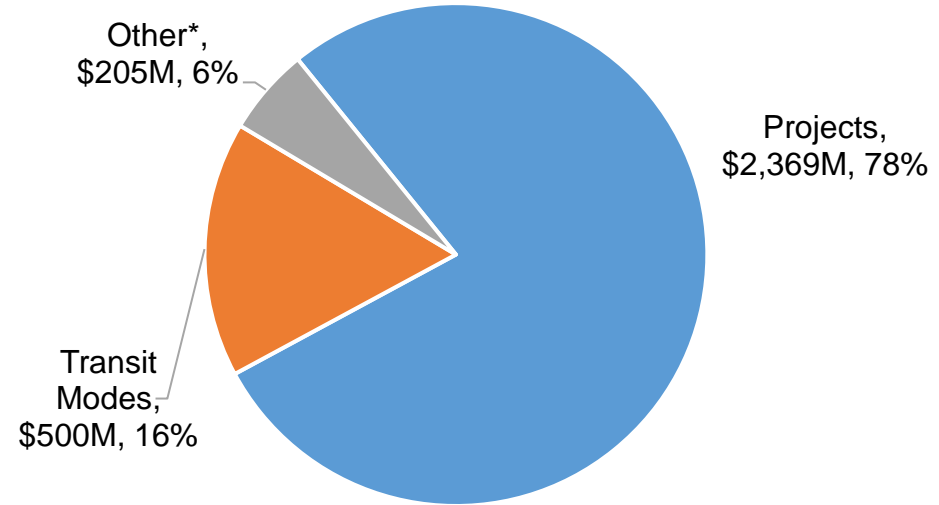
Proposed 2023 Budget

Revenues lower than expenditures, shortfall will be covered by existing cash balance.

Sources: \$3.1B



Uses: \$3.1B



*Other includes investment income, local & state contributions, rental car tax, and miscellaneous revenues.

*Other includes contributions to partner agencies, tax collection fees, leases and operating contingency.

2023 tax revenues: \$2.3B

<i>In \$million</i>	<i>2022 Forecast</i>	<i>2022 Budget</i>	<i>2023 Proposed</i>
Sales Tax	1,706	1,685	1,743
Motor Vehicle Excise Tax	365	404	381
Rental Car Tax	4	3	4
Property Tax	163	163	170
Total	2,238	2,256	2,298

*Numbers may not sum due to rounding.

- Sales and use tax is 65% of all 2023 total revenue and financing sources
- Total tax revenues 3% above 2022 forecast

2023 other revenue & financing sources: \$777M

<i>In \$million</i>	2022 <i>Forecast</i>	2022 <i>Budget</i>	2023 <i>Proposed</i>
Federal Grants	612	498	282
Fare Revenues	41	36	52
Investment / Misc Revenues	4	31	52
Bond & TIFIA Loan Proceeds	615	615	0
Cash Balance	0	0	390
Total	1,272	1,181	777

*Numbers may not sum due to rounding.

- Federal grants lower in 2023 due to ARP funding in 2022
- Fare revenues increase with increased ridership
- Higher ORCA regional reimbursement
- No TIFIA draws currently scheduled

2023 projects budget: \$2.4 billion

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

**Numbers may not add correctly due to rounding.*

2023 transit operations: \$500.1M

<i>In \$million</i>	2022 <i>Forecast</i>	2022 Budget	2023 Propose
Link	178	199	240
Sounder	67	76	90
Regional Express	132	146	153
Tacoma Link	8	11	17
Total	384	433	500

*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

2023 budget and Transit Improvement Plan recommendations

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Budget 2023

- Annual revenue, financing sources and expenditures for 2023

2023 Transit Improvement Plan: \$23.8 billion

Board-approved costs for active projects

<i>Committee (in \$millions)</i>	2022 TIP	Changes	2023 TIP
Rider Experience & Operations			
Non-System Expansion	2,696	116	2,813
System Expansion			
Excluding Other	18,960	1,426	20,387
Executive			
System Expansion - Other	609	0	609
Total	22,265	1,543	23,809

Note: Numbers may not sum due to rounding.

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** – Public hearing – budget and property taxes.
- **11/3** – Executive Committee – budget overview and property tax levy
- **11/3** – Rider Experience and Operations Committee – budget overview
- **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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