



Resolution No. R2022-35

Proposed 2023 Budget

Meeting:	Date:	Type of action:	Staff contact:
Finance and Audit Committee	12/15/2022	Recommend to Board	Mary Cummings, Chief Financial Officer
Board	12/15/2022	Final action	Ryan Fisher, Deputy Executive Director, Financial Planning & Analysis

Proposed action

Adopts an annual budget for the period from January 1 through December 31, 2023 and adopts the 2023 Transit Improvement Plan (TIP).

Key features summary

- The Proposed 2023 Budget requests funding authorization of \$3.1 billion. This request is comprised of:
 - \$500.1 million for Transit Operations;
 - \$2.4 billion for Projects; and
 - \$205.3 million for Other (including debt service).
- The Proposed 2023 TIP totals \$23.8 billion in authorized project allocations.
- The Proposed 2023 Budget would be funded by an estimated \$2.7 billion in revenues and other financing sources and an estimated \$390.0 million in unrestricted cash.
- The Proposed 2023 Budget and Proposed 2023 TIP, with the revision, are fully affordable within the agency's current financial projections.

Background

The Sound Transit Board adopts the Sound Transit annual budget, which contains the agency's budget for revenue and financing, administrative expenses, transit operating expenses, projects, and debt service. The Sound Transit Board adopts the TIP, a cumulative total of authorized project allocations for all active projects. Sound Transit's annual budget and TIP are organized by three primary program areas: Transit Operating Budget, Project Budgets, and Other Budgets.

The resolution approves the following revenues and expenditures for 2023:

Revenues – \$2.7 billion of estimated revenues and other financing sources includes:

- \$1,743.0 million from Retail Sales and Use Tax
- \$385.2 million from Motor Vehicle Excise and Rental Car Taxes
- \$170.0 million from Property Tax
- \$52.4 million from passenger fare revenues
- \$282.2 million from federal grants

- \$52.2 million in Investment, miscellaneous revenues, and local & state contributions

Transit Operating Budget – \$500.1 million includes:

- \$239.9 million for Link Light Rail
- \$90.0 million for Sounder Commuter Rail
- \$153.1 million for ST Express
- \$17.1 million for Tacoma Link

Project Budgets – \$2.4 billion for the delivery of projects:

- System Expansion Projects – \$2.1 billion which includes:
 - \$1,686.4 million for Link
 - \$42.1 million for Sounder
 - \$34.7 million for Regional Express
 - \$288.2 million for Stride
 - \$10.3 million for Tacoma Link
 - \$37.3 million for Other
- Non-System Expansion Projects – \$297.7 million which includes:
 - \$61.6 million for Enhancement Projects
 - \$76.7 million for State of Good Repair Projects
 - \$159.5 million for Administrative Projects
- \$(27.2) million in non-system expansion projects charged to Transit Operating

Other Budget – \$205.3 million includes:

- \$144.1 million for Debt Service
- \$24.3 million for Tax Collection & Fees
- \$5.0 million for Leases
- \$17.2 million for Contributions to Other Governments
- \$14.2 million for Agency Operating Contingency
- \$0.6 million for Other Non-Operating Expenses

Reserves – The resolution also provides for the agency to reserve funds for the following purposes:

- Operations & Maintenance Reserve: balance is projected to be \$107.0 million at the end of 2022. A contribution of \$12.9 million is budgeted for 2023.
- Emergency/Loss Reserve: balance is projected to be \$47.4 million at the end of 2022. A contribution of \$5.5 million is budgeted for 2023.
- Regional Affordable Housing Revolving Loan Fund: balance is projected to be \$16.2 million at the end of 2022. A contribution of \$3.8 million is budgeted for 2023.
- Capital Replacement Reserve: balance is projected to be \$341.9 million at the end of 2022. No contribution is budgeted for 2023.

The resolution also authorizes:

- Changes to the authorized project allocation for existing projects as well as establishment of new projects, and closure of completed projects with an authorized project allocation net increase of \$1.3 billion (Attachment B).
- Affirms the Board Administrator authority to file any administrative forms necessary for the collection of Sound Transit's property tax, as authorized by Resolution No. R2019-30. Any property tax estimates required for property tax collection may not exceed the previous year's collections plus additional revenue arising from new assessments for new construction, property improvements, value increases due to the construction of new renewable electric facilities, and new state property assessments, unless the Board expressly authorizes a greater levy amount.

Fiscal information

The Proposed 2023 Budget and Proposed 2023 TIP are fully affordable within the agency's current financial projections. This continues to meet the intent of the realignment schedule set out in Resolution No. R2021-05.

Disadvantaged and small business participation

Participation by small businesses and disadvantaged business enterprises (DBEs)

Not applicable to this action.

Public involvement

The Sound Transit Board reviewed the Proposed 2023 Budget and Proposed 2023 Transit Improvement Plan at public meetings that took place in October and November 2022 and reviewed revisions to both in December. On November 3, 2022, a public hearing was held in order to provide an opportunity for testimony from interested members of the public.

Time constraints

A one-month delay would postpone adoption of the Proposed 2023 Budget and Proposed 2023 Transit Improvement Plan into the 2023 fiscal year and the agency would have no spending authority beginning January 1, 2023. Budget adoption is required prior to the commencement of the fiscal year to provide authorization to expend funds.

Prior Board/Committee actions

Resolution No. R2020-24: Adopted a budget policy and superseded Resolution No. R2018-23.

Resolution No. R2018-44: Adopted an annual budget for the period from January 1 through December 31, 2019, adopting the 2019 Transit Improvement Plan, and permitting systemwide allocation of financial benefits of certain grants.

Resolution No. R2016-16: Adopted the Sound Transit 3 Regional Transit System Plan.

Resolution No. R72-1: Superseded Resolution 72, and amended the financial policies to include a strategic property acquisition program as an enumerated purpose of the Regional Fund.

Environmental review – KH 12/7/22

Legal review – MT 12/9/2022



Resolution No. R2022-35

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority adopting an annual budget for the period from January 1 through December 31, 2023, and adopting the 2023 Transit Improvement Plan.

WHEREAS, the Central Puget Sound Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit District on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the central Puget Sound region; and

WHEREAS, Sound Transit is successfully building and operating the first, second and third phases of the regional transit system plan that were approved by voters in 1996, 2008 and 2016; and

WHEREAS, Sound Transit is meeting a high standard of public accountability through effective monthly progress reports and quarterly financial reporting; and

WHEREAS, the Sound Transit Board adopted financial policies to govern the financing and implementation of the regional transit system and to specify budgetary guidelines for providing subarea equity in accomplishing the same; and

WHEREAS, permitting the designation of reimbursements from Federal Transit Administration's (FTA) Capital Investment Grant program and FTA Formula funding grants not necessary to complete a subarea's projects as system-wide grant funds available to complete the voter-approved system plans is consistent with the financial policies adopted as part of the voter-approved plans and could (1) allow the Board to roll back taxes at the earliest possible date, and (2) permit all projects, including rail segments connecting the subareas, to be completed on schedule based on current financial projections. To the extent the funds legally available to a subarea are sufficient to complete the subarea projects as scheduled, reimbursements from those FTA grants not necessary to meet the subarea's project's baseline cost budget as set by the Board, can be designated a system-wide grant fund so long as the designation does not violate the grant requirements; and

WHEREAS, the chief executive officer submitted a Proposed 2023 Budget and Proposed 2023 Transit Improvement Plan (TIP) for Board consideration; and

WHEREAS, the Proposed 2023 Budget and Proposed 2023 TIP are consistent with and affordable under Sound Transit Financial Policies as adopted by Resolution No. R2016-16 and comply with the Budget Policies as adopted by Resolution No. R2020-24; and

WHEREAS, in 2018 the Sound Transit Board designated the Rider Experience and Operations Committee, Executive Committee, System Expansion Committee, and the Finance and Audit Committee as permanent committees with specific responsibilities, including reviewing proposed annual budgets, and authorized project allocations to date included in the TIP and providing recommendations to the Board; and

WHEREAS a public hearing was held on November 3, 2022, to take public testimony on the Proposed 2023 Budget, TIP, and Property Tax Levy; and

WHEREAS, at its December 1, 2022, meeting, the Rider Experience and Operations Committee approved Motion No. M2022-87 recommending the Proposed 2023 Budget and TIP for Enhancement projects, State of Good Repair projects, and Administrative projects (annual and authorized project allocations) and the Proposed 2023 Transit Operating Budget to the Finance and Audit Committee; and

WHEREAS, at its December 8, 2022, meeting, the Executive Committee approved Motion No. M2022-92 recommending the Proposed 2023 Budget and TIP for System Expansion – Other projects (annual and authorized project allocations) to the Finance and Audit Committee; and

WHEREAS, at its December 8, 2022, meeting, the System Expansion Committee approved Motion No. M2022-95 recommending the Proposed 2023 Budget and TIP for System Expansion projects, excluding System Expansion – Other projects (annual and authorized project allocations) including a revision to the Finance and Audit Committee; and

WHEREAS, a two-thirds affirmative vote of the entire membership of the Sound Transit Board is required to adopt the Proposed 2023 Budget and Proposed 2023 TIP.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that:

Section 1a – Revenues and Other Financing Sources. The Proposed 2023 Budget projects the collection of \$2,684,894,585 in total revenues and financing sources including, \$1,742,979,889 for Sales and Use Tax, \$381,223,103 for Motor Vehicle Excise Tax, \$3,980,108 for Rental Car Tax, \$170,000,000 for Property Tax, \$282,171,547 for federal grants, \$860,000 for local and state contributions, \$52,379,327 for passenger fare revenues, \$40,409,096 for investment income, \$10,881,515 for miscellaneous revenues.

Section 1b – Transit Operating Budget. Sound Transit is authorized to incur \$500,104,031 in transit operating expenses.

- \$239,888,589 for Link light rail expenses;
- \$89,965,512 for Sounder commuter rail expenses;
- \$153,116,035 for ST Express bus expenses;
- \$7,133,895 for Tacoma Link light rail expenses;

Section 1c – Project Budget. Sound Transit is authorized to incur a total of \$2,369,452,677 for project outlays, comprised of budgets for the following project types: System Expansion projects \$2,098,986,915; Enhancement projects \$61,556,600; State of Good Repair projects \$76,658,789; Administrative projects \$159,451,920; and/or such amounts as are contained in revisions to the Proposed 2023 Budget as adopted by the Board. \$(27,201,546) in non-system expansion project costs will be charged to transit operating.

Section 1d – Debt Service. Sound Transit is authorized to incur \$144,059,735 for debt service which includes principal repayments, fixed and variable rate interest and fees on outstanding bonds and loans.

Section 1e – Contributions to Other Governments. Sound Transit is authorized to incur \$5,000,000 in contributions to other governments for the operating and maintenance expenses of First Hill Street car based on an agreement with the City of Seattle.

Section 1f – Tax Collection and Fees. Sound Transit is authorized to incur \$24,327,457 in tax collection and fees.

Section 1g – Leases. Sound Transit is authorized to incur \$17,152,593 in operating leases.

Section 1h – Operating Contingency. Sound Transit is authorized to incur \$14,200,000 in operating contingency.

Section 1i – Other Non-Operating Expenses. Sound Transit is authorized to incur \$598,384 in other non-operating expenses.

Section 1j – Reserves. Sound Transit is authorized to place in reserve the following amounts: \$5,500,000 for Emergency/Loss and \$12,884,230 for Operations and Maintenance, and \$3,800,000 for Regional Affordable Housing Revolving Loan Fund.

Section 2. The Proposed 2023 TIP includes changes in authorized project allocations in the amount of \$1,543,235,724: \$(140,862,240) decrease for closed projects and \$1,594,119,219 increase for existing projects (including approved board actions) and \$89,978,925 increase for new projects. The specific projects impacted are referenced in Attachment B – Changes to Authorized Project Allocations in the Proposed 2023 TIP. These changes, together with the revision to the Proposed 2023 TIP equal a new authorized project allocations of \$23,808,540,144.

Section 3. The budget for the period January 1, 2023 to December 31, 2023 as set forth in Attachment A (2023 Financial Plan and Proposed Budget), and the changes authorized by the Board's Budget Policy including technical and conforming changes and shifts to annual project budgets between the prior year and upcoming fiscal years, together constitute the Adopted 2023 Budget and Adopted 2023 TIP as adopted by this Resolution.

Section 4. The Adopted 2023 Budget and Adopted 2023 TIP are not an exclusive authorization of expenses or capital outlays, except as specified in Section 1d – Debt Service. Authorization of expenditures must comply with Sound Transit's Procurement, Agreements and Delegated Authority Policy, Resolution No. R2018-40.

Section 5. The Board affirms the continuing delegation to the Board Administrator made in Resolution No. R2019-30 execute and file any collection estimate legally required to collect Sound Transit's property tax.

Section 6. The Board further authorizes the chief executive officer to take any actions necessary to implement the policies and determinations of the Board pursuant to this Resolution.

ADOPTED by a two-thirds affirmative vote of the entire membership of the Sound Transit Board at a regular meeting thereof held on December 15, 2022.



Kent Keel
Board Chair

ATTEST:



Kathryn Flores
Board Administrator



Resolution No. R2022-35

Attachment A – Proposed 2023 Budget and Transit Improvement Plan

Link to Proposed 2023 Budget on Soundtransit.org:

[Proposed 2023 Budget and Transit Improvement Plan](#)



Resolution No. R2022-35

Attachment B – Changes to Authorized Project Allocations in Transit Improvement Plan

Adoption of the Proposed 2023 Transit Improvement Plan will approve the changes to the authorized project allocation for the following projects:

Proposed 2023 TIP - Closed Projects

Project (\$ in thousands)	Existing Authorized Project Allocation	Proposed Allocation Change	Proposed Authorized Project Allocation
System Expansion			
(P3X236) TUKWILA STATION	\$ 39,720	\$ (39,720)	\$ -
Enhancement			
(P300011) POSITIVE TRAIN CONTROL	\$ 43,134	\$ (43,134)	\$ -
(P600145) DESIGN CRITERIA MANUAL UPDATE	\$ 300	\$ (300)	\$ -
* (P5X261) BUS MAINTENANCE FACILITY	\$ 22,033	\$ (22,033)	\$ -
* (P700691) OMF LCC UPGRADES	\$ 966	\$ (966)	\$ -
* (P700693) OMF RENOVATIONS	\$ 9,031	\$ (9,031)	\$ -
* (P700713) LRV WASH BAY MODIFICATIONS	\$ 709	\$ (709)	\$ -
* (P700848) FOREST ST YARD STORAGE	\$ 339	\$ (339)	\$ -
Subtotal Enhancement	\$ 76,512	\$ (76,512)	\$ -
State of Good Repair			
(P700645) ISSAQUAH LAKEWOOD CCTV UPGRADE	\$ 423	\$ (423)	\$ -
^ (P600033) LINK CCTV SYSTEM UPGRADE	\$ 3,094	\$ (3,094)	\$ -
^ (P700695) ACCESS CONTROL CARD UPGRADE	\$ 2,264	\$ (2,264)	\$ -
Subtotal State of Good Repair	\$ 5,781	\$ (5,781)	\$ -
Administrative			
CLOSED IT PROG PROJECTS	\$ 18,850	\$ (18,850)	\$ -
Total Closed Projects	\$ 140,862	\$ (140,862)	\$ -

Proposed 2023 TIP - Existing Projects with Changes

Project (\$ in thousands)	Existing Authorized Project Allocation	Proposed Allocation Change	Proposed Authorized Project Allocation
System Expansion			
(P300017) PUYALLUP STATION IMPROVEMENTS	\$ 82,350	\$ (473)	\$ 81,877
(P300018) SUMNER STATION IMPROVEMENTS	\$ 17,782	\$ 2,065	\$ 19,847
(P300019) LAKEWOOD STATION IMPROVEMENTS	\$ 5,857	\$ 385	\$ 6,242
(P300035) KENT STATION ACCESS IMPRVMTS	\$ 16,847	\$ 2,115	\$ 18,962
(P300040) AUBURN STATION ACCESS IMPRVMT	\$ 14,914	\$ 6,807	\$ 21,721
(P300056) SOUNDER SOUTH CAPACITY EXPN	\$ 21,091	\$ 13,673	\$ 34,764
(P300057) SOUTH TACOMA ACCESS IMPROV	\$ 5,441	\$ 378	\$ 5,819
(P400052) EVERETT LINK EXTENSION	\$ 187,942	\$ 9,000	\$ 196,942
(P400053) TACOMA DOME LINK EXTENSION	\$ 126,373	\$ 172,744	\$ 299,117
(P400066) BALLARD LINK EXTENSION	\$ 286,746	\$ 343,890	\$ 630,636
(P400047) WEST SEATTLE LINK EXTENSION	\$ -	\$ 225,044	\$ 225,044
(P400113) NORTH CORRIDOR MOW	\$ 24,622	\$ 7,387	\$ 32,009
(P500050) I-405 BRT	\$ 703,930	\$ 162,452	\$ 866,382
(P500051) SR 522-NE 145th ST BRT	\$ 209,128	\$ 41,520	\$ 250,648
(P500070) BRT MAINTENANCE BASE	\$ 64,011	\$ 219,026	\$ 283,036
(P600143) ENVIRONMENTAL REMEDIATION	\$ 3,500	\$ 473	\$ 3,973
Subtotal System Expansion	\$ 1,770,535	\$ 1,206,485	\$ 2,977,020
Enhancement			
(P700686) SECURITY RADIO SYSTEM	\$ 1,253	\$ 1,192	\$ 2,444
* (P700766) OPS ENHANCEMENT PORTFOLIO	\$ 1,114	\$ (1,114)	\$ -
(P700818) OMF SECURITY ENHANCEMENT	\$ 2,170	\$ 2,664	\$ 4,834
(P800111) FARE PAID ZONE	\$ 3,340	\$ 3,315	\$ 6,655
Subtotal Enhancement	\$ 7,877	\$ 6,056	\$ 13,933
State of Good Repair			
^ (P700003) OPS OPEX SOGR PROGRAM	\$ 4,218	\$ 5,856	\$ 10,074
^ (P700655) KINKISHARYO LRV SYSTS UPGRADE	\$ 26,688	\$ 5,000	\$ 31,688
^ (P700770) SOUNDER VEHICLE OVERHAUL PROG	\$ 73,709	\$ 200	\$ 73,909
^ (P700814) CLINK SIGNAL HSE COM UPGRADE	\$ 500	\$ 430	\$ 930
^ (P700825) VERTICAL CONVEYANCE PROGRAM	\$ 22,790	\$ 100	\$ 22,890
^ (P700831) OPERATIONS SOGR PORTFOLIO	\$ 5,032	\$ (5,032)	\$ -
^ (P700841) LINK OMF FACP SYS REPLACE	\$ 500	\$ 300	\$ 800
^ (P805009) ENGINEERING SERVICES PROGRAM	\$ 8,645	\$ 6,005	\$ 14,650
(P870115) HUB INTRANET REPLACE	\$ 410	\$ 538	\$ 948
Subtotal State of Good Repair	\$ 142,491	\$ 13,397	\$ 155,889
Administrative			
(POX002) AGENCY ADMIN OPERATING	\$ 1,540,556	\$ 128,193	\$ 1,668,748
(P700767) ADMINISTRATIVE POOL VEHICLES	\$ 1,561	\$ 1,000	\$ 2,561
(P802003) REPLACEMENT ADMIN POOL VEHIC	\$ 1,663	\$ 600	\$ 2,263
(P802000) ADMINISTRATIVE CAPITAL	\$ 46,683	\$ (3,297)	\$ 43,386
(P864140) ADMIN SERVICES	\$ 5,904	\$ 1,696	\$ 7,600
Subtotal Administrative	\$ 1,596,366	\$ 128,193	\$ 1,724,559
Total Projects with Changes	\$ 3,517,269	\$ 1,354,131	\$ 4,871,400

Proposed 2023 TIP - New Projects

Project (\$ in thousands)	Existing Authorized Project Allocation	Proposed Allocation Change	Proposed Authorized Project Allocation
System Expansion			
(P300140) DUPONT EXTENSION	\$ -	\$ 8,600	\$ 8,600
(P400136) GRAHAM ST INFILL STATION	\$ -	\$ 2,935	\$ 2,935
(P400137) BOEING ACCESS RD INFILL STATIO	\$ -	\$ 8,640	\$ 8,640
Subtotal System Expansion	\$ -	\$ 20,175	\$ 20,175
Enhancement			
(P600147) PSO PROGRAMMATIC WORK	\$ -	\$ 13,500	\$ 13,500
* (P700858) SME FOR LINK SYX RELATED	\$ -	\$ 6,000	\$ 6,000
* (P700860) LINEAR ASSET DATA-LINK	\$ -	\$ 2,400	\$ 2,400
* (P700864) INTRUSION DETECTION SYSTEM	\$ -	\$ 70	\$ 70
* (P700872) LRV SIMULATOR	\$ -	\$ 600	\$ 600
* (P700873) SW SCADA BMS INTEGRATION	\$ -	\$ 1,659	\$ 1,659
* (P700880) TLINK DRAIN VALVE AUGMENTATION	\$ -	\$ 96	\$ 96
* (P700881) KING ST STN BIRD DETERRENT	\$ -	\$ 344	\$ 344
* (P700884) LINK WASTE RECEPTACLES-EXP	\$ -	\$ 1,026	\$ 1,026
* (P700865) LCC ALERT NOTIFICATION SYSTEM	\$ -	\$ 310	\$ 310
* (P700876) SYSTEM WIDE SMART KEY UPGRADE	\$ -	\$ 880	\$ 880
* (P700878) NORTHGATE GARAGE GENERATOR	\$ -	\$ 755	\$ 755
* (P700004) OPS OPEX ENH PROG	\$ -	\$ 1,016	\$ 1,016
(P700879) AT GRADE DYNAMIC WARNING SIGNS	\$ -	\$ 1,127	\$ 1,127
(P700888) CROSSINGS PREPROJECT & OUTREACH	\$ -	\$ 936	\$ 936
(P700889) CCTV ACS ADDITION	\$ -	\$ 908	\$ 908
Subtotal Enhancement	\$ -	\$ 31,626	\$ 31,626
State of Good Repair			
^ (P700005) OPS PRE-PROJECT PROGRAM	\$ -	\$ 616	\$ 616
^ (P700859) ST1 LRV APSE OVERHAUL	\$ -	\$ 9,330	\$ 9,330
^ (P700862) CLINK PA TASK ORDER PRE-DESIGN	\$ -	\$ 750	\$ 750
^ (P700863) BHS BLDG MGMT SYS PRE-PROJECT	\$ -	\$ 750	\$ 750
^ (P700867) LINK BENCH REPLACEMENT	\$ -	\$ 104	\$ 104
^ (P700868) SCR TDS SITE IMPROVEMENTS	\$ -	\$ 1,276	\$ 1,276
^ (P700875) ST1 LRV PROPULSION UPGRADE	\$ -	\$ 19,991	\$ 19,991
^ (P700882) AUBURN COMFORT STN IMPROVEMENT	\$ -	\$ 410	\$ 410
^ (P700883) TLINK STATION BENCHES	\$ -	\$ 100	\$ 100
^ (P700870) ISSAQ TC SITE IMPROVEMENT	\$ -	\$ 1,202	\$ 1,202
^ (P700877) AUBURN FIRE SYS REPLACEMENT	\$ -	\$ 298	\$ 298
^ (P700857) EASTGATE FREEWAY STATION IMPRO	\$ -	\$ 1,017	\$ 1,017
(P803925) EAMS REPLACEMENT	\$ -	\$ 2,334	\$ 2,334
Subtotal State of Good Repair	\$ -	\$ 38,178	\$ 38,178
Total New Projects	\$ -	\$ 89,979	\$ 89,979

Notes:

- The Operations Enhancement Portfolio* and the Operations State of Good Repair Portfolio^ were created in the 2021 to consolidate Operations-managed non-system expansion projects to increase flexibility in prioritizing and allocating resources.
- Within the two portfolio projects, sub-projects will be managed and tracked individually, with the ability to transfer budget between sub-projects, still subject to the budget policy.