

2024 Proposed Budget and Transit Improvement Program

*Rider Experience and Operations Committee
11/02/2023*



Why we are here

Today we are here to provide information

- 2024 proposed budget summary
- Budgets within the REO Committee's purview
 - Modal operating
 - Non-system expansion projects (State of Good Repair, Enhancement, and Administrative)
- Budget timeline and next steps

Budgets within Committee purview

Committee	Budget/TIP Sections
Rider Experience and Operations	<ul style="list-style-type: none">• Modal operating• Non-system expansion projects (State of Good Repair, Enhancement, and Administrative)
System Expansion	System expansion projects – Link, Sounder, Regional Express, Stride
Executive	<ul style="list-style-type: none">• System expansion projects – systemwide• Other expenditures
Finance and Audit Committee	Other committees recommend budgets to FAC; FAC recommends overall budget to Board

***2024 proposed budget
summary***

Executive summary – revenues and financing

(In millions)

TOTAL REVENUES - 2024 Proposed Budget					
CATEGORY	Forecast	Budget	% Variance	Proposed	% Change
	2023	2023	2023F to 2023B	2024	2023B to 2024B
TAX REVENUES	\$2,318.7	\$2,295.5	1.0%	\$2,397.6	4.4%
PASSENGER FARE REVENUES	51.8	52.4	-1.1%	59.4	13.5%
GRANTS & LOCAL CONTRIBUTIONS	515.9	283.0	82.3%	216.7	-23.4%
INVESTMENT INCOME	136.0	40.4	236.6%	115.0	184.7%
MISCELLANEOUS REVENUES	17.1	10.9	57.3%	16.7	53.4%
BOND & TIFIA LOAN PROCEEDS	994.6	.0		93.3	-
Grand Total	\$4,034.2	\$2,682.2	50.4%	\$2,898.8	8.1%

- *Tax revenue: 4.4% above 2023 budget*
- *Fares: East Link Starter Line and Lynnwood opening*
- *Grants: 2024 lower due to funds accelerated in 2023 originally assumed for 2024*
- *Bonds and TIFIA: Hilltop TIFIA draw*

Executive summary – expenditures

TOTAL EXPENDITURES - 2024 Proposed Budget					
CATEGORY	Forecast	Budget	% Variance	Proposed	% Change
	2023	2023	2023F to 2023B	2024	2023B to 2024B
MODAL OPERATING EXPENSES	\$455.3	\$495.3	8.1%	\$634.2	28.0%
SYSTEM EXPANSION PROJECTS	2,010.9	2,047.9	1.8%	1,850.7	-9.6%
NON-SYSTEM EXPANSION PROJECTS	236.0	261.3	9.7%	306.7	17.4%
DEBT SERVICE	229.4	229.4	0.0%	179.7	-21.6%
TAX COLLECTION & FEES	26.2	23.1	-13.7%	19.4	-15.7%
CONTRIBUTIONS TO PARTNER AGENCIES	5.0	5.0	0.0%	.0	-100.0%
LEASES	15.9	16.8	5.5%	12.9	-22.9%
AGENCY CONTINGENCY	-	10.6		19.0	78.5%
OTHER NON-OPERATING EXPENSES	.6	.6	6.6%	.6	2.4%
Grand Total	\$2,979.2	\$3,089.9	3.6%	\$3,023.3	-2.2%

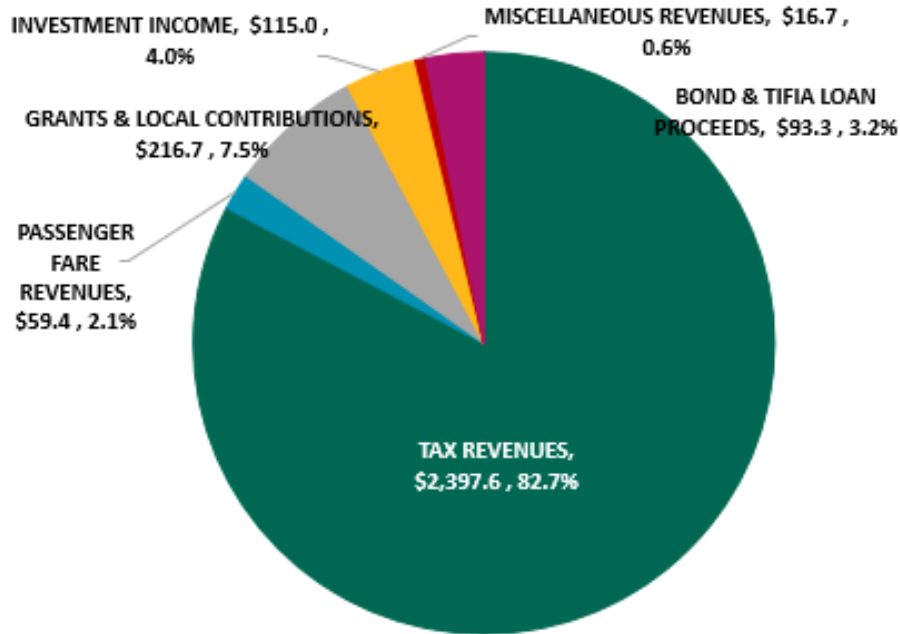
*2023 budget includes changes to the 2023 adopted budget due to Board actions.

- *Existing cash balance from 2023 TIFIA draws will be used to balance sources and uses, reducing our net cash position*
- *Agency contingency is 3% of proposed modal operating budget to help mitigate risks in escalating transportation costs*

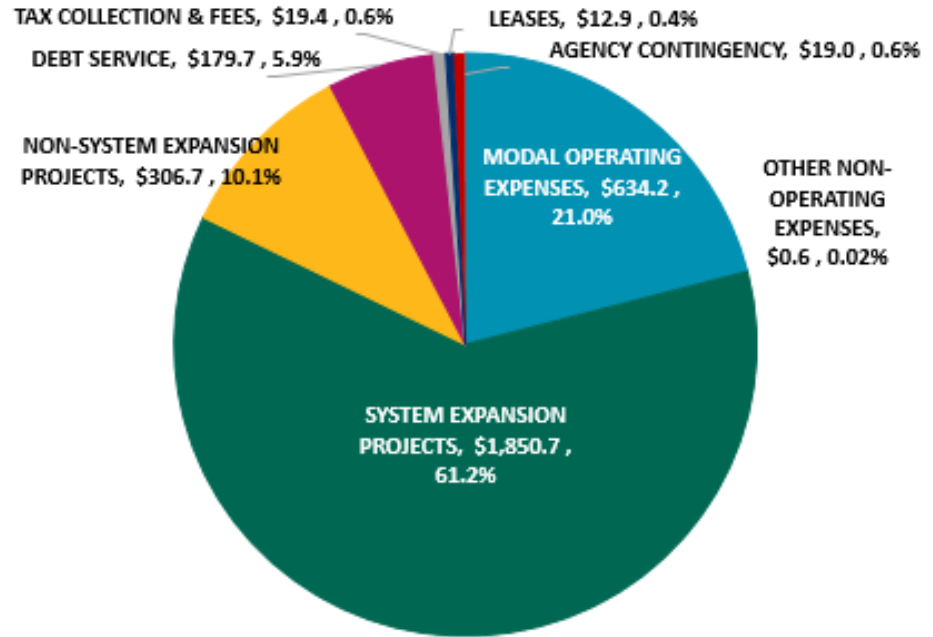
Proposed 2024 Budget

Sources lower than expenditures, gap will be covered by existing cash balance.

Sources: \$2.9B



Expenses: \$3.0B



Modal operating budget

Modal operating: \$634M

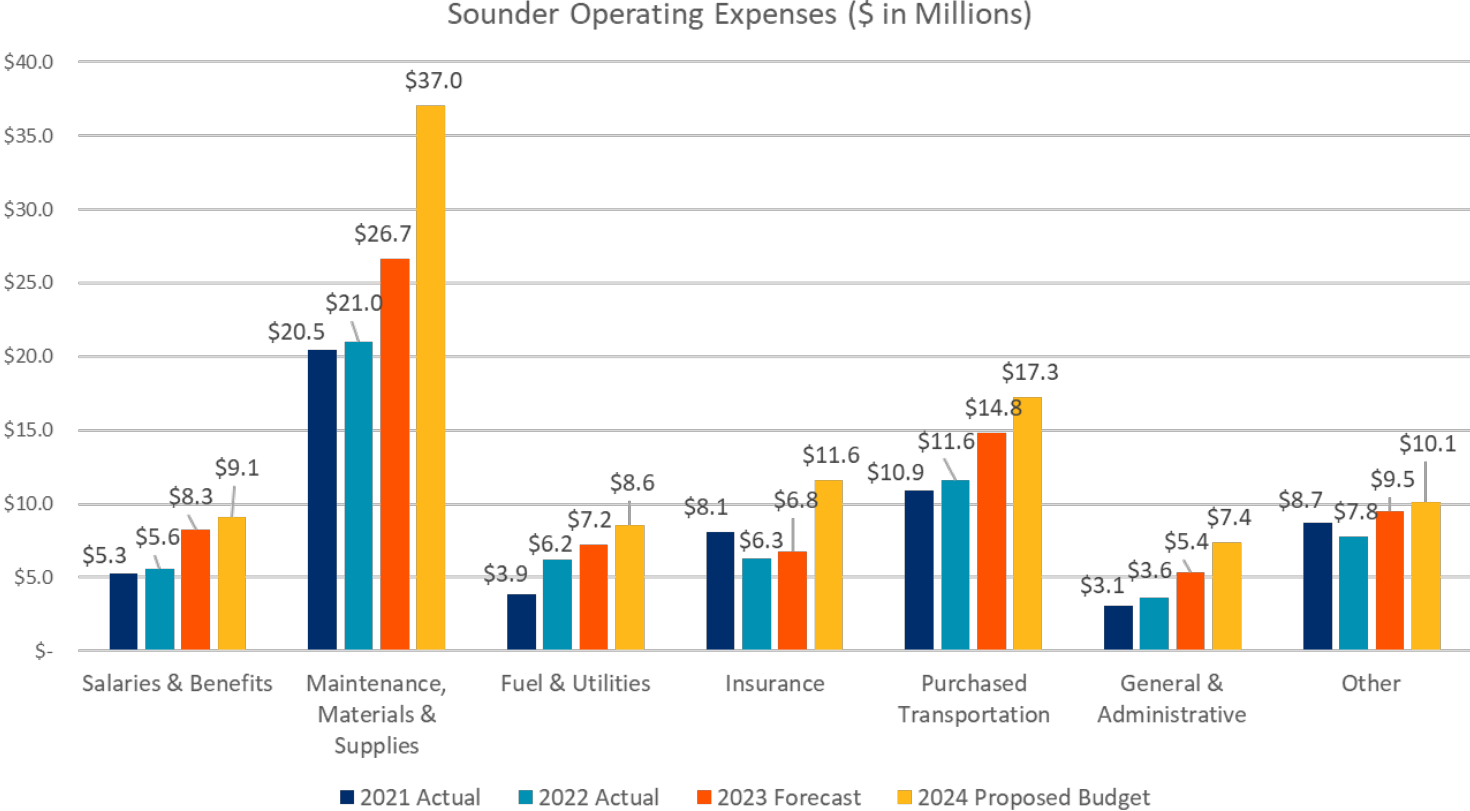
(In millions)

MODAL OPERATING EXPENSES - 2024 Proposed Budget					
CATEGORY	Forecast	Budget	% Variance	Proposed	% Change
	2023	2023	2023F to 2023B	2024	2023B to 2024B
SOUNDER	78.6	88.4	-11.1%	101.1	14.4%
LINK	217.4	236.5	-8.1%	344.2	45.5%
TACOMA LINK	13.3	17.3	-23.2%	20.3	17.5%
ST EXPRESS	146.0	153.2	-4.7%	168.6	10.1%
Grand Total	\$455.3	\$495.3	-8.1%	\$634.2	28.0%

Expected growth in expenses

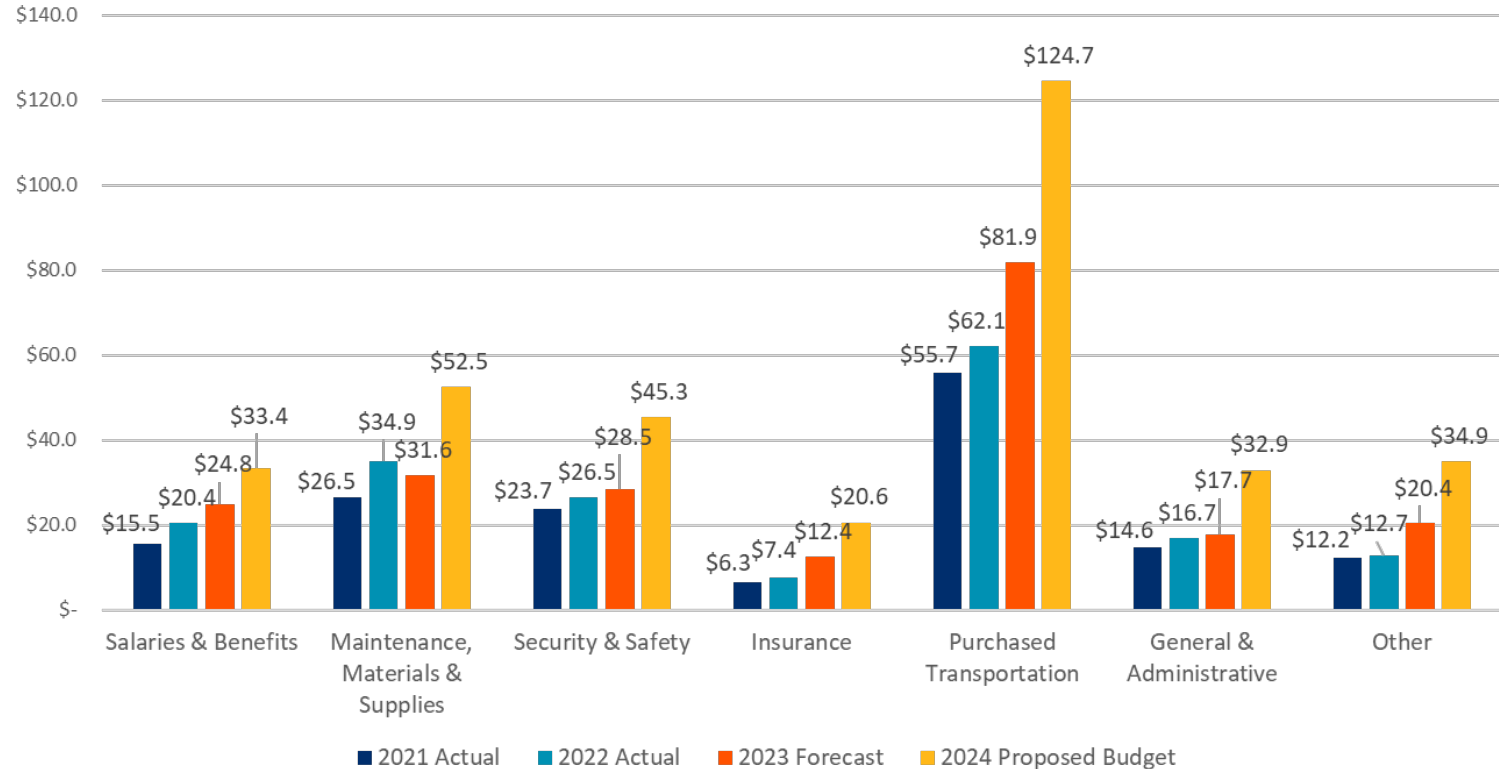
- Costs for opening Starter Line 2 and Lynnwood Link Extensions
- Annual increases in salaries and wages, including partners' costs
- Escalating healthcare costs
- Insurance premiums
- Additional security

Sounder – expense trends



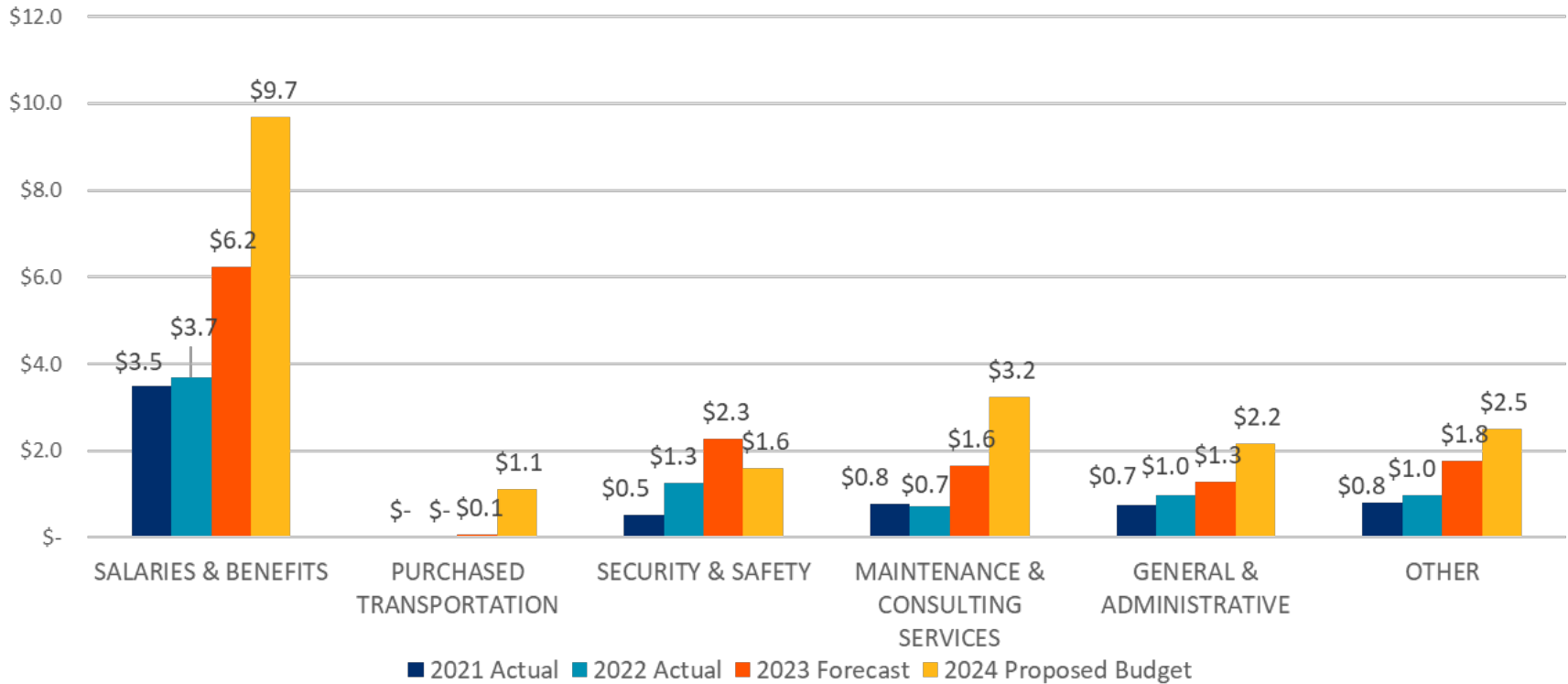
Link – expense trends

Link Operating Expenses (\$ in Millions)



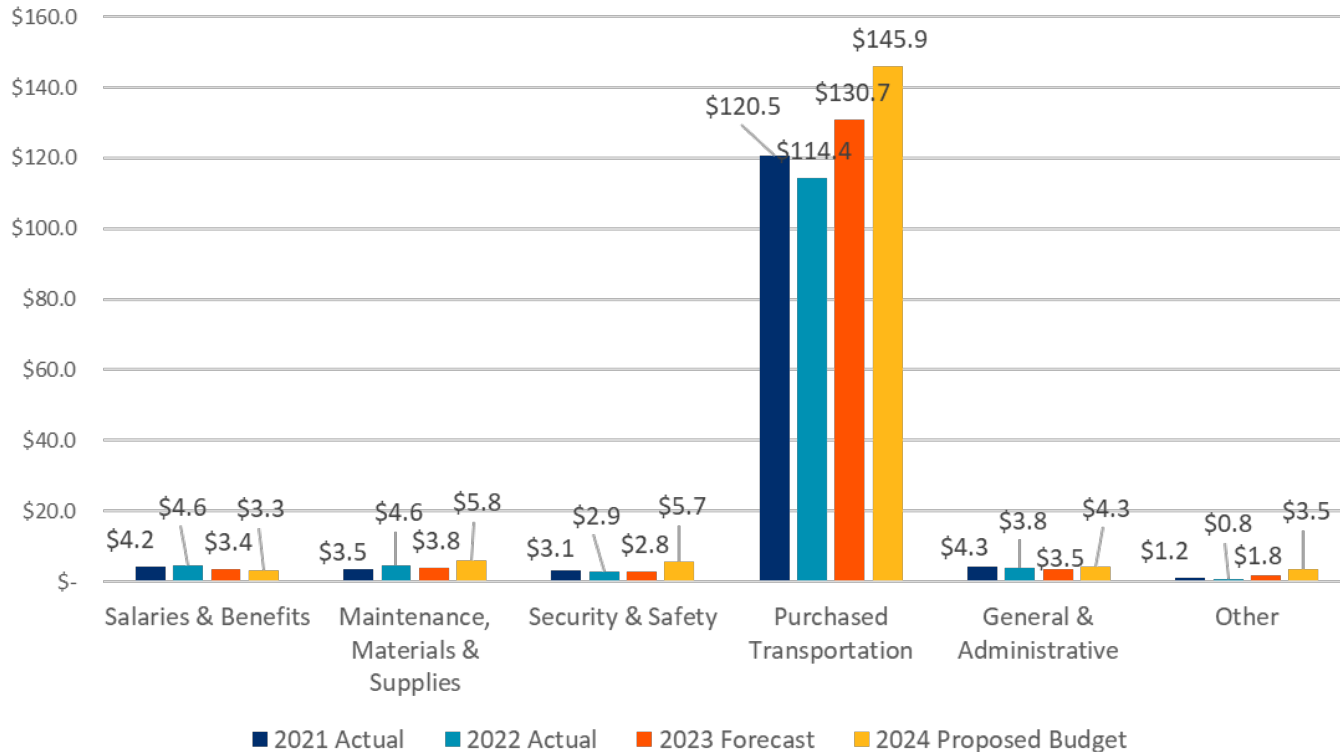
Tacoma Link – expense trends

Tacoma Link Operating Expenses (\$ in Millions)

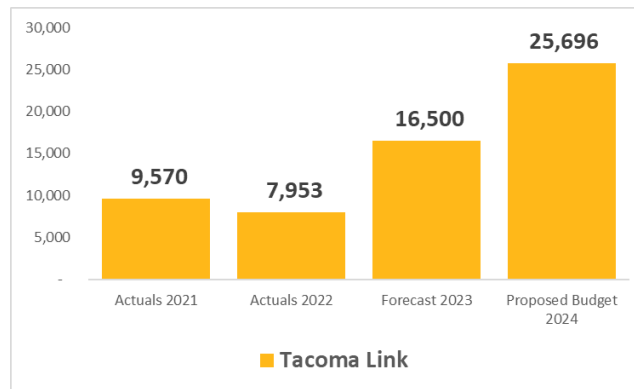
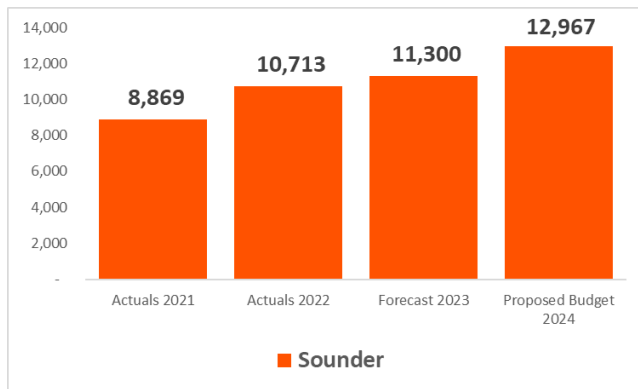
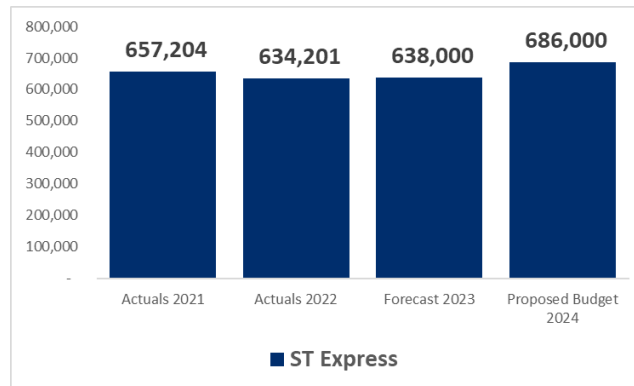
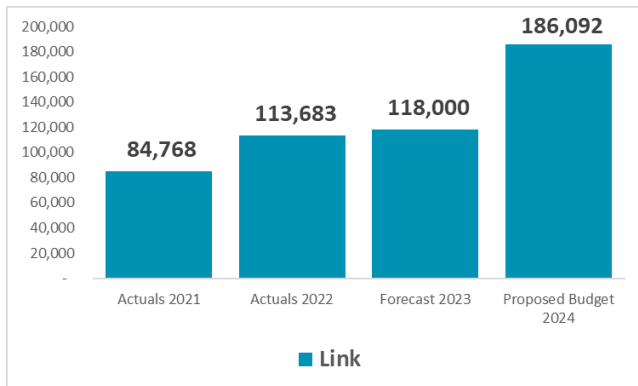


ST Express – expense trends

ST Express Operating Expenses (\$ in Millions)



Service: Platform hour growth by mode



***Non-system expansion
projects budget***

Agency projects excl. system expansion: \$307M

(In millions)

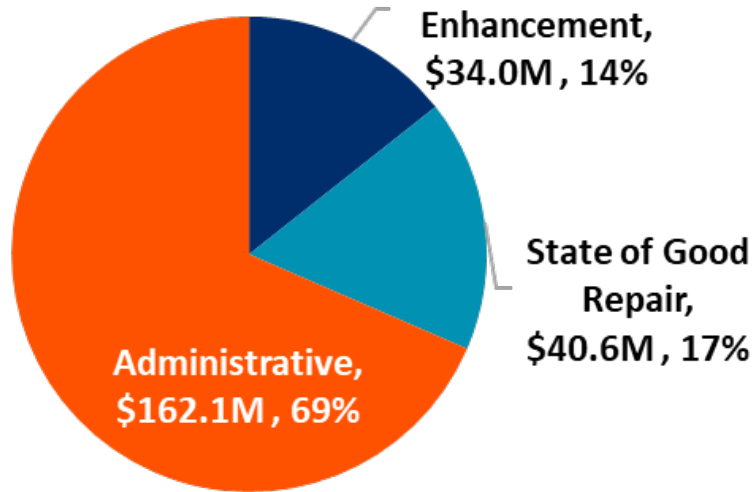
NON-SYX PROJECTS (NSEPs) - 2024 Proposed Budget					
CATEGORY	Forecast	Budget	% Variance	Proposed	% Change
	2023	2023	2023F to 2023B	2024	2023B to 2024B
SOUNDER	2.3	5.7	-58.9%	10.7	88.5%
LINK	29.9	23.8	25.4%	57.6	141.4%
TACOMA LINK	.8	1.0	-19.8%	.8	-19.2%
REGIONAL EXPRESS	.0	.3	-94.5%	.9	197.1%
SYSTEMWIDE	205.0	230.4	-11.0%	236.7	2.7%
Grand Total	\$238.1	\$261.3	-8.9%	\$306.7	17.4%

- 135 active projects in 2024 budget
- \$34.1M higher in Link driven by Kinkisharyo LRV Systems Upgrade project
- \$6.3M higher in Systemwide driven by IT projects

Systemwide 2024 budget by project type

(In millions)

2024 Systemwide Agency Projects* by Type



*Excluding system expansion projects.

\$207M for 66 active projects in 2024

Administrative

- \$144.6M Agency Administrative Operating
- \$13.6M Info Tech Program

State of Good Repair

- \$7.8M IT Tech Infrastructure
- \$5.9M Vertical Conveyance Program

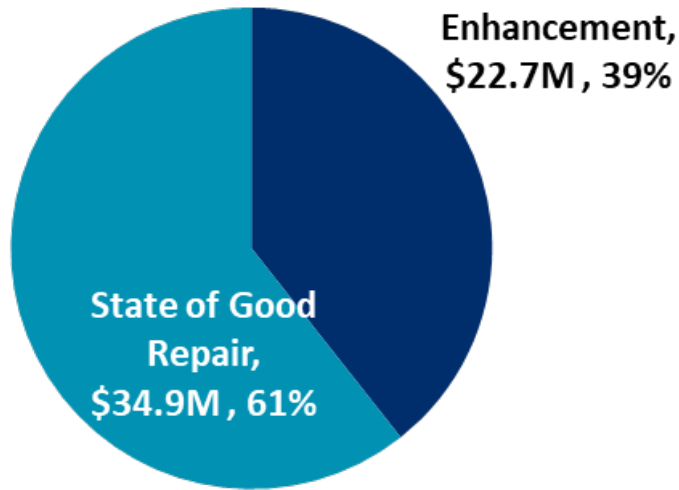
Enhancement

- \$12.4M PSO Programmatic Work
- \$4.7M Digital Passenger Information System

Link 2024 budget by project type

(In millions)

2024 Link Agency Projects* by Type



*Excluding system expansion projects.

\$58M for 49 active projects in 2024

State of Good Repair

- \$13.0M Kinkisharyo LRV Systems Upgrade
- \$7.9M DSTT Capital Improvements
- \$3.7M ST1 LRV APSE Overhaul

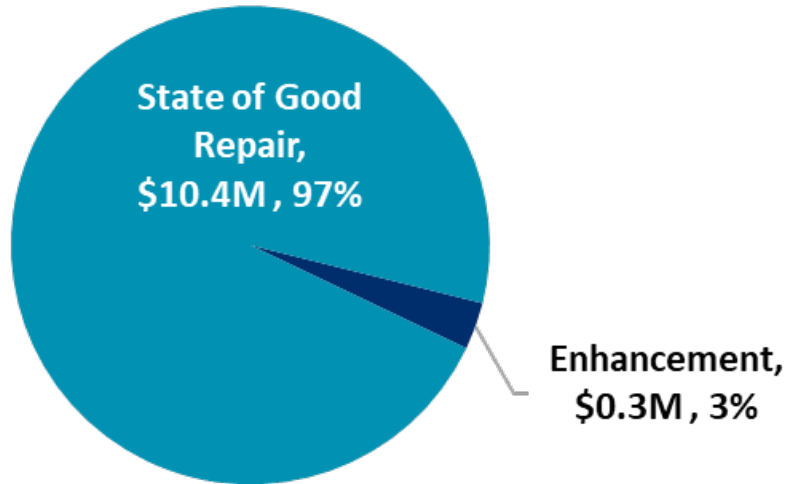
Enhancement

- \$3.9M OMF Security Enhancement
- \$3.7M Link At Grade
- \$3.4M SeaTac Airport Second Elevator

Sounder 2024 budget by project type

(In millions)

2024 Sounder Agency Projects* by Type



\$11M for 8 active projects in 2024

State of Good Repair

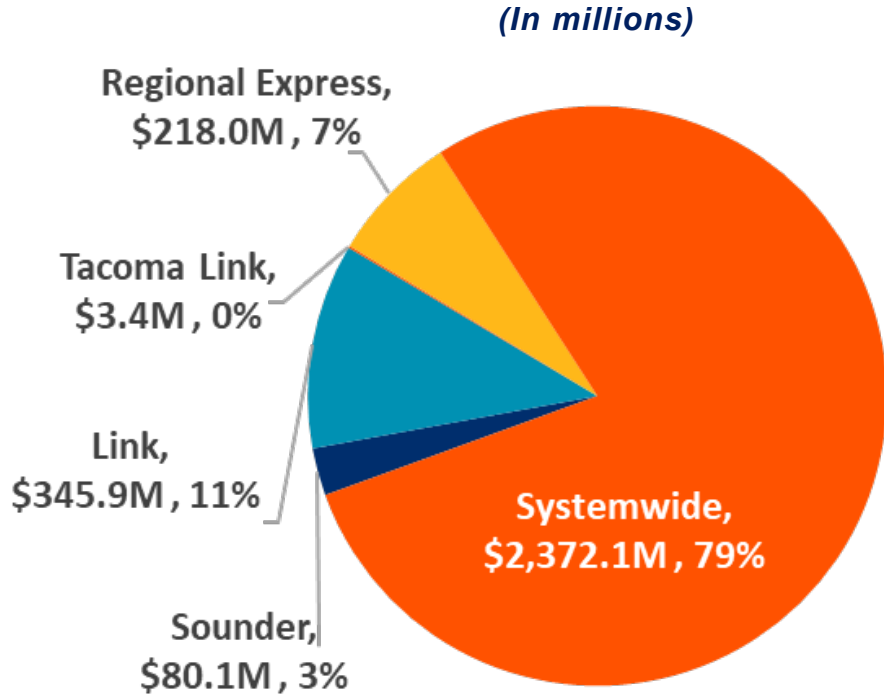
- \$9.4M Sounder Vehicle Overhaul Program

Enhancement

- \$0.3M Sounder At Grade

*Excluding system expansion projects.

2024 TIP authorized project allocation: \$3.0B*



135 active projects in 2024

Systemwide

- \$1,771.3M Agency Administrative Operating
- \$94.7M Info Tech Program

Link

- \$96.4M DSTT Capital Improvements
- \$34.9M Kinkisharyo LRV Systems Upgrade

Regional Express

- \$209.0M ST Express Fleet Replacement

*Excluding system expansion projects.

Changes to Transit Improvement Plan*

(In millions)

NSEP TRANSIT IMPROVEMENT PLAN - 2024 Proposed Budget	
CATEGORY	Authorized Allocation
2023 ADOPTED TRANSIT IMPROVEMENT PLAN	2,811.2
NEW PROJECTS / PROGRAMS	20.9
INCREASES TO EXISTING PROJECTS / PROGRAMS	199.6
DECREASES FROM PROJECT CLOSURES	(12.1)
2024 Proposed NSEP Transit Improvement Plan	\$3,019.5

- 8 new projects including South Warehouse Facility (\$12.4M)
- 33 changes to existing projects including Agency Administrative Operating (\$102.5M), ST Express Fleet Replacement (\$19.7M)
- 6 projects closing including LRV Overhaul (\$5.0M)

*Excluding system expansion projects.

***Budget timeline
and next steps***

Timeline

October – budget and Financial Plan kickoff

- **10/26** – Board Meeting – Overview of Long-Range Financial Plan projections and budget

November – budget overview and property tax levy approval

- **11/2** – Executive Committee – budget overview
- **11/2** – Rider Experience and Operations Committee – budget overview
- **11/2** – Public hearing – budget and property taxes
- **11/9** – System Expansion Committee – budget overview
- **11/16** – Board Meeting – request for approval of the property tax levy

Timeline continued

December – budget recommendation and approval

- **12/7** – Rider Experience and Operations Committee – recommends to FAC
- **12/7** – Executive Committee – recommends to FAC
- **12/14** – System Expansion Committee – recommends to FAC
- **12/15** – Finance and Audit Committee – recommends to Board
- **12/15** – Board – adoption of the Proposed 2024 Budget and Transit Improvement Plan

Thank you.



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