

# ***Proposed 2025 Budget and Transit Improvement Plan***

*Finance and Audit Committee*

*10/10/2024*



# ***Why we are here***

## ***Today we are here to provide information***

- Proposed 2025 Budget and Transit Improvement Plan (TIP)
  - Revenues & funding sources
  - Expenditures
  - Service growth
  - TIP
- Budget timeline and next steps

# Timeline

- ➔ **October** – overview of Long-Range Financial Plan projections and proposed 2025 budget and TIP
- **October** – property tax levy approval
- **November** – budget reviews by Board committees and budget recommendation and approval

# 2025 budget, TIP, and long-range financial plan

## Budget 2025

*Board Approved*

**Annual Budget** of revenues, sources, and expenditures for 2025.

## Transit Improvement Plan (TIP) to 2030

*Board Approved*

**Authorized Allocation** (lifetime) for all active project costs, including past actuals. (Includes pre-baselined and baselined projects, as well as service delivery projects.)

## Long-Range Financial Plan (2017 – 2046)

*Board Updated*

Includes Sound Move, ST2, and ST3 sources and uses through 2046.

# Budgets within Committee purview

Committee	Budget/TIP Sections
Rider Experience and Operations	<ul style="list-style-type: none"><li>• Modal operating</li><li>• Service delivery projects</li><li>• Other expenditures</li></ul>
System Expansion	<ul style="list-style-type: none"><li>• System expansion projects – Link, Sounder, Regional Express, Stride</li></ul>
Executive	<ul style="list-style-type: none"><li>• System expansion projects – systemwide</li><li>• Debt service</li></ul>
<b>Finance and Audit Committee</b>	<b>Other committees recommend budgets to FAC; FAC recommends overall budget to Board</b>

***Proposed 2025 Budget and  
Transit Improvement Plan (TIP)***

# *Key takeaways*

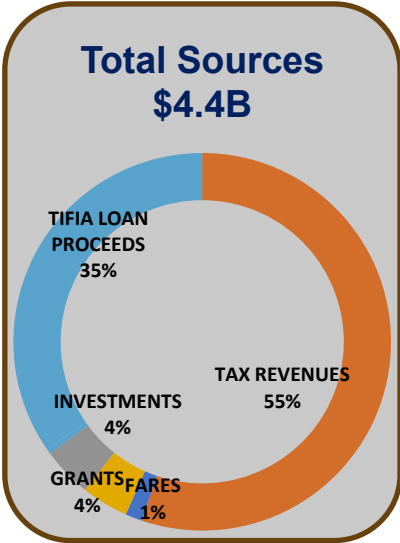
- Small growth in capital spending – Link decreases as ST2 projects enter service, while projects in planning and Stride ramps up
- Operating costs, including security and fare ambassador program increase in line with increased service
- Focused efforts to identify inefficiencies and reprioritize spending
- Drawdown majority of TIFIA loans to optimize future financing

# *Revenues & funding sources*



# FY 2025 overview – revenues and sources

(In millions)

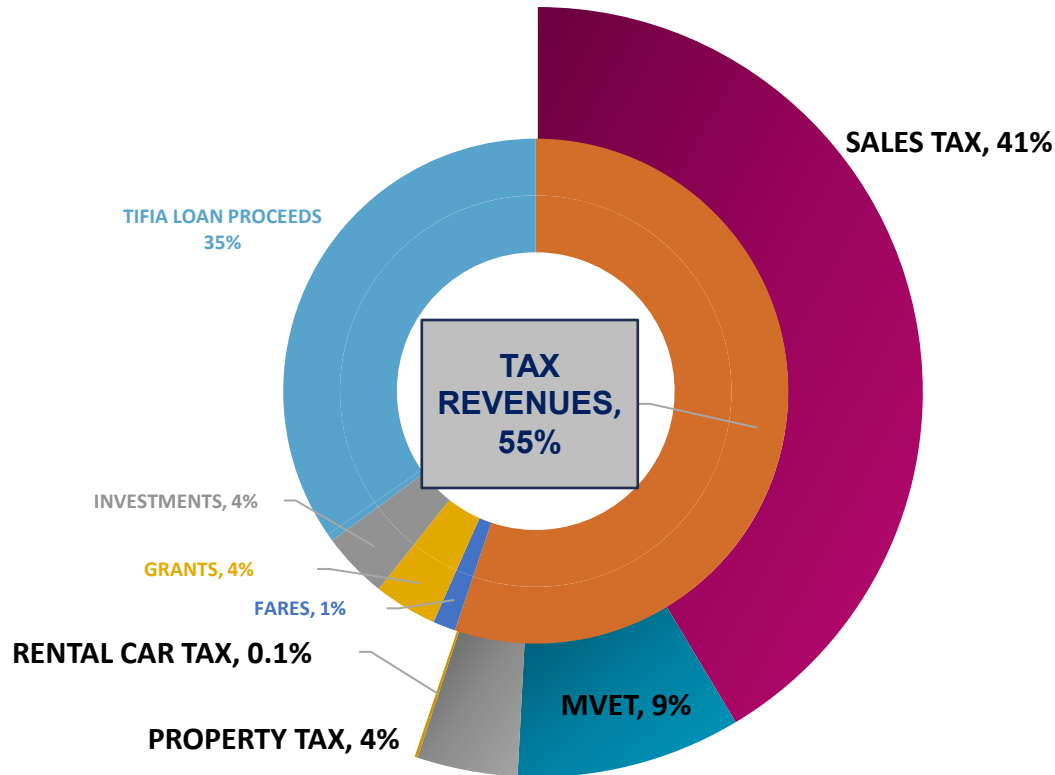


Total Sources	FY2025 Budget	% change from 2024 forecast
Taxes	\$2,414	4.3%
Fares	\$63	9.9%
Grants	\$177	-20.3%
Investments	\$186	-5.7%
Misc. Rev	\$20	16.6%
TIFIA	\$1,514	1,523%

- Tax revenues: Economic growth expected to pick up regionally after slow 2024
- Fares: Full year of Lynnwood and Starter Line; opening of Downtown Redmond and East Link
- Grants: Lower Lynnwood funding due to project opening and reduced costs budgeted for Federal Way in 2025
- TIFIA: East Link, Lynnwood, and Downtown Redmond loan drawdowns

# Tax revenues – 55% of FY2025 sources

(In millions)



## 2025 Tax Revenues

### Sales Tax

- 4.1% growth from 2024 forecast
- Moderate growth following slow 2024 performance, driven by stabilized employment, inflation, and slightly lower interest rates.

### MVET

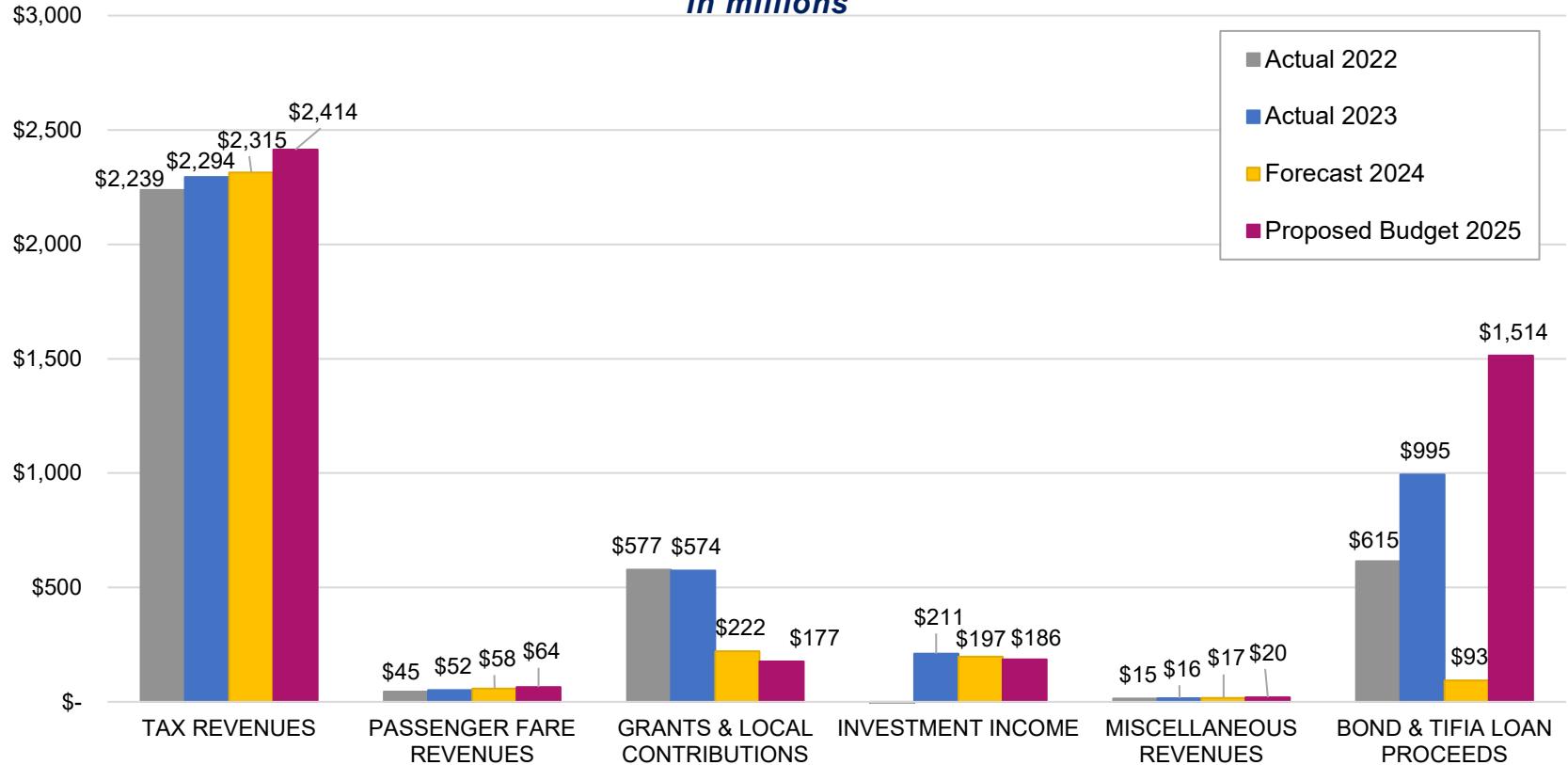
- 5.1% growth from 2024 forecast
- MVET 2024 performing well, assume continued growth in 2025.

### Property Tax

- 4.1% growth from 2024 forecast
- Assumes 1% levy increase for 2025 plus new construction.

# Revenues and financing sources – trends

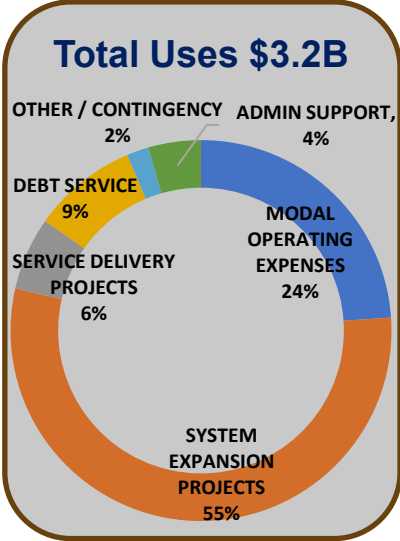
*In millions*



# *Uses of funds*

# FY 2025 overview – uses of funds

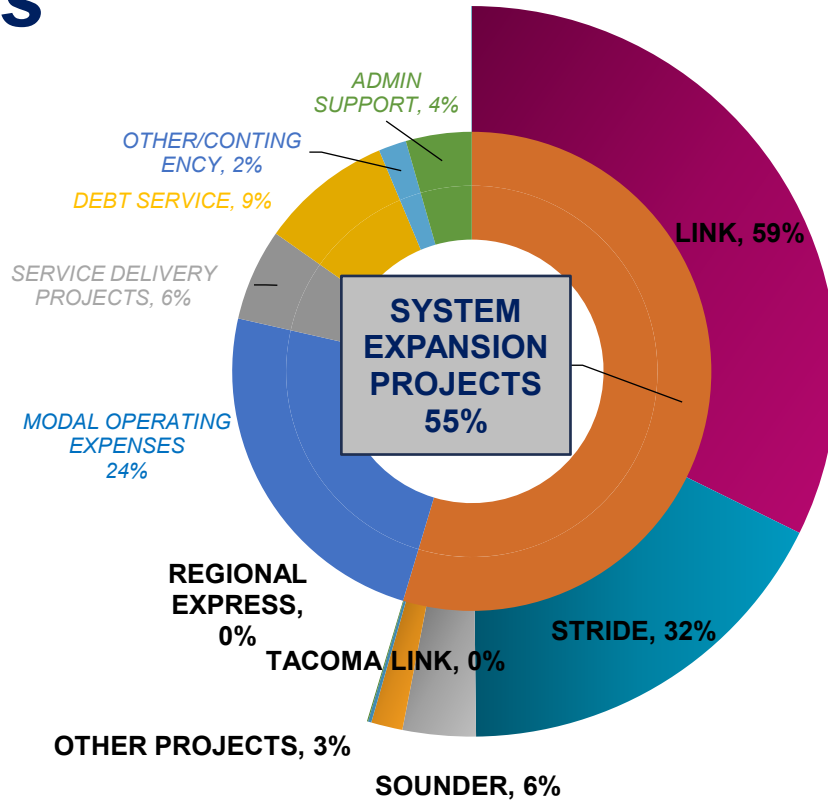
(In millions)



Total Uses	FY2025 Budget	% change from 2024 forecast
Expansion	\$1,736	2%
Modal Ops	\$760	29%
Service Proj.	\$197	63%
Debt Service	\$284	60%
Admin Support	\$141	0.3%
Other / Cont.	\$60	10%

- *Expansion Projects: Growth in Stride, Ballard, West Seattle; projects in construction ramp down.*
- *Modal Ops: Full year of Lynnwood, Starter Line; opening of Downtown Redmond, East Link.*
- *Service Projects: Fund agency critical state of good repair, enhancement, and admin projects.*
- *Debt service: Interest begins with drawdown of East Link, Lynnwood, and Downtown Redmond TIFIA loans.*

# System Expansion Projects– 55% of FY2025 uses

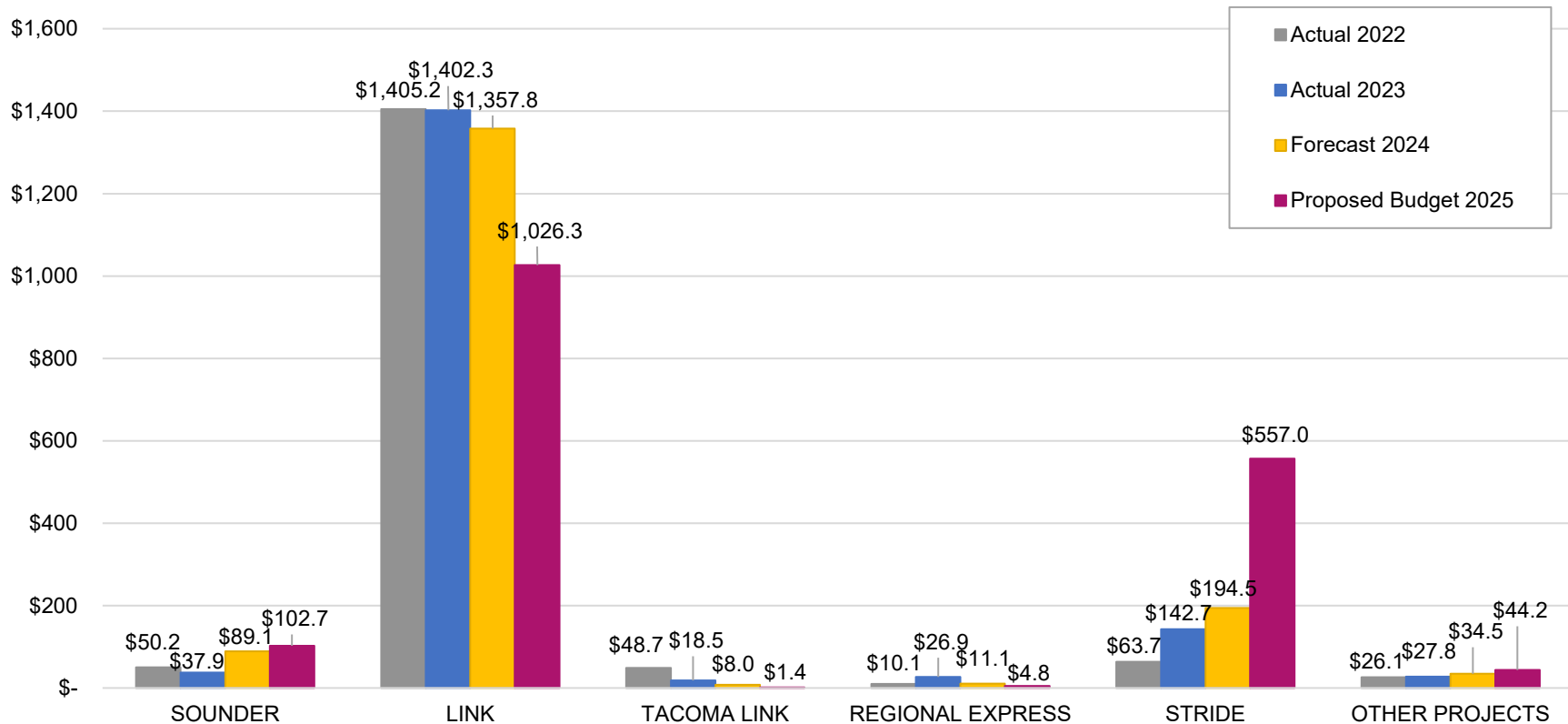


## 2025 System Expansion Costs

<b>Link</b>	<b>\$1,030M</b>
Ballard Link	\$271M
OMF-South	\$157M
West Seattle Link	\$147M
Federal Way Link	\$104M
Other Link	\$276M
<b>Stride</b>	<b>\$557M</b>
I-405 BRT	\$308M
SR-522 BRT	\$145M
BRT Maintenance Base	\$103M
<b>Sounder</b>	<b>\$103M</b>
Sumner, Kent, and Auburn	\$74M
Other	\$29M
<b>Regional Express</b>	<b>\$5M</b>
<b>Tacoma Link</b>	<b>\$1M</b>
<b>Other (Systemwide)</b>	<b>\$44M</b>

# System expansion – trends (by mode)

In millions

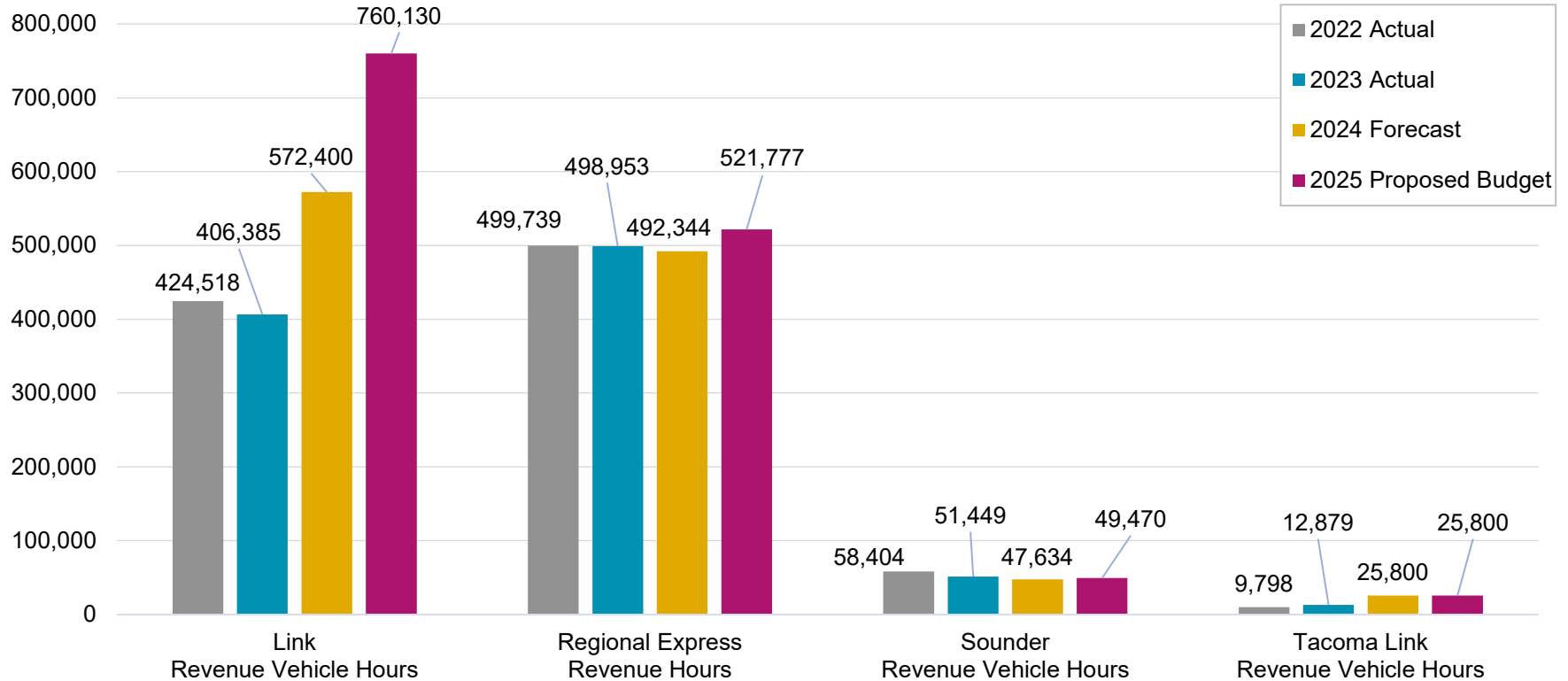


# ***Growth in 2025 operating expenses***

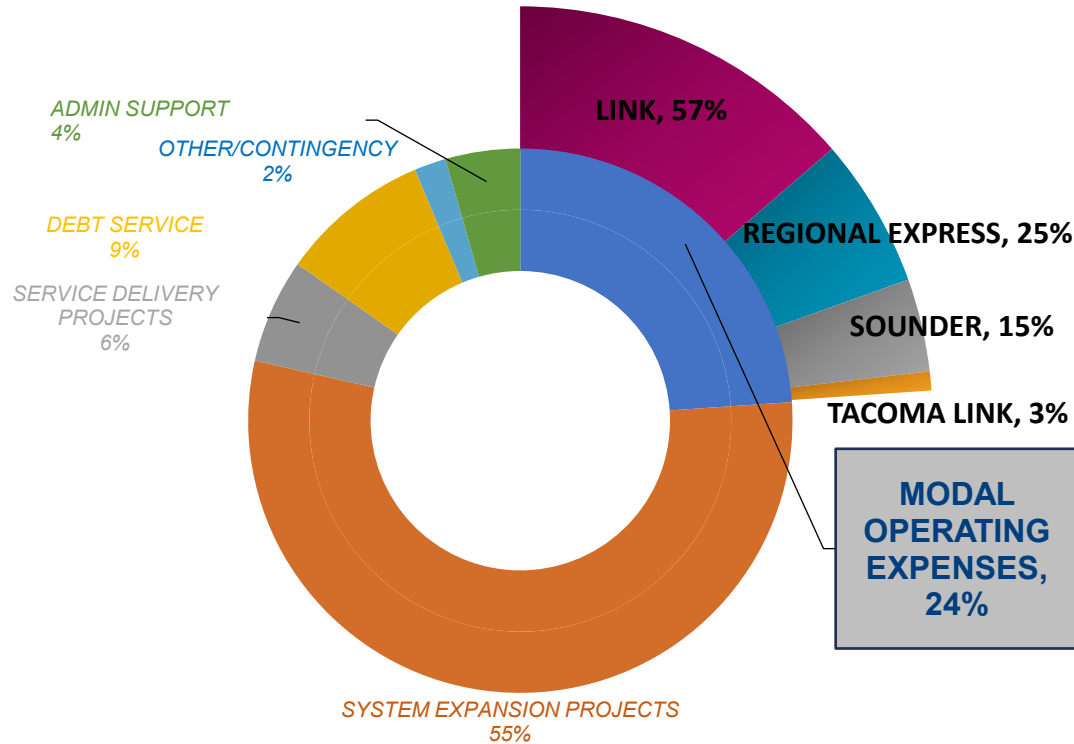
- Full year of Starter Line 2 operations
- Full year of Lynnwood Link Extension operations
- Opening of Downtown Redmond Link Extension
- Opening of full East Link into downtown Seattle
- Labor expenses, including purchased transportation
- Insurance premiums



# Service: revenue hours by mode



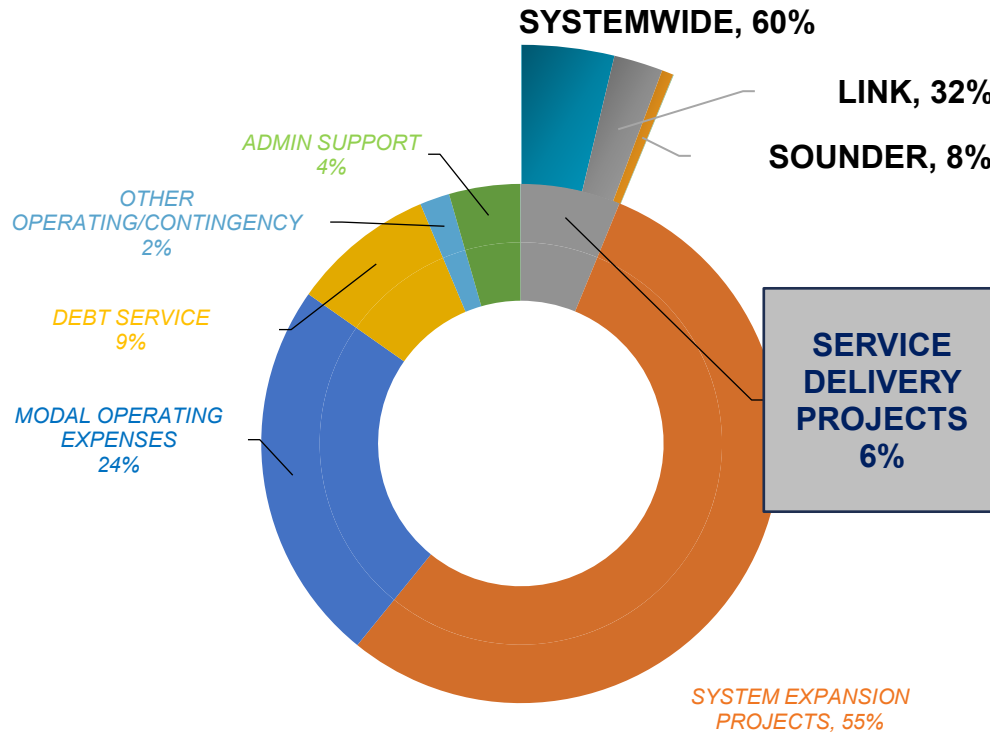
# Modal operating expenses – 24% of FY2025 uses



## 2025 Modal Expenditures

<b>Link</b>	<b>\$434M</b>
Purchased Transportation	\$174M
Salaries, Benefits, & Resourcing	\$48M
Security & Safety	\$72M
Cleaning, Parts, & Maintenance	\$35M
Insurance	\$30M
<b>Regional Express</b>	<b>\$187M</b>
Purchased Transportation	\$159M
Salaries, Benefits, & Resourcing	\$6M
Security & Safety	\$6M
Cleaning, Parts, & Maintenance	\$6M
<b>Sounder</b>	<b>\$116M</b>
Purchased Transportation	\$20M
Salaries, Benefits, & Resourcing	\$9M
Security & Safety	\$5M
Cleaning, Parts, & Maintenance	\$39M
Insurance	\$14M
<b>Tacoma Link</b>	<b>\$24M</b>
Salaries, Benefits, & Resourcing	\$12M
Security & Safety	\$2M
Cleaning, Parts, & Maintenance	\$3M

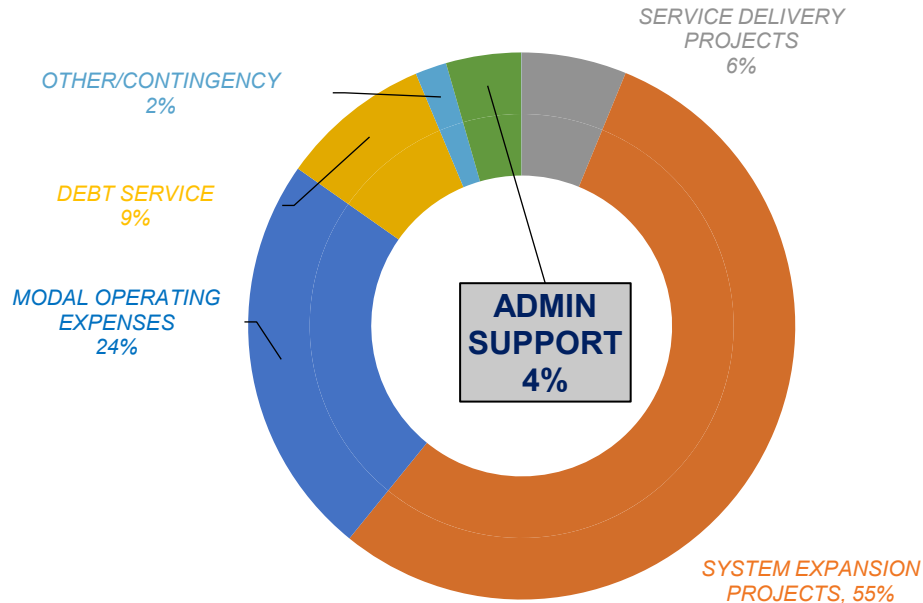
# Service delivery projects – 6% of FY2025 uses



## 2025 SDP Expenditures

<b>Systemwide Projects</b>	<b>\$119M</b>
SOGR	\$41M
Enhancements	\$43M
Administrative	\$35M
<b>Link</b>	<b>\$63M</b>
SOGR	\$36M
Enhancement	\$27M
<b>Sounder</b>	<b>\$15M</b>
SOGR	\$14.5M
Enhancement	\$0.5M

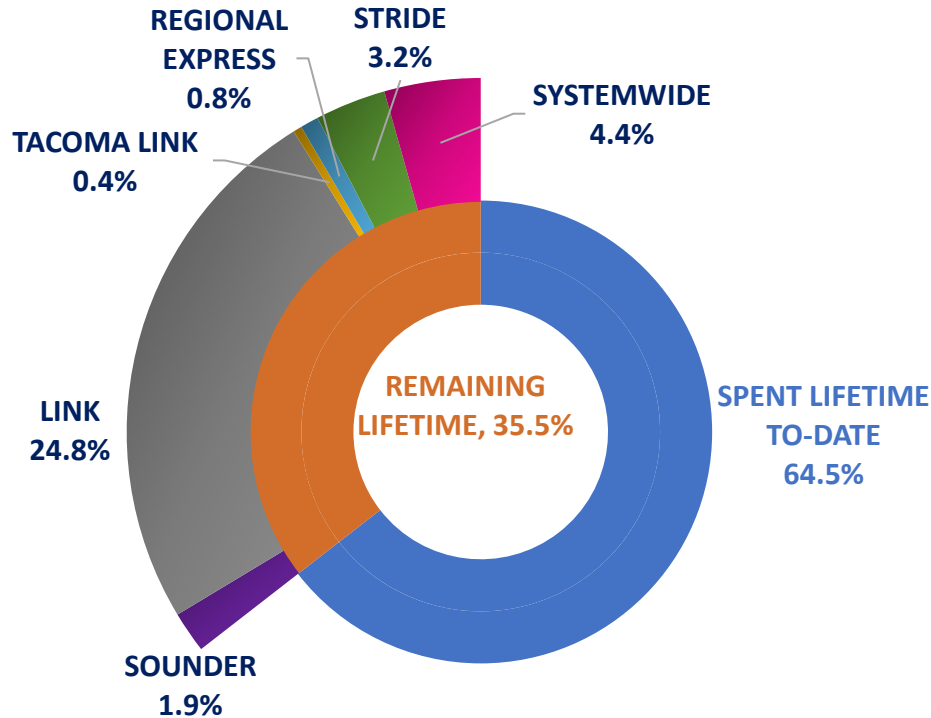
# Administrative support – 4% of FY2025 uses



- Administrative Support funds administrative costs that are mainly allocated to capital projects
- 2025 budget of \$141M is 0.3% higher than 2024 forecast

***Proposed TIP***

# 2025 Transit Improvement Plan by mode: \$26B



## 2025 TIP Authorized Allocations

<u>Link</u>	<b>\$18B</b>
System Expansion	\$17.6B
SOGR	\$0.2B
Enhancement	\$0.1B
<u>Systemwide</u>	<b>\$3B</b>
System Expansion	\$0.6B
SOGR	\$0.2B
Enhancement	\$0.3B
Administrative	\$2.0B
<u>Stride</u>	<b>\$2.4B</b>
System Expansion	\$2.4B
<u>Souder</u>	<b>\$1.3B</b>
System Expansion	\$1.2B
SOGR	\$76M
Enhancement	\$2M

# Changes to Transit Improvement Plan

## Transit Improvement Plan Expenditures - 2025 Proposed Budget

Category	Authorized Allocation (\$M)
2024 Adopted Transit Improvement Plan*	\$25,491
New projects / programs	\$9
Increases to existing projects / programs	\$319
Decreases from project closures	\$(81)
<b>2025 Proposed Transit Improvement Plan</b>	<b>\$25,738 M</b>

*\*Includes Board actions taken through 8/31/2024.*

- *200 active projects in the 2025 Transit Improvement Plan*
- *Seven new projects added*
- *Nine project closures*

# New projects

*7 new service delivery projects to support operations and state of good repair of assets*

Project Name	Proposed TIP (\$M)
Kinkisharyo LRV Door System	\$3.0
Jack Replacement	\$2.1
Link Station/ Garage Bollard Adds	\$1.8
OMFC & OMFE APC Upgrade	\$1.5
Traction Power Substations Siemens	\$0.6
SCADA Environ Server Infrastructure	\$0.3
ST2 IDS Prototype	\$0.2
<b>Total</b>	<b>\$9.5</b>



# *Opportunities and Risks*

## *Focus on cost efficiencies*

- Vacancies removed from staffing plan, resulting in actual savings
- Agency continues efforts to identify opportunities to improve spending led by Project MOST

## *Risks*

- Period of extensive service openings creates more operating budget risk now and in the future
- Link system expansion shifts from ST2 projects in construction to ST3 projects in planning, future capital budgets uncertain

***Budget timeline  
and next steps***

# Timeline

## *October – budget overview and property tax approval*

 **10/10 – Finance & Audit Committee – Proposed 2025 budget and TIP**

- **10/15** – Public hearing for proposed 2025 budget and property tax levy
- **10/24** – Board – budget overview and property tax levy approval

## *November – budget recommendation and approval*

- **11/7** – Rider Experience and Operations Committee – recommends to FAC
- **11/7** – Executive Committee – recommends to FAC
- **11/14** – System Expansion Committee – recommends to FAC
- **11/21** – Finance and Audit Committee – recommends to Board
- **11/21** – Board – adoption of the proposed 2025 Budget and TIP

*Thank you.*



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