

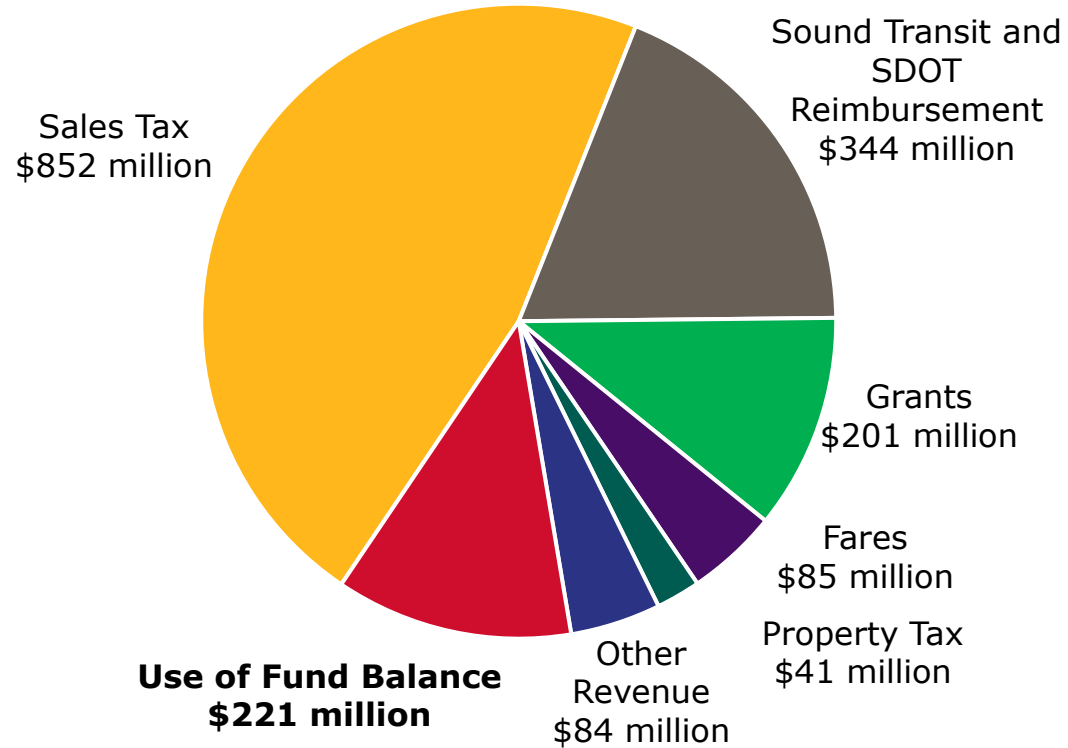
Metro Transit 2025 Budget Proviso

Briefing on 2028-2029 Reserve Levels

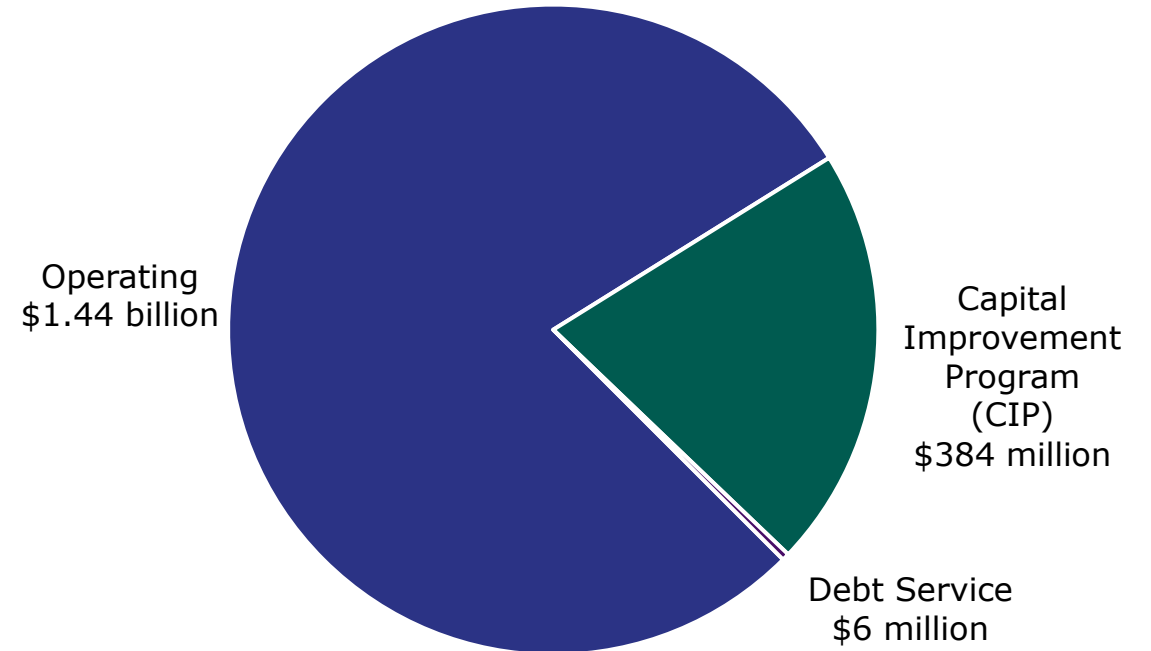


Key Financial Data

Funding Sources, Total = \$1.83 billion



Use of Funds, Total = \$1.83 billion



May 29 Financial Plan Summary

Financial Plan (\$ Million)	2025 Budget	2025 Estimate	2026-2027	2028-2029
Beg. Fund Balance	\$2,185	\$2,104	\$2,001	\$1,315
Total Revenues	\$1,606	\$1,608	\$3,585	\$4,090
<i>Operating Expense</i>	\$1,432	\$1,438	\$3,140	\$3,425
<i>Capital Expense</i>	\$737	\$384	\$1,264	\$1,952
<i>Debt Service</i>	\$6	\$6	\$19	\$104
Total Expenses	\$2,175	\$1,829	\$4,423	\$5,482
<i>Under-expense + Other Adjustments</i>	\$116	\$116	\$150	\$95
Ending Fund Balance	\$1,733	\$2,001	\$1,315	\$21
Reserves and Designations	\$1,319	\$1,559	\$1,371	\$851
Excess/Shortfall	\$414	\$442	-\$55	-\$830

Metro's Reserves

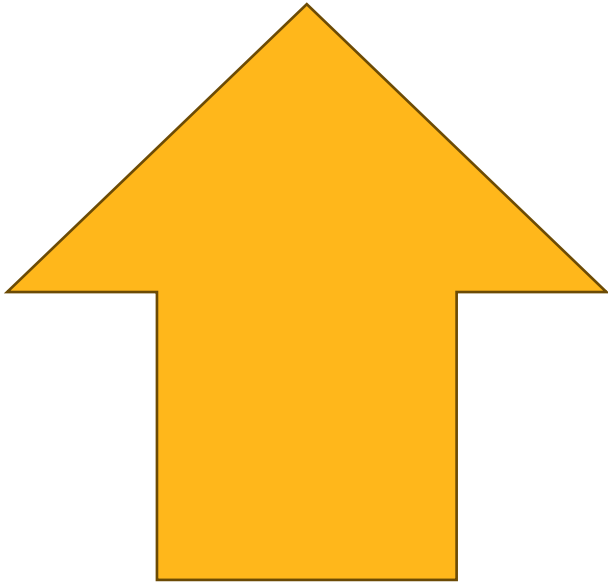
Reserves mandated by Ordinance 19863

- Recession, Risk, and Cash Flow Reserves
 - 45% of annual, estimated sales tax revenue
- Revenue Fleet Replacement Reserve
 - Funds a 20-year fleet replacement plan
- Bond Subfund Reserve

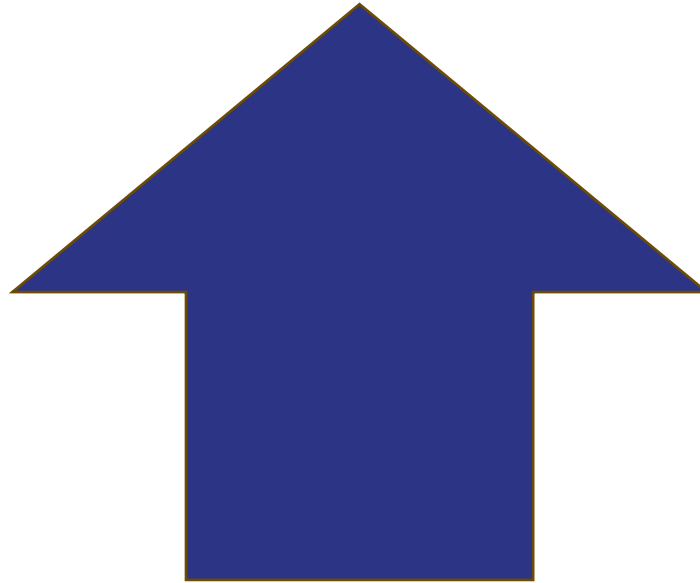
Other reserves and designations

- Guided by Motion 16041 - Comprehensive Financial Management Policies
- Funds designated for future, budgeted capital projects
- Monitoring restricted revenue sources (Marine, FTA)

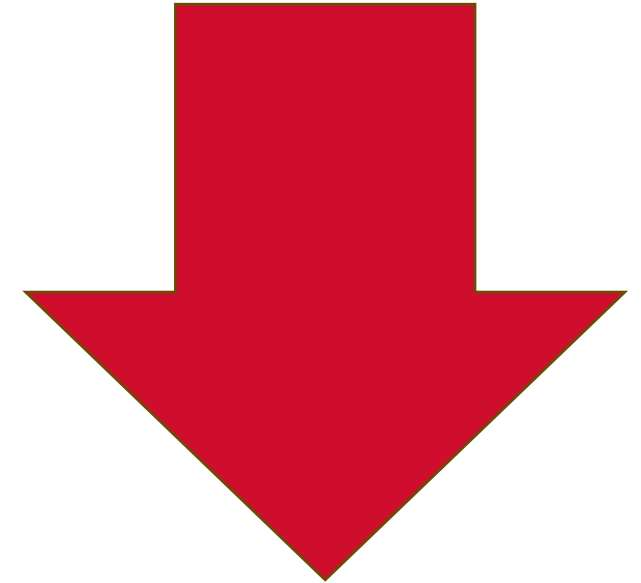
Growing Costs and Weak Revenue Projections Drive the Reserve Shortfall



Rising personnel costs



Continued inflation and high costs for equipment, services, and supplies



Flat projections for sales tax and farebox recovery

Major Policy Commitments Assumed in 2025 Budget

2035 target for full conversion of bus fleet to zero-emissions

Target via Ordinance 19052

Restoration of suspended bus service

Governed by Ordinance 19581

RapidRide program expansion

Metro Connects and various other ordinances

Addressing Projected Shortfall

- Metro's priorities are to invest in delivering safe, clean, and reliable service to our customers, including continuing to restore suspended bus service.
- Metro will focus on delivering a capital program that prioritizes taking care of what we have through our state of good repair program while balancing new capital investments.
 - This includes proposing meaningful investments to convert fleet to zero emissions with a pace of transition that will be based on available funding, while continuing to prioritize service and limiting impacts to customers
- Metro is working to identify cost-saving measures while continuing to focus on service quality.



Potential Options for Increased Revenue



King County Transportation District funding

Various funding options available, including up to three-tenths of one percent sales tax funding



Focus on increasing ridership and farebox revenue

Continued restoration of suspended service through restructures

Providing a safe, secure system for passengers

Reinstating fare enforcement



Implementing \$0.25 adult fare increase in September 2025

Next increase assumed for 2028 in Metro's financial planning



Increase partner jurisdiction support

Direct payment for expanded service

Working with partners on alternative capital delivery models

Reducing capital project risk and cost through interlocal agreements

Other Risks & Opportunities for 2026-2027 Planning



Federal funding risk



Additional economic uncertainty



July OEFA forecast & impact from SB 5814