

# Sound Transit Community Oversight Panel Hybrid Meeting Summary

**Date:** November 12, 2025

**Time:** 5:30 – 7:41 p.m.

**Location:** Hybrid/Teams/In-person (Union Station)

## Attendees

Present:

- James Peyton
- Linda Dorris
- Lorenzo Frazier
- Mark Lewington
- Paul Thompson
- Scott Lampe
- Tina Pierce
- Tom Norcott
- Zak Osborn

Absent:

- Charlotte Murry
- Donia Zaheri
- Trevor Reed

Staff

- Adam Montee
- Jenny Thacker
- Katie Flores
- Love Lee

## Meeting Overview

The Community Oversight Panel (COP) heard presentations by Sound Transit's Financial team regarding the 2026 proposed budget and long-range financial plan. The panel also discussed and approved the 2026 performance audit topic and adopted the previous meeting's minutes.

## Meeting Summary

The vice chair introduced the new COP administrator to the panel group and facilitated introductions. The COP administrator took roll, and the vice chair went over the agenda.

### **Presentation:**

#### *Proposed 2026 Budget and Transit Improvement Plan*

Presenters noted that November is the period when the COP reviews the proposed budget. Next week, the Finance and Audit Committee will review the same materials. The 2026 Budget and Transit Improvement Plan (TIP) are Board-approved, and the agency keeps the Board apprised of updates to the Long-Range Financial Plan.

The proposed budget and TIP are affordable within the agency's long-range financial plan and reflect prior Board decisions and direction. Revenues are projected to grow about 3% over 2025, driven by tax collections, new service openings, and increased ridership. Increased ridership is partly due to the opening of the Federal Way Link Extension in 2025 and the Crosslake Connection in 2026. Construction spending will shift towards Stride projects and ST3 planning efforts, including Ballard Link, West Seattle Link, and OMF South.

Total expenditures for 2026 are \$3.5B, a 33 percent increase from the 2025 forecast. This includes improvements to operational response, safety and security enhancements, and resources to support World Cup-related service and station readiness. The budget also reflects increased investment in service-delivery projects, including Enterprise Resource Planning (ERP), Enterprise Asset Management (EAM), and Project Management Information System (PMIS) modernization, along with upgrades to the Downtown Seattle Transit Tunnel, traction-power improvements, and several light-rail vehicle state-of-good-repair projects. System expansion continues to remain the largest portion of the budget, which includes Link extensions, construction, and Sounder access improvements.

**Questions:**

Panel member: Will the system enterprise process change the budget?

Presenter: It may increase the budget, may impact lifetime or 2026 budget, does not expect a substantial increase in the 2026 budget.

Panel member: What happens if [Sound Transit] decides one of the Links are unaffordable? Is there anything in the 2026 budget that can be scaled back to support that?

Presenter: That is possible. For something like Ballard, we did split the project in two, so if they decided they do not need the second tunnel, the Ballard project could still move forward. These dollars are meant to keep projects shovel ready.

Panel member: In Slide 17, what is in the indirect costs line and why is it there instead of somewhere else?

Presenter: Things like finance and HR are allocated to our projects. We used to lump them all together but a change we made this year is to report these split between system delivery and system expansion indirect costs so that people can see what it takes to deliver these projects that they might not think about.

Panel member: The taxpayers in Snohomish County have been paying taxes for the expansion that has not happened yet. Are they actually subsidizing the building of these other lines? Do they continue paying taxes on capital projects? When can they retire from this obligation?

Presenter: There's a difference between capital projects and service. We do subarea accounting which we report in June. That accounts for where all the tax dollars are coming from and what is happening in each subarea. Snohomish County is still getting service even if nothing has been built yet. In our budget book, each project has a subarea split that you can look at. We'll provide you the link for the budget book, which is available online.

Panel member: On Slide 18, it says "Remaining Link – \$274 million" can you break that down a bit more?

Presenter: That includes several other Link projects: Federal Way Link Extension, Eastlink, Pinehurst station, Lynnwood Link, Series 2 light rail vehicle project, Redmond link, Downtown Redmond link, and a handful of other projects with smaller budgets.

The vice chair asked if there were any additional questions. Hearing none, the panel thanked the speakers and adjourned for break at 6:10 p.m., agreeing to return at 6:15 p.m. for the next presentation.

**Presentation**

### *Long Range Financial Plan*

Sound Transit's CFO presented the Long-Range Financial Plan, which provided an overview on how the proposed budget, TIP, and long-range financial plan fit together. The 2026 budget provides a look for one year of spending, while the TIP shows the full amount the Board has approved for every active project. This presentation covers affordability challenges, updated macro-economic forecasts, financial enhancements, and the proposed 2026 budget and TIP.

Long-term financial pressures include rising construction costs, the need to keep the system in good repair, and the increased investment required to operate and maintain a growing transit network. There are several strategies the agency will explore to increase its financial capacity over time. These include adjusting planning assumptions on projected revenues and cost, making policy adjustments that are within the Board's authority, pursuing additional revenues like grants, and partnering with other government or private partners to share project costs or improve financing flexibility.

Exploring these strategies has increased the agency's long-term financial capacity by about \$2B since August. A chart of future expenditures showed what Sound Transit can afford based on current projected resources and what would require the agency to find new funding or savings. Beginning in 2033, the agency will begin to see expenditures that require \$34.5B of new funding or cost savings. The chart used color coding to show how the \$2B in financial enhancements would affect this projection.

The Enterprise Initiative's goal is to deliver the greatest benefits of ST3 within the agency's available financial capacity. This includes developing a comprehensive framework for the Enterprise Initiative, an updated ST3 System plan by the end of June 2026, a new Regional Transit Long-Range Plan by September 2026, and an updated Long-Range Financial Plan by December 2026.

### **Questions:**

Panel member: I'm assuming this is agency wide. Given that the largest projects are West Seattle and Ballard, and are north King County, how do the constraints of those subareas play into this?

Presenter: We have to maintain subarea equity, once we get to 2046 we would have inter-subarea-borrowing. So we'd have to spend a lot of cash, but we would also get that back and be in balance.

Panel member: That is a key piece that would be useful for everyone to know

Presenter: Yes, and we need to make sure that the system is affordable and then work within those constraints

Panel member: Can we see the different subareas costs and revenues?

Presenter: Yes, once the Enterprise Initiative is done, it would not just be a static view and would report on the balances of the subareas.

Panel member: I have a question about Slide 10. Can you talk about the system enhancements piece of that?

Presenter: Yes, the point of this slide is to show what expenditures are affordable and which are not affordable. Everything in the blue is affordable, the gold is showing the expenses that we need but can't afford due to the constraints, the purple is showing the claw back and what we have been able to save based on the financing enhancements and other Enterprise Initiative work.

Panel member: On Slide 8, what does the strategy of looking at board actions mean?

Presenter: It means looking at the overall program and making changes that are within the Board's authority. Legal debt capacity is a matter of statute, so is outside of the Board's authority. But debt service ratios are a matter of policy and can potentially be relaxed. By relaxing that in a responsible fashion you can issue more debt. Looking at the fare structure is another example.

Panel member: Back to Slide 10, I'm trying to understand the blue portion. What is causing it to go down?

Presenter: The amount of debt we have issued, and when we are starting to pay it off. The more debt we have out there, the less debt we are able to issue, so spending goes down.

Panel member: But why does it come back up?

Presenter: We will hit a peak and use almost all of our legal debt capacity, that's the pinch point based on legal debt capacity.

Panel member: Regarding partnership, I heard SDOT is looking at different kinds of opportunities; are there other entities looking to support the program?

Presenter: I am not aware of anything specific to SDOT

Panel member: Will the new funding needed affect fares at all?

Presenter: Good question, we don't know the answer to that yet. It's an opportunity or action that we can look at, at this point, it's not something we are exploring, largely because fares do not impact the agency's bottom line very much.

Panel member: Is one of the strategies still under consideration a legislative change to Debt Service Levels?

Presenter: That would require a Board decision, not a legislative decision, and that is under consideration.

The agency confirmed they would provide more updates on the Enterprise Initiative throughout the year. They also noted the sources for the whole long-range financial plan projections by subarea is on page 51 of the budget book. A link for the budget book will be distributed to the entire panel.

The panel adjourned for a break at 6:55 p.m., and agreed to come back at 7:10 p.m.

## **Discussion and Approval of 2026 Performance Audit**

The vice chair reviewed the performance audit topic selected at the previous meeting and raised broader concerns about the agency's current performance audit structure. He noted the need for a more robust audit program and expressed discomfort with recommending a topic without having a full understanding of how different parts of the agency operate. He suggested adding comments to the recommendation letter encouraging greater emphasis on Enterprise Risk Management (ERM) and strengthening ERM practices to better inform future performance audits. He also requested additional information on what a governance maturity review entails, as he was unfamiliar with the scope of that audit type.

Panel members discussed several related topics, including how the agency measures the effectiveness of its recent internal restructuring, as well as the delay of the 2025 performance audit and whether that delay would affect the timeline for the 2026 audit. They requested clarity on the reason for the delay. Questions were also raised about the agency's capacity to conduct internal

and external audits simultaneously and whether sufficient resources were available to support both. Another panelist asked how audit topics are generated; staff explained that the selections were informed by a risk matrix used to identify the four topics most appropriate for 2026.

The vice chair asked whether the recommendation letter needed to be finalized at this meeting, and staff confirmed that approval was required. A motion was made and seconded to approve the letter, and it passed unanimously. A separate motion to approve the meeting summary also passed unanimously.

## **Member Reports**

Additional updates included notification that invitations had been sent for the Federal Way Link Extension preview ride on December 3. The vice chair requested an update on union negotiations, and staff agreed to follow up. He also shared that he would be attending the upcoming Board retreat to hear more about the Enterprise Initiative and would report back to the panel.

Panelists then discussed recent public comments regarding funding priorities for the Ballard and West Seattle Link projects, as well as broader observations about changes in regional bus service and how some riders perceive the relationship between expanding light rail and reductions in bus routes. Staff offered to share the service plan presentation from the previous month and to forward any questions to the service planning team.

Before closing, the vice chair noted that this meeting marked the final session for a departing panel member and invited the group to express their thanks. The panel and staff shared their appreciation for his service and contributions. The meeting adjourned at 7:41 p.m.