

Proposed 2026 Budget and Transit Improvement Plan

Community Oversight Panel

11/12/2025



Why we are Here

Provide complete Proposed 2026 Budget and TIP

- Proposed 2026 Budget and Transit Improvement Plan (TIP)
 - Revenues and funding sources
 - Expenditures
 - Service growth
 - TIP
- Budget timeline and next steps

Timeline

- **October FAC** – overview of Long-Range Financial Plan projections and proposed 2026 budget and TIP
- **October Board** – budget overview and property tax approval
- ➡ **November SEC, REO, EXEC** – budget reviews by Board committees
- **November FAC, Board** – budget recommendation and approval

2026 Budget, TIP, and Long-Range Financial Plan

Budget 2026

Board Approved

Annual Budget of revenues, sources, and expenditures for 2026.

Transit Improvement Plan (TIP) to 2031

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.

***Proposed 2026 budget and
Transit Improvement Plan (TIP)***

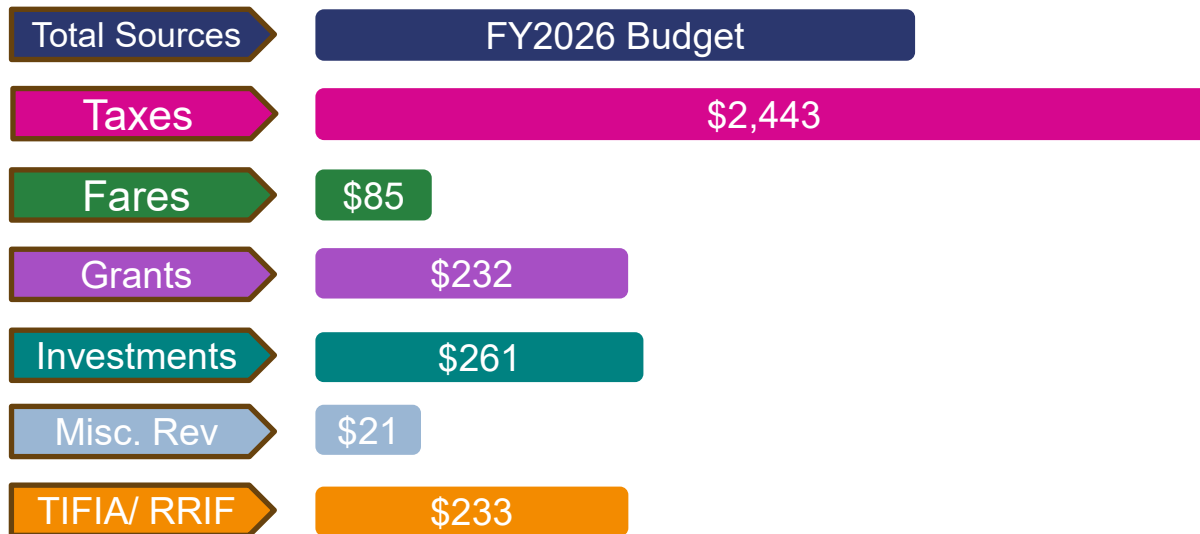
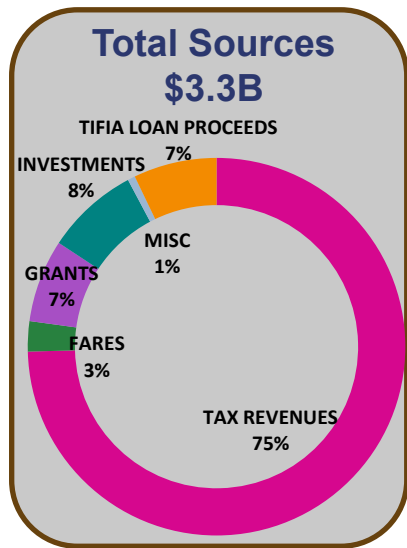
Key Takeaways

- Revenues slightly up over 2025; inflation and interest rates remain stable
- 2026 will increase total ST service hours by 29% over 2025
- Stride projects represent majority of construction spending
- Additional operating dollars for improving operational response, security, and World Cup service
- Increased investment in service delivery projects to improve system resiliency and reliability

Revenues and Funding Sources

FY 2026 overview – Revenues and Financing

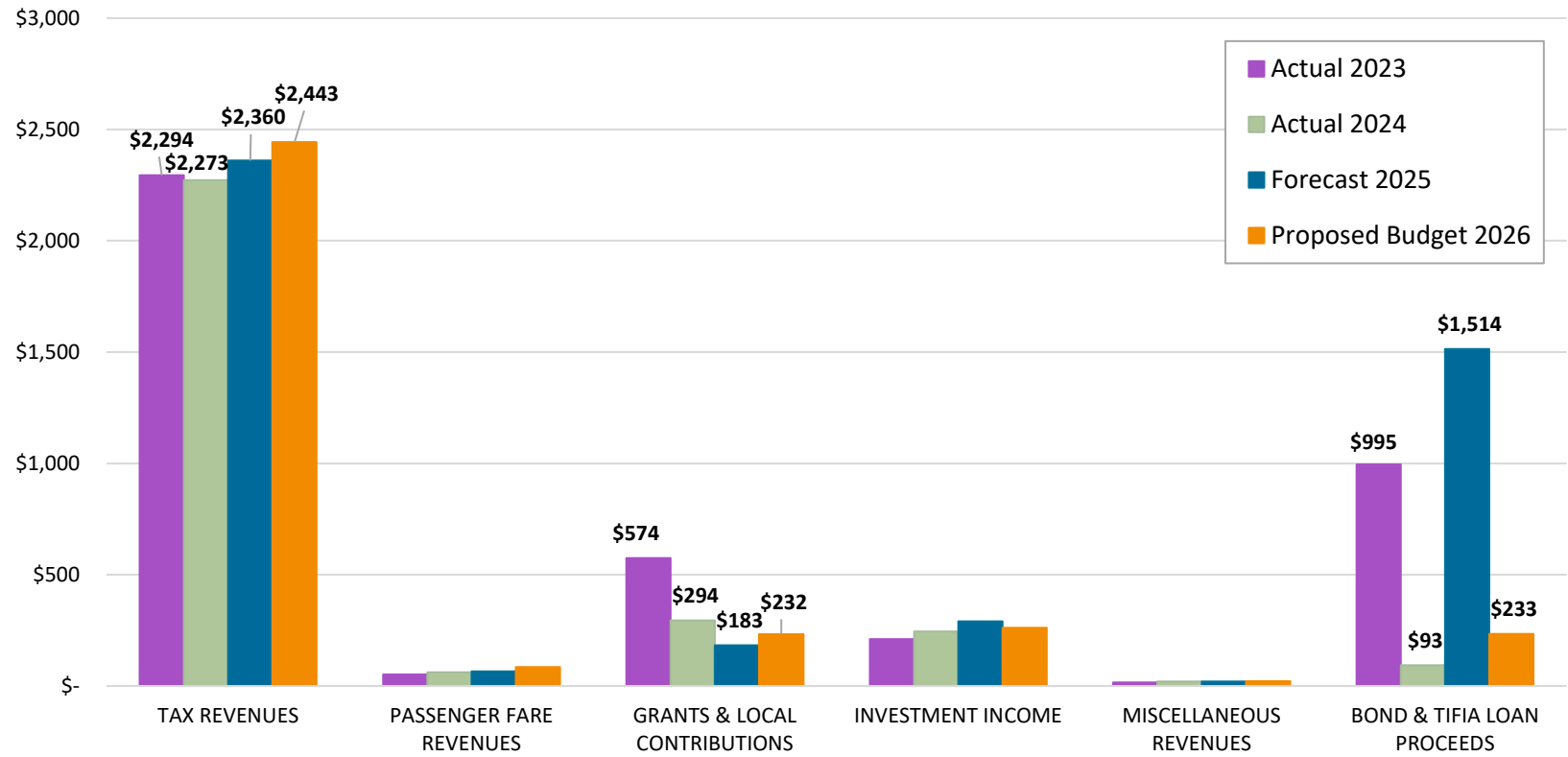
(In millions)



- Tax revenues: Economic growth expected to remain stable plus sales tax expansion
- Fares: Full year of Federal Way Link Extension and open Crosslake Connection Extension
- Grants: Increasing due to final Lynnwood Link Extension funding
- TIFIA and RRIF: Pinehurst and Sounder Access loan drawdowns

Revenues and Financing Sources – Trends

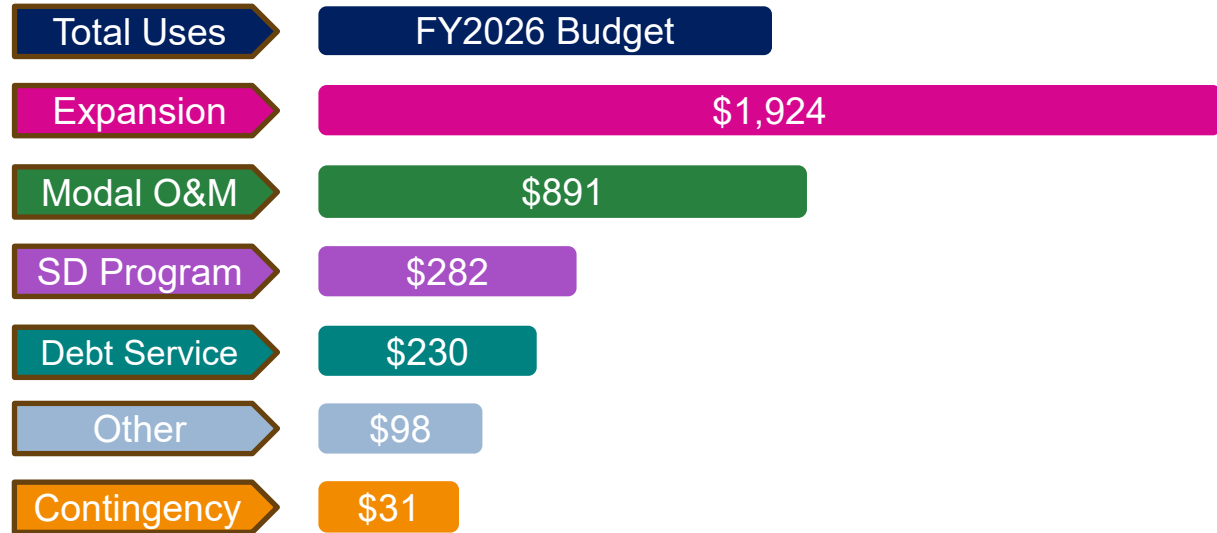
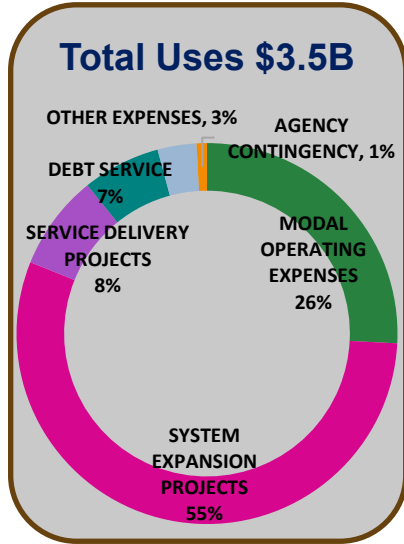
In millions



Expenditures

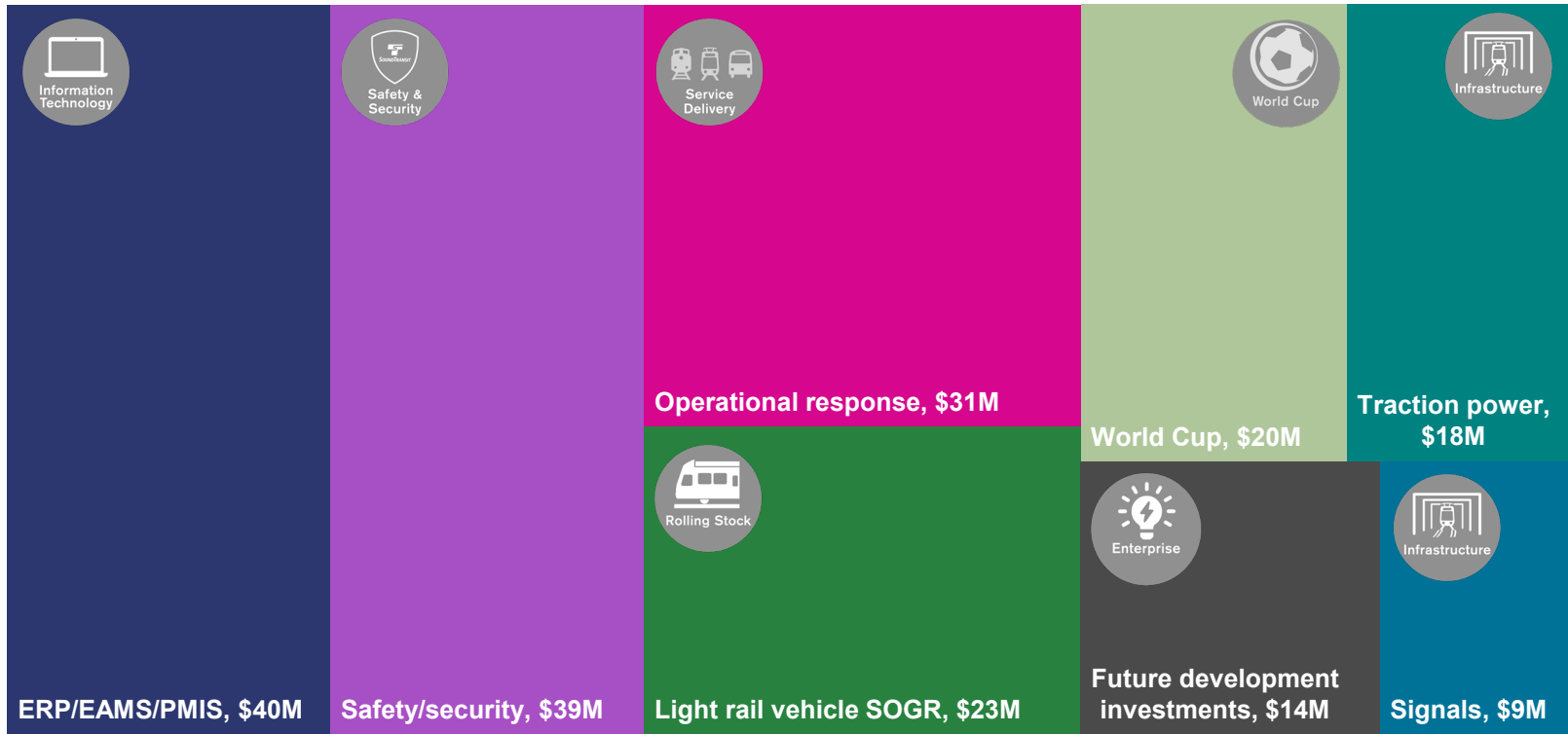
FY 2026 Overview – Expenditures

(In millions)



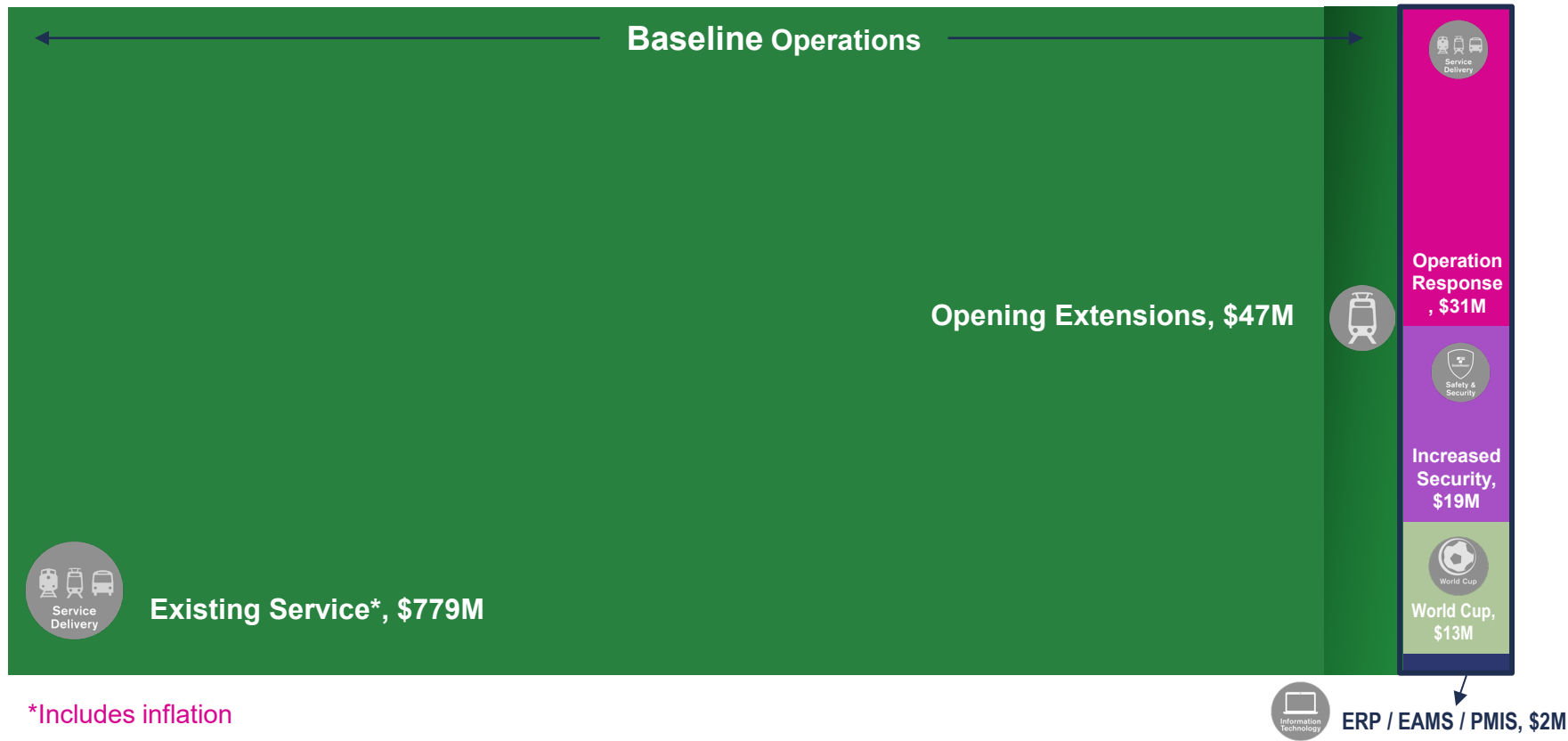
- Expansion Projects: Link shifts to spending on projects in planning, heavy Stride construction
- Modal Ops: Full year of Downtown Redmond and Federal Way; opening Crosslake Connection
- Service Delivery Program: Fund critical agency IT, SOGR, resiliency, and World Cup needs
- Debt service: Interest begins with drawdown of TIFIA loans; retirement of variable bonds in 2025

\$194M in Additional System and Service Investments*



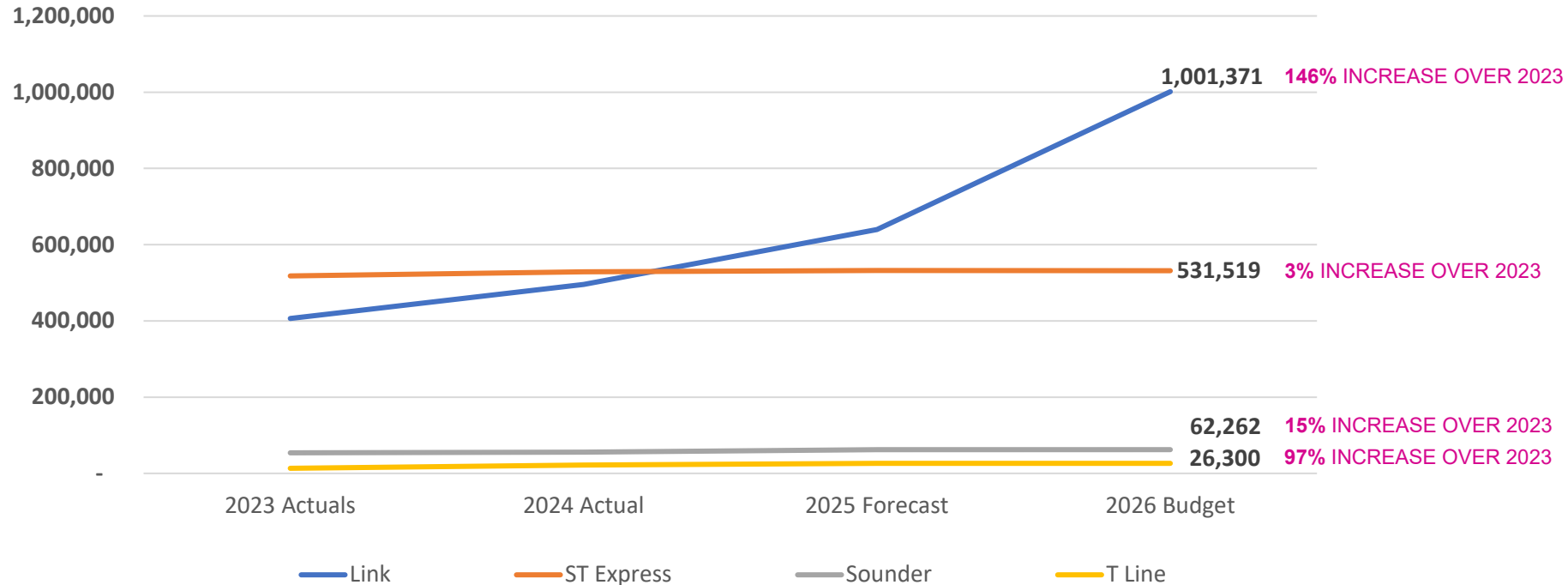
*Includes both operating and capital improvement dollars

Overall Themes in \$891M Operating Budget

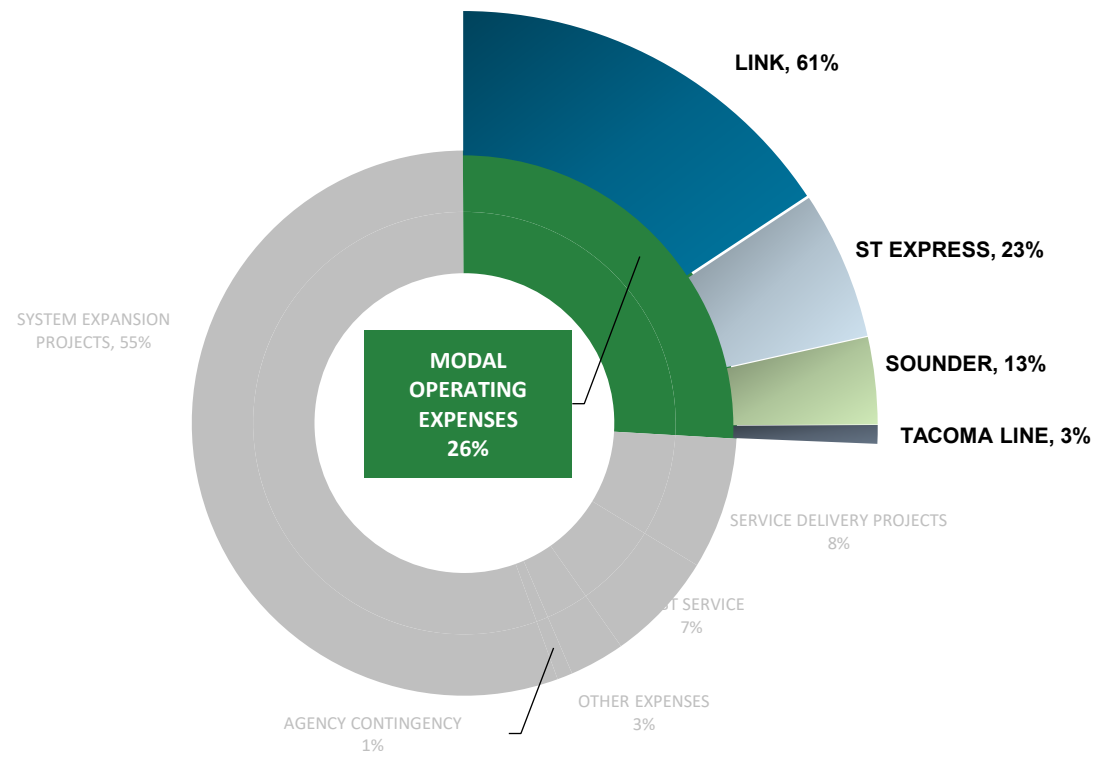


Service Levels: Revenue Hours by Mode

Revenue Vehicle Hours Operated



Modal Operating Expenses – 26% of FY2026 Uses



2026 Modal Expenditures	
<u>Link</u>	\$545M
Vehicle Operations	\$189M
General & Administration	\$146M
Facility Maintenance	\$143M
Vehicle Maintenance	\$67M
<u>ST Express</u>	\$202M
Vehicle Operations	\$100M
General & Administration	\$56M
Vehicle Maintenance	\$35M
Facility Maintenance	\$12M
<u>Sounder</u>	\$118M
Vehicle Operations	\$39M
Vehicle Maintenance	\$32M
General & Administration	\$29M
Facility Maintenance	\$18M
<u>Tacoma Line</u>	\$25M
Vehicle Operations	\$11M
General & Administration	\$5M
Vehicle Maintenance	\$5M
Facility Maintenance	\$4M

Service Delivery Projects - TIP Restructured

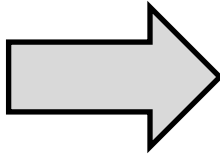
Service Delivery projects move to asset-based portfolios and programs

2025 Adopted Budget and TIP SDP Categories

State of Good Repair

Enhancement

Administrative



2026 Proposed Budget and TIP SDP Portfolios*

IT

Facilities

Infrastructure

Rolling Stock

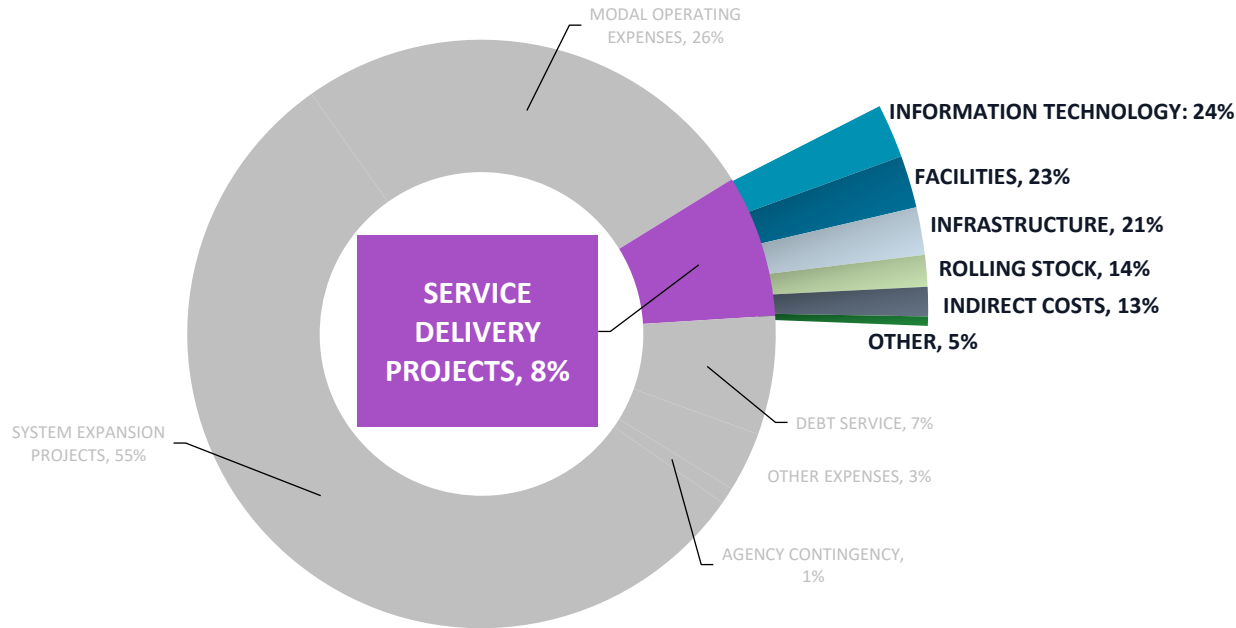
Tacoma Link

Transit Systems

System-Wide Asset Support

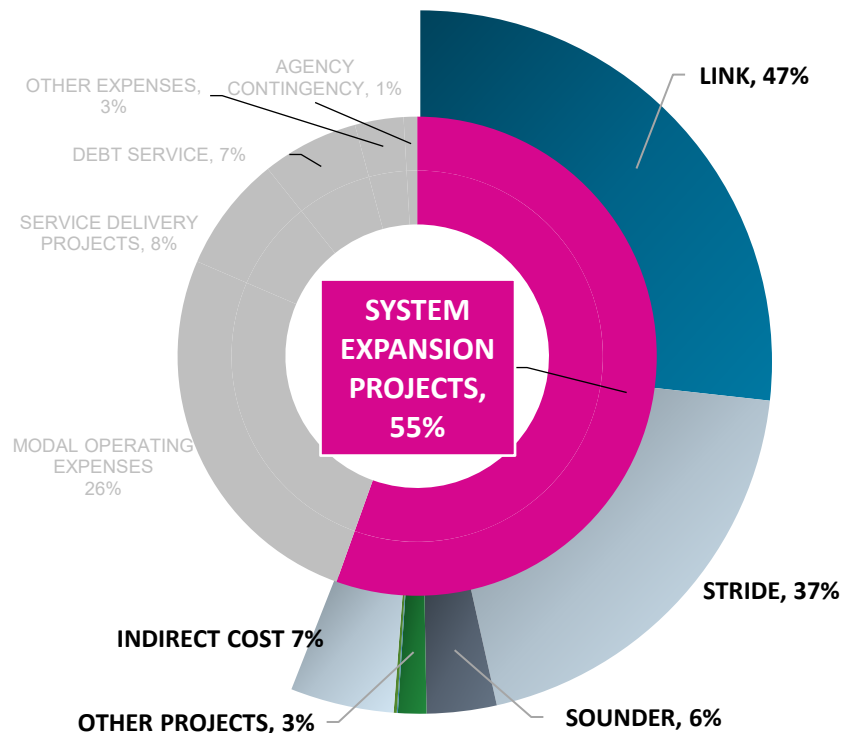
*Includes state-of-good-repair projects by asset class

Service Delivery Projects – 8% of FY2026 Uses



2026 SDP Expenditures	
<u>IT Portfolio</u>	<u>\$68M</u>
ERP/ EAMS	\$26M
PMIS	\$12M
<u>Facilities Portfolio</u>	<u>\$66M</u>
DSTT Modernization	\$30M
Facility Property	\$15M
<u>Infrastructure Portfolio</u>	<u>\$60M</u>
Traction Power	\$18M
Crossings & Train Control	\$16M
<u>Rolling Stock</u>	<u>\$43M</u>
Light Rail Vehicle	\$23M
Commuter Rail Vehicle	\$11M
<u>Other</u>	<u>\$9M</u>
System-Wide Support	\$7M
Tacoma Link	\$1M
Transit System	\$1M
<u>Indirect Costs</u>	<u>\$37M</u>

System Expansion Projects – 55% of FY2026 Uses

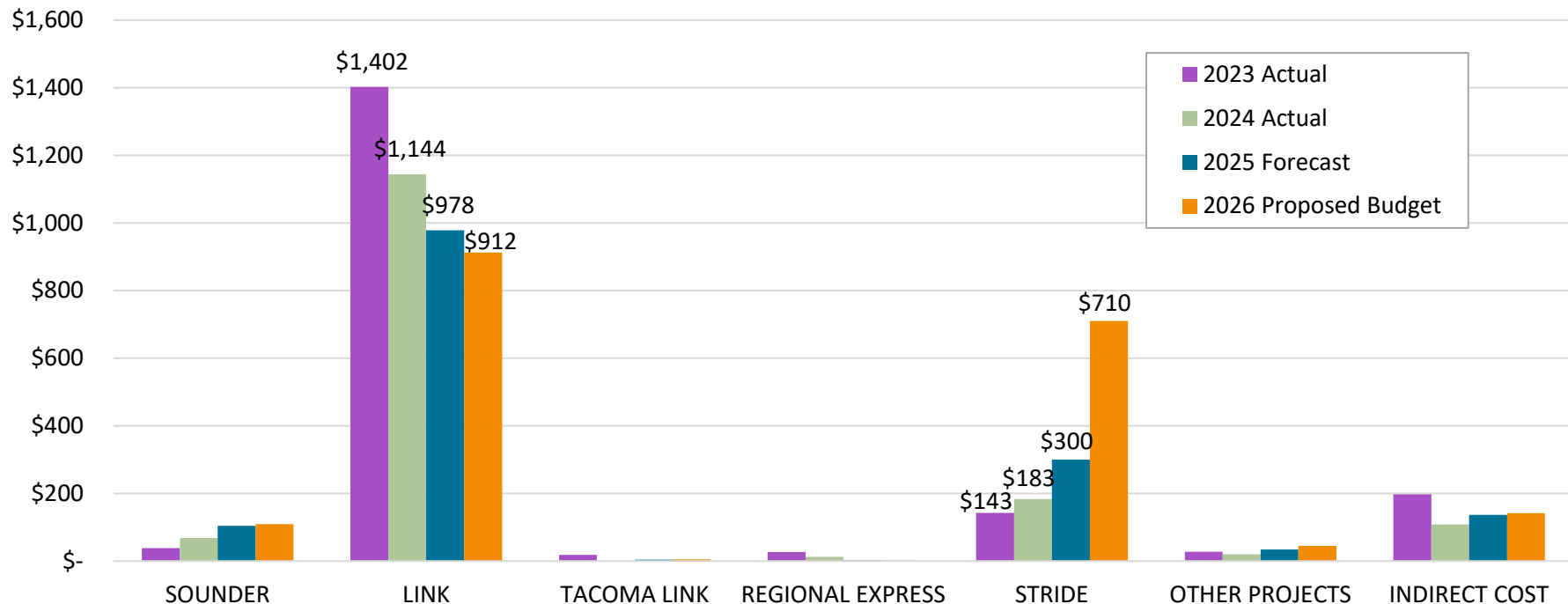


2026 SYX Expenditures

<u>Link</u>	<u>\$912M</u>
Ballard Link	\$178M
OMF-South	\$175M
West Seattle Link	\$132M
Everett Link	\$79M
Tacoma Dome Link	\$74M
Remaining Link	\$274M
<u>Stride</u>	<u>\$710M</u>
I-405 BRT	\$414M
SR-522 BRT	\$129M
Bus Base North	\$168M
<u>Sounder</u>	<u>\$109M</u>
Sumner, Kent, and Auburn	\$67M
<u>Regional Express</u>	<u>\$2M</u>
<u>Tacoma Link</u>	<u>\$5M</u>
<u>Multimodal</u>	<u>\$45M</u>
Innovation & Tech	\$14M
Transit System Access	\$5M
<u>Indirect Costs</u>	<u>\$141M</u>

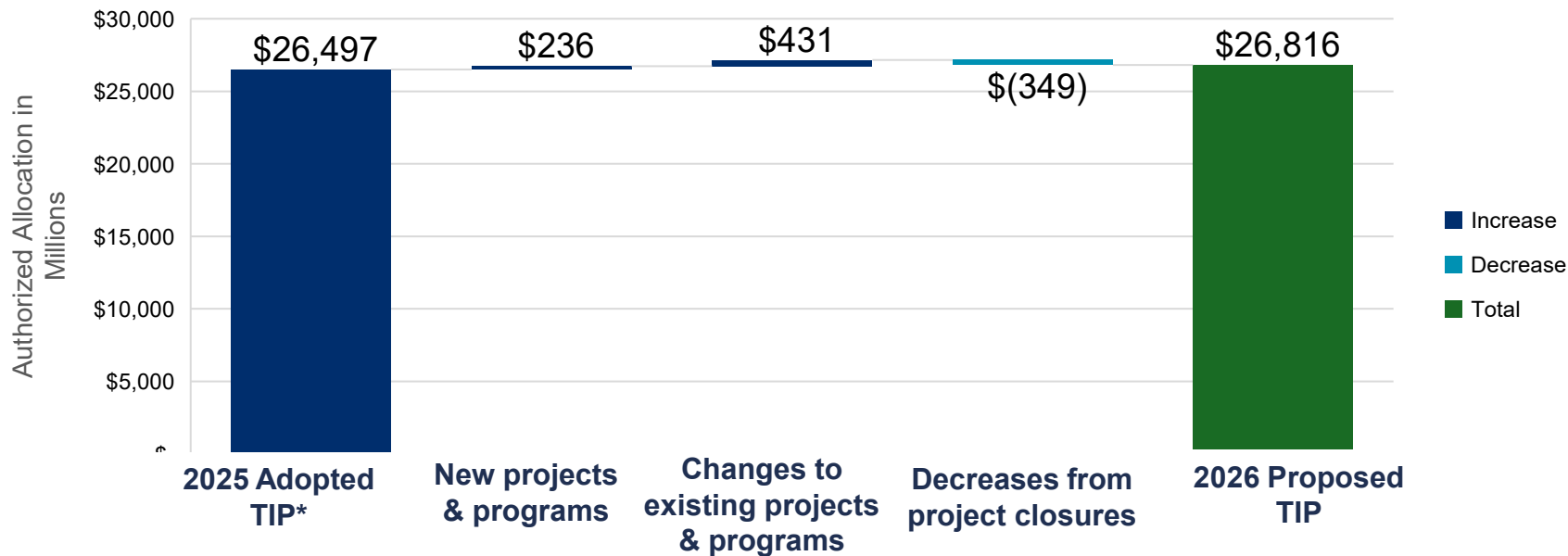
System Expansion – Trends (by mode)

In millions



Changes to Transit Improvement Plan: 2025 Adopted TIP to 2026 Proposed TIP

\$318M (1.2%) increase in total authorized dollars for active projects



Budget Timeline and Next Steps

Thoughts and Considerations

Additional discussion points to consider

- Budget and TIP affordable under current service levels and latest expansion milestones
- 4th year out of 5 years with Link and T-Link openings; revenue hours projected to be up nearly 150% since 2023
- Increased investment in service delivery and state-of-good-repair projects critical to system resiliency
- System expansion lifetime milestone authorizations needed in 2026

2026 Budget Timeline

October – long-rang plan, budget overview, and property tax approval

- ✓ **10/9** – Public hearing for proposed 2026 budget and property tax levy
- ✓ **10/9** – Finance and Audit Committee – Overview of Long-Range Financial Plan projections and proposed 2026 budget and TIP
- ✓ **10/23** – Board – budget overview and property tax levy approval

November – budget recommendation and approval

- ✓ **11/6** – Executive Committee – recommends to FAC
- ✓ **11/6** – Rider Experience and Operations Committee – recommends to FAC
- **11/13** – System Expansion Committee – recommends to FAC
- **11/20** – Finance and Audit Committee – recommends to Board
- **11/20** – Board – adoption of the proposed 2026 Budget and TIP

Thank you.



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