

Memo

October 22, 2025

To:	Sound Transit Board
From:	Hughey Newsome, CFO
Subject:	Sound Transit Proposed 2026 Budget and TIP

The 2026 Budget and Transit Improvement Plan (TIP) are scheduled for full Board consideration on November 20, 2025. During the review process, Board members have raised several questions; responses are summarized below, with additional questions and answers appended.

Q: What are the projects associated with the resiliency assessment output and recommendations?

The following are the 21 active projects identified that are associated with the HNTB resiliency report.

Of the 21 projects, 15 are included in the 2025 adopted budget and TIP and are in progress, 5 projects are new in the 2026 proposed budget, and 1 is complete. In total, they represent \$16M in proposed 2026 spending, and \$81M in total lifetime authorized allocation. Additional funding for some of the projects below, as well as additional resiliency projects are anticipated to be requested in the future, following further study.

Please note, this list represents **projects** included in the 2025 Budget and TIP or Proposed 2026 Budget and TIP. The majority of resiliency report recommendations are being addressed through the operating budget using existing internal staff.

Project Name	Recommendation	BU	Budget Location	2026 Proposed Budget	2026 Proposed Authorized Allocation
Traction Power Substations PLC Platform Upgrades	3.4.3.(4)	700910	Adopted 2025 Budget and TIP	\$ 282,780	\$ 565,560
TPSS ACDC Breaker Relay Switch Replacements	3.10.3.(11)	700913	Adopted 2025 Budget and TIP	\$ 83,000	\$ 171,000
Link Maint Desk and Reporting Improvements	3.4.3.(2), 3.7.3.(2), 3.10.3.(1)	802122	Off-Cycle Add to 2025 Budget and TIP	\$ 150,000	\$ 150,000
Unified Control Center Innovation	3.10.3.(1)	600076	Adopted 2025 Budget and TIP	\$ 2,500,000	\$ 6,008,499
IT-IT Operations Center	3.10.3.(1)	803916	Adopted 2025 Budget and TIP	\$ 500,000	\$ 755,844
IT-Operations Performance Reporting	3.3.3.(12)	803832	Adopted 2025 Budget and TIP	\$ 500,000	\$ 8,254,518
Link Stations TPSS Transfer Trip Configuration Change	3.4.3.(5,10)	700819	Adopted 2025 Budget and TIP	\$ 320,000	\$ 675,000
DSTT-Stray Current Testing	3.4.3.(5,10)	400116	Complete	\$ -	\$ 104,236
Switch Heater Modernization	3.5.3.(7)	802111	Proposed 2026 Budget and TIP	\$ 660,000	\$ 1,000,000
DSTT Switch Modernization Device Pilot	3.5.3.(6)	802127	Proposed 2026 Budget and TIP	\$ 355,000	\$ 4,360,000
Remote Monitoring of Signal House Equipment	3.5.3.(9)	802113	Proposed 2026 Budget and TIP	\$ 653,708	\$ 1,350,000
OMFC & OMFE Remote Dial Down System	3.5.3.(8)	802116	Proposed 2026 Budget and TIP	\$ 2,000,000	\$ 8,000,000
Capitol Hill Station U Link Cable Replacement	3.5.3.(8), 3.7.3.(1,3)	802134, 802135	Proposed 2026 Budget and TIP	\$ 465,000	\$ 8,000,000
Beacon Hill Restore lost SCADA Function	3.10.3.(5)	704305	Adopted 2025 Budget and TIP	\$ -	\$ 25,597
System-Wide SCADA & BMS Integration	3.10.3.(5)	700873, 700874	Adopted 2025 Budget and TIP	\$ 383,893	\$ 1,558,500
IT -Brocade Replacement	3.10.3.(5)	803919	Adopted 2025 Budget and TIP	\$ 1,650,000	\$ 9,838,593
IT - Transit Core Network Switch Replacement	3.10.3.(5)	807110	Adopted 2025 Budget and TIP	\$ -	\$ 1,997,827
IT - Link Fiber Optic Upgrade Program	3.10.3.(5)	700844	Adopted 2025 Budget and TIP	\$ 5,624,739	\$ 25,227,430
IT - Operating Network separation PMP	3.10.3.(7-9,12,13)	803963	Adopted 2025 Budget and TIP-planning funded, not entire project	\$ -	\$ 1,500,000
IT - EFN Upgrade/ Moxa Replacement	3.10.3.(5)	803921	Adopted 2025 Budget and TIP	\$ -	\$ 1,298,932
LRV Network Access at Northgate, Angle Lake	3.11.3.(2)	700895	Adopted 2025 Budget and TIP	\$ 30,000	\$ 30,000
Total				\$ 16,158,120	\$ 80,871,536

Q: What is the new FAST (Field Activity Specialist Team) for?

The Field Activity Specialist Team (FAST) was created to strengthen Sound Transit's systemwide safety response and security presence of our transit system. The new in-house team provides a more consistent, visible, and proactive layer across Link, Sounder, and ST Express. FAST members will be out patrolling the system—identifying safety and security hazards in real time, monitoring the performance of the agency's four new contract security providers, coordinating on-site security for special events and significant service disruptions, engaging with the public,

and responding to critical incidents. This team is meant to be flexible to address a wide range of situations on the system.

Q: How can the budget and Transit Improvement Plan be affordable given the Enterprise Initiative work is not completed?

As the agency continues to execute on the Enterprise Initiative, the long-range financial plan affordability considerations for the future ST3 expansion projects do not mean the agency has the same financial concerns for operating the existing system, completing the Stride bus rapid transit program, or investing in current system reliability and resiliency improvements.

Key takeaways for current financial situation:

- The agency currently projects \$7.2B in cash by year-end 2025.
- Financial policies through the Transit Improvement Plan (TIP) period are still maintained as well as our long-range operating assumptions and fully funded state-of-good-repair.
- Our current debt ratings remain very strong at AA+/Aaa/Aa1 for our TIFIA/prior bonds/parity bonds, which have recently been reaffirmed by external agencies.
- Our existing cash optimization strategies continue, and we are actively working with our financial advisor and investment bankers to identify additional opportunities to expand future financial capacity and improve financial sustainability beyond the TIP period.
- Even with the considerations for the future ST3 projects with the Enterprise Initiative, the agency still has additional investment capital capabilities of an estimated \$51B for the remaining expansion program as noted above.

Q: What costs are included in the World Cup spending and how much can we expect to recover from grants?

World Cup spending is comprised of both operational dollars to support the expected surge in ridership over the timing of the world cup period and service delivery program work to improve vertical conveyance reliability and station lighting upgrades. Our current expectations of grants is \$3-5M to cover some of the expected additional costs to support the regional transit during the World Cup period.

- Operational costs of \$12.8M include:
 - \$5.0M bus bridging
 - \$2.8M for higher security staff/officers
 - \$1.6M for consulting/staffing resources to manage crowds at stations, planning, system demand analysis
 - \$0.8M for station access and integration i.e., alternative pickups, drop-offs, and bike management at stations as well as parking garage management
 - \$0.6M for restroom units
 - \$0.6M for wayfinding and signage at stations
 - \$0.5M for additional custodians, mechanics, and an electrician
 - \$0.4M for station deep cleaning
 - \$0.2M for ST Ambassador supplies and misc. safety equipment
 - \$0.3M for miscellaneous other
- Service delivery program improvements of ~\$8M include:
 - \$5.5M for Vertical transportation at ID Station: complete elevator 904 and modernizing escalator 903 and 904.
 - \$1.0M for SeaTac second elevator conduct steel work for elevator shaft to be completed prior to WC.

\$0.75M for DSTT lighting upgrade

\$0.4M for DSTT South Portal security improvements

Q: What is in the Sounder proposed budget of \$109M and how much of this is Sumner, Kent, and Auburn?

Sounder is 6% of the total system expansion budget, or ~\$109M for the Proposed 2026 budget. The largest project expenditure is the spending for Sumner, Kent, and Auburn Parking and Access Improvements at \$66.7M. Major activities for this project include Sumner opening to the public in early 2026, and substantial completion of Kent and Auburn.

Other largest Sounder expenditures include:

- \$11.5M for Sounder South Capacity Expansion for Phase 3 preliminary engineering for King Street Station and Sounder Rail Track & Signal Improvements.
- \$8.5M for Lakewood Station Improvements for City-led design and construction, and final design for improvements on Sound Transit right of way.
- \$8.1M for South Tacoma Access Improvements for City-led design and construction, and final design for improvements on Sound Transit right of way.
- \$8.0M for Sounder Fleet Expansion to purchase two used locomotives.
- \$5.3M for Dupont Extension for Phase 3 preliminary engineering.
- \$0.6M for Sounder Maintenance Base for property demolition.
- \$0.3M for Sounder South Expanded Service construction of culvert improvements to meet performance standard.
- \$0.3M for TDS Parking and Access Improvements to complete State Environmental Policy Act (SEPA).

Q: What are the activities within the budget for the Downtown Seattle Transit Tunnel?

The project's goal is to assess and identify issues in the tunnel that negatively affect the customer experience, are not compliant with current building codes, or present safety and security hazards, including design and improvements to address identified issues.

The estimated spending for the DSTT modernization project in 2026 is \$29.9M. Some of the major activities include:

- \$8.6M set aside to address any emergency work largely for replacement, installation and construction.
- \$6.8M set aside to identify needs, perform feasibility analysis, initial assessments and emergency repairs.
- \$2.0M to begin procurement and issue notices to proceed for the replacement of the primary and secondary 26kV cable. The 26kV feeders run through the 1.3-mile-long DSTT train tunnel, with 26kV equipment found at International District Station (IDS), University Street Station (USS), and the Pine Street Ventilation Facility (PSVF).
- \$1.5M for substantial completion of south portal security, CCTV access, emergency egress and IDS generator replacement.
- \$1.4M to complete installation of the track intrusion detection system.
- \$1.1M to complete construction of the customer service booths at west lake station.
- \$1.0M to begin procurement and issue notices to proceed to improve lighting in all DSTT stations and tunnel bores between DSTT stations. This includes lighting levels in all public areas and exit and emergency lighting in portals and tunnels to meet the current DCM lighting standards and ST's current security standards.

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- \$1.0M for the end of life retrofit and/or replacement of the DSTT fire alarm control panels and detection devices.

Q: What is the current performance for fares for each of the modes and what is expected in 2026 budget?

The 2026 passenger fare and parking revenue budget of \$84.6 million is 28.4% or \$18.7 million above the 2025 forecast. Fare revenues assume higher ridership due to a full year of Federal Way Link Extension and a partial year of Crosslake Connection Extension.

Target and minimum farebox recovery rates by mode were established with Resolution R2024-08. Farebox recovery ratios represent the portion of operating costs recovered from fare revenue. Farebox recovery ratios are calculated for each calendar year by dividing farebox revenue by direct and indirect operating costs and are expressed as percentages.

- The Link farebox recovery minimum is 17% and the target is 22%. The current performance August YTD is 14%. The 2026 budget anticipates a 12% farebox recovery ratio.
- The Sounder farebox recovery minimum is 13% and the target is 18%. The current performance August YTD is 8%. The 2026 budget anticipates a 5% farebox recovery ratio.
- The ST Express farebox recovery minimum is 7% and the target is 12%. The current performance August YTD is 8%. The 2026 budget anticipates a 6% farebox recovery ratio.

Per Resolution No. R2024-08 the Board must consider a fare change proposal if the farebox recovery ratio falls below the minimum for more than two consecutive calendar years. The expected fare revenue for 2026 falls within the two consecutive calendar year window and will be monitored against recovery ratio targets as the year progresses moving into developing the 2027-year budget.

For each mode, what have the service level and ridership trends been since 2023?

