

Proposed 2027 Budget and Transit Improvement Plan

Finance and Audit Committee

10/8/2026



Why we are here

Provide complete Proposed 2027 Budget and TIP

- Proposed 2027 Budget and Transit Improvement Plan (TIP)
 - Revenues and funding sources
 - Expenditures
 - Service growth
 - TIP
- Budget timeline and next steps

Timeline – 2027 proposed budget

- ➡ **October FAC** – overview of proposed 2027 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

2027 Budget, TIP, and Long-Range Financial Plan

Budget 2027

Board Approved

\$3.9 billion

Annual Budget of expenses and outlays for 2027.

Transit Improvement Plan (TIP) to 2032

Board Approved

\$26 billion

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 – 2052)

Board Updated

Includes Sound Move, ST2, and ST3 sources and uses through 2052.

***Proposed 2027 budget and
Transit Improvement Plan (TIP)***

Key takeaways

- Budget and TIP are affordable and conform to System Plan update
- Tax revenues remain resilient with stable economic growth
- System expansion program implements updated System Plan from May
- Significant system delivery investments made in 2026 budget will continue, with more targeted dollars added in 2027
- Implementing cost efficiency measures in long-term operations and service delivery program

Budget and TIP conform to May System Plan

➤ 2027 Budget expected to come in slightly lower than May System Plan forecast, and long-term affordability in-line

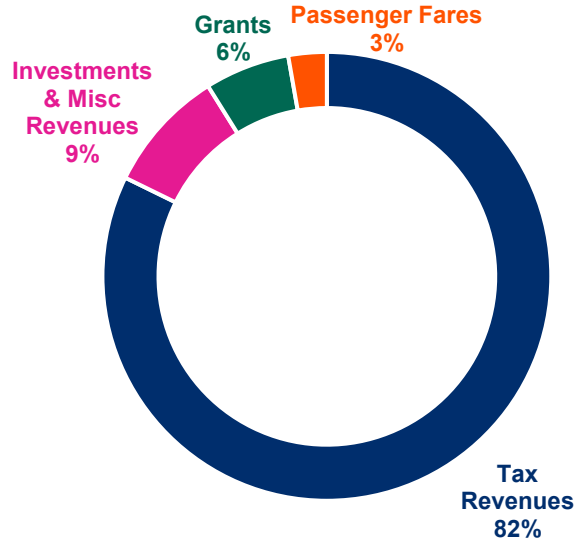
\$ in millions	Single-Year Comparison				Long-range impact through 2052	
	May System Plan 2027 Forecast	2027 Proposed Budget & TIP	Variance (\$)	Variance (%)	\$ Change	% Change
Revenue	\$3,277	\$3,274	(\$3)	<1%	\$600	<1%
Operations and Agency Admin	\$1,109	\$1,134	\$25	2%	\$1,000	2%
System Expansion Projects	\$2,487	\$2,338	(\$149)	-6%	\$100	<1%
Service Delivery Projects	\$289	\$221	(\$68)	-24%	\$0	<1%

- Operations and Agency Administration variance due to inflation, higher contracted service cost for modes, and enhanced passenger experience.
- Project Budget variance due to cash flow differences, which will be made up in future.

Revenues and Funding Sources

FY 2027 overview – sources \$3.3B

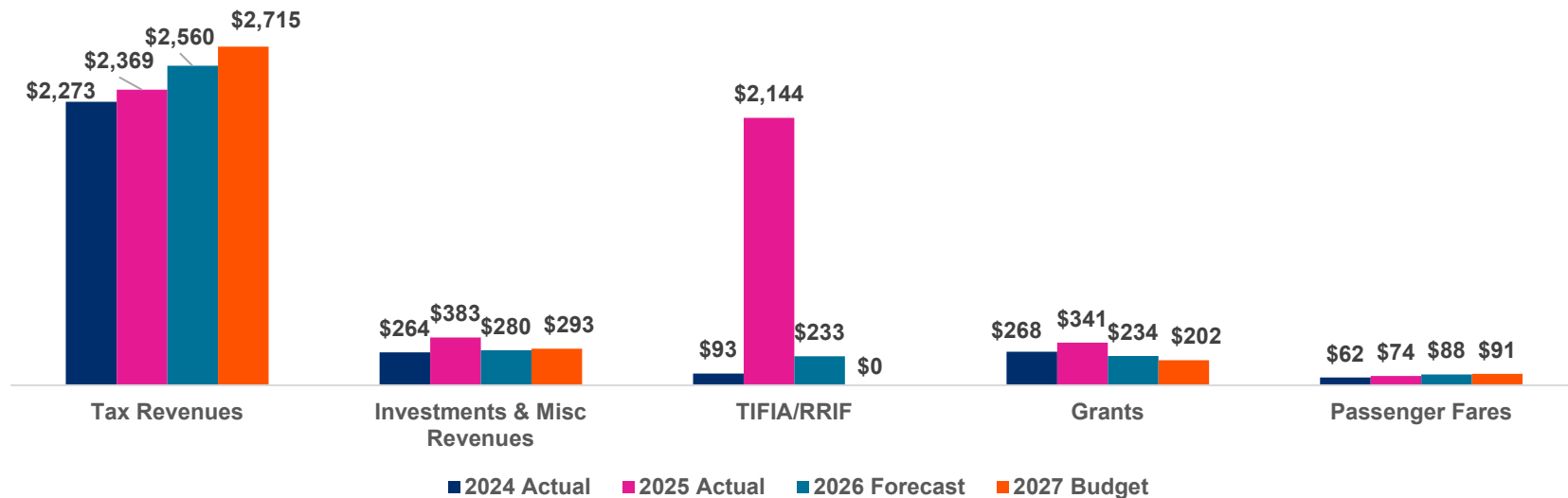
(In millions)



- Tax revenues: Economic growth expected to remain stable
- Fares: Full year of Crosslake Connection Extension
- Grants: Winding down ST2 Link project drawdowns
- TIFIA and RRIF: All loans now fully drawn as of 2026 year-end

Revenues and financing sources – trends

(In millions)

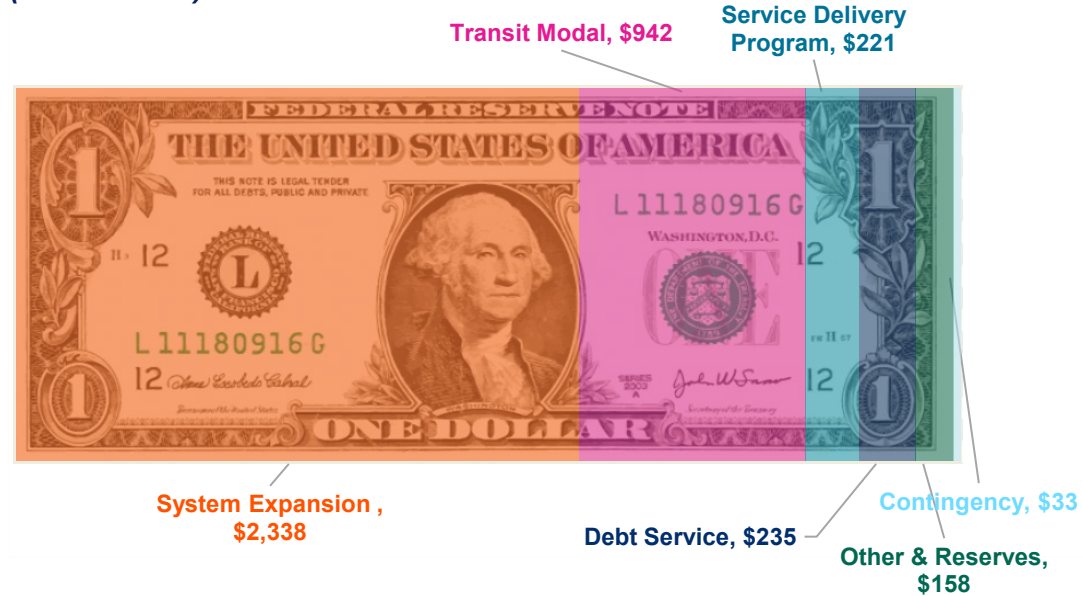
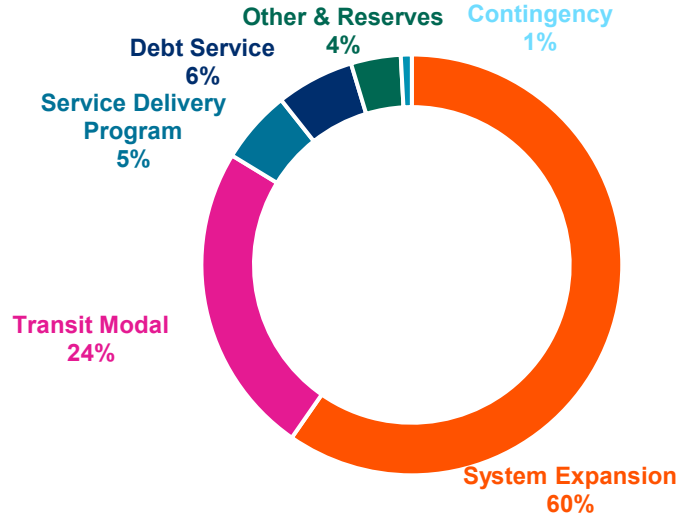


- Tax revenue growth due to expansion of services subject to sales tax
- Fare revenue growth moderate in 2027 with major ST2 Link openings complete
- Grants expected to be at low before ST3 activity picks up in future years
- Investment income and miscellaneous revenues projected to remain steady

Expenditures

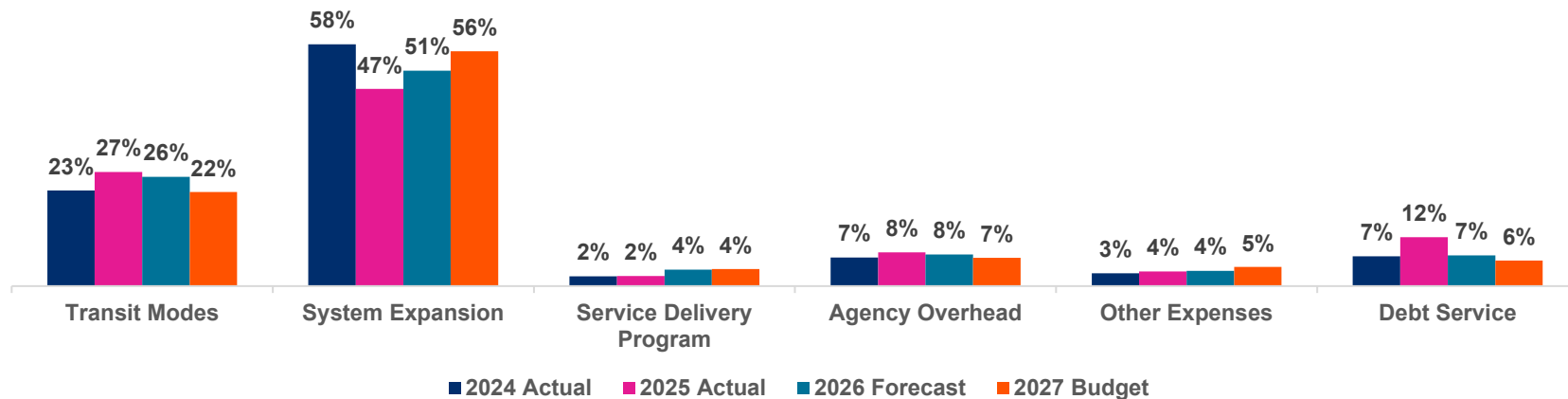
FY 2027 overview – uses \$3.9B

(In millions)



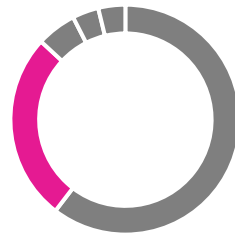
- Expansion Projects: Stride construction and moving forward with May System Plan update
- Modal Ops: Full year of Crosslake Connection
- Service Delivery Program: Increased investment in resiliency, safety, and agency modernization
- Debt service: Interest increase as all TIFIA/RIFF loans now fully drawn

Historical spend % of total budget

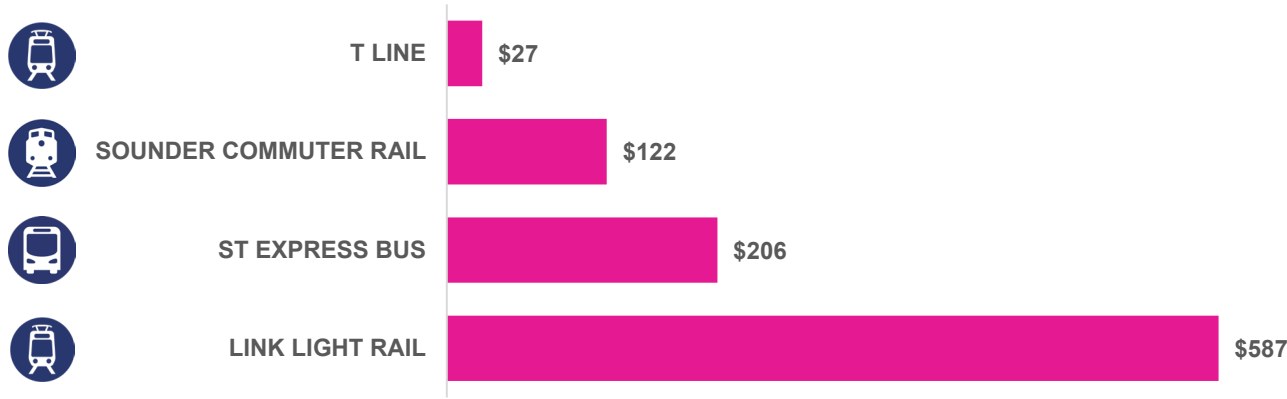


- Indirect costs stabilized and growing slower than service and expansion.
- Service delivery projects expected to increase with additional assets in service.
- Debt service expected to hit lowest period as a percent of overall budget.
- Other expenses in line with agency growth.

Transit modal operating costs – \$942M



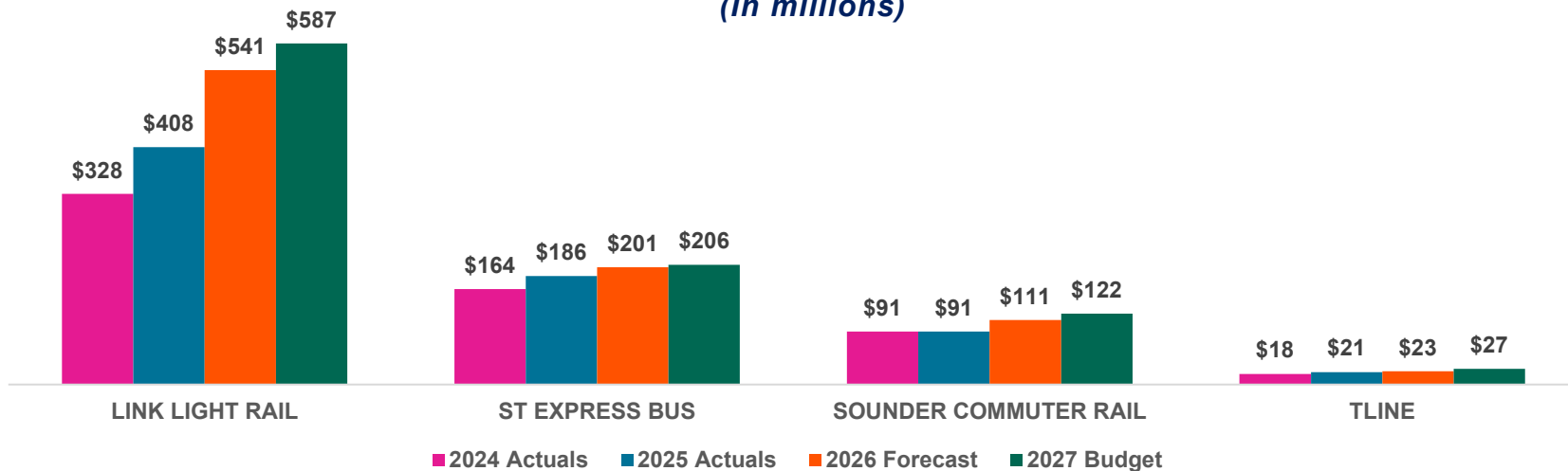
(In millions)



- Safe, Clean, and Welcoming Ride: focused investments on top of 2026 progress
- Continue to deliver high safety standards established in 2026
- Additional resources to support Link rapid response and coverage efforts
- Service delivery projects to ensure assets in state of good repair

Transit modal operating costs 2024 to 2027

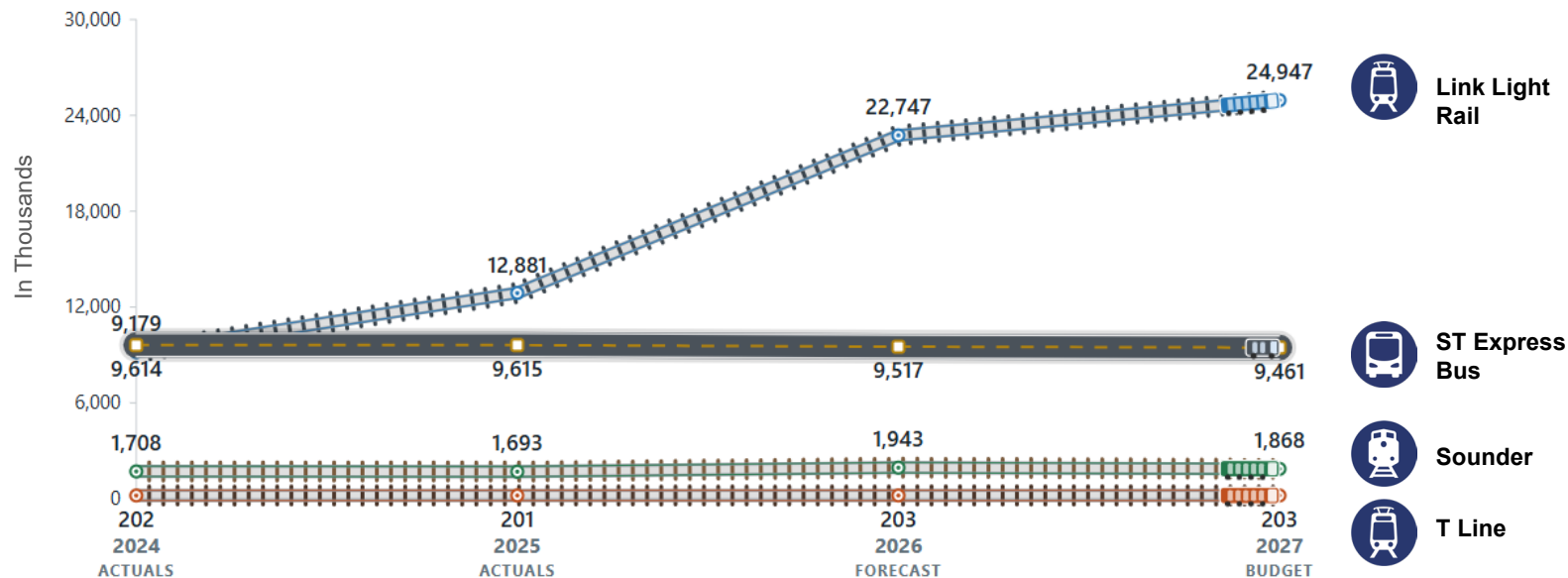
(In millions)



- Link: new service openings with a full year of Crosslake in 2027
- Sounder: added 2 trips to Lakewood in 2026 and Amtrak amendment in 2027
- ST Express: partner and fuel rates growth outpacing CPI
- T Line: new FTA requirement and more maintenance projects

Service levels: revenue miles by mode

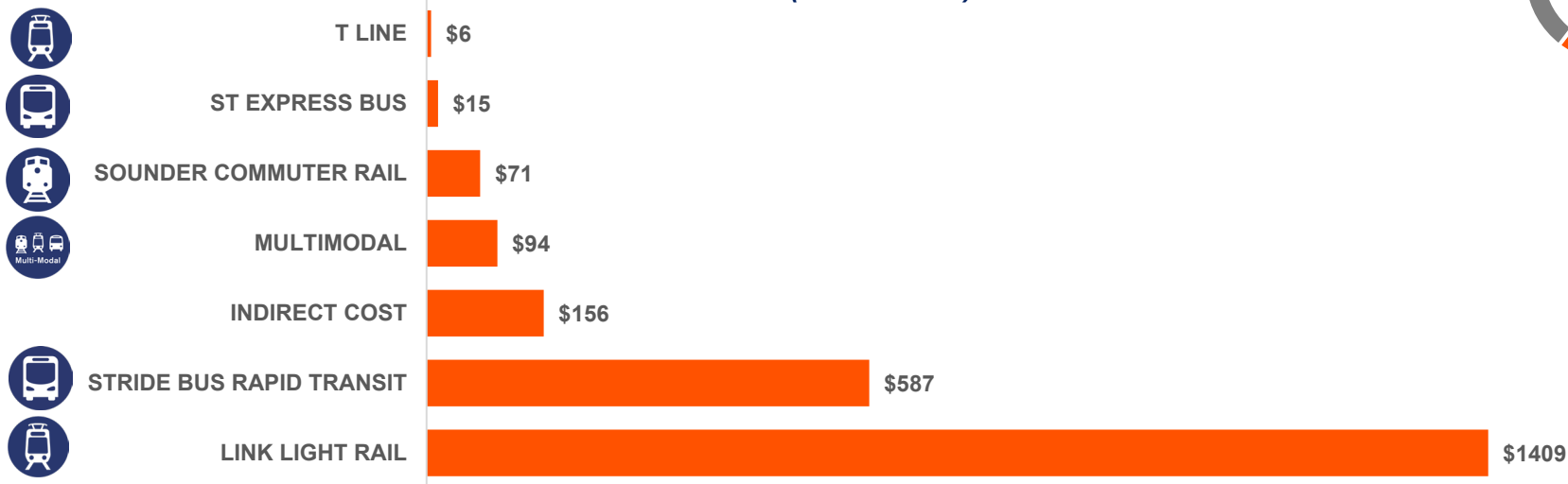
Total revenue miles 6% higher than 2026 driven by a full year of Crosslake Connection service.



System expansion projects – \$2.3B



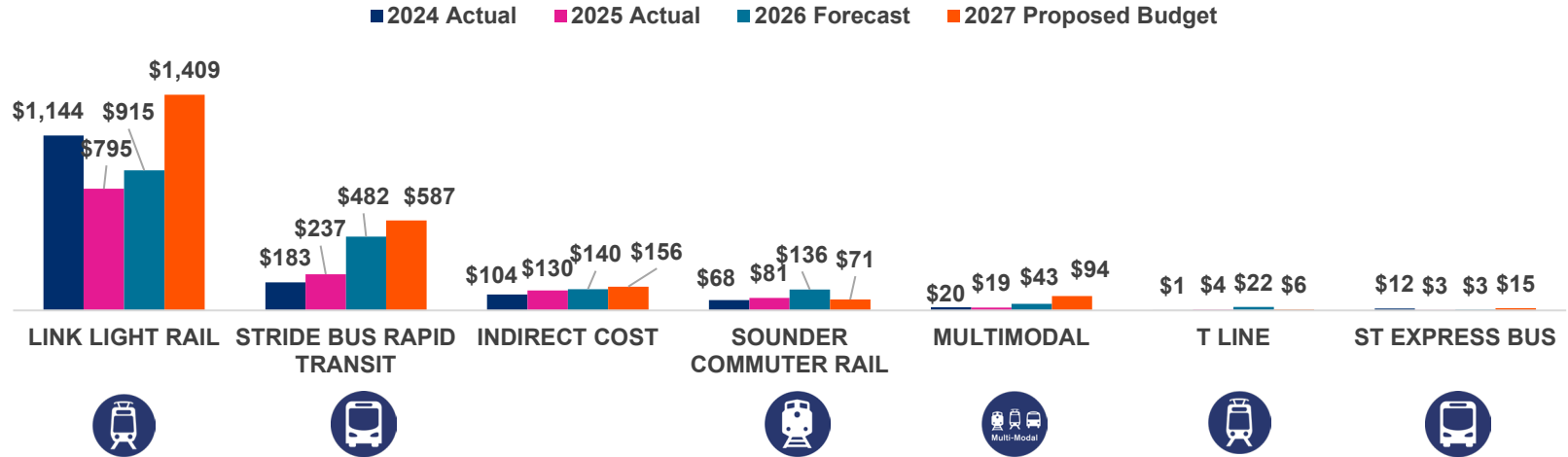
(In millions)



- Significant progress on Link projects as system plan is now updated.
- Ballard, West Seattle, and OMF-South progressing to complete design.
- Tacoma Dome and Everett Link projects to publish FEIS and award PE Phase 3.
- Stride continues with construction.

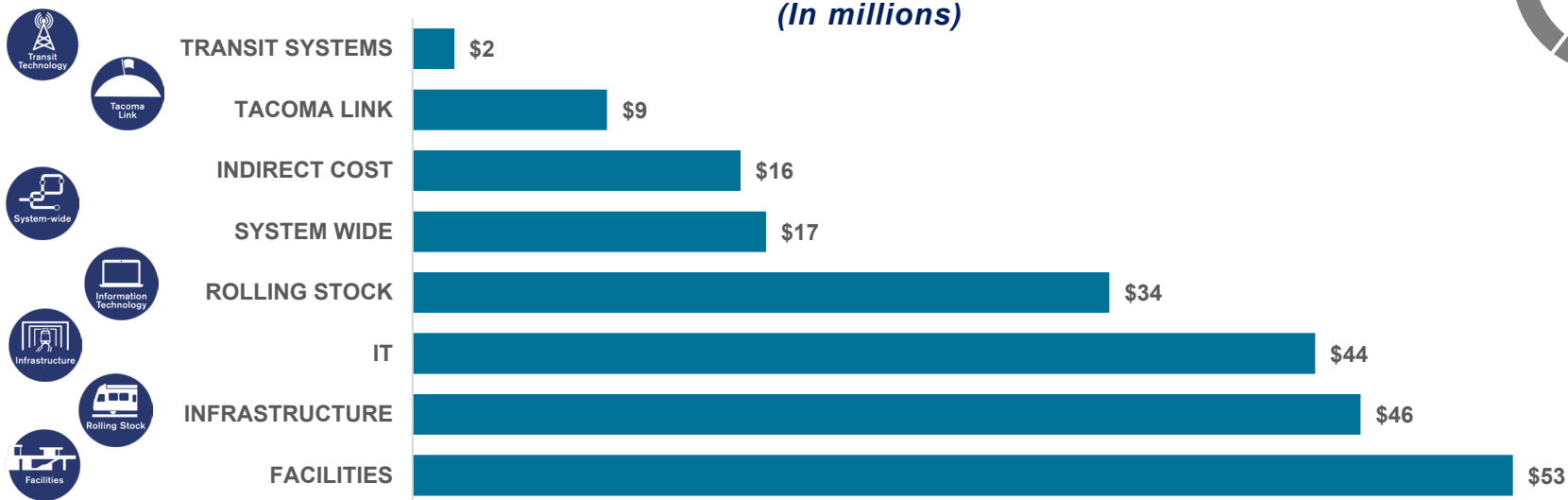
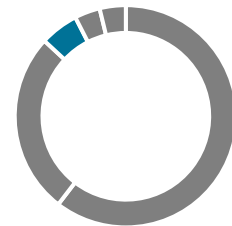
System expansion – trends by mode

(In millions)



- Proposed budget reflects a 33% increase from 2026 forecast.
- Growth in Link driven by property acquisition for Ballard and West Seattle Link.
- Growth in Stride each year, due to increasing construction contracts underway.
- Indirect costs increasing proportionally at 7% of direct project costs.

Service delivery program – \$221M

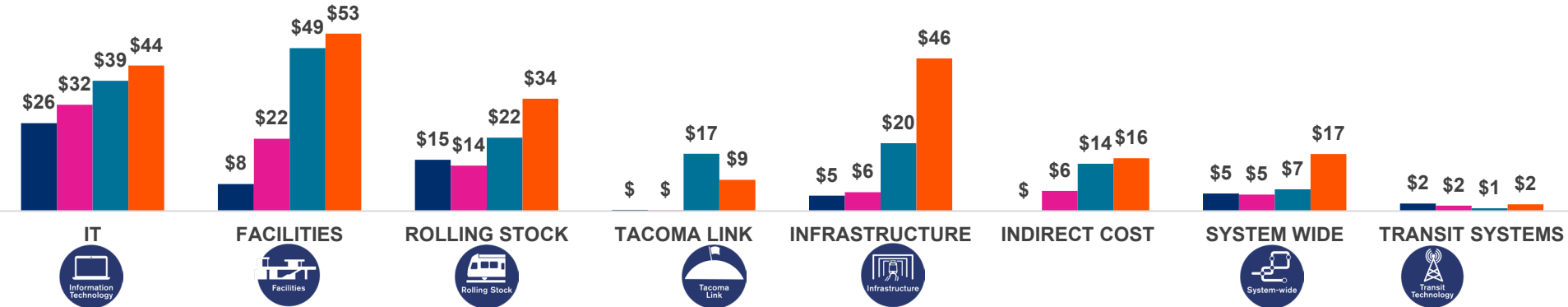


- Facilities: DSTT modernization, safety and passenger facing improvements.
- Infrastructure: at-grade crossings and continued progress on resiliency.
- IT Portfolio: ERP/ EAMs software purchase and implementation.
- Aligns with May system plan update.

Service delivery program – trends by portfolio

(In millions)

■ 2024 Actual ■ 2025 Actual ■ 2026 Forecast ■ 2027 Proposed Budget



- Average growth ~30% annually, as assets age and delivery capacity grows
- Infrastructure increase driven by resiliency projects and at-grade crossing program
- Growth in system-wide portfolio due to Union Station campus improvements

Transit Improvement Plan

Highlights of the Transit Improvement Plan

- \$2.8 billion in closed projects, including University Link and OMFE
- Net neutral movement of system expansion funds to “close-out activity projects”, which will continue to improve the close-out process
- \$150M in savings due to Downtown Redmond Link Extension
- New projects include the Regional Parking Fund and High-Capacity Transit Studies, consistent with System Plan Update
- Increase to Service Delivery Project Portfolios to support resiliency, agency modernization, and state of good repair

Changes: 2026 adopted TIP to 2027 proposed TIP

\$2.5 billion (6%) decrease in total authorized dollars for active projects



Budget Timeline and Next Steps

Additional thoughts

Looking forward to the future

- Agency to continue to identify operating efficiencies with ST2 projects complete
- System expansion lifetime milestone authorizations will be needed in 2027
- Delivery capacity needs to continue to grow to support investment in service delivery and state-of-good-repair projects critical for system resiliency
- New mode (Stride) to begin operating within next budget cycle, agency will learn more about operating cost structure

Timeline – 2027 proposed budget and TIP

October – budget overview, and property tax approval

- **10/8** – Public hearing for proposed 2027 budget and property tax levy
- ➡ **10/8** – Finance and Audit Committee – overview of proposed 2027 budget and TIP
- **10/22** – Board – budget overview and property tax levy approval

November – budget recommendation and approval

- **11/5** – Executive Committee – recommends to FAC
- **11/5** – Rider Experience and Operations Committee – recommends to FAC
- **11/12** – System Expansion Committee – recommends to FAC
- **11/19** – Finance and Audit Committee – recommends to Board
- **11/19** – Board – adoption of the proposed 2027 Budget and TIP

Thank you.



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