

2026 BUDGET AND TRANSIT IMPROVEMENT PLAN

Each year, the Board approves an **annual agency budget** and a six-year **Transit Improvement Plan (TIP)**.

- The annual budget authorizes expenditures and procurement actions for regular operations.
- The TIP outlines active expansion and service delivery projects approved by the Board, which authorized funding allocations to ensure strong financial controls.

Sound Transit board policy requires these two items to be reviewed annually alongside an updated set of long-range financial projections, referred to as the Long-Range Financial Plan (LRFP).

- Board policy requires that the LRFP adheres to tight financial controls to ensure the financial sustainability of the agency – the TIP and annual budget both need to be affordable within this long-range framework.

While Sound Transit and the Board continue work under the Enterprise Initiative to address long-term financial challenges, **the agency’s 2026 financial position is strong**, with an estimated \$7.2 billion in cash available by 2025 year-end. Coupled with recent strong credit ratings of AA/AAA, this financial condition allows the agency to continue moving forward to building and operating a world class transit system for the central Puget Sound region.

2026 Budget: Revenues and Expenditures

The 2026 budget includes \$3.3 billion in revenues and other financing sources, and \$3.5 billion in expenses and outlays.

Revenues:

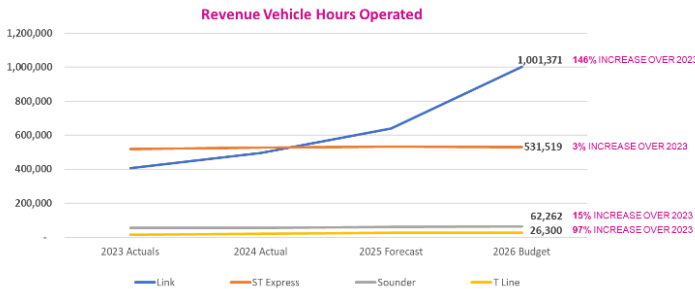
- Total revenues have decreased 26.1% (\$1.2 billion) compared to 2025, primarily due to lower bond and Transportation Infrastructure Finance and Innovation Act (TIFIA) loan proceeds. Excluding these one-time TIFIA loans, the overall sources increase 4.2% over the 2025 forecast.
- The passenger fare revenue budget of \$85M is 28.4% higher (\$18.7 million) than 2025 forecast.

Expenditures:

- The system expansion programs budget totals \$1.9B for 2026, primarily driven by Stride (\$710M) construction on the major I-405 and Bus Base projects, with Link ST3 projects continuing to move forward in planning stages (\$663M).
- The total transit modes budget of \$891M reflects significant growth in revenue service hours, with the Crosslake Connection joining the 1- and 2-Line segments and a full year of Federal Way Link Extension. (See Table 1 for recent service growth)
- The service delivery programs budget (to maintain state of good repair, fund IT, and enhance operational assets) totals \$282M for 2026, as the asset-class based approach brings multiple projects intended to improve system resiliency and reliability, including SOGR/Enhancements (\$71M), Saas-based system upgrades (\$38M), IT Cybersecurity projects (\$30M), downtown Seattle transit tunnel (\$30M), Light Rail vehicle upgrades (\$28M) and multiple safety and security investments (\$20M) throughout the system.
- The debt service budget (includes principal repayments and interest expense) totals \$230M for 2026, a decrease from 2025.

Table 1. Assumed 2026 Service Levels by Mode (Revenue Hours)

Link increase of 146% driven by 2026 opening of Crosslake, and full year operations for FWLE and DRLE.



2026 Transit Improvement Plan (TIP)

The 2026 TIP increases total authorized project funding by \$319 million (1.2%) from \$26.5 to \$26.8 billion, reflecting the agency's evolution to an asset-based approach for service delivery.

Changes Include:

- An increase in the infrastructure portfolio at \$129M
- The IT portfolio increased \$60M for the ERP/ EAMS redesign project.
- The facilities portfolio increased \$58M for the DSTT modernization program.
- There is a reduction of \$349M in the TIP from 2025 to 2026 from closed or completed projects , this includes the removal of \$135M for First Hill Streetcar, \$82M for Puyallup Station Access Improvements, and service delivery projects with the new asset class approach.