SOUNDTRANSIT

Budget Certification Report

Chief Financial Officer Certification

The proposed annual expenditures in the 2027 Budget and TIP conform to the May System Plan update. Long-term expenditure increases are offset by revenue increases, with minimal variation (<2%) compared to the May system plan update (Resolution No. R2026-11), and the single year 2027 is slightly better than expected due to lower anticipated near-term project costs.

Key Takeaways

- The Proposed 2027 budget is affordable and conforms to the May System Plan Update
- Operations and Agency Administration are varied due to inflation, higher contracted service costs for modes, and enhanced passenger experience.
- Project budget variance is due to cash flow differences, which will be made up in the future.

Background

Section 12 of Resolution No. R2026-11: Updating the ST3 System Plan states that "at the time the annual budget and six-year Transit Improvement Plan are proposed, the chief financial officer (CFO) is directed to certify that the proposed annual expenditures for operations and maintenance, state-of-good repair, and agency administration conform to the projections in the long-range financial plan."

Results - Summary of May 2026 Financial Plan vs Proposed 2027 Budget and TIP (YOE$ in millions)

	Single-Year Comparison				*Long-range impact through 2052*	
$ in millions	**May System Plan 2027 Forecast**	**2027 Proposed Budget & TIP**	**Variance ($)**	**Variance (%)**	**$ Change**	**% Change**
Revenue	$3,277	$3,301 ~~$3,274~~	$24 ~~($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%

- The long-term revenue forecast adds $600 million in revenue through 2052, driven by inflation, the expanded definition of sales tax, clean fuel standard revenue, and interest earnings.
- The 2027 Proposed Operations and Agency Administration budget is 2% higher than the 2027 forecast within the most recent Financial Plan (the May System Plan) and aligns with most associated major operating assumptions. Deviations include additional King County Rail employees to support increased maintenance standards, and higher inflation than previously assumed, as well as board-approved cost increases for Amtrak Sounder maintenance and landscaping services.
- The System Expansion annual budget is $149 million (6%) lower than assumed in the most recent financial plan. This is due to cash flow timing of planning activities for major link extensions, and construction activities for O&M Facility South; the difference will be spent in subsequent years.
- The Service Delivery Projects' (state of good repair, enhancement, and administrative) annual budget is $68 million (24%) lower than assumed in the May financial plan. This is lower due to cash flow of operational resiliency initiatives and bus replacement purchases pushed into later years.