

Resolution No. R2025-23

Amending the Adopted 2025 Annual Budget

Meeting:	Date:	Type of action:	Staff contact:
Finance and Audit Committee Board	09/11/2025 09/25/2025	Recommend to Board Final action	Victoria Wassmer, Finance and Business Administration Deputy CEO Hughey Newsome, Chief Financial Officer Ryan Fisher, Finance Executive Director

Proposed action

Amends the adopted 2025 budget to align with the internal reorganization by 1) decreasing the 2025 annual budget for the Administrative Project – Agency Admin Support by \$66,621,831 from \$147,117,488 to \$80,495,657 and decreasing the authorized project allocation by \$1,323,359,296 from \$1,941,536,791 to \$618,177,495; 2) increasing the Transit Modes 2025 annual operating budget by \$12,807,599 from \$756,311,771 to \$769,119,370; 3) creating a new project for System Expansion Indirect Costs with a 2025 annual budget of \$53,814,232 and an authorized project allocation of \$1,323,359,296, all of which have a net neutral impact to the 2025 annual budget.

Key features summary

- The proposed action does not increase or decrease the agency's 2025 annual budget nor the agency's 2025 Transit Improvement Plan's authorized project allocation.
- The allocation of expenditures are changing as a result of the Mobilizing One Sound Transit (MOST) structure update impacting direct charges to projects.
- To align with where the actual expenditures will be recognized, this action will shift budgets from Agency Administrative Support (under the Administrative project type) to Transit Modes and System Expansion Projects.
- Impact to the 2025 annual budget categories summing to \$0 is:
 - An increase of \$12,807,599 to Transit Modes
 - An increase of \$53,814,232 for System Expansion Projects
 - A decrease of \$66,621,831 for Administrative Projects
- Impact to the 2025 Transit Improvement Plan's authorized project allocation summing to \$0 is:
 - An increase of \$1,323,359,296 in authorized project allocation for the System Expansion Indirect Cost project
 - A decrease of \$1,323,359,296 in authorized project allocation for Agency Administrative Support project

Background

In 2024 Sound Transit initiated a comprehensive internal reorganization, titled Project MOST (Mobilizing One Sound Transit), to break down silos, increase accountability, and empower staff by moving decision-making to the appropriate level of authority.

Finance adopted the MOST structure on May 5, 2025, including the clear designation of Business Unit (BU) classifications and project time charging changes. The new agency organization structure inherently moves functions and people around the agency and recharacterizes the functions of various groups. While the new structure aligns with financial reporting norms and conventions, it shifts allocated costs and direct charges to projects, resulting in budget dollars shifting between budget categories.

These changes to the organizational structure and the corresponding adjustments to budget classification have additional implications, including:

- Better modal operations ownership within Service Delivery,
- Better cost control over Capital Delivery managed projects,
- Simplified time keeping, supervision, and payroll support (more individuals on auto time sheets),
- Financial, functional and human reporting structure alignment,
- Homogenous financial treatment within departments, divisions, and BUs,
- Addresses internal audit time charging recommendations.

Fiscal information

The amendments to the agency's 2025 adopted budget and Transit Improvement Plan (TIP) have net \$0 impact.

Impact to the 2025 annual budget categories summing to \$0:

	PRE MOST	POST MOST	
2025 Adopted Budget Summary (in thousands)	2025 Adopted (incl. 2025 Board actions)	Estimated Budget Impact	2025 Adopted Budget AMENDED
Expenses & Outlays			
Subtotal - Transit Modes	756,312	12,808	769,119
Projects			
System Expansion Projects	1,617,186	53,814	1,671,000
Enhancement	75,590		75,590
State of Good Repair	85,303		85,303
Administrative	27,132		27,132
Administrative - agency admin support	147,117	(66,622)	80,496
Less: Service Delivery Project Transfers	(36,431)	-	(36,431)
Subtotal - Projects	1,915,898	(12,808)	1,903,091
Subtotal - Other Expenses	348,940	-	348,940
Total Expenses & Outlays	3,021,150	-	3,021,150

Impact to the 2025 Transit Improvement Plan's authorized project allocation summing to \$0:

Agency Administrative Support						
(in thousands)						
Project Phase	2025 Annual Project Budget			Authorized Project Allocation		
	Adopted Annual Project Budget	Budget Amendment	Revised Annual Project Budget	Current Authorized Project Allocation	Allocation Revision	Revised Authorized Project Allocation
Indirect Cost	\$147,117	\$(66,622)	\$80,496	\$1,941,537	\$(1,323,359)	\$618,177
Total	\$147,117	\$(66,622)	\$80,496	\$1,941,537	\$(1,323,359)	\$618,177

System Expansion Indirect Costs						
(in thousands)						
Project Phase	2025 Annual Project Budget			Authorized Project Allocation		
	Adopted Annual Project Budget	Budget Amendment	Revised Annual Project Budget	Current Authorized Project Allocation	Allocation Revision	Revised Authorized Project Allocation
Indirect Cost	\$	\$53,814	\$53,814	\$	\$1,323,359	\$1,323,359
Total	\$	\$53,814	\$53,814	\$	\$1,323,359	\$1,323,359

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

Not applicable to this action.

Time constraints

A one-month delay would impact the ability of the agency to approve the 2026 budget and corresponding budget deliverables in a timely manner and as required by the end of the year.

Prior Board/Committee actions

Resolution No. R2025-24: Adopted an annual budget for the period from January 1 through December 31, 2025 and adopted the 2025 Transit Improvement Plan (TIP).

Environmental review – KH 8/26/25

Legal review – MT 9/4/25

Resolution No. R2025-23

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the adopted 2025 annual budget by changing the category of certain expenditures as a result of internal reorganization with a net neutral impact to the 2025 annual budget.

WHEREAS, the Central Puget Sound Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit District on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the central Puget Sound region; and

WHEREAS, Sound Transit is successfully building and operating the first, second and third phases of the regional transit system plan that were approved by voters in 1996, 2008 and 2016; and

WHEREAS, Sound Transit is meeting a high standard of public accountability through effective monthly progress reports and quarterly financial reporting; and

WHEREAS, the Sound Transit Board adopted financial policies to govern the financing and implementation of the regional transit system and to specify budgetary guidelines for providing subarea equity in accomplishing the same; and

WHEREAS, permitting the designation of reimbursements from Federal Transit Administration's (FTA) Capital Investment Grant program and FTA Formula funding grants not necessary to complete a subarea's projects as system-wide grant funds available to complete the voter-approved system plans is consistent with the financial policies adopted as part of the voter-approved plans and could (1) allow the Board to roll back taxes at the earliest possible date, and (2) permit all projects, including rail segments connecting the subareas, to be completed on schedule based on current financial projections. To the extent the funds legally available to a subarea are sufficient to complete the subarea projects as scheduled, reimbursements from those FTA grants not necessary to meet the subarea's project's baseline cost budget as set by the Board, can be designated a system-wide grant fund so long as the designation does not violate the grant requirements; and

WHEREAS, the chief executive officer submitted a Proposed 2025 Budget and Proposed 2025 Transit Improvement Plan (TIP) for Board consideration; and

WHEREAS, the Proposed 2025 Budget and Proposed 2025 TIP are consistent with and affordable under Sound Transit Financial Policies as adopted by Resolution No. R2016-16 and comply with the Budget Policies as adopted by Resolution No. R2020-24; and

WHEREAS, in 2018 the Sound Transit Board designated the Rider Experience and Operations Committee, Executive Committee, System Expansion Committee, and the Finance and Audit Committee as permanent committees with specific responsibilities, including reviewing proposed annual budgets, and authorized project allocations to date included in the TIP and providing recommendations to the Board; and

WHEREAS a public hearing was held on October 15, 2024, to take public testimony on the Proposed 2025 Budget, TIP, and Property Tax Levy; and

WHEREAS, at its November 7, 2024, meeting, the Executive Committee approved Motion No. M2024-68 recommending the systemwide programs in the System Expansion-Other and Debt Service portions of the Proposed 2025 Budget and Transit Improvement Plan to the Finance and Audit Committee; and

WHEREAS, at its November 7, 2024 meeting, the Rider Experience and Operations Committee approved Motion No. M2024-72 recommending the Enhancement, State of Good Repair, Administrative, Transit Operations, and Other portions of the Proposed 2025 Budget and Transit Improvement Plan, including the revisions to the Proposed 2025 Budget and Transit Improvement Plan to the Finance and Audit Committee; and

WHEREAS, at its November 14, 2024, meeting, the System Expansion Committee approved Motion No. M2024-77 recommending the System Expansion project, excluding System Expansion – Other, portions of the Proposed 2025 Budget and Transit Improvement Plan to the Finance and Audit Committee; and

WHEREAS, at its November 21, 2024 meeting, the Board of Directors approved Resolution No. R2024-25 adopting an annual budget for the period from January 1 through December 31, 2025 and adopting the 2025 Transit Improvement Plan (TIP); and

WHEREAS, a two-thirds affirmative vote of the entire membership of the Sound Transit Board is required to revise the Adopted 2025 Budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that:

Section 1a – Transit Operating Budget. The adopted 2025 annual budget is amended to reflect an increase in the transit operating budget of \$12,807,599 from \$756,311,771 to \$769,119,370 as a result of Project MOST (Mobilizing One Sound Transit).

Section 1b – Project Budget. The amended 2025 annual budget includes changes previously approved via Board actions since the 2025 Adopted Budget in the amount of \$1,952,329,254 and is further amended to reflect a \$12,807,599 decrease in the project budget from \$1,952,329,254 to \$1,939,521,655 by amending the budgets for the following project types:

- An increase of \$53,814,232 for system expansion projects from \$1,617,185,930 to \$1,671,000,162
- A decrease of \$66,621,831 for administrative projects from \$174,249,752 to \$107,627,921

Section 2. The amended 2025 TIP includes changes previously approved via Board actions since the 2025 Adopted TIP's authorized project allocation amount of \$26,124,292,923 and is further amended to reflect the below transfers between projects with net \$0 impact:

- A decrease of \$1,323,359,296 for Agency Administrative Support from \$1,941,536,791 to \$618,177,495
- An increase of \$1,323,359,296 for System Expansion Indirect Costs from \$0 to \$1,323,359,296

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 25, 2025.

Dave Somers
Board Chair

Attest:

Kathryn Flores
Board Administrator