



Resolution No. R2026-17

Budget Amendment to Support Closeout activities for the D-to-M Street Track and Signal and the Hilltop Tacoma Link Extension projects

Meeting:	Date:	Type of action:
System Expansion Committee	07/09/2026	Recommend to Board
Board	07/23/2026	Final Action

Staff name:	Staff title:
Brad Owen	Acting Chief Capital Delivery Officer
Bernadette McDermott	Capital Delivery Center of Excellence Executive Director
John Baker	Construction Services Director

Proposed action

Amends the Adopted 2026 Budget to support closeout activities necessary for the D-to-M Street Track and Signal and Hilltop Tacoma Link Extension projects by (1) the D-to-M Street Track and Signal project's authorized project allocation by \$5,490,000 from \$158,261,747 to \$163,751,747, (2) increasing the Hilltop Tacoma Link Extension project's authorized project allocation by \$23,975,000 from \$282,746,000 to \$306,721,000, (3) decreasing the University Link Extension project's authorized project allocation by \$13,795,000 from \$1,539,007,000 to \$1,525,212,000, and (4) decreasing the Operations and Maintenance Facility East project's authorized project allocation by \$15,670,000 from \$418,619,000 to \$402,949,000.

Key features summary

- This action amends the authorized allocations for four system expansion projects as follows: increases authorized allocation for D-M Street Track and Signal by \$5,490,000; increases authorized allocation of Hilltop Tacoma Link Extension (HTLE) by \$23,975,000; decreases University Link Authorized allocation by (\$13,795,000); decreases Operation Maintenance Facility East (OMF-E) by (\$15,670,000). This action has a net-zero impact on the Transit Improvement Plan (TIP).
- The increase in authorized allocation for D-to-M Street Track and Signal project supports closure of open City of Tacoma permits related to the project's scope at Pacific Avenue and its tie-in to the City's stormwater infrastructure. Under the settlement agreement in Motion No. M2026-23, the City will accept the system in its current condition, close out the permit, and resume its status as owner of the system and the property. Sound Transit will then close the project at year end, 2026.
- The increase in authorized allocation for HTLE supports necessary ongoing costs and expenses in connection with the pending litigation arising from the HTLE Construction contract, completion of remaining critical items including the purchase of all remaining spare parts, radio system work, addressing safety concerns at the corner of 4th Street and Stadium Way, completion of light rail vehicle procurement including rubber tire towing assemblies, remaining consulting services needed

for operational closeout, closure of the City's permits, and final accounting for betterments and services provided by the City.

- The decrease in authorized allocation on OMF-E reflects the project's anticipated completion and subsequent closure at year end, 2026. University Link is also anticipated to reach closure by year end, 2026, following the transfer of remaining funds for environmental work. The decreases in the OMF-E and University Link project allocations support the net-zero impact on the Transit Improvement Plan.

Background

D-to-M Street Track & Signal project is a Sounder Commuter Rail extension that went into revenue service in late 2012 and connects Tacoma Dome Station to the Lakewood subdivision at Chandler Street. For public safety purposes, as part of the project Sound Transit created an over-pass for the commuter line at its intersection of Pacific Ave. This required dropping the elevation of Pacific Ave approximately 16 feet, which impacted surface drainage in the vicinity. The stormwater facilities constructed as part of the project tied into the City's existing stormwater infrastructure. Following two instances of flooding in the vicinity of Pacific Avenue during 100-year storm events, the City took the position that the stormwater system constructed on the project lacked adequate capacity and contributed to the flooding. Sound Transit disagreed with the City's position. Expert analyses were prepared by both the City and ST which reached different conclusions. As a result of the disagreement, the City has not closed out the governing permit, leaving ST in the position as "owner" of the subject system and liable for any claims arising from the system or the property. Upon approval of this resolution, and subsequent payments between the City and Sound Transit, permits will be closed and the project will be considered completed and will be closed at year end 2026.

Hilltop Tacoma Link Extension was activated for revenue service in September 2023. The project includes the 2.4-mile extension of the T Line from the downtown Theater District to the Hilltop neighborhood, 7 new stations in the roadway median, an Operations & Maintenance Facility expansion, and the purchase of five new streetcar vehicles. This action supports necessary ongoing legal fees and costs arising from the litigation seeking delay damages from the contractor and seeking adjudication of the contractor's claims. The amount sought will also provide for the completion of remaining critical items including the purchase of all remaining spare parts, completion of radio system work, addressing safety concerns at the corner of 4th Street and Stadium Way, completion of LRV procurement including rubber tire towing assemblies, remaining consulting services needed for operational closeout, closure of the City's permits and the parties final accounting for betterments and City Services. The project's closeout is anticipated upon closure of the T100 contract. Further Board action will be necessary following the resolution, by settlement or judgment, of the ongoing litigation

Fiscal information

This action amends the Authorized Project Allocation for the D-to-M Street Track & Signal, Hilltop Tacoma Link Extension, University Link Extension, and Operations and Maintenance Facility East projects.

This is a net-zero impact to the agency's Transit Improvement Plan and supports continued closure of the Legacy portfolio projects. The tables below outline the proposed changes to the authorized allocation by phase for each project. This action is within the adopted budget.

D-to-M Street Track & Signal

The current authorized project allocation for the D St – M St Track & Signal project is \$158,261,747. This action increases the authorized project allocation by \$5,490,000, resulting in a revised total of \$163,751,747.

D St - M St Track & Signal

(in thousands)

Project Phase	Authorized Project Allocation		
	Current Authorized Project Allocation	Allocation Revision	Revised Authorized Project Allocation
Agency Administration	\$9,190	-\$145	\$9,045
Preliminary Engineering	1,733		1,733
Final Design & Specifications	17,371		17,371
Right of Way	42,144		42,144
Construction	73,092	5,635	78,727
Construction Services	5,173		5,173
Third Parties	605		605
Vehicles	8,953		8,953
Contingency			
Total	\$158,262	\$5,490	\$163,752

Notes:

Amounts are expressed in Year of Expenditure \$000s.
 For detailed project information, see page 121 of the 2026 Adopted Budget & Financial Plan.

Hilltop Tacoma Link Extension

The current authorized project allocation for the Hilltop Tacoma Link Extension project is \$282,746,000. This action increases the authorized project allocation by \$23,975,000, resulting in a revised total of \$306,721,000.

Hilltop Tacoma Link Extension

(in thousands)

Project Phase	Authorized Project Allocation		
	Current Authorized Project Allocation	Allocation Revision	Revised Authorized Project Allocation
Agency Administration	\$32,964	\$15,252	\$48,215
Preliminary Engineering	5,559		5,559
Final Design & Specifications	16,157	400	16,557
Right of Way	1,915		1,915
Construction	168,353	7,924	176,277
Construction Services	16,659		16,659
Third Parties	974		974
Vehicles	40,165	400	40,565
Contingency			
Total	\$282,746	\$23,975	\$306,721

Notes:

Amounts are expressed in Year of Expenditure \$000s.
 For detailed project information, see page 145 of the 2026 Adopted Budget & Financial Plan.

University Link Extension

The current authorized project allocation for the University Link Extension project is \$1,539,007,000. This action decreases the authorized project allocation by \$13,795,000, resulting in a revised total of \$1,525,212,000.

University Link Extension

(in thousands)

Project Phase	Authorized Project Allocation		
	Current Authorized Project Allocation	Allocation Revision	Revised Authorized Project Allocation
Agency Administration	\$84,766	-\$1,142	\$83,624
Preliminary Engineering	24,261		24,261
Final Design & Specifications	86,773		86,773
Right of Way	126,428		126,428
Construction	1,013,432	-7,665	1,005,767
Construction Services	88,569	-2,000	86,569
Third Parties	12,314	-1,000	11,314
Vehicles	102,463	-1,988	100,475
Contingency			
Total	\$1,539,007	-\$13,795	\$1,525,212

Notes:

Amounts are expressed in Year of Expenditure \$000s.

For detailed project information, see page 139 of the 2026 Adopted Budget & Financial Plan.

Operations and Maintenance Facility East

The current authorized project allocation for the Operations and Maintenance Facility East project is \$418,619,000. This action decreases the authorized project allocation by \$15,670,000, resulting in a revised total of \$402,949,000.

OMF East

(in thousands)

Project Phase	Authorized Project Allocation		
	Current Authorized Project Allocation	Allocation Revision	Revised Authorized Project Allocation
Agency Administration	\$14,119	-\$1,315	\$12,804
Preliminary Engineering	8,712		8,712
Final Design & Specifications	40		40
Right of Way	105,584	-2,832	102,752
Construction	271,114	-11,015	260,099
Construction Services	18,972	-507	18,465
Third Parties	78		78
Vehicles			
Contingency			
Total	\$418,619	-\$15,670	\$402,949

Notes:

Amounts are expressed in Year of Expenditure \$000s.

For detailed project information, see page 125 of the 2026 Adopted Budget & Financial Plan.

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

Not applicable to this action.

Time constraints

As a result of ongoing legal activity related to the HTLE Construction contract, a delay longer than 30 days would result in insufficient budget to fund work for the remainder of 2026.

Prior Board/Committee actions

Resolution R2025-29: Adopted an annual budget for the period from January 1 through December 31, 2026 and adopts the 2026 Transit Improvement Plan.

Motion No. M2022-11: Authorized the chief executive officer to (1) increase the City Services Agreement authorized reimbursement amount to the City of Tacoma for construction support services for the Hilltop Tacoma Link Extension by \$1,430,000, with 10 percent contingency of \$143,000, for a total authorized cost reimbursable agreement amount not to exceed \$6,613,449; (2) accept in-kind from the City in an amount not exceed \$5,172,651; and (3) execute work order 12 under the agreement.

Motion No. M2009-98: Authorized the chief executive officer to execute three agreements with the City of Tacoma: the Master Utilities Licensing Agreement, the Right of Use Agreement, and the D Street to M Street Track and Signal Development Agreement, and to execute all other subsequent agreements with the City of Tacoma as may be necessary to implement these agreements, for a total authorized expenditure not to exceed \$1,212,349.

Environmental review – KH 6/22/26

Legal review – JEN 07/03/26



Resolution No. R2026-17

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the Adopted 2026 Budget to support closeout activities necessary for the D-to-M Street Track and Signal and Hilltop Tacoma Link Extension projects by (1) increasing the D-to-M Street Track and Signal project's authorized project allocation by \$5,490,000 from \$158,261,747 to \$163,751,747 (2) increasing the Hilltop Tacoma Link Extension project's authorized project allocation by \$23,975,000 from \$282,746,000 to \$306,721,000, (3) decreasing the University Link Extension project's authorized project allocation by \$13,795,000 from \$1,539,007,000 to \$1,525,212,000, and (4) decreasing the Operations and Maintenance Facility East project's authorized project allocation by \$15,670,000 from \$418,800,000 to \$403,130,000.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under chapters 81.104 and 81.112 of the Revised Code of Washington (RCW) 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 permanently 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, additional project allocation for the D-to-M Street Track and Signal project and Hilltop Tacoma Link Extension project is required to support a Settlement Agreement with the City of Tacoma and other necessary closeout activities; and

WHEREAS, the additional funding for the D-to-M Street Track and Signal project supports closure of open city-issued permits related to the project's scope at Pacific Avenue and tie-in to city-owned stormwater infrastructure; and

WHEREAS, the additional funding for the Hilltop Tacoma Link Extension project supports necessary ongoing litigation costs and expenses relating to disputes in connection with the project's construction contract, completion of remaining critical items and light rail vehicle procurement, remaining consulting services for operational closeout, the closure of city-issued permits, and final accounting for betterments and services provided by the city; and

WHEREAS, the authorized allocations of the Operations and Maintenance Facility East and University Link legacy projects will be decreased by an equal amount to that being added to the D-to-M Street Track and Signal and Hilltop Tacoma Link Extension projects to maintain a net-zero impact on the agency's Transit Improvement Plan and Long Range Finance Plan;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Adopted 2026 Budget is amended to support closeout activities necessary for the D-to-M Street Track and Signal and Hilltop Tacoma Link Extension projects by (1) increasing the D-to-M Street Track and Signal project's authorized project allocation by \$5,490,000 from \$158,261,747 to \$163,751,747, (2) increasing the Hilltop Tacoma Link Extension project's authorized project allocation by \$23,975,000 from \$282,746,000 to \$306,721, (3) decreasing the University Link Extension project's authorized project allocation by \$13,795,000 from \$1,539,007,000 to \$1,525,212,000, and (4) decreasing the Operations and Maintenance Facility East project's authorized project allocation by \$15,670,000 from \$418,800,000 to \$403,130,000.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on _____.

Dave Somers
Board Chair

Attest:

Kathryn Flores
Board Administrator