

Memo

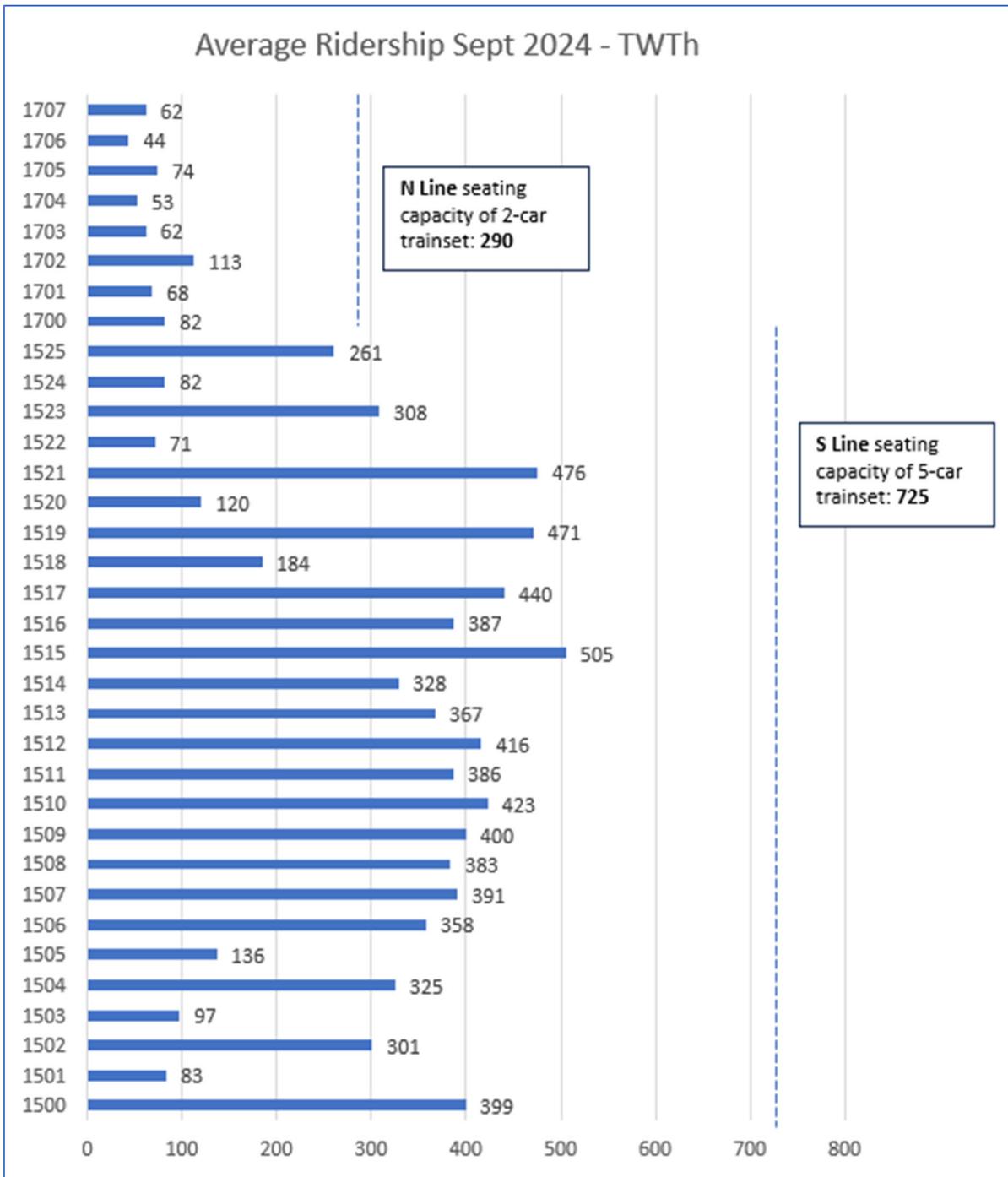
November 1, 2024, [updated November 5, 2024, November 13, 2024, and November 19, 2024](#)

To:	Sound Transit Board
From:	Ryan Fisher, Executive Director-Finance
Subject:	Proposed 2025 Budget and TIP

The Sound Transit Proposed 2025 Budget and TIP are currently slated for full Board approval on November 21, 2024. During the review process, questions have been posed by Board members and responses are provided below. [Additional questions and answers have been added to the end of the memo, and additional information has been added to an answer on page 3.](#)

How much are we utilizing Sounder service compared to how it could be utilized? Is there a report that identifies the current capacity?

1. Capacity of Seating – Daily ridership on Sounder trains is closely tracked and the data shows that there is still plenty of room for seated passengers on the average commuter train. The graph below depicts September average daily ridership by train with a vertical bar showing the seating capacity. The N Line (1700 series) has mostly 2-car trainsets (290 seats) but also has a 5-car trainset. The S Line (1500 series) has mostly 5-car trainsets (725 seats) but also two 7-car trainsets. Although there may be individual trains that come close to seating capacity, that is rare and there are generally plenty of seats for riders.



2. ST3 Projects – Sound Transit 3 included several Sounder projects; including to add trips, expand the train length on the S Line to up to 10 cars with associated platform lengthening, and to extend the service to DuPont.

3. Expansion Planning – Staff is currently exploring additional daily trips to expand service; this is being discussed with BNSF for feasibility as we work through any schedule impacts and related costs.

What is still outstanding on Hilltop Tacoma Link Extension project that falls into the System Expansion budget, given that it is currently in operation?

- Project budgets routinely include costs after the in-service date of a project to complete and close out the project. Inclusion of this follow-on work as part of a project budget (as opposed to an operating budget) is based on accounting guidelines on proper categorization of costs in order to capitalize the assets.
- Outstanding work on the Hilltop project includes final ~~acceptance certification~~ milestone payments for vehicles and some infrastructure modifications needed to fully complete the project. Additionally, there are currently legal and consultant uncertain amounts of legal costs associated with the construction contract claims. ~~As and as this these~~ becomes more certain, information will be brought back to the Board.

Is real time service IT included in the Hilltop Tacoma Link Extension budget?

- The cost for Estimated Time of Arrival (ETA) predictions for Tacoma link stations is included in the 2025 proposed budget within the Digital Passenger Information Systems project. (Within the Proposed 2025 Budget Book, see page 185 for the detail page of this project, which states a 2025 activity of “Equipment procurement, installation, start-up and testing for global distribution system signs, cable pulling, conduit installation, sign installation for Sounder, Tacoma Link and Link Light Rail, onboard system installation for Sounder, and fire watch for Link Light Rail.”)
- The project team is actively working with the vendor, Wabtec, to accelerate the development of ETAs for Tacoma Link and we expect this information will be available by end of Q2 2025.

What is the budget revision for the Project Management Information System (PMIS)?

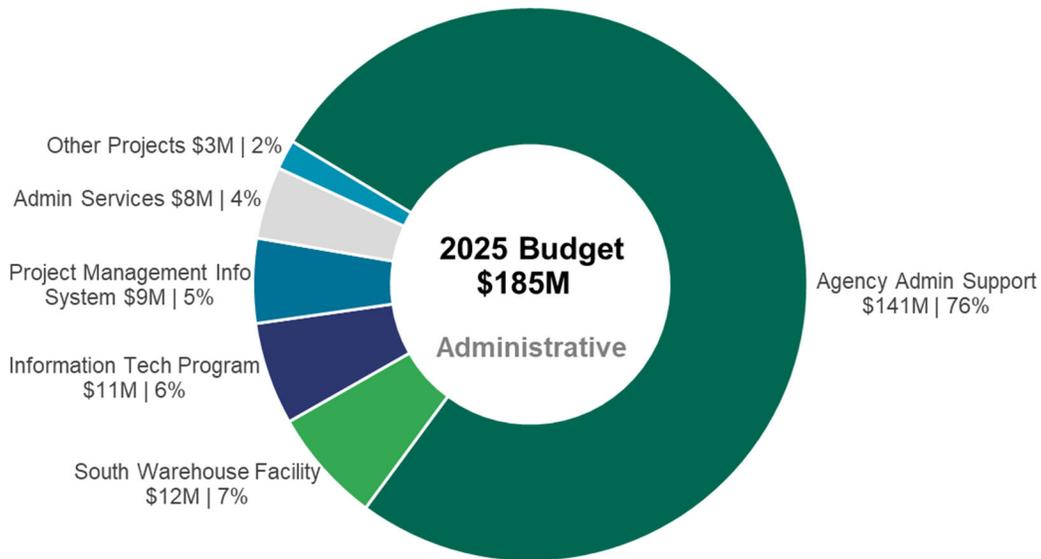
- Since the 2025 Proposed Budget and Transit Improvement Plan (TIP) was presented to the Finance and Audit Committee and the Board in October 2024, there are proposed revisions impacting both the 2025 budget and TIP for the Rider Experience and Operations Committee’s review and consideration.
- The PMIS will improve data management and reporting for all Sound Transit managed projects by streamlining processes, leveraging automated workflows, and ensuring consistent application of project tools across the agency.
- This project addresses Technical Advisory Group (TAG) recommendations to align key procedures with industry best practices, eliminating unnecessary steps and associated delays.
- The revisions are to:
 - Increase the authorized project allocation in the TIP by \$22.0M by creating a new Administrative project, PMIS.
 - Increase the 2025 annual budget for Administrative projects, PMIS, by \$9.1M.
 - Increase the 2025 annual budget for Leases and Subscription Based Information Technology Arrangements Amortization and Interest (under the “Other” budget category) by \$1.5M.
- Additional information about this proposed revision will be provided to the Rider Experience and Operations Committee on November 7, 2024.

[The following Board member question and the staff response were added November 5, 2024:](#)

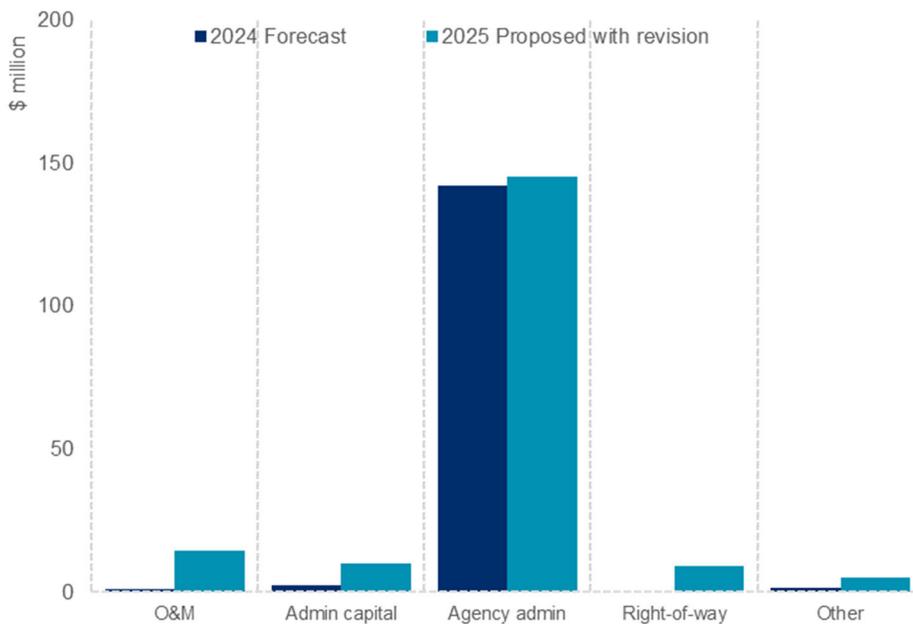
Can more information be provided on the Administrative project annual budget?

4. The 2025 Administrative project annual budget of \$184.5M (\$175.4M proposed and \$9.1M budget revision) is 26% higher than the 2024 year-end forecast of \$146.9.
5. The biggest year-over-year increase is driven by the South Warehouse Facility (\$12.3M), Project Management Info System (budget revision - \$9.1M), and Admin Services (\$7.8M) projects.
6. \$184.5M in annual budget is comprised of the following projects.
 - \$141.2M (0.3% higher than the 2024 year-end forecast of \$140.7M) for the Agency Admin Support project to continue to fund:
 - \$101.3M admin support expenses that are allocated to capital projects such as IT, Finance, Procurement, Legal, HR, etc. These costs are included in the capitalized cost of the resulting assets.
 - \$24.1M general and administrative expenses that are not charged to either capital projects or transit operations such as marketing, board administration, government relations, etc.
 - \$15.8M fare and regional planning expenses that are not charged to either capital projects or transit operations such as research and innovation, ORCA related costs, regional TVM services, etc.
 - \$12.3M for the South Warehouse Facility to purchase, renovate and furnish a warehouse-office building to consolidate four existing Auburn warehouses.
 - \$11.0M for the Information Tech Program to continue with systems procurement, implementation, and integration of agencywide software and hardware technologies such as cybersecurity enhanced controls, contract lifecycle management, IT resiliency & recoverability, and identity & access management.
 - \$9.1M for the Project Management Info System (budget revision) to purchase software applications and implement services to enhance data management, advance process re-engineering, and ensure consistent application of project tools across the agency.
 - \$7.8M for Admin Services to continue with core campus decommissioning, add gender neutral restrooms on two floors at Union Station, and office furniture and work that may be required depending on leadership's guidance on reconfiguring space.
 - \$1.4M for Replacement Admin Pool Vehicles to replace 23 fleet vehicles that are at or beyond usable life.
 - \$1.0M for Admin Facilities to continue to work on replacing and upgrading the fire alarm control panel at Union Station and starting the procurement process for the lighting at North Plaza.
 - \$0.7M for Administrative Pool Vehicles to purchase 12 vehicles in 2025. This is subject to change based on vehicle requests received from groups in the agency.

2025 Administrative budget by project



2025 Administrative projects trends by phase



Note: Other includes final design, construction, and vehicles budget phases.

[The following Board member question and the staff response were added November 13, 2024:](#)

Can more information be provided on the 2025 annual budget for service disruptions?

The 2025 budget includes \$3.9M to respond to planned and unplanned service disruptions, which is 129% higher than the 2024 forecast. Based on historical trends and factoring in 2025 risks such as the East Link Extension and Downtown Redmond Link Extension tie-ins and untested reliability of Lynnwood Link Extension and East Link Starter Line, there are sufficient funds to respond to service disruptions and minimize impact to riders. In addition, the agency may leverage on contingency funds, if needed.

1. \$2.5M for planned service disruption:
 - \$2.1M for bus bridging services assuming 13,600 hours at \$156 per hour. For reference, actual costs for planned service disruption bus bridging were \$0.2M in 2022, \$0.1M in 2023, and \$0.6M for 2024 forecast. The higher amount for 2025 compared to prior years is due to unknown risk factors for East Link, potential of higher cost of disruption on I-90, as well as untested liability on Lynnwood Link Extension.
 - \$345K for fare ambassadors (approximately 7,780 hours) including overtime for East Link tie-in.
 - \$37K for supplies and public notification, including but not limited to social media advertising, signages, translations services for service changes, language cards, laundry for ambassadors' vests, etc.
2. \$1.4M for unplanned service disruption based on the historical proportion of unplanned vs. planned needs:
 - \$0.7M for bus bridging services assuming 4,500 hours at \$156 per hour.
 - \$0.7M for fare ambassadors (approximately 17,300 hours) including overtime.
 - \$6K for supplies and public notification.
3. In addition, Sound Transit will deploy security officers as needed from the existing pool in order to assist with service disruptions.

[The following Board member question and the staff response were added November 19, 2024:](#)

How is Sound Transit performing against the Farebox Recovery targets and minimums established in 2024?

In 2024, the Board adopted an updated Fare Policy, Resolution No. R2024-08, that set the following modal minimum and target farebox recovery ratios for modes that charge fares:

- Sounder commuter rail – 13 percent minimum to 18 percent target.
- ST Express bus – 7 percent minimum to 12 percent target.
- Link light rail – 17 percent minimum to 22 percent target.

Under the Fare Policy, the Board must consider a fare change proposal under the following condition: A farebox recovery ratio falls below the minimum set by the Fare Policy for more than two consecutive calendar years.

YTD (as of 9/30) Farebox Recovery:

- Sounder commuter rail – 7 percent
- ST Express bus – 16 percent
- Link light rail – 11 percent

Sounder is anticipated to be at policy by 2026 as ridership levels are expected to increase.

Link is expected to achieve minimum policy level once the full 2-Line and Federal Way Link Extension are open, costs to startup the extensions normalize, and ridership matures.

As per the updated Fare Policy's reporting requirements, staff plans to provide a report to the Board on 2024 fare revenue and farebox recovery performance in July 2025 once staff have actual fare revenue and operating cost figures for 2024.