Proposed 2026 budget and Transit Improvement Plan

Finance and Audit Committee

10/9/2025

SoundTransit

Why we are Here

Provide complete Proposed 2026 Budget and TIP

- Proposed 2026 Budget and Transit Improvement Plan (TIP)
    - Revenues and funding sources
    - Expenditures
    - Service growth
    - TIP
- Budget timeline and next steps

Timeline

- October FAC – overview of Long-Range Financial Plan projections and proposed 2026 budget and TIP
- October Board – budget overview and property tax approval
- November SEC, REO, EXEC – budget reviews by Board committees
- November FAC, Board – budget recommendation and approval

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2026 Budget, TIP, and Long-Range Financial Plan

Budget 2026 ***Board Approved***

Annual Budget of revenues, sources, and expenditures for 2026.

Transit Improvement Plan (TIP) to 2031 ***Board Approved***

Authorized Allocation (lifetime) for all active project costs, including past actuals. (Includes pre-baselined and baselined projects, as well as service delivery projects.)

Long-Range Financial Plan (2017 – 2046) ***Board Updated***

Includes Sound Move, ST2, and ST3 sources and uses through 2046.

Proposed 2026 budget and Transit Improvement Plan (TIP)

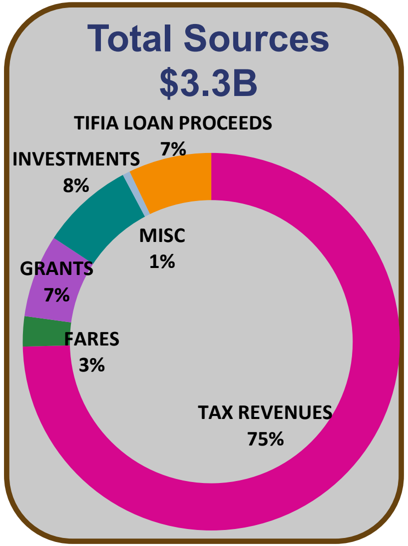
Key Takeaways

- Revenues slightly up over 2025; inflation and interest rates remain stable
- 2026 will increase total ST service hours by 29% over 2025
- Stride projects represent majority of construction spending
- Additional operating dollars for improving operational response, security, and World Cup service
- Increased investment in service delivery projects to improve system resiliency and reliability

Revenues and Funding Sources

FY 2026 overview – Revenues and Financing

(In millions)

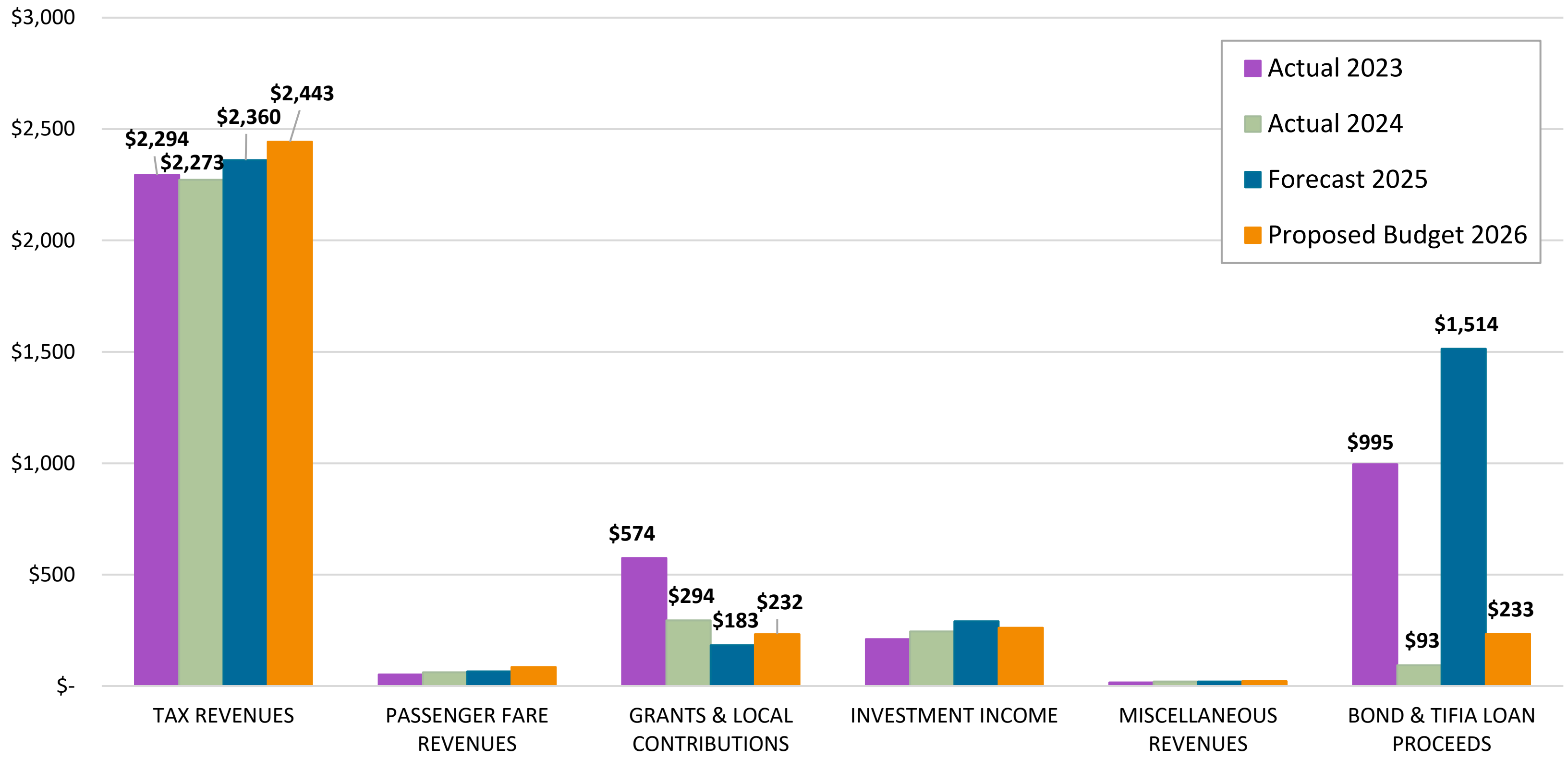


Total Sources	FY2026 Budget
Taxes	$2,443
Fares	$85
Grants	$232
Investments	$261
Misc. Rev	$21
TIFIA/ RRIF	$233

- Tax revenues: Economic growth expected to remain stable plus sales tax expansion
- Fares: Full year of Federal Way Link Extension and open Crosslake Connection Extension
- Grants: Increasing due to final Lynnwood Link Extension funding
- TIFIA and RRIF: Pinehurst and Sounder Access loan drawdowns

Revenues and Financing Sources – Trends

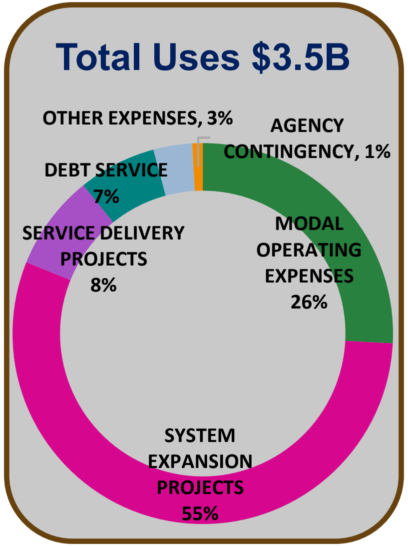
In millions



Expenditures

FY 2026 Overview – Expenditures

(In millions)



Total Uses	FY2026 Budget
Expansion	$1,924
Modal O&M	$891
SD Program	$282
Debt Service	$230
Other	$98
Contingency	$31

- Expansion Projects: Link shifts to spending on projects in planning, heavy Stride construction
- Modal Ops: Full year of Downtown Redmond and Federal Way; opening Crosslake Connection
- Service Delivery Program: Fund critical agency IT, SOGR, resiliency, and World Cup needs
- Debt service: Interest begins with drawdown of TIFIA loans; retirement of variable bonds in 2025

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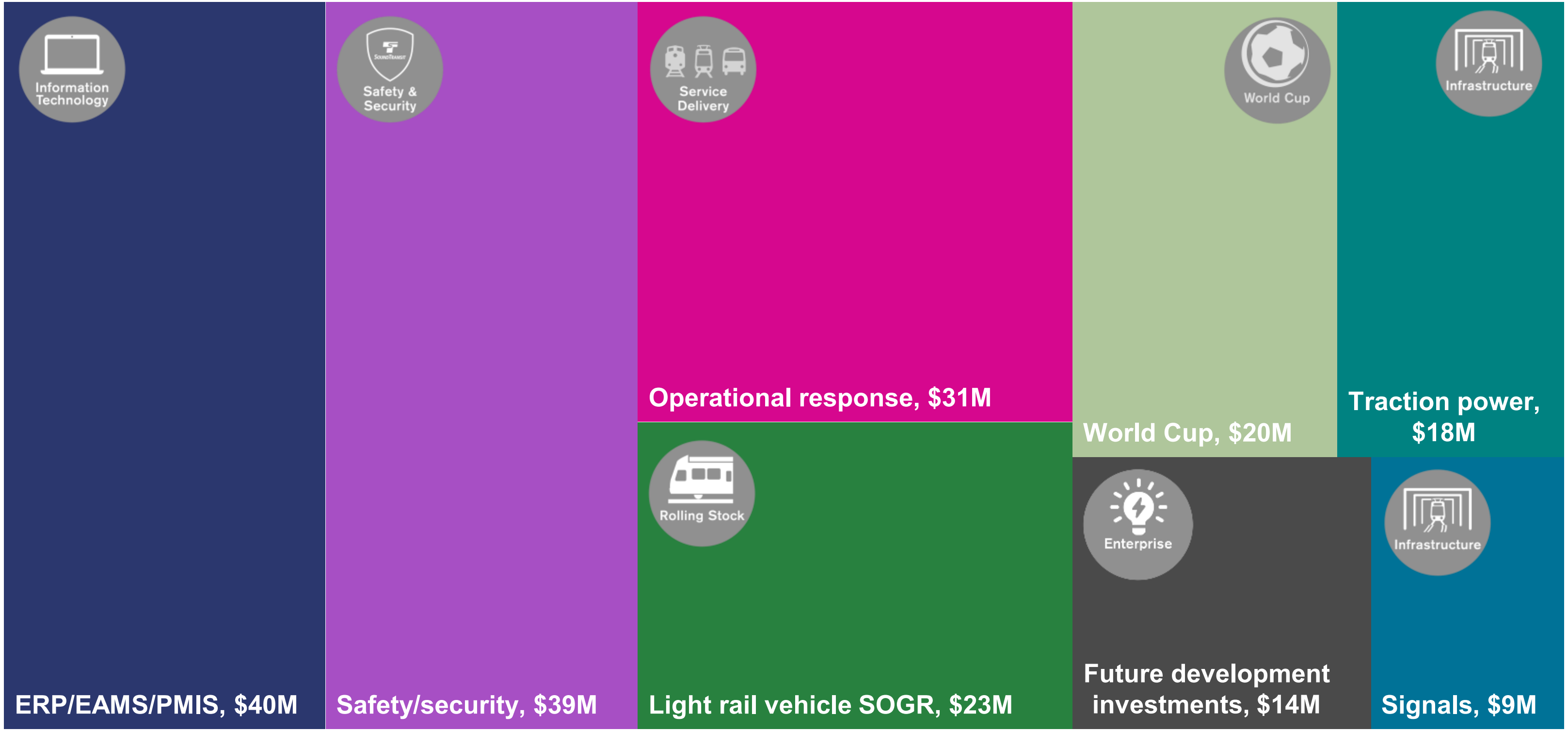
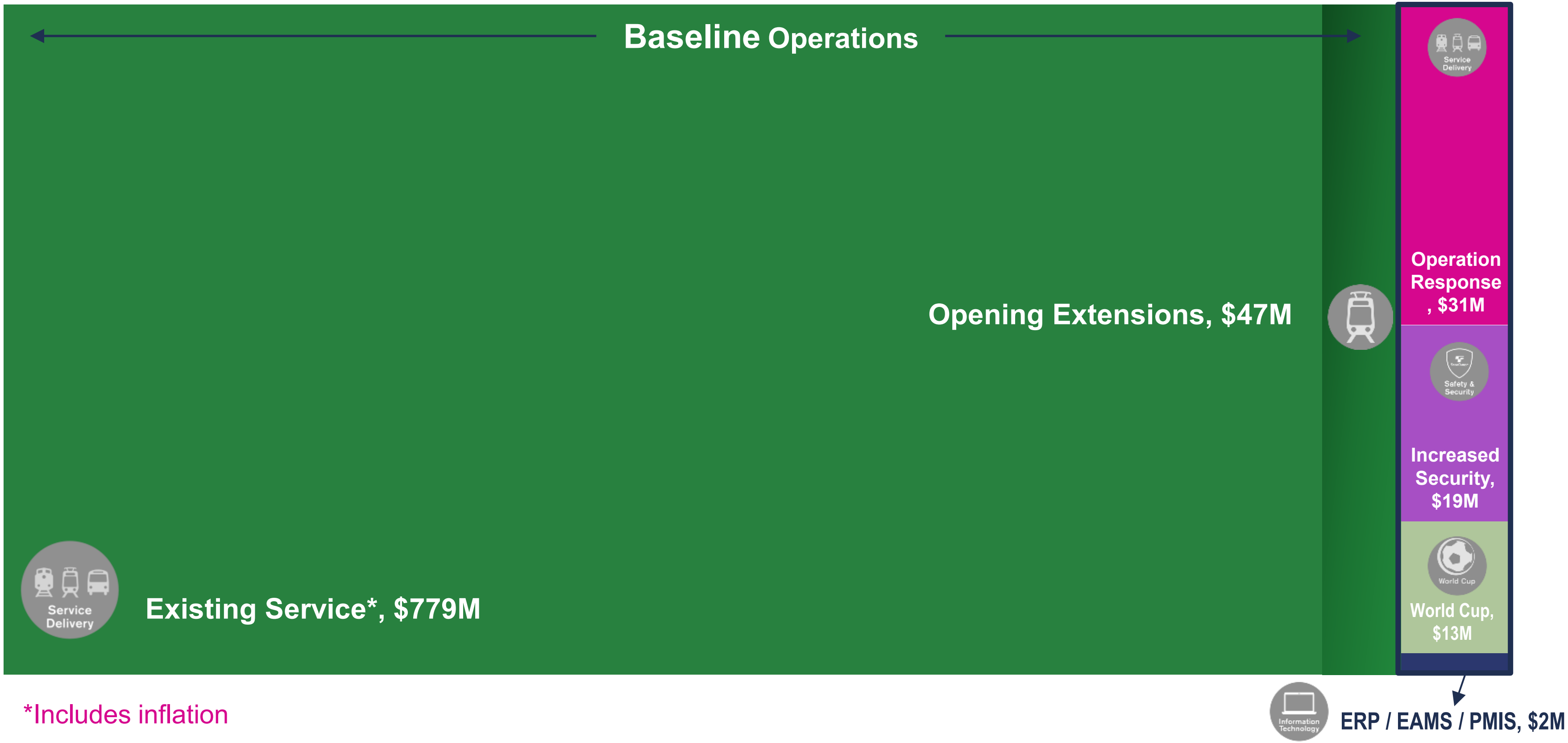
*$194M in Additional System and Service Investments**



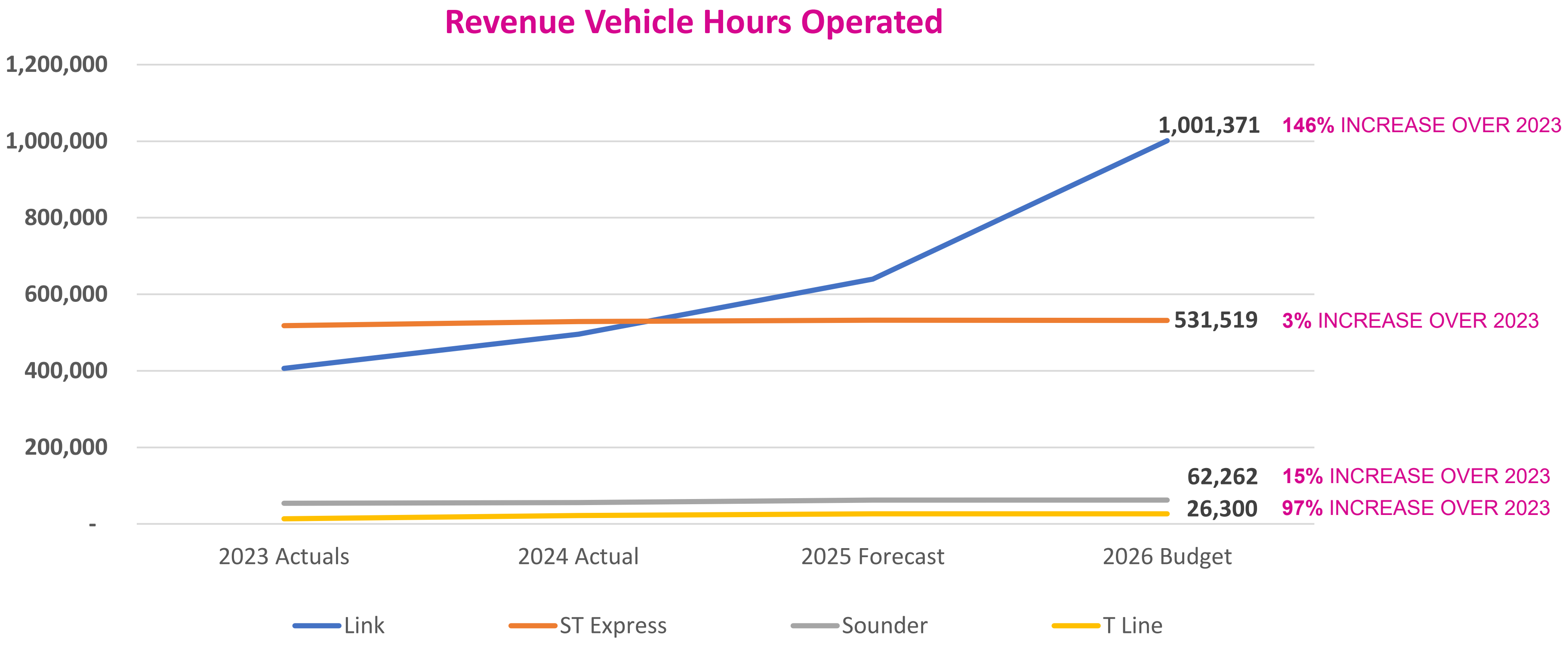
*Includes both operating and capital improvement dollars

Overall Themes in $891M Operating Budget

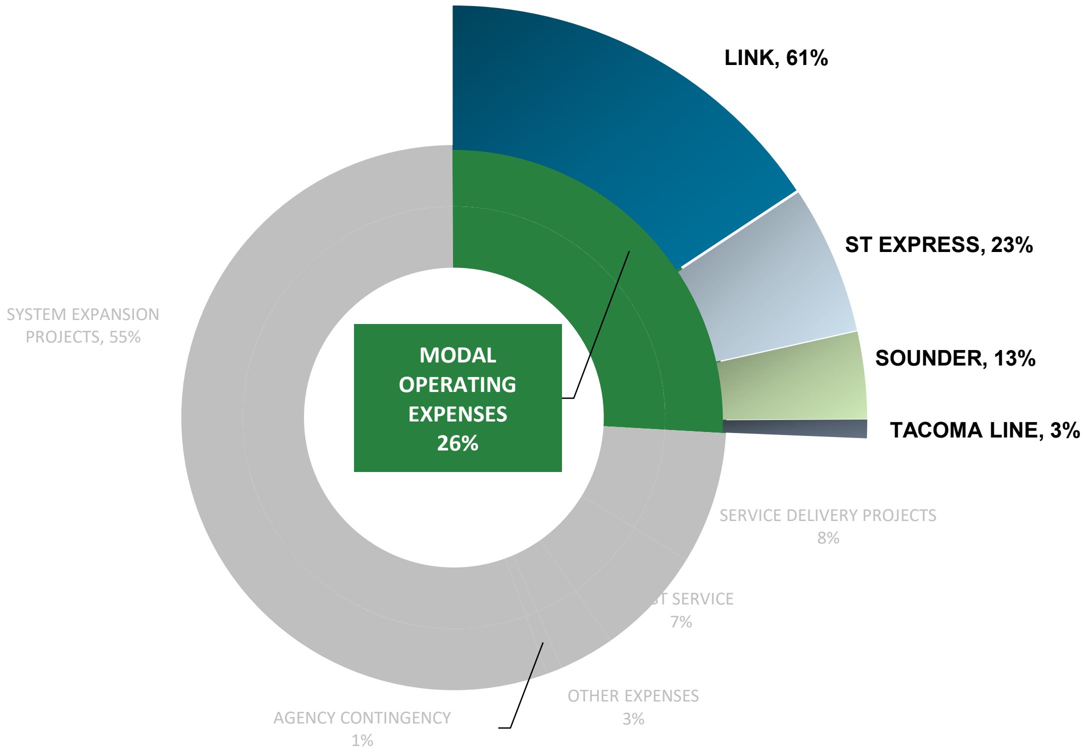


*Includes inflation

Service Levels: Revenue Hours by Mode



Modal Operating Expenses – 26% of FY2026 Uses



2026 Modal Expenditures	
Link	**$545M**
Vehicle Operations	$189M
General & Administration	$146M
Facility Maintenance	$143M
Vehicle Maintenance	$67M
ST Express	**$202M**
Vehicle Operations	$100M
General & Administration	$56M
Vehicle Maintenance	$35M
Facility Maintenance	$12M
Sounder	**$118M**
Vehicle Operations	$39M
Vehicle Maintenance	$32M
General & Administration	$29M
Facility Maintenance	$18M
Tacoma Line	**$25M**
Vehicle Operations	$11M
General & Administration	$5M
Vehicle Maintenance	$5M
Facility Maintenance	$4M

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Service Delivery Projects - TIP Restructured

Service Delivery projects move to asset-based portfolios and programs

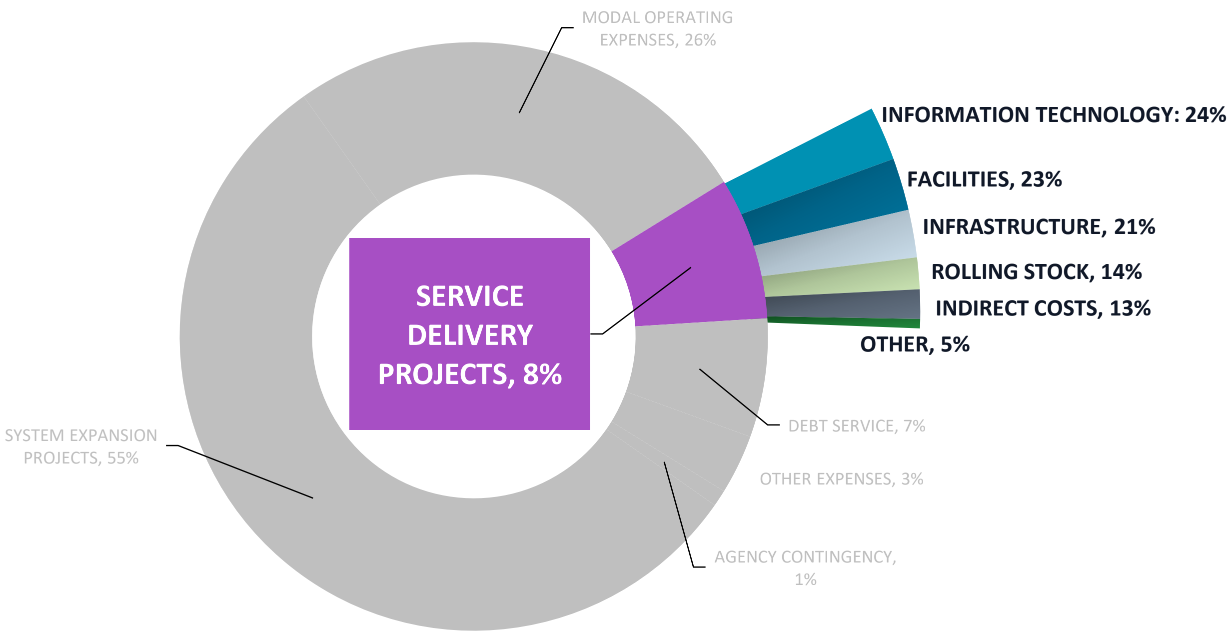
2025 Adopted Budget and TIP SDP Categories
State of Good Repair
Enhancement
Administrative

→

2026 Proposed Budget and TIP SDP Portfolios*
IT
Facilities
Infrastructure
Rolling Stock
Tacoma Link
Transit Systems
System-Wide Asset Support

*Includes state-of-good-repair projects by asset class

Service Delivery Projects – 8% of FY2026 Uses



2026 SDP Expenditures	
IT Portfolio	**$68M**
ERP/ EAMS	$26M
PMIS	$12M
Facilities Portfolio	**$66M**
DSTT Modernization	$30M
Facility Property	$15M
Infrastructure Portfolio	**$60M**
Traction Power	$18M
Crossings & Train Control	$16M
Rolling Stock	**$43M**
Light Rail Vehicle	$23M
Commuter Rail Vehicle	$11M
Other	**$9M**
System-Wide Support	$7M
Tacoma Link	$1M
Transit System	$1M
Indirect Costs	**$37M**

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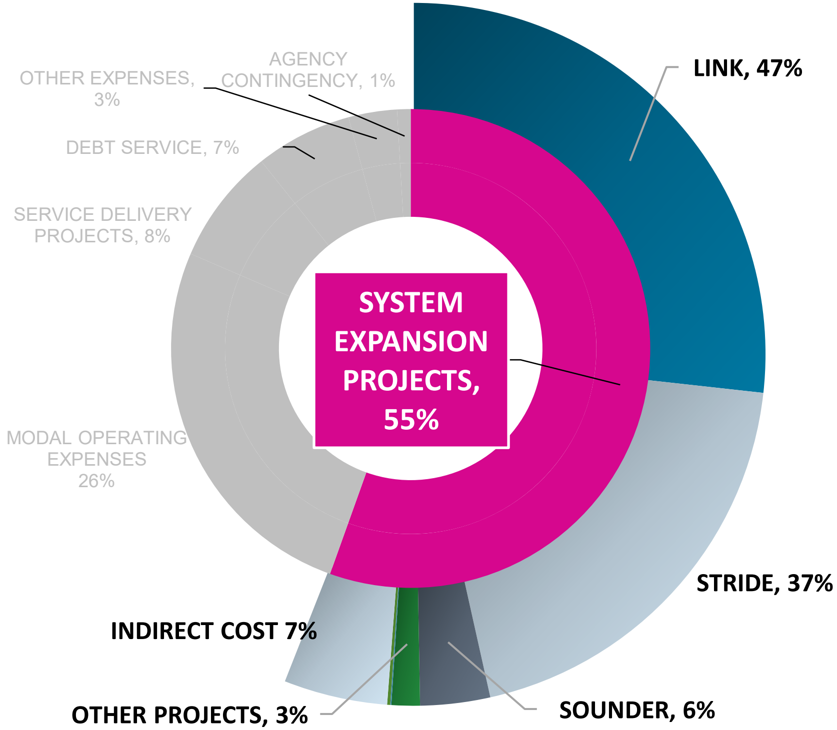
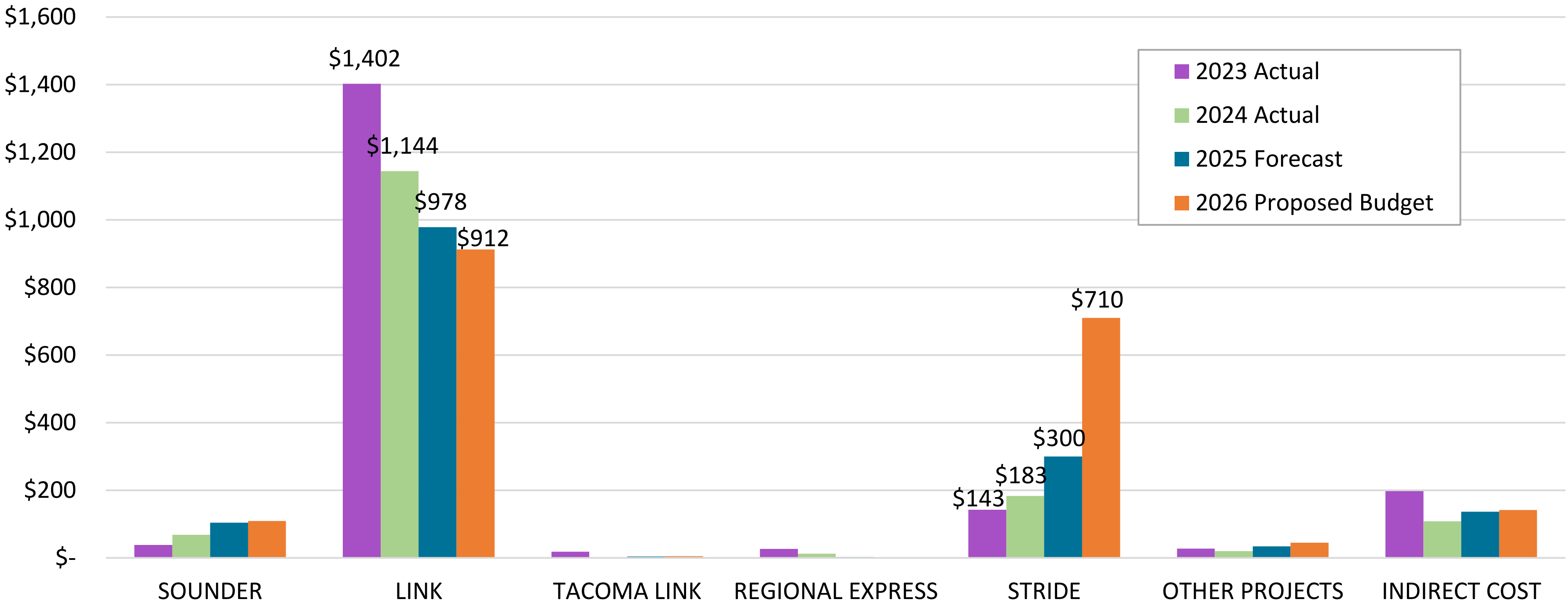
System Expansion Projects – 55% of FY2026 Uses



2026 SYX Expenditures	
Link	**$912M**
Ballard Link	$178M
OMF-South	$175M
West Seattle Link	$132M
Everett Link	$79M
Tacoma Dome Link	$74M
Remaining Link	$274M
Stride	**$710M**
I-405 BRT	$414M
SR-522 BRT	$129M
Bus Base North	$168M
Sounder	**$109M**
Sumner, Kent, and Auburn	$67M
Regional Express	**$2M**
Tacoma Link	**$5M**
Multimodal	**$45M**
Innovation &Tech	$14M
Transit System Access	$5M
Indirect Costs	**$141M**

System Expansion – Trends (by mode)

In millions



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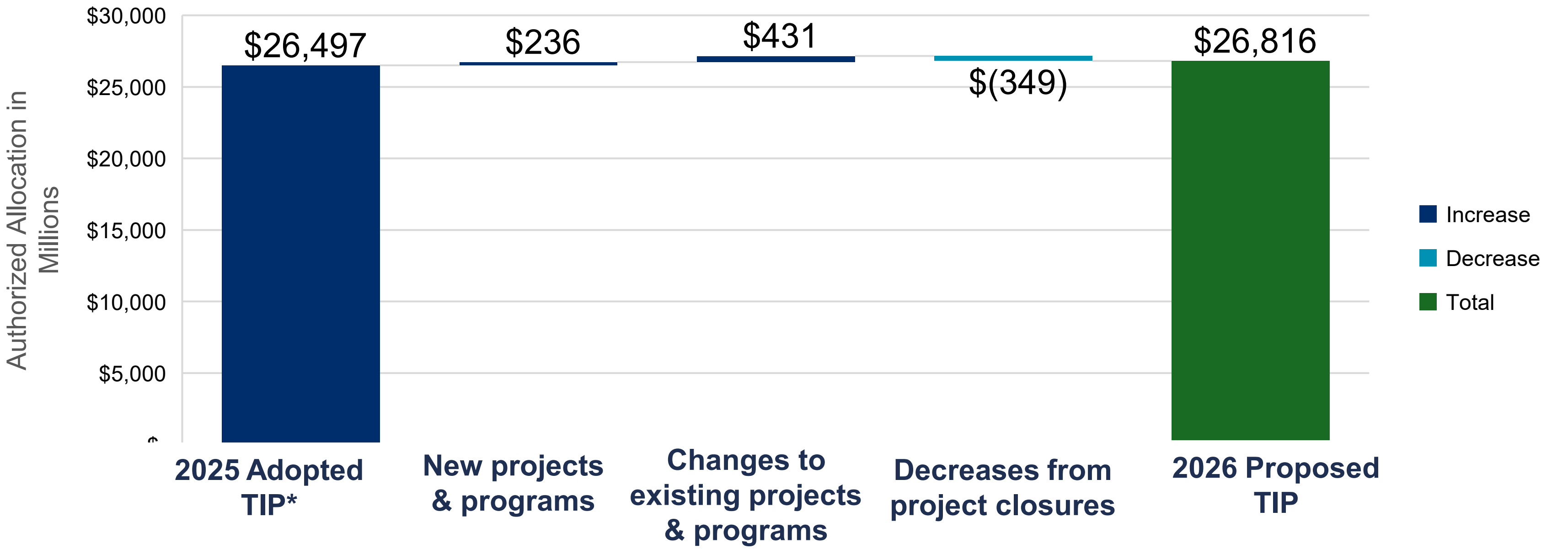
Changes to Transit Improvement Plan: 2025 Adopted TIP to 2026 Proposed TIP

$318M (1.2%) increase in total authorized dollars for active projects



*includes Board-approved budget amendments through 9/30/2025

Budget Timeline and Next Steps

Thoughts and Considerations

Additional discussion points to consider

- Budget and TIP affordable under current service levels and latest expansion milestones
- 4th year out of 5 years with Link and T-Link openings; revenue hours projected to be up nearly 150% since 2023
- Increased investment in service delivery and state-of-good-repair projects critical to system resiliency
- System expansion lifetime milestone authorizations needed in 2026

Timeline

October – long-rang plan, budget overview, and property tax approval

- **10/9** – Public hearing for proposed 2026 budget and property tax levy
- **10/9** – Finance and Audit Committee – Overview of Long-Range Financial Plan projections and proposed 2026 budget and TIP
- **10/23** – Board – budget overview and property tax levy approval

November – budget recommendation and approval

- **11/6** – Executive Committee – recommends to FAC
- **11/6** – Rider Experience and Operations Committee – recommends to FAC
- **11/13** – System Expansion Committee – recommends to FAC
- **11/20** – Finance and Audit Committee – recommends to Board
- **11/20**– Board – adoption of the proposed 2026 Budget and TIP

Thank you.

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