2027 Proposed Budget and Transit Improvement Plan

Rider Experience and Operations Committee

11/5/2026

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Why we are here

- ***Provide information on the 2027 Proposed Budget and Transit Improvement Plan (TIP)***
- ***Request that the Rider Experience and Operations Committee recommend the portions under purview to advance to the Finance and Audit Committee***
    - Transit operations
    - Service delivery programs
    - Other operating and non-operating expenditures
    - Agency operating contingency

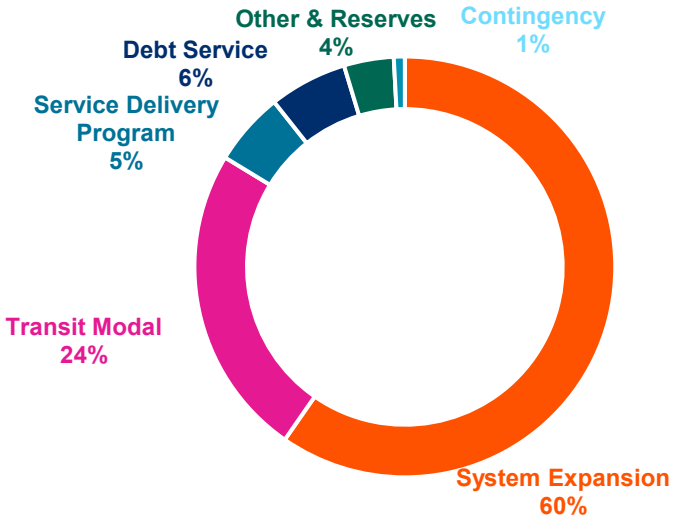
Budgets within Committee purview

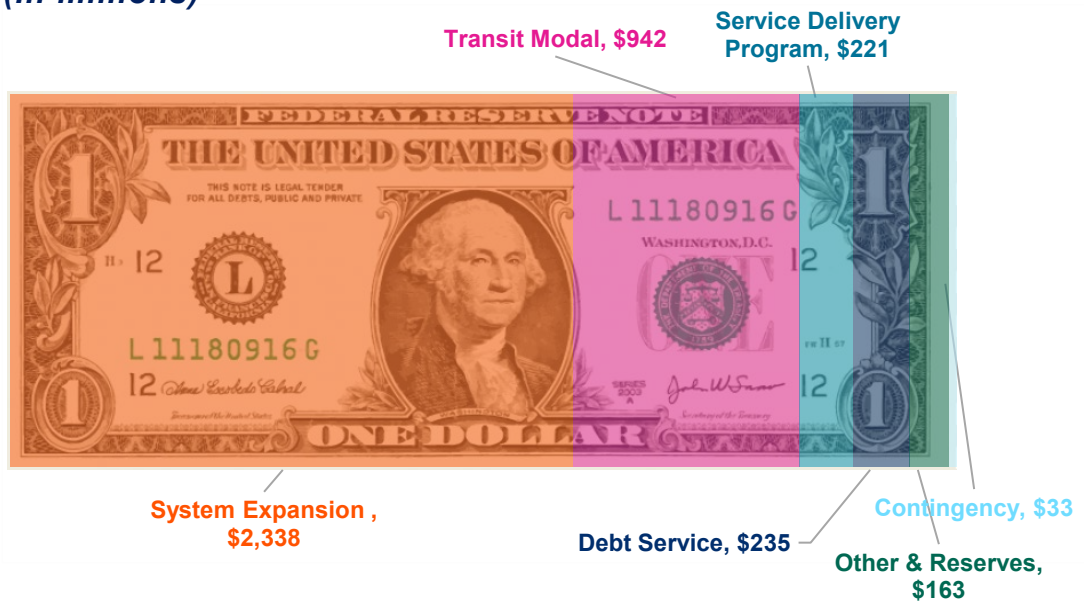
Committee	Budget/TIP Sections
Rider Experience and Operations	• Modal operating • Service delivery programs • Other expenditures • Agency contingency
System Expansion	• System expansion programs – Link, Sounder, Regional Express, Stride
Executive	• System expansion programs – systemwide • Debt service
Finance and Audit Committee	Other committees recommend budgets to FAC; FAC recommends overall budget to Board

2027 Proposed Budget Summary

FY 2027 overview – uses $3.9B

(In millions)





- Expansion Projects: Stride construction and moving forward with May System Plan update
- Modal Ops: Full year of Crosslake Connection
- Service Delivery Program: Increased investment in resiliency, safety, and agency modernization
- Debt service: Interest increase as all TIFIA/RIFF loans now fully drawn

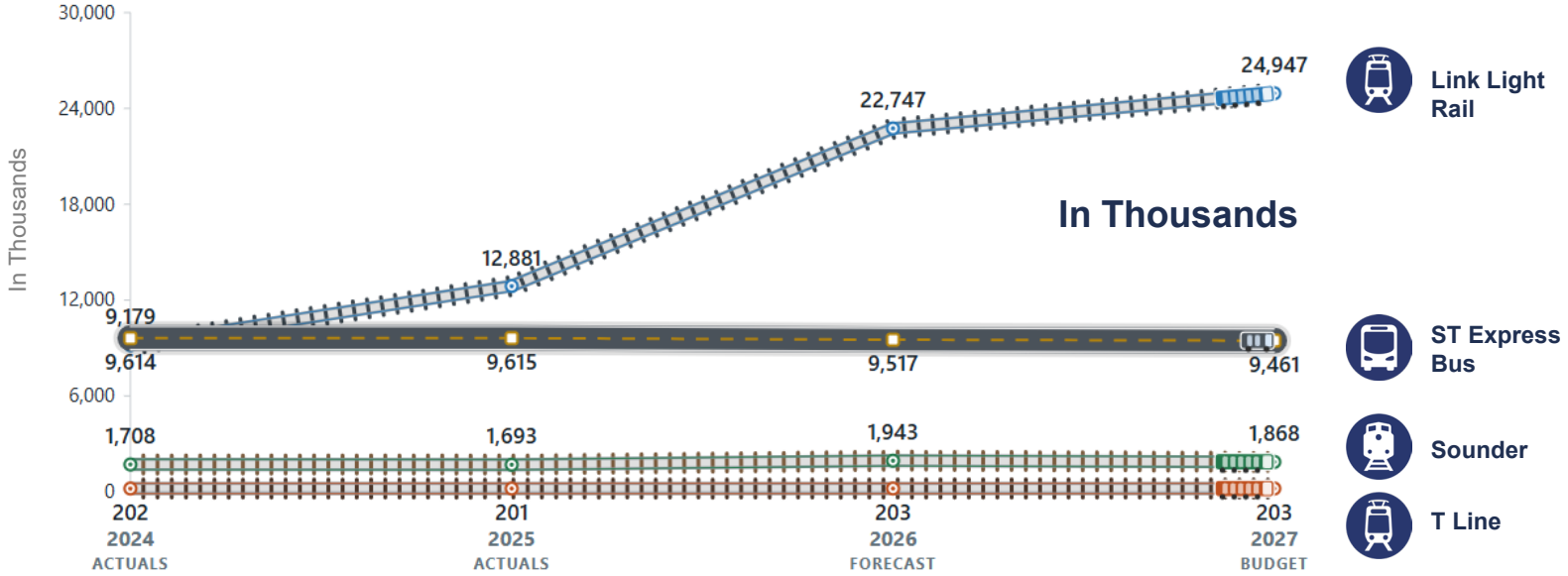
Modal Operating Budget

Key takeaways

- 2027 revenue vehicle miles projected to increase by 6% over 2026
- Significant system delivery investments made in 2026 budget will continue, with more targeted dollars added in 2027
  - Safe, Clean, and Welcoming Ride
  - Westlake Customer Information Booth re-opened on Link station
  - Additional resources to improve Link system reliability, rapid response
  - Dedicated Amtrak vehicle maintenance personnel for Sounder
- Implementing cost efficiency measures in long-term operations and service delivery program

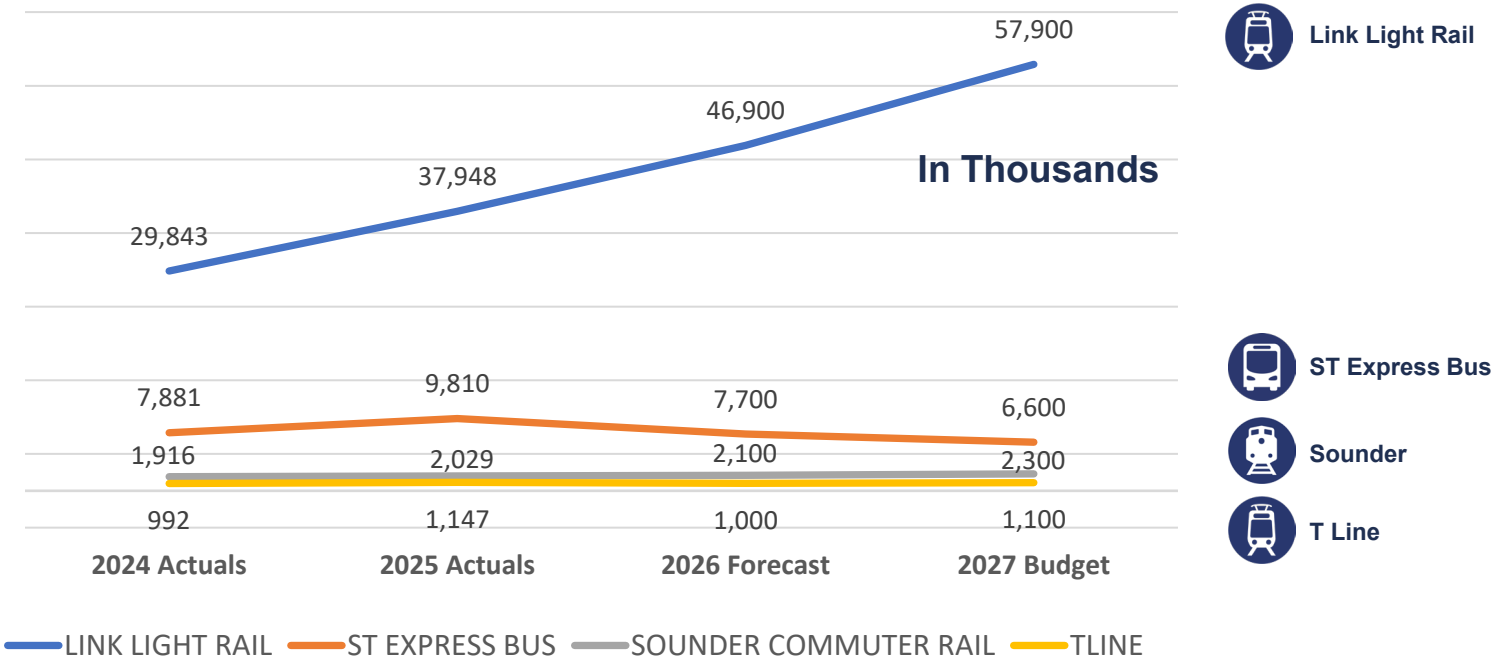
Service levels: revenue miles by mode

Total revenue miles 6% higher than 2026 driven by a full year of Crosslake Connection service.

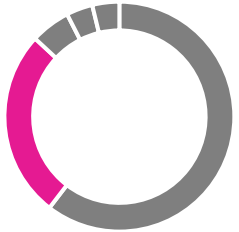


Ridership by mode

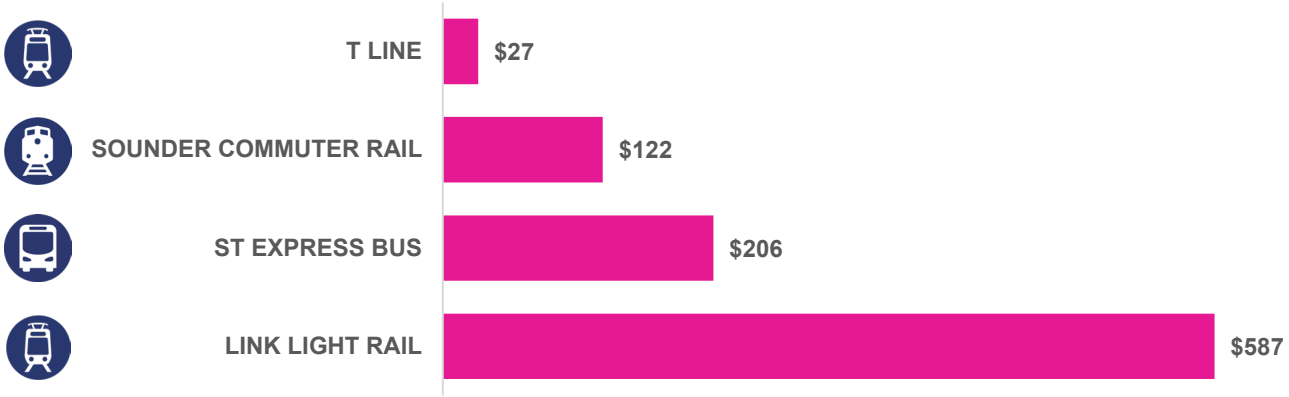
Total ridership 18% higher than 2026 driven by a full year of Crosslake Connection service.



Transit modal operating costs – $942M

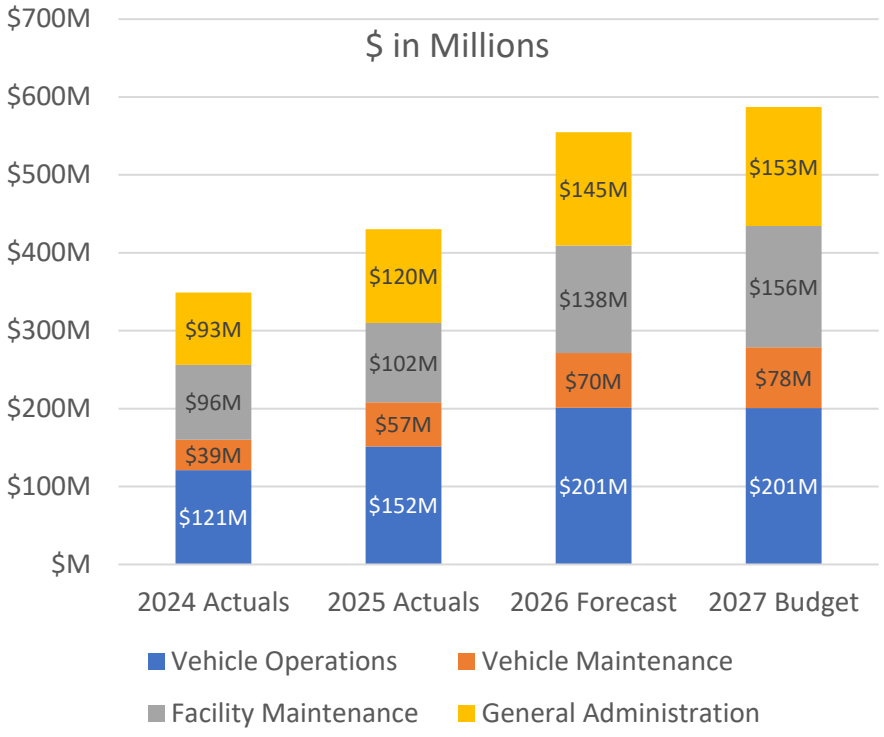


(In millions)



- Safe, Clean, and Welcoming Ride: focused investments on top of 2026 progress
- Continue to deliver high safety standards established in 2026
- Additional resources to support Link rapid response and coverage efforts
- Service delivery projects to ensure assets in state of good repair

Link – normalized* expense trends



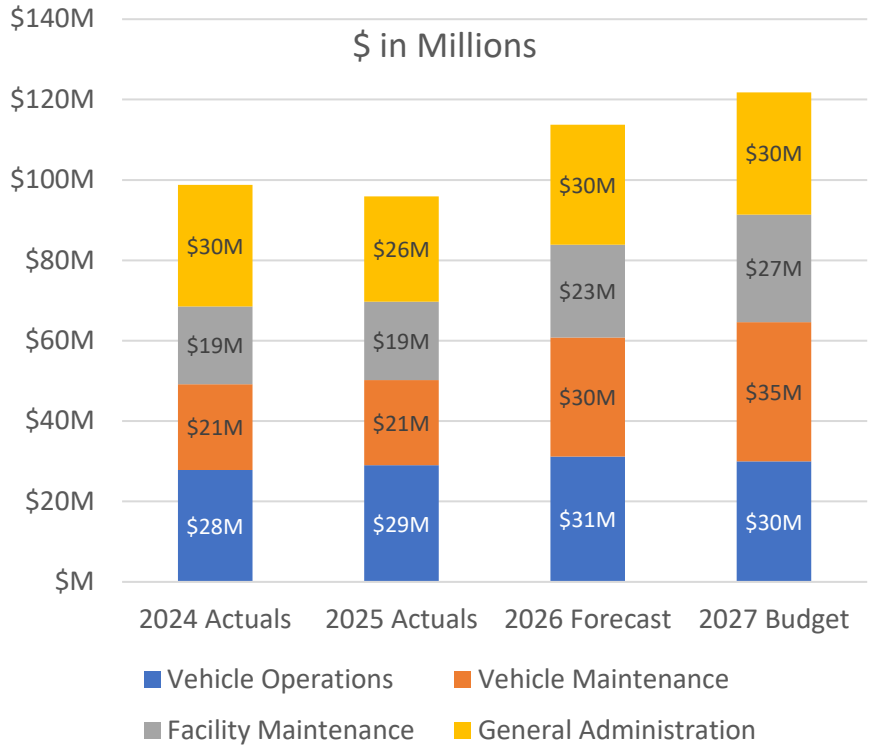
- Cost growth since 2024 are in line with expansion of services.
- 2027 budget reflects full year of:
  - Operating Crosslake Connection
  - Pinehurst Station
  - Running 3 car trains on Line 2
- General Administration % portion of budget stable.

*All figures are expressed in 2027 dollars using Consumer Price Index (CPI).

Sounder – normalized* expense trends

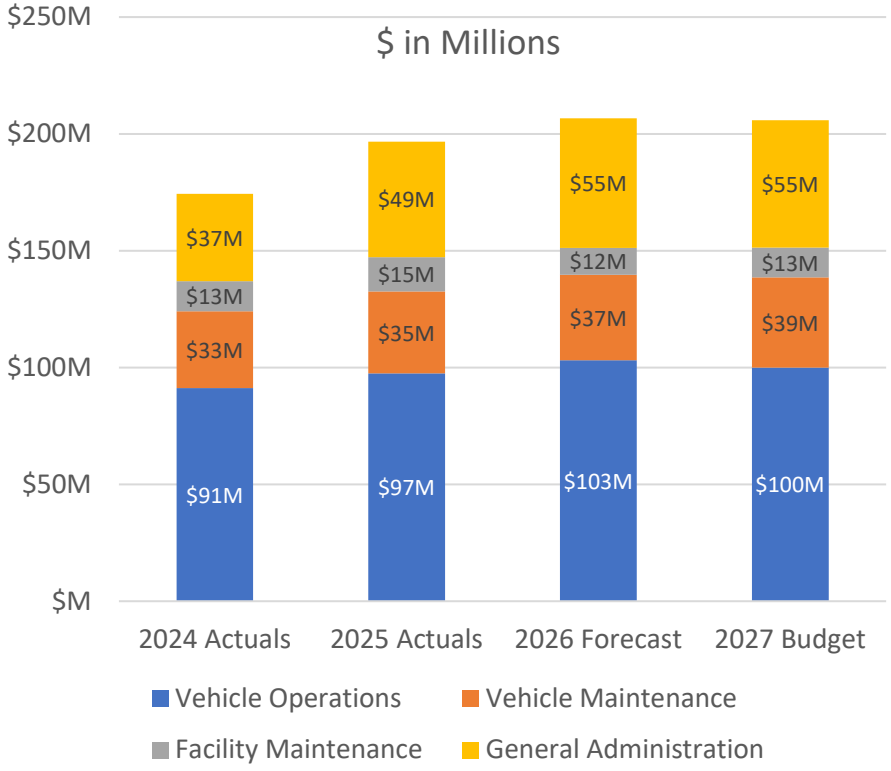
- Vehicle Maintenance:
  - Increase in number of vehicles
  - Updated agreement with Amtrak
- Facility Maintenance:
  - Service contracts outpacing CPI
  - Three new parking garage openings in 2027 (Kent, Auburn, and Sumner)
- General Administration costs have been decreasing as a % of total cost.

*All figures are expressed in 2027 dollars using Consumer Price Index (CPI).



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ST Express – normalized* expense trends

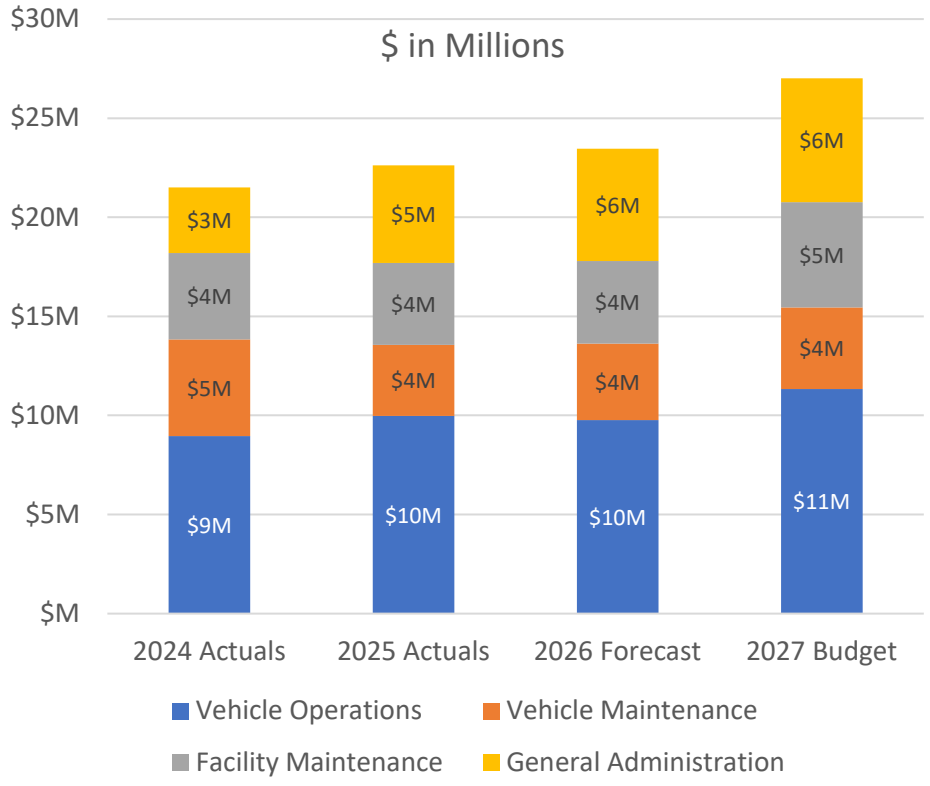


- Full year of fall 2026 route changes, partially offset by increase in overnight services.
- Vehicle maintenance cost growth driven by aging fleet and in-sourcing.
- General Administration slightly down in 2027 as a % of total cost.

*All figures are expressed in 2027 dollars using Consumer Price Index (CPI).

Tacoma Line – normalized* expense trends

- Increase from FTA's Roadway Safety Protection requirements.
- Facilities maintenance supports track and Right-of-Way.
- General Administration slightly down in 2027 as a % of total cost.



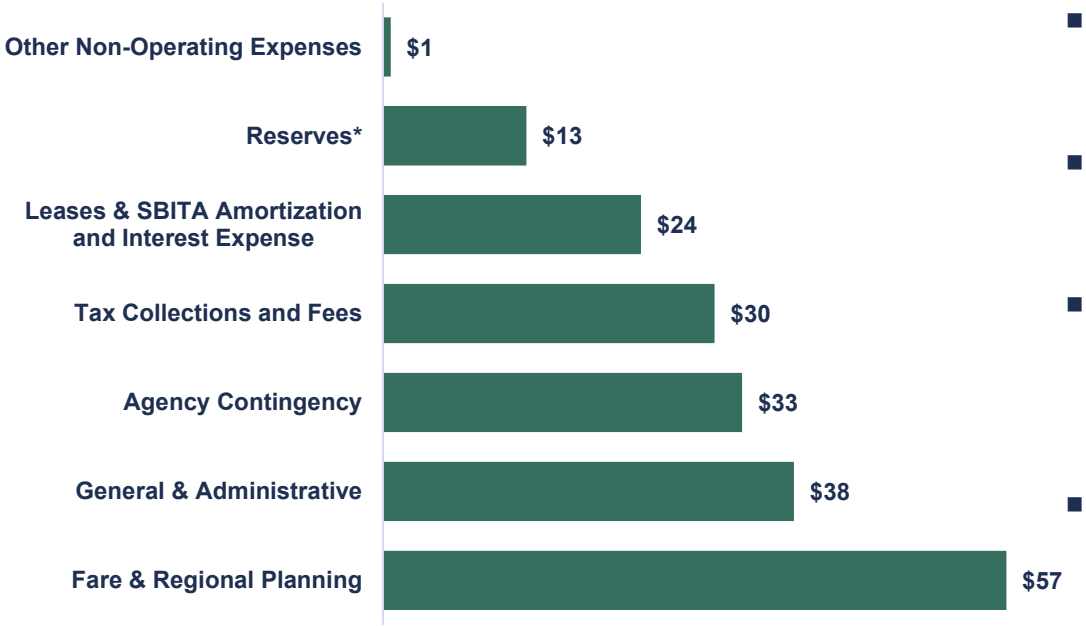
*All figures are expressed in 2027 dollars using Consumer Price Index (CPI).

Other Operating and Non-operating Budgets

Other, reserves, contingency – $196M



($ in Millions)



- In total, these categories are up 10% from 2026.
- Fare & Regional Planning – ORCA costs and planning studies.
- Leases – mainly core campus office space and subscription-based IT services.
- General & Administrative supports entire agency.

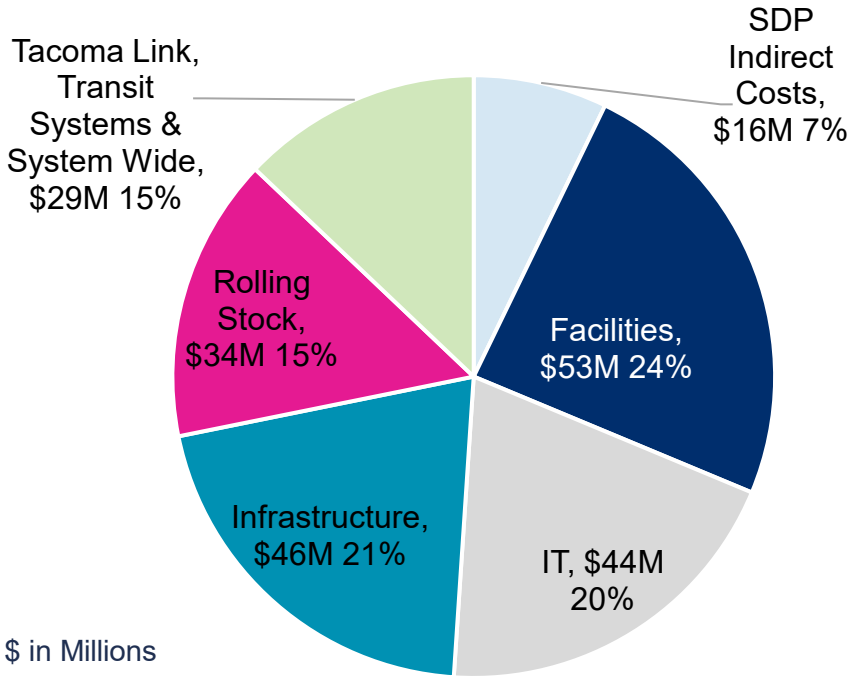
*Contributions to reserves; not an authorization to spend.

Service Delivery Programs (SDPs) Budget

Budget 2027

***Annual Budget** refers to annual 2027 component of authorized allocation*

2027 proposed budget: $221M



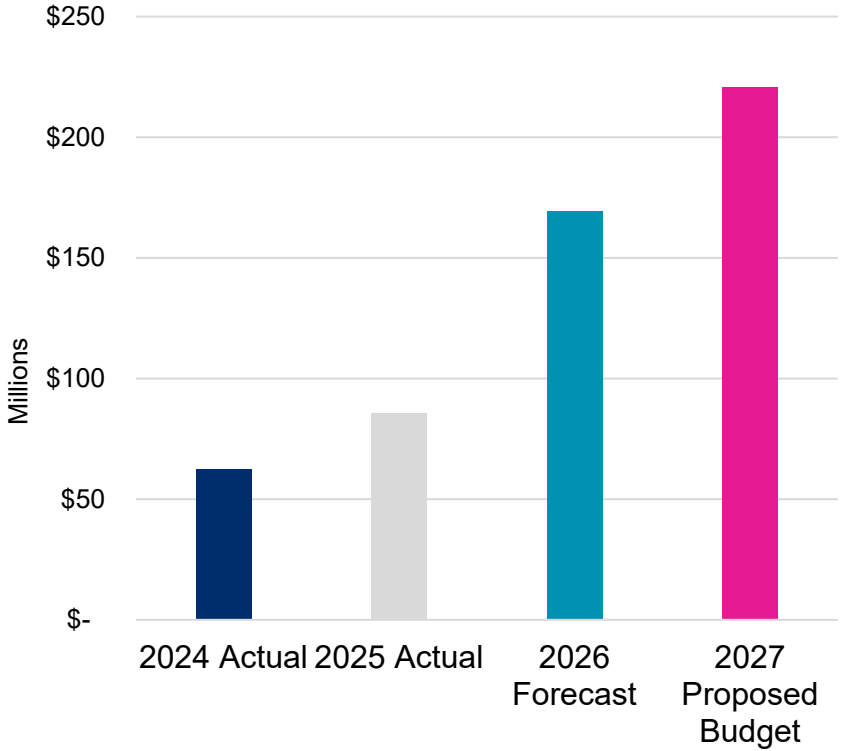
$ in Millions

Priorities throughout all portfolios include:

- Keeping assets in a state of good repair
- Safety
- Resiliency
- Data-driven condition-based maintenance

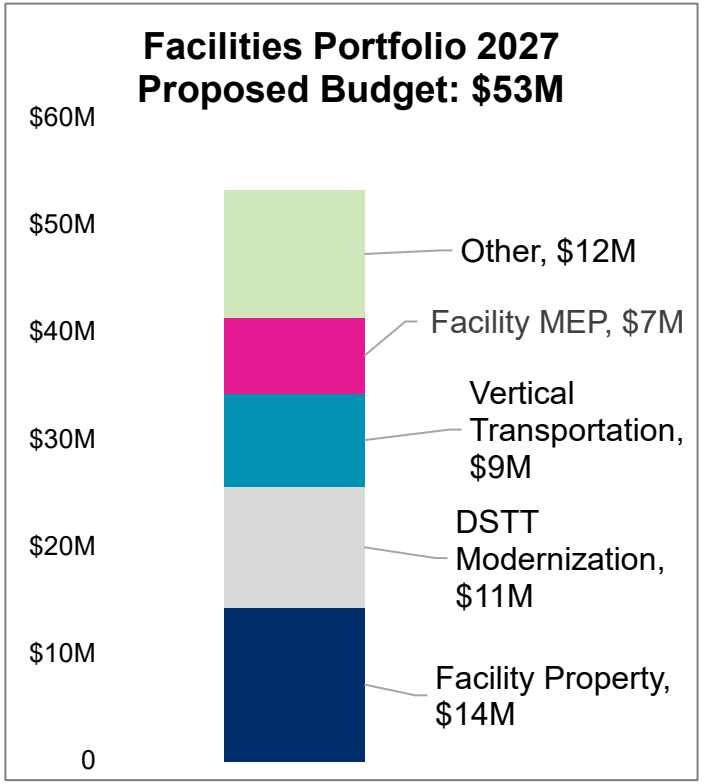
Service delivery program historical trends

- Value of assets in-service has increased 67% since 2020
- Growth drivers:
  - Infrastructure: at-grade crossing program and resiliency projects
  - Rolling Stock: Mid-life of commuter rail and Series 1 light rail vehicles, end of life for T Link vehicles



Facilities portfolio 2027 highlights

Facility Property Program	• Safety and security programs, passenger facing improvements, etc.
DSTT Modernization Program	• Upgrades to emergency egress hatches and emergency ventilation system • South portal security improvements
Mechanical, Electrical, and Plumbing	• Back-up power generators • LED Retrofits



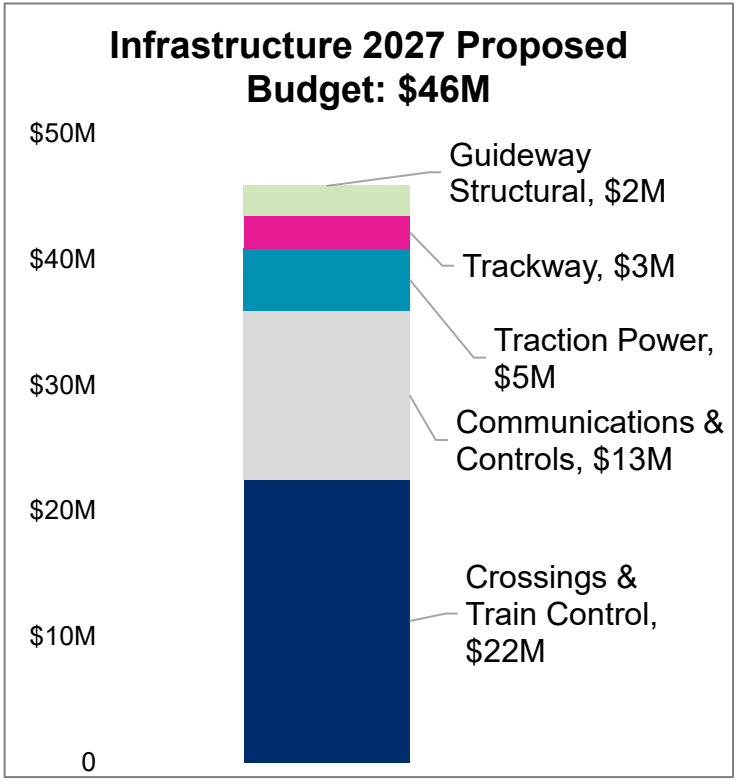
Infrastructure portfolio 2027 highlights

Crossings and Train Control

- At-grade crossings: Rainier valley design & Royal Brougham gate construction
- Communications-Based Train Control

Comms and Control

- Resiliency report projects: Network Upgrade to Optical Backbone, Fiber Upgrade



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IT portfolio 2027 highlights

ERP/EAMs Transformation

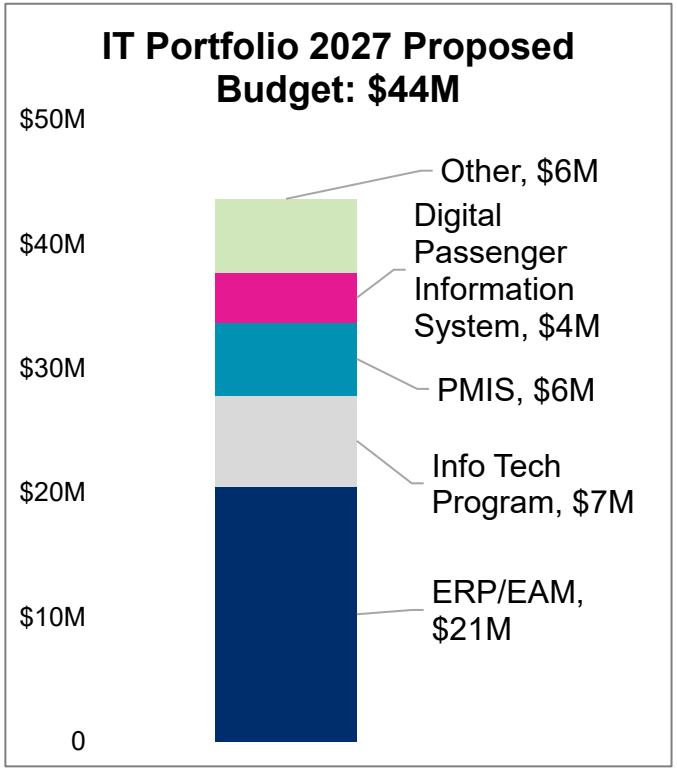
- Implementation software, as the agency plans to go-live in the new systems by 2028

Information Tech Program

- AI proofs-of-concept and pilots
- Cybersecurity enhancements

PMIS

- Expansion of system applications
- Integration with ERP/EAMs



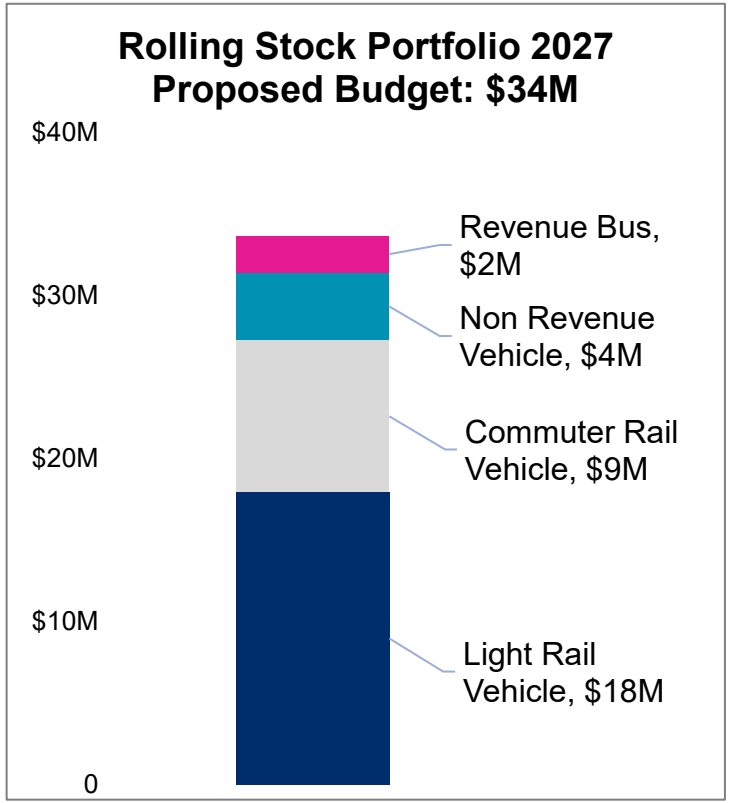
Rolling Stock portfolio 2027 highlights

Light Rail Vehicle Program

- Upgrades and overhauls for Series 1 vehicles, including propulsion upgrade, systems upgrade and brake overhaul

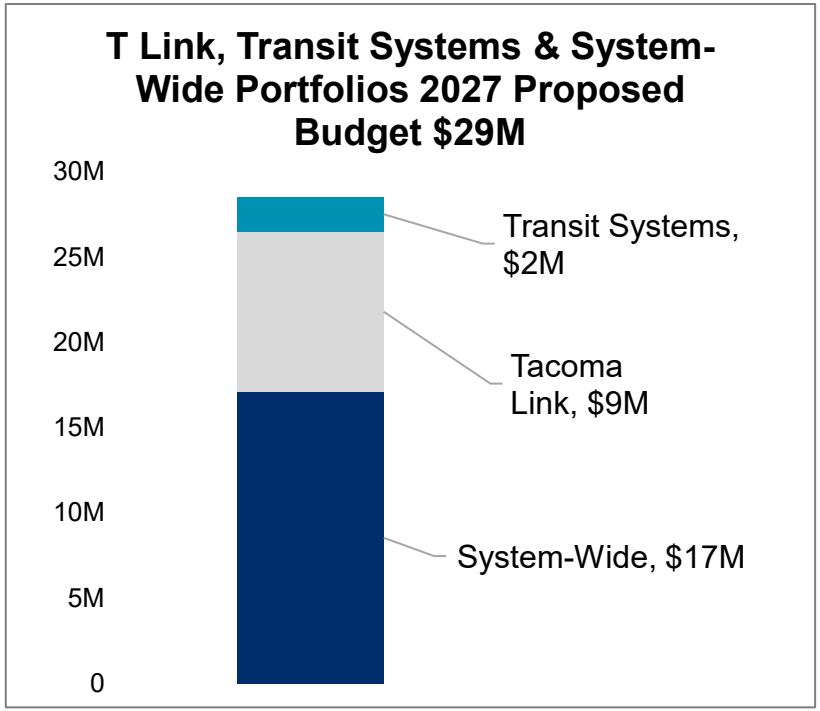
Commuter Rail Vehicle Program

- Midlife passenger car overhaul, extending useful life to 40 years



System-Wide Asset Support, Tacoma Link, Transit Systems 2027 highlights

Tacoma Link Portfolio	• Final payment of streetcar replacement
System-wide	• Union Station campus tenant improvements
Transit Systems	• Fare Gate Pilot (design, procurement, and implementation planning)



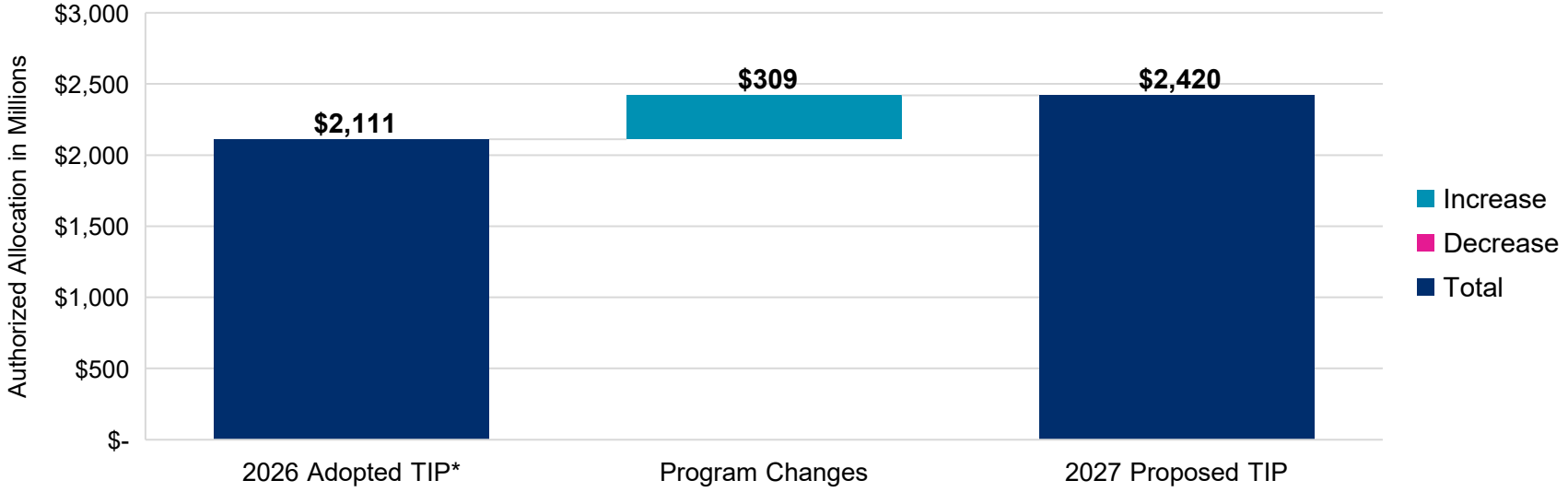
Proposed Transit Improvement Plan (TIP) for Service Delivery Programs

Transit Improvement Plan (TIP) to 2032

Authorized Allocation (lifetime) for all active project, including past actuals

2027 proposed Transit Improvement Plan

- $309M (15%) increase in total authorized dollars for service delivery programs.
- Driven by resiliency work (optical network backbone) and new DSTT projects (repainting stations and fan replacement.)



*Includes Board-approved budget amendments through October 2026.

Budget Timeline and Next Steps

Timeline – 2027 proposed budget and TIP

October – budget overview, and property tax approval

- ✓ **10/8** – Public hearing for proposed 2027 budget and property tax levy
- ✓ **10/8** – Finance and Audit Committee – overview of proposed 2027 budget and TIP
- ✓ **10/22** – Board – budget overview and property tax levy approval

November – budget recommendation and approval

- ✓ **11/5** – Executive Committee – recommends to FAC
- ➡ **11/5** – Rider Experience and Operations Committee – recommends to FAC
- **11/12** – System Expansion Committee – recommends to FAC
- **11/19** – Finance and Audit Committee – recommends to Board
- **11/19**– Board – adoption of the proposed 2027 Budget and TIP

Thank you.

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