

Enterprise Initiative Update

Board of Directors

01/22/2026



Briefing purpose

Why we are here

- Provide a recap of 2025 activities associated with the Enterprise Initiative
- Lookahead to 2026 with a focus on scenario development and expectations for the next Board retreat

2025 recap

Introducing the Enterprise Initiative

What is the Enterprise Initiative?

- Sound Transit's effort to ensure we can deliver the greatest benefits of ST3 within available financial capacity
- A comprehensive effort touching planning, capital, operations, maintenance, and finance to ensure we are meeting both current and future regional mobility needs

Why are we undertaking the Enterprise Initiative?

- If we don't act, the ST3 program will be unaffordable
- We have the tools to successfully manage these challenges, and we will be able to create an affordable plan and operate a dependable, resilient, and safe system

Leading indicators

Need for an enterprise approach

- Cost growth on West Seattle Link and Board direction to investigate cost savings opportunities in late 2024
- Rapid system expansion and challenges with delivering resilient, dependable service
- Poorer revenue projections and national and global economic uncertainty
- Post-Covid mobility environment and ensuring that ST3 investment meet regional transportation needs



Quantifying our affordability challenges

The following summarizes unmitigated cost pressures across the major elements of our Long-Range Financial Plan

- **\$34.5B in cost savings and new funding required to fully fund ST3 program**
- Cost growth on the capital program is approximately \$14B-\$20B more in 2025 dollars, or \$22B-\$30B more in year-of-expenditure dollars
- Cost pressures related to improved service delivery could require approximately \$5B more in year-of-expenditure dollars
- Updated revenue projections and financing improvements included since August have increased agency financial capacity by \$4B

\$149B in total year-of-expenditures dollars is projected to be affordable, including \$51B in pre-baselined capital projects.

M2025-36: Board principles and timeline

Principles

- Advance regional connectivity
- Support future growth
- Prioritize the passenger experience
- Protect public investments with fiscal integrity
- ST3 performance characteristics

Process elements

- Engage communities through inclusive collaboration
- Build trust through transparent governance
- Drive decisions with data and insight

Timeline

- A comprehensive framework to deliver the Enterprise Initiative: **Fall 2025**
- An updated ST3 System Plan: **by the end of Q2 2026**
- A new Regional Transit Long-Range Plan: **in Q3 2026**
- An updated Long Range Financial Plan: **in Q4 2026**

Enterprise Initiative

Achieving a balanced and affordable ST3 system plan, new long-range plan, and updated finance plan

- Advance opportunities to pursue across each of the individual workstreams
- Assess and clearly summarize the trade-offs across workstreams
- Ultimately the full Board will decide how to allocate and maximize the abundant resources Sound Transit has in support of achieving ST3 system plan objectives and outcomes

**Overseen by
Board of Directors**

Trade-offs & considerations:

- Ensuring our ability to deliver high-quality service after a period of rapid system expansion while advancing ST3 projects
- Incorporating post-pandemic travel behaviors and considering the implications of changed technology and mobility patterns since ST3 plan adoption

Planning & policy

Workstream description

Revisiting existing planning assumptions and policy direction, and advancing opportunities to update or modify them in support of ST3 system plan implementation

Opportunities and actions

- Summarize **changed conditions** and their implications for planned investments
- Confirm **service levels across modes** that inform **fleet and operation & maintenance facility needs**
- **Update existing or create new policies that** speed project delivery and increase financial capacity
- Create **new plans and guidelines** for project and service implementation

Overseen by
Executive Committee

Trade-offs & considerations:

- Existing agency policy constraints and willingness and ability to make changes
- Recognizing that some policy changes are outside Board control
- Revisiting existing assumptions to ensure we are maximizing flexibility in service and project delivery

Capital delivery

Workstream description

Continued development of cost savings opportunities and strategies to deliver ST3 as quickly and efficiently as possible

Opportunities and actions

- Identify, validate, and incorporate **cost savings opportunities** within **individual projects and across the capital program** as a whole
- Assess and recommend pursuit of **innovative delivery strategies** to speed project implementation
- Develop a **revised capital program** in collaboration with planning, service, and finance workstreams that affordably meets planning outcomes and supports quality service provision

Overseen by System Expansion Committee

Trade-offs & considerations:

- Cost challenges will require reconsideration of some project scope
- Sequencing of projects and overall program given level of spending required at current cost estimates
- How to best approach advancing projects through the baselining milestone

Service delivery

Workstream description

Ensuring delivery of reliable service and identification of opportunities to provide existing and future service as efficiently as possible

Opportunities and actions

- Recommend investments necessary to **support overall system resiliency** and potentially save on lifecycle costs
- Develop a **service delivery opportunity register** to identify additional cost savings opportunities
- Support work related to a **revised ST3 capital program with updated service assumptions** and create a network plan and service guidelines to guide implementation

Overseen by Rider
Experience &
Operations Committee

Trade-offs & considerations:

- Potential for new and unplanned investments that increase funding needs
- Balancing upfront capital costs and service disruptions against long-term savings
- Resiliency and reliability considerations related to need for and timing of a new downtown Seattle transit tunnel

Finance

Workstream description

Ensuring overall program affordability and pursuing opportunities that maximize agency financial capacity

Opportunities and actions

- Assess **overall program affordability** based on the incorporation of opportunities in planning, service, and capital delivery workstreams
- Develop and recommend **opportunities to expand agency financial capacity**

Overseen by Finance
& Audit Committee

Trade-offs & considerations:

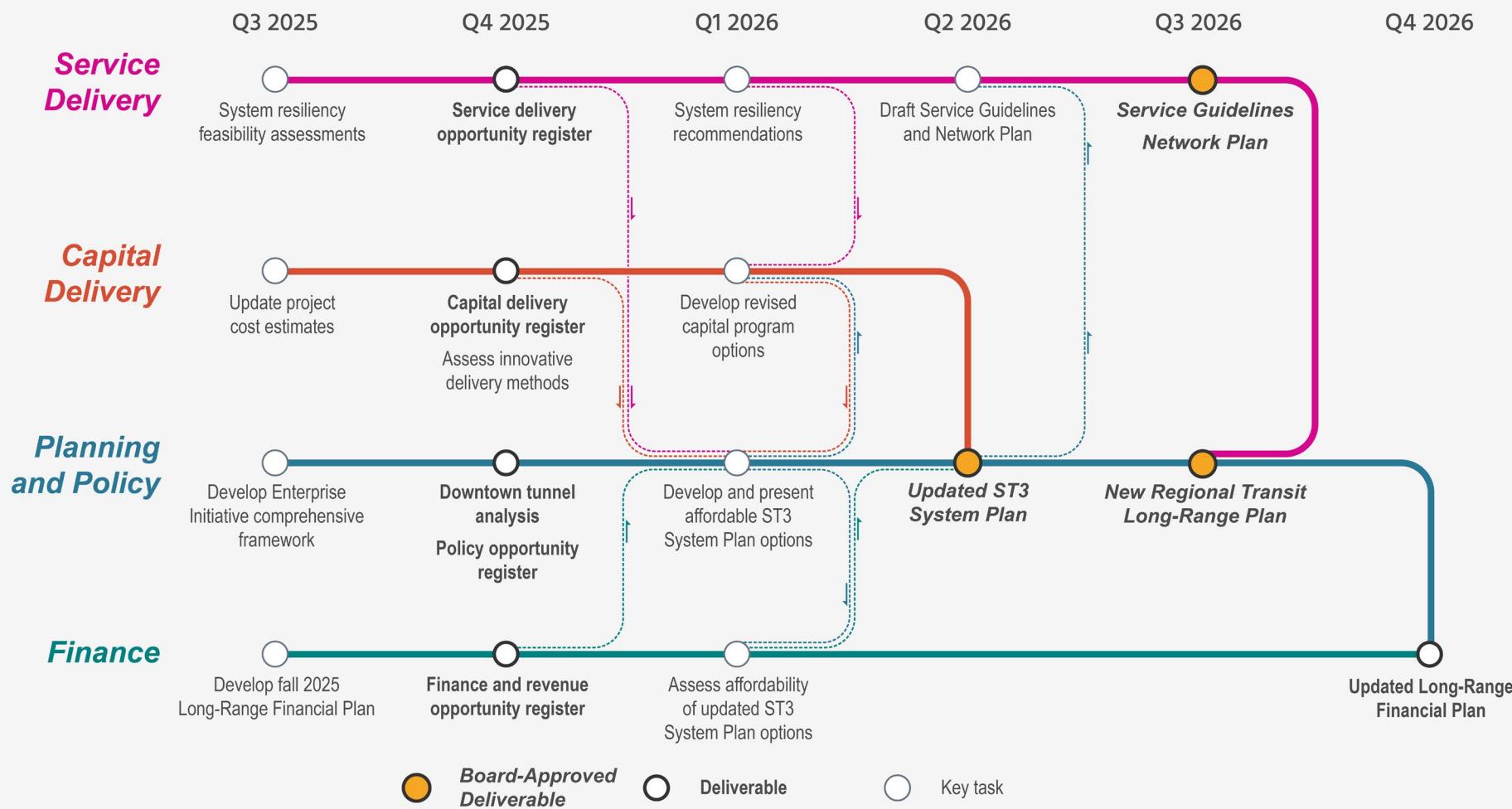
- Balancing revenue enhancement opportunities against the Board principle to protect public investments with fiscal integrity
- Opportunities may require potential Board action or rely on legislative action at other levels of government

Workflow and schedule

How do workstream pieces fit together and in what order

<i>Iterative process that:</i>	<i>Concurrent work that:</i>	<i>Long-range planning to:</i>
1 Analyzes and presents findings on questions related to the planned second downtown tunnel	4 Recommends resiliency investments and service delivery opportunities to incorporate or pursue	7 Set a future vision building from updated ST3 System Plan, and to document follow-on efforts from the Enterprise Initiative to advance
2 Develops a revised capital program incorporating cost savings levers	5 Recommends financial enhancements to incorporate or pursue	
3 Updates service design assumptions based on revised capital program, new ridership forecasts, and other system needs	6 Recommends policy changes to incorporate or pursue	

Direction from November Board retreat: develop plausible, affordable scenarios for an updated ST3 System Plan



2026 lookahead: scenario development

2026 lookahead

Scenario development process

- Responding to Board direction to develop and present plausible, affordable scenarios for an updated ST3 System Plan
- Creating scenarios that are built from different work stream elements
- Recognizing that certain opportunities will require additional analysis and/or be outside of the Board's direct authority

Scenario development

Rules & expectations

- **Ensure meaningful differences:** Scenarios should reveal real trade-offs and illustrate policy considerations for Board members
- **Focus on what matters:** Prioritize and vary components that truly move the needle
- **Keep it simple:** Complex scenarios collapse under their own weight; clarity is critical
- **Build on existing work:** Leverage cost-savings opportunities as the foundation; supplement with additional technical work
- **Expect a blended outcome:** The eventual ST3 System Plan update put forward to the Board is likely to combine elements from multiple scenarios

Building blocks by workstream

Policy & planning

- Policy changes (by Sound Transit or others) that save cost, speed project delivery, or expand financial capacity
- Updated service assumptions based on modified capital program and ridership projections

Capital delivery

- Incorporating cost savings opportunities
- Exploring phasing and sequencing project investments
- Updating cost allocations for shared/systemwide assets
- Considering deferral of some projects

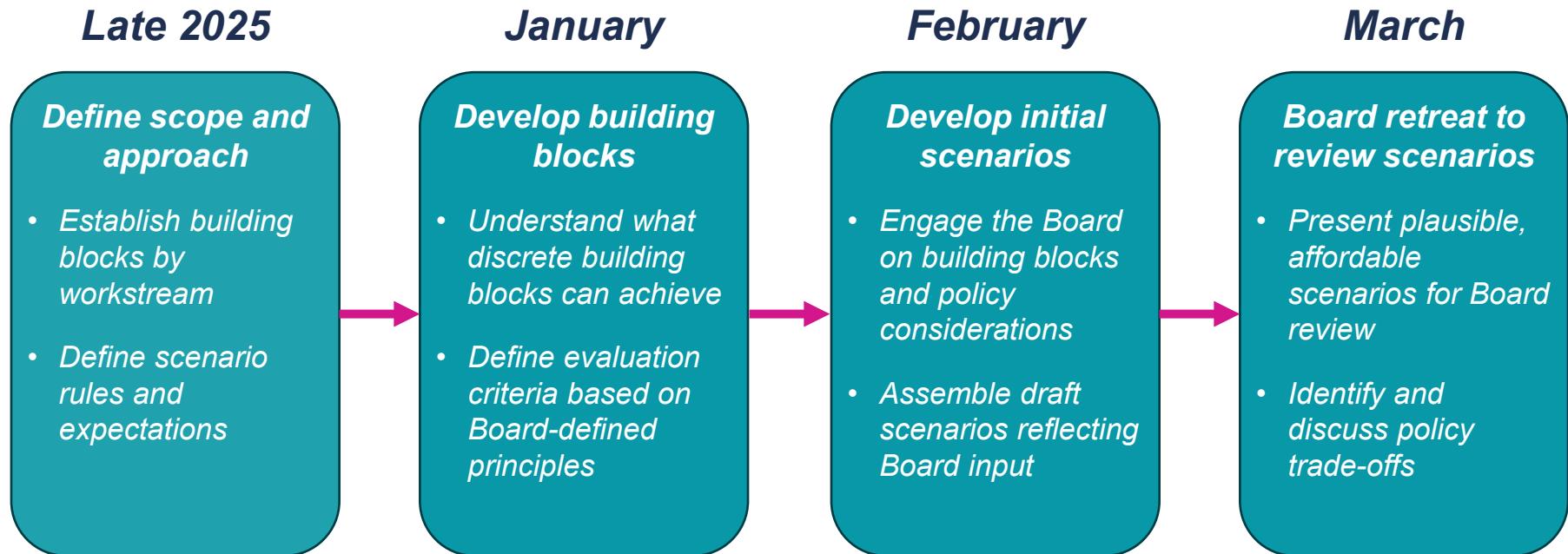
Service delivery

- Potential new resiliency investments (e.g., modern signal system, existing tunnel upgrades)
- Revised operating & maintenance and light rail vehicle costs based on updated service assumptions

Finance

- Updated financial planning assumptions (e.g., federal grant strategy)
- Policy changes and exercising existing available revenue authority
- Potential third-party funding opportunities

Scenario development process



February Board engagement

Executive Committee

- Policy opportunity register update
- Link, Sounder, and ST Express service and investment considerations

System Expansion Committee

- Cost savings workplan and opportunity register update
- Review of pre-baselined ST3 projects

REO Committee

- Service delivery opportunity register update
- Resiliency investments overview

Board of Directors

- Finance opportunity register update
- Board retreat preview

Thank you.



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