

Enterprise Initiative Overview

Board of Directors

07/24/2025



Why we are here

- Provide the Board an overview of the Enterprise Initiative and touch on recent Committee engagement
- Describe key workstreams, anticipated deliverables, and a proposed schedule for the Enterprise Initiative.
- Review and support Board discussion of draft principles to guide the Enterprise Initiative process.

Enterprise Initiative Overview

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.

What are the ultimate outcomes?

- Adopting an updated **System Plan**, with modified capital and operating plans.
- Adopting a balanced and affordable long-range finance plan.
- Achieving high confidence in our ability to deliver on System Plan commitments.
- Establishing new processes to proactively and iteratively manage these issues going forward.

Enterprise Initiative

Why are we undertaking this effort?

- Since our last Long-Range Plan (2014) and System Plan (2016), much has changed for Sound Transit and other large public agencies due to increasing inflation, post-pandemic ridership patterns, rising materials and labor costs, and increased federal uncertainty.
- If we don't act, the ST3 program will be unaffordable, and we won't be able to operate a dependable, resilient, and safe system.
- These affordability challenges are broader than capital delivery. They require a new, agencywide, comprehensive approach.
- The good news: 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.

Enterprise Initiative

	Planning & Policy	Capital Delivery	Service Delivery	Finance
What will this workstream entail?	Reviewing existing plans, policies, assumptions, and changed conditions.	Identifying cost savings approaches to deliver projects within existing resources.	Identifying cost savings and developing better cost data for operating and state of good repair needs.	Assessing overall financial capacity to deliver the program and maximizing existing revenue opportunities.
What tools and levers does the Board have?	Modifying planning assumptions and updating policies that guide plan implementation.	Finding project and program efficiencies, and the potential for scope changes, phasing projects, reconsidering some projects.	Adjusting service levels across modes of service, updating staffing and resource levels, and clarifying asset management needs.	Changing financial planning assumptions and considering potential revenue enhancements.

Enterprise Initiative

Phase 1 (2025): setting the baseline

- Analyzing how the region has changed since 2016.
 - Building a deep understanding of the scope and scale of challenges facing the agency across each major workstream.
 - Understanding how to use available agency tools to solve these challenges or what tools may need to be created.
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Phase 2 (2026): charting the path forward

- Identifying approaches for updating ST3 System Plan and adopting a new Long-Range Plan.
- Conducting equitable public engagement to inform Board decision-making.
- Board action to amend the ST3 System Plan and adopt a new Long-Range Plan.
- We anticipate this will conclude in mid-2026, but our process will be flexible and Board-driven.

Enterprise Initiative: Executive Committee

Planning & policy workstream

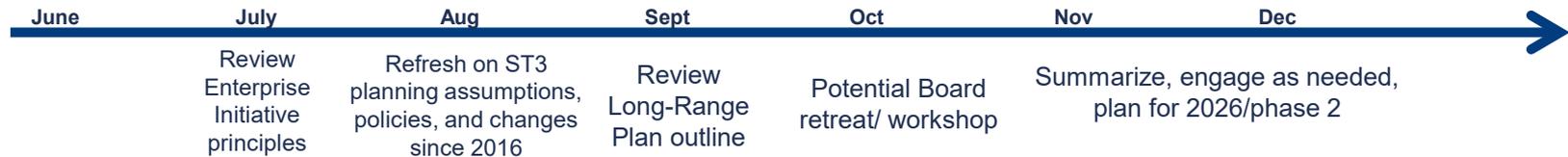
Key activities

- Summarize changed conditions.
- Scope and execute a long-range plan update.
- Review and assess ST3 planning assumptions and key policies.
- Address cross-disciplinary topics like value capture, fare revenue/enforcement, and more.

Anticipated outputs

- A new Long-Range Plan that clarifies the vision for a built-out transit network.
- Updated ST3 System Plan.
- Identification of necessary policy updates and modifications to current planning assumptions.

Board Engagement Schedule through 2025



Enterprise Initiative: System Expansion Committee

Capital delivery workstream

Key activities

- Continue to advance Board-directed workplan.
- Review and identify most promising project and program opportunities in pre-baselined projects.
- Develop cost data based on existing project scope and identified opportunities.
- Support overall ST3 plan update process based on capital program evolution.

Anticipated outputs

- An updated capital program that is sized to available financial capacity and can be delivered as quickly as possible.
- Summary of project and program opportunities.
- Updated cost estimate data points for all pre-baselined projects.

Board Engagement Schedule through 2025



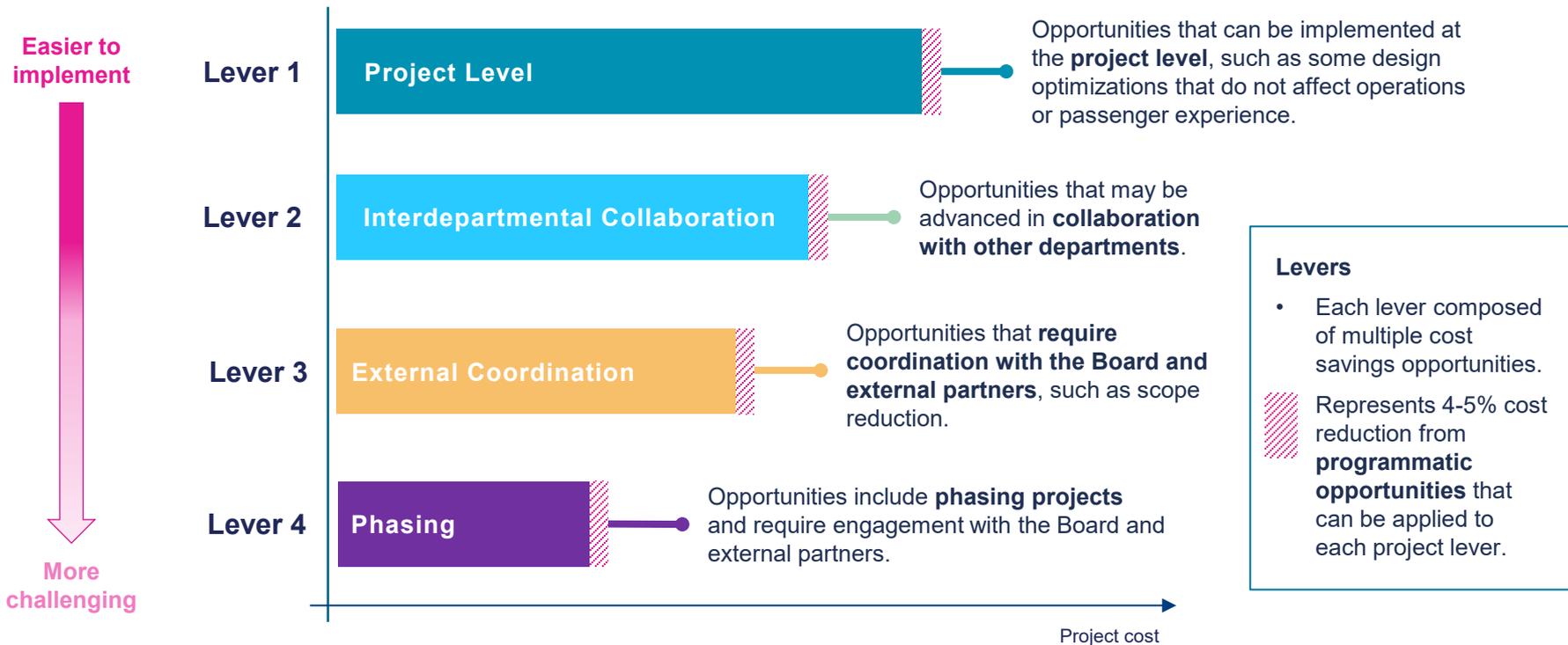


*Quarterly updates to System
Expansion Committee on capital
delivery cost work plan*

Per Motion No. M2024-59

Develop a **workplan on the programmatic, financial, and project level measures and opportunities** the agency will pursue to **improve the agency's financial situation** and move WSLE through design **to inform** a financially sound project to be baselined, including **timelines and scale of potential benefits for each measure, and whether each measure is WSLE-specific or applies broadly to future projects.**

Cost saving levers



Additional station optimization opportunities

Objectives

Identify additional cost efficiencies by applying international best practices and national standards that maintain or improve passenger experience and operations.

Identify refinements that can be made through:

- 1) more efficient design practice**
- 2) revisiting ST requirements / practice and other codes.**

Quantify the cost of these items and extrapolate across capital projects.

Example Optimizations

- Reduce platform size and improve efficiency
- Elevator configuration, design, and location
- Art and advertising; wayfinding/signage integration
- Enterprise view of maintenance practices and requirements
- Fire/Life Safety optimizations

Enterprise Initiative: REO Committee

Service delivery workstream

Key activities

- Continued resiliency work and overall assessment of state of good repair needs.
- Analyze and assess operating costs and resource needs to meet service commitments.
- Network planning & updated service design.
- Support overall ST3 plan update process based on service delivery activities.

Anticipated outputs

- Confirmed resiliency and state of good repair needs matched to available resources.
- Assessment of costs and resource needs to operate and maintain service levels.
- An integrated, longer-term service network plan comprehensive of all ST modes.

Board Engagement Schedule through 2025



Enterprise Initiative: Finance & Audit Committee

Finance workstream

Key activities

- Provide updated revenue projection and federal funding strategy.
- Develop revenue enhancement opportunities.
- Engage with capital and service teams to understand cost implications.
- Support overall ST3 plan update process based on capital and service delivery activities.

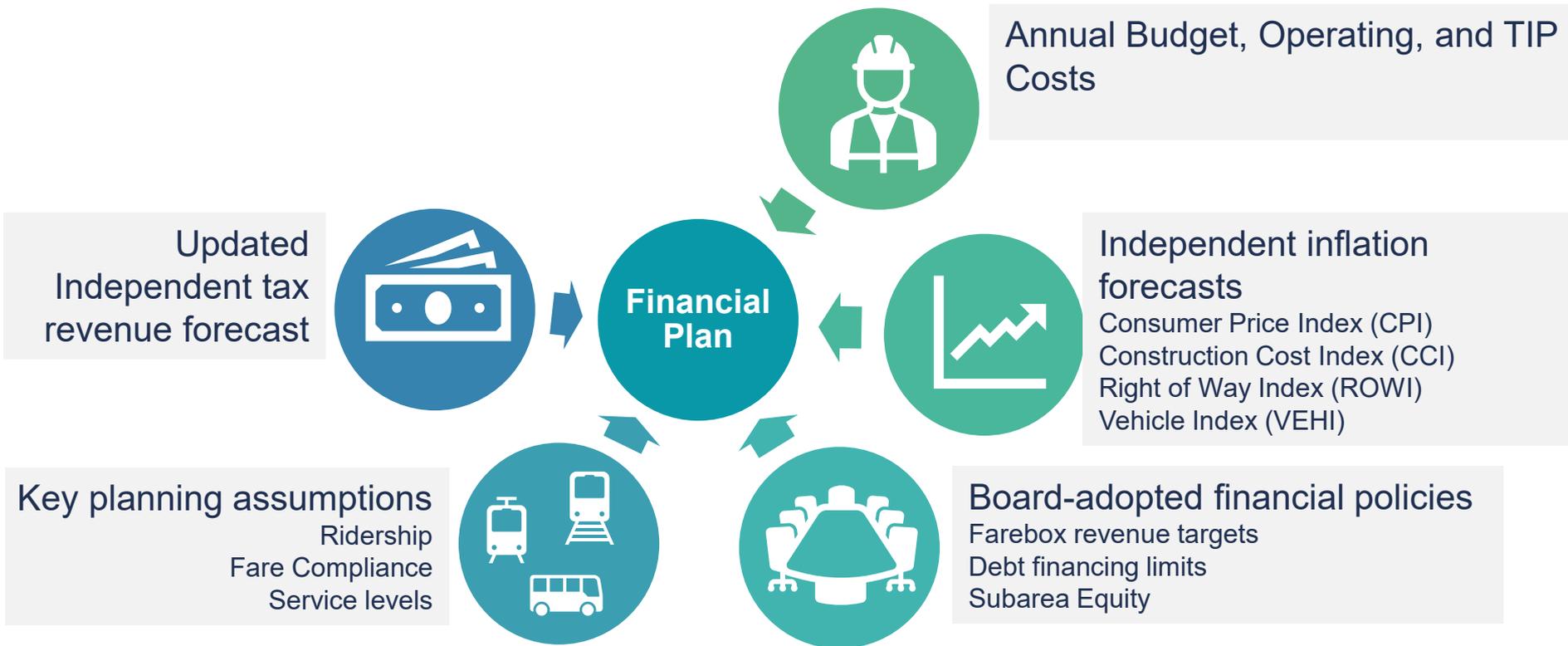
Anticipated outputs

- An updated and balanced Long-Range Financial Plan.
- Revenue enhancement recommendations.
- Updated financial policies and strategies that improve overall capacity while balancing risk.

Board Engagement Schedule through 2025



Long-range financial plan inputs



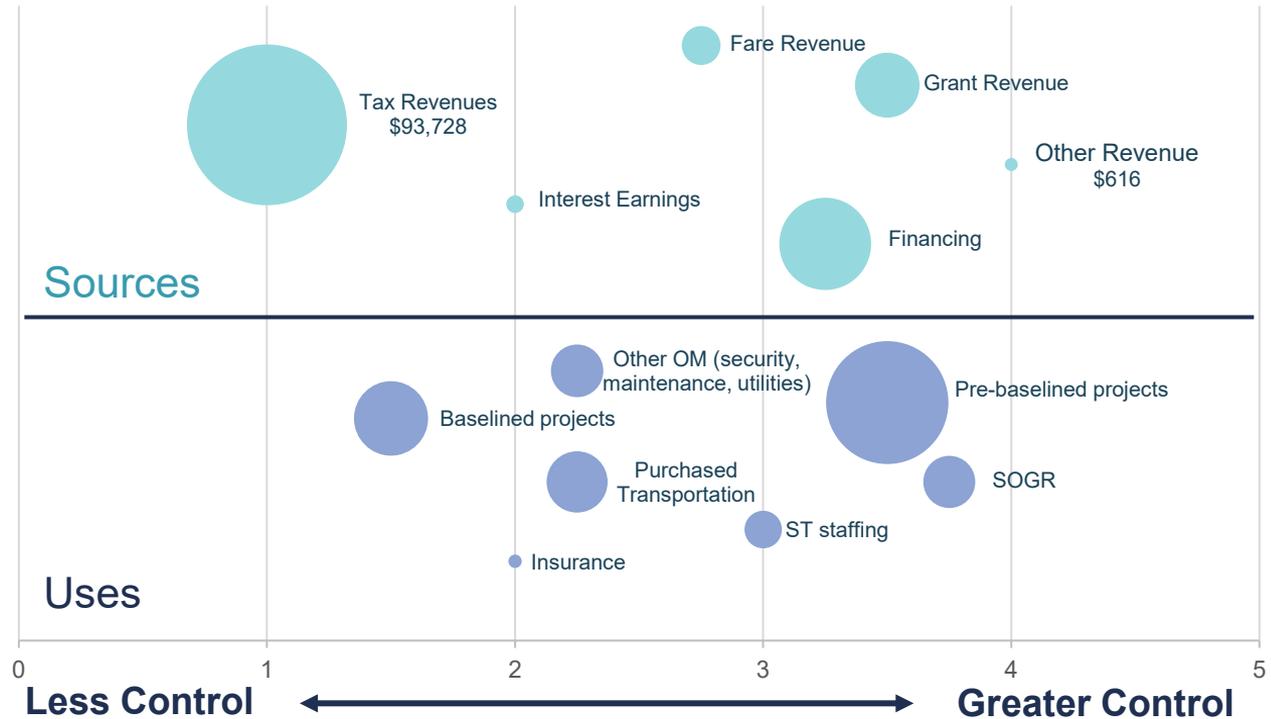
Long-term variables – risk management

Sources

- Board has greater influence over underlying assumptions
- Board has less influence over changes in tax rates
- Staff are beginning to explore tools to enhance existing agency financial capacity

Uses

- Capital, service, and planning teams are exploring cost savings opportunities
- Pre-baselined projects are easier to influence



Enterprise Initiative: next steps

- Begin engaging Committees on workstream content, challenges, and approaches to address in July.
- Concurrently advance technical work to inform Board engagement.
- We know most about what's happening in the near-term and will adjust anticipated work beyond that based on Board engagement.
- We will engage the full Board periodically and anticipate additional Board retreats/workshops to guide this Enterprise Initiative.

***Enterprise Initiative:
Principles for a decision-
making framework***

Board Retreat principles

Chair proposed principles:

- Do what is best for the region.
- Put passengers first.
- Collaborate inclusively.
- Steward taxpayer funds responsibly.
- Act transparently.
- Inform all decision-making with data.

Additional principles staff heard during Board discussion:

- Think through the interplay or possible tension between proposed principles.
- Be adaptive, be willing to respond to changing conditions.
- Prioritize ridership.
- Avoid scarcity mindset, focus on long-range thinking.
- This time is different, be creative, and think expansively about possible tools and approaches.

ST3 & 2020-2021 Realignment criteria

ST3 performance characteristics & project-specific evaluation measures

- Regional light rail spine
- Ridership
- Capital and O&M cost
- Travel time
- Reliability
- System integration
- Ease and percent of nonmotorized access
- Connections to PSRC-designated regional growth centers
- Land use and development/TOD potential
- Socioeconomic benefits

Realignment criteria (Motion M2020-36)

- Ridership potential
- Socio-economic equity
- Connecting centers
- Project tenure
- Outside funding
- Completing the HCT spine
- Advancing logically beyond the spine
- Phasing compatibility

Board discussion

- Do these cover our major priorities and themes from the Board retreat?
- Confirming the expectation that principles will be the basis for criteria to assess how different plan update alternatives perform and to illustrate trade-offs between them.

Thank you.



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