



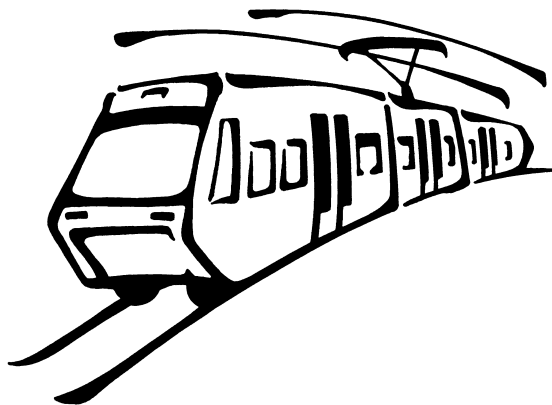
SOUNDTRANSIT

Central Puget Sound
Regional Transit Authority



**Quarterly Financial Report
2nd Quarter 2002**

July 18, 2002





MEMO

Jul 18, 2002

TO: Board of Directors

FROM: Joni Earl, Executive Director
Hugh Simpson, Chief Financial Officer

SUBJECT: 2nd Quarter 2002 Financial Report
Executive Summary

INTRODUCTION

This report summarizes Sound Transit's second quarter 2002 actual-to-budget performance for revenues, staff operating expenses, transit operations and capital outlays. Additional information on the agency's cash and investment position is included.

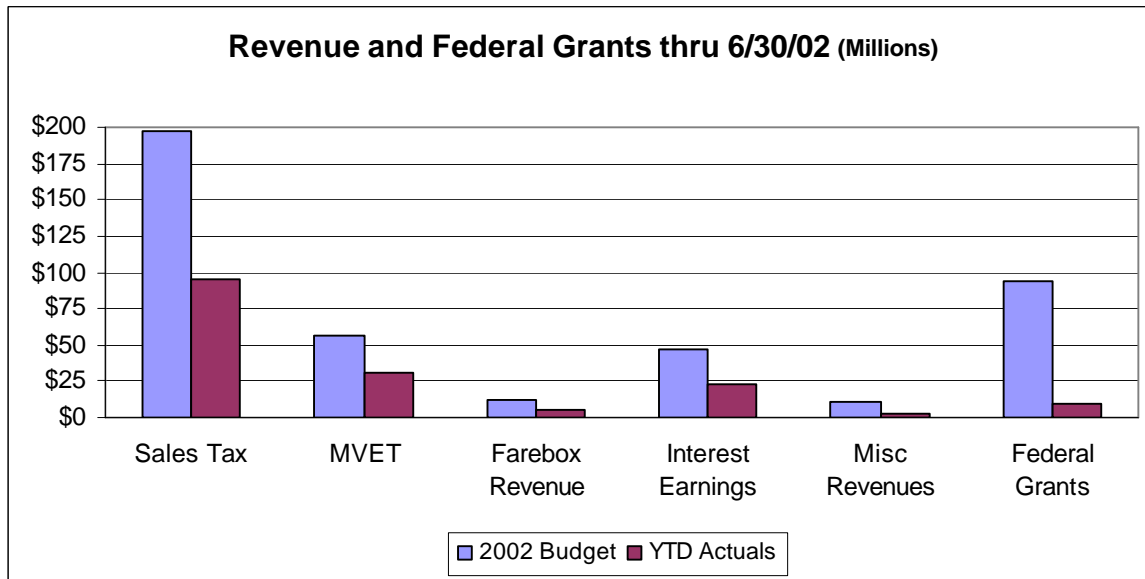
Local tax collections tracked slightly ahead of forecast through the first half of the year, with sales tax receipts inline with budget and MVET receipts ahead of budget by 10%. Grant obligations were significantly lower than budget, but are anticipated to increase substantially in the last half of the year.

While the agency's staff operating costs were up 23% from first quarter spending, overall spending is well below year-to-date (YTD) budget (67% of the pro-rated January-June budget). This is chiefly driven by slower than anticipated staff hiring and low consultant expenditures. As a percent of the total 2002 budget, actual expenses were 32%.

Operationally, overall spending through the second quarter is behind the YTD budget. Sounder transit operations were at 60% of YTD budget. Invoice receipt lags and lower overall purchasing have kept spending down. An anticipated ramp up in service, and related spending, is anticipated by yearend. Regional Express transit operations were 64% of YTD budget due primarily to a lag in invoices from transit operators. Yearend budgets for transit operations are anticipated to be substantially closer to budget.

Capital outlays for all three lines of business were under budget for the quarter. While continued progress was made on capital projects for all three lines of business, the impact of extended negotiation of third-party agreements, environmental and permitting processes, and design delays did result in lower spending levels than anticipated in the budget. Capital outlay activity is anticipated to ramp up substantially in forthcoming quarters.

EXECUTIVE SUMMARY



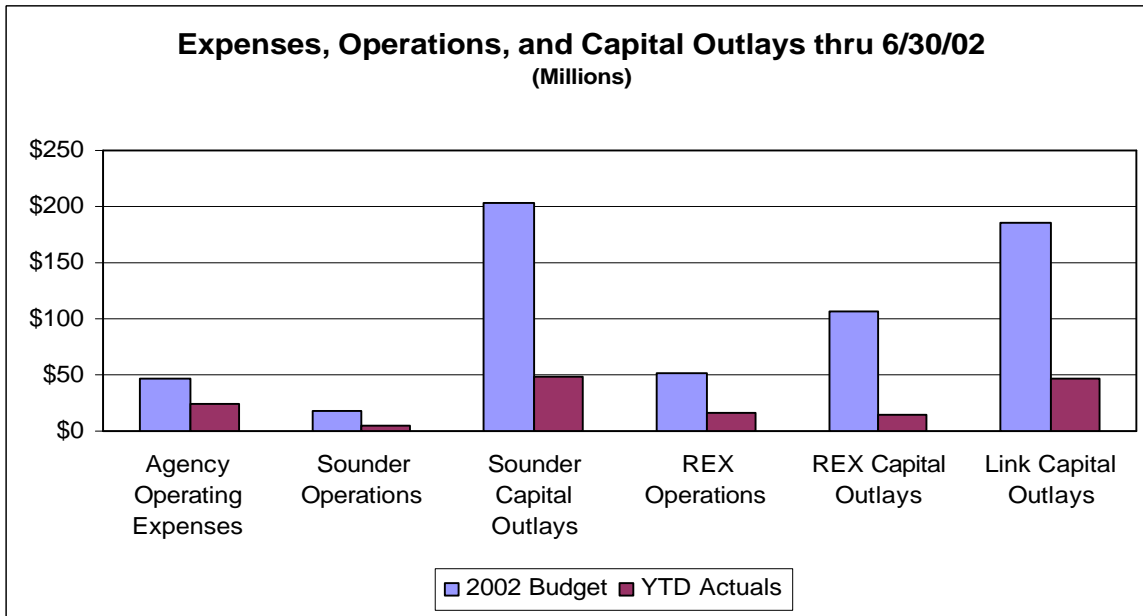
- Sales tax and MVET were a combined \$2.7 million stronger than forecast. Sales tax is inline with budget, running only slightly behind at .2%. MVET is currently running 10% better than plan.
- Farebox revenues were 6% below YTD budget.
- Interest earnings were at 99% of YTD budget.
- Federal grants are behind budget expectations due to required FTA clause changes.
- Miscellaneous Revenues are 60% below YTD budget.

Cash and Investment Information as of 6/30/02:

(Millions \$)	
Cash on Hand	-\$1.5*
WA State Pool	\$57.6
King County Pool	\$260.7
ST Investments	\$313.9
BNSF Letter of Credit	\$240.7
Total	\$871.4

*negative due to float.

OPERATING EXPENSES, OPERATIONS AND CAPITAL OUTLAYS



AGENCY ADMINISTRATIVE

- **Staff Costs** were 63% of year-to-date (YTD) budget. Delays in hiring new staff personnel and in filling vacant positions have led to significant salary and benefit under spending for the year. Slow consultant services spending, significantly down in the first quarter, still continues to be under spent in the current quarter, contributing to the favorable spending variance.
- **Systems Integration** (Research and Technology, Fare Integration, Phase II Planning) has only consumed 12% of YTD budget through the second quarter. Only minor spending was incurred in Q2 due to scheduling changes.

SOUNDER

- **Operations expenses** while still only at 60% of YTD budget, has seen significant increases in Services spending. Total Q2 spending of \$974K is much greater than the \$47K spent in Q1.
- **Capital outlays** were recorded at 23% of the year-to-date budget. Significant payments include funds to BNSF for track improvement for Auburn and for rail car purchases, which are being leased out due to low demand and slips in schedules.

REGIONAL EXPRESS

- **Operations expenses** were 64% of current year-to-date (YTD) budget. Some catch up through receipt of invoices from transit partners contributed to additional spending in the quarter, however, overall spending for purchased transportation services is still down significantly.
- **Capital outlays** were recorded at only 14% of the total budgeted 2002 expenses for the second quarter. Third party agreements continue to impact the scope and scheduling of projects.

LINK LIGHT RAIL

- **Capital outlays** were recorded at 25% of the 2002 budget through the second quarter. Construction delays for the start of track/facilities construction work in the Seattle-to-Tacoma segment and extended environmental clearance processes have all contributed to the reduced spending levels.

2ND QUARTER 2002 BUDGET MONITORING

Reports Included:

Revenues through June

- Agency-Wide Revenues6

Expenses and Capital Outlays

- Agency Operating Expenses7
- Departmental Operating Expenses8
- Capital Outlays by Line of Business8

Sounder

- Sounder Operations9
- Capital Outlays for Sounder by Phase.....10

Regional Express

- Regional Express Operations12
- Capital Outlays for Regional Express by Phase13

Link

- Capital Outlays for Link by Phase.....15

Subareas

- Revenues by Subarea.....17
- Subarea Operating Expense & Capital Outlay Summary.....18

REVENUES FOR THE PERIOD ENDING JUNE 30, 2002

Agency-Wide Revenues through June 30, 2002

2002 Budget to Actuals

	2002 Budget	Year-to-date Actuals	YTD actuals as % of 2002 Budget	YTD budget	YTD actuals over/(under) YTD budget	YTD actuals as % of YTD Budget	Q2 Actuals
REVENUE SOURCES							
Retail Sales and Use Tax	\$196,778,283	\$95,341,233	48%	\$95,573,794	(\$232,561)	99.8%	\$49,054,332
Motor Vehicle Excise Tax	56,732,226	30,644,988	54%	27,754,841	2,890,148	110%	15,470,349
Farebox Revenue	11,686,439	5,127,342	44%	5,843,220	(715,878)	88%	2,389,061
Interest Earnings	46,381,078	22,976,813	50%	23,190,539	(213,726)	99%	11,243,807
Miscellaneous Revenues	10,472,801	2,106,600	20%	5,236,401	(3,129,800)	40%	520,317
OTHER FINANCING							
Federal Grants	94,581,000	9,042,843	10%	47,290,500	(38,247,657)	19%	9,042,843
Bond Proceeds	0	0	0%	0	0	0%	
TOTAL SOURCES	\$416,631,827	\$165,239,819	40%	\$204,889,294	(39,649,475)	81%	\$87,720,708

Motor Vehicle Excise Tax includes the Rental Car Tax.

Revenue Notes

- Total revenues for the first half of 2002 are 19% below budget.
- Of the two major revenue sources, Retail Sales & Use Tax is 0.2% under forecast while MVET is 10% above forecast. Combined, both sources are \$2.7 millions or 2.2% stronger than forecast.
- Interest Earnings are 1% below budget due to lower than forecast interest rates.
- Grants are usually drawn down on a quarterly schedule. However, draw-downs for 2002 have been delayed because Sound Transit's contracts are being amended to include environmental clauses required by the FTA. The \$9 million of grants shown represent an accrual for the first quarter of 2002.
- Farebox Revenues are 12% below budget because of lower than forecast Sounder and Regional Express ridership for new services in Snohomish, South King, and Pierce subareas.
- Miscellaneous Revenues are 60% below budget.

EXPENSES AND CAPITAL OUTLAYS

Sound Transit Staff Operating Expenses through March 31, 2002 2002 Budget to Actuals

	2002 Adopted Budget	Year-to-date actuals	% spent	YTD budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD budget	March actuals
Salaries and benefits	\$29,439,371	\$4,543,651	15%	\$7,359,923	\$2,816,272	62%	\$2,208,079
Leases and rentals	2,131,256	512,352	24%	532,828	20,476	96%	170,653
Services	8,665,913	455,871	5%	2,154,293	1,698,422	21%	181,646
Materials and supplies	1,193,860	89,906	8%	298,498	208,592	30%	36,788
Miscellaneous expenses	1,506,774	169,391	11%	376,744	207,353	45%	83,531
Other expenses	1,292,215	190,749	15%	323,053	132,304	59%	96,615
Depreciation	3,121,315	741,121	24%	780,331	39,210	95%	233,329
Subtotal operating	\$47,350,704	\$6,703,039	14%	\$11,825,670	\$5,122,631	57%	\$3,010,641
Systems Integration	20,750,380	1,036,196	5%	5,187,595	4,151,399	20%	963,442
TOTAL OPERATING	\$68,101,084	\$7,739,235	11%	\$17,013,265	\$9,274,030	45%	\$3,974,083

Operating Notes

- Salaries and Benefits make up the largest portion of the total operating budget. First quarter YTD actuals are significantly under budget due primarily to unfilled positions and delayed hiring. Much of the current YTD positive variance in actuals to budget is likely to remain a positive variance at year-end.
- Leases and Rentals, which largely consists of the administrative facilities rental of the Opus Building for Link Light Rail staff, and the agency-wide allocated leased vehicles and parking facilities expenses, are slightly under budget year-to-date. Since most of these costs are relatively fixed and uniform, actuals are expected to run very close to budget through the remainder of the year.
- Services are significantly under budget YTD due to little of the planned spending for consulting services, advertising, marketing and other services having occurred through the first quarter. It is expected that YTD actuals will track much closer to budget once spending in these categories picks up.
- Materials and Supplies expenses is primarily composed of expenditures for small equipment such as computers and printers, as well as software, general office supplies and postage. This category is under budget YTD largely because much of the planned purchases of computers, printers and other expenses hasn't occurred yet. It is expected that YTD actuals will be much closer to budget once spending in these items increases.
- Miscellaneous Expenses is under budget due to less than planned expenses YTD in the travel, training and contingency categories. It is likely that actuals will move closer to budget over the remainder of the year as the planned travel and training occur.
- Other Expenses is composed primarily of insurance and utilities. Utilities and insurance are currently running under budget but are expected to move closer to budget as the year progresses.
- Depreciation expenses are slightly under budget year-to-date and barring any major unforeseen capital purchases, should remain close to budget throughout the year due to the relatively uniform accrual of these expenses.
- Systems Integration The agency's financial systems project the monthly budget to be three-twelfths of the annual budgets, not taking account of planned service changes scheduled during later quarters. Year-end expenditures are expected to be close to budget.

AGENCY SUMMARY BY DEPARTMENT

Staff Operating Divisions Only Before Expense Transfers
For the Three Months Ending March 31, 2002

	2002 Adopted Budget	MTD Actual	YTD Actuals	% Expended
Executive Department	\$2,686,347	\$171,314	\$334,479	12.45%
Board Administration	\$633,515	\$37,975	\$122,579	19.35%
Legal Services	2,207,814	136,729	350,491	15.88%
Administrative Services	7,864,900	298,094	1,242,004	15.79%
Communications	6,545,123	299,900	787,008	12.02%
Finance & Information Services	8,163,563	168,580	1,021,232	12.51%
Souder	2,267,589	181,698	266,716	11.76%
Link	9,725,015	763,721	1,384,276	14.23%
Regional Express	3,796,036	401,630	573,198	15.10%
Non-Dept	3,460,802	551,001	621,055	17.95%
TOTAL	47,350,704	3,010,641	6,703,039	14.16%

Sound Transit Capital Outlays by Line of Business through March 31, 2002

Current year 2002

Phase	2002 Adopted capital plan <i>a</i>	Year-to-date outlays <i>b</i>	Budget remaining <i>[a-b]</i>	% Spent <i>[b/a]</i>
Souder Comm. Rail	\$203,070,480	\$13,822,633	\$189,247,847	7%
Link Light Rail	185,898,680	11,878,691	174,019,989	6%
Regional Express	106,478,119	4,247,099	102,231,020	4%
Total	\$495,447,279	\$29,948,423	\$465,498,856	6%

10-year plan 1997-2006

Phase	10-year Adopted capital plan <i>c</i>	Life-to-date outlays <i>d</i>	Outstanding commitments <i>e</i>	Budget remaining <i>[c-(d+e)]</i>	% Spent and committed <i>[(d+e)/c]</i>
Souder Comm. Rail	\$859,452,740	\$310,723,894	\$187,267,550	\$361,461,296	58%
Link Light Rail	2,280,415,630	278,821,205	152,759,560	1,848,834,865	19%
Regional Express	942,497,781	180,473,655	64,215,566	697,808,560	26%
Total	\$4,082,366,151	\$770,018,754	\$404,242,676	\$2,908,104,721	29%

SOUNDER

Sounder Commuter Rail Transit Operations through March 31, 2002

	2002 Adopted Budget	Year-to-date actuals	Percent spent	YTD budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD budget	March actuals
Services	\$6,261,539	\$47,170	1%	\$1,565,384.75	\$1,518,215	3%	\$7,551
Leases and Rentals	49,176	2,391	5%	12,294	9,903	19%	2,391
Insurance	1,091,863	244,438	22%	272,966	28,528	90%	81,741
Materials and Supplies	423,008	504,699	119%	105,752	(398,947)	477%	504,699
Vehicles	0	0	0%	0	0	0%	0
Miscellaneous Expenses	1,301,039	60,186	5%	325,260	265,074	19%	30,406
Purchased Transportation Services	3,216,857	348,137	11%	804,214	456,077	43%	348,137
Subtotal gross transit operations	\$12,343,482	\$1,207,021	10%	\$3,085,871	\$1,878,850	39%	\$974,925
Depreciation and amortization	5,520,381	944,664	17%	1,380,095	435,431	68%	314,811
Agency Administration Allocation	130,002	188,197	145%	32,501	(155,697)	579%	65,222
TOTAL TRANSIT OPERATIONS	\$17,993,865	\$2,339,882	13%	\$4,498,466	\$2,158,584	52%	\$1,354,959

Sounder Transit Operations Notes

- Services, which is largely composed of a vehicle maintenance agreement with Amtrak, also includes ticket vending machine-related services.
- Leases and Rentals includes space leased for the train crew's "Quiet Room." This is under target and is expected to remain so through year-end as several crew members are choosing accommodations at their own homes.
- Insurance expenditures (including railroad protective/liability) are running close to the cumulative target through the first quarter.
- Materials & Supplies have as a major component fuel for the locomotives, which was earlier rolled up into Services with the vehicle maintenance contract. The figure shown reflects actual expenditures from the prior year which were received after ST books closed (the 2001 accruals reflected these costs in the maintenance of equipment line). In addition, an adjustment to improve contract line item visibility for the prior periods is reflected in 2002 data; an adjustment is being pursued in order for the system to show matching data.
- Miscellaneous Expenses is composed largely of station maintenance and operation costs, which are proportionately lower in the earlier part of the year because operation and maintenance of station-related facilities have been progressive. Also included in this expense category is contingency, which is not expected to be drawn from for the year.
- Purchased Transportation Services consists mainly of the agreement with BNSF for train operations, maintenance of Right-of-way and related trackage fees. The cumulative figures appear to be low due to a lag time in receiving invoices; the annual expenditures are expected to be near target at year-end.
- Depreciation expenses are expected to be close to target at year-end.
- Agency Administration refers to allocations from corporate departments and Sounder staff costs which uses the driver of Sounder operating wages as a proportion of that for all LOB wages. Actuals for this year are above projections and are being examined for possible adjustment.

Sounder Commuter Rail capital outlays by phase as of March 31, 2002

Current year 2002

Phase	2002 Adopted capital plan <i>a</i>	Year-to-date outlays <i>b</i>	Budget remaining <i>[a-b]</i>	% Spent <i>[b/a]</i>
Yard, shop, layover	\$6,092,080	\$0	\$6,092,080	0%
Agency devel.	10,479,960	561,112	9,918,848	5%
Prelim. engineering	2,080,350	64,780	2,015,570	3%
Final design	12,580,560	(89,025)	12,669,585	-1%
ROW acq. & permits	15,677,300	76,909	15,600,391	0%
Construction	137,450,610	11,918,970	125,531,640	9%
Procurement	0	0	0	0%
Vehicles	12,137,310	1,289,887	10,847,423	11%
Test and startup	0	0	0	0%
Contingency	6,572,310	0	6,572,310	0%
Total	\$203,070,480	\$13,822,633	\$189,247,847	7%

10-year plan 1997-2006

Phase	10-year Adopted capital plan <i>c</i>	Life-to-date outlays <i>d</i>	Outstanding commitments <i>e</i>	Budget remaining <i>[c-(d+e)]</i>	% Spent and committed <i>[(d+e)/c]</i>
Yard, shop, layover	\$22,937,990	\$10,602,932	\$2,152,000	\$10,183,058	56%
Agency devel.	43,090,060	21,479,268	177,610	21,433,182	50%
Prelim. engineering	23,521,420	18,701,664	4,764,536	55,220	100%
Final design	28,962,690	13,598,472	(1,061,357)	16,425,575	43%
ROW acq. & permits	54,103,310	34,575,435	365,368	19,162,507	65%
Construction	518,306,330	98,791,161	162,071,618	257,443,551	50%
Procurement	0	0	0	0	0%
Vehicles	145,136,700	112,974,962	15,528,006	16,633,732	89%
Test and startup	0	0	0	0	0%
Contingency	23,394,240	0	3,269,769	20,124,471	14%
Total	\$859,452,740	\$310,723,894	\$187,267,550	\$361,461,296	58%

DISCUSSION OF CAPITAL OUTLAYS – SOUNDER COMMUTER RAIL

- Yard, shop, and layover budget consists of the costs associated with building layover facilities at each end of the line, as well as Lakewood, Everett, the two temporary facilities in Tacoma, and the contribution being made to the Amtrak King Street coach yard. Obligations now include the \$12.7m “pass-through” from WSDOT to Amtrak for the vehicle maintenance facility (reflected in the Adopted 2002 Budget). Capital outlays will increase in the latter quarters of the year.
- Agency Development includes project management costs, direct labor charges, and corporate department allocations.
- Preliminary Engineering Current year under-run is related to significant schedule delays in the start of engineering on the Everett-to-Seattle track and signals improvements. Project completion estimates are anticipated to be near target in budget.

- Final Design Through March, the actuals reflected in this phase appear negative. This is due to a credit resulting from an agreement with WSDOT to finance final design services with BNSF on a project that will be mutually beneficial to both Sounder and WSDOT on the Auburn-to-Seattle segment.
- ROW Actual expenditures are lower than planned, due to the delays mentioned in Final Design section, for the Everett-to-Seattle and Tacoma-to-Lakewood segments. Board approval has been granted to purchase required properties on the Everett-to-Seattle segment; and several properties have already been acquired. On the Lakewood-to-Seattle segment, final design & property acquisitions are dependent upon first receiving the FEIS and ROD.
- Construction Stations - Expenditures are under target due to delays associated with track redesign, permitting and property access issues.
- Track & Signals - There has been a moderate delay in the schedule of construction by BNSF due to protracted negotiations and extended environmental clearance processes which have been resolved but have delayed payments versus budget.
- Vehicles Payments to vehicle manufacturers will continue during 2002. Leasing options (i.e. with Virginia Rail Express) have been executed (for two 7-vehicle train-sets) because of the service start date slide for Lakewood and Everett segments, allowing for revenue generation before vehicles will be required for service. A lease-to-buy transaction with Caltrain has been executed, which will not impact Sounder's budget, as the final effect of the arrangement will be financially neutral.

REGIONAL EXPRESS

Regional Express Transit Operations through March 31, 2002

	2002 Adopted Budget	Year-to-date actuals	Percent spent	YTD budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD budget	March actuals
Services	\$3,127,032	\$104,294	3%	\$781,758	\$677,464	13%	\$107,522
Leases and Rentals	956,000	238,941	25%	\$239,000	59	100%	80,581
Insurance	381,650	2,062	1%	\$95,413	93,351	2%	2,062
Materials and Supplies	90,000	(1,221)	-1%	\$22,500	23,721	-5%	0
Vehicles	145,448	45,537	31%	\$36,362	(9,175)	125%	15,179
Miscellaneous Expenses	1,229,139	5,934	0%	\$307,285	301,351	2%	5,934
Purchased Transportation Services	38,280,326	2,952,365	8%	\$9,570,082	6,617,717	31%	2,952,365
Subtotal gross transit operations	\$44,209,595	\$3,347,912	8%	\$11,052,399	\$7,704,487	30%	\$3,163,643
Depreciation and amortization	5,200,436	1,352,538	26%	1,300,109	(52,429)	104%	493,303
Agency Administration Allocation	2,157,258	396,176	18%	539,315	143,139	73%	154,456
TOTAL TRANSIT OPERATIONS	\$51,567,289	\$5,096,626	10%	\$12,891,822	\$7,795,196	40%	\$3,811,402

Regional Bus Transit Operations Notes

- Services include contract maintenance for transit centers / park-and-ride lots, equipment and marketing-related services. The year-to-date outlays are low because the expenditures for marketing related services typically accelerate in the third quarter of the year, when new services are implemented in September.
- Leases and Rentals include leased vehicles, furniture and equipment. The cumulative figure is on target.
- Insurance expenditures through March are low because payment cycles are not monthly, and the agency's financial systems project budgets to be three-twelfths of annual budget.
- Materials & Supplies are composed of marketing materials, presentation materials, and tools and equipment for new buses. Cumulative figures show a credit due to the 2001 accrual reversal.
- Vehicles consist of vehicle licensing, registration fees, and state excise tax. Cumulative figures are higher because the state excise tax was higher than estimated.
- Miscellaneous expenses are composed largely of funds that will transfer to Pierce Transit to expand the maintenance center. Cumulative figures appear low but are expected to be on target at year-end.
- Purchased Transportation Services are the costs paid to the transit partners for operating and maintaining ST bus services. The cumulative figures appear low due to a lag time in receiving invoices; the annual expenditures are expected to be on target at year-end.
- Depreciation expenses are composed of bus fleet and fareboxes depreciation. Cumulative figures are close to target.
- Agency Administration Allocations reflects the bus division staff costs and staff costs allocated from other departments. Actuals are lower than target for the period ending in March.

Regional Express capital outlays by phase as of March 31, 2002

Current year 2002

Phase	2002 Adopted capital plan <i>a</i>	Year-to-date outlays <i>b</i>	Budget remaining <i>[a-b]</i>	% Spent <i>[b/a]</i>
Agency devel.	\$5,112,885	\$783,109	\$4,329,776	15%
Prelim. Engineering/Env Rev	11,873,269	291,352	11,581,917	2%
Final design	16,195,647	226,517	15,969,130	1%
ROW acq. & permits	27,597,096	1,264,836	26,332,260	5%
Construction	36,174,088	1,662,618	34,511,470	5%
Procurement	0	0	0	0%
Vehicles	1,451,586	18,667	1,432,919	1%
Test and startup	0	0	0	0%
Contingency	8,073,548	0	8,073,548	0%
Total	\$106,478,119	\$4,247,099	\$102,231,020	4%

10-year plan 1997-2006

Phase	10-year Adopted capital plan <i>c</i>	Life-to-date outlays <i>d</i>	Outstanding commitments <i>e</i>	Budget remaining <i>[c-(d+e)]</i>	% Spent on committed <i>[(d+e)/c]</i>
Agency devel.	\$44,361,188	\$15,861,702	(\$16,412)	\$28,515,898	36%
Prelim. Engineering/Env Rev	53,147,620	35,091,551	1,494,211	16,561,858	69%
Final design	65,472,210	9,567,145	7,118,761	48,786,304	25%
ROW acq. & permits	73,819,476	19,788,829	150,644	53,880,003	27%
Construction	475,690,114	41,956,927	23,055,345	410,677,842	14%
Procurement	0	0	0	0	0%
Vehicles	74,160,134	58,177,434	11,764,503	4,218,197	94%
Test and startup	0	0	0	0	0%
Contingency	155,847,039	30,067	20,648,514	135,168,458	13%
Total	\$942,497,781	\$180,473,655	\$64,215,566	\$697,808,560	26%

DISCUSSION OF CAPITAL OUTLAYS – REGIONAL EXPRESS

Phase Budgets for all REX capital projects

- Agency Development Phase Costs include direct project management labor and support staff costs, as well as an allocated share of agency support department costs.
- Preliminary Engineering/Environmental Review Phase The environmental review phase has been more complex and time-consuming than anticipated for many of the capital projects. New design standards and more stringent environmental regulations, associated with the endangered species act and storm water treatment, have had impacts on both budget and schedule. This phase is behind schedule so far for the year due to these complexities but is anticipated to be near target by the end of the year.
- Final Design Phase The year-to-date outlays for the final design phase are running under budget for the year because several projects began later than planned due to environmental review complexities.

- ROW Acquisition and Permits Phase Right-of-Way acquisition costs for the 10-year plan will be greater than the original *Sound Move* estimates. Staff is addressing this issue through review of ROW projections to identify immediate needs and to reassess property values with the intent to provide more realistic numbers for the entire program. These potential budget risks will be managed within the existing program budget using the Capital Program Reserve fund. The reserve fund was established for Regional Express capital projects in the 2002 budget by restructuring the existing capital budget in order to ensure completion of the capital program within available funds. ROW expenditures for the current year are anticipated to be near target by the end of the year.
- Construction Phase Third-party Agreements continue to challenge scope, schedule and budget for Regional Express projects. Staff is working with partners, stakeholders and the Board to manage these issues. Determining utility relocation costs and responsibility is also an issue, as well as key decisions on specific projects.
- Procurement Phase The life-to-date amount shown was incorrectly coded to the procurement phase in a previous year. This amount shown is applicable to bus transit operations.
- Vehicles Phase Procurement of the Sound Transit fleet of 194 buses was completed in 2001. The vehicle phase budget for 2002 includes funds for completing any outstanding payment for the vehicles purchased last year. The budget amount spent so far for the year is on-track with expectations.

Link Light Rail capital outlays by phase as of March 31, 2002

Current year 2002

Phase	2002 Adopted capital plan <i>a</i>	Year-to-date outlays <i>b</i>	Budget remaining <i>[a-b]</i>	% Spent <i>[b/a]</i>
No Phase				0%
Agency devel.	25,618,570	2,029,590	23,588,980	8%
Prelim. engineering	12,978,710	927,763	12,050,947	7%
Final design	25,077,730	1,637,380	23,440,350	7%
ROW acq. & permits	63,237,920	4,006,566	59,231,354	6%
Construction Services	827,580	0	827,580	0%
Construction	49,347,910	1,914,692	47,433,218	4%
Thrid Parties	4,168,330	0	4,168,330	0%
Vehicles	4,381,920	1,362,700	3,019,220	31%
Test and startup	260,010	0	260,010	0%
Contingency	0	0	0	0%
Total	\$185,898,680	\$11,878,691	\$174,019,989	6%

10-year plan 1997-2006

Phase	10-year Adopted capital plan <i>c</i>	Life-to-date outlays <i>d</i>	Outstanding commitments <i>e</i>	Budget remaining <i>[c-(d+e)]</i>	% Spent and committed <i>[(d+e)/c]</i>
No Phase					
Agency devel.	256,043,680	44,426,485	0	211,617,195	17%
Prelim. engineering	132,394,360	90,322,991	25,203,281	16,868,088	87%
Final design	88,421,990	49,827,688	85,022,919	(46,428,617)	153%
ROW acq. & permits	267,437,110	69,874,647	431,283	197,131,180	26%
Construction Services	87,283,790	0	0	87,283,790	0%
Construction	1,230,372,320	20,261,414	27,128,441	1,182,982,465	4%
Thrid Parties	63,521,100	0	0	63,521,100	0%
Vehicles	153,253,590	4,107,980	9,402,147	139,743,463	9%
Test and startup	760,000	0	0	760,000	0%
Contingency	927,690	0	5,571,489	(4,643,799)	0%
Total	\$2,280,415,630	\$278,821,205	\$152,759,560	\$1,848,834,865	19%

DISCUSSION OF CAPITAL OUTLAYS – LINK LIGHT RAIL

- Agency Development includes project labor and staff support costs, and agency costs that are allocated to the projects. Expenditures in this category are anticipated to increase over the year as vacant staff positions are filled.
- Budget is also carried in this category for miscellaneous soft costs that will be incurred over the life of the project. These expenditures are currently shown in Preliminary Engineering and Final Design, and are being moved into Agency Development as part of the re-coding of historical expenditures.
- Preliminary Engineering, Final Design and Third-Party Agreements previously executed are being renegotiated to accommodate revised schedule and focus for Central Link. New contracts are being executed to complete the design work for the Initial Segment. Staff is working with project partners in the SeaTac airport area to identify

options for extending light rail to the airport and on to S. 200th Street in the City of SeaTac. Further, staff is proceeding with an 18- to 24-month study to identify an alignment for extending the line north of Convention Place Station to the University District and on to Northgate.

- The lifetime negative budget variance for Final Design is due to a temporary mis-alignment of budget, expenditures and commitments. To ensure accurate tracking of project costs, staff is re-coding historical expenditures and contract information to match the new project structure. As part of this activity, certain costs, which were previously reported under Preliminary Engineering and Final Design, are being moved to Agency Development and to Third Party Agreements. This activity is expected to be completed by summer. At that time, expenditures and commitments will be aligned with the appropriate budget.
- ROW acquisition and permits Within the available budget, Sound Transit has continued to acquire a limited number of properties and provide relocation assistance to owners and tenants of property necessary for Central Link in a manner that minimizes undue hardship for owners and tenants, cost-effectively preserves project right-of-way, and reduces overall project costs. In March, the Board authorized staff to begin property acquisition in the Rainier Valley. Right-of-Way acquisition activities are ramping up to meet the Initial Segment schedule and expenditures should accelerate to anticipated levels over the course of the year.
- Construction Ground breaking occurred on the maintenance facility in Tacoma on October 18, 2000. Building erection has been completed, and track work is underway. The installation contract for traction power substations for the Tacoma Line commenced on March 8, 2001. The Tacoma Line construction contract was awarded on February 8, 2001, and Notice to Proceed was issued on July 9. Construction activity will continue throughout 2002 in Tacoma. Construction for Central Link is scheduled to begin Summer of 2002.
- Vehicles A contract with Inekon/Skoda for purchase of vehicles for the Tacoma Line was executed in December, 1999. Delivery of the first vehicles is expected third quarter of 2002. Progress payments under this contract have begun and will continue to occur based on a fixed progress payment schedule. Tacoma vehicles are expected to be delivered Fall of 2002.

SUBAREA 1ST QUARTER SUMMARIES

Subarea Revenue Summary

Millions YOES

Phase I Tax Revenues	Snohomish	North King	South King	East King	Pierce	Total
Sound Move Forecast	326.3	736.0	446.7	533.2	454.8	2,497
10-Year Forecast	307.1	736.9	444.6	676.3	398.8	2,564
Change	(19.1)	0.9	(2.2)	143.1	(56.0)	67
% Change	-5.9%	0.1%	-0.5%	26.8%	-12.3%	2.7%
2002 Tax Revenues						
March YTD Budget	7.2	17.6	10.4	16.1	9.4	60.7
March YTD Actual	7.4	17.6	10.5	16.2	9.9	61.5
Change	0.21	(0.0)	0.1	0.1	0.4	0.8
% Change	2.9%	0.0%	0.8%	0.3%	4.7%	1.3%
2002 Farebox Revenues						
March YTD Budget	0.33		0.41	1.07	1.11	2.92
March YTD Actual	0.31		0.38	1.17	0.87	2.74
Change	(0.02)		(0.03)	0.10	(0.24)	(0.18)
% Change	-5.1%		-6.7%	9.1%	-21.3%	-6.3%
2002 Grant Revenues						
March YTD Budget	3.9	7.5	5.8	1.5	4.9	23.6
March YTD Actual	-	-	-	-	-	-
Change	(3.9)	(7.5)	(5.8)	(1.5)	(4.9)	(23.6)
% Change	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%

Subarea Operating Expense & Capital Outlay Summary

Millions YOES

2002 Transit Operating Expenses	Snohomish	North King	South King	East King	Pierce	Total
March YTD Budget	7.5	-	16.8	22.9	24.0	71.2
March YTD Actual	0.8	0.0	1.9	2.3	2.7	7.6
Percent Spent	10.8%	-	11.1%	9.8%	11.1%	10.7%
Life-to-Date Transit Operating Expenses						
March LTD Budget	132.2	116.9	216.8	221.2	245.4	932.6
March LTD Actual	17.4	0.2	21.0	32.9	38.6	110.0
Outstanding Commitments	11.4	0.01	39.6	38.0	55.7	144.7
Percent Spent or Committed	21.8%	0.2%	27.9%	32.0%	38.4%	27.3%
2002 Capital Outlays						
March YTD Budget	20.3	28.6	33.3	13.0	29.5	124.7
March YTD Actual	2.6	7.9	7.4	2.7	9.3	30.0
Percent Spent	12.8%	27.7%	22.3%	21.1%	31.6%	24.1%
Life-to-Date Capital Outlays						
March LTD Budget	325.1	1,585.9	1,089.4	584.1	514.5	4,099.0
March LTD Actual	99.6	207.9	196.3	72.6	195.7	772.1
Outstanding Commitments	23.8	91.2	113.8	31.2	117.3	377.4
Percent Spent or Committed	38.0%	18.9%	28.5%	17.8%	60.8%	28.0%