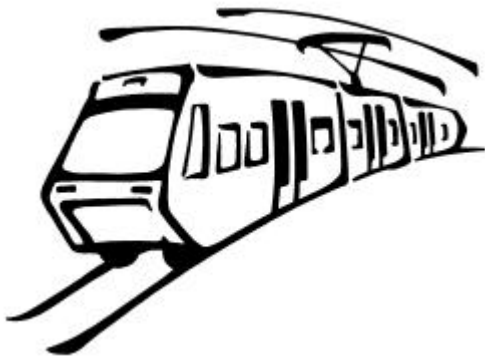
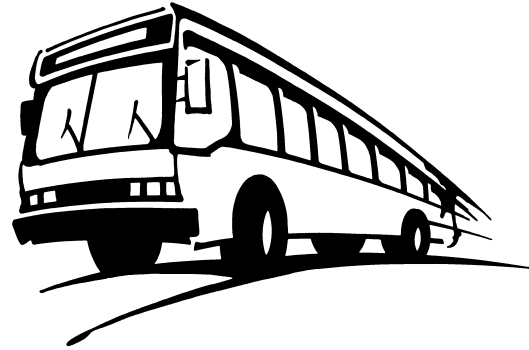




SOUNDTRANSIT

Central Puget Sound
Regional Transit Authority



Quarterly Financial Report

1st Quarter 2003

May 12, 2003

Quarterly Financial Report
1st Quarter 2003

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
REVENUES	1
CAPITAL OUTLAYS	2
EXPENSES	2
CASH AND INVESTMENTS	3
SUMMARY INCOME STATEMENT.....	3
REVENUE.....	4
REVENUE NOTES	4
SUMMARY OUTLAYS	5
SOUNDER – TRANSIT OPERATIONS	6
SOUNDER TRANSIT OPERATIONS NOTES	6
SOUNDER – CAPITAL.....	7
SOUNDER CAPITAL OUTLAY NOTES	7
REGIONAL EXPRESS – TRANSIT OPERATIONS	9
REGIONAL EXPRESS TRANSIT OPERATIONS NOTES	9
REGIONAL EXPRESS – CAPITAL	10
REGIONAL EXPRESS CAPITAL OUTLAY NOTES.....	10
LINK TRANSIT OPERATIONS.....	11
LINK TRANSIT OPERATIONS NOTES.....	11
LINK – CAPITAL	12
LINK CAPITAL OUTLAY NOTES	12
STAFF OPERATING EXPENSES.....	13
STAFF OPERATING NOTES	14
OTHER OPERATING COSTS NOTES.....	14
SUBAREA FIRST QUARTER SUMMARIES	15



May 12, 2003

TO: Board of Directors
FROM: Joni Earl, *Executive Director*
 Hugh Simpson, *Chief Financial Officer*
SUBJECT: 1st Quarter 2003 Financial Report

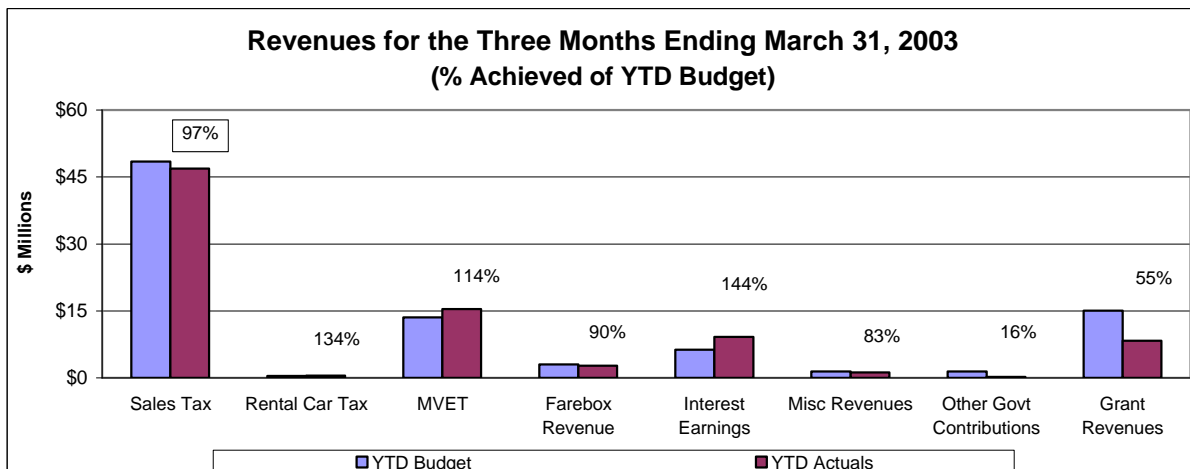
Executive Summary

This report summarizes Sound Transit’s first-quarter financial performance for revenues, transit operations, staff operating expenses and capital outlays. The discussion and graphs below summarize the budget and financial results. The report includes detailed financial data and notes assessing the agency’s performance to budget, along with a summary of the agency’s cash and investment position.

On May 8, 2003, the Sound Transit Board amended the fiscal year 2003 capital plan to adjust estimated capital outlays to reflect updated project schedule and status information. The amendment lowered the FY 2003 capital plan from \$555M to \$434M, a change of \$121M. The lifetime capital budgets for the projects were not changed, only the estimated cash flow for fiscal year 2003. All other budgets remain unchanged from the budget adopted by the Board in December 2002. The budget columns contained within this report reflect the budget as amended.

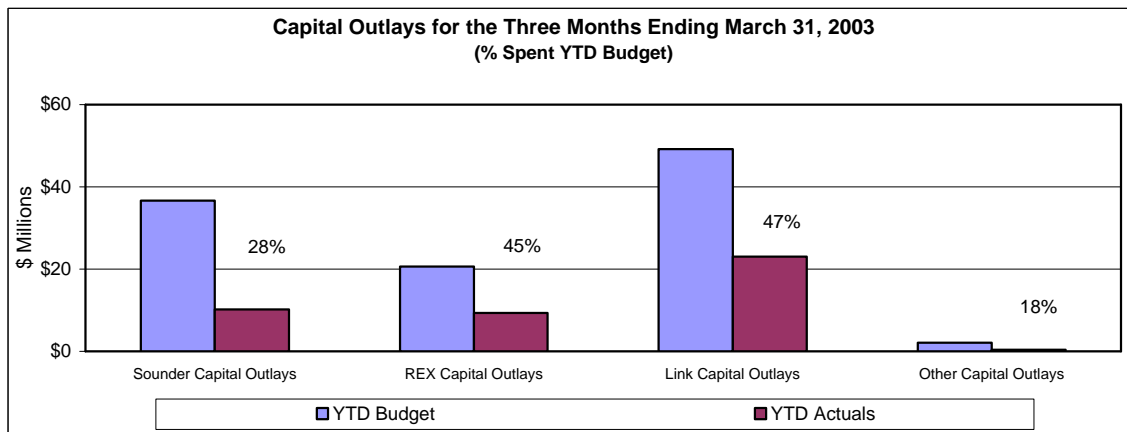
Revenues

Total agency revenues were under budget by 6.0% or \$5.4M for the quarter. Budget differences include grant revenues at \$6.8M below budget and \$2.8M in higher interest earnings. Overall tax revenues were slightly ahead of budget. Investment revenues will decrease over the year as the BNSF letter of credit comes due and reinvestments are made at significantly lower interest rates. Grant revenues were below budget for the quarter primarily due to actual capital spending.



Capital Outlays

Total agency capital outlays ended the quarter at 10% of the total 2003 budget. While progress continues to be made across all projects, several issues have impacted quarterly capital spending. For many projects, large capital expenditures are expected later in the year, in line with project schedules. The major capital spending for Link is pending final approval of the Full Funding Grant Agreement (FFGA). Major Regional Express construction contracts have been approved with substantially higher spending anticipated in the third and fourth quarters. The graph below depicts budgets as one quarter of the annual budget and should not be used to forecast lifetime project budget performance.

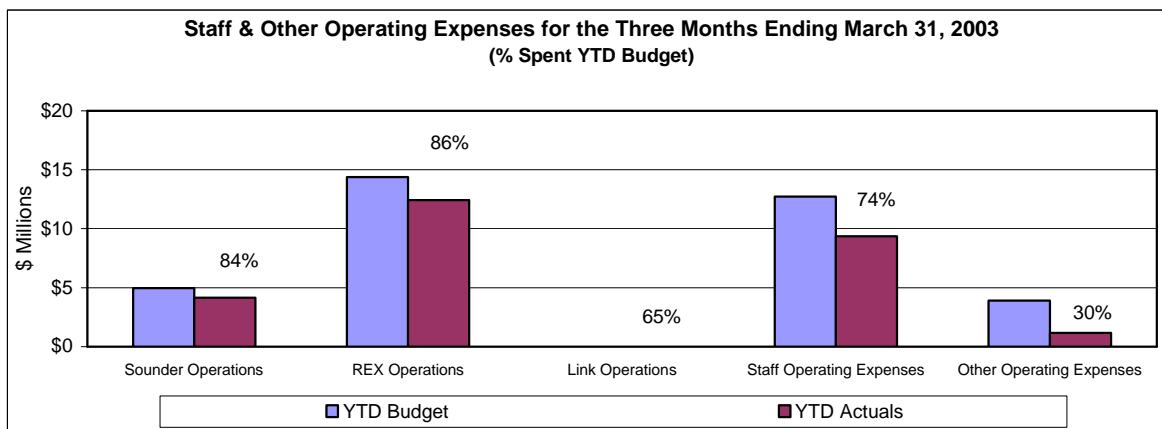


Expenses

Overall combined transit-operations spending was under budget for the quarter by \$3.4M or 17% of the YTD budget. Sounder transit operations finished the quarter at 84% of budget, Regional Express at 86% and Link at 65%. With expanded services planned for later in the year, actual expenditures will increase and total costs are expected to align with budget.

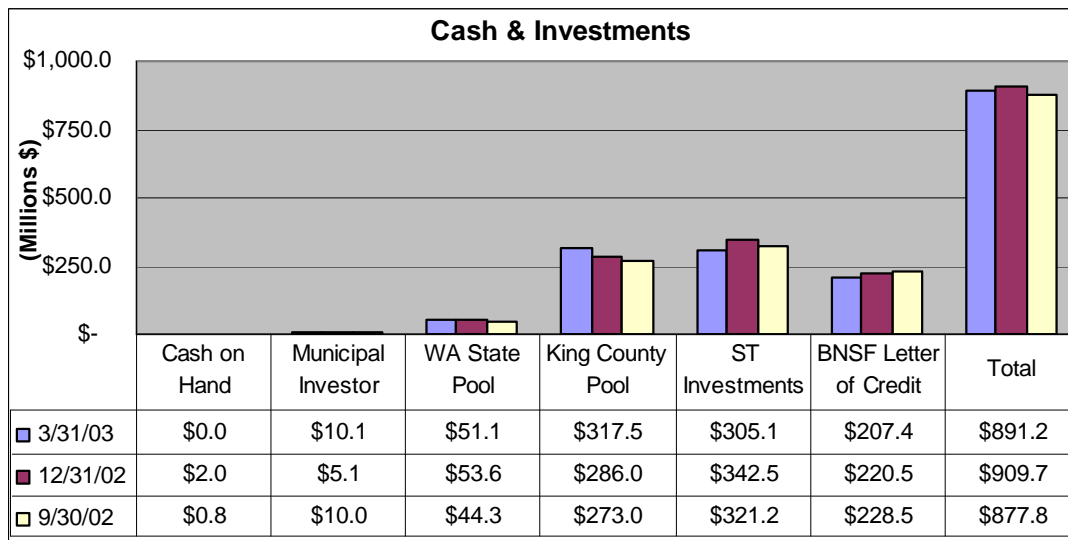
With outstanding staff vacancies and slower than planned capital activity, overall staff operating expenses were at 74% of the YTD budget for the first quarter.

Other operating expenses include Regional Fund projects such as Phase II planning, Research & Technology, and Fare Integration, plus debt-service costs. Quarterly spending is below budget, as many of the scheduled Regional Fund projects have not yet started. Debt-service costs are under budget as interest costs on the bond issue are being fully capitalized to projects, while the budget assumed that a portion of this cost would not be capitalized.



Cash and Investments

The graph below depicts cash and investment balances. Generally, cash and investment balances have remained relatively stable over the past three quarters.



Summary Income Statement

The table below summarizes revenues and expenses through the first quarter of 2003. Overall, agency net income is ahead of budget by \$2.5M when analyzed in an income statement format. Both revenues and operating expenses were lower than anticipated. Significant areas of interest include lower than estimated grant revenues to date, staff operating costs to date, plus Regional Fund and Other Operations spending.

Income Statement

For the Three Months Ending March 31, 2003

Budget to Actuals

	Q1 Actuals	YTD Actuals	YTD Budget	YTD Actuals over/(under) YTD Budget	YTD Actuals as % of YTD Budget
REVENUES					
Passenger Fares	\$2,738,281	\$2,738,281	\$3,036,251	(\$297,970)	90%
Tax Revenues	62,258,874	62,258,874	62,019,763	239,111	100%
State & Local Contributions	232,000	232,000	1,473,201	(1,241,201)	16%
Federal Grants	8,347,290	8,347,290	15,132,501	(6,785,211)	55%
Interest Earnings	9,160,756	9,160,756	6,362,753	2,798,003	144%
Other Miscellaneous	1,204,235	1,204,235	1,450,052	(245,817)	83%
TOTAL REVENUES	\$83,941,436	\$83,941,436	\$89,474,521	(\$5,533,085)	94%
EXPENSES					
Staff Operating Divisions	\$3,053,364	\$3,053,364	\$4,557,911	\$1,504,547	67%
Debt Service Divisions	50,260	50,260	652,596	602,336	8%
Transit Operations	16,758,536	16,758,536	20,169,846	3,411,310	83%
Regional Fund & Other Operations	1,120,283	1,120,283	3,241,833	2,121,549	35%
Non-capitalizable LOB expenses	783,999	783,999	700,543	(83,457)	112%
TOTAL EXPENSES	\$21,766,443	\$21,766,443	\$29,322,727	\$7,556,285	74%
NET INCOME (LOSS)	\$62,174,993	\$62,174,993	\$60,151,794	\$2,023,199	103%

Financial Detail

Revenue

Agencywide Revenues

For the Three Months Ending March 31, 2003

Budget to Actuals

	Q1 Actuals	YTD Actuals	YTD Budget	YTD Actuals over/(under) YTD Budget	YTD Actuals as % of YTD Budget
REVENUE SOURCES					
Retail Sales and Use Tax	\$46,832,399	\$46,832,399	\$48,467,561	(\$1,635,162)	97%
Rental Car Tax	533,773	533,773	398,340	135,433	134%
Motor Vehicle Excise Tax	15,426,474	15,426,474	13,552,202	1,874,272	114%
Farebox Revenue	2,738,281	2,738,281	3,036,251	(297,970)	90%
Interest Earnings	9,160,756	9,160,756	6,362,753	2,798,003	144%
Miscellaneous Revenues	1,204,235	1,204,235	1,450,052	(245,817)	83%
OTHER FINANCING					
Donation from Other Governments	232,000	232,000	1,473,201	(1,241,201)	16%
Federal Grants	8,347,290	8,347,290	15,132,501	(6,785,211)	55%
Bond Proceeds	-	-	-	-	0%
TOTAL SOURCES	\$84,475,209	\$84,475,209	\$89,872,861	(\$5,397,652)	94%

Revenue Notes

Retail Sales and Use Tax revenues were under budget by \$1.6M or 3.5% for the quarter. There is a two-month lag in the receipt of taxes from the Department of Revenue; therefore, first quarter tax results are based upon two months of forecasted data. The variance from budget reflects the shortfall in January receipts, and while a one-month lag is not a strong indicator, the ongoing sluggish economy within the Puget Sound Region is expected to continue to hinder tax collections.

Rental Car Tax finished the quarter \$0.1M or 35% higher than the YTD budget. Rental car taxes were up over the same period a year ago and continue to track ahead of budget, despite the lagging economy.

MVET Tax finished the quarter \$1.9M higher than budget. Relative to the same period last year, MVET revenues were up almost \$0.7M or 5.0%. These increases were driven chiefly by stronger car sales.

Farebox Revenues were based upon forecast estimates for the first quarter. These estimates produced results that were below budget by a total of \$0.3M for the quarter. Overall, Regional Express farebox revenues were estimated to be \$0.2M under budget and Sounder \$0.1M.

Interest Earnings finished the quarter \$2.8M above budget. Actual performance on investments yielded 4.0%, higher than the average budget yield of 3.0%. Interest earnings will decrease significantly during the second quarter as the BNSF letter of credit investment comes due and is reinvested at a much lower effective rate. It is projected that interest earnings will finish the year within budget.

Miscellaneous Revenues, including advertising on Sound Transit Express buses and rental income on Sound Transit properties, finished behind budget by \$0.2M for the quarter.

Contribution from Others was under budget by \$1.2M. The only contribution in the quarter was \$0.2M from the City of Redmond for the Overlake Transit Center. The timing of actual contributions accounts for much of the budget variance and this account is expected to be closer to budget by year end.

Federal Grants are below budget for the quarter by \$6.8M. Timing differences between grant receipts, budgets, which are calculated as simply one-fourth of the annual budget, and the actual grants recorded, account for a majority of the budget variance. It is anticipated that grant revenues will accelerate in future quarters and this account will be in line with budget. Grants recorded in the quarter include \$6.0M for Link, \$1.4M for Sounder and \$0.9M for Regional Express.

Summary Outlays

Combined Transit Operations Summary

For the Three Months Ending March 31, 2003

Regional Express, Sounder, & Link

	Q1 Actuals	YTD Actuals	YTD Budget	YTD Actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
Salaries & Benefits	\$140,594	\$140,594	\$253,661	\$113,066	55%
Services	1,419,766	1,419,766	2,807,125	1,387,359	51%
Materials & Supplies	181,353	181,353	175,889	(5,464)	103%
Insurance	336,130	336,130	529,306	193,176	64%
Purchased Transportation Svcs	10,382,765	10,382,765	11,746,022	1,363,257	88%
Miscellaneous Expenses	11,970	11,970	287,324	275,353	4%
Leases & Rentals	2,336	2,336	16,043	13,707	15%
Other Expenses	105,212	105,212	97,965	(7,248)	107%
Agency Admin Allocations	952,772	952,772	882,931	(69,842)	108%
Subtotal Transit Operations	\$13,532,899	\$13,532,899	\$16,796,265	\$3,227,388	81%
Depreciation & Amortization	3,225,637	3,225,637	3,373,581	147,944	96%
TOTAL TRANSIT OPERATIONS	\$16,758,536	\$16,758,536	\$20,169,846	\$3,375,333	83%

Sound Transit Capital Outlays by Line of Business

For the Three Months Ending March 31, 2003

Current Year 2003

	(Revised) 2003 Adopted Capital Plan	2003 Actual Outlays	Budget Remaining	% Spent
	<i>a</i>	<i>b</i>	<i>[a-b]</i>	<i>[b/a]</i>
Sounder Commuter Rail	\$146,692,932	\$10,163,291	\$136,529,641	7%
Link Light Rail	196,977,461	23,029,885	173,947,576	12%
Regional Express	82,359,392	9,270,338	73,089,054	11%
TOTAL	\$426,029,785	\$42,463,515	\$383,566,270	10%

Capital Plan 1997 - 2009

	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent and Committed
	<i>c</i>	<i>d</i>	<i>e</i>	<i>[c-(d+e)]</i>	<i>[(d+e)/c]</i>
Sounder Commuter Rail	\$992,255,450	\$412,016,581	\$63,999,209	\$516,239,660	48%
Link Light Rail	2,408,716,020	396,294,838	75,922,190	1,936,498,992	20%
Regional Express	971,559,109	227,859,530	45,783,129	697,916,450	28%
TOTAL	\$4,372,530,579	\$1,036,170,950	\$185,704,528	\$3,150,655,102	28%

Sounder – Transit Operations

Sounder Commuter Rail Transit Operations For the Three Months Ending March 31, 2003

	Q1 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
Services	1,234,340	1,234,340	1,581,423	347,083	78%
Materials & Supplies	129,105	129,105	133,702	4,597	97%
Insurance	330,040	330,040	481,631	151,591	69%
Purchased Transportation Svcs	773,919	773,919	949,772	175,853	81%
Miscellaneous Expenses	11,722	11,722	172,318	160,596	7%
Leases & Rentals	2,336	2,336	14,793	12,457	16%
Other Expenses	57,900	57,900	43,047	(14,853)	135%
Agency Admin Allocations	297,027	297,027	229,623	(67,404)	129%
Subtotal Transit Operations	\$2,836,388	\$2,836,388	\$3,606,308	\$769,920	79%
Depreciation & Amortization	1,325,411	1,325,411	1,359,299	33,888	98%
TOTAL TRANSIT OPERATIONS	\$4,161,799	\$4,161,799	\$4,965,607	\$803,808	84%

Sounder Transit Operations Notes

Services are largely comprised of a vehicle maintenance agreement with Amtrak, ticket vending machine-related services, and special events for the year. Budget underspending includes lower than planned station maintenance service costs of \$125K, lower than estimated station security service costs, and relatively no spending for budgeted advertising and special service costs that will occur later in the year.

Insurance expenditures, which include railroad protective/liability insurance, property, and general liability insurance, are running under plan on lower than expected premiums through the first quarter.

Purchased Transportation Services consist mainly of the agreement with BNSF for train operations, maintenance of right-of-way and related trackage fees. The current budget variance of \$0.2M is purely timing related. Actual expenditures are expected to ramp up later in the year as planned service increases take effect. It is expected that this account will be close to budget by year end.

Miscellaneous Expenses budget is composed largely of contingency, which has not been drawn upon this year.

Agency Administration is the staff operating costs allocated from corporate departments and Sounder.

Sounder Commuter Rail - Capital Outlays by Phase

For the Three Months Ending March 31, 2003

Current Year 2003

Phase	(Revised)			
	2003 Adopted	2003 Actual	Budget	%
	Capital Plan	Outlays	Remaining	Spent
	<i>a</i>	<i>b</i>	<i>[a-b]</i>	<i>[b/a]</i>
Yard, Shop, Layover	\$2,277,600	\$ -	\$2,277,600	0%
Agency Administration	4,772,000	712,805	4,059,195	15%
Preliminary Engineering	1,982,700	98,799	1,883,901	5%
Final Design	3,619,702	1,007,864	2,611,838	28%
ROW Acq. & Permits	6,674,160	16,564	6,657,596	0%
Construction	112,402,770	8,327,259	104,075,511	7%
Vehicles	11,948,000	-	11,948,000	0%
Contingency	3,016,000	-	3,016,000	0%
TOTAL	\$146,692,932	\$10,163,291	\$136,529,641	7%

Capital Plan 1997 - 2009

Phase	Adopted	Life-to-date	Contract	Budget	% Spent &
	Capital Plan	Outlays	Remaining	Remaining	Committed
	<i>c</i>	<i>d</i>	<i>e</i>	<i>[c-(d+e)]</i>	<i>[(d+e)/c]</i>
Yard, Shop, Layover	\$21,157,570	\$10,699,491	\$2,178,239	\$8,279,841	61%
Agency Administration	49,523,540	26,383,363	1,348,333	21,791,844	56%
Preliminary Engineering	24,765,160	20,056,578	2,094,135	2,614,447	89%
Final Design	29,811,730	16,775,320	1,503,283	11,533,126	61%
ROW Acq. & Permits	64,411,770	37,669,490	637,247	26,105,033	59%
Construction	639,069,690	166,946,259	54,659,659	417,463,771	35%
Vehicles	145,434,990	133,486,080	1,578,313	10,370,597	93%
Contingency	18,081,000	-	-	18,081,000	0%
TOTAL	\$992,255,450	\$412,016,581	\$63,999,209	\$516,239,660	48%

Sounder Capital Outlay Notes

Yard, Shop, and Layover There have been no expenditures through March 2003. It is estimated that approximately one-half of the budget will be expended on a layover track near Freighthouse Square related to the September opening of the Tacoma Dome Station. Budget remains in 2003 for additional layover track at Everett station, when ST and BNSF finalize agreements for Everett-Seattle service.

Agency Administration includes project management costs, direct labor charges and corporate department allocations. This phase is currently under budget for the year due to the overall underspending on capital projects and within the staff operating budgets.

Preliminary Engineering is essentially complete for most project elements. The exceptions are certain track capacity improvements on which Sound Transit and BNSF have yet to reach agreement. Budget remains in 2003 for completing the PE on these improvements, should a scope agreement be reached.

Final Design is underspent through the first quarter because the FTA has not yet authorized the agency to enter into final design. When Sound Transit decided to federalize the Lakewood-Tacoma and Everett-Seattle projects, the agency accepted a twelve-month delay. Upon submittal of a signed BNSF term sheet for commuter service, FTA will begin a four-month review process leading to final design authorization.

ROW expenditures are under budget through the first quarter due to the planned timing of the expenditures. Environmental studies are scheduled for completion by the end of May. The appraisal process will not be completed

before the end of July. Because no offers can be made before the environmental studies and appraisals have been completed, the estimated time to begin making initial offers is in the latter part of the third quarter.

Construction expenditures are under budget due to delays in final design, permitting, and property access issues.

Vehicles There have been no expenditures through March 2003. Although final acceptance for the majority of the remaining vehicles occurred in the first quarter of 2003, costs will not be incurred until later in the year.

Regional Express – Transit Operations

Regional Express Transit Operations For the Three Months Ending March 31, 2003

	Q1 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Salaries & Benefits	\$ -	\$ -	\$ -	\$ -	N/A
Services	168,354	168,354	999,162	830,808	17%
Materials & Supplies	21,746	21,746	14,675	(7,071)	148%
Insurance	6,090	6,090	-	(6,090)	N/A
Purchased Transportation Svcs	9,608,846	9,608,846	10,796,250	1,187,404	89%
Miscellaneous Expenses	222	222	84,375	84,153	0%
Leases & Rentals	-	-	1,250	1,250	0%
Other Expenses	45,666	45,666	50,168	4,503	91%
Agency Admin Allocations	655,746	655,746	621,187	(34,558)	106%
Subtotal Transit Operations	\$10,506,670	\$10,506,670	\$12,567,067	\$2,060,397	84%
Depreciation & Amortization	1,899,677	1,899,677	1,818,542	(81,135)	104%
TOTAL TRANSIT OPERATIONS	\$12,406,347	\$12,406,347	\$14,385,610	\$1,979,263	86%

Regional Express Transit Operations Notes

Services are under budget by \$0.8M for the quarter. Three main factors drive this variance. Temporary maintenance services currently being utilized at the various transit centers cost significantly less than the anticipated cost of the long-term comprehensive maintenance contract which has not yet been awarded. Finalization of this agreement should occur during the second and third quarter of the year. The low-sulfur fuel conversion project that was delayed from 2002 will be executed in the second quarter of this year. Finally, expenditures for marketing-related services were below budget and are expected to increase in the second half of the year, based upon the September service changes.

Purchased Transportation Services are the costs paid to transit partners for operating and maintaining ST bus services. For the first quarter, total expenditures were \$1.2M below the YTD budget. Roughly \$700K of the variance is due to unused scheduled maintenance hours budgeted for abnormal situations. This portion of the variance will remain through year end. Another \$300K is related to the fact that the budget for the first three quarters of the year runs slightly less than 25% of the annual budget. This variance is expected to be made up during the fourth quarter, after the September service change, when additional services have been implemented. Billings from King County Metro also contributed to the budget variance. Sound Transit received a \$119K credit related to KCM's 2002 invoices, which should carry through year end. Also, because a 2003 rate agreement has not yet been reached, KCM's first quarter invoices were billed at the 2002 rate, resulting in a \$100K variance through the first quarter. Once a new rate agreement is finalized, KCM billings will increase slightly and a retroactive adjustment for the current year will be made, wiping out this portion of the variance.

Regional Express – Capital

Regional Express - Capital Outlays by Phase

For the Three Months Ending March 31, 2003

Current Year 2003

Phase	(Revised)			
	2003 Adopted	2003 Actual	Budget	%
	Capital Plan	Outlays	Remaining	Spent
	a	b	[a-b]	[b/a]
Agency Administration	\$5,830,161	\$1,074,431	\$4,755,730	18%
Prelim. Engineering/Environ Review	9,146,800	220,311	8,926,489	2%
Final Design	10,216,891	320,182	9,896,709	3%
ROW Acq. & Permits	12,196,900	5,756,770	6,440,130	47%
Construction	42,594,950	1,898,645	40,696,305	4%
Vehicles	-	-	-	0%
Contingency	2,373,690	-	2,373,690	0%
TOTAL	\$82,359,392	\$9,270,338	\$73,089,054	11%

Capital Plan 1997 - 2009

Phase	Adopted	Life-to-date	Contract	Budget	% Spent &
	Capital Plan	Outlays	Remaining	Remaining	Committed
	c	d	e	[c-(d+e)]	[(d+e)/c]
Agency Administration	\$48,693,521	\$19,563,413	\$776,814	\$28,353,294	0%
Prelim. Engineering/Environ Review	54,233,753	34,992,851	10,219,588	9,021,314	83%
Final Design	59,637,558	15,310,976	4,597,220	39,729,362	33%
ROW Acq. & Permits	75,573,327	34,321,276	2,292,472	38,959,579	48%
Construction	491,824,920	65,537,259	18,565,808	407,721,854	17%
Vehicles	83,634,300	58,133,756	9,346,866	16,153,677	81%
Contingency	157,961,730	-	(15,640)	157,977,370	0%
TOTAL	\$971,559,109	\$227,859,530	\$45,783,129	\$697,916,450	28%

Regional Express Capital Outlay Notes

Agency Administration includes project management costs, direct labor charges and corporate department allocations. These costs are slightly under budget for the quarter due to lower than planned capital project spending and underspending in staff operations.

Preliminary Engineering/Environmental Review often includes a lengthy project definition stage given the conceptual nature of many Regional Express capital projects as described in *Sound Move*. New design standards and stringent environmental regulations, associated with the Endangered Species Act and storm water treatment have impacted both budget and schedule. Third party negotiations with partners as well as scope negotiations have also been a challenge. REX is in the process of negotiating several Preliminary Engineering contracts and expects to finish the year near budget.

Final Design activities are anticipated to occur later in the year.

ROW acquisition spending is progressing as expected for the year.

Construction Five projects make up 84% of the REX construction budget for 2003. Construction began in late March/early April for the I-5 @ 164th (Ash Way) Project and the Lynnwood Direct Access Project. Construction is underway for the Lynnwood Transit Center Project and is scheduled to begin late in the second quarter for the SR 900 Park-and-Ride Arterial Improvements Project and the Bellevue Direct Access Project, NE 4th/6th. As these major construction activities ramp up later in the year, actual expenditures should be more aligned with budget. The Board has been informed of any outstanding issues on these major construction projects.

Contingency Funds were included in the contingency phase of the budget to cover project risks and unknowns. It has not been necessary to use any of the project contingencies thus far this year.

Link Transit Operations

Link Transit Operations & Other Operating Costs For the Three Months Ending March 31, 2003

	Q1 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Salaries & Benefits	\$140,594	\$140,594	\$253,661	\$113,066	55%
Services	17,071	17,071	226,540	209,469	8%
Materials & Supplies	30,503	30,503	27,513	(2,990)	111%
Insurance	-	-	47,675	47,675	0%
Purchased Transportation Svcs	-	-	-	-	N/A
Miscellaneous Expenses	26	26	30,631	30,605	0%
Leases & Rentals	0	0	-	-	N/A
Other Expenses	1,647	1,647	4,750	3,103	35%
Agency Admin Allocations	-	-	32,121	32,121	0%
Subtotal Transit Operations	\$189,841	\$189,841	\$622,890	\$433,048	30%
Depreciation & Amortization	549	549	195,740	195,191	0%
TOTAL TRANSIT OPERATIONS	\$190,391	\$190,391	\$818,630	\$628,239	23%

Link Transit Operations Notes

Tacoma Link transit operations will be fully operational in the fourth quarter of 2003. Until then, expenditures will increase as operations become fully staffed and begin to gear up for the opening in September. It is expected that purchases of materials and supplies for the Maintenance Facility will be high during the first and second quarter of the year.

Currently, transit operations are staffed at about 50% of the total 2003 budget. During the upcoming quarters, as budgeted operations start, six light rail vehicle operators will be hired as planned.

Other spending in the first quarter include approximately \$11K for electrical engineering consulting services and various material and supply purchases of miscellaneous shop equipment for the Tacoma Operations and Maintenance facility.

Link – Capital

Link Light Rail - Capital Outlays by Phase

For the Three Months Ending March 31, 2003

Current Year 2003

Phase	(Revised)	2003 Actual Outlays	Budget Remaining	% Spent
	2003 Adopted Capital Plan			
	a	b	[a-b]	[b/a]
Agency Administration	\$17,318,470	\$2,810,582	\$14,507,888	16%
Preliminary Engineering	6,218,400	30,473	6,187,927	0%
Final Design	35,000,756	2,969,276	32,031,480	8%
ROW Acq. & Permits	87,667,035	12,708,793	74,958,242	14%
Construction	48,561,236	4,496,048	44,065,188	9%
Vehicles	2,027,859	-	2,027,859	0%
Testing and Start-Up	183,705	14,713	168,992	8%
Contingency	-	-	-	0%
TOTAL	\$196,977,461	\$23,029,885	\$173,947,576	12%

Capital Plan 1997 - 2009

Phase	Adopted	Life-to-date	Contract	Budget	% Spent &
	Capital Plan	Outlays	Remaining	Remaining	Committed
	c	d	e	[c-(d+e)]	[(d+e)/c]
Agency Administration	\$258,989,830	\$67,288,250	\$2,693,739	\$189,007,841	27%
Preliminary Engineering	108,678,554	77,577,763	4,451,466	26,649,325	75%
Final Design	145,381,677	83,514,064	49,994,074	11,873,540	92%
ROW Acq. & Permits	267,484,200	109,459,730	1,328,419	156,696,050	41%
Construction	1,352,105,679	51,707,181	15,120,308	1,285,278,190	5%
Vehicles	146,939,280	6,605,041	2,037,119	138,297,120	6%
Testing and Start-Up	836,800	142,808	297,066	396,926	53%
Contingency	128,300,000	-	-	128,300,000	0%
TOTAL	\$2,408,716,020	\$396,294,838	\$75,922,190	\$1,936,498,992	20%

Link Capital Outlay Notes

Agency Administration includes project labor, staff support costs, and agency costs that are allocated to projects. Major construction activities for the Initial Segment are scheduled to begin in July 2003, so first quarter expenditures are below budget.

Preliminary Engineering & Final Design The draft SEIS for the North Link segment shifted to August 2003, and the start-up of PE was changed to November, so total expenditures for this project will not ramp up until the last half of the year. Additionally, expenditures for Airport Link will not escalate until later in the year.

ROW Acquisition & Permits Appraisals and offers experienced a delay during the first quarter. These activities have now accelerated and are anticipated to track with the budget.

Construction All major activities are scheduled to occur after approval of the FFGA, therefore current quarter expenditures are under budget.

Vehicles None of the current-year budgeted funds for this phase of the Tacoma Link project have been spent. Expenditures will be made later in the year in accordance with the contract.

Testing and Start-Up expenditures for Tacoma Link include system-integrated tests, rail activation, purchase of equipment, and training of operations personnel. Testing and start-up activities commenced during the third quarter of 2002, and continue to escalate. Expenditures are anticipated to accelerate as the last track has been welded and Tacoma Link is scheduled to start operations in September.

Staff Operating Expenses

Agency Summary by Department

Staff Operating Departments - Before Expense Transfers
For the Three Months Ending March 31, 2003
Budget to Actuals

	Q1 Actuals	YTD Actuals	YTD Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Executive Department	\$541,638	\$541,638	\$772,133	\$230,494	70%
Board Administration	131,459	131,459	164,669	\$33,210	80%
Legal Services	406,748	406,748	550,297	\$143,548	74%
Administrative Services	1,498,807	1,498,807	2,079,126	\$580,318	72%
Communications	952,299	952,299	1,701,324	\$749,025	56%
Finance & Information Services	1,615,447	1,615,447	2,251,298	\$635,851	72%
Souder	386,846	386,846	685,985	\$299,139	56%
Link	2,156,533	2,156,533	2,697,558	\$541,025	80%
Regional Express	869,509	869,509	1,031,246	\$161,737	84%
Non-Dept	802,828	802,828	783,094	(\$19,735)	103%
TOTAL	\$9,362,113	\$9,362,113	\$12,716,727	\$3,354,613	74%

Staff Operating & Other Expenses

For the Three Months Ending March 31, 2003
Budget to Actuals

	Q1 Actuals	YTD Actuals	YTD Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	\$6,313,798	\$6,313,798	\$8,182,767	\$1,868,969	77%
Services	1,127,175	1,127,175	1,942,475	815,299	58%
Materials & Supplies	187,425	187,425	299,024	111,599	63%
Miscellaneous Expenses	206,184	206,184	608,729	402,545	34%
Leases & Rentals	560,191	560,191	565,429	5,238	99%
Other Expenses	246,747	246,747	405,460	158,713	61%
Depreciation	720,594	720,594	712,844	(7,750)	101%
Gross Staff Operating Expenses	\$9,362,113	\$9,362,113	\$12,716,727	\$3,354,613	74%
Expense Transfers	(6,308,750)	(6,308,750)	(8,158,816)	(1,850,067)	77%
Net Staff Operating Expenses	\$3,053,364	\$3,053,364	\$4,557,911	\$1,504,547	67%
Other Expenses					
Transit-Oriented Development	0	-	110,000	110,000	0%
Debt Service Costs	50,260	50,260	652,596	602,336	8%
Planning & Development	1,106,283	1,106,283	3,131,833	2,025,549	35%
Total Other Expenses	\$1,156,543	\$1,156,543	\$3,894,428	\$2,737,885	30%
Grand Total Operating Expenses	\$4,209,907	\$4,209,907	\$8,452,339	\$4,242,432	50%

Staff Operating Notes

Salaries & Benefits in the current quarter were \$1.9M or 22.8% under the YTD budget, primarily due to delays in filling new and vacant positions. The budgeted 2003 headcount totaled 363.35 full-time-equivalent employees and the actual first quarter ending headcount was 313.35, a full 50 FTEs, or 13.8% below budget. Comparatively, salaries and benefits have increased \$1.8M or 39.0% over first quarter 2002.

Services for the first quarter were \$0.8M under budget. Services such as general consulting services, computer system technical support, printing and legal services were not utilized to the extent budgeted, but are expected to increase throughout the year. Accounting and auditing services, agency training, and Diversity economic development service programs have not yet started, and as such were under budget for the quarter.

Materials & Supplies expenditures were \$0.1M lower than budget, mainly due to under spending for the agency computer replacement program, which has not yet been fully implemented. This program is expected to occur later in the year and this category should be at budget by year-end.

Miscellaneous Expenses were under spent for the quarter by \$0.4M primarily due to advertising costs that were under spent by \$0.2M. As services ramp up during the year, it is expected that advertising expenses will also increase. Other expenses below budget include staff training and related travel. As these variances are purely a result of timing, total travel and training expenses should be in line with budget by the end of the year.

Other Expenses include insurance, utilities, and taxes. Quarterly spending was under budget by about \$0.2M. Savings include lower expenses for budgeted telephone system enhancements that have not yet been placed into service. Other savings include lower agency insurance premiums, which are about \$0.1M below budget.

Expense Transfers represent the allocated overhead dollars that are transferred to both capital and operating projects. This account is currently under budget by \$1.9M as a result of overall lower expenditures in the staff operating departments coupled with the direct relationship of this account to actual project spending. As total actual spending is lower than budget, the amount of overhead actually transferred is also lower.

Other Operating Costs Notes

Transit-Oriented Development includes real estate predevelopment services including architectural, marketing feasibility, cost estimating, partnering, station area planning, plus regulatory drafting services. Currently, no funds have been expended on the project, which will see operational spending over the upcoming quarters.

Debt Service Costs include unallocated bond interest expense, as well as amortization costs of bond issuance charges, plus fiscal agent fees. The account is currently under budget and will remain so throughout the year due to the fact that the budget assumed a portion of the bond interest expense would not be capitalized. However, in accordance with accounting guidelines, it is expected that all of the expense will actually be capitalized for the year. It is likely that the total budget under spending will total approximately \$2.6M.

Planning & Development mainly includes operational spending for Fare Integration and Phase II planning. Year to date spending is lower than budget by \$2.0M due to timing of project spending, in terms of Fare Integration, and a change in scope and work plan for Phase II planning.

Specifically, Fare Integration spending is lower than plan by \$0.9M for the quarter. The currently budgeted on-board survey has not yet taken place, resulting in \$0.2M in lower spending. Accounting estimates are currently being used to determine the level of fare transfers to other agencies. The first quarter variance to budget was \$0.4M. That account will be reconciled to actual billings when they occur. Current forecasts estimate that approximately \$1.5M will remain unspent by year-end. For Phase II planning, the work program was changed to bring some of the work in-house rather than using consultants, resulting in \$1.1M remaining unspent during the first quarter. Staff no longer assumes that Sound Transit will participate financially in the SR 520 Bridge Replacement Project, therefore the 2003 budget will be underspent by \$0.6M.

Subarea First Quarter Summaries

Subarea Revenue Summary

Millions YOES

2003 Tax Revenues	Snohomish	North King	South King	East King	Pierce	Total
March YTD Budget	7.5	17.9	10.8	16.2	10.0	62.4
March YTD Actual	7.6	17.2	11.1	16.4	10.4	62.8
\$ Variance	0.1	(0.7)	0.3	0.2	0.4	0.4
% Variance	2.1%	-3.9%	2.8%	1.2%	4.0%	0.6%
2003 Farebox Revenues						
March YTD Budget	0.3	-	0.4	1.3	1.1	3.0
March YTD Actual	0.3	-	0.4	1.2	0.9	2.7
\$ Variance	(0.0)	-	0.0	(0.1)	(0.2)	(0.3)
% Variance	-8.2%	0.0%	6.2%	-6.8%	-19.2%	-9.8%
2003 Grant Revenues						
March YTD Budget	6.6	-	2.3	-	6.2	15.1
March YTD Actual	1.2	6.0	0.5	-	0.6	8.3
\$ Variance	(5.4)	6.0	(1.8)	-	(5.6)	(6.8)
% Variance	-81.3%	100.0%	-76.9%	0.0%	-90.1%	-44.8%

Subarea Operating Expense & Capital Outlay Summary

Millions YOES

2003 Transit Operating Expenses	Snohomish	North King	South King	East King	Pierce	Total
March YTD Budget	2.2		4.1	6.8	7.2	20.2
March YTD Actual	1.7	-	3.5	5.8	5.7	16.8
Percent Spent	76.9%	-	85.5%	86.4%	79.6%	82.8%
2003 Capital Outlays						
March YTD Budget	8.4	31.7	35.4	10.5	21.1	107.2
March YTD Actual	2.0	16.3	13.0	1.5	9.8	42.6
Percent Spent	23.2%	51.3%	36.8%	14.2%	46.6%	39.7%
Lifetime Capital Outlays						
March Lifetime Budget	437.4	1,688.5	1,123.4	604.0	537.3	4,390.5
March Life-to-Date Actual	121.9	288.7	265.9	96.0	266.3	1,038.9
Outstanding Contracts	20.2	43.8	41.7	19.9	62.0	187.5
Percent Spent or Committed	32.5%	19.7%	27.4%	19.2%	61.1%	27.9%