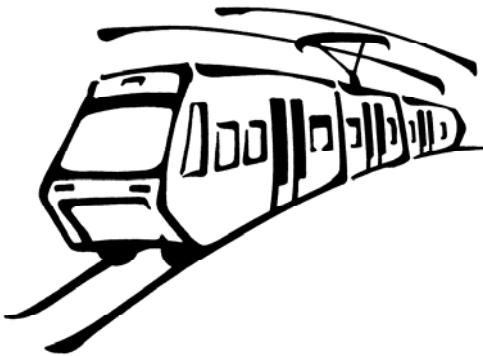
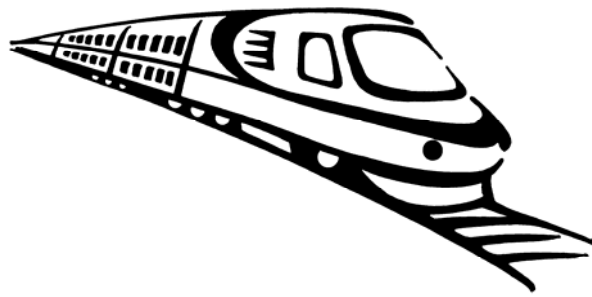
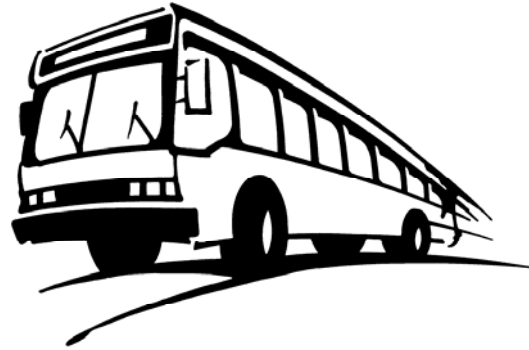




**SOUNDTRANSIT**

Central Puget Sound  
Regional Transit Authority



**Quarterly Financial Report**  
**1st Quarter 2004**  
**May 21, 2004**



**Quarterly Financial Report**  
**1st Quarter 2004**

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May 21, 2004

**TO:** Board of Directors  
**FROM:** Joni Earl, *Chief Executive Officer*  
 Hugh Simpson, *Chief Financial Officer*  
**SUBJECT:** 1st Quarter 2004 Financial Report

## Executive Summary

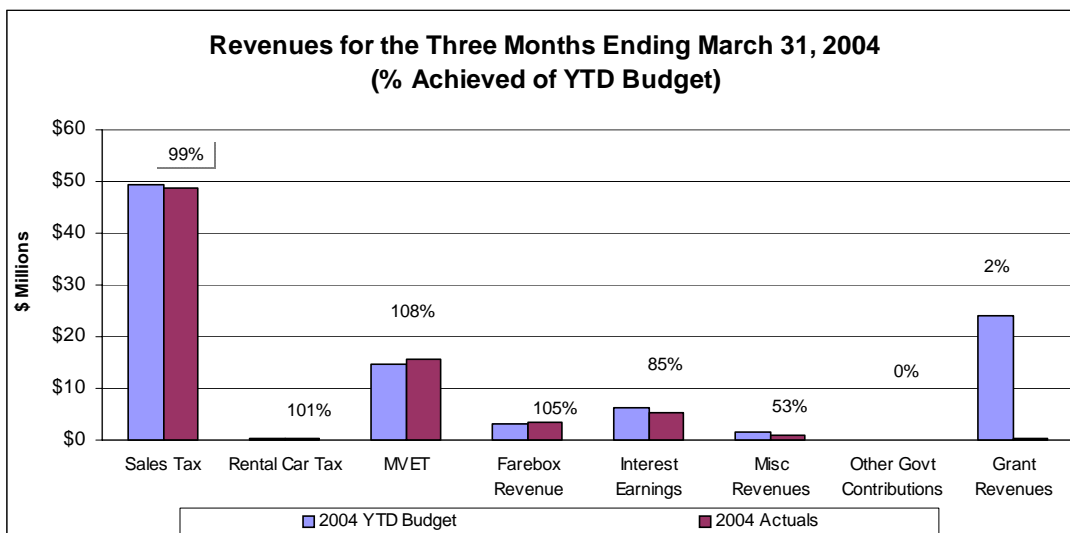
This report summarizes Sound Transit’s 2004 first quarter financial performance for revenues, transit operations, staff operating expenses and capital outlays. The discussion and graphs below summarize the budget and financial results. The report includes detailed financial data, notes assessing the agency’s performance to budget, and summarized subarea information.

The 2004 capital plans shown in this report reflect updated budget information adjusted for project schedule and status information for the Sounder Commuter Rail program, as adopted by the Board during first quarter 2004. Year-to-date (YTD) budgets reflected in this report are based on managers’ forecasts for spending through the year.

### Revenues

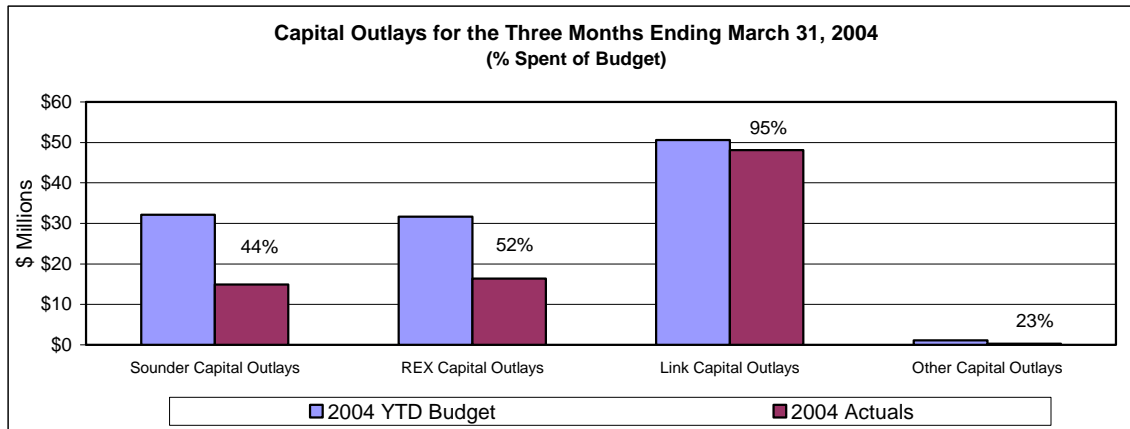
Total agency revenues were under budget by 25% or \$24.6M for the quarter. Budget variances are primarily attributable to grant revenues which came in \$23.6M lower than budget. Tax revenues exceeded budget by \$0.4M, offset by lower investment income and miscellaneous revenues. Grant revenues were below budget due to delays in spending on grant-funded projects, as well as the timing of the receipt and obligation of the Full Funding Grant Agreement (FFGA), and other project-specific grant issues.

Farebox revenues were \$0.1M higher than budget. Combined estimated boardings for Tacoma Link, Sounder and Regional Express were 23.1% or 440K higher than last year. Approximately 42% of the increase in agency boardings occurred in Tacoma Link, which does not generate revenues.



## Capital Outlays

Capital expenditures have continued to increase compared to 2003, with total capital outlays up 87% or \$37.0.M from the first quarter 2003. Total agency capital outlays ended the first quarter at 68% of the YTD budget. Sounder spent 44% of its YTD 2004 budget due in part to lower construction spending in the Seattle-to-Tacoma segment. Regional Express project spending finished the quarter at 52% of its YTD budget. Link spending was at 95% of its YTD budget with higher spending in ROW and construction.

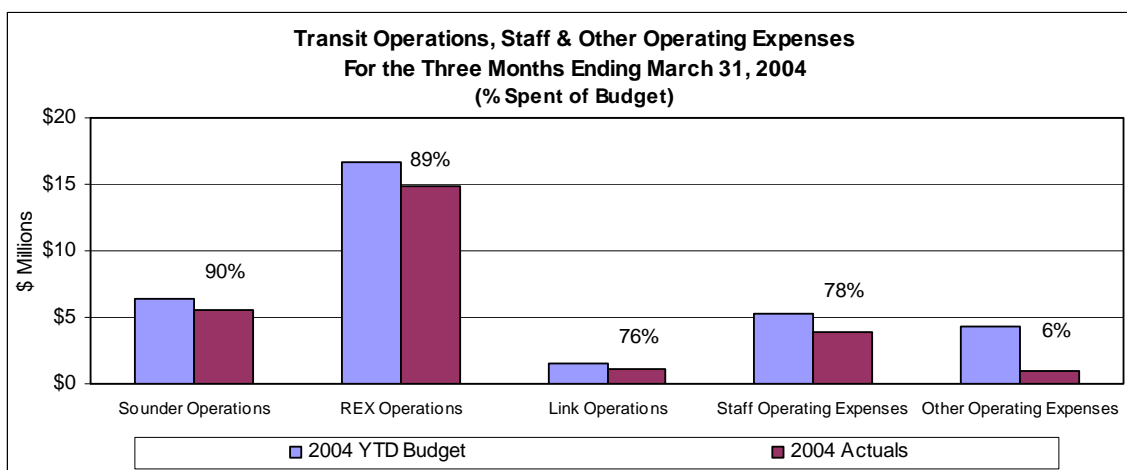


## Expenses

Combined transit-operation expenses were under the quarterly YTD budget by \$2.8M or 12%. Sounder transit operations finished the quarter at 90% of budget, Regional Express at 89% and Link at 76%.

Staff operating expenses finished the quarter at 78% of budget. With capital spending and transit operations expenses trending below quarterly budget expectations, staff expenses remain proportionally lower as well.

Other operating expenses include Regional Fund projects plus debt-service costs. Regional Fund project spending is below budget as the start of many projects was delayed. Debt-service costs are on budget.



## Summary of Net Assets

The table below summarizes assets and liabilities at the end of the first quarter 2004, as well as providing comparative data for the same period a year ago. As project expenditures increase, current assets, specifically cash, decreased and long term assets, such as agency property, vehicles and equipment and capital projects in progress increased.

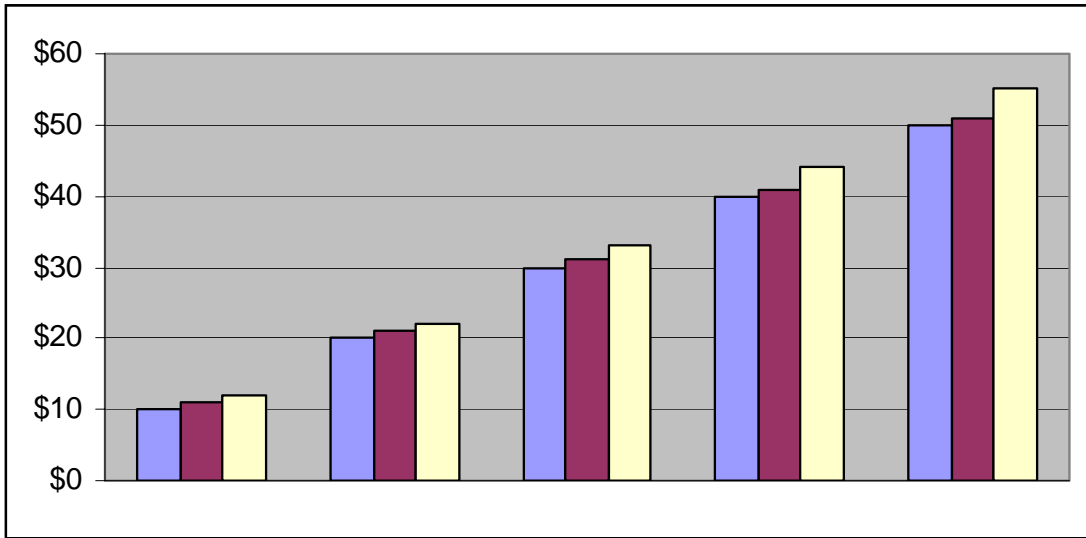
<b>Summary of Net Assets</b> <i>(in millions)</i>			
	<b>As of Mar-04</b>	<b>As of Mar-03</b>	<b>% Change Mar-04 to Mar-03</b>
Current Assets, excluding Restricted Assets	\$ 649.7	\$ 772.5	-15.9%
Restricted Assets	223.4	268.7	-16.9%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	644.9	400.9	60.9%
Capital projects in progress	800.3	625.7	27.9%
Other Non-Current Assets	68.8	66.3	3.8%
<b>Total Assets</b>	<b>\$ 2,387.1</b>	<b>\$ 2,134.1</b>	<b>11.9%</b>
Current Liabilities, excluding Interest Payable from Restricted Assets	51.3	22.4	129.0%
Interest Payable from Restricted Assets	2.9	2.9	0.0%
Long-Term Debt	347.4	347.4	0.0%
Other Long-Term Liabilities	58.7	57.2	2.5%
<b>Total Liabilities</b>	<b>460.2</b>	<b>429.9</b>	<b>7.0%</b>
Net Assets	1,926.9	1,704.2	13.1%
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,387.1</b>	<b>\$ 2,134.1</b>	<b>11.9%</b>
Invested in Capital Assets, Net of Related Debt	1,100.7	671.8	63.8%
Restricted Net Assets	201.6	241.9	-16.7%
Unrestricted Net Assets	624.6	790.5	-21.0%
<b>Total Net Assets</b>	<b>1,926.9</b>	<b>1,704.2</b>	<b>13.1%</b>

## Summary Income Statement

The table below summarizes revenues and expenses for the first quarter 2004. Overall, agency net income ended the first quarter \$14.7M below budget. This variance is made up of a \$24.6M shortfall in total revenues and \$9.9M in lower expenditures. Significant variances from budget include lower grant revenues, offset by lower debt service, transit operations, and Regional Fund spending.

<b>Income Statement</b> <b>For the Three Months Ending March 31, 2004</b> <b>Budget to Actuals</b>					
	<b>Q1 Actuals</b>	<b>YTD Actuals</b>	<b>YTD Budget</b>	<b>YTD Actuals to Budget Favorable/ (Unfavorable)</b>	<b>YTD Actuals as % of YTD Budget</b>
<b>REVENUES</b>					
Tax Revenues	\$64,897,626	\$64,897,626	\$64,459,375	\$438,251	101%
Farebox Revenues	3,333,744	3,333,744	3,186,141	147,603	105%
Investment Income	5,214,405	5,214,405	6,106,295	(891,890)	85%
Other Miscellaneous	812,503	812,503	1,545,690	(733,187)	53%
State & Local Contributions	-	-	-	-	-
Federal Grants	406,973	406,973	24,000,000	(23,593,027)	2%
<b>TOTAL REVENUES</b>	<b>\$74,665,251</b>	<b>\$74,665,251</b>	<b>\$99,297,501</b>	<b>(\$24,632,250)</b>	<b>75%</b>
<b>EXPENSES</b>					
Staff Operating Divisions	\$3,923,808	\$3,923,808	\$5,248,577	\$1,324,770	75%
Debt Service Divisions	47,011	47,011	46,710	(301)	101%
Transit Operations	21,481,199	21,481,199	24,483,847	3,002,649	88%
Regional Fund & Other Operations	177,922	177,922	3,703,542	3,525,620	5%
Community Development Fund	786,852	786,852	606,250	(180,602)	130%
Non-Capitalizable LOB expenses	218,044	218,044	2,474,116	2,256,072	9%
<b>TOTAL EXPENSES</b>	<b>\$26,634,835</b>	<b>\$26,634,835</b>	<b>\$36,563,043</b>	<b>9,928,208</b>	<b>73%</b>
<b>NET INCOME (LOSS)</b>	<b>\$48,030,416</b>	<b>\$48,030,416</b>	<b>\$62,734,458</b>	<b>\$14,704,042</b>	<b>77%</b>

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## FINANCIAL DETAIL

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## Revenue

### Agencywide Revenues

For the Three Months Ending March 31, 2004

Budget to Actuals

	Q1 Actuals	2004 Actuals	YTD 2004 Budget	2004 Actuals over/(under) 2004 Budget	2004 Actuals as % of 2004 Budget
<b>REVENUE SOURCES</b>					
Retail Sales and Use Tax	\$48,709,879	\$48,709,879	\$49,417,771	(\$707,892)	99%
Rental Car Tax	442,790	442,790	439,885	2,905	101%
Motor Vehicle Excise Tax	15,744,957	15,744,957	14,601,719	1,143,238	108%
Farebox Revenue	3,333,744	3,333,744	3,186,141	147,603	105%
Investment Income	5,214,405	5,214,405	6,106,295	(891,890)	85%
Miscellaneous Revenues	812,503	812,503	1,545,690	(733,187)	53%
<b>OTHER FINANCING</b>					
Donation from Other Governments	-	-	-	-	-
Federal Grants	406,973	406,973	24,000,000	(23,593,027)	2%
Bond Proceeds	-	-	-	-	-
<b>TOTAL SOURCES</b>	<b>\$74,665,251</b>	<b>\$74,665,251</b>	<b>\$99,297,501</b>	<b>(\$24,632,250)</b>	<b>75%</b>

### Revenue Notes

**Retail Sales and Use Tax** revenues finished the quarter under budget by \$0.7M or 1.4%. Compared with last year, sales tax collections have increased, up 0.4% or \$1.9M.

**Rental Car Tax** collections finished the quarter slightly above budget. Car rental taxes finished 21.9% below first quarter 2003 tax collections.

**MVET Tax** ended the quarter \$1.1M, or 7.8%, higher than budget. Relative to the same period last year, MVET revenues were up \$0.3M or 2.1%. These increases were driven chiefly by continued strong automobile sales.

**Farebox Revenues** finished the period \$0.1M over budget. Farebox revenues through March 31 are up 21.8% while overall ridership is up 23.1% over last year.

**Investment Earnings** ended the quarter \$0.9M, or 14.6% below budget. The difference is due to lower actual cash balances than were anticipated when the budgeted was developed and the fact that interest rates were up to 50 basis points less than the budget assumption.

**Miscellaneous Revenues** includes advertising on ST Express buses, rental income on Sound Transit properties, and other revenues not included in the above categories. Miscellaneous Revenues finished \$0.7M below budget.

**Federal Grants** completed the quarter \$23.6M below budget. Grant revenues are reimbursements based on expenditures for grant-funded projects. Construction delays, later than anticipated receipt of the FFGA in 2003, delay in obligating the 2004 portion of the FFGA, on-going ADA compliance with Sounder station grants and project land use appeals have led to lower grant revenues. All of the subareas, with the exception of Snohomish County, finished behind budget expectations. It is anticipated the overall annual budget will not be met in 2004, but will be made up in later periods.

## Summary Outlays

### Combined Transit Operations Summary

For the Three Months Ending March 31, 2004

Regional Express, Sounder, & Link

	Q1 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Salaries & Benefits	\$294,189	\$294,189	\$298,142	\$3,953	99%
Services	2,306,362	2,306,362	3,289,391	983,029	70%
Materials & Supplies	249,099	249,099	253,426	4,327	98%
Insurance	416,868	416,868	607,750	190,882	69%
Purchased Transportation Svcs	12,538,070	12,538,070	13,224,299	686,228	95%
Miscellaneous Expenses	27,057	27,057	90,075	63,019	30%
Contingency	0	-	205,023	205,023	0%
Leases & Rentals	4,527	4,527	10,935	6,408	41%
Other Expenses	148,923	148,923	151,365	2,441	98%
Agency Admin Allocations	847,574	847,574	1,545,045	697,470	55%
<b>Subtotal Transit Operations</b>	<b>\$16,832,669</b>	<b>\$16,832,669</b>	<b>\$19,675,450</b>	<b>\$2,842,780</b>	<b>86%</b>
Depreciation & Amortization	4,648,529	4,648,529	4,808,398	159,868	97%
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$21,481,199</b>	<b>\$21,481,199</b>	<b>\$24,483,847</b>	<b>\$3,002,649</b>	<b>88%</b>

### Sound Transit Capital Outlays by Line of Business

For the Three Months Ending March 31, 2004

#### Current Year 2004

	2004 Adopted Capital Plan	YTD Budget	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b-c]	[c/b]
Sounder Commuter Rail	\$226,475,151	\$32,175,359	\$14,952,919	\$17,222,440	46%
Link Light Rail	331,060,521	50,611,616	48,103,280	2,508,335	95%
Regional Express	124,033,176	31,678,789	16,368,907	15,309,882	52%
<b>TOTAL</b>	<b>\$681,568,848</b>	<b>\$114,465,763</b>	<b>\$79,425,106</b>	<b>\$35,040,657</b>	<b>69%</b>

#### Capital Plan 1997 - 2009

	Adopted Capital Plan	Life-to-date Outlays	Remaining Contract	Budget Remaining	% Spent and Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Sounder Commuter Rail	\$1,210,148,004	\$578,771,743	\$19,952,295	\$611,423,965	49%
Link Light Rail	2,407,316,000	509,985,599	313,778,964	1,583,551,438	34%
Regional Express	923,773,420	312,028,042	82,423,016	529,322,362	43%
<b>TOTAL</b>	<b>\$4,541,237,424</b>	<b>\$1,400,785,385</b>	<b>\$416,154,274</b>	<b>\$2,724,297,765</b>	<b>40%</b>

## Sounder – Transit Operations

### Sounder Commuter Rail Transit Operations For the Three Months Ending March 31, 2004

	Q1 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Services	2,032,975	2,032,975	1,971,717	(61,259)	103%
Materials & Supplies	228,219	228,219	173,373	(54,846)	132%
Insurance	350,934	350,934	504,000	153,066	70%
Purchased Transportation Svcs	934,773	934,773	1,206,466	271,693	77%
Miscellaneous Expenses	18,875	18,875	18,000	(875)	105%
Contingency	-	-	163,439	163,439	-
Leases & Rentals	4,527	4,527	10,269	5,742	44%
Other Expenses	63,234	63,234	73,481	10,247	86%
Agency Admin Allocations	255,513	255,513	528,730	273,217	48%
<b>Subtotal Transit Operations</b>	<b>\$3,889,051</b>	<b>\$3,889,051</b>	<b>\$4,649,475</b>	<b>\$760,424</b>	<b>84%</b>
Depreciation & Amortization	1,641,974	1,641,974	1,700,888	58,914	97%
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$5,531,025</b>	<b>\$5,531,025</b>	<b>\$6,350,363</b>	<b>\$819,338</b>	<b>87%</b>

### Sounder Transit Operations Notes

**Ridership** – Sounder Commuter Rail carried 210,929 riders during the first quarter of 2004, compared to 175,833 in the first quarter of 2003, an increase of 20%. Average weekday boardings were at 3,296, up more than 18% over first quarter 2003. Everett service, which was inaugurated in late December 2003, contributed to the increase in ridership. It is anticipated that the new schedule in June will attract more riders as well.

**Services** includes contracts for operations and maintenance services. This category was overspent by 3% for first quarter, mainly due to security and consulting costs coming in higher than anticipated for the first quarter.

**Materials & Supplies** mainly consists of fuel, with a small budget for marketing materials and small equipment. Expenditures for first quarter exceeded the amount planned by \$55K, or 32%. This was largely due to increases in the cost of fuel.

**Insurance** expenditures (including railroad protective/liability) were below the YTD budget through March 2004. Insurance premium payments were less than what was budgeted.

**Purchased Transportation Services** consist mainly of payments to BNSF for train operations, maintenance of right-of-way and related trackage fees. The expenditures through first quarter were lower than planned due to lags in invoicing.

**Miscellaneous Expenses** was overspent by \$865 for the first quarter but is anticipated to finish within target by the end of the year.

**Contingency** consists of funds set aside for unexpected costs. As yet, none of the contingency funds have been needed.

**Leases and Rentals** expenditures are \$6K under the YTD budget and are likely to remain underspent for the year.

**Agency Administration** costs are allocated between capital and operating categories. The amount allocated to transit operations was less than planned for first quarter but is expected to be nearer the budgeted amount by the end of the year.

## Sounder – Capital

### Sounder Commuter Rail - Capital Outlays by Phase

For the Three Months Ending March 31, 2004

#### Current Year 2004

Phase	2004 Adopted Capital Plan	YTD Budget	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b - c]	[c / b]
Yard, Shop, Layover	\$0	\$0	\$ -	\$ -	
Agency Administration	6,164,226	\$1,541,057	1,502,849	38,207	98%
Preliminary Engineering	2,156,942	\$341,899	14,319	327,580	4%
Final Design	3,686,045	\$104,511	57,288	47,223	55%
ROW Acq. & Permits	104,337,095	4,834,274	2,906,266	1,928,008	60%
Construction	103,705,196	\$25,353,618	10,472,197	14,881,421	41%
Vehicles	4,263,579	\$0	-	-	0%
Contingency	2,162,068	-	-	-	
<b>TOTAL</b>	<b>\$226,475,151</b>	<b>\$32,175,359</b>	<b>\$14,952,919</b>	<b>\$17,222,440</b>	<b>46%</b>

#### Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	e	f	[c-(d+e)]	[(d+e)/c]
Yard, Shop, Layover	\$0	\$0	\$0	\$0	
Agency Administration	57,640,320	32,492,840	281,359	24,866,121	57%
Preliminary Engineering	24,235,288	21,016,139	135,669	3,083,480	87%
Final Design	32,742,136	17,341,025	660,063	14,741,048	55%
ROW Acq. & Permits	356,998,985	129,061,563	1,261,032	226,676,390	37%
Construction	565,552,794	245,365,204	17,600,058	302,587,532	46%
Vehicles	143,576,495	133,494,972	14,115	10,067,408	93%
Contingency	29,401,986	-	-	29,401,986	0%
<b>TOTAL</b>	<b>\$1,210,148,004</b>	<b>\$578,771,743</b>	<b>\$19,952,295</b>	<b>\$611,423,965</b>	<b>49%</b>

### Sounder Capital Notes

**Yard, Shop, and Layover** – The maintenance yard budget was previously contained within the four track & facilities projects, but as of the 2004 budget it will be managed and reported as a separate project. The \$10.6 million negative variance shown for 2004 is due to transferring the actual outlays for previous years from this phase to the new Layover project (#140). The capital plan for 1997-2009 shows a life-to-date outlays balance and a contract remaining balance. These balances should be zero and will be moved to phases within the new Layover project as well. These accounting corrections will not change the total capital outlays.

**Agency Administration** – The total administrative costs charged to capital projects are within 2% of the amount budgeted for first quarter 2004.

**Preliminary Engineering** work is substantially completed. There are a few outstanding issues in this phase: Edmonds Station is approaching the 30% design level and preliminary engineering for Mukilteo Lane will be completed during second quarter. This phase contains budget for environmental permitting for the Shoreline Mitigation project (#131) for final closeout of contracts. This phase is currently underspent, but several environmental permit related activities are under way for the Shoreline Mitigation project (#131).

**Final Design** is underspent so far for the year. More than half of the final design budget is in the Tacoma-to-Lakewood Track & Facilities project. Staff is proposing a new design/build approach on this project, which may initially delay spending on final design. This design/build approach is scheduled to be considered by the Board in June 2004. In the Everett-to-Seattle segment, Sound Transit has received approval from the FTA to proceed to final design for the Mukilteo and Edmonds Stations. Final design of the Edmonds Station is scheduled to begin in mid-2004.

**ROW** – Year-to-date expenditures for ROW are at approximately 60% of the planned amount for first quarter. Two major payments to BNSF are scheduled for 3rd and 4th quarters in the amounts of \$6M and \$79M, respectively.

**Construction** outlays are near target at 41% of planned for first quarter and are expected to increase through the end of the year. The majority of the construction work scheduled for completion in 2004 is track and signal improvement work to be performed by BNSF in the Seattle-to-Tacoma segment. Track and signal Phase 1 work is approximately 95% complete and Phase 2 work is about 20% complete, for an overall completion of about 47% as of first quarter 2004.

**Vehicles** – All of the Sounder vehicles have been purchased and paid for. The current-year budget includes a set-aside of \$4.3 million for potential payment of Washington State sales and use tax associated with the vehicle purchases. This tax was not previously paid due to potential exemptions available to Sound Transit under the Amtrak lease / sublease agreements. The tax exemption provided under these agreements is currently under review by the Department of Revenue as part their routine tax audit. This issue should be resolved near the end of 2004.

**Contingency** – The current-year budget contains \$2.2 million of contingency in the event it is needed. Zero has been spent as of first quarter 2004.

## Regional Express – Transit Operations

### Regional Express Transit Operations For the Three Months Ending March 31, 2004

	Q1 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Services	230,867	230,867	1,045,393	814,526	22%
Materials & Supplies	8,585	8,585	53,934	45,349	16%
Insurance	5,800	5,800	-	(5,800)	N/A
Purchased Transportation Svcs	11,603,297	11,603,297	12,017,833	414,535	97%
Miscellaneous Expenses	8,019	8,019	66,075	58,057	12%
Leases & Rentals	-	-	666	666	0%
Other Expenses	76,094	76,094	55,684	(20,410)	137%
Agency Admin Allocations	510,373	510,373	924,161	413,787	55%
<b>Subtotal Transit Operations</b>	<b>\$12,443,036</b>	<b>\$12,443,036</b>	<b>\$14,163,745</b>	<b>\$1,720,709</b>	<b>88%</b>
Depreciation & Amortization	2,365,470	2,365,470	2,464,111	98,640	96%
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$14,808,506</b>	<b>\$14,808,506</b>	<b>\$16,627,856</b>	<b>\$1,819,350</b>	<b>89%</b>

### Regional Express Transit Operations Notes

Staff continues to implement the 2004 SIP which was adopted by the Board late in 2003 and governs transit operations for 2004. Operating costs for first quarter 2004 were at 89% of the YTD budget, versus 86% for the same time period in 2003

**Ridership** during first quarter 2004 increased approximately 13% over the same period 2003.

**Services** are under budget by \$0.8M for the year. Equipment maintenance costs are under budget by approximately \$225K as the low sulfur fuel filter expenditures have yet to occur. Spot improvements are under budget by over \$50K but some expenditures were approved by the Board in the first quarter. Agency marketing costs are under budget by about \$140K. Finally, facilities maintenance costs are under budget by \$77K as Bellevue and Lynnwood Transit Centers have virtually no costs to date.

**Purchased Transportation Services** are costs paid to transit partners for operating and maintaining ST bus services and comprise 85% of the 2004 transit operations budget before depreciation and allocations. Expenditures for 2004 are at 97% of the YTD budget, a variance \$415K. This variance is caused by unused schedule maintenance hours.

## Regional Express – Capital

### Regional Express - Capital Outlays by Phase

For the Three Months Ending March 31, 2004

#### Current Year 2004

Phase	2004 Adopted Capital Plan	YTD Budget	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b - c]	[c/b]
Agency Administration	\$7,047,561	\$1,911,384	\$1,438,900	\$ 472,484	75%
Prelim. Engineering/Environ Review	7,314,860	3,065,203	1,887,728	1,177,475	62%
Final Design	19,904,602	2,549,830	1,153,245	1,396,585	45%
ROW Acq. & Permits	10,234,950	4,659,903	585,744	4,074,159	13%
Construction	59,543,630	19,492,469	11,139,594	8,352,875	57%
Vehicles	19,512,847	-	163,696	(163,696)	0%
Contingency	474,727	-	-	-	0%
<b>TOTAL</b>	<b>\$124,033,176</b>	<b>\$31,678,789</b>	<b>\$16,368,907</b>	<b>\$ 15,309,882</b>	<b>52%</b>

#### Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Agency Administration	\$45,072,010	\$24,008,216	\$138,064	\$20,925,731	54%
Prelim. Engineering/Environ Review	57,969,910	42,387,533	11,115,810	4,466,567	92%
Final Design	47,215,090	21,006,364	8,047,577	18,161,149	62%
ROW Acq. & Permits	58,740,220	37,622,285	645,384	20,472,552	65%
Construction	378,612,340	128,704,137	47,851,675	202,056,528	47%
Vehicles	83,634,300	58,299,507	14,624,507	10,710,286	87%
Contingency	252,529,550	-	-	252,529,550	0%
<b>TOTAL</b>	<b>\$923,773,420</b>	<b>\$312,028,042</b>	<b>\$82,423,016</b>	<b>\$529,322,362</b>	<b>43%</b>

### Regional Express Capital Outlay Notes

**Agency Administration** – A portion of agency administrative costs is allocated between capital and operating and the total administrative costs are within budget. The variances between transit operations and capital are primarily due to schedule delays on capital projects and actual spending levels not meeting the planned annual budget.

**Preliminary Engineering/Environmental Documentation** often includes a lengthy project definition stage given the conceptual nature of many Regional Express capital projects as described in the capital plan. Overall, this phase was below budget with actuals at 62% of the YTD 2004 budget. This phase is impacted by the lack of third-party agreements related to the scope of work, creating variances of underspending on some projects and overspending on others, with the biggest variances occurring in East King County. Board action setting a September 2004 deadline to reach agreement on the scope, schedule and funding for the last one-third of the program is expected to move forward projects which have been stuck in this phase of project development. In Snohomish County, the Mountlake Terrace project also shows underspending of \$0.4M.

**Final Design** activities were delayed as PE/ED phases were slowed in the East King County subarea, leading to lower than budgeted final design expenditures on the following projects: Totem Lake Freeway Station, Willows Arterial and Woodinville Arterial HOV improvements. There was also a variance on the South Everett Transit Center project, and an update on this project status will be brought to the Board in the second quarter. This phase was below spending targets with actuals at 45% of the YTD 2004 budget.

**ROW** acquisition did not progress as expected during the first quarter, as this phase had actuals at 13% of the YTD 2004 budget. Major variances occurred in the Kirkland Transit Enhancements and Totem Lake Freeway Station projects which lagged in the WSDOT ROW approval process. A majority of the ROW variance is due to property acquisitions that have entered condemnation proceedings related to the Sammamish Park-and-Ride project. On the other hand, the Federal Way Direct Access project had \$0.4M of spending that had been scheduled to occur in 2003.

**Construction** spending was at 57% of the YTD 2004 budget. Some construction spending on the Lynnwood Transit Center and Lynnwood Direct Access projects that was budgeted to occur in 2004 actually occurred in 2003, reflecting the progress of those projects ahead of schedule. A \$2.5M underspend on the Issaquah Highlands Park-and-Ride project reflects delays in the completion of an agreement with King County Metro. This is now scheduled to occur in the second quarter of 2004. Outlays reports also reflect a non-cash \$0.5M transfer of previously reported spending into a betterment related to the Lynnwood Transit Center project. The Bellevue HOV Access project is underspent by \$5.2 million during the first quarter; actual bids on this project were significantly lower than the engineer's estimate which was the basis for the budgeted cash flows, and savings should be realized at the completion of the project.

**Contingency** funds were included in the contingency phase of the budget to cover unanticipated project costs.

## Link – Transit Operations

### Link Transit Operations & Other Operating Costs For the Three Months Ending March 31, 2004

	Q1 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Salaries & Benefits	\$ 294,189	\$ 294,189	\$ 298,142	\$ 3,953	99%
Services	42,520	42,520	272,281	229,761	16%
Materials & Supplies	12,294	12,294	26,119	13,825	47%
Insurance	60,133	60,133	103,750	43,617	58%
Purchased Transportation Svcs	-	-	-	-	N/A
Miscellaneous Expenses	163	163	6,000	5,837	3%
Contingency	-	-	41,584	41,584	0%
Leases & Rentals	-	-	-	-	N/A
Other Expenses	9,595	9,595	22,200	12,605	43%
Agency Admin Allocations	81,688	81,688	92,154	10,466	89%
<b>Subtotal Transit Operations</b>	<b>\$500,582</b>	<b>\$500,582</b>	<b>\$862,230</b>	<b>\$361,648</b>	<b>58%</b>
Depreciation & Amortization	641,085	641,085	643,399	2,314	100%
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$1,141,668</b>	<b>\$1,141,668</b>	<b>\$1,505,629</b>	<b>\$363,961</b>	<b>76%</b>

### Link Transit Operations Notes

Tacoma Link transit opened in August 2003, and is fully staffed and operating. Overall expenditures are under plan for the first quarter of 2004. It is anticipated that costs will trend upward when several major equipment purchases are delivered and put into service, and as contract services are fully implemented.

**Salaries & Benefits** expenditures are 99% of plan for the first three months, which reflects fully staffed operations.

**Services** expenditures are less than 20% of the first quarter plan. This is due to delays in invoicing for contracted maintenance services for facility, vehicles, stations trackway.

**Material and Supplies** – In contrast to high front-end costs in 2003 to prepare the maintenance facility for operations, expenditures are less than 50% of the target through this period. (Costs do not yet include the Automatic Passenger Counting system for \$160K, which was issued for bid in March.)

**Insurance** covers property, liability and claim reimbursements. Expenditures are 60% of plan for the first quarter.

**Miscellaneous Expenses** includes incidental operating funds. Just over 3% of the budget was expended during the first quarter.

**Other Expenses** are primarily for electrical utility charges. Expenditures are less than 50% of the YTD budget.

**Agency Allocations** represent the allocated portion of agency staff operating costs, and are reported as 90% of the YTD budget.

## Link – Capital

### Link Light Rail - Capital Outlays by Phase

For the Three Months Ending March 31, 2004

#### Current Year 2004

Phase	2004 Adopted Capital Plan	YTD Budget	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b - c]	[c/b]
Agency Administration	\$35,062,895	\$8,765,724	\$3,828,140	\$ 4,937,584	44%
Preliminary Engineering	13,279,909	817,155	210,942	606,213	26%
Final Design	16,711,518	8,133,063	5,411,906	2,721,157	67%
ROW Acq. & Permits	86,883,000	21,712,000	25,032,294	(3,320,294)	115%
Construction	162,069,765	9,307,849	13,614,404	(4,306,555)	146%
Vehicles	16,950,227	1,798,420	5,595	1,792,825	0%
Testing and Start-Up	103,206	77,405	-	77,405	0%
Contingency	-	-	-	-	0%
<b>TOTAL</b>	<b>\$331,060,521</b>	<b>\$50,611,616</b>	<b>\$48,103,280</b>	<b>\$2,508,335</b>	<b>95%</b>

#### Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Agency Administration	\$258,293,591	\$57,728,422	\$187,217	\$200,377,953	22%
Preliminary Engineering	102,031,907	79,558,017	5,256,804	17,217,086	83%
Final Design	148,377,567	125,963,075	15,530,601	6,883,890	95%
ROW Acq. & Permits	268,732,839	160,320,534	5,283,452	103,128,853	62%
Construction	1,354,513,335	78,859,197	160,707,339	1,114,946,799	18%
Vehicles	146,487,037	7,340,717	126,770,756	12,375,564	92%
Testing and Start-Up	579,725	215,637	42,795	321,293	45%
Contingency	128,300,000	-	-	128,300,000	0%
<b>TOTAL</b>	<b>\$2,407,316,000</b>	<b>\$509,985,599</b>	<b>\$313,778,964</b>	<b>\$1,583,551,438</b>	<b>34%</b>

### Link Capital Outlay Notes

Major construction along the Central Link Initial Segment is taking off in the first quarter of 2004, with work already underway on the E-3 Busway, the Operations & Maintenance Facility, vehicle procurement, and advance utility relocations, and construction contract awards for the Martin Luther King, Jr. Way segment, as well as for construction management and design services during construction. Construction expenditures exceeded the target for the first three months of 2004, and total Central Link expenditures are 95% of the target for this period (15% for the fiscal year). North Link conceptual alternatives analysis continued, supporting the ST Board's projected selection of a preferred route in April and May 2004. Tacoma Link construction is complete, and project close-out is in process.

**Agency Administration** includes project labor, staff support costs, agency costs allocated to projects, and direct charges. Expenditures for this phase are under plan by 50% through the first quarter. A lifetime budget surplus has been identified for this phase of the Initial Segment, and a Board resolution to transfer these funds to the final design phase has been completed.

**Preliminary Engineering** work applies to North Link and Airport Link. The North Link draft supplemental environmental impact statement (SEIS) was completed in September 2003. Although conceptual engineering of alternative routes for North Link continues, expenditures are significantly below plan for the first quarter of 2004. Preliminary engineering for North Link is scheduled to begin after ST Board selection of the preferred route, now expected in May 2004. Engineering on Airport Link is expected to proceed later in the year, upon definition of route options.

**Final Design** expenditures are currently below the YTD plan for the Initial Segment, but will increase significantly with the performance of design support for major construction activities. As previously noted, a lifetime budget transfer to final design from the administration phase has been completed. This will fund general design support services during construction through completion of the Initial Segment.

**ROW Acquisition & Permits** – Sound Transit is on track to complete ROW acquisition for the Initial Segment by late 2004/early 2005. The agency acquired a significant number of parcels for construction in the first three months of 2004, with expenditures reaching 115% of the first quarter budget (29% for the fiscal year).

**Construction** – Full construction on the Initial Segment began in November, and expenditures exceed the target for the first three months of 2004. Work has been underway since late last year on the E-3 Busway (C700), the Operations & Maintenance Facility (C810), Vehicle procurement (P801), and advance utility relocations by Seattle City Light and Puget Sound Energy. In the first quarter of 2004, new contracts were awarded for Martin Luther King, Jr. Way (C735) in mid-February, Pine Street Duct Bank and Vaults (C530) in early March, as well as for construction management (C710, C510, and P801), and design services during construction.

**Vehicles** – The Central Link vehicle contract was awarded in December 2003. Expenditures are 11% under plan for the first quarter, as no expenditures were reported. Link estimates to make payments totaling \$16.9 million in 2004.

**Testing and Start-Up** is complete for Tacoma Link; however selected invoices are still outstanding for 2004. The total project cost is projected to be approximately \$1.4 million under budget.

## Staff Operating Expenses

### Agency Summary by Department

Staff Operating Departments - Before Expense Transfers & Transfers to Other Govts  
For the Three Months Ending March 31, 2004  
Budget to Actuals

	Q1 Actuals	2004 Actuals	YTD 2004 Budget	2004 Actuals (over)/under 2004 Budget	2004 Actuals as % of 2004 Budget
Executive Department	\$563,912	\$563,912	\$1,143,499	\$579,587	49%
Board Administration	122,835	122,835	163,437	40,602	75%
Legal Services	565,008	565,008	507,632	(57,376)	111%
Administrative Services	1,691,494	1,691,494	2,088,198	396,704	81%
Communications	1,111,031	1,111,031	1,344,423	233,392	83%
Finance & Information Technology	2,032,015	2,032,015	2,390,619	358,604	85%
Sounder	689,040	689,040	770,586	81,546	89%
Link	1,911,205	1,911,205	2,221,500	310,295	86%
Regional Express	930,360	930,360	1,061,814	131,454	88%
Non-Dept	1,250,498	1,250,498	1,396,937	146,439	90%
<b>TOTAL</b>	<b>\$10,867,398</b>	<b>\$10,867,398</b>	<b>\$13,088,645</b>	<b>\$2,221,247</b>	<b>83%</b>

### Staff Operating & Other Expenses

For the Three Months Ending March 31, 2004  
Budget to Actuals

	Q1 Actuals	2004 Actuals	YTD 2004 Budget	2004 Actuals (over)/under 2004 Budget	2004 Actuals as % of 2004 Budget
Salaries & Benefits	7,637,428.32	\$7,637,428	\$8,431,966	\$794,538	91%
Services	1,196,611.24	1,196,611	2,255,989	1,059,378	53%
Materials & Supplies	310,758.40	310,758	249,475	(61,283)	125%
Miscellaneous Expenses	177,272.97	177,273	396,611	219,338	45%
Leases & Rentals	539,272.03	539,272	599,418	60,146	90%
Other Expenses	303,667.45	303,667	409,095	105,428	74%
Depreciation	702,387.34	702,387	746,091	43,704	94%
<b>Gross Staff Operating Expenses</b>	<b>\$10,867,398</b>	<b>\$10,867,398</b>	<b>\$13,088,645</b>	<b>\$2,221,247</b>	<b>83%</b>
Expense Transfers	(6,943,590)	(6,943,590)	(7,840,068)	(896,477)	89%
Donation to Other Governments	-	0	-	0	100%
<b>Net Staff Operating Expenses</b>	<b>\$3,923,808</b>	<b>\$3,923,808</b>	<b>\$5,248,577</b>	<b>\$1,324,770</b>	<b>75%</b>
<b>Other Expenses</b>					
Transit-Oriented Development	675	675	75,000	74,325	1%
Community Development Fund	786,850	786,850	606,250	(180,600)	130%
Planning & Development	177,247	177,247	3,628,542	3,451,295	5%
Debt Service Costs	47,011	47,011	46,710	(301)	101%
<b>Total Other Expenses</b>	<b>\$1,011,783</b>	<b>\$1,011,783</b>	<b>\$4,356,502</b>	<b>\$3,344,719</b>	<b>23%</b>
<b>Grand Total Operating Expenses</b>	<b>\$4,935,590</b>	<b>\$4,935,590</b>	<b>\$9,605,079</b>	<b>\$4,669,489</b>	<b>51%</b>

## Staff Operating Notes

**Salaries & Benefits** finished the quarter \$0.8M under budget. The actual headcount at the end of March is 341, below the 374.35 FTEs budgeted.

**Services** finished \$1.2M under budget for the quarter. General consulting services, computer system technical support, printing, market research, agency-wide training, and contract maintenance services all were not utilized to the extent budgeted.

**Materials & Supplies** expenditures were \$0.1M over budget on higher than expected office supplies, small equipment and computer equipment expenses.

**Miscellaneous Expenses** ended the quarter \$0.8M under budget.

**Other Expenses** include insurance, utilities, and taxes. This category completed the quarter \$0.1M below budget.

**Expense Transfers** represent the allocated overhead dollars that are transferred to both capital and operating projects. Transfers were \$0.9M lower than expected as a result of overall lower expenditures in the staff operating departments.

## Other Operating Costs Notes

**Transit-Oriented Development** consists of real estate pre-development services including architectural, marketing feasibility cost estimating, partnering, station-area planning, plus regulatory drafting services. There has been little activity to date.

**Debt Service Costs** includes bond interest expense not capitalized to capital projects, as well as amortization costs of bond issuance charges, and fiscal agent fees.

**Planning & Development** mainly includes operational spending for Fare Integration, Research & Technology and Phase 2 planning. To-date spending is at 5% of the YTD budget. Spending will increase dramatically over the next three quarters as On Board Survey consultants are hired, Phase 2 consultant activity expands as planned and other projects are started.

# Subarea First Quarter Summaries

## Subarea Revenue Summary

Millions YOES

2004 Tax Revenues	Snohomish	North King	South King	East King	Pierce	Total
March YTD Budget	7.9	16.9	11.7	16.8	11.1	64.5
March YTD Actual	8.0	16.8	11.7	17.0	11.4	64.9
\$ Variance	0.0	(0.1)	(0.0)	0.2	0.3	0.4
% Variance	2.1%	-0.6%	-0.2%	1.3%	3.0%	0.7%
2004 Farebox Revenues						
March YTD Budget	0.5	-	0.3	1.5	0.9	3.2
March YTD Actual	0.4	-	0.4	1.5	1.0	3.3
\$ Variance	(0.0)	-	0.1	0.0	0.1	0.1
% Variance	-8.5%	100.0%	32.0%	0.9%	8.7%	4.6%
2004 Grant Revenues						
March YTD Budget	-	13.5	6.9	1.4	1.9	23.7
March YTD Actual	0.1	-	0.0	0.0	0.3	0.4
\$ Variance	0.1	(13.5)	(6.9)	(1.3)	(1.6)	(23.3)
% Variance	100.0%	100.0%	-99.5%	-96.7%	-85.6%	-98.3%

## Subarea Operating Expense & Capital Outlay Summary

Millions YOES

2004 Transit Operating Expenses	Snohomish	North King	South King	East King	Pierce	Total
March YTD Budget	3.0	-	3.5	6.8	6.4	19.7
March YTD Actual	1.9	-	3.3	6.3	5.3	16.8
Percent Spent	61.7%	-	93.9%	93.6%	83.8%	85.6%
2004 Capital Outlays						
March YTD Budget	15.4	35.7	21.8	30.3	10.4	113.6
March YTD Actual	5.3	42.6	13.3	10.7	7.6	79.4
Percent Spent	34.6%	119.3%	60.8%	35.3%	73.0%	70.0%
Lifetime Capital Outlays						
March Lifetime Budget	557.6	1,684.9	1,127.1	588.9	615.4	4,574.0
March Life-to-Date Actual	235.0	396.0	334.4	144.0	321.5	1,431.0
Outstanding Contracts	19.4	248.8	79.4	60.9	13.2	421.6
Percent Spent or Committed	45.6%	38.3%	36.7%	34.8%	54.4%	40.5%

## Subarea Net Asset Summary

Millions YOES

	Snohomish	North King	South King	East King	Pierce	Total
Invested Capital Assets	155.8	288.6	231.8	153.3	237.2	1,066.8
Restricted	-	9.2	88.2	-	73.3	170.8
Unrestricted	43.7	252.6	68.0	221.9	(37.6)	548.5
<b>Total Net Assets</b>	<b>199.5</b>	<b>550.4</b>	<b>388.0</b>	<b>375.2</b>	<b>272.9</b>	<b>1,786.1</b>