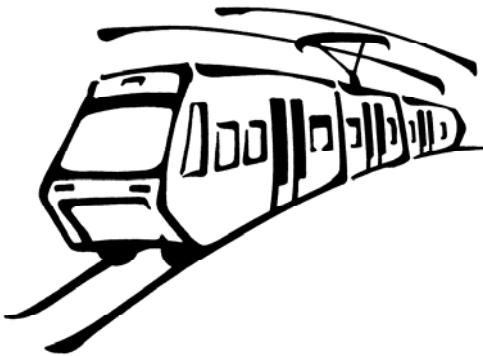
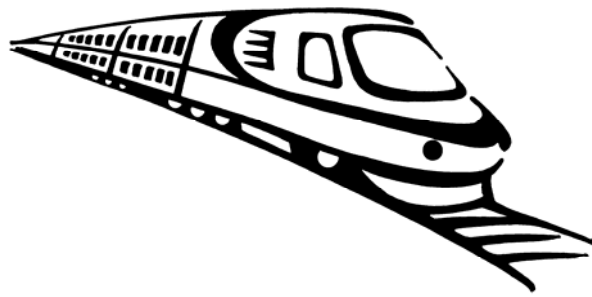
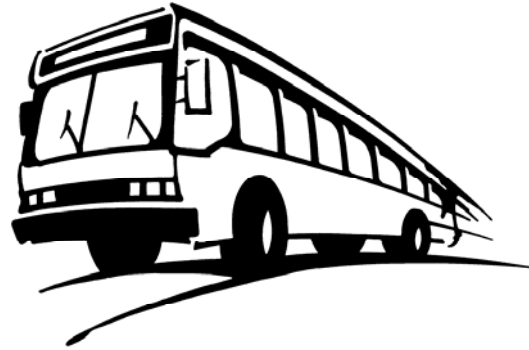




SOUNDTRANSIT

Central Puget Sound
Regional Transit Authority

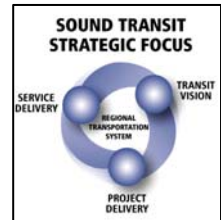


Quarterly Financial Report
3rd Quarter 2004
September 30, 2004

**Quarterly Financial Report
Third Quarter 2004**

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
REVENUES	2
EXPENSES	2
CAPITAL OUTLAYS	3
SUMMARY OF NET ASSETS	4
SUMMARY INCOME STATEMENT	5
REVENUE	6
REVENUE NOTES	6
SUMMARY OUTLAYS	7
TRANSPORTATION SERVICES	8
SOUNDER TRANSPORTATION SERVICES	8
SOUNDER TRANSPORTATION SERVICES NOTES	8
REGIONAL EXPRESS TRANSPORTATION SERVICES	9
REGIONAL EXPRESS TRANSPORTATION SERVICES NOTES	9
LINK TRANSPORTATION SERVICES	10
LINK TRANSPORTATION SERVICES NOTES	10
CAPITAL	12
SOUNDER CAPITAL	12
SOUNDER CAPITAL NOTES	12
REGIONAL EXPRESS CAPITAL	14
REGIONAL EXPRESS CAPITAL OUTLAY NOTES	14
LINK CAPITAL	16
LINK CAPITAL OUTLAY NOTES	16
AGENCY ADMINISTRATION EXPENSES	18
STAFF OPERATING NOTES	19
OTHER OPERATING COSTS NOTES	19
SUBAREA THIRD QUARTER SUMMARIES	20



December 1, 2004

TO: Board of Directors
FROM: Joni Earl, *Chief Executive Officer*
Hugh Simpson, *Chief Financial Officer*
SUBJECT: 3rd Quarter 2004 Financial Report

Executive Summary

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

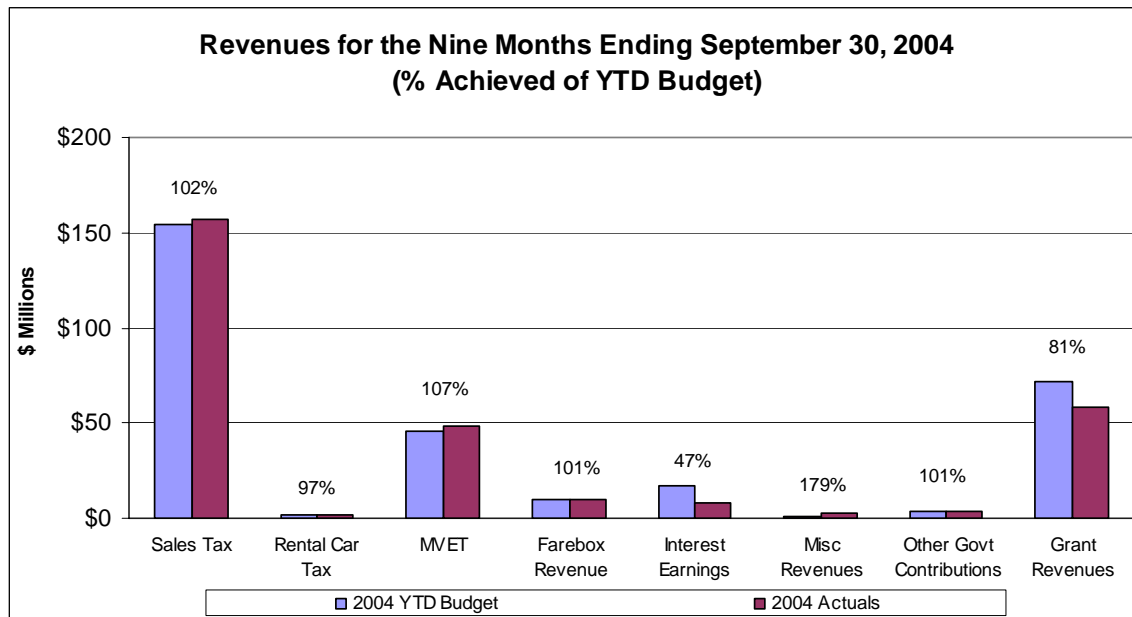
The 2004 capital plans shown in this report reflect updated budget information adjusted for project schedule and status information for the Sounder commuter rail program, as adopted by the Board during third quarter 2004. Year-to-date (YTD) budgets reflected in this report are based on managers' forecasts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

The Executive Director reorganized the agency in May 2004 to increase its focus in each of the agency's three main priorities: passenger operations, capital projects and long-range transit planning. Passenger operations for Link light rail, Sounder commuter rail and Regional Express bus are managed by the Transportation Services Department. Major capital projects are organized within two departments: Link light rail and Regional Express/Sounder Capital projects. Long-range regional transit planning is managed by the Office of Policy and Planning within the Executive Department. The remainder of the agency's departments (Legal, Project Delivery Support Services, Finance and Information Technology, Board Administration, The Office of Corporate and Strategic Communications) support the three core activities.

Revenues

Total YTD agency revenues were under YTD budget by \$15.6M or 5%. Grant revenues are the primary revenue budget variance at \$13.6M below budget. Total YTD agency revenues were under YTD budget by \$15.7M or 5% primarily due to lower federal grant contributions which were \$13.6M below budget. In the third quarter, federal grant contributions increased by \$38.3M, however, are still below budget year to date related to slower capital outlay spending for the Initial Segment, which lags the year to date budget by 25%, and slower spending in the construction of the Federal Way Transit Center. Federal grant contributions are expected to be lower than budget for the year; however, this is a matter of timing of when grant funds are obligated and spending is incurred. Overall federal grant contributions are in line with lifetime budget expectations. Third quarter tax revenues exceeded budget by \$6.1M, which were more than offset by lower earnings from investment income.

Farebox revenues were 101.1% of YTD budget at the end of the third quarter. Average weekday boardings were 36,069, versus 31,586 for the third quarter in 2003, an increase of 4,483 per day or 14%. Of that amount, 2,511 or 7% was due to Tacoma Link, which is a non-revenue-generating service that began operations in the third quarter last year. Revenue-generating ridership is up 15%, comparing third quarter 2004 with third quarter 2003.

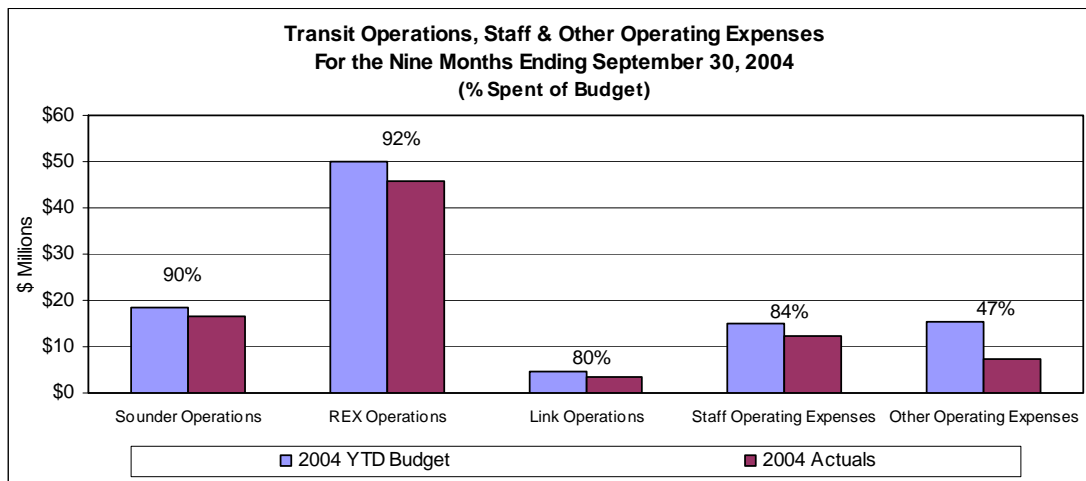


Expenses

Combined transit-operation expenses were under YTD budget by \$7.0M or 10%. Sounder transit operations finished the quarter at 90% of YTD budget, Regional Express at 92% and Link at 80%.

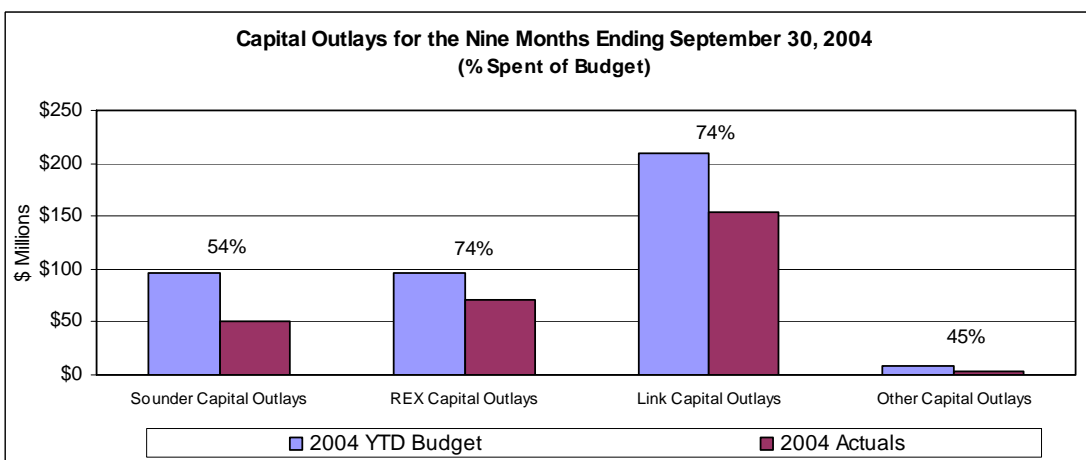
Staff operating expenses finished the quarter at 88% of YTD budget. This is primarily due to the staff headcount running at 336, 337 and 341 through the first three quarters of the year, respectively, verses the 374.35 FTEs budgeted.

Other operating expenses include Regional Fund projects and Debt-Service costs. Regional Fund project spending is below budget as the estimate for the financial impact of fare transfers for Fare Integration have been less than expected, and the Phase 2 Planning project has experienced delays due to the emergence of a potential ballot with the RTID. Debt-service costs are on budget.



Capital Outlays

The rate of spending on capital expenditures has continued to increase compared to 2003, with total YTD capital outlays up \$78.5M, or 41%, from outlays through the third quarter of 2003. Total agency capital outlays ended the third quarter at 69% of YTD budget. Sounder spent 54% of YTD budget due in part to lower than anticipated construction spending in the Seattle-to-Tacoma segment. Regional Express project spending finished the quarter at 74% of YTD budget, primarily due to delays in entering final design as well as construction costs coming in under budget. Link spending was at 74% of YTD budget due primarily to the delayed award of the Martin Luther King, Jr. Way contract and a revised payment plan for the vehicle contract. There is no change in the overall schedule for the Initial Segment.



Summary of Net Assets

The table below summarizes assets and liabilities at the end of the third quarter 2004 and provides comparative data for the same period last year. As project expenditures increase, Current Assets, specifically cash and restricted assets, decrease. Long-term assets, such as agency Property, Vehicles and Equipment, and Capital Projects in Progress increase.

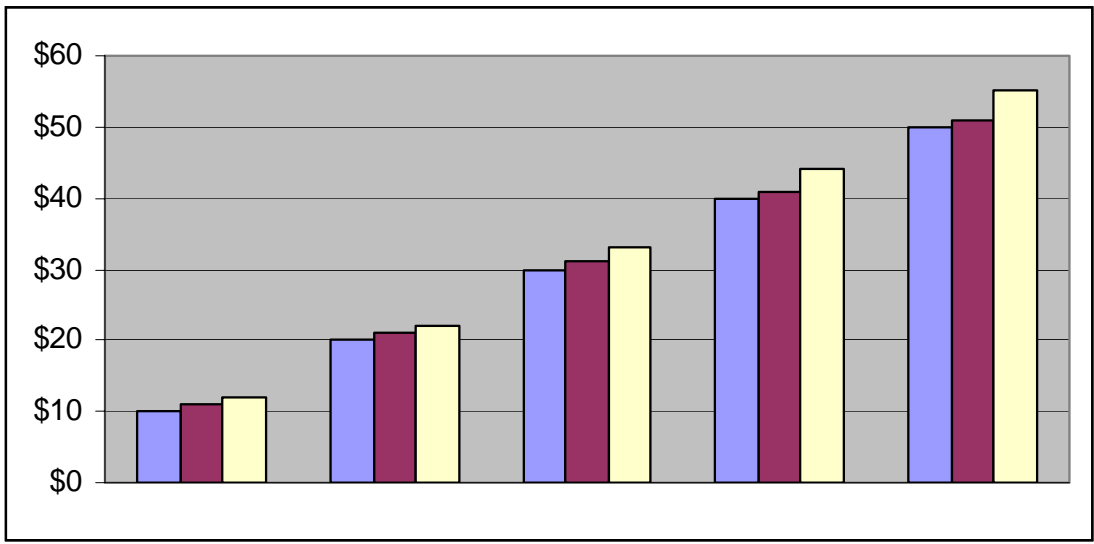
Summary of Net Assets			
<i>(in millions)</i>			
	As of Sept-04	As of Sept-03	% Change Sept-04 to Sept-03
Current Assets, excluding Restricted Assets	\$ 645.4	\$ 736.1	-12%
Restricted Assets	199.9	264.8	-25%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	693.7	518.3	34%
Capital Projects in Progress	804.2	696.7	15%
Other Non-Current Assets	70.1	65.2	7%
Total Assets	\$ 2,413.3	\$ 2,281.1	6%
Current Liabilities, excluding Interest Payable from Restricted Assets	66.0	54.6	21%
Interest Payable from Restricted Assets	2.9	2.9	0%
Long-Term Debt	347.3	347.4	0%
Other Long-Term Liabilities	64.9	58.0	12%
Total Liabilities	481.1	462.8	4%
Net Assets	1,932.2	1,818.3	6%
Total Liabilities and Net Assets	\$ 2,413.3	\$ 2,281.1	6%
Invested in Capital Assets, Net of Related Debt	1,300.8	867.6	50%
Restricted Net Assets	178.2	245.7	-27%
Unrestricted Net Assets	603.6	705.1	-14%
Total Net Assets	\$ 2,082.6	\$ 1,818.3	15%

Summary Income Statement

The table below summarizes revenues and expenses for the third quarter 2004. Agency net income was comparable to budget with a variance to date of \$2.2M or 1%. This variance is made up of a \$15.6M shortfall in total revenues and is offset by \$17.8M in lower expenditures.

Income Statement							
For the Nine Months Ending September 30, 2004							
Budget to Actuals							
	Q1	Q2	Q3	YTD	YTD	YTD Actuals	YTD Actuals
	Actuals	Actuals	Actuals	Actuals	Budget	to Budget	as % of
						Favorable/ (Unfavorable)	YTD Budget
REVENUES							
Tax Revenues	\$64,897,626	\$69,631,619	\$72,976,361	\$207,505,605	201,389,438	\$6,116,167	103%
Farebox Revenues	3,333,744	3,018,889	3,306,381	9,659,013	9,558,423	100,590	101%
Investment Income	5,214,405	4,114,819	(1,250,917)	8,078,307	17,311,119	(9,232,812)	47%
Other Miscellaneous	812,503	792,168	651,385	2,256,056	1,262,070	993,986	179%
State & Local Contributions	47,807	(7,280)	3,358,995	3,399,522	3,375,000	24,522	-
Federal Grants	359,166	19,815,794	38,229,478	58,404,438	72,000,000	(13,595,562)	81%
TOTAL REVENUES	\$74,665,251	\$97,366,009	\$117,271,682	\$289,302,942	\$304,896,050	(\$15,593,108)	95%
EXPENSES							
Staff Operating Divisions	\$3,923,808	\$4,248,701	\$4,238,912	\$12,411,420	\$14,819,321	\$2,407,901	84%
Transit Operations	21,481,199	21,513,763	22,857,051	65,852,012	72,909,157	7,057,145	90%
Regional Fund & Other Operations	174,733	1,915,174	1,599,053	3,688,961	11,214,375	7,525,414	33%
Community Development Fund	786,852	1,151,911	974,941	2,913,704	2,356,125	(557,579)	124%
Debt Service	47,011	46,709	46,709	140,428	140,130	(298)	100%
Non-Capitalizable LOB expenses	218,044	184,029	101,219	503,292	1,854,000	1,350,708	27%
TOTAL EXPENSES	\$26,631,646	\$29,060,286	\$29,817,885	\$85,509,817	\$103,293,108	\$17,783,291	83%
NET INCOME (LOSS)	\$48,033,605	\$68,305,722	\$87,453,797	\$203,793,125	\$201,602,942	\$2,190,183	101%

This page intentionally left blank.



FINANCIAL DETAIL

This page intentionally left blank.

Revenue

Agencywide Revenues

For the Nine Months Ending September 30, 2004

Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2004 Actuals	YTD 2004 Budget	2004 Actuals over/(under) 2004 Budget	2004 Actuals as % of 2004 Budget
REVENUE SOURCES							
Retail Sales and Use Tax	48,709,879	53,154,440	55,369,416	157,233,735	154,058,867	3,174,868	102%
Rental Car Tax	442,790	508,161	810,468	1,761,419	1,810,010	(48,591)	97%
Motor Vehicle Excise Tax	15,744,957	15,969,017	16,796,477	48,510,451	45,520,561	2,989,890	107%
Farebox Revenue	3,333,744	3,018,889	3,306,381	9,659,013	9,558,423	100,590	101%
Investment Income	5,214,405	4,114,819	(1,250,917)	8,078,307	17,311,119	(9,232,812)	47%
Miscellaneous Revenues	812,503	792,168	651,385	2,256,056	1,262,070	993,986	179%
OTHER FINANCING							
Local & State Contributions	47,807	(7,280)	3,358,995	3,399,522	3,375,000	24,522	101%
Federal Grants	359,166	19,815,794	38,229,478	58,404,438	72,000,000	(13,595,562)	81%
TOTAL SOURCES	\$ 74,665,251	\$ 97,366,009	\$ 117,271,682	\$ 289,302,942	\$ 304,896,050	\$ (15,593,108)	95%

Revenue Notes

Retail Sales and Use Tax is over the YTD budget by \$3.2M or 2%. Sales tax collections increased by \$5M or 3.4% compared to the same period in 2003.

Rental Car Tax is under the YTD budget by \$20K or 2.1%; however, rental car tax collections increased by \$52K or 3% compared to the same period in 2003.

MVET Tax is over the YTD budget by \$2.9M or 7%. MVET revenues increased by \$1M or 2.2% compared to the same period in 2003. These increases are due to continued strength in automobile sales, driven by sales incentives.

Farebox Revenues are comparable to the YTD budget, up \$100K or 1%. Farebox revenues through the first three quarters of 2004 are \$1.1M, or 12%, higher than the first three quarters of 2003.

Investment Earnings are under the YTD budget by \$9.3M or 54%. Investment earnings were adversely affected by lower market values for securities, which accounted for approximately \$4.5M of this budget under-run. This category is \$9.6M, or 54%, lower through the first three quarters of 2004 than the first three quarters of 2003. A negative variance is anticipated for the year.

Miscellaneous Revenues are under YTD budget by \$6.9M or 75%. Included in this category are advertising on Regional Express buses and rental property income. These revenues are \$1M, or 31%, lower through the first three quarters of 2004 than the same three-quarter period in 2003.

Federal Grants were under the YTD budget by \$13.6M, or 19%. Federal grants increased by \$38.1M, or 88%, compared to the first three quarters of 2003. Grant revenues are reimbursements based on expenditures for grant-funded projects. Lower grant revenues mainly relate to the Link FFGA as spending is currently tracking below budget. All 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 Nine Months Ending September 30, 2004

Regional Express, Sounder, & Link

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Revenues							
Passenger Fares	3,333,744	3,018,889	3,306,381	9,659,014	9,558,423	100,591	101%
Other Operating Revenues	527,578	517,605	521,861	1,567,044	1,262,070	304,974	124%
Total Operating Revenues	3,861,322	3,536,494	3,828,242	11,226,058	10,820,493	405,565	104%
Operating Expenses							
Salaries & Benefits	294,189	290,563	309,709	894,461	894,420	(41)	100%
Services	2,306,362	2,366,779	1,825,608	6,498,749	9,942,232	3,443,483	65%
Materials & Supplies	249,099	268,452	378,769	896,320	789,219	(107,101)	114%
Insurance	416,868	402,586	410,631	1,230,085	1,823,256	593,171	67%
Purchased Transportation Svcs	12,538,070	12,007,348	12,762,576	37,307,995	38,996,721	1,688,726	96%
Miscellaneous Expenses	27,057	363,900	327,357	718,314	847,512	129,198	85%
Leases & Rentals	4,527	5,849	15,882	26,258	32,679	6,421	80%
Other Expenses	148,923	154,510	155,115	458,548	519,201	60,653	88%
Total Operating Expenses	\$ 15,985,095	\$ 15,859,987	\$ 16,185,647	\$ 48,030,729	\$ 53,845,240	\$ 5,814,511	89%
Income (Loss) from Operations	\$ (12,123,773)	\$ (12,323,493)	\$ (12,357,405)	\$ (36,804,671)	\$ (43,024,747)	\$ 6,220,076	86%
Agency Admin Allocations	847,574	996,683	1,966,954	3,811,211	4,638,726	827,515	82%
Contingency	-	-	-	-	-	-	-
Depreciation & Amortization	4,648,529	4,657,093	4,704,449	14,010,072	14,425,191	415,119	97%
Net Income (Loss) from Operations	\$ (17,619,877)	\$ (17,977,269)	\$ (19,028,809)	\$ (54,625,954)	\$ (62,088,664)	\$ 7,462,710	88%
Ridership							
Boardings	2,346,084	2,528,595	2,620,634	7,495,313	7,895,002	399,689	95%
Average Weekday Boardings	32,624	35,208	35,969	34,600	N/A	N/A	N/A

Sound Transit Capital Outlays by Line of Business

For the Nine Months Ending September 30, 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	95,610,608	51,345,332	44,265,276	54%
Link Light Rail	331,060,521	209,985,576	154,402,122	55,583,454	74%
Regional Express	123,731,176	95,984,842	70,817,849	25,166,993	74%
TOTAL	\$681,266,848	\$401,581,026	\$276,565,303	\$125,015,723	69%

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	617,160,325	129,056,326	463,931,353	62%
Link Light Rail	2,407,316,000	641,860,688	797,029,446	968,425,866	60%
Regional Express	923,451,446	366,477,456	78,833,144	478,140,845	48%
TOTAL	\$4,540,915,450	\$1,625,498,469	\$1,004,918,916	\$1,910,498,065	58%

Transportation Services

Sounder Transportation Services

Sounder Commuter Rail Transit Operations For the Nine Months Ending September 30, 2004

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2004 Actuals	YTD 2004 Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Revenues							
Passenger Fares	510,450	514,133	553,267	1,577,850	1,666,260	88,410	95%
Other Operating Revenues	421,725	421,757	421,788	1,265,270	1,013,067	(252,203)	125%
Total Operating Revenues	932,175	935,890	975,055	2,843,120	2,679,327	(163,793)	106%
Operating Expenses							
Salaries & Benefits	-	-	-	-	-	-	-
Services	2,032,975	1,909,677	1,089,690	5,032,342	5,911,392	879,050	85%
Materials & Supplies	228,219	216,873	233,737	678,828	548,937	(129,891)	124%
Insurance	350,934	330,257	344,178	1,025,369	1,512,000	486,631	68%
Purchased Transportation Svcs	934,773	1,208,367	1,063,628	3,206,768	2,943,216	(263,552)	109%
Miscellaneous Expenses	18,875	333,434	150,473	502,782	534,096	31,314	94%
Leases & Rentals	4,527	5,849	15,882	26,258	30,807	4,549	85%
Other Expenses	63,234	64,357	56,903	184,494	281,070	96,576	66%
Total Operating Expenses	\$ 3,633,538	\$ 4,068,812	\$ 2,954,490	\$ 10,656,840	\$ 11,761,518	\$ 1,104,678	91%
Income (Loss) from Operations	\$ (2,701,363)	\$ (3,132,922)	\$ (1,979,435)	\$ (7,813,720)	\$ (9,082,191)	\$ (1,268,471)	86%
Agency Admin Allocations	255,513	317,437	377,237	950,187	1,589,778	639,591	60%
Contingency	-	-	-	-	-	-	-
Depreciation & Amortization	1,641,974	1,649,055	1,648,280	4,939,309	5,102,667	163,358	97%
Net Income (Loss) from Operations	\$ (4,598,851)	\$ (5,099,414)	\$ (4,004,951)	\$ (13,703,216)	\$ (15,774,636)	\$ (2,071,420)	87%
Ridership							
Boardings	210,929	229,649	248,015	688,593	688,991	398	100%
Average Weekday Boardings	3,296	3,389	3,433	3,373	3,436	63	98%

Sounder Transportation Services Notes

YTD operating costs before agency allocations and depreciation for the third quarter were 91% of the 2004 budget, compared to 93% for the second quarter. The largest variances are in Services, Insurance, Materials & Supplies and Purchased Transportation and are discussed below.

Revenues and Ridership: Passenger Fares were under YTD budget by \$88K or 5%. Fares for the third quarter were up by \$39K or 8% from the second quarter of the year. Compared to the third quarter of last year YTD fares are up by \$216k or 16%. Ridership is trending in line with the budget. Boardings for the third quarter are up by 18K or 8% from the second quarter of the year. Compared to the third quarter of last year, YTD boardings are up by 55K or 28%. Non-transportation revenue, the revenue associated with the leasing of Sounder vehicles to other jurisdictions, has already exceeded the full-year budget by \$252k, though it is down 12% from the same period last year.

Services were at 85% of YTD budget, under the YTD budget amount by \$879K. Spending on security services has already exceeded the full-year budget due to the heightened protective measures put in place caused by the changing international security environment. Increased security spending is offset by underspending on vehicle maintenance and lower marketing costs being charged to the marketing services accounts.

Materials & Supplies were over YTD budget by \$130K or 24%. Expenditures continue to exceed the amount budgeted due to increases in the cost of fuel. The percentage variance is consistent with the prior quarter. This item will be over budget at year end.

Insurance was under YTD budget by \$487K or 32%. Premium payments are less than expected so far for the year and are expected to remain under budget. This category includes railroad protective/liability and rolling stock coverage.

Purchased Transportation Services were over YTD budget by \$264K or 9%. This account mainly consists of payments to BNSF for train operations, maintenance of right-of-way and related trackage fees. It is over budget mainly due to maintenance costs for the Reservation-to-Freighthouse Square track, which was unanticipated.

Leases and Rentals were under YTD budget by \$5K or 40%. Expenditures related to rail crew quiet room use which will increase during the latter half of the year and will bring the annual figure closer to the target.

Other Expenses were under YTD budget by \$97K or 34%. Utility costs continue to trend under budgeted amounts due primarily to savings on telephone and internet service at stations.

Agency Administration Allocations were under budget by \$640k, or 40%. The amount allocated to Sounder transit operations was less than budgeted through third quarter but is trending closer to the YTD budget number. Still this account is expected to be under budget at year end.

Regional Express Transportation Services

Regional Express Transit Operations For the Nine Months Ending September 30, 2004

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2004 Actuals	YTD 2004 Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Revenues							
Passenger Fares	2,823,294	2,504,756	2,753,114	8,081,164	7,892,163	(189,001)	102%
Other Operating Revenues	105,853	95,848	100,073	301,774	249,003	(52,771)	121%
Total Operating Revenues	\$ 2,929,147	\$ 2,600,604	\$ 2,853,187	\$ 8,382,938	\$ 8,141,166	\$ (241,772)	103%
Operating Expenses							
Services	230,867	410,099	472,154	1,113,119	3,173,561	2,060,442	35%
Materials & Supplies	8,585	37,849	126,291	172,725	161,928	(10,797)	107%
Insurance	5,800	5,801	5,148	16,749	-	(16,749)	-
Purchased Transportation Svcs	11,603,297	10,798,981	11,698,948	34,101,227	36,053,505	1,952,278	95%
Miscellaneous Expenses	8,019	29,831	174,789	212,638	198,243	(14,395)	107%
Leases & Rentals	-	-	-	-	1,872	1,872	-
Other Expenses	76,094	77,977	76,447	230,518	167,058	(63,460)	138%
Total Operating Expenses	\$ 11,932,662	\$ 11,360,538	\$ 12,553,776	\$ 35,846,976	\$ 39,756,167	\$ 3,909,191	90%
Income (Loss) from Operations	\$ (9,003,515)	\$ (8,759,934)	\$ (9,700,589)	\$ (27,464,038)	\$ (31,615,001)	\$ (4,150,963)	87%
Agency Admin Allocations	510,373	574,663	1,641,995	2,727,031	2,772,486	45,455	98%
Contingency	-	-	-	-	-	-	-
Depreciation & Amortization	2,365,470	2,353,354	2,399,339	7,118,163	7,392,330	274,167	96%
Net Income (Loss) from Operations	\$ (11,879,359)	\$ (11,687,950)	\$ (13,741,924)	\$ (37,309,232)	\$ (41,779,817)	\$ (4,470,585)	89%
Ridership							
Boardings	1,951,163	2,112,142	2,173,627	6,236,932	6,643,511	406,579	94%
Average Weekday Boardings	27,036	29,411	30,025	28,824	N/A	N/A	N/A

Regional Express Transportation Services Notes

YTD operating costs before agency allocations and depreciation for the third quarter were 87% of the 2004 budget, compared to 86% for the second quarter. The largest variances are in Services and Purchased Transportation and are discussed below.

Passenger Fares and Ridership: Passenger Fares were over YTD budget by \$189K or 2%. Fares for the third quarter are up by \$248K or 10% from the second quarter of the year. Compared to the same period of last year YTD fares are up by \$837K or 12%. Ridership was under YTD budget by 410K or 6%. Boardings for the third quarter are up by 58K or 3% from the second quarter of the year. Compared to the third quarter of last year YTD Boardings are up by 266K or 14%.

Services were under YTD budget by \$2.1M or 65%. Equipment maintenance costs are under budget by approximately \$550K. Low-sulfur fuel filter expenditures for the Community Transit fleet will occur in the fourth quarter. In addition, a digital surveillance system for the ST fleet has been postponed at this time. Facilities maintenance costs are under budget by \$150K. Approximately \$100K was set aside for any unplanned vehicle or station maintenance or for additional security, and these program funds have not been used. Signage maintenance and Spot Improvements are under the YTD budget by \$275K due to lower than anticipated activity.

The Mobility Initiative Program is under budget by approximately \$300K as that program continues to ramp up. The Regional Special Needs Transportation plan was approved by the Board in July and will be a primary focus of the program for the remainder of 2004. \$475K for Regional Accessibility technology that had been budgeted in 2004 will not be spent this year.

Materials and Supplies were over YTD budget by \$11K or 7%. Spare parts for the new hybrid buses were acquired in the third quarter. These acquisitions were budgeted evenly throughout the year, so this is a timing variance.

Insurance was over YTD budget by \$17K or 100%. This item was budgeted in the Tacoma Dome facilities maintenance account included in Services, but the expenses are detailed by specific line item. Year-to-date, the Tacoma Dome Station expenses are \$281K versus YTD budget of \$263K, a variance of 7%. This variance is expected to continue throughout the year, although total facilities costs are within budgeted levels.

Purchased Transportation Services were under YTD budget by \$2.0M or 5%. This category includes costs paid to transit partners for operating and maintaining Sound Transit bus services. It comprises 85% of the 2004 transit operations budget before depreciation and allocations. The variance reflects unused schedule maintenance hours. Services begin to increase in September, and this line item will use a higher percentage of YTD budget by fourth quarter. Fuel costs were also higher by approximately \$200k as a result of an adjustment on King County Metro service.

Miscellaneous Expenses were over YTD budget by \$14K or 7%. The variance is due to marketing programs which occurred during the third quarter of 2004. The summer season is typically the heaviest time for marketing expenditures.

Other Expenses were over YTD budget by \$63K or 38%. This relates to utilities costs that had been budgeted in the Tacoma Dome facilities maintenance accounts but which are being charged to the utilities accounts. This variance is expected to continue throughout the year, although total facilities costs are within budgeted levels.

Agency Administration Allocations is the staff operating costs allocated from both corporate and line of business departments. Currently YTD allocations are under budget by \$45K or 2% of YTD budget.

Link Transportation Services

Tacoma Link Transit Operations

For the Nine Months Ending September 30, 2004

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Revenues							
Passenger Fares	-	-	-	-	-	-	N/A
Other Operating Revenues	-	-	-	-	-	-	N/A
Total Operating Revenues	-	-	-	-	-	-	N/A
Operating Expenses							
Salaries & Benefits	294,189	290,563	309,709	894,461	894,420	(41)	100%
Services	42,520	47,004	263,765	353,288	857,279	503,990	41%
Materials & Supplies	12,294	13,730	18,742	44,766	78,354	33,588	57%
Insurance	60,133	66,528	61,305	187,967	311,256	123,289	60%
Purchased Transportation Svcs	-	-	-	-	-	-	-
Miscellaneous Expenses	163	636	2,095	2,894	115,173	112,279	3%
Leases & Rentals	-	-	-	-	-	-	-
Other Expenses	9,595	12,176	21,765	43,537	71,073	27,536	61%
Total Operating Expenses	\$ 418,895	\$ 430,637	\$ 677,381	\$ 1,526,913	\$ 2,327,555	\$ 800,642	66%
Income (Loss) from Operations	\$ (418,895)	\$ (430,637)	\$ (677,381)	\$ (1,526,913)	\$ (2,327,555)	\$ (800,642)	66%
Agency Admin Allocations	81,688	104,583	(52,278)	133,993	276,462	142,469	48%
Contingency	-	-	-	-	-	-	-
Depreciation & Amortization	641,085	654,685	656,830	1,952,600	1,930,194	(22,406)	101%
Net Income (Loss) from Operations	\$ (1,141,668)	\$ (1,189,905)	\$ (1,281,934)	\$ (3,613,506)	\$ (4,534,211)	\$ (920,705)	80%
Ridership							
Boardings	183,992	186,804	198,992	569,788	562,500	(7,288)	101%
Average Weekday Boardings	2,292	2,408	2,511	2,404	2,000	(404)	120%

Link Transportation Services Notes

Tacoma Link transit opened in August 2003 and is fully staffed and operating. Operating expenses before allocations and depreciation are at 66% of the YTD budget.

Ridership: Ridership was over YTD budget by 7K or 1%, and increased by 10K or 7% from the second quarter of the year. Demand for Tacoma Link service continues to exceed 2010 forecasts.

Salaries & Benefits were just at the YTD budget, which reflects fully staffed operations.

Services were under YTD budget by \$504K or 59%. This variance is reduced from the second quarter variance of 85%. The variance is due in part to budgeted interlocal agreements for paratransit and anticipated marketing costs that have not occurred. In addition, maintenance costs have been significantly less than budgeted, particularly in janitorial costs, maintenance of way, and maintenance of the light rail vehicles. These trends will continue throughout the year, but the year-end costs should be closer to full-year budgeted levels. Many of the Tacoma Link facilities have been in warranty coverage during the first half of the year; for example, the overhead catenary system came out of warranty coverage in July and will have significant activity in the fourth quarter.

Material and Supplies were under YTD budget by \$34K or 43%. In contrast to the high front-end costs to prepare the maintenance facility for operations in 2003, current expenditures on office equipment and spare parts are under budget.

Insurance was under YTD budget by \$123K or 40%. The budgeted amount includes premiums and claims. Premiums have been paid. The budget includes provisions for claims and settlements which have not been incurred to date. A favorable variance is expected at year-end.

Miscellaneous Expenses were under YTD budget by \$112K or 97%. This account includes incidental operating funds and contingencies which have not been used.

Other Expenses were under YTD budget by \$28K or 49%. Expenditures for electricity have exceeded the YTD budget; however, they have been more than offset by less than planned spending for telephone and other utilities.

Agency Allocations were under YTD budget by \$142K or 52%. These allocations are for staff operating costs associated with Corporate and Line of Business Departments. The account is expected to be closer to budgeted levels by year end.

Capital

Sounder Capital

Sounder Commuter Rail - Capital Outlays by Phase For the Nine Months Ending September 30, 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	-	-	-	-	-
Agency Administration	6,164,226	4,623,170	4,455,612	167,558	96%
Preliminary Engineering	2,156,942	1,236,416	421,142	815,273	34%
Final Design	3,666,445	1,692,758	91,471	1,601,286	5%
ROW Acq. & Permits	104,339,195	11,584,290	10,026,962	1,557,327	87%
Construction	103,722,696	76,473,977	36,338,376	40,135,601	48%
Vehicles	4,263,579	-	11,769	(11,769)	-
Contingency	2,162,068	-	-	-	-
TOTAL	\$ 226,475,151	\$ 95,610,610	\$ 51,345,332	\$ 44,265,278	54%

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]
Yard, Shop, Layover	-	-	-	-	-
Agency Administration	57,640,320	35,445,602	277,769	21,916,949	62%
Preliminary Engineering	24,235,288	21,492,963	615,344	2,126,982	91%
Final Design	32,742,136	17,375,209	(271,321)	15,638,248	52%
ROW Acq. & Permits	356,998,986	136,182,259	863,022	219,953,705	38%
Construction	565,552,793	273,157,552	127,557,397	164,837,844	71%
Vehicles	143,576,495	133,506,741	14,115	10,055,639	93%
Contingency	29,401,986	-	-	29,401,986	-
TOTAL	\$ 1,210,148,004	\$ 617,160,325	\$ 129,056,326	\$ 463,931,353	62%

Sounder Capital Notes

Yard, Shop, and Layover underwent a reclassification to break the project out separately. Storage tracks and facilities for overnight layover of trains were budgeted as a separate project for the first time in the 2004 budget. Previously, they were budgeted within the Everett-to-Seattle, Seattle-to-Tacoma and Tacoma-to-Lakewood track and facilities projects. This work is now managed and reported as a separate project called Layover (#140). There is still additional reclassification required to correctly reflect the life-to-date outlays and contract remaining amounts.

Agency Administration spending was at 96% of the YTD budget and it is anticipated that spending will be in line with the budget at year end. This category includes total administrative costs charged to capital projects.

Preliminary Engineering phase was under-spent by \$815K, or 66% of the YTD budget. Preliminary Engineering work is substantially completed for the program; however, there are a few outstanding issues in this phase. The project with the largest variance in this phase was Lakewood Station, which is under-spent by \$500k. Preliminary Engineering has been delayed while staff refines the design concept and identifies design updates to address City of Lakewood concerns with the previous site design. Preliminary engineering on the Environmental Permitting project

was under-spent by \$193K due to a two month delay in awarding a permitting assistance contract. The contract has been awarded, and spending is expected to be near target by the end of the year.

Final Design spending was under the YTD budget by \$1.6 million or 95%, mainly due to under-spending in the Tacoma-to-Lakewood track and facilities project. Sound Transit purchased BNSF railroad right of way for this project, and the design needs to be revised to reflect Sound Transit's ownership of the ROW in this corridor. BNSF maintains ROW ownership in the other corridors. Staff is evaluating consultant proposals, and the design work for this project is expected to begin in 2005.

ROW spending was under the YTD budget by \$1.6M or 13%. Two major payments to BNSF are scheduled to be made in the 4th quarter in the amount of \$6M to complete a ROW procurement in Tacoma-to-Seattle and \$79M for easement in Seattle to Everett. This phase is expected to be about 95% spent by the end of the year.

Construction spending was under the YTD budget by \$40 million or 52%. Most of the construction budget for 2005 was for BNSF track work in the Seattle-to-Tacoma corridor. Approximately 65% of the under-spending is attributable to project savings and 35% to schedule delay. Construction work in this corridor has been delayed, mainly due to a delay by the City of Tacoma in beginning construction of its D Street grade separation project.

Vehicles for Sounder have all been purchased and paid for. The lifetime budget includes a set-aside of approximately \$10 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 was upheld by the Department of Revenue; however, one issue remains regarding intervening use prior to the agreements. When the current budget was developed, this issue was expected to be resolved in 2004. However, it is now expected to take longer to resolve, and the YTD amount will not be spent in 2004.

Contingency: The current-year budget contains \$2M of project contingency, which was included in the event it was needed. No project contingency funds have been used in 2004, and none are expected to be needed in 2004.

Regional Express Capital

Regional Express - Capital Outlays by Phase For the Nine Months Ending September 30, 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
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c/b]</i>
Agency Administration	7,047,561	5,513,334	4,075,561	1,437,773	74%
Prelim. Engineering	7,314,860	6,570,228	4,438,194	2,132,035	68%
Final Design	19,602,602	14,046,466	4,275,952	9,770,514	30%
ROW Acq. & Permits	10,233,950	8,892,357	3,767,799	5,124,557	42%
Construction	59,544,630	46,325,116	42,076,199	4,248,917	91%
Vehicles	19,512,847	14,634,630	12,184,145	2,450,485	83%
Contingency	474,727	2,711	-	2,711	0%
TOTAL	\$ 123,731,176	\$ 95,984,842	\$ 70,817,849	\$ 25,166,993	74%

Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Agency Administration	44,450,129	26,644,877	328,590	17,476,662	61%
Prelim. Engineering	57,546,059	44,938,471	8,180,302	4,427,286	92%
Final Design	47,664,127	24,129,070	4,746,452	18,788,605	61%
ROW Acq. & Permits	58,159,462	40,804,340	588,852	16,766,270	71%
Construction	376,873,673	159,640,742	62,371,301	154,861,630	59%
Mid-Life Asset Management	311,000	-	-	311,000	0%
Vehicles	87,686,300	70,319,956	2,617,648	14,748,696	83%
Contingency	250,760,696	-	-	250,760,696	0%
TOTAL	\$ 923,451,446	\$ 366,477,456	\$ 78,833,144	\$ 478,140,845	48%

Regional Express Capital Outlay Notes

Agency Administration was under YTD budget by \$1.4M or 26%. Fewer staff hours were charged to capital projects, creating a lower base for agency allocations. In addition, budgeted agency allocations for the bus acquisition program will not be charged, causing a variance of \$0.6M.

Preliminary Engineering/Environmental Documentation was under YTD budget by \$2.1M or 32%. The largest single variance in this phase is the I-90 Two-Way Transit Operations project with a variance of \$2.1M under plan. Work on preliminary engineering and design has been delayed during the process to amend the 1976 Agreement. The Mercer Island Park and Ride project has overspent by \$0.3M as PE/ED had to be restarted upon the decision to build a daylight basement-type parking structure concept at the existing Mercer Island Park-and-Ride. Outside of East King County, the Mountlake Terrace project underspent by \$0.8M. The PE/ED schedule was extended as the design concept awaited approval from WSDOT.

Final Design was under YTD budget by \$9.8M or 70%. The project with the largest variance in this phase is the I-90 Two-Way Transit Operations project, which is underspent by \$3.0M. Delay in the issuance of the Record of Decision (ROD) until the end of the third quarter delayed the start of the final design phase. Final design on the Totem Lake Freeway Station project was \$1.9M under budget and will be completed this year with savings. Eastgate Transit Access is under budget in this phase by \$0.5M, due to savings in the FD phase. Projects in East King County with delays in final design were Willows Arterial and Woodinville Arterial HOV improvements. The Proposed 2005 Budget recommends deletion of the Willows Arterial project (in Redmond) and the addition of a new

project in Sound Move, the Redmond Transit Center project. The 2005 budget also recommends transfer of approximately 70% of the Woodinville HOV Enhancements project budget to the Woodinville TOD project (84341). Mercer Island Park and Ride is underspent by \$0.6M due to the delays described above. The South Everett Freeway Station project had a variance of \$1.4M in final design. Final design activities cannot begin until PE/ED is complete and the environmental documentation process was extended due to additional environmental review.

ROW was under YTD budget by \$5.1M or 58%. The Kirkland Transit Enhancements project is underspent by \$2.0M in this phase due to a redefinition of the project scope. The proposed 2005 budget for this project moves property acquisitions into 2005 and 2006 and provides for a smaller total phase budget for this phase. The Totem Lake Freeway Station is under budget by \$1.7M which reflects delays in approval of the WSDOT ROW Plan. The Sammamish Park-and-Ride project was \$0.8M underspent as the property acquisitions were completed via the condemnation process.

Construction was under YTD budget by \$4.2M or 9%. The Bellevue HOV Access project is underspent by \$6.0M at the end of the third quarter. Actual bids on this project were significantly lower than the engineer's estimate. The engineer's estimate was the basis for the budgeted cash flows. Savings will be realized at the completion of the project. A \$2.5M underspend on the Issaquah Highlands Park-and-Ride project reflects delay in start of construction and in reaching an agreement with King County Metro on an ST contribution schedule. The Bellevue Rider Services Building has a variance of \$0.7M because construction is on hold pending completion of the binding site plan process, allowing for initiation of the terms of the lease agreement and award of a construction contract.

These underspendings are balanced by accelerated activity on the Federal Way projects. The Federal Way HOV Access project is over planned YTD spending by \$1.5M, and the Federal Way Transit Center is over planned YTD spending by \$3.1M. These projects have been proceeding more aggressively than budgeted as the contractors take advantage of a favorable construction season in 2004.

Vehicles were below YTD budget by \$2.5M or 17%. Sound Transit accepted delivery of 17 hybrid buses for East King County service during the third quarter. Another 5 buses will be delivered in the fourth quarter. This item had been budgeted to occur evenly throughout the year.

Contingency funds were included in the contingency phase of the budget to cover unanticipated project costs. No contingency funds have been expended in 2004.

Link Capital

Link Light Rail - Capital Outlays by Phase For the Nine Months Ending September 30, 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	26,297,171	13,012,180	13,284,991	49%
Preliminary Engineering	13,279,909	6,883,048	1,549,709	5,333,339	23%
Final Design	16,711,518	15,077,346	14,339,912	737,434	95%
ROW Acq. & Permits	86,883,000	65,136,000	56,244,058	8,891,942	86%
Construction	162,069,765	79,538,577	60,384,018	19,154,559	76%
Vehicles	16,950,227	16,950,227	8,838,783	8,111,444	52%
Testing and Start-Up	103,206	103,206	33,461	69,745	32%
Contingency	-	-	-	-	-
TOTAL	\$ 331,060,521	\$ 209,985,576	\$ 154,402,122	\$ 55,583,454	74%

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	250,293,591	92,488,709	805,652	156,999,230	37%
Preliminary Engineering	102,031,907	80,896,785	7,986,540	13,148,582	87%
Final Design	168,377,567	134,891,081	28,065,535	5,420,950	97%
ROW Acq. & Permits	268,732,839	191,532,299	5,112,871	72,087,670	73%
Construction	1,342,513,335	125,628,811	635,059,079	581,825,445	57%
Vehicles	146,487,037	16,173,905	119,881,811	10,431,321	93%
Testing and Start-Up	579,725	249,098	117,959	212,668	63%
Contingency	128,300,000	-	-	128,300,000	0%
TOTAL	\$ 2,407,316,000	\$ 641,860,688	\$ 797,029,446	\$ 968,425,866	60%

Link Capital Outlay Notes

Major construction along the Central Link Initial Segment continued to advance in the third quarter of 2004. Work is underway on the E-3 Busway, the Operations & Maintenance Facility, vehicle procurement, Martin Luther King, Jr. Way, and the Beacon Hill Tunnel and McClellan Station. The construction contract for the DSTT Retrofit and Tunnel Expansion was awarded in August and construction started in the third quarter. Systems contracts for Train Control and Traction Power were awarded, and award for the Communications System is pending. Construction expenditures are 76% of budget through the third quarter of 2004. This reflects a somewhat lower than expected expenditure rate for the E-3 Busway, Maintenance base, and vehicle contracts. Based on the progress made to date, the Initial Segment is projected to open on schedule in July 2009. Preliminary engineering for North Link started in the third quarter. Work continued on the Airport Link feasibility study to extend light rail to the Airport terminal. Tacoma Link construction is complete, and project close-out continues.

Agency Administration was under plan by 51% through the third quarter due to lower than planned OCIP payments and reductions to Link staff resulting from the agency reorganization. This category includes: a) project labor, b) staff support costs, c) agency costs allocated to projects, and d) direct charges. This phase is estimated to be 50% under plan at year-end 2004 due to reductions to agency allocations.

Preliminary Engineering was significantly below plan through the third quarter of 2004. This category includes North Link and Airport Link. Work to complete the final Supplemental Environmental Impact Statement continued. Preliminary engineering for North Link, projected in the budget plan to begin in the spring of 2004, started in the third quarter. Work continued on the three-month feasibility study to extend Link to the Airport terminal.

Final Design was 95% of budget target through the third quarter for the Initial Segment. This phase includes design support for major construction activities. During the third quarter of 2004, contracts for design services during construction were awarded for the Tukwila Freeway Route (C755) and geotechnical support.

ROW Acquisition & Permits was at 86% of budget through the third quarter. Sound Transit is on track to complete ROW acquisition for the Initial Segment by early 2005.

Construction was 76% of the budget through the third quarter of 2004. Construction on the Initial Segment began in November 2003, and work is now underway along the entire route from the DSTT Retrofit and Tunnel Expansion (C510) through Martin Luther King, Jr. Way (C735), as well as for Vehicle procurement and various advance utility relocations. During the third quarter of 2004, new contracts were awarded for: a) DSTT Retrofit and Tunnel Expansion (C510), b) Train Control (C802), and c) Traction Power (C807). Award for the Communications System (C803) is pending. Current year outlays are projected to be \$40 million under budget due to: a) delay in award and notice-to-proceed for the Martin Luther King, Jr. Way contract triggered by the bid protest proceedings for that contract, b) slower than planned payment schedule for the Operations & Maintenance Facility, c) somewhat slower ramp up of expenditures for the Beacon Hill Tunnel, and d) lower than projected expenditures for work by the City of Seattle.

Vehicle outlays were only 52% of plan through the third quarter. The Central Link vehicle contract is on schedule, but the payment plan has been revised since the 2004 adopted budget cash flow was developed. Outlays are projected to be \$5M under the \$16.9M budget for 2004.

Testing and Start-Up is projected to exceed the current year plan by \$172K. Testing and start-up is complete for Tacoma Link; however, selected invoices are still outstanding for 2004.

Agency Administration Expenses

Agency Summary by Department

Staff Operating Departments - Before Expense Transfers & Transfers to Other Govts
For the Nine Months Ending September 30, 2004
Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2004 Actuals	YTD 2004 Budget	2004 Actuals (over)/under 2004 Budget	2004 Actuals as % of 2004 Budget
Board Administration	122,835	114,038	136,956	373,829	491,121	117,292	76%
Capital Projects	1,389,186	1,412,980	704,894	3,507,061	3,809,896	302,835	92%
Executive Department	1,756,886	2,424,100	2,188,822	6,369,807	7,609,575	1,239,768	84%
Finance & Information Technology	2,032,015	2,196,366	2,162,476	6,390,857	7,155,647	764,790	89%
Legal Services	565,008	582,146	576,976	1,724,129	1,602,438	(121,691)	108%
Link	1,867,627	2,003,735	1,623,205	5,494,566	6,351,572	857,006	87%
Non-Dept	1,250,498	1,288,688	1,401,911	3,941,097	4,170,811	229,714	94%
Project Delivery Support Services	1,272,141	1,731,108	1,702,940	4,706,189	5,745,369	1,039,180	82%
Transportation Services	611,202	706,454	1,453,281	2,770,937	3,061,091	290,154	91%
TOTAL	\$ 10,867,398	\$ 12,459,614	\$ 11,951,461	\$ 35,278,473	\$ 39,997,520	\$ 4,719,047	88%

Staff & Other Operating Expenses

For the Nine Months Ending September 30, 2004
Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	2004 Actuals	YTD 2004 Budget	2004 Actuals (over)/under 2004 Budget	2004 Actuals as % of 2004 Budget
Salaries & Benefits	7,637,428	7,799,580	7,895,226	23,332,234	25,400,977	2,068,743	92%
Services	1,196,611	2,158,206	1,892,559	5,247,376	6,740,475	1,493,099	78%
Materials & Supplies	310,758	269,611	1,443	581,813	778,293	196,480	75%
Miscellaneous Expenses	177,273	627,665	539,600	1,344,539	1,790,772	446,233	75%
Leases & Rentals	539,272	574,760	552,167	1,666,200	1,802,498	136,298	92%
Other Expenses	303,667	317,233	326,732	947,633	1,246,233	298,600	76%
Depreciation	702,387	712,559	743,734	2,158,680	2,238,273	79,593	96%
Gross Staff Operating Expenses	\$ 10,867,398	\$ 12,459,614	\$ 11,951,461	\$ 35,278,473	\$ 39,997,521	\$ 4,719,048	88%
Expense Transfers	(6,943,590)	(8,210,913)	(7,712,550)	(22,867,053)	(25,178,200)	(2,311,147)	91%
Donation to Other Governments	-	-	-	-	-	-	-
Net Staff Operating Expenses	\$ 3,923,808	\$ 4,248,701	\$ 4,238,912	\$ 12,411,420	\$ 14,819,321	\$ 2,407,901	84%
Transit Vision	174,058	1,898,400	1,594,947	3,667,405	10,885,629	7,218,224	34%
Other Expenses							
Transit-Oriented Development	675	16,774	975	18,424	325,000	306,576	6%
STart	-	-	3,132	3,132	3,746	614	84%
Community Development Fund	786,852	1,151,911	974,941	2,913,704	2,356,125	(557,579)	124%
Link Community Development	-	-	1,063	1,063	-	(1,063)	-
Debt Service Costs	47,011	46,709	46,709	140,428	140,130	(298)	100%
Non-Capitalizable LOB expenses	218,044	184,029	101,219	503,292	1,854,000	1,350,708	27%
Total Transit Vision & Other	\$ 1,226,640	\$ 3,297,823	\$ 2,722,985	\$ 7,247,448	\$ 15,564,630	\$ 8,317,182	47%
Grand Total Operating Expenses	\$ 5,150,447	\$ 7,546,524	\$ 6,961,897	\$ 19,658,868	\$ 30,383,951	\$ 10,725,083	65%

Staff Operating Notes

Salaries and Benefits were below budget by 8% or \$2.1M at the end of the quarter. This is due to the continued lower than budgeted headcount. Headcount at the end of September, June and March was 336, 337 and 341 respectively. There were 374.35 FTEs budgeted for 2004.

Services were below budget by \$1.5M at the end of the quarter. More than \$1M of this variance occurred in the first quarter. Spending was close to budget in the second and third quarters. The following account items have YTD variances exceeding \$100K: a) consulting services (\$1M), b) computer system technical support (\$225K), c) printing (\$212K), d) accounting/audit services (\$147K), e) other services (\$145K), and f) agency-wide training (\$125K).

Materials and Supplies were under budget by 25% or \$196K at the end of the quarter. This category was \$68K over budget in June but \$189K in costs related to Microsoft workstation licenses were recoded to the Services category in July. The following are the more significant items that have not been utilized to the extent budgeted: a) small computer equipment (\$98K), b) presentation materials (\$41K), and c) postage (\$39K).

Miscellaneous Expenses were below budget by 25% or \$446K at the end of the quarter. The more significant components where spending has been less than planned are training (\$166K) and travel (\$125K). There is also an unused YTD contingency of \$128K.

Leases & Rentals were below budget by 8% or \$136K at the end of the quarter. This includes Opus rent, parking garage and meeting space items. Opus rent makes up \$99K of this but is higher in the second half of the year.

Other Expenses include insurance, utilities, taxes and interest. This category was below budget by 24%, or \$299K, at the end of the quarter due primarily to general liability insurance (\$170K) and telephone (\$104K) items.

Expense Transfers were below budget by 9% or \$2.3M at the end of the quarter due to \$4.7M in overall lower spending in the staff operating departments compared with the YTD budget. This category represents the allocated overhead dollars that are transferred to capital and operating projects.

Depreciation is within 4% or \$80K of the YTD budget.

Other Operating Costs Notes

Transit-Oriented Development was below budget by 94% or \$307K at the end of the quarter with little activity to date because the concept is still in partner negotiations. Once finalized, permission to do the study will be sought. This category consists of real estate pre-development services including: a) architectural, b) marketing feasibility cost estimating, c) partnering, d) station-area planning and e) regulatory drafting services.

Community Development Fund was over budget by 24% or \$558K at the end of the quarter, of which \$551K was related to mitigation payments. Overall, the CDF is within budget. The budget allocation between mitigation payments and advances will be adjusted in the 2004 budget amendment.

Planning and Development was below budget by 66% or \$7.2M at the end of the quarter. This category includes operational spending for Fare Integration, Research & Technology and Phase 2 Planning. The Fare Integration project is below budget by 62% or \$3.8M YTD as estimated fare transfers to partner agencies have been less than expected. However, the settlement account for fare transfers can fluctuate significantly making the year-end status hard to predict. The Research & Technology project is at 80% of the YTD budget. The Phase 2 project is below budget by 73% or \$3.4M YTD. While spending for Phase II alternative analysis, external studies and high capacity transit analysis is expected to pick up, the project will likely be at least \$2M under budget at year-end due to some delays surrounding the emergence of a potential joint ballot with the RTID.

Debt Service Costs were 100% of budget at the end of the quarter. These costs include bond interest expense not capitalized to capital projects, amortization costs of bond issuance charges, and fiscal agent fees.

Subarea Third Quarter Summaries

Subarea Revenue Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2004 Tax Revenues							
September YTD Budget	24.8	52.8	36.7	52.5	34.7	-	201.4
September YTD Actual	25.6	52.4	37.9	54.1	37.3	-	207.5
\$ Variance	0.9	(0.3)	1.2	1.7	2.6	-	6.1
% Variance	3.5%	-0.6%	3.4%	3.2%	7.6%	0.0%	3.0%
2004 Farebox Revenues							
September YTD Budget	1.4	-	1.0	4.5	2.6	-	9.6
September YTD Actual	1.3	-	1.3	4.3	2.8	-	9.7
\$ Variance	(0.2)	-	0.3	(0.2)	0.2	-	0.1
% Variance	-10.9%	-	28.2%	-3.8%	5.7%	0.0%	1.1%
2004 Grant Revenues							
September YTD Budget	-	40.6	20.7	4.1	5.7	0.9	72.0
September YTD Actual	25.8	25.6	6.8	1.5	1.8	0.3	61.8
\$ Variance	25.8	(15.0)	(13.8)	(2.6)	(3.9)	(0.6)	(10.2)
% Variance	100.0%	-36.9%	-67.0%	-64.1%	-68.6%	-62.9%	-14.2%

Subarea Operating Expense & Capital Outlay Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2004 Transit Operating Expenses							
September YTD Budget	9.8	-	13.4	24.6	25.2	-	72.9
September YTD Actual	8.5	-	13.1	21.4	22.8	-	65.9
Percent Spent	87.4%	-	98.0%	87.0%	90.6%	-	90.3%
Other Operating Expenses							
September YTD Budget	0.0	0.0	0.0	0.2	0.0	30.0	30.4
September YTD Actual	0.0	3.3	0.2	0.0	0.0	16.1	19.7
Percent Spent	300.0%	8569.2%	354.3%	0.8%	80.5%	53.6%	64.7%
2004 Capital Outlays							
September YTD Budget	22.9	157.4	98.5	75.9	48.6	5.2	408.5
September YTD Actual	14.9	122.9	62.0	50.0	27.1	3.8	280.7
Percent Spent	65.4%	78.1%	62.9%	65.8%	55.8%	72.5%	68.7%
Lifetime Capital Outlays							
September Lifetime Budget	552.6	1,684.9	1,125.3	586.0	610.0	18.2	4,576.9
September Life-to-Date Actual	244.6	477.2	383.1	183.3	341.0	40.3	1,669.4
Outstanding Contracts	13.0	723.5	185.6	27.4	58.1	9.7	1,017.2
Percent Spent or Committed	46.6%	71.3%	50.5%	35.9%	65.4%	274.9%	58.7%

Subarea Net Asset Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Invested Capital Assets	182.1	373.1	280.2	174.3	254.5	36.6	1,300.8
Restricted	-	10.3	76.1	-	62.4	29.4	178.2
Unrestricted	56.1	226.3	57.1	228.0	(29.7)	65.8	603.6
Total Net Assets	238.1	609.7	413.4	402.3	287.2	131.8	2,082.6