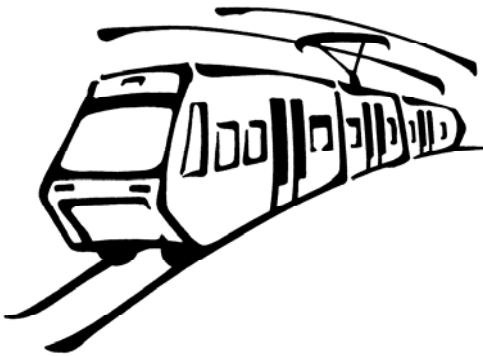
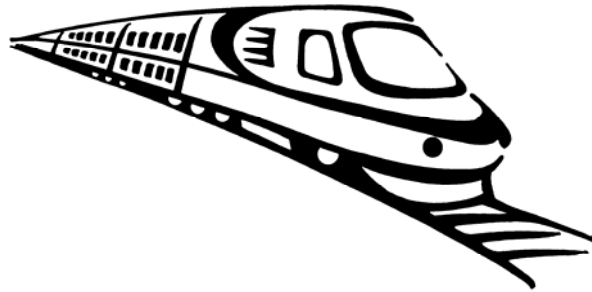
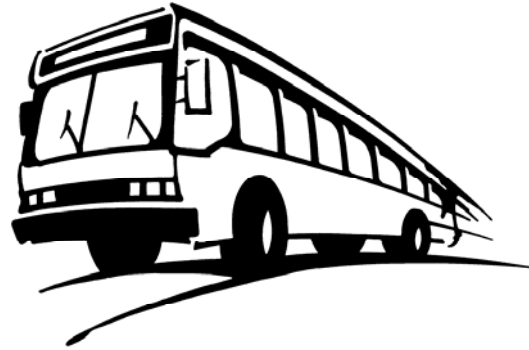




SOUNDTRANSIT

Central Puget Sound
Regional Transit Authority



Quarterly Financial Report
Third Quarter 2007
September 30, 2007

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Third Quarter 2007
Quarterly Financial Report

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TO: Board of Directors

FROM: Joni Earl, *Chief Executive Officer*
 Brian McCartan, *Chief Financial Officer*

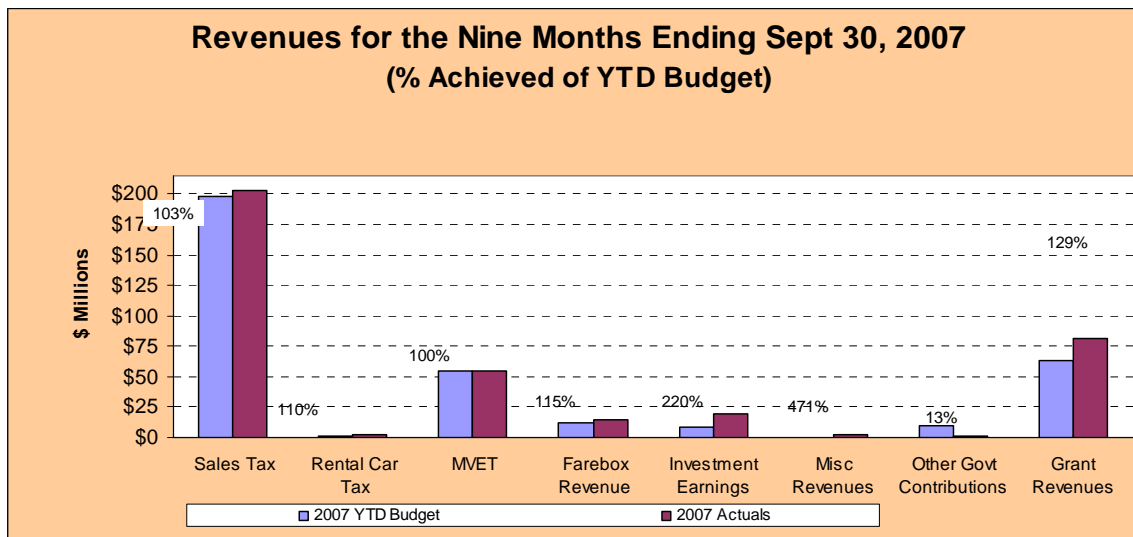
SUBJECT: Third Quarter 2007 Financial Report

Executive Summary

This report summarizes Sound Transit’s 2007 financial performance for revenues, transit operations, capital outlays and staff operating expenses for the third quarter. 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.

Revenues

The total agency revenues through September 30th, 2007 of \$379.8M were above year to date budget by \$31.1M or 9% due to federal revenues, local tax receipts, and increased investment income. Federal grant revenues were \$81.4M or 29% above budget at the end of the third quarter, reflecting the execution and substantial drawdown of the FFGA appropriations. Tax revenues at \$260.1M exceeded budget by \$5.9M or 2%, and investment earnings of \$19.8M exceeded budget by \$10.8M or 120%. The higher investment earnings revenues reflect a higher than forecasted short term interest rate and higher cash balances. Farebox revenues, at \$14.4M, were \$1.8M or 15% over budget.

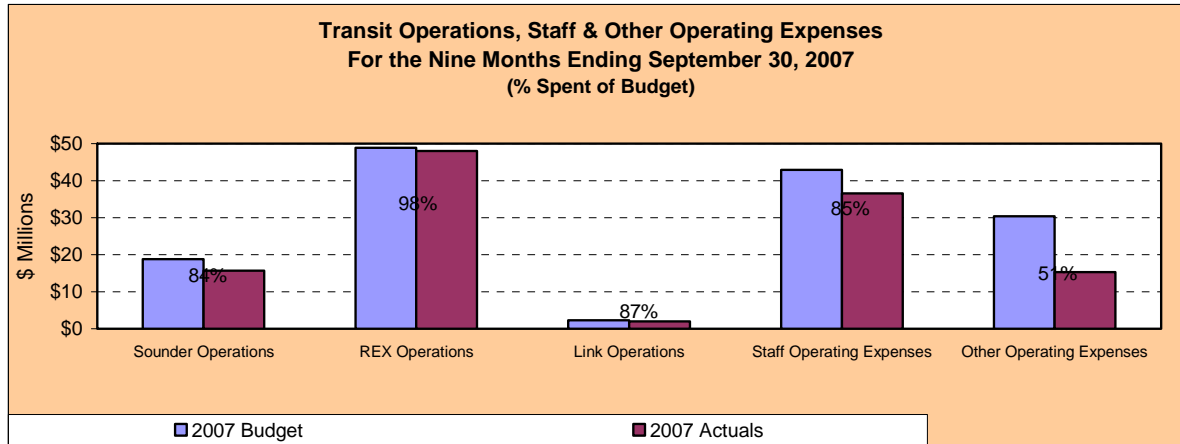


Expenses

Total agency expenses of \$125.0M were below the year to date budget by \$30.5M or 20% primarily in transit operations and regional fund and other operating expenses. Transportation Services direct operating expenses as a percent of budget were: Sounder 84%, Regional Express 98% and Tacoma Link 87%. Most of the underspending occurred in the services and depreciation categories and is impacted by the timing of vehicle and facility maintenance that will occur later in the year than anticipated.

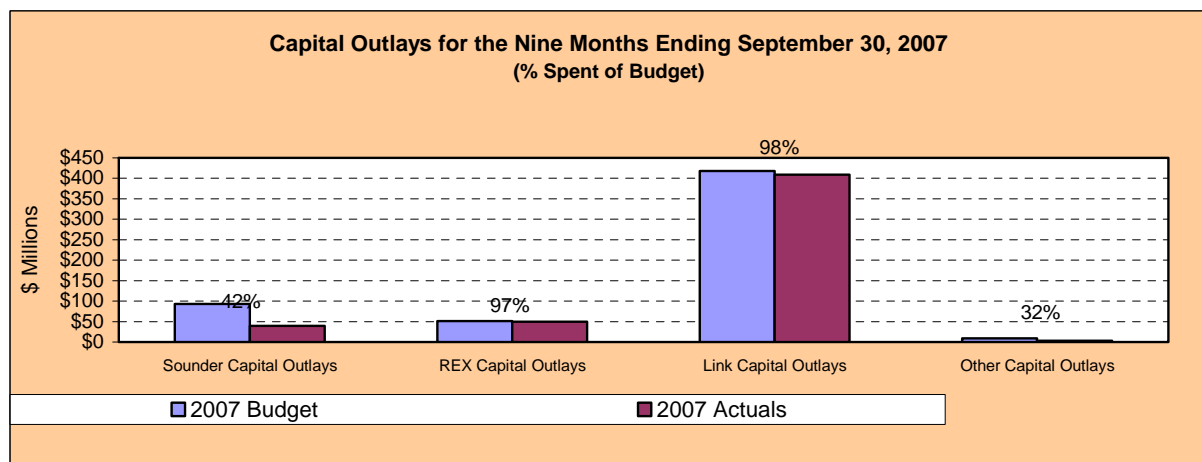
Staff operating expenses, of \$14.2M after transfers, were \$1.8M or 11% under budget for the year. Headcount was also proportionally lower throughout the year.

Other operating expenses of \$15.4M include Regional Fund projects, Community Development Fund expenditures, debt-service costs and non-capitalizable costs. These costs were under budget by \$15.0M primarily due to lower than expected Phase Two Planning costs.



Capital Outlays

Total agency capital outlays of \$501.0M were 88% of the year to date budget. Sounder project expenditures of \$39.2M were 42% of budget reflecting lower than anticipated construction spending. With delays experienced in the D Street - M Street, Seattle - Tacoma Track and Signal projects, and Everett Station. Regional Express project spending was substantially on budget at \$49.8M or 97%. Link project spending was also substantially on budget at \$409.0M or 98%. Other Capital of \$2.9M was 32% of the year to date budget reflecting delays in art projects at Link Stations, delays in timing of when Smart Card project costs are incurred, and bus purchases that are anticipated to occur later in the year.



Summary Income Statement

The table below summarizes the annual revenues and expenses for the three quarters ending September 30, 2007. Overall, agency net income before contributions to other governments ended the quarter \$61.7M above budget. This variance is made up of a \$31.1M positive variance to date in total revenues in addition to \$30.5M in lower expenses. The main categories contributing to the positive variances are federal grant revenues and lower than budgeted transit operations, regional fund, and other operating expenses.

The \$32.2M in transfers to other governments include \$8.0M for the Canyon Park Freeway Station and \$16.4 for Reservation Freighthouse Square, as well as various other contributions to other governments. While spending on projects is budgeted as part of capital outlays, they are expensed or capitalized upon completion.

Income Statement							
For the Nine Months Ending September 30, 2007							
Budget to Actuals							
	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget Favorable/ (Unfavorable)	YTD Actuals as % of YTD Budget
REVENUES							
Tax Revenues	\$78,662,957	88,076,226	93,388,805	\$260,127,988	254,182,703	\$5,945,285	102%
Farebox Revenues	4,115,644	5,231,270	5,077,332	14,424,246	12,596,439	1,827,807	115%
Investment Income	7,717,867	6,662,160	5,420,015	19,800,042	9,020,169	10,779,873	220%
Other Miscellaneous	791,270	1,088,416	938,117	2,817,803	598,770	2,219,033	471%
State & Local Contributions	76,063	886,027	286,652	1,248,743	9,349,299	(8,100,556)	13%
Federal Grants	3,484,289	25,246,812	52,617,020	81,348,121	62,874,936	18,473,185	129%
TOTAL REVENUES	\$94,848,090	\$127,190,912	\$157,727,941	\$379,766,943	\$348,622,316	\$31,144,627	109%
EXPENSES							
Net Staff Operating Divisions	\$ 4,451,247	\$ 5,050,178	\$ 4,746,462	\$14,247,888	\$ 16,072,680	\$1,824,792	89%
Transit Operations	30,356,874	32,037,401	33,022,208	\$95,416,483	109,082,972	13,666,489	87%
Regional Fund & Other Operations	1,587,716	3,573,127	4,348,935	\$9,509,778	21,685,986	12,176,208	44%
Community Development Fund	30,708	405,241	512,840	\$948,789	1,268,639	319,850	75%
Debt Service	64,779	65,806	66,234	\$196,819	1,455,335	1,258,517	14%
Non-Capitalizable LOB expenses	515,503	2,185,552	2,011,690	\$4,712,746	5,972,697	1,259,951	79%
TOTAL EXPENSES	\$ 37,006,828	\$43,317,306	\$44,708,368	\$125,032,502	\$155,538,309	\$30,505,807	80%
EXCESS REVENUE OVER EXP.							
Transfers to Other Governments	\$57,841,262	\$83,873,606	\$113,019,573	\$254,734,441	\$193,084,007	\$61,650,434	132%
	-	13,601,473	18,585,177	32,186,650	56,999,997	24,813,347	56%
NET REVENUE OVER EXP.	\$57,841,262	\$70,272,133	\$94,434,396	\$222,547,791	\$136,084,010	\$86,463,781	164%

Summary of Net Assets

The following table summarizes assets and liabilities at the end of the third quarter and provides comparative data for third quarter of 2006. Total assets increased by \$269.5M from the same period in 2006 and liabilities decreased by \$14.4M. Current assets, excluding restricted assets, decreased by \$337.9M and reflects the expected spend down of available cash and investment balances as payments with respect to the agency's capital program in excess of incoming cash flows. This is evidenced by the amount invested in capital assets increased by \$645.4M reflecting the activity on capital programs, particularly the Link Light Rail Program.

Summary of Net Assets <i>(in millions)</i>			
	As of Sep-07	As of Sep-06	% Change Sep-07 to Sep-06
Current Assets, excluding Restricted Assets	\$ 322.5	\$ 660.4	-51%
Restricted Assets	150.1	179.6	-16%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	1,267.0	1,135.2	12%
Capital Projects in Progress	1,940.1	1,413.0	37%
Capital Projects in Progress - non ST	114.0	135.9	-16%
Other Non-Current Assets	67.7	67.8	0%
Total Assets	\$ 3,861.4	\$ 3,591.9	8%
Current Liabilities, excluding Interest Payable from Restricted Assets	133.7	140.1	-5%
Interest Payable from Restricted Assets	16.0	15.9	1%
Long-Term Debt	774.2	780.2	-1%
Other Long-Term Liabilities	67.7	69.9	-3%
Total Liabilities	991.6	1,006.0	-1%
Net Assets	2,869.8	2,585.9	11%
Total Liabilities and Net Assets	\$ 3,861.4	\$ 3,591.9	8%
Invested in Capital Assets, Net of Related Debt	2,541.6	1,896.2	34%
Restricted Net Assets	114.7	139.9	-18%
Unrestricted Net Assets	213.5	549.7	-61%
Total Net Assets	\$ 2,869.8	\$ 2,585.9	11%

FINANCIAL DETAIL

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Revenue

Agencywide Revenues

For the Nine Months Ending September 30, 2007

Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals over/(under) YTD Budget	YTD Actuals as % of YTD Budget
REVENUE SOURCES							
Retail Sales and Use Tax	61,290,601	68,783,880	73,249,745	203,324,226	197,704,749	5,619,477	103%
Rental Car Tax	406,988	586,176	963,876	1,957,041	1,781,540	175,501	110%
Motor Vehicle Excise Tax	16,965,367	18,706,170	19,175,183	54,846,720	54,696,414	150,306	100%
Farebox Revenue	4,115,644	5,231,270	5,077,332	14,424,246	12,596,439	1,827,807	115%
Investment Income	7,717,867	6,662,160	5,420,015	19,800,042	9,020,169	10,779,873	220%
Miscellaneous Revenues	791,270	1,088,416	938,117	2,817,803	598,770	2,219,033	471%
OTHER FINANCING							
Local & State Contributions	76,063	886,027	286,652	1,248,743	9,349,299	(8,100,556)	13%
Federal Grants	3,484,289	25,246,812	52,617,020	81,348,121	62,874,936	18,473,185	129%
TOTAL SOURCES	\$ 94,848,090	\$ 127,190,912	\$ 157,727,941	\$ 379,766,943	\$ 348,622,316	\$ 31,144,627	109%

Revenue Notes

Retail Sales and Use Tax exceeds the 2007 third quarter YTD budget by \$5.6M or 3% reflecting strong economic activity in the region.

Rental Car Tax is over the third quarter YTD budget by \$176K or 10%.

Motor Vehicle Excise Tax is over the third quarter YTD 2007 budget by \$150K, or 0.3%.

Farebox Revenues exceed the 2007 budget by \$1.8M, or 15%. The growth in ridership continues as more and more commuters look to public transportation, helped by a strong regional economy and higher fuel costs.

Investment Income exceeds the third quarter budget by \$10.8M or 120% and is \$2.8M or 16% over the year to date budget. The positive variance is caused mainly by higher than forecasted cash balances along with a higher level of interest rates. The investment portfolio is decreasing in size as maturing investments are being used to fund capital projects with excess cash going to the state investment pool. Therefore interest earnings will decrease as the year progresses.

Miscellaneous Revenues exceeds the year to date 2007 budget by \$2.2M or 371%, primarily from Sounder revenue vehicle rental income, which was not budgeted for 2007 as this was anticipated that all rental vehicles would be returned by the end of 2006. Also included in this category is advertising on ST Express buses and rental property income. Advertising revenues have been strong in 2007 as the agency has been more aggressive in soliciting advertising on its fleet.

Local, State and Federal Grants State and local contributions are below the third quarter budget by \$8.1M or 87% primarily because of the timing of utilizing Land bank contributions. Local Contributions include contributions to the Community Development Fund and Local Grants for stations and projects. The State contributions include grants as well as Land Bank contributions. Federal grants are above the third quarter year to date budget by \$18.8M or 29%. The execution of the 2007 FFGA appropriation occurred in September, of which approximately 50% was drawn down.

Summary Operations and Capital Outlays

Sound Transit Capital Outlays by Line of Business

As of September 30, 2007

Current Year 2007

	2007 Adopted Capital Plan	2007 YTD Capital Plan	Actuals	Actuals (over)/under Budget	Actuals as % of Budget
	a	b	c	[b - c]	[c/b]
Sounder Commuter Rail	176,011,265	92,721,209	39,227,932	53,493,278	42%
Link Light Rail	576,554,062	417,869,199	408,964,243	8,904,957	98%
Regional Express	64,392,220	51,358,173	49,824,919	1,533,254	97%
Other Capital	12,129,995	9,097,488	2,902,388	6,195,100	32%
TOTAL	829,087,542	571,046,070	500,919,481	70,126,588	88%

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	1,215,006,845	905,979,658	39,745,392	269,281,795	78%
Link Light Rail	4,107,234,744	1,982,048,168	376,032,211	1,749,154,366	57%
Regional Express	785,241,557	515,239,680	63,510,564	206,491,313	74%
Other Capital	256,600,806	135,460,074	10,494,282	110,646,449	57%
TOTAL	6,364,083,952	3,538,727,580	489,782,448	2,335,573,923	63%

Combined Transit Operations Summary

For the Nine Months Ending September 30, 2007

ST Express, Sounder, Link, & MIP

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Total Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
Revenues							
Passenger Fares	4,115,644	5,231,270	5,077,331	14,424,245	12,664,983	1,759,262	114%
Other Operating Revenues	661,980	786,106	1,078,326	2,526,412	349,416	2,176,996	723%
Total Operating Revenues	4,777,624	6,017,376	6,155,657	16,950,657	13,014,399	3,936,258	130%
Direct Operating Expenses							
Salaries & Benefits	514,184	507,828	507,324	1,529,336	1,572,839	43,503	97%
Services	2,590,922	3,291,068	3,539,229	9,421,219	12,438,149	3,016,930	76%
Materials & Supplies	569,203	587,127	521,739	1,678,069	2,270,219	592,151	74%
Insurance	416,637	418,848	422,728	1,258,213	1,786,394	528,181	70%
Purchased Transportation Svcs	16,423,200	16,803,141	17,226,516	50,452,857	50,701,328	248,471	100%
Miscellaneous Expenses	46,841	69,752	320,164	436,757	397,760	(38,996)	110%
Leases & Rentals	110,888	(2,971)	39,840	147,757	290,679	142,923	51%
Other Expenses	183,940	425,277	563,590	1,172,807	989,397	(183,410)	119%
Total Direct Operating Expenses	\$ 20,855,815	\$ 22,100,069	\$ 23,141,129	\$ 66,097,013	\$ 70,446,765	\$ 4,349,752	94%
Agency Admin Allocations	1,505,737	1,789,867	1,689,740	4,985,344	5,603,767	618,423	89%
Fully Allocated Operating Expenses	\$ 22,361,552	\$ 23,889,936	\$ 24,830,869	\$ 71,082,357	\$ 76,050,533	\$ 4,968,176	93%
Net Subsidy from Fully Allocated Operations	\$ (17,583,928)	\$ (17,872,560)	\$ (18,675,212)	\$ (54,131,700)	\$ (63,036,134)	\$ 8,904,434	86%
Contingency	-	-	-	-	3,786,681	3,786,681	-
Depreciation & Amortization	7,995,322	8,147,465	8,191,339	24,334,126	29,245,758	4,911,632	83%
Net Subsidy from Operations after Depreciation and Amortization	\$ (25,579,250)	\$ (26,020,025)	\$ (26,866,551)	\$ (78,465,826)	\$ (96,068,573)	\$ 17,602,747	82%
Ridership							
Boardings	3,179,038	3,463,283	3,557,321	10,199,642	9,586,098	613,544	106%
Average Weekday Boardings	43,860	48,220	49,052	46,379	44,163	2,216	105%

Sounder Commuter Rail

Sounder Commuter Rail Transit Operations For the Nine Months Ending September 30, 2007

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
Revenues							
Passenger Fares	934,635	1,765,362	1,471,923	4,171,920	3,603,848	568,072	116%
Other Operating Revenues	521,355	520,057	721,131	1,762,543	169,497	1,593,046	1040%
Total Operating Revenues	1,455,990	2,285,419	2,193,054	5,934,463	3,773,345	2,161,118	157%
Direct Operating Expenses							
Salaries & Benefits	74,440	79,993	76,227	230,659	237,946	7,287	97%
Services	2,120,843	2,524,761	2,763,262	7,408,866	9,009,742	1,600,876	82%
Materials & Supplies	471,935	477,628	407,252	1,356,815	1,813,525	456,710	75%
Insurance	338,397	339,853	344,144	1,022,394	1,424,508	402,114	72%
Purchased Transportation Svcs	1,526,019	1,602,004	1,638,565	4,766,588	5,347,919	581,331	89%
Miscellaneous Expenses	25,925	25,989	38,692	90,606	160,382	69,776	56%
Leases & Rentals	92,193	(25,000)	24,894	92,087	192,942	100,855	48%
Other Expenses	69,957	263,293	413,928	747,178	590,393	(156,785)	127%
Total Direct Operating Expenses	\$ 4,719,709	\$ 5,288,521	\$ 5,706,963	\$ 15,715,193	\$ 18,777,358	\$ 3,062,165	84%
Agency Admin Allocations	498,575	593,029	559,866	1,651,467	1,804,267	152,800	92%
Fully Allocated Operating Expenses	\$ 5,218,284	\$ 5,881,550	\$ 6,266,830	\$ 17,366,660	\$ 20,581,625	3,214,964	84%
Net Subsidy from Fully Allocated Operations	\$ (3,762,294)	\$ (3,596,131)	\$ (4,073,776)	\$ (11,432,197)	\$ (16,808,280)	\$ 5,376,082	68%
Contingency	-	-	-	-	1,027,176	1,027,176	-
Depreciation & Amortization	3,999,435	4,150,243	4,203,781	12,353,459	16,486,920	4,133,461	75%
Net Subsidy from Operations after Depreciation and Amortization	\$ (7,761,729)	\$ (7,746,374)	\$ (8,277,557)	\$ (23,785,656)	\$ (34,322,376)	\$ 10,536,720	69%
Ridership							
Boardings	471,539	501,890	579,262	1,552,691	1,362,617	190,074	114%
Average Weekday Boardings	7,254	7,566	8,333	7,757	6,961	796	111%

Revenues and Ridership: Passenger Fares are over YTD budget by \$0.6M, or 16%. August ridership broke records as people utilized additional trains operated by Sounder as part of the I-5 construction mitigation efforts. For the year to date, ridership is 14% over budgeted levels. Combined with a fare increase beginning in June 2007, fare revenues are likely to be over budget at year end.

Non-transportation revenue, primarily the revenue associated with the leasing of Sounder vehicles to other jurisdictions, is over the budget by \$1.6M. Revenues in this category will decline from current levels as leased Sounder vehicles are recalled to facilitate the expansion of service in the fourth quarter. These revenues will be over budget at year end.

Services were under budget by \$1.6M or 18%. The largest variance was maintenance of vehicles, which was under budget by \$902K as a number of discretionary maintenance programs will occur in fourth quarter. Maintenance of stations was under budget by \$409K, also as discretionary maintenance projects will take place during the latter part of the year. Maintenance of way costs are under budget by \$154K and are expected to be under budget throughout the year, as the ST owned railway is not yet in operational service between Tacoma and Lakewood. Other maintenance of way costs are related to maintenance of the layover yards which are not yet complete. Miscellaneous Services are over the budget by \$154k. The primary driver in this category is consulting services for Sounder maintenance strategies.

Materials & Supplies were at 75% of YTD budget. Fuel costs were under budget 13%. Average fuel prices for the year are below budgeted levels of \$2.40 per gallon, but have risen above the \$2.40 mark in September. Supplies for marketing materials have been under the budget by \$25K.

Insurance was under 2007 YTD budget by \$402K or 28%. Claim activity has been favorable with respect to budget.

Purchased Transportation Services were under 2007 YTD budget by \$581K or 11%. This account mainly consists of payments to BNSF for train operations and related track fees. This category is expected

to be at budget by year-end as there will be increased operations associated with the service enhancements begun in September.

Miscellaneous Expenses were under 2007 YTD budget by 44%. The biggest component in this account was advertising media promotion, which is underspent by \$78K, but is expected to pick up in the fourth quarter.

Other Expenses, including taxes and utilities, were over the budget by \$157K, or 27%. This was primarily driven by excise taxes due to increases in fare revenues reflecting strong ridership as well as property tax payments owed to BNSF related to the increased value caused by Sound Transit improvements.

Agency Admin Allocations were at 92% of the YTD budget. This account includes the staff operating costs allocated from both corporate and line of business departments. The variance is in line with overall agency budget performance.

ST Express Transit Operations
For the Nine Months Ending September 30, 2007

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues							
Passenger Fares	3,181,009	3,465,908	3,605,408	10,252,325	9,061,135	1,191,190	113%
Other Operating Revenues	140,625	265,623	355,937	762,185	179,919	582,266	424%
Total Operating Revenues	\$ 3,321,634	\$ 3,731,531	\$ 3,961,345	\$ 11,014,510	\$ 9,241,054	\$ 1,773,456	119%
Direct Operating Expenses							
Salaries & Benefits	47,801	48,025	52,767	148,593	145,133	(3,459)	102%
Services	269,794	511,896	457,224	1,238,914	2,437,907	1,198,992	51%
Materials & Supplies	62,797	78,510	68,621	209,928	316,594	106,666	66%
Insurance	5,444	5,790	5,616	16,850	53,572	36,722	31%
Purchased Transportation Svcs	14,897,181	15,201,137	15,587,951	45,686,269	45,345,909	(340,360)	101%
Miscellaneous Expenses	17,384	37,286	279,629	334,299	215,306	(118,993)	155%
Leases & Rentals	18,695	22,029	14,829	55,553	94,737	39,184	59%
Other Expenses	85,875	131,730	122,949	340,554	308,307	(32,247)	110%
Total Direct Operating Expenses	\$ 15,404,971	\$ 16,036,403	\$ 16,589,586	\$ 48,030,960	\$ 48,917,465	\$ 886,505	98%
Agency Admin Allocations	882,728	1,049,104	990,324	2,922,156	3,349,500	427,344	87%
Fully Allocated Operating Expenses	\$ 16,287,699	\$ 17,085,507	\$ 17,579,910	\$ 50,953,116	\$ 52,266,965	\$ 1,313,849	97%
Net Subsidy from Fully Allocated Operations	\$ (12,966,065)	\$ (13,353,976)	\$ (13,618,565)	\$ (39,938,606)	\$ (43,025,911)	\$ 3,087,305	93%
Contingency	-	-	-	-	2,629,911	2,629,911	-
Depreciation & Amortization	3,283,006	3,284,144	3,283,601	9,850,751	10,670,636	819,885	92%
Net Subsidy from Operations after Depreciation and Amortization	\$ (16,249,071)	\$ (16,638,120)	\$ (16,902,166)	\$ (49,789,357)	\$ (56,326,458)	\$ 6,537,101	88%
Ridership							
Boardings	2,488,056	2,731,431	2,743,802	7,963,289	7,589,583	373,706	105%
Average Weekday Boardings	33,733	37,588	37,689	35,661	34,394	1,267	104%

Passenger Fares and Ridership: Passenger Fares were over the YTD 2007 Budget by \$1.2M or 13% while the ridership increased by more than 11% over the same period in 2006. Other operating revenues were over the YTD budget by \$582K, or 324%. Advertising revenues are primary the driver in this category and are expected to be over budget at year end. Sound Transit’s advertising strategy has become more aggressive in an attempt to leverage the high visibility of the ST Express fleet.

Services were at 51% of 2007 budget. Maintenance of stations was under budget by 49%, or \$476K as scheduled maintenance projects will occur in the last quarter of the year. Security costs were over budget by approximately \$194K. Marketing costs were under budget through 3rd quarter but are expected to return to budgeted levels by year end. The costs for the Downtown Seattle Transit Tunnel maintenance and debt service will become major components of cost in the fourth quarter.

Materials and Supplies were under YTD budget by \$107K, or 34%. Marketing materials were at 17% of the budget. Materials and supplies for facilities were at 43% of the budget. Tools and equipment were under budget by \$79K. New bike racks will be installed on parts of the fleet later this year. This category is expected to be at budget by year-end.

Insurance is under YTD budget by \$37K, or 69%. Budgeted reserves for insurance claims have not been used through the third quarter.

Miscellaneous Expenses were at 155% of YTD budget. The primary spending in this category was marketing campaigns for Downtown Seattle Transit Tunnel Re-opening in September.

Lease and Rentals were under YTD budget by \$39K. This category will remain under budget throughout the year due to the cancellation of a budgeted lease agreement for two additional buses for King County Metro operated services following the completion of the engine retrofit project.

Other Expenses included utilities and tax. Utilities costs were over the budget by \$20K. The biggest spending in this category was for the electricity costs at Federal Way Transit Center, which exceeded the

budgeted level and will remain over the budget at year end. Taxes were over the budget by \$12K, driven by higher excise tax due to higher fare revenues reflecting strong ridership.

Agency Admin Allocations were at 87% of the YTD budget. This account includes the staff operating costs allocated from both corporate and line of business departments. Underspending in this category is reflective of agency performance on staff budgets.

Tacoma Link Light Rail

Tacoma Link Transit Operations

For the Nine Months Ending September 30, 2007

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues							
Passenger Fares	-	-	-	-	-	-	-
Other Operating Revenues	-	426	1,258	1,684	-	1,684	-
Total Operating Revenues	-	426	1,258	1,684	-	1,684	-
Direct Operating Expenses							
Salaries & Benefits	345,004	332,536	325,735	1,003,275	1,057,333	54,058	95%
Services	130,101	221,823	209,768	561,692	657,238	95,546	85%
Materials & Supplies	32,939	30,966	45,866	109,771	138,150	28,379	79%
Insurance	72,796	73,205	72,967	218,968	308,314	89,345	71%
Purchased Transportation Svcs	-	-	-	-	7,500	7,500	-
Miscellaneous Expenses	507	(16)	131	622	11,850	11,228	5%
Leases & Rentals	-	-	117	117	3,000	2,883	4%
Other Expenses	27,825	30,026	26,473	84,324	90,697	6,373	93%
Total Direct Operating Expenses	\$ 609,172	\$ 688,540	\$ 681,056	\$ 1,978,768	\$ 2,274,081	\$ 295,313	87%
Agency Admin Allocations	109,772	130,545	123,240	363,561	396,750	33,189	92%
Fully Allocated Operating Expenses	\$ 718,944	\$ 819,085	\$ 804,296	\$ 2,342,329	\$ 2,670,831	\$ 328,502	88%
Net Subsidy from Fully Allocated Operations	\$ (718,944)	\$ (818,659)	\$ (803,038)	\$ (2,340,645)	\$ (2,670,831)	\$ 330,186	88%
Contingency	-	-	-	-	80,125	80,125	-
Depreciation & Amortization	712,881	713,078	703,957	2,129,916	2,088,201	(41,714)	102%
Net Subsidy	\$ (1,431,825)	\$ (1,531,737)	\$ (1,506,995)	\$ (4,470,561)	\$ (4,839,157)	\$ 368,596	92%
Ridership							
Boardings	219,443	229,962	234,257	683,662	633,898	49,764	108%
Average Weekday Boardings	2,873	3,066	3,030	2,961	2,808	153	105%

Ridership: Ridership was more than 6% higher than the same period of 2006, and was over the forecast 2007 by 8%. Demand for Tacoma Link service continues to exceed 2010 forecasts.

Services were under budget by \$96K or 15%. Maintenance of facilities and the operations and maintenance facility was under budget by about \$136K as major work on the overhead catenary system has been pushed to the 4th quarter. Maintenance of Vehicles was under the budget by \$30K. Security costs have been running ahead of budgeted levels as Tacoma Link is covering a share of the security management and shared costs that were budgeted under facilities expenses.

Material and Supplies were under 2007 YTD Budget by \$28K or 21%. Purchase of radios was determined to be a capital expense for accounting purposes and was capitalized rather than charged to expense.

Insurance was under the budget by \$89K or 29%, reflecting lower than budgeted claims activity.

Agency Admin Allocations were at 92% of the YTD budget. This account includes the staff operating costs allocated from both corporate and line of business departments. Capital

Sounder Capital

Sounder Commuter Rail - Capital Outlays by Phase For the Nine Months Ending September 30, 2007

Current Year 2007

Phase	2007 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b - c]	[c / b]
Agency Administration	5,239,033	4,068,216	2,981,923	1,086,293	73%
Preliminary Engineering	1,322,416	1,106,763	601,870	504,893	54%
Final Design	3,986,563	3,417,889	1,641,577	1,776,312	48%
ROW Acq. & Permits	59,731,781	8,293,987	1,897,627	6,396,360	23%
Construction	105,731,471	75,834,354	32,104,935	43,729,420	42%
Vehicles	-	-	-	-	-
Contingency	-	-	-	-	-
TOTAL	\$ 176,011,265	\$ 92,721,209	\$ 39,227,932	\$ 53,493,278	42%

Lifetime Capital Plan

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	49,241,677	37,620,113	-	11,621,565	76%
Preliminary Engineering	27,389,595	25,323,059	913,600	1,152,935	96%
Final Design	33,530,062	27,984,984	1,946,437	3,598,641	89%
ROW Acq. & Permits	354,961,803	293,908,795	1,266,175	59,786,833	83%
Construction	548,737,205	377,813,361	35,619,180	135,304,665	75%
Vehicles	135,443,050	134,504,945	0	938,106	99%
Contingency	65,703,453	-	-	65,703,453	0%
Unabsorbed Overhead		8,824,402		(8,824,402)	
TOTAL	\$ 1,215,006,845	\$ 905,979,658	\$ 39,745,392	\$ 269,281,795	78%

Sounder Capital Notes

Agency Administration spending was at 73% of the 2007 YTD budget. This category includes the total line of business and administrative overhead charged to capital projects.

Preliminary Engineering spending was at 54% of the 2007 YTD budget, \$505 thousand below the \$1.1 million budgeted through September. Factors contributing to the lower than expected spending includes:

- D Street – M Street Track and Signal was \$480 thousand under budget. Project scope has not yet been determined. Feasibility studies to determine a preferred alternative are expected to be completed in late 2007, with board action to follow at the end of 2007.
- Permitting/Environmental Mitigation was \$214 thousand under budget. Development of an alternative mitigation concept has not required consultant assistance. Once an alternative mitigation project has been selected spending will increase.
- Tukwila Station was \$232 thousand under budget due to protracted contract negotiations with our consultant, which delayed the project start. Work is now underway.
- Lakewood Station was \$328 thousand over budget due to the timing of the re-class of budget and expense from Rex Project SR512 Park and Ride Expansion to Lakewood Station as part of the 2007 budget process.

Final Design spending was at 48% of the 2007 YTD budget, \$1.8 million below the \$3.4 million budgeted through September.

- Tukwila Station was \$181 thousand under budget due to protracted contract negotiations which delayed the project start. Work is now underway.
- Mukilteo Station, South Platform was \$411 thousand under budget. Final design phase work has been delayed due to performance issues and staffing changes with the design consultant.
- D Street – M Street Track and Signal was \$1 million under budget. Start of final design has been delayed until the first quarter of 2008 due to additional study to determine a preferred alternative. Selection is expected to be completed in late 2007, with board action to follow by the end of 2007.

ROW spending was at 23% of the 2007 YTD budget, \$6.4 million under the \$8.3 million budgeted through September.

- Permitting/Environmental Mitigation was \$951 thousand under budget due to delays in acquisition of a potential mitigation site and due to the fact that contracting for final design of the Willow Creek culvert is taking longer than anticipated.
- Nisqually-Lakewood ROW was \$1.2 million under budget. The final payment will be made this year and the project will be closed in 2008.
- D Street – M Street Track and Signal was \$5.1 million under budget. ROW acquisition is on hold pending completion of alternative alignment studies as noted in the Final Design section.
- South Tacoma Station was \$553 thousand over spent due to higher than expected costs associated with the property acquisition/condemnation.

Construction spending was at 42% of the 2007 YTD budget, \$43.7 million under the \$75.8 million budgeted through September.

- Layover was \$4 million under budget. The Lakewood Layover project is on hold until decisions are made on the D Street – M Street Track and Signal project. In Snohomish County, the Everett Layover project was delayed by protracted negotiations with BNSF for property lease.
- Permitting/Environmental Mitigation was \$3.4 million under budget. Components of the project are being re-scoped due to the excessive cost of property acquisition. This has delayed the overall spending plan for the project.
- Everett Station was \$4.9 million under budget. Construction has been delayed due to the complexity of the BNSF property acquisition in which Sound Transit will receive a lease for the platform in exchange for property that we own in fee.
- Mukilteo Station, North Platform was \$2.4 million under budget. Construction start was delayed by protracted negotiations with BNSF for property lease and by a protest during the bidding process.
- Edmonds Station was \$2.5 million under budget. Construction start has been delayed because final design is not complete.
- Seattle-Tacoma Phase II Track and Signal improvements were \$17.8 million under budget. Delayed access to King Street in Seattle and D Street in Tacoma is causing overall delay in project spending. In addition, expenditures have come in lower than what was anticipated in the contract amounts.
- D Street-M Street Track and Signal was \$1.1 million under budget. The project has been delayed due to continuing study of alternative alignments as noted in the Final Design section.
- M Street – Lakewood Track and Signal was \$6.5 million under budget. Advertising the project for construction bids has been delayed from 1Q 2007 to 2Q 2008 due to coordination of construction with WSDOT and failure of fiber optic companies to relocate. This delay will cause the project to miss the projection in the 2007 budget.
- Reservation-Freighthouse was \$2.4 million under budget. Project has been completed and will be closed out once final payments have been made. It is expected that much of the remaining budget will not be spent.

- South Tacoma Station was \$3.3 million under budget due to delay in the start of construction. The project was advertised for construction bids, but was subject to protests by two bidders. As a consequence, construction is not expected to begin until early 2008.
- Lakewood Station was \$4.7 million over budget due to contractor being about three months ahead of schedule but is within the lifetime budget.

Regional Express Capital

Regional Express - Capital Outlays by Phase For the Nine Months Ending September 30, 2007

Current Year 2007

Phase	2007 Adopted Capital Plan	YTD Capital Plan	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	3,405,042	2,756,648	1,782,135	974,513	65%
Prelim. Engineering	1,767,301	1,767,301	553,129	1,214,173	31%
Final Design	4,499,481	2,931,861	1,537,309	1,394,552	52%
ROW Acq. & Permits	3,888,616	1,815,603	647,630	1,167,973	36%
Construction	50,831,779	42,086,760	45,304,717	(3,217,957)	108%
Contingency	-	-	-	-	-
TOTAL	\$ 64,392,220	\$ 51,358,173	\$ 49,824,919	\$ 1,533,254	97%

Lifetime Capital Plan

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	40,469,621	34,728,620	19,886	5,721,115	86%
Prelim. Engineering	51,300,943	48,486,716	2,489,559	324,668	99%
Final Design	56,563,988	39,154,735	6,719,593	10,689,660	81%
ROW Acq. & Permits	63,055,560	45,160,191	2,871,335	15,024,035	76%
Construction	517,129,444	347,709,417	51,410,192	118,009,835	77%
Contingency	56,722,000	-	-	56,722,000	0%
TOTAL	\$ 785,241,557	\$ 515,239,680	\$ 63,510,564	\$ 206,491,313	74%

Regional Express Capital Outlay Notes

Agency Administration spending was at 65% of the 2007 YTD budget. This category includes the total line of business and administrative overhead charged to capital projects. Spending is lower than expected due to two projects that are behind schedule, Issaquah Transit Center and Totem Lake Freeway Station.

Preliminary Engineering spending was at 31% of the 2007 YTD budget, \$1.2 million under the \$1.8 million budgeted through September.

- Kirkland Transit Center was \$250 thousand under budget. Delay in identifying a preferred alternative has delayed completion of PE/ED by a year resulting in under spending compared to budgeted expenditures. A preferred alternative has now been identified and spending will commence in the fourth quarter.
- Rainier Avenue/Hardie Avenue Arterial Improvements was \$652 thousand under budget due to project being put on hold by the City of Renton. The city has developed a proposed change in scope for the ST Board to consider.
- SR512 Park & Ride Expansion has a \$328 thousand negative YTD balance due to the re-class of all expenses and budget, including prior years, to the Sounder Lakewood Station project as part of the 2007 budget.

Final Design spending was at 52% of the 2007 YTD budget, \$1.4 million under the \$2.9 million budgeted through September.

- Redmond Transit Center was \$999 thousand under budget. This is a King County project funded by Sound Transit and King County's reimbursement request for \$1 million has not yet been submitted. However, the reimbursement request is anticipated by year end.
- Rainier Avenue/Hardie Avenue Arterial Improvements was \$505 thousand under budget due to project being put on hold by City as noted in the Preliminary Engineering section.

ROW spending was at 36% of the 2007 YTD budget, \$1.2 million under the \$1.8 million budgeted through September.

- Totem Lake Transit Center/Evergreen Medical Center was \$294 thousand under budget. Because the property for this project was leased, acquisition of right-of-way was not required resulting in a savings in this phase.
- N. Everett Transit Center/Everett Community College was \$313 thousand under budget. The city has not yet sought reimbursement.
- SR522 HOV Enhancements/Bothell was \$274 thousand under budget. The City of Bothell is the lead agency in acquiring the right-of-way. Reimbursement will occur when acquisition is completed.
- Kirkland Transit Center was \$271 thousand under budget due to a delay in receiving the Kirkland City Council endorsement of the design concept, which was needed to finalize the right of way requirements. Under the new preferred alternative, it is anticipated that the right-of-way costs will not be as high as expected, which would result in phase level savings.

Construction spending was at 108% of the 2007 YTD budget, \$3.2 million over the \$42 million budgeted through September.

The following projects were exceeding the forecasted budget through September:

- S. Everett Freeway Station was \$7.6 million over spent. Construction is progressing ahead of the schedule assumed in the 2007 budget, but is anticipated to be completed within the lifetime budget.
- Ash Way Transit Access/164th SW was \$2.2 million over the 2007 budget. A contractor claim has been settled and the project will be closed pending final payment to WSDOT. The funds for claims on this project had been budgeted in the contingency phase awaiting resolution.
- I-90 Two-way Transit & HOV Operations, Stage 1 was \$3.6 million over spent. Construction is progressing ahead of the schedule that was assumed in the 2007 budget but is anticipated to be within the lifetime budget.

The following projects were under spent through September:

- Eastgate HOV Access was \$2.2 million under budget. The project will be completed under budget and with savings available to transfer to East King County Program Reserves at the end of the plant establishment period.
- Canyon Park Freeway Station was \$1.4 million under budget. The project will also likely be completed under budget and with savings anticipated to transfer to East King County Program Reserves at the end of the plant establishment period.
- Totem Lake Freeway Station was \$1.8 million under spent. Construction is behind schedule due to delay in completing the work along 116th Street and due to the failure of a portion of the northern direct access ramp. Project is expected to be substantially complete by year end, but most likely with spending over the predicted cash flow due to the increased cost related to the failed section of the northern direct access ramp.
- Totem Lake Transit Center/Evergreen Medical Center was \$1.1 million under budget. Evergreen Healthcare had to re-advertise the project, which has resulted in spending lagging behind the budgeted cashflow.

Link Light Rail

Link Light Rail - Capital Outlays by Phase For the Nine Months Ending September 30, 2007

Current Year 2007

Phase	2007 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b - c]	[c/b]
Agency Administration	43,685,393	32,777,883	18,114,888	14,662,994	55%
Preliminary Engineering	835,903	639,439	110,832	528,607	17%
Final Design	29,646,616	23,591,145	23,400,058	191,086	99%
ROW Acq. & Permits	59,378,657	44,009,052	37,127,102	6,881,950	84%
Construction	386,752,343	285,718,842	313,026,068	(27,307,226)	110%
Vehicles	39,356,798	27,968,822	15,311,335	12,657,486	55%
Testing and Start-Up	4,150,992	3,164,017	1,873,959	1,290,058	59%
Contingency	12,747,361	-	-	-	-
TOTAL	\$ 576,554,062	\$ 417,869,199	\$ 408,964,243	\$ 8,904,957	98%

Lifetime Capital Plan

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	315,832,822	157,369,835	1,276,395	157,186,592	50%
Preliminary Engineering	95,161,963	91,576,543	354,096	3,231,324	97%
Final Design	273,823,902	192,831,782	49,290,874	31,701,245	88%
ROW Acq. & Permits	402,608,571	287,003,776	12,753,579	102,851,216	74%
Construction	2,550,347,678	1,160,718,158	230,669,463	1,158,960,058	55%
Vehicles	298,170,440	81,473,315	69,250,776	147,446,349	51%
Testing and Start-Up	18,996,111	3,146,487	12,437,028	3,412,597	82%
Contingency	152,293,257	-	-	152,293,257	0%
Overhead Reserve	-	7,928,271	-	(7,928,271)	-
TOTAL	\$ 4,107,234,744	\$ 1,982,048,168	\$ 376,032,211	\$ 1,749,154,366	57%

Link Capital Outlay Notes

Link Light Rail capital outlays through the third quarter of 2007 are 98% of the YTD budget plan.

Initial Segment construction, including systems installation and light rail vehicle procurement, is approximately 81.5% complete as of September 2007, with revenue service scheduled for July 2009.

University Link final design work significantly accelerated during the third quarter of 2007. In September 2007 the Sound Transit board approved the University Link capital Baseline Cost Estimate (BCE) of \$1.614 billion, with a project completion schedule milestone of September 2016, and authorized the CEO to submit a Federal Full Funding Agreement (FFGA) to the Federal Transit Administration (FTA). Staff are preparing to submit the FFGA application by year-end 2007. A resolution to increase the project budget to the BCE will be presented to the board for consideration in November 2007 as an amendment to the Proposed 2008 Budget.

Airport Link construction continued along the C410 and C420 construction segments during this period. In July 2007, the Sound Transit board authorized award of the scaled down SeaTac/Airport Station and trackwork construction package, and notice to proceed was issued to the contractor in August 2007. In July 2007, the board also approved the contract amendment with the Final Design consultant to redesign

the SeaTac/Airport Station finishes package. The lifetime budget for Airport Link is being reevaluated based on the reconfiguration of construction for the Airport Station and guideway, and amendment to the project budget will be decided when final cost estimates are available in late 2007. Revenue Service for Airport Link is projected at the end of 2009.

Tacoma Link contracts are complete and project closure is in process.

Agency Administration outlays are equal to 55% of the YTD 2007 budget plan. This budget category includes: Link staff support costs, agency costs allocated to projects, and direct charges. Low YTD expenditures result from actual agency staff allocation rates being lower than those used to prepare the budget.

Preliminary Engineering outlays are equal to 17% of the YTD budget plan. Preliminary engineering completed in 2006 for the Initial Segment, University Link and Airport Link, except for ongoing environmental monitoring. PE work for North Link segment projects from UW Station to Brooklyn Station and 45th Street to Northgate will be performed only as needed. Expenditures are lower than planned, because no significant preliminary engineering work has been done during 2007.

Final Design outlays are equal to 99% of the YTD budget plan. With final design for University Link fully underway, and an initial payment to the University of Washington (UW) per the terms of the Master Implementation Agreement (MIA) executed in September 2007, expenditures jumped to 107% of the YTD plan during the third quarter. Final Design expenditures for the Initial Segment of 77% of the YTD plan are related to design support for major construction activities. Airport Link expenditures at 95% of the YTD plan are for design support and for the redesign of the SeaTac/Airport Station finishes package, which began in August 2007.

ROW Acquisition & Permits outlays are 84% of the annual budget plan. Initial Segment acquisitions at 129% are ahead of the YTD plan, because several large payments planned for 2006 were not made until 2007. Payments to King County Metro for use of the DSTT are 106% of the YTD plan. Acquisitions for University Link are at 64% of the YTD budget plan due to condemnation delays, but are projected to ramp up next quarter. As of September 2007, ST has acquired 6 of the 19 property parcels, and completed 46 of the 138 relocations of owners and tenants, that are needed for the construction staging area of Capitol Hill Station. Airport Link acquisitions are 164% of the YTD plan, and exceed the annual budget plan by \$2.4 million, because the price of one property acquired during the second quarter came in \$3.3 million over the original appraised value. Final expenditures are forecast to be within the lifetime adopted budget.

Construction outlays are 110% of the YTD budget plan.

Initial Segment expenditures are 106% of the YTD plan as construction continues to progress towards the projected July 2009 completion date. Tunnel work completed on time to reopen the Downtown Seattle Transit Tunnel (DSTT) on September 24, 2007. At Beacon Hill, the TBM was assembled and launched on the northbound tunnel in July 2007, and is set to break through to the station platform in early October. Main shaft concrete work at the Beacon Hill tunnel, which is now the critical section of the Initial Segment project, continued to experience delays during the third quarter of 2007. Sound Transit is working closely with the contractor to identify ways to mitigate some of the delays that have resulted in loss of schedule float. Trackwork along the entire Rainier Valley alignment was completed in September 2007. Station work continues to be delayed due to structural steel issues. Although the contractor has hired more steel fabricators, the Substantial Completion Milestone date of October 1, 2007 will be missed due to late delivery of stations and plazas; however, this delay will not impact overall project completion. Tukwila segment span erection via the gantry crane concluded in September 2007. Significant progress was made by the contractor on the 154th Street Station. KCM Operations personnel began to move into the Operations and Maintenance (O&M) Facility in July 2007. Systems contractors concentrated on completing work in support of the DSTT reopening. All systems installation contractors are progressing at better than planned productivity rates. Traction electrification installation in the O&M Facility completed in September 2007.

Airport Link construction on the aerial guideway from S. 154th Street to S. 160th Street (C410) reached 75% complete during this period, with work substantially completed on spans over SR518 and SR99.

Construction on the S. 160th Street to Airport station segment (C420) reached 55% complete, and progressed towards turnover of work to the station contractor in time for their scheduled start date in November 2007. Although Airport Link construction expenditures are 113% of the YTD 2007 budget plan at the end of September 2007, the C410 and C420 contract budgets are not at risk. Higher than planned costs reflect advance payments to the Port of Seattle per the Memorandum of Agreement, which differs from the construction progress methodology used to cash flow expenditures for the budget. Construction started on the revised SeaTac/Airport and trackway concrete package (C430R) when notice to proceed was issued in August 2007.

Vehicles outlays are 55% of the YTD budget plan. The current payment plan for this contract is tied to specific and separate deliverables for the Initial Segment and Airport Link projects. Initial Segment expenditures are 50% of the YTD plan, because delivery of Systems equipment has been delayed; however, expenditures are projected to be per plan at year end, and the overall completion date for light rail vehicle procurement has not been impacted. Although Airport Link outlays are 208% of the YTD plan, and are projected to exceed the annual budget by year-end, expenditures are in accordance with the project's current lifetime delivery and payment plan for vehicle procurement. During the third quarter, testing continued on cars 1 and 2, cars 3 and 4 were shipped to the site in September 2007, and cars 5-17 are undergoing final assembly in Everett.

Testing and Start-Up outlays are 59% of the YTD budget plan. Testing and training with the light rail vehicle continued throughout the third quarter. Expenditures for startup are in accordance with the Intergovernmental Agreement between Sound Transit and King County Metro (KCM) to operate the Central Link Operations and Maintenance Facility, and are distributed between the Initial Segment and Airport Link projects. Life-to-date outlays include prior year expenditures for Tacoma Link testing and startup.

Agency Administration Expenses

Agency Summary by Department

Staff Operating Departments - Before Expense Transfers & Transfers to Other Govts
For the Nine Months Ending September 30, 2007
Budget to Actuals

	Q2 Actuals	Q2 Actuals	Q3 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Executive	236,930	257,181	269,714	763,825	1,131,863	368,038	67%
Policy Planning & Public Affairs	1,152,756	1,232,366	1,110,506	3,495,627	3,808,510	312,883	92%
Legal	572,005	633,813	583,523	1,789,341	2,084,501	295,160	86%
Finance & Information Technology	2,399,057	2,781,009	2,805,550	7,985,616	9,246,996	1,261,380	86%
Link Light Rail	2,782,789	2,699,560	2,949,943	8,432,292	9,529,941	1,097,649	88%
Capital Projects	870,980	770,513	673,946	2,315,439	2,970,264	654,825	78%
Corporate Services	1,677,303	2,197,827	1,701,742	5,576,873	6,229,150	652,278	90%
Transportation Services	1,015,495	1,148,508	1,121,919	3,285,921	4,417,639	1,131,718	74%
Non-Departmental	985,039	967,074	961,242	2,913,355	3,480,125	566,770	84%
TOTAL	\$ 11,692,355	\$ 12,687,849	\$ 12,178,084	\$ 36,558,289	\$ 42,898,989	\$ 6,340,700	85%

Staff & Other Expenses

For the Nine Months Ending September 30, 2007
Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	8,416,255	8,334,755	8,390,142	25,141,152	27,912,987	2,771,835	90%
Services	1,556,287	2,058,327	1,824,295	5,438,909	7,354,910	1,916,001	74%
Materials & Supplies	210,380	246,081	204,611	661,072	1,170,576	509,504	56%
Miscellaneous Expenses	232,784	710,954	477,738	1,421,476	1,775,012	353,536	80%
Leases & Rentals	463,407	458,686	472,039	1,394,132	1,507,595	113,463	92%
Other Expenses	304,763	362,646	350,556	1,017,965	1,200,456	182,491	85%
Depreciation	508,479	516,401	458,703	1,483,583	1,977,453	493,870	75%
Gross Staff Operating Expenses	\$ 11,692,355	\$ 12,687,850	\$ 12,178,084	\$ 36,558,289	\$ 42,898,989	\$ 6,340,700	85%
Expense Transfers	(7,241,108)	(7,637,672)	(7,431,622)	(22,310,401)	(26,826,309)	(4,515,908)	83%
Net Staff Operating Expenses	\$ 4,451,247	\$ 5,050,178	\$ 4,746,462	\$ 14,247,888	\$ 16,072,680	\$ 1,824,792	89%
Other Expenses							
Operating Projects	1,574,143	3,481,169	4,334,385	9,389,698	21,071,457	11,681,759	45%
Transit-Oriented Development	5,463	81,742	1,501	88,706	305,316	216,610	29%
STart	8,110	10,216	13,048	31,374	309,213	277,839	10%
Community Development Fund	30,708	405,241	512,840	948,789	1,268,639	319,850	75%
Debt Service Costs	64,779	65,806	66,234	196,819	1,455,335	1,258,517	14%
Non-Capitalizable LOB expenses	515,503	2,185,552	2,011,690	4,712,746	5,972,697	1,259,951	79%
Total Other Expenses	\$ 2,198,707	\$ 6,229,726	\$ 6,939,698	\$ 15,368,131	\$ 30,382,657	\$ 15,014,526	51%
Grand Total Operating Expenses	\$ 6,649,954	\$ 11,279,904	\$ 11,686,161	\$ 29,616,019	\$ 46,455,337	\$ 16,839,318	64%

Staff Operating Notes

Salaries and Benefits were below budget by \$2.7M, or 10%, at the end of the third quarter. This is due to lower than budgeted headcount, which directly affects these expenditure levels. There were 347 filled corporate department positions on September 30 compared to 361 budgeted corporate department positions.

Services were below budget by \$1.9M, or 26%, at the end of the third quarter. Many of the larger services expenses will occur later in the year than was originally anticipated.

Materials and Supplies were below budget by \$510K, or 44%, at the end of the third quarter. The largest variances were for less than anticipated materials and supply spending in the communications and information technology divisions.

Miscellaneous Expenses were below budget by \$354K, or 20%, at the end of the third quarter. Contingency is part of this account category which has remained unspent to date.

Leases & Rentals were below budget by \$114K, or 8%, at the end of the third quarter. This category includes administrative facilities rent, parking garage lease and meeting space rentals.

Other Expenses were below budget by \$182K, or 15%, at the end of the third quarter. This category includes insurance, utilities, taxes and interest.

Depreciation was below budget by \$494K, or 25%, at the end of the third quarter. Included in the category is depreciation on assets such as fleet vehicles, Union Station building, Furniture and Fixtures, Computer Equipment, Office Equipment, Software and Capital Leases.

Expense Transfers were below budget by \$4.5M, or 17%, at end of the third quarter. This category represents the allocated overhead dollars that are transferred to capital and operating projects. This category was under budget due to \$6.3M in overall lower spending in the staff operating departments compared with the budget.

Other Non-Operating Expense Notes

Other Operating Projects was below budget by \$11.7M or 55%, at the end of the third quarter. This category includes operational spending for Research & Technology, Fare Integration, Phase 2 Planning, and East Corridor Planning. Fare Integration project delays continue to push payment of the Beta Test Acceptance Milestone to later in 2007. Phase 2 Planning expenses came in below budgeted targets, although additional spending is necessary in the 4th quarter to support post election analysis, consultant contract close out, and initial planning efforts for a future vote on a revised Phase 2 ballot measure. The 2007 East Corridor Planning budget anticipated an accelerated schedule for a draft Environmental Impact Statement (EIS). Subsequent ST2 planning led to a decision to relax the EIS schedule. The proposed 2008 budget maintains the lifetime budget but spreads the spending over 2007/2008.

Transit-Oriented Development was below budget by \$217K, or 71%, at the end of the third quarter. These funds are for transit-related studies and are only spent as needed.

STart was below budget by \$278K, or 90%, at the end of the third quarter. The operating expense budget for STart is for repairing and maintaining art as it is needed.

Community Development Fund was below budget by \$320K, or 52%, at the end of the third quarter, due to fewer than anticipated mitigation payments and is anticipated to be under budget at year end.

Debt Service Costs were below budget by \$1.3M, or 86%, at the end of the third quarter reflecting a current assumption of full capitalization to capital projects. This calculation is evaluated at year end and will include the impact of the bond issue in the fourth quarter.

Non-Capitalizable LOB Expenses was below budget by \$1.3M, or 21%, there were fewer than anticipated Non-Capitalizable costs in the third quarter.

Subarea Third Quarter 2007 Summaries

Subarea Revenue Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2007 Tax Revenues							
Sep YTD Budget	32.1	63.4	45.2	66.4	47.1	0.0	254.2
Sep YTD Actual	33.0	66.0	46.7	67.8	46.6	0.0	260.1
\$ Variance	0.9	2.5	1.5	1.5	-0.5	0.0	5.9
% Variance	2.8%	4.0%	3.4%	2.2%	-1.0%	-	2.3%
2007 Farebox Revenues							
Sep YTD Budget	2.0	0.0	2.0	4.9	3.7	0.0	12.6
Sep YTD Actual	2.2	0.0	2.3	5.7	4.3	0.0	14.4
\$ Variance	0.2	0.0	0.3	0.8	0.6	0.0	1.8
% Variance	8.8%	-	13.9%	16.5%	15.5%	-	14.5%
2007 Grant Revenues							
Sep YTD Budget	0.2	35.4	29.4	2.5	4.8	0.0	72.2
Sep YTD Actual	1.0	49.6	28.2	0.8	3.0	0.0	82.6
\$ Variance	0.8	14.3	-1.2	-1.7	-1.8	0.0	10.4
% Variance	393.8%	40.3%	-4.1%	-68.5%	-37.0%	-	14.4%
2007 Other Revenues							
Sep YTD Budget	0.1	0.1	0.0	0.0	0.2	9.1	9.6
Sep YTD Actual	0.7	1.1	2.1	0.3	2.0	16.4	22.7
\$ Variance	0.5	1.0	2.1	0.2	1.9	7.3	13.1
% Variance	409.2%	1245.0%	15500.4%	480.3%	972.0%	79.3%	135.7%

Subarea Operating Expense & Capital Outlay Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2007 Transit Operating Expenses							
Sep YTD Budget	16.5	-	25.3	32.8	34.5	-	109.1
Sep YTD Actual	13.7	0.1	22.2	29.9	29.7	-	95.5
Percent Spent	83.1%	-	87.7%	91.1%	86.0%	-	87.6%
2007 Other Operating Expenses							
Sep YTD Budget	0.1	0.6	(0.3)	1.6	1.9	42.5	46.5
Sep YTD Actual	0.1	(1.5)	(0.3)	1.2	0.4	29.7	29.6
Percent Spent	NA	NA	NA	NA	NA	NA	NA
2007 Capital Outlays							
Sep YTD Budget	24.5	258.7	184.8	47.0	53.1	3.0	571.0
Sep YTD Actual	16.5	253.6	169.3	35.5	24.2	1.9	500.9
Percent Spent	67.4%	98.0%	91.6%	75.4%	45.5%	61.6%	87.7%
2007 Lifetime Capital Outlays							
LTD Budget	610.0	3,174.5	1,324.1	653.4	697.9	23.5	6,483.5
LTD Actual	410.1	1,366.9	934.5	344.4	443.0	39.8	3,538.7
Outstanding Contracts	19.2	247.1	144.7	48.0	25.9	4.8	489.8
Percent Spent or Committed	70.4%	50.8%	81.5%	60.1%	67.2%	189.8%	62.1%

Subarea Net Asset Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2007 Net Asset Summary							
Invested Capital Assets	238.8	1,161.1	659.4	183.7	275.9	22.6	2,541.6
Restricted	5.8	19.4	37.3	-	24.6	27.5	114.7
Unrestricted	28.9	(148.4)	(80.1)	250.5	102.8	59.7	213.5
Total Net Assets	273.6	1032.2	616.6	434.2	403.3	109.9	2,869.8