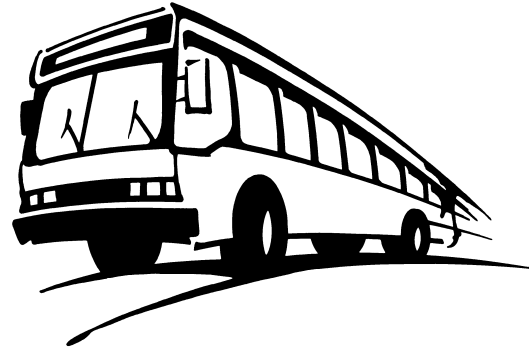




**SOUNDTRANSIT**

Central Puget Sound  
Regional Transit Authority



**Quarterly Financial Report**  
**3rd Quarter 2002**  
**October 30, 2002**



# Quarterly Financial Report

## 3rd Quarter 2002

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October 30, 2002

**TO:** Board of Directors  
**FROM:** Joni Earl, *Executive Director*  
 Hugh Simpson, *Chief Financial Officer*  
**SUBJECT:** 3rd Quarter 2002 Financial Report

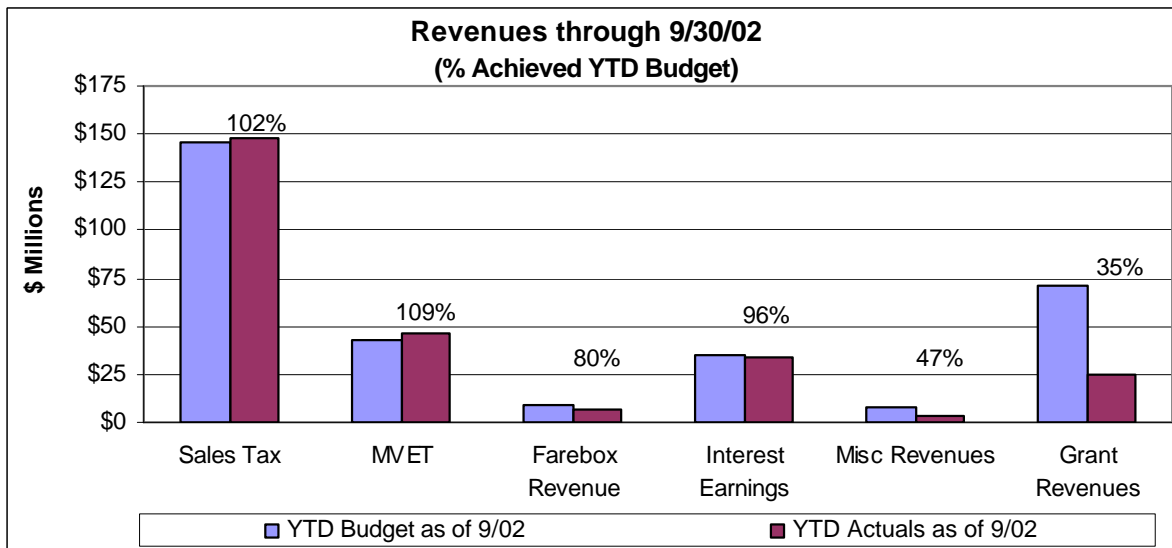
**Executive Summary**

This report summarizes Sound Transit’s third quarter 2002 financial performance for revenues, transit operations, capital outlays and staff operating expenses. The discussion and graphs below summarize the budget and financial results. The report includes detailed financial data and notes assessing the agency’s performance to budget, along with a summary of the agency’s cash and investment position.

The budget figures presented here, with the exception of the capital project sections, represent nine months of budget. This approach provides an equivalent YTD comparison of budget-to-actual activity.

**Revenues**

Local tax collections tracked ahead of budget through the third quarter of the year, with sales tax receipts 2% and MVET receipts 9% above budget respectively. Grant revenues through the third quarter were lower than budget, but are anticipated to increase in the 4th quarter. Investment revenues are tracking with the budget, but are anticipated to be below budget at year-end. The graph detailed below depicts the major revenue categories, actual to budget, and the percent achieved YTD (pro-rated January - September).



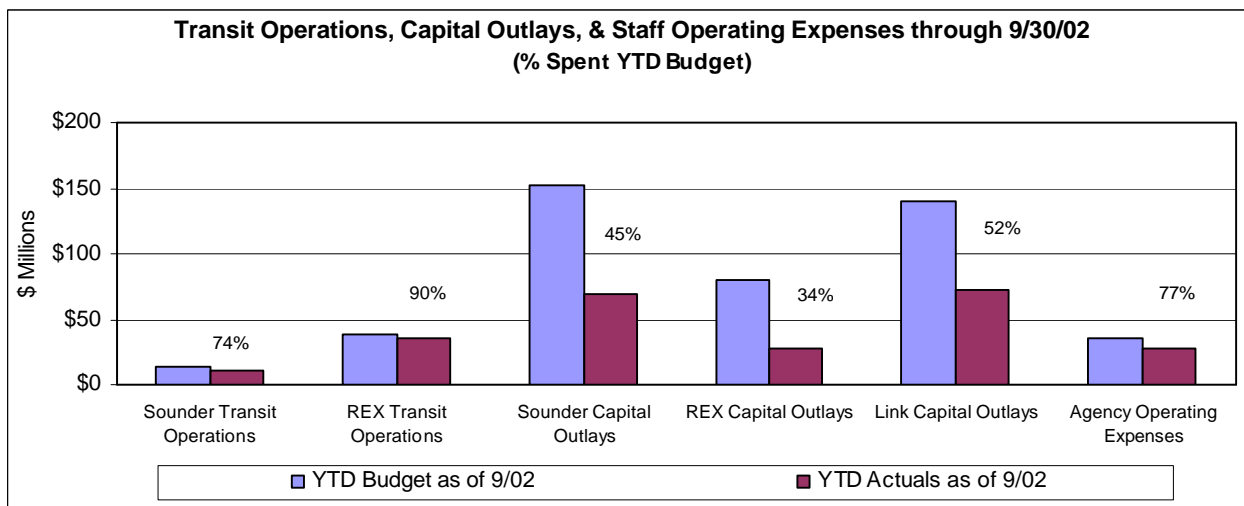
## Expenses and Capital Outlays

Overall spending for transit operations through the third quarter is below the year-to-date (YTD) budget (pro-rated January - September). Sounder commuter rail transit operations are at 74% of YTD budget. Because the lag in receiving invoices for purchased transportation services can be up to three months, the process of recording estimates for transit operations is occurring and being assessed. As both Sounder and Regional Express increased service to planned levels during the third quarter, year-end actuals for transit operations are anticipated to be closer, but still below budget.

Capital outlays for all three lines of business remain underspent at 34% of the total Adopted 2002 Budget. While progress continues to be made on capital projects for all three lines of business, extended negotiation of third-party agreements, environmental and permitting processes, delayed receipt of the LONP and final design authorization for the Initial Segment, and design delays have all contributed to lower than anticipated spending levels. Capital outlay activity should increase in the final quarter.

Staff operating expenses continued to increase and moved closer in line with the budget through the third quarter, with overall spending now at 77% YTD. The YTD variance is chiefly driven by slower than anticipated staff hiring and low consultant expenses during the first half of the year. At year end, actual staff operating expenses are projected to be below budget.

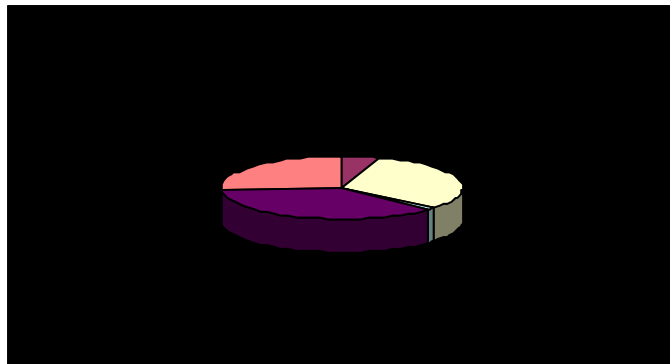
The graph detailed below depicts transit operations, capital outlays and staff operating expenses, and the percentage spent YTD versus the YTD budget.



## Cash and Investments:

The table and graph detailed below depicts cash and investment balances and composition percentages on September 30, 2002.

<b>(Millions \$)</b>	
Cash on Hand	\$ 0.8
WA State Pool	\$ 44.3
King County Pool	\$ 273.0
Municipal Investor Account	\$ 10.0
ST Investments	\$ 321.2
BNSF Letter of Credit	\$ 228.5
<b>Total</b>	<b>\$ 877.8</b>



## **Financial Detail**



## Revenue

### Agencywide Revenues through September 30, 2002 Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD Actuals over/(under) YTD Budget	YTD Actuals as % of YTD Budget
<b>REVENUE SOURCES</b>							
Retail Sales and Use Tax	\$46,286,901	\$49,054,332	\$52,500,168	\$147,841,401	\$145,587,677	\$2,253,724	102%
Motor Vehicle Excise Tax	15,174,639	15,470,349	16,018,177	46,663,165	42,910,784	3,752,381	109%
Farebox Revenue	2,738,281	2,297,534	1,461,395	6,497,210	8,764,829	(2,267,619)	74%
Interest Earnings	11,733,007	11,243,807	10,353,222	33,330,035	34,785,809	(1,455,774)	96%
Miscellaneous Revenues	1,586,283	711,844	1,387,248	3,685,375	7,854,601	(4,169,226)	47%
<b>OTHER FINANCING</b>							
Federal Grants	0	9,042,843	15,754,732	24,797,575	70,935,750	(46,138,175)	35%
Bond Proceeds	0	0	0	0	0	0	0%
<b>TOTAL SOURCES</b>	<b>\$77,519,111</b>	<b>\$87,820,708</b>	<b>\$97,474,941</b>	<b>\$262,814,760</b>	<b>\$310,839,450</b>	<b>(48,024,690)</b>	<b>85%</b>

Motor Vehicle Excise Tax includes the Rental Car Tax.

### Revenue Notes

**Total Revenues** for the first three quarters of 2002 are 15% below budget. Grant revenue shortfalls of \$46.1 million account for the majority of the \$48 million agencywide revenue shortfall YTD through the third quarter.

**Retail Sales & Use Tax** is 1.5% or \$2.3 million above the YTD budget. Compared to the same time period last year, retail sales and use tax revenues are down by \$8.8 million due to the economic environment nationally and in the Puget Sound Region. At year-end this revenue should continue tracking above budget.

**MVET** is 8.7% or \$3.8 million above the YTD budget. Compared to the same time period last year, MVET revenues are up by \$2.3 million due to primarily stronger car sales. At year-end this revenue should continue tracking above budget.

**Farebox Revenues** are below budget because of lower than planned Sounder and Regional Express ridership for both new and continuing services in Snohomish, South King, and Pierce subareas. A shortfall of \$1.9 million in Regional Express revenues makes up the majority of the difference with \$358,000 related to Sounder. Compared with the same nine month period a year ago, Regional Express is up \$107,000 and Sounder is up \$230,000.

**Interest Earnings** are slightly below the YTD budget. The 2002 budget included a projected yield of 5.25% on investments compared to actual performance of 4.9%. The actual yield will continue to drop as maturities and re-investments occur during the fourth quarter. Actual interest earnings will be less than budget at year-end.

**Miscellaneous Revenues** that include advertising, rental income, and local contributions, are below budget primarily because of delays in the receipt of contributions from local jurisdictions.

**Federal Grants** are drawn down on a quarterly schedule. Draw downs for 2002 have been delayed due to the hold on Link New Starts grants and environmental contract clause compliance. These issues have been resolved and further draw downs in the 4th quarter will occur.

## Staff Operating Expenses

### Sound Transit Staff Operating Expenses through September 30, 2002 2002 Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	\$4,543,651	\$4,762,792	\$7,453,684	\$16,760,127	\$22,079,685	\$5,319,558	76%
Leases & Rentals	512,352	577,834	503,434	1,593,620	1,598,458	4,838	100%
Services	455,871	1,438,524	2,297,608	4,192,003	6,491,849	2,299,846	65%
Materials & Supplies	89,906	227,053	198,311	515,270	895,432	380,162	58%
Miscellaneous Expenses	169,391	384,666	641,295	1,195,352	1,130,139	(65,213)	106%
Other Expenses	190,749	226,448	317,057	734,254	969,161	234,907	76%
Depreciation	741,121	661,518	790,066	2,192,705	2,340,990	148,285	94%
<b>Subtotal Operating</b>	<b>\$6,703,039</b>	<b>\$8,278,835</b>	<b>\$12,201,455</b>	<b>\$27,183,331</b>	<b>\$35,505,714</b>	<b>\$8,322,383</b>	<b>77%</b>
Planning & Development	1,036,196	174,651	256,302	1,467,149	15,562,785	14,095,636	9%
<b>Total Operating Exp</b>	<b>\$7,739,235</b>	<b>\$8,453,486</b>	<b>\$12,457,757</b>	<b>\$28,650,480</b>	<b>\$51,068,499</b>	<b>\$22,418,019</b>	<b>56%</b>

### Staff Operating Notes

**Salaries and Benefits** represent the largest portion of the total operating budget. The YTD actuals are significantly under budget primarily due to unfilled positions and delayed hiring during the 1st half of the year. Of note, 3rd quarter expenses slightly exceeded 3rd quarter budget, resulting in a slight decline in the YTD variance. Expectations are for a substantial portion of the current variance to remain through year-end.

**Leases and Rentals** principally consist of administrative facilities rental of the Opus building for Link staff and agencywide allocated leased vehicles and parking facilities expenses. This category is essentially at budget YTD and is anticipated to remain close to budget through year-end due to the relatively uniform nature of these costs.

**Services** remain significantly under budget YTD due to underspending for consulting services, interlocal agreements, temporary and other services. In addition, most of the advertising expenses were reclassified to a related account in the Miscellaneous Expenses category, resulting in a large positive variance in advertising services as well. Current quarter expenditures increased considerably due to Project Control System Implementation costs that were expensed in the three LOBs. This category is likely to be appreciably under budget at year-end.

**Materials and Supplies** expenses are primarily composed of expenditures for small equipment such as computers and printers, as well as software, general office supplies and postage. The category is under budget YTD largely because much of the planned purchases of small equipment and software still haven't occurred. Therefore, barring a major increase in 4th quarter spending, much of the current positive variance will remain through year-end.

**Miscellaneous Expenses** are over budget due to a reclassification of advertising expenses from Services to Miscellaneous Expenses. However, most of the budget dollars for advertising resides in the Services category. In examining the two advertising accounts combined, advertising expenses are under budget. Excluding advertising expense, Miscellaneous Expenses are under budget YTD due to unused contingency and less than planned expenses for training and travel. It is expected that actuals will exceed budget at year-end due to the reclassification of advertising expenses but will be offset by a positive variance in Materials and Supplies.

**Other Expenses** primarily include insurance and utilities. The 3rd quarter ran close to budget. This category is under budget YTD due to a cost savings that was achieved through switching insurance brokerage services contractors and is expected to remain under budget through year-end.

**Depreciation** expenses continue to run slightly under budget YTD and should remain close to budget at year-end.

**Planning & Development** spending is significantly lower than planned due to the extensive change in schedules. On going discussions continue to occur on the agency's scope and role in Fare Integration, Phase II planning, and Research & Technology, chiefly driven by application discussions on Smart Card and other advanced technologies.

## AGENCY SUMMARY BY DEPARTMENT

Staff Operating Departments - Before Expense Transfers  
For the Nine Months Ending September 30, 2002

	Q1 2002 Actuals	Q2 2002 Actuals	Q3 2002 Actuals	YTD Actuals	YTD Budget	YTD Actuals as % of YTD Budget
Executive Department	\$334,479	\$384,402	\$579,856	\$1,298,737	\$2,014,792	64.5%
Board Administration	122,579	126,619	\$161,603	410,801	475,146	86.5%
Legal Services	350,491	373,581	\$547,257	1,271,330	1,655,875	76.8%
Administrative Services	1,242,004	1,383,914	\$1,808,802	4,434,720	5,898,733	75.2%
Communications	787,008	1,268,610	\$1,414,365	3,469,983	4,908,878	70.7%
Finance & Information Svcs	1,021,232	1,525,503	\$1,985,494	4,532,230	6,115,095	74.1%
Sounder	266,716	312,751	\$716,092	1,295,559	1,700,692	76.2%
Link	1,384,276	1,544,421	\$2,902,016	5,830,713	7,293,870	79.9%
Regional Express	573,198	626,795	\$1,194,248	2,394,242	2,847,027	84.1%
Non-Dept	621,055	732,241	\$891,721	2,245,017	2,595,606	86.5%
<b>TOTAL</b>	<b>6,703,039</b>	<b>8,278,837</b>	<b>12,201,455</b>	<b>27,183,331</b>	<b>35,505,714</b>	<b>76.6%</b>

## Capital Outlays by Line of Business

### Sound Transit Capital Outlays by Line of Business

For the Nine Months Ending September 30, 2002

#### Current Year 2002

	2002 Adopted Capital Plan	Year-to-date Outlays	Budget Remaining	% Spent
	a	b	[a-b]	[b/a]
Sounder Commuter Rail	\$ 203,070,480	\$ 68,592,099	\$ 134,478,381	34%
Link Light Rail	\$185,898,680	\$72,717,438	113,181,242	39%
Regional Express	\$106,478,119	\$27,265,643	79,212,476	26%
<b>TOTAL</b>	<b>\$ 495,447,279</b>	<b>\$ 168,575,180</b>	<b>\$ 326,872,098</b>	<b>34%</b>

#### Capital Plan 1997 - 2009

	Adopted Capital Plan	Life-to-date Outlays	Outstanding Contracts	Budget Remaining	% Spent and Committed
	c	d	e	[c-(d+e)]	[(d+e)/c]
Sounder Commuter Rail	\$ 859,452,740	\$ 365,493,361	\$ 157,843,614	\$ 336,115,765	61%
Link Light Rail	\$2,280,415,630	\$339,659,952	\$163,423,136	\$1,777,332,542	22%
Regional Express	\$942,497,781	\$203,492,199	\$76,934,495	662,071,087	30%
<b>TOTAL</b>	<b>\$ 4,082,366,151</b>	<b>\$ 908,645,512</b>	<b>\$ 398,201,245</b>	<b>\$ 2,775,519,394</b>	<b>32%</b>

## Sounder – Transit Operations

### Sounder Commuter Rail Transit Operations

For the Nine Months Ending September 30, 2002

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Services	\$47,170	\$947,082	\$1,981,571	\$2,975,823	\$4,696,154	\$1,720,331	63%
Leases & Rentals	2,391	3,640	2,336	8,367	36,882	28,515	23%
Insurance	244,438	254,740	236,131	735,308	818,897	83,589	90%
Materials & Supplies	504,699	3,107	138,308	646,114	317,256	(328,858)	204%
Miscellaneous Expenses	60,186	89,463	92,619	242,268	975,779	733,511	25%
Purchased Transportation Srcs	348,137	566,373	551,499	1,466,009	2,412,643	946,634	61%
<b>Subtotal Transit Operations</b>	<b>\$1,207,021</b>	<b>\$1,864,405</b>	<b>\$3,002,464</b>	<b>\$6,073,890</b>	<b>\$9,257,612</b>	<b>\$3,183,722</b>	<b>66%</b>
Depreciation & Amortization	944,664	944,898	1,177,806	3,067,369	4,140,286	1,072,917	74%
Agency Admin Allocations	188,197	256,227	414,403	858,827	97,502	(761,326)	881%
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$2,339,882</b>	<b>\$3,065,530</b>	<b>\$4,594,673</b>	<b>\$10,000,086</b>	<b>\$13,495,399</b>	<b>\$3,495,313</b>	<b>74%</b>

### Sounder Transit Operations Notes

**Services** is largely comprised of a vehicle maintenance agreement with Amtrak, ticket vending machine-related services and fuel for the locomotives. Fuel was budgeted with the vehicle maintenance contract in Services and is now being charged to Materials and Supplies, causing a budget surplus in this category.

**Leases and Rentals** primarily consist of the “Quiet Room.” The government has specified that railroad crews require an adequate place of rest between split shifts to mitigate the safety risk of fatigue (c.f. 49 CFR 228). Existing crews are commonly choosing to rest at their homes rather than the hotel accommodations provided by Sounder. As a result, actuals are under budget for 2002.

**Insurance** expenditures (including railroad protective/liability) are running close to plan through the quarter.

**Materials & Supplies** are substantially over budget largely due to the following changes in accounting treatment:

- Budget for spare parts was originally set up in the Vehicle phase of the capital project and will be adjusted to Operations.
- As stated above, fuel for the locomotives was budgeted within Services while actuals are being charged to Materials & Supplies.

**Miscellaneous Expenses** budget is composed largely of contingency, which is not expected to be drawn on this year.

**Purchased Transportation Services** consists mainly of the agreement with BNSF for train operations, maintenance of right-of-way and related trackage fees. The cumulative figures are low due to a lag time in receiving invoices. The annual expenditures are expected to be near target at year-end.

**Depreciation** expenses are expected to be close to target at year-end. The depreciation budget includes expenses for vehicles sold to Caltrain and will be adjusted to reflect the updated fleet usage plan based on actual vehicles in service.

**Agency Administration** refers to staff costs from corporate departments and Sounder. While adequate budget was established across the Sounder program for Agency Administration, the amount included in transit operations was inadequate. The Proposed 2003 Budget for Agency Administration has been revised to reflect the latest estimate of operations administration and associated agency allocations.

# Sounder - Capital

## Sounder Commuter Rail - Capital Outlays by Phase

For the Nine Months Ending September 30, 2002

### Current Year 2002

<u>Phase</u>	<u>2002 Adopted Capital Plan</u>	<u>YTD Outlays</u>	<u>Budget Remaining</u>	<u>% Spent</u>
	<i>a</i>	<i>b</i>	<i>[a-b]</i>	<i>[b/a]</i>
Yard, Shop, Layover	\$ 6,092,080	\$ 16,549	\$ 6,075,531	0%
Agency Administration	10,479,960	2,599,520	7,880,440	25%
Preliminary Engineering	2,080,350	963,876	1,116,474	46%
Final Design	12,580,560	1,070,209	11,510,351	9%
ROW Acq. & Permits	15,677,300	2,700,962	12,976,338	17%
Construction	137,450,610	47,050,265	90,400,345	34%
Vehicles	12,137,310	14,190,718	(2,053,408)	117%
Contingency	6,572,310	-	6,572,310	0%
<b>TOTAL</b>	<b>\$ 203,070,480</b>	<b>\$ 68,592,099</b>	<b>\$ 134,478,381</b>	<b>34%</b>

### Capital Plan 1997 - 2009

<u>Phase</u>	<u>Adopted Capital Plan</u>	<u>Life-to-date Outlays</u>	<u>Outstanding Contracts</u>	<u>Budget Remaining</u>	<u>% Spent and Committed</u>
	<i>c</i>	<i>d</i>	<i>e</i>	<i>[c-(d+e)]</i>	<i>[(d+e)/c]</i>
Yard, Shop, Layover	\$ 22,937,990	\$ 10,619,482	\$ 2,280,915	\$ 10,037,593	56%
Agency Administration	43,090,060	23,517,676	842,707	18,729,677	57%
Preliminary Engineering	23,521,420	19,600,760	3,370,577	550,082	98%
Final Design	28,962,690	14,757,706	2,434,351	11,770,633	59%
ROW Acq. & Permits	54,103,310	37,199,488	(317,823)	17,221,645	68%
Construction	518,306,330	133,922,456	136,159,974	248,223,900	52%
Vehicles	145,136,700	125,875,793	8,834,766	10,426,142	93%
Contingency	23,394,240	-	4,238,147	19,156,093	18%
<b>TOTAL</b>	<b>\$ 859,452,740</b>	<b>\$ 365,493,361</b>	<b>\$ 157,843,614</b>	<b>\$ 336,115,765</b>	<b>61%</b>

### Sounder Capital Outlay Notes

**Yard, Shop, and Layover** The 2002 budget anticipated development of the maintenance yard to occur in 2002. Development of the maintenance yard has been delayed with regard to the track and facilities capital projects in the Everett and Lakewood corridors, pending records of decision and agreements with the BNSF. With these delays, few expenditures have occurred and the annual budget is considerably underspent.

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

**Preliminary Engineering** has been delayed in starting on the Everett-Seattle track/signals improvements, awaiting agreements with BNSF. This delay has led to underspending in this phase for the YTD budget.

**Final Design** is under budget YTD due to a WSDOT agreement to finance final design services with BNSF on a project that will be mutually beneficial to both Sounder and WSDOT on the Auburn-Seattle segment.

**ROW** Actual expenditures to date are lower than planned for the Everett-Seattle and Tacoma-Lakewood segments due to pending agreements with BNSF. Board approval has been granted to purchase required properties on the Everett-Seattle segment and several properties have already been acquired. On the Lakewood-Seattle segment, final design and property acquisitions are also dependent upon first completing the final EIS and receiving the ROD.

**Construction** expenditures are under budget due to delays in track redesign, permitting and property access issues.

**Vehicles** expenses are at 117% of the Adopted budget for the 2002 fiscal year. Expenditures that were projected to occur in 2001 were delayed into 2002, causing higher expenditure levels in 2002. It is anticipated that the total lifetime budget is sufficient and will be fully expended by the end of 2003.

## Regional Express – Transit Operations

### Regional Express Transit Operations For the Nine Months Ending September 30, 2002

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Services	\$101,527	\$213,874	\$338,442	\$653,843	\$2,345,274	\$1,691,431	28%
Leases & Rentals	238,941	237,541	158,360	634,842	717,000	82,158	89%
Insurance	2,062	(800)	13,582	14,844	286,238	271,394	5%
Materials & Supplies	(1,221)	0	27,931	26,710	67,500	40,790	40%
Vehicles	45,537	38,171	24,239	107,947	109,086	1,139	99%
Miscellaneous Expenses	8,700	248,962	587,696	845,358	921,854	76,496	92%
Purchased Transportation Svcs	2,952,365	8,541,634	14,510,345	26,004,344	28,710,244	2,705,900	91%
<b>Subtotal Transit Operations</b>	<b>\$3,347,911</b>	<b>\$9,279,382</b>	<b>\$15,660,595</b>	<b>\$28,287,888</b>	<b>\$33,157,196</b>	<b>\$4,869,308</b>	<b>85%</b>
Depreciation & Amortization	1,439,017	1,439,120	1,460,964	4,339,101	3,900,327	(438,774)	111%
Agency Admin. Allocations	470,343	605,329	941,976	2,017,648	1,617,944	(399,705)	125%
<b>TOTAL TRANSIT OPS</b>	<b>\$5,257,271</b>	<b>\$11,323,831</b>	<b>\$18,063,535</b>	<b>\$34,644,637</b>	<b>\$38,675,466</b>	<b>\$4,030,829</b>	<b>90%</b>

### Regional Express Transit Operations Notes

**Services** include contract maintenance for transit centers/park-and-ride lots, equipment, and marketing-related services. The year-to-date outlays are down because the expenditures for marketing-related services accelerate in the third and fourth quarter of the year to correspond with new services that are implemented in September. There will be new contract maintenance expenditures for the September start-up of the Bellevue Transit Center. Also, the operation and maintenance costs for Everett Station, paid to date by Community Transit, will be reimbursed by Sound Transit in the fourth quarter. Despite the growth of anticipated spending in the last quarter, total annual expenses are expected to be below budget for the year.

**Leases and Rentals** include leased vehicles, furniture and equipment. The YTD figure is on budget.

**Insurance** expenditures through September are minimal and will remain so through year-end due to the cancellation of the bus liability insurance policy for Sound Transit buses in the Pierce subarea, which are now insured by Pierce Transit.

**Materials & Supplies** are composed of marketing materials, presentation materials, and tools and equipment for new buses. The YTD figures are low because the equipment will be purchased in the fourth quarter of the year. The annual expenditures are expected to be near target at year-end.

**Vehicles** consist of vehicle licensing, registration fees, and state excise taxes and is near budget YTD.

**Miscellaneous Expenses** are comprised largely of funds that will be transferred to Pierce Transit to expand the maintenance center for ST articulated buses. Cumulative figures are slightly low because the work on the maintenance center is being done in the third and fourth quarters.

**Purchased Transportation Services** are the costs paid to transit partners for operating and maintaining ST bus services. The YTD figures are slightly down because the costs for the two new routes start at the end of September. The annual expenditures are expected to be near budget by year-end.

**Depreciation** expenses are composed of transit structures, bus fleet, and farebox depreciation. The YTD figures are over budget because depreciation for transit center-related structures is higher than estimated for 2002.

**Agency Administration Allocations** reflect the bus division staff cost and includes staff costs allocated from other departments. The YTD figures exceed budget because the agency administrative cost allocation was updated in 2001 after the budget was approved.

## Regional Express - Capital

### Regional Express - Capital Outlays by Phase

For the Nine Months Ending September 30, 2002

#### Current Year 2002

Phase	2002 Adopted Capital Plan	YTD Outlays	Budget Remaining	% Spent
	a	b	[a-b]	[b/a]
Agency Administration	\$5,112,885	\$3,239,801	\$1,873,085	63%
Prelim. Engineering/Env Rev	11,873,269	(2,439,165)	14,312,434	-21%
Final design	16,195,647	3,747,318	12,448,329	23%
ROW acq. & permits	27,597,096	6,847,676	20,749,420	25%
Construction	36,174,088	15,880,540	20,293,548	44%
Vehicles	1,451,586	19,539	1,432,046	1%
Contingency	8,073,548	(30,067)	8,103,615	0%
<b>TOTAL</b>	<b>\$106,478,119</b>	<b>\$27,265,643</b>	<b>\$79,212,476</b>	<b>26%</b>

#### Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Outstanding Contracts	Budget Remaining	% Spent and Committed
	c	d	e	[c-(d+e)]	[(d+e)/c]
Agency Administration	\$44,361,188	\$18,318,394	\$651,277	\$25,391,516	43%
Prelim. Engineering/Env Rev	53,147,620	32,361,034	8,837,468	11,949,118	78%
Final Design	65,472,210	13,087,947	6,109,922	46,274,341	29%
ROW acq. & permits	73,819,476	25,371,669	3,018,769	45,429,039	38%
Construction	475,690,114	56,174,849	27,495,143	392,020,122	18%
Vehicles	74,160,134	58,178,306	10,138,709	5,843,119	92%
Contingency	155,847,039	-	20,683,207	135,163,832	13%
<b>TOTAL</b>	<b>\$942,497,781</b>	<b>\$203,492,199</b>	<b>\$76,934,495</b>	<b>\$662,071,087</b>	<b>30%</b>

### Regional Express Capital Outlay Notes

**Agency Administration** costs include direct project management labor and support staff costs, as well as an allocated share of agency support department costs. Regional Express is running slightly under budget for the year due to staff vacancies and overall under spending in the staff operating budget.

**Preliminary Engineering/Environmental Review** has been more complex and time-consuming than had been anticipated for many of the capital projects. New design standards and more stringent environmental regulations, associated with the Endangered Species Act and storm water treatment, impact both budget and schedule. These risks are not new and current project budgets include updated tasks to address these risks. The year-to-date outlays are showing as negative due to an accounting correction that moved actuals from PE to Construction. The costs were incurred during 2001, but the correction was made in 2002. As a result, the actuals look anomalous for the year. Overall there is no impact on total expenditures as this entry only represents a reclassification.

**Final Design** Year-to-date outlays are running under budget because several projects began Final Design later than planned due to environmental review complexities.

**ROW** acquisition costs for the 10-year plan will be greater than original *Sound Move* estimates. ROW projections are being reviewed to identify immediate needs and to reassess property values with the intent to provide more realistic numbers for the entire program. Expectations are for any potential budget expenditures to be managed within the existing program budget using the Capital Program Reserve Fund. The reserve was established for Regional Express capital projects in the 2002 budget by restructuring the existing capital budget in order to ensure completion of the capital program within available funds.

Right-of-way acquisition spending is lower than planned for the year due to delays associated with issues including key project scope decisions, extended acquisition negotiations with certain property owners and a zoning lawsuit. Seventy five percent of the under-spending is associated with three projects: Federal Way Transit Center, Kirkland Transit Enhancements and Kirkland Transit Center.

**Construction** spending is lower than planned for the year largely due to: 1) delays associated with ROW acquisition of certain land parcels which have delayed the start of construction. Ninety percent of the under spending is associated with three projects: Lynnwood Transit Center and Park & Ride project, I-5 at Lynnwood HOV Direct Access project and SR 900 Park & Ride Arterial Improvements. Staff is working with partners, stakeholders, and the Board to manage these issues.

**Vehicles** Very little spending has occurred in 2002 as the procurement of the Sound Transit fleet of 194 buses was completed in 2001. While the 2002 budget included funding to complete any outstanding vehicle payments, these funds have not been necessary, and as such, the fiscal year vehicle budget is expected to be under spent at year-end.

**Contingency** Funds are included in the contingency phase of the budget to cover project unknowns and risks. It has not been necessary to use project contingency so far during 2002.

## Link – Capital

### Link-Light Rail - Capital Outlays by Phase

For the Nine Months Ending September 30, 2002

#### Current Year 2002

Phase	2002 Adopted Capital Plan	YTD Outlays	Budget Remaining	% Spent
	a	b	[a-b]	[b/a]
Agency Administration	25,618,570	21,468,712	4,149,858	84%
Preliminary Engineering	13,270,210	(13,717,924)	26,988,134	-103%
Final Design	27,909,420	21,145,337	6,764,083	76%
ROW Acq. & Permits	63,237,920	21,943,188	41,294,732	35%
Construction	51,220,630	18,886,061	32,334,569	37%
Vehicles	4,381,920	2,980,078	1,401,842	68%
Test and Startup	260,010	11,985	248,025	5%
<b>TOTAL</b>	<b>\$185,898,680</b>	<b>\$72,717,438</b>	<b>\$113,181,242</b>	<b>39%</b>

#### Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Outstanding Contracts	Budget Remaining	% Spent and Committed
	c	d	e	[c-(d+e)]	[(d+e)/c]
Agency Administration	256,043,680	63,865,607	2,831,024	189,347,050	26%
Preliminary Engineering	138,427,560	75,677,304	26,312,703	36,437,553	74%
Final Design	106,739,880	69,335,645	95,743,921	(58,339,686)	155%
ROW Acq. & Permits	267,437,110	87,811,269	1,766,721	177,859,120	33%
Construction	1,356,826,120	37,232,784	22,610,720	1,296,982,616	4%
Vehicles	153,253,590	5,725,359	7,808,710	139,719,522	9%
Test and Startup	760,000	11,985	332,849	415,166	45%
Contingency	927,690	-	6,016,489	(5,088,799)	649%
<b>TOTAL</b>	<b>\$2,280,415,630</b>	<b>\$339,659,952</b>	<b>\$163,423,136</b>	<b>1,777,332,542</b>	<b>22%</b>

### Link Capital Outlay Notes

**Agency Administration** includes project labor, staff support costs, and agency costs that are allocated to projects. Expenditures in this category are anticipated to increase over the year as vacant staff positions are filled. Also carried in this category is budget for various miscellaneous costs that will be incurred over the life of the project. When the new work breakdown structure was developed to allow better monitoring and management of Link projects, these expenditures, previously reflected in Preliminary Engineering and Final Design phases, were moved into Agency Administration as part of the re-coding of historical expenditures.

**Preliminary Engineering, Final Design, & Third-Party Agreements** Re-negotiation of agreements to accommodate the revised schedule and focus for Central Link is complete. Efforts continue to execute new contracts to complete design for the Initial Segment. Staff is working with project partners in the SeaTac airport area to identify options for extending light rail to the airport and on to S. 200th Street in the City of SeaTac. Work also continued on the 18- to 24-month study to identify an alignment for extending the line north of Convention Place Station to the University District and on to Northgate.

As noted above, miscellaneous soft costs were transferred from Preliminary Engineering and Final Design to Agency Administration as part of the re-coding effort. Current year re-coding of costs that were primarily incurred during prior years resulted in negative year-to-date figures for Preliminary Engineering.

**ROW Acquisition and Permits** Sound Transit continues to acquire a limited number of properties and provide relocation assistance to owners and tenants of properties necessary for Central Link, in a manner that minimizes undue hardship for owners and tenants, cost-effectively preserves project right-of-way, and reduces overall project costs. Right-of-Way acquisition activities are ramping up to meet the current budget and schedule for the Initial Segment.

**Construction** With the agency's receipt of the FTA Letter of No Prejudice (LONP), work preliminary to construction on the Initial Segment, such as the C600 Site Preparation (demolition), was able to move ahead. Also as a result, contracts for C705, including Widening the E-3 Busway and Seattle City Light Pole Relocation, were advertised for bid.

Groundbreaking occurred on the maintenance facility in Tacoma on October 18, 2000. Since then, building construction has been completed, and track work is underway. The installation contract for traction power substations for the Tacoma Line commenced on March 8, 2001. The construction contract was awarded on February 8, 2001, and Notice to Proceed was issued on July 9, 2001. Construction activity on the Tacoma Line will continue throughout 2002.

**Vehicles** A contract with Inekon/Skoda for the Tacoma Line vehicles was executed in December 1999 and the first three vehicles were delivered in September 2002. They will be tested over the next year. Payments will continue to occur under this contract based on a fixed progress payment schedule.

**Testing and Startup** budget reflects testing and startup for Tacoma Link, and includes: system-integrated tests, rail activation, purchase of equipment, and training of operations personnel. Testing and startup activities commenced when initial contracts were established in the 3rd quarter, and are expected to escalate through year-end.

## Subarea Third Quarter Summaries

### Subarea Revenue Summary

Millions YOES

Phase I Tax Revenues	Snohomish	North King	South King	East King	Pierce	Total
Sound Move Forecast	326.3	736.0	446.7	533.2	454.8	2,497.0
10-Year Forecast	307.1	736.9	444.6	676.3	398.8	2,563.7
Change	(19.2)	0.9	(2.1)	143.1	(56.0)	66.7
% Change	-5.9%	0.1%	-0.5%	26.8%	-12.3%	2.7%
2002 Tax Revenues						
September YTD Budget	22.2	54.6	32.3	50.2	29.3	188.5
September YTD Actual	23.8	54.0	34.0	50.4	32.4	194.5
Change	1.6	(0.6)	1.7	0.2	3.1	6.0
% Change	7.2%	-1.1%	5.3%	0.5%	10.5%	3.2%
2002 Farebox Revenues						
September YTD Budget	1.0	-	1.2	3.2	3.3	8.8
September YTD Actual	0.7	-	1.0	2.7	2.1	6.5
Change	(0.3)	-	(0.2)	(0.5)	(1.2)	(2.3)
% Change	-30.2%		-16.2%	-15.6%	-36.1%	-26.2%
2002 Grant Revenues						
September YTD Budget	11.7	22.5	17.5	4.4	14.8	70.9
September YTD Actual	6.9	8.1	2.4	3.0	4.4	24.8
Change	(4.8)	(14.4)	(15.1)	(1.4)	(10.4)	(46.1)
% Change	-40.9%	-64.0%	-86.4%	-31.5%	-70.4%	-65.0%

### Subarea Operating Expense & Capital Outlay Summary

Millions YOES

2002 Transit Operating Expenses	Snohomish	North King	South King	East King	Pierce	Total
September YTD Budget	5.6		12.5	17.1	18.0	53.3
September YTD Actual	5.0	-	9.1	14.7	15.8	44.6
Percent Spent	89.1%	-	72.8%	86.1%	87.5%	83.8%
2002 Capital Outlays						
September YTD Budget	60.8	85.8	100.0	39.0	88.5	374.0
September YTD Actual	17.6	51.4	33.6	16.6	49.7	168.9
Percent Spent	29.0%	59.9%	33.6%	42.6%	56.2%	45.1%
Life-to-Date Capital Outlays						
September LTD Budget	325.1	1,522.4	1,074.5	584.1	514.5	4,020.7
September LTD Actual	114.7	251.3	222.4	86.5	236.1	911.0
Outstanding Contracts	27.4	104.2	112.7	23.9	103.7	372.0
Percent Spent or Committed	43.7%	23.4%	31.2%	18.9%	66.0%	31.9%