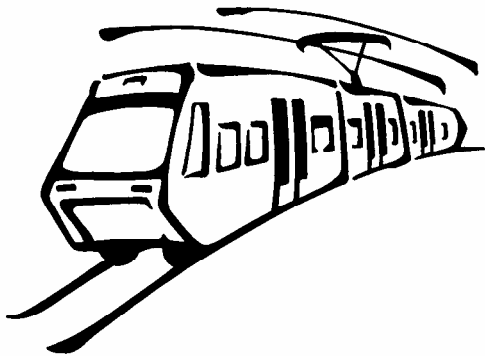
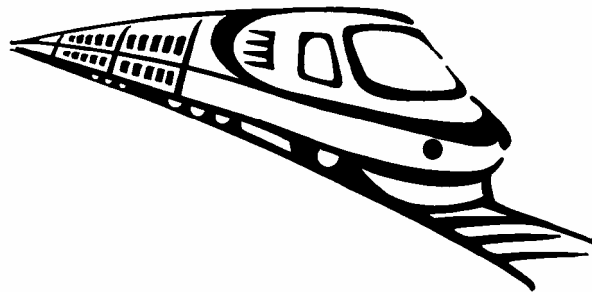
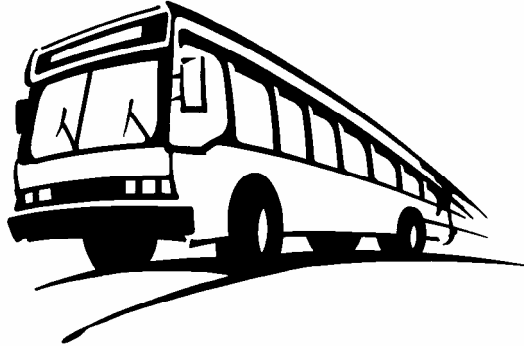




Central Puget Sound  
Regional Transit Authority



**Quarterly Financial Report**  
**3rd Quarter 2003**  
**October 31, 2003**

# Quarterly Financial Report

## 3rd Quarter 2003

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October 31, 2003

**TO:** Board of Directors

**FROM:** Joni Earl, *Chief Executive Officer*  
Hugh Simpson, *Chief Financial Officer*

**SUBJECT:** 3rd Quarter 2003 Financial Report

## Executive Summary

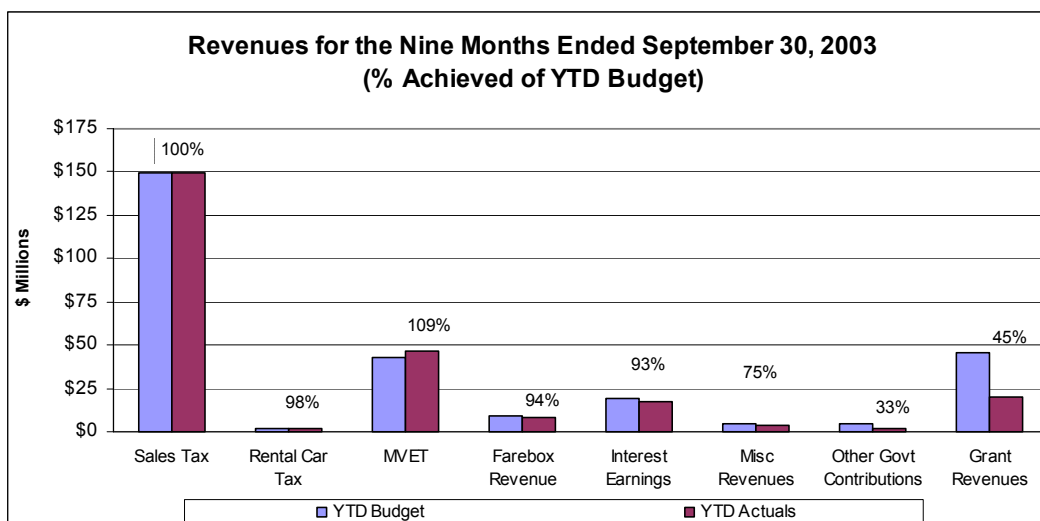
This report summarizes Sound Transit's third quarter financial performance for revenues, transit operations, staff operating expenses and capital outlays. The discussion and graphs below summarize the budget and financial results. The report includes detailed financial data and notes assessing the agency's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

The 2003 capital plans shown in this report reflect updated budget information adjusted for project schedule and status information, as presented in the second quarter report. The amendment lowered the FY 2003 capital plan from \$555M to \$434M, a change of \$121M. The lifetime capital budgets for the projects were not changed, only the estimated cash flow for fiscal year 2003.

### Revenues

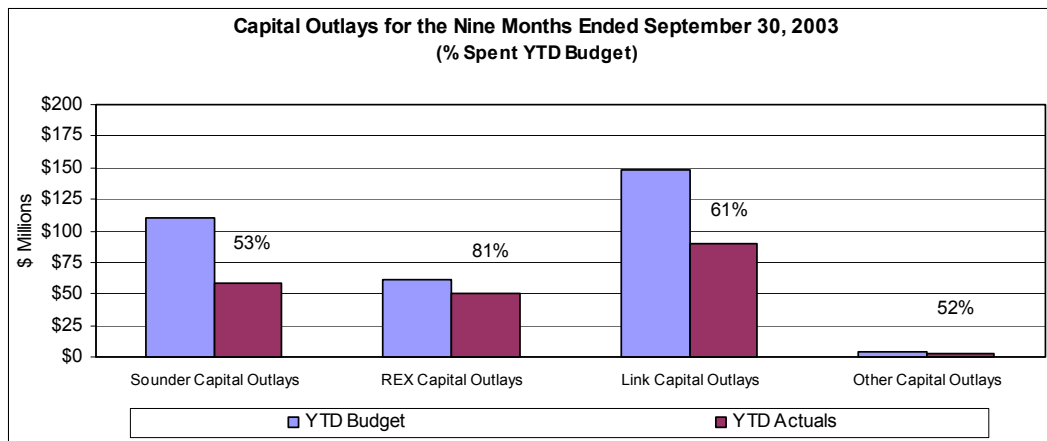
Total agency revenues were under budget by 9.7% or \$26.7M through the third quarter. Budget differences include grant revenues at \$25.1M below budget and lower investment earnings due to a \$3.9M reduction to the gain on the fair market value of our investments. MVET tax collections are \$3.9M higher than budget. Grant revenues are below budget due to lower capital project spending impacted by the timing of the receipt of the Full Funding Grant Agreement (FFGA) and delayed Sounder ROW expenditures.

Farebox revenues are \$0.5M lower than the YTD budget. Combined YTD boardings for Sounder and Regional Express are 18.6%, or 0.9M higher than last year. While these boardings are up significantly, total ridership is 2.1% lower than forecasted.



## Capital Outlays

Total agency capital outlays ended the quarter at 62% of the YTD budget. While progress continues to be made across all the projects, quarterly capital spending has been impacted, especially within Sounder and Link. In Sounder, pending negotiations with BNSF has led to project expenditure delays and for Link, much of the capital spending was pending final approval of the FFGA. Approval of the FFGA occurred in late October. The graph below depicts budgets as three quarters (75%) of the annual budget and should not be used to forecast lifetime project budget performance. Commencing in 2004, budgets will be based on monthly forecasted project cashflows.

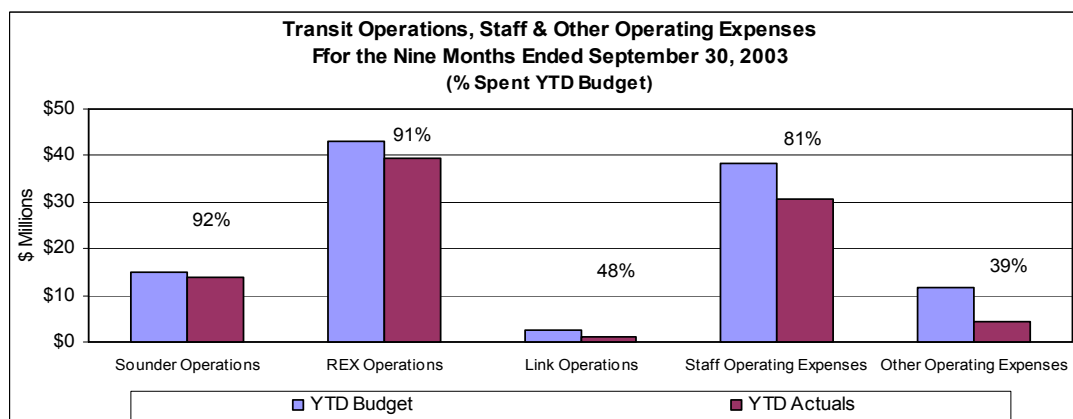


## Expenses

Combined transit-operation expenses were under the YTD budget by \$6.3M or 10.5%. Sounder transit operations finished the quarter at 92% of budget, Regional Express at 91% and Link at 48%. Tacoma Link service began on August 22nd and expenses are expected to finish the year closer to budget.

Total staff operating expenses finished the quarter at 83% of the YTD budget. With capital spending below 2003 budget expectations, executive management has implemented measures to reduce spending levels, which include placing on hold some budgeted but unfilled staff positions.

Other operating expenses include Regional Fund projects plus debt-service costs. Quarterly spending is below budget, as many of the scheduled Regional Fund projects have been delayed and are expected to be underspent through year-end. Debt-service costs are under budget as interest costs on the bond issue are being fully capitalized to projects, while the budget assumed that a portion of these costs would not be capitalized.



## Summary of Net Assets

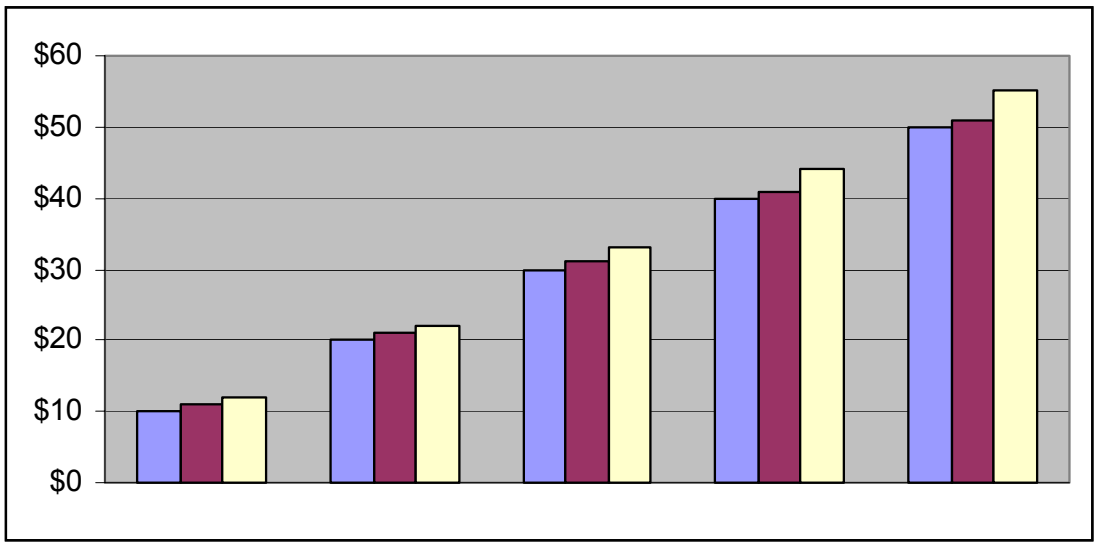
The graph below summarizes assets and liabilities through the third quarter of 2003, as well as providing comparative data for the same period a year ago and the ending balances as of 2002.

Summary of Net Assets (in millions)					
	As of Sep-03	As of Sep-02	As of Dec-02	% Change Sep-03 to Sep-02	% Change Sep-03 to Dec-02
Current assets, excluding restricted assets	\$ 736.1	\$ 716.5	\$ 792.9	2.7%	-7.2%
Restricted assets	264.8	271.7	265.8	-2.5%	-0.4%
Property, vehicles and equipment, net of accum dep	518.3	228.4	380.9	126.9%	36.1%
Capital projects in progress	696.7	703.4	602.5	-1.0%	15.6%
Other non-current assets	65.2	65.7	66.4	-0.8%	-1.8%
<b>Total Assets</b>	<b>\$ 2,281.1</b>	<b>\$ 1,985.7</b>	<b>\$ 2,108.5</b>	<b>14.9%</b>	<b>8.2%</b>
Current liabilities, excluding interest payable from restricted assets	54.5	24.4	55.4	123.4%	-1.6%
Interest payable from restricted assets	2.9	2.9	7.2	0.0%	-59.7%
Long-term debt	347.4	347.5	348.9	0.0%	-0.4%
Other long-term liabilities	58.0	54.0	55.6	7.4%	4.3%
<b>Total Liabilities</b>	<b>462.8</b>	<b>428.8</b>	<b>467.1</b>	<b>7.9%</b>	<b>-0.9%</b>
Net Assets	1,818.3	1,556.9	1,641.4	16.8%	10.8%
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,281.1</b>	<b>\$ 1,985.7</b>	<b>\$ 2,108.5</b>	<b>14.9%</b>	<b>8.2%</b>

## Summary Income Statement

The table below summarizes revenues and expenses through the third quarter of 2003. Overall, agency net income is below the YTD budget by \$10.6M as lower than planned revenues exceed lower expenses. Significant variances from budget include lower grant revenues, decreases in the unrealized gain in the fair market value of the agency's investments and overall lower spending on staff operations, transit operations, and Regional Fund projects.

Income Statement For the Nine Months Ended September 30, 2003 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>REVENUES</b>							
Tax Revenues	62,792,647	64,225,484	71,273,454	198,291,585	193,966,584	4,325,001	102%
Farebox Revenues	\$2,738,281	\$3,011,563	\$2,855,851	\$8,605,696	\$9,108,750	(\$503,054)	94%
Investment Income	9,160,756	6,928,555	1,616,769	17,706,080	19,088,259	(1,382,179)	93%
Other Miscellaneous	1,204,235	1,473,021	584,831	3,262,087	4,350,149	(1,088,062)	75%
State & Local Contributions	232,000	497,256	740,946	1,470,202	4,419,602	(2,949,400)	33%
Federal Grants	8,347,290	3,307,793	8,628,796	20,283,879	45,397,503	(25,113,624)	45%
<b>TOTAL REVENUES</b>	<b>\$84,475,209</b>	<b>\$79,443,673</b>	<b>\$85,700,648</b>	<b>\$249,619,529</b>	<b>\$276,330,847</b>	<b>(\$26,711,318)</b>	<b>90%</b>
<b>EXPENSES</b>							
Staff Operating Divisions	\$3,053,364	\$3,308,295	\$3,217,024	\$9,578,682	\$11,570,155	(\$1,991,472)	83%
Debt Service Divisions	50,260	43,460	46,709	140,428	1,957,787	(1,817,359)	7%
Transit Operations	16,702,974	18,526,932	18,937,687	54,167,593	60,509,536	(6,341,944)	90%
Regional Fund & Other Operations	1,106,283	1,877,419	1,392,586	4,376,289	12,181,386	(7,805,097)	36%
Non-capitalizable LOB expenses	783,999	2,418,964	733,989	3,936,952	2,103,577	1,833,375	187%
<b>TOTAL EXPENSES</b>	<b>\$21,696,880</b>	<b>\$26,175,069</b>	<b>\$24,327,994</b>	<b>\$72,199,944</b>	<b>\$88,322,441</b>	<b>(\$16,122,498)</b>	<b>82%</b>
<b>NET INCOME (LOSS)</b>	<b>\$62,778,328</b>	<b>\$53,268,604</b>	<b>\$61,372,654</b>	<b>\$177,419,586</b>	<b>\$188,008,406</b>	<b>(\$10,588,820)</b>	<b>94%</b>



# FINANCIAL DETAIL

# Revenue

## Agencywide Revenues

For the Nine Months Ended September 30, 2003

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	\$46,832,399	\$48,623,719	\$54,176,898	\$149,633,017	\$149,149,291	\$483,726	100%
Rental Car Tax	533,773	509,401	\$737,133	1,780,307	1,816,050	(35,743)	98%
Motor Vehicle Excise Tax	15,426,474	15,092,364	16,359,423	46,878,261	43,001,243	3,877,018	109%
Farebox Revenue	2,738,281	3,011,563	2,855,851	8,605,696	9,108,750	(503,054)	94%
Investment Income	9,160,756	6,928,555	1,616,769	17,706,080	19,088,259	(1,382,179)	93%
Miscellaneous Revenues	1,204,235	1,473,021	584,831	3,262,087	4,350,149	(1,088,062)	75%
<b>OTHER FINANCING</b>							
Donation from Other Governments	232,000	497,256	740,946	1,470,202	4,419,602	(2,949,400)	33%
Federal Grants	8,347,290	3,307,793	8,628,796	20,283,879	45,397,503	(25,113,624)	45%
Bond Proceeds	-	-	-	-	-	-	0%
<b>TOTAL SOURCES</b>	<b>\$84,475,209</b>	<b>\$79,443,673</b>	<b>\$85,700,648</b>	<b>\$249,619,529</b>	<b>\$276,330,847</b>	<b>(\$26,711,318)</b>	<b>90%</b>

## Revenue Notes

**Retail Sales and Use Tax** revenues are slightly over the YTD budget by \$0.5M or 0.3%. Third-quarter tax collections were up \$2.9M or 5.7% higher than budget because July's tax revenues were boosted considerably by the one-time effect of additional tax collections arising out of state audits. This offsets the lower than budget performance reported through the first six months of the year. Comparatively, sales tax collections have increased slightly, up 1.2% compared to the same nine-month period a year ago.

**Rental Car Tax** finished the quarter marginally below the YTD budget. However, tax collections have slipped below budget expectations for the second and third quarters. Relative to the same period a year ago, the car rental taxes are up 0.2%.

**MVET Tax** finished the quarter \$3.9M, or 9%, higher than the YTD budget. Relative to the same period last year, MVET revenues were up \$2.0M or 4.4%. These increases were driven chiefly by stronger automobile sales.

**Farebox Revenues** fell behind budget estimates for the third quarter. Overall ridership is up over last year by 18.6%, but the forecast called for total growth of 21.1%. Total farebox revenues are \$0.5M below the YTD budget. Regional Express farebox revenues are estimated to be \$0.4M under budget and Sounder \$0.1M under budget for the year.

**Investment Earnings** finished the quarter at \$1.4M, or 7%, below the YTD budget due to a \$3.9M adjustment to reduce the gain on the fair market value of our investments. Actual performance on investments yielded 2.23%, lower than the average budgeted yield of 3.0%. Interest earnings continued to decrease during the third quarter as investments mature and are reinvested at much lower current market rates. Investment earnings are expected to come in slightly below budget for the year due to the market adjustment recorded in the quarter.

**Miscellaneous Revenues** includes advertising on Sound Transit Express buses, rental income on Sound Transit properties, and other revenues not included in the above categories. Miscellaneous Revenues are \$1.0M behind the YTD budget and will likely remain so for the remainder of the year. The budget assumed a full year of earned income from the Sounder vehicle capital leases, which were completed in the second quarter.

**Donation from Other Governments** was under budget by \$2.9M. Contributions in the third quarter include \$0.7M from the City of Auburn, and \$0.1M in Sounder grants from the Department of Ecology for Auburn and Puyallup. This category will end the year below budget as changes on interlocal agreements, such as with Kent Station, have reduced costs and corresponding local contributions.

**Federal Grants** are below budget YTD by \$25.1M. Grant revenues are reimbursements based on capital expenditures for grant-funded projects. Until capital spending meets the budget for grant-funded projects, actual grant revenues will lag behind budget. Grant revenues recorded for the quarter include \$0.1M for Link, \$3.4M for Sounder and \$5.1M for Regional Express.

## Summary Outlays

### Combined Transit Operations Summary

For the Nine Months Ended September 30, 2003

Regional Express, Sounder, & Link

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD Actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
Salaries & Benefits	\$140,594	\$170,590	\$264,784	\$575,969	\$760,982	\$185,013	76%
Services	1,363,995	2,538,255	1,610,877	5,513,127	8,352,165	2,839,039	66%
Materials & Supplies	181,562	263,710	194,405	639,678	530,174	(109,504)	121%
Insurance	336,130	301,113	363,853	1,001,095	1,587,917	586,821	63%
Purchased Transportation Svcs	10,382,765	10,636,532	11,224,813	32,244,110	35,238,066	2,993,956	92%
Miscellaneous Expenses	11,970	142,429	204,023	358,422	861,971	503,549	42%
Leases & Rentals	2,336	4,760	703	7,799	48,129	40,330	16%
Other Expenses	105,212	153,235	133,449	391,896	360,596	(31,300)	109%
Agency Admin Allocations	952,772	1,023,603	1,283,673	3,260,049	2,648,792	(611,257)	123%
<b>Subtotal Transit Operations</b>	<b>\$13,477,337</b>	<b>\$15,234,227</b>	<b>\$15,280,580</b>	<b>\$43,992,145</b>	<b>\$50,388,793</b>	<b>\$6,396,648</b>	<b>87%</b>
Depreciation & Amortization	3,225,637	3,292,704	3,657,107	10,175,448	10,120,744	(54,704)	101%
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$16,702,974</b>	<b>\$18,526,932</b>	<b>\$18,937,687</b>	<b>\$54,167,593</b>	<b>\$60,509,536</b>	<b>\$6,341,944</b>	<b>90%</b>

### Sound Transit Capital Outlays by Line of Business

For the Nine Months Ended September 30, 2003

#### Current Year 2003

	(Revised) 2003 Adopted Capital Plan <i>a</i>	YTD Budget <i>b</i>	YTD Actuals <i>c</i>	YTD actuals (over)/under YTD Budget <i>[b-c]</i>	YTD actuals as % of YTD Budget <i>[c/b]</i>
Sounder Commuter Rail	\$146,692,932	\$110,019,699	\$58,358,646	\$51,661,053	53%
Link Light Rail	196,977,461	147,733,096	89,719,183	58,013,913	61%
Regional Express	82,359,392	61,769,544	49,947,016	11,822,528	81%
<b>TOTAL</b>	<b>\$426,029,785</b>	<b>\$319,522,339</b>	<b>\$198,024,845</b>	<b>\$121,497,494</b>	<b>62%</b>

#### Capital Plan 1997 - 2009

	Adopted Capital Plan <i>d</i>	Life-to-date Outlays <i>e</i>	Contract Remaining <i>f</i>	Budget Remaining <i>[d-(e+f)]</i>	% Spent and Committed <i>[(e+f)/d]</i>
Sounder Commuter Rail	\$992,255,450	\$460,211,936	\$42,343,620	\$489,699,894	51%
Link Light Rail	2,408,716,020	462,984,136	60,547,027	1,885,184,857	22%
Regional Express	971,559,008	268,536,208	112,842,267	590,180,533	39%
<b>TOTAL</b>	<b>\$4,372,530,478</b>	<b>\$1,191,732,280</b>	<b>\$215,732,914</b>	<b>\$2,965,065,284</b>	<b>32%</b>

## Sounder – Transit Operations

### Sounder Commuter Rail Transit Operations For the Nine Months Ended September 30, 2003

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
Services	1,178,569	2,062,312	1,284,773	4,525,654	4,675,059	149,405	97%
Materials & Supplies	129,314	232,941	171,955	534,210	403,612	(130,598)	132%
Insurance	330,040	291,102	334,374	955,516	1,444,892	489,375	66%
Purchased Transportation Svcs	773,919	1,078,100	567,274	2,419,293	2,849,316	430,023	85%
Miscellaneous Expenses	11,722	37,989	35,533	85,244	516,954	431,710	16%
Leases & Rentals	2,336	4,760	703	7,799	44,379	36,580	18%
Other Expenses	57,900	71,768	58,381	188,048	195,842	7,794	96%
Agency Admin Allocations	297,027	286,802	359,701	943,529	688,868	(254,661)	137%
<b>Subtotal Transit Operations</b>	<b>\$2,780,826</b>	<b>\$4,065,774</b>	<b>\$2,812,693</b>	<b>\$9,659,293</b>	<b>\$10,818,922</b>	<b>\$1,159,629</b>	<b>89%</b>
Depreciation & Amortization	1,325,411	1,366,085	1,379,709	4,071,205	4,077,897	6,692	100%
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$4,106,237</b>	<b>\$5,431,859</b>	<b>\$4,192,402</b>	<b>\$13,730,498</b>	<b>\$14,896,819</b>	<b>\$1,166,320</b>	<b>92%</b>

### Sounder Transit Operations Notes

Through the third quarter, Sounder boardings have increased 15.2% over last year. Total ridership has increased from 461K to 531K with total actual boardings 3.5%, or 18K higher than forecast.

**Materials & Supplies** expenditures exceed the YTD budget by \$131K. Fuel costs for the year are substantially over budget by \$160K, as the actual price of fuel is much higher than planned. This trend is expected to hold throughout the rest of the year. Offsetting this variance is \$30K in lower postage and marketing material expenditures.

**Insurance** expenditures (including railroad protective/liability) are below the YTD budget through September. Current insurance premiums are not running as high as budgeted and the actual insurance management fees that were budgeted as part of the overall insurance program are actually being expensed in the Services category as insurance management services.

**Purchased Transportation Services** consist mainly of payments to BNSF for train operations, maintenance of right-of-way and related trackage fees. The YTD budget variance is mainly timing in nature, as the budget assumes equal expenditures across all four quarters, but the forecast called for higher expenditures in the last quarter as service delivery began for the Everett-Seattle and Tacoma-Freighthouse Square segments.

**Miscellaneous Expenses** budget is mainly comprised of funds set aside for unexpected costs and represents \$513K of the positive YTD budget variance. Offsetting part of this variance is \$71K in radio and billboard advertising for Sounder, which was budgeted as part of the Services category.

**Leases and Rentals** As crews are commonly choosing to rest at home rather than utilizing the budgeted hotel accommodations, actual expenditures are under budget YTD and are likely to remain so for the year.

**Agency Administration** A portion of agency administrative costs are allocated between capital and operating and the total administrative costs are within budget. The variances between transit operations and capital are primarily due to actual spending levels not meeting what was planned in the budget.

## Sounder – Capital

### Sounder Commuter Rail - Capital Outlays by Phase

For the Nine Months Ended September 30, 2003

#### Current Year 2003

Phase	(Revised)	YTD	YTD	YTD actuals	YTD actuals
	2003 Adopted				
	Capital Plan			YTD Budget	YTD Budget
	a	b	c	[b - c]	[c / b]
Yard, Shop, Layover	\$2,277,600	\$ 1,708,200	\$ 925,439	\$ 782,761	54%
Agency Administration	4,772,000	3,579,000	3,167,061	411,939	88%
Preliminary Engineering	1,982,700	1,487,025	985,235	501,790	66%
Final Design	3,619,702	2,714,777	1,399,694	1,315,083	52%
ROW Acq. & Permits	6,674,160	5,005,620	977,070	4,028,550	20%
Construction	112,402,770	84,302,078	50,896,726	33,405,351	60%
Vehicles	11,948,000	8,961,000	7,421	8,953,579	0%
Contingency	3,016,000	2,262,000	-	2,262,000	0%
<b>TOTAL</b>	<b>\$146,692,932</b>	<b>\$110,019,699</b>	<b>\$58,358,646</b>	<b>\$51,661,053</b>	<b>53%</b>

#### Capital Plan 1997 - 2009

Phase	Adopted	Life-to-date	Contract	Budget	% Spent &
	Capital Plan	Outlays	Remaining	Remaining	Committed
	d	e	f	[c-(d+e)]	[(d+e)/c]
Yard, Shop, Layover	\$21,157,570	\$11,624,930	\$2,732,358	\$6,800,283	68%
Agency Administration	49,523,540	28,837,620	690,108	19,995,813	60%
Preliminary Engineering	24,765,160	20,943,014	2,529,993	1,292,154	95%
Final Design	29,811,730	17,167,150	944,894	11,699,686	61%
ROW Acq. & Permits	64,411,770	38,629,996	996,834	24,784,940	62%
Construction	639,069,690	209,515,726	34,756,643	394,797,320	38%
Vehicles	145,434,990	133,493,500	(307,209)	12,248,699	92%
Contingency	18,081,000	-	-	18,081,000	0%
<b>TOTAL</b>	<b>\$992,255,450</b>	<b>\$460,211,936</b>	<b>\$42,343,620</b>	<b>\$489,699,894</b>	<b>51%</b>

#### Sounder Capital Outlay Notes

**Yard, Shop, and Layover** Development of the maintenance yard has been delayed for track and facilities capital projects in the Everett and Lakewood corridors, pending results of the BNSF negotiations. Overall, each segment is under the YTD budget and all are likely to be under spent through year-end. For the 2004 budget, this phase will be captured in a separate project.

**Agency Administration** A portion of agency administrative costs are allocated between capital and operating and the total administrative costs are within budget. The variances between transit operations and capital are primarily due to actual spending levels not meeting what was planned in the budget.

**Preliminary Engineering** was complete for all projects as of the first half of the year, and the remaining budget is expected to remain unspent through the remainder of the year. Any remaining costs in this phase will be the result of final closeout of contracts.

**Final Design** Ongoing negotiations with BNSF for the Everett-Seattle and Tacoma-Lakewood segments has continued to lead to spending delays.. These agreements are required by the FTA to authorize commencement of Final Design and to move forward on these segments. The Seattle-Tacoma segment is \$1M over budget in this phase due to an accounting correction recorded in January between final design and construction phases. This was done in order to correct life-to-date expenditures.

**ROW** Actual YTD expenditures for 2003 are lower than planned for the Everett-Seattle and Tacoma-Lakewood segments due to pending agreements with BNSF. Specifically, ROW expenditures for the three stations on the Lakewood-Tacoma segment are significantly under the YTD budget (\$3.9M).

**Construction** expenditures are behind budget due to delays in final design, permitting, and property access issues. The YTD budget variance is predominately due to construction delays in the Seattle-Tacoma track and facilities segment. Of note, a \$1.0M life-to-date credit was recorded in January, which corrected the construction and final design phases for the Seattle-Tacoma segment.

**Vehicle** expenditures have been completed. The variance between lifetime actuals and budget relates to sales tax not payable due to exemptions available to Sound Transit under the Amtrak lease / sublease agreements. The exemption from Washington State sales and use tax provided under these agreements is currently under review by the Department of Revenue as part their routine tax audits.

## Regional Express – Transit Operations

### Regional Express Transit Operations

For the Nine Months Ended September 30, 2003

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Services	168,354	441,602	252,299	862,255	2,997,486	2,135,231	29%
Materials & Supplies	21,746	298	1,791	23,835	44,025	20,190	54%
Insurance	6,090	10,010	8,050	24,151	-	(24,151)	N/A
Purchased Transportation Svcs	9,608,846	9,558,433	10,657,538	29,824,817	32,388,750	2,563,933	92%
Miscellaneous Expenses	222	104,440	167,205	271,867	253,125	(18,742)	107%
Leases & Rentals	-	-	-	-	3,750	3,750	0%
Other Expenses	45,666	81,209	74,714	201,589	150,504	(51,084)	134%
Agency Admin Allocations	655,746	736,801	895,973	2,288,520	1,863,562	(424,958)	123%
<b>Subtotal Transit Operations</b>	<b>\$10,506,670</b>	<b>\$10,932,793</b>	<b>\$12,057,570</b>	<b>\$33,497,033</b>	<b>\$37,701,202</b>	<b>\$4,204,169</b>	<b>89%</b>
Depreciation & Amortization	1,899,677	1,926,070	1,925,480	5,751,226	5,455,627	(295,600)	105%
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$12,406,347</b>	<b>\$12,858,863</b>	<b>\$13,983,050</b>	<b>\$39,248,260</b>	<b>\$43,156,829</b>	<b>\$3,908,570</b>	<b>91%</b>

### Regional Express Transit Operations Notes

Through the third quarter, Regional Express boardings have increased 18.9% over last year. Total ridership has increased from 4.6M to 5.4M. Actual boardings year-to-date are slightly under forecast by 2.6% or 0.1M riders.

**Services** are under budget by \$2.1M through the third quarter. The Mobility Initiative Program is \$489K under budget, as the majority of its expenditures will occur in the fourth quarter. Equipment maintenance expenditures are currently underspent by \$381K, primarily related to the low-sulfur fuel conversion project that will be executed in the fourth quarter of the year. Interlocal agreements are under budget by \$236K as agreements for planning, technical assistance, outreach support and market development are not needed to the extent originally planned. The remaining variance is related to various other elements such as facilities maintenance, signage maintenance, marketing-related services, transit planning, security, customer service and printing services.

**Purchased Transportation Services** are costs paid to transit partners for operating and maintaining ST bus services and comprise 86% of the 2003 transit operations budget before depreciation and allocations. Expenditures through the first three quarters of 2003 are \$2.6M below the YTD budget. Approximately three-fourths of the variance, or \$2.03M, is due to lower maintenance costs, which include budgets for emergency services and other unforeseen circumstances. This variance will likely increase and remain through year-end.

Timing differences of \$616K also account for the budget variance as actuals run slightly less than 25% of the annualized budget during the first three quarters of the year. This variance, however, will disappear during the fourth quarter, as a result of additional services implemented during the September service change.

**Agency Administration** A portion of agency administrative costs are allocated between capital and operating and the total administrative costs are within budget. The variances between transit operations and capital are primarily due to actual spending levels not meeting what was planned in the budget.

## Regional Express – Capital

### Regional Express - Capital Outlays by Phase

For the Nine Months Ended September 30, 2003

#### Current Year 2003

Phase	(Revised)	YTD	YTD	YTD actuals	YTD actuals
	2003 Adopted				
	Capital Plan			YTD Budget	YTD Budget
	a	b	c	[b - c]	[c/b]
Agency Administration	\$5,830,161	\$4,372,621	\$2,720,345	\$ 1,652,275	62%
Prelim. Engineering/Environ Review	9,146,800	6,860,100	4,455,003	2,405,097	65%
Final Design	10,216,891	7,662,668	3,348,318	4,314,350	44%
ROW Acq. & Permits	12,196,900	9,147,675	8,053,406	1,094,269	88%
Construction	42,595,003	31,946,252	31,368,629	577,623	98%
Vehicles	-	-	1,314	(1,314)	0%
Contingency	2,373,637	1,780,228	-	1,780,228	0%
<b>TOTAL</b>	<b>\$82,359,392</b>	<b>\$61,769,544</b>	<b>\$49,947,016</b>	<b>\$ 11,822,528</b>	<b>81%</b>

#### Capital Plan 1997 - 2009

Phase	Adopted	Life-to-date	Contract	Budget	% Spent & Committed
	Capital Plan	Outlays	Remaining	Remaining	
	d	e	f	[d-(e+f)]	[(e+f)/d]
Agency Administration	\$49,550,829	\$21,209,327	\$338,117	\$28,003,385	43%
Prelim. Engineering/Environ Review	54,639,090	39,227,543	10,389,647	5,021,901	91%
Final Design	59,633,302	18,339,113	7,256,638	34,037,552	43%
ROW Acq. & Permits	74,395,344	36,617,912	826,639	36,950,794	50%
Construction	491,834,548	95,007,243	95,318,684	301,508,621	39%
Vehicles	83,634,300	58,135,071	(1,287,456)	26,786,685	68%
Contingency	157,871,595	-	-	157,871,595	0%
<b>TOTAL</b>	<b>\$971,559,008</b>	<b>\$268,536,208</b>	<b>\$112,842,267</b>	<b>\$590,180,533</b>	<b>39%</b>

### Regional Express Capital Outlay Notes

**Agency Administration** A portion of agency administrative costs are allocated between capital and operating and the total administrative costs are within budget. The variances between transit operations and capital are primarily due to actual spending levels not meeting what was planned in the budget.

**Preliminary Engineering/Environmental Review** often includes a lengthy project definition stage given the conceptual nature of many Regional Express capital projects as described in *Sound Move*. Delays in completing environmental processes associated with wetland mitigation and appeals have impacted both budget and schedule. Third-party negotiations with partners as well as scope negotiations continue to present a challenge. This phase is below budget with actuals at 65% of the YTD budget. Regional Express is in the process of negotiating several Preliminary Engineering contracts and is expected to end 2003 closer to target.

**Final Design** activities have been delayed as preliminary engineering and environmental review phases have slowed as in the I-90 Two-Way Transit Operations and SR-522 HOV Enhancement projects. Current budget underspending includes lower than budgeted final design expenditures on the following projects: Kirkland HOV Access Improvements and the Federal Way Transit Center. This phase is currently below spending targets with actuals at 44% of the YTD budget.

**ROW** acquisitions are progressing as expected for the year on the majority of projects. Overall this phase is near budget with actuals at 88% of the YTD budget. Current year lower than budgeted expenditures has occurred for a few projects due to timing of the expenditures, including the Kirkland HOV Access Improvements project, and the Bellevue Direct Access project. Budgeted ROW expenditures may not take place in 2003 as had been planned for the Rider Services Building at the Bellevue Transit Center and the Totem Lake Transit Center.

**Construction** spending, at 98% of the YTD budget, is in line with budget expectations as projects are on, or ahead of schedule.

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

## Link Transit Operations

### Link Transit Operations & Other Operating Costs For the Nine Months Ending September 30, 2003

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	YTD Budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD Budget
Salaries & Benefits	\$ 140,594	\$ 170,590	\$264,784	\$ 575,969	\$ 760,982	\$ 185,013	76%
Services	17,071	34,341	73,805	125,217	679,620	554,403	18%
Materials & Supplies	30,503	30,471	20,660	81,633	82,538	904	99%
Insurance	-	-	21,429	21,429	143,025	121,596	15%
Purchased Transportation Svcs	-	-	-	-	-	-	N/A
Miscellaneous Expenses	26	-	1,285	1,311	91,892	90,581	1%
Leases & Rentals	-	-	-	-	-	-	N/A
Other Expenses	1,647	258	354	2,260	14,250	11,990	16%
Agency Admin Allocations	-	-	27,999	27,999	96,362	68,362	29%
<b>Subtotal Transit Operations</b>	<b>\$189,841</b>	<b>\$235,660</b>	<b>\$410,317</b>	<b>\$835,819</b>	<b>\$1,868,669</b>	<b>\$1,032,850</b>	<b>45%</b>
Depreciation & Amortization	549	549	351,918	353,016	587,220	234,204	60%
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$190,391</b>	<b>\$236,209</b>	<b>\$762,235</b>	<b>\$1,188,835</b>	<b>\$2,455,889</b>	<b>\$1,267,054</b>	<b>48%</b>

### Link Transit Operations Notes

Tacoma Link began operations on August 22, 2003. Actual weekly boardings have exceeded expectations with actual weekday ridership of 2,170, ahead of the projected 2010 ridership of 2,000 weekday riders. With the system fully staffed and running, expenditures have increased as anticipated. Startup costs totaling \$158K, which were budgeted and incurred to capital accounts, will be transferred to transit operations in October. Total YTD expenditures are currently significantly below plan, however, current trends indicate that spending will be closer to budget by year-end. At the request of the ST Board, early morning service hours will be extended beginning on October 27, 2003 with no additional cost impact. Additionally, at the direction of the Finance Committee, staff developed a staffing plan and cost estimate for extended hours on Friday and Saturday evenings.

**Salaries & Benefits** With operations commencing at the end of the third quarter and now that they are fully staffed, spending levels over the final quarter should be in line with budget expectations.

**Services** spending for the year include expenses for electrical engineering consulting and for marketing-related services including preparation of informational guides. An additional \$123K for grand opening dedication and other startup costs will be transferred from the Startup phase of the capital project in October. Now that the system is operating, contracted maintenance services have commenced for the maintenance facility, vehicles and stations.

**Insurance** costs are only at 15% of the YTD budget, as actual costs were not incurred until operations began. Actual expenditures are expected to end the year below budget.

**Miscellaneous Expenses** were budgeted to include unforeseen costs for the operational portion of integrated testing and start-up costs.

**Other Expenses** are primarily for electrical utility charges. Traction power expenditures for a fully-operational system started in August and will be in line with budget by year-end.

**Agency Administration** A portion of agency administrative costs are allocated between capital and operating and the total administrative costs are within budget. The variances between transit operations and capital are primarily due to actual spending levels not meeting what was planned in the budget. Allocations for Link operations began once service started.

## Link – Capital

### Link Light Rail - Capital Outlays by Phase

For the Nine Months Ended September 30, 2003

#### Current Year 2003

Phase	(Revised)	YTD Budget	YTD Actuals	YTD actuals	YTD actuals
	Adopted			(over)/under	as % of
	Capital Plan	YTD Budget		YTD Budget	YTD Budget
	a	b	c	[b - c]	[c/b]
Agency Administration	\$17,317,802	\$12,988,352	\$10,684,798	\$ 2,303,554	82%
Preliminary Engineering	6,094,473	4,570,855	2,416,079	2,154,775	53%
Final Design	35,628,133	26,721,100	33,082,738	(6,361,638)	124%
ROW Acq. & Permits	87,667,537	65,750,653	26,266,829	39,483,824	40%
Construction	48,057,652	36,043,239	16,886,100	19,157,139	47%
Vehicles	2,027,959	1,520,969	155,119	1,365,850	10%
Testing and Start-Up	183,905	137,929	227,518	(89,590)	165%
Contingency	-	-	-	-	0%
<b>TOTAL</b>	<b>\$196,977,461</b>	<b>\$147,733,096</b>	<b>\$89,719,183</b>	<b>\$58,013,913</b>	<b>61%</b>

#### Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Agency Administration	\$258,989,830	\$75,162,339	\$652,951	\$183,174,540	29%
Preliminary Engineering	108,678,554	79,963,369	5,617,403	23,097,781	79%
Final Design	145,381,677	113,627,526	29,243,259	2,510,893	98%
ROW Acq. & Permits	267,484,200	123,017,767	7,117,601	137,348,832	49%
Construction	1,352,105,679	64,097,360	16,587,755	1,271,420,563	6%
Vehicles	146,939,280	6,760,161	1,275,963	138,903,156	5%
Testing and Start-Up	836,800	355,614	52,095	429,092	49%
Contingency	128,300,000	-	-	128,300,000	0%
<b>TOTAL</b>	<b>\$2,408,716,020</b>	<b>\$462,984,136</b>	<b>\$60,547,027</b>	<b>\$1,885,184,857</b>	<b>22%</b>

#### Link Capital Outlay Notes

The FFGA was awarded in late October. Since full construction work on the Initial Segment was previously scheduled to begin in July 2003, expenditures remain under budget through the third quarter. Several key contracts were awarded immediately upon execution of the FFGA.

**Agency Administration** A portion of agency administrative costs are allocated between capital and operating and the total administrative costs are within budget. The variances between transit operations and capital are primarily due to actual spending levels not meeting what was planned in the budget.

**Preliminary Engineering** FTA final review of the North Link draft Supplemental Environmental Impact Statement (SEIS) was completed on September 24, 2003. PE for this project will not start until early 2004 so expenditures will remain low through the remainder of the year. Additionally, expenditures for Airport Link will not accelerate until next year.

**Final Design** expenditures are ahead of the YTD budget for the Initial Segment in preparation of the start of major construction activities. Part of the budget overspending is due to two extensions of work on the Beacon Hill Test Shaft, and subsequent redesign of the tunnel, resulting from existing conditions found at the site.

**ROW Acquisition & Permits** Acquisition efforts experienced delays during the year. The ROW team is addressing issues and is working to achieve the construction schedule and activities have now accelerated. At the end of the third quarter a significant number of property interests required for construction had been acquired.

**Construction** Relocation of utilities, permits, and other preparations has been ongoing and major construction on the Initial Segment will begin in November. Current-year expenditures are under plan. Adequate time is built into schedules that completion of the Initial Segment project will still be met. Clean up work on Tacoma Link will continue through year-end.

**Vehicles** Expenditures for the purchase of light rail cars for Tacoma Link were essentially complete at the end of 2002. Since no new vehicle purchases are anticipated, this phase of the Tacoma Link project will be under budget for the current year. The Central Link vehicle contract is expected to be awarded in late 2003 or early 2004.

**Testing and Start-Up** expenditures for Tacoma Link include system-integrated tests, rail activation, purchase of equipment, and other related start-up costs. With the opening of services on August 22, this work is essentially complete. After Tacoma's grand opening and other startup-related costs of \$157K are expensed in the fourth quarter, expenditures for this phase will end the year in line with budget.

## Staff Operating Expenses

### Agency Summary by Department

Staff Operating Departments - Before Expense Transfers

For the Nine Months Ended September 30, 2003

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
Executive Department	\$541,638	\$593,856	\$578,679	\$1,714,173	\$2,316,398	\$602,225	74%
Board Administration	131,459	144,710	122,156	398,324	494,006	95,681	81%
Legal Services	406,748	480,606	531,955	1,419,309	1,650,890	231,580	86%
Administrative Services	1,498,807	1,817,209	1,911,353	5,227,369	6,237,377	1,010,008	84%
Communications	952,299	1,276,000	1,468,574	3,696,872	5,103,971	1,407,098	72%
Finance & Information Services	1,615,447	1,995,971	1,700,658	5,312,076	6,753,895	1,441,819	79%
Sounder	386,846	480,216	524,877	1,391,938	2,057,954	666,015	68%
Link	2,156,533	2,251,450	2,232,114	6,640,096	8,092,673	1,452,577	82%
Regional Express	869,509	901,596	889,870	2,660,975	3,093,737	432,762	86%
Non-Dept	802,828	752,191	793,311	2,348,331	2,349,281	950	100%
<b>TOTAL</b>	<b>\$9,362,113</b>	<b>\$10,693,804</b>	<b>\$10,753,548</b>	<b>\$30,809,465</b>	<b>\$38,150,180</b>	<b>\$7,340,715</b>	<b>81%</b>

### Staff Operating & Other Expenses

For the Nine Months Ended September 30, 2003

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	\$6,313,798	\$6,777,971	6,772,146	\$19,863,914	\$24,548,300	\$4,684,386	81%
Services	1,127,175	1,635,256	1,481,843	4,244,275	5,827,424	1,583,149	73%
Materials & Supplies	187,425	224,412	241,431	653,269	897,072	243,803	73%
Miscellaneous Expenses	206,184	520,305	703,889	1,430,378	1,826,187	395,810	78%
Leases & Rentals	560,191	535,181	562,012	1,657,384	1,696,286	38,903	98%
Other Expenses	246,747	307,693	284,464	838,903	1,216,380	377,477	69%
Depreciation	720,594	692,986	707,763	2,121,343	2,138,531	17,187	99%
<b>Gross Staff Operating Expenses</b>	<b>\$9,362,113</b>	<b>\$10,693,804</b>	<b>10,753,548</b>	<b>\$30,809,465</b>	<b>\$38,150,180</b>	<b>\$7,340,715</b>	<b>81%</b>
Expense Transfers	(6,308,750)	(7,385,509)	(7,536,525)	(21,230,783)	(26,580,026)	(5,349,243)	80%
<b>Net Staff Operating Expenses</b>	<b>\$3,053,364</b>	<b>\$3,308,295</b>	<b>3,217,024</b>	<b>\$9,578,682</b>	<b>\$11,570,155</b>	<b>\$1,991,472</b>	<b>83%</b>
<b>Other Expenses</b>							
Transit-Oriented Development	-	24,013	3,215	27,227	330,000	302,773	8%
Debt Service Costs	50,260	43,460	46,709	140,428	1,957,787	1,817,359	7%
Planning & Development	1,106,283	1,853,407	1,389,372	4,349,062	9,395,498	5,046,436	46%
<b>Total Other Expenses</b>	<b>\$1,156,543</b>	<b>\$1,920,879</b>	<b>1,439,295</b>	<b>\$4,516,717</b>	<b>\$11,683,285</b>	<b>\$7,166,568</b>	<b>39%</b>
<b>Grand Total Operating Expenses</b>	<b>\$4,209,907</b>	<b>\$5,229,173</b>	<b>4,656,319</b>	<b>\$14,095,399</b>	<b>\$23,253,440</b>	<b>\$9,158,040</b>	<b>61%</b>

## Staff Operating Notes

**Salaries & Benefits** finished the third quarter \$4.7M under the YTD budget, on delays in filling new and vacant positions. The agency has updated its long-term administration model to ensure the affordability of all its projects, including freezing some open and unfilled positions. The targeted 2003 headcount of 357.5 is lower than budgeted headcount of 363.35.

**Services** finished the quarter \$1.6M under the YTD budget. General consulting services, computer system technical support, printing, accounting and auditing, and contract maintenance services were not utilized to the extent budgeted. These accounts are likely to finish the year under budget as spending on staff budgets is contained to match corresponding spending levels in projects. Agency-wide training has not been utilized to the extent budgeted but is expected to see accelerated spending in the final quarter of the year.

**Materials & Supplies** expenditures were \$0.2M lower than YTD budget, mainly due to timing of the agency computer replacement program, which is expected to occur once network and operating system compatibility reviews are completed. Postage costs are also under the YTD budget on lower than budgeted spending.

**Miscellaneous Expenses** were under the YTD budget by \$0.4M. Staff training and related travel is under budget by \$0.3M as departments work to maintain lower spending. This category also contains budgeted but unused contingency funds of approximately \$0.1M.

**Other Expenses** include insurance, utilities, and taxes. This category is \$0.4M below the YTD budget due to lower than expected costs for telephone system enhancements. Other variances include lower than planned agency insurance premiums, which are about \$0.3M below budget, as the annual brokerage payment is not due until the fourth quarter.

**Expense Transfers** represent the allocated overhead dollars that are transferred to both capital and operating projects. This account is currently under the YTD budget by \$5.3M as a result of overall lower expenditures in the staff operating departments.

## Other Operating Costs Notes

**Transit-Oriented Development** includes real estate pre-development services including architectural, marketing feasibility cost estimating, partnering, station area planning, plus regulatory drafting services. Currently, the only major project expenditure for the year has been \$20K to the City of Sumner for town center planning and this account is estimated to finish the year under budget.

**Debt Service Costs** includes bond interest expense not capitalized to capital projects, as well as amortization costs of bond issuance charges, and fiscal agent fees. The account is currently \$1.8M under the YTD budget and will remain so throughout the year as the budget did not assume full capitalization. It is expected that all of the annual expense will be capitalized resulting in a total budget underspending of approximately \$2.6M.

**Planning & Development** mainly includes operational spending for Fare Integration and Phase II planning. Expenditures to date are lower than the YTD budget by \$5M for all Planning and Development projects.

Fare Integration spending is \$1.6M lower than the planned YTD budget. Contractor issues have delayed the on-board survey until December, resulting in \$0.6M in lower spending. While other segments of the project are currently below budget, all are expected to finish near budget by year-end. Additionally, there is \$0.5M YTD in unspent and unprogrammed funds in this project.

In Phase II Planning, project spending is proceeding forward, but at slower than anticipated rates. Spending is expected to increase in the fourth quarter as the Puget Sound Regional Council technical assistance and support services contract is expected to be signed. Other underspending is attributable to delays in receiving the FFGA, which have slowed potential Phase II work. Additionally, staff no longer assumes that Sound Transit will financially participate in the SR 520 Bridge Replacement Project, therefore the 2003 budget will be underspent by \$0.6M.

# Subarea Third Quarter Summaries

## Subarea Revenue Summary

Millions YOES

<b>2003 Tax Revenues</b>	<b>Snohomish</b>	<b>North King</b>	<b>South King</b>	<b>East King</b>	<b>Pierce</b>	<b>Total</b>
September YTD Budget	23.3	55.5	33.7	50.5	31.0	194.0
September YTD Actual	24.4	52.5	35.2	51.7	34.5	198.3
\$ Variance	1.1	(3.0)	1.5	1.2	3.5	4.3
% Variance	2.1%	-5.4%	4.5%	2.4%	11.3%	2.2%
<b>2003 Farebox Revenues</b>						
September YTD Budget	1.0	-	1.1	3.8	3.2	9.1
September YTD Actual	0.9	-	1.3	3.9	2.5	8.6
\$ Variance	(0.1)	-	0.2	0.1	(0.7)	(0.5)
% Variance	-13.3%	0.0%	16.5%	3.4%	-21.3%	-5.7%
<b>2003 Grant Revenues</b>						
September YTD Budget	19.8	-	7.0	-	18.6	45.4
September YTD Actual	1.5	7.3	4.6	0.5	6.4	20.3
\$ Variance	(18.3)	7.3	(2.4)	0.5	(12.2)	(25.1)
% Variance	-92.4%	100.0%	-34.3%	0.0%	-65.4%	-55.3%

## Subarea Operating Expense & Capital Outlay Summary

Millions YOES

<b>2003 Transit Operating Expenses</b>	<b>Snohomish</b>	<b>North King</b>	<b>South King</b>	<b>East King</b>	<b>Pierce</b>	<b>Total</b>
September YTD Budget	4.5	-	8.1	13.5	14.4	40.5
September YTD Actual	3.4	-	7.7	11.7	12.4	35.2
Percent Spent	75.5%	-	95.6%	86.5%	86.4%	87.0%
<b>2003 Capital Outlays</b>						
September YTD Budget	24.9	98.4	97.7	33.3	67.2	321.5
September YTD Actual	22.6	64.6	51.4	19.8	40.2	198.6
Percent Spent	90.7%	65.6%	52.6%	59.6%	59.8%	61.7%
<b>Lifetime Capital Outlays</b>						
Lifetime Budget	437.4	1,688.5	1,123.4	604.0	537.3	4,390.6
Life-to-Date Actual	142.6	337.0	304.3	114.4	296.6	1,194.9
Outstanding Contracts	34.6	39.4	46.1	74.2	23.4	217.7
Percent Spent or Committed	40.5%	22.3%	31.2%	31.2%	59.6%	32.2%