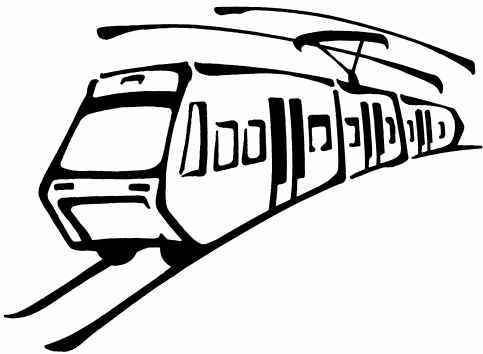
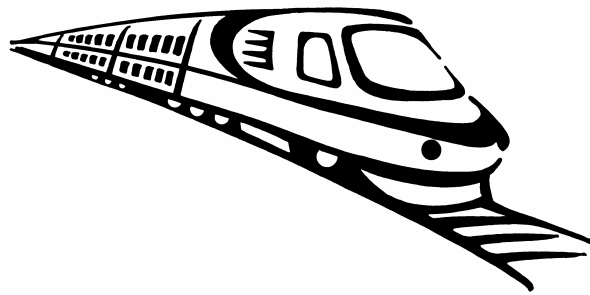
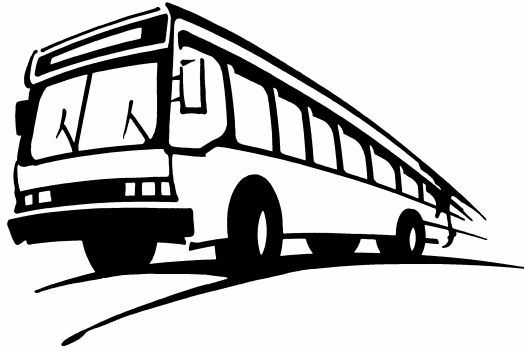




SOUNDTRANSIT

Central Puget Sound
Regional Transit Authority



Quarterly Financial Report
Third Quarter 2005
September 30, 2005

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**Third Quarter 2005
Quarterly Financial Report**

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September 30, 2005

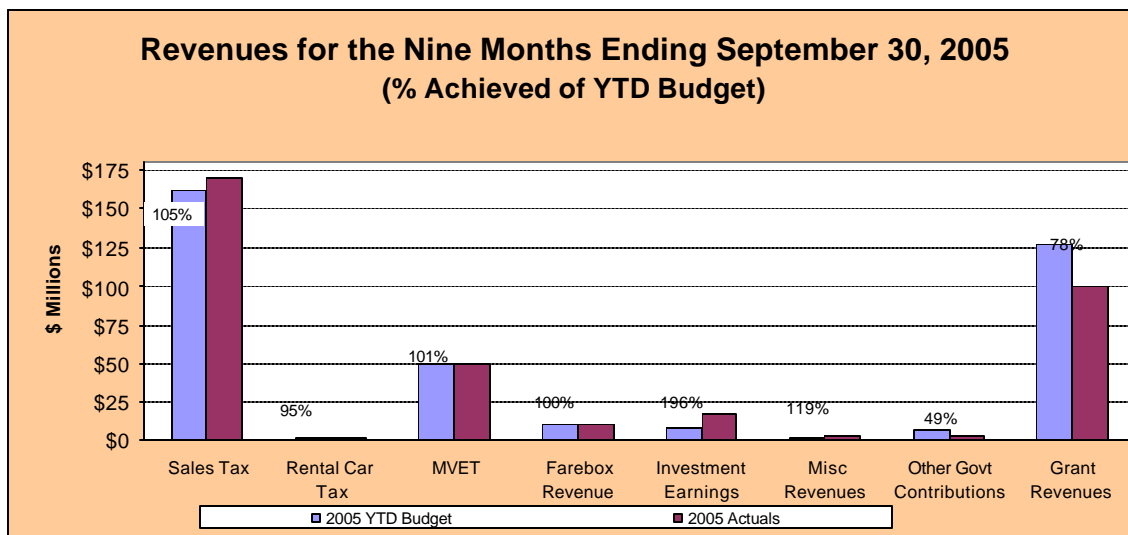
TO: Board of Directors
FROM: Joni Earl, *Chief Executive Officer*
Hugh Simpson, *Chief Financial Officer*
SUBJECT: Third Quarter 2005 Financial Report

Executive Summary

This report summarizes Sound Transit's third quarter 2005 financial performance for revenues, transit operations, capital outlays and staff operating expenses. The discussion and graphs below summarize the budget and financial results, followed by detailed financial data, notes assessing the agency's performance to budget and summarized subarea information.

Revenues

The total agency revenues of \$354.8M was under budget by \$13.8M, or 4%, primarily due to a lag in federal grant contributions recognized to date. Tax revenues at \$221.8M were over year-to-date budget by \$8.7M, or 4%, as well as investment earnings of \$17.5M which exceeded budget by 96%. Federal grant revenues at \$99.3M are \$28.4M or 22% below year-to-date budget. Federal grant contributions for the Sound Move program are still anticipated to meet lifetime budget expectations. Farebox revenues, at \$10.4M, were 100% of budget at the end of the third quarter and 8% higher than in the third quarter of 2004. This increase is in line with ridership which at 8.1M is 8% over the year to date 2004 level.

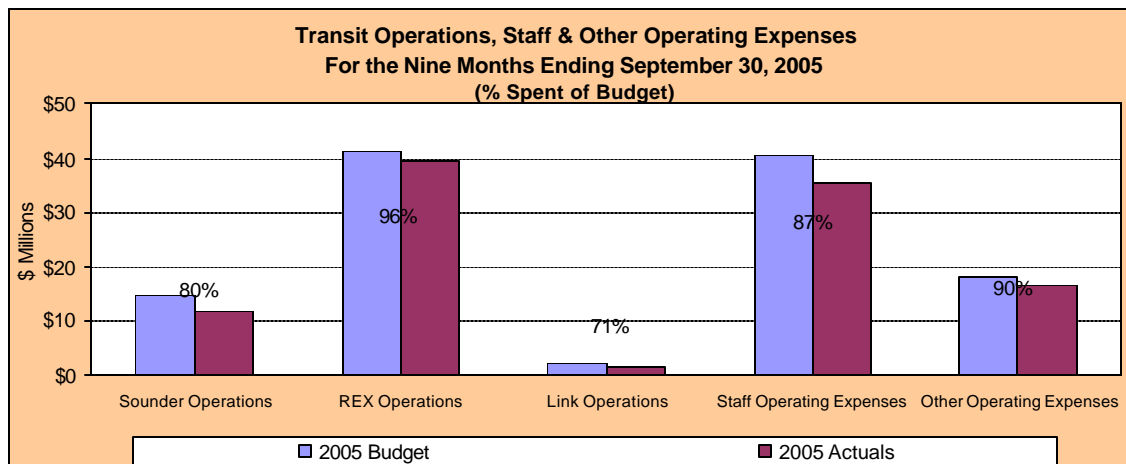


Expenses

Total expenses of \$106.5M were under budget by \$9.9M or 9%. Transportation Services direct operating expenses as a percent of budget were: Sounder at 80%, Regional Express at 96%, and Link at 71%. The largest underspending occurred in the Services and Insurance categories.

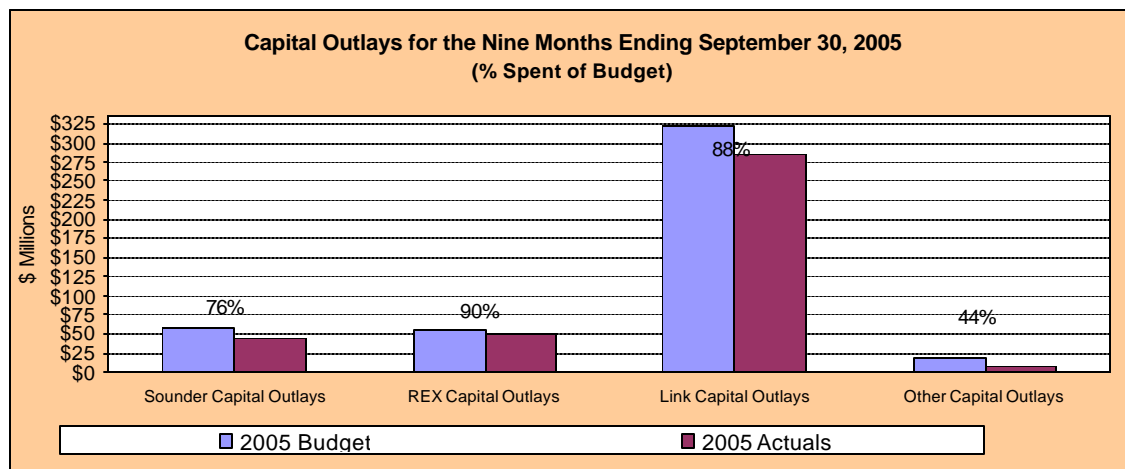
Staff operating expenses of \$35.4M were 87% of the year to date budget. Staff expenses and headcount are also proportionally lower for the third quarter.

Other operating expenses of \$16.4M include Regional Fund projects, Community Development Fund expenditures, debt-service costs and non-capitalizable costs. These costs were under budget by \$1.8M due to lower than expected current year phase two planning costs, mitigation payments, and OCIP costs.



Capital Outlays

Total agency capital outlays of \$387.1M were 84.7% of the \$455.8 year-to-date budget through third quarter. Sounder project expenditures of \$44.6M were 76% of the year-to-date budget due in part to lower than anticipated construction spending in the Seattle-to-Tacoma segment. Spending on this segment is contingent on the progress made by BNSF. Regional Express project spending at \$49.7M was 90% of budget, with some projects either coming in under budget resulting in savings or other projects encountering delays. Link project spending at \$284.6M was 88% of the year-to-date budget due primarily to lower right of way and administration phase expenditures.



Summary Income Statement

The table below summarizes revenues and expenses for the third quarter of 2005. Overall, agency net income ended the third quarter \$3.9M under budget. This variance is made up of a \$13.8M shortfall in

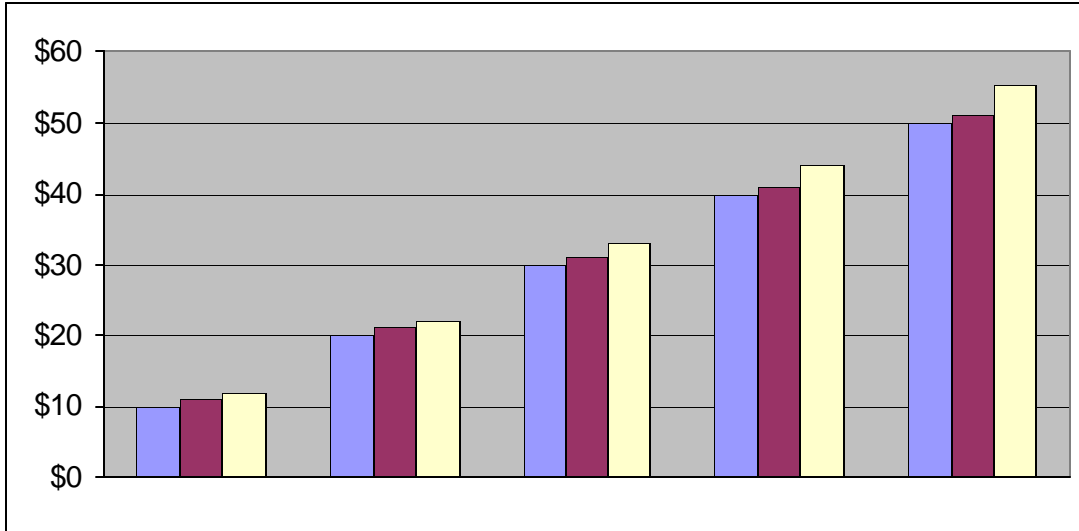
total revenues, offset by \$9.9M in lower expenditures. Significant revenue variances from budget include federal grants and investment income. Significant expense variances exist in staff operating division and other operations projects.

Income Statement							
For the Nine Months Ending Sept 30, 2005							
Budget to Actuals							
	Q1	Q2	Q3	YTD	YTD	YTD Actuals	YTD Actuals
	Actuals	Actuals	Actuals	2005	2005	to YTD Budget	as % of
				Actuals	Budget	Favorable/	YTD Budget
						(Unfavorable)	
REVENUES							
Tax Revenues	\$68,020,830	\$74,761,916	\$79,044,612	\$221,827,358	213,092,843	\$8,734,515	104%
Farebox Revenues	3,482,704	3,393,374	3,557,445	\$10,433,523	10,415,997	17,526	100%
Investment Income	2,104,869	8,651,098	6,772,216	\$17,528,183	8,941,851	8,586,332	196%
Other Miscellaneous	815,031	1,151,112	615,006	\$2,581,149	2,167,614	413,535	119%
State & Local Contributions	613	2,885,059	179,899	\$3,065,571	6,284,250	(3,218,679)	49%
Federal Grants	9,399,606	54,282,287	35,633,466	\$99,315,359	127,666,503	(28,351,144)	78%
TOTAL REVENUES	\$83,823,653	\$145,124,846	\$125,802,644	\$354,751,143	\$368,569,058	(\$13,817,915)	96%
EXPENSES							
Net Staff Operating Divisions	\$4,428,026	\$4,425,957	\$3,870,749	12,724,732	\$18,888,697	\$6,163,965	67%
Transit Operations	23,260,966	27,027,368	27,073,582	77,361,916	79,343,150	1,981,234	98%
Regional Fund & Other Operations	1,269,501	1,301,438	2,645,504	5,216,443	8,516,113	3,299,670	61%
Community Development Fund	667,803	628,817	125,771	1,422,391	4,943,097	3,520,706	29%
Debt Service	302	1,197,967	(95,810)	1,102,459	140,130	(962,329)	787%
Non-Capitalizable LOB expenses	433,202	249,937	7,983,402	8,666,542	4,567,807	(4,098,735)	190%
TOTAL EXPENSES	\$30,059,799	\$34,831,485	\$41,603,199	\$106,494,483	\$116,398,994	\$9,904,511	91%
EXCESS REVENUE OVER EXP.	\$53,763,853	\$110,293,362	\$84,199,445	\$248,256,660	\$252,170,064	(\$3,913,404)	98%

Summary of Net Assets

The following table summarizes assets and liabilities at the end of the third quarter of 2005 and provides comparative data for the same period last year. With the capitalization of the Sounder track and facilities improvement in the Seattle-Tacoma corridor, the commencement of construction on the Link project and Regional Express HOV projects, capital assets have increased significantly resulting in a reduction in current assets, an increase in current liabilities and an increase in Capital Projects in Progress. Restricted Assets have increased with the receipt of bond proceeds in March 2005. As the bond proceeds are spent, they will be relieved from the restricted classifications.

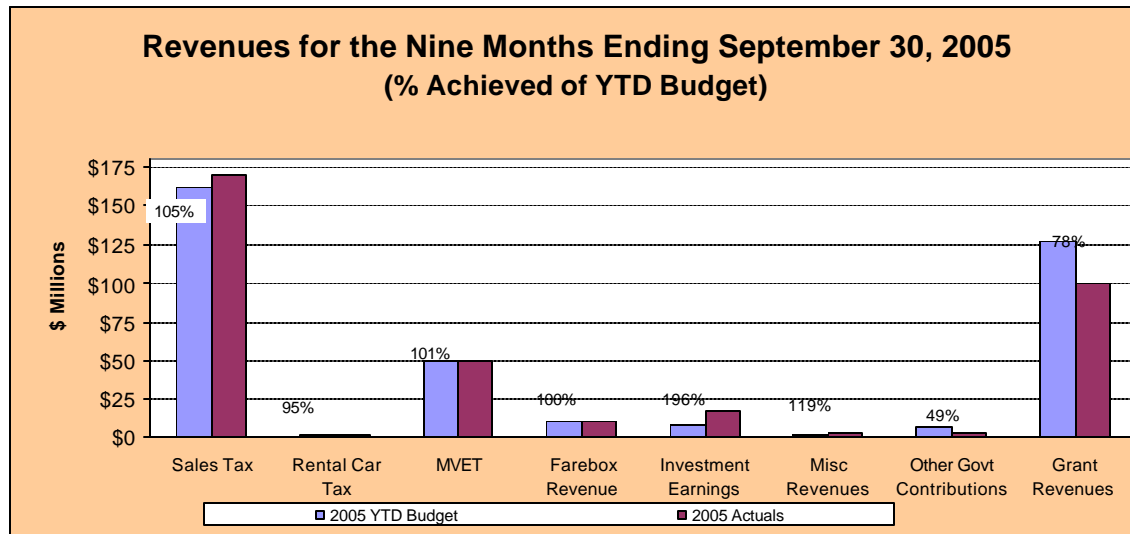
Summary of Net Assets			
<i>(in millions)</i>			
	As of Sept-05	As of Sept-04	% Change Sept-05 to Sept-04
Current Assets, excluding Restricted Assets	\$ 638.4	\$ 645.4	-1%
Restricted Assets	422.8	199.9	111%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	1,018.7	688.0	48%
Capital Projects in Progress	1,033.2	802.8	29%
Capital Projects in Progress - non ST	111.1	153.3	-27%
Other Non-Current Assets	71.2	68.7	4%
Total Assets	\$ 3,295.5	\$ 2,558.1	29%
Current Liabilities, excluding Interest Payable from Restricted Assets	117.3	66.0	78%
Interest Payable from Restricted Assets	16.0	2.9	461%
Long-Term Debt	787.4	347.3	127%
Other Long-Term Liabilities	67.4	59.2	14%
Total Liabilities	988.2	475.5	108%
Net Assets	2,307.3	2,082.6	11%
Total Liabilities and Net Assets	\$ 3,295.5	\$ 2,558.1	29%
Invested in Capital Assets, Net of Related Debt	1,599.6	1,299.4	23%
Restricted Net Assets	129.0	178.2	-28%
Unrestricted Net Assets	578.7	605.0	-4%
Total Net Assets	\$ 2,307.3	\$ 2,082.6	11%



FINANCIAL DETAIL

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Revenue



Revenue Notes

Retail Sales and Use Tax is over budget by \$8.2M, or 5%. September year-to-date sales and use tax collections are \$12.7M, or 8%, higher than equivalent period revenues in 2004.

Rental Car Tax is under budget by \$98K, or 5%. September year-to-date rental car tax revenues are \$27K, or 2%, higher than equivalent period revenues last year.

Motor Vehicle Excise Tax is over budget by \$569K, or 1%. September year-to-date MVET revenues are \$1.5M, or 3%, higher than equivalent period revenues in 2004.

Subsequent to publishing the proposed 2005 budget, forecasts for tax revenues were updated in the 2005 financial plan. These updated forecasts will be reflected in the final adopted 2005 budget pending board authorization to amend the revenue budgets on December 8th.

Farebox Revenues are at budget.

Investment Earnings are above budget by \$8.6M or 196%. Interest earned exceeds budget due to receipt of bond proceeds, as well as a steadily increasing interest rate. The portfolio continues to experience a negative market adjustment as interest rates rise. The cumulative adjustment at the end of this quarter is \$4.3M. As rates continue to increase, a negative market adjustment can be expected.

Miscellaneous Revenues are above budget by \$414K or 19%. Included in this category are advertising on Regional Express buses, revenue vehicle rental income, and rental property income.

Local, State and Federal Grants were under budget by \$28.3M, or 22%. Grant revenues are reimbursements based on expenditures for grant-funded projects. Overall, most capital spending is near projected budget levels. However, the current estimated final cost for the Initial Segment is approximately \$216 million less than the baseline budget, and lower expenditures result in lower grant revenues to date. Also delays in the construction of the Everett-Seattle and Lakewood-Tacoma Sounder stations result in lower revenues to date.

Summary Outlays

Combined Transit Operations Summary

For the Nine Months Ending Sept 30, 2005

ST Express, Sounder, & Link

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Total Actuals	YTD 2005 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
Revenues							
Passenger Fares	3,482,704	3,393,374	3,557,445	10,433,523	10,415,997	17,526	100%
Other Operating Revenues	813,924	836,199	472,116	2,122,239	2,167,614	(45,375)	98%
Total Operating Revenues	4,296,628	4,229,573	4,029,561	12,555,762	12,583,611	(27,849)	100%
Direct Operating Expenses							
Salaries & Benefits	383,138	405,646	454,415	1,243,199	1,284,532	41,333	97%
Services	2,135,259	2,867,197	2,884,196	7,886,652	11,277,900	3,391,248	70%
Materials & Supplies	354,527	313,653	393,403	1,061,583	1,280,304	218,721	83%
Insurance	388,411	394,486	394,145	1,177,042	1,775,241	598,199	66%
Purchased Transportation Svcs	13,289,773	13,141,032	14,176,484	40,607,289	41,417,235	809,946	98%
Miscellaneous Expenses	66,676	140,873	230,161	437,710	570,762	133,052	77%
Leases & Rentals	2,813	48,436	7,016	58,265	54,486	(3,779)	107%
Other Expenses	169,976	163,135	180,498	513,609	562,840	49,231	91%
Total Direct Operating Expenses	\$ 16,790,573	\$ 17,474,458	\$ 18,720,318	\$ 52,985,349	\$ 58,223,300	\$ 5,237,951	91%
Agency Admin Allocations	1,158,704	1,256,163	1,235,042	3,649,909	4,137,390	487,481	88%
Fully Allocated Operating Expenses	\$ 17,949,277	\$ 18,730,621	\$ 19,955,360	\$ 56,635,258	\$ 62,360,690	\$ 5,725,432	91%
Net Subsidy from Fully Allocated Operations	\$ (13,652,649)	\$ (14,501,048)	\$ (15,925,799)	\$ (44,079,496)	\$ (49,777,079)	\$ 5,697,583	89%
Contingency	-	-	-	-	931,023	931,023	-
Depreciation & Amortization	5,311,689	8,296,747	7,118,222	20,726,658	16,051,437	(4,675,221)	129%
Net Subsidy from Operations after Depreciation and Amortization	\$ (18,964,338)	\$ (22,797,795)	\$ (23,044,021)	\$ (64,806,154)	\$ (66,759,539)	\$ 1,953,385	97%
Ridership							
Boardings	2,611,333	2,694,664	2,794,974	8,100,971	7,847,395	253,576	103%
Average Weekday Boardings	36,019	37,669	38,110	111,798	N/A	N/A	N/A

Sound Transit Capital Outlays by Line of Business

For the Nine Months Ending Sept 30, 2005

Current Year 2005

	2005 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]
Sounder Commuter Rail	87,801,064	58,478,679	44,556,181	13,922,498	76%
Link Light Rail	503,541,001	323,641,017	284,586,423	39,054,595	88%
Regional Express	85,935,499	55,212,143	49,668,115	5,544,028	90%
TOTAL	\$677,277,564	\$437,331,839	\$378,810,719	\$58,521,120	87%

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	1,227,604,171	759,867,642	94,017,491	373,719,038	70%
Link Light Rail	2,632,316,000	1,000,251,220	905,695,583	726,369,197	72%
Regional Express	818,303,536	359,742,523	102,137,666	356,423,347	56%
TOTAL	\$4,678,223,707	\$2,119,861,385	\$1,101,850,740	\$1,456,511,582	69%

Transportation Services

Sounder Transportation Services

Sounder Commuter Rail Transit Operations For the Nine Months Ending Sept 30, 2005

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
Revenues							
Passenger Fares	614,060	634,150	704,671	1,952,881	1,937,997	14,884	101%
Other Operating Revenues	704,277	731,539	369,755	1,805,571	1,883,250	(77,679)	96%
Total Operating Revenues	1,318,337	1,365,689	1,074,426	3,758,452	3,821,247	(62,795)	98%
Direct Operating Expenses							
Salaries & Benefits	45,946	46,470	52,138	144,554	211,201	66,647	68%
Services	1,739,112	1,916,882	2,293,337	5,949,331	7,466,472	1,517,141	80%
Materials & Supplies	266,737	288,900	378,324	933,961	932,166	(1,795)	100%
Insurance	323,275	327,350	343,003	993,628	1,441,494	447,866	69%
Purchased Transportation Svcs	933,569	1,060,201	1,443,377	3,437,147	4,156,760	719,613	83%
Miscellaneous Expenses	22,273	108,210	2,072	132,555	267,255	134,700	50%
Leases & Rentals	2,813	3,949	7,016	13,778	49,239	35,461	28%
Other Expenses	68,306	62,751	87,524	218,581	281,032	62,451	78%
Total Direct Operating Expenses	\$ 3,402,031	\$ 3,814,713	\$ 4,606,791	\$ 11,823,535	\$ 14,805,619	\$ 2,982,084	80%
Agency Admin Allocations	289,242	300,506	303,450	893,198	1,051,434	158,236	85%
Fully Allocated Operating Expenses	\$ 3,691,273	\$ 4,115,219	\$ 4,910,241	\$ 12,716,733	\$ 15,857,053	3,140,320	80%
Net Subsidy from Fully Allocated Operations	\$ (2,372,936)	\$ (2,749,530)	\$ (3,835,815)	\$ (8,958,281)	\$ (12,035,806)	\$ 3,077,525	74%
Contingency	-	-	-	-	767,970	767,970	-
Depreciation & Amortization	1,684,731	4,573,675	3,391,009	9,649,415	5,057,388	(4,592,027)	191%
Net Subsidy from Operations after Depreciation and Amortization	\$ (4,057,667)	\$ (7,323,205)	\$ (7,226,824)	\$ (18,607,696)	\$ (17,861,164)	\$ (746,532)	104%
Ridership							
Boardings	261,998	277,295	328,230	867,523	839,305	28,218	103%
Average Weekday Boardings	3,296	4,084	4,675	12,055	N/A	N/A	N/A

Sounder Transportation Services Notes

Net subsidy for the quarter before depreciation and amortization was 74% of the 2005 year-to-date budget. Revenues were under budget by \$63K and expenses were under budget by \$3.1M. The largest variances are in Services, Insurance, and Purchased Transportation and are discussed below.

Revenues and Ridership: Passenger Fares were over 2005 year-to-date budget by \$15K or 1%. Ridership is trending in line with forecasts, with the increased ridership in the North contributing to pushing revenues over budget. Other Operating Revenues, the revenue associated with the leasing of Sounder vehicles to other jurisdictions, was under budget by \$78K, or 4%. With the early implementation of the additional service, Sound Transit had to recall some of the leased vehicle fleet, which has led to reduced revenues in this category.

The third quarter was the first quarter with a second train on the North line. Ridership to date has been strong with increases in daily ridership in the North of approximately 35% in September compared to January of this year. Through the first three weeks of operations of the fourth train in the South, ridership in that corridor is up approximately 30%.

Salaries & Benefits were under the 2005 year-to-date budget by \$67K, or 32%, due to a vacant position.

Services were under the 2005 year-to-date budget by \$1.5M or 20%. The largest component of this variance was in Maintenance of Vehicles, which was under budget by \$1.1M. The budget for vehicle maintenance included about \$1.6M for auxiliary power units for Sounder vehicles. These purchases have

been determined to be capital purchases and will be transferred out of the transit operations budget in the fourth quarter. Combined with the early implementation of additional service, this line item is expected to be very close to budgeted levels at year end.

Maintenance of Stations is under budget by \$329K. Budgeted programs for technology and signage maintenance have not been necessary, water quality monitoring programs at several Sounder stations are expected to begin later this year and some major initiatives at Kent and Auburn stations were delayed. Budgeted initiatives at the Tukwila temporary station have been delayed as the scoping process continues. Security services are under budget by \$55K. Marketing costs in the Services budget are underspent by \$21K. Additional marketing programs related to the expansion of service in both the North and South corridors and Seahawks event service are expected to occur later this year.

Materials & Supplies were over 2005 year-to-date budget by \$2K or less than 1%. Fuel costs have tracked slightly over the budgeted levels. Additional costs associated with the early implementation of service have also caused a slight overspend in this area.

Insurance was under 2005 year-to-date budget by \$448K or 31%. Premium payments were less than budgeted so far for the year and claims activity was below budgeted levels. This category includes railroad protective/liability and rolling stock coverage.

Purchased Transportation Services were under 2005 year-to-date budget by \$720K or 17%. This account mainly consists of payments to BNSF for train operations, maintenance of right-of-way and related trackage fees. Similar to the variances in maintenance of Sounder vehicles, this variance reflects the seasonal variation in event service. This variance will be reduced with the height of the Seahawk event service in the fourth quarter. The early implementation of the additional service will also cause this variance to reduce by year end.

Miscellaneous Expenses were under 2005 year-to-date budget by \$135K or 50%. Ticket vending machine training did not occur at budgeted levels in the first three quarters of the year. Also, media buys for Sounder marketing are under the year-to-date budget by \$75K but activity will pick up in the fourth quarter.

Leases and Rentals were under 2005 year-to-date budget by \$35K or 72%. This reflects low usage of the crew quiet rooms.

Other Expenses were under the 2005 year-to-date budget by \$62K or 22%. Utility costs trended under budgeted amounts due primarily to savings on electricity and telephones at stations.

Agency Administration Allocations are the staff operating costs allocated from the corporate departments as well as the Transportation Service department and were under budget by \$158K, or 15%. This reflects favorable budget variances in the agency staff divisions.

ST Express Transportation Services

ST Express Transit Operations For the Nine Months Ending Sept 30, 2005

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues							
Passenger Fares	2,868,644	2,759,224	2,852,774	8,480,642	8,478,000	2,642	100%
Other Operating Revenues	109,647	104,660	102,361	316,668	284,364	32,304	111%
Total Operating Revenues	\$ 2,978,291	\$ 2,863,884	\$ 2,955,135	\$ 8,797,310	\$ 8,762,364	\$ 34,946	100%
Direct Operating Expenses							
Salaries & Benefits	45,488	56,887	71,965	174,340	125,667	(48,673)	139%
Services	274,199	827,089	492,716	1,594,004	3,056,688	1,462,684	52%
Materials & Supplies	72,407	692	134	73,233	262,854	189,621	28%
Insurance	5,707	7,707	2,463	15,877	18,747	2,870	85%
Purchased Transportation Svcs	12,356,204	12,080,831	12,733,107	37,170,142	37,260,475	90,333	100%
Miscellaneous Expenses	33,730	22,638	223,077	279,445	246,474	(32,971)	113%
Leases & Rentals	-	44,487	-	44,487	5,247	(39,240)	848%
Other Expenses	77,359	72,706	69,368	219,433	211,878	(7,555)	104%
Total Direct Operating Expenses	\$ 12,865,094	\$ 13,113,037	\$ 13,592,830	\$ 39,570,961	\$ 41,188,030	\$ 1,617,069	96%
Agency Admin Allocations	824,066	905,522	882,437	2,612,025	2,929,131	317,106	89%
Fully Allocated Operating Expenses	\$ 13,689,160	\$ 14,018,559	\$ 14,475,267	\$ 42,182,986	\$ 44,117,161	\$ 1,934,175	96%
Net Subsidy from Fully Allocated Operations	\$ (10,710,869)	\$ (11,154,675)	\$ (11,520,132)	\$ (33,385,676)	\$ (35,354,797)	\$ 1,969,121	94%
Contingency	-	-	-	-	32,040	32,040	-
Depreciation & Amortization	2,960,372	3,056,442	3,057,971	9,074,785	9,030,582	(44,203)	100%
Net Subsidy from Operations after Depreciation and Amortization	\$ (13,671,241)	\$ (14,211,117)	\$ (14,578,103)	\$ (42,460,461)	\$ (44,417,419)	\$ 1,956,958	96%
Ridership							
Boardings	2,130,964	2,196,630	2,233,225	6,560,819	6,442,379	118,440	102%
Average Weekday Boardings	29,860	30,683	30,581	91,124	N/A	N/A	N/A

ST Express Transportation Services Notes

Net subsidy before depreciation and amortization from fully allocated transit operations was 96% of the 2005 year-to-date Budget. Revenues exceeded budget by \$35K and expenses were under budget by \$1.9M. The key budget variances are discussed below.

Passenger Fares and Ridership: Passenger Fares were over the 2005 year-to-date budget by \$3K or less than 1%. Boardings for the third quarter were up by 60K, or 3%, from the same quarter last year. Boardings were over the year-to-date 2005 forecast by 118K or 2%.

Salaries & Benefits were over the 2005 year-to-date budget by \$49K, or 39%. Salaries for the MIP program are also being charged to this line though they were budgeted to be charged in the agency allocations line.

Services were under the 2005 year-to-date budget by \$1.5M or 48%. Facilities maintenance costs are under budget by \$574K. Signage maintenance and Spot Improvements are under the year-to-date budget by approximately \$300K due to lower than anticipated activity. Some Spot Improvements have been deferred in an effort to cut costs. Costs at all other stations are also trending below budgeted levels. Security is under budget by \$75K as there has not been a need for additional security beyond what is provided by Sound Transit contractors and by the transit partners. The Mobility Initiative Program is under budget by approximately \$222K, or 35%. Letters of agreement for MIP program support of FTEs at partner agencies have been obtained and billing began later than was anticipated in the budget. This program is expected to be approximately \$200K under budget at year end. Marketing costs are underspent by \$128K for the year to date. Outreach and other services are under budget by approximately \$44K.

Costs associated with the 2006 SIP process will occur in the fourth quarter, including a Regional Transit News publication.

Equipment maintenance costs are under the year-to-date budget by \$176K, or 39%. This variance is expected to continue through to the end of the year as warranty costs associated with the new hybrid bus fleet have been below expectations and the specific major maintenance campaigns, including fuel filter replacement, have been completed.

Materials and Supplies were under 2005 year-to-date budget by \$190K or 72%. Additional equipment purchases to support the entry into service of new buses in East King County and Pierce County are underspent as the acquisitions were mainly completed through capital transactions associated with the acquisition of the fleet.

Purchased Transportation Services were under 2005 year-to-date Budget by \$90K or less than 1%. This category includes costs paid to transit partners for operating and maintaining Sound Transit bus services. It comprises 85% of the 2005 transit operations budget before depreciation and contingency. Under the new operating agreements, the transit partners will be billing Sound Transit at a flat rate through the year for base service. An accrual of nearly \$1M for additional fuel costs was made in the third quarter. This was absorbed partially through the reconciliation of 2004 service costs with the transit partners. However, should fuel costs continue to trend at current levels, there will be a need to use contingency funds. Additionally, service for schedule maintenance and overload service will be funded out of the contingency budget. The contingency is sufficient to fund any identified needs through year end.

Miscellaneous Expenses were over 2005 year-to-date Budget by \$33K or 13%. The variance is due to the variability in spending for marketing promotions, which is heavily weighted to the third quarter. It is expected to even out by year end.

Other Expenses were over 2005 year-to-date budget by \$8K or 4%. Utilities were over the 2005 year-to-date budget by \$7K or 26%. There were charges for a number of telephone lines which had been budgeted in Information Technology. These charges properly reflect service to transit operations to support 24 hour surveillance and bus location information.

Agency Administration Allocations is the staff operating costs allocated from the corporate departments as well as the Transportation Service department. Year-to-date 2005 allocations were under budget by \$317K or 11% of year-to-date budget. This reflects favorable variances of the agency staff divisions.

Tacoma Link Transportation Services

Tacoma Link Transit Operations For the Nine Months Ending Sept 30, 2005

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues							
Passenger Fares	-	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-	-
Total Operating Revenues	-	-	-	-	-	-	-
Direct Operating Expenses							
Salaries & Benefits	291,704	302,289	330,312	924,305	947,664	23,359	98%
Services	121,948	123,226	98,143	343,317	754,740	411,423	45%
Materials & Supplies	15,383	24,061	14,945	54,389	85,284	30,895	64%
Insurance	59,429	59,429	48,679	167,537	315,000	147,463	53%
Purchased Transportation Svcs	-	-	-	-	-	-	-
Miscellaneous Expenses	10,673	10,025	5,012	25,710	57,033	31,323	45%
Other Expenses	24,311	27,678	23,606	75,595	69,930	(5,665)	108%
Total Direct Operating Expenses	\$ 523,448	\$ 546,708	\$ 520,697	\$ 1,590,853	\$ 2,229,651	\$ 638,798	71%
Agency Admin Allocations	45,396	50,135	49,155	144,686	156,825	12,139	92%
Fully Allocated Operating Expenses	\$ 568,844	\$ 596,843	\$ 569,852	\$ 1,735,539	\$ 2,386,476	\$ 650,937	73%
Net Subsidy from Fully Allocated Operations	\$ (568,844)	\$ (596,843)	\$ (569,852)	\$ (1,735,539)	\$ (2,386,476)	\$ 650,937	73%
Contingency	-	-	-	-	131,013	131,013	-
Depreciation & Amortization	666,586	666,630	669,242	2,002,458	1,963,467	(38,991)	102%
Net Subsidy	\$ (1,235,430)	\$ (1,263,473)	\$ (1,239,094)	\$ (3,737,997)	\$ (4,480,956)	\$ 742,959	83%
Ridership							
Boardings	218,371	220,739	233,517	672,627	565,711	106,916	119%
Average Weekday Boardings	2,863	2,902	2,854	8,619	N/A	N/A	N/A

Tacoma Link Transportation Services Notes

The net subsidy before depreciation and amortization for Tacoma Link light rail operations was at 73% of the year-to-date budget.

Ridership was over the 2005 year-to-date budget by 62K or 16%, and increased by 34K, or 18%, compared to third quarter 2004. The defining event for the quarter was the Tall Ships festival in July. During the first three days of the quarter, Tacoma Link carried more than 8,000 riders per day.

Salaries & Benefits were under the 2005 year-to-date budget by \$23K, or 2%. Overtime is being carefully managed to stay within budgeted levels.

Services were under the 2005 year-to-date budget by \$411K, or 55%. Station maintenance and system facilities maintenance costs to date have been below budget by \$232K as there have been no unanticipated work orders. Cleaning costs are below budget by \$83K and are anticipated to be below budget for the year. Marketing costs are below budget by \$25K, as activity has been below budgeted levels.

Material and Supplies were under the 2005 year-to-date budget by \$31K, or 36%. While budgeted purchases for spare parts have occurred as anticipated, spending on cleaning supplies and furniture acquisitions have not been necessary.

Insurance was under the 2005 year-to-date budget by \$147K or 47%. The budgeted amount includes premiums and an estimate for potential claims. Premiums are lower than what was included in the 2005 budget and this item is expected to be under budget for the year. Unanticipated claims could use up some of the anticipated surplus.

Miscellaneous Expenses were under 2005 year-to-date budget by \$31K or 55%. Travel and training budgets have not been used, and marketing costs have been running below budget as well.

Other Expenses were over the year-to-date budget by \$6K or 8%. The variance is due to internet service provider costs which were charged to the line of business but were not included in the 2005 Tacoma Link operations budget.

Agency Allocations were under 2005 year-to-date budget by \$12K or 8%. These allocations are for staff operating costs associated with Corporate and Transportation Services Departments. This reflects favorable variances of the agency staff divisions.

Capital

Sounder Capital

Sounder Commuter Rail - Capital Outlays by Phase For the Nine Months Ending Sept 30, 2005

Current Year 2005

Phase	2005 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	5,909,670	4,318,170	4,086,772	231,398	95%
Preliminary Engineering	1,666,463	1,560,042	2,255,204	(695,161)	145%
Final Design	5,492,513	3,209,431	1,511,295	1,698,136	47%
ROW Acq. & Permits	15,576,763	7,802,503	6,372,354	1,430,148	82%
Construction	59,150,755	41,588,533	30,334,699	11,253,834	73%
Vehicles	-	-	(4,143)	4,143	-
Contingency	4,900	-	-	-	-
TOTAL	\$ 87,801,064	\$ 58,478,679	\$ 44,556,181	\$ 13,922,498	76%

Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Agency Administration	57,198,199	40,650,567	-	16,547,632	71%
Preliminary Engineering	25,083,633	24,523,202	981,916	(421,485)	102%
Final Design	31,272,695	18,555,421	4,881,945	7,835,330	75%
ROW Acq. & Permits	359,364,177	227,563,170	1,030,783	130,770,224	64%
Construction	581,938,062	314,070,337	87,122,847	180,744,878	69%
Vehicles	143,576,495	134,504,945	0	9,071,550	94%
Contingency	29,170,909	-	-	29,170,909	0%
TOTAL	\$ 1,227,604,171	\$ 759,867,642	\$ 94,017,491	\$ 373,719,038	70%

Sounder Capital Notes

Agency Administration annual spending was at 95% of the year-to-date budget through the third quarter. This category includes the total administrative overhead charged to capital projects.

Preliminary Engineering spending was at 145% of the year-to-date budget through the third quarter. Preliminary engineering costs for the Environmental Mitigation project continued into 2005 as mitigation project alternatives were reviewed and the associated permitting applications were revised and prepared for re-submittal. There was additional work not originally anticipated including Willow Creek Trestle PE/ED and archeological monitoring as required by the ROD. Lakewood Station was over spent by \$456K due to a scope change from surface parking to a structured three-story parking garage. This shortfall has been addressed in the 2006 Proposed Budget. Tacoma-Lakewood Track & Signal was underspent by \$139K due to the project being delayed to initiate an operational analysis and independent technical review of the design.

Final Design annual spending was at 47% of the year-to-date budget through the third quarter. The Permitting/Environmental Mitigation Project is under spent by \$708K, due to delays encountered while a decision related to mitigation site and size are determined. Tacoma-Lakewood Track & Signal was under spent by \$316K as a result of the delays associated with preliminary engineering. Edmonds Station is

under spent by \$300K as final design was delayed. That phase is now underway and the first invoices are anticipated to be received in December. The Layover Project is under spent by \$127K due to the project being delayed as alternative sites were considered.

ROW spending was at 82% of the year-to-date budget through the third quarter. The Nisqually-Lakewood ROW project was \$3.7M under budget due to the timing of the Lakewood property acquisition which closed in October 2005. The Lakewood Corridor and Station projects were over budget by \$2.7M, due to the purchase of property that was budgeted in 2004 and some unanticipated legal costs associated with ROW acquisition. The permitting and environmental mitigation activities in this phase have been delayed until 2006.

Construction spending was at 73% of the year-to-date budget through the third quarter. This was primarily the result of under spending on the Seattle to Tacoma track and signals project. The largest factor in this segment was overly optimistic spending forecasts and the inclusion of anticipated contract savings. In addition, the progress of Phase 2 track and signal improvements and the City of Tacoma's parallel projects at D Street have continued to experience delay and impact BNSF's work effort on specific improvements in that corridor. Spending lags in the Passenger Information System/CCTV by \$2.3M as ST granted an extension requested by the contractor due to the impact of Hurricane Katrina on its software group. Ticket Vending Machines project is under spent by \$769K due to spending forecasts that anticipated earlier construction and service starts for the capital projects. Lakewood Station is under spent by \$311K due to delays associated with negotiations of the cost sharing agreement for the addition of a structured parking garage to the project. Layover was under spent by \$134K due to the delays experienced in the preliminary engineering and design phases of the track improvements. Everett Station was over spent by \$461K due to the construction schedule being moved up.

Vehicles for Sounder have been completely purchased; budget responsibility associated with operations and warranties has been transferred to the Transportation Services Department in the 2006 budget process.

Regional Express Capital

Regional Express - Capital Outlays by Phase

For the Nine Months Ending Sept 30, 2005

Current Year 2005

Phase	2005 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	5,090,570	3,717,870	3,277,753	440,117	88%
Prelim. Engineering	2,343,468	2,288,205	1,840,767	447,438	80%
Final Design	9,501,824	7,000,657	5,180,636	1,820,020	74%
ROW Acq. & Permits	3,945,265	2,236,177	1,041,029	1,195,148	47%
Construction	63,862,335	39,142,889	38,327,930	814,959	98%
Contingency	1,192,037	826,345	-	826,345	0%
TOTAL	\$ 85,935,499	\$ 55,212,143	\$ 49,668,115	\$ 5,544,028	90%

Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Agency Administration	41,758,313	30,232,642	121,012	11,404,659	73%
Prelim. Engineering	50,407,366	46,640,521	2,243,849	1,522,996	97%
Final Design	61,389,862	30,383,467	10,381,237	20,625,159	66%
ROW Acq. & Permits	62,147,873	42,582,604	330,818	19,234,452	69%
Construction	498,461,645	209,903,290	89,060,750	199,497,605	60%
Contingency	104,138,476	-	-	104,138,476	0%
TOTAL	\$ 818,303,536	\$ 359,742,523	\$ 102,137,666	\$ 356,423,347	56%

Regional Express Capital Outlay Notes

Agency Administration spending was at 88% of the year-to-date budget through the third quarter. This category includes the total administrative overhead charged to capital projects and is lower than anticipated due to vacant FTE positions remaining unfilled.

Preliminary Engineering spending was at 80% of the year-to-date budget through the third quarter. I-90 Two-way Transit & HOV Operations was under spent by \$596K due to delays in PE related work activities; including a SEPA challenge and exploration of other pavement options for the project. Canyon Park Freeway Station was under spent by \$136K due to schedule delays caused by complex 3rd party agreements. 85th Corridor Related Improvements was over spent by \$293K due to unanticipated additional work for PE and channelization.

Final Design spending was at 74% of the year-to-date budget through the third quarter. Delays experienced in finalizing negotiated agreements with project partners resulted in under spending forecasts for the I-90 Two Way Transit and HOV Operations \$899K, 85th Corridor / Related Improvements \$718K, Canyon Park Freeway Station \$177K, SR522 HOV Enhancements/ Kenmore \$138K, SR522 HOV Enhancements/ Bothell \$149K projects. Delays in bidding, pending approval of a budget amendment, and anticipated costs trending below actual costs impacted the spending forecasts for Mercer Island Park and Ride \$462K, S. Everett Freeway \$198K, and Federal Way Transit Center \$164K. Totem Lake

Freeway Station was over the year-to-date budget by \$735K due to the final design being expedited and completed earlier than scheduled. The Eastgate Transit Access is over the year-to-date budget by \$335K due to continued work in this phase in 2005 that was budgeted for 2004.

ROW spending was at 47% of the year-to-date budget through the third quarter. Budget estimates were higher than actuals account for under spending on Issaquah Transit Center/SR900 by \$371K and the Federal Way HOV Access by \$219K. Delays in obtaining 3rd party agreements described in the above phases resulted in under spending for the 85th Corridor/Related Improvements by \$311K, Canyon Park Freeway Station by \$105K, and SR522 HOV Enhancements/Kenmore by \$103K.

Construction spending was at 98% of the year-to-date budget through the third quarter. Spending on several projects was lower than budget due to delays or projects savings as follows: Issaquah Highlands Park-and-Ride project at \$2.5M below budget reflects a delay in payment from Sound Transit until a project-level agreement with King County Metro is executed. Bellevue HOV Access project is by \$1.6M which will be realized as savings for this project at close-out. The Eastgate Ramps - \$2.3M, Bellevue Rider Services Building - \$1.3M, Sammamish Park and Ride - \$626K, and Bothell Branch Campus Access - \$219K construction began later than expected. The Eastgate Ramps project is back on schedule, Bellevue Rider Services Building and Sammamish Park and Ride's invoicing is running about 2 months behind, and the Bothell Branch Campus project has been delayed until July 2006. Lynnwood HOV Access by \$510K due to construction costs being lower than estimated. Federal Way Transit Center by \$223K, the project is at 98% completion.

Offsetting this lower spending was a group of projects that have proceeded earlier and on a more accelerated basis than budgeted as the contractors took advantage of a favorable construction season in 2004. This has resulted in accelerated spending in 2005 on the Federal Way HOV Access project by (\$4.3M) and Totem Lake Freeway Station by (\$3.5M). The Redondo Heights Park and Ride (\$750K) the final payment was made to KC Metro and it is now in service.

Link Capital

Link Light Rail - Capital Outlays by Phase For the Nine Months Ending Sept 30, 2005

Current Year 2005

Phase	2005 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	55,960,123	38,153,861	16,288,667	21,865,194	43%
Preliminary Engineering	14,090,067	9,754,770	6,012,610	3,742,160	62%
Final Design	14,843,814	7,659,249	7,761,024	(101,774)	101%
ROW Acq. & Permits	45,363,249	32,640,643	10,767,457	21,873,186	33%
Construction	344,777,505	220,283,212	234,380,321	(14,097,109)	106%
Vehicles	28,289,324	14,932,364	9,376,345	5,556,019	63%
Testing and Start-Up	216,919	216,919	-	216,919	0%
Contingency	-	-	-	-	-
TOTAL	\$ 503,541,001	\$ 323,641,017	\$ 284,586,423	\$ 39,054,595	88%

Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Agency Administration	244,475,544	85,624,371	891,815	157,959,358	35%
Preliminary Engineering	98,421,815	89,734,328	3,862,172	4,825,315	95%
Final Design	179,108,259	145,196,997	24,558,751	9,352,511	95%
ROW Acq. & Permits	281,801,689	213,026,354	1,379,599	67,395,736	76%
Construction	1,525,091,857	414,237,477	760,375,672	350,478,708	77%
Vehicles	157,850,470	24,091,731	114,621,026	19,137,713	88%
Testing and Start-Up	666,163	434,019	6,548	225,595	66%
Contingency	144,900,203	-	-	144,900,203	0%
Overhead Reserve	-	27,905,943	-	(27,905,943)	-
TOTAL	\$ 2,632,316,000	\$ 1,000,251,220	\$ 905,695,583	\$ 726,369,197	72%

Link Capital Outlay Notes

Major construction is underway along the entire 13.9-mile Central Link Initial Segment, from Downtown Seattle through Tukwila, including the major systems contracts and the procurement of the light rail vehicles, and is progressing on schedule for the projected project completion in July 2009. Downtown street improvements were completed on time to allow successful closure of the Downtown Seattle Transit Tunnel (DSTT) on September 24, as scheduled. Construction expenditures for the Initial Segment are equal to 106% of the annual budget plan through September. The current Estimated Final Cost (EFC) for the Initial Segment is approximately \$216 million less than the Baseline Budget. Work continued on North Link to complete the Final Supplemental EIS. Staff completed the University New Starts submittal and transmitted it to FTA in August. Final design and construction for Airport Link were incorporated into the project scope with the adoption of the full project budget by the Sound Transit board in July 2005. This increased the Airport Link lifetime budget by \$225 million, and added \$19.6 million to the annual budget plan. Preliminary engineering for Airport Link was completed in September and the Record of Decision was received from FTA. Airport Link construction will commence in early 2006. Tacoma Link construction is complete, and project close-out continues.

Agency Administration outlays are equal to 43% of budget plan through the third quarter of 2005. Actual agency allocation (overhead) rates are lower than planned at the time the 2005 budget was

adopted. This budget category includes: a) Link staff support costs, b) agency costs allocated to projects, and c) direct charges.

Preliminary Engineering outlays through September 2005 are equal to 62% of budget plan for this period. North Link outlays are 63% of budget plan, with work continuing to complete the Final Supplemental EIS. With contracts for civil and systems preliminary engineering and architectural design services underway, year-to-date outlays for Airport Link increased 26% over the second quarter, ending in September at 62% of the budget plan.

Final Design outlays are equal to 101% of the budget plan through the third quarter of 2005. Expenditures through September are for design support for major construction activities for the Initial Segment. With the adoption of the full Airport Link project budget by the Sound Transit board in July, and receipt of the final Record of Decision from the FTA in September, provisionally awarded final design contracts received notice to proceed, and work will be fully underway in the fourth quarter of 2005.

ROW Acquisition & Permits outlays are equal to 33% of budget plan through the third quarter of 2005. Costs were lower than projected in the adopted 2005 plan. Sound Transit has acquired 714 of 732 required parcels, and is on track to complete acquisitions for the Initial Segment in 2006.

Construction outlays are 106% of budget plan through the third quarter of 2005. Initial Segment construction is generally progressing on schedule and the project is projected to open on schedule in July 2009. The DSTT was closed as scheduled on September 24, 2005. Higher than anticipated amounts of hazardous and contaminated materials at the Maintenance Facility and in the Rainier Valley required use of some contingencies to address additional clean-up and disposal costs. Increases to environmental mitigation contracts were authorized by the Sound Transit board during the third quarter.

Vehicles outlays are 63% of budget plan through the third quarter of 2005. The current payment plan for this contract is tied to specific deliverables. Overall progress for the light rail vehicle procurement is generally on schedule.

Testing and Start-Up Testing and start-up is complete for Tacoma Link; however, selected invoices are still outstanding. The current year budget plan anticipates project close-out by year-end 2005.

Agency Administration Expenses

Agency Summary by Department

Staff Operating Departments - Before Expense Transfers & Transfers to Other Govts
For the Nine Months Ending Sept 30, 2005
Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Board Administration	112,441	131,591	109,432	353,464	474,928	121,464	74%
Capital Projects	1,034,142	999,559	1,153,459	3,187,160	3,746,910	559,750	85%
Executive Department	2,146,597	2,493,722	2,517,906	7,158,225	7,743,372	585,147	92%
Finance & Information Technology	2,004,140	2,516,602	2,131,208	6,651,951	7,734,970	1,083,019	86%
Legal Services	628,520	541,987	535,668	1,706,174	1,960,950	254,776	87%
Link	1,932,496	1,721,826	2,231,109	5,885,431	6,129,237	243,806	96%
Non-Dept	1,495,517	1,072,673	657,440	3,225,629	3,884,544	658,915	83%
Project Delivery Support Services	1,525,032	1,425,926	1,696,367	4,647,326	5,621,407	974,081	83%
Transportation Services	739,540	1,023,918	870,362	2,633,820	3,273,391	639,571	80%
TOTAL	\$ 11,618,424	\$ 11,927,805	\$ 11,902,951	\$ 35,449,181	\$ 40,569,709	\$ 5,120,528	87%

Staff & Other Expenses

For the Nine Months Ending Sept 30, 2005
Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	7,857,499	7,786,873	8,427,965	24,072,336	26,220,245	2,147,909	92%
Services	1,469,928	1,674,759	1,888,120	5,032,808	6,783,334	1,750,526	74%
Materials & Supplies	193,501	412,569	155,492	761,562	708,393	(53,169)	108%
Miscellaneous Expenses	295,902	695,682	496,569	1,488,153	1,713,992	225,839	87%
Leases & Rentals	534,399	556,695	430,561	1,521,656	1,915,175	393,519	79%
Other Expenses	445,647	191,573	(40,179)	597,040	1,232,766	635,726	48%
Depreciation	821,549	609,654	544,423	1,975,626	1,995,804	20,178	99%
Gross Staff Operating Expenses	\$ 11,618,424	\$ 11,927,805	\$ 11,902,951	\$ 35,449,181	\$ 40,569,709	\$ 5,120,528	87%
Expense Transfers	(7,190,399)	(7,501,847)	(8,032,202)	(22,724,448)	(26,248,818)	(3,524,370)	87%
Donation to Other Governments	-	-	-	-	-	-	-
Net Staff Operating Expenses	\$ 4,428,026	\$ 4,425,957	\$ 3,870,749	\$ 12,724,732	\$ 14,320,891	\$ 1,596,159	89%
Other Expenses							
Transit Vision	1,265,027	1,284,427	2,634,874	5,184,327	8,215,488	3,031,161	63%
Transit-Oriented Development	3,075	17,012	10,631	30,717	300,000	269,283	10%
STart	1,099	-	-	1,099	625	(474)	176%
Link Community Development	300	-	-	300	-	(300)	-
Community Development Fund	667,803	628,817	125,771	1,422,391	4,943,097	3,520,706	29%
Debt Service Costs	302	1,197,967	(95,810)	1,102,459	140,130	(962,329)	787%
Non-Capitalizable LOB expenses	433,202	249,937	7,983,402	8,666,542	4,567,807	(4,098,735)	190%
Total Other Expenses	\$ 2,370,808	\$ 3,378,159	\$ 10,658,868	\$ 16,407,835	\$ 18,167,147	\$ 1,759,312	90%
Grand Total Operating Expenses	\$ 6,798,833	\$ 7,804,117	\$ 14,529,617	\$ 29,132,567	\$ 32,488,038	\$ 3,355,471	90%

Staff Operating Notes

Salaries and Benefits were below budget by \$2.2M, or 8%, at the end of third quarter. This is due to lower than budgeted headcount, which directly affects these expenditure levels. Headcount at the end of September was 342 FTE's. There were 379 FTEs budgeted for 2005.

Services were below budget by \$1.8M, or 26%, at the end of the quarter. Significant items that contributed to the variance include less than anticipated year to date Consulting, Management Service Fees, and Accounting/Audit Services.

Materials and Supplies were over budget by \$53K, or 8%, at the end of the quarter. The larger variances were in the accounts for Security Supplies, office supplies, and Small Equipment/Furniture.

Miscellaneous Expenses were under budget by \$226K, or 13%, at the end of the quarter. Contingency is part of this account category which remains largely unspent at the end of third quarter.

Leases & Rentals were below budget by \$394K, or 21%, at the end of the quarter. This category includes administrative facilities rent, parking garage lease and meeting space rentals. Most of the variance is due to the OPUS rent which was recently renegotiated at a lower rate.

Other Expenses include insurance, utilities, taxes and interest. This category was under budget by \$636K, or 52%, at the end of the quarter. The largest variance in this account category is Insurance, which was budgeted at close to \$1 million, of which we expect to only spend approximately two thirds for 2005.

Expense Transfers were under budget by \$3.5M, or 13%, at the end of the quarter due to \$5.1M in overall lower spending in the staff operating departments compared with the budget. This category represents the allocated overhead dollars that are transferred to capital and operating projects.

Other Operating Costs Notes

Transit Vision was below budget by \$3M, or 37%, at the end of the quarter. This category includes operational spending for Fare Integration, Research & Technology and Phase 2 Planning. Under spending for consulting costs related to the Phase 2 alternative analysis along with Puget Pass production and administration costs comprise the majority of the variance.

Transit-Oriented Development was below budget by \$269K or 90% at the end of the quarter. These funds are for transit related studies and only spent as needed.

Community Development Fund was under budget by \$3.5M, or 29% year to date, due to an amendment to the original agreement which reduced Sound Transit's share of the mitigation payments.

Debt Service Costs were 962K or 787% of budget at the end of the third quarter. The significant variance is due to the budget assumption that all interest would be capitalizable; however due to a 2005 bond sale, interest expense is higher than can be absorbed by the current capital program and some costs are now being expensed.

Non-Capitalizable LOB Expenses includes contributions to other governments. A \$7.3M arterial improvement on SR 900 was completed during the year and relieved from capital projects in progress in September.

Subarea Third Quarter 2005 Summaries

Subarea -3rd Quarter Summaries

Subarea Revenue Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2005 Tax Revenues							
Sept YTD Budget	36.4	65.5	40.2	43.9	27.1		213.1
Sept YTD Actual	27.5	56.4	39.8	57.4	40.6	-	221.8
\$ Variance	(8.9)	(9.1)	(0.3)	13.6	13.5	-	8.7
% Variance	-24.4%	-13.9%	-0.8%	30.9%	49.6%	0.0%	4.1%
2005 Farebox Revenues							
Sept YTD Budget	1.5	-	1.4	4.8	2.7		10.4
Sept YTD Actual	1.4	-	1.3	4.5	3.3	-	10.4
\$ Variance	(0.1)	-	(0.2)	(0.3)	0.6	-	0.0
% Variance	-8.6%	-	-10.9%	-6.0%	22.5%	0.0%	0.2%
2005 Grant Revenues							
Sept YTD Budget	31.3	45.6	37.0	9.3	4.8	6.1	134.0
Sept YTD Actual	24.5	40.7	21.4	6.1	9.6	0.2	102.4
\$ Variance	(6.8)	(4.9)	(15.6)	(3.2)	4.8	(5.8)	(31.6)
% Variance	-21.7%	-10.8%	-42.3%	-34.5%	101.4%	-96.2%	-23.6%
2005 Other Revenues							
Sept YTD Budget	0.3	6.1	0.9	0.0	1.0	2.9	11.1
Sept YTD Actual	1.2	1.7	3.1	0.0	3.1	11.1	20.1
\$ Variance	0.9	(4.4)	2.2	0.0	2.1	8.2	9.0
% Variance	291.0%	-72.2%	238.2%	516.6%	224.2%	282.6%	81.0%

Subarea Operating Expense & Capital Outlay Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2005 Transit Operating Expenses							
Sept YTD Budget	11.5	-	15.5	26.0	26.3		79.3
Sept YTD Actual	10.8	0.0	15.9	25.3	25.4	-	77.4
Percent Spent	93.8%	0.0%	103.0%	97.2%	96.3%	0.0%	97.6%
Other Operating Expenses							
Sept YTD Budget	-	-	-	-	-	32.5	32.5
Sept YTD Actual	(0.2)	1.6	0.1	0.6	(0.0)	27.1	29.1
Percent Spent	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005 Capital Outlays							
Sept YTD Budget	12.4	250.4	115.8	30.4	40.9	5.9	455.8
Sept YTD Actual	9.5	217.9	105.7	23.0	23.6	7.4	387.1
Percent Spent	76.2%	87.0%	91.2%	75.7%	57.7%	126.1%	84.9%
Lifetime Capital Outlays							
Sept LTD Budget	561.5	1,685.0	1,358.2	607.6	620.8	23.6	4,856.7
Sept LTD Actual	334.6	756.7	513.6	219.4	377.2	41.5	2,243.1
Outstanding Contracts	11.5	614.0	351.9	84.7	46.3	5.9	1,114.4
Percent Spent or Committed	61.6%	81.3%	63.7%	50.1%	68.2%	201.2%	69.1%

Subarea Net Asset Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Invested Capital Assets	246.4	556.3	361.4	137.8	265.0	32.7	1,599.6
Restricted	(0.0)	0.7	54.4	-	44.6	29.3	129.0
Unrestricted	(6.1)	201.3	74.6	240.8	20.6	47.4	578.7
Total Net Assets	240.2	758.4	490.4	378.7	330.2	109.3	2,307.3