



2011 Fourth Quarter Financial Performance Report



March 2012

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To: Board of Directors

From: Joni Earl, Chief Executive Officer
 Brian McCartan, Chief Financial Officer

Subject: 2011 Fourth Quarter Financial Performance Report

This report summarizes Sound Transit's financial performance for revenues, transit operations, capital outlays, and staff operations for the fourth quarter of 2011. The discussion and graphs below summarize the budget and financial results, followed by more detailed financial data with notes assessing the Agency's performance to budget.

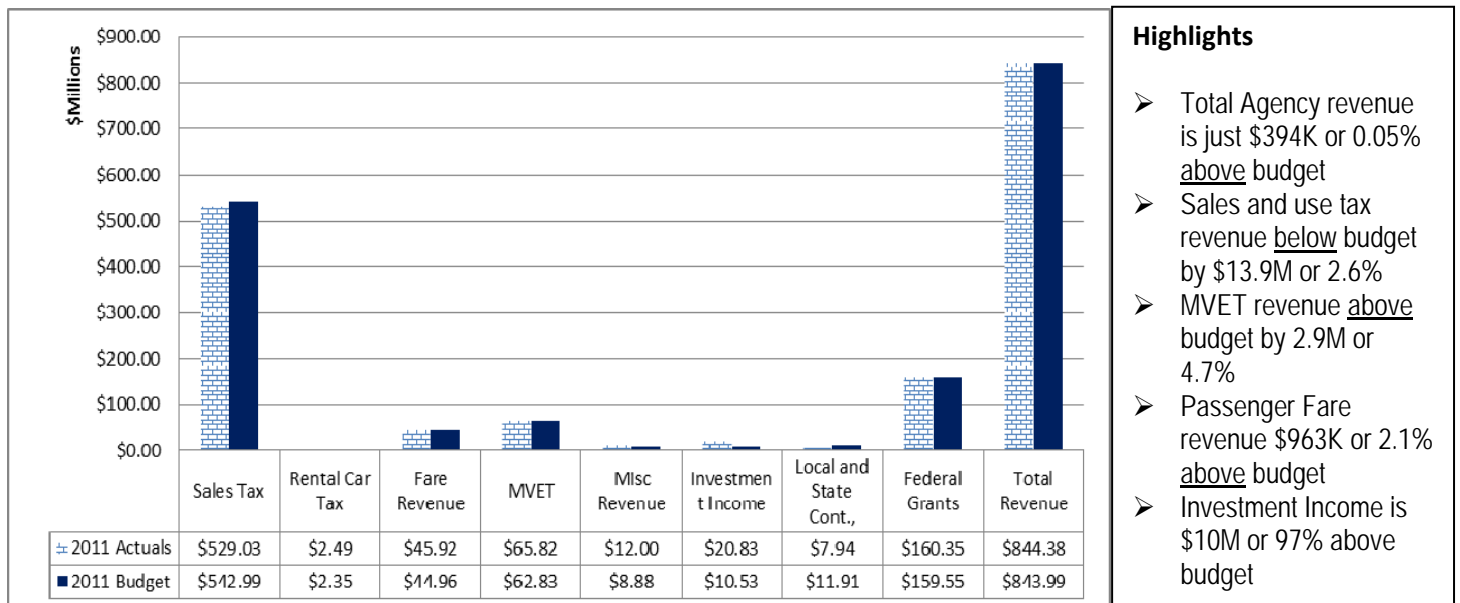
Section I – Executive Summary

The executive summary section is designed for quick review of key Agency revenue and expenditure outcomes: agency revenue, service delivery, capital projects, and agency staff costs. Detailed financial analysis for each is located later in this report.

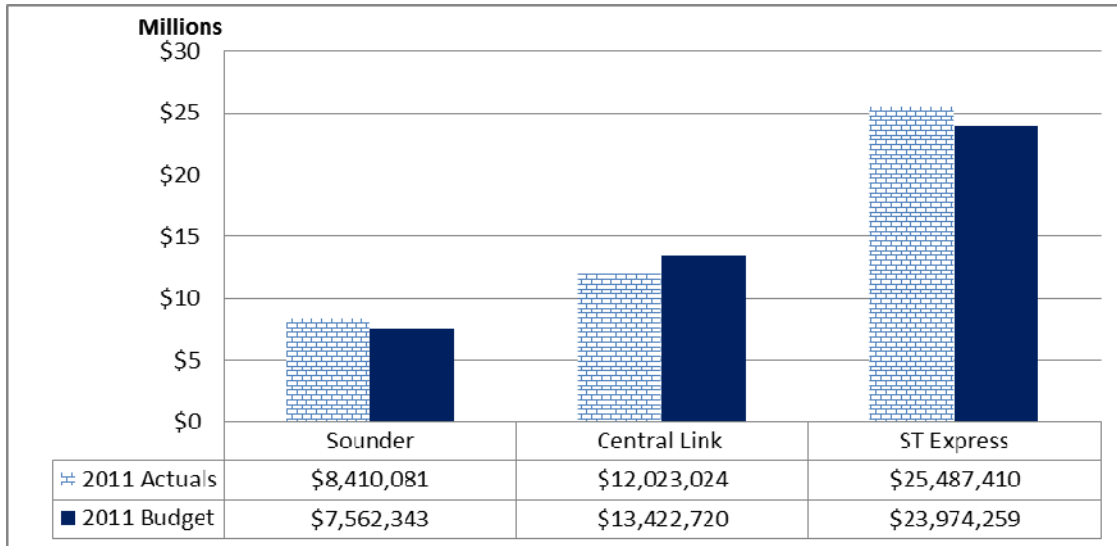
Agency revenues are just \$394K or 0.05% above budget. Revenue from MVET, passenger fares, miscellaneous revenue (advertising, rental income, license fees), and investment interest income were all above budget and collectively generated \$17.5 million more in revenue than budgeted. On the negative side sales tax revenue was \$13.9 million or 2.6% below budget and local and state contributions were \$3.9 million or 33% below budget.

On the cost side, service delivery, capital projects, and agency staff all finished the year below budget.

Agency Revenues



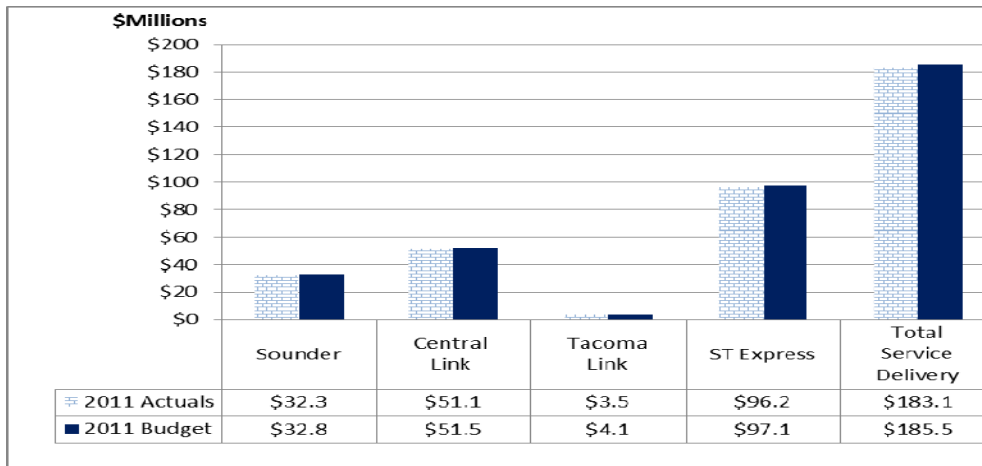
Service Delivery Revenue by Mode



Highlights

- Overall service delivery revenue was \$1.75M or 3.8% over budget
- Sounder fare revenue \$848K or 11% better than budget
- ST Express fare revenue \$1.5M or 6.3% better than budget
- Central Link \$1.4M or 10% below budget

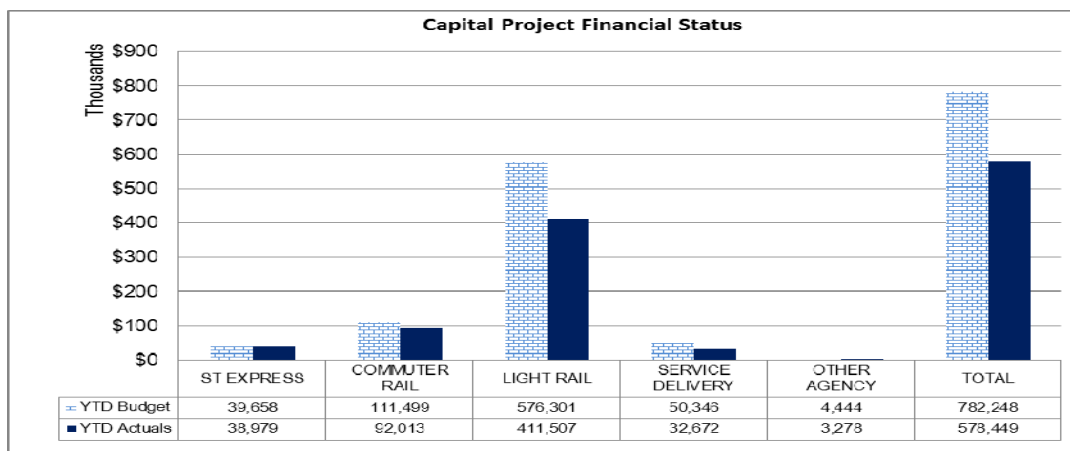
Service Delivery Expenditures by Mode



Highlights

- Service delivery for all modes ended 2011 \$2.4M or 1.3% under budget
- Sounder under budget by \$513K or 1.6%
- ST Express under budget by \$917K or 1%
- Tacoma link under budget by \$589K or 14%

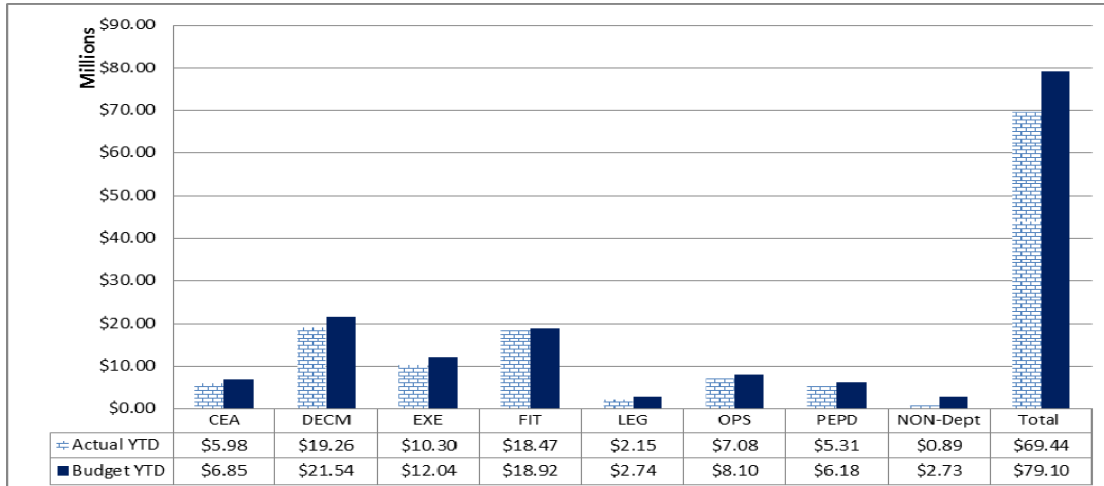
Capital Projects



Highlights

- Overall capital project costs are below budget by \$203M or 26%
- Light rail is \$164M or 28% below budget
- Commuter rail is \$19M or 17% below budget

Agency Staff Costs



Highlights

- Agency Staff costs are \$9.6M or 12% under budget
- Savings in salary and benefits equaled \$5.9M or 10% of budget
- Staff vacancy rate averaged 12.8% for the year
- Savings in services equaled \$2.5M or 20%

Section II – Agency Revenue

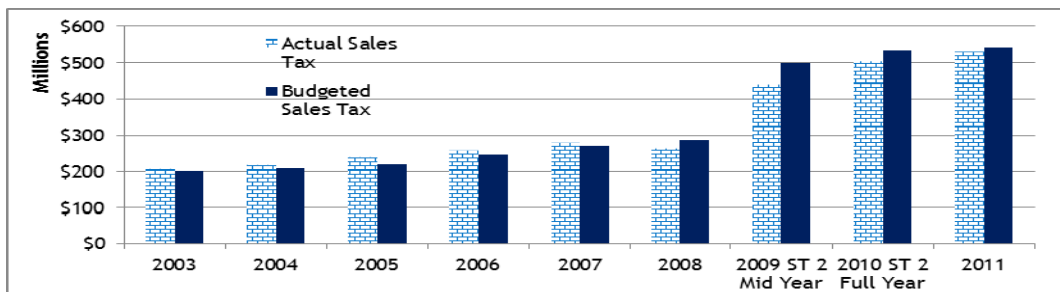
Agency Revenues as of December 31, 2011
(\$Thousands)

Revenue Source	1Q Actuals	2Q Actuals	3Q Actuals	4Q Actuals	YTD 2011 Actuals	YTD 2011 Budget	YTD Actuals v. Budget	% variance
Sales Tax and Use tax	\$122,002	\$137,281	\$130,722	\$139,029	\$529,034	\$542,985	-\$13,951	97.4%
Rental Car Tax	\$387	\$638	\$925	\$541	\$2,491	\$2,352	\$138	105.9%
MVET	\$14,826	\$17,497	\$19,275	\$14,217	\$65,816	\$62,832	\$2,984	104.7%
Passenger Fare Revenue	\$9,377	\$11,640	\$12,908	\$11,997	\$45,922	\$44,959	\$963	102.1%
Investment Income	\$2,145	\$5,266	\$5,569	\$7,844	\$20,823	\$10,528	\$10,295	197.8%
Misc Revenues	\$1,382	\$3,726	\$3,044	\$3,851	\$12,003	\$8,877	\$3,126	135.2%
Other Financing								
Local & State Contributions	\$7,689	\$134	\$120	\$0	\$7,943	\$11,906	-\$3,963	66.7%
Federal Grants	\$21,389	\$43,224	\$63,511	\$32,224	\$160,347	\$159,550	\$797	100.5%
Total Revenue	\$179,197	\$219,406	\$236,074	\$209,703	\$844,379	\$843,990	\$389	100.05%

Overall revenues at year were just above budget by \$389K or 0.05%. Lower than budgeted revenues for sales tax and local/state grants were offset by higher than budgeted revenues received from investment income, MVET, miscellaneous revenues and passenger fares.

Retail Sales and Use Tax revenues declined in Q4 with a negative YTD budget variance of \$13.95M or 2.6%, reflecting the continuing effect of a weakened economy.

Historical Perspective 2003 – 2011

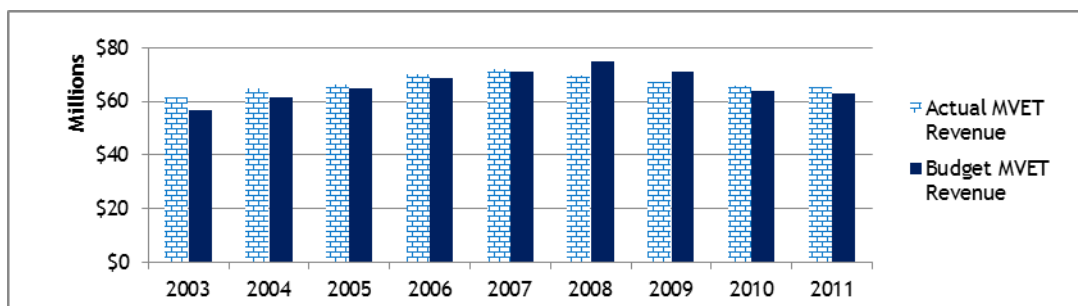


This graph illustrates the impact the current recession has had on retail sales tax. Officially the recession began in April of 2008 and since that time sales tax revenue has lagged below budgeted targets. In contrast to the period of 2003 – 2007 when sales tax revenue exceeded budgeted targets.

Rental Car Tax revenues exceeded YTD budget by \$138K or 5.9%.

Motor Vehicle Excise revenues were \$2.98M or 4.7% above budget at the end of the fourth quarter. Year-end revenues were forecast to be \$5.2M above budget.

- Historical Perspective 2003 – 2011 MVET Revenue Compared to Budget



MVET revenue was impacted by the recession dipping below budget in 2008 before recovering slightly in 2010, but is still running below pre-recession levels.

Passenger Fare Revenues were \$962K or 2.1% above budget due to fare increases in Central Link and ST Express in June.

Investment Income was \$10.3M or 97.8% above budget at the end of the fourth quarter of 2011. This variance from budget is due to the GAAP-required mark to market entries. The Prior and Parity debt service reserves are marked to market annually on December 31, \$8.1M of this variance relates to the annual mark to market of these reserves. Under Generally Accepted Accounting Principles, the value of investment holdings must be adjusted to current market value. This requirement results in investment income being reduced when the market value of investments declines, and increased when the market value of investments rises. Without the mark to market entries interest income is \$300K or 3% above budget.

Miscellaneous Revenues have exceeded budget by \$3.1M or 35.2% primarily due to the sale of a Lehman Bros claim related to the parity debt service reserve, yielding proceeds of \$1.54M. Other favorable budget variances include higher revenues from ORCA Regional Program billing, ORCA fee revenue, advertising revenues, and rental property income. In addition, there were \$336K in unbudgeted revenues from a vehicle lease agreement with Pierce Transit. Pierce Transit is leasing Sound Transit vehicles on weekends as it recovers from an explosion at its CNG fueling facility in February.

Local and State Contributions were \$4.0M or 33.3% below budget due to the drawdown of WA State Regional Mobility Grant funds in 2010 for bus purchases, which were budgeted in 2011.

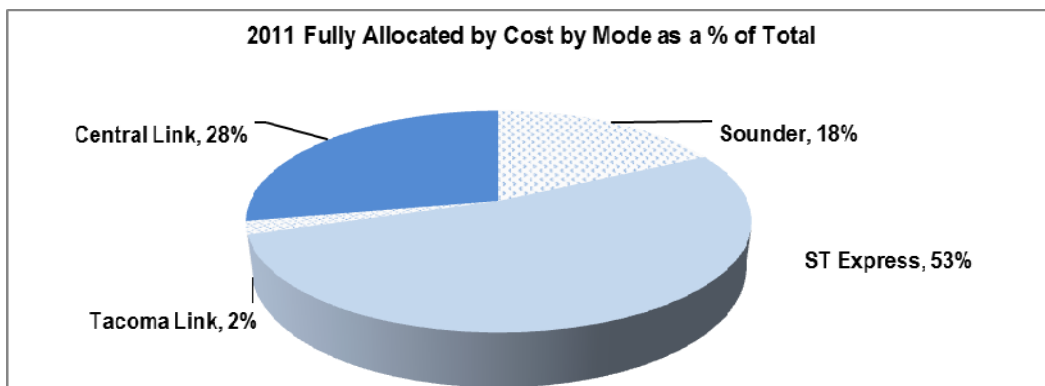
Federal Grants revenues exceeded YTD budget by \$798K or 0.5% due to U-Link LRT vehicles reaching a key milestone ahead of schedule, the quick turn-around in the payment of U-Link-related invoices and the execution of remaining FTA awards for Airport Link construction (which were not anticipated for 2011).

Section III – Service Delivery by Mode

Service Delivery All Modes as of December 31, 2011 (\$Thousands)

	Q1 2011 Actuals	Q2 2011 Actuals	Q3 2011 Actuals	Q4 2011 Actuals	2011 Actuals	2011 Budget	Budget Remaining	YTD 2011 % Budget
Operating Revenues								
Passenger Fares	9,377	11,640	12,908	11,997	45,922	44,959	(962)	102%
Other Operating Revenue	476	426	483	445	1,829	1,047	(782)	175%
Total Operating Revenues \$	9,853	12,065	13,390	12,442	47,751	46,006	(1,745)	104%
Direct Operating Expenses								
Salaries and Benefits	953	1,018	1,073	1,061	\$4,105	4,477	372	92%
Services	9,516	8,299	8,837	8,557	\$35,208	38,370	3,163	92%
Materials and Supplies	1,852	2,352	1,481	2,410	\$8,094	5,900	(2,193)	137%
Insurance	622	616	631	674	\$2,544	4,469	1,926	57%
Purchased Transportation Svcs	26,499	31,652	28,607	28,431	\$115,190	114,707	(482)	1%
Miscellaneous Expenses	9	303	120	202	\$635	764	130	83%
Leases & Rentals	207	184	187	218	\$796	861	65	92%
Other Expenses	1,001	1,147	1,354	756	\$4,259	4,552	294	94%
Total Direct Operating Expenses \$	40,661	45,570	42,290	42,309	\$170,829	174,101	3,273	98%
Agency Admin Allocations	\$ 2,735	2,876	3,168	3,450	\$12,229	11,447	(781)	107%
Fully Allocated Operating Expenses \$	43,395	48,446	45,457	45,759	183,058	185,549	2,491	99%
Net Subsidy from Fully Allocated Operations								
	\$ 33,540	\$ 36,383	\$ 32,067	\$ 39,769	141,759	139,543	(2,216)	102%
Depreciation & Amortization	\$ 26,212	26,770	27,315	38,126	118,423	117,600	(822)	101%
Net Subsidy from Operations After Depreciation and Amortization \$	59,751	63,153	59,382	77,894	260,181	257,143	(3,038)	101%

Total Service Delivery fully allocated operating expenses for 2011 were \$183M or 99% of budget. As expressed in the chart below, Service Delivery fully allocated operating expenses as a percentage of total expenses were: Central Link 28%, Sounder 18%, ST Express 53% and Tacoma Link 2%.



Sounder Commuter Rail as of December 31, 2011
(\$Thousands)

	Q1 2011 Actuals	Q2 2011 Actuals	Q3 2011 Actuals	Q4 2011 Actuals	2011 Actuals	2011 Budget	2011 Budget Remaining	2011 % Budget
Operating Revenues								
Passenger Fares	1,826	2,057	2,224	2,303	8,410	7,562	(848)	111%
Other Operating Revenue	12	8	27	24	71	74	3	96%
Total Operating Revenues \$	1,839	2,065	2,251	2,327	8,481	7,636	(845)	111%
Direct Operating Expenses								
Salaries and Benefits	206	212	206	208	832	951	119	87%
Services	3,265	3,286	3,129	3,092	12,771	14,083	1,312	91%
Materials and Supplies	1,423	1,538	975	1,711	5,646	4,561	(1,085)	124%
Insurance	181	186	198	180	746	1,223	477	61%
Purchased Transportation Svcs	1,921	2,142	2,075	1,982	8,120	7,222	(898)	112%
Miscellaneous Expenses	12	93	39	62	207	278	71	74%
Leases & Rentals	78	28	32	55	193	355	162	54%
Other Expenses	268	342	478	(142)	946	1,489	543	64%
Total Direct Operating Expenses \$	7,354	7,827	7,131	7,149	29,460	30,161	700	98%
Agency Admin Allocations	\$ 712	643	714	805	2,874	2,687	(187)	107%
Fully Allocated Operating Expenses \$	8,066	8,469	7,845	7,954	32,335	32,848	513	98%
Subsidy and Depreciation								
Net Subsidy from Fully Allocated Operations	\$ 6,227	6,404	5,595	5,627	23,853	25,212	1,358	95%
Depreciation & Amortization	\$ 4,972	5,591	5,366	5,492	21,421	19,601	(1,820)	109%
Net Subsidy from Operations After Depreciation and Amortization \$	11,199	11,995	10,960	11,120	45,274	44,813	(461)	101%

Revenues and Ridership: Passenger revenues were at 111% of the 2011 budget. Ridership was over budgeted levels by 3% and was above the prior year by 8%. Average fare per boarding was also coming in above budget based on further analysis of ORCA and other fare revenue data.

Services were at 91% of the 2011 budget. The largest individual component of services spending is the vehicle maintenance contract with Amtrak. Discretionary vehicle maintenance projects for overhauls have been pushed back due to procurement issues. Fare vending machine service contracts are also below budgeted levels as more work has been performed in-house.

Materials & Supplies were at 124% of the 2011 budget. Fuel costs were over budget by \$0.9 M. Prices increased sharply above budgeted levels during the first quarter of 2011 and then stabilized. The average price per gallon in 2011 was \$3.21 compared to the budgeted price of \$2.55.

Insurance was under the 2011 budget by 39%. Claims experience was favorable during 2011.

Purchased Transportation Services were over the 2011 budget by 12%. Payments to BNSF for railroad operations exceeded the budget as inflation rates were higher than budget assumptions. In addition, maintenance of way costs were higher than budget.

Agency Admin Allocations were at 107% of the 2011 budget. This account includes the staff operating costs allocated from both corporate and line of business departments. Allocation rules were updated after the adoption of the 2011 budget, yielding more costs allocated to transit operations than had been budgeted.

ST Express as of December 31, 2011
(\$Thousands)

	Q1 2011 Actuals	Q2 2011 Actuals	Q3 2011 Actuals	Q4 2011 Actuals	2011 Actuals	2011 Budget	2011 Budget Remaining	2011 % Budget
Operating Revenues								
Passenger Fares	5,332	6,271	7,061	6,824	25,487	23,974	(1,513)	106%
Other Operating Revenue	457	395	396	376	1,623	910	(713)	178%
Total Operating Revenues	\$ 5,788	6,666	7,457	7,199	27,111	24,884	(2,226)	109%
Direct Operating Expenses								
Salaries and Benefits	71	93	91	95	349	343	-6	102%
Services	2,209	1,527	1,661	1,553	6,950	7,389	439	94%
Materials and Supplies	7	51	4	19	82	132	50	62%
Insurance	14	1	8	7	30	25	-5	118%
Purchased Transportation Svcs	18,541	23,220	20,206	20,398	82,365	83,256	891	99%
Miscellaneous Expenses	(13)	97	38	56	178	211	32	85%
Leases & Rentals	32	61	61	65	219	126	-92	173%
Other Expenses	184	252	262	276	974	918	-56	106%
Total Direct Operating Expenses	\$ 21,045	\$ 25,302	\$ 22,330	\$ 22,470	91,148	92,401	1,253	99%
Agency Admin Allocations	1,158	1,120	1,367	1,384	5,029	4,693	-336	107%
Fully Allocated Operating Expenses	\$ 22,203	\$ 26,423	\$ 23,697	\$ 23,855	96,178	97,094	917	99%
Subsidy and Depreciation								
Net Subsidy from Fully Allocated Operations	\$ 16,414	\$ 19,757	\$ 16,240	\$ 16,656	\$ 69,067	\$ 72,210	3,143	96%
Depreciation & Amortization	\$ 5,752	5,694	5,529	8,657	25,632	26,257	625	98%
Net Subsidy from Operations After Depreciation and Amortization	\$ 22,166	\$ 25,451	\$ 21,769	\$ 25,313	\$ 94,699	\$ 98,467	3,769	96%

Revenues and Ridership: Passenger Fares were over the 2011 Budget by 6%. Ridership is at budgeted levels but average fares per boarding are over budget by about 6%. A fare increase in June increased revenues by more than was budgeted as ridership was not impacted by the higher fares.

Services were under 2011 budget by \$0.4M, or 6%. The largest variance was \$0.4M related to facilities maintenance at ST Express stations. Maintenance of vehicle expenses were over budget by \$0.2M as extended warranties and manuals related to new bus purchases were expensed, rather than capitalized.

Purchased Transportation Services were at 99% of the 2011 budget. Despite fuel costs being higher than budget, other purchased transportation expenses were lower than budgeted levels as the number of hours operated by the partners was lower than the amount budgeted. Service efficiencies implemented in 2011 reduced the number of hours needed to operate ST Express and as result actual hours were less than original budgeted. These results are prior to the final year-end reconciliation per the service agreements with our partner agencies.

Agency Admin Allocations were at 107% of the 2011 budget. This account includes the staff operating costs allocated from both corporate and line of business departments, as well as project costs transferred into operations. Allocation rules were updated after the adoption of the 2011 budget, yielding more costs allocated to transit operations than had been budgeted.

Tacoma Link Light Rail as of December 31, 2011
(\$Thousands)

	Q1 2011 Actuals	Q2 2011 Actuals	Q3 2011 Actuals	Q4 2011 Actuals	2011 Actuals	2011 Budget	2011 Budget Remaining	2011 % Budget
Operating Revenues								
Passenger Fares	-	1	-	-	1	-	(1)	0%
Other Operating Revenue	6	2	5	2	15	26	10	59%
Total Operating Revenues \$	6	3	5	2	16	26	9	64%
Direct Operating Expenses								
Salaries and Benefits	392	406	437	406	1,641	1,739	(98)	94%
Services	129	181	146	180	636	866	(230)	73%
Materials and Supplies	18	36	18	18	90	229	(139)	39%
Insurance	47	46	45	66	204	272	(68)	75%
Purchased Transportation Svcs	-	-	0	-	0	5	(5)	0%
Miscellaneous Expenses	0	2	3	2	8	25	(17)	31%
Leases & Rentals	5	2	2	4	12	9	4	141%
Other Expenses	22	35	52	64	173	134	39	129%
Total Direct Operating Expenses \$	614	707	704	740	2,765	3,279	(514)	84%
Agency Admin Allocations	\$ 169	171	179	202	722	797	(76)	91%
Fully Allocated Operating Expenses \$	783	878	883	942	3,486	4,076	(589)	86%
Subsidy and Depreciation								
Net Subsidy from Fully Allocated Operations	\$ 777	875	878	940	3,470	4,050	(580)	86%
Depreciation & Amortization	\$ 726	726	726	744	2,923	2,976	(52)	98%
Net Subsidy from Operations After Depreciation and	\$ 1,503	1,601	1,604	1,685	6,393	7,026	(633)	91%

Ridership: 2011 Ridership was 12% higher than the same period in 2010, and above the 2011 forecast by 8%. There are no fare revenues on Tacoma Link.

Salaries and Benefits: Salaries and Benefits are under the 2011 budget by \$98K, or 6%. The vacancy rate of positions at Tacoma Link was higher than budgeted. Tacoma Link was fully staffed at year-end.

Services were at 74% of the 2011 budget. Maintenance work on the right of way was lower than budget as discretionary projects were not required during 2011. Concrete repair projects that had been planned for 2011 will now occur in 2012. Security costs are also lower than budgeted levels as deployment has focused more on other modes.

Material and Supplies were under the 2011 budget by 39%. Spare parts purchases late in 2010 replenished inventories enough to avoid large purchases in 2011.

Insurance was under the 2011 budget by 25%. Claims experience was favorable during the year.

Agency Admin Allocations were at 91% of the 2011 budget. Agency allocation rules were changed after the adoption of the budget in 2011, and the new rules favorably impacted Tacoma Link.

Central Link Light Rail as of December 31, 2011
(\$Thousands)

	Q1 2011 Actuals	Q2 2011 Actuals	Q3 2011 Actuals	Q4 2011 Actuals	2011 Actuals	2011 Budget	2011 Budget Remaining	2011 % Budget
Operating Revenues								
Passenger Fares	2,219	3,311	3,622	2,871	12,023	13,423	1,400	90%
Other Operating Revenue	0	21	55	43	119	37	(82)	323%
Total Operating Revenues	\$ 2,219	3,332	3,677	2,914	12,142	13,460	1,317	90%
Direct Operating Expenses								
Salaries and Benefits	284	307	339	352	1,283	1,444	161	89%
Services	3,913	3,305	3,900	3,732	14,850	16,032	1,182	93%
Materials and Supplies	403	727	484	661	2,275	978	(1,297)	233%
Insurance	380	383	380	421	1,564	2,949	1,385	53%
Purchased Transportation Svcs	6,038	6,290	6,326	6,049	24,703	24,224	(479)	102%
Miscellaneous Expenses	10	111	40	81	242	252	10	96%
Leases & Rentals	93	93	93	94	372	371	(1)	100%
Other Expenses	527	518	563	559	2,166	2,011	(154)	108%
Total Direct Operating Expenses	\$ 11,648	\$ 11,734	\$ 12,125	\$ 11,948	47,454	48,261	807	98%
Agency Admin Allocations	\$ 665	974	907	1,059	3,604	3,270	(334)	110%
Fully Allocated Operating Expenses	\$ 12,312	\$ 12,707	\$ 13,032	\$ 13,007	51,058	51,531	473	99%
Subsidy and Depreciation								
Net Subsidy from Fully Allocated Operations	\$ 10,093	9,375	9,355	10,093	38,915	38,071	(844)	102%
Depreciation & Amortization	\$ 14,762	14,758	15,695	23,232	68,447	68,766	320	100%
Net Subsidy from Operations After Depreciation and Amortization	\$ 24,855	24,133	25,049	33,325	107,362	106,837	(525)	100%

Revenues and Ridership: Fare revenues were at 90% of the 2011 budget. Ridership was at 76% of 2011 budget. Central Link 2011 ridership was 12% higher than 2010, but still below 2011 plan targets. Average fare per boarding exceeded budgeted estimates as fare increases enacted in June increased the amount of fare revenues allocated to Central Link.

Services were under the 2011 budget by 7%, or \$1.2M. Fare vending machine contracted services were lower than budget by \$0.4M as more work has been performed in-house. Security costs were lower than budgeted levels by \$0.3M due to unused contingency hours. Additionally, miscellaneous services costs were \$0.4M below budget as the before and After Study of Link performance was determined to be a capital project expense. These savings were offset by higher than planned expenses for ORCA equipment and for elevator maintenance expenses that had been budgeted to be covered in the service agreement with King County. The maintenance of elevators was transitioned to King County in Q2 2011.

Material and Supplies were \$1.3M, or 233% of the 2011 budget. The primary expenditure was for purchases of equipment for Transit Systems staff, as well as purchases of Fare Vending Machine ticket stock. In addition, purchases of spare parts for LRVs have exceeded budgeted levels due in part to the expansion of the fleet in 2011. There were 27 additional vehicles being maintained in 2011.

Insurance costs are at 53% of the 2011 budget. Premiums have been lower than budgeted levels, and claims experience was also favorable.

Other Expenses were at \$0.2 M or 8% over the 2011 budget. Utility expenses were higher than budgeted levels. Seattle City Light provided a catch-up charge at Beacon Hill Station as all previous bills had been estimated bills.

Agency Admin Allocations were 10% over the YTD 2011 budget. Allocation rules were updated during 2011 to reflect the current level of support from Agency administrative departments, resulting in a larger percentage of agency costs allocated to transit operations and Central Link.

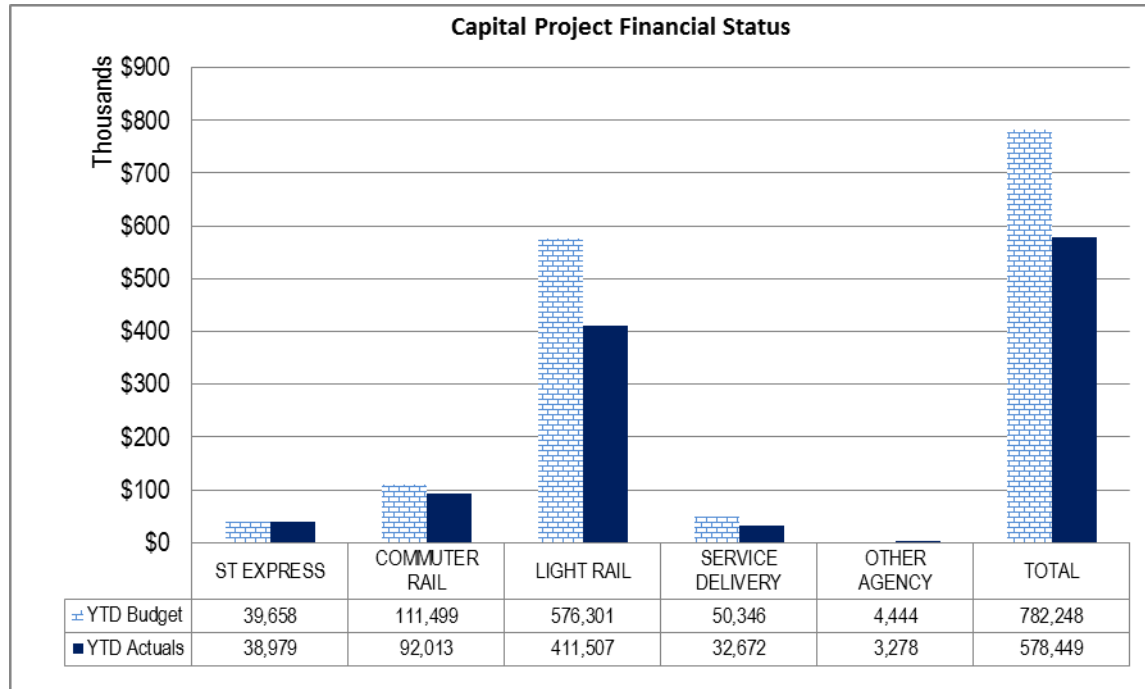
Service Delivery - Supplemental Information

Systemwide	4rd Quarter			Year to Date			YTD vs. Forecast	
Boardings by Service Type	2010	2011	% Change	2010	2011	% Change	Forecast	% Variance
ST Express Bus	3,151,730	3,547,354	13%	12,494,546	13,755,134	10%	13,843,788	-1%
Sounder Commuter Rail	569,817	684,765	20%	2,364,290	2,543,955	8%	2,479,129	3%
Central Link	1,751,712	1,958,315	12%	6,989,504	7,812,433	12%	10,346,169	-24%
Tacoma Link	226,556	270,958	20%	871,793	972,429	12%	900,000	8%
Total	5,699,815	6,461,392	13%	22,720,133	25,083,951	10%	27,569,086	-9%

Farebox Recovery	Annual Target	Q4 2011 Actuals	YTD 2011 Actuals
Sounder Commuter Rail	23%	29%	26%
ST Express Bus	24%	29%	27%
Central Link	26%	22%	24%

Section IV – Capital Outlays

Capital Project Financial Status as of December 31, 2011



(\$Thousands)	Current Year 2011					Lifetime				
	2011 Budget	YTD Budget	YTD Actuals	YTD Budget Remaining	YTD Percent Budget	Lifetime Budget	LTD Actuals	Contract Remaining	LTD Budget Uncommitted	LTD % Uncommitted
ST EXPRESS	39,658	39,658	38,979	679	98.3%	779,633	659,761	35,910	83,962	10.8%
COMMUTER RAIL	111,498	111,498	92,013	19,485	82.5%	1,494,101	1,267,406	29,449	197,247	13.2%
LIGHT RAIL	576,301	576,301	411,507	164,794	71.4%	5,559,063	3,446,647	477,644	1,634,772	29.4%
SERVICE DELIVERY*	50,346	50,346	32,673	17,673	64.9%	367,950	199,469	37,430	131,051	35.6%
OTHER AGENCY	4,444	4,444	3,278	1,166	73.8%	88,769	33,533	1,204	54,033	60.9%
Total	\$ 782,247	782,247	578,450	203,797	73.9%	8,289,517	5,606,816	581,637	2,101,066	25.3%

*Total Includes any adopted amendments to the annual or the lifetime budgets

Total Agency capital outlays of \$578.4M were at 73.9% of 2011 YTD budget. Capital outlays for Regional Express were 98% of the 2011 budget. Capital outlays for Sounder were 82.5% of the 2011 YTD budget, primarily due to lower than anticipated spending on the Edmonds Station, Tukwila Station, and Sounder South Expanded Service projects. Light Rail spending was \$411.5M or 71.4% of 2011 budget due to delays in East Link and delays in right of way expenditures on North Link. East Link is moving toward Final Design and right of way purchase delays are concentrated on a few large properties.

Sounder Commuter Rail

Capital Outlays by Phase as of December 31, 2011

(\$Thousands)

<u>Phase</u>	2011 Adopted Capital Plan	YTD Budget	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c / b]</i>
Agency Administration	5,556	5,556	2,017	3,539	36%
Preliminary Engineering	2,058	2,058	948	1,110	46%
Final Design	1,374	1,374	1,602	(228)	117%
Third Party	0	0	315	(315)	0%
ROW Acq. & Permits	44,368	44,368	41,186	3,181	93%
Construction	53,240	53,240	45,941	7,299	86%
Construction Management	0	0	5	(5)	0%
Vehicles	0	0	(1)	1	0%
Contingency	4,903	4,903	0	4,903	0%
TOTAL	111,498	111,498	92,013	19,486	83%

Lifetime Capital Plan

<u>Phase</u>	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	64,531	54,572	(20)	9,979	85%
Preliminary Engineering	36,887	27,743	658	8,568	77%
Final Design	47,530	45,141	2,297	92	100%
Third Party	0	315	530	(845)	0%
ROW Acq. & Permits	573,101	463,024	123	109,954	81%
Construction	604,194	541,994	21,941	40,258	93%
Construction Management	33	5	3,921	(7,008)	11896%
Vehicles	134,505	134,503	0	2	0%
Contingency	33,321	0	0	33,321	0%
Unabsorbed Overhead	0	108	0	(108)	0%
TOTAL	1,494,101	1,267,406	29,449	197,247	87%

Agency Administration spending was \$3.5M under the annual budget of \$5.6M. Agency Administration is mainly the direct staff overhead being charged to the projects. This phase is under budget due to agency indirect overhead allocation charges no longer being charged to projects as they have been in the past.

Preliminary Engineering spending was \$1.1M under the annual budget of \$2.1M. The Permitting/Environmental Mitigation project was \$341K below budget due to the PE costs being lower than budgeted resulting in phase level savings. The Sounder Yard and Shops Facility project was \$613K under the annual budget of \$1.1M due to the work proceeding more slowly and more efficiently than originally planned. Some tasks have been delayed until the first quarter of 2012 and the work will be completed significantly underspent.

Final Design spending was \$228K over the annual budget of \$1.4M. Layover was \$296K under budget due to final design having not been completed; final design is now scheduled to be done in February 2012. Tukwila Station was \$606K over spent. This project is being re-designed at a new location resulting in higher engineering costs than had been budgeted in 2011. Positive Train Control was \$230K under spent. Project ad date was delayed to explore potential contracting opportunities with BNSF that might have reduced costs.

Third Party spending was \$315K against a budget of zero for the year. D Street – M Street Track and Signal project agreement with the city of Tacoma was not budgeted as an expenditure in 2011 but has been paid.

ROW spending was \$3.2M under the annual budget of \$44.4M. D Street – M Street Track and Signal was \$2.1M over spent. Valuation and final payment for acquisitions has lagged the original schedule of completing in 2010, pushing into 2011. Acquisitions remain to be completed on three parcels on which we have obtained possession and use. Sounder South Expanded Service was \$5.0M under spent. The environmental assessment for easements 3 and 4 will be completed in early 2012. The deposit of \$5 million for easement 3 was originally due in June 2011 but will now be paid in 2012.

Construction spending was \$7.3M under the annual budget of \$53.2M. Permitting/Environmental Mitigation was \$621K under spent. Construction of the Christofferson Fill pad has been delayed due to an appeal of the shoreline permit. Construction is now scheduled to start third quarter of 2012, pending resolution of permit appeal. Mukilteo Station, South Platform was \$2.0M under spent. The lease with the Air Force has just finalized and construction is now planned to begin in August of 2012. Layover was \$1.3M under spent, final design work was not completed until the end of 2011; construction work will begin in mid-2012. Tukwila Station was \$7.2M under spent. Final design is not yet completed since the station is being moved north of the original location and design efforts continue. Project will be baselined in March 2012. D Street-M Street Track and Signal was \$2.8M over spent due to the encounter of large quantities of contaminated soil, subsurface obstructions, and unforeseen subsurface conditions during construction provisions for which were not anticipated in the 2011 spending plan. M Street – Lakewood Track and Signal was \$1.1M over spent; CTC signaling installation progressed ahead of schedule.

Construction Management spending was \$5K against a budget of zero for Tukwila Station; budget has been allocated to this phase in the 2012 budget.

Vehicles had a credit of \$1K which was a correction for 2004 accruals on the track and signal projects that were entered in error.

Contingency was \$4.9M under an annual budget of the same amount. Edmonds Station and M Street – Lakewood Track and Signal had contingency budgets in 2011 that were not spent, both projects have been completed.

Regional Express

Capital Outlays by Phase as of December 31, 2011

(\$Thousands)

Phase	2011 Current Capital Plan	YTD Budget	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b-c]</i>	<i>[b/a]</i>
Agency Administration	2,214	2,214	640	1,575	29%
Prelim. Engineering	1,881	1,881	610	1,271	32%
Final Design	1,422	1,422	1,498	(76)	105%
Third Party	14,733	14,733	14,730	3	100%
ROW Acq. & Permits	1,622	1,622	2,880	(1,257)	177%
Construction	17,606	17,606	18,622	(1,016)	106%
Contingency	180	180	0	180	0%
REX TOTAL	39,658	39,658	38,978	680	98%

Lifetime Capital Plan

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Agency Administration	44,946	36,619	(18)	8,344	81%
Prelim. Engineering	56,568	51,607	187	4,775	92%
Final Design	72,664	49,987	16,438	6,238	91%
Third Party	14,733	14,730	0	3	0%
ROW Acq. & Permits	53,398	52,098	459	841	98%
Construction	484,165	453,327	18,844	11,994	98%
Contingency	53,160	0	0	53,160	0%
Unabsorbed Overhead	0	1,393	0	(1,393)	0%
REX TOTAL	779,633	659,761	35,910	83,962	89%

Agency Administration was \$1.6M under the annual budget of \$2.2M. Agency Administration is mainly the direct staff overhead being charged to the projects. This phase is under budget due to agency indirect overhead allocation charges no longer being charged to projects as they have been in the past. Budgets have not been reduced pending project completions; this ensures that funding will be available to cover any unabsorbed overhead in the projects.

Preliminary Engineering was \$1.3M under the annual budget of \$1.9M. ST Express Bus Base project was \$1.3M under budget due to a change in scope reducing the consultant contract to two tasks in this phase, reducing expenditures.

Final Design was \$76K over the annual budget of \$1.4M. I-90 Two-way Transit and HOV Operations, Stage 3 was \$1.2M under budget. WSDOT will expend all their design dollars allocated to this project before invoicing Sound Transit. WSDOT expects to begin invoicing Sound Transit in the 2nd quarter 2012. This ensures all WSDOT funding available for the project, earmarked for design only, and is contributed prior to expending Sound Transit projects funds. 85th Corridor, Kirkland was \$300K over an annual budget of zero; this payment was budgeted to be paid in 2010 but was not paid until 2011. Strander Boulevard Extension was \$1M over spent. The 2011 budget did not forecast any final design spending in 2011, but the schedule changed when a new agreement was approved by the Sound Transit Board in January 2011. The \$1M is a capped contribution to final design. The ST Express Bus Base was \$1.3M under the budget of \$1.9M due to a reduction in scope from seven tasks to only two tasks to be completed in 2011.

ROW was \$1.3M over the annual budget of \$1.6M. Rainier Avenue Arterial Improvements was \$1.7M over budget. The city filed condemnation on a number of parcels that have now been resolved resulting in higher than budgeted expenditures in 2011. ST is a funding partner and our contribution is capped. 85th Corridor, Kirkland was \$169K under budget due to delays in two right of way

acquisitions by the city; we will not be billed until they are complete. The city of Kirkland is lead for the project; ST's total contribution is capped.

Construction was \$1.0M over the annual budget of \$17.6M. Mountlake Terrace Freeway Station was \$272K over spent due to work that was expected to be completed in 2010 pushing into 2011. Project is in service and \$3 million in savings was captured in the 2012 budget. 85th Corridor, Kirkland was \$388 under spent, construction will not start until 2nd quarter 2012. Kirkland Transit Center was \$817K over budget; construction change orders in 2011 were higher than expected. Rainier Avenue Arterial Improvements was \$1.2M under spent due to delays in utility relocation agreements and ROW acquisitions that in turn delayed the completion of final design. The city anticipates starting construction in the first quarter of 2012. The city opened construction bids in December with the low bid coming in about 10% below the engineer's estimate. Federal Way Transit Center was \$1.3M under spent; this project has been in service for several years but remains open due to pending litigation. I-90 Two-way Transit & HOV Operations, Stage 2 was \$2.6M over budget. Construction spending occurred at a faster rate than predicted. Project is still within the task order budget and is expected to be completed in February 2012.

Contingency had no spending on an annual budget of \$180K. Kirkland Transit Center and SR522 HOV Enhancements/Bothell had contingency budgets in 2011 that were not spent; both projects are in service and are being closed out. Each project had savings that was captured in the 2012 budget.

Link Light Rail

Capital Outlays by Project as of December 31, 2011

(\$Thousands)

Current Year 2011

<u>Project</u>	2011 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>
North Link - Northgate to 45th St	84,637	84,637	29,619	55,017	35%
University Link - PSST to UW Sta	303,716	303,716	292,594	11,122	96%
Initial Segment - CPS to 154th St	80,147	80,147	54,504	25,642	68%
Central Link Switch Heaters	239	239	38	201	16%
DSTT South Access Security	720	720	539	181	75%
Initial Segment Project Reserve	-	-	-	-	0%
Airport Link - 154th St to 176th St	2,742	2,742	1,315	1,427	48%
South Link - Airport to 200th St	11,839	11,839	7,988	3,851	67%
East Link	52,593	52,593	12,475	40,118	24%
North Corridor	10,108	10,108	4,044	6,065	40%
South Corridor HCT S 200th-S 272nd	436	436	94	342	22%
South Corridor Transit Plan	-	-	-	-	0%
First Hill Street Car	27,846	27,846	7,916	19,930	28%
Tacoma Link Alternative Analysis	971	971	157	815	16%
Link Light Rail Maintenance & Storage	307	307	224	83	73%
LRT Overhead Reserve	-	-	-	-	0%
TOTAL	576,301	576,301	411,507	164,794	71.4%

Lifetime Capital Plan

<u>Project</u>	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 & Committed <i>[(e+f)/d]</i>
North Link - Northgate to 45th St	345,500	94,390	48,362	202,748	41%
University Link - PSST to UW Sta	1,756,007	818,870	293,198	643,939	63%
Initial Segment - CPS to 154th St	2,102,200	2,086,815	6,865	8,520	100%
Central Link Switch Heaters	2,453	2,253	-	200	92%
DSTT South Access Security	1,000	678	22	301	70%
DSTT Capital Costs	23,719	23,719	-	-	100%
Initial Segment Project Reserve	58,495	-	-	58,495	0%
Airport Link - 154th St to 176th St	269,100	256,685	3,673	8,743	97%
South Link - Airport to 200th St	383,241	20,860	2,499	359,882	6%
East Link	364,550	60,364	4,624	299,561	18%
Tacoma Link	77,097	77,097	8	(8)	100%
Puyallup Extension Study	-	35	-	(35)	0%
North Corridor	57,119	6,130	968	50,020	12%
South Corridor HCT S 200th-S 272nd	2,504	110	0	2,394	4%
South Corridor Transit Plan	-	-	-	-	0%
First Hill Street Car	132,780	11,576	117,425	3,779	97%
Tacoma Link Alternative Analysis	1,642	161	(2)	1,483	10%
Link Light Rail Maintenance & Storage	338	255	3	80	76%
LRT Overhead Reserve	-	5,334	-	(5,334)	0%
TOTAL	5,577,746	3,465,332	477,646	1,634,768	70.7%

Light rail capital outlays through the fourth quarter of 2011 are 71.4% of the Annual 2011 Budget plan. A description of financial performance through December 2011 (1st close) follows.

North Link – University of Washington Station to Northgate
Capital Outlays by Phase as of December 31, 2011
(\$Thousands)

Current Year 2011

<u>Phase</u>	2011 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>
Agency Administration	4,992	4,992	3,315	1,677	66%
Preliminary Engineering	50	50	32	18	63%
Final Design	15,633	15,633	20,785	(5,152)	133%
Third Party	739	739	137	602	19%
ROW Acq. & Permits	63,223	63,223	5,164	58,059	8%
Construction	-	-	187	(187)	0%
Construction Services	-	-	-	-	0%
Vehicles	-	-	-	-	0%
Test and Startup	-	-	-	-	0%
Contingency	-	-	-	-	0%
TOTAL	84,637	84,637	29,619	55,017	35%

Lifetime Capital Plan

<u>Phase</u>	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 & Committed <i>[(e+f)/d]</i>
Agency Administration	49,461	6,694	(48)	42,815	13%
Preliminary Engineering	15,251	15,064	14	174	99%
Final Design	85,941	28,326	46,294	11,320	87%
Third Party	20,994	1,331	438	19,225	8%
ROW Acq. & Permits	164,820	35,435	1,567	127,818	22%
Construction	8,733	7,540	97	1,095	87%
Construction Services	300	-	-	300	0%
Vehicles	-	-	-	-	0%
Test and Startup	-	-	-	-	0%
Contingency	-	-	-	-	0%
TOTAL	345,500	94,390	48,362	202,748	41%

North Link – UW Station to Northgate project capital outlays of \$29.6M through December 2011 are 35% of the Annual 2011 Budget plan, or \$55.0M below plan, primarily for delayed acquisition of property.

Agency Administration Capital outlays of \$3.3M are 66% of the Annual 2011 Budget plan, or \$1.7M below plan, primarily because staffing levels are trending below the staffing plan. Staff activities in the fourth quarter of 2011 reflect final design coordination.

Preliminary Engineering is complete. Continuing activity in this phase is for environmental mitigation. Capital outlays of \$32K are 63% of the Annual 2011 Budget plan, or \$18K below plan.

Final Design Capital outlays of \$20.8M are 133% of the Annual 2011 Budget plan, or \$5.2M ahead of plan. Higher than planned current-year expenditures reflect work that shifted into 2011 as a result of final design being delayed by 5 months in 2010.

Third Party Activity planned for this phase represents work by outside agencies to support final design. Capital outlays of \$0.1M are 19% of the Annual 2011 Budget plan, or \$0.6M below plan. Third Party coordination has required a lower level of involvement in 2011 than projected.

Right of Way Capital outlays of \$5.2M are 8% of the Annual 2011 Budget plan, or \$58.1M below plan. Activities in 2011 primarily reflect administrative and relocation efforts related to acquisition of properties around the Roosevelt and Brooklyn station locations. Property

acquisitions for tunnel easements started in the fourth quarter. Expenditures for 2011 are below plan due to delays in acquisition of several high value properties for Brooklyn Station; however, ST reached an agreement to lease two properties for the duration of construction, and one closing is set for January 2012. Acquisitions for Roosevelt Station are on plan.

Construction Activity for this phase reflects ST Board authorized construction funding for storage track expansion at the Operations and Maintenance Facility (OMF) to accommodate additional vehicles required for North Link – UW Station to Northgate. Since this work was substantially complete in 2010, the 2011 Budget did not include funding for construction. Outlays in 2011 are related to contract closeout and are covered by funds remaining in the lifetime capital plan for this phase, leaving a balance of approximately \$1.0M available to reallocate to tunneling and station construction. Approval of tunneling and station construction funding will be sought following establishment of the baseline in mid-2012.

Construction Services Activity planned for this phase is to support storage track expansion at the OMF and construction closeout. Since work completed in 2010, there are no expenditures in 2011, leaving a balance of approximately \$300K available to reallocate to tunneling and station construction.

University Link – PSST to University Washington Station
Capital Outlays by Phase as of December 31, 2011
(\$Thousands)

Current Year 2011

<u>Phase</u>	2011 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>
Agency Administration	13,540	13,540	10,853	2,687	80%
Preliminary Engineering	-	-	-	-	0%
Final Design	8,952	8,952	5,351	3,601	60%
Third Party	2,435	2,435	575	1,860	24%
ROW Acq. & Permits	576	576	1,220	(644)	212%
Construction	217,854	217,854	219,793	(1,940)	101%
Construction Services	16,604	16,604	13,865	2,739	84%
Vehicles	43,755	43,755	40,852	2,903	93%
Test and Startup	-	-	85	(85)	0%
Contingency	-	-	-	-	0%
TOTAL	303,716	303,716	292,594	11,122	96%

Lifetime Capital Plan

<u>Phase</u>	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 & Committed <i>[(e+f)/d]</i>
Agency Administration	115,229	33,412	312	81,505	29%
Preliminary Engineering	24,349	24,261	5	82	100%
Final Design	87,633	67,811	9,293	10,529	88%
Third Party	18,646	10,076	1,539	7,031	62%
ROW Acq. & Permits	152,332	124,839	797	26,696	82%
Construction	1,148,783	429,387	233,917	485,479	58%
Construction Services	95,726	32,551	44,007	19,168	80%
Vehicles	103,909	96,447	3,327	4,135	96%
Test and Startup	9,400	85	-	9,315	1%
Contingency	-	-	-	-	0%
TOTAL	1,756,007	818,870	293,198	643,939	63%

University Link project capital outlays of \$292.6M through December 2011 are 96% of the Annual 2011 Budget plan, or \$11.1M below plan, mostly for unused phase-level unallocated contingencies.

Agency Administration Capital outlays of \$10.9M are 80% of the Annual 2011 Budget plan, or \$2.7M below plan. Insurance payments are \$0.5M ahead of plan, but are offset by staff costs and direct charges below plan in all areas, including \$0.5M unused unallocated contingency.

Final Design Activity planned for this phase includes final design for the Montlake Triangle Project and ongoing design services in support of construction. Capital outlays of \$5.4M are 60% of the Annual 2011 Budget plan, or \$3.6M below plan. Of this amount, \$1.6M is for unused unallocated contingency.

Third Party Activity planned for this phase represents work by outside agencies to support final design and construction. Capital outlays of \$0.6M are 24% the Annual 2011 Budget plan, or \$1.9M below plan, mainly for construction assistance by WSDOT and the city of Seattle, and \$0.5M unused unallocated contingency.

Right of Way acquisitions of \$1.2M exceed the Annual 2011 Budget plan by \$0.6M. Activity in 2011 reflects processing of agreements and payments for tunnel easements that was initially anticipated to occur in 2010. Work is substantially complete.

Construction outlays of \$219.8M are 101% of the Annual 2011 Budget plan, or \$1.9M ahead of plan. Variances to plan in 2011 predominantly reflect progress of the TBMs: U220 UW Station and Tunnels is \$0.6M ahead of plan; U230 Capitol Hill Station and Tunnels is \$5.0M ahead of plan; and \$0.7M costs for U215 I-5 Undercrossing shifted into 2011 when work did not complete in 2010 as planned. U250 UW Station Finishes is \$3.0M below plan, and remaining unallocated contingency is \$0.8M.

Construction Services includes construction management and construction support services. Capital outlays of \$13.9M are 84% of the Annual 2011 Budget plan, or \$2.7M below plan. Civil CM is \$1.3M ahead of plan, which is offset by expenditures below plan for U240 and U250 Preconstruction Services by \$1.3M, Systems CM by \$0.4M, Inspection and Testing by \$1.7M, and \$0.5M unused unallocated contingency.

Vehicles The current payment plan for this contract is tied to specific deliverables for the University Link project. Capital outlays of \$40.9M are 93% of the Annual 2011 Budget plan, or \$2.9M below plan. All 27 LRVs have been Conditionally Accepted, with Final Acceptance projected for the first quarter of 2012.

Testing & Startup Costs of \$0.1M incurred to this phase in December for LRV commissioning were not included in 2011 Budget planning.

Initial Segment – CPS to 154th
Capital Outlays by Phase as of December 31, 2011
(\$Thousands)

Current Year 2011

<u>Phase</u>	2011 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>
Agency Administration	698	698	1,645	(946)	235%
Preliminary Engineering	-	-	-	-	0%
Final Design	-	-	165	(165)	0%
Third Party	100	100	40	60	40%
ROW Acq. & Permits	484	484	(336)	820	-69%
Construction	77,860	77,860	51,225	26,635	66%
Construction Services	565	565	805	(239)	142%
Vehicles	-	-	961	(961)	0%
Test and Startup	438	438	(0)	439	0%
Contingency	-	-	-	-	0%
TOTAL	80,147	80,147	54,504	25,642	68%

Lifetime Capital Plan

<u>Phase</u>	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 & Committed <i>[(e+f)/d]</i>
Agency Administration	184,333	185,505	70	(1,242)	101%
Preliminary Engineering	33,275	33,268	1	6	100%
Final Design	144,142	143,918	76	149	100%
Third Party	61,409	61,081	603	(275)	100%
ROW Acq. & Permits	206,729	205,042	(529)	2,216	99%
Construction	1,218,533	1,206,782	3,767	7,984	99%
Construction Services	104,912	102,793	2,833	(715)	101%
Vehicles	131,803	131,800	41	(38)	100%
Test and Startup	17,064	16,625	5	434	97%
Contingency	-	-	-	-	0%
TOTAL	2,102,200	2,086,815	6,865	8,520	100%

The Initial Segment opened for service on time in July 2009. Although in revenue service, several capital elements remain to be completed, including construction close out work and noise mitigation.

Initial Segment project capital outlays of \$54.5M through December 2011 are 68% of the Annual 2011 Budget plan, or \$25.6M below plan.

Agency Administration Capital outlays of \$1.6M exceed the lifetime capital plan by \$1.2M due to higher than planned staff costs related to continuing noise mitigation and follow-on construction work.

Final Design is complete. Current year activity for this phase represents design services provided in support of follow-on construction and noise mitigation. Capital outlays of \$0.1M exceed the Annual 2011 Budget, but life-to-date outlays are within the lifetime capital plan.

Third Party Current year activity planned for this phase includes noise mitigation reviews and contract close out. Capital outlays of \$40K are 40% of the Annual 2011 Budget plan, or \$60K below plan. An apparent budget shortfall to the lifetime capital plan for this phase is a result of *Contract Remaining*, which is not anticipated to be spent and will be decommitted as contracts complete and are closed.

Right of Way Current year activity planned for this phase relates to the extension of construction easements in the Beacon Hill, MLK Way, and Tukwila segments required for construction close out activities and environmental mitigation work. Capital outlays of \$-0.3M are \$0.8M

below the Annual 2011 Budget plan. Negative outlays in 2011 reflect adjustments to costs for temporary easements at the Beacon Hill Tunnels site.

Construction Current year activity planned for this phase includes emergency noise mitigation along the alignment, construction close out work in the Beacon Hill / Mt. Baker Station area, and resolution of claims and close out of the Rainier Valley contract.

Capital outlays of \$51.2M are 66% of the Annual 2011 Budget plan, or \$26.6M below plan, primarily for unused unallocated contingency. Of this amount, \$16-17M represents funds set aside in the lifetime capital plan and 2011 Budget for potential settlement of the C710 Beacon Hill Tunnels construction claim in 2011: although the payment to Obayashi was made in January 2011, it was accrued as a 2010 expenditure before year-end final close. Another \$2-3M will fund expenditures in other phases that exceed the 2011 Budget plan. Construction outlays are also below plan for follow-on work that has shifted to 2012 for I-5 slope repair, West Portal restoration, Beacon Hill paving, and retaining walls.

Construction Services Current year activity planned for this phase is to support follow-on construction and noise mitigation. Capital outlays of \$0.8M exceed the Annual 2011 Budget plan by \$0.2M. In February 2011, the ST board approved a contract amendment to provide additional architectural, engineering and construction management services for the Residential Sound Insulation Program (RSIP) to mitigate noise in the Rainier Valley. This award will result in a \$0.7M shortfall to the lifetime capital plan (2011 TIP), which will be funded from unallocated contingency within the construction phase.

Vehicles All LRVs for the Initial Segment were accepted in 2009 and are in operation. Capital outlays of \$1.0M exceed the Annual 2011 Budget, and reflect payments for vehicle weight incentive, spare parts, and as-built documentation. All current-year outlays are covered by unexpended funds remaining in the lifetime capital plan for this phase. Final Acceptance of the LRVs is not expected until 2012.

Testing and Start-Up Testing and start-up work is complete, but funds remaining in the lifetime capital plan were set aside in the 2011 Budget for contract close out. Capital outlays in 2011 reflect cost adjustments. A budget surplus of approximately \$400K is projected for this phase when contracts are closed.

Central Link Switch Heaters project capital outlays of \$38K through December 2011 are 16% of the Annual 2011 Budget plan, or \$201K below plan.

This project completed in June 2011, below budget. Final Acceptance was issued on August 12, 2011. Project closeout is pending receipt of final release from the State of Washington. Completion of this project was originally scheduled to complete in 2010, but was delayed due to defective equipment that had to be replaced by the manufacturer.

DSTT South Access Security project capital outlays of \$0.5M through December 2011 are 75% of the Annual 2011 Budget plan, or \$0.2M below plan.

Agency Administration Capital outlays of \$99K are 80% of the Annual 2011 Budget plan, or \$26K below plan. Staff activity in the fourth quarter of 2011 reflects construction coordination of work requested by the Seattle Department of Transportation (SDOT) and King County Metro (KCM).

Construction Activity planned for this phase represents the construction contracts to procure and install the access security improvements. Capital outlays of \$0.4M are 74% of the Annual 2011 Budget plan, or \$0.2M below plan. Fabrication of the pop-up barrier component of the access improvements was completed earlier in 2011. Installation of additional security measures required by SDOT and KCM, including tire shredders and new bollards in the crosswalk, was completed in December. Addition of signaling system improvements is being discussed, if there is sufficient project budget remaining. The 2012 TIP reduces the project budget to \$0.8M.

Airport Link – 154th to 176th
Capital Outlays by Phase as of December 31, 2011
(\$Thousands)

<u>Phase</u>	2011 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>
Agency Administration	425	425	(67)	492	-16%
Preliminary Engineering	-	-	-	-	0%
Final Design	50	50	31	19	63%
Third Party	50	50	9	41	18%
ROW Acq. & Permits	-	-	43	(43)	0%
Construction	2,017	2,017	487	1,530	24%
Construction Services	200	200	171	29	86%
Vehicles	-	-	641	(641)	0%
Test and Startup	-	-	(0)	0	0%
Contingency	-	-	-	-	0%
TOTAL	2,742	2,742	1,315	1,427	48%

Lifetime Capital Plan

<u>Phase</u>	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 & Committed <i>[(e+f)/d]</i>
Agency Administration	11,859	9,830	8	2,020	83%
Preliminary Engineering	3,691	3,666	0	25	99%
Final Design	15,924	15,694	100	130	99%
Third Party	1,387	1,340	114	(67)	105%
ROW Acq. & Permits	12,513	12,001	26	485	96%
Construction	192,601	183,818	2,369	6,414	97%
Construction Services	15,539	14,879	497	164	99%
Vehicles	14,587	14,539	559	(510)	103%
Test and Startup	1,000	917	0	83	92%
Contingency	-	-	-	-	0%
TOTAL	269,100	256,685	3,673	8,743	97%

Airport Link opened for service on schedule in December 2009. Although in revenue service, certified final acceptance and close out remain to be completed.

Airport Link project capital outlays of \$1.3M through December 2011 are 48% of the Annual 2011 Budget plan, or \$1.4M below plan. The project is substantially complete. The 2012 TIP reduces the lifetime project budget by \$6.0M to \$263.1M to reflect project savings. Additional savings may be realized at project final close, expected in 2012.

Final Design phase activity represents design services provided in support of construction. Capital outlays of \$31K are 63% of the Annual 2011 Budget plan, or \$19K below plan.

Third Party Capital outlays of \$9K are 18% of the Annual 2011 Budget plan, or \$41K below plan. An apparent budget shortfall to the lifetime capital plan for this phase is a result of *Contract Remaining*, which is not anticipated to be spent and will be decommitted as contracts complete and are closed.

Right of Way Capital outlays of \$43K exceed the Annual 2011 Budget. Current year activity for this phase relates to reconciliation of easement areas to reflect as-built conditions.

Construction Activity planned for this phase reflects close out work required for final acceptance of the project. Capital outlays of \$0.5M are 24% of the Annual 2011 Budget plan, or \$1.5M below plan.

Construction Services Activity planned for this phase reflects ongoing project/contract close out work. Capital outlays of \$0.2M are 86% of the Annual 2011 Budget plan.

Vehicles All four LRVs for Airport Link were accepted in December 2009 and are in service. Capital outlays of \$0.6M exceed the Annual 2011 Budget, and reflect payments for vehicle weight incentive, spare parts, and as-built documentation. All current-year outlays are covered by unexpended funds remaining in the lifetime capital plan for this phase. Final Acceptance of the LRVs is not expected until 2012.

South Link – Airport to 200th
Capital Outlays by Phase as of December 31, 2011
(\$Thousands)

Current Year 2011

<u>Phase</u>	2011 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>
Agency Administration	1,770	1,770	1,721	49	97%
Preliminary Engineering	3,130	3,130	3,117	13	100%
Final Design	1,933	1,933	2,245	(313)	116%
Third Party	830	830	164	665	20%
ROW Acq. & Permits	4,177	4,177	740	3,437	18%
Construction	-	-	1	(1)	0%
Construction Services	-	-	-	-	0%
Vehicles	-	-	-	-	0%
Test and Startup	-	-	-	-	0%
Contingency	-	-	-	-	0%
TOTAL	11,839	11,839	7,988	3,851	67%

Lifetime Capital Plan

<u>Phase</u>	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 & Committed <i>[(e+f)/d]</i>
Agency Administration	16,064	2,429	(33)	13,668	15%
Preliminary Engineering	5,878	5,696	9	173	97%
Final Design	20,005	2,618	1,268	16,118	19%
Third Party	6,885	643	292	5,950	14%
ROW Acq. & Permits	43,549	9,472	963	33,114	24%
Construction	273,936	1	-	273,935	0%
Construction Services	15,135	-	-	15,135	0%
Vehicles	-	-	-	-	0%
Test and Startup	1,789	-	-	1,789	0%
Contingency	-	-	-	-	0%
TOTAL	383,241	20,860	2,499	359,882	6%

South Link – Airport to 200th project capital outlays of \$8.0M through December 2011 are 67% of the Annual 2011 Budget plan, or \$3.9M below plan.

Agency Administration Capital outlays of \$1.7M are 97% of the annual 2011 Budget plan. Staff activities in the fourth quarter of 2011 include negotiations for third party agreements, and procurement preparation and review of the design-build contract documents.

Preliminary Engineering is complete. Capital outlays of \$3.1M are 100% of the Annual 2011 Budget plan.

Final Design Capital outlays of \$2.2M are 116% of the Annual 2011 Budget plan, or \$0.3M ahead of plan, as a significant consultant effort was spent in December developing the design/build RFP scheduled for release in the first quarter of 2012.

Third Party Activity planned for this phase represents work by outside agencies performed in support of design and construction. Capital outlays of \$0.2M are 20% of the Annual 2011 Budget plan, or \$0.7M below plan, because agreements with the Port of Seattle and city of SeaTac have not been finalized.

Right of Way Capital outlays of \$0.7M are 18% of the Annual 2011 Budget plan, or \$3.4M below plan. Property acquisitions have been delayed pending design decisions and offer responses from property owners. Activity in 2011 primarily reflects preparation of appraisals.

Construction Capital outlays of \$1K are for construction permits in advance of early demolition work scheduled to start in 2012.

East Link
Capital Outlays by Phase as of December 31, 2011 (1st close)
(\$Thousands)

Current Year 2011

<u>Phase</u>	2011 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>
Agency Administration	9,466	9,466	3,227	6,240	34%
Preliminary Engineering	15,138	15,138	8,643	6,495	57%
Final Design	7,850	7,850	-	7,850	0%
Third Party	911	911	304	607	33%
ROW Acq. & Permits	19,228	19,228	302	18,926	2%
Construction	-	-	-	-	0%
Construction Services	-	-	-	-	0%
Vehicles	-	-	-	-	0%
Test and Startup	-	-	-	-	0%
Contingency	-	-	-	-	0%
TOTAL	52,593	52,593	12,475	40,118	24%

Lifetime Capital Plan

<u>Phase</u>	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 & Committed <i>[(e+f)/d]</i>
Agency Administration	63,764	9,484	(12)	54,292	15%
Preliminary Engineering	64,660	49,228	4,447	10,986	83%
Final Design	169,400	-	-	169,400	0%
Third Party	25,569	941	164	24,464	4%
ROW Acq. & Permits	41,157	711	25	40,420	2%
Construction	-	-	-	-	0%
Construction Services	-	-	-	-	0%
Vehicles	-	-	-	-	0%
Test and Startup	-	-	-	-	0%
Contingency	-	-	-	-	0%
TOTAL	364,550	60,364	4,624	299,561	18%

East Link Capital outlays of \$12.5M through the end of Q4 are 24% of the Adopted 2011 YTD budget, or \$40.1M below plan.

Agency Administration phase costs of \$3.2M are \$6.2M or just 34% of 2011 budget. Staffing levels have been at less than half of the staffing plan (planned 46 FTEs vs. actual 19 FTEs).

Preliminary Engineering phase costs of \$8.6M are \$6.5M or 57% of 2011 budget plan.

\$2.1M – YTD Budget for Miscellaneous PE expenses less than 1%.

\$1.8M – Work by CH2M-Hill has been delayed as of result of negotiations with the city of Bellevue to select the final alignment.

\$1.0M – EIS is completed and below anticipated costs.

\$0.6M – Track Bridge delayed to 2012.

Final Design phase Final Design expenditures are substantially lower due to delays in selecting the final alignment in Bellevue sector.

Third Party phase costs of \$0.3M (33%) of 2011 budget plan.

ROW phase costs of \$0.3M (2%) are \$18.9M below plan. No acquisition took place in 2011.

North Corridor
Capital Outlays by Phase as of December 31, 2011 (1st close)
(\$Thousands)

Current Year 2011

<u>Phase</u>	2011 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>
Agency Administration	2,181	2,181	755	1,426	35%
Preliminary Engineering	7,831	7,831	3,282	4,549	42%
Final Design	-	-	-	-	0%
Third Party	96	96	-	96	0%
ROW Acq. & Permits	-	-	7	(7)	0%
Construction	-	-	-	-	0%
Construction Services	-	-	-	-	0%
Vehicles	-	-	-	-	0%
Test and Startup	-	-	-	-	0%
Contingency	-	-	-	-	0%
TOTAL	10,108	10,108	4,044	6,065	40%

Lifetime Capital Plan

<u>Phase</u>	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 & Committed <i>[(e+f)/d]</i>
Agency Administration	13,282	1,210	6	12,066	9%
Preliminary Engineering	42,219	4,913	963	36,344	14%
Final Design	-	-	-	-	0%
Third Party	1,618	-	-	1,618	0%
ROW Acq. & Permits	-	7	-	(7)	0%
Construction	-	-	-	-	0%
Construction Services	-	-	-	-	0%
Vehicles	-	-	-	-	0%
Test and Startup	-	-	-	-	0%
Contingency	-	-	-	-	0%
TOTAL	57,119	6,130	968	50,020	12%

The North Corridor Project Capital outlays of \$4.0M through the end of Q4 2011 are 40% of the Adopted 2011 YTD budget, or \$6.1M below the plan.

Agency Administration phase costs of \$0.8M (35%) are \$1.4M below plan. Staffing levels have been at less than half of the staffing plan (planned 11 FTEs vs. actual 5 FTEs on average).

Preliminary Engineering phase costs of \$3.3M (42%) are \$4.6M below the plan primary due to unallocated contingency.

Third Party WSDOT expenses budgeted in 2011 but will take place in 2012.

First Hill Street Car
Capital Outlays by Phase as of December 29, 2011 (1st close)
(\$Thousands)

Current Year 2011

<u>Phase</u>	2011 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>
Agency Administration	757	757	68	689	9%
Preliminary Engineering	-	-	-	-	0%
Final Design	-	-	-	-	0%
Third Party	27,089	27,089	7,847	19,242	29%
ROW Acq. & Permits	-	-	-	-	0%
Construction	-	-	-	-	0%
Construction Services	-	-	-	-	0%
Vehicles	-	-	-	-	0%
Test and Startup	-	-	-	-	0%
Contingency	-	-	-	-	0%
TOTAL	27,846	27,846	7,916	19,930	28%

Lifetime Capital Plan

<u>Phase</u>	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 & Committed <i>[(e+f)/d]</i>
Agency Administration	3,867	89	(1)	3,779	2%
Preliminary Engineering	-	-	-	-	0%
Final Design	-	-	-	-	0%
Third Party	128,913	11,487	117,426	0	100%
ROW Acq. & Permits	-	-	-	-	0%
Construction	-	-	-	-	0%
Construction Services	-	-	-	-	0%
Vehicles	-	-	-	-	0%
Test and Startup	-	-	-	-	0%
Contingency	-	-	-	-	0%
TOTAL	132,780	11,576	117,425	3,779	97%

First Hill – Capital outlays of \$7.9M through the end of Q4 are 28% of the Adopted 2011 YTD budget, or \$20.0M below plan.

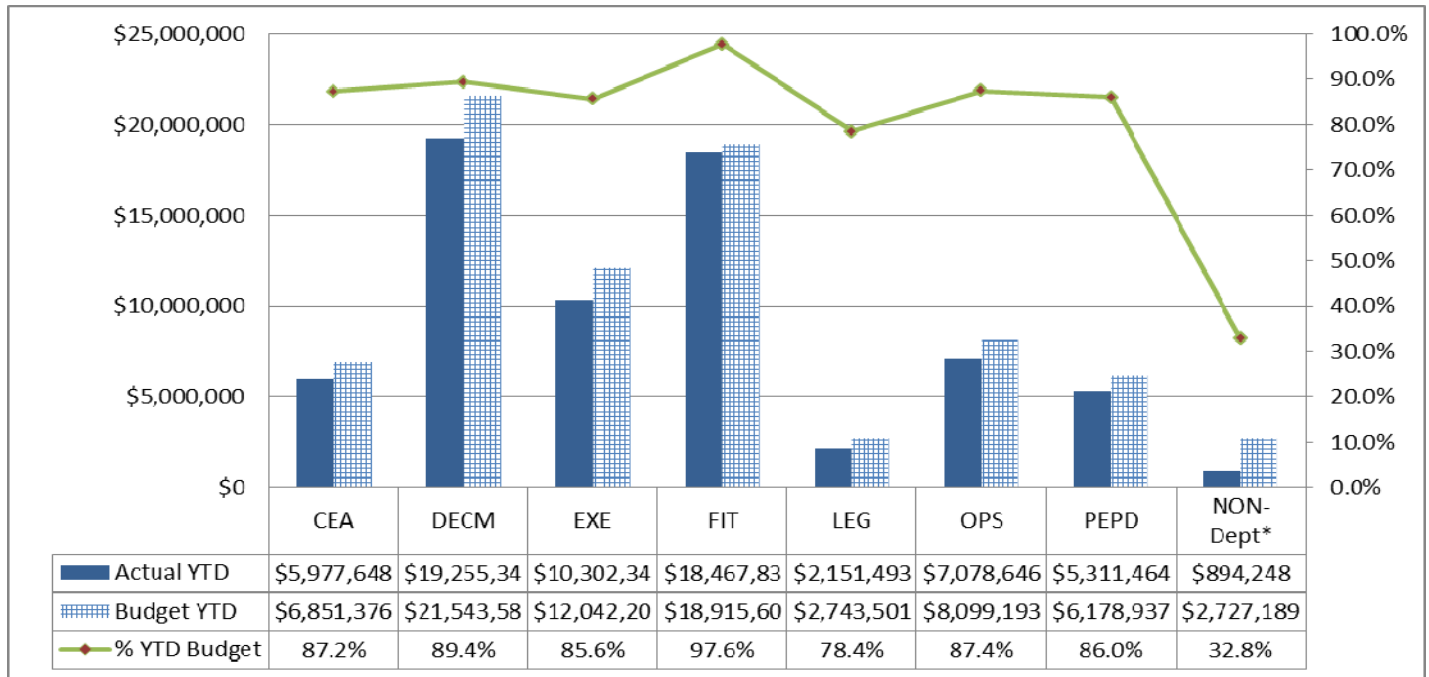
Agency Administration phase costs of \$0.1M (9%) are \$0.8M below plan as actual staffing costs were less than planned.

Third Party phase – City of Seattle costs of \$7.8M (29%) are \$19.2M below the plan. The last (August) forecast provided by city of Seattle dramatically exceeded the actual progress of work. As the project moves forward communication with the city of Seattle will hopefully improve and with it better forecasting.

2012 Budget that was provided by the city of Seattle in August 2011 does appear to be aligned with the actual work schedule.

Section V – Agency Staff and Other Expenses

Agency Staff Operating by Department as of December 31, 2011 Before Expense Transfers and Transfers to Other Governments



As the graph illustrates, all departments finished the year under their direct operating cost budgets by a total of \$9.6M or 12%. In 2010 direct operating costs were \$6.3M or 9% less than budget.

Agency Staff and Other Expenses as of December 31, 2011 Before Expense Transfers and Transfers to Other Governments

	Q1 2011 Actuals	Q2 2011 Actuals	Q3 2011 Actuals	Q4 2011 Actuals	2011 Actuals	2011 Budget	2011 Budget Remaining	YTD 2011 % Budget
Staff Operating Expenses								
Salaries and Benefits	12,093	11,568	12,969	13,839	50,468	56,398	5,929	89%
Services	2,353	2,083	2,665	2,568	9,668	12,215	2,547	79%
Materials and Supplies	253	289	247	712	1,502	1,465	(37)	103%
Insurance	401	552	553	554	2,059	2,334	275	88%
Miscellaneous Expenses	208	490	485	852	2,035	2,915	880	70%
Leases & Rentals	780	744	789	794	3,106	3,019	(87)	103%
Other Expenses	119	177	147	158	600	751	151	80%
Interest Expense	0	0	-	0	1	5	4	14%
Staff Operating Expenses	\$ 16,206	\$ 15,902	\$ 17,854	\$ 19,476	\$ 69,439	\$ 79,102	9,663	88%
Agency Admin Allocations	(10,978)	(11,449)	(11,780)	(12,203)	(46,410)	(54,803)	(8,393)	85%
Total Staff Operating Expenses	\$ 5,228	\$ 4,454	\$ 6,074	\$ 7,273	\$ 23,029	\$ 24,298	1,269	95%
Other Expenses								
Debt Service Costs	12,724	11,761	10,995	8,248	43,729	59,800	16,071	73%
Non-Capitalizable LOB Expenses	39,866	11,142	21,154	17,076	89,238	50,924	(38,314)	175%
Depreciation & Amortization	506	662	612	984	2,763	1,884	(879)	147%
Regional Fund Projects	147	(32)	139	33	287	1,476	1,190	19%
STart	3	27	12	10	53	42	(12)	128%
Transit-Oriented Development	55	62	(10)	140	247	470	223	52%
Total Other Expenses	\$ 53,301	\$ 23,623	\$ 32,902	\$ 26,491	\$ 136,317	\$ 114,596	(21,721)	119%
Grand Total Operating Expenses	\$ 58,530	\$ 28,076	\$ 38,976	\$ 33,764	\$ 159,346	\$ 138,894	(20,452)	115%

Staff Operating Expense Notes

Staff operating expenses finished the year \$9.6M or 12% below budget. Factors contributing to this positive variance are: salary and benefit costs are \$5.9M or 11% under budget and service related costs are \$2.5M or 21% under budget. The salary and benefit savings are a direct result of staff vacancies that at years end totaled 42 or 7.7%. Service related savings are a result of several factors including timing, increase use of in-house services and actual needs were less than anticipated.

Other Expenses Notes

Other expenses finished the year \$21M or 19% over budget due to an increase in non-capitalized expenses which were \$38M or 75% more than originally planned due to the donation of completed capital projects. The Mountlake Terrace Flyover was donated to WSDOT, Edmonds Station North Lot was donated to Community Transit, and the Kirkland Transit Center was donated to the city of Kirkland.

Debt service costs finished the year \$16M or 27% under budget which reflects a current assumption of full capitalization to capital projects.

Staffing Plan by Department as of December 31, 2011

	Staffing Plan	Filled Positions	Open Positions
AGENCY ADMINISTRATION			
COMMUNICATIONS & EXT AFFAIRS	32.75	32.75	0.00
DESIGN, ENG & CONST MGMT	186.00	172.00	14.00
EXECUTIVE	86.00	78.00	8.00
FINANCE & INFO TECHNOLOGY	94.00	86.00	8.00
LEGAL	15.00	12.00	3.00
OPERATIONS	57.00	54.00	3.00
PLANNING, ENV & PROJECT DEV	42.00	39.00	3.00
Agency Administration Total	512.75	473.75	39.00
SERVICE DELIVERY			
IT TRANSIT SYSTEMS	11.00	9.00	2.00
OPS CENTRAL LINK LIGHT RAIL	6.00	6.00	0.00
OPS SOUNDER	5.00	5.00	1.00
OPS ST EXPRESS	3.00	3.00	0.00
OPS TACOMA LIGHT RAIL	18.00	18.00	1.00
Service Delivery Total	43.00	39.00	4.00
Total Sound Transit Staff	555.75	512.75	43.00

Agency staffing finished 2011 with a 7.7% vacancy rate which is the lowest rate since 2005 and almost identical to 2010 vacancy rate of 7.8%.