



**SOUNDTRANSIT**



***Central Puget Sound  
Regional Transit Authority***

***2013 Financial Plan  
(June 2013)***

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## 2013 FINANCIAL PLAN (June 2013)

### EXECUTIVE SUMMARY

The Central Puget Sound Regional Transit Authority's *Financial Plan* represents Sound Transit's long-range strategic plan updated annually to validate and confirm the adequacy of funding available to construct, operate and maintain transit programs approved by voters in 1996 (*Sound Move*) and 2008 (ST2). The 2013 *Financial Plan* reflects the estimated impact of the current economic recession on projected agency revenues and expenditures.

As a result of the "Great Recession", agency revenues are now estimated to be \$4.7 billion, or 30 percent, below the 15-year financial forecast included in the 2008 voter-approved plan. Due to this decline in forecast revenue, it is no longer possible to complete all ST2 programs by 2023, as was originally contemplated in the plan approved by voters.

The Board of Directors has comprehensively reviewed the agency's capital and operating plans in light of the projected revenue shortfall. This review resulted in a revised capital expansion program in which funding for certain programs has been delayed, reduced or suspended. This *Program Realignment* is fully reflected in the Agency's 2013 *Financial Plan*.

Sound Transit's *Financial Plan* is based on several underlying policies adopted initially as part of *Sound Move* and subsequently amended by the Board of Directors in July, 2008. These policies preserve the principle of Subarea Equity, whereby expenditures benefiting a given subarea are commensurate with tax revenues contributed by that subarea.

Policies are also in place at the agency level which ensure the adequacy of operating reserves, debt service coverage ratio, and necessary system-wide funds to safeguard the ongoing performance of the agency's mission.

### Financial Policies

The Financial Plan is based on the following principles, which are documented in the agency's financial policies and included in Appendix "B" to the Plan. The financial policies provide the framework for responsibly completing all high capacity transit programs and are the tools used by the Sound Transit Board to respond to future economic conditions.

**Distributing Revenues Equitably:** Subarea equity is defined as utilizing local tax revenues for transportation programs and services that benefit the residents and businesses of a subarea generally in proportion to the level of revenues contributed by that subarea. Subareas may fund projects outside their geographic boundary only when the project benefits the residents and businesses of the funding subarea. For more detailed revenue and expenditure information, see "Notes" in Appendix "A".

**Financial Management:** Sound Transit maintains policies governing debt, investment management, risk management, state-of-good repair replacement, fares, and operating expenses to ensure effective utilization and deployment of voter-approved tax revenues.

Key financial policies are as follows:

- Minimum agencywide net debt service coverage ratio of 1.5 or greater in any year (or below subarea limits as established by the board);
- Maintain a two-month operating and maintenance cost reserve for each subarea;

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- Limit the amount of debt financing within each subarea to each subarea's ability to repay debt after covering operating costs;
- Manage the agency's debt capacity on a consolidated basis; and
- Allow the use of short-term debt to bridge the gap between the timing of expenditures and the receipt of revenues.
- Target farebox recovery rates as follows: Light Rail – 40.0%; Commuter Rail – 23.0%, and Regional Express Bus – 20.0%

**Public Accountability:** Sound Transit has engaged independent auditors and appointed a citizen oversight committee to monitor performance in carrying out its public commitments. In addition, Federal Transit Administration agents are assigned to oversee financial and project management functions and conduct process reviews of planning, design, and implementation of major capital projects to ensure compliance with all federal guidelines.

**Voter Approval Requirement:** The Sound Transit Board recognizes that the taxes approved by voters are intended to implement a regional transit system and to provide permanent funding for its future operations, maintenance, capital replacement, and debt service. Although the board has the authority to fund ongoing costs through a continuation of the local taxes authorized by the voters, the board pledges that, after the voter-approved plan is completed, subsequent capital expansion programs requiring continued local taxes at rates above those necessary to operate, and maintain the system and retire related debt will require approval by a vote of the citizens within the Sound Transit District.

**Sales Tax Rollback:** Upon completion of all voter approved transit projects, the Sound Transit Board will initiate steps to roll back the rate of sales and use tax collected. First, an accelerated payoff schedule will be established for any outstanding bonds whose retirement will not otherwise impair or affect the ability to collect tax revenue. Once all debt is retired, Sound Transit will implement a tax rollback to a level necessary to pay for system operations and maintenance, fare integration, capital replacement and ongoing system-wide costs and reserves.

**Risk Analysis:** The Financial Plan is based on a number of assumptions and projections of key variables such as cost inflation, revenue growth, interest rates and availability of federal funds. Although adequate contingency factors have been included in all these key variables, the financial forecasts are still vulnerable to periods of economic recession, and/or "spikes" in the cost of labor or construction materials. Although the 2013 *Financial Plan* reflects adequate cash flow, cash reserves and debt coverage to meet all financial obligations, a slower economic recovery or "double-dip" recession beyond that already factored in to the Financial Plan would most likely require further down-sizing or delay to the roll out of the ST2 program.

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### INTRODUCTION

This report contains the *2013 Financial Plan* for the Central Puget Sound Regional Transit Authority (Sound Transit). The enclosed reflects the agency's plan to fulfill its mission to implement affordable high capacity transit programs approved by voters in 1996 and 2008. The plan assumes completion of all affordable capital projects by year end 2023 and provides sufficient funding to ensure continued operation and maintenance of the transit system thereafter.

### Description of Sound Transit

Sound Transit, the Central Puget Sound Regional Transit Authority, was created in 1993 pursuant to State enabling legislation (RCW 81.112). It is a special-purpose metropolitan municipal corporation, responsible for the construction and operation of high-capacity public transportation systems within its district. The Sound Transit district comprises five subareas within the contiguous urbanized areas of Snohomish, King, and Pierce counties (see Figure 1 on page 5). The district is home to approximately 2.7 million people or 80% of the three-county population.

### Existing Sound Transit Service

In November 1996 voters approved a Regional Transit System Plan – *Sound Move* – that extends from 1997 through 2016. The plan incorporates elements of commuter rail, express bus and light rail service into a comprehensive high capacity transit system. Funding to complete this transit system was secured in 1996 when voters approved the following new taxes: 0.4% Sales & Use Tax; 0.3% Motor Vehicle Excise Tax, and 0.8% tax on Rental Car fees. To date, the Transit Authority has implemented the following services:

1. 74 miles of commuter rail service providing 9 round-trip train trips daily between downtown Seattle and Tacoma and 4 round-trip trains daily between Seattle and Everett serving approximately two million annual passenger trips;
2. 24 express bus routes with a fleet of 240 buses serving about 12 million annual passenger trips;
3. A 1.6-mile light rail line in Tacoma serving approximately 900,000 annual passenger trips;
4. Associated stations, park-and-ride lots and transit access ramps.
5. In addition, Sound Transit began revenue service on 13.4 miles (double-track) of Link light rail line from downtown Seattle to Tukwila in July 2009 and through to SeaTac Airport in December 2009. The agency is also in the process of constructing another 3.2 miles of light rail alignment from downtown Seattle to the University of Washington which is expected to open in 2016.

### Voter Approved Service Expansions

In November 2008 voters approved an extensive program of transportation projects to be implemented over the 15-year time period from 2009-2023. This plan when fully implemented will add 34 miles of light rail extending from the University of Washington through Northgate and on to Lynnwood, to Redmond's Overlake Transit Center to the east, and to Highline Community College and Redondo/Star Lake to the south. The plan increases Seattle to Lakewood Sounder commuter rail service by adding four new daily round trips. The plan also includes expansion of regional express bus routes expanding service by 10 to 30 percent in key corridors.

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### **Governance**

Sound Transit is governed by an eighteen-member board consisting of the Secretary of Transportation for the State of Washington and seventeen locally elected city and county officials who are appointed by the legislative authority of each of the member counties, based on nominations from the respective county executives. Each county has one representative per 164,000 residents within the Sound Transit district. Currently, there are 10 representatives from King County, 4 from Pierce County, and 3 from Snohomish County.

The board structure defined in RCW 81.112 was designed to establish linkages between Sound Transit and other governmental entities that will foster efficient coordination and delivery of transportation services. As noted above, the WSDOT Secretary automatically serves on the Sound Transit Board and, of the county appointees, one must be an elected official from the county's largest city, and at least half the appointees shall also be members of the legislative authority of a local transit system.

Major actions of the board require a two-thirds majority. These actions are defined by State law to include at least the following: System plan adoption and amendment, system phasing decisions, authorization of annexations, modification of board composition and employment of the Chief Executive Officer.

### **Relationship to Local Transit Systems**

Sound Transit is an independent regional transit authority. Four other transit agencies operate public transit services within the Sound Transit district: King County Metro, Pierce Transit, Community Transit, and Everett Transit. Sound Transit's Regional Express Bus services are operated by King County Metro, Pierce Transit and Community Transit under joint operating agreements. In addition, Sound Transit has contracted with King County Metro to operate the Initial Segment of the Link light rail system. The Sounder Commuter Rail service is operated through a contract with Burlington Northern Santa Fe (BNSF). Sounder commuter rail cars and locomotives are maintained under a contract with Amtrak.

### **Financial Structure**

Sound Transit financial statements are maintained in accordance with methods prescribed by the Washington State Auditor under authority of RCW Chapter 43.90. Sound Transit uses Budgeting, Accounting, and Reporting Systems for proprietary type districts in the State of Washington as well as Generally Accepted Accounting Principles established by the Government Accounting Standards Board. Propriety funds are accounted for using the accrual basis of accounting. Therefore, revenues are recognized when earned, expenses are recognized when incurred. Fixed assets are capitalized when purchased, and long-term liabilities are accounted for as incurred. Funds are accounted for on a cost of service or capital gains measurement focus. This means all assets and all liabilities (whether current or non-current) associated with Sound Transit's activities are included on its balance sheets. Note, however, that the Financial Plan is maintained on a cash basis in accordance with federal guidelines (see *Finance Plan Assumptions and Methodology* section below).

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### Financial Policies and Controls

The *ST2 Plan* approved by the Board of Directors preserves the financial policies and controls set forth in the voter-approved *Sound Move* transportation and financing plans. Chief among these is a commitment to subarea equity. State law requires high-capacity transit system plans to include an equity element that identifies: (i) revenues anticipated to be generated by corridor and by county; (ii) the phasing of construction and operation of facilities and services in each corridor; and (iii) the degree to which the revenues generated within each county will benefit the residents of that county.

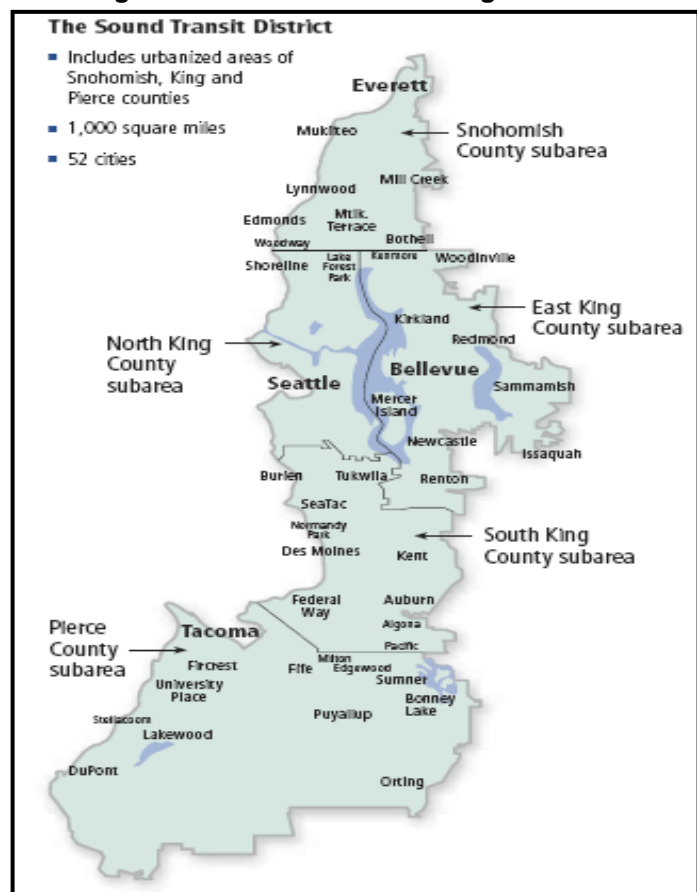
The financial policies state that equity will be defined as “utilizing local tax revenues and related debt for projects and services which benefit the subareas generally in proportion to the level of revenues each subarea generates.” The Sound Transit district is divided into five subareas – Snohomish, North King, South King, East King, and Pierce (See Figure 1 below). In adopting the plan, the Sound Transit Board agreed that the facilities, projects, and services identified in the original voter approved plan represent a reasonable definition of equity for purposes of satisfying both public policy concerns and statutory requirements.

Following are the key financial policies adopted with the Financial Plan:

- Require an average net debt service coverage ratio of 1.5 time or greater in any year of the financial plan;
- Maintain a two-month operation cost reserve for each subarea;
- Manage the agency’s debt capacity on a consolidated basis; and
- Allow the use of short-term debt to bridge the gap between the timing of expenditures and the receipt of revenues.

System-wide expenditures that benefit all subareas are funded by an equal percentage of local tax revenues contributed by each of the five subareas plus interest earnings. These elements include the agency administration, integrated fare program, innovative technologies and planning for future capital investments that will be placed before the region’s voters.

**Figure 1 – Sound Transit Taxing Districts**



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### Financial Oversight

**Annual Financial Statement and Independent Auditor's Report:** At the close of the fiscal year on December 31, management produces a financial statement and an independent auditor's report including balance sheet, statements of revenues and expenses, findings (notes to the financial statements) and formal opinion. This report is presented to the Board of Directors.

**Annual Single Audit Report** As a recipient of federal funding, Sound Transit is required to engage an independent auditor to review compliance with U.S. Office of Management and Budget Circular A-133. This directive specifies accounting procedures and internal controls to insure that federal funds are managed in compliance with federal laws and regulations. This report is presented to the Board of Directors.

**FTA Triennial Review:** At a minimum of three-year intervals, the Federal Transit Administration (FTA) conducts a review to ascertain Sound Transit compliance with 23 functional requirements of agencies receiving federal funds. These include activities such as procurement, fare policy, drug free workplace, financial control and disadvantaged business enterprise.

**Project Management Oversight Committee:** For major construction projects under a Full Funding Grant Agreement (FFGA), FTA contracts with an independent firm to monitor engineering design, cost estimates and construction/procurement practices. FFGA projects include the Link light rail system from SeaTac to the University of Washington.

**Financial Management Oversight (FMO):** Is provided by a financial expert under contract to FTA. This specialist reviews financial plans to verify that all assumptions and calculations are reasonable and in accordance with FTA Guidance for Transit Financial Plans. The FMO consultant also requires that Sound Transit conduct "stress tests" to validate that the agency has sufficient capacity to meet all financial obligations even in the event that costs are higher or revenues lower than assumed in the Financial Plan.

**Citizen Oversight Panel:** This is a volunteer body appointed by the Sound Transit Board to oversee and monitor implementation of *Sound Move* and *ST2*. The panel monitors performance of Sound Transit and reports to the Board two times per year on findings and recommendations for improvements to ensure the success of agency plans and investments.

**Annual Report on Subarea Equity:** One of the key commitments of *Sound Move* and now *ST2* is to assure that Sound Transit delivers a fair share of investments to each of the five geographic subareas commensurate with their contributions of tax-based revenues to the Authority. To insure that this concept is maintained, Sound Transit engages an independent auditor to review the subarea reports for compliance with agreed-upon procedures for allocation of resources among the subareas. The findings of this report are presented to the Citizens' Oversight Panel and the Board of Directors.

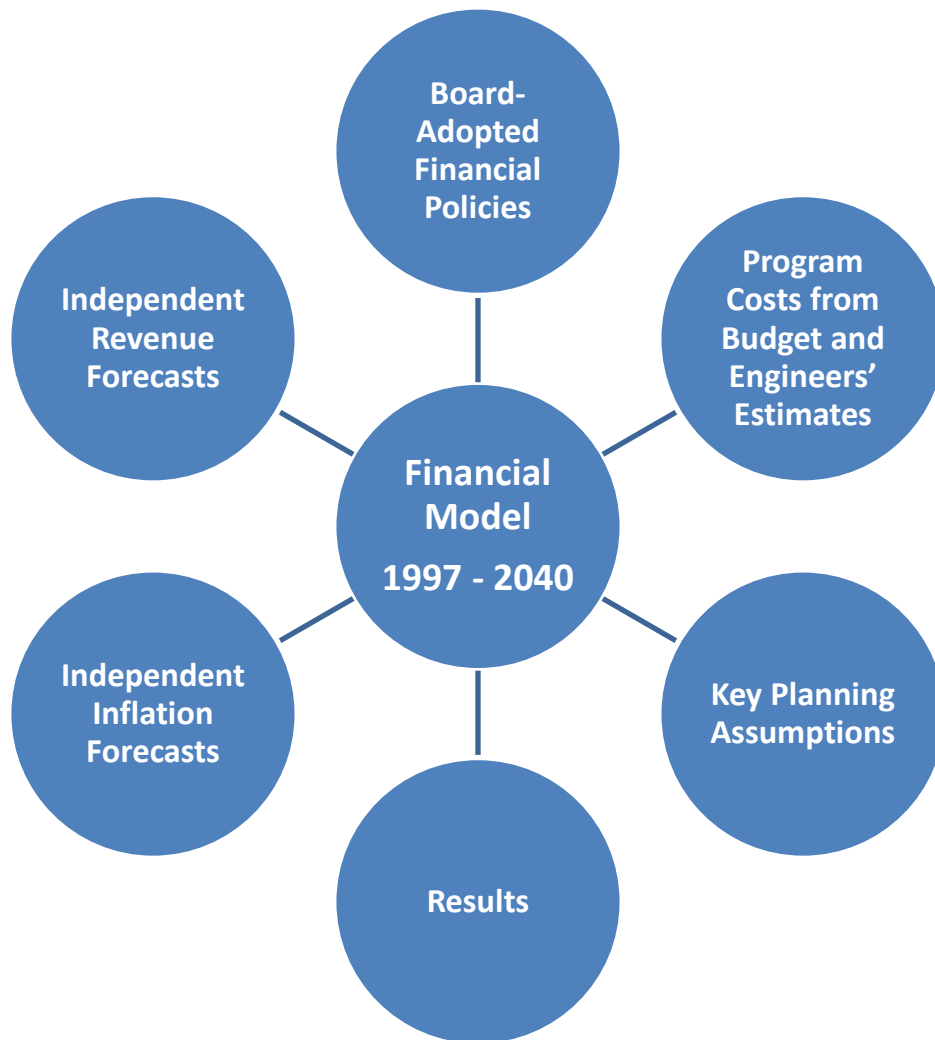


**FINANCIAL PLAN ASSUMPTIONS AND METHODOLOGY**

The long-term *Financial Plan* is produced in accordance with the Federal Transit Administration’s (FTA) “Guidance for Transit Financial Plans.” The plan is maintained on a cash basis. It states and projects all agency sources and uses of funds for the period 1997-2040 with special focus on 2009 – 2023 which is the ST2 start to completion time period. The *Financial Plan* presents the agency’s operating statements, sources and uses statements, debt amortization and capital replacement funding schedules for the period 1997-2040. The *Financial Plan* incorporates the agency’s most current proposed or board-adopted operating budget and long-term capital and operating plans for ST Express bus, Sounder commuter rail and Link light rail as included in both the Sound Move and ST2 voter approved programs.

At the heart of the *Financial Plan* is the Financial Planning Model. This model incorporates all financial policies, assumptions, revenue forecasts and program cost estimates needed to calculate cash flow, bond issues and key performance indicators (e.g., cash balances and debt service coverage ratios) over the long range planning horizon. The diagram below illustrates the concept of the model.

**Key Elements of Financial Plan**



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### Funding Sources

#### Local Taxes

The State enabling legislation defines the taxes that may be levied by a regional transit authority. These include: (1) Retail sales and use tax of up to 0.9%; (2) Motor vehicle excise tax (MVET) of up to 0.8%; (3) Employer tax of up to \$2.00 per employee per month; and (4) Sales and use tax of up to 2.172% on taxable retail car rentals. The first three taxes may be levied based on a simple majority vote within the regional transit district. The car rental tax may be implemented by board action only if voters have approved the levy of a motor vehicle excise tax. The regional transit authority can pledge the revenues from any of these taxes to the repayment of bonds issued for high-capacity transit purposes. Once approved by voters, the taxes may be implemented by a vote of the board and may continue in perpetuity at the board's discretion.

A sales and use tax of 0.4% and an MVET of 0.3% were approved for Sound Transit's use in a November 1996 referendum. Subsequent to this referendum, the board also authorized a rental car tax of 0.8%. Approval of these taxes was in connection with the *Sound Move* Ten-Year Regional Transit Plan, adopted by the Sound Transit Board in May 1996. In November 2008, voters approved increasing the sales tax rate to 0.9%, to provide funding for the Phase 2 (ST2) plan.

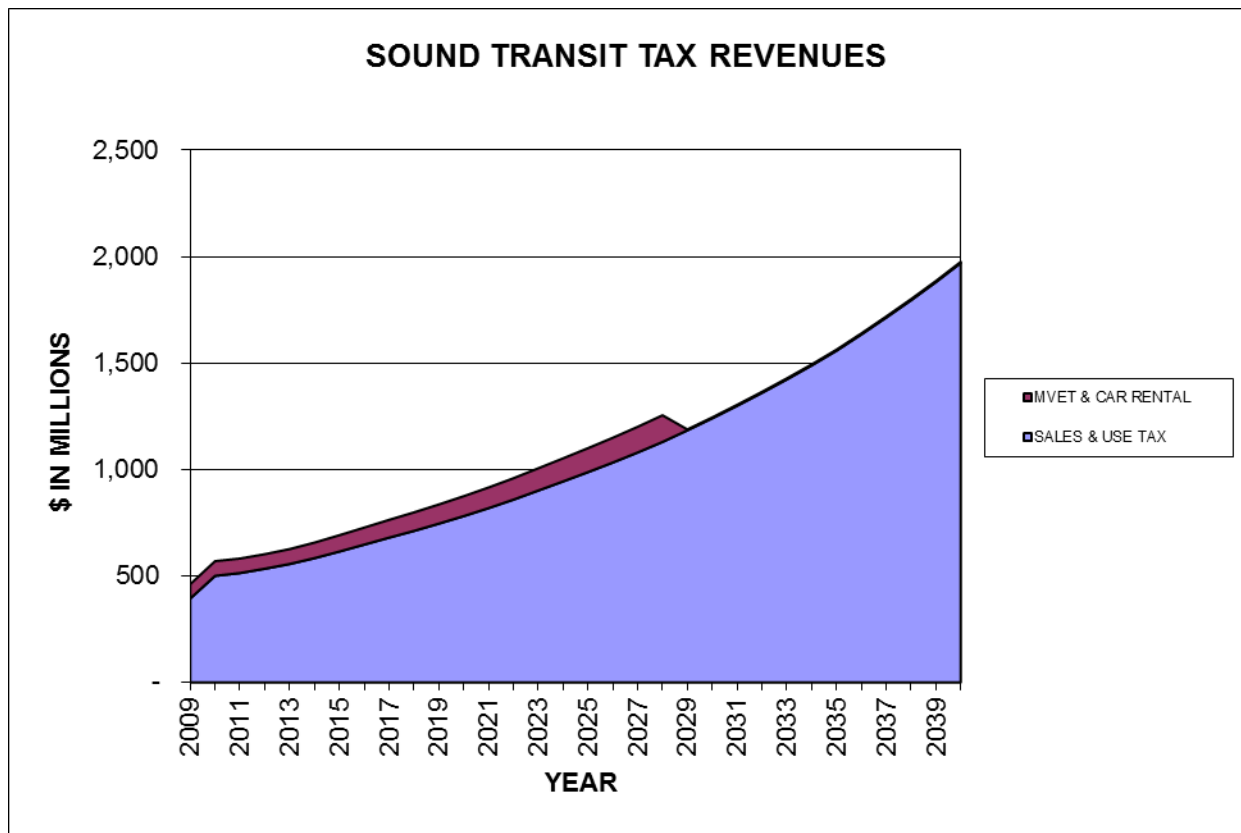
Neither the sales and use tax nor the rental car tax has a sunset provision; however, the Sound Transit MVET collections will expire at the end of 2028. Once the capital portion of all voter approved programs is complete, the board will roll back tax rates to a level sufficient to generate the funds necessary to retire outstanding bonds, fund asset replacement, and to perpetually operate and maintain the facilities and services implemented as part of the current system plan approved by voters.

Forecasting tax revenues for the Sound Transit district presents unique challenges, as the agency's jurisdictional boundary does not correspond to any other economic reporting entity. The district includes incorporated and unincorporated areas in three counties – King, Pierce and Snohomish. Sound Transit receives forecasts of sales and motor vehicle excise tax revenue bases at the county level from Dick Conway and Associates. The tax base forecasts are based on economic and population projections from the Puget Sound Economic Forecasting Model, a regional econometric model of King, Pierce, Snohomish and Kitsap counties. The variables used to predict taxable retail sales include Puget Sound personal income, housing permits and the unemployment rate. The motor vehicle excise tax base is forecast based on predictions of motor vehicles by type, driving-age population and the unemployment rate, as well as the expected average value of motor vehicles. These forecasts project an average annual growth rate of approximately 3.99% for sales tax and 2.78% for MVET tax bases over the period 2009 to 2023.

The countywide tax base forecasts are then allocated to the Sound Transit subareas based on historical data from the State Department of Revenue and the State Department of Licensing.

Figure 2 on the next page and Appendix B present annual tax revenue forecasts through 2040. The steep rise from 2008 to 2010 reflects the change in Sound Transit sales tax rate from 0.4% to 0.9%, effective April 1, 2009.

Figure 2 – Sound Transit Tax Revenues



**Ridership and Fare Revenues**

Fare revenues are a product of transit ridership and fare prices. Ridership in turn, is a result of transit service provided, as well as a number of other factors. In the near term, ridership can be estimated based on past trends and the amount of transit service to be provided (e.g. routes, service frequency, parking capacity at park-and-ride facilities, etc.).

For long-range ridership forecasts, including light rail, the Sound Transit travel demand forecasting model (ST Model) is used. In the ST Model, transit ridership forecasts are based on observed origins and destinations of transit riders, observed transit line volumes, and a realistic simulation of observed transit service characteristics. The ST Model is executed in three stages. In Stage 1, regional changes in demographics (households and employment) are taken into account. In Stage 2, changes in transit and highway travel times, which reflect congestion levels, and cost factors such as parking costs, transit fares, and household income are taken into consideration. In Stage 3, incremental changes to the transit network such as addition of light rail services offered are incorporated, and a forecast of zone-to-zone transit trips is prepared for the region. Each light rail alternative ridership forecast is paired with a comparable baseline ridership forecast so the effects of incremental changes in the transit network can be clearly measured.

**Table 1**  
**Sound Transit Ridership**  
 (Millions of boarding passenger trips)

	<b>2012</b>	<b>2013</b>	<b>2020</b>	<b>2030</b>
Sounder Commuter Rail	2.7	2.8	4.1	5.2
ST Express Bus	15.3	15.3	14.5	11.9
Link Light Rail*	8.7	9.2	27.9	83.9
<i>Total</i>	26.8	27.2	46.5	100.9

\* Excludes Tacoma-Link

The *Financial Plan* assumes the agency continues to collect fare revenues from Sound Transit operations — ST Express bus, Link light rail and Sounder commuter rail. The agency does not collect fares for Tacoma Link. Fare revenue forecasts are based on ridership forecasts and assumptions regarding fare levels and price elasticity. The future fare structure assumes the following characteristics:

- Fares will be structured with a base fare plus an increment based on the distance (zone) traveled, similar to the fare structure approved by the board of directors for Sounder and Link light rail.
- Sound Transit fares will compare to bus fares of other transit agencies serving the three counties, including zone fares;
- There will be no charge for bus-rail transfers;
- There will be discounts offered to seniors and youth; and
- Monthly passes and employer passes will be sold at a discount.

In addition, fares are assumed to generally increase with inflation over time or increased as needed to maintain board-adopted fare recovery ratios.

Allocation of regional fare revenue to Sound Transit from collections through the ORCA card system are based an inter-local agreement reached between Sound Transit, Community Transit, Everett Transit, King County Metro and Pierce Transit.

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Table 2 below shows the fare revenue forecast for selected years. Appendix B shows the agency-wide fare revenue forecast from 2009 - 2040.

**Table 2**  
**Sound Transit Fare Revenues**  
(Millions)

	2012	2013	2020	2030
Sounder Commuter Rail	\$9.5	\$8.8	\$14.4	\$17.3
ST Express Bus	\$30.63	\$29.5	\$28.0	\$24.4
Link Light Rail*	\$14.0	\$14.1	\$43.3	\$101.0
<i>Total</i>	\$54.1	\$52.4	\$85.7	\$142.7

### Grants

Federal funding is generally secured through conventional Federal Transit Administration (FTA), Federal Highway Administration (FHWA) and Federal Railroad Administration programs currently authorized under the Safe, Accountable, Flexible, and Efficient Transportation Efficiency Act: A Legacy for Users (SAFETEA-LU) and future authorizations. Funding will be secured through both congressional appropriations and regional/national grant competitions. Funding awards are still provisional, subject to annual Congressional budget appropriations.

**Table 3**  
**Sound Transit Grant Funding Assumptions 2009 - 2023**

Funding Category	2009 - 2023	Secured Through 2012	Anticipated Funding
Section 5309 New Starts UW Link FFGA	\$813,000,000	\$405,286,000	\$407,714,000
Section 5309 New Starts Northgate Link Extension	600,000,000	-	600,000,000
FTA Section 5307	346,288,000	39,424,443	306,863,557
FTA Section 5309 Fixed Guideway	269,000,000	75,502,274	193,497,726
Congestion Mitigation / Air Quality (CMAQ)	100,000,000	17,651,278	82,348,722
FTA Section 5309 Small Starts	50,000,000	-	50,000,000
State / WSDOT Regional Mobility	60,000,000	18,936,768	41,063,232
Other Competitive (STP, FRA, Clean Fuels, JARC, etc.)	50,000,000	11,054,129	38,945,871
FTA Section 5309 Bus Discretionary	45,000,000	13,015,000	31,985,000
FRA High Speed Rail (Through WSDOT)	42,900,000	42,900,000	-
<b>Total</b>	<b>\$2,376,188,000</b>	<b>\$623,769,892</b>	<b>\$1,752,418,108</b>

Note that above amounts are on a *grant awards* basis, and may be slightly larger than similar amounts shown in Sources & Uses tables on a *grant drawdown* (cash) basis due to the anticipated delays in actually receiving grant funds, which are on a reimbursement basis.

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### Interest Earnings

The *Financial Plan* assumes that Sound Transit will earn a 2.5% rate of return on its cash balances throughout the planning horizon (2040). In accordance with Sound Transit financial policies, all interest earnings are credited at the agency level to offset expenditures for system-wide programs.

### State and Local Assistance

State and local financial assistance includes funds that are either granted directly to Sound Transit or are provided as a credit against taxes or fees that would otherwise be levied on construction activities by other units of government. The agency has commitments from other jurisdictions for providing funds for ST Express and Sounder projects. Such revenues are not included in the Financial Plan until agreements with other jurisdictions are signed.

### Inflation Forecasting

Three inflation forecasts are used at Sound Transit to inflate costs over time in the long-range *Financial Plan*. The Consumer Price Index (CPI-U Seattle) is applied to Operating & Maintenance expenses, and “soft” capital costs, excluding construction & land acquisitions. The CPI forecast and tax revenue base forecasts are developed by Dick Conway and Associates. The Construction Cost Index (CCI) is applied to construction-related elements of the capital program. A Seattle-area forecast of the CCI index is prepared for Sound Transit by Parsons Brinkerhoff based on projected changes to the price of a “shopping cart” of goods related to construction. A right-of-way index (ROWI) forecast is applied to property acquisition costs.

### Debt Financing

The Financial Plan assumes Sound Transit’s long-term debt will be in the form of 30-year bonds. The agency’s current bond ratings are as follows: Moody’s – Aa1 and Aa2 for senior and parity bonds respectively, and Standard & Poor’s – AAA, all bonds.

### Debt Financing Capacity

Although Sound Transit does not levy property taxes, its debt limit pursuant to State law, like that for all municipalities in the State of Washington, is based on the assessed valuation of real property located within the regional transit authority district. There are two types of bond limits — one for non-voted debt, and the other for voted debt.

Sound Transit may issue total outstanding debt in an amount up to 1.5% of assessed valuation within its district without special voter authorization.

Upon the approval of 60% of the electorate, Sound Transit could issue bonds in amounts up to 5.0% of assessed valuation.

### Bonding Assumptions

The financial policies adopted by the Sound Transit Board encourage a conservative use of debt:

For long-term planning purposes, the Sound Transit agency debt service coverage ratio policy will be set at an average coverage ratio of 2.0 for net revenues over annual debt service costs, not to fall below 1.5 in any single year. However, as voter approved plans are implemented, prudent changes to coverage ratios may be made by the Board as appropriate. Prior to bond issuance, the RTA will establish the appropriate debt service coverage ratio to incorporate into its bond covenants.

Debt service coverage ratio is the amount of revenues available after funding operating expenses divided by debt service costs.

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The Financial Plan assumes 1.25% issuance costs and 7.15% of outstanding principal set aside for bond reserves. The plan further assumes that future bonds will be issued at an average interest rate of 5.75% and that most bonds will be structured with a 30-year term, with principal payments deferred for five years. Bonds may have a non-level principal amortization structure.

### Debt-to-Equity Ratio

Title 81.104.130 of the Revised Code of Washington states that agencies providing high capacity transportation service shall determine optimal *debt-to-equity* ratios. The term “debt-to-equity ratio” is most commonly applied to publicly traded companies whereby “equity” is determined to mean *stockholders equity*. For Sound Transit, the ratio can be interpreted as follows:

- *Debt* refers to total debt issued (bonds).
- *Equity* refers to the amount of capital expenditures made (“taxpayer’s equity”).

Under these definitions, the debt-to-equity ratio would be the cumulative amount of debt incurred (dollar amount of bonds issued) divided by the amount of capital investments (dollar amount expended on capital programs). In effect, it is the proportion of capital assets funded from bond issues.

The agency debt-to-equity ratio reaches a maximum of 47% in 2024, at the completion of the ST2 capital plan, and then declines thereafter.

### Summary of Financial Assumptions

- Sales Tax Rate: 0.4% 1997 - 2009; 0.9% 2009 + (Subject to sales tax rollback, after 2024)
- Sales Tax Average Annual Growth: 4.0% 2009 - 2023
- MVET Tax Rate: 0.3% 1997 – 2028 (tax ends in 2029)
- MVET Tax Average Annual Growth: 2.8% 2009 - 2023
- Rental Car Tax Rate: 0.8%
- Rental Car Average Annual Growth Rate: 1.1%
- Average fare prices to increase generally with inflation
- Sound Transit to receive \$2.38 billion in federal grant revenues 2009 - 2023
- CPI Average Annual Cost Inflation: 2.1% (including contingency) 2009 - 2023
- CCI Average Annual Cost Inflation: 3.3% (including contingency) 2009 - 2023
- ROWI Average Annual Cost Inflation: 2.6% (including contingency) 2009 - 2023
- Interest Rate earned on General Fund and Reserve Fund balances: 2.5%
- Bond Interest Rate: 5.75%
- Bond Term: 30 years
- Interest Only Payment Period on Bonds: First 5 years
- All-in Issuance Costs: 1.25% of Par Value
- Principal Set-Aside for Bond Reserves: 7.15%
- O&M Reserves equal to two months’ O&M costs

## 2013 FINANCIAL PLAN (June 2013)

### SERVICE AND OPERATING PLAN

#### Service Implementation Plan

Sound Transit services consist of four modal elements: (1) ST Express Bus; (2) Sounder Commuter Rail; (3) Tacoma Link Light Rail; and (4) Central Link Light Rail. These elements have been consolidated under the Operations Department. The description below includes all services approved by voters under both the Sound Move and ST2 ballot propositions.

#### ST Express Bus

ST Express commenced operations in 1997, when Sound Transit assumed financial responsibility for the Seattle-Tacoma Express that had previously been funded by Pierce Transit. In September 1999, service was implemented on ten new ST Express routes followed by another major service expansion in September 2000.

ST Express Bus is currently operating 270 buses on 25 bus routes, which serve riders in King, Pierce, and Snohomish counties. Current service provides about 682,900 vehicle hours annually and carried about 14.9 million boarding passengers in 2012. ST Express buses served an average of 53,000 riders per weekday in the three-county region during the first ten months of 2012. The ST2 Plan calls for improving service frequency, expanding hours of operation and adding trips to reduce overloads. The plan projects ST Express service to maintain approximately 683,000 annual vehicle hours and then gradually decline to approximately 490,000 hours as bus service is replaced with light rail corridor expansions that become operational in 2020 and 2023.

Operation and Maintenance of ST Express bus service is provided via contracts with Community Transit, King County Metro and Pierce Transit.

Sound Transit will continue to participate with Washington State Department of Transportation (WSDOT) in developing High Occupancy Vehicle (HOV) projects as part of the I-90 corridor across Lake Washington. In addition, Sound Transit will continue to improve passenger amenities such as providing more accessible low-floor buses and developing real-time next bus arrival information at stations.

#### Sounder Commuter Rail

Sounder began revenue service in September 2000 between Seattle and Tacoma, and currently runs nine weekday round-trips in this segment, two of which are reverse commute trips which serve commuters from Seattle who work in the Tacoma area. An extension of this service to Lakewood Station began operations in October 2012 with five daily round trips between Lakewood and Seattle. The Everett-to-Seattle segment began operating in the fall of 2003 with just one weekday round-trip run. Today the North is served by four weekday round-trips. In 2012 Sounder ridership was about 2.8 million boarding passengers per year (11,500 passengers per weekday).

The 75-mile Sounder service is operated via a contract with BNSF. Sounder's fleet consists of 11 locomotives, 18 cab cars and 40 coaches. These vehicles are maintained via a contract with Amtrak.

Service expansions approved by voters in November 2008 build on earlier investments by increasing the capacity of the highly utilized Seattle to Lakewood service with up to four additional round trips will be added progressively beginning in 2013



### *2013 FINANCIAL PLAN (June 2013)*

#### **Tacoma Link Light Rail**

Tacoma Link began operations in the fall of 2003 on a 1.6-mile light rail passenger system that runs through the heart of downtown Tacoma. Current ridership is about 4,000 boarding passengers per day, or 1 million per year. This service is free to the public. Its chief function is to serve as a circulator connecting the Tacoma Central Business District and the Tacoma Dome multi-modal station. The ST2 Plan provides funding for extensions to this service.

#### **Central Link and University Link**

The Initial Segment of Central Link began revenue service in July 2009, with service operating between Westlake Station and Tukwila-International Boulevard Station in Tukwila, followed by an extension to Sea-Tac International Airport in December 2009. Central Link delivers about 71 thousand annual train hours with headways at seven and one-half minutes during peak hours. The 3.1-mile University Link segment is planned to begin revenue service from downtown Seattle to the University of Washington in 2016.

The ST2 plan approved by voters in November 2008 programs an additional 36 miles of new light rail by expanding light rail north from the University of Washington to Northgate and Lynnwood, south from Sea-Tac Airport to Highline Community College and 272nd Street, and east from Seattle through Bellevue to the Overlake Transit Center. Light rail trains will provide service to 19 planned new stations up to 20 hours a day. Service frequencies will be every 6 minutes during peak commuting periods. Once these extensions are implemented Sound Transit projects an annual ridership in excess of 75 million boarding passengers.

#### **Operating and Maintenance Costs**

Operating and maintenance (O&M) costs are projected by transit mode (bus, commuter rail and light rail) as part of the annual budget process taking into account all scheduled expansions in service. For ST Express and Sounder, these costs are forecast based on experience in contracting with the local service providers. For light rail, the O&M cost estimates are based on a cost build-up model for each function (e.g. vehicle operations, vehicle maintenance, facilities maintenance) including the cost of administration and support services. The O&M costs for the three modes of service are presented in Appendix B.

System-wide activities represent programs that are funded by interest earnings in the general fund and levies on subarea tax revenues, the latter is not to exceed ten percent per year. These include administration costs that are not allocated to the lines of business, regional fare integration costs, phase 3 planning and research and technology programs.

## 2013 FINANCIAL PLAN (June 2013)

### CAPITAL PLAN

Sound Transit's capital program includes projects for system expansion, system enhancement, rehabilitation and replacement and administration. Sound Transit updates the capital program annually as part of its comprehensive budget process.

#### Sounder Commuter Rail

The *Sound Move* capital program for Sounder was completed in 2012 when revenue service from Tacoma to Lakewood began on October, 8<sup>th</sup> of this year.

The ST2 plan approved by voter in November 2008 includes programs that will increase the capacity of the highly utilized Tacoma-Seattle service by adding four round-trip trains daily and potentially extending train lengths up to eight cars. Additional locomotives and passenger cars will be acquired to support this capacity and service expansion. Station access will be improved at Mukilteo, Auburn, Sumner, Puyallup, Tacoma, South Tacoma and Lakewood. There will be track and structure upgrades from Tacoma Dome to Reservation Junction. Funds are also included to construct, and operate a commuter rail operations and maintenance facility.

#### ST Express Bus

The ST Express capital improvement program has delivered a variety of community connection facilities including transit centers, park-and-ride lots, flyer stops and transit access improvements. These facilities improve access to the regional transit system as well as provide connections to other local transit services.

High occupancy vehicle (HOV) access projects have been implemented through a partnership between Sound Transit and WSDOT. These special access ramps make it easier for transit and carpools to use HOV lanes at some of the region's most congested freeway intersections.

Additional projects approved by voters in November 2008 as part of ST2 include a joint ST/WSDOT project for new HOV lanes and bus routes as part of the SR 520 Bridge Replacement Project, as well as Sound Transit's share of HOV projects underway on I-90 across Lake Washington and in Renton. Significant capital spending is earmarked for bus vehicle acquisition, a bus maintenance facility and related equipment.

#### Tacoma Link

Tacoma Link is a locally-funded project. This is a 1.6-mile at-grade light rail line, with five stations, including the Tacoma Dome multimodal station. Tacoma Link began service in August 2003.

#### Link Light Rail

There are three light rail alignments funded by voters in 1996: the Initial Segment of Central Link (13.9 miles), Airport Link (1.7 miles), South 200th (1.6 miles), and University Link (3.1 miles). In addition, preliminary engineering and initial planning for extending the alignment to Northgate were also funded at that time. The Initial segment began revenue service in July 2009. The Airport Link extension, connecting the Tukwila station to SeaTac Airport opened in December 2009. The University Link segment connecting downtown to the University of Washington will be completed in 2016.

Future expansion approved by voters in November 2008 will add approximately 36 miles of light rail alignment to the system by extending north from the University of Washington through Northgate on to Lynnwood, south from Sea-Tac Airport to the vicinity of the Redondo/Star Lake area near Federal Way, and east from Seattle through Bellevue to the Overlake Transit Center area of Redmond.

### *2013 FINANCIAL PLAN (June 2013)*

When all expansion programs are completed, light rail trains will arrive every 6 minutes at 19 newly constructed stations for up to 20 hours each day. Service to Northgate is expected to open by 2020, with service to Lynnwood online by 2023.

Service to downtown Bellevue and the Overlake Transit Center are scheduled to begin in 2023.

In the south, service is planned to reach the Angle Lake area by 2016, and Kent Des Moines Road by 2023. Additional extensions to South 272<sup>nd</sup> Street or the Federal Way Transit Center are under review for future development.

Funding for planning, environmental documentation, preliminary engineering and right-of-way preservation of future light rail extensions to Tacoma in the south corridor and Redmond in the east corridor was provided in the ST2 program approved in November 2008.

#### **System-Wide Activities**

Sound Transit's capital and operating programs include funding for projects that are regional in scope, including: (1) Research and Technology Fund; (2) Fare Integration; (3) Phase 3 Planning; and (4) Agency Administration capital and operating projects.

The Financial Plan also includes provision for general fund reserves, bond reserves, bond issuance costs, and a project cost contingency reserve. Sound Transit maintains O&M reserves equal to two months operating costs. Cash is managed so that a minimum \$5 million operating balance is maintained in the General Fund at all times.

#### **Debt Service**

The Financial Plan assumes that in the years following completion of all voter approved projects Sound Transit may reduce the Sales Tax rate to a level of not less than 0.8% so long as the resulting revenue is sufficient to meet all ongoing financial requirements. In order to further roll back this tax, the RTA district can begin a program of accelerating debt service payments in compliance with the sales tax rollback policy. Accelerated debt service payments will substantially reduce total long-term interest payments.

#### **Asset Management**

The Sound Transit Financial Plan provides for the replacement of key operating assets through the use of a sinking fund. Contributions to this fund began in 2009. An annual contribution to the fund is calculated for each class of asset and its replacement cycle. There may be several replacement cycles per class. The annual contribution is a fixed annual payment for each unique combination of asset class and replacement cycle.

The annual payment calculation assumes that 77% of replacement costs will be funded by Sound Transit revenues, with the remaining 23% funded from federal and local grants. The interest earnings rate is currently set to 2.5% annually. The compounding of interest earnings allows annual payments to the sinking fund to be less than the annual straight-line depreciation cost of an asset.

The replacement date for assets follows generally-accepted principles for the useful life of transit facilities and equipment. For buses the industry standard is a twelve-year replacement cycle, for Sounder and Light Rail vehicles the cycles are from "Methodology for Projecting Rail Transit Rehabilitation and Replacement Capital Financing Needs," by Robert L. Peskin, published in Transportation Research Record 1165.

## 2013 FINANCIAL PLAN (June 2013)

### FINANCIAL MODELING RESULTS

The summary results of the Sound Transit Financial Planning Model are found in Appendix “A” and represent the combined *Sound Move* and *ST2* propositions approved by voters in 1996 and 2008 respectively.

The 2013 Financial Plan reflects all of the assumptions and contingencies as detailed throughout this presentation and at present meets all criteria stated in the Financial Policies and Controls section with the exception of the minimum debt service coverage ratio, which is 1.43x, versus the 1.5x policy. Work is currently underway to identify cost savings or other strategies which will bring this metric into compliance in the DRAFT 2014 Financial Plan which will be completed in November 2013.

### KEY FINANCIAL ISSUES

#### Financial Risks

Stress tests are regularly conducted on the Financial Plan in order to assess the extent to which the agency’s plans are susceptible to not being fully met due to external risk factors. Completion of a series of these tests has confirmed that at the agency level Sound Transit has sufficient financial flexibility to withstand significant adverse financial shocks. However, on a stand-alone basis, individual subareas are more susceptible to negative financial developments than the agency as a whole.

#### Key Risk Areas

**Federal Funding:** Sound Transit has received \$500 million under a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA) for the Initial Segment project. In January 2009, FTA approved a FFGA for \$813 million for the University Link extension project. The ST2 program assumes another \$600 million of FTA discretionary funding for project(s) comprising the 34-mile Link extensions. Although this amount represents a much lower proportional share of federal participation for the future light rail system than FTA has provided for the initial 19-mile system, Sound Transit cannot be absolutely certain of any FTA discretionary funding in the future. And while the FTA has an excellent record of meeting its total obligations under its FFGAs, there is a risk that annual appropriation levels will not meet the schedule outlined in the FFGA. A delay in the receipt of federal funds will make it necessary for the agency to issue more bonds, thereby increasing debt service payments and ultimately reducing the debt service coverage ratio.

**Local Tax Revenue Growth:** Sound Transit primarily relies on an independent forecast of its local tax bases. The tax revenue forecast projects continued improvement through 2017 then stabilizing thereafter. The forecast included in the Financial Plan does not anticipate another recession through the end of the ST2 program construction phase in 2023. However, long-term economic forecasts are inherently uncertain and actual economic growth in the region could be lower than the current forecast, especially if the region experiences a period of “stagflation” (high inflation with stagnant economic growth). If revenue growth were to fall below the current forecast, the agency’s revenue collections as well as its long-term bonding capacity would be reduced. A significant reduction in local tax revenues would have a negative impact on the agency’s financial condition. See Appendix D for forecasts of tax revenues.

**Interest Rates:** The financial model assumes that the agency can, on average, borrow at 5.75% interest on its long-term bonds. If interest rates were to rise above current levels for a prolonged period of time, the cost to borrow and service debt could increase to the point that the agency’s capacity to borrow additional funds would be negatively impacted. Although current interest rates are relatively low, various factors may cause interest rates to rise in the mid to long term.

## 2013 FINANCIAL PLAN (June 2013)

**Inflation:** The Puget Sound region has experienced relatively mild price increases for general goods and services. The CPI-U is currently very low and is projected to remain in the 2.0% to 2.5% range through 2030. Sound Transit is currently experiencing a favorable “bidding climate” for project construction. However, higher energy prices due to a variety of natural, political and economic events could cause future “spikes” of unexpected inflation in the cost of construction materials.

The Financial Plan incorporates long-term, consumer price, construction cost, and real estate cost inflation forecasts provided by independent consultants or developed internally using data from external sources. The current forecast projects inflation will ease with the current recession rebound as growth returns in the 2013 – 2015 time period then settle back to historically mild levels thereafter. If inflation were to rise significantly beyond this forecast, or if Sound Transit’s construction schedules were to be delayed, the agency’s capital and operating costs would also rise beyond the current forecast. Historically, retail sales and use tax, the agency’s primary revenue source, has risen with general price levels. If sales tax revenues do increase along with rising prices, the increase in tax revenue might be sufficient to offset some portion of rising program costs. However, if the economy were to enter a period of “stagflation,” where prices rise and economic activity slows, the agency would be faced with rising program costs and declining revenues. However, this economic environment is seen as unlikely in the near to medium term. See Appendix D for forecasts of cost inflation.

**Operating and Maintenance Costs:** The Financial Plan utilizes O&M cost history rates (cost per unit of service) to project Sounder and ST Express bus services. To project Link costs, a detailed “cost buildup” model is used which estimates personnel and equipment resources needed to provide the projected service levels. The parameters for this model are developed from experiences of other transit agencies operating light rail service. It is recognized that O&M costs are affected by many factors, including partnership operating agreements and changes in operating efficiency. Fuel and power costs are subject to change depending on regional and even international market conditions. Adverse changes in these other factors may lead to higher O&M costs than projected in the Financial Plan, reducing financial capacity and flexibility.

### Sensitivity Analysis / Stress Tests

A series of sensitivity analysis or “stress tests” were conducted to assess the extent to which the agency’s ability to fulfill its voter-approved mission is at risk due to the impact of external factors on the Financial Plan.

The five stress tests conducted are as follows:

**Sales Tax Growth Rate:** This test quantifies extent to which the agency’s estimated Sales tax revenues could decline before the net debt service coverage ratio (DSCR) falls from 1.43x to a minimally sustainable level of 1.15x. At the agency level, Sales tax revenue could decline another 8.75% versus the current financial plan before net DSCR falls to 1.15x.

**Bond Interest Rates:** How much could interest rates paid on all agency bonds issued after 2009 increase before net DSCR drops to 1.15x? Interest rates would need to increase to 140 basis points to 7.15%, up from 5.75%, before net DSCR declines to 1.15x.

**Capital Cost Inflation:** How much additional capital spending could the agency absorb beyond current planning estimates before net DSCR drops to 1.15x? The agency could sustain up to \$1,475 million in additional project costs before the net DSCR declines to 1.15x.

**Grant Revenues:** How much would Grant revenues need to fall before the agency net DSCR fell to the 1.15x level? Grant revenue of approximately \$2.4 billion from 2009 – 2023 would need to decline 20% or \$475 million before net DSCR fell below the minimally sustainable level of 1.15x.

## 2013 FINANCIAL PLAN (June 2013)

**Inflation:** How much would CPI and CCI need to increase by in order to reduce agency DSCR to 1.15x?: Consumer Price Index would need to average 4.43%, from 2009 through 2023 versus the currently assumed 2.06%. The Construction Cost Index would need to average 5.90% for the same period versus 3.28% currently assumed in the Financial Plan before net DSCR drops to 1.15x.

### **Mitigation of Cost Increases or Funding Shortfall**

In the event of cost increases or funding shortfalls, there are several mitigation strategies that could be implemented.

**Apply savings from bonding:** The Financial Plan uses conservative assumptions regarding bonding and debt coverage, which are appropriate for long-range planning. However, as the agency implements the capital program, it may be possible to apply savings from debt service costs as the projects begin their construction phases.

**Changes to financial policies and financial planning assumptions:** The agency's financial policies and financial planning assumptions, such as debt service coverage and capital replacement, could be altered within prudent financial parameters to make additional resources available.

**Construction schedule extended:** Delaying the schedule could generate additional resources. In most years, tax revenues increase faster than cost inflation. Another benefit in extending the construction schedule is the postponement of operating costs and debt service costs.

**Control O&M costs:** If growth of O&M costs increase significantly above inflation, Sound Transit could find alternate providers for services or reduce the level of service on routes/runs that have high costs and/or low ridership efficiencies.

**Seek additional resources:** The Sound Transit Board is authorized to increase the Car Rental Tax up to 2.17%. This increase could generate as much as \$5 million in additional annual revenues. It is not likely that any significant additional federal or state revenues will become available and any local tax increases (other than the Rental Car Tax) would require voter approval.

### **Sources of Funds**

**Sound Transit Tax Revenues:** Sound Transit is primarily funded by three local taxes: (1) sales and use tax of 0.9% (increased by 0.5% by Proposition 1 effective April 1, 2009), (2) motor vehicle excise tax (MVET) of 0.3%, and (3) rental car tax of 0.8%. Sound Transit's combined tax revenues are projected to total \$11.1 billion during the period 2009-2023, which is down \$4.7 billion or 30% versus the forecast included as part of Proposition 1 approved by the voters in November 2008.

**Federal Grant Support:** In addition to local tax revenues, the agency expects to receive approximately \$2.5 billion in grant funding over the 2009 through 2023 time period. Of this amount, \$1.4 billion is from two discretionary grants provided by the Federal Transit Administration (FTA). One represents an existing \$813 million FFGA for the University Link light rail segment, and the other is an assumed \$600 million FFGA for the Northgate to Lynnwood light rail segment. The balance of grant revenues is expected to come primarily from FTA formula grants and other competitive grant programs.

**Operating Revenues:** Fare and Other Revenues, including interest earnings, total \$1.3 billion in the 2011 Financial Plan (2009-2023). Approximately 17% of fare revenues are forecast to come from Sounder commuter rail, 39% from Regional express bus, and 44% from Link light rail.

## CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

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### 2013 FINANCIAL PLAN (June 2013)

**Bonding:** Transit infrastructure is inherently long-lived; therefore, it is appropriate to finance some portion of their construction costs over a period consistent with a long useful life. The Financial Plan assumes Sound Transit will issue long-term debt in the form of 30 year bonds.

Sound Transit's bonds are secured by tax revenues and as such are subject to the following statutory limits: Without voter approval maximum outstanding debt cannot exceed 1½% of the aggregate assessed value of taxable real estate located within the Regional Transit Authority (RTA) district; with 60% voter approval, that maximum can be increased to 5.0%. The Sound Transit Board recognizes that its future bondholders will hold first claim against taxes pledged as repayment for outstanding bonds.

#### Uses of Funds

**Sounder Commuter Rail Capital Program:** The Sounder capital program completed the D Street to M Street extension in 2012. Service was extended by 8.7 miles to Lakewood and additional track easements, locomotives and passenger cars will be added to increase the number of round-trip trains on weekdays to 17. Access to and parking at several stations will also be improved along the Seattle to Lakewood alignment.

**Express Bus Capital Program:** ST Express Bus projects include park-and-ride lots, high occupancy vehicle (HOV) lanes/access, transit centers and vehicles. The plan also provides for additional bus routes and funding for the design of an operating and maintenance facility.

**Link Light Rail Capital Program:** Approximately 36 additional miles of voter approved light rail will be added to the 19 miles (Sea-Tac to UW) already in service or under construction. To the North light rail will extend from the University of Washington through Northgate with a terminus in Lynnwood, to the South from Sea-Tac International Airport to Angle Lake, with preliminary funding for design through to South 272<sup>nd</sup> Street or the Federal Way Transit Center, and to the East from Seattle through Bellevue to the Overlake Transit Center area of Redmond. Light rail trains will provide service to 19 new stations up to 20 hours a day with a frequency of every 6 minutes during peak commuting periods.

**Transit Operations:** Transit operations costs include the service improvements under the Sound Move program (e.g., Sounder extension to Lakewood, Link light rail from UW to Sea-Tac) as well as expanding existing and additional new services approved by the voters in November, 2008. Note that Operating and Maintenance costs related to new service will not be incurred until the new service becomes operational.

**System-wide Activities:** The Financial Plan includes funding to support projects that impact the system at large such as research and technology, fares administration, future phase planning, agency administration and other expenditures that are essential to planning for and maintenance of a regional transit system consistent with that approved by voters.

**Debt Service:** The Financial Plan anticipates the issuance of 30-year bonds as needed to provide the financial capacity required to complete all voter-approved transit programs. Debt service reflects all costs associated with issuing bonds for the 2009 through 2023 time period. Debt service will continue beyond 2023 until all bonds are fully retired. Sound Transit financial policies include provision for accelerated retirement of bonds once a capital program is completed.

**Contribution to Reserves:** The Financial Plan provides funding for the following three financial reserves: (1) bond reserves, (2) two-months' operations and maintenance reserve, and (3) capital replacement reserve.

*2013 FINANCIAL PLAN (June 2013)*

The Sources and Uses table found in Appendix A summarizes the 2009-2023 financial forecast. The 2013 Financial Plan maintains all financial policies and controls with the exception of the minimum debt service coverage targets, which is currently at 1.42x versus the policy of 1.50x.



**APPENDICES**

- A. Sound Transit Sources and Uses Summary (2009 through 2023)**
- B. Sound Transit Operating Statement**
- C. Sound Transit Sources and Uses Statement**
- D. Sound Transit Cost Indices and Revenue Growth Forecasts**



**Financial Plan - Sources & Uses Summary**

**2009 through 2023**

(YOE Dollars in Millions)

<b>Sources of Funds</b>	<b>Snohomish</b>	<b>North King</b>	<b>South King</b>	<b>East King</b>	<b>Pierce</b>	<b>System Wide</b>	<b>Total</b>
Sound Transit Tax Revenues	1,375	3,311	1,645	2,797	1,963	-	11,092
Grant Revenue - Federal / Local	111	1,576	201	293	196	1	2,377
Bond Proceeds	588	3,118	1,086	2,499	211	-	7,502
TIFIA Proceeds	-	-	-	-	-	-	-
Fares & Other Revenues	92	460	192	426	177	4	1,351
Interest Earnings	-	-	-	-	-	177	177
<b>Total Sources</b>	<b>2,166</b>	<b>8,465</b>	<b>3,123</b>	<b>6,014</b>	<b>2,547</b>	<b>182</b>	<b>22,498</b>

**Financial Plan - Sources & Uses Summary**

(YOE Dollars in Millions)

<b>Uses of Funds</b>	<b>Snohomish</b>	<b>North King</b>	<b>South King</b>	<b>East King</b>	<b>Pierce</b>	<b>System Wide</b>	<b>Total</b>
<b>Capital Expenditures</b>							
Sounder Commuter Rail	77	-	49	0.00	908		1,034
Regional Express Bus	59	-	39	298	53		448
Link Light Rail	1,089	5,097	1,146	3,772	155		11,259
Service Delivery	37	8	32	93	87	1	259
Agency Admin	-	-	-	-	-	39	39
System-wide Activities	6	27	19	36	4	109	201
<i>Total Capital</i>	<i>1,268</i>	<i>5,132</i>	<i>1,285</i>	<i>4,199</i>	<i>1,206</i>	<i>150</i>	<i>13,240</i>
<b>O &amp; M Expenditures</b>							
Sounder Commuter Rail	149	-	270	-	351		770
ST Express Bus	266	-	188	907	424		1,785
Link Light Rail	11	993	320	28	71		1,423
System-wide Activities	38	112	35	128	25	626	962
<i>Total O&amp;M</i>	<i>464</i>	<i>1,104</i>	<i>813</i>	<i>1,063</i>	<i>870</i>	<i>626</i>	<i>4,940</i>
Debt Service	206	1,546	619	581	236	-	3,188
TIFIA Debt Service	-	-	-	-	-	-	-
Bond Reserve Deposits	25	249	89	100	33	-	497
O&M Reserve Contributions	6	12	11	14	12	-	55
Capital Reserve Contributions	103	249	226	155	215	-	947
System-wide Activities	69	165	80	138	98	(551)	-
Change in Cash	25	7	(0)	(236)	(123)	(43)	(370)
<b>Total Uses</b>	<b>2,166</b>	<b>8,465</b>	<b>3,123</b>	<b>6,014</b>	<b>2,547</b>	<b>182</b>	<b>22,498</b>



Operating Statement

2013 Financial Plan

(YOE Dollars in Thousands)

	1997- 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
<b>ST District Taxes</b>										
Sales & Use Tax	1,336,157.12	219,020.19	239,784.90	259,164.10	277,423.60	273,285.55	393,909.28	500,618.58	525,430.63	545,453.70
Motor Vehicle Excise Tax (MVET)	350,928.75	64,714.22	66,308.29	70,202.60	72,011.05	70,926.65	64,644.72	66,475.85	65,428.95	66,248.60
Rental Car Tax	15,200.06	2,165.67	2,244.84	2,427.10	2,527.10	2,554.40	2,784.21	2,469.46	2,490.03	1,979.02
<b>TOTAL TAX REVENUES</b>	<b>1,702,285.92</b>	<b>285,900.07</b>	<b>308,338.02</b>	<b>331,793.80</b>	<b>351,961.75</b>	<b>346,766.60</b>	<b>461,338.22</b>	<b>569,563.89</b>	<b>593,349.61</b>	<b>613,681.31</b>
<b>Fares &amp; Other Operating Revenue</b>										
Commuter Rail	5,196.94	2,263.01	3,002.19	5,122.00	6,622.73	7,832.16	7,780.42	7,134.46	8,336.09	9,480.59
Link Light Rail	-	-	-	-	-	-	2,371.97	9,608.74	12,038.58	14,013.30
Regional Express Bus	32,747.62	10,942.52	13,033.58	13,023.00	15,406.02	17,824.52	18,895.83	20,845.81	25,741.92	30,651.60
<b>TOTAL FARES &amp; OTHER REVENUE</b>	<b>37,944.56</b>	<b>13,205.53</b>	<b>16,035.76</b>	<b>18,145.00</b>	<b>22,028.75</b>	<b>25,656.68</b>	<b>29,048.22</b>	<b>37,589.01</b>	<b>46,116.59</b>	<b>54,145.49</b>
<b>INTEREST EARNINGS</b>	<b>175,720.00</b>	<b>10,625.78</b>	<b>26,090.41</b>	<b>37,265.01</b>	<b>24,952.19</b>	<b>23,444.69</b>	<b>12,359.76</b>	<b>14,121.92</b>	<b>20,874.79</b>	<b>12,176.05</b>
<b>TOTAL OPERATING REVENUES</b>	<b>1,915,950.49</b>	<b>309,731.39</b>	<b>350,464.19</b>	<b>387,203.81</b>	<b>398,942.70</b>	<b>395,867.97</b>	<b>502,746.19</b>	<b>621,274.82</b>	<b>660,340.99</b>	<b>680,002.84</b>
<b>OPERATING EXPENSES</b>										
<b>Operating &amp; Maintenance Costs</b>										
Commuter Rail	39,696.42	16,782.36	22,376.67	24,125.18	25,849.40	32,792.28	37,787.12	33,285.10	32,566.00	33,571.26
Link Like Rail	2,757.16	7,235.48	6,538.99	7,031.48	16,421.38	9,374.39	30,684.31	68,595.78	60,098.01	56,414.77
Regional Express Bus	161,799.41	40,933.68	59,070.32	64,777.90	78,956.02	81,861.96	85,144.47	96,326.24	96,596.12	101,482.83
System-wide	79,264.63	27,655.06	29,925.41	30,119.10	19,044.85	36,434.19	21,439.21	23,801.90	23,558.84	25,422.48
<b>TOTAL OPERATING EXPENSES</b>	<b>283,518</b>	<b>92,607</b>	<b>117,911</b>	<b>126,054</b>	<b>140,272</b>	<b>160,463</b>	<b>175,055</b>	<b>222,009</b>	<b>212,819</b>	<b>216,891</b>
<b>NET OPERATING INCOME</b>	<b>1,632,433</b>	<b>217,125</b>	<b>232,553</b>	<b>261,150</b>	<b>258,671</b>	<b>235,405</b>	<b>327,691</b>	<b>399,266</b>	<b>447,522</b>	<b>463,112</b>
<b>DEBT SERVICE</b>										
Principal & Interest	80,098.00	17,163.89	29,226.54	41,929.31	41,930.01	75,940.94	83,007.16	78,819.05	89,148.62	81,199.43
<b>NET INCOME</b>	<b>1,552,335</b>	<b>199,961</b>	<b>203,326</b>	<b>219,221</b>	<b>216,741</b>	<b>159,464</b>	<b>244,684</b>	<b>320,447</b>	<b>358,373</b>	<b>381,912</b>
<b>DISTRIBUTION OF NET INCOME</b>										
O&M Reserve Contributions	20,110.92	1,384.68	1,384.68	1,384.68	1,384.68	2,243.46	7,878.78	1,364.68	8,998.73	(2,179.95)
Capital Reserve Contributions Including Interest Earnings	-	-	-	105.00	22,964.00	22,244.94	24,689.54	24,879.54	51,504.39	61,228.13
Operating Contributions to the General Fund	1,532,223.95	198,576.24	201,941.58	217,731.15	192,392.36	134,975.83	212,115.60	294,202.54	297,871.67	322,863.89



Operating Statement

2013 Financial Plan

(YOE Dollars in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUES</b>										
<b>ST District Taxes</b>										
Sales & Use Tax	556,209.35	583,656.63	614,824.52	647,294.24	680,197.11	711,765.90	745,778.13	781,261.06	818,727.49	858,419.40
Motor Vehicle Excise Tax (MVET)	67,347.36	70,350.81	73,710.44	77,044.51	80,384.35	83,715.42	86,955.03	90,189.48	93,650.23	97,217.52
Rental Car Tax	2,627.03	2,693.99	2,762.66	2,833.08	2,905.29	2,979.35	3,055.29	3,133.16	3,213.02	3,294.92
<b>TOTAL TAX REVENUES</b>	<b>626,183.75</b>	<b>656,701.43</b>	<b>691,297.62</b>	<b>727,171.82</b>	<b>763,486.75</b>	<b>798,460.66</b>	<b>835,788.45</b>	<b>874,583.70</b>	<b>915,590.74</b>	<b>958,931.84</b>
<b>Fares &amp; Other Operating Revenue</b>										
Commuter Rail	8,856.00	9,840.00	11,584.00	12,308.00	13,032.00	13,394.00	12,870.00	14,350.00	14,700.00	15,050.00
Link Light Rail	14,076.00	15,520.00	16,320.00	18,975.00	31,280.00	43,690.00	42,470.00	43,324.66	51,053.57	58,272.16
Regional Express Bus	29,529.00	30,108.00	30,687.00	31,266.00	31,652.00	32,231.00	27,599.00	27,985.00	27,788.21	26,993.38
<b>TOTAL FARES &amp; OTHER REVENUE</b>	<b>52,461.00</b>	<b>55,468.00</b>	<b>58,591.00</b>	<b>62,549.00</b>	<b>75,964.00</b>	<b>89,315.00</b>	<b>82,939.00</b>	<b>85,659.66</b>	<b>93,541.78</b>	<b>100,315.55</b>
<b>INTEREST EARNINGS</b>	<b>18,212.62</b>	<b>10,367.14</b>	<b>4,059.17</b>	<b>5,369.70</b>	<b>6,604.50</b>	<b>7,664.45</b>	<b>8,998.87</b>	<b>10,952.42</b>	<b>13,351.26</b>	<b>15,291.55</b>
<b>TOTAL OPERATING REVENUES</b>	<b>696,857.37</b>	<b>722,536.58</b>	<b>753,947.79</b>	<b>795,090.52</b>	<b>846,055.25</b>	<b>895,440.11</b>	<b>927,726.32</b>	<b>971,195.78</b>	<b>1,022,483.78</b>	<b>1,074,538.93</b>
<b>OPERATING EXPENSES</b>										
<b>Operating &amp; Maintenance Costs</b>										
Commuter Rail	47,288.78	48,528.51	50,548.63	53,389.70	56,124.37	57,961.10	59,369.67	61,836.27	63,534.17	65,213.20
Link Like Rail	68,323.53	73,635.44	81,159.70	97,361.99	100,690.54	103,699.13	106,521.96	107,027.54	129,829.43	137,662.92
Regional Express Bus	115,406.90	119,435.98	122,816.80	126,076.75	128,357.01	132,978.21	136,852.10	140,843.37	136,138.94	140,519.54
System-wide	35,118.77	41,429.60	42,219.38	43,608.23	49,477.04	47,572.26	54,242.22	58,350.72	57,266.86	55,508.37
<b>TOTAL OPERATING EXPENSES</b>	<b>266,138</b>	<b>283,030</b>	<b>296,745</b>	<b>320,437</b>	<b>334,649</b>	<b>342,211</b>	<b>356,986</b>	<b>368,058</b>	<b>386,769</b>	<b>398,904</b>
<b>NET OPERATING INCOME</b>	<b>430,719</b>	<b>439,507</b>	<b>457,203</b>	<b>474,654</b>	<b>511,406</b>	<b>553,229</b>	<b>570,740</b>	<b>603,138</b>	<b>635,714</b>	<b>675,635</b>
<b>DEBT SERVICE</b>										
Principal & Interest	98,914.92	98,398.83	116,566.64	150,422.81	187,975.61	221,234.38	264,206.38	326,475.86	403,668.46	473,871.35
<b>NET INCOME</b>	<b>331,804</b>	<b>341,108</b>	<b>340,637</b>	<b>324,231</b>	<b>323,431</b>	<b>331,995</b>	<b>306,534</b>	<b>276,662</b>	<b>232,046</b>	<b>201,764</b>
<b>DISTRIBUTION OF NET INCOME</b>										
O&M Reserve Contributions	12,355.64	3,021.19	2,640.79	4,287.14	2,673.90	1,623.76	2,424.43	1,743.85	3,033.97	1,466.41
Capital Reserve Contributions Including Interest Earnings	73,258.02	75,440.33	79,733.75	95,696.96	98,838.99	114,439.13	114,647.47	127,752.33	129,061.91	136,204.05
Operating Contributions to the General Fund	246,190.80	262,646.71	258,262.11	224,246.96	221,917.80	215,932.15	189,462.09	147,165.85	99,950.04	64,093.09



Operating Statement

2013 Financial Plan

(YOE Dollars in Thousands)

	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>REVENUES</b>									
<b>ST District Taxes</b>									
Sales & Use Tax	901,281.22	944,253.25	987,867.52	1,032,999.89	1,080,131.99	1,129,600.24	1,184,374.40	1,240,772.14	1,299,575.46
Motor Vehicle Excise Tax (MVET)	100,932.82	104,852.59	108,654.09	112,658.91	116,830.08	121,300.07	-	-	-
Rental Car Tax	3,378.91	3,465.03	3,553.35	3,643.92	3,736.80	3,832.05	3,929.73	4,029.89	4,132.61
<b>TOTAL TAX REVENUES</b>	<b>1,005,592.95</b>	<b>1,052,570.87</b>	<b>1,100,074.97</b>	<b>1,149,302.73</b>	<b>1,200,698.88</b>	<b>1,254,732.36</b>	<b>1,188,304.13</b>	<b>1,244,802.04</b>	<b>1,303,708.07</b>
<b>Fares &amp; Other Operating Revenue</b>									
Commuter Rail	14,080.00	14,400.00	15,014.40	15,647.62	15,980.54	16,313.47	16,979.33	17,318.91	17,658.50
Link Light Rail	77,858.13	86,511.56	88,931.63	91,343.41	92,681.53	96,179.12	97,618.51	101,007.18	102,528.37
Regional Express Bus	20,388.75	20,091.44	21,092.90	22,331.19	22,211.10	23,662.36	24,072.34	24,375.05	25,994.05
<b>TOTAL FARES &amp; OTHER REVENUE</b>	<b>112,326.88</b>	<b>121,003.00</b>	<b>125,038.94</b>	<b>129,322.22</b>	<b>130,873.17</b>	<b>136,154.96</b>	<b>138,670.18</b>	<b>142,701.15</b>	<b>146,180.92</b>
<b>INTEREST EARNINGS</b>	<b>16,382.57</b>	<b>16,932.39</b>	<b>20,649.48</b>	<b>25,591.11</b>	<b>30,320.74</b>	<b>35,933.97</b>	<b>42,845.40</b>	<b>47,869.39</b>	<b>54,412.44</b>
<b>TOTAL OPERATING REVENUES</b>	<b>1,134,302.40</b>	<b>1,190,506.26</b>	<b>1,245,763.39</b>	<b>1,304,216.06</b>	<b>1,361,892.79</b>	<b>1,426,821.29</b>	<b>1,369,819.71</b>	<b>1,435,372.58</b>	<b>1,504,301.43</b>
<b>OPERATING EXPENSES</b>									
<b>Operating &amp; Maintenance Costs</b>									
Commuter Rail	68,932.59	64,708.25	66,257.15	67,833.29	69,510.92	71,145.64	72,838.88	74,655.14	76,451.76
Link Like Rail	200,995.16	209,024.22	216,128.66	221,956.58	229,291.79	235,216.32	240,349.03	245,109.02	253,017.38
Regional Express Bus	106,098.83	109,585.94	112,812.58	116,083.12	119,433.70	122,906.84	126,483.21	130,184.30	134,021.51
System-wide	46,637.52	45,270.10	43,892.15	42,670.80	44,071.87	45,521.88	47,044.04	48,611.73	50,231.79
<b>TOTAL OPERATING EXPENSES</b>	<b>422,664</b>	<b>428,589</b>	<b>439,091</b>	<b>448,544</b>	<b>462,308</b>	<b>474,791</b>	<b>486,715</b>	<b>498,560</b>	<b>513,722</b>
<b>NET OPERATING INCOME</b>	<b>711,638</b>	<b>761,918</b>	<b>806,673</b>	<b>855,672</b>	<b>899,585</b>	<b>952,031</b>	<b>883,105</b>	<b>936,812</b>	<b>990,579</b>
<b>DEBT SERVICE</b>									
Principal & Interest	514,437.73	538,245.71	552,709.76	570,638.74	581,609.13	582,682.55	582,682.25	582,683.05	582,685.36
<b>NET INCOME</b>	<b>197,201</b>	<b>223,672</b>	<b>253,963</b>	<b>285,034</b>	<b>317,975</b>	<b>369,348</b>	<b>300,422</b>	<b>354,129</b>	<b>407,894</b>
<b>DISTRIBUTION OF NET INCOME</b>									
O&M Reserve Contributions	3,706.02	-	1,750.34	1,575.54	2,294.08	2,080.40	1,987.41	1,974.17	2,527.04
Capital Reserve Contributions Including Interest Earnings	152,886.44	217,530.66	236,356.34	255,946.18	285,720.89	294,766.27	329,178.07	332,206.65	347,949.92
Operating Contributions to the General Fund	40,608.11	6,141.38	15,856.41	27,511.80	29,960.42	72,501.40	(30,743.18)	19,948.51	57,416.67



Operating Statement

2013 Financial Plan

(YOE Dollars in Thousands)

	2032	2033	2034	2035	2036	2037	2038	2039	2040
<b>REVENUES</b>									
<b>ST District Taxes</b>									
Sales & Use Tax	1,360,411.95	1,423,561.22	1,489,318.91	1,558,431.94	1,634,976.08	1,714,120.92	1,795,640.70	1,881,005.30	1,970,562.66
Motor Vehicle Excise Tax (MVET)	-	-	-	-	-	-	-	-	-
Rental Car Tax	4,237.95	4,345.97	4,456.74	4,570.34	4,686.84	4,806.30	4,928.81	5,054.44	5,183.27
<b>TOTAL TAX REVENUES</b>	<b>1,364,649.89</b>	<b>1,427,907.18</b>	<b>1,493,775.65</b>	<b>1,563,002.28</b>	<b>1,639,662.92</b>	<b>1,718,927.22</b>	<b>1,800,569.51</b>	<b>1,886,059.74</b>	<b>1,975,745.94</b>
<b>Fares &amp; Other Operating Revenue</b>									
Commuter Rail	18,358.05	18,704.43	19,050.81	19,397.18	20,138.43	20,491.74	20,845.05	21,198.35	21,982.69
Link Light Rail	104,070.12	105,637.85	111,362.52	115,299.96	117,035.42	122,989.36	124,839.60	126,717.19	131,194.99
Regional Express Bus	26,419.05	27,717.97	28,161.80	29,636.47	30,096.30	31,220.40	31,690.24	32,160.08	33,608.82
<b>TOTAL FARES &amp; OTHER REVENUE</b>	<b>148,847.22</b>	<b>152,060.25</b>	<b>158,575.13</b>	<b>164,333.61</b>	<b>167,270.16</b>	<b>174,701.50</b>	<b>177,374.88</b>	<b>180,075.62</b>	<b>186,786.51</b>
<b>INTEREST EARNINGS</b>	<b>62,771.14</b>	<b>72,304.05</b>	<b>83,230.75</b>	<b>95,949.98</b>	<b>110,782.45</b>	<b>126,989.98</b>	<b>145,924.61</b>	<b>166,478.48</b>	<b>189,758.87</b>
<b>TOTAL OPERATING REVENUES</b>	<b>1,576,268.25</b>	<b>1,652,271.48</b>	<b>1,735,581.54</b>	<b>1,823,285.87</b>	<b>1,917,715.53</b>	<b>2,020,618.71</b>	<b>2,123,869.00</b>	<b>2,232,613.84</b>	<b>2,352,291.31</b>
<b>OPERATING EXPENSES</b>									
<b>Operating &amp; Maintenance Costs</b>									
Commuter Rail	78,314.05	80,281.40	82,200.18	84,191.02	86,351.13	88,444.17	90,625.16	92,963.56	95,276.22
Link Like Rail	256,565.61	264,539.51	273,326.07	280,660.48	290,165.42	298,032.23	304,900.56	311,336.31	319,900.45
Regional Express Bus	137,999.30	142,076.76	146,271.97	150,601.71	155,104.73	159,756.15	164,585.76	169,584.77	174,845.64
System-wide	51,902.47	53,626.93	55,408.46	57,253.81	59,194.70	61,196.10	63,257.54	65,391.31	67,601.32
<b>TOTAL OPERATING EXPENSES</b>	<b>524,781</b>	<b>540,525</b>	<b>557,207</b>	<b>572,707</b>	<b>590,816</b>	<b>607,429</b>	<b>623,369</b>	<b>639,276</b>	<b>657,624</b>
<b>NET OPERATING INCOME</b>	<b>1,051,487</b>	<b>1,111,747</b>	<b>1,178,375</b>	<b>1,250,579</b>	<b>1,326,900</b>	<b>1,413,190</b>	<b>1,500,500</b>	<b>1,593,338</b>	<b>1,694,668</b>
<b>DEBT SERVICE</b>									
Principal & Interest	582,685.33	582,686.06	582,684.10	582,684.76	582,686.23	582,685.08	582,682.98	582,685.73	582,685.06
<b>NET INCOME</b>	<b>468,801</b>	<b>529,061</b>	<b>595,691</b>	<b>667,894</b>	<b>744,213</b>	<b>830,505</b>	<b>917,817</b>	<b>1,010,652</b>	<b>1,111,983</b>
<b>DISTRIBUTION OF NET INCOME</b>									
O&M Reserve Contributions	1,843.17	2,623.86	2,780.35	2,583.39	3,018.16	2,768.78	2,656.73	2,651.15	3,057.95
Capital Reserve Contributions Including Interest Earnings	373,052.83	409,870.41	417,142.41	439,567.58	474,878.95	490,032.21	529,362.48	554,097.79	576,811.61
Operating Contributions to the General Fund	93,905.49	116,566.56	175,767.99	225,743.12	266,316.20	337,704.00	385,797.80	453,903.24	532,113.06



SOURCES & USES  
2013 Financial Plan

(YOE Dollars in Thousands)

	1997 - 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>SOURCES</b>										
Tax Revenue	1,702,285.92	285,900.07	308,338.02	331,793.80	351,961.75	346,766.60	461,338.22	569,563.89	593,351.00	613,681.31
Fare Revenue	37,944.56	13,205.53	16,035.76	18,145.00	22,028.75	25,656.68	29,048.22	37,589.01	46,116.59	54,145.49
Other Sources Revenue	82,649.20	7,483.80	12,530.24	29,701.90	6,208.59	5,217.39	5,351.87	2,436.85	4,950.06	3,670.55
Capital Grant Drawdowns	77,137.01	50,130.61	102,543.29	101,420.76	79,610.17	103,355.17	100,534.02	104,656.85	118,062.47	89,153.60
FTA Formula Fund Drawdowns	85,582.58	14,391.61	33,762.34	31,650.00	33,108.68	60,502.49	68,093.59	59,094.49	56,203.04	42,544.63
Bond Proceeds (less issuance cost)	347,693.00	-	399,967.84	-	463,908.34	-	399,283.38	-	-	-
TIFIA Proceeds	-	-	-	-	-	-	-	-	-	-
Interest Earned	175,720.00	10,625.78	26,090.41	37,265.01	24,952.19	23,444.69	12,359.76	14,121.92	20,874.79	12,176.05
<b>TOTAL SOURCES</b>	<b>2,509,012</b>	<b>381,737</b>	<b>899,268</b>	<b>549,976</b>	<b>981,778</b>	<b>564,943</b>	<b>1,076,009</b>	<b>787,463</b>	<b>839,558</b>	<b>815,372</b>
<b>USES</b>										
Commuter Rail Capital Costs	706,781.26	104,195.07	35,642.08	51,929.63	61,901.50	57,237.50	63,745.36	90,809.72	94,309.99	105,553.74
Light Rail Capital Costs	383,246.38	220,971.59	486,898.96	463,747.04	513,653.98	378,290.73	236,603.62	341,266.02	421,843.99	361,165.18
Regional Express Capital Costs	225,536.73	74,301.53	78,617.87	80,610.55	77,832.08	37,813.40	22,006.04	27,581.97	39,286.00	7,887.33
Service Delivery Capital Costs	-	59.42	101,801.23	1,211.95	4,544.72	22,482.11	6,690.26	46,771.65	32,606.00	40,805.53
Agency Admin Capital Costs	-	-	-	-	-	-	-	-	-	3,877.15
Systemwide Capital Costs	25,911.59	14,009.97	9,038.96	(6,034.94)	2,075.92	3,538.21	10,385.56	4,529.65	8,977.00	298.81
<b>TOTAL CAPITAL PROGRAM</b>	<b>1,341,475.96</b>	<b>413,537.57</b>	<b>711,999.11</b>	<b>591,464.23</b>	<b>660,008.19</b>	<b>499,361.95</b>	<b>339,430.85</b>	<b>510,959.01</b>	<b>597,022.98</b>	<b>519,587.73</b>
Total O&M + NC Costs	283,517.61	92,606.57	117,911.39	126,053.66	140,271.64	160,462.80	177,491.77	222,009.02	212,871.23	216,907.82
Scheduled Debt Service	80,098.00	17,163.89	29,226.54	41,929.31	41,930.01	75,940.94	83,007.16	78,819.05	89,148.62	81,199.43
Early Principal Redemption	-	-	-	-	-	-	-	-	-	-
Bond Reserve Deposits	-	-	-	-	92,133.00	-	9,386.26	-	-	(26,355.05)
O&M Reserve Contributions	20,110.92	1,384.68	1,384.68	1,384.68	1,384.68	2,243.46	7,878.78	1,364.68	8,998.73	(2,179.95)
Capital Reserve Contributions	-	-	-	105.00	22,964.00	22,244.94	24,689.54	24,689.54	45,862.39	61,228.13
Increase (decrease) in cash	783,809.78	(142,955.31)	38,746.18	(210,960.42)	23,086.95	(195,311.08)	434,124.69	(50,378.28)	(114,346.01)	(35,016.48)
<b>TOTAL USES</b>	<b>2,509,012.28</b>	<b>381,737.41</b>	<b>899,267.91</b>	<b>549,976.46</b>	<b>981,778.48</b>	<b>564,943.02</b>	<b>1,076,009.04</b>	<b>787,463.01</b>	<b>839,557.94</b>	<b>815,371.63</b>
Bond Reserve Fund Balance END	-	-	-	-	92,133.00	92,133.00	101,519.26	101,519.26	101,519.26	75,164.15
O&M Reserve Fund Balance END	20,110.92	21,495.60	22,880.29	24,264.97	25,649.65	27,893.12	35,771.89	37,136.57	46,135.30	43,955.35
Capital Reserve Balance END	-	-	-	105.00	23,069.00	45,313.94	70,003.48	94,883.02	146,387.68	207,615.81
General Fund Balance END	783,809.78	640,854.48	679,600.66	468,640.24	491,727.19	375,001.92	809,126.61	758,748.33	644,402.31	609,385.43
Total Fund Balance END	803,920.70	662,350.08	702,480.95	493,010.21	632,578.85	540,341.98	1,016,421.24	992,287.18	938,444.56	936,120.74



SOURCES & USES  
2013 Financial Plan

(YOE Dollars in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>SOURCES</b>										
Tax Revenue	626,183.75	656,701.43	691,297.62	727,171.82	763,486.75	798,460.66	835,788.45	874,583.70	915,590.74	958,931.84
Fare Revenue	52,461.00	55,468.00	58,591.00	62,549.00	75,964.00	89,315.00	82,939.00	85,659.66	93,541.78	100,315.55
Other Sources Revenue	2,676.00	1,242.47	21,115.41	35,788.84	71,389.96	86,666.76	74,184.36	1,245.34	1,275.42	1,306.13
Capital Grant Drawdowns	80,915.00	92,881.00	80,995.00	81,314.00	199,236.00	79,500.00	84,500.00	89,619.00	99,500.00	99,500.00
FTA Formula Fund Drawdowns	78,284.30	60,292.86	49,520.49	48,979.36	64,387.05	54,452.66	60,345.18	53,789.44	62,935.68	56,458.14
Bond Proceeds (less issuance cost)	-	315,881.50	687,675.25	623,082.88	548,689.56	714,945.06	1,045,900.75	1,301,416.38	1,030,174.81	582,605.25
TIFIA Proceeds	-	-	-	-	-	-	-	-	-	-
Interest Earned	18,212.62	10,367.14	4,059.17	5,369.70	6,604.50	7,664.45	8,998.87	10,952.42	13,351.26	15,291.55
<b>TOTAL SOURCES</b>	<b>858,733</b>	<b>1,192,834</b>	<b>1,593,254</b>	<b>1,584,256</b>	<b>1,729,758</b>	<b>1,831,005</b>	<b>2,192,657</b>	<b>2,417,266</b>	<b>2,216,370</b>	<b>1,814,408</b>
<b>USES</b>										
Commuter Rail Capital Costs	98,716.31	132,708.64	40,354.80	15,952.03	8,388.14	8,643.67	35,180.14	42,925.49	85,416.44	112,913.73
Light Rail Capital Costs	522,124.48	754,056.14	796,397.22	804,741.06	963,090.97	1,068,101.43	1,316,917.52	1,468,702.81	1,151,515.30	674,669.61
Regional Express Capital Costs	33,277.35	35,726.59	128,918.48	107,791.66	35,346.64	9,900.00	-	-	-	-
Service Delivery Capital Costs	39,606.09	30,650.89	45,505.81	13,857.39	993.95	1,085.37	-	-	-	-
Agency Admin Capital Costs	4,426.14	3,020.32	2,952.32	2,988.96	3,028.38	2,624.00	12,849.26	730.96	573.55	1,146.76
Systemwide Capital Costs	22,605.79	21,430.85	24,987.25	16,659.09	52,163.29	9,759.53	20,621.11	474.60	3,095.00	4,834.41
<b>TOTAL CAPITAL PROGRAM</b>	<b>720,756.15</b>	<b>977,593.43</b>	<b>1,039,115.88</b>	<b>961,990.18</b>	<b>1,063,011.36</b>	<b>1,100,114.00</b>	<b>1,385,568.03</b>	<b>1,512,833.86</b>	<b>1,240,600.29</b>	<b>793,564.52</b>
Total O&M + NC Costs	291,041.69	309,168.86	325,013.61	350,736.43	366,779.82	376,522.41	391,068.97	401,532.04	419,735.87	428,534.33
Scheduled Debt Service	98,914.92	98,398.83	116,566.64	150,422.81	187,975.61	221,234.38	264,206.38	326,475.86	403,668.46	473,871.35
Early Principal Redemption	-	-	-	-	-	-	-	-	-	-
Bond Reserve Deposits	-	22,867.17	49,781.92	45,105.98	39,720.52	51,756.03	75,714.45	94,211.63	74,576.02	42,175.74
O&M Reserve Contributions	12,355.64	3,021.19	2,640.79	4,287.14	2,673.90	1,623.76	2,424.43	1,743.85	3,033.97	1,466.41
Capital Reserve Contributions	61,839.16	59,992.27	60,136.47	71,714.33	69,593.02	79,757.01	73,671.21	80,470.45	74,753.65	74,797.40
Increase (decrease) in cash	(326,174.88)	(278,207.33)	(1.37)	(1.27)	3.58	(3.01)	3.15	(1.76)	1.43	(1.27)
<b>TOTAL USES</b>	<b>858,732.68</b>	<b>1,192,834.41</b>	<b>1,593,253.95</b>	<b>1,584,255.59</b>	<b>1,729,757.82</b>	<b>1,831,004.59</b>	<b>2,192,656.61</b>	<b>2,417,265.94</b>	<b>2,216,369.69</b>	<b>1,814,408.46</b>
Bond Reserve Fund Balance END	75,164.15	98,031.33	147,813.25	192,919.23	232,639.75	284,395.78	360,110.22	454,321.86	528,897.88	571,073.61
O&M Reserve Fund Balance END	56,311.00	59,332.19	61,972.98	66,260.12	68,934.02	70,557.78	72,982.21	74,726.05	77,760.03	79,226.44
Capital Reserve Balance END	280,873.83	356,314.16	436,047.91	531,744.88	630,583.86	745,022.99	859,670.46	987,422.79	1,116,484.70	1,252,688.75
General Fund Balance END	283,210.55	5,003.21	5,001.84	5,000.57	5,004.15	5,001.15	5,004.30	5,002.54	5,003.97	5,002.70
Total Fund Balance END	695,559.53	518,680.89	650,835.99	795,924.79	937,161.79	1,104,977.70	1,297,767.19	1,521,473.24	1,728,146.57	1,907,991.50





SOURCES & USES  
2013 Financial Plan

(YOE Dollars in Thousands)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>SOURCES</b>										
Tax Revenue	1,005,592.95	1,052,570.87	1,100,074.97	1,149,302.73	1,200,698.88	1,254,732.36	1,188,304.13	1,244,802.04	1,303,708.07	1,364,649.89
Fare Revenue	112,326.88	121,003.00	125,038.94	129,322.22	130,873.17	136,154.96	138,670.18	142,701.15	146,180.92	148,847.22
Other Sources Revenue	1,338.90	22,683.17	23,548.89	1,439.97	1,474.56	1,510.05	1,546.50	1,583.99	1,622.60	1,662.23
Capital Grant Drawdowns	89,500.00	33,336.00	-	-	-	-	-	-	-	-
FTA Formula Fund Drawdowns	71,481.89	54,991.83	71,314.39	60,555.08	78,715.19	72,664.08	84,356.15	76,401.50	88,131.29	80,117.95
Bond Proceeds (less issuance cost)	252,646.94	-	-	-	-	-	-	-	-	-
TIFIA Proceeds	-	-	-	-	-	-	-	-	-	-
Interest Earned	16,382.57	16,932.39	20,649.48	25,591.11	30,320.74	35,933.97	42,845.40	47,869.39	54,412.44	62,771.14
<b>TOTAL SOURCES</b>	<b>1,549,270</b>	<b>1,301,517</b>	<b>1,340,627</b>	<b>1,366,211</b>	<b>1,442,083</b>	<b>1,500,995</b>	<b>1,455,722</b>	<b>1,513,358</b>	<b>1,594,055</b>	<b>1,658,048</b>
<b>USES</b>										
Commuter Rail Capital Costs	98,518.58	27,555.62	-	-	-	-	-	-	-	-
Light Rail Capital Costs	377,873.89	14,144.42	-	-	-	-	-	-	-	-
Regional Express Capital Costs	-	-	-	-	-	-	-	-	-	-
Service Delivery Capital Costs	-	-	-	-	-	-	-	-	-	-
Agency Admin Capital Costs	1,125.18	4,075.46	4,075.46	4,167.73	4,262.76	4,360.64	4,461.46	4,565.30	-	-
Systemwide Capital Costs	562.79	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL PROGRAM</b>	<b>478,080.44</b>	<b>45,775.50</b>	<b>4,075.46</b>	<b>4,167.73</b>	<b>4,262.76</b>	<b>4,360.64</b>	<b>4,461.46</b>	<b>4,565.30</b>	<b>-</b>	<b>-</b>
Total O&M + NC Costs	450,770.47	428,588.51	439,090.54	448,543.80	462,308.27	474,790.67	486,715.16	498,560.19	513,722.44	524,781.44
Scheduled Debt Service	514,437.73	538,245.71	552,709.76	570,638.74	581,609.13	582,682.55	582,682.25	582,683.05	582,685.36	582,685.33
Early Principal Redemption	-	-	-	-	-	-	-	-	-	-
Bond Reserve Deposits	18,289.52	-	-	-	-	-	-	-	-	-
O&M Reserve Contributions	3,706.02	-	1,750.34	1,575.54	2,294.08	2,080.40	1,987.41	1,974.17	2,527.04	1,843.17
Capital Reserve Contributions	83,988.56	140,224.02	147,085.52	153,675.76	169,373.43	162,704.16	180,903.81	165,827.60	163,299.50	169,265.17
Increase (decrease) in cash	(2.62)	148,683.52	195,915.05	187,609.55	222,234.87	274,377.00	198,972.26	259,747.74	331,820.97	379,473.33
<b>TOTAL USES</b>	<b>1,549,270.13</b>	<b>1,301,517.27</b>	<b>1,340,626.67</b>	<b>1,366,211.11</b>	<b>1,442,082.54</b>	<b>1,500,995.42</b>	<b>1,455,722.36</b>	<b>1,513,358.06</b>	<b>1,594,055.32</b>	<b>1,658,048.43</b>
Bond Reserve Fund Balance END	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13
O&M Reserve Fund Balance END	82,932.46	82,932.46	84,682.80	86,258.34	88,552.42	90,632.82	92,620.23	94,594.41	97,121.45	98,964.61
Capital Reserve Balance END	1,405,575.19	1,623,105.85	1,859,462.19	2,115,408.37	2,401,129.26	2,695,895.53	3,025,073.59	3,357,280.24	3,705,230.16	4,078,282.99
General Fund Balance END	5,000.08	153,683.60	349,598.65	537,208.20	759,443.07	1,033,820.07	1,232,792.33	1,492,540.07	1,824,361.05	2,203,834.37
Total Fund Balance END	2,082,870.87	2,449,085.04	2,883,106.77	3,328,238.04	3,838,487.88	4,409,711.54	4,939,849.29	5,533,777.86	6,216,075.79	6,970,445.11



SOURCES & USES  
2013 Financial Plan

(YOE Dollars in Thousands)

	2033	2034	2035	2036	2037	2038	2039	2040
<b>SOURCES</b>								
Tax Revenue	1,427,907.18	1,493,775.65	1,563,002.28	1,639,662.92	1,718,927.22	1,800,569.51	1,886,059.74	1,975,745.94
Fare Revenue	152,060.25	158,575.13	164,333.61	167,270.16	174,701.50	177,374.88	180,075.62	186,786.51
Other Sources Revenue	1,702.79	1,744.42	1,787.24	1,831.31	1,876.73	1,923.65	1,971.95	2,021.45
Capital Grant Drawdowns	-	-	-	-	-	-	-	-
FTA Formula Fund Drawdowns	91,869.13	81,627.82	93,394.10	83,168.04	94,949.72	84,739.22	96,536.61	86,341.97
Bond Proceeds (less issuance cost)	-	-	-	-	-	-	-	-
TIFIA Proceeds	-	-	-	-	-	-	-	-
Interest Earned	72,304.05	83,230.75	95,949.98	110,782.45	126,989.98	145,924.61	166,478.48	189,758.87
<b>TOTAL SOURCES</b>	<b>1,745,843</b>	<b>1,818,954</b>	<b>1,918,467</b>	<b>2,002,715</b>	<b>2,117,445</b>	<b>2,210,532</b>	<b>2,331,122</b>	<b>2,440,655</b>
<b>USES</b>								
Commuter Rail Capital Costs	-	-	-	-	-	-	-	-
Light Rail Capital Costs	-	-	-	-	-	-	-	-
Regional Express Capital Costs	-	-	-	-	-	-	-	-
Service Delivery Capital Costs	-	-	-	-	-	-	-	-
Agency Admin Capital Costs	-	-	-	-	-	-	-	-
Systemwide Capital Costs	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL PROGRAM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total O&M + NC Costs	540,524.59	557,206.69	572,707.02	590,815.99	607,428.64	623,369.02	639,275.94	657,623.64
Scheduled Debt Service	582,686.06	582,684.10	582,684.76	582,686.23	582,685.08	582,682.98	582,685.73	582,685.06
Early Principal Redemption	-	-	-	-	-	-	-	-
Bond Reserve Deposits	-	-	-	-	-	-	-	-
O&M Reserve Contributions	2,623.86	2,780.35	2,583.39	3,018.16	2,768.78	2,656.73	2,651.15	3,057.95
Capital Reserve Contributions	185,564.84	170,293.98	169,776.31	180,911.46	169,946.38	182,324.88	177,945.25	170,183.69
Increase (decrease) in cash	434,444.05	505,988.66	590,715.73	645,283.04	754,616.27	819,498.27	928,564.34	1,027,104.40
<b>TOTAL USES</b>	<b>1,745,843.41</b>	<b>1,818,953.77</b>	<b>1,918,467.20</b>	<b>2,002,714.88</b>	<b>2,117,445.15</b>	<b>2,210,531.87</b>	<b>2,331,122.41</b>	<b>2,440,654.73</b>
Bond Reserve Fund Balance END	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13	589,363.13
O&M Reserve Fund Balance END	101,588.47	104,368.82	106,952.21	109,970.37	112,739.15	115,395.88	118,047.03	121,104.98
Capital Reserve Balance END	4,488,153.39	4,905,295.81	5,344,863.39	5,819,742.34	6,309,774.55	6,839,137.03	7,393,234.82	7,970,046.42
General Fund Balance END	2,638,278.42	3,144,267.08	3,734,982.81	4,380,265.85	5,134,882.12	5,954,380.38	6,882,944.72	7,910,049.12
Total Fund Balance END	7,817,383.43	8,743,294.85	9,776,161.54	10,899,341.69	12,146,758.95	13,498,276.42	14,983,589.70	16,590,563.65



Cost Inflation Factors  
2013 Financial Plan

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>COST INDICES</b>													
<b>SEATTLE CPI-U</b>													
<i>(used for O&amp;M, Other Capital)</i>													
CPI-U Index Conway August 2012	226.1	226.8	232.7	237.7	243.0	248.7	254.1	259.6	265.9	272.3	278.8	285.6	292.5
CPI-U Annual Growth Factor Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI-U Index w / contingency	226.1	226.8	232.7	237.7	243.0	248.7	254.1	259.6	265.9	272.3	278.8	285.6	292.5
CPI-U Annual Growth Factor	1.0056	1.0030	1.0262	1.0213	1.0223	1.0235	1.0216	1.0218	1.0241	1.0240	1.0242	1.0242	1.0242
CPI-U Annual % Change	0.56%	0.30%	2.62%	2.13%	2.23%	2.35%	2.16%	2.18%	2.41%	2.40%	2.42%	2.42%	2.42%
CPI-U Escalation Factor (from year 2007 dollars)	1.0492	1.0523	1.0799	1.1029	1.1275	1.1540	1.1789	1.2047	1.2338	1.2634	1.2939	1.3253	1.3573
<b>SEATTLE BCI/CCI</b>													
<i>(used for Construction)</i>													
CCI Index (Parsons Brinkerhoff August 2012)	4,829.7	4,997.0	5,123.6	5,219.9	5,385.6	5,581.5	5,828.7	6,082.8	6,311.8	6,545.3	6,784.5	7,032.2	7,289.2
CCI Annual Growth Factor Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-
CCI Index w / contingency	4,829.7	4,997.0	5,123.6	5,219.9	5,385.6	5,581.5	5,828.7	6,082.8	6,311.8	6,545.3	6,784.5	7,032.2	7,289.2
CCI Annual Growth Factor	1.0084	1.0346	1.0253	1.0188	1.0317	1.0364	1.0443	1.0436	1.0376	1.0370	1.0365	1.0365	1.0365
CCI Annual % Change	0.84%	3.46%	2.53%	1.88%	3.17%	3.64%	4.43%	4.36%	3.76%	3.70%	3.65%	3.65%	3.65%
CCI Escalation Factor (from year 2007 dollars)	1.0609	1.0976	1.1254	1.1466	1.1830	1.2260	1.2803	1.3361	1.3864	1.4377	1.4903	1.5447	1.6011
<b>ST ROWI</b>													
<i>(used for ROW)</i>													
ROWI Index (Internal Estimate)	161.0	158.7	156.9	160.8	166.9	173.5	180.3	186.8	193.6	200.7	207.9	214.4	221.7
ROWI Annual Growth Factor Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-
ROWI Index w / contingency	161.0	158.7	156.9	160.8	166.9	173.5	180.3	186.8	193.6	200.7	207.9	214.4	221.7
ROWI Annual Growth Factor	0.8636	0.9861	0.9886	1.0250	1.0380	1.0392	1.0392	1.0359	1.0368	1.0364	1.0358	1.0311	1.0345
ROWI Annual % Change	-14%	-1.39%	-1.14%	2.50%	3.80%	3.92%	3.92%	3.59%	3.68%	3.64%	3.58%	3.11%	3.45%
ROWI Escalation Factor (from year 2007 dollars)	0.8945	0.8821	0.8720	0.8938	0.9278	0.9642	1.0020	1.0379	1.0761	1.1153	1.1553	1.1912	1.2323



Cost Inflation Factors  
2013 Financial Plan

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>COST INDICES</b>												
<b>SEATTLE CPI-U</b>												
<i>(used for O&amp;M, Other Capital)</i>												
CPI-U Index Conway August 2012	299.5	307.1	314.7	322.5	330.2	338.2	346.3	354.7	363.3	372.1	381.2	390.5
CPI-U Annual Growth Factor Contingency	-	-	-	-	-	-	-	-	-	-	-	-
CPI-U Index w / contingency	299.5	307.1	314.7	322.5	330.2	338.2	346.3	354.7	363.3	372.1	381.2	390.5
CPI-U Annual Growth Factor	1.0241	1.0251	1.0250	1.0246	1.0241	1.0240	1.0241	1.0241	1.0242	1.0244	1.0244	1.0244
CPI-U Annual % Change	2.41%	2.51%	2.50%	2.46%	2.41%	2.40%	2.41%	2.41%	2.42%	2.44%	2.44%	2.44%
CPI-U Escalation Factor (from year 2007 dollars)	1.3900	1.4248	1.4604	1.4963	1.5324	1.5692	1.6070	1.6457	1.6856	1.7267	1.7689	1.8121
<b>SEATTLE BCI/CCI</b>												
<i>(used for Construction)</i>												
CCI Index (Parsons Brinkerhoff August 2012)	7,556.9	7,834.6	8,122.6	8,421.2	8,731.0	9,052.3	9,385.5	9,731.2	10,089.7	10,461.5	10,847.2	11,247.3
CCI Annual Growth Factor Contingency	-	-	-	-	-	-	-	-	-	-	-	-
CCI Index w / contingency	7,556.9	7,834.6	8,122.6	8,421.2	8,731.0	9,052.3	9,385.5	9,731.2	10,089.7	10,461.5	10,847.2	11,247.3
CCI Annual Growth Factor	1.0367	1.0367	1.0368	1.0368	1.0368	1.0368	1.0368	1.0368	1.0368	1.0369	1.0369	1.0369
CCI Annual % Change	3.67%	3.67%	3.68%	3.68%	3.68%	3.68%	3.68%	3.68%	3.68%	3.69%	3.69%	3.69%
CCI Escalation Factor (from year 2007 dollars)	1.6599	1.7209	1.7842	1.8498	1.9178	1.9884	2.0616	2.1375	2.2163	2.2980	2.3827	2.4706
<b>ST ROWI</b>												
<i>(used for ROW)</i>												
ROWI Index (Internal Estimate)	229.3	237.3	245.8	255.4	265.3	276.0	287.0	298.5	310.4	322.9	335.9	348.7
ROWI Annual Growth Factor Contingency	-	-	-	-	-	-	-	-	-	-	-	-
ROWI Index w / contingency	229.3	237.3	245.8	255.4	265.3	276.0	287.0	298.5	310.4	322.9	335.9	348.7
ROWI Annual Growth Factor	1.0339	1.0350	1.0357	1.0390	1.0389	1.0402	1.0400	1.0400	1.0399	1.0404	1.0401	1.0381
ROWI Annual % Change	3.39%	3.50%	3.57%	3.90%	3.89%	4.02%	4.00%	4.00%	3.74%	3.79%	3.76%	3.58%
ROWI Escalation Factor (from year 2007 dollars)	1.2741	1.3187	1.3658	1.4191	1.4743	1.5336	1.5949	1.6587	1.7249	1.7947	1.8667	1.9378



Cost Inflation Factors  
2013 Financial Plan

	2034	2035	2036	2037	2038	2039	2040
<b>COST INDICES</b>							
<b>SEATTLE CPI-U</b>							
<i>(used for O&amp;M, Other Capital)</i>							
CPI-U Index Conway August 2012	400.1	409.9	420.0	430.4	441.2	452.2	463.6
CPI-U Annual Growth Factor Contingency	-	-	-	-	-	-	-
CPI-U Index w / contingency	400.1	409.9	420.0	430.4	441.2	452.2	463.6
CPI-U Annual Growth Factor	1.0244	1.0245	1.0247	1.0248	1.0250	1.0251	1.0251
CPI-U Annual % Change	2.44%	2.45%	2.47%	2.48%	2.50%	2.51%	2.51%
CPI-U Escalation Factor (from year 2007 dollars)	1.8564	1.9019	1.9488	1.9972	2.0471	2.0985	2.1512
<b>SEATTLE BCI/CCI</b>							
<i>(used for Construction)</i>							
CCI Index (Parsons Brinkerhoff August 2012)	11,662.2	12,092.6	12,539.1	13,002.2	13,482.6	13,980.9	14,497.8
CCI Annual Growth Factor Contingency	-	-	-	-	-	-	-
CCI Index w / contingency	11,662.2	12,092.6	12,539.1	13,002.2	13,482.6	13,980.9	14,497.8
CCI Annual Growth Factor	1.0369	1.0369	1.0369	1.0369	1.0369	1.0370	1.0370
CCI Annual % Change	3.69%	3.69%	3.69%	3.69%	3.69%	3.70%	3.70%
CCI Escalation Factor (from year 2007 dollars)	2.5617	2.6563	2.7543	2.8561	2.9616	3.0710	3.1846
<b>ST ROWI</b>							
<i>(used for ROW)</i>							
ROWI Index (Internal Estimate)	361.9	375.4	389.3	403.7	418.7	434.2	450.2
ROWI Annual Growth Factor Contingency	-	-	-	-	-	-	-
ROWI Index w / contingency	361.9	375.4	389.3	403.7	418.7	434.2	450.2
ROWI Annual Growth Factor	1.0378	1.0374	1.0371	1.0370	1.0370	1.0370	1.0369
ROWI Annual % Change	3.58%	3.56%	3.54%	3.54%	3.55%	3.55%	3.53%
ROWI Escalation Factor (from year 2007 dollars)	2.0110	2.0862	2.1636	2.2436	2.3267	2.4127	2.5018