NO ACTION REQUIRED TODAY

PRESENTATION FOR: Information | Feedback | Discussion
Executive Summary – 2019 Q1 Performance

• Tax revenues closely tracking budget.

• Capital spending lower than budget due to weather impacts, slower right of way acquisition, and other factors.

• Operating spending currently lower than budget, continues to increase year-over-year at a rate outpacing CPI.
Executive Summary – Financial Projections

Long Term Outlook

• Capacity as currently projected remains sufficient to fund voter-approved program.

• Long term capacity could be under stress due to continued hot construction and real estate market, and higher operating cost growth.
Q1 Financial Performance
2019 Q1 Revenue & Financing Performance

- Total Q1 revenues of $496.7M are 2% below budget mainly due to a delayed federal grant drawdown of $19.5M for Lynnwood Link.
- Q1 tax revenues of $429.3M are 1% above budget.
- Revenues are forecasted to meet annual budget of $2.4B.

![Graph showing 2019 Q1 Revenue & Financing Performance](image)
### 2019 Q1 Capital Project Performance - System Expansion

$102M or 25% below budget. Projected to be at 96% of budget at year-end

<table>
<thead>
<tr>
<th></th>
<th>Q1 Budget</th>
<th>Q1 Actuals</th>
<th>2019 Budget</th>
<th>2019 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$401</td>
<td>$303</td>
<td>$2,280</td>
<td>$2,188</td>
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</tbody>
</table>

($M)
Main drivers of performance variance:

• Significant adverse weather conditions impacted construction performance

• Protracted negotiations with GCCM contractors caused delay in start of early construction work for Lynwood Link Extension

• Protracted negotiations with property owners resulted in delays in ROW acquisition (Lynnwood and Downtown Redmond)
Main drivers of capital project performance variance (continued)

• LRV fleet expansion manufacturer was challenged meeting Q1 milestone, resulting in no payment

• Prolonged negotiations on agreements and settlements with cities, WSDOT, and contractors delayed planned payments

Despite the delays in the first quarter, it is anticipated that progress will pick up in subsequent quarters to maintain year end projection/performance at 96%
2019 Q1 Capital Project Performance - Non-System Expansion

Enhancement Projects
$1.4M or 28% below budget

State of Good Repair
$2.9M or 78% below budget

Administrative Projects
$0.2M or 20% below budget

- Escalator Modernization program procurement delay; PIMS and TOD projects are behind budget schedule.
- Expected 88% at year-end.

- Five projects are behind budget schedule; DSTT SOGR work pending agency agreement on scope.
- Expected 140% at year-end due to early delivery of 12 buses.

- Delay in procurement of the SharePoint Upgrade and the Operations Performance Reporting Software.
- Expected 98% at year-end.
2019 Q1 Transit Modes Operating Budget Performance - Fare Revenue

- 4% below budget
- Ridership lower than budget across all modes, partially due to snow storms in February.
- Expected to be at 95% of budget at year-end
2019 Q1 Transit Modes Operating Budget Performance - Expenditures

- 8% under budget in Q1

- Main drivers:
  - Lower security hours
  - High vacancies
  - Lower spare parts consumption
  - Delayed rail grinding

- 12% year over year cost growth

- Year-end performance is expected to meet or potentially exceed budget
Thank you.