Addendum to July FAC CFO Report

Executive Summary: May 2023 YTD Financial Performance

May 2023 year-to-date (YTD), total revenues and other financing sources were at $1,033.6M compared to total expenditures of $975.1M. For total revenues and other financing sources, this represents being at 100% of budget. For total expenditures, this represents spending 88% of budget.

	Revenues & Other Financing Sources (in thousands)	May 2023 YTD Budget	May 2023 YTD Actuals	Variance ($) Under/(Over)	Actuals as % of Budget
1.	Tax Revenues	$ 868,100	$ 901,917	$ (33,817)	104%
2.	Other Revenues	$ 165,726	$ 131,694	$ 34,032	79%
	Total Revenues	**$ 1,033,825**	**$ 1,033,611**	**$ (214)**	**100%**
	Expenditures (in thousands)	**May 2023 YTD Budget**	**May 2023 YTD Actuals**	**Variance ($) Under/(Over)**	**Actuals as % of Budget**
3.	Transit Operations	$ 201,104	$ 177,946	$ 23,158	88%
4.	System Expansion Projects	$ 733,580	$ 658,266	$ 75,314	90%
5.	Non-System Expansion Projects	$ 84,821	$ 54,921	$ 29,900	65%
6.	Debt Service	$ 69,425	$ 68,897	$ 528	99%
7.	Other Expenses	$ 16,962	$ 15,029	$ 1,933	89%
	Total Expenses	**$ 1,105,891**	**$ 975,058**	**$ 130,833**	**88%**

1. Tax Revenues
   Actuals were 4% or $33.8M higher than budget primarily due to sales taxes driven by inflation and economic recovery post pandemic.

2. Other Revenues & Financing Sources
   Actuals were 21% or $34.0M lower than budget primarily due to:
   - Federal Grants: 68% or $83.8M lower than budget primarily due to the Lynwood Link Extension (LLE) and Federal Way Link Extension (FWLE) Full Funding Grant Agreements (FFGAs). ST received the 2023 annual appropriations (i.e., the amount that we are allowed to draw down on) from Congress later than anticipated. We've started working with the FTA to incorporate the funds into our FFGA for these projects and expect to be at budget by year-end ($70M for LLE and $10.6M for FWLE).
   - Passenger Revenues: 8% or $1.7M lower than budget due to lower than budgeted ridership on Link and Sounder as well as higher than budgeted non-compliance rates.
   - Investment Income: 260% or $48.2M higher than budget driven by higher-than-expected investment balances and interest rates.

3. Transit Operating Expenditures
   Overall, actuals were 12% or $23.2M lower than budget.

   Link actuals were 14% or $13.8M lower than budget primarily due to:
   - Lower agency overhead driven by higher vacancies than budgeted
   - Various timing differences (i.e., budgeted YTD, but expected to be spent later in the year) for ORCA fare vending services and maintenance, radio operations supply chain delays, on-call temp services, on-call structural/electrical facility related costs, delays in radio console repairs, vertical maintenance (Schindler) invoicing delays, and delays in software/hardware

procurement for transit systems maintenance, and delay in new parking vendor implementation.

Sounder actuals were 20% or $7.2M lower than budget primarily due to:
- Station Midlife project requiring installation change requests
- Lower actualized fuel rates than budgeted ($3.93 vs. $5.00 per gallon budgeted)
- Lower insurance premiums from softening market and entrance of more insurers
- Lower agency overhead driven by higher vacancies than budgeted

Tacoma Link actuals were 45% or $3.1M lower than budget primarily due to the delay of Hilltop Tacoma Link Extension (HTLE) opening (i.e., budgeted for Q1 opening vs. current forecast of Fall 2023).

Regional Express actuals were 1% or $0.9M higher than budget primarily due to the partner reconciliation of 2022 purchased transportation costs.

4. System Expansion Project Expenditures
   Overall, actuals were 10% or $75.3M lower than budget. Link system expansion projects account for 79% or $59.2M of this underspending driven by:
   - LRV (Light Rail Vehicle) Fleet Expansion: 44% or $21.0M lower than budget due to delays in software installation and lower than expected manufacturer production rate. However, this project is expected to perform to budget by year-end.
   - Lynnwood Link Expansion: 9% or $17.1M lower than budget due to roadway and utility work coordination taking longer than expected. However, this project is expected to perform to budget by year-end.

5. Non-System Expansion Project (NSEP) Expenditures
   Overall, actuals were 36% or $30.4M lower than budget. Administrative projects account for 60% or $18.2M of this underspending driven by:
   - Agency Administrative Operating project: 34% or $18.2M lower than budget mainly due to higher than budgeted staff vacancies (14.3% vs. 8% budgeted) resulting in lower salaries and benefits as well as other staff related costs i.e., licenses, hardware, software maintenance, training, etc. *Note: this project funds overhead that are allocated to capital projects as well as general & administrative expenses that are not charged directly to either capital projects or transit operations.*

6. Debt Service Expenditures
   Actuals were 1% or $0.5M lower than budget.

7. Other Expenditures
   Actuals were 11% or $1.9M lower than budget due to lower sales & tax offset fee which are paid to the WA Department of Revenue based on ST3 construction related costs. There has been less than budgeted spending on ST3 construction costs (in particular, Downtown Redmond Link Extension and NE 130th St. Infill Station), therefore, less than budgeted sales & tax offset fees.