

# *CFO Report*

*Finance and Audit Committee*

*7/10/2025*



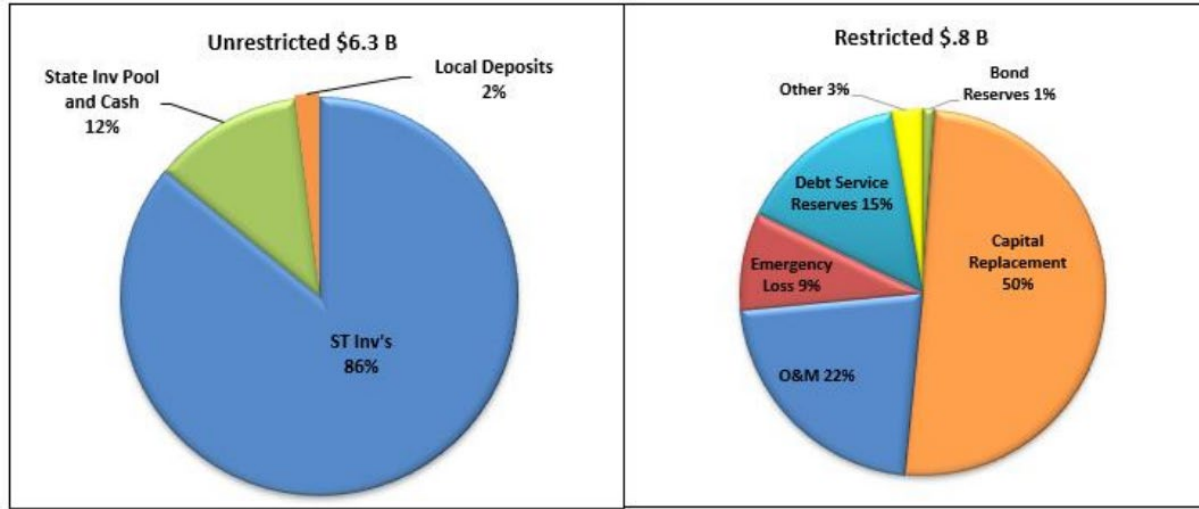
# ***Why are we here?***

***Today we are here to provide information***

- Q1 2025 Asset-Liability Management Summary
- Q1 2025 Financial (budgetary) performance
- Update on 2026 budget
- Refresh of budget policy

# ***Q1 Asset-Liability Management (ALM) Summary***

# ALM-Investment Portfolios

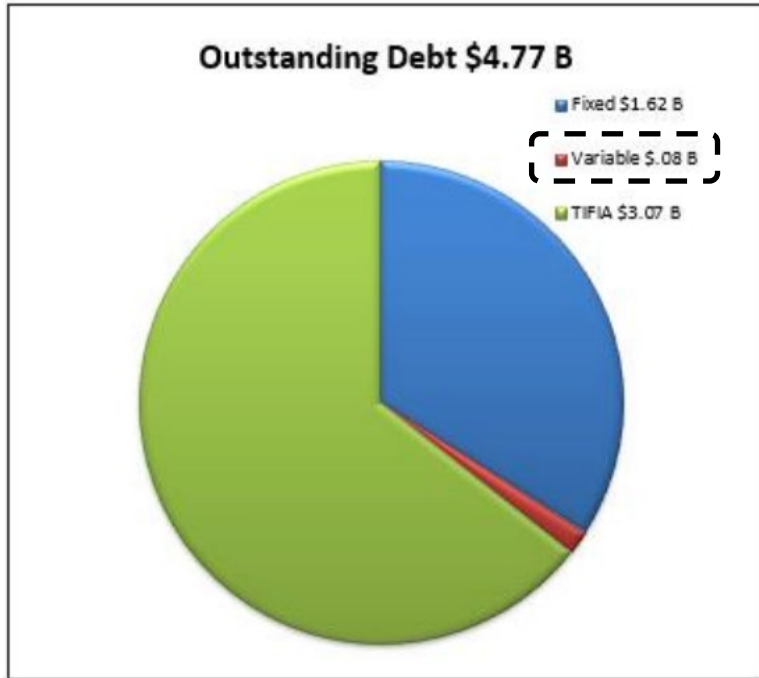


Total Agency investments in the Unrestricted and Restricted Portfolios were ~\$6.3 billion as of the end of Q1 2025. The portfolio increased by \$1.3 billion in Q1 of 2025 due to a TIFIA loan draw

- Unrestricted funds are available for any Agency needs, whereas Restricted funds are set aside for specific purposes based on Board policy and other constraints

The portfolio remains well positioned for the current rate environment. Staff continues to monitor the broad economic picture and adjust the portfolio as appropriate

# ALM-Debt Portfolio



- The Agency had \$4.77 billion of outstanding bonds and TIFIA borrowings as of March 31, 2025
  - Increase from \$3.53 billion at year-end 2024 primarily driven by TIFIA draw of \$1.3 billion in January 2025
  - Staff anticipates another \$200 million draw in Q3 2025
- ST Staff considering proposal for Board to approve payoff of remaining \$75 million of Floating Rate Notes (FRNs) in September

# ***Q1 2025 Financial Performance Report***

# Q1 2025 performance

Revenues & Other Financing Sources (in thousands)	March2025 YTD Budget	March2025 YTD Actuals	Variance (\$) Under/(Over)	Actuals as % of Budget
Other Revenues	\$ 1,400,628	\$ 1,462,271	\$ 61,643	104%
Tax Revenues	\$ 564,019	\$ 561,731	\$ (2,288)	100%
<b>Total Revenues</b>	<b>\$ 1,964,647</b>	<b>\$ 2,024,002</b>	<b>\$ 59,355</b>	<b>103%</b>

Expenditures (in thousands)	March2025 YTD Budget	March2025 YTD Actuals	Variance (\$) Under/(Over)	Actuals as % of Budget
System Expansion Projects	\$ 347,941	\$ 242,476	\$ 105,464	70%
Transit Operations	\$ 183,353	\$ 165,317	\$ 18,036	90%
Debt Service	\$ 69,593	\$ 67,392	\$ 2,201	97%
Agency Admin Support	\$ 37,684	\$ 39,510	\$ (1,825)	105%
Service Delivery Projects	\$ 28,000	\$ 27,160	\$ 840	97%
Other Expenses	\$ 7,652	\$ 7,462	\$ 189	98%
<b>Total Expenses</b>	<b>\$ 674,222</b>	<b>\$ 549,317</b>	<b>\$ 124,905</b>	<b>81%</b>

# 2025 Q1 YTD revenues & other sources

*Actuals were \$59M or 3% higher than planned*

- **Tax revenues**  
(0.4% under budget)
- **Ridership / fares**  
(2% over budget)
- **Investment income**  
(136% over budget)
- **Federal grants**  
(6% over budget)





# 2025 Q1 YTD system expansion projects

*Actuals were \$105M or 30% lower than planned*

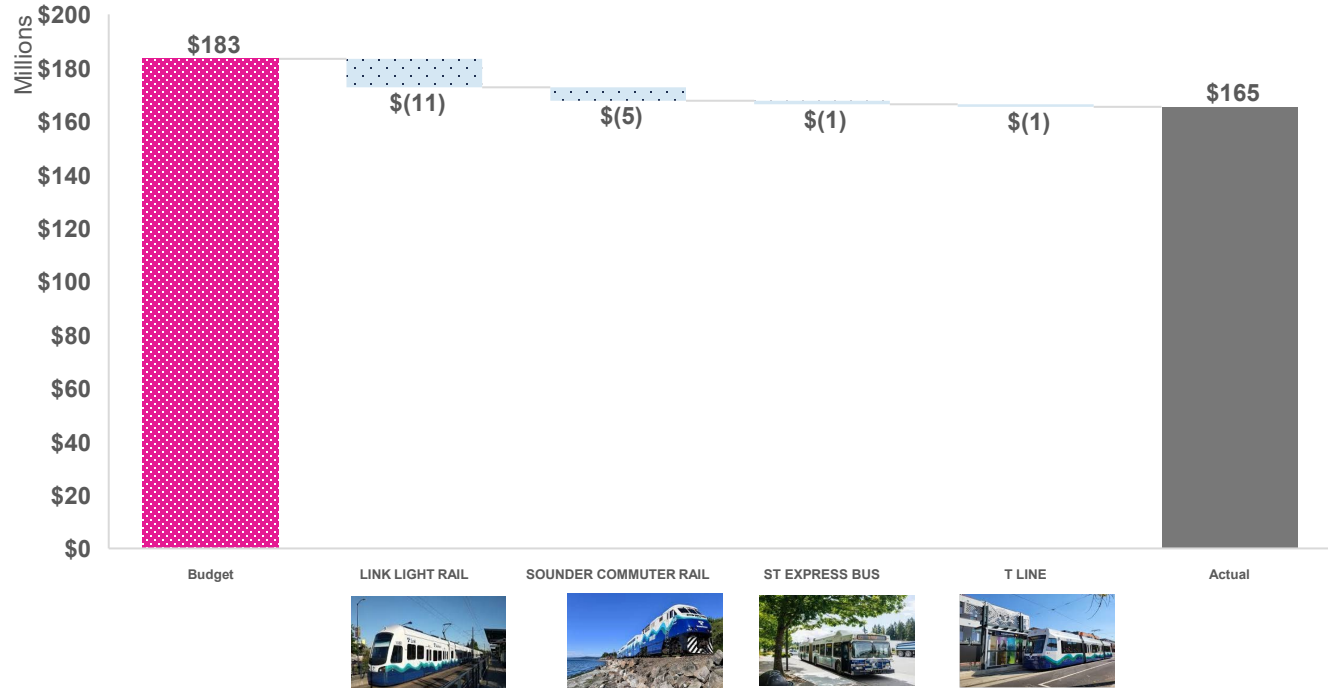
- **Link**  
(27% under budget)
- **Stride**  
(39% under budget)
- **ST Express & Other**  
(20% under budget)
- **T Line**  
(4% over budget)
- **Sounder**  
(41% under budget)



# 2025 Q1 YTD transit modes operating

*Actuals were \$18M or 10% lower than planned*

- **Link**  
(10% under budget)
- **Sounder**  
(20% under budget)
- **ST Express**  
(3% under budget)
- **T Line**  
(16% under budget)



# 2025 Q1 YTD agency admin support

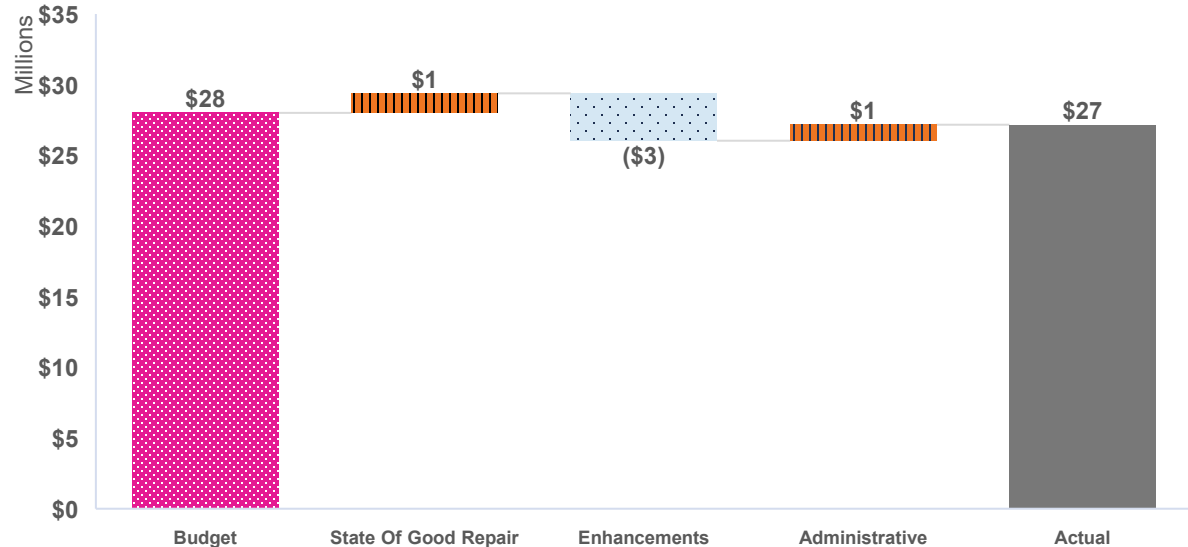
*Actuals were \$1.8M or 5% higher than planned*

- **Agency administration support broken into four main cost categories –**
  - Fare and regional planning
  - General and administrative
  - Indirect support for system expansion projects
  - Indirect support for service delivery projects
- **YTD higher than planned – early timing on project MOST costs**
- **Looking forward – breakout the four main cost categories into individual components of budget**

# 2025 Q1 YTD service delivery projects

*Actuals were \$840K or 3% lower than planned*

- **State of Good Repair**  
(12% over budget)
- **Enhancement**  
(23% under budget)
- **Administrative**  
(77% over budget)



# *Update on 2026 Budget*

# ***Budget priorities***

The agency budget will focus on cost containment and continued service improvements.

## **1. Address resiliency challenges and state-of-good-repair**

## **2. Manage system expansion openings**

- Full East Link
- Federal Way
- Pinehurst

## **3. Align resourcing with agency priorities**

# ***Changes for 2026 budgeting cycle***

## **1. Agency re-organization (Project MOST) updates\***

- Movement of costs between direct and indirect project support

## **2. Service Delivery Projects – TIP restructuring**

- Alignment of TIP with asset management and asset class ownership
- Improved ability to track investments in asset classes over time

## **3. Evaluation of cost drivers into budget review process**

**\*Future budget amendment in 2025 to shift dollars – no additional funds needed.**

# *Refresh of Budget Policy*



# *Refresh of budget policy*

- Budget policy (R2020-24) governs the Board approved funding appropriations for the annual budget and TIP and clarifies controls between the Board and CEO
- Updates are assessed periodically to reflect current agency practices – five years from last update
  - Asset Management structure has evolved to improve ownership and tracking of investments by asset class
  - Clean up to clarify policy with agency practice – alignment of policy with Board approved appropriations

*Thank you.*



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