

# *Q1 Financial Performance Report*

*June 20, 2019*





***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.***

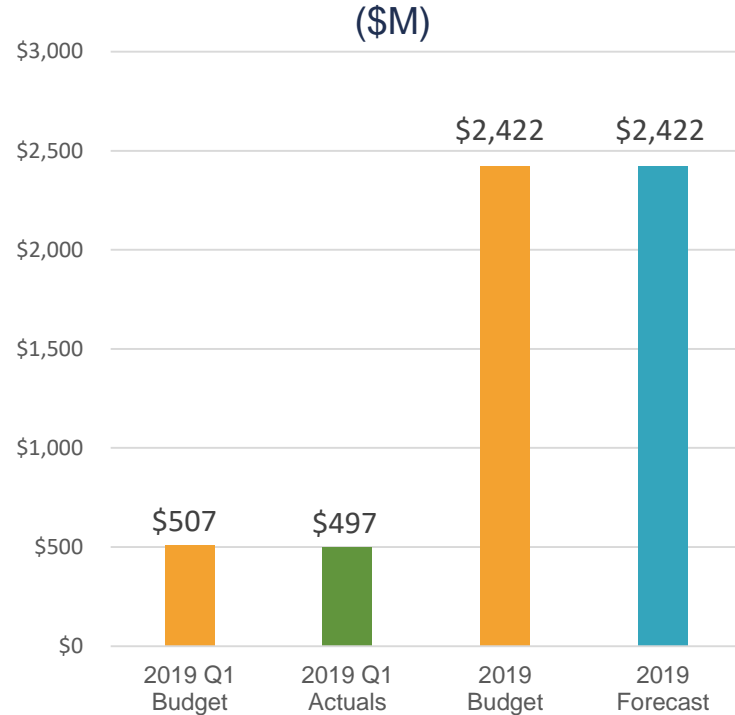
# ***Executive Summary – Financial Projections Long Term Outlook***

- ***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***

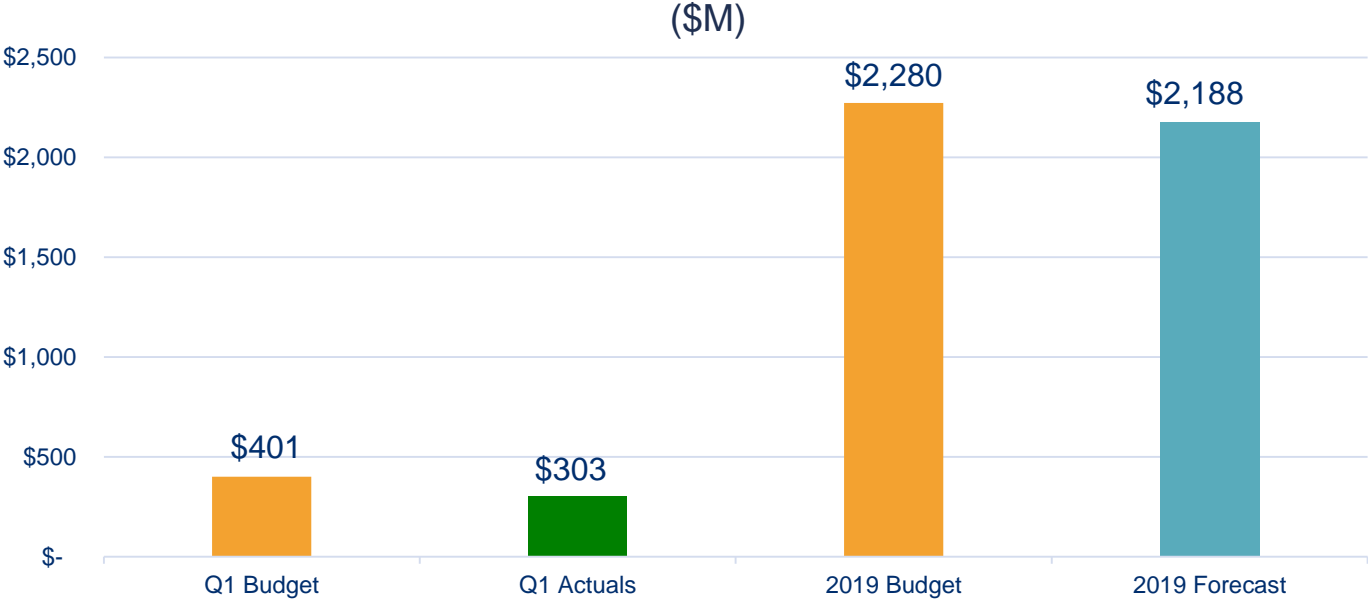
# 2019 Q1 Revenue & Financing Performance

- 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



# 2019 Q1 Capital Project Performance - System Expansion

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



# 2019 Q1 Capital Project Performance - System Expansion (continued)

## *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)***

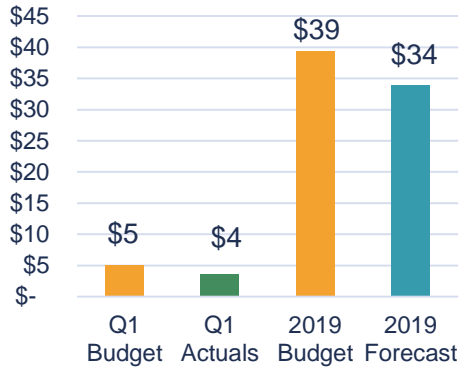
- LRV fleet expansion manufacturer was challenged meeting Q1 milestone, resulting in no payment
- Prolonged negotiations on agreements and settlements with cities, WSDOT, and contractors delayed planned payments

***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

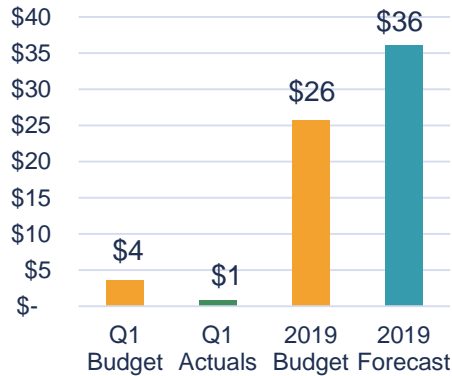
\$1.4M or 28% below budget



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

## State of Good Repair

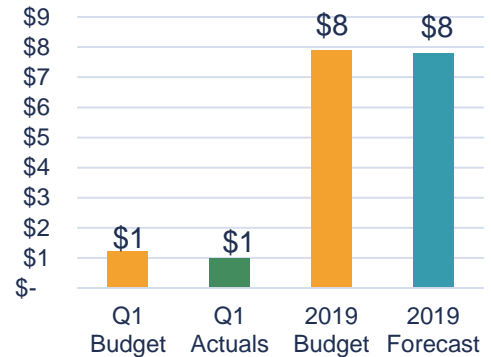
\$2.9M or 78% below budget



- 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.

## Administrative Projects

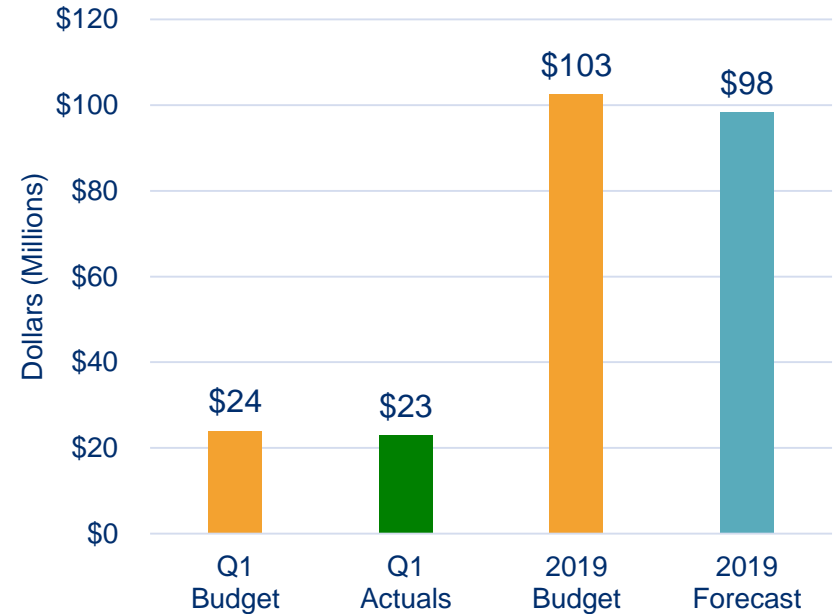
\$0.2M or 20% below budget



- Delay in procurement of the SharePoint Upgrade and the Operations Performance Reporting Software.
- Expected 98% at year-end.

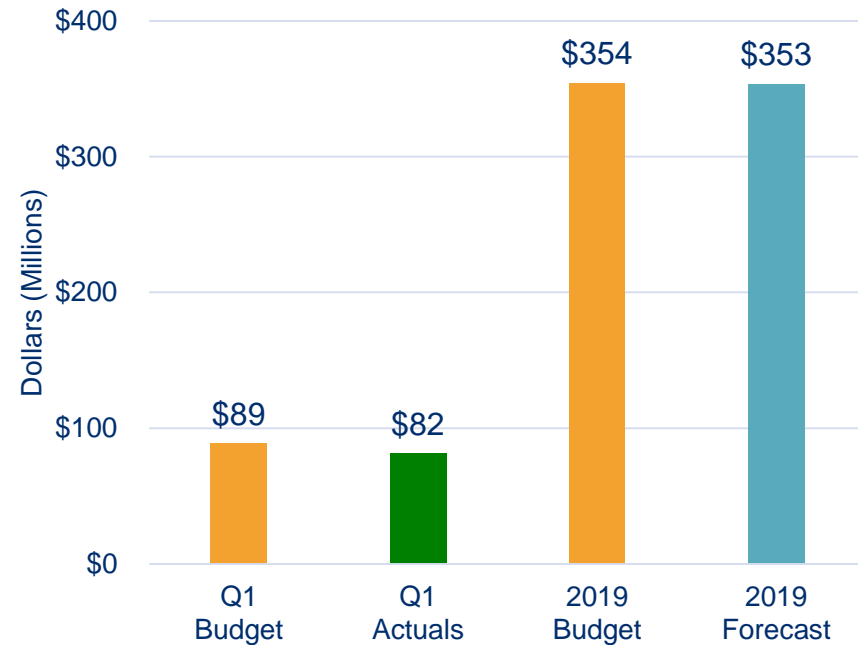
# 2019 Q1 Transit Modes Operating Budget Performance - Fare Revenue

- 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.*



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