Addendum to October FAC CFO Report
Executive Summary: August 2023 YTD Financial Performance

Aug 2023 year-to-date (YTD), total revenues and other financing sources were at $2,811.7M compared to total expenditures of $1,638.0M. For total revenues and other financing sources, this represents being at 163% of budget. For total expenditures, this represents spending 86% of budget.

	Revenues & Other Financing (in thousands)	August 2023 YTD Budget	August 2023 YTD Actuals	Variance ($) Under/(Over)	Actuals as % of Budget
1.	Tax Revenues	$ 1,475,456	$ 1,510,070	$ 34,614	102%
2.	Other Revenues & Financing	$ 251,598	$ 1,301,660	$ 1,050,062	517%
	Total Revenues & Financing	**$ 1,727,054**	**$ 2,811,730**	**$ 1,084,676**	**163%**

	Expenditures (in thousands)	August 2023 YTD Budget	August 2023 YTD Actuals	Variance ($) Under/(Over)	Actuals as % of Budget
3.	Transit Operations	$ 324,753	$ 293,861	$ 30,892	90%
4.	System Expansion Projects	$ 1,293,226	$ 1,128,548	$ 164,678	87%
5.	Non-System Expansion Projects	$ 153,200	$ 100,974	$ 52,226	66%
6.	Debt Service	$ 91,913	$ 90,195	$ 1,718	98%
7.	Other Expenses	$ 32,418	$ 24,390	$ 8,028	75%
	Total Expenses	**$ 1,895,509**	**$ 1,637,967**	**$ 257,542**	**86%**

1. Tax Revenues
   Actuals were 2% or $34.6M higher than YTD budget primarily due to steady overall economic growth following the recovery in 2022.

2. Other Revenues & Financing
   Actuals were 417% or $1,050.1M higher than YTD budget primarily due to:
   - TIFIA loan drawdown $994.6M in unbudgeted drawdown completed in August.
   - Investment income $74.0M higher than YTD budget driven by higher-than-expected investment balances and market rates.
   - Partially offset by federal grants $19.0M lower than YTD budget primarily due to the Lynnwood Link Extension (LLE) Full Funding Grant Agreement (FFGA). 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 LLE and Federal Way Link Extension projects and expect to secure more than budgeted by year-end.

3. Transit Operating Expenditures
   Overall, actuals were 10% or $30.9M lower than YTD budget.

   Link actuals were 9% or $14.4M lower than YTD budget primarily due to:
   - Agency administration driven by higher vacancies than budgeted.
   - Service contracts slower than planned for tunnel geometry, rail grinding, and stray current testing.
   - Lower temporary services for fare ambassadors since they will now be hired as Term-Limited Employees.
   - Lower insurance premiums from softening market and entrance of more insurers.

Sounder actuals were 18% or $10.7M lower than YTD budget primarily due to:
- Sounder Vehicle Overhaul project mainly due to availability of staff resources.
- Lower actualized fuel rates than budgeted ($3.41 average vs. $5.00 per gallon budgeted).
- Lower insurance premiums from softening market and entrance of more insurers.

Tacoma Link actuals were 42% or $4.7M lower than YTD budget primarily due to the delay of Hilltop Tacoma Link Extension (HTLE) opening (budgeted for Q1 opening vs. September 2023 actual opening).

Regional Express actuals trending to budget (i.e., 1% or $1.1M lower than YTD budget).

4. System Expansion Project Expenditures
   Overall, actuals were 13% or $164.7M lower than YTD budget. Link system expansion projects account for 52% or $85.5M of this underspending driven by:
   - Lynnwood Link Expansion: $49.7M 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.
   - LRV (Light Rail Vehicle) Fleet Expansion: $34.5M lower than budget due to delays in software readiness and installation and lower than expected manufacturer production rate.

5. Agency Project (excluding System Expansion) Expenditures (there are 111 active projects in this category)
   Overall, actuals were 34% or $52.2M lower than YTD budget driven by:
   - Agency Administrative Operating project: $20.4M lower mainly due to higher than budgeted staff vacancies (15.6% vs. 8.0% 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 is agency general & administrative expenses allocated to capital projects as well as general & administrative expenses that are not charged directly to either capital projects or transit operations.*
   - IT Digital Passenger Info System project: $7.0M lower due to the contractor's quality of work not meeting Sound Transit's expectations. However, they do plan on catching up by year-end.
   - PSO Programmatic Work: $3.0M lower mainly due to project manager availability for projects such as completing requirements manual, updating specs and procedures, and engineering software trials.

6. Debt Service Expenditures
   Actuals trending to budget (i.e., 2% or $1.7M lower than YTD budget).

7. Other Expenditures
   Actuals were 25% or $8.0M lower than YTD budget mainly due to:
   - $5.0M payment to City of Seattle for the First Hill Streetcar not occurring yet (will occur later in year.)
   - $1.9M 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.