

CFO Report

Finance and Audit Committee

3/14/2024



Topics

- **2023 Year end reports:**
 - Financial performance report
 - Asset liability management report
- **2025 Budget process update**

***2023 Year end financial
performance report***

2023 Year end performance

Revenues & Other Financing Sources (in thousands)	Annual Budget	2023 Full Year Actuals	Variance (\$) Under/(over)	Actuals as % of Budget
Tax Revenues	\$ 2,295,502	\$ 2,294,220	\$ (1,281)	100%
Other Revenues	\$ 386,701	\$ 1,847,920	\$ 1,461,219	478%
Total Revenues	\$ 2,682,203	\$ 4,142,140	\$ 1,459,937	154%

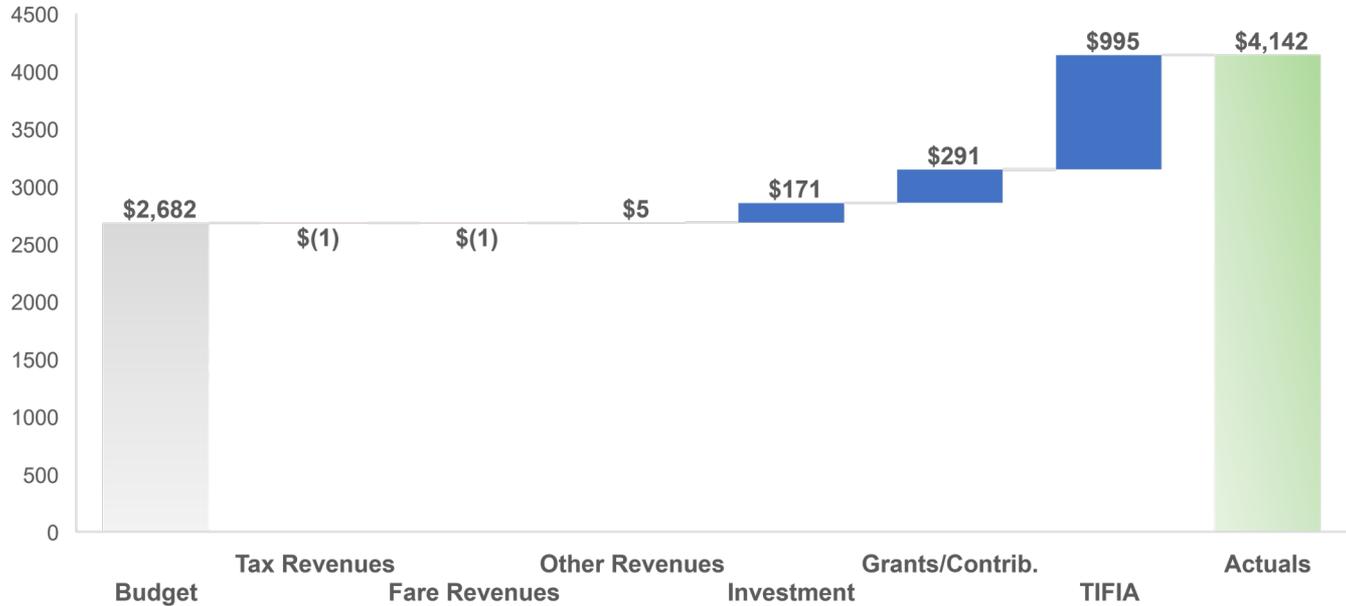
Expenditures (in thousands)	Annual Budget	2023 Full Year Actuals	Variance (\$) Under/(over)	Actuals as % of Budget
Transit Operations	\$ 494,130	\$ 465,893	\$ 28,237	94%
System Expansion Projects	\$ 2,047,854	\$ 1,656,094	\$ 391,761	81%
Service Delivery Projects	\$ 257,879	\$ 191,624	\$ 66,255	74%
Debt Service	\$ 229,384	\$ 225,496	\$ 3,888	98%
Other Expenses	\$ 63,842	\$ 49,965	\$ 13,877	78%
Total Expenses and Outlays	\$ 3,093,089	\$ 2,589,071	\$ 504,018	84%

2023 Revenues and other financing sources

Actuals were \$1.4B higher than planned

- Tax revenues
(<0.1% unfavorable)
- Ridership / fares
(1% unfavorable)
- Investment income
(422% favorable)
- Federal grants
(92% favorable)
- TIFIA
Not budgeted

YTD Revenues - Budget / Actual Variances (in \$M)

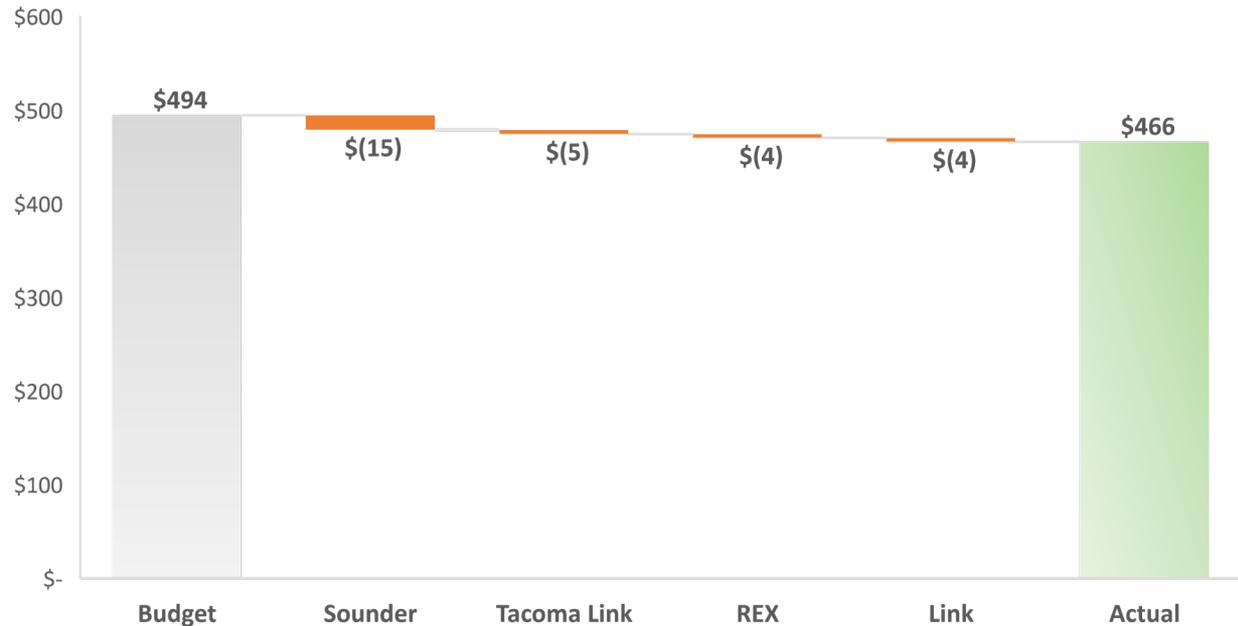


2023 Operating expense budget performance

Actuals were \$28M or 6% lower than planned

- **Sounder**
(17% under budget)
- **Tacoma Link**
(26% under budget)
- **ST Express**
(3% under budget)
- **Link**
(2% under budget)

YTD Modal - Budget / Actual Variances (in \$M)

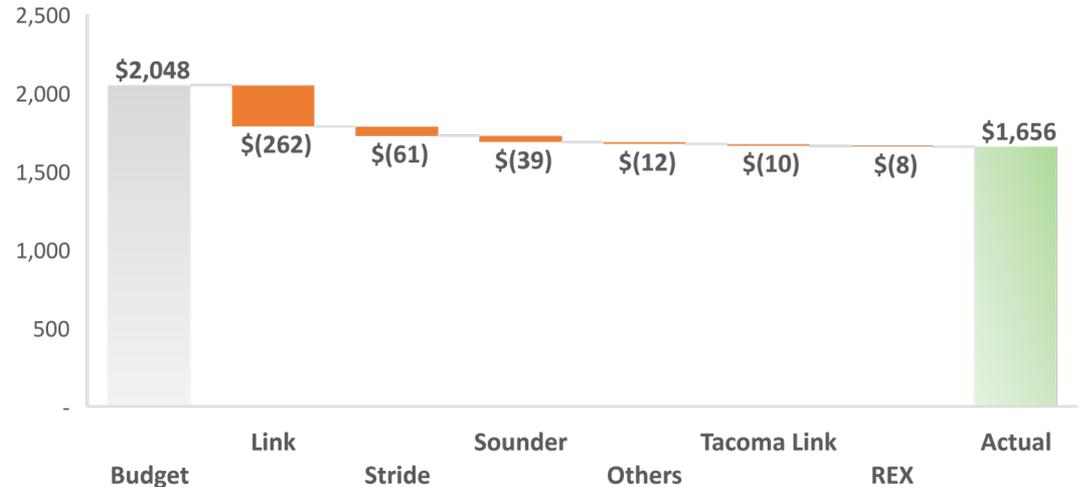


2023 System expansion projects

Actuals were \$392M or 19% lower than planned

- Link (16% under budget)
- Stride (30% under budget)
- Sounder (50% under budget)
- Others (31% under budget)
- Tacoma Link (34% under budget)
- Regional Express (22% under budget)

YTD System Expansion Projects - Budget / Actual Variances (in \$M)



2023 Service delivery projects

Actuals were \$66M or 26% lower than planned

- Enhancements
(49% under budget)
- Administrative
(13% under budget)
- State of Good Repair
(38% under budget)

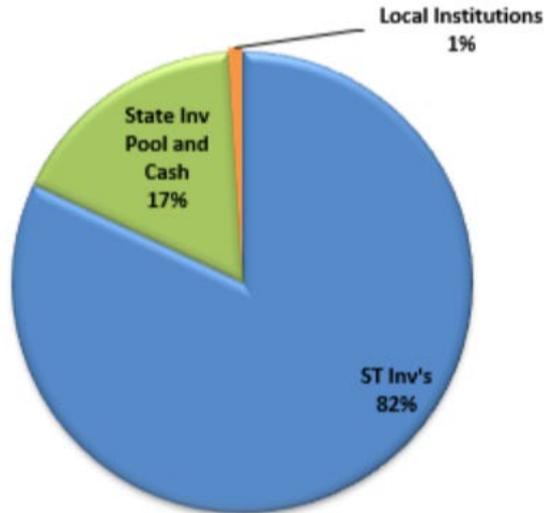
YTD Projects - Budget / Actual Variances (in \$M)



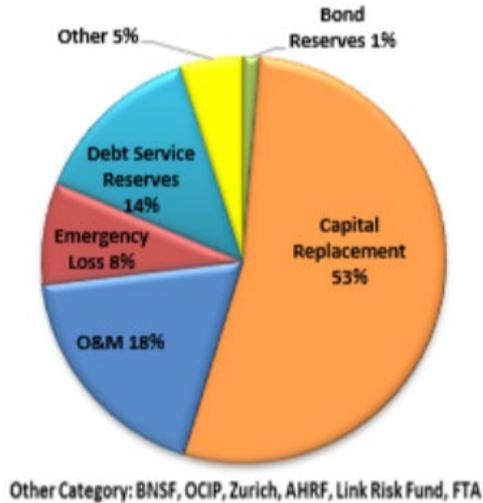
Asset Liability Management (ALM) Report

ALM-Investments

Unrestricted \$4.3B

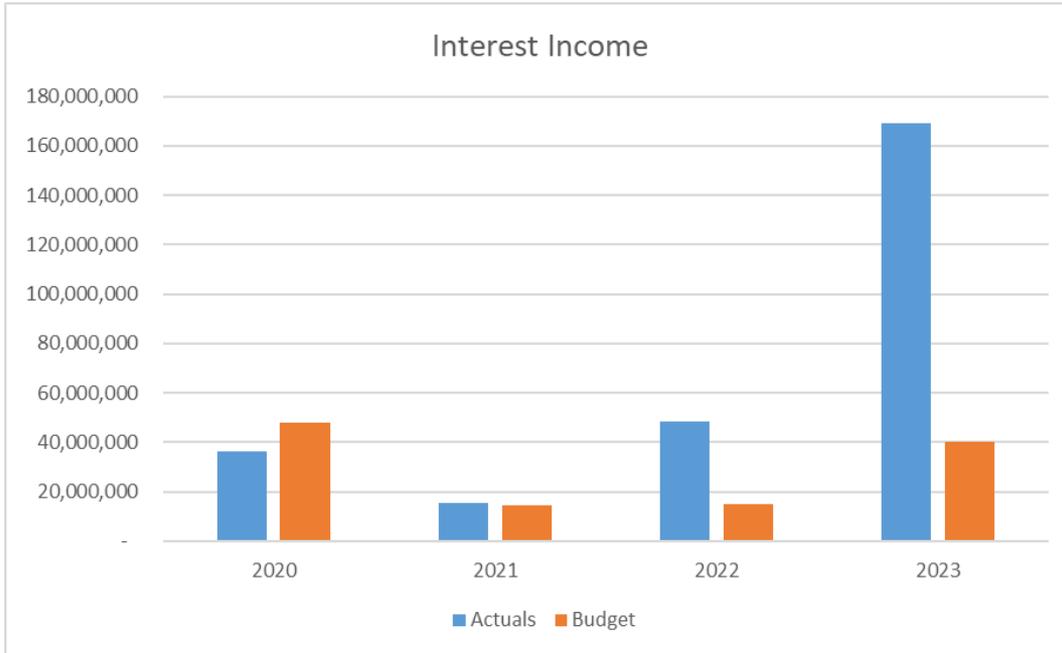


Restricted \$0.7B



- Total Agency investments in the Unrestricted and Restricted Portfolios are ~\$5 billion as of year-end.

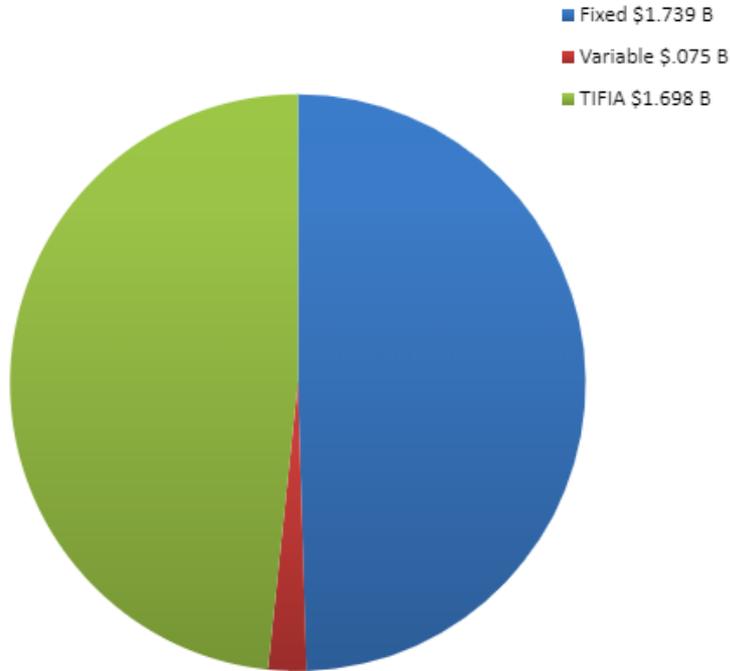
ALM-Interest Income



- Interest income outperformed budget 2023 due to Federal Reserve interest rate increases and portfolio positioning
- 2023 Investment Interest was ~\$170 million

ALM-Debt

Outstanding Debt \$3.512 B



- The Agency currently has ~\$3.5 billion of outstanding bonds and TIFIA borrowings
- Additionally, the Agency has \$2.1 Billion in undrawn TIFIA loan capacity
- The Agency will access the debt market when appropriate to address funding needs and take advantage of market opportunities

ALM-BONDLINK New Investor Resource



Learn about Sound Transit, including Green Bonds Program, Featured News, Key Projects, and The Team.

About Sound Transit

We're connecting more people to more places to make life better and create equitable opportunities for all Sound Transit builds and operates regional transit service throughout the urban areas of Pierce, King and Snohomish Counties. Transit services include Link light rail; Sounder trains; ST Express Bus; Tacoma Link light rail; and soon, Bus Rapid Transit. With voter-approval, Sound Transit is in the process of planning and building the most ambitious transit expansion in the country.



VIEW 4 PHOTOS

Sound Transit is uniquely positioned amongst the nation's transit agencies due to strong dedicated tax revenues from sales taxes and motor vehicle excise taxes. The Agency is not overly reliant on farebox revenues and has strong demonstrated support from the area's voters. The Agency is undertaking the nation's largest transit expansion program, and has the resources to do so successfully.

FOUNDED IN
1993

PARITY BOND RATINGS
AAA (S&P)/Aa1 (Moody's)

PRIOR AND PARITY BONDS OUTSTANDING (AS OF 12/31/2022) (D)

\$1.95 billion

- The Agency will access the debt market when appropriate-currently anticipated in 2030.
- In preparation for future debt issuances, the Agency has created an investor site to highlight projects, credit strength and financial information for future investors.
- Link on SoundTransit.org investor page



BONDLINK CONTINUED



Sound Transit

ABOUT BONDS DOCUMENTS RESOURCES

Moody's Investors Service

Prior Bonds

Aaa | OUTLOOK: Stable | DATE: March 2021
 Rating Report

Parity Bonds

Aa1 | OUTLOOK: Stable | DATE: March 2021
 Rating Report

Analyst

Sunny Zhu
 (415) 274-1721
 sunny.zhu@moody.com

S&P Global Ratings

Prior Bonds

AAA | OUTLOOK: Stable | DATE: March 2023
 Rating Report
 Ratings History

Parity Bonds

AAA | OUTLOOK: Stable | DATE: March 2023
 Rating Report
 Ratings History

Analyst

Kayla Smith
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 kayla.smith@spglobal.com



ABOUT BONDS DOCUMENTS RESOURCES

Credits All

Dow Constantine

Board Chair

Mr. Constantine joined the Board Transit Board in 2006 and has served as Chair of the Board since 2023. He also served as Board Chair from 2013-2016 and as Board Vice Chair from 2019-2022. He was elected as the third term as King County Executive in 2017, re-elected for his fourth term in 2020. He previously served as the King County Council and as a member of the Washington State and the Washington Board of Representatives. He also serves as a member of the Puget Sound Regional Council and as the King County Regional Homelessness Authority.



Nancy Backus

Board Member and Finance & Audit Committee Chair

Ms. Backus joined the Board Transit Board in 2015, and has served as Chair of the Board's Finance & Audit Committee since 2024. She has also served as the Mayor of Auburn, Washington since 2015 and previously served on the Auburn City Council from 2007 through 2013. She also serves as a member of the Puget Sound Development Council of Snohomish and King County and the Puget Sound Regional Council. In addition, she serves on the Board of Governors of Puget Sound, Arts, Parks, Recreation and Sports Council and the Veterans Affairs Task Force.



Goran Sparrman

Interim Chief Executive Officer

Mr. Sparrman joined Board Transit as the Interim Chief Executive Officer in January 2023 after previously serving as Executive Development Officer and Vice President at METR Corporation, a major infrastructure firm. From 2017 to 2018 he served as the deputy director and interim director of the Seattle Department of Transportation, where he led planning, design, building, maintenance, and operations of Seattle's transportation infrastructure. He was also Director of the City of Bellevue Transportation Department for 17 years, where he worked closely with Board Transit on the planning for the Puget Link Extension. Mr. Sparrman is a licensed professional engineer in Washington and holds the equivalent of both a bachelor's and master's degree in civil engineering from Chalmers University of Technology in Gothenburg, Sweden.



John Henry

Chief Financial Officer

Mr. Henry serves as the Chief Financial Officer, responsible for the long-term financial stability of the organization. He has more than 20 years of experience in business, accounting and treasury services including CFO of the American Public Transportation Association (APTA) and CFO of the Jefferson County Commission in Montgomery, Alabama. A resident of the U.S. Army, Mr. Henry graduated from the Anderson and Flagler schools and earned an executive degree in accounting. He has professional affiliations in accounting from Virginia State University and as MBA from the Maxwell University School of Business. Mr. Henry also holds an MBA, CPA and CMA.



GROUP TO

- Team
- Transit Commission
- Board Members
- Board Expenses
- Kevin Chang
- Todd Henry
- Todd Clark
- William Perkins
- Madison Ruckelshaus
- Board of Directors
- Executive Leadership

TALK TO US

Non-member@transit.com

CONTACT US

2025 Budget process update

Current budget process

SEPTEMBER

Discuss LRFP at full subarea circuit

OCTOBER

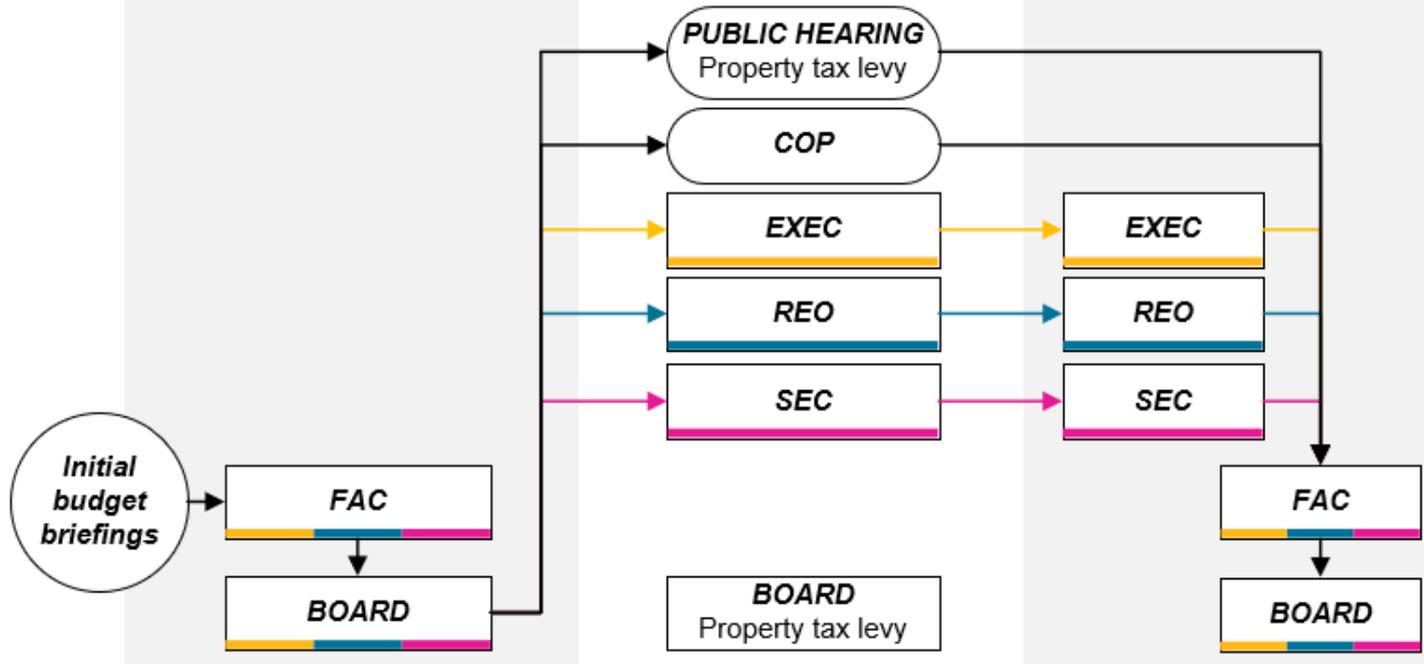
Proposed budget and LRFP presented to FAC & Board

NOVEMBER

Sections of budget presented to committees. Property tax levy approved.

DECEMBER

Committees forward with recommendation to adopt budget.



■ Systemwide program budget

■ Enhancement, SOGR, Admin, Transit Op

■ System expansion projects

Proposed budget process

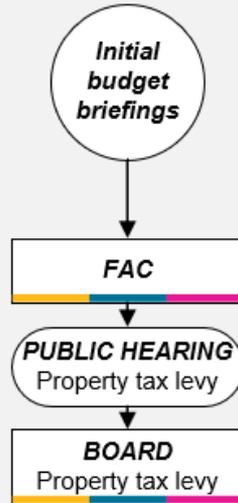
SEPTEMBER



Special new FAC meeting

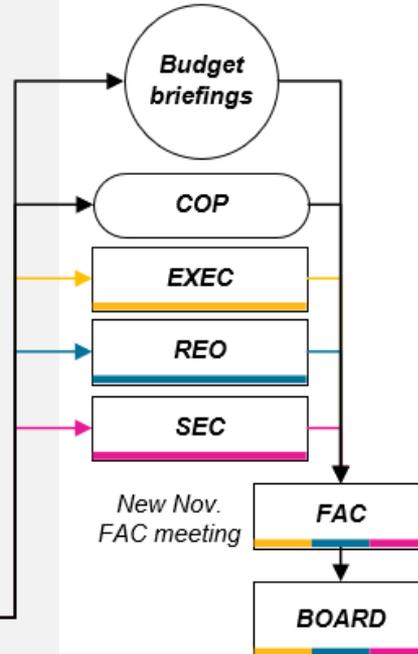
OCTOBER

Proposed budget and LRFP presented to FAC & Board. Property tax levy approved.



NOVEMBER

Sections of budget presented to committees; discuss in subarea circuit; forward for Board adoption



DECEMBER



Reschedule to Nov.

Systemwide program budget

Enhancement, SOGR, Admin, Transit Op

System expansion projects

Thank you.



 [soundtransit.org](https://www.soundtransit.org)

