



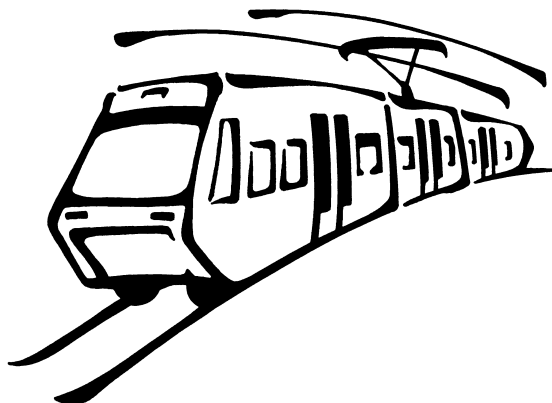
**SOUNDTRANSIT**

Central Puget Sound  
Regional Transit Authority



**Quarterly Financial Report  
4th Quarter 2001**

**March 12, 2002**





MEMO

March 12, 2002

TO: Board of Directors

FROM: Joni Earl, Executive Director  
Hugh Simpson, Chief Financial Officer

SUBJECT: 4th Quarter Financial Report  
Executive Summary

## INTRODUCTION

This report summarizes Sound Transit's 2001 budget-to-actual performance for revenues, staff operating expenses, transit operations and capital outlays. Additional information on the agency's cash and investment position is included.

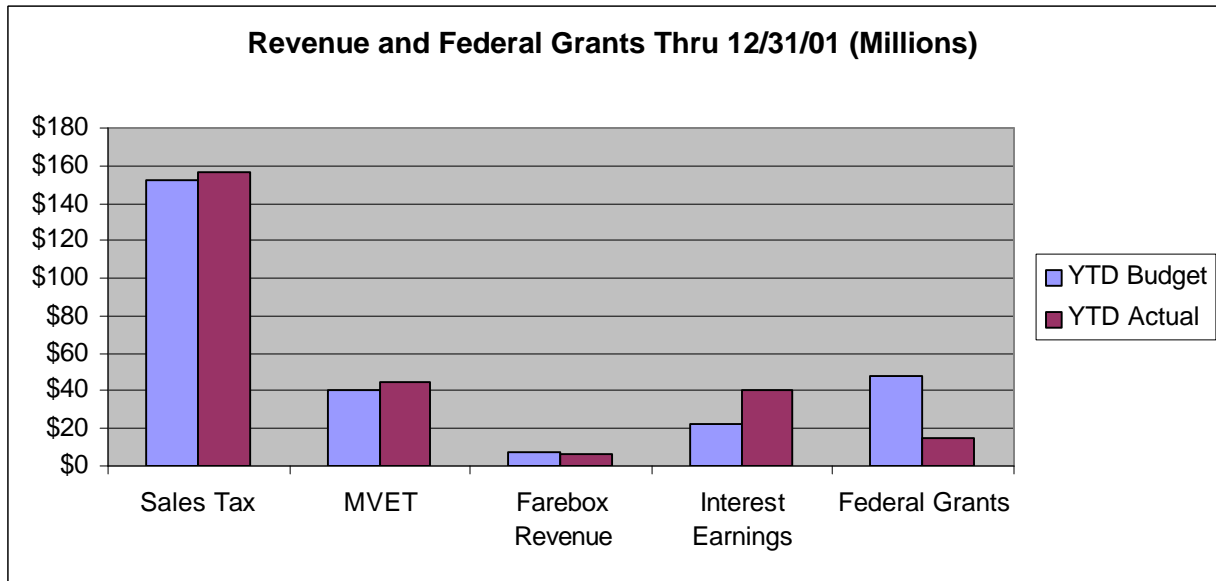
Despite the sharper than expected slowdown in economic growth following the events of September 11, the agency exceeded its local tax forecast by 2.2%. The agency's economic forecast had anticipated a slowdown in 2001, and the results for the first half of the year were stronger than expected. While grant revenue was lower than expected due to the withholding of Link New Starts grants, the agency performed very well in competitive and formula grants and ended at 64% of its projected grant forecast.

The agency's staff operating costs closed the year at 82% of budget (once the figures are adjusted for an accounting change in the treatment of debt service). The agency tightly controlled staff costs in 2001, and an agency-wide reorganization was implemented beginning in the third quarter which delayed the hiring of selected budgeted staff.

Transit operations for Regional Express and Sounder finished the year at 93% of budget, as the agency continues to deliver high-quality Regional Express bus and Sounder commuter rail services to the citizens of the region.

Capital outlays for all three lines of business were under budget for the year. Sounder and Regional Express capital projects experienced continued success, despite the impact of extended negotiation of third-party agreements, environmental and permitting processes, and design delays. These schedule changes and delays primarily affected construction and ROW acquisition. Spending for the Central Link project was delayed as the Board re-evaluated alignment phasing options.

## EXECUTIVE SUMMARY

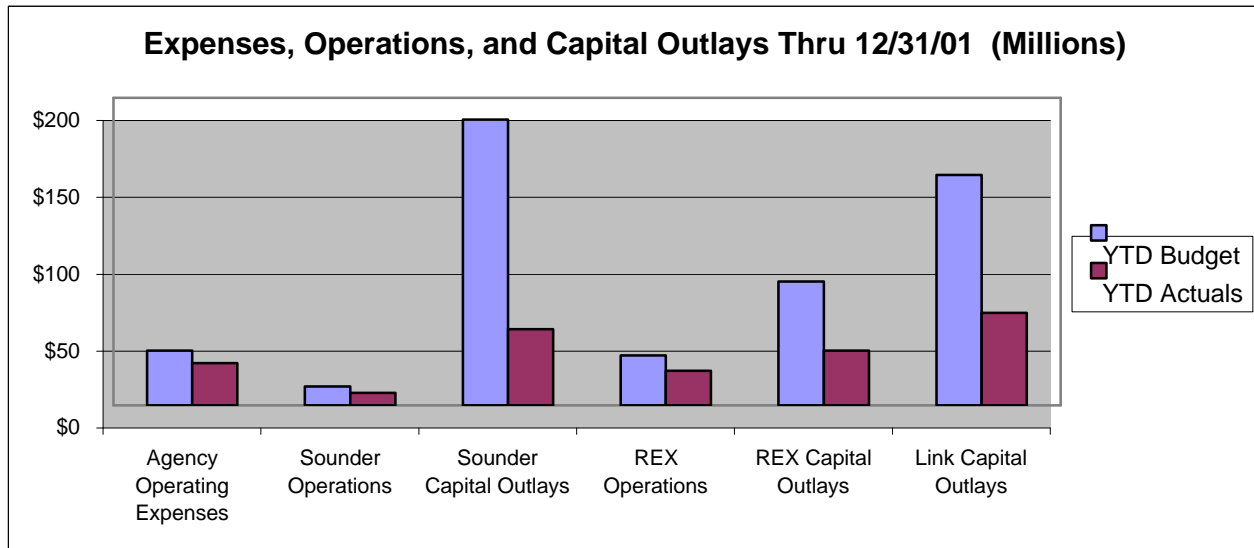


- Sales tax and MVET combined were \$5.9 million, or 2.2% stronger than forecast. These positive variances are explained by the fact that Sound Transit's revenue forecast was fairly conservative and largely anticipated the current economic slowdown.
  - The Snohomish subarea tracked below budget (-5.9%), while the other subareas outperformed the budget (North King +.05%, South King (+4.8%), East King (+1.9%), and Pierce (+6.3%).
- Farebox revenues were 8% below budget due to lower level of service than forecasted in July 2000, particularly for Sounder commuter rail.
- Interest earnings were 201% of budget because of higher-than-expected cash balances and higher-than-budgeted interest rates.
- Federal grants were 36% below budget due to the FTA's withholding of New Starts (\$50 million 2002 appropriation in abeyance) grants for Central Link light rail. However, competitive and formula grants performed above budget (\$4 million budget vs. \$27.7 million actual)

### **Cash and Investment Information as of 12/31/01:**

<b>(Millions \$)</b>	
Cash on Hand	\$1.3
WA State Pool	\$45.6
King County Pool	\$235.7
ST Investments	\$343.9
BNSF Letter of Credit	\$264.3
<b>Total</b>	<b>\$890.80</b>

## OPERATING EXPENSES, OPERATIONS AND CAPITAL OUTLAYS



### Agency administrative

- **Staff Costs** were 72% of budget (82% if adjusted for an accounting change in the treatment of debt service). Staff costs trailed budget due to an agency-wide reorganization which reprioritized filling open positions and delayed some new hirings.
- **Systems Integration** (Research and Technology, Fare Integration, Phase II Planning) spent 70% of budget through year-end as a result of loss of partnership interests due to lack of funding and program changes.

### SOUNDER

- **Operations expenses** were 88% of budget as service ramped up slower than anticipated in the 2001 budget due to delays in track and facility improvements.
- **Capital outlays** were recorded at 36% of budget for 2001 primarily due to a delayed start of track/facilities construction work in the Seattle-to-Tacoma segment and extended environmental clearance processes.

### REGIONAL EXPRESS

- **Operations expenses** were 95% of budget at year-end.
- **Capital outlays** were recorded at 42% of budget for 2001. Preliminary Design, Final Design, and Right of Way were all under budget primarily due to more complex and time consuming environmental reviews. Construction activity was under budget primarily due to (a) the Pacific Overpass project was completed under budget and (b) construction activity for Bellevue Transit Center, Bellevue Direct Access and Overlake Transit Center were all delayed.

### LINK LIGHT RAIL

- **Capital outlays** The original 2001 budget anticipated that significant construction activity would be underway by the second half of 2001. The Board's reevaluation of the link project pushed construction and final design activities into 2002.

# 4TH QUARTER 2001 BUDGET MONITORING

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## REVENUES FOR THE YEAR ENDING DECEMBER 31, 2001

### Agency-Wide Revenues through December 31, 2001 2001 Budget to Actuals

	2001 Budget	Year-to-date Actuals	YTD actuals as % of 2001 Budget	YTD budget	YTD actuals over/(under) YTD budget	YTD actuals as % of YTD Budget	December Actuals
<b>REVENUE SOURCES</b>							
Retail Sales and Use Tax	\$207,113,265	\$209,752,440	101%	\$207,113,265	\$2,639,175	101%	\$18,530,024
Motor Vehicle Excise Tax	55,012,038	58,305,206	106%	55,012,038	3,293,168	106%	4,873,918
Farebox Revenue	10,126,376	9,321,299	92%	10,126,376	(805,077)	92%	1,315,742
Interest Earnings	29,928,462	60,206,602	201%	29,928,462	30,278,140	201%	11,576,118
Miscellaneous Revenues	75,000	1,074,019	1432%	75,000	999,019	1432%	572,339
<b>OTHER FINANCING</b>							
Federal Grants	63,720,000	41,084,546	64%	63,720,000	(22,635,454)	64%	17,983,039
Bond Proceeds	0	0	0%	0	0	0%	0
<b>TOTAL SOURCES</b>	<b>\$365,975,141</b>	<b>\$379,744,112</b>	<b>104%</b>	<b>\$365,975,140</b>	<b>\$13,768,971</b>	<b>104%</b>	<b>\$54,851,180</b>

Motor Vehicle Excise Tax includes the Rental Car Tax.

#### Revenue Notes

- Total revenues for the whole of 2001 are 4% above budget.
- Of the two major revenue sources, Retail Sales & Use Tax is 1% above forecast while MVET is 6% above forecast. Combined, both sources are \$5.9 million or 2.2% stronger than forecast. These positive variances are explained by the fact that Sound Transit's revenue forecast was fairly conservative and largely anticipated the current recession.
- Interest earnings are 201% above budget due to higher than forecast interest rates and cash balances, and includes \$7.3 million of investment portfolio gains.
- Grants are 36% below budget due in large part to the fact that Link's grants were held in abeyance.
- Farebox revenues are 8% below budget because of lower levels of services than anticipated in July 2000, primarily for Sounder commuter rail. 2001 operating revenues include advertising revenues of \$501,000 from Pierce Transit and Community Transit.
- Miscellaneous revenues are far beyond budget due to higher than expected property rental revenues and the receipt of \$403,577 from FEMA for earthquake damage repairs.

## EXPENSES AND CAPITAL OUTLAYS

### Sound Transit Staff Operating Expenses through December 31, 2001 2001 Budget to Actuals

	2001 Adopted Budget	Year-to-date actuals	% spent	YTD budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD budget	December actuals
Salaries and benefits	\$28,739,169	\$21,596,578	75%	\$28,739,169	\$7,142,591	75%	\$3,156,816
Leases and rentals	1,973,893	1,928,086	98%	1,973,893	45,807	98%	256,566
Services	8,568,025	8,886,088	104%	8,568,025	(318,063)	104%	3,270,482
Materials and supplies	1,476,195	1,156,968	78%	1,476,195	319,227	78%	415,090
Miscellaneous expenses	1,740,484	1,139,081	65%	1,740,484	601,403	65%	246,641
Other expenses	18,927,178	7,558,633	40%	18,927,178	11,368,545	40%	(8,842,946)
Depreciation	1,855,667	3,095,084	167%	1,855,667	(1,239,417)	167%	336,654
<b>Subtotal operating</b>	<b>\$63,280,612</b>	<b>\$45,360,519</b>	<b>72%</b>	<b>\$63,280,612</b>	<b>\$17,920,094</b>	<b>72%</b>	<b>(1,160,697)</b>
Systems Integration	7,918,080	5,527,097	70%	7,918,080	2,390,983	70%	1,864,116
<b>TOTAL OPERATING</b>	<b>\$71,198,692</b>	<b>\$50,887,616</b>	<b>71%</b>	<b>\$71,198,692</b>	<b>\$20,311,077</b>	<b>71%</b>	<b>\$703,419</b>

#### Operating Notes

- Salaries and benefits make up the largest portion of the total operating budget (40%). This past June, the agency implemented a reorganization that resulted in delayed hiring processes over the past several months.
- Leases and Rentals, which largely consists of the administrative facilities rental of the Opus Building for Link Light Rail staff, and the agency-wide allocated leased vehicles and parking facilities expenses, are on target at 98% of budget through year-end.
- Services are slightly over budget through year-end due to the agency-wide project controls system that Sound Transit has implemented, which will establish standard, minimum requirements for the control, tracking, and reporting of capital projects for the agency.
- Materials and Supplies are under budget largely because of GSC office supplies and small equipment/furniture. The GSC has limited space for supplies this year, therefore the departments have been purchasing anything over and above the standard supplies out of their own budgets.
- Miscellaneous expenses are under budget due to an expense class, which includes \$500,000 in departmental contingency funds, which were not spent during the year.
- Other Expenses is made up of utilities, insurance, and interest on long-term debt. In December, a large portion of the interest on long-term debt was reclassified to capital projects in accordance with GAAP, as this is a financing cost to capital projects. The remaining financing costs were expensed here on projects that are now assets.
- Depreciation expenses are higher than budgeted because of leasehold improvements and the new financial system being added to the asset base after the budget was developed.
- Systems Integration The loss of various partnership interests due to lack of funding or program changes has brought the year-end spending to 70%.

## AGENCY SUMMARY BY DEPARTMENT

Staff Operating Divisions Only Before Expense Transfers  
For the Twelve Months Ending December 31, 2001

	Adopted Budget	MTD Actual	YTD Actual	% Expended
Executive Department	\$2,677,325	\$305,869	\$2,469,445	92.24%
Board Administration	734,126	111,031	638,674	87.00%
Legal Services	2,789,516	338,958	1,933,259	69.30%
Administrative Services	7,323,124	903,189	5,351,158	73.07%
Communications	6,563,205	964,848	4,996,720	76.13%
Finance & Information Services	7,752,457	1,561,164	7,073,674	91.24%
Sounder	2,126,867	498,590	1,895,208	89.11%
Link	11,026,274	1,637,503	9,141,706	82.91%
Regional Express	3,919,460	769,891	3,398,705	86.71%
Non-Dept	18,368,244	(8,251,739)	8,461,970	46.07%
<b>TOTAL</b>	<b>\$63,280,597</b>	<b>(\$1,160,697)</b>	<b>\$45,360,519</b>	<b>71.68%</b>

## Sound Transit Capital Outlays by Line of Business through December 31, 2001

### Current year 2001

Phase	2001 Adopted capital plan <i>a</i>	Year-to-date outlays <i>b</i>	Budget remaining <i>[a-b]</i>	% Spent <i>[b/a]</i>
Sounder Comm. Rail	\$247,917,491	\$88,735,461	\$159,182,030	36%
Link Light Rail	199,783,000	55,171,662	144,611,338	28%
Regional Express	107,610,301	45,528,471	62,081,830	42%
<b>Total</b>	<b>\$555,310,792</b>	<b>\$189,435,594</b>	<b>\$365,875,198</b>	<b>34%</b>

### 10-year plan 1997-2006

Phase	10-year Adopted capital plan <i>c</i>	Life-to-date outlays <i>d</i>	Outstanding commitments <i>e</i>	Budget remaining <i>[c-(d+e)]</i>	% Spent and committed <i>[(d+e)/c]</i>
Sounder Comm. Rail	\$780,510,709	\$290,631,523	\$222,482,601	\$267,396,585	66%
Link Light Rail	2,622,171,000	239,352,540	154,415,567	2,228,402,893	15%
Regional Express	919,328,772	166,926,486	69,290,883	683,111,403	26%
<b>Total</b>	<b>\$4,322,010,481</b>	<b>\$696,910,549</b>	<b>\$446,189,051</b>	<b>\$3,178,910,881</b>	<b>26%</b>

# SOUNDER

## Souder Commuter Rail Transit Operations through December 31, 2001

	2001 Adopted Budget	Year-to-date actuals	Percent spent	YTD budget	YTD actuals (over)/under YTD budget	YTD actuals as % of YTD budget	December actuals
Services	\$6,616,175	\$5,760,660	87%	\$6,616,175	\$855,515	87%	\$1,215,856
Leases and Rentals	88,400	478,982	542%	88,400	(390,582)	542%	433,039
Insurance	1,878,200	1,011,896	54%	1,878,200	866,304	54%	(72,631)
Materials and Supplies	834,778	235,245	28%	834,778	599,533	28%	214,119
Vehicles	0	0	0%	0	0	0%	0
Miscellaneous Expenses	833,999	405,858	49%	833,999	428,141	49%	59,396
Purchased Transportation Services	3,001,500	2,244,809	75%	3,001,500	756,691	75%	390,826
<b>Subtotal gross transit operations</b>	<b>\$13,253,052</b>	<b>\$10,137,448</b>	<b>76%</b>	<b>\$13,253,052</b>	<b>\$3,115,604</b>	<b>76%</b>	<b>\$2,240,607</b>
Depreciation and amortization	1,771,395	3,299,427	186%	1,771,395	(1,528,032)	186%	1,421,018
Agency Administration Allocation	1,232,733	839,523	68%	1,232,733	393,210	68%	253,632
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$16,257,180</b>	<b>\$14,276,398</b>	<b>88%</b>	<b>\$16,257,180</b>	<b>\$1,980,782</b>	<b>88%</b>	<b>\$3,915,257</b>

### Souder Transit Operations Notes

- Services is largely composed of a vehicle maintenance agreement with Amtrak and also includes ticket vending machine-related services. Schedule of service ramp-up extension had a direct impact on vehicle maintenance contract for a year-end under-run.
- Leases and Rentals expenses are higher than budgeted for 2001. This variance relates to the lease/ leaseback transaction which resulted in recognizing a rental expense amount that is offset by lease revenues. This will be a net increase that will be recognized over the life of the lease. Savings realized from leaseback arrangement on Souder vehicles will be \$111,172 for this year, and \$4,875,707 over the life of this transaction.
- Insurance expenditures (including railroad protective/liability) are running under the cumulative target and are expected to remain under through year-end. Budget for insurance anticipated a level of insurance higher than now required; the change is associated with the ramp-up of scheduled service being later than originally planned.
- Materials & Supplies have fuel for the locomotives as a major component, which was earlier rolled up into Services with the vehicle maintenance contract. The figures shown now reflect an adjustment to more accurately match actual fuel costs with associated budget.
- Miscellaneous expenses are composed largely of station maintenance and operation costs, which are proportionately lower in the earlier part of the year because station completions had been successive over the first few months of the year. Also included in this expense category is contingency, which was not drawn from in 2001.
- Purchased Transportation Services consists mainly of the agreement with BNSF for train operations, maintenance of Right-of-way and related trackage fees. The cumulative figures are below budget due to a lag time in receiving invoices as well as a change in the ramp-up of scheduled service.
- Depreciation expenses are higher than budgeted because leasehold improvements and the new financial system were added to the asset base after the budget was developed.
- Agency Administration refers to allocations from corporate departments, using the driver of Souder operating wages as a proportion of that for all LOB wages. Actuals are below target for year-end (service ramp-up has been extended) because of less operations effort expended in 2001.

## Sounder Commuter Rail capital outlays by phase as of December 31, 2001

### Current year 2001

Phase	2001 Adopted capital plan <i>a</i>	Year-to-date outlays <i>b</i>	Budget remaining <i>[a-b]</i>	% Spent <i>[b/a]</i>
Yard, shop, layover	\$5,864,207	\$10,602,932	(\$4,738,725)	181%
Agency devel.	8,952,769	(6,107,889)	15,060,658	-68%
Prelim. engineering	2,553,497	2,534,387	19,110	99%
Final design	8,558,639	2,906,962	5,651,677	34%
ROW acq. & permits	4,489,112	1,855,950	2,633,162	41%
Construction	179,409,394	53,649,706	125,759,688	30%
Procurement	0	0	0	0%
Vehicles	38,056,432	23,293,413	14,763,019	61%
Test and startup	0	0	0	0%
Contingency	33,441	0	33,441	0%
<b>Total</b>	<b>\$247,917,491</b>	<b>\$88,735,461</b>	<b>\$159,182,030</b>	<b>36%</b>

### 10-year plan 1997-2006

Phase	10-year Adopted capital plan <i>c</i>	Life-to-date outlays <i>d</i>	Outstanding commitments <i>e</i>	Budget remaining <i>[c-(d+e)]</i>	% Spent and committed <i>[(d+e)/c]</i>
Yard, shop, layover	\$10,238,040	\$10,602,932	\$10,696,531	(\$11,061,423)	208%
Agency devel.	40,678,625	14,648,418	249,348	25,780,859	37%
Prelim. engineering	23,134,898	18,636,884	4,784,147	(286,133)	101%
Final design	28,307,484	13,687,497	(481,291)	15,101,278	47%
ROW acq. & permits	59,319,064	34,498,526	564,607	24,255,931	59%
Construction	456,111,539	86,872,191	183,399,944	185,839,404	59%
Procurement	0	0	0	0	0%
Vehicles	147,226,005	111,685,075	19,233,246	16,307,684	89%
Test and startup	0	0	0	0	0%
Contingency	15,495,054	0	4,036,069	11,458,985	26%
<b>Total</b>	<b>\$780,510,709</b>	<b>\$290,631,523</b>	<b>\$222,482,601</b>	<b>\$267,396,585</b>	<b>66%</b>

## DISCUSSION OF CAPITAL OUTLAYS – SOUNDER COMMUTER RAIL

- Yard, shop, and layover Obligations now include the \$12.7m “pass-through” from WSDOT to Amtrak for the vehicle maintenance facility (reflected in Proposed 2002 Budget). Construction schedule and accruals for the maintenance facility have been ahead of what was planned.
- Agency Development This phase reflects a negative variance at year-end as a result of the evaluation of the reasonableness of the costs included as indirect costs. It has been determined that start up costs, which were previously included as part of indirect costs, should be recognized as general administration costs, as opposed to part of the project’s costs. The current year’s data also reflects a transfer of capitalizable interest from the Agency Development phase to a new and separate line below the subtotal.
- Preliminary Engineering Year-end expenditures are on target at 99% as Everett-to-Seattle track and signals improvements have now begun.

- Final Design Delays in signing the BNSF construction agreement for *Tacoma-to-Seattle* have caused the engineering agreements for *Everett-to-Seattle* and *Tacoma-to-Lakewood* to be delayed. Board motions have been approved to execute these contracts and work scopes are in negotiations.

- ROW Actual expenditures are lower than planned, due to the delays mentioned in Final Design section, for the *Everett-to-Seattle* and *Tacoma-to-Lakewood* segments. Board approval has been granted to purchase required properties on the *Everett-to-Seattle* segment; and several properties have already been acquired. On the *Lakewood-to-Seattle* Segment, final design & property acquisitions are dependent upon first receiving the FEIS and ROD.

- Construction

*Stations* - Expenditures are under target due to delays associated with track redesign, permitting and property access issues. Additionally, current year under-runs are associated with: 1) Phase II work in Kent and Auburn had to wait until parking garages are completed; 2) In Tukwila, the now-completed temporary station replaced the original plan (now on hold) of a permanent station's construction in 2001 which will later incorporate transit-oriented development. The Cost-to-Complete budget amendment (R2001-10) has addressed additional budget requirements prompted by higher than anticipated costs related to hazardous and contaminated soils, construction management services, ticket vending machines and added scope such as pedestrian bridges.

*Track & Signals* - There has been a significant delay in the schedule of construction by BNSF; year-end figures are projected to be more like one-third of the 2001 budget. The 2001 budget planning assumed the track & signal construction would begin in the last half of 2000; protracted negotiations and extended environmental clearance processes delayed start of work until summer of 2001.

- Vehicles Payments to vehicle manufacturers are under budget through 2001 due to deferring delivery for some vehicles based on schedule impacted requirements. Leasing options (i.e. with Virginia Rail Express) have been executed (for two 7-vehicle train-sets) because of the service start date slide for Lakewood and Everett segments, allowing for revenue generation before vehicles will be required for service. A lease-to-buy transaction with Caltrain has been executed, which will not impact Sounder's budget, as the final effect of the arrangement will be financially neutral.

## REGIONAL EXPRESS

### Regional Express Transit Operations through December 31, 2001

	2001 Adopted Budget	Year-to-date actuals	Percent spent	YTD budget	(over)/under YTD budget	as % of YTD budget	December actuals
Services	\$2,585,500	\$1,529,200	59%	\$2,585,500	\$1,056,300	59%	\$496,540
Leases and Rentals	10,680	4,479	42%	10,680	6,201	42%	0
Insurance	320,000	260,796	81%	320,000	59,204	81%	22,868
Materials and Supplies	73,000	334,401	458%	73,000	(261,401)	458%	140,251
Vehicles	952,161	1,041,508	109%	952,161	(89,347)	109%	179,358
Miscellaneous Expenses	708,362	117,995	17%	708,362	590,367	17%	62,020
Purchased Transportation Services	33,049,655	32,218,591	97%	33,049,655	831,064	97%	12,401,458
<b>Subtotal gross transit operations</b>	<b>\$37,699,358</b>	<b>\$35,506,970</b>	<b>94%</b>	<b>\$37,699,358</b>	<b>\$2,192,388</b>	<b>94%</b>	<b>\$13,302,495</b>
Depreciation and amortization	3,883,765	4,391,257	113%	3,883,765	(507,492)	113%	587,411
Agency Administration Allocation	1,743,153	1,204,707	69%	1,743,153	538,446	69%	341,709
<b>TOTAL TRANSIT OPERATIONS</b>	<b>\$43,326,276</b>	<b>\$41,102,934</b>	<b>95%</b>	<b>\$43,326,276</b>	<b>\$2,223,342</b>	<b>95%</b>	<b>\$14,231,615</b>

### Regional Bus Transit Operations Notes

- Services include contract maintenance for transit centers / park-and-ride lots, equipment and marketing-related services. The year-to-date outlays are under budget because we did not purchase luggage racks and reading lights since the cost was higher than estimated; Regional Mobility program did not begin implementation as early as planned; and costs were budgeted for interlocal agreements that weren't incurred.
- Leases and Rentals include leased vehicles, furniture and equipment. The cumulative figure is low at year-end because the leases were less costly than estimated.
- Insurance expenditures through December are lower than originally estimated.
- Materials & Supplies are composed of marketing materials, presentation materials, and tools and equipment for new buses. Cumulative figures are higher than estimated due mainly to shifting of vehicle start-up costs for tools and equipment from the capital account into this account per ST's accounting guidelines.
- Vehicles consist of vehicle leases, vehicle licensing, registration fees and state excise tax. Cumulative figures are higher than estimated because the state excise tax was higher than estimated.
- Miscellaneous expenses are composed largely of the contingency fund, which is used for unusual costs such as significant increases in diesel costs. No significant increase in unusual costs.
- Purchased Transportation Services are the costs paid to the transit partners for operating and maintaining ST bus service. The cumulative figure is on target.
- Depreciation expenses are composed of bus fleet and fareboxes depreciation. Cumulative figures are high because the bus fleet depreciation is higher than estimated.
- Agency Administration Allocations reflects the bus division staff costs and staff costs allocated from other departments. Actuals are below target for the year-end.

## Regional Express capital outlays by phase as of December 31, 2001

### Current year 2001

Phase	2001 Adopted capital plan <i>a</i>	Year-to-date outlays <i>b</i>	Budget remaining <i>[a-b]</i>	% Spent <i>[b/a]</i>
Agency devel.	\$5,532,249	(\$10,035,076)	\$15,567,325	-181%
Prelim. Engineering/Env Rev	10,041,180	11,437,698	(1,396,518)	114%
Final design	22,504,659	6,689,787	15,814,872	30%
ROW acq. & permits	21,433,834	11,156,802	10,277,032	52%
Construction	34,793,610	13,706,978	21,086,632	39%
Procurement	0	(31,372)	31,372	0%
Vehicles	11,926,675	12,573,587	(646,912)	105%
Test and startup	0	0	0	0%
Contingency	1,378,094	30,067	1,348,027	0%
<b>Total</b>	<b>\$107,610,301</b>	<b>\$45,528,471</b>	<b>\$62,081,830</b>	<b>42%</b>

### 10-year plan 1997-2006

Phase	10-year Adopted capital plan <i>c</i>	Life-to-date outlays <i>d</i>	Outstanding commitments <i>e</i>	Budget remaining <i>[c-(d+e)]</i>	% Spent and committed <i>[(d+e)/c]</i>
Agency devel.	\$44,987,487	\$5,739,713	\$10,003	\$39,237,771	13%
Prelim. Engineering/Env Rev	45,034,476	34,839,010	6,399,886	3,795,580	92%
Final design	64,418,818	9,340,628	5,982,789	49,095,401	24%
ROW acq. & permits	71,349,689	18,523,992	89,745	52,735,952	26%
Construction	513,675,225	40,294,309	24,111,531	449,269,385	13%
Procurement	0	0	0	0	0%
Vehicles	75,752,847	58,158,767	11,791,198	5,802,882	92%
Test and startup	0	0	0	0	0%
Contingency	104,110,230	30,067	20,905,731	83,174,432	20%
<b>Total</b>	<b>\$919,328,772</b>	<b>\$166,926,486</b>	<b>\$69,290,883</b>	<b>\$683,111,403</b>	<b>26%</b>

## DISCUSSION OF CAPITAL OUTLAYS – REGIONAL EXPRESS

- **Agency Development** costs include direct project labor and staff support costs, as well as an allocated share of agency-wide costs. The year-to-date costs are showing as negative due to accounting changes made in 2001. The methodology for allocating agency support costs to projects was changed and a one-time adjustment was made.
- **Preliminary Engineering/Environmental Review** The environmental review phase has been more complex and time-consuming than anticipated for many of the capital projects. New design standards and more stringent environmental regulations, associated with the endangered species act and storm water treatment, have had impacts on both budget and schedule.
- **Final Design** The year-to-date outlays for the final design phase are running under budget for the year because several projects began later than planned due to environmental review complexities.
- **ROW Acquisition and Permits** A few major Right-of-Way (ROW) acquisitions that were scheduled for 2001 were delayed pending completion of PE/ER, resulting in under-spending of the budgeted amount for the year 2001. Specifically, ROW Acquisitions in Federal Way were delayed pending completion of the environmental review process but are expected to begin in 2002. ROW acquisition for the Bellevue Direct Access project has been delayed to 2002. Please see discussion below in the Construction section.

Right-of-Way acquisition costs for the 10-year plan will be greater than the original *Sound Move* estimates. Staff is addressing this issue through review of ROW projections with Project Controls to identify immediate needs and

to reassess property values with the intent to provide more realistic numbers for the entire program. These potential budget risks will be managed within the existing program budget using the Capital Program Reserve fund. The reserve fund was established for Regional Express capital projects in the 2002 budget by restructuring the existing capital budget in order to ensure completion of the capital program within available funds.

- **Construction** The planned construction budget for 2001 was under-spent by \$21 million, mainly due to completing a project under-budget and delays on other projects, as described below.
  - a. The Pacific Avenue Overpass project was completed and opened for traffic in 2001. The project was more than \$5 million under-budget and received the silver award for design and construction from the American Council of Engineering Companies (ACEC).
  - b. Construction of the Bellevue Transit Center was delayed in the fall of 2001 due to design and ROW acquisition complexities, as well as aggressive design review and permitting schedules.
  - c. The construction start date for the Bellevue Direct Access project has been rescheduled to 2002 due to delays caused by an appeal of the SE 8th Interchange Shoreline Permit. The project will still be completed on schedule, but the construction budget for the year 2001 was under-spent.
  - d. Construction on the Overlake Transit Center project was delayed due to the need to rebid (in an effort to keep the project within budget) as well as aggressive permitting schedules. The basic project construction contract for Overlake was awarded in August of 2001 but construction did not progress as far as initially planned for the year. Construction of the basic project is scheduled to be complete in the 2nd quarter of 2002. Two additional supporting buildings will be completed in early 2003.
- **Procurement** The life-to-date amount shown was incorrectly coded to the procurement phase in a previous year. This amount shown is applicable to bus transit operations.
- **Vehicles** The vehicle phase includes both the purchase and leasing of vehicles for bus service. The original vehicle purchase plan included purchase of twenty compressed natural gas (CNG) buses from New Flyer and ten diesel buses from Gillig in 2001 and the remaining ten Gillig diesel buses in 2002. Sound Transit was able to combine the orders and take early delivery for the second ten Gillig buses. In doing so, inspection and delivery costs were reduced and the buses were put into service earlier than anticipated. As a result, the vehicle budget for 2001 was over-spent at the end of the year, however, total vehicle costs will be within the lifetime budget.

**Link Light Rail capital outlays by phase as of December 31, 2001**

**Current year 2001**

Phase	2001 Adopted capital plan <i>a</i>	Year-to-date outlays <i>b</i>	Budget remaining <i>[a-b]</i>	% Spent <i>[b/a]</i>
No Phase	\$0	\$0	\$0	0%
Agency devel.	\$16,312,000	(\$20,504,782)	\$36,816,782	-126%
Prelim. engineering	681,000	9,206,060	(8,525,060)	1352%
Final design	47,935,000	25,146,403	22,788,597	52%
ROW acq. & permits	90,894,000	23,974,539	66,919,461	26%
Construction	32,898,000	17,339,481	15,558,519	53%
Procurement	0	0	0	0%
Vehicles	10,690,000	9,961	10,680,039	0%
Test and startup	373,000	0	373,000	0%
Contingency	0	0	0	0%
<b>Total</b>	<b>\$199,783,000</b>	<b>\$55,171,662</b>	<b>\$144,611,338</b>	<b>28%</b>

**10-year plan 1997-2006**

Phase	10-year Adopted capital plan <i>c</i>	Life-to-date outlays <i>d</i>	Outstanding commitments <i>e</i>	Budget remaining <i>[c-(d+e)]</i>	% Spent and committed <i>[(d+e)/c]</i>
No Phase					0%
Agency devel.	\$143,822,000	\$14,803,543	\$489	\$129,017,968	10%
Prelim. engineering	81,871,000	89,395,227	25,567,962	(33,092,189)	140%
Final design	149,514,000	48,190,308	88,412,407	12,911,285	91%
ROW acq. & permits	231,373,000	65,868,081	648,631	164,856,288	29%
Construction	1,766,269,000	18,346,722	25,489,167	1,722,433,111	2%
Procurement	0	3,379	443	(3,822)	0%
Vehicles	247,795,000	2,745,280	4,991,701	240,058,019	3%
Test and startup	1,527,000	0	0	1,527,000	0%
Contingency	0	0	9,304,767	(9,304,767)	0%
<b>Total</b>	<b>\$2,622,171,000</b>	<b>\$239,352,540</b>	<b>\$154,415,567</b>	<b>\$2,228,402,893</b>	<b>15%</b>

**DISCUSSION OF CAPITAL OUTLAYS – LINK LIGHT RAIL**

Due to the suspension of federal funding, expenditures in both University Link and Airport Link for non-essential activities were reduced for much of 2001. Staff presented a number of options for “right-sizing” the project to the Board for its consideration. Based on the Board’s direction, staff developed cost estimates and detailed schedules for a segment running south from Convention Place Station. This information was presented to the Board over the summer and adopted by the Board on November 29, 2001. Staff is now proceeding to execute contract changes to implement Board direction for Central Link.

- **Agency Development** includes project labor and staff support costs, and agency costs that are allocated to the projects. Prior to September, it also included capitalized interest. Beginning in September, these costs are being identified separately. The year-to-date costs are showing as negative due to accounting changes made in 2001. The methodology for allocating agency support costs to projects was changed and a one-time adjustment was made.

- Preliminary Engineering and Final Design Design and Third-Party Agreements previously executed are being renegotiated to accommodate revised schedule and focus for Central Link. Some activity continued through 2001 as core consultants provided support to staff in developing Central Link options, and as public outreach activities occurred. Expenditures, related to examining alignment alternatives for Central Link, have increased the preliminary engineering costs over the 2001 budget. Further, staff is proceeding with an 18- to 24-month study to identify an alignment for extending the line north of Convention Place Station to the University District and on to Northgate.
- ROW acquisition and permits Within the available budget, Sound Transit has continued to acquire a limited number of properties and provide relocation assistance to owners and tenants of property necessary for Central Link in a manner that minimizes undue hardship for owners and tenants, cost-effectively preserves project right-of-way, and reduces overall project costs.
- Construction Ground breaking occurred on the maintenance facility in Tacoma on October 18, 2000. Building erection has been completed, and track work is underway. The installation contract for traction power substations for the Tacoma Line commenced on March 8, 2001. The Tacoma Line construction contract was awarded on Feb 8, 2001, and Notice to Proceed was issued on July 9.
- Vehicles A contract with Inekon/Skoda for purchase of vehicles for the Tacoma Line was executed in December, 1999. Delivery of the first vehicles is expected third quarter of 2002. Progress payments under this contract have begun and will continue to occur based on a fixed progress payment schedule.

## SUBAREA 4TH QUARTER SUMMARIES

### Subarea Revenue Summary

Millions YOES

Phase I Tax Revenues	Snohomish	North King	South King	East King	Pierce	Total
Sound Move Forecast	326.3	736.0	446.7	533.2	454.8	2,497
10-Year Forecast	307.1	736.9	444.6	676.3	398.8	2,564
Change	(19.1)	0.9	(2.2)	143.1	(56.0)	67
% Change	-5.9%	0.1%	-0.5%	26.8%	-12.3%	2.7%
2001 Tax Revenues						
December YTD Budget	32.6	75.4	44.4	69.1	40.6	262.1
December YTD Actual	32.1	75.7	46.5	70.5	43.2	268.1
Change	(0.46)	0.4	2.1	1.3	2.6	5.9
% Change	-1.4%	0.5%	4.8%	1.9%	6.3%	2.3%
2001 Farebox Revenues						
December YTD Budget	1.2	-	2.8	3.2	3.0	10.1
December YTD Actual	1.2	-	1.2	3.2	3.6	9.3
Change	0.1	-	(1.6)	0.0	0.7	(0.8)
% Change	4.8%	-	-55.5%	0.8%	22.5%	-8.0%
2001 Grant Revenues						
December YTD Budget	3.9	50.0	3.6	0.8	5.4	63.7
December YTD Actual	13.4	7.2	13.0	0.9	6.6	41.1
Change	9.5	(42.8)	9.4	0.1	1.1	(22.6)
% Change	244.8%	-85.7%	262.3%	9.3%	21.2%	-35.5%

### Subarea Operating Expense & Capital Outlay Summary

Millions YOES

2001 Transit Operating Expenses	Snohomish	North King	South King	East King	Pierce	Total
December YTD Budget	6.7	-	13.8	18.6	20.5	59.7
December YTD Actual	7.1	0.1	12.3	17.1	19.1	55.8
Percent Spent	104.8%	-	89.4%	92.0%	93.0%	93.4%
Life-to-Date Transit Operating Expenses						
December LTD Budget	112.3	0.2	96.8	176.9	192.7	578.9
December LTD Actual	16.6	0.2	19.3	30.6	36.1	102.8
Outstanding Commitments	13.2	0.05	41.4	43.6	58.1	156.4
Percent Spent or Committed	26.5%	93.3%	62.7%	42.0%	48.9%	44.8%
2001 Capital Outlays						
December YTD Budget	70.7	114.5	165.9	49.7	153.9	554.7
December YTD Actual	44.2	42.6	41.8	13.9	46.9	189.4
Percent Spent	62.5%	37.2%	25.2%	28.0%	30.5%	34.1%
Life-to-Date Capital Outlays						
December LTD Budget	307.7	1,932.4	1,105.1	539.9	455.0	4,340.0
December LTD Actual	93.5	180.6	178.0	64.0	180.7	696.9
Outstanding Commitments	33.4	96.8	125.7	33.1	128.7	417.6
Percent Spent or Committed	41.2%	14.4%	27.5%	18.0%	68.0%	25.7%