

Quarterly Financial Performance Report

Q1 2016

Connecting Communities / Ride the Wave



T (206) 398-5000
TTY Relay 711

401 S Jackson Street
Seattle, WA 98104

soundtransit.org
main@soundtransit.org

Contents

- Budget Overview** 3
- Revenues & Other Financing Sources** 5
- Operating Budgets** 6
 - Departments 6
 - Transit Modes 7
 - Link Light Rail* 8
 - Souder Commuter Rail* 8
 - ST Express Bus* 9
 - Tacoma Link Light Rail* 9
- Project Budgets** 11
 - System Expansion* 12
 - Enhancement* 14
 - Rehabilitation & Replacement* 15
 - Administrative*..... 16

Budget Overview

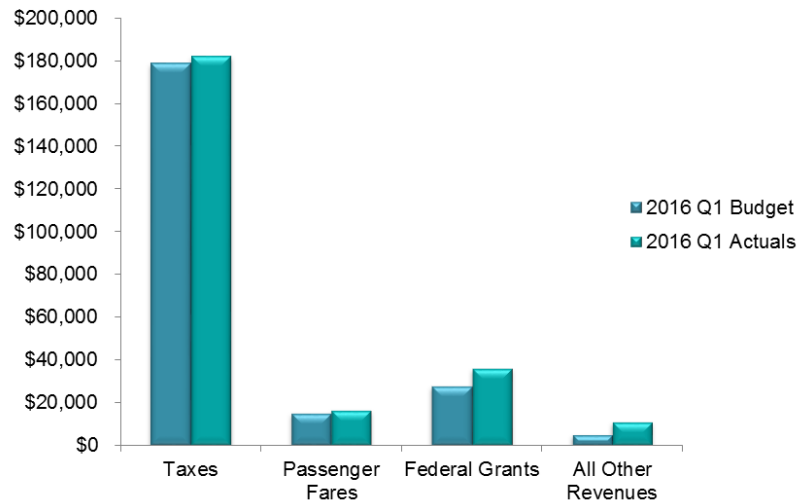
Taxes, fares and federal grant revenue all ahead of budget.

- Revenues are 8.1% ahead of budget due to higher federal grant drawdowns, investment income and taxes. Revenues are on track to meet annual budget.

2016 Q1 REVENUES
(in thousands)

	2016 Q1 Budget	2016 Q1 Actuals	2016 Q1 Budget Variance	% of Q1 Budget
Revenue	\$227,268	\$245,743	\$18,476	108.1%

2016 Q1 REVENUE BY SOURCE
(in thousands)



- All departments are running below budget; first quarter spending ramped up slower than expected. Staff vacancy rate at 8.4% budget planned on 4.6% creating less salary and benefit costs. First quarter historically starts slow with spending increasing second quarter.

2016 Q1 OPERATING BUDGETS
(in thousands)

	2016 Q1 Budget	2016 Q1 Actuals	2016 Q1 Budget Variance	% of Budget
Operating Budgets	\$92,333	\$79,524	\$12,808	86.1%

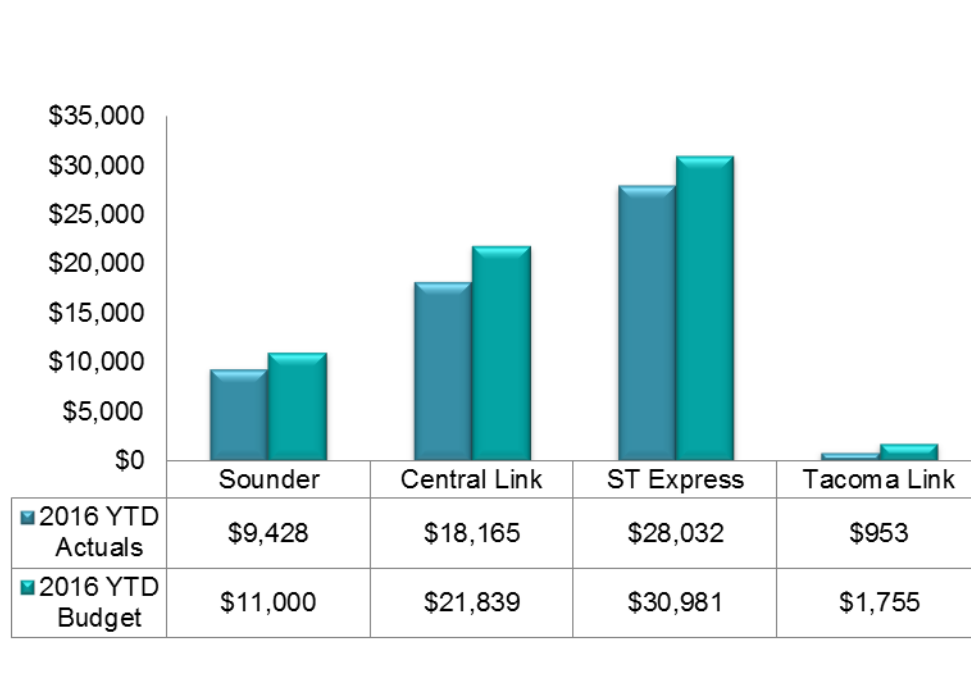
- All transit modes finished first quarter under budget including U-Link start-up in March. Ridership at record levels. Low fuel prices continue to provide budget savings.

2016 Q1 TRANSIT MODES
(in thousands)

	2016 Q1 Budget	2016 Q1 Actuals	2016 Q1 Budget Variance	% of Budget
Transit Modes	\$65,575	\$56,836	\$8,739	86.7%

- U-Link opened in March and already ridership is better than expected. Increasing service costs were budgeted to begin in Q2.

2016 Q1 TRANSIT MODE BUDGET PERFORMANCE
(in thousands)



- Capital budgets for System Expansion at 101% of Q1 Budget

- System Expansion projects are slightly above year-to-date budget plan due to the high tempo of project pace, timing of payments, and unexpected project issues. Link projects that were above the first quarter YTD budget plan were: Northgate, S. 200th, Federal Way, and East link. None are at risk for exceeding lifetime budgets.

2016 Q1 PROJECT BUDGETS
(in thousands)

	Q1 2016 Budget	Q1 2016 Actuals	YTD Budget Remaining	% of YTD Budget Remaining
Project Budgets	\$158,671	\$158,609	\$62	100.0%

Revenues & Other Financing Sources

- Sales taxes are the largest revenue source at 71% of the annual budget.

- Passenger Fare Revenue includes fare revenues for Link, Sounder, and ST Express. Q1 revenues were 7.6% above budget, with higher than forecasted ridership for Sounder and Link. Q1 also included 13 days of new service on University Link Extension.

- Federal Grant revenues are the second largest revenue source with an annual budget of \$105.5 million.

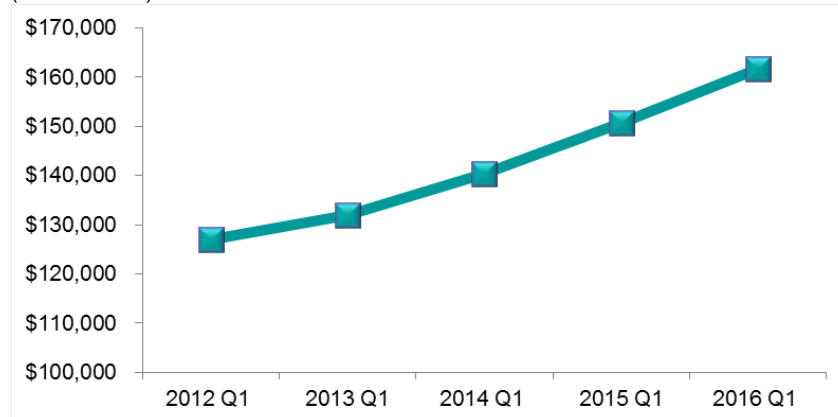
- Q1 sales tax revenue up by \$34 million or 27% since 2012. Regional economy continues positive trend.

Overall Q1 revenues were \$18.5 million or 8.1% above YTD budget, mainly due to favorable budget variances for tax revenues, investment income, and federal grants. Tax revenues were \$3.3 million or 1.8% above YTD budget. Investment income was \$6.1 million above budget due to favorable fair market value changes. Federal grants were \$8.3 million or 29.7% above budget mainly due to higher than budgeted drawdowns for U-Link Extension and ST Express Fleet Replacement project.

2016 Q1 REVENUE SOURCES (in thousands)

	2016 Q1 Budget	2016 Q1 Actuals	2016 Q1 Budget Variance	% of Q1 Budget
Sales and Use Tax	\$159,530	\$161,768	\$2,238	101.4%
Rental Car Tax	584	595	10	101.8%
Motor Vehicle Excise Tax	18,812	19,848	1,037	105.5%
Passenger Fare Revenue	15,239	16,403	1,164	107.6%
Investment Income	2,749	8,844	6,096	321.8%
Miscellaneous Revenues	1,951	2,125	175	109.0%
Federal Grants	27,853	36,114	8,261	129.7%
Local & State Contributions	550	45	(505)	8.2%
Total	\$227,268	\$245,743	\$18,476	108.1%

2016 Q1 SALES TAX REVENUE (in thousands)



Operating Budgets

2016 Q1 DEPARTMENT EXPENSES
(in thousands)

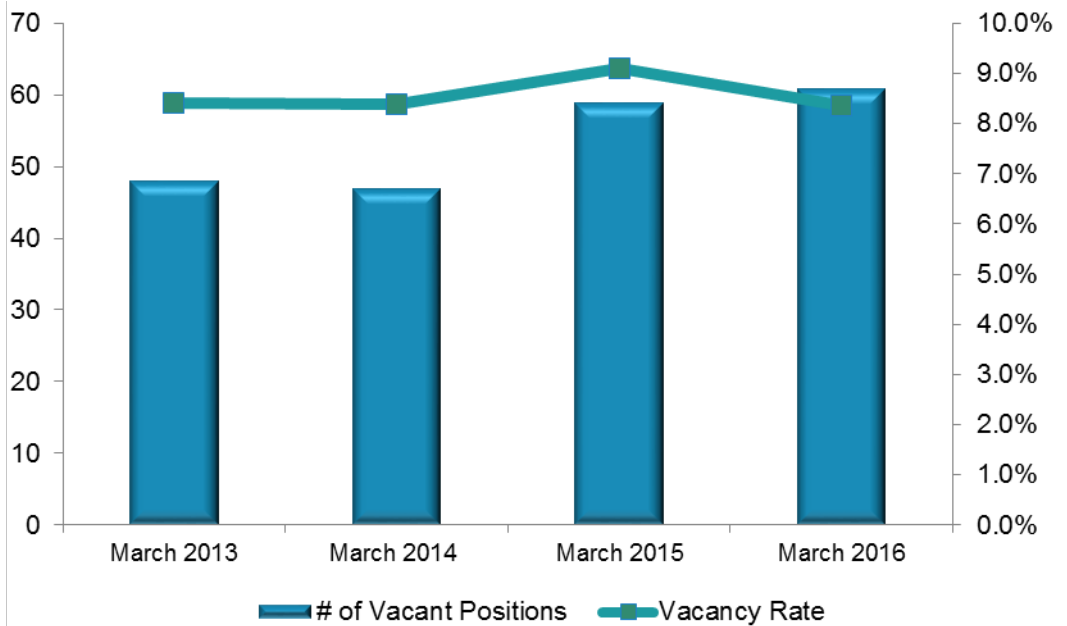
- All departments running below budget.

- Salary and benefits below budget due to a higher than expected vacancy rate. Services under budget due to slower than expected use of consulting services, legal fees, and facility maintenance

	2016 Q1 Budget	2016 Q1 Actuals	Budget vs. Actuals	% of Budget
Salaries and Benefits	\$23,050	\$20,160	\$2,890	87.5%
Services	19,900	14,605	5,296	73.4%
Materials and Supplies	2,823	2,228	596	78.9%
Insurance	1,898	1,376	522	72.5%
Purchased Transportation	38,144	35,143	3,001	92.1%
Miscellaneous Expenses	1,338	1,213	125	90.6%
Leases & Rentals	3,206	2,761	445	86.1%
Other Expenses	1,974	2,040	(65)	103.3%
Total	\$92,333	\$79,524	\$12,808	86.1%

- 2016 budget planned for a 4.6% vacancy rate, first quarter rate was 8.4%. If the actual vacancy rate is higher than 5%, salary and benefit costs will be under budget.

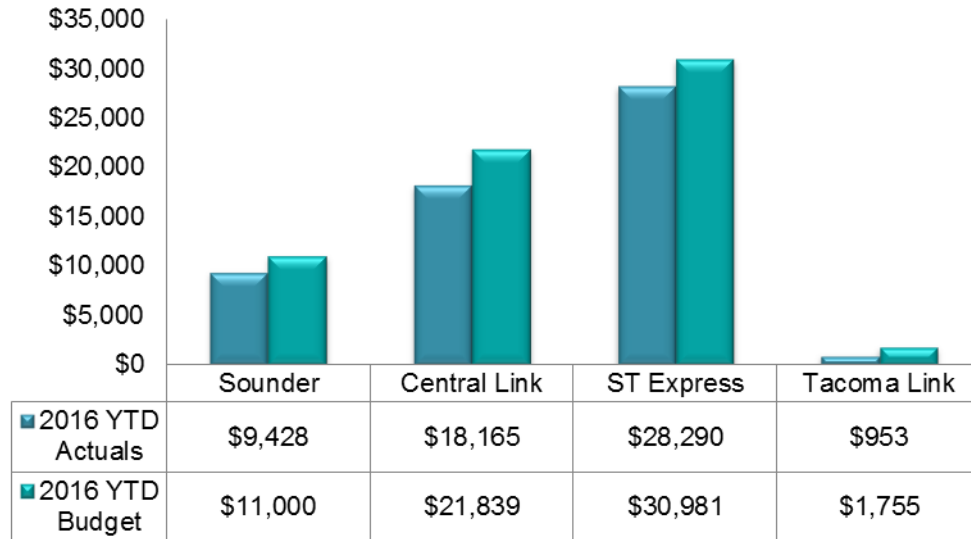
2016 Q1 VACANCY RATE



Transit Modes

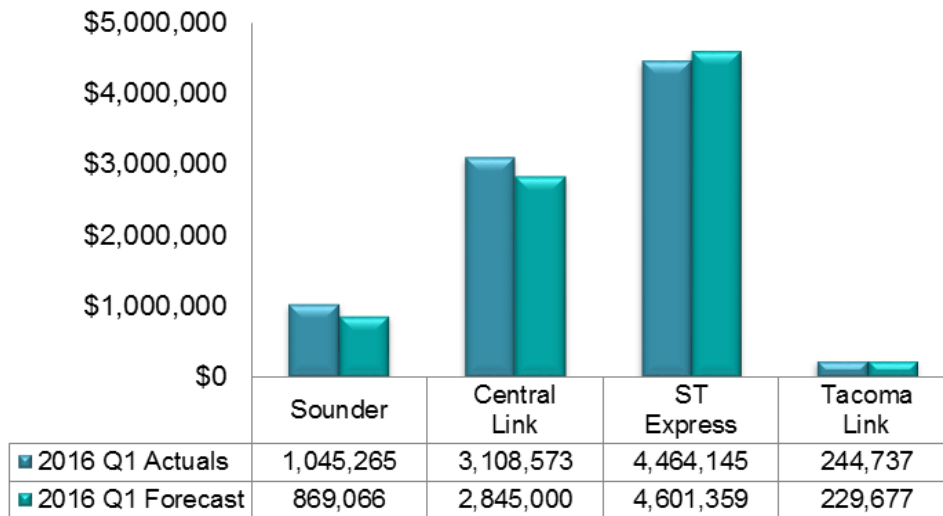
- All Transit Modes running under budget.
- Favorable fuel pricing kept expenses lower.
- No Sounder Special Events in 1st Quarter.
- Central Link – University Link start-up costs were lower than anticipated.

2016 Q1 TRANSIT MODE BUDGET PERFORMANCE
(in thousands)



- Q1 Ridership for all modes totaled 8.8 million which is 317K or 3.7% above forecast. Compared to 2015, ridership is up by 806K or 10%.

2016 Q1 RIDERSHIP



Link Light Rail

- Increased ridership is driving the better than expected revenue. Q1 data includes just two weeks of U-Link service.

- Salary and benefit costs above budget due to higher than anticipated labor charges from Transit Systems and Facilities staff.

- Purchased Transportation below budget due to timing of payments. Costs are expected to track closer to budget as the year progresses.

	2016 Q1 Budget	2016 Q1 Actuals	2016 Q1 Budget Variance	% of Budget
Revenues				
Passenger Fares	\$4,040	\$4,369	\$329	108.1%
Other Operating Revenue	193	495	302	256.5%
Total Revenues	\$4,233	\$4,864	\$631	114.9%
Expenses				
Salaries and Benefits	\$439	\$541	(\$102)	123.2%
Services	5,798	4,268	1,530	73.6%
Materials and Supplies	608	881	(273)	144.9%
Utilities	852	657	195	77.1%
Insurance	892	520	372	58.3%
Taxes	149	85	64	57.0%
Purchased Transportation Svcs	9,801	8,304	1,497	84.7%
Miscellaneous Expenses	10	59	(49)	590.0%
Leases & Rentals	1,185	1,093	92	92.2%
Total Expenses	\$19,734	\$16,408	\$3,326	83.1%
Expense Transfers	\$2,105	\$1,757	\$348	83.5%
Total	\$21,839	\$18,165	\$3,674	83.2%

Sounder Commuter Rail

- Increased ridership and a \$0.50 fare increase generated better than expected revenue.

- Materials and Supplies under budget due to \$641K savings in diesel fuel costs, low fuel prices continued through first quarter.

	2016 Q1 Budget	2016 Q1 Actuals	2016 Q1 Budget Variance	% of Budget
Revenues				
Passenger Fares	\$2,694	\$3,172	\$478	117.7%
Other Operating Revenue	86	105	19	122.1%
Total Revenues	\$2,780	\$3,277	\$497	117.9%
Expenses				
Salaries and Benefits	\$494	\$445	\$49	90.1%
Services	4,466	3,876	590	86.8%
Materials and Supplies	1,612	960	652	59.6%
Utilities	170	460	(290)	270.6%
Insurance	294	625	(331)	212.6%
Taxes	209	191	18	91.4%
Purchased Transportation Svcs	2,408	2,294	114	95.3%
Miscellaneous Expenses	9	46	(37)	511.1%
Leases & Rentals	165	144	21	87.3%
Total Expenses	\$9,827	\$8,390	\$1,437	85.4%
Expense Transfers	\$1,173	\$1,038	\$135	88.5%
Total	\$11,000	\$9,428	\$1,572	85.7%

ST Express Bus

▪ Fare revenue better than expected even with less than expected ridership.

▪ Costs are under budget in Purchased Transportation due to savings generated by low fuel prices.

	2016 Q1 Budget	2016 Q1 Actuals	2016 Q1 Budget Variance	% of Budget
Revenues				
Passenger Fares	\$8,505	\$8,863	\$358	104.2%
Other Operating Revenue	322	385	63	119.6%
Total Revenues	\$8,827	\$9,248	\$421	104.8%
Expenses				
Salaries and Benefits	\$204	\$157	\$47	77.0%
Services	2,208	1,264	\$944	57.2%
Materials and Supplies	27	18	\$9	66.7%
Utilities	66	80	(\$14)	121.2%
Insurance	54	27	\$27	50.0%
Taxes	176	178	(\$2)	101.1%
Purchased Transportation Svcs	25,934	24,545	\$1,389	94.6%
Miscellaneous Expenses	2	31	(\$29)	1550.0%
Leases & Rentals	533	500	\$33	93.8%
Total Expenses	\$29,204	\$26,800	\$2,404	91.8%
Expense Transfers	\$1,777	\$1,490	\$287	83.8%
Total	\$30,981	\$28,290	\$2,691	91.3%

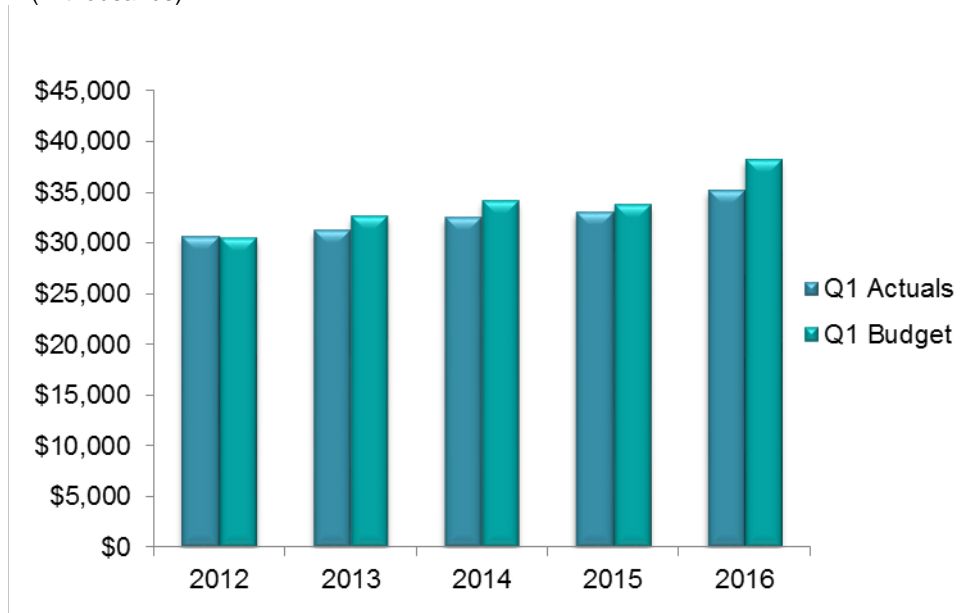
Tacoma Link Light Rail

▪ Tacoma Link under budget as no spending on concrete ROW repairs occurred in first quarter. Materials and Supplies above budget due to the high usage in LRV parts.

	2016 Q1 Budget	2016 Q1 Actuals	2016 Q1 Budget Variance	% of Budget
Revenue				
Other Operating Revenue	\$0	\$1	\$1	0.0%
Total Revenue	-	1	1	0.0%
Expenses				
Salaries and Benefits	\$538	\$529	\$9	98.3%
Services	337	117	220	34.7%
Materials and Supplies	44	63	(19)	143.2%
Utilities	26	26	-	100.0%
Insurance	91	59	32	64.8%
Taxes	-	0	-	0.0%
Purchased Transportation Svcs	1	0	1	0.0%
Miscellaneous Expenses	11	5	6	45.5%
Leases & Rentals	2	2	-	100.0%
Total Expenses	\$1,050	\$775	\$249	73.8%
Expense Transfers	705	178	527	25.2%
Total	\$1,755	\$953	\$802	54.3%

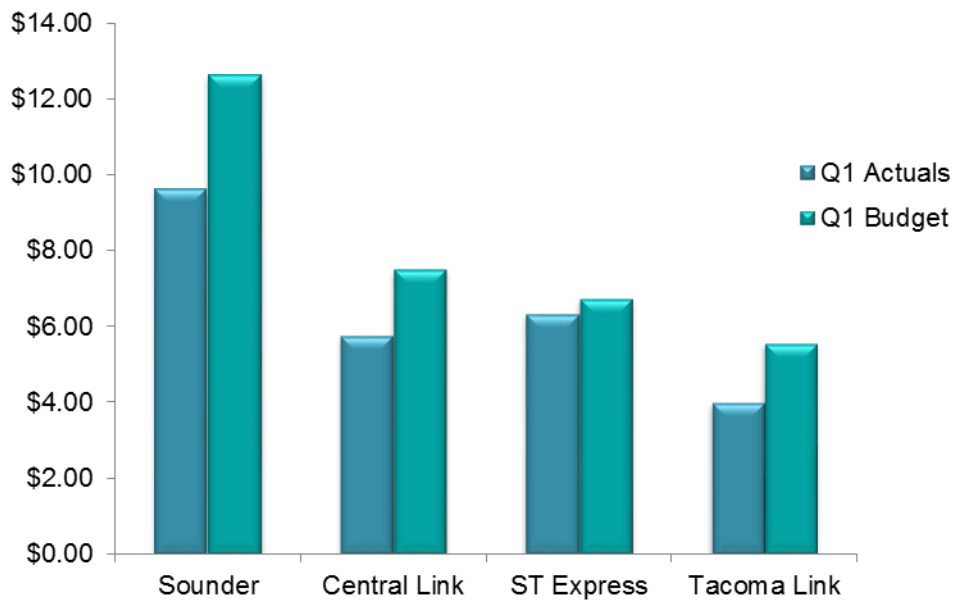
2016 Q1 PURCHASED TRANSPORTATION PERFORMANCE
(in thousands)

▪ Purchased transportation is the largest modal cost making up 61% of the total. Since 2012 these costs have increased by 15%.



2016 Q1 COST PER BOARDING BY MODE

▪ Q1 cost per boarding for all modes lower than plan, due in part to increased ridership, fare increase, and lower costs.



Project Budgets

2016 Q1 PROJECT BUDGETS (in thousands)

- 2016 project budget is aligned for significant system expansion work as that makes up 95% of the entire plan.

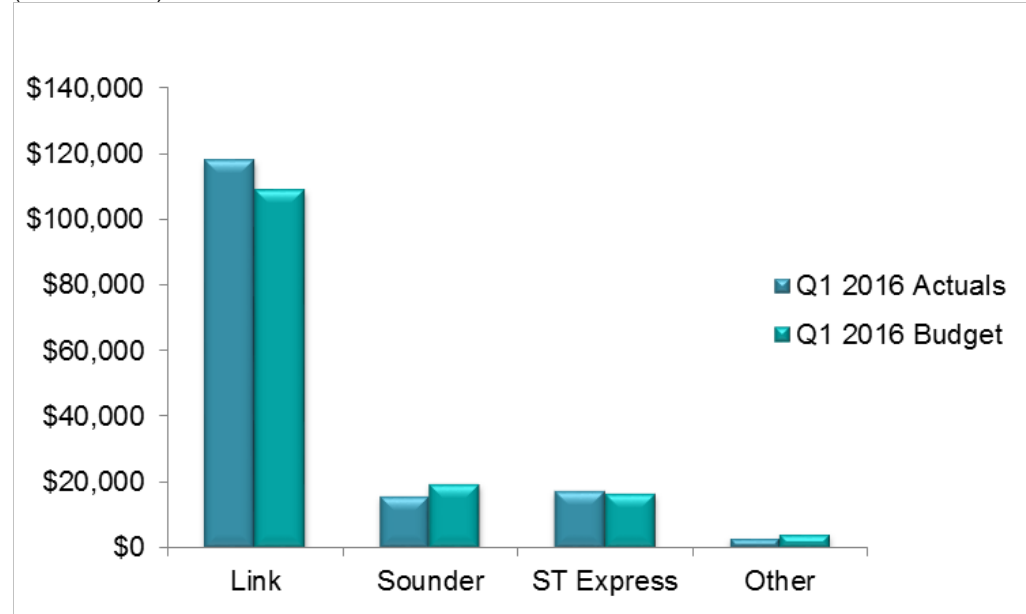
- Q1 Link spending ahead of plan as Northgate link actual TBM tunneling rates exceeded planned progress schedules.

- Sounder - Tacoma Trestle contractor mobilized in late March resulting in a delay in spending against plan.

- Several Enhancements projects were delayed as staff efforts were focused on University Link revenue service launch.

	Q1 2016 Budget	Q1 2016 Actuals	YTD Budget Remaining	% of YTD Budget Remaining
System Expansion				
Link	\$109,090	\$118,395	(\$9,305)	108.5%
Sounder	19,811	16,101	3,710	81.3%
ST Express	16,746	17,705	(959)	105.7%
Other	4,118	2,936	1,182	71.3%
System Expansion Subtotal	\$149,765	\$155,138	(\$5,373)	103.6%
Enhancement	\$4,577	\$2,395	\$2,182	52.3%
Rehabilitation & Repalcemen	3,661	725	2,936	19.8%
Administrative	669	351	318	47.5%
Project Budgets Total	\$158,671	\$158,609	\$62	100.0%

2016 Q1 SYSTEM EXPANSION (in thousands)



System Expansion Projects

	2016 Budget	2016 Q1 Budget	2016 Q1 Actuals	YTD Budget Remaining	YTD % Budget
LINK	-				
400007 - FIRST HILL STREETCAR	\$137	\$34	\$4	\$30	11.6%
400008 - TACOMA LINK EXPANSION	7,452	635	609	26	95.9%
400009 - LINK O&M SATELLITE FACILITY	49,853	2,045	845	1,199	41.4%
400032 - ST2 LRV FLEET EXPANSION	10,511	296	174	122	58.7%
400034 - ENHANCEMENTS TO TLE	500	-	-	-	0.0%
4X100 - NORTHGATE LINK EXTENSION	164,837	37,410	43,792	(6,381)	117.1%
4X115 - LYNNWOOD LINK EXTENSION	70,366	4,168	1,535	2,633	36.8%
4X200 - UNIVERSITY LINK EXTENSION	40,561	18,516	18,251	265	98.6%
4X420 - S 200th LINK EXTENSION	23,010	10,482	11,263	(781)	107.5%
4X445 - FEDERAL WAY LINK EXTENSION	25,194	4,789	4,850	(61)	101.3%
4X600 - EAST LINK	203,268	30,694	37,055	(6,360)	120.7%
4X630 - DOWNTOWN REDMOND LINK EXT	4,120	21	17	4	82.3%
Total	\$599,809	\$109,090	\$118,395	(\$9,305)	108.5%
OTHER					
3X212 - FARE COLLECTION	\$788	\$46	\$9	\$38	18.6%
5X410 - RESEARCH & TECHNOLOGY	2,727	941	398	543	42.3%
600016 - FARE ADMINISTRATION	1,494	374	6	368	1.6%
600668 - STart OPERATIONS & MAINTENANCE	250	29	24	5	83.9%
6X668 - ST ART	1,254	168	192	(24)	114.4%
809100 - ST3 PLANNING	11,968	2,502	2,298	204	91.8%
809103 - CENTRAL & EAST HCT STUDY	65	58	9	49	16.2%
Total	\$18,546	\$4,118	\$2,936	\$1,182	71.3%
REGIONAL EXPRESS					
500005 - ST EXPRESS BUS BASE	\$587	\$147	\$4	\$142	3.0%
5X142 - KIRKLAND TRANSIT CENTER/3rd	45	45	0	45	0.4%
5X387 - REX I-90 2 WAY TRANS& HOV III	75,368	16,555	17,700	(1,146)	106.9%
700720 - ST EXPRESS FLEET EXPANSION	9,061	-	-	-	0.0%
Total	\$85,060	\$16,746	\$17,705	(\$959)	105.7%
SOUNDER					
300004 - SOUNDER YARD & SHOPS FACILITY	\$4,786	\$91	\$84	\$7	92.5%
300017 - PUYALLUP STATION IMPROVEMENTS	5,945	305	138	166	45.4%
300018 - SUMNER STATION IMPROVEMENTS	1,173	324	132	193	40.6%
300019 - LAKEWOOD STATION IMPROVEMENTS	138	-	-	-	0.0%
300021 - TACOMA TRESTLE TRACK & SIGNAL	46,866	4,178	831	3,347	19.9%
300026 - SOUNDER YARD EXPANSION	11,405	467	337	130	72.2%
300027 - PT DEFIANCE BYPASS	52,482	13,832	13,838	(7)	100.0%
3X130 - M ST-LAKEWOOD TRACK & SIGNAL	5	1	0	0	39.9%
3X135 - D ST - M ST TRACK & SIGNAL	460	40	(174)	214	-435.5%
3X206 - MUKILTEO STATION-S PLATFORM	2,819	440	793	(354)	180.5%
3X216 - PASSENGER INFORMATION SYSTEM	-	-	4	(4)	0.0%
3X236 - TUKWILA STATION	727	33	64	(31)	196.5%
3X510 - SOUNDER SOUTH EXPANDED SERVICE	4,300	65	34	31	52.9%
7X755 - SOUNDER ST2 FLEET EXPANSION	8,982	38	20	18	52.3%
Total	\$140,089	\$19,811	\$16,101	\$3,710	81.3%
System Expansion Total	\$843,504	\$149,765	\$155,138	(\$5,373)	103.6%

Northgate Link Extension – Project costs are running above the year-to-date budget plan as the pace of drilling exceeded the planned schedule. Additional cost increases were due to contractor efforts to determine methods to mitigate high ground water levels. The higher ground water levels generate higher permit expenditures to dewater the tunnels.

East Link Extension – Project costs exceeded the year-to-date plan as an additional \$5M payment ROW was made for the Bingo properties. Final design contract payments were higher than planned as Parsons Brinckerhoff increased pace of work.

South 200th Link Extension – Project ahead of year-to-date budget plan as construction payments for the garage planned to occur in 2015 actually were expensed in 2016. Project remains on schedule for September 2016 opening. Project savings are estimated to be about \$40M.

REX 1-90 2 Way – Project running ahead of the year-to-date plan as additional costs for roadway closures and night work were more than planned for first quarter; future 2016 expenditures for this work should be less than planned.

Point Defiance By-Pass – Project on target for year-to-date budget plan as track work, fiber optic and associated electrical improvements were performed in the 1st Quarter. Project remains on schedule. Table below provides current progress toward reimbursement for work performed.

Point Defiance Bypass Reimbursement

Description	Authorized Amt	Amt Submitted for Reimbursement	Amt Received to Date	Balance Outstanding
Cost Reimbursement Agreement 1 - 10/2013 - 4/2015	\$ 280,000	\$ 269,932	\$ 269,932	\$ -
Construction and Maintenance Agreement 10/2013	\$ 108,100,000	\$ 12,161,754	\$ 8,546,250	\$ 99,553,750
Total	\$ 108,380,000	\$ 12,431,686	\$ 8,816,183	\$ 99,553,750

Enhancement Projects

	2016 Budget	2016 Q1 Budget	2016 Q1 Actuals	YTD Budget Remaining	YTD % Budget
300011 - POSITIVE TRAIN CONTROL	\$8,081	\$1,375	\$1,590	-\$215	115.6%
4X210 - LRV ON BOARD ENERGY STORAGE	93	-	92	(92)	0.0%
4X340 - NOISE ABATEMENT	26	16	1	15	6.3%
5X261 - BUS MAINTENANCE FACILITY	1,407	1,201	(0)	1,201	0.0%
600029 - TACOMA LINK FARE COLLECTION	392	90	-	90	0.0%
600033 - LINK CCTV SYSTEM UPGRADE	700	-	443	(443)	0.0%
700723 - DSTT MITIGATION	1,728	192	-	192	0.0%
700724 - PUYALLUP STN LED LIGHTING	178	-	-	-	0.0%
700725 - SUMNER STN LED LIGHTING	134	-	-	-	0.0%
700726 - KENT STN PLATFORM LIGHTING	236	-	-	-	0.0%
700727 - KENT STN PARKING LOT PAVING	700	-	0	(0)	0.0%
700730 - OMF LRV VEHICLE LIFT	2,475	271	53	218	19.7%
700733 - OMF LRV WASH HEATER SYSTEM	195	30	9	21	30.4%
700736 - UNION STN GARDEN LEVEL REMODEL	1,360	-	0	(0)	0.0%
700774 - C LINK HVAC-INSTRU HSE/UPS RM	853	77	37	41	47.6%
700775 - C LINK CARD READERS	379	184	(56)	240	-30.2%
700777 - C LINK OH CAT SYS TIE SWITCH	150	-	-	-	0.0%
700781 - NON-REVENUE SUPPORT VEHICLES	1,006	20	18	2	90.1%
700784 - REGIONAL PARKING PILOT PROJECT	280	70	-	70	0.0%
700790 - PT 2-WAY RADIO SYSTEM UPGRADE	438	-	-	-	0.0%
700793 - SIGNAGE IMPROVEMENTS	843	30	4	26	12.9%
700798 - LINK REMOTE SWITCH HEATERS	200	15	5	10	33.9%
7X745 - ST EXP MOBILE COMMUNICATIONS	220	-	-	-	0.0%
7X753 - BIKE LOCKER PROGRAM	161	161	10	152	5.9%
804100 - TOD PROPERTY DISPOSITION	4,261	844	188	656	22.3%
Enhancement Total	\$26,494	\$4,577	\$2,395	\$2,182	52.3%

Positive Train Control – Ahead of the year-to-date plan due to 2015 work that rolled into 2016 as a result of third party delays and congressional extension of the deadline for compliance.

Tacoma Link Fare Collection – No activity in first quarter as the project is still pending notice to proceed.

Twelve projects had no activity in the 1st Quarter as staff resources were focused on University Link commence of revenue service. These 12 projects anticipated to begin during the 2nd Quarter.

Rehabilitation and Replacement Projects

	2016 Budget	2016 Q1 Budget	2016 Q1 Actuals	YTD Budget Remaining	YTD % Budget
700718 - TACOMA LINK LRV OVERHAUL	\$372	\$0	\$0	\$0	0.0%
700728 - LINK STN BRAIDED TILE RPLCMNT	435	-	-	-	0.0%
700769 - LRV OVERHAUL	3,787	1,893	365	1,528	19.3%
7X758 - T LINK LRV COMMUNICATIONS	29	-	-	-	0.0%
7X740 - SMALL WORKS PROGRAM	856	323	147	175	45.6%
870101 - IT TRANSIT SYSTEMS	515	134	106	28	79.4%
7X701 - ST EXPRESS FLEET REPLACEMENT	824	5	(186)	191	-3729.8%
7X768 - FED WAY POST TENSION CABLE RPR	521	-	-	-	0.0%
700770 - SOUNDER VEHICLE OVERHAUL PROG	5,301	1,143	293	851	25.6%
700771 - STATION MIDLIFE MAINTENANCE	650	163	-	163	0.0%
Rehabilitation and Replacement Total	\$13,290	\$3,661	\$725	\$2,936	19.8%

LRV Overhaul – Below the year-to-date plan as the contractor has not been able to keep pace with the number of vehicles planned to be overhauled.

ST Express Fleet Replacement – Credit balance result of accrual error.

Administrative Projects

	2016 Budget	2016 Q1 Budget	2016 Q1 Actuals	YTD Budget Remaining	YTD % Budget
600025-ENVIRONMENTAL MITIGATION	\$194	\$20	\$14	\$6	70.0%
802000-ADMIN CAPITAL	1,097	85	9	76	10.6%
803800-INFORMATION TECH PROGRAM	2,164	564	327	237	58.0%
804500-SURPLUS PROPERTY DISPOSITION	120	-	1	(1)	0.0%
Administrative Total*	\$3,575	\$669	\$351	\$318	47.5%

*Does not include Agency overhead costs

Administrative Capital – Under year-to-date plan, the budget anticipated the purchase of furniture for new office space, changes in location and move-in date to the new leased office space resulting delay of actual expenditures to the 2nd Quarter.

Information Technology Program – Some planned purchases anticipated for 1st Quarter 2016 were completed in December 2015 resulting in excess budget for First Quarter 2016. Additionally, contract awards were delayed due to negotiations taking longer than anticipated.

Contact Information

Sound Transit
401 S Jackson Street
Seattle, WA 98104
Tel (206) 398-5000
TTY Relay 711
soundtransit.org

