

**Addendum to March 2024 FAC CFO Report**  
**Executive Summary: 2023 Full-Year Financial Performance**

At the end of 2023, total revenues and other financing sources were at \$4,142.1M compared to total expenditures of \$2,589.1M. For total revenues and other financing sources, this represents being at 154% of the annual budget. For total expenditures, this represents spending 84% of the annual budget.

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

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

1. Tax Revenues

Actuals were in line with budget (i.e., 0.1% or \$1.3M lower than budget).

2. Other Revenues & Financing

Actuals were 478% or \$1,461.2M higher than budget primarily due to:

- Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawdown \$994.6M in unbudgeted drawdown completed in August.
- Investment income \$170.6M higher than budget driven by higher-than-expected investment balances and market rates.
- Federal grants \$259.2M higher than budget primarily due to \$136M higher than budgeted for Lynnwood Link Extension and \$10M higher than budgeted for Federal Way Link Extension due to an acceleration of Full Funding Grant Agreement (FFGA) funds. For Federal Way and Lynnwood Link, Sound Transit also received new Section 165 funds in the amount of \$115M. This was offset by FY2023 FTA funds not being awarded yet including \$14M for Downtown Redmond Link Extension, \$3M for DSTT vertical conveyance work, and \$4M for the NextGen ORCA program.

3. Transit Operating Expenditures

Overall, actuals were 6% or \$28.2M lower than budget.

Link actuals were in line with budget (i.e., 2% or \$4.0M lower than budget).

Souder actuals were 17% or \$15.4M lower than budget primarily due to:

- Vehicle maintenance under budget with fewer vehicles than expected to maintain.
- Lower fuel rates than originally budgeted.
- Lower on-call services support with spending only on prioritized, necessary activities.

Tacoma Link actuals were 26% or \$4.5M lower than budget due to the delayed opening of the Hilltop Link Extension budgeted for Q1 2023, which opened in September.

Regional Express actuals were in line with budget (i.e., 3% or \$4.3M lower than budget).

4. System Expansion Project Expenditures

Overall, actuals were 19% or \$391.8M lower than budget. Link system expansion projects account for 67% or \$262.0M of this underspending driven by:

- Tacoma Dome Link Extension – Project spending was at 21% or \$109.6M below budget due to underspend in design/preliminary engineering activities (NEPA & DEIS) due to new scope of additional alignment and station options in Tacoma Dome Link Extension and OMF South.
- Lynnwood Link Extension – Project spending was at 85% or \$66.5M lower than budget due to slower than expected progress on both civil contracts L200 and L300. L200, L300 and L800 contracts forecasting substantial completion dates in early 2024 with pre-revenue service beginning in spring 2024. Revenue service date is targeted for fall 2024.
- Underspending was partially offset by the Federal Way Link Extension project coming in \$70.4M above YTD budget due to the Structure C settlement.

5. Service Delivery Project Expenditures (there are 131 active projects in this category)

Overall, actuals were 26% or \$66.3M lower than annual budget driven by:

- Agency Administrative Operating project: \$12.7M lower mainly due to higher than budgeted staff vacancies (14.6% 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 mainly agency general & administrative expenses in support of capital projects.*
- Information Technology Program project: \$7.6M lower driven by procurement timing, internal resource availability, and business readiness. Examples of delayed projects include systems for managing safety risk, stormwater, contracted workforce, infrastructure inspection, etc.
- Digital Passenger Info System project: \$7.2M lower due to the contractor's quality of work not meeting Sound Transit's expectations.

6. Debt Service Expenditures

Actuals were in line with budget (i.e., 2% or \$3.9M lower than budget).

7. Other Expenditures

Actuals were 22% or \$13.9M lower than budget driven by unused contingencies.