



University Link Financial Plan

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University Link Financial Plan

This chapter reviews the financial plan for the University Link segment of the North Link project as well as Sound Transit's consolidated long-term financial plan. The chapter provides information on costs, schedule, and funding sources for the University Link project as well as the Agency's total capital plan. It also includes a summary of the Agency's Operating Plan for University Link and other transit services.

1. INTRODUCTION

1.1 Description of Sound Transit

Sound Transit, the Central Puget Sound Regional Transit Authority, was created in 1993 pursuant to State enabling legislation (RCW 81.112). It is a special-purpose metropolitan municipal corporation, responsible for the construction and operation of high-capacity transportation systems within its district. The Sound Transit district comprises the contiguous urbanized areas of King, Pierce, and Snohomish counties. The district contains approximately 80% of the three-county population.

1.2 Project Description

The Sound Transit Central Link project was included as part of the *Sound Move* plan adopted by the voters of the urbanized areas of King, Pierce, and Snohomish counties in November 1996. The Central Link project extends from the Northgate neighborhood in north King County to S. 200th Street in the City of SeaTac. The *Sound Move* plan assumed the construction of light rail only as far north as the University of Washington, unless savings were found to extend the line to Northgate.

In October 2003, Sound Transit received a \$500 million FFGA from the Federal Transit Administration (FTA) to construct the Initial Segment from downtown Seattle to the Tukwila International Boulevard Station in Tukwila, with bus shuttle service to SeaTac Airport. The 14-mile Initial Segment includes 12 stations and an operations and maintenance (O&M) facility. A unique element of the plan is that both light rail vehicles and hybrid diesel/electric buses will operate jointly in the existing Downtown Seattle Transit Tunnel (DSTT). In July, the Sound Transit Board adopted a baseline schedule and budget for Airport Link, which will extend the Initial Segment from the Tukwila International Boulevard Station to a light rail station at the main terminal of SeaTac International Airport by the end of 2009.

On July 28, 2005, the Sound Transit Board identified University Link as the preferred segment of North Link for the purpose of obtaining a New Starts rating and the eventual request for FTA funding. University Link starts at the north end of the Initial Segment in downtown Seattle at the eastern end of the Pine Street tunnel and travels east in a tunnel to a Capitol Hill Station located south of John Street and east of Broadway Avenue. From there, the alignment continues in a tunnel crossing under the Lake Washington Ship Canal to a station just west of Husky Stadium on the University of Washington campus. The twin-bore 3.15 mile tunnel includes a vent shaft south of the Montlake cut in the Montlake neighborhood and a crossover track as part of the University of Washington Station. With the addition of University Link, joint bus rail operations will continue in the DSTT, however, the number of buses operating in the peak hour will be reduced from the levels in the Initial Segment.

Figure 1 on the following page shows the various sections of the Central Link light rail system with the University Link segment highlighted.

1.5 Summary of Financial Plan

Sound Transit maintains a long-term financial plan, consistent with FTA "Guidance for Transit Financial Plans." It states and projects all Agency sources and uses of funds for the period 1997-2040. The Agency updates its financial plan on an annual basis to include the most current cost and revenue information. The Agency's Final 2006 Financial Plan presents the Agency's operating statements, sources and uses statements, debt amortization, and asset replacement schedules for the period 1997-2040. The 2006 Financial Plan incorporates the Adopted 2006 operating budget and long-term capital plan and the Agency's long-term operating plans for ST Express bus, Sounder commuter rail, and Link light rail. The plan also includes capital and operating costs for University Link.

2. CAPITAL PLAN

This section outlines the project capital cost and schedule, funding sources and forecasts, an estimate of bonding, debt levels and ratings, contingencies, and mitigations in case of federal funding shortfalls.

2.1 University Link Proposed Capital Costs and Schedule

The University Link capital costs have been developed based on the Standard Cost Category (SCC) worksheets included in the reporting requirement instructions for the Section 5309 New Starts Criteria. The total capital cost for the University Link project is \$1.514 billion in year-of-expenditure dollars (YOES). This figure is based on an initial allocation of historic costs of \$64.0 million. The breakdown by SCC is as follows:

Table 1
University Link Capital Costs

| | Categories | YOES (Millions) |
|----|------------------------------------------------|--------------------|
| 10 | Guideway and Track Elements | \$ 459 |
| 20 | Stations, Stops, Terminals, Intermodal | 373 |
| 30 | Yard, Shops, Administration/Support Facilities | 8 |
| 40 | Site work and Special Conditions | 31 |
| 50 | Systems | 57 |
| 60 | ROW, Land, Existing Improvements | 126 |
| 70 | Vehicles | 140 |
| 80 | Professional Services | 261 |
| 90 | Unallocated Contingency | 59 |
| | Total* | \$ 1,514 |

* Includes \$64 million of historical costs

The University Link capital cost estimates are based on preliminary engineering design that has been advanced to approximately 30% design completion. The cost estimates have been developed based on input from an extensive risk assessment.

The capital costs include guideway and track elements, stations, an expansion to the Initial Segment O&M Facility, systems elements, right-of-way costs (both full and partial property acquisitions), relocation costs where appropriate, vehicle costs, and design services.

Guideway and Track: University Link consists of twin-bore tunnels that will extend from the east end of the Pine Street tunnel that is being constructed as part of the Initial Segment. The new tunnel section would likely be bored from the Capitol Hill Station south to downtown. A second set of tunnels would be bored from the University of Washington Station at Husky Stadium to the Capitol Hill Station. A ventilation shaft would be constructed in the Montlake neighborhood.

Stations: University Link consists of two cut-and-cover stations. The Capitol Hill Station will be located east of Broadway on Nagle Place and includes two entrances. The University of Washington Station will be located on University property just west of Husky Stadium and includes a crossover track south of the station. The station would have two entrances.

Yard (O&M) Facility: The Initial Segment O&M facility will accommodate University Link vehicle maintenance needs, but additional storage track will need to be constructed in the yard to accommodate the 30 additional vehicles.

Systems: The system elements for University Link (traction power, communications, signals, and radios) will be fully integrated with the Initial Segment systems.

Rights-of-Way: Real estate acquisition cost estimates are based on a review of previously developed historical cost estimates, property inspections (exteriors only), market analyses, and review of available preliminary design and alignments for all affected parcels. Whole property market value estimates, including acquisition cost, damages, relocation costs, administrative/other costs, and contingency were developed for each affected property, including those required for staging areas.

Vehicles: The number of vehicles and cost for extending the light rail system beyond the Initial Segment and the Airport extension are included in the capital plan. Table 2 summarizes the fleet requirements for the Initial Segment, Airport Link, and University Link.

**Table 2
Sound Transit Central Link Vehicle Requirements**

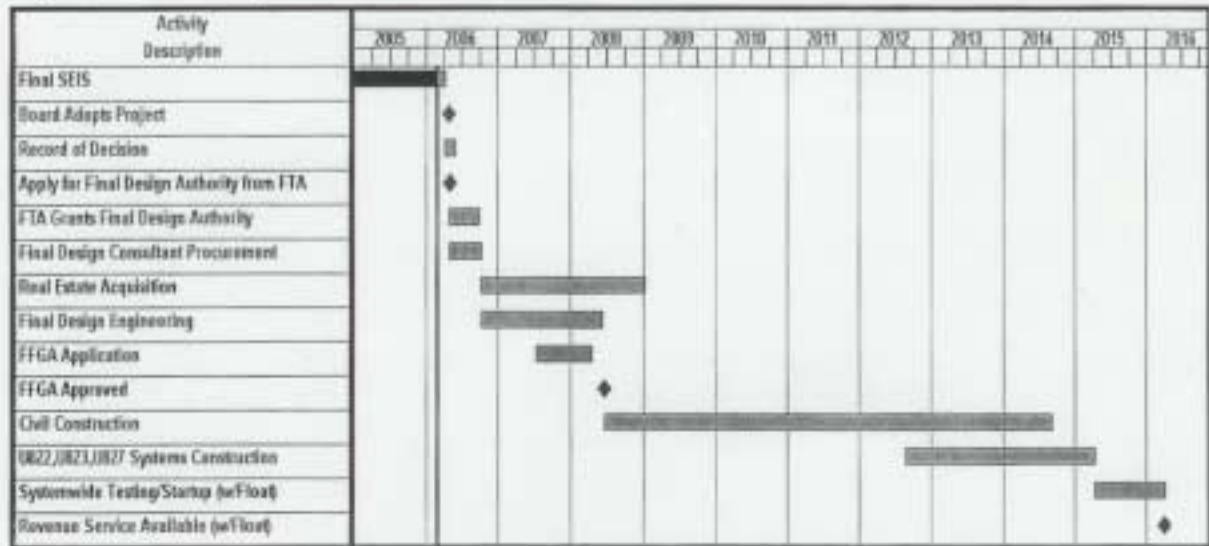
| Segment | Required Vehicles |
|---------------------------------|-------------------|
| Initial Segment | 31 |
| Airport Link | 4 |
| Subtotal | 35 |
| University Link | 30 |
| Total Central Link Fleet | 65 |

2.2 University Link Schedule

The schedule for the University Link project is shown Figure 3. It assumes receipt of PE authority in the fourth quarter of 2005, receipt of final design authority in the first quarter of 2006, the award of an FFGA.

in the fourth quarter of 2007, completion of the system in the third quarter of 2015, and revenue operation in mid 2016.

Figure 3 – University Link Schedule



2.3 University Link Funding Sources

Consistent with Sound Transit financial policies, the capital costs for expanding the Initial Segment of the Central Link light rail system are funded by the Agency's North King County subarea. The project's estimated capital cost of \$1.514 billion and financing costs of \$131.8 will be funded by four sources: Approved Local Taxes, Approved Bonding, Federal New Starts Grants, and Other Local Resources. The following table shows the anticipated amounts by funding source.

Table 3
University Link Funding Sources (YOES in Millions)

| Source | Amount | % of Project Costs |
|----------------------------|------------------|--------------------|
| Approved Local Taxes | \$420.8 | 25% |
| Approved Net Bonding | \$463.6 | 28% |
| Federal News Starts Grants | \$750.0 | 46% |
| Other Local Resources | \$11.4 | 1% |
| Total Project Costs | \$1,645.8 | 100% |

2.3.1 Approved Local Taxes

The Final 2006 Financial Plan assumes \$420.8 million from collection of already approved voter taxes by the end of University Link construction in 2016.¹ The following section describes the statutory authority to collect the taxes and the forecast of collections through 2040, the end of the financial planning horizon.

Authority to Levy Taxes

The State enabling legislation defines the taxes that may be levied by a regional transit authority. These include: (1) a retail sales and use tax of up to 0.9%, (2) a motor vehicle excise tax of up to 0.8%, (3) an employer tax of up to \$2.50 per employee per month, and (4) a sales and use tax of up to 0.8% on taxable retail car rentals. The first three taxes may be levied based on a simple majority vote within a regional transit district. The car rental tax can be implemented by Board action, if voters have approved the levy of a motor vehicle excise tax. A regional transit authority can pledge the revenues from any of these taxes to the repayment of bonds issued for high-capacity transit purposes. Once approved by voters, the taxes may be implemented by a vote of the Board, and may continue in perpetuity at the Board's discretion.

A sales and use tax of 0.4% and a MVET of 0.3% were approved for Sound Transit's use in a November 1996 referendum. Subsequent to the referendum, the Board also authorized a rental car tax of 0.8%. Approval of these taxes was in connection with the *Sound Move Ten-Year Regional Transit Plan*, adopted by the Sound Transit Board in May 1996. This document represents the system plan and financing plan that, per State law, had to be approved by the Board in advance of the referendum. This plan is often referred to as the "Phase I Plan." The taxes have no sunset provision, but may change at the completion of the current system plan. A second phase of the system plan would require voter approval. If there is no second phase, the Board will roll back the tax rates to a level sufficient to pay off the outstanding bonds, and to operate and maintain the facilities and services implemented as part of the current system plan.

Sound Transit has three dedicated local tax sources: a 0.4% Retail Sales and Use Tax, a 0.3% Motor Vehicle Excise Tax (MVET), and a 0.8% Rental Car Tax. Voters authorized them in November 1996 with an effective date of April 1, 1997. Both the retail sales and use and motor vehicle excise taxes have

¹ Sound Transit finances its capital projects on a consolidated basis. Approved local taxes for University Link are based on a pro-ration of total North King county net revenues.

a long history within the state and are used for other governmental purposes; they account for approximately 99% of Sound Transit's tax revenues. The state of Washington collects these taxes and transfers the revenues to Sound Transit monthly. The existing administrative mechanism for collection and distribution minimizes collection risks.

Local Tax Forecast

To forecast revenues, Sound Transit starts with a three-county (King, Pierce, and Snohomish) regional forecast produced by Conway and Associates for Sound Transit (see Appendix B). This long-term forecast uses as a base a national economic forecast from Blue Chip Economic Forecasters. The national economic forecast is input into Conway and Associates' regional economic model, which combined with a separate model of the aerospace sector, accounts for local labor markets and industries. The model generates 25-year estimates of taxable retail sales and motor vehicle values for the three-county region and indicates, via the growth rates associated with the forecast tax bases, the business cycles expected within the next 25 years. The variables used to predict taxable retail sales include *personal income*, the *unemployment rate* and *housing permits*. *Per capita personal income*, the *driving-age population*, and the *average value of motor vehicles* are the principal determinants of the motor vehicle tax base. Rental car tax revenue forecasts are produced internally by staff using an autoregressive integrated moving average (ARIMA) technique with seasonal adjustments. An adjustment is made to the Retail Sales and Use Tax base from Conway's model to account for use taxes not captured by the Conway and Associates model.

I-776 and MVET Revenues

In November 2002, Washington State voters approved Initiative No. 776 (I-776). Among other things, I-776 purported to repeal Sound Transit's authority to impose its Motor Vehicle Excise Tax (MVET). On December 22, 2004, the King County Superior Court addressed the collection of the MVET revenues pledged by Sound Transit to the 1999 bonds and entered a judgment in favor of Sound Transit, dismissing claims challenging Sound Transit's continued collection of the MVET pledged to the 1999 bonds, which were issued by Sound Transit before I-776 was enacted. That decision has been appealed. If the Washington Supreme Court affirms the trial court, Sound Transit expects to continue imposing and collecting the MVET at the current rate of 0.3% so long as the 1999 bonds are outstanding. This financial plan assumes that MVET revenues will no longer be collected after 2028.

A summary of the regional tax base forecast is provided in Appendix B. The following sections describe the forecast for Sales and Use Tax and Motor Vehicle Excise Tax.

Sales and Use Revenue Projections

From 1997-2040, the retail sales and use tax is expected to generate \$6.3 billion for the North King subarea and \$24.4 billion for all of Sound Transit.

Historically, the Retail Sales and Use tax base growth rates have varied considerably by Sound Transit subarea. The North King subarea contains the cities of Seattle, Shoreline, and Lake Forest Park. North King is geographically constrained and is intensely built-out, having a 2004 population of 638,000. Between 1997 and 2005 its Retail Sales and Use Tax revenues grew 3.3% annually. This is lower than the historic average of 5.5% annual growth because of the 2001 recession. The revenue forecast anticipates that revenue growth rates will match the historic average.

Table 4 contains the annual growth rate assumptions, extending beyond the initial phase to demonstrate the stability of these revenues for debt service.

Table 4
Growth Rate Projections for Sound Transit's Sales and Use Tax Revenues

| Sales & Use Tax | Annual Growth Rate (%) | | | |
|---------------------|------------------------|-----------|-----------|-----------|
| | 1998-2005 | 2006-2012 | 2013-2021 | 2022-2040 |
| North King | 3.3 | 4.8 | 5.0 | 5.0 |
| Sound Transit Total | 4.1 | 5.1 | 5.3 | 5.0 |

Retail Sales and Use Tax revenue assumptions for the North subarea and for the Sound Transit district as a whole are shown below in Table 5.

Table 5
Sales and Use Tax Revenue Projections by Subarea (YOES\$ in Millions)

| Sales & Use Tax | 1997-2005 | 2006-2012 | 2013-2021 | 2022-2040 |
|---------------------|-----------|-----------|-----------|-----------|
| North King | 500.6 | 529.3 | 1,000.5 | 4,278.9 |
| Sound Transit Total | 1,794.9 | 1,988.1 | 3,833.8 | 16,744 |

Motor Vehicle Excise Tax Revenue Projections

From 1997-2028, the MVET is expected to generate \$617.5 million for the North King subarea and \$3.299 billion for all of Sound Transit. As a result of I-776, Sound Transit does not expect to collect MVET revenues beyond 2028.

Between 1997 and 2004, the MVET base grew at an average annual rate of 5.9% in the Sound Transit district and 3.0% in the North King subarea. Between 2005 and 2028, the growth rate in North King MVET collections is projected to range from 4.0% to 4.9% annually.

Table 6 contains the annual growth rate assumptions, extending beyond the initial phase, to demonstrate the stability of these revenues for debt service.

Table 6
Growth Rate Projections for Sound Transit's MVET Tax Revenues

| MVET Tax (Nominal) | Annual Growth Rate Assumptions (%) | | | |
|---------------------|------------------------------------|-----------|-----------|-----------|
| | 1998-2005 | 2006-2012 | 2013-2021 | 2022-2040 |
| North King | 3.0 | 4.3 | 4.5 | 4.8 |
| Sound Transit Total | 5.9 | 5.0 | 4.9 | 5.1 |

MVET revenue assumptions for the North subarea and for the Sound Transit district as a whole are shown below in Table 7.

Table 7
MVET Tax Revenue Projections by Subarea (YOES in Millions)

| MVET | 1997–2005 | 2006–2012 | 2013–2021 | 2022–2040 |
|---------------------|-----------|-----------|-----------|-----------|
| North King | 105.2 | 105.2 | 192.6 | 214.2 |
| Sound Transit Total | 482.2 | 554.9 | 1,056.3 | 1,205.7 |

2.3.2 Approved Bonding

The Final 2006 Financial Plan assumes a total \$2,341 million in bonding against already approved local sales and rental car taxes for the Board approved capital programs. The North King subarea will issue a total of \$1,289 million in bonds to support the construction of North Link as well as the Initial Segment of Light Rail. The Plan assumes pledge of sales tax and rental car tax only to bonds issued after 2005. The following section describes the statutory authority to issue bonds and the key bonding assumptions within the Plan.

Statutory Authority

Although Sound Transit does not levy property taxes, its debt limit pursuant to State law, like that for all municipalities in the State of Washington, is defined based on the assessed valuation of real property. There are two types of bond limits – for non-voted debt and for voted debt.

Sound Transit may issue bonds in amounts up to 1.5% of assessed valuation within its district without special voter authorization. In 2004, the assessed valuation was approximately \$298 billion, thus the current non-voted debt limit is approximately \$4.47 billion. Sound Transit has issued \$773 million in bonds to date, leaving a non-voted debt capacity of \$3.7 billion. The 2005 University Link Financial Plan projects a total borrowing of \$2.199 billion through 2020, including the \$773 million of bonds issued by 2005.

Upon the approval of 60% of the electorate, Sound Transit could issue bonds in amounts up to 5% of assessed valuation. This is about \$14.89 billion, based on 2004 estimated assessments. At this time, Sound Transit contemplates borrowing to be well under the lower non-voted debt limit.

Bonding Assumptions, Issuance to Date, and Ratings

The Final 2006 Financial Plan assumes minimum agency-wide gross coverage of 4.0 and net coverage of 2.2 through 2040. Under Sound Transit Financial Policies, the Agency also records coverage for each of its five subareas within the district. Under the current Financial Policies, with the exception of South King County subarea, net coverage in each subarea should always exceed 1.3. The Final 2006 Financial Plan assumes coverage would remain at 1.28 or beyond for the North King subarea.

Sound Transit issued \$350 million in bonds in 1999 and \$423 million in bonds in 2005 in order to take advantage of historically low interest rates (4.97% and 4.6%, respectively). Sound Transit’s 1999 bonds received an underlying credit rating of A1 with a positive outlook by Moody’s and AA by Standard & Poor’s. The Agency’s 2005 bonds received underlying ratings of Aa3 and AA- by Moody’s and Standard & Poor’s, respectively.

The financial plan assumes that future bonds will be issued at a blended rate of 5.0% during the Phase I period (1997-2009), rising to 6.0% after 2009. A calculation of the Agency’s weighted average cost of capital (WACC) suggests a significantly lower blended rate when variable rate bonds are taken into account. The plan assumes that most bonds will be structured with a 30-year term, with principal

payments deferred for five-years for bonds issued until 2009. The plan assumes 1.5% issuance costs and 7.15% of outstanding principal set-aside for bond reserves. Bonds issued after 2008 are assumed to have a 10-year interest only payment structure. Bonds issued after 2005 are also assumed to have non-level principal amortization structure.

2.3.3 Federal Funding

The Final 2006 Financial Plan assumes that the Agency will receive an additional \$750 million of 5309 New Starts funds under a Full Funding Grant Agreement for the University Link project. This grant will be funded from the reauthorization of TEA-21 and received from 2009 to 2016.

In addition to the \$750 million of New Starts grants for University Link, the Financial Plan assumes \$944 million in federal grant awards in Phase I. This includes \$500 million for the Link Initial Segment, \$29 million for the Airport Link extension and \$416 million for Sounder and Regional Express. Federal funding will be secured through conventional Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) programs currently authorized under the Transportation Efficiency Act for the 21st Century (TEA-21). TEA-21 authorized funding for federal transportation programs for federal fiscal years 1998 through 2003 and currently TEA-21 has been extended until May 2005. Congress is expected to reauthorize TEA-21 in 2005. Funding will be secured through both congressional appropriations and regional/national grant competitions. Federal funding assumptions by source (excluding University Link funding) are shown in Table 8 below.

**Table 8
Federal Funding Assumptions (Excluding University Link)**

| Funding Category | Funding (Millions\$) |
|---------------------------------------------------------------|-------------------------|
| Section 5309 New Starts (FTA Discretionary) | \$616 |
| Section 5307 Formula (FTA Competitive) | \$157 |
| Surface Transportation Program (FHWA Urban Competitive) | \$65 |
| Section 5309 Bus (FTA Discretionary) | \$42 |
| Congestion Mitigation Air Quality (FHWA Competitive) | \$33 |
| State Funds | \$15 |
| Surface Transportation Program (FHWA Railroad Crossing Comp.) | \$8 |
| Miscellaneous Competitive | \$8 |
| Total | \$944 |

Results

Through end-year 2005 Sound Transit has been awarded \$613 million, or 65 percent of the total projected federal funding. Funding has been secured through congressional appropriations (\$393 million), regional and national competition (\$205 million) and state appropriations (\$15 million). Funding has been secured across all funding sources and lines of business:

- \$251 million for Sounder rolling stock, track and signal work, railroad crossings, equipment, right-of-way (ROW) and station construction.
- \$259 million for the preliminary engineering, final design, right-of-way acquisition and construction of the Initial Segment of Link. \$14 million has been secured for the preliminary engineering, final design, and right-of-way phases of the Airport Link extension.
- \$103 million for Regional Express rolling stock, transit centers, park-and-rides, and direct access ramps.

New Starts Funding and Full Funding Grant Agreement

Sixty-five percent or \$612 million of Sound Transit's federal funding (excluding University Link) is assumed to come from Section 5309 "New Starts" funding administered by the Federal Transit Administration. New Starts funding is earmarked directly by Congress for major capital investments in fixed guideway systems in urban areas and is highly competitive. New Starts projects undergo rigorous evaluation, rating, and comparison as part of the funding process.

While both Sounder and Link are eligible for New Starts funding, the majority of New Starts funding (\$500 million) is assumed for the Link Initial Segment under a Full Funding Grant Agreement (FFGA). The Final 2006 Financial Plan assumes another \$700 million for the University Link extension.

FFGAs are agreements used by the FTA to establish multi-year commitments of federal funding for New Starts projects. An FFGA provides a relatively high level of assurance that funding for the project will be included in the executive branch's annual budget request and subsequent annual appropriations by Congress. Sound Transit's FFGA for the Initial Segment was executed on October 24, 2003.

2.3.4 Other Local Resources

For University Link, the Financial Plan includes \$11.4 million in right-of-way sales for properties purchased for construction by resold prior to final completion of the project.

2.3.5 Contingencies

The financial plan contains a number of contingencies that could be applied to meet revenue shortfalls related to the project:

- The Initial Segment of the Link light rail project has \$47.7 million in unallocated contingencies as of April 30, 2006. All major construction contracts and procurements have been awarded.
- The Initial Segment also maintains a \$91 million project reserve for the North King County subarea.

In addition, the Agency maintains reserves to meet agency-wide revenue shortfalls or cost increases, including a two month operating reserve, an \$8 million Emergency Fund, a \$3 million System-wide Contingency, and \$20 million in programmed funds within the Regional Fund.

2.3.6 Mitigation of Federal Funding Shortfall

In the event that the Agency does not receive the full \$750 million for University Link or the funds are not received in the time period assumed by the Financial Plan, the Agency has several mitigation strategies:

- Drawdown of contingencies, as appropriate, as outlined in the prior section.
- Apply savings from bonding: The financial plan uses conservative assumptions regarding bonding and debt coverage, which are appropriate for long-range planning. However, as the Agency moves into construction, it could very likely apply savings from debt service costs as the project begins construction.
- Changes to financial policies and financial planning assumptions: The Agency's financial policies and financial planning assumptions, such as debt service coverage and capital replacement, could be altered within prudent financial parameters to generate additional resources.

- Extending the construction schedule may generate additional resources depending on rates of growth in construction costs and revenue growth.
- Seek additional voter approved resources.

2.3.7 Sensitivity Analysis

A number of sensitivity analyses were conducted in order to gauge the vulnerability of Sound Transit's financial plan to various risk factors. The results suggest that:

- The University Link plan could withstand a cost increase of up to \$215 million. With a cost increase of this magnitude, North King subarea's net coverage falls to 1.0. However, the Agency would still have an overall net coverage of 2.0.
- The University Link plan could withstand an increase of 160 basis points in borrowing costs before North King subarea's net coverage falls to 1.0. However, the Agency would still have an overall net coverage of 1.75.
- The University Link plan could withstand a typical recession with up to two years of zero revenue growth. In this scenario, the North King subarea's net debt service coverage falls to 1.0. However, the Agency would still have an overall net coverage of 1.60.
- The University Link plan could withstand a reduction in average fare by board of approximately 50% before the North King subarea's net coverage falls to 1.0x. However, the Agency would still have net coverage of 2.20.
- The University Link plan could withstand a 25% increase in link operating costs over the baseline cost estimates before the North King subarea's net coverage falls to 1.0x. However, the Agency would still have net coverage of 2.09.

2.4 Agency-Wide Capital Plan

Sound Transit's current capital program through 2009 amounts to \$4.8 billion, not including the University Link project. Funding for this program is fully funded through voter approved taxes and bonding, federal funding, local contributions, and miscellaneous revenues. After fully funding these capital programs and funding all associated operating costs, Sound Transit has a general fund cash balance of \$189 million at the end of 2009.

The capital program consists of three major elements:

- Sounder commuter rail: Construction of an 82-mile commuter rail line from Everett to Lakewood.
- Link light rail: Construction of the 1.6-mile Tacoma Link line and 14-mile Initial Segment of the Central Link light rail project.
- Regional Express: Construction of 47 HOV access, Park & Ride, Transit Center, and Community Connection capital projects.

Table 9
1997-2020 Agency Sources and Uses of Funds (YOES in Millions)

| Sources | | Uses | |
|------------------------------|------------------|--------------------------|-----------------|
| Approved taxes | \$9,104 | Initial Segment Capital | \$ 2,070 |
| Federal Grants | 2,026 | University Link Capital | 1,514 |
| Bonds | 2,341 | Other Link Capital | 571 |
| Fares & Operating Revenues | 736 | Commuter Rail Capital | 1,229 |
| State Grants & Other Sources | 765 | Regional Express Capital | 816 |
| | | Regional Fund | 578 |
| | | Debt Service | 1,806 |
| | | Transportation Services | 3,760 |
| | | Reserves | 2,628 |
| Total sources | \$ 14,972 | Total uses | \$14,972 |

2.4.1 Sources of Capital Funds

Local Taxes: As described in the sections above, Sound Transit has voter approved Sales and Use Tax, Motor Vehicle Excise Tax and Rental Car Tax.

Federal Grants: The financial plan assumes \$2.026 billion in federal grants, including \$500 million from the Initial Segment FFGA, \$750 million for University Link, and \$774 million in other New Starts and formula grants.

Bonding: The financial plan assumes the issuance of \$2.3 billion in bonds to fund the Agency's capital programs, including University Link. Bonding authority and key planning assumptions are discussed under the University Link funding plan section of this report.

Fares and Other Operating Revenues: The financial plan assumes the Agency continues to collect fare revenues from Sound Transit operations – Regional Express bus, Sounder commuter rail, and Link light rail. Farebox revenue forecasts are based on ridership forecasts and assumptions regarding fare levels. Currently, the Agency collects fare revenues on bus and commuter rail service. The Agency is not planning on collecting fares for Tacoma Link, and will not receive fares for Central Link until the Initial Segment becomes operational in 2009.

State Grants and Other Sources: State grants and other sources is a catch-all category for funds that are either granted directly to Sound Transit, or are provided as a credit against taxes or fees that would otherwise be levied on construction activities by other units of government. The Agency has commitments from other jurisdictions for providing funds for Regional Express and Sounder projects. Such revenues are not included in the financial plan until agreements with other jurisdictions are signed.

For the Initial Segment of Link light rail, the Plan includes \$29 million in both revenue and expenditure assumptions for the Community Development Fund (CDF); in addition, Sound Transit will also be reimbursed \$4.7 million for CDF administrative costs. Sound Transit has executed agreements with the City of Seattle and King County under which the City and County will fund the CDF, either directly or through a combination of direct appropriations and indirect contributions to the Link Initial Segment project.

This category also includes interest earnings on the general fund.

2.4.2 Uses of Capital Funds

Sound Transit's capital plan consists of new construction and other new projects that are included in the current system plan. Sound Transit updates the capital program annually as part of its budget process.

Link Light Rail: There are four light rail alignments that are currently funded with the financial plan: the Initial Segment of Central Link, University Link, Airport Link, and Tacoma Link. In addition, engineering costs for completion of the LPA and initial planning for extension of the system to Northgate are also included in the financial plan.

- **Initial Segment:** The original baseline cost estimate (BCE), as submitted to the FTA as part of the FFGA for the Central Link Initial Segment, includes the following items:

Table 10

| Original BCE In millions YOES | |
|----------------------------------|----------------|
| Capital Costs | 2,070 |
| Project Reserve | 128 |
| Art | 11 |
| Downtown Tunnel payments | 26 |
| Financing Costs | 202 |
| Total | \$2,437 |

- **University Link:** The University Link program, which includes capital costs of approximately \$1.514 billion, is discussed in detail in a section above.

**Table 11
University Link**

1997-2016 Sources and Uses of Funds (YOES in Millions)

| Sources | | Uses | |
|-----------------------------|-------------------|-------------------|------------------|
| Approved taxes [^] | \$420.8 | Capital Costs | \$ 1,514.0 |
| Federal Grants | \$750.0 | Financing Costs* | \$131.8 |
| Bonds ^{^^} | \$463.6 | | |
| Other Local Resources | \$11.4 | | |
| Total sources | \$ 1,645.8 | Total uses | \$1,645.8 |

[^]Estimated pro-ration of total North King county net revenues.

^{^^}Par less reserves

*Sound Transit finances its total capital program on a consolidated basis and does not issue discreet financing for individual projects. Financing costs for University Link are a pro-rated share of the agency's financing costs. Allocations to University Link are subject to change due to changes in agency overall bonding schedule, accounting treatment of capitalized interest and changes in non-link light rail capital outlays.

- **Airport Link:** In addition to the BCE, the financial plan includes \$244 million for the extension of the Central Link alignment to the SeaTac Airport (Airport Link).
- **Tacoma Link:** Tacoma Link is a locally-funded project. It is an at-grade line, with four new stations. It also serves the existing Tacoma Dome multimodal station. Tacoma Link commenced service in August 2003.

Sounder Commuter Rail: Sounder service will eventually run from Everett, in Snohomish County, to Lakewood, south of Tacoma in Pierce County. Implementation of facilities and services is divided into three segments: (i) Tacoma to Seattle, (ii) Everett to Seattle, and (iii) Lakewood to Tacoma.

The Tacoma-Seattle segment is operating with seven stations, of which one is still temporary. Construction of track and signal improvements is underway, and is a prerequisite to the full service planned. An FEIS has been completed for the Everett-Seattle segment, and stations are in the design phase. Operations for the Everett-Seattle segment started in December of 2003. Revenue operations for the Lakewood-Tacoma segment are expected to begin in the first quarter of 2008.

Regional Express Capital Projects: Regional Express is planning and managing the construction of more than 40 capital projects, including HOV direct access ramps and improvements, park-and-ride lots, transit centers, and flyer stops.

HOV Direct Access Projects: The HOV access projects are being implemented through a partnership between Sound Transit and the Washington State Department of Transportation. Sound Transit will fund special access ramps to make it easier for transit and carpools to use HOV lanes at some of the region's most congested freeway intersections. The improvements will expand and permanently improve the HOV network the region has already started.

Community Connections: To maximize public access between the regional and local transit systems, Sound Transit is funding a variety of community connection facilities including transit centers, park-and-ride lots, flyer stops, and transit access improvements. These facilities will improve access to the regional transit system as well as connections to the local transit services.

Regional Express Bus: These funds are devoted solely to bus acquisition and related equipment. Sound Transit has acquired 194 buses, and plans to acquire the remaining two buses by 2006. Sound Transit has forged partnerships with Community Transit, King County Metro, and Pierce Transit for operating the buses.

Regional Fund: Sound Transit's capital and operating program also includes funds for projects that are regional in scope, including: (i) Transit Vision (formerly Research and Technology Fund and Fare Integration), (ii) Phase II Planning, and (iii) agency administration capital and operating projects.

The financial plan also includes funding for general fund reserves, capital replacement, bond reserves, bond issuance costs, and a project cost contingency reserve. Sound Transit maintains O&M reserves equal to two months of operating costs. Cash is managed so that a minimum \$10 million balance is maintained in the General Fund at all times. Future bond issues are assumed to require a reserve equal to one year's debt service. These reserves will accumulate to \$114.2 million by 2009 and \$158.1 million by 2016. Bond issuance costs of \$33.4 million are also included in the financial plan.

Debt Service: The financial plan anticipates that there will be \$1,835 million of debt service through 2020 associated with bonds issued from 1999 to 2016. North King subarea projects, principally the Initial Segment and North Link, will account for \$973 million or 53% of the debt service through 2020. Debt service will end in 2046, thirty years after the 2016 bond issue, unless more debt is issued to support Sound Transit's Phase II programs.

2.4.3 Asset Management Plan

The Sound Transit Financial Plan provides for capital replacement through the use of a sinking fund. Contributions to this fund begin in 2010 for Central Link, 2009 for Sounder, and 2007 for Regional Express. These periods correspond to the dates in which most Phase I projects will be fully operational.

An annual contribution to the fund is calculated for each class of asset and its replacement cycle. There may be several replacement cycles per class. The annual contribution is a fixed annual payment for each unique combination of asset class and replacement cycle. These payments, plus accumulated interest earnings, are calculated to exactly equal the (inflation-adjusted) replacement cost of the asset at a specified future date.

The annual payment calculation assumes that 77% of replacement costs will be funded from Sound Transit funds, with the remainder (23%) being funded from grants. The interest earnings rate is currently set to 5.5% annually. This is higher than the interest earnings rate (3.0%) assumed for other funds (e.g., the general fund), because the long lead time on capital replacement will allow Sound Transit to invest in longer-term securities that usually offer higher earnings. The compounding of interest earnings allows the annual payments to the sinking fund to be less than the annual straight-line depreciation cost of an asset.

The cost index table lists the assumptions currently used in the model. Right-of-way costs and the cost of planning and environmental documents are excluded. The replacement cost is calculated in nominal dollars, based on the asset's replacement date and projected change in the CPI.

The replacement date for assets follows generally-accepted principles for the useful life of transit plants and equipment. The twelve-year replacement cycle for buses is the industry standard. The replacement cycles for commuter rail (Sounder) and light rail (Link) equipment were adopted from "Methodology for Projecting Rail Transit Rehabilitation and Replacement Capital Financing Needs," by Robert L. Peskin, published in *Transportation Research Record 1165*, Transportation Research Board, 1988. Portions of the assets in a group are replaced on fixed cycles. It is notable that less than 100% of rail capital asset cost is subject to replacement. This reflects the permanent nature of some heavy civil structures such as tunnels. The replacement cost estimates are refined as more detailed component costs become available.

In the Final 2006 Financial Plan, the North King country subarea contributes a fixed \$3 m. a year from 2010-2015 and the full sinking fund contribution thereafter. All other subareas make sinking fund contributions consistent with the methodology described above.

3. OPERATING PLAN

3.1 Service Implementation Plan

Sound Transit services consist of four elements: (i) Regional Express bus service, (ii) Sounder commuter rail services, (iii) Tacoma Link light rail service, and (iv) Central Link light rail service.

3.1.1 Regional Express

Regional Express commenced operations in 1997, when Sound Transit assumed financial responsibility for the Seattle-Tacoma Express that had previously been funded by Pierce Transit. In September 1999, service was implemented on ten new Regional Express routes and another major service expansion took place in September 2000. Service will continue to expand gradually through 2006 and beyond.

Regional Express is currently operating 19 bus routes, which serve riders in King, Pierce, and Snohomish counties; the final two planned routes began operations in September 2002. Annual ridership is growing, with 8.4 million boardings in 2004 and 8.5 million forecast for 2005. ST Express buses already serve an average of 26,000 riders per day in the three-county region. A detailed plan for Regional Express services is described in the *Regional Express Service Implementation Plan*, which is updated annually. The partnerships formed with Community Transit, King County Metro, and Pierce Transit have enabled Sound Transit to implement a system that makes the most of the region's transportation resources.

3.1.2 Sounder

Sounder began revenue operations in September 2000 between Seattle and Tacoma, and currently runs three weekday round-trips in this segment. The Everett-to-Seattle segment began operating in the fall of 2003 with one weekday round-trip run; a second weekday round trip started running in June of 2005. A third segment between Lakewood and Tacoma is scheduled to begin operations by the fall of 2007. Sounder service is being operated via a contract with BNSF. Railcars and locomotives are being maintained via a contract with Amtrak.

3.1.3 Tacoma Link

Tacoma Link began operations in the fall of 2003, with significantly higher ridership than projected. Current ridership exceeds the 2,000 passengers per day projected for 2010. This service is free to the public. Its chief function is to serve as a circulator connecting the Tacoma Central Business District and the Tacoma Dome multi-modal station.

3.1.4 Central Link

The Final 2006 Financial Plan assumes that the Initial Segment of Central Link is scheduled to begin operations in July 2009, with services operating between Westlake Station and South 154th Street. The initial service on Central Link will be 61,994 annual train hours in 2010, the first full year of operations, with headways at six minutes during peak hours. The Airport Link segment is scheduled to start operating by the end of 2009, and the University Link segment is slated to commence revenue service by July 2016. Link operating costs are based on a cost build-up model that uses information on service frequencies, track geometry, labor productivity, and unit costs to estimate annual O&M costs.

3.2 Light Rail Operating Costs

The operating and maintenance cost estimates include all of Sound Transit's costs to operate and maintain the light rail system. They include Sound Transit's light rail security and fare inspection costs, but do not include costs incurred by local cities for fire or aid services delivered to light rail stations. Appendix A, the operating statement, shows the agency-wide operating costs by transit mode.

An O&M cost model was used to calculate the light rail operating costs. The model includes not only all direct costs associated with light rail operation and maintenance, but also an assumed add-on of 15% for Sound Transit support departments (e.g., legal, personnel, finance, etc.). Direct costs are based on experience from other light rail systems currently operating in the U.S., but these are adjusted for wage and electric power rates in the Puget Sound region.

Annual central link light rail operating costs for central link are \$41.08 million in 2005\$.

3.3 Total Operating Costs

Sound Transit will incur \$14.0 billion in operating costs from 1997-2040. The major cost elements are summarized in Table 12 below.

Table 12

| Operating Costs (1997-2040) Millions YOES | |
|--------------------------------------------------|---------------|
| Link Light Rail* | 3,481 |
| Souder Commuter Rail | 2,716 |
| Regional Express Bus | 6,930 |
| Regional Fund | 915 |
| Total | 14,042 |

*Includes Initial Segment, Airport Link, University Link, and Tacoma Link

Consistent with the minimum net coverage ratio of 2.18, the 2006 Final Financial Plan anticipates that Sound Transit will have sufficient funds to cover operating and debt service costs and to maintain a reasonable surplus to deal with adverse outcomes in the foreseeable future.

O&M costs are projected by each of the transit mode departments as part of the annual budget process, reflecting the current implementation schedule. These costs are projected based on a cost build-up model for each line of business, including the cost of support services allocated to each line of business. Regional Express costs are based on cost reimbursement agreements with each of the local operators providing these bus services. Souder costs are based on its business plan, which takes into account staff costs, the operating agreement with BNSF railroad, and the maintenance agreement with Amtrak. Link costs are based on a cost build-up model that uses information on service frequencies, track geometry, labor productivity, and unit costs to estimate annual O&M costs.

Changes to Sound Transit operations after 2007 are limited by the scope of the adopted system plan. At this time, no significant changes are planned. O&M costs would increase in 2010, reflecting a full year of operating Link, but there are no planned increases in service, nor are any new facilities scheduled to become operational. Accordingly, O&M costs would reach a relative plateau in real terms, and would grow only as affected by ridership growth, cost inflation, and maintenance cycles.

Regional fund activities are special system-wide programs that are funded by interest earnings and levies on subarea tax revenues, the latter not to exceed 10% per year². These include administration costs that are not allocated to the lines of business, regional fare integration costs, and research and technology programs.

3.4 Operating Revenues

3.4.1 Link Light Rail

The Financial Plan assumes the collection of \$1,854 million of light rail operating revenue from 1997-2040. Other revenues may be derived from advertising or private sources; however, no assumptions are made in *Sound Move*, the Financial Plan, or in this report regarding such revenues.

Sound Transit's board has not adopted a fare schedule for light rail. For planning purposes, fare revenue is calculated based on the following assumptions, which are subject to change by the Board:

- Average fare per boarding is \$0.91 in 2005, growing each year at the rate of Seattle-CPI.
- Light rail fares will compare to bus fares in the corridor, including zone fares;
- There will be no charge for bus-rail transfers;
- There will be discounts offered to seniors and youth; and
- Monthly passes and employer passes will be sold at a discount.

In addition, fares will be assumed to increase with inflation over time. Assumptions about revenue allocation from transferring passengers are based on the fare integration agreement reached in 1999 between Sound Transit, Community Transit, Everett Transit, King County Metro, and Pierce Transit.

3.4.2 All Other Operations

The Agency will receive \$2,050 million in fare revenue on all other services (not including Link light rail) through 2040.

Fare box revenue forecasts are based on ridership forecasts and assumptions regarding fare levels. Currently, the Agency collects fare revenues on bus and commuter rail service. The Agency is not planning on collecting fares for Tacoma Link, and will not receive fares for Central Link until the system becomes operational in 2009. Appendix A shows the agency-wide fare revenue forecast from 1997-2040.

3.4.3 Interest Earnings and Miscellaneous Revenues

The financial plan assumes that Sound Transit will earn a 3.0% rate of return on its cash balances through the planning period (2030). Per Sound Transit financial policies, all interest earnings are credited to the Agency's Regional Fund to offset expenditures for region-wide programs.

Miscellaneous revenues include advertising revenues, contributions from local jurisdictions, locomotive leasing revenues, rental property income, and income from the sale of surplus property (e.g., property used for staging areas during construction).

APPENDICES

A. Summary of Sound Transit Financial Condition



2006 Financial Plan - Sources & Uses Summary for 1997-2020

Scenario: Final 2006 Fin Plan (June) v3

(Millions YOES)

| Sources of Funds | Snohomish | North King | South King | East King | Pierce | Regional Fund | Total |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Taxes | 1,124 | 2,294 | 1,684 | 2,388 | 1,615 | - | 9,104 |
| 1 Federal Grants | 116 | 1,238 | 359 | 104 | 209 | - | 2,026 |
| 2 State Grants | 15 | - | - | - | - | - | 15 |
| Bonds | 190 | 1,289 | 682 | - | 180 | - | 2,341 |
| Fares & Other Oper. Revenues | 80 | 212 | 117 | 181 | 146 | - | 736 |
| 3 Local Grants & Interest Earnings | 16 | 60 | 52 | 10 | 43 | 570 | 751 |
| Regional Fund Contributions | (1) | (1) | (1) | (2) | (3) | 9 | - |
| Adjustments | 3 | (37) | 5 | 25 | 4 | - | (0) |
| Total Sources | 1,543 | 5,054 | 2,899 | 2,705 | 2,193 | 578 | 14,972 |

| Uses of Funds | Snohomish | North King | South King | East King | Pierce | Regional Fund | Total |
|---------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Commuter Rail | 386 | - | 367 | - | 476 | - | 1,229 |
| Regional Express | 167 | - | 79 | 548 | 21 | - | 816 |
| Light Rail | - | 3,195 | 878 | - | 81 | - | 4,155 |
| Transportation Services | 441 | 565 | 775 | 1,041 | 938 | - | 3,760 |
| Regional Fund Activities | - | - | - | - | - | 578 | 578 |
| Debt Service | 164 | 946 | 538 | - | 158 | - | 1,806 |
| GAN Repayments | - | - | - | - | - | - | - |
| Contributions to Reserves | 386 | 348 | 260 | 1,115 | 520 | - | 2,629 |
| Sub-total | 1,543 | 5,054 | 2,899 | 2,705 | 2,193 | 578 | 14,972 |
| 4 Program Adjustments | - | - | - | - | - | - | - |
| Total Uses | 1,543 | 5,054 | 2,899 | 2,705 | 2,193 | 578 | 14,972 |

Notes

- 1 Federal government capital and operating grant drawdowns between 1997 and 2009 for all lines of business; may differ from awards because of timing differences.
- 2 State government grants received in 2000.
- 3 City and County CDF contributions, sale of excess real estate, Sounder and REX other revenues; interest on cash balances for Regional Fund.
- 4 Unprogrammed financial plan placeholders or estimated program cuts.

Appendix A: Operating Statement

SOUND TRANSIT
 Operating Statement
 Scenario:
 Final 2006 Fin Plan (June) v3

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| NOMINAL \$000s | | | | | | | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | | | | | | | |
| ST District Taxes | | | | | | | | | | | | | | | | | |
| Sales & Use Tax | 126,033 | 180,637 | 196,025 | 212,478 | 209,752 | 204,566 | 206,665 | 219,020 | 239,785 | 243,192 | 254,939 | 269,027 | 283,346 | 297,972 | 312,286 | 327,366 | 343,745 |
| MVET | 31,277 | 44,279 | 43,499 | 56,242 | 56,123 | 58,319 | 61,189 | 64,714 | 66,308 | 68,443 | 71,132 | 74,744 | 78,717 | 82,958 | 87,385 | 91,560 | 95,934 |
| Rental Car Tax | 1,605 | 2,042 | 2,636 | 2,401 | 2,182 | 2,151 | 2,182 | 2,166 | 2,245 | 2,064 | 2,080 | 2,077 | 2,097 | 2,118 | 2,139 | 2,161 | 2,182 |
| total | 158,915 | 226,958 | 242,161 | 270,921 | 268,056 | 265,037 | 270,036 | 285,900 | 308,338 | 313,699 | 328,131 | 345,848 | 364,161 | 383,048 | 401,791 | 421,087 | 441,861 |
| Fares & Other Operating Income | | | | | | | | | | | | | | | | | |
| Commuter Rail | - | - | - | 400 | 1,377 | 1,576 | 1,843 | 2,263 | 3,053 | 2,959 | 3,415 | 4,233 | 5,989 | 6,982 | 7,385 | 7,764 | 8,160 |
| Regional Express Bus | - | 427 | 1,809 | 5,638 | 7,443 | 7,649 | 9,781 | 11,362 | 13,857 | 14,209 | 14,683 | 15,974 | 16,678 | 17,472 | 18,254 | 19,255 | 20,304 |
| Light Rail | - | - | - | - | - | - | - | - | - | - | - | - | 2,523 | 9,257 | 10,227 | 10,969 | 11,747 |
| total | - | 427 | 1,809 | 6,038 | 8,820 | 9,225 | 11,624 | 13,625 | 16,910 | 17,168 | 18,098 | 20,207 | 25,191 | 33,712 | 35,865 | 37,988 | 40,211 |
| Interest Earned (GF, O&M, Bond Res.) | 1,747 | 11,910 | 31,341 | 50,686 | 41,166 | 25,693 | 13,176 | 10,626 | 26,090 | 23,750 | 15,804 | 2,728 | 3,697 | 9,287 | 12,596 | 15,611 | 18,909 |
| total operating revenues | 160,662 | 239,295 | 275,311 | 327,646 | 318,044 | 299,955 | 294,837 | 310,151 | 351,339 | 354,617 | 362,034 | 368,783 | 393,048 | 426,047 | 450,252 | 474,686 | 500,981 |
| OPERATING EXPENDITURES | | | | | | | | | | | | | | | | | |
| Operating & Maintenance Costs | | | | | | | | | | | | | | | | | |
| Commuter Rail | - | - | 134 | 3,865 | 10,549 | 10,493 | 13,319 | 16,047 | 22,650 | 28,063 | 30,909 | 36,540 | 38,316 | 39,507 | 40,314 | 42,065 | 43,877 |
| Regional Express Bus | 80 | 1,115 | 11,730 | 24,718 | 36,720 | 41,464 | 45,476 | 51,448 | 61,006 | 67,393 | 73,437 | 79,999 | 83,494 | 88,064 | 92,490 | 96,779 | 101,282 |
| Light Rail | - | - | - | - | - | 48 | 1,698 | 6,941 | 5,608 | 5,800 | 4,159 | 3,739 | 23,241 | 44,133 | 45,699 | 47,320 | 49,650 |
| Regional Fund and Non-Cap Expenses | 3,406 | 5,599 | 7,054 | 14,706 | 22,102 | 26,338 | 23,545 | 41,931 | 47,003 | 54,306 | 34,482 | 31,912 | 22,683 | 27,907 | 29,819 | 30,060 | 31,392 |
| total O&M | 3,486 | 6,724 | 18,918 | 43,289 | 69,376 | 78,343 | 84,033 | 118,368 | 136,265 | 155,562 | 142,987 | 152,191 | 187,734 | 199,611 | 208,323 | 216,224 | 226,202 |
| NET REVENUES | 157,175 | 232,580 | 256,392 | 284,558 | 248,674 | 221,612 | 210,798 | 193,783 | 215,073 | 199,055 | 219,048 | 216,592 | 225,314 | 226,436 | 241,929 | 258,462 | 274,780 |
| DEBT SERVICE | | | | | | | | | | | | | | | | | |
| Annual principal & interest | - | - | 11,443 | 17,164 | 17,164 | 17,164 | 17,164 | 17,164 | 29,227 | 41,929 | 41,930 | 44,842 | 66,442 | 93,576 | 111,022 | 117,332 | 125,496 |
| Net Coverage ratio | na | na | 22.41 | 16.58 | 14.49 | 12.91 | 12.28 | 11.29 | 7.36 | 4.75 | 5.22 | 4.83 | 3.39 | 2.42 | 2.18 | 2.20 | 2.19 |
| Gross Coverage ratio | na | na | 24.06 | 19.10 | 18.53 | 17.48 | 17.18 | 18.07 | 12.02 | 8.46 | 8.63 | 8.22 | 5.92 | 4.55 | 4.06 | 4.05 | 3.99 |
| NET INCOME & DISTRIBUTIONS | | | | | | | | | | | | | | | | | |
| Net Income | 157,175 | 232,580 | 244,949 | 267,394 | 231,510 | 204,448 | 193,634 | 176,619 | 185,847 | 157,126 | 177,118 | 171,750 | 159,872 | 132,860 | 130,907 | 141,130 | 149,284 |
| Distributions of Net Income | | | | | | | | | | | | | | | | | |
| O&M reserve | 581 | 538 | 2,034 | 4,062 | 4,347 | 1,495 | 949 | 5,368 | 3,316 | 3,216 | (2,096) | 1,534 | 2,591 | 5,313 | 1,452 | 1,317 | 1,663 |
| Capital Replacement Reserve | - | - | - | - | - | - | - | - | - | - | 27,484 | 27,484 | 40,251 | 40,251 | 40,251 | 34,832 | 34,323 |
| Excess Revenues Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General Fund | 152,535 | 232,042 | 242,915 | 263,332 | 227,163 | 202,953 | 192,685 | 171,231 | 182,531 | 153,910 | 151,730 | 142,732 | 116,031 | 87,296 | 89,204 | 104,981 | 113,298 |

Appendix A: Operating Statement

SOUND TRANSIT
 Operating Statement
 Scenario:
 Final 2006 Fin Plan (June) v3

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
|-------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|--|
| NOMINAL \$000s | | | | | | | | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | | | | | | | | |
| ST District Taxes | | | | | | | | | | | | | | | | | | |
| Sales & Use Tax | 361,540 | 380,718 | 401,443 | 422,986 | 445,309 | 468,229 | 492,126 | 517,711 | 544,398 | 572,354 | 601,698 | 632,484 | 664,797 | 698,737 | 734,365 | 771,754 | 811,037 | |
| MVET | 100,625 | 105,645 | 111,056 | 116,705 | 122,476 | 128,394 | 134,440 | 141,045 | 148,054 | 155,350 | 163,079 | 171,172 | 179,831 | 189,124 | 199,100 | - | - | |
| Rental Car Tax | 2,204 | 2,226 | 2,249 | 2,271 | 2,294 | 2,317 | 2,340 | 2,363 | 2,387 | 2,411 | 2,435 | 2,459 | 2,484 | 2,509 | 2,534 | 2,559 | 2,585 | |
| total | 464,370 | 488,589 | 514,748 | 541,961 | 570,079 | 598,940 | 628,907 | 661,119 | 694,840 | 730,114 | 767,212 | 806,115 | 847,112 | 890,370 | 935,989 | 974,319 | 1,013,621 | |
| Fares & Other Operating Income | | | | | | | | | | | | | | | | | | |
| Commuter Rail | 8,577 | 9,017 | 9,482 | 9,983 | 10,512 | 11,067 | 11,663 | 12,289 | 12,948 | 13,641 | 14,372 | 15,142 | 15,953 | 16,825 | 17,745 | 18,714 | 19,736 | |
| Regional Express Bus | 21,410 | 22,581 | 23,822 | 25,163 | 26,581 | 28,078 | 29,685 | 31,380 | 33,169 | 35,060 | 37,059 | 39,171 | 41,403 | 43,808 | 46,352 | 49,043 | 51,889 | |
| Light Rail | 12,566 | 13,431 | 19,570 | 32,896 | 35,350 | 37,898 | 40,208 | 42,847 | 45,625 | 48,551 | 51,632 | 54,876 | 58,289 | 61,947 | 65,800 | 69,856 | 74,127 | |
| total | 42,553 | 45,028 | 52,874 | 68,042 | 72,443 | 76,043 | 81,557 | 86,810 | 91,742 | 97,253 | 103,064 | 109,189 | 115,645 | 122,580 | 129,896 | 137,613 | 145,752 | |
| Interest Earned (GF, O&M, Bond Res.) | 22,431 | 26,308 | 30,404 | 35,665 | 40,760 | 46,957 | 52,523 | 58,948 | 66,375 | 74,600 | 83,635 | 93,181 | 103,327 | 115,685 | 129,160 | 143,912 | 153,736 | |
| total operating revenues | 529,354 | 559,926 | 598,026 | 645,669 | 683,282 | 722,740 | 762,987 | 806,583 | 852,958 | 901,967 | 953,911 | 1,008,486 | 1,066,084 | 1,126,635 | 1,190,055 | 1,255,938 | 1,313,140 | |
| OPERATING EXPENDITURES | | | | | | | | | | | | | | | | | | |
| Operating & Maintenance Costs | | | | | | | | | | | | | | | | | | |
| Commuter Rail | 45,767 | 47,749 | 49,830 | 52,067 | 54,408 | 56,850 | 59,456 | 62,172 | 65,007 | 67,971 | 71,070 | 74,309 | 77,695 | 81,321 | 85,114 | 89,083 | 93,235 | |
| Regional Express Bus | 106,386 | 111,827 | 117,555 | 123,586 | 129,936 | 136,623 | 143,664 | 151,079 | 158,888 | 167,112 | 175,773 | 184,896 | 194,505 | 204,627 | 215,288 | 226,520 | 238,351 | |
| Light Rail | 52,073 | 54,603 | 61,840 | 70,567 | 74,172 | 77,780 | 81,614 | 85,597 | 89,746 | 94,072 | 98,581 | 103,282 | 108,181 | 113,407 | 118,960 | 124,550 | 130,485 | |
| Regional Fund and Non-Cap Expenses | 32,557 | 33,978 | 30,858 | 43,381 | 45,510 | 52,419 | 54,938 | 57,795 | 60,505 | 63,624 | 66,581 | 69,979 | 73,294 | 76,831 | 80,525 | 84,380 | 88,406 | |
| total O&M | 236,783 | 248,158 | 260,083 | 289,801 | 304,026 | 323,672 | 339,672 | 356,643 | 374,148 | 392,779 | 412,006 | 432,466 | 453,676 | 476,186 | 499,737 | 524,533 | 550,477 | |
| NET REVENUES | 292,570 | 311,768 | 337,942 | 356,068 | 379,256 | 399,068 | 423,315 | 449,940 | 478,811 | 509,187 | 541,905 | 576,019 | 612,409 | 652,449 | 695,267 | 531,305 | 562,632 | |
| DEBT SERVICE | | | | | | | | | | | | | | | | | | |
| Annual principal & interest | 132,970 | 142,480 | 144,556 | 144,412 | 138,336 | 160,307 | 162,008 | 162,007 | 162,010 | 162,011 | 162,010 | 162,012 | 162,009 | 162,012 | 162,009 | 162,011 | 162,010 | |
| Net Coverage ratio | 2.20 | 2.19 | 2.34 | 2.47 | 2.74 | 2.49 | 2.61 | 2.78 | 2.96 | 3.14 | 3.34 | 3.56 | 3.78 | 4.03 | 4.29 | 3.28 | 3.47 | |
| Gross Coverage ratio | 3.98 | 3.93 | 4.14 | 4.47 | 4.94 | 4.51 | 4.71 | 4.98 | 5.26 | 5.57 | 5.89 | 6.22 | 6.58 | 6.97 | 7.38 | 6.52 | 6.87 | |
| NET INCOME & DISTRIBUTIONS | | | | | | | | | | | | | | | | | | |
| Net Income | 159,800 | 169,248 | 169,346 | 211,569 | 240,920 | 240,761 | 261,307 | 267,933 | 316,801 | 347,177 | 376,895 | 414,007 | 450,400 | 490,436 | 533,259 | 369,295 | 400,622 | |
| Distributions of Net Income | | | | | | | | | | | | | | | | | | |
| O&M reserve | 1,764 | 1,896 | 1,988 | 4,920 | 2,404 | 3,274 | 2,667 | 2,828 | 2,917 | 3,106 | 3,204 | 3,410 | 3,535 | 3,752 | 3,934 | 4,124 | 4,324 | |
| Capital Replacement Reserve | 33,615 | 33,615 | 71,915 | 72,037 | 72,426 | 72,426 | 72,500 | 72,590 | 72,715 | 74,167 | 74,324 | 74,444 | 74,743 | 77,415 | 77,599 | 77,795 | 78,198 | |
| Excess Revenues Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| General Fund | 124,221 | 133,778 | 119,483 | 134,699 | 166,090 | 163,061 | 186,140 | 212,514 | 241,169 | 269,904 | 302,367 | 336,153 | 372,122 | 409,269 | 451,726 | 287,375 | 318,100 | |

Appendix A: Operating Statement

SOUND TRANSIT
Operating Statement
 Scenario:
 Final 2006 Fin Plan (June) v3

| NOMINAL \$000s | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | total thru 2009 | total thru 2016 | total thru 2020 | total thru 2030 | total thru 2040 |
|-------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| REVENUES | | | | | | | | | | | | | | | |
| ST District Taxes | | | | | | | | | | | | | | | |
| Sales & Use Tax | 851,705 | 894,291 | 939,005 | 985,955 | 1,035,253 | 1,087,016 | 1,141,367 | 1,198,435 | 1,258,357 | 1,321,274 | 2,845,467 | 5,270,537 | 7,099,188 | 13,648,522 | 24,361,180 |
| MVET | - | - | - | - | - | - | - | - | - | - | 774,988 | 1,450,131 | 1,952,146 | 3,298,902 | 3,298,902 |
| Rental Car Tax | 2,611 | 2,637 | 2,663 | 2,690 | 2,717 | 2,744 | 2,771 | 2,799 | 2,827 | 2,855 | 27,908 | 43,189 | 52,410 | 77,136 | 104,449 |
| total | 854,316 | 896,927 | 941,668 | 988,645 | 1,037,970 | 1,089,760 | 1,144,138 | 1,201,234 | 1,261,184 | 1,324,130 | 3,948,363 | 6,763,857 | 9,103,744 | 17,024,560 | 27,764,530 |
| Fares & Other Operating Income | | | | | | | | | | | | | | | |
| Commuter Rail | 20,806 | 21,933 | 23,122 | 24,375 | 25,696 | 27,088 | 28,556 | 30,104 | 31,736 | 33,455 | 27,109 | 84,476 | 127,701 | 285,067 | 551,938 |
| Regional Express Bus | 54,917 | 58,121 | 61,512 | 65,102 | 68,900 | 72,921 | 77,176 | 81,679 | 86,445 | 91,489 | 119,512 | 262,609 | 372,116 | 780,449 | 1,498,710 |
| Light Rail | 78,683 | 83,520 | 88,653 | 94,102 | 99,886 | 106,026 | 112,543 | 119,460 | 126,803 | 134,597 | 2,523 | 90,290 | 236,443 | 809,994 | 1,854,266 |
| total | 154,406 | 163,574 | 173,287 | 183,579 | 194,482 | 206,035 | 217,275 | 229,243 | 244,683 | 259,541 | 149,144 | 437,375 | 736,260 | 1,875,510 | 3,904,913 |
| Interest Earned (GF, O&M, Bond Res.) | 164,502 | 176,359 | 189,067 | 202,880 | 217,867 | 234,106 | 251,676 | 270,658 | 291,147 | 313,250 | 258,416 | 393,961 | 569,867 | 1,592,426 | 3,903,938 |
| total operating revenues | 1,173,223 | 1,236,860 | 1,304,023 | 1,375,103 | 1,450,319 | 1,525,901 | 1,614,089 | 1,703,105 | 1,797,913 | 1,896,920 | 4,055,923 | 7,595,193 | 10,409,871 | 20,492,496 | 35,573,381 |
| OPERATING EXPENDITURES | | | | | | | | | | | | | | | |
| Operating & Maintenance Costs | | | | | | | | | | | | | | | |
| Commuter Rail | 97,562 | 102,089 | 106,827 | 111,784 | 116,972 | 122,400 | 128,080 | 134,023 | 140,243 | 146,751 | 210,887 | 519,996 | 742,777 | 1,509,755 | 2,716,485 |
| Regional Express Bus | 250,793 | 263,885 | 277,659 | 292,153 | 307,404 | 323,450 | 340,334 | 358,100 | 376,792 | 396,461 | 578,081 | 1,292,464 | 1,826,273 | 3,743,312 | 6,930,343 |
| Light Rail | 136,732 | 143,280 | 150,141 | 157,332 | 164,868 | 172,766 | 181,044 | 189,719 | 198,810 | 208,338 | 51,232 | 406,551 | 710,684 | 1,777,446 | 3,480,476 |
| Regional Fund and Non-Cap Expenses | 92,647 | 97,097 | 101,765 | 106,661 | 111,799 | 117,188 | 122,843 | 128,776 | 135,001 | 141,533 | 335,069 | 551,641 | 747,890 | 1,469,811 | 2,625,122 |
| total O&M | 577,734 | 606,351 | 636,392 | 672,430 | 707,042 | 735,804 | 772,301 | 810,218 | 850,847 | 893,083 | 1,175,269 | 2,770,653 | 4,027,624 | 8,500,324 | 15,732,427 |
| NET REVENUES | 595,488 | 630,510 | 667,631 | 707,173 | 749,277 | 794,096 | 841,788 | 892,517 | 946,466 | 1,003,836 | 2,880,654 | 4,824,541 | 6,382,247 | 11,992,172 | 19,820,954 |
| DEBT SERVICE | | | | | | | | | | | | | | | |
| Annual principal & interest | 162,010 | 162,011 | 162,012 | 162,012 | 162,011 | 162,010 | 162,009 | 162,007 | 162,007 | 162,009 | 321,632 | 1,189,064 | 1,794,126 | 3,414,227 | 5,034,326 |
| Net Coverage ratio | 3.68 | 3.89 | 4.12 | 4.36 | 4.62 | 4.90 | 5.20 | 5.51 | 5.84 | 6.20 | 8.96 | 4.06 | 3.56 | 3.51 | 3.94 |
| Gross Coverage ratio | 7.24 | 7.63 | 8.05 | 8.49 | 8.95 | 9.44 | 9.96 | 10.51 | 11.09 | 11.71 | 12.61 | 6.39 | 5.80 | 6.00 | 7.07 |
| NET INCOME & DISTRIBUTIONS | | | | | | | | | | | | | | | |
| Net Income | 433,478 | 468,499 | 505,619 | 545,160 | 587,266 | 632,086 | 679,779 | 730,510 | 784,459 | 841,827 | 2,051,282 | 3,635,476 | 4,588,121 | 8,577,945 | 14,786,628 |
| Distributions of Net Income | | | | | | | | | | | | | | | |
| O&M reserve | 4,543 | 4,769 | 5,007 | 5,256 | 5,519 | 5,794 | 6,083 | 6,386 | 6,705 | 7,039 | 27,956 | 43,347 | 56,612 | 91,746 | 148,847 |
| Capital Replacement Reserve | 78,419 | 84,993 | 85,193 | 85,450 | 85,720 | 86,054 | 86,572 | 86,939 | 86,939 | 86,939 | 95,219 | 384,019 | 673,408 | 1,427,398 | 2,280,616 |
| Excess Revenues Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General Fund | 350,516 | 378,737 | 415,419 | 454,454 | 496,028 | 540,238 | 597,125 | 637,184 | 690,815 | 747,849 | 2,431,788 | 3,204,050 | 3,854,041 | 7,054,741 | 12,353,105 |

Appendix B: Sources & Uses Statement

SOUND TRANSIT
Sources & Uses Statement
 Scenario:
 Final 2006 Fin Plan (June) v3

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | |
|-----------------------------------------|---------|---------|---------|-----------|---------|---------|-----------|-----------|----------|-----------|-----------|----------|----------|----------|---------|---------|---------|--|
| NOMINAL \$000s | | | | | | | | | | | | | | | | | | |
| SOURCES OF FUNDS | | | | | | | | | | | | | | | | | | |
| Cash Flow from Operations | 152,535 | 232,042 | 242,915 | 263,332 | 227,163 | 202,953 | 192,685 | 171,231 | 182,531 | 153,910 | 151,730 | 142,732 | 116,031 | 87,296 | 89,204 | 104,981 | 113,298 | |
| Long-Term Bonds | | | | | | | | | | | | | | | | | | |
| Par Amount | - | - | 347,000 | - | - | - | - | - | 422,815 | - | 58,420 | 430,120 | 542,660 | 194,115 | 103,245 | 79,525 | 73,860 | |
| Less: transfers (to) from Bond Reserve | - | - | - | - | - | - | - | - | (39,553) | - | (4,176) | (30,748) | (38,793) | (13,877) | (7,381) | (5,685) | (5,280) | |
| Less: issuance costs | - | - | (4,519) | - | - | - | - | - | (4,082) | - | (876) | (6,452) | (8,140) | (2,912) | (1,549) | (1,193) | (1,108) | |
| net bond proceeds | | | 342,481 | | | | | | 379,179 | | 53,367 | 392,920 | 495,727 | 177,327 | 94,316 | 72,647 | 67,472 | |
| Federal Capital Grants | 4,210 | - | 65,075 | 65,366 | 39,784 | 77,790 | 26,761 | 68,694 | 135,023 | 141,276 | 102,709 | 121,153 | 160,188 | 105,808 | 95,000 | 100,000 | 100,000 | |
| Federal Formula Grants | - | - | - | - | - | - | - | - | - | - | - | - | - | 25,941 | 26,649 | 29,371 | 30,100 | |
| Other Sources | - | - | 50 | 7,541 | 32,496 | 28,736 | 11,945 | 6,736 | 12,439 | 10,002 | 16,050 | 3,666 | 4,334 | 4,506 | 4,681 | 379 | 379 | |
| total sources | 156,745 | 232,042 | 650,521 | 336,239 | 299,443 | 309,479 | 231,391 | 246,661 | 709,172 | 305,188 | 323,956 | 660,472 | 776,280 | 400,878 | 311,850 | 307,379 | 311,249 | |
| USES OF FUNDS | | | | | | | | | | | | | | | | | | |
| Capital Program | | | | | | | | | | | | | | | | | | |
| Commuter Rail | 1,262 | 40,751 | 52,316 | 342,174 | 76,606 | 61,351 | 132,721 | 109,179 | 39,036 | 111,230 | 210,136 | 48,553 | 3,242 | - | - | - | - | |
| Regional Express | - | 5,064 | 17,505 | 39,013 | 43,072 | 44,407 | 76,077 | 73,877 | 77,048 | 48,897 | 173,511 | 113,191 | 101,381 | 2,855 | - | - | - | |
| Light Rail | 1,689 | 15,907 | 34,613 | 81,641 | 105,133 | 109,432 | 108,964 | 233,086 | 383,869 | 400,382 | 343,010 | 484,517 | 497,551 | 299,630 | 213,911 | 198,522 | 193,248 | |
| Transportation Services | - | - | - | - | - | - | 59,113 | 26,137 | 7,489 | 6,206 | 23,258 | 12,917 | 28,590 | 4,987 | 3,859 | 3,453 | 4,927 | |
| Regional Fund | - | 126 | 24,165 | 694 | (706) | 229 | 1,402 | 14,010 | 3,826 | 6,552 | 11,897 | 1,290 | 573 | 2,292 | 2,389 | 2,491 | 2,599 | |
| total capital program | 2,951 | 61,848 | 128,599 | 463,622 | 224,105 | 215,420 | 378,277 | 456,288 | 611,269 | 579,266 | 761,812 | 680,468 | 631,337 | 309,764 | 220,759 | 204,466 | 200,773 | |
| Transfers to (from) General Fund | 153,794 | 170,194 | 521,923 | (127,282) | 75,338 | 94,058 | (146,886) | (209,628) | 197,904 | (268,079) | (437,955) | 3 | 144,943 | 91,113 | 91,691 | 102,913 | 110,476 | |
| total uses | 156,745 | 232,042 | 650,521 | 336,239 | 299,443 | 309,479 | 231,391 | 246,661 | 709,172 | 305,188 | 323,956 | 660,472 | 776,280 | 400,878 | 311,850 | 307,379 | 311,249 | |
| RESERVE BALANCES | | | | | | | | | | | | | | | | | | |
| O&M Reserve | 581 | 1,119 | 3,153 | 7,215 | 11,562 | 13,057 | 14,006 | 19,395 | 22,711 | 25,927 | 23,831 | 25,365 | 27,956 | 33,268 | 34,720 | 36,037 | 37,700 | |
| Bond Reserve | - | - | - | - | - | - | - | - | 39,553 | 39,553 | 43,729 | 74,477 | 113,270 | 127,147 | 134,528 | 140,213 | 145,493 | |
| General Fund | 153,794 | 323,988 | 845,910 | 718,628 | 793,966 | 888,024 | 741,138 | 531,510 | 729,414 | 461,336 | 23,380 | 23,383 | 168,327 | 259,440 | 351,131 | 454,044 | 564,520 | |
| Capital Replacement Reserve | - | - | - | - | - | - | - | - | - | - | 27,484 | 55,724 | 98,263 | 142,748 | 147,724 | 184,246 | 213,044 | |
| Excess Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| total funds balance | 154,375 | 325,107 | 849,063 | 725,843 | 805,528 | 901,081 | 755,145 | 559,905 | 791,679 | 526,818 | 118,425 | 178,950 | 407,816 | 562,604 | 668,103 | 814,539 | 960,756 | |

Appendix B: Sources & Uses Statement

SOUND TRANSIT
Sources & Uses Statement
 Scenario:
 Final 2006 Fin Plan (June) v3

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|-----------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| NOMINAL \$000s | | | | | | | | | | | | | | | | | |
| SOURCES OF FUNDS | | | | | | | | | | | | | | | | | |
| Cash Flow from Operations | 124,221 | 133,778 | 119,483 | 134,699 | 166,090 | 163,061 | 186,140 | 212,514 | 241,169 | 269,904 | 302,367 | 336,153 | 372,122 | 409,269 | 451,726 | 287,375 | 318,100 |
| Long-Term Bonds | | | | | | | | | | | | | | | | | |
| Par Amount | 82,165 | 37,655 | 5 | 1,595 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: transfers (to) from Bond Reserve | (5,874) | (2,692) | (0) | (114) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: issuance costs | (1,232) | (565) | (0) | (24) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| net bond proceeds | 75,059 | 34,398 | 5 | 1,457 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Federal Capital Grants | 100,000 | 95,000 | 90,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Federal Formula Grants | 30,850 | 31,620 | 32,410 | 33,231 | 34,059 | 34,911 | 35,815 | 36,707 | 37,590 | 38,525 | 37,490 | 42,486 | 42,486 | 42,486 | 42,486 | 42,486 | 42,486 |
| Other Sources | 379 | 379 | 11,774 | 12,305 | 12,859 | 379 | 379 | 379 | 379 | 379 | 379 | 379 | 379 | 379 | 379 | 379 | 379 |
| total sources | 330,509 | 295,175 | 253,672 | 181,693 | 213,008 | 198,351 | 222,334 | 249,601 | 279,138 | 306,808 | 340,236 | 379,018 | 414,987 | 452,135 | 494,591 | 330,241 | 360,965 |
| USES OF FUNDS | | | | | | | | | | | | | | | | | |
| Capital Program | | | | | | | | | | | | | | | | | |
| Commuter Rail | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Regional Express | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Light Rail | 202,985 | 156,888 | 73,222 | 9,300 | 3,534 | 3,534 | - | 2,822 | 2,923 | 18,175 | 37,678 | - | - | - | - | - | - |
| Transportation Services | 3,237 | 3,497 | 4,118 | 5,993 | 3,684 | 4,285 | 2,286 | 3,027 | 3,167 | 3,831 | 5,011 | 4,410 | 4,410 | 4,410 | 4,410 | 4,410 | 3,874 |
| Regional Fund | 2,712 | 2,831 | 2,958 | 1,586 | 1,645 | 8,257 | 8,569 | 1,837 | 1,906 | 1,977 | 2,052 | 2,129 | 2,209 | 2,294 | 2,383 | 2,475 | 2,571 |
| total capital program | 208,934 | 163,217 | 80,298 | 16,879 | 8,863 | 16,076 | 10,856 | 7,864 | 7,996 | 27,733 | 25,236 | 44,217 | 6,619 | 6,704 | 6,793 | 6,885 | 6,444 |
| Transfers to (from) General Fund | 121,575 | 131,958 | 173,374 | 164,814 | 204,145 | 182,275 | 211,479 | 244,737 | 271,244 | 298,078 | 314,998 | 334,801 | 408,368 | 445,430 | 487,798 | 323,356 | 354,521 |
| total uses | 330,509 | 295,175 | 253,672 | 181,693 | 213,008 | 198,351 | 222,334 | 249,601 | 279,138 | 306,808 | 340,236 | 379,018 | 414,987 | 452,135 | 494,591 | 330,241 | 360,965 |
| RESERVE BALANCES | | | | | | | | | | | | | | | | | |
| O&M Reserve | 39,464 | 41,360 | 43,347 | 48,267 | 50,671 | 53,945 | 56,612 | 59,441 | 62,358 | 65,463 | 68,668 | 72,078 | 75,613 | 79,364 | 83,298 | 87,422 | 91,746 |
| Bond Reserve | 151,366 | 154,058 | 154,058 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 |
| General Fund | 686,095 | 818,054 | 991,428 | 1,156,242 | 1,360,387 | 1,542,662 | 1,754,141 | 1,998,877 | 2,270,121 | 2,568,199 | 2,883,197 | 3,217,998 | 3,626,367 | 4,071,797 | 4,559,595 | 4,882,951 | 5,237,472 |
| Capital Replacement Reserve | 257,584 | 304,141 | 370,774 | 441,834 | 536,607 | 633,686 | 736,047 | 843,474 | 916,584 | 971,707 | 1,086,112 | 1,189,443 | 1,249,879 | 1,315,661 | 1,428,547 | 1,551,626 | 1,708,613 |
| Excess Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| total funds balance | 1,134,509 | 1,317,612 | 1,559,608 | 1,800,515 | 2,101,837 | 2,384,466 | 2,700,972 | 3,055,964 | 3,403,236 | 3,759,591 | 4,192,749 | 4,633,692 | 5,106,030 | 5,620,995 | 6,225,613 | 6,676,172 | 7,192,004 |

Appendix B: Sources & Uses Statement

SOUND TRANSIT
Sources & Uses Statement
 Scenario:
 Final 2006 Fin Plan (June) v3

| NOMINAL \$000s | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 1997-2009 | 1997-2016 | 1997-2020 | 1997-2030 | Total thru 2040 |
|-----------------------------------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|------------|-----------------|
| SOURCES OF FUNDS | | | | | | | | | | | | | | | |
| Cash Flow from Operations | 350,516 | 378,737 | 415,419 | 454,454 | 496,028 | 540,238 | 587,125 | 637,184 | 690,815 | 747,849 | 2,431,788 | 3,204,050 | 3,854,041 | 7,054,741 | 12,353,105 |
| Long-Term Bonds | | | | | | | | | | | | | | | |
| Par Amount | - | - | - | - | - | - | - | - | - | - | 1,801,015 | 2,371,585 | 2,373,180 | 2,373,180 | 2,373,180 |
| Less: transfers (to) from Bond Reserve | - | - | - | - | - | - | - | - | - | - | (113,270) | (154,058) | (154,173) | (154,173) | (154,173) |
| Less: issuance costs | - | - | - | - | - | - | - | - | - | - | (24,069) | (32,628) | (32,652) | (32,652) | (32,652) |
| net bond proceeds | | | | | | | | | | | 1,663,676 | 2,184,899 | 2,186,355 | 2,186,356 | 2,186,356 |
| Federal Capital Grants | - | - | - | - | - | - | - | - | - | - | 1,008,030 | 1,693,838 | 1,693,838 | 1,693,838 | 1,693,838 |
| Federal Formula Grants | 42,486 | 42,486 | 42,486 | 42,486 | 42,486 | 42,486 | 42,486 | 42,486 | 42,486 | 42,486 | - | 208,941 | 346,957 | 750,185 | 1,175,045 |
| Other Sources | 379 | 379 | 379 | 379 | 379 | 379 | 379 | 379 | 379 | 379 | 133,996 | 156,474 | 182,396 | 186,188 | 189,980 |
| total sources | 393,381 | 421,602 | 458,284 | 497,319 | 538,893 | 583,103 | 629,990 | 680,050 | 733,680 | 790,714 | 2,637,489 | 7,448,201 | 8,263,587 | 11,871,308 | 17,598,323 |
| USES OF FUNDS | | | | | | | | | | | | | | | |
| Capital Program | | | | | | | | | | | | | | | |
| Commuter Rail | - | - | - | - | - | - | - | - | - | - | 1,228,557 | 1,228,557 | 1,228,557 | 1,228,557 | 1,228,557 |
| Regional Express | - | - | - | - | - | - | - | - | - | - | 813,042 | 815,897 | 815,897 | 815,897 | 815,897 |
| Light Rail | - | - | - | - | - | - | - | - | - | - | 2,799,795 | 4,138,201 | 4,154,570 | 4,216,167 | 4,216,167 |
| Transportation Services | - | - | - | - | - | - | - | - | - | - | 163,709 | 191,787 | 208,035 | 248,994 | 248,994 |
| Regional Fund | 2,670 | 2,773 | 2,880 | 2,991 | 3,107 | 3,227 | 3,351 | 3,481 | 3,615 | 3,755 | 64,059 | 82,330 | 102,368 | 124,220 | 156,070 |
| total capital program | 2,670 | 2,773 | 2,880 | 2,991 | 3,107 | 3,227 | 3,351 | 3,481 | 3,615 | 3,755 | 5,069,162 | 6,456,773 | 6,509,447 | 6,633,836 | 6,665,686 |
| Transfers to (from) General Fund | 390,711 | 418,829 | 455,404 | 494,328 | 535,786 | 579,876 | 626,639 | 676,569 | 730,065 | 786,959 | 168,327 | 991,428 | 1,754,141 | 5,237,472 | 10,932,638 |
| total uses | 393,381 | 421,602 | 458,284 | 497,319 | 538,893 | 583,103 | 629,990 | 680,050 | 733,680 | 790,714 | 2,637,489 | 7,448,201 | 8,263,587 | 11,871,308 | 17,598,323 |
| RESERVE BALANCES | | | | | | | | | | | | | | | |
| O&M Reserve | 96,289 | 101,058 | 106,065 | 111,322 | 116,840 | 122,634 | 128,717 | 135,103 | 141,808 | 148,847 | | | | | |
| Bond Reserve | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | 154,173 | | | | | |
| General Fund | 5,628,183 | 6,047,012 | 6,502,416 | 6,996,744 | 7,532,530 | 8,112,406 | 8,739,045 | 9,415,614 | 10,145,679 | 10,932,638 | | | | | |
| Capital Replacement Reserve | 1,674,691 | 1,846,329 | 2,020,446 | 2,201,862 | 2,394,579 | 2,109,100 | 1,725,916 | 1,910,031 | 2,087,726 | 2,275,222 | | | | | |
| Excess Revenues | - | - | - | - | - | - | - | - | - | - | | | | | |
| total funds balance | 7,553,326 | 8,148,572 | 8,783,100 | 9,394,100 | 10,198,123 | 10,499,313 | 10,747,850 | 11,161,920 | 11,529,385 | 13,510,973 | | | | | |

SOUND TRANSIT
Cost Indices and Present Value Factors
Scenario:
Final 2006 Fin Plan (June) v3

| Year | Seattle CPI-U | | Seattle BCI | | ST ROWI | | PV factors for 1995\$ | | |
|------|---------------|----------|-------------|----------|---------|----------|-----------------------|-------|---------|
| | Index | % change | Index | % change | Index | % change | CPI-U | BCI | ST-ROWI |
| 1995 | 152.2 | - | 3,020.4 | - | 81.0 | - | 1.000 | 1.000 | 1.000 |
| 1996 | 157.5 | 3.4% | 3,101.3 | 2.7% | 80.6 | -0.5% | 0.967 | 0.974 | 1.005 |
| 1997 | 163.0 | 3.5% | 3,325.2 | 7.2% | 86.0 | 6.7% | 0.934 | 0.908 | 0.942 |
| 1998 | 167.8 | 2.9% | 3,431.3 | 3.2% | 100.0 | 16.3% | 0.907 | 0.880 | 0.810 |
| 1999 | 172.8 | 3.0% | 3,474.6 | 1.3% | 108.8 | 8.8% | 0.881 | 0.869 | 0.744 |
| 2000 | 179.2 | 3.7% | 3,611.6 | 3.9% | 114.2 | 4.9% | 0.850 | 0.836 | 0.709 |
| 2001 | 185.8 | 3.7% | 3,669.8 | 1.6% | 115.6 | 1.2% | 0.820 | 0.823 | 0.701 |
| 2002 | 189.4 | 1.9% | 3,739.1 | 1.9% | 112.7 | -2.5% | 0.804 | 0.808 | 0.719 |
| 2003 | 192.5 | 1.7% | 3,838.4 | 2.7% | 116.5 | 3.4% | 0.791 | 0.787 | 0.695 |
| 2004 | 194.7 | 1.1% | 4,043.9 | 5.4% | 124.0 | 6.4% | 0.782 | 0.747 | 0.653 |
| 2005 | 202.7 | 4.1% | 4,251.0 | 5.1% | 135.6 | 9.3% | 0.751 | 0.711 | 0.597 |
| 2006 | 210.0 | 3.6% | 4,370.3 | 2.8% | 141.9 | 4.6% | 0.725 | 0.691 | 0.571 |
| 2007 | 217.4 | 3.5% | 4,429.4 | 1.4% | 147.4 | 3.9% | 0.700 | 0.682 | 0.550 |
| 2008 | 225.4 | 3.7% | 4,552.0 | 2.8% | 153.2 | 3.9% | 0.675 | 0.664 | 0.529 |
| 2009 | 233.5 | 3.6% | 4,689.4 | 3.0% | 159.9 | 4.4% | 0.652 | 0.644 | 0.507 |
| 2010 | 241.9 | 3.6% | 4,836.0 | 3.1% | 166.8 | 4.3% | 0.630 | 0.625 | 0.486 |
| 2011 | 250.3 | 3.5% | 4,997.2 | 3.3% | 173.9 | 4.2% | 0.608 | 0.604 | 0.466 |
| 2012 | 259.2 | 3.5% | 5,155.1 | 3.2% | 181.3 | 4.3% | 0.587 | 0.586 | 0.447 |
| 2013 | 268.3 | 3.5% | 5,317.8 | 3.2% | 189.2 | 4.4% | 0.567 | 0.568 | 0.428 |
| 2014 | 277.7 | 3.5% | 5,492.9 | 3.3% | 197.6 | 4.5% | 0.548 | 0.550 | 0.410 |
| 2015 | 287.5 | 3.5% | 5,674.7 | 3.3% | 206.7 | 4.6% | 0.529 | 0.532 | 0.392 |
| 2016 | 297.8 | 3.6% | 5,864.7 | 3.3% | 216.3 | 4.7% | 0.511 | 0.515 | 0.374 |
| 2017 | 308.8 | 3.7% | 6,065.0 | 3.4% | 226.4 | 4.7% | 0.493 | 0.498 | 0.358 |
| 2018 | 320.2 | 3.7% | 6,275.9 | 3.5% | 236.9 | 4.6% | 0.476 | 0.481 | 0.342 |
| 2019 | 332.0 | 3.7% | 6,492.3 | 3.4% | 247.8 | 4.6% | 0.459 | 0.465 | 0.327 |
| 2020 | 344.6 | 3.8% | 6,715.8 | 3.4% | 259.1 | 4.6% | 0.442 | 0.450 | 0.313 |
| 2021 | 357.6 | 3.8% | 6,946.0 | 3.4% | 271.0 | 4.6% | 0.426 | 0.435 | 0.299 |
| 2022 | 371.0 | 3.8% | 7,196.2 | 3.6% | 283.5 | 4.6% | 0.410 | 0.420 | 0.286 |
| 2023 | 385.0 | 3.8% | 7,453.1 | 3.6% | 296.5 | 4.6% | 0.396 | 0.405 | 0.273 |
| 2024 | 399.4 | 3.8% | 7,723.0 | 3.6% | 310.2 | 4.6% | 0.381 | 0.391 | 0.261 |
| 2025 | 414.4 | 3.8% | 8,004.8 | 3.6% | 324.5 | 4.6% | 0.367 | 0.377 | 0.250 |
| 2026 | 430.0 | 3.8% | 8,296.0 | 3.6% | 339.5 | 4.6% | 0.354 | 0.364 | 0.239 |
| 2027 | 446.6 | 3.9% | 8,597.9 | 3.6% | 355.2 | 4.6% | 0.341 | 0.351 | 0.228 |
| 2028 | 463.9 | 3.9% | 8,926.4 | 3.8% | 371.7 | 4.6% | 0.328 | 0.338 | 0.218 |
| 2029 | 481.8 | 3.9% | 9,265.0 | 3.8% | 389.1 | 4.7% | 0.316 | 0.326 | 0.208 |
| 2030 | 500.4 | 3.9% | 9,621.0 | 3.8% | 407.2 | 4.7% | 0.304 | 0.314 | 0.199 |
| 2031 | 519.8 | 3.9% | 9,990.8 | 3.8% | 426.3 | 4.7% | 0.293 | 0.302 | 0.190 |
| 2032 | 539.8 | 3.9% | 10,374.8 | 3.8% | 446.2 | 4.7% | 0.282 | 0.291 | 0.182 |
| 2033 | 560.7 | 3.9% | 10,773.6 | 3.8% | 467.1 | 4.7% | 0.272 | 0.280 | 0.173 |
| 2034 | 582.3 | 3.9% | 11,187.6 | 3.8% | 488.9 | 4.7% | 0.261 | 0.270 | 0.166 |
| 2035 | 604.8 | 3.9% | 11,617.6 | 3.8% | 511.8 | 4.7% | 0.252 | 0.260 | 0.158 |
| 2036 | 628.2 | 3.9% | 12,064.1 | 3.8% | 535.7 | 4.7% | 0.242 | 0.250 | 0.151 |
| 2037 | 652.4 | 3.9% | 12,527.8 | 3.8% | 560.7 | 4.7% | 0.233 | 0.241 | 0.144 |
| 2038 | 677.6 | 3.9% | 13,009.3 | 3.8% | 587.0 | 4.7% | 0.225 | 0.232 | 0.138 |
| 2039 | 703.8 | 3.9% | 13,509.3 | 3.8% | 614.4 | 4.7% | 0.216 | 0.224 | 0.132 |
| 2040 | 731.0 | 3.9% | 14,028.5 | 3.8% | 643.1 | 4.7% | 0.208 | 0.215 | 0.126 |
| 2041 | 759.2 | 3.9% | 14,567.7 | 3.8% | 673.2 | 4.7% | 0.201 | 0.207 | 0.120 |
| 2042 | 788.5 | 3.9% | 15,127.5 | 3.8% | 704.7 | 4.7% | 0.193 | 0.200 | 0.115 |
| 2043 | 819.0 | 3.9% | 15,709.0 | 3.8% | 737.6 | 4.7% | 0.186 | 0.192 | 0.110 |
| 2044 | 850.6 | 3.9% | 16,312.7 | 3.8% | 772.1 | 4.7% | 0.179 | 0.185 | 0.105 |
| 2045 | 883.4 | 3.9% | 16,939.7 | 3.8% | 808.2 | 4.7% | 0.172 | 0.178 | 0.100 |
| 2046 | 917.5 | 3.9% | 17,590.7 | 3.8% | 846.0 | 4.7% | 0.166 | 0.172 | 0.096 |
| 2047 | 953.0 | 3.9% | 18,266.8 | 3.8% | 885.5 | 4.7% | 0.160 | 0.165 | 0.091 |
| 2048 | 989.8 | 3.9% | 18,968.9 | 3.8% | 926.9 | 4.7% | 0.154 | 0.159 | 0.087 |
| 2049 | 1,028.0 | 3.9% | 19,697.9 | 3.8% | 970.3 | 4.7% | 0.148 | 0.153 | 0.083 |
| 2050 | 1,067.7 | 3.9% | 20,455.0 | 3.8% | 1015.6 | 4.7% | 0.143 | 0.148 | 0.080 |

Note: Indices are annual averages and are based on forecasts by Dick Conway & Associates (CPI), DRI-WEFA (BCI) and FABA (ROWI).