

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2004-02

**Amending the Adopted 2004 Budget for Sounder Commuter Rail
Capital Projects and Transit Operations**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	3/18/04	Discussion/Possible Action to Recommend Board Approval	Martin Minkoff, Director, Sounder Commuter Rail	(206) 398-5111
Board	3/25/04	Action	Barbara Gilliland, Deputy Director, Sounder Commuter Rail Konnie Z. Newell, Sr. Financial Analyst	(206) 398-5051 (206) 398-5249

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Interlocal Agreement		Contingency Funds (Budget) Required	
Purchase/Sale Agreement		Budget Amendment Required	✓

✓ *Applicable to proposed transaction.*

OBJECTIVES OF ACTION

- Amend the 2004 Lifetime Capital Budget for Sounder Commuter Rail from \$1,200 million to \$1,210 million to incorporate \$10 million in payments to Burlington Northern Santa Fe Railway Company (BNSF), consistent with the final Board approved contract with BNSF, for projects in the Everett to Seattle and the Lakewood to Tacoma corridors. Incorporate project budgets at the phase level as shown in Attachment A for these projects.
- Amend the 2004 Transit Operations Budget for Sounder Commuter Rail to provide additional authority for \$826,000 for the cost of providing service in the Everett to Seattle corridor in 2004, consistent with the final Board approved contract with BNSF. This amendment would increase the transit operations budget for Sounder from \$24 million to \$24.8 million for the year 2004 as shown in Attachment A.
- Adopt a capital spending plan authorizing spending for the year 2004 for Sounder capital projects in the Everett to Seattle and Lakewood to Tacoma commuter rail corridors, as shown in Attachment A.

ACTION

Amend the Adopted 2004 Budget for Sounder Commuter Rail to incorporate an additional \$10 million capital payment to Burlington Northern Santa Fe Railway Company and to provide authority for an additional payment of \$826,000 to Burlington Northern Santa Fe Railway Company for 2004 transit operations in the Everett to Seattle corridor and to adopt an updated capital spending plan for 2004.

KEY FEATURES

- The proposed amendments for capital and transit operations are consistent with the final Board-approved negotiation settlement with BNSF.
- The Adopted 2004 Budget excluded cost of operations in the Everett to Seattle corridor due to ongoing negotiations with BNSF during the time the budget was prepared.
- The proposed amendments are affordable within the agency's current long-term financial plan.

BUDGET IMPACT SUMMARY

Project Description: Sounder Everett to Seattle and Lakewood to Tacoma Corridors

Current Status: Status varies for multiple projects within corridor

Projected Completion Date: Completion varies for multiple projects within corridor

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	Y	Amendment required to increase lifetime capital budget, increase 2004 transit operations budget, and approve capital spending for 2004.
This Project	N	
This Phase	N	
This Task	N	
Budget amendment required	Y	Budget amendment required to incorporate the changes described in this report.
Key Financial Indicators:	Y/N	Y Requires Comment
Contingency funds required	N	
Subarea impacts	N	
Funding required from other parties other than what is assumed in financial plan	N	

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan.

BUDGET DISCUSSION

- 1. Amend 2004 lifetime capital budget for Sounder:** The budget for the Everett to Seattle and Lakewood to Tacoma corridors was adopted prior to final negotiation settlement with BNSF. This action brings the 2004 budget in-line with the Board-approved BNSF contract.
- 2. Amend 2004 Sounder transit operations budget:** When staff submitted the Sounder transit operations budget for 2004 to the Board for review, the line item for BNSF was not included, as the agency was negotiating the payment amount with BNSF. Board members were informed that staff would update the budget to include this amount once negotiations were complete. This action increases the Sounder transit operations budget for the Everett to Seattle segment by \$826,000 for fiscal year 2004 to reflect the final negotiated operating agreement with BNSF.
- 3. Adopt an updated capital spending profile for 2004:** In December 2003, the Board adopted a total lifetime budget for the Sounder Everett to Seattle corridor and the Lakewood to Tacoma corridor to reflect the updated cost estimates developed under the Estimate-At-Completion. The figures adopted by the Board were at a total lifetime level and did not include the annual cash flow estimates normally included in the agency's annual capital plan. Staff committed to return to the Board with the annual cash flow estimates for adoption. The 2004 spending plan for these projects is shown in Attachment A of this report.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

The revenue and financial plan impacts of the action are summarized as follows:

- 1. Amend 2004 Lifetime Capital Budget:** The \$10 million increase in the 2004 capital budget, consistent with the Board adopted BNSF agreements, has been incorporated into the agency's financial model and is fully affordable within existing financial policies and maintains subarea equity.
- 2. Amend the 2004 Sounder transit operations:** The \$826,000 increase in the 2004 Sounder transit operations budget was already included as a part of the agency's 2004 Financial Plan that was reviewed by the Board in the fall of 2003. It is fully affordable within the Financial Plan.
- 3. Adopt a Sounder capital spending profile for 2004:** The updated spending profile is generally more back loaded than the earlier profile (i.e. money is spent later). The profile has been tested within the agency's financial plan.

BUDGET TABLE

See Attachment A.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Not applicable for this action.

HISTORY OF PROJECT

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
R2003-22	Purchase and Sale Agreement with BNSF (Everett to Seattle)	12/17/2003
R2003-23	Purchase and Sale Agreement with BNSF (Station parcels)	12/17/2003
R2003-24	Purchase and Sale Agreement with BNSF (Lakewood to Tacoma)	12/17/2003
R2003-25	Purchase and Sale Agreement with BNSF (Nisqually to Lakewood)	12/17/2003
M2003-130	Joint Use Agreement with BNSF for Everett to Seattle Corridor	12/17/2003
M2003-131	Service Agreement with BNSF for Everett to Seattle	12/17/2003
M2003-135	Joint Use Agreement with BNSF for Tacoma to Nisqually	12/17/2003
M2003-136	Amend BNSF Service Agreement to extend service from Tacoma to Lakewood	12/17/2003
R2003-21	Amend 2003 budget to allow \$81 million payment to BNSF in December 2003	12/11/2003
R2003-19	Adoption of 2004 Budget	12/11/2003

CONSEQUENCES OF DELAY

If this amendment is not approved by the end of March 2004, then either publication of the Adopted 2004 Budget document will be delayed, or Board-approved changes contained in this resolution will not be included in that document. When the budget is amended and cashflows are finalized, staff will update financial reports and the Agency Progress Report to reflect accurate budgets.

PUBLIC INVOLVEMENT

Sound Transit conducted a Public Hearing on the Proposed 2004 Budget on December 3, 2003.

LEGAL REVIEW

D. Brown