

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2009-21

Amending the Adopted 2009 Central Link Transit Operations Budget

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	11/19/09	Discussion/Possible Action to Recommend Board Approval	Brian McCartan, Chief Financial Officer	(206) 398-5100
Board	12/10/09	Action	Pete Rogness, Budget Manager	(206) 398-5388

Contract/Agreement Type:	<input checked="" type="checkbox"/>	Requested Action:	<input checked="" type="checkbox"/>
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	<input checked="" type="checkbox"/>
Real Estate		Property Acquisition	

PROJECT NAME

Central Link Transit Operations

PROPOSED ACTION

Amending the Adopted 2009 Budget for Central Link operations from \$31,611,739 to \$50,611,739.

KEY FEATURES of PROPOSED ACTION

- With Central Link start-up completed and operations underway, staff has conducted a thorough analysis of the Initial Segment assets and determined that the budgeted depreciation and amortization cost was underestimated.
- This is a non-cash budget item and does not impact the financial plan or the affordability of Link operations.
- Since this was the first year for a Central Link transit operations budget, there were budget items that were uncertain and required an estimation of cost. Depreciation and amortization was estimated at a summarized level based on construction costs. As the detailed analysis was completed, some assets were capitalized and depreciated on a more accelerated schedule than had been originally anticipated.

BUDGET IMPACT SUMMARY

Action Outside of Adopted Budget:	<input checked="" type="checkbox"/>	Comments on Checked Items
This Project		
This Phase		
This Task		
Budget Amendment Required	<input checked="" type="checkbox"/>	Requires an amendment to the 2009 transit operations budget

Key Financial Indicators:	<input checked="" type="checkbox"/>	Comments on Checked Items
Contingency Funds Required		
Funding required from other parties (other than what is in financial plan)		

Not checked = action is assumed in current Board-adopted budget. No budget action or adjustment to financial plan required.

BUDGET and FINANCIAL PLAN DISCUSSION

The Adopted 2009 Central Link Transit Operations Budget is \$31.6 million, which contained a budget of \$8.7 million for depreciation and amortization. After a detailed review of construction in progress and depreciation, the actual costs for 2009 are now expected to total \$28 million. Therefore, a budget amendment of \$19.0 million is necessary.

This action is non-cash related and has no impact on affordability of the financial plan. All cash-related items in the Central Link transit operations budget are expected to come in below budgeted levels.

BUDGET TABLE

The Central Link transit operations budget would be amended as follows:

Description	Adopted 2009 Budget	Proposed Amendment	Amended 2009 Budget
Central Link Transit Operations	\$31,611,739	\$19,000,000	\$50,611,739

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

This action amends the Adopted 2009 Budget for Central Link light rail operations by adding \$19,000,000 to reflect additional non-cash charges for depreciation and amortization.

As part of the review of financial activity during the 2010 budget process, assets related to Central Link were categorized to be depreciated at a rate faster than had been anticipated in the 2009 budget. In keeping with proper accounting procedures, the depreciation and amortization of these assets were charged to Central Link for the time they will be in service in 2009. This is a non-cash transaction which had a negative \$19,000,000 impact on the Central Link budget.

Prior Board/Committee Actions

Motion/Resolution Number and Date	Summary of Action
R2008-14	Adopting an annual budget for the period from January 1 through December 31, 2009

CONSEQUENCES of DELAY

None

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

Jl 11/16/09

LEGAL REVIEW

JW 11/18/09