

REGIONAL TRANSIT AUTHORITY

**RESOLUTION NO. 101
BACKGROUND AND COMMENTS**

| Meeting: | Date: | Agenda Item: | Staff Contact: | Phone: |
|---------------------------------------|------------------|-------------------------|-----------------------|---------------|
| December 4, 1997 December 11, 1997 | Finance Board | Proposed 1998 Budget | Jan Hendrickson | 689-3148 |

ACTION:

Adoption of the Proposed 1998 Budget with Addendum.

BACKGROUND:

On November 3, 1998 the Executive Director of the RTA submitted the Proposed 1998 Budget to the Board for its consideration. The Proposed Budget was developed under the guidance and oversight of the Finance Committee. Since August, the Finance Committee has reviewed and directed the development of RTA's operating budget policies, capitalization policy, subarea budgets, subarea revenue forecasting methodology, six-year capital plan and updated financial plan. These policies and analyses formed the foundation for the Proposed 1998 Budget. The Board also held a Budget Retreat in November to review the Proposed Budget and Financial Plan.

Changes to the Proposed 1998 Budget made by the Finance Committee are incorporated in the form of a set of budget addenda.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- The 1997 Budget (Resolution No. 91) adopting the 1997 budget
- Resolution No. 78, delegating authority to the Executive Director
- Resolution No 72, adopting Sound Move Financial Policies
- Implementation Guide

KEY FEATURES:

The Budget and addenda authorizes ~~\$270.9~~ \$271.4 million of operating expenses and capital outlays by the RTA in 1998. The Budget also contains the RTA's first six-year capital budget, which authorizes a total of \$263.0 million in capital outlays in 1998. Gross operating expenses (before allocation to capital) include \$377,987 for the Board, ~~\$737,358~~ \$727,758 for the Executive's Office, \$3,980,272 for the Office of Legal Affairs, ~~\$8,438,161~~ \$4,867,489 for Public and Governmental Affairs, \$4,587,114 for Finance and Administration, ~~\$4,491,689~~ \$4,741,689 for Link Light Rail, \$1,839,288 for Sounder Commuter Rail, and ~~\$2,828,405~~ \$3,672,405 for Regional Express.

FUNDING:

The RTA's 1998 expenses and outlays will be funded by an estimated \$244.5 million of 1998 revenues (on an accrual basis). Of this amount, an estimated \$168.6 million will be collected from Retail Sales and Use Tax, \$44.5 million from Motor Vehicle Excise Tax, \$22.1 million from Federal Grants, \$9.2 million from interest earnings, and \$94,000 from farebox revenue.

ALTERNATIVES:

While the Proposed Budget and addenda could be further amended by the Board, there is no alternative to ultimate passage of a budget by the Board.

CONSEQUENCES OF DELAY:

As December 11 is the final Board meeting of 1997, failure to adopt the budget at its December 11 meeting would mean that the RTA would begin 1998 without an adopted budget.

REGIONAL TRANSIT AUTHORITY

RESOLUTION NO. 101

A resolution of the Board of the Central Puget Sound Regional Transit Authority for the Pierce, King and Snohomish Counties region adopting an annual budget for the period January 1 to December 31, 1998.

WHEREAS, on November 5, 1996, at a general election held within the RTA District, the voters approved local-option taxes to support implementation of the Ten-Year Regional Transit System Plan; and

WHEREAS, the RTA Board adopted on May 22, 1997 the Implementation Guide to provide a blueprint for the development of the significantly more detailed six-year capital and operating budgets for RTA Board adoption; and

WHEREAS, by Resolution No. 72, adopted May 31, 1996, the RTA Board adopted a Financial Policies document to govern the financing and implementation of the Ten-Year Regional Transit Plan and to specify budgetary guidelines for providing subarea equity in accomplishing same; and

WHEREAS, by Resolution No. 91, adopted July 24, 1997, the RTA Board adopted a revised budget for the six-month period, July 1 to December 31, 1997, to reflect the work plan for the implementation of transportation projects approved by the RTA Board in 1997; and

WHEREAS, in accordance with the Implementation Guide for the Ten-Year Regional Transit Plan, the RTA Executive Director has developed a work plan to be accomplished in calendar year 1998. Said work plan continues the implementation of the capital infrastructure and transit service projects identified in the Ten-Year Regional Transit Plan; and

WHEREAS, the RTA Executive Director has developed a budget plan, attached with addenda as Exhibit A, to accomplish the 1998 work plan; and

WHEREAS, said budget is consistent with adopted RTA financial policies as established by Resolution No. 72;

NOW, THEREFORE, be it resolved by the Board of the Central Puget Sound Regional Transit Authority as follows:

Section 1. Subject to the provisions of Resolution No. 78 requiring RTA Board approval of capital infrastructure projects and approval of contracts authorizing expenses exceeding \$200,000, the RTA is hereby authorized to incur ~~\$7,844,500~~ \$8,316,375 in net operating expenses and \$263,042,015 in capital outlays in calendar year 1998. Gross departmental operating expenses (before allocations to capital projects) in the following amounts are hereby approved:

| | |
|---------------------------------|---|
| Board Administration | \$377,987 |
| Executive's Office | -\$737,358 <u>\$727,758</u> |
| Office of Legal Affairs | <u>\$3,980,272</u> |
| Public and Governmental Affairs | \$8,438,161 <u>\$4,867,489</u> |
| Finance and Administration | \$4,587,114 |
| Link Light Rail | \$4,491,689 <u>\$4,741,689</u> |
| Sounder Commuter Rail | \$1,839,288 |
| Regional Express | \$3,422,405 <u>\$3,672,405</u> |

Section 2. The budget for the period January 1, 1998 to December 31, 1998 ("Adopted Budget"), substantially in the Form of Exhibit A and attached hereto, is hereby adopted. The Adopted Budget shall serve as a planning document and is not an authorization of expenses, except as specified in Section 1 above. The Adopted Budget estimates collection of \$244,453,069 in total revenues.


Section 3. The Six-year Capital Plan described in Exhibit A is hereby endorsed. Such endorsement does not constitute final project authorization, pursuant to Section 9. B. of Resolution No. 78.

Section 4. The Executive Director, or his or her designee, shall provide quarterly budget reports to the RTA Board and shall provide the Board with such information as

may be necessary to compare actual financial performance with the Adopted Budget and to ensure conformance with the financial policies.

Section 5. The Board further authorizes the Executive Director to take any actions necessary to implement the policies and determinations of the Board pursuant to this Resolution.

ADOPTED by the Board of the Regional Transit Authority for the Pierce, King and Snohomish Counties region at its meeting held on 12/11, 1997.



Bob Drewel
Board Chair

ATTEST:



Marcia Walker
Board Administrator

Proposed 1998 Budget Addendum 1

Page: 27

Originator: Boardmember Russell

Issue: Addition of table that reconciles accrual vs. cash accounting of revenues and expenses.

The RTA's accounting system and budget are on an accrual basis. Page 26 of the Proposed 1998 Budget contains a summary on an accrual basis of 1998 revenues and expenses. Page 40 of the Proposed Budget contains a summary on a cash basis of 1998 revenues and expenses. The new table will provide a reconciliation of these two tables.

Change: Table to be provided with Adopted Budget

Proposed 1998 Budget Addendum 2

Page: 27, 184, 185, 195, 196 and Appendix B

Originator: RTA Staff

Issue: Move one FTE for a Policy Analyst from the Executive's Office to the Department of Public and Government Affairs. This change has no net budgetary impact.

Change: See above.

Proposed 1998 Budget Addendum 3

Page: 34

Originator: RTA Staff

Issue: Corrects a labeling error by changing the column headings to specify that the dollars in the table are stated in 1995 \$millions. In the Proposed Budget the headings indicated that the dollars in the table were stated in 1995 \$000s. Please see attached table.

| | | | |
|----------------|--|---|--|
| Change: | 96 Sound Move (in 1995 \$ <u>millions</u>) | Total Proposed (in 1995 \$ <u>millions</u>) | Total Proposed (in YOE \$ <u>millions</u>) |
|----------------|--|---|--|

Subarea Project Summaries

May 1996 Sound Move Budget Compared to Proposed Plan

| | | 96 Sound Move (in 1995 \$millions) | Total Proposed (in 1995 \$millions) | Total Proposed (in YOE \$millions) |
|----------------------------|----------------------------------|---------------------------------------|--|---------------------------------------|
| East King | HOV Access | \$ 258 | \$ 258 | \$ 319 |
| | Regional Bus and Maint. Facility | \$ 145 | \$ 145 | \$ 178 |
| | Community Connections | \$ 109 | \$ 109 | \$ 134 |
| | Debt Service | \$ 14 | \$ 14 | \$ 19 |
| | Reserves | \$ 10 | \$ 10 | \$ 12 |
| Total East King | | \$ 536 | \$ 536 | \$ 662 |
| North King | Light Rail | \$ 1,411 | \$ 1,411 | \$ 1,797 |
| | Debt Service | \$ 47 | \$ 47 | \$ 64 |
| | Reserves | \$ 32 | \$ 32 | \$ 39 |
| | Contribution to CR and Bus O&M | \$ 26 | \$ 26 | \$ 32 |
| Total North King | | \$ 1,516 | \$ 1,516 | \$ 1,932 |
| Pierce | Commuter Rail | \$ 268 | \$ 268 | \$ 311 |
| | Regional Bus & Maint. Facility | \$ 121 | \$ 122 | \$ 150 |
| | Light Rail | \$ 65 | \$ 65 | \$ 78 |
| | Debt Service | \$ 47 | \$ 47 | \$ 61 |
| | Community Connections | \$ 25 | \$ 25 | \$ 30 |
| | Reserves | \$ 21 | \$ 21 | \$ 26 |
| Total Pierce | | \$ 547 | \$ 548 | \$ 655 |
| Snohomish | Commuter Rail | \$ 132 | \$ 132 | \$ 156 |
| | Community Connections | \$ 96 | \$ 96 | \$ 120 |
| | Regional Bus & Maint. Facility | \$ 56 | \$ 55 | \$ 68 |
| | HOV Access | \$ 49 | \$ 49 | \$ 59 |
| | Debt Service | \$ 7 | \$ 7 | \$ 9 |
| | Reserves | \$ 3 | \$ 3 | \$ 4 |
| Total Snohomish | | \$ 343 | \$ 342 | \$ 417 |
| South King | Light Rail | \$ 325 | \$ 325 | \$ 413 |
| | Commuter Rail | \$ 269 | \$ 269 | \$ 308 |
| | HOV Access | \$ 70 | \$ 70 | \$ 90 |
| | Debt Service | \$ 56 | \$ 56 | \$ 74 |
| | Regional Bus & Maint. Facility | \$ 39 | \$ 40 | \$ 49 |
| | Community Connections | \$ 25 | \$ 25 | \$ 31 |
| | Reserves | \$ 18 | \$ 18 | \$ 22 |
| Total South King | | \$ 802 | \$ 803 | \$ 987 |
| Regional Fund | System Integration | \$ 105 | \$ 105 | \$ 132 |
| | Agency Admin & Contingency | \$ 65 | \$ 65 | \$ 79 |
| Total Regional Fund | | \$ 170 | \$ 170 | \$ 211 |
| GRAND TOTAL * | | \$ 3,914 | \$ 3,914 | \$ 4,865 |

* Debt Service and Reserves levels equal to May 1996 Sound Move assumptions. Figures do not include the impact of any increase in revenues over original Sound Move assumptions.

**RTA PROPOSED 1998 BUDGET
CAPITAL OUTLAYS: ADMINISTRATIVE DEPARTMENTS**

| | | | |
|---|---------------------------|-----------|----------------|
| Computers | 36,595 | | |
| Printers | 32,000 | | |
| Network Server | 48,625 | | |
| FAX Machines | 1,652 | | |
| Tape Recorder (Bd.Mtgs) | 5,000 | | |
| | <u>Subtotal Equipment</u> | \$ | 123,872 |
| Lateral files | 11,538 | | |
| Conference tables | 10,385 | | |
| Misc. furnishings | 5,661 | | |
| Small office tables | 2,019 | | |
| Furniture installation and configuration | 3,635 | | |
| Chairs | 16,226 | | |
| | <u>Subtotal Furniture</u> | | 49,464 |
| Management Info. System | | | 490,680 |
| | | | <hr/> |
| | | \$ | 664,016 |
| | | | <hr/> <hr/> |

Proposed 1998 Budget Addendum 4

Page: 86

Originator: Boardmembers Sims, Nickels and McKenna

Issue: Adds text to Regional Express' Action Plans stating that the implementation schedules should be reviewed to ensure that the development of facilities is coordinated and service disruptions are minimized.

Change: 2. Project Development – Community Connections and HOV Access Programs

e) Review implementation schedules for Regional Express Bus services and Community Connections and HOV Access projects to ensure that development of facilities and services is coordinated and service disruptions due to construction are minimized. Adjustments to project schedules will be made by September 1, 1998, and reflected in the cash flow for the 1999 budget.

Proposed 1998 Budget Addendum 5

Page: 94 and 168

Originator: Boardmembers Sims, Nickels and McKenna

Issue: Adds a footnote to page 94 and text to the project description on page 168 stating that changes to Regional Bus' annual expense levels and program timing may occur as a result of the upcoming maintenance facilities needs analysis.

Change: *An analysis of Maintenance Facilities needs will be conducted during 1998. Expenditure levels and timing may accelerate based on development of 1999 Regional Express Bus operations plans and input from local transit operators. Any revisions will be reflected in the 1999 budget and cash flow.

Proposed 1998 Budget Addendum 6

Page: 95 and 96

Originator: Boardmembers Sims, Nickels and McKenna

Issue: Adds a footnote to the summary capital project schedules for the Community Connections and HOV Access divisions stating that the schedules are preliminary and may change as a result of more detailed analysis.

Change: *Assumptions based on original Sound Move cash flow. Schedule changes may occur as a result of more detailed analysis.

Proposed 1998 Budget Addendum 7

Page: 97 and 99

Originator Boardmembers Sims, Nickels and McKenna

Issue: Adds a footnote stating that bus routes will be added in 1999 and that the Service Implementation Plan process occurring in 1998 will define these routes and service level increases.

Change: *Some additional Regional Bus routes will begin operation in 1999. Exact routes and service levels will be determined by the Services Implementation Plan process in 1998. The 1999 budget will reflect projected expenditures for 1999 operation of these routes, and the cash flow will be adjusted accordingly.

Proposed 1998 Budget Addendum 8

Page: 97 and 153

Originator: Boardmember Nickels

Issue: Changes the name of project 3512 from *SeaTac to Seattle* to *West Side Express*.

Proposed 1998 Budget Addendum 9

Pages 146 – 167

Originator: Boardmember Nickels

Issue: Adds text to each Regional Bus project description to specify the major destinations served by the project.

Page: 146
Project: 3505: Everett to Aurora Village; SR 99
Change: Major destinations served: S. Everett and Aurora Village

Page: 147
Project: 3506: Everett to Mountlake Terrace/Seattle: I-5
Change: Major destinations served: Everett, Silver Lake, Ash Way, Lynnwood, and Mountlake Terrace.

Page: 148
Project: 3507: S. Everett to Bellevue: SR 527
Change: Major destinations served: S. Everett, Mill Creek, Canyon Park (Bothell), Kirkland and Bellevue.

Page: 149
Project: 3508: Lynnwood to Bellevue: I-405
Change: Major destinations served: Lynnwood, Bothell, Kirkland and Bellevue.

Page: 150
Project: 3509: Bellevue to SeaTac
Change: Major destinations served: Bellevue, Renton, Tukwila and SeaTac.

Page: 151
Project: 3510: Federal Way to Bellevue
Change: Major destinations served: Federal Way, Auburn, Kent, Renton and Bellevue.

Page: 152
Project: 3511: Puyallup to Bellevue
Change: Major destinations served: Puyallup, Sumner, Auburn, Kent, Renton and Bellevue.

Page: 153
Project: 3512: West side Express
Change: Major destinations served: SeaTac, Burien, White Center, Fauntleroy and West Seattle.

Page: 154
Project: 3513: Tacoma to Seattle
Change: Major destinations served: Tacoma, Federal Way, Kent, Des Moines, SeaTac and Seattle.

Page: 155
Project: 3516: Woodinville to Northgate
Change: Major destinations served: Woodinville, Lake Forest Park, Lake City and Northgate.

Page: 156
Project: 3517: Issaquah to Bellevue/Northgate
Change: Major destinations served: Issaquah, Bellevue and Flyer Stop SR-520.

Proposed 1998 Budget Addendum 9 (Continued)

Page: 157
Project: 3518: Redmond to Bellevue/Seattle
Change: Major destinations served: Redmond, Overlake, Mercer Island, and Bellevue/Seattle.

Page: 158
Project: 3519: Redmond to Seattle: SR 520
Change: Major destinations served: Redmond and Seattle.

Page: 159
Project: 3521: Redmond to University District
Change: Major destinations served: Redmond, Kirkland, University District

Page: 160
Project: 3526: Tacoma to Seattle Express
Change: Major destinations served: Downtown Tacoma and Downtown Seattle.

Page: 161
Project: 3527: Lakewood to Seattle Express
Change: Major destinations served: Lakewood, Tacoma Dome and Downtown Seattle.

Page: 162
Project: 3528: Tacoma Dome to Auburn: SR-167
Change: Major destinations served: Tacoma, Puyallup, Sumner and Auburn.

Page: 163
Project: 3529: South Hill to Dupont Express
Change: Major destinations served: South Hill, Parkland, Lakewood and Dupont

Page: 164
Project: 3530: Lakewood to Tacoma Express
Change: Major destinations served: Lakewood and Downtown Tacoma.

Page: 165
Project: 3531: Mid-County to Downtown Express
Change: Major destinations served: Mid-Pierce County and Downtown Tacoma.

Page: 166
Project: 3532: Lakewood to Puyallup Express
Change: Major destinations served: Lakewood, Parkland, South Hill and Puyallup.

Page: 167
Project: 3533: Lakewood to Tacoma and Seattle: Early Implementation
Change: Major destinations served: Lakewood, Downtown Tacoma and Downtown Seattle.

Proposed 1998 Budget Addendum 10

Page: 168

Originator: Boardmember Miller

Issue: Adjusting the *Sound Move* cost baseline for the Maintenance Facilities project 3601.

Change: Adjusts the *Sound Move* cost baseline of the Maintenance Facilities project (1995\$) in order to accurately reflect Sound Move's original cost commitments. Sound Move did not list a separate project for the Maintenance Facilities; instead, a portion of the Maintenance Facilities costs was included in the capital costs of each of the Regional Bus routes. The cost distribution was proportionate to the number of service hours for each route.

In the final Adopted 1998 Budget, each bus route's project page will be amended to reflect adjusted Sound Move project baseline costs (reduced by the amount of allocated Maintenance Facilities costs). There will be no change in either the Regional Bus division's total project costs or in any of the five Subarea expenditure totals.

Proposed 1998 Budget Addendum 11

Page: NA

Originator: Boardmember Nickels

Issue: Adding a map to show service area for projects and services.

Change: The Implementation Guide map will be included in the final budget to assist readers in identifying service routes. For the 1999 budget, the RTA will develop a map that will allow readers to identify the service route for capital projects more exactly.

Proposed 1998 Budget Addendum 12

Page: NA

Originator: RTA Staff

Issue: In the Proposed 1998 Budget, the Office of Legal Affairs is budgeted within the Public and Governmental Affairs Department. This addendum would budget the Office of Legal Affairs as a stand-alone unit, reporting directly to the Executive Director. Eighty percent of the Office's expenses would still be allocated to capital costs in the modal departments, consistent with the assumptions in the Proposed 1998 Budget. This addendum will have no substantive net budgetary impact.

Change: See above.

Proposed 1998 Budget Addendum 13

Page: 212

Originator: Boardmember Miller

Issue: Add a table to the budget detailing the capital outlays for the administrative departments. The table would be inserted after page 212.

Change: See attached table.

Proposed 1998 Budget Addendum 14

Page: NA

Originator: King County, Community Transit and other jurisdictions staff and RTA Staff

Issue: Add \$250,000 to each of the operating budgets of the Regional Express and Link Light Rail Departments for costs related to interlocal agreements. The net budgetary impact would be an increase of up to \$500,000 in the RTA's gross operating budget. These costs would largely be allocated to capital project costs.

Change: See above.