

**SOUND TRANSIT**

**RESOLUTION NO. R99-33**

**Adoption of the Proposed 2000 Budget with Amendments  
BACKGROUND AND COMMENTS**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	11/4/99	Recommend Board Approval	Jan Hendrickson, Director, Finance and Administration	206-398-5079
Board of Directors	11/18/99	Discussion/Possible Approval		

**ACTION:**

Adoption of the Proposed 2000 Budget with Amendments.

**BACKGROUND:**

On September 8, 1999, the Executive Director submitted the Proposed 2000 Budget to the Board for its consideration. Throughout the fall, the Finance Committee has reviewed the Proposed Budget and discussed the elements of the operating budget, cost allocation plan, six-year capital plan, revenue forecast, and updated financial plan.

The Board also held a public hearing and a budget retreat on October 28, 1999 to review the Proposed Budget and Financial Plan.

**RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:**

- Resolution No. 91, adopting the 1997 Budget
- Resolution No. 101, adopting the 1998 Budget
- Resolution No. R98-49, adopting the 1999 Budget
- Resolution No. 72, adopting Sound Move Financial Policies
- Resolution No. 98-4, adopting Budget Policies for Sound Transit
- Resolution No. 78-1, delegating authority to the Executive Director for expenditure of funds

**KEY FEATURES:**

The Proposed Budget approves \$76,885,150 in net operating expenses and \$568,581,933 in capital outlays by Sound Transit in 2000. Gross operating expenses (before allocation to capital) include \$635,226 for the Board, \$526,423 for the Executive's Office, \$4,275,030 for Legal Affairs, \$1,327,840 for Public and Governmental Affairs, \$5,344,624 for Communications, Marketing and Human Resources, \$12,098,390 for Finance and Administration, \$11,212,764 for Link Light Rail, \$2,377,128 for Sounder Commuter Rail, and \$4,002,658 for Regional Express.

The Board is scheduled to select on November 18, 1999 the final alignment for the Central Link Light Rail project. The Adopted 2000 Budget will be amended to reflect the 2000 and six-year capital plan consistent with the Board alignment selection.

The Finance Committee is considering a proposed series of amendments to the Budget, which are attached. The Board will consider these amendments prior to the final adoption of the budget.

**FUNDING:**

Sound Transit's 2000 expenses and outlays will be funded by an estimated \$344,219,708 in revenue and other financing sources (on an accrual basis) and by an estimated positive cash position in January 2000 of \$635,257,367. Of this amount, an estimated \$192,266,000 will be collected from Retail Sales and Use Tax, \$50,292,000 from Motor Vehicle Excise Tax, \$65,118,000 from Federal Grants, \$21,967,000 million from interest earnings, \$14,196,000 from farebox revenue, and \$380,708 in miscellaneous revenues. The Budget assumes that the agency does not sell any bonds in calendar year 2000.

**ALTERNATIVES:**

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

**CONSEQUENCES OF DELAY:**

December 9<sup>th</sup> is the final Board meeting of 1999 which is expected to have a quorum sufficient to pass the budget. Failure to adopt the budget at its November 18<sup>th</sup> meeting would leave one remaining meeting in which the Board could pass a 2000 Budget before end-year.

**LEGAL REVIEW:**

The Background and Comments and the Resolution have been reviewed and approved by the Legal Department as to legal sufficiency.

## **SOUND TRANSIT**

### **RESOLUTION NO. R99-33**

A resolution of the Board of the Central Puget Sound Regional Transit Authority adopting an annual budget for the period January 1 to December 31, 2000.

WHEREAS, by Resolution No. 72, adopted May 31, 1996, the Sound Transit Board adopted the Financial Policies 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, on November 5, 1996, at a general election held within the Central Puget Sound Regional Transit Authority's (Sound Transit) District, the voters approved local-option taxes to support implementation of the Ten-Year Regional Transit System Plan; and

WHEREAS, the Sound Transit 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 Sound Transit Board adoption; and

WHEREAS, by Resolution No. 98-4, the Sound Transit Board adopted budget policies; and

WHEREAS, the Sound Transit Executive Director has developed a work plan to be accomplished in calendar year 2000. 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 Sound Transit Executive Director has developed a budget, attached with addenda as Exhibit A, to accomplish the 2000 work plan; and

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

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. 78-1 requiring Sound Transit Board approval of capital infrastructure projects, and Finance Committee or Board approval of contracts authorizing expenses exceeding \$200,000, Sound Transit is hereby authorized to incur \$76,885,150 in net operating expenses and \$568,581,933 million in capital outlays in calendar year 2000, or such amounts as contained in amendments to the Proposed Budget (Exhibit A) as adopted by the Board. Gross departmental operating expenses (before allocations to capital projects and including depreciation) in the following amounts, or in amounts as contained in amendments to the Proposed Budget (Exhibit A) as adopted by the Board, are hereby approved:

Board Administration	\$635,226
Executive's Office	\$526,423
Legal Department	\$4,275,030
Public and Governmental Affairs	\$1,327,840
Communication, Marketing, & H.R.	\$5,344,624
Finance and Administration	\$12,098,390
Link Light Rail	\$11,212,764
Souder Commuter Rail	\$2,377,128
Regional Express	\$4,002,658

Section 2. The budget for the period January 1, 2000 to December 31, 2000 ("Adopted Budget"), substantially in the Form of Exhibit A as amended 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 \$242,558,000 in Sale and Use Tax and Motor Vehicle Excise Tax.

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. 78-1.

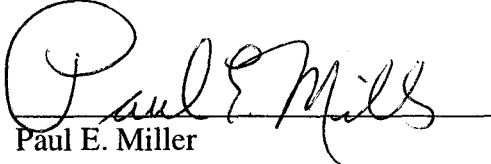
Section 4. The Adopted Budget is hereby amended consistent with the Board's final alignment selection for the central Link Light Rail program.

Section 5. The Board directs the Executive Director, or his or her designee, to submit the final Adopted Budget to the Chair of the Board and the Chair of the Finance Committee to assure that the intent of the amendments made to the Adopted Budget are accurately reflected therein.

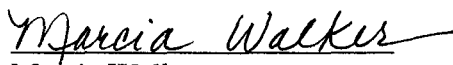
Section 6. The Executive Director, or his or her designee, shall provide regular budget reports to the Sound Transit Board and shall provide the Board with such information as may be necessary to compare actual financial performance with the Adopted Budget and to ensure conformance with the financial policies.

Section 7. The Board further authorizes the Executive Director, or his or her designee, to take any actions necessary to implement the policies and determinations of the Board pursuant to this Resolution.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at its meeting held on November 18, 1999.

  
Paul E. Miller  
Board Chair

ATTEST:

  
Marcia Walker  
Board Administrator

**Proposed Amendments  
to the  
Proposed 2000 Sound Transit Budget  
As Proposed to the Finance Committee on November 4, 1999**

<b>Amendment 1</b>	
Sponsor	Staff Submitted
Amendment	Update the budget for Federal Grants from \$65,118,000 to \$33,417,655 to reflect the actual appropriation received by Sound Transit from Congress in 1999. This change will result in a \$31,700,345 reduction in total revenues and a corresponding decrease in expected cash balances.
Budget Impact	Decreases Revenues and Other Financing Sources by \$31.7 million. The agency will compensate for this shortfall in 2000 by using approximately \$31.7 million more of its cash balances than was originally forecast in the Proposed 2000 Budget. The agency will still finish FY 2000 with estimated cash balances in excess of \$400 million.

<b>Amendment 2</b>	
Sponsor	Staff Submitted
Amendment	<p>Make the following technical corrections to Proposed Budget tables and text:</p> <ul style="list-style-type: none"> <li>• Deduct \$60,000 from Regional Express transit operations miscellaneous services account (p. 148); add \$60,000 to Link Department's Central Link (capital project #900, p. 124) to correct a misallocation of real estate security costs;</li> <li>• Revise Sounder Commuter Rail Risk Analysis (p. 70), project #235-Tukwila Station to reflect a <u>low</u> schedule risk level. Revise the associated comment to read, "The pedestrian tunnel poses a budget risk. This bridge is important for pedestrian access."</li> <li>• Amend Sounder Commuter Rail 2000 Proposed 10-Year Budget by Subarea (p. 75) and Sounder Commuter Rail 2000 Proposed Budget Funding Assumptions (p. 76) to be consistent with the remainder of the Proposed Budget.</li> <li>• Amend capital project pages as required to be consistent with the remainder of the Proposed Budget.</li> </ul>
Budget Impact	\$0

<b>Amendment 3</b>	
Sponsor	Staff Submitted
Amendment	Amend the “Sound Transit 1999 Cash vs. Accrual Budget” (p. 46 of the Proposed 2000 Budget) and other related text and tables to reflect the impact of all Board approved budget amendments.
Budget Impact	\$0

<b>Amendment 4</b>	
Sponsor	Staff Submitted
Amendment	Amend the Tacoma Link project budget (project #905, p. 125) from \$81.245 million to \$73.045 million in 1995 \$. Since publication of the Proposed Budget in August 1999, the operating budget for Tacoma Link has been re-estimated, lowering the phase 1 operating budget estimate by \$8.2 million. (See attached summary substitute capital budget page).
Budget Impact	Decrease total 10-year budget by \$8.20 million.

<b>Amendment 5</b>	
Sponsor	Staff Submitted
Amendment	Amend the cash flows for the Regional Mobility Program, included as a component of Bus Division O&M, from \$836,000 (in 1995\$) in FY 1999 to \$0 in FY1999. Increase the cash flow for the Regional Mobility Program in FY2001 by \$836,000 (in 1995\$). This technical correction more accurately reflects the anticipated cash flow.
Budget Impact	This amendment has no impact on the 10-year budget for Regional Bus division. The amendment changes the cash flow for the division in constant 1995 dollars.

<b>Amendment 6</b>	
Sponsor	Staff Submitted
Amendment	Amend YOES for Tacoma Dome Expansion (project #356, p. 183) to correct erroneous inflation of construction budget from 1995\$.
Budget Impact	This adjustment will not affect the project’s total 10-year budget in 1995\$. However, the technical correction will result in reduction in the project’s construction phase of approximately \$200,000 in constant 1995 dollars from 2000-2001 and an equivalent increase in the project’s contingency phase in 2006

<b>Amendment 7</b>																																																						
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<b>Amendment</b>	Amend cash flows for Regional Bus projects to reflect revised assumptions regarding payment for a 3-year Breda bus lease. Initially included in the Proposed Budget over three years (September 1999 through August 2002), this item should have been shown as a lump sum payment in FY 1999 of \$2.9 million (in YOES) to reflect the actual terms of the lease.																																																					
<b>Budget Impact</b>	<p>This amendment has no impact on the 10-year budget for the Regional Bus program (in 1995 dollars). The amendment changes the cash flow for the division in constant 1995 dollars. The cash flow changes are summarized in the following table:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="7"><b>Breda Lease in Millions</b></th> </tr> <tr> <th></th> <th><u>\$ Basis</u></th> <th><u>1999</u></th> <th><u>2000</u></th> <th><u>2001</u></th> <th><u>2002</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td rowspan="2">Proposed Budget</td> <td>1995\$</td> <td>\$ 0.295</td> <td>\$ 0.864</td> <td>\$ 0.843</td> <td>\$ 0.591</td> <td>\$ 2.593</td> </tr> <tr> <td>YOES</td> <td>\$ 0.333</td> <td>\$ 1.000</td> <td>\$ 1.000</td> <td>\$ 0.575</td> <td>\$ 2.908</td> </tr> <tr> <td rowspan="2">Amendment</td> <td>1995\$</td> <td>\$ 2.593</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ 2.593</td> </tr> <tr> <td>YOES</td> <td>\$ 2.931</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ 2.931</td> </tr> <tr> <td rowspan="2">Increase (Decrease)</td> <td>1995\$</td> <td>\$ 2.298</td> <td>\$ (0.864)</td> <td>\$ (0.843)</td> <td>\$ (0.591)</td> <td>\$ 0.000</td> </tr> <tr> <td>YOES</td> <td>\$ 2.598</td> <td>\$ (1.000)</td> <td>\$ (1.000)</td> <td>\$ (0.575)</td> <td>\$ 0.023</td> </tr> </tbody> </table>	<b>Breda Lease in Millions</b>								<u>\$ Basis</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>	Proposed Budget	1995\$	\$ 0.295	\$ 0.864	\$ 0.843	\$ 0.591	\$ 2.593	YOES	\$ 0.333	\$ 1.000	\$ 1.000	\$ 0.575	\$ 2.908	Amendment	1995\$	\$ 2.593	\$ -	\$ -	\$ -	\$ 2.593	YOES	\$ 2.931	\$ -	\$ -	\$ -	\$ 2.931	Increase (Decrease)	1995\$	\$ 2.298	\$ (0.864)	\$ (0.843)	\$ (0.591)	\$ 0.000	YOES	\$ 2.598	\$ (1.000)	\$ (1.000)	\$ (0.575)	\$ 0.023
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<b>Amendment 8</b>	
<b>Sponsor</b>	<b>Councilmember Jane Hague</b>
<b>Amendment</b>	Amend the FY 2000 budget to add \$1.3 million of funding for the initiation of a two-year demonstration project of new Trans-Lake Washington ferry service. Service would begin in September 2000 and continue through August 2002. The annual cost of the project is \$2.6 million.
<b>Budget Impact</b>	The amendment adds \$1.3 million to the budget in FY 2000, \$2.6 million in FY 2001, and \$1.7 million in FY 2002. The amendment funds these expenditures by programming a total of \$5.6 million (year-of-expenditure dollars) in excess tax revenues from the East King subarea.



<b>Amendment 9</b>													
Sponsor	Staff Submitted												
Amendment	Update Sounder Commuter Rail transit operations budget consistent with the attached table, to more accurately reflect the October 28 <sup>th</sup> decision by the Board to start-up Sounder service in fall 2000.												
Budget Impact	<p><del>No net budget impact in 2000.</del> The amendment decreases:</p> <table style="margin-left: 40px;"> <tr> <td>Security</td> <td style="text-align: right;">\$724,768</td> </tr> <tr> <td>Purchased Transportation Service</td> <td style="text-align: right;">\$85,100</td> </tr> <tr> <td><u>Maintenance of Right of Way</u></td> <td style="text-align: right;"><u>\$2,500,000</u></td> </tr> <tr> <td>Total Decreases</td> <td style="text-align: right;">\$3,309,868</td> </tr> </table> <p><del>The amendment increases:</del></p> <table style="margin-left: 40px;"> <tr> <td><del>Miscellaneous Expenses</del></td> <td style="text-align: right;"><del>\$3,309,868</del></td> </tr> <tr> <td><del>Total Increases</del></td> <td style="text-align: right;"><del>\$3,309,868</del></td> </tr> </table> <p><del>The increase in miscellaneous expenses is a contingency to offset potential unanticipated impacts of I-695. The passage of I-695 will require a renegotiation of an agreement with the BNSF railroad, which may have impacts on the Sounder startup date and might require further amendments to the 2000 Budget.</del></p>	Security	\$724,768	Purchased Transportation Service	\$85,100	<u>Maintenance of Right of Way</u>	<u>\$2,500,000</u>	Total Decreases	\$3,309,868	<del>Miscellaneous Expenses</del>	<del>\$3,309,868</del>	<del>Total Increases</del>	<del>\$3,309,868</del>
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<b>Amendment 10</b>	
Sponsor	Staff Submitted
Amendment	Amended the Sounder Commuter Rail security budget to reflect Board decision on Sounder Security Plan, expected in January 2000.
Budget Impact	<del>Uncertain.</del> <u>None to date.</u> The Proposed 2000 Budget, as amended, contains \$691,106 for Security. The Board could choose to modify this funding level when it reviews the Sounder Security Plan in January 2000.