

STAFF REPORT

SOUND TRANSIT MOTION NO. M2000-76

Approving the Allocation of Unanticipated East King County Revenues in the 2001 Budget

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	9/7/00	Discussion/Possible Action to Recommend Board Approval	Agnes Govern, Director, Regional Express	(206)398-5037
Finance Committee	9/21/00	Discussion/Possible Action to Recommend Board Approval	Brian O'Sullivan, Project Manager, Regional Express	(206)398-5292
Board	9/28/00	Deferred	Barbara Gilliland, Program Manager, Regional Express	(206)398-5051
Board	10/12/00	Action		

PROPOSED ACTION

Approve the allocation of unanticipated east King County revenues in the 2001 Budget to provide \$30.5 million (YOES) to cover 1999 and 2000 Service Implementation Plans (SIPs), Regional Express Bus needs, and \$10 million to the I-405 at Bellevue Direct Access Project.

KEY FEATURES

Highlights of Proposed Action:

- ◆ Implements Board policy concerning identified unanticipated revenues projected for individual subareas over the ten-year Sound Move period (Resolution No. 99-17).
- ◆ Implements Board direction in 1999, as part of the 2000 Financial Plan review process, to program up to \$64 million (YOES) in east King County unanticipated revenues to help cover identified Phase I Sound Move projects and program budget shortfalls. This is in addition to the \$15 million (YOES) in east King County unanticipated revenues authorized by the Board in the 2000 Budget to cover the 1999 SIP's east King County deficit.
- ◆ Completes the year 2000 process of Sound Transit consultations with east King County regarding programming up to \$79 million (YOES), consistent with Board policy, previous Board actions, and Phase I project budget shortfall analyses.
- ◆ Recommends programming \$15.5 (YOES) in east King County unanticipated revenues to cover the 2000 SIP's east King County deficit, and \$10 million (YOES) of east King County unanticipated revenues to assist the Sound Move I-405 at Bellevue Direct Access project.
- ◆ Preserves the Board's ability to authorize future year programming of east King County unanticipated revenues to supplement other Phase I Sound Move project budget shortfalls.

Discussion of Proposed Action:

Sound Move forecasted sales tax and motor vehicle excise tax for each subarea for the initial Phase I ten-year period. Because actual revenues collected can vary from those projections, some subareas may experience higher than originally forecasted revenues over the ten-year period. The Board has determined that it will allocate local tax revenue unanticipated in Sound Move forecasts first to cover Phase I fiscal contingencies and project/program shortfalls, and second to fund new Sound Transit projects.

Every year, unanticipated revenues are calculated for each subarea during the Sound Transit Budget and Financial Plan update process, in accordance with Board adopted criteria. In order to qualify as unanticipated revenues, actual revenues collected in a subarea must exceed Sound Move forecast revenues for the ten-year period by at least 5%. Identified subarea unanticipated revenues will first be allocated by the Board to cover Phase I program and project budget shortfalls. The Board may approve the use of the remaining unanticipated revenues to support new Sound Transit projects in that subarea consistent with Sound Move Phase I. Formal amendments to Sound Move will be necessary to enable the programming of unanticipated revenues to new Sound Transit projects.

In November 1999, as part of the 2000 Budget and Financial Plan review, the Board directed staff to program up to \$50 million (1995\$) in east King County subarea unanticipated revenues after consultation with the Eastside Transportation Partnership (ETP). In addition, \$12.3 million were authorized for 1999 SIP needs identified in the 2000 Budget, resulting in a total of \$62.3 million (1995\$) east King County unanticipated revenue available for programming. After preliminary conversion to a year of expenditure dollar (YOES) basis, \$79 million (YOES) have been identified in the Financial Plan for this purpose.

Prior Board actions have allocated \$15 million (YOES) of east King County unanticipated revenues to cover 1999 SIP needs in that subarea.

Sound Transit has evaluated which Sound Move Phase I projects in east King County have reached the 30% preliminary engineering and design mark. Utilizing this threshold, generally more reliable budget shortfall estimates can be made for individual projects. At this time one project in east King County meeting the threshold has been identified as being high risk and warranting assistance from unanticipated revenues: \$10 million (YOES) for the I-405 at Bellevue Direct Access project. This would result in a total of \$40.5 million (YOES) in programmed allocations from east King County unanticipated revenues.

As proposed under the staff-recommended approach, a balance of \$38.5 (YOES) from the money currently approved by the Board for programming would remain available for future year programming to east King County Phase I projects.

**Note, Staff Report does not include Motion amendment as approved by the Finance Committee on September 21, 2000*

BUDGET

The following table summarizes Board policy, Board actions, and staff recommendations.

	1995 \$millions	YOE \$millions ¹
Direction/Authorizations		
2000 Financial Plan 11/99	50.0	64.0
1999 SIP adopted 7/99	12.3	15.0
Total Direction/Authorizations ²	62.3	79.0
Uses		
Board Actions ³		
1999 SIP adopted 7/99	11.9	15.0
Staff Recommendations		
I-405 at Bellevue	8.6	10.0
2000 SIP adopted 6/00	12.3	15.5
Subtotal	20.9	25.5
Total Uses	32.8	40.5
Balance	\$ 29.5	\$ 38.5

Notes:

- 1 Because future year inflation can only be estimated and expenditure plans can shift years, these YOES\$ figures are estimates only.
- 2 Projected east King County unanticipated revenues over the life of Sound Move exceed the initial portion authorized for programming at this time.
- 3 The Board approved funds for the Lake Washington Ferry demonstration project in the 2000 Budget, but subsequent Board action has kept approval to feasibility studies only.

ALTERNATIVES

Since Board approval of the 2000 SIP assumed \$15.5 million (YOES\$) to be funded from unanticipated east King County revenues, no alternatives are proposed for that component. For the I-405 at Bellevue Direct Access Project, alternatives are:

1. The Board could program a greater amount of unanticipated revenue than recommended to the I-405 at Bellevue Direct Access Project.
2. The Board could program less than the recommended amount of unanticipated revenue to the I-405 at Bellevue Direct Access Project.
3. The Board could decide not to program any unanticipated revenues to the I-405 at Bellevue Direct Access project in the 2001 Budget cycle and revisit the need next year.

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CONSEQUENCES OF DELAY

Helping to resolve the identified budget shortfall on the I-405 at Bellevue Direct Access project is important in order to maintain Sound Move momentum for implementing this east King County project on schedule.

REGIONAL PARTNERSHIP AND COOPERATION

See Public Involvement below.

PUBLIC INVOLVEMENT

Over the last eight months, Sound Transit has conducted several subarea forum consultations on the east King County unanticipated revenue programming approach with the ETP, Technical Advisory Committee (TAC), and the ETP Board of elected officials. On the basis of these consultations, the east King County subarea forum is well informed regarding the principles and content of the staff-recommended approach. In particular, Sound Transit has achieved overall concurrence from ETP that Sound Move Phase I projects and programs in the ETP subarea should be the first priority for receiving fiscal year assistance from east King County unanticipated revenues, and that the 30% preliminary engineering and design mark is a reasonable threshold for advancing Sound Move Phase I projects for consideration to supplement funding from this source.

The most recent consultation with ETP (August 11, 2000) concerning the staff-recommended approach elicited no substantive objections from any of the elected officials.

At the August 11, 2000, ETP, the City of Bellevue representative introduced a request for an increased east King County unanticipated revenue contribution to the I-405 at Bellevue Direct Access project of \$8 million (YOES). No formal action was taken by the ETP on this request, which would allocate a total of \$18 million (YOES) to the project from east King County revenues during this programming cycle. The matter was referred by the Chair to the TAC for further staff discussion, with the expectation that a recommendation might be brought back to the ETP at its September 8, 2000, meeting.

In summary, the ETP has been fully informed and its input has been considered during the process of developing recommendations which will be brought to the Board, Finance, and Executive Committees in September 2000 and ultimately incorporated into the 2001 Budget.

LEGAL REVIEW

MLB 8-17-00

**Note, Staff Report does not include Motion amendment as approved by the Finance Committee on September 21, 2000*

SOUND TRANSIT

MOTION NO. M2000-76

A motion of the Board of the Central Puget Sound Regional Transit Authority approving the allocation of unanticipated east King County revenues in the 2001 Budget to provide \$30.5 million (YOES) to cover 1999 and 2000 Service Implementation Plans (SIPs), Regional Express Bus needs, and the \$18 million to the I-405 at Bellevue Direct Access Project.

Background:

Sound Move forecasted sales tax and motor vehicle excise tax for each subarea for the initial Phase I ten-year period. Because actual revenues collected may vary upwards from those projections, some subareas may experience higher than originally forecasted revenues over the ten-year period. The Board has determined to allocate local tax revenue in excess of Sound Move forecasts first to cover Phase I fiscal contingencies and project/program shortfalls, and second to fund new Sound Transit projects.

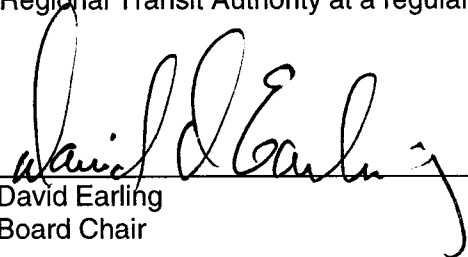
Every year, unanticipated revenues are calculated for each subarea during the Sound Transit Budget and Financial Plan update process, in accordance with Board adopted criteria. In order to qualify as excess revenues, actual revenues collected in a subarea must exceed Sound Move forecast revenues for the ten-year period by at least 5%. Identified subarea excess revenues will first be allocated by the Board to cover Phase I program and project budget shortfalls. The Board may approve the use of remaining excess revenues to support new Sound Transit projects in that subarea consistent with Sound Move Phase I. Formal amendments to Sound Move will be necessary to enable the programming of excess revenues to new Sound Transit projects.

In November 1999, the Board approved a Fiscal Year 2000 Budget authorizing the programming of \$50 million (1995\$) in east King county subarea excess revenues after consultation with the Eastside Transportation Plan. In addition, \$12.3 million for 1999 SIP needs identified in the 2000 Budget was authorized, resulting in a total of \$62.3 million (1995\$) in available east King County excess revenue for programming. After conversion to a year of expenditure dollar (YOES) basis, \$79 million (YOES) has been identified in the Financial Plan for this purpose.

Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that allocating unanticipated east King County revenues in the 2001 Budget to provide \$30.5 million (YOES) to cover 1999 and 2000 SIP's, Regional Express Bus needs, and the \$18 million to the I-405 at Bellevue Direct Access Project is approved.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 12th day of October 2000.


David Earling
Board Chair

ATTEST:


Marcia Walker
Board Administrator