

## **SOUND TRANSIT**

### **RESOLUTION NO. R2000-17**

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority adopting an annual budget for the period from January 1 to December 31, 2001.

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 2001. 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 2001 work plan; and

WHEREAS, said budget is consistent with adopted Sound Transit financial policies as established by Resolution No. 72-1;

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 \$96,916,377 in net operating expenses and \$644,726,743 million in capital outlays in calendar year 2001, or such amounts as contained in amendments to the Proposed Budget (Exhibit A) as adopted by the Board.

Section 2. The budget for the period January 1, 2001, to December 31, 2001 ("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 \$262,125,303 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 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 is accurately reflected therein.

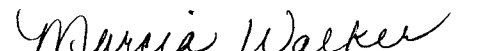
Section 5. The Executive Director, or his or her designee, shall provide regular budget reports to the Sound Transit Board and shall provide the Board with such information as may be necessary to compare actual financial performance with the Adopted Budget and to ensure conformance with the financial policies.

Section 6. 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 a regular meeting thereof held on the 14<sup>th</sup> day of December, 2000.

  
David Earling  
Board Chair

ATTEST:

  
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Marcia Walker  
Board Administrator

**Proposed Amendments to the Proposed  
2001 Sound Transit Budget as Submitted to the  
Finance Committee on November 30 and December 7, 2000**

<b>Amendment 1</b>		
	<b>Sponsor</b>	<b>Staff Submitted</b>
Adopted by the Finance Committee 11/30/00	Amendment	Amend budget for I-405 @ Bellevue (project number 145, page 176) to reflect action taken by the Board in Resolution 2000-76. The Proposed 2001 budget included an assumption that the Board would program \$10 million in YOE dollars from East King County unanticipated revenues into the Bellevue project. However, the Board acted to program a higher amount of unanticipated revenues than that reflected in the Proposed 2001 budget: \$18 million in YOE dollars. This technical amendment incorporates the additional \$8 million in YOE dollars into the project budget.
	Budget Impact	Increases the project budget by \$8 million in YOE dollars from \$98.5 million to \$106.5 million (YOE \$s).

<b>Amendment 2</b>		
	<b>Sponsor</b>	<b>Staff Submitted</b>
Adopted by the Finance Committee 11/30/00	Amendment	Move \$2,563,000 into the Construction phase from the Preliminary Engineering / Environmental Review phase for the Lynnwood SR-99 Transit Lanes project (number 345, page 200). Move \$10,000 from 2001 to 2000 to cover expenses that will be incurred in 2000 in accordance with the Memorandum of Agreement between Sound Transit and the City of Lynnwood.
	Budget Impact	No significant dollar impact, simply a shift in dollars between phases and negligible change to cash flow.

<b>Amendment 3</b>		
	<b>Sponsor</b>	<b>Staff Submitted</b>
Adopted by the Finance Committee 11/30/00	Amendment	Amend the "Sound Transit 2001 Cash vs. Accrual Budget" (p. 46 of the Proposed 2001 Budget) and other related text and tables to reflect the impact of all Board approved budget amendments and related resolutions.
	Budget Impact	\$0

<b>Amendment 4</b>		
	<b>Sponsor</b>	<b>Staff Submitted</b>
Adopted by the Finance Committee 11/30/00	Amendment	Amend the Finance & Administration Department's Operating Budget Summary (p. 283) and Appendix A, "Sound Transit 2001 Staffing Plan" pages 1 and 4 to reflect the addition of 1.0 FTE Administrative Specialist staff and \$51,240 in salary and benefits in the Information Systems Division. Due to the timing of the Compensation Committee's approval of this position, it was not included in the Proposed Budget's staffing plan.
	Budget Impact	ISD staffing budget increase of \$51,240

<b>Amendment 5</b>		
	Sponsor	Staff Submitted
Adopted by the Finance Committee 11/30/00	Amendment	Update the budget for Federal Grants from \$90,718,000 to \$63,720,000 to reflect the actual appropriation received by Sound Transit from Congress in 2000. This change will result in a \$26,998,000 reduction in total revenues and a corresponding decrease in expected cash balances.
	Budget Impact	Decreases Revenues and Other Financing Sources by \$27.0 million

<b>Amendment 6</b>		
	Sponsor	Staff Submitted
Adopted by the Finance Committee 11/30/00	Amendment	Amend the budgets for Sounder, Link, and Regional Express to reflect movement of funds from capital to operating budgets for leases, rentals, and other expense categories as recommended by the agency's financial auditor, Deloitte and Touche.
	Budget Impact	No budget impact. Shifts existing budget authority from capital to operating budgets.

<b>Amendment 7</b>		
	Sponsor	Staff Submitted
Adopted by the Finance Committee 12/7/00	Amendment	Revise Sounder Commuter Rail construction phase budgets for the Seattle-to-Auburn (#110, p.85) and Auburn-to-Tacoma (#120, p. 86) Track and Facilities projects. Amendment will decrease Sounder's total YOES budget by \$902,000 (1995\$ by \$745,000), and is a result of refined assumptions on timing of expenditures and the most appropriate inflation indices used.
	Budget Impact	The amendment decreases the construction phase budget in both YOES and 1995\$, and is summarized by project in the following table for both the Year 2001 as well as the Total 10-year budget:

**Budget Impact of Tacoma-Seattle Track & Signal Construction**

<b>Amendment 7</b>	<b>Year 2001</b>		<b>10-Year Total</b>	
	<b>Delta</b>	<b>New Total</b>	<b>Delta</b>	<b>New Total</b>
<b>YOES, Millions</b>				
Project #110 - Seattle to Auburn	(\$ 0.486)	\$ 61.175	(\$ 0.486)	\$ 185.245
Project #120 - Auburn to Tacoma	(\$ 0.416)	\$ 37.908	(\$ 0.416)	\$ 118.478
<b>1995\$, Millions</b>				
Project #110 - Seattle to Auburn	(\$ 0.402)	\$ 50.524	(\$ 0.402)	\$ 148.447
Project #120 - Auburn to Tacoma	(\$ 0.343)	\$ 31.309	(\$ 0.343)	\$ 94.877

<b>Amendment 8</b>		
	Sponsor	Staff Submitted
Adopted by the Finance Committee 11/30/00	Amendment	Reduce the 2001 capital budget for central link to exclude any budget authorization for construction outlays in 2001 for the design-build tunnel from Convention Place Station to N.E. 45 <sup>th</sup> (contract LB 235).
	Budget Impact	Reduce the Proposed 2001 Budget by an amount equal to the construction outlays in 2001 for the LB 235 contract, approximately \$80 million (YOE).

<b>Amendment 9</b>		
	Sponsor	Staff Submitted
Adopted by the Finance Committee 11/30/00	Amendment	Amend the staff operating budget for the Link light rail department from \$11,857,355 to \$11,138,689. This reduction eliminates 8 FTES, and their associated costs, that were planned for construction management related to the design-build tunnel contract.
	Budget Impact	Reduce the Proposed 2001 Budget by \$718,666.

<b>Amendment 10</b>		
	Sponsor	Staff Submitted
Adopted by the Finance Committee 12/7/00	Amendment	<ul style="list-style-type: none"> <li>Add one full time equivalent (FTE) Project Manager position for the Capital Projects Division to handle the increased workload (41 active projects). Regional Express currently has 9 project managers in the Capital Projects Division.</li> </ul>
	Budget Impact	Increase Regional Express staff operating budget by \$107,673 to cover salary, performance awards, benefits, and associated costs such as travel, training, office supplies, etc.

<b>Amendment 11</b>		
	Sponsor	Board Member Drewel
Adopted by the Finance Committee 12/7/00	Amendment	<p>Increase budget for Federal Government Relations consultant services from \$435,000 to \$555,000 to reflect increased scope of work for the year 2001.</p> <ul style="list-style-type: none"> <li>In 2000, staff expected that the full-funding grant agreement would be executed by the end of the year. As we approach 2001, considerable work remains to retain the grant agreement and negotiate amendments with the administration.</li> <li>A new administration will take office in 2001, creating the need for additional resources to assist with the transition.</li> </ul>
	Budget Impact	Increase 2001 budget for Public and Governmental Affairs by \$120,000. This amendment will increase the total 10-year Regional Fund agency administration program costs.

<b>Amendment 12</b>		
	<b>Sponsor</b>	<b>Staff Submitted</b>
Adopted by the Finance Committee 12/7/00	Amendment	<p>Increase Legal Services direct charges to the Link light rail, Sounder commuter rail, and Regional Express programs by \$467,000 for services related to transit oriented development.</p> <p>The breakdown is as follows:</p> <ul style="list-style-type: none"> <li>• Commuter Rail (analysis through RFP issuance for 2 potential projects) \$95,000;</li> <li>• Regional Express (analysis through RFP issuance for 1 potential project) \$107,000; and</li> <li>• Light Rail (analysis through RFP issuance for 4 potential projects) \$265,000</li> </ul>
	Budget Impact	<p>Increase 2001 capital budget for Link by \$265,000, Sounder by \$95,000 and Regional Express by \$107,000. Unless offsetting program reductions can be found, the total 10-year program costs will be increased by corresponding amounts for each line of business.</p>

## STAFF REPORT

### SOUND TRANSIT RESOLUTION NO. R2000-17

#### Adoption of the Proposed 2001 Budget with Amendments

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	11/9/00	Meeting Postponed	Brian McCartan, Budget Manager	(206)398-5100
Finance Committee	11/16/00	Deferred		
Finance Committee	11/30/00	Discussion/Possible Action to Recommend Board Approval		
Finance Committee	12/7/00	Discussion/Possible Action to Recommend Board Approval		
Board	12/14/00	Action		

#### **PROPOSED ACTION**

Adoption of the Proposed 2001 Budget.

#### **KEY FEATURES**

The Proposed Budget approves \$96,916,377 in net operating expenses and \$644,726,743 in capital outlays by Sound Transit in 2001. The budget approves \$247.9 million in capital outlays for Sounder Commuter Rail; \$284.1 million in capital outlays for Link Light Rail; \$109.7 million in capital outlays for Regional Express; and \$3 million in capital outlays for Regional Fund projects. The budget also approves \$14.5 million for transit operations for Sounder Commuter Rail and \$39.5 million for transit operations for Regional Express bus programs.

#### **Highlights of Proposed Action:**

- ◆ Establishes a 2001 Budget for Sound Transit.
- ◆ Approves \$96,916,377 in net operating expenses and \$644,726,743 in capital outlays by Sound Transit in 2001.

#### **Discussion of Proposed Action:**

On September 1, 2000, the executive director submitted the proposed 2001 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 26, 2000, to review the Proposed Budget and Financial Plan.



## **BUDGET**

Sound Transit's 2001 expenses and outlays will be funded by an estimated \$392,973,141 in revenue and other financing sources (on an accrual basis) and by an estimated positive cash position in January 2001 of \$721,375,959. Of this amount, an estimated \$207,113,265 will be collected from Retail Sales and Use Tax; \$55,012,038 from Motor Vehicle Excise Tax; \$90,718,000 from federal grants; \$29,928,462 interest earnings; \$10,126,376 from farebox revenue; and \$75,000 in miscellaneous revenues. The budget assumes that the agency does not sell any bonds in calendar year 2001.

## **ALTERNATIVES**

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

## **CONSEQUENCES OF DELAY**

Passage of the budget requires a super-majority (two-thirds) vote of the Board. December 14 is the final Board meeting of 2000. Failure to adopt the budget at its November 16 meeting would leave one remaining meeting in which the Board could pass a 2000 Budget before end-year.

## **REGIONAL PARTNERSHIP AND COOPERATION**

N/A

## **PUBLIC INVOLVEMENT**

Sound Transit has conducted a Finance Committee workshop on September 28, a Board workshop on October 26, and a Public Hearing on the Budget on October 26.

## **LEGAL REVIEW**

MBL 11/4/00