

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2004-05

Link Initial Segment Phase Budget Transfer

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	4/15/04	Discussion/Possible Action to Recommend Board	Ahmad Fazel, Link Director	(206) 398-5389
Board	4/22/04	Approval Action	Martin Schachenmayr, Link Project Control Manager	(206) 398-5162

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Interlocal Agreement		Contingency Funds (Budget) Required	
Purchase/Sale Agreement		Budget Amendment Required	✓

✓ *Applicable to proposed transaction.*

OBJECTIVE OF ACTION

Authorize the transfer of budgets among several phases within the Initial Segment project capital budget, maintaining the total overall capital budget of \$2.07 billion.

ACTION

Amending the Adopted 2004 Budget by transferring the surplus lifetime capital budget of \$8 million from the Administration Phase and \$12 million from the Construction Phase of the Central Link Light Rail Initial Segment Project to the Final Design Phase of the project.

KEY FEATURES

- The proposed budget transfers would not affect the overall lifetime capital budget for the Initial Segment of \$2.07 billion.
- The proposed budget transfers would increase the Final Design Phase of the Initial Segment lifetime capital budget by \$20 million. The \$20 million budget would be transferred to the Final Design phase in anticipation of future expenditures in that phase in support of the construction of the Initial Segment. Anticipated expenditures include proposed contract amendments to several existing architectural, engineering, and geotechnical consultant contracts.
- The \$8 million budget transfer from the Administration Phase to the Final Design Phase is proposed in response to a shift of work assignments over the past several years, when numerous unfilled agency staff vacancies required the reassignment of selected project tasks to consultant staff. This shift in resource assignments resulted in increased consultant costs in the Final Design Phase that are in part offset by reduced agency staff costs in the Administration Phase.

- The \$12 million budget transfer from the unallocated contingency in the Construction Phase to the Final Design Phase is proposed in response to current cost projections related to engineering and construction support activities during the construction of the Initial Segment. Cost projections reflect the adoption of the final project organization during construction. The proposed reduction in the Construction Phase unallocated contingency is offset by positive budget trends experienced in that phase.
- The proposed budget transfer would result in a corresponding line item transfer in the Full Funding Grant Agreement Baseline Cost Estimate for the Initial Segment. This type of change is allowed under Federal Transit Administration's grant management guidelines Circular 50-10.

BUDGET IMPACT SUMMARY

Project Description: Link Light Rail Initial Segment

Current Status: Construction

Projected Completion Date: July 2009

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	N	
This Project	N	
This Phase	Y	Requires transfer of budget from Administration and Construction Phases within the Initial Segment
This Task	N	
Budget amendment required	Y	Amends phase budgets in 2004 Adopted Budget
Key Financial Indicators:	Y/N	Y Requires Comment
Contingency funds required	N	
Subarea impacts	N	
Funding required from other parties other than what is assumed in financial plan	N	

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

BUDGET DISCUSSION

The lifetime capital budget for the Initial Segment is \$2.07 billion. Within that budget, \$226.8 million, \$123.5 million, and \$1,171.8 million are allocated to the Administration, Final Design, and Construction phases of the project, respectively. The proposed budget transfers would result in revised Administration Phase Budget of \$218.8 million, a revised Final Design Phase budget of \$143.5 million, and a revised Construction Phase budget of \$1,159.8 million. These changes would not affect the overall lifetime capital budget for the Initial Segment of \$2.07 billion.

In the Administration Phase, the proposed action would reduce the current lifetime capital budget by \$8 million, from \$226.8 million to \$218.8 million. In the Construction Phase, the proposed action would reduce unallocated contingencies by \$12 million. The Adopted 2004 Budget includes unallocated contingencies in the Construction Phase of the Initial Segment in the amount of \$53.3 million. Based on contract awards and cost forecasts as of the end of February 2004, unallocated contingencies in the Construction Phase have grown to \$96.2 million. The proposed action would reduce the current level of unallocated contingencies in the Construction Phase to \$84.2 million. This amount excludes contingencies assigned to current and future contracts, as well as the project reserve funds set aside for the Initial Segment. Current cost projections confirm the adequacy of the contingency funds included in the Initial Segment project budget.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

The proposed action is consistent with the current Adopted 2004 Budget and is affordable within Sound Transit's current long-term financial plan and the subarea financial capacity. The action will have no new revenue impacts on Sound Transit.

BUDGET TABLE

Action Item: Transfer surplus lifetime capital budget from the Administration and Construction phases to unallocated contingency in the Final Design Phase, within the Initial Segment.

(Year of Expenditure \$000)

Initial Segment	Adopted FY2004 Budget (A)	Committed To Date (B)	This Action (Budget Only) (C)	Revised Budget (D)=(A)+(C)	Total Committed & Action (E)=(B)	Uncommitted (Shortfall) (F)=(D)-(E)
1 Agency Administration	226,780	108,949	(8,000)	218,780	108,949	109,831
2 Preliminary Engineering	35,000	33,290	-	35,000	33,290	1,710
3 Final Design	123,523	114,930	20,000	143,523	114,930	28,593
4 Right of Way	233,016	134,376	-	233,016	134,376	98,640
5 Construction	1,171,837	264,682	(12,000)	1,159,837	264,682	895,154
6 Construction Services	82,737	56,648	-	82,737	56,648	26,089
7 Third Party Agreements	58,800	40,619	-	58,800	40,619	18,181
8 Vehicles	138,307	131,799	-	138,307	131,799	6,508
9 Contingency			-	-	-	-
10 Total Current Budget	2,070,000	885,293	-	2,070,000	885,293	1,184,707

Notes:

(A) 2004 Budget including amendments as adopted by the ST Board on December 12, 2003.

(B) Committed to Date amounts are from the Link Program Cost Summary Report (HQ Reports) for February 2004 + Board motions not yet included in report.

(C) This action is to transfer budget between phases only. This action adds no additional commitments to the Initial Segment.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Not applicable for this action.

HISTORY OF PROJECT

Motion or Resolution Number	Summary of Action	Date of Action
R2003-19	Adopted annual budget for the period of January 1 through December 31, 2004.	12/11/03
R2001-16	Selected the initial segment of the Central Link Light Rail Project to be constructed and operated by 2009.	11/29/01

CONSEQUENCES OF DELAY

Services to be provided through future contract amendments that are proposed to be funded through this budget transfer are necessary to support construction activities starting in mid-2004 (e.g., Beacon Hill Tunnel, DSTT Retrofit, and Tunnel Expansion). Delay of this transfer would postpone the processing of consultant contract modifications necessary to provide required construction support services, resulting in potential delays and increased costs for upcoming construction activities.

PUBLIC INVOLVEMENT

Not applicable to this action.

LEGAL REVIEW

DLB-4/5/04

SOUND TRANSIT

RESOLUTION NO. R2004-05

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the Adopted 2004 Budget by transferring the surplus lifetime capital budget of \$8 million from the Administration Phase and \$12 million from the Construction Phase of the Central Link Light Rail Initial Segment Project to the Final Design Phase of the project.

WHEREAS, by Resolution No. R2003-19, adopted December 11, 2003, the Sound Transit Board adopted the annual budget for the period from January 1 to December 31, 2004; and

WHEREAS, the lifetime capital budget for the Central Link Light Rail Initial segment Project is \$2.07 billion; and

WHEREAS, a \$12 million budget transfer from the unallocated contingency in the Construction Phase to the Final Design Phase is proposed in response to current cost projections related to engineering and construction support activities during the construction of the Initial Segment; and

WHEREAS, the proposed reduction in the Construction Phase unallocated contingency is offset by positive budget trends experienced in that phase; and

WHEREAS, an \$8 million budget transfer from the Administration Phase to the Final Design Phase is proposed in response to a shift of work assignments between agency staff and consultant staff; and

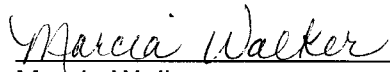
WHEREAS, the \$20 million budget to be transferred to the Final Design phase is in anticipation of future expenditures in that phase in support of the construction of the Initial Segment; and

WHEREAS, the proposed budget transfers would not affect the overall lifetime capital budget for the Initial Segment of \$2.07 billion.

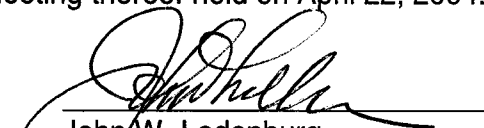
NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority to amend the Adopted 2004 Budget by transferring the surplus lifetime capital budget of \$8 million from the Administration Phase and \$12 million from the Construction Phase to the Final Design Phase of the Central Link Light Rail Initial Segment Project.

ADOPTED by an affirmative vote of two-thirds of the membership of the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on April 22, 2004.

ATTEST:



Marcia Walker
Board Administrator



John W. Ladenburg
Board Chair