

**SOUND TRANSIT  
STAFF REPORT**

**RESOLUTION NO. R2005-25**

**Amending the Adopted 2005 Budget**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	11/3/05	Discussion/Possible Action to Recommend Board Approval	Hugh Simpson, Chief Financial Officer	(206) 398-5082
Board	12/8/05	Action	<b>Peter Rogness, Budget Manager</b>	(206) 398-5102

<b>Contract/Agreement Type:</b>	<input checked="" type="checkbox"/>	<b>Requested Action:</b>	<input checked="" type="checkbox"/>
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	<input checked="" type="checkbox"/>

**PROJECT NAME**

Adopted 2005 Budget

**PROPOSED ACTION**

Amend the Adopted 2005 Budget for transfers from operating to capital budgets and other budget transfers.

**KEY FEATURES**

- Amend the Adopted 2005 Budget to allow for transfers between capital budgets and operating budgets, with no net change in overall budgetary level, in order to comply with Generally Accepted Accounting Principles and Government Accounting Standards Board pronouncements.
- Decrease the East King County subarea capital program reserve budgets for Regional Express by \$58,000 and increase the Bellevue Transit Center capital budget by \$58,000 to correct an error in the Adopted 2005 Budget.
- Decrease the Pierce County subarea program reserve in the Sounder capital program by \$632,000 and increase Regional Express project budgets as follows: \$18,000 for the Tacoma Dome Station and \$614,000 for the South Hill Park and Ride to correct an error in the Adopted 2005 Budget.
- Revise the revenue budgets to \$226,195,037 for sales tax revenues and \$66,343,119 for motor vehicle excise tax and car rental tax revenues.
- Increase the 2005 Sounder Commuter Rail transit operations budget by \$6,000,000 to account for increased depreciation and amortization expense being charged to transit operations.

## **BUDGET IMPACT SUMMARY**

<b>Action Outside of Adopted Budget:</b>	<b>✓</b>	<b>Comments on Checked Items</b>
This Project		
This Phase		
Budget Amendment Required	✓	Amends the Adopted 2005 Budget

<b>Key Financial Indicators:</b>	<b>✓</b>	<b>Comments on Checked Items</b>
Contingency Funds Required		
Funding required from other parties (other than what is in financial plan)		

Not checked = action is assumed in current Board-adopted budget. No budget action or adjustment to financial plan required.

## **BUDGET and FINANCIAL PLAN DISCUSSION**

This action includes a budget increase of \$6.632 million; \$6.0 million for depreciation and amortization, and \$632,000 in the Regional Express capital program. All other transfers are within budgets already included in the Adopted 2005 Budget. This action is affordable within the agency's 2005 Financial Plan.

## **BUDGET TABLE**

Not applicable to this action.

## **M/W/DBE – SMALL BUSINESS PARTICIPATION**

Not applicable to this action.

## **DESCRIPTION and BACKGROUND for PROPOSED ACTION**

Examples of transfers between capital budgets and operating budgets, with no net change in overall budgetary level, in order to comply with Generally Accepted Accounting Principles and Government Accounting Standards Board pronouncements include:

- The purchase of replacement computer monitors was budgeted in the administrative capital budget based on the estimated level of replacement for the year. As monitors have been purchased, they have been recorded for accounting purposes as a staff expense since each item is less than \$5,000 (the Sound Transit capitalization threshold).
- The 2005 budget also included approximately \$1.6 million in the vehicle maintenance line of the Sounder transit operations budget which was intended to fund the acquisition of maintenance equipment and spare parts for the Sounder fleet. Through discussions with accounting staff, these acquisitions have been determined to be capital in nature. This amendment would transfer operating funds to a new capital budget item to fund Sounder fleet major maintenance and spare parts. This item is included in the Proposed 2006 Budget with the assumption that this transfer will be made.

The amendment decreases the East King County subarea capital program reserve budgets for Regional Express by \$58,000 and increase the Bellevue Transit Center capital budget by \$58,000 to correct an error in the Adopted 2005 Budget. When project savings were moved out of the project as part of the Adopted 2005 Budget, too much was removed. The estimated surplus and amount removed was \$750,000. Actual project savings amounted to \$693,000, which resulted in a budget shortfall in the project of \$58,000. These funds will be transferred from the East King County Program Reserve.

The amendment decreases the Pierce County subarea program reserve in the Sounder capital program by \$632,000; this includes an increase in the Tacoma Dome Station project budget by \$18,000 and the South Hill Park and Ride project budget by \$614,000 to correct an error in the Adopted 2005 Budget.

- Tacoma Dome Station: When project savings was moved out of the project as part of the Adopted 2005 Budget, too much was removed. The estimated surplus and amount removed was \$328,000. Actual project savings amounted to \$310,000, which resulted in a budget shortfall in the project of \$18,000. There have been no costs since 2001.
- South Hill Park & Ride: When project savings was moved out of the project as part of the Adopted 2005 Budget, too much was removed. The estimated surplus and amount removed was \$859,000. Actual project savings amounted to \$245,000, which resulted in a budget shortfall in the project of \$614,000. Resolving the resulting shortfall entails restoring the budget to its 2004 budget level.
- For both the Tacoma Dome Station and South Hill Park & Ride projects, the funds transferred out of the projects were then transferred to the Regional Express Pierce County program reserve, which was subsequently transferred to the Sounder capital program in Pierce County. Since there is no remaining ST Express Pierce County reserve from which to restore the budget for these two projects, the funds will be transferred from the Sounder program reserve for Pierce County.

The amendment revises the revenue budgets to \$226,195,037 for sales tax revenues and \$66,343,119 for motor vehicle excise tax and car rental tax revenues. With this amendment, the budget will match the final 2005 finance plan, which was developed after the proposed budget was published.

The amendment increases the 2005 Sounder Commuter Rail transit operations budget by \$6,000,000 to account for increased depreciation and amortization expenses being charged to transit operations. In the 2004 year-end financial audit, the audit team recommended that the capital expenditures for easement acquisitions should be amortized over a forty-year life. Originally, they were treated as land acquisitions which would incur no amortization expense. The change in treatment will add approximately \$6 million to Sounder depreciation and amortization costs for 2005. This is a non-cash transaction. The new treatment is fully reflected in the proposed 2006 budget and no adjustments to the 2006 budget would be necessary.

**Prior Board or Committee Actions and Relevant Board Policies**

Motion or Resolution Number	Summary of Action	Date of Action
R2004-19 R2002-08	Adopting an annual budget for the period from Jan. 1 through Dec. 31, 2005. Adopting revised budget policies, and superseding Resolution No. 98-4.	12/9/04 7/25/02

**CONSEQUENCES OF DELAY**

Delay in amending the Adopted 2005 Budget will not have any adverse impacts.

**LEGAL REVIEW**

JW 10/25/2005

## **SOUND TRANSIT**

### **RESOLUTION NO. R2005-25**

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the Adopted 2005 Budget.

WHEREAS, a Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish County region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, at a general election held within the Central Puget Sound Regional Transit Authority district, the voters approved local funding for high capacity transit in the Central Puget Sound Region; and

WHEREAS, the Sound Transit Board adopted the 2005 budget on December 9, 2004; and

WHEREAS, an amendment to revise the Adopted 2005 budget requires a two-thirds affirmative vote of the entire membership of the Sound Transit Board.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority to amend the Adopted 2005 budget as follows:

(1) Allow for transfers between capital budgets and operating budgets, with no net change in overall budgetary level, in order to comply with Generally Accepted Accounting Principles and Government Accounting Standards Board pronouncements.

(2) Decrease the East King County subarea capital program reserve budget for Regional Express by \$58,000 and increase the Bellevue Transit Center capital budget by \$58,000.

(3) Decrease the Pierce County subarea program reserve in the Sounder capital program by \$632,000 and increase Regional Express project budgets as follows: \$18,000 for the Tacoma Dome Station and \$614,000 for the South Hill Park and Ride.

(4) Revise the revenue budgets to \$226,195,037 for sales tax revenues and \$66,343,119 for motor vehicle excise tax and car rental tax revenues.

(5) Increase the 2005 Sounder Commuter Rail transit operations budget by \$6,000,000 to account for increased depreciation expense being charged to transit operations.

(6) Increase the Fare Integration Project Adopted 2005 Budget for operating expenditures in 2005 from \$3,660,143 to \$6,091,015.

(7) Create a new capital project, "DSTT Related Capital Costs" within Link light rail for payment to King County Metro for debt service related to the transfer of the Downtown Seattle Transit Tunnel, with following budget:

FY 2005: \$2,208,646

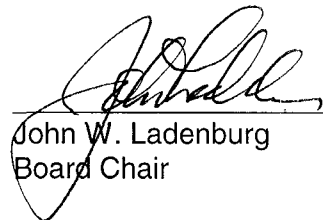
FY 2006: \$11,867,950

FY 2007: \$ 9,593,125


**Total lifetime: \$23,669,721**

(8) Add \$244,000 to Administrative Capital for capitalized copier leases.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 8, 2005.

  
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John W. Ladenburg  
Board Chair

ATTEST:

  
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Marcia Walker  
Board Administrator