



Central Puget Sound Regional Transit Authority



DRAFT ST3 Financial Policies
Executive Committee
May 5, 2016

Core Principles Retained from Existing Policies

- Draft ST3 Financial Policies preserve key elements of Sound Move and ST2 Financial Policies.
- Remains consistent with underlying policies related to:
 - Prudent use of debt financing
 - Public accountability
 - Tax Rollback commitment
 - Subarea equity and reporting

Unchanged Elements of Existing Financial Policies

- **Debt**
 - Full agency revenues back debt
 - 1.5x net coverage minimum
- **Adjustments to Subarea Projects & Services in cost/revenue change:**
 - Use available bonding capacity
 - Reduce costs/scope
 - Extend time to complete program
 - Seek additional resources
- **Subarea Equity**
 - Equity Principle & 5 subareas
 - Allocation of cost and revenues
 - Reporting framework
 - System-wide expenditures
- **Future Phases**
 - Voter approval requirement
 - Tax rollback
- **Accountability**
 - Subarea equity assessment
 - Citizen Oversight Panel
 - Independent financial audits
 - Performance Audit program
 - Additional capital programs beyond ST3 require voter approval

Updates in DRAFT ST3 Financial Policies

- Add language to reflect federal loans
- Additional language on innovative financing tools
- New section on Asset Management
 - “The Board will maintain capital replacement and maintenance reserves and annual budgetary amounts sufficient to fully fund the system in a state of good repair. Sufficient funds will be set aside to fully meet these obligations and their funding will have precedence over other agency expenditures.”
- Updates system-wide costs elements to include:
 - Innovation fund, system access, TOD, regional transit assets

Next Steps

- Board guidance on allocation of system-wide costs
 - Sound Move and ST2 Plans allocated majority of costs by physical location and allocated substantial “shared” assets across subareas;
 - Sounder track, vehicles, maintenance bases
 - Light rail vehicles, maintenance bases, signal/communication systems
 - Draft ST3 plan also includes system wide asset that will need to be allocated by board
- Finalize financial plans – early June
- Finalize/Adopt ST3 Financial Policies- June 26