

MOTION NO. M2017-94

Amending and Awarding Contracts to Account for Sales Tax Increases

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Board	8/24/2017	Final Action	Mike Harbour, Deputy CEO Theodore Lucas, Director, Procurement & Contracts Division Kelly Priestley, Director of Accounting

PROPOSED ACTION

Authorizes the chief executive officer to approve increases to the not-to-exceed amount of previously approved contracts in an amount limited to and not greater than the recent tax increase as well as any future tax increases. Increases authorized by this action shall remain within the adopted budget, project budgets, or other Board authorization.

KEY FEATURES SUMMARY

- Sound Transit contract awards have previously been approved by the Board with a not-to-exceed dollar amount that includes applicable sales tax.
- The applicable sales tax rates within the Sound Transit district were recently increased due to local government increases in Lynnwood as well as voter approval of ST3. This action would authorize the CEO to approve increases to the not-to-exceed amount of contracts in an amount limited to and not greater than the recent tax increase as well as any future tax increases.
- Staff will present new contract award recommendations to the Board with a not-to-exceed dollar amount “plus applicable taxes.” The estimated tax amount, based on current applicable tax rates, will be included in the staff report for each action under “Key Features Summary” and “Fiscal Information.”

BACKGROUND

Sound Transit has historically brought actions to the Board to approve contract amounts that include sales tax. With the recent approval of additional and/or increased sales taxes, the sales tax rate has increased by approximately 0.5 percent. The agency’s practice has been for the Board to approve contract amounts inclusive of sales tax. This could put some existing contracts at risk of exceeding the Board authorized not-to-exceed dollar amount by up to 0.5 percent. This motion seeks authority to increase the contract amount without additional Board approval by an amount not exceeding the amount of this and any future tax increases. Requests for additional monies on existing contracts for reasons not related to an increase in the sales tax will continue to be brought individually to the Board for approval.

New contract award recommendations will be presented to the Board with a not-to-exceed dollar amount “plus applicable taxes” to allow Sound Transit the necessary flexibility to pay tax obligations as they change. This approach is consistent with generally accepted government practices.

FISCAL INFORMATION

Any increases resulting from this action will be within approved budget amounts.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

The sales tax increase took effect in April 2017. A one-month delay may further impact affected contracts.

ENVIRONMENTAL REVIEW

JI 5/26/2017

LEGAL REVIEW

AJP 6/14/2017

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A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to approve increases to the not-to-exceed amount of previously approved contracts in an amount limited to and not greater than the recent tax increase as well as any future tax increases. Increases authorized by this action shall remain within the adopted budget, project budgets, or other Board authorization.

BACKGROUND:

Sound Transit has historically brought actions to the Board to approve contract amounts that include sales tax. With the recent approval of additional and/or increased sales taxes, the sales tax rate has increased by approximately 0.5 percent. The agency's practice has been for the Board to approve contract amounts inclusive of sales tax. This could put some existing contracts at risk of exceeding the Board authorized not-to-exceed dollar amount by up to 0.5 percent. This motion seeks authority to increase the contract amount without additional Board approval by an amount not exceeding the amount of this and any future tax increases. Requests for additional monies on existing contracts for reasons not related to an increase in the sales tax will continue to be brought individually to the Board for approval.

New contract award recommendations will be presented to the Board with a not-to-exceed dollar amount "plus applicable taxes" to allow Sound Transit the necessary flexibility to pay tax obligations as they change. This approach is consistent with generally accepted government practices.

MOTION:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to approve increases to the not-to-exceed amount of previously approved contracts in an amount limited to and not greater than the recent tax increase as well as any future tax increases. Increases authorized by this action shall remain within the adopted budget, project budgets, or other Board authorization.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on August 24, 2017.



Dave Somers
Board Chair

ATTEST:



Kathryn Flores
Board Administrator