Joint Board Meeting  
December 14, 2020

**Action Item:** Approve ORCA Regional Capital Budget Policy

**Purpose:** The purpose of the ORCA Regional Capital Budget Policy is to establish standard procedures for management of the ORCA Regional Capital Budget for the ORCA System using regionally defined capital funds.

This ORCA Regional Capital Budget Policy supersedes all previously approved next generation ORCA Capital Budget Policies and revisions.

**Recommendation:** The ORCA Director and ORCA Business Managers recommend adoption of the ORCA Regional Capital Budget Policy.
ORCA Regional Capital Budget Policy

Version 1.0
Revision Record

Retain v1.0 line item and the 9 most recent modifications.

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<td>Brittany Esdaile</td>
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Review and Approval Record

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<td>11/18/2020</td>
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1. **Introduction**

This policy is adopted by the Joint Board pursuant to Section 8 of the ORCA System Interlocal Cooperation Agreement, for implementation by the Agencies who are participants in the ORCA System.

2. **Purpose**

To establish an ORCA Regional Capital Budget Policy that creates standard procedures for management of the ORCA Regional Capital Budget for the ORCA System using regionally defined capital funds.

3. **References**


ORCA Regional Capital Budget, Joint Board Decision Memo dated June 13, 2019.


4. **Definitions**

**Agencies** mean those transportation Agencies who are current signatories to the Interlocal Agreement including: Community Transit, Everett Transit, King County Metro, Kitsap Transit, Pierce Transit, Sound Transit, and Washington State Ferries.

**Agency Business Manager** means the person designated by an Agency to act as the primary point of contact for the Agency and the person authorized to speak for that Agency in matters relating to the ORCA System. The regional group of Agency Business Managers follow regionally approved processes for oversight and decision making about the ORCA System. The Joint Board may delegate this authority to a member of a Project Steering Committee for specific projects or phases, as desired.

**Contingency** means an approved percentage of the ORCA Regional Capital Budget to allow for uncertainties that may result in additional costs.

**Financial Management Team** means the centralized Regional ORCA Operations Team’s finance division designated to manage ORCA Regional Capital Budget expenditures for invoicing purposes.

**Joint Board** means the Agencies’ executives who serve as a governing, policy-setting body to oversee the activities related to the ORCA System as provided by the ORCA System ILA.
**ORCA Director** means the employee approved by and reporting to the Joint Board to direct and oversee administration, operations, and planning of the ORCA System.

**ORCA Regional Capital Budget** means the budget adopted by the Joint Board to administer shared cost for the capital assets and capital enhancements related to the replacement and/or future phase enhancement of the ORCA System (which may include categories such as staffing, consulting services, back office systems and software, hardware/equipment, and contingency).

**ORCA Regional Program Manager** means the person authorized by the Joint Board, reporting to the ORCA Director, and responsible for the ORCA Regional Capital Budget for projects required to implement and expand upon the next generation ORCA System.

**ORCA System** means the regional fare system implemented and operated by the Agencies who are signatories to the ORCA System ILA.

**ORCA System Interlocal Cooperation Agreement (ORCA System ILA)** means the agreement dated June 13, 2019 between the Agencies for the implementation, operation, and maintenance of the ORCA system.

**Project Steering Committee** means any committee, appointed by the Joint Board, with authority delegated from the Agency Business Managers, who may provide guidance to the ORCA Regional Program Manager for a given project or phase. The existence of and regional participation on a Project Steering Committee will vary based on the needs of the agencies, project, or phase. Practices, processes, and specific authority of a Project Steering Committee will be defined by a Joint Board-approved Project Steering Committee charter. By way of example, the Joint Board established the ORCA Steering Committee to oversee the initial next generation ORCA replacement project, which will serve until project closure of the first phase of system delivery.

**Regional Capital Shares** means the regional cost sharing methodology for calculating percentage shares to be paid by each Agency, such as projected ORCA ridership, for each project or phase. Once approved by the Joint Board, Regional Capital Shares are not subject to revision, unless approved by the Joint Board, or as necessary to accommodate the start of a new capital project, addition of a new Agency, or the withdrawal of an Agency. Regional Capital Shares will be defined by Joint Board-approved capital project actions for each project or phase.

**Regional ORCA Operations Team (ROOT)** means those employees who comprise the centrally-managed dedicated team responsible for planning, administration, management, and operations of the ORCA System.
5. Authority, Roles, and Responsibility

5.1 ORCA Regional Program Manager

5.1.1 Develop and maintain project schedules and budgets, with oversight from the ORCA Director as needed.

5.1.2 Facilitate interagency coordination of inputs to project requirements and incorporate into project budget(s).

5.1.3 Present project plan, schedule, and budget to Agency Business Managers or a delegated Project Steering Committee.

5.1.4 Obtain budget recommendation(s) from Agency Business Managers or a delegated Project Steering Committee and present to the Joint Board for approval.

5.1.5 Approve ORCA vendor contracts and contract changes pursuant to the contract authority delegated by the Joint Board.

5.2 Agency Business Manager

5.2.1 Support and recommend proposed budget actions to the Joint Board.

5.2.2 Approve ORCA vendor contracts and contract changes pursuant to the contract authority delegated by the Joint Board.

5.2.3 Work with Financial Management Team to develop Regional Capital Shares formula.

5.2.4 Coordinate payment of regional capital invoices.

5.2.5 Submit equipment orders in accordance with business rules or processes.

5.3 Joint Board

5.3.1 Approve ORCA Regional Capital Project Budgets for each project or phase.

5.3.2 Approve ORCA vendor contracts and contract changes for those actions where contract authority has not otherwise been delegated.

5.3.3 As needed, delegate Agency Business Manager authority, roles, and responsibilities described herein to a Project Steering Committee member to provide guidance to the ORCA Regional Program Manager for a defined project or phase.

5.4 Financial Management Team

5.4.1 Oversee development of the Regional Capital Shares formula to be used for a specific capital project.

5.4.2 Process applicable capital invoices approved by the Regional Program Manager, ORCA Director, or designee, to review and confirm expenditures.

5.4.3 Submit applicable capital invoices to the Agency Business Managers for payment of regionally-shared or agency-specific costs.
5.4.4 Assist in preparation of reports to Joint Board and committees.
5.4.5 Maintain project reports for quarterly submittal to the Joint Board.

6. **Budget Reporting**

6.1 **Reporting to the Joint Board**

6.1.1 The Financial Management Team will report budget progress, use of budget and budgeted contingency for delegated contract authority, and other reports as requested by the Joint Board on a quarterly basis.

6.1.2 The Financial Management Team will provide cash flow updates to the Joint Board on an annual basis.

7. **Agency Budget Commitment**

Agency commitment will be established at the budget adoption. Changes to the approved budget will be authorized by the Joint Board as described herein. Any approved changes to the budget will either add to or remove from each agency’s budgeted Contingency.

8. **Agency-Specific Expenses**

Agencies may incur internal costs not included in the ORCA Regional Capital Budget, but necessary to support the ORCA System and their individual responsibilities. Those individual agency costs are neither part of the Regional Capital Budget nor governed under this policy.

Agency equipment orders that are not included in the ORCA Regional Capital Budget for the first phase of ORCA System delivery are agency-specific expenses and do not require an amended and approved ORCA Regional Capital Budget. This process will be defined by a business rule.