

MOTION NO. M2018-156

A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority forwarding the Operating Budgets of the Proposed 2019 Budget, including the transit mode budgets, ORCA expenses, debt service, tax collection and fees, donations to other governments, contributions to reserves, and any revisions approved by the Committee, to the Board of Directors for consideration.

BACKGROUND:

Sound Transit is developing an operating regional transit infrastructure through three major voter-approved programs: Sound Move approved in 1996, Sound Transit 2 (ST2) approved in 2008 and Sound Transit 3 (ST3) approved in 2016. The Operating Budgets in the Proposed 2019 Budget are \$504.4 million, which includes Transit Mode Budgets of \$345.4 million, ORCA expenses of \$2.3 million and charges to projects of \$156.7 million. The Proposed 2019 Budget also includes \$135.0 million for Debt Service, tax collection and fees of \$10.1 million, and donations to other governments of \$7.0 million. Contributions to reserves totaling \$15.7 million will be set aside in 2019 but are not included in the spending authorization request.

Proposed 2019 Annual Budget (in thousands)	
Operating Budgets	\$504,395
ORCA Expenses	\$(2,295)
Charges to Projects	<u>\$(156,661)</u>
Transit Modes	\$345,439
Other Budgets	
Debt Service	\$135,007
Tax Collection and Fees	\$10,064
Donations to Other Governments	\$7,000
Proposed Budget Total	<u>\$497,509</u>
Revisions	
Revision adds	\$4,492
Revision reductions	<u>\$(1,084)</u>
Total with Revisions	<u>\$500,917</u>

Numbers may not add correctly due to rounding.

Revisions to the Proposed 2019 Budget total \$3.4 million, resulting in a total budget of \$500.9 million.

MOTION:

It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the Operating Budgets of the Proposed 2019 Budget, including the transit modes, ORCA expenses, debt service, tax collection and fees, donations to other governments, contributions to reserves, and any revisions approved by the Committee, are forwarded to the Board of Directors for consideration.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 6, 2018.



Paul Roberts
Operations and Administration Committee Chair

ATTEST:



Kathryn Flores
Board Administrator

Revisions to Proposed 2019 Budget - Operating

O-1 Operations Department/Link: Increase Annual Operating Budget to Fund Light Rail Vehicle Repairs

Annual Operating Budget Revision: \$631,527
Description: This revision increases the annual Link modal operating budget for light rail vehicle repairs.
Justification: A contract to repair a damaged vehicle was originally planned and awarded in 2018 per Motion No. M2018-27. The work was planned for 2018 but is now expected to be completed in 2019 so funds are requested to be included in 2019 budget.

O-2 Operations Department/Link: Increase Annual Operating Budget to Fund Rail Grinding and Polishing

Annual Operating Budget Revision: \$1,050,726
Description: This revision increases the annual operating Link modal budget for rail grinding work between Westlake Station and the Airport Station. Rail grinding and polishing restores the railhead profile and minimizes the wear and tear on the train wheel. The work is expected to begin in January 2019 and take five to six weeks to complete. It will be done in the evening using single tracking, and customer impacts are expected be minimal.
Justification: Rail grinding maintains the track in a state of good repair, ensures ride quality, and reduces train noise and vibration. The work was originally planned and contract awarded in 2018 per Motion No. M2018-132. Due to a delayed start by the vendor, the work is deferred from 2018 into early 2019, necessitating the increase in the operating budget in 2019.

O-3 Operations Department/Facilities: Increase Annual Operating Budget to Fund Enhanced Escalator Maintenance Contract

Annual Operating Budget Revision: \$1,300,000
Description: This revision increases the annual Link modal operating budget to include an enhanced maintenance contract for escalators at University of Washington Station.
Justification: A new contract will transfer maintenance to the original equipment manufacturer (OEM), Schindler Inc., per an action approved at the October 25, 2018, Sound Transit Board meeting. The scope of the new service contract includes a comprehensive maintenance package and incentivizes call-out responsiveness and reliable equipment performance. The budget increase is driven by the addition of on-site technician standby during weekday peak ridership and special events. Sound Transit expects these changes will improve escalator reliability, reduce equipment downtime, improve customer experience by minimizing access impacts, and drive efficiencies in obtaining OEM engineering solutions to new and existing issues inherent with this specific equipment.

O-4 Operations Department/ST Express: Increase Annual Operating Budget to Fund Bus Commissioning

Annual Operating Budget Revision: \$960,000
Description: This revision increases the annual operating ST Express modal budget for bus commissioning services performed by Pierce Transit and Community Transit to increase the bus fleet by 19 additional buses.
Justification: The required buses are currently in storage and require servicing before being put into service. These buses will be used to support routes 540 and 541 in order to minimize reductions in service. The service plan for these routes was not decided until after the 2019 Proposed Budget was published because space needed to be secured in Pierce and Snohomish Counties, necessitating this revision.

O-5 Operations Department/Link: Increase Annual Operating Budget: Increase for New OMF Warehouse Lease

Annual Operating Budget Revision: \$550,000
Description: This revision increases the annual operating Link modal budget for a new Operations and Maintenance Facility warehouse lease.
Justification: The current warehouse is not large enough to support the delivery of spare parts for the new Siemens LRVs, which will begin being delivered in 2019. The volume and timing of materials to be delivered was underestimated at the time the Proposed 2019 Budget was published. The existing warehouse lease expires in 2019 and the new larger space will replace the existing leased space.

O-6 Design, Engineering and Construction Management Department/Real Property: Decrease Annual Operating Budget to Adjust for Updates to Office Lease, Common Area Maintenance (CAM) Costs, and Deferred Rent

Annual Operating Budget Revision: \$(474,060)
Description: This revision decreases the annual operating budget to account for updated lease payments, common area maintenance costs, and deferred rent estimates.
Justification: The lease for office space at Suite 160, 605 5th Avenue S and deferred rent credits for other administrative space were not included in the Proposed 2019 Budget, due to an oversight.

O-7 Tax Collection and Fees/Sales and Use Tax Offset Fee: Decrease in Sales and Use Tax Offset Fee

Annual Operating Budget Revision: \$(610,000)
Description: As part of the ST3 plan, the agency will pay a 3.25% fee on eligible construction contract payments for new ST3 projects, up to a total of \$518.0M.
Justification: The original estimate of 2019 ST3 construction expenditures has been revised downward, resulting in a lower sales and use tax offset fee payment.