New Budget Policy

Executive Committee

8/6/2020
Why we are here

• Request your approval to forward a new Budget Policy to the Board for adoption.

• Today we are here to provide details of proposed changes to the current agency budget policy.
**Transfers between phases of a project**

<table>
<thead>
<tr>
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<th>Current Policy</th>
<th>New Policy</th>
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</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Approves phase budget transfers after year end close; changes reported in the Adopted Budget and TIP.</td>
<td>Approves all phase budget transfers except from System Expansion contingency</td>
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<tr>
<td>Board of Directors</td>
<td>Approves all phase budget transfers, with the exception of the above.</td>
<td>Approves transfers from System Expansion project contingency phase.</td>
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</tbody>
</table>
Annual budget spending limits clarification

Operating expenditures limit
• Established in the Annual Budget and TIP Resolution.

Project expenditures
• Established by the authorized project allocation for a specific project and the total annual amount for the project type established in the Annual Budget and TIP Resolution.
Transit Improvement Plan updates

**Definition**
- Transit Improvement Plan: The cumulative total authorized project allocations for all active projects.

**Alignment**
- RCW requirements for a capital improvement plan.
- Six-year operating expense and reserve forecast excluded.

**Emphasis**
Administrative changes

Definition

• Amendment: A change to the adopted annual budget or a change to an authorized project allocation due to an overrun or underrun. A planned change to an authorized project allocation for the purpose of advancing project phases does not constitute an amendment.

Term

• Contributions replaces donations to other governments.

Inclusion from Asset Management Policy

• State of good repair by year for a rolling 40-year period. Not a change but language added to budget policy.
Thank you.