



## Central Puget Sound Regional Transit Authority

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**DRAFT ST3 Financial Policies  
Capital Committee  
June 9, 2016**

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# *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
- **Subarea Equity**
  - Equity Principle & 5 subareas
  - Allocation of cost and revenues
  - Reporting framework
  - Systemwide 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

## *Policies Set Approach For Revenue Shortfall or Surplus*

- **>5% Subarea revenue shortfall**
  - Use subarea's uncommitted funds
  - Scale back projects
  - Extend time to complete
  - Seek legislative authorization and voter approval for additional resources
  
- **If >5% Subarea Surplus**
  - Board “may use surplus funds to complete, extend or enhance the System Plan to provide transportation benefits for the subarea”

- **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 in the agency's long-term financial plan to fully meet these obligations and their funding will have precedence over other agency expenditures.”
- **New section on innovative procurement** *(added after 5/5 Executive Committee guidance)*
- **Updates systemwide costs elements to include:**
  - Innovation fund, system access, TOD, regional transit assets