

**MOTION NO. M2016-124**

A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority forwarding the Operating Budgets of the Proposed 2017 Budget, including the transit mode budgets, ORCA expenses, debt service, cash 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 and 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 2017 Budget are \$396.2 million which includes Transit Mode Budgets of \$287.5 million, ORCA expenses of \$2.8 million and charges to projects of \$105.9 million. The Proposed 2017 Budget also includes \$124.0 million for Debt Service, and a cash donation to other governments of \$5.0 million. Contributions to reserves totaling \$69.0 million will be set aside in 2017 but are not included in the spending authorization request.

<b>Proposed 2017 Budget (in thousands)</b>	
Operating Budgets	\$396,236
ORCA Expenses	(\$2,825)
Charges to Projects	<u>(\$105,923)</u>
Transit Modes	\$287,488
Other Budgets	
Debt Service	\$123,975
Donations to Other Governments	\$5,000
<b>Total</b>	<b>\$416,463</b>

**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 2017 Budget, including the transit modes, ORCA expenses, debt service, cash 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 1, 2016.

  
Paul Roberts

Operations and Administration Committee Chair

ATTEST:



Kathryn Flores  
Board Administrator

To: Operations & Administration Committee  
From: Brian McCartan, Executive Director of Finance & IT  
Date: November 28, 2016  
Re: 2017 Operating Budget Revisions

---

At its meeting in November, the Committee reviewed draft revisions to the Proposed 2017 Budget for operating expenses as well as changes to revenue forecasts. Since that time, additional budget requests have arisen as a result of the ST3 vote and the Executive Leadership Team's decision to fund an effort to better support operations technology.

At the meeting scheduled for December 1, 2016, you will be asked to act on each of the revisions described in the attached list.

The attached list contains three sections of budget revisions requests.

- I. Proposed Budget Revisions (O-1 through O-10) as recommended by staff and reviewed with you in November, prior to the ST3 vote. These requests include two new DECM positions, consulting for noise and vibrations analysis and standard physical asset and infrastructure specifications for future light rail system design and construction, and facilities repairs. O-10 was added since the committee's November meeting and includes an increase in grants expected in 2017.
- II. ST3 Program Budget Revisions (O-11 through O-25) to enable the agency to launch a number of the ST3 projects scheduled to begin in early 2017 as well as substantial revenue increases approved by voters on November 8. These requests include 17 new positions spread across the Executive, Operations and PEPD departments. There is a request for additional office space for staff and consultants related to the startup of a small number of ST3 projects. Also, consulting dollars that will help update ST Express and establish Bus Rapid Transit service standards. Additional budget is required to collect and recognize the additional tax revenues.
- III. Operations Technology Program Budget Revisions (O-26 through O-27) as recommended by staff to manage the agency's increasingly complex operations software and hardware to ensure safe, secure and efficient operation for the central control systems for Link light rail. These requests include nine new positions that will be consolidated within the Operations Department. In addition, funds are included to support training and to enable staff to make changes and enhancements to the Link control system.

# 2017 Operating Budget Revisions

---

## PROPOSED BUDGET REVISIONS

### O-1 Operating Budget – CEA Department; Regional Transit ORCA Marketing Project

Total Revision: \$536,500	Funding Source: New Appropriation
Description: Increase the Department budget to reflect the agency's participation in the Regional Transit ORCA Marketing Project. This project is grant funded.	
Justification: ST will participate in the Regional Transit ORCA Marketing Project in consultation with the Regional Marketing Committee partner transit agencies, to increase ORCA awareness and the number of ORCA card users. King County Metro Transit Division, as lead agency for this grant project, will reimburse ST up to \$536,500 in WSDOT Puget Sound Transit Coordination Grant funds for costs incurred by ST on this project. ST will also provide matching funds of \$59,611 in staff time, which have already been included in the Proposed 2017 Department budget.	
Budget / Schedule Risk: Low/Low	

### O-2 Revenue Budget - Regional Transit ORCA Marketing Project

Total Revision: \$536,500	Funding Source: WSDOT Puget Sound Transit Coordination Grant
Description: Increase the revenue budget to reflect the receipt of WSDOT Puget Sound Transit Coordination Grant funds for the Regional Transit ORCA Marketing Project.	
Justification: ST will participate in the ORCA Regional Marketing Project with the Regional Marketing Committee partner transit agencies to increase ORCA awareness and the number of ORCA card users in the central Puget Sound region. King County Metro Transit Division, as lead agency for this grant project, will reimburse ST up to \$536,500 in WSDOT Puget Sound Transit Coordination Grant funds for costs incurred by ST on this project.	
Budget / Schedule Risk: Low/Low	

### O-3 Revenue Budget - Transit Security Grant Program

Total Revision: \$240,000	Funding Source: Department of Homeland Security Transit Security Grant
Description: Increase the revenue budget to reflect the receipt of a Department of Homeland Security Transit Security Grant for a Video Monitoring System at Union Station.	
Justification: This grant to procure and install a video monitoring system at Union Station will allow the Security Operations Center personnel to monitor activities and events in real time as they occur in the field. The Department of Homeland Security Transit Security Grant Program helps mitigate some of the identified system gaps while allowing security the ability to sustain core capabilities and day to day operations. The agency will receive 100% reimbursement for costs incurred. A corresponding \$240,000 budget revision is being requested for the Link CCTV System Upgrade project.	
Budget / Schedule Risk: Low/Low	

# 2017 Operating Budget Revisions

## O-4 Operating Budget – DECM Department Consulting Services Budget Increase

Total Revision: \$175,000	Funding Source: New Appropriation
Description: Increase consultant services for noise and vibration analysis for the Link light rail system.	
<p>Justification: \$175,000 is requested for software and consultant services to provide monitoring equipment and data analysis of outputs of noise and vibration on the active light rail operating system. The results of this analysis would be used to inform future light rail design and to monitor existing noise and vibration levels vs. requirements.</p> <p>\$175,000 was originally planned to be charged to the capital program, but a change in accounting treatment after the preparation of the Proposed 2017 Budget now requires that these funds, if approved, be charged as operating costs.</p>	
Budget / Schedule Risk: Low/Low	

## O-5 Operating Budget – DECM Department Consulting Services Budget Increase

Total Revision: \$170,000	Funding Source: New Appropriation
Description: Increase consultant services to complete a standard specifications document for capital projects.	
<p>Justification: The \$170,000 would be used for completion of a standard specification for physical assets and infrastructure for the light rail system for future system design and construction.</p> <p>\$150,000 was originally budgeted in 2016 for this effort of which only \$30,000 is forecasted to be spent, requiring a \$130,000 reauthorization of funds for 2017. In addition, costs for the existing scope have grown by \$20,000 and new scope for Building Information Management (BIM) specifications have been added to the proposed costs – resulting in a \$170,000 budget request (\$130,000 carry forward + \$20,000 higher cost +\$20,000 for new BIM scope).</p>	
Budget / Schedule Risk: Low/Low	

## O-6 Operating Budget - DECM Department Staff Increase

Total Revision: \$267,616	Funding Source: New Appropriation
<p>Description: Two new FTEs added to the 2017 Budget, both effective Q1 2017:</p> <ol style="list-style-type: none"> <li>1. Executive Project Director, Federal Way</li> <li>2. Project Coordinator, Federal Way</li> </ol>	
<p>Justification: Additional staff for Federal Way Link Extension is still very much needed to navigate the technical work of the project with stakeholders, property owners and third party partners.</p> <p>Executive Project Director directs, manages, and coordinates the delivery of major corridor projects within DECM Department, coordinates assigned activities with other programs and divisions throughout the Agency and major external partners including City of Federal Way, Washington State Department of Transportation (WSDOT), federal transit administration (FTA), Federal Highway Administration (FHWA), King County Metro and other jurisdictions; provides highly responsible and complex technical, policy, and administrative support to the Executive Director.</p> <p>Project Coordinator position is necessary to assist in the day-to-day management of the team and interface with external partners.</p>	
Budget / Schedule Risk: Low/Low	

# 2017 Operating Budget Revisions

## O-7 Operating Budget - Operations Department Facilities Repairs Carry Over

Total Revision: \$1,190,096	Funding Source: New Appropriation
Description: Nine operating facilities repair and maintenance activities included in the 2016 budget are deferred until 2017. An extensive list of routine maintenance and scheduled maintenance is established for completion at the beginning of every budget year. A variety of factors impact our ability to complete all of them including unanticipated needs of a higher priority as well as weather and resource constraints. The activities deferred until 2017 include restriping and sealing of parking lots, elevator upgrades, asphalt patching and resurfacing, and other miscellaneous repairs and studies.	
Justification: These activities are incomplete so are deferred to 2017.	
Budget / Schedule Risk: Low/Low	

## O-8 Operating Budget - Operations Department Additional Facilities Repairs

Total Revision: \$417,673	Funding Source: New Appropriation
Description: Three additional repair and maintenance activities have been identified for inclusion in the Operations Department/Facilities Division budget for 2017.	
<ol style="list-style-type: none"><li>1. OMF YA Track Repair – In the OMF yard the earthen structure supporting the YA track has been partially eroded and must be repaired. (\$110,142)</li><li>2. Gilliam Creek Fish Exclusion – Emergency interim repair to ensure proper drainage through a culvert off of an ST parking lot located under the elevated light rail guideway within the City of Tukwila. Work is to begin shortly before the beginning of the rainy season. (\$200,000)</li><li>3. Storm water Services - The Tukwila Sounder Station and Lynnwood Transit Center have a total of seven retention ponds that must be cleaned out (\$90,531). In addition, on-call services are estimated higher than initially budgeted. (\$17,000)</li></ol>	
Justification: Critical additional work was identified as needed in 2017.	
Budget / Schedule Risk: Low/Low	

## O-9 Operating Budget – Operations Department OMF Office Renovation

Total Revision: \$47,044	Funding Source: New Appropriation
Description: At the Operations & Maintenance Facility - renovate Office #103 to create two offices.	
Justification: One office is being split into two offices to accommodate rail supervisors and their staff.	
Budget / Schedule Risk: Low/Low	

## O-10 Revenue Budget – Federal Grants

Total Revision: \$22,844,911	Funding Source: FRA and FTA
Description: Increase 2017 federal grant revenue budget to reflect updated 2017 eligible project costs for grant drawn down.	
Justification: Updated 2017 eligible project costs for drawn down include: <ul style="list-style-type: none"><li>• An additional \$14.0 million FRA (WSDOT) grant for the Point Defiance Bypass project</li><li>• An additional \$6.9 million in FTA funds for the University Link Extension project</li><li>• An additional \$3.1 million in FTA funds for the Sounder Vehicle Overhaul project</li><li>• A reduction of \$2.0 million in CMAQ funds (for Puyallup and Auburn Station Access projects) due to PSRC region reaching the 2017 appropriation amount.</li></ul>	
Budget / Schedule Risk: Low/Low	

# 2017 Operating Budget Revisions

---

## SOUND TRANSIT 3 PROGRAM BUDGET REVISIONS

### O-11 Operating Budget – EXEC Department Staff Increase

Total Revision: \$449,735	Funding Source: New Appropriation
Description: Addition of five FTEs to the 2017 budget. 1. Government & Community Relations Office (South Corridor) 2. Design & Construction Contracts Analyst 3. Design and Construction Administrator (1 of 2) 4. Design and Construction Administrator (2 of 2) 5. Sr. HR Generalist Recruiter	
Justification: Additional staff are needed to support the ST3 program.	
Budget / Schedule Risk: Low/Low	

### O-12 Operating Budget – PEPD Department Staff Increase

Total Revision: \$1,104,949	Funding Source: New Appropriation
Description: Addition of eight FTEs to the 2017 budget. 1. HCT Corridor Development Director (East Corridor) 2. HCT Corridor Development Director (West Corridor) 3. HCT Corridor Development Director (South Corridor) 4. HCT Corridor Development Director (North Corridor) 5. Project Manager – PEPD – Light Rail Segment (Ballard) 6. Project Manager – PEPD – Light Rail Segment (West Seattle) 7. Project Manager – PEPD – Light Rail Segment (Downtown Seattle) 8. Sr TOD (Housing) Analyst	
Justification: Additional staff are needed to support the ST3 program.	
Budget / Schedule Risk: Low/Low	

### O-13 Operating Budget – Operations Department Staff Increase

Total Revision: \$326,882	Funding Source: New Appropriation
Description: Addition of four FTEs to the 2017 Budget 1. Bus/Rail service Modeler/Scheduler 2. BRT Implementation Coordinator 3. Design Review Project Manager 4. Space Planner	
Justification: Additional staff are needed to support the ST3 program.	
Budget / Schedule Risk: Low/Low	

### O-14 Operating Budget – FIT Department Consultant for ST2/ST3 Combined Model

Total Revision: \$75,000	Funding Source: New Appropriation
Description: Consultant support for the development of a combined ST2 and ST3 financial planning model.	
Justification: The agency needs the ability to manage revenues and expenses for both the ST2 and ST3 programs as a whole.	
Budget / Schedule Risk: Low/Low	

# 2017 Operating Budget Revisions

---

## O-15 Operating Budget –Funding for Naming Conventions Study.

Total Revision: \$50,000	Funding Source: New Appropriation
Description: Develop naming conventions and standards for all ST projects as they progress through construction and transition into service.	
Justification: This work would ensure the naming conventions are used consistently and easily understood by existing and future customers.	
Budget / Schedule Risk: Low/Low	

## O-16 Operating Budget – Leased Office Space

Total Revision: \$1,215,000	Funding Source: New Appropriation
Description: Nine month lease of additional 45,000 square feet at \$36 per foot.	
Justification: Additional space will be leased at 705 5 <sup>th</sup> Avenue S to accommodate additional staff and the increasing number of consultants working onsite.	
Budget / Schedule Risk: Low/Low	

## O-17 Operating Budget – Organizational Design and Facilitation Consulting Support

Total Revision: \$150,000	Funding Source: New Appropriation
Description: Consulting support for organizational review and facilitation services.	
Justification: A current assessment and potential changes to the organizational structure may be necessary given the size and complexity of the ST3 program.	
Budget / Schedule Risk: Low/Low	

## O-18 Operating Budget – Human Resource Expenses for Additional Hiring

Total Revision: \$189,975	Funding Source: New Appropriation
Description: Expected increase in expenses to recruit and hire additional staff required for ST3 early mobilization.	
Justification: Recruiting and hiring the additional positions to support ST3 will require support from executive search firms and may require candidate travel as well as relocation expenses for new hires.	
Budget / Schedule Risk: Low/Low	

## O-19 Operating Budget – Tax Collection Fees

Total Revision: \$2,414,577	Funding Source: New Appropriation
Description: Additional tax collection fees to DOR and DOL for ST3 approved taxes.	
Justification: The agency must pay the Department of Revenue and the Department of Licensing to collect the additional tax revenue approved for ST3. The collection fees are not offset from the revenue budget.	
Budget / Schedule Risk: Low/Low	

# 2017 Operating Budget Revisions

---

## O-20 Operating Budget – Light Rail Modeling Consultant

Total Revision: \$180,000	Funding Source: New Appropriation
Description: Increase modeling consultant contract costs.	
Justification: This work will support the agency's decision whether to exercise options it has to purchase additional light rail vehicles.	
Budget / Schedule Risk: Low/Low	

## O-21 Operating Budget – Service Standards Update Consultant

Total Revision: \$240,000	Funding Source: New Appropriation
Description: Consulting support to update service standards in combination with the Comprehensive Operations Analysis planned for 2017.	
Justification: Sound Transit's service standards are refreshed every three to four years and the last update was in 2014. New service standards are required for ST3 due to the addition of Bus Rapid Transit as a mode as well as and updated standards for ST Express. The additional consulting support will be used to update the service standards, which requires an inclusive public process with multiple rounds of meaningful engagement with stakeholders and the Board.	
Budget / Schedule Risk: Low/Low	

## O-22 Capital Budget – Tenant Improvements and Furnishings for Leased Space

Total Revision: \$3,800,000	Funding Source: New Appropriation
Description: Tenant improvements and furnishings for an additional 45,000 square feet of office space.	
Justification: The ST3 Program will require substantial additions of both staff and consultants and current office space is currently near maximum capacity.	
Budget / Schedule Risk: Low/Low	

## O-23 Revenue Budget – ST3 Sales & Use Taxes

Total Revision: \$273,889,383	Funding Source: Sales & Use Taxes
Description: ST3 is funded by an increase in the sales tax rate of 0.5 percent.	
Justification: Additional sales & use taxes will be used to fund the voter-approved ST3 Program.	
Budget / Schedule Risk: Low/Low	

## O-24 Revenue Budget – ST3 Motor Vehicle Excise Taxes

Total Revision: \$151,696,825	Funding Source: Motor Vehicle Excise Taxes
Description: ST3 is funded by an increase in the motor vehicle excise tax rate of 0.8 percent.	
Justification: Additional motor vehicle excise taxes will be used to fund the voter-approved ST3 Program.	
Budget / Schedule Risk: Low/Low	



## 2017 Operating Budget Revisions

---

### O-25 Revenue Budget – ST3 Property Taxes

Total Revision: \$126,584,887	Funding Source: Property Taxes
Description: ST3 is funded by a property tax increase of 25 cents per \$1,000 of assessed valuation.	
Justification: ST3 property taxes will be used to fund the voter-approved ST3 Program.	
Budget / Schedule Risk: Low/Low	

# 2017 Operating Budget Revisions

---

## OPERATIONS TECHNOLOGY PROGRAM BUDGET REVISIONS

### O-26 Operating Budget – Operations Department Staff Increase

Total Revision: \$950,196	Funding Source: New Appropriation
Description: Addition of nine new FTEs to the 2017 Budget. 1. Operations Technology Director 2. Senior Systems Engineer (1 of 2) 3. Senior Systems Engineer (2 of 2) 4. Transit Systems Engineer 5. Sr Network Engineer 6. Sr IT Systems Engineer (1 of 2) 7. Sr IT Systems Engineer (2 of 2) 8. Sr IT Project Managers (1 of 2) 9. Sr IT Project Managers (2 of 2)	
Justification: The technology required to operate transit services on all modes, including safety/security and passenger information, has become increasingly complex and requires a highly skilled organization to support and manage these critical systems.	
Budget / Schedule Risk: Low/Low	

### O-27 Operating Budget – Operations Department SCADA Training and Support

Total Revision: \$350,000	Funding Source: New Appropriation
Description: Enhanced training and contractor support for DECM and Operations engineers/administrators to enable Sound Transit to make basic database changes and user interface enhancements to the SCADA system.	
Justification: SCADA is integral to the operations of the light rail system and must be maintained and updated on a timely basis.	
Budget / Schedule Risk: Low/Low	