



## Central Puget Sound Regional Transit Authority

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**DRAFT ST3 Financial Policies  
Executive Committee  
May 5, 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
- **Adjustments to Subarea Projects & Services in cost/revenue change:**
  - Use available bonding capacity
  - Reduce costs/scope
  - Extend time to complete program
  - Seek additional resources
- **Subarea Equity**
  - Equity Principle & 5 subareas
  - Allocation of cost and revenues
  - Reporting framework
  - System-wide 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

## *Updates in DRAFT ST3 Financial Policies*

- 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 to fully meet these obligations and their funding will have precedence over other agency expenditures.”
- Updates system-wide costs elements to include:
  - Innovation fund, system access, TOD, regional transit assets

# Next Steps

- Board guidance on allocation of system-wide costs
  - Sound Move and ST2 Plans allocated majority of costs by physical location and allocated substantial “shared” assets across subareas;
    - Sounder track, vehicles, maintenance bases
    - Light rail vehicles, maintenance bases, signal/communication systems
    - Draft ST3 plan also includes system wide asset that will need to be allocated by board
- Finalize financial plans – early June
- Finalize/Adopt ST3 Financial Policies- June 26