Transit Capital Program: Q1 Key Project Status Update

Transit is embarking on an ambitious capital program to address regional growth and capacity, but must do more to ensure that it completes planned projects. Transit plans to spend over $100 million in 2019 on projects to build capacity for current demands as well as regional growth. Failure to accomplish these projects will result in less service and higher costs. While Transit has made significant changes to its capital project section and is hiring new staff, there is not sufficient assurance that Transit will complete capital projects on time and within budget, especially on infrastructure projects that are critical for keeping up with regional transit demands.
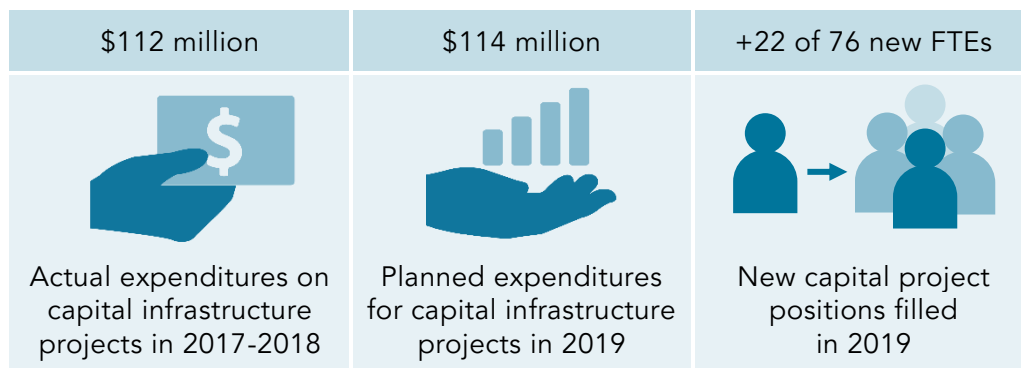
This status update includes:

- **Summary Data:** A snapshot of past expenditures and current resources linked to Transit's capital infrastructure projects (Exhibit A). In future status updates, we will include other key indicators.
- **Mobility-Critical Projects:** A brief account of four projects that will have a substantial impact on regional mobility (Exhibit B).

Summary data: performance, plans, and capacity to get work done

As shown in Exhibit A, Transit is planning to spend $114 million on capital infrastructure projects over the next year—more than it spent in the last biennium. This will require additional staff and changes to how it manages projects. Transit is making some progress in hiring the staff it needs to manage and implement these projects. In future reports, we will track spending against its updated spending plan, and include other indicators, such as changes to base capacity and project schedules.

EXHIBIT A: Transit plans to spend more in 2019 than it did in the past two years, and is hiring new staff to get this work done

$112 million	$114 million	+22 of 76 new FTEs
Actual expenditures on capital infrastructure projects in 2017-2018	Planned expenditures for capital infrastructure projects in 2019	New capital project positions filled in 2019

Source: King County Auditor's Office and King County Metro Transit

2019-2020 selection of capital project plans, budgets, and expenditures

Transit is making progress on mobility-critical projects early in the biennium. Council appropriated $27.2 million for the four capital projects identified in Exhibit B for the 2019-2020 biennium. Expenditures are relatively low because it is early in the fiscal year. As Transit updates its expenditure plans, we will report on its progress toward meeting those targets.

EXHIBIT B: Progress on current selection of key capital projects, first quarter 2019

PROJECT	What Transit plans to get done this year	Cost estimate[1]	Amount spent so far[2]
INTERIM BASE Construction of temporary 125-bus transit base adjacent to South Base	Design and construction of facility, electric bus charging infrastructure	$19.0 M	$419,000
ORCA REPLACEMENT[3] Replacement and update to ORCA fare collection system	Staffing costs, vendor contract approvals	$2.4 M	$1.0 M
SOUTH ANNEX BASE Construction of permanent base for 250 buses	Planning, pre-design, and design phases	$1.1 M	$129,000
FACILITY MASTERPLAN Develop strategic plan for bases and other facilities	Creation of facility masterplan	$135,000	$1,600
	TOTAL	$22.6 M	$1.5 M

Source: King County Auditor's Office based on Transit's 2019-2020 budget request, April 2019 expenditure plan, and data from the County's financial system

Sean DeBlieck, Principal Management Auditor, conducted this analysis. Please contact Sean at 206-477-6486 if you have any questions about the issues discussed in this letter.

NON-AUDIT

NON-AUDIT: This letter is not an audit as defined in Generally Accepted Government Auditing Standards, but conforms to office standards for independence, objectivity, and quality.

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[1] This is the amount that Transit sets in its expenditure plan. The amount does not include projected expenditures for out years.
[2] Does not include expenditures in prior years.
[3] This is a capital information technology project, and not classified as a capital infrastructure project.