



KING COUNTY AUDITOR'S OFFICE

AUGUST 2, 2019

Transit Capital Program: Q2 Key Project Status Update

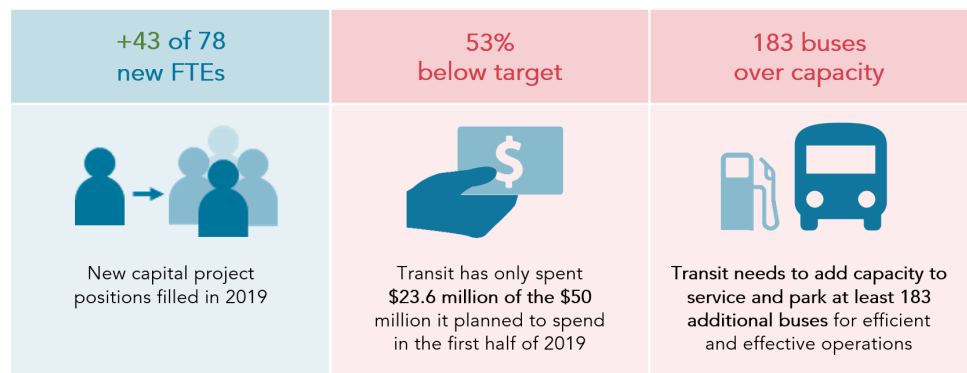
Transit has not completed as much work on capital projects as it planned for this year, and delays in these projects limit service expansion and may increase the cost of operations. One key metric for assessing progress is spending. Earlier this year, Transit estimated that it would spend at least \$50 million in the first six months of the year on capital infrastructure projects like bus bases and lift replacements. However, at the mid-year point, Transit has not met this target and only spent \$23.6 million. Transit told us that it expects expenditures to increase later this year. However, if the current level of spending continues, Transit will be far below its 2019 target of \$113 million. Delays in getting work done on these capital infrastructure projects is a concern because several of the projects are designed to relieve congestion on its bases. Currently, Transit indicates that it needs additional space for 183 buses in order to operate efficiently. This is equivalent to one small-sized bus base. A project is underway to add 125 spaces by late 2020, however, projections beyond 2020 show that much more space will be needed for efficient and effective operations.

According to Transit, space shortages on its bases inhibit its ability to meet increasing demand and limit service growth. Transit says that current conditions make it difficult to add peak service and limit the growth that policymakers have planned for the system. As demand for bus service grows, continued under-performance in capital projects can lead to even more constraints on the system, limiting service growth and increasing costs. Transit told us that it has not calculated the potential financial impact of operating in this constrained environment. Transit said it is prioritizing projects that add base capacity before adding more buses to the system. This means that Transit cannot meet stakeholder demands for more peak services and system growth. The 2020 project will address current gaps, but projects meeting regional demands for peak service will not be in place until at least 2023 and 2025.

Summary Data: Performance, Plans, and Capacity to Get Work Done

EXHIBIT A:



Transit must complete base expansion projects in 2020, 2023, and 2025 to add service capacity. Slow spending and staffing put milestones and operations at risk.



2019-2020 Selection of Capital Project Plans, Targets, and Expenditures

Transit is engaged in several projects that are critical for regional mobility, four of which are shown in Exhibit B, below. Two of these projects are moving much more slowly than Transit projected.

EXHIBIT B: Progress on select key capital projects, first and second quarter 2019

	PROJECT	What Transit plans to get done this year	How much Transit expected to spend (Jan-June) ¹	Actual amount spent (Jan-June) ²	Expenditure status
	INTERIM BASE Construction of temporary 125-bus transit base adjacent to South Base	Design and construction of facility	\$4.9 M	\$2.8 M	Below spending plan
	ORCA REPLACEMENT³ Replacement and update to ORCA fare collection system	Staffing costs, vendor contract approvals	\$1.2 M	\$1.4 M	Above spending plan
	SOUTH ANNEX BASE Construction of permanent base for 250 buses	Planning, pre-design, and design phases	\$184,000	\$384,00	Above spending plan
	FACILITY MASTER PLAN Develop strategic plan for bases and other facilities	Creation of facility master plan	\$45,000	\$5,000	Below spending plan
TOTAL (JAN-JUN)			\$6.3 M	\$4.6M	Below spending plan

Source: King County Auditor's Office analysis based on Transit's 2019-2020 budget request, April 2019 expenditure plan, and data from the County's financial system (through June 30, 2019).

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

¹ This is the amount that Transit set in its 2019 expenditure plan. The amount does not include projected expenditures for out years.

² Through June 30, 2019. Does not include expenditures in prior years.

³ This is a capital information technology project, and not classified as a capital infrastructure project.