



KING COUNTY AUDITOR'S OFFICE

NOVEMBER 15, 2019

Transit Capital Program: Q3 Key Project Status Update




Transit continues to miss its 2019 targets for completing work on capital projects. One way of assessing whether an agency is making progress on its capital projects is monitoring whether it is spending at the rate it had planned. Transit estimated that it would spend about \$81.5 million in the first nine months of 2019 on capital infrastructure projects such as bus base expansions. However, as of the end of September, Transit has spent only \$47.3 million, or 58 percent of what was planned. This spending rate is improved over the 48 percent of planned spending Transit had achieved by midyear, however Transit's spending is still likely to be far below its 2019 target of \$113 million if the current rate of spending continues.

Transit has identified an urgent need to increase bus base capacity, yet lack of progress on capital infrastructure projects may limit Transit's ability to meet demands for system growth. Transit reports that all seven of its bases have exceeded optimal capacity and there is no room to add additional buses. Under current conditions, Transit is challenged to add service to meet rising demand at peak travel times or address service quality issues, such as crowded buses or unreliable service. In July 2019, Transit indicated that it currently needs additional space for 183 buses in order to operate efficiently, and projections beyond 2020 demonstrate that much more space will be needed to meet increasing demand for service. Transit initiated the Interim Base Project to relieve congestion and support near-term fleet growth, planning to add yard space and maintenance capacity for 125 buses in 2020. Updated projections show that only 40 buses will operate from Interim Base in 2020. Transit reports that it updated its strategy for Interim Base to allow for the construction of charging infrastructure on a portion of the yard so that the first 40 new battery-electric buses can operate from Interim Base as scheduled in 2021. Additional projects designed to meet regional demands for peak service are planned to increase capacity in 2023 and 2025, and spending below what was planned for capital work could jeopardize these later milestones as well. Moreover, some of Transit's infrastructure projects, such as the Interim Base, are important steps in the transition to a zero-emission fleet. Continued delays on capital projects raise questions about Transit's ability to achieve long-term electrification objectives while also addressing immediate and future capacity needs.

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

EXHIBIT A:

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





+51 of 78 new FTEs	42% below spending target	183 buses over optimal capacity
New capital project positions filled in 2019	Transit has only spent \$47.3 M of the \$81.5 M it planned to spend in the first nine months of 2019	Transit needs to add capacity to service and park at least 183 additional buses for efficient and effective operations
		



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

Transit is engaged in numerous projects that are critical for regional mobility, several of which are shown in Exhibit B, below. Two of the projects listed below show slower progress than Transit projected, including the Interim Base Project, which is intended to add base capacity in 2020 and to support battery-electric bus operations in 2021.

EXHIBIT B: Progress on select key capital projects, January-September 2019

PROJECT	What Transit plans to get done this year	How much Transit expected to spend (Jan-Sept) ¹	Actual amount spent (Jan-Sept) ²	Expenditure status
 INTERIM BASE Construction of temporary 125-bus transit base adjacent to South Base	Design and construction of much of the facility	\$9.65 M	\$4.67 M	52% below spending plan
 ORCA REPLACEMENT³ Replacement and update to ORCA fare collection system	Staffing costs and vendor contract approvals	\$1.61 M	\$2.71 M	68% above spending plan
 SOUTH ANNEX BASE Construction of permanent base for 250 buses	Planning, pre-design, and beginning design phase	\$634,027	\$657,732	4% above spending plan
 FACILITY MASTER PLAN Develop strategic plan for non-fixed route bases and other facilities	Staffing and consultant contracting	\$105,000	\$17,795	83% below spending plan

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

Cindy Drake, Principal Management Auditor, conducted this analysis. Please contact Cindy at 206-263-8115 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.

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

² This is the amount spent in 2019 through September 30, 2019. It does not include expenditures in other years.

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