GMT CAPITAL BUDGET POLICY

I. BACKGROUND

Over the past three years, GMT has had an annual combined Urban and Rural Capital Budget of approximately $5 million. The Board approves of this budget annually and the budget has line items for all of the approved funding. As these line items are purchased, the actual amount of a capital item may differ, more or less, than the budgeted amount and an amended capital budget is presented to the Board for their approval. Often the total amount of the capital budget has remained the same with funds shifting up or down between line items. The Capital Budget changes that are brought before the Board are often non-material in their amount. This amendment process has resulted in staff bringing capital budgets to the board as frequently as three months in a row taking up time at Board meetings for very minor adjustments to the budget.

The Board requested staff to develop a proposed policy regarding amendments to the Capital Budget that maintains the Board's fiscal oversight while creating flexibility for staff in managing line items.

II. PURPOSE

The purpose of the proposed policy is to strike a balance between flexibility for staff implementation of projects and board oversight of the capital program.

III. POLICY

GMT's General Manager is authorized to make the following adjustments to a Board approved Capital Budget without the prior approval of the Board, provided, however, that the adjustment doesn't exceed the maximum limiting amount of the approved budget and:

- When all the items have been purchased in a specific line item in the approved budget and funds remain in that line item, or when staff projects that excess funds will remain in a specific line item after purchases are completed, staff may reduce line items or transfer funds to another existing line item in the Board approved budget as long as the line items being reduced are of equal or lower priority on the board approved budget; or
- Staff may transfer funds to a new line item so long as the new line item does not exceed $100,000 and the new project shall have an equal or higher priority than the project(s) from which funds are transferred; AND
- Staff adjustments do not increase the local capital match programmed to the capital budget and the cumulative total of the staff adjustments for the fiscal year does not exceed 10% of the board approved Capital Budget for that fiscal year. Reduction of line items, transferring of funds between existing line items, and transferring of funds from existing line items to new line items will count toward the cumulative total of staff adjustments for the fiscal year.
The Board shall adopt the budget with priorities attached. The General Manager will work with staff to list the line items in order of priority for Board approval. The process for prioritization, will take into consideration the following criteria: safety, maintaining/operating the current system, passenger amenities/comfort, efficiency tools/systems, system expansion, and appropriate level of passenger amenities in all member communities. Priorities shall be in whole numbers and there may be more than one item of the same level of priority.

At times, it may be necessary for projects to be “carried” into the next fiscal year. At the start of each new fiscal year, capital projects from the previous fiscal year may remain ongoing until the previous fiscal year has been closed and carryforward projects can be programmed into the new fiscal year capital budget. Carryforward projects from the previous fiscal year shall be programmed into the current fiscal year capital budget at the earliest possible GMT board meeting following the closing of the previous fiscal year. Staff has the authority to determine which projects are appropriate to be carried into the new fiscal year as long as:

1. sufficient funds remain in the line item to be carried forward,
2. funding for the line item(s) does not expire at the close of the previous fiscal year, and
3. carrying the project into the new fiscal year does not create additional funding burdens for the Agency, such as increased local capital match to replace expiring state dollars.

Beginning in FY15, GMT combined the urban and rural capital budgets into a single document. The urban and rural capital budgets remain separate and funding cannot be moved from urban to rural and vice versa.

Changes in excess of these thresholds require board approval. All changes below these thresholds will be disclosed promptly to the Finance Committee and Board of Commissioners after they are made.

Adopted by the GMT Board of Commissioners on August 18, 2020

By: _______________________________
Megan M. Polyte, Secretary of the Board

Date: September 12, 2020