

Regional Transit Authority

**Minutes of Board Meeting
August 12, 1994**

Call to Order:

The meeting was called to order at 1:40 p.m. in the King County Council Chambers, 516 Third Avenue, Seattle, Washington by Chairman Laing.

The Board Administrator called the roll and the following members were present:

Bruce Laing, RTA Board Chair, King County Councilmember
Dave Earling, RTA Board Vice Chair, Edmonds Councilmember
Paul Miller, RTA Board Vice Chair, Tacoma Deputy Mayor

Pierce County:

Sharon Boekelman, Bonney Lake Councilmember
Ken Madsen, Pierce County Councilmember
Doug Sutherland, Pierce County Executive

King County:

Martha Choe, Seattle Councilmember
Don Davidson, Bellevue Mayor
Cynthia Sullivan, King County Councilmember
Jim White, Kent Mayor

Washington State Department of Transportation:

Sid Morrison, Secretary

The following Board members arrived after roll call:

Gary Locke, King County Executive
Norm Rice, Seattle Mayor
Bob Drewel, Snohomish County Executive

Mr. Laing indicated that a quorum of the Regional Transit Authority Board was present.

Minutes of July 8, 1994 Board Meeting:

It was moved by Mr. Davidson and seconded by Mr. White that the minutes of July 8, 1994 be approved as presented.

Ms. Choe asked that the minutes be clarified to reflect her representation of the City of Seattle rather than King County.

The motion to approve the July 8, 1994 Board meeting minutes, as clarified by Ms. Choe, was carried by the unanimous vote of all Board members present.

Public Comment:

Mr. Richard Tate, Bellevue:

Thank you for the substantial progress I believe you have made in the last three months regarding the development of your options and the further development of Option 3, commuter rail, starting a new rail system, a commitment to trunk regional bus system with related TSM (transit system management) and commitments to a subregional fund. If you decided this is all you would do and you cost that out, it wouldn't be a bad way to start. I suppose you will want to do more than that.

I would ask that the Board consider one additional element: DMU (diesel multiple unit) service between Bellevue and Tukwila, included in Option 2, and that you run that service up the starter rail system from the Tukwila vicinity to the airport and you provide that rail station in the SeaTac area with direct access to the airport terminal. From what I understand of their plans for additional terminal capacity, I believe it would be possible for departing passengers to access the check-in counters. Then all major subregions would have meaningful commuter rail service in reasonably short order. I believe that would be a good looking program to take to the public election.

(Board member Drewel arrived at this time.)

Beyond that it is a matter of your perception of equity and what the public will accept. I urge that with regard to equity, you be as flexible as possible. Rigidity does get expensive.

Regarding financing, I urge that you make a commitment that if the public votes for the tax levels you are submitting to them, you will complete the Phase I program you put in front of them without any outside support. Perhaps the time line would be long, but you should tell the public that if they vote for the proposal, this option will be provided. This will put you in a strong position to go to the federal and state sources and say you have public support, but their support would shorten the time line and allow you to move ahead to Phase II.

I am concerned, since the legislature did establish the RTA and gave it taxing authority to implement a regional transit system for this region, about the legislature hearing the message or believing it hears the message that without additional support from them there is nothing you can do. I believe that would be a realistic approach.

Thank you for the opportunity to speak today.

Mr. Frank Hutchins, speaking as an individual:

I would like to discuss the NIMBY (Not In My Back Yard) theory. As I was catching the bus to attend today's meeting, I was hoping there wouldn't be many other riders so I could get here on time. My other motive was to see a lot of people on the bus.

(Board member Rice arrived at this time.)

There's the life-style oriented NIMBY: "I hated it in New York! I love it here! I'll never give up my (choose one) secluded place in the country, quiet residential neighborhood." There's the auto-oriented NIMBY: "You work hard to buy a nice car, and--I'm not looking to pay for someone else's transportation! Besides, the kids need their cars to get to (choose them all!) classes, football, band, the mall, etc." There's the family-oriented NIMBY: "I want my family to enjoy this forever! How many kids do I have? Five kids and twenty-one grandkids!! Oh, sure, they all live in this area."

Transit issues have been dormant in the public's mind but they are getting excited about new glamorous ideas. The monorail has risen from the grave to haunt us, and a blockbuster--widening SR (state route) 520 with private money--looms suddenly before us. Both have generated rhetoric in the papers, but not much serious analysis. As for the monorail, that Edsel of transportation technology, it's too expensive to access for the Americans with Disabilities Act (ADA) and thus limited in its practical applications, its visual disruption would never sell in most neighborhoods, and it certainly could not be the workhorse of the system. But the 520 deal--that opens a Pandora's box of conflicting issues. It's a shame it had to come up now rather than a year hence, or after the RTA's election next spring. Transit issues are complicated enough at best; we don't need distracting ideas like these to blur our focus on the big one: support for the plan now taking shape.

I would like to discuss gout management. Gout used to be a rather common ailment of people who indulged in too rich a diet. Symptoms include extreme pain from calcium deposits in the toes. This region's drivers are like the guy who asked his doctor for relief. When the advice was "change your dietary habits!" he jumped to a different medic. The second one was a quack who said, "Sure, I can relieve your pain. Give me your shoe." Taking out his pocket knife, he cut a hole in the shoe. As the grateful patient left, the doctor instructed his receptionist, "Don't lose that fellow's chart. He'll be back!"

Come on, Seattle! Get something right! Wouldn't it be nice if this region could overcome its fascination with glamorous, overblown projects and "original, innovative" re-inventions of the wheel? There's the super-sonic airplane, surviving only in the name of a basketball team which, since 1979, in good conscience had to drop the "super." There's the monorail, which serves to transport bemused tourists along Fifth Avenue to the Space Needle, and is now orphaned by the demise of its parent firm. Now there's the Kingdome, shut down and in a limbo of engineering questions about fallen tiles, a stripped roof interior, and how to insulate it against concrete cracking from interior condensation. Truly, we've brought our own snakes to this Paradise!

Meanwhile, in some 300 other cities around the world, honestly engineered rail systems, including light rail transit (LRT), are efficiently transporting thousands of riders on their daily errands without despoiling their environments or their lifestyles, or their schedules.

Executive Director Report:

Calgary/Edmonton Study Tour

Mr. Matoff:

The Calgary/Edmonton tour will take place next week, beginning with a 2:00 p.m. flight. I would like to remind Board members that we will be going through customs in Vancouver; everyone needs a passport and/or two forms of identification, one of which includes a picture. We will spend Thursday in Calgary and Friday in Edmonton. There will be an orientation to the system by staff and officials of the two cities, followed by a complete tour of the entire line and a full guided presentation. I think this will be very useful because these systems represent dissimilar investment strategies for a common amount of money. This shows what the different approaches can produce.

Early Phase I Results

Mr. Matoff:

At the July 8, 1994 RTA Board meeting, Ms. Choe requested that as information becomes available, it be presented to the Board. I was not certain whether any early Phase I results would be available today when I placed this item on today's agenda. I don't have anything to report at this time, but I want the Board to know staff

will try to have some draft capital costs available next week. Those Board members attending the tour will probably receive the information at that time; the information will be distributed internally to Board members not attending the tour.

(Board member Locke arrived at this time.)

This information will be in draft form. Some of the assumptions being used to keep the capital costs down I have not had a chance to review with the engineering and planning staff. This is my one concern.

Under a similar caveat, we hope to have some generalized ridership data for you for the three options and possibly for some of the major links that vary from option to option. We have not had a chance to review it in sufficient detail with the planning and forecasting staff, but we will try to get it to you in ultra draft form next week.

On August 26, 1994, prior to the north corridor tour, we will have a short Board meeting. At that time staff will share the results of the voter survey. We will have this information available to the Board prior to September 9. We are trying to develop the information as quickly as possible. We are trying to put together something that makes sense and is helpful to you and your staffs.

Ms. Choe:

Given the fact that we will be receiving draft data, I would request that we make time on the agenda for the Expert Review Panel (ERP) to give the benefit of their review. This has been done in the past year.

Mr. Laing:

When will staff make its presentation to the ERP?

Mr. Matoff:

Staff intends to address the ERP at its first meeting in October, which is scheduled for October 6. They have requested some alternate meeting dates two to three weeks in advance of that date. A September 19 meeting date has not yet been confirmed.

Ms. Choe:

I would ask the Executive Director to determine when would be the best time to address the ERP. I think their feedback has been very helpful, and staff should present its data to them as early as possible.

Rules Committee Report:

Procedural/Legal Steps Prior to Election

Mr. Bob Gunter, legal counsel:

There is a handout associated with this discussion (copy on file).

The RTA is a very unique agency and the legislature drafted a unique process for developing a plan and getting it approved by the three county legislative bodies. I can assure you that because of that, we will be working very

closely with the three county prosecuting attorneys' offices, using somewhat the same process utilized when the RTA was created.

The material distributed attempts to outline the procedures and hurdles you need to go through prior to the election, and there are already revisions to the dates shown. The October 6 and 14 dates will be changed. The schedule is somewhat flexible.

What is going on now, and was mandated by statute, is a review of the local transit agency plans to be sure there is not a duplication of services and fares. In early September, as a matter of good government practices and responding to the county auditors and elections division, I believe it is necessary, by resolution, to confirm the boundaries of the RTA. These should follow precinct boundaries. The Joint Regional Policy Committee (JRPC) set boundaries that were, by computer, based on precinct boundaries. We have found some boundaries that go through the precincts. We have recast the lines and have had discussions with all three counties. We will then formally submit a map to the auditors and the elections division to be sure it is done right. This should come to the Board in early September for approval.

Mr. Laing:

On the issue of boundaries, it is my recollection that the boundaries established by the JRPC mirrored the urban boundaries under the Growth Management Act (GMA) as it was then known. There would have been changes since then. I don't believe there will be final adoption of an urban growth boundary by the date indicated; this might not occur until October or November. What would be the implications if the urban boundaries under the GMA are not yet completed?

Mr. Gunter:

There would be few implications. The statute requires that the RTA include within its boundaries the largest urban growth area from each county. It doesn't say it has to follow the GMA. The adjustments are very modest. This is why we are talking with the counties to have them check out the GMA boundaries now. The short answer is we don't have to pay attention to it by law, but we are paying attention to it.

Ms. Sullivan:

Did you review the GMA and its requirements in terms of the RTA being woven into the county comprehensive plan policies? A review of the transportation policies and comprehensive planning policies might be useful.

Mr. Gunter:

I haven't done that, but I will. The type of discrepancies have been very minor to match the precinct lines. It will be closely coordinated with the county.

Assuming there is a decision point on October 28, there will be a resolution dealing with the financing plan and identifying the initial phase. Another memo may be adopted approving the master plan. We need to do that by resolution, as directed by statute. There is flexibility about the 45-day review period by the county. It was our anticipation that the resolution would allow a polite delay to allow final county determination.

Mr. Laing:

The Chair and two Vice Chairs have signed letters to the three county councils asking them if there are issues regarding the time line and saying we would like to work with them.

Mr. Gunter:

The vote on the plan and on Phase I will be a major decision, and it will require two-thirds approval by the Board.

In November/December there may be some supportive acts to fill in behind the decision to flesh-in some minor points. We will be in obedience until the counties make their decision. If all three counties act to confirm continued participation, the Board will need to respond with a resolution certifying the ballot and contents for the actual election itself.

RCW 81.112 contemplates that the King County Prosecuting Attorney will draft the ballot proposition. If only one county votes to rescind its participation in the RTA but two contiguous counties vote to continue, then the Board as noted under "or" will have to reshuffle and take the revised plan back through the counties again for approval. Given the statutory requirements, we could not complete that exercise in time for a spring vote. We would fall into the September primary arena.

If at least two contiguous counties do not concur, the plan would have to be reworked. There is a two year period for this Board to put it on the ballot. The statute doesn't say what would happen if the Board can't accomplish this.

Ms. Sullivan:

With regard to the two year issue, does the Board have to demonstrate success or just get something on the ballot?

Mr. Gunter:

The Board must place something on the ballot. The language says "shall", but we believe the correct word would be "may." There are some documents that say we could come close. If it looks like we cannot meet the two year period, we may want to address that in the Legislature. We believe there is some flexibility in the statute.

In February/April we would be placing things on the ballot and calling for a special election.

Mr. Laing:

Are we required to publish certain information in addition to a voters' pamphlet?

Mr. Gunter:

Yes; this is reflected in the last "bullet" on page three of the handout. This information must be distributed to the voters at least 20 days prior to the election.

Mr. Laing:

We should keep this requirement in mind when preparing the 1995 budget.

Mr. Rice:

What would change dramatically if the Board chose to submit the proposal to the public in March?

Mr. Gunter:

I do not believe there would be dramatic changes. I believe we could accommodate the statutory requirements.

Mr. Drewel:

Taking the public notice requirements into consideration, what is the earliest date an election could be held?

Mr. Gunter:

Assuming everything went well in January with approval by the three counties, there are few legal steps involved beyond that point.

Mr. Laing:

The county auditors and elections division representative said a 60-day notification is required prior to an election, but they would prefer 90 days' notice.

Mr. Drewel:

Does the 20 day public notice run concurrently with the notice to the counties or is it separate?

Mr. Gunter:

I believe this would be concurrent.

Mr. Laing:

I would like legal counsel to pursue this issue prior to the next Board meeting. Others are interested in knowing the means for getting to an election.

Ms. Choe:

I know this has been a topic of discussion for several months. It seems we need to make a decision as soon as we get the practical advice very soon. If we are working towards a ballot issue in March, I think it affects our public involvement plan. The intent is to get something before the public so we could use that in Olympia. Perhaps at the next meeting we can make a decision.

Mr. Laing:

I would like to have staff remind us where we stand on the strategic consulting review of that subject.

Mr. Matoff:

I believe in part that will depend on the results of the survey and the subsequent determination to be made. The survey results will be presented August 26 so the Board can make a decision in early September.

Ms. Choe:

You talked about October 28 being the time to pass a resolution for Phase I and the plan. This question might be addressed as the system plan addresses Phase II. It might be a good idea to consider an additional resolution addressing Phase II at that time. We have discussed elements I think are important for Phase II. Maybe you could give us your advice about how to approach that.

Mr. Sutherland:

There is the problem of defining what areas will be allowed to vote on the proposal. Granted we are using the urban growth boundaries and the GMA. Considering the state of flux, who really decides what areas are to be included in voting on this issue?

Mr. Gunter:

This Board will decide who will vote on the issue. The basis for the decision has already been made because the RTA inherited the JRPC plan. The statute says you may make adjustments as deemed appropriate but must assure, to the extent possible, that the growth areas are included. The lines must be drawn along election precincts and if a portion of a city is within the boundaries, the entire city is included. If you wanted to make significant or modest changes, that is not your discretion.

Budget Line Item Transfers:

Mr. Gregg Schweers:

There is a handout associated with this agenda item (copy on file), entitled "Budget Line Item Transfer."

The June activities report indicated a shortage in the travel budget. There are sufficient funds available to be transferred to cover these costs. There were some unanticipated travel costs associated with the leasing of rail cars to be used for the demonstration project. Staff wanted the Board to be aware of this fact. There is not a bottom line budget impact.

Mr. Laing:

This action was considered and recommended for approval by the Rules Committee as the Finance Committee did not have a meeting scheduled. This item was reviewed with the Finance Committee Chairman and he concurred with the Rules Committee's recommendation.

It was moved by Mr. Miller, seconded by Ms. Boekelman and carried by the unanimous vote of all Board members present that the budget line item transfers recommended by staff be approved as presented.

Resolution No. 32 - Social Security Replacement Retirement Program:

Mr. Laing:

I have requested a recap of what has taken place in the past, bringing us up to this point in time. I know Ms. Glover will present the specifics of Resolution No. 32, but it has been a while since the Board was presented the underlying proposition of what we are doing.

Mr. Gunter:

The Board found out early on it had an opportunity to take a one-time action for participation in retirement and social security. The previous Board Administrator, Ms. Delores Grubbs, did a survey of other local governments and transit agencies with the premise that it may be more beneficial to provide the flexibility to opt out of social security system and the PERS (Public Employees Retirement System). We have gone through formal procedures with the PERS and the IRS (Internal Revenue Service) and confirmed it is possible for the Board to set up its own retirement system, allowing employees a choice for PERS or a separate system and to opt out of social security. The Board passed a motion during its meeting in Snohomish County directing Mr. Matoff to put that mechanism in place. As part of the background for that motion, Ms. Grubbs developed a survey of other agencies. As I indicated to the Rules Committee, the results were in terms of a PERS contributions. Skagit County and Spokane have opted out of the PERS system. For social security, a much longer list of entities have opted out, including Bellevue, Edmonds, Federal Way, Pierce Transit, Intercity Transit, Island Transit, Link and Spokane Transit. Some agencies have moved in and out of the system, including Kitsap County, Kent and the City of Tacoma.

The resolution takes this action. It establishes a separate retirement program for the RTA and it implements the general policy direction given earlier. We are within the trend of what is being done on social security and consistent with Skagit County and Spokane on PERS.

Mr. Laing:

I am referring to the April 8 meeting minutes. At that meeting, it was moved by Mr. Madsen and seconded by Mr. Miller that the Executive Director take the steps necessary to establish the exemption of the RTA from the federal retirement program.

At that same meeting it was moved by Mr. Miller, seconded by Ms. Gates and carried by the unanimous vote of all Board members present that the Executive Director take the steps necessary to maintain separate PERS and RTA retirement plans for employees. Pursuant to those actions, the Executive Director and legal counsel have pursued this issue and Ms. Glover will advise us of the content and background of Resolution No. 32.

Ms. Glover:

This is a complex subject area. I will utilize overhead projections in my presentation today (copies on file).

Mr. Gunter just talked to you about the options the RTA has for retirement systems. One is to adopt the PERS II system. This would be a permanent decision. The second is an increasingly popular choice with jurisdictions such as the RTA, which is an independent retirement program. The third option is to adopt both programs. We will be looking at that question today.

This issue arose before the Rules Committee. Would it be possible to give employees the option to choose PERS or PERS II. We looked at that after the Rules Committee meeting. I was concerned about an older employee where the PERS benefit would be better than with the independent plan. This happens with employees between the ages of 45 and 55 and I will discuss it further. These employees might want to stay with PERS I but they could also opt for PERS II or social security. Younger employees would probably benefit from the other program. You could opt in or out of social security for employees covered by one of these plans.

We will look at the independent plans. There are two different kinds of plans qualified under IRC 401(a): 1) regulations impose limits on employer and employee contributions; and 2) fiduciary duties apply under state law; "exclusive benefit" rule. Because of the regulations on contributions, it is coupled with a deferred compensation plan under IRC 457. This will allow the employee to augment it so they can be up to the desired level of

contribution. The International City Management Association (ICMA) Prototype Plans represents pension plans across the country and is mentioned by representatives of those plans. There are also trust fund plans for which the RTA would be the trustee and the ICMA would maintain a group trust for investment of government plans under IRC 401(a) and 457.

The design of the IRC 401(a) Plan is a money purchase pension plan. The employee contribution would be 12% of his/her earnings, with a mandatory employee contribution of 6%, which is picked up by the employer. This money is never included in the employees' pay, but goes in on a tax deferred process. The eligibility is a six month period of service, and certain employees will be "grandfathered," counting service with Metro. Vesting will start immediately at 20%. After a year this will increase to 40%, and it will increase 20% per year after that. This is a typical vesting schedule.

Investments under the plan will be divided. As to the RTA contributions, they will manage the funds according to their direction. The employees would direct their own contributions. The list of funds and investments offered through the ICMA retirement trust are listed. The costs paid are soft costs. The \$0 to \$25 costs are taken out of the funds prior to investment returns. Those will be available annually. This is commensurate with the industry and consistent with what we experience elsewhere.

The retirement age is 60. The distributions of all options can be moved to other plans. This will be attractive to employees. Lump sum payments are available. Installment payments over time can be made until the funds are exhausted. Annuities are available. If the employee dies before the funds are exhausted, the payments would be equal to the account balance.

There is a mandatory employee contribution of 4%. There are voluntary employee contributions within statutory limits.

Costs: Under the proposed RTA plan, the RTA would contribute 12%. This is a percentage of an employee's gross earnings. Metro's contribution under the current PERS plan is 7.58%. An employee, under the RTA plan, is required to contribute 6%; the required employee contribution under the PERS plan is 5%. The employee is required to contribute 4% to the 457 plan; an employee is required to pay 6.2% to social security. Metro is required to match the social security contribution. There is a 22% total cost with the RTA plan and an RTA life/disability insurance hold back of 1.4%, for a total expense of 23.4%. The total contribution under the Metro PERS II/social security plan is 24.98%.

One of the questions raised by the Rules Committee is how controllable the costs are. We know, under the RTA plan, the costs are under control. Social security can change depending upon the legislature.

Comparison: Many assumptions are made about investment returns and COLAs (cost of living adjustments). We have prepared one scenario with a 35-year old employee earning \$40,000. S/he would have an AFC (average final compensation) of \$94,262 at age 65. The amount in the RTA program would be approximately \$1.5 million. The annual income generated by that amount paid over 25 years would be \$131,000 per year. If the participant died, the remainder of the funds would go to the heirs.

Under the PERS II plan, 60% of the AFC would be \$56,557 per year and social security of \$36,409 per year, for a total combination of \$92,966 per year. There is a COLA increase in social security and PERS; resulting in an increasing benefit. The benefit would remain flat under the RTA plan.

The second scenario involves a 25-year old employee. The disparity appears to be greater. This is more difficult because of the early retirement age.

One of the points I would like to make is that the older the employee gets, the closer the projected benefits would come at 45 to 55. I discussed this with the Rules Committee and looking at that more closely, we thought we could design it so the employee could have the election between the two. That concludes my comments.

Resolution No. 32 would accomplish the adoption of this plan and allow the Executive Director to take steps out of social security for those covered by this program and authorize the RTA to enter PERS and to establish these two plans that I have described to you today.

It was moved by Mr. Rice and seconded by Ms. Choe that Resolution No. 32 be approved as presented.

Mr. Davidson:

Will Board members have access to this benefit package?

Ms. Glover:

We will try to bring Board members into the program. I understand Board members receive a W-2 with withholding from the RTA so you are treated as employees. We are still studying this question; this is a possibility.

Mr. Locke:

You mentioned a retirement age of 60. Is there a minimum number of years of employment required without an actuarial reduction? Is retirement at 60 allowed with no minimum years of service requirement?

Ms. Glover:

Yes.

Mr. Miller:

It is my personal opinion that the program before us is a good one. I think it is best to express some of Mr. Nickels' concerns regarding the obligation of public bodies to bolster and support the social security system if that system is to stay alive. He was the one dissenting vote among the Rules Committee, and this was his main concern.

Mr. Laing:

The Rules Committee passed Resolution No. 32 with a recommendation. There was one piece of information the Rules Committee received that the Board should hear. I would like the Executive Director to describe the outreach to employees, of which there are very few, but there are potential employees who are under the direction of the Executive Director. In formal terms, they are employees of King County but they are working on the regional transit plan as if they are RTA employees.

Mr. Matoff:

At the present time the RTA has only three employees of its own who would be directly affected by this decision. Theoretically, with a successful election there would be additional employees, including the existing loaned staff who would become permanent employees. Because they might be affected by this decision, I wanted to be sure their views were taken into account. There were meetings to discuss this subject. In the course of doing that, the

option to retain PERS was incorporated. It is more complex but fairer to people in the PERS I plan. With those adjustments, I think it is fair. There was virtually unanimous support from the current and possible future RTA employees.

Mr. Locke:

Page two of Resolution No. 32, Section 1, refers to "certain" employees. What do we mean by that phrase?

Ms. Glover:

This is a reference to the six month waiting period. Some employees may elect to stay in the PERS plan.

Mr. Laing:

The Rules Committee recommended approval of Resolution No. 32. I wonder about the comfort level of the Board. The RTA's treasurer, the City of Tacoma, has been holding funds while the Board developed a decision on the retirement program. From that standpoint, there is some obligation not to dilly-dally on the decision. This is a weighty decision, but I believe the information available is sufficient.

Mr. Sutherland:

I was a participant in this type of system for three years as a employee of the City of SeaTac. I found it to be an excellent program. I would suggest that if there is a way for those of us who are full-time employees to access this system, I would be the first in line to do so. I thought it was a great program for the employees at SeaTac. I am definitely in favor of it and I would like to get into it too.

Mr. Locke:

I have some concerns. I am troubled that we will have some people opting to stay in PERS I or II. Newer employees will take advantage of this plan. I think we are getting into a hornet's nest because when some of those employees want to come back to the state or local governments, there will not be that flexibility. There will be issues before the legislature to accommodate those people. We are finding that currently with university employees. I have a concern about what we are saying when encouraging people to opt out of the social security system.

Ms. Sullivan:

Are we looking at this from the wrong perspective? Maybe until we actually place the issue on the ballot and we have the RTA up and running long-term, is it possible to treat the employees as individuals and have them stay with whatever system they are in for now or have them in a temporary system? Is this reasonable?

Ms. Glover:

This is not the case with opting in or out of social security. The RTA now has several employees affected by that. There is some need for a prompt decision with regard to social security. That is one of the things available to new agencies. This could not be changed later.

Ms. Sullivan:

I share the concern about establishing a precedent to opt out of the social security system.

Mr. Rice:

The issue for me that has my support has to do with employees who are not presently covered by a retirement system. If they were in a system and we are talking about changing it, the idea of opting out of social security would weigh heavy on my mind. I am not getting into the broad based discussion of social security and PERS. It would probably not be a bad idea for the legislature to have that discussion.

The motion was carried by the majority vote of all Board members present. (Mr. Locke and Ms. Sullivan voted in the minority.)

Draft RTA/PSRC Interlocal Agreement:

Mr. Paul Matsuoka:

A memorandum associated with this agenda item has been distributed (copy on file).

This agreement was taken to the Rules Committee on July 27, 1994. There were suggested changes. There has been further review by legal counsel from both the Puget Sound Regional Council (PSRC) and the RTA. I understand the memo was taken to the PSRC policy board yesterday and they forwarded it to their executive board for approval on August 25. It is on your agenda for information today. If the Board has no objections, this item will be placed on the August 26 agenda for action.

The first question you probably have is, "Why do we need this agreement?" There are some requirements at the federal and state level that the metropolitan planning organization have interlocal agreements and cooperative agreements with transit agencies. The ISTEA (Intermodal Surface Transportation Efficiency Act of 1991) requires that MPO (Metropolitan Planning Organizations) and that State HCT (High Capacity Transit) legislation suggests we need to cooperate on right-of-way issues.

Section 1 of the proposed agreement states what I just mentioned. Section 2 contains some definitions. There are a couple of changes in Section 3. Mr. Miller requested we have a definition of HCT, which is found in paragraph "j". The other two changes occur in paragraphs "g" and "k". The PSRC wanted to include this to make it clear the plan they were working on fulfills both the federally required multi-modal plan and the state regional transportation plan and that the RTA fits within the MTP and other documents.

Section 3 is the heart of this agreement. It sets out the organizational roles and responsibilities. The first part talks about planning relationships and the PSRC's involvement in broader transportation planning, highways, roads, transit and HCT. It also speaks to RTA implementation of the HCT element. It talks about the fact we need to cooperate on major investment studies and there must be a cooperative study done through the region with all major players in order to obtain federal funding. The later section says the work done completes the work on this MIS. It also talks about the obligation of the PSRC to supply the data we need.

The next section talks about programming. It talks about the TIP which is the responsibility of the regional council. We are responsible to submit projects for which we want to obtain federal funding. It talks about the right of way preservation review process. It is our responsibility to help them implement that.

There is a special section on page six, Section 2c. This refers to financial support. It is our obligation to support the operation of the PSRC. We have identified three ways of doing that. The RTA may contribute a proportional amount of the annual assessment for a mutually agreed upon share of the Regional Council's required local matching funds which enable the region to receive the Federal Transit Administration's regional

transportation planning funds. The RTA may consider supporting periodic grant applications from the Regional Council for state High Capacity Transit Account funds which could support or assist with various aspects of the Regional Council's or RTA's respective planning and implementation activities related to adoption, maintenance and implementation of the MTP and the regional transit system plan; or the RTA and the Regional Council may develop some other methods or means of supporting cooperative efforts in recognition of the RTA's limited staff and financial resources prior to a successful ballot measure or securing another dedicated revenue source.

The remaining sections talk about future amendments and modifications. In Section 6 there is policy development coordination where we commit the boards to receive briefings from the other agencies. There are changes in the language on page seven. The language originally sought for the RTA to be granted membership in the Regional Council. The real objective is, that to the extent we can have overlapping directorship, we want to encourage that. Ms. Choe, Mr. Drewel and Mr. Laing serve on both of the boards. To the extent we can encourage this, this is what we wanted to do.

Most of the rest of the language is housekeeping. There is a section dealing with dispute review. Otherwise this would start in September and run indefinitely.

This item is for the Board's information today, with action expected at the next Board meeting.

Mr. Laing:

There are others on the executive board and growth management policy board so there is a lot of representation by this Board on the Regional Council.

Mr. Davidson:

Are the amendments we see in the document presented today corrections after the original document?

Mr. Matsuoka:

Yes. The Rules Committee reviewed this agreement on July 27; these are changes made after that meeting. They have been reviewed by the Transportation Policy Board.

Mr. Davidson:

The definition of HCT system on exclusive right of way. The first phase of the project may not meet the definition of an HCT system on exclusive right of way.

Mr. Matsuoka:

This language comes from the state legislation. Whether it is essentially Option 2 or 3, both operate on exclusive rights of way. We believe both fulfill this language.

Mr. Laing:

This item is for information only today; it will be presented to the Board for action on August 26.

Commuter Rail Demonstration Project Report:

Mr. Bob White:

A memorandum on this subject has been distributed (copy on file).

In June, the Board directed staff to study the feasibility of a commuter rail demonstration project. This has been completed. We have had a great deal of support from a variety of consulting firms who have volunteered their time to assist, and from Union Pacific (UP) and Burlington Northern, who have provided a great deal of their own staff's time to evaluate the technical aspects of the project, and from Go Transit in Toronto regarding the availability of passenger rail cars if we were to undertake this project. I believe we could have a wide variety of people with expertise involved.

From a technical perspective, a demonstration project, in the near term, is feasible. There are some constraints of track availability that would limit the types of services possible. I believe a wide variety of services could be operated in the near term.

Financial feasibility was also studied. I believe that if you make a couple of assumptions, the project is possible. The Attorney General has included in a proposed anti-trust settlement an allocation of up to \$1.5 million to match 50% of the project cost. If those funds are available and combined with the potential ability to utilize appropriate commuter rail funds at the federal level, and with reasonable farebox returns and in-kind contributions, we believe the project could be financially feasible.

At the Rules Committee meeting Wednesday, staff was asked to be more specific about the kinds of services we might offer in addition to the service to Sonics games in Tacoma. Mr. Miller asked staff to provide some of its ideas.

Starting on the top of page two is a list of examples of services we might operate. I stress that these are examples. Given the track constraints, any potential services would have to be reviewed with the railroads to be operated safely. I think this list represents the kinds of services we are considering. With a February start-up there would be 20 Sonics games remaining. The preliminary survey indicates we could get a substantial number of people interested in this kind of service.

In the second section is our attempts to list services that are representative of commuter-related services we might provide in this area. We might run service from Snohomish to Seattle, focusing on existing connections to the ferry services. Some of that service might be on weekdays and perhaps some on weekends to demonstrate the kinds of connections we could provide. We could do similar things in the south county. Between Puyallup and Auburn an existing transit network would be competitive with travel times to Seattle on existing bus service.

The third paragraph lists special events. It may be possible to provide school trips oriented to providing educational experiences to destinations such as Point Defiance Zoo. We are also suggesting the provision of static displays of the equipment; many people have not actually experienced a rail passenger service.

The last page is a summary of a preliminary budget for six months of service. We estimate that six months of service, with 60 trips, would cost approximately \$3.1 million. That is broken into \$200,000 to be spent in this year before implementing the service and before we are sure we will receive the funds from the Attorney General. There would be \$900,000 in capital investments for the lease of vehicles. We believe there is a possibility of getting federal assistance for up to 80% of those costs. If the Board pursues this, we would recommend you make a formal request for these funds.

Operating costs are the largest single budget time. This includes payment to the railroads for the use of locomotives and their crews, and for maintenance of the vehicles while in our care. Another major item is the insurance required for the RTA to be a commuter rail operator.

Revenues: Up to \$200,000 of additional RTA funds would be required between now and the time the Attorney General funds are available. These would be used for additional engineering on improvements, detailed operating plans for each of those services, and negotiating final agreement with various parties. All would be done so that as soon as the Attorney General's funds are available, we could begin making the investments necessary to operate the system.

The last point in terms of the status is in terms of the Attorney General. We expected the federal court to give a preliminary ruling by this time; that has not happened. We are being assured it will be any day now. Based on that assurance and the process of public notice of the settlement, the earliest time the funds would be available is mid-December. That triggers the suggestion that the service could be in operation by February. Federal funding is purely speculative at this time. If it is placed in the fiscal year 1995 budget, we expect the earliest that it would be available would be November of this year. It is our assumption we would not begin to expend those funds until we are sure the operating funds are available as well.

In summary, that is where we are. The project is technically feasible. It is financial feasible, assuming receipt of the funds from the Attorney General. We are prepared to proceed in the direction given by the Board.

Mr. Locke:

What cost are we assuming for insurance?

Mr. White:

The cost is assumed to be \$300,000 to \$500,000. We have estimates ranging higher and lower than that. We need to work this area. Nationally, insurance for commuter rail has been on the critical path for new services. Technically we are advancing our knowledge of this subject.

Ms. Choe:

Is there a breakdown of the fixed and variable costs?

Mr. White:

I can obtain this information for you. The fixed costs include the start up costs. The vehicle costs are both fixed and variable. We have negotiated a lease with Go Transit that has us paying a relatively modest sum for the equipment on days it would not be in revenue service and a higher cost when the equipment is actually used. The number of trips would increase that cost. Station and track improvements are generally fixed costs, but if we add additional stations, that would be a variable cost. Most of the miscellaneous capital costs are fixed. Portable wheelchair lifts will be required. The equipment to be leased is older and it does not meet the ADA requirements. The operating expenses are primarily variable; they are mileage or hour based. The insurance premiums will vary with the number of trips.

Ms. Choe:

I don't think I will be supporting the full proposal. I wonder what the budget would be for service to the 20 Sonics games. I don't see an assumption about the ridership or fare.

Mr. White:

The bulk of the work has been regarding Sonics service. The survey suggests that with the appropriate marketing, we could carry 2,000 people per day. The survey suggests a range of fares from \$5 to a high of \$10, not including parking, and it appears you get the best participation at about \$7.50 per round trip. We would try to find an opportunity to combine a parking space with the ticket. At the \$7.50 rate, 20 Sonics trips would bring in approximately \$200,000 of farebox revenue.

Mr. Davidson:

I believe this demonstration project will operate from Everett to Tacoma.

Mr. White:

The objective in outlining potential services is that it demonstrate services to all three counties. Our market research indicates there is a drop-off of Sonics fans as you proceed north. Of the two trains being utilized, one could start in Snohomish and stop at King Street Station; the second would operate from the King Street Station.

Mr. Davidson:

The capital investment contemplates what length of trackage?

Mr. White:

There are stations in Snohomish County. The bulk of the track and station work has to do with the last 2.2 miles to the Tacoma Dome. The service would operate on Burlington Northern tracks to Tukwila and then switch to UP to Port of Tacoma and then move to Chehalis Western tracks. The City of Tacoma is in the process of purchasing the Chehalis Western tracks. The last 2.2 miles is operated only for freight shuttle traffic. In order to make it a more pleasant ride, about \$100,000 in track improvements would be necessary.

Mr. Davidson:

We are trying to compare the commuter rail project itself as opposed to a demonstration project two months before an election and how much cost that would entail. That could be very positive or we could blow it and it would be a negative at election time.

Mr. Laing:

That was part of the debate by the Rules Committee. Distributed today (copy on file) is a draft motion which is an articulation of the action the Rules Committee is recommending to the full Board.

It was moved by Mr. Madsen and seconded by Mr. Sutherland that the RTA Board:

1. **Formally commit to the implementation of the commuter rail demonstration project provided that:**
 - the RTA receive funds from the Washington State Attorney General's proposed anti-trust distribution;
 - planning efforts and agreements negotiated during the remainder of 1994 continue to indicate the demonstration will be successful; and

- that prior to the RTA Board's final approval of the demonstration, at least two-thirds of the total estimated services are specifically identified including the demonstration of rush hour capability.
2. That the Executive Director is directed to request language in the FY 1995 appropriation bill that would permit federal funds to be used for capital elements of the project on behalf of the Board.
 3. That the Board authorize \$200,000 of RTA funds for engineering/operations plan development and negotiating the necessary agreements to implement the demonstration.
 4. That the Executive Director is directed to prepare, for the Board's review, the necessary budget amendments and consultant contracts required to implement this motion. The Executive Director is authorized to make interim expenditures within his existing authority.

Ms. Choe:

This was not listed as an action item on today's agenda. This should be designated as an action item so that both the public and RTA Board members are aware.

Mr. Laing:

I appreciate this concern and I agree that this should be our practice. I would like Mr. White to describe the issues related to the timing of this action.

Mr. White:

Two to three weeks ago there was a discussion about when it was we needed to make a judgment regarding whether or not we could make a November 5 start. We have been working very hard to identify revenue sources that would allow us to do that. Only at the end of last week we came to the conclusion it did not appear viable to begin service in November, and staff was prepared to provide this report.

Subsequently we developed this proposal that went to the Rules Committee Wednesday that included a February start-up as feasible, but it would require additional expenditures in anticipation of future revenues. It is our intent that if a motion similar to this is passed today, we would come back September 9, after the Finance Committee has met, with implementing contracts. I would propose we have consulting services contracts over the next two months. One of the useful things in considering this today is that people have made substantial investments of time, including the railroads and Go Transit, and they could benefit from a sense of the Board on whether they should look elsewhere.

Mr. Madsen:

If we anticipate any federal funding, we will meet the language that will authorize us to use existing appropriations or that moving through the process now. This is the \$4.7 million balance of the \$25 million that is in the House budget but not in the Senate budget. There will have to be some negotiations in the conference committee. I talked to people in Washington, D.C. yesterday. I think our Congressional delegation is ready to help but they want a clear signal that we want their help and not a lot more discussion. It is my opinion that this is a clear signal we are ready to move and take the gamble. I suggest we pass this motion. There are some fuzzy things out there. If the money from the Attorney General does not come through, that is the end of it. I suggest we tell Congress we are working hard and we should take a step to demonstrate we can do it.

Mr. Morrison:

I am wearing two different hats. As a Board member I support the motion as made by Mr. Madsen, with his added language regarding rush hour capabilities. I have become a believer in bright shiny objects. I think we need something. This could be a major sales effort or it could be a disaster. I think we need to get with it and demonstrate something. I am enthusiastically supporting this project.

As Secretary of the WSDOT, I have to be cautiously supportive of the project because we have granted HCT funds which play a role in this. When you delay, the request is for \$200,000 in funds that are specifically reserved for planning and engineering. The resolution guarantees that would be the use of those funds. The rush hour language helps because our source of funds is to plan and get some results. If the Board passes this resolution it would need to be approved by our multi-modal committee. Since the chair is the distinguished Ms. Choe, we may have some chance of that.

Mr. Laing:

Mr. Miller, Ms. Choe, Mr. Locke, Mr. Davidson, Mr. White and Mr. Earling all serve on that committee.

Mr. Miller:

I think it is important to address this issue today. We need to make a statement very clearly, not only to our staff but to our federal legislators. I am supportive of this proposal, but I have some reservations. I am cognizant of some of the risks we take. We have several steps before we are 100% committed to the project. This is also contingent upon staff being more specific about the actual usage of the non-Sonics commuter rail use. It is important that those trips be in there because it is a demonstration to the public which entails more than moving people to a sporting event. I hope staff will better define those before October or December for full go-ahead. I am also very sensitive to the issue Ms. Choe raises about the lack of an action item being before us.

As a precedent setting measure, I am uncomfortable when an action is not listed on the agenda. I would ask legal counsel if it would be proper to suspend our rules to take action on this item today.

Mr. Gunter:

This is not necessary because our rules do not clearly provide that an item must be on the agenda before it comes to the Board for action. This might be something the Rules Committee would want to consider working into our procedures in the future. The Board does have the ability to act on this item today.

Mr. Miller:

I would ask that the Rules Committee look into this situation.

Ms. Choe:

I am ready to move forward with approval of service to the 20 Sonics games. I think we have an opportunity to demonstrate a project that would work and get at the market we are trying to get at. I am not comfortable with the other projects. I appreciate the creative thinking that went into the listing of these projects, but to commit to those services and the number of trips involved with no details and no idea of the costs is not something I am prepared to do today. I support continuing to define those with action as early as possible. I am not prepared to approve the motion before the Board at this time.

I would move the following amendment: The scope of the demonstration project approval is limited, at this time, to the 20 Sonics games and includes the demonstration of rush hour capabilities. Additional demonstration trips may be approved following Board review.

Mr. Laing asked for a second to Ms. Choe's motion, and there was none.

Mr. Locke:

I believe the Board should approve the proposed motion, with the language added by Mr. Madsen. There are safeguards to address the issues raised by Ms. Choe. Under the first point there are three provisos requiring final Board approval. Again, we need the money from the Attorney General. I think that is the key. We need to send a clear message to our Congressional delegation. As Mr. Madsen said, the public wants us to do something.

There have been studies over the years and here is an opportunity to provide a benefit to the public. If we can't do this and run it well as the funds become available, this is a strong indictment against us. I want to add the Sonics are willing to provide several hundred thousands of dollars of in-kind support for the project. I believe the Board should support this motion.

Mr. Davidson:

I think involving events other than the Sonics helps the motion. I would like to consider the \$200,000 to be an investment that will provide information for the larger commuter rail system we will look at. Those are things that will be an investment in the future, but I look at them as not being thrown away if the operation funds do not materialize. I will support the motion.

Mr. White:

We have been criticized for not taking decisive action. We have the opportunity to do that today, and to show the public and the congressional delegation we are anxious to make rail service work in the northwest. I will support the motion.

Mr. Earling:

At the Rules Committee meeting I was, at best, a contentious yes vote. My concerns related to the concerns indicated by Ms. Choe. I know the staff has spent time deciding how to put the train on the track and how to make it work. I did not consider options for the balance of the service. Even with the short amount of time, they have had to make suggestions, I can see there is clearly a way to package the demonstration project and move it forward. I am pleased with the regional service proposal and impressed that they have considered equity for all three counties. I am less contentious today.

Mr. Sutherland:

I am speaking in favor of the motion. I think this is something we should be doing. It is time to make decisions and I would call for the question.

Mr. Laing:

I have just received a sign-in sheet from someone who would like to address the Board on this subject. I am not inclined to accept it unless the Board would like to hear from this individual.

Mr. Sutherland:

I would suggest that because this item was not shown on the agenda as an action item, the public be allowed to address the Board at this time.

Mr. Paul W. Locke:

I didn't sign up to address the Board at the beginning of the meeting because this was not listed as an action item.

On the radio they said you were not going to fund a demonstration because there are no funds available for it. I heard this news beginning at 3:00 a.m. this morning. Now you are running a demonstration that, as far as I can see, you do not have the funds to go ahead and operate and pay for. It looked like a maximum of 25% would be possible to operate the operating costs. All capital costs will be charged to the taxpayers. You are moving in the wrong direction. You need to recover at least 50% of the operating costs. The present systems need to have 50% recovery or taxpayers cannot afford transportation systems you are trying to sell us. We cannot continue to subsidize the system. I would ask you to really look at what you are doing on this before taking any action.

The motion was carried by the majority vote of all Board members present. (Ms. Choe voted in the minority.)

Public Involvement Committee Report:

Mr. Earling:

An eight page report has been distributed today (copy on file). I would ask you to look over the goals and objectives. I call you attention to the hand-out. The single page lists the opportunities for public comment on the adoption of the Regional Transit Plan. It reminds the Board of the various public forums where we can gain information from the public and special interest groups. There is a 1-800 telephone number available to the public. We have a speaker's bureau, and we accept public comment at Board meetings. Roundtables are scheduled in September and October. We have scheduled a regional public meeting to be held Saturday, October 8 from 9:00 a.m. until 12:00 noon in three to five locations throughout the three counties simultaneously. There will be satellite locations to allow interactive discussion. In addition we are distributing the program of the three public meetings to the public access channels. Three public hearings will be held Wednesday, October 19 from 4:00 to 9:00 p.m., one in each of the three counties.

I believe Board members have been presented with a videotape you can utilize in making public presentations. Additionally, some Board members have received briefing books. Those who attended the briefing received the books; others should contact staff to obtain this briefing book.

Finance Committee Report:

Mr. Miller:

The Finance Committee has not held a regular August meeting because of the workshop it had. There were 10 Board members present so they know what occurred at the workshop. We were presented with a panel discussion initially, involving Mr. Tim Levane of Denny Miller and Associates in Washington, D.C. and Mr. Jim Metcalf, the state lobbying element, and Mr. Aubrey Davis, representing the Transportation Committee. The discussion went through a level of funding options from the state, federal and discussion of the potential package for the Transportation 2000 by the Transportation Commission.

It then proceeded into what was reported as the RTA board game. There was an opportunity for each Board member to receive RTA funds. Each person was given nine tokens, each representing one-tenth of a percent in sales tax. They were then given the opportunity to insert them into one of four boxes: 1) taxpayer's pocket—these are funds that would not be used in the first place; 2) rail capital and operating and maintenance box; 3) a transit development box; and 4) bus service. Of the 10 members present, four were King County representatives that were largely from central King County. There were four Pierce County representatives, one from Snohomish County and the WSDOT Secretary. We do wish to rerun the game with full Board representation. Of the .9%, 5.9 tenths was allocated to a transportation system. This is larger than the .4 or .5% before us as options. Almost .1% went to bus and 1.5 tenths for transit development fund. Those two items were somewhat combined to date. By separating them they would swing to those directions. 3.5 tenths was set aside for rail capital and operation/maintenance for the rail system.

This exercise could be skewed by a number of factors. It was non-binding and non-public and there was a lack of full Board representation.

The workshop ended with an in-depth discussion of state level funding and what would be more realistic for federal and state participation than the one-third/one-third we have been discussing.

Legislative Task Force Report:

Mr. Madsen:

We have issued the request for proposals (RFP) for federal lobbying assistance as was identified six months ago. That RFP is on the street and there is a lot of comment in the United States capitol about this discussion. Mr. Morrison indicated he had received a telephone call. If you are receiving calls from people in Washington, D.C. about that proposal, I would like to know who and what is said. The task force will be sitting down and going through responses to the RFP, probably in the next 30 days.

Other Business:

Mr. Laing:

Legal counsel has been directed to prepare an amendment to the Board's bylaws addressing the issue of action items coming on the agenda or a requirement to suspend the rules when acting in an item that was not listed as an action item.

Mr. Matoff:

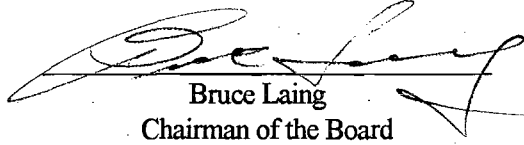
I would like to introduce Mr. Luther Freeman, Director of Planning and Communications. He has a great deal of rail and bus planning experience, and is a welcome addition to our staff.

Mr. Laing:

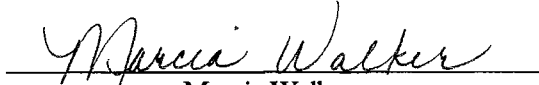
The Board's next meeting will be held at 12:00 noon on August 26, followed by the north corridor bus tour at 1:00 p.m. The next meeting will be on September 9, 1994 from 1:30 to 4:30 p.m. in the Tacoma Public Utilities Auditorium.

Adjourn:

As there was no further business, the meeting was adjourned at 4:00 p.m.


Bruce Laing
Chairman of the Board

ATTEST:


Marcia Walker
Board Administrator

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