

**Regional Transit Authority
Minutes of Special Board Meeting**

October 27, 1994

Call to Order

The meeting was called to order at 5:25 p.m. in the King County Courthouse, 516 Third Avenue, Room 402, Seattle, Washington by Chairman Laing.

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

Chair:

Bruce Laing, King County Councilmember

Vice Chairs:

Dave Earling, Edmonds City Councilmember

Paul Miller, Tacoma Deputy Mayor

King County:

Martha Choe, Seattle City Councilmember

Jane Hague, King County Councilmember

Gary Locke, King County Executive

Norm Rice, Seattle Mayor

Cynthia Sullivan, King County Councilmember

Pierce County:

Sharon Boekelman, Bonney Lake Councilmember

Doug Sutherland, Pierce County Executive

Snohomish County:

Bob Drewel, Snohomish County Executive

Ed Hansen, Everett Mayor

Washington State Department of Transportation:

Sid Morrison, Secretary

The Board Administrator indicated a quorum of the Regional Transit Authority (RTA) Board was present.

The following Boardmembers arrived after roll call:

King County:

Don Davidson

Report of the Chair

Mr. Laing:

Tonight we will not be taking any public comment. There will be a regular RTA Board meeting tomorrow, beginning at noon in the Pacific Building, 720 Third Avenue, Room 1720, at which time public comment will be welcome.

I would like to call on Barbara Dougherty to give us an update on public input to date.

Ms. Dougherty:

I would be happy to answer any questions about these materials.

Mr. Laing:

Are there questions for Barbara? Thank you, Barbara.

We have two major items of information that will be presented to us. First will be the Regional Transit System Master Plan and I believe that presentation will be relatively short. And second will be the Phase I Plan, in which the Chair's recommendation to the Board will be presented.

We have a ordered a frugal meal for the Board and I intend to take a break at the point at which the Phase I Plan has been presented and the Boardmembers have had the opportunity to ask questions of understanding. Then I feel that it is appropriate to take a break to give Boardmembers an opportunity to think about what has been presented. We'll reconvene and pursue such conversations and debates as the Board itself wishes to engage in. I will summarize what I understand to be the actions at today's meeting. We cannot take final action on any matter today. We can, if we chose to, address the information that is presented to us and make such amendments to it and such direction to staff as we choose in preparation for our regular meeting tomorrow. We cannot, at the end of that process of our internal discussion, adopt proposed amendments.

So, that is my intention for the sequence of events. With that in mind, I am going to call on Councilmember Martha Choe, who graciously agreed to chair the ad hoc committee on the Master Plan, for which I will be forever grateful to her.

Ms. Choe:

Thank you. I would also like to invite others who participated to help me in this, but just as a heads up to Boardmembers, in your packet you will find the revised draft of the Master Plan. I want to thank a number of you who spent a great deal of time in the last couple of weeks to help with the revisions. I just want to call to your attention that there are a number of proposed changes to the Master Plan. There are strikeouts and there are underlines. The underlines are those issues on which the ad hoc group reached consensus. In addition, there were a number of issues in which there was not consensus and there was a great deal of good Board discussion. Those are called out for you identified by issue and we agreed were problems in the Master Plan and needed broader discussion and attention by the full Board. Mr. Kirchner, would you like to make additional comments?

Mr. Kirchner:

I don't have anything to add; just to reiterate what Martha said and what is in the cover memo attached to the Master Plan. It is the September 9th version that you have received.

We are prepared to walk you through the bold pieces for your information, either now or tomorrow.

Ms. Choe:

All of the comments that were submitted by RTA Boardmembers for consideration were discussed in the course of the review of the Master Plan.

Mr. Laing:

It is my recollection that the Phase I Plan will become an element of the Master Plan. Is that correct?

Mr. Kirchner:

Yes, Phase I is Section H, of Chapter 3. It currently shows as a blank page, to be inserted later after decisions have been made. The same is true for the Financial Plan that is in Chapter 4.

Mr. Laing:

It is my intention that the Master Plan would be a subject on Friday, after we have completed adoption of the Phase I and Financial Plans. We would take action on it following adoption of the Phase I and Financial Plans either on Friday or on Saturday, depending on how late we go Friday.

With that background, I would like to call on the Executive Director to call forth the staff who will assist him by presenting the specifics of the Chair's recommendation to the Board.

Mr. Matoff:

Thank you Mr. Laing and members of the Board. I would like to ask Mr. Matsuoka, the deputy executive director, to present the Phase I Plan.

Mr. Matsuoka:

After many of the Boardmembers' discussions over the last couple of weeks, they have gotten to be more and more intense leading up to this decision tonight. There are a number of parameters that were set that the Board requested the staff to adhere to as we developed the proposal in front of you tonight. Some of those parameters are listed on the first page of the October 27 memo from Bruce Laing to the members of the Board. Those parameters include: keeping the local tax rate proposal to .4 sales tax and .3 MVET; to try to put a cap on long-term bonding of \$800 million; to do this plan in a fifteen-year implementation period; to provide for additional public accountability in terms of a major report to the public at about year ten and a commitment that no later than year fifteen we would have some sort of reaffirmation through another public vote as to what the intent was for the future; some statements of equity and equity distribution of benefits were preset such that local subareas should not be a net donor of some of its local tax revenues to other areas. We also have talked about the fact that there are some areas within our three-county region in which the issues are particularly difficult and that we were looking forward to an objective and community-based further study to try and understand the issues better and so there is a special provision in this report about how that is handled. There is a need for greater specificity in what the trunk bus system would look like and an issue that seems to be very popular--that we develop a seamless system of integrated services.

So, those were the basic framework that we used when we put this together.

Mr. Laing:

Before you proceed forward, I would like to advise Boardmembers that at your places is a memorandum to the Board that contains the specific text of the proposal itself and Paul is following the sequence that is in that memorandum. We'll pause for a moment to allow members of the public to have copies if they wish.

Mr. Matsuoka:

I am on page 2 of this memorandum. Roman numeral II begins talking about the Phase I Rail System. Before talking about the rail system, I would like to make an observation that what you are about to adopt here as Phase I would be the plan of the Board, but the next step around the successful election is a step called preliminary engineering, in which we would be going back to the Plan. We would basically be working intensively with communities understanding exactly where these rail lines would go, exactly where the station locations would be set and what the stations would look like and how they would fit into the community. From that process, we need to look at alternatives and we have to do an environmental impact statement. I know that there are issues that have come up from throughout the three-county area that does this decision mean that locations are locked in absolutely. The answer is there will be further study everywhere, as we try to understand exactly where to place these facilities. We do have to let the voters know in general terms what the system looks like. On page 2, we start to talk about that.

We start first with the commuter rail system. The commuter rail system that is included in the chair's recommendation is the full system that runs from Everett in the north and to Lakewood in the south. A number of stations are listed on page 3 in the north corridor. The south corridor is divided into the King Street to Tacoma Dome segment and the Tacoma

Dome to Lakewood segment. Finally, in the middle of page 4 is a recapitulation of commuter rail capital costs totaling \$586 million.

We get into the light rail section of the system. We start first with the north corridor. The north corridor is divided into the Convention Place Station to South U District segment, where we have a couple of subalternatives that we have to look at over the course of the next few years. Subalternative b(1) will come out of the capital tunnel on to a high level bridge crossing Portage Bay, touching down in the University District and running predominantly on the surface between the U District and Roosevelt on its way toward Northgate. The other alternative b(2) would stay in the Capitol Hill tunnel and go underneath the Ship Canal and serve the University District and the Roosevelt area with tunnels. You will notice on capital costs the surface alternative is \$310 million and the subway alternative is \$500 million. There is a difference in capital costs of \$190 million. Basically, the proposal of the Chair would be that we budget for the higher cost number. So, regardless of how we get through the University District, we would then proceed on aerial structure to get to Northgate and after the Northgate Station, would come down to grade and then next to I-5, using I-5 right of way and median to get into southern Snohomish County terminating the north corridor line in the vicinity of 164th Street.

In the south corridor, we would leave International District Station and proceed on the D-2 roadway. In the vicinity of Dearborn and Rainier at the south end, would leave that roadway and proceed on a surface alignment on Rainier under I-90, would rise to an aerial structure south of I-90 and then continue on aerial structure to Columbia City. From Columbia City would go west and then would go to the Martin Luther King alignment and would come down to grade at Martin Luther King to Boeing Access Road. From Boeing Access Road, this alignment is essentially a surface alternative, using Highway 99 and would serve the airport, the City of SeaTac, the City of Federal Way and would eventually cross on a bridge over the Puyallup River and then come in to the Tacoma Dome Station. From the Tacoma Dome Station, the line would proceed on a surface alignment to downtown Tacoma terminating at 9th and Pacific.

The third corridor is the east corridor. This discussion begins on page 9. The east corridor line would share the right of way with the south corridor line from I-90. The east corridor line would stay on I-90 and use the center roadway across Lake Washington. It would proceed up Bellevue Way and go into the Downtown Bellevue Transit Center. From downtown Bellevue, it would essentially be a surface system that would eventually get out to serve the Overlake area and the east side.

The chairman was considering a fourth corridor, which would have been the circumferential corridor in the I-405 area, and would have served Bellevue and Tukwila, possibly using DMU. As you have heard from the community out there, there is some significant question about that proposal. So, this DMU line is also handled in a different fashion, which I will review with you in just a minute. That essentially is the scope of the light rail part of the system. It would go from 164th in the north to downtown Tacoma in the south and to Overlake in the east.

On page 11 where we recapitulate the LRT capital program, we see that there is an asterisk on the north corridor costs of \$1,710 million. As I mentioned before we had two subalternatives for the north corridor, specifically related to the U District and Roosevelt. The number \$1,710 includes the lower cost surface alternative and we have budgeted for the costs of grade separation on the lower part of the page, under the TDF Allocations. There you see north King County's share of the TDF being \$190 million. The thought here is that should we do the study process and decide that a subway is necessary in the University District and Roosevelt, that the money to fully fund that alternative would be available to the RTA.

Moving on to the Transit Development Fund. As you know this fund is a fund to provide for a variety of capital and operating improvements. It can also be used for right of way acquisition and a number of other things. You have told us in a prior policy resolution that you expect some of this to be used to help with the equity picture throughout the region. What we have done here in the allocations is put \$25 million in the Snohomish County area; \$190 million for the north King County subarea; a base level of \$25 million each for both the east and south King County areas. The reason why the east and south subareas have an additional \$50 million shown for a total of \$75 million each is that this relates back to the earlier comments about how we handle the DMU in the south I-405 corridor. The DMU line is about a \$100 million project. Finally in the TDF Fund, we show \$100 million for Pierce County. Basically, Pierce County's allocation is higher than most areas because it is necessary to help bring Pierce County to the equity position.

I am now on page 12, regional fare integration. This is an idea that has been very widely accepted by the Board and by the committee, but up until now we haven't had a good estimate for how much this might cost. We are frankly being very

honest with you in saying that this number is going to be more correct; we have done some guesstimating and we have a number that is \$15 million per year. The assumption is that we would not be spending \$15 million a year right away; that this would be ramped up over the fifteen or sixteen year period, such that by the end of the sixteen year period, it would reach the \$15 million a year.

Finally, regional trunk bus. This is an area in which we believe we need to put some money aside for but there has not been a real explicit delineation of what would be placed in the plan, with respect to regional trunk bus. What you see in this memo, is one attempt to try to define that. On page 13, we see eight proposed regional trunk bus routes. The service frequencies are noted in the column, and you can also see how much it would cost to buy the vehicles and to operate this. Sandwiched between pages 13 and 14, there is a color map which the blue line shows how those regional trunk buses fit in with the regional rail system to provide a complete set of regional services. Regional trunk buses are budgeted at \$21 million a year. It is not assumed to be spent at \$21 million a year starting at year one. We are assuming that this program is ramped in over sixteen years. In the earlier part of the period, we would be buying the buses and we would be arranging for contracts with local transit agencies to operate them and then we would be providing for a gradual implementation of trunk buses while the light rail system is being built up.

A summary of all of these numbers is shown on the very last page of your handout. I should mention that the numbers that I have just gone through in the text are correct. The numbers on this last page are incorrect. This last page is a summary of the sixteen year program expenditures and the left hand column is for the rail program. The first correction that needs to be made is under LRT-south. That number should be 1,485 and therefore, the total should be 3,985 for LRT. The total rail capital program is 4,571. Under the title Reserve/Transit Development Fund (through 2011) the TDF for Seattle/North King County should be reduced from 250 to 190. The total TDF fund is 465. So, there is no change to the grand total of 6,514.

That, in essence, is a summary of the chair's proposal. Jan Hendrickson, our finance director, is prepared to go through the main part of this memorandum which describes the details of the financial program and then Martin Baker will follow.

Mr. Laing:

I am open to questions of clarification for Paul. I thought the extensive questioning and discussion would come after we've had a chance to hear all three parts of the presentation. If Boardmembers have questions in order to understand what has been presented, I am certainly open to that.

Ms. Hendrickson:

Our financial analysis of the program begins on page 14. At the very top you will see a brief statement of the financial assumptions that were introduced to you at the very beginning of the memorandum. The one that I would like to point out at this particular point in the memo that is being introduced here is the federal and state funding assumption. The chair did provide instructions to the staff for the purposes of this analysis to make that level of funding at \$120 million per year. As I understand it, Secretary Morrison has introduced the concept of the RTA requesting state funding of a level of 20% of the total rail cost.

At this point, rather than following the text, I would like to direct you to page 17. You will see two tables on this page. The top table is the cash flow analysis through the sixteen year time frame. The sixteen years is defined as 1995 through 2010. The chair's recommendation can be constructed within our financial assumptions that I described to you. It will require approximately \$710 million in bond proceeds to cover construction costs, however, that allows us still to maintain a debt service coverage ratio well above 4.2, which is a very healthy coverage ratio. I would like to point out that this level of bond indebtedness is only 16 percent of the total capital costs, which is an extremely conservative percentage of similar type of programs.

Moving down to the second table, there you see a snapshot of cash flow analysis for the year 2011, the year after completion of the capital program. There are two things here that I would like to point out. The first is the footnote that refers to the balance available for capital. You can think about this as funds being available as matching dollars for federal and state grants for a phase program go forward beyond the year 2010. The annual capital funding level could reach close to a 50 percent of the annual expenditure level assumed for the Phase I capital program.

Continuing within the text, we did also look at the alternative \$110 million per year combined federal and state dollars, which the Board had previously recommended. If you think about \$100 million combined funding level per year, you would see the construction period extended by one year for a total seventeen year program.

Mr. Sutherland:

On page 17, under annual cash flow analysis in the year 2011 you show under uses a balance available for capital at 57. If we were to assume that it was recommended that those monies would no longer be carried forward and that the taxing rates would be reduced, what impact would that have on those taxing rates?

Ms. Hendrickson:

We have not done an analysis of what that percentage might be.

Mr. Sutherland:

Can you give me a best guess?

Ms. Hendrickson:

I think that if you think about the sales tax at .4 percent it would cover the remaining .3 percent.

Mr. Laing:

I am just following up on Executive Sutherland's question. I just want to make sure that the Board understands that the chair's recommendation is that there would be a vote of the people at the end of the construction schedule and at that time the issue would be put to the public depending on what the RTA Board at that time would be recommending. Whether it would be to reduce the tax or to consider a Phase II funding program at that time.

Are there other questions for Jan? No.

Ms. Hendrickson:

Thank you and I'll turn it over to Martin Baker at this time.

Mr. Baker:

I am going to refer you to the papers in front of you entitled Phase I Plan and Principles. The staff has attempted to summarize many, many discussions over the past two weeks in terms of underlying commitments and principles which you have discussed and which we understand as of today. Many of them are incorporated in the draft plan that Paul Matsuoka reviewed with you. This set of principles and commitments attempts to elaborate on some of the more important points.

Let me say that this has been a collaborative effort and so some of my collaborators can help me if I get fuzzy on some of the points and I would appreciate that. I would also like to say that there is no pagination to this, so if you take a moment and just paginate it one through five, that will help me in directing you to things I am talking about.

The Phase I financing section essentially repeats many of the general terms that you heard earlier. Essentially, we are proposing a plan with a sixteen year construction and financing period and references Attachment A which is what Paul Matsuoka covered.

1.2 - Local Tax Rates - This covers the local tax rate of .4 sales tax and .3 MVET. It says that local areas can seek new or utilize existing taxing authorities to supplement or accelerate funding of the sixteen year core program of the Phase I Plan.

Section 1.3 talks about state and federal funding at a level of \$120 million a year for sixteen years and assumes continuing contributions thereafter for a potential Phase II Plan and states that the assumption is that we would request 20 percent from the state of the overall capital program.

The next section talks about the major review concept. There would be a major review after ten years for the purpose of determining that there is sufficient financial resources to complete the sixteen year program; whether additional projects could be undertaken; if the bonding indebtedness and operating assumptions can be altered to reduce future tax burdens or to free up means for capital projects in Phase II; and if a vote of the people is appropriate to either continue the funding of the sixteen-year Phase I Plan or to fund a Phase II package.

Section 1.5 deals with the issue if we exceed our estimates in terms of receiving federal dollars, in which case the bond rate could be lowered or other capital investments could be reserved for Phase II.

Section 1.6 outlines an automatic reduction in the financing tax level after sixteen years to a tax level necessary to fund only the RTA rail, bus and agency operating costs, regional fare integration, capital replacement, and bond indebtedness. Any future (post Phase I) capital program financing must be approved by a vote of the people.

Section 1.7 is the maximum bonding level. To ensure that the RTA maintains a reasonable, financially prudent debt level, an overall long term debt ceiling of \$800 million would be established. The RTA will make every effort, over the sixteen year period, to achieve program goals while accumulating less debt than the \$800 million ceiling.

Equity Principles - in section 2.1 methods are described. The RTA Board has assessed various equity viewpoints in arriving at a Phase I Plan decision. This required an assessment and balancing of, costs related to overcoming geographic constraints, ridership benefits, social equity factors, the benefits of serving high growth areas early, and overall regional benefits. The Board believes that there is equity of mobility and transportation benefits, as well as equity of dollar investments. The Board agrees that utilizing the five subregions to evaluate equity is appropriate for adopting a phase I plan and Master Plan.

The underlying equity principles of a Phase I Plan provide the following principles: The RTA system investments should be directed to developing a regional system; no subregion should receive RTA investments valued at less than local revenues raised in that subregion; the RTA acknowledges at the outset of this program that the completion of a regional system will require greater investments in future phases; the RTA shall seek to maximize federal funding and no subregion shall be penalized in equity calculations for qualifying for such funding; the Board realizes that investments in one subregion will often provide significant benefits to neighboring subregions.

The North King County Subregion, section 3.1 states that the Phase I Plan utilizes a combination of at-grade and grade-separated investments for the regional light rail system. For most subregions, a predominantly at-grade light rail program will meet regional performance standards and be acceptable to the local community, even though design details must still be worked out with affected communities. For the North King County subregion, however, there are important transit operational, geotechnical and community issues and the RTA is reserving judgment as to the level of grade separation which may be required between North Capitol Hill and 65th Street in the north corridor. The RTA recognizes that the City of Seattle prefers full grade-separation in this segment. There is agreement that a tunnel from downtown under Capital Hill to the Ship Canal is necessary. For the north corridor between North Capitol Hill and 65th Street, a joint design development process under an interlocal agreement between the RTA and the City of Seattle will be undertaken to determine the final alignment profile. The aggregate difference in capital cost between the two options is estimated to be \$190 million.

Section 3.3 states that the RTA recognizes that there are significant transit operational issues, geotechnical issues, general transportation issues and community issues associated with either option at this time. The RTA and the City will, therefore, jointly conduct an extensive design, environmental, and public review process in the corridors described above. All options presented to the public will be designed to meet regional travel time and capacity standards described in Attachment B.

Ms. Sullivan:

One of the things that I would like the Board to consider when we are doing the joint planning effort, that that team be located physically in the community. There is a lot of interest in seeing to it that the community would have direct access and be able to stay apprised of these issues on an ongoing basis. It was a real significant and important issue and I would like to see us consider that. I would appreciate it if we could bring back an amendment for consideration tomorrow.

Mr. Baker:

Section 3.4 states that sufficient funds for the higher cost for a grade separated alignment in the north King County subregion would be adopted. Additionally, that the RTA is interested in assuring that performance standards are met at the lowest possible costs. The RTA Board also recognizes that if higher cost rail alignments are selected, it may not be possible to fund, or fully fund, other investments in that corridor.

3.5 states that if the lower cost option is selected, that some part or all of \$190 million is available to the Transit Development Fund for that subregion.

3.6 refers to the higher cost option being selected. If the more grade-separated option is chosen, then up to \$190 million would be used for that purpose and the Transit Development Fund allocation would be reduced accordingly.

Section 4.0 describes a variety of options for the east King County subregion. It states that \$100 million would be available for those options and for the final selection of one of those options. The process would be similar to the one outlined above for the north King County subregion.

Mr. Laing:

On that last point, wouldn't it be more properly stated that \$50 million is proposed for use in the east and \$50 million for the east. This should probably be worded in the way to reflect that.

Mr. Baker:

That correction is noted.

I won't go into the details on Attachment B, but it does set out both the 2010 passenger per hour and the 2020 build-out passenger per hour capacities in the University District and Roosevelt District. It also states further some finer points of how a joint design process would occur; some of the engineering criteria and operation criteria that should be considered; and it states that there will be a joint work program of the RTA, the City of Seattle and the community; and that there would be a budget category to ensure that adequate street treatment, etc. Finally it states that there would be a grant category established to ensure that there would be full community involvement.

With that Mr. Chairman, I will take questions.

Mr. Laing:

Are there questions for Martin on this presentation?

Mr. Miller:

I have a question on page 3, 2.2.2, it says no subregion should receive RTA investment values at less than local revenues raised in that subregion. And it is clarified by adding "(in other words, no subarea will export local dollars over the sixteen year period to pay for programs in another subarea)." I understand that the intent was to ensure that no subregion became a donor subregion. My concern is identifying a sixteen year period, we are identifying a program that will have bonding that will be paid for a forty year period, and those local subregions will continue to pay a proportionate share of those bonds over a forty year period. Therefore, even though we may not be a donor subregion within the sixteen year time frame, we become a donor subregion once you cross that time frame and that we are paying for a bonding capacity that we won't see benefits from. I would ask that we look at that.

Mr. Laing:

Let me ask a question of clarification. It seems to me that if there is equity in the program which includes a certain amount of bonding, I am not understanding how that might drive out of equity over a period of time.

Mr. Miller:

Let me ask this in the purest sense of the language here. The intent is to ensure that no subregion become a donor region. The language that is here would indicate that a subregion would qualify as not being a donor during the sixteen years every dollar they generate goes back into their investment. That would indicate that they have no sharing of the bond funds that the RTA puts in place, although they would be paying for those bonds.

Mr. Laing:

It is intended that there would be equity over the entire time that they were paying for the bonds. Make sure that we articulate that.

Other questions for Martin?

Mayor Rice:

On page 4, 3.2, the difference between the bridge and the tunnel at \$190 million. What is included in those costs, is mitigation or anything else included?

Mr. Matoff:

There is an allowance for mitigation and betterment in both cases. It has been carried as an aggregate number as \$170 million for the entire light rail program, so it is not allocated on a segment-by-segment basis.

Mr. Laing:

I have just distributed to Boardmembers what I am proposing as an addition to the principles that will be inserted on page 5, after the last item 4, which will be revised as we discussed earlier. It was not incorporated in the recommendation, because it was developed after this had to go to press. I think that there are significant principles that I am recommending and the Board could take it up as a separate amendment. These recommendations are two additional provisions.

5.0 would read: "The RTA will meet the legal and reasonable requirements of local jurisdictions in final siting, designing, and construction of its facilities. In practice, this means that the RTA will seek with the affected local legislative body concurrent policy decisions that will affect the final siting, design and construction of RTA facilities."

5.1 would read: "The City of Seattle has indicated that the issues related to the degree of LRT operations at grade, or grade separated, integration of RTA improvements within the community, the system capacity are critical to the City's support of the Phase I Plan. The RTA Board recognizes the importance of this issue to the City of Seattle. The RTA Board taking into account section 5.0 above, recognizes that the City of Seattle must accept and concur with the final decision in the north corridor of the north King County subregion."

I would ask the Board to consider those additional principles.

We are open to any questions the Board has of staff for purposes of understanding. My intent is to adjourn for a half hour for a dinner break and then come back after the Boardmembers have had a chance to digest both of these documents.

Mayor Davidson:

I would like to request a review of the Transit Development Fund rationale behind these monies were divided.

Mr. Matoff:

The Board's policy on Transit Development Fund is that one-third of the fund would be distributed on a per capita basis and that two-thirds for equity purposes. The fund also provides an additional function, which is to provide for a place where funds can be held pending the resolution of additional planning studies, evaluations, and so on relative to the rail capital program.

A nominal minimum of \$25 million was assigned to each subarea. As Snohomish County was not in an equity deficit situation given both commuter rail and extension of light rail to 164th, no additional funds were allocated in this draft proposal to Snohomish County. The Seattle/North King subarea has an allocation of \$190 million - that would be the amount required to completely grade separate the alignment between Campus Parkway and Northgate, should the studies that we are recommending be undertaken demonstrate the requirement to do so. So that is being held as an allocation for the Seattle/North King County area. In east King and south King County, an additional \$50 million was allocated to the base \$25 million (\$50 in each of the two subareas) to provide \$100 million for the implementation of a starter project of some currently unspecified kind in the I-405 corridor. You may recall that originally there was a proposal in some of the alternatives to have a diesel-multiple unit operation between Bellevue and Renton/Tukwila. Because of issues associated with that and the desire to work with either bus-based alternatives or other kinds of rail alternatives in that corridor, this is being held in those two subareas. The balance of \$100 million is held in Pierce County because they are the subarea which has the lowest level of equity, in terms of a straight calculation. So that is the basis for the underlying first draft allocations.

Mr. Matsuoka:

First of all, as you do the simple math on the back page, it is not hard to conclude that 21 million a year times sixteen is far greater than 200. Therefore, we have assumed that the expenditures are ramped in over time. You have not yet made any decisions about how these lines are going to be phased in. If the Board's intent is to have all eight of these lines start as soon as we can buy the buses, starting with year three, then there is clearly not enough money in the financial plan for that level of expenditure. Therefore, the chairman's proposal is that they be ramped. How would they be phased? That decision hasn't been made. It seems logical to me as a planner that for some of the routes in which we don't envision rail services during Phase I might be early candidates for service.

What we understood was our goal of assuming \$36 million a year for buses and dividing that \$36 million into the regional fare integration and regional trunk bus left us with a certain amount of money for regional trunk bus. We tried as best we could to develop a system that complemented the rail system, that would be phased in over time and would be affordable. This Board could make other assumptions and adjust the revenues accordingly.

Mr. Earling:

Would we expect Community Transit or METRO or Pierce Transit to pay for the feeder systems to deliver the people to the station. The same question goes for the commuter rail when it is started. Do we expect the local transit operator to develop and pay for the feeder system to deliver those people to the stations.

Mr. Matsuoka:

Some of the routes that are currently available would be assumed. On the issue raised regarding commuter rail, it is our assumption that commuter rail would free up a number of bus routes that are operated by local bus companies so they can take those bus hours that are freed up to reallocate them in to community service. In addition, once the rail system begins operating and you have a bus and rail interface, the vision of fare integration would kick in, in which there would be an opportunity for local transit agencies who are feeding the rail system to be made whole financially for the job they are re doing in helping the regional rail system.

Mr. Earling:

I don't mean this to sound as sarcastic as it may. I don't know if you have noticed that running down the coast from Everett to Seattle, there aren't many bus routes. So, I am unclear as to exactly what it is that is going to be freed up for some of that delivery.

The regional fare integration really doesn't start until the year 2000, and I read in the principles that one of the main messages that we've heard from the public is that you want to have a seamless, integrated system and I would hope that we can find some way to better symbolize the fare integration system. With some of the questions and answers that I have heard related to regional trunk bus, there seem to be a lot of folks who assume in Snohomish County and maybe on the east side of King County who are waiting for a whole lot of service for a whole long time. I don't think that is the perception that some of the public has been working with. It has been a basic fear of mine from the beginning that you would underestimate the value of bus service.

Mr. Matsuoka:

Many of the comments that I have said to Mr. Earling were included in a memorandum that I sent to him this morning. I understand that many of you haven't received your copies that were sent to your offices. I will hand another copy out now.

Mr. Laing:

I propose that we recess for 35 minutes and reconvene at 7:30.

Mr. Laing:

The October 27, 1994 special meeting of the RTA Board is back in session. Boardmembers have now heard the briefing and responses to questions on the Phase I proposal of the chair. You received a copy of the Master Plan with the amendments that have been made in committee. We are open for any questions of comments that Boardmembers have.

Mr. Hansen:

I have some comments and some questions. First, on equity principles I don't think any of you would be surprised that I respectfully disagree with these equity principles. I have some specific comments on the language in 2.2, that appears to establish as the test that no subregion should receive RTA investments valued at less than local revenues raised in that subregion. I respectfully disagree that that should be the test, because it ignores both federal and state levels and the taxpayers of each subregion pay both federal and state taxes. We don't know yet how the state share is going to be funded and I know that Secretary Morrison is gone for the evening, but it is my recollection of his comments previously about the state share that likely will be a method of funding that will also include Clark County and Spokane County. There will be some effort to establish matching basis on a county-by-county basis. So, at the very least, state funds should also be considered and I believe that federal funds also should be considered, which is of course in disagreement with 2.2.4.

Having said that, I would like to make some specific comments about my understanding of how the chair's proposal affects the City of Everett. According to calculations done by my staff and I hope that the RTA staff will listen to these numbers and perhaps correct me and my staff if the numbers are incorrect. It appears as though the dollars proposed to be spent in Everett over the sixteen year period total \$44.75 million and includes \$26.5 for commuter rail about \$10 million assuming a portion of that TDF fund is assigned to Everett, and then the commuter rail O&M, which is \$80.25 million. That adds up to 44.75 million. Looking at just the local revenue. And remember that I disagree that the local revenue is all that should be considered. But just looking at the local revenue over that same sixteen year period, the sales taxes collected in the City of Everett will be \$122 million and MVET will be \$46 million. That is a total of \$168 million and if you compare the 44.75 million that will be spent in Everett, using the RTA's own measure, 26.6 cents of each dollar collected in the City of Everett will be spent in the City of Everett under the chair's proposal. You may assume that folks in Everett all drive turnip trucks. Also, many of you will, hopefully, have received copies of a letter from our Chamber of Commerce that basically believes in the regional transportation, as do I, but also would like to see Everett as part of the regional transportation system, including light rail service to Everett.

A couple of other statistical analyses, using that same 44.75 million in looking at the total \$6.5 billion, that indicates that 0.607 percent will be spent in Everett and 4.76 percent will be Everett's local revenue and again you can see the marked disparity between the revenues collected in Everett and the dollars expended in Everett. Thank you

Let me also make one other comment. From Snohomish County's perspective, it is also my understanding in doing the equity calculations that the system costs from 175th in King County north to the Snohomish/King County line have been

assigned as Snohomish County costs and I would appreciate some clarification of that because that too distorts the equity analysis.

Mr. Laing:

Other questions or discussion? It is my suggestion to the Boardmembers that this is an opportunity for us to give such instructions as we have to staff in preparation for our meeting tomorrow, which begins at noon.

I would ask staff to prepare a resolution which would adopt the chair's Phase I proposal as a basis our initial consideration and as an instrument which we can use to amend as the Boardmembers found necessary.

The sequence of events that I am suggesting to the Board is that at tomorrow's meeting we consider the resolution. Let me ask legal counsel if there will be separate resolutions for the Master Plan and the Phase I proposal.

Mr. Gunter:

It will be a single resolution.

Mr. Laing:

We need a resolution to adopt the Master Plan, the Phase I Plan and the Financing Plan, all of which will be incorporated into one document.

For the purposes of actual working after the instrument is introduced. I would ask the Board to first consider the Phase I plan, because as we discussed before it has implications for what is in the Master Plan. Again, this is a suggestion in the way in which we address proposed amendments to a single option.

Mr. Davidson:

I would just like to request that staff bring my proposal forward at this level of detail. I think that is the only proposal that the Board hasn't seen with this much financial detail. I am having trouble picturing \$6.5 billion as Phase I, so I am trying to find a new vehicle that would describe a Phase I approach to this.

Mr. Rice:

I want to say thank you to the chair for finally laying out a proposal on which we can focus. I think that it is helpful to organize this final discussion. I think that the chair has kept us on the right track. I think the major goal in the system is that it works for a whole region. There has been a strong attempt to be equitable on a region-wide basis. I think that right now we are pushing ourselves because we did put a target date and a goal to get a proposal together and I can't say today that I have all of my questions even formulated, let alone answered because some of the assumptions have changed. The Transit Development Fund is lower than any of us thought. I don't think that we have agreement, although we have understanding that there are constraints in this analysis. It is important that we get it right. I don't want to be bound. I will ask and I will study and I work hard from 12:00 to try and see what all of the questions that I have, but I don't think I am going to just arbitrarily say tomorrow I vote. And I want to be very clear about that. It is going to be important as everybody has told us in this process, "do it right." If I have any kind of doubt, I think that it is better to pause and ask ourselves if we are still on the right track with the right objectives and with the right principles and if we are not then we ought to slow it down.

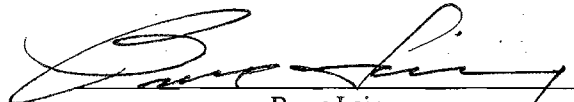
Mr. Laing:

I just want to advise the Board that in addition to tomorrow, we have reserved rooms for Saturday, should we choose to use it, and for the following week, both Friday afternoon and Saturday have been reserved. My intention has been that tomorrow we would have the public comment period and at the completion of our work for that day should we not finish that we would then recess to Saturday and if we haven't completed our work then to recess to the following Friday. I only mention this so that the Board is aware. It is the Board's decision on the timeline. We set this timeline ourselves. We are working under a two year deadline in the enabling legislation. I think there are some practical considerations and all of us

are reminded of the legislative bodies of the three counties and that their budget cycles. If our decision goes too long, it will go over into next year. And that's a decision we have to make. I am not saying it argumentatively. I am just trying to remind Boardmembers of some of the factors. I would be the last one to tell the Board that now that we have set this deadline for ourselves there's no moving away from it. I don't feel that way. I think there has really been a benefit for us in making every attempt to meet this deadline. We won't decide until we get this close to the deadline, so I think that it has been healthy, thus far.

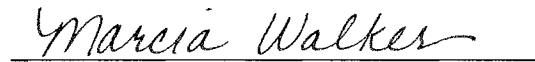
If there are no other questions or comments, we will adjourn.

As there was no other business, the meeting was adjourned at 8:15 p.m.



Bruce Laing
Chairman of the Board

ATTEST:



Marcia Walker
Board Administrator