

**Regional Transit Authority
Finance Committee Meeting Notes**

April 6, 1995

Call to Order

The meeting was called to order by acting Chair Ms. Choe at 12:07 p.m.

Attendance

Martha Choe
Don Davidson
Bruce Laing
Lois Anderson
Paul Miller

Report of the Chair

Ms. Choe indicated that the future of the RTA is unknown due to pending funding issues and Board decisions related to choosing a work program.

Report of the Finance Director

Ms. Hendrickson stated that the Board will need to formulate a revised budget. The Board adopted the current six month budget with the understanding that the work plan would be altered following the election results. Ms. Hendrickson noted that about half of the 9.2 million current budget was allocated for commuter rail and election expenses. Without those extra expenses, the RTA is operating below the 1994 budget.

Ms. Hendrickson continued to say that all contracts planned for release are on hold. She referred the Committee to page 2 of the Preliminary Budget Discussion packet which summarizes the 1994 budget and actual expenditures. She reported that the pre-state audit is scheduled to begin this week.

Ms. Hendrickson then outlined the revenue picture, stating that the RTA has no independent revenue source. The RTA is dependent on HCT funding and the 20% requirement for local match. The legislature and the county council are currently debating the future of the RTA funding. As the legislature may go into special session, their decision may not be known until May or June. However, the interlocal agreement between King County and the RTA will appear before the Council on April 24th.

Ms. Hendrickson summarized the RTA's situation with the State. The current contract expires June 30, 1995. The RTA has submitted a 9 million dollar grant request for June, 1995 through June, 1997. Mr. Laing and Mr. Matoff then testified at Rep. Karen Schmidt's March 28th hearing, where they received the message that a 9 million dollar grant was unlikely. The RTA resubmitted a request for 7 million dollars, which assumes State funding will be cut off December, 1996. This scenario still allows the Board several options for the next election date.

Mr. Laing indicated that he had talked with Ms. Schmidt that morning, and that she had not considered the resubmitted 7 million dollar request for a shorter time frame to be responsive. Ms. Schmidt then suggested to Mr. Laing that the RTA request less than 3.5 million dollars for the first year of the biennium only. She would like the RTA to use that money to build a consensus with the public, the opposition, and the legislature in preparation for going before the legislature during the next session. Those discussions would include: 1)HOV and bus improvements (including fare reductions); and 2)an identification of necessary changes to the RTA enabling legislation if the consensus dictates changes outside of the scope

of the RTA. Those discussions would not include a next election date until after the RTA appears before the legislature during its next session. Mr. Laing noted that the Board has to answer two questions to respond to her request: 1)an estimate of the funds the RTA will need to follow Ms. Schmidt's outline; and 2)if the Board wishes to comply with her proposal at all.

Ms. Choe indicated that the purpose of this meeting was to articulate policy issues and to look at options, not to make recommendations or to take action. She asked if Rep. Schmidt is expecting an answer after the Finance Committee meeting, noting that she would feel more comfortable passing this issue on to the Board as a whole.

Mr. Laing responded that Rep. Schmidt wanted a definitive answer. He hoped that the Finance Committee could recommend an action to the Board, allowing him to report the Committee's recommendation back to Rep. Schmidt.

Ms. Choe inquired about the specific timeline of funding under Rep. Schmidt's proposal.

Mr. Laing indicated that they had discussed funding through the first year of the biennium as well as funding until the next legislative session in January, 1996.

Mr. Miller stated that the RTA will need funding to carry itself through the session.

Ms. Choe noted the difference between funding to the session and through the session, and concluded that as the Committee formulates recommendations, it needs to address these timing issues as well.

Mr. Laing reiterated that under Rep. Schmidt's proposal, the RTA will not hold another election until it has reached a consensus between the supporters and the opposition.

Mr. Miller indicated that Rep. Schmidt's proposal is not far removed from what the Board would decide on its own. His concern is that funding needs to last through the legislative session. He would like to have an 18 month budget that carries the RTA through the consensus and carries on through the election.

Mr. Sutherland questioned the RTA's role and responsibility for developing a program that can be taken back to the voters. He indicated that, by adhering to Rep. Schmidt's proposal, the RTA would have to go back to the legislature for agreement and the additional budget to put a plan on the ballot.

Mr. Laing agreed that the legislature wants to see the general nature of the RTA's approach before they would be willing to commit to further funding.

Mr. Sutherland noted that, under these circumstances, the Board could opt to give the entire project back to the State.

Mr. Laing mentioned that the point at which the RTA dissolves is covered in the enabling legislation.

Ms. Choe indicated that the Board needs to decide if it is comfortable with the ground rules Rep. Schmidt has presented for additional funding. She noted that the Committee should provide some assistance for Mr. Laing to respond to Rep. Schmidt that day, but that the focus of this meeting is to identify policy issues and to provide a framework to the Board for budget development.

Mr. Miller stated that the Board needs to understand the criteria being placed by the legislature, and that the RTA should be able to negotiate an acceptable process. He noted the benefit to drawing the legislature in.

Draft Revision of 1995 Adopted Budget -- Discussion

Ms. Hendrickson brought the discussion to the status of the 1995 interlocal agreement with King County, which covers the 32 Metro employees and a 1.7 million dollar cash loan. This agreement is critical for HCT local match requirements and for covering Board expenses. The agreement had been referred to the Transportation Committee headed by Councilmember Gossett. On Monday, April 3, the King County Council voted 8 - 5 to send it back to Mr. von Reichbauer's Budget Committee. Mr. von Reichbauer has promised to send it back to the full Council on April 24 th. Referring to page 4 of the above mentioned packet, Ms. Hendrickson reported that two items are under debate by the King County Council: 1)the total amount of money that has been spent to date planning for a regional transportation plan (under the JRPC and the RTA); and 2)the local match contributed by county, in kind and in actual cash. Five million represents the long term liability assuming a positive vote.

Mr. Davidson noted that the agreement states that the money is a no interest loan, but that in case of a failed vote, it becomes a grant.

Mr. Laing indicated that the opposition was arguing both to the legislature and to the King County Council not to fund the RTA. One argument used before the legislature was that the County Council was considering not going further with funding for the RTA. To combat that sentiment, nine councilmembers signed a letter stating that referring the interlocal agreement back to the Budget Committee showed no lack of commitment to the RTA; that the issues involved were related to the internal budget. The letter was sent to the Chairs of the House and Senate Transportation Committees. The Budget Committee will determine if any conditions should be placed on the loans, and may require an accounting of money spent to date.

Mr. Sutherland asked if there was any indication of what the Budget Committee will do between now and the 24th of April.

Mr. Matsuoka replied that three public hearings will be held during the week of April 17th in West Seattle, on the Eastside, and in South King County, followed by a special meeting that Friday, April 21st. The issue will then be referred to the full council April 24th.

Ms. Hendrickson stated that, as the agreement has already been reviewed by the Budget Committee, two lengthy staff reports have already been developed by King County staff.

Mr. Laing asked if those reports contained any suggestions.

Ms. Hendrickson responded that the local match contribution was one issue, and the reports may have included a King County review of any adopted plan before being sent to the voters.

Mr. Miller inquired about King County's issue with consultant changes.

Ms. Hendrickson stated that King County's concern is the 50 million dollar total amount spent to date.

Mr. Miller asked about King County's issue with local match.

Ms. Hendrickson replied that the 1994 equity analysis showed that King County is carrying more than its share - 70%. Pierce is carrying 17.8%. Snohomish is the target.

Ms. Hendrickson directed the Committee's attention to page 5 of the packet. The table represents a best case of projected revenues broken down into six month increments. She noted that the local match source for 1996 has not yet been identified. Although the RTA has applied for other grants, those will be analyzed if and when they are presented. If given other grant opportunities, the RTA will need to comply with the scope of work outlined for that particular grant.

Mr. Miller noted that, based on the table on page 5, the first six month budget for 1996 may already be covered in savings.

Ms. Hendrickson agreed. Referring to page 6, she posed two budget development questions: 1)when will the election be held; and 2)what level of effort will be needed to support the given work program? She then explained some of the assumptions behind creating the table on page 6. "Limited Funding" assumes Rep. Schmidt provides the RTA with 1 or 2 million dollars, allowing the RTA to maintain operations through December, 1995. The column titled "With Funding" is based on a 7 million dollar HCT grant. She indicated that if the Board chooses a 1996 election date, it will be difficult to justify carrying the current staff level.

Ms. Hendrickson then brought the Committee's attention to page 7, which details the incremental revenues and costs associated with a November 1996 vote. She noted that the HCT grant allows no provisions for a rollover into the next biennium. However, local contributions allow for savings, and the RTA will be receiving more than 1 million dollars in Federal funds for the commuter rail project.

Ms. Anderson confirmed that rollovers are not allowed for the HCT funds.

Mr. Laing asked if unused HCT funds remain in the account until the next biennium.

Ms. Anderson replied that the funds remain intact unless the legislature removes them.

Ms. Hendrickson indicated that a fall 1995 vote would be the only option if HCT funding is severely cut. The question then becomes: under what conditions would choosing a fall 1995 vote be feasible?

Ms. Anderson explained that there is still 13 million dollars in the Senate budget. If that money stays there, it would be possible to undergo a grant process. If it is changed to an appropriation, it would have to be treated as such.

Ms. Hendrickson observed that a major work effort is not a financially feasible option. She then directed the Committee's attention to tables 7 and 8, which provide a basis for discussing budgetary analysis.

Ms. Choe mentioned that she needed to know what the normal staffing level has been in order to determine a minimal budget.

Ms. Hendrickson replied that the staffing level has remained fairly consistent throughout the life of the project. In addition to hiring consultants during intense work efforts, most of the staff also put in many overtime hours to compensate during the busier times.

Mr. Miller indicated that, due to insufficient funding, the Board has an obligation to lower the staff level. He argued that the RTA needs to be more responsive to Rep. Schmidt's message. He expressed the concern that if the Board doesn't lower the staffing levels the legislature will take action.

Ms. Choe noted that the Board needs to choose a work program in order to determine what level of effort will be necessary. She added that it was difficult to respond specifically to Rep. Schmidt's proposal without having decided on a work program and a timeline.

At this time, Ms. Choe mentioned that it was 1:29 p.m., one minute before the Finance Committee was scheduled to adjourn. She indicated that the meeting should go over the allotted time, as there was still business to discuss.

Mr. Davidson indicated that instead of using all 32 Metro employees, it should be determined exactly what staffing levels will be necessary to put together another proposal. He suggested a zero-based budget geared toward a spring 1996 election.

Ms. Choe indicated that the Board needs to decide if the current staffing level is necessary to carry out the work program, once chosen. One issue is if the Board feels comfortable giving staff the technical work instead of using consultants. She added that it was difficult for staff to report on necessary staffing levels for an unidentified work program.

Ms. Anderson cautioned that staff and consultants will be necessary to respond to questions from the legislature.

Mr. Matoff explained that table 7 detailed two separate policy issues for budget development: an election date and the level of effort necessary to meet the work program. He indicated that staff had formulated different scenarios, as there was no direction regarding any work program under consideration. Although the table is based on maintaining the current staff level with no consultants, the Board is only constrained by the bottom line number. The Board could, as one possibility, lay off staff and hire consultants instead. He added that the 32 employees does not represent an excessive expenditure in attempting to put together a credible regional transit plan. He encouraged the Committee not to decimate the staffing level.

Mr. Laing asked if would be possible to restaff next year if the Board decides to lay everyone off.

Mr. Matoff responded that staff will be needed to update the plan to show 1996 dollars, to perform an environmental analysis, and for public involvement.

Mr. Laing asked about the timeline for redoing the environmental analysis.

Mr. Freeman indicated that the timeline was two to three years.

Ms. Anderson noted that the DOT would like to see the information generated by the JRPC and the RTA maintained.

Mr. Miller reasoned that there is a staffing level between 32 and 0. Ideally, the work program would be defined first and the staffing level would be adjusted to accommodate that. But the legislature is indicating a need to downsize.

Ms. Hendrickson noted that the Board has the discretion to work within the dollar amount provided.

Mr. Miller stated that the RTA will receive no support without reducing staff.

Mr. Sutherland indicated that the Board needs to decide what levels are necessary to function. He noted that the staff will need to manipulate data already compiled; there is no need to engineer the plan again or collect new data. He guessed that about 80% of the current staffing level will be needed.

Mr. Laing asked about the elements of Rep. Schmidt's proposal as it relates to staffing.

Mr. Matoff replied that no consultant help will be needed for reaching a consensus and analyzing the fare reduction component. He indicated that there are staff familiar with the HOV system as well.

Mr. Laing explained that this work should be completed before January. He asked if staff numbers would change if Rep. Schmidt's proposal represented the major thrust of the work effort between now and then.

Mr. Matoff indicated that, in that case, the RTA would reduce staff levels. Commuter rail, engineering, and planning would not be necessary.

Mr. Laing explained that Rep. Schmidt is expecting a complete consensus between the opponents and the supporters of the plan. He wondered if it was feasible to respond to Rep. Schmidt that day. He suggested asking the Chairs of the two Committees to meet with an RTA Board contingent, instead of responding immediately with numbers.

Mr. Miller agreed with Mr. Laing's suggestion. He indicated that it is difficult to build a realistic package without understanding exactly what dollars are available and what the Transportation Committees have in mind.

Ms. Choe suggested setting a date to meet with members of the Transportation Committees, and in the interim, working toward providing some direction to staff about a work program.

Mr. Laing indicated that he was unsure of Rep. Schmidt's reaction, but that no one was ready to give her the specific response she was looking for. He added that he would be willing to discuss these issues further with any interested Board members after the meeting.

Next Meeting

The next meeting of the Finance Committee is scheduled for May 4, 1995 from 12:00 to 1:30 p.m.

As there was no further business, the meeting was adjourned at 3:15 p.m.

Amy Ebersole
Board Administrator's Assistant