

**Sound Transit
Finance Committee Summary Minutes**

May 6, 1999

Call to Order

The meeting was called to order at 12:10 by Committee Chair Greg Nickels.

Attendance

(P) Greg Nickels, Chair	(P) Rob McKenna
(P) Mary Gates	(P) Paul Miller
(P) Dave Enslow	(P) Cynthia Sullivan
(P) Ed Hansen	

Report of the Chair

Mr. Nickels announced that he had the opportunity to tour the progress being made with the Union Station building. The building is coming along very well and the changes are impressive.

He then asked the Finance Director to review the 1999 Financial Plan overview.

Ms. Jan Hendrickson, Finance Director, asked Mr. Brian McCartan, Budget Manager, to walk the committee through the overview.

Mr. McCartan went over the financial model, discussing the purpose and how it is updated (copy on file). He stated that this a long-term model, so it has a number of assumptions that dictate the outcome and can be best viewed as a fairly high-level planning tool. The model has been refined since the Sound Move financial plan, which accounts for some technical changes when comparing current figures to Sound Move figures.

Mr. Miller questioned whether each subarea equity would be at zero at the end of the ten-year plan.

Ms. Hendrickson replied that according to the Board's adopted Financial Policies, Sound Move is considered subarea equity. At the time the Board was adopting that plan, considerable analysis was done on the tax rollback. It was known at that time that there was considerable inter-subarea borrowing going on and that at the end of the 10-year period, not all was even. There needed to be a repayment period at the very beginning of Phase II in order to achieve true equity.

Mr. Miller disagreed with the interpretation of an extension beyond the ten-year period of the loan from one subarea to another. He stated that the Board's policies allow for inter-subarea borrowing to account for not going out for bonds when it was not necessary, but called for subarea equity to be back at zero by year ten.

Ms. Hendrickson stated that her interpretation was that the Financial Policies stop short of stipulating that at the end of the ten-year period there needs to be a complete reconciliation that occurs.

Ms. Sullivan stated that the vote on Phase II will need to occur before Phase I is completed so that there

will not be a gap between the phases. She suggested that the time to deal with the subarea equity reconciliation would be if the Phase II vote fails.

Following further discussion, Mr. Nickels stated that more time will need to be spent on this issue at a future meeting.

Finance Director Report

Ms. Hendrickson reported that Rodney Slater, U. S. Transportation Secretary, announced earlier in the week that the Puget Sound region will receive \$400,000 under a new program for transit-oriented development. The portion that will be given to Sound Transit has not been determined at this time.

Ms. Hendrickson stated that under Resolution No. 78-1, the Finance Committee asked for quarterly reports on contracts. She pointed out that three reports have been given to the committee: the sole source contracts in excess of \$10,000, all open contracts awarded, and a report which is organized by subarea (copies on file).

Mr. Nickels asked that an additional report be generated to track contract extensions.

Minutes of April 1, 1999 and April 15, 1999 Meetings

It was moved by Ms. Sullivan and carried by the unanimous vote of all members present that the minutes of April 1, 1999 and April 15, 1999 be approved as presented.

Motion No. M99-21 - Authorizing the Executive Director to amend the existing contract with Moss Adams for financial systems development and implementation by increasing the contract amount by \$707,882 for a total amount not to exceed \$2,952,205, which includes a contingency of \$268,382

Ms. Hendrickson stated that at the April 15 Finance Committee meeting, the following two questions were brought up concerning Motion No. M99-21:

- ◆ What are the roles and responsibilities between J.D. Edwards and Moss Adams?
- ◆ Why is the approval amount for the Moss Adams contract increasing by \$707,882?

Ms. Hendrickson asked Mr. Hugh Simpson, Controller/Treasurer, to give a presentation to the committee that would respond to the questions. Mr. Simpson directed the members to the material he had prepared for the meeting (copy on file).

Ms. Sullivan asked when the next Moss Adams client comes to Sound Transit and asks whether our project was on time and on budget, what will be the answer?

Ms. Hendrickson stated that Sound Transit takes responsibility for the change in scope. It was not Moss Adams that made the change; staff feels they will come in on time and on budget.

Ms. Sullivan asked for an explanation on the change in scope.

Mr. Simpson answered that the original contract was for a core financial system. He stated that through data modeling and staff sessions, it has been decided to go to an enterprise system, with project management software included, to integrate all of our packages into one database.

Mr. Nickels advised that as the agency moves into the 2000 budget, the committee will want to see backup to the issue of how money is being saved by moving to this system.

It was moved by Mr. Hansen and carried by the unanimous vote of all members present that Motion No. M99-21 be approved as presented.

Motion No. M99-22 - Authorizing the Executive Director to execute a contract with JD Edwards for enterprise applications software and support in an amount of \$2,268,773 and a contingency of \$317,599 for a total amount not to exceed \$2,586,372

It was moved by Ms. Sullivan and carried by the unanimous vote of all members present that Motion No. M99-22 be approved as presented.

Motion No. M99-25 - Authorizing the Executive Director to execute a sole source contract for Sounder signage design services with Two Twelve Harakawa, Inc., in the amount of \$148,300 plus a contingency of \$14,830, for a total amount not to exceed \$163,130

Mr. Jack Shah, Commuter Rail Engineer, stated that Two Twelve Harakawa has an existing contract with Sound Transit for system-wide signage. Since Commuter Rail is moving quickly, it would accelerate some of the process by engaging the same firm under a sole source contract for Sounder signage design services. The sole source contract would allow for a parallel development, coordination, and full integration with the Sound Transit program.

It was moved by Mr. Miller and carried by the unanimous vote of all members present that Motion No. M99-25 be forwarded to the Board with a do-pass recommendation.

Motion No. M99-27 - Authorizing the Executive Director to execute an extension of the service implementation planning contract with Manuel Padron & Associates through September 1999, in an amount not to exceed \$200,000

Ms. Veronica Parker, Program Manager, stated that the extension to the contract represents work that needs to be done following the coordination with Sound Transit's regional partners. She said that since this work is a continuation of the work performed in the original scope, the most reasonable solution is to extend the contract with Manuel Padron & Associates. This will provide continuity and efficiency.

Mr. Nickels asked how much of Manuel Padron & Associates' work is technical and how she would grade it to date.

Ms. Parker said about 98% of the work is technical and she would give them a "B+." She did not give them an "A" because she felt that staff had to do more preparation than she had originally expected.

Mr. McKenna asked if Sound Transit is using any contract services from the local transit agencies for some of the work.

Ms. Parker said the agencies have been defining their portion of the services, but staff has not formally contracted any of their services; they have been part of the team as far as lending the resources to the project.

It was moved by Mr. Miller and carried by the unanimous vote of all members present that Motion No. M99-27 be approved as presented.

Resolution No. R99-13 – Amending the Adopted 1999 Budget to increase the Kent Station budget for Sounder Commuter Rail by \$2,309,760 to \$7,826,000

Mr. Nickels stated that because of the size of this item, the Finance Committee will take it under advisement this week and act on at the next meeting.

Mr. Price advised that staff would like to present the committee with an information item on the Kent station. He stated that this has been a very challenging station in terms of getting a location and funding the project.

Mr. Martin Young, Senior Financial Analyst, gave a brief overview of Resolution No. R99-13. He stated that the essence of the resolution is to increase the budget for the Kent station by \$2.3 million (1995). He explained the major reason for the increase is due to the right-of-way required for the purchase of the property related to the garage. He stated that staff had identified several possible resources that would offset the increase, but it was determined after further discussion that these should be treated as mere possibilities and not hard-and-fast resources until developments were more concrete. He directed the committee members to the yellow sheet that reflected the changes (copy on file).

Mr. Miller stated that he is not comfortable with shifting funds prematurely. He added that as a policy matter, when the intent to purchase the land for the Kent garage was adopted, Kent was to come up with the extra money. This was done under the assumption that it would be somewhat revenue neutral to the agency. He reminded the committee that the Kent budget was already supplemented with \$2.2 million. He said that supplementing the budget with an additional \$2.9 million because the land is more expensive, might set a precedence with other jurisdictions that also want to contribute and add a garage. He stated his feeling that there may not have been enough research done in making the choice on the garage site.

Mr. Nickels requested that the resolution be brought back to the next Finance Committee meeting for action.

Next Meeting

Thursday, May 20, 1999 from 12:00 to 1:30 p.m. at the King County Council Chambers in the King County Courthouse, 516 Third Avenue, Seattle, Washington.

Adjourn

The meeting was adjourned at 1:30 p.m.

Recorded by Jane Emerson
Board Project Assistant

ATTEST:

Greg Nickels
Finance Committee Chair

Marcia Walker
Board Administrator