

**Sound Transit
Finance Committee Summary Minutes**

June 3, 1999

Call to Order

The meeting was called to order at 12:07 p.m. by Committee Vice Chair Mary Gates.

Attendance

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

Report of the Chair

None.

Finance Director's Report

Ms. Jan Hendrickson, Director of Finance and Administration, stated that Sound Transit's Financial Operating and Expenses Report is operating close to target. Ms. Hendrickson suggested the Finance Committee begin thinking about the Year 2000 Budget and its process. She mentioned that a survey will be sent to all Board members to solicit their input on upcoming finance issues and projects. She stated that the financing plan will not only incorporate the upcoming year, but also the ten-year horizon, and the various financing options for the Locally Preferred Alternative (LPA).

Ms. Hendrickson then turned to the discussion paper for Regional Express On-Call Architecture and Engineering Services Procurement (copy on file). Fourteen different disciplines have been identified for the procurement process. The majority of the contracts are for under \$200,000 and can be authorized by the Executive Director; any contracts over this amount would be brought to the Committee.

Minutes of May 6 and May 20, 1999, Finance Committee Meeting

It was moved Ms. Gates, seconded by Mr. Enslow and carried by the unanimous vote of members present that the minutes of May 6 and May 20, 1999, Finance Committee meetings be approved as presented.

Resolution No. R99-14 – Reallocating \$10 million (1995 dollars) from the East Everett Park-and-Ride Lot to the Pacific Avenue Overpass project

Mr. Mike Normand, Community Connections Program Manager, discussed the reallocation of \$10 million from the East Everett Park-and-Ride Lot to the Pacific Avenue overpass. (This project had been discussed at the previous Finance Committee and held over due to time restrictions.) An overview was given by Mr. Normand regarding environmental, financial, and operational factors that would come to play during and after the construction phase.

Mr. Miller stated his concern with the new numbers for the Park-and-Ride Lot and wanted to know if the numbers presented were definite.

Mr. Normand replied that in the project's original scope, costs were offset by grants the City of Everett obtained. Current costs are comparable to the Ashway Park-and-Ride Lot, built two years ago at a bid price of \$4.5 million. Mr. Normand expressed confidence that the \$5 million is sufficient for up to 1,000 surface parking spaces. He advised that closer inspection had revealed that the spaces would be best located at the East Everett Park-and-Ride Lot where demand would be greatest.

Mr. Hansen confirmed the funding through the Freight Mobility program. The new thinking on the East Everett Park-and-Ride Lot was a direct result of the City of Everett's findings.

Mr. Miller inquired whether the number of parking stalls or money was driving the East Everett Park-and-Ride Lot.

Mr. Hansen replied that the hope is that there will be a demand for parking spaces in conjunction with the rapid transit service. Future studies may conclude additional monies are needed to meet additional demand for parking spaces beyond the current \$5 million request.

Mr. Miller suggested moving slowly in establishing a policy that makes for the smooth transference of funds from one project to another in the future and to make sure the commitment is there for the new budgeted items. He also pointed out a staff amendment to the motion.

Ms. Gates asked about TEA-21 funds.

Mr. Paul Kaftansky, City of Everett, responded that the 41st Street overcrossing, which will provide freeway access to the East Everett Park-and-Ride Lot, has been awarded \$7.3 million under Referendum 49. Currently in design phase, the project will be ready for construction in June 2000, and the funds are being secured in the first biennium.

Ms. Gates stated her concern that all monies be in place going into this project.

Mr. Hansen responded that the City of Everett realizes the importance of all projects working in conjunction and is willing to take the risk in going forward.

It was moved by Ms. Sullivan, seconded by Mr. Miller, and carried unanimously by all members present that Resolution No. R99-14 be forwarded to the Board with a do-pass recommendation.

Motion No. M99-32 – Approving a contract change order on contract number RTA/CR 30-97a with MBT Architecture for commuter rail station design services for the Sounder commuter rail station in Kent, by increasing the contract amount by \$47,177 to a total of \$711,922 plus \$4,717 in contingency

This motion was deferred to a future Committee meeting.

Motion No. M99-33 – Authorizing the Executive Director to execute a Supplement to the April 20, 1998 Memorandum of Agreement between the City of Seattle and Sound Transit; and providing for reimbursement to City Departments for certain design and design review costs in connection with the Link Light Rail project during calendar years 1999 and 2000, for an estimated amount of \$4,919,821

Mr. Paul Bay, Director, Link Light Rail, gave an overview of the Supplement.

It was moved by Ms. Sullivan, seconded by Mr. Enslow and carried by the unanimous vote of all members present that Motion No. M99-33 be forwarded to the Board with a do-pass recommendation.

Motion No. M99-34 – Amending Motion No. M98-8, for Audit Services with Deloitte & Touche LLP in the amount of \$758,618 to an approved total amount of \$1,058,618

Ms. Jan Hendrickson gave background on the motion, showing what the Sound Transit audit program would look like after recent research and discussion, and explained why there was a change in amount.

It was moved by Mr. Hansen, seconded by Mr. Enslow and carried by the unanimous vote of members present that Motion No. M99-34 be adopted as presented.

Motion No. M99-35 – Approving a policy for the use of the Great Hall at Union Station

Ms. Hendrickson gave background on the motion regarding policy guidelines for the Great Hall at Union Station, pointing out there is considerable public interest in how Sound Transit will use the Great Hall.

Ms. Sullivan requested clarification of the communities she was speaking of.

Ms. Hendrickson responded that it was all of the communities in the International District and Pioneer Square. Each community at large would be responsible for deciding on two events to hold in the Great Hall each year.

Ms. Sullivan pointed out that within the International District, there are several different communities that would be vying for use of the Great Hall, and that the larger-populated communities may use the Great Hall more frequently than the smaller-populated communities.

Ms. Hendrickson noted that space will be available adjacent to the Great Hall for community meetings. The draft policy is a direct result of meeting with all of the various communities in the International District and what was negotiated and what they felt comfortable with.

Mr. Hansen asked for clarification of the district representing community organizations within that district. He also mentioned Constitution Article 8 Section 7 concerning use of public property. He stated intent must be defined in conjunction with legal concerns being satisfied.

Ms. Hendrickson raised the question of the concept of profit.

Ms. Sullivan stated that use of the Great Hall for ceremonial purposes could be exempt from fees.

Mr. Hansen reiterated his concern for legal counsel and opinion to avoid any constitutional problems.

Ms. Gates approved of the good neighbor concept, but was concerned about equity issues outside of Pioneer Square and the International District – that Seattle receives the major benefit of Union Station at the expense of the rest of the Sound Transit region.

Mr. Miller stated that the policy needs to be clear regarding the surrounding area and their constituencies in respect to parking, traffic, noise and other elements in that area as a result of Great Hall use.

Ms. Gates asked for clarification of broader community events in the draft policy.

Ms. Hendrickson responded by saying that an example given by Mr. Nickels might be a celebration of a sports event and that the Great Hall might be tapped to host the concurrent media event.

Mr. Hansen suggested separating community and broader community into two sections in relation to different considerations and rules.

Mr. Enslow stated that the adjacent stadiums might have had policies to serve the local adjacent communities.

Ms. Sullivan agreed, noting that their policy was financial.

Ms. Hendrickson stated that interest is already being received from various local groups as to the availability of the Great Hall for their use. Fees have been charged in the past for uses outlined in item No. 4 in the motion, and decisions need to be made if this activity is to continue. Ms. Hendrickson proposed using a professional event management company to manage the process and also make the Great Hall available only on weekends to the public at the beginning of the process due to time management constraints, in addition to keeping it open for Sound Transit during the week.

Ms. Hendrickson then discussed item No. 5 regarding a rental fee structure. She requested feedback from the Committee on this issue on whether this should be revenue-generating or strictly cost-covering.

Ms. Hendrickson next discussed item No. 6 regarding rental to vendors on the concourse, not the Great Hall. She stated that interest has been generated locally and would like direction on this item from the Committee.

Mr. Miller stated that criteria needs to be established regarding scheduling of the Great Hall; guidelines need to be instituted for the local surrounding community as well as the broader community at large; more specific language needs to be incorporated into the policy regarding usage for events by others, noting that some uses may not be appropriate; and a fee structure needs to be more detailed, with profit-generation not a factor. Scheduling of the hall would also be a consideration given the number of communities. Mr. Miller suggested the creation of a sinking fund to cover maintenance, repair and renovation of the Great Hall not covered under general operating expenses.

Mr. Enslow stated he thought there should be a market price for renting the Great Hall, and Sound Transit should find out what it is and use it.

Ms. Gates said consideration should be given to creating a special fund for the purpose of breaking even or a little better. She stated her concerns with a professional event management company and cost overruns associated with such an entity. Ms. Gates suggested investigation of an enterprise fund, noting public entities utilize such funds quite often.

Mr. Hansen stated that more discussion and review by management is needed.

Ms. Hendrickson thanked the Committee for their input and direction.

Motion No. M99-36 – Authorizing the Executive Director to execute a contract with Lewis and Zimmerman Associates, Inc. for professional value engineering services for the Central Link Light Rail Project in an amount not to exceed \$2,241,936, which includes a 20% contingency

Clint Chapin, Project Control Manager for Link Light Rail, and Corey Lew, Project Control Specialist for Link Light Rail, presented an overview of the contract.

It was moved by Ms. Sullivan, seconded by Mr. Miller and carried by the unanimous vote of members present that Motion No. M99-36 be adopted as presented.

Resolution No. R99-15 – Adopting the 1999 Service Implementation Plan (SIP)

Ms. Veronica Parker, Regional Bus Program Manager, presented a status report focusing on the financial aspects of the SIP and major highlights of the SIP. Ms. Parker stated the SIP will be updated on an annual basis in response to updates to the system.

Ms. Parker stated that Regional Express was close to budget with the exception of deficits in three subareas. For Snohomish County, these are due to an increase in service hours and an increase in vehicle requirements. The East King County deficit is due to a higher hourly rate estimate and an increase in vehicle requirements. In South King County, the smaller deficit is due to re-estimation of 1998 estimates of hourly rates. The Pierce County surplus can be used for future unanticipated revenue shortfalls.

Mr. Hansen questioned the cost comparison of the subareas and asked where the North King County subarea was listed.

Ms. Parker replied that North King County was not in the budget allocation.

Mr. Hansen asked if North King County bus service was being charged to the Snohomish County subarea.

Mr. Miller clarified that when Sound Move was adopted, money was established as a part of the increased funding from SeaTac. A pool of money was to be divided between Regional Express and Sounder between each of the subareas where their service is located. Therefore, money is available from North King County to help offset some of the service costs going into Snohomish County.

It was moved by Mr. Miller, seconded by Mr. Enslow, and carried by the unanimous vote of all members present that Resolution No. R99-15 be forwarded to the Board with a do-pass recommendation.

Resolution No. R99-17 – Identifying criteria for the programming of collected local tax revenues that are in excess of the revenues projected by the original Sound Move financial plan

The item was deferred to the next Finance Committee meeting.

Mr. Miller requested that staff bring back information on any correlation between excess local revenues and shortfalls in the schedule of outside funding, i.e., federal or state. He also requested clarification of the term “subarea reserve” and the structure thereof.

Ms. Gates stated that separate potential revenue issues need to be addressed, such as fare revenue and advertising revenue.

Mr. Miller asked staff to clarify criteria defining the annual schedule for collection of local tax revenues.

Adjourn

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

Next Meeting

Thursday, June 17, 1999 from 12:00 p.m. to 1:25 p.m. at the King County Council Chambers in the King County Courthouse, 516 Third Avenue, Seattle, Washington.

Recorded by Mike Raines
Board Administration

ATTEST:

Mary Gates
Finance Committee Vice Chair

Marcia Walker
Board Administrator