

**Sound Transit
Finance Committee Summary Minutes**

October 21, 1999

Call to Order

The meeting was called to order at 12:07 p.m. by Committee Chair Greg Nickels.

Attendance

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

Also in attendance was Board member Jim White, Mayor of Kent.

Report of the Chair

Mr. Greg Nickels reported on the adoption of the 2000 budget. He stated that October 28th would be a Board Retreat, November 4th would be a Finance Committee Meeting, and November 18th would be the day that the Board decides on the locally preferred alternative (LPA).

Finance Director's Report

None.

Proposed 2000 Budget

Link Light Rail

Mr. Paul Bay, Director of Link Light Rail, gave an overview of the ten-year Tacoma Link Budget, noted changes to the Link Budget, and the Tacoma Link 2000 Capital Plan (copy on file).

Mr. Bay noted that the majority of the preliminary engineering would be finished by the end of the year with the only exception being SeaTac's north end terminal station. He stated that the year 2000 should see the design and right-of-way property acquisition; procurement with Inekon for vehicles; and a full funding grant agreement with the FTA. Design and building activities had begun on the North Tunnel. He advised that the total capital budget for 2000 was placed at \$66 million with the operations expenses (though 2006) predicted to be at \$7 million. Increases in operating costs resulted from training on the new equipment.

Mr. Bay gave an overview of the Link Risk Assessment and Budget & Scheduling risks (copy on file). He presented an overview of staffing levels to be around 68%. He added that while this was below other agency projects of this scope, consultants were taking up the slack.

Administration Department

Mr. Brian McCartan, Finance/Budget Manager, went over changes to the gross and net revenues; key actions

for 2000; Union Station costs; department costs; and non-departmental costs. The net operating costs for the six departments came to \$4.7 million. He stated that increases included marketing and outreach expenses; negotiations with the FTA for full-funding grant agreements; and that a new Enterprise resource planning system was being implemented. Mr. McCarten noted that 50% of the increases were a direct result of the increase in staff from 1999 to 2000.

Mr. McCarten stated that there are some additional costs which are characterized as non-departmental; the majority of this is debt service for the entire agency. Sound Transit sold bonds the beginning of 1999 and will have a full year of debt service payment in the year 2000.

Mr. Miller inquired as to how debt service would be offset and how the cost of bonding would be distributed to capital projects.

Mr. Hugh Simpson, Controller/Treasurer, stated that adherence to generally accepted accounting principles was one of the principal concerns. GAAP requires allocation of a portion of the interest into the capital projects that the bonding has come from.

Mr. McCartan noted that the interest earnings would be set against debt service. The \$55 million figure arose due to the number of support staff being more than expected. Possible cost allocations systems might be put in place for future benefit.

Mr. White noted that ST was over budget and inquired to the possibility of cuts; as is being done with Tacoma and Central link projects.

Mr. McCartan explained that higher than expected cost estimates of \$90 to \$100 million was a ten-year projection. Most of the costs were not expected during Phase I, with the procurement of Union Station being one of the larger expenses that was not originally envisioned. Many of the projects were not originally in the \$55 million figure. Departmental increases also account for the increase for the budget, with total departmental costs running \$3.9 million.

Ms. Gates noted that the costs of Union Station were only allocated over a ten-year period and, due to the estimated life span of the building, should probably be more. The savings were not readily visible in the numbers, and should be made known for the public.

Mr. Miller asked for a tracking system for allocation of funds to various areas during each project proposal as to gauge where they are in regards to the current budget.

Minutes of June 3, 1999, and August 5, 1999, Finance Committee

It was moved by Ms. Gates, seconded by Mr. Miller, and carried by the unanimous vote of members present that the minutes from June 3, 1999 and August 5, 1999 be approved as presented.

Motion No. M99-70 - Approving an honorarium payment of \$900,000 each for up to two unsuccessful proposers for Design/Build Contract for tunnels and deep stations for Central Link Light Rail between Convention Place and 45th Street

Mr. Bay gave the background to the motion and went into a detailed explanation of the situation (copy on file).

Mr. Joe Gildner, Senior Geotechnical Engineer, noted that few businesses could take on a project of this magnitude. He advised that they expected less than four businesses to bid. He also stated that less than a 1% margin of error was required.

Mr. Jim White was concerned if Sound Transit could recoup the \$900,000 honorarium in technology/information.

Mr. Miller requested a list of comparable honorariums for other similar projects for comparison purposes.

The motion was deferred to the next Finance committee meeting due to lack of time.

Motion No. M99-71 - Authorizing the Executive Director to execute a Memorandum of Agreement (MOA) between Sound Transit and King County. This will establish King County as the lead agency for the right-of-way acquisition, final design, and construction phases of the Pacific Highway Park-and-Ride Lot. The County will fully fund these remaining project phases except for a \$1.5 million contribution for final design from Sound Transit

It was moved by Mr. Miller, seconded by Mr. Enslow, and carried by the unanimous vote of members present that Motion No. M99-71 be forwarded to the Board with a do-pass recommendation.

Motion No. M99-72- Authorizing the Executive Director to exercise an option to an existing contract with Bombardier Transit Corporation (Bombardier) for the purchase of additional passenger coaches necessary for the operation of the Tacoma-to-Seattle commuter rail segment. This contract option will supply up to ten (10) passenger coaches at a cost not to exceed \$20,427,702, including applicable taxes

Mr. Paul Price, Director of Sounder Commuter Rail, explained that the motion is needed to keep the contract alive to procure the vehicles at a later date.

It was moved by Mr. Miller, seconded by Ms. Gates, and carried by the unanimous vote of members present that Motion No. M99-72 be forwarded to the Board with a do-pass recommendation.

Motion No. M99-73 - Authorizing the Executive Director to execute an agreement with the City of Bellevue and the Washington State Department of Transportation for SE 8th

It was moved by Mr. Miller, seconded by Mr. Enslow, and carried by the unanimous vote of members present that Motion No. M99-73 be forwarded to the Board with a do-pass recommendation.

Motion No. M99-74 - Agreement with City of Bellevue for NE 2nd Street Extension

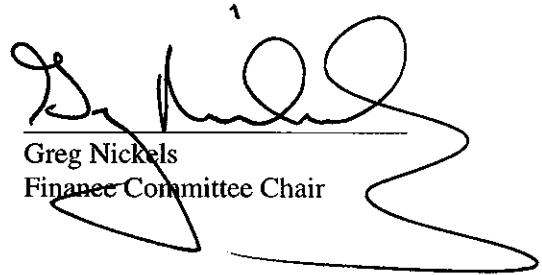
It was moved by Mr. Miller, seconded by Ms. Gates, and carried by the unanimous vote of members present that Motion No. M99-74 be forwarded to the Board with a do-pass recommendation.

Adjourn

As there was no other business, the meeting was adjourned at 1:56 p.m.

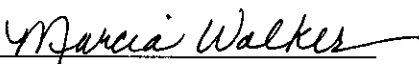
Next Meeting

Thursday, November 4, 1999, from 12:00 to 1:30 p.m. at Union Station Board Room in the Great Hall, 401 South Jackson Street, Seattle, Washington.



Greg Nickels
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator