

**Sound Transit  
Finance Committee Summary Minutes**

**November 4, 1999**

**Call to Order**

The meeting was called to order at 12:04 p.m. by Committee Chair Greg Nickels.

**Attendance**

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

Also in attendance were Board members Jane Hague and Jim White

**Report of the Chair**

None.

**Finance Director's Report**

Ms. Jan Hendrickson, Director of Finance and Administration, gave a report on WSDOT and an overview of Sound Transit's funding situation and interaction with the agency.

**2000 Budget & Finance Plan**

Ms. Hendrickson described the costs and net transfers of the financial plan. She then provided an overview of the proposed amendments to Resolution No. R99-33 and the proposed 2000 operating budget (copies on file). She discussed the current status of Board member questions, how costs had been allocated, and the appropriate allocation of costs. She stated that considerations in subarea allocation would be a key financing factor for Link.

**Resolution No. R99-33 – Adoption of the 2000 budget**

**It was moved by Ms. Gates and seconded by Mr. Miller that Resolution No. R99-33 be forwarded to the Board with a do-pass recommendation.**

**Amendment #1**

Ms. Gates introduced Amendment #1 – reflecting the actual federal grant experienced in the year 2000.

**It was moved by Ms. Gates, seconded by Mr. Enslow, and carried by a unanimous vote of all members present that Amendment #1 be approved.**

**Amendment #2**

Mr. Brian McCartan, Budget Manager, introduced Amendment #2. He explained that the amendment was to correct minor errors and omissions in the original budget. He added that the changes did not have a substantive impact on the budget.

**It was moved by Ms. Gates, seconded by Mr. Miller, and carried by a unanimous vote of all members present that Amendment #2 be approved.**

Amendment #3

Mr. McCartan noted that Amendment #3 would update the financial plan to reflect final Board action.

**It was moved by Mr. Enslow, seconded by Mr. Miller, and carried by a unanimous vote of all members present that Amendment #3 be approved.**

Amendment #4

Mr. McCartan explained that Amendment #4 would lower the Tacoma Link cost by \$8 million due to more accurate estimates of the ten-year cost for the project.

**It was moved by Mr. Miller, seconded by Mr. McKenna, and carried by a unanimous vote of all members present that Amendment #4 be approved.**

Amendment #5

Mr. McCartan noted that Amendment #5 would update the resolution to allow more accurate cash flow projections for the regional mobility program.

**It was moved by Ms. Gates, seconded by Mr. Miller, and carried by a unanimous vote of all members present that Amendment #5 be approved.**

Amendment #6

Mr. McCartan explained that Amendment #6 was a technical correction applied to the inflation index for the Tacoma Dome expansion project with no material impact on the budget or the project.

**It was moved by Ms. Gates, seconded by Mr. Miller, and carried by a unanimous vote of all members present that Amendment #6 be approved.**

Amendment #7

Mr. McCartan described Amendment #7 as a technical motion that would change the lease payment structure on the bus fleet from three years to one year.

**It was moved by Ms. Gates, seconded by Mr. Miller, and carried by a unanimous vote of all members present that Amendment #7 be approved.**

Amendment #8

Ms. Hague introduced Amendment #8. She stated that the amendment was for a \$1.3 million (2000 budget), two-year demonstrative water taxi project. She noted that it was supported by the City of Kirkland, the East Side Transportation Partners (ETP), and recommended by a trans-lake study. The funds would come from

excess revenues from the east side area and would not remove funding from other projects.

Mr. Miller inquired to whether this was contingent upon an ETP agreement as well as coordination with King County Metro to pick up and drop off passengers from the system to work.

Ms. Hague affirmed and noted that given I-695 and the trans-lake study, she was eager to see this go forward with the understanding that the ETP sign-off.

Mr. Miller proposed a friendly amendment to remove naming Argosy as the vendor, the frequency of service, and the service areas.

**It was moved by Mr. Miller, seconded by Ms. Gates, and carried by a unanimous vote of all members present to remove the name Argosy as the vendor, the frequency of service, and the service areas from Amendment #8.**

**It was moved by Ms. Sullivan, seconded by Mr. McKenna, and carried by a unanimous vote of all members present that Amendment #8 as amended be approved.**

Mr. McKenna raised concern about the \$3.5 million budgeted for marketing, especially since the passage of I-695.

Mr. Bob White noted that the \$3.5 million was not an investment solely in marketing. He explained that the budget amount included the community outreach program, video production, and general communication about Sound Transit.

Ms. Betty Laurs, Director of Communications and Marketing, noted that in a ridership survey done in San Diego, 54% said that they learned about the service from advertising and 31% learned about the service from word of mouth. She explained that the budget was created under the assumption that Sounder Commuter Rail would be operating at full service in the year 2000. She said that she would like to wait to make any changes to the budget until Sounder's operating levels are known.

Mr. McKenna requested that many of the marketing projects be stepped down to mid-level spending to save \$1 million.

Mr. Hansen inquired to how the costs are allocated.

Ms. Hendrickson explained that administrative costs are first allocated to the lines of business (LOB) and subareas. She said that currently 10% of the costs are allocated agency wide and 90% of fixed expenditures would go to the LOB based on capital expenditures.

Mr. Nickels asked staff to come back with budget numbers reflecting Sounder's later start date.

**It was moved by Mr. McKenna, seconded by Ms. Sullivan, and carried by unanimous vote of members present that Resolution No. R99-33, as amended, be forwarded to the Board with a do-pass recommendation.**

### **Finance Plan for Link Light Rail**

Mr. Nickels discussed the financial plan for Link light rail and stated that during Phase II he would like to see every option available regarding increasing bonding coverage. He commented that his main concern was not having budget constraints slowing down advancement of the system. He requested the bonding information by

November 18, 1999, to have enough time to seek additional funds as well as time to make possible adjustments to the financial policies as needed.

Mr. McKenna agreed, but noted that the debt service coverage could not be lowered district wide, and that transferring debt service between subareas would violate the policy allowing for more debt capacity of other areas.

Mr. Miller suggested looking back and making sure that the debt coverage ratios among the subareas are equal to avoid borrowing debt capacity from one area to another. He added that debt ratios were significantly higher than what the bond counsel and partners require of Sound Transit. He suggested having debt ratios that are more in line with what the bond counsel and Sound Transit's partners are asking. He asked if a scenario for no state funding had been made. Mr. Miller commented that a change in the debt coverage ratio might be a way to cover the base system.

Mr. Nickels agreed with Mr. Miller's point, but was hesitant about making a decision prior to further information and analysis on the issue.

Mr. Miller noted that in the case that the state partners were unable to follow through, the \$23 million would have to be made up through deferrals, cuts, construction cost savings, or adjustments to the debt coverage ratio. He requested staff to write up a debt coverage analysis over the ratios in order to cover all subareas and still maintain the two times gross coverage bond requirement by the next Board meeting.

**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 45<sup>th</sup> Street**

Mr. Paul Bay, Director, gave a brief presentation on the motion.

It was moved by Mr. McKenna, seconded by Mr. Enslow, and carried by a majority vote of members that Motion No. M99-70 be approved as presented. (Mr. Hansen voted in the minority.)

**Motion No. M99-76 - Authorizing the Executive Director to execute a contract with Engineered Plastics, Inc. for supply and delivery of tactile tiles to be used on six (6) commuter rail station platforms, in an amount not to exceed \$353,197, with an additional contingency amount of 10% (\$35,320), for a total amount of \$388,517**

Mr. John Groh, Legal Counsel, noted that there had been a bid protest on the issue, which had been denied, but was still pending. He added that a favorable outcome was expected in two weeks time.

Mr. Nickels asked if the motion could be held until the protest had been resolved.

The motion was held over until the December 2, 1999, Finance Committee meeting.

**Motion No. M99-77 - Authorizing the Executive Director to execute a Project Agreement between Sound Transit and the Washington State Department of Transportation (WSDOT) designating WSDOT as the lead agency for the design and construction of the I-5 bridge-widening at South 272nd Street in Kent, and providing reimbursement to WSDOT of \$1,006,200 for Sound Transit's share of costs**

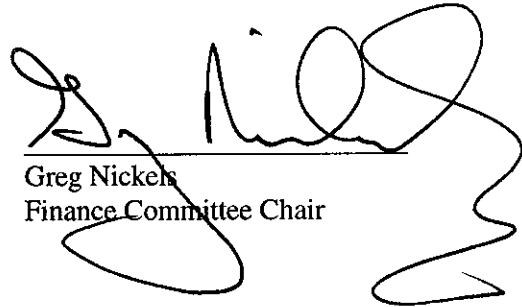
It was moved by Mr. Hansen, seconded by Ms. Sullivan, and carried by unanimous vote of members present that Motion No. M99-77 be approved as presented.

**Adjourn**

As there was no other business, the meeting was adjourned at 2:00 p.m.

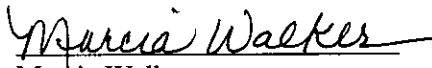
**Next Meeting**

Thursday, December 2, 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