

**Sound Transit
Finance Committee Summary Minutes**

February 21, 2002

Call to Order

Chair Kevin Phelps called the meeting to order at 12:10 p.m.

Attendance

(P) Kevin Phelps, Chair	(P) Richard McIver
(P) Jack Crawford, Vice Chair	(A) Chuck Mosher
(P) Dave Enslow	(A) Greg Nickels
(P) Mary Gates	(A) Dwight Pelz
(A) Ed Hansen	

Report of the Chair

Mr. Phelps told the committee that the committee will begin to see a series of large civil contracts relative to the start up of construction of Link Light Rail.

Chief Financial Officer's Report

Mr. Hugh Simpson, Chief Financial Officer, reported that the Audit and Reporting Subcommittee meeting is now scheduled for March 21, 2002, and that the following topics would be covered:

- The Ongoing 2001 Audit
- Agency Costs (continuation from November)
- Budget Policies
- Regional Fund

At the March 7, 2002 Finance Committee meeting, Mr. Simpson said he will present the prototype of the new budget section being proposed for staff reports for motions and resolutions. Also, he said he would present the Pierce subarea assessment requested by Mr. Phelps at that meeting and at the March 14 2002 Board meeting.

Action Items

Items within Finance Committee Authority for Final Action

Minutes of the January 17, 2002 Finance Committee Meeting.

It was moved by Ms. Gates and seconded by Mr. Mosher to approve the minutes of the January 17, 2002 Finance Committee meeting.

Mr. Mosher made a friendly amendment to the minutes to include additional language on page 2 to read: "Mr. Mosher asked to have staff draft a repayment policy for Board consideration similar to a city latecomers fee so funds can be recovered from third parties on efforts conducted primarily for the benefit of third parties."

It was carried by the unanimous vote of all members present that the minutes of the January 17, 2002 Finance Committee meeting be approved as amended.

Motion No. M2002-14 – Authorizing the Executive Director to execute a contract amendment to contract No. CR 98-99 with David Evans and Associates, Inc., to provide final design services for track and signals for the Reservation Junction – Freighthouse Square portion of the Tacoma to Seattle commuter rail line. This action authorizes an increase of \$595,920 plus a 10% contingency of \$59,592 to the original contract amount of \$896,339 for a new total authorized amount not to exceed \$1,551,851.

It was moved by Mr. Mosher, seconded by Mr. Enslow, and carried by the unanimous vote of all members present that Motion No. M2002-14 be approved as presented.

Motion No. M2002-16 – Authorizing the Executive Director to execute a contract with New Flyer of America to manufacture and deliver two (2) diesel-electric hybrid transit buses (one 60-foot and one 40-foot) for \$1,700,000, with a 10% contingency of \$170,000 for a total authorized amount not to exceed \$1,870,000.

It was moved by Mr. Crawford and seconded by Mr. Mosher that Motion No. M2002-16 be approved as presented.

After discussion, the committee deferred action on this item until staff could make the following revisions to the motion:

- If KC Metro is conducting an evaluation of an identical vehicle, the agency should partner with them on this study and share costs.
- Staff should develop options for dispensing with the vehicle in the event that it is unsatisfactory.
- Include language in the motion stating that Regional Express will reimburse the Research and Technology Fund if the vehicle is put into regular service after the evaluation. (And that it should become an agency policy that the Lines of Business reimburse the Research and Technology Fund in these circumstances.)

The motion to approve Motion No. M2002-16 was withdrawn by Mr. Crawford and Mr. Mosher.

Motion No. M2002-18 – Authorizing the Executive Director to execute Addendum No. 5 to the Project Agreement between Sound Transit and King County in the amount of \$524,500, with a contingency of \$52,450, for a total authorized amount not to exceed \$576,950 for design and construction mitigation for the initial segment, Downtown Seattle Transit Tunnel (DSTT) design and operations plan development and the North Extension service integration and PE design.

It was moved by Mr. Mosher, seconded by Mr. Crawford, and carried by the unanimous vote of all members present that Motion No. M2002-18 be approved as presented.

Motion No. M2002-19 – Authorizing the Executive Director to execute a contract amendment with Huitt-Zollars, Inc. to provide final design services for Central Link light rail D700 (South Royal Brougham Way to Airport Way South) in the amount of \$193,084 plus a contingency of \$50,000 for a total of \$243,084 and for a new total authorized contract amount not to exceed \$3,294,293.

It was moved by Mr. Mosher seconded by Mr. Crawford that Motion No. M2002-19 be approved as presented.

Mr. Crawford offered a friendly amendment to revise the contingency to 10%, revising

the motion to read "in the amount of \$193,084 plus a contingency of \$50,000 \$19,308 for a total of \$243,084 \$212,392, for a new total authorized contract amount not to exceed \$3,294,293 \$3,263,601.

It was carried by the unanimous vote of all members present to approve Motion No. M2002-19 as amended.

Mr. Phelps said that he would like the committee to re-evaluate the agency contingency policy.

Ms. Gates supported having a general discussion regarding contingencies. While the 10% contingency on contracts has been the agency standard, the auditors have suggested that there is a rationale for having different levels of contingency based on project phase, and that generally, in the early phases of a project, the contingency may need to be higher than 10%, and in later phases it may be lower.

Motion No. M2002-20 – Authorizing the Executive Director to execute a contract amendment with JD Edwards to provide additional consulting services in the amount of \$100,000, for a new total authorized contract amount not to exceed \$3,296,477.

Ms. Gates asked that since on-going consulting and system upgrades were inherent components of this work, these costs should be anticipated in the financial plan. She asked if amending the contract was the best way for these expenditures to be approved.

The committee requested a briefing on project control, and suggested using Overlake as a case study.

It was moved by Mr. Mosher, seconded by Mr. Crawford, and carried by the unanimous vote of all members present that No. M2002-20 be approved as presented.

Motion No. M2002-15 – Authorizing the Executive Director to execute a contract with David Evans and Associates to conduct a scoping study to identify a project location and provide preliminary engineering and environmental documentation services in the amount of \$295,000 with a 10% contingency of \$29,500 for a total authorized amount not to exceed \$324,500.

Mr. Phelps informed the committee members that this item would not be heard today.

Items for Recommendation to the Board

Motion No. M2002-17 – Authorizing the Executive Director to execute a contract amendment with Parametrix for completion of a North Link SEIS in the amount of \$1,810,365 plus a 10% contingency of \$181,037 for a total of \$1,991,402 and for a new total authorized contract amount not to exceed \$9,406,221.

Mr. Phelps made a general request (not referring to this contractor's performance) that the agency's history with the firm be outlined, so Board members will know if prior contracts with the firm had to be amended, and how the contractor performed as to budget and schedule.

Similarly, Phelps asked that staff establish a baseline for administrative/overhead costs, to see if those expenses should be included in contracts or if there are circumstances where it would be more cost effective for the agency to incur administrative/overhead costs in-house.

It was moved by Ms. Gates, seconded by Mr. Crawford, and carried by the unanimous vote of all members present that No. M2002-17 be recommended to the Board for approval.

Other Business

None.


Next Meeting

Thursday, March 7, 2002, from 12:00 to 2:00 p.m. in the Union Station Board Room, 401 South Jackson Street, Seattle, Washington.


Adjourn

As there was no other business, the meeting was adjourned at 1:25 p.m.

ATTEST:



Kevin Phelps
Finance Committee Chair



Marcia Walker
Board Administrator