

**Sound Transit
Finance Committee Summary Minutes**

March 20, 2003

Call to Order

Chair Kevin Phelps called the meeting to order at 12:20 p.m.

Roll Call

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

Ms. Marcia Walker, Board Administrator, indicated that a quorum of the committee was present at roll call.

Report of the Chair

Mr. Phelps reported that Hugh Spitzer from Foster, Pepper & Shefelman had sent Sound Transit a report that disputes the claim that Sound Transit has a \$800 million bonding limit deficit. The report clearly articulates that the claim was mixing ballot measures and that Sound Transit is operating within its authority.

Chief Financial Officer's Report

Mr. Hugh Simpson, Chief Financial Officer, introduced Pete Rogness, Budget Manager, who provided an update on the Agency Progress Report. Steve Jacobson, Project Control Manager, gave a presentation on Sound Transit's methodology on calculating project status based on project spent against project budget. Alvan Ikoku, Economist, gave an update on the 2002 tax revenue. Joni Earl, Executive Director, gave an update on Capital Projects. Mr. Simpson noted that the fourth quarter investment report included in the meeting materials would be discussed at the first Finance Committee meeting in April.

Mr. Phelps indicated that he was changing the order of the agenda to move the actions related to Smart Card to the beginning of the action items.

Mr. Phelps announced that an Executive Session would be held prior to the Smart Card actions.

Executive Session

At 12:42 p.m. the Finance Committee convened a 15-minute executive session to discuss with legal counsel negotiations on a publicly bid contract and review the contract terms relating to that contract. At 12:57 p.m., Finance Committee Chair Phelps extended the executive session by 10 minutes.

The Finance Committee reconvened in open session at 1:15 p.m.

Action Items

Motion No. M2003-24 – Authorizing the Executive Director to execute a contract with ERG, Ltd., an Australian systems integration and transit fare collection equipment vendor, to design, implement and operate a regional Smart Card-based fare collection and revenue processing system for Central Puget Sound transit agencies. This contract would include approximately \$3.3 million for system design and implementation and all equipment, plus \$2.7 million in payments for operations and maintenance of the system through 2014, and a 12% contingency amount of \$0.7 million, for a total authorized contract amount of approximately \$6.7 million

Motion No. M2003-25 – uthorizing the Executive Director to execute an interlocal agreement regarding the Smart Card project with partner transit agencies, which may include Community Transit, Everett Transit, Kitsap Transit, King County Metro, Pierce Transit, and Washington State Ferries

Motion No. M2003-26 – uthorizing the Executive Director to allocate funding from the Regional Fund/Fare Integration Fund budget to provide Smart Card project funding for Sound Transit implementation and operations; to provide funding support to Community Transit, Everett Transit, and Pierce Transit should they choose to participate in the project; and to renegotiate the Regional Pass and Fare Reconciliation Program Agreement to reduce and sunset Sound Transit's participation in the Puget Pass program and obligation to subsidize intersystem transfers

Ms. Barbara Gilliland, Office of Policy and Planning Program Manager, presented the staff reports for Motion Nos. M2003-24, M2003-25, M2003-26.

It was moved by Mr. Crawford, seconded by Mr. Mosher that Motion No. M2003-24, Motion No. M2003-25 and Motion M2003-26 be forwarded to the Board with a do-pass recommendation.

Mr. McIver indicated that he would like to have the action held for 60 days.

Mr. Phelps indicated that delaying these actions until the April 17th Finance Committee meeting and the April 24th Board meeting would allow time for Mr. Pelz to finish his amendment regarding the financial impacts on the Fare Integration Fund and allow time for Mr. Enslow, Mr. Olson and Ms. Gates to report back on their trip to San Francisco where they are looking at the Smart Card system with ERG, Ltd.

Mr. Crawford asked permission to withdraw his motion. Seeing no objections, Mr. Phelps announced that Mr. Crawford's motion was withdrawn.

It was moved by Mr. Mosher, seconded by Mr. McIver, and carried by the unanimous vote of all members present that that Motion No. M2003-24, Motion No. M2003-25 and Motion M2003-26 be forwarded to the April 17, 2003 Finance Committee Meeting.

Items within the Finance Committee's Authority for Final Action

Motion No. M2003-34 – Authorizing the Executive Director to execute a contract amendment with Berger/Abam Engineers, Inc. to provide additional Civil Engineering Final Design and Design Support during Construction Services for the McClellan Station and alignment portion of the Central Link Initial Segment in the amount of \$580,000, with a \$20,000 contingency for a total of \$600,000 and for a new total authorized contract amount not to exceed \$3,364,819

Mr. Joe Gildner, Link Deputy Director of Technical Services, presented the staff report for Motion No. M2003-34.

Mr. Phelps announced that Motion No. M2003-34 was within Finance Committee Authority for final approval and invited public comment. There was none.

It was moved by Mr. Crawford, seconded by Mr. McIver, and carried by the unanimous vote of all members present that Motion No. M2003-34 be approved as presented.

Motion No. M2003-35 – Authorizing the Executive Director to execute a contract with Shannon & Wilson, Inc. (Shannon & Wilson) to provide on-call environmental site assessment services for all uncompleted Sounder and Regional Express projects in an amount not to exceed \$2,000,000
Mr. Simpson presented the staff report for Motion No. M2003-28.

Mr. John McLean, Sr. Real Estate Representative, presented the staff report for Motion No. M2003-35.

Mr. Phelps announced that Motion No. M2003-35 was within Finance Committee Authority for final approval and invited public comment. There was none.

It was moved by Mr. McIver, seconded by Mr. Mosher, and carried by the unanimous vote of all members present that Motion No. M2003-35 be approved as presented.

Motion No. M2003-36 – Authorizing the Executive Director to execute a contract with KJM & Associates, Inc./JTS Manage Services, Inc. Joint Venture (KJM/JTS) to provide project control support services for all administrative departments and lines of business in the amount of \$1,333,717 with a 10% contingency of \$133,372, for a total authorized contract amount not to exceed \$1,467,089 for the first contract year. The overall contract period will be five years, from April 1, 2003, to March 31, 2008, and will include an initial contract term of one year and up to eight 6-month long extensions

Mr. Steve Jacobson, Project Control Manager, presented the staff report for Motion No. M2003-36.

Mr. Phelps announced that Motion No. M2003-36 was within Finance Committee Authority for final approval and invited public comment. There was none.

It was moved by Mr. Mosher, seconded by Mr. McIver, and carried by the unanimous vote of all members present that Motion No. M2003-36 be approved as presented.

Items for Recommendation to the Board

Motion No. M2003-21 – Authorizing the Deputy Executive Director to execute an interlocal agreement with the City of Everett that (1) establishes Sound Transit as North Everett Transit Center project lead through design and (2) provides for the City of Everett to reimburse Sound Transit for up to \$353,606 in costs for design services

Mr. Dan Eder, Regional Express Project Manager, presented the staff report for Motion No. M2003-21.

It was moved by Mr. Mosher, seconded by Mr. Crawford, and carried by the unanimous vote of all members present that Motion No. M2003-21 be forwarded to the Board with a do-pass recommendation.

Financial Audit Workplan for 2003

Mr. Simpson, reported that the discussion of the Financial Audit Workplan was a follow-up to the discussion held at the February 20, 2003, Finance Committee meeting. Mr. Simpson introduced Kelly Priestly, Controller, and Laurie Tish, Deloitte and Touche who presented the agreed upon procedures for the subarea report. Ms. Priestly indicated that she had reviewed the procedures with the Citizen's Oversight Panel. Mr. Phelps announced the Finance Committee concurred with the procedures (Appendix I on file with the Board Administrator).

The Audit and Reporting Subcommittee will review the final audit workplan at the April 30, 2003 meeting.

Other Business

Mr. Simpson indicated that the state audit was complete and the state auditor has been asked to give an update at the April 30, 2003 Audit and Reporting Subcommittee meeting.

Next Meeting

Thursday, April 3, 2003, from 12:00 to 2:00 p.m. in the Union Station Board Room, 401 South Jackson Street, Seattle, Washington.


Adjourn

There was no other business, the meeting was adjourned at 1:58 p.m.



Kevin Phelps
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator