

**SOUND TRANSIT FINANCE COMMITTEE**  
**Summary Minutes**  
**October 18, 2007**

**Call to Order**

The meeting was called to order at 12:01 p.m. by Chair Fred Butler in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

**Roll Call**

Chair

*(P) Fred Butler, Issaquah Councilmember*

Vice Chair

*(A) Richard McIver, Seattle Councilmember*

*(P) Mary-Alyce Burleigh, Kirkland Councilmember*

*(A) Dow Constantine, King Co. Councilmember*

*(P) Dave Enslow, Sumner Mayor*

*(P) Richard Marin, Edmonds Councilmember*

*(A) Pete von Reichbauer, King Co. Councilmember*

Jason Suzaka, Board Coordinator, announced that a quorum of the committee was present at roll call.

**Report of the Chair**

Chair Butler announced that the committee was working from a revised agenda; Resolution No. R2007-24 was added to the agenda as item 6I.

**Executive Director – Finance and IT Report**

Brian McCartan, Executive Director – Finance and IT, announced that Moody's has upgraded Sound Transit's bond rating from Aa3 to Aa2, their third-highest rating category. This upgrade will allow the agency to borrow money at a lower cost. Mr. McCartan explained the process and the factors Moody's took into account when they were determining Sound Transit's bond rating.

**Discussion Item – 2008 Budget**

Staffing Plan Discussion

Mr. McCartan provided a staff presentation, which was in response to the committee's desire to look at how the agency determines if a service should be outsourced or performed in-house.

Mr. McCartan provided a staffing history, summarized the types of services currently being outsourced or performed in-house, and summarized some of the key factors the agency looked at when making those determinations. The committee emphasized that staff reports should reflect how the decision was made to outsource a particular service.

## 2008 Financial Plan

Mr. McCartan and Senior Economist Doug Wentworth gave the staff report. They discussed the key planning assumptions, the agency's financial health, forecasts for the upcoming year, and planning contingencies for risk.

Board member Enslow requested a staff followup on why the Pierce County local tax forecast between 2007 and 2008 is projected to be slightly down.

Mr. McCartan and Mr. Wentworth answered questions from Board member Enslow regarding the planning contingency for risk to O&M costs. Staff will provide periodic updates on the O&M costs and risk.

## **Items within Finance Committee Authority for Final Action**

### Minutes of October 4, 2007 Finance Committee Meeting

**It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that the October 4, 2007 minutes be approved as presented.**

Motion No. M2007-105 – Authorizing the chief executive officer to exercise the second of two one-year options with KPMG, LLP to provide independent financial and federal audit services and amend the contract in the amount of \$425,000, for a revised total authorized contract amount not to exceed \$1,780,687

Chief Financial Officer Brian McCartan presented the staff report.

Public Comment (comments on file with Board Administration)

Will Knedlik

**It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Motion No. M2007-105 be approved as presented.**

Motion No. M2007-106 – Authorizing the chief executive officer to execute a contract with ELTEC Systems LLC to provide agency-wide, on-call elevator maintenance and monitoring services for a total authorized contract amount not to exceed \$441,000

Project Manager Fred Wilhelm presented the staff report. He introduced Loren Steel, who has been hired as facilities specialist for Sound Transit and will be the project manager for this contract.

Mr. Wilhelm discussed why the agency is contracting out these services rather than hiring in-house staff and answered questions from the committee regarding the bid process.

Public Comment

None.

**It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Motion No. M2007-106 be approved as presented.**

Motion No. M2007-108 - Authorizing the chief executive officer to execute a contract with Valley Freightliner, Inc. for the purchase of four non-revenue vehicles to support Central Link light rail operations and maintenance activities for a total authorized contract amount not to exceed \$915,683

Transportation Services Program Manager Charles Joseph and Project Manager Andy Hughes presented the staff report.

In response to a question from Board member Burleigh, Mr. Hughes stated that while the vehicles are diesel-powered, the engines do have the ability to use biodiesel.

In response to questions from Chair Butler, Mr. Hughes stated that staff tried but was unable to purchase these vehicles through the state contract. In regards to the projected shortfall in the P812 Procurement of Non-Revenue Vehicles line item if the proposed action is approved, Mr. Joseph will followup and confirm that the shortfall is being addressed in the Proposed 2008 Budget.

Public Comment (comments on file with Board Administration)

Paul W. Locke

**It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Motion No. M2007-108 be approved as presented.**

Motion No. M2007-109 – Authorizing the chief executive officer to exercise the first of two one-year options with Leajak Concrete Construction, Inc. to provide on-call construction and repair services for the Central Link Light Rail Initial Segment project and amend the contract in the amount of \$442,000 for a revised total authorized contract amount not to exceed \$942,000

Link Construction Manager Ben Emam and Project Control Specialist Juan Gonzales presented the staff report.

Mr. Gonzales described some of the work Leajak Concrete Construction, Inc. has performed for Sound Transit in the past. Mr. Emam described some of the benefits of using this contractor to provide on-call construction and repairs services.

Public Comment

None.

**It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Motion No. M2007-109 be approved as presented.**

Motion No. M2007-110 – Authorizing the chief executive officer to exercise an option to extend the contract with Gannett Fleming, Inc. for one year to provide quality oversight services for the Central Link Light Rail Initial Segment project in the amount of \$106,578, with a 10% contingency of \$10,658 totaling \$117,236, for a new total authorized contract amount not to exceed \$498,936

Link Quality Assurance Manager Tim McClure presented the staff report. He summarized some of the reasons for and the benefits of performing performance quality assurance audits, and described the audit process.

The committee asked questions regarding who bears the responsibility for paying for the unforeseen audits on the C710 Beacon Hill Station and Tunnel and C803 Communications software contracts. Staff will provide a followup report.

Public Comment

None.

**It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Motion No. M2007-110 be approved as presented.**

Items for Recommendation to the Board

Resolution No. R2007-22 – Authorizing the issuance of sales tax bonds of the Authority in the principal amount of not to exceed \$[ ] to finance a portion of the Authority's regional transit system plan; fixing certain provisions and covenants of the bonds, including provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of such bonds

Resolution No. R2007-23 – Authorizing the issuance of sales tax bonds of the Authority in the principal amount of \$[ ] to finance a portion of the Authority's regional transit system plan; fixing certain provisions and covenants of the bonds, including provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of such bonds

Resolution No. R2007-24 – Authorizing the issuance of sales tax bonds of the Authority in the principal amount of \$[ ] to finance a portion of the Authority's regional transit system plan; fixing certain provisions and covenants of the bonds, including provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of such bonds

Mr. McCartan and Treasurer Tracy Butler presented the staff report. Mr. McCartan advised that Resolution Nos. R2007-22, 23, and 24 were being brought before the Finance Committee today for discussion only; they will be brought before the committee again at the November 1, 2007 regular meeting in order for the committee to take action.

Mr. McCartan introduced in the audience representatives from financial advisor PFM, bond counsel Foster Pepper, and underwriters UBS and Merrill Lynch.

In response to questions from the committee, John Bono from PFM explained how the fixed and variable rate bonds will be used to manage the agency's assets. The committee also discussed the importance of the agency's credit rating upgrade.

Mr. McCartan answered questions from Chair Butler on the pledge structure of the bonds and why the amount of debt issuance being proposed is being given in a range, and not as a specific amount.

Motion No. M2007-111 – Authorizing the chief executive officer to amend the Sound Transit/City of Seattle Construction Services Agreement to provide additional funding for continued construction and construction-related services by the City of Seattle through completion of the Central Link Light Rail Initial Segment project in the amount of \$5,430,700, for a new total authorized agreement amount not to exceed \$55,104,762, which includes reimbursements to Sound Transit by the City of Seattle for betterments in the amount of \$4,052,766

Link Deputy Executive Director Ron Lewis presented the staff report.

**It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Motion No. M2007-111 be forwarded to the Board with a do-pass recommendation.**

**Next Meeting:**

Thursday, November 1, 2007, 12:00 p.m. to 2:00 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.

**Adjourn**

There was no other business; the meeting was adjourned at 2:05 p.m.

ATTEST:

  
Jason Suzaka  
Board Coordinator

  
Fred Butler  
Finance Committee Chair