Call to Order

The meeting was called to order at 12:20 p.m. by Vice Chair Fred Butler in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

Roll Call

Chair
(P) Aaron Reardon, Snohomish County Executive

Vice Chair
(P) Fred Butler, Issaquah Deputy Council President

(P) Mary-Alyce Burleigh, Kirkland Councilmember
(A) Richard Conlin, Seattle Council President
(P) Dave Enslow, Sumner Mayor
(P) Claudia Thomas, Lakewood Councilmember
(P) Pete von Reichbauer, King Co. Councilmember

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

Report of the Chair

Vice Chair Butler announced that the committee was working from a revised agenda, Motion Nos. M2008-108, M2008-110 and M2008-111 were moved to the discussion portion of the agenda.

Mr. Butler also announced that a public hearing on the 2009 Service Implementation plan would be held in the Ruth Fisher Boardroom on December 4, 2008 from 12:00 to 12:30 pm. The Finance Committee scheduled for that day will begin at 12:30 pm instead of 12:00 pm.

Chief Financial Officer’s Report

None.

Discussion Item – Proposed 2009 Budget

Chief Financial Officer Brian McCartan noted that he would continue his presentation of the Draft 2009 Financial Plan, then Budget Manager Pete Rogness would discuss the Proposed 2009 Budget.

Mr. McCartan continued his discussion on the Draft 2009 Financial Plan from the November 6, 2008 Finance Committee meeting with the cost portion of the plan. He reiterated that revenues are expected to be lower, and federal grant money and farebox revenues are forecasted to be higher; overall, the agency is in a strong position. Mr. McCartan explained that revenue forecasts will be updated in the first quarter of 2009.

He presented a chart on capital cost forecasts showing an overall increase of 3.5% for the agency. The main increases include the University Link capital increases due to federal requirements for the full funding grant agreement, and R8A phase three additions in East King County. He also noted a 5% increase in operating costs for 2009 over 2008 costs; the increases were attributable to higher fuel cost assumptions and higher assumptions for labor costs. Updated inflation forecasts completed before ST2 planning showed inflation increases in the Consumer Price Index, as well as in indexes that indicate construction costs and right-of-way costs. Updates to the financial plan based on current numbers will be made in the first quarter of 2009 and may reflect lower than expected inflation numbers. Debt coverage for the agency decreased
from 2.29 in 2008 to 1.96 in 2009; Mr. McCartan indicated that debt coverage would be slightly lower when updated revenue forecasts are completed.

Mr. McCartan reviewed a risk assessment; federal funding and interest rates are low risk, operating revenues, cost inflation and operations and maintenance costs are medium risk, and tax-based revenue is high risk. He noted that assumptions for operating revenue include retaining the current level of ridership and an increase in fares for Regional Express and Sounder in 2009.

Mr. McCartan presented the sources and uses of funds by subarea; he explained that in the first part of 2009 the ST2 financial plan will incorporate lower revenue forecasts, and any changes to the financial plan will be seen at that time.

Boardmember Butler asked what issues the Board should focus on; Mr. McCartan noted that tax revenues are the greatest concern, he noted that numbers will be reviewed in the first quarter of 2009, and appropriate actions will be presented to the Board if necessary.

Budget Manager Pete Rogness presented changes to the list of potential budget amendments to the 2009 Proposed Budget that were presented at the November 6, 2008 Finance Committee meeting. He also announced that responses to Boardmember questions about the 2009 Proposed budget would be distributed in the beginning of December.

Mr. Rogness discussed the changes to potential budget amendments. Amendment 6 to increase the lifetime capital budget and 2009 annual budget for the Kirkland Transit Center was removed because the budget increases are not sufficient to complete the project. Amendments to the 2009 Proposed Budget for the Kirkland Transit Center project will be brought to the Board in the first part of 2009 when the amount needed is known. He explained that Amendment 14 was added to provide a staff position to route questions about the ORCA smartcard to the customer service divisions of the partner agencies. He explained that Amendment 15 was added to provide additional staff budget in the Human Resources department to complete a classification/compensation study that was budgeted in 2008 but not completed. Finally, he explained that Amendment 22 was added to provide authority to ask the Board for approval of early implementation for the following areas of the ST2 plan; additional buses for initial service increases under ST2, agreements with BSNF for additional Sounder service in the Seattle-Tacoma corridor, some preliminary engineering for East Link, and some final design for North Link.

Mr. McCartan pointed out that 2009 would likely have more budget amendments as staff develops actions that require budget; a global budget amendment for all ST2 projects is also planned for 2009.

Boardmember Butler asked when implementation of additional ST2 service will take place; Ms. Earl noted that staff is trying to complete the ST2 Service Implementation Plan by the first quarter of 2009. The next service change is the end of May, so some early deliverables will be added at that time.

**Discussion Item – Agreements with King County for the Redmond Transit Center Parking Garage, Totem Lake Transit Center/Evergreen Hospital Facility, and Sammamish Park-and-Ride**

Jim Edwards, Director of Capital Projects presented the discussion on three agreements with King County that will be brought to the Finance Committee for possible action on December 4, 2008.

He noted that the agreements for the Sammamish and Totem Lake facilities would transfer the properties and operations and maintenance responsibilities of the facilities to King County as originally anticipated. The Sammamish agreement includes provisions that Sound Transit could continue to use the facility at no cost, and that changes to the facility require consultation with Sound Transit and reimbursement to Sound Transit if changes are not for transit purposes. The Totem Lake agreement recognizes that Sound Transit does not serve or intend to serve the Totem Lake facility, and King County will receive access rights and reimburse Sound Transit for maintenance expenses.

The Redmond Transit Center agreement would include a contribution by Sound Transit of $800,000 that was realized in cost savings from an earlier agreement with King County for the first phase of the Redmond
Transit Center. The money would partially fund phase three of the project which would construct a parking garage. Mr. Edwards said the contribution for the Redmond Transit Center would benefit the agency by providing people more access to transit. He urged the Board to consider all three of the agreements together as something the Board should approve.

Boardmember Burleigh asked what issues are pending on the Totem Lake agreement; Mr. Edwards responded that the issue with both the Sammamish and Totem Lake agreements is indemnification and the relationship between Sound Transit and King County when the facilities are under operations. He expressed confidence in finding a resolution with King County the agreements.

Boardmember Enslow asked that a possible future need for the transit facilities by Sound Transit be considered when coming to an agreement with King County on transferring ownership. Boardmember Butler asked whether expanding service at the Sammamish Park-and-Ride would require another agreement with King County; Mr. Edwards responded that the agreement with King County along with the Good Neighbor policy would allow Sound Transit to increase service without additional agreements. Boardmember Butler also asked if there were any objections from the City of Sammamish on the transfer of ownership; Mr. Edwards responded that he was not aware of any objections.

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

**Minutes of November 6, 2008 Finance Committee Meeting**

It was moved by Boardmember Thomas, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that the November 6, 2008 minutes be approved as presented.

Motion No. M2008-104 – Authorizing the chief executive officer to execute a contract amendment with J.L. Patterson and Associates to provide final design and construction management services for the Everett Layover Track Extension Project in the amount of $132,948, with a 10% contingency of $13,295 totaling $146,243, for a new total authorized contract amount not to exceed $668,805.

Chair Reardon noted that Motion No. M2008-104 was brought to the November 6, 2008 Finance Committee meeting where the committee took an action to postpone consideration of the motion to today's meeting.

**Public Comment**

None.

It was moved by Boardmember Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2008-104 be approved as presented.

Motion No. M2008-107 – Authorizing the chief executive officer to execute a three-year contract with two one-year options with Katherine Elias, dba Prospect Delta to provide project management services for the Citizen Oversight Panel in the amount of $336,000, contingent upon Board adoption of the 2009 budget.

Deputy Director of Executive Administration Kathy Albert presented the staff report. Ms. Albert is the Citizen Oversight Panel Sound Transit staff liaison.

It was moved by Boardmember Thomas, seconded by Boardmember Burleigh, to approve Motion No. M2008-107 as presented.

Boardmember Enslow stated that he would not be supporting the motion because he was not convinced the Citizen Oversight Panel (COP) needs an independent support staff person; he noted that his opinion was not a reflection on the work of the COP or Katherine Elias.

Boardmember Butler said he would be supporting the motion and felt there were significant advantages to having independent support for the COP.
Public Comment

Will Knedlik
Paul Wiesner, Vice Chair of the COP
Josh Benaloh, COP member

It was carried by the majority vote of all members present that Motion No. M2008-107 be approved as presented with Boardmember Enslow voting in the minority.

Motion No. M2008-109 – Authorizing the chief executive officer to execute a three-year contract with two one-year options with Dunbar Armored to provide revenue collection services for ticket vending machines for a total authorized contract amount not to exceed $1,750,000.

Brian Brooke, Program Manager for Regional Fare Collection and Policy Development, and Tracy Butler, Treasurer presented the staff report.

Public Comment

None.

It was moved by Boardmember Burleigh, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that Motion No. M2008-109 be approved as presented.

Motion No. M2008-113 – Authorizing the chief executive officer to execute a contract with Nordic Construction, Inc., to provide design and construction services for security improvements in the Downtown Seattle Transit Tunnel in the amount of $733,600, with an 8% contingency of $66,400, for a total authorized contract amount not to exceed $800,000.

Ben Emam, Construction Manager presented the staff report.

Vice Chair Butler asked what the completion date for the project would be; Mr. Emam responded that construction is currently scheduled for completion in June 2009.

Boardmember Enslow asked why this project was needed and what subareas would be contributing to the project; Mr. Emam noted that the project will bring the light rail portion of the tunnel into compliance with new safety regulations. Mr. McCartan responded that money from the North and South King county subareas would be used for the project.

Public Comment

None.

It was moved by Boardmember Burleigh, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that Motion No. M2008-113 be approved as presented.

Chair Reardon began chairing the meeting at this time.

Motion No. M2008-112 – Authorizing the chief executive officer to execute a contract with INCA Engineers to provide preliminary design/environmental documentation services for the Puyallup/Sumner Parking Expansion project in the amount of $426,370, with a 10% contingency of $42,637, for a total authorized contract amount not to exceed $469,007.

Fred Wilhelm, Project Manager presented the staff report.

Public Comment

None.

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It was moved by Boardmember Enslow, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2008-112 be approved as presented.

Items for Recommendation to the Board

Resolution No. M2008-16 – Amending Sound Move by removing the Star Lake Freeway Station project.

Jim Edwards, Director of Capital Projects and Hank Howard, Project Manager gave the staff presentation.

It was moved by Boardmember Thomas, seconded by Boardmember Butler, and carried by the unanimous vote of all members present that Resolution No. R2008-16 be forwarded to the Board with a do-pass recommendation.

Motion No. M2008-114 – Authorizing the chief executive officer to increase the contingency for the contract with Hatch Mott MacDonald/Jacobs Joint Venture to provide civil engineering design services during construction for the Beacon Hill Tunnel in the Central Link Light Rail Initial Segment Project in the amount of $479,760 for a new total authorized contract amount not to exceed $22,268,243.

Ahmad Fazel, Link Light Rail Director and John Sleavin, Link Civil Engineering Manager presented the staff report. Mr. Fazel described the history of the project and summarized the reasons behind past cost increases.

It was moved by Boardmember Thomas, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2008-114 be forwarded to the Board with a do-pass recommendation.

Other Business

Ms. Earl reported that a subcommittee of the University of Washington Regents Board voted unanimously to forward approval of the University Link design to the full Regents Board for approval at their meeting later today.

Next Meeting:

Thursday, December 4, 2008, 12:30 p.m. to 2:30 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.

Adjourn

The meeting was adjourned at 1:36 p.m.

ATTEST:

Marcia Walker
Board Administrator

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