

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
February 5, 2009

Call to Order

The meeting was called to order at 12:40 p.m. by Vice Chair Fred Butler in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

Roll Call

Chair

(A) Aaron Reardon, Snohomish County Executive

Vice Chairs

(P) Fred Butler, Issaquah Deputy Council President

Boardmembers

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(A) Richard Conlin, Seattle Council President

(P) Dave Enslow, Sumner Mayor

(P) Claudia Thomas, Lakewood Councilmember

(A) 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 Chair Reardon asked to participate in the meeting by telephone. He explained that the Board operating rules allow members to attend meetings by teleconference. Requests to attend are acted on by motion prior to action taken on the first item of business and require a two-thirds affirmative vote of members who are physically in attendance.

It was moved by Boardmember Thomas, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Boardmember Reardon be allowed to participate in the meeting via teleconference.

Vice Chair Butler announced that the committee would not take action on Resolution No. R2009-01 today, but would hear a presentation.

Vice Chair Butler commented on the recent Citizen Oversight Panel (COP) Year-End Report that was presented to the Board on January 29, 2009. The report raised concerns about growth in staff and transit operating costs. He noted that the Board and Finance Committee take the concerns seriously and asked CFO McCartan to review the current budget process and bring suggested any enhancements that would address those concerns to the Finance Committee in the summer, before the committee begins reviewing the budget. Joni Earl, chief executive officer, noted that the response to the COP report will include more detail and may include action items where applicable.

Chief Financial Officer's Report

Mr. McCartan presented updated revenues from rental car taxes, motor vehicle excise taxes and retail sales and use taxes. January 2008 through November 2008, show a 5% decrease in actual revenues compared to the projections. Revenue information for December is not yet available. The revenue forecast for 2009 and 2010 as well as a long-term forecast will be updated by Sound Transit's consultant firm. An updated finance plan with updated inflation forecasts will be brought to the Board later this year. Decreases in construction and right-of-way acquisition costs may offset the revenue losses to some degree.

Items within Finance Committee Authority for Final Action

Minutes of January 22, 2009 Finance Committee Meeting

It was moved by Boardmember Burleigh, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that the January 22, 2009 minutes be approved as presented.

Motion No. M2009-17 – Authorizing the chief executive officer to increase the authorized amount of the contract with Granite Northwest, Inc. for construction of advanced utility relocation at the University of Washington Station site for the University Link project in the amount of \$1,600,000, for a new total authorized contract amount not to exceed \$3,218,000, which includes costs reimbursable to Sound Transit from the University of Washington for betterment work.

Ahmad Fazel, Link Executive Director, and John Harrison, University Link Project Director, presented the staff report. Mr. Fazel explained that utility relocation is required for University Link and the expansion of Husky Stadium that will require relocating some University of Washington buildings. At the time the U210 contract was bid, Sound Transit anticipated that a University on-call services contract would perform the site work for the temporary buildings. After award of the U210 contract, the University determined a temporary kitchen/ office building could not be located where originally planned and asked Sound Transit to find a new location and perform the site work for the temporary buildings between the end of March 2009 and the end of July 2009. Because of the new location for the temporary buildings, the University is not able to provide the site work. In addition, because of the utility relocation, the U210 contract cannot be completed without the demolition of the buildings.

Mr. Fazel reviewed three options that were identified to complete the utility relocation and temporary building site work; bid the UW temporary buildings site work separately through a new procurement, negotiate a change order with the U210 Contractor to add the temporary buildings site work, or terminate the U210 contract and advertise both the original U210 work and the added temporary building site work as part of the upcoming U220 contract procurement. Because of the high risk to the schedule, and for several other factors, Sound Transit staff determined that negotiating a change order with the U210 Contractor (Granite Northwest) to add the UW temporary buildings site work was the best option.

Mr. Fazel noted that the negotiated change order with Granite Northwest falls within the original procurement scope and is not a sole source procurement and complies with FTA and federal and state procurement requirements. The engineer's estimate is \$1.2 million, \$400,000 less than the change order with Granite Northwest. He explained that because of the risk of missing the University of Washington's deadline for installation of the temporary buildings, the duplication of construction management services, and the delay to the overall schedule, Sound Transit staff determined that this is still the best option.

Vice Chair Butler commented that he felt the work added is generally within the scope of the original contract and thanked staff for providing information on why this option was chosen.

Public Comment

None.

It was moved by Boardmember Enslow, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2009-17 be approved as presented.

Motion No. M2009-10 – Authorizing the chief executive officer to execute the option to extend the contract with Action Services Corporation for one year in the amount of \$200,000 to provide heavy maintenance contract services for a new total authorized contract amount not to exceed \$400,000.

Nancy Bennett, Property Manager, presented the staff report. She noted that because of the size of Sound Transit's geographic area, equipment requirements, and possible need for simultaneous work, the services would continue to be contracted instead of being brought in-house. She confirmed that the work is done on an on-call as-needed basis.

Public Comment

None.

It was moved by Boardmember Burleigh, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2009-10 be approved as presented.

Motion No. M2009-11 – Authorizing the chief executive officer to execute the option to extend the contract with Plantscapes for one year in the amount of \$200,000 to provide light maintenance contract services for a new total authorized contract amount not to exceed \$400,000.

Nancy Bennett, Property Manager, presented the staff report. Boardmember Enslow asked if the work in both maintenance contracts combined would constitute enough work for the services to be brought in-house. Ms. Earl explained that the services require equipment and tool costs and a variety of different skills and the contract allows work to take place in multiple locations simultaneously. Vice Chair Butler asked how the contractor charges for work performed under this contract; Steve Sawyer, Assistant Property Manager explained that Sound Transit issues a work order to the contractor, who then provides an estimate that is reviewed by staff prior to authorizing the work. A maintenance schedule has been established under this contract that is based on the number of hours Sound Transit expects the work to take.

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. M2009-11 be approved as presented.

Items for Recommendation to the Board

Vice Chair Butler noted that Resolution No. R2009-01 dealing with Link fares would be a discussion item at today's meeting.

Greg Walker, Chief Policy & Planning Officer, presented information on Link fares including background, analysis review, findings, public outreach work, considerations and alternatives.

Mr. Walker explained that a target of 52% fare box recovery was included in Sound Move; analysis focused on finding a fare payment structure that would meet that goal along with ranking high in customer convenience, ease of enforcement, and compatibility with other regional transit systems. The distance based fare with a mileage surcharge performed best in that analysis. The fare structure allows light rail to have a price consistent with King County Metro. The targeted fare box recovery would be achieved in 2017 with an initial \$1.75 base fare and a \$.05 per mile surcharge, rounded up to the nearest quarter, resulting in an average fare of \$1.49 and a maximum fare of \$2.50.

Mr. Walker described the public outreach process; 200 comments were received. The main themes of the comments are to set fares at the lowest rate possible, keep the fares easy to understand, keep fares consistent with the bus system, and light rail should be free in the tunnel. Most people want the same fare for bus and rail systems in the tunnel.

Mr. Walker noted that the Board's current fare policy gives the chief executive officer the authority to create a ride free zone under certain circumstances, but that none of the circumstances apply to Central Link. He explained that an estimated two million dollars a year would be lost in revenue by not charging on Link in the ride free zone. Under current policy, Sound Transit would need to receive reimbursement for lost revenue to participate in the ride free zone. He also noted that Sound Transit and King County Metro are looking at various operational impacts related to fare collection and more information will be provided to the Board in March.

Mr. Walker explained that in addition to Link fares, fare enforcement policy, Tacoma Link fares and ST Express fare structure will be examined this year.

Motion No. M2009-16 – Authorizing the chief executive officer to execute a restated and amended interlocal agreement for the Smart Card project with Community Transit, Everett Transit, Kitsap Transit, King County Metro Transit, Pierce Transit, and Washington State Ferries to update the agreement for the operating phase.

Brian Brooke, Project Manger, presented the staff report.

It was moved by Boardmember Thomas, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2009-16 be forwarded to the Board with a do-pass recommendation.

Resolution No. R2009-03 – Correcting the legal description in Resolution No. R2008-02 Exhibit A for the D to M Track and Signal Project and ratifying the actions of the chief executive officer with regard to the amended legal description as of the effective date of Resolution No. R2008-02.

Roger Hansen, Real Property Manager, presented the staff report. Vice Chair Butler asked how often legal descriptions need to be corrected and what caused this legal description to be incorrect. Mr. Hansen responded that three changes have been needed in the last 4 years. He explained that the error in this legal description was the result of accelerating the process and failing to notice a discrepancy.

It was moved by Boardmember Burleigh, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Resolution No. R2009-03 be forwarded to the Board with a do-pass recommendation.

Motion No. M2009-15 – Authorizing the chief executive officer to execute a contract with New Flyer Corporation for the purchase of 13 60-foot New Flyer articulated hybrid buses in the amount of \$11,700,000.

John May, Interim Bus Operations Manager and Mike Perry, Deputy Director of Transportation Services, presented the staff report.

It was moved by Boardmember Burleigh, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2009-15 be forwarded to the Board with a do-pass recommendation.

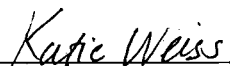
Next Meeting:

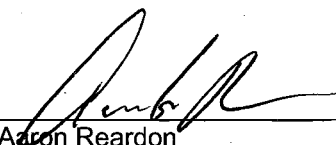
Thursday, February 19, 2009, 12:00 p.m. to 2:00 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.

Adjourn

There was no other business; the meeting was adjourned at 2:17 p.m.

ATTEST:


Katie Weiss
Board Coordinator


Aaron Reardon
Finance Committee Chair