

**SOUND TRANSIT FINANCE COMMITTEE**  
**Summary Minutes**  
**April 16, 2009**

**Call to Order**

The meeting was called to order at 12:13 p.m. by Chair Aaron Reardon in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

**Roll Call**

Chair

(P) Aaron Reardon, Snohomish County Executive

Vice Chairs

(P) Fred Butler, Issaquah Deputy Council President

Boardmembers

(A) Mary-Alyce Burleigh, Kirkland Councilmember

(P) Claudia Thomas, Lakewood Councilmember

(P) Richard Conlin, Seattle Council President

(P) Pete von Reichbauer, King Co. Councilmember

(A) Dave Enslow, Sumner Mayor

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

**Report of the Chair**

None.

**Chief Financial Officer's Report**

Chief Financial Officer Brian McCartan gave an update on the financial plan; he announced that revenue numbers for January are consistent with the updated forecast, but removing the sales tax mitigation payments from the state as a result of the streamlined sales tax payment, January's revenue is tracking 3% below the updated forecast. He noted that the numbers will continue to be tracked and that he will report back to the committee when more data is received.

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

Minutes of March 19, 2009 Finance Committee Meeting

**It was moved by Boardmember Thomas, seconded by Boardmember Conlin, and carried by the unanimous vote of all members present that the March 19, 2009 minutes be approved as presented.**

Resolution No. R2009-07 – (1) Amending the Investment Policy of the Asset Liability Management Framework as provided in Attachment A, and (2) replacing the Glossary of Terms section of the Asset Liability Management Framework as provided in Attachment B.

Tracy Butler, Treasurer, presented the staff report. Changes include defining the fund pools and adding restrictions and limitations, adding ongoing compliance and monitoring functions, adjusting the restrictions and limits on securities investments.

**Resolution No. R2009-07 was moved by Boardmember Butler and seconded by Boardmember Conlin.**

Boardmember Butler asked if the amendments to the investment policy would have prevented losses from Sound Transit investments in the King County Investment Pool or with AIG. Ms. Butler responded that losses as a result of the King County Investment Pool could have been prevented, but the amendments would not have prevented losses as a result of AIG. Boardmember Butler also asked who sees the annual review of the investment policy and investments; Ms. Butler responded that a formalized report is not currently created, but a more formalized system is one of the goals of the amended investment policy. Ms.

Butler also responded to questions about the swap policy, commercial paper standards, general obligation bonds and repurchase and reverse repurchase agreements.

Boardmember Butler asked about the language in section 13.4 of the investment policy that states that "Sound Transit will strive to use competitive bid process..."

**It was moved by Boardmember Butler, seconded by Boardmember Conlin, to amend Section 13.4 of Attachment A to Resolution No. R2009-07 as follows:**

Sound Transit will ~~strive to~~ use a competitive bid process where its selected FINRA broker/dealers will compete for investment transactions but it is recognized that this may not be appropriate for every investment decision.

Mr. McCartan noted that it's possible that only one dealer has the security the agency is seeking, if that meets the intent of the amendment the agency will comply. Boardmember Thomas felt the policy should be more flexible if a competitive process was not appropriate.

**It was carried by the majority vote of all members present that Resolution No. R2009-07 be amended, with Boardmember Conlin voting in the minority.**

Marcia Walker, Board Administrator explained why the resolution is within the Finance Committee's authority for final action; she noted that the Board adopted Asset Liability Management Framework, which includes the Investment Policy, includes a stipulation that changes made to the Investment Policy will be within the final authority of the Finance Committee.

Public Comment  
Will Knedlik

**It was carried by the majority vote of all members present that Resolution No. R2009-07 be approved as amended, with Boardmember Conlin voting in the minority.**

Chair Reardon asked that the Board be made aware of the action taken on Resolution No. R2009-07 at the next Board meeting.

Motion No. M2009-30 – Authorizing the chief executive officer to execute a contract amendment with Corson Studios LLC to allow completion of artwork fabrication for the Beacon Hill light rail station in the amount of \$65,852, for a new total authorized contract amount not to exceed \$957,882.

Barbara Luecke, Public Art Administrator presented the staff report. Boardmember Butler asked how much of the increase is due to schedule delays caused by the Beacon Hill Tunnel project and asked that a record of costs due to schedule delays be kept so that the Board has a record of that information.

Public Comment  
Paul W. Locke

**It was moved by Boardmember Butler, seconded by Boardmember Conlin, and carried by the unanimous vote of all members present that Motion No. M2009-30 be approved as presented.**

Motion No. M2009-31 – Authorizing the chief executive officer to execute a contract amendment with Bill Bell dba Subliminary Artworks, Inc. to complete fabrication of Beacon Hill tunnel artwork in the amount of \$3,000, with a contingency of \$20,300 for a new total authorized contract amount not to exceed \$223,300.

Barbara Luecke, Public Art Administrator presented the staff report.

Public Comment  
Paul W. Locke

**It was moved by Boardmember Butler, seconded by Boardmember Conlin, and carried by the unanimous vote of all members present that Motion No. M2009-31 be approved as presented.**

Motion No. M2009-35 – Authorizing the chief executive officer to increase the authorized amount of the contract with Camp, Dresser & McKee, Inc. for additional work in the area of environmental due diligence, remediation, and oversight for properties acquired for various Link light rail projects in the amount \$870,000 for a new total authorized contract amount not to exceed \$3,330,615 and to extend the term until December 31, 2012.

Roger Hansen, Real Property Manager, presented the staff report.

**Motion No. M2009-35 was moved by Boardmember Butler and seconded by Boardmember Conlin.**

Boardmember Conlin asked about the budget for the additional work; Mr. Hansen noted that the proposed action requires funding from surplus budget within the right of way phase of the University Link project. Mr. Hansen also responded that right of way acquisition for the University Link project is over 50% complete and the remaining right of way budget is sufficient for the remaining acquisitions required for the project.

Boardmember Butler asked what other options were considered for completing this work; Mr. Hansen responded that a separate contract, the current approach, or including the work in another current contract were considered. Mr. Hansen noted that Camp Dresser and McKee, Inc. was the contractor for all the previous due diligence work for the University Link project and they are familiar with the site conditions, areas of contamination and remaining work. Mr. Hansen noted that proposals are received for the work, then the rates are negotiated using the prevailing rate available; this contractor is billing for time and materials as well as overhead. Chair Reardon asked that RFPs and RFQs be pursued for every contract, given the current climate, to ensure that the agency is receiving a good value. Boardmember Butler asked that the action be postponed to the next Finance Committee meeting when the Committee can be assured that the agency is getting a good value.

**It was moved by Boardmember Butler, seconded by Boardmember Conlin, and carried by the unanimous vote of all members present that Motion No. M2009-35 be postponed to the next Finance Committee meeting.**

#### **Items for Recommendation to the Board**

Resolution No. R2009-08 – Authorizing the chief executive officer to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation (including settlement), by condemnation litigation, or by administrative settlement; and to pay eligible relocation and re-establishment benefits to affected parties as necessary for the Sounder Commuter Rail D to M Street Track & Signal Project.

Don Vogt, Senior Real Estate Representative, presented the staff report. Mr. Vogt responded to a question from Boardmember Conlin about the types of easements needed from the properties included in the action. Mr. Vogt and Mark Johnson, Project Manager also described the notification policy and provided more detail on how the properties will be affected.

**It was moved by Boardmember Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Resolution No. R2009-08 be forwarded to the Board with a do-pass recommendation.**

Motion No. M2009-33 – Authorizing the chief executive officer to increase the contingency for the contract with GE Transportation Systems Global Signaling, LLC for the construction of the Train Signal System for the Central Link Light Rail Initial Segment in the amount of \$1,700,000 for a new total authorized contract amount not to exceed \$37,624,386.

Joe Gildner, Initial Segment Project Director and Gene Overly, Systems Engineering Manager, presented the staff report. They explained that this contract represents the last systems contract that will be coming to the

Board for more money due to delays in the Beacon Hill tunnel. Boardmember Butler asked that the cost of the delays due to the Beacon Hill tunnel delay be tracked so that an overall cost of delay could be assessed.

Boardmember Butler also asked if the system has been evaluated to see if the system represents the most current technology; Mr. Overly confirmed that evaluations have been ongoing.

**It was moved by Boardmember Butler, seconded by Boardmember Conlin, and carried by the unanimous vote of all members present that Motion No. M2009-33 be forwarded to the Board with a do-pass recommendation.**

Motion No. M2009-32 – Authorizing the chief executive officer to execute a sole source contract amendment with GE Transportation Systems Global Signaling, LLC for construction of the train signal system to be integrated with the planned yard expansion for North Link and University Link in the amount of \$1,996,269, with a contingency of \$103,731, totaling \$2,100,000, for a new total authorized contract amount not to exceed \$39,724,386.

Ahmad Fazel, Link Light Rail Director and George Hodges, Civil/Systems Integration Manager, presented the staff report. Boardmember Butler asked if an independent estimate was done to evaluate costs for this sole source contract. Mr. Hodges responded that an independent estimate was done in-house and by an outside contractor 10 months ago that looked at current expenditures and found the costs to be very reasonable.

**It was moved by Boardmember Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2009-32 be forwarded to the Board with a do-pass recommendation.**

Motion No. M2009-34 – Authorizing the chief executive officer to execute a contract amendment with Northlink Transit Partners, Joint Venture for additional funding in order to provide Early Work (Advanced Preliminary Engineering) on the North Link extension from the University of Washington Station (to the portal for the North Link tunnels near Interstate 5 and NE 76<sup>th</sup> Street in the amount of \$2,898,800, with a contingency of \$289,880 totaling \$3,188,680, for a new total authorized contract amount not to exceed \$53,529,269.

Ahmad Fazel, Link Light Rail Director and John Harrison, Link Light Rail Deputy Executive Director, presented the staff report. Mr. Harrison responded to Boardmember Butler's question about Early Work costs; he noted that the price for this work was not negotiated in the contract because it wasn't included as part of the original scope. The overhead costs will be higher than the previous work because a larger proportion of the work will be done from the contractor's home office. Mr. Fazel noted that this contract will accelerate engineering work needed for negotiations with the University of Washington.

**It was moved by Boardmember Butler, seconded by Boardmember Conlin, and carried by the unanimous vote of all members present that Motion No. M2009-34 be forwarded to the Board with a do-pass recommendation.**

Motion No. M2009-28 – Authorizing the chief executive officer to execute a contract amendment with HDR Engineering, Inc. to provide additional design services during construction for the M Street-to-Lakewood Track and Signal project in the amount of \$477,477 with a 10% contingency of \$47,748 totaling \$525,225 for a new total authorized contract amount not to exceed \$7,173,687.

Jodi Mitchell, Project Manager and Carol Rhodes, Construction Manager, presented the staff report. Ms. Mitchell noted that HDR Engineering, Inc. is the engineer of record and has been involved since the project began.

**It was moved by Boardmember Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2009-28 be forwarded to the Board with a do-pass recommendation.**

Motion No. M2009-29 – Authorizing the chief executive officer to execute a contract with Railworks Track Systems, Inc. to provide construction services for the M Street-to-Lakewood Track & Signal project in the amount of \$33,983,334 with a 10% contingency of \$3,398,333 for a total authorized contract amount not to exceed \$37,381,667.

Jerry Dahl, Project Manager and Carol Rhodes, Construction Manager, presented the staff report. Ms. Rhodes responded to Boardmember Butler's questions about the contract price; she explained that the engineers estimate did not include contingency.

**It was moved by Boardmember Butler, seconded by Boardmember Conlin, and carried by the unanimous vote of all members present that Motion No. M2009-29 be forwarded to the Board with a do-pass recommendation.**

**Next Meeting:**

Thursday, May 7, 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 1:44 p.m.

ATTEST:

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Aaron Reardon  
Finance Committee Chair

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Katie Weiss  
Board Coordinator