

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
October 1, 2009

Call to Order

The meeting was called to order at 12:00 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

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(P) Joe Marine, Mukilteo Mayor

(A) Richard Conlin, Seattle Council President

(P) Claudia Thomas, Lakewood Councilmember

(P) Dave Enslow, Sumner Mayor

(A) Pete von Reichbauer, King Co. Councilmember

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

Report of the Chair

None.

Chief Financial Officer's Report

None.

Discussion Item: Proposed 2010 Budget

Pete Rogness, Budget Manager, explained that the Sound Transit finance plan dictates the annual budget, and individual contract approvals are based on that budget. Mr. Rogness explained that the agency expects 2010 revenue of \$794.9 million, including \$531.4 million in sales tax, additional revenue from Motor Vehicle Excise Tax, grants, farebox recovery, interest and other miscellaneous items. The 2010 Proposed Budget includes \$188.4 million for Service Delivery, \$622.8 million for Project Delivery and \$134.8 for Agency Administration, totaling \$945.9 million. The difference between the 2010 anticipated revenue and the proposed 2010 budget will be made up with cash and investments remaining at the end of 2009. The Finance Committee would review each budget area over the next few meetings, starting with o Service Delivery. noted that questions from boardmembers will be recorded and the responses will be compiled and distributed to the Board. Summaries of policy issues will be prepared. Boardmember Butler asked that the Transit Operations Task Force recommendations be highlighted.

Bonnie Todd, Transportation Services Director and David Huffaker, Program Manager, presented the proposed 2010 operations budget. Ms. Todd noted that agreements with partners for operating Sound Transit vehicles will be coming to the Board later this year and the anticipated rates are included in the numbers being presented today. She also reviewed the ridership trends and noted that costs per hour for 2010 are anticipated to be below 2009 levels except on ST Express.

Ms. Todd reviewed anticipated service changes for 2010, including a full year of service on Central Link, a full year of 13 round trips on Sounder and an additional 38,000 hours of service for ST Express because of ST2. Mr. Huffaker reviewed the affect of fuel costs on the operations budget. Costs have gone down compared with 2008 prices, \$3.00 a gallon is budgeted for 2010. Fuel costs are being managed by reducing the amount of fuel used though using wayside power and automatic start/stop units for Sounder and doing some fuel hedging to manage volatility. Long term service plans to reduce dead-head time and increase efficiency are under review.

Tacoma Link ridership exceeded forecasts for 2009. Unit cost reductions for operating Tacoma Link and completion of concrete work and related shuttle bus service used during the construction will result in a 1% or \$46,000 budget reduction over the 2009 budget. Boardmember Marine asked about costs for electricity; Mr. Huffaker responded that electricity costs have fluctuated, but are a small part of the overall budget. Parking constraints at Tacoma Dome Garage have eased because of the economy, and Sound Transit is continuing work with Pierce Transit on a joint maintenance agreement for that facility.

Central Link ridership is in line with expectations, with an average of 15,000 daily trips in August 2009. The Airport Link extension is on schedule to open in December 2009. The Adopted 2009 Budget included \$21.8 million for Central Link operations. Service adds in 2010 will increase the service by 74,764 hours and increase the budget by \$25.6 million while unit cost decreases will reduce costs by \$1.9 million leaving a 2010 budget of \$45.6 million. Service additions are the result of operating Central link for the full year instead of only six months in 2009. Unit costs are down 4% as a result of eliminating the airport shuttle once light rail begins serving the SeaTac/Airport station. Boardmember Butler asked how Central Link operations costs are being monitored; Mr. Huffaker responded that a new position is being added to oversee operations and maintenance for Link. In 2010, Central Link is expected to have 8.1 million riders and a cost per hour of \$330 dollars for operations. The hourly operation cost is in the mid range compared to other similar agencies' operation costs.

Sounder ridership for 2009 is 15% under projections for 2009, and 4% below 2008 ridership because reductions in ridership due to the economy exceeded the higher ridership target for 2009. The cost per boarding is up 11%. The 2010 budget for Sounder will add \$3.9 million for service to cover the 9th south line train for the entire year, and includes reductions of \$1.3 million in fuel costs, and \$2.9 million in other costs over the 2009 budget. The proposed 2010 Sounder budget is 2% below the Adopted 2009 budget. In 2010, Sounder will run 13 round trips daily for the entire year, ridership is expected to increase 3.5% over current ridership, and the cost per hour for operations is expected to decrease 10%.

ST Express began implementing the service expansions that were included in ST2; 38,000 hours of service were added in 2009 and 55,000 hours will be added in 2010. Ridership is under the 2009 target by 6%, and the cost per boarding 6% higher than anticipated. The Proposed 2010 budget adds \$7.5 million for service additions, and \$4.2 million in other unit cost changes. Fuel cost savings will reduce the budget by \$3.2 million over the 2009 budget. Overall, the budget for 2010 will be increased by \$8.5 million over the Adopted 2009 Budget. Sound Transit will also be adding a position to oversee operations and maintenance for ST Express. Ridership is expected to increase 6.6% over current ridership; the cost per hour will go up 1%. Mr. Huffaker noted that new service agreements with Sound Transit's partners are being negotiated; some include provisions for looking at overhead prices in 2010 for 2011 operations. Boardmember Butler asked for a report back on farebox recovery for each line of business and the goals that were established.

Mr. Huffaker explained that contingency will be done differently in the 2010 budget; it will be lumped instead of being distributed between the modes. \$5.2 million was included in the 2009 budget as contingency, but that money will most likely not be needed due to savings in fuel prices. In response to a question from Boardmember Butler, Mr. Huffaker noted that a discussion on fare increases will be brought to the Board in several weeks. Boardmember Conlin asked why Sound Transit's senior and disabled fares are not compatible with Metro senior and disabled fares. Ron Tober, Deputy CEO, noted that Sound Transit's policy is to make fares consistent with federal law; Metro fares are more favorable than required by federal law. Mr. Tober also noted that a program-wide review of ST2 implementation will be brought to the Board shortly.

Items within Finance Committee Authority for Final Action

Minutes of the September 17, 2009 Finance Committee Meeting

It was moved by Boardmember Marine, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that the September 17, 2009 minutes be approved as presented.

Motion No. M2009-89 – Authorizing the chief executive officer to execute a five year lease with two one-year options with Union Street Improvement Company, L.L.C. for office space located at 315 5th Ave. S. in Seattle, WA, in an amount not to exceed \$582,832.

Nancy Bennett, Property Manager, presented the staff report. In response to a question from Boardmember Enslow, Ms. Bennett explained that all operating expenses are included for the first year, and tenant improvements that are needed are included.

Public Comment

Will Knedlik (Comments on file with Board Administration)

It was moved by Boardmember Marine, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2009-89 be approved as presented.

Motion No. M2009-83 – Authorizing the chief executive officer to execute a five-year contract with Paladino & Company, Inc. to provide environmental and sustainability management services on an as-needed basis in the amount of \$500,000, for a total authorized contract amount not to exceed \$500,000.

Perry Weinberg, Environmental Affairs and Sustainability Officer, presented the staff report. Mr. Weinberg reviewed how this contract will be billed; tasks will be negotiated based on the number of hours anticipated. Sound Transit staff will be managing the consultants work and ensuring the environmental and sustainability commitments are met.

Public Comment

None

It was moved by Boardmember Butler, seconded by Boardmember Marine, and carried by the unanimous vote of all members present that Motion No. M2009-83 be approved as presented.

Motion No. M2009-84 – Authorizing the chief executive officer to execute a one-year contract with four additional one-year options with Restoration Logistics, LLC to provide landscape maintenance services for Link, Regional Express, and Sounder wetland and stream mitigation projects in an amount not to exceed \$1,536,595.

Marti Louthier, Senior Environmental Planner presented the staff report. She explained that the contractor will manage mitigation landscaping for at least eight projects and will be using sustainable practices.

Public Comment

None

It was moved by Boardmember Butler, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2009-84 be approved as presented.

Motion No. M2009-87 – Authorizing the chief executive officer to execute a contract amendment with INCA Engineers, Inc. to provide final design services for the Puyallup Parking Expansion project, in the amount of \$305,497, with a 10% contingency of \$30,550, totaling \$336,047, for a total authorized contract amount not to exceed \$805,054.

Fred Wilhelm, Project Manager, presented the staff report. Sound Transit received a \$4.2 million Regional Mobility grant, which is being split between parking projects in Puyallup and Sumner, and a \$772,000 grant from the City of Puyallup to cover design costs. The cost per parking space in Puyallup is estimated at \$3,300 a stall.

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Public Comment

Paul W. Locke (Comments on file with Board Administration)

It was moved by Boardmember Enslow, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2009-87 be approved as presented.

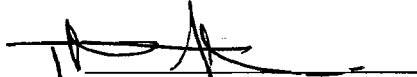
Next Meeting:

Thursday, October 15, 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 1:51 p.m.

ATTEST:


Aaron Reardon
Finance Committee Chair
Vice

Katie Flores
Board Coordinator

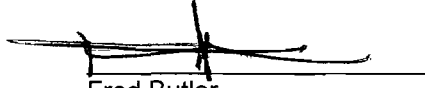
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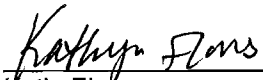
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Fred Butler
Finance Committee Vice Chair

ATTEST:


Katie Flores
Board Coordinator