

**Sound Transit
Finance Committee Summary Minutes**

October 1, 1998

Call to Order

The meeting was called to order at 12:12 p.m. by Committee Chair Greg Nickels.

Attendance

(P) Greg Nickels, Chair	(P) Paul Miller
(P) Mary Gates	(A) Sid Morrison
(A) Ed Hansen	(P) Cynthia Sullivan
(P) Rob McKenna	

Report of the Chair

None.

Finance Director Report

None.

Motion No. M98-72 – Amending Contract No. RTA/CR 24-97 with Mainline Management Inc., by increasing the budget for railroad operations modeling and capacity analysis for the Commuter Rail Project by \$90,000 to \$290,000

Mr. Bob Harvey, Operations Specialist for Sounder Commuter Rail, explained that Motion No. 98-72 is for an extension to an existing contract with Mainline Management to extend the scope of the work as negotiations with the railroad continue.

(Mr. Miller arrived.)

In response to Ms. Gates' inquiry regarding sharing costs, Mr. Harvey reported that Sound Transit has been working with and has a joint three-party contract with the Port of Tacoma and the Port of Seattle.

(Ms. Sullivan arrived.)

It was moved by Ms. Gates, seconded by Mr. Miller, and carried by the unanimous vote of all Committee members present that Motion No. M98-72 be adopted as presented.

Minutes from September 17, 1998, Finance Committee Minutes.

It was moved by Mr. Miller, seconded by Ms. Gates, and carried by the unanimous vote of all Committee members present that the September 17, 1998 Committee minutes be approved as presented.

1999 Budget – Capital Program for Link, Sounder, and Regional Express

Mr. Bob White, Executive Director, gave introductory remarks.

There are four themes reflected in the proposed budget:

1. Moving from expectations to realities
2. Managing the agency's growth
3. Measuring on-time and on-budget
4. Staying relevant

Mr. Miller requested documentation of the variances between the draft budget document distributed at the prior Finance Committee meeting and the one distributed at today's meeting.

(Mr. McKenna arrived.)

Mr. Paul Bay, Link Light Rail Director, presented the Link budget. By the end of 1999, the major decisions related to the Link Light Rail project will be in place. From then on there will be a lot of work to do to implement those decisions. In terms of making policy decisions, 1999 will be an important year for the Board.

Four important activities will occur in 1999: preliminary engineering, completion of the final EIS, starting into the final design for Tacoma, and continuing the public outreach program. The cost of building Link Light Rail is (in 1995 dollars) just under \$1.8 billion. The \$1.8 billion in 1995 dollars inflated to the Year-of-Expenditure over a ten-year annual average with an inflation forecast of 2.7% comes out to \$2.3 billion.

The ten-year capital costs show most of the expenditures in construction. Vehicles represent 10%, preliminary engineering and EIS work 3%, final design and preparation of contract documents 3%, and right of way acquisition and permitting 6%. This will be updated in March after the Board has selected a locally preferred alternative. Staff will then prepare a detailed cash flow for every part of the Light Rail project.

Mr. Paul Price, Director of Sounder Commuter Rail, presented the Sounder budget. By the end of 1999, the Seattle to Tacoma component will be operating. Major progress has been made in 1998 on that segment: completed the environmental review and received a finding of no significant impact (FONSI) from the Federal Transit Administration, completed advanced planning and preliminary engineering, and began final engineering for the track and signal components with Burlington Northern/Santa Fe.

In looking at the proposed 1999 budget vs. the ten-year budget, 1999 is a very capital-intensive year. A large percentage is in capital and it relates to the track and signal improvements, the stations, right-of-way acquisitions that have to be put into place, and the net operating portion is a very small component. Breaking down the ten-year element, it is largely orientated by the phases or the various components for vehicles, construction, right-of-way, final design, administration, environmental, and the contingencies, track, yard, and shop layover facilities, and the operating maintenance is about 21%.

In the Everett to Seattle and the Tacoma to Lakewood corridors, the environmental reviews and preliminary engineering work for track and signals and stations will be completed. The Federal Transportation Administration has authorized Sound Transit to proceed into preliminary engineering on

those components. The schedule for the procurement of coaches runs through the mid-2000 timeframe and the locomotives procurement ends a little earlier. Stations will be in design and construction, however, some of the construction components will spill over into the year 2001. Parking may be staged because of the property acquisition processes.

When staff analyzed the Kent Station budget, an error was found. Staff has calculated that it would be appropriate to add \$2 million to the Kent Station budget. The funding would come from two other locations - \$1.05 million from the King Street Station and about \$1 million from the Boeing Access Station, both from the South King County subarea. At the King Street Station, the Sound Move budget was \$11 million and assumed Sound Transit would do most of the work and upgrade the track, platforms, and canopies. Sound Transit now has Amtrak as a partner in the King Street Station. Amtrak has already undertaken a lot of work on the tracks. They will be paying for their part of the platform and canopy rebuilding. Additionally, King County and the City of Seattle have put money into the overcross. The second location is the Boeing Access Station. By combining the design on the Boeing Access Station concurrent under one contract with Light Rail, there is about \$1 million savings.

Mr. Nickels asked Mr. Price to describe the error found in the Kent Station budget.

Mr. Price responded that to the best that can be determined, in 1993 and 1994 when the consultants did the work on the Kent Station, they made a parking demand estimate of about 550 to 600 parking spaces. However, it appears they only budgeted for 150 parking spaces. It appears that they calculated out two different parking areas; one for 150 spaces and one for 400, but only the costs on the 150 parking space component were included in the budget.

Ms. Agnes Govern, Director of Regional Express, presented the budget. The Regional Express program is on budget; the Sound Move budget of \$1.1 billion inflated to Year-of-Expenditure dollars is \$1.4 billion. In terms of schedule, there are some changes in this year's budget between schedule assumptions and the implementation guide and the schedules proposed as a part of the 1999 budget. In the implementation guide, project schedules were based on similar durations for similar types of projects. With the more detailed project schedules, the complexity and duration of individual projects can be reflected. Twenty-nine of the projects are unchanged, eight are later, three are earlier, and five projects weren't included in the implementation guide. The project schedules proposed as part of the 1999 budget assume minimal time spent on issues such as process appeals, right of way disputes, agency disagreements or litigation. The schedules also assume prompt review of environmental regulations, land use regulations, financial aid, etc. This approach allows an aggressive pace to be set, but it also suggests that schedules will require updating, probably as part of the annual budget process as individual projects encounter problems.

Highlights of 1999: In the Community Connections and HOV programs, approximately 60% of the program will have started. In terms of the Regional Bus program, 70 Gillig buses and 25 New Flyer buses will be delivered at the beginning in the first quarter and Phase I of the Service Implementation of Regional Bus will begin. In terms of System Integration, the commitment to the voters in Sound Move of a one-ticket ride will be met with implementation of an integrated fare policy with the beginning of startup services in September of 1999. The proposed budget does not include service implementation plan data as it will be folded into the process of Board adoption of the budget.

Mr. Nickels determined that the Finance Committee would review the support department budgets at the next meeting.

Next Meeting

Thursday, October 15, 1998 from 12:00 to 1:30 p.m. at the King County Council Chambers in the King County Courthouse, 516 Third Avenue, Seattle, Washington.

Recorded by Jane Emerson
Board Project Assistant

ATTEST:

Greg Nickels
Finance Committee Chair

Marcia Walker
Board Administrator