

**Sound Transit
Finance Committee Summary Minutes**

November 5, 1998

Call to Order

The meeting was called to order at 12:15 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	

The following Committee members arrived after the meeting was called to order:

Rob McKenna, King County Councilmember
Cynthia Sullivan, King County Councilmember

Report of the Chair

None.

Finance Director Report

Ms. Hendrickson, Director of Finance and Administration, mentioned a memorandum which Committee members received earlier in the week from Dave Earling. The memo pertained to Motion No. M98-80, authorizing a contract with COPACINO/Pacific Rim Resources for Marketing and Advertising services, and stated that the Public and Government Affairs Committee had reviewed the contract with staff and asked the Committee to please take action on the Motion.

Motion No. M98-84 - Authorizing the Executive Director to execute a contract for system-wide signage design services with Two Twelve Harakawa, Inc. for a total amount not to exceed \$450,000

Ms. Hendrickson advised that Motion M98-84 was being brought to the Committee for informational purposes. The Committee will receive more information on this motion prior to the next meeting.

The last item Ms. Hendrickson discussed was the Regional Express System Implementation Plan. She stated that Chair Nickels had requested a brief memo summarizing the financial implications of the SIP be provided to the Finance Committee today. The summary includes an outline of the operation and maintenance cost, route phasing, financial plan summary, and the adopted financial policies. She stated that the Executive Committee will be entertaining a resolution tomorrow for the SIP.

Consent Agenda

Minutes of October 1 and 15, 1998 Finance Committee Meetings

Motion No. M98-83 - Amending Contract No. RTA 6A-97 with Craig Kinzer and Company for real estate services in connection with tenant representation and relocation to provide for an additional \$148,370 to cover additional services provided in the negotiation and procurement of Union Station for the long-term headquarters of Sound Transit

Motion No. M98-77 - Increasing the budget of three temporary employment services contracts as follows: (1) Superior Technology (acquired through intergovernmental agreement with King County) to increase the amount from \$200,000 to \$250,000; (2) Temporary Employment Service Program (acquired pursuant to intergovernmental agreement with City of Seattle) to increase the amount from \$200,000 to \$250,000; and (3) Office Team (sole source procurement) to increase the amount from \$200,000 to \$270,000

Motion No. M98-82 - Authorizing the Executive Director to execute contracts for on-call temporary employment services with Superior Technical (\$500,000), Employco Staffing (\$200,000), H.L. Yoh (\$200,000), Trigon Technical Services (\$200,000), VOLT (\$500,000), Tech Staff (\$200,000), People Placers (\$200,000), Kelly Services (\$200,000), Construction Management Technical Services (CMTS) (\$200,000) and extending the intergovernmental agreement with the City of Seattle Temporary Employment Program (\$200,000), for amounts not to exceed the amounts stated herein

Motion No. M98-81 - Approving award of contracts for the Seattle to Tacoma commuter rail station final design with Anil Verma and Associates for the Auburn station, MBT Architecture for the Kent and Tukwila stations, and Meritt Pardini for the Puyallup and Sumner stations

(Mr. McKenna arrived)

It was moved by Mr. Miller and seconded by Ms. Gates that the consent agenda be approved as presented.

Mr. McKenna asked that Motion No. M98-82 be pulled from the Consent Agenda for discussion.

The motion to approve the consent agenda excluding Motion No. M98-82 was carried by the unanimous vote of all Committee members present.

Mr. McKenna mentioned that he had questioned whether adequate legal review had been done on Motion No. M98-82. He asked Mr. Brown to address this with the Committee.

Mr. Desmond Brown, Sound Transit Chief Legal Counsel, stated that over the past eight months, his staff has reviewed issues that have arisen concerning the use of temporary employees either through agencies or contracting. He explained that Sound Transit has adopted employment guidelines for the use of temporaries, and a policy is in place that prevents Sound Transit from using temporary employees for extended periods of time. He stated that he is comfortable with going forward on this with the caveat that this should be monitored each year.

Mr. McKenna mentioned to the Committee that during a briefing with staff the question of the appropriate amount of employment came up. He said staff had advised him that Boardmembers will be given a report on the actual use of temporary employees.

Ms. Hendrickson stated that this report will be provided on a quarterly basis as a part of the overall contract report.

It was moved by Mr. McKenna, seconded by Ms. Gates, and carried by the unanimous vote of all Committee members present that Motion No. M98-82 be approved as presented.

Resolution No. R98-49 - Adopting an annual budget for the period January 1 to December 31, 1999

Ms. Hendrickson stated that prior to the full Board's consideration of the budget on November 12, the Board will be asked to consider for approval the final Service Implementation Plan for Regional Express. The Budget Resolution in front of the Committee provides that the final budget be amended to be consistent with the SIP. She advised the Committee that staff will be going over budget amendments which have been brought up over the past few weeks during Committee and individual meetings.

Brian McCartan, Budget Manager, went over the 13 budget amendments which were given to the Committee (copy on file).

Mr. Miller questioned the wording in Amendment #8. The amendment updates the budget for Federal Grants to reflect the actual appropriate received by Sound Transit from Congress in 1998. The Amendment states that 90% of the amount will be drawn down in 1999. Following Committee discussion, it was decided that the Amendment will read:

“Update the budget for Federal Grants from \$68.0 million to \$54.0 million to reflect the actual appropriate received by Sound Transit from Congress in 1998. This change will result in a \$14 million reduction in total revenues and a corresponding decrease in expected cash balances (page 38).”

Ms. Gates asked how the addition of a Project Assistant to Regional Express (Amendment #13) will impact the budget.

Mr. White stated that subsequent to publishing the budget, the Regional General Managers held a retreat and realized the need for this position. The position will be funded with already budgeted monies for Fare Integration in fiscal year 1999.

It was moved by Ms. Gates and carried by the unanimous vote of all Committee members present that Amendments 1 through 13 be approved as presented.

Mr. McCartan presented Amendment #14:

“Decrease estimated 1999 MVET Revenues to reflect the impact of the passage of Referendum 49. The Referendum makes a small change in the depreciation schedule for vehicles, which will reduce Sound Transit MVET revenues by up to 1.5% annually. The 1999 impact is estimated to be no greater than \$700,000.”

Mr. Nickels stated that this amendment reflects what the voters passed on Tuesday, November 3, 1998.

It was moved by Ms. Gates and carried by the unanimous vote of all Committee members present that Amendment 14 be approved as presented.

It was moved by Mr. Miller and seconded by Ms. Gates that Resolution No. R98-49, as amended, be forwarded to the Board with a do pass recommendation.

Mr. Nickels stated that when the Service Implementation Plan is adopted, staff will reflect those numbers

in the 1999 budget.

The motion to forward Resolution No. R98-49 to the Board with a do-pass recommendation was carried by the unanimous vote of all Committee members present.

Mr. Nickels advised the Committee that Resolution Numbers R98-47 and R98-48 would be discussed together.

Resolution No. R98-47 - Authorizing sales tax and motor vehicle excise tax bonds of the Authority to be issued in series to finance a portion of the Authority's regional transit system plan

Resolution No. R98-48 - Authorizing the issuance and sale of sales tax and motor vehicle excise tax bonds, series 1999, in the principal amount of not to exceed \$400,000,000 to pay a portion of the cost of the Authority's regional transit system plan; fixing the date, form, and terms of the bonds; and authorizing the sale of the bonds

Mr. McCartan stated that the key provisions of the resolutions are that they authorize the agency to issue up to \$400 million in sales tax and motor vehicle excise tax bonds. By passing the resolution next week, the Board would be obligating the agency to pay interest on the bonds from sales tax and motor vehicle excise tax for as long as the bonds are outstanding. The resolutions also would delegate authority to the Executive Director to finalize the official statement and the bond purchase contract.

Mr. Nickels asked that the Committee be advised of the size of the bond and the reasoning behind the decision.

Mr. Miller questioned what will drive the decision to go over the \$200 million initially discussed and what timeframe is being looked at.

Mr. McCartan stated staff and the consultants are looking at the ability to spend the money according to the IRS regulations, identifying the money which can be spent legally, looking at market interest rates and market levels, and studying the term structure. If this falls within the \$200 to \$400 million range, there would be no trouble spending this within three years.

It was moved by Ms. Gates and carried by the unanimous vote of all Committee members present that Resolution No. R98-47 be forwarded to the Board with a do-pass recommendation.

It was moved by Ms. Gates and carried by the unanimous vote of all Committee members present that Resolution No. R98-48 be forwarded to the Board with a do-pass recommendation.

(Ms. Sullivan arrived)

Motion No. M98-80 - Authorizing the Executive Director to execute a contract with COPACINO/Pacific Rim Resources for marketing and advertising services in an amount not to exceed \$4 million

Mr. Nickels expressed his concern that investments are coordinated with each line of business.

Ms. Barbara Dougherty, Communications and Marketing Manager, stated that all work orders will go through one position of the agency to assure an agency-wide approach.

It was moved by Ms. Gates and carried by the unanimous vote of all Committee members present

that Motion No. R98-90 be adopted.

Resolution No. R98-45 - Authorizing the Executive Director to execute a Final Engineering Agreement with BNSF for final engineering services on the Seattle-Tacoma line, with a total contract cost not to exceed \$5,746,000, and to create a contingency account in the amount of \$1,149,200 to cover unexpected costs in connection with the final engineering work.

Mr. Paul Price, Director of Sounder Commuter Rail, presented Resolution No. R98-45 to the Committee.

Mr. Nickels expressed concern that money is being spent on a corridor which is not yet under contract.

Mr. Price stated that staff is currently negotiating three separate contracts to make the use of the corridor a reality. The first is an operating agreement. The negotiations are far enough along that staff feels satisfied this contract will not be an issue. The second contract is for the final design and is nearly completed. The third contract is the construction agreement that is being negotiated with all of the partners. Staff has made significant progress on this agreement. The operating and construction agreements should be complete within the next two and half months.

It was moved by Ms. Sullivan, seconded by Ms. Gates, and carried by the unanimous vote of all Committee members present that Resolution No. R98-45 be forwarded to the Board with a do-pass recommendation.

Adjourn

The meeting was adjourned at 1:20 p.m.

Next Meeting

Thursday, November 19, 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
Project Assistant
Board Administration

ATTEST:

Greg Nickels
Finance Committee Chair

Marcia Walker
Board Administrator