

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
March 1, 2007

Call to Order

The meeting was called to order at 12:08 p.m. by Chair Fred Butler in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

Roll Call

Chair

(P) Fred Butler, Issaquah Councilmember

Vice-Chair

(P) Julie Anderson, Tacoma Councilmember

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(A) Dow Constantine, King Co. Councilmember

(A) Dave Enslow, Sumner Mayor

(P) Richard Marin, Edmonds Councilmember

(P) Richard McIver, Seattle Councilmember

(A) Pete von Reichbauer, King Co. Councilmember

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

Report of the Chair

Chair Butler announced that the next Audit and Reporting Subcommittee is scheduled for March 15, 2007 from noon to 12:30 p.m. in the Ruth Fisher Boardroom. The Finance Committee meeting will begin at 12:30 p.m. that same day.

Chief Financial Officer's Report

None.

Discussion Item – ST2 Financial Policies

Brian McCartan, Chief Financial Officer, presented a preliminary draft of proposed changes to the agency's financial policies for the Board to consider. These proposed changes have not been endorsed or adopted by the Board.

Among some of the proposed policy changes:

Regarding item #9, this change would give the Board more flexibility in deciding where grant funds should be applied for subarea reporting purposes in order to build out the system.

Regarding item #11, the debt service coverage target of a subarea would be removed in order to give the agency more flexibility in allocating bonds to each subarea.

Related to item #11, item #15 would raise the agency net coverage minimum to a more conservative 1.5x.

The anticipated plan is for the finance committee to go through each item, discuss and amend if necessary, leading up to a recommendation by the Finance Committee on April 5, 2007 and adoption by the full Board on April 12, 2007.

Board member Marin stated his support for the proposed policy changes, noting that they address many of the concerns of the Snohomish County subarea delegation.

Staff will follow up on the following questions:

1. Item #10: How do we determine the seriousness of the commitment of funds provided by the private sector in a public-private partnership, and who pays for any cost overruns in the project?
2. Item #13: How will accountability be addressed when the time period is extended for completion of the system?
3. Item #15: Does raising the agency net coverage to 1.5x create more or less of a 5% reserve?
4. Item #16: How often will there be an independent audit of the agency's financial statements?

Items within Finance Committee Authority for Final Action

Minutes of February 15, 2007 Finance Committee Meeting

It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that the February 15, 2007 minutes be approved as presented.

Motion No. M2007-35 – Authorizing the chief executive officer to execute an agreement with the City of Kirkland for the design, right of way acquisition, and construction of a portion of the 85th Corridor Improvement Project located in Kirkland, for a total authorized agreement amount not to exceed \$3,734,460

Fred Wilhelm, Project Manager, presented the staff report. The funding contribution to be provided by Sound Transit is roughly 50% of the total costs of the project. Board member Burleigh commented on the benefits of the project, which will help alleviate congestion along the corridor.

Staff will follow up on the following questions:

1. Will Sound Transit be sharing the cost of maintaining the artwork with the City of Kirkland?
2. How do the City's small business goals compare with Sound Transit's?

Public Comment

None.

It was moved by Board member Burleigh, seconded by Board member Marin, and carried by the unanimous vote of all members present that Motion No. M2007-35 be approved as presented.

Items for Recommendation to the Board

Motion No. M2007-20 – Authorizing the chief executive officer to execute an agreement with King County and the City of Redmond to provide funding for design and construction of the Redmond Transit Center for a total authorized agreement amount not to exceed \$6,000,000

Fred Wilhelm, Project Manager, presented the staff report. In response to a question from Board member McIver regarding the contingency line item stated in the budget table, Mr. Wilhelm stated that the line item would need to be zeroed out, since the agency's funding contribution is capped.

The committee discussed the driver comfort station designed by King County Metro and how it compares to those designed by Sound Transit on other projects.

In response to a question from Vice-Chair Anderson, Mr. Wilhelm stated that the \$1.2 million contribution from King County is a grant that was originally part of the Willows Road HOV enhancements project budget, but was later transferred to the Redmond Transit Center project budget.

It was moved by Board member Burleigh, seconded by Board member Marin, and carried by the unanimous vote of all members present that Motion No. M2007-20 be forwarded to the Board with a do-pass recommendation.

Resolution No. R2007-06 – Amending Sound Transit's Fare Policy regarding Sounder fares from a zone-based fare structure to a distance-based fare structure and increasing Sounder fares

Christie Parker, Policy Analyst, and Sheila Dezarn, Acting Policy and Planning Officer, presented the staff report. Ms. Parker described the public involvement process and presented a preliminary report of the comments received. She advised that a complete report would be provided to the Board on March 8, 2007.

Ms. Parker reported that a public hearing regarding the proposed fare changes was held on February 22, 2007 and an information booth was present at the Roads and Transit Open House that same day. In addition, rider notices and informational pamphlets were provided on Sounder trains, at train stations, and via email.

Of the 260 comments received to date:

- 43% support the proposed changes;
- 43% either do not support the changes or would support them conditionally.
- Of those who support a fare increase, 46% support option one (10% fare increase), 22% support option 2 (20% fare increase), 16% support smaller increases.

41% of responders commented on the distance-based fares:

- Of this 41%, 49% support distance-based fares, 34% support zone-based fares, 7% support the change in fare structure, but not at the same time as the fare increase, and 10% support a different fare structure.

Regarding other types of comments:

- 10% support increased fare enforcement,
- 8% support smaller, more frequent fare increases,
- 10% expressed concerns of overcrowding or need for increased service, and 8% want more parking.

Ms. Parker reported that she briefed the Citizen Oversight Panel earlier today. Comments from COP members noted that the fare increase won't fully meet the requirements of the agency's farebox recovery targets and that the Board may want to consider more frequent increases to achieve these targets.

The Finance Committee discussed the pros and cons of adopting options 1 or 2. The discussion included the possible loss of some riders if fares were increased and recovery of operating costs.

Board member Marin stated his support for option 1, citing the need to encourage mass transit use.

Vice-Chair Anderson stated her support for option 1, citing the need to maximize ridership and decrease traffic congestion. She also asked for a plan that would outline a strategy for meeting the agency's farebox recovery targets in the future, and would like criteria and non-monetary goals that would help the Board make farebox policy decisions.

Board member Burleigh stated her support for option 1 and the move to a distance-based fare.

Board member McIver stated his support for option 2, citing the need for the agency to be able to keep up with inflation and operation costs.

Chair Butler stated his support for option 1, citing the need to maximize ridership.

It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the majority vote of all members present that Option 1 contained in Resolution No. R2007-06 reflecting a change in Sounder fare structure to a distance-based fare structure and a 10% revenue increase in Sounder fares, be forwarded to the Board with a do-pass recommendation, with Board member McIver voting in the minority.

Resolution No. R2007-04 – Ratifying the amendment to the Adopted 2007 Budget in the amount of \$1,410,000 for actions directed by Resolution No. R2006-20 regarding the acquisition of property interests for the North Link-Roosevelt Station

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

In response to an inquiry about how the property will be managed, Mr. Hansen stated that staff will check zoning usage and talk to the neighborhood association about suggested uses until the property is needed for the Roosevelt Station project.

Vice-Chair Anderson asked staff to ensure that the proposed financial policy changes do not undermine the agency's capacity for future protective property acquisitions. She also asked staff to think about a process for reaching out to municipalities about ways to program Sound Transit's acquired properties.

Mr. Hansen discussed some of the challenges in marketing and managing vacant property sites; the primary challenge involves budget concerns. The committee discussed the importance of finding partnerships to make the acquired properties a useful asset until they are needed in constructing the planned transit projects.

It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Resolution No. R2007-04 be forwarded to the Board with a do-pass recommendation.

Motion No. M2007-37 – Authorizing the chief executive officer to execute the University Link Supplement to the Memorandum of Agreement with the City of Seattle to reimburse the City for project-related services in support of University Link final design work in the amount of \$1,979,401 with a 10% contingency of \$197,940, for a total authorized agreement amount not to exceed \$2,177,341

John Harrison, University Link Project Director, and Ron Endlich, University Link Deputy Project Director, presented the staff report. The agreement is part of lessons learned and paying for expedited permitting services will help keep the project on schedule.

Mr. Harrison stated that this type of action was previously used during the design of the Central Link Initial Segment.

It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Motion No. M2007-37 be forwarded to the Board with a do-pass recommendation.

Other Business

The committee discussed a change in the way it reports to the full Board, moving from an oral report to written form. The written report will be contained in Board members' packets and will reflect the discussion and types of questions that the committee asked in order to show how it came to its decisions.

Next Finance Committee Meeting:

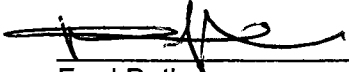
Thursday, March 15, 2007, 12:30 p.m. to 2:30 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.

Next Audit and Reporting Subcommittee Meeting:

Thursday, March 15, 2007, 12:00 p.m. to 12:30 p.m. Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.


Adjourn

There was no other business; the meeting was adjourned at 1:30 p.m.



Fred Butler
Finance Committee Chair

ATTEST:



Jason Suzaka
Board Coordinator