

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
June 5, 2008

Call to Order

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

Roll Call

Chair

(A) Aaron Reardon, Snohomish County Executive

Vice Chair

(P) Fred Butler, Issaquah Deputy Council President

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(A) Richard Conlin, Seattle Council President

(P) Dave Enslow, Sumner Mayor

(P) Claudia Thomas, Lakewood Councilmember

(P) 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

Vice Chair Butler announced that Boardmember von Reichbauer is unable to attend today's meeting, but has requested to participate by telephone. He explained the Board operating rules allowing members to attend meetings by teleconference. Requests to attend are acted on by motion prior to action taken on the first item of business and require a 2/3 affirmative vote of members who are physically in attendance.

It was moved by Boardmember Burleigh, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that Boardmember von Reichbauer be allowed to participate in the meeting via teleconference.

Vice Chair Butler announced that the next Audit and Reporting Subcommittee meeting is scheduled for June 19, 2008 from 11:30 a.m. to 1:00 p.m. in the Ruth Fisher Boardroom. The Finance Committee meeting will begin at 1:30 p.m. instead of its normal scheduled time of noon.

Chief Financial Officer's Report

Chief Financial Officer Brian McCartan advised that an action item regarding an upcoming contract amendment with IKON (the agency's contractor for copiers and copy services) is scheduled to be brought before the Finance Committee for consideration at the next Finance Committee regular meeting.

Discussion Item: ST2 – System Expansion Financial Plan, Accountability, and Financial Policies

Mr. McCartan gave the staff presentation.

ST2 Financial Policies

Mr. McCartan reviewed the Sound Move financial policies and the policy updates that were adopted by the Board as part of the 2007 ST2 package. The major updates included providing more flexibility for the Board to build and operate an integrated regional system.

He also reviewed the accountability measures contained in Sound Move; such as Board oversight and reporting, a citizen oversight panel, subarea commitments, tax rollback triggers, and no new major projects can be constructed without voter approval. A survey was presented that compares Sound Transit's accountability measures with other agencies across the nation. He also presented some additional options that the Board could consider; such as cost and bonding ceilings, revenue caps, fixed commitments related to schedule, and strengthening tax rollback triggers.

The committee discussed options and reviewed the discussion on accountability that took place earlier at the June 5, 2008 Executive Committee meeting. Finance Committee members discussed the need to balance accountability versus the ability to efficiently and effectively provide services to commuters.

ST2 Financial Plan

Mr. McCartan discussed the ST2 Financial Plan approach, which essentially carries forward the key planning assumptions and approaches used in Sound Move. One of the highlighted differences is that the proposed approach would separate the money used for Sound Move projects from those that would be used for ST2 projects. The approach previously used for the package proposed to the voters in 2007 used a consolidated financial model that combined both the Sound Move and ST2 dollars. This new approach would provide more transparency about what is contained in the ST2 plan.

He advised that the ST2 Financial Plan is consistent with the ST2 Finance policies; the plan is built from an agency perspective, debt coverage is tracked at the agency level, subarea allocations are substantially streamlined, and adheres to the policy of subarea equity.

Mr. McCartan presented independent forecast figures on tax growth and inflation; in response to a question from Boardmember Burleigh, he will confirm the CPI figures for 2008. He also provided preliminary sales tax revenue figures, which so far are on budget.

Also discussed were federal funding, sources and uses of funds (under a 0.5% sales tax scenario), and other key assumptions such as a 1.5x debt coverage ratio. He highlighted the debt equity ratio - approximately 55-60% of the ST2 plan would be funding using debt. Mr. McCartan advised that the figures assume a 12-year plan, which would need the use of a higher ratio of bonding. In response to a question from Vice Chair Butler, Mr. McCartan advised that the higher debt ratio should not significantly affect the agency's credit rating.

Items within Finance Committee Authority for Final Action

Minutes of May 15, 2008 Finance Committee Meeting

It was moved by Boardmember Burleigh, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that the May 15, 2008 minutes be approved as presented.

Motion No. M2008-54 – Authorizing the chief executive officer to execute a one-year contract with four one-year options with Siemens Building Technologies to provide inspection, testing, maintenance, repair and monitoring services for fire detection, alarm, sprinkler and fire extinguisher systems for a total authorized contract amount not to exceed \$829,827

Facilities, Maintenance, and Signage Division Project Manager Loren Steele presented the staff report. He answered questions from Boardmembers Burleigh and Enslow regarding the vendor's past performance and the cost of services. He stated that the amount of the new contract is comparable to the previous one, with the exception of slight changes in scope due to the addition of new facilities.

Mr. Steele and Chief Executive Officer Joni Earl responded to questions from Vice Chair Butler regarding the addition of Link stations to the scope of the contract. Ms. Earl stated that while the Link stations are not in the current scope of work, the contract with Siemens allows Sound Transit to add them to the scope in the future (staff would also need to seek funding authorization from the Board). In addition to flexibility reasons, the stations were also not initially contained in the scope of work because Sound Transit is currently in discussions with King County Metro regarding roles and responsibilities.

Mr. Steele explained the manner in which Siemens responds when services are needed. He also explained how Sound Transit will be billed (service rates are pre-negotiated).

Public Comment

None.

It was moved by Boardmember Thomas, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2008-54 be approved as presented.

Motion No. M2008-55 – Authorizing the chief executive officer to execute a contract amendment with INCA Engineers, Inc. to exercise an option to provide final design services for the Kirkland Transit Center/3rd Street project in the amount of \$1,481,135, with a 10% contingency of \$148,114 totaling \$1,629,249, for a new total authorized contract amount not to exceed \$2,762,812

Project Manager Mark Johnson presented the staff report. He added that in response to the environmental determination work, an appeal has been received by Sound Transit.

Boardmember Burleigh provided additional background information and offered comments in support of the motion.

In response to questions from Boardmember Enslow, Mr. Johnson discussed the expected outcomes and improvements upon completing the project; they include improved traffic flow in and around the transit center and improved aesthetics for commuters.

In response to a question from Vice Chair Butler, Mr. Johnson also discussed the risk of moving forward with the project in light of the environmental determination appeal received by the agency.

Public Comment

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It was moved by Boardmember Burleigh, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2008-55 be approved as presented.

Items for Recommendation to the Board

Motion No. M2008-56 – Authorizing the chief executive officer to execute a three-year contract with two one-year options with Securitas Security Services to provide unarmed security services, for a total authorized contract amount not to exceed \$14,000,000

Motion No. M2008-57 – Authorizing the chief executive officer to execute a three-year agreement with two one-year options with the King County Sheriff's Office to provide law enforcement services, for a total authorized amount not to exceed \$16,800,000

Chief Security Officer Ken Cummins presented the staff report. He introduced in the audience Marcus Cullen from Securitas Security Services, and Dan Pingrey and Jason King from the King County Sheriff's Office.

In response to questions from Vice Chair Butler, Mr. Cummins will provide a copy of the Safety and Security Management Plan. Ms. Earl added that the plan is a federal requirement contained in the Full Funding Grant Agreement for the Central Link Light Rail Initial Segment (scheduled to open in 2009). Mr. Cummins and Ms. Earl described how security activities are and will be coordinated in King, Pierce, and Snohomish Counties.

In response to questions from Boardmember Enslow, Mr. Cummins described the use of armed and unarmed security officers for Sounder Commuter Rail. He added that most of the resources regarding Sounder have been focused in and around the parking facilities and platforms.

Boardmember Enslow questioned the plan for security officers for the Sounder system. Chief Safety, Security, and Quality Assurance Officer Hamid Qaasim described the thought process in developing the agency's security plan as Sound Transit matures as an agency. Ms. Earl added that most criminal incidents have occurred around parking facilities near the platforms, and not on the trains themselves.

Boardmember Enslow stated that he has received comments about the infrequent fare checks onboard the Sounder trains and asked if they are a duty that could be taken on by the Securitas officers. Mr. Cummins replied that the scope of work contained in the new contract provides for the eventual transfer of fare check duties from the conductor to the Securitas officers.

It was moved by Boardmember Thomas, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2008-56 be forwarded to the Board with a do-pass recommendation.

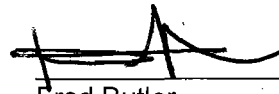
It was moved by Boardmember Burleigh, seconded by Boardmember Thomas, and carried by the majority vote of all members present that Motion No. M2008-57 be forwarded to the Board with a do-pass recommendation, with Boardmember Enslow voting in the minority.

Next Meeting:

Thursday, June 19, 2008, 1:30 p.m. to 3:30 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.


Adjourn

There was no other business; the meeting was adjourned at 1:35 p.m.



Fred Butler
Finance Committee Vice Chair

ATTEST:



Jason Suzaka
Board Coordinator