

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
July 17, 2008

Call to Order

The meeting was called to order at 12:18 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 Chair

(P) Fred Butler, Issaquah Deputy Council President

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(P) Richard Conlin, Seattle Council President

(P) Dave Enslow, Sumner Mayor

(A) 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

None.

Chief Financial Officer's Report

None.

Discussion Item – ST2 Financial Plan

Chief Executive Officer Joni Earl gave a background on the financial plan; she then called upon Chief Financial Officer Brian McCartan to give the staff presentation.

The committee discussed the planning approach used by staff, the independent revenue and inflation forecasts, and projected federal funding. Mr. McCartan responded to questions from boardmembers regarding the projected average inflation figures over the life of the 15-year plan, in light of the current jump in oil and other commodity prices. He will provide Boardmember Burleigh with additional information on how inflation figures are calculated.

Mr. McCartan described revenue and bonding assumptions, sources and uses of funds, potential risks (such as revenue growth and cost inflation), and the results of sensitivity analysis tests.

He then presented the draft ST2 Financial Policies, which would be contained in the ST2 plan as Appendix B. Staff is recommending re-adoption of the ST2 financial policies, with the addition of language pertaining to a tax rollback upon completion of the Sound Move and ST2 plans, and commitment to a performance audit program.

Committee members thanked and complimented Mr. McCartan and his team for their work in putting together the ST2 financial plan.

Unfinished Business

Motion No. M2008-59 – Authorizing the chief executive officer to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental in the amount of \$617,000 for a new total authorized contract amount not to exceed \$1,200,000

It was moved by Boardmember Burleigh and seconded by Boardmember Enslow to approve Motion No. M2008-59 as presented.

Chief Information Officer Kevin Crawford presented the staff report. He provided a background and an update on followup work requested by the Finance Committee. The action proposed by staff will provide enough funding until its completes a review of the current contract with IKON. Staff will then report to the Finance Committee with recommendations by September 2008.

It was moved by Vice Chair Butler, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present to amend Motion No. M2008-59 by substitution as follows:

Authorizing the chief executive officer to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental in the amount of \$117,000 for a new total authorized contract amount not to exceed \$700,000.

Public Comment

None.

The motion to approve Motion No. M2008-59 as amended was carried by the unanimous vote of all members present.

Items within Finance Committee Authority for Final Action

Minutes of July 3, 2008 Finance Committee Meeting

It was moved by Boardmember Burleigh, seconded by Vice Chair Butler, and carried by the unanimous vote of all members present that the July 3, 2008 minutes be approved as presented.

Motion No. M2008-65 – Authorizing the chief executive officer to execute a contract amendment with OTAK, Inc. to provide design and other support services during construction for the South Tacoma Station commuter rail project in the amount of \$150,000, with a 10% contingency of \$15,000 totaling \$165,000, for a new total authorized contract amount not to exceed \$1,243,448

Project Manager Hank Howard and Construction Manager Carol Rhodes presented the staff report. They, along with Capital Projects Director Jim Edwards, answered questions from boardmembers regarding the scope of the contract and the purpose of the additional funding authorization request. Mr. Howard also answered questions from Boardmember Burleigh regarding the small business participation goals.

Public Comment

None.

It was moved by Boardmember Enslow, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2008-65 be approved as presented.

Motion No. M2008-70 – Authorizing the chief executive officer to execute a one-year contract with Opinion Research Northwest to provide transit survey and reporting services for the Central Link Initial Segment Before and After Study transit survey and the 2008 Sound Transit Origin/Destination Survey for a total authorized contract amount not to exceed \$648,565

Project Development Coordinator Brant Lyerla and Program Manager Mike Williams presented the staff report. Mr. Lyerla confirmed for the committee that the Before and After Survey is an FTA requirement, and that the proposed action only funds the Before portion of the survey at this time. The After portion survey would be funded out of the 2011 budget.

The results of the Before survey and the Origin/Destination survey should be completed by approximately Spring 2009.

Public Comment

None.

It was moved by Vice Chair Butler, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that Motion No. M2008-70 be approved as presented.

Items for Recommendation to the Board

Resolution No. R2008-09 – Approving the revised University Link Project capital Baseline Cost Estimate at \$1.756 billion and authorizing the chief executive officer to submit a revised Full Funding Grant Agreement application with a federal share of \$813 million to the Federal Transit Administration for the University Link Project

Link Executive Director Ahmad Fazel and Link Deputy Executive Director John Harrison presented the staff report. Mr. Fazel provided a background on the proposed action; while the Federal Transit Administration (FTA) has not raised any concerns with the University Link cost estimates or cost estimating methodology, based on the recent national experience involving the bidding of large transit tunneling contracts and uncertainties in the current global construction market, the FTA recommended increasing the contingency to address market and geotechnical risks, and the recent fluctuations in construction material and energy costs.

Mr. Fazel stated that the \$150 million in additional contingency requested by the FTA for University Link will be partially offset by an increase in federal funding from the FTA. The rest of the amount can be covered using untapped financial capacity in the North King County subarea and other sources.

Mr. Fazel stated that the FTA is also requesting an additional seven months of schedule float in the project, based on recent national project experience. However, Sound Transit's internal target date remains unchanged at September 2016.

It was moved by Vice Chair Butler, seconded by Boardmember Conlin, and carried by the unanimous vote of all members present that Resolution No. R2008-09 be forwarded to the Board with a do-pass recommendation.

Motion No. M2008-71 – Authorizing the chief executive officer to exercise the option with KINKISHARYO International, L.L.C./Mitsui & Co. (U.S.A.) Inc. Joint Venture, to design, manufacture, and deliver 27 low floor light rail vehicles in support of the operational requirements for the University Link project, in the amount of \$94,577,000, with a 5% contingency of \$4,608,000 totaling \$99,185,000, for a new total authorized contract amount not to exceed \$245,570,841

Light Rail Vehicle Project Manager Justin Garrod presented the staff report.

It was moved by Boardmember Enslow, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2008-71 be forwarded to the Board.

Resolution No. R2008-08 – Approving a declaration of surplus real property, the method of disposition, and authorizing the chief executive officer to execute a purchase and sale agreement with the Embree Asset Group

Real Estate Manager Roger Hansen and Transit-Oriented Development Manager Scott Kirkpatrick presented the staff report.

It was moved by Boardmember Enslow, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Resolution No. R2008-08 be forwarded to the Board.

Motion No. M2008-66 – Authorizing the chief executive officer to execute a contract amendment with HDR Engineering Inc., to provide design services, technical support and design review for the M Street-to-Lakewood Track & Signal project in the amount of \$567,005 with a 10% contingency of \$56,701 totaling \$623,706 for a new total authorized amount not to exceed \$6,648,462

Program Manager Eric Beckman presented the staff report. He confirmed that the work described in the proposed action is in the original scope of work in the contract. In addition, the project is expected to be baselined before the construction contract is awarded sometime next month.

It was moved by Boardmember Burleigh, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2008-66 be forwarded to the Board with a do-pass recommendation.

Chair Reardon announced that Motion No. M2008-61 would be taken out of order.

Motion No. M2008-61 – Authorizing the chief executive officer to execute a three-year contract with two one-year options with Veolia Transportation, Inc. to operate and maintain Sound Transit express bus service between Everett and Bellevue for a total authorized contract amount not to exceed \$5,400,000

Ms. Earl provided background for the proposed action, which Chair Reardon announced is being reintroduced at today's meeting. Service Planning and Development Program Manager Mike Bergman presented the staff report and addressed issues for follow up from boardmembers at the July 3, 2008 Finance Committee meeting.

Mr. Bergman advised that while federal laws prevent Sound Transit from forcing contractors to use represented workers, language can be contained in the contract that says that employees do have the right to organize if they wish. Regarding concerns about the quality service for paratransit riders, Mr. Bergman stated that there are provisions in the contract allowing Sound Transit to either remove drivers from routes and/or penalize Veolia if the company does not perform to standards stated in the contract. Finally, he described the increase in bus service to Snohomish County as it relates to bus base capacity.

Boardmembers Burleigh and Enslow thanked staff for their follow up work, and offered comments in support of the proposed motion.

It was moved by Boardmember Burleigh, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that Motion No. M2008-61 be forwarded to the Board with a do-pass recommendation.

Motion No. M2008-67 – Authorizing the chief executive officer to complete construction of the Issaquah Transit Center/SR 900 project in the amount of \$414,000, with a 10% contingency of \$41,400 totaling \$455,400, for a new total authorized contract amount not to exceed \$20,484,699

Construction Manager Carol Rhodes and Capital Projects Director Jim Edwards presented the staff report.

It was moved by Boardmember Burleigh, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that Motion No. M2008-67 be forwarded to the Board.

Motion No. M2008-68 – Authorizing the chief executive officer to execute a contract amendment with Scheidt and Bachmann USA, Inc. to extend provision of system operations and maintenance services for one year; and provision of parts, supplies and software support for up to six years. The contract amendment is in the amount of \$3,333,000 with a contingency of \$333,000 totaling \$3,666,000, for a new total authorized contract amount not to exceed \$20,219,000

Program Manager Brian Brooke and Senior Systems Engineer Don Fowler presented the staff report.

It was moved by Boardmember Enslow, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2008-68 be forwarded to the Board.

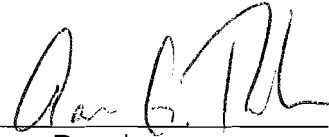
Ms. Earl announced that Motion Nos. M2008-71, 67, and 68, and Resolution No. R2008-08 will be forwarded to the Board without committee recommendation, as no quorum was present at the time a vote was taken.

Next Meeting:

Thursday, August 7, 2008, 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 2:19 p.m.



Aaron Reardon
Finance Committee Chair

ATTEST:



Jason Suzaka
Board Coordinator