

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
March 19, 2009

Call to Order

The meeting was called to order at 1:37 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 Chairs

(P) Fred Butler, Issaquah Deputy Council President

Boardmembers

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(P) Claudia Thomas, Lakewood Councilmember

(P) Richard Conlin, Seattle Council President

(A) Pete von Reichbauer, King Co. Councilmember

(P) Dave Enslow, Sumner Mayor

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

Report of the Chair

None.

Chief Financial Officer's Report

Chief Financial Officer Brian McCartan announced that a one page updated workplan for the committee is included in committee packets.

In the June/July time frame, a discussion on options to improve the budget was added, as well as a discussion on operating cost growth and a discussion on the recommendations from the Transit Operations Task Force on operations cost savings. In addition, per a request from Chair Reardon, a discussion on how local mitigation and capital project costs are dealt with has also been added.

An update to the Grants policy, review of the process for Real Estate Acquisition and Transit Oriented Development, and completion of the committee's discussion on Capital Replacement policies are also planned for this year but have not yet been added to the schedule.

Sound Transit Financial Update

Mr. McCartan gave a presentation on the updated revenue forecast. He reviewed the sources of funding for the ST2 plan. He noted that Sound Transit relies on the same sales tax base that other agencies rely on, but Sound Transit has different tools for dealing with the recent downturn. Revenue forecasts were updated last summer for the ST2 plan. Financial analysis at that time predicted that the Puget Sound region would not be as affected by the recession; that prediction has been proven inaccurate. The updated independent forecast shows that the near term will be much worse than previous forecasts predicted. The current forecast shows a turn around in late 2009, with modest growth in 2010 followed by a brief period of above-average growth in 2011. This matches previous recession patterns. Mr. McCartan noted that this does not represent the worst case scenario, but does match other forecasts done recently by other entities. Mr. McCartan reviewed the projections for the MVET tax, which makes up 20% of Sound Move revenue and 6-7% of combined Sound Move/ST2 revenue. The MVET projections show a more pessimistic view with slow growth occurring after two years.

Mr. McCartan also reviewed the 2009-2023 revenue predictions. As of July 2008, there has been a 15% loss in the local tax revenue of the plan, or \$2.1 billion. He also showed the revenue projections by subarea.

The tools available to Sound Transit through the financial plan were reviewed; including looking at administrative and operating costs, looking to control scope and find reductions in capital costs, seeking additional revenues—federal or otherwise, looking at using uncommitted funds, and extending the time frame to complete the plan. He noted that Sound Transit is committed to looking at the cost side and project scope before any changes are made to time frames.

Mr. McCartan summarized that this information is part of a multi-year conversation. Updated financial forecasts will be done this summer. Updated inflation forecasts and financial plan updates will also be done. Those updates will help with the Board discussion on its preferred approach to mitigate revenue loss.

Consent Agenda

Minutes of the February 5, 2009 Meeting
Minutes of the February 19, 2009 Meeting

It was moved by Boardmember Butler, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that the consent agenda be approved as presented.

Items within Finance Committee Authority for Final Action

Motion No. M2009-24 – Authorizing the chief executive officer to amend the contract with Leajak Concrete Construction, Inc. to provide on-call construction and repair services for the Central Link Light Rail Initial Segment project in the amount of \$450,000 for a revised total authorized contract amount not to exceed \$1,392,000.

Joe Gildner, Link Initial Segment Project Director, and Tony Raben, Link Construction Manager, presented the staff report.

Boardmember Butler asked about the contractor's performance and the contract amount; Mr. Raben noted that the amount is constant with previous contract years and the contractor is performing well. Mr. Gildner described the type of work being done by the contractor; the majority of the work is not included in other contracts. Mr. Raben and Mr. Gildner also provided examples of work being done under this contract.

Public Comment

None.

It was moved by Boardmember Butler, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2009-24 be approved as presented.

Motion No. M2009-23 – Authorizing the chief executive officer to execute an agreement with Community Transit to provide maintenance services for the Canyon Park Freeway Station, Eastmont Park and Ride, Lynnwood Transit Center and South Everett Freeway Station for an amount not to exceed \$1,140,437.

Vicki Youngs, Deputy Director Property, Facilities, & Equipment, and Loren Steel, Facilities Manager presented the staff report.

Mr. Steel described the quality control measures; Sound Transit staff will meet with the Community Transit facility manager and perform walk-throughs, in addition, tasks that cost in excess of \$1,000 will not be implemented without an agreement between Sound Transit and Community Transit (CT).

Ms. Youngs described the overall plan for facilities maintenance; Sound Transit is working on consolidating contracted maintenance services and using in-house personnel for oversight in order to cover a broad geographic area at a minimum of cost. Boardmember Butler asked if contracting with another public entity is more cost effective than a private entity. Mr. Steel noted that cost benchmarking was done to compare costs per task with CT's costs; he noted that CT was one of the most cost effective.

Boardmember Enslow asked why a competitive procurement was not conducted; Ms. Youngs noted that Community Transit performs maintenance at facilities nearby. Cost savings are available because of the close proximity to Sound Transit facilities and co-location in some facilities like Canyon Park Park & Ride and the Lynnwood Transit Center. Boardmember Enslow expressed concern about administrative fee cost increases and said he would not support the action because a competitive process was not done.

Public Comment

None.

It was moved by Boardmember Butler, seconded by Boardmember Burleigh, and carried by the majority vote of all members present that Motion No. M2009-23 be approved as presented with Boardmember Enslow voting in the minority.

Items for Recommendation to the Board

Motion No. M2009-25 – Authorizing the chief executive officer to increase the contingency for the contract with SCI Infrastructure, to provide construction services for Southcenter Boulevard Improvements (including an expanded Park-and-Ride facility within the Central Link Initial Segment) in the amount of \$2,606,443 for a total authorized contract amount not to exceed \$26,342,690, which includes costs reimbursable to Sound Transit from the City of SeaTac and other third parties for betterment work.

Joe Gildner, Link Initial Segment Project Director, and Ginger Ferguson, Civil Engineer, presented the staff report. In response to questions from Boardmember Conlin, Mr. Gildner explained the reasons for the cost overruns on the project. Mr. Gildner noted that 50% to 60% of the contract is based on per-unit costs, and overages in unit estimates were experienced in earthwork, paving, landscaping and utilities. Misjudgment by designers of the quantities needed led to some of the overages. Mr. Gildner noted that the agency will be less likely to use per-unit pricing in the future and will use more lump sum contracts instead.

Ms. Ferguson responded to a question from Boardmember Conlin on betterment work included in the contract; she explained that adjustments were made to reflect the final scope of the betterments.

Mr. Gildner responded to a question from Boardmember Butler about the remaining work in the contract; Mr. Gildner noted that some coordination still needs to take place with Seattle City Light for utility work and timely completion of that work will allow the project to be completed within the additional funding being requested.

It was moved by Boardmember Conlin, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2009-25 be forwarded to the Board with a do-pass recommendation.

Resolution No. R2009-05 – Authorizing the chief executive officer to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation (including settlement), by condemnation litigation, or by administrative settlement; and to pay eligible relocation and re-establishment benefits to affected parties as necessary for the Regional Express Kirkland Transit Center/3rd Street Project.

Don Vogt, Senior Real Estate Representative, and Barry Alavi, Project Manager, presented the staff report. Boardmember Burleigh noted that the Kirkland Transit Center/3rd Street Project is very important to the City of Kirkland and acknowledged the work of City of Kirkland staff and Sound Transit staff to make this project possible.

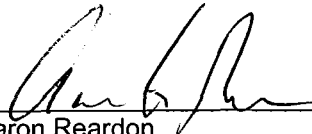
It was moved by Boardmember Butler, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Resolution No. R2009-05 be forwarded to the Board with a do-pass recommendation.

Next Meeting:

Thursday, April 16, 2009, 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 2:46 p.m.



Aaron Reardon
Finance Committee Chair

ATTEST:



Katie Weiss
Board Coordinator