

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
October 15, 2009

Call to Order

The meeting was called to order at 12:03 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 Chairs

(P) Fred Butler, Issaquah Deputy Council President

Boardmembers

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(P) Joe Marine, Mukilteo Mayor

(A) Richard Conlin, Seattle Council President

(P) Claudia Thomas, Lakewood Councilmember

(P) Dave Enslow, Sumner Mayor

(A) Pete von Reichbauer, King Co. Councilmember

Katie Flores, 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.

Budget Discussion: Capital Improvement Plan and 2010 Capital Budget

Brian McCartan, Chief Financial Officer, reviewed the Transit Improvement Plan. This document was referred to as the Capital Improvement Plan on the agenda, but has been renamed to the Transit Improvement plan. The plan incorporates improvements to the budget process to improve Board oversight, focus greater attention on operating costs, align the capital budget process with internal management systems and giving the Board more meaningful check-ins a key project milestones. The 2010 Budget has been separated into two books, the 2010 Budget book, and the 2010 Transit Improvement Plan (TIP). The Transit Improvement plan includes long term operating and capital programs based on a six-year period, or the entire lifetime budget if the project has been baselined by the Board or has a voter approved lifetime budget. The Board will retain control over the budget by giving staff authorization as the project progresses.

Mr. McCartan explained that the agency has recently been reorganized to deliver projects using a different structure. The projects go through a project planning and project delivery phase managed by the Planning, Environmental and Project Development Department from 0-30% design, then to the design and construction phase managed by the Link Light Rail and Capital Projects Departments from 30% design to the end of construction. After projects have completed construction, they are transferred to the Operations Department.

Mr. McCartan noted that project delivery, service delivery and agency administration budgets all include capital programs. He introduced Jim Edwards, Capital Projects Director, Ric Ilgenfritz, Executive Director of Planning, Environmental and Project Development, and Ron Lewis, Link Light Rail Deputy Executive Director to present the 2010 capital budgets.

Souder and Regional Express Capital Budget

Mr. Edwards explained that the 2010 budgets for Souder and Regional Express are \$44.4 million below the 2009 budgets due to savings from the Tacoma Track and Signal project that is proposed for deletion. The

2010 budget also includes \$28 million in project savings from projects closed out in 2009 that were below budget. For the Sounder program, 74% of the lifetime budget has been expended, and 71% of the Regional Express program lifetime budget has been expended. Mr. Edwards reviewed the Sounder and Regional Express budgets by area.

He listed the active Sounder projects; there are three Sounder stations in final design and the Tacoma to Lakewood Track and Signal remains to be completed. Risks in the Sounder program were reviewed; projects with remaining issues include the Mukilteo Station south platform and pedestrian bridge, the Edmonds Station, the permanent Tukwila Station, Tacoma to Lakewood Track and Signal and layovers throughout the system. In response to a question from Boardmember Enslow, Mr. Edwards noted that a permanent layover facility for Sounder trains north of Lakewood will replace the interim layover near Freighthouse Square in the future. The construction of the permanent layover facility will either include maintenance capacity, or not preclude a future maintenance facility.

Mr. Edwards listed the active Regional Express projects; he noted that 34 projects have been completed and listed the projects still in construction. He also listed the projects with risks, including I-90 Stages 2 and 3, Renton HOV Access, Rainier Avenue Arterial Improvements, and Strander Boulevard Improvements.

Link Light Rail Capital Budget

Mr. Lewis presented the Link Light Rail program capital budget; the budget includes three key Link projects; the Initial Segment, Airport Link, and University Link. Mr. Lewis reviewed the 2009 accomplishments; the Link light rail Initial Segment opened in July, Airport Link is 97% complete and is scheduled to open in December, final design for University Link is complete, the advance work is substantially complete, and seven construction contracts have been awarded. Mr. Lewis listed the challenges for the Link program including resolution of disputes and claims for the Initial Segment, maintaining schedule and opening Airport Link, and maintaining the construction schedule for the I-5 Undercrossing Pits project for University Link. The 2010 annual budget for Link light rail capital is \$304 million. Two projects show increases over the 2009 budget: North Link – UW Station to Northgate because of the addition of ST2 early work and right of way, and to reimburse the Regional Fund following property acquisition; and South Link – Airport to S. 200th St. for preliminary engineering and right of way contracts and reimbursing the Regional Fund for property acquisition. The Airport to S 200th project is also being looked at as a candidate to advance beyond design into construction in the near term since environmental work has already been completed.

Planning, Environmental and Project Development Capital Budget

Mr. Ilgenfritz presented the Planning, Environmental and Project Development (PEPD) budget. He described the portion of the north corridor that PEPD is working on; an 8.2 mile extension of light rail from Northgate to Lynnwood. In 2010, consultants will be procured, stakeholders will be identified, and alternatives analysis and environmental scoping will take place, the 2010 budget is \$4.2 million. Mr. Ilgenfritz explained that the alternatives analysis will help the federal government understand the alignment decisions that are being made and is the first step in the federal process for the project.

PEPD work on the south corridor, a 4.8 mile extension from S 200th to S 272nd, will include hiring Sound Transit staff, starting consultant procurement and identifying stakeholders, the 2010 budget is \$407,000.

PEPD work on East Link, a 14 mile extension to Overlake and an Environmental Impact Statement (EIS) and Preliminary Engineering to Redmond, is already underway; the 2010 budget is \$1.9 million. In 2009, draft EIS public hearings were held, a preferred alternative was selected by the Board on May 14th and preliminary engineering and work on the Final EIS were begun. In 2010, project cost estimates will be updated, the Board is scheduled to identify a single alternative for Downtown Bellevue, a prototype rail expansion joint will be tested and preliminary engineering and the Final EIS will be completed, and the Board is scheduled to adopt the project to be built.

PEPD is also working on three fleet management facilities: the ST Express Bus Base, Sounder Yard & Shops, and Link Vehicle Maintenance & Storage projects with 2010 budgets of \$1.9 million, \$989,000 and \$338,000 respectively. The Sounder Yard & Shops project was phased later in the ST2 program, although

site screening and selection could take place in 2010. However, moving the project earlier may affect cash flows for other projects. Work on the Station Access and Demand Study will begin in 2010, the annual budget is \$2.2 million. The study will identify demand for specific stations and will recommend specific improvements for parking, bus access, and bike and pedestrian improvements. The study will also look at traffic impacts as a result of station improvements.

The budget also includes projects with partners where Sound Transit has a fixed capital contribution. The First Hill Link Connector project has an annual budget of \$3.08 million, 2010 activities include environmental study and preliminary engineering contributions. Tacoma Link extension will be studied further in 2010, activities include consultant selection, alignment scoping, outreach and data collection, the annual budget is \$403,000. Sound Transit is pursuing grant money for this project. Mr. Ilgenfritz noted that the project alignment still needs to be selected; the Board will decide whether the line will go north or south in the future. The Burien Transit Center is being constructed by King County Metro; Sound Transit expects to complete a partnership funding agreement with King County this year. The project has an annual Sound Transit budget of \$2.1 million for design reviews and a portion of the capped contribution to the project.

Boardmember Butler asked if staff levels are appropriate for the work program, how progress will be tracked, and whether this budget structure addresses the Citizen Oversight Panel's (COP) concerns. Mr. McCartan responded that there are 37 or 39 new positions; two thirds are related to new costs. He also explained that the agency will track progress by using the monthly and quarterly progress reports, the Audit and Reporting Committee meetings to monitor spending, the Central Link Oversight Committee meetings to monitor Link projects and any other ways the Board would like to see progress tracked. Mr. McCartan noted that the budget is meant to address the COP's concerns about the reporting structure.

Item within Finance Committee Authority for Final Action

Minutes of October 1, 2009 Finance Committee Meeting

It was moved by Boardmember Marine, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that the October 1, 2009 minutes be approved as presented.

Item for Recommendation to the Board

Motion No. M2009-90 – Authorizing the chief executive officer to execute a contract with JCM U-Link Joint Venture to construct twin-bored tunnels and associated facilities between Capitol Hill Station and Pine Street Stub Tunnel for University Link in the amount of \$153,556,000, with a 10% contingency of \$15,355,600, for a total authorized contract amount not to exceed \$168,911,600.

Joe Gildner, Deputy Executive Director Light Rail, presented the staff report. Boardmember Burleigh asked about the tunneling risks; Mr. Gildner responded that the tunnel for University Link will be a deep bore tunnel, around 100 feet deep in some sections. The tunnel boring machine (TBM) being used for University Link is a different design and will not be as deep as the TBM on the Brightwater project that has experienced problems. It is still possible that the University Link TBM may run into problems, but careful monitoring will be done to help prevent issues from arising.

Boardmember Enslow asked about the contractor incentive; Mr. Gildner explained that the \$2 million in contractor incentives will need to be earned by the contractor based on standards set by Sound Transit. The areas where incentives can be earned are based on areas where there have been challenges in the past. Mr. Gildner also confirmed that there are liquidated damages associated with this contract if milestones are not met. The contractor will also be a co-permit holder and will be responsible for penalties if permit requirements are violated.

Mr. Gildner responded to Boardmember Butler's questions about the contractor and project risks. The bid price is 12% below the engineers estimate, but a pre-award meeting was held with the contractor where the major bid components, scope, and responsibilities were reviewed, and Sound Transit is confident that they understand the scope. Geotechnical information was available during the bidding period, and two early work contracts have been completed to deal with issues in advance to minimize risk to the larger construction

contracts, the finish work has also been separated from the heavy civil construction to reduce risk. Mr. Gildner also explained that Sound Transit has authority over personnel selection for key contractor positions.


It was moved by Boardmember Burleigh, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that Motion No. M2009-90 be forwarded to the Board with a do-pass recommendation.

Next Meeting:

Thursday, November 5, 2009, 12:00 p.m. to 2:00 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.

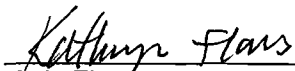
Adjourn

There was no other business; the meeting was adjourned at 1:38 p.m.



Aaron Reardon
Finance Committee Chair

ATTEST:



Katie Flores
Board Coordinator