

**SOUND TRANSIT EXECUTIVE COMMITTEE MEETING**  
**Summary Minutes**  
**October 7, 2010**

**Call to Order**

The meeting was called to order at 10:40 a.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*

(P) *Claudia Thomas, Lakewood Councilmember*

(A) *Dow Constantine, King County Executive*

(P) *David Enslow, Sumner Mayor*

(A) *Paula Hammond, WSDOT Secretary*

(P) *Pat McCarthy, Pierce County Executive*

(P) *Mike McGinn, Seattle Mayor*

(A) *Julia Patterson, King County Council Chair*

Board Administrator Marcia Walker announced that a quorum of the committee was present at roll call.

**Report of the Chair**

Chair Reardon stated that the Board held a workshop on September 30, 2010 on the Proposed 2011 Budget, the Proposed 2011 Transit Improvement Plan, the Proposed 2011 Service Implementation Plan, and the CEO's recommended ST2 program realignment. Through the fall, the Capital Committee and the Operations and Administration Committee will begin working through the budget details.

**Chief Executive Officer's Report**

Joni Earl, CEO, detailed recent service changes. ST Express Route 542 began service and connects the Redmond Transit Center through the SR520 corridor to the University District. The new route serves major employment centers in Redmond and the University of Washington. Route 542 will accommodate the expected ridership increase when vehicle tolling begins on the 520 bridge in 2011.

Additional parking for Sounder riders opened at the Puyallup Fairgrounds Red Lot. Pierce Transit buses are timed to connect with the train. Two rain gardens capture the stormwater runoff, allowing it to infiltrate into the soils. Water that can't penetrate the soils will be stored in a large stormwater detention system underneath the parking lot. A specific soil mixture for growing several types of plants native to the Pacific Northwest was brought in.

The North Corridor High Capacity Transit public meetings begin on October 7, 2010 at Ingraham High School in North Seattle. The meeting is the first of three kicking off the formal planning process on the extension of mass transit between Northgate and Lynnwood. The meetings are opportunities for communities to learn about the project, its schedule, areas that might be served by future stations and the criteria for reviewing alternatives.

**Reports to the Committee**

Transit-Oriented Development Program Report

Ric Ilgenfritz, PEPD Executive Director, noted that staff has been developing a TOD Strategic Plan since voter approval of ST2. The TOD Strategic Plan includes a review of TOD policy framework, surplus property inventory, and the integration of TOD planning with project development.

Scott Kirkpatrick, Transit Oriented Development Manager, reviewed the history of the Sound Transit TOD program. Sound Transit's first completed TOD project is the Korean Women's Association (KWA) senior housing project at the Federal Way Transit Center.

Sound Transit's TOD Strategic Plan aligns with federal, state, and local regulations. It provides guidance and information for the Board of Directors, staff, and external partners and stakeholders. The Plan guides seven activities – agreements and negotiations, market assessment and site evaluation, station area implementation, surplus property disposition planning, adjacent development plan review, TOD outreach and community forums, and sustainable transit communities.

Activities currently underway include a public/private partnership proposal by Wright Runstad at the East Link station in the Spring District. A draft term sheet has been prepared and focuses on negotiation of TOD and station location activities.

At Mount Baker Station, the TOD program is working on a purchase and sale agreement for the former Firestone site with Artspace, geotechnical and market assessment, community outreach, and monitoring of the City of Seattle's proposed zoning changes for the neighborhood. Sound Transit owns five properties near the Mount Baker Station.

Twenty-two parcels have been identified as having TOD potential. They range from potential for a single townhouse to a high-rise structure. Market potential and timing have been evaluated for these parcels, and Sound Transit has coordinated with neighboring communities.

Most of the focus has been in the Seattle area, largely due to Sound Transit's property portfolio and the opportunity for TOD. TOD potential has been examined in Pierce County. East King County TOD potential is currently being determined with the design of East Link. The principles of the TOD Strategic Plan are being integrated into the planning and design of North Link.

Sound Transit frequently works with the City of Seattle on potential TOD opportunities. Sound Transit owns four properties at the Capitol Hill Station site. The zoning on the Broadway side of the Capitol Hill Station site allows for 65-foot high mixed use buildings. On the 10<sup>th</sup> Avenue side of the site, zoning allows for 30-foot high structures. Capitol Hill is the densest neighborhood that Sound Transit will serve, providing the best market for TOD. There is also potential for a TOD partnership with Seattle Central Community College. The TOD program is working with the City on an urban design framework process.

The TOD program faces challenges including the economy, the market, timing, coordination with facility construction, incentives, and expectations. TOD often requires \$65 to \$80 per square foot market rates, where most Sound Transit sites with TOD potential currently have market rates under \$35 per square foot. There are very few government incentives for TOD, and Washington State does not permit tax increment financing.

### Sound Transit Finance Plan

Ms. Earl noted that under the new Committee structure, the finance plan analysis is presented to the Executive Committee.

Brian McCartan, CFO, and Brian Stout, Senior Financial Planner, gave the presentation. Mr. McCartan noted that the finance plan is in a strong position under the proposed ST2 program realignment. With the realignment, the agency would achieve 1.6 net coverage, which is compliant with the Board policy requiring 1.5 net coverage. The recession did lower the agency to 1.3 net coverage. The plan includes moderate long-term tax growth assumptions, fully funded reserves, and continues the capital replacement program.

Mr. Stout explained that the finance plan forecasts revenue sources through 2040. Grants constitute 16% of the revenue. The 2011 Finance Plan forecasts grant revenue to exceed the 2010 Finance Plan forecast by \$162 million. \$41 million of the \$162 million increase is from new grants, the remaining reflects timing assumptions.

The finance plan projects ridership and fares revenue to 2040. Fares and ridership for Sounder and ST Express are lower in the 2011 Finance Plan compared to 2010, but are higher for Link. The plan is still balanced on the minimum farebox recovery ratios.

Mr. Stout detailed subarea capital spending changes between the 2010 and 2011 Finance Plans. Snohomish County capital project spending is projected to drop \$3 million and North King is projected to increase by \$3 million. The changes in North King and Snohomish are largely due to changes in inflation rate assumptions. In Snohomish County, the Edmonds Station project has been pushed beyond 2023. In South King County, the South 200<sup>th</sup> to South 272<sup>nd</sup> Link Extension and the Kent and Auburn Station access projects are pushed beyond 2023. For East King County, the Renton HOV Access project, the eastside rail partnership, and preliminary engineering (PE) for Overlake to Redmond have been pushed beyond the planning horizon. In Pierce County, capital spending is reduced by \$153 million, primarily due to delaying the PE and right-of-way acquisition for Link extension to the Tacoma Dome Station. The Sounder platform extension project has also been delayed. The systemwide capital costs are reduced by \$142 million. The total reduction in capital spending is \$1.6 billion.

Approximately 20% of capital spending is balanced against the consumer price index (CPI), including PE, design, environmental work, agency administration, and vehicles. The Bureau of Labor Statistics shows that inflation for August 2009 to 2010 for the Puget Sound region is .22%. Dick Conway and Associates, Sound Transit's economic forecaster, predicted .3% inflation for 2010. The CPI in the 2010 Finance Plan was 2.2% and the inflation in the 2011 Finance Plan has been reduced to 2.1%. Parsons Brinkerhoff provides the construction cost inflation forecast, and the 2011 Finance Plan increased to 3.6% from 2.5% in 2010. The increases are due to projected increases in labor, concrete, and steel costs; impact to the finance plan is \$537 million. Construction costs account for 70% of capital spending. Right-of-way inflation decreased to 2.5% from 2.9%, saving approximately \$200 million. The inflation adjustments in the 2011 Finance Plan will cost Sound Transit an additional \$390 million over the 15-year ST2 plan.

Mr. McCartan explained that the highest risk is slower near-term economic growth. Inflation remains a risk. Cost estimates are a risk with the removal of project reserves. Opportunities include the potential to increase grant revenue, public/private partnerships, and interest rates.

### **Business Items**

#### **Minutes from the September 16, 2010 Executive Committee meeting**

**It was moved by Vice Chair Thomas, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that the minutes from the September 16, 2010 Executive Committee be approved as presented.**

Resolution No. R2010-22 – 1) Establishing a flat-rate fare structure and a fare rate of \$0.75 for the Senior/Disabled fare category on Link, 2) establishing an in-county fare structure and a fare rate of \$0.75 for the Senior/Disabled fare category on ST Express, and 3) amending Resolution No. R2010-11 Attachment A to reflect the change to coincide with a proposed King County Metro fare adjustment

Brian Brooke, Policy and Development Manager, noted that if King County does not approve the proposed fare change, Sound Transit will implement the change on June 1, 2011 as previously approved by the Board.

**It was moved by Vice Chair Butler, seconded by Vice Chair Thomas, and carried by the unanimous vote of all members present that Resolution No. R2010-22 be forwarded to the Board with a do-pass recommendation.**

### **Other Business**

Ms. Earl requested Committee direction on the process for Board discussion and action on STart funding for ST2 projects.

Chair Reardon summarized the Committee discussion, and directed staff to prepare a motion for possible action for the October 28, 2010 Board meeting that would include a menu of STart funding options for ST2 projects.

**Executive Session**

None.

**Next Meeting**

Thursday, November 4, 2010  
10:30 a.m. to 12:00 p.m.  
Ruth Fisher Boardroom

**Adjourn**

The meeting was adjourned at 12:16 p.m.

APPROVED ON December 2, 2010.



Fred Butler  
Executive Committee Vice Chair

ATTEST:



Marcia Walker  
Board Administrator