



**SOUND TRANSIT OPERATIONS AND ADMINISTRATION COMMITTEE MEETING**  
**Summary Minutes**  
**October 3, 2013**

**CALL TO ORDER**

The meeting was called to order at 1:00 p.m. by Chair Paul Roberts, in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

**ROLL CALL**

Chair

(P) Paul Roberts, Everett Councilmember

Vice Chair

(P) John Marchione, Redmond Mayor

Boardmembers

(P) Fred Butler, Issaquah Deputy Council President

(A) Dave Enslow, Sumner Mayor

(P) Joe McDermott, King County Councilmember

(A) Mary Moss, Lakewood Councilmember

(P) Marilyn Strickland, Tacoma Mayor

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

**REPORT OF THE CHAIR**

Committee Chair Roberts announced that Boardmember Strickland asked to participate in today's meeting by phone. The Board Rules and Operating Procedures allow members to attend meetings by teleconference with a two-thirds affirmative vote of those members in attendance.

**It was moved by Boardmember Marchione, seconded by Boardmember Butler, and carried by the unanimous vote of four members present that Boardmember Strickland be allowed to participate in the Operations and Administration Committee meeting by telephone.**

**DEPUTY CEO REPORT**

Mike Harbour, Deputy CEO, reported on how the government shutdown could affect Sound Transit. There are no immediate impacts to Sound Transit this early in the shutdown, but the agency works closely with the FTA and other federal agencies and a prolonged shutdown could impact work. Agency staff will continue to closely monitor the situation and hope the shutdown is resolved soon.

**REPORTS TO THE COMMITTEE**

Ridership and Operations Report

Bonnie Todd, Executive Director of Operations reported on August ridership and the updated modal performance report. August ridership continued to increase, with ridership records set on ST Express and Central Link. There were over 30,000 average weekday boardings on Central Link for the third consecutive month. Average weekday boardings on ST Express buses were just under 59,000, a 10% increase over August 2012. Average weekday commuter boardings on Sounder increased 6%, but total boardings were only up 1% because of one fewer weekday and lower event train ridership compared with 2012. Tacoma Link is the only mode to see a decline; total boardings were down 2%. There were no major service disruptions in August.

The updated modal performance report showed Sound Transit on track to meet annual ridership targets by the end of the year. The Sounder percentage of scheduled trips operated, and on-time performance numbers were below the target in August because of freight interference and mechanical issues. Fleet availability, preventable accidents and farebox recovery are meeting or exceeding targets for all modes.

The September service was implemented on September 28, and 29, 2013 and included a number of service changes. Sounder service was also provided to the Puyallup Fair on two Saturdays and had 3,200 boardings. Sound Transit staff continues to work with US Open officials to look at options for providing Sounder service to Chambers Bay golf course during the 2015 US Open.

Tacoma Link celebrated its 10<sup>th</sup> anniversary and there were a number of events to celebrate the milestone, including a sweepstakes to win a Tacoma getaway package. Gianna McManus, who works in Tacoma, was the grand prize winner.

Sound Transit has received concerns about service changes in Snohomish County and ST Express safety issues and is taking steps to respond to customers and work with Sound Transit's partners who operate ST Express to address any safety issues.

## **2014 BUDGET: PROPOSED BUDGET OVERVIEW AND 2014 OPERATIONS AND ADMINISTRATION BUDGETS**

Chair Roberts announced that today the Committee would begin review of the Service Delivery and Agency Administration portions of the Proposed 2014 Budget and Proposed 2014 Transit Improvement Plan. Next month, the Committee will continue review of the budget and will receive follow-up information on any questions asked at today's meeting.

Ms. Todd and David Huffaker, Operations Business Manager presented the Service Delivery Budget. 2013 highlights and challenges were reviewed for each mode. In 2013, ST Express had a major service change that included adding Route 567 service to better serve customers in the North Pierce and South King Counties. Route 592 is also being extended south of DuPont to Olympia through a partnership with Intercity Transit and Pierce Transit. In 2013, Sound Transit also transferred Route 560 from King County Metro to Pierce Transit as part of a cost containment strategy. Sound Transit added trips and capacity on high ridership routes to alleviate some of the overloads.

The tenth round trip began operating on the Sounder south line. The service uses one of the new locomotives that were delivered earlier this year. Sound Transit has also been working on other vehicle overhaul programs, and recently received approval for a five year contract for a major mid-life overhaul on the original 11 locomotives. There were major challenges with mudslides during the 2012-13 rainy season, with a record number of cancelled trips. We continue to partner with BNSF in addressing the stability of the slopes along the North line, and BNSF is making significant investments in improvements along the north corridor. Boardmember Roberts asked for updates on slope stability work along the Sounder north line.

In August, Sound Transit celebrated the tenth anniversary of service on Tacoma Link. The service is expected to exceed one million riders for the second year in a row.

Ridership on Central Link continues to grow; each month in 2013, Sound Transit set a ridership record on Central Link. August 2013 was the all-time highest month of ridership since inception. There were service interruptions earlier this year during construction of the Tukwila sound wall. Work was also completed on the reinstallation of the copper wire that was stolen last year. The thieves were apprehended through the efforts of our ST Police and other jurisdictions. Overall ridership on all modes is expected to grow by 4% in 2014.

The 2014 budget is divided into Project Delivery, Service Delivery and Agency Administration. The Service Delivery portion is 21% of the overall agency budget, at \$221 million. Within the Service Delivery budget, 52% of the budget is for ST Express, 27% for Central Link, 19% for Sounder and 2% for Tacoma Link.

2014 Service Delivery highlights include a full year of the ST Express route 592 extension to Olympia, the 10<sup>th</sup> round trip on the Sounder south line. On Central Link Sound Transit will prepare to support the University Link and South 200<sup>th</sup> Link Extensions. Staff will be added to support early start-up activities and take over some early completion items in the Capitol Hill tunnel.

Mr. Huffaker reviewed the budget by mode. The proposed \$4.2 million Tacoma Link budget is 1% lower than the 2013 Tacoma Link budget. There are some projected savings because of in-house staff training. These

savings are offset by an increase in agency allocations to Tacoma Link. Overall, allocations of agency administrative costs are growing, but the amount allocated to Service Delivery is growing by \$1.9 million, or 14%. This is part of the Agency's strategy to budget in the same way that costs are reported to the FTA through the national transit database, which dictates that agency costs are fully allocated to either capital or operating. Our budgets that we report to you show those fully allocated financial statements and include the agency overhead that has been determined to be in support of Operations, such as marketing, legal and other support functions. This is not necessarily a change in philosophy, but the magnitude of the costs has increased faster than the Service Delivery budget. The cost per boarding on Tacoma Link decreased by 5.2%, and the cost per service vehicle hour decreased by 1%.

The 2014 proposed budget did not assume that fares would be charged on Tacoma Link in 2014. Based on the Board's decision to begin charging fares, a budget amendment will be developed that reflects ridership, revenue and cost assumptions to add to the budget based on that change.

The \$60.7 million Central Link budget is 5.1% higher than the 2013 budget. Purchased transportation is the largest driver of the budget increase. Sound Transit will add ten full time employees; the majority will support start-up activities associated with University Link and will be charged to that project. Operations will have a significant body of work supporting DECM contractors in the systems and facilities integration with the rest of the light rail network. A 3% cost of living adjustment (COLA) is also being budgeted for existing staff levels. Agency allocations are budgeted to increase by \$600 thousand. Security costs will increase \$400 thousand in 2014 for Central Link, but overall security costs for all modes will be slightly lower in 2014 compared to 2013. Security costs are being adjusted to allocate security costs between the modes based on how security is deployed. Fare collection costs and facilities maintenance costs for Central Link will both increase by \$300 thousand. All other costs are budgeted to decline in 2014. The cost per boarding will decrease .1% and the cost per vehicle hour will decrease 1.4%. Farebox recovery is budgeted to be 26%. Boardmember Marchione asked for more information on the ten new positions.

The \$41.8 million Sounder budget is 4.2% higher than the 2013 budget. The bulk of the increases are associated with the additional service between Seattle and Lakewood. For the additional round trip, Sound Transit will use an additional train set which will increase the number of vehicles maintained by Amtrak. To mitigate the costs of the increased train set, Sound Transit is moving two cars from the North line to the South line. Agency administrative costs for Sounder will increase \$500 thousand. Maintenance of way costs will increase \$100 thousand related to higher expenses on the segment of railway owned by Sound Transit south of Tacoma. All other costs are projected to decline by \$100 thousand. The cost per boarding will decrease 6.2% and the cost per service vehicle hour will decrease 4.3%. The farebox recovery is budgeted to be 23%.

The \$114.2 million ST Express budget is 4% higher in 2014 compared to 2013. The biggest increase is in purchased transportation. The bulk of the increase is related to estimated COLA increases at the partner agencies. High capacity buses being used to address higher ridership also has caused operating costs to increase because the 60 foot articulated buses are more expensive to operate. Agency administrative costs for ST Express are increasing by \$0.8 million in 2014. The cost per boarding will decrease 1.7%, the cost per revenue vehicle hour will increase 3.7% and the farebox recovery is budgeted to be 28%. Boardmember Butler asked why 28% farebox recovery is being budgeted when the current recovery percentage is higher; Mr. Huffaker responded that the percentage is based on anticipated operating costs and ridership forecasts.

Pete Rogness, Director of Budget and Financial Planning reviewed the \$159 million Agency Administration budget. Agency Administration makes up 14% of the overall budget. Within the Agency Administration budget, \$105 million is for debt service, and \$54 million is for net department budgets. The net Department budgets within Agency Administration make up a portion of the overall department budgets. The \$54 million net department budgets, \$16 million department budget allocated to Service Delivery, and \$32 million department budget charged to project delivery combine for total department budgets of \$101 million. Net Department budgets are not charged to service delivery or specific projects. Department budgets include other costs beyond costs related to staff; other costs include tax collection fees, costs to manage properties that are not in service, and general liability and property and casualty insurance. Salaries and benefits make up \$73 million of the total \$101 million Department budget.

2014 Department budgets are increasing 10% over the 2013 budget. \$7.3 million or 80% of the increase is due to salaries driven by the addition of 43 new positions in the 2014 budget (\$3.6 million), annualized costs for 40.5 positions added in the 2013 budget (\$1.6 million), and increases for prior positions (\$2.1 million). The \$2.1 million increase equates to a 3.4% increase for salary and benefits over the 2013 budget. Hardware and software maintenance is up \$351 thousand, computer hardware is up \$208 thousand. Sound Transit provides computer hardware and maintenance for employees and co-located consultants. Insurance costs are up \$336 thousand because of increases in revenues, and training and travel are up \$283 thousand.

The 43 new staff positions will increase the total employees to 681 employees. The largest driver for new positions is continuing capital work. Capital work is expanding in the number of projects and geographic area, the East Link, Northgate Link and South 200<sup>th</sup> Extensions are all expanding. In response to a question from Boardmember Butler, Mr. Rogness noted that the Federal Transit Administration has reviewed Sound Transit's staffing levels. Sound Transit is below the number of employees the FTA recommends, but Sound Transit continues to monitor staffing levels and the FTA is comfortable with the number of employees if there were no vacancies.

There are no bond sales assumed in the 2014 budget, the budget for debt service is down slightly from the 2013 budget due to the refunding of bonds. In 2014, Sound Transit will contribute \$2 million to the emergency/loss reserve to cover deductibles in case of an insured loss, or emergencies. \$50 million will also be contributed to the Capital Replacement reserve. The financial plan assumes contributions to the capital replacement reserve to replace facilities and other assets with existing resources. Money set aside in these categories is reserved specifically for those uses. In 2014, Sound Transit will also donate some capital projects that are near completion to other jurisdictions per agreements Sound Transit has with the jurisdictions. The value of the First Hill Streetcar project will be transferred to the City of Seattle (\$21.75 million), the Mountlake Terrace and Totem Lake Freeway Stations will be transferred to the Washington State Department of Transportation (\$225 thousand), and the Kirkland Transit Center (\$447 thousand) and Rainier Avenue Arterial Improvements (\$669 thousand) will be transferred to the Cities of Kirkland and Renton respectively.

At the November Operations and Administration Committee meeting, staff will provide follow-up to questions raised at today's meeting. A public hearing is scheduled on October 24, 2013 to take comments on the Proposed 2014 Budget and Transit Improvement Plan. The 2014 budget is scheduled to be adopted by the Board in December.

## **BUSINESS ITEMS**

### Items for Committee Final Action

Motion No. M2013-81: Authorizing the chief executive officer to execute a three-year contract with two one-year options to extend with Spectrum Design to provide grants program consultant services for a total authorized contract amount not to exceed \$300,000.

Lisa Wolterink, Grants Manager, gave the staff presentation. Sound Transit expects to draw down \$161 million in grant dollars in 2014. Sound Transit normally receives \$130-160 million dollars in grants a year; this contract will assist in pursuing those grants.

**It was moved by Committee Vice Chair Marchione, seconded by Boardmember Butler, and carried by unanimous vote that Motion No. M2013-81 be approved as presented.**

Motion No. M2013-82: Authorizing the chief executive officer to execute a three-year contract with two one-year options to extend with KPMG, LLP to provide independent financial and federal audit services for a total authorized contract amount not to exceed \$2,000,000.

Kelly Priestley, Controller, gave the staff presentation.

**It was moved by Committee Vice Chair Marchione, seconded by Boardmember McDermott, and carried by unanimous vote that Motion No. M2013-82 be approved as presented.**

Motion No. M2013-83: Authorizing the chief executive officer to execute a five-year contract with Montague DeRose & Associates, LLC and Piper Jaffray & Co. (formerly Seattle-Northwest Securities) to provide debt management and innovative financing advisory services for a total authorized contract amount not to exceed the aggregate total amount of \$959,000.

Tracy Butler, Treasurer, gave the staff presentation.

Public Comment

Paul W. Locke  
Will Knedlik

**It was moved by Boardmember McDermott, seconded by Committee Vice Chair Marchione, and carried by unanimous vote that Motion No. M2013-83 be approved as presented.**

Motion No. M2013-85: Authorizing the chief executive officer to execute a one-year contract, with four one-year options to extend, with Metro Painting to provide handyman services for Sound Transit owned properties for a total authorized contract amount not to exceed \$338,240.

Nancy Bennett, Property Management Manager, gave the staff presentation.

**It was moved by Committee Vice Chair Marchione, seconded by Boardmember Butler, and carried by unanimous vote that Motion No. M2013-85 be approved as presented.**

Motion No. M2013-86: Authorizing the chief executive officer to execute a one-year contract with four one-year options to extend with AtWork! to provide landscaping services for Sound Transit owned properties for a total authorized contract amount not to exceed \$913,185.

Nancy Bennett, Property Management Manger, gave the staff presentation.

**It was moved by Boardmember Butler, seconded by Committee Vice Chair Marchione, and carried by unanimous vote that Motion No. M2013-86 be approved as presented.**

Motion No. M2013-87: Authorizing the chief executive officer to execute a five-year contract with Blumenthal Uniform Company, Inc. to provide uniforms and protective clothing to Central Link and Tacoma Link light rail staff for a total authorized contract amount not to exceed \$565,600.

Brad Charkowske, Central Link Transportation Manager, and Gary Aviles, Light Rail Transportation Supervisor, gave the staff presentation.

**It was moved by Boardmember McDermott, seconded by Boardmember Butler, and carried by unanimous vote that Motion No. M2013-87 be approved as presented.**

Item for Recommendation to the Board

Chair Roberts noted that this item was discussed at the September Operations and Administration Committee meeting, but the Committee asked that it be delayed to the October meeting so that additional research could take place on Sound Transit's options for accessing the regional 800 MHz trunked radio system.

Motion No. M2013-71: Authorizing the chief executive officer to enter into an agreement with the King County Radio Communications Services Board to establish Sound Transit as a user of the Regional 800 MHz trunked radio system.

Ken Cummins, Chief Security Officer, gave the staff presentation. Mr. Cummins explained that the King County Radio Communications Services Board has four owners. Sound Transit is considered a regional customer because radios will be used in King, Snohomish and Pierce counties. As a regional customer, Sound Transit is required to pay the highest fee of the four owners. The highest fee is \$46 per radio per month; however, since Sound Transit has an extended warrantee on the radios from the radio manufacturer, the monthly rate will be only \$32 per radio per month. This reduction equates to \$39,000 in savings over the first four years of the agreement. The agreement is for 10 years, but will be subject to annual budget approval and the agreement contains clauses to end the agreement if Sound Transit choses to do so.

Committee Vice Chair Marchione thanked Mr. Cummins for his additional work on this agreement.

It was moved by Committee Vice Chair Marchione, seconded by Boardmember McDermott, and carried by unanimous vote that Motion No. M2013-71 be forwarded to the Board with a do pass recommendation.

**EXECUTIVE SESSION**

None.

**OTHER BUSINESS**

None.

**NEXT MEETING**

Thursday November 7, 2013  
1:00 to 3:00 p.m.  
Ruth Fisher Boardroom

**ADJOURN**

The meeting was adjourned at 3:06 p.m.

  
Paul Roberts  
Operations and Administration Committee Chair

ATTEST:

  
Katie Flores  
Board Coordinator

APPROVED on December 5, 2013, KWF