



SOUND TRANSIT OPERATIONS AND ADMINISTRATION COMMITTEE MEETING
Summary Minutes
October 2, 2014

CALL TO ORDER

The meeting was called to order at 1:10 p.m. by Chair Paul Roberts, in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

CALL TO ORDER

Chair

(P) Paul Roberts, Everett Councilmember

Vice Chair

(P) John Marchione, Redmond Mayor

Boardmembers

(P) Dave Earling, Edmonds Mayor

(P) Dave Enslow, Sumner Mayor

(A) Mary Moss, Lakewood Councilmember

(A) Dave Upthegrove, King County Councilmember

(A) Pete von Reichbauer, King County Councilmember

Katie Flores, Board Coordinator, announced that a quorum of the committee was not present at roll call.

REPORT OF THE CHAIR

Chair Roberts reported that a public hearing was held earlier today regarding Sound Transit's 2014-2019 Transit Development Plan and 2013 Annual Report consistent with RCW 35.58.2795. Three comments were received at the meeting.

The submittal of the Transit Development Plan and Annual Report is on the agenda for this meeting as item 8.D. in Items for Recommendation to the Board. There will be another opportunity for public comment on the plan when it is considered at the Board meeting on October 23, 2014.

DEPUTY CEO REPORT

None.

REPORTS TO THE COMMITTEE

Ridership and Operations Report

Bonnie Todd, Executive Director of Operations, delivered the August 2014 Service Performance Report. August 2014 ridership continued to increase, with total passenger boardings up almost 8 percent over August 2012. With major events drawing between 4,000-12,000 additional daily Light Rail riders, Central Link saw the biggest August boardings increase at almost 16 percent. ST Express and Sounder also saw healthy ridership growth – 23 of 26 bus routes experienced growth, and ridership increased on both the north and south Sounder lines. Tacoma Link ridership continued to decline in August; year-over-year ridership is running about 6 percent below 2013.

ST Express met all performance targets for August and Year to Date. Sounder met all performance targets for August, but Year to Date targets are lagging for both on-time performance and percentage of scheduled trips operated. Tacoma Link met targets in all areas except for passengers per trip, which reflects the decrease in ridership.

Central Link met all performance targets for YTD but fell just shy of the August target for percentage of scheduled trips operated because of startup testing in the Downtown Seattle Transit Tunnel (DSTT).

On August 9 Sound Transit closed the DSTT to conduct tests of bus and train volume with the addition of University Link. The tests were a collaborative effort with King County Metro for the forecasting, practice, and data gathering on future tunnel traffic volume and headway of trains and buses. With University Link, the headway will be decreasing from 7.5 minutes to only 6 minutes. This means that at peak times there will be 10 trains per hour going through the tunnel, as opposed to the current number of eight.

Ms. Todd reviewed two accidents that occurred, one on Sounder and one on Link light rail. Sounder provided service to the Washington State Fair for the second year, on September 13th and 20th. It was a great success. Service changes began September 27, 2014, in response to the service reduction by King County Metro. Sound Transit staff had prepared for the impact of the route changes. Ms. Todd said that Sound Transit staff is monitoring the service changes.

2015 BUDGET: PROPOSED BUDGET OVERVIEW AND 2015 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 2015 Budget, as well as the Proposed 2015 Transit Improvement Plan.

Pete Rogness, Director of Budget and Financial Planning, presented the proposed 2015 Service Delivery and Agency Administration Budget.

He reviewed the 2015 strategic objectives for the agency, which include successfully delivering voter approved capital projects, increasing ridership; enhancing business practices and maximizing financial and environmental sustainability; enhancing talent management and organizational vibrancy; providing safe, secure, reliable assets and services for all customers and employees; planning for system expansion; and preparing for the start of service on the University Link and the South 200th Link Extension. The strategic objectives are designed to guide Sound Transit in its mission and vision of building and operating a regional transit system, and direct the budget requests.

The total proposed budget for 2015 is \$1.2 billion, divided between Service Delivery, Agency Administration, and Project Delivery. The service delivery budget is used to move Sound Transit's estimated 33 million riders. The 2015 service delivery budget does not propose any changes in service levels. The project delivery budget funds the continued build-out of the regional system. The 2015 project delivery budget is the largest annual budget to date for construction and design of the program. The agency administration budget of \$170 million will help to maintain the Agency and pay for debt service. Departmental budgets are higher, as positions will be added to support increased activity. The budget also includes organizational investments such as continuous process improvement, management and technology training, and disaster recovery planning. Overall, the proposed \$1.2 billion budget is about \$91 million, or 8% higher, than the budget for 2014.

The agency has submitted an A-87 Cost Allocation Plan to the federal government for approval. This allocation plan will allow the agency to seek reimbursement for allocated costs, and will increase the grant revenue in the future. This cost allocation plan does not change the level of expenditures, but it does change where costs are reported. As a result, total departmental budgets are slightly lower, and the total service delivery program is slightly higher than before. In order to allow the reader of the budget to more easily see where actual changes are occurring, the prior years, expenditures, budget, and forecasts in the proposed budget document have been restated, to demonstrate that it is a change in budget, not just a change in reporting structure.

In 2015 the service delivery budget is about \$229 million, about \$1.1 million or 0.5% percent higher than the budget for 2014. More than half of the total service delivery budget is allocated to ST Express. While overall service levels are not anticipated to change in 2015, ridership is expected to increase by 5%. Details of proposed service changes across all modes will be presented to the public and discussed with this committee through the service implementation plan process this fall.

The 2015 Tacoma Link overall budget is projected to increase by 0.5% over 2014. Ridership in 2014 is down slightly from projected budget due to fewer special events and relocation of some local employers from the supported service area. A new light rail vehicle communications system has been implemented, and fare collection was deferred until 2016. Service levels in 2015 are expected to remain about the same as in 2014. The 2015 budget includes two new positions, an additional operator position and transit systems technician. These positions will reduce the cost of overtime pay and support closed caption television (CCTV), automatic passenger counters, and ticket vending machines.

The proposed 2015 Central Link budget is 1.1% lower than the 2014 budget. Notable budget changes related to Central Link are an increase in maintenance costs for Sound Transit's portion of the DSTT costs, primarily for maintenance costs. Purchased transportation shows a slight increase, partially due to the addition of four facilities mechanical staff positions for King County Metro. Insurance grows slightly due to a small increase in rates and in ridership, which is one of the elements considered in the cost of the insurance plan. Offsetting these increases are lower agency administration costs and security costs, which are driven by a change in cost allocations and the system wide staffing plan.

The most notable Sounder 2015 budget change is the \$845,000 budgeted for the cost of providing service to the United States Golf Association (USGA) US Open Championship at Chambers Bay in July. This event affects a number of accounts, including purchased transportation; and leases and rentals. These one-time costs will be fully reimbursed by the USGA. \$845,000 will be included in the Sounder service delivery cost budget, since Sound Transit will pay those costs. The USGA full-cost reimbursement includes about \$450,000 for BNSF service, security, and different activities related to access including work that will be done at King Street Station.

In 2014 Sounder overhauled two locomotives with three more to be updated in 2015. Service levels will remain the same as in 2014. The Sounder budget will increase \$567,000, or 1.3%, in 2015. The budget for Salary and benefits for Sounder is higher based on the addition of a technician, and the reassessment of facilities and technology staff based on the level of effort that they are providing for the various modes, and security costs, which are based on the revised staffing plan. The total security cost budget across all the modes is up about \$745,000. These costs are offset in a decrease in the baseline cost for Amtrak vehicle maintenance.

The overall ST Express 2015 budget is up 1.1%, or \$1.3 million. In 2014, ST Express continues to address service overload conditions, primarily in East King County, Snohomish County, and in Federal Way. About 24 coaches are being replaced. New partner agreements are being negotiated with the transit partners that operate Sound Transit service. Overall service levels will remain the same in 2015 as in 2014, although there will be efforts to become productive by shifting to more peak and directional service. The agency will also use higher capacity buses, add five double-decker buses (which are on order), and use 60-foot buses in place of 40-foot buses. The security budget is up due to the revised staffing plan. The Downtown Sound Transit Tunnel costs are up. Salary and benefits are up as part of the added technical staff position and the reassessment of facilities and technology staff. The increases are offset by a small decrease in purchased transportation services.

The Proposed 2015 Agency Administration Budget is \$170 million or 11% of the total Agency budget. The agency administration budget comprises departmental budgets, as well as budgets for net service, reserves, and donations. These activities support the agency's goal of providing easy connections to more places for more people. The departmental budget proposed for 2015 is \$107.2 million. The budget includes the salaries of all agency staff, except for the positions that work directly in providing service. It also contains the general administrative costs that are managed by staff in those departments. Salaries and benefits for agency staff make up 73% of the departmental budget.

The 2015 budget includes 25 new positions; the budget for the positions is about \$2.2 million. Another \$2 million is also being included in the 2015 budget to support the annual costs of 50 positions added to the budget in 2014.

There were 50 positions added in the 2014 budget. Similarly, those had staggered start dates throughout the first three quarters of the year. To annualize those costs and save for a full year, another \$2 million must be

added to the 2015 budget in support of those positions. The budget continues to support Sound Transit's record of keeping health care costs as lean as possible. There have been a number of changes in the base laws, so the budget amounts are in anticipation of cost increases in medical insurance, about 7%; and dental insurance, about 3%.

The proposed agency-wide 2015 budget includes funding of an additional 27 full-time employees to the Agency. Two of the positions are included in the service delivery budget. The other 25 new positions are included in departmental budgets in 2015. The 2015 staffing plan has new positions driven by higher demands in construction. There are four safety positions and one quality assurance position in the capital program that will support the north, east, and south extensions. Finally, to support overall agency efforts, there are four IT positions, three finance positions, two positions in communications, and two support positions – one in diversity and one in asset planning.

Capital expenditures are expected to continue to grow annually through 2020, before the construction program peaks and begins to decline. This work is in addition to the effort needed to provide agency services, and there is growth anticipated in support of operations as the work moves forward. Service costs will be increasing in 2016. There will be a focus on adding new light rail service to University of Washington and Angle Lake. In the fourth quarter of 2016, two Sounder round Trips will be added, and a third round trip will be added in 2017. In 2021 and 2023, additional light rail corridors will be coming online.

In order to effectively meet initiatives to build the system, the 2015 budget also supports the Agency goals of working smarter and maximizing resources. The proposed budget is up 8.9% from the 2014 budget, about two-thirds of the increase is related to salary and benefits. The budget assumes an average base salary increase of 3% across the agency, which amounts to about \$1.5 million for 588 positions in the agency.

The budget includes funding for various efficiency measures including disaster recovery, continuity of operations, continuous process improvement, and policy development support, helping to identify opportunities to save money and time in the future. There are also increases based on the size of the agency for hardware and software maintenance of about \$460,000 and building maintenance of about \$400,000. There is a forecast of an increase in tax revenues, which is why the budget has slightly higher fees for state sales taxes and Motor Vehicle Excise Tax.

The budget for debt service is \$108.1 million, up slightly from this year's budget, and reflects continued payment of the existing bonds. The 2015 budget has no assumption of future bonding, although additional bonding is always possible. Should that occur, it will be necessary to obtain board approval for additional budget.

In 2015, the Agency anticipates setting aside \$2 million for emergency and loss reserves, as well as \$46.4 million for capital replacement reserves. Board action would be required to put these funds to use. Under the agency financial policy, a reserve equal to two months of operating costs must be maintained. The 2015 estimate is \$53 million. It is anticipated that as certain projects are completed, they will be donated to other government entities that will retain ownership.

There is one new cost category in the budget related to the cash donation of \$5 million to the City of Seattle to support ongoing operations of the First Hill Streetcar. Since Sound Transit is not operating the street car, it was determined from an accounting perspective that these costs are donations rather than operating costs. This is consistent with the action of the Board in August to approve the revised operating plan with the City of Seattle.

Mr. Rogness noted that he would provide a document with answers to Boardmember questions at the next meeting.

Chair Roberts announced that a quorum of the committee was now in attendance.

PUBLIC COMMENT

Alex Zimmerman, Stand Up America

BUSINESS ITEMS

Items for Committee Final Action

Minutes of the July 17, 2014 Operations and Administration Committee Meeting

It was moved by Boardmember Earling, seconded by Committee Vice Chair Marchione, and carried by unanimous vote that the minutes of the July 17, 2014 Operations and Administration Committee meeting be approved as presented.

Motion No. M2014-68: Authorizing the chief executive officer to execute a one-year contract with four one-year options with Comdata Corporation to provide fleet fuel and maintenance card program services for the Sound Transit non-revenue fleet for a total authorized contract amount not to exceed \$2,068,450.

John Weston, Deputy Director of Facilities, Capital, Maintenance, and Non-Revenue Vehicle Programs, and David Huffaker, Acting Director of Facilities and Asset Control, presented the staff report.

It was moved by Boardmember Earling, seconded by Committee Vice Chair Marchione, and carried by unanimous vote that Motion No. M2014-68 be approved as presented.

Motion No. M2014-69: Authorizing the chief executive officer to execute a contract amendment with Estrada Consulting, Inc., to provide information technology project management services in the amount of \$80,000, for a new total authorized contract amount not to exceed \$270,000.

Chris Ampongan, Information Technology Project Management Organization Manager, presented the staff report. The combination of the large number of projects and IT staff vacancies necessitates a longer than anticipated use of on-call project management services. This action seeks to fund the increased need for those services until the end of the original contract term on June 30, 2015.

In response to questions from Boardmember Marchione, Mr. Ampongan noted that the contract amendment will provide subject matter experts to work with Sound Transit project managers to complete IT projects.

It was moved by Boardmember Earling, seconded by Committee Vice Chair Marchione, and carried by unanimous vote that Motion No. M2014-69 be approved as presented.

Items for Recommendation to the Board

At this time, Chair Roberts noted that the Operations and Administration Committee no longer had a quorum present. He asked if the Committee objected to still receive a presentation on each item, in an unofficial capacity. There were no objections.

Motion No. M2014-70: Approving the submittal of the Transit Development Plan 2014-2019 and 2013 Annual Report to the Washington State Department of Transportation.

Mike Bergman, Service Planning Manager, presented the staff report. The action allows Sound Transit to satisfy state requirements to provide an updated Transit Development Plan to the Washington State Department of Transportation (WSDOT) and the Washington State Legislature. There was a public hearing before today's meeting on the Transit Development Plan, where three members of the Public provided comments.

Motion No. M2014-71: Authorizing the chief executive officer to exercise the option to extend the agreement with the National Railroad Passenger Corporation for one two-year term for the continued maintenance of Sounder locomotives and cars, which includes the cost of fuel, in an amount not to exceed \$35,288,262 for a new total authorized amount not to exceed \$189,739,634.

Martin Young, Sounder Operations Manager, and Mike Perry, Deputy Executive Director of Transportation and Maintenance, presented the staff report. Mr. Young introduced Paul Thompson, the new Commuter Rail Mechanical Superintendent.

In response to Boardmember questions, Mr. Young noted that the contract was renegotiated in 2010 on more favorable terms for Sound Transit. Sound Transit is still evaluating the cost of building, operating, and maintaining its own maintenance facility. If Sound Transit had an independent facility, maintenance could be done at a competitive rate.

Motion No. M2014-72: Authorizing the chief executive officer to execute a three-year labor agreement with the Amalgamated Transit Union Local 758 covering Tacoma Link Light Rail vehicle operators.

Valentina Zackrone, Chief HR Officer, presented the staff report. A tentative agreement with the Amalgamated Transit Union 758 was reached in late June, and the union notified Sound Transit in early September that the contract was presented to the membership and accepted. The terms of the contract would be retroactive to October 1, 2014

Motion No. M2014-73: Authorizes the chief executive officer to execute a license amendment with Clear Channel Outdoor, Inc. to extend the license term for an existing billboard until Sound Transit terminates the agreement for Sound Transit's business purposes.

Nancy Bennett, Property Management Manager, presented the staff report.

Committee Chair Roberts announced that motion numbers M2014-70, 71, 72 and 73 will be forwarded to the Board without committee recommendation, as no quorum was present to take a vote to recommend Board approval of these motions.

EXECUTIVE SESSION

No executive session was held.

OTHER BUSINESS

None.

NEXT MEETING

Thursday November 6, 2014
1:00 to 3:00 p.m.
Ruth Fisher Boardroom

ADJOURN

The meeting was adjourned at 2:24 p.m.



Paul Roberts
Operations and Administration Committee Chair

ATTEST:



Kathryn Flores
Acting Board Administrator

APPROVED on February 5, 2015, KWF