

## **SOUND TRANSIT EXECUTIVE COMMITTEE MEETING**

### **Summary Minutes**

**December 3, 2015**

#### **CALL TO ORDER**

The meeting was called to order at 10:41 a.m. by Chair Constantine, in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

#### **ROLL CALL**

##### Chair

(P) Dow Constantine, King County Executive

##### Vice Chairs

(P) Marilyn Strickland, Tacoma Mayor

(P) Paul Roberts, Everett Councilmember

##### Boardmembers

(A) Fred Butler, Issaquah Mayor

(P) Ed Murray, Seattle Mayor

(P) John Lovick, Snohomish County Executive

(A) Lynn Peterson, WSDOT Secretary

(A) Pat McCarthy, Pierce County Executive

(A) Larry Phillips, King County Council Chair

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

#### **REPORT OF THE CHAIR**

The Board will hold an ST3 Board Workshop on December 4, 2015 to allow the Board to review the results of staff and consultant work to analyze and evaluate the ST3 candidate projects selected by the Board in August. The Board will also receive more information on the financial picture for ST3 at the workshop.

#### **ACTING CEO REPORT**

With the legislature's action to provide Sound Transit with more revenue authority, the agency received new policy direction and authority on Transit-Oriented Development (TOD) and affordable housing. Sound Transit staff is holding a workshop later today with leaders from the non-profit, private, and government sectors who have been working on TOD. These stakeholders will help examine the full spectrum of opportunities and challenges in TOD, including affordable housing, market rate housing, finance, land assembly and disposition, and strategic partnerships.

The discussion at the workshop will help to inform a Board conversation about how the agency should move forward on this critical body of work.

#### **REPORTS TO THE COMMITTEE**

##### Review of 2016 Financial Plan

Brian McCartan, Executive Director of Finance and IT provided the report. Mr. McCartan explained that the agency's finance plan is mixture of the Board's direction on the proposed budget, external revenue forecast, inflation forecast, bonding assumptions and other key financial policies. The overall 2016 finance plan includes the period from 2009 to 2023. A \$22 billion plan, it fully funds all of the 2016 budget being considered by the Board and is fully compliant with all the elements of

the Board established financial policies. The conservative forecast shows some risk of an economic slowdown, but no recession is forecast during the period covered by the finance plan.

Total tax revenue is about 25% below the forecasted amount in the ST2 plan due to the recession. The net debt service coverage ratio is at 1.92. This number shows the number of times that the agency could pay all operations and debt service. This puts the agency on solid financial footing heading into the Board's consideration of an ST3 plan.

Chair Constantine requested that staff provide a list of ST2 projects suspended during the recession and information about which projects might be funded.

### Expert Review Panel Presentation

Jim Jacobson, Panel Chair and John Howell with Cedar River Group noted that the Expert Review Panel (ERP) is required by state law and is created to convene a group of outside experts to look at Sound Transit's planning assumptions and methodologies used to prepare a potential ballot measure. A similar panel was convened to review both Sound Move and ST2. The ERP provides reports to the Sound Transit Board as well as the Governor, both House and Senate leadership, the Secretary of Transportation and the Director of the Puget Sound Regional Council (PSRC). Mr. Howell provided an overview of the nine panel members including their broad areas of expertise related to the transit industry. The ERP has met three times this year and have developed a good base of understanding of the work to create the ST3 package.

Mr. Jacobson provided information discussed in the ERP's most recent meeting in November. The work of the ERP will continue but the panel felt it important to provide information about what has been learned thus far prior to the ST3 workshop. The ERP is comfortable with both capital and operating cost estimating work being done by staff. Methodologies are consistent with industry practice and incorporate Sound Transit's substantial local construction and operating experience. The ERP believes that more work must be done to integrate bus and rail services. While the five agencies are meeting and making progress on better coordinated long range planning, no one agency has revealed their ability to pay for the necessary facilities to ensure a good experience for bus riders transferring to rail. The ST3 templates contain line items for park and ride facilities and bicycle facilities but not feeder bus facilities. Either Sound Transit or local bus agencies should be designated as the owner of this responsibility. Only a small number of riders will be able to walk to stations and existing riders should have more consideration at this point in the planning. The ERP understands the priority is to complete the spine, but would like more attention paid to connection points along the spine.

Finally, the ERP would like to see early and additional concurrence with local jurisdictions on the scope of the ST3 projects and any joint funding arrangements assumed prior to a ballot measure. Additional projects added in August have limited regional significance to meet ST3 objectives. The ERP strongly encourages the Board to continue focus on and use evaluation measures in the decision making process. In closing, Mr. Jacobson noted that Sound Transit staff has been responsive throughout the process and the panel looks forward to continuing its work as Sound Transit develops the ST3 plan.

### **PUBLIC COMMENT**

None.

**BUSINESS ITEMS**

Items for Recommendation to the Board

Motion No. M2015-117: Adopting the Sound Transit 2016 State Legislative Program and directing staff to evaluate and engage in issues that impact the agency as it continues to successfully implement the regional high-capacity transit system.

Melanie Smith, State Government Relations Manager provided a brief presentation. Ms. Smith reported that the 2016 State Legislative Program agenda is brief and contains two broad statements directing the state team to engage in issues to support those that benefit Sound Transit and other public transportation issues and to oppose anything that might be harmful. No new legislation is proposed.

**It was moved by Boardmember Lovick, seconded by Boardmember Strickland, and carried by unanimous vote that Motion No. M2015-117 be forwarded to the Board with a do pass recommendation.**

Resolution No. R2015-32: Establishing Asset Management Guidelines to ensure the regional transit system is maintained in a state of good repair.

Brian McCartan, Executive Director of Finance and IT provided the staff presentation. In 2007, the Board adopted a policy with the objective to set aside funding for maintaining existing assets in a state of good repair. This action would update that policy and ensure that the agency sets aside enough funds to account for all midlife maintenance and replacement of assets going forward. The policy changes the funding method from an advanced fund, to a pay-go system based on a 40-year forecast and adopted within the annual budget. The policy also includes assessment guidelines to monitor the adequacy of available funds.

**It was moved by Boardmember Roberts, seconded by Boardmember Strickland, and carried by unanimous vote that Resolution No. R2015-32 be forwarded to the Board with a do pass recommendation.**

**EXECUTIVE SESSION**

None.

**OTHER BUSINESS**

None.

**NEXT MEETING**


Thursday, January 7, 2016  
10:30 a.m. to 12:00 p.m.  
Ruth Fisher Boardroom

**ADJOURN**

The meeting was adjourned at 11:12 am.

  
Dow Constantine  
Executive Committee Chair

ATTEST:

  
Kathryn Flores  
Board Administrator

APPROVED on January 7, 2016, LM