

SOUND TRANSIT BOARD MEETING

Summary Minutes

December 15, 2016

CALL TO ORDER

The meeting was called to order at 1:37 p.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) Paul Roberts, Everett Councilmember

(A) Marilyn Strickland, City of Tacoma Mayor

Boardmembers

(P) Nancy Backus, City of Auburn Mayor

(P) Claudia Balducci, King County Councilmember

(P) Fred Butler, City of Issaquah Mayor

(P) Dave Earling, City of Edmonds Mayor

(P) David Enslow, City of Sumner Mayor

(P) Rob Johnson, Seattle Councilmember

(A) John Marchione, City of Redmond Mayor

(P) Pat McCarthy, Pierce County Executive

(P) Joe McDermott, King County Council Chair

(P) Amy Scarton, Alternate for WSDOT Secretary

(P) Mary Moss, Lakewood Councilmember

(A) Ed Murray, City of Seattle Mayor

(A) Dave Somers, Snohomish County Executive

(P) Dave Upthegrove, King County Councilmember

(P) Peter von Reichbauer, King County

Councilmember

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

REPORT OF THE CHAIR

Revised Agenda

Chair Constantine stated that the Board would be working from a revised agenda. Motion No. M2016-131 has been added to the agenda as Item 8.G.

Boardmember Request to Participate via Teleconference

Chair Constantine announced that Boardmember von Reichbauer asked to participate in the 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 Vice Chair Roberts, seconded by Boardmember Backus, and carried by unanimous vote that Boardmember von Reichbauer be allowed to participate in the Board meeting by telephone.

Recognition of Outgoing Boardmember

Chair Constantine announced that this would be Boardmember Pat McCarthy's last Sound Transit Board meeting. He congratulated Boardmember McCarthy on being elected to the position of Washington State Auditor.

Boardmember McCarthy has served on the Sound Transit Board for eight years and she served as Board Chair from January 2012 through December 2013. She has been active in all areas of Sound Transit, is an ardent supporter of regional transit, and has been a leader on Sound Transit projects in Pierce

County. While serving as Board Chair from 2012 through 2013, she spearheaded the update of the Long-Range Plan, which led to the Board initiating planning work for ST3.

Ms. McCarthy thanked the Boardmembers and stated that she has been proud of the work done by Sound Transit and has felt privileged to work with both Joni Earl and Peter Rogoff.

CHIEF EXECUTIVE OFFICER'S REPORT

Recognition of the Board Chair

Mr. Rogoff stated that today is Chair Constantine's last meeting as Board Chair after a three-year term. He praised Mr. Constantine for his leadership to readdress a historic wrong that was done in the region in the 1960's and early 1970's in rejecting a true rail/transit network. While serving as Board Chair, Mr. Constantine worked to get additional taxing authority from the Washington State Legislature so that the agency could ask voters for additional taxes to support an expansion of the regional transit system. He also worked to develop a comprehensive plan that addresses the needs of every corner of a diverse taxing district. Mr. Rogoff thanked Chair Constantine for his work during his three years as the Sound Transit Chair.

Chair Constantine reflected on the past three years. He noted highlights that occurred during his leadership as Board Chair, including hiring a successor to CEO Joni Earl; Sound Transit breaking ridership records almost every year; providing reduced fares low-income riders on Link to align with the ORCA Lift program; opening Link stations at Capitol Hill, the University of Washington, and Angle Lake; completing tunnels between the University Link Extension and the Northgate Link Extension; and passage of Sound Transit 3 in November 2016.

Third Quarter Service Delivery Performance Report

Mr. Rogoff reported that ridership continued to increase during the third quarter of 2016. Total boardings were up 27 percent in the third quarter of 2016 compared to last year and up 6 percent year-to-date versus the target. Ridership increased 69 percent on Link light rail due in large part to the opening the University Link and South 200th Street Extensions. Sounder ridership was up 5.7 percent compared to last year and up 11 percent year-to-date.

Final Bond Sale Results

At the November 29, 2016, Board meeting, the Board authorized the issuance of up to \$400 million in bonds to finance Sound Transit's capital program. Mr. Rogoff stated that the bonds were sold and the results were positive. The overall interest rate was 3.6 percent versus the anticipated rate of almost 4 percent, and the 5.3 percent that was conservatively assumed in the finance plan.

The bonds were well received by the market due to the high credit quality. There was a total of \$5.7 billion in demand for the \$400 million in bonds. As a result, the agency was able to obtain very competitive rates.

The participation of Green Bond investors helped to lower the borrowing rates. Five Green Investors placed a total of \$150 million in orders. Borrowing at these historically low rates will insulate Sound Transit from potential market downturns in the future.

Transportation Security Administrator

Mr. Rogoff advised the Board that Peter Neffenger, TSA Administrator, and Jeff Holmgren, Federal Security Director for Washington State, took a tour of Sound Transit's Link light rail system. During the

tour, Ken Cummins, Sound Transit Director of Public Safety, briefed them on Sound Transit's safety and security.

Administrator Neffenger toured the University of Washington Stadium Station where he was briefed on security protocols and the enhanced measures Sound Transit takes for special events at Husky Stadium. He also toured the Security Operation Center, which was created in 2010, funded 100% from the Department of Homeland Security's Transportation Security Grant funding.

Alternative Energy

Mr. Rogoff stated that a letter of interest was submitted to Puget Sound Energy for Sound Transit to participate in Puget Sound Energy's new Green Direct program. The Green Direct Program is a power purchase agreement that would allow Sound Transit to purchase locally produced renewable wind power directly from Puget Sound Energy starting in 2019 for a 10-year contract with fixed rate increases.

Participating in this program provides unique opportunities to meet the agency's sustainability goals to reduce greenhouse gas emissions and make the agency's electricity usage carbon neutral. An action related to this program will be before the Board for consideration in January 2017.

PUBLIC COMMENT

I. J. Eustaquio
Paul W. Locke
Linda Seltzer
Will Knedlik

CONSENT AGENDA

Voucher Certification for November 2016.

Motion No. M2016-122: Authorizing the chief executive officer to execute a contract with the Hallcon Corporation to provide Station Agent Program services in the amount of \$5,645,371, with a 10% contingency of \$564,537, for a total authorized contract amount not to exceed \$6,209,908.

Motion No. M2016-123: Authorizing the chief executive officer to execute a contract amendment with Electro-Motive Diesel, Inc. to provide locomotive overhaul services in the amount of \$1,100,000, for a total authorized contract amount not to exceed \$19,488,764.

It was moved by Vice Chair Roberts, seconded by Boardmember McCarthy, and carried by unanimous vote that the consent agenda be approved as presented.

REPORT TO THE BOARD

Program Implementation Plan

Peter Rogoff, CEO, stated that under Sound Transit 3 (ST3), new service will be provided to communities every 3 to 7 years for the next 25 years. Staff is preparing a Program Implementation Plan that establishes a framework for the implementation of the full Sound Transit capital program, which includes ST2 and ST3 projects. The plan will describe the agency's organizational and philosophical approach to delivering projects. Individual capital projects will have a Project Management Plans (PMPs) as required by the FTA for major projects. The PMPs will provide detail on project team members and project scope, schedule, and budget.

The plan will (1) articulate the agency's commitments to partnership, collaboration, transparency, and accountability, (2) outline an inter-departmental organizational structure for co-located, cross-functional project teams, and (3) articulate actions needed to move forward in 2017 and set the stage for Board consideration of a budget amendment in the spring for full mobilization on the expanded capital program.

An interdepartmental team will develop the plan, which will be followed with a peer review of the plan. Staff will develop the plan during January and March, with peer review in March, and presentation to the Board in April.

BUSINESS ITEMS

The Board's Rules and Operating Procedures specify that the Board should consider nominations from the Executive Committee for the election of Board officers at the December Board meeting.

The Executive Committee recommended Dave Somers as Board Chair, and Marilyn Strickland and John Marchione as Vice Chairs. Since these Boardmembers were not in attendance, Chair Constantine suggested delaying the election to January 2017.

In order to hold the election in January, the Board Rules and Operating Procedures need to be suspended, which requires a supermajority affirmative vote of the Board, which is 12 members.

It was moved by Vice Chair Roberts, seconded by Boardmember Earling, and carried by unanimous vote of 13 Boardmembers present that the rules be suspended to hold the election of officers at the January 26, 2017, Board of Directors meeting.

Resolution No. R2016-30: Adopting the 2017 Service Implementation Plan, and authorizing the chief executive officer to implement recommended service changes in 2017.

Vice Chair Roberts stated that in December the Operations and Administration Committee received a presentation on the Draft 2017 Service Implementation Plan (SIP). The Draft 2017 SIP describes Sound Transit service changes proposed for implementation during 2017 and preliminary service plans for 2018 through 2022. This action authorizes implementation of the 2017 service changes only.

Approval of the 2017 SIP would authorize implementing two new weekday round trips on the Sounder south line and respective ST Express Sounder connector service, as well as implementation of 15,000 additional annual service hours across the ST Express system to improve schedule reliability and service quality.

Boardmember Johnson stated that he has heard from some overnight shift workers that they would like light rail service hours to be extended. He asked if Sound Transit might add late night light rail service or implement corresponding bus service to mimic the light rail service during those hours.

Mr. Rogoff responded that the SIP does not have an expectation of longer operating hours for light rail. The issue is the availability of a service window for light rail maintenance. He advised that staff will look further into this and will discuss the possibility of parallel bus service with King County Metro.

It was moved by Vice Chair Roberts, seconded by Boardmember Moss, and carried by unanimous vote that Resolution No. R2016-30 be approved as presented.

Resolution No. R2016-37: Adopting an annual budget for the period from January 1 through December 31, 2017, and adopting the 2017 Transit Improvement Plan.

Resolution No. R2016-37 was moved by Boardmember Butler and seconded by Boardmember Roberts.

Boardmember Butler stated that at the December Capital Committee meeting, the committee reviewed 15 amendments to the annual project budget and Transit Improvement Plan. The committee concluded its review of the budget and voted to recommend to the Board the annual project budget and authorized project allocations to date together with the revisions.

Vice Chair Roberts commented that at the Operations and Administration Committee meeting in December, 27 amendments were reviewed and recommended to the proposed budget. The amendments were related to operating expenses, changes to revenue forecast, the ST3 program budget, and an operations technology program budget. The committee voted to recommend to the Board the operating budgets together with the revisions.

Chair Constantine stated that the resolution would adopt the 2017 Budget, including the revisions listed in Attachment C. The action also includes changes to authorized project allocations to date shown in Attachment D.

Chair Constantine noted that adopting the 2017 Budget requires a 2/3 majority vote of the Board, which is 12 members. He called for a roll call vote.

Ayes

Dow Constantine
Nancy Backus
Claudia Balducci
Fred Butler
Dave Earling
Dave Enslow
Rob Johnson

Nays

Pat McCarthy
Joe McDermott
Mary Moss
Paul Roberts
Dave Upthegrove
Pete von Reichbauer

It was carried by the unanimous vote of 13 Boardmembers that Resolution No. R2016-37 be approved.

Motion No. M2016-119: Adopting the Sound Transit 2017 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.

Alex Soldano, Sate Government Relations Officer, provided the staff report. The action would authorize Sound Transit staff and consultants in Olympia to (1) support and engage with partner agencies and others on efforts to facilitate the safe, cost-effective, and efficient delivery of transit projects and services; and (2) to oppose legislation that increases the costs of transit improvements and services or otherwise impairs the agency's ability to deliver its voter-approved regional high-capacity transit program.

It was moved by Boardmember Earling, seconded by Boardmember Johnson, and carried by unanimous vote that Motion No. M2016-119 be approved as presented.

Motion No. M2016-129: Authorizing the chief executive officer to execute a property settlement agreement with King County Metro to acquire property and temporary construction easements from King County Metro to construct the Northgate Station and to provide design and construction services for bus transit facilities to be constructed at or near the station on behalf of King County Metro for a net payment amount of \$6,380,000.

Boardmember Butler stated that the Capital Committee reviewed this item and voted to forward it to the Board without a do-pass recommendation because of committee member concerns about a possible conflict of interest.

Since the Capital Committee meeting, Legal counsel determined that it is not a conflict of interest for Boardmembers to vote on matters affecting their jurisdictions. State law requires that Sound Transit be governed by a Board composed of local elected officials from jurisdictions within the district.

The motion is to execute a property settlement agreement, which incorporates several related actions needed to allow Sound Transit to begin construction of the Northgate Station and elevated guideway on property currently owned by King County.

It was moved by Boardmember Butler, seconded by Boardmember Moss, and carried by unanimous vote that Motion No. M2016-129 be approved as presented.

Motion No. M2016-112: Authorizing the chief executive officer to execute a Permit and Project Review Reimbursement Agreement with the City of Mountlake Terrace for the Lynnwood Link Extension in the amount of \$903,586, with a 10% contingency of \$90,359, for a total authorized agreement amount not to exceed \$993,945.

Rod Kempkes, Executive Project Director, presented the staff report. The action provides for design review services and a permitting agreement with the City of Mountlake Terrace. The agreement includes payment provisions for City of Mountlake Terrace staff and consultant review services for final design plan review, ongoing design coordination, and land use permitting.

It was moved by Boardmember Moss, seconded by Boardmember Moss, and carried by unanimous vote that Motion No. M2016-112 be approved as presented.

Motion No. M2016-131: Authorizing the chief executive officer to extend the due diligence period by up to 60 days for the Disposition and Development Agreements for Sites A, B-South, and C and Site B-North for the Capitol Hill Station Transit Oriented Development and to make such other technical amendments as are necessary to implement the intent of the agreements.

Joanna Valeri, Legal Counsel, presented the action. The motion authorizes the CEO to extend the due diligence period by up to 60 days at his discretion and to amend the agreements to correct scrivener's errors, clarify certain provisions related to Federal Transit Administration requirements, and modify the project schedules to align design and permitting for Site B-North with the other sites.

The Board previously approved two agreements to move forward with a mixed-use transit-oriented development (TOD) at the Capitol Hill Station. The TOD development has approximately 400 units of housing with a significant portion reserved as affordable housing; 30,000 square feet of retail space; a public plaza; and other neighborhood amenities.

It was moved by Boardmember Johnson, seconded by Vice Chair Roberts, and carried by unanimous vote that Motion No. M2016-131 be approved as presented.

EXECUTIVE SESSION

At 3:02 p.m., Chair Constantine announced that the Board would convene an executive session that would last 15 minutes. Desmond Brown, General Counsel, announced that the executive session is authorized under RCW 42.30.110 subsection (d.) for the review of the performance of a public employee. Chair Constantine noted that the Board may consider action following the executive session.

At 3:16 p.m., the executive session was extended 15 minutes.

At 3:29 p.m., the executive session was extended 15 minutes.

At 3:44 p.m., the executive session was extended 10 minutes.

At 3:54 p.m., the executive session was extended 5 minutes.

At 3:58 p.m., the executive session was extended 2 minutes.

Chair Constantine reconvened the meeting at 4:00 p.m.

Motion No. M2016-132: Approving a performance award for Peter M. Rogoff, Sound Transit Chief Executive Officer.

Boardmember Johnson provided Katie Flores, Board Administrator, with a copy of Motion No. M2016-132 with blanks filled in to be read into the record. The motion reads as follows:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that an excellent performance award equal to 7.5% of Mr. Rogoff's annual salary, per the CEO employment contract, is approved based on his work in achieving his performance objectives and evaluation criteria and the 2016 agency milestones.

It was moved by Boardmember Johnson, seconded by Boardmember McCarthy, and carried by unanimous vote that Motion No. M2016-132 be approved with the blanks filled in as provided.

OTHER BUSINESS

None

NEXT MEETING

Board Meeting
Thursday, January 26, 2017
1:30 to 4:00 p.m.
Ruth Fisher Boardroom

ADJOURN

The meeting adjourned at 4:04 p.m.



Dave Somers
Board Chair

ATTEST:


Kathryn Flores
Board Administrator

APPROVED on February 17, 2017, JE