

SOUND TRANSIT BOARD MEETING

Summary Minutes**March 23, 2017**

CALL TO ORDER

The meeting was called to order at 1:32 p.m. by Chair Somers, in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

ROLL CALL

Chair

(P) *Dave Somers, Snohomish County Executive*

Vice Chairs

(A) *John Marchione, City of Redmond Mayor*

(P) *Marilyn Strickland, City of Tacoma Mayor*

Boardmembers

(P) *Nancy Backus, City of Auburn Mayor*

(P) *Joe McDermott, King County Council Chair*

(P) *Claudia Balducci, King County Councilmember*

(P) *Roger Millar, WSDOT Secretary*

(P) *Fred Butler, City of Issaquah Mayor*

(P) *Mary Moss, Lakewood Councilmember*

(P) *Dow Constantine, King County Executive*

(A) *Ed Murray, City of Seattle Mayor*

(P) *Bruce Dammeier, Pierce County Executive*

(P) *Paul Roberts, Everett Councilmember*

(P) *Dave Earling, City of Edmonds Mayor*

(P) *Dave Upthegrove, King County Councilmember*

(A) *Rob Johnson, Seattle Councilmember*

(A) *Peter von Reichbauer, King County*

(P) *Kent Keel, University Place Pro Tem Mayor*

Councilmember

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

REPORT OF THE CHAIR

Revised Agenda

Chair Somers stated that the Board would be working from a revised agenda to add a report on station escalators and to remove Resolution No. R2016-05.

Board Process Review Kick Off

With the passage of Sound Transit 3, the agency is working to deliver on the largest mass transit expansion in the region's history. This increase in work volume requires changes to the way the Board manages the work of the agency and provides direction.

Chair Somers stated that his goal is to ensure that the work of the Board remains efficient and that the agency's work to develop the projects is done in a way that continues to promote public understanding and agency accountability. Increased collaboration between Sound Transit and cities, counties, agencies, and partners is needed to meet the challenges of the expanded capital program.

In order to refine the Board's processes, he will be having conversations with Boardmembers and will ask the Executive Committee to review the Board's bylaws, committee structure, and approval processes to ensure agency business is more efficient and effective for the citizens served by Sound Transit. He announced that the work will begin in April and a work plan will be developed to guide the work throughout the remaining months of 2017.

Boardmember Request to Participate via Teleconference

Chair Somers announced that Boardmember Constantine and Boardmember von Reichbauer asked to participate in the meeting by phone. The Board's 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 Earling, seconded by Boardmember Backus, and carried by unanimous vote that Boardmember Constantine and Boardmember von Reichbauer be allowed to participate in the Board meeting by telephone.

(Boardmember Constantine joined the meeting via teleconference.)

CHIEF EXECUTIVE OFFICER'S REPORT

Update on Federal Budget Impacts

Mr. Rogoff stated that President Trump released his "skinny budget" proposal for fiscal year 2018. This budget consist of documents released by the new administration prior to being in office long enough to put out a fully detailed budget. Within the budget, there is detail concerning what is anticipated for the Federal Transit Administration (FTA). There were three policy proposals identified; one of those has a potential impact on revenues Sound Transit might receive from the federal government. Specifically, the administration identified its intent not to honor the projects that have been underway from prior administrations, and not to sign any new full funding grant agreements for the New Starts program. Sound Transit has benefited from the New Starts program to build the Link light rail initial segment and the University Link Extension.

Sound Transit will need to work with its Congressional delegation, the transit industry, and partners to make a case to Congress that these infrastructure investments are important. The Lynnwood Link Extension was identified by the prior administration to receive \$1.17 billion in March 2018, with \$125 million earmarked in the 2017 budget toward the first down payment. The Federal Way Link Extension was expected to receive \$500 million from the FTA.

Congress could reverse this decision and appropriate dollars for projects that have met program guidelines. Sound Transit has received support from its delegation over the years and feels confident that they will continue to advocate for the agency. Mr. Rogoff stated that on Friday, he and Chair Somers will join Congressman Rick Larsen (2nd District), who serves on the House Transportation & Infrastructure Committee, at a Transportation Roundtable to discuss the cuts proposed by the Trump Administration.

CITIZEN OVERSIGHT PANEL ANNUAL REPORT

Philip Lovell, Chair, Citizen Oversight Panel (COP), presented the panel's annual report. The COP recognized seven major accomplishments in 2016: Bond Rating, Capital Programs, ST3 Plan Approved by Voters in November, Ridership Increases, Public Involvement, Transit Integration, and ORCA LIFT. Areas of concern included Robustness of the Data Network, Including Security; Adequacy of Local Transit Service to Sound Transit Park-and-Ride Lots; I-90 Track Interface Issues; Sounder North Ridership; Operating Costs in Comparison to Peers; ORCA Card Integration; Social Equity; and Impacts of Downtown Seattle Construction on Regional Transportation.

REPORTS TO THE BOARD

Motor Vehicle Excise Tax

Peter Rogoff gave a presentation on the Motor Vehicle Excise Tax (MVET) issues that have garnered recent attention with vehicle owners, the media, and in Olympia. The ST3 package approved by voters last November included an increase in the MVET as one of the revenue sources to make the plan affordable. The new tax rate went into effect on March 1, 2017, and is based on the depreciated value of a vehicle.

The ST3 finance plan includes the 0.3 percent MVET that was approved by voters in 1996 and the additional 0.8 percent authorized in the 2015 transportation package. The 0.3 percent tax will expire in 2028 when the bonds issued by the agency in 1999 are scheduled to retire.

The issue that has gained attention stems from the fact that Sound Transit will be using two different depreciation schedules to value vehicles. From now until 2028 when the 1999 bonds retire, the depreciation schedule that was in place in 1996 through Sound Move will be used to value vehicles. After 2028, the depreciation schedule will move to the new schedule adopted by the State in 2006. This construct was included in the ST3 plan and was enacted in the 2015 Connecting Washington authorization.

The Senate Transportation Committee amended their version of the transportation budget to add a proviso making the Department of Licensing's authority to collect Sound Transit MVET conditional on passage of SB 5893 that requires Sound Transit to change to the 2006 depreciation schedule. On Monday, March 27, 2017, the Committee will hear four bills related to this issue.

Vice Chair Strickland commented that during the course of the ST3 campaign, the Board heard clearly that people wanted more service and sooner. She asked for additional information on the fiscal impact of moving to a different depreciation schedule. She stated that it is important that people understand what the difference is in dollars with a different depreciation schedule.

Mr. Rogoff stated that the loss of the revenue would be significant and would trigger a process similar to what occurred following the last recession. At that time, a number of projects had to be deferred or delayed. There is a formal process under the Board's by-laws that requires the Board to look at its financial plan, measure that against expected revenues, and determine if the commitments to the voters can be met.

Chair Somers commented that this is a complicated issue and any alternatives or suggestions the Board may make have potential impacts that are different by subarea. He stated that he would be offering a motion, following public comment, to further explore and work on the details of alternatives. It is important to do a thoughtful and careful analysis of any options that might be considered to identify the ramifications.

PUBLIC COMMENT

Debbie Bertlin, Deputy Mayor Mercer Island
Stewart Mhyre, Executive Director Business and Operations, Edmonds School District
Tim Eyman
Denise Carnahan
Will Knedlik
Abigail Doerr, Advocacy Director, Transportation Choices Coalition

Motion No. M2017-37: Authorizing the chief executive officer to continue communications and engagement with the State Legislature, and to pursue options to address public concerns about the use of the vehicle depreciation schedule in effect in 1996 in applying motor vehicle excise taxes, in a manner that (1) maintains the agency's obligations to deliver an expansion of the regional mass transit system on voter-approved timelines and budgets and (2) is consistent with the agency's financial policies including commitments to existing Sound Transit bondholders.

Chair Somers introduced Motion No. M2017-37. He stated that due to the issues which have surfaced concerning MVET, he was offering a motion directing the CEO and staff to continue working with the State Legislature and to pursue options to address public concern about the vehicle depreciation schedule. This action should be done in a manner that is consistent with the Board's obligations to maintain the ST3 package schedule and deliverables.

Motion No. M2017-37 was moved by Boardmember Balducci and seconded by Boardmember Backus.

Boardmember Keel addressed the last sentence in the background which refers to "the need to maintain the agency's commitment to voters to deliver the system expansion." He stated that the three factors that drive projects are budget, schedule, and scope. This motion will require that the plan stays with the existing budget and schedule. This leaves only the scope that can change. His concern was how to negotiate without any ability to adjust the current budget and schedule.

Chair Somers stated that there is a fourth factor, which is how to get the revenue to support the budget. The discussion revolves around alternatives to the MVET schedule and the other ways to finance the plan. Chair Somers stated that the intent of the motion is to pursue options and be open for creative thinking by both staff and the legislature. It is a complicated issue and needs careful analysis.

Boardmember Balducci agreed that the CEO should be able to continue working with the legislators to address the issues. She stated that the Board is empowering the CEO to bring back options to the Board that could include going beyond the strict parameters.

Boardmember Balducci offered to amend the motion language to change "in a manner that" to read "with the goal of" and change "(1) maintain" to "(1) maintaining" and "(2) is consistent" to "(2) remaining consistent" to address Boardmember Keel's concerns.

It was moved by Boardmember Balducci, seconded by Boardmember Dammeier, and carried by the unanimous vote of all Boardmembers present to accept the amendment to Motion No. M2017-37.

The motion to approve Motion No. M2017-37 as amended carried by a unanimous vote of all Boardmembers present.

CONSENT AGENDA

Minutes of the February 17, 2017, Board Meeting.

Voucher Certification for February 2017.

Motion No. M2017-26: Authorizing the chief executive officer to execute a sole-source contract amendment with Adventag, LLC to provide operational reporting services for Link light rail in the amount of \$207,360 for a total authorized contract amount not to exceed \$592,360.

Motion No. M2017-32: Authorizing the chief executive officer to execute an amendment to the Tacoma Link Right of Use Agreement with the City of Tacoma for the Tacoma Link Expansion.

Motion No. M2017-33: Authorizing the chief executive officer to execute a Funding Agreement with the City of Tacoma for the Tacoma Link Expansion.

Resolution No. R2017-08: Authorizing the chief executive officer to acquire certain real property interests, including acquisition by condemnation to the extent authorized by law, and to reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants as necessary for the Tacoma Link Expansion.

Resolution No. R2017-10: Authorizing the chief executive officer to acquire certain real property interests, including acquisition by condemnation to the extent authorized by law, and to reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants as necessary for the Lynnwood Link Extension.

Resolution No. R2017-09: Approving the chief executive officer's declaration that certain real properties acquired for the Northgate Link Extension will be surplus and no longer needed for a transit purpose upon completion of construction staging activities.

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

BUSINESS ITEM

Resolution No. R2017-07: (1) Authorizing the Federal Way Link Extension project to advance through Gate 4 within Sound Transit's Phase Gate process; (2) increasing the authorized project allocation to date by \$363,835,000 from \$48,790,000 to \$412,625,000; and (3) increasing the 2017 annual budget by \$64,637,043 from \$6,120,957 to \$70,758,000.

Boardmember Butler stated that the Capital Committee reviewed this item at its March 2017 meeting. In January 2017, the Board selected the route, profile, and stations for the Federal Way Link Extension, and earlier this month, the Federal Transit Administration issued a Record of Decision, which completes the environmental review process for the project.

This action authorizes the project to advance through Gate 4: Enter Final Design within the Phase Gate process. This action also increases the Federal Way Link Extension project allocation to date and increases the 2017 Annual Budget to allow for the preparation of the design-build procurement documents, right-of-way acquisition, and third party utility relocation. The financial plan already includes the funding to support these activities; however, these funds need to be formally allocated to the project budget for this next phase of work.

It was moved by Boardmember Butler, seconded by Boardmember Balducci, and carried by supermajority vote of 13 Boardmembers that Resolution No. R2017-07 be approved as presented.

Resolution No. R2017-11: (A) Amending and restating Resolution No. R2016-36, which, among other things, authorized the execution, delivery and performance of the TIFIA Master Credit Agreement and each TIFIA Loan Agreement related to each MCA Project; (B) authorizing related budget amendments; and (C) providing for other matters properly relating thereto.

Boardmember Butler stated that the Capital Committee reviewed this item at its March meeting and recommends approval.

Pursuant to the Master Credit Agreement (MCA) with the TIFIA Lender that closed in December 2016, Sound Transit agreed to amend and restate Resolution No. R2016-36, which authorized the execution and delivery of the Master Credit Agreement, no later than March 2017. The amendments are principally technical in nature and conform certain provisions in the authorizing resolution to those that were included in the final Master Credit Agreement. All other previously approved terms will remain the same.

It was moved by Boardmember Butler, seconded by Boardmember Moss, and carried by a supermajority vote of 13 members that Resolution No. R2017-11 be approved as presented.

Motion No. M2017-30: Authorizing the chief executive officer to execute a contract amendment with Kiewit-Hoffman, A Joint Venture to provide Heavy Civil General Contractor/Construction Manager construction services for the Seattle to South Bellevue construction within the East Link Extension in the amount of \$661,315,300, plus a 7% contingency of \$46,292,071, totaling \$707,607,371, for a new total authorized contract amount not to exceed \$711,660,541. Further authorizes Sound Transit to issue a notice-to-proceed under the executed contract when appropriate.

Boardmember Butler stated that the Capital Committee reviewed this item and recommends approval. This contract amendment includes the construction of approximately seven miles of double track alignment, two stations, traction power substations, tunnel mechanical and electrical retrofits, and all civil work in the Seattle to South Bellevue portion of the East Link Extension.

This amendment supplements the Board's action in February 2017, which authorized the construction contract for early submittals and post-tensioning steel procurement. The proposed action would implement the construction phase of the GC/CM process. Active construction will begin in June 2017. The work is expected to take approximately 44 months, including provisions that maintain the contractor's involvement through commencement of pre-revenue service.

It was moved by Boardmember Butler, seconded by Boardmember Balducci, and carried by unanimous vote that Motion No. M2017-30 be approved as presented.

Motion No. M2017-35: Authorizing the chief executive officer to execute an Operations and Maintenance Agreement with the Washington State Department of Transportation to define maintenance responsibilities, purchase specialized vehicles, and provide payment for certain maintenance services during light rail construction in the I-90 corridor as part of the East Link Extension for a total authorized agreement amount not to exceed \$2,390,000.

Ron Lewis, Executive Project Director East Link, presented the staff report. This motion would provide funding for an agreement with WSDOT for a joint-effort of maintaining and providing maintenance during the construction of the East Link Extension.

Construction in the I-90 corridor will begin in the center roadway and the outer roadway will then have the new operating HOV lanes. During discussions with WSDOT about the maintenance of the I-90 corridor, it was agreed that there are opportunities for shared costs during construction. This agreement includes the purchase of three maintenance vehicles; shared net costs for maintaining the outer roadways; shared cost of required maintenance and verification inspections to the Homer M. Hadley Bridge (floating bridge); and shared cost of an in-depth electrical and mechanical inspection of the floating bridge and approach spans.

It was moved by Vice Chair Strickland, seconded by Boardmember Keel, and carried by majority vote that Motion No. M2017-35 be approved as presented with Boardmember Millar abstaining.

Motion No. M2017-31: Authorizing the chief executive officer to execute a construction contract with Hoffman Construction Company to construct the U District Station Finishes within the Northgate Link Extension in the amount of \$159,836,688 with a 5% contingency of \$7,991,834 for a total authorized contract amount not to exceed \$167,828,522.

Boardmember Butler stated that the Capital Committee reviewed this item at its March 2017 meeting. This action authorizes a construction contract to construct the U District Station Finishes within the Northgate Link Extension.

The contract includes construction of civil, structural, and architectural finishes for the station. The work also includes elevators and escalators, mechanical and electrical equipment, fire protection and emergency ventilation systems, and surface restoration and landscaping. On-site construction is scheduled to begin in June 2017.

It was moved by Boardmember Butler, seconded by Boardmember Moss, and carried by unanimous vote that Motion No. M2017-31 be approved as presented.

Resolution No. R2017-12: Revising the 2017 On-Demand Bike Locker Pilot project by (a) adopting Open Sidewalks Data and AccessMaps Development as the new name, and (b) establishing a new project scope to develop bicycle and pedestrian transit access information tools in the Interstate 90 corridor.

Brian Brooke, Senior Manager Research, Policy, and Business Development, presented the staff report. In 2015, through a multi-modal, multi-jurisdictional partnership, King County was awarded a WSDOT mobility grant to reduce trips in the I-90 corridor during major highway and regional transit construction projects. As one of the partners, Sound Transit was given the opportunity to program \$150,000 of the program budget, which needs to be used by June 2017.

One element chosen by Sound Transit was a \$60,000 investment in on-demand bicycle lockers to be installed at Mercer Island. The bike locker project was formally adopted by the Sound Transit Board as part of the 2017 Budget. Since this time, the agency has determined that the project cannot be completed within the budget and schedule allowed.

Staff has worked with King County Metro to identify an alternative project for the \$60,000 allocation. The proposed project is to work with Taskar Center for Accessible Technology at the University of Washington to develop detailed data about bicycle and pedestrian infrastructure in the travel sheds of the East Link Extension transit services. The data would be used to produce interactive digital applications to help people of all abilities plan travel to and from stations and transit stops. The data will also be valuable for transportation planning tools and models.

It was moved by Vice Chair Strickland, seconded by Boardmember Earling, and carried by supermajority vote of 12 Boardmembers that Resolution No. R2017-12 be approved as presented.

Motion No. M2017-34: Authorizing the chief executive officer to execute a lease with Argonaut Properties Inc. for warehouse and office space located at 20420 56th Ave. West, Lynnwood, Washington, for a seven-year term with one five-year renewal option, for a total authorized lease amount not to exceed \$4,771,185.

Kevin Workman, Director of Real Property, presented the staff report. This action would authorize executing a lease agreement with Argonaut Properties, Inc., for warehouse and office space in Lynnwood, WA. Due to expanding transit service in the northern and eastern Sound Transit service area, additional warehouse space is needed. This facility will complement the existing maintenance and warehouse office in Auburn.

The facility will serve as a base for facility staff working in the area by providing a workshop for painting, wood and metal fabrication, preparing and assembling equipment, and storage for critical space parts, maintenance supplies, and furniture.

It was moved by Boardmember Earling, seconded by Boardmember Moss, and carried by unanimous vote that Motion No. M2017-34 be approved as presented.

Motion No. M2017-29: Appointing Ms. Sharon Grader to the Citizen Oversight Panel for a term of four years beginning April 1, 2017, and expiring March 31, 2021.

Katie Flores, Board Administrator, presented the staff report. This action will fill one vacancy representing Snohomish County and bringing the membership up to 14. Based on the review of the applications received by Sound Transit, the Snohomish County Boardmembers are recommending Ms. Sharon Grader to fill the vacancy. There is currently one additional vacancy for Pierce County.

It was moved by Vice Chair Strickland, seconded by Boardmember Earling, and carried by unanimous vote that Motion No. M2017-29 be approved as presented.

Motion No. M2017-36: Adopting performance objectives for Peter M. Rogoff, Sound Transit Chief Executive Officer.

Chair Somers stated that the employment contract with the Chief Executive Officer (CEO) provides that the Executive Committee meet and confer with Mr. Rogoff to discuss appropriate annual performance

objectives for him. He has met with the CEO and agreed that the 2017 objectives could come directly to the Board for review.

The six objectives for 2017 are (1) leading staff to accomplish the 26 milestones identified for 2017 in the quarter in which they are expected, whenever within the agency's control; (2) maintaining partnerships with the Board of Directors; (3) maintaining and growing effective relationships with partner jurisdictions, local, state and federal representatives, and other regional stakeholders; (4) increasing agency focus on the quality of the customer experience; (5) reforming the agency to deliver the expanded capital program and projects already in progress; and (6) implementing a new approach for Transit-Oriented Development.

It was moved by Boardmember Moss, seconded by Boardmember Earling, and carried by unanimous vote that Motion No. M2017-36 be approved as presented.

EXECUTIVE SESSION

At 3:16 p.m., Chair Somers announced that the Board would convene an executive session that would last 20 minutes. The Board may consider action following the executive session. Desmond Brown, General Counsel, announced that the executive session is authorized under RCW 42.30.110(1)(i) to discuss pending litigation to which the agency is a party and to which public discussion would result in adverse legal consequences to the agency.

At 3:36 p.m., the executive session was extended 10 minutes.

At 3:46 p.m., the executive session was extended 10 minutes.

At 3:56 p.m., the executive session was extended 15 minutes.

Chair Somers reconvened the meeting at 4:11 p.m.

Motion No. M2017-38: Authorizing the Board Chair to appoint up to three board members to meet with City of Mercer Island elected officials to discuss issues of concern regarding the East Link Project.

Boardmember Balducci offered Motion No. M2017-38. The action would authorize the Board Chair to appoint up to three board members to meet with City of Mercer Island elected officials to discuss and facilitate timely resolution of issues of concern that are within the authority of Sound Transit and the City of Mercer Island alone to resolve. The issues to be addressed may include bus/rail integration, permitting, dedicated staff funding, coordination with other construction projects, mitigation identified in the East Link Extension Record of Decision, access, including bike and pedestrian access, emergency response training, and other issues that can be resolved by Sound Transit and the City of Mercer Island. The appointed board members are not authorized to take an action or to discuss or address any issues related to the equitable access, loss of mobility, or the potential mitigation measures regarding Interstate 90 identified in the 1976 Memorandum to Agreement or the 2004 Amendment to the 1976 Memorandum of Agreement.

She also pointed out that the appointed Boardmembers would not be authorized to bind the agency by any of their actions and that the Sound Transit Board retains exclusive authority to bind the agency.

It was moved by Boardmember Balducci, seconded by Boardmember Butler, and carried by majority vote that Motion No. M2017-38 be approved with Boardmember Earling voting in the minority and Boardmember Millar abstaining.

OTHER BUSINESS

None

NEXT MEETING

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

ADJOURN

The meeting adjourned at 4:20 p.m.



Marilyn Strickland
Board Vice Chair

ATTEST:



Kathryn Flores
Board Administrator

APPROVED on April 27, 2017, JE