

SOUND TRANSIT BOARD MEETING

Summary Minutes**June 22, 2017**

CALL TO ORDER

The meeting was called to order at 1:37 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*(P) John Marchione, City of Redmond Mayor**(P) Marilyn Strickland, City of Tacoma Mayor*Board Members*(P) Nancy Backus, City of Auburn Mayor**(P) Joe McDermott, King County Council Chair**(P) Claudia Balducci, King County Councilmember**(P) Mary Moss, Lakewood Councilmember**(P) Fred Butler, City of Issaquah Mayor**(P) Ed Murray, City of Seattle Mayor**(P) Dow Constantine, King County Executive**(A) Paul Roberts, Everett Councilmember**(A) Bruce Dammeier, Pierce County Executive**(P) Patty Rubstello, Alternate for WSDOT Secretary**(A) Dave Earling, City of Edmonds Mayor**(P) Dave Upthegrove, King County Councilmember**(P) Rob Johnson, Seattle Councilmember**(P) Peter von Reichbauer, King County**(A) 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

Mercer Island

Chair Somers updated the Board on discussions with Mercer Island regarding permits for the East Link project on Mercer Island and the I-90 center roadway closure to begin construction. Through the diligent efforts of many participants, a motion will be considered later on the agenda authorizing the CEO to negotiate and execute a potential settlement agreement.

Chair Somers thanked all those involved including Sound Transit Board members, Mercer Island Councilmembers, key regional leaders, and staff across the organizations. He stated that both sides were committed to finding a reasonable path forward and engaged with each other thoughtfully and respectfully.

Meeting with Minority Contractors

Chair Somers reported that he, Chief Executive Officer Peter Rogoff, and Vice Chairs Strickland and Marchione, met with individuals representing a number of groups interested in Sound Transit's utilization of disadvantaged business enterprises (DBEs) and the fair treatment of these businesses in the procurement and contracting processes. The groups included the Washington State Civil Rights Coalition, NAACP of Snohomish County, the Tacoma-Pierce County Black Collective, the National Association of Minority Contractors, and the Faith Action Network. Participants expressed concerns about disparate treatment of minority contractors across the transportation sector in Washington State. At the meeting, there were suggestions about how Sound Transit can do more to close the gap. An internal team is analyzing these ideas and formulating next steps.

Sound Transit strives to meet or exceed its utilization goals for DBEs each year and has done so over the past three years. The Sound Transit Board and staff recognize that there is more work to do to ensure that as many DBEs as possible have the opportunity to work on Sound Transit projects. He thanked the many community voices who work to hold the agency accountable.

CHIEF EXECUTIVE OFFICER'S REPORT

Mr. Rogoff stated that he attended the American Public Transportation Association (APTA) Rail conference in Baltimore and traveled to Washington D.C. to discuss Sound Transit's continued federal partnership with members of the congressional delegation, senior staff, and administration officials.

While at the conference, he participated in a national press conference with other transit general managers to articulate the collective opposition to the Administration's proposal to eliminate the longstanding federal commitment to the Federal Transit Administration's (FTA) capital investment grant program. Sound Transit is pursuing major capital matching grants for the Lynnwood Link and Federal Way Link light rail extensions. Sound Transit is in the engineering phase with the FTA for the Lynnwood Link Extension and the FTA has earlier set an expected federal contribution of \$1.17 billion toward that project. The Federal Way Link Extension is in the project development phase and it has been anticipated that the project would receive a \$500 million grant for that project.

The delegation has been supportive as demonstrated in the FY 2017 spending bill where Congress provided \$100 million for the Lynnwood Link Extension as an initial installment. Mr. Rogoff commented that while his meetings were encouraging in terms of continued support in congress, there are many unknowns that will not be answered for several months or years. Congress failed to meet its April 15 deadline to pass a budget resolution for 2018, which means the Appropriations Committee will progress without knowing funding ceilings. At a recent hearing with the Appropriations Committee, the Administration reiterated its opposition to funding any new starts projects.

Mr. Rogoff stated that he also had a meeting regarding Sound Transit's long-standing request for a waiver to exclude white-women owned businesses from the pool of business that are granted treatment as DBEs. He met with both the Department of Transportation's acting general counsel and the FTA's Office of Civil Rights. Board members will be kept informed of any progress on the request.

TIFIA Loan – Operations and Maintenance Facility: East

Today the United States Department of Transportation (USDOT) closed on Sound Transit's second TIFIA loan as part of the Master Credit Agreement. Late last year, Sound Transit signed a Master Credit Agreement with USDOT that authorized four low-interest loans. Sound Transit is the first and only agency in the country to have a Master Credit Agreement. This agreement is estimated to save Sound Transit \$200 – \$300 million in borrowing costs over the life of the capital program. The TIFIA loan will fund \$88 million to help finance the light rail operations and maintenance facility on the Eastside.

Mr. Rogoff expressed gratitude to Secretary of Transportation Chao and her team for the continued partnership under the TIFIA program. Under the Master Credit Agreement, two more loans remain to be executed in 2018 for the Lynnwood Link Extension and the Federal Way Link Extension.

Olympia Update

Last week, the State Senate once again voted to pass Substitute Senate Bill (SB) 5893, Senator Steve O'Ban's MVET legislation. It was passed on a party line vote, 25-22 with two Senators excused. This was expected and continues the same back-and-forth that has been taking place between the Senate and the House for the past three months. Senator Liias offered a striking amendment that would create a rebate program, but it was ruled out of order and not considered on the floor.

Earlier this week, Senate Democrats introduced SB 5955; a stand-alone version of Senator Liias' proposed striking amendment (which has already been introduced by Republican Pellicciotti in the House as HB 2201). The Senate Majority Coalition has signaled that they will not accept that approach, and it is unlikely to advance this year.

ORCA Youth Fares

On June 17, 2017, King County Metro and Sound Transit began offering reduced summer fares to all youth between the ages of 6 and 18 who use an ORCA Youth Card to pay their fares. The program will go through September 4, 2017.

The pilot program was established to encourage more youth to ride transit and to make it easier for young people to get around. King County Metro is offering a special 50-cent reduced fare from the regular \$1.50 per ride for youths. Sound Transit is offering a \$1 youth fare, a discount from the regular fare of \$1.50 to \$4.25 to ride Sound Transit trains and buses. Free ORCA cards will be provided to youth who do not already have one.

Board Member Johnson expressed his appreciation for the work done to establish the Youth Fare. He asked for a follow-up conversation with the Operations and Administration Committee to discuss the program and the pros and cons of a pilot program vs a permanent program.

Light Rail Ridership

On June 9, 2017, Link light rail carried 93,000 riders in one day. As the area heads into the time of year for conventions, sporting events, and tourists, ridership numbers are anticipated to be high. Recently the Link operating profile was changed to run all three-car trains and adding two-car trains during peak ridership. This change appears to be handling the load; Sound Transit will continue to monitor conditions on the trains.

Seattle Pride Parade

Mr. Rogoff mentioned that the 43rd annual Seattle Pride Parade was scheduled for Sunday, June 25, 2017. For the third year, Sound Transit will have a group of volunteers in the parade. This year Sound Transit's theme is "Link Together" promoting Sound Transit's Link light rail system expansion and the work the agency does with communities around the region.

PUBLIC COMMENT

Josh Benaloh
Ira Appelman
Paul W. Locke
Debbie Bertlin
Bob Peterson
Paul Feldman
Suzanne Hittman
Chris Roberts, Mayor of Shoreline
Alex Hudson
Doug Holtom

REPORTS TO THE BOARD

Northgate Link Extension Update

Don Davis, Executive Project Director – Northgate Link, provided an update on the Northgate Link Extension. The Northgate Link Extension is scheduled to open in September 2021 and is anticipated to generate over 60,000-weekday boardings by 2030. At each of the three station sites, there are excellent transit-oriented development opportunities, which are already under discussion.

The project was baselined in 2012 with a budget of \$1.9 billion. With 80 percent of the budget committed, the project continues to trend within the baseline budget. There are three major phases in the project schedule. The first three years is building underground tunnels and structures; the second three years is building stations; and the last phase is trackwork and systems.

In preparation for the tunneling work, utilities were replaced or moved to eliminate conflicts with the project. Contractors have also completed work on station boxes to support tunnel-mining operations, along with completing seven miles of tunneling, and cross passages for fire-life-safety emergency access. Tunnel finishes include walkways, fire standpipes, and lighting conduits. Final surface restoration was completed at the University of Washington site where this segment ties into the system.

University of Washington Station Escalator Update

David Huffaker, Deputy Executive Director, Operations and Support Services; Julie Montgomery, Director, Architecture & Art; and Bruce Polnicky, Director, Facilities and Asset Control, provided an update to the February 2017 briefing, and reported on the findings of an engineering study on the University of Washington Station Escalators.

The University Link Extension added more than 20 elevators and escalators to the light rail system. The escalator failures experienced at the University of Washington (UW) Station were considered premature for the age of the escalators, and did not meet the performance standards. Through the engineering study and additional measures taken, there has been improved performance.

The engineering study focused on three aspects. The design, the installation, and the maintenance since installation. From a design perspective, the specifications for the installed escalators at UW Station are closer to a commercial grade. This decision was made by Sound Transit to control construction costs. As a result, the consultant believes the high service loading that the units carry may contribute to a diminished useful life and the units may be more prone to service failures. The assessment also found that reversing direction of the escalators has at times damaged the equipment. These units are reversible, but technical compliance of the functional reversibility remains under review.

The study found that the equipment placement within the pit resulted in very tight clearances making it difficult to perform routine maintenance. In several units, the limited clearances resulted in steps striking other components during operation causing service failures. Sound Transit has received limited documentation from the station contractor describing maintenance performed during the significant period of their care and custody prior to revenue service. Further, pit heaters installed on some of the units to ensure reliable operation during cold weather have not performed as intended.

During the revenue service period, maintenance has been provided by KONE under a contract with King County Metro. The study found that the pits were in need of cleaning, there was inconsistent lubrication of the equipment, and a number of step chains and handrails needed adjustment.

Although this study was quite comprehensive, the root cause for a number of deficiencies are inconclusive. It cannot be stated with certainty whether they are specifically the result of improper

installation or maintenance. This includes premature failure of equipment, the non-uniformity of comb plate adjustments, and the effectiveness and function of automatic chain oilers that were installed.

Looking at the findings, actions have been and will continue to be taken to make improvements. Staff has worked with the contractor and their subcontractor to perform a subset of the recommended work at no cost to Sound Transit as part of the construction contract. KONE was directed to replace major components such as the worn sprockets and to realign the associated drive chains. Staff has also been working with King County Metro to drive performance expectations and results. The reversal of escalators is being limited to a minimal amount to assure they are available when needed operationally until there is a better understanding about the mechanical issues involved in making the escalators reversible.

Throughout the performance of the recommended work, the independent consultant is providing oversight and evaluation of the onsite work. The recommended work will take two to four months to complete. At that point, there will be data on how the escalators are performing and staff will then study whether anything else needs to be done to improve performance. Since the end of March, the escalator performance has exceeded the target availability of 95 percent.

This study has provided important information for the future including incorporating parallel stairs in station design where possible, updating specifications for future stations to align with transit standards, and bundling longer-term maintenance contracts with the manufacturer.

CONSENT AGENDA

Voucher Certification for May 2017.

Motion No. M2017-89: Authorizing the chief executive officer to execute a five-year contract with two one-year options to extend with HDR Engineering, Inc. to provide on-call right-of-way consulting services for a total authorized contract amount not to exceed \$25,000,000.

Motion No. M2017-90: Authorizing the chief executive officer to execute a five-year contract with two one-year options to extend with Universal Field Services, Inc. to provide on-call right-of-way consulting services for a total authorized contract amount not to exceed \$25,000,000.

Motion No. M2017-91: Authorizing the chief executive officer to execute a five-year contract with two one-year options to extend with Contract Land Staff, LLC to provide on-call right-of-way consulting services for a total authorized contract amount not to exceed \$20,000,000.

It was moved by Vice Chair Strickland, seconded by Board Member Johnson, and carried by unanimous vote that the consent agenda be approved as presented.

BUSINESS ITEMS

Resolution No. R2017-21: 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.

Board Member Butler stated that the Capital Committee reviewed this action at its June meeting. The action would authorize the acquisition of 15 parcels consisting of full and partial acquisition, temporary construction easements, and/or permanent easements. The parcels are located in the cities of Seattle and Shoreline.

It was moved by Board Member Butler, seconded by Board Member Moss, and carried by majority vote that Resolution No. R2017-21 be approved as presented.

(Board Member Constantine arrived at this time.)

Motion No. M2017-92: Identifying proposed refinements to the Downtown Redmond Link Extension project for further study.

Board Member Butler stated that the Capital Committee reviewed this action at its June meeting. This motion identifies proposed refinements to the Downtown Redmond Link Extension. Chair Butler asked staff to provide a presentation to the Board on this action.

Bernard van de Kamp, HCT East Corridor Development Director; Leonard McGhee, Redmond Project Manager; and Don Billen, Deputy Director-Capital Project Development, presented the staff report.

In 2011, the Board selected the route to be built for the Downtown Redmond Link Extension. The project is a 3.7-mile light rail extension with two stations and 1,400 parking spaces. The project route continues the East Link Extension from NE 40th Street to Downtown Redmond. The 2011 route ran along the east side of SR 520 and then on the south side of SR 520. The alignment then continues under SR 520, at grade in Downtown Redmond, with a terminal station west of Leary Way.

The proposed refinements to the Downtown Redmond Link Extension would have an elevated guideway in the downtown segment, and would shift the downtown station approximately 500 feet east from the Leary Way location to the Redmond town center location. Considerations for the refinements included transit integration, rearrangement of streets and blocks consistent with the City's plan, and trails in the area with potential connections to the light rail station. Sound Transit recognizes the City's concerns around elevated structures in the downtown area and will work with the City on urban design and aesthetic design to incorporate the design of the facilities in with the design of that portion of the downtown area.

Vice Chair Marchione mentioned that between SE Redmond Station and Downtown Redmond Station is the old BNSF railroad, which the City bought in 2010. This has been converted to the Redmond Central Connector, a linear park and trail. It is important to preserve as much of the trail as possible and still locate the station in a classic way. He expressed his appreciation to staff for working with the City to minimize the impact of the project.

It was moved by Vice Chair Strickland, seconded by Vice Chair Marchione, and carried by unanimous vote that Motion No. M2017-92 be approved as presented.

Resolution No. R2017-22: Amending the adopted 2017 annual budget to create the I-405 Bus Rapid Transit project by (a) establishing the authorized project allocation to date in the amount of \$650,000 and (b) establishing the 2017 Annual Budget in the amount of \$650,000.

Resolution No. R2017-22 was moved by Board Member Butler, and seconded by Board Member Moss.

Board Member Butler stated that the Capital Committee received a presentation on this item. He noted that the action would allow Sound Transit to initiate the I-405 BRT and BRT bus base projects and to preserve Sound Transit's options as the agency prepares for project development in 2018 and 2019.

Chair Somers noted that Resolution No. R2017-22 requires a 2/3 majority vote of the Board, which is 12 members. He called for a roll call vote.

Ayes

Nancy Backus
Claudia Balducci
Fred Butler
Dow Constantine
Rob Johnson
John Marchione
Joe McDermott

Nays

Mary Moss
Ed Murray
Dave Somers
Marilyn Strickland
Dave Upthegrove
Pete von Reichbauer

It was carried by the unanimous vote of 13 Boardmembers present that Resolution No. R2017-22 be approved as presented.

Motion No. M2017-93: Adopting guidelines for Access Enhancement Partnering Agreements with the Cities of Seattle, Shoreline, Mountlake Terrace, and Lynnwood for the Lynnwood Link Extension, as defined by the budget and guidelines set forth in this action and consistent with direction provided in Resolution No. R2015-05.

Rod Kempkes, Executive Project Director, and Michelle Ginder, Chief of Staff-DECM, presented the staff report. In 2015, the Board selected the Lynnwood Link Extension project to be built. As part of that resolution, the Board directed staff to partner with the cities of Seattle, Shoreline, Mountlake Terrace, and Lynnwood during final design to identify and implement appropriate pedestrian, bike, and vehicular access enhancement to the station. At that time, the preliminary project cost estimate included improvements within the station footprint as well as mitigation identified through the Record of Decision and the Environmental Impact Statement. However, that estimate did not include funds for additional enhancements contemplated in this motion.

In developing the station access budget, staff utilized the methodology for ST3 project access allowances that focused on the station typology. Since staff was directed to partner with the cities, a plan was laid out where Sound Transit would fund half the total access amount and the cities would match the other half. This match is meant to provide some flexibility for the cities and could include matching dollars, grants, or other capital investments the cities are making to provide access near the stations. The intent of the partnerships is to maximize the investment toward access enhancements.

Under the scenario, the stations in Seattle, Shoreline, and Mountlake Terrace would each receive up to \$2 million in Sound Transit funds to be matched by a \$2 million city investment. The Lynnwood station is a major regional transit center and would receive up to \$2.5 million in Sound Transit funds. Sound Transit funding for access enhancements at the Lynnwood Link Extension stations would total \$8.5 million. Sound Transit staff will work to develop partnering agreements with each city on specific access enhancements in the coming months as the agency works to obtain land use permits prior to baselining the project later this year.

Approximately \$1 billion in funding for the Lynnwood Link Extension is assumed to be paid for with a capital investment grant from the FTA. While the Lynnwood Link Extension is well along in the FTA project to execute a grant agreement next year, the Administration's proposal to eliminate the capital investment grant program creates an uncertainty about whether that funding source will remain in place. This uncertainty adds to potential cost pressures for the project. Sound Transit continues to work with the FTA and the congressional delegation on this issue, but in light of this uncertainty, it is important to remain mindful of costs on the project.

The project is currently at the 60 percent level of design and is in the process of receiving cost estimates based on the 60 percent design submittal. Staff has been reviewing the cost estimates as they are received, and there are indications that costs have increased since preliminary engineering due to

advancing the project design, unanticipated changes in regulatory requirements, and market conditions. Staff is working closely with the designers, contractors, and third-party partners to identify and implement value engineering to lower construction costs. In addition, property acquisition cost estimates are being updated based on recent appraisals and completed acquisitions. There is a 20 percent escalation in property costs than what was estimated during the preliminary engineering phase of the project.

Mr. Rogoff spoke to comments made earlier by Shoreline Mayor Roberts during public comment. He stated that Chair Somers hosted a meeting with the Mayors of the impacted cities and there have been separate meetings with the City Manager of Shoreline. Mr. Rogoff noted that when the Board approved the Lynnwood Link Extension alignment, the action included language stating that Sound Transit work with these municipalities to partner with them on access improvements. Mr. Roberts, Mayor of Shoreline, stated his concern about the city being required to provide a match when the ST3 allocations do not require a match. Mr. Rogoff signaled interest in continuing to work with the City of Shoreline on the ability to accept investments that the city has made or will be making which are elemental to the overall Lynnwood Link Extension vision in Shoreline. There is still a disagreement on the size of the overall allocation, but it is important to be observant about the cost pressure on this project.

The access fund was included in ST3, but the ST3 plan language allowed it to be available for ST2 and Sound Move projects. The fund is still constrained by the \$100 million volume. Staff will return to the Board with a policy discussion on the access fund and how the Board would like to structure the distribution of funds.

It was moved by Vice Chair Strickland, seconded by Board Member Butler, and carried by unanimous vote that Motion No. M2017-93 be approved as presented.

Motion No. M2017-95: Authorizing the chief executive officer to execute a lease agreement with 705 Union Station, LLC for office space located on the first, fourth, fifth and sixth floors of 705 Union Station in Seattle, WA through November 30, 2023, with an option to renew for an additional five years, for a total authorized agreement amount not to exceed \$42,204,435.

David Huffaker, Deputy Executive Director Operations, and Nancy Bennett, Property Management Manager, presented the report.

Mr. Huffaker mentioned that over the past months, the Board has heard about the System Expansion Implementation Plan to ramp up the project teams. The space planning team has been working with all departments and project teams to develop detailed staffing forecasts. From that work, nearly 600 spaces were identified to co-locate staff and consultants in the Union Station campus area. Staff has worked with brokers to identify space in the Union Station campus area that will accommodate the growth.

Ms. Bennett stated that the action is a five-year lease with a five-year option to renew for 78,000 sq. ft. in the 705 Union Station building. The amount requested would cover the ten years of rent and common area maintenance charges, including escalation, plus an amount for tenant improvements estimated to be needed on the three floors. Those costs are offset by two months of rent abatement and a tenant improvement allowance being provided by the landlord. Currently Sound Transit has subleases with the previous tenants in these spaces. With this long-term commitment, there will be improvements made to the 4th and 5th floors in preparation for move-in later in 2017.

It was moved by Vice Chair Strickland, seconded by Vice Chair Marchione, and carried by unanimous vote that Motion No. M2017-95 be approved as presented.

Resolution No. R2017-23: (1) Declaring that the First Hill Transit-Oriented Development Site property is suitable for development as housing, (2) directing staff to offer the property first to qualified entities as described in RCW 81.112.350; and (3) directing staff to offer the property through a process that seeks to maximize affordability and density and reflects the goals of the agency, local municipality, and community.

Ric Ilgenfritz, Executive Director PEPD; Brooke Belman, Land Use and Development Director; and Sarah Lovell, TOD Planning Manager, presented the staff report. Mr. Ilgenfritz stated that staff is seeking direction from the Board on determining the suitability of the First Hill parcel for residential development and for the manner in which it may be offered for proposals to the development market. This parcel does not have any federal money associated with it and is zoned to accommodate a 15- to 16-story building.

Ms. Lovell stated that this property is a half-acre and zoned for 160 feet of height. Staff has worked to prepare to offer the property to the market. The capacity of the site is approximately 260 housing units for a high-rise building; however, high-rise construction is expensive and may be cost prohibitive for affordable housing. The real estate market is very active in this area and presents challenges for affordable housing. There is both community and Seattle City Council support for affordable housing at this site.

The First Hill Improvement Association's (FHIA) Land Use and Open Space Committee worked to develop community priorities for the site that were confirmed at the Sound Transit-FHIA community meeting. The priorities included the site will provide 100 percent affordable housing; the affordability is to be set at 60 percent of the area median income; the site should include retail and community space, which is a requirement in the area; and the site should include family-sized units.

This action addresses four issues: (1) whether is the property's suitable for development as housing; (2) whether the property should be offered first to Qualified Entities (non-profit developers, local governments and public development authorities); (3) whether the property offering should request proposers to maximize density and affordability; and (4) whether the property offering should provide flexibility around price and ask proposers to tell us what amount of subsidy their projects require, necessitating staff to come back to the Board to set the property value.

Suitability for housing considerations included looking at local plans and the property's zoning; whether the environmental conditions are conducive for housing; strong community and city support for housing, especially affordable housing on the property; and that there is a real estate market for housing in the community. All of these factors were positive and the action before the Board would declare the property is suitable for development as housing.

Under the new state statute, the Board needs to evaluate whether to offer property that is suitable for housing first to qualified entities defined as local governments, housing authorities, and non-profit developers. Considerations included whether the property was declared suitable for housing; whether there was the opportunity to create significant affordable housing; whether there was strong community and city support; and whether the property offering would reflect the intent of the new statute. All of these factors were positive and the action before the Board would direct staff to first offer the property to qualified entities.

In terms of the nature of the offering, staff is proposing to put this out to the market in a flexible manner. Considerations included the strong community and city support for affordable housing on the property, but site density is also an important goal. Staff has found that the development community often has very creative solutions. Rather than prescribe how to do this project, staff is asking for the Board's support in creating an offer that would ask the development community to respond as best they can.

Providing this flexibility would give the agency better information when contemplating pricing the property at a later date.

In pricing the property, staff would ask proposers to demonstrate concepts and to qualify their requests for discounted land value. Staff would come back to the Board following review of proposals to discuss valuing the property to facilitate an outcome that best performs against agency, city, and community goals.

Ms. Belman spoke to the concept for the First Hill TOD process. Typically, when requests for proposal (RFP) are issued, it is descriptive and sets a price and determination. This new concept will turn the question back to the development community to solve it and to come to the table with ideas on how to address the competing goals.

With Board direction to proceed with putting out the offer to qualified entities, the agency will develop and release the RFP that would request creativity to address the goals. Staff would evaluate the proposals on how the goals are met. This would include a financial plan that would outline sources and assumptions including how much, if any, public subsidy is needed. Staff would come back to the Board to seek authority to discount the property, if needed, below fair-market value and would ask for authorization to enter into negotiations with the highest ranked proposer. If there were no successful offerings, staff would return to the Board to discuss next steps.

Board Member Murray stated that there are resource limitations. While it is important to be innovative, he has realized that implications for this policy is much greater than was initially realized and the obligations on jurisdictions is much greater. Last year the voters doubled the housing levy for the City of Seattle to \$28 million for both 2017 and 2018. The Roosevelt TOD without land costs is \$25 million; the First Hill without land costs is \$30 million. The City has about 19 other projects, including culturally significant projects. In addition, Sound Transit has other potential surplus property at Mt. Baker and Rainier Beach. He agreed that these properties should definitely be developed for 100 percent affordable housing. It is in line with what the City of Seattle has done with its housing livability agenda and it is in line with the commitment made to triple the number of low-income units within ten years. However, the numbers indicate that there will be nothing built but projects related to Sound Transit and the other projects that need to be built throughout the city will not have city funding. He encouraged the Board as these projects move forward to bring in the Seattle Housing and the King County Housing. Whether it is the way the initial legislation was written in Olympia, or market forces, this is a reality that needs to be faced. Advocates who are for these projects are also the same advocates who absolutely need affordable housing in other parts of the city; that will go away under the current configuration.

Board Member Johnson stated his appreciation of the public comments on this subject. During the TOD workshop, he took away the real importance of local elected officials helping to determine the right process and pathway for TOD parcels. As the Board works toward these individual property transactions, local conversation will be important.

It was moved by Board Member Johnson, seconded by Board Member Backus, and carried by unanimous vote that Resolution No. R2017-23 be approved as presented.

Motion No. M2017-97: Authorizing travel and approving payment of expenses for Boardmember Paul Roberts to attend Rail~volution in Denver, Colorado from September 17, 2017, through September 20, 2017, on behalf of Sound Transit.

It was moved by Vice Chair Marchione, seconded by Board Member McDermott, and carried by unanimous vote that Motion No. M2017-97 be approved as presented.

Motion No. M2017-96: Authorizing the chief executive officer to negotiate and execute a settlement agreement with Mercer Island to settle pending litigation through payment of certain reimbursable expenses not to exceed \$10,050,000, all as provided in this motion.

Ron Lewis, Executive Project Director East Link, and Eric Beckman, Deputy Executive Director, Business and Construction Services, reviewed the substance of the proposed settlement agreement with Mercer Island.

Through this agreement, Sound Transit and the City of Mercer Island will ask the Court to suspend and stay the proceedings in Sound Transit's two lawsuits against the City, but the orders issued by King County Superior Court will remain in effect. Final judgment should be issued dismissing the lawsuits when all required permits for East Link Extension have been issued by the City. The City and Sound Transit will ask the Court to suspend and stay the proceedings in the City's lawsuit against Sound Transit and WSDOT. The City will not commence any further proceedings or new litigation or new regulatory action impacting the East Link Extension. The City's lawsuit and appeals will be dismissed with prejudice if both parties approve a final settlement agreement.

In exchange, Sound Transit will lease up to 100 additional parking stalls during the temporary closure of the South Bellevue Park-and-Ride; provide a framework for designing and constructing a bus/rail transfer facility oriented along North Mercer Way and 77th Avenue SE; provide up to \$5.1 million in reimbursements to a City of Mercer Island led study, design, and construction of traffic safety enhancements; provide up to \$4.41 million in contribution to one or more City of Mercer Island led transit-oriented development or structured commuter parking facilities; and provide funding and partnership with the City and King County Metro to pilot last-mile transit solutions. There will be other minor contributions including funding of first responder training for evacuation of the tunnels across I-90, a small contribution to the Aubrey Davis Park, and a partnership between Sound Transit and King County for some last-mile transit solutions. The maximum total authorization will be of \$10.05 million for all purposes identified.

Vice Chair Marchione commented that Mercer Island elected officials asked for reassurance on Sound Transit's commitment to work and make the 77th Street stop successful. Sound Transit plans to work collectively with King County Metro to make it successful.

Vice Chair Strickland stated that as a fiduciary of Sound Transit, she would not be able to support the motion. She went into the negotiations as a member of a regional body and, as so has to look at things such as equity and fairness. She stated concerns about the precedent this agreement could set, and said she would not support the action.

Board Member Balducci stated that she would be supporting the motion because the R-8A agreement in 2004 was signed by the parties mentioned and it set the vision for how the lanes of I-90 would be used, the configurations under which light rail could cross I-90, and a number of other items. Then a few months ago, the Federal government notified the parties that they were not going to honor the request because it could not be done. That changed the picture for Mercer Island. All the other signatories of the agreement are getting what they expected. With this settlement, Sound Transit is working within its authorization and responsibility to try to maintain mobility in a unique situation.

It was moved by Vice Chair Marchione, seconded by Board Member Balducci, and carried by majority vote that Motion No. M2017-96 be approved as presented with Vice Chair Strickland voting in the negative.

OTHER BUSINESS

None.

NEXT MEETING

Friday, July 27, 2017
1:30 to 4:00 p.m.
Ruth Fisher Boardroom

ADJOURN

A motion to adjourn was moved by Board Member Moss, seconded by Vice Chair Strickland, and carried by unanimous vote.

The meeting adjourned at 3:54 p.m.



Dave Somers
Board Chair

ATTEST:



Kathryn Flores
Board Administrator

APPROVED on August 24, 2017, JE