

SOUND TRANSIT BOARD MEETING

Summary Minutes**November 15, 2018**

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) *Ron Lucas, City of Steilacoom Mayor*

Board Members

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

(P) *David Baker, City of Kenmore Mayor*

(P) *Claudia Balducci, King County Councilmember*

(P) *Dow Constantine, King County Executive*

(P) *Bruce Dammeier, Pierce County Executive*

(P) *Jenny Durkan, Seattle Mayor*

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

(P) *Rob Johnson, Seattle Councilmember*

(P) *Kent Keel, City of University Place Mayor*

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

(P) *Roger Millar, WSDOT Secretary*

(P) *Paul Roberts, Everett Councilmember*

(P) *Dave Upthegrove, King County Councilmember*

(P) *Peter von Reichbauer, King County*

Councilmember

(P) *Victoria Woodards, City of Tacoma Mayor*

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

REPORT OF THE CHAIR

Board Member Request to Participate via Teleconference

Chair Somers announced that Vice Chair Lucas and Boardmembers Baker, Constantine, McDermott, Keel, von Reichbauer, and Woodards have asked to participate in the meeting by phone. The Board's rules only allow 25 percent of members to participate by phone, which would limit this to four members. He asked the Board to temporarily suspend the rules to allow seven members to participate by phone. A supermajority positive vote of the Board members in attendance is required to temporarily suspend the rules.

It was moved by Boardmember Backus, seconded by Boardmember Roberts, and carried by unanimous vote of the members in attendance to suspend the rules to allow seven members to participate by telephone.

It was moved by Boardmember Backus, seconded by Boardmember Johnson, and carried by unanimous vote that Vice Chair Lucas and Boardmembers Baker, Constantine, McDermott, Keel, von Reichbauer, and Woodards be allowed to participate in the Board meeting by telephone.

CHIEF EXECUTIVE OFFICER'S REPORT

Peter Rogoff, Chief Executive Officer, commented that the Board schedule calls for a many initiatives to occur in the months of November and December. In October, the Board made major reforms to its committee structure and spending authority thresholds and today the Board will act on rule changes that will complete the Board reform initiative initiated in January of 2017.

At the December meeting, the Board is expected to make final adjustments and adopt the 2019 Budget. Those adjustments will be discussed at the Operations and Administration Committee and the Capital Committee as part of their December meetings. In addition, many of the staff's annual milestones will be completed this month and next.

Tacoma Link Groundbreaking

Mr. Rogoff informed the Board that on November 19, Sound Transit will hold a groundbreaking to kick off construction of the Hilltop Tacoma Link Extension. Mayor Woodards, Senator Murray, and Congressman Kilmer will join staff. Representatives from the Federal Transit Administration (FTA) and community leaders will attend.

Northgate Garage

On Monday, Sound Transit will open the new parking garage at Northgate. The garage is part of the Northgate Link Extension project. Although rail service from this station is over two years away, the agency committed to opening this garage to accommodate the loss of other parking due to construction.

I-5 Bus-On-Shoulder Project

Mr. Rogoff stated that the new Bus-On-Shoulder lane on southbound I-5 between the Lynnwood Transit Center and the Mountlake Terrace Freeway Station opened this week. This North Corridor project represents the first use of ST3 construction funding following voter approval in 2016. The project is a partnership between WSDOT, Community Transit, and Sound Transit, with both WSDOT and Sound Transit contributing construction funds.

Light Rail Guideway

Earlier this week, staff briefed the media on the East Link Extension guideway construction that will soon cross over I-90 in south Bellevue. Sound Transit contractor crews are constructing the bridge using a sophisticated balanced cantilever construction method. From a large column that has been constructed, two movable forms of concrete known as "travelers" will move outward as crews use them to construct bridge segments. The travelers will move outward at an equal pace, keeping the structure balanced as concrete segments are added on each side.

Partnership Agreements

Mr. Rogoff commented that the success in getting the projects built requires partnerships with municipalities and partner agencies. He pointed out that included on the consent agenda are two agreements with the City of Kent, two with the City of Mountlake Terrace, one with Pierce Transit, one with the City of Milton, one with the City of Redmond, and one with King County Metro.

Eyman Initiative

Yesterday news media reported that Tim Eyman delivered signatures to the Secretary of State for his Initiative 976. If this initiative to the Legislature were to take effect, it would establish \$30 vehicle license tabs while requiring full elimination of Sound Transit's motor vehicle excise tax (MVET) and the retirement of previously issued Sound Transit bonds to which MVET revenues are pledged.

Mr. Eyman told the media that he and his partners had gathered 286,003 voter signatures to qualify I-976. The Secretary of State's office reportedly recommends that sponsors submit a minimum of 325,000 signatures as a buffer against invalid signatures in order to meet the requirement of 259,622. The media reported that Mr. Eyman voiced confidence in obtaining the remaining 40,000 before the

January 4 deadline. If the signature requirements are met, the Legislature would need to decide whether to approve the car-tab tax reductions as written in the initiative. If it declines to do so, the initiative would go to voters in November 2019. The Legislature could also adopt an amended version of the initiative. In that event, both the original and amended initiative would go to the voters in November 2019.

The MVET makes up 12.3 percent of Sound Transit's annual local tax revenues required to implement Sound Move, ST2 and ST3. If Sound Transit were to sustain this impact to its funding cuts, the Board would face decisions about which voter-approved projects and services around the region should be delayed and/or cut.

New Sound Transit Website Design

Last night, the agency launched a new web site design for Sound Transit. The last major website update was in 2011. Today, most web use begins on a mobile phone and starts with a search term or question. Data shows that with one million monthly visits, customers and stakeholders expect to find the information they need quickly and, predominantly, on their mobile devices.

ViP Award for Customer Service

The agency has implemented a Values in Practice or "ViP" award. This is a peer recognition award to individuals who exhibited the agency's core value. In November, the agency celebrated the core value of Customer Service. The value statement for customer focus is "We always start with the customer and work back from there. They are the focus of everything we do."

Phong Nguyen from IT and Mari Wirta from Communications were nominated and selected for their excellent and collaborative work building an enhanced solution for resolving customer issues with our Ticket Vending Machines that resulted in a streamlined internal process for customer refunds, increased real-time communication with our customers, and reduced paper use.

Candace Toth from DECM was nominated and selected for working closely and diligently with divisions across the agency to design and install customer-focused signage solutions for our UW Station Back of House Stair Improvement and Light Rail Vehicle Fleet Expansion projects.

He congratulated the awardees for their outstanding work.

External Engagement

The Elected Leadership Groups of the I-405 and SR 522 Bus Rapid Transit (BRT) projects are having a joint meeting at the end of the November to focus on the connection between the two BRT systems in the vicinity of UW Bothell/Cascadia College.

PUBLIC COMMENT

Will Knedlik
Alex Tsimerman, Stand Up America
Joe Kunzler

CONSENT AGENDA

Minutes of the September 27, 2018, Board of Directors meeting.

Minutes of the November 8, 2018, CEO Contract Subcommittee meeting.

Motion No. M2018-135: Authorizing the chief executive officer to execute a contract amendment with Quality Business Systems, Inc., a Xerox Company, and Xerox Financial Services LLC, to provide Enterprise Managed Print Services in the amount of \$1,791,000, for a new total authorized contract amount not to exceed \$5,129,503 plus applicable taxes.

Motion No. M2018-137: Authorizing the chief executive officer to execute a five-year contract with five one-year options to extend with Wells Fargo to provide comprehensive banking and merchant services in an amount not to exceed \$21,140,111.

Motion No. M2018-138: Authorizing the chief executive officer to execute an amendment to an agreement between Pierce Transit and Sound Transit for ST Express Bus Service Operations and Maintenance.

Motion No. M2018-139: Ratifying an interlocal agreement with King County Metro Transit for ORCA LIFT registration services in the amount of \$300,000 and approving an amended scope and term extension through 2020 for an additional amount of \$237,000, providing a new total authorized agreement amount not to exceed \$537,000.

Motion No. M2018-140: Authorizing the chief executive officer to execute the Interlocal Cooperation Agreement For Implementation, Operation and Maintenance of the ORCA System.

Motion No. M2018-147: Authorizing the chief executive officer to execute a Transit Way Agreement with the City of Kent to grant Sound Transit non-exclusive use of a light rail transit way within City right-of-way to construct, operate, maintain, and own a light rail transit system for the Federal Way Link Extension.

Motion No. M2018-148: Authorizing the chief executive officer to execute a Development Agreement with the City of Kent for the Federal Way Link Extension.

Motion No. M2018-149: Authorizing the chief executive officer to execute (1) an agreement with the City of Milton to provide expedited permitting, design, design review, and construction services for the Tacoma Dome Link Extension and (2) Task Order 1 in the amount of \$19,560, with a 10% contingency of \$1,956, for a total authorized agreement amount not to exceed \$21,516.

Motion No. M2018-150: Authorizing the chief executive officer to amend the contract with PGH Wong Engineering, Inc. to provide construction management services for the construction phase of the Lynnwood Link Extension in the amount of \$70,704,071, with a 7% contingency of \$4,722,859, totaling \$75,426,930, for a new total authorized contract amount not to exceed \$83,729,135.

Motion No. M2018-151: Authorizing the chief executive officer to execute a reimbursement agreement with the City of Mountlake Terrace for design services for the Lynnwood Link Extension in an amount not to exceed \$250,755.

Motion No. M2018-152: Authorizing the chief executive officer to execute an amendment to the Permitting and Reimbursement Agreement with the City of Mountlake Terrace to add continued design review and construction support services for the Lynnwood Link Extension in the amount of \$2,131,287, with a 7% contingency of \$139,400, for a new total authorized agreement amount not to exceed \$3,125,232.

Motion No. M2018-153: Authorizing the chief executive officer to execute a contract amendment with International Electronic Machines Corporation to provide vibration and wheel flat detection and monitoring for the Northgate Link Extension in the amount of \$3,370,036, with a 10% contingency of \$337,004 totaling \$3,707,040, for a new total authorized contract amount not to exceed \$9,206,380.

Motion No. M2018-154: Authorizing the chief executive officer to execute an agreement with the City of Redmond for project administration services to provide expedited permitting, design review, and construction support services for the Downtown Redmond Link Extension in the lump sum amount of \$5,711,933.

It was moved by Boardmember Johnson, seconded by Boardmember Earling, and carried by unanimous vote that the consent agenda be approved as presented.

(Boardmember von Reichbauer joined at this time.)

BUSINESS ITEMS

Resolution No. R2018-47: Authorizing (1) a 0.98 percent increase in the regular property tax levy for 2019, (2) the preparation of the levy certification forms, and (3) the chief executive officer to contract for any necessary contracts for tax collection and/or administration services.

Shahnaz Ghazi, Senior Financial Planner, presented the staff report. This action authorizes an increase of 0.98 percent to the regular property tax levy for 2019. She stated that the assessed property values are used to establish the levy rate. Sound Transit has a maximum rate of 25 cents per \$1,000 of the assessed valuation. The revenue budget for 2019 is \$2.4 billion. The majority of the revenue budget, 57 percent, comes from sales taxes; property taxes are 6 percent of the revenue budget. Expenditures are forecasted at \$2.9 billion for 2019, and the shortfall would be funded by a drawdown on cash reserves.

If this action is approved by the Board, Sound Transit will submit a 2019 property tax budget of \$151,500,000 to the assessor, which includes the statutory one percent increase of \$1,435,886 over the previous year's actual levy, and \$4,219,018 for estimated new construction and prior year refunds. This action authorizes staff to prepare levy certification forms and submit them to King, Pierce, and Snohomish Counties, and authorizes the chief executive officer to take any actions deemed necessary or useful to implement this resolution.

Vice Chair Lucas stated that he would be voting no on the action. He stated that this is a nuisance and he does not feel this Sound Transit should be requesting the property taxes at this time.

Boardmember Dammeier encouraged Boardmembers to vote no on this action. He stated that the Board has an opportunity to show some good will with the tax payers. The \$1.4 million that would go with this vote is slightly over half of 1/10th of a percent of the revenue for 2019. Voting no would not jeopardize the agency's ability to deliver the project, but would show some good faith to the tax payers.

Boardmember Johnson stated that he will vote yes. He said it is a Board commitment to deliver the projects and promises approved by the voters. This is a critical resource to build out the system.

Resolution No. R2018-47 was moved by Boardmember Upthegrove and seconded by Boardmember Balducci.

Boardmember Johnson asked if the Board rules allow the Board to reconsider the action later in the meeting if other Boardmembers were not able to cast a vote. Ms. Flores stated that Roberts Rules would allow reconsideration of the action.

The Board paused the meeting to allow staff to confer with Legal Counsel as to whether this action requires a supermajority vote. Ms. Flores announced that Legal Counsel has determined that the action is considered a major decision of the Board and does require a supermajority vote.

Ayes

Nancy Backus
Claudia Balducci
Dave Earling
Rob Johnson
Joe McDermott

Roger Millar
Paul Roberts
Dave Somers
Dave Upthegrove
Victoria Woodards

Nays

Bruce Dammeier
Jenny Durkan
Ron Lucas
Pete von Reichbauer

The vote to approve Resolution No. R2018-47 failed with a vote of 10 affirmative votes and 4 votes in the minority.

It was moved by Boardmember Durkan, second by Boardmember Woodards, and passed by majority vote to reconsider Resolution No. R2018-47 later in the meeting should more Board members be present.

Resolution No. R2018-45: Updating the Board Rules and Operating Procedures and superseding Resolution Nos. 1-1, 1-1 (Amended), R2010-03, 64 and 98-7.

Chair Somers recapped that since last year, the Board has been working to position itself in a way that will allow oversight and guidance in strategic areas, while improving efficiencies in order to ensure success in completing the large system expansion program approved by voters.

This action is to update the Board rules. The Executive Committee received a presentation on the proposed updates and provided feedback at its November meeting. He asked Katie Flores, Board Administrator, to provide an overview of the changes.

Ms. Flores commented that this is the final piece of the Board process review. The Board previously approved changes to the committee structure and to the procurement and delegated authority policies. With approval of this action, all three policies would be effective January 1, 2019.

The Board rules were last reviewed in 2001. This update would refresh the rules and incorporate changes that have taken place since the last review. The update also responds to concerns by Board members and incorporates elements from the rules based on the peer review. The areas with proposed updates include Board member participation by phone or video, meetings by phone during emergencies, public comment, and administrative updates.

Board Phone Participations: The updated rules include video as a potential future option. It also outlines the circumstances under which a member can participate via phone by no longer requiring a vote to allow a member to participate via phone. The rules still limit the number of members who can participate on the phone at 25 percent of the Board.

Meetings via Phone in Emergencies: The updated rules provide an additional option for all Board members to participate by phone if an emergency is declared. The Board room would be made available to the public who wish to view the meeting. The rules maintain two other provisions in an emergency: (1) allowing the meeting location to be changed, and (2) the Board Chair or Vice Chair are allowed to act on behalf of the Board when half of the members determine that a meeting is impracticable or impossible due to an emergency. The actions would be subject to Board ratification at the next Board meeting.

Public Comment: The updated rules clarify the scope and intent of public comment and incorporates current practice around public comment including use of a sign-up sheet, what meetings and topics are appropriate for public comment, and would clarify that public comment would be allowed on business items or reports at the meeting and items on a committee agenda. Public comment would not be taken at subcommittee meetings. The updated rules provide clarity around acceptable behavior during public comment and a list of disruptive behaviors that are prohibited. If individuals are in violation of the rules for public comment or are disrupting the meeting, the chair can issue a warning. Continued violations may end the comment period, or require the individual to leave the room in the case of meeting disruptions. The rules allow an individual to be excluded from public comment if they are removed from two or more meetings in a 28-day period, or two or more consecutive meetings of the Board or a committee. The Chair will determine the period of time that an individual will be excluded from public comment, up to 180 days. Individuals will still be able to submit written comments during the exclusion period.

Administrative Updates: There were many administrative updates to the rules including incorporating the related Board travel and signature authority policies; clarifying the role of the Board Chair, Board Administrator and General Counsel; updating officer election procedures to add schedule flexibility and add a process for filling vacancies; incorporating the Board committee names adopted in September; clarifying procedures related to the Committee Chairs, including signature authority for delegated areas and process for electing a temporary chair in the case of absences; and procedures for committee appointments to add flexibility to the schedule and consistency in the length of the terms for committee leadership and Board leadership.

It was moved by Boardmember Roberts and seconded by Boardmember Backus to approve Resolution No. R2018-45.

Amendment 1 – offered by Boardmember Durkan

Amend the Resolution No. R2018-45 section 3.13, as follows:

- 3.13 **Agenda setting.** Board, committee and subcommittee chairs, in cooperation with the Board administrator or designee, establish the order of business for meetings and identify consent agenda items. At the direction of the Board, committee or subcommittee chair, the Board administrator or designee prepares and distributes agendas in advance of regular meetings. Agendas will include any anticipated discussions and/or actions. Any Board member may request that the appropriate chair include a topic on an agenda before the agenda is published. Board members who would like to offer an action or propose an amendment to an action should notify the appropriate chair and Board administrator in advance, except in extenuating circumstances. Members of the public may request that an issue or topic be placed on an agenda by contacting and securing approval of the Board chair.

Boardmember Durkan stated that this amendment would make sure that there is adequate notice to the public and to Board members on what is being considered.

It was moved by Boardmember Durkan, seconded by Boardmember Roberts, and carried by unanimous vote of all Boardmembers present that Amendment 1 be accepted as an amendment to Section 3.13 as presented.

(Boardmember Constantine arrived via teleconference at this time.)

Amendment 2 – offered by Boardmember Dammeier

Amend the Resolution No. R2018-45 section 3.13, as follows:

- 3.13 **Agenda setting.** Board, committee and subcommittee chairs, in cooperation with the Board administrator or designee, establish the order of business for meetings and identify consent agenda items. At the direction of the Board, committee or subcommittee chair, the Board administrator or designee prepares and distributes agendas in advance of regular meetings. Agendas that include any action items must be distributed to Board, committee, or subcommittee members and the public at least one week in advance, and agenda amendments must be distributed at least 24 hours in advance of the meeting. Any Board member may request that the appropriate chair include a topic on an agenda before the agenda is published. Members of the public may request that an issue or topic be placed on an agenda by contacting and securing approval of the Board chair.

Boardmember Dammeier stated that this amendment would codify some of the agency's procedures so that the public and the Board know what can be expected. He proposed editing the motion to read "and the public at least six days in advance," to reduce the burden on the Administrative team.

Boardmember Upthegrove asked if in the event of an unforeseen need to place something on the agenda, is there the possibility of suspending the rules. Ms. Flores stated that the rules would maintain that temporary suspension of the rules requires 2/3 majority vote of the members in attendance.

It was moved by Boardmember Dammeier, seconded by Boardmember Johnson, and carried by unanimous vote of all Boardmembers present that Amendment 2 be accepted as an amendment to Section 3.13 as amended with the change to distribute agendas with action items as least six days in advance.

Amendment 3 – offered by Boardmember Durkan

Amend the Resolution No. R2018-45 section 3.18, as follows:

3.18 **Actions.** Legislative acts of the Board of a general or permanent nature are made by resolution. Other Board actions may be made by motion. An affirmative vote of a majority of Board members in attendance is required for approval of resolutions and motions, provided that an affirmative vote of two-thirds of the entire membership of the Board is required for major decisions pursuant to RCW 81.112.040 and any other actions designated major decisions by the Board. Final action will not be taken on any action unless there was notice and an opportunity for public comment on the action. Committee recommendations for Board action are sent to the Board in the form of proposed resolutions or motions, as applicable, and are included as part of the Board's agenda, when feasible.

Boardmember Durkan stated that this amendment would clarify the intent law and procedure to allow public comment on an action that was not subject to public comment through the agenda.

It was moved by Boardmember Durkan, seconded by Boardmember Dammeier, and carried by unanimous vote of all Boardmembers present that Amendment 3 be accepted as an amendment to Section 3.18 as presented.

Amendment No. 4 – Offered by Boardmember Dammeier

Amend the Resolution No. R2018-45 section 3.19, as follows:

3.19 **Consent agenda.** The Board chair may include actions of a routine nature that are forwarded to the Board from a committee with a unanimous do-pass recommendation on a consent agenda. Any Board member may remove any item from the consent agenda for further discussion before a vote is taken. Items removed from the consent agenda are transferred to the regular agenda to consider and vote on separately.

Boardmember Dammeier stated that the amendment would incorporate a practice that in order for an action to go to the consent agenda, it must have had unanimous support of the members of the committee. If a committee member opposed an action, the Board should understand why before final action.

Boardmember Backus commented that any Board member in attendance has the ability to pull off an item on the consent agenda. She does not feel “unanimous” is needed.

Boardmember Dammeier stated that he was under the impression that there have not been many dissenting votes on actions at the committee level. He wanted to add this so if there is not a unanimous vote, the committee chairs could make the Board aware of any issues.

Boardmember Johnson offered an example from a recent Capital Committee meeting where one member voted no on an art motion. It had nothing to do with what was being built, but a fundamental disagreement about the value of the art program to the agency. When there has been a disagreement about a major policy issue, they have been at a level that requires coming to the full Board for discussion.

Ayes

Bruce Dammeier
Jenny Durkan
Ron Lucas
Roger Millar
Pete von Reichbauer

Nays

Nancy Backus
Claudia Balducci
Dow Constantine
Dave Earling
Rob Johnson
Joe McDermott
Dave Somers

It was moved by Boardmember Dammeier, seconded by Boardmember Durkan, and failed with 6 votes in favor and 7 votes against the amendment.

Amendment No. 5 – Offered by Boardmember Durkan

Amend the Resolution No. R2018-45 section 3.20, as follows:

3.20 **Executive sessions.** The Board, committees and subcommittees, upon motion or at the request of the chair, may hold executive sessions pursuant to RCW 42.30.110. Barring emergencies or other exigent circumstances, notice of the intent to hold an executive session at a Board, committee or subcommittee meeting will be provided to members 24 hours in advance along with the purpose for the executive session and any relevant materials. Before a session takes place, the Board, committee or subcommittee chair or legal counsel states the reason for and anticipated duration of the executive session and may indicate individuals, other than Board members, who may remain present during the session to facilitate the session or report the position of absent Board members.

Boardmember Durkan stated that Board members are busy in their other jobs. This amendment would ensure that if the Board will be going into an executive session, Board members be giving enough advance notice and the materials to consider the subject. She stated that there are circumstances that require immediate executive sessions, but barring emergencies or other exigent circumstances, a 24-hour notice would be provided to Board members.

It was moved by Boardmember Durkan, seconded by Boardmember Dammeier, and carried by unanimous vote of all Boardmembers present that Amendment 5 be accepted as an amendment to Section 3.20 as presented.

The motion to approve Resolution No. R2018-45 as amended carried by a unanimous vote of 15 Boardmembers present.

Boardmember Durkan requested reconsideration of Resolution No. R2018-47.

It was moved by Boardmember Durkan, seconded by Boardmember Johnson, and carried by unanimous vote to reconsider Resolution No. R2018-47.

It was moved by Boardmember Durkan, seconded by Boardmember Johnson, to approve Resolution No. R2018-47.

Ayes

Nancy Backus
Claudia Balducci
Joe McDermott
Roger Millar

Nays

Bruce Dammeier
Ron Lucas

Dow Constantine
Jenny Durkan
Dave Earling
Rob Johnson

Paul Roberts
Dave Somers
Dave Upthegrove
Victoria Woodards

Pete von Reichbauer

The vote to approve Resolution No. R2018-47 was approved with a vote of 12 affirmative votes and 3 votes in the minority.

Motion No. M2018-155: Authorizing an employment agreement to retain Peter M. Rogoff as Sound Transit's chief executive officer.

Chair Somers reminded the Board that at the September 2018 Board meeting, Board members reviewed the outcomes of the chief executive officer (CEO) management development plan. Following discussion, he asked the vice chairs to would work with him on negotiating a contract renewal for the CEO.

At the November 2018 Executive Committee meeting, a resolution was passed that created a subcommittee charged with developing and negotiating a new contract. Boardmembers Marchione, Backus, and Woodards agreed to serve with Chair Somers on the subcommittee. The subcommittee met on November 5, 2018, and reviewed the CEO compensation study and a draft contract. After that meeting there was negotiation with the CEO to finalize terms. The subcommittee met again on November 8, 2018, and was joined by Boardmember Johnson. The subcommittee reviewed the agency Performance Management process, and reviewed and refined the final draft contract. The subcommittee voted to recommend the motion approving the contract to the full Board.

The subcommittee's deliberations were held in public session and the work was informed by a thorough compensation analysis of peer agencies. The subcommittee sought and received input from other Board members during this time. This contract brings the CEO's compensation structure in line with the rest of the agency employees and it fully addresses CEO performance that exemplifies the values and expectations set by the Board.

Chair Somers asked Julie Honeywell, Chief Human Resources Officer, to present the draft contract and answer any questions that Board members might have.

Ms. Honeywell presented the major revisions to the contract.

Section 1, Position/Duties: The duty portion has been expanded to capture the full breadth of the CEO's responsibilities and to stress responsibilities of particular significance in terms of Sound Transit's commitment to EEO issues and a collegial work environment.

Section 2, Terms: The term is for an initial fixed period of three years followed by the opportunity to renew in one-year increments for up to three additional years. The renewal opportunities occur automatically unless either party elects not to renew. The decision to not renew must be made and communicated at least 90 days before the end of the term.

Section 3, Compensation and Benefits: The current contract has an automatic step increase. The section has been changed to align the CEO's performance and salary increase process with the rest of the agency.

Section 6, Termination/Resignation: The contract permits discharge with or without cause, and a resignation with or without good reason.

Section 7, Severance: The contract provides severance pay and benefits under some circumstances. Severance pay takes the form of salary continuation for a period of twelve months during the first four years of the contract, and six months during the last two. Severance benefits take the form of payment of

premium for COBRA continuation over the same period of either twelve or six months for the CEO and his dependents. Severance is triggered by a discharge without cost.

Section 13, Attorney's Fees/Venue/Jurisdiction: The agency requires any legal action to take place in court rather than a private arbitration.

Boardmember Dammeier asked what is the percent increase for base salary. Ms. Honeywell replied that the base salary is an 11 percent increase based on market. The difference of the market was comprised of two difference independent salary surveys and data collected from individual transit agencies.

Boardmember Dammeier asked if the general increase for Sound Transit staff this year was 3.5 percent, why is the recommendation for 11 percent. Chair Somers commented that he and the vice chairs started with a goal of meeting market. He also noted that the CEO did not receive an increase last year.

It was moved by Boardmember Backus and seconded by Boardmember Millar to approve Motion No. M2018-155.

Amendment 1 – offered by Boardmember Durkan

Amend Motion No. M2018-155 and the related CEO employment agreement as follows:

Add the following to the first bullet of the motion:

The term of the employment agreement is three years, beginning December 1, 2018 and ending December 31, 2021, and **automatically** renewing for three one-year periods (ending December 31, 2024) upon agreement of the parties and approval of the Board ~~unless either party provides notice of non-renewal~~ 90 days in advance.

Add the following to the authorizing language at the end of the motion:

An employment agreement with Peter M. Rogoff to serve as Sound Transit's chief executive officer is approved with the following terms: (1) a three-year and one month term of employment (December 1, 2019 - December 31, 2021) and three one-year options upon agreement of the parties and approval of the Board (January 1, 2022 – December 31, 2024);

Amend the CEO employment agreement as follows:

2. **Term.** Subject to earlier termination under Section 6, the initial Term of this Agreement shall be a period of thirty-seven (37) months, commencing on December 1, 2018 and ending on December 31, 2021. Thereafter, the Term ~~shall automatically~~ **may** renew for successive one year Terms, measured from January 1 through December 31, upon agreement of the parties and approval of the Board no less than ninety (90) calendar days prior to the last day of the term, unless either Party provides written notice of non-renewal no less than ninety (90) calendar days prior to the last day of the then-current Term. There shall be no more than three such ~~automatic~~ renewals. In the event Sound Transit exercises its right of non-renewal, CEO shall be eligible for severance pay and benefits per Section 7 below. In or about June of calendar years 2021 through 2023, as applicable, the Board shall endeavor to commence review of CEO's performance to render an informed and timely decision whether to renew on or before September 30.

Boardmember Durkan stated that the amendments she is offering are good governance practice. The amendment would remove the automatic renewal so that the Board will need to take action to renew.

It was moved by Boardmember Durkan, seconded by Boardmember Dammeier, and carried by unanimous vote of all Boardmembers present that Amendment 1 be accepted as an amendment to the contract as presented.

Boardmember Roberts commented that Sound Transit is in the midst of undertaking the largest public transit expansion in the nation. In one of the regions with the worst traffic and transportation challenges in the nation. The ability to move this agency forward is essential to meet these demands. That includes coordinating with the federal government, state government, partners, and jurisdictions. The Board has asked the CEO to structure the agency across departments to work on projects and to do an outreach project that pushes upstream the design of projects. The CEO has met all the requests by the Board; he will be voting yes.

Boardmember Dammeier stated that he will be opposing the motion. He reminded the Board that in February, the Board was concerned with the CEO's temperament and proceeded to come up with a CEO development plan. In 2018, the Lynnwood Link Extension and the Federal Way Link Extension both increased greatly in cost and he is concerned about the West Seattle and Ballard Extensions costs. Throughout the year, the agency has been dealing with design, implementation, and maintenance issues with escalators at the University of Washington Station. With these examples as backdrop, to increase the CEO's compensation by 11 percent with a three-year contract and a one-year severance package, he does not feel that this is in the best interest of the agency or the residents of Pierce County.

Boardmember Balducci commented that Sound Transit is growing quickly. The agency is delivering an extremely complex project to build mass transit that should have been build decades ago. It would have been easier and less expensive decades ago with fewer areas already built up in the region. The upfront work that has gone into the ST3 expansion has been much more intensive, forward looking, and engaging of the local communities. It is a very challenging job and she feels the agency has the right person to lead this effort. The agency needs strong leadership and needs to be a competitive employer.

Chair Somers mentioned that when Peter Rogoff was hired, the agency was going through a difficult transition time and Mr. Rogoff has guided the transition in an effective and professional manner. He added that the escalator issue predated the CEO's employment by years. The cost increases are not due to mismanagement, they are related to real estate costs and the regional market.

The motion to approve Resolution No. R2018-45 as amended carried by a majority vote with Boardmember Dammeier voting in the minority.

Motion No. M2018-143: Adopting the Sound Transit 2019 State Legislative Program and directing staff to evaluate and engage in issues that impact the agency as it continues to implement a regional high-capacity transit system.

Chair Somers stated that the Executive Committee reviewed this action at the November 1, 2018, meeting and recommends its approval. He asked Alex Soldano, State Relations Manager, to give a presentation.

Mr. Soldano explained that the 2019 State Legislative Program is consistent with the program adopted by the Board in prior years. There are three key elements in this action that direct staff 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; (2) 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; and (3) continue to work collaboratively with the State Legislature to address concerns related to Motor Vehicle Excise Taxes while preserving the agency's ability to fully deliver the voter-approved plan within the adopted timeline.

It was moved by Boardmember Roberts and seconded by Boardmember Johnson to approve Motion No. M2018-143.

Amendment No. 1 – Offered by Boardmember Roberts

Amend the Motion No. M2018-143 to add the following to the first bullet:

- Support and engage with partner agencies and others on efforts to facilitate the safe, cost-effective and efficient delivery of transit projects and services.
 - Sound Transit has historically supported the legislative efforts of our partners and others that facilitate the efficient, safe and cost-effective delivery of transit projects and services. As part of on-going coordination efforts, Sound Transit will work in collaboration on efforts aimed at improving the transit system, including proposals impacting transit operations, the ORCA program, public safety and public works contracting.
 - Sound Transit Express bus and future BRT programs rely on efficient and reliable use of managed lanes to meet customer experience goals. The agency will support legislation that improves the reliability and integrity of HOV and transit lanes through enhanced enforcement and other strategies.

Boardmember Roberts stated that with upcoming highway closures and the Downtown Seattle Transit Tunnel no longer having buses, it will become more difficult to travel to Seattle. His constituents are struggling to make the commute, and when commuters violate the HOV lanes, it makes the commute more challenging for transit. This amendment is to support legislation to enforce the HOV rules.

Boardmember Balducci stated that King County Metro drivers have been stating that cars parking on surface street bus lanes is a major problem. She asked if this amendment would cover local streets as well as freeways. Boardmember Roberts replied that he did not intend to get into the solutions, but hoped that the language would be broad enough to include all of the roads.

Boardmember Durkan stated her support of the amendment. She is briefed weekly on the constraints when the Alaskan Way Viaduct is removed and when the buses come out of the tunnel. There will be 550 buses an hour on the streets during peak hours. The City of Seattle is working to manage the right-of-way.

It was moved by Boardmember Roberts, seconded by Boardmember Johnson, and carried by unanimous vote of all Boardmembers present that Amendment 1 be accepted as an amendment to Motion No. M2018-143 as presented.

Amendment No. 2 – Offered by Boardmember Dammeier

Amend the Motion No. M2018-143 by making the following changes to the third bullet:

- Engage Continue to work collaboratively with the State Legislature to encourage and support legislation in the 2019 Session that improves ~~address concerns related to~~ Motor Vehicle Excise Taxes fairness while preserving the agency's ability to fully deliver the voter-approved plan within the adopted timeline.
 - The Board's motion M2017-37 directs Sound Transit staff to engage with the State Legislature and pursue options to address public concerns about Motor Vehicle Excise Taxes and the depreciation schedule in use for Sound Transit 3. Sound Transit will work with the Legislature to develop and support solutions that ensure the agency's ability to deliver the voter-approved plan within the adopted timeline.

Boardmember Dammeier commented that at the November Executive Committee meeting, he discussed the need to resolve this issue. He believes that having this lingering issue of the MVET schedule does significant reputational damage to Sound Transit. The amendment is intended to strengthen the need to resolve this in 2019 in a way that does not compromise the ability to deliver the projects.

Board members raised concerns about adding the word “fairness”. Boardmember Balducci stated that some Board members have spent a lot of time on the MVET schedule issue. They have traveled to Olympia and there have been a number of proposals for different ways of addressing concerns that have been expressed about using an older schedule rather than a new schedule that was part of the assumptions in the ST3 package. One of the many sub-issues is that if the legislature were to use an existing schedule that was more current, it would probably give a sizeable MVET break to people with the most expensive vehicles; however, it would give virtually no relief to people with older vehicles. She said using the word fairness does not feel like the best solution. Her stated concern that if this language is adopted, it could mean very different things and would not provide a basis for staff to go support or oppose certain legislation.

Boardmember Dammeier noted that his intent was not to presuppose any solution, and to maintain the condition that it would not compromise the overall program.

Boardmember Roberts stated that he would not support the amendment. The legislative history on this issue is that the legislature did have the opportunity to make those changes; they actually considered making those changes and chose not to make them. He said that by not passing the amendment, it does not preclude the Board and staff from working constructively to find equity.

Boardmember Backus stated her concern about including the word “fairness” in the amendment. To her that implies that the Board does not believe the current process is fair. The Board chose to do what was directed by the legislature.

Boardmember Millar commented that he understands the intent of the proposed amendment, but he worries that fairness means so many different things to so many different people. He said adopting language like this will not make people angrier or happier. He believes the original languages gets to the concerns about the MVET.

Chair Somers stated that the original language to continue to work collaboratively with the State Legislature feels more accurate. He was among those who worked with the legislature in 2018 to provide them with information and to talk about solutions. From his standpoint, the critical thing is a solution to keep the program whole. He stated that, although the amendment is vague, he will support it since it is direction to staff and is not writing legislation.

It was moved by Boardmember Dammeier, seconded by Boardmember Backus, and failed that Amendment 2 be accepted as an amendment to Motion No. M2018-143 as presented.

The motion to approve Motion No. M2018-143 as amended carried by a unanimous vote of the Boardmembers present.

Resolution No. R2018-46: Adopting the 2019 Service Implementation Plan, and authorizing the chief executive officer to implement recommended service changes in 2019.

Boardmember Roberts stated that the Operations and Administration Committee received a staff presentation on this action on November 1, 2018. The committee had lost its quorum and was unable to recommend the item.

This action would adopt the Service Implementation Plan for 2019. There are several substantive changes to service planned, and in addition, there has been a revision to the plan in response to public feedback

since it was presented at the Operations and Administration Committee. He asked staff to present the action.

Brian de Place, Director of Operations and Support Service, and Michael Couvrette, Service Planning Manager, presented the staff report. The Service Implementation Plan (SIP) is part of a regular process for managing the agency's regional network of ST Express Bus, Sounder commuter rail, and Link light rail services. The SIP is prepared annually in coordination with the agency budget and provides important details on service delivery for the upcoming year and the future.

In 2019, buses will move out of the Downtown Seattle Transit Tunnel (DSTT) improving Link reliability and consistency and there will be major changes to ST Express. There are no changes planned for Tacoma Link or Sounder.

Regional congestion over the last five years has slowed ST Express bus speeds. A combination of growing congestion and construction closures in 2019 will put additional pressure on transit throughout the region. Regional bus base capacity constraints have limited the ability to continue to add service hours and buses. As a result, 19 weekday trips were cut in September 2018 and 27 weekday trip cuts are planned in 2019. Staff was able to minimize trip cuts from 63 to 27 by adding additional buses and reallocating lower ridership trips. To further minimize service reductions, staff will (1) divide the 2019 SIP into two phases, adopting the March 2019 changes now and coming to the Board in early 2019 with proposed changes for September 2019, and (2) propose an action to grow the ST Express fleet and add service hours in 2019. Due to constraints at the King County Metro bus base, two routes will need to move to Community Transit and Pierce Transit.

The 2019 SIP proposes five major service changes on ST Express routes:

1. Route 550 (Bellevue-Seattle) will shift operation to downtown Seattle surface streets when the DSTT converts to rail-only operations. Additional buses and service hours will mitigate longer travel times. Weekday customers will need to use different stops.
2. Routes 545 (Redmond-Seattle) and 555 (Northgate-Issaquah) will no longer serve Montlake Freeway Station as a result of WSDOT construction. To help mitigate this construction impact, Route 542 (Redmond to U District) will expand evening and weekend service to maintain connections between the Eastside and Montlake for six months.
3. Route 555 (Northgate-Issaquah) would only operate between Northgate and Bellevue Transit Center with the lower-performing Bellevue-Issaquah segment eliminated. Saved resources would be reallocated to Route 554 (Issaquah-Seattle) to mitigate longer travel times due to congestion.
4. On Route 580 (Lakewood-Puyallup), the low performing segment between Lakewood Station and South Hill will be discontinued when there is a corresponding Sounder trip traveling to or from Lakewood. Service to Lakewood would remain when connecting to Sounder trips starting or ending in Tacoma. Saved resources would be reallocated within Pierce County.
5. Route 513 (Everett-Seattle) routing will be adjusted to begin at the new Seaway Transit Center in Everett. In response to public feedback, the original Route 513 proposal was revised to add stops on Casino Road and Evergreen Way. The new stops will provide better connections to local Everett Transit service and Community Transit's Swift Blue Line.

Each proposed major service change has been evaluated to determine if it causes a disparate impact or disproportionate burden to minority or low-income populations. Three of five proposed major service changes affect service areas with higher than average minority or low-income population. As mitigation, additional buses and service will be added to Route 550, and thorough outreach will be conducted in-person, via signage, and on the Sound Transit website for riders of Routes 580 and 513.

Boardmember Balducci stated that the majority of the ST Express changes impact the East King subarea. She said it is important that the message continue to be repeated that some of these changes are not an option, they are a necessity. The surface operations for the 550 and the 554 is a real challenge with the routing. The stations are moving or have moved far enough that the route is not serving the same locations, and for some the commute has become very long. It is important to think how that market is served, especially those with mobility challenges. The southernmost station at 2nd and Yesler has safety concerns in the evenings. She would like to meet with Sound Transit and King County Metro (KCM), and possibly representatives from the King County Sheriff's office and the Seattle Police Department to discuss a plan to address these concerns.

Mr. Rogoff commented that Sound Transit is dealing with service changes due to necessity. In addition to changes like buses coming out of the DSTT, there is also the issue of bus base capacity. Whether it is to serve Sound Transit buses or KCM buses, the bus base capacity shortage is burdening all the agencies. Some of the cuts are due to lack capacity, and this shortage needs to be addressed collectively as a region.

Boardmember Millar stated that the Montlake Freeway station closure points out the difficult work in front of the region. The voters have asked for a future that is exciting, and when everything is built, it will be great. However, the region cannot get to that future without the construction. The positive thing on the Montlake Freeway has been the coordination and cooperation between four agencies, and closing the station will advance the construction of the Montlake Interchange by one year.

Boardmember Johnson mentioned that as the SIP relates to the 550 route, some customers have inquired about the possibility of express routing so some buses would skip the Bellevue Way routing. Perhaps through some combination of express routing and local routing, there could be better reliability and it would allow a quicker bus turnaround. He asked if this was an option that was analyzed.

Mr. Couvrette replied that staff looked at a number of alternatives that included express overlays in addition to the existing route that would make all the stops. This included different patterns where half a route would serve the north half of downtown and another route would serve the south half of downtown. Many different iterations from the technical side were explored in partnership with planners and schedulers at KCM to test the viability. It turned out that the current proposed service provided the most reliable, consistent experience for customers without adding undo complications to the network. Bringing the SIP to the Board in two stages will allow staff to collect information on the performance of the route and to explore other potential modifications to address emerging challenges.

It was moved by Boardmember Roberts, seconded by Boardmember Millar, and carried by unanimous vote that Resolution No. R2018-46 be approved as presented.

REPORTS TO THE BOARD

Financial Plan Update

Tracy Butler, Chief Financial Officer, presented the Financial Plan update. The 2019 Financial Plan projection totals \$96.2 billion through 2041. This amount includes \$53.8 billion for the ST3 plan and \$38.7 billion for the remaining Sound Move and ST2 plans including operations and maintenance and state of good repairs. The projection has increased by \$3.8 billion over the fall 2017 projection due to inflation.

Tax revenues increased by \$2.8 billion over the 2017 projection. Tax revenues comprise 66 percent of all total revenue sources. The breakout of tax revenues includes sales taxes at 79 percent, motor vehicle excise taxes at 13 percent, property taxes at 8 percent, and rental car taxes at 0.15 percent.

Other projected revenue sources of the 25-year plan include federal grant revenues at \$8 billion, bonds at \$13 billion, TIFIA loans at \$3.3 billion, and fares and other sources at \$7 billion.

The strong economy has led to higher inflation. Projections over the next 25 years show capital expenditures increasing \$1.7 billion from 2017, and operations and maintenance expenditures increasing \$2.1 billion from 2017.

The projected uses or drivers of the 25-year spending includes \$50 billion for capital, \$24 billion for operations and maintenance, \$15 billion for debt service, and \$6 billion for state of good repairs. Operating costs will grow significantly due to the increase in ridership. The agency's financial capacity is constrained by three measures: the Board-adopted, voter-approved financial policy; bond covenants; and the legal debit limit.

Key risks include near term recession; scope discipline on capital projects; continued inflation impact on both capital and operating programs; federal uncertainty on funding; and the motor vehicle excise tax concerns.

Ms. Butler stated that overall the agency remains in strong financial condition. All of the expenditures approved in the voter-approved plan are fully bonded. The agency's financial performance continues to be consistent with its AAA Rating from two rating agencies, and the plan continues to be affordable based on the updated projections.

Certain subareas may face fiscal constraints in the future. The financial policies are written in a way that the agency cannot rollback taxes until the completion of all the capital projects. If there is a project delay in certain subareas, that will mean a delay in the tax rollback for the entire region. The financial policies do provide a framework for the Board to take action to allocate funds to other subareas as it deems to be in the best interest of the Sound Transit system.

When the plan was developed, there was an assumption of a 16 percent federal contribution for the total capital program. Actual funding will come in higher or lower for each subarea based on grant eligibility of individual projects.

Ms. Butler stated that staff is proposing as part of the 2019 budget resolution that the Board authorize the allocation of federal grant benefits (surplus amounts freed up by the federal grants received by certain projects) to any subarea where resource constraints could threaten the project delivery schedule. This would allow for the tax rollback for the entire region as soon as possible. Funds designated as systemwide assets may not exceed the value of federal funding granted to the recipient subarea. The benefits of the proposed action is that it utilizes an available tool to avoid delays in project delivery, allows the agency to begin tax rollback as early as possible, and the agency will be in compliance for federal grant requirements.

Boardmember Millar asked if the agency receives a federal grant that is not anticipated and it is applied to a project in a subarea, do the other revenues that have been allocated to that subarea and replaced by the grant become systemwide funds that the Board could allocate anywhere on the system.

Mr. Rogoff replied that it could become a systemwide asset if needed. When the ST3 plan was adopted, the financial policies in the plan stated that the Board would reserve the right to allocate federal resources as needed. Because this was included in the ST3 financial policies, staff is proposing to add language to the 2019 budget to give the authority to exercise that allocation. Since there was no way of knowing what projects would receive federal grants, the ST3 plan assumed 16 percent in each subarea. If it became necessary to slow projects in a subarea due to subarea affordability, it would affect the projects, it could delay completing the plan, and taxes would have to continue to be collected for the entire region until the ST3 plan has been completed.

Small Business and DBE Goals

Chair Somers announced that the Small Business and DBE Goals report would be postponed to a future meeting.

OTHER BUSINESS

None

NEXT MEETING

Thursday, December 20, 2018
1:30 p.m. to 4:00 p.m.
Ruth Fisher Boardroom

ADJOURN

A motion to adjourn was moved by Boardmember Backus, seconded by Boardmember Johnson, and carried by unanimous vote.

The meeting adjourned at 4:20 p.m.



John Marchione
Board Chair

ATTEST:



Kathryn Flores
Board Administrator

APPROVED on January 24, 2019 JE