



Motion No. M2025-15

A motion of the Board of the Central Puget Sound Regional Transit approving an agreement to employ Dow Constantine as Sound Transit's chief executive officer from April 1, 2025 through December 31, 2026, with two one-year renewal options at the Board's discretion.

Background

In September 2024, the Board identified Board members to serve as a CEO Selection Team to identify CEO candidates for Board consideration. The CEO Selection Team board members included Snohomish County Executive Dave Somers, former Pierce County Executive Bruce Dammeier, and King County Council Member Claudia Balducci. In December, they were joined by Auburn Mayor Nancy Backus and Tacoma City Council Member Kristina Walker to ensure broad representation from the region and Board leadership. In January, Pierce County Executive Ryan Mello joined the CEO Selection Team to replace Bruce Dammeier.

In October, after a competitive procurement, the CEO Selection Team selected Krauthamer and Associates to support the Board's CEO search and recruitment process.

At the December Board meeting, Mr. Gregg Moser from Krauthamer and Associates met with the Board to review feedback collected from regional stakeholders. A comprehensive survey was sent to Tribal Nations, business and industry partners, transportation, labor, and community-based organizations, and agency staff. Numerous external stakeholders were also invited to participate in interviews with the search consultants about the necessary skills and experience for the next CEO. After receiving input from Board members about preferred qualifications at the December Board meeting, Mr. Moser compiled all of this input and feedback, and the CEO Selection Team developed a job description. Sound Transit advertised nationally seeking applicants for the CEO position on January 3, 2025.

During a four-month recruitment and selection process, the CEO Selection Team considered the 15 candidates meeting the minimum qualifications and based upon merit-based review and screenings, recommended five candidates for consideration by the Executive Committee. On February 14, 2025 and February 25, 2025, the Executive Committee, joined at times by a substantial majority of the entire Board, interviewed the five candidates recommended by the CEO Selection Team and recommended three finalists. This step was conducted with careful deliberation based upon the qualifications of the applicants and the desired candidate profile.

On March 3, 2025, the three finalists participated in a final in-person/hybrid interview process with the Executive Committee and interested parties representing agency partners, community leaders, Board members and staff. On March 6, 2025 the Executive Committee held public meetings to consider the three candidates. Due to continuing deliberation, the Executive Committee again held a public meeting on March 11, 2025. The input from all of the interview panels was carefully considered by the Board, with the goal of reaching agreement on which candidate's credentials both meet the selection criteria and best align with the desired candidate profile that is focused on the long-term success of the agency. On March 11, 2025, the Committee recommended that Candidate C (Dow Constantine) be appointed as Sound Transit Chief Executive Officer and authorized the Chair and Vice Chairs to negotiate an employment agreement with Candidate C for Board consideration.

This motion is to approve the negotiated employment agreement containing standard employment terms, including:

- An initial employment term from April 1, 2025, until December 31, 2026. The Board may, at its discretion, renew the agreement for a one-year term from January 1, 2027 until December 31,

2027 and again, at its discretion, for another one-year term from January 1, 2028 until December 31, 2028. If the Board does not renew the agreement, the severance clause will take effect, and Mr. Constantine will be paid severance equal to one-year's base salary and the cash equivalent value of retirement benefits, the cash value of any unused accrued PTO, plus COBRA benefits for one year.

- \$450,000 annual salary. A market study will be completed at the end of 2025 to determine a base salary for 2026 that will be set, at a minimum, at the average of market comparable salaries, but not less than the current annual salary. The same process will be applied to determine base salary for 2027 if the Board, in their discretion, renews the agreement for the 2027 one-year term.
- In addition to the annual market-rate base salary increase in 2026 and 2027, for each year, an annual 3% to 6%-Base Salary increase will be awarded based on Mr. Constantine's annual performance rating. If the agreement is extended from January 1, 2028 until December 31, 2028, a 3% to 6%-Base Salary increase will be awarded effective January 1, 2028 based on Mr. Constantine's annual performance rating.
- An Annual Contribution Performance Award of \$30,000 may also be awarded on based upon the achievement of mutually agreed to goals. For 2026, the Board will establish goals for the Contribution Performance Award by May 30 for the first annual performance period and by March 31 thereafter.
- Sound Transit will provide the standard benefits (e.g., medical, dental, vision and ORCA pass) available to all employees. Sound Transit will also provide a fully funded Health Care Flexible Spending Account (FSA) up to the IRS limit starting in 2025 (the 2025 IRS limit is \$3,300) and will provide supplemental life and accidental death and disability coverage up to the maximum allowable coverage amount, and will pay the incremental insurance premium (currently \$6,180 annually). Mr. Constantine will receive 35 Paid Time Off days a year.
- Mr. Constantine will participate in the retirement and deferred compensation plans available to all employees. Sound Transit is required by law to contribute an amount equal to 12% of his annual base salary to his 401(a) retirement account. Sound Transit will also contribute the maximum allowable amount to his 457(b) deferred compensation retirement account each year including the catch-up contribution allowed by the IRS, however for 2025 the contribution will be \$34,750 to comply with IRS annual contribution limits.
- Mr. Constantine will receive an annual taxable expense allowance of \$24,000 to defray routine business expenses incurred performing his duties under the employment agreement.
- Sound Transit will reimburse Mr. Constantine for approved travel, food and lodging associated with professional conferences consistent with Sound Transit policy, including, but not limited to, APTA Annual Conference, APTA Legislative Conference, APTA Rail Conference, APTA Annual CEO Conference, Washington State Transportation Conference.
- Mr. Constantine will receive a one-time home office equipment stipend of \$10,000 to facilitate the initial set up of the CEO's technology and equipment needs and to further the performance of the CEO.
- The Board may terminate the employment with or without cause. If the agreement is terminated without cause before December 31, 2028, Mr. Constantine will receive a severance package of salary and benefits equivalent to one year's base salary and retirement benefits, including make whole applicable taxes, the cash value of any unused accrued PTO, plus equivalent cash value COBRA benefits for one year plus make whole applicable taxes.

Motion No. M2024-55 extended Mr. Sparrman's employment agreement from January 13, 2025 until May 15, 2025. By mutual agreement, after Mr. Constantine is appointed CEO, Mr. Sparrman will continue to serve as the acting CEO or as an advisor, as requested by Mr. Constantine, until May 2, 2025, and April 21, 2025 is the termination date for Mr. Sparrman's agreement.

Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that (1) Dow Constantine is appointed as the Sound Transit Chief Executive Officer, (2) the agreement to employ Mr. Constantine is approved as described above, and including the following terms: (a) a one-year and nine-month employment term (April 1, 2025-December 31, 2026) and two one-year optional renewal periods (January 1, 2027-December 31, 2027 and January 1, 2028-December 31, 2028), (b) \$450,000 annual base salary with a base salary increase equivalent to the average annual salary of comparable transit CEOs on January 1 of each succeeding year, but not less than the current year's base salary (c) 3%-6% annual base salary increase based on performance rating, (d) a discretionary Contribution Performance Award of \$30,000 based on the goals established by the Board each year after consultation with Mr. Constantine, (e) standard employee medical, dental, vision and ORCA pass benefits plus a fully funded Health Care FSA up to the IRS limit, supplemental life and accidental death and disability insurance up to the maximum allowable amount and 35 Paid Time Off days a year, (f) a contribution of 12% of his annual base salary to his 401(a) retirement account and the maximum contribution amount to his 457(b) deferred compensation retirement account including catch-up contributions, not to exceed IRS limits annually, (g) a taxable expense allowance equivalent to \$24,000 a year to defray miscellaneous routine business expenses, (h) reimbursement for allowed expenses for professional conferences, (i) one-time office equipment stipend of \$10,000, (j) an amount equivalent to one-year's base salary and an amount equivalent to cash value of retirement benefits plus make whole applicable taxes thereon, the cash value of any unused accrued PTO, plus COBRA benefits for one year if terminated without cause before December 31, 2028 including make whole applicable taxes thereon, and (k) other standard terms substantially consistent with provisions approved by the Board in other employment agreements, and (3) Interim Chief Executive Officer Goran Sparrman will work until May 2, 2025 in an acting or advisory capacity as requested by CEO Constantine to assist in the transition, and by mutual agreement, April 21, 2025 is the termination date of Mr. Sparrman's employment agreement.

APPROVED by no less than a 2/3 affirmative vote of the entire membership of the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on _____.

Dave Somers
Board Chair

Attest:

Kathryn Flores
Board Administrator