

SOUND TRANSIT EXECUTIVE COMMITTEE MEETING
Summary Minutes
September 6, 2018

CALL TO ORDER

The meeting was called to order at 10:36 a.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) *Ron Lucas, Steilacoom Mayor*

(P) *John Marchione, Redmond Mayor*

Boardmembers

(P) *Claudia Balducci, King County Councilmember*

(P) *Dow Constantine, King County Executive*

(P) *Bruce Dammeier, Pierce County Executive*

(A) *Jenny Durkan, Seattle Mayor*

(P) *Roger Millar, WSDOT Secretary*

(A) *Paul Roberts, Everett Councilmember*

(P) *Victoria Woodards, Tacoma Mayor*

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

REPORT OF THE CHAIR

Board Member Request to Participate via Teleconference

Chair Somers announced that Boardmember Dammeier and Boardmember Woodards have asked to participate in the meeting by phone. The Board's Rules and Operating Procedures allow members to attend meetings by teleconference with a two-thirds affirmative vote of those members in attendance.

It was moved by Vice Chair Lucas, seconded by Vice Chair Marchione, and carried by unanimous vote that Boardmember Dammeier and Boardmember Woodards be allowed to participate in the meeting by telephone.

CHIEF EXECUTIVE OFFICER'S REPORT

Peter Rogoff, Chief Executive Officer, provided the report.

External Engagement Update

Mr. Rogoff reported some highlights of the ongoing external engagement being conducted for various capital projects.

- The next meeting of the North Corridor Leadership Forum is scheduled for October 26, 2018. Chair Somers will be hosting this gathering of elected officials from the North Corridor to stay current on all Sound Transit projects and plans.
- The second round of public meetings for the West Seattle and Ballard Link light rail extensions is kicking off next week. Staff will be presenting preliminary results of the technical evaluation of route and station alternatives in West Seattle on September 8, in Downtown Seattle on September 11, 2018, and in the Ballard-Interbay area on September 17, 2018.

- Later this month, on September 27, 2018, the Stakeholder Advisory Group for the Tacoma Dome Link Extension project will meet, followed by that project's Elected Leadership Group on October 12, 2018. Also in September, project leadership will be presenting an update to the Tacoma City Council on this project and the Hilltop Tacoma Link Expansion, which is scheduled to start construction in October.
- On September 7, 2018, the Elected Leadership Group for the I-405 Bus Rapid Transit project is meeting. And on September 28, 2018, the Elected Leadership Group for the SR 522 BRT project will have its third meeting.

Boardmember Balducci arrived at 10:40 a.m.

PUBLIC COMMENT

Alex Tsimmerman
Marguerite Richard

BUSINESS ITEMS

Item for Final Action

Minutes of the August 2, 2018 Executive Committee Meeting

It was moved by Vice Chair Marchione, seconded by Vice Chair Lucas, and carried by unanimous vote that the minutes of the August 2, 2018 Executive Committee meeting be approved as presented.

Items for Recommendation to the Board

Resolution No. R2018-40: Adopting a Procurement, Agreements and Delegated Authority Policy and superseding Resolution Nos. 78-2, 42, 58, and 98-7 and Motion Nos. M2004-111 and M99-2.

Ted Lucas, Executive Director of Procurement and Contracts, and Katie Flores, Board Administrator, Provided the presentation.

Mr. Lucas introduced the action as a part of the overall Board process review which has been ongoing throughout the year, and clarified that the policy updates are based on Board member feedback that was collected throughout the year and primarily captured at the Board Workshop on May 4, 2018. The objectives of the Board process review are to optimize the Board's time on key issues and challenges, expand the opportunity for deeper discussions and learning, and enhance engagement on project development processes in alignment with the System Expansion Implementation Plan. Resolution No. R2018-41, the following agenda item, is a part of these same updates to the overall Board process.

The policy outlines two separate delegated authority levels for the CEO:

- \$5M approval authority delegated to the CEO for construction contracts and architectural and engineering services contracts
- \$2M approval authority delegated to the CEO for materials, technology, and other services contracts

In addition the policy changes the level of delegated authority from the Board of Directors to each of its standing committees from \$5 million dollars to \$50 million dollars.

Currently, the Board approves 95 percent of the annual procurement dollars, the committees approve four percent, and the CEO approves approximately one percent. Under the new levels, the

Board would approve 82 percent of the annual procurement dollars, the committees would approve 13 percent, and the CEO five percent.

Certain contract areas would be elevated to Board or Committee consideration regardless of the dollar amounts, including:

- Any contract that modifies a Board level policy
- Any contract not included in a current budget authorization
- Any contract with a term exceeding 15 years including options
- Any construction contract with a proposed price that exceeds Sound Transit's cost estimate by 20 percent or more

The policy update also revises delegated authority levels and parameters for sole source contracts, proprietary contracts, agreements, real property agreements, grants, and other areas of Board delegation to the CEO. In addition, the policy increases the amount of required reporting to the Board pertaining to all contacts approved by the CEO. Under the new policy, the Board will receive a monthly report of CEO-approved competitive, sole source, and proprietary contracts including contract modifications. The CEO and agency staff are working to align internal controls and processes with the Board's new approval levels to ensure continued transparency and effectiveness.

Boardmember Dammeier expressed concerns over contracts that have a large percentage change in total amount awarded, or of other contract amendments that change the scope. Mr. Lucas clarified that any contract originally awarded under the CEO that later exceeds the \$5 million dollar amount would be brought to the corresponding committee, and in addition that reporting will cover all contracts and contract amendments.

Board Member Lucas asked about the staff engagement with this policy change, and commented that he would like to be aware of staff's confidence level in the new delegations. Mr. Lucas responded that staff has been very involved in the policy vetting and drafting, and that ongoing work is underway to ensure that internal controls will maintain the utmost integrity and transparency in contracting work. Mr. Lucas commented that he looks forward to the new time allotted for strategic conversations, as ministerial contracts approvals currently take up a high percentage of Board meeting agendas.

Board Member Balducci commented that she has been working with staff on the changes to the Capital Committee intensively, and she requested that staff provide a form of what the new updated reporting will look like, and that the new reports include a percentage of budget being spent in comparison to forecasts. Further, she inquired about a possible survey of all contractors, to inquire about the process and how the agency is doing with transparency, ease of access, and fairness.

Mr. Rogoff commented that the agency has been participating in an ongoing process with the American Council of Engineering Companies (ACEC) and the Association of General Contractors (AGC) to make improvements to the competitive process. The agency wants to receive as many bids as possible, especially in the current competitive marketplace.

It was moved by Vice Chair Lucas, seconded by Vice Chair Marchione, and carried unanimously that Resolution No. R2018-40 be forward to the full Board with a do pass recommendation.

Resolution No. R2018-41: Updating the Board Committee Responsibilities and superseding Resolution No. R2010-19 and Motion Nos. M2010-29, M2010-30 and M2010-31.

Katie Flores, Board Administrator, provided the staff report. Ms. Flores began with an overview of the existing Board Committees:

- Executive Committee
- Operations and Administration Committee

- Capital Committee
- Audit and Reporting Committee

The Operations and Administration Committee and Capital Committee have monetary approval authority to approve contract actions or agreements related to their areas of responsibility, the Executive Committee and the Audit and Reporting Committee do not have final approval authority.

Updates to the committees were proposed as follows:

Executive Committee

The Executive Committee will be given additional areas of review which would include system wide programs, such as Transit Oriented Development (TOD) and the System Access Fund. In addition, the Executive Committee will be given a monetary delegation for contract approvals to match the other committees, allowing it to approve contracts for final execution.

Review of the agency's financial plan, proposed bond issues, and review of the overall budget for recommendation to the Board would move to the Finance and Audit Committee. Public relations and communications strategies would be transferred to two committees. The proposed System Expansion Committee would review external engagement, and the proposed Rider Experience and Operations Committee would review communications affecting the rider experience.

Rider Experience and Operations Committee

The new Rider Experience and Operations Committee name reflects the agency's expanding operating system and the importance of staying focused on the people riding the system.

Under the proposal, the committee would be responsible for oversight of additional subject areas including activities and communication programs affecting the rider experience, system enhancement and state of good repair projects, in addition the committee would review the budget for the operations department and related projects, and would receive contract reporting on all delegated contracts in these categories.

System Expansion Committee

Reporting of all contracts related to the capital expansion program would be added to the purview of the System Expansion Committee. Areas under the purview of the previous Capital Committee that would be relocated include State of Good Repair projects, which would move to the Rider Experience and Operations Committee, and Surplus Property Dispositions, which would be moved to the Executive Committee.

Finance and Audit Committee

The new Finance and Audit Committee would continue the work of the Audit and Reporting Committee, including review of the agency's finances and audit activities, but it would also review the agency budget and finance plan on a regular basis. The Internal Audit Director's direct relationship with the Audit and Reporting Committee Chair would be transferred to the Finance and Audit Committee Chair.

The current Audit and Reporting Committee responsibilities would be transferred to the new committee, including review of

- Financial statements
- Agency expenditures against the adopted capital and operating budgets.
- Investment and debt performance and risks.
- External and internal audits and monitoring the agency's response to audit findings.
- Internal audit plans, including selection of the annual performance audit topic.

The new committee would review financial risks to the agency, as well as the agency's annual financial plan and compliance with voter-approved financial policies. Contract reporting previous brought to the Audit and Reporting Committee will be brought to the relevant committee under the updated division of contract approvals and oversight.

It was moved by Vice Chair Lucas, seconded by Board Member Millar, and carried unanimously that Resolution No. R2018-41 be forward to the full Board with a do pass recommendation.

REPORTS TO THE COMMITTEE

None.

EXECUTIVE SESSION

None.

OTHER BUSINESS

None.

NEXT MEETING

Thursday, October 4, 2018
10:30 a.m. to 12:00 p.m.
Ruth Fisher Boardroom

ADJOURN

A motion to adjourn was made by Vice Chair Marchione, seconded by Vice Chair Lucas, and carried unanimously.

The meeting was adjourned at 11:29 a.m.



Dave Somers
Executive Committee Chair

ATTEST:



Kathryn Flores
Board Administrator

APPROVED on 11/1/2018. PIA.