

## SOUND TRANSIT BOARD MEETING

**Summary Minutes  
September 27, 2018**

## CALL TO ORDER

The meeting was called to order at 1:31 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*

(A) *Claudia Balducci, King County Councilmember*

(A) *Dow Constantine, King County Executive*

(A) *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*

(A) *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

Chair Somers announced a change in the agenda to move the Real Property Task Force presentation to the October Board meeting.

Board Member Request to Participate via Teleconference

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

**It was moved by Boardmember Millar, seconded by Boardmember Backus, and carried by unanimous vote that Vice Chair Lucas and Boardmembers Balducci, von Reichbauer, and Woodards be allowed to participate in the Board meeting by telephone.**

Puget Sound Regional Council Vision 2040 Award

Chair Somers asked Josh Brown, Puget Sound Regional Council (PSRC) Executive Director, and Bill Rumpf, Mercy Housing Northwest's President to come forward. Mr. Brown announced PSRC had selected Mercy Othello Plaza as one of its Vision 2040 award winners and spoke to the award. He provided background information on the Mercy Othello Plaza project that was dedicated in July 2017 after forming as a public-private partnership between Mercy Housing Northwest and Sound Transit. The project is located near the Othello light rail station and provides 108 affordable, energy-efficient apartments to families earning \$18,000-\$55,000 a year. Sixty percent of the apartments offer two or three bedrooms to accommodate families.

Chair Somers mentioned the Board has been working to develop Transit Oriented Development (TOD) near transit facilities since 1997 after the Board first established a TOD task force and began to develop policy guidance. He also mentioned the Board's excitement seeing the success of the Mercy Othello Plaza project and other current and future TOD projects taking shape to further the goal of developing diverse, vibrant, mixed-used and mixed-income communities around transit facilities.

## CHIEF EXECUTIVE OFFICER'S REPORT

### American Public Transportation Association Trip

CEO Peter Rogoff stated that he and several staff members traveled to Nashville, Tennessee to attend the annual meeting of the American Public Transportation Association (APTA). At the conference, there were opportunities to meet with several industry colleagues and participate in discussions on association governance.

During the conference, Mr. Rogoff had the opportunity to meet with senior Federal Transit Administration (FTA) officials to talk about Sound Transit's pending Full Funding Grant Agreement for the Lynnwood Link Extension and next steps on Federal Way Link Extension. Mr. Rogoff mentioned earlier in the month the FTA had published a revised apportionment schedule, which allocated an additional \$100 million in fiscal year 2018 funds for the Lynnwood Link Extension. It adds to the \$100 million the project received in fiscal year 2017. He also mentioned Sound Transit received word that the U.S. Department of Transportation had secured a financial advisor to review the agency's TIFIA loan application for Lynnwood.

Mr. Rogoff mentioned the Acting Administrator of the FTA informed him about the funding allocation; stating the Administration is working to get the grant executed before the end of the year. While addressing APTA, the Acting Administrator used the FTA's progress on the Lynnwood Link Extension as an example of how the Administration is advancing projects through the Capital Investment Grant pipeline and indicated again that they are focused on getting all final reviews done so the Lynnwood Link Extension grant can be executed by the end of the year.

### Operations Update

Mr. Rogoff highlighted the busy schedule Sound Transit would embark on that coming weekend. While mentioning a few sporting events, he highlighted that Sound Transit has asked customers to take Link, but to be aware that conditions will be crowded. Due to the anticipated crowd, Operations staff will be at the University of Washington station to keep a close eye on our vertical conveyances.

### Defected Rail

Mr. Rogoff informed the Board that during a routine inspection, maintenance crews discovered railhead damage just south of the Rainier Beach station where trains cross the I-5 interstate. To make the repairs, Sound Transit will be closing rail service between Rainier Beach Station and Tukwila Station on Saturday, October 6 and the morning of Sunday, October 7, 2018. Service through this area will resume at 9 am Sunday morning.

He mentioned while the repairs take place shuttle bus service between the two stations will happen and during peak service, Sound Transit Ambassadors will be on site directing customers. Through October 7, 2018, trains will reduce speeds to 10mph in the work zone section located between Rainier Beach and Tukwila. Customers will experience minor delays system-wide due to speed reductions and bus bridging associated with the project.

### External Engagement

Mr. Rogoff reviewed recent external engagement efforts in support of system expansion. He noted that it is a very busy time across the region with many activities underway.

The next meeting of the North Corridor Leadership Forum is scheduled for early December. Chair Somers will again host this gathering of elected officials from the North Corridor to stay current on all Sound Transit projects and plans. In the central corridor, Sound Transit has hosted a second round of public meetings and presentations to community groups and forums for the West Seattle and Ballard Link light rail extensions.

On September 26, 2018, the Stakeholder Advisory Group (SAG) met for a second time and made recommendations on which alternatives to advance to the next level of analysis. The SAG recommendations will go to the Elected Leadership Group is scheduled to meet October 5, 2018. Chair Somers, Mayor Durkan, Executive Constantine, and Boardmembers McDermott and Johnson are members of that elected group. All this work sets the table for the Sound Transit Board to identify a preferred alternative by next spring.

The Stakeholder Advisory Group for the Tacoma Dome Link Extension project will meet, followed by the project's Elected Leadership Group (ELG) on October 12, 2018. Board members Dammeier, Woodards, Baucus, Von Reichbauer and Keel serve on the ELG for this project. He mentioned Mayor Woodards is scheduled to meet with two other members of the ELG -- Mayor Roscoe of Fife and Annette Bryan a member of the Puyallup Tribal Council Councilmember.

The City of Fife approved the project administration agreement, which will be coming to the Board next month for action to advance progress on the Tacoma Dome Link Extension project. He mentioned a recent update was presented to the Tacoma City Council on the project along with an update on the Hilltop Tacoma Link Expansion, which is scheduled to start construction next month.

The ELGs for both the I-405 & SR 522/NE 145th projects continue to be busy. The ELG for the I-405 project had a second meeting at Renton on September 7, 2018, and SR 522/NE 145th will meet for the third time September 28, 2018. Serving on the 405 ELG are Boardmembers Balducci, Marchione, Keel, Upthegrove and Millar. Serving on the 522 ELG are Boardmembers Baker, Roberts, Johnson, and Patty Rubstello for Secretary Millar.

Earlier this month more than 200 people attended community workshops in Lake Forest Park and Kenmore, with more to come in Bothell, Woodinville, Shoreline and Seattle.

#### 2018 "Tunnel Achievement" of the Year

Due to successful completion of tunneling in difficult ground and in a dense urban environment, the Northgate Link Extension project has been named the 2018 Tunnel Achievement Award winner. Sound Transit tunnel construction manager Brad Cowles accepted the 2018 "Tunnel Achievement Award for Project Excellence" at the annual Breakthroughs in Tunneling conference in Denver on September 11, 2018.

#### Review of Agenda Items

Mr. Rogoff brought Boardmembers up to date on the current schedule. The Board is scheduled to take action on a major decisions including the baselining and scheduling of Federal Way Link Extension, revising Board Committee Structures and funding approval thresholds, revising the project to be built for the Downtown Redmond Link Extension, and approving a contract for Next Generation ORCA cards. The goal is to complete these actions so the Board can direct its attention on the updated financial projections and the agency's budget for 2019.

Last year Sound Transit initiated the rolling out of the financial plan and proposed budget simultaneously. The change allows Board members to have a better grounding on financial projects when contemplating spending and new projects for the coming year.

## PUBLIC COMMENT

Marguerite Richard  
Honorable Michael B. Fuller  
Alex Tsimerman, Stand Up America  
Giulia Pasciuto, Puget Sound Sage  
Abdi Yussuf, Puget Sound Sage  
Hester Serebrin, Transportation Choices Coalition  
Ralph Ibarra  
Gary Googins, General Manager of Vix Technology  
Will Knedlik  
Ildfonso Eustaquio

## CONSENT AGENDA

Minutes of the June 28, 2018, Board of Directors meeting.

Voucher Certification for August 2018.

Motion No. M2018-106: (1) Authorizing the chief executive office to execute a License Agreement with Smarte Carte, Inc. to provide luggage cart services for Sound Transit commuters at the SeaTac/Airport Station until Sound Transit needs or disposes of the property or the Port of Seattle contracts with a different vendor and (2) ratifying the license agreement from December 13, 2014, through present.

Motion No. M2018-110: Authorizing the chief executive officer to execute a lease agreement with Redstone WA Property LLC for office space located on the third floor of the Redstone Corporate Center Building in Mountlake Terrace, WA through December 31, 2025 (including an optional one year extension), for a total authorized agreement not-to-exceed \$5,447,401.

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

## BUSINESS ITEMS

Resolution No. R2018-30: Adopting the Federal Way Link Extension baseline schedule and budget by (a) increasing the authorized project allocation to date by \$2,038,910,000 from \$412,625,000 to \$2,451,535,000 (b) lowering the 2018 annual budget by \$52,612,337 from \$116,533,002 to \$63,920,665; and (c) establishing a project revenue service date of December 31, 2024.

Dave Earling, Capital Committee member, stated the Capital Committee reviewed Resolution No. R2018-30 during the September 13, 2018 meeting. He introduced Mr. Rogoff to provide opening remarks before hearing from staff.

Mr. Rogoff mentioned the work being done with the Federal Transit Administration (FTA) to advance the project through the Capital Investment Grant (CIG) program. The Board is taking up the recommendation of the Capital Committee on the baseline budget for the Federal Way Link Extension, and staff will walk the Board through the details. He mentioned that while Sound Transit has its own rigorous risk assessment process to inform the baseline action, the FTA uses a different methodology.

As previously reported, the FTA has revised its policy recently and is requiring higher contingencies for projects going forward, including the Federal Way Link Extension. They are effectively changing the ground rules, but because they set the rules for projects seeking Federal funding, Sound Transit will need

to comply. Based on their new guidance, the FTA is requiring another \$459 million in additional contingency for the project. To remain eligible for Federal funding, Sound Transit is setting aside the additional contingency in the finance plan that Tracy Butler, Acting Chief Financial Officer, will be bringing before the Board in October.

He mentioned the updated finance plan will not only reflect the higher contingency, but it will also reflect the larger grant assumption since the agency is seeking a 25 percent Federal share for the project. Sound Transit is confident that the project can be delivered within the baseline budget before the Board today. As discussions with FTA continue, he will bring back to the Board any additional steps they may need to take to keep the project eligible for Federal funding.

Dan Abernathy, Executive Project Director; Allison Dobbins, Director-Corridor Operations; and Soraya Lowry, HCT Development Manager, provided the presentation. The Federal Way Link Extension project will extend light rail 7.8 miles from the Angle Lake Station at South 200th Street in SeaTac south to the Federal Way Transit Center. Project elements include three elevated stations; 12 minutes to travel time from the Federal Way Transit Center to the Angle Lake Station; 36,500 daily riders in 2030; and a revenue service opening in 2024. A new parking garage will be constructed at each station. The Kent Des Moines Station garage will be 500 spaces, the 272nd station garage will be 1,100 spaces, and the Federal Way Transit Center station will add 400 spaces to the existing 1,200 space garage.

The planning, environmental, and preliminary engineering work began in 2012 and was completed with a Final Environmental Impact Statement being published in November of 2016. In January 2017, the Board selected the project to be built. A record of decision was received from the Federal Transit Administration and the Federal Highway Administration in March 2017 allowing the project to enter into property acquisition, final design, and construction. In April 2017, the Board approved the first 50 property acquisitions for the project and the design build procurement work began. Staff anticipates issuing the design and construction contract in August of next year and the project is currently on schedule to open for revenue service in 2024.

All property acquisitions have been approved by the Board and are in appraisal, negotiation, or closed/closing. The design-build request for proposal is complete and three qualified design build teams have been shortlisted. Staff has completed an updated schedule and cost estimate and performed a risk assessment with the Federal Transit Administration's participation. Staff is finalizing agreements with each of the four cities and WSDOT.

Upon Board approval, staff intends to issue the Request for Proposal to the shortlisted design-build teams and advance the project into the final steps of the design-build procurement process. The Federal Way Link Extension is a single design-build contract that includes final design and construction of all civil and systems elements of the project including train electrification, communications and signaling. Sound Transit is pursuing a full funding grant agreement with the Federal Transit Administration. The grant being pursued will be 25 percent of the \$2.5 billion proposed project budget. Staff is working closely with the Federal Transit Administration to mitigate uncertainty in the capital investment grant program.

In May, a cost estimate and project schedule update was completed. In June, staff finalized the updated cost estimate and completed a risk assessment to inform the costs. The goal of the cost and schedule risk assessment is to model the risk to ensure the agency has an 85 percent certainty. That means there is an 85 percent likelihood that the project will be delivered at or below the cost and schedule being proposed for the baseline. Top risks include construction market conditions, property acquisition and relocation costs, uncertainty at the Federal level, timely third party approvals, and differing site conditions.

Boardmember Upthegrove expressed South King County's gratitude for this project and the work that has been done. He stated his appreciation to the Board for their support with the Federal government.

**It was moved by Boardmember Earling, seconded by Boardmember Backus, and carried by unanimous vote that Resolution No. R2018-30 be approved as presented.**

Resolution No. R2018-31: Amending the Adopted 2018 Budget to establish one of the early ST3 deliverable projects by (a) establishing the project and project name as RapidRide C and D Improvements, (b) establishing the project allocation to date through the completion of the preliminary engineering phase in the amount of \$2,350,000, and (c) establishing a 2018 Annual Budget in the amount of \$350,000.

Boardmember Earling spoke to both Resolution No. 2018-31 and Motion No. M2018-101. He stated the Capital Committee received a staff presentation on these actions on September 13, 2018.

The RapidRide C and D Improvements project is a voter-approved capped contribution under the ST3 Plan, identified within the Early Deliverables for the Central Corridor. The RapidRide C and D lines overlap with and serve station areas along the future West Seattle and Ballard Link Extensions and have the third and second highest bus ridership in the region, respectively.

He stated that once approved by the Board, the project team will conduct a speed and reliability study and evaluate readiness to implement identified improvements by 2024. Resolution No. R2018-31 establishes the project and budget for Preliminary Engineering while Motion No. M2018-101 authorizes a contract amendment with HNTB to conduct the speed and reliability study.

**It was moved by Boardmember Earling, seconded by Boardmember Baker, and carried by unanimous vote that Resolution No. R2018-31 be approved as presented.**

Motion No. M2018-101: Authorizing the chief executive officer to execute a contract amendment with HNTB to provide a speed and reliability study for RapidRide C and D Improvements in the amount of \$599,000, for a new total authorized contract amount not to exceed \$27,452,221.

**It was moved by Boardmember Earling, seconded by Boardmember Baker, and carried by unanimous vote that Motion No. M2018-101 be approved as presented.**

Resolution No. R2018-33: Amending the Light Rail Vehicle Wireless Communication Upgrade project by (1) increasing the project allocation to date from \$156,000 to \$404,800, and (2) increasing the 2018 annual budget from \$156,000 to \$404,800 to implement the light rail vehicle wireless communication upgrade.

Boardmember Earling stated that the Capital Committee received a staff presentation on this action on September 13, 2018.

This action increases the project budget to allow implementation of an upgrade to the light rail vehicle wireless communication. The original scope was to upgrade the current light rail vehicle fleet. This amendment will provide the Wi-Fi network to the new ST2 Siemens light rail vehicles, which will begin arriving in 2019. The project scope will implement a wireless solution that will support timely transmission of light rail vehicle maintenance information, automatic passenger count data, and future signage data such as passenger alerts and emergency notifications.

**It was moved by Boardmember Earling, seconded by Boardmember Johnson and carried by unanimous vote that Resolution No. R2018-33 be approved as presented.**

Resolution No. R2018-34: (1) Amending the adopted 2018 annual budget to create the 130th Street Station project by (a) establishing the authorized project allocation to date in the amount of \$6,769,000 and (b) establishing the 2018 Annual Budget in the amount of \$315,000, and (2) authorizing acceleration of the preliminary engineering phase to begin in 2018.

Boardmember Earling stated that the Capital Committee received a staff presentation on this action on September 13, 2018. The item came to the Board without a do-pass recommendation because the committee lost its quorum before the action could be taken.

Mr. Rogoff introduced the action by stating within the ST3 plan there was an opened question regarding the building of 130th Street Station and its inclusion to the Lynnwood Link Project. With the progression of the Lynnwood Link Extension, there is an opportunity to build the station not as an infill station over an active railroad, but as an additional construction work that will be in close proximity to the Lynnwood Link Extension.

Given both the cost and safety margin differential over building on a greenfield versus an active railroad, Sound Transit's staff recommends the Board consider preliminary engineering work so the Board can see the cost and benefits of expediting the project. He stated that the motion does not make a decision to expedite the project, it allows Sound Transit to spend engineering dollars to bring back a more detailed analysis.

Kamuron Gurol, HCT North Corridor Development Director; John Sleavin, Executive Technical Advisor; and Wesley King, Corridor Operations Director, provided the presentation. The 130th Street Station is an elevated, side-platform station on the northeast quadrant of the I-5/NE 130th interchange in Seattle. The station will have a street-level plaza along 5th Avenue Northeast, non-motorized access improvements, and sustainability features. It will also have a pick-up/drop-off and a no vehicle parking area with an estimated average of 2,000 weekday ridership. The 130th Street Station was included in the ST3 Plan as an infill station costing between \$62 and \$67 million. Planning for the station starts in 2024 and would be delivered by 2031.

Infill construction on an operating line will increase travel time due to single-tracking during construction. This would directly affect up to 61,000 daily riders from Snohomish County and North King subareas, while causing potential systemwide delays that could affect many more. The proposal would accelerate preliminary engineering (PE) to start in 2018 instead of 2024 and be completed by third quarter 2019. The action preserves the option to accelerate final design and construction and build the 130th Street Station concurrent with the Lynnwood Link Extension. Accelerating PE does not pre-suppose future decisions; an additional action would be required to proceed to final design and construction.

Next steps include negotiating contract change orders and beginning work with WSDOT and the City of Seattle for expedited permitting, access, air space lease, and right-of-way.

Boardmember Johnson reaffirmed the City of Seattle's commitment for a good partnership when working with this station and mentioned the City has proposed a set of zoning changes in the neighborhood that would allow more residential planning. Boardmember Durkan commended the staff's work and discussed how Seattle is committed to collaborating with Sound Transit on the project.

Boardmember Roberts stated his support, but with some reluctance. He mentioned concerns with the absence of any land use or TOD in this area. He said Snohomish constituents are concerned about what is happening in the Sound Transit system. He understands there is value in doing this work prior to the Lynnwood Link Extension going into service. He would like the Board to have a conversation about the funding of this program with the first priority being to complete the spine.

**It was moved by Boardmember Earling, seconded by Boardmember Johnson, and carried by unanimous vote that Resolution No. R2018-34 be approved as presented.**

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.

Chair Somers spoke to both Resolution No. R2018-40 and Resolution No. R2018-41. He stated the next two actions regarding committees are the culmination of the ongoing Board process review. The Executive Committee received a presentation on Resolution Nos. R2018-40 and R2018-41 at its September meeting and voted to recommend both this resolution and the next to the full Board with a do-pass recommendation.

These policy updates come after the Board workshop in May, which allowed the Board to provide direction on changes to committee structure, level of oversight and efficiencies for day-to-day agency business, and

improvements in communications and strategic engagement in meetings. Additional staff presentations have taken place since the workshop on the Board Committee structure and on the approval authority levels, and today staff is returning with an action to move forward on the changes discussed. He stated that these changes will better position the Board to handle the increased workload while allowing them to retain strong oversight.

Ted Lucas, Executive Director of Procurement and Contracts, gave the presentation. The objectives of the actions includes optimizing the Board's time on key issues and challenges facing the agency, expanding the opportunities for the Board to engage in more meaningful and frequent policy discussion, and enhancing Board engagement in the project development process consistent with the System Expansion Implementation Plan.

At the May 2018 Board Workshop, the on the Board discussed how to balance approval levels between the Board, Board committees, and CEO while at the same time looking at the committee structure to maximize the policy focus and productive of the Board committees. As a result, the direction of the Board to staff was to increase Board committee approval authority from \$5 million to \$50 million and CEO approval authority to from \$200,000 to \$5 million. Another task from the Board Workshop was to update the structure, function, and authority of the Board committees.

After consulting with the CEO and members of staff, with the respect to competitive contract awards, Mr. Lucas stated the action proposes a two level approval. For construction contracts and architectural and engineering services contract the CEO's approval authority would be \$5 million. The approval authority delegated to the CEO for materials, technology, and other services contracts would be \$2 million. The amounts are based on the analysis that is the frequency and size of the various contracts. In order to obtain a good workload balance and transparency between the Board, committees, and CEO, a \$50 million approval authority to the Board committees is proposed.

Currently, the Board approves 95 percent of the annual procurement dollars, the committees approve 4 percent, and the CEO approves 1 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 5 percent. The new approval levels would decrease annual actions by 17 percent to the full Board or the Board would see 18 fewer actions. Board committees would see 42 fewer actions or a 57 percent decrease and the amount of annual actions the CEO would increase by those no longer approved by the full Board or committees.

Another takeaway from the Board Workshop was to elevate certain unique contracts for Board or committee approval. Staff proposed that any contract that establishes or modifies a Board policy must be approved by the Board regardless of dollar value. The CEO must bring to the full Board or committee any contract no included in a current budget authorization, any contract with a term exceeding 15 years including options, and finally, 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.

During the Board Workshop, the Board directed staff to work toward providing even greater transparency on CEO approvals. Currently, the Board receives a quarterly report of CEO contract awards. Under the new direction, the Board will receive a monthly report of CEO-approved competitive, sole source, and proprietary contracts including contract modifications. The Board will also receive an annual report on the integrity and performance of the agency's procurement and contracts program.

The CEO must regularly inform and consult the Board about business transactions, policies, and issues of significance. Board approval is required when the CEO may have a conflict of interest, pursuant to the Sound Transit Code of Ethics. 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 Roberts wants the public to recognize that there has been a considerable amount of conversation and discussion with the Board which is essential given the scope of the work being done and gave his support. Boardmember Backus asked who would make the determination of the conflict of interest within the new proposal. Mr. Lucas replied it could be Legal or Human Resources or both and any appearance of conflict of interest would trigger a review.

Boardmember Johnson asked whether monthly reports will be divided into categories by federal ruling. Mr. Lucas responded that it will be by the dollar level.

**It was moved by Boardmember Roberts, seconded by Boardmember Backus, and carried by unanimous vote that Resolution No. R2018-40 be approved as presented.**

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 previously brought to the Audit and Reporting Committee will be brought to the relevant committee under the updated division of contract approvals and oversight.

Chair Somers also proposed a new Finance and Audit Committee to better address financial risks and issues that may come up as the Board implements an ambitious capital program. This new 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 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 Internal Audit Director's direct relationship with the Audit and Reporting Committee Chair would be transferred to the Finance and Audit Committee Chair.

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. Review of strategy to manage the agency's investment and debt performance, agency risk management efforts and approach to developing the annual budget. The committee would also recommend the annual budget to the Board based on recommendations from the other committees. The structure will build greater board expertise in the financial health of the agency and will enhance transparency. The new committee membership would be established by the Board.

Boardmember Johnson mentioned the Audit and Reporting Committee currently receives all reports based on CEO delegated authority and asked if reports will be divided between the three committees. Ms. Flores said yes, specifically contract report and the reports will be reviewed to ensure they are divided for each committee's responsibilities.

**It was moved by Boardmember Roberts, seconded by Boardmember Earling, and carried by unanimous vote that Resolution No. R2018-41 be approved as presented.**

Motion No. M2018-107: Authorizing the chief executive officer to execute a four year contract, with eleven additional one-year options, with INIT Innovations in Transportation, Inc. (INIT) to be the Systems Integrator for the next generation ORCA program in the amount of \$94,240,044, with a 20% contingency of \$18,848,009, for a total authorized contract amount not to exceed \$113,088,052, plus applicable taxes, contingent upon approval of the ORCA Joint Board. The Sound Transit share of the capital project costs will be approximately \$27,887,974, including contingency, plus any applicable taxes. The Sound Transit share of the operating costs will be determined by regional agreement for each year of operations.

Boardmember McDermott spoke to the motion. He stated the Operations and Administration Committee received a staff presentation on this action on September 6, 2018. This action is for a Systems Integrator to deliver and support operation of the next generation ORCA fare collection system. Next generation ORCA will replace the existing ORCA system with an updated fare collection system for the whole region.

Sound Transit is acting as the lead procurement agency for the Systems Integrator on behalf of the seven other ORCA transit authorities in the region. The ORCA Joint Board must also approve the contract on behalf of the agencies, which received regional approval on September 10. He introduced Brittany Esdaile, Next Generation ORCA Regional Program Manager, who gave a brief presentation on this topic so the full Board could understand the contract elements and features of the next generation ORCA fare collection system.

Ms. Esdaile stated that this action it is for his contract for a Systems Integrator to deliver and operate the next generation ORCA fare collection system. The system will be designed and implemented using an open architecture approach to provide flexibility as technology and needs change. It will include an account-based financial system that leverages modern commercial off-the-shelf and custom-built applications.

Sound Transit has been designated the lead agency for the next generation ORCA program. INIT was selected via a competitive procurement, including a thorough proposal and negotiation process with all shortlisted vendors. As part of the ORCA Interlocal Cooperation Agreement (ILA), the ORCA Joint Board must take an action to approve the contract award on behalf of the ORCA partner agencies. This confirmation is scheduled for the September 10, 2018, ORCA Joint Board meeting.

Sound Transit's capital portion of the contract is approximately \$27,887,974, including options and contingency, plus any applicable taxes. Sound Transit's capital portion is based upon both direct charges for equipment and agency-specific components, and a capital share of 26.9 percent of regionally-shared back office and software. The region will reimburse Sound Transit for their shares of the total contract amount. The other ORCA agency capital shares are as follows: King County Metro 57.8 percent, Community Transit 7.3 percent, Pierce Transit 4.4 percent, Kitsap Transit 2.1 percent, Everett Transit 0.8 percent, and Washington State Ferries 0.7 percent. Sound Transit's share of the operating costs will be based on a regionally approved operating share formula for each year.

Boardmember Keel asked for more details about the flexibility of partners and what they can do and what they want. Ms. Esdaile replied that the current system is a card-based system and the Next Generation will be an account-based system. The Next Generation system will be more flexible with modifications. She also mentioned the system is an open architecture application system so it is not proprietary. Sound Transit has a professional license and can share with other transit agencies. CEO Rogoff added that Sound Transit has to feed seven agencies with this service. They all worked together to make the initial purchase of the next generation simpler and easier.

Boardmember Millar expressed his excitement for the second generation and asked if possible to integrate with trip planning. Ms. Esdaile replied that it has been discussed and may be happen in the future, but not in the first phase of the launch.

Boardmember Johnson asked about the timeline. Ms. Esdaile replied that three years to design, develop, test, and launch back end systems. An additional one year will be to transition in the field to swap the equipment.

**It was moved by Boardmember McDermott, seconded by Boardmember Keel, and carried by unanimous vote that Motion No. M2018-107 be approved as presented.**

## EXECUTIVE SESSION

At 3:55 p.m., Chair Somers announced that the Board would convene an executive session that would last 20 minutes. The Board may consider action following the executive session. Desmond Brown, General Counsel, announced that the executive session is authorized under RCW 42.30.110(1)(g) to review the performance of a public employee.

At 4:15 p.m., the Executive Session was extended by 20 minutes.

Chair Somers reconvened the meeting at 4:35 p.m. He stated the Board has been engaged in a review of the CEO's performance since late last year. During the process, the Board was informed of issues early in the CEO tenure of his management style, communication skill, and demeanor in the workplace. The ensuing examination of those issues resulted in the Board directing the CEO to complete a Leadership Development Program, which was overseen by Boardmembers Nancy Backus, Paul Roberts, and Ron Lucas.

The group concluded the CEO has met requirements the Board established for his improvements and are confident of his ongoing commitment to continuous development of his management skills. The CEO's current contract expires at the end of January 2019. Chair Somers requested the Vice Chairs of the Board work with him on a contract renewal that will brought to the Board before the end of the year.

Boardmember Backus stated her appreciation to Boardmembers Roberts and Lucas for their work with her. Through the process there were in depth conversations, challenging conversations and she stated appreciation to Peter Rogoff for his willingness to look inward and being an active participant.

CEO Rogoff thanked the Board for the appointment of the committee and thanked Boardmembers Backus, Lucas, and Roberts. He expressed it has been a helpful process and productive. The core of six values he learned through the process have been implemented to the agency.

## REPORTS TO THE BOARD

None.

## OTHER BUSINESS

None

## NEXT MEETING

Thursday, October 25, 2018  
1:30 p.m. to 4:00 p.m.

Ruth Fisher Boardroom

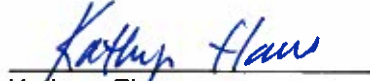
**ADJOURN**

The meeting adjourned at 4:44 p.m.



Dave Somers  
Board Chair

ATTEST:



Kathryn Flores  
Board Administrator

APPROVED on November 15, 2018, TT