



Summary Minutes

Board Meeting
November 21, 2019

Call to order

The meeting was called to order at 1:34 p.m. by John Marchione in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

Roll call of members

Chair	Vice Chairs
(P) John Marchione, City of Redmond Mayor	(P) Kent Keel, City of University Place Mayor (P) Paul Roberts, Everett Councilmember

Board members	
(P) Nancy Backus, City of Auburn Mayor	(P) Joe McDermott, King County Council Chair
(P) David Baker, City of Kenmore Mayor	(P) Roger Millar, Washington State Secretary of
(P) Claudia Balducci, King County Councilmember	(P) Kim Roscoe, City of Fife Mayor
(P) Dow Constantine, King County Executive	(P) Dave Somers, Snohomish County Executive
(P) Bruce Dammeier, Pierce County Executive	(P) Dave Upthegrove, King County Councilmember
(P) Jenny Durkan, Seattle Mayor	(P) Peter von Reichbauer, King County Councilmember
(P) Dave Earling, City of Edmonds Mayor	(A) Victoria Woodards, City of Tacoma Mayor
(P) Debora Juarez, Seattle Councilmember	

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

Report of the Chair

Board members on the phone

Chair Marchione stated that today's meeting conflicts with a league of cities meeting, so Boardmembers Backus, Baker, Balducci, Durkan and Woodards asked to participate in today's meeting by phone. Board member Durkan may need to leave the meeting early, but can participate by phone for the remainder of the meeting.

Since there are five members who would like to attend by phone, the Board must temporary suspend the rules to allow more than 25 percent of the Board members by phone. Suspending the rules requires a 2/3 majority vote of the Boardmembers in attendance. Vice Chair Roberts noted that other Boardmembers may also need to leave early and would benefit from being able to participate by phone.

It was moved by Boardmember Roberts, seconded by Boardmember Somers and carried by unanimous vote that the rules be temporary suspended to allow any Boardmember to participate in today's Board meeting by telephone.

Chair Marchione mentioned that two weeks ago statewide voters passed Initiative 976 related to motor vehicle excise taxes. The board will discuss the financial and legal impact of this measure later on the agenda.

CEO Report

Recognition of Deputy CEO Mike Harbour

CEO Rogoff reported that Deputy CEO Mike Harbor is retiring on December 6th. Mike is beloved agency wide and will be missed by staff. He leaves after a distinguished 36 year career in transit. Mr. Harbour came to Sound Transit in 2012 as Deputy CEO. When former CEO Joni Earl went on extended medical leave, Mr. Harbour took on the role of acting CEO for two and a half years. Mr. Harbour led the agency through many milestones, especially the construction and testing to extend service to Capitol Hill and University of Washington. He thanked Mr. Harbour for his service and wish him the best in a well-deserved retirement.

New Deputy CEO

Mr. Rogoff also reported that a new Deputy CEO has been hired to work alongside Deputy CEO Kimberly Farley. Mary Cummings will join the agency Deputy CEO Chief Administrative Officer. She brings a wealth of experience in international business as well as academia. She is known for building inclusive and collaborative teams. She will begin at Sound Transit in mid-December.

Recent Events

Mr. Rogoff announced that last week he had the honor of serving as Master of Ceremonies at the Washington State Chapter for the Conference of Minority Transportation Officials. That evening Sound Transit's own Leslie Jones was recognized with the Founders Award for her outstanding work for the transit industry. Sound Transit Board Member Claudia Balducci was also in attendance. Mr. Rogoff also stated that he attended the Women's Transportation Seminar reception. He was able to highlight the important role that woman at Sound Transit have in the work here at the agency and across the region.

External Engagement Report

The Board received the external engagement report via email. Mr. Rogoff noted that for the first time that report includes a discussion of all of our work with Indian tribes throughout the region. Dezeray Hayes, the new director of Tribal Relations has met with many local tribes in her early weeks on the job.

Change to Red Line Name

Mr. Rogoff noted that a couple of months ago Sound Transit started referring to the existing light rail route as the "Red Line". This terminology was in keeping with a policy established by the Board around five years ago, but it wasn't until the near term arrival of a second system line that Sound Transit needed to start building rider understanding of the current line.

Members of the community and our stakeholder organizations have drawn our attention to the negative associations of the term "Red Line" to the punitive practices known as "Red Lining". This has caused us to reconsider our line color convention. I have directed staff to create a new naming system for our services without a red line. Because our services fit together as a system, changing one line is likely to result in changing other aspects of our naming convention. The goal is to have this new convention in place by March of 2020.

Budget Review Schedule

Finally, Mr. Rogoff reviewed the budget schedule for the rest of the year. He noted that in December, all the committees will be taking actions to forward their portions of the budget to the Finance and Audit Committee. On December 19, 2019 the Finance and Audit Committee will review the budget as a whole and consider forwarding it to the full board final adoption at the last board meeting of the year.

Public Comment

Dennis Noland
Tim Eyman
Jan Jarvis
David Norman
Will Knedlick
Carol Butterfield
Mike Dee
Ildefonso Eustaquio

Clark Matthews
Kelsey Mesher
Alex Tsimerman
Marliza Melzer
Michelle Dunell
Mathew Lang
Marguerite Richard
Nick Holzthum

Discussion on I-976

Chair Marchione shared his thoughts on Initiative 976 with the Board. He stated that the reason voters approved the large Sound Transit 2 measure and even larger Sound Transit 3 plan was the public's recognition that these actions should have been taken long ago, and the rapid growth of congestion has wreaked a heavy toll on people's lives. Sound Transit is making a huge difference by moving than 160,000 riders each weekday. Voters put Sound Transit on course to not only expand Sounder and launch Bus Rapid Transit but go from 22 miles of light rail to 116 over the next two decades. These extensions will enable light rail to serve more than 600,000 riders each day as the population continues to grow. This is our region's catch-up plan, and there is no other transportation solution or funding plan waiting in the wings.

Chair Marchione noted that it's impossible to make these investments without a significant tax investment. It takes broad-based tax sources to support a \$54 billion plan, the only available sources which are sufficiently broad-based are sales tax, property tax and MVET. No one loves writing a check for renewing vehicle tabs, but a majority of people in our region are still willing to do it based on their recognition of our common good.

Chair Marchione shared that although all the tabulations are not in, the current analysis so far indicates that approximately 53 percent of voters in our boundaries rejected the initiative. This margin is virtually the same as the 54 percent of voters who approved Sound Transit 3.

Sound Transit is only one of more than 60 jurisdictions that rely heavily on the taxes people pay when they renew their vehicle tabs. Chair Marchione shared his concern about the impacts to local government transportation departments and transit agencies across the whole state.

Chair Marchione asked staff to review the current program and the financial implications of Initiative 976.

CEO Peter Rogoff gave an overview of the status of expansion programs. Over the next 5 years, Sound Transit is set to nearly triple the length of light rail. From 22 miles and 16 stations to 60 miles and 44 stations. In 2021, three more light rail stations will open connecting the current UW station to Northgate. In 2022, the Hilltop Tacoma Link Extension opens with six new stations connecting the Stadium and Hilltop neighborhoods to downtown Tacoma and the Tacoma Dome transit hub. New Sumner and Puyallup Sounder station garages open with additional parking. In 2023, Sound Transit will open the East Link Extension with 10 new stations opening on Mercer Island, Bellevue and Redmond. Riders in east King County will be able to connect directly to downtown Seattle on the Blue Line and north to UW

and Northgate. Additional parking and access improvements will open at the Kent and Auburn Sounder stations. In 2024, Sound Transit will open light rail to Lynnwood, downtown Redmond and Federal Way. The agency will also open up Bus Rapid Transit on I-405 and SR 522 to connect to the light rail network at Lynnwood, Bellevue, Shoreline and Tukwila.

These projects are well on the way. These are projects where Sound Transit has issued contracts and obligated funds. In the event our revenues were to be reduced, stopping these projects would be the last place staff would recommend. The system will be about half complete. The agency still has 56 more miles of light rail to build. Additional work to expand Sounder service with additional capacity to the north and south.

In 2030, the agency is scheduled to extend light rail to the Tacoma Dome as well as West Seattle. In 2031, the agency is scheduled to complete three Link infill stations. One north, one central and one south. In 2035, the agency is scheduled to open up light rail to Ballard, including a new tunnel through downtown Seattle to handle additional capacity. In 2036, Sound Transit will open light rail to Everett and expand sounder service in south King County and Pierce County with two new stations south of Lakewood. In 2039, Sound Transit will open a second Tacoma Link extension to Tacoma Community College, and in 2041 the agency will open a new light rail line from south Kirkland to Issaquah.

These projects are a major driver of employment in the area. So far in 2019 alone over 8,000 workers have put in more than 3 million work hours.

Desmond Brown, General Counsel, talked about the text of I-976. The initiative is divided into two sections. Sections 1 – 9 deal with taxes from other jurisdictions. Sections 10 – 16 deal exclusively with Sound Transit. Sections 10 and 11 provide that the Motor Vehicle Excise Tax and Rental Car Tax are repealed. However those provisions do not take effect at this time. The initiative expressly provides that the repeal does not take effect until all the bonds and other debt are paid off. Currently Sound Transit has \$2.3 billion in outstanding bonds and debt. The tax must be collected until those are retired. The initiative provides that Sound Transit should retire the bonds, but doesn't set a deadline. There is a provision that states that if the bonds are not retired by March 31, 2020 then the tax rate for MVET is decreased from .8 to .2%, but this provision does not apply to Sound Transit until the bond's pledged against the MVET tax are retired.

Mr. Brown stated that the Board needs to wait on the outcome of any legal challenges to I-976 because the Board has a statutory obligation to the voters to complete the plan if sufficient funds are available. If the initiative is determined to be unconstitutional then it will have no effect. If it is determined to be constitutional then there will be litigation regarding the agency's obligation to retire the outstanding bonds. There are several legal issues that are raised by the initiative. Certain of the requirements conflict with the statutory obligations of the board. The other issue has to do with the constitutionality of requiring a local government to incur debt obligations against its will to retire bonds.

Mr. Rogoff mentioned that while this may not have an immediate effect on Sound Transit, it will have an effect on agencies that feed into Sound Transit such as King County Metro, Washington State Ferries and smaller agencies across Puget Sound.

Tracy Butler CFO, discussed program impact if the bonds were defeased. Sound Transit would experience a revenue loss of \$7.2 billion through 2041. There would be a direct cost of \$521 million, and the agency would need to spend \$2.6 billion in new debt to retire the \$2.3 billion in outstanding debt. This is money that would have been used for system expansion and maintenance that would instead be used to retire debt. The Board would be projected to run out of financial capacity as early as 2029, which would trigger the Board to cancel projects, delay projects or reduce services. If projects are delayed by 5 years there would be \$6 billion in added capital costs due to inflation and \$16 billion in additional interest through 2061. This will cause taxes to need to be collected for an additional 12 years resulting in \$25 billion in additional regional taxes.

Chair Marchione noted that because the initiative poses questions for the agency related to potential litigation, the Board will move into an executive session to discuss legal questions. After the executive session the Board will reconvene to discuss the agency's response.

Executive Session

At 2:46 p.m., Chair Marchione announced that the Board would convene an executive session that would last 25 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)(i)(ii) to discuss pending litigation to which the agency is a party where public discussion would likely result in an adverse legal and financial risk consequence.

At 3:11 p.m., the Executive Session was extended by 15 minutes.

Chair Marchione reconvened the meeting at 3:26 p.m.

Discussion on I-976 (Continued)

Chair Marchione noted that although there are significant legal issues with this initiative at this point in time Sound Transit does not need to take any legal action. The fate of the litigation has already been launched by other agencies. He stated that the Board has no action to take today rather an obligation to closely review the legal issues surrounding this initiative and monitor current litigation before considering further action.

Boardmember Dammeier remarked that regardless of the outcome in court, this vote sent a very strong message. He felt that the frustration in Pierce County has been palpable and he has been trying to express that to the Board. He thought the Board should be concerned about the disparity of the vote and the differences between King County, Snohomish County and Pierce County. He also felt that asking people to pay MVET taxes based on an unfair valuation is frustrating to people and needs to be resolved. Boardmember Keel also advocated for Olympia to continue working on the MVET valuation issue.

Consent Agenda

Voucher Certification: October 2019

Minutes: September 26, 2019 Board Meeting

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

Business items

Motion No. M2019-108: Authorizing the chief executive officer to execute an agreement with King County Metro to provide ST Express bus operations and maintenance services for a five year term ending on December 31, 2024 with one additional three-year option to extend (January 1, 2025 – December 31, 2027) followed by one additional two-year option to extend (January 1, 2028 – December 31, 2029).

Boardmember Roberts noted that the Rider Experience and Operations Committee reviewed this action in November and forwarded it to the Board with a do pass recommendation. The agreement continues Sound Transits partnership with King County Metro providing express bus services originating in King

County. King County Metro currently operates 119 ST Express buses on seven routes. The new agreement includes enhance data sharing transparency and reporting requirements for better oversight. It also adds language for Title VI and ADA requirements, and improves and clarifies responsibilities such as financial reconciliation, service, planning and monthly meetings. It formalizes the existing practice to charge Sound Transit a prorated share of King County Metro's depreciation expense for capital investments in system and bus base improvements. The agreement also implements a periodic review of financial performance to identify cost drivers.

It was moved by Boardmember Roberts, seconded by Boardmember Earling, and carried by unanimous vote that Motion No. M2019-108 be approved as presented.

Resolution No. R2019-27: Adopting the 2020 Service Implementation Plan and authorizing the chief executive officer to implement recommended service changes in 2020.

Boardmember Roberts noted that the Rider Experience and Operations Committee reviewed this action in November and forwarded it to the Board with a do pass recommendation. The 2020 Service Implementation Plan proposes 5 major service changes.

A new ST Express Route 544 would operate every 15 minutes during peak periods between Overlake Park-and-Ride, South Kirkland Park-and-Ride and South Lake Union via Stewart Street consistent with the North Eastside Mobility Project recommendation. Route 540 (Kirkland – U District) would be discontinued, reallocating operating resources to new Route 544. Route 541 (Overlake – U District) would discontinue a majority of trips, reallocating operating resources to Route 544. Route 566 (Auburn and Kent – Overlake) would discontinue stops at Kennydale and Newport Hills on off peak and reverse peak trips to improve reliability for a majority of riders along the I-405 corridor beginning in March 2020. Route 577 (Seattle – Federal Way) weekend service would be extended to operate between Seattle and Auburn via Federal Way as short Route 578 (Seattle – Puyallup) trips beginning with September 2020.

Sound Transit also held a public hearing on the Service Implementation Plan on October 3, 2019.

In response to a question from Boardmember Dammeier, Sound Transit staff confirmed that the changes are revenue neutral.

It was moved by Paul Roberts, seconded by Dave Earling, and carried by unanimous vote that Resolution No. R2019-27 be approved as presented.

Motion No. M2019-110: Authorizing the Chief Executive Officer to execute a contract with Hensel Phelps Construction Co. to provide design-build services for the Puyallup Station Parking and Access Improvement project in the amount of \$45,994,000 with a 10 percent contingency of \$4,606,000 for a total authorized contract amount to exceed \$50,600,000.

Boardmember Keel noted that the System Expansion committee considered this action in November and unanimously recommended its approval. This action will authorize a design-build contract to complete final design and construction of a new parking garage and adjacent surface parking lot located on a site west of the existing Sounder station in Puyallup WA along with related mitigation and non-motorized improvements.

Jon Mihkels, Project Director, reviewed the project and contract with Hensel Phelps. The project is anticipated to be open for service in February 2022 and will increase the overall parking by approximately 610 spaces. Upon completion the total Puyallup Sounder Station dedicated parking spaces will be approximately 1,260.

It was moved by Boardmember Balducci, seconded by Boardmember Somers, and carried by unanimous vote that Motion No. M2019-110 be approved as presented.

Resolution No. R2019-28: Authorizing the following to allow for the collection of property taxes in 2020: (1) a 1.0 percent statutory increase in the property tax levy for 2020 (2) Certifying the total property tax levy amount inclusive of levy increases per PRC 84.55.010 (3) the preparation of levy certification forms (4) the chief executive officer to execute all necessary contract for collection and / or administration services.

Resolution No. R2019-28 was moved by Paul Roberts and seconded by Dow Constantine.

Ann Sheridan, Budget Director, reminded the Board that the collection of property taxes was approved as part of ST3. The assumption in the financial plan includes the one percent statutory increase. In the long range financial plan, property taxes are seven and a half percent of all tax revenues and six percent of all revenues. The proposed 2020 Property Tax Levy is for \$155.5 million. The total change from 2019 is \$4.9 million. The levy includes an additional \$1.36 million which is one percent of last year's levy amount. The levy also includes \$3.56 million for the assessed value of new construction and other items. ST3 allows for a maximum levy rate of \$0.25 per \$1000 of assessed value. The estimated levy rate in 2020 is \$0.20 per \$1000 of assessed value due to substantial increases in property values.

Board Member Keel stated that he would not be supporting this one percent increase.

It was moved by Boardmember Dammeier and seconded by Boardmember Keel to amend the resolution to have the property tax rate increase of 0%, but allow the construction property tax to flow through.

It was moved by Boardmember Backus and seconded by Boardmember Upthegrove to amend the amendment offered by Boardmember Dammeier to allow the 1% property tax increase to be banked for future use. The amendment to failed by majority vote.

The amendment offered by Boardmember Dammier failed by majority vote with Boardmember Dammier and Boardmember Keel voting in the minority.

Chair Marchione called for a roll call vote on Resolution No. R2019-28 since it requires a supermajority vote.

Ayes

Nancy Backus
David Baker
Claudia Balducci
Dow Constantine
Jenny Durkan
Dave Earling
Debora Juarez

Joe McDermott
Roger Millar
Paul Roberts
Kim Roscoe
Dave Somers
Dave Upthegrove
John Marchione

Nays

Bruce Dammeier
Kent Keel

It was carried by majority vote of 14 Boardmembers that Resolution No. R2019-28 be approved as presented with Boardmember Dammier and Boardmember Keel voting in the minority.

Motion No. M2019-111: Authorizing the chief executive officer to execute a Memorandum of Understanding (MOU) with the Washington State Department of Ecology regarding storm water runoff from light rail guideway.

Chair Marchione asked for a staff presentation since this action is coming directly to the Board. Don Billen, Executive Director of Planning, Environment and Project Development (PEPD) stated that this Memorandum of Understanding (MOU) addresses the storm water runoff from the light rail guideway. Consistent with national practice Sound Transit does not normally include storm water treatment for light

rail guideways since the vehicle is electric. Sound Transit staff met with the Department of Ecology (DOE) to bring regulatory certainty to this issue which resulted in this MOU.

It was moved by Boardmember Roberts, seconded by Boardmember Millar, and carried by unanimous vote that Motion No. M2019-111 be approved as presented.

Report to the Board

Equity Strategy Update

Jackie Martinez Vasquez, Chief Equal Employment Opportunity Equity and Inclusion Officer, provided a presentation on Sound Transit's Office of EEO, Equity & Inclusion. She noted that the office was established almost 2 years ago. The office's mission is to ensure an equitable system that grows and sustains a diverse workforce, fosters an inclusive culture and builds organizational capacity.

She outlined four strategies used by the office:

Employees and Culture – Growing a diverse workforce and creating a more inclusive Sound Transit

Talent Engagement – Engaging with aspiring students and leaders early and often. Ensuring that anyone can see themselves in Sound Transit.

Capacity Building – Building organizational capacity through consulting, network building, inclusive leadership development, workshops and training. Leaders from all departments must have the tools, skills and capacity to operationalize equity principles in their work. Through various programs the office offers professional development on EEO policy and regulations, Inclusive Leadership, Equity Literacy and Undoing Institutional Racism workshops.

Institutional Change – Developing and implementing institutional change strategies to operationalize equity. The office leads Sound Transit's Equity Steering Committee to focus not only on programs but on policy and institutional strategies that advance equity across the agency. The Equity Steering Committee will set strategy, make recommendations, provide guidance and ensure integration of equity principles in their respective business lines. This committee is made up of 13 leaders representing various departments throughout the agency.

Ms. Martinez Vasquez also reviewed the four sub-committees under the Equity Steering Committee:

Equitable Engagement – Which establishes agency-wide policy, processes or mechanisms to equitably engage with community and creates long term relationships across our region that allow communities to shape the way they interact with the agency in order to remove barriers to communication and play a more active and meaningful role in decision making.

Racial Equity Analysis Tool – Which enhances the employee experience and creates accountability throughout the agency with a commitment to fostering an inclusive and equitable internal culture.

Equity Policy – Which is working to develop a systematic way to assess the benefits and impacts of proposed policies, programs and procedures through an equity lens. The subcommittee is working on the development of a tool that transforms the way the agency works, ensuring that Sound Transit identifies and seeks to reduce, eliminate and / or prevent inequities in all that we do.

Equitable Employee Experience – Which is developing a core equity policy to provide guidance on how to address practices, procedures, projects and policies. As well as adopting a clear definition of equity, and directives to operationalize equity principles to ensure a high quality transit system that centers equity, inclusion and fairness at its core.


Board Member Roberts asked for more information on the tools that are developed once the program is more mature. Boardmember Millar asked if a future step could include incorporating these policies, tools and trainings into contractual relationships. Boardmember Dammeier asked if the office could work with the Pierce County office performing similar work to provide more information about Sound Transit's program.

Next meeting

Thursday, December 19, 2019, 1:30 to 4:00 p.m.
Ruth Fisher Boardroom

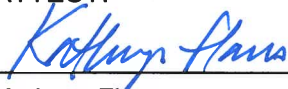
Adjourn

The meeting adjourned at 4:36pm.



John Marchione
Board Chair

ATTEST:



Kathryn Flores
Board Administrator

APPROVED on December 19, 2019, KF.