



March 23, 2022

Sound Transit Board
The Honorable Kent Keel, Chair
401 South Jackson Street
Seattle, WA 98104

Re: Citizen Oversight Panel 2021 Year-End Report

Dear Chair Keel:

This is the 25th annual year-end report of the Citizen Oversight Panel (COP), which sets forth to the Board and the public our assessment of Sound Transit's performance during the past year.

Background

Historically, the framework for this report is the COP's authorizing legislation, which is contained in each of the Agency's three plans and require the COP to monitor seven major areas of Sound Transit's performance:

- Public participation in plan implementation
- Evaluation of project alternatives and recommendations
- Annual capital and operating budgets and plan of finance
- Regional fund management
- Equity, subarea budgets, and financial reporting
- Schedule and budget adherence
- Annual performance review audits

While the ongoing pandemic, cost escalation and labor shortages will likely continue to cause unforeseeable upheaval that could impact the Agency's functions, the COP has found that in 2021, Sound Transit is in substantial compliance in all of the areas monitored.

Major Accomplishments

System Expansion

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Daniel Parker

James Peyton

Joseph Scorcio

Paul Thompson

The Northgate Link Extension opened on October 2, 2021, adding 4.3 miles to the light rail system and three new stations in North Seattle. Community support and ridership have been strong. The East, Downtown Redmond and Federal Way Link extension projects remain on schedule. The 152-vehicle light rail fleet expansion necessary to support these openings is also on schedule.

Parking and access improvements at Sounder stations in Puyallup, Sumner, Auburn, and Kent will benefit riders along the well-used Sounder South line. The Puyallup project is under construction and the Sumner, Auburn, and Kent projects advanced through the design process.

The Board selected the project to be built for the I-405 and SR522/NE 145th Stride bus rapid transit (BRT) projects and the Bus Base North. These projects will add 37 miles of high-capacity transit.

Transit-Oriented Development (TOD)

The TOD program implements Sound Transit's Equitable TOD policy, which prioritizes the development of affordable housing on the Agency's surplus property, as well as the integration of capital projects with housing and commercial development. To date, more than 2,500 housing units - most of them affordable – are either built, under construction, or in other phases of project development. A June 2021 partnership between Sound Transit and Amazon, to which the company has committed \$100 million, will accelerate the creation of 1,200 new affordable housing units across the region.

Equity and Inclusion

Sound Transit continues to advance civil rights, equity & inclusion for our employees, passengers and the community. Building upon this foundation, Sound Transit has made the commitment to become an anti-racist organization. A five-year anti-racist strategy framework has been developed that will launch in 2022 along with the Agency's Racial Equity Toolkit and Equitable Engagement Tool. Efforts continue to create additional contracting opportunities for under- represented and women-owned businesses. Through partnerships with the Washington State Department of Corrections, the City of Seattle and the Port of Seattle, participants are prepared for entry into union apprenticeship and provided with additional support through job readiness and retention programs.

Realignment

In August 2021, after 18 months of intensive work, the Board adopted a realignment plan to ensure the ongoing affordability of the system expansion program. The plan provides a flexible and accountable framework to implement ST2 and ST3 projects not yet in construction as close as possible to the dates committed to voters. With this updated Board direction, staff will

continue to maintain ambitious project schedules, seek additional funding opportunities, and manage project costs within an affordable program.

Grants

Federal COVID relief funds have lessened the pandemic's financial impacts to the Agency over the past year. In addition, Sound Transit completed \$3.8 billion in loans for six major capital projects, the largest amount ever awarded through the Transportation Infrastructure Finance and Innovation Act Program. Significant new funding opportunities are expected as part of the recently passed Bipartisan Infrastructure Law. The Agency is also engaged with the Washington State Legislature to develop sustainable funding opportunities for public transportation providers throughout the state. The outlook for grants has improved significantly since the COP's last year-end report.

Areas of Concern

Cost Escalation and Workforce Availability

While a majority of the Link projects currently under construction are on schedule and within budget, continuing impacts of the pandemic, year-end weather disruptions, an ongoing concrete strike, escalating real estate prices, and the continued shortage of skilled labor threaten on-time delivery of these projects.

Fare Policy and Enforcement

Transit agency practices regarding fare collection and enforcement, including the Agency's fare enforcement pilot project, have been the subject of several recent media reports. The pilot project aimed to improve riding conditions for people of color, those with disabilities, and those with low or no incomes, the latter of whom are particularly vulnerable to financial hardships and criminal penalties when charged with fare evasion. In its 2020 year-end report, the COP expressed support for the Agency's efforts to address these particularly challenging issues, while also noting the importance of fares as a significant component of the Agency's financial capacity to provide ongoing, equitable transportation throughout the region.

Overall, revenue from fares dropped by more than two thirds from 2019 to 2020 and ridership dropped by half. Link ridership is expected to account for only five percent of its operating costs for 2021, compared to the stated goal of 40 percent. While the COVID-19 pandemic accounted for much of the ridership decline and related loss in revenue, there has also been a marked increase in fare evasion, from about three percent in 2018 – 2019 to between ten and thirty percent in 2020 – 2021. The COP shares the CEO's concern that this trajectory is financially unsustainable.

Emergency Communications Protocols

Since its opening in October 2021, Northgate Link has experienced two equipment failures that resulted in stalled rail cars filled with passengers waiting in the dark for information about the situation. The Agency's internal auditor has released a detailed report about the most significant incident, which occurred after an Apple Cup game in late November. The report identified "preventable mechanical failures" that have since been addressed, and communications failures that resulted while the train operator focused on restoring service. The Agency has acknowledged that its emergency communications protocols must be enhanced in order to prevent such problems in the future. The COP will monitor progress on this issue in the year ahead.

Future Travel Demand and Ridership Forecasts

In spite of multiple pandemic related challenges, Sound Transit is proceeding apace with one of the largest transit capital expansion projects in the country. Travel demand and ridership forecasting are inexact sciences in the best of times. Continuing uncertainty regarding the return to in-person work, disrupted commute patterns, and rapidly changing technologies make forecasting particularly challenging. The COP encourages the Agency to collaborate with its peers to leverage research and best practices that are developed in response to the pandemic's impacts on public transportation throughout the country.

Jurisdictional Communication and Collaboration

The COP has previously expressed concerns related to deferring park-and-ride facilities as a cost savings measure through the realignment process. While delaying park-and-rides reduces costs for ST3, local jurisdictions will likely assume added costs for parking enforcement. Community impacts in the form of "hide-and-ride" parking and increased congestion are also common outcomes. Construction impacts, schedules and specific project components can also have significant impacts on communities, as has been the case during construction of the Hilltop Tacoma Link extension. Close collaboration with local jurisdictions will facilitate timely permit processes and community support as Sound Transit's work on major construction ramps up in the years ahead.

COP Membership and Diversity

The COP has been briefed on the Board's strategies for bringing more diversity to the Panel and supports this important initiative. The COP is encouraged that the Board will likely adopt the proposed, updated policies at its March meeting. The COP's full membership of 15 has not been attained in recent years. Current membership stands at seven, three representatives from East King County and one from each of the four other subareas. One member has served for more than a year since the expiration of his second term while awaiting a successor. The Panel is best able to perform its oversight functions when it has fewer vacancies and fuller

representation across the Agency's subareas. Toward this goal, the Panel looks forward to welcoming new members in the near future.

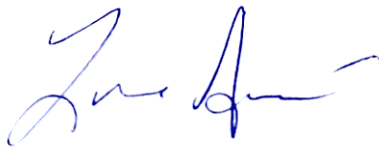
Conclusion

Through a second unprecedented year of disruption, Sound Transit has maintained its essential business functions, train and bus operations, and construction schedule. Northgate Link opened on time and within budget. With the exception of the Hilltop Tacoma Link extension, capital projects currently in construction are proceeding according to schedule and budget. The Agency faces challenges as cost escalation and labor shortages continue. Community support for Sound Transit's services is strong and will remain so if concerns around issues including fare enforcement, public safety and emergency protocols are addressed as they arise.

Sound Transit's continued success is the result of an engaged board and an exceptional staff. The Agency's commitment to training and retaining a skilled workforce will smooth the transition created by the departures of Chief Financial Officer Tracy Butler and CEO Peter Rogoff. The COP particularly appreciated the quarterly briefings it received from CEO Rogoff, whose leadership will be missed.

Sincerely,

CITIZEN OVERSIGHT PANEL



Lawrence R. Sauvé,
Citizen Oversight Panel Chair