



April 13, 2020

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

Re: Citizen Oversight Panel 2019 Year-End Report

Dear Chair Keel:

This is the 23rd 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. By its nature, the report is a synopsis of the year 2019, which was drafted before the outbreak of the coronavirus, and does not address what will undoubtedly be its lasting impacts on the entire region.

The framework for the year-end report is the COP’s authorizing legislation, which requires that it 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

For 2019, the COP has found that Sound Transit is in substantial compliance in all of these areas.

This report contains two sections, the first highlighting several of the Agency’s many accomplishments over the past year, the second noting issues of concern to the COP. The COP appreciates this opportunity to express its insights and the seriousness with which the Board takes our observations and recommendations.

Major Accomplishments

System Expansion Construction

The next five years have been expected to be the most intensive period of expansion during ST3. Construction on Link extensions to Northgate, Lynnwood, Bellevue, Redmond and Hilltop Tacoma are underway, and construction on the Federal Way Link Extension is expected to begin in 2020.

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Construction on the Operations and Maintenance Facility East (OMF East) is underway and expected to be substantially complete by the end of 2020. By the end of 2024, these six new Link extensions and the OMF East are expected to be in operation. This ambitious schedule is facilitated by the System Expansion Implementation Plan (SEIP) that was developed in 2017 to streamline all phases of ST3 project delivery.

Full Funding Grant Agreement for Federal Way Link Extension

On January 22, 2020, the Federal Transit Administration (FTA) executed a \$790 million Full Funding Grant Agreement (FFGA) for the Federal Way Link Extension and a \$629.5 million low-interest loan through the Transportation Infrastructure Finance and Innovation Act (TIFIA). The TIFIA loan is the fourth and final loan Sound Transit will receive under its TIFIA Master Credit Agreement with the U.S. Department of Transportation's Build America Bureau. The loans are estimated to save regional taxpayers between \$200 million and \$300 million in borrowing costs over the life of the bonds. The FFGA and TIFIA loan are significant funding components of the long-awaited Federal Way Link Extension project that is expected to begin construction in 2020.

Communications

Sound Transit's communications and outreach efforts are exemplary. A 24-hour construction hotline and subscriber based project updates keep riders informed of project status system wide. An Ambassador program provides Agency staff onsite during all major service impacts. Frequent project updates through the Agency's webpage, social media platforms and news releases eased disruption as the Downtown Seattle Transit Tunnel (DSTT) was closed permanently to buses in March 2019. Similar outreach efforts were launched in February 2019 to provide information about Connect 2020, which will connect East Link to the DSTT in preparation for East Link's scheduled opening in 2023. At the time of this report, about half of the estimated ten-week construction period had been completed and riders seemed to be navigating the system well. All of the Agency's staff had been trained and scheduled to serve as Ambassadors for the project and were easily recognizable as they directed riders at various stations.

Public Involvement

The COP is specifically tasked with assessing Sound Transit's public involvement process, which, like its communications function, the Agency performs particularly well. Through the SEIP process, additional efforts have been made to engage a wider variety of stakeholders earlier and more often in the environmental process. Sound Transit uses the City of Seattle's Race and Justice Initiative as a model for reaching out to historically underrepresented communities, utilizing translators at public meetings, holding smaller meetings focused on individual communities, and conducting interviews with social services providers in the area.

Sustainability Program

Sound Transit's first executive order was issued in 2007 to implement the Agency's sustainability initiative. In 2019, the Agency updated its Sustainability Plan to focus on social equity issues, empower staff to become sustainability champions, achieve carbon free operations, restore ecosystem functions, maximize operational efficiency and build resilience to climate change and natural or manmade disasters. The plan will be implemented through almost 50 short term goals that are targeted for completion by 2024. ST3 capital projects include a sustainability cost allowance for green design and construction as well as funding for resource conservation and pollution mitigation for existing fleets and facilities. An innovative agreement between Sound Transit and Puget Sound Energy (PSE) allows the Agency to purchase wind energy directly from PSE and use it to power the Link light rail fleet, reducing emissions

by more than 99% percent. For its leadership on environmental sustainability, Sound Transit has been awarded the highest levels of environmental recognition by the American Public Transportation Association and the International Organization for Standardization.

System Access Grants

On September 26, 2019, the Board approved the first round of grants to local jurisdictions under the innovative System Access Fund included as a part of ST3. The grants awarded by the Board totaled just over \$40 million of the \$100 million program (calculated in 2014 dollars). Funds are allocated equally among the five subareas and are intended for improvements such as safe sidewalks, protected bike lanes, shared use paths, bus transfer facilities and new pick up and drop off areas. The COP is impressed by the creativity and transparency with which Agency staff implemented this new program. System access is of particular interest to the COP and remains the subject of a task force developed to study the issue.

Areas of Concern

Safety

As the Board is well aware, on December 18, 2017, during the inaugural run of Point Defiance Bypass service, Amtrak Cascades train 501 derailed in a crash that killed three passengers and resulted in more than 80 injuries. The COP did not address the crash in prior year-end reports because the derailment was still under investigation.

On May 21, 2019, the National Transportation Safety Board (NTSB) issued its Accident Report, which concluded that the probable cause of the derailment was Sound Transit's failure to provide effective mitigation through the use of positive train control. Contributing to the accident was the Washington State Department of Transportation's (WSDOT) decision to begin revenue service without being assured that safety certification and verification had been properly completed. Contributing to the severity of the accident was the Federal Railroad Administration's (FRA) decision to permit the use of passenger railcars that did not meet regulatory strength requirements. The NTSB noted that responsibility for the planning, safety and oversight of the new service was complex and involved multiple organizations that didn't seem to fully understand their respective roles and responsibilities, which allowed critical safety functions to go unaddressed.

Following the release of the NTSB's findings, CEO Peter Rogoff initiated an independent, third party review of the derailment. The very thorough report by L & H Consultants, LLC was issued on November 11, 2019. The report identified numerous preventable errors and contained 22 recommendations, all of which will be implemented. Many of the recommendations have already taken place. The restructuring of the Agency's safety and quality management functions is anticipated to be completed this year.

The COP commends CEO Rogoff's decision to seek an independent review of the Agency's role in the tragic Point Defiance Bypass derailment and to implement all of the independent review's recommendations. The COP will follow this matter closely.

Recommendation: A timeline for implementing the consultant's recommendations is requested. The COP will also work with Agency staff to schedule periodic briefings on progress toward creating and staffing the new safety division.

Reliability of State and Federal Funding Sources

Uncertainties about the availability of state and federal funding sources necessary for completion of ST3 have taken on more urgency since the passage in November 2019 of I-976. At the time of this report, a King County Superior Court judge had ruled that most provisions of the initiative are constitutional. The Agency may continue collecting Motor Vehicle Excise Tax (MVET) fees as calculated in the ST3 plan while the remainder of the claims are in litigation. Sound Transit has estimated that \$20 billion or more would be lost over the life of the plan if I-976 is implemented.

In addition to state MVET funds, the ST3 plan assumes a federal contribution of \$8 billion, which equals about 16 percent of total costs. Sound Transit has built and maintained strong relationships with its federal partners. However, the reliability of federal transportation funding remains uncertain in the current political climate.

Social Equity

Sound Transit has incorporated the concept of social equity, generally defined as the inclusion of justice and fairness in social policy, as a core principle of ST3. The Agency adopted an Equitable TOD policy in April 2018 that supports urban growth at transit centers while increasing housing access and social and economic opportunities for disadvantaged communities. The Agency's Business and Labor Compliance Office is engaged in multiple efforts to enhance the capacities of small and disadvantaged businesses to perform work on transportation projects throughout the region. The office of Equal Employment Opportunity (EEO), Equity and Inclusion provides strategic vision and capacity internally to ensure the integration of equity principles in all of the Agency's lines of business.

The COP commends the efforts described above, while noting that Sound Transit's three-county service area includes some of the largest income disparities in the country, along with a critical shortage of affordable housing and a record level of homelessness. As it has in the past, the COP notes the Agency's commitment to equity and encourages its continued work in this area.

Regional Transit Integration

The COP notes that maintaining a regional strategy for transit integration has been identified as an Agency objective for 2020. Motion M2020-07 supports "a regional strategy for transit integration, as well as the partnerships to execute it, so that passengers across the region enjoy expeditious and efficient transfers between transit providers...without regard to any agency's 'market share.'". The COP supports this objective. Improved transit integration, including coordinated communications protocols with operating partners regarding the regional operation of the system, is vital to building new ridership and sustaining existing service levels.

Impacts of Emerging Technologies

The COP has expressed its concerns about the impacts of emerging technologies on Sound Transit's operations in previous year-end reports. The transportation market is changing rapidly as private shared mobility providers capture a larger share of public and private transportation. Transit ridership has fallen in many parts of the country, congestion has increased, and demand for parking spaces appears to be declining as the use of private rider sharing services increases. While the COP has no specific recommendations to address these changes, we note that the System Access Program and the Innovation and Performance Program offer the potential for creative partnerships through which to address this ongoing concern.

Ridership on Sounder North

For several years the COP has expressed concerns about the relatively low ridership and high cost per rider on Sounder North. The COP also recognizes the Agency's long-term investment in the line, which includes slide mitigation measures, additional parking, and other station access improvements identified in ST3. For these reasons, the COP has removed this issue from its list of ongoing concerns.

Conclusion

Construction on multiple capital projects is expected to continue to accelerate in the year ahead, reinforcing the importance of hiring, maintaining and training a workforce appropriate to meet the need. A robust private sector labor market, rising labor costs, and a shortage of skilled laborers has contributed to the strain on project costs and schedules. The leadership and vision of Sound Transit's executive team remains critical to its ongoing success. The visionary work of the Office of Planning and Innovation to develop a framework for delivery of grants through the System Access Fund was a particularly impressive accomplishment during the past year. Finally, the COP once again expresses its appreciation for the consistent candor and professionalism it receives from the Agency's staff.

Sincerely,

CITIZEN OVERSIGHT PANEL

A handwritten signature in black ink that reads "Scott Lampe". The signature is written in a cursive style with a large, sweeping initial "S".

Scott Lampe,
Citizen Oversight Panel Chair