

Sound Transit

Capital Cost Savings Work Plan

February 2, 2022; Updated 6/2/2022

Background

Following 17 months of discussions and engagement with jurisdictions and stakeholders, on August 5, 2021, the Sound Transit (ST) Board adopted the [Realignment Plan](#) that will serve as a framework for delivering the agency's system expansion projects as rapidly as possible. This Capital Cost Savings Work Plan (work plan) has been updated from the initial cost savings document sent to the ST Board on July 2, 2021 to better respond to the Board's direction in the Realignment Plan resolution (R2021-15), as shown below:

“Develop and implement a cost savings work plan, to be overseen by the System Expansion Committee with regular quarterly reports, for projects and programs currently in development which will identify a menu of options to address project level affordability gaps.”

This work plan is focused on identifying capital cost savings opportunities for pre-baselined projects, starting with West Seattle and Ballard Link Extensions (WSBLE), Tacoma Dome Link Extension (TDLE), Operations and Maintenance Facility South (OMFS), and NE 130th St. Infill Station. The overall goal of this effort is to identify capital cost savings concepts and strategies, examine potential associated agency or passenger impacts, and provide reasonable estimates of savings.

The focus on pre-baselined projects is to maximize opportunity for cost savings to the current project estimates. Additionally, programmatic cost savings opportunities that could improve the affordability of the entire ST3 program will also be explored. ST staff anticipate that the ideas and options being explored will vary in scope and scale, with decision points at project, agency, and Board levels. Project teams are responsible for including efficiencies found as design moves forward on their respective projects. Agency-wide documents, such as the Station Experience Design Guidelines and updates to design standards, will be implemented as appropriate on a project-by-project basis. Changes that alter project definition or changes in scope will require Board approval. The schedule for this work will be tied to specific project development timeframes. Depending on the nature of the project and/or savings type, concepts identified will also be evaluated for applicability to future projects, beyond the five projects involved in this exercise.

Approach

ST is taking a disciplined approach to this work. The agency seeks outcomes that will ensure continued delivery of transit service that is dependable, equitable, and safe for our passengers. An internal and external process with subject matter experts and an independent review will be used to confirm any estimated cost savings. ST will engage the Board and public for possible cost savings that would require scope changes or consolidations. The capital cost savings effort will

consider ideas and options within two focus areas: 1) Programmatic Changes, and 2) Project Definition Changes, which are further described below.

Focus Area 1 – Programmatic Changes

The first focus area is for programmatic ideas and changes to agency requirements or practices. This includes efficiencies in design and construction that can be incorporated at the project level and across the system. Examples include, but are not limited to, looking at horizontal and vertical guideway alignments, bridge and structure types, and drainage options, including supporting the use of value analysis and engineering early in project development. The capital project teams for these pre-baselined projects are working through a list of concepts generated by staff, consultants, and Triunity's Task 1 – Assessment of Cost Estimate Trends.

This area will also include active engagement with the industry, specifically firms in construction, architecture, and engineering. Quarterly meetings are underway between ST executives and industry leaders which focus on industry feedback about the need to simplify ST practices and requirements. An element that has been heard repeatedly from the industry is the need for standardization across the ST system, especially at stations, to promote effective design and efficient operations.

Focus Area 2 – Project Definition Changes

The second area, and the one we anticipate having the largest opportunity for cost savings, focuses on potential project definition changes for the Board to consider. This could include alignment changes or scope consolidation, such as reducing the number of stations. It is important to maintain a cost-conscious mindset when reviewing all project decisions. This mindset is essential for all involved with project development and will be driven by Deputy CEO Kimberly Farley, the executive sponsor of this overall effort. Choices that significantly reduce costs will be challenging and require consideration of trade-offs.

Right-of-way (ROW) needed for the project is a primary cost-driver on project costs. The double-digit year-over-year increases in real estate costs has led to major increases in project estimates, most notably on the West Seattle and Ballard Link Extension. Opportunities for early property acquisitions and focusing on partial rather than full acquisitions where feasible are methods that will be considered by projects teams to potentially reduce property costs.

ST has convened an interdepartmental Project Capital Cost Savings Coordination Group to provide a forum to discuss and provide technical input regarding capital cost savings efforts. This group of subject matter experts is not a decision-making body but will help to coordinate and review capital cost savings concepts as identified by project teams, consultants/contractors and other input. They meet on an ad-hoc basis, dependent on individual project schedules. Independent review of all cost estimate savings will be conducted, and the results will be shared with the Board. No decisions will be made in this area without thorough engagement of public stakeholders and the ST Board of Directors. Project teams will be charged with executing decisions going forward.

Board of Directors Engagement

The Board will direct this work, with regular updates and opportunities for feedback. The capital cost savings work plan fit into the purview of the System Expansion Committee (SEC), and is the existing venue for system expansion projects to provide regular briefings and updates prior to any Board action.

Engagement with the Public and Stakeholders

Any changes that require Board approval or changes to project definition will receive full public and stakeholder engagement. The list below provides a summary of outreach and engagement.

- **Authorities having jurisdiction:** As we examine potential cost savings, we will engage with authorities having jurisdiction to consider any significant changes. This will be done through discussions with technical staff from ST and the appropriate jurisdiction.
- **Public and stakeholder outreach:** Any project definition changes will also be reviewed with stakeholders and the public to ensure feedback is received and considered. The schedule for outreach regarding potential cost savings ideas will depend on how this process overlaps with each project's development schedule. Separate, additional outreach may be warranted for specific changes, and will be done prior to the ST Board's consideration of adopting or authorizing any such changes.
- **Peer and Partner Coordination:** Throughout this endeavor, Sound Transit will seek best practices from peer and partner agencies to use in the capital cost savings process. ST will incorporate changes found in this area within project designs and within agency design requirements, documents, and processes.

Quarter 2 2022 Report

The Realignment Plan called for a cost savings work plan and regular quarterly reports. Below is the report for Q2.

Update:

- Engagement with Board Consultant: Mr. Peters, the Board consultant, reviewed and provided comments on the Capital Cost Savings Work Plan. Staff responded to these comments and updated the Work Plan accordingly. Staff will continue to engage with Mr. Peters in development of the Work Plan and Quarterly Update. Additionally, coordination with the Transit Technical Advisory will occur regarding any efforts that involve cost savings.
- Project efforts:
 - At the System Expansion Committee Workshop on 5/20/2022, the West Seattle and Ballard Link Extensions project team presented potential capital cost savings for the Board to consider for further study in the Final Environmental Impact Statement.
 - The NE 130th Infill Station project team evaluated rising cost pressures and determined a path forward that stays in line with the current project estimate in the agency's financial plan. This will be presented as part of the baseline action to be considered by the System Expansion Committee and the Sound Transit Board in June 2022.
 - The ST2 Sumner, Kent, and Auburn Parking and Access projects have postponed baselining actions. Sound Transit will seek proposals from the market to establish scope that is achievable within the current estimates in the agency's finance plan. The team will then propose a baseline budget and schedule based upon the market response, expected during the fourth quarter of this year.
- Programmatic efforts: Sound Transit staff presented the draft Station Experience Design Guidelines (SEDG) which are the first steps for standardization station design where appropriate. The final SEDG is anticipated to be issued in June 2022.