

## **Sound Transit Citizen Oversight Panel Virtual Meeting Summary November 4, 2020**

**COP Members Present:** Fred Auch, Scott Lampe, Dan Parker, James Peyton, Helen Powell, Bill Roach, Larry Sauvé, Joe Scorcio, Paul Thompson

**COP Members Absent:** Brett Johnson, Daniel Santon

**Others Present:** Shelly Brown, Kathy Albert, Katie Flores, Taylor Wilkinson

### **Capital Program Realignment**

- Don Billen, Director of Planning, Environment and Project Development

Don Billen gave an update on Sound Transit's capital program realignment work, which is taking place during continued economic and societal uncertainties. Unknowns include the duration and depth of the recession, the potential for an additional stimulus package, and the long term social and economic impacts of Covid-19. In spite of these significant issues, the regional construction market remains robust, contributing to strong costs at a time of declining revenue.

Because the ST3 plan approved in 2016 cannot be completed under current revenue forecasts, the Agency began developing a realignment process in the spring of 2020. Work will proceed on projects already in construction, while all other projects will be reevaluated using criteria identified in ST3 in order to achieve an affordable program. Options include delaying project completion, phasing project delivery, modifying project scope, securing new funding or funding partners, and suspending or eliminating projects. In the fall of 2020, the Board provided additional direction regarding paused project actions, and also considered some near-term project actions.

Sounder South projects were paused for platform extensions from Tukwila to the Tacoma Dome, the Sounder Maintenance Base, and station parking and access improvements at Edmonds and Mukilteo. Previously paused station parking and access improvements at South Tacoma and Lakewood are now being advanced due to equity considerations. Projects at Kent and Auburn, and Sumner, are advancing in order to determine whether they can be delivered within the Transit Improvement Plan (TIP) estimates.

Stride Bus Rapid Transit (BRT) projects were paused in the I-405 North and South corridors, and along SR 522. The North Bus Base and the NE 85<sup>th</sup> Street Interchange Agreement were also paused. Consulting contracts have since been authorized in the I-405 North and South corridors and on SR 522 to review options and preserve partner capacity.

Link Light Rail projects were paused on Everett Link, the Operations and Maintenance Facility (OMF) North, and the North Corridor Maintenance of Way (MOW). Consultant contracts have been authorized for Everett Link to develop phasing options for the 16-mile light rail extension, and for OMF North to address the long planning lead time necessary for the facility, which supports the Everett and Ballard link extensions.

Additional projects and third party agreements were paused for the North Sammamish Park and Ride, Bus on Shoulder, the Everett Station parking agreement, the Madison BRT funding agreement, and the RapidRide C and D funding agreements. Advancement of the Everett Parking Station parking agreement and the Madison BRT agreement have been authorized in order to leverage city funding. The RapidRide C agreement has also been authorized in response to the urgency that resulted from the West Seattle Bridge closure. The Board will continue to consider and possibly approve paused actions at its November

Board meeting, and through the first and second quarters of 2021, before adopting a final budget realignment program and any budget revisions in July 2021.

### **2021 Budget and Financial Plan**

- Tracy Butler, Chief Financial Officer
- Ryan Fisher, Director of Financial Planning, Analysis & Budget
- Jenny Stephens, Deputy Director of Financial Planning, Analysis & Budget

Members of Sound Transit’s financial team updated information they had presented to the COP on October 7, 2020, and summarized the 25-year long-range financial plan projections, the six-year TIP, and the 2021 budget. For the reasons discussed in the previous section, forecasts show that the current plan is unaffordable without realignment. A forecasted revenue drop of \$5.3 billion is projected through 2041 as compared to the 2019 long-range financial plan. To help offset this forecasted drop in revenues, \$3.2 billion in additional debt is projected to be issued. Lower inflation is not enough to offset a projected net \$600 million increase in total costs over the plan, with additional spending projected on vertical conveyances, purchased transportation, and higher insurance expenses. Long term capital cost trends remain unclear and highly uncertain.

The 2021 budget assumes resource allocation consistent with early realignment guidance and Agency priorities. Service levels and budgets reflect moderate ridership growth from current levels. Efficiencies and fiscal discipline will be sustained by tightly managing expenses. The operating budget will be maintained at 2020 spending levels, with only additional dollars added to support new services and assets.

Major cost savings initiatives include eliminating 77 vacant positions, removing the 2021 merit increase, and increasing the employee share of health care premiums for dependents. These decisions were made with careful consideration by the Agency’s human resources group, which determined that overall compensation packages remain competitive with the current market. In addition, non-labor, non-Purchased Transportation costs were reduced by slightly over nine percent.

Total tax revenues for 2021 are projected at \$1.8 billion, which is 13 percent below the forecast for 2021 a year ago. Other revenues and financing sources are projected at \$1.2 billion, the total projects budget is \$2.5 billion, and the transit operations budget is \$381 million. Debt service and other costs are \$208 million. Additional Board budget briefings will take place in November, following which the Board is expected to adopt the budget at its December meeting.

### **Discussion**

Capital Project Realignment – COP members appreciated the detailed presentation. They noted that the very complex and fluid situation will likely require realignment work to continue for many years.

2021 Budget and Financial Plan – Similar to the realignment discussion, COP members appreciated the detailed, real time presentation, which facilitates forward thinking questions. The COP must keep in mind potential impacts on subarea equity, and requested that the topic be addressed in future presentations.

The summary of the October 21, 2020, COP meeting was approved. The October 21, 2020, COP election of Scott Lampe as Chair, and Larry Sauve as Vice Chair for one year terms, was approved.

## **Member Reports**

None

## **2020 Focus Areas**

- Adequacy and appropriateness of station access
- Monitoring and review of social equity, racial equity, fare enforcement, and inclusion policies
- Implications and impacts of emerging technologies
- Workforce development and measurement of outcomes
- Uses of peer comparison data
- Asset management plan progress
- Reliability and availability of federal, state, local, and third party funding sources
- Customer experience focus that includes the entire region and all of the transit agencies within it
- Customer experience metrics that focus more specifically on the customer experience
- Safety performance and function
- Contingency planning and disaster preparedness
- Cost management for the System Expansion Implementation Plan
- Impacts of Covid-19 on system operations and program realignment
- Program realignment, interagency cooperation and interoperability

## **Outstanding Questions**

- 1) Clarification of the roles of partner agencies regarding Sound Transit service changes and implementation. NOTE: This topic will be discussed at the December 16, 2020, COP meeting.

**Next Virtual Meeting:** Wednesday, November 18, 2020, 8:30 – 11:00 AM