



Summary Minutes

Executive Committee Meeting August 6, 2020

Call to order

The meeting was called to order at 10:41 a.m. by Committee Chair Kent Keel virtually on WebEx.

Due to the Governor's Stay Home – Stay Healthy Order issued on March 23, 2020, public viewing of the meeting was only available via WebEx. The meeting was streamed on

<https://soundtransit.webex.com/soundtransit/onstage/g.php?MTID=e7d05397a5bfb7199ea104124f01805d3>

Roll call of members

Chair	Vice Chair
(P) Kent Keel, University Place Councilmember	(P) Paul Roberts, Everett Councilmember (P) Dow Constantine, King County Executive

Board Members	
(A) Claudia Balducci, King County Councilmember	(A) Jenny Durkan, Seattle Mayor
(P) Bruce Dammeier, Pierce County Executive	(P) Patty Rubstello, WSDOT Secretary Alternate (P) Dave Somers, Snohomish County Executive (A) Victoria Woodards, Tacoma Mayor

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

Report of the Chair

Chair Keel announced that the CEO Monthly Contract Report was available for review.

CEO Report

CEO Peter Rogoff gave the CEO Report.

Federal Update – Congress was at an impasse regarding a COVID-19 relief package. Agency staff was working hard with allies across the country and with the congressional delegation to make the strongest case possible for transit relief. Mr. Rogoff spoke directly with US Senators Cantwell and Murray to underscore the need for further transit funding.

Sound Transit Staff Return to Worksite in January – Mr. Rogoff informed staff earlier that week that they would not be returning to the office en masse any sooner than January 2021. Essential employees in the field would continue to work with strict safety measures in place.

King County Deputy Sheriff Johnson – Mr. Rogoff commended a member of King County Sheriff's Sound Transit Division, Deputy Sheriff Ben Johnson. Deputy Johnson was vacationing near the Wenatchee River the previous Sunday when he and another off duty officer, Kent Police Detective Gilchrist rescued a five year old child who was caught in the rapid currents.

Public comment

Chair Keel announced that due to the Governor's stay home stay healthy order, public comment would

only be accepted via email to emailtheboard@soundtransit.org. The following people submitted email public comments prior to the meeting:

Joe Kunzler
Dennis Noland

Business items

Items for Recommendation to the Board

Resolution No. R2020-15: Adopting a budget policy and superseding Resolution No. R2018-23.

CEO Rogoff reminded the Committee that the Board substantially updated the budget process in 2018, and at the time staff informed the Board that further revisions would be likely as the new policy was enacted. There were a number of instances in which small dollar amount transfers between project phases were brought to the Board for approval in order for a project to continue, which was not seen as a productive use of the Board's time and could cause unnecessary project delays.

The primary change in the proposed policy update would delegate authority to the chief executive officer to transfer budget between cost phases of the same project. The Board would still approve project allocation and project budgets, as well as transfer requests from the contingency phase of system expansion projects. Any transfers conducted under the proposed policy would be reported to the Board. Other changes were administrative in nature, clarifying the meaning and intent of the current policy and aligning the Transit Improvement Plan with industry standards.

Mr. Rogoff introduced Ann Sheridan, Director of Revenue Initiatives, to provide further details on the policy update. Ms. Sheridan the staff report and a brief presentation.

Resolution No. R2020-15 moved by Vice Chair Roberts and seconded by Boardmember Somers.

Boardmember Roberts asked how, after this action, the budget policy would operate in comparison to other agencies. Ms. Sheridan informed the Committee the action was primarily an administrative action.

Chair Keel asked if there was a limit to the transfers between phases. Ms. Sheridan explained that while it was discussed, it was ultimately decided that there would be no limits. The largest transfers, typically from the contingency phase, would still require Board approval. If a transfer amount was significant enough, it could still be brought to the Board for approval.

Mr. Rogoff advised that his mark of the threshold for Board approval was whether it was material to the fiscal trajectory and health of the project, and highlighted the restriction on CEO approval of transfers from the project budget's contingency.

Chair Keel called for a roll-call vote.

Ayes

Dow Constantine
Paul Roberts
Dave Somers
Kent Keel

Nays

It was carried by the majority vote of the Board members present that Resolution No. R2020-15 be forwarded to the Board with a do-pass recommendation.

Items for Committee final action

June 11, 2020, Executive Committee meeting minutes

The minutes of the June 11, 2020 Executive Committee were moved by Vice-Chair Roberts and seconded by Boardmember Somers.

Chair Keel called for a roll call vote:

Ayes

Dow Constantine
Paul Roberts
Dave Somers
Kent Keel

Nays

It was carried by majority vote of the Board members present that minutes of the June 11, 2020 Executive Committee meeting were approved as presented.

Reports to the Board

Boardmember Dammeier arrived at this time.

Realignment and Capital Program next steps

Chair Keel prefaced the presentation, reviewing the steps taken and decisions made to that point. He reminded the Committee that the last action taken to progress any projects not already in construction was in March. The Board struggled with the decision to advance a Sounder fleet purchase and Auburn Parking and Access project given the developing recession. Following that discussion CEO Rogoff announced that he would put a pause on bringing forward further actions to advance projects. With a realignment framework in place, the discussion of near-term actions could begin again.

The full Board would discuss each paused action in a workshop at its August meeting. In September, the Committee would consider which actions should be brought to the following System Expansion Committee meetings in October and November.

Don Billen, Executive Director of Planning, Environment, and Project Development, reviewed the structure and content of the presentation and introduced Tracy Butler, Chief Financial Officer to provide a financial update. Ms. Butler reviewed the updated economic data nationally and statewide. The long-term projections under a moderate recession scenario showed revenue losses of 19 percent, or \$656 million, in 2020 and 2021 and 11 percent, or \$7.2 billion through 2041. A severe recession scenario projected losses of 26 percent, or \$921 million in 2020 and 2021 and 18 percent, or \$11.9 billion, through 2041. She advised that while no clear economic trend was observed, 2020 and 2021 appeared to not be as severe as initially projected, but impacts through the end of the financial plan in 2041 seemed to be more profound than initially projected.

Ms. Butler explained the agency's debt capacity under the 2019 forecast in comparison to a severe recession scenario. She updated the committee on the agency's financial planning and budgeting efforts, explaining that the financial plan was updated on a monthly basis, as opposed to the pre-COVID-19 annual update, and that expenditure reductions and budget discipline were in effect across the whole agency.

Mr. Rogoff added that the agency was working with the Build America Bureau to look into refinancing existing TIFIA loans and perhaps gain greater TIFIA assistance from the Bureau going forward.

Mr. Billen outlined the Committee's previous discussions regarding realignment. He reviewed the agreed upon near-term approach, in which construction was continuing following necessary safety guidelines. Approved planning and final design work was progressing to maintain readiness for variable revenue scenarios. Some work in that respect had slowed, as tribal, state, and federal agencies focused on more urgent public health relief efforts over transit projects. As Chair Keel and CEO Rogoff reiterated, the Board needs to determine whether to advance projects that are currently paused into their next phase.

He provided a list of all current capital projects, highlighting the projects under construction. He detailed projects with development phase actions paused, final design phase actions paused, funding agreement actions paused, and baseline budget and schedule establishment actions paused. In the third and fourth quarters of 2020, construction and project development plans through 2021 would be considered, leading into more comprehensive program realignment discussions and decisions in July of 2021. Focusing on the third and fourth quarter actions, Mr. Billen informed the Committee that the Board would be considering 15 paused actions which all fell into the categories he had just reviewed. Considerations would center around which actions made sense to engage various stakeholders for cost saving measures, support project readiness and flexibility, and focus on next steps with low impacts to the overall financial plan.

The cost of the 15 paused actions in question totaled \$158 million, which was two percent of the budget allocated in the financial plan for the projects. Factors that may make a project ready for further development included ridership demand, scope certainty, and alignment of partner resources. If those factors were weak for any given project, actions to advance them could be candidates for further delays as the Board assessed the larger realignment plan.

The first phase of a two-part external engagement process began, by working with jurisdictions, major employers and other stakeholders in the region and having conversations with regional healthcare providers. The takeaways from these engagements would be reported to the Board later in the year. The second phase would involve public outreach in early 2021, with a specific focus on hearing from historically underserved and under-resourced communities.

Peter advised that the agency strived to be as transparent and communicative as possible. As evidence of that, he recently met with additional stakeholders in Pierce County and Federal way. He solicited further feedback from the Boardmembers regarding ongoing outreach to ensure that nobody was left out.

Vice Chair Roberts asked whether the adopted realignment criteria were used in the upcoming decisions before the end of the year. Mr. Billen advised that the realignment criteria would be used for the larger realignment discussion in 2021 after a full analysis of the projects were completed using them, but the paused actions closing out the year were intended to retain flexibility, and would not be analyzed in the same manner. However, certain considerations would be highlighted during the discussion of those actions.

Executive session

None.

Other business

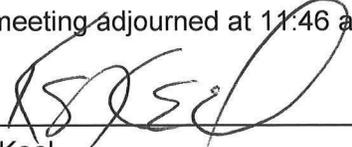
None.

Next meeting

Thursday, September 3, 2020
10:30 a.m. to 12:00 p.m.
Location to be determined

Adjourn

The meeting adjourned at 11:46 a.m.



Kent Keel
Executive Committee Chair

ATTEST:



Kathryn Flores
Board Administrator

APPROVED on September 10, 2020. AM