



Summary Minutes

**Board Meeting
March 25, 2021**

Call to order

The meeting was called to order at 1:37 p.m. by Board Chair Kent Keel in a Virtual Meeting via telephone and video conference.

Roll call of members

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

Board members	
(P) Nancy Backus, City of Auburn Mayor	(P) Ed Prince, City of Renton Councilmember
(P) David Baker, City of Kenmore Mayor	(P) Kim Roscoe, City of Fife Mayor
(P) Claudia Balducci, King County Council Chair	(P) Nicola Smith, Lynnwood Mayor
(P) Bruce Dammeier, Pierce County Executive	(P) Dave Somers, Snohomish County Executive
(P) Jenny Durkan, Seattle Mayor	(P) Dave Upthegrove, King County Councilmember
(P) Debora Juarez, Seattle Councilmember	(P) Peter von Reichbauer, King County Councilmember
(P) Joe McDermott, King County Council Vice Chair	(P) Victoria Woodards, City of Tacoma Mayor
(P) Roger Millar, Washington State Secretary of Transportation	

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

Boardmembers Dammeier and Durkan joined at this time.

Report of the Chair

Passing of Former Boardmember Ron Lucas – Chair Keel recognized the passing of Ron Lucas, former Sound Transit Board member and long time Steilacoom Mayor and leader in Pierce County. Mr. Lucas was a passionate advocate for transportation and infrastructure in the South Sound. He joined the Board in 2018 and served as Board Vice Chair before leaving the Board in 2019. He and his contributions will be remembered by Sound Transit, the people of Pierce County the Puget Sound region.

Olympia Testimony – Chair Keel noted that he testified earlier this week at the State Senate Transportation Committee on the Senate’s proposed transportation budget. He urged the Committee to remove two provisions from the proposed budget, both of which were included in our letter to the Legislature last month asking that they help us address the affordability gap. Existing state law requires that we reimburse the Department for the cost of collection, and for more than 20 years, Sound Transit has had a contract in place to do so. The provision singles out Sound Transit by charging the agency \$7.8 million a year, far exceeding the \$166,000 that the Department charged us last year to cover their actual costs. This \$7.8 million charge is not assumed in our Finance Plan and will add more than \$183 million to our affordability gap. We also believe the provision is unconstitutional because it uses a budget proviso to amend an existing statute that’s been in place for decades.

At the hearing he also urged the Committee to drop the provision that requires WSDOT to charge Sound Transit 100% market value on all our lease agreements, rather than limiting the value to the state's share of the right of way. Federal funds have been used for approximately 85-90% of the state right of way that Sound Transit is leasing for high capacity transit, and the federal government does not require repayment for those costs when the property is used for a transportation purpose.

Hilltop Update – Last Friday, crews completed track work on Martin Luther King Jr. Way for the Hilltop Tacoma Link Extension, marking 75% completion of the project. More than 22,000 linear feet of track is now installed and nearly all of the power poles needed to run this new extension are complete. The project also added more than 103,000 square feet to the Operations and Maintenance Facility (OMF) in Tacoma. Work on the expanded rail yard and establishing the connection to the existing line is scheduled to be complete in June. Work continues on seven new stations and five electrical sub-stations to power the line. Five new train cars will be added to the existing fleet and will begin arriving later this year.

Independent Cost Consultant Report – Today the Board will receive a presentation from the independent cost consultants that Sound Transit retained to assess the cost estimates for several projects that are contributing to our affordability gap. The consultant will also meet with the Executive Committee in April to provide another opportunity for Board questions. The final report will be presented at the April Board meeting. This cost estimating work will help inform the update to the Finance Plan that staff will also present at the April Board meeting.

March Committee Presentations – Chair Keel invited System Expansion Committee Chair Claudia Balducci and Finance & Audit Committee Chair Nancy Backus to share the top takeaways from presentations their committees received that touch on the Board's ongoing realignment discussion.

Committee Chair Balducci noted that the System Expansion Committee received updates on the Operations and Maintenance Facility South Draft Environmental Impact Statement and the Bus Rapid Transit program.

The Draft Environmental Impact Statement for the OMF South was released on March 5, 2021 and the public and agencies can provide comments through the close of the comment period on April 19, 2021. She reviewed the impacts found in the DEIS for each of the different OMF South site alternatives. The DEIS found that Midway Landfill site alternative had fewer impacts on residential, business, community resource, and employee displacements, and lower impacts on wetland, forest and stream systems in comparison to the South 336th and South 344th street alternatives. However, impacts on construction time and trucking activity related to the Midway Landfill site alternative were much higher. The Midway landfill has a higher conceptual cost estimate than the Federal Way sites, mainly due to the below ground infrastructure required to prepare the site before the O&M facilities can be built on top. Depending on our Program Realignment decisions in July, the Board is tentatively scheduled to identify a preferred alternative in the late summer or early fall of this year and select a project to be built in mid-to-late 2022.

The Bus Rapid Transit project is progressing along at various degrees of design and construction completion, but staff noted some delays the program is facing. Project development has taken longer than planned due to project refinements and COVID-19 impacts. A number of actions have been on hold during the Board's discussion on Realignment, and further delays are likely if actions continue to hold until after a decision is made later this year. The pandemic also affected partners at WSDOT, delaying the I-405 North Express Toll Lane project, which is critical to the S2 line project. These delays are pushing the project timeline trend toward 2026 or 2027, with additional delays possible if project decisions remain on hold until after Realignment. Some of these actions include decisions on projects to be built for the Bus Base North and I-405 BRT projects in April, and several actions for the SR522/NE 145th Street BRT project in May.

Committee Chair Backus shared a summary of the financial update on Capital Program Realignment the Finance and Audit Committee received last week. The presentation focused on Sound Transit's TIFIA loans and the impacts of the agency's credit rating on future financing costs. Currently, the agency has \$3.3 billion in existing TIFIA loans for East Link, and the four projects under the Master Credit Agreement: Northgate Link, Federal Way Link, Lynwood Link, and the OMF East. At the end of 2020, staff submitted an application to refinance all five of these loans to take advantage of the current interest rates. A request was also submitted to increase the scope of the East Link TIFIA loan to include \$521 million for the Downtown Redmond Link Extension. Unfortunately, since those applications were submitted, rates have increased and the projected benefits have lowered from between \$500 million and \$1 billion, to somewhere between \$100 and 200M. Staff expects to close these loans sometime in June or July.

Finally, Sound Transit enjoys one of the highest credit ratings of any transit agency, largely due to the flexibility built into ST3 and the past Board's realignment decisions in 2010. This rating has allowed for low borrowing costs for ST2 and ST3 projects. She noted that if the Board were not to make the difficult, but necessary realignment decisions it faces, the agency's credit rating could potentially take a hit. The consequences of deterioration of credit ratings are daunting, adding \$1-to-\$3 billion in additional borrowing costs and potential difficulty to access funds in the bond market when needed due to higher credit risks.

A comprehensive update to the financial plan and the affordability gap will be given to the Board at its April meeting.

CEO Report

CEO Rogoff provided the report.

Federal Relations – CEO Rogoff reported that he met with senior staff of the Executive Office of the President, including the National Economic Council, the Office of Management and Budget, the Council on Environmental Quality, and the Office of the Vice President. He noted that Sound Transit is in a unique position to deliver on Biden Administration priorities related to climate change, green jobs, affordable housing and workforce development.

Sound Transit is urging its Congressional delegation and allies to support the legislation introduced by Senator Murray and sponsored by Senator Cantwell and other Senators that would increase federal funding for Sound Transit's two Full Funding Grant Agreement projects by 30 percent of total project costs. Sound Transit is also asking the Biden Administration to consider including this approach in its Build Back Better proposal. This provision would have a significant impact on agency finances, providing additional capacity to help address the affordability gap.

State Relations – Sound Transit is continuing to track several bills of interest to the agency, including fare enforcement, alternative contracting, and the 405 bonding bill. Sound Transit's Bus Rapid Transit (BRT) program would be significantly impacted by this legislation and we've been working with a coalition to mitigate any harm the bill could have on 405 projects and the BRT program. He thanked Board members for their continued outreach to legislators to request their help to address Sound Transit's affordability gap.

External Engagement Highlights – CEO Rogoff noted that an external engagement report was sent to the Board outlining the work underway in the region to advance Sound Transit projects and keep them posted on the realignment conversation.

Free Fares for Vaccination Visits – On March 13, 2021, Sound Transit announced that Link light rail would be free to passengers traveling to or from appointments at vaccination sites along Link routes, including newly opened sites at Lumen Field and Rainier Beach, as well as local pharmacies and

medical facilities. Passengers must show proof of an appointment that day, if requested. We are also making free trips available to vaccination site volunteers who provide documentation they are working a shift that day. The Lumen Field mass vaccination site, the largest of its kind in the nation, is a short walk from the Link Stadium and International District/Chinatown stations. The Rainier Beach Community Vaccination Hub is within a mile of the Rainier Beach Link Station.

East Link Tie-In Construction Update – Sound Transit will close Link light rail stations from SODO to the University of Washington for five consecutive weekends, starting April 2, 2021 to complete important East Link work. Work crews will be connecting the overhead catenary power and train signal systems for East Link to the existing system. During the closure times, shuttle buses will carry passengers between University of Washington Station and SODO Station. Fares will be required for Link, but will not be required for the Link Shuttle buses. As part of the April closures, contractor crews will also conduct state of good repair maintenance activities and remove the temporary center platform at Pioneer Square Station that they constructed for Connect 2020.

Women’s Month Activities – CEO Rogoff reported on Sound Transit’s celebration of Womxn’s Month. Sound Transit’s Employee Resource Group, Womxn Empowering Sound Transit, WEST, has been hosting a series of special online events all month, including a screening of a Q&A with Madeleine Albright, a guest panel on women mentoring women, and a Leadership and Culture forum, in partnership with Sound Transit’s Pacific Islander and Asian American employee resource group. The agency’s internal website has also been publishing a series of Q&As with WEST members.

Annual Procurement Report and Adopted 2021 Budget Book – The 2020 Annual Procurement and Contracts Report was distributed in Board member materials to summarize the performance of the agency’s procurement and contracts program including accomplishments, challenges, and opportunities. The Board also received a link to the final adopted budget book for 2021 and will receive a hard copy in the mail. The budget was adopted by the Board in December and the final book is available on the Sound Transit website.

Citizen Oversight Panel Annual Report

Scott Lampe, Citizen Oversight Panel Chair provided the presentation. In the report, the panel acknowledged the challenges faced by the agency due to Covid-19 and commended Sound Transit for hiring an independent contractor to provide an assessment of the cost estimates and underlying methodologies. The also praised staff for continuing agency work, train and bus operations, and forward progress on seven major capital projects underway in the region. They acknowledged Sound Transit’s efforts in the area of Transit Oriented Development, Asset Management, Safety and Equity and Inclusion. They also noted Sound Transit’s efforts to secure additional federal funding and develop policy around fare enforcement.

Boardmember Roscoe thanked Mr. Lampe and the Citizen Oversight Panel for their service and commitment.

Chair Keel thanked the Citizen Oversight Panel for its work throughout the year.

Public Comment

Chair Keel announced that the Board was accepting public comment via email and verbally through the virtual meeting platform.

The following people provided written public comment to the Board:

Douglas Trumm on behalf of The Urbanist
Joyce Hengesbach

The following people provided verbal public comment to the Board:

Joe Kunzler

Consent Agenda

Voucher Certification: February 2021

Motion No. M2021-16: Authorizing the chief executive officer to execute a betterment agreement with the City of Shoreline to reimburse Sound Transit in the amount of \$703,640 to construct a retaining wall as part of the Lynnwood Link Extension.

Motion No. M2021-17: Authorizing the chief executive officer to increase the contract contingency for the Northgate Station to NE 200th Street construction contract with Stacy and Witbeck, Inc. / Kiewit Infrastructure West Co. / Hoffman Construction Company of Washington, a Joint Venture to allow for the implementation of a betterment with the City of Shoreline, in the amount of \$649,000, for a new total authorized contract amount not to exceed \$890,200,003.

Motion No. M2021-18: Authorizing the chief executive officer to execute an easement benefiting the City of Seattle for the City of Seattle's Northgate pedestrian bridge as part of the Northgate Link Extension at no cost to the City.

Motion No. M2021-19: Authorizing the chief executive officer to execute a funding agreement with the Seattle Department of Transportation and King County Metro in support of access and transit improvements in the vicinity of Roosevelt Station and Northgate Station for the Northgate Link Extension in an amount not to exceed \$1,690,000.

Motion No. M2021-20: Authorizing the chief executive officer to execute ancillary agreements and task orders within the authority delegated under the Board's Procurement, Agreements and Delegated Authority Policy that are necessary to implement the near-term actions approved by the Board in Motion No. M2020-55 so long as they are included in the Board-adopted budget and the total cost of the work does not limit the Board's ability to realign the capital program.

It was moved by Boardmember Roberts, seconded by Boardmember Backus and approved by the unanimous consent of 18 Boardmembers present that the Consent Agenda be approved as presented.

Report to the Board

Independent Cost Estimate Review and Assessment

Chair Keel explained that throughout February and March, the consultant team at Triunity worked on the first of its three tasks, to provide an independent review and assessment of the cost estimates Sound Transit produced to date for the West Seattle and Ballard Link Extension, Tacoma Dome Link Extension, Operations and Maintenance Facility South, and Bus Rapid Transit projects.

Jonnie Thomas, Triunity Consultant, reviewed the timeline of reports, noting that the draft report on Task 1 was submitted to the Board and would be the subject of the presentation, the Task 2 report would be released as a draft in May and as a final report in June, and the Task 3 report would be released as a draft in July and as a final report after Board comments are received.

The Task 1 report answers questions about whether the 2020 cost estimates within an acceptable range for 10 percent design, the main cost drivers in the 2020 estimates that led to the increase, and whether all elements have been captured in the 2020 estimate.

Mr. Thomas advised that the 2020 cost estimates provided to the Board were within an acceptable range for 10% design.

Andrew Kean, Triunity consultant, explained that the ST3 cost estimates were developed based on cost per foot or mile, used historical trends and weren't based on specific project elements or preferred alignments. The consultants approached the assessment with many subject area experts, and assigned them to specific areas of expertise and vetted all categories for accuracy. They were analyzed by using the FTA's standard cost categories.

He explained that the agency's Unit Cost Library was used in development of the project cost estimates, which was more developed than many peer agencies, but lacked clarity in certain areas. The two major cost drivers were determined to be Right-of-way and environmental mitigation.

Potential risks involved maintenance facility costs, indirect costs, and items which were still under review and would be included in the final report released in April. The key takeaway was that the agency's cost estimates were within an acceptable range for 10 percent complete. He advised that changes should be expected as development continued, cost savings were identified. He suggested that the agency be realistic about the challenges and unknowns, and appropriate allowances and contingencies should be built into the projects.

Mr. Thomas advised that the items not included in the draft were peer agency comparisons for mega-projects, review of the Bus Base North, and responses to Boardmember questions.

Kimberly Farley, Deputy Chief Executive Officer, thanked the consultant team for the work done thus far. She explained that staff received the report at the same time as the Board, as previously discussed, and discussions were taking place to come to a conclusion. Staff would be taking some suggestions into consideration, like publishing estimate ranges and cost cutting practices.

Boardmember Millar asked how to assign risk allowances to a project at early 10 percent design, and what risk allowance for schedule delays should be used. Mr. Kean explained that the reasons for the cost increases would be more fully reviewed in the next report, but some of the largest cost increases in environmental work did not exist when the plan was being developed, and therefore could not be accurately accountable for. CEO Rogoff noted that when discussing permitting with jurisdictions the agency sometimes needs to balance between project scope and schedule considerations.

Boardmember Durkan urged flexibility in the final draft of the report so jurisdictional experts could ask the consultants questions which could be incorporated into the report. She explained that she wasn't comfortable making decisions until she knew the reasons for the cost increases. She voiced concern about the deadline that the Board set for a decision, and suggested that the Board set an executive session to discuss the legal requirements for the timing of realignment decisions.

Boardmember Balducci advised that when the time comes to make a decision that the Board consider a choice to not make all decisions at once and to push off decisions into the future when more information is available.

Boardmember Dammeier asked if the consultant team knew of actions the agency could take to reduce risk or make costs more predictable or controllable. He also advised that the agency could not end up in a similar situation again, and wanted to know what the consultants thought the agency needed to do to avoid unexpected cost increases in the future. He voiced concern about a comment given by CEO Rogoff regarding "scope creep" affecting the timeline of future projects.

CEO Rogoff explained that more deliverables would come from Triunity in the future.

Realignment Update

Chair Keel stated that at the February Board meeting, the Board reviewed illustrative scenarios based on single criteria adopted by the Board last year. Earlier this month, the Executive Committee received a

presentation on a possible framework for the Board's realignment decision-making. Chair Keel noted that the framework staff will present at today's meeting is based on the Board's realignment action in 2010, but adjusted for the current situation. Staff will also present some other scenarios that blend several criteria to give Board members some ideas on what realignment options could look like.

Don Billen, Executive Director of Planning, Environment, and Project Development (Just use my Executive Committee presentation minutes)

He outlined the ST2 project realignment framework, noting that the timeline for the projects was 15 years, while ST3 was a 25 year process. The framework allowed the Board to direct staff to move forward with certain projects while completing work on others to keep them ready, should capacity for them become available. Potential ST3 Program Realignment categories could include six levels, ranging from build to suspend.

He explained the relation between each tier's status in the work plan and finance plan. Progressing through scenarios in which various levels of additional financial capacity would allow for the advancement of the subsequent tiers. He noted that there were four ways to increase capacity: a better than projected tax revenue outcome; increased state, local, or federal funding sources; reduced project scope; and time.

Mr. Billen gave examples of a hypothetical realignment process with situations in which financial capacity was improved over time. Improved financial capacity would allow projects in lower tiers to advance to higher tiers to be developed and built. The intent of the framework was to enable the Board to establish priorities, to provide flexibility to plan for enhanced capacity, and to allow for the financial capacity to change in multiple ways.

Mr. Billen reviewed the pre-COVID ST3 plan delivery dates for projects in all four corridors. Next he reviewed the Connect Centers Scenario. Tier one included the North segment of I-405 Stride, Bus Base North, Rapid Ride C/D and Sounder platforms, trips and access which ranks high for equity. Tier one projects could be delayed by two years, Tier 2 by 6 years, Tier 3 by nine years, and Tier 4 by 14 years. Additional funding capacity would reduce those times depending on the level of funding.

Additional scenarios were developed by staff which included phasing, which had been employed by Sound Transit in the past. Los Angeles Metro was facing similar cost pressures for a very similar capital expansion, and it was also considering phasing projects. Under this scenario Bus Rapid Transit phasing would happen by line. Everett Link phasing terminus would take place at the Mariner Station. The Tacoma Dome Link Extension would have its terminus at Fife, however bus integration was more difficult. The West Seattle and Ballard Link Extension would terminate at Smith Cove and Delridge, which would allow for bus transfers. The Kirkland to Issaquah link would terminate at East link. The phasing segment tiers would place all first phases into tier one, additional phasing would be categorized into additional tiers.

Another scenario was in response to the letter to the Board sent by Secretary Millar, in which parking facilities not yet designed were delayed. Of note was that delaying parking had a non-marginal effect on project delays.

A scenario which emphasized equity and project phasing would place Lynnwood to Mariner in Phase 1, the I-405 Stride south segment, the Federal Way Link Extension to Fife, and Auburn Parking and access projects, which were not previously in the phasing scenario. Because light rail projects were spread out across a greater range of time, delays were reduced slightly.

A scenario which accounted for equity and significant early investments looked at prioritizing network integration and equity, with the Lynnwood to Mariner segment of the Everett Link Extension, I-405 Stride South segment, the Delridge to Smith Cove segment of the West Seattle and Ballard Link Extensions and Sounder Access improvement projects in the South corridor.

A hybrid integrated network scenario would look to integrate the network and higher ridership by prioritizing the Lynnwood to Mariner segment of the Everett Link Extension with no parking, the I-405 Stride south segment with no parking, the Delridge to Smith Cove segment of the West Seattle and Ballard Link Extensions and the Federal Way to Tacoma light rail extension with no parking. Tier 1 projects would see a delay of 1-2 years under this scenario with Tier 4 delayed up to 14 years.

The final scenario would put a greater emphasis on urban centers. It would reverse the I-405 BRT lines, the Central addition would be the Rapid Ride C and D projects, and the south would add Sounder platforms. Tier 2 would see a longer delay than in the previous scenario because more projects were included.

Mr. Billen noted that the entire program was delivered in each of the scenarios presented, and large portions of the projects could be delivered without major delays. Importantly, a revenue shortfall reduction of even one third would have major impacts on delays.

He reviewed the schedule for future presentations and discussions with the Board.

CEO Rogoff advised that the scenarios were developed with an \$11.5 billion affordability gap and an updated financial plan would be presented to the Board at its April meeting, which could affect the scenarios presented thus far.

Chair Keel explained that the scenarios and framework presented to the Board allowed for flexibility as financial positions change. This was especially important when considering bondholders and borrowing availability as projects progressed. If the program became more affordable over time, the plan could be adjusted to bring projects forward.

Boardmember Somers explained that cost increases early in the plan would compound and affect projects later in the plan. He asked for an analysis on risks facing the program so the Board could make those considerations.

Boardmember Dammeier agreed with Boardmember Somers's comments. And appreciated the efforts to keep metrics like equity in the forefront of the scenario development.

Fare Engagement Update

Russ Arnold, Chief Passenger Experience and Innovation Officer, Carrie Avila-Mooney, Director of Regional Government and Community Relations, and Sandee Ditt, Fare Engagement Program Manager, gave the report. Mr. Arnold reviewed the timeline of the work, culminating in an additional update to the Board in June.

Ms. Avila Mooney reviewed the work performed by the work group to that point, including online and onboard surveys, and community outreach focusing on marginalized communities. Staff was involved in a second round of community engagement, focusing on the details of the fare checking pilot program, asking for feedback on the titles, uniforms, and responsibilities of the fare checkers, as well as how best the agency should address non-payment. The feedback received would be provided to the board in ongoing briefings and ultimately in policy decisions in January 2022.

Sound Transit has an online platform called the Sounding Board, which was made up of 550 riders which participated in frequent research activities, they were asked about the fare engagement pilot. Seventy-two percent of respondents felt the current system was fair. On the topic of citations, 46 percent believed that citations should not be resolved in court, a large percentage neither agreed nor disagreed and 29 percent felt that citations should be handled in court. A large disparity in responses was discovered between older riders and younger riders. Open ended questions in the survey yielded varying feelings on fare engagement across the board.

Pathways to resolutions for fines was the most valued policy. There was support for resolving fines if the passenger qualifies and signs up for a reduced fare program or if the passenger can show proof they have a monthly pass or money in their E-Purse. Distributing \$5 pre-loaded ORCA cards, full payment of fines and classes on the importance of paying fares were not popular options.

The most preferred policy was a procedure that had two warnings, a \$50 fine, resolution of fines by signing up for reduced fare program, and removal from the train for chronic non-payment cases.

Ms. Avila outlined the continuing community engagement and noted that House Bill 1301 allowed for the agency to create an alternative fare enforcement system outside of the currently mandated system that involves district court resolution options.

Ms. Ditt reviewed the criteria for the fare checker pilot and the program features including bringing fare checkers in house as Sound Transit employees for the pilot. Fare checker uniforms were under development, with a goal to appear different than law enforcement uniforms. Fare Checkers would also be trained in broader programs like Equity and Inclusion and mental health first aid.

Mr. Arnold outlined the risks and challenges facing the program, like competing messaging priorities with the new nextGen ORCA, Northgate Link opening, and Passenger Confidence messaging. Twenty-four staff members would also need to be hired, trained, and implemented across the system.

In the coming months, a Youth Engagement Specialist would be hired, and a youth engagement program would be developed. The Board would be briefed at its June meeting.

Boardmember McDermott asked whether the Sounding Board was provided information about disproportionate impacts to some riders. Mr. Arnold noted that the information is available if requested by Sounding Board members.

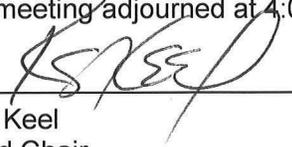
Boardmember Roscoe advised that the detailed survey information would be important for further analysis and stated that she planned to review House Bill 1301 in more detail.

Next meeting

The next regular Board meeting would be held on Thursday, April 22, 2021, 1:30 to 4:00 p.m. as a virtual meeting via WebEx.

Adjourn

The meeting adjourned at 4:03 p.m.



Kent Keel
Board Chair

ATTEST:



Kathryn Flores
Board Administrator

APPROVED on April 22, 2021, TW.