



Summary Minutes

System Expansion Committee Meeting June 10, 2021

Call to order

The meeting was called to order at 1:30 p.m. by Committee Vice Chair, Kim Roscoe virtually on WebEx.

Roll call of members

Chair	Vice Chair
(A) Claudia Balducci, King County Councilmember	(P) Kim Roscoe, Fife Mayor

Board Members	
(P) Nancy Backus, Auburn Mayor	(P) Kent Keel, University Place Mayor
(P) David Baker, Kenmore Mayor	(P) Nicola Smith, Lynnwood Mayor
(P) Jenny Durkan, Seattle Mayor	(P) Dave Upthegrove, King County Councilmember

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

Report of the Chair

Vice Chair Roscoe noted that Chair Balducci was not able to attend the meeting, so she would be chairing. She welcomed Boardmember Dammeier, Roberts and Somers who were attending the meeting to participate in discussion.

Monthly Contract Report – Chair Balducci noted that the meeting packets included the monthly contract report and the February agency progress report.

CEO Report

Chief Executive Officer Peter M. Rogoff provided the CEO Report.

TIFIA Loan – Mr. Rogoff provided an update on the TIFIA loan application that Sound Transit submitted last week for a new loan for Downtown Redmond Link Extension and the refinancing of the five current loans. To move forward on the loans, CFO Tracy Butler will present two actions to the Board for consideration at the June 24, 2021 Board meeting. The first will authorize the execution of \$521 million TIFIA Loan for the Downtown Redmond Link Extension project. The second would authorize the refunding of one or more of the five current TIFIA Loan Agreements if the refinancing rate at the time of close is lower than the existing loan rate. Mr. Rogoff also noted that the agency is exploring a potential TOD TIFIA Loan, and will provide more information to the Board as that work progresses.

Public comment

Vice Chair Roscoe announced that public comment would be accepted via email to emailtheboard@soundtransit.org and would also be accepted verbally.

The following people provided written public comment:

Joyce Hengesbach
Sean Albert
Patty Cokus

The following people provided verbal public comment:

Joyce Hengesbach
Jonathan Hopkins
Joe Kunzler

Reports to the Committee

System Expansion Cost Review Process

Deputy Chief Executive Officer Kimberly Farley, Executive Director of the Portfolio Service Office Moises Gutierrez, and Deputy Executive Director of Capital Project Development Karen Kitsis provided the presentation.

Ms. Farley noted that the presentation would share plans for enhancing our cost estimating processes and finding potential capital cost savings. The independent cost estimate reviewer, TriUnity, found that most of Sound Transit's cost estimates are within an appropriate range for 10% design. That is a good basis for identifying potential project cost savings.

Ms. Farley reviewed the three category framework that was presented at the May System Expansion Committee meeting. The first category will improve the accuracy and completeness of current and future cost estimates--particularly for projects in early planning, the second category will enhance agency processes to keep costs contained, and the third category will find potential cost savings for projects currently in development.

Specifically, the first category will explore changes to ST's cost estimating methodology for construction and right-of-way estimates, use Triunity's work and lessons learned from regional partner agencies, answer why estimates increased from 2019 to 2020, provide a range for estimates consistent with level of design, and identify application to future projects. The TriUnity Task 2 report will inform this work.

The second category will examine staff level controls and project management, explore potential enhancements to transparency, oversight and staffing, and enhance processes to daylight the potential changes that substantively impact scope, schedule, and/or budget much sooner. This work will build on work TriUnity is doing this summer with a scheduled completion date of Q4 2021.

The third category will develop actionable ideas and options that would reduce cost estimates for each project that's currently in planning. Staff will investigate the best opportunities for cost reductions, focusing on smart choices while being realistic about savings. As mentioned last month, these options will be in three focus areas, project design and construction efficiencies, programmatic review of agency requirements and major project definition changes for Board consideration.

Ms. Farley reviewed important elements for implementation, including engagement with Board members throughout the process, incorporating Sound Transit values by focusing on passenger's needs, and ensuring stakeholder and community input is incorporated.

Next Ms. Farley reviewed the proposed schedule and Board engagement. Category one and two will engage the Executive Committee. TriUnity presentations will occur in June, July and August and a staff update on how to implement recommendations will take place in Q4 2021. Category three will work will be coordinated with the System Expansion Committee. The schedule is tied to specific project schedules. Any project definition changes will include outreach to the public, stakeholders and jurisdictional partners. Sound Transit will also be seeking best practices from peer and partner agencies and cost savings will be reviewed by the independent cost estimate assessment team to make sure they are reasonable at this level of design, and the savings are estimated accurately.

Independent Cost Estimating Work

Jonnie Thomas, Jane Donovan, and Andrew Kean of TriUnity gave the presentation on the draft Task 2 report. The scope of work for Task 2 is looking at the past methodology and providing recommendations for the future. Task 3 will look forward and provide recommendations for the future. The presentation addressed why cost estimates increased from the original 2016 cost estimates developed for the ST3 ballot measure. Ms. Donovan noted that the report includes 38 recommendations that would be reviewed at a high level in the presentation. The report includes eight cost drivers, half are related to construction cost, and the other half are related to right of way cost estimating. Overall Sound Transit's policies and procedures are good and standard for the industry.

Ms. Donovan and Mr. Kean reviewed the cost drivers in more detail. Drivers related to construction cost estimating included prescriptive process with little flexibility, when subject matter experts were able to rely on their expertise the cost estimates changed, the cost estimates were updated, which is a good practice, which led to higher cost estimates, some original design assumptions were inaccurate, and now that they are corrected costs are higher, finally second opinions were not always utilized to the extent recommended. Having an second opinion could have lead to earlier discovery of these issues.

Drivers related to Right of way cost estimating included issues with the buffer method used by Sound Transit not fully capturing right of way needs, changes to the formula approach, unpredictable market conditions, and unclear ownership for early estimates. Ms. Donovan noted the cost estimates we now have are accurate for the level of design. Mr. Kean noted that the buffer method added lines on each side of the alignment based on the alignment type. The method is standard in the industry and had past success at Sound Transit. It was not successful this time, and teams have updated estimates in later design to rely on a more defined footprint. The formula approach to right of way contingency changed from the earlier estimates to the current estimates based on current research done by the Real Estate group. Mr. Kean noted that the staff that needed to work on ST3 ballot estimates was working on ST2 work and was not able to devote the time that could have better informed the estimates.

Recommendations are divided into project and program recommendations. Project recommendations include conducting thorough annual program evaluations, developing a standard reporting format to communicate with leadership and program stakeholders, and engaging the newly-formed Portfolio Services Office in program-level design oversight. Program recommendations included using best management practices for large programs, to develop an annual program evaluation to share yearly status with the Board, and develop a public dashboard as well as frequent communication subject matter experts and the Portfolio Services Office for program-level oversight.

Next steps include presenting the final Task 2 report at the June Board meeting, addressing Board comments and continue meeting with King County and WSDOT to share findings and get their feedback.

Boardmember Somers asked if the report includes information on the magnitude of the impact for each of the eight cost drivers, and whether there are confidence intervals around the estimates or cost savings proposals that staff will be developing. Ms. Donovan noted that information about the magnitude could be included in the final Task 2 report and drivers could be ordered by magnitude. Ms. Farley noted that confidence intervals could be used for estimating cost savings.

Boardmember Durkan asked if TriUnity compared Sound Transit's cost estimate increases over the time period in comparison to other jurisdictions' projects. Mr. Kean responded that exact comparisons weren't performed. Boardmember Durkan asked if work could be done to compare those factors for Sound Transit projects versus other regional projects so that more information could be gleaned. Boardmember Somers commented that because of the size of the ST3 program, the Board should be cautious about finding comparisons. In response to one of the report recommendations, Boardmember Durkan also asked that more work be done to ensure contingency is truly contingency and not considered by the contractor as part of the contract. Finally, Boardmember Durkan raised the importance of getting

independent cost estimates on large projects that have not yet been reviewed by TriUnity, she asked what it would take to complete an independent cost estimate on all the remaining projects that are subject to realignment.

Lynnwood Link Project Update

Randy Harlow, Executive Project Director for Lynnwood Link Extension provided a progress update on the Lynnwood Link Extension and NE 130th Street Infill Station. The project is 8.5 miles of aerial and at-grade guideway that will add four new link stations and three new public parking garages. Revenue service is projected for mid-2024. As of April 2021, the civil and systems construction is approximately 40% complete. Mr. Harlow reviewed recent construction progress in Mountlake Terrace and other construction work along the alignment. Final girder placement will take place later this year, systems installation will begin early next year. Key issues and challenges include a tight budget, highway and neighborhood impacts during construction, and safety risks associated with elevated work. There is also a schedule challenge to get power to a traction power substation near the Shoreline South / 148th Station to support testing activities.

The NE 130th Street Infill Station original schedule was to begin design in 2024 and an open for service date of 2031. In February 2020, the Board approved initial construction of revised guideway foundations and support elements for a future stations. Future Board actions could authorize further work in packages C2 and C3. The C2 package would construction the platform structure, girders, slab and canopy. The C3 package would complete the station for service and would include stairs, escalators, back of house, utilities, landscaping and street and access improvements. The current work is on schedule and within the budget. C2 is at 100% design, and could come back to the Board for direction in Q4 2021, the current estimate is \$26.8 million. The C3 package is at 90% design and the current estimate would cost an additional \$145.7 million beyond the existing work and C2 package. Key issues and challenges include controlling costs and scope, synchronizing schedules for completion of design with Lynnwood Link. Permitting authorities may require additional right-of-way improvements, utility supplies may need to construct additional infrastructure upgrades and the affordability gap may impact funding for construction of C2 and C3.

In response to a question from Boardmember Durkan, Mr. Harlow noted that revenue service may be impacted if C2 is not accelerated to be constructed as part of Lynnwood Link. Boardmember Durkan asked that the presentation also be shared with Boardmember Juarez who was not able to attend today's meeting.

Business items

For Recommendation to the Board

Motion No. M2021-37: (1) Authorizing the release of matching funds in the amount of \$2,500,000 to be provided to the City of Lynnwood as prescribed under the previously approved Development and Access Enhancements Agreement and (2) authorizing the chief executive officer to execute an amendment to the agreement.

Barbara Hinkle, Project Manager, provided a staff presentation.

Motion No. M2021-37 was moved by Boardmember Baker and seconded by Boardmember Smith. Vice Chair Roscoe called for a roll call vote.

Ayes

Nancy Backus
David Baker
Jenny Durkan
Nicola Smith
Dave Upthegrove
Kim Roscoe

Nays

It was carried by unanimous vote of the six Boardmembers present that Motion No. M2021-37 be forwarded to the Board with a do-pass recommendation.

Motion No. M2021-38: Authorizing the chief executive officer to increase the contract contingency with Jacobs Project Management Company to provide construction management consultant services for the Seattle to South Bellevue segment of the East Link Extension in the amount of \$5,000,000, for a new total authorized contract amount not to exceed \$48,919,350.

Mike Bell, East Link Senior Executive Project Director, and Jon Lebo, Deputy Project Director-East Link, provided a brief project overview and staff presentation. In response to Boardmember questions, Ron Lewis, Design, Engineering and Construction Management Executive Director noted that contract is within the project budget, and this increase to the contract contingency would be used to fund a change order for Jacobs. Mr. Lewis also committed to providing a future presentation on the difference between budget and contract contingency.

Motion No. M2021-38 was moved by Boardmember Backus and seconded by Boardmember Baker. Vice Chair Roscoe called for a roll call vote.

Ayes

Nancy Backus
David Baker
Jenny Durkan
Nicola Smith
Dave Upthegrove
Kim Roscoe

Nays

It was carried by unanimous vote of the six Boardmembers present that Motion No. M2021-38 be forwarded to the Board with a do-pass recommendation.

Executive session

None.

Other business

None.

Next meeting

Thursday, July 8, 2021
1:30 to 4:00 p.m.
WebEx Virtual Meeting

Committee Vice Chair Roscoe noted information will be posted to the Sound Transit website to let people know how to join the virtual meeting.

Adjourn

The meeting adjourned at 3:48 p.m.

ATTEST:

Claudia Balducci
System Expansion Committee Chair

Kathryn Flores
Board Administrator

APPROVED on _____, KF