



Summary Minutes

Board Meeting
July 22, 2021

Call to order

The meeting was called to order at 1:36 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) Julie Meredith, WSDOT Alternate	

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

Report of the Chair

Program Realignment – Chair Keel announced a Special Board meeting of the Board would take place on August 5, 2021 to take action to realign the capital program. The realignment proposal that he and Boardmember Balducci crafted would be covered later in the meeting.

CEO Report

CEO Rogoff provided the report.

Federal Update – The House would take up a proposed transportation funding bill for FY22 on the appropriations front. The bill would explicitly direct \$100 million to Lynnwood and Federal Way Link Extensions as part of a \$2.57 billion allocation to the Capital Investment Grant Program. Negotiations in the Senate on a bipartisan infrastructure bill continued over the week but faced a setback on July 21, 2021 when a motion to proceed to the legislation failed to secure the 60 votes necessary. Immediately after the vote, a bipartisan group of 22 Senators issued a joint statement stating that they expect to have a final agreement in the coming days. If that effort would fail, the Democrats would attempt to use the budget reconciliation process to advance both infrastructure and new spending, a process that takes 50 votes.

TriUnity Report – Mr. Rogoff noted TriUnity's draft Task 3 report would be presented in August rather than the July Board meeting. The report would focus on the agency's management methodologies.

External Engagement Highlights – The Board received the monthly external engagement report that detailed engagement with communities throughout the region over the prior month following the June 2021 Board meeting. CEO Rogoff noted that with COVID safety protocols in place, Sound Transit was planning to participate in summer outdoor events to engage with communities in person around the region. Program Realignment engagement with jurisdictions continued and tailored engagement around Tacoma Link fares and fare enforcement was coming to a close.

Tacoma Link Fares Public Outreach – CEO Rogoff briefed that community outreach on Tacoma Link fare proposals had continued throughout the month of July. More than 500 survey responses had been submitted and Sound Transit staff had met with nearly a dozen key partners and stakeholders in the Hilltop neighborhood, including social service groups, Tacoma Public Schools, University of Washington Tacoma, and hospitals. A virtual public hearing would be held on July 15, 2021. The online open house and survey would be open through July 25, 2021.

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:

Chris Johnson, Bellevue Chamber of Commerce
Mary Lou Pauly, City of Issaquah Mayor
Joyce Hengesbach
Rachel Smith, President and CEO of the Seattle Metropolitan Chamber of Commerce
Abdi Yussuf, Puget Sound Sage and Graham Street Community Action Team
Joe Kunzler

The following people provided verbal public comment to the Board:

Nigel Herbig, City of Kenmore Deputy Mayor
Liam Olsen, City of Bothell Mayor
Joyce Hengesbach
Phillippa Kassoover, City of Lake Forest Park Deputy Mayor
Robert Cruickshank, Sierra Club
Ryan McIrvine, City of Renton Councilmember
Jonathan Hopkins, Seattle Subway Executive Director
Joe Kunzler
Kathleen Johnson, Historic South Downtown
Devin Reynolds, Ballard Alliance
Abdi Yussuf, Puget Sound Sage and Graham Street Community Action Team
Brock Howell, Everett Station District Alliance Executive Director
Alex Hudson, Transportation Choices Coalition Executive Director
Keith McGlashan, City of Shoreline Councilmember
Christine Reid, IBEW 77

Consent Agenda

Voucher Certification: June 2021

Minutes of the June 3, 2021 Special Board Meeting

Minutes of the June 24, 2021 Board Meeting

Motion No. M2021-44: Authorizing the chief executive officer to execute a funding agreement with the Washington State Department of Transportation for its improvements to the Portland Avenue I-5 underpass in Tacoma, Washington to accommodate future transit access improvements for a total fixed amount of \$363,000.

It was moved by Boardmember Balducci, seconded by Boardmember Backus and approved by the unanimous vote of 16 Boardmembers present that the Consent Agenda be approved as presented.

Business items

Motion No. M2021-41: Authorizing the chief executive officer to execute a second amendment to the Declaration of Covenants, Conditions, Restrictions and Reservations for U District Station Condominium with the University of Washington to accommodate the University's transit orient development above U District Station as part of the Northgate Link Extension.

Motion No. M2021-41 was moved by Boardmember Balducci and seconded by Boardmember Baker.

Boardmember Balducci noted that the System Expansion Committee reviewed this motion at the July meeting and forwarded it with a do pass recommendation. In 2013, Sound Transit and the University of Washington created a 2-unit condominium at U District Station that contemplated development above the station. Sound Transit owns the lower level "Transit Unit" where the station is built and the University owns the upper level "TOD Unit" and intends to construct a high rise office tower above the station.

Motion No. M2021-41 would authorize the CEO to execute an amendment to the Declaration of Covenants, Conditions, Restrictions, and Reservations for U District Station Condominium in preparation for construction of the University's TOD Project.

Boardmember Balducci noted that representatives from the University spoke in support of the action during public comment at the July System Expansion Committee meeting.

Chair Keel called for a roll call vote.

Ayes

Nancy Backus
David Baker
Claudia Balducci
Dow Constantine
Bruce Dammeier
Jenny Durkan
Debora Juarez
Joe McDermott

Nays

Ed Prince
Paul Roberts
Nicola Smith
Dave Somers
Dave Upthegrove
Pete von Reichbauer
Victoria Woodards
Kent Keel

It was carried by the unanimous vote of 16 Boardmembers present that Motion No. M2021-41 be approved as presented.

Motion No. M2021-42: Authorizing the chief executive officer to (1) execute an amendment to the Light Rail Transit System Operations and Maintenance Agreement for Vibration and Magnetic Fields on University of Washington and (2) execute any necessary amendments to other agreements with the

University of Washington to be consistent with the new terms of the Operations and Maintenance Agreement for the Northgate Link Extension.

Motion No. M2021-42 was moved by Boardmember Balducci and seconded by Boardmember Backus.

Boardmember Balducci noted that the System Expansion Committee reviewed this motion at the July meeting and forwarded it with a do pass recommendation.

The Master Implementation Agreement (MIA), adopted in 2007 and amended in 2014, provided terms and conditions for Sound Transit's access to and use of University of Washington (UW) property for purposes of constructing, operating, monitoring and maintaining the light rail transit system. The MIA anticipated development of follow-on agreements including one documenting detailed vibration and magnetic field monitoring programs prior to revenue service.

Under this amendment, the parties agree to modest increases to certain thresholds for operational vibration levels defined in the amended MIA for some sensitive buildings near the light rail line under the UW campus, reducing Sound Transit's risk of exceeding these levels during operations while maintaining the integrity of UW's research environment. Sound Transit agrees to operate light rail transit service at or below established thresholds for all sensitive receiver buildings identified in the Agreement.

Boardmember Balducci noted that representatives from the University spoke in support of the action during public comment at the July System Expansion Committee meeting.

Chair Keel called for a roll call vote.

Ayes

Nancy Backus
David Baker
Claudia Balducci
Dow Constantine
Bruce Dammeier
Jenny Durkan
Debora Juarez
Joe McDermott

Nays

Ed Prince
Paul Roberts
Nicola Smith
Dave Somers
Dave Upthegrove
Pete von Reichbauer
Victoria Woodards
Kent Keel

It was carried by the unanimous vote of 16 Boardmembers present that Motion No. M2021-42 be approved as presented.

Report to the Board

Review Chair's realignment proposal and proposed Board member amendments

Chair Keel asked Nancy Backus, Finance & Audit Committee Chair, to share highlights from the financial update given to the committee in July. Committee Chair Backus stated that in April, the Board was briefed that the projected affordability gap was \$7.9B. Since then, the agency has received updated tax revenue and consumer price index forecasts. At the July meeting, CFO Tracy Butler updated the Finance & Audit Committee that the projected affordability gap was reduced to \$6.5B. The improved outlook was a result of higher projected tax revenues that were partially offset by higher projected inflation on operating costs as well as a portion of the capital costs.

Committee Chair Backus noted that while this is great news, the revenue and consumer price index are only two of the many key financial plan variables. Updates on construction cost index, right of way index, assessed value of properties (which determined the legal debt capacity), operating costs and others won't be available until October when staff will provide the annual update on financial plan projections.

Some of these updates could have positive impacts on the affordability gap and some will potentially further widen the gap.

Chair Keel reviewed the hybrid approach that he and Boardmember Balducci worked together to develop. He felt the approach includes the agency's clear expectation that we will work aggressively to deliver almost every project on-time. It includes processes championed by Boardmember Balducci to work towards closing each project's affordability gap so we can deliver them on time. The proposal also clarifies the agency's financial constraints and when projects will be delivered if affordability gaps can't be closed. He thanked Boardmember Balducci for all her work and stated his opinion that the hybrid approach is a stronger proposal than either of the approaches developed previously.

Chair Keel also noted that the updated financial modeling shows a dip in the affordability gap from \$7.9 to \$6.5 billion, providing an additional \$1.4 billion in capacity. The hybrid approach utilizes the additional financial capacity to improve schedules by one year for those Tier 2 projects with financial delays. The final hybrid approach would be distributed to the Board on July 26, 2021. He asked that Board members review and provide any proposed amendments by July 29, 2021.

Don Billen, Executive Director of Planning, Environment and Project Development, gave a presentation reviewing the main aspects of the hybrid proposal. The proposal would include affordable schedules with project tiers to reflect Board priorities. The proposal would also create a target schedule as close to the ST3 plan schedules as possible. The Board would then work to meet the target schedule by identifying cost savings and seeking additional financial capacity. The plan would work towards the target schedule with the affordable schedule as the safety net. Environmental documents would be prepared to support the target schedule. Project milestones would be identified where project decisions would need to be made to determine whether to continue on the target schedule. The priority would be to reach the target schedule on Tier 1 and Tier 2 projects first.

Mr. Billen reviewed how project affordability gaps would be determined, and noted how the gaps, or funding offsets, had changed based on the \$6.5 billion affordability gap. At schedule assessment milestones, the Board would need to determine whether to continue on the target schedule, or if moving to the affordable schedule is needed. At the start of preliminary engineering (after the draft EIS), the funding likely to be available will inform contract packaging and phasing. At the project to be built decision (after the final EIS), the full funding plan informs final design & ROW acquisition. And at project baselining (before the start of construction), all funding must be secured, and the CFO will provide assurance that individual projects and the whole system remain affordable before the baselining action. Finally, Mr. Billen reviewed next steps, including the distribution of the final substitute resolution on July 26, 2019, the July 29, 2021 deadline for amendments, and the August 5, 2021 Board meeting where final action would be considered on realignment.

Chair Keel noted that staff will work with Board members who already submitted an amendment to align it with the new hybrid Resolution. He also stated that the Board needed to have a balanced, affordable approach and asked that any potential amendments to the schedule to come with a proposed funding offset.

Boardmember Balducci noted that the fundamental concept behind the hybrid approach is to enable the Board to state its commitment to deliver projects on time. The resolution includes language to pull back planning delays, but in a way that matches the agency's finances.

She noted that she prepared a white paper outlining the four major aspects of the approach. First, that Sound Transit will deliver projects as promised. Second that the Board will work to narrow or remove the revenue gap. If there is still a gap remaining, Sound Transit will meet with stakeholders to talk about how to approach that through phasing, schedule delays or scope changes. Third, there is a schedule acceleration commitment through the use of an ad hoc technical advisory committee to look for ways to speed things up. Fourth, that the Board provide oversight and accountability to the process.

Boardmember Backus stated her concern about a situation where one project's budget or schedule change impacts available funding for other projects. CEO Rogoff noted that when the Board considers a baseline budget for a project, the CFO will report to the Board to let members know the plan and the project are affordable and whether there are any impacts. Subarea borrowing information will also be reported to the Finance & Audit Committee. Boardmember Backus also noted that an increased level of Board member involvement will be needed to scrutinize projects on a deeper level.

CEO Rogoff also noted that Board and staff efforts to talk to the State Legislature and look for other revenue opportunities will continue.

Boardmember Durkan thanked Chair Keel and Boardmember Balducci for their work and leadership. She asked how additional decreases in the affordability gap will be applied to projects. Desmond Brown, General Counsel, responded that per the resolution, additional funds would first be allocated to reducing the final delivery dates for Tier 1 and 2, the source of funding could also define how the additional funds are allocated, but in those cases Board decisions would be needed. Mr. Rogoff also added that if additional federal dollars are secured for a project, that funding didn't need to be used for that project if the subarea is funded. Boardmember Durkan asked for more information on how additional funds would be utilized.

Boardmember Somers asked about short term spending while there is an affordability gap. Mr. Rogoff responded that if affordability gaps are not eliminated before project milestones, then projects would move to the affordable schedule. Staff will report to the Board annually as well as before project decision points and will review project impacts if projects are not affordable. In response to a question from Boardmember Somers, Mr. Rogoff confirmed that projects can advance through project development so that they are shovel ready without impacting other projects.

Boardmember Roberts thanked Chair Keel and Boardmember Balducci for their work and advocated for continuing to seek additional funding and the build out of the regional transit system to address climate change.

Boardmember Constantine also thanked Chair Keel and Boardmember Balducci for being responsive to what the Board has heard about keeping projects on schedule and said he looked forward to diving deeper into project details to get the system delivered.

Boardmember Dammeier appreciated the work and the greater oversight and transparency. He noted he was still working to understand the proposal but felt that it may set the Board up for challenging discussions later down the line versus committing to an affordable schedule now and then working to improve upon those schedules.

Boardmember Woodards thanked Chair Keel and Boardmember Balducci for working towards a middle solution. Boardmember Baker and Juarez also said they appreciated the approach and the work to get to this point. Boardmembers Upthegrove and Prince noted that they were still getting information and didn't have any comments for today's meeting.

Boardmember Roscoe said she was optimistic and noted that there would be an amendment offered for the Pierce County projects to address concerns from riders who rely on accessing the system via parking at stations.

Boardmember McDermott was pleased with the way the work has come together and said he shared the concern raised by Boardmember Dammeier. He also felt that the proposal puts the onus on the Board and the agency to be very engaged to meet the aspirational project delivery dates. Boardmember Baker agreed that the Board would need to work hard, but felt that there would also be jurisdictional support to deliver projects as quickly as possible.

Chair Keel closed by thanking Board members for their engagement on this issue over the last 16 months. Action next month will allow the Board to responsibly move paused projects forward while also ensuring that a framework is in place that will allow the Board to react to changing conditions in the future as Sound Transit completes the full buildout of ST3.

Executive Session

None.

Other business

None.

Next meeting

The next regular Board meeting would be held on Thursday, August 26, 2021, 1:30 to 4:00 p.m. as a virtual meeting via WebEx.

Adjourn

The meeting adjourned at 3:36 p.m.

ATTEST:

Kent Keel
Board Chair

Kathryn Flores
Board Administrator

APPROVED on _____, KWF.