



Summary Minutes

Board Meeting
October 28, 2021

Call to order

The meeting was called to order at 1:47 p.m. by Board Vice Chair Paul Roberts in a Virtual Meeting via telephone and video conference.

Roll call of members

Chair	Vice Chairs
(A) 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
(A) Debora Juarez, Seattle Councilmember	(P) Peter von Reichbauer, King County Councilmember
(P) Joe McDermott, King County Council Vice Chair	(P) Kristina Walker, City of Tacoma Councilmember
(A) Roger Millar, WSDOT Secretary	
(P) Julie Meredith, WSDOT Secretary Alternate	

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

Report of the Chair

Filling in for Chair Keel – Vice Chair Roberts advised the Board that Chair Keel was unable to attend the meeting, and that he would chair the meeting.

Welcome Kristina Walker – Chair Keel stressed the importance of timeliness at the meeting due to a long agenda which includes three actions that will require a supermajority vote, and an executive session.

Passenger Restrooms Policy – The passenger Restroom Policy would be considered at a future Board meeting to allow for more Boardmember review.

CEO Report

CEO Peter Rogoff provided the report.

Federal Update

The fate of the federal infrastructure bill was still tied to passage of the Build Back Better act. They both remained uncertain but negotiations continued. The Senate Appropriations Committee released its remaining nine appropriations bills for fiscal year 2022. The Transportation, Housing, and Urban Development bill included a Congressionally Directed Spending Project for Sound Transit secured by Senator Patty Murray allocating \$3 million for the I-405 Bus Rapid Transit project.

External Engagement

The external engagement report was distributed for Boardmember review the day before.

Sound Transit's Immunization Policy

99.5 percent of the agency had provided proof of vaccination or a medical or religions exemption by October 15 in accordance with the agency's COVID-49 vaccination requirements. There was also a vaccination policy for non-employees who performed work inside Sound Transit's administrative and operational buildings. The Procurement and Contracts department received attestation forms from 98 percent of those companies certifying the vaccination status of their employees. CEO Rogoff advised that the policy was not extended to contractor employees at outdoor construction sites based on data indicating low case counts at these sites.

Update on Bond Actions and Thank-You to CFO Tracy Butler

Following the bond actions the Board took in September, the finance team defeased \$824 million of bonds with higher interest rates, repriced \$75 million of variable rate bonds with the current rate around 0.25 percent, refunded \$111 million fixed rate bonds at 0.8 percent and issued \$869 million of new debt, locking in a low rate of 2.31 percent. The projected combined savings of these actions was \$186 million.

CEO Rogoff also Thanked Chief Financial Officer Tracy Butler for her 14 years of service at the agency.

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:

Joe Kunzler

Joyce Hengesbach

The following people provided verbal public comment to the Board:

Joyce Hengesbach

Vishnu Subramaniam

Joe Kunzler

Boardmember Prince joined at this time.

Consent Agenda

Voucher Certification: September 2021

Minutes of the September 23, 2021 Board Meeting

Resolution No. R2021-16: Fulfilling the requirement of RCW 81.112.040(1) to reconstitute the governing board with regard to the number of representatives from King, Pierce and Snohomish Counties.

Motion No. M2021-59: Authorizing the chief executive officer to execute a regional service provider agreement and a subsequent service level agreement with Kitsap Transit, Pierce Transit, and King County for Sound Transit to perform ORCA vending machine operation and maintenance services to support ORCA and receive compensation via Regional ORCA Operations Team from participating partners Kitsap Transit, Pierce Transit, and King County for the cost of the services.

Motion No. M2021-64: (1) Authorizing the chief executive officer to proceed with the project development, design, and environmental work approved in Motion No. M2019-88 and Motion No. M2021-51, and accept present value Land Bank Credits as reimbursement for fish passage betterments at the Brickyard Park and Ride Station and the Tukwila International Boulevard Inline Station, and (2) delegating authority to the System Expansion Committee to approve present-value Land Bank Credits as reimbursement for fish passage betterments required by the Permanent Injunction Related to Culvert Correction.

It was moved by Boardmember Backus, seconded by Boardmember Roscoe and approved by the unanimous consent of the 14 Boardmembers present to approve the Consent Agenda as presented.

Business items

Resolution No. R2021-14: Adopting an updated Station, Line and Facility Naming Policy and superseding Resolution No. R2012-02.

It was moved by Boardmember Baker and seconded by Boardmember Roscoe that Resolution No. R2021-14 be approved as presented.

Vice Chair Roberts explained that the Executive Committee forwarded the resolution with a do-pass recommendation at its October meeting.

Vice Chair Roberts called for a roll call vote.

Ayes

Nancy Backus
David Baker
Claudia Balducci
Bruce Dammeier
Jenny Durkan
Joe McDermott
Ed Prince

Nays

Kim Roscoe
Nicola Smith
Dave Somers
Dave Upthegrove
Pete von Reichbauer
Kristina Walker
Paul Roberts

It was carried by the vote of 14 Boardmembers present that Resolution No. R2021-14 be approved as presented.

Motion No. M2021-61: Renaming University Street Station in coordination with the East Link Extension opening.

Vice Chair Roberts advised that the Rider Experience and Operations Committee forwarded the resolution with a do-pass recommendation at its October meeting. He explained that the station name update to Symphony Station provided better wayfinding for customers and reduced confusion with the University of Washington and University District Stations. The change would take place as part of the East Link Extension opening.

Staff brought a similar action to the Board in 2020, however concerns were raised about the cost estimates associated with changing back-of-house station codes. Staff worked to refine the cost estimates and included it in a larger effort to improve those codes.

It was moved by Boardmember Baker and seconded by Boardmember Smith that Motion No. M2021-61 be approved as presented.

Boardmember Roscoe celebrated the action and noted that the action in conjunction with Resolution No. R2021-14 was a significant achievement.

Vice Chair Roberts called for a roll call vote.

Ayes

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

Ed Prince
Kim Roscoe
Nicola Smith
Dave Somers
Dave Upthegrove
Kristina Walker
Paul Roberts

Nays

It was carried by the vote of the 14 Boardmembers present that Motion No. M2021-61 be approved as presented.

Motion No. M2021-56: Adopting the Sound Transit 2022 State Legislative Program and directing staff to evaluate and engage in issues that impact the agency as it continues to implement a regional high-capacity transit system.

Alex Soldano, Director of State Relations, provided the staff report for the action. He outlined the facets of the state legislative plan.

It was moved by Boardmember Roscoe and seconded by Boardmember Durkan that Motion No. M2021-56 be approved as presented. Vice Chair Roberts called for a roll call vote.

Ayes

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

Ed Prince
Kim Roscoe
Nicola Smith
Dave Somers
Dave Upthegrove
Kristina Walker
Paul Roberts

Nays

It was carried by the vote of 14 Boardmembers present that Motion No. M2021-56 be approved as presented.

Resolution No. R2021-17: Amending the adopted budget for the NE 130th Street Infill Station by increasing the project allocation by \$7,513,000 from \$28,904,000 to \$36,417,000 to provide funding for Motion No. M2021-63 to support schedule-critical activities enabling the full build option for the NE 130th Street Infill Station.

It was moved by Boardmember Balducci and seconded by Boardmember Durkan that Resolution No. R2021-17 be approved as presented.

Boardmember Balducci advised that the System Expansion Committee forwarded the action with a recommendation to approve at its October meeting.

Boardmember Durkan supported the action and noted that the City has a master plan to help grow the neighborhood surrounding the station.

Boardmember Somers advised that he would support the action, despite previous concerns. While this action was within the overall project budget, he asked that the Board fully understand the financial impacts of project decisions going forward.

Boardmember Balducci advised that the Board needs a standardized manner to review the impact of these actions in light of the realignment decision and acknowledged that staff was underway to do just that.

CEO Rogoff explained that that effort was elemental to implementation of the Realignment process and staff would be bringing this to the Board in the future.

Vice Chair Roberts called for a roll call vote.

Ayes

Nays

Nancy Backus	Ed Prince
David Baker	Kim Roscoe
Claudia Balducci	Nicola Smith
Dow Constantine	Dave Somers
Bruce Dammeier	Dave Upthegrove
Jenny Durkan	Kristina Walker
Joe McDermott	Paul Roberts

It was carried by the vote of 14 Boardmembers present that Resolution No. R2021-17 be approved as presented.

Motion No. M2021-63: Authorizing the chief executive officer to increase specific contracts and agreements as necessary to support schedule-critical activities enabling the full build option for the NE 130th Street Infill Station, increasing authorization within the construction phase by \$7,513,000 for a total limited funding authorization amount not to exceed \$27,513,000 contingent upon Board approval of Resolution No. R2021-17.

Motion No. M2021-63 was moved by Boardmember Balducci and seconded by Boardmember Backus.

Boardmember Balducci advised that the System Expansion Committee forwarded the action with a recommendation to approve at its October meeting.

Vice Chair Roberts called for a roll call vote.

Ayes

Nays

Nancy Backus	Ed Prince
David Baker	Kim Roscoe
Claudia Balducci	Nicola Smith
Dow Constantine	Dave Somers
Bruce Dammeier	Dave Upthegrove
Jenny Durkan	Kristina Walker
Joe McDermott	Paul Roberts

It was carried by the vote of 14 Boardmembers present that Motion No. M2021-63 be approved as presented.

Resolution No. R2021-18: Establishing a CEO Selection Committee for the period of time necessary to develop a recommendation to the Board on a candidate to serve as the next Sound Transit CEO and appointing Board members to serve on the CEO Selection Committee in addition to their current committee appointments and leadership roles.

Vice Chair Roberts advised that he would introduce the motion on behalf of Chair Keel, to begin the work of finding a chief executive officer that could deliver the Sound Transit capital program while also concentrating on other important areas such as the agency’s anti-racist strategy, sustainable outcomes,

and management of financial assets. The committee membership proposed by Chair Keel represented all five subareas and all other Boardmembers were invited to participate when the committee attained its final candidates

Resolution No. R2021-18 was moved by Boardmember Balducci and seconded by Boardmember Roscoe.

Vice Chair Roberts called for a roll call vote.

Ayes

Nays

Nancy Backus	Kim Roscoe
David Baker	Nicola Smith
Claudia Balducci	Dave Somers
Dow Constantine	Dave Upthegrove
Jenny Durkan	Kristina Walker
Joe McDermott	Paul Roberts
Ed Prince	

It was carried by the unanimous vote of 13 Boardmembers present that Resolution No. R2021-18 be approved as presented.

Reports to the Board

Review of Proposed 2022 Budget and Financial Plan Projections

CEO Rogoff advised that the Board had a chance to dive deeply into the agency's finances more than any past year as it carried out its realignment process. The reality of any plan based on 25 year projections was that it would be highly uncertain, with the only certainty being variation. He explained that the latest projections offered little good or bad news.

He thanked the Board for the direction given to staff as their realignment plan was completed on August 5, noting that in addition to providing the basis for continuing the advancement of projects, it required the need for a balanced Long-Range Financial Plan. It took a unique approach to the problem by installing target and affordable schedules. Four projects were even put on an advanced schedule, requiring intensive work to close affordability gaps by securing additional revenues and reducing project costs.

He emphasized that the Long-Range Financial Plan assumptions reflected what was affordable at the time, but staff continued to manage the projects with a focus on achieving the target schedules.

The realignment plan also created a new process for the agency in its Annual Program Review. Staff was preparing to carry out the first such review in the second quarter of 2022. He then introduced Tracy Butler, Chief Financial Officer, to provide the Presentation on the Financial Plan projections and Proposed 2022 Budget.

Ms. Butler explained that the largest financial guideline was the long-range financial plan, which was financial projections through 2046. Below that was the Transit Improvement Plan, which captured approved costs for active projects through 2027. Within that was the annual budget, capturing revenues and expenditures for 2022.

The basis for the financial plan projections were the affordable schedules approved in realignment. Staff continued to manage projects with a focus on achieving the target schedules. Ms. Butler outlined the various factors that contributed to the financial projections within the Long-Range Financial Plan.

The realigned financial plan remained affordable, and updates would have little impact on caps for achieving target schedules. Projected higher revenues were offset by projected higher inflation, higher

debt capacity was offset by higher right-of-way costs. As cost growths continued to outpace revenue increases, debt would need to be issued to remain affordable.

Tax revenues were projected to increase by \$2.6 billion driven by increases in sales tax, property tax, and rental car tax revenues. Fare revenues were projected to decrease by \$0.6 billion, or 7.2 percent based on lower near-term ridership expectations. Long term ridership updates were expected in the following six to eight months and projections would be updated accordingly. Capital and State of Good Repair Costs were projected to increase by \$2 billion, or 2.5 percent. Higher inflationary pressures led to capital cost increases of \$1.5 billion and \$500 million in state of good repair costs. Operating cost increases were projected at \$3 billion, or 9.1 percent. Projected purchased transportation drove \$2.1 billion of the increase. This correlated to the opening of future light rail extensions and increased purchased transportation through King County, Snohomish County and Pierce County. To keep pace with agency growth, \$900 million in agency costs was projected. Within this projection was increased insurance, administrative costs, and others. Increased bond proceeds were projected to bring an additional \$3.5 billion, however increased debt issuance would lead to \$1.3 billion in increased debt service costs.

Ms. Butler explained the agency's debt capacity through the long-range financial plan. The realigned affordable schedule remained affordable following the update to the financial plan, however the target schedule was still unaffordable.

In spring 2022, the first annual program review required by the Board's realignment plan, Resolution No. R2021-05, would begin.

CEO Rogoff reiterated the importance of the fact that projected farebox recovery did not meet policy requirements. He advised that prior to the pandemic, the agency was struggling to meet the farebox recovery policy targets, especially with Link. He advised that the Board should consider realigning the farebox recovery targets, as the current targets were not realistically attainable. This was especially true in comparison to other transit agencies.

Ms. Butler continued with the proposed 2022 budget overview. She advised that each committee would receive a more detailed briefing on the budget sections under their purview. 2022 Budget priorities focused on maintaining long-term financial sustainability, allocating resources consistent with the realignment resolution, ensure adequate resources to support system expansion, and focusing on supporting new service and assets with minimal growth otherwise. Ms. Butler also outlined the internal initiatives focused on cost consciousness, noting that a revamped non-system expansion project review process prioritized those projects.

2022 tax revenues were \$2.3 billion. Total tax revenues were six percent above the 2021 forecast. Other revenues and financing sources would yield \$1.2 billion. This was 33 percent lower than the 2021 forecast due to lower federal funding. Other revenues and financing sources would yield \$1.2 billion. This was 33 percent lower than the 2021 forecast due to lower federal funding.

2022 proposed expenditures were \$3 billion. 2022 projects would contribute \$2.4 billion. Transit operating costs grew 21 percent over the 2021 forecast. Most of this was due to support to service expansion, while inflation, increased ridership demand, state of good repair and maintenance, and insurance costs increased at smaller rates. Ms. Butler reviewed modal transit operations budgets briefly.

Ms. Butler advised that a mid-year budget adjustment may be needed if ridership increased more than projected or if COVID-19-related costs increased. The Board would receive a similar update at its October, the Committees would review their portions of the Budget in November, along with the property tax levy approval, followed by budget approval in December.

Boardmember Backus echoed the appreciation for Tracy Butler's work as Chief Financial Officer.

Boardmember Roscoe echoed Boardmember Backus's comments and asked what the ridership goal were and if the Board had policy for ridership targets. Ms. Butler advised that there were no policy targets, however each mode had ridership projections, which informed the financial projections annually. Boardmember Roscoe asked when the Board last received ridership projections. Vice Chair Roberts advised that the Rider Experience and Operations Committee receives monthly updates on ridership data. CEO Rogoff explained that the Board adopted the Service Plan annually, which outlined ridership projections for the following year.

Vice Chair Roberts advised that the Board made a commitment on cost management as part of the realignment decision. He suggested the Board look into methods through which it could control the ongoing issue of reduced fare revenues. CEO Rogoff advised that a series of decisions regarding fares were coming due, such as Tacoma Link fares, fare engagement. He advised that a conversation relating to whom fares would be charged and what those fares would be was needed in the future.

Other business

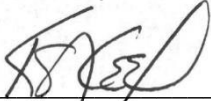
None.

Next meeting

Vice Chair Roberts explained that the next meeting had not yet been decided, but would take place in late November. He advised the Board and public to watch for more information from Sound Transit about how to view the meeting.

Adjourn

The meeting adjourned at 3:36 p.m.



Kent Keel
Board Chair

ATTEST:



Kathryn Flores
Board Administrator

APPROVED on November 18, 2021, AM.