



Summary Minutes

Executive Committee Meeting November 3, 2022

Call to order

The meeting was called to order at 10:32 a.m. by Committee Chair Kent Keel.

The meeting was available for viewing in person and streamed on:

<https://soundtransit.webex.com/soundtransit/j.php?MTID=ma77dff6fa5d441b9909c03434add91dc>

Roll call of members

Chair	Vice Chair
(P) Kent Keel, University Place Councilmember	(P) Dow Constantine, King County Executive (P) Dave Somers, Snohomish County Executive

Board Members	
(P) Nancy Backus, Auburn Mayor	(P) Cassie Franklin, Everett Mayor
(P) Claudia Balducci, King County Councilmember	(P) Bruce Harrell, Seattle Mayor
(P) Bruce Dammeier, Pierce County Executive	(P) Julie Meredith, WSDOT Secretary Alternate

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

Report of the Chair

Monthly Contract Report

The monthly contract reports were included in members' meeting packets for review.

Officer Elections for 2023-2024

Chair Keel reminded the Committee that the Board was required to review the election of Board officers. The committee would develop recommendations to the full Board for the Board Chair and two Vice Chairs with each representing a different county. The election must take place at the December 8, 2022 Executive Committee meeting and the December 15, 2022 Board of Directors meeting.

CEO Report

CEO Julie Timm provided the CEO report.

Worker Injury – Ms. Timm provided an update of an injury that occurred at the Lynnwood Link construction site on October 27, 2022. The worker was a carpenter for Sound Transit's contractor, Skanska, who was working on stripping a concrete wall form to advance the formwork when the form tipped over and trapped him. Ms. Timm reported his recovery and acknowledged the quick actions from his crew members and first responders. Skanska began a full investigation into the cause. They conducted a job-wide standdown on October 31, 2022 to discuss the incident and provide information to crews working on the project. Skanska also performed a nationwide shutdown on November 1, 2022, to

share details of the incident with their other projects.

Native American Heritage Month

CEO Timm acknowledged Native American Heritage month. Sound Transit team hosted a blessing of the artwork created by Shaun Peterson, a member of the Puyallup Tribe, at a private opening at the Puyallup Station Garage on October 29, 2022. CEO Timm shared appreciation to Dezeray Hayes, Director of Tribal Relations, for her ongoing support of the agency and relations with tribal councils and governments in the region. This was the first occurrence of a local artist from a local tribe to be highlighted on Sound Transit infrastructure. CEO Timm also shared appreciation to Barbara Luecke, Deputy Director of Public Art, for her work supporting the advancement of local art.

Observing National Veterans and Military Families Month

On November 1, 2022, CEO Timm joined Sound Transit's Veterans Employee Resource group to raise the POW/MIA flag in honor of National Veterans and Military Families month. She shared her military background in that her father and grandparents were veterans. Raising the flag at Union Station symbolized the agency's support for veterans and military families in the Puget Sound and marked the beginning of the important month when the nation gives gratitude to the families, caregivers, and survivors of veterans and current service members.

Public comment

Chair Keel announced that public comment would be accepted via email to meetingcomments@soundtransit.org and would also be accepted in-person and virtually.

No written or in-person comments were submitted.

The following people provided virtual public comments:

Joe Kunzler

Business items

Items for Final Committee Action

October 6, 2022, Executive Committee meeting minutes

It was moved by Boardmember Backus, seconded by Committee Vice Chair Somers, and carried by consent of all Board members present that the minutes of the October 6, 2022 Executive Committee meeting be approved as presented.

Resolution No. R2022-30: Approving the chief executive officer's declaration that certain real property acquired for the Lynnwood Link Extension project is surplus and is no longer needed for a transit purpose.

Faith Roland, Real Property Director, provided the staff report.

Resolution No. R2022-30 was moved by Boardmember Backus and seconded by Boardmember Harrell.

Boardmember Dammeier asked for the value of the property. Ms. Roland replied \$390,000 was the remaining value that would be transferred.

Chair Keel called for a roll call vote.

Ayes

Nancy Backus
Claudia Balducci
Dow Constantine
Bruce Dammeier
Cassie Franklin
Bruce Harrell
Dave Somers
Kent Keel

Nays

It was carried by the majority vote of nine committee members present that Resolution No. R2022-30 be approved as presented. WSDOT Alternate Julie Meredith was present but was not able to vote under the Board’s rules.

Items for Recommendation to the Board

Resolution No. R2022-31: (1) Approving the chief executive officer’s declaration that the U District 45th & Roosevelt TOD Site is surplus; (2) declares the TOD Site as suitable for development as housing; (3) authorizes staff to offer the TOD Site first to qualified entities to create affordable housing; (4) authorizes staff to offer the TOD Site at below market value to facilitate affordable housing outcomes.

Tim Bates, Senior Project Manager for Transit Oriented Development (TOD), and Mara D’Angelo, Manager of TOD, provided the staff presentation.

Resolution No. R2022-31 was moved by Boardmember Harrell and seconded by Boardmember Backus.

Boardmember Harrell had the recent opportunity to visit the property being described and noted businesses within the area were interested in this project moving forward.

Boardmember Dammeier why the U District property was purchased for construction offices and other space was not leased. Ms. Farley committed to providing the details to Boardmember Dammeier.

Chair Keel thanked staff for taking the action to vacate the alley proactively to reduce costs and potentially prepare for a developer. He mentioned that prior Triunity or TAG presentations had commented on the need for the agency to act with more urgency and acknowledge this action as headed in the right direction.

Chair Keel called for a roll call vote.

Ayes

Nancy Backus
Claudia Balducci
Dow Constantine
Bruce Dammeier
Cassie Franklin
Bruce Harrell
Dave Somers
Kent Keel

Nays

It was carried by majority vote of nine committee members present that Resolution No. R2022-31 be forwarded to the Board with a do-pass recommendation. WSDOT Alternate Julie Meredith was present but was not able to vote under the Board’s rules.

Reports to the Committee

Review of the Proposed 2023 Systemwide Program Budgets

Ryan Fisher, Deputy Executive Director of Financial Planning and Budget, Bria Knowles, Acting Executive Director of Planning, Environmental, and Project Development (PEPD), and Chad Davis, Deputy Director of Fares, provided the report. Mr. Fisher reviewed the budgets within the Executive Committee purview, including system expansion projects – other and debt service and other costs.

Mr. Fisher reviewed 2023 budget priorities, including maintaining long term financial sustainability. Initiatives focused on cost consciousness included multi-year targets for staffing and non-system expansion projects, more affordability reviews to ensure majority of 2023 and beyond position adds were directly tied to system and service expansion, and streamlined, prioritized non-system expansion project reviews to focus on high-priority projects.

The 2023 proposed sources were \$3.1 billion. Sales tax increased 3 percent over 2022 forecast. The growth anticipated into 2023 had slowed due to the recent high levels of inflation but was still up on a year over year basis. MVET collections were projected to decline 6 percent from 2022 budget as supply chains, inflation, and interest rates have impacted the vehicle market. Property tax budget was based upon preliminary Assessed Value data and a 1 percent levy increase for 2023. Fare projections had increased due to a higher level of anticipated ridership.

Federal grants were projected to be lower mainly due to ARP funding in 2022 and not in 2023 and the Lynnwood Link Extension funding accelerated into 2022. Investment income was projected to increase with higher interest rates projected in 2023 offset by no Federal Build America Bonds subsidy budgeted for 2023 due to uncertainty in the legislature regarding future funding. Lastly, no TIFIA draws were assumed in 2023, the agency should expect to utilize existing cash from recent draws in 2022 in alignment with its Asset and Liability Management Policy.

The 2023 proposed expenditures were \$3.1 billion. The proposed 2023 transit operating budget is \$500 million, a 15 percent, or \$67 million, growth over the full-year 2022 budget. Overall, the proposed expenditures for 2023 were up 2 percent over the 2022 budget. The proposed project expenditures for 2023 were similar to the 2022 budget, with less than a 1 percent increase.

2023 system expansion projects were \$2.1 billion, a reduction of \$55 million largely due to Lynnwood Link Extension and Downtown Redmond Link Extension moving from their peak year of construction costs from 2022. There were no new projects requested under this category in 2023.

Ms. Knowles reviewed the PEPD-managed projects. \$60 million was for ST3 planning such as Ridership Forecasting, Transit integration agreements, stormwater mitigation work. The Transit Access System Program spending would peak in 2023 as the agency had now funded 30 projects and had 25 agreements in place. A number of those projects should be completed next year, with reimbursements to the agency's local partners. The 35 percent higher 2022 budget reflected an anticipated concentration in spending due to several large LED lighting projects that were approved in 2021 but not implemented until 2022. The 2023 budget reflects more typical anticipated annual spending under the efficiency and sustainability program. The 55 percent increase in the environmental remediation fund in 2023 was the result of remediation activities required at the Puyallup Sounder Station following close out of that capital project work in 2022. Before closing out the capital project budget, funding for the post-construction remediation work was transferred into the environmental remediation fund for 2023 resulting in a 55 percent increase in that budget for the coming year. It was proposed in the 2023 budget that the existing TOD Property Disposition code would consolidate with the TOD Planning Program, both of which cover costs to plan, evaluate, and oversee TOD projects on Sound Transit property. The 2023 budget included funding for studies, community engagement, negotiation support, legal agreements, construction oversight, and other activities needed throughout the TOD project lifecycle. Major activities were

anticipated for projects at Lynnwood City Center, Kent Des Moines, Downtown Federal Way, Overlake Village, Mount Baker, U District, and other stations in 2023.

Mr. Davis reviewed the Finance-managed projects. 2023 Proposed Budget for ORCA Next Generation was \$2 million. This budget was for the completion of Phase 1 system development work. The 2022 Budget included the expense of fare equipment and installation leading to the change year over year. The 2023 Proposed Budget for the Fare Administration project was \$3 million. This budget included continued support of the Subsidized Annual Pass program, additional support to Public Health to drive ORCA LIFT enrollments in Pierce and Snohomish counties and the distribution of preloaded ORCA and ORCA LIFT cards at the Tacoma Link expansion opening in 2023.

Mr. Fisher reviewed projects managed by other departments. Remaining projects decreased by 7 percent from 2022 to 2023. A few key highlights included a decrease of \$1.6 million for Research & Technology program due to discovery work for Enterprise Architecture being close to the end of the program. A decrease of \$1.1 million for the Innovation & Technology program for its continued work on existing project as opposed to adding of new activities. Continued research and analysis of passenger facing technology, program development, data and analytics projects, mobility partnership projects, grant projects, and user-centered design. A decrease of \$105,000 for the Sound Transit art program, or Start, due to the Operations and Maintenance Redesign, repaint, and restoration works planned system wide, deep cleaning of DSTT artwork and regular annual cleaning, and LED light upgrades. Lastly, \$1.9M STart had new locations in 2023 to include fabrication and installation of art projects for East Link, Lynnwood Link, and Federal Way Link locations and begin Sounder station design work and Bus Rapid Transit artist selections.

2023 Debt service and other costs were \$205 million, \$144 million for debt service consisted of \$62 million of principal repayment, \$79 million of interest expense including loan amortization, \$3 million for financing expenses. Department of Licensing Fees were lower with latest revision to agreement and was down from 2021 amount of \$7.8 million. Agency contingency of 2 percent of operating budget was lower as 2022 had \$6.8 million in reconciliation credits back from partner agreements coming under budget in 2021.

The Executive committee would consider recommending the budget to the Finance Committee meeting at its December 2022 meeting.

Boardmember Dammeier asked if Public Health was being utilized for distributing ORCA LIFT cards versus using local transit agencies. Mr. Davis responded affirmatively, and the agency was using Public Health to help expand into Pierce and Snohomish counties. Boardmember Dammeier asked for more clarification on the decrease in debt service given the amount of capital expenditures and increasing rates. Mr. Fisher recalled the refinancing of outstanding bonds and TIFIA loans in 2021 and how that affected the 2022 budget and staff was accounting for that in the 2023 budget. He noted the strategic refinancing that took place at the end of 2021 and the agency would continue to see lower debt service for the next few years because of the refinancing.

Chair Keel asked about the negative numerical changes in the PEPD managed projects, specifically efficiency and sustainability. Mr. Fisher noted an action that was brought to the Board earlier in the year regarding sustainability funds that were a portion of the system expansion projects and the figures being described at this meeting did not include those projects but were other sustainability projects. Ms. Knowles noted the high expenses from 2021 rolling into 2022, and that the lower proposed 2023 budget reflected typical spending.

Executive Session – None

Other business – None

Next meeting

Thursday, December 8, 2022
10:30 a.m. to 12:00 p.m.
Ruth Fisher Boardroom and Virtually via WebEx

Adjourn

The meeting was adjourned at 11:33 a.m.

ATTEST:

Kent Keel
Executive Committee Chair

Kathryn Flores
Board Administrator

APPROVED on _____, JG