

Resolution No. R2021-05

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority establishing an accountable a flexible framework to implement ST2 projects not yet in construction and the ST2 and ST3 projects plans that (1) allows project work to proceed right away within the confines of an affordable financial plan; (2) actively seeks ways to creates opportunities for improved program schedules and accelerate projects from the delivery dates established by this resolution through project cost reviews, scope changes, additional revenue, and improved economics; and (3) adds a regular an annual Board program review of updated revenue projections, and costs assumptions and schedule changes projects to allow the Board to revisit the realigned capital plan assumptions based on shifts in financial capacity and opportunities to advance projects.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under chapters 81.104 and 81.112 of the Revised Code of Washington (RCW) for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit district on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, the Board finds that the rationale and purpose of the voter approved plans of 1996, 2008 (ST2) and 2016 (ST3) for mobility, sustainability, equity, and community development have only grown in importance since the voters adopted them; and

WHEREAS, in 2016 voters the Sound Transit service area in King, Pierce and Snohomish counties approved a \$53.8 billion system expansion, including 62 new miles of light rails with stations serving 37 additional areas for a regional system of 116 miles: creation of a bus rapid transit system on I-405/SR518 and SR522/NE145th; expanded capacity and service of the Sounder south rail line; improved access to stations for bicyclists, pedestrians, drivers, and pick-up and drop-off services; and expanded parking at some stations; and

WHEREAS, the need to decarbonize our transportation system in order to address climate change has only accelerated since the adoption of the voter approved plans and Sound Transit's voter-approved projects continue to be the most climate-friendly transportation investments in the state; and

WHEREAS, mobility is a key to the continued economic growth of the region; and

WHEREAS, the pandemic has underscored taught us that public transit is continues to be an absolute necessity for essential workers, who keep our economy and essential services operational; and

WHEREAS, the ST2 and ST3 Plan improvements are unaffordable due to the revenue decreases recession that accompanied the pandemic in combination with growth in early cost estimates that have resulted in an estimated net shortfall of \$7.9 billion, as of April 2021; and

WHEREAS, the ballot measure requires the Board to use the legally available funds to implement projects, or portions thereof, that best achieve the plan objectives after consideration of the

ST2 and ST3 Plans and financial policies when the Plan improvements, or some portion therefore are unaffordable; and

WHEREAS, the Board adopted Motion No. M2020-36 and Motion No. M2020-37 in June 2020 to establish criteria and pursue new revenue options; and

WHEREAS, the Board adopted a five-year delay to every project not under construction to fulfill the statutory responsibility for a financially constrained Transit Improvement Plan (TIP) to act as a placeholder until the realignment could be studied, reviewed, and completed; and

WHEREAS, ongoing monitoring and reporting on project costs and agency revenues is an essential element of delivering a successful program to the public~~information will continue to reveal itself over time, relating to both project costs and agency revenues~~; and

WHEREAS, since the first projections of revenue reductions due to the coronavirus pandemic, the Board has engaged in over a year of Committee and Board briefings and two realignment workshops; and

WHEREAS, the Board engaged in public and stakeholder engagement and received public input through a variety of means, including from organizations representing communities most affected by institutional and systemic racism; and

WHEREAS, the Board recommits itself to delivering all of the major mobility projects contained in the full voter approved program in order to best achieve the Plan objectives including ridership and passenger experience, as quickly as possible in a manner that fulfills the intent of the voter approved measures and is undertaking program realignment to ensure its continued affordability and provide strategic guidance on how it should be implemented.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that:

Section 1. The chief executive officer is directed to:

- Continue to pursue expanded financial capacity to enable timely delivery of voter approved plans including state funds, additional federal funds and increased debt capacity per M2020-37; and
- Develop cost saving options during project development as an integral part of the effort to increase financial capacity.
- Develop a ~~The~~ cost savings work plan for all ST3 projects and programs currently in development or design to will be overseen by the System Expansion Committee with regular quarterly reports ~~during project development~~; and
- Bring an expansion of the independent cost consultant contract scope to the Board for consideration no later than XXXX, to include development of recommended project management practices to enhance scope, change, and cost control and to review the potential cost saving options; and-
- Assist the Board in selecting an independent consultant to report directly to and assist the Board in reviewing the cost savings work plan and the structure of the new annual program review established in Section 2.

Section 2. A new annual program review is hereby established for the Board to evaluate shifts in financial capacity resulting from updated cost analysis, revenue projections, and debt capacity assumptions and to revisit project delivery assumptions in the this realignment plan accordingly. The CEO must notify the Board in a timely manner of any information that may materially impact the cost or schedule of projects so that the System Expansion Committee can review that information as part of the

committee's ongoing oversight of projects. The annual review will take the form of a written report due to Board members no later than September 1 every year to include, but not be limited to, the following elements:

- A listing of all uncompleted projects with a description of any variance in scope, schedule and budget as compared to what was assumed in the ST3 ballot measure, this realignment action or any subsequent baseline.
- Updated cost estimates and risks identified, actions taken to reduce costs or accelerate schedules, and any changes from the prior report.
- An update on all projects with cost increases of 5% or more from the assumptions in the financial plan supporting this realignment action. The update will include a discussion of major cost drivers and options to reduce cost, including but not limited to scope or schedule adjustments.
- An update on all projects with schedule delays of more than one year from the assumed delivery date in the ST3 ballot measure. The update will include a comparison of forecast delivery dates to the dates in the original ST3 Plan and currently estimated dates in Exhibit A, along with a discussion of drivers for schedule delay and options to accelerate project delivery, including but not limited to scope and cost adjustments.
- An updated 25-year financial plan using the most current revenue and cost assumptions available, including opportunities to advance projects, based upon the updated financial plan and prior to annual budget and Transit Improvement Plan (TIP) adoption.
- An update on public engagement performed as part of project development for projects delayed more than one year with a clear explanation of drivers for delay and options for accelerating project delivery; and
- Staff recommendations for adjustments to the tiers identified in Section 3 of this motion.

Section 3. Tiers of projects are hereby established to manage program work within the confines of an affordable plan over time based upon the Board's review of project evaluations using the criteria established in the Ballot Measure (Resolution No. R2016-17) and Motion No. M2020-36. Project tiers establish Board priorities for scheduling, managing, and funding system expansion program work. The tiers, work plans, and currently estimated completion date for each project are depicted in Exhibit A. Shifts in financial capacity and project readiness will be addressed following the annual program review by allocating available funding in following year's TIP based on the priorities set forth in the project tiers and after consideration of system and project affordability at the regional and subarea level.

Section 4. The chief executive officer is further directed to prepare a 2021-~~2026~~ TIP and associated financial plan reflecting the Board priorities established in the project tiers. The new TIP will replace the five-year delay assumed in the 2020 TIP. The TIP and financial plan will be reviewed by the Board as part of the 2022 budget development process.

Section 5. The Board determines that the projects and priorities identified in Exhibit A best achieve the ST2 and ST3 Plan objectives after consideration of the ST2 and ST3 plan benefits included in Exhibit C, schedule, and subarea resources, and after consideration of financial policies included in Exhibit D.

Section 6. Subarea equity sources and uses of funds included in Exhibit B are hereby updated and available funds are hereby allocated to build those projects identified in Exhibit A.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on _____.

Kent Keel
Board Chair

Attest:

Kathryn Flores
Board Administrator