

Resolution No. R2022-21

Authorizing a change to the Sustainability Cost Estimates maintained in the Financial Plan

Meeting:	Date:	Type of action:	Staff contact:
Executive Committee Board	07/07/2022 07/28/2022	Recommend to Board Final action	Don Billen, Executive Director, PEPD Amy Shatzkin, Sustainability Director, PEPD

Proposed action

Authorizing a change to the pre-baselined Sound Transit 3 (ST3) cost estimates maintained in the Financial Plan to more efficiently and effectively implement sustainability across the ST3 plan by moving \$123.52 million (2022\$) in sustainability cost estimates from ST3 system expansion project cost estimates into a ST3 Sustainability Cost Allocation fund projection within the Financial Plan with no change to the subarea distribution.

Key features summary

- The ST3 plan included approximately \$105 million (2014\$) for green and sustainable design, infrastructure, and construction as part of the cost estimates for ST3 capital expansion projects. These estimates were developed as a separate line item in many, but not all, of the ST3 project cost estimates. Collectively, these cost estimates are referred to as the ST3 Sustainability Cost Allocation (SCA).
- This action moves the sustainability cost estimate from each pre-baselined ST3 system expansion project cost estimate into a newly created ST3 SCA projected fund by subarea. The total funding amount (\$123.52 million in 2022\$) is the for projects that have not been baselined.
- The total sustainability cost estimates per subarea will not change and there will be no change in projected total expenditures in constant dollars. Additionally, there is no impact to project schedules or the ability to deliver on the sustainability commitments outlined in the ST3 Plan.
- Managing the sustainability cost estimates by subarea will enable the agency to better meet the intent of the ST3 Plan’s sustainability goals to "pursue innovative sustainability features and approaches over the duration of the Sound Transit 3 Plan as industry best practices and national standards continue to evolve." The sustainability cost estimates also provide for the inclusion of innovative sustainability features and approaches “that reach beyond Sound Transit’s design requirements and enable alignment with industry best practices.”
- Establishing subarea management of the SCA projected funds will support a robust sustainability program that allows the agency to implement sustainability benefits for ST3 projects as anticipated in the ST3 Plan while also:
 - Allowing the agency to adjust for information and opportunities that were not available when ST3 project estimates were developed in 2016.
 - Enabling the remaining funding to be distributed more efficiently and effectively across all projects within each subarea (that have not yet been baselined).

- Providing increased savings opportunities for long-term operations and maintenance for projects that were not initially provided a sustainability cost estimate.

Background

The 2016 voter approved ST3 ballot measure included approximately \$105 million (2014\$) for green and sustainable design, infrastructure, and construction as part of the total cost estimates for ST3 capital expansion projects.

The sustainable cost estimates were developed as a separate line item in many, but not all, of the ST3 project cost estimates. The sustainability costs estimates were based on estimated cost of a representative suite of sustainability features per station and mile of light rail guideway (not including tunnels).

The ST3 Plan provides guidance for application of the SCA projected funds. The document states, “under this plan, Sound Transit will implement the goals articulated in its sustainability plans.” Additionally, the Plan notes that Sustainability policies and plans contemplate that the agency will:

- Implement green building and infrastructure designs and meet third-party green building and infrastructure standards where applicable.
- Reduce the greenhouse gas emissions and air pollution generated during construction and operation of the ST3 System Plan.
- Work to maximize energy efficiency and make the agency’s electricity use carbon-neutral via onsite renewable energy projects and other strategies.
- Procure and utilize environmentally preferable products and services, where practical.
- Pursue innovative sustainability features and approaches over the duration of the ST3 Plan as industry best practices and national standards continue to evolve.
- Plan, design and construct a transit system that is resilient to the long-term impacts of climate change and other natural hazards.
- Invest in technologies or services that can meet the agency’s sustainability goals and/or reduce long-term operating costs.

Additionally, the “Sound Transit 3 Plan - Common Project Elements” document, which accompanied the ST3 Plan Project Templates, provided more detail regarding specific aspects of implementing the sustainability cost estimates. It states that:

- The estimates include the costs for green building and infrastructure certification standards (examples include Sustainable Site Initiative, LEED, ENVISION, etc.), alternative energy generation as appropriate, advanced low impact development techniques, the use of green materials, and sustainable construction approaches.
- The estimates also allow for innovative features and approaches that reach beyond current requirements, but that are consistent with industry best practices.

This action allows the goals of the ST3 Plan, as articulated above, to be fully realized by distributing funding more efficiently and effectively across projects. This new approach will:

- Ensure that each ST3 project implements sustainability features consistent with the commitments outlined in the ST3 Plan.
- Enable sustainability cost estimates to be right sized for each ST3 project. Sustainability staff will have a greater ability to apply lessons learned from ST2 and ST3 projects currently under construction and from rapidly evolving technological advancements. The initial approach did not

account for the swift development of carbon reduction technologies that are currently transforming the transportation and building industries.

- Allow the remaining funding to be distributed more efficiently and effectively across all projects (that have not yet been baselined).
 - The initial project cost estimation process did not include sustainability cost estimates for BRT, Operations and Maintenance Facilities and most Sounder projects. There are currently many more opportunities than initially anticipated to implement green building, sustainability infrastructure and carbon reduction efforts.
 - Currently, if an ST3 project does not utilize the entirety of the sustainability funding authorized for that project, those funds are then absorbed into the subarea's general fund and are no longer earmarked for sustainability. Providing management at the subarea level will allow for all funding to be spent effectively on sustainability within a subarea.
- Provide increased savings opportunities for long-term operations and maintenance. Expanding the number of green and sustainable features across more projects creates opportunities for reducing natural resource consumption and associated costs, as well as more effectively utilizing staff time by reducing maintenance needs.

Sustainability and Finance staff will ensure that each subarea retains the same amount of SCA projected funds as indicated in the ST3 Plan cost estimates. Furthermore, staff will manage the SCA projected funds over the long term to ensure that projects implemented in the later years of the ST3 Plan are also able to meet the sustainability goals as articulated by the ST3 Plan.

SCA will be authorized progressively in conjunction with existing project budget milestones. SCA cost estimates will be attached to ST3 projects during existing milestones where budget is adopted for projects – including establishing project budgets, establishing budgets for preliminary engineering and final design, and establishing baseline budgets.

Sustainability staff will report to the Board as part of its existing annual progress reporting regarding the management of SCA projected funds.

Fiscal information

The \$123.52 million (2022\$) SCA projected funds are funded through a removal of the sustainability cost allocation in ST3 system expansion project cost estimates. Within the Financial Plan the sustainability allocation is assumed to be spent according to an updated distribution by project but will have no impact to agency affordability (as measured by remaining available debt capacity in the minimum year of 2042).

The impact to program affordability will also be assessed for each allocation of SCA projected funds to projects at the time of the Board action. This action amends the cost estimates of pre-baselined ST3 projects that have an existing sustainability cost estimate, and project cost estimates will be altered to reflect the decrease in sustainability funds. Below is a list of the pre-baselined projects that will have the sustainability cost estimates moved and rolled into the SCA projected funds estimates by subarea.

- West Seattle and Ballard Link Extensions
- Graham St Infill Station
- Boeing Access Road Infill Station
- South Kirkland to Issaquah Link Extension
- Everett Link Extension
- Operations and Maintenance Facility – South
- Tacoma Dome Link Extension
- Tacoma Link Extension to Tacoma Community College

- Sounder Commuter Rail Extension to DuPont

This change will be reflected in future updates of the long-range financial plan and associated system expansion project cost estimates.

The table below shows the sustainability cost allocation total by subarea in 2022\$.

Subarea	Millions in 2022\$	
Snohomish	\$	28.96
North King	\$	36.32
South King	\$	11.49
East King	\$	21.52
Pierce	\$	25.23
Total	\$	123.52

Small business participation and apprenticeship utilization

Not applicable to this action.

Public involvement

Not applicable to this action.

Time constraints

A one-month delay would not create a significant impact.

Prior Board/Committee actions

Motion No. M2019-06: Directed the chief executive officer to implement the Sustainability Plan 2019 Update.

Resolution No. R2016-16: Adopted the Sound Transit 3 Regional Transit System Plan.

Resolution No. R2016-17: Called an election to approve certain local taxes to implement Sound Transit 3.

Environmental review – KH 6/28/22

Legal review – MT 7/29/22



Resolution No. R2022-21

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing a change to the pre-baselined Sound Transit 3 (ST3) cost estimates maintained in the Financial Plan to more efficiently and effectively implement sustainability across the ST3 plan by moving \$123.52 million (2022\$) in sustainability cost estimates from ST3 system expansion project cost estimates into a ST3 Sustainability Cost Allocation (SCA) fund projection within the Financial Plan with no change to the subarea distribution.

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 Sound Transit 3 plan included approximately \$105 million (2014\$) for green and sustainable design, infrastructure, and construction as part of the cost estimates for ST3 capital expansion projects; and

WHEREAS, the sustainability cost estimates were developed as a separate line item in many, but not all, of the ST3 project cost estimates; and

WHEREAS, managing the SCA projected funds by subarea will enable the agency to better meet the intent of the ST3 Plan's sustainability goals to pursue innovative sustainability features and approaches over the duration of the Sound Transit 3 Plan as industry best practices and national standards continue to evolve; and

WHEREAS, the SCA projected funds also provides for the inclusion of innovative sustainability features and approaches that reach beyond Sound Transit's design requirements and enable alignment with industry best practices; and

WHEREAS, Sustainability and Finance staff will ensure that each subarea retains the same amount of SCA projected funds as indicated in the ST3 Plan sustainability cost estimates and will manage the SCA projected funds over the long term to ensure that projects implemented in later years of the ST3 Plan are also able to meet the sustainability goals as articulated by the ST3 Plan; and

WHEREAS, SCA projected funds will be authorized progressively in conjunction with existing project budget milestones including establishing project budgets, establishing budgets for preliminary engineering and design, and establishing baseline budgets; and

WHEREAS, Sustainability staff will report to the Board regarding the ability to meet the intent of ST3 sustainability goals.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that a change to the pre-baselined Sound Transit 3 (ST3) cost estimates maintained in the Financial Plan is authorized to more efficiently and effectively implement sustainability across the ST3 plan by moving \$123.52 million (2022\$) in sustainability cost estimates from ST3 system expansion

project cost estimates into a ST3 Sustainability Cost Allocation fund projection within the Financial Plan with no change to the subarea distribution.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on August 25, 2022



Dave Somers
Board Vice Chair

Attest:



Kathryn Flores
Board Administrator