Summary Minutes
Board Meeting
October 24, 2019

Call to order
The meeting was called to order at 1:34 p.m. by John Marchione in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

Roll call of members

<table>
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<tr>
<th>Chair</th>
<th>Vice Chairs</th>
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<tr>
<td>(P) John Marchione, City of Redmond Mayor</td>
<td>(P) Kent Keel, City of University Place Mayor</td>
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<td>(P) Paul Roberts, Everett Councilmember</td>
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Board members

| (P) Nancy Backus, City of Auburn Mayor | (P) Joe McDermott, King County Council Chair |
| (P) David Baker, City of Kenmore Mayor | (P) Patty Rubstello, Washington State Secretary of Transportation Alternate |
| (P) Claudia Balducci, King County Councilmember | (P) Kim Roscoe, City of Fife Mayor |
| (P) Dow Constantine, King County Executive | (P) Dave Somers, Snohomish County Executive |
| (P) Bruce Dammeier, Pierce County Executive | (P) Dave Upthegrove, King County Councilmember |
| (P) Jenny Durkan, Seattle Mayor | (A) Peter von Reichbauer, King County Councilmember |
| (P) Dave Earling, City of Edmonds Mayor | (A) Victoria Woodards, City of Tacoma Mayor |
| (P) Debora Juarez, Seattle Councilmember |                                           |

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

Agenda Change
After Report of the Chair we will have public comment. No objections.

Report of the Chair

Agenda Order
Chair Marchione stated that he would like to move to public comment after the report of the chair. There were no objections to the order change.

Board members on the phone
Chair Marchione stated that he approved the requests from Board members Roberts, Somers and Woodards to attend the meeting by phone. The Board rules allow the meeting chair to approve requests to participate by phone for up to 25 percent of the Board members.

Downtown Redmond Link Extension Groundbreaking
Chair Marchione announced that yesterday a ground breaking event was held for the Downtown Redmond Link Extension. The 3.4 mile extension of Blue Line that will open in 2024 and add two stations to the Link system. Over 60 partners and stakeholders were in attendance including Dow Constantine, Peter Rogoff and Seattle Building and Trade Council Executive Secretary Monty Anderson. KIRO TV, Q13 TV and KOMO radio covered the event. This is an exciting time at Sound Transit with five projects now in construction and the Federal Way Link Extension breaking ground next year.
Public Comment

Alex Tsimerman  Andrew Vitollo
Margarette Richard  Ivan Stroh
Sharon Price  Hester Serebrin
Bill Poggetti  Robb Stack
Mike Stewart  Bob Gillespie
Tom Malone  Mark Weed
Eugene Wasserman  Lisa Nitze
Ildefonso Estaquio  Kathy Johnson
Grady Stroman  Ted Lehmann
Dennis Noland  Case Creal
Marc Bridner  Deb Barker
Chris Coulter  Evan Jayue
John Arenz  Martin Westerman
Bri’Anna Smith  Mark Dublin

Executive Session

At 2:36 p.m., Chair Marchione announced that the Board would convene an executive session that would last 15 minutes. The Board may consider action following the executive session. Desmond Brown, General Counsel, announced that the executive session is authorized under RCW 42.30.110(1)(h) to discuss pending litigation to which the agency is a party where public discussion would likely result in an adverse consequence.

At 2:52 p.m., the Executive Session was extended by 8 minutes.

Chair Marchione reconvened the meeting at 3:00 p.m.

CEO Report

East Link Extension Construction Accident

CEO Peter Rogoff reported that a worker on the East Link project was injured this morning. The job site has been shut down while an investigation takes place. Mr. Rogoff stated that the safety of workers and the public is Sound Transit’s top priority, and the worker and his family are in his thoughts. The agency will be doing everything in its power to support the investigation.

APTA and Washington DC Trip

Mr. Rogoff reported on his recent trip to New York and Washington DC for an APTA Conference, meeting with Acting FTA Administrator Jane Williams, and meetings with the committees who will be reviewing the grant materials for the Full Funding Grant Agreement for the Federal Way Link Extension. Mr. Rogoff also had a separate meeting with the Build America Bureau which is handling the TIFIA Loan for the Federal Way Link Extension that is on track to close before the end of the year.

Connect 2020 Closures

Mr. Rogoff outlined another series of closures needed for the Connect 2020 effort to tie the Blue Line to the spine. During weekend of October 11, 2019 Sound Transit did operate Light Rail service between SODO and Capitol Hill and used shuttle buses to transport riders. There will be further closures this weekend, and shuttle buses will be available.
Beacon Hill Elevators

Mr. Rogoff acknowledged challenges with the Beacon Hill elevators in late October. There were two separate outages, one caused by the elevator control system, the second caused by the fire recall system. The root cause of these issues is being investigated. During the disruption, a bus bridge was established for customers.

External Engagement

Mr. Rogoff announced that he emailed the external engagement report to Board members. There is a great happening in all corridors.

Passing of Jim Ellis

Finally Mr. Rogoff honored the passing of local civic activist James Ellis who died on Monday at the age of 98. Mr. Ellis worked on numerous issues including many dealing with transportation.

Business items

Voucher Certification: September 2019

It was moved by David Baker, seconded by Dow Constantine, and carried by unanimous vote that Voucher Certification be approved as presented.

Resolution No. R2019-25: Authorizing the chief executive officer to acquire certain real property interest, including acquisition by condemnation to the extent authorized by law, and to reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants as necessary for the Federal Way Link Extension.

Board member Balducci noted the System Expansion Committee forwarded this resolution to the board with a do pass recommendation. This action is being brought to the Board again since staff was not able to find the documentation confirming that the necessary notification was completed. Dan Abernathy, Executive Project Director for the Federal Way Link Extension, and Deputy Director of Real Property Mike Bulzomi stated that the driveway apron and some frontage is needed from the property in order to expand and complete roadwork on 272nd at I-5 near the existing Star Lake Park and Ride.

It was moved by Claudia Balducci, seconded by David Baker, and carried by unanimous vote that Resolution No. R2019-25 be approved as presented.

Motion No. M2019-104: Recommending an additional alternative for study in the West Seattle and Ballard Link Extensions Draft Environmental Impact Statement.

Motion No. M2019-104 was moved by Claudia Balducci and seconded by Kim Roscoe.

Boardmember Balducci spoke about the System Expansion Committee’s discussion on Motion No. M2019-104. She noted that the committee had a detailed discussion and recommended including the Yancy/Andover Elevated alternative in the West Seattle and Ballard Link Extensions Draft Environmental Impact Statement.

Don Billen, Executive Director of Planning Environmental and Project Development, noted that the Board identified a set of alternatives to study in a draft environmental impact statement in May 2019 after extensive public engagement. At that time, the Board asked staff to conduct an initial assessment on some additional alternatives and return with the results of the assessment. Mr. Billen confirmed that it would require an affirmative action to add these to the environmental process at this stage. Both Sound Transit’s SEPA official and the Federal Transit Administration have shared with Sound Transit that the
alternatives identified by the Board in May constitute a reasonable range of EIS alternatives. He clarified that while these additional alternatives are available, there is no requirement that you add them to the environmental process.

Cathal Ridge, Executive Corridor Director, reviewed the additional alternatives that the Board asked staff to review. The schedule for all the additional alternatives is similar to the ST representative project except for the Pigeon Point Tunnel which would put the schedule at risk. The Yancy / Andover Elevated alternative would be similar cost. The SODO double elevated alternative would require 3rd party funding of $300 M, while the SODO partial elevated alternative would be similar cost. The Pigeon Point Tunnel would require 3rd party funding of $900 M and put schedule at risk. The 20th Ave Tunnel - BSNF portal alternative would require 3rd party funding of $750 M, and the 20th Ave Tunnel - Thorndyke portal alternative would require 3rd party funding of $450 M.

Mr. Ridge also reviewed the feedback received during public outreach. The feedback from the FTA and the public comments were included in Board member packets. On October 7, 2019 Sound Transit staff met with the Walsh Group to discuss the SODO alternatives. The Walsh Group increased the cost estimates they provided on September 9, 2019, but Sound Transit feels the revised Walsh Group estimates still do not account for all cost elements. Mr. Ridge reviewed key differences that affect the cost estimate. One comparison was the shutdown timeframe for the double elevated alternative. The Walsh Group identified 6 – 9 weeks of only off-peak and weekend closures, citing similarity to Crenshaw Line / Green Line connection in Los Angeles, while Sound Transit identified two separate shutdown periods of 2 – 3 months and 4 – 6 months. Mr. Ridge shared that the comparison to the Crenshaw Line / Green Line in Los Angeles is not a valid because the Green Line was constructed anticipating a future connection to the Crenshaw line whereas there was no plan to demolish and rebuild the current Link line in the future.

Finally, Mr. Ridge reviewed the remaining environmental review schedule. Work began on the Environmental Impact Statement as directed by the Board in May. Sound Transit is also developing conceptual engineering and draft EIS and station planning activities. Sound Transit plans to publish the draft EIS at end of 2020. If alternatives are added, that will push publication into the first quarter of 2021.

Mr. Ridge responded to Board member questions about the alternatives. He noted that the station at Avalon in West Seattle could be elevated or at grade. He also clarified which alternatives in SODO would allow buses to continue to operate on the busway. The single or double elevated would allow buses to continue to operate, but the double at-grade would not.

Chair Marchione noted that two amendments have been proposed to motion. Each amendment would add an alternative for study to the DEIS to the West Seattle and Ballard link extensions.

Executive Constantine introduced a proposed amendment to Motion No. M2019-104 on green paper.

An amendment on green paper was moved by Boardmember Constantine and seconded by Boardmember Durkan to amend Motion No. M2019-104 by adding an alternative for study in the West Seattle and Ballard Link Extensions Draft EIS as follows:

SODO Partial Elevated (refinement) – A refinement of the alternative suggested during the EIS scoping period. Elevate new SODO station and retain existing SODO station at-grade. Retain Lander Street at-grade and construct new Holgate Street overcrossing.

Boardmember Constantine commented that including this alternative in the study will provide an option to continue to use the transit way for buses. He acknowledged concerns about a vehicle overpass in the neighborhood environment, but for a cost similar to representative alignment the alternative would
address many of the concerns that have been raised. The representative alignment at grade would require expensive overpasses at two intersections and totally displaces buses from the transit way. Boardmember Balducci shared that the amendment was consistent with the discussion at the System Expansion Committee to consider options that are the same cost estimate. She also spoke in favor of having a second option in this area given the concerns of the busway and the impacts to the local property. This option would allow Sound Transit to keep the light rail line functioning as much as possible and avoid shutting down the mainline for weeks or months at a time. Mr. Ridge responded to a question from Boardmember Keel about impacts to the US Post Office building located in SODO. All the alternatives have impacts to that facility and the elevated alternative have more of an impact.

Boardmember Durkan spoke in favor of the amendment and how it preserves an important transit link. She also expressed regret that there wasn’t more time to study the 20th Street tunnel alternatives and cited concerns the FTA had with alternatives that are in the water, which are currently the preferred alternatives. She spoke in favor of preserving industrial lands near 14th Street and hoped that there will be further study of the differences between 14th Street and 15th Street as the environmental review progresses. She also spoke in favor of the Yancey alignment.

Boardmember Earling noted that both the Yancy/Andover Elevated alternative and the SODO Partial Elevated (refinement) alternatives are revenue neutral, so he will support the amendment.

The amendment offered by Boardmember Constantine on green paper carried by unanimous vote.

Boardmember McDermott introduced an amendment to Motion No. M2019-104 on blue paper.

An amendment on blue paper was moved by Boardmember McDermott and seconded by Boardmember Backus to amend Motion No. M2019-104 by adding an alternative for study in the West Seattle and Ballard Link Extensions Draft EIS as follows:

Pigeon Point Tunnel – This alignment would include a refined Duwamish crossing location that includes a tunnel through Pigeon Point with a further south Delridge station location. Continues west to connect to tunnel Avalon Station. This alternative would require additional third-party funding.

Boardmember McDermott noted that the Board received extensive testimony about preserving the Youngstown community and Youngstown neighborhood. Boardmember McDermott stated that the Pigeon Point Tunnel alternative would preserve housing and have fewer impacts on businesses. It would also provide a better station location at Genesee straddling Delridge. He acknowledged that there is a $200 million dollar incremental cost in third party funding with this alternative, but stressed that studying the DEIS would allow more to be known about the final cost and that third party funding could be identified when the Board decides what alternatives to move forward into the Final EIS.

Boardmembers shared some concerns about the cost of the alternative, and the added cost of needing to select the more expensive West Seattle Junction alternative which is $700 million over the ST3 representative alignment in order to connect to the Pigeon Point Tunnel alternative. There were also concerns that third party funding has not yet been identified, while studying additional alternatives adds time to the project schedule. Boardmembers spoke in favor of priorities identified by the Board to complete the north-south spine as well as focusing on ridership, cost and schedule. Boardmember McDermott reiterated his support for the amendment and noted that third party costs would be borne by those who would benefit from the alternative, not by Sound Transit.
Chair Marchione called for a roll call vote.

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The amendment offered by Boardmember McDermott on blue paper failed by majority vote, with Boardmembers Nancy Backus, David Baker, Jenny Durkan, Debora Juarez, Joe McDermott and Pete von Reichbauer voting in the minority.

Chair Marchione called for a vote on Motion No. M2019-104 as amended by adding the SODO partial elevated (refined) alternative.

It was carried by unanimous vote that Motion No. M2019-104 be approved as amended.

Report to the Board

Chair Marchione announced that the Equity Strategy Update would be moved to a future meeting because of time constraints.

2020 Proposed Budget and Financial Plan Overview

Mr. Rogoff kicked off the presentation by explaining that this year, staff has changed the timing of some of the budget reviews to allow committees to review their portion of the budget when their agendas were a little lighter. Today’s presentation will give the full board an overview of the budget and financial plan. He highlighted some key budget methodology changes that informed the proposed budget. First the budget has been developed with the goal of very few or ideally no further amendments by the staff. In the past the committees have reviewed amendments for potential changes that the staff has made downstream. Mr. Rogoff also noted that this is the second year that staff has sought to drive the operating budget to an operating target. Staff has become more disciplined in identifying what our operating costs should be and attaching those to the strategic priorities. He commended the executive directors for their discipline and cooperation in this process. He also noted that the new mindset on operating costs means that Sound Transit is executing against the budget far better than before. Instead of past years when 92-93% of the budget funds are used, the agency has been at 97-98%.

Tracy Butler, Chief Financial Officer, and Ann Sheridan, Budget Director, presented the budget. Ms. Butler provide an overview of the 25-year long financial plan and the proposed 2020 budget. The financial plan covers Sound Move, ST2 and ST3, both capital projects and the operations and maintenance state of good repair. The Tranist Improvement Plan is a five year view of what the Board has approved to date including the future costs for active projects. The annual budget provides appropriations for annual expenditures and the revenue projected in 2020.

Ms. Butler provided three takeaways for the Board related to the financial plan. First, the agency has seen continued capital cost pressure, mainly due to the local market conditions. That cost increase is partially offset by stronger tax revenue forecasts. Where the cost increases are not offset, Sound Transit must issue additional debt. When the financial plan was presented last year, the combined plan was $96.2 billion. The updated financial plan is $1.7 billion higher due to higher projected capital costs and increased debt service. The second takeaway is the update to the operating budget. The financial plan shows slowed spending growth throughout the plan. Operating projections are down slightly from 2018, for a total decrease of $87 million due to projected lower inflation and affordability-based operating targets which offset increases in security spending and Downtown Seattle Transit Tunnel costs.
The third takeaway is that the debt service capacity picture is very much similar to what we presented last year, however there is a more sustained debt constrained period during 2032 – 2036, the years that are the peak of ST3 delivery.

Overall, Sound Transit is in very good financial condition. The voter approved plan remains affordable based on updated projections, and operating expenses, state of good repair and reserves are fully funded. Sound Transit is one of the highest rated agencies in the country with a AAA rating. But there are some risks including a near term recession, continued cost pressure on capital programs and continued cost growth for 3rd party services.

Key management considerations, including scope discipline for the entire program remains imperative. The agency must contain operating expense growth and consider expanding funding sources through partnership, and optimize the financing strategy to minimize borrowing costs.

Ms. Sheridan reviewed the 2020 budget. The Proposed 2020 Budget is $3.1B. The most prominent source of funds are sales and use tax revenue of $1.4B, Federal grants of $333M and passenger revenue of $100M. Use of funds biggest expenditure is System Expansion at $2.2B. Sources of funds is not sufficient to cover the full $3.1B resulting in a $590M gap which will be filled using cash on hand. In the future it is likely we will need to sell bonds to close the gap.

2020 revenue and funding is $2.5B. This is made up of Sales tax, MVET, Federal Grants, property tax, fares and TIFIA loans. 2020 projects total $2.5B and include system expansion, enhancements, state of good repair and administrative. 2020 operations total $370M and include Link, ST Express, Sounder and Tacoma Link. 2020 debt service and other items total $177M which includes debt service, fees to DOR / DOL, cash donations to other governments and agency contingency fees for unforeseeable expenses.

Next meeting
Thursday, December 19, 2019, 1:30 to 4:00 p.m.
Ruth Fisher Boardroom

Adjourn

John Marchione
Board Chair

ATTEST:

Kathryn Flores
Board Administrator

APPROVED on December 19, 2019, KF.