Summary Minutes

Executive Committee Meeting
April 6, 2023

Call to order

The meeting was called to order at 10:31 a.m. by Committee Chair Dow Constantine and was available for viewing in person and online.

The meeting was recorded and can be found at https://www.soundtransit.org/get-to-know-us/board-directors/livestream-video.

Roll call of members

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

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

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.

CEO Report

CEO Julie Timm provided the CEO report.

Action on Technical Advisory Group recommendations

In February 2023, the Technical Advisory Group (TAG) presented six overall recommendations and their final report to the Board. Staff had follow-up meetings with the TAG members on items in the report and next steps and were in the process of developing responses to these recommendations with an initial focus on those items most suited to management action. The response would consist of an executive summary outlining a potential action plan and would be provided at the April 2023 Board of Directors meeting.

Introduction of new leadership structure

Over the past few months, the senior leadership structure was shifting to clarify roles and responsibilities at the agency, streamline and elevate accountability, and help deliver projects and oversee operations more efficiently and effectively. The restructuring splits the Deputy CEO position that previously led the Planning, Engineering and Project Development (PEPD), Design, Engineering and Construction

Management (DECM), Passenger Experience (PX), Operations, Labor and Relations, and Portfolio Services Office (PSO) departments into three natural and functional groupings.

Effective April 7, 2023, Brooke Belman, will be a Deputy CEO as the agency's new Chief Expansion Delivery Officer, overseeing DECM and PEPD led by Ron Lewis and Don Billen respectively. This focus was on capital programs, community development, and connectivity through transit infrastructure.

Moises Gutierrez, former acting Chief Safety Officer, and Chief Engineer before that, re-joined Sound Transit earlier this year to fill the Chief System Quality Officer role. Moises would now oversee PSO, led by Eric Beckman, and the Labor Compliance Office, led by Leslie Jones. This organization's focus was on elevating quality, project controls transparency, technical support, and staff and labor growth needs for capital projects as well as operations. FTA and TAG have commented that quality was too low in the organization. This would elevate the visibility and authority of these teams in the agency's structure.

The agency was in the process of hiring for a new Deputy CEO position to serve as Chief Service Delivery Officer. Russ Arnold, Chief Passenger Experience and Innovation Officer, would lead this group in an acting role, and would oversee Operations, led by Suraj Shetty, and Passenger Experience, currently being led by Marie Olsen in an acting role. The focus of this new grouping was on service and maintenance programs connecting and moving people through transit service and facilities.

These three Chiefs would report directly to the CEO and work in a highly collaborative and cross-functional partnership to support the system under development and the system in service through all life cycle phases. This structure also ensured that when compromises or conflicts arise between these functions, decisions were escalated to senior leadership for transparency and consensus.

Lastly, Maria Doucettperry joined Sound Transit as the new Chief Diversity, Equity, and Inclusion Officer. She came to Sound Transit after serving most recently as Director, Equal Opportunity and Title IX, at the University of Nevada, Reno. Previously, Ms. Doucettperry had a 20-year career as a military attorney where she was involved in addressing complaints of discrimination and helping to resolve Americans with Disabilities Act cases.

Olympia Update

There were just over 2 weeks remaining in the 2023 legislative session and the Legislature was on the floor full time passing bills and negotiating budget compromises until the end of session. CEO Timm provided updates on the progress of Senate Bill 5317, which would permanently authorize the agency to tow vehicles obstructing right-of-way. The bill had moved through the House and was passed with a vote of 95-1. Because the bill was amended in the House, the Senate must accept the amendment. The agency's state relations team would continue monitoring until the bill was signed by the Governor.

Both the House and Senate transportation budgets included $8.6 million in the Regional Mobility Grant program toward the Sound Transit Stride BRT project. Sound Transit was once again made eligible to compete for Regional Mobility Grants with the passage of the Move Ahead Washington transportation package in 2022. CEO Timm noted that eligibility to receive this funding was contingent on adoption of a technical corrections bill for Move Ahead Washington this session, for which the agency's state relations team was optimistic about the likelihood of success. The final day of the legislative session was April 23, 2023.

Boardmember Balducci asked for clarification on when the committee would receive updates on responses to the TAG's recommendations – specifically, the hiring of three executive positions. CEO Timm replied that the job description was under development and a full update would be provided at the April Board meeting.

Committee Vice Chair Keel requested a visual of changes to senior leadership described during the CEO report. CEO Timm committed to that request.

Public comment

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

The following people provided in-person public comment:

Alex Tsimerman

There were no submissions for written or virtual public comments.

Business items

Items for Final Committee Action

March 2, 2023, Executive Committee meeting minutes

It was moved by Committee Vice Chair Keel, seconded by Boardmember Dammeier, and carried by consent of all Board members present that the minutes of the March 2, 2023 Executive Committee meeting be approved as presented.

Reports to the Committee

Fare Strategy Briefing – Future of Fare Structures

Alex Krieg, Director of Access, Integration, and Station Area Planning provided the presentation. Mr. Krieg reviewed the fares guiding framework which aimed to serve passengers with a fare structure that was regionally integrated to encourage transit ridership through equitable and simple pricing, and financial stewardship. The agency had adopted an equitable and accountable fare compliance policy, expanded reduced fare programs, and established fare rates for the Tacoma line, where fares previously did not exist. Upcoming actions required of the Board included the consideration of adjusting existing fare structures, fare levels including parking fees, categories to meet established targets, and to review and consider modifying revenue and farebox recovery targets. The major policy topic focus of 2023 would revolve around fare policy, specifically fare structure and farebox recovery targets, and the parking management program, with expanded program with daily paid parking.

Mr. Krieg reviewed the existing fare structures within Board policy. These included zone-based fares based on geographic zones through which a trip travels, and distance-based fares based on trip distance, measured in miles. Mr. Krieg reviewed the existing fares across the Sound Transit district, displayed a visual of the current Link fare table for adult fares followed by a Link fare table for adult fares after ST2 projects open if no changes to the current fare structure and levels.

Distance-based fare considerations would have fares depend on how far a passenger travels and would require passengers to tap on and tap off. If passengers don't tap off, they were charged the highest fare from their originating station. Flat fare considerations would have one fare for all rides and would be simpler for passengers to understand and budget for. Flat fares would require passengers to only tap on. A simplified fare structure may allow for potential transition to fare capping.

Mr. Krieg reviewed how Link and Sounder compared to peer transit agencies. He shared visuals of the 1 Line and Sounder's fare structure and adult fare rates compared to Portland's Tri-Met, San Diego's MTS, Salt Lake City's UTA, Dallas' DART, Minneapolis' Metro Transit, and Denver's RTD, Bay Area's Caltrain, and South Florida's Tri-Rail.

Some passengers weren't required to think about distance-based fares. Those included reduced fare programs, because they were flat or free fares, and passengers with employer-subsidized ORCA cards.

Staff would perform additional analysis to assess the characteristics of passengers most impacted by a potential fare structure change.

Passengers who had a reduced fare or an employer-provided ORCA card accounted for 54 percent of Link fare boardings in 2022. 46 percent of Link boardings pay the adult fare, whether using an ORCA e-purse, pass products, or via ticket vending machines. Mr. Krieg reviewed the Link fare payment by ORCA fare type for 2022. Link fares ranged from $2.25 to $3.50. 63 percent of passengers paying the ORCA retail cost for an adult fare, paid $2.75 or less while 37 percent paid $3 or more. 58 percent of passengers paying with an employer-provided ORCA card paid $2.75 or less while 42 percent paid $3 or more.

Passengers who had a reduced fare or an employer-provided ORCA card accounted for 64 percent of Sounder fare boardings in 2022. 36 percent of Sounder boardings paid the adult fare, whether using an ORCA e-purse, pass products, or via ticket vending machines. Mr. Krieg reviewed the Sounder fare payment by ORCA fare type for 2022. Sounder fares ranged from $3.25 to $5.75. 35 percent of passengers paying the ORCA retail cost for an adult fare paid $4 or less while 65 percent paid $4.25 or more. 31 percent of passengers paying with an employer-provided ORCA card paid $4 or less while 69 percent paid $4.25 or more.

Mr. Krieg reviewed a list of policy questions regarding the Fare Policy update. Such as, what information would the Committee need to inform a decision on flat fares versus distance-based fares and what were key considerations about Link fares relative to other Sound Transit modes of service and other services in the region. Key criteria for analysis on flat versus distance included simplicity, racial equity, financial impact to passengers and Sound Transit, ridership impacts, and asked the Committee what else to include.

Boardmember Balducci noted TriMet and RTD, in Denver, were currently at a stage Sound Transit was looking to reach. She asked if staff knew what those agencies were considering with fare changes. Mr. Krieg replied that TriMet was considering a fare increase given fare revenue issues and RTD considering moving away from a zone-based fare and towards a flat fare.

Boardmember Balducci asked if staff had modeled financial results of different scenarios or if they were waiting upon direction from the Board. CEO Timm replied there were two options. First being direction from the Board or second, staff would return with scenarios that the Board could use to make a decision. CEO Timm preferred looking towards the Board for direction for staff to provide scenarios for. Boardmember Balducci indicated the Board should have the ability to compare the anticipated revenue and fare revenue collections to other possible directions that so there was a clear understanding of financial impacts of the Board’s direction.

Boardmember Balducci asked if staff had a percentage of the number of riders who don't tap off, regardless of payment type. Mr. Krieg replied there was data available to report and committed to providing the data at a later meeting. Boardmember Balducci expressed curiosity in the percentage of passengers that don’t tap off as it would mean distance-based systems weren’t working if passengers weren’t tapping off at their final destination.

Committee Vice Chair Keel noted the benefits of having a discussion about what roles the fares play in the system and the financial plan. He also expressed interest in making fares as simple as possible. Mr. Krieg replied that farebox recovery would be presented at the May Executive Committee meeting.

Boardmember Dammeier noted the simplicity for the agency and riders of a flat fare system would be desirable and asked for staff to look into Sounder riders to inform potential changes to flat-fare. He also expressed interest in how it would integrate in other transit agency work.

Boardmember Balducci expressed interest in exploring a flat fare for light rail and asked for an equity and fare analysis and for more analysis on fare capping. Mr. Krieg responded that those analyses would be included in the May Executive Committee meeting or in a future presentation.

Chair Constantine noted Committee Vice Chair Keel's comment and that it was tied directly to the conversation about farebox recovery goals or standards. If that was held constant, then there would be a tradeoff between flat fare and distance-based fare. Base fare would need to be higher to meet goals if the agency was charging passengers based on the system usage amount, with the caveat that more customers to the system paying fares could increase revenues.

Next steps toward a comprehensive fares strategy included a thorough look on farebox recovery targets at the May 2023 Executive Committee meeting followed by the fare structures at the May 2023 Rider Experience and Operations Committee. In June 2023, staff would provide a presentation on parking management for the Executive and Rider Experience and Operations Committees. In Summer 2023, public and passenger engagement would begin on potential fare policy changes, Link fare changes, and daily paid parking. In Fall 2023 and Winter 2024, there would be potential Board actions to update existing fare policy, change fare levels, and authorize daily paid parking.

Committee Vice Chair Keel pointed out the short period between beginning passenger engagement and taking an action to the Board. He wanted staff to ensure there was adequate time and responses from passengers before taking it to the Board.

Boardmember Dammeier commented on the effectiveness of the visual representation in the presentation of a future fare chart if a new policy wasn't enacted.

New State Clean Fuels Program Revenue

Amy Shatzkin, Director of Sustainability, provided the presentation. Ms. Shatzkin informed the committee that Clean Fuel Standard (CFS) was a market-based policy designed to reduce greenhouse gas (GHG) emissions from transportation. Over the last 11 years, California, Oregon, and British Columbia had all implemented CFS. Washington passed its own CFS legislation in 2021. Washington's goals were to reduce carbon intensity of the State's transportation fuels by 20 percent by 2034. It intended to achieve that goal by creating a marketplace that rewarded public and private entities that invested in clean transportation. Sound Transit was voluntarily participating in the program in order to begin generating revenue for the agency which could help facilitate Sound Transit's transition to carbon free agency operations by 2050.

Ms. Shatzkin shared that transportation was the largest source of GHG emissions in both Washington and in the United States as a whole. Reducing emissions from transportation was critical to meeting any state and national emission reduction targets. This was especially important in Washington because its GHG emissions from transportation was much higher than the national average as a result of its clean sources of electricity production.

The CFS required fuel producers to reduce carbon intensity (CI) of transportation fuels over time. By implementing the declining threshold over time, the CFS incentivizes fuel refiners to increase the supply of lower carbon fuels like biodiesel, renewable diesel, and renewable natural gas. The CFS also created a financial incentive for public and private fleet operators to adopt and use zero and low emission vehicles. Sound Transit would be able to generate credits and revenue from the CFS by reporting data for zero and low emissions transit activities to the state on a quarterly basis – which the state would then provide Sound Transit with a volume of credits equivalent to each metric ton of GHG emissions avoided. Those would then sell in the CFS marketplace to fuel refiners.

The specific zero and low emission activities eligible for credit generation included traction power used for carbon free Link light rail, electricity used for charging battery electric buses used in Stride Bus Rapid

Transit service, Tacoma Link, charging for non-revenue fleet electric vehicles, and public facing EV charging at customer facilities.

Ms. Shatzkin reviewed the costs and benefits to Sound Transit participating in the CFS in the coming years. Staff anticipated a significant net benefit from the CFS program driven largely by credit revenue from Light Rail operations. Additional costs to Sound Transit were primarily found in terms of higher diesel prices for agency operation of transit vehicles. The Department of Ecology projected that fuel price impacts would be negligible the near term and would fluctuate and ultimately peak at +$0.20 a gallon of diesel by 2031. Applying this to Sound Transit's operations, this translated to an added $750,000 per year in fuel costs in 2031. However, the transit agencies that staff communicated with, including LA Metro, reported that they had not seen fuel increases from the state's CFS.

The CFS provided an important opportunity to establish a positive feedback loop for zero emission transportation investments and operations. The more zero emission transportation activity Sound Transit conducted, the more credits and revenue the agency could generate and the more that the agency would mitigate any fuel price impacts by re-investing CFS revenue in future zero emission fleet solutions.

Sustainability staff was in process of finalizing the consultant procurement to manage the CFS credit sales and prepare data for timely, accurate reporting to the state. As that occurred, staff was also looking ahead with the agency's zero Emissions Transition planning. The sustainability team was supporting the Bus Rapid Transit team on the planned electrification of the program and would be wrapping up the first phase of the ST Express Zero Emissions Bus transition plan 2Q 2023 and initiate the first phase of the Zero Emissions Transition plan for Sounder in the same time frame.

Next steps for 2023 to 2024 included completion of the Draft ST Express and Sounder Zero Emissions Transition Plans and an update to the agency Sustainability Plan. For 2024 to 2025, next steps included projecting long-term CFS revenues, projecting long-term zero emissions investment needs, and discussing options with the Board to meeting the agency's zero emissions fleet goals.

Boardmember Dammeier asked for clarification on whether the net positive revenue to the agency by 2026 was $4.7 million in the current projection. Ms. Shatzkin replied that the sales of credits would occur in July 2023 and refined projections would be available at that time of sale. The $4.7 million would be the gross amount, not accounting for any premium that may exist on purchase of diesel fuel. Ms. Shatzkin explained that they did not subtract any premium for diesel fuel use and the State's projections was that any premium that existed would be negligible in the next few years and would peak in 2031.

Boardmember Dammeier asked if these figures would change dramatically if staff were to look as far as 2046. Ms. Shatzkin replied those projections weren't studied yet and staff would have a better sense in July 2023 once the first price was set for the clean transportation credit. Boardmember Dammeier commented on the figure amount being small in terms of driving investments. Ms. Shatzkin explained the figures represented what would be open in 2026 as was currently projected and did not include bus rapid transit revenue from the electrified STRIDE service. Ms. Shatzkin offered to additional information on updated revenue projection inclusive of estimated bus rapid transit inputs when it becomes available.

Executive Session – None

Other business – None

Next meeting

Thursday, May 4, 2023
10:30 a.m. to 12:00 p.m.
Ruth Fisher Boardroom and Virtually via WebEx

Adjourn

The meeting was adjourned at 11:28 a.m.

ATTEST:

Dow Constantine
Executive Committee Chair

Kathryn Flores
Board Administrator

APPROVED on May 4, 2023, JG