

Community Oversight Panel

March 13, 2024

Sound Transit Board
The Honorable Dow Constantine, Chair
401 South Jackson Street
Seattle, WA 98104

Re: Community Oversight Panel 2023 Year-End Report

Dear Chair Constantine:

This is the 27th annual year-end report of the Community Oversight Panel (COP), which sets forth to the Board and the public our assessment of Sound Transit's performance during the past year.

Background

Historically, the framework for this report is the COP's authorizing legislation, which is contained in each of the Agency's three System Plans and requires the COP to monitor seven major areas of Sound Transit's performance:

- Community engagement activities
- Project planning and alignment decisions
- Budget and financial plan
- Project schedule and budget adherence
- Agency performance audits
- Social justice and equity
- Passenger experience

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While leadership vacancies, cost escalation, and labor shortages will likely continue to challenge the Agency's functions, the COP has found that in 2023, Sound Transit is in substantial compliance in all of the areas monitored.

Major Accomplishments

Ridership Recovery After Pandemic

It is evident that riders are returning to transit with 2023 ridership at nearly 80% of pre-pandemic levels. By the end of 2023, weekday boardings were about 130,000 compared to early 2020 weekday boardings of about 150,000. It is projected that ridership will continue to grow as more extensions come on line. These data indicate that Sound Transit has weathered the storm brought on by the pandemic and has been working to meet the transit needs of the region. The agency is in an improving situation from a ridership perspective moving forward. While the COP sees this as a major accomplishment and is encouraged by the positive trend and what it means for current and future service, it will stay tuned to this topic and it is interested in seeing how Sound Transit ridership recovery compares to other transit agencies. Complicating this good news are projections for crowding challenges when the Lynnwood Extension opens later in 2024. The COP supports the agency's efforts to proactively address crowding to ensure that riders are not driven away.

Rider Experience (Safety and Security)

In early 2023, the COP heard from Sound Transit staff about its bi-annual passenger experience survey. It was apparent how important safety and security are to passengers. And while it is clear that survey respondents feel that Sound Transit has work to do to improve rider experience, the COP has been impressed with the progress with regard to increasing security staff and ambassadors. The COP has heard anecdotal and data-based reports that safety and security are improving as a result of the increased efforts to have more officers on the ground and the decision to contract with four security staffing providers. The COP was told in February that the agency needed 300 security staff for full staffing and yet only had just over half of their positions filled. By year's end Sound Transit had increased staffing significantly, with a 185% increase in security staffing hours since the end of 2022. Issues to watch for moving forward include ADA accessibility and drug use and overdoses on Sound Transit vehicles and at Sound Transit facilities.

Schedule of Extension Openings

The Hilltop Extension opened in 2023 and several light rail extensions will open in the next year and a half. These will provide dramatic benefits to riders throughout the region. The anticipated six-month cadence of new openings will ensure each launch is afforded the attention needed to make it successful. Managers and operators will learn from each opening and adapt future openings based on what they learn.

Public Reporting of Problems and Solutions

In 2023, the COP noted positive steps to improve transparency both in relation to the problems it encountered and the solutions to address them. This was particularly evident on the East Link

Extension Project where the problems with plinths and associated track foundation issues were clearly communicated, solutions were identified, and steps were taken to improve inspection protocols. These efforts have helped to ensure problems on other projects are avoided or identified quickly. Sound Transit has also enabled and encouraged their staff and contractors to report up without fear of “looking bad”, which is a positive step in changing the culture at the agency.

2024 Budget and Financial Plan

Staff reported that revenues are projected to grow by about 8% in 2024 over the 2023 budget, which was attributed to increased tax revenues, fares, investment income, and TIFIA loan proceeds. While there are many challenges ahead from a financial perspective – including the debt service ratio exceedance, growth in expenses, and a projected reduction in minimum debt capacity during the plan period through 2046 – the COP was encouraged by this news and the assessment that the overall plan is still affordable, based on the fall 2023 Financial Plan projections. The COP was also impressed by the thoroughness of the presentation on the 2024 Proposed Budget and Financial Plan.

Asset Management

The COP was pleased to learn of the data collection underway to track infrastructure condition to ensure that preservation and renewal of facilities is sufficient to maintain a state of good repair as cost-effectively as possible. The planned asset management system will greatly benefit the agency, by helping it to anticipate normal deterioration and ensure adequate renewal investment. It is apparent that Sound Transit has a plan for transitioning from the old to the new system while preserving historical data. The presentation of condition trends and priorities is improving as the agency gains experience. The COP looks forward to hearing more about the new system as the agency moves from procurement to implementation.

Areas of Concern

Leadership vacancies

The COP found CEO Timm to be an engaged and transparent leader and appreciated the amount of time she allocated to the COP, where she attended quarterly meetings and answered difficult questions in a straightforward manner. Turnover in senior transit leadership is not unusual in the industry. However, the near-simultaneous loss of both the CEO and Deputy CEO, combined with the lack of progress in implementing Technical Advisory Group (TAG) recommendations regarding an experienced megaproject leadership team, raises concerns about the sustainability of the agency’s leadership structure and the maintenance of the delivery schedule. Moreover, the COP shares the TAG’s perception of a need for more sense of urgency to solve this problem. The COP hopes that Sound Transit will move quickly to fill these critical leadership vacancies and is encouraged that the agency quickly appointed an interim leader. Surely the nation’s largest transit expansion program should be able to attract its most experienced leaders in rail transit construction.

Implementation of the TAG Report

In February 2023 a Technical Advisory Group (TAG) convened by the Board submitted a report, “Improving the Speed of Project Delivery.” The report made six major recommendations:

1. Rebuild trust and clarify the roles and responsibilities of Board and staff.
2. Introduce an experienced megaproject capital program executive team.
3. Implement procedures to push decision-making to the lowest practical level.
4. Align key procedures with industry best practices.
5. Strengthen and enforce an agency betterment policy.
6. Engage the Federal Transit Administration as a delivery partner.

Over the past year the COP has had several discussions with the CEO and staff about these recommendations. Beyond simply accelerating project delivery, some of these items, especially the first two, go to the heart of successful completion in any timeframe. Based on the information presented to the COP, progress has been uneven at best, particularly on the first two items. In some cases, staff have been unaware of progress or have expressed lack of understanding of what progress to expect. The COP endorses all of the TAG recommendations and is hopeful that the interim leadership now in place will make their implementation top priority.

Construction Inspection

While the COP is encouraged by the shifting culture of proactively reporting and addressing problems publicly, it is concerned about what appears to be ongoing issues with quality and other issues that impact project schedules and cost. For example, it has been reported that the Hilltop Tacoma Extension’s opening was delayed due to track problems, and that this impacted both the project’s schedule and costs. The plinth workmanship and associated issues on the East Link Extension, along with reports of station tile problems, also suggest that the agency has not been able to discover and correct construction issues in a timely way. The COP understands that Sound Transit has taken steps to increase inspection staff and provide additional resources to them and encourages Sound Transit to continue on this path, which also should include finding and retaining highly skilled construction workers. Part of the benefit of having an experienced transit megaproject leadership team, as the TAG has recommended, is the ability to anticipate things that can go wrong and actively look for them, as well as anticipating and heading off staffing, training, legal, and contractual issues that may stand in the way of thorough construction inspection.

Delivery of Service Quality Promised to the Voters in the Sound Transit 3 System Plan

The COP mission statement calls for the Panel to “ensure that Sound Transit succeeds in meeting its commitments to the public,” where these commitments are largely what is stated in the System Plans that were approved by the voters. While there can be alternative ways to deliver the promised quality of service, the COP does hope that any proposed changes in the routing, stations, transfer opportunities, or technologies implemented over the plans’ long-time frames will provide the quality of service promised to the voters. In the context of evaluation of project alternatives during the planning and environmental review process, the COP often asks staff for assurance that alternatives under consideration would achieve the goals of the System

Plans, and explanations of how they would do so. In the case of some of the alternatives introduced in the past year, particularly on the West Seattle and Ballard Link Extensions, staff have been unable to provide such assurance. This will be a matter of ongoing concern to the COP in coming years.

Farebox Recovery

The issue of farebox recovery, and specifically Sound Transit’s policy and compliance with it, remain a concern of the COP. Recently Sound Transit has taken positive steps with increasing fare ambassador staffing: In early 2023, COP learned that Sound Transit had one ambassador for every 174,000 riders. By the end of 2023, the COP learned that this ratio has improved but that the agency is still not at full staffing levels for its ambassadors. The COP heard from staff that the non-payment rate for Sound Transit riders is at about 45% and that farebox recovery is at 16%. These statistics cause concern because the target farebox recovery rate is 40% and Sound Transit relies on fare revenue to help fund its projects and operations. In summary, the COP believes the agency must continue to take action to reconcile policies and targets with the observed outcomes.

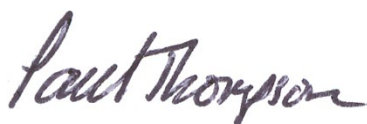
Conclusion

After four years of unprecedented disruption due to the Coronavirus pandemic, Sound Transit has made significant progress in a number of key areas, including ridership numbers, ridership experience (safety and security), and asset management. However, it also faces several delivery challenges, with the schedule for four of its five Link extension projects significantly slipping. The agency also faces cost escalation and continuing labor shortages. Addressing these challenges requires strong leadership, and the COP believes the roles discussed previously in this report must be filled as soon as possible. The COP also believes that community support for Sound Transit’s services remains steadfast and will remain so if concerns around leadership, fare enforcement, public safety, quality, and project delivery are addressed.

Sound Transit’s continued success is the result of an engaged Board and an exceptional staff. The COP appreciated CEO Timm’s willingness to spend significant time with it and to address challenging issues in a straightforward manner over the past year. We look forward to a similar relationship with both the interim and permanent CEO over the next year.

Sincerely,

COMMUNITY OVERSIGHT PANEL



Paul Thompson,
Community Oversight Panel Chair