



Summary Minutes

Board Meeting
April 22, 2021

Call to order

The meeting was called to order at 1:33 p.m. by Board Chair Kent Keel in a Virtual Meeting via telephone and video conference.

Roll call of members

Chair	Vice Chairs
(P) Kent Keel, City of University Place Councilmember	(P) Dow Constantine, King County Executive (P) Paul Roberts, Everett Councilmember

Board members	
(A) Nancy Backus, City of Auburn Mayor	(P) Ed Prince, City of Renton Councilmember
(P) David Baker, City of Kenmore Mayor	(P) Kim Roscoe, City of Fife Mayor
(P) Claudia Balducci, King County Council Chair	(P) Nicola Smith, Lynnwood Mayor
(P) Bruce Dammeier, Pierce County Executive	(P) Dave Somers, Snohomish County Executive
(P) Jenny Durkan, Seattle Mayor	(P) Dave Upthegrove, King County Councilmember
(P) Debora Juarez, Seattle Councilmember	(P) Peter von Reichbauer, King County Councilmember
(P) Joe McDermott, King County Council Vice Chair	(A) Victoria Woodards, City of Tacoma Mayor
(P) Roger Millar, Washington State Secretary of Transportation	

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

Report of the Chair

Realignment – Chair Keel noted that realignment discussions have been underway since last year when the next generation of projects in the capital program became unaffordable. The full Board received a letter signed by Board Members Constantine, Balducci and Durkan requesting additional analysis and outlining suggestions about next steps, including the timing of realignment. Chair Keel said he believes that the framework that the Board has been talking about for the last few months is a flexible one that allows the Board to meet fiduciary responsibility to realign the program and sets out a plan that will keep projects advancing while looking for cost-savings and additional financial capacity.

Executive Committee Discussion on COP Recruitment – Chair Keel reported that the Executive Committee discussed current vacancies on the Citizen Oversight Panel and the recruitment effort underway to fill the vacancies. The committee raised concerns about the lack of diversity on the COP and the limited options to expand racial and gender diversity based on the current applications. Board members offered suggestions to improve the recruitment process and asked that staff continue recruitment to develop a more diverse pool of applicants for the Board to consider when filling current vacancies.

CEO Report

CEO Rogoff provided the report.

Federal Update – PSRC’s Executive Board approved the distribution of federal formula funding provided by Congress in the second COVID relief package to transit agencies in the Puget Sound. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) passed last year, and the Executive Board’s action allows Sound Transit to draw down \$180 million, capacity that is already assumed in our Finance Plan. The PSRC will need to settle on a distribution method for the funds provided in the third relief package, the American Rescue Plan. That package is expected to provide Sound Transit approximately \$275 million in formula funding along with an additional \$252.6 million by virtue of the provision that added funding for our two Full Funding Grant Agreement projects, Lynnwood Link and Federal Way Link.

State Update – This year’s regular legislative session is scheduled to adjourn this Sunday, April 25, 2021. HB 1301, legislation that gives the Board the flexibility to move the agency’s fare enforcement system out of the courts was signed by the Governor. There is no immediate change to Sound Transit’s fare enforcement process or system but it will allow the Board to consider a wider array of options when making decisions following the fare enforcement pilot. SB 5032, the state’s reauthorization of alternate public works contracting was also adopted which allows public owners like Sound Transit to use a variety of procurement methods and tools that have been incorporated into law but were due to sunset this year.

CEO Rogoff noted that the agency remains concerned about two provisions that are subject to the conference discussion on a final transportation budget for the next biennium. One that precludes Sound Transit’s ability to negotiate on land leases for property in WSDOT right-of-way and another that adds an exorbitant cost to Sound Transit’s contract with the Department of Licensing for collecting MVET. The DOL provision would cost the agency approximately \$180 million over the plan, dollars that Sound Transit has not assumed in the current Finance Plan and affordability gap. The budget passed by the House was favorable on both issues, while the Senate was unfavorable on both accounts. Chair Keel and Vice Chairs Roberts and Constantine sent a letter to the conferees urging that they leave both provisions out of the final budget.

Regional Mailer – The agency’s third annual progress report was mailed to 1.3 million households in April. In addition to highlighting the tremendous progress made building light rail projects in each of the five subareas, it summarizes the challenges the agency faced. Strong support and praise was received for the past two mailers, and at \$.32 per unit including printing and postage, this is an important way to update every household once a year on the status of their investments.

External Engagement Highlights – An external engagement report was sent to the Board outlining the work underway in the region to advance Sound Transit projects and keep jurisdictions posted on the realignment conversation.

Northgate Link Extension Opening – Letters were sent to Sound Transit’s longtime partners on the Northgate Link Extension project, including WSDOT, King County Metro, the City of Seattle and also several key departments within the city, such as SDOT, Seattle City Light, Seattle Public Utilities, and the Seattle Department of Construction and Inspections. The letters thanked each of them for the years of collaboration that has put the agency close to opening light rail to the U District, Roosevelt and Northgate, which will open October 2, 2021 and asked for their continued partnership to reach opening day less than 6 months from now.

Earth Day – Today is Earth Day, the 51st anniversary of the environmental movement’s original call to action founded by Puget Sound environmentalist Dennis Hayes. The Sound Transit program is a catalyst for climate action. Not only is the agency giving people an option to get out of cars and use a system that will save an estimated 793,000 metric tons of GHG emission annually, but Sound Transit is the first light system in the nation that operates 100% on carbon-free electricity.

East Link Tie-In Construction Update – Weekend closures of Link Light rail stations from SODO Station to the University of Washington Station began this month in order to complete construction work for the East Link project. These closures will continue every weekend until early May. During this time, Sound Transit crews are connecting the East Link overhead catenary power and train signal systems to the existing Link light rail system.

Public Comment

Chair Keel announced that the Board was accepting public comment via email and verbally through the virtual meeting platform.

The following people provided written public comment to the Board:

Transportation Choices Coalition; Disability Mobility Initiative; Disability Rights WA; Greater Redmond Transportation Management Association; Feet First; Cascade Bicycle Club; Futurewise; Transit Riders Union; Snohomish County Transportation Coalition; Downtown: On the Go!

Joyce Hengesbach

Tacoma City Manager Elizabeth Pauli

The following people provided verbal public comment to the Board:

Kelsey Mesher

Transportation Choices Coalition

Joe Kunzler

Consent Agenda

Voucher Certification: March 2021

Minutes of the February 25, 2021 and March 25, 2021 Board Meetings.

Motion No. M2021-26: Authorizing the chief executive officer to execute a betterment agreement with the City of Tacoma to reimburse Sound Transit in the amount of \$1,858,106 to construct curb and gutter, roadway restoration, and utility related and streetscape enhancements as part of the Hilltop Tacoma Link Extension.

Boardmember Dammeier asked to remove Motion No. M2021-27 from the consent agenda for consideration separately.

It was moved by Boardmember Balducci, seconded by Boardmember Roberts and approved by the unanimous consent of 12 Boardmembers present that the Consent Agenda be approved as presented.

Boardmembers Dow Constantine, Jenny Durkan, Nicola Smith, and Dave Upthegrove arrived at this time.

Business items

Motion No. M2021-24: Authorizing the chief executive officer to increase the contract contingency for contributions and betterment work for the Federal Way Link Extension design-build contract with Kiewit Infrastructure West Company in the amount of \$19,777,519, for a new total authorized contract amount not to exceed \$1,533,497,519.

Motion No. M2021-24 was moved by Boardmember Balducci and seconded by Boardmember Baker.

Boardmember Balducci noted that the System Expansion Committee forwarded the action without a recommendation to approve, not due to concerns, but to allow more time for review. Linneth Riley-Hall, Executive Project Director of the Federal Way Link Extension provided a staff report on the action.

Boardmember Millar added that the work was an example of great agency coordination.

Chair Keel called for a roll call vote.

Ayes

David Baker
Claudia Balducci
Dow Constantine
Bruce Dammeier
Jenny Durkan
Debra Juarez
Joe McDermott
Roger Millar

Nays

Ed Prince
Paul Roberts
Kim Roscoe
Nicola Smith
Dave Somers
Dave Upthegrove
Pete Von Reichbauer
Kent Keel

It was carried by the unanimous vote of 16 Boardmembers that Motion No. M2021-24 be approved as presented.

Motion No. M2021-25: Authorizing use of contingency identified for Alternative Technical Concept / Notices to Designer for the Federal Way Link Extension in the amount of \$48,500,000 for an optimized design for the Federal Way Transit Center.

Motion No. M2021-25 was moved by Boardmember Balducci and seconded by Boardmember Baker.

Boardmember Balducci noted that the System Expansion Committee forwarded the action without a recommendation to approve, not due to concerns, but to allow more time for review. She introduced Sepehr Sobhani, Deputy Project Director of the Federal Way Link Extension, Russ Arnold, Chief Passenger Experience and Innovation Officer, and Marie Olson, Executive Operations Director-Transit Expansion, to provide the staff report. They presented a proposed layout for the Federal Way Transit Station that would improve pedestrian access by reducing the number of street crossings and distance from the garage and bus transfers. The proposed layout would create the best rider experience for transfers between bus and rail users, who make up the majority of ridership. The layout is supported by King County Metro and Pierce Transit and would not change the Adopted Baseline budget or schedule. Construction of the proposed layout would drawdown on authorized alternative technical concept / notices to designer contingency allocated in Motion No. M2020-54.

CEO Rogoff thanked the city of Federal Way and Mayor Jim Ferrell for their work and coordination in making this alternate design a reality.

Chair Keel called for a roll call vote.

Ayes

David Baker
Claudia Balducci
Dow Constantine
Bruce Dammeier
Jenny Durkan
Debra Juarez
Joe McDermott
Roger Millar

Nays

Ed Prince
Paul Roberts
Kim Roscoe
Nicola Smith
Dave Somers
Dave Upthegrove
Pete Von Reichbauer
Kent Keel

It was carried by the unanimous vote of 16 Boardmembers that Motion No. M2021-25 be approved as presented.

Motion No. M2021-27: Authorizing the chief executive officer to increase contract contingency for the Hilltop Tacoma Link Extension construction contract with Walsh Construction Company II LLC for construction of roadway improvements as a betterment for the City of Tacoma in the amount of \$1,601,300 for a new total authorized contract amount not to exceed \$147,011,050.

Motion No. M2021-27 was moved by Boardmember Dammeier and seconded by Boardmember Balducci.

Madeleine Greathouse, Executive Project Director for the Hilltop Tacoma Link Extension, provided the staff report.

Boardmember Dammeier noted that there was regional frustration with Walsh Construction. He asked for assurances that the agency would hold the contractor accountable for paying their subcontractors and other known problems. Ms. Greathouse acknowledged the past concerns but noted that staff was working with the contractors. Boardmember Dammeier responded that he would hesitantly support the action.

Boardmember Balducci noted the letter sent by Tacoma City Manager in support of this action.

Chair Keel also voiced concern about the impact to subcontractors working for Walsh and asked staff to continue monitoring their performance in this respect.

Chair Keel called for a roll call vote.

Ayes

David Baker
Claudia Balducci
Dow Constantine
Bruce Dammeier
Jenny Durkan
Debra Juarez
Joe McDermott
Roger Millar

Nays

Ed Prince
Paul Roberts
Kim Roscoe
Nicola Smith
Dave Somers
Dave Upthegrove
Pete Von Reichbauer
Kent Keel

It was carried by the unanimous vote of 16 Boardmembers that Motion No. M2021-27 be approved as presented.

Report to the Board

Chair Keel explained that the Board would receive some very important reports related to the agency's program realignment process. The first would be from the Triunity consultants, followed by a financial update from Chief Financial Officer, Tracy Butler and then finally a report from Planning Environment and Project Development Executive Director Don Billen.

The report from the Triunity team was distributed to the Board of Directors before the meeting, and confirmed that the cost estimates were within a reasonable range, but noted that they were at an early level of design and it would take time for the ranges to narrow.

Said report was the culmination of Task 1 for the consultants. Task 2 would be an assessment of the agency's cost estimating methodology for construction and right-of-way costs. A draft would be complete by late May and the final report would be ready by late June.

Independent Cost Estimate Review and Assessment

Triunity Consultants Jonnie Thomas, Jane Donovan, and Andrew Kean reviewed the Task 1 final report. The first report answered three questions: were the 2020 cost estimate accurate? What were the main cost drivers of the increased cost estimates? And were all elements captured in the estimates? Facets included in the final report which were not in the draft included the Bus Base North assessment, conclusions for items previously under review, peer review, and notes from a meeting with City of Seattle staff.

Mr. Kean reviewed the results of the Bus Base North assessment. He noted that site work costs appeared to be low, following updated items were previously under review and were completed and did not change the report's conclusion. As an update, the Bus Base North phase 2 estimates did not appear to be accurate for 10 percent design. The system wide cost estimates did appear accurate for 10 percent design, however.

Mr. Thomas outlined the Task 2 methodology, and informed the Board that any Boardmember comments received by the end of April would be incorporated into the draft report. Chair Keel thanked the consultants and noted that the board looked forward to the Task 2 report.

Moises Gutierrez, Executive Director of the Portfolio Services Office, noted that the report was received by staff at the same time as the Board on Monday, and it was still under review. Staff would review and incorporate recommendations into the projects. He added that staff was looking forward to the draft Task 2 report in May. Sound Transit was coordinating with the City of Seattle, King County, and the Washington State Department of Transportation to facilitate meeting with the consultant team.

Financial Update

Tracy Butler, Chief Financial Officer, provided the presentation. She informed the Board that with the latest financial projections, the affordability gap has been reduced to \$7.9 Billion from \$11.5 billion. Factors in that reduction included 4.6 billion increase in projected tax revenue through 2041, although uncertainty remains high, a \$527M increase in American Rescue grants and \$595 million higher projected capital cost mainly due to updated capital cost inflation, project cash flow, and infill stations cost estimates.

The improved revenue outlook was driven by additional stimulus funding due to the December 2020 and March 2021 federal packages, wider vaccine availability and related economic improvements, five additional months of actual tax collection data, and updated national and local economic indicators. There still remains a \$1.5 billion projected long term tax revenue loss, but the tax revenue loss projection improved by \$4.6 billion. The revenue trend is consistent with what is being forecasted by the State and other local jurisdictions. Ms. Butler cautioned that the long term forecast is still below pre-COVID levels, and uncertainty remains.

As of April 2021, \$527 million in American Rescue Plan funding has been received. More relief funding was expected from federal sources, while no additional state funding was forecasted.

An additional \$595 million of projected capital costs was expected due to inflation and projected cash flow updates. A \$1.2 billion increase in inflation costs was updated mostly due to the Construction Cost index, which was offset by a \$716 million decrease from project cash flow updates. A \$154 million increase in infill Station cost estimates was projected. The NE 130th St. Infill Station saw a \$64 million increase as design progressed from 30 percent completion to 60% completion. Similar cost pressures were anticipated for the Graham Street Station and Boeing Access Road Stations.

Boardmember Juarez asked for more detail on rider experience improvements that contributed to overall cost increases to the NE 130th Street Infill station. Ron Lewis Executive Director of Design, Engineering, and Construction Management, provided two examples, a full canopy over the station platforms, and the enclosure of emergency stairwells to protect riders from the weather. He noted that the under the previous schedule, the NE 130th Street Infill station would be delivered a year after the Lynnwood Link

Extension, and the final year would have construction crews working along an active alignment, which would also increase costs.

Boardmember Balducci asked if there was a report on the detailed cost increases for all projects. CEO Rogoff advised that the cost estimates were collected from departments across the agency and then built into the financial plan. Boardmember Balducci asked for that report to be produced and provided to the Board. Boardmember Durkan echoed Boardmember Balducci's request.

Ms. Butler noted that while the affordability gap narrowed, the program still remained unaffordable. Long-range financial projections remained uncertain, with tax revenue fluctuations likely, and other factors unknown. Management of scope discipline remained critical, as well as purchased transportation costs.

Boardmember Juarez asked if the rider experience improvements were included in the January 2020 estimates. CEO Rogoff advised that the agency was more attentive to rider experience considerations. The improvements in question were not included in the original estimates, but were a result of the agency's increased focus.

Chair Keel asked what the process was for making those changes. Mr. Lewis explained that the design guidelines had mandatory elements and more optional elements. Those elements were subject to lessons learned and external engagement. Some grey area existed in those elements.

Boardmember Dammeier firmly believed that there was no doubt that realignment needed to take place, and was concerned about the continuing cost escalations. Mr. Rogoff responded that staff intended to bring a plan to the Board to reduce cost escalations, noting that the projects were in design and could be designed to cost less, with options to implement more amenities to balance cost and experience in a satisfactory way.

Boardmembers Juarez, McDermott, Baker and Somers asked for more information on increased costs for the NE 130th Street Infill Station and other infill stations. Boardmember Durkan asked that information on the cost drivers for the various increases be provided to the full Board to ensure that the system was getting an equitable product and the Board can make informed decisions.

Realignment Update

Don Billen, Executive Director of Planning, Environment, and Project Development, and Matt Shelden, Deputy Executive Director of Planning and Innovation, provided a presentation on the realignment decision making process.

Mr. Shelden reviewed the framework for project decision making and reminded the Board where key Board decisions are customarily made in the life of a project. The realignment framework will inform how these decisions are made in the future under a realigned plan. He noted that the Board is involved in three decision points: authorizing the project to start, selecting the project to be built once cleared environmentally, then authorizing the baseline scope, budget and schedule and the start of construction. The Board also takes action on numerous contracts throughout the project, and receives regular status updates.

He outlined the timeline of the pandemic and the realignment process to date, highlighting notable decisions and events. Future notable events included the Task 2 independent cost consultant report in May and June, and potential adoption of a final realignment plan in July. Budgetary work for 2022 would fill out the rest of the year.

The Board's tools for controlling program affordability were time and funding. With realignment decisions, the Board could adjust the money and time for each project. He outlined the methods to do this reviewing the proposed project tiers. By prioritizing projects in tiers, it allowed them to advance

some while delaying others. The Board had the ability to adjust the realignment plan given different circumstances as well. Finally, Mr. Billen reviewed the next steps.

CEO Rogoff advised that in addition to money and time, project scope was another tool the Board had to control project costs.

Boardmember Roberts asked when a review of the many cost drivers would fit into the realignment process. CEO Rogoff advised that no date was determined yet for the information requested by the Boardmembers, however review of project costs and controlling them would be a long process.

Boardmember Roscoe echoed other requests to ensure that all Boardmembers were privy to detailed project information and briefings. She supported realignment and did not want to delay.

Boardmember Juarez voiced concern about moving forward with making a decision. She explained that she didn't feel comfortable without understanding the cost increases across the program.

Boardmember Durkan referenced the letter she and Boardmembers Constantine and Balducci, and noted that there was no doubt that a realignment was needed. However, as the affordability gap closed, perhaps not as many impactful project decisions needed to be made in July 2021.

Chair Keel advised that he was closely reviewing all Boardmember considerations, and the action the Board would be taking in July was to create a framework by which to make decisions, not just in July 2021 but in the future as well as the financial picture evolved.

Boardmember Somers advised that some decisions needed to be made this year, and it was important to strategize and plan how those decisions would impact the larger program.

Boardmember Dammeier explained that this process was difficult, especially because the process began with the thought that a recession was driving the realignment, and now cost increases were the primary driver. Regardless, the Board had an obligation to make the program affordable.

Boardmember Roberts reminded the Board that it made decisions through Motion No. M2020-36 and M2020-37 which should help the Board to move forward.

Boardmember McDermott noted that some extensive work on cost review was completed, and he would like to see that work completed system-wide. CEO Rogoff explained that projects not explicitly included in the cost increase report were updated according to the recommendations and results of those that were reviewed.

Safety Performance Presentation

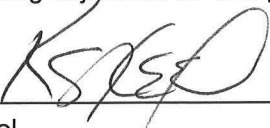
Chair Keel asked staff to return to a future meeting to provide the safety presentation.

Next meeting

The next regular Board meeting would be held on Thursday, May 27, 2021, 1:30 to 4:00 p.m. as a virtual meeting via WebEx.

Adjourn

The meeting adjourned at 4:28 p.m.



Kent Keel
Board Chair

ATTEST:


Kathryn Flores
Board Administrator

APPROVED on May 27, 2021, TW.