



## Summary Minutes

**Board Meeting**  
**October 26, 2023**

### Call to order

The meeting was called to order at 1:31 p.m. by Chair Dow Constantine in a Virtual Meeting via telephone and video conference.

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 Chairs
(P) Dow Constantine, King County Executive	(P) Dave Somers, Snohomish County Executive (P) Kent Keel, City of University Place Councilmember

Board members	
(P) Nancy Backus, City of Auburn Mayor	(P) Joe McDermott, King County Councilmember
(P) David Baker, City of Kenmore Councilmember	(P) Cordelia Crockett, WSDOT Secretary Alternate
(P) Claudia Balducci, King County Councilmember	(P) Ed Prince, City of Renton Councilmember
(P) Bruce Dammeier, Pierce County Executive	(P) Kim Roscoe, City of Fife Mayor
(P) Cassie Franklin, City of Everett Mayor	(P) Dave Upthegrove, King County Council Chair
(P) Christine Frizzell, City of Lynnwood Mayor	(P) Peter von Reichbauer, King County Councilmember
(P) Bruce Harrell, City of Seattle Mayor	(P) Kristina Walker, City of Tacoma Deputy Mayor
(P) Debora Juarez, City of Seattle Council President	

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

### Report of the Chair

#### Business Items requiring a Supermajority

Chair Constantine noted that today's agenda includes two items – Resolution Nos. R2023-32 and R2023-33 – that require a supermajority vote of the Board to approve final adoption.

#### November and December Board meetings

Chair Constantine reminded Board members and notified the public that the Board of Directors meetings in November and December will be occurring off the usual meeting scheduling. The November Board meeting is scheduled for Thursday, November 16, 2023, from 3 – 5:30 pm, and the December Board meeting is scheduled for Friday, December 15, 2023 from 10:30 am – 1:00pm. Additionally, supermajorities are needed at both meetings to adopt the 2024 Property Tax Levy and 2024 Proposed Budget, respectively.

### CEO Report

CEO Timm provided the report.

Update on Clean Fuel Pricing – CEO Timm reminded the Board that the Washington Department of Ecology implemented the clean fuel standard on July 1, 2023. In the first quarter, Sound Transit generated \$367,000 in revenue from credit sales and is expected to generate between \$220,000 and

\$240,000 in the second quarter. The credit value has dipped in value recently; however, consultants predict the lower price to remain steady, as it marches the current credit rate in California.

Build America Bureau grant for joint development – CEO Timm reported that Sound Transit was awarded a Regional Infrastructure Accelerator Grant from the Build America Bureau to support joint development planning for the West Seattle and Ballard Link Extensions. The \$1.75 million grant will assist the agency in planning potential projects that integrate future stations with Transit-Oriented Development, as these projects require significant upfront planning and coordination. The grant will support such projects at five stations. CEO Timm thanked Senator Murray and the Puget Sound congressional delegation for their work in securing the funding.

FTA Staffing Update – CEO Timm shared that the Federal Transit Administration recently confirmed Susan Fletcher as the Regional Administrator for Region 10. With FTA since 2009 and serving as the acting Regional Administrator prior to confirmation, Ms. Fletcher is a valuable partner to Sound Transit and the FTA will be critical to the Agency's success.

Activation Updates – CEO Timm announced that the Redmond Technology Station garage will open on Monday, October 30, 2023. The parking garage will support multi-modal connections for rider of King County Metro and Sound Transit buses, as well as those riding Microsoft Connector shuttles; all services have been using the transit loop on the ground floor of the garage. Additionally, Sound Transit is pushing to open two pedestrian and bike overpasses that will further enhance connectivity. Specifically, the Agency anticipates opening the Overlake Station pedestrian bridge by mid-December or sooner. She also emphasized all of these will integrate with the East Link Starter Line, scheduled to open in Spring 2024.

CEO Timm reported that Sound Transit continues to work with King County Metro to begin pre-revenue service on the Starter Line in November. She addressed the tile conditions that staff are working to address and make recommendations regarding construction activities during pre-revenue, and even potential into early revenue service. CEO Timm shared that a full-scale safety preparedness exercise is scheduled for Saturday at Bellevue City Hall to allow emergency responders to practice for an emergency scenario in the Bellevue Tunnel.

Pride Place Ribbon Cutting – CEO Timm shared that Pride Place held a ribbon-cutting event. Pride Place, located in Capitol Hill, provides 118 units of LGBTIA+ affirming affordable housing to seniors above a community space and health services center run by GenPride. Sound Transit entered into an agreement to exchange surplus property with Seattle Central College, ultimately making it possible for Community Roots Housing to build Pride Place. Additional finance support was provided by the Washington State Housing Finance Commission, Washington State Department of Commerce, King County Department of Community and Kuman Service, and Seattle Office of Housing.

Angle Lake North TOD Groundbreaking – Mercy Housing Northwest will break ground on their affordable housing project on the Angle Lake North TOD site on November 9. The project will include 130 units of affordable housing serving those making 30-80% of the area median income, and the ARC of King County plans to relocate their headquarters to office space on the first floor. CEO Timm thanked the funding partners, including Amazon, King County, and the Washington State Housing Finance Commission.

The Roadhouse Grand Opening – Also related to Angle Lake Station, CEO Timm shared that the grand opening of The Roadhouse is scheduled for Sunday, October 29. The Roadhouse is a new community and cultural events space that will occupy the retail space at Angle Lake Station. Developed by the ST Art program, The Roadhouse pilot program will provide much-needed cultural space in South King County and is partnering with community members to program regular events in the space through the construction of the Federal Way Link Extension.

## ORCA Cards in Google Wallet

CEO Timm reported that Google has announced that riders will soon be able to add ORCA cards to their Google Wallet. This will make using ORCA more convenient as riders will be able to tap their Android phones to pay. Additionally, those currently without an ORCA card will be able to get on instantly in their Wallet, as well as add funds and check balances.

## **Public Comment**

Chair Constantine 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:

Redmond Mayor Angela Birney  
City of Bellevue Transportation Director Andrew Singelakis  
Zion, Daniela, and Abdullahi representing the Youth Consortium, King County Councilmember Girmay Zahilay, Nikkita Oliver, and Dominique Davis  
A joint comment by Transportation Choices Coalition, Cascade Bicycle Club, Commute Seattle, Hopelink, and Move Redmond

The following people provided in-person verbal public comment to the Board:

Betty Lau  
Brien Chow  
Matthew Sutherland  
Kelli Reefer

The following people provided virtual verbal public comment to the Board:

Nikkita Oliver  
Joe Kunzler

## **Consent Agenda**

Voucher Certification: September 2023

Minutes: Minutes for the September 28, 2023, Board of Directors Meeting

Motion No. M2023-83: (1) Declaring surplus property adjacent to Columbia City Station, known to Sound Transit as the Youth Achievement Center Phase 1 Property, suitable for development as housing; (2) approving the key business terms of a disposition and development agreement with Africatown Community Land Trust for the transfer of that property for the creation of a mixed-use transit-oriented development project comprised primarily of affordable housing; and (3) delegating to the chief executive officer the authority to execute and subsequently amend as necessary the disposition and development agreement and related covenants, conditions, and easements for the project, all subject to the Board-approved key business terms.

Motion No. M2023-84: Approving the East Link Starter Line Service and Fare Equity report.

Motion No. M2023-85: Approving Sound Transit's submittal of Revision 1 of the 2023 Public Transportation Agency Safety Plan to the Washington State Department of Transportation's State Safety Oversight Office.

Motion No. M2023-88: Authorizing the chief executive officer to execute a betterment agreement with King County Metro to reimburse Sound Transit for the cost of design and construction services for bus

layover, zero emissions infrastructure, and other elements to be delivered as part of the Kent Station Parking and Access Improvements project for a total authorized agreement not to exceed \$14,344,655.

Motion No. M2023-91: Authorizing the chief executive officer to execute an operations and maintenance agreement with the Washington State Department of Transportation for their drainage system components at the Redmond Technology Station.

Motion No. M2023-92: Authorizing the chief executive officer to execute an eight-year contract with Crowe, LLP to provide independent financial and federal audit services, agreed upon procedures, and ORCA financial audits and system and organizational control reports, for a total authorized contract amount not to exceed \$6,500,000.

**The consent agenda was moved by Board member Baker and seconded by Board member Backus.**

Board member Backus requested that Motion No. M2023-90 be considered separately as it pertains to the City of Auburn.

Board member Balducci requested that Motion No. M2023-86 be considered separately so she may ask a question.

**It was carried by the unanimous vote of the 18 Board members present that the Consent Agenda be approved as amended.**

## **Business items**

Motion No. M2023-86: Changing the name of Bel-Red/130th Station to BelRed Station, and Spring District/120th Station to Spring District Station within the East Link Extension.

**It was moved by Board member Balducci and seconded by Board member Baker that Motion No. M2023-86 be approved as presented.**

Board member Balducci inquired if the city and local jurisdictions had been consulted on these name changes and whether they are supportive of the updates.

Deputy CEO Russ Arnold confirmed that Sound Transit did engage the City of Bellevue on these name changes and asked Candace Toth, Manager of Wayfinding and Signage, to provide more specifics.

Ms. Toth stated the Bellevue City Manager was engaged and provided written support for the name changes.

Board member Balducci thank staff for the answer and urged the Board to approve the Motion.

Chair Constantine called for a voice vote on Motion No. M2023-86.

**It was carried by a unanimous vote of the 17 Board members that Motion No. M2023-86 be approved as presented.**

Motion No. M2023-90: Authorizing the chief executive officer to execute an intergovernmental agreement with the City of Auburn pertaining to the acquisition of certain parking easement rights benefiting certain City-owned condominium units as part of the Auburn Station Parking and Access Improvements project.

**It was moved by Board member Dammeier, seconded by Board member Balducci and carried by a majority vote of the 17 Board members present that Motion No. M2023-90 be approved as presented, with Board member Backus abstaining.**

Resolution No. R2023-30: Updating the Procurement, Agreements, and Delegated Authority Policy and superseding Resolution No. R2018-40.

Ted Lucas, Chief Procurement Officer, gave the staff presentation.

CEO Timm noted that the final recommended action on today's Agenda was discussed at recent meetings of both the Executive and Finance & Audit Committees.

**Resolution No. R2023-30 was moved by Board member Baker and seconded by Board member McDermott.**

Board member Balducci asked for confirmation that while this action will facilitate pushing more decision-making down to staff levels, the Board will continue to receive contract reports on those executed under the new approval levels.

CEO Timm affirmed that is the case, and that staff are preparing to roll-out more comprehensive contract reporting when these changes go into effect on January 1, 2024.

Chair Constantine called for a roll call vote on Resolution No. R2023-30.

**Ayes**

Nancy Backus  
David Baker  
Claudia Balducci  
Bruce Dammeier  
Cassie Franklin  
Christine Frizzell  
Bruce Harrell  
Debora Juarez

**Nays**

Kent Keel  
Joe McDermott  
Ed Prince  
Kim Roscoe  
Dave Somers  
Peter von Reichbauer  
Kristina Walker  
Dow Constantine

**It was carried by a unanimous vote of the 16 Board members present that Resolution No. R2023-30 be approved as presented.**

Resolution No. R2023-31: Adopting the first phase of the 2024 Service Plan, which includes major service changes of opening 2 Line service between Redmond Technology and South Bellevue Stations, extending 1 Line service to Lynnwood and restoring two daily round trips on Sounder N Line.

Brian de Place, Director of System and Service Planning, gave the staff presentation.

Board member Frizzell asked what the hours of service would be for the Lynnwood Link Extension when it enters service. Mr. de Place responded that it would be the same as the current 1 Line, which is about 20 hours a day.

Vice Chair Keel asked about the earlier identified potential risks to providing service on both the extended 1 Line and the East Link Starter Line, specifically on how staff have worked to mitigate those. Mr. de Place noted that during preliminary analysis, there was some concern on balancing service between the two extensions, which is why the initial service hours for the East Link Starter Line was shorter than what is now in the Service Plan.

Vice Chair clarified his question to address the availability of light rail vehicles to serve the two lines when both extensions are open for service. Don Billen, Executive Director of Planning, Environment, and Project Development, responded that the main concern with vehicles is storing enough along the 1 Line to support the Lynnwood Link Extension opening, and that staff have identified way to store vehicles along the 1 Line during non-service hours.

CEO Timm added that the service levels identified in the Service Plan are reflective of staff's work to provide the maximum amount of service along the 1 Line while the connection to the Operations and Maintenance Facility East is delayed due to construction work along the I-90 corridor of the East Link Extension. The same work was conducted to determine achievable service levels on the Eastside for the Starter Line.

Vice Chair Somers noted that service on the 1 Line, especially to Lynnwood, will continue to be impacted until the I-90 corridor is complete, hence the Snohomish Delegation's request for continued ST Express Service and re-introducing additional Sounder North roundtrips.

Board member Balducci asked how all the service adjustments from the separate transit agencies will come together over 2024. Mr. de Place started with addressing changes in East King County by stating that staff are looking at waiting to recommend ST Express restructuring until the full 2 Line opens as most of the current routes are providing service across Lake Washington. Shifting north to Snohomish County, Mr. de Place noted that Community Transit is moving forward with its bus route restructuring, based on the Lynnwood Link Extension opening, and Sound Transit is looking into continuing ST Express service along the I-5 corridor to alleviate crowding concerns along the 1 Line due to not having the connection across Lake Washington. Mr. de Place added that the agencies are having constant discussions on future plans. Board member Balducci suggested having the rider alerts set-up to signal when there is 1 Line crowding to better support riders in choosing between Link or ST Express service.

Board member Dammeier asked about the engagement with Lynnwood and Snohomish County on the mitigation efforts. Mr. de Place noted that all of the agencies and local partners would prefer more service but indicated that Community Transit has been a supportive partner in the process. CEO Timm added that everyone would enjoy the initial planned service levels that included the 2 Line extending to Lynnwood. She noted that there are key considerations when it comes to number of operators for Link and ST Express, but there are discussion occurring between the necessary partners.

Board member Frizzell expressed thanks to the Sound Transit staff for their collaborative effort to find mitigations to the challenges, even if nobody is particularly thrilled with the current constraints. Board member Frizzell noted that managing rider expectations will be key to a successful launch of Lynnwood Link.

Vice Chair Keel expressed appreciation for the discussion that just occurred and noted that it would be helpful to have had that included in the initial staff presentation.

**Resolution No. R2023-31 was moved by Board member Walker and seconded by Board member Frizzell.**

Board member Walker noted that the Rider Experience & Operations Committee unanimously forwarded this item to the Board with a do-pass recommendation. She added that she presided over a Public Hearing for the action this morning, and that there were no public comments received.

Board member Dammeier expressed that he would vote for the action but noted for his support for maintaining service and expansion along the spine of the Link system.

Chair Constantine called for a roll call vote on Resolution No. R2023-31.

**Ayes**

Nancy Backus  
David Baker  
Claudia Balducci  
Bruce Dammeier  
Cassie Franklin  
Christine Frizzell  
Bruce Harrell  
Debora Juarez  
Kent Keel

**Nays**

Joe McDermott  
Ed Prince  
Kim Roscoe  
Dave Somers  
Dave Upthegrove  
Peter von Reichbauer  
Kristina Walker  
Dow Constantine

**It was carried by a unanimous vote of the 17 Board members present that Resolution No. R2023-31 be approved as presented.**

Resolution No. R2023-33: Increasing the 2023 annual tax collection and fees budget by \$3,165,000, from \$23,062,638 to \$26,227,638 to pay for additional sales and use tax offset fees.

Stephanie Ball, Director of Financial Planning & Analysis, gave the staff presentation.

Vice Chair Keel inquired if this is an increase in sales tax. Ms. Ball responded that this fee has been assumed in the Financial Plan since ST3 and clarified that the amendment is shifting some of the fee expected to be paid in 2024 to 2023.

Chair Constantine explained the legal reasons why Sound Transit pays these taxes and fees on construction, noting that the State Legislature did act to ensure the collected funds are returned to the three counties.

Board member Dammeier stressed that this is not a tax increase on residents, but an administrative adjustment based on the cost of relevant construction this year.

**Resolution No. R2023-33 was moved by Board member Backus and seconded by Board member Baker.**

Chair Constantine called for a roll call vote on Resolution No. R2023-33.

**Ayes**

Nancy Backus  
David Baker  
Claudia Balducci  
Bruce Dammeier  
Christine Frizzell  
Bruce Harrell  
Debora Juarez  
Kent Keel

**Nays**

Joe McDermott  
Ed Prince  
Kim Roscoe  
Dave Somers  
Dave Upthegrove  
Kristina Walker  
Dow Constantine

**It was carried by a unanimous vote of the 15 Board members present that Resolution No. R2023-33 be approved as presented.**

Resolution No. R2023-32: Amending the Adopted 2023 Budget to transfer \$2,900,000 from the project administration phase to the construction services phase for the Sumner, Kent, and Auburn Stations Parking and Access Improvements project, while maintaining the baseline budget of \$359,650,000.

Victoria Morris, Sumner, Kent, and Auburn Station Parking and Access Improvement Project Director, gave the staff presentation covering this and the following action.

**Resolution No. R2023-32 was moved by Board member Balducci and seconded by Board member Roscoe.**

Board member Balducci noted that the System Expansion Committee considered this action at its meeting earlier this month and unanimously recommended its approval.

Chair Constantine called for a roll call vote on Resolution No. R2023-32.

**Ayes**

Nancy Backus  
Claudia Balducci  
Bruce Dammeier  
Christine Frizzell  
Bruce Harrell  
Debora Juarez  
Kent Keel

**Nays**

Joe McDermott  
Ed Prince  
Kim Roscoe  
Dave Somers  
Dave Upthegrove  
Peter von Reichbauer  
Kristina Walker  
Dow Constantine

**It was carried by a unanimous vote of the 16 Board members present that Resolution No. R2023-32 be approved as presented.**

Motion No. M2023-89: 1) Authorizing the chief executive officer to execute a design-build contract with Absher Construction Co. for the Kent Station Parking and Access Improvement Project in the amount of \$62,500,000, with an 15 percent contingency of \$9,375,000; totaling 71,875,000, 2) authorizing modification of that contract to exercise a contract option for betterment work related to bus layover facilities for King County Metro in the amount of \$9,000,000, with a 38 percent contingency of \$3,475,949, totaling \$12,475,949, contingent upon approval of Motion No. M2023-88; and 3) authorizing an alternative concept allowance not to exceed \$5,000,000 to fund potential cost of added value improvements for the Kent Station Parking and Access Improvements Project; all for a total authorized contract amount not to exceed \$89,350,949.

**Motion No. M2023-89 was moved by Board member Balducci and seconded by Board member McDermott.**

Board member Balducci noted that the System Expansion Committee considered this action at its meeting earlier this month and unanimously recommended its approval. She added that the Betterment Agreement with King County Metro was included on the Consent Agenda.

Chair Constantine called for a roll call vote on Motion No. M2023-89.

**Ayes**

Nancy Backus  
David Baker  
Claudia Balducci  
Bruce Dammeier  
Christine Frizzell  
Bruce Harrell  
Debora Juarez  
Kent Keel

**Nays**

Joe McDermott  
Ed Prince  
Kim Roscoe  
Dave Somers  
Dave Uptegrove  
Peter von Reichbauer  
Kristina Walker  
Dow Constantine

**It was carried by a unanimous vote of the 16 Board members present that Motion No. M2023-89 be approved as presented.**

**Reports to the Board**

Presentation on Proposed 2024 Budget and Long-Range Financial Plan Update

John Henry, Chief Financial Officer, began the presentation by offering a brief summary of what will be included in today's presentation, as well as the rough timeline for budget approval as well as the division of oversight based on the Board's committees.

Mr. Henry provided an executive summary of the 2024 Proposed Budget revenues, planned for \$2.9 billion, noting the slide includes information on the 2023 Forecast and 2023 Budget to inform the numbers for 2024. 2024 revenues are expected to grow by 8% when compared to the 2023 adopted Budget, largely as a result of strong investment income. Based on the current forecast, the 2024 tax revenues are expected to be 4.4% over those accounted for in the 2023 budget. Additionally, Fare revenues assume higher ridership due to the East Link Starter Line and Lynnwood Link Extension openings. Investment income is budgeted to increase compared to the 2023 budget but perform similarly to 2023. This is due to the recently completed \$944 million TIFIA draw, which is meant to be held in investments through 2024.

Mr. Henry explained that the largest share (83%) comes from tax revenue, while Grants and Local Contributions make-up 8%, Investment Income accounts for 4%, and TIFIA proceeds account for 3%, with the remainder coming from assumed passenger fares. Tax Revenues have been growing steadily



since 2021, mostly driven by sales tax as MVET growth has been relatively flat over the last few years. Fare revenue is expected to increase with the opening of two capital projects in 2024. Grants and Local Contributions have been decreasing due to drawdowns on active Full Funding Grant agreements for the Lynnwood and Federal Way Link Extensions and because of previous strong federal government grants from COVID relief packages. Investment income is returning to a net positive after two years of negative investment due to fair market value adjustments along with higher than projected cash balances. Miscellaneous revenue has remained steady. Mr. Henry also reminded the Board of the bond refinancing in 2021.

Turning to expenditures, Mr. Henry explained that there are numerous conditions that are leading to an expected growth in expenses, including the costs for opening the Starter Line and Lynnwood Link Extension, a full year of newly-extended Tacoma Link service, annual increases in salaries and wages, escalating healthcare costs and insurance premiums, and additional security services. He added that while final numbers are not yet known, there are financial headwinds presented by a pending Hilltop Tacoma Link Extension settlement and a recent agreement for King County Metro contracted labor rates. He noted that staff expect to return in 2024 with Budget Amendments to account for those.

2024 expenditures are budgeted at roughly \$3 billion, dipping by 2.2% when compared to the 2023 Budget. The \$0.1 billion dollar difference between the 2024 revenues and expenditures will be covered by existing cash balances, as the 2023 forecast is trending toward savings. Drivers of the decrease in expenditures includes the winding down of projects in construction, lower debt service due to the retirement of variable rate debt in 2023, less spending on leases due to consolidation of office spaces, and a lower than anticipated collection in sales tax and offset fees as was explained in the Budget amendment earlier in the meeting. These saving are partially offset by increases in the operating budget for service on the Starter Line and Lynnwood Link Extension and additional funds for State of Good Repair projects. Other non-operating expenses are relatively flat year-over-year, primarily for contracted maintenance services on a segment of heavy rail track from Lakewood to Dupont which Sound Transit owns but currently does not operate.

61% of expenditures are projected to be spent on System Expansion projects, while 21% is projected on modal operations, 10% is projected for agency-wide non-system expansion projects. The remaining 8% is to repay debt incurred to finance the expansion projects, with some expenses for tax collection & fess, agency contingency, and other operating expenses.

For Modal Operating expenses, 54% is to operate and maintain Link, 27% is for ST Regional Express, 16% is for Sounder, and 3% is for Tacoma Link.

For System Expansion Project expenses, 77% is for Link, 15% is for Stride Bus Rapid Transit, 5% is for Sounder, 2% is for other projects (Transit System Access program, ST Art, Innovation & Technology program), and 1% is for ST Regional Express. Tacoma Link represents a small portion as the agency closes out the Hilltop Tacoma Link Extension project.

For Non-system Expansion Agency-wide expenses, 47% is to fund the agency's general and administrative expenses, 30% is for systemwide projects and programs (such as Information Technology infrastructure project and Portfolio Services Office programmatic work), 20% is planned to fund non-system expansion projects related to Link (such as systems upgrades to Series 1 Light Rail Vehicles and Downtown Seattle Transit Tunnel capital improvements), 3% is planned for Sounder-related non-system expansion projects, and 0.3% is allocated to non-system expansion projects related to ST Regional Express and Tacoma Link, each.

In addressing the Transit Improvement Plan (TIP), Mr. Henry walked-through adjustments based on project closures and new projects to include. New projects are projected to add \$24.6 million to the TIP, including the South Warehouse Facility and early planning work for the Unified Control Center. Changes to previously included projects and programs total \$1.26 billion, largely driven by the recently authorized

Baseline Budget for the Stride BRT projects, as well as increases to Preliminary Engineering and Right-of-Way for the Tacoma Dome Link Extension & OMF South project and the West Seattle and Ballard Link Extensions projects. Closing projects – LRV overhaul and convention place retrofit – will decrease the TIP by \$12.1 million.

The Transit Improvement Plan includes all lifetime authorized allocation amounts for all of the agency's active projects, including past actuals. Projects for Link make up 71% of the TIP, those for Stride BRT are 9%, other projects compose 11%, Sounder-related projects are 1.2%, ST Regional Express projects are 3%, and Tacoma Link related projects are 1%.

Mr. Henry briefly explained the service assumption in increasing platform hours that are results of restoring Sounder Service and new service on the Link extensions. He also provided a high-level summary of the thinking that went into the proposed budget and stated some concerns for future budgets due to emerging trends. Mr. Henry briefly showed the timeline of individual Board action related to the budget process.

Board member McDermott inquired into the difference between the 2024 proposed revenues and expenditures. Mr. Henry stated that the Agency has a cash balance of about \$3.7 billion, which will be used to cover the difference. He also elaborated that drawing down on that balance is modeled into the Long-Range Financial Plan and debt issuance.

Vice Chair Keel inquired if there is a long-run impact on assuming service hours if the service is unable to be delivered due to any number of constraints. He also asked about decommitting project contingency funds when the projects wind-down or close-out. Mr. Henry noted that assumption on the hours is based on full time employee headcount and aiming to have the right number of employees to not only fulfill agency goals, but also be cost-effective in doing so. Mr. Henry also answered that a process has begun, and will continue in 2024, to attempt to evaluate how much work is yet to be complete on capital projects and seeing if there are avenues to reallocate contingency funds should be deemed in excess of what is needed to complete the projects.

Mr. Henry shifted to the Long-Range Financial Plan update, noting that this is the first of a new semi-annual update cycle for the Board. He stated that the Financial Plan is used to monitor program affordability, support decision making, federal reporting, credit ratings, and legislative proposal and initiatives.

For the current update, Mr. Henry highlighted that debt capacity is lower and coverage is not materially improving. Key drivers are increases to capital expenditures and decreases in fare revenues. He also noted that increases in tax revenues have help offset some of the capital expenditure increases. Additionally, there is an elevated risk in costs to provide ST3 service levels, and cost estimates are coming in high for expansion projects in planning.

The Net Debt Service Ratio (NDSC) is currently at 1.63x at the pinch point year of 2046, which is a slight increase from the 1.62x metric after the adoption of the Stride BRT project baselines. He noted the Spring 2023 update had the NDSC at 1.67x.

The Debt Capacity is currently at 13.1% at the pinch point year of 2042, which is a decrease from the 13.7% metric following the baselining of the Stride BRT projects. Mr. Henry noted the spring 2023 update had the Debt Capacity at 15.9%.

Board member McDermott asked for clarification on the years listed in the graphics for the NDSC and Debt Capacity. Mr. Henry explained that that the year in parenthesis on the graphics is minimum pinch year related to whichever metric is being represented.

At a high level, Mr. Henry summarized the Fall 2023 differences over the 2017-2046 time period as \$1.76 billion increase in revenues and a \$2.265 billion increase in expenditures, resulting in a funding

gap of \$505 million that would have to be filled with new debt. At this point, it is assumed that \$768 million in Bond issuance is required to cover the \$505 million gap. Of that, \$263 million will be needed to cover debt service, which feeds into that 13.1% metric in 2042 heard earlier.

Mr. Henry briefly explained the 2.6% tax revenue increase when compared to the Spring 2023 update.

Turning to the 14.5% decrease in assumed fare revenue, Mr. Henry noted that this is driven by two main factors. The first is a \$210 million decrease due to an updated ridership forecast, tied to know delays to in-service dates for projects. The second is a \$721 million decrease due to decreased boardings with fare media. For Link, the assumed rate of those paying for ride with valid fare media was updated to 55% in the short-term and 75% in the long-term, with the pre-pandemic assumption being 80%.

CEO Timm added that the upcoming implementation of the Board-adopted Fare Policy is expected to help bolster those new assumptions.

Mr. Henry briefly explained the 2.1% grant revenue increase when compared to the Spring 2023 update.

Mr. Henry noted that the 2.6% increase in Capital Expenses and State of Good Repair is due to a \$1.6 billion increase in inflation index updates, \$228 million is due to the above-expected Stride BRT baseline budget, and \$133 million is due to updated assumptions for the Enterprise Resource Planning/Enterprise Asset Management System projects. At this time, no project cost estimates were updated at this time.

Mr. Henry briefly explained the 0.5% operating expenses increase when compared to the Spring 2023 update.

Mr. Henry listed key headwinds for the Financial Plan, including the labor market, cost increases for projects in planning, scope changes for projects in planning, additional Light Rail Vehicles needs, OMF capacity & associated operating costs, fare revenues, and claims on construction contracts. Additionally, Sound Transit is experiencing some tailwinds, including sales revenues from the new carbon credit market and increased CIG grant assumptions.

Board member Dammeier asked if there would be more concrete information on the headwinds in the Spring 2024 update. Mr. Henry responded that he hopes to have more precise information for that update. Today's update was just to bring them to light while staff works to analyze those impacts. Board member Dammeier stressed the significance of that Spring update.

Vice Chair Somers noted that it may take additional Board action to recover fare revenues.

Board member McDermott noted that there is still a need to fully implement the most recent Fare Policy adopted in 2022 and cautioned against jumping to conduct more updates before seeing the impact of the fully-realized new policy.

#### Presentation on ST2 Light Rail Service and Passenger Experience

Matt Shelden, Deputy Executive Director of Planning and Integration, provided the presentation and, noting the time, asked CEO Timm if there is a preferred place to begin the presentation.

CEO Timm responded by stating that most Board members, either through membership on the Rider Experience & Operations or System Expansion Committees, should be familiar with the information, but noted that a few Board members may be new to the depth of the information. She noted that that this presentation is intended to shape the Board's awareness of potential upcoming actions in November and early 2024, so suggested framing the presentation around those potential actions.

Mr. Shelden began by stating the purpose of today's report is to bring the full Board up to date on presentations and discussion that have been to both the Rider Experience & Operations and System Committees related to light rail vehicle fleet challenges and impacts to the ST2 passenger experience

related to crowding levels. Additionally, staff will touch on and highlight mitigation strategies that are already underway and other that would require Board action before further work.

There are three key conditions that are contributing to the current issue: 1) slower operations in some areas of the Link system, 2) more of the vehicle fleet is out of service on any given day for maintenance, leading to less reliable service, and 3) a great contingency of fleet vehicles is needed to accommodate unpredictable maintenance and unknown future needs.

As an example, Mr. Shelden displayed a graphic shared in the April REO meeting showing that while 74 vehicles were planned to be needed to deliver the current 1 Line service (Northgate-Angle Lake, 4-car trains, with 8-min peak service), the actual vehicle need has risen to 92. The long-term implication to the full ST3 system, based on current patterns and findings, is that while 460 vehicles are assumed in the finance plan, it appears that 550 vehicles will be needed to meet the planned service levels.

Related to the fully built out ST2 system, the light rail vehicle fleet is capped at 214 light rail vehicles (LRVs) until the early 2030 when more fleet and base capacity becomes available with the opening of OMF South. This is not enough to support the planned service levels as the ST2 extensions open. Staff are committed to generating and recommending options for the Board to consider, using the latest ridership estimates.

Turning to the updated ridership forecasts based on data from late 2022, Mr. de Place explained the agency now using a range as travel patterns are still fluctuating. The high-end reflects a return to travel patterns more like what was observed pre-pandemic, with stronger demand during traditional rush hours. The low-end reflects a continuation of trends that became more pronounced during the pandemic, such as remote work. Mr. Shelden pointed out that current ridership is trending toward the higher end of the forecast for the year.

Key analysis questions that have guided the staff's work to date include what service levels can be operated as ST2 projects open, what will passenger loading/crowding conditions look like (based on the periods of highest demand, typically afternoon rush hour), and what mitigation options can be provided more capacity and alleviate crowding. Mr. Shelden briefly explained the crowding conditions and assumptions for a single car in the light rail fleet.

First looking at 2024 and the openings of the Lynnwood Link Extension and East Link Starter Line, staff believe that the agency can reliably operate 10-minute peak period service to Lynnwood when it opens, with a combination of 3 and 4 car trains based on the fleet available at the Operations and Maintenance Facility (OMF) Central. As fleet and operating conditions allow, it may be possible to bolster the amount of 4 car trains running on any given day.

It is currently expected, with the high-end forecast, that there will be significant crowding on the northbound 1 Line during peak service hours with trains running every 10 minutes, with 4 car trains, particularly between Westlake and Northgate stations. The high-end estimate could result in crowding that is rarely observed even during special events. Crowding during the same afternoon peak period along the southbound 1 Line is not projected to be as severe.

Moving into potential mitigation strategies for 2024, Mr. Shelden noted that the agency is already working on improving daily fleet availability, which includes completing retrofitting on the Series 1 cars and completing warranty repairs on Series 2 cars. Staff are targeting 80% daily fleet availability by Q1 2024, and 85% by Q3 2024 to support the opening of the Lynnwood Link Extension. Additionally, service planning is postponing the planned restructure of Snohomish County ST Express Routes, in line with the direction from the Board when it approved the East Link Starter Line for service.

In 2025 when the full East Link Extension is expected to open for service across Lake Washington, some relief is expected on the 1 Line as both the 1 Line and 2 Line will serve the main crowding points. However, the completion of the Federal Way Link Extension in 2026 will re-introduce constraints as more vehicles are needed to serve the extended 1 Line.

Strategy 1 was in development and would change the Link service pattern to concentrate the capacity where it was needed most to address crowding, which was between Northgate and Downtown Seattle. Staff assessed turning back 2 Line service at Northgate rather than run it all the way to Lynnwood, which would allow more consistently to run 4-car trains between Northgate and Downtown. Mr. Shelden reviewed the pros and cons to this approach. On the positive side, there would be an increase in capacity by about 14 percent in that part of the system, and as the analysis suggested, that could alleviate forecast crush loads though trains would still be very full. However, there would be a lot of challenges with this approach. First, it would mean less peak period service to Lynnwood, which was not consistent with community expectations and could affect how the broader transit system would connect with Link. Second, passengers coming from or going to destinations north of Northgate would either have to wait for a train to that destination or transfer to one after riding a train to Northgate. This could lead to passengers waiting for the right train, which could lead to uneven loads on the trains and on possibly crowded station platforms. Turnback operation would also introduce more complexity in how the system ran, which could add to delays, and would require additional operators and security personnel to ensure trains could turn around quickly at Northgate. Lastly, turnback operation required using the pocket track at Northgate in regular service, which would make it unavailable to store any train that might need to come out of service.

Strategy 2 was to buy 10 more Series 2 LRVs and tack them on to the end of the current order from Siemens for delivery in 2027. Staff would accelerate the purchase of 10 LRVs currently planned to come with the Series 3 order in the early 2030s. They would help run 4-car trains on the 2 Line more often, which would increase capacity on the system and help with crowding between downtown Seattle and Lynnwood. Another consideration in acquiring additional LRVs was cost. These cars would be cheaper to purchase now than waiting for the future Series 3 procurement because the agency already had an approved design and locking in the price now would reduce inflation. But the preliminary analysis suggested the earlier spending would result in a small decrease in agency financial capacity while net debt service coverage would be negligible.

Staff recommended proceeding with the strategies of continuing to improve fleet availability, considering buying 10 more Series 2 LRVs, and analyzing augmenting Link with ST Express capacity in the south and north corridors. Staff did not recommend the Northgate turnback option due to reduction of service north of Northgate and complexities and risks that kind of operation would introduce to the system.

Acting Executive Director of Design, Engineering, and Construction Management Tracy Reed stated that the decision to potential purchase 10 additional LRVs now would improve short-term capacity without impacting the long-range fleet and OMF capacity decisions. Additionally, no new construction of track is required. She noted that there is a small window of opportunity to add cars to the current Siemens order and get into the production queue for 2027 delivery, largely due to long lead times on materials and supplies. She also noted that it is expected that costs for LRVs will continue to rise over time.

If the Board is interested in considering the purchase of 10 additional LRVs, staff would prepare a budget and schedule amendment for the LRV Fleet Expansion project to the November System Expansion Committee for potential recommendation to the full Board. This action would enable staff to formally begin negotiations with Siemens on the 10 additional vehicles. Should the amendment be adopted, staff would work to prepare two contract modifications for early 2024 to support the purchase

of 10 additional LRVs and the necessary extension of engineering and inspection services, assuming negotiations are successful.

Mr. Sheldon summarized the next steps related to analyzing the ST3 system needs, including a report to the committees in December and February, with Board direction about service and capital priorities in March 2024.

Vice Chair Somers took up the role of Chair in the absence of Chair Constantine.

Vice Chair Somers asked for clarification on the path forward related to Board actions on the 10 additional LRVs. CEO Timm responded that if there is interest expressed today, staff would work to prepare a Budget Amendment to the LRV Fleet Expansion project for consideration in November, while also providing necessary information to the Board in the interim. Should the Board adopt the budget amendment, it will be signal to Siemens that there is interest from Sound Transit in formally entering negotiations.

Board member Balducci noted that she believes the budget amendment would be in the ballpark of \$100 million dollars for the additional LRVs but has yet to hear in-depth information on what is directly contributing to the current constraints and whether non-purchasing options have been exhausted or deemed insufficient to address the upcoming problems.

CEO Timm noted that some of the lack of information is due to the real-time pivoting needed by staff to meet the small window to purchase 10 additional LRVs viable. She also noted that while the full Board has not been approached yet on this discussion, there have presentations highlighting these issues at the committee level. She added that staff are working to write-up all the necessary information in advance of the November System Expansion Committee and Board meetings. She also noted that some of the State of Good Repair projects will help to alleviate system slowing in some areas, and additional security and fare ambassadors will help to address impacts that require cars to be removed from service unexpectedly. CEO Timm stated that the Budget Amendment may be in the amount of \$60-\$100 million dollars, but it will not be new funds at this time as the action would move-up the purchasing of 10 vehicles from the Series 3 order to the Series 2 order. She noted that should the Board option not to augment the project budget based on not having enough information, staff would continue to implement and develop strategies to mitigate the current trends.

**Other business** - None.

### **Next meeting**

The next regular Board meeting would be held on November 16, 2023, 3:00 to 5:30 p.m. in the Ruth Fisher Board Room and as a virtual meeting via WebEx.

### **Adjourn**

The meeting adjourned at 4:08 p.m.



Dow Constantine  
Board Chair

ATTEST:



Kathryn Flores  
Board Administrator

APPROVED on November 16, 2023, AJM.