

Note, eight high resolution photos of Sound Transit trains and other projects are deleted from this space to reduce the size of this PDF file by 2 million characters. For an otherwise identical, official version of this report with these photos, download <http://www.soundtransit.org/pdf/working/cc/COPSoundMoveYear8.pdf>

Citizen Oversight Panel Report

Sound Move



Review of Progress Toward Achieving a Regional High Capacity Transportation System

April 7, 2005



CHAIR

Larry Shannon

April 7, 2005

VICE CHAIR

Karen Miller

Mr. John Ladenburg
Chair, Board of Directors
Sound Transit
401 South Jackson Street
Seattle, WA 98104

Patsy Tsui Bonincontri

Dear Chair Ladenburg,

Dick Chapin

We are pleased to transmit to the Board the Citizen Oversight Panel report on *Sound Move Year 8*. Our report contains good news for the public: the vision of an integrated, region-wide, customer-friendly public transportation system is on the way to being realized.

Aubrey Davis

The agency's performance in meeting its goals and commitments has been good over the last several years. Sound Transit's delivery of projects and services is proceeding well. As a region, we have learned many hard lessons that have taken Sound Transit from the 23-person start-up of 1996 to the healthy and capable agency it has become today.

Bertha Eades

Rea Hagan

However, some projects are costing more and taking longer than anticipated. Ridership forecasts on Sounder and ST Express Bus also have not met expectations. The commitment to build the system in 10 years was not met. Current plans extend the program to 13 years and even that may be insufficient to complete some of the larger projects. The commitment to conservative funding assumptions has been met only partially—revenue assumptions and debt policies have proven conservative, however, the original preliminary cost estimates were in many cases low and contingencies insufficient to meet project requirements.

Miriam Helgeland

Bill LaBorde

Paul Masten

Clearly, the new agency created to build the multi-billion dollar system encountered some bumps in its early years and made some mistakes. Today, however, Sound Transit has become a mature agency and it is delivering services and bringing major capital projects on line with regularity. The Sound Transit Board is exercising its decision-making and oversight roles with due diligence and with a thoughtful regionalism that it developed over time. Board vigilance must not let up if progress is to continue.

Mary McCumber

Jessyn Schor

Al Stipe

Mr. John Ladenburg
Chair, Board of Directors
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The investment of our taxes has contributed significantly to the region-wide transportation system; improved the region's mobility; provided more and better connections; and is on the way to creating a single fare system to make public transit use easier and more convenient. Sound Transit has provided travel alternatives with the addition of commuter rail between Tacoma-Seattle and Everett-Seattle and by adding fast, frequent ST Express bus service on nineteen routes connecting major centers.

Of the commitments made in *Sound Move*, Sound Transit has met many:

- € It has built projects and provided services in all parts of the region;
- € It has adhered to the subarea equity principle in distributing revenues;
- € It has been thorough in involving the public and interested stakeholders in all of its projects;
- € It has adhered to the financial policies spelled out in *Sound Move*;
- € It has accepted and taken seriously its commitment to public accountability and citizen oversight.

One area of concern that we address only lightly in the report is the cost of transit operations. It is not entirely clear to us why the operating costs are so much higher than originally estimated and than transit services elsewhere in the country. Additional research is needed to fully understand all cost factors now that Sound Transit is maturing as an operating agency. The Panel intends to focus on this subject in the coming months and will return to the Board with additional findings on this topic.

An important subject that we do not address at all in our report is the ongoing planning for Phase 2. Among other questions, we wonder how the unfunded portions of *Sound Move* Phase 1 can be finished before the voters are asked to approve the next phase. We intend to delve into issues related to the future system expansion in the coming year and we will be offering our observations in future reports.

Our **Year 8** report offers numerous findings on specific aspects of the *Sound Move* program and its implementation in the last eight years. The early mistakes and missteps are discussed and we draw lessons from those early years that we hope will be useful as you move toward Phase 2. For example, we offer a number of findings and observations about subarea equity, about financial assumptions and about capital project costs and timelines. We also hope other policymakers in the region will

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review these lessons and pay attention to them as other large capital programs are brought forward.

We congratulate the Board, CEO Joni Earl and the entire agency for the many accomplishments enumerated in our report. We intend to keep monitoring and reporting to you in the future and hope to have many more years of good news to report.

Sincerely,

CITIZEN OVERSIGHT PANEL

A handwritten signature in black ink that reads "Larry E. Shannon". The signature is written in a cursive, flowing style.

Larry E. Shannon, Chair

cc: Board members
Joni Earl, Chief Executive Officer

Sound Move Year 8:

**Review of Progress Toward Achieving
A Regional High Capacity Transportation System**

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*The Sound Transit Citizen Oversight Panel
is a 15-member volunteer body appointed by the Sound Transit Board to
oversee and monitor the implementation of **Sound Move**.*

*Previous Citizen Oversight Panel reports are available upon request and
on the Sound Transit website at www.soundtransit.org.*

*Brief biographical summaries of COP members are provided in the
attachment to this report.*

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Sound Move Year 8:

Review of Progress Toward Achieving A Regional High Capacity Transportation System

Executive Summary

This report by the Citizen Oversight Panel on Year 8 of *Sound Move* has good news for the public: the goals and commitments made to the voters in 1996 are largely being met and many of the services and projects that were promised are being delivered.

Some projects are costing more and taking longer than anticipated back in the early 1990s when the planners first began evaluating the regional transit program for the urbanized areas of Snohomish, King and Pierce counties. Some of the planning assumptions were overly optimistic. The new agency created to build the multi-billion dollar system encountered some bumps in its early years and made some mistakes. Today Sound Transit has become a mature and capable agency and it is delivering services and bringing major capital projects on line with regularity. The Sound Transit Board is exercising its decision-making and oversight roles with due diligence and with a thoughtful regionalism that it developed over time.

Agency Performance--Meeting the Goals and Commitments

Sound Move set broad goals and made numerous commitments to the public. The Citizen Oversight Panel is able to state that many of them have been met. The investment of our taxes has contributed significantly to the region-wide transportation system; improved the region's mobility; provided more and better connections; and is well on the way to creating a single fare system to make public transit use easier and more convenient.

The commitment to build the system in 10 years was not met. Current plans extend the program to 13 years and that may be insufficient to complete several of the larger projects. The commitment to conservative funding assumptions has been met only partially—revenue assumptions and debt policies have proven conservative, however, the original preliminary cost estimates were in many cases low and contingencies insufficient to meet some project requirements.

Sound Transit has provided travel alternatives with the addition of commuter rail between Tacoma-Seattle and Everett-Seattle and by adding fast, frequent ST Express bus service on nineteen routes connecting major centers, although the *Sound Move* ridership forecasts have not been met. Sound Transit has provided these new services by coordinating with other transit agencies, local governments, the Puget Sound Regional Council, Burlington Northern Santa Fe Railroad, the State Department of Transportation, the Federal Transit Administration, and the Federal Highway Administration. The PugetPass is a coordinated fare system that allows the rider to transfer among Sound Transit, Pierce Transit, King County Metro, Community Transit and Everett Transit buses using a single monthly pass. In the future, an electronic Smart Card

will be available and is designed to allow additional transfers to Washington State Ferries and Kitsap Transit.

Of the commitments made in *Sound Move*, Sound Transit has met many.

- ∅ It has built projects and provided services simultaneously in all parts of the region;
- ∅ It has adhered to the subarea equity principle in distributing revenues;
- ∅ It has adhered to and exceeded the requirements of state and federal environmental processes;
- ∅ It has been thorough in involving the public and interested stakeholders in all of its projects;
- ∅ It has adhered to the financial policies spelled out in *Sound Move*;
- ∅ It has accepted and taken seriously its commitment to public accountability and citizen oversight; and
- ∅ It has offered and accepted annexation by new communities and extended service outside RTA district.

Goals and Commitments Finding 1: As it has matured and developed in its capacity to meet regional transit goals, Sound Transit has begun to play the regional role envisioned in *Sound Move*. It has contributed the implementing “glue” binding together some of the many disparate projects and programs that comprise the regional transportation strategy.

Goals and Commitments Finding 2: On balance, Sound Transit has done a good job of staying focused on the regional system while also being responsive to local needs.

Goals and Commitments Finding 3: While some of the *Sound Move* funding assumptions have proven conservative, many of its cost estimates have not and care should have been taken to explain the very preliminary nature of the capital and operating cost estimates.

Goals and Commitments Finding 4: The Panel is confident that the spirit and intent of *Sound Move*'s subarea equity policy have been met. While implementing and administering the policy has been costly and in some cases the policy may have been taken more literally than necessary, overall, the agency has delivered what *Sound Move* promised.

Goals and Commitments Finding 5: The subarea equity principle incorporates fundamental trade-offs between the regional and the local. While perhaps a political necessity in 1996, it has been an impediment to the efficient development of the regional system. For some regional facilities that benefit more than one subarea, determining equitable costs and benefits will be more challenging in the future and may not be sustainable over time as the region's systems are expanded.

Goals and Commitments Finding 6: The experience of *Sound Move* has taught us that large and complex capital projects often cannot go from 0% design to completion in 10 years. The necessary alternatives analyses, environmental processes, third-party agreements and design and construction often take longer, even if nothing else goes wrong.

Goals and Commitments Finding 7: Despite some early lapses in management accountability, Sound Transit has developed a strong culture of oversight and accountability, with both internal and external, appointed and elected bodies, providing ongoing assurance to the public that policies and commitments are being adhered to.

Goals and Commitments Finding 8: The Sound Transit Board has demonstrated that it is effective at mediating between local and regional needs and providing strong oversight of program delivery in keeping with *Sound Move* policies and commitments.

Goals and Commitments Finding 9: Being responsive to a citizen's ideas or a community's vision of itself sometimes takes patience, tenacity and creativity. Over time, Sound Transit has increasingly developed these skills and become much better at truly listening and responding to the public.

Goals and Commitments Finding 10: A number of early missteps and political events together contributed to public perceptions that Sound Transit was not meeting its commitments. These credibility problems during the 2000-2002 time period harmed Sound Transit's ability to implement the *Sound Move* program. Since then, a renewed commitment to responding to its public, being accountable, and successfully delivering on its promises have restored the agency's reputation with the public. COP believes that on balance Sound Transit has met the goals and adhered to the principles and commitments set in *Sound Move*.

Delivering the Program—Transit Services and Capital Projects

Sound Move promised new bus, commuter rail and light rail services and numerous capital projects such as track and facilities, stations, HOV direct access ramps, transit centers and park and ride lots. Overall, the implementation of these promised services and projects has succeeded in meeting the intent of the program, although there have been numerous changes in scope, schedule and budget along the way.

The *Sound Move* Plan—Transit Services

Sound Move promised new commuter rail and light rail services and new express bus routes to connect population and employment centers in the region.

- € **Regional Express bus** routes began service in 1999 and were phased in, with 19 routes in operation by 2002. The routes served approximately 30,000 daily boardings in 2004, an increase of almost 14% over the previous year. The agency is projecting 33,000 daily boardings in 2010, compared to the 2010 *Sound Move* forecast of 54,000.
- € **Souder commuter rail** service between Tacoma and Seattle began in 2000 and service between Everett and Seattle began in 2003. Boardings are at approximately 3,800 per day, fewer than was anticipated at this point in the 10-year plan. However, ridership growth is strong, with fourth quarter 2004 ridership up 31% after the addition of Everett service, when

compared to the same period one year ago. The agency is currently estimating 2010 ridership at 11,400 weekday boardings, about 10% less than the *Sound Move* forecast.

- € **Link light rail** service in Tacoma began in 2003. The projected daily boardings of 2,000 have already been exceeded, and after only one year in operation, Tacoma Link is serving 2,900 riders per day, a 27% increase over the previous year.

Sounder service to Lakewood is due to start in 2008, later than originally anticipated. Central Link light rail in Seattle is due to begin service in 2009, three years later than planned.

At year-end 2004, Sound Transit was providing travel options for tens of thousands of riders each day that were not available before *Sound Move*. Sound Transit is able to offer more frequent, all-day express bus service with limited stops, greater comfort and more travel options. Everett and Tacoma commuters to Seattle (and points in between) are now able to choose between rail and express bus service for their daily trip to work.

Transit Services Finding 1: The ridership on Sound Transit's commuter rail and express bus services has been lower than expected. This is attributable partly to the slower growth in service and the significant economic slowdown of the 2001-2003 period, but it is also apparent that *Sound Move* ridership was overestimated. Ridership on Link light rail in Tacoma has exceeded forecasts. The good news is that ridership on all three modes has grown at double-digit rates year over year.

Transit Operating Costs

For commuter rail, light rail and express bus, total 10-year operating costs are at or below what was forecast in *Sound Move*. However, for all three modes, it is clear that planning assumptions related to cost per hour and cost per passenger were underestimated.

- € For **Sounder commuter rail**, *Sound Move* estimated the 10-year operation and maintenance (O&M) cost would be \$169 million (including inflation). Despite higher hourly costs, actual total costs through 2006 are currently estimated at \$105 million because less service is being delivered. Had the projected levels of service been delivered, Sounder operating costs would be considerably over budget.
- € The estimated 10-year O&M cost for **Link light rail** was \$72 million, inflated to the year of expenditure, but actual operating costs are now forecast to be just \$13 million through 2006. This much lower figure is due to the fact that Central Link is not scheduled to begin operation until 2009.
- € The 10-year cost of operating **Regional Express bus service** was estimated in *Sound Move* to be \$350 million, including inflation, with actual costs through 2006 now on target to be at \$353 million, despite higher hourly costs, because less service has been delivered. By 2006, Sound Transit expects to be delivering the 624,000 total hours per year projected in *Sound Move*. Had service not been ramped up more slowly, REX operating costs would be considerably over budget.

Transit Services Finding 2: Per hour costs of providing Sound Transit services are higher than was originally forecast. However, the total estimated 10-year costs have been lower than anticipated in *Sound Move* because the programs took longer to implement and service has been phased in more slowly. If current cost trends continue, some planned service additions may need to be deferred.

Transit Services Finding 3: Because ridership has been lower and hourly operating costs higher than forecast, *Sound Move* farebox recovery projections have not been borne out.

The Sound Move Plan—Capital Projects

The report discusses a number of selected major capital projects and outlines circumstances that brought about changes in scope, cost and schedule of the projects. As the summaries indicate, some projects grew in scope and became more expensive, other projects were refined and downsized, and others were eliminated because solutions were found that better met the need.

Central Link/Initial Segment

Sound Move envisioned a 21-mile Central Link light rail system, extending from the University District to south of Sea-Tac Airport at a cost of \$2.3 billion. In late 2000, after three years of preliminary engineering, the agency found that a number of factors had led to much higher costs than expected. The bids for the Capitol Hill-Portage Bay tunnel were several hundred million dollars higher than estimated; the City of Tukwila was opposed to the preferred alignment; suburban stakeholders were concerned about having buses moved out of the Downtown Seattle Tunnel to surface streets; and some residents of the Rainier Valley filed a lawsuit over the selection of a surface route along Martin Luther King Way.

The agency also had to admit it had used an inadequate cost estimating methodology and had inappropriately used contingencies to fund additions to scope. This Panel pointed out problems with internal project management systems and with accountability and openness with the public. Under new management, Sound Transit began again to study its alternatives and in June 2001, the Board directed staff to study a new, shorter initial segment from downtown Seattle to the Airport. At 14 miles, 12 stations, and 42,500 daily riders, it was less than had been promised in *Sound Move*, and triggered another lawsuit by opponents who demanded a new ballot. Many transit supporters were disappointed in the decision at the time and believed that the denser, higher-ridership north segment to the University should be built first. However, Sound Transit proceeded to obtain the necessary federal and local approvals and after two more years, successfully broke ground on the Initial Segment.

Today, the Central Link Initial Segment has a new budget of \$2.07 billion (\$2.44 billion with contingencies and debt service included), and all of the segments between downtown Seattle and Tukwila are under construction. Some additional financial capacity remains to extend the system north. At year-end 2004, the new estimated final cost was under budget and ahead of schedule. The agency schedule called for service to begin in July 2009.

Sounder Commuter Rail

The cost of commuter rail use of Burlington Northern Santa Fe track and facilities was significantly underestimated in *Sound Move*. Where the original estimate called for \$470 million to adapt the existing BNSF track to commuter rail use, the current estimate is \$942 million. The reasons for the discrepancy are largely due to the agency's failure to understand the degree to which BNSF had capacity constraints on its aging track for its own freight transport and the full costs of upgrading the facilities. Also, other circumstances arose. WSDOT and Amtrak, which were committed to contribute \$140 million, were unable to meet their funding share and that cost was added to Sound Transit's books. After extended negotiations, the agency acquired a perpetual easement for the north segment to Everett and outright ownership of the track and facilities south of Tacoma. Ultimately, the Board approved the new, higher budgets in the belief that these investments would serve the region for many decades and accommodate expanded service well into the future.

Sounder commuter rail stations were also inadequately scoped and costs were underestimated in *Sound Move*. Most of the increases were due to higher costs for real estate acquisition, mitigation requirements imposed by cities, and amenities requested by the local communities. Many of the stations required additional parking, some in parking structures, to accommodate commuter rail riders; additional elements at some stations included pedestrian bridges and street improvements in the vicinity of the stations.

Regional Express HOV Access and Connection Projects

This section of the report surveys four major project groupings designed to support transit and high occupancy vehicle use on I-5 in Lynnwood and Federal Way, on I-405 in Kirkland, and on the I-90 floating bridge between Seattle and Bellevue. In three of these groupings, one in Snohomish, one in East King and one in South King County subareas, *Sound Move* envisioned a combination of HOV direct access ramps, transit centers and park and ride facilities as project clusters. The concept would allow buses and HOVs rapid access to and from freeway HOV lanes and transit centers, increasing speed and reliability for transit users on the congested roadway system. Expanded parking facilities and possibly transit-oriented development were also part of the vision and were intended as pedestrian-friendly connection points and future urban centers. The fourth project was a reconfiguration of the express lanes on I-90 as dedicated two-way HOV lanes.

In each case, the projects were at a still conceptual stage at the time of *Sound Move* and little or no scoping, preliminary engineering or environmental review had been done. Some project estimates were provided by third parties and were not independently reviewed. *Sound Move* budgets for these projects were not yet real project estimates, but rather funding contribution amounts based on the financial capacity of each subarea and the assumption of funding partnerships with the state Department of Transportation and the Federal Highway Administration.

Four Lynnwood area projects were identified in *Sound Move*: an HOV access ramp at the Lynnwood Park and Ride, a new transit center, and two park and ride improvements. Eventually

the Board adopted revised configurations that added 400 parking stalls to the original plans. The total cost of the project group was estimated at \$63 million in *Sound Move* and ended up coming in under budget at \$61 million.

In the Kirkland area, *Sound Move* called for two direct access ramps and a transit center. After several years of analysis, the Board determined that only one access ramp, at Totem Lake, was practical and reprogrammed the remaining funds to two newly created projects, 85th Corridor Related Improvements and the Downtown Kirkland Transit Center. Together the project group is currently budgeted at \$121 million, compared to \$115 million in *Sound Move*, a 5% cost increase.

Sound Move identified two direct access ramps on I-5 in the Federal Way/Kent area, one at 317th and one at 272nd, as well as a downtown transit center and additional park and ride capacity for a total of \$99 million in improvements. By 2001, Sound Transit analysis and work with the City of Federal Way had determined major scope changes, which required additional funds. Funds were transferred and the new Federal Way Transit Center became a centerpiece of the city's comprehensive plan vision. Sound Transit has moved toward completing a package of projects in keeping with *Sound Move* and within the available \$100 million subarea budget. The unfunded second access ramp remains to be completed in a future phase.

On the I-90 bridge between Seattle and Bellevue, *Sound Move* called for a relatively simple \$17 million project that would take the existing center lanes and convert them to two-way transit use per the 1976 Memorandum of Agreement. In 2004, after years of project negotiation and development, the Board approved a new configuration called R8A that places transit/HOV lanes on the outer roadways of the bridge at an estimated cost of \$128 million. Everyone involved acknowledged that, as a project of regional and statewide significance, it was not just Sound Transit's responsibility to pay for the new project. Sound Transit currently has a budget of \$31 million available to fund the transit-related elements of the project. Regional, state and federal funds will have to be found to complete final design and construction.

These descriptions of the evolution of some of Sound Transit's largest capital projects yield a number of findings and conclusions about the changes in scope, budget and schedule. Some of these reasons were given by the regional context at the time of *Sound Move*'s creation and others were weaknesses in the early management of the agency.

Capital Projects Finding 1: *Sound Move*'s 1995 capital cost estimates were conceptual and in many cases proved to be a poor basis for program commitments. Many of the estimates were based on 0% to 1% design or were simply "placeholder" figures allocated to projects and jurisdictions for purposes of equity, not because real projects had been scoped and defined. As preliminary engineering and work with local communities began, it became evident that the basic projects as conceived were inadequate. Inflation and the rapidly rising costs of real estate and construction in a booming economy also took the programs by surprise.

Capital Projects Finding 2: For some projects, the 10-year timeline proved unrealistic and led to mistakes. *Sound Move*'s promise of a 10-year schedule for program completion was optimistic and failed to anticipate potential obstacles. Early on, the Sound Transit staff and

Board were slow to understand the need for trade-offs between scope, schedule and budget. In the initial push to achieve fast timelines, the agency made mistakes and took risks that failed to pay off. Rigid adherence to tight timelines put pressure on the scope and budget of numerous projects. Also, some projects turned out to be controversial and needed years of work with stakeholders to define scope and negotiate project configuration.

Capital Projects Finding 3: Change happened along the way. Much changed during the course of plan implementation. Some projects envisioned in *Sound Move* proved infeasible because they depended on other projects that are unfunded going first or on partner agencies that were unable to fulfill their funding obligations. New projects emerged that met needs that had not been anticipated at the time of planning almost 15 years earlier. Fortunately the RTA authorizing legislation and the *Sound Move* framework allowed sufficient flexibility to accommodate changes.

Capital Projects Finding 4: Sound Transit had to learn to manage “scope creep.” In the early days, the agency sometimes allowed scopes to get out of hand with amenities and betterments added onto projects. Some project scopes were inflated by local jurisdictions’ requests for additional parking, street and sidewalk improvements, and design amenities. It was 2003 before the Board fully understood the problem and adopted a policy to control scope changes.

Capital Projects Finding 5: Sound Transit had to learn to manage risk. Early on, the agency had no systematic way of assessing and tracking risks associated with scope changes, budget increases and schedule delays. Cumulatively, when several risks coincided, changes sometimes took managers by surprise. Today, Sound Transit has better tools and methods for assessing risk, allocating contingencies and monitoring potential risk factors, however, more still needs to be done to anticipate the widest range of possible risks.

Capital Projects Finding 6: Sound Transit matured and agency capacity to manage its program grew enormously. In 1996, Sound Transit was a start-up agency with 23 loaned staff. The Board and staff were inexperienced at implementing and overseeing a billion-dollar program. The agency learned from its early mistakes and had good success in adapting its policies and developing its project management and project control systems. Sound Transit as an agency gained the discipline and the skills to manage its large and complex program. While some *Sound Move* projects cost much more than estimated, others have ended up costing less.

Capital Projects Finding 7: Many *Sound Move* capital projects were insufficiently scoped and the early Sound Transit staff and Board made mistakes in managing and overseeing the programs. Sound Transit has now demonstrated many times over that once its projects were fully scoped and detailed baseline estimates were completed, it has performed admirably in bringing in projects within budget.

Lessons Learned and Planning for the Future

From the Panel’s review of the first eight years of *Sound Move*, we have drawn a number of lessons. These can be useful to Sound Transit as it embarks on its Phase 2 program, but may also be instructive to other transportation programs in the region. As policymakers debate new capital programs, new governance schemes and new financing mechanisms, COP offers the following conclusions and recommendations, based on eight years of analysis and close observation, for future use:

Lesson 1: Openness and honesty with the public are paramount. Sound Transit learned the hard way that not being open about problems can cause loss of credibility and loss of support for even the most popular program. If a situation will not withstand public scrutiny, it will eventually undermine any program or organization. The public today demands integrity and full disclosure if it is to offer its support.

Recommendation:

€ *Ensure that policy makers, oversight bodies and the public have full access to project information, trade-offs and the policy implications of decisions.*

Lesson 2: Strong oversight by policy makers and citizens is essential to public confidence.

The Sound Transit Board grew in stature and effectiveness over time as it gathered experience and confidence in its own role. The Board learned to ask hard questions, to think critically, and to play its regional role with both toughness and diplomacy. The role of citizens on the Citizen Oversight Panel was sometimes instrumental in raising issues to the Board’s attention that might otherwise not have been heard.

Recommendation:

€ *Institutionalize the mechanisms for strong policy oversight and independent citizen review to ensure that vigilance never lets up.*

Lesson 3: Strong management and mature agency skills are not created overnight. It took five years from start-up to the time Sound Transit had its policies, its systems and its management practices fully in place. The Puget Sound region should be careful to preserve and nurture this knowledge base and not to assume that every new program needs a new agency to manage it.

Recommendation:

€ *Value the skills, experience and knowledge base at Sound Transit and other mature agencies and build on this hard-won capacity in the region.*

Lesson 4: Flexibility to manage a capital program is essential. Conditions change and unanticipated events, both good and bad, occur. Project scopes seldom look exactly the same after they are subjected to detailed engineering and community review. If one project ends up costing more, others need to cost less. If one project is stalled, another should be able to proceed.

Recommendation:

€ *Grant implementing agencies the tools and the flexibility to make needed adjustments along the way, guided by a strong policy framework and effective oversight.*

Lesson 5: Adequate levels of project scoping and design should take place before going to the ballot. A certain level of preliminary engineering and community review needs to take place to understand the issues that a project will face. If such due diligence has not yet occurred, a ballot proposal should be open about that fact.

Recommendations:

- € *Do not make promises about scope, schedule or budget until real baseline information is available.*
- € *Commitments by local jurisdictions and third parties on the basic terms of a project should be spelled out in writing before going to the ballot.*

Lesson 6: Partnering with communities and third parties requires a balance of excellent relationship skills and firm policies. The contemporary environment for large public projects invariably requires the cooperation of numerous third parties such as local governments, permitting agencies and communities. Sound Transit learned over time that the very challenging task of managing third party relationships requires diplomacy, skill, creativity and patience. Building such relationships takes time, understanding of areas of mutual interest and mechanisms to forge agreement.

Recommendation:

- € *Ensure that policies, management support, and project management systems are in place to facilitate reaching agreement with partners. Select project management staff who also have strong relationship skills.*

Lesson 7: Subarea equity should be an equity principle not an obstacle to a regional transportation plan. The spirit and intent of subarea equity have been met but at a cost. Mistrust among subareas has led to unnecessary delays in building the regional system, excessive administrative burdens for the agency and inefficient use of resources. As the system expands in the future, definitions of equity will be more and more problematic.

Recommendations:

- € *COP recommends that the Sound Transit Board revisit subarea equity policy and evaluate whether it will allow the effective development and funding of the long-range plan envisioned. The Board should consider identifying core elements of the regional system for which subarea equity may not apply and which should be funded out of the Regional Fund.*
- € *COP also recommends that the Sound Transit Board revisit its subarea accounting practices and consider allowing the full ten percent of subarea budgets envisioned by **Sound Move** to be allocated to project contingencies and loosening inter-subarea borrowing rules.*

Lesson 8: Conservative financial planning and debt financing policies have served Sound Transit well. They provided an additional reserve of financial capacity that was needed to close the funding gap on some major projects.

Recommendation:

- € *Ensure that future financing plans are based on conservative assumptions that can serve as policy reserves above and beyond the cash reserves and contingencies the agency may have set aside.*

Lesson 9: Transit operating costs in the region are high and the Sound Transit Board should explore ways to bring them down. The operating model for ST Express bus service calls for Sound Transit to contract with public transit providers at a burdened hourly rate higher than direct operating costs, while also incurring an overhead rate for Sound Transit administration. When added to the nature of the service with its longer routes and to other regional policies, this has led to high hourly costs and low farebox recovery ratios.

Recommendation:

€ *The Sound Transit Board, together with other elected officials in the region, should evaluate options for bringing down direct and overhead operating costs; the Board should also consider competitive procurement of transit services.*

Lesson 10: Building ridership on a high capacity transit system is a long-term undertaking that is closely related to land use policies and the growth of urban centers. Ridership forecasts have been borne out so far only on the most urban corridors. Some suburban bus routes are still providing service to few riders. Commuter rail must be viewed as a 21st century investment that will begin to fulfill its promise only as urban centers and smaller cities continue to grow.

Recommendation:

€ *In their capacity as city and county elected officials, Sound Transit Board members should continue to support growth management and comprehensive planning policies that are supportive of transit use.*

Sound Move Year 8:

Review of Progress Toward Achieving A Regional High Capacity Transportation System

Introduction

In November 1996 the citizens of the central Puget Sound region approved *Sound Move*, a ten-year plan for a regional high-capacity transit system. The \$3.9 billion (in 1995 dollars) plan authorized light rail, commuter rail, express bus routes and a variety of HOV freeway ramps, transit centers and park and ride lots throughout the urbanized areas of Snohomish, King and Pierce Counties. The approved plan was a scaled-back version of a more extensive and more costly plan that had been proposed the previous year and been turned down by the voters.

The adopted 1996 plan incorporated a number of new elements to ensure acceptance by a majority of voters. One was the concept of subarea equity, which required that each of five geographic subareas receive projects and services proportionate to the revenue generated in each area. Another element was heightened public accountability, including a commitment to appoint a citizen oversight panel to monitor the delivery of promises made to the voters.

It has now been eight years since those promises were made and the Central Puget Sound Regional Transit Authority (subsequently known as Sound Transit) began to operate. This report by the Citizen Oversight Panel is a look back at the eight years and at the progress that has been made in achieving the vision and the plans of *Sound Move*.

Much of the *Sound Move* program is either completed or under construction today. Much has been accomplished despite a number of false starts. Some 37,000 riders enjoy new commuting options every day for their journey to work and Sound Transit's name elicits a favorable opinion from 60% of the region's citizens today. Sound Transit has begun to consider expansions of its program for a Phase 2 ballot to be presented to the voters, possibly as soon as next year.

This report outlines the major elements of the program that were promised in the 1996 plan and how they have been achieved. The journey has not been without bumps, and this report also lays out important lessons learned along the way. They are offered by this citizen panel in hopes that the region may benefit from excellent transportation options into the 21st century and beyond.

Who Is the Citizen Oversight Panel?

The Sound Transit Citizen Oversight Panel (COP) is a volunteer body appointed by the Sound Transit Board to oversee and monitor the implementation of *Sound Move*. The Panel consists of fifteen members who represent the demographic make-up of the Sound Transit district and include a wide array of skills and experiences (see biographical information on Panel members in Attachment D.) COP met for the first time in April 1997 and has been meeting monthly or twice monthly since then. Since the beginning, it has prepared performance reports on Sound Transit

twice each year, totaling 15 reports since its inception. The reports are available on the web at www.soundtransit.org.

It is the mission of the Citizen Oversight Panel to ensure that Sound Transit succeeds in meeting its commitments to the public, by monitoring its performance, reporting to the Board on potential areas for improvement, and evaluating the response in making change. The COP is independent of Sound Transit management and has its own independently appointed staff person. The Panel's work on behalf of the citizenry of the urbanized Central Puget Sound region is intended to help ensure the success of the plans and investments in improving regional transit through vigilance, continuous feedback and constructive suggestions.

Methodology for Preparing this Review of Sound Move

This report is based on information from three main sources. The first is a review of data and factual information from *Sound Move* and the subsequent implementation of its programs and commitments. These data were made available by Sound Transit staff in briefings and researched from Sound Transit documents including budgets, finance plans, agency progress reports, staff reports prepared for the Board, environmental impact statements and numerous other agency publications. Additional data on regional trends were gleaned from the Puget Sound Regional Council and the Washington State Department of Transportation.

A second source of information was eight years of COP interviews with citizens and Sound Transit stakeholders. These included two citizen forums held on March 1 and March 4, 2005 and a meeting with the Coalition for Effective Transportation Alternatives, specifically to receive feedback for this report. As part of its ongoing oversight work, the Panel has regularly met with representatives of local governments, institutions, community groups, businesses and property owners affected by Sound Transit projects, contractors, and environmental and labor groups.

Thirdly, the Citizen Oversight Panel's own members have built up a strong base of knowledge by attending Board and committee meetings, reading technical reports, receiving staff briefings and talking with each other and with others about Sound Transit's projects and services. Over eight years, the Panel has developed its own process for evaluating the agency's progress and it has brought that cumulative experience and knowledge to bear in this report.

I. The Context: Regional Indicators of Population, Employment and Travel Behavior

The urbanized central Puget Sound region has seen dramatic changes in the demographic, economic and political arenas since the early 1990s when the regional transit plan was developed and since 1996 when *Sound Move* was adopted. Those changes have a bearing on how well the planners' original intent has been fulfilled. During the 1995-2000 period, population continued to grow rapidly and employment grew even faster as the economy was strong and many of the region's employers were hiring at a rapid pace. The vision of the State's Growth Management Act, which called for growth to be clustered in urban centers, seemed to be fulfilling itself. These trends were strongly supportive of the high capacity transit plan which was designed to

connect urban centers and make work trips more convenient for growing numbers of citizens. Transit would become increasingly effective as the growth patterns continued.

Regional Growth in Population and Employment, by Subarea, 1995-2000		
	Population	Employment
North King	4.2%	18.8%
East King	8.6%	32.0%
South King	9.0%	19.7%
Pierce	7.9%	12.0%
Snohomish	14.0%	14.1%
Source: Puget Sound Regional Council Milestones Report, <i>Population, Employment and Housing 1995-2000</i>		

Most of the region’s job growth, 210,000 out of 264,000 new jobs, was located in King County, with employment growth over the five-year period at 22%. Within the King County subareas, North King saw an increase of 84,000 jobs, East King an increase of 70,000 and South King 50,000 new jobs. Pierce County experienced 12% (25,000 jobs) and Snohomish County 14% (26,000) employment growth during this period.

However, since 2001, the region suffered an economic slowdown after the abrupt end of the Internet boom and the 9/11 terrorist attack affected the high tech industry, commercial aircraft sales, international trade and many other sectors of the economy. Regional employment decreased 1.9% from 2000 to 2003. Personal incomes dropped and state and local governments experienced severe revenue declines for several years. In 2004 the recovery was underway again but growth rates had not yet climbed back to their long term forecasted rates.

Regional Population, Employment and Vehicle Miles Traveled, 1985-2003			
	Population	Employment	Weekday VMT (Urbanized Area)
1985	2,400,000	1,116,000	39,200,000
Average Annual Growth	1.3%	2.2%	6.6%
1990	2,750,000	1,435,000	52,600,000
Average Annual Growth	2.4%	5.2%	6.1%
1995	3,020,000	1,528,000	60,130,000
Average Annual Growth	1.9%	1.3%	2.7%
2000	3,276,000	1,724,000	65,800,000
Average Annual Growth	1.6%	2.5%	1.8%
2003	3,388,000	1,692,000	66,885,000
Average Annual Growth	1.5%	-0.4%	0.9%
Source: Puget Sound Regional Council Trends, <i>Growth in Traffic and Vehicle Miles Traveled</i> , October 2004			

During the 1980s many households became two-worker households, commute trips became longer and the number of registered vehicles grew faster than the population, leading to explosive growth in vehicle miles traveled (VMT). Vehicle travel stabilized during the 1990s at about the same rate as population growth, or about an average of 1.6% per year. As the economy slowed between 2000 and 2003, VMT decreased more than population growth as fewer people were traveling to work. Similarly, transit ridership and park and ride utilization were flat in the last several years.

Transit’s Contribution to Regional Mobility

The overall supply of transit service has increased dramatically in the Puget Sound region since Sound Transit began operation.

Growth in Regional Transit Service Hours 1990-2003				
	1990	1995	2000	2003
Bus	2,622,350	3,496,905	4,235,528	4,816,323
Commuter Rail				9,769
Light Rail				3,467
Source: Puget Sound Regional Council, <i>Regional Transit Milestones Report</i> , and Washington State Department of Transportation, <i>Summary of Public Transportation 2003</i>				

Sound Transit began to operate its ST Express bus service in September 1999. In 2003, when all of the routes were implemented, the region had 38% more hours of bus service in operation each year than in 1995. Sound Transit’s bus service accounted for 330,000 (out of 4.8 million) of those service hours. An additional 13,000 hours of commuter rail and light rail became available annually as Sounder began to serve the Tacoma to Seattle corridor and Tacoma Link began service.

Ridership growth on Sound Transit services indicated that passengers favored the new services. In 2004, REX bus routes served 8.4 million riders, Sounder served 955,000 riders and Tacoma Link (in its first full year of service) served 795,000 riders. These transit services were supported by major additions to the park-and-ride system, by Sound Transit as well as other agencies. Park-and-ride lot spaces in the region increased by 35% from 16,000 to almost 22,000 throughout the region between 1995 and 2003.

Sound Transit contributed significant financial resources to the additional park and ride capacity in the region. Since 1998, new parking capacity has been placed in service at Ash Way (1,000 stalls) and Lynnwood (439 stalls) in Snohomish County; at Overlake (209 stalls) and Sammamish (265 stalls) in East King County; and at DuPont (120 stalls) and South Hill (350 stalls) in Pierce County through the Regional Express program. The Sounder program has added capacity at its commuter rail stations in Kent (1,180 stalls) and Auburn (647 stalls) in South King County and at Tacoma Dome (1,200 stalls), Sumner (302 stalls) and Puyallup (339 stalls) in Pierce County. To date over 6,000 stalls have been placed in service and thousands of additional stalls are in design or under construction. By 2009, Sound Transit expects to have added almost

14,000 new parking spaces at rail stations, transit centers and park and ride lots throughout the region.

Major Park and Ride Utilization, by Subarea, 1995 and 2003				
	1995		2003	
	Stalls	Utilization	Stalls	Utilization
North King	1,371	82%	1,955	81%
East King	5,455	68%	5,260	75%
South King	5,078	73%	5,739	70%
Pierce	971	75%	4,168	64%
Snohomish	3,168	78%	4,544	82%
Totals	16,043		21,666	
Source: Puget Sound Regional Council Trends, " <i>Major Park-and-Ride Lot Utilization in the Central Puget Sound</i> ," May 2004				

Utilization on average appeared to be somewhat flat (or declining) in the last several years due to the added capacity and the slowing economy. However, some of the more centrally located lots near Lynnwood, Bellevue and Federal Way are at capacity early every weekday even after the addition of significant numbers of new spaces. The apparent loss of stalls in East King County shown in the table is misleading as several major sites were in development from surface lots to parking structures, including one at the Eastgate Park and Ride.

Context Finding 1: The longer term trend for transit use in the region is positive. The indicator of vehicle miles traveled has been flat or declining compared to population increase. The overall supply of transit service and parking capacity has increased dramatically in the Puget Sound region since Sound Transit began operation.

The Sound Move Context: The Political Environment

In 1996 when the voters authorized the *Sound Move* plan, it was against a backdrop of a previous failed ballot in 1995 that had been much more ambitious and nearly twice as expensive. The 1995 ballot was more heavily focused on a regional light rail system and did not identify subareas or serve some of the outlying parts of the district very well. It was controversial and generated a variety of well-organized opposition groups. In the period between the failed 1995 ballot and mid-1996 when the new *Sound Move* ballot proposal was created, the regional light rail system was scaled back and many new projects, not yet well-defined, were added. These included HOV direct access ramps, transit centers and park and ride lots that were still in a highly conceptual stage and for which virtually no scoping or estimating had been done. This was to prove a major issue in subsequent implementation.

With the 1996 ballot approval, Sound Transit was created as a new agency. It had just 23 staff at its inception, and had to create an organization from scratch, find and equip offices, create policies and procedures, and begin to implement the complex and ambitious program promised to the region's citizens. In the first several years, start-up issues became apparent. These were

fueled by enormous pressure to show quick results and by emerging evidence that some project costs had been underestimated (in part because the economy was booming and costs of labor, real estate and professional services were rising fast). Increasingly, doubts were expressed about Sound Transit's ability to deliver on its promises.

Uncertainty and divisions of public opinion characterized the Central Puget Sound region's political environment. An initiative-led tax revolt reduced local and state government tax revenues several years in a row, just as the economy was going into a natural business-cycle recession. Sound Transit staff discovered that the preferred light rail alignment was going to cost over a billion more than planners had estimated, but failed to disclose this reality to its Board immediately. An existing mistrust in government was fueled by some who had never believed in the high capacity transit solution, and who used Sound Transit as the poster child for their anti-rail activism. Another source of uncertainty and divisiveness was the flow of federal funding for Sound Transit's programs. Because of political divisions within Congress, funding ran into obstacles during the 2002-2003 period. Collectively, these events and actions unleashed an anti-Sound Transit climate that slowed progress in achieving some of the *Sound Move* program.

The greatest uncertainty in realizing *Sound Move* was in the region's ability to finance roads and transit at the city, county, state and transit agency levels. A number of citizen initiatives were adopted by voters that reduced partner jurisdictions' ability to fund their shares of *Sound Move* projects.

- ∄ In 1999, Initiative 695 and subsequent legislative action eliminated the statewide motor vehicle excise tax (MVET) and replaced it with a \$30 flat fee. Local transit agencies and the state ferry system were hardest hit, however, all transportation modes were affected as local and state general funds and transportation budgets lost revenues and had to make adjustments.
- ∄ In 2001, Initiative 747 limited property tax increases to 1% per year. This had a significant impact on the general funds of most political jurisdictions, specifically on city and county road funds.
- ∄ In 2002, Initiative 776 repealed Sound Transit's voter-approved MVET as well as a \$15 vehicle license fee imposed by King, Pierce and Snohomish Counties and used for city and county streets and roads. Sound Transit's MVET was subsequently found by the State Supreme Court to be protected because it was pledged to pay debt service on bonds already issued. Had Sound Transit's ability to collect MVET been lost, the program would have lost about \$700 million or 21% of its revenues.

Since then, King County Metro, Community Transit, Everett Transit and Pierce Transit have received voter approval to increase their sales taxes to make up for some of the lost MVET. Congress approved the \$500 million full funding grant agreement for Central Link light rail.

In 2003, the Legislature authorized a 5-cent gas tax increase for state highways. Snohomish, King and Pierce Counties were authorized by the Legislature to form a Regional Transportation Investment District (RTID) with MVET, sales tax, license fee and local option gas taxes as

potential revenue sources. Attempts in 2003 and 2004 to put together a package for the regional ballot did not gain consensus among stakeholders in the three counties, but elected officials are hopeful that a changing political climate may bring about a regional ballot within the next several years.

Public Opinion

Sound Transit and others in the region have conducted polls and surveys to assess familiarity with and public opinion on transportation programs and services. Today, Sound Transit's name is familiar to 84% of citizens polled. Public opinion of the agency has steadily risen since the agency's announcement of a new plan to reorganize its light rail program, and by November 2004, 60% of those polled had a favorable opinion of Sound Transit, compared to only 41% three years earlier. While about one-third of those surveyed consistently had an unfavorable opinion of the agency since polling began, in 2004 that number had dropped to 24%.

A poll conducted for the RTID in 2003 found that voters throughout the region felt strongly that completing light rail to the Airport and to the University District or Northgate should be part of any regional transportation funding package.

Context Finding 2: The political environment for solving transportation problems has been difficult in the years since *Sound Move* was adopted. Mistrust of government, repeated citizen initiatives curtailing public revenues, hostility toward rail as a transportation solution, and intense pressure to deliver results, all drove an atmosphere of tension and controversy. Together with Sound Transit's own missteps, the agency became the center of much controversy and only in the last year has it emerged to restored public favor.

II. Agency Performance: Meeting the Goals and Commitments

As of December 2004, Sound Transit had 70% of its program in service or under construction. That represents almost \$3 billion in investments in regional transportation improvements. Almost 20% of contract dollars had been awarded to small or disadvantaged businesses in the region. Of almost 1,000 right-of-way parcel acquisitions needed, 92% had been completed. Since starting operation five years earlier, Sound Transit buses and trains had carried 34 million riders. In nearly every area of effort, progress was clearly being made.

Skeptics will correctly argue that a number of projects are over budget and behind schedule, and that some *Sound Move* planning assumptions were overly optimistic. However, it is also true that some projects have come in under budget and ahead of schedule and that thousands of citizens enjoy new transit options today. As the previous section described, many economic, demographic and political events intervened since 1996 that slowed the program. Mistakes were made and missteps occurred. On balance, however, as this section will show, most of the goals set and commitments made in *Sound Move* are now being met.

The *Sound Move* System Goals

The Puget Sound Regional Council is the federal- and state-recognized authority that sets the region's land use vision and develops the transportation strategy consistent with that vision. The adopted strategies in Vision 2020 and Destination 2030 are the framework policies that local governments and transportation entities are tasked with fulfilling. *Sound Move* set the broad goals and principles for implementing the regional high-capacity transit element of that framework. The Citizen Oversight Panel is able to state that most of *Sound Move's* goals and principles are being met today. *Sound Move* established four major transportation goals, each of which is discussed below:

- ∅ To contribute a piece of the region-wide transportation system by coordinating with other agencies: local transit, HOV lanes, ferries, airports, cars, freight, bicycles and pedestrians;
- ∅ To improve regional mobility by providing travel alternatives and fast, frequent service;
- ∅ To create more and better regional connections; and
- ∅ To create a single fare system.

The investment of our taxes has contributed significantly to the region-wide transportation system. As shown throughout this report, *Sound Move* has improved regional mobility; provided more and better connections throughout the region; and is well on the way to creating a single fare system to make public transit use easy and convenient.

Sound Transit has provided travel alternatives with the addition of commuter rail between Tacoma-Seattle and Everett-Seattle and by adding fast, frequent ST Express bus service on nineteen routes connecting major centers. Sound Transit has provided these new services by coordinating with other transit agencies, local governments, the State Department of Transportation, the Puget Sound Regional Council, Burlington Northern Sante Fe Railroad, the Federal Transit Administration and the Federal Highway Administration. Stakeholders and citizens have told us that the transit systems in the region are beginning to be much more integrated than they used to be. It is now possible to quickly plan a trip on the web or obtain customer service information on travel to and from most places in Snohomish, King and Pierce Counties, regardless of which agency provides the service.

The PugetPass is a coordinated fare system that allows the rider to transfer among Sound Transit, Pierce Transit, King County Metro, Community Transit and Everett Transit buses using a single monthly pass. In the future, an electronic Smart Card will be available and is designed to allow additional transfers to Washington State Ferries and Kitsap Transit.

Although Sound Transit works very closely with the PSRC, WSDOT, local transit agencies and city and county governments, service and systems integration in the region is not yet complete. This is most apparent as different transportation entities consider going to the public with separate plans and tax votes. Some members of the public find this situation frustrating and experience what appears to be a confusing set of transportation options with no one "in charge." However, together with the PSRC as the regional planning agency, Sound Transit is now a part of the landscape as the regional body charged explicitly with bringing together transit resources, modes, systems and interests. *Sound Move* created a mandate and authorized the funding; and

Sound Transit has begun to provide some of the institutional capacity to implement these regional transportation goals.

However, more remains to be done. During 2004, public opinion polling indicated that voters believe that highway and transit improvements need to be linked and coordinated as the region develops priorities, plans and funding requests. As a result, Sound Transit was invited by elected officials to participate in the Regional Transportation Investment District planning for a future joint highway and transit ballot measure. While nothing came of that 2004 effort, it is evident that today Sound Transit is viewed as an important partner in meeting regional transportation goals.

Goals and Commitments Finding 1: As it has matured and developed in its capacity to meet regional transit goals, Sound Transit has begun to play the regional role envisioned in *Sound Move*. It has contributed the implementing “glue” binding together some of the many disparate projects and programs that comprise the regional transportation strategy.

The *Sound Move* Principles and Commitments

As it set broad goals, *Sound Move* also made specific commitments to the public.

Regional Scope

The statements made in *Sound Move* acknowledged that the plan was to build a regional system that recognized local as well as regional needs throughout the district. While the plan created subareas and designated certain projects as benefiting particular subareas, it also recognized that investments in any subarea yielded shared benefits throughout the region. This has proven generally true, although controversies have arisen.

Newcomers to our regional plan have often asked such questions as, “Why is the bus route from Redmond to Seattle paid for out of East King County subarea funds when many Seattle residents use it to ride to the Eastside?” or “Why should the South King County subarea pay for the extension to the Airport when the Airport is used by everyone in the region?” These questions draw attention to the dual regional and local nature of *Sound Move*. The plan drew lines to connect origins and destinations throughout the region and across jurisdictional boundaries. Yet it also created subareas to give voice to local transit choices while maintaining the regional scope. The tension between what are perceived as local preferences and what are regional needs has always been present. Residents of some subareas have not always agreed with the transit solutions selected by other subareas. Some local communities have tried to take advantage of the *Sound Move* commitment to meet local community preferences. Balancing the regional vision and the philosophy of subarea equity has often been challenging.

Goals and Commitments Finding 2: On balance, Sound Transit has done a good job of staying focused on the regional system while also being responsive to local needs.

Conservative Funding Assumptions

The claim in *Sound Move* that its funding assumptions were conservative has proven only partially correct. The revenue forecasts and debt financing assumptions have indeed proven to be conservative, however, the cost estimates were in many cases too low. During the peak economic years 1998 to 2001, the agency's revenues were 12% to 20% higher than forecast. Even after the slowdown of the last three years, the average actual revenue stream has been 3% higher than projected in *Sound Move*.

Other financial assumptions that have turned out to be conservative were those related to debt issuance. In its finance plans the agency has always assumed a net debt coverage ratio of at least 1.3 for the entire district as well as for each subarea. (Debt coverage is defined as the total annual revenues minus operating expenses divided by debt service—the higher the number, the less debt is issued.) Another conservative assumption has been the use in its financial planning of 5.85% as the interest rate on bonds it will issue. Actual interest rates on municipal bonds of the type Sound Transit issues have been below 5%. Establishing the relatively high debt ratio and assuming a higher interest rate in its financial planning has created a significant additional reserve of financial capacity that the agency may choose to tap to complete projects.

On the other hand, the capital and operating cost estimates provided in *Sound Move* in 1996, turned out in many cases not to be as conservative as they should have been. Despite the years of effort spent on planning and analysis and despite what appeared at the time to be adequate contingencies, the costs of numerous projects were underestimated. Many lessons have been learned in the eight years of *Sound Move* implementation, some of which are discussed in other sections of this report. At the highest level, the lesson is that planning can never anticipate every aspect of reality. Only the actual experience of engineering, designs, permit applications, environmental mitigation, third-party agreements, construction bids, community reactions, and day-to-day operations can fully yield accurate cost information.

The Sound Transit agency of today is not the agency that prepared the original estimates. The *Sound Move* plans and estimates were prepared by a confederation of loaned staff and consulting firms reporting to the Joint Regional Planning Committee (JRPC). Most of the estimates were based on less than 5% design, a highly conceptual stage at which many details have not yet been identified. As both the *Sound Move* experience and the Seattle Monorail have recently shown, it is highly risky to entrust the creation of a multi-billion dollar capital program to a brand-new and not yet existent entity. Hopefully these experiences will guide any future capital programs on which the region chooses to embark.

Goals and Commitments Finding 3: While some of the *Sound Move* funding assumptions have proven conservative, many of its cost estimates have not and care should have been taken to explain the very preliminary nature of the capital and operating cost estimates.

Subarea Equity and the Regional Fund

Sound Transit has established and tracked subarea equity as promised in *Sound Move*. Each of the five geographic subareas has received benefits in proportion to the revenues generated within

its boundaries. As the revenues in the five subareas have grown at different rates than originally forecast, some adjustments to the programs within each subarea were necessary. In some subareas, revenues have been tight compared to the *Sound Move* projections, while in at least one subarea, East King County, there have been considerable unanticipated funds.

To balance the subarea equity principle, *Sound Move* also called for the creation of a regional fund to be used to pay for system-wide elements of the program. The enumerated uses of the regional fund were:

- € the regional fare integration process,
- € agency administration, including
 - € research and development of new technology, and
 - € planning and environmental analysis for future expansions of the program; and
- € contingencies that may occur due to revenue shortfalls or cost overruns.

The regional fund is funded by interest earnings on cash and by a percentage of the tax revenues collected in each of the five subareas, not to exceed ten percent a year.

The Citizen Oversight Panel has provided monitoring of subarea equity and the regional fund since its inception and has considered these a high priority since the items are called out in the *Sound Move* financial policies as an explicit function assigned to the COP. Each year COP is a party to and reviews the procedures conducted by the agency's public accountants to ensure that the subarea monitoring system is in place. Each year since 1997, the accountants have issued a report outlining the work conducted and identifying any exceptions or issues noted. COP has each year discussed with the auditors and agency staff the subarea report and any exceptions identified. (Greater detail on the policies and procedures for subarea equity are found in Attachment A to this report.)

Each year COP also monitors the budgets and finance plans of the agency to determine that revenues and expenses allocated to the regional fund have been done so according to the principles outlined. Sound Transit has been highly committed and thorough in developing policies and rules, training its staff, developing accounting and monitoring systems, and issuing public reports on its adherence to subarea equity. The cost and effort invested in developing and maintaining these systems have been high. Some Panel members are concerned that the agency has gone beyond the original intent and has created time-consuming procedures and administrative costs beyond what would be necessary.

The Board has chosen a narrower rather than a broader interpretation of subarea equity in its policy choices and has never used the regional fund to cover contingencies affecting a single subarea's projects. The Board approved a policy of inter-subarea borrowing when cash flow needs required it, but has stipulated that any borrowing between subareas must pay interest on the borrowing and must repay all funds by the end of the plan in 2009.

COP understands the origins of the subarea principle in the political environment of the 1995-96 period when *Sound Move* was on the ballot and citizens in some parts of the region were concerned about funds flowing disproportionately to other subareas. Those concerns may have

been justified as many capital projects did in fact end up exceeding their original estimates (including commuter rail, light rail and HOV direct access projects).

However, COP is concerned that principles of subarea equity not be taken to a point that would make it impossible for truly regional transportation facilities to be built. For example, as core light rail segments are completed, future connections to that core will be cheaper and outlying subareas might pay much less to benefit from the system than the geographically more central subarea. Or, in another example, a dedicated busway extending across subarea boundaries may cost much more in a subarea that does not already have dedicated right-of-way in the form of HOV lanes and much less in a subarea in which the HOV lanes are already in the public domain. Such issues of fairness and project timing might make the subarea concept unsustainable over time.

Additionally, economic circumstances change, planning projections change, community needs change and project scopes often change. Revenue flows and cash flows are uneven. What looks equitable at one point in time may not seem equitable ten years later. Flexibility in managing change and uncertainty is essential. Subarea equity was defined in *Sound Move* as “benefits generally proportionate to revenues,” yet the vision of the system plan is a regional one. That dual vision should continue to be the focus as *Sound Move* Phase 2 is developed.

Goals and Commitments Finding 4: The Panel is confident that the spirit and intent of *Sound Move*’s subarea equity policy have been met. While implementing and administering the policy has been costly and in some cases the policy may have been taken more literally than necessary, overall, the agency has delivered what *Sound Move* promised.

Goals and Commitments Finding 5: The subarea equity principle incorporates fundamental trade-offs between the regional and the local. While perhaps a political necessity in 1996, it has been an impediment to the efficient development of the regional system. For some regional facilities that benefit more than one subarea, determining equitable costs and benefits will be more challenging in the future and may not be sustainable over time as the region’s systems are expanded.

Simultaneous Work on Projects in All Subareas

Sound Move committed to developing projects equitably in all five subareas so that benefits could be realized throughout the region as soon as possible. Some of the more complex capital projects required years of engineering, environmental review and construction before service could be realized. However, other projects and services received relatively early implementation. Especially the new bus routes, contracted to existing local service providers, began serving riders in all five subareas as early as 1999. By initially organizing the agency into three “lines of business” (Commuter rail, Light rail and Regional Express), management was able to assign staff to begin working on projects in all parts of the region concurrently.

Coordinated Regional and Local Services

Sound Transit developed service agreements to operate its ST Express bus routes with Community Transit, King County Metro and Pierce Transit. A common fare medium, the Puget Pass, was also developed early on. The staff and management of the regional and local agencies coordinate with each other regularly and have joint committees to plan everything from service changes to customer service to performance standards. Customers of any one service can get questions answered about their entire trip, even if it involves transferring between Sound Transit and any of the local services. The convenience and ease of using public transit in the region has been documented repeatedly through customer satisfaction surveys.

System Completion in 10 Years

The promise to build the *Sound Move* system in ten years has not been met. Of all the commitments made to voters, this is the one big one that clearly was unrealistic and should not have been made. Delivery on the full commuter rail, light rail and REX capital programs will extend beyond the original 2006 completion date. While some of each program will be completed within the 10-year time frame, other portions will not.

When it realized that it could not meet the 2006 commitment, the Sound Transit Board extended Phase 1 of its *Sound Move* program by three years to 2009. This date will likely permit completion of the Link Initial Segment and Sounder, and most of the Regional Express program. However, a number of REX projects will extend even beyond 2009, including the Renton HOV Improvements, the Mountlake Terrace Flyer Stop, the Federal Way 272nd Freeway Station, and the I-90 Two-Way Transit project. The main thing these projects have in common is that they are on the freeway system and require partner funding from the Washington State Department of Transportation, which lost a major source of its funding in I-695 and must base its budget on revenues from the gas tax, which do not keep pace with inflation. These are also among the projects that were added to *Sound Move* in 1996 with very limited engineering and were later found to have been considerably underestimated.

Goals and Commitments Finding 6: The experience of *Sound Move* has taught us that large and complex capital projects often cannot go from 0% design to completion in 10 years. The necessary alternatives analyses, environmental processes, third-party agreements and design and construction often take longer, even if nothing else goes wrong.

System Expansion or Tax Rollback

Sound Move promised voters that any second phase capital program that continued local taxes would require approval by voters. If voters decided not to extend the system, the tax rate would be rolled back to a level sufficient to pay off the bonds and operate and maintain the services already in place. This commitment cannot yet be evaluated since a Phase 2 program has not yet been proposed. Sound Transit is currently developing such a plan but it will likely be ready to go to the voters in 2006 at the earliest.

Annexation and Extension of Service Outside the RTA District

One annexation has occurred in the eight years since ***Sound Move*** was adopted. Issaquah Highlands voted in November 2001 to be included inside the urban growth area and to join the Regional Transit Authority district. Sound Transit's annexation policies say that in the first five years, the revenue from the annexation area will be spent on something that benefits that area, thereafter the monies accrue to the subarea in which the annexed area is located. The newly annexed Issaquah Highlands area negotiated an interim park and ride lot to benefit the community. Since then Sound Transit has provided a service extension on the route 554 and is partnering with King County Metro to build a parking structure immediately adjacent to the interim lot.

Other areas, particularly in the Marysville/Arlington area of Snohomish County have discussed annexation but have not yet acted on their interest.

Public Accountability and Citizen Oversight

The Sound Transit Board provides the most significant level of oversight and accountability to the program. Its members set policy and approve all major decisions and transactions. As elected officials of their respective jurisdictions, they are accountable to the voters for both Sound Transit's local and regional investments. While some Board members early on exhibited an excessively local perspective, the Board today is a much more critical, effective and regionally-thinking body.

Some citizens have argued that a federated board by its nature is not accountable because voters cannot vote its members out of office. Others have argued that a federated board is simply a weak board and is at the mercy of the agency's professional staff. The Panel has considered these views in the context of Sound Transit specifically and has concluded two things: 1) that voters have demonstrated they are quite capable of voting board members out of office based on their dissatisfaction with the elected officials' role in Sound Transit governance; and 2) the federated board that has strong critical thinking ability, working with an accountable management culture, can be effective and well-suited to the needs of regional governance. Additionally, members of a federated board are best able to play the dual role of both regional and local decision-making that is embodied in ***Sound Move*** and to integrate local land use with regional transportation policies. In Sound Transit's case, half of its Board members also serve on local transit agency boards, which adds another level of coordination in planning and decision-making.

After some early lapses, the Sound Transit Board has evolved into a strong policy and oversight body. However, that strength depends considerably on the Board's individual members and their constant vigilance. It also depends on the continuing willingness of staff to be completely open with the Board about all facts of the agency's operation.

As promised, Sound Transit hired independent auditors and appointed a citizen committee to monitor performance in carrying out the commitments made. Since the beginning, the independent auditors have prepared annual audits of the agency's financial statements and its

compliance with federal regulations. The Citizen Oversight Panel, representing knowledgeable citizens from all five subareas and from many disciplines, has reported on Sound Transit's performance twice each year since 1997.

Other accountability mechanisms have been instituted from time to time as needed. An internal performance audit committee conducted a number of audits of Sound Transit management practices and systems in the early years. In 2001, after the revelation of cost overruns in Central Link, Sound Transit appointed a Project Review Committee comprised of civic leaders and technical experts, to review the program. In 2002, it created a new Performance Audit Committee, jointly representing the Board, the COP and independent citizens from all five subareas. Since then, the PAC has conducted one performance audit and has a second one underway. Over the course of eight years, Sound Transit has learned to respond effectively to findings and suggestions from its oversight groups.

Additional oversight of Sound Transit comes from the federal and state governments. The Federal Transit Administration, its Inspector General and its project management oversight consultants and the State Auditor conduct regular reviews and audits of every aspect of Sound Transit's work, ranging from engineering, financial planning, and regulatory compliance to internal systems and procedures. Collectively, these numerous reviews, audits and accountability mechanisms comprise and exceed the *Sound Move* requirement of comprehensive annual performance audits.

Goals and Commitments Finding 7: Despite some early lapses in management accountability, Sound Transit has developed a strong culture of oversight and accountability, with both internal and external, appointed and elected bodies, providing ongoing assurance to the public that policies and commitments are being adhered to.

Goals and Commitments Finding 8: The Sound Transit Board has demonstrated that it is effective at mediating between local and regional needs and providing strong oversight of program delivery in keeping with *Sound Move* policies and commitments.

Public Involvement

Sound Transit has always been committed to listening and responding to the public. An agency director once characterized the transit system as a house being designed and built for a family to live in and call home. In this metaphor, the agency was the architect and builder, the family was the public and without the public there could be no system. This attitude has prevailed throughout Sound Transit in most instances for the last eight years. Community meetings, open houses, focus groups, advisory committees, newsletters and other public communication tools have been used since the beginning. Staff have been trained and coached in effective listening and public speaking skills.

There were times when members of the public found the Sound Transit Board and staff to be poor listeners and unresponsive. Departures from the strong ethic of public involvement and responsiveness occurred, especially when the agency found a clash between the cost of public requests and the available budget for a project. This clash occurred often during the planning

stages of projects. Often citizens would rise at public meetings to say, “If you’re not going to build it right, don’t build it.” They meant that their station design needed to reflect the community’s desire for an attractive urban plaza or that their preferred alignment had to be located on the most central parcels of land, regardless of cost. The agency would have liked to accommodate all requests and to inconvenience nobody, but building large capital projects in an already-built environment often made that impossible. Especially in the early years, under pressure to hurry up and deliver projects, Sound Transit staff sometimes were brusque or unresponsive to public input.

At other times, public opinion on an alignment or a project design was divided. Those citizens whose preference did not prevail often accused Sound Transit of “not listening.” Such dissonance within public opinion is not uncommon on major projects and it is not possible to satisfy everyone. Early on, Sound Transit staff were not yet skilled in handling such conflict.

Today, the agency has learned considerably. When citizens from Seattle’s Capitol Hill neighborhood were urging Sound Transit to re-route a bus from Redmond to their urban center, Sound Transit was able to find a solution that did not compromise its speed and reliability standards for service. When the City of Kirkland and the Kirkland citizenry strongly wanted a certain location for an urban transit center because it met their comprehensive plan vision, Sound Transit staff and Board remained engaged until a compromise solution was found. When the Roosevelt neighborhood overwhelmingly preferred the 12th Avenue alignment to the 8th Avenue route, Sound Transit was able to use analysis and engineering to bring the cost between the two alternatives down to an acceptable level. Many other examples could be cited in which Sound Transit heard the public and found ways to accommodate a community’s wishes.

Goals and Commitments Finding 9: Being responsive to a citizen’s ideas or a community’s vision of itself sometimes takes patience, tenacity and creativity. Over time, Sound Transit has increasingly developed these skills and become much better at listening and responding to the public.

Environmental Process

“The goal of the plan is to maximize the positive effects we can make on our region’s economic, social and physical environments.... The RTA will fully comply with all federal, state and local environmental evaluation processes.” These promises were an important element in *Sound Move* and addressed some of the most deeply held values of people in the Puget Sound region. These concepts are integral to the view of many citizens in the region as believers in environmental principles and a high quality of life. They are also closely linked to the state’s Growth Management Act and its vision of a region of livable, transit-friendly urban centers and plentiful open space and natural environment.

Sound Transit as an agency has shared this vision and tried to incorporate it through good design, through its art program, and through its commitment to transit-oriented development. In other expressions of good environmental stewardship, the agency has purchased clean hybrid-technology buses and has made investments in innovative wetland mitigation projects. Sound

Transit has complied with environmental laws and has withstood every legal appeal and environmental challenge in court.

Financial Policies and Framework

Appendix B of *Sound Move* lays out the financial policies under which the agency shall operate. They are grouped into the categories of: subarea equity, regional fund, debt financing capacity, setting priorities for expenditures, public accountability and future phases. Each year Sound Transit publishes an annual operating and capital budget and updates its 25-year financial plan. It also publishes subarea budgets and monitors these and has them audited by independent auditors, as required by the policies. The individual financial policies are also described in *Sound Move* as commitments and are discussed in greater detail in this report in the sections Conservative Funding Assumptions, Subarea Equity and the Regional Fund, Public Accountability and System Expansion or Tax Rollback.

Goals and Commitments Finding 10: The agency’s early missteps and political events together contributed to public perceptions that Sound Transit was not meeting its commitments. These credibility problems during the 2000-2002 time period harmed Sound Transit’s ability to implement the *Sound Move* program. Since then, a renewed commitment to responding to its public, being accountable, and successfully delivering on its promises have greatly restored the agency’s reputation with the public. COP believes that on balance Sound Transit has adhered to the principles and commitments set in *Sound Move*.

III. Delivering the Program—Transit Services and Capital Projects

This section outlines the services and projects promised in *Sound Move* and how well their implementation has succeeded in meeting the overall descriptions, projections and estimates that were made.

The *Sound Move* Plan—Transit Services

Sound Move promised new commuter rail and light rail services and new express bus routes to connect population and employment centers in the region.

- € Regional Express bus routes began service in 1999 and were phased in, with 19 routes in operation by 2002 (see attachment B).
- € Sounder commuter rail service between Tacoma and Seattle began in 2000.
- € Sounder commuter rail service between Everett and Seattle began in 2003.
- € Link light rail service in Tacoma began in 2003.
- € Sounder service to Lakewood is due to open for service in 2008, later than originally anticipated.
- € Central Link light rail service in Seattle is due to open for service in 2009, three years later than originally anticipated.

At year-end 2004, Sound Transit was providing travel options for tens of thousands of riders each day that were not available before *Sound Move*. Sound Transit assumed some long distance routes previously served by local providers, but was able to offer more frequent, all-day express service with limited stops, greater comfort and more travel options. Commuters in Everett and Tacoma are now able to choose between rail and express bus service for their daily trip to work.

Transit Ridership

Sound Move forecasted ridership for 2010:

	Weekday boardings	Annual boardings
Light rail	107,000	32.6 million
Commuter rail	12,600	3.2 million
REX bus	54,000	15.8 million

These 2010 forecasts assumed that the system would be fully built and operating by 2006.

- ∓ The light rail forecasts cannot yet be evaluated for Central Link, as service begin is delayed until 2009. In Tacoma, however, the projected daily boardings of 2,000 have already been exceeded, and after only one year in operation, Tacoma Link is serving 2,900 riders per day, a 27% increase over the previous year.
- ∓ Sounder commuter rail boardings are at approximately 3,800 per day, fewer than was anticipated at this point in the 10-year plan. However, ridership growth has been strong, with fourth quarter 2004 ridership up 31% after the addition of Everett service, when compared to the same period one year ago. Among the reasons for the lower than projected ridership, Sounder was providing just three round-trip trains per day from Tacoma and one round-trip from Everett in 2004, instead of nine and four respectively that were forecast. The agency is currently estimating 2010 ridership at 11,400 weekday boardings, about 10% less than the *Sound Move* forecast.
- ∓ Regional Express bus routes served approximately 30,000 daily boardings in 2004, an increase of almost 14% over the previous year. In its Draft 2005 Service Implementation Plan, the agency is projecting 33,000 daily boardings in 2010, compared to the 2010 *Sound Move* forecast of 54,000. These lower figures reflect the delivery of less service and an anticipated slowdown to 2% annual ridership growth.

Initiative 695 and the loss of motor vehicle excise taxes by local transit providers Community Transit, King County Metro and Pierce Transit affected local service, total system ridership and the ability to redeploy thousands of service hours as had been assumed in *Sound Move*.

Transit Services Finding 1: The ridership of Sound Transit’s commuter rail and express bus services has been lower than expected. This is attributable partly to slower growth in service and the economic slowdown of the 2001-2003 period, but it is also apparent that *Sound Move* ridership was overestimated. Ridership on Link light rail in Tacoma has

exceeded forecasts. The good news is that ridership on all three modes has grown at double-digit rates year over year.

Transit Operating Costs

The total estimated 10-year costs of providing Sounder commuter rail and Link light rail services have been lower than anticipated in *Sound Move* because the programs took longer to implement and service has been phased in more slowly. For Regional Express bus service, total 10-year operating costs are on target because less service has been delivered. However, for all three modes, it is clear that planning assumptions related to cost per hour and cost per passenger were significantly underestimated.

It is not yet entirely clear to COP why the operating costs are so much higher than originally estimated and so much higher than transit services elsewhere. We know that the agency's administrative costs were underestimated in *Sound Move*. We know that transit operator wage rates in the region are among the highest in the country. Additional research is needed to fully understand all cost factors now that Sound Transit is maturing as an operating agency. The Panel intends to focus on this subject in the coming months.

- € *Sound Move* estimated the 10-year operation and maintenance (O&M) cost for Sounder commuter rail would be \$169 million (including inflation). Actual total costs through 2006 are currently estimated at \$105 million despite higher hourly costs, because less service is being delivered. Had the projected levels of service been delivered, Sounder operating costs would be considerably over budget. The annual operating budget for 2005 for Sounder train service is \$21 million, or an estimated \$1,483 per hour. Based on a 2005 projected 1.1 million riders, that is \$19 per passenger.
- € The estimated 10-year O&M cost for light rail was \$72 million inflated to the year of expenditure, but actual operating costs are now forecast to be just \$13 million through 2006. This much lower figure is due to the fact that Central Link is not scheduled to begin operation until 2009. Tacoma Link, which began service in 2003, has an operating budget for 2005 of \$3.2 million, or an estimated \$318 per hour. Based on a 2005 projected 754,000 riders, that is \$4.20 per passenger.
- € The 10-year cost of operating Regional Express bus service was estimated in *Sound Move* to be \$350 million through 2006, including inflation, with actual costs now on target to be at \$353 million, despite higher hourly costs, because less service has been delivered. By 2006, Sound Transit expects to be delivering the 624,000 total hours per year projected in *Sound Move*. Had the service not been phased in more slowly, express bus operating costs would be considerably over budget. The 2005 annual operating budget for ST Express bus is \$58.8 million, or an estimated \$153 per revenue hour (\$106 per platform hour). Based on a 2005 projected 8.5 million riders, that is \$6.90 per passenger.

The cited operating costs for 2005 are before inclusion of depreciation and contingency costs. The Sounder cost per passenger is high because service implementation has been much slower

than projected and many fixed costs such as station maintenance and security are spread over a relatively small number of trains and passenger boardings.

Sound Transit's operating cost per hour for Express bus service is considerably higher than anticipated in *Sound Move* because planners assumed the service would be provided at the contracting local agencies' marginal cost per hour. This assumption proved incorrect and Sound Transit has been paying an hourly cost including the local agencies' allocated overhead. In addition, planners failed to allow for adequate overhead costs for administering and marketing the Sound Transit programs. Another reason for the high cost of Express bus service is the .69 ratio of revenue hours to total platform hours provided. Because of the long routes (average 27 miles) and the emphasis on peak period service, close to one-third of service hours are spent traveling to and from the operating base or "deadheading" at terminals.

Sound Transit's bus acquisition costs are higher than projected in *Sound Move* for a number of reasons. Instead of the estimated average cost of \$400,000 each, Sound Transit is now anticipating bus purchases at an average cost of \$500,000 each. Per bus costs are higher because more of the buses are costlier 60-foot articulated buses or new hybrid buses. Also, Sound Transit has purchased more buses than originally projected to meet higher peak period service demand. Maintenance base capacity is currently available through the contracting local providers, however, current budgets still assume \$26 million for future capacity expansion. Despite the higher costs per service hour and the higher costs for bus acquisition, REX plans to achieve the total estimated 10-year cost target by managing service frequencies and by phasing in service.

In early 2004, Sound Transit's Performance Audit Committee completed an audit of REX operations. The audit noted the high cost per hour and per passenger for REX service and attributed it to the longer average route distances and to the business model, which calls for REX to operate by contract with other public transit agencies. In response to the audit, Sound Transit is developing a comprehensive performance measurement system to allow it to monitor and contain costs. (More information on the consultants' operating cost analysis may be found in the Booz Allen Hamilton report, *Audit of Regional Express Operations*, June 23, 2004.)

Transit Services Finding 2: Per hour costs of providing Sound Transit services are higher than was originally forecast. However, the total estimated 10-year costs have been lower than anticipated in *Sound Move* because the programs took longer to implement and service has been phased in more slowly. If current cost trends continue, some planned service additions may need to be deferred.

Farebox Recovery

Sound Move projected farebox recovery ratios at build-out as follows:

Light Rail	53%
Commuter Rail	23-32%
REX Bus	32%

- € Tacoma Link light rail currently has no farebox recovery because the Board chose to offer the service fare-free. The initial low ridership projections appeared to make the investment in ticket vending technology cost-ineffective. Since its inception in 2003, however, ridership has exceeded projections and new development in downtown Tacoma may eventually further increase ridership to the point that another look at the fare policy issue may be warranted.
- € Sounder farebox recovery in 2004 was at 14.1%. Because service is being phased in at a much slower pace than anticipated in *Sound Move* and ridership is building more slowly and because operating costs are higher, the projected recovery ratio has not been met. The Sound Transit Board recently considered fare increases for Sounder service, but decided to hold fares at current levels to allow ridership on the new service to continue to build.
- € In the 2004 REX Operations Audit the auditors found that farebox recovery for the bus service had been declining because the fares had not been adjusted since service was initiated and had not kept up with inflation. While the recovery ratio was 25.5% in 2000, by 2004 it had declined to 21.2%. The auditors recommended that the Sound Transit Board review its fare policies and in January 2005 the Board adopted a fare increase for the ST Express bus service effective June 2005.

Transit Services Finding 3: *Sound Move* farebox recovery projections were optimistic and have not been borne out.

The *Sound Move* Plan—Capital Projects

Attachment C details the original *Sound Move* capital cost estimates developed in the early 1990s and places them side by side with current estimated total project budgets. *Sound Move* estimates were provided in 1995 dollars—these have been updated to year-of-expenditure (YOE) dollars to account for inflation for comparison purposes. From 1995 to 2004, the Seattle consumer price index grew on average at 3% per year. One hundred dollars in 1995, inflated at 3% per year, was \$130 in 2004. Many project costs increased faster than that because real estate values and construction costs grew more rapidly than the average consumer prices. Many of the current 2005 estimates are based on 100% design and quite a few are based on actual construction bids. Some are based on schedules extended through 2009.

This section discusses a number of selected major capital projects and outlines the circumstances that brought about changes in the scope, cost and schedule of the projects. It also discusses the Innovation Fund, a \$38 million research and technology fund called for in *Sound Move* to evaluate new ideas, services and technologies.

It is important to note that in 1996 when *Sound Move* was approved, many of these projects were in the conceptual planning stage. No detailed preliminary engineering had been done, nor had the environmental analysis of alternatives and impacts been studied yet. Some project estimates were provided by third parties and were not independently reviewed. For the HOV access projects, sites had not even been selected. As Sound Transit staff and consulting engineers began detailed project implementation, working closely with subarea representatives and local jurisdictions and communities, new configurations emerged, cost estimates were

refined and often projects changed substantially. As the descriptions below indicate, some projects grew in scope and became more expensive, other projects were refined and downsized, and yet others were eliminated because other solutions were found that better met the need.

Central Link/Initial Segment

Sound Move envisioned a 21-mile Central Link light rail system, extending from the University District to Sea-Tac Airport (South 200th) at a cost of \$2.3 billion, estimated in 1995 dollars. It would include 21 stations, with the Downtown Seattle Transit Tunnel and its five stations assumed to be already in place. The ridership forecast for the system was 107,000 daily boardings. The assumption stated in ***Sound Move*** was that the light rail system would be built in segments, with the preferred alignment for the first segment being downtown Seattle to the Airport and the second segment from downtown to the University. If sufficient funding were available, the system would be extended all the way to Northgate.

By the end of 2000, preliminary engineering and environmental analysis had progressed to the point of identifying an actual “locally preferred alternative” (LPA). The LPA included a tunnel from the University District, through First Hill and Capitol Hill to downtown Seattle; a surface alignment to South McClellan and along Martin Luther King Jr. Way; to Tukwila along International Boulevard; and finally on an elevated structure to the Airport and beyond to its terminus. A “minimum operable segment” was identified as the University District to South Lander Street, a segment that included the operation and maintenance base for the entire future system. An attempt to save on schedule and budget was introduced in the form of a single design-build contract for the northern tunnel portion of the alignment.

In late 2000, the agency had to confront a number of unpleasant facts: the bids for the design-build tunnel contract were several hundred million dollars higher than estimated (\$800 million vs. the previously estimated \$500 million); the City of Tukwila was adamantly opposed to allowing light rail use of the International Boulevard right of way; and many suburban stakeholders were upset about losing the Downtown Seattle Transit Tunnel for bus routes using the tunnel. Additionally, neighborhoods along the MLK portion of the route were divided about whether a tunnel or an at-grade route would be of greater benefit to the community and tunnel proponents initiated a lawsuit against Sound Transit. Also, negotiations with the University of Washington, King County and the City of Seattle identified much higher-than-anticipated costs to these third parties.

Sound Transit staff suspended negotiations with the design-build contractor and conceded publicly that the budget would need to be increased to \$2.6 billion and the schedule extended to 2009. In a remarkable Board briefing in December 2000, the agency admitted it had used an inadequate cost estimating methodology and had inappropriately used contingencies to fund additions to scope. The light rail director and then the executive director had to resign. Subsequently Congress suspended its \$500 million funding commitment to Sound Transit, pending an audit by the Inspector General.

The winter and spring of 2001 were the low point for Sound Transit. Under intense public pressure, the agency under new management began, internally, to dig its way out of its troubles

with increasing focus on project management, project control, accountability and openness about technical trade-offs. Externally, Sound Transit revamped its communications functions and appointed a Central Link Project Review Committee of business and civic stakeholders to start rebuilding public confidence in the agency.

In June 2001, the Board directed staff to study a new, shorter initial segment from downtown Seattle to the Airport. At 14 miles, 12 stations, and about 42,500 daily riders, it was less than had been promised in *Sound Move*, and triggered another lawsuit by opponents who demanded a new ballot. The intent behind the new Initial Segment was to avoid the difficult and expensive tunnel segment under Capitol Hill and Portage Bay as a first step and to build the easier, at-grade and elevated portions of the system first. Many transit supporters were disappointed in the decision at the time and believed that the denser, higher-ridership north segment to the University should be built first. At the same time, the Board also directed staff to look for less risky ways to go north.

In November of that year the Board gave the go-ahead for detailed engineering to begin. It was July 2003 by the time the Inspector General completed his review and the Federal Transit Administration recommended releasing the \$500 million grant. In November 2003, Sound Transit celebrated the ground-breaking for Central Link. By then, the agency had found a mutually agreeable alignment through Tukwila, determined that joint rail-bus operation in the downtown tunnel was possible, and prevailed in court against its opponents.

Today, the Central Link Initial Segment has a new budget of \$2.07 billion (\$2.44 billion including debt service, contingencies and a project reserve of \$128 million). All of the segments between downtown Seattle and Tukwila are under construction. At year-end 2004, the estimated final cost was some \$200 million below budget and the schedule contained a cushion of six and a half months. There also remained \$150 million in unexpended contingencies, however, domestic steel, copper and fuel prices had risen considerably in the past year and might yet affect these contingency levels. The agency schedule called for completion of construction in June 2008, system testing by December 2008 and service beginning in July 2009.

Souder Use of BNSF Track and Facilities

Commuter Rail use of Burlington Northern Sante Fe track and facilities was significantly underestimated in *Sound Move*:

	Track Segment	Sound Move YOE Estimate	2005 YOE Estimate
Snohomish	Everett-Seattle	\$73 M	\$308 M
South King	Seattle-Auburn	\$202 M	\$274 M
Pierce	Auburn- Lakewood	\$195 M	\$360 M

The reasons for these cost discrepancies are largely due to the agency’s failure to understand the degree to which BNSF had capacity constraints on its aging track for its own freight transport and the full costs of upgrading the facilities. Once negotiations for the use of the track and facilities began, it became clear that significant investments would be needed to upgrade the

system to modern passenger safety standards and to add capacity. New electronic train control systems were needed. BNSF had concerns about its future ability to run its freight trains without conflict from frequent passenger trains. In some areas, single-track segments needed to be double-tracked. In Snohomish County where the track runs along the edge of Puget Sound, there were significant environmental impacts that had to be mitigated. Other cost increases were due to schedule delays and to requirements related to crossing improvements and the Endangered Species Act.

Sound Transit leadership and staff conducted extended negotiations with BNSF over the share of the upgrades commuter rail should bear. Under pressure from local communities to begin Sounder service, Sound Transit eventually had to agree to higher payments than it had hoped. In a number of areas, however, the public benefit was also greater than had been anticipated. On the Everett-Seattle segment, Sound Transit secured a perpetual easement to run commuter rail, which was not contemplated in *Sound Move* and which the agency considered highly advantageous. On the Lakewood-Nisqually segment, Sound Transit actually ended up acquiring the right-of-way and facilities, rather than leasing easements.

In addition to the cost of using BNSF-owned track, Sound Transit discovered that it needed to build system-wide facilities that had not been adequately anticipated and scoped in *Sound Move*. These included layover yards for overnight storage of trains at a cost of \$23 million and ticket vending machines and a closed circuit TV system at a cost of \$14 million.

Also, \$100 million in contributions from Washington State and \$30 million from Amtrak that had been assumed in *Sound Move* did not materialize. These costs had not been included in Sound Transit's original cost estimates and had to be brought onto the books. Some of the cost increases were eventually offset by funding contributions from third parties including federal funds allocated through the Puget Sound Regional Council, and state and local funds from the Washington State Department of Transportation and the Port of Tacoma. Ultimately, the Board approved the new, higher budgets in the belief that these investments would serve the region for many decades and accommodate expanded service well into the future.

Sounder Commuter Rail Stations

Sounder commuter rail stations were inadequately scoped and costs were underestimated in *Sound Move*. Most of the cost increases were due to higher than estimated costs for real estate acquisition, mitigation requirements imposed by cities, and amenities requested by the local communities. Many of the stations required additional parking, some in parking structures, to accommodate commuter rail riders as well as other urban center users. Additional elements at many stations included pedestrian bridges and street improvements in the vicinity of the stations. Some of these added elements were funded by local government contributions or by grants from other sources. (At Kent, the city contributed \$4 million to the parking garage and obtained a \$1 million federal grant for the pedestrian bridge, and King County Metro contributed \$2.1 million; at Auburn, the city contributed \$1.5 million, King County Metro \$1.5 million and a federal grant \$1 million.)

	Station	Sound Move YOE Estimate	2005 YOE Estimate
Snohomish	Everett	\$13.4 M	\$26.9 M
Snohomish	Mukilteo	\$6.7 M	\$18.2 M
Snohomish	Edmonds	\$6.7 M	\$13.1 M
South King	King Street	\$12.2 M	\$7.9 M
South King	Boeing Access Road	\$11.5 M	\$0.7 M
South King	Tukwila	\$14.4 M	\$19.3 M
South King	Kent	\$6.6 M	\$32.6 M
South King	Auburn	\$10.0 M	\$26.0 M
Pierce	Sumner	\$5.6 M	\$9.4 M
Pierce	Puyallup	\$10.0 M	\$13.4 M
Pierce	Tacoma Dome	\$18.9 M	\$10.3 M
Pierce	South Tacoma	\$7.8 M	\$10.9 M
Pierce	Lakewood	\$10.0 M	\$25.4 M

Eight of the identified stations are in operation today. King Street Station in Seattle and Tacoma Dome Station were completed under budget. The Boeing Access Road station was eliminated and funds transferred to Link; Mukilteo has experienced delays in reaching agreement on the location and scope of the station; and the South Tacoma and Lakewood stations have been delayed along with the entire Lakewood segment. Two of the Sounder stations are operating as temporary facilities while other related projects are developed. In Edmonds, a new multi-modal facility will eventually co-locate the ferry terminal and the Amtrak and Sounder stations and provide 150 parking stalls. In Tukwila, the permanent station awaits a proposed transit-oriented development and City of Renton funding of a Strander Boulevard grade separation project.

Lynnwood Area Projects

Four Lynnwood area projects were identified in *Sound Move*: an HOV access ramp at the Lynnwood Park and Ride (\$36 million), a new transit center (\$18 million), and two park and ride improvements (\$8 million). In 1998, Lynnwood was the beneficiary of the first-ever change to *Sound Move*, when \$2.5 million was reallocated to improve HOV lanes on Highway 99 in the Lynnwood area (other local funds became available and freed up some of Sound Transit's contribution to the projects).

In 2001, the Board adopted a revised scope for the Lynnwood Transit Center with expanded parking of 400 additional stalls as well as improved weather protection for passengers, lighting, improved drainage, and a customer service center and espresso stand. Funds were transferred from the HOV Access project, which was estimated to cost less than anticipated as well as from the other park and ride projects.

The Lynnwood HOV Access project was completed ahead of schedule in 2004 at a final cost of \$27 million. The Transit Center, also completed in 2004, came in at \$32 million. The total cost

of the project group was estimated at \$63 million in *Sound Move* and ended up coming in under budget at \$61 million.

Kirkland Area Access Improvements

Sound Move called for two direct access ramps on I-405 near Kirkland and a transit center, and budgeted \$103 million for the projects. After several years of analysis, the Board determined in 2001 that only one access ramp was practical and reprogrammed the remaining funds. The direct access ramp was renamed the Totem Lake Freeway Station and budgeted at \$92 million. Remaining funds in the amount of \$20 million were directed to a newly created project, 85th Corridor Related Improvements, designed to support faster travel times for the ST Express Route 540 bus in Kirkland and Redmond.

Since that time, both projects have been fine-tuned and their budgets reduced to \$86 million for the Totem Lake Freeway Station and \$8.5 million for the 85th Corridor Related Improvements. The projects are scheduled to be completed in the 2007-2008 timeframe. Savings from the two projects in the amount of \$13.3 million have been allocated to the new Downtown Kirkland Transit Center. Together the project group is currently budgeted at \$121 million, compared to \$115 million in *Sound Move*, a 5% cost increase. An additional amount of \$4.5 million was available to be deposited in the East King County subarea program reserve.

I-90 Two-Way Center Roadway

Sound Move called for a relatively simple \$16.8 million project that would take the two existing center lanes of the I-90 bridge between Seattle and Bellevue and convert them to two-way transit use, initially for buses and eventually for a fixed guideway service. Stakeholders in the East King subarea realized the impacts of this proposed project and refused to approve it. Seven years were to elapse as negotiations and successive, more detailed studies and environmental analyses were conducted. Eventually, in August 2004, the Board approved a new project configuration called R8A that places transit/HOV lanes on the outer roadways of the bridge at an estimated cost of \$128 million. The new agreement among the parties also called for future use of the center lanes for high capacity transit. At this point, \$7 million had already been spent in staff time, preliminary engineering and environmental review.

Everyone involved acknowledged that it was not just Sound Transit's responsibility to pay for the new project. The project is on a federal highway and a route of statewide significance and is critical to regional commuter traffic and interstate freight as well as transit. Sound Transit currently has a budget of \$30.7 million available to fund the transit-related elements of the project. Regional, state and federal funds will have to be found to complete final design and construction.

Federal Way Area HOV Access

Sound Move identified two direct access ramps on I-5 in the Federal Way/Kent area, one at 317th (\$33 million) and one at 272nd (\$35 million), as well as a downtown transit center (\$5 million) and additional park and ride capacity (\$26 million) for a total of \$99 million in improvements.

By 2001, Sound Transit analysis and work with the City of Federal Way had determined two major scope changes, both of which required additional funds:

- € the 272nd project needed to be a much larger interchange project of which an in-line transit station could be a first stage, but the rest of which would be a WSDOT responsibility;
- € the Federal Way Transit Center should include a transit-oriented development and parking garage at a cost of about \$39 million.

Funds were transferred from the two ramp projects and the park and ride facility improvements to fund a 1,200-stall parking garage as part of the Transit Center. An agreement was reached with King County Metro to contribute funding to the 700-stall Redondo Heights Park and Ride.

The HOV Access 317th project and the Transit Center are under construction and due to be completed in 2005. The projects were delayed by extended negotiations with local stakeholders and by lengthy land use appeals but are now progressing well. The access ramp at 272nd, now called the Star Lake Freeway Station, awaits revenues from partners to supplement its funding package. Sound Transit has moved toward completing a package of projects in keeping with *Sound Move* and within the available \$100 million subarea budget.

Innovation Fund

Sound Move set aside \$38 million in the regional fund for research and implementation of new technologies to support transit and respond to customer needs. In 2002 a Board task force recommended reducing the fund to accommodate other agency needs and directed staff to develop a transit technology plan to program the remaining \$10 million. The Sound Transit Technology Plan was adopted and, together with local transit agencies, a set of projects was prioritized. Among the projects now in development are computer-aided dispatching, automatic vehicle location, real time passenger information, video surveillance security technology, and unified geographic information systems.

These descriptions of the evolution of some of Sound Transit's largest projects yield a number of findings and conclusions about the reasons for many of the cost increases and schedule delays. Some of these reasons were given by the regional context at the time of *Sound Move's* creation and others were weaknesses in the early management of the agency.

Capital Projects Finding 1: *Sound Move's* 1995 capital cost estimates were conceptual and in many cases proved to be a poor basis for program commitments. Many of the estimates were based on 0% to 1% design or were simply "placeholder" figures allocated to projects and jurisdictions for purposes of equity, not because real projects had been scoped and defined. Many of the estimates were based on minimal assumptions about project configurations and, as work with local communities began, it became evident that bare-bones projects were unacceptable to citizens and their governments. Inflation and the rapidly rising costs of real estate and construction in a booming economy also took the programs by surprise. Once implementation began, any number of new costs arose that planners had failed to estimate accurately during planning stages, e.g., adequate overhead costs, contingencies and reserves, art, and environmental mitigation.

Capital Projects Finding 2: For some projects, the 10-year timeline proved unrealistic and led to mistakes. *Sound Move*'s promise of a 10-year timeline for program completion was optimistic and failed to anticipate potential obstacles. Early on, the Sound Transit staff and Board were slow to understand the need for trade-offs between scope, schedule and budget. In the initial push to achieve fast timelines, the agency made mistakes and took risks that failed to pay off. The most serious of the attempts to accelerate schedule was the decision to build the Link Capitol Hill tunnel as a design-build project. Rigid adherence to tight timelines put pressure on the scope and budget of numerous projects, including many elements of the Sounder program. Schedule pressure continues to affect the agency today as it struggles to make accurate year-to-year cash flow forecasts. Also, some projects have turned out to be controversial and have needed years of work with stakeholders to define scope and negotiate project configuration.

Capital Projects Finding 3: Change happened along the way. Much changed during the course of plan implementation. Some projects envisioned in *Sound Move* proved infeasible for reasons such as that they depended on other projects that are unfunded going first or that partner agencies were unable to fulfill their funding obligations. New projects emerged that met needs that had not been anticipated at the time of planning almost 15 years earlier. Revenues and expenditures flowed at rates different than those assumed in the plan. Unexpected political events intervened. Unanticipated policy choices were made along the way, e.g., 1% of each construction budget was allocated to the Sound Transit public art program. Fortunately the RTA authorizing legislation and the *Sound Move* framework allowed sufficient flexibility to accommodate changes.

Capital Projects Finding 4: Sound Transit had to learn to manage “scope creep.” In the early days, the agency sometimes allowed scopes to get out of hand with amenities and betterments added onto projects. Some project scopes were inflated by local jurisdictions' requests for additional parking, street and sidewalk improvements, and design amenities. Once one jurisdiction got such betterments, others were encouraged to insist on similar add-ons. Some third parties realized they had significant leverage to insist on expansive demands or to stop a project and had every incentive to delay giving the necessary approvals to sell right-of-way and approve permits. In the beginning, the agency did not have adequate methods for tracking such additions to scope. It was 2003 before the Board fully understood the problem and adopted a policy to control scope changes.

Capital Projects Finding 5: Sound Transit had to learn to manage risk. Early on, the agency had no systematic way of assessing and tracking risks associated with scope changes, budget increases and schedule delays. Cumulatively, when several risks coincided, changes sometimes took managers by surprise. It was not uncommon for a combination of a costly third-party request, a delayed environmental permit, poor soil conditions, an unanticipated property condemnation and bad weather all to shock a project and its managers. Today, Sound Transit has tools and methods for assessing risk, allocating contingencies and monitoring potential risk factors, all of which allow it to manage projects and communicate with the Board more effectively. Nevertheless, more still needs to be done to ensure the agency is able to anticipate the widest range of possible risks.

Capital Projects Finding 6: Sound Transit matured and agency capacity to manage its program grew enormously. In 1996, Sound Transit was a start-up agency with 23 loaned staff. The Board and staff were inexperienced at working together to implement and oversee a billion-dollar program. The agency learned from its early mistakes and had good success in adapting its policies and developing its project management, project control and risk assessment systems. Sound Transit learned to balance program elements and some projects were reduced in scope to accommodate those that had expanded. It instituted systems to track changing estimates, scope changes, contingencies and cash flows. Over time, Sound Transit as an agency gained the discipline and the skills to manage its large and complex program. While some *Sound Move* projects cost much more than estimated, many others have ended up costing less.

Capital Projects Finding 7: Many *Sound Move* capital projects were insufficiently scoped and the early Sound Transit staff and Board made mistakes in managing and overseeing the programs. Sound Transit has now demonstrated many times over that once its projects were fully scoped and detailed baseline estimates were completed, it has performed admirably in bringing in projects within budget.

IV. Lessons Learned in Eight Years of *Sound Move*

From the Panel's review of the first eight years of *Sound Move*, we have drawn a number of lessons. These can be useful to Sound Transit as it embarks on its Phase 2 program, but may also be instructive to other transportation programs in the region. As policymakers debate new capital programs, new governance schemes and new financing mechanisms, COP offers the following conclusions and recommendations, based on eight years of analysis and close observation, for future use:

Lesson 1: Openness and honesty with the public are paramount. Sound Transit learned the hard way that not being open about problems can cause loss of credibility and loss of support for even the most popular program. Once lost, public confidence is hard to regain. If a situation will not withstand public scrutiny, it will eventually undermine any program or organization. The days of covering up cost overruns or half-baked projects, if they ever existed, are long gone. The public today demands integrity and full disclosure if it is to offer its support.

Recommendation:

€ *Ensure that policy makers, oversight bodies and the public have full access to project information, trade-offs and the policy implications of decisions.*

Lesson 2: Strong oversight by policy makers and citizens is essential to public confidence.

The Sound Transit Board grew in stature and effectiveness over time as it gathered experience and confidence in its own role. The Board learned to ask hard questions, to think critically, and to play its regional role with both toughness and diplomacy. The role of citizens on the Citizen Oversight Panel was instrumental in raising issues to the Board's attention that might otherwise not have been heard.

Recommendation:

€ *Institutionalize the mechanisms for strong policy oversight and independent citizen review to ensure that vigilance never lets up.*

Lesson 3: Strong management and mature agency skills are not created overnight. It took five years from start-up to the time Sound Transit had its policies, its systems and its management practices fully in place. Even with experienced managers, it can take years for project teams and management systems to reach their full level of effectiveness. The Puget Sound region should be careful to preserve and nurture this knowledge base and not to assume again that every new program needs a new agency to manage it.

Recommendation:

€ *Value the skills, experience and knowledge base at Sound Transit and other mature agencies and build on this hard-won capacity in the region.*

Lesson 4: Flexibility to manage a capital program is essential. Conditions change and unanticipated events, both good and bad, occur. Project scopes seldom look exactly the same after they are subjected to detailed engineering and community review. If one project ends up costing more, others need to cost less. If one project is stalled, another should be able to proceed.

Recommendation:

€ *Grant implementing agencies the tools and the flexibility to make needed adjustments along the way, guided by a strong policy framework and effective oversight.*

Lesson 5: Adequate levels of project scoping and design should take place before going to the ballot. A certain level of preliminary engineering and community review needs to take place to understand the issues that a project will face. If such due diligence has not yet occurred, a ballot proposal should be open about that fact.

Recommendations:

€ *Do not make promises about scope, schedule or budget until real baseline information is available.*

€ *Commitments by local jurisdictions and third parties on basic terms should be spelled out in writing before going to the ballot.*

Lesson 6: Partnering with communities and third parties requires a balance of excellent relationship skills and firm policies. The contemporary environment for large public projects invariably requires the cooperation of numerous third parties such as local governments, permitting agencies and communities. Sound Transit learned over time that the very challenging task of managing third party relationships requires diplomacy, skill, creativity and patience. Building such relationships takes time, understanding of areas of mutual interest and mechanisms to forge agreement.

Recommendation:

€ *Ensure that agency project staff are selected for their relationship skills and that they are given policies, management support, and project management systems that facilitate reaching agreement with partners.*

Lesson 7: Subarea equity should be an equity principle not an obstacle to a regional transportation plan. The spirit and intent of subarea equity have been met but at a cost. Mistrust among subareas has led to unnecessary delays in building the regional system and to excessive administrative burdens and inefficiencies for the agency. As the system expands in the

future, definitions of equity will be more and more problematic and may hinder the further development of the regional system.

Recommendations:

- € *COP recommends that the Sound Transit Board revisit subarea equity policy and evaluate whether it will allow the effective development and funding of the long-range plan envisioned. The Board should consider identifying core elements of the regional system for which subarea equity may not apply and which should be funded out of the Regional Fund.*
- € *COP also recommends that the Sound Transit Board revisit its subarea accounting practices and consider allowing the full ten percent of subarea budgets envisioned by **Sound Move** to be allocated to project contingencies and loosening inter-subarea borrowing rules.*

Lesson 8: Conservative financial planning and debt financing policies have served Sound Transit well. They provided an additional reserve of financial capacity that was needed to close the funding gap on some major projects.

Recommendation:

- € *Ensure that future financing plans are based on conservative assumptions that can serve as policy reserves above and beyond the cash reserves and contingencies the agency may have set aside.*

Lesson 9: Transit operating costs in the region are high and the Sound Transit Board should explore ways to bring them down. The operating model for ST Express bus service calls for Sound Transit to contract with public transit providers at a burdened hourly rate higher than direct operating costs, while also incurring an overhead rate for Sound Transit administration. When added to the nature of the service with its longer routes and to other regional policies, this has led to high hourly costs and low farebox recovery ratios.

Recommendation:

- € *The Sound Transit Board, together with the elected Boards of Community Transit, King County Metro and Pierce Transit, should evaluate options for bringing down direct and overhead operating costs; the Board should also consider competitive procurement of transit services.*

Lesson 10: Building ridership on a high capacity transit system is a long-term undertaking that is closely related to land use policies and the growth of urban centers. Ridership forecasts have been borne out so far only on the most urban corridors. Some suburban routes are still providing service to very few riders. Commuter rail must be viewed as a 21st century investment that will begin to fulfill its promise only as urban centers and smaller cities continue to grow.

Recommendation:

- € *In their capacity as city and county elected officials, Sound Transit Board members should continue the commitment to the Growth Management Act and to comprehensive planning policies that are supportive of transit use.*

Sound Move Year 8

Attachment A

Subarea Equity Procedures

This attachment spells out some of the policies and procedures employed in establishing and tracking subarea equity at Sound Transit.

Sound Move's definition of equity is as follows:

Equity will be defined as utilizing local tax revenues and related debt for projects and services which benefit the subareas generally in proportion to the level of revenues each subarea generates.While the Financing Plan will be managed by the RTA Board on a consolidated basis, the RTA will establish an accounting system by which to report individual subarea performance. (Sound Move Appendix B, Financial Policies, page B-3)

The **Sound Move** Financial Policies go on to state that, “the RTA Board agrees that the facilities, projects and services identified in the adopted Ten-Year System Plan represent a reasonable definition of equity for purposes of satisfying both public policy concerns and statutory requirements.”

Subarea Policies

Following are Sound Transit Board-adopted policies (updated March 2004) relating to subarea equity:

- 1) Sound Transit will implement an accounting system in full accordance with the requirements of subarea equity as defined in Sound Move Appendix B and Note 1: Significant Subarea Accounting Policies included in the annual Schedule of Subarea Equity.
- 2) Sound Transit will produce an annual subarea equity schedule. Board and the Citizen Oversight Panel along with Sound Transit management will engage Sound Transit's independent auditors to perform a series of procedures verifying compliance with Appendix B and other Board subarea requirements annually. The Washington State Auditor also audits the schedule and compliance with state law.
- 3) Sound Transit's chart of accounts will provide for all revenue, expenses and capital outlays to be attributed to subareas or the Regional Fund either directly or by allocation. All allocation drivers which are the basis for individual allocation rules are reviewed annually by the board during the budget process.
- 4) Consistent with Sound Move Financial Policies, subarea equity will be achieved by the end of Phase I. Subarea equity will be achieved from a financial standpoint if all subareas have positive net unrestricted net asset position.

- 5) Inter-subarea borrowing: If any subarea has a negative unrestricted net asset position in a given month and does not have restricted assets to cover the shortfall, that subarea shall be deemed to have borrowed its negative position from other subareas, proportional to their share of the positive unrestricted asset position. The borrowing subarea will pay to the lending subarea(s) interest at the most recently published Seattle CPI-U rate for any ending negative balance. Subarea borrowing requirements will be evaluated at each month-end.
- 6) Allocation of Bonds and Debt
 - a) Consistent with Sound Move, the agency will issue bonds and manage its cash on a consolidated basis. All bonds issued will be recorded in separate debt accounts in applicable subareas.
 - b) For purposes of creating the annual subarea equity statement during Phase I, the bonds will be provisionally allocated to each subarea consistent with the forecasted total bond allocation included in the annual updated Financial Plans for Phase I. Any changes in provisional allocation will only be done prospectively. For example, if Pierce is forecasted to have 25% of the agency's bonds in 2009 in the 2003 Updated Financial Plan, in FY 2003 financial statement, it would be allocated 25% of outstanding bonds at that time (\$350 m) for purposes of the subarea statement. Additionally, debt service (principle and interest) for outstanding bonds follow the allocation of related debt.
 - c) In 2009, final subarea bond allocations will be completed based on the cash requirements each year of the Phase I program not met by the subareas local tax collections, grants and misc. revenues. Final bond allocations in 2009 will establish permanent subarea balances and debt service requirements for the life of the debt.
 - d) Bonds issued for a particular project or program will be allocated to the subarea that pays for the project or program.
- 7) Allocation of Debt Service
 - a) Debt service will be allocated each year consistent with the allocation of bonds on the subarea statement.
 - b) Debt service on bonds issued for a particular program or projects will be allocated only to that project or program.
 - c) Debt service will be reconciled at the end of Phase I for potential adjustments based on the actual allocation of debt for Phase I.
- 8) Capitalized Interest
 - a) Interest expense incurred on outstanding long-term debt is subject to allocation to capital projects under construction depending on the level of construction activity under FASB 34 and 62. Allocation of interest to projects is not dependent upon allocation of debt to subareas.
 - b) Capitalized interest is tracked separately from capital projects for budget purposes but is combined when the capital project is capitalized and depreciated over the life of the asset.
 - c) Capitalized interest, as a non-cash item, was not included within Sound Move subarea equity balances. The application of capitalized interest to the statement of subarea equity will be evaluated at the end of Phase I.

Monitoring and Tracking Subarea Equity

Each year since Sound Transit began to operate as an agency, the Citizen Oversight Panel has discussed with agency staff and the auditors the examination of subarea equity. COP has regularly reviewed:

- € the subarea allocation policies and rules developed by staff and adopted by the Board,
- € the subarea accounting system including the allocation rules and drivers,
- € the subarea budgets developed by the agency,
- € the instructions given to the public accountants who annually examine the adherence to subarea rules.

Subarea Equity Agreed-Upon Procedures

Each year COP is a party to and reviews the procedures conducted by the agency's public accountants. An engagement letter specifies exactly how many sample transactions in each area are to be examined. The accountants issue a report outlining the work conducted and identifying any exceptions or issues noted.

Schedule of Subarea Equity:

1. Total columns (agreed to audited financial statements)
2. Totals and subtotals (mathematical accuracy)

Operating Revenues:

3. Regional Express passenger fare revenues
4. Sounder passenger fare revenues
5. Advertising revenues
6. Building rental revenues
7. Revenue vehicle rental revenues

Operating Expenses:

8. Transit operation and maintenance expenses
9. General and administrative expenses
10. Depreciation expenses

Non-operating Revenues:

11. Sales and rental car tax revenues
12. Motor vehicle excise tax.
13. Grant revenues
14. Interest and investment revenues

Non-operating Expenses:

15. Interest and bond issuance expenses

Other:

- 16. Contributions to Regional Fund
- 17. Total net assets beginning and ending of year

Capital Assets:

- 18. Charges to capital projects
- 19. Charges to property and equipment
- 20. Accumulated depreciation

Bonds Payable:

- 21. Bonds payable

Net Assets:

- 22. Invested in capital assets, net of related debt
- 23. Restricted
- 24. Unrestricted
- 25. Allocated Charges

FINANCIAL PLAN

Inter-Subarea Borrowings

Debt Service Coverage Calculation

Sound Move Year 8

Attachment B Express Bus Services

	<i>Sound Move Commitment</i>	Implementation
East King	S. Everett to Bellevue: SR 527	Routes 530, 532, service begun 1999
East King	Lynnwood to Bellevue: I-405	Route 535, service begun 1999
East King	Bellevue to SeaTac	Route 560, service begun 2000
East King	Federal Way to Bellevue	Route 565, service begun 1999
East King	Puyallup to Bellevue	Route 585, service begun 2001
East King	Woodinville to Northgate	Route 522, service begun 2002
East King	Issaquah to Bellevue/Northgate	Route 555, service begun 2001
East King	Redmond to Bellevue/Seattle	Route 550, service begun 1999
East King	Redmond to Seattle: SR 520	Route 545, service begun 2000
East King	Redmond to U. District	Route 540, service begun 2000
Pierce	Puyallup to Bellevue	Route 564, service begun 2003 to Auburn; due to be extended to Puyallup in 2006
Pierce	Tacoma to Seattle	Route 574, service begun 1999
Pierce	Tacoma to Seattle Express	Routes 590-595, service begun 1999
Pierce	Lakewood to Seattle Express	Routes 590-594, service begun 1999
Pierce	Tacoma Dome to Auburn: SR-167	Route 582, service begun 2001
Pierce	South Hill to Dupont Express	Route deferred until Cross Base Highway complete
Pierce	Lakewood to Tacoma Express	Route 574, service begun 1999
Pierce	Mid-County to Downtown Express	Not implemented; replaced by Route 586, Tacoma-U District, service begun 2002
Pierce	Lakewood to Puyallup Express	Combined with route 585, service begun 2001
Snohomish	Everett to Aurora Village: SR 99	Routes 505/506 discontinued due to lack of demand
Snohomish	Everett to Mountlake Terrace/Seattle: I-5	Routes 510/511, 513 service begun 1999
Snohomish	S. Everett to Bellevue: SR 527	Routes 530, 532 begun service 1999
Snohomish	Lynnwood to Bellevue: I-405	Route 535 begun service 1999
South King	Bellevue to SeaTac	Route 560 service begun 2000
South King	Federal Way to Bellevue	Route 565 service begun 1999
South King	Puyallup to Bellevue	Route 585 service begun 2001
South King	West Side Express	Route 570 discontinued 9/03; replaced by extension of Route 560
South King	Tacoma to Seattle	Route 574 service begun 1999

Sound Move Year 8

Attachment C Capital Projects

			Sound Move* YOE Estimate	2005 YOE Estimate	
140 E King	REX	Kirkland I-405 HOV Access Improvements	102,796	85,875	Project renamed Totem Lake Freeway Station/ 128th, serves Kingsgate P&R and Evergreen Hospital
145 E King	REX	I-405 @ Bellevue	78,730	80,895	Project open for service December 2004
150 E King	REX	I-405 @ Park Ave. (Renton)	39,762	86,958	Renamed Renton HOV Access/ North 8th Improvements, on hold pending WSDOT widening of I-405
155 E King	REX	I-405 @ Talbot Road (Renton)	39,165		Removed from Sound Move, funds reprogrammed to Renton HOV Improvements
160 E King	REX	I-90 @ Eastgate Park & Ride	38,693	38,908	Renamed Eastgate Transit Access/142nd, transit-only ramps and freeway stations, completion due 2007
165 E King	REX	I-90 @ Sunset Interchange (HOV Share)	20,179	9,185	Project completed 2003
141 E King	REX	Kirkland Transit Enhancements	14,000	8,453	Project added to Sound Move in 2001, renamed 85th Corridor Improvements, related to ST Express Route 540
166 E King	REX	SR 900 Park and Ride Arterial Improvements	9,327	7,394	Added to Sound Move in 1999, completed 2004
322 E King	REX	Bellevue Transit Center	17,216	15,461	Project completed in 2002
324 E King	REX	Bothell/Canyon Park Flyer Stop	6,578	9,132	Renamed Canyon Park Freeway Station
372 E King	REX	Bothell Branch Campus Access @ 195th/I-405	6,430	3,860	Schedule completion 2006
326 E King	REX	Issaquah Transit Center	13,228	29,482	Project scope changed to add structured parking up to 800 stalls, due 2007
328 E King	REX	Totem Lake Transit Center/Evergreen Medical	12,143	13,243	Project renamed, originally called Kirkland Transit Center, completion due 2007
354 E King	REX	Mercer Island Park & Ride/North Mercer Way	11,471	13,313	Project scope adding 200 stalls in two-level structure; completion due 2007
330 E King	REX	Newcastle Transit Center	6,789	7,223	Project in PE/ED, completion scheduled 2009
374 E King	REX	Willows HOV (Redmond)	6,574	6,931	Renamed Redmond Transit Center, in PE/ED, completion scheduled 2008
332 E King	REX	Overlake Transit Center/Park & Ride (NE 40th)	5,586	10,943	Project completed in 2003
376 E King	REX	Woodinville Arterial HOV Enhancements	6,253	1,798	Project scope reduced, completion scheduled 2005
378 E King	REX	Small Cities Transit Access	4,117	150	Renamed Yarrow Point Stop Improvements, completion scheduled 2006
380 E King	REX	Unincorporated King Co. Transit Access	6,735	7,764	Renamed Sammamish Park and Ride / 228 SE, completion scheduled 2006
382 E King	REX	I-90 Two-Way Center Roadway	16,850	40,389	Project scope & budget substantially increased, project awaiting additional funding
384 E King	REX	SR-522 HOV Enhancement (Woodinville to Bothell)		8,791	SR522 Kenmore portion, completion scheduled 2008
385 E King	REX	SR-522 HOV Enhancement (Woodinville to Bothell)	13,745	8,572	SR522 Bothell portion, completion scheduled 2008
355 E King	REX	Issaquah Highlands Park and Ride		8,012	Added to Sound Move 2002, interim lot opened 2003
142 E King	REX	Kirkland Transit Center		13,300	Added to Sound Move in 2004, funds transferred from #140

Sound Move* 2005 YOE
 YOE Estimate Estimate

323 E King	REX	Bellevue Rider Services Building	4,412 Community information building with bike station, restrooms and police outpost at Bellevue Transit Center	
999 E King	REX	REX Capital Program Reserve	Created in 2002 for deposit of unprogrammed funds	
		<u>Subtotal</u>	<u>476,368</u>	<u>541,004</u>
341 E King	TOD	Woodinville TOD	Housing above existing Woodinville P&R lot	
		<u>Subtotal</u>	<u>0</u>	<u>4,920</u>
E King	ART	Art Program	Incorporates public art in projects and facilities at 1% of construction cost	
		<u>Subtotal</u>	<u>0</u>	<u>2,739</u>
261 E King	REX	Maintenance Facilities	Facilities to support ST bus maintenance	
290 E King	REX	Bus Acquisitions	Current assumption of 80 buses for subarea ST service (vs. 67 in Sound Move)	
		<u>Subtotal</u>	<u>37,638</u>	<u>59,056</u>
<hr/>				
N King	Link	Light Rail	Original project split into three segments	
100 N King	Link	Northgate to 45th	9,000 PE and FEIS due in 2005, project unfunded in Phase 1	
200 N King	Link	North Link 45th to CPS	101,000 PE and FEIS due in 2005, project unfunded in Phase 1	
300 N King	Link	Initial Segment	1,476,795 Under construction, completion due 2009	
399 N King	Link	Initial Segment Project Reserve	90,695 Contingency funds currently unprogrammed	
		<u>Subtotal</u>	<u>1,755,684</u>	<u>1,677,490</u>
N King	ART	Art Program	Incorporates public art in projects and facilities at 1% of construction cost	
		<u>Subtotal</u>	<u>0</u>	<u>7,602</u>

Pierce	Sounder	Auburn to Lakewood (Track and Facilities)	Original Sound Move project split into three segments	
120 Pierce	Sounder	Auburn to Tacoma (Track and Facilities)	206,557 Construction underway by BNSF, Sounder service begun 2000	
130 Pierce	Sounder	Tacoma to Lakewood (Track and Facilities)	136,037 ST purchased corridor from BNSF; PE/ED underway, completion due 2007	
150 Pierce	Sounder	Nisqually to Lakewood (Track and Facilities)	16,101 ST purchased corridor from BNSF, no service anticipated in Phase 1	
140 Pierce	Sounder	Layover	10,359 New project defined, storage track & facilities for overnight layover of trains.	
247 Pierce	Sounder	Reservation to Freighthouse Square (T&F)	7,699 New project split out from Seattle-Tacoma segment to address remediation of Bay Street embankment; open for service 2004	
241 Pierce	Sounder	Sumner Station	9,408 Open for service 2000	
243 Pierce	Sounder	Puyallup Station	13,360 Open for service 2001	

		Sound Move* YOE Estimate	2005 YOE Estimate	
245	Pierce	Sounder Tacoma Dome Station	18,919	10,348 Open for service 2003
251	Pierce	Sounder S. 56th St. Station	7,831	10,922 Renamed South Tacoma Station, completion due 2007
253	Pierce	Sounder Lakewood Station	10,035	25,404 Project rescope to incorporate former SR 512 Park and Ride Expansion. Station now includes 1000-space surface parking. Completion due 2007.
255	Pierce	Sounder Lakewood CBD Rail Station Connection	4,634	1,955 Project completed, unspent budget transferred to Lakewood Station project
212/ 216	Pierce	Sounder TVM & CCTV		5,524 40 ticket vending machines throughout 12 Sounder stations. Closed circuit TV and passenger information system for stations and rail cars. Completion 2007-08
603	Pierce	Sounder Program Reserve		22,118 Created in 2003 for deposit of unprogrammed funds
		<i>Subtotal</i>	<u>252,378</u>	<u>475,792</u>
500	Pierce	Link Light Rail Tacoma	58,248	80,416 Open for service 2003
356	Pierce	REX Tacoma Dome Expansion	11,450	10,788 Open for service 2000
358	Pierce	REX South Hill Park & Ride	5,706	5,012 Open for service 2001
360	Pierce	REX Dupont Park & Ride	6,663	4,291 Open for service 2003
362	Pierce	REX SR 512 Park & Ride Expansion	5,704	357 Project merged into Sounder Lakewood Station #253
		<i>Subtotal</i>	<u>29,523</u>	<u>20,448</u>
Pierce		ART Art Program		1,695 Incorporates public art in projects and facilities at 1% of construction cost
		<i>Subtotal</i>	<u>0</u>	<u>1,695</u>
261	Pierce	REX Maintenance Facilities	10,663	10,155 Facilities to support ST bus maintenance
290	Pierce	REX Bus Acquisitions	30,963	31,941 Current assumption of 77 buses for subarea ST service (vs. 69 in Sound Move)
366	Pierce	REX Tacoma Dome Expansion		311 Midlife maintenance transferred from Capital Projects
		<i>Subtotal</i>	<u>41,626</u>	<u>42,407</u>
100	Snohomish	Sounder Everett to Seattle (Track & Facilities)	73,184	304,259 Budget reflects agreement with BNSF to purchase rail easements; BNSF responsible for design & construction of improvements to allow 4 daily round trips
131	Snohomish	Sounder Permitting and Environmental Mitigation		10,288 New project addresses ST's responsibility related to BNSF track & facilities
140	Snohomish	Sounder Layover		4,079 New project defined, storage track & facilities for overnight layover of trains.
201	Snohomish	Sounder Everett Multimodal Station	13,440	26,872 Station opened for service 2003; phase 2 now underway to add 770 parking stalls, completion due 2005.
205	Snohomish	Sounder Mukilteo Station	6,694	18,214 PE/ED on long-term plan for new multimodal facility at Tank Farm, completion due 2007; location of permanent parking not yet determined.
207	Snohomish	Sounder Edmonds Station	6,694	13,106 Temporary station opened for service 2003; permanent station part of new multimodal station with ferries and Amtrak, completion due 2007.

		Sound Move* YOE Estimate	2005 YOE Estimate	
212/216	Snohomish Sounder Bond St. Station (Everett) Sounder TVM & CCTV	1,149		Removed from Sound Move 2,770 40 ticket vending machines throughout 12 Sounder stations. Closed circuit TV and passenger information system for stations and rail cars. Completion 2007-08
601	Snohomish Sounder Sounder Program Reserve		5,715	Created in 2003 for deposit of unprogrammed funds
		<u>101,160</u>	<u>385,303</u>	
105	Snohomish REX I-5 @164th (Ash Way)	13,739	18,428	Renamed Ash Way HOV Access/164th SW, completion due 2005
111	Snohomish REX I-5 @ Lynnwood Park & Ride	36,038	26,956	Renamed Lynnwood HOV Access/46th Ave W, open for service 2004
115	Snohomish REX I-5 @ 112th (Silver Lake)	7,385	26,075	Combined with Silver Lake flyer stop, renamed South Everett Freeway Station, completion due 2008
342	Snohomish REX SR-525 @ 164th (Swamp Creek)	2,242		Project deferred, funding transferred to program reserve
311	Snohomish REX Lynnwood Transit Center	18,233	31,604	Combined with Lynnwood P&R Enhancements, renamed Lynnwood Transit Center and Park and Ride, open for service 2004
340	Snohomish REX Ash Way Park & Ride	2,190	1,114	Open for service 1999
342	Snohomish REX Swamp Creek Park & Ride	6,691	303	Project deferred, funding transferred to program reserve
312	Snohomish REX Mountlake Terrace Flyer Stop	3,575	3,806	Renamed Mountlake Terrace Freeway Station, Board review pending
311	Snohomish REX Lynnwood Transit Center - Park & Ride Connector	6,082		Combined with Lynnwood Transit Center
370	Snohomish REX Pacific Ave. Overpass (Everett)	11,833	16,796	Open for service 2001
314	Snohomish REX South Everett Transit Center	3,441	31	Project discontinued
346	Snohomish REX East Everett Park & Ride (formerly "Landfill")	19,896	86	Project discontinued
316	Snohomish REX North Everett Transit Center	1,255	1,698	Completion due 2007
311	Snohomish REX Lynnwood Park & Ride Enhancements	2,252		Combined with Lynnwood Transit Center
318	Snohomish REX 112th St. Park & Ride/Flyer Stop (Silver Lake)	17,486		Combined with 1-5 @ 164th (Silver Lake), renamed S. Everett Freeway Station
395	Snohomish REX Funds for Other Projects	27,559	31	Transferred to program reserve
345	Snohomish REX Lynnwood SR 99 Transit Lanes		2,546	Fund contribution from savings at Lynnwood Direct Access
999	Snohomish REX REX Program Reserve		25,370	Created in 2002 for deposit of unprogrammed funds
		<u>179,898</u>	<u>154,844</u>	
401	Snohomish TOD Ash Way TOD		100	Fund contribution for a new signalized intersection adjacent to Ash Way P&R
		<u>0</u>	<u>100</u>	
	Snohomish ART Art Program		1,092	Incorporates public art in projects and facilities at 1% of construction cost
		<u>0</u>	<u>1,092</u>	

		Sound Move* YOE Estimate	2005 YOE Estimate	
261 Snohomish	REX	2,603	2,007	Facilities to support ST bus maintenance
290 Snohomish	REX	7,447	16,258	Current assumption of 35 buses for subarea ST service (vs. 20 in Sound Move)
		<u>10,050</u>	<u>18,265</u>	
		<u>Subtotal</u>		
<hr/>				
110 S King	Souder	201,547	256,553	Construction underway by BNSF, completion due 2007; service begun 2000
247 S King	Souder		9,103	Construction complete 2004
140 S King	Souder		8,655	New project defined, storage track & facilities for overnight layover of trains.
231 S King	Souder	12,201	7,944	Service begun 2000
233 S King	Souder	11,531	66	Removed from Sound Move
235 S King	Souder	14,383	19,271	Temporary station opened 2001; permanent station deferred until agreement with City of Renton can be reached
237 S King	Souder	6,649	32,560	Station opened 2001, new scope elements parking garage, pedestrian bridge and street improvements opened 2003
239 S King	Souder	9,996	26,044	Station opened 2000, new scope elements parking garage and pedestrian bridge opened 2003
212/ 216 S King	Souder		5,226	40 ticket vending machines throughout 12 Sounder stations. Closed circuit TV and passenger information system for stations and rail cars. Completion 2007-08
602 S King	Souder		835	Created in 2003 for deposit of unprogrammed funds
		<u>256,307</u>	<u>366,257</u>	
		<u>Subtotal</u>		
300 S King	Link	398,919	593,205	Under construction, completion due 2009
399 S King	Link		37,605	Contingency funds currently unprogrammed
400 S King	Link		18,600	PE and EIS due in 2005; project unfunded in Phase 1
		<u>398,919</u>	<u>649,410</u>	
		<u>Subtotal</u>		
125 S King	REX	32,681	32,618	Project renamed Federal Way HOV Access / 317th; construction underway
131 S King	REX	35,037	24,826	Project on hold pending additional funding or development of reduced scope
135 S King	REX	22,720	55	Removed from Sound Move in 2002
321 S King	REX	4,858	39,455	Project renamed Federal Way Transit Center/317th; 1200-stall parking structure and TOD added to scope; completion due 2005
350 S King	REX	19,500	2,444	Redondo Heights P&R 700 stalls; contribution to KC Metro project; remaining funds transferred to Federal Way Transit Center #321
S King	REX	6,396	10	Funds transferred to program reserve
999 S King	REX		1,010	Created in 2002 for deposit of unprogrammed funds
		<u>121,192</u>	<u>100,418</u>	
		<u>Subtotal</u>		

					Sound Move* YOE Estimate	2005 YOE Estimate
S King	REX	Art Program			0	4,788
					<u>Subtotal</u>	4,788
261 S King	REX	Maintenance Facilities		2,865	3,390	Facilities to support ST bus maintenance
290 S King	REX	Bus Acquisitions		8,324	8,967	Current assumption of 19 buses for subarea ST service (vs. 21 in Sound Move)
				<u>Subtotal</u>	11,189	12,357

4,788 Incorporates public art in projects and facilities at 1% of construction cost

* **Sound Move** cost estimates were provided in 1995 dollars; these have been recalculated here in year-of-expenditure (YOE) dollars for purposes of comparison. See also page 21 of the report for further discussion.

Sound Move Year 8

Attachment D Citizen Oversight Panel

Patsy Tsui Bonincontri. Ms. Bonincontri, a resident of Bellevue, is a practicing architect with the firm MulvannyG2 Architecture where she manages commercial construction projects. She is versed in working with plans, specifications, schedules and project management tools. Her professional experience includes two years working on commercial and mixed-use projects in Tokyo and Yokohama, Japan. She is currently Vice Chair of the Bellevue Planning Commission and has been involved in helping the city with its regulations and planning processes. Ms. Bonincontri earned her architecture degree at the University of Southern California.

Richard U. Chapin. Mr. Chapin is a retired land use attorney residing in Bellevue where he is active in local and state affairs. He served in the Washington Legislature from the 48th District from 1967-1973 and as Chair of the Washington State Land Planning Commission 1973-1975. He was formerly on the boards of the Eastside YMCA, Bellevue Chamber of Commerce, Citizens School Advisory Committee, and King County Master Gardener Foundation, among other civic interests. Mr. Chapin has worked as a mediator, chaired the King County Bar Association's Dispute Resolutions Committee, served on numerous Bar Association committees and is now on its Drug Policy Committee.

Aubrey Davis. Mr. Davis has a distinguished record of public service on health care and transportation policy in the Puget Sound region. He has served as Regional Administrator for the U.S. Department of Transportation, as chair of the Washington Transportation Commission, on the executive committee of the TransLake study and on the Expert Review Panel for Sound Transit, among many other roles. He was a founding Board member and CEO of Group Health Cooperative, Mayor of the City of Mercer Island and is the chair of two private companies. Mr. Davis is a resident of Mercer Island and his other interests include the arts and baseball.

Bertha Eades. Ms. Eades served eight and a half years on the City of Redmond Planning Commission. She is a long-standing member of the League of Women Voters of Lake Washington East where she has served as president and in many other Board positions. She currently serves on the TransLake Study Advisory Committee and also served on the Redmond Trails Committee and the Metro Citizen Water Quality Advisory Committee as well as numerous issue study groups at the local and King County levels.

Rea L. Hagan. Ms. Hagan, a resident of Tacoma, has over 20 years of experience in highway engineering and construction in the public sector. She is currently employed as a project manager with Amtrak and until recently was a project engineer on the Thea Foss Waterway project in Tacoma. Ms. Hagan has also been a field engineering specialist with the City of Renton. She has extensive knowledge of federal regulations, contract administration and monitoring, and public policy analysis. Ms. Hagan has a Masters in Public Administration and certification in project management from the University of Washington.

Miriam Helgeland. Ms. Helgeland is a retired teacher and long-time League of Women Voters board member and officer in the South King County area. She has been active on the League's regional transportation committee and participated in site visits to Portland and Vancouver to study their light rail systems. Ms. Helgeland served on the King County Charter Review Commission in 1987-88 and on a later League King County governance study committee. She has also served as president of the Star Lake Improvement Club.

Bill LaBorde. Mr. LaBorde, a resident of Tacoma, spent several years immersed in Puget Sound transportation issues as the state lobbyist for the Transportation Choices Coalition. He has also been active as a Tacoma Planning Commissioner, a member of the Puget Sound Regional Council Transportation Policy Board and with the Washington Conservation Voters. After a recent unsuccessful run for the state legislature, Mr. LaBorde currently works for the Northwest Energy Coalition as Director of its Climate Campaign.

Paul W. Masten. Mr. Masten is a transportation engineer with over 30 years experience in planning and design of major public works projects. He is currently a principal of BlueRidge Associates and was formerly Managing Principal of Reid Middleton, Inc. in Everett, where he was program manager for many of the firm's largest and most complex projects. Mr. Masten is active in various professional associations and in civic organizations including the Snohomish County Committee for Improved Transportation and the American Council of Engineering Companies - Washington. A resident of Lynnwood, Mr. Masten has a BS degree and graduate work in civil engineering.

Mary McCumber. Ms. McCumber, a resident of Seattle, has been a planning professional in the Puget Sound region for 25 years. Her most recent position was executive director of the Puget Sound Regional Council for twelve years. Prior to that, she was the executive director of the Washington State Growth Strategies Commission and held various planning positions in local government. Ms. McCumber is also a leader in historic preservation and a founding member of 1000 Friends of Washington. She has received numerous planning awards and was named the 1997 Municipal League Public Official of the Year. Ms. McCumber holds a Masters in Urban Planning from the University of Washington.

Karen Miller. Ms. Miller, a resident of Mountlake Terrace, is a former member of the Snohomish County Council, which she chaired for two years. Among numerous civic activities, she has served on the Mountlake Terrace Planning Commission and Library Board, on the Board of Directors for the Luther Child Center and the Snohomish County Public Defenders Association. She also served on the Board of Trustees of Edmonds Community College for over 20 years, was President of the Community and Technical Colleges Association of the State of Washington, and was President of the Municipal Research Services Corporation. Ms. Miller currently serves as Chair of the Washington State Housing Finance Commission.

Jessyn Schor. Ms. Schor is a transportation advocate with the Washington Public Interest Research Group (WashPIRG), where she directs transportation policy and research to promote transit ridership in the Puget Sound region. Ms. Schor is a resident of Seattle and a recent graduate of Boston College Law School. While in law school, Ms. Schor served legal

internships with the International Criminal Tribunal for the Former Yugoslavia, Alternatives for Community and Environment, and the Massachusetts Association of Conservation Commissions.

Larry E. Shannon. Mr. Shannon retired in 1993 after 25 years with the U.S. Army Corps of Engineers, where he held the position of Chief of the Design and Project Management Division in the Seattle District. He has extensive engineering and management expertise on large public works facilities and is familiar with public works regulations, policy development and fund control. He was recognized as Government Engineer of the Year in 1993 by the Puget Sound Engineers Council. Mr. Shannon is a resident of Bellevue and is the past Chair of the Bellevue Transportation Commission.

Al Stipe. Mr. Stipe, a resident of Federal Way, is a retired financial consultant for Merrill Lynch with a specialization in conservative money management and an emphasis on tax-free bonds. He also served as a lieutenant colonel in the Air Force. Mr. Stipe has been a community activist in Federal Way with several city council campaigns and with the planning of the final Sound Transit proposal that was presented to the public.

Former Panel Members

Bruce Agnew. Edmonds, served 1997-1999.

Anoop Batra. Federal Way, served 1997.

Diane Carlson. Tacoma, served 1997-1999.

Arlington W. (Art) Carter Jr. Seattle, served 1997-2004, served as chair 2001-2003.

Darrell Chapman. Snohomish County, served 2002-2003.

Marcus Courtney. Seattle, served 2003-2004.

Allan B. Darr. Everett, served 1997-2001.

Claudia B. Ellsworth. Tacoma, served 1999-2001.

Steven M. Goldblatt. Seattle, served 1997-2003, served as chair 1997-1999.

Ramon J. Gould. Edmonds, served 2000-2004.

Kevin J. Grossman. Shoreline, served 2004.

Virginia Gunby. Seattle, served 1997-2004.

Frederick M. Hart. Seattle, served 1997-2003.

Michael A. (Tony) Hudson. Tacoma, served 1998-2000.

Terry Lukens. Bellevue, served 1997-1999.

Thomas M. Luthy. Bellevue, served 1997-2003.

Kristi A. Mandt. Seattle, served 1997-2001.

David Osaki. Federal Way, served 1997-2003.

Katherine Rose. Tacoma, served 1997-98.

Donald L. Russell. Seattle, served 2003.

Reid Shockey. Everett, served 1997-2003, served as chair 1999-2001.

Stephen C. Wamback. Tacoma, served 2001-2005.

Stephanie Weber. Kirkland, served 1997-98.

Phillip TK Yin. Seattle, served 2001-03.