

Comments to the Sound Transit Board on the Central Link Light Rail Initial Segment

By John S. Niles, CETA Technical Director

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As a result of the letter to Federal Transit Administration dated October 23 from Congressman Istook, both this Board and the FTA now have to reach a decision on whether it is possible to create an amended Full Funding Grant Agreement that advances common goals and protects the interests of all parties. The pro-transit opponents of Link who are organized as CETA, Coalition for Effective Transportation Alternatives, note that Congressman Istook's letter listed a litany of concerns about the project, many of which are shared by CETA.

Paraphrasing, Mr. Istook mentioned in his letter:

- Most of the forecast ridership would come from buses, and the number of automobiles removed from highways would be small.
- High cost per mile of the Initial Segment and even higher cost per mile to extend the system.
- High potential for major cost overruns.
- Revenue collapse if I-776 were upheld by the State Supreme Court.
- Potential for future demands on the Federal Government beyond the \$500 million sought under the present FFGA
- Possible conflict between the FFGA and other regional commitments made by Sound Transit, including subarea equity.

But Mr. Istook, unfortunately, wrote that it is now too late for the Federal Government to address all of these concerns, so he has selected just a few to focus on, where there is a Federal interest. He listed three issues that must be addressed in the pending FFGA, the most important of which in CETA's judgment is the first one:

A Sound Transit board resolution, confirming the statements and commitments in Sound Transit's October 2nd letter, including the commitments protecting subarea equity. This should also be reflected in the language of the FFGA.

Now, I presume the Board and FTA will simply incorporate the entire seven page October 2nd letter into the FFGA by reference. Anticipating this event, I want to point out a few things, based on two short essays from CETA analyzing the statements in your October 2nd letter, posted on the web.

In the first of our essays, we note the irony in Sound Transit insisting that the \$500 million Federal grant is required to build the Link Initial Segment, while at the same time a \$703 million voter-approved reduction in funding from I-776 would not be a problem.

Sound Transit's response to I-776 would leave a total of only \$260 million in unprogrammed financial capacity remaining in the five subareas at the end of the light rail construction period in 2009. An executed FFGA for the Initial Segment – and the subsequent issuance by Sound Transit of over one billion dollars in bonds – would put all

parts of the region on the hook for funding the Initial Segment. And since it provides the majority of that remaining \$260 million, the East King subarea would serve as the agency's single largest cushion against default. In Snohomish, South King, and Pierce, unprogrammed financial capacity is entirely eliminated by the I-776 implementation scenario, hence leaving NO room for error in delivering planned projects – nor any room for future Phase II enhancements. The North King subarea's reserve capacity would be reduced by 73%, to \$81 million. The East King subarea's funding reserve is whittled in half. Link's finances are a high wire act without a net. Do you say “bravo” or do you say “stop?”

In our second essay we found, surprisingly, that the stated contingency plan for I-776 incorporates subarea equity violations. We compared revenue and impact by subarea. The October 2nd letter identified a \$68 million potential financial impact from I-776 implementation in the Pierce County subarea, representing 10% of the total impact. Yet the Pierce subarea will account for about 20% of Sound Transit's anticipated loss of MVET revenue. Thus, program adjustments to the Pierce subarea at 10% share are only one-half the 20% revenue share level that the principle of subarea equity requires.

To counter-balance Pierce subarea's substantially less-than-proportionate share, Sound Transit assigned to the other four subareas financial impacts in excess of their share of lost MVET revenues. CETA recommends that you have staff explain this discrepancy before moving ahead to incorporate the plan of action in that letter into the FFGA.

If Mr. Istook's requirements as translated by FTA prove too onerous, you could still back out of the light rail project. You could pass a resolution stating that the Seattle light rail plan is no longer feasible because of the new conditions placed by Congress on the FFGA, and that the local resources are to be reprogrammed to other lines of business in the Sound Move business mix. With Tacoma Link in place, you could say that you built all the light rail in the taxing district that was possible.

With Seattle Central Link off the table, the opportunity would then be on hand to spend the light rail billions on readily available express bus and Community Connection options to achieve more and better transit performance. You could still get the 1996 Sound Move regional transit performance goals done not by 2009, but by 2006, including just as much economic development and job creation as you could expect to see with Central Link Initial Segment.

Thank you, Mr. Chairman.

Note: CETA's two essays with analysis of the October 2 Sound Transit letter to FTA are posted at <http://www.globaltelematics.com/pitf/ffgapending.htm>.

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