CETA **Coalition for Effective Transportation Alternatives**

December 16, 2005

U. S. Department Of Transportation

Mr. Dave Leighow
Federal Highway Administration
Washington Division
Suite 501, Evergreen Plaza
711 South Capitol Way
Olympia, WA 98501

Mr. John Witmer
Federal Transit Administration
915 Second Avenue, Suite 3142
Seattle, WA 98174

Dear Mr. Leighow and Mr. Witmer:

In re: Certification Review of Puget Sound Regional Council

The Coalition for Effective Transportation Alternatives (CETA) thanks Department of Transportation for the opportunity to provide input to the triennial certification review of Puget Sound Regional Council (PSRC) as the MPO for the four-county metropolitan area encompassing Seattle, Bellevue, Tacoma, Everett, and Bremerton. We have reviewed the previous two certification letters reporting on the results in the 2002 and 1999 cycles, and we support the improvement actions already suggested by USDOT. We especially appreciate the emphasis on "congestion management."

We also support the new transportation staff who have come over to PSRC from Washington State DOT, and we salute the Council's position of national leadership in the critical areas of freight mobility, and policy and technology for road pricing. However, we have deep concerns from seeing the results of PSRC's planning on public transit investment over the past decade.

Based upon a review of the historical record of regional transportation planning and after listening to the advice of our members and advisers, CETA recommends that USDOT make renewed certification of PSRC contingent upon its preparation of detailed reports for the record with satisfactory explanations on the following topics:

- <u>An explanation of why and how PSRC metropolitan transportation plans (MTPs) approving the construction and operation of commuter railroad services, light railroad facilities, streetcars, and monorail facilities comply with existing Federal regulations that the plan "lead to the development of an integrated intermodal transportation system that facilitates the efficient movement of people and goods."</u>

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CETA's focus is not on adding modes, but on achieving efficient movement. System performance forecast results for the railroad-based high-capacity transit (HCT) in the 2030 MTP do not indicate future efficient movement and should be given a failing grade. Under existing state-mandated and federal-mandated alternatives analysis protocols, CETA does not understand how PSRC approvals of these investment choices are compliant with Federal regulations in light of the PSRC forecasts of future road traffic delay for freight, commercial services, emergency vehicles, buses, van pools, cars with passengers in HOV status, and SOVs. Vehicle delay increases from 130,000 hours in 1998 to 240,000 in 2030, an 85 per cent increase, while transit mode share only increases from 2.8 percent to 5.1 percent. The doubling of transit ridership (which is in the process of a forecast revision downward we understand) does not materially improve congestion, freight mobility, ridesharing, and growth management concurrency. Although it is argued that trains in exclusive ROW are needed for personal trip making to avoid getting bogged down in roadway congestion, the geographic coverage of the railroad based HCT contemplated by PSRC is not ubiquitous enough to reduce vehicle delay. The long-held Vision 2020 concept of organizing the regional landscape around dense residential and commercial land use near train stations does not seem to be panning out in efficient movement of people and goods as required in the mandatory planning factor.

- <u>A detailed explanation of how and why the PSRC's metropolitan transportation plans specifying the future construction of light rail from Seattle CBD to Northgate for over a decade have avoided the apparent violation of the regulatory requirement for fiscally constrained metropolitan transportation planning, given the history of events in the development of this project, and the fact that light rail to Northgate is still unfunded as of this writing.</u> Over the past decade, PSRC has continually certified that Sound Transit's 24 mile Link Light Rail Phase 1 to Northgate conforms to the requirements for a modal alternatives analysis and conforms to the fiscally-constrained MTPs of 1995 and 2001. In light of the historical development path of light rail, CETA challenges this claim based on the following critical incidents:

    - The complete collapse of light rail MOS-1 from Lander Street south of the Seattle CBD to NE 45th Street in the University District during January to April 2001. A massive cost overrun was revealed following award of an FFGA despite this project's conformance to all of PSRC's requirements previous to this point;
    - The results of $100 million in North Link light rail planning since 1996, reaching a point now where an eye-popping $700 million in Federal New Starts funding has been requested by Sound Transit for a three mile $1.4 billion tunneled line called University Link that fails to place a train station inside the boundary of the PSRC-defined University District urban center, and bypasses what was once claimed as a critical station location in the dense First Hill section of another PSRC-defined urban center;

- The letter from PSRC to FTA of August 3, 2005 (attached) that claims that University Link as defined in 2005 is consistent with the Metropolitan Transportation Plans of 1995 and 2001. Is it consistent? The eligibility of University Link in 2005 for the necessary Federal funding includes the requirement that the MIS of 1997 is an adequate certification of the alternatives analysis published in 1993. In 2004-05, CETA adviser Dr. Richard Harkness discredited the 1993 alternatives analysis (www.effectivetransportation.org), but it still serves as the foundation on which the ongoing justification of Central Link light rail rests.
- In summary, while PSRC has served as our regional planning agency, the Sound Move HCT program has gone from a 10 year, $4.5 billion program to a $10.5 billion 20 year program, with unfunded, unprogrammed segments remaining on both ends of the Central Link light rail line that will certainly expand the budget and extend the construction schedule. See attachment. Where is fiscal constraint?

- <u>An explanation, given the history just described, of why PSRC has de-emphasized the bus-based HCT alternative in development since the early 1970s in favor of railroad-based HCT.</u> The PSRC support of Sound Transit building a "light" railroad for the price of BART has been a sharp contrast to the very noticeable rising FTA emphasis on bus rapid transit (BRT) since the middle of the 1990s. Reducing congestion, improving freight mobility, facilitating ridesharing, fostering growth management concurrency is arguably better achieved by a rubber tire HCT system that could achieve greater synergy among all transportation modes. Rather than separating transit into exclusive ROW, it could be integrated with a managed roadway system in a mutually-supportive way to optimize personal travel time, improve freight mobility, promote ridesharing, and foster growth management concurrency.

    - PSRC is apparently clinging to the Sound Transit promoted notion of letting freeway travel times deteriorate for the very buses that right now beat the trip times on light rail and commuter railroad lines that provide less frequent, more expensive service on tracks in the same corridors. Is this what USDOT means by "congestion management system?"
    - In contrast, Intelligent Transportation Systems (ITS) technology, road pricing, and investment in High Occupancy/Toll (HOT) lanes hold the promise of keeping buses and other freeway traffic moving, and provide synergy between transit and non-transit modes. BRT in HOV lanes allows a more geographically widespread, affordable, and cost-effective form of public transportation. BRT on HOT lanes is more easily integrated with and mutually supportive of other modes of transportation and the land use system than railroad-based HCT.
    - See the attached graph by Jim MacIsaac, P.E. showing cost and ridership trajectory of Sound Move.

- An appraisal of the objectivity of PSRC's planning treatment of Sound Transit's HCT that includes consideration of Sound Transit's status as a paying customer of PSRC for supplementary work that is not part of metropolitan transportation planning. One intriguing item of paid work by PSRC staff for Sound Transit was an economic impact study of high capacity transit finalized in May 2005 in draft form. It calculated an economic benefit in 2030 from high capacity transit beyond Sound Move of approximately $250 to $400 million – for an investment by taxpayers that would cost multiple billions. This first version of the work-for-hire was never published, and a second version was prepared and published by PSRC with no embarrassing quantification offered. Both versions are available on the world wide web at http://www.bettertransport.info/pitf/resourcelinks.htm

    - The PSRC's travel forecasting model is reportedly in the process of being revised to show much lower 2030 transit mode share than previously forecast, yet Sound Transit is planning light rail and seeking Federal New Starts funding for it based on forecast numbers for revenue customers coming out of an increasingly obsolete earlier version of the PSRC model. For PSRC to certify a plan based on a model inconsistent with its own (and far from credible besides) undermines any pretense of impartiality.

- The lessons learned for the improved conduct of regional transportation planning from the PSRC's eight-year experience dealing with the Seattle Popular Monorail. Many would like to know what happened given the contrast between the status of Destination 2030 MTP as America's Best Transportation Plan and the Economist magazine assertion that Seattle has the worst transportation planning! An explanatory report should cover the role of PSRC's regional transportation planning activity in reacting to and guiding (a) the Seattle Popular Monorail's initiation by citizens, (b) the monorail project planning for initial implementation, and (c) the eventual project downfall that took place. This all took place between the period of the first monorail initiative election in November 1997 and the recent November 2005 election shutting down the project. It is CETA's view that PSRC acted largely as a passive bystander in the eight-year monorail debacle, without sufficiently raising its voice on questions of benefit versus cost, alternatives analysis, and fiscal constraint. This recommended follow up report would be an important lesson for USDOT and for MPOs throughout America.

A unifying theme in this litany of concerns is this question: Is the Puget Sound MPO preparing transportation plans that pursue this region's goals in conformity with the required seven ISTEA planning factors, or is PSRC mostly cobbling together the plans of its multiple transit jurisdictions? Does PSRC use its least-cost planning authority and responsibility under state law (RCW 47.80.030) to be the leader and guiding force in regional transit planning, or is it merely rubber-stamping the mode-specific dreams of the various agencies that swirl around?

We appreciate the USDOT taking a hard look at the Puget Sound's transportation planning processes. Your forthcoming recommendations from this certification review of PSRC will inform and serve elected and civic leaders who are already on record as seeking to make improvements in regional transportation governance.

Sincerely yours,

John S. Niles
Technical Chair
CETA
206-781-4475

Attached:

PSRC letter of August 3, 2005 to FTA re University Link compliance with MTP
Financial analysis of Sound Move by Jim MacIsaac, P.E.
Graphic on cost and ridership trajectory of Sound Move by Jim MacIsaac, P.E.

Puget Sound Regional Council
PSRC

August 3, 2005

Ms. Linda Gehrke
Acting Regional Administrator
Federal Transit Administration
914 Second Ave., Suite 3142
Seattle, Washington 98174

Re: Sound Transit Plan Incorporated in and Consistent with Metropolitan Transportation Plan (*Destination 2030*)

Dear Ms. Gehrke:

The purpose of this letter is to provide you with updated information regarding consistency between Sound Transit's Sound Move plan and the region's Metropolitan Transportation Plan (MTP), known as *Destination 2030.*

As you know, back in June 1996, the Executive Board of the Puget Sound Regional Council made a formal finding of consistency of the Regional Transit Authority's (Sound Transit) adopted 10-Year System Plan with the 1995 Metropolitan Transportation Plan. This action was required by Washington State law before the plan could be submitted for a public ballot measure. In November 1999, the Regional Council restated this finding of consistency after Sound Transit approved the final Environmental Impact Statement for the Locally Preferred Alternative of the Central Link Light Rail Project.

The region's current MTP, *Destination 2030,* was approved by the Regional Council's General Assembly on May 24, 2001. As part of the *Destination 2030* planning process, the Regional Council worked closely with Sound Transit to ensure that modifications to the *Sound Move* plan were incorporated into *Destination 2030.* Based on this collaborative planning process, the light rail project that extends from the Westlake Station in Downtown Seattle to the University of Washington Stadium Station at Montlake Boulevard and Pacific Street in the University District is consistent with *Destination 2030.*

If you have any questions, please contact Charlie Howard at the Regional Council at (206) 464-7122.

Sincerely,

Bob Drewel

Bob Drewel
Executive Director

cc: Joni Earl, Chief Executive Officer, Sound Transit
Ahmad Fazel, Director of Link Light Rail, Sound Transit
Charlie Howard, Transportation Planning Director, Puget Sound Regional Council

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Sound Transit 2005 Financial Plan Summaries

Cumulative Totals thru:

Estimates in □OE $millions	Current Plan w/Link from CPS to Airport[1]					w/Link from UW Stadium to Airport[2]				
REGIONAL SUMMARY	2009	2016	2020	2030	2040	2009	2016	2020	2030	2040
Sources of Funds										
□ocal Ta□es	3□□22	□□□□□	□□153	1□□3□1	2□□10□	3□□22	□□□□□	□□153	1□□3□1	2□□10□
□ederal □rants	□□2	1□151	1□2□□	1□□□2	2□11□	1□012	1□□51	2□00□	2□□□□	2□□□□
Bonds	1□□1□	1□□1□	1□□1□	1□□1□	**1,819**	1□□1□	2□□0□	2□□0□	2□□0□	**2,409**
□t□er Sources	1□1	15□	1□0	1□□	1□□	1□1	15□	1□0	1□□	1□□
□ares □ ot□er o□erating revenue	1□2	□22	□□0	1□□5□	2□□□□	1□2	□22	□0□	1□□□□	3□5□□
□nterest	25□	30□	33□	□1□	50□	25□	30□	33□	□1□	50□
Total Sources	**6,922**	**10,632**	**13,397**	**22,889**	**36,605**	**6,992**	**11,922**	**14,771**	**24,558**	**38,733**
Uses of Funds										
□o□□uter Rail □ □a□ital □osts	1□22□	1□22□	1□22□	1□22□	1□22□	1□22□	1□22□	1□22□	1□22□	1□22□
□□□ □osts	231	5□2	□□5	1□55□	2□□□2	231	5□2	□□5	1□55□	2□□□2
Regional □□□ress □ □a□ital □osts	□□□	□□5	□□1	1□010	1□010	□□□	□□5	□□1	1□010	1□010
□□□ □osts	□0□	1□3□0	1□□□0	3□□□1	□□123	□0□	1□3□0	1□□□0	3□□□1	□□123
□ig□t Rail □ □a□ital □osts	2□□□□	2□□1□	2□□2□	2□□2□	2□□2□	2□□□□	□□21□	□□22□	□□22□	□□22□
□□□ □osts	□5	□□□	□05	1□□11	3□0□3	□□	□5□	□□□	1□□55	3□□□□
Regional □und Activities	32□	50□	□2□	1□033	1□□□2	32□	50□	□2□	1□033	1□□□2
□ebt Service □ Princi□al	1□	213	□□0	1□3□0	**1,819**	1□	1□□	3□□	1□3□□	**2,409**
□ebt Service □ □nterest	35□	□50	1□2□□	1□□5□	1□□□□	3□0	1□12□	1□5□□	2□□□□	2□□□□
□ontributions to reserve □unds	255	□□3	□21	1□5□2	2□2□5	233	5□0	□□□	1□□23	2□□00
Total □ses	**6,742**	**9,598**	**11,572**	**17,713**	**25,668**	**6,821**	**11,102**	**13,304**	**20,365**	**29,566**
Ending unrestricted cash	1□□	1□035	1□□25	5□1□□	10□□3□	1□1	□20	1□□□□	□□1□3	□□1□□
□et Cost to Public [3]	**6,581**	**3,963**	**10,462**	**14,917**	**20,960**	**6,661**	**10,534**	**12,253**	**17,217**	**23,561**

North King Subarea	Current Plan w/Link from CPS to Airport[1]					w/Link from UW Stadium to Airport[2]				
Sources of Funds										
□ocal Ta□es	□53	1□□□□	2□3□0	□□3□1	□□3□□	□53	1□□□□	2□3□0	□□3□1	□□3□□
□ederal □rants	3□3	**438**	□□0	□5□	□2□	□33	**1,138**	1□20□	1□□2□	1□□□0
Bonds	□□5	**695**	□□5	□□5	□□5	□□5	**1,285**	1□2□5	1□2□5	1□2□5
□t□er Revenues	□□	1□3	223	□2□	□5□	□□	1□3	2□0	□35	1□□□5
Total Sources	**2,078**	**3,044**	**3,748**	**6,158**	**9,680**	**2,148**	**4,334**	**5,122**	**7,827**	**11,807**
Uses of Funds										
□ig□t Rail □ □a□ital □osts	1□□2□	**1,744**	1□□51	1□□51	1□□51	1□□2□	**3,244**	3□251	3□251	3□251
□□□ □osts	3□	255	□13	□□0	1□□20	3□	2□0	502	1□303	2□5□5
□ebt Service	13□	**412**	□05	1□15□	1□3□1	13□	**581**	□1□	1□□32	2□□□5
Regional □und □ontributions	□5	130	1□1	2□2	□31	□5	130	1□1	2□2	□31
□ontributions to reserve □unds	□0	**231**	323	5□1	□51	□□	**108**	2□□	□12	□□□
Total □ses	**2,059**	**2,772**	**3,252**	**4,711**	**6,243**	**2,138**	**4,333**	**5,078**	**7,360**	**10,097**
Ending unrestricted cash	**19**	**272**	**495**	**1,447**	**3,437**	**10**	**0**	**44**	**468**	**1,710**
□ebt □overage Ratio	2.□5	2.□□	2.3□	3.□□		2.□2	1.□□	1.52	1.□2	

Central Link Expense	With Central Link from CPS to Airport					Added Expense for UW Stadium Extension				
□a□ital □ost	2□□03	2□□3□	2□□□□	2□□□□	2□□□□	100	1□500	1□500	1□500	1□500
□□□ □osts	52	3□2	□05	1□□0□	2□□□□	1	15	□□	3□□	□□5
□ebt Service □ Princi□al	11	0	2□5	□50	1□133	0	0	0	132	5□0
□ebt Service □ □nterest	201	□0□	□□□	1□0□□	1□20□	0	12□	2□□	□01	□1□
□ontributions to Reserves	111	32□	□□□	□□□	□51	□22□	□123□	□□□□	31	115
Total Expense	**2,978**	**4,042**	**4,760**	**6,792**	**8,516**	**79**	**1,520**	**1,784**	**2,607**	**3,770**
□et Cost to Public [3]	**2,964**	**4,042**	**4,350**	**5,707**	**7,016**	**79**	**1,520**	**1,717**	**2,167**	**2,473**

[1] 2005 Baseline v.2 □□dated by Sound Transit to include e□tension o□ □ink □S to Air□ort Station□ □1.□1 billion in 30□year bonds □it□ □irst 5 years interest only.

[2] □ac□saac best esti□ate □it□ □ink e□tended to □W Station □er □ov 2005 ST in□or□ation□ □2.□ billion in 30□year bonds <u>□it□ □irst 10 years interest only</u>.

[3] □et □ost to Public deducts □are revenues and subtracts bond □rinci□al t□at is included in t□e □a□ital □ost esti□ates.
□et Public □ost □or □entral □ink □ro□ Air□ort to □W Stadiu□ □1□.□ □iles□ is esti□ated at □□.1 billion t□ru 20□0 co□□ared to □11□ billion □or t□e 1□□□ile S□P.

For the past several weeks I have been trying to work out a finance plan for the $1.5 billion University Link (CPS to UW Stadium). This memo first summarizes McCartan's presentation to the COP. The attachment shows a side-by-side comparison of the total current Sound Transit program, including Link IS to the Airport, on the left side, and Link extended to the UW Stadium on the right side. Both plans are extended out thru 2040 to include fully completed bond finance costs.

McCartan Preliminary Finance Plan for University Link
At a recent meeting of the COP Brian McCartan handed out a summary that included the following cost and revenue estimates for University Link:

Costs ($M YOE)

New Starts Capital Costs	$1,500
Changes to Admin & Value Engineering	-50
Revised Add'l Capital Costs	$1,450

Sources

1. Net Tax Revenues and Bonding 2010-2016	$450
2. 2nd Full Funding Grant Agreement	700
3. Changes to Financing Structure	300
4. Net Coverage	--
5. Capital Replacement Delay	110
Total Sources	$1,450

Emory asked Jane how the $1,500m had dropped to $1,450. I suspect some usual hocus pokus including shifting agency project cost to general overhead that is paid out of the "Regional Fund". Notice also that the $200m for financing costs has disappeared. More interesting yet, under Sources ST is now showing a $300m gain for capital investment use by "Changes to Financing Structure".

The current bond financing policy is to issue 30-year bonds with the first five years interest only (5-year grace period), and principal amortization over the remaining 25 years. Staff is proposing to change the grace period to 10 years, and then apply bond "wrapping". What wrapping in conjunction with the extended grace period in effect does is lower the bond repayment costs during the first 20 years of the 30-year bond periods, further backload the payment of principal to beyond 30 years for bonds sold before 2016, and significantly increase the final total debt service interest costs. But except for the expansion of the grace period from 5 years to 10 years, I can find little advantage of bond "wrapping" in terms of debt service reduction prior to 2016. I have asked Brian for further clarification. He responded on 11/29 that a more detailed hard copy description will be issued in 1-2 weeks.

Sound Transit has admittedly laid out a reasonable capital replacement program. Contributions for Link IS were to begin in 2009 with the start of operations. The annual rate of contributions for Link IS North were to be $22.4m per year starting in 2009, increasing somewhat in stages after 2020. The proposed revision would eliminate the contribution for 2009, and contributions in 2010 thru 2015 would be reduced from $22.4m to $3.0m per year. I find that expense postponement to be more like $120m compared to the $110m shown above in McCartan's summary.

2005 Financial Plan with Central Link from CPS to Airport
For purposes of comparing my findings for a UW Stadium extension, the attachment first shows a summary of Sound Transit's current 2005 total *Sound* Move financial plan with Link IS extended to the Airport. Though various financing representations were made for the Airport extension, in effect the amended financing plan shows that 94% of the capital cost of the extension would be financed with additional long-term bonds. Total *Sound Move* Phase I bonded indebtedness thru 2009 will increase from $1,593 million to $1,819 million. To enable this increase in bond commitments, ST lowered its policy of a 1.3 minimum debt coverage ratio to 1.15 for the South King subarea.

ST tends to limit the sight of its Board and the news media to costs thru 2009 when capital construction is to be completed. Thru 2009 ST will have collected an estimated $3.6 billion in local taxes and nearly $1 billion in federal capital and operations grants. With the addition of $1.82 billion in long-term debt financing thru 2009, total revenues thru 2009 are estimated by ST at $6.92 billion. Thru 2009 ST will have spent $6.74 billion on its programs, leaving $179 million in unrestricted cash for Phase II projects – 70% of which would be accrued to East King. And while the other four subareas will be taken far into debt by 2009, the East King subarea will have no accumulated debt – primarily because it chose to go with Regional Express (REX) bus transit rather than with light rail that it rejected in 1995.

But the *Sound Move* Phase I expense commitment does not end in 2009.
Like home mortgages, ST should be showing total cost commitments at least out through the end of its loan commitments. ST has extended its financial planning period out thru 2030. But currently planned bond commitments will extend out thru 2039. So I have extended the current ST financial plan out to 2040, using its 2020-30 growth rates for the 10-year extension. Despite original suggestions that the Sound Move tax commitment would be reduced after 2006 if a Phase II program is not approved, ST has now virtually proclaimed that the local tax commitments will be extended in perpetuity. It has conceded, however, that the MVET tax may be discontinued in 2029 after the 1999 bond commitments are retired.

Thru 2040 ST will have collected over $29 billion in tax revenues – much more if the MVET revenues do not end in 2029 as ST currently expects. Total revenues with federal grants, bond sales, and user fares are estimated to accumulate to $36.6 billion. The minimum side of this revenue expense is nearly $26 billion. If we subtract the bond principal portion of debt service expense (it is included in the program capital costs) and subtract farebox return from operating costs, we find that ***the current Sound Move Phase I program with 15.6 miles of Central Link will cost the public $21 billion thru 2040.***

The portions of the total Sound Move financial plan associated with the North King subarea are shown below the regional summary. Total costs associated with all of Central Link (North and South King) are summarized in the bottom table.

Link IS Extension from CPS to UW Stadium
The ST Board is considering an attempt to extend Link IS from CPS to an interim north terminal station at the UW Stadium without a tax increase. As shown above, it is dependent upon approval of an additional $700 million federal New Starts grant and somehow squeezing an additional $300 million out of debt service thru 2016 by revising its bond financing policies as discussed above. Since I do not understand the debt service "wrapping" concept and do not believe it would yield much debt service reduction before 2016, my attempt at a finance plan inclusive of the UW Stadium extension assumes only the grace period extension to 10 years for all bonds sold after 2005.

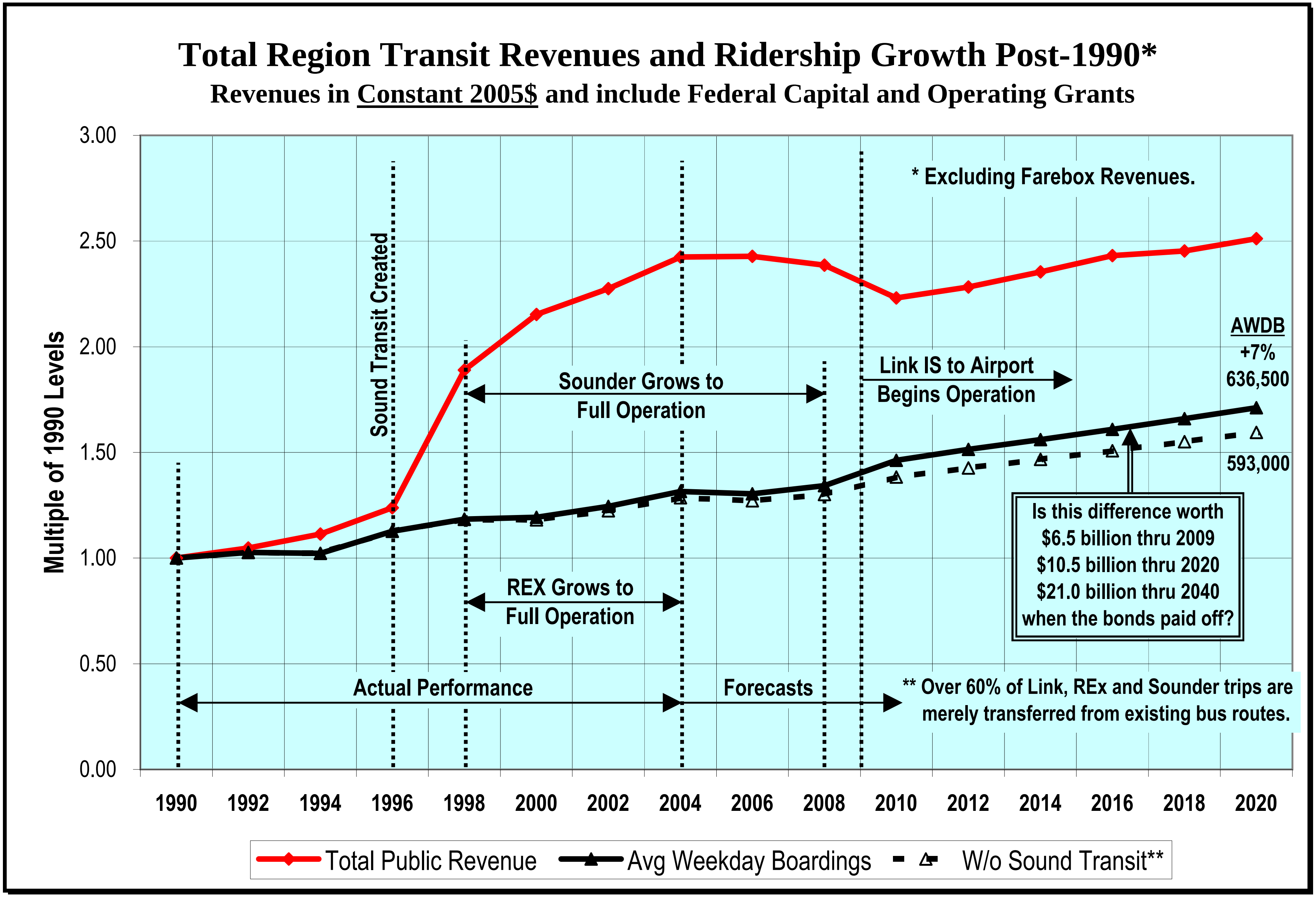
Since the Link IS extension to the UW Stadium all lies in the North King subarea, let us focus on the North King subarea (middle) table; and first focus on cumulative revenues and expenses thru 2016. Local Tax and Other Revenues remain the same. Federal grant revenue would increase by $700m if approved, a 160% increase of federal grant revenue allocated to North King. North King rail capital costs would be nearly doubled with the addition of Stadium Link. Capital Reserve contributions would be reduced by $123m with the policy to delay contributions until after 2016.

Even with these funding changes, I found that ST would need to sell an additional $590m in bonds to complete the $1.5 billion Stadium Link extension by 2016 – an 85% increase in North King bonded indebtedness. That means that with approval of the federal grant, nearly $1.3 billion of the $1.5 billion Stadium extension would be funded by "new money" not currently planned or expected by 2016. The net change in cumulative debt service assignable to North King thru 2016 would be +$169m, in itself eating up most of the difference in the "unrestricted cash" buildup thru 2016 without the Link extension. Total *Sound Move* bonded indebtedness would increase from $1.82 billion to $2.41 billion.

So the primary purpose of extending the completion of Stadium Link out to 2016 is two-fold: to allow time for the fed to dole out an additional $700m in grant money at a rate of $90m per year starting in the final year of the FFGA-1 funding, and to allow more time for tax revenue growth to increase the caculated amounts available for more bond financing. Even so, the North King debt coverage ratio would drop from to 1.32 by 2014, and it would stay below the current policy overall average of 2.0 out to some year beyond 2030.

Thru 2040, the change in bond financing policies combined with additional bonding would increase the overall *Sound Move* finance <u>interest</u> costs thru 2040 by about $1 billion. Total costs thru 2040 would accumulate to nearly $30 billion, with $23.6 billion as the net cost to the public after adjustment for the double-counting of bond principal and removal of user farebox revenues. This of course assumes that ST staff have not overestimated ridership and underestimated operating costs – as has been the generally covered-up findings for Sounder.

My conclusion is that North King does not have reasonable revenue expectations to risk the Stadium Link extension without a tax increase – even if ST and FTA politics can grant an additional $700m all dedicated to that 3.1-mile extension project ($225m per mile of federal grant financing – the highest ever in this country by a wide margin for a rail transit project). North King is already at financial risk if Link ridership comes in lower than ST estimates and operating costs come in higher than ST estimates – as they very likely will if the ST Board has learned anything from Sounder. Obviously we must wait for ST to issue a detailed financial plan for the Stadium Link extension. But I am seriously concerned as to how much worse that extension will drive North King into financial bankrupsy.


Total Region Transit Revenues and Ridership Growth Post-1990*
Revenues in Constant 2005$ and include Federal Capital and Operating Grants
Multiple of 1990 Levels
3.00
2.50
2.00
1.50
1.00
0.50
0.00
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
* Excluding Farebox Revenues.
Sound Transit Created
Sounder Grows to Full Operation
Link IS to Airport Begins Operation
AWDB
+7%
636,500
593,000
Is this difference worth
$6.5 billion thru 2009
$10.5 billion thru 2020
$21.0 billion thru 2040
when the bonds paid off?
REX Grows to Full Operation
Actual Performance
Forecasts
** Over 60% of Link, REx and Sounder trips are merely transferred from existing bus routes.
Total Public Revenue
Avg Weekday Boardings
W/o Sound Transit**