

Swift, Lauren

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Sent: Wednesday, November 30, 2005 4:43 PM
To: North Link Environmental
Cc: Irish, James
Subject: Comments on North Link Draft SEIS

November 30, 2005

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Comments on the North Link Draft SEIS of October 2005

Given the prodigious cost of Sound Transit's Central Link light rail program generally, and the North Link segment specifically, it is a matter of commanding public interest to have, and compare, accurate estimations of the costs and benefits of the project. That also is a requirement of the EIS process.

North Link is a continuation of Initial Segment/Central Link light rail, and is related both by common sponsorship, and by the call on limited funds, to the continuing development of Sounder commuter rail. It is mandatory to evaluate and modify the methods and models of calculating costs and benefits--as indicated by past predictions versus actual performance.

1. Ridership Predictions for Central Link light rail

Background: Central Link light rail is so far behind schedule that it will be years before its actual performance can be compared with predictions. But Sounder commuter rail is in operation, and serves as an indicator of the quality of Sound Transit's ridership projections. Sound Transit predicted Sounder commuter rail would attract 3,800,000 boardings by 2010, and 5,200,000 by 2020. Given the unexpected spurt of growth in population between 1995 and 2000, Sound Transit updated and revised its prediction, and announced in September 2000 that the 3,800,000 figure would be reached by 2003 (Wall Street Journal, September 13, 2000). But instead, once operations commenced, the agency's ridership model was shown to be much too optimistic. Sound Transit missed its revised predication for 2003 by 80 percent--that is, it served merely one-fifth as many boardings in 2003, 751,000, as its updated estimates predicted, 15,000 per day, or 3.8 million per year. Clearly its modeling was sorely deficient.

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In spite of the discrepancy between its model-based predictions and actual performance, Sound Transit's official predictions for Sounder remain very optimistic. But even so, they have been scaled-back as of the 2005 Financial Plan as follows:

1999 EIS	2010 boardings	3,800,000
	2020 boardings	5,200,000

2005 Financial Plan	2010 boardings	3,045,000
	2020 boardings	4,068,000
	2030 boardings	4,815,000

Furthermore, there are tangible plans to complete Central Link light rail only from SeaTac Airport to UW Stadium, approximately 18.6 miles. The completion of Central Link from its planned south terminus at South 200th to its intended north terminus at Northgate, or even to the original north terminus at Northeast 45th, will require a favorable future public vote for additional taxation. Current plans do not include promised stations at South 200th, South 144th, Boeing Access Road, South Graham, Convention Place, First Hill, and Northeast 45th. That means 40 percent of the new stations have been deferred or eliminated, plus one-fifth of the existing downtown Seattle transit tunnel stations. Nor do current plans include the intended stations at Roosevelt and Northgate. Yet Sound Transit predicts that it will serve four-fifths as many patrons as planned for the original Central Link light rail line, in both instances 14 years after the lines' completion.

That suggests that the current modeling is even more acutely flawed than the past modeling.

As for its entire service--light rail, commuter rail, and express buses--Sound Transit originally (1996, 1999) forecast 52.2 million trips in 2010. But in 2004 it reduced that figure to merely 22.1 million by 2010, only 42 percent as many. There is something grievously wrong with the agency's ridership predictions that needs correcting.

Furthermore, the Metropolitan Planning Office, Puget Sound Regional Council, has reduced its prediction for transit patronage as of 2030 by approximately 30 percent. This is due in part to the vast discrepancy between Sound Transit's predictions versus reality.

A. Document how Sound Transit has evaluated, corrected and improved its modeling of ridership since its 1999 EIS.

B. Compare the implications of PSRC's dramatic reductions in predicted transit ridership with Sound Transit's current predictions for Central Link light rail in 2030. Are Sound Transit's predictions consistent with those of PSRC?

2. The value assigned time

Background: In Sound Transit's original calculations for Sound Move, the preeminent benefit to the region in return for its multi-billion dollar investment in the agency's transit programs was the value of time saved. But capital costs have proven to be far higher than the agency predicted, construction schedules are far slower, operating costs are far higher, and ridership predictions have proven to be much too optimistic. Accordingly, much less time is saved than predicted, reducing markedly the value of that benefit, while costs--both capital and operating--are much more dear.

According to Sound Transit's submission to the Federal Transit Administration for a grant for the

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extension of Central Link light rail from downtown to the UW Stadium, once again the value of time saved is the preeminent claimed benefit to the region. So the accuracy of the predicted time saved is of ranking importance.

The time savings previously assigned have proven to be systematically exaggerated, and in some instances entirely fabricated. For example, Sound Transit claimed there would be a saving of one hour and 11 minutes for each Sounder trip from Everett to Seattle, valued at \$14.20 apiece. That is, it would take Sounder 60 minutes, while it would take 131 minutes by bus. But rather than make a fair comparison between the express bus from Everett to Seattle, with Sounder commuter rail, the agency selected a tedious, round-about trip to Seattle with a transfer at Aurora Village.

The agency's own regional express transit schedule documents that the #510/513 bus line travels from Everett to Seattle in approximately 60 minutes, 28 times daily. The scheduled, elapsed time varies a little in the course of the day, sometimes a little more, other times a bit less than 60 minutes--just as it did when the same route was served by Community Transit, prior to Sound Transit's absorption of that service. Further, the bus line has the advantages of more numerous, hence more convenient service, and an ability to let passengers off, and pick them up, as the buses travel through downtown Seattle--rather than make a solitary stop, at the extreme south end of downtown, like Sounder does.

In short, the putative value of time saved by Sounder, between Everett and Seattle, is entirely unwarranted. That would be the case even if the predicted number of patrons had materialized--instead of a mere one-fifth of the anticipated ridership as of 2005. Because there are no time savings whatsoever. It's all a fabrication.

In the case of North Link light rail, Sound Transit calculates the time to be saved by contrasting the station-to-station time of light rail--for example, three minutes from UW Stadium to Capitol Hill--with that of a bus route. A bus takes on the order of 10-15 minutes from the University District to Capitol Hill. But that presumes the trip's origin is UW Stadium, and its destination is the Sound Transit station on Capitol Hill, which almost never will be the case. Rather, a student who lives in a UW dorm on Campus Parkway, or a medical staff member at UW hospital, or a worker in the University District, may be going to Group Health, for example. They can catch the #43 very close to where they are, and disembark across the street from GHC. Whereas, to take advantage of the light rail, they will have to walk or take a bus to UW Stadium, and subsequently walk or take a bus from the Capitol Hill station to Group Health. Similarly, if they are going to St. Patrick's Catholic Church, Seattle Prep, St. Mark's Cathedral, Cornish School, Scottish Rite Center, Harvard Exit movie theater, or the DeLuxe Tavern, all common destinations, the #7 bus will be much more convenient at both ends of the trip.

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A. Document how Sound Transit has evaluated and corrected its putative time savings from 1996/1999.

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B. Clarify whether the time savings are measured from station-to-station, or from the anticipated origins and destinations of the trips of expected patrons.

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3. The net benefit of the light rail investment

Background: In 1996, Sound Transit commissioned its economic consultant, Porter & Associates, to calculate the net value of the Sound Move plan. The consultant, with parameters supplied by the agency, concluded that the Annualized Cost per New Transit Rider was \$9,314, and that the Sound Move program had a net benefit of 1.1 percent per year.

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But the costs for the rail projects, both capital and operating, were vastly understated. Sound Transit projects a capital cost overrun for Sounder of 90 percent, \$580 million--\$650 million versus \$1.23 billion. Tacoma Link light rail had a cost overrun of 34 percent--\$60 million versus \$80.4 million. Even without the benefit of seven of the promised stations, and with the line incomplete both north and south, the proposed Central Link line between SeaTac Airport and UW Stadium, is projected at \$4.4 billion. That's a \$2.1 billion, 91 percent overrun beyond the original \$2.3 billion cost predicted for the full, 21-mile Central Link with all 20 stations.

Meanwhile, operating costs for Sounder, Tacoma Link, and even Regional Express bus service all are dramatically higher than originally projected.

A. Review the accuracy of the economic benefit analysis conducted by Porter & Associates in 1996.

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B. Evaluate the net benefit of the current plan for Central Link light rail project.

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4. Long-term financing of Sound Transit's rail projects

Background: According to recent press accounts, Sound Transit now anticipates taking the following measures in order to complete Central Link light rail from SeaTac Airport to UW Stadium:

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It will narrow the debt service ratio from the more prudent 1.3 x 1 ratio that it promised voters in 1996, to a more-risky 1.15 x 1.

It will delay capital payments on bonds from a five-year period of interest-only, to ten years, resulting in higher average annual payments and higher total payments for the bonds.

It will "wrap-around" its bonds, which is to say it will extend payments beyond their original, contracted length.

It will defer contributing money to Reserves until 2016--that is, it will fail during that time to make its promised annual payments into an account to cover future capital replacement costs.

The purpose of the entire package of measures is to elevate the scale of long-term debt, in order to amass more working capital in the short-run.

Those are reckless departures from the assurances of 1996, which included prudent borrowing ratios, and a promise to minimize, rather than maximize long-term borrowing. At present, agencies such as District of Columbia Metro Transit, and Metropolitan Atlanta Regional Transit Authority, are facing severe fiscal challenges because they did not set-aside Reserves in the course of recent decades. Theirs are lessons best learned, not emulated.

A. What will be the total cost of Central Link light rail--capital cost, operating cost, including agency overhead, and financing costs--from its inception until the last bond is paid-off?

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B. The estimated operating costs of Sounder commuter rail, Tacoma Link light rail, and Regional Express buses, all have been markedly higher than originally estimated. Ridership has been lower. Accordingly, farebox revenue has fallen short, and the scale of operating subsidy is higher than anticipated. That burden is exacerbated by the higher-than-expected capital costs, compounded by the higher-than-expected financing charges. Have these lessons been incorporated into the plans to forego contributing to Reserves until 2016? What is the level of assurance that, as of 2016, Sound Transit will be able to make-up for ten-years' delayed payments to Reserves?

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NL 386-1

Financial and cost-effectiveness information for the project was provided in the Financial and Evaluation of Alternatives chapters, respectively, of the 2003 North Link Draft SEIS and has been updated in the Final SEIS.

NL 386-2

In *Sound Move*, Sound Transit estimated Sounder ridership at 3.2 million to 4.4 million annually for full system build out. This estimate is still valid; however, Sounder implementation has been delayed by a number of factors, and full build out of the system may not be complete until 2012. Therefore, the number of Sounder boardings in 2003 is not comparable to the estimated number of boardings at full build out.

NL 386-3

The methodology used to estimate ridership is documented in the North Link Ridership Forecasting Technical Report.

NL 386-4

This SEIS only addresses ridership forecasts for the North Link Project and not other segments of Central Link, Sounder or Regional Express.

NL 386-5

The October 1999 *Central Link Light Rail Transit Project Final Environmental Impact Statement Transit Ridership Forecasting Technical Report* and the November 2003 *Central Link Light Rail Transit Project Draft Supplemental Environmental Impact Statement North Link Transit Ridership Forecasting Technical Report* describe in detail the models used to prepare transit ridership forecasts for the 1999 EIS and 2003 Draft SEIS respectively. The November 2003 report has also been updated as part of the Final SEIS to include modeling results for the North Link Preferred Alternative.

NL 386-6

The Sound Transit and PSRC forecasting models differ in several respects, including the fact that the PSRC model covers the four counties (King, Kitsap, Pierce, and Snohomish) of the Central Puget Sound region, while the Sound Transit model covers only the Regional Transit Authority service district (parts of King, Pierce, and Snohomish counties). Although transit ridership estimates from the Sound Transit and PSRC models are not directly comparable, they are generally consistent.

NL 386-7

Travel time savings and other transit benefits are described in Chapter 3 of the Final SEIS.

NL 386-8

See response to comment NL 386-7. Sounder and Regional Express are not part of the North Link project; however, according to current schedules, Sounder service from Everett Station to King Street Station is

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approximately 10 minutes faster than Regional Express Bus service. Additionally, Sounder's exclusive right-of-way ensures greater schedule reliability than bus service.

NL 386-9

Comment noted.

NL 386-10

The North Link SEIS is supplemental to the 1999 Central Link Final EIS. Travel time savings for North Link in this Final SEIS have been updated consistent with the current ridership forecasting model.

NL 386-11

Comparisons of light rail travel times to bus travel times are based on station-to-station light rail travel times and bus travel times for routes that run as closely as possible between the same light rail stations. For example, the light rail travel time between the University of Washington and Capitol Hill Stations will be approximately 3 minutes, while the currently scheduled travel time for King County Metro Route 43 between the intersection of NE Pacific Street and NE Pacific Place in the University District and the intersection of Broadway Avenue and E John Street on Capitol Hill is 19 minutes. Because transit riders make trips between widely varied origins and destinations, the North Link SEIS includes an analysis of average door-to-door PM peak transit travel time savings with light rail for each North Link station cluster in Table 3.2-9.

NL 386-12

Comments noted. Although some costs have exceeded projections made in 1996, Sound Transit has since made substantial progress in implementing the elements of *Sound Move*, including the Initial Segment of Central Link, Airport Link, Tacoma Link, and Regional Express.

NL 386-13

The Porter and Associates 1996 report is not part of the North Link SEIS.

NL 386-14

Sound Transit's background statement for the North Link project (Section 1 of the North Link SEIS) identify cost as a primary reason for reconsidering the North Link routes connecting from the Initial Segment to downtown. Benefits of the project were initially evaluated in Section 6, Evaluation of Alternatives of the 2003 Draft SEIS, and the section has been updated for the Final SEIS.

NL 386-15

Sound Transit's most current financial projections for the North Link project are provided in Chapter 5 of the Final SEIS.

The Final SEIS outlines a number of options for the Sound Transit Board to finance the extension of light rail north of downtown Seattle. In November 2005, Sound Transit staff presented a "Proposed University Link Finance Plan" to the Board to finance the extension of light rail from downtown Seattle to the University of Washington Station (University Link).

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The inclusion of a “wrap” feature for bonds issued in the University Link Finance plan does not extend the term of the debt – which remains at 30 years. However, it does defer repayment of principal during that period vis-à-vis a level amortization structure.

NL 386-16

Sound Transit’s most current financial projections, including capital and operating cost estimates for the North Link project, are provided in Section 5 of the Final SEIS.

NL 386-17

The contribution to capital replacement reserves in the finance plan is a function of (a) replacement cost of the asset; and (b) useful life of the asset. The asset replacement schedule is not impacted by farebox revenue. If final capital costs were to be higher than those included in the Proposed University Link finance plan, capital replacement contributions would have to rise proportionally. The ability of Sound Transit to make contributions to the capital reserve replacement consistent with the financial plan assumptions will be impacted primarily by the long-term growth of its local revenue sources and the growth of operations and maintenance costs. If these revenues and costs grow consistent with the forecasts within the financial plan, Sound Transit should be able to meet its required contributions for capital replacement.

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