



March 31, 2016

Mr. Jim Jacobson, Chair
Sound Transit 3 Expert Review Panel
c/o Cedar River Group
93 Pike Street, Suite 315
Seattle, WA 98101

Re: Request regarding Least Cost Planning

Dear Mr. Jacobson:

In its letter dated March 10, 2016, the ST3 Expert Review Panel asked, "...1) how the Puget Sound Regional Council (PSRC) will comply with its responsibility under RCW 47.80.030 regarding least cost planning when it reviews Sound Transit's proposals under RCW 81.104.080(5)(b); and 2) how and when Sound Transit will directly or indirectly take least cost planning into consideration when developing its proposals that are subject to this review." This letter answers the Expert Review Panel's questions regarding PSRC's least cost planning approach.

PSRC meets the state law requirements on least cost planning in two ways: through its long-range plan development, and on a project by project basis when projects move from candidate to approved status within the long-range plan.

Washington State law pertaining to regional transportation plans that are developed by Regional Transportation Planning Organizations (RTPOs) was amended in 1994 to require least cost planning. While least cost planning was a practice readily applied within the power industry, there was no defined industry practice for applying it to transportation planning. To provide guidance, WSDOT adopted WAC 468-86-030, which defines least cost planning as "a process of comparing direct and indirect costs of demand and supply options to meet transportation goals and/or policies where the intent of the process is to identify the most cost-effective mix of options." Based on this WSDOT guidance, PSRC staff developed specific methods and procedures to implement the requirements of least cost planning as part of the planning process in the following two ways.

Long-Range Plan Development Process

PSRC develops scenarios as part of its long-range transportation plan development process, and applies cost benefit analysis to those scenarios to provide its boards with information on the cost effectiveness of the mix of options contained within each scenario. PSRC specifically developed a Benefit Cost Analysis (BCA) tool which integrates with its travel demand model to produce this information. Scenarios were last developed and analyzed in 2010 as part of the development of Transportation 2040. For the Sound Transit system, both those segments under construction as

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well as proposed expansions were included in various scenarios and were evaluated as part of the mix of options being put forward in each scenario.

More detail on the BCA tool used to analyze a mix of investments as part of the long-range transportation plan update can be found here:
http://www.psrc.org/assets/2127/BCA_Methods_Report_Mar2010update.pdf?processed=true

Project Approval Process

Once projects are included in the long-range plan, PSRC monitors their implementation and requires large-scale capacity expanding projects to be approved by PSRC before they can be moved forward to construction. Examples of such projects include Sound Transit's Link Light Rail Extensions, capacity improvements on Interstate 405 and State Route 520, and extensions to regional trails such as the Interurban Trail.

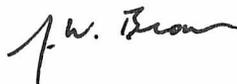
As part of the approval process, sponsors are required to submit a quantitative benefit cost analysis to evaluate the economic merits of the project. The criteria used in the BCA vary based on the project cost. Medium-sized projects (\$100 million - \$250 million) have relatively simplified criteria to be used in their BCA, while large projects (over \$250 million) employ more complex criteria.

For Sound Transit, this benefit cost analysis requirement has been integrated into the system plan conformity finding process so that the PSRC boards will have detailed benefit cost information of the specific system plan being proposed to the region's voters to help shape their conformity finding. This benefit cost information submitted as part of the conformity review meets that portion of PSRC's project approval process.

More detail on the BCA criteria for larger projects can be found here:
<http://www.psrc.org/assets/9231/PSRCApprovalProcessDescriptionRequiremt.pdf?processed=true>

If you need further information, please contact Charlie Howard, Director of Planning, at 206-464-7122 or choward@psrc.org.

Sincerely,



Josh Brown
Executive Director

cc: Ric Ilgenfritz, Sound Transit