

Sound Transit 3 Expert Review Panel
Summary of Conference Calls on Ridership and Financial Plan
Held January 8 and 16, 2016

January 8 Call on Ridership

Panel members present: *In person:* Mark Hallenbeck, Panel Administrator John Howell; *by phone:* Jim Jacobson, Siim Sööt, Richard Walker

Staff and consultants present: *Sound Transit:* Stephanie Ball, Brant Lyerla, Chris Rule; *Parsons Brinckerhoff:* Youssef Deghani, Bob Harvey, Andrew Natzel, David Shelton; *Washington State Dept. of Transportation:* Annie Johnson (by phone); *Cedar River Group:* Rhonda Peterson

Update on Ridership Modeling

Sound Transit staff provided the following updates:

- Staff are transitioning the ST3 ridership modeling to a new platform based on the latest growth estimates and a new data set from the Puget Sound Regional Council (PSRC). Staff will use this new platform and data set for the ridership forecasts for the draft system plan to be proposed by the board.
- PSRC's new growth data set projects an overall decrease of 200,000 jobs in employment in the four-county region by 2040 compared to the previous forecast version. The decrease is projected to be spread across the region, but an increase is projected in jobs and population for the South Lake Union area of Seattle.
- Sound Transit will adjust the road system pricing data set to use a per-mile road fee consistent with PSRC's Transportation 2040 policy assumptions and those being considered by the Transportation Futures Study Task Force.
- Staff will produce updated ridership numbers by May based on the draft system plan that Sound Transit Board identifies in March.

Factors in Ridership Estimates for Lynnwood–Everett and I-405 Options

Panel members had questions about land use assumptions, and the ridership estimates for the different Lynnwood-Everett light rail and I-405 bus rapid transit options. Staff provided the following information:

- Land use assumptions are from PSRC based on the visions of the individual jurisdictions.
- One reason the ridership estimates for the Paine Field and Everett options are close to the same is that the increase in riders to Paine Field is balanced by a decrease in through-trip riders who do not want a longer trip to Everett.
- Similarly, the ridership estimates for the I-405 bus rapid transit (BRT) options are the same because some options include deviations that would add passengers but, by adding approximately 10 minutes to the trip, would lose other riders who do not want a longer trip.

Possible Effects of a Second Downtown Seattle Tunnel

Staff explained a new option presented to the Board for the Everett – Tacoma light rail spine.

- The option would create three lines: an Everett-Seattle-Redmond line, an Everett-West Seattle line, and a Ballard-Tacoma line. This would avoid an overly long line from Everett to Tacoma that might also strain the capacity of the Downtown Transit Tunnel in Seattle.
- This configuration of lines would require either a second downtown Seattle tunnel with transfer points at Westlake and the International District and/or SODO, or an at-grade option in a slightly different alignment, with transfers made at street level.
- Ridership estimates are the same for both configurations; the benefits to the three-line configuration are operational.

Other Questions

Staff responded to panel members' questions about differences in operations and maintenance (O&M) costs and ridership for similar-length segments. O&M differences stemmed from more frequent headways, more stations, and the difference between at-grade and tunnel options. Ridership differences had to do with lines that connect to more densely populated areas, such as the University District for the north line, and for the south line the airport and population south for Tacoma now served by Sounder train commuter service.

Regarding cost-effectiveness, staff said that effectiveness indicators will be based on the Board's core priorities, not just cost, and will be developed for the draft system plan the Board will approve in March.

Topics for Further Discussion

The conference call discussion suggested several topics on which the panel members would like further information and discussion at the February panel meeting. These topics were as follows:

- **Change in PSRC employment forecast:** Panel members were interested in more information about the projected 200,000 drop in employment and why ridership would not drop.
- **Ridership for Lynnwood to Everett light rail options:** Panel members requested more information on why there would not be a difference in ridership for the option to serve Paine Field vs. the option to go straight to Downtown Everett/Everett Station. The request included the assumptions for land use changes, projected employment and population, parking costs at Paine Field, and the decreased ridership for a longer trip.
- **Origin and destination patterns for Lynnwood to the north:** There was interest in the origin and destination patterns for the different Lynnwood - Everett options and for the projected boardings at stations in Snohomish County.
- **Origin and destination patterns for I-405 BRT:** Similarly, the panel members were interested in an origin and destination matrix for the I-405 BRT options.
- **Connections in downtown Seattle for the three-line option:** The panel members were interested in more information about how and where the Everett–West Seattle line and a Ballard–Tacoma line would connect and cross in downtown Seattle.

- **Cost-effectiveness indicators:** Panel members were interested in learning what cost-effectiveness indicators will be used by ST staff.

January 12 Call on Financial Plan

Panel members present: *In person:* Jim Jacobson, Steve Lundin, Panel Administrator John Howell; *by phone:* Kimberly Koenig

Staff and consultants present: *Sound Transit:* David Beal, Brian McCartan, Chris Rule, Brian Stout; *Washington State Dept. of Transportation:* Annie Johnson (by phone); *Cedar River Group:* Rhonda Peterson

Update on Financial Plan

- Sound Transit staff have continued to improve the financial model and the forecast for the district, and are working on finance assumptions.
- The Board has asked the staff to develop 20, 25 and 30 year options, so the staff have revised the financial model accordingly.
- Porter Associates has done a parcel assessment of assessed value in the Sound Transit District to provide a 2014 tax baseline.
- Development of the full ST3 finance plan depends on the draft ST3 plan, which the Board will decide on in March. Brian McCartan can present the plan to the Expert Review Panel after that date.

Review of ST3 Financial Model

The ST3 financial model is based on the ST2 long-range financial model that was created by Parsons Brinckerhoff. The model adheres to the FAST convention, an international, London-based model. Brian Stout walked through the financial model Excel spreadsheets. Points of discussion included the following:

- Cash flow starts in 2017 at zero; bonding begins in 2023. The start in 2017 is zero because the model is stand-alone to show just the ST3 cost. If the ballot measure is approved, Sound Transit will combine the ST3 finance plan with the existing finance plan that includes ST2 and Sound Move.
- The Sources and Uses chart in the model shows pulling in revenue from ST2 and Sound Move starting in 2023. The ST3 ballot measure will say that the project will continue the existing ST2 and Sound Move taxes.
- In terms of sensitivity testing, the longer duration the ST3 program is, the higher the uncertainty. So more cushion—a more conservative plan—would be developed for a 30-year plan to provide the flexibility to accommodate change.
- Sound Transit has an outside expert doing an independent review of the finance model to be sure there are no hidden errors.
- On federal grant assumptions in the plan, Sound Transit’s experience has been that grants have been about 17 percent of the project cost, so the financial model currently assumes 10 percent.

When the Board decides on a project plan, the staff will identify which projects are more likely to receive federal grant funding.

- Setting up a local investment district (LID) to generate funds for a project (such as a new downtown Seattle tunnel) is a possibility, but the amount that could be expected is small.

Topics for Further Discussion

- **Timing to present to the ERP:** John Howell will work out with David Beal and Brian McCartan the timing for when the draft ST3 Finance Plan can be presented to the panel.
- **Capacity:** The panel is interested in Sound Transit's assumptions about the capacity of the agency, partners and industry, such as if any highway projects are scheduled at the same time as the light rail construction. It would be useful to hear from the project control staff about phasing.
- **Ballot description:** The panel members noted that the ballot measure will need to be clear that the taxes for ST2 and Sound Move will continue, and that it will take the taxes from all three ballot measures to build out the ST3 program.
- **Changes in federal grant opportunities:** Sound Transit's grants staff could make a presentation at the next panel meeting about changes in grant opportunities from the new federal Transportation bill. The panel also requested information on whether Sound Transit's grant assumptions were reasonable.
- **Crossover for new lines in downtown Seattle:** Panel members were interested in Sound Transit's thinking about how a new line in/through downtown Seattle would work for light rail and buses, whether in a tunnel or at grade.
- **Cost per household:** The current analysis references a per household cost for just ST3 projects. There was discussion about what the cost per household would be including continued ST2 and Sound Move taxes

Information Requests

- **Federal review:** The Federal Transit Administration (FTA) reviewed Sound Transit's Lynnwood project financial plan. There was also federal review for the TIFFIA loan, which Mr. McCartan could send to Kimberly Koenig to review.
- **Board Workshop book:** Mr. Howell asked Sound Transit for a copy of the large Board Workshop book for every panel member.