

Sound Transit Expert Review Panel

July 23, 2008

The Honorable Christine Gregoire Governor of the State of Washington Office of the Governor 416 – 14 th Avenue S.W. P.O. Box 40002 Olympia, WA 98504-0002	Representative Judy Clibborn, Chair House Committee on Transportation 41 st Legislative District House of Representatives 435 John L. O'Brien Building P.O. Box 40600 Olympia, WA 98504-0600
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Dear Madams and Sirs:

The following provides the Sound Transit Expert Review Panel (Panel) comments on the proposed ST2 package of improvements being considered for the November 2008 ballot. The Panel has met twice this year, once on March 7 and once on July 1, to review work on developing an ST2 plan. In addition we had an extended conference call on July 21 to receive a briefing on the differences between the 12-year and the 15-year proposed plans.

During the past three years the Panel has felt that it is important to provide the Sound Transit Board with timely comments in advance of the Board's decisions at major milestones. To that end, the Panel worked hard during the past two weeks as the details of the 15-year plan were being developed, to understand that plan, ask questions, and provide comments prior to Board action. This letter, however, will not constitute the Panel's final comments on the proposed 15-year plan. We will take more time to thoroughly review all of the documents that have been prepared in the past two weeks, and some work that will come after the Board's vote on July 24th, to provide comments concerning the requirements of State law, RCW 81.104.

Construction Schedule and Expenditure Rates

During the Expert Review Panel meeting on July 1st, Sound Transit presented the 12-year, 0.5% plan, with the accompanying financial plan and a rough construction schedule. Since that meeting, Panel members have had an opportunity to review Sound Transit's proposed expenditure and construction schedules for the draft 15-year, 0.5% plan.

In order to provide a basis of comparison, Panel members also requested and received Link Program total light rail expenditures, actual and forecast for 2004 to 2012, and total program expenditures for each line of business (i.e., express bus, Sounder, and light rail) for 2004 to 2007.

The highest total annual Link Program expenditure was \$519 million in 2007, with Link construction expenditures for that year at \$367 million (See Table 1 below). The peak total annual program expenditure for the Link, Sounder and Express Bus programs also occurred in 2007 and was \$697 million, with total construction expenditures that year at \$476 million.

For further background, the Panel requested and received some specific Link information regarding current construction contracts. The Beacon Hill Tunnel Project highest annual payment was in 2005, and was for \$76.3 million. The highest monthly payment was \$14.3 million. The Tukwila Aerial Project highest annual payment was in 2006, and was for \$106.6 million. The highest monthly payment was \$12.1 million.

The Panel carefully reviewed the 15-year, 0.5% plan expenditure and construction schedules. The highest annual light rail construction expenditure proposed in the ST2 plan is \$873 million (2007 dollars) in 2018; and the peak annual total construction (Link, Sounder & Express Bus) is \$881 million (2007 dollars) also in 2018.

Table 1 provides a comparison between peak Sound Move expenditures to date and proposed expenditure levels for ST2.

Table 1
Comparison of Peak Sound Move Actual Expenditures with
Proposed Peak ST2 Expenditures

	<u>2007</u>	<u>2018*</u>
Link Construction	\$367 million	\$873 million
Link Total Expenditures	\$519 million	\$1,061 million
Link/Sounder/Express Bus Construction	\$476 million	\$881 million
Link/Sounder/Express Bus Total Expenditures	\$697 million	\$1,112 million
* 2007 dollars		

As Table 1 suggests, for the Link light rail program, both the annual peak construction and total expenditures for the proposed 15-year plan are more than twice the actual peak expenditures for Sound Move to date.

Another way to evaluate expenditure rates is to examine multi-year peak periods. Table 2 provides information on expenditures for four peak years of Sound Move (2004 – 2007) and the four projected peak years for ST2 (2017 – 2020). Again, the anticipated ST2 expenditures for both light rail construction and total construction for Link, Sounder and Express Bus are more than twice the expenditure levels for Sound Move peak years.

Table 2
Comparison of Peak Four Year Average Annual and Monthly Expenditures

	<u>2004 – 2007</u>	<u>2017 – 2020*</u>
Light Rail Construction	\$1,150 million	\$3,117 million
Total Construction for Link/Sounder/Bus	\$1,566 million	\$3,217 million
<i>Light Rail Construction</i>		
Annual Average for Peak Period	\$287 million	\$779.3 million
Monthly Average for Peak Period	\$24 million	\$65 million
<i>Total Construction</i>		
Annual Average for Peak Period	\$391 million	\$804 million
Monthly Average for Peak Period	\$33 million	\$67 million
* 2007 dollars		

Some of the Panel members have had extensive experience planning, designing and constructing light rail and highway systems. The Panel believes that the proposed schedule durations and rates of expenditures for individual ST2 projects are reasonable. However, we also believe that the proposed level of expenditure for the peak years, when multiple light rail projects will be underway, is very aggressive for a regional transit agency. This level of expenditure could place a significant burden on internal staff capacity, and it raises questions about the ability to maintain a competitive external bidding environment among contractors. The Panel has commented extensively on this latter point in our letters of comment during the past two years.

As an example of the kind of challenges faced when multiple projects are being developed simultaneously, the Federal Transit Administration’s Project Management Oversight Program raised questions in their May 2008 report about the current capacity of Sound Transit staff to administer construction on one segment, while designing and developing two additional light rail projects.

The Panel suggests that the Sound Transit Board of Directors work with staff to consider potential mitigation measures to manage these risks. Sound Transit should conduct additional review of the project schedules to determine if there are opportunities to spread out the rate of expenditures during the peak periods. The Panel would also suggest conducting an industry review of agencies that have or are constructing extensive light rail systems to understand their level of expenditures and the mitigation measures they have used. This work will help insure the integrity of what can be delivered to the public in a certain timeframe.

The Panel notes that the project schedules are based on project planning curves rather than detailed project schedules for each ST2 project. These planning curves estimate the amount of

time it will take to accomplish each phase of a construction project. They are based on industry standards and on Sound Transit's experience with Sound Move. This is appropriate for the planning phase of a proposal such as ST2. However, in order to better develop mitigation strategies to address the peak construction periods, the Panel suggests that Sound Transit staff develop more detailed project schedules, which typically include a much more detailed set of activities, such as preliminary engineering, environmental permits, design engineering, right-of-way appraisal and acquisition, utility relocation, agreements, permits, construction, vehicle procurement, testing and start up. Such a detailed schedule of projects may help in the development of mitigation strategies, and will assure the Sound Transit Board and the public that the ST2 projects can be delivered within the 15-year timeframe.

With respect to the external bidding environment, the Panel suggests that Sound Transit work with other public entities to insure that information regarding upcoming bidding contracts and construction schedules is shared on a regular basis. This should help agencies avoid periods when multiple construction projects could limit the availability of qualified contractors. Reductions in the number of competitive bidders could increase project costs. Panel members are aware of systems developed in other regions of the country that involve industry associations (such as the Associated General Contractors) as the focal point for the collection and distribution of that information.

Project Cost Estimates

The Panel conducted extensive review of the projects in the 20-year plan (Proposition 1) that was submitted to voters in 2007, including analysis of the cost estimating methodologies. Those methodologies have remained the same for the ST2 proposal currently under consideration. Project cost estimates were updated from 2006 to 2007 dollars. That Panel reviewed the cost update methodology at our March meeting and found the methodology to be appropriate, consistent with industry standards.

The Panel also requested clarification regarding the recent announcement that the Federal Transit Administration (FTA) has required Sound Transit to increase the contingency for the University Link tunnel project by \$150 million. The Panel wanted to understand the implications of that decision for the Northgate Link project in the ST2 plan, where approximately two miles of tunneling will occur. The Panel was told that the increase resulted from FTA's experience with other tunnel projects around the country that have experienced higher than anticipated costs. FTA has also agreed to pay for up to 40% of the increased cost, consistent with the level of federal funding for that segment. Sound Transit staff told the Panel that there is sufficient capacity in the contingency for the University Link project to cover the increased cost (\$90 million in year-of-expenditure dollars).

With regard to the ST2 Northgate Link segment, Sound Transit staff told the Panel that there are three factors that suggest that a similar FTA recommendation to increase the tunneling cost could be accommodated with the proposed project contingency: 1) the contingency for the Northgate project is considerably higher than for the University Link; 2) the tunneling needed for the Northgate Link is shorter than for the University Link, so an added tunnel contingency would be smaller; and 3) FTA would use a similar assumption regarding the use of federal funds to pay for

a portion of a potential increase. As a result, there is no recommended increase in the project budget for the ST2 Northgate Link. The Panel believes this conclusion is reasonable.

Clarify Project Scopes with Local Jurisdictions

East Corridor Link Light Rail – In Joni Earl’s June 20, 2008, response to the Panel’s April 23, 2008 letter, she stated: “*Sound Transit concurs with the Panel on the importance of reaching agreement with jurisdictions and organizations regarding the scope of specific projects included in the updated ST2 Plan....*”

In the specific case of the Link light rail alignment through downtown Bellevue, the Panel understands that the City of Bellevue has requested that the ST2 plan not preclude a tunnel option. We understand that officials from Sound Transit and Bellevue have discussed this matter extensively. Sound Transit staff have told the Panel they are satisfied that the City of Bellevue clearly understands that the budget included in the ST2 plan is adequate for either an aerial or at-grade profile, but not a tunnel through downtown Bellevue.

Currently, an EIS is being prepared for the East Link project. Several alternative alignments (including aerial, at-grade, and tunnel alternatives) are being studied. Sound Transit staff have indicated that both parties understand that if the tunnel is selected as the preferred alternative, then financing will require the collaboration and aggressive pursuit of new funding sources for the Bellevue segment, beyond the sources already included in the ST2 updated Finance Plan.

It is the Panel’s understanding that the Sound Transit cost estimate for the tunnel option is approximately \$500 million more than for the aerial or at-grade alignments. The Panel recognizes that other funding sources could be utilized. We have previously suggested that funding options, such as a local improvement district, could be considered in downtown Bellevue for funding a light rail tunnel. However, until agreement with Bellevue is achieved regarding the project scope and a funding plan, there will be uncertainty about the final project cost and schedule. We strongly recommend closure on this issue (i.e., agreement on a potential funding plan, should the tunnel option be selected in the Environmental Impact Statement [EIS] process as the preferred alignment) before citizens are asked to vote on a ballot measure. In addition, the Panel suggests that all materials used to describe the East Link project (including the ST2 15-Year Plan document and the Finance Plan) include a reference to the fact that funding available from the bond measure is sufficient to construct an aerial or at-grade alignment.

Burlington Northern Santa Fe (BNSF) Agreement – As the Sound Transit Board knows, during the implementation of Sound Move projects, it took much longer than anticipated to negotiate an agreement with BNSF, which extended the schedule by several years and increased the project cost significantly. As a result, the Panel has previously recommended executing a term sheet with BNSF for any proposed increase in Sounder service prior to finalizing a ballot measure.

At the Panel’s March 7, 2008, meeting, Joni Earl stated that discussions with BNSF were underway. She also said that Sound Transit will attempt to reach agreement with the railroad on a term sheet prior to making a decision about placing a measure on the November 2008 ballot.

She suggested that reaching agreement with BNSF on a term sheet might be a pre-condition of including expansion of Sounder service in the south corridor in the revised ST2 package.

At the Panel's July 1, 2008, meeting, Sound Transit staff reported on the status of negotiations and expressed confidence that an agreement with BNSF on a term sheet could be reached. In mid-July Sound Transit staff informed the Panel that significant discussions with BNSF were progressing well, and the Panel reviewed an outline of a proposal being exchanged between BNSF and Sound Transit that would provide the level of assurance for additional Sounder service.

During our July 21 conference call, Ms. Earl reported that a verbal agreement has been reached on terms for providing four additional round trips for Sounder service in the south corridor. The Panel believes this is an important accomplishment. However, the agreement has not been finalized. The Panel encourages the Board to reach an agreement on a memorandum of understanding (or a final agreement document) with BNSF prior to a vote on a ballot measure.

I-90 Bridge

At the July 1 meeting the Panel received a briefing on the work of the Independent Review Team (IRT) that is conducting an assessment of the feasibility of light rail construction on the I-90 Bridge. The Panel was very impressed with the quality and depth of the IRT's work. As you may recall, in several previous letters we have encouraged continued analysis of light rail construction on the floating bridge, prior to significant expenditures in the rest of the corridor for the East Link project. The Panel is pleased that the Legislature requested and funded the creation of the Independent Review Team. The IRT's work will greatly benefit the design of the light rail project.

The IRT has confirmed an important premise of the Panel's review of the East Link project – that this application of light rail is unique. Nowhere in the world has light rail been constructed on a floating bridge. As a result, additional care must be taken to conduct the necessary design and testing to insure its success. For example, the IRT and the Panel agree on the use of modeling and prototype testing for the design of the expansion joints that connect the fixed portion of the bridge to the floating portion. The Panel was pleased to hear from Sound Transit staff that preliminary design work for the bridge will be accelerated in the project schedule.

We understand that the IRT told the Legislature's Joint Transportation Committee that based on their analysis to date, there "are no show stoppers" for the design and construction of light rail on the I-90 Bridge. There are several issues identified as high importance, which the IRT defines as "issues to be resolved before the Independent Review Team can provide an assessment of the feasibility of the East Link project using the Homer M. Hadley floating bridge...." The Expert Review Panel concurs with this list of issues, and with the conclusion reached by the IRT that important design work and modeling still need to be completed. But we see nothing in the analysis to date that suggests that light rail cannot be successfully constructed and operated on the bridge.

With respect to the impact of the IRT's recommendations on the budget for the floating bridge component of the East Link project, the Panel understands that Sound Transit and WSDOT staff will be working with the IRT findings to quantify the financial impacts of the recommendations. This is not information we have reviewed. In previous letters the Panel has commented that the East Link project contingencies are set appropriately high for a project at this stage of design and engineering. We understand that the initial analysis of costs associated with the IRT recommendations will be available by mid-August. We will review that analysis prior to our next letter and provide comments on the implications for the East Link project budget.

However, the Independent Review Team's analysis raises an important question regarding the cost and responsibility for improvements related to potential seismic retrofit. The IRT preliminary findings state that WSDOT and Sound Transit should conduct a seismic vulnerability study for the floating bridge, the approach spans to the bridge and the I-90 western tunnel. Although these structures were built to seismic standards at the time of their construction, seismic standards have been revised more recently. The IRT recommends that this study be completed as part of the preliminary design phase. The Panel agrees with this approach and further suggests that the seismic analysis should include all structures in the I-90 corridor that the East Link light rail line will traverse. Once the study has been completed, a cost estimate for recommended retrofit improvements should be established. WSDOT and Sound Transit will then need to discuss the relative responsibilities for funding those improvements. The outcome of this analysis and the following discussions could affect the budget for the East Link project. It is noted that these issues regarding analysis of seismic vulnerability exist whether or not Sound Transit places light rail on the bridge.

Sound Transit and WSDOT will need to develop a collaborative partnership to study the seismic issues and then resolve any issues regarding scope, cost and funding. The Independent Review Team process seems to have been a good start. The Panel encourages the leadership at both Sound Transit and WSDOT to insure that the collaboration continues.

Financial Planning

One of the primary roles of the Panel is to review and comment on the underlying methodologies used by Sound Transit to develop recommendations. To that end, prior to our July 1 meeting one of the Panel members spent several hours with Sound Transit CFO Brian McCartan reviewing the new ST2 financial model, which was created initially for a 12-year plan. The model construct being used for the 15-year plan is identical. Only the model inputs have changed.

At the July 1 meeting, the Panel was briefed on the work by Sound Transit staff to prepare for the financial analyses related to a new ST2 plan. Subsequent to the meeting, a Draft ST2 Financial Plan (the "Plan") was developed, based on the 15-year 0.5% Sales Tax Scenario. As of this writing, the Board had not yet made a final decision on the Plan. Therefore, this letter includes the Panel's observations relating to the methodology of the current financial work and the results of the Plan for a 15-year program.

Overview of Methodology

Financial Modeling - In the March 2008 letter, the Panel reported that Sound Transit had indicated its intent to create a financial model that will separate ST2 revenues and expenses from the Sound Move program. Panel members expressed the opinion that separate modeling would create greater clarity and transparency regarding any proposal submitted to the voters.

In the July 1 meeting, Sound Transit staff informed the Panel that two separate financial models are being used – one for Sound Move and another for ST2. This permits better evaluation and stress testing of the ST2 Plan. Since the ST2 Plan continues to rely upon revenues from the Sound Move plan, however, the two models are linked. The Panel believes this new analytical structure will improve the information that may be made available to the Board and to voters as they consider ST2.

Economic Factors - Within the past six to nine months, the national economy has faltered. Washington's economy has also begun to slow considerably, although more slowly than the national pace. Sound Transit has received updated forecasts of sales and motor vehicle excise tax revenues from its independent consultant, Conway Pederson Economics, Inc. Based on the new forecasts the ST2 Plan assumes average annual growth rates through 2023 of 4.76% for sales taxes and 4.55% for motor vehicle excise taxes (MVET). These are reductions over the average annual growth rates assumed in the prior version of the ST2 Plan, namely 5.2% for sales taxes and 5.3% for MVET.

Sensitivity Analyses - At our March 2008 meeting, Sound Transit finance staff asked for suggestions regarding the sensitivity analyses that should be completed as part of the planning for a new ST2 package. Working in consultation with the Panel, staff developed a more robust series of sensitivity tests that were applied to the ST2 Plan. These include seven distinct tests which address capital cost increases, operating cost increases, higher borrowing costs, reduced revenues (including sales tax and farebox revenues), reduced federal monies and a combination of cost increases with revenue declines.

Sound Transit staff has been able to identify the factors to which the ST2 plan is most vulnerable. Not surprisingly, the most severe impacts arise from lower sales tax revenues and higher capital costs.

As we have done in the past, the Panel asked staff about testing higher operating costs to address the Citizen Oversight Panel concerns. This test is all the more relevant today, since the proposed ST2 Plan would incorporate more express bus service, which has historically caused spikes in operating costs as new service is brought on line. Staff has agreed to perform the additional test, but continues to state that historic growth rates in operating costs are below the assumed 5% growth factor used in the Finance Plan once growth for new service levels is taken into consideration.

The Panel notes that, in the event that the risk factors should become actual events, the agency must modify its plan to meet all its obligations. Actions to do this might include increasing revenues, greater borrowing and/or extending the build-out of projects.

Capital Cost Inflation – Sound Transit also uses independent forecasts for Finance Plan assumptions regarding inflation of costs. Sound Transit uses the Building Cost Index (BCI) to forecast capital construction costs for the ST2 plan, the Right-of-Way Index (ROWI) to forecast right-of-way expenses, and the Consumer Price Index (CPI) to forecast capital costs other than construction and right-of-way. A new CPI forecast was received as part of the updated Conway forecast. The new Finance Plan assumes an average annual growth rate from 2009 to 2023 of 3.3%. This includes an additional 1.75% contingency applied by Sound Transit for 2008 and 2009. Sound Transit has not received a new BCI or ROWI forecast, but has applied similar contingencies to the 2007 forecasts. The BCI average annual cost inflation from 2009 to 2023 is projected to be 3.6%, up from 3% in the previous plan. Average annual cost inflation for Right-of-Way is 4.65% (2009-2023). The Panel would like to review the BCI and ROWI forecasts when they are updated, but these forecasts are reasonable for the ST2 Finance Plan.

Capital Cost Discussions – In March 2008, the Panel was told that the post-election polling and surveys suggested that the public was confused about the size of the package on the ballot last November and that the new financial plan will have a greater emphasis on year-of-expenditure (YOE) cost estimates to create a clearer explanation of the costs associated with the program. At the July 2008 meeting, staff asked for input from the Panel on which capital costs to present to voters (year of expenditure or current year), as the development of cost estimates is a critical part of any project that is placed before voters. Any agency submitting a proposed package of projects to voters has the burden of being “transparent” in the cost assumptions and justification of the figures. The project costs should be presented, and explained to voters, in a clear manner.

Sound Transit has developed total capital cost figures using two different, but related measures – a current dollar figure and a YOE figure. The current dollar figure estimates capital costs in terms of a single year (2007) dollars, without use of an inflation factor for the different components of the total plan that will be constructed in different years. The YOE figure inflates each component of the plan into a dollar figure for the year in which that portion of the project will be constructed. This latter cost figure reflects the cost of expenditures in the years the expenditures will be made. Most of the new ST2 documents the Panel has reviewed at the time of this writing use the YOE figures.

The presentation of two separate total capital cost figures is consistent with the standard practice used throughout the nation, as well as with requirements of the Federal Transit Administration (FTA) for the provision of federal funding for transit projects. Sound Transit has used these standard methodologies for Sound Move projects and has received a number of federal grants for those projects. Clearly, the FTA requires cost figures to be prepared for different projects by different governments in a uniform manner allowing the federal agency to compare different projects for the possibility of awarding federal grant moneys.

The FTA requirements describe the current dollar figure method of calculating project costs as being expressed using a “total expenditure of constant (base year) dollars,” and the YOE cost method of calculating project costs as “conversion of capital costs into an equivalent annual payment” or an “annualized cost.” (See “*Procedures and Technical Methods for Transit Project Planning*,” *Federal Transit Administration, United States Department of Transportation, Part II, Page 18.*) The FTA indicates that use of the “annualized cost” figures may appear “somewhat

higher than that commonly used in the private sector” but that these figures provide “a margin of safety in computing the cost-effectiveness of publicly funded projects.” (See “*Procedures and Technical Methods for Transit Project Planning*,” *Federal Transit Administration, United States Department of Transportation, Part II, Page 3-20.*)

Borrowing – Borrowing, or “debt funding,” represents 48% (\$6.452 billion) of the funding for the capital component of the Plan. This is a reasonable amount for a program of this size and scope. Minimum net coverage throughout the forecast period is 1.68 times debt service. The Board target coverage policy is 2.00 times, with a minimum coverage in any single year of 1.50 times.

Financial Policies – Sound Transit has proposed to alter its financial policies regarding the process for future sales tax rollbacks. The new language states that the trigger for a rollback would be “when the voter-approved capital projects in ST2 and Sound Move are completed.” This provides greater clarity than the previous sales tax rollback language. However, even greater specificity should be used by stating that the sales tax rollback would occur after all the debt associated with the projects has been retired, if voters have not authorized an extension of these sales tax rates to finance additional Sound Transit projects.

It is the Panel’s understanding that all of the ST2 bonds would be refunded by 2038 if voters do not authorize an extension of these sales taxes and that the rate could be reduced to the 0.4% rate voters authorized for Sound Move. Receipts from this reduced rate of sales tax would be used only to finance: (a) operations and maintenance; (b) fare integration; (c) capital replacement; and (d) ongoing system-wide costs and reserves. The Panel believes that adding more language to explain how the rollback provision would work would add a greater degree of transparency and clarity for voters.

Debt/Equity Ratios – Sound Transit is legally required to establish a debt/equity ratio for the agency (RCW 81.104.130). As noted in a prior letter, it is unusual for a public agency to adopt a debt to equity ratio, so there are no good comparisons with other transit agencies. In the original plan, Sound Transit adopted a 40:60 debt to equity target. The current Plan assumes a borrowing ratio of 48%. This is a reasonable level.

Ridership

The Panel recognizes that projecting into the future always includes a high degree of uncertainty, particularly during unstable times. We have recently experienced unprecedented increases in energy costs, and while we have had spikes in the past, some believe that we are unlikely to return to the levels of energy affordability experienced a decade ago or even several years ago, when the ST planning process started. This has direct implications for both highway and transit travel. Some of the reductions in highway travel anticipated by ST2 may have already occurred, minimizing the reduction in vehicle miles traveled (VMT). At the same time, high energy costs may actually accelerate a reduction in VMT.

The VMT reduction implies that area residents are shifting to transit. Clearly this is currently underway. Since anticipated reductions in VMT are an integral part of the benefits-cost analysis

including assessment of greenhouse gas releases, updates of these analyses may diverge from previous analyses. In brief, updated ridership and VMT forecasts using today's conditions as the baseline forecast are likely to provide more useful information than previous forecasts. When possible we encourage the use of updated forecasts.

HOV Lanes

At the Panel's March meeting we requested additional information from WSDOT regarding the peak hour travel times for HOV lanes in all of the major highway corridors in the region. The Panel felt this was important information given the proposed increased level of investment in ST Express Bus service, which uses the HOV lanes for highway travel.

The Panel learned that most travel on I-5 and I-405 HOV lanes during peak weekday commute periods is not meeting the WSDOT standards for speed and reliability. The state has established a standard that suggests an HOV lane should be able to maintain an average speed of at least 45 mph, at least 90 percent of the time. In most of the I-5 and I-405 lanes this standard is not being met, and in fact, in major portions of the HOV system, congestion is occurring.

The Panel understands that Sound Transit does not have authority over the operations of the HOV lanes. However, in order to maximize the effectiveness and attractiveness of the express bus service, the Panel encourages Sound Transit to aggressively pursue collaboration with WSDOT and the other transit providers in the region to evaluate the HOV lanes in the Puget Sound region. The common goal should be to allow transit buses to achieve the speed and reliability of a highly performing system. In other parts of the country, the transition of regional HOV lanes to a faster, more reliable system of travel presents a real and pragmatic approach for improving transit operations and ridership. A significant investment has been made in the Express Bus system by Sound Transit in terms of coaches and infrastructure as part of Sound Move and is proposed for ST2. The implementation of high occupancy toll (HOT) lanes in other regions nationally, as well as the support of the United States Department of Transportation, suggests that a system of buses operating in HOT lanes with congestion pricing can provide protection of current transit investments and allow growth for future operations.

Sound Transit Public Involvement

During May and June 2008, Sound Transit held seven public open houses in three counties. Sound Transit presented the ST2 Plan to the public and described "New Options for Expanding Mass Transit." ST requested public input to help inform the pending Board decision regarding: 1) whether to move forward with a 12-year or a 20-year package; 2) whether to adopt a 0.4% or 0.5% sales tax increase; and 3) whether to vote on mass transit expansions in 2008 or wait until 2010. The materials used in the public outreach stated that "*all of these transit expansion options would speed up trips, reduce greenhouse gas emission and improve local air quality. They ensure that your dollars go to serve people in your area and increase accountability for managing public funds.*"

In addition to the seven public open houses, Sound Transit also made attempts to reach individuals who could not attend the public sessions. They developed a questionnaire that could

be accessed by telephone and the Internet. During this public involvement process, approximately 6,000 persons submitted completed questionnaires. Sound Transit analyzed the results of this questionnaire and sorted the results in several ways, including demographics, county of residence, and types of improvements desired (i.e., light rail, commuter rail, express bus, etc.).

On June 26, 2008, these results were presented to the ST Board in 24 PowerPoint exhibits. The Panel received a similar presentation at its July 1 meeting. Although the presenter's initial comments explained that the questionnaire was not a random sample survey, the results were presented in a manner typical of unbiased surveys taken in the three-county area.

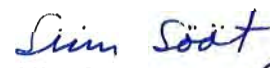
Further, a press release was issued on June 26 summarizing the results of the questionnaire. Although the release stated that this was a "*non-scientific questionnaire*," it went on to cite specific, high levels of support for transit improvements, including: "91 percent...for expanding mass transit," "81 percent...for adding more light rail," "81 percent...for adding more commuter rail," and "81 percent...for adding more express bus" service. The press release went on to say that respondents expressed great urgency to place a measure on the ballot: "76 percent favor a 2008 vote, 10 percent favor a 2010 vote, 3 percent favor voting after 2010 and 5 percent said never."

The Panel suggests great caution about drawing conclusions from the information presented. This was not a random sample, and it appears from the results that the questionnaire was completed primarily by transit advocates attending the public open houses or responding to the web and phone questionnaire.

The Panel strongly believes that the result can be presented only as the opinions of those who chose to attend the open houses and/or complete the questionnaire. This is a select group and does not represent the general public. The Panel suggests that if this information is used for any further purpose that its limitations be clearly described. Use of a random sample poll would provide a better understanding of public reaction.

We continue to appreciate the response of Sound Transit and WSDOT staff to our questions and requests for information. They have been very helpful as the Panel has reviewed a great deal of information during the past several weeks. Please let us know if you have any questions regarding our review.

Sincerely,


Siim Sööt (JS)
Chair

cc. Expert Review Panel Members
Senator Ed Murray
Bob Drewel, Executive Director, Puget Sound Regional Council