



**Expert Review Panel Presentation
Real Estate Cost Comparison
Between
Sound Move Budget versus Actual Costs
July 20, 2006
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In preparing the information for this presentation, several factors came to light that need to be addressed in order to make a meaningful and consistent comparison of the *Sound Move* budget for real estate costs associated with the Initial Segment of Link and the actual costs incurred. The comparison for this presentation will be limited to the Initial Segment of Link light rail.

Two important factors to consider are the year of expenditure (YOE) dollars and the evolving alignments that were under consideration. As Sound Transit progressed through the process of estimating the real estate costs for Link, the year of expenditure upon which the estimates and budgets were based have also changed. In order to be consistent in making the comparison, the budgets and expenditures need to be adjusted to reflect the same year of expenditure. The *Sound Move* budget has been adjusted to 2004 YOE dollars since this date approximates the mid-point date of the acquisition process and expenditures. The attached spreadsheet shows the original YOE amount (1995\$), the YOE amount updated to 2004\$, as well as the actual expenditure amounts up to the present and the estimated cost to complete. Actual expenditure amounts have not been adjusted since some occurred before and some after the 2004 mid-point date.

The second major factor is the evolving nature of the alignment itself as well as assumed station locations and termini of the alignment. In many instances, multiple alignments were considered and the final locally preferred alternative was not exactly the same as the most similar alignment upon which the budget was based. The station locations and termini have changed over time and the station locations and termini upon which the

December, 1999 budget was based are not identical to the current project under construction.

To address the YOE factor, the *Sound Move* budget has been adjusted to 2004 YOE dollars since a substantial portion of the actual expenditures for real estate was occurring during this time frame and this date is at the approximate mid-point of the acquisition process. The alignment upon which the *Sound Move* budget was based was used as the basis for comparison even though the budgeted and final alignment are not identical. Actual costs also include the purchase price of some remainder properties that would not have been anticipated or included in the original estimates. These include such purchases as entire acquisitions not anticipated or purchases of remainder properties at the request of property owners as administrative settlements or as offers to purchase uneconomic remnants. Some of these parcels will likely be sold at the end of the project recouping some or all of the original purchase price. An estimate of this potential sale revenue is not included in this comparison.

Other factors include the amount of contingency included in the real estate budgets and estimates. In the *Sound Move* budget, a 10% contingency for real estate was used. More recent estimates and budgets have used a 40% contingency due to rapidly escalating real estate costs, unanticipated variations in the amount of the acquisition area and the need to purchase remainder properties to facilitate administrative settlements to meet federal requirements to offer to purchase uneconomic remnants. Administrative costs have been included so the basis for comparison between the budget and actuals are consistent across the board. Please refer to the attached spreadsheet for a reconciliation of the *Sound Move* budget versus the final costs.

The source of information for the *Sound Move* budget is the Sound Transit internal publication "Central Link Light Rail LPA Capital Cost Estimates" dated December 8, 1999. The information used for actual costs is the summary portion of the internal Sound Transit report "ROW Budget Summary" for June, 2006.



**Link Real Estate Cost Comparison
Sound Move Budget versus Actuals**

Contract	Base Costs (1995\$)	Sound Move Budget Contingency 10% (1995\$)	Total (1995\$)	Total Cost (2004\$)	Contract	Sound Move Contract(s)	Actual Cost Expenditures to Date	Est. Cost to Complete	Estimated Final Cost
C700	\$ 6,240,000	\$ 620,000	\$ 6,860,000	\$ 10,502,236	<u>D700</u>	C700	\$11,888,913	\$218,799	\$12,107,712
					Acquisition		\$1,462,488	\$0	\$1,462,488
					Relocation				\$0
C710	\$ 970,000	\$ 100,000	\$ 1,070,000	\$ 1,638,104	<u>D710</u>	C710	\$5,788,799	\$400,000	\$6,188,799
					Acquisition		\$1,648,778	\$4,800	\$1,653,578
					Relocation				\$0
C720	\$ 12,570,000	\$ 1,260,000	\$ 13,830,000	\$ 21,172,875	<u>D720</u>	C720	\$21,174,523	\$0	\$21,174,523
					Acquisition		\$2,005,045	\$442,300	\$2,447,345
					Relocation				\$0
C730	\$ 10,030,000	\$ 1,000,000	\$ 11,030,000	\$ 16,886,248	<u>D735</u>	C730, C740	\$30,908,152	\$2,416,589	\$33,324,741
C740	\$ 12,580,000	\$ 1,260,000	\$ 13,840,000	\$ 21,188,184	Acquisition		\$8,825,322	\$1,220,000	\$10,045,322
					Relocation				\$0
C750	\$ 2,450,000	\$ 250,000	\$ 2,700,000	\$ 4,133,533	<u>D755</u>	C750, C760	\$25,685,972	\$1,492,266	\$27,178,238
C760	\$ 3,730,000	\$ 370,000	\$ 4,100,000	\$ 6,276,846	Acquisition		\$906,052	\$674,280	\$1,580,332
					Relocation				\$0
M1D	\$ 29,090,000	\$ 2,910,000	\$ 32,000,000	\$ 48,990,021	<u>MB-810</u>	M1D	\$36,743,903	\$3,823,750	\$40,567,653
					Acquisition		\$2,512,086	\$1,859	\$2,513,945
					Relocation				\$0
Administrative			Included	Included					\$39,197,000
			\$ 85,430,000	\$ 130,788,047					\$199,441,676