



**Citizens' Year-End 2010**

**Performance Report on Sound Transit**

**February 17, 2011**

*The Sound Transit Citizen Oversight Panel  
is a 15-member volunteer body appointed by the Sound Transit Board  
to oversee and monitor the implementation of **Sound Move** and **ST2**.*

*Previous Citizen Oversight Panel reports are available upon request  
and on the Sound Transit website at [www.soundtransit.org](http://www.soundtransit.org).*

*Panel members welcome comments and input to their work and may be  
contacted by calling Jennifer Wiklund at Sound Transit at 206-398-  
5466, by email at [jennifer.wiklund@soundtransit.org](mailto:jennifer.wiklund@soundtransit.org) or by writing to:*

*Citizen Oversight Panel  
Union Station  
401 South Jackson Street  
Seattle, WA 98104*



February 17, 2011

Sound Transit Board  
Honorable Aaron Reardon, Chair  
401 South Jackson Street  
Seattle, WA 98104

Dear Chair Reardon and Board Members:

The Citizen Oversight Panel provided monitoring of Sound Transit for the fourteenth consecutive year in 2010. The overriding story for the year was the continuing economic recession and the loss of \$3.9 billion in revenue for the 15-year ST2 plan. COP believes that Sound Transit responded to this situation with realism and foresight by suspending projects and containing operating costs. The economic situation has been unprecedented and we applaud the agency for its prudence.

In 2010 Sound Transit continued to build the organizational structure to implement the still very substantial ST2 program and to continue to deliver transit services in four modes. In our report we identify a number of themes that our members viewed as highlights of the year.

**Reorganization.** The last vestiges of the original “line of business” structure were phased out and replaced by the current function-based structure. Policies, procedures and practices that had previously been developed separately for each mode were consolidated and aligned to a single Sound Transit standard.

**Board structure.** The new Capital Projects and Operations and Administration Committees meet just once a month and allow Board members to delve into greater depth in each area while attending fewer meetings. This reorganization too has been an effective change that is meeting the need to manage and oversee a greater number of projects and more transactions.

**Operational capacity.** ST is making continuing progress in transitioning from primarily a project focus to also being a strong operating agency. 2010 in particular spotlighted the need for better systems to handle service disruptions and the agency actively responded to this need with increased staffing and new procedures, especially in Central Link.

**Customer focus.** As another part of the shift toward being a substantial operating entity, the agency carried out an organization-wide business improvement process

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focusing on the customer and the customer service experience. ST has had to learn through some stumbles how quickly its reputation with its customers can be at risk when service is poor or when communication is lacking. The agency acted swiftly to create new capacity to manage such situations.

**Transit-oriented development.** Sound Transit is now actively pursuing TOD opportunities at sites that have or will become surplus after completion of various projects and has begun to play a more proactive role in promoting TOD. In its recent System Access Task Force report, COP expressed support for these efforts and recommended that ST allocate resources and employ more targeted approaches to increasing density that will maximize ridership in each community.

Two other issues for the year were of concern to COP members:

**East Link alignment.** After extensive public involvement, planning, and the signing of a funding term sheet, East Link was delayed by a year at the request of the City of Bellevue to allow time for additional analysis. COP commends the Board for its focus on the fact that any alignment decision must serve the system needs to connect centers throughout the entire region.

**Reporting on cost trends.** Sound Transit has made efforts for several years to contain cost growth. In 2009 and 2010 the cumulative 25% revenue loss required very significant reductions in the capital and operating programs. In 2009 COP's Operating Cost Task Force found that the agency's management reports could be improved to more easily identify key cost drivers and trends. We again encourage the agency to develop improved cost reporting.

On balance, COP concluded that 2010 continued Sound Transit's growth and increasing maturity to manage a very complex mission. The economy has provided a setback to delivering on this mission, but Sound Transit is handling the challenge with excellent leadership and a strong organization.

Sincerely,

CITIZEN OVERSIGHT PANEL

A handwritten signature in black ink, appearing to read "Paul J. Wiesner". The signature is fluid and cursive, with a large initial "P" and a long horizontal stroke at the end.

Paul J. Wiesner  
Chair

Cc: Joni Earl

## Citizens' Year-End 2010

### Performance Report on Sound Transit

#### Introduction

The Sound Transit Citizen Oversight Panel (COP) is a 15-member volunteer body appointed by the Sound Transit Board to oversee and monitor the implementation, first, of *Sound Move*, and now, of *ST2*, the voter approved regional transit plans. The Panel prepares a yearly progress report and periodic communications to the Board as issues arise. This is the Panel's twenty-second report and covers Sound Transit's performance during 2010.

#### Response to Economic Reality: the Highlight of 2010 at Sound Transit

The overriding story in 2010 was the continuing economic recession and the loss of \$3.9 billion in revenue for the 15-year ST2 plan. Sound Transit responded to this situation with a major program realignment. In a letter to the Board on October 21, 2010, COP wrote,

*...we appreciated greatly the agency's openness in admitting the problem and its transparency in laying out an approach to managing it. The proposed ST2 program realignment is guided by goals and principles that are clearly stated, is based on reasonable and logical priorities, and communicates the specific impacts to each community and to the region. COP agrees that it was the best course of action to articulate a long-term strategy for program reduction and deferral now and not wait for better economic times in the hope of staving off the inevitable.*

ST management and Board faced the financial crisis with realism and foresight that we believe are an admirable example of good government at work. We observed capital projects being deferred or suspended, transit service being reduced and operating costs tightly managed. Virtually all projects that were retained had to take cuts to reserves. Many projects took additional budget cuts or schedule extensions as a result of the revenue loss. This necessarily caused consternation and disappointment in communities that were expecting Sound Transit projects. Hardest hit were South King and East King Counties. A number of partner entities agreed to change the terms of their operating agreements with Sound Transit to help save costs, among them Amtrak, King County Metro, Pierce Transit, and organized labor.

This is a new environment for COP as well as for Sound Transit. COP members have always considered it part of their mandate to monitor budget and schedule execution and that

commitments made to voters at the ballot box are met. But the economic situation of the past three years has been unprecedented and circumstances have changed so dramatically that flexible leadership was what was needed most and Sound Transit delivered it. We applaud the agency for its response and for the difficult decisions that had to be made.

While leading with a strategic response to the economic situation, Sound Transit also continued to meet the challenges of implementing the very large ST2 plan and the day to day operating requirements of a multimodal transit system spanning three counties.

## **Other Major Themes for the Year**

In 2010 Sound Transit was in full gear to build the organizational capacity and structure to implement the still very substantial ST2 program and to continue to deliver transit services in four modes.

**Reorganization.** The agency reorganization designed to meet the needs of ST2 and announced late in 2009 became real in 2010. The last vestiges of the original “line of business” structure were phased out and replaced by the current functional structure, with groups of technical staff working together in departments organized around planning, environmental analysis and project development; design, engineering and construction management; and operations for all capital projects and transit modes. Policies, procedures and practices that had previously been developed separately for each mode were consolidated and aligned to a single Sound Transit standard. Project controls, design criteria, right-of-way certification and development of third-party agreements are examples of functional areas that are managed now under a single way of doing business.

What had begun in the early Sound Move days as numerous loose sets of project-specific practices that gave great leeway to individual project managers has increasingly become a tightly-managed performance-driven management style. It guides all capital projects through a rigorous approval process called Phase Gate and emphasizes high standards of quality and accountability, with managers evaluated on departmental and agency-wide scorecards and metrics.

The new organizational structure has put a premium on working together across departments in a matrixed management approach that requires high levels of communication and coordination from all participants. Several directors mentioned this as a challenge of the new structure, but COP has been impressed overall with the apparent cohesiveness and effectiveness of Sound Transit as an organization.

**Board structure.** Concomitantly with the new ST2 staff reorganization, the Board committee structure was revamped. The old Finance Committee was replaced with a Capital Projects Committee and an Operations and Administration Committee that meet just once a month. Board members are able to delve into greater depth in each area and as a result, the Board seems to be more engaged and more knowledgeable while needing to attend fewer meetings. This reorganization too has turned out to be an effective change that is meeting the needs of the

agency under ST2 to manage and oversee a greater number of projects and many more transactions.

**Operational capacity.** ST is making real progress in transitioning from primarily a project focused organization to also being a strong operating agency. 2010 in particular spotlighted the need for better systems to handle service disruptions and the agency actively responded to this need with increased staffing and new procedures, especially in Central Link. A comprehensive enterprise system for asset control and maintenance management of all ST capital facilities and equipment was under development as was a new system to manage the very extensive agency records and documents. Two major external audits--the FTA triennial audit and the state safety audit--were both completed without significant findings identified even though Central Link was just in its first full year of operation.

Despite the additional transit services delivered for the year, the Operations Department continued in 2010 to work on slowing cost growth. The specifics of the operating cost trends are discussed later in this report, but COP noted favorably in particular the savings generated by the new Sounder vehicle maintenance agreement with Amtrak and by the transfer of two ST Express bus routes to much more cost-effective operation by Pierce Transit.

**Customer focus.** As another part of the shift toward being a substantial operating entity, the agency carried out an organization-wide business improvement process focusing on communications and community outreach at every level to better serve the customer and improve the customer service experience. Across all departments, staff developed strategies to work efficiently and consistently to be responsive to users of the system. ST also worked hard to listen and respond to customer feedback and to become more nimble in responding to service disruptions which some customers were frustrated and angry about.

Sound Transit has worked hard to improve and retain its public credibility. As a significant operating entity, ST has had to learn from its experiences in customer service and communication. To its credit, the agency grasped this and acted swiftly to address known problems and create new capacity to manage future ones. ST has strengthened its customer service functions, created a new public outreach division and continued to refine its technology and social media capabilities to reach the customer.

**Transit-oriented development.** Sound Transit's investments after 14 years have reached a stage in which it has completed major projects and now owns surplus properties that were acquired for construction staging or for easements. Many of these properties are now available for redevelopment. ST is actively pursuing TOD opportunities at such sites and has begun to play a more proactive role in monitoring and promoting TOD.

The agency's first full-scale TOD project was completed this year, a mixed-use senior housing development at the Federal Way Transit Center, built in partnership with the Korean Women's Association. At Mount Baker Station on Central Link, ST helped relocate the Firestone Company to another location in Rainier Valley and procured a proposal by Artspace to develop 51 units of artist housing on the site. ST also has 22 other surplus properties with TOD potential it is currently working on.

In 2010 ST staff developed a TOD Strategic Plan that aligns with the agency's sustainability initiative, with the region's Vision 2040 plan, with the Growth Management Act and with the FTA's and HUD's new joint development and sustainable communities initiatives. The plan weaves together the various recent policies and activities regarding land use, transit connectivity, station area planning and sustainability. While TOD planning is still viewed as primarily a local jurisdiction role, Sound Transit now owns actual properties that it can use to showcase the benefits of density and mixed uses for transit system access.

In its recent System Access Task Force report, COP expressed support for these efforts and made recommendations to the Board to further advance ST's TOD planning. We recommended that ST allocate resources and actively facilitate community involvement in station-area and transit-community planning and that ST employ more targeted approaches to increasing density that will maximize ridership in individual communities and neighborhoods in ways that will appeal to local preferences and not be perceived as "one size fits all."

**Financial Accountability.** One of this Panel's chief mandates as required by its authorizing legislation is to monitor and report on Sound Transit's financial soundness and its adherence to the adopted financial policies. We are very pleased to report again that Sound Transit received a clean independent financial audit for the twelfth consecutive year in 2010. The annual review of adherence to subarea equity procedures was also conducted and found to be in compliance with all written policies.

The themes and focus areas identified by COP and listed above are generally positive ones. Sound Transit has many strengths and accomplishments to celebrate in 2010, despite the terrible revenue losses and the great challenge of having to cut back many promised projects.

## **Issues of Concern for COP**

Two other issues for the year are not so positive and remain as concerns to COP members:

**East Link alignment.** The East Link planning process in 2010 was made significantly more challenging by the current Bellevue City Council's lack of support for the Board's preferred B2M Bellevue Way and 112<sup>th</sup> approach to downtown. From the beginning there have been active citizens in Bellevue who have preferred the B7 alignment that extends north along I-405 rather than the Bellevue Way alignment, and the new City Council majority supports this alternative now too. After very extensive public involvement, planning, conceptual engineering, publication of its Draft Environmental Impact Statement (DEIS), and the identification of the preferred alternative, the project was delayed by a year with additional study in an effort to accommodate the City of Bellevue. The study of new alternatives yielded a term sheet with the City of Bellevue for funding a tunnel in downtown Bellevue but failed to resolve the controversy in south Bellevue.

Previously, COP expressed concerns about the conflict between the available budget and the local interest in a much more expensive underground alignment in downtown Bellevue. With

the signing of a term sheet relating to the shared funding by ST and the City of a possible tunnel alternative, some of that concern was alleviated. COP has also urged the Board to focus on alignments that have a strong justification in ridership and cost-effectiveness criteria, and in station locations that serve real transit demand and contribute to transit-oriented development.

However, the current Council majority's preferred B7 alignment does not meet these criteria and, most recently, the Bellevue City Council is requesting yet another extension that would cost ST time and effort and further delay the project. COP commends the Board for its focus on the fact that any alignment decision must serve not just limited interests in Bellevue but must serve the system needs to connect urban centers throughout the region. We believe the Board recognizes the need to serve the entire Bellevue community and the larger Eastside.

**Reporting on cost trends.** Sound Transit has made ongoing efforts for several years to manage and contain cost growth. In 2009 and 2010 a cumulative loss of 25% in expected ST2 revenues required very significant reductions in the capital program. COP has commented favorably on these efforts. On the operating side ST has also made reductions and has achieved savings in a number of areas. In transit operations in particular, this year's program realignment included service cuts on lower-productivity bus routes, a more cost-effective rail car maintenance arrangement with Amtrak and ongoing conversations with Community Transit, Pierce Transit and King County Metro about the costs of purchased transportation. These and other efforts have resulted in a 1.5% reduction in service delivery costs in the proposed 2011 budget over last year.

Despite these many efforts, COP continues to be concerned about fully understanding cost trends. To that end we have been working with Finance Department staff over time to understand year-to-year cost growth, especially in the areas of administration and salaries. We have found that the agency's management reports can be improved to more easily identify and understand key cost drivers and trends. We encourage the agency to develop improved employee cost reporting in 2011.

All of that said, COP members believe that Sound Transit has a complex mission to perform and, as such, must recruit and retain a highly skilled work force. To do so, it must compensate its employees appropriately. Nevertheless, we again urge ST's leadership to develop the necessary management reports that will permit clear communication on the subject of operating cost growth.

## **Follow-Up Items from Last Year's COP Report**

Each year COP identifies issues that we believe are important areas for improvement. We are often gratified to see the agency respond to our suggestions and this year we note again that a number of items we raised in the past have seen improvement.

- **Management of trade-offs between project scopes, schedules and budgets.** The program realignment was a significant effort to balance the elements of the ST2 plan with the now reduced revenues.

- **Long-term containment of operating costs.** We mention examples elsewhere in this report, among them a 1.5% reduction in the cost of delivering transit services.
- **Improvement in customer service for the ORCA card.** COP observed a strong focus in 2010 on improving the response to customer questions and feedback. Nevertheless, we find that this area is still a work in progress with a steady stream of customer issues, among them the limited availability of places to purchase ORCA, the inconvenience of purchasing and replacing reduced fare cards, and the privacy of data on the cards.

Other areas we noted last year are still in progress and we identify them again in this report as items needing further work:

- **East Link alignment decisions and cost control.** This continues to be a concern with COP members.
- **Reporting and trend analysis for personnel costs and functional areas.** While cost containment efforts have been strong this past year, the reporting on trends is still limited. For example, we again wonder in this report about the rising cost of providing transit security.
- **Clarity in the new Transit Improvement Plan.** The TIP still does not show fully the record of cost changes over time. If a project cost estimate or budget has increased or decreased since last year, it is discussed, but if changes occurred over several years, there is no indication of the history. Original cost estimates are now provided in the appendix but only for ST2 projects, not for the many Sound Move projects that are still underway.
- **Ridership declines have continued for a second year.** COP believes that these declines are principally attributable to the economic slowdown and in our recent System Access Task Force report we urged ST to develop a comprehensive ridership development policy.

## Overview of Major Activities in 2010

In 2010 Sound Transit moved forward its capital program in all three major corridors of the region. Light rail construction is progressing from downtown to the University of Washington; planning and engineering are continuing on the Northgate and Lynnwood segments, on East Link to Bellevue and beyond, on the South 200th segment south of the Airport and in Tacoma. Sounder projects in the Tacoma to Lakewood corridor are under construction. Other significant construction projects this year included continuing work on I-90 Two-Way Stage 2, Mountlake Terrace Freeway Station and the Kirkland Transit Center.

In addition to its growing capital program, Sound Transit this year grew as a major operating entity, serving 76,000 riders every weekday in four modes. The ridership growth was all in the Central Link Initial Segment corridor while the recession and continuing high unemployment in the region brought about disappointing declines in ridership on Sounder, ST Express and Tacoma Link in 2010.

Overall, Sound Transit met 26 of 35 milestones that it set for itself in 2010. About half of the missed milestones were delays or suspensions related to the recession-induced program

realignment. The most significant missed milestone was the failure to complete the Final EIS for East Link which was delayed by almost a year to continue to study alternative alignments at the request of the Bellevue City Council. Several of the missed milestones (completion of the Kirkland Transit Center and contract awards to develop the new Sounder and ST Express maintenance facilities) were delays of a few months that pushed into early 2011.

In the appendix to this report are more detailed summary descriptions of the major activities of Sound Transit reviewed by COP in 2010.

## APPENDIX

### Link Activities

#### ***University Link Construction Making Good Progress***

On the U Link project, early work was completed on contracts at the UW and Capitol Hill station sites and the I-5 undercrossing. The expansion of the vehicle storage yard at the Operation & Maintenance Facility achieved substantial completion and began to receive the first of 27 new light rail vehicles last month.

Now construction has begun on the two major tunnel contracts, one from UW to Capitol Hill and the second from Capitol Hill to the Pine Street Stub Tunnel downtown. The underground station and crossover structures are being excavated and supported in anticipation of the delivery of the tunnel boring machines next summer. These two tunnel contracts are about one-third complete with some minor schedule slippage of one to two weeks. This slippage is due primarily to lower than projected productivity in some of the excavation work where persistent groundwater has been encountered and due to bad weather during Thanksgiving week. However, most of the schedule slippage has not affected the overall project float or completion date as discussed later in this report. The Capitol Hill to Pine Street Stub Tunnel contract has incurred some cost increases due to higher weather-induced wastewater management charges and increased noise monitoring requirements.

The next major elements of project work will include:

- the start of construction for the finish work (e.g. civil, structural, mechanical, electrical and architectural) for the UW station in April 2011,
- contract procurement for the track work and the systems components—the traction power, signals and communications, and
- contract procurement for the finish work at the Capitol Hill station.

For each of these contracts ST is pursuing the use of the General Contractor/Construction Manager (GC/CM) procurement method which involves a negotiated maximum allowable construction cost. The contract packaging approach incorporates lessons learned from the Initial Segment, and for the systems work in particular, ST conducted an independent quality assurance review and developed a contract packaging strategy that is intended to optimize cost control and mitigate risk.

The overall U Link project began with 176 days of schedule float. Due to inclement weather near the end of the year, ST granted four additional days to the contractor for this delay, reducing the project float to 172 days. U Link continues on schedule to begin service in September 2016. The project is also within its estimated baseline budget of \$1.948 billion. The project began with \$422 million in contingency funds which have been drawn down to \$383 M. The contingency draw-down rate is slower than construction progress, an encouraging sign.

At the UW, the Montlake Triangle area has undergone a number of redesigns over the last several years. In 2006, consistent with the project's federal record of decision, Sound Transit committed to building a pedestrian crossing to connect the UW station with campus. This design includes a grade-separated bridge that extends from the light rail station over Montlake Boulevard NE, NE Pacific Place, and the Burke-Gilman Trail. In 2010, in conjunction with the SR 520 preferred alternative, the Legislature directed ST, the University, WSDOT, the Seattle Department of Transportation, and King County Metro to work to refine the design in the SR 520 / Montlake interchange area, including improvements at the Montlake Triangle as a multi-modal transit hub. The five agencies worked together to develop the Montlake Triangle Project (MTP) which implements a grade-separated connection with the following enhancements:

- a pedestrian and bicycle access bridge over Montlake Boulevard NE connecting to the Montlake Triangle;
- Montlake Triangle pedestrian, bicycle and bus stop improvements;
- a landscaped pedestrian bridge over a lowered NE Pacific Place and improved Burke-Gilman Trail; and
- improvements to the Lower Rainier Vista area to enhance pedestrian connections to the central campus.

In February 2011, ST staff will recommend to the Board approval to execute a three-party memorandum of agreement with WSDOT and the UW to implement the project in the amount of \$38 M with a construction reserve of \$5 M. ST's maximum contribution of \$12 M consists of an estimated \$8 M realized from removing the pedestrian bridge included in the U Link project and a contribution of \$4 M. The timeline for construction is consistent with the scheduled 2016 opening of U Link.

A number of significant risks for the U Link project do remain. One is the complex coordination required at the UW station as the finishes contractor and the tunnel contractor must share the station site and both must interact with the University's stadium construction project. Another risk relates to the nighttime construction at the Capitol Hill station and meeting the requirements of the City's noise variance for that neighborhood. There are also major risks related to heavy civil underground construction through complex soil and groundwater conditions. These and the day-to-day management of the complex project—the physical construction progress, the many contractor change requests, the master schedule and its thousands of individual components—are fortunately in the hands of a highly skilled Sound Transit team that now has years of experience working together. In addition, Sound Transit has developed a robust risk management process that proactively assesses risks that have been identified through the design and construction. This risk management process allows the team to evaluate each risk item and develop mitigation plans in advance of the work.

### ***Initial Segment Still Wrapping Up***

Riders have been enjoying service on Central Link since 2009, but a number of construction-related issues are still being closed out. Squealing and clunking noises in certain portions of the Tukwila and the Rainier Valley segments exceeded FTA standards and were troublesome to

residents near the alignment. ST worked diligently to address and monitor the noise issues and has achieved considerable improvements in noise levels. Staff also acknowledged that an important lesson was learned in the Rainier Valley where crossover switches embedded in the pavement immediately adjacent to a residential neighborhood were a design that should not be repeated.

Near the Beacon Hill station, underground voids were discovered after construction was completed which had the potential to create problems for homes and streets in the area. ST has now successfully completed a comprehensive plan to explore and fill potential additional voids.

Finally, unresolved contractor claims disputes have continued under negotiation on two major Initial Segment contracts, the Obayashi Beacon Hill contract and the RCI Herzog MLK Way contract. While the overall Initial Segment budget still has \$156 million in unexpended reserves, some portion of these funds may be needed to settle the claims.

### ***Planning and Design Continue on Other Link Extensions***

**East Link.** Discussed earlier in the body of this report as a major COP area of concern, East Link has experienced significant delay and uncertainty as several areas of disagreement persist between Bellevue and Sound Transit. One risk area is the term sheet agreement about funding of the City's preferred tunnel alignment through downtown. While the City has agreed to pay for half of the added \$300 million cost of the tunnel, like most every other public and private entity, it has suffered from the economic downturn and has been unable to identify a clear revenue source for its share of the tunnel cost. Together with ST's reduced East King County tax revenues, funding is a significant risk.

A second major area of risk and uncertainty is the disagreement over the preferred alignment in south Bellevue. While the ST Board has the ultimate decision authority to select the best alignment in terms of ridership, cost-effectiveness, environmental impact and regional connectivity, it prefers to make such decisions in collaboration with the local jurisdiction, not in conflict with it. Unfortunately, the City Council has the ability to create road blocks, delays and added costs for the project. Sound Transit's November 2010 Link Progress Report (p. 36) states that "Much of the contract contingency is expected to be drawn down to address scope and schedule changes due to changes of the preferred alternative and longer FEIS process."

A third area of risk and uncertainty for the East Link project involves technical issues of placing light rail on the I-90 floating bridge. An expert review panel recommended that a prototype be built of a track on one of the bridge's expansion joints. Sound Transit requested and received proposals for this work and is proceeding to develop a contract scope.

Despite these challenges, COP has been impressed with the professionalism of ST's planning, engineering and outreach staff and the agency's interactions with the City and the community of Bellevue. Community outreach activities and public involvement opportunities have been of high quality and the often heated differences of opinion within the community have been managed calmly and smoothly by ST and City staff.

**North Corridor.** North Link, the 4.3 mile segment between the UW and Northgate, proceeded into the final design and right-of-way acquisition stages in 2010. A total of 23 properties are needed for the segment, 7 at the Brooklyn station, 15 at the Roosevelt station and a tunnel easement from the University of Washington. A total of 33 relocations are required, of which 7 have been completed.

The extension segment from Northgate to Lynnwood embarked on the first step of the federal funding and planning process, the alternatives analysis, leading to identification of the alternatives that will be studied in the DEIS. Early public scoping to identify potential alternatives was conducted last fall, and initial screening results were presented to the Board in December. Staff recommended that some alternatives be modified before further analysis, and that light rail alternatives in the 15<sup>th</sup> Avenue NE corridor not be advanced any further. More refined analysis will continue for light rail alternatives on I-5 and SR 99, and for several bus/BRT alternatives. A Board decision about which alternatives to ultimately take into the DEIS process is anticipated in late 2011 after remaining analysis and environmental scoping is completed.

**South Corridor.** During this past year, Sound Transit proposed to accelerate the segment between the Airport and South 200<sup>th</sup> Street from a 2020 to a 2016 completion date. Because preliminary engineering had previously advanced the project to a federal record of decision, the project was ready to proceed and could take advantage of the favorable bidding climate as well as potentially use a design-build construction approach that would further save money and advance the project schedule. Another immediate benefit of the project would be the development of a new 630-stall parking garage at South 200<sup>th</sup> to accommodate many of the south King County Link riders who are currently travelling to the Tukwila station parking facility which is at capacity. The Board approved the first phase and engineers are at work to refine the design, evaluate the design-build approach and develop an updated cost estimate.

The remaining Link extensions south to Des Moines and Federal Way unfortunately were placed on hold as part of the program realignment. The South King County subarea was hard hit by the reduced tax revenues and communities throughout south King County were disappointed and even angry that projects in their subarea might not be built. The Board approved a South Corridor work plan to look more closely at various options in light of the revenue shortfall. COP intends to monitor this work.

**Tacoma Link Expansion.** In 2010 ST worked with the City of Tacoma and Pierce Transit to begin a study of alternatives to expand Tacoma Link. A stakeholder group was formed to develop a set of priorities and principles, gather public input and comment on potential alignments. A consultant was hired to evaluate potential corridors: north and west towards the hospital district or Tacoma Community College, east towards Salishan, and east and north towards Fife.

Separately, the City of Tacoma approached ST to allow it to develop a new sixth Tacoma Link station near Commerce Street and between the Convention Center and Theater District stations. The Board authorized staff to negotiate a term sheet to address design, construction, environmental, operations and maintenance issues.

**First Hill Streetcar.** Also known as the First Hill Link Connector, Sound Transit approved full funding of \$133 million for this City of Seattle-managed project in 2010. The timeline for the construction of the project was advanced from a 2018 to a 2014 completion date. The preferred light rail route north, identified by the Sound Transit Board in May 2004, included a First Hill light rail station. Technical studies, however, found considerable engineering, soils and construction risks and in July 2005 the Board eliminated the station. Recognizing First Hill as a regional destination, the Board directed that viable transit service options be identified to improve connections between the First Hill and regional transit hubs, including Link light rail stations.

### **Regional Express Capital Projects**

**I-90 Two-Way Transit.** This project provides new westbound and eastbound HOV lanes on the I-90 outer roadways between Seattle and Bellevue. It is part of the overall plan to convert the center roadway of I-90 to be used for light rail. Three stages have been identified for the project. Stage 1 was a \$26 M project that created a new HOV lane and direct access ramp in the westbound outer roadway in Bellevue. It opened for service in 2008.

Stage 2 is building an HOV lane in the eastbound outer roadway from Mercer Island to Bellevue. Construction began in spring 2010. Stage 3, which is now in the final design phase, will provide eastbound and westbound HOV lanes between Mercer Island and Seattle and is expected to go to construction in 2012. The State Legislature provided \$10.6 million to WSDOT for the design of Stage 2 and Stage 3, however, it did not appropriate WSDOT's share of the funding for the construction of Stage 2. Sound Transit and WSDOT agreed that construction of Stage 2 would be fully funded by Sound Transit, and WSDOT would offset Sound Transit's funding against the future payments to be made by Sound Transit for the use of the center roadway by East Link.

The I-90 project is a vital part of the plan to extend Link to the Eastside. It has borne a range of delays, cost increases and controversies over the years and continues at high risk, most recently because of a lawsuit challenging the constitutionality of building light rail across the bridge which was originally funded in part by state gas taxes.

**Mountlake Terrace Freeway Station.** This project provides an in-line bus station in the median of I-5 near 236<sup>th</sup> SW with a pedestrian connection to the Mountlake Terrace park and ride. Favorable construction bids in 2009 reduced the cost from \$41M to a new expected final cost of \$35M for this project which is nearing completion and will go into service in the second quarter of 2011. It will provide much needed new capacity to serve riders in south Snohomish County.

**Kirkland Transit Center.** Under construction since October 2009, the Kirkland Transit Center was a 2010 milestone that just missed completion due to delays in construction. It is now scheduled to be opened in February 2011.

**Newcastle Transit Improvements.** This \$4.6 million project opened for service in 2010. It included construction of four new bus shelters, new street channelization, signal system upgrades, bicycle lanes and sidewalks.

**ST Express Bus Base.** This project will involve constructing new ST-owned maintenance and operations capacity to accommodate up to 300 buses to support existing and future ST Express services. In the past all of ST's buses have been stored and serviced at partner agency-owned facilities. This ST2 project was supposed to begin development of a siting study in 2010 but was delayed as part of the agency's program realignment. It was authorized in January 2011.

## **Souder Capital Projects**

**D to M Street Track and Signal** provides 1.4 miles of track work, a rail bridge over Pacific Avenue, roadway reconstruction and centralized traffic control. Together with the M Street to Lakewood segment, this project will allow Souder commuter rail service to Lakewood to begin in fourth quarter 2012. Construction began in November after several redesigns, significant cost increases and very lengthy delays in project development. Then a bid protest and an appeal delayed the project by several months, but COP wanted to commend ST staff for the prompt resolution of this issue. The schedule is still at risk due to outstanding property possession and use issues.

**M Street to Lakewood Track and Signal.** The 7-mile Lakeview subdivision track is being improved, including construction of a layover yard and upgrades to track, signal and grade crossings. Construction began in 2009 and substantial completion of the \$78.6 M project occurred in December; final acceptance and closeout will occur during the first quarter of 2011.

**Edmonds Station.** A permanent station is under construction in Edmonds and will include two platforms, shelters, and parking. The station will serve Souder and Amtrak and is designed to accommodate a second main line that BNSF will build.

**Tukwila Station.** Final design is still being refined to achieve cost savings but is near completion and construction is expected to begin in June of this year on the station at Longacres Way. The City of Renton's Strander Boulevard extension has conflicted with the project and may still require moving the station site by 700 feet.

**North Corridor Environmental.** Several permitting and environmental mitigation projects totaling some \$9 M are underway in the Souder north corridor as part of Sound Transit's payment for the right to use the BNSF tracks for commuter rail service. The projects involve enhancing wetlands, restoring stream habitat, and building bridges to allow stream crossings under the railroad tracks. Construction began in 2010 and will continue through this year.

**South Corridor Service Expansion.** Sound Transit in 2010 executed an agreement with BNSF to purchase four additional rail easements between Seattle and Tacoma. Similar to the North Corridor, ST is responsible for permitting and environmental mitigation.

Planning is underway for a number of additional Sounder projects, including the preliminary Sounder Station Access and Demand Study and the initial project development for the Sounder Yard and Shop Facility.

## **Operations**

The increasing role of various operational functions at Sound Transit became apparent under the agency reorganization that began to take shape in 2010. Various operational groups were consolidated into an Operations department. These included: agency administrative responsibility for transit operations and maintenance of Central Link, Tacoma Link, Sounder and ST Express; actual transit services delivery; support services such as business management, service planning and customer service; and facilities and asset control. Together these functions will encompass 100 staff positions under the 2011 staffing plan, a 22% increase over the 2009 plan, the first year in which Central Link was in service.

The Board's creation of a new Operations & Administration Committee has brought with it a new level of oversight and reporting for these growing areas. Operations staff provide monthly briefings and a new system performance report to the committee. Also, as the number of facilities completed and owned by Sound Transit increases each year, the asset management function has grown. The agency continues to work on developing a comprehensive system for planning and tracking maintenance of the stations, transit centers, parking facilities and other properties and equipment that ST now owns.

### ***Transit Ridership and Operating Costs***

Among Sound Transit's four transit modes, ST Express and Sounder are projected to decline in cost per hour of service in 2011, Tacoma Link to stay flat and Central Link to rise almost 13%. This is the second year in a row of cost decline for Sounder (-1.7%) and the first ever decline for ST Express (-2.4%). This continues the good news on the cost containment measures being implemented by the agency. The large jump in operating cost per hour for Central Link is attributed to higher insurance costs and the addition of 10 FTE positions at King County Metro for vehicle and facility maintenance.

Ridership on all four modes, including Central Link, together reached 76,000 combined weekday boardings in November, a 5.4% increase over the previous year, and entirely attributable to ridership growth on Central Link. The economic recession continued to affect ridership on all of Sound Transit's service modes. Sounder commuter rail, ST Express bus, and Tacoma Link saw declines in ridership.

Central Link ridership in the month of November was about 22,000 on an average weekday. Ridership continued to grow at a steady pace in 2010 and the November figure represented a 52% increase over the previous year. However, it did not achieve the target for the year. The newness of the service, the slow economy, extraordinarily high unemployment in the Rainier Valley and various service disruptions due to accidents and track maintenance all contributed to the disappointing ridership numbers.

Tacoma Link November boardings were unchanged at 2,900 average per weekday.

Sounder ridership saw 8,100 on an average weekday in November, down 9.3% over 2009, which had already been a down year. The north corridor was harder hit than the south.

ST Express bus service saw average weekday boardings down 6.3% in November over the previous year, from 45,500 to 42,600. Route 532 from Everett to Bellevue, 545 from Redmond to Seattle, 550 from Bellevue to Seattle, and 554 from Issaquah to Seattle were the only routes that saw ridership grow through the third quarter of the year. COP was supportive of the 2011 Service Implementation Plan adjustments that shifted service hours to routes that continue to see higher demand and higher productivity.

**Transit Security Costs**

For several years COP has observed that transit security costs have been rising. In 2011 another 25% cost growth is budgeted, with the bulk of the increases in Sounder and Central Link.

<b>Transit Security</b>						
	2009 Actuals	2010 Budget	2010 Forecast	2011 Budget	2010-2011 Budget-Budget	2010-2011 Forecast-Budget
ST Express	1,290,000	1,910,000	975,000	833,000	-56%	-15%
Sounder	3,027,000	2,830,000	2,094,000	2,996,000	6%	43%
Central Link	2,872,000	6,441,000	6,315,000	7,921,000	23%	25%
Tacoma Link	454,000	351,000	348,000	420,000	20%	21%
Total	\$7,643,000	\$11,532,000	\$9,732,000	\$12,170,000	6%	25%
Source: Sound Transit Proposed 2011 Budget						

During a time when other operating costs are flat or declining, we believe the increases warrant an explanation, especially the wide variations across the four modes. COP is scheduled to receive a briefing next month on the costs of security.