

**ST2 / Sound Move Integration and Implementation
WHITE PAPER**

Oct. 8, 2009

Introduction

The Sound Transit 2 (ST2) Plan was approved by voters in November 2008. Following the election, the Sound Transit CEO and senior staff developed a strategic business plan to guide the agency in carrying out the new program. The business plan included the following core elements:

- Accomplish remaining *Sound Move* projects
- Develop implementation strategies for ST2
- Organize for effectiveness
- Build and sustain successful partnerships
- Engage the Board of Directors.

Sound Transit staff undertook a number of activities in 2009 to address these priorities. Early in the year, agency leadership re-organized Sound Transit away from its original “start-up” mode into a structure that allowed staff to begin effectively carrying out the program. At the same time, the agency kept its focus on key *Sound Move* deliverables: successfully launching Link light rail and advancing its major remaining rail projects, including University Link and the Lakewood Sounder extension; and bus projects such as Everett Station parking expansion, the Mountlake Terrace Freeway Station and the Kirkland Transit Center.

Also, early in 2009, the CEO pulled together an inter-departmental team of agency experts to review the baseline ST2 plan and *Sound Move* project schedules, scopes and costs. Based on that review, the team would provide ideas to prioritize staff work and optimize implementation of the capital program.

Initially, this effort was focused solely on the capital program. Among the issues reviewed were staffing needs, procurement needs, initial budgets, project sequencing and implementation strategies. However, the focus began to shift over the year as the magnitude of the national recession became clearer.

In February 2009, the agency updated its revenue forecast in response to the recession. That forecast showed that Sound Transit revenues would likely be down 15 percent or more over the 15-year plan horizon. Since then, the situation has become even more acute (see below). In April, the Board of Directors met in an all-day retreat to review the situation and discuss its priorities for carrying out the program. At that time, the Board directed staff to:

- Maintain the Board’s flexibility to respond to changing conditions over time.
- Maintain the 15-year timeframe to complete all new ST2 investments and show steady progress on delivery over that period.
- Maintain subarea equity principles.
- Provide the Board with full context and multiple options when facing key policy decisions that affect plan implementation.

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Since April, staff efforts to define ST2/*Sound Move* implementation strategies and priorities has broadened to address the overall financial situation and the need to control costs not only within the capital program, but in transit operations as well. This paper contains the results of those efforts.

The primary intent of this paper remains the same as when the effort was undertaken in early 2009: to facilitate implementation of ST2 while completing *Sound Move*; broaden knowledge of the ST2 program among agency staff; and guide initial staffing and budget decisions to ensure a smooth transition into ST2 activities. It is now clear that advancing project timelines or adding major scope elements is unlikely within current resources, or without impacting some other element of the overall program. To successfully move the program forward under current scope and timeframes, the agency must intensify its focus on cost containment in both capital and operating activities. Given the recession's effects on revenues, it is now possible that some projects may take longer to complete than anticipated.

With that in mind, this paper reviews the policy framework in which the Board will be directing program implementation; the current and likely future financial environment; and a series of recommendations for prioritizing resources and staff activities to effectively move the program forward. The paper concludes with a summary of anticipated program activities and deliverables over the course of the 15-year program. This information will serve as a guide for staff in pursuing program implementation and a resource for the Board as it considers budget and other policy decisions.

Financial Situation

Impact of the Economic Recession

As the final ST2 Plan was being considered by the Board in June 2008, the U.S. economy was showing clear signs of a significant slowdown in economic growth and possible entry into a recession. As a result, in June 2008 Sound Transit updated its independent revenue forecast to include the most current economic data through the first quarter of 2008. This forecast, from Conway and Associates, projected that the economic activity in the Puget Sound region would slow from prior levels but would miss a recession in 2008/2009. However, the June forecast significantly lowered the long-term projections for local tax revenue growth from 2015-2030 because of forecasted lower long-term growth in the U.S. economy. The ST2 plan was based on this updated June 2008 revenue forecast.

Starting in fall 2008, the Puget Sound economy began following the U.S. economy into a steep recession, with large employment loss along with sharp declines in housing prices, construction and retail sales activity. Recognizing this weakening economy, Sound Transit updated its independent forecast in February and again in August 2009.

Revenues

The preliminary August 2009 revenue forecast projects the agency will collect \$3.1 billion (20 percent) less local tax revenues than was forecast in June 2008. Sound Transit finance staff will present an updated financial plan in November during the 2010 budget deliberations. The sales

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tax revenue loss is projected at \$2.7 billion (19.0 percent) and for MVET \$0.4 billion or (27.2 percent).

Subarea	Revenue Loss 2009-2023 v. July 2008 ST2 Plan (\$ million)	% Loss 2009-2023 v. July 2008 ST2 Plan (\$ million)
Snohomish	\$ 531.8	26.1%
North King	\$ 616.6	15.0%
South King	\$ 515.3	18.7%
East King	\$ 868.2	20.9%
Pierce	\$ 576.8	21.5%
Total ST District	\$ 3,108.7	19.7%

Costs

Because of weakening economic conditions, the forecasted growth of services, construction and right-of-way costs within the agency's long-term financial plan has been lowered since July 2008. The projected growth for general consumer price inflation for 2009-2023 has been reduced from 3.3 percent to 2.2 percent, building cost index from 3.6 percent to 2.5 percent, and right-of-way index from 4.6 percent to 2.9 percent. These lower forecast prices will, especially in the near term, result in lower bids by companies to design and build Sound Transit projects and will, to a limited extent, offset the decline in local tax revenues. If the economy begins to rebound in 2010 as forecasted, price growth for commodities and labor could again begin to rise.

Grants

The ST2 plan assumed \$895 million in federal grants—in addition to the grant assumptions associated with the *Sound Move* program. In 2009, Sound Transit made significant progress in meeting those grant assumptions. Also, in response to the recession, the federal government offered a number of new grant programs designed to help stimulate economic activity. Through August 2009, Sound Transit received approximately \$23 million in stimulus related grants that were not anticipated in the ST2 Plan. Sound Transit also received a \$44 million acceleration of New Start funding through the University Link Full Funding Grant Agreement. This \$44 million was originally programmed for 2016, but was accelerated to 2009. In addition, Sound Transit has applied for several other stimulus-related grant programs. The agency should know in February 2010 how much stimulus-related grant funding it has secured.

2010 Budget Process

In September 2009, the agency updated its *Draft 2010 Financial Plan* to reflect the most recent revenue and inflation forecasts. In addition, the updated financial plan includes the preliminary changes to capital costs outlined later in this paper. As a result of these changes and updated cost figures, the agency is still within the financial planning parameters established by the Board in the ST2 Financial Policies, but is near the minimum debt-service coverage level (1.5x net coverage) established under those policies. As the Board reviews the *Proposed 2010 Budget* and *2010 Capital Improvement Plan* (CIP), staff will need guidance and authorization for these proposed changes.

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Tools for Managing Change

Building the complex high capacity transit projects in the *Sound Move* and ST2 plans entails risks and challenges. In recognition of the revenue and cost risks inherent in large capital programs, the two plans provide the Sound Transit Board with the tools to effectively deal with changes through the life of the Plan.

The Sound Transit Financial Policies explained in the ST2 Plan, Appendix B, provide that “Subarea capital projects and transit services will be evaluated and adjusted annually as part of the Board’s consideration and adoption of an annual budget ...” In addition, the policies provide steps the Board may take in the event of a revenue shortfall or cost increase, stating that:

“For those cases where a subareas’s actual and projected expenditures exceed its actual and projected revenues and funding sources by five percent or greater, and /or where unforeseen circumstances occur which would result in an inability to substantially complete projects within such subarea’s plan, the Board shall take one or more the following actions:

- *Correct the shortfall through use of such subarea’s uncommitted funds and/or bond capacity which is available to the subarea; and/or*
- *Scale back the subarea plan or project within the plan to match a revised budget and/or*
- *Extend the time period of completion of the subarea plan; and/or*
- *Seek legislative authorization and voter approval for additional resources.”*

In addition, the ST2 Plan document (page 15) states that “The Sound Transit Board will consider the prioritization, sequencing and actual timing of construction and service start-up of all ST2 projects. This will include ongoing consideration of factors affecting project readiness. The Board may modify project timing as appropriate, in response to the anticipated evolution of project readiness over the ST2 implementation period, and the necessity of coordinating ST2 construction with that of regional highway projects occurring in the same corridors.”

An additional policy tool for the Board is the Scope Control Policy (attached). Motion 2002-121 established this policy, which states, *“It is the policy of the Sound Transit Board to develop cost-effective transportation projects that maximize transit benefits, minimize costs, and encourage prudent management of project development. The Board accordingly adopts these general principles to enable staff to respond to requests they receive to enhance Sound Transit projects beyond their initial scope and budget.”*

Key Program Implementation Principles

The next several years will continue to be fluid. Updated revenue forecasts, engineering estimates, input from other jurisdictions, and changes in federal funding or regulatory approaches will influence the direction, timing and scope of the ST2 plan elements. Accordingly, Sound Transit will utilize the policies referenced above to implement the ST2 Plan. Within this framework, staff will move ahead with the important projects within the Plan while continually adjusting to changing project conditions and staying within the legal parameters of the ST2 Plan approved by voters.

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The following principles allow the agency to economically manage its resources in response to lower revenues while still keeping the program moving ahead. The principles also allow the agency to optimize the ST2 schedules and gain more knowledge about its major capital investments in order for the Board to make timely and effective implementation decisions.

Save Operating Dollars Whenever and Wherever Possible

- Advance capital projects that provide operating savings only if those savings more than offset the costs of spending capital dollars earlier:
 - For example, substantial operating dollars could be saved if the Sounder Yard and Shops facility is built earlier. However, the financing costs of accelerating capital expenditures might be more than the potential operating savings.
- Refine long-term fleet procurement and maintenance facility requirements:
 - Examples include optimizing when, where and how much additional bus and light rail maintenance capacity should be built in response to evolving service implementation schedules.
- Implement Transit Operations Task Force recommendations.
 - Accelerate Sounder maintenance facility
 - Net present value (NPV) operating savings ~ \$20-\$26 M through 2044
 - Build ST Express maintenance facility(ies) and competitively procure service
 - NPV operating savings ~ \$124-281 M through 2045
 - Competitively procure only new service
 - NPV operating savings ~ \$14 M through 2040
 - Shift service contracts to marginal costs
 - NPV operating savings ~ \$125 M through 2040
 - Limit Sounder special event services to those that pay for themselves
 - 2009 operating savings ~ \$100,000
 - Standardize size and scope of passenger facilities
 - Estimated 10 percent annual savings on-going
 - Seek relief from PUTC tax on farebox revenues and BNSF payments
 - NPV operating savings ~ \$17 M through 2023.

Gain Early Knowledge About Capital Projects

- Prepare alternatives analysis, environmental documentation and/or preliminary engineering for some ST2 light rail extensions earlier in the program to increase certainty, reduce risks and compete for grants:
 - Gives the Board flexibility to deal with major issues as early as possible in the project development process.
 - Allows incorporation of lessons learned and effective management of major risks as projects move toward final design and construction.
 - Offset a portion of the financial impact of advancing PE/ED work by re-sequencing construction expenditures and taking advantage of alternate project delivery methods like design-build.
 - Examples include Seattle to Overlake, UW to Northgate (advanced PE), Airport to South 200th and Northgate to Lynnwood. Alternatives analysis, environmental and/or PE for these projects were phased relatively late in the July 2008 financial plan underlying the

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ST2 Plan. Accelerating this work could increase certainty, create more opportunity to positively define and manage scope and reduce risks.

Manage To Low End of Capital Cost Estimates

- Review the ST2 project cost estimates and determine areas that could be economized now, before the Board adopts project budgets.
- Strengthen scope control policy direction from the Board to help Sound Transit better maintain scope, schedule and budget commitments.
- Identify inter-local and inter-governmental agreements that will be needed to successfully implement the ST2 Plan. Preliminary list in Appendix ___ reflects the extent to which Sound Transit is dependent on constructive partnerships with other jurisdictions to deliver transit system expansion. Each potential agreement represents an opportunity for scope, schedule and budget to be influenced.

Optimize Project Phasing to Save Dollars

- Continually monitor schedule
- Advance projects that are necessary to maintain the project delivery schedules of ST2 commitments:
 - Examples include completing the I-90 2-Way Transit & HOV Operations projects in time to open light rail across Lake Washington by 2020 and building a Sounder yard and shops facility in time to accommodate added fleet supporting new trips that will be added between 2012 and 2015.
- Re-phase project schedules that a) are dependent on unfulfilled funding contributions from other agencies, or b) have discretionary schedules under the ST2 Plan. Examples include the:
 - Renton HOV Access project
 - Eastside BNSF corridor partnership
 - Tacoma Link extension partnership
 - Reservation Junction track and signal upgrades
 - Bothell Transit Center partnership
 - ST Express maintenance base(s)
 - System Access Program
 - Sounder fleet procurement schedule.
- Consolidate some individual projects in larger programs encompassing similar work to provide more financial, contracting and scheduling flexibility:
 - Examples include combining individual Sounder station access and platform extension projects in one Sounder access program.
- Consider repackaging some light rail project development activities to create projects with better economies of scale:
 - Examples include aligning the Seattle-Bellevue light rail extension (2020) with the Bellevue-Overlake extension (2021) or the South 200th – Highline light rail extension (2020) with the Highline – Star Lake extension (2023).

Implementation Approach

Sound Transit staff recommends that program implementation and long-range budgeting be defined at this time by the types of activities that are likely during different periods over the next 15 years. The periods should be defined by milestones when the public will see major service additions such as:

- 2009 – 2012: ST Express service is added and the Lakewood Sounder extension opens.
- 2013 – 2016: Sounder trips are added and the University Link extension [and possibly South 200th extension] opens.
- 2017 – 2020: Bellevue, Northgate and South Link extensions open.
- 2021 – 2023: Lynnwood, Overlake and Redondo/Star Lake Link extensions open.

The general focus of activity for remaining major *Sound Move* and new ST2 capital investments during these periods is outlined below for Board consideration. South corridor light rail phasing in particular may present choices for the Board given that the S. 200th segment is in a more advanced stage of development that segments further south. *Sound Move* projects scheduled for completion by the end of 2010 are not included (see 2009 Budget).

KEY:

Italics indicate *Sound Move* projects.

Bold indicates service or facilities coming on line during the period.

Gray shading indicates earlier phasing than assumed in the ST2 Plan.

Blue shading indicates later phasing than assumed in July 2008.

2009 - 2012

ST Express:

- Buy expansion bus fleet
- **Expand ST Express service (100,000 hours)**
- Site and complete preliminary engineering for bus maintenance facilities
- ***Construct and open Mountlake Terrace Freeway Station***
- Contribute to Burien Transit Center parking expansion (partnership)
- *Construct I-90 2-Way HOV project (R8A).*

Sounder:

- ***Construct and open Sounder extension to Lakewood***
- Buy expansion Sounder coaches and/or locomotives
- **Add first ST2 trips to Sounder South**
- Site and complete preliminary engineering for Sounder yard and shops
- ***Construct and open permanent Tukwila Station***
- Complete alternatives analysis and environmental process for Sounder South station access improvements

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- Seek BNSF Eastside Corridor partnership (?).

Link:

- **Construct and open expanded OMF track storage**
- **Construct University Link extension**
- Complete final design and ROW acquisition for UW-Northgate extension
- Perform alternatives analysis and environmental process for Northgate-Lynnwood extension
- Complete environmental process and preliminary engineering and begin final design and ROW acquisition of Seattle-Overlake extension
- Complete environmental process and preliminary engineering for Overlake-Redmond extension
- Complete final design and ROW acquisition for Airport-South 200th extension
- Perform alternatives analysis and environmental process for South 200th-Redondo/Star Lake extension
- Perform alternatives analysis and environmental process for Tacoma Link extension
- Complete preliminary engineering, final design and ROW acquisition for First Hill Connector (partnership)
- Refine long-term light rail fleet and operating facility needs.

2013 - 2016

ST Express:

- **Complete final design, ROW acquisition and construction of bus maintenance facilities**
- **Construct and open I-90 2-Way HOV project (R8A).**

Souder:

- **Construct and open Souder yard and shops**
- **Add remaining ST2 trips to Souder South**
- **Complete final design, acquire ROW, construct and open initial set of Souder South station access and platform improvements**
- Buy expansion Souder coaches and/or locomotives (?)
- Perform environmental and PE for Mukilteo and Edmonds station improvements (in conjunction with Washington State Ferries terminal projects).

Link:

- **Construct and open University Link extension**
- Construct UW-Northgate extension
- Complete preliminary engineering and begin final design of Northgate-Lynnwood extension
- Complete ROW acquisition and begin construction of Seattle-Overlake extension
- **Construct and open Airport – 200th extension (subject to further analysis and Board direction).**

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- Complete preliminary engineering and begin final design of South 200th – Redondo/Star Lake extension
- Perform alternatives analysis and environmental process for Redondo/Star Lake-Tacoma extension
- Complete preliminary engineering, final design and ROW acquisition of Tacoma Link extension (partnership)
- **Construct and open First Hill Connector (partnership)**
- Perform alternatives analysis, environmental process and preliminary engineering of light rail operating facility expansion(s)
- Specify expansion fleet and begin procurement.

2017 - 2020

ST Express:

- Contribute to Bothell Transit Center project (partnership)
- **Construct and open Renton HOV direct access ramp (requires WSDOT I-405 expansion).**

Sounder:

- **Complete final design, acquire ROW, construct and open next set of Sounder South station access and platform improvements**
- **Construct and open Mukilteo and Edmonds Station improvements (in conjunction with Washington State Ferries terminal projects).**

Link:

- Buy expansion fleet
- **Construct and open UW-Northgate extension**
- Complete final design and ROW acquisition and begin construction of Northgate-Lynnwood extension
- **Construct and open Seattle-Bellevue extension**
- Construct Bellevue-Overlake extension
- Complete final design and ROW acquisition and begin construction of South 200th-Redondo/Star Lake extension
- **Construct and open Tacoma Link extension**
- Complete final design and ROW acquisition and begin construction of light rail operating facility expansions.

2021 – 2023

Sounder:

- Buy expansion Sounder coaches and/or locomotives

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- Complete final design, acquire ROW, construct and open final set of Sounder South station access and platform improvements.

Link:

- Construct and open Northgate-Lynnwood extension
- Construct and open Bellevue-Overlake extension
- **Construct and open S. 200th-Redondo/Star Lake extension**
- Buy expansion fleet
- Construct and open light rail operating facility expansions.

Appendices

Summary Recommendations

Based on its review of the remaining Sound Move and new ST2 programs and finance plans, the Matrix Team recommends the following actions as the 2009 budget is amended and the 2010 budget is drafted:

- Perform environmental documentation and preliminary engineering for some ST2 light rail extensions earlier in the program to increase certainty and reduce risks.
- Advance the design and construction of projects that are further along in the project development cycle only where such work will result in earlier project construction and service operation.
- Advance projects that are necessary to maintain the project delivery schedules of ST2 commitments.
- Advance projects that provide operating savings only if those savings more than offset the financial impacts of earlier capital expenditure.
- Re-phase project schedules that a) are dependent on unfulfilled funding contributions from other agencies, or b) that have discretionary schedules under the ST2 Plan.
- Consolidate some individual projects in larger programs encompassing similar work to provide more financial, contracting and scheduling flexibility.
- Maintain project contingencies built into planning-level cost estimates at least through environmental review and preliminary design.
- Consider repackaging some of the light rail extensions to create projects with better economies of scale.
- Refine long-term fleet procurement and maintenance facility requirements.
- Strengthen scope control policy direction from the Board to help Sound Transit better maintain scope, schedule and budget commitments.

The Assignment

In January 2009, the CEO chartered a staff effort to review and integrate implementation of the remaining Sound Move and newly-authorized ST2 capital programs. The purposes of the review are to position the agency to begin implementation of ST2 while completing the commitments of Sound Move, guide the development of amendments to the 2009 budget and creation of the 2010 budget, flag key board policy issues bearing on implementation, and inform preparations for the recent Sound Transit Board retreat. This guidance is not intended to specifically budget or schedule individual projects, but rather identify generally when different phases of project development should occur over the 15 year span of the ST2 program. Specific project schedules and budgets will need to be developed by project managers through the regular budgeting process. Goals include broadening understanding of the ST2 program among agency managers, identifying potential implementation issues and optimizing general project delivery schedules -- all in light of recent economic uncertainties.

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Ric Ilgenfritz, executive director of the Planning and Project Development department and John Harrison, University Link project director, were named co-chairs of the Steering Committee of senior agency leadership responsible for evaluating recommendations from the review and advising the CEO. Steering Committee members are listed in Attachment A. Eric Beckman and Matt Shelden, program managers in the Capital Projects and Policy & Planning divisions respectively, were in turn named co-chairs of a Matrix Team of key managers from throughout the agency tasked with reviewing the program and making recommendations. Matrix Team members are also listed in Attachment A.

Guiding principles were not defined at the start but rather emerged through the discussions of the Matrix Team, Steering Committee and Executive Leadership Team. Major principles shaping the recommendations include:

- Maintain the Board's flexibility to respond to changing conditions over time;
- Maintain the 15 year timeframe to complete all new ST2 investments and show steady progress on delivery over that period;
- Maintain subarea equity principles;
- Schedule project work realistically and efficiently, informed by lessons learned during Sound Move;
- Make suggestions and recommendations informed by the realities of the agency's financial plan; and
- Maintain schedules of remaining Sound Move projects already in engineering or construction to the extent possible

The Approach

The process for working through the program review started with an all-day workshop of the Matrix Team on February 20. The agenda for the workshop is included in Attachment B. The Matrix Team reviewed the general scope and assumed expenditure cash flow of each of the remaining Sound Move and new ST2 capital projects. Information for each project was drawn from the 2009 budget, the ST2 financial plan and the ST2 project scope definition templates; an example of the standardized project information is included in Attachment C. During the workshop team members commented on implementation issues they foresee, made suggestions for modifying cash flows to better reflect how they believe projects would/should actually be delivered, and identified opportunities to change the timing of projects to more logically deliver the program, take advantage of strategic partnerships, and/or improve affordability. Major themes of that review are summarized in the next section.

Following the February 20 workshop, the Matrix Team co-chairs worked with Finance staff to test the potential affordability impacts of the major ideas from the initial review. The financial sensitivity tests focused on the relative impact of different ideas on overall agency and subarea program affordability. The analysis used only one measure of affordability – minimum debt service coverage – as an indicator of the potential impact of the ideas. This work was not a full affordability analysis which would need to include a number of other considerations. Results of the initial tests were shared with the Steering Committee and Matrix Team at a joint meeting on March 2. Comments from that meeting led to further testing and the results to date were then

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shared with the Executive Leadership Team on March 24 and the Matrix Team on March 26. This iterative review-test-comment process led to the themes and recommendations discussed below.

What We Learned

Major themes and preliminary recommendations from the Matrix Team's program review are:

- **Perform environmental documentation and preliminary engineering for the entire set of ST2 light rail extensions early in the program.** This will give the Board flexibility to deal with major issues as early as possible in the project development process. Specifically, it should allow incorporation of lessons learned and effective management of major risks as projects move toward final design and construction. Offset a portion of the financial impact of advancing PE/ED work by re-sequencing construction expenditures and taking advantage of alternate project delivery methods like design-build.
- **Advance the design and construction of projects that are further along in the project development cycle.** This will allow Sound Transit to show the public meaningful progress on ST2 early in the program and realize potential economies of scale with projects already in design or construction. It will also position the agency to move into construction more quickly if unforeseen revenues become available. Examples include moving ahead with the design (and possibly construction) of the light rail tunnels between UW station and the north portal near Roosevelt in conjunction with U Link, or final design and construction of light rail from SeaTac Airport to S. 200th Street, which has a record of decision.
- **Advance projects that are necessary to maintain the project delivery schedules of ST2 commitments.** Examples include completing the I-90 2-Way Transit & HOV Operations projects in time to open light rail across Lake Washington by 2020 and building a Sounder yard & shops facility in time to accommodate added fleet supporting new trips that will be added between 2011 and 2015.
- **Re-phase project schedules that a) are dependent on unfulfilled funding contributions from other agencies, or b) that have discretionary schedules under the ST2 Plan.** Examples include the Renton HOV Access project, the Eastside BNSF corridor partnership, the Tacoma Link extension partnership, Reservation Junction track & signal upgrades, the Bothell transit center partnership, ST Express maintenance base capacity, the System Access Program and Sounder fleet expansion.
- **Consolidate some individual projects in larger programs encompassing similar work to provide more financial, contracting and scheduling flexibility.** Examples include combining individual Sounder station access and platform extension projects in one Sounder access program.

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- **Consider repackaging some of the light rail extensions to create projects with better economies of scale.** Examples include aligning the Seattle-Bellevue light rail extension (2020) with the Bellevue-Overlake extension (2021) or the S. 200th – Highline light rail extension (2020) with the Highline – Star Lake extension (2023).
- **Maintain project contingencies built into planning-level cost estimates at least through environmental review and preliminary design.** These cost cushions may help mitigate revenue pressures over time if they are not required to be spent. Reducing them now reduces the ability to deal with unforeseen financial challenges that might occur throughout program implementation.
- **Refine long-term fleet procurement and maintenance facility requirements.** Examples include optimizing when, where and how much additional bus and light rail maintenance capacity should be built in response to evolving service implementation schedules.
- **Strengthen scope control policy direction from the Board to help Sound Transit better maintain scope, schedule and budget commitments.** The Matrix Team identified a preliminary list of potential inter-local and inter-governmental agreements that will be needed in order to successfully implement the ST2 Plan. The list reflects the extent to which Sound Transit is dependent on constructive partnerships with other jurisdictions in order to deliver transit system expansion. Each potential agreement represents an opportunity for scope, schedule and budget to be influenced. The list is included as Attachment D.
- **Look for opportunities to leverage outside funding to advance projects earlier than would otherwise be possible.** For example, Sound Transit might accelerate projects in communities that offer to help finance those projects before Sound Transit’s financial plan will allow. Also, federal stimulus money might be used to get started with and/or complete projects sooner, such as High Speed Rail funds applied to the Sounder corridors or accelerated FFGA payments that free up local money to move ahead with light rail tunneling north of the UW.

Risks and Policy Considerations

Some of these ideas raise potential issues, risks and policy considerations that should be addressed before proceeding.

- Advancing any expenditure could exacerbate the financial situation created by the recession and increase the risk of project scope or schedule modifications later. Accelerating project development would, however, help preserve flexibility in program implementation.
- PE/ED staff resources are already stretched and cannot handle the additional workload of advancing PE/ED work for the ST2 light rail extensions. Hiring more staff earlier would allow that work to proceed earlier.

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- Further compressing construction expenditures later could risk not having enough time to complete the work within the 15 year period. However, alternative project delivery methods like design-build could allow that compression and improve program affordability.
- Sound Transit’s experience with alternative project delivery methods has been mixed. Pursuing such methods will require a review of potential risks and opportunities by the Board. These types of methods could improve efficiency and potentially lower costs.
- Not proceeding earlier with PE/ED work could increase the time and costs to secure federal funding and undermine working relationships with local jurisdictions anxious to make progress on planning for light rail in their communities, but could also smooth staff needs and expenditure rates over the life of the program.
- Sound Transit’s commitment to projects that require partnership funds could be questioned if expenditures are programmed later, but shifting some of those expenditures could also provide potential partners more time to secure their funding.
- Recent revenue pressures could increase pressure to reduce cost estimates to make the program “more affordable”. In particular, reducing project contingencies now could increase the risk of cost overruns or delays later. However, reducing assumed costs could help improve forecast program affordability at this time.
- Stronger scope control policies could send mixed signals to local jurisdiction partners about Sound Transit’s willingness to cooperate in defining projects and mitigation measures. On the other hand, stronger policies could help limit confusion or misunderstandings between local jurisdictions and Sound Transit.

Financial Feasibility of the Preliminary Recommendations

As noted, a full assessment of the affordability of the Matrix Team’s preliminary recommendations was not possible during their review process. However, the Finance Department has subsequently evaluated those recommendations in light of the agency’s financial plan, which is evolving in response to significant revenue shortfalls during the current national recession. Finance has concluded that many, but not all, of the recommendations can be afforded at this time. Key findings from the financial review are:

- Acceleration of most project construction schedules is not affordable.
- Modest advancement of early engineering and environmental review work for the earlier light rail extensions would be prudent to increase cost certainty and avoid risks. This work should not be advanced for projects where the shelf life would be exceeded before construction could begin.

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- Any advancement of expenditures will at least require that equal amounts be deferred later in the program.
- Recommendations that help to flatten or spread expenditures over time, postpone discretionary expenditures, or combine individual projects in programs that can be managed together should be implemented to provide more financial flexibility for the agency.
- Project schedules should be reevaluated frequently as more is known about project details, costs and revenues.

Matrix Team Recommendations

In response to this financial assessment, the Matrix Team recommends these actions as the 2009 budget is amended and the 2010 budget is drafted:

- Perform environmental documentation and preliminary engineering for some ST2 light rail extensions earlier in the program to increase certainty and reduce risks.
- Advance the design and construction of projects that are further along in the project development cycle only where such work will result in earlier project construction and service operation.
- Advance projects that are necessary to maintain the project delivery schedules of ST2 commitments.
- Advance projects that provide operating savings only if those savings more than offset the financial impacts of earlier capital expenditure.
- Re-phase project schedules that a) are dependent on unfulfilled funding contributions from other agencies, or b) that have discretionary schedules under the ST2 Plan.
- Consolidate some individual projects in larger programs encompassing similar work to provide more financial, contracting and scheduling flexibility.
- Maintain project contingencies built into planning-level cost estimates at least through environmental review and preliminary design.
- Consider repackaging some of the light rail extensions to create projects with better economies of scale.
- Refine long-term fleet procurement and maintenance facility requirements.
- Strengthen scope control policy direction from the Board to help Sound Transit better maintain scope, schedule and budget commitments.

Putting the Recommendations in Place

Considering all of the input summarized above, the Matrix Team recommends that program implementation and long-range budgeting be defined at this time by the types of activity that are likely during different periods over the next 15 years. The periods should be defined by milestones when the public will see major service additions such as:

2009 – 2012 (Lakewood Sounder extension opens; ST Express service added)

2013 – 2016 (U Link [and possibly S 200th] extension opens; Sounder trips added)

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2017 – 2020 (Bellevue, Northgate & 200th/Highline Link extensions open)

2021 – 2023 (Lynnwood, Overlake and Redondo/Star Lake Link extensions open)

Attachment E summarizes the types of project development activity anticipated for each investment in each period, reflecting the themes of the Matrix Team review. This summary is intended to help inform project managers' establishment of complete schedules and budgets for each of the projects through the regular budget process. Consistent with the principle of maintaining the schedules of projects already in engineering or construction, projects that don't appear in Attachment E are expected to follow the schedules and cash flows currently defined in the 2009 budget.

Priorities for 2009 and 2010

While the summary of activity by period may be helpful in establishing initial overall project schedules and budgets, more detail is desirable to help establish the initial funding levels in the 2009 and 2010 budgets. Attachment F provides initial guidance about the specific activities and levels of funding anticipated for those years based on the current 2009 budget and agency financial model, subject to modification by project managers as they develop their proposed budgets.

ATTACHMENT A

Steering Committee

Ric Ilgenfritz, Co-Chair
John Harrison, Co-Chair
Kathy Albert
Desmond Brown
Jim Edwards
Ron Klein
Ron Lewis
Pete Rogness
Ron Tober
Bonnie Todd
Greg Walker

Matrix Team

Eric Beckman, Co-Chair
Matt Shelden, Co-Chair
Barry Alavi
Kathy Albert
Brooke Belman
Mike Bergman
Don Billen
Adrian Byrd-Pina
Paul Cornish
Kunjan Dayal
Ron Endlich
Joe Gildner
Roger Hansen
George Hodges
James Irish
Ron Logghe
Ann Snell-McNeil
Geoff Patrick
Michael Perry
Tracy Reed
Steve Sheehy
John Sleavin
Aniekan Usoro
Marcia Walker
Perry Weinberg
Mike Williams
Lisa Wolterink
Vicki Youngs

ATTACHMENT B

Capital Project Issues, Opportunities & Constraints

AGENDA

Friday, February 20, 2009
9:00 a.m. – 4:00 p.m.
Downtown Room, 2nd Floor Opus Bldg

- 9:00-9:15 Team Introductions & Charter (Harrison)
- 9:15-9:30 Meeting Purpose, Format & Desired Outcomes (Beckman & Shelden)
- 9:30-10:00 Financial Context (McCartan)
- 10:00-11:00 South Corridor Investments Review (All)
 Light rail
 Commuter rail & bus
 Partnerships
- 11:00-12:00 North Corridor Investments Review (All)
 Light rail
 Commuter rail & bus
 Partnerships
- 12:00-1:00 **Lunch Break**
- 1:00-2:00 East Corridor Investments Review (All)
 Light rail
 Bus
 Partnerships
- 2:00-3:00 System-wide Investments Review (All)
 O&M facilities
 Fleet procurement
 System Access Program
- 3:00-3:30 Wrap Up & Next Steps (Harrison)
 Financial feasibility testing
 3/2 joint Steering-Matrix workshop
- 3:30-4:00 (Cushion)

Sound Move-ST2 Capital Program Integration and Implementation Review

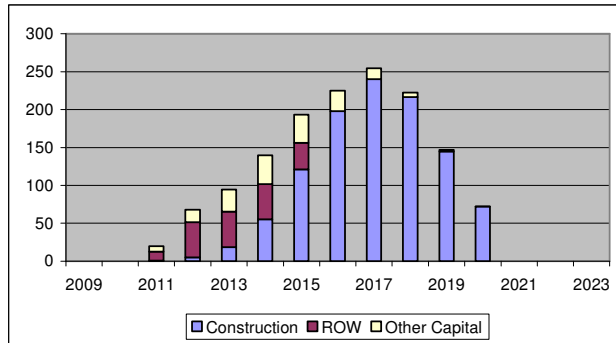
ATTACHMENT C

Project	Financing Subareas	Current Stage of Completion			
UW - Northgate Light Rail Extension	N King	Plan	CE	Env'tl	PE
Estimated Project Cost (2007\$M)	Specified Completion	FD	ROW	Const	Svc
\$1,435.1	2020				

Description

Extend light rail ~4.3 miles from UW station to Northgate, with stations at underground stations at Brooklyn and Roosevelt and an aerial station at Northgate Transit Center. Assumes tunnel profile to ~ 75th Street, then retained cut, cut/cover & aerial to Northgate.

Currently Assumed Expenditure Phasing (2007\$M)



Opportunities, Issues & Constraints

*North King cash flow constrained by SM commitments
 Could be built by 2018 if \$ available
 UW wants early agreement for Brooklyn station (requires further eng. & ROW work)
 Alt const contract pkg'ing could flatten expenditures and finish work @ UW station before U Link starts
 2 TBMs must launch from Roosevelt and campus boring must be finished w/in 304 days
 \$11.6 M federal stimulus request pending
 Forest St OMF track expansion included in U820 contract
 ROW & tunnel easements should be completed earlier than shown
 \$20M for Roosevelt site and \$5M for early FD work already budgetec*

Phasing Recommendations

	Current
	Accelerate
	Delay

IL Agreements Needed

*UW re: Brooklyn Station property acquisition
 UW Regents re: under-campus construction
 WSDOT re: I-5 ROW for portal & guideway
 KC Metro re: const. easements & long-term use at Northgate Station*

ATTACHMENT D

The following list identifies potential 3rd parties with whom Sound Transit may need or want to develop agreements to address the issues listed. This enumeration is intended only to prompt thought and discussion about the range and scope of agreements necessary to implement the ST2 program. Depending on the course of each project's development some issues may not need to be prioritized; others yet to be identified may. Issues are preliminary and will be refined over time as more is known about each project.

1. Systemic Issues

1.1. WSDOT

- 1.1.1. Umbrella Construction Agreement
- 1.1.2. ROW

1.2. Local Jurisdictions

- 1.2.1. Cooperative station planning & design
- 1.2.2. Station areas & funding
- 1.2.3. Permit review

1.3. Transit Partners (KC Metro, Community Transit, Pierce Transit)

- 1.3.1. Service and/or fare integration
- 1.3.2. Station bus and/or parking facilities -- O&M, use, transfer

1.4. Utility Companies – relocation, power supply/distribution

- 1.4.1. Public power companies
- 1.4.2. Private power/gas companies
- 1.4.3. Pipeline companies
- 1.4.4. Public water/sewer districts
- 1.4.5. Telephone/cable companies

1.5. Federal Transit Administration

- 1.5.1. FFGAs – new and/or amended
- 1.5.2. Other grants
- 1.5.3. NEPA process/schedule
- 1.5.4. MOA or PA for Section 106 impacts & protocols

1.6. WA Dept of Archaeology & Historic Preservation

- 1.6.1. MOA or PA

1.7. Private Property Owners

- 1.7.1. Multiple properties TBD through project development

1.8. Contractors

- 1.8.1.** Project labor agreements

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2. North Corridor Light Rail

- 2.1. WSDOT: I-5 ROW access & use; construction staging/traffic; P&Rs (North Seattle, N Jackson Park, S Jackson Park; Mountlake Terrace, Lynnwood TC)
- 2.2. University of Washington: Brooklyn station
- 2.3. King County Metro: construction staging/traffic, Northgate TC long-term use; P&Rs (Northgate TC); service integration; new/modified bus facilities; facility O&M
- 2.4. Seattle: transitway agreement amendment and MOA for Northgate-145th; MOA for UW-Northgate (including SFD re: tunnels); construction staging/traffic; station-area planning; parking management
- 2.5. Shoreline: land use; transitway; construction staging/traffic; station-area planning; parking management
- 2.6. Mountlake Terrace: land use; transitway; construction staging/traffic; station-area planning; parking management
- 2.7. Lynnwood: land use; transitway; construction staging/traffic; station-area planning; parking management
- 2.8. Community Transit: Lynnwood TC long-term use; P&Rs (Mountlake Terrace, Lynnwood TC); service integration; new/modified bus facilities; facility O&M

3. East Corridor Light Rail

- 3.1. WSDOT: I-90 ROW access (including airspace leases); I-90 center roadway O&M; I-405 over-crossing; construction staging/traffic; P&R (South Bellevue)
- 3.2. FHWA: Interchange Justification Report approval
- 3.3. Seattle: transitway agreement amendment and MOA for I-90 from Rainier Ave. Jct to east city limits; construction staging/traffic; station-area planning; parking management
- 3.4. Mercer Island: land use; transitway; construction staging/traffic; station-area planning; parking management
- 3.5. Bellevue: Bel-Red corridor ROW; land use; transitway; construction staging/traffic; station-area planning; parking management
- 3.6. Redmond: land use; transitway; construction staging/traffic; station-area planning; parking management
- 3.7. Microsoft: TBD

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- 3.8. Wright-Runstad: Spring District station; line ROW
- 3.9. Port of Seattle: Woodinville subdivision access & use (if owned by POS)
- 3.10. BNSF: Woodinville subdivision access & use (if owned by BNSF); connections to Black River Jct and/or mainline
- 3.11. King County Metro: construction staging/traffic, Bellevue TC long-term use; P&R (South Bellevue); service integration; new/modified bus facilities; facility O&M

4. South Corridor Light Rail

- 4.1. Port of Seattle: ROW access & use; construction staging/traffic
- 4.2. WSDOT: I-5 ROW access & use; SR-509 ROW & design; construction staging/traffic; P&R (Star Lake); drainage
- 4.3. SeaTac: land use; transitway; construction staging/traffic; station-area planning; parking management – amend existing agreement(s)
- 4.4. Des Moines: land use; transitway; construction staging/traffic; station-area planning; parking management
- 4.5. Kent: land use; transitway; construction staging/traffic; station-area planning; parking management
- 4.6. Federal Way: land use; transitway; construction staging/traffic; station-area planning; parking management
- 4.7. Seattle: Midway landfill
- 4.8. Highline Community College: station/transit center development
- 4.9. S 200th P&R developer: P/P partnership agreement; P&R lease
- 4.10. King County Metro: construction staging/traffic, Highline CC transit center; P&Rs (Kent-Des Moines; Redondo Hts); service integration; new/modified bus facilities; facility O&M

5. Tacoma Link Extension

- 5.1. Tacoma: Planning, design, construction; funding; transitway; design & construction review; insurance; right-of-use; streetscaping; operating procedures; utility relocation; Tacoma Power supply

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- 5.2. WSDOT: airspace leases
- 5.3. WA State Rail Safety: oversight program standards
- 5.4. Pierce Transit: Planning, design, construction and operation; funding; maintenance
- 5.5. Puyallup Tribe: Planning, design, construction; funding
- 5.6. Other Partners TBD: Planning, design, construction; funding

6. South Corridor Commuter Rail

- 6.1. BNSF: long-term ROW access & use easements; track & signal construction permitting; station construction staging/traffic; service provision
- 6.2. Amtrak: vehicle maintenance & repair
- 6.3. Renton (re: Tukwila Station): construction staging/traffic; station-area planning; parking management
- 6.4. Tukwila: land use; construction staging/traffic; station-area planning; parking management
- 6.5. Kent: land use; construction staging/traffic; station-area planning; parking management
- 6.6. Auburn: land use; construction staging/traffic; station-area planning; parking management
- 6.7. Sumner: land use; construction staging/traffic; station-area planning; parking management
- 6.8. Puyallup: land use; construction staging/traffic; station-area planning; parking management
- 6.9. Tacoma/Tacoma Rail: land use; construction staging/traffic; station-area planning; parking management; track & structure upgrades
- 6.10. Lakewood: land use; construction staging/traffic; station-area planning; parking management; maintenance base siting/land use
- 6.11. King County Metro: construction staging/traffic, service integration; new/modified bus facilities; facility O&M
- 6.12. Pierce Transit: construction staging/traffic, P&R (Tacoma Dome); service integration; new/modified bus facilities; facility O&M

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7. North Corridor Commuter Rail

- 7.1. BNSF: station construction staging/traffic
- 7.2. Washington State Ferries: multi-modal terminal integration/station-area planning & funding; parking management
- 7.3. U.S. Air Force: Tank farm site purchase & remediation
- 7.4. Mukilteo: land use; construction staging/traffic; station-area planning; parking management
- 7.5. Edmonds: land use; construction staging/traffic; station-area planning; parking management
- 7.6. Community Transit: service integration; new/modified bus facilities; facility O&M

8. Other Projects

8.1. *Link Light Rail OMF*

- 8.1.1. Host jurisdiction(s): siting/land use changes; construction staging/traffic; parking management

8.2. *Sounder Commuter Rail OMF*

- 8.2.1. Host jurisdiction(s): siting/land use changes; construction staging/traffic; parking management
- 8.2.2. Amtrak and/or BNSF: O&M

8.3. *ST Express OMF*

- 8.3.1. Host jurisdiction(s): siting/land use changes; construction staging/traffic; parking management
- 8.3.2. Transit partner(s): joint use; funding partnerships
- 8.3.3. WSDOT/FHWA: Freeway access

8.4. *First Hill Connector*

- 8.4.1. Seattle: funding; design & construction; service and facility O&M; joint OMF
- 8.4.2. King County Metro: funding; service and facility O&M; joint OMF; service integration

8.5. *Bothell Transit Center*

- 8.5.1. Bothell: funding partnership; design & construction; facility O&M; land use
- 8.5.2. King County Metro: funding partnership; design & construction; facility O&M
- 8.5.3. Community Transit: funding partnership; design & construction; facility O&M

8.6. *Burien Transit Center*

- 8.6.1. King County Metro: funding partnership

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8.6.2. Burien: funding partnership

8.7. *BNSF Eastside Corridor*

8.7.1. Cities of Renton, Newcastle, Bellevue, Kirkland, Woodinville, and/or Snohomish:

8.7.2. King County and/or Snohomish County: joint use (trail); funding

8.7.3. Port of Seattle: Woodinville subdivision access & use and/or purchase (if owned by POS)

8.7.4. BNSF: Woodinville subdivision access & use and/or purchase (if owned by BNSF)

8.7.5. Private capital and/or operating partners: capital and/or operating partnership funding; service and facility O&M

8.8. *Reservation Junction Track Upgrades*

8.8.1. Tacoma/Tacoma Rail: joint use; funding; construction staging/traffic

8.8.2. Amtrak: joint use; funding

Sound Move-ST2 Capital Program Integration and Implementation Review

ATTACHMENT E

2009 - 2012 Activities

	Procurement	Plan	PE & ED	FD & ROW	In Construction	Open for Service
ST Express Regional Bus						
Fleet Expansion						
Maintenance Facilities						
Service Expansion (added service hours)						
Mountlake Terrace Freeway Station						
I-90 2-Way HOV Access (R8A)						
Burien Transit Center (contribution)						
Souder Commuter Rail						
Fleet Expansion						
Service Expansion (added trips)						
Station Access Improvements - 1st Round						
Maintenance Facilities						
Tukwila Permanent Station						
Link Light Rail						
Fleet Expansion						
Forest Street Maintenance Facility Track						
Seattle - Airport (Central & Airport Link)						
Seattle - UW (University Link)						
UW - Northgate (North Link)						
Northgate - Lynnwood						
Seattle - Bellevue (East Link)						
Bellevue - Overlake TC (East Link)						
Overlake - Redmond (East Link)						
Airport - 200th						
200th - Highline CC						
Highline CC - Redondo/Star Lake						
Redondo/Star Lake - Tacoma						
Tacoma Link (contribution)						
Maintenance Facilities						
Other Investments						
First Hill Connector (contribution)						
System Access Program - 1st Round						
Eastside BNSF Corridor (contribution)		?				

Sound Move-ST2 Capital Program Integration and Implementation Review

2013 - 2016 Activities

	Procurement	Plan	PE & ED	FD & ROW	In Construction	Open for Service
ST Express Regional Bus						
Maintenance Facilities						
I-90 2-Way HOV Access (R8A)						
Sounder Commuter Rail						
Fleet Expansion						
Service Expansion (added trips)						
Station Access Improvements - 1st Round						
Maintenance Facilities						
Link Light Rail						
Seattle - UW (University Link)						
UW - Northgate (North Link)						
Northgate - Lynnwood						
Seattle - Bellevue (East Link)						
Bellevue - Overlake TC (East Link)						
Airport - 200th						
200th - Highline CC						
Highline CC - Redondo/Star Lake						
Redondo/Star Lake - Tacoma						
Tacoma Link (contribution)						
Maintenance Facilities						
Other Investments						
First Hill Connector (contribution)						
System Access Program - 2nd Round						
Eastside BNSF Corridor (contribution)			?			

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2017 - 2020 Activities

	Procurement	Plan	PE & ED	FD & ROW	In Construction	Open for Service
ST Express Regional Bus						
Bothell TC (contribution)						
Renton HOV Access				?	?	?
Sounder Commuter Rail						
Station Access Improvements - 2nd Round						
Sounder South Platform Extensions						
Link Light Rail						
UW - Northgate (North Link)						
Northgate - Lynnwood						
Seattle - Bellevue (East Link)						
Bellevue - Overlake TC (East Link)						
Airport - 200th						
200th - Highline CC						
Highline CC - Redondo/Star Lake						
Redondo/Star Lake - Tacoma						
Tacoma Link (contribution)						
Fleet Expansion						
Maintenance Facilities						
Other Investments						
System Access Program - 3rd Round						?
Phase 3 HCT Extension Planning						
Eastside BNSF Corridor (contribution)				?	?	

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2021 - 2023 Activities

	Procurement	Plan	PE & ED	FD & ROW	In Construction	Open for Service
ST Express Regional Bus						
Bothell TC (contribution)						
Renton HOV Access				?	?	?
Sounder Commuter Rail						
Fleet Expansion						
Station Access Improvements - 2nd Round						
Sounder South Platform Extensions						
Link Light Rail						
Northgate - Lynnwood						
Bellevue - Overlake TC (East Link)						
Highline CC - Redondo/Star Lake						
Fleet Expansion						
Maintenance Facilities						
Other Investments						
System Access Program - 4th Round						
Phase 3 HCT Extension Planning						
Eastside BNSF Corridor (contribution)					?	?

Sound Move-ST2 Capital Program Integration and Implementation Review

ATTACHMENT F

2009/2010 Initial ST2 Activities

(in millions of YOE\$)

Project (Code)	Proposed 2009 Activity	2009 Estimate\$M	Proposed 2010 Activity	2010 Estimate \$M
UW-Northgate LRT Extension "Early Work" (110)	Advance PE for tunnels from UW to north portal	5.0	Begin final design for tunnels from UW to north portal	27.0
Northgate-Lynnwood LRT Extension (tbd)	----	----	Begin environmental & FFQA process	4.1
Seattle-Overlake LRT Extension (800)	Begin PE	5.0	Complete PE; begin final design	9.1
Airport-200 th LRT Extension (480)	----	----	Complete/refresh environmental; begin final design & ROW	7.4
200 th -Star Lake LRT Extension (tbd)	----	----	Begin environmental process	2.1
Sounder Maintenance Facility (750)	Scoping and conceptual engineering	0.2	Begin PE/ED	0.7
Sounder South Service Expansion (510/520)	Payment to BNSF for track easements	58.0	Payment to BNSF for track easements	39.0
Sounder South Station Access Improvements (tbd)	----	----	Perform station access studies for Kent, Auburn, Sumner, Puyallup, Tacoma Dome, S Tacoma & Lakewood; begin PE/ED on identified priorities	4.4
Tukwila Sounder Station (236)	Supplement Sound Move funding; phase assignment TBD	0.8	Supplement Sound Move funding; phase assignment TBD	3.8
ST Express Maintenance Facilities (261)	----	----	Begin planning, site selection and (possibly) PE/ED	2.8
First Hill Streetcar (tbd)	Capped contribution payment to Seattle DOT	2.2	Capped contribution payment to Seattle DOT	3.1
Burien Transit Center (tbd)	Capped contribution payment to King County Metro	1.7	Capped contribution payment to King County Metro	10.3
System Access Program (tbd)	----	----	Fund design & construction of first small project investments (TBD in 2009)	1.8

Expenditures already included in 2009 Adopted Budget

ATTACHMENT G

Scope Control Policy

It is the policy of the Sound Transit Board to develop cost-effective transportation projects that maximize transit benefits, minimize costs, and encourage prudent management of project development. The Board accordingly adopts these general principles to enable staff to respond to requests they receive to enhance Sound Transit projects beyond their initial scope and budget.

1. Initial Scope

- a. Project managers should review the purpose, intent and budget of the projects as described in Sound Move and use the information to develop the project description.
- b. At the outset, project managers should develop a Purpose and Need statement that describes in general terms the reasons for and objectives of the project.
- c. Project managers should also review the enabling legislation to provide context for the projects, and to ensure the projects fit the definition of high capacity transit.
- d. Project managers should consider whether an initial meeting is desirable between staff/board members of Sound Transit with staff/elected officials of the jurisdiction in which the project is located in order to review the Purpose and Need statement and available project budget.

2. Project Development

- a. Project managers should begin the analysis phase of the project by identifying project alternatives that respond to the initial scope or Purpose and Need statement and that are within the project budget, assessing environmental impacts and mitigating measures for the alternatives, and beginning engineering and design.
- b. The assumptions and measurement methods for analyzing project impacts should be shared with Sound Transit's partners to foster the broadest understanding and agreement possible on the project's impacts

Sound Move-ST2 Capital Program Integration and Implementation Review

3. Mitigation

- a. Sound Transit should responsibly and reasonably mitigate significant, adverse environmental project impacts consistent with the State Environmental Policy Act (SEPA) and applicable federal, state, and local regulations. Requests for mitigation should be based on specific, significant adverse environmental impacts clearly identified in the SEPA document for the project and should be attributable to such impacts.
- b. In addition, requests for mitigation should be reasonable; based on policies, plans, rules or regulations formally designated under SEPA and in effect at the time when the environmental determination was issued; capable of being accomplished and within Sound Transit's authority to implement; proportionate to the impacts directly caused by the project; cost-effective in light of the project budget, the severity of the impact, and the anticipated reduction in impact due to the mitigation; and consistent with federal, state, and local regulations.
- c. Ultimately, the analysis of project impacts and associated mitigating measures are summarized in an environmental document, which informs Sound Transit's decision-making.
- d. Beyond the mitigation called for above, Sound Transit should consider the reasonableness of concurrency requirements that jurisdictions may impose on developments. Growth Management and High Capacity Transit legislative acts were originally adopted in order to encourage compact, livable communities and urban centers that were to be connected with high-capacity transit services. Therefore, the Sound Transit Board believes that high-capacity facilities should be viewed as a needed response and solution to growth management concurrency regulations, not as a development subject to additional concurrency requirements.

4. Baseline Scope

- a. Sound Transit's project decision after the completion of environmental review should form the basis for project scope and mitigating measures from this point forward.
- b. Sound Transit's decision on scope, mitigating measures, and budget should be documented and baselined.
- c. All subsequent engineering design, permitting activity, and project development should take as a frame of reference the baseline scope and budget.

Sound Move-ST2 Capital Program Integration and Implementation Review

5. Requests For Enlarged Scope

- a. Throughout the project implementation process, Sound Transit's partners may identify opportunities for enhancements to the baseline scope and express a willingness to finance such enhancements. (If Sound Transit obtains federal funding for the project, these funds cannot be used to finance betterments) Sound Transit should examine these opportunities and make every attempt to integrate them into the project's design if, in doing so, there is not a negative impact to Sound Transit's scope, schedule, and budget, and if the enhancement leads to greater community acceptance. Sound Transit staff should consider both capital and on-going operating costs in their assessment of proposals.
- b. In undertaking a larger scope by incorporation of an enhancement Sound Transit's administrative costs may increase. Sound Transit should consider whether to require the requesting partner to provide reimbursement of these higher costs. In addition, Sound Transit should consider requiring that an appropriate proportionate share of prior project development costs be reimbursed as well.
- c. If Sound Transit determines there is a potential risk to schedule and budget associated with the partner's request for enhancement, the parties should develop a written agreement in which the risks are identified, and the Sound Transit partner commits to being financially responsible for paying for any increased costs should the risks result in actual costs.
- d. If Sound Transit's partner requests additional scope but is currently unable to finance the costs of the additional scope, then Sound Transit's Reimbursement Policy (Motion No. M2002-22) should provide guidance to Sound Transit staff. Sound Transit and its partner should develop a written agreement, which should specify the terms and conditions for the partner to eventually reimburse Sound Transit for the costs in the future, recognizing the value of the dollars in the year spent and the year reimbursed.
- e. If Sound Transit's partner requests additional scope but declines financial responsibility, Sound Transit staff should examine the proposal and recommend whether Sound Transit should commence a mediation process, whether to request that Board members become directly involved in negotiations with the partner's elected officials, or whether to take all necessary steps to have the matter resolved by third parties.
- f. Sound Transit staff should not accept financial responsibility for increased scope which staff believes is the partner's responsibility simply because the project's costs may be trending below the baseline budget.
- g. If, as a result of the process in (e), Sound Transit staff is required to incorporate the additional scope into the baseline scope and such incorporation results in projected costs exceeding the baseline budget, Sound Transit staff should demonstrate to the Sound Transit Board that

Sound Move-ST2 Capital Program Integration and Implementation Review

the expenditure is consistent with Sound Transit's enabling legislation that would permit Sound Transit to finance the enhancement, that sufficient financial capacity is available within the appropriate subarea to cover the increased costs, and the Sound Transit Board votes by a two-thirds majority to change the project's budget to incorporate the enhanced scope.

Establish by Motion 2002-121, November 2002