



**Citizens' Year-End 2005**

**Performance Report on Sound Transit**

**January 19, 2006**

*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**.*

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

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



January 19, 2006

Sound Transit Board  
Honorable John Ladenburg, Chair  
Union Station  
401 South Jackson Street  
Seattle, WA 98104

Dear Chair Ladenburg and Board Members:

With this letter, we are submitting to you the Citizen Oversight Panel's 2005 year-end report on progress toward achieving the *Sound Move* program and commitments. While Sound Transit added to its record of significant accomplishments, there are areas that the Panel continues to find troubling. We are concerned over their potential impact on the completion of phase 1 and their implication for phase 2.

Construction moved forward in developing light rail, commuter rail and regional express bus transit facilities. Bus and train service was provided to tens of thousands of riders each day. Planning for the next phase of regional transit began in earnest.

Sound Transit demonstrated mature and deeply thoughtful capabilities in policy making and execution as exemplified by the following:

**Extension of Link to the Airport and UW.** This was accomplished after careful consideration of a financial policy change, namely reduction of the net debt coverage from 1.3 to 1.15 in South King and North King County subareas. This change came after a prudent and deliberate period of years gaining confidence in Sound Transit's financial situation.

**Open and transparent debate about First Hill Station.** The Board tentatively eliminated the long-planned First Hill Link station despite the criticism you knew this would bring. It was a very difficult decision but the Panel believes it was the right decision.

**Downtown Seattle Transit Tunnel closure.** It was well planned, well communicated and well executed.

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Notwithstanding these successes in 2005, COP has a number of serious concerns:

**Project management issues.** These include the Rainier Valley Link segment, where contractor performance and agency project management have experienced recurring problems, and the Beacon Hill tunnel segment where contingencies have been reduced before tunnel construction is underway and as soil conditions and station design are still being reviewed.

**Lessons Learned system.** A formal “lessons learned” system needs to be put in place and implemented. The results of such a system should be made available publicly.

**Subarea equity.** While the Panel applauds the staff efforts to streamline this expensive and time consuming policy, we believe that it remains a serious impediment to the development of a regional system and requires an in-depth examination as to its continued usefulness.

**Operating and maintenance costs.** Our recent letter best states our serious concerns on this subject.

Additional details of the Panel’s perspective on Sound Transit’s performance are provided in our attached report.

Sincerely,

CITIZEN OVERSIGHT PANEL

A handwritten signature in cursive script that reads "Karen Miller".

Karen Miller  
Chair

Cc: Sound Transit Board  
Joni Earl

## **Citizens' Year-End 2005**

### **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 of *Sound Move*, the voter approved regional transit plan. Last year, in April 2005, the Panel published *Sound Move Year 8*, a review of the first eight years of progress in delivering the projects and services in the plan. In addition to recapping the goals and commitments of *Sound Move* and assessing eight years' worth of achievements against those original commitments, that report made findings and drew lessons for use going forward.

The Citizen Oversight Panel has also prepared regular twice-yearly progress reports since the program's inception. This is the Panel's sixteenth report and covers Sound Transit's performance during 2005.

#### **Sound Transit Performance in 2005**

Two broad themes are embodied in the observations and conclusions that COP has drawn for this review of the activities of 2005:

- Sound policy-making and strong execution of programs characterized the year.
- Improving regionalism and effective partnerships with local communities served as the underlying foundation upon which accomplishments were built.

Within these themes are a number of specific topics that we reiterate throughout this report and apply to the activities of the year that has just passed. These include numerous successes and a few issues with potential outcomes of concern. In this report we have enclosed in boxes issues that represent concerns for the Panel.

On the whole, Sound Transit's reputation with the public and with opinion leaders and stakeholders is getting better all the time. In the fall of 2005, survey results show that 61% of the region's voters had a favorable opinion of Sound Transit. Members of this Panel feel the agency deserves this favorable view and they share it.

## Policy-Making

The Sound Transit Board has been getting better at making difficult policy decisions and having open and substantive policy debates in doing so. These are some of the challenging issues it has taken on in the past year:

**Getting Link to the Airport and to the UW.** By amending its financial policies, Sound Transit was able to finance the extension of Link light rail to the Airport and Husky Stadium. These very important *Sound Move* commitments had been on hold while the agency waited to get greater certainty on the revenues and expenses related to Central Link. Reduction of the net debt coverage ratio from 1.3 to 1.15 in South King and North King County subareas was the action that allowed these segments to move forward. The Board was prudent in waiting until revenue forecasts were validated by actual collections and construction contracts were awarded below engineer's estimates before it made this move.

**First Hill Station Decision.** Preliminary elimination of the long-planned First Hill Link station was a very difficult decision for a number of reasons. This station was to be one of the strongest ridership stations in the system because of its location near medical institutions and Seattle University. It was believed by many to have been promised to the neighborhood as an important element of the urban village designation in the Seattle's comprehensive planning process. Despite the station's significance, for a combination of technical reasons having to do with difficult soil conditions and pragmatic reasons related to federal funding, staff recommended and the Board decided to eliminate the station and seek other ways to serve this rider market. The decision was accompanied by open and honest discussion by staff and Board members. .

**Long-Range Plan Update and ST2 Planning.** In 2005, after several years of studies and planning, Sound Transit adopted an updated Regional Transit Long-Range Plan, taking into account demographic changes and the experience of eight years of *Sound Move* implementation. This process then led into the ST2 process that is now underway. To date the agency has collected from throughout the region suggestions for new capital projects and service enhancements and staff have begun analyzing these suggestions.

A number of aspects of the ST2 process to date have been very positive:

- Staff's organization of project ideas into three major corridors, north, south and east, to correspond to major commuter travel sheds, rather than into subareas which are entirely arbitrary in nature;
- The project briefing book of candidate projects that includes for each project a detailed project definition, cost estimates and issues analysis; a very useful and transparent body of work;
- The use of clear criteria for evaluating projects and for eliminating projects from further consideration for the next phase of high-capacity transit development;
- The work of the independent, outside Expert Review Panel which has been providing national caliber expertise to review Sound Transit's work products.

**We are concerned over the lack of open public discussion of subarea equity and ST2 policy and process issues.**

**Subarea equity.** The agency began considering ways to streamline the subarea equity policies that have proven to be very labor-intensive and costly for Sound Transit. Subarea equity is a policy this Panel believes is in need of further review and we continue to urge the Board to conduct an open discussion about its effect on the regional system we are building. In a letter to the Board in October 2005, this Panel wrote, “Some members of COP believe that subarea equity is incompatible with a regional transportation system and that the public vote on Phase 2 provides an opportunity to reconsider the present policy. ... We believe that an open dialogue about subarea equity and possible mechanisms for fine-tuning it, such as differential tax rates, differential roll-back dates, or expanded uses of the regional fund, needs to take place.”

**ST2 policy and process issues.** A number of features of the ST2 process have been disappointing. COP has noted and conveyed to you that we believe a broader policy framework of issues should have been reviewed earlier in the process. These include system gaps that are not adequately addressed by lists of individual projects; financial options such as differential tax rates; subarea project allocation and the uses of the regional fund; and the Sound Transit operational model of contracting with local transit agencies. We believe these important issues require a lively public debate to frame the ST2 project selection process.

## **Management and Delivery of Programs**

The delivery of Sound Transit’s construction program and transit services continues to be mostly smooth with only a few areas of concern in 2005. As reported in the September 2005 Agency Progress Report, the *Sound Move* program for Central Link is 41% complete, Sounder is 61% complete and the Regional Express program is 40% complete.

Some projects have experienced delays, notably the Beacon Hill Tunnel project and the Federal Way HOV Ramp and Transit Center, which each experienced schedule slippage of several months. However, most of the major construction contracts are doing well in maintaining scope, schedule and budget. Project management and project control practices at Sound Transit are very much improved over the past several years, but areas in need of more effort remain.

**Areas of concern include: project management practices, the need for a formal lessons learned system, and transit operation and maintenance costs.**

These are discussed throughout the following sections.

### **Link Light Rail**

Central Link construction continues to make good progress. The schedule float of six months is holding steady and the program budget continues to hold at about \$200 million below estimates. While some contract contingencies have been used, as is to be expected, none of the unallocated contingencies and none of the program reserves have been spent.

**Downtown Seattle.** The much-anticipated closure of the Downtown Seattle Transit Tunnel on September 24, 2005 went off without a hitch. This event, which could have been disastrous for downtown traffic and commuters, turned out to be a non-event. It was well planned, well communicated and well executed. Demolition work inside the DSTT began immediately following the tunnel closure.

**Beacon Hill.** The tunnel boring machine is getting ready to start digging the Beacon Hill tunnel. In recent months the contractor has been assembling and testing the TBM. Digging of the southbound tunnel is scheduled to begin shortly.

**Tukwila.** Over the last several months concrete piers have sprouted up along SR 518 between I-5 and the airport exit. A truss has begun hoisting into place the pre-cast concrete segments that will form most of the elevated guideway along the five-mile Tukwila alignment.

Issues of concern on the Central Link program this year have included some three months of schedule delay on the Operation and Maintenance Facility in SODO, contractor performance issues in the Rainier Valley and unanticipated amounts of hazardous material in both the SODO and Rainier Valley segments. On the Beacon Hill tunnel contract, about half of the contingency funds have been spent on jet grouting and dewatering to stabilize sandy soils, while just over a third of the project has been completed. These early expenditures are calculated to reduce future risk, but the Panel is uneasy about the level of contingency expended at this stage of the project. Last year's capital projects management audit highlighted a number of project management issues relating especially to the Rainier Valley contract. The audit recommended clarification of project manager roles and responsibilities, risk management practices and documentation of lessons learned.

### **Souder Commuter Rail**

The major investments in upgrading the BNSF track and facilities from Everett to Lakewood continue to make progress. The track and facility segments represent the largest expenditures in the Souder program:

Everett-Seattle	\$304 M	65% complete
Seattle-Auburn	\$257 M	79% complete
Auburn-Tacoma Dome	\$207 M	68% complete
Tacoma Dome- Lakewood	\$136 M	31% complete

Various stations continue in development, with only Everett actively in construction in 2005.

Among the projects COP monitored closely this past year, the claims issues related to the final design of the Reservation-to-Freighthouse Connector were finally resolved and Sound Transit proceeded to implement the final remediation. Additionally, the City of Tacoma's D Street project which had experienced very considerable delays affecting BNSF's track and facility work was finally moved into the construction phase.

## Regional Express

Major REX projects under construction this past year were the Ash Way Transit Access Ramp in Snohomish County, Totem Lake Freeway Station and Eastgate Direct Access Ramp in East King County, and the Federal Way HOV Access and Transit Center in South King County. Other projects under construction in 2005 included the Bellevue Rider Services Building, Woodinville HOV Enhancements, and Sammamish Park and Ride. All of these projects were progressing smoothly.

Among REX projects, only Ash Way encountered significant problems, with a redesign necessary mid-project and subsequent delays and contractor claims.

## Transit Operations

In 2005, Sound Transit was able to add a 4<sup>th</sup> daily train to the Tacoma Sounder service and a 2<sup>nd</sup> train to the Everett service. Sounder, Tacoma Link and ST Express bus services continue to be increasingly popular with riders. Ridership growth on Sounder and Tacoma Link was strong. On ST Express, a fare increase in June dampened ridership, especially on the well-used Bellevue-Seattle route. Total third quarter bus ridership was up only 3% over the previous year. Productivity improvement was generally positive, with boardings per trip up strongly for Sounder (11%) and Tacoma Link (18%) but only slightly for ST Express bus (3%).

As we promised in our *Sound Move Year 8* report to you last April, COP spent time during 2005 delving into the issue of Sound Transit's operating and maintenance costs. The Panel's learning and analysis is not complete but we do have additional insight into the reasons for some of the exceedingly high costs of the agency's transit operations. Many of the costs are not sufficiently in Sound Transit's control but we believe many others could be, with the support of the Board.

Existing labor contracts at the three county bus transit providers include wage rates that are among the highest in the country. We are deeply concerned about the level of labor costs for Central Link when it becomes operational under the auspices of King County Metro in several years.

We are also concerned about the overhead costs for REX, Sounder and Link. Both Sound Transit's agency costs and allocated overhead costs of the partner agencies operating the service contribute to the high overhead. We believe there is some duplication of efforts in providing staff support and management to the programs. For example, both Sound Transit and King County Metro have management teams in place to implement the start-up of Central Link service.

REX, Sounder and Central Link operations were all procured by sole-source negotiated agreement and not subjected to competitive procurement. We continue to believe, as we found in our *Year 8* report, that the current business model is a contributor to the high costs. COP appreciated the action of the Board last year in approving an amendment to the Long-Range Plan supporting competitive procurement. The next step is to take action to use competitive analysis to begin to bring costs down.

Another major reason for the high cost of REX operations is the relatively low ratio of productive time the buses spend transporting passengers. The long distances between the operating bases and the beginning of the routes (known as deadhead time) mean that only 70% of hours are spent moving people and generating fares. In 2004, the remaining 30% totaled close to 160,000 unproductive hours. At a direct cost of about \$95 per hour, this represents a recurring annual cost of \$15 million, an enormous lost opportunity to the region. The location of additional, strategically located Sound Transit bus bases might affect future costs. Thus the need for a comprehensive review of this operating model becomes even more compelling.

## Regional Relationships

The Panel has noted many times that Sound Transit's success is heavily dependent on its ability to form and manage relationships and partnerships with the many local jurisdictions in which its projects are located. These third parties have often been the cause of the greatest project cost increases and schedule delays. It continues to be crucial that clear understandings and common goals are developed among the parties to a project. In 2005 Sound Transit demonstrated examples of excellent relationships and win-win agreements.

- Many of the largest REX projects are being built on freeway right-of-way owned and operated by the Washington State Department of Transportation, notably, I-5 and I-405. Effective partnership with WSDOT to build access ramps at Lynnwood in Snohomish County, Eastgate and Totem Lake in East King County, and Federal Way in South King County have helped these major additions to the regional infrastructure to move forward smoothly.
- With the City of Lakewood, negotiation of a long-term operation and maintenance agreement created a funding mechanism for the new parking structure next to Lakewood's Sounder station. This creative agreement benefited all parties.
- In Tacoma, the much-delayed D Street Overpass project was finally moved forward through joint efforts of Sound Transit leadership and the City, thus enabling progress to continue on the Burlington Northern Santa Fe Railroad's improvements to the Sounder south segment.

However, other examples can be cited of risks and concerns in Sound Transit's relationships.

- One area of potential concern involves the need for effective coordination with the Port of Seattle. The planned concurrent construction of new Airport roadways by the Port and the Link alignment by Sound Transit is critical if Airport Link is to open for service on schedule in December 2009. The Panel is concerned about the many variables that must align perfectly if this arrangement is to succeed and we urge the agency to be open about the risks.

Finally, the most expansive and wide-ranging regional partnerships are taking shape in the ST2 planning process. It is too early to tell how well these many bi-lateral and multi-lateral agreements and compromises will come off. Over all, Sound Transit is working collaboratively with local jurisdictions and regional forums of elected officials and interests to develop an integrated plan for a future ballot measure. As regional financial capacity is limited, many difficult decisions will have to be made that will disappoint some communities. For example, we noted the frustration of officials in Redmond who believe that the major travel corridors under review should have included the SR 520 corridor and felt their concerns were not heard.

However, Sound Transit's staff work and the Board's policy making so far have set a good foundation. COP has been complimentary of the careful project analysis that has been done and of the transparent project selection process based on evaluation criteria that the Board is engaged in. We strongly believe there should be additional public discussions of key policy issues that this Panel has raised, most importantly subarea equity, regional financial capacity and the containment of future transit operating costs.