

Memo

May 17, 2024

To:	<i>Sound Transit Board of Directors</i>
From:	<i>Goran Sparrman, Interim Chief Executive Officer; Terri Mestas, Deputy CEO, Chief Mega Capital Programs Officer; Chelsea Levy, Acting PEPD Executive Director; Cathal Ridge, Executive Corridor Director</i>
Subject:	Staff recommendation regarding the South Lake Union area alternatives for the Ballard Link Extension

Alternatives for consideration

In March 2023, after reviewing the alternatives evaluated in the *West Seattle and Ballard Link Extensions Draft Environmental Impact Statement* (January 2022) and the July 2022 Board-directed further studies, the Board in Motion No. M2023-18 confirmed the 5th Avenue/Harrison Street (DT-1) Draft EIS Alternative as the preferred alternative in the Downtown Segment. The alternative included the South Lake Union/Harrison Street (DT-1) Draft EIS Station as the preferred alternative for the South Lake Union Station and the 5th Avenue/Harrison Street (DT-1) Draft EIS alternative as the preferred alternative for the Denny Station.

In July 2023, the Board in Motion No. M2023-57 modified the preferred alternative station location for the Denny Station to the Denny Westlake Shifted North alternative. Staff was directed to also carry forward the Denny Station on Westlake (DT-1) Draft EIS station alternative and the Denny Westlake Shifted West station alternative (which would eliminate the South Lake Union station) as part of ongoing environmental review.

In December 2023, the Board directed staff to assess the feasibility of an additional alternative in the South Lake Union area for potential inclusion in the EIS. The additional alternative would be a combination of the previously-studied Denny Westlake Shifted West station location with a potential new South Lake Union station location at approximately 5th Avenue and Harrison Street.

At the April 25, 2024 Board meeting, staff presented the results of the feasibility study of an additional alternative in the South Lake Union area. A summary of community feedback was presented to System Expansion Committee on May 9, 2024.

Based on the findings of the feasibility study, the following potential actions were identified for Board consideration:

1. **No Action – maintain current preferred alternative at South Lake Union and Denny:** do not add the new alternative to the EIS; the preferred alternative would continue to include the South Lake Union 7th Avenue/Harrison Street (DT-1) Draft EIS Station and the Denny Westlake Shifted North Station.
2. **Add new South Lake Union and Denny alternative to the EIS:** evaluate a new alternative that includes the South Lake Union 5th Avenue/Harrison Street Station and Denny Westlake Shifted West Station.
 - A. **No change to preferred alternative:** the preferred alternative would continue to include the South Lake Union 7th Avenue/Harrison Street (DT-1) Draft EIS Station and the Denny Westlake Shifted North Station.
 - B. **Change preferred alternative:** modify the preferred alternative to include the South Lake Union 5th Avenue/Harrison Street Station and the Denny Westlake Shifted West station.

Staff recommendation

The staff recommendation is to take No Action, maintain the current Board-adopted preferred alternative and not carry forward the potential new alternative into environmental review, given that the current preferred alternative and the potential new South Lake Union and Denny alternative are reasonably comparable from a technical perspective, but the potential new alternative would delay delivery of the Ballard Link Extension by 10 months to 2 years, would add approximately \$500M to \$1B to the project cost, and would have overall system implications.

From a technical perspective, the current preferred alternative (which includes the South Lake Union 7th Avenue/Harrison Street and Denny Westlake Shifted North stations) and the potential new alternative (which includes the South Lake Union/5th Avenue/Harrison Street and Denny Westlake Shifted West stations) are reasonably comparable. The current preferred alternative would result in slightly more convenient bus to rail transfers, shallower South Lake Union and Denny stations, higher ridership, and more convenient access to South Lake Union. The potential new alternative is slightly better from a constructability perspective, although it shifts some of the construction impacts from South Lake Union to the Seattle Center area.

The two alternatives differ in terms of schedule delay associated with environmental review and preliminary engineering for the new alternative, which would potentially add 10 months to 2 years to the overall Ballard Link Extension project schedule depending on if/when it is identified as the preferred alternative. The delay to the overall project schedule adds between approximately \$500M to \$1B in year of expenditure dollars (YOES), depending on the length of delay. Finally, the delay in opening the Ballard Link Extension project would result in trains operating through the existing downtown tunnel – which will be constrained in capacity – for a longer period and would result in trains from West Seattle operating longer as a shuttle to SODO.

Equity considerations

The current preferred alternative with the South Lake Union 7th Avenue/Harrison Street and Denny Westlake Shifted North stations would provide convenient transfers at 7th Avenue and Harrison Street between the South Lake Union 7th Avenue/Harrison Street Station and the King County Metro E Line, a rapid bus route serving communities of color and low-income populations along the SR 99 corridor. The potential new alternative, which includes the South Lake Union 5th Avenue/Harrison Street and Denny Westlake Shifted West stations, would require riders to walk two blocks (3-5 minute walk) to transfer between the South Lake Union 5th Avenue/Harrison Street Station and the E Line at 7th Avenue and Harrison Street.

Fiscal information

Financial Plan impact

The impact of the potential actions listed above to the Long-Range Financial Plan (LRFP) projections is detailed below. Please note this is an approximate projection based on currently available information and does not incorporate third party funding or potential efficiencies to the project timeline.

As a reminder, here are the potential actions:

1. **No Action – maintain current preferred alternative at South Lake Union and Denny:** do not add the new alternative to the EIS; the preferred alternative would continue to include the South Lake Union 7th Avenue/Harrison Street (DT-1) Draft EIS Station and the Denny Westlake Shifted North Station.
2. **Add new South Lake Union and Denny alternative to the EIS:** evaluate a new alternative that includes the South Lake Union 5th Avenue/Harrison Street Station and Denny Westlake Shifted West Station.

Memo

- A. **No change to preferred alternative:** the preferred alternative would continue to include the South Lake Union 7th Avenue/Harrison Street (DT-1) Draft EIS Station and the Denny Westlake Shifted North Station.
- B. **Change preferred alternative:** modify the preferred alternative to include the South Lake Union 5th Avenue/Harrison Street Station and the Denny Westlake Shifted West station.

The analysis includes the impact of the Potential Actions #2A and #2B above; Potential Action #1 has no impact as it keeps the same preferred alternative and does not add a new alternative to the EIS.

Both Potential Actions #2A and #2B above would impact multiple LRFP projected assumptions, some which would have offsetting impacts.

- These actions would increase the cost estimate of the Ballard Link Extension, due to the projected higher cost of the alternative and an extended planning period.
- These actions require a change to the projected in-service date of Ballard Link Extension by 10 months to 2 years. This change in the project schedule would impact forecasts for capital costs, operating costs, federal funding, and debt issuance.

The table below summarizes these items. Overall, the cumulative projected impact results in a slight decrease in overall program affordability as measured by projections of minimum available debt capacity (ability to issue debt). The impact to net debt service coverage ratio (ability to pay back debt) is negligible.

<i>YOES\$ in Millions</i>		2A: Add Alternative to DEIS and Identify as PA after DEIS is Published	2B: Add Alternative. to DEIS and Identify as PA in May
	In-Service Date Delay	2 Years	10 Months
Project Cost	Increase due to cost estimate of new alternative (\$90M in 2019\$)	\$ 155	\$ 155
	Increase due to extended planning period	\$ 48	\$ 27
	Increase due to cost of delay from change of in-service date	\$ 1,010	\$ 460
Operating Cost	Decrease due to change of in-service date	\$ 149	\$ 73
Grant Revenues	No change, delay in grant revenues due to assumed Ballard Link FFGA	-	-



		2 Years	10 Month
Financial Plan Impact	Change to Minimum Available Debt Capacity	-0.2%	-0.8%
	Change to Minimum Net Debt Coverage Ratio	Negligible	

Impact to Financial Plan assumptions

- If option 2A is selected
 - Staff would return to the Board with a contract amendment. As a result, a budget amendment and Financial Plan value would likely be required to accommodate the extended planning period. The increase to the Financial Plan value is currently approximated to be \$48M (YOES) but would be confirmed when staff returns to the Board.
 - The in-service date of Ballard Link Extension would be updated in the Financial Plan from 2039 to 2040 in the Fall 2024 Financial Plan update, unless there are known efficiencies identified by this time. If the Board selects this alternative as the preferred alternative after the DEIS is published, then the in-service date will be changed to 2041.
- If option 2B is selected
 - Staff would return to the Board with a contract amendment. As a result, a budget amendment and Financial Plan value would likely be required to accommodate the extended planning period. The increase to the Financial Plan value is currently approximated to be \$27M (YOES) but would be confirmed when staff returns to the Board.
 - The in-service date of Ballard Link Extension would be updated in the Financial Plan from 2039 to 2040 in the Fall 2024 Financial Plan update, unless there are known efficiencies identified by this time.

Third party funding considerations

The current cost estimates in the Fall 2023 Financial Plan for the West Seattle and Ballard Link Extension projects total \$15.2 billion in 2023\$ (\$12.1 billion in 2019\$). This represents the cost estimate updated at the time of Realignment and does not represent the preferred alternative (M2023-18.) The assumed in-service dates are 2032 for West Seattle Link and 2039 for Ballard Link.

As noted in the March 2023 Board Motion (Motion No. M2023-18), based on current cost estimates and revenue projections, the preferred alternatives for the West Seattle and Ballard Link extensions were anticipated to exceed the assumptions in the financial plan (by \$280 million in 2019\$). Sound Transit, City of Seattle, and King County acknowledged there may be shared responsibility to address the projected cost differential between the final project to be built and the realigned financial plan through either additional funding or cost savings opportunities. Together, they identified up to \$400 million in additional potential funding for the West Seattle and Ballard Link extensions through various sources including publicly-owned property, value capture from increased development, and in-kind contributions. The City of Seattle and King County provided letters on March 23, 2023, indicating their intent to work with Sound Transit to further analyze costs and funding sources over the next year and develop a funding agreement in advance of the Board actions to select projects to be built for the West Seattle and Ballard Link extensions. Sound Transit will need to perform a detailed analysis of the \$400 million in potential funding sources in relation to the cost estimates in order to assess the efficacy of the proposal on the Financial Plan.

Identification of Denny Westlake Shifted North as the preferred alternative in the July 2023 Board Motion (Motion No. M2023-57) resulted in further exceedance of the assumptions in the realigned financial plan. The additional cost was estimated in July 2023 as approximately \$170 million (in 2019\$) but, through ongoing work, has since been revised to approximately \$60 million (in 2019\$). Additionally, this alternative will not allow for the opportunity of \$60 million in cost savings associated with the DT-1 alternative related to shifting a station entrance onto public right-of-way. This brings the total increase over the financial plan (identified as 3rd party

funding) to \$400 million (in 2019\$). Pursuing this alternative relies on commitment by the City of Seattle and Sound Transit to partner to facilitate the acquisition of property needed for construction to accommodate off-street construction staging and jointly explore disposition and redevelopment of that property in a manner that maximizes the value of the surplus property not needed after construction to allow the value of the surplus property to be recaptured by the project. As part of the efforts noted above to develop a funding agreement, the City of Seattle and Sound Transit will develop ways to meet the project delivery framework defined during the realignment process while remaining consistent with Sound Transit's financial plan.

Potential board action to modify the preferred alternative to include the South Lake Union 5th Avenue/Harrison Street Station and the Denny Westlake Shifted West station would also result in further exceedance of the assumptions in the realigned financial plan. The additional cost of the potential new alternative is estimated as \$90 million (in 2019\$) and, similar to above, the potential new alternative would not allow for the opportunity of \$60 million in cost savings associated with the DT-1 alternative related to shifting a station entrance onto public right-of-way. This would bring the total increase over the financial plan (identified as 3rd party funding) to \$430 million (in 2019\$).

Public involvement

Sound Transit has engaged stakeholders, the public and various agencies at the local, regional, state and federal levels to solicit early and continued feedback since project development was initiated in 2017. The main focus during the Draft EIS phase was on engagement activities leading up to and during the formal Draft EIS public comment period, which was held for 90 days from January 28 to April 28, 2022.

In July 2022, the Board in Motion No. M2022-57 identified a preferred alternative for the West Seattle Link Extension and directed further studies and public engagement to inform a future action to confirm or modify the preferred alternative for the Ballard Link Extension. Further studies engagement activities included open houses, community workshops, community briefings, meeting with business, residents and property owners and participating in events and tours. Opportunities were provided for engagement in person and online, with an online open house and surveys that complemented other further studies engagement.

In March 2023, the Board in Motion No. M2023-18 identified a preferred alternative for the Ballard Link Extension and requested further clarification of the technical, financial, schedule and risk implications of both the Denny Station on Westlake (DT-1) Draft EIS Station alternative and Denny Station on Terry (i.e. South Lake Union Mix-and-Match) alternative. Between March and May, over 20 technical work sessions were conducted on topics including utilities, constructability, construction schedule, roadway closures and cost. A status report was provided to the Board in May followed by additional work to assess ridership and transit integration solutions of the Denny Westlake Shifted West concept (which would eliminate the South Lake Union station). Results of the ridership assessment were made available publicly in mid-July and opportunities were provided for engagement in person and online including webinars, community briefings and an online open house. In July 2023, the Board in Motion No. M2023-57 modified the preferred station location for the Denny Station to the Denny Westlake Shifted North alternative.

Ongoing community feedback prompted interest by some to study an additional alternative in the South Lake Union area of the Ballard Link Extension. The additional alternative would incorporate the Denny Westlake Shifted West station location, which was already included as an EIS alternative, but would be coupled with a potential South Lake Union station at approximately 5th Avenue and Harrison Street several blocks west of the current preferred station location.

From January through March 2024, effort was focused on exploring and resolving any design/constructability issues associated with this new idea and evaluating ridership, transit integration, environmental concerns, costs, etc. This technical information was shared publicly in April. Similar to the spring/summer 2023 engagement

effort for further studies focused on the Denny Station, Sound Transit involved the public through webinars, an online survey, community briefings in the neighborhood and briefings to transit riders in communities along the corridors connecting to the station. Public feedback was documented and made available for Board consideration in May 2024.

Business inclusion and workforce

A potential action would not impact Sound Transit's commitment or ability to support disadvantaged and small business participation in this project, nor will it impact the workforce development provisions in the Project Labor Agreement.

Time constraints

The Board previously identified the preferred alternative for the Ballard Link Extension in March 2023 and July 2023 and staff has been proceeding with environmental review and design development. Direction to add a new alternative and/or modify the preferred alternative for the South Lake Union and the Denny station areas would add 10 months to 2 years to the project schedule.

Background

The Board adopted Motion No. M2023-18 in March 2023 to confirm or modify a preferred alternative(s) for the separate EIS for the Ballard Link Extension. The Board subsequently adopted Motion No. M2023-57 in July 2023 to modify the preferred station location for the Denny Station to the Denny Westlake Shifted North alternative. Staff were also directed to carry forward the Denny Station on Westlake (DT-1) Draft EIS station alternative and the Denny Westlake Shifted West station alternative (which would eliminate the South Lake Union station) as part of ongoing environmental review.

Ongoing community feedback prompted interest by some in studying an additional alternative in the South Lake Union area of the Ballard Link Extension. The additional alternative would incorporate the Denny Westlake Shifted West station location, already added as an EIS alternative, and would couple it with a potential South Lake Union station at approximately 5th Avenue and Harrison Street several blocks west of the current preferred station location.

In December 2023 (Motion No. M2023-109), the Board directed staff to assess the feasibility of this additional alternative in the South Lake Union area for potential inclusion in the EIS for the Ballard Link Extension project. With this direction, staff continued public engagement and analysis to address the interests and concerns regarding this additional alternative, including ridership impacts in South Lake Union, mobility impacts during construction for all users, station depth, track curves and train speeds, transit integration, and utility conflicts. Further, to advance Board discussion, the results of the feasibility analysis were compared to prior analysis of the current preferred alternative with the Denny Westlake Shifted North and South Lake Union 7th Avenue/ Harrison Street stations. Staff engaged with the Board's independent consultant, Dave Peters, as the technical work progressed.

In advancing this work, the evaluation was conducted consistent with the project purpose and need (*West Seattle and Ballard Link Extensions Draft Environmental Impact Statement, Chapter 1, January 2022*), which builds upon the criteria established in the ST3 ballot measure (Resolution No. R2016-17) and the five core principles identified in both Motion No. M2020-36 and Motion No. M2020-37 (completing the spine, connecting centers, ridership potential, socio-economic equity, and advancing logically beyond the spine).

A Motion, if put forward, to add a new alternative and potentially modify the preferred alternative for the South Lake Union and Denny station areas for the Ballard Link Extension would be a statement of the Board's current intent regarding the project based on the Board's review of the WSBLE Draft EIS findings; review of the results

of the further studies directed by the Board in July 2022; additional work directed by the Board in March 2023 on the Denny Station; technical findings from the work directed by the Board in December 2023 to assess the feasibility of an additional alternative in the South Lake Union area; and new community feedback received through an online survey and live webinars. It would not be a final decision. The Board will make a final decision on the Ballard Link Extension project to be built, including the route and station locations, after publication of the Final EIS.

Consistent with the System Expansion Implementation Plan (SEIP), at the beginning of the project development process in 2017, Sound Transit and the City of Seattle finalized a partnering agreement specific to the project, which the Seattle City Council and the Sound Transit Board later adopted. The Partnering Agreement notes that “the parties acknowledge the importance of meeting Project schedule milestones and objectives in order to begin light rail operations on time. The Partnering Agreement further notes that “In cases where the City or other parties have an interest in changing Project scope beyond that allowed under Sound Transit’s financial plan, the City will collaborate with Sound Transit to identify reductions in scope or risk elsewhere on the project or provide increased funding through local contributions to finance the requested change.” This requirement for local contributions for substantial scope expansions is mirrored in the partnering agreements Sound Transit has entered into with several other municipalities in the region. In May 2019 (Motion No. M2019-51), the Board built on this approach, and established a process outlining that after publication of the Draft EIS and receipt of public comment, if the City of Seattle or other parties had an interest in expanding scope beyond that allowed under Sound Transit’s financial plan, identification as the preferred alternative would be contingent on the identification of third-party funding to cover the additional cost of delivering the project.

As part of the alternatives development process, Sound Transit developed comparative estimates to inform the evaluation of alternatives. Estimates were based on limited conceptual design. As design has advanced through the Draft EIS process, estimates have been updated and have changed. Estimates will continue to be updated as design advances and new information becomes available and will inform future discussions related to additional project scope elements and associated local funding contributions.