

# Call for Independent Audit

September 6, 2000

.....Dave Earling, Edmonds Councilmember  
Greg Nickels, King County Councilmember  
Doug Sutherland, Pierce County Executive  
Jack Crawford, Kenmore Deputy Mayor  
Ann Davis, Lakewood Councilmember  
Bob Drewel, Snohomish County Executive  
David Enslow, Sumner Councilmember  
Mary Gates, Federal Way Councilmember  
Jane Hague, King County Councilmember  
Ed Hanson, Everett Mayor  
Richard McIver, Seattle Councilmember  
Rob McKenna, King County Councilmember  
Sid Morrison, WA State DOT  
Kevin Phelps, Tacoma Councilmember  
Paul Schell, Seattle Mayor  
Ron Sims, King County Executive  
Cynthia Sullivan, King County Councilmember  
Jim White, Kent Mayor

Dear Members of the Board:

We, citizens and elected officials of the metropolitan Seattle area, support improved public transit, and other measures to relieve the congestion choking our communities. Many of us supported the Sound Transit plan approved by voters in 1996 as a critical step toward that goal. But alarming new developments in the Sound Transit Link light rail project have caused each of us to conclude that our region should consider putting this project on hold until it has survived closer scrutiny in the form of an independent audit.

This region needs unity in its drive for federal transit funding. A close look at Sound Transit's light rail program has us deeply concerned; we cannot remain silent in good conscience. Link light rail may have more in common with WPPSS than with our region's nationally heralded bus-transit system. Before we move forward, three questions need definitive answers: What is the real cost of Sound Transit's Link light rail? Who will pay for the currently projected and other cost overruns? Will Link, which in its current phase is a Seattle/North King County project, absorb funds from jurisdictions across our metropolitan area?

Because of our grave concerns, we call on the Sound Transit Board to reconsider signing a "full funding" grant agreement with the federal government. This \$500-million agreement will bind the taxpayers of our region to complete the proposed Link light rail line from the University District to Lander Street. It will obligate us to finish this line as proposed, regardless of cost or alternatives. This binding agreement may force us to

divert funds away from other important transportation projects, and require us to raise local taxes beyond what the voters approved for Sound Transit.

### 1. How much will Sound Transit's Link light rail really cost?

In 1996, the Sound Transit Board told voters that Link light rail would cost \$1.67 billion (in 1995 dollars) and extend from the University District to SeaTac Airport. The Board assured voters its cost estimates were "very conservative." Voters relied on that assurance. Since then, the cost of the project has risen, and its value has fallen. A glaring example is the change in the Seattle portion of the Link plan. The current plan omits or defers four of the 17 original Seattle stations.

The Executive Director of Sound Transit concedes that Link light rail is "about \$200 million" over budget (Seattle Post-Intelligencer, August 8, 2000). A few days later he affirmed that, in addition, the bids for Link's planned Capitol Hill tunnel are above the sum budgeted. The scale of the excess is secret "for strategic reasons" (Seattle Post-Intelligencer August 18, 2000). Since then, the Executive Director said his solution to the high bids is to modify "the roles and responsibilities between the contractor and ST". Translated, this means reduce the risk to the contractor by shifting it to Sound Transit. The March 2000 submission for funding to the federal government placed the cost estimate at \$254 million beyond the original estimation; we do not know how much the tunnel bids will add to that cost overrun (all figures are in 1995 dollars).

After careful analysis, Kriss Sjoblom of the Washington Research Council concluded that Sound Transit has incurred additional obligations, including agreements to purchase the downtown tunnel from King County, buy property from the University of Washington, and mitigate impacts on the University, that total \$223 million to \$232 million more in cost overruns. This would place estimated overruns at nearly a half-billion dollars (\$1995). Again, that is before the higher-than-budgeted tunnel bids. But even this figure is optimistic.

Serious questions have arisen concerning the adequacy of Sound Transit's contingency funds and the Beacon Hill tunnel project's budget. An almost-completed study of property acquisition and relocation costs in the Rainier Valley indicates that Sound Transit's estimations are wrong, and that the cost will be no less than \$100 million over budget. In addition, Sound Transit has seriously underestimated the costs of relocating the infrastructure of various utilities that will be displaced by construction, and the cost of connecting those utilities. Most troubling is that comparable rail and tunneling projects in Los Angeles have cost substantially more per mile of track than Sound Transit says it will spend. Sound Transit has offered no credible explanations for the disparity.

Link rail is one of the most expensive public works projects in greater Seattle's history. Sound Transit's current financial projections are not transparent to the public. The citizens and taxpayers of this region are owed a transparent audit by independent experts, plus an ongoing process of financial review and oversight. If Sound Transit

wants the confidence of the public, it must provide them with an open budget process, and clear, understandable and accurate financial information, honest and open.

Once the public knows the full costs, it may decide to proceed. In 1996, the voters felt that \$1.67 billion was an acceptable price for Link light rail. If the actual price is \$2.5 billion, or \$3 billion, for a smaller rail line, they may reconsider that decision.

## 2. How will we pay for cost overruns?

In 1996, Sound Transit promised to strictly adhere to a principle of "subarea equity": revenue raised in a particular subarea would only be spent on Sound Transit projects in that subarea. Sound Transit promised to put "fire walls" around the revenue from each part of our metropolitan region so future decision makers could never siphon it off to pay for transit amenities elsewhere. Subarea equity was a part of Sound Move as adopted by the voters and is legally enforceable. Now Sound Transit is preparing to sign a federal grant making the entire region fiscally responsible for completing Link's planned rail line from the University District to south of downtown. Sound Transit is telling the federal government that the financial capacity of the entire three-county area is adequate to complete Link, ignoring the fact that Sound Transit's own financial policies require the completion of Link entirely within the fiscal capacity of North and South King County budgets.

According to Sound Transit's own staff, the North King County subarea, which is obligated to pay for most of the phase one Link light rail program, may be unable to do so within its own budget. We question whether Sound Transit can meet its commitments to the citizens of the region with existing tax revenues under the subarea equity policy. If it cannot, the public needs to know how Sound Transit will avoid shifting revenue from other regions or raising taxes. If the board of Sound Transit completes a full funding grant agreement with the federal government, it will impose an awesome obligation on the citizens of the region. If difficulties ensue and cost overruns accumulate, the region will be obliged to continue the project to its completion, regardless of cost, or repay its grant. The region has no adequate contingency plan to pay these costs. The lack of planning could tear our region apart with political recriminations and law suits. This is still another reason to have an open, independent audit before signing a binding federal grant agreement.

## 3. Will ridership justify the cost?

Sound Transit has claimed the light rail line will generate extensive improvements in "mobility". All these claimed benefits are based on ridership forecasts that in turn depend on a number of assumptions concerning transit service, transfer rates, travel time, etc. As a result, small changes in the underlying assumptions can cause significant errors in the estimated benefits. In the four years since voters approved the Sound Transit plan a number of these underlying assumptions have changed. For instance, I-695 has made owning a car less expensive while at the same time transit agencies have increased bus

fares. The increasing doubt about the reliability of assumptions used to estimate ridership is another reason the Sound Transit Board should pause for a reality check.

If we take Sound Transit's forecasts at face value, what does Link do for the region? Many of the people who supported the Sound Transit plan expected it would alleviate traffic congestion on I-5. Buried in the Link environmental impact statement Sound Transit acknowledges "...the light rail system will not result in a significant difference in regional traffic volumes...". In this instance, the change in traffic volume is forecast to be an imperceptible fraction of one percent. The picture for arterials is not any better. Many of the intersections analyzed in the EIS will experience greater traffic congestion as a result of the light rail line. Very few will experience any benefit. In downtown Seattle the buses evicted from the tunnel will add to traffic congestion on the surface streets making bus service slower and less reliable.

A primary justification for Link was a need for increased transit capacity through downtown Seattle. But it has been revealed that the light rail service Sound Transit now proposes to operate will provide less seated capacity in the peak hours than the existing bus service. Today, nearly all bus passengers are comfortably seated, but with light rail service Sound Transit forecasts more than a third of peak hour rail riders will be forced to stand. And because the rail line is so short with few stations, a larger number of passengers will be forced to transfer to buses to complete their trips. The extent to which the rail plan has been scaled back also greatly decreases the bus service hours that were to be freed up by rail.

The ridership figures Sound Transit has published give the impression that Link will greatly improve mobility, but the probable benefits are modest (far and away the majority of transit customers will still be bus riders) and the adverse impacts will be widespread and long-lasting. Isn't it worth taking the time to see if there are alternatives that would yield a greater return on the region's two billion dollar investment?

#### Call for an Independent Audit

Prior to signing a full funding grant agreement with the federal government for Link light rail, we ask that Sound Transit agree to an independent audit of its cost and ridership estimates, and of its financial capability to implement the Sound Move plan consistent with existing financial policies. This review must examine the financial capacity of Sound Transit at both the regional and the subarea levels, and be conducted in a transparent fashion by an independent expert review. We propose that Sound Transit select one party, citizens independent of Sound Transit select a second party, and that both sides then select a mutually agreed upon third party to chair the process from the American Arbitration Association. That small panel would select an expert, independent consultant, and guide the process. Any of the three parties would have the right to raise questions and have them addressed. To assure objectivity, private citizens will undertake to pay half the cost and Sound Transit the other half. An expeditious time-line should be set so the Link light rail project can be carefully assessed without impeding its progress. We believe three months would be adequate, once the process is in place and the

consultant selected. Sound Transit's board should embrace this proposal and move it forward expeditiously.

Los Angeles' recent experience with a rail tunnel and a full-funding grant agreement underlines our concerns: authorities there are under federal court order to restore the bus service curbed, and reduce the bus fares they raised, in order to manage the cost overruns and operating burdens of the rail projects they were obliged to complete because they accepted a federal grant. We fear that the transportation or general budgets of many jurisdictions in our region will end up mortgaged to Sound Transit for a short, multi-billion-dollar rail line that ends up costing nearly \$200,000 for each car it takes out of traffic.

This, we believe, is not what voters had in mind.

Booth Gardner, former governor  
Rob McKenna, King County Councilmember  
Maggi Fimia, King County Councilmember  
Kent Pullen, King County Council Member  
Jack Barry, Mayor, City of Sammamish  
Phil Dyer, Councilmember, City of Sammamish  
Don Gerend , Councilmember, City of Sammamish  
Kevin Grossman, Councilmember, City of Shoreline  
Kathy Huckabay, Councilmember, City of Sammamish  
Nick Licata, Councilmember, City of Seattle  
Guy Spencer, Councilmember, City of Normandy Park  
Peter Steinbrueck, Councilmember, City of Seattle  
Norwood Brooks, Former King County Assessor  
Jerome M. Johnson, Superior Court Judge (retired)  
Tom Albro  
Noel Angell, Family Therapist  
Mark Baerwaldt  
Tim Baker, Former Chair Capitol Hill Community Council  
Glover Barnes, Political Activist, Southeast Seattle  
Yoram Bauman, Member, Green Party  
Christopher T. Bayley, Former King County Prosecuting Attorney  
William Beyers, Professor of Geography, University of Washington  
Jeff Boone, Founder, Freeway Monorail, UW Graduate  
Eric Bremner, Former President King Broadcasting Company  
Bobbie Bremner, Public school teacher (retired)  
Colleen Browne, Neighborhood Activist, South Seattle  
Dorothy Bullitt, Business Consultant, Civic Leader  
Emory Bundy, Former Director of Public Affairs, King Broadcasting  
Company, Citizens for Mobility  
John Bundy, President Glacier Fish Company  
Angell Byrony, Theater Artisan  
Colby Chester, Actor, Environmental Activist

Chuck Collins, Former Director Metro Transit  
Frank Coluccio, Business Owner, Coluccio Construction  
Maurice Cooper, President, Madison Park Community Council  
Robin Denburg, Environmental Organizer  
Dan Dingfield, Former Port of Seattle Executive  
Alan Durning, Director, Northwest Environmental Watch  
Bill Eager, President TDA, Inc  
Pat Emerson, President Metropolitan Democratic Club  
Dick Falkenbury, Community Activist  
Craig Fiebig, Former Microsoft Executive  
Dick Fike, Financial Planner  
Angela Ford  
John Fox, Director, Seattle Displacement Coalition  
J. Irwin Goldberg, President/CEO H. E. Goldberg & Co., Inc.  
I. Mervin Gorasht, Activist, Capitol Hill Neighborhood  
Matt Griffin, Managing Partner, Pine Street  
Paulette Gust, Member, Transit Advisory Committee  
Rick Hangartner, Activist, Downtown Community  
Thomas A. Heller, Activist, North Seattle Neighborhood  
Kristina Hill, Professor, UW College of Architecture & Urban Planning  
Alan Honick, President, Salmonweb  
Hil Hornung, Former Executive Director, Atlantic County Transportation Authority  
Jarlath Hume, Former Director, Seattle Metro Center  
Kent Kammerer, Neighborhood Activist  
Ruth Korkowski, Activist, South Seattle Neighborhood  
Ron Lamb, Community Activist, Tukwila  
James W. MacIsaac, Consultant, Transportation Planning & Engineering Consultant  
Daniel Malarkey, Executive  
William Mallow, President, South Beacon Neighborhood Council  
Dawn Mason  
Fredrika Merrill, Activist, Beacon Hill Neighborhood  
Dell Miller, Attorney  
Janet Miller, Child Welfare and Family Policy Researcher  
Ron Momoda, Concerned Citizen, SE Seattle  
Richard Morrill, Professor of Geography, University of Washington  
Daniel Norton, Former Chair, King County Democrats  
Folke Nyberg, Professor Emeritus, University of Washington  
Don Padelford, Citizens for Mobility  
Patricia Paschal, Citizen, SE Seattle  
Tara Peattie, Member, Green Party  
Alan Rabinowitz  
Colin Radford, President, Radford & Company Commercial Investments  
Al Rasmussen  
Karl Robins, Activist, Robinson Insurance/SE Seattle Neighborhood

Evelyne Rozner, Business Consultant  
Jerry Schneider, Professor Emeritus, Urban Planning and Civil  
Engineering,

U of W

J. Peter Sherwin, Monorail Initiative Jet City Enterprises  
Robb Stack, Commercial Property Owner  
Peter Staten, Architect & Journalist  
Steve Gaines, Attorney  
Susan Tillitt, Community Activist, Downtown  
Joel Tufel, Community Activist, North Seattle  
The Rev. Harriet Walden, Activist, Seattle Community  
Alice Woladt, Former Chair, King County Democratic Party  
Fabiola W. Woods, Community Activist, Southeast Seattle

Cc:

Rodney E. Slater, Secretary, Department of Transportation  
Nuria I. Fernandez, Acting Administrator, Federal Transit Administration  
Helen Knoll, Director, Region X, Federal Transit Administration  
Senator Slade Gorton, U.S. Senate  
Senator Patty Murray, U.S. Senate  
Representative Norm Dicks, U.S. Representative, 6th District  
Representative Jennifer Dunn, U.S. Representative, 8th District  
Representative Jay Inslee, U.S. Representative, 1st District  
Representative Jim McDermott, U.S. Representative, 7th District  
Representative Jack Metcalf, U.S. Representative, 2nd District  
Representative Adam Smith, U.S. Representative, 9th District  
Senator Sid Snyder, Washington State Senate Majority Leader  
Senator James West, Washington State Senate Minority Leader  
Representative Clyde Ballard, Washington State Co-Speaker of the House  
Representative Frank Chopp, Washington State Co-Speaker of the House  
Representative Barbara Lisk, Washington State Co-Majority Leader of the House  
Representative Lynn Kessler, Washington State Co-Majority Leader of the House  
Bob White, Executive Director, Sound Transit