

CITY COUNCIL STUDY SESSION

Briefing on Sound Transit's Project Realignment Process

Joyce Nichols, 452-4225
City Manager's Office

Andrew Singelakis, Transportation Director, 452-6465
Lacey Jane Wolfe, Transportation Policy Advisor, 452-2055
Transportation Department

DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

Sound Transit Chief Executive Officer Peter Rogoff will provide an update on high capacity transit projects. He will also provide information on the Sound Transit Board's "realignment" process that is considering delaying some projects and reducing others due to the economic recession from COVID-19 pandemic and rising project costs.

No Council action is required at this time. Tonight's presentation is an opportunity to learn about Sound Transit's realignment process, ask questions, and provide feedback.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS

The impacts of the COVID-19 pandemic have reduced revenues from a variety of sources for many agencies and local governments. Sound Transit is facing an estimated \$11.5 billion revenue shortfall through 2041 due to reduced revenues and increasing project costs. To address this shortfall, the Sound Transit Board is reviewing its capital projects through a process called "realignment." The Board is considering cost-cutting measures for projects that are in the planning or design phase. Sound Transit may delay these projects, separate them into phases, or reduce their scope. East Link and other projects already in construction would not be impacted. The Sound Transit Board is expected to take action on the realignment and make adjustments to its capital projects.

Sound Transit's Capital Projects

Sound Transit's capital projects were established through three voter-approved funding packages. In 1996, voters approved the Sound Move regional transportation funding measure. It funded light rail between Sea-Tac Airport and the University of Washington, Sounder commuter rail, and ST Express bus routes between the region's centers.

In 2008, voters approved the 15-year Sound Transit 2 (ST2) measure. ST2 increased the ST Express bus and Sounder commuter rail service. It also added 36 miles of new Link light rail service, extending Link service north to Lynnwood, East to Mercer Island, Bellevue, and Redmond, and south of Sea-Tac Airport. These light rail projects are in construction and will open for service in the next three years.

In 2016, voters approved Sound Transit 3 (ST3), a \$54 billion program to expand the region's transit system over 25 years. ST3 projects in Bellevue include:

- I-405 bus rapid transit (BRT). I-405 BRT will connect communities along the I-405 corridor, from Lynnwood to Burien. Council has supported I-405 BRT since it was included in the I-405 Master Plan in 2002. Sound Transit's BRT service, called "Stride," will operate in two segments on I-405. The Burien-to-Bellevue segment will begin service in 2024. The Lynnwood-to-Bellevue segment is scheduled to begin service in 2025. I-405 BRT is estimated at \$1 billion and will serve about 18,500 daily riders.
- System Access funding. ST3 includes \$100 million to improve pedestrian and bicycle access to transit and to enhance transfer environments. Sound Transit is distributing this funding via a competitive process. In the first round, Bellevue was awarded \$1 million for the Eastgate Non-Motorized Access to Transit project. The funding was combined with \$4.8 million in Federal Highway Administration (FHWA) funding awarded by the Puget Sound Regional Council (PSRC). This project will improve the Mountains to Sound Greenway Trail between 132nd Avenue SE and 142nd Place SE. Construction is underway and this segment will be completed later this year. Bellevue will likely apply for funding in future System Access funding rounds.
- South Kirkland to Issaquah Light Rail. This project will build new light rail stations at the South Kirkland Park and Ride, Richards Road in Factoria, Eastgate Park and Ride, and Central Issaquah. This light rail service will connect to the Wilburton, Bellevue Downtown, and East Main Stations. The project will construct 350-stall garage at the South Kirkland Park and Ride and a 500-stall garage in central Issaquah. Planning is scheduled to begin in 2027 and the project is expected to be completed in 2041. This project is estimated at \$1.8 billion and is expected to serve about 13,500 daily riders.

Realignment Process

The agency's estimated \$11.5 billion revenue shortfall is the result of two major factors. Due to the pandemic-driven recession, Sound Transit estimates a tax revenue shortfall of \$6 billion through 2041. In addition, since 2019 project costs have increased by \$5-6 billion due to rising real estate costs, increased construction costs, and stakeholder requests to expand project scopes. However, the I-405 BRT project is **not** experiencing these problems. The revised cost estimates for **other** projects are:

- Costs for the link extensions to West Seattle and Ballard have increased by 50 percent to \$12.1-12.6 billion.
- For the Operations and Maintenance Facility South, the latest estimates indicate an increase of 54-77 percent, to \$1.2-2.4 billion.
- The Tacoma Dome Link Extension costs increased by 10 percent, to \$3.3 billion.
- The cost of BRT projects **decreased** by \$150 million, to \$1.8 billion total. This includes SR 522 BRT, which will connect communities between north Seattle and UW Bothell, as well as I-405 BRT and a BRT maintenance base in Bothell.

The agency's reduced revenues and increased costs have caused a gap that makes the program unaffordable and the Sound Transit Board is required to bring expenditures in line with revenues. Last year, the Board adopted criteria to inform the realignment process. Sound Transit staff presented the analysis last month. The Board is reviewing the information and asking questions. In July, the Board plans to decide which projects will be delayed, phased, or reduced in scope. While the Board has the option to cancel projects, Many Board members do not support this strategy because voters approved Sound Transit's capital projects and Board members are intending to complete all of the projects, albeit with schedule delays and smaller project scopes.

The Board directed staff to develop and present opportunities to increase revenue. Additional federal grant funding, increased fares, and public-private partnerships are some of the revenue options the Board is considering. Sound Transit is advocating to increase the federal share of the agency's existing Federal Transit Administration (FTA) Capital Investment Grants (CIG). The FTA awarded Sound Transit about \$2 billion in CIG funds.

Sound Transit staff is working with the State Legislature to explore options to increase the agency's debt limit. Sound Transit uses bonded debt to advance projects earlier than would be possible with a pay-as-you-go system. State law limits Sound Transit's debt capacity to 1.5 percent of the assessed value of real property located within the regional transit authority district boundaries. The agency's forecasted expenditures exceed forecasted revenues and its debt limit would need to be raised in order to borrow more money.

Potential Impacts to Projects in Bellevue

I-405 BRT may be delayed as part of the Board's realignment process. In September, Bellevue urged the Board to continue I-405 BRT without delay. Bellevue anticipates adding 30,000 new jobs by 2025 and multi-modal transportation options are a major part of the City's efforts to accommodate that growth. Bellevue Mayor Lynne Robinson signed a joint letter to that effect with the cities of Bothell, Duvall, Lynnwood, and Tukwila and Representative Davina Duerr, 1st Legislative District. The letter is included as Attachment A.

The Lynnwood-to-Bellevue segment of I-405 BRT is dependent on the Washington State Department of Transportation's (WSDOT's) SR 522 to SR 527 Express Toll Lanes (ETLs) Improvement Project. WSDOT's project will extend the dual ETLs to SR 527 in Bothell, allowing buses to use the ETLs to bypass traffic congestion. The ETL project and Sound Transit's I-405 BRT project are scheduled to be delivered concurrently in 2025. In 2019 the State Legislature authorized \$600 million in toll-backed bonds to fund the ETL project. Due to the COVID-19 pandemic, toll revenue has been unstable and Governor Jay Inslee's 2021-2023 budget proposes to delay the ETL project two years. Delays to WSDOT's project may prompt the Board to delay the Lynnwood-to-Bellevue segment of I-405 BRT. A coalition of stakeholders, including Bellevue, is working with legislators to keep these projects on schedule.

System Access Funding

The Board may delay additional competitive rounds for System Access funds. Bellevue's Eastgate Non-Motorized Access to Transit project is in construction and would not be impacted.

South Kirkland to Issaquah Light Rail

The Board may delay the South Kirkland to Issaquah Light Rail project, which is scheduled to begin service in 2041. However, the Board has years to identify alternate revenue sources and monitor economic recovery before project planning will begin.

POLICY & FISCAL IMPACTS

Policy Impact

Council has identified transportation as a high priority, and transit solutions as an important part of the local and regional transportation system. Bellevue is expected to see an increase of 30,000 jobs by 2025. Multi-modal transportation options are a major part of the City's efforts to accommodate that growth. Bellevue's TMP supports implementation of the frequent transit network.

Fiscal Impact

There are no direct fiscal impacts associated with tonight's briefing.

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

A. Joint Support Letter for I-405 BRT

AVAILABLE IN COUNCIL LIBRARY

N/A