



U.S. Department
of Transportation

**Federal Transit
Administration**

The Administrator

1200 New Jersey Avenue, SE
Washington, D.C. 20590

— NOV 14 2008

The Honorable Patty Murray
Chairman, Subcommittee on Transportation,
Housing and Urban Development, and Related Agencies
United States Senate
133 Dirksen Senate Office Building
Washington, DC 20510-6025

Dear Madam Chairwoman:

Pursuant to 49 U.S.C. § 5309(g)(5), I write to inform you that I intend to execute a Full Funding Grant Agreement (FFGA) with the Central Puget Sound Regional Transit Authority (Sound Transit) whereby the Federal Transit Administration (FTA) will provide \$813.0 million in major capital investment (New Starts) funds for design and construction of the University Link Light Rail Transit (LRT) Extension Project (hereafter, the "Project") in Seattle, Washington. These New Starts funds constitute 41.7 percent of the total project cost of \$1.9477 billion. The balance will be financed with \$359.3 million of Sound Transit cash from local tax revenues, \$750.2 million of Sound Transit existing or new bond proceeds, \$13.2 million of additional local resources, \$3.0 million of Federal Section 5309 Fixed Guideway Modernization funds, and \$9.0 million of Federal Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds. This FFGA will be executed no earlier than 60 days from the date of this letter.

In brief, the Project is a 3.15-mile extension of the Initial Segment/Airport Segment Light Rail Projects, which are under construction and expected to open in the summer of 2009 and late 2009, respectively. The Airport Segment LRT Project scope was added to the scope of the Initial Segment Project by FFGA Amendment in August 2008. The University Link Project alignment begins at the Pine Street Stub Tunnel in downtown Seattle and ends at the University of Washington (UW), with an intermediate station at Capitol Hill. The entire Project alignment is underground in two parallel bored tunnels. The Project includes procurement of 27 light rail vehicles, construction of five additional storage tracks at the existing Link operations and maintenance facility, fare collection equipment, and real property.

The scheduled Revenue Operations Date for the Project is April 24, 2017.

Project Justification

The Project corridor is the most densely developed residential and employment area in Seattle and the State of Washington. The three largest urban centers in the State – downtown Seattle, Capitol Hill/First Hill, and the University District – are located along the alignment. Travel by

private vehicle and bus between these areas is extremely congested due to high traffic volumes and the corridor's geography. First Hill and Capitol Hill rise sharply northeast of downtown Seattle, and Interstate 5 (I-5) – the region's primary north-south freeway corridor – runs along the base of these hills, separating them from downtown. Farther to the north, the University District is separated from Capitol Hill and downtown by Portage Bay and the Lake Washington Ship Canal; only three crossings (two of them drawbridges) connect the University with the southern portion of the corridor.

Reversible express lanes on I-5 north of downtown result in a disparity between northbound and southbound transit travel times during peak periods. The Project is intended to provide more reliable and faster bi-directional transit service to and between downtown Seattle, Capitol Hill/First Hill, and the University District, while supporting local land use goals and contributing to the maintenance of 1990 traffic levels at the University of Washington.

The Project is intended to provide improved bi-directional transit access and faster travel times between Capitol Hill, the University District, downtown Seattle, and points south. Over one-half of project travel-time benefits accrue to travelers destined for the University District or Capitol Hill, while 25 percent of benefits are for trips originating in these station areas destined for other parts of the region. Over 20 percent of travel-time benefits accrue to trips internal to the project corridor. Approximately 10 percent of project benefits are the result of improved LRT frequencies throughout the entire Central Link line necessitated by the higher passenger loads caused by the extension.

By the year 2030, 35,000 employees are expected to work and 25,000 residents are expected to reside within a half-mile radius of the two stations along the Project. The Project will serve an approximate 40,200 riders per day in 2030, of which 17,400 will be new riders.

Project Evaluation

In its "Annual Report to Congress on New Starts: Proposed Allocations of Funds for Fiscal Year 2009," FTA included the University Link LRT Extension Project as a pending FFGA. The Project received an overall New Starts rating of "High," which reflects a "Medium-High" rating for *local financial commitment* and a "Medium-High" rating for *project justification*. The Project is rated "Medium" for cost effectiveness.

As you know, by longstanding practice, FTA does not execute an FFGA for a project unless and until we are satisfied with the sponsor's ability to complete the project within the Baseline Cost Estimate and the Baseline Schedule, and that the sponsor has demonstrated the necessary local financial commitment to construct, operate, and maintain the project strictly in accordance with the terms of the agreement. In evaluating the readiness of a project for an FFGA, we consider the degree of certainty underlying the capital cost estimates, any remaining risks inherent in those estimates, the availability of contingency funding to cover any unanticipated cost increases, any remaining uncertainties regarding the non-Federal sources of funding, and any need for acquisition of real estate or railroad right-of-way. We also require that all essential third-party agreements be transacted before we execute an FFGA. In this instance, the Project meets all of these conditions.

In accordance with standard practice, FTA and its Project Management Oversight Contractor (PMOC) have reviewed Sound Transit's technical capacity management documents that are consistent with the FTA requirements for major capital projects. These include the Project Management Plan, Bus and Rail Fleet Management Plans, Quality Management Plan, Operations and Maintenance Plan, and Safety and Security Management Plan. The PMOC's September 2008 report is provided as Enclosure 2. FTA and the PMOC performed a risk assessment of the Project in accordance with FTA's Project Management Oversight Operating Guidance, including a review of the Final Design plans, specifications, Record of Decision, project cost estimate and baseline schedule from February 2008 through May 2008. The risk assessment reports were submitted in May and June 2008, concluding that the Project cost estimate is adequate. FTA and the PMOC also determined that April 24, 2017, is a reasonable date for the commencement of revenue service.

Sound Transit, in coordination with FTA and the PMOC, has developed an acceptable Project Execution Plan to ensure that the Project can be completed within budget and on schedule. The plan uses risk management and mitigation strategies to maintain the project contingency targets for cost and schedule. FTA will continue to work closely with Sound Transit to ensure that the plan is carried out.

Likewise, FTA and its Financial Management Oversight Contractor (FMOC) have reviewed the local financial commitment. Sound Transit is the local funding partner for the Project. FTA and the FMOC conclude that Sound Transit has the requisite financial capacity to complete this Project and sufficient local share resources to operate and maintain this project while sustaining existing operations. The Financial Capacity Assessment, prepared by the FMOC, is provided as Enclosure 3.

The analysis indicates that Sound Transit has the financial capacity to construct the Initial Segment, Airport Link and the University Link Projects, fund the operating costs of these new services and meet the financial requirements to operate, maintain, and preserve its on-going regional express bus and commuter rail projects. Sound Transit also has the ability to deliver the required local funding and maintain a positive general fund balance.

Proposed FFGA and Accompanying Materials

The FFGA that FTA plans to execute with Sound Transit is provided as Enclosure 1. Please note, in particular, Attachment 6 (Schedule of Federal Funds for the Project) to the proposed FFGA, which sets forth the total and annual congressional appropriations that are necessary to maintain Sound Transit's construction schedule and ensure that the Project can open for revenue operations on the date planned. To date, FTA has awarded \$19,600,000 in Section 5309 New Starts funds for the Project. Thus, the Schedule of Federal Funds set forth in Attachment 6 projects a future total award of \$793,400,000 in New Starts funds through Federal Fiscal Year 2016. Also enclosed is an analysis of the annual and total congressional appropriations planned for future FFGAs through Fiscal Year 2016, and an analysis of FTA's annual commitments for current and anticipated FFGAs against the program authorization (Enclosure 5).

In accordance with the Fiscal Year 2008 Transportation Appropriations Conference Report, we are enclosing an evaluation of whether the alternatives analysis (Enclosure 6) completed by the Project sponsor fully assessed all viable alternatives (Summary Evaluation of Alternatives Analysis). Several preliminary transit alternatives were identified and evaluated during project planning. The alternatives were subjected to a detailed evaluation against a variety of locally derived evaluation criteria, resulting in the selection of the current Project as the Locally Preferred Alternative.

An identical letter has been sent to the following: the Chairman of the House Committee on Transportation and Infrastructure; the Chairman and Ranking Member of the Transportation, Housing and Urban Development and Related Agencies, Subcommittee of the Senate Committee on Appropriations; the Chairman and Ranking Member of the Transportation, Housing and Urban Development and Related Agencies, of the House Committee on Appropriations; and the Chairman and Ranking Member of the Senate Committee on Banking, Housing, and Urban Affairs.

If I can provide further information or assistance, please do not hesitate to contact me directly at (202) 366-4040.

Sincerely,

A handwritten signature in cursive script that reads "James S. Simpson".

James S. Simpson

Enclosures:

1. FFGA
2. PMOC Spot Report – Grantee Readiness Review for FFGA
3. Financial Capacity Assessment
4. Section 5309 New Starts Payout Schedules
5. SAFETEA-LU Authorizations vs. Commitment Table for New Starts
6. Summary Evaluation of Alternatives Analysis