Lynnwood Link Extension Q&A
August 24, 2017

1. **Why are current Lynnwood Link cost estimates higher and what is being done to reduce them?**

   Changing market conditions and project scope are among the factors placing upward cost pressure on the Lynnwood Link Extension. Estimates have increased from $2.4 billion in year-of-expenditure dollars estimated in the Sound Transit 2 ballot measure to $2.9 billion currently (both estimates include capital construction, light rail vehicles, and operations and maintenance facilities).

   - **Market Conditions:** Adverse market conditions are triggering higher construction costs for major capital projects across the western United States and the Pacific Northwest in particular.

     - The cost of property is rising, as reflected in headlines across the region.
     - The cost of materials is increasing precipitously.
     - Construction firms have more projects to choose from.
     - Regional construction volume is causing an acute shortage of skilled labor.

   - **Expanded Scope:** There are a number of areas where the scope of the project has expanded since the preliminary designs. These include:

     - Greater bus integration opportunities to facilitate multimodal station access.
     - Changes to satisfy local building codes.
     - Responses to requests from local municipalities.
     - Added efforts to mitigate project impacts on local residents and the environment.

2. **What is being done to get these higher costs under control?**

   - Project staff are focusing on an intensive value engineering process for reducing costs. Value engineering is a common process to revisit what expenses are absolutely necessary to build a quality project.

   - This process will be completed before the agency sets a final budget and schedule for the project in early 2018.
   - Examples of the cost-saving ideas identified for analysis include:
     - Adjustments to ST's design criteria and standards that create efficiencies without affecting quality and safety.
     - Working with third parties to meet their requirements more efficiently, which may have added effect of requiring less property to be purchased.

3. **Do market conditions threaten Sound Transit's ability to complete the recently approved ST3 projects?**

   - Sound Transit's delivery of voter-approved projects will play out over a period of 25 years, which will include multiple periods of economic strength as well as recessions.

- The final cost for each project will depend in part on the prevailing economic conditions when the project goes out for bids. Some projects are likely to cost somewhat higher than estimates while some cost somewhat lower, but the economic cycles are expected to keep long-term project delivery on track.

- The cost estimates for the recently approved ST3 projects include ample contingencies to cover potential cost growth.

- The agency's forecasts for both costs and revenues across this 25-year period are based on well-documented historical trends across many decades.

4. Why hasn't this affected other current Sound Transit projects as much?

- Most elements of current Sound Transit projects that are in construction were put out to bid during more favorable post-recession market conditions, though more recent bids have been trending higher due to the market.

- Going forward the current overheated market conditions will most immediately affect the Lynnwood project.

- Staff will be closely monitoring the market in relation to the upcoming light rail extensions to Federal Way and Downtown Redmond.

5. What is the status of federal funding for Lynnwood Link?

- Lynnwood Link is not alone in having its federal funding in jeopardy. The Administration has proposed terminating federal funding for dozens of similar projects across the country.

- Fortunately, Congress has not heeded this request. For 2017, the final appropriations included $100 million as a first down payment toward a $1.17 billion commitment to Lynnwood Link notwithstanding the Administration's request to terminate funding.

- For 2018, additional funding for Lynnwood Link is included in the Senate Appropriations bill but not in the House Appropriations bill.

- We will continue to engage with our Congressional delegation with the goal of securing the full federal funding share for the project that was promised back in 2016.

6. Do the upward cost pressures jeopardize federal funding?

- It is not unusual for major transit capital projects to see their cost estimates rise during periods with overheated construction and real estate markets.

- We do not expect the cost growth in Lynnwood Link to undermine our ability to secure federal funding. That is in part because the maximum federal contribution toward the project is already capped at $1.17 billion.

- Sound Transit's upcoming submissions to the Federal Transit Administration (FTA) will transparently reflect current project cost and schedule estimates while we continue to work to lower costs through the value engineering process.

- We and many other major transit agencies are continuing to work with the FTA to advance projects in the hope and expectation that federal contributions will continue.

7. What is the total amount of funding that would have to be picked up by local taxpayers if the current administration permanently terminated all New Starts funding?

- Based on past funding levels, Sound Transit's long-term financial plans assume approximately $5 billion in new starts funding for the next 25 years.

- Transit infrastructure investments have been viewed by prior Administrations – both Democratic and Republican – as too critical to both national and local economic health for federal partnerships to be permanently eliminated. We believe these partnerships will endure across administrations over the next 25 years.

8. What happens if Sound Transit does not receive its assumed federal funding for Lynnwood Link? Will light rail still reach Lynnwood and Everett?

- One thing is certain – we will build light rail to Lynnwood and Everett just as we are building it to Federal Way and Tacoma.

- But, if our reasonable federal funding expectations are not met, it will significantly increase the burden on local taxpayers and potentially impact our schedules.

- The voters of our communities stepped up and voted to tax themselves to provide a path out of congestion. For that bold action, they should be rewarded at the federal level, not punished.

9. How do the upward cost pressures and the value engineering work now underway affect the ability to pay for Lynnwood Link?

- While we will work aggressively to reduce the cost of the Lynnwood project through value engineering, the higher cost estimates associated with the current market conditions and scope are affordable within the agency's long-term plan.

- The issuance of a modest amount of additional debt would still keep the agency well within its bonding limits.

- In the fourth quarter of this year, the Board will review and update our financial plan, taking into account all of the updated information on agency revenues and costs.

- With this consolidated information as well as the new cost estimates for Lynnwood Link, the Board will be in a position to decide the final schedule and budget for the project.

10. How do uncertainties around federal funding and the value engineering process affect the timeline for reaching Lynnwood?

- Sound Transit's next submission in the federal funding process assumes several more months of work needed to complete the project based on factors including uncertainty around federal funding and continuing work on the project design.

- This work shifts project completion from December 2023 to mid-2024.

- The uncertainty of federal funding is a significant factor in slowing down the project schedule because we can't authorize contractors to move forward with work until we know whether or not we will receive the promised federal funding for the project.

11. What is Sound Transit's confidence that costs can be reduced?

- While we cannot estimate actual cost reductions at this time, our design and engineering team is confident we can reduce some costs through the value engineering process.

- Reducing costs will require working closely with the cities of Seattle, Shoreline, Mountlake Terrace, and Lynnwood to identify cost-reduction opportunities -- a process that will take several months.

12. Why are Lynnwood link and other mass transit extensions important?

- Of the more than 3,100 counties across the U.S., none saw a bigger net increase than Pierce and Snohomish in movers from other counties. In the coming years the region's population will grow by nearly a million citizens.

- Anyone who drives the roads in this area knows that road congestion in the region has almost doubled in the last five years. With a million more people coming, traffic conditions will only get worse.

- Voter-approved projects will provide fast, reliable alternatives to our already crippling traffic congestion, with new light rail, Bus Rapid Transit and commuter rail stations opening every few years.

- Sound Transit weekday ridership is expected to roughly quadruple, increasing from approximately 163,000 riders each weekday today to between 561,000 and 695,000 riders by 2040.

- Completing light rail investments is critical to the region's mobility, economy and environment.

13. What are the benefits of Lynnwood Link?

- Lynnwood Link will give riders a fast, frequent and reliable alternative to some of the worst traffic congestion in the state.

- The 8.5-mile project will build four new stations between Northgate and Lynnwood that provide residents of north Seattle, Shoreline, Mountlake Terrace and Lynnwood with access to congestion-free rail service.

- Riders will enjoy fast, frequent and reliable rides:

    - Lynnwood to University of Washington: 20 minutes
    - Lynnwood to Downtown Seattle: 28 minutes