

# POLICY BRIEF

## **Citizen's Guide to Sound Transit 3: to increase sales, property and motor-vehicle excise taxes for expansion of regional light rail**

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October 2016

### **Key Findings**

- *Sound Transit 3 (ST3) is a \$54 billion-dollar ballot proposal that would increase the taxes residents pay to the Sound Transit Agency by \$300 to \$400 per average household per year, or upwards of \$20,000 or more over 25 years.*
- *In addition to new taxes, the ST3 proposal includes the continuation of taxes enacted in 1996 (Sound Move/ST1) and 2008 (Sound Transit 2/ST2), totaling \$8.621 billion. This is roughly the size of King County's \$9 billion budget, and represents 16 percent of ST3 funding sources.*
- *According to the Puget Sound Regional Council, of the 19 million daily trips expected to be taken in the region by 2040, less than one percent would be taken on light rail. The bulk of ST3 funding (over 60 percent) would be spent to build additional light rail.*
- *Allowing for Sound Transit's most optimistic ridership projection of 695,000 daily boardings by new and existing riders on all of Sound Transit's services with ST3 (light rail, commuter rail, bus rapid transit, and express bus), the agency would serve barely four percent of daily trips expected to be taken in the region by 2040.*
- *A little over six percent of the projected one million people that planners expect to move to the region are forecast to become new regular transit riders if ST3 is passed. This is very low for the amount of tax revenue to be collected and spent. Other transit options would provide greater mobility benefits sooner and at lower costs.*
- *Over the last 20 years, Sound Transit officials have failed to provide transparency and timely project completion within budget. Now the public agency is pushing for one of the nation's most expensive, one-size-fits-all rail expansions, although their ridership data show that it would not reduce congestion for the majority of taxpayers in the Puget Sound region.*



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# Citizen’s Guide to Sound Transit 3: to increase sales, property and motor-vehicle excise taxes for expansion of regional light rail

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## Introduction: What the ballot measure would do

This November, voters in the Sound Transit taxing district living in parts of King, Pierce and Snohomish counties will decide whether or not to pass Sound Transit’s new \$54 billion-dollar tax proposal, called Sound Transit 3 (ST3).

Sound Transit officials say they would use the new taxes under the ST3 plan to pay for more commuter rail service, two bus rapid transit lines, new transit stations located in 37 areas, and seven extensions of existing light rail lines, to create a 116-mile light rail network throughout the region by 2040. The majority of the project funding is for light rail, which would attract roughly 64,800 new riders to public transit, or a little over six percent of the projected one million people that planners expect to move to the region by 2040.

As noted, Sound Transit officials are asking for a blank check for \$54 billion to fund the project.<sup>1</sup> In fact, the cost for this regional project is more than three times the size of the Connecting Washington Transportation Package. The ballot reads as follows:

### Text of ballot title – Proposition No. 1

*The Sound Transit Board passed Resolution No. R2016-17 concerning expansion of mass transit in King, Pierce, and Snohomish counties. This measure would expand light-rail, commuter-rail, and bus rapid transit service to connect population and growth centers, and authorize Sound Transit to levy or impose: an additional 0.5% sales and use tax; a property tax of \$0.25 or less per \$1,000 of assessed valuation; and additional 0.8% motor-vehicle excise tax; and use existing taxes to fund the local share of the \$53.8 billion estimated cost (including inflation), with continuing independent audits, as described in the Mass Transit Guide and Resolution No. R2016-17.<sup>2</sup>*

- 1 “Court’s message is voters beware,” Seattle Post-Intelligencer Editorial Board, March 4, 2004, at <http://www.seattlepi.com/local/opinion/article/Court-s-message-is-voters-beware-1138635.php>.
- 2 Text of Resolution No. R2016-17, passed by Sound Transit Board, June 23, 2016, at [http://www.soundtransit.org/sites/default/files/Resolution%20R2016-17\\_0.pdf](http://www.soundtransit.org/sites/default/files/Resolution%20R2016-17_0.pdf).

One citizen group is contesting the ballot language in court, saying it gives voters redundant, promotional and misleading language in order to aid passage of the measure, rather than providing neutral information.

Voters should be aware that by approving new taxes in ST3, they would also be approving the continuation of tax rates passed in 1996 (Sound Move/ST1) and 2008 (Sound Transit 2/ST2) that would otherwise expire and be rolled back partly upon paying off bonds that supported the completion of ST1 and ST2 projects. The resolution states that the amount of tax revenue available from ST1 and ST2 to help pay for ST3 projects is \$8.488 billion, or \$8.621 billion according to ST3 financial documents.

This language is included in the full resolution, and reads as follows:

#### Text from full resolution – Section 4 (1)

*After first allocating sufficient funds to pay the ongoing monetary obligations incurred to implement Sound Move and ST2 as such obligations come due, Sound Transit will use revenue generated by the taxes approved by voters to fund Sound Move and ST2 to pay a portion of the cost to implement the Sound Transit 3 Plan. These voter-approved taxes include the existing nine-tenths of one percent (0.9%) sales and use tax and the existing three-tenths of one percent (0.3%) motor-vehicle excise tax (which motor-vehicle excise tax will not be imposed after 2028). The tax revenue estimated to be available from these existing voter-approved taxes to fund the Sound Transit 3 Plan is \$8.488 billion (year-of-expenditure dollars).*

This Citizen’s Guide summarizes the key points of the ballot measure and evaluates the new, additional tax burden that would fall on the approximately 2.8 million people living in over 50 cities and communities in the parts of King, Pierce and Snohomish counties that form the Sound Transit Taxing District.<sup>3</sup>

### **History: What is Sound Transit?**

The Central Puget Sound Regional Transit Authority (RTA), known as Sound Transit, was formed in 1996 by voters in parts of King, Pierce and Snohomish counties. Sound Transit is a regional transit agency that constructs and operates Link light rail, Sounder commuter rail, and express buses.

In 1995, officials proposed a \$13.7 billion-dollar plan for commuter rail, light rail and a regional bus system. The proposition failed, with 53.5 percent voting “no.” A new plan was developed and was placed on the November ballot in 1996 – it was called “Sound Move – The Ten-Year Regional System Plan.”

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<sup>3</sup> “Our taxing district,” Sound Transit, at <http://www.soundtransit.org/rta>.

Sound Transit officials asked voters for \$3.9 billion for a temporary 0.4 percent sales tax increase and a 0.3 percent motor-vehicle excise tax (MVET) increase. The ballot measure passed with 56.5 percent approval. This authorized Sound Transit to exist as a regional transit agency and to begin collecting taxes and building transit projects.<sup>4</sup>

In 2007, Sound Transit officials proposed Sound Transit 2 (ST2) to voters. The ballot measure failed, with 54 percent voting “no.” The Sound Transit Board placed the measure before voters again in 2008, and it passed with 57 percent approval. The overall estimated cost was \$17.8 billion. Of total funding sources, \$2.3 billion came from continuing the taxes passed under the 1996 Sound Move (ST1).<sup>5</sup>

With both ST1 and ST2 projects still incomplete, Sound Transit officials have placed Sound Transit 3 (ST3) on the ballot for the November 2016 election. This \$54 billion-dollar tax package is unique in that it increases not only the ST1 and ST2 sales and motor-vehicle excise taxes, but it also adds a controversial property tax. The next section of this Citizen’s Guide explains how Sound Transit officials want to fund ST3 and how much voters can actually expect to pay.

### Background: ST3’s new taxes

The ST3 proposal is funded as follows:

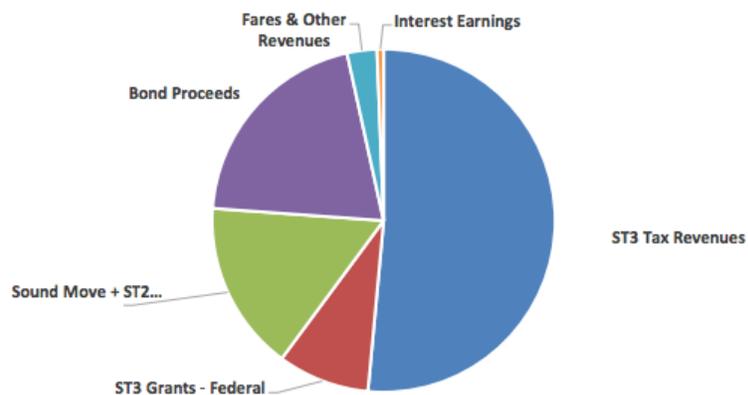


Figure 1 - Sources of Funds 2017-2041<sup>6</sup>

- 4 “An Amazing Ride: A History of Sound Transit,” Sound Transit, at <http://www.wsdot.wa.gov/partners/erp/background/ERP%20150504%20ST%20History%20and%20Context.pdf>.
- 5 “Sound Transit 2 Appendix A: Detailed Description of Facilities and Estimated Costs,” Sound Transit, July 2008, at <http://www.soundtransit.org/sites/default/files/documents/pdf/st2/transitexpansion/appendixa.pdf>.
- 6 “Sound Transit 3 Appendix A: Detailed Description of Facilities and Estimated Costs,” Sound Transit, June 22, 2016, at <http://www.soundtransit.org/sites/default/files/Resolution%20R2016-16%20Appendix%20A.pdf>.

ST3 Tax Revenues	\$27,710,000,000	51.5%
ST3 Grants	\$4,669,000,000	8.7%
ST1 & ST2 Extra Taxes	\$8,621,000,000	16.0%
Bond Proceeds	\$10,999,000,000	20.4%
Fares & Other	\$1,514,000,000	2.8%
Interest Earnings	\$333,000,000	0.6%
<b>TOTAL SOURCES:</b>	<b>\$53,846,000,000</b>	<b>100%</b>

## Taxes from ST1 and ST2

Figure 1 is from Sound Transit’s financial documents. Note that 16 percent of funds are to come from continued taxes from ST1 and ST2. This is money that Sound Transit officials at first said would be returned to taxpayers.

This sum, which is nearly equivalent to the \$9 billion budget for all of King County,<sup>7</sup> is money from the 1996 and 2008 tax authorization ballots that voters are still paying taxes on today. Tax money left unspent is eligible in the future to be rolled back to voters after ST1 and ST2 are completed, but only after bonds are paid off and reserve accounts are certified as sufficient for long-term repair, maintenance and refurbishment. Instead, Sound Transit is choosing to allocate these funds towards ST3 immediately.

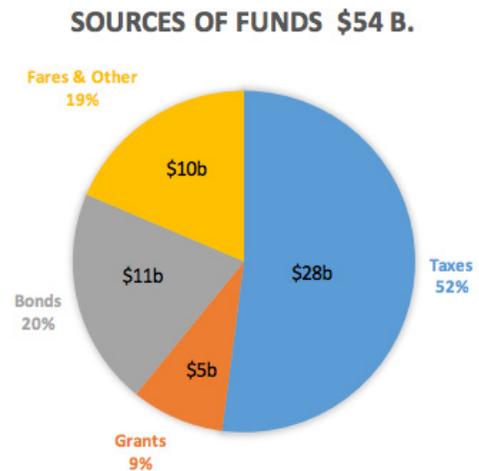


Figure 2 – Sources of Funds (public presentation)

In Sound Transit’s June presentation to the Expert Review Panel, a similar pie chart (Figure 2) was presented outlining sources of funds, but the continued taxes from ST1 and ST2 were merged into “Fares and Other Revenues.”<sup>8</sup> “Fares and Other Revenues” are three percent of funding sources in the financial documents (Figure 1), but in this public presentation (Figure 2), they are represented as 19 percent of funding sources due to the inclusion of continued taxes.

<sup>7</sup> “2015-16 King County Budget,” King County, at [http://www.kingcounty.gov/council/budget/2015-16\\_budget.aspx](http://www.kingcounty.gov/council/budget/2015-16_budget.aspx).

<sup>8</sup> “Draft ST3 Financial Plan,” Sound Transit, June 6, 2016, at [http://www.wsdot.wa.gov/partners/erp/background/Draft%20ST3%20Financial%20Plan%20\(presentation\).pdf](http://www.wsdot.wa.gov/partners/erp/background/Draft%20ST3%20Financial%20Plan%20(presentation).pdf).

With the continued taxation that Sound Transit officials will have (this does not include potential bonding capacity), the agency could fully fund bus rapid transit (BRT) and express bus services in their current plan with \$4.312 billion left over.<sup>9</sup> These comparable transit services and BRT in particular, which Sound Transit officials say provides “substantially equivalent speed and reliability,”<sup>10</sup> could reach residents within a few years, rather than the decades required for light rail, all without taking any additional taxes from residents. Passage of the 2016 ST3 ballot measure would allow Sound Transit to use continued 1996 and 2008 taxation as an ongoing “surplus” for ST3, rather than returning these funds to taxpayers, as Sound Transit originally promised.

### How much would residents pay?

More than half of proposed ST3 funds would be paid by residents in the Sound Transit taxing district. If ST3 is approved, Sound Transit officials would collect the following taxes annually from each household:

TAX	ST1 & ST2	ST3	TOTAL for ST1, ST2 & ST3
Sales & Use Tax	0.9%	0.5%	1.4%
Motor-Vehicle Excise Tax	0.3%	0.8%	1.1%
Property Tax	0.0%	\$25 per \$100,000 assessed value	\$100 for \$400,000 home

In February 2016, Sound Transit officials said ST3 taxes would cost \$392 per typical household,<sup>11</sup> but they later changed their official estimate, in July, to \$169 per adult.<sup>12</sup> The estimate appeared lower largely because Sound Transit officials decided to evaluate the motor vehicle excise tax (MVET) in terms of the median (\$5,333) rather than the average value (\$10,135) of cars within the taxing district. Using the median value calculation allowed Sound Transit to lower their expected per-vehicle estimated tax by \$34.

9 “Sound Transit 3 Appendix A: Detailed Description of Facilities and Estimated Costs,” Sound Transit, June 22, 2016, at <http://www.soundtransit.org/sites/default/files/Resolution%20R2016-16%20Appendix%20A.pdf>.

10 Sound Transit 3: The Regional Transit System Plan for Central Puget Sound,” Sound Transit, June 2016, at [https://st32.blob.core.windows.net/media/Default/Document%20Library%20Featured/8-22-16/ST3\\_System-Plan\\_2016\\_web.pdf](https://st32.blob.core.windows.net/media/Default/Document%20Library%20Featured/8-22-16/ST3_System-Plan_2016_web.pdf).

11 “ST3 Financial Plan Update,” Sound Transit, February 8, 2016, at <http://www.wsdot.wa.gov/Partners/erp/background/ST3%20Financial%20Plan%20Update%20February%208%202016.pdf>.

12 “ST3 Plan would cost typical adult \$169 annually or \$14 per month,” Sound Transit, July 8, 2016, at [https://st32.blob.core.windows.net/media/Default/Document%20Library%20Featured/July\\_2016/ST3TaxImpactMemo070716.pdf](https://st32.blob.core.windows.net/media/Default/Document%20Library%20Featured/July_2016/ST3TaxImpactMemo070716.pdf).

While Sound Transit officials have primarily advertised the cost of just ST3 at \$169 per adult (rather than \$326 for a median household<sup>13</sup>), the text of the full ST3 resolution is clear that these increased tax rates are on top of existing taxes currently paid by taxpayers for ST1 and ST2.<sup>14</sup> Additionally, the \$169 per adult annual increase is based on low value assumptions that do not match the real expenses of many people living in Sound Transit’s taxing district.

### ST3 tax calculators

To put these numbers into perspective for an average household, a tax calculator was created at [www.ST3Tax.com](http://www.ST3Tax.com). Residents in the taxing district can input their household data to determine how much they would pay to Sound Transit if they approve ST3.

Sound Transit has its own calculator at [www.soundtransit3.org/calculator](http://www.soundtransit3.org/calculator), but it provides the estimated amount for ST3 taxes alone. It does not show existing tax contributions for ST1 and ST2 in the total amount of taxes paid to Sound Transit.

Figure 3 shows a sample calculation from [www.ST3Tax.com](http://www.ST3Tax.com) for a two-person household bringing in a combined yearly income of \$85,000 to \$105,000, with two cars and a \$360,000 home.

Figure 3 – ST3 Tax Calculation ([www.ST3Tax.com](http://www.ST3Tax.com))

Household Data	ST3 TAX	TOTAL
\$85,000-\$105,000 Total Yearly Income	Sales & Use Tax (0.5%)	\$169
\$360,000 Home	Property Tax (\$25 per \$100,000)	\$90
2 cars / \$40 Vehicle RTA Tax each	Motor Vehicle Excise Tax (0.8%)	\$213.33
	<b>TOTAL ST3 TAX</b>	<b>\$472.33</b>
	<b>TOTAL ST1/ST2 Tax</b>	<b>\$385.00</b>
	<b>TOTAL Annual Sound Transit Taxes w/ ST3</b>	<b>\$857.33</b>
	<b>TOTAL Sound Transit Tax Paid in 25 Years w/ ST3</b>	<b>\$21,433.25</b>

With ST3, an average household would pay close to \$1,000 per year to the Sound Transit agency, or over \$21,000 in 25 years. This estimate does not include the taxes voters are already paying to other transit agencies, like Metro. If passed, ST3 tax collections would begin January 1, 2017 and would continue indefinitely into the future.

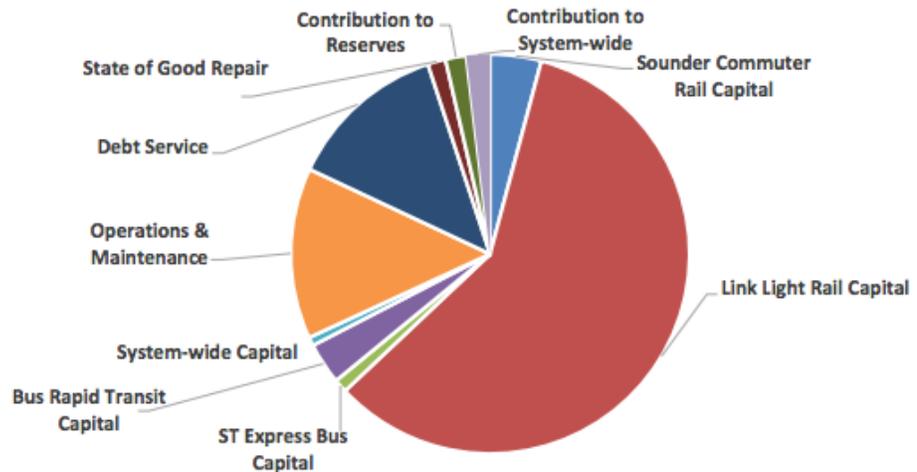
13 “Here’s what you’d pay to build a bigger Sound Transit network,” by Mike Lindblom, The Seattle Times, July 13, 2016, at <http://www.seattletimes.com/seattle-news/transportation/heres-what-you-d-pay-to-build-bigger-sound-transit-network/>.

14 “Resolution No. R2016-17,” Sound Transit, June 23, 2016, at [http://www.soundtransit.org/sites/default/files/Resolution%20R2016-17\\_0.pdf](http://www.soundtransit.org/sites/default/files/Resolution%20R2016-17_0.pdf).

## Policy Analysis: What do Sound Transit officials hope to build?

The bulk of the ST3 tax hike would be spent on decades of light rail construction, as indicated in the following pie chart (Figure 4).

Figure 4 – Uses of Funds 2017-2041<sup>15</sup>



## Responsible transportation policies respond to market demand

To determine if ST3 represents responsible transportation policy and if the high cost is justified, it should be compared with the actual needs of the region, or voluntary market demand.

Government policies should serve the needs of citizens. In transportation, the greatest need is for mobility – the freedom to live, work and travel wherever one chooses. Effective public transportation policies are those which spend taxpayer dollars in response to voluntary market demand, rather than on services created by government in an attempt to induce demand.

In the Sound Transit debate, the demand is called ridership.

<sup>15</sup> “Sound Transit 3 Appendix A: Detailed Description of Facilities and Estimated Costs,” Sound Transit, June 22, 2016, at <http://www.soundtransit.org/sites/default/files/Resolution%20R2016-16%20Appendix%20A.pdf>.

## Transit ridership

According to planners at the Puget Sound Regional Council, people living in the central Puget Sound region will take a total of 19 million daily unlinked trips<sup>16</sup> by 2040.<sup>17</sup> Of those 19 million trips, planners project that only 0.4 percent will use Sound Transit light rail, as shown in Figure 5:

- 42 percent will ride share (2+ and 3+ per vehicle)
- 41 percent will drive alone
- 11 percent will walk
- 3.8 percent will take buses or ferries
- 1.0 percent will ride bikes
- 0.4 percent will take light rail
- 0.1 percent will take commuter rail

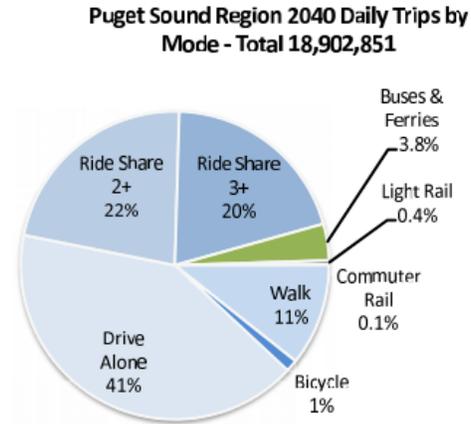


Figure 5 – Daily Trips in 2040

While 83 percent of daily trips will be taken in cars, 4.3 percent of daily trips will be taken on some form of public transit. As people travel, they are expected to choose light rail less than one percent of the time.<sup>18</sup>

Sound Transit officials project transit ridership to reach 1.1 to 1.3 million daily boardings by 2040 with ST3. Without ST3, that range would be 975,000 to 1.169 million. A closer evaluation of this data shows that there would be only 144,000 new transit boardings generated with ST3.<sup>19</sup>

This means that ST3 specifically would serve only 0.7 percent, including buses and light rail, of all 19 million regional daily trips. When the metric of

16 One unlinked passenger trip is also one boarding. Passengers may have one or more boardings to get from their origin to their final destination. A linked passenger trip is a trip from origin to destination on public transit, and may include multiple boardings/transfers. For example, if a person takes one bus from his origin to his destination, this is one unlinked trip. If a person transfers and boards a second bus to get to his final destination, he has taken two unlinked trips.

17 "Transportation 2040," Puget Sound Regional Council, May 20, 2010, at <http://www.psrc.org/transportation/t2040/t2040-pubs/final-draft-transportation-2040/>.

18 "Key Performance Measures," Smarter Transit, May 20, 2015, at <http://www.effectivetransportation.org/What%20the%20Data%20Shows%205.20.15.pdf>.

19 "Sound Transit 3 Appendix C: Benefits, Costs, Revenues, Capacity, Reliability, and Performance Characteristics," Sound Transit, June 23, 2016, at [https://st32.blob.core.windows.net/media/Default/Document%20Library%20Featured/June\\_23/Resolution\\_R2016-16\\_Appendix\\_C-Final.pdf](https://st32.blob.core.windows.net/media/Default/Document%20Library%20Featured/June_23/Resolution_R2016-16_Appendix_C-Final.pdf).

144,000 new boardings is converted to riders, the result is only 64,800 new riders on Sound Transit and other regional transit as a result of ST3.<sup>20</sup>

Allowing for Sound Transit's most optimistic ridership projection of 695,000 daily boardings by new and existing riders on all of Sound Transit's services (light rail, commuter rail, bus rapid transit, and express bus), the agency would serve barely four percent of all daily trips in the region by 2040.<sup>21</sup>

No matter how Sound Transit's reported numbers are analyzed, the resulting public benefit after \$54 billion in new spending is very low and therefore not in the public interest.

The traveling public would not benefit from reduced traffic congestion relief either, even though Seattle is consistently listed as sixth in the nation for worst traffic. Ridership data reported by Sound Transit shows that the ST3 ballot proposal, while spending billions on light rail, would not reduce congestion in the Puget Sound region.

## **The cost of building and operating light rail**

According to the Federal Transit Authority, Sound Transit light rail operating costs alone are 74 percent higher than operating costs for express buses.<sup>22</sup> According to transit experts, the Sound Transit Central Link set the record for being the costliest light rail system in U.S. history, costing \$185 million dollars per mile.<sup>23</sup> The cost of building and operating a light rail line is significantly higher than comparable bus systems.

Current Sound Transit CEO Peter Rogoff gave a speech in 2010 suggesting that urban leaders can accomplish mobility for transit-dependent residents just as well with buses as with rail. He also noted that rail is a cost liability we leave for future generations. In his previous role as head of the Federal Transit Administration, he said:

“Paint is cheap. Rail systems, by contrast, are very expensive. We often know as leaders try to plan new transit services and try to reach communities unserved, there's a strong bias to promoting rail. One of the things we know...is that there is an inherent bias that riders want to take rail and are more likely to get on a rail system than board a bus.

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20 “Definitions,” American Public Transportation Association, November 10, 2010, at <http://www.apta.com/resources/statistics/Documents/Ridership/missdef.pdf>.

21 “ST3 Expert Review Panel: Ridership Forecasting,” Sound Transit, June 6, 2016, at <http://www.wsdot.wa.gov/partners/erp/background/Ridership%20forecasting%2006-06-2016.pdf>.

22 “Central Puget Sound Regional Transit Authority – 2014 Annual Agency Profile,” Sound Transit, at <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/00040.pdf>.

23 “New U.S. light rail transit starter systems – Comparative total costs per mile,” Light Rail Now, May 6, 2014, at <https://lightrailnow.wordpress.com/2014/05/06/new-u-s-light-rail-transit-starter-systems-comparative-total-costs-per-mile/>.

“But we also know this...if you take a bus and you paint it a different color and call it a ‘special bus’...you could then paint a lane on a roadway that the taxpayers have already paid to build and call it a busway...throw in signal preemption, a rather inexpensive technology...and you can move a lot of people at very, very little cost.

“A little honesty about the differences between bus and rail can have some profound effects. Earlier, I pointed out that our new estimate for the deferred maintenance backlog for the entire transit universe is roughly \$78 billion dollars; but you should know that only 75 percent of that amount is attributable to antiquated rail assets... It’s not just about how expensive rail is now; it’s about the costs in replacement that they’re teeing up for the next generation.”<sup>24</sup>

As Mr. Rogoff noted, public officials who are honest inform the public about the true cost of proposed public projects, and any honest assessment shows that improved bus service can “move a lot of people at very, very little cost” – far less cost, in fact, than is being proposed under ST3.

### Sound Transit’s history of broken promises

Despite low ridership projections for 2040, Sound Transit continues to promote ST3 light rail as the only acceptable, one-size-fits-all solution, even though light rail will serve a small fraction of the population and will not improve traffic congestion for the rest of the traveling public.

Sound Transit officials’ optimistic estimates are suspect due to their long history of broken promises and inability to meet their own project deadlines, budgets or ridership projections. Moreover, Sound Transit officials do not have to follow through with anything they promise to voters – the ballot measures have only provided Sound Transit the authority to tax, without a legally-binding specific purpose.<sup>25</sup>

Sound Transit officials indicate they want to repair their public reputation and claim they have a strong record of reliability, but data suggests otherwise. A few examples:

**Promise:** In 1996, Sound Transit officials promised voters they would build 25 miles of light rail by 2006 for a total cost of \$1.8 billion. They called this “Sound Move, the 10-Year Regional Transit System Plan.”<sup>26</sup>

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24 “Administrator Peter Rogoff: ‘Next Stop: A National Summit on the Future of Transit,’” United States Department of Transportation Federal Transit Administration YouTube Channel, May 18, 2010, at <https://www.youtube.com/watch?v=i0u-4ZSkVXg>.

25 “The Ruling on Sane Transit v. Sound Transit No. 02-2-15207-4 SEA MEMORANDUM OPINION,” by Judge John P. Erlick, at <http://web.archive.org/web/20070306063133/http://www.metrokc.gov/kcsc/rulings/sanefinal.htm>.

26 “Sound Move - The 10-Year Regional Transit System Plan,” Sound Transit, May 31, 1996, at [http://www.soundtransit.org/sites/default/files/documents/pdf/news/reports/soundmove/199605\\_soundmovethetenyearregionaltransitsystemplan.pdf](http://www.soundtransit.org/sites/default/files/documents/pdf/news/reports/soundmove/199605_soundmovethetenyearregionaltransitsystemplan.pdf).

**Reality:** In 2001, five years later, Sound Transit officials reduced the plan to 21 miles and only delivered 17 miles for an increased cost of \$2.6 billion. Sound Transit’s system was smaller and more expensive than the agency promised voters it would be.

In a 2007 performance audit, the state auditor concluded the “agency faced challenges in delivering capital construction contracts for the initial segment of the Link Light Rail Project. Throughout the course of initially planning, designing and building the system, the Agency experienced delays and cost overruns. As a result, it was unable to complete the Link Light Rail Line at the cost and within timeframes communicated to voters in 1996.”<sup>27</sup>

Sound Transit failed to deliver on its promised 10-year plan, although the public provided (and is still paying) all the taxation the agency asked for.

**Promise:** Sound Transit officials use University Link as an example of their ability to be on time and on budget. At a recent taxpayer-funded party for University Link, King County Executive Dow Constantine said the extension was not only opening six months ahead of schedule but also \$200 million under budget.<sup>28</sup>

**Reality:** Executive Constantine’s claim is misleading. This rail service was promised to be open to voters in 2006, not 2016. Changing a deadline because of an inability to meet it does not make the agency less late. Moreover, cost overruns for the first phase of the project have amounted to 86 percent,<sup>29</sup> nearly double the worldwide average for rail project cost overruns.<sup>30</sup> Furthermore, the NE 45th Street station beyond the University Link terminus, an unfinished project promised to voters in ST1, has been delayed for 15 years to 2021.<sup>31</sup>

**Promise:** Sound Transit officials promised the public that Seattle and Tacoma light rail together would carry 32.6 million trips per year, or 107,000 per weekday, by 2010.<sup>32</sup>

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27 Performance Audit Report: Sound Transit Link Light Rail Project – Report No. 1000005, Washington State Auditor’s Office, October 4, 2007, at <http://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1000005&isFinding=false&sp=false>.

28 “Crowds ring in the new University Link light rail extension,” MyNorthwest Blog, March 19, 2016, at <http://mynorthwest.com/239857/crowds-ring-in-new-university-link-light-rail-extension/>.

29 “Sound Transit’s cost overruns for first phase hit about 86 percent,” by Mike Lindblom, *The Seattle Times*, August 20, 2016, at <http://www.seattletimes.com/seattle-news/transportation/sound-transits-cost-overruns-for-first-phase-hit-about-86-percent/>.

30 “Underestimating Costs in Public Works Projects,” by Bent Flyvbjerg, et al., *APA Journal*, 2002, at <https://assets.documentcloud.org/documents/2995219/Flyvbjerg-Report-JAPAASPUBLISHED.pdf>.

31 “U District Station,” Sound Transit, at <http://www.soundtransit.org/udistrictstation>.

32 Sound Move – Appendix C: Benefits, system use and transportation impacts of Sound Move,” Sound Transit, May 31, 1996, at [http://www.soundtransit.org/sites/default/files/documents/pdf/news/reports/soundmove/199605\\_soundmove\\_appendixc\\_benefits.pdf](http://www.soundtransit.org/sites/default/files/documents/pdf/news/reports/soundmove/199605_soundmove_appendixc_benefits.pdf).

**Reality:** As of July 2016, Seattle light rail had an average weekday ridership of 65,988 and Tacoma Link ridership was sitting at 2,783 per day.<sup>33</sup> Together, these two light rail lines serve about 69,000 riders per weekday, which is 36 percent less than what the public was told they would provide in 2010.

On August 25, 2016 at a Sound Transit Board meeting, Sound Transit CEO Peter Rogoff reported that there were roughly 80,000 boardings on one recent day that did not have a game or other event that would normally draw exceptional crowds. This is far less than what the public was assured it would be. Sound Transit promised the public there would be 107,000 average boardings every day by 2010, not 80,000 on occasional days. Recent service cuts and realignments to Metro bus routes has forced riders onto light rail at the new Capitol Hill and University Link stations, and the agency is still short of the promised 107,000 average daily boardings. So far, Sound Transit light rail has never served this many riders in a day.

**Promise:** Sound Transit officials promised in 1996 that there would be a 53 percent fare box recovery for light rail upon completion of the 10-year plan.

**Reality:** As of July 2016, Sound Transit's 12-month average fare box recovery rate is 35 percent for Link.<sup>34</sup> Sound Transit officials claim that this is well above target, but that is because their current target has been changed to 28.4 percent.

**Promise:** In 1996, Sound Transit officials made what was presented as an ironclad promise to honor subarea equity, which means that tax revenue and debt for projects and services collected in an area would benefit the people living in that subarea.<sup>35</sup> Officials said this core principle would apply not just to Sound Move but to all future phases.

**Reality:** On August 8, 2014, Sound Transit official Geoff Patrick said, "As long as a ballot measure identifies where the funds originate and are spent, Board members can define equity in whatever fashion they believe serves constituents...a future ballot measure doesn't have to use the same approaches as past measures."<sup>36</sup>

This announced policy directly contradicts the promise Sound Transit officials made to the public in 1996. As a result, people living in East King County are

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33 "Sound Transit Operations: June 2016 Service Performance Report," Sound Transit, June 2016, at <http://www.soundtransit.org/sites/default/files/20160804-june-2016-service-performance-report.pdf>.

34 "Sound Transit Operations June 2016 Service Performance Report," Sound Transit, June 2016, at <http://www.soundtransit.org/sites/default/files/20160804-june-2016-service-performance-report.pdf>.

35 "Sound Move Appendix B: Financial policies," Sound Transit, May 31, 1996, at [http://www.soundtransit.org/sites/default/files/documents/pdf/news/reports/soundmove/199605\\_soundmove\\_appendixb\\_financialpolicies.pdf](http://www.soundtransit.org/sites/default/files/documents/pdf/news/reports/soundmove/199605_soundmove_appendixb_financialpolicies.pdf).

36 "Clarification: Subarea Equity," by Martin Duke, Seattle Transit Blog, August 8, 2014, at <http://seattletransitblog.com/2014/08/08/clarification-subarea-equity/>.

repeatedly shorted on transit services, as tax revenues collected from them are diverted for benefits in the North King subarea.

In summary, while some claim that focusing on the agency's past failures and near collapse is unfair because officials have actively sought to improve agency performance, continued scrutiny is merited. Even now, the agency habitually shifts deadlines, budgets, and ridership targets to deflect voter frustration with the agency's poor performance. Agency accountability is essential to public trust, so it is not surprising, given the long record of broken promises, that Sound Transit estimates of future performance prompt suspicion in many observers.

## Conclusion

Recently the Seattle Transit Blog said that, "people unable to drive deserve a good way to get around, not just a lifeline."<sup>37</sup> The question is whether or not Sound Transit officials are providing the best possible solution to help people move around the region. For the unprecedented cost of \$54 billion dollars, Sound Transit officials now promise to build light rail capacity 25 years from now to move a small fraction of daily travelers. The costly system seems a throwback for a growing, innovative region that is moving beyond coal, beyond rail, and beyond cars and buses as we know them today. Sound Transit's expensive fixed rail ignores the progress being made in human mobility every day.

Washington state is home to some of the most cutting-edge technologies, businesses and entrepreneurs in the nation. To assume fixed rail is the solution for the next 100 years is profoundly risky and short-sighted, committing our region to continued gridlock and potential technological irrelevance.

Washington Policy Center has long advocated that responsible transportation policy should respect people's freedom of mobility and deploy resources based on choice and market demand. People should have the fundamental ability to choose and not be cornered or coerced. This also means that government officials should offer cost-effective options according to the expressed mobility needs of all citizens. ST3 seems designed as a Seattle-centric high-cost option for a small portion of travelers in a region full of diverse people who want to travel in a wide variety of ways. The ST3 tax proposal, and the ST1 and ST2 taxes it would continue, fail to respect those diverse needs and choices.

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<sup>37</sup> "Yes on Sound Transit 3," Seattle Transit Blog Editorial Board, August 30, 2016, at <https://seattletransitblog.com/2016/08/30/yes-on-sound-transit-3/#comments>.

So far, Sound Transit officials have presented ST3 as the only option.<sup>38</sup> If ST3 fails, however, the public would have the opportunity to hear about more and better options from a public agency that certainly has the resources to provide them – and to provide them quickly.

Sound Transit officials also claim that if voters do not pass their ST3 tax plan, it would have dire consequences and would delay “progress.” However, any objective analysis shows that spending \$54 billion to move a small fraction of daily travelers decades from now is not progress. A more progressive policy would be for Sound Transit officials to present affordable transit ideas that improve mobility for more transit-dependent people today, and which help relieve traffic congestion in ways that serve the public interest of all Puget Sound residents.

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<sup>38</sup> “Long Live the War on Cars: Regional Leaders Call for More Mass Transit as City Unveils Plans to Lower Speed Limits,” by Heidi Groover, *The Stranger*, at <http://www.thestranger.com/slog/2016/09/14/24558729/long-live-the-war-on-cars-regional-leaders-call-for-more-mass-transit-as-city-unveils-plans-to-lower-speed-limits>.

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An avid reader and writer, Mariya is passionate about civic literacy, engaging with and promoting sound public policy, and creating bridges between constituents and lawmakers. She is excited to join WPC and make a difference in the quality of life of Washingtonians, so they can spend less time in traffic and more time at home with their families.