

Missed opportunity: Seattle monorail

Jon Whiteaker

03/10/2018

(Originally published in the 20^{th} Anniversary edition of IJGlobal in December 2017. These articles take a retrospective look at 10 notable deals which have reached financial close since 1997)

WHAT WE SAID THEN: "It was an eminently finance-able project using modern technology, offering Seattleites a six-minute service on an elevated system that would provide a critical transport link that could boast both environmental and economic benefits. But it's dead in the water."

This project set the blueprint for how governments can engineer the loss of public support for a major infrastructure development.

Seattleites were asked to vote five times on the proposed elevated monorail line in their city centre. After each vote the government changed its plans and set the new scheme to another vote. The first four times the city's inhabitants voted for the monorail. The fifth and final time they voted against it.

The Washington State-owned agency established to deliver the project, the Elevated Transport Company, was finally dissolved in 2005. It had spent a reported \$125 million on a project that never happened.

It is fair to assume that if the public authorities had put together a viable plan for the monorail in the first instance, it would probably be carrying commuters today.

Seattle already has a short 1.4-mile monorail line in the city centre which was constructed when the city held the World's Fair in 1962. Different plans for extending the monorail system were put to Seattle voters in 1997 and 2000. Both passed but only narrowly, with 53% and 56% support respectively.

Crucially ETC had not yet spelled out a full funding plan for the project, or details on the specific routes.

Only in 2002 was a five-line system plan published and a funding method announced. A new 1.4% motor vehicle excise tax would be levied on citizens to pay the selected concessionaire under the concession. This again was put to a public vote and, despite some public opposition to the routes and design, again was passed but by only 50.2%.

The project had finally begun to gain some momentum. The first section, the 14-mile green line, was put out to tender and in September 2004 a proposal put forward by the consortium Cascadia Monorail Company was approved by government.

The Cascadia group, which included 20 companies, was the only bidder for the project, which never looks great. A rival consortium led by Canada's Bombardier was in the running for a while, but failed to submit a final proposal.

But just as the monorail seemed to be moving forward, its wheels ground to a halt. In October 2004 Seattle City Council hired consultancy Juan Padron & Associates of Atlanta to determine whether the project was financially viable.

The motor vehicle tax had not generated the revenues predicted and cost estimates had also increased. Crucially the City Council had seemed to have gone off the plans, perhaps due to growing opposition.

In November 2004 a fourth vote on the project took place, this time a recall initiative looking to get it scrapped. The initiative would have banned the project from using the air space above the public city streets. Though the recall was not successful, with 64% rejecting it, the monorail's days were numbered.

A plan to meet the funding shortfall proved highly controversial. It extended the tenor of tax and bond repayments to 50 years, increasing the overall cost of the project. Then Mayor Greg Nickels withdrew city support for the project in September 2005, saying: "Put simply, the monorail does not have enough money to pay for the project".

A fifth ballot was put to the public two months later. This final vote proposed a shortened version of the Green Line to reduce costs, but was rejected by the citizens of Seattle by 65% to 35%.

Seattleites had finally lost confidence that their elected official were capable of delivering the new route.

Seattle's transport plans have involved more than just monorail over the last two decades, and light rail has had success where the Green Line missed out.

The first stage of the city's Link light rail system was completed in 2003, and a second began operating in 2009, with various other lines planned.

These projects are not being developed as PPPs.

Seattle Monorail (Green Line)

Financial Close: Never happened

Description: A design, build, operate and maintain concession for the 14-mile Green Line to enhance travel between downtown Seattle and its surrounding communities.

Concession period: 15 years

Concession awarder: Seattle City Council

Sponsors: A consortium led by Fluor and featuring 20 urban mass transit firms such as Hitachi; Mitsui; Alcatel; HDR Engineering; Howard S. Wright Construction; Hoffman Construction; RCI Construction Group; Atkinson Construction

Project cost: \$1.7 billion

Thank you for printing this article from IJGlobal.

As the leading online publication serving the infrastructure investment market, IJGlobal is read daily by decision-makers within investment banks, international law firms, advisory firms, institutional investors and governments.

If you have been given this article by a subscriber, you can contact us through www.ijglobal.com/sign-in, or call our London office on +44 (0)20 7779 8870 to discuss our subscription options.