



**City of Seattle**  
Mayor Jenny A. Durkan

March 30, 2018

Seattle City Council  
Seattle City Hall  
600 Fourth Avenue, 2<sup>nd</sup> Floor  
Seattle, WA 98104

Dear Councilmembers,

I want to take this opportunity to update you on our on-going review of the proposed Center City Streetcar. The City Budget Office continues moving forward with the independent review of the project's estimated operating and capital costs, and we anticipate that we will have an outside technical expert under contract next week. The results of this work will be available no later than June 19, 2018. Once we have the expert retained, we will be able to assess how much we can expedite this review. The Mayor's direction is to complete it as quickly as possible.

At the same time, Mayor Durkan instructed an initial assessment of all costs related to the project during the scoping of this independent review. This initial effort has revealed further troubling information about the project's financial status. In addition to the concerns raised about the accuracy of estimated operating costs, new information from SDOT has revealed that the project is facing a potential capital shortfall of more than \$23 million. This is driven by a variety of factors, including increased design expenditures, escalating construction costs, and errors in estimating the full cost of the streetcar vehicles, which would bring the estimated costs to more than \$200 million.

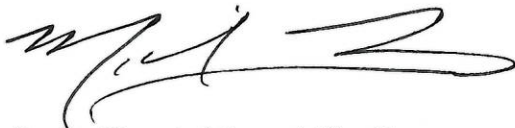
As a result of this significant development, the Mayor has directed an immediate "stop work" order for the project overall. With millions of dollars expected to be spent in the upcoming weeks, this means that we will not move forward with any new contracts and will exercise our options to stop work on contracts that have already been executed. The only exception is ongoing work to replace a seismically vulnerable water main in the Pioneer Square neighborhood located within the planned streetcar right of way.

Working with the City Attorney's Office, we are also initiating an independent investigation of the project's management to date. We need to understand how the project evolved to the point including timelines and availability of information about escalating operational and capital costs, information flow and, the validity of information provided to federal officials. This investigation should be complete within the next 60-90 days.

No steps will be taken to move the project forward until: both outside technical review and the project management investigation are complete; all issues regarding the accuracy of operating and capital costs are resolved; we understand what additional financial resources would be needed be complete and operate the project using accurate projects; and we collectively determine that the project still makes sense financially and from a mobility perspective. The Mayor looks forward to working with you on these questions when the review provides all of us with accurate information.

On Monday, SDOT Director Goran Sparman and Budget Director Ben Noble will be available at the Full Council briefings meeting to provide additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Fong', with a stylized flourish at the end.

Senior Deputy Mayor Mike Fong