

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2009-04

Amending the 2009 Adopted Budget for Property Acquisition Costs for North Link

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	2/19/09	Discussion/Possible Action To Recommend Board Approval	Ahmad Fazel, Executive Director, Link Light Rail	(206) 398-5389
Board	2/26/09	Meeting Cancelled	Ron Endlich, University Link Deputy Project Director	(206) 398-5141
Board	3/12/09	Postponed	Roger Hansen, Real Estate Division Manager	(206) 689-3366
Board	3/26/09	Postponed		
Board	4/9/09	Action		

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	✓
Real Estate	✓	Property Acquisition	

PROJECT NAME

North Link – Roosevelt Station

PROPOSED ACTION

Amend the 2009 Board-Adopted Budget to transfer lifetime budget authority of \$11.241 million from the Regional Fund Contingency to the Strategic Acquisition Fund to reflect final property acquisition costs consistent with Resolution Nos. R2006-14 and R2008-17 and Motion No. M2007-116.

KEY FEATURES of PROPOSED ACTION

- Resolution Nos. R2006-14 and R2008-17 and Motion No. M2007-116 authorized the chief executive officer to acquire certain property necessary for the North Link – Roosevelt Station, to use Sound Transit Regional Fund Contingency and funds from the amended North Link – Northgate to 45th Street budget to acquire the property.
- The total acquisition costs of the property was approximately \$21 million. Of this, approximately \$10 million was funded by a transfer from the North Link- UW Station to Brooklyn project (R2008-17) and approximately \$11 million by transfer from the Regional Fund Contingency to the Strategic Acquisition Fund (this action).
- Upon approval by the Board, the Project Budget for the Northgate to 45th Street segment where the Roosevelt Station is located, will reimburse the Regional Fund for all acquisition costs for the subject property incurred to date, along with all ongoing maintenance costs or other authorized costs paid by the Regional Fund Contingency to the date of budget approval.

BUDGET IMPACT SUMMARY

Project Name: North Link
 Current Project Phase: Preliminary Engineering complete
 Projected Completion Date: TBD

Action Outside of Adopted Budget:	✓	Comments on Checked Items
This Project		
This Phase		
This Task		
Budget Amendment Required	✓	A budget amendment is required to fund this acquisition through the Regional Fund Contingency.

Key Financial Indicators:	✓	Comments on Checked Items
Contingency Funds Required		
Funding required from other parties (other than what is in financial plan)		

Not checked = action is assumed in current Board-adopted budget. No budget action or adjustment to financial plan required.

BUDGET and FINANCIAL PLAN DISCUSSION

The proposed action is consistent with the current adopted budget and is affordable within the agency’s long-term financial plan and subarea financial capacity. The action will have no new revenue impact on Sound Transit.

Sound Transit Financial Policies provide for the acquisition of properties meeting certain criteria as an authorized use of the Regional Fund Contingency where it is in the best interest of Sound Transit to preserve right of way required to implement the regional transportation system. The Strategic Acquisition Fund provides interim funding to purchase properties.

The Strategic Property Acquisition Program sets out the guidelines and criteria for assessing potential property purchases, requires a corresponding budget amendment identifying resources that will be used for acquisition and on-going maintenance for the current year, and specifies the appropriate subarea will reimburse the Regional Fund Contingency at historical cost along with all ongoing maintenance costs paid by the Regional Fund to date when the project is budgeted that will use the acquired property. Guidelines and criteria for acquisition of this property are described in Resolution No. R2006-1.

Resolution No. R2006-14 authorized acquisition of the property described in Exhibit A as an authorized use of the Regional Fund Contingency. The Regional Fund Contingency and Strategic Acquisition Fund are on page 255 of the Proposed 2009 Budget Book in the amounts \$17.97M and \$1.93M respectively, totaling \$19.9M. Of the total acquisition price for the Pryde-Johnson Roosevelt LLC Property (Pryde Johnson) of \$21M plus \$763,298 in acquisition, forbearance, closing and reimbursement costs, \$11,763,298 was identified to come from the Regional Fund Contingency budget. Forbearance costs of \$522,000 are budgeted within the Strategic Acquisition Fund, leaving a net \$11,241,298 to come from the Regional Fund Contingency. The balance of \$10M will be incurred to the North Link – Northgate to 45th Street project. Funding to this project was provided by a budget transfer from the North Link – UW Station to Brooklyn Station project authorized by resolution of the Sound Transit board in November 2008 (R2008-17).

BUDGET TABLE

Summary for Board Action (Year of Expenditure \$000)

Action Item: Acquisition of Pryde-Johnson Roosevelt LLC Property

	2009 Lifetime Budget	Proposed Action	Budget Surplus/(Shortfall)
Regional Fund Contingency	17,968	(11,241)	6,727
Strategic Acquisition Fund	1,932	11,241	13,173
Total	19,900	0	19,900

Notes:

The 2009 Lifetime Budget for the Strategic Acquisition Fund includes forbearance costs for Pryde-Johnson in the amount of \$522,000.

The budgets for the Regional Fund Contingency and Strategic Acquisition Fund are on page 255 of the Proposed 2009 Budget Book.

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

The North Link project is a 4.3 mile extension of light rail from the University of Washington Station to Northgate with three stations one each located in the University District (Brooklyn Station), the Roosevelt neighborhood, and at Northgate. Completing the North Link project has been a high priority for Sound Transit and is included in the voter-approved Mass Transit Expansion Plan. For budgeting purposes, North Link has been divided at NE 45th Street into two separate project budgets.

The Pryde Johnson property, the current location of the Roosevelt QFC store, has been identified as a construction staging and station site for the North Link Roosevelt Station. This property is a key parcel needed for the staging of tunnel boring operations and construction of the proposed Roosevelt Station.

On June 22, 2006 the Board approved Resolution No. R2006-14 which authorized the chief executive officer to acquire, lease, and/or dispose of the Pryde Johnson property; and to pay relocation and re-establishment benefits to eligible property owners and tenants affected by Roosevelt Station construction. Resolution No. R2006-14 further directed staff to return to the Board to ratify the budget in the amount of the total expenditure for actions taken pursuant to this resolution within sixty days of the completion of said action.

The Board approved Motion No. M2007-116 authorizing the chief executive officer to enter into an Agreement to Forbear Construction with Pryde Johnson Roosevelt, LLC on November 8, 2007. Under terms of this agreement, Sound Transit agreed to compensate Pryde Johnson for a portion of its cost to hold the property pending further negotiations and/or voter approval of the Mass Transit Expansion Plan. Funding for the Agreement to Forbear Construction is being paid from the Regional Fund Contingency as authorized by Resolution No. R2006-14 and Motion No. M2007-116.

In August 2008, the property owners notified Sound Transit that they received a cash offer from a large national property developer to purchase the property. Resolution No. R2008-17 authorized budget amendments enabling Sound Transit to proceed to acquire this property from the then current owners, preserving the ability to build the Roosevelt Station at this site in the future.

The approved budget amendment was necessary to provide for the transfer of existing funds from the North Link University of Washington Station to Brooklyn Station project budget to the North Link Northgate to 45th Street project budget to supplement previously approved funding to cover the acquisition costs associated with this purchase. These transferred funds were originally earmarked for the acquisition of property needed

for the Brooklyn Station and would need to be replenished in the future to complete property acquisition for the station.

Sound Transit's Strategic Property Acquisition Program funded from the Regional Fund Contingency as authorized by Resolution No. R72-1, enables the agency to acquire properties utilizing Regional Fund resources on an interim basis to preserve right-of-way necessary for Sound Transit projects that are not budgeted. This acquisition continues to meet the criteria of the Strategic Property Acquisition Program. Funding to complete North Link light rail construction from the University of Washington Station to Northgate is included in the Mass Transit Expansion Plan, approved by the Sound Transit District voters on November 4, 2008. The Regional Fund Contingency will be reimbursed from the Mass Transit Expansion Plan for the strategic acquisition costs for the Roosevelt Station properties.

The North Link Final Supplemental Environmental Impact Statement was issued on April 7, 2006. The FTA issued the Record of Decision (ROD) for North Link in June 2006, completing the environmental review process for this project. Property acquisition is authorized by the FTA following the issuance of the project ROD. FTA approved the updated appraisal for this property prior to acquisition.

Prior Board/Committee Actions on this Project

Motion or Resolution Number	Summary of Action
R2008-17 11/13/08	Amends the Adopted 2008 Budget to (a) revise the North Link – UW Station to Brooklyn Station project lifetime budget to \$26,443,957 and the 2008 annual budget to \$6,572,609; and (b) revise the North Link – Northgate to 45 th Street project lifetime budget to \$19,548,000 and the 2008 annual budget to \$13,120,674 to supplement funding for actions authorized by Resolution No. R2006-14 regarding the acquisition of property interests for the North Link - Roosevelt Station.
M2007-116 11/08/07	Authorizes the chief executive officer to enter into an Agreement to Forbear Construction with Pryde Johnson Roosevelt, LLC (“Pryde Johnson”)
R2006-14 6/22/06	Authorizes the CEO to acquire, lease, and/or dispose of the Pryde Johnson property located at 6600 Roosevelt Way, N.E. in the City of Seattle, which is needed for the Roosevelt Station and construction staging area; and to pay relocation and re-establishment benefits to eligible property owners and tenants affected by Roosevelt Station construction. Further directs staff to return to the Board to ratify the budget in the amount of the total expenditure for actions taken pursuant to this resolution within sixty (60) days of the completion of said action.

CONSEQUENCES of DELAY

A short-term delay of this action would not affect current budget activities. A long-term delay could hamper the agency efforts to meet budget timelines and delay finalization of the adopted budget for the project.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

Jl, 02/02/09

LEGAL REVIEW

JW 2/17/09