

SOUND TRANSIT

RESOLUTION NO. R2000-09

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute the Downtown Seattle Transit Tunnel Transfer Agreement.

WHEREAS, a regional transit authority ("Sound Transit") has been created for the Pierce, King, and Snohomish County region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, Central Puget Sound area voters approved local funding for Sound Move, the ten-year plan for regional high-capacity transit in the Central Puget Sound Region; and

WHEREAS, one component of Sound Move is an electric light rail project connecting some of the state's largest employment and education centers, highest density residential areas, and highest regional transit ridership areas; and

WHEREAS, on November 18, 1999 the Sound Transit Board of Directors adopted Resolution No. R99-34 selecting the alignment and profiles, station locations, and vehicle maintenance base site to be built for the Central Link Light Rail Project; and

WHEREAS, the Central Link Light Rail system is planned to travel through downtown Seattle, for which purpose Sound Transit intends to utilize the Downtown Seattle Transit Tunnel ("Tunnel"); and

WHEREAS, most of the Tunnel is located within the City of Seattle's ("City") right-of-way, under downtown Seattle streets and the City holds its streets and other public rights-of-way, including but not limited to the right of way for the Tunnel, in trust for the convenience of public travel has legal authority to regulate and control the use of such streets and public rights-of-way for that purpose; and

WHEREAS, through the Master Cooperation Agreement between the City and Metro that was authorized by City Ordinance 112462, the City granted the Municipality of Metropolitan Seattle ("Metro") (now merged with King County), the right to use the City right-of-way for the Tunnel for so long as it is used for public transportation purposes, subject to the terms and conditions of that Master Cooperation Agreement, future agreements between the City and Metro, and the City's authority over its streets and other public rights-of-way; and

WHEREAS, Metro, now merged with King County ("County"), constructed the Tunnel to provide an additional right of way for buses in downtown Seattle, and since 1990 the Tunnel has provided fast, reliable and comfortable service exclusively for bus riders from throughout King County; and

WHEREAS, Metro constructed the Tunnel with rails in place, anticipating that light rail could replace or complement the bus operation; and

WHEREAS, the purpose of this Tunnel Transfer Agreement is to provide for the transfer of the Tunnel, including but not limited to associated real property interests, fixtures, improvements, contract rights, equipment and other related assets to Sound Transit in support of that portion of the Central Link Rail Project; and

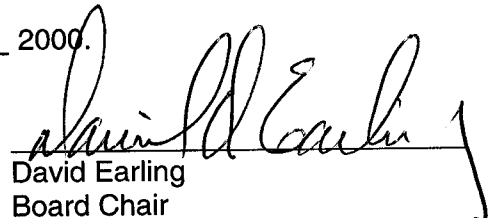
WHEREAS, in accordance with Sound Move, Sound Transit is proceeding to obtain a full funding grant agreement from the Federal Transit Administration ("FTA") for the construction of the segment of the Central Link Light Rail system to extend from NE 45th Street in Seattle to a maintenance base located adjacent to South Forest Street ("Minimum Operable Segment"), together with any necessary Sound Transit Board actions to authorize said agreement; and

WHEREAS, joint use by light rail trains and dual-powered buses is not the preferred long-term transit option and the County, City and Sound Transit have agreed that the regional transportation system can be improved if light rail utilizes the Tunnel and buses, which currently use the Tunnel, are rerouted onto surface streets; and


WHEREAS, in order to promote effective downtown streets for all users after buses are rerouted to surface streets, significant downtown transit-oriented improvements will be made on the surface streets and modifications to the downtown transit system will take into consideration the needs of local businesses as well as transit riders, auto users, commercial traffic, and pedestrians.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute the Downtown Seattle Transit Tunnel Transfer Agreement among King County, City of Seattle, and Sound Transit substantially in the form attached hereto. Be it further resolved, that the Monitor and Maintain Committee be directed to make periodic reports to the Sound Transit Board during the tunnel retrofit period that describes surface street operations in downtown Seattle and the efforts to maintain system performance.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 25th day of May 2000.


David Earling
Board Chair

ATTEST:



Marcia Walker
Board Administrator

STAFF REPORT

SOUND TRANSIT RESOLUTION NO. R2000-09

Transfer of Downtown Seattle Transit Tunnel to Sound Transit

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	5/4/00	Discussion	Paul Matsuoka	206-398-5070
Executive Committee	5/5/00	Discussion	Paul Bay	206-398-5134
Joint Public Hearing (with City of Seattle)	5/11/00			
Finance Committee	5/18/00	Discussion/Possible Action to Recommend Board Action		
Executive Committee	5/19/00	Discussion/Possible Action to Recommend Board Action		
Board	5/25/00	Discussion/Possible Action		

PROPOSED ACTION

In order to operate Link Light Rail as identified in the Locally Preferred Alternative adopted by the Board on November 18, 1999, Sound Transit will need to assume ownership of the Downtown Seattle Transit Tunnel ("DSTT") in September 2004. Approval of the DSTT Transfer Agreement ("Agreement") would authorize that transfer of ownership according to the terms and conditions negotiated between Sound Transit, King County, and the City of Seattle.

Approval of the Agreement is an essential element of the Full Funding Grant Agreement Sound Transit is negotiating with the Federal Transit Administration. This multi-year federal funding commitment will provide up to \$500 million dollars for Link Light Rail and is a critical part of the Link Light Rail financing plan.

KEY FEATURES

Highlights of Proposed Action:

- Authorizes the Executive Director to execute an agreement by June 2000 with King County and the City of Seattle to transfer ownership of the tunnel in September 2004.
- Specifies the terms and conditions of the transfer agreement.
- Specifies additional work necessary prior to the transfer of the tunnel ownership in September 2004.

Discussion of Proposed Action:

As part of the region's long-range vision for improved transit services, the creation of a new route through downtown Seattle was achieved through the hard work of the Municipality of Metropolitan Seattle ("Metro") in the 1980's. This 1.3 mile tunnel was built to initially allow dual-powered buses to provide improved service to many parts of our region, with the foresight that, in the longer term, the tunnel would be converted to light rail service. In the 1990s, the planning was performed that described a new light rail service through the downtown bus tunnel, and in 1996 the region's voters approved Sound Transit's ballot measure that gave rail service a green light.

Sound Transit has completed the environmental documentation and preliminary engineering work on the light rail system, and will soon complete final design of the system. It is anticipated that in 2004, the ownership of the downtown tunnel will be transferred to Sound Transit so that the tunnel can be retrofitted to light rail use. In order to bring about a change in ownership, King County, Sound Transit, and the City of Seattle have developed the proposed Agreement for the legislative authorities of each agency to approve which spells out the terms and conditions of the transfer.

Each party believes that its goals have been met in this Agreement.

The Agreement compensates King County for the full value of the tunnel and achieves equity for King County's citizens. Sound Transit will assume all debt payments on any outstanding bonds that King County issued to finance the tunnel. By Sound Transit assuming ownership, operation, and debt payments on the tunnel, King County derives substantial monetary resources that it can use to improve transit services in the future. Sound Transit will also compensate King County for the equity in the tunnel, returning full value (\$195.6 M) to the County.

For Sound Transit, precious right-of-way is obtained for the Light Rail line operating between North Seattle and the City of SeaTac in the most densely developed part of our region. This asset is obtained at less cost than if Sound Transit were to build its own new tunnel through downtown Seattle and at substantially less impact than a new tunnel. Further, Sound Transit is able to meet King County's need for equity payments within the budget developed during the Board's adoption of the Locally Preferred Alternative on November 18, 1999. Other aspects of the Agreement (primarily mitigation payments) are estimated to cost \$5.6 M more than Link's current budget, but a mechanism for reimbursement of this amount has been developed in the Agreement.

For the City of Seattle (and the region) transfer of the tunnel to a higher-capacity transit use means that more riders will have improved travel time and mobility choices to and through downtown Seattle, enhancing the development potential of the region's strongest economic activity center. As part of the Agreement, the parties have agreed to fund a program of transit priority projects on the surface streets to maintain efficient traffic circulation in downtown Seattle.

Since the Agreement does not significantly impact the adopted budget for the Locally Preferred Alternative, it does not reduce the chances for extending light rail to Northgate. Extending light rail to Northgate would provide extensive benefits for all parties involved. For the University District and downtown Seattle, it means less bus volumes within those two important economic

centers. For King County, it means a better connection point for bus riders to transfer to light rail, enabling even more bus hours of service that can be re-deployed in local communities. For Sound Transit, it means higher ridership and a more competitive system to attract federal grant dollars.

BUDGET

At the outset of the negotiations, King County required that full value of the tunnel (\$195 M) be compensated. The following table displays how the parties have agreed to cash payments or cash equivalents that cover the County’s full value, including equity in the tunnel.

Cash or equivalent payments to King County :	\$130.0 M
– ST assumes debt service payments of \$12.25 M/yr.	\$ 3.0 M
– Continued Local Improvement District payments	
 Tunnel assets retained by King County:	
– Convention Place Station	\$ 32.2 M
– Freeway ramps at Convention Place Station	\$ 3.1 M
– Third Avenue trolley lines, trolley infrastructure	\$ 6.0 M
– Power sub-stations, facilities	\$ 1.9 M
– Real Estate	\$ 3.3 M
 ST Assistance in Convention Place development:	
– WSDOT Property	\$ 14.1 M
– Transfer of FTA interest	\$ 4.8 M
– Street vacation	\$ 2.5 M

Mitigation

The Central Link Light Rail budget already includes a substantial amount of mitigation, surface street improvements, and bus-related facilities. During the negotiations, King County requested an additional \$5.6 M of mitigation not included in the Link budget

Sound Transit agreed to pay the \$5.6 M to mitigate impacts to King County. However, the County agreed that if the transit oriented development (TOD) associated with Convention Place Station delivered more in value than the equity value of the tunnel (\$33.4 M), then the first \$5.6 M over the \$33.4 M would be returned to ST. The County believes that a TOD at this location could net up to \$50 M in value.

King County intends that any additional revenues above the first \$5.6 M would be reinvested in transit service serving the North King County subarea, subject to a separate side agreement between the City and the County. This binds all three parties to ensure that the Convention Place Station Development takes place and is as successful as possible.

ALTERNATIVES

- Direct staff to continue negotiation to modify certain terms and conditions. This could delay a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration and could jeopardize federal funding for the project.
- Reject the Agreement. The FFGA is contingent (in part) on completing an agreement to transfer ownership of the tunnel to Sound Transit. Rejection of this Agreement would mean that signing a FFGA with the FTA would not be possible in 2000, and Sound Transit would not be able to proceed with construction of the first segment of the light rail line (MOS1) with Federal Assistance.

STAFF RECOMMENDATION

This Agreement is the product of at least fifteen negotiating sessions between the parties and represents numerous compromises by all involved. Sound Transit staff recommends that the Board recognize that effort and approve the Agreement.

CONSEQUENCES OF DELAY

Sound Transit needs to include an executed agreement to transfer ownership of the tunnel as part of the FFGA submittal to FTA by June 1, 2000. Delaying this Agreement could jeopardize the FFGA, and put at risk an anticipated \$500 million in federal grant assistance.

REGIONAL PARTNERSHIP AND COOPERATION

This Agreement would not be possible without the cooperation of both King County and the City of Seattle. All parties have negotiated in good faith and in a timely manner.

PUBLIC INVOLVEMENT

The agencies involved will hold public hearings to hear comments on the proposed Agreement on the following dates.

City of Seattle	5/11/00 (Joint hearing with Sound Transit Board)
King County	5/22/00

LEGAL REVIEW

MBL 4/28/00