

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2004-44**

**South Everett Freeway Station Project**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Executive Committee	5/6/04	Discussion/Possible Action to Recommend Board Approval	Jim Edwards, Chief Engineer, Regional Express	(206) 398-5436
Finance Committee	5/6/04	Deferred	<b>Christine Engler, Construction Program Manager, Regional Express</b>	(206) 398-5056
Finance Committee	5/20/04	Discussion/Possible Action to Recommend Board Approval		
Board	5/27/04	Action		
			Hank Howard, Project Manager, Regional Express	(206) 398-5078

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Interagency Agreement		Contingency Funds (Budget) Required	
Purchase/Sale Agreement		Budget Amendment Required	

✓ Applicable to proposed transaction.

**OBJECTIVE OF ACTION**

To obtain Board direction on the South Everett Freeway Station Project (#319).

**ACTION**

Directing staff to continue advancing the South Everett Freeway Station/112th Street SE project and resolve the funding shortfall following completion of PE/ED, final design, and further negotiations with the City of Everett.

**KEY FEATURES**

- Reports back to the Board on the costs for the project and a predicted project funding shortfall.
- Updates the Board on project commitments from partners in the project, the Washington State Department of Transportation (WSDOT) and the City of Everett.
- Recommends resolution of the funding shortfall following completion of PE/ED, final design, and continuing negotiations with the City of Everett. Staff would present the final financing plan for the project at the 90% stage of design in 2005, consistent with the cost-sharing principles established with the City of Everett for this project.
- Describes the next steps in the project development process.

## **BUDGET IMPACT SUMMARY**

**Project Description:** South Everett Freeway Station/112th SE

**Current Status:** PE/ED

**Projected Completion Date:** TBD

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	N	
This Project	N	
This Phase	N	
This Task	N	
Budget amendment required	Y	A budget amendment will be required to complete this project. The amount of the amendment will be determined and brought to the Board as part of the 2006 budget.
Key Financial Indicators:	Y/N	Y Requires Comment
Contingency funds required	Y	Approximately \$200,000 in project contingency funds will be necessary to fund the remaining preliminary engineering costs. This will be brought to the Finance Committee in June 2004.
Subarea impacts	N	
Funding required from other parties other than what is already assumed in financial plan	Y	The City of Everett is in the process of obtaining additional funding for its share of the project. A financial plan will be presented to the Board in the 2006 budget process reflecting the funding obtained by the City and the resulting cost-sharing agreement with the City. No additional funding is being requested at this time.

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

## **BUDGET DISCUSSION**

Consistent with Board Motion No. M2002-121 for responding to partners' requests for enhancements to projects, Sound Transit has established an understanding of cost-sharing principles for the project with the City of Everett, which provides for the following:

- At a minimum, Sound Transit will commit to pay for 20% of the cost to design and construct that portion of the project that includes widening of the 112th Street SE over-crossing of I-5. The City of Everett would be responsible for the remaining cost, up to 80%.
- At 90% design, if Sound Transit has sufficient project funds to pay for 33% of the cost to design and construct the over-crossing improvements, Sound Transit will do so. The City of Everett would be responsible for the remaining 67% of the cost.
- Any cost overruns would be shared by Sound Transit and the City of Everett based upon the agreed upon proportional shares of the cost of the over-crossing improvements.

The City of Everett currently can commit to fund about 65% of the cost to widen the 112th Street SE over-crossing of I-5; however, at this time, the City cannot commit to additional funding. The City of Everett is actively seeking additional sources of funding, including applying for \$2 million in additional grant funds.

WSDOT will provide the full cost to widen I-5 as required for the project, and will pay for any cost overruns for the WSDOT portion of the project.

The following table shows current funding requirements and commitments for the project:

<b>Project Budget</b>	<b>Required</b>	<b>Available</b>	<b>Shortfall</b>
Sound Transit	\$ 30.29 M	\$ 26.08 M	\$ 4.21 M
City of Everett	\$ 7.85 M*	\$ 6.4 M	\$ 1.45 M
WSDOT	\$ 1.27 M	\$ 1.27 M	\$ 0
<b>Total</b>	<b>\$ 39.41 M</b>	<b>\$ 33.75 M</b>	<b>\$ 5.66 M</b>

\* Note: This sum is equivalent to an 80% share of the right-of-way, final design, and construction costs for the widening of the 112th Street SE over-crossing of I-5, consistent with the cost-sharing principles established for the project. This sum includes the City of Everett's share of design cost at 10% of the City's share of the construction cost for this portion of the project.

The adopted 2004 Budget for the South Everett Freeway Station/112th Street SE project is \$26.08 million, \$4.2 million of which has been committed. Sound Transit's project budget will need to be increased at a minimum by \$4.21 million, or potentially by as much as \$5.66 million, if Everett is unable to secure additional funding to commit to the project.

Staff is not recommending resolution of the funding shortfall at this time, but is proposing, subject to separate Board approvals, to complete PE/ED and final design while continuing negotiations with the City of Everett. Staff would present the final financing plan for the project at the 90% stage of design in 2005, consistent with the cost-sharing principles established with the City of Everett for this project.

### **REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS**

The proposed approach is affordable within Sound Transit's current long-term financial plan and subarea financial capacity. Sufficient funds exist in the Snohomish County subarea to cover the currently identified shortfall, but no specific recommendation on funding sources is proposed at this time. As noted elsewhere, the amount of the shortfall is dependent upon the status of negotiations with the City of Everett and the ability of the City of Everett to obtain additional grant funding.

### **M/W/DBE – SMALL BUSINESS PARTICIPATION**

If recommendations outlined in this staff report are implemented, WSDOT will be administering the design and construction of this project. WSDOT goals for the design contract will be established during negotiations with the design consultant consistent with WSDOT's M/W/DBE and Small Business programs, policies, and processes and in consultation and coordination with Sound Transit. The WSDOT M/W/DBE and Small Business participation goals for the construction contract will be established consistent with WSDOT's programs and policies.

## **HISTORY OF PROJECT**

### **Prior Board or Committee Actions and Relevant Board Policies**

<b>Motion or Resolution Number</b>	<b>Summary of Action</b>	<b>Date of Action</b>
M2003-47	Executed a supplemental agreement with WSDOT for the completion of the PE/ED Phase of the South Everett Park-and-Ride Lot and Direct Access project.	5/15/03
M2002-121	Established a policy to help guide Sound Transit staff in responding to partners' requests for enhancements to projects.	1/23/03
M2002-22	Established a policy for reimbursement to Sound Transit by partner agencies under specific circumstances.	5/9/02
M99-52	Executed a contract with Entranco for the PE/ED Phase for the South Everett Park-and-Ride Lot and Direct Access Project.	8/5/99
M99-53	Executed an agreement with WSDOT for the PE/ED Phase for the South Everett Park-and-Ride Lot and Direct Access Project.	8/5/99

The South Everett Freeway Station Project will provide a 400-stall park-and-ride lot and direct transit access to I-5 at 112th Street SE in South Everett near Silver Lake. The current South Everett Freeway Station Project consists of two Sound Move projects: the I-5 at 112th Street project and the 112th Street Park and Ride/Flyer Stop (Silver Lake) project. These two projects were combined during the 2001 budget process. The project name was changed to the South Everett Freeway Station as part of the 2004 budget process to be consistent with the agency's naming convention.

Sound Transit has been working since August 1999 with WSDOT and a design consultant to select and analyze the preferred alternative for the South Everett Freeway Station Project. PE/ED work to this point has resulted in a project defined as: HOV direct access ramps between I-5 and the 112th Street SE over-crossing of I-5 via a park-and-ride lot to be constructed in the I-5 median north of and adjacent to 112th Street SE.

In 2001, the project team determined that the South Everett Freeway Station Project could not proceed without widening and replacing portions of the 112th Street bridges over I-5. This work was not included in the original scope and budget for the project. However, the bridge widening work was recognized as necessary to provide access to the project and is an integral part of the City of Everett's proposed widening of the 112th Street SE corridor for general purposes.

On May 15, 2003, the Finance Committee authorized a supplemental agreement with WSDOT to complete PE/ED. The supplement was needed to advance the design of the necessary bridge widening work; to review, revise, and refine the cost estimate; and to complete environmental documentation for the project. To assist with the design effort required for the bridge widening, the City of Everett contributed \$79,000 to offset a portion of the cost of that effort.

To date, PE/ED is complete with the exception of some elements of the environmental work. The time it has taken to define a feasible project, including the bridge-widening component, has

resulted in the need for revisions to the Environmental Assessment in the areas of traffic, air quality, drainage, and environmental justice. These revisions are additional items that were not anticipated in the original scope and are required to satisfy current WSDOT and FHWA requirements. Submittal of the EA has been delayed for these reasons.

The South Everett Freeway Station cost estimate has been refined to the 40% level. The 40% estimate for the South Everett Freeway Station project totals \$39.41 million. The 40% cost estimate for the project includes construction of the City of Everett's portion of widening work required for the 112th Street SE over-crossing of I-5. The City of Everett has identified about \$6.4 million that can be committed to the project for the City's share of the work. Also in partnership with Sound Transit, WSDOT will be contributing \$1.27 million for construction of improvements to I-5 required for the project. Sound Transit's budget for the project is \$26.08 million. Notwithstanding these funding commitments, there is a forecasted shortfall in the total project budget of \$5.66 million, and a forecasted shortfall in Sound Transit's project budget of \$4.21 million.

### **FACTORS TO CONSIDER**

Staff is requesting authorization to continue advancing the project and resolve the funding shortfall following completion of PE/ED, final design and further negotiations with the City of Everett.

Staff is not recommending resolution of the funding shortfall at this time. However, finalization of the financing plan for this project will be required at the 90% stage of design in 2005, consistent with the cost-sharing principles established with the City of Everett for this project.

The financing plan will be implemented through a Board-authorized memorandum of agreement for the funding of design, construction, operation, and maintenance for the project. The project budget would be amended consistent with an approved, final financing plan with the 2006 budget process.

The cost-sharing principles established for this project by Sound Transit require that the City of Everett provide 80% of the cost to design and construct the 112th Street SE over-crossing of I-5, due to the current forecasted shortfall in Sound Transit's project budget. The City of Everett is not currently able to identify all of the funding required. Possible options for funding the City of Everett's shortfall include:

- City of Everett is successful in obtaining additional grant funds or is able to identify funds from another source.
- Consistent with Board Motion No. M2002-22, the City of Everett and Sound Transit execute a memorandum of agreement that provides for the upfront provision by Sound Transit of the City of Everett's funding shortfall, and for reimbursement by the City of Everett to Sound Transit of that shortfall.
- The Board authorizes increasing Sound Transit's share of the costs of the project. This option is not the subject of negotiations at this time.

Possible options for funding Sound Transit's shortfall include:

- The Board allocates project savings from other projects in the Snohomish County subarea to this project. As of April 14, 2004, staff has identified an estimated \$7 million in potential project savings in the Snohomish County subarea (primarily from the Lynnwood projects group), a portion of which could be allocated to this project.
- The Board allocates a portion of the Snohomish County Program Reserve to this project. The balance of the Snohomish County Program Reserve is \$15.4 million as per the Adopted 2004 Budget.

### **ALTERNATIVES**

- Terminate the project and transfer the remaining project budget to the Snohomish County Program Reserve. This option would fundamentally impact the bus rapid transit system along I-5, which includes the South Everett, Mountlake Terrace, Ash Way, and Lynnwood HOV Direct Access projects.
- Delay authorizing staff to proceed with the project pending finalization of the financing plan. This option would likely jeopardize the City of Everett funding currently in place, which consists primarily of Transportation Improvement Board grant funds for the 112th Street SE corridor-widening project. Finalization of the financing plan prior to the 90% stage of design would also be inconsistent with the current understanding between Sound Transit and the City of Everett.

### **RECOMMENDATION**

Staff requests that the Board concur with a recommendation to continue advancing the project and resolve the funding shortfall following completion of PE/ED, final design, and further negotiations with the City of Everett. With this concurrence, staff intends to:

1. Request Finance Committee authorization in June 2004, to amend the PE/ED supplemental agreement with WSDOT by approximately \$200,000 to complete environmental documentation for the project and to complete all engineering to approximately 40%.
2. Continue to develop partnership funding agreements, for subsequent Board action, with the City of Everett and WSDOT for design and construction, and operation and maintenance for the project.
3. Later in 2004, after the completion of SEPA review, request authorization of a final design task order agreement with WSDOT for the project.
4. Resolve the project funding shortfall in 2005 with the 2006 budget process, amending the project budget to cover the approximate \$4.21 to \$5.66 million shortfall for the project, consistent with a memorandum of agreement to be developed with the City of Everett at 90% design and with Board authorization thereafter.

### **CONSEQUENCES OF DELAY**

Delay will likely result in delaying the project's anticipated construction start from 2006 to at least 2007.

### **REGIONAL PARTNERSHIP AND COOPERATION**

Through the establishment of the Project Management Team, Sound Transit has coordinated with WSDOT, FHWA, the City of Everett, Snohomish County, Everett Transit, and Community Transit.

### **PUBLIC INVOLVEMENT**

An open house was held on June 21, 2000, to review and discuss conceptual design alternatives. The comments received from this open house were generally supportive of the proposed project.

### **LEGAL REVIEW**

DLB 4-30-04

## **SOUND TRANSIT**

### **MOTION NO. M2004-44**

A motion of the Board of the Central Puget Sound Regional Transit Authority directing staff to continue advancing the South Everett Freeway Station/112th Street SE project and resolve the funding shortfall following completion of preliminary engineering and environmental documentation, final design, and further negotiations with the City of Everett.

#### **Background:**

The South Everett Freeway Station Project will provide a 400-stall park-and-ride lot and direct transit access to I-5 at 112th Street SE in South Everett near Silver Lake.

To date, preliminary engineering and environmental documentation (PE/ED) is complete with the exception of some elements of the environmental work. The time it has taken to define a feasible project, including the bridge-widening component, has resulted in the need for revisions to the Environmental Assessment in the areas of traffic, air quality, drainage, and environmental justice.

The South Everett Freeway Station cost estimate has been refined to the 40% level. The 40% estimate for the South Everett Freeway Station Project totals \$39.41 million. The 40% cost estimate for the project includes construction of the City of Everett's portion of widening work required for the 112th Street SE over-crossing of I-5. The City of Everett has identified about \$6.4 million that can be committed to the project for the City's share of the work. Also in partnership with Sound Transit, WSDOT will be contributing \$1.27 million for construction of improvements to I-5 required for the project. Sound Transit's budget for the project is \$26.08 million. Notwithstanding these funding commitments, there is a forecasted shortfall in the total project budget of \$5.66 million, and a forecasted shortfall in Sound Transit's project budget of \$4.21 million.

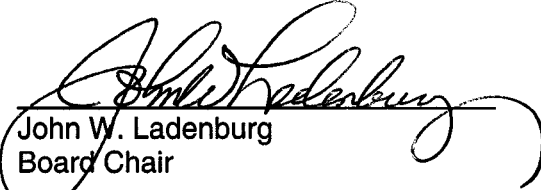
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#### **Motion:**


It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that staff is directed to continue advancing the South Everett Freeway Station/112th Street SE project and resolve the funding shortfall following completion of preliminary engineering and environmental documentation, final design, and further negotiations with the City of Everett.



APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 27, 2004.

  
John W. Ladenburg  
Board Chair

ATTEST:

  
Marcia Walker  
Board Administrator