

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2008-93**

**Capitol Hill Chamber of Commerce Business Mitigation Agreement**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	9/18/08	Discussion/Possible Action to Recommend Board Approval	Ahmad Fazel, Link Executive Director	(206) 398-5389
Board	9/25/08	Action	<b>Ron Endlich, University Link Deputy Project Director</b> <b>Brooke Belman, Link Community Outreach Program Manager</b>	(206) 398-5141  (206) 398-5238

<b>Contract/Agreement Type:</b>	✓	<b>Requested Action:</b>	✓
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**

University Link – Pine Street Stub Tunnel (PSST) to University of Washington (UW) Station

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a sole source agreement with the Capitol Hill Chamber of Commerce to administer Capitol Hill Station construction business mitigation programs for the University Link project in the amount of \$610,000, with a 10% contingency of \$61,000, for a total authorized agreement amount not to exceed \$671,000.

**KEY FEATURES of PROPOSED ACTION**

- The North Link Record of Decision that covers the University Link project was issued by the Federal Transit Administration in June 2006 and requires Sound Transit to “Work with impacted community members such as affected business owners, institutions, chambers of commerce, merchants’ associations, ethnic community organizations and others on construction business mitigation that will provide measures to assist impacted businesses maintain their customer base during construction.” This agreement helps Sound Transit meet this requirement.
- This agreement would authorize the Capitol Hill Chamber of Commerce to administer the business technical assistance and neighborhood promotion and marketing elements of the Capitol Hill Station Business Mitigation Plan.
- The Capitol Hill Chamber of Commerce will work with the greater Capitol Hill business community to create a neighborhood brand strategy for promoting Capitol Hill as a residential, retail, and entertainment destination; develop a marketing design platform for

businesses to use for materials or products; develop clear and effective marketing tactics promoting Capitol Hill, with special attention paid to overcoming actual and perceived impacts of major public works construction on the neighborhood; and create media interest and opportunities in promoting Capitol Hill during station construction.

- The neighborhood marketing and promotion program maximizes resources through an existing neighborhood marketing committee that has broad stakeholder and community participation. The proposed budget associated with this program is \$290,000.
- The Capitol Hill Chamber of Commerce will work to develop a unique business technical assistance program that utilizes local resources, creates partnerships, and provides a range of services to both directly impacted businesses as well as the greater business community that may be indirectly affected by station construction activities. The Capitol Hill Chamber of Commerce and Sound Transit have a mutual goal to support a program that benefits both the directly impacted businesses as well as the greater business community.
- The business technical assistance program has a two-prong approach that includes retail and restaurant consulting; and school partnership consulting. The proposed budget associated with this program is \$320,000.
- The agreement is structured as an initial three year contract with the ability to extend for an additional four years - the expected total duration of construction activities at the Capitol Hill Station. Sound Transit and the Chamber will evaluate the Agreement on a yearly basis to assess the effectiveness of the programs, actual construction impacts, and make changes as needed. The proposed budget amount of \$610,000 plus contingency covers the expected total seven year duration of the agreement.
- This agreement will provide funding to reimburse the Chamber for actual expenses incurred for administering the neighborhood marketing and business technical assistance elements of the business mitigation plan, including the cost of marketing and other consultants employed by the Chamber. In addition, a Sound Transit employee will be assigned to oversee the management of this contract with Chamber personnel, coordinate program involvement with individual businesses, and will work out of the Chamber office on a regular basis to conduct these duties.
- The Capitol Hill Chamber of Commerce and Broadway Business Improvement Association are committed to the success of these programs and are contributing additional resources by providing matching funds in the amount of \$240,000 towards the overall business mitigation program.

### **BUDGET IMPACT SUMMARY**

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

## **BUDGET and FINANCIAL PLAN DISCUSSION**

The Adopted 2008 Lifetime Capital Budget for University Link is \$1.614 billion. Within that amount \$115.2 million is budgeted for the agency administration phase. The proposed action would increase current commitments for this phase by \$671,000 to a revised total commitment of \$35.5 million, and leave a remaining balance of \$79.7 million for agency administration.

In July 2008, the Sound Transit Board of Directors approved a revised University Link Project Capital Baseline Cost Estimate (BCE) at \$1.756 billion. This revised capital BCE will be incorporated into the Proposed 2009 Budget.

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.

## **BUDGET TABLE**

**Action Item:** Capitol Hill Chamber of Commerce (administer Capitol Hill Station construction business mitigation programs for the University Link project)

**(Year of Expenditure \$000)**

<b>University Link</b>	<b>Adopted 2008 Budget (A)</b>	<b>Committed To Date (B)</b>	<b>This Action (C)</b>	<b>Total Committed &amp; Action (D)</b>	<b>Uncommitted (Shortfall) (E)</b>
Agency Administration	115,229	34,848	671	35,519	79,710
Preliminary Engineering	24,388	24,329		24,329	59
Final Design	77,944	58,665		58,665	19,279
Right of Way	157,332	112,526		112,526	44,806
Construction	1,046,946	12,798		12,798	1,034,148
Construction Services	68,526	64,754		64,754	3,772
Third Party Agreements	19,733	9,424		9,424	10,309
Vehicles	103,909	99,185		99,185	4,724
<b>Total Current Budget</b>	<b>1,614,007</b>	<b>416,527</b>	<b>671</b>	<b>417,198</b>	<b>1,196,809</b>
<b>Agency Administration Phase Budget Detail</b>					
Agency Administration	115,229	34,848	671	35,519	79,710
<b>Total Phase</b>	<b>115,229</b>	<b>34,848</b>	<b>671</b>	<b>35,519</b>	<b>79,710</b>
<b>Contract Amount</b>	<b>Board Approvals to Date (F)</b>	<b>Current Approved Contract Value (G)</b>	<b>Proposed Action (H)</b>	<b>Proposed Total for Board Approval (I)</b>	<b>Proposed Contract Value (J)</b>
Contract Amount	-	-	610	610	610
Contingency	-	-	61	61	61
<b>Total</b>	-	-	<b>671</b>	<b>671</b>	<b>671</b>
Percent Contingency	0%	0%	10%	10%	10%

(B) COMMITTED TO DATE amounts are from Agency WBS Report as of July 2008 + approved and pending board actions not recorded as of 7/31/08, or submitted after that date.

## **SMALL BUSINESS PARTICIPATION**

Not applicable to this action.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

In late 2008 Sound Transit will break ground to begin constructing the Capitol Hill Station as part of the University Link light rail project. Construction of this station will occur in multiple contract phases over the course of seven years, with the highest construction impacts occurring from 2010 through 2015. During this period of construction, Sound Transit is committed to implementing a comprehensive business mitigation plan to address the local business community's needs. The plan will also meet business mitigation requirements in the federal Record of Decision for the project.

Business mitigation can be defined as measures undertaken to avoid or limit the adverse effects of construction. Sound Transit has worked closely with the Capitol Hill business community to develop a specific plan and strategy that meet the unique characteristics and needs of the community. Two important elements of the business mitigation plan are promoting Capitol Hill as a great place to live, work, dine, shop, and visit; and providing local businesses adjacent to or near the construction site with technical training to assist them in maintaining their customer base during construction. This agreement would place the administration of the key elements of neighborhood marketing and business technical assistance with the Capitol Hill Chamber of Commerce.

Sound Transit's comprehensive business construction mitigation plan also includes a 24-hour construction hotline, maintenance of the construction site area, participation in the Capitol Hill Improvement District, signage, access and parking, softscape/pedestrian environment measures, and providing advance notification to businesses of construction activities. Under this agreement the Capitol Hill Chamber of Commerce will retain a business district marketing consultant and will work with qualified organizations to develop a strategic marketing and communications plan to promote Capitol Hill as a shopping, dining, and entertainment destination during construction.

The Capitol Hill Chamber of Commerce was re-established in 2006, with assistance from the City of Seattle, to spearhead economic development and increase vitality of the Capitol Hill Broadway business district. The organization now has over 120 members, including businesses, property owners, non-profit organizations, and residents and has been quite active in addressing a number of important community issues, including light rail construction.

Sound Transit's construction of an underground light rail station in this dense neighborhood near the heart of Capitol Hill's primary retail district is set to begin in late 2008, with major construction being complete in 2015. An important component of developing a marketing strategy will include promotion of the neighborhood and business district to help overcome public perceptions that construction will be a barrier for continued access for shopping, dining and other discretionary trips on Capitol Hill.

The Capitol Hill Chamber of Commerce will also work to develop a unique business technical assistance program that utilizes local resources, creates partnerships and provides a range of services to both directly impacted businesses as well as the greater business community that may be indirectly affected by station construction activities. Seattle University and Seattle Central Community College will be partners in the business technical assistance program, if this agreement is approved.

## Analysis of Contracting Out vs. Performing In-House

Sound Transit staff believes that this is the best possible approach to these two programs and creates a unique partnership in the overall Business Mitigation Plan. Benefits of this agreement include community ownership of the program, providing one consistent marketing message to promote the community during construction, maximizing resources to strengthen the overall program, and providing different models for businesses to receive technical assistance based on need and individual circumstances.

## Sole Source Justification

The Capitol Hill Chamber of Commerce is comprised of representatives from the various business, housing, non-profit and community groups in the area. The Chamber is the single point of contact for the business community. This agreement will maximize the various resources available for neighborhood promotion and marketing and business technical assistance. The Chamber has an existing marketing committee that will support the business mitigation planning efforts. The Chamber has formed partnerships with its member educational institutions, Seattle University and Seattle Central Community College that will provide business consultation expertise as part of the technical training program that would be offered to affected businesses.

## **CONSEQUENCES of DELAY**

Several large construction projects are now underway in or around the Capitol Hill business core. With the acquisition of the property needed to construct the Capitol Hill Station and the relocation of tenants now complete, the presence of vacant buildings awaiting the start of the demolition contractor in late 2008 may create the perception that the neighborhood is beginning to get anxious about further pending construction. By having this agreement in place at the start of early Sound Transit construction activities, Sound Transit and the Capitol Hill Chamber will be able to work to overcome potentially negative public perceptions and have mechanisms and programs in place as actual construction impacts begin.

## **PUBLIC INVOLVEMENT**

Sound Transit staff has worked closely with the Capitol Hill business community and City of Seattle staff over the past year to develop the Capitol Hill Station Business Mitigation Plan. Representatives from each entity have been meeting regularly to formulate this agreement, including identifying the right tools, programs, and implementation methods for business mitigation.

In addition, Sound Transit staff has also worked with the Capitol Hill community on an on-going basis to seek input on station design and other aspects of the project. A community site walking tour to discuss the project is scheduled for September 18, 2008. The Capitol Hill Station 90% design public open house is also tentatively scheduled for late October 2008.

## **ENVIRONMENTAL COMPLIANCE**

JI 8/26/2008

## **LEGAL REVIEW**

JW 9/11/08

## **SOUND TRANSIT**

### **MOTION NO. M2008-93**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a sole source agreement with the Capitol Hill Chamber of Commerce to administer Capitol Hill Station construction business mitigation programs for the University Link project in the amount of \$610,000, with a 10% contingency of \$61,000, for a total authorized agreement amount not to exceed \$671,000.

#### **Background:**

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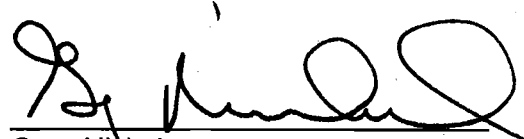
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#### **Motion:**


It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a sole source agreement with the Capitol Hill Chamber of Commerce to administer Capitol Hill Station construction business mitigation programs for the University Link project in the amount of \$610,000, with a 10% contingency of \$61,000, for a total authorized agreement amount not to exceed \$671,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 25, 2008.

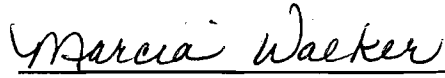


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Greg Nickels  
Board Chair



ATTEST:



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Marcia Walker  
Board Administrator