

MOTION NO. M2013-110

Agreement with the Microsoft Corporation and the City of Redmond for the Overlake Transit Center within the East Link Extension

| MEETING: | DATE: | TYPE OF ACTION: | STAFF CONTACT: | PHONE: |
|-------------------|------------|-----------------------------|--|------------------------------|
| Capital Committee | 12/12/2013 | Recommendation to the Board | Ahmad Fazel, DECM Executive Director | 206-398-5389 |
| Board | 12/19/2013 | Final Action | Ron Lewis, East Link Executive Project Director Don Billen, East Link Deputy Project Director | 206-689-4905 206-398-5052 |

PROPOSED ACTION

Authorizes the chief executive officer to execute the Agreement Between the City of Redmond, the Central Puget Sound Regional Transit Authority, and with the Microsoft Corporation for the Overlake Transit Center within the East Link Extension.

KEY FEATURES SUMMARY

- The proposed action authorizes an agreement with the Microsoft Corporation and the City of Redmond regarding the design and construction of the Overlake Transit Center within the East Link Extension.
- The Overlake Transit Center will be rebuilt as a part of East Link Extension in order to accommodate light rail, an expanded park-and-ride, and improved bus facilities. Microsoft proposes to pay Sound Transit \$33,302,000 (YOE\$) to fund additional improvements including a pedestrian-bicycle bridge, increased canopy coverage, additional conduit for future technology enhancements, and facilities for Microsoft Transportation Services.
- The agreement allows Sound Transit to terminate if pre-final design work indicates that the cost of the improvements will exceed the funding provided by Microsoft and the parties cannot agree upon design changes to deliver the improvements within budget. Should such termination occur, the agreement provides for Sound Transit to be reimbursed for design expenditures.
- The agreement also provides a coordinated approach for design and construction. The parties agree to phase construction of the Overlake Transit Center to maintain public transit and Microsoft Transportation services during construction. Sound Transit agrees to design the entrance to the new park-and-ride garage to balance traffic on NE 36th Street between the transit center and Microsoft property.
- Sound Transit will pay Microsoft up to \$2,512,446 to move fiber and communication infrastructure that will be impacted by the East Link Extension and need to be relocated regardless of whether Microsoft funds improvements to the Overlake Transit Center.
- Microsoft agrees to provide Sound Transit certain property rights needed for construction of East Link and in exchange Sound Transit will obtain a WSDOT SR 520 airspace lease for the pedestrian-bicycle bridge and will provide twelve years of advertising rights at the Overlake Transit Center. As a result of this exchange, Microsoft will make property needed for construction of East Link available to Sound Transit at no additional expense.
- The City of Redmond agrees to own and maintain the pedestrian-bicycle bridge and to consider in good faith a street vacation needed by the Project and a community facilities district (CFD) requested by Microsoft. The CFD will finance Microsoft's contributions to the Agreement and Microsoft will be the sole property owner and rate payer within the district.
- The City of Redmond, Sound Transit, and Microsoft agree to share the risk that future WSDOT needs in the SR 520 corridor could require relocation of the pedestrian-bicycle bridge. The

parties reviewed the bridge design with WSDOT which advised by letter that the risk of relocation is very small as the design is well coordinated with WSDOT plans.

- The improvements funded by Microsoft and the construction phasing will benefit Sound Transit by increasing access to the Overlake Transit Center, providing additional weather protection for transit passengers, and allowing public transit services to operate during construction. Sound Transit intends to open the bicycle-pedestrian bridge in 2020 to realize the access benefits it provides before the start of East Link operations in 2023.

BACKGROUND

East Link extends light rail to East King County via I-90 from Downtown Seattle to Mercer Island, Bellevue, and the Overlake area of Redmond, with stations serving Rainier Avenue/I-90, Mercer Island, South Bellevue, Downtown Bellevue, Overlake Hospital, the Bel-Red Corridor, Overlake Village, and the Overlake Transit Center. The project route, profiles, and station locations, including the tunnel route in downtown Bellevue, were selected by the Sound Transit Board on July 28, 2011 and amended on April 25, 2013. Revenue service between Seattle and the Overlake Transit Center is forecast for 2023.

Sound Transit constructed and now owns and operates the Overlake Transit Center (OTC) as a public transit center facility. The OTC is located on approximately 8 acres of real property in the City of Redmond between SR 520 and 156th Avenue NE. In 2002, in exchange for certain transferable development rights, Microsoft dedicated the OTC property to Sound Transit for transit-related purposes.

Under leases and licenses with Sound Transit, Microsoft uses certain real property at OTC for operation of its Shuttle Connect service connecting OTC to Microsoft's campuses and other facilities and its Connector intercity commuter bus service. In 2001, Sound Transit and Microsoft agreed that if Sound Transit terminates Microsoft's Ground Lease in order to improve delivery of its high capacity transportation services to the public, Sound Transit would incorporate Microsoft's Shuttle Connect operations in its redevelopment upon reasonable terms and conditions.

By letter to the Sound Transit Board dated March 26, 2012, Microsoft approached Sound Transit to suggest collaborating on certain station improvements and accommodations not included in Sound Transit's project scope for the OTC redesign, including but not limited to a pedestrian and bicycle bridge connection linking the OTC with Microsoft's Main and West campuses across SR 520 and 156th Ave NE; extended weather protection at the light rail platform and at transit waiting areas; greater capacity for technology features; and expanded Microsoft Transportation Services operations offices.

Microsoft has also requested certain accommodations during construction of the redesigned OTC to mitigate construction impacts, including maintaining Microsoft's Transportation Services operations at OTC during construction. Microsoft and Sound Transit acknowledge that due to limited staging and lay down area at OTC, such accommodation will require cooperation and coordination between the parties to permit Microsoft to continue such operations without significant delay or cost increase to Sound Transit's construction schedule and budget.

Microsoft has critical infrastructure, including fiber and communication infrastructure, that will be impacted by the East Link rail alignment and the OTC redesign. Microsoft will relocate the infrastructure, and Sound Transit will reimburse Microsoft's costs up to the maximum amount of \$2,512,446.

Sound Transit has carefully considered the proposed OTC elements and believes they will provide added benefit to the overall transit experience for its patrons. Sound Transit's Scope Control Policy (Resolution No. R2009-24) requires outside financial participation in order to include the OTC elements in the East Link Extension. Sound Transit will work with Microsoft to construct the OTC elements, provided Microsoft funds the additional improvements, the improvements will not delay the opening of the redesigned OTC for revenue service and the improvements are designed and built in accordance with Sound Transit standards.

The City of Redmond acknowledges that the OTC pedestrian bridge is an infrastructure improvement that enhances pedestrian and bicycle access from the OTC to the Overlake Business and Technology Center, a major employment area, the westbound transit flyer stops, and to nearby regional trails. The city will own and operate the OTC pedestrian bridge, subject to final acceptance and a maintenance and operations agreement.

Sound Transit and Microsoft anticipate entering into additional agreements by which Sound Transit will lease space to Microsoft for operation of Microsoft Transportation Services, including office space, customer waiting areas, and parking for office staff.

The East Link Extension Project Final Environmental Impact Statement (EIS) issued on July 15, 2011 and East Link Extension 2013 SEPA Addendum issued March 26, 2013, included evaluation of the OTC pedestrian-bicycle bridge and the Microsoft Transportation Services as potential project enhancements providing environmental compliance pursuant to the State Environmental Policy Act. The Federal Transit Administration and Federal Highway Administration issued a Record of Decision on November 16, 2011 and November 17, 2011, respectively, completing the National Environmental Policy Act process.

FISCAL IMPACT

Microsoft's payment of \$33,302,000 (YOES) will fund project administration, design, construction and contingencies for the improvements. A concurrent budget amendment is before the Board to incorporate the Microsoft funding into the Annual Budget and the East Link Project Lifetime Budget. Staff anticipate including the improvements in a design-build construction package planned for the SR 520 corridor which will include the light rail guideway and the Overlake Village and Overlake Transit Center in Redmond.

PUBLIC INVOLVEMENT

The East Link Extension Final EIS identified and evaluated a potential project enhancement to construct a pedestrian-bicycle bridge over SR 520 between the planned Overlake Transit Center station and the SR 520 regional trail. On November 19, 2013, Sound Transit hosted an open house for the Overlake portion of East Link and included information about the potential Overlake Transit Center improvements. Over 100 people attended the open house and comments were accepted through December 6th. Sound Transit will conduct additional outreach as the design advances and in coordination with East Link Extension outreach.

TIME CONSTRAINTS

A one month delay would require delaying Overlake Transit Center design until it is known whether the improvements will be incorporated.

PRIOR BOARD/COMMITTEE ACTIONS

Resolution No. R2013-09: Selected the route, profiles, and station locations for the East Link Light Rail Project, and superseded Resolution No. R2011-10.

Motion No: M2011-81: Implemented the East Link light rail project.

Resolution No: R2011-10: Selected the route, profiles, and station locations for the East Link Light Rail Project.

ENVIRONMENTAL REVIEW

JI 7/12/2013

LEGAL REVIEW

BN 12/08/13

MOTION NO. M2013-110

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute the Agreement Between the City of Redmond, the Central Puget Sound Regional Transit Authority, and with the Microsoft Corporation for the Overlake Transit Center within the East Link Extension.

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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 the Agreement Between the City of Redmond, the Central Puget Sound Regional Transit Authority, and with the Microsoft Corporation for the Overlake Transit Center within the East Link Extension.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 19, 2013.



Pat McCarthy
Board Chair

ATTEST:



Marcia Walker
Board Administrator