

RESOLUTION NO. R2014-34

Budget Amendment for the Northgate Link Extension and the University Link Extension

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Capital Committee	12/11/2014	Recommendation to the Board	Brian McCartan, Executive Director for Finance and Information Technology
Board	12/18/2014	Final Action	Pete Rogness, Director Budget and Financial Planning

PROPOSED ACTION

(1) Amends the University Link Adopted 2014 Annual Budget from \$146,865,783 to \$208,689,716 and (2) Amends the Northgate Link Extension Adopted 2014 Annual Budget from \$138,638,600 to \$267,769,271.

KEY FEATURES SUMMARY

- The Board approved the 2014 Annual Budget and endorsed the Transit Improvement Plan (TIP) with the adoption of Resolution No. R2013-33, which provided for authorized spending of \$571,612,748 in System Expansion – Link projects.
- Both the University Link Extension and the Northgate Link Extension projects are projected to exceed their annual spending projections. Although agency budget policies allow for a project to exceed its annual spending as long as the lifetime of the project is not exceeded, the collective sum of all the Link projects cannot exceed the total modal spending amount established in the adopted annual budget resolution.
- University Link Extension project is projected to exceed its annual spending plan by \$61,823,933 as a result of the settlement of noise and vibration mitigation for the University of Washington, additional administrative cost sharing and accelerated construction progress in 2014.
- The Northgate Link Extension project is projected to exceed its annual spending plan by \$129,130,671 as a result of the accelerated deployment of the tunnel boring machine unit once the contractor had received the notice to proceed. This cash flow change was not identified until after the budget had been adopted.
- This action does not amend the Lifetime budgets of these projects.

BACKGROUND

On December 19, 2013 the Board adopted Resolution No. R2013-33 approving the 2014 annual spending by category. Among the categories identified and authorized related to the System Expansion – Link category of \$571,612,748. This category represents a comprehensive total of all Link light rail expansion projects. Both the University Link Extension and the Northgate Link Extension projects are projected to exceed their projected annual spending, resulting in the total for all Link light rail projects to exceed the authorized annual amount.

The University Link Extension is a 3.15-mile light rail extension located entirely underground with tunnels traveling east from Pine Street, under the I-5 freeway to an underground station at Capitol Hill, continuing north beneath SR 520 and the Lake Washington Ship Canal to an underground station on the University of Washington campus, near Husky Stadium.

Motion No. M2014-35 authorized the expenditure of funds to mitigate the vibration and magnetic field level thresholds through compensation to the University of Washington in the amount of \$43.3 million. This expenditure and the accelerated contract performance resulted in an estimated \$61.8 million of costs incurred in 2014. These costs were anticipated and this action makes no change to the authorized Lifetime Budget.

The Northgate Link Extension is a 4.3-mile extension of light rail from the University of Washington Station north under the campus via twin-bored tunnels to an underground station in the University District (U District Station), an underground station along 12th Avenue NE between NE 65th Street and NE 67th Street (Roosevelt Station), and continuing to an elevated station east of 1st Avenue NE, spanning NE 103rd Street (Northgate Station). The Northgate Link Extension is scheduled to be complete and ready for revenue service in September 2021.

In the 4th Quarter of 2013, the contract was awarded and the notice to proceed for the tunnel work on the project. Sound Transit staff anticipated a longer mobilization period for the contractor to deploy a new tunnel boring machine unit (TBM). However, the contractor had a TBM ready to mobilize upon award that was previously used for a Link project. The result was tunneling began earlier than budgeted, resulting in an additional \$129.1 million in expenditures in 2014 rather than in 2015 as was anticipated in the annual budget. The costs are anticipated in the lifetime budget of the project and the milestones were updated after adoption of the 2014 budget. This action makes no change to the authorized lifetime budget.

This action to amend the budgets ensures administrative compliance with policies and regulations regarding budget spending authority.

FISCAL IMPACT

This action amends the adopted 2014 Annual Budget for University Link and Northgate Link Extension. The 2014 Lifetime Budget of these projects is unchanged. This Proposed 2015 Budget and Transit Improvement Plan was developed with these updated expenditure trends incorporated. No changes to the 2015 budget are required.

University Link Extension	2014 Annual Budget			Lifetime Budget		
	Adopted 2014 Project Budget	Budget Transfer	Revised Project Budget	Adopted 2014 Project Budget	Budget Transfer	Revised Project Budget
Agency Administration	\$8,983	\$2,696	\$11,679	\$113,554	\$0	\$113,554
Preliminary Engr / Environmental Review	\$0	\$0	\$0	\$24,261	\$0	\$24,261
Final Design / Specifications	\$3,715	\$0	\$3,715	\$89,308	\$0	\$89,308
Third Party	\$626	\$0	\$626	\$18,646	\$0	\$18,646
ROW Acquisition and Permits	\$60	\$0	\$60	\$152,332	\$0	\$152,332
Construction	\$118,050	\$59,128	\$177,178	\$1,148,783	\$0	\$1,148,783
Construction Services	\$15,282	\$0	\$15,282	\$95,814	\$0	\$95,814
Vehicles	\$0	\$0	\$0	\$103,909	\$0	\$103,909
Testing and Start-up	\$150	\$0	\$150	\$9,400	\$0	\$9,400
Total	\$146,866	\$61,824	\$208,690	\$1,756,007	\$0	\$1,756,007

Notes:
 Amounts are expressed in Year of Expenditure \$000s.
 2014 TIP = Lifetime project budget located on page 34 of the 2014 Transit Improvement Plan (TIP).

Northgate Link Extension	2015 Annual Budget			Lifetime Budget		
	Phase	Adopted 2014 Project Budget	Budget Transfer	Revised Project Budget	Adopted 2014 Project Budget	Budget Transfer
Agency Administration	\$9,449	\$2,483	\$11,932	\$149,500	\$0	\$149,500
Preliminary Engr / Environmental Review	\$0	\$0	\$0	\$15,077	\$0	\$15,077
Final Design / Specifications	\$19,161	\$0	\$19,161	\$118,523	\$0	\$118,523
Third Party	\$952	\$0	\$952	\$11,800	\$0	\$11,800
ROW Acquisition and Permits	\$20,127	\$18,114	\$38,241	\$127,300	\$0	\$127,300
Construction	\$77,525	\$108,534	\$186,059	\$1,325,120	\$0	\$1,325,120
Construction Services	\$11,175	\$0	\$11,175	\$112,050	\$0	\$112,050
Vehicles	\$250	\$0	\$250	\$259,100	\$0	\$259,100
Testing and Start-up	\$0	\$0	\$0	\$12,930	\$0	\$12,930
Total	\$138,639	\$129,131	\$267,769	\$2,131,400	\$0	\$2,131,400

Notes:

Amounts are expressed in Year of Expenditure \$000s.

2014 TIP = Lifetime project budget located on page 33 of the 2014 Transit Improvement Plan (TIP).

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

A one month delay would cause the action to be adopted in the following fiscal year (2015) rather than in the year of occurrence.

PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2014-35: Authorizes the chief executive officer to execute an amendment to the Master Implementation Agreement with the University of Washington to establish new vibration and magnetic field level thresholds that Sound Transit will meet during operation of light rail transit under University property, confirms the University's approval of the University Link and Northgate Link Extensions final design, mitigation plan, and monitoring plan, and includes compensation to the University of Washington in the amount of \$43,300,000 to relocate or otherwise mitigate anticipated impacts to sensitive research labs and activities.

Resolution R2013-33: Adopts an annual budget for the period from January 1 through December 31, 2014.

ENVIRONMENTAL REVIEW

JI 11/21/2014

LEGAL REVIEW

LA 5 December 2014

RESOLUTION NO. R2014-34

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority (1) Amending the Adopted 2014 Annual Budget for the University Link Extension project from \$146,865,783 to \$208,689,716 and (2) Amending the Northgate Link Extension project Adopted 2014 Annual budget from \$138,638,600 to \$267,769,271

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under RCW Chapters 81.104 and 81.112 for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Central Puget Sound Regional Transit Authority district on November 5, 1996 and November 4, 2008, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, the Adopted 2014 Budget established an annual budget for the University Link Extension project and the Northgate Link Extension project; and

WHEREAS, by Resolution No. R2013-33, the Board adopted the 2014 Budget and endorsed the Transit Improvement Plan (TIP) and established an annual amount to incur for Link project delivery projects; and

WHEREAS, the University Link Extension project made payment to mitigate the vibration and magnetic field level thresholds through compensation to the University of Washington in 2014; and

WHEREAS, the Northgate Link Extension tunneling contractor initiated work earlier than was anticipated in the budget; and

WHEREAS, this action amends the University Link Extension project 2014 Annual Budget to provide funding for the agency administration and construction phases; and

WHEREAS, this action amends the Northgate Link Extension project 2014 Annual Budget to provide funding for the agency administration, right of way acquisition and permits and construction phases.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that:

1. The Adopted 2014 Annual Budget for the University Link Extension project is amended from \$146,865,784 to \$208,689,716 by increasing the budget by \$61,823,932.
2. The Adopted 2014 Annual Budget for the Northgate Link Extension project is amended from \$138,638,600 to \$267,769,271 by increasing the budget by \$129,130,671.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 18, 2014.



Paul Roberts
Board Vice Chair

ATTEST:



Marcia Walker
Board Administrator