

**RESOLUTION NO. R2015-01**
**Baseline Budget, Schedule, and Phase Gate 5 for the Point Defiance Bypass Project**

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Capital Committee	1/8/15	Recommend to Board	Ahmad Fazel, DECM Executive Director Eric Beckman, Deputy Executive Director, Business and Construction Services
Board	1/22/15	Final Action	<b>Jodi Mitchell, Project Manager</b>

**PROPOSED ACTION**

(1) Adopts the Point Defiance Bypass Project baseline schedule and budget by (a) adopting March 2017 as the project completion milestone, (b) amending the lifetime baseline budget from \$6,400,000 million to \$128,000,000; and (c) amending the 2015 annual budget from \$1,571,000 to \$36,411,000; and (2) approves Gate 5 within Sound Transit’s Phase Gate process.

**KEY FEATURES SUMMARY**

- Adopts the baseline schedule and budget for the Point Defiance Bypass Project and seeks Board approval of Gate 5 within Sound Transit’s Phase Gate process.
- This action will establish March 2017 as the project completion milestone and amend the project lifetime budget of \$128,000,000 for final design, construction, construction services, and agency administration.
- This action will increase the annual budget from \$1,571,000 to \$36,411,000 to complete final design and commence construction.
- The improvements constructed as part of the Point Defiance Bypass Project will allow passenger service to be routed along the Lakeview Corridor between Nisqually and Tacoma, avoiding the slower congested route along Puget Sound.
- WSDOT is designing the project through their consultant. As the owner of the corridor, Sound Transit will construct the project to help minimize impacts to existing Sound Transit service. Once the project is built, Sound Transit will own all of the improvements.
- Allowable costs incurred for this project will be reimbursed by WSDOT through a grant WSDOT received from the FRA. The term “allowable costs” refers to costs that are allowable under the terms of the underlying FRA grant.
- Staff will return to the Sound Transit Board to request approval to award a contract for construction services and enter Gate 6 – Proceed to Construction once funding has been confirmed from WSDOT for the project.

**BACKGROUND**

WSDOT has obtained nearly \$800 million in funding through the Federal Railway Administration’s (FRA) High-Speed Intercity Passenger Rail program. WSDOT will be using the funds to deliver rail infrastructure improvements that expand travel choices, preserve freight mobility, and foster economic growth across the state. The program goal is to improve Washington’s Amtrak Cascades service between Portland, OR, and Vancouver, B.C., with specific outcomes to reduce travel time between Portland and Seattle, increase on-time performance to 88% and add two additional daily roundtrips.

The Point Defiance Bypass project is a keystone within the Cascade High Speed Rail program and will improve portions of the Sound Transit owned Lakeview Corridor in Pierce County. Passenger service will then be routed along the Lakeview Corridor between Nisqually and Tacoma, avoiding

the slower congested route along Puget Sound. The Lakeview corridor route will contribute substantially to the travel time savings and on-time reliability goals of WSDOT's program as the current route is both speed-restrictive and constrained by a single track tunnel and a moveable bridge.

The project will construct a series of improvements, including:

- Construction of a new second track adjacent to Sound Transit's existing main line between South Tacoma (66<sup>th</sup> Street Bridge) and Lakewood (Bridgeport Way).
- Installation of new rails, ties, and ballast on Sound Transit's existing track between Lakewood and Nisqually.
- Improvements at the connection to BNSF's main line near Nisqually.
- Safety improvements at four existing at-grade crossings within the project corridor.
- Extension of the existing Dupont Yard.
- Reconstruction of the Clover Creek Bridge.
- Rehabilitation of the Pendleton Avenue Bridge and both the north and southbound track bridges over Interstate 5.

Sound Transit currently operates along a portion of the rail corridor where these improvements will be built; Amtrak would shift its passenger operations to this corridor after the project is complete. BNSF would continue its freight operations around Point Defiance. All improvements associated with this project are new and will not impact improvements recently constructed for Sounder service from Lakewood north.

As the owner of the corridor, Sound Transit has agreed to administer the construction of the project to help minimize impacts to current service as well as complete the work effectively and efficiently. WSDOT is designing the project through a consultant. The project is located within Sound Transit right-of-way; once the project is built, Sound Transit will own all of the improvements. Allowable costs incurred for this project will be reimbursed by WSDOT through a grant WSDOT received from the FRA.

Environmental review under the National Environmental Policy Act (NEPA) and State Environmental Policy Act (SEPA) was completed by WSDOT and the Federal Railroad Administration through an Environmental Assessment and Finding of No Significant Impact in March 2013. WSDOT issued a SEPA checklist and determination of non-significance in March 2013. An SEPA addendum to the checklist was also published in November 2014.

Preliminary engineering is complete and final design is anticipated for completion in 1Q 2015.

**PROJECT STATUS in SOUND TRANSIT'S PHASE/GATE PROCESS**

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<b>Phase I:</b> Project Identification	<b>Phase II:</b> Alternatives Identification	<b>Phase III:</b> Conceptual Engineering	<b>Phase IV:</b> Enter Final Design	<b>Phase V:</b> Establish Baseline	<b>Phase VI:</b> Construction

Projected Project Completion Date: March 2017

## FISCAL INFORMATION

The Lifetime project budget for the Point Defiance Bypass project, as shown in the 2015 proposed TIP is \$6.4 million. This resolution adopts an increase of \$121.6 million as the baseline cost of the project for a total lifetime budget of \$128 million. The annual budget will also increase from \$1.571 million to \$36.411 million through this action.

Allowable costs for this project will be reimbursed by WSDOT via the High Speed Rail Grant awarded to them. There is a financial risk to the Agency that agency funds could be needed to fund a portion of this project. However, there is every intention to have all expenditures of this project be fully reimbursed by WSDOT. It is anticipated that this financial risk will be reduced and quantified by the time that staff seeks board authorization to award the construction services contract and to enter Gate 6 – Proceed to Construction.

This project baseline budget is \$42M above the current allocated FRA grant funds WSDOT has earmarked for this project as documented in the current Construction and Maintenance agreement (C&M). Sound Transit project staff have briefed WSDOT on the project baseline and have confidence that WSDOT will fully reimburse the agency. Staff is working on an amendment to the C&M agreement that will revise the estimated costs to be consistent with the baseline estimate. This amendment is anticipated to be complete by March 1, 2015. Schedule completion requirements necessitate presenting the baseline at this time and proceeding in good faith, otherwise the deadline for project completion would be in jeopardy.

The grant funding from the FRA mandates that the project must be built and invoiced for by May 2017 in order for Sound Transit to receive reimbursement from the FRA grant. As such, this project is on a very tight schedule. Should allowable costs be expended and or invoiced after this grant deadline, Sound Transit bears the risk that such funds may not be reimbursed by WSDOT, requiring expenditure of Sound Transit funds.

The current C&M agreement authorizes reimbursement of all allowable costs of the project. The term “allowable costs” refers to costs that are allowable under the terms of the underlying FRA grant. Should costs legitimately expended in order to complete the Point Defiance Bypass project be deemed unallowable by the FRA as they administer the grant, Sound Transit may not be reimbursed for such costs.

The agency finance plan does not currently include any Sound Transit funding for this project. All costs of the project are assumed to be fully reimbursed to Sound Transit. Should reimbursement not occur, such expenditures would represent a financial commitment of the Pierce County subarea and would reduce funds available for completing other Sound Move or ST2 projects, potential funding of a future voter initiative or other uses, as authorized by the board, that benefit the Pierce County subarea.

**BUDGET AMENDMENT**

Point Defiance Bypass	2015 Annual Budget			Lifetime Budget		
	Proposed 2015 Project Budget	This Action	Revised Project Budget	Proposed 2015 Project Budget	This Action	Revised Project Budget
Agency Administration	\$ 296	\$ 544	\$ 840	\$ 400	\$ 2,300	\$ 2,700
Preliminary Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Final Design	\$ -	\$ 45	\$ 45	\$ -	\$ 200	\$ 200
Right of Way	\$ 375	\$ 204	\$ 579	\$ 1,000	\$ -	\$ 1,000
Construction	\$ -	\$ 31,380	\$ 31,380	\$ -	\$ 114,500	\$ 114,500
Construction Services	\$ 900	\$ 2,667	\$ 3,567	\$ 5,000	\$ 4,600	\$ 9,600
Third Party Agreements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,571</b>	<b>\$ 34,840</b>	<b>\$ 36,411</b>	<b>\$ 6,400</b>	<b>\$ 121,600</b>	<b>\$ 128,000</b>

Notes:  
 Amounts are expressed in Year of Expenditure \$000.  
 Project budget page is located on page 54 of 176 of the Proposed 2015 Transit Improvement Plan (TIP).  
 Direct costs for this project will be reimbursed by WSDOT via the High Speed Rail Grant awarded to them.

**SMALL BUSINESS/DBE PARTICIPATION**

Not applicable to this action.

**PUBLIC INVOLVEMENT**

Sound Transit and WSDOT staff have coordinated on a number of public outreach activities; including stakeholder meetings and the environmental outreach process.

**TIME CONSTRAINTS**

The grant funding from the FRA mandates that the project must be built and invoiced for by May 2017 in order for Sound Transit to receive back a minimum of \$21 million attributed to the D – M Street Track and Signal project. As such, this project is on a very tight schedule and it is anticipated that the project will be advertised in March 2015.

A one-month delay would create a significant impact to the project schedule and put the FRA grant at great risk.

**PRIOR BOARD/COMMITTEE ACTIONS**

Resolution No. R2014-03: (1) Amended the Adopted 2014 Budget to create the Point Defiance Bypass Project by (a) establishing a Project Lifetime Budget in the amount of \$6,400,000 and (b) establishing a 2014 Annual Project Budget of \$642,000 and (2) approved Gate 1 within Sound Transit’s Phase Gate process.

**ENVIRONMENTAL REVIEW**

JI 12/22/2014

**LEGAL REVIEW**

JW 12/31/2014



## **RESOLUTION NO. R2015-01**

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority (1) adopting the Point Defiance Bypass baseline schedule and budget by adopting March 2017 as the project completion milestone, and establishing a baseline budget of \$128,000,000; and (2) approving Gate 5 within Sound Transit's Phase Gate process.

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 Washington State Department of Transportation (WSDOT) has obtained nearly \$800 million in funding from the Federal Railway Administration's High-Speed Intercity Passenger Rail Program, which will be used to deliver rail infrastructure improvements that expand travel choices, preserve freight mobility, and foster economic growth across Washington State; and

WHEREAS, the goal of the Program is to improve Washington's Amtrak Cascades service between Portland, Oregon and Vancouver, British Columbia, by reducing travel time and increase on-time performance; and

WHEREAS, the Point Defiance Bypass Project is a key project within the Program to improve portions of the Sound Transit-owned Lakeview corridor in Pierce County; and

WHEREAS, as the owner of the Lakeview corridor, Sound Transit has agreed to administer the construction of the Point Defiance Bypass Project to help minimize impacts to its Sounder commuter rail service; and

WHEREAS, direct costs incurred in the Point Defiance Bypass Project by Sound Transit will be reimbursed by WDSOT via a Construction and Maintenance Agreement between the two parties; and

WHEREAS, on April 24, 2014, the Sound Transit Board (1) amended the Adopted 2014 Budget, creating the Point Defiance Bypass Project by (a) establishing the Project Lifetime Budget in the amount of \$6,400,000 and (b) establishing the 2014 Annual Project Budget of \$642,000, and (2) approved Gate 1 within Sound Transit's Phase Gate process.

WHEREAS, in accordance with Sound Transit's Phase Gate process, all requirements necessary to pass through Gate 5, establish project baseline schedule and budget, have been met.

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

Section 1: The Point Defiance Bypass baseline schedule and budget is adopted by establishing the project completion milestone as March 2017, and establishing a baseline budget of \$128,000,000 for the project.

Section 2. Gate 5 within Sound Transit's Phase Gate process is hereby approved.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on January 22, 2015.

  
Dow Constantine  
Board Chair

ATTEST:

  
Kathryn Flores  
Acting Board Administrator

**PHASE GATE ACTION**  
**Point Defiance Bypass Project**

<b>MEETING</b>	<b>DATE</b>	<b>STAFF CONTACT</b>
Capital Committee	01/08/15	Ahmad Fazel, DECM Executive Director
Board	01/22/15	Eric Beckman, Deputy Executive Director, Business and Construction Services <b>Jodi Mitchell, Project Manager</b>



**ACTION REQUESTED**

Approve Phase Gate 5 for the Point Defiance Bypass Project to adopt the baseline budget and schedule.

**PROJECT BUDGET**

Baseline Budget: \$ 128 million  
 Estimated Final Project Cost: \$ 128 million

**PROJECT SCHEDULE**

Baseline Project Completion: March 2017

**PROJECT DESCRIPTION**

WSDOT has obtained nearly \$800 million in funding through the Federal Railway Administration’s (FRA) High-Speed Intercity Passenger Rail program. WSDOT will be using the funds to deliver rail infrastructure improvements that expand travel choices, preserve freight mobility, and foster economic growth across the state. The program goal is to improve Washington’s Amtrak Cascades service between Portland, OR, and Vancouver, B.C., with specific outcomes to reduce travel time between Portland and Seattle, increase on-time performance to 88%, and add two additional daily roundtrips.

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Sound Transit currently operates along a portion of the rail corridor where these improvements will be built; Amtrak would shift its passenger operations to this corridor after the project is complete. BNSF would continue its freight operations around Point Defiance. All improvements associated with this project are new and will not impact improvements recently constructed for Sounder service from Lakewood north.

As the owner of the corridor, Sound Transit has agreed to administer the construction of the project to help minimize impacts to our current service as well as complete the work effectively and efficiently. WSDOT is designing the project through a consultant. Sound Transit's involvement in preliminary engineering and final design is limited to a review of WSDOT designs to assess impacts of the improvements on existing and future operations. As a result, staff sought an exemption from Gate 4 to enter final design, which was granted. Allowable costs incurred for this project will be reimbursed by WSDOT through a grant WSDOT received from the Federal Railway Administration.

Environmental review under the National Environmental Policy Act (NEPA) and State Environmental Policy Act (SEPA) was completed by WSDOT and the Federal Railroad Administration through an Environmental Assessment and Finding of No Significant Impact in March 2013. WSDOT issued a SEPA checklist and determination of non-significance in March 2013. An SEPA addendum to the checklist was also published in November 2014.

Preliminary engineering is complete and final design is anticipated for completion in 1Q 2015. Staff will return to the Sound Transit Board to request approval to award a contract for construction services and enter Gate 6 – Proceed to Construction.

**ACTION APPROVED**

  
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Dow Constantine  
Board Chair

1-22-15  
Date