

SOUND TRANSIT CAPITAL COMMITTEE MEETING
Summary Minutes
March 9, 2017

CALL TO ORDER

The meeting was called to order at 1:31 p.m. by Committee Chair Fred Butler, in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

ROLL CALL

Chair

(P) Fred Butler, Issaquah Mayor

Vice Chair

(P) Claudia Balducci, King County Councilmember

Boardmembers

(A) Nancy Backus, Auburn Mayor

(P) Dave Earling, Edmonds Mayor

(A) Rob Johnson, Seattle Councilmember

(A) Kent Keel, University Place Mayor Pro Tem

(P) Mary Moss, Lakewood Councilmember

(P) Dave Upthegrove, King County Councilmember

Jane Emerson, Board Coordinator, announced that there was a quorum of the committee present at roll call.

REPORT OF THE CHAIR

Chair Butler welcomed two new Boardmembers to the Committee, Kent Keel and Mary Moss, and he announced that Claudia Balducci would serve as Committee Vice Chair.

CEO REPORT

Motor Vehicle Excise Tax

Mr. Rogoff stated that the agency has heard concerns from legislators and members of the public about the Motor Vehicle Excise Tax (MVET) increase. Voters approved the ST3 plan and the revenues needed to deliver it in November 2016. The MVET increase is based on the vehicle depreciation schedule that has been in effect since the initial Sound Move MVET of 0.3 percent went into effect in 1997. Because the agency used this revenue stream as a pledge against bonds issued in 1999, the depreciation schedule remains in effect until those bonds are retired in 2028.

In 2006, the state adopted a newer depreciation schedule. When the ST3 revenue authority was approved by the Legislature in 2015, the additional MVET increase of 0.8 percent plus the existing 0.3 percent MVET remained tied to the earlier depreciation schedule. When the bonds are retired in 2028, the newer 2006 schedule will be used.

There is a lot of interest on the part of legislators about moving to the 2006 depreciation schedule. Mr. Rogoff mentioned that he spent a day in Olympia last week to discuss what could potentially be done. Staff is looking at what flexibility there is within the constraints of the existing bond contracts, state law, and the agency's financial considerations to ensure there is adequate revenue to deliver the voter-adopted plan.

Governance

The state Senate passed Substitute House Bill 5001, which is seeking to modify the governance of Sound Transit to a directly elected Board of Directors. The bill that passed the Senate included changes from an earlier version that proposed electing Board members from 19 independent districts. While in committee, the bill was amended to lower the number of districts from 19 to 11 and to add a requirement that no more than 5 members of the board can come from a single county. The bill has now moved to the House of Representatives for consideration.

The Board has taken a formal position in opposition to this legislation as it would be detrimental to Sound Transit's mission and project delivery.

Mercer Island Update

At its last meeting, the Board discussed the actions taken by the Mercer Island City Council to sue Sound Transit and to establish moratoria on issuing permits needed by Sound Transit and to suspend the shoreline permit the agency already received.

The citizens of Mercer Island would like continued access to the HOV lanes from Island Crest Way. Last summer the Federal Highway Administration told the City of Mercer Island that when the new HOV lanes on I-90 open, single occupancy vehicles would not be permitted. The actions taken by the city have the potential to delay the East Link project and increase the cost of the project.

Sound Transit hopes to continue to work with Mercer Island to address their mobility issues and mitigate any impacts, while working through the courts to obtain the return of the shoreline permit and make sure the agency has the necessary permits and tools needed to deliver the project on time.

Boardmember Balducci suggested that the Board consider designating Boardmembers to work with the City of Mercer Island on some of their concerns.

PUBLIC COMMENT

None.

REPORTS TO THE COMMITTEE

None.

BUSINESS ITEMS

Items for Committee Final Action

Minutes of the February 9, 2017, Capital Committee Meeting

It was moved by Boardmember Balducci, seconded by Boardmember Earling, and carried by unanimous vote that the February 9, 2017, Capital Committee minutes be approved as presented.

Motion No. M2017-27: Authorizing the chief executive officer to execute a task order under the Umbrella Agreement GCA 2941 with the Washington State Department of Transportation for preliminary design services for the Downtown Redmond Link Extension in the amount of \$296,107, with a 10% contingency of \$29,611, for a total authorized amount not to exceed \$325,718.

Leonard McGhee, Redmond Project Manager, presented the staff report. The Downtown Redmond Link Extension uses WSDOT right-of-way within State Route 520. Under this task order, WSDOT will review the Downtown Redmond Link Extension preliminary design for the portion of the project that will be constructed on WSDOT right-of-way. WSDOT will coordinate with Sound Transit to provide plan reviews, traffic engineering oversight, maintenance and operations agreements, drainage and utility review and approval, design documentation coordination, real estate/permit actions and other services.

It was moved by Boardmember Balducci, seconded by Boardmember Moss, and carried by unanimous vote that Motion No. M2017-27 be approved as presented.

Motion No. M2017-28: Authorizing the chief executive officer to execute a contract amendment with Envirolssues, Inc. for public involvement consultant services in the amount of \$45,000 for a new total authorized contract amount not to exceed \$1,405,000.

Geoff Patrick, Media Relations and Public Information Manager, stated that Envirolssues, Inc. has provided consultant services to Sound Transit to support the Board in shaping the Sound Transit 3 (ST3) ballot measure. Through this contract amendment, Envirolssues, Inc. would provide services to migrate and assimilate website content highlighting ST3 projects with information about previously approved agency projects.

It was moved by Boardmember Earling, seconded by Boardmember Moss, and carried by unanimous vote that Motion No. M2017-28 be approved as presented.

Items for Recommendation to the Board

Resolution No. R2017-07: (1) Authorizing the Federal Way Link Extension project to advance through Gate 4 within Sound Transit's Phase Gate process; (2) increasing the authorized project allocation to date by \$363,835,000 from \$48,790,000 to \$412,625,000; and (3) increasing the 2017 annual budget by \$64,637,043 from \$6,120,957 to \$70,758,000.

Cathal Ridge, HCT Corridor Development Director, introduced the staff report. In November, Sound Transit published the Final EIS for the Federal Way Link Extension, and in January, the Board selected the project to be built. This week, the Federal Transit Administration issued the Record of Decision for the project. This action is to recommend Board authorization for the project to advance through Gate 4, Enter Final Design, within Sound Transit's Phase Gate process.

Dan Abernathy, Executive Project Director, stated that he will be the project director for the next phase of the Federal Way Link Extension. The next phase of the projects includes preparation of the design-build procurement documents, right-of-way acquisition, and third party utility relocation. To support the upcoming work effort, the Capital Committee is being asked to consider recommending an increase to the project allocation to date by approximately \$364 million to a total of approximately \$412 million.

Staff will seek Board authorization to baseline the project later in 2017 through Gate 5, Establish Baseline, and subsequently staff will seek Board authorization to initiate the design-build phase through Gate 6, Proceed to Construction.

It was moved by Boardmember Earling, seconded by Boardmember Balducci, and carried by unanimous vote that Resolution No. R2017-07 be forwarded to the Board with a do pass recommendation.

Resolution No. R2017-11: (A) Amending and restating Resolution No. R2016-36, which, among other things, authorized the execution, delivery and performance of the TIFIA Master Credit Agreement and each TIFIA Loan Agreement related to each MCA Project; (B) authorizing related budget amendments; and (C) providing for other matters properly relating thereto.

Brian McCartan, Executive Director Finance and IT, presented the report. In November 2016, through Resolution No. M2016-36, the Board authorized the CEO to enter into agreements with the United States Department of Transportation (USDOT) related to the Master Credit Agreement (MCA) TIFIA loans. The MCA with the TIFIA lender closed in December 2016 with an agreement to amend and restate Resolution No. R2016-36 no later than March 2017. Subsequent to the Board action, negotiations were completed with the USDOT who provided final comments and edits to the documents. This action amends and restates the Resolution No. R2016-36 with the administrative edits. Mr. McCartan noted there is a small change to the dollar amount of approximately \$200,000 and some clarification of terms.

It was moved by Boardmember Earling, seconded by Boardmember Moss, and carried by unanimous vote that Resolution No. R2017-11 be forwarded to the Board with a do pass recommendation.

Motion No. M2017-30: Authorizing the chief executive officer to execute a contract amendment with Kiewit-Hoffman, A Joint Venture to provide Heavy Civil General Contractor/Construction Manager construction services for the Seattle to South Bellevue construction within the East Link Extension in the amount of \$661,315,300, plus a 7% contingency of \$46,292,071, totaling \$707,607,371, for a new total authorized contract amount not to exceed \$711,660,541. Further authorizes Sound Transit to issue a notice-to-proceed under the executed contract when appropriate.

Ron Lewis, Executive Project Director, stated that the Board took an action in February to establish the construction contract for the I-90 corridor within the East Link Extension. That contract allowed the project to move forward with procurement of steel for the post-tensioning of the Homer M. Hadley Floating Bridge (floating bridge), and allows the contractor to begin submittal reviews and to begin leasing a field office. These activities are necessary to support construction in the I-90 corridor that begin summer 2017.

In February, staff committed to come back to the Capital Committee and the Board with an amendment for the balance of the scope for the contract. Staff advised the Capital Committee that the engineer's estimate for the balance of the work in the contract exceeded the allocation within the construction phase of the budget.

(Boardmember Upthegrove arrived at this time.)

This motion would authorize the balance of the work to occur. The scope of work includes specialized track bridges, which allows the transition from fixed structures on the land side to the floating bridge; two light rail stations; seismic retrofits to I-90 and structures including post-tensioning of the floating bridge; modifications to the Mt. Baker ridge tunnel and the Mercer Island lid-tunnel for fire life safety system improvements; cathodic protection on the bridge to prevent corrosion from stray current; and at the International District station, the project includes the connection to East Link into Central Link. The post-tensioning of the floating bridge was added during final design after the project had been baselined.

The contract is being delivered under the General Contractor/Construction Manager (GC/CM) process. This delivery system was selected based on the complicated interfaces and scope of the contract and because of the qualifications, work plans, and price proposals for the contractor. Under the GC/CM legislation, the contractor may negotiate and self-perform up to 50 percent of the work and competitively bid on another 20 percent. The contractor is precluded from participating on the remaining 30 percent of the project delivery.

The total East Link Extension budget is \$3.677 billion. The budget for the construction phase is \$2.544 billion; to date the Board has approved \$1.126 billion; and this action is for \$707 million. If this action is approved by the Board, the total authorized construction budget would be \$1.834 billion, leaving \$710 million remaining for other construction activities within the East Link Extension. There is one major construction contract remaining for a systems contract, which is within the budget allocated for that work. Staff anticipates returning to the Board to seek authorization of that contract in April 2017. One other major

draw on the remaining draw would be for the four stations included in the Downtown Bellevue to Spring District segment.

The allocation for this phase was \$486 million, the actual amount being requested is \$707 million, which leaves a shortfall of \$225 million. The \$225 million shortfall will be covered by the unallocated contingency within the construction phase, which currently has a balance of \$392 million. After the shortfall and an additional \$20 million for other improvements in the I-90 corridor are subtracted, the remaining unallocated contingency balance will be \$147 million. The project is within the construction phase budget, and within the overall project budget.

Boardmember Balducci stated that she continues to hear comments about the engineering and safety issues that were raised during the independent review. There was recent public comment stating that the stray currents and other issues in the report have not been resolved. She asked whether all of the issues have been addressed. Mr. Lewis responded that there were 23 issues identified by the Independent Review Team during preliminary engineering. The issues addressed a number of technical issues including the track bridge and cathodic protection. Sound Transit has completed the work to resolve the issues and it has been reviewed and concurred on by WSDOT and by the Federal Highway Administration.

It was moved by Boardmember Balducci, seconded by Boardmember Moss, and carried by unanimous vote that Motion No. M2017-30 be forwarded to the Board with a do pass recommendation.

Motion No. M2017-31: Authorizing the chief executive officer to execute a construction contract with Hoffman Construction Company to construct the U District Station Finishes within the Northgate Link Extension in the amount of \$159,836,688 with a 5% contingency of \$7,991,834 for a total authorized contract amount not to exceed \$167,828,522.

Don Davis, Executive Project Director, and Chad Brown, Construction Manager, presented the staff report. This action is to execute a General Contractor/Construction Manager (GC/CM) construction contract to build the U District Station within the Northgate Link Extension. The contract scope includes structural work, architectural finishes, mechanical and electrical equipment, elevators and escalators, and other elements to complete the station build out.

The purchase agreement for the site included a provision for the sale of the airspace above the station to the University of Washington (UW) for future transit-oriented development (TOD). Sound Transit has been working with the UW during the design. Sound Transit has designed the station structure to accommodate the TOD overbuild. The UW has agreed to pay Sound Transit \$5.2 million as part of the design changes and the cost of the design changes to strengthen the structure to accommodate the overbuild on top of the station.

It was moved by Boardmember Moss, seconded by Boardmember Earling, and carried by unanimous vote that Motion No. M2017-31 be forwarded to the Board with a do pass recommendation.

Motion No. M2017-32: Authorizing the chief executive officer to execute an amendment to the Tacoma Link Right of Use Agreement with the City of Tacoma for the Tacoma Link Expansion.

Madeleine Greathouse, Project Director, and Sue Comis, Senior Project Manager, presented the staff report. This action is to amend the Tacoma Link Right of Use Agreement with the City of Tacoma. The agreement was issued in 2001 and amended in 2011. The agreement grants Sound Transit non-exclusive right of use to construct, operate, own, and maintain the rail system. The amendment will grant Sound Transit right of use for the Tacoma Link Expansion.

It was moved by Boardmember Moss, seconded by Boardmember Earling, and carried by unanimous vote that Motion No. M2017-32 be forwarded to the Board with a do pass recommendation.

Motion No. M2017-33: Authorizing the chief executive officer to execute a Funding Agreement with the City of Tacoma for the Tacoma Link Expansion.

Madeleine Greathouse, Project Director, and Sue Comis, Senior Project Manager, presented the staff report. This action represents a major milestone in keeping with the intent of the ST2 plan, which required a funding partner as part of the Tacoma Link Expansion project. Since the project's early planning stages, the City of Tacoma has been a willing and eager partner of this project. The 2014 term sheet between Sound Transit and the City of Tacoma identified the approximate value of the commitment as \$40 million from the City, \$50 million from Sound Transit, and \$75 million in federal funds. The term sheet provided a general framework for the two partners to determine how the City's contribution would be structured. This action identifies the details to the framework.

The funding sources are based on the project's preliminary engineering cost estimate of \$175 million. Staff anticipates \$75 million in a Small Starts Grant funds from the Federal Transit Administration. Sound Transit's contribution would be \$56.7 million and the City of Tacoma contribution would be \$43.3 million. Prior to Sound Transit baselining the project, the CEO and the City Manager will sign a letter agreeing to the City's annual installment payment and the details of its in-kind work. The in-kind credits consist of project work to be performed by the city and includes utility design, design review, construction, construction inspection, and real estate. Work orders under the City Services Agreement approved by the Board in February would be executed to cover the in-kind work. The agreement also provides that the City will pay for betterments. If the project cost increases, the City will pay 4/9th of the increase; if the project cost is below, the City's share will decrease. Upon completion of the project, there will be a final reconciliation of the City's contribution.

It was moved by Boardmember Moss, seconded by Boardmember Earling, and carried by unanimous vote that Motion No. M2017-33 be forwarded to the Board with a do pass recommendation.

Resolution No. R2017-08: Authorizing the chief executive officer to acquire certain real property interests, including acquisition by condemnation to the extent authorized by law, and to reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants as necessary for the Tacoma Link Expansion.

Kevin Workman, Director of Real Property, provided the staff report. Mr. Workman explained that the action would authorize acquiring 140 properties needed for the Tacoma Link Expansion project. The owners have been notified via certified mail on March 7, 2017, and notices of the acquisition will be in the Seattle Times and the Tacoma News Tribune.

It was moved by Boardmember Balducci, seconded by Boardmember Earling, and carried by unanimous vote that Resolution No. R2017-08 be forwarded to the Board with a do pass recommendation.

Resolution No. R2017-05: Authorizing the chief executive officer to acquire certain real property interests, including acquisition by condemnation to the extent authorized by law, and to reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants as necessary for the Sumner Station Improvements project.

Kevin Workman, Director of Real Property, provided the staff report. Mr. Workman explained that the action would authorize acquiring one private parcel and the private utility interest located within seven City of Sumner properties needed for the Sumner Station Improvements project. The owners have been

notified via certified mail on March 7, 2017, and notices of the acquisition will in the Seattle Times and the Tacoma News Tribune.

It was moved by Boardmember Balducci, seconded by Boardmember Moss, and carried by unanimous vote that Resolution No. R2017-05 be forwarded to the Board with a do pass recommendation.

Resolution No. R2017-10: Authorizing the chief executive officer to acquire certain real property interests, including acquisition by condemnation to the extent authorized by law, and to reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants as necessary for the Lynnwood Link Extension.

Kevin Workman, Director of Real Property, provided the staff report. Mr. Workman explained that the action would authorize acquiring 41 properties needed for the Lynnwood Link Extension. The owners have been notified via certified mail on March 7, 2017, and notices of the acquisition will be in the Seattle Times and the Everett Herald.

It was moved by Boardmember Earling, seconded by Boardmember Balducci, and carried by unanimous vote that Resolution No. R2017-10 be forwarded to the Board with a do pass recommendation.

Resolution No. R2017-09: Approving the chief executive officer's declaration that certain real properties acquired for the Northgate Link Extension will be surplus and no longer needed for a transit purpose upon completion of construction staging activities.

Kevin Workman, Real Property Director, and Sarah Lovell, TOD Manager, presented the staff report. This action would approve surplus property declaration for seven properties in the Roosevelt community of Seattle. Although there is not a current appraisal, the combined value of the seven parcels will exceed the \$5 million threshold, which will require full Board approval. The parcels have been examined by the Real Property Utilization Committee to ensure they are no longer needed for Sound Transit purposes. The Transit-Oriented Development (TOD) division will take the lead in the disposal of the properties as they are intended for TOD purposes.

It was moved by Boardmember Moss, seconded by Boardmember Balducci, and carried by unanimous vote that Resolution No. R2017-09 be forwarded to the Board with a do pass recommendation.

EXECUTIVE SESSION

None

OTHER BUSINESS

None

NEXT MEETING

Thursday, April 13, 2017
1:30 to 4:00 p.m.
Ruth Fisher Boardroom

ADJOURN

The meeting adjourned at 2:35 p.m.



Fred Butler
Capital Committee Chair

ATTEST:



Kathryn Flores
Board Administrator

APPROVED on April 13, 2017, JE