



MOTION NO. M2017-127

Amendment to Funding Agreement with the City of Tacoma for the Tacoma Link Extension

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Capital Committee	10/12/2017	Cancelled	Ahmad Fazel, DECM Executive Director
Board	10/26/2017	Final Action	Madeleine Greathouse, Project Director – Tacoma Link Extension Sue Comis, High Capacity Transit Development Manager

PROPOSED ACTION

Authorizes the chief executive officer to execute an amendment to the Funding Agreement with the City of Tacoma for the Tacoma Link Extension.

KEY FEATURES SUMMARY

- The Sound Transit 2 plan requires a funding contribution by a partner for the Tacoma Link Extension. This action amends the Tacoma Link Extension Funding Agreement specifying the City of Tacoma’s funding contribution.
- In March 2017, the Board approved Motion No. M2017-33, which estimated the City’s contribution to be \$43.3 million based on a project cost of \$175 million, estimated at the conclusion of preliminary engineering.
- This action revises the City’s contribution to a not to exceed amount of \$47,744,444, based on the baselined budget established with Resolution No. R2017-31. Sound Transit’s contribution is \$94,601,557, assuming receipt of a Small Starts Grant of \$74,999,999.

BACKGROUND

The Tacoma Link Extension is a 2.4-mile extension of Tacoma Link from the Theater District to the Hilltop neighborhood in Tacoma. The extension will travel primarily along Stadium Way, 1st Street, Division Avenue, and Martin Luther King Jr., Way (MLK) and includes a relocated Theater District station and six new stations at Stadium Way/South 4th Street, Stadium District, MLK/S 3rd Street, MLK/6th Avenue, MLK/S 11th Street, and MLK/S 18th Street. The Tacoma Link Operations and Maintenance Facility will be expanded to the east and five new vehicles will be purchased. The project began final design in 2016 and the revenue service date is May 2022.

In 2008, the Central Puget Sound region’s voters approved the Sound Transit 2 plan (ST2), which includes a funding contribution for the Tacoma Link Extension that is contingent on additional funding by another entity. The City of Tacoma is partnering with Sound Transit to provide funding. At the time the funding agreement was executed, the City’s estimated contribution of \$43.3 million was based on a 2015 preliminary engineering cost estimate of \$175 million.

Since the 60 percent baseline cost estimate is above \$185 million, the agreement requires the parties to discuss a potential decrease in the scope of the project or other options to lower the project cost or increase project funding. Both parties collaborated to identify value analysis opportunities which lowered the estimated cost, however, the baseline cost remains above \$185 million. The City and Sound Transit have negotiated a City share of \$47,744,444. When the project is completed, the City’s actual costs will be determined in a reconciliation of actual project costs. If the final project cost is below \$185 million, the City’s share will decrease.

Key provisions of the agreement include:

1. The document summarizes the Sound Transit and City of Tacoma projected grant funding from the Federal Transit Administration (FTA) and the Washington State Department of Transportation (WSDOT), which totals \$33 million, and includes TIGER, CMAQ, STP, Sections 5339 & 5307, and Regional Mobility grants. In addition, the project is expected to receive \$75 million in Small Starts grant funding.
2. The City contribution will include both in-kind and monetary contributions. In-kind credits consist of project work performed by the City including utility design, design review, construction, construction inspection, and real property interests.
3. The City is responsible for the cost of betterments, including design, permitting, construction, and maintenance.

This amendment changes two of the terms of the agreement and the Exhibit:

1. The section that determines the City contribution is amended to cap the City's share of the costs at \$47,744,444. This dollar amount reflects the previous estimated share of \$43.3 plus 4/9th of an additional \$10 million towards the project costs.
2. The section calculating the City's estimated monetary share and installment payments is amended to reflect the \$47,744,444 estimate.
3. The Project Description Exhibit is updated to reflect changes in the project scope, including scope decreases as a result of a Value Analysis conducted by Sound Transit in which the City of Tacoma participated.

The project completed environmental review in compliance with both the National Environmental Policy Act (NEPA) and State Environmental Policy Act (SEPA) with approval of a NEPA Documented Categorical Exclusion on June 25, 2015, by the Federal Transit Administration and a SEPA Determination of Nonsignificance (DNS), issued by Sound Transit on July 13, 2015. The Sound Transit Board selected the project route, stations, and operations and maintenance facility expansion site on November 19, 2015.

PROJECT STATUS

Project Identification	Alternatives Identification	Conceptual Engineering	Preliminary Engineering	Final Design	Construction
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Projected Completion Date for Final Design Phase: Q1 2018

Project scope, schedule, and budget summary located on page 65 of the July 2017 Link Light Rail Program Progress Report.

FISCAL INFORMATION

The Tacoma Link Extension baseline cost is \$217,346,000. The City of Tacoma share is capped at \$47,744,444. The remaining costs after the City of Tacoma's share is \$169,601,556. However, it is anticipated that there will be a Small Starts grant of \$74,999,999, reducing Sound Transit's cost to \$94,601,557 as represented below in the table.

Proposed Amendment to Funding Agreement with the City of Tacoma	
Adopted Baseline	\$ 217,346,000
Funding	
Small Starts Grant	74,999,999
City of Tacoma (as amended)	47,744,444
Sound Transit Commitment	\$ 94,601,557

During the review of the affordability of the Tacoma Link Extension at baseline the analysis assumed the City of Tacoma contribution at \$47.7 million. The project was found to be affordable under those assumptions.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Not applicable for this action.

PUBLIC INVOLVEMENT

Throughout the development of the Tacoma Link Extension, Sound Transit has conducted an extensive public involvement program including mailings, community open houses, and presentations and meetings with individuals and neighborhood groups. The Funding Agreement Amendment is scheduled to be adopted by the Tacoma Public Utilities Board and the Tacoma City Council in October.

TIME CONSTRAINTS

A one-month delay could impact the schedule for the Small Starts Grant application.

PRIOR BOARD/COMMITTEE ACTIONS

Resolution No. R2017-31: (1) Adopted the Tacoma Link Expansion baseline schedule and budget by increasing the authorized project allocation from \$34,622,000 to \$217,346,000 and established a project revenue service date of May 2022; (2) approved passage through Gate 5 within Sound Transit's Phase Gate process; and (3) approved Tacoma Link Extension as the project name. Motion No. M2017-33: Authorized the chief executive officer to execute a Funding Agreement with the City of Tacoma for the Tacoma Link Expansion.

ENVIRONMENTAL REVIEW

KH 10/5/17

LEGAL REVIEW

JW 10/20/17

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A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute an amendment to the Funding Agreement with the City of Tacoma for the Tacoma 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 an amendment to the Funding Agreement with the City of Tacoma for the Tacoma Link Extension.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 26, 2017.



Fred Butler
Board Chair Pro Tem

ATTEST:



Kathryn Flores
Board Administrator