

MOTION NO. M2017-162
Authorizing Submission of a Federal Full Funding Grant Agreement Application for the Lynnwood Link Extension

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Board	12/21/2017	Final Action	Ahmad Fazel, DECM Executive Director Rod Kempkes, Executive Project Director – Lynnwood Link Extension

PROPOSED ACTION

A motion of the Board authorizing the chief executive officer to submit a Full Funding Grant Agreement application to the Federal Transit Administration for the Lynnwood Link Extension project, including the project's proportionate share of the cost of the Operations and Maintenance Facility – East project and the Light Rail Vehicle Fleet Expansion project.

KEY FEATURES SUMMARY

- Authorizes the chief executive officer to submit a Full Funding Grant Agreement (FFGA) application to the Federal Transit Administration (FTA) for a fixed grant amount of \$1,172 million for the Lynnwood Link Extension including the project's proportionate share of the cost of the Operations and Maintenance Facility – East project and the Light Rail Vehicle Fleet Expansion project.
- Submittal of the FFGA application is planned within a month of this action and execution of the FFGA is anticipated in 3rd quarter 2018.
- In order to meet the schedule for the execution of the FFGA, Sound Transit plans to submit the FFGA application with a capital cost estimate of \$2,934 million in Year of Expenditure (YOE) dollars. Including financing costs, the total cost estimate to be included in the FFGA application is \$3,069 million (YOE\$). Sound Transit will continue value engineering efforts to reduce project costs.
- After the FFGA application is submitted, FTA will complete its readiness review of the project, and FTA and Sound Transit will negotiate the total project cost to be included in the executed FFGA based on FTA's and Sound Transit's risk assessments.

BACKGROUND

The Lynnwood Link Extension has been progressing through a process that is defined in federal transportation law in order to be eligible for and receive discretionary New Starts funding through the Capital Investment Grant (CIG) program from the FTA. Over the years, Sound Transit has had two projects funded with FFGA's: the Initial Segment and University Link. The highly competitive New Starts grant program is unlike most others in government, wherein projects seeking New Starts funding must complete a series of steps, over several years, to be eligible for funding.

On April 23, 2015, the Sound Transit Board adopted Resolution No. R2015-05, which selected the route, profile, and stations for the Lynnwood Link Extension project to be advanced to final design and property acquisition. The Lynnwood Link Extension is a 8.5 mile extension to the Link light rail system connecting Northgate in Seattle with Lynnwood Transit Center in Lynnwood. Preliminary engineering for Lynnwood Link was completed in summer 2015. In July 2015, FTA issued its Record of Decision (ROD) for Lynnwood Link, and in August 2015, the Federal Highway Administration (FHWA) issued a separate ROD to address elements of the project affecting interstate right-of-way. Final design for Lynnwood Link began after approval for entry to the Engineering phase of the FFGA process was received from the FTA on February 8, 2016.

Final design activities for Lynnwood Link reached the 60 percent level of design completion in spring 2017 and cost estimates based on the 60 percent design plans were received in summer 2017. On August 24, 2017, the Board was briefed on the status of the project, including the results of the 60 percent design and associated cost estimates. The project capital cost was estimated at that time to be \$2,934 million in YOE dollars, higher than previously reported. The Board was also briefed on activities that were underway to reduce the overall project costs through value engineering. The Board was also briefed that in order to implement a significant reduction in project costs, the project completion date would need to be extended to mid-2024. Finally, the Board was briefed that due to project refinements, including some of the cost-saving measures, Sound Transit will be providing FTA with updated environmental information for its concurrent review with the FFGA application. In September 2017, Sound Transit submitted required project information to FTA for the annual FTA New Starts rating, which included the project capital cost estimate of \$2,934 million (YOE\$), or \$3,069 million including financing costs.

In late November 2017, Sound Transit and the FTA conducted a joint risk assessment workshop. The workshop is being followed by independent risk modeling and analysis that will result in risk assessment reports being issued by both Sound Transit and FTA's Project Management Oversight Consultant (PMOC). Following Sound Transit's review of the FTA/PMOC's risk assessment report, FTA and Sound Transit will negotiate the total project cost to be included in the final FFGA documents.

The Lynnwood Link Extension has successfully progressed through several steps in the multi-year FFGA process including:

- FTA approval for entry into Project Development
- FTA approval for entry into Engineering
- FTA New Starts rating of "Medium-High" (the second highest rating) in the Annual FTA New Starts Report
- FTA's risk assessment of the project
- Congressional appropriation of \$100 million in Federal Fiscal Year 2017 funding towards the Lynnwood Link FFGA

With the completion of these steps, Sound Transit is now prepared to formally submit the Lynnwood Link FFGA application package to the FTA. To maintain its competitiveness for execution of the Lynnwood Link FFGA in FY 2018, Sound Transit plans to submit the FFGA application with the same cost estimate that was submitted for the annual FTA New Starts rating.

Once the FTA has completed its readiness review of the project and negotiated and prepared the FFGA with Sound Transit, the package of information must be reviewed and approved by FTA executive leadership, USDOT leadership, and others within the Executive Branch. After their concurrences are received, federal law requires that the FFGA be sent to Congress for a 30 day notification period, then FTA and Sound Transit may sign the FFGA.

As reported to the Board in August, Sound Transit staff and project partners are identifying cost saving concepts through a comprehensive value engineering effort. Through this value engineering effort, Sound Transit will continue work to reduce costs. However, in order to allow FTA enough time to review the FFGA application materials and meet the schedule for the execution of the FFGA in FY 2018, the formal application must be submitted in early 2018, before the Lynnwood Link cost savings can be implemented into the final design.

Federal funding is one of the highest risks to the Lynnwood Link project. The FTA approved Lynnwood Link for entry into the CIG Engineering phase in February 2016, and with that approval, established a \$1,172 million federal commitment. Although the new Administration's stated budget policy is to no longer fund new multi-year FFGAs, the FTA is continuing to process materials and conduct reviews required of project sponsors as outlined in federal law and regulation. We are proceeding based on an agreement with the FTA on a schedule for submission of all required documents and reviews, toward potentially executing the FFGA by July 2018.

PROJECT STATUS

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Project Identification	Alternatives Identification	Conceptual Engineering	Preliminary Engineering	Final Design	Construction

Projected Completion Date: Mid 2024
 Project scope, schedule, and budget summary located on page 29 of the August 2017 Agency Progress Report.

PROCUREMENT INFORMATION

Not applicable for this action.

FISCAL INFORMATION

There is no direct fiscal impact associated with this proposed action. The agency's long-term financial plan assumes \$7.7 billion of federal funding to fund the ST2/ST3 capital program from 2017-2041, including an assumed \$1,172 million for a FFGA for the Lynnwood Link Extension. The Agency's October 2017 financial plan, as submitted for review to the Board, does establish the affordability of the \$2,934 million Lynnwood Link Extension, consistent with agency financial policies.

SMALL BUSINESS/DBE PARTICIPATION, APPRENTICESHIP UTILIZATION, AND TITLE VI COMPLIANCE

Not applicable for this action.

PUBLIC INVOLVEMENT

Not applicable for this action.

TIME CONSTRAINTS

A one month delay in submitting the FFGA application would impact the FFGA application approval timeline for Lynnwood Link and could potentially affect Sound Transit's ability to secure FFGA approval for Lynnwood Link within FY 2018.

PRIOR BOARD/COMMITTEE ACTIONS

Not applicable for this action.

ENVIRONMENTAL REVIEW

KH 12/19/17

LEGAL REVIEW

AJP 12/19/17

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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 submit a Full Funding Grant Agreement application to the Federal Transit Administration for the Lynnwood Link Extension project, including the project's proportionate share of the cost of the Operations and Maintenance Facility – East project and the Light Rail Vehicle Fleet Expansion project.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 21, 2017.



Dave Somers
Board Chair

ATTEST:



Kathryn Flores
Board Administrator