

MOTION NO. M2017-33

Funding Agreement with the City of Tacoma for the Tacoma Link Expansion

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Capital Committee	03/09/2017	Recommend to Board	Ahmad Fazel, DECM Executive Director
Board	03/23/2017	Final Action	Madeleine Greathouse, Project Director – Tacoma Link Sue Comis, Sr. Project Manager

PROPOSED ACTION

Authorizes the chief executive officer to execute a Funding Agreement with the City of Tacoma for the Tacoma Link Expansion.

KEY FEATURES SUMMARY

- The Sound Transit 2 plan requires a funding contribution by a partner for the Tacoma Link Expansion project. This agreement provides for the City of Tacoma's funding contribution.
- The City's estimated contribution of \$43.3 million is based on a project cost of \$175 million, estimated at the conclusion of preliminary engineering.
- Toward the City of Tacoma's funding contribution, Sound Transit and the City of Tacoma have secured grant funding from FTA and WSDOT, which totals \$33 million. The remainder of the contribution will be monetary and in-kind work.
- The sources of the City's funding contributions are to be finalized and the estimated total contribution will be revised prior to project baseline in Q3 2017.

BACKGROUND

The Tacoma Link Expansion project is a 2.4-mile extension of Tacoma Link from the Theater District to the Hilltop District. 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/Division Avenue, MLK/6th Avenue, MLK/11th Street, and MLK/19th 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 will be determined at project baseline in the third quarter of 2017.

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 Expansion project that is contingent on additional funding by another entity. The City of Tacoma will provide the additional funding necessary for the Tacoma Link Expansion project.

This agreement would document the terms and conditions of the City of Tacoma's funding contribution to the project:

1. The City's estimated contribution of \$43.3 million is based on a Preliminary Engineering cost estimate of \$175 million. If the final project cost increases, the City will pay 4/9ths of the increase. If the final project cost is below \$175 million, the City's share will decrease. When the project is completed, the City's actual costs will be determined in a reconciliation of actual project costs.

2. The document summarizes the Sound Transit and City of Tacoma projected grant funding from FTA and 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.
3. 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.
4. The City is responsible for the cost of betterments, including design, permitting, construction, and maintenance.
5. The sources of the City's in-kind and grant funding contributions are to be finalized prior to Sound Transit baselining the project in third quarter 2017. The estimated total contribution will be based on the 60 percent cost estimate at baselining and will be memorialized at that time in a counter-signed letter between the CEO of Sound Transit and the Tacoma City Manager.

The Proposed Agreement is contingent on the following conditions:

- a. The estimated amount of the Small Starts Grant from the FTA is \$75 million (YOE);
- b. The estimated total of other grants is an amount of \$33,060,943, which will be credited against the City's estimated share;
- c. The project Baseline Cost Estimate does not exceed \$185million (YOE).

At project baseline, if any of the above-stated conditions are not met, the parties will discuss a potential decrease in the scope of the project or other options to lower the project cost or increase project funding.

When construction is complete and after final acceptance of the project, Sound Transit will reconcile the actual costs, including the cost of in-kind contributions, City annual monetary payments, and the City grant contributions, and determine if the City is entitled to a refund or is required to pay an additional amount to reach the City's share of total costs for the project.

The City Services Agreement with the City of Tacoma that the Sound Transit Board approved in February 2017 (Motion No. M2017-08) governs the services to be provided by the City for the Tacoma Link Expansion project.

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

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Project Identification	Alternatives Identification	Conceptual Engineering	Preliminary Engineering	Final Design	Construction

Projected Completion Date for Final Design Phase: Q4 2017

Project scope, schedule, and budget summary located on page 63 of the December 2016 Agency Progress Report.

FISCAL INFORMATION

The parties have agreed that the City's estimated share is contingent on the project Baseline Cost Estimate. The current cost estimate for the Tacoma Link Expansion project of approximately \$175 million (YOE) is based on the preliminarily engineering estimate.

in millions (YOE)

Total Project Cost Estimate	\$ 175.0
ST Contribution	\$ 56.7
City share	\$ 43.3
Small Starts Grant	\$ 75.0

The Tacoma Link Expansion project is affordable within the agency's long term financial plan and is fully compliant with subarea equity and agency financial policies. The project funding is a partnership between Sound Transit and the City of Tacoma, as well as a \$75 million federal Small Starts grant. Small Starts grant funding for the Tacoma Link Expansion project was appropriated in 2016 and later this year, Sound Transit expects to execute the grant agreement with the FTA. The execution of the Small Starts grant agreement allows Sound Transit to access the grant funding and have project costs be reimbursed by the grant. The proposed funding agreement memorializes the City of Tacoma participation. Final affordability will be established when the project baselines.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Not applicable for this action.

PUBLIC INVOLVEMENT

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

TIME CONSTRAINTS

A one-month delay would not create a significant impact to the project schedule.

ENVIRONMENTAL REVIEW

JI 2/17/2017

LEGAL REVIEW

JW 3/1/2017

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

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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 a Funding Agreement with the City of Tacoma for the Tacoma Link Expansion.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on March 23, 2017.


Dave Somers
Board Chair

ATTEST:


Kathryn Flores
Board Administrator