

May 18, 2015

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT:

Ordinance No. 6227 amending: (1) the 2015-2021 and 2015-2016 General Capital Investment Program (CIP) to increase the appropriation and modify the project budgets, and (2) the 2015-2021 and 2015-2016 Utility Capital Investment Program (CIP) Plans to increase the appropriations and modify the project budgets, to implement Resolution No. 8903 adopted by Council on April 20, 2015 approving the Amended and Restated MOU, Second Amendment to Transit Way Agreement, and Three Party Agreement.

FISCAL IMPACT

Resolution No. 8903 approving the Amended and Restated Memorandum of Understanding (MOU) finalizes the terms for the City's financial contribution to the East Link project among other provisions. **Council's action on this Ordinance will acknowledge minor budget adjustments and complete the required technical budget adjustments/amendments described below that are necessary to implement Resolution No. 8903.**

Up-front Contribution

Included in the 2015-2021 Capital Investment Program (CIP) and the 2015-2016 Budget. No amendment is required.

The City will make the up-front contribution first identified in the 2011 MOU. The vast majority of this contribution is made up of the contribution of real property, much of which the City already owns. One parcel remains to be acquired, and that acquisition is fully funded in the current Capital Improvement Program (CIP) budget and is underway. In addition, the City's up-front contribution requires expenditures for the pavement overlay of 112th Avenue SE after completion of Sound Transit construction in that area, which is budgeted in the Pavement Overlay Program (PW-M-1). These provisions are currently included in the 2015-2021 CIP.

Partially included in the 2015-2021 Utilities CIP; amendment of the budget is required:

The Amended and Restated MOU includes a City payment of a share of the cost of relocating certain public utilities in the amount of \$8.854 million. The original MOU estimated this expense to be \$7.7 million in 2010 dollars and is included in the 2015-2016 Utilities Budget. The MOU provides for escalation of the payment to the year of expenditure, now estimated as late 2015. The attached budget amendment includes modifying the Utilities Budget to increase East Link Utility Relocation projects (CIP Plan Nos. W-107, S-70 and D-108) by \$1.154 million to a total of \$8.854 million to reflect this escalation. This increase in expenditure authority will be offset by a reduction in renewal and replacement funds (CIP Plan Nos. W-96, S-96 and D-96).

The Amended and Restated MOU also includes provisions regarding the W-16 Small Diameter Water Main Replacement project. This program budget will increase by \$180,000 due to work the City will perform on the 112th Street Water Line. Sound Transit shall pay the City \$180,000 by July 6, 2015 for this work in accordance with the terms of the Amended and Restated MOU. The amending budget ordinance increases the overall budget authority for the Utilities CIP by \$180,000.

The approval of this Ordinance will also move \$240,000 in available project savings from CIP Project No. D-103 Replace Coal Creek Parkway Culvert at Coal Creek to CIP Project No. D-81 Fish Passage Improvements to fund completion of the Alcove Creek project by Sound Transit,

consistent with the East Link MOU. This change has no net impact to the approved Utilities 2015-2016 CIP budget.

The approval of this Ordinance will also increase the East Link Utility Relocation Projects (W-107) by \$394,000, (S-70) by \$289,000, (D-108) by \$471,000 and decrease the Water Renewal and Replacement Project (W-96) by \$394,000, decrease the Sewer Renewal and Replacement Project (S-96) by \$289,000, and decrease the Stormwater Renewal and Replacement Project (D-96) by \$471,000.

The table below describes timing and budget adjustments for 2015-2021 Utilities CIP projects.

EXPENDITURES (000's)		ADOPTED 2015-2021 CIP		AMENDED 2015-2021 CIP		
CIP Plan #	Project Title	2015-2021	Total Project	2015-2021	Total Project	2015-2021
		Project Cost	Cost through 2021	Project Cost	Cost through 2021	
W-16	Small Diameter Water Main Replacement	60,769	109,938	60,949	110,118	180
W-107	East Link Utility Relocations	2,630	2,630	3,024	3,024	394
S-70	East Link Utility Relocations	1,925	1,925	2,214	2,214	289
D-108	East Link Utility Relocations	3,145	3,145	3,616	3,616	471
W-96	Water Renewal and Replacement	67,887	67,887	67,493	67,493	(394)
S-96	Sewer Renewal and Replacement	119,208	119,208	118,919	118,919	(289)
D-96	Stormwater Renewal and Replacement	98,784	98,784	98,313	98,313	(471)
Total						\$ 180

Project Coordination

Partially included in the 2015-2021 General CIP; amendment of the budget is required:

The City and Sound Transit agree in the Amended MOU to share in the costs of certain projects. The City's share of these projects is already budgeted in the current CIP, albeit in different years than required by the Amended MOU. The attached budget amendment implements the following:

- Recognizes Sound Transit's cost sharing, adjusted timing, and full construction of PW-R-166 124th Avenue NE – NE Spring Boulevard to NE 18th Street, and PW-R-168 120th Avenue NE (Stage 3) - NE 12th to NE 16th Street. Total cost impact for the 2015-2021 CIP for both projects is \$18,968,782, which is funded by Sound Transit and shall be paid in accordance with terms set forth in the Funding, Right-of-Way Acquisition and Construction Administration Agreement authorized by the Amended and Restated MOU.
- Adjusts the timing of PW-R-172 NE Spring Boulevard (Zone 1) - 116th to 120th Avenues NE.
- Creates and adds the cost for three new projects, funded by Sound Transit:
 - P-AD-96 Mercer Slough Boardwalk and Blueberry Farm - \$2,340,000. This will design and construct the relocated Blueberry Farm retail structure near the Winters House and design and construct a boardwalk from the new Winters House/Blueberry Farm to Mercer Slough. The 2015-2021 CIP (P-R-159 - East Link Analysis and Development), included \$300,000 for this project. The amending Ordinance transfers \$300,000 of existing budget authority to the new project. Sound Transit shall pay the City a total of \$2,340,000 for this work in accordance with the terms of the Amended and Restated MOU.
 - PW-R-187 Traffic Signal Controllers and Temporary Bus Stop - \$455,000. This allows the City to procure and program new traffic signal controllers through the SCATS traffic control system, and constructs a temporary bus stop at 112th Avenue SE (adjacent to the existing entrance to the park and ride) to be in place for the duration of construction of the south Bellevue station. Sound Transit shall pay the City a total of \$455,000 for this equipment and work in accordance with the terms of the Amended and Restated MOU.
 - PW-R-188 Franchise Utility Relocation - \$570,000. Sound Transit will reimburse

the City for utility relocation charges incurred by the City for this work.

- Increases P-AD-95 Surrey Downs Park Development by \$412,000 for design and construction of the entrance roadway, parking area and landscaping to connect with Sound Transit frontage modifications, which are fully funded by Sound Transit. Sound Transit shall pay the City a total of \$412,000 by July 6, 2015 for this work in accordance with the terms of the Amended and Restated MOU

Other Impacts:

Partially included in the 2015-2021 General CIP; amendment of the budget is required:

Sound Transit will be paying the City \$25 million by October 2015 (\$16.4 million will be allocated to Development Services for permitting and inspection services related to the East Link project and \$8.6 million will be used for General CIP purposes), as well as transferring its interest in the 130th Park-and-Ride station property in order to compensate the City for property impacts to City Hall, the Metro site, and Lincoln Center. The current CIP assumed a full cash payment by Sound Transit, rather than a combination of cash and property, in the amount of \$14.5 million. As a result, the current CIP is proposed to be amended by this Ordinance to realize \$8.6 million in revenue, rather than \$14.5 million.

The amended CIP now recognizes \$4 million in construction sales tax from East Link construction activity in the City, eliminates the G-97 Council Contingency 2015 expenditure of \$7,523,250, and increases the Council Contingency by \$4 million over years 2017-2020, which will allow the amended CIP to remain in balance. The proposed Ordinance amends the 2015-2021 CIP to reflect these changes. Attachment A includes the impact of these items.

The table below describes timing and budget adjustments for 2015-2021 General CIP projects for both Project Coordination and Other Impacts:

EXPENDITURES (000's)		ADOPTED 2015-2021 CIP		AMENDED 2015-2021 CIP		
CIP Plan #	Project Title	2015-2021 Project Cost	Total Project Cost through 2021	2015-2021 Project Cost	Total Project Cost through 2021	2015-2021 Difference
G-97	Council Contingency	7,523	7,523	4,000	4,000	(3,523)
PW-R-172	NE Spring Blvd (Zone 1) - 116th to 120th Avenues NE	30,005	31,605	30,005	31,605	-
PW-R-159	East Link Analysis and Development	5,107	14,015	4,807	13,715	(300)
PW-R-168	120th Ave NE (Stage 3) NE 12th St to NE 16th St	9,850	14,538	19,483	24,170	9,633
PW-R-166	124th Ave NE - NE Spring Boulevard to NE 18th St	7,179	10,601	16,515	19,937	9,336
P-AD-95	Surrey Downs Park Development (Levy)	6,940	6,940	7,352	7,352	412
P-AD-96	Mercer Slough Boardwalk and Blueberry Farm	-	-	2,340	2,340	2,340
PW-R-187	Traffic Signal Controllers and Temporary Bus Stop	-	-	455	455	455
PW-R-188	Franchise Utility Relocation	-	-	570	570	570
Subtotal						\$ 18,923
2021 Adjusted Ending Fund Balance				1,595	1,595	1,595
Total						\$ 20,518

Other Financial Terms.

Permitting impacts already included in the 2015-2021 Adopted Budget; no amendment needed at this time:

The Amended and Restated MOU sets the amount that Sound Transit will pay in permit review fees at \$16.4 million. This amount reflects the City's standard hourly rates and charges for the types of permits and inspections that are described in the MOU. The Adopted 2015-2016 Budget anticipated staffing increases and other permitting needs associated with Sound Transit. Additional budget adjustments will be included in the 2017-2018 Budget deliberations. Staff anticipates that the work will be managed within the existing adopted budget. No further amendment to Development Services budget is needed at this time.

Future budget amendments that will be included in the Mid-Biennium Update:

In addition, the MOU anticipates the City undertaking some additional community outreach and marketing efforts during Sound Transit construction beyond Sound Transit's typical outreach. Finally, the City may need to perform design work on the 120th realignment envisioned by the Three Party Agreement with Sound Transit and King County. Options for funding these additional efforts out of the current CIP will be brought forward for Council consideration at the Mid-Biennium Update.

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POLICY CONSIDERATION:

State Law:

RCW 35A.34.120 requires that the City Council adopt a budget for each of its operating funds and, under RCW 35A.33.150, requires that each special purpose fund established by the City have appropriation authority established by the City Council.

Resolution No. 8903:

Council action on this Resolution approved the Amended and Restated MOU, Second Amendment to Transit Way Agreement, and Three Party Agreement, necessitating an amendment to the adopted budget.

BACKGROUND:

In November 2011, Council signed an umbrella Memorandum of Understanding with Sound Transit detailing City financial contributions toward the costs of a Downtown light rail tunnel and design modifications to minimize impacts of the rail line on neighborhoods. The City and Sound Transit entered into a "collaborative design process" intended to reduce costs, comply with codes and regulations, and finish the project on time.

The East Link light rail project is proceeding through to final design, the process that advances design work from approximately 30% to 100% completion. The November 2011 MOU contemplated that the City and Sound Transit would confirm the MOU Baseline and make any adjustments to the City financial contingency in writing at the time of Sound Transit Project Baselineing.

On April 20, Council adopted Resolution No. 8903, which resulted in:

- amending and restating the Umbrella Memorandum of Understanding (MOU), finalizing the terms of the City's financial contribution to the East Link project;
- outlining design requirements should Sound Transit select the Bel-Red area to site the Operations and Maintenance Satellite Facility (OMSF);
- defining terms for efficiencies in coordination of City projects to be constructed by Sound Transit, Sound Transit projects to be constructed by the City, and joint projects with shared responsibilities;
- establishing terms for project certainty through mitigation and project permitting; and
- outlining details related to property transfers from the City to Sound Transit and from Sound Transit to the City.

On April 23, 2015 the Sound Transit Board adopted Resolution R2015-04 that adopted the East Link Extension baseline schedule and budget and Motion M2015-33 authorizing the chief executive officer to (1) execute amendments to the Umbrella Memorandum of Understanding and Transit Way Agreement with the City of Bellevue to address permitting, project coordination, a potential Bellevue OMSF, financial terms, and maintenance of the East Link project; and (2) execute a new Three Party Agreement with the City of Bellevue and King County to collaboratively plan and determine the feasibility of a potential city project to re-align 120th Avenue NE.

The attached Ordinance implements the technical budget amendments necessary to implement Resolution No. 8903.

Relevant Past Council Actions:

Resolution No. 8903

EFFECTIVE DATE:

If adopted by Council, this Ordinance becomes effective on May 26, 2015.

OPTIONS:

1. Adopt the Ordinance amending (1) the 2015-2021 and 2015-2016 General Capital Investment Program (CIP) to increase the appropriation and modify the project budgets, and (2) the 2015-2021 and 2015-2016 Utility Capital Investment Program (CIP) Plans to increase the appropriation and modify the project budgets, to implement Resolution No. 8903 adopted by Council on April 20, 2015 approving the Amended and Restated MOU, Second Amendment to Transit Way Agreement, and Three Party Agreement.
2. Do not adopt the Ordinance and provide alternative direction to staff.

RECOMMENDATION:

Option 1.

MOTION:

Move to adopt Ordinance No. 6227 amending: (1) the 2015-2021 and 2015-2016 General Capital Investment Program (CIP) to increase the appropriation and modify the project budgets, and (2) the 2015-2021 and 2015-2016 Utility Capital Investment Program (CIP) Plans to increase the appropriation and modify the project budgets, to implement Resolution No. 8903 adopted by Council on April 20, 2015 approving the Amended and Restated MOU, Second Amendment to Transit Way Agreement, and Three Party Agreement.

ATTACHMENTS:

Proposed Ordinance No. 6227

Attachment A: Adopted CIP adjusted for the Sound Transit Amended and Restated MOU

The entire, signed MOU is available online at

[http://www.bellevuewa.gov/Agendas/Amended and Restated MOU\(1\).pdf](http://www.bellevuewa.gov/Agendas/Amended_and_Restated_MOU(1).pdf)