

July 18, 2016

## **CITY COUNCIL STUDY SESSION ITEM**

### **SUBJECT**

East Link Operations and Maintenance Satellite Facility (OMSF) Implementation Agreement between City of Bellevue and Sound Transit.

### **STAFF CONTACT**

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### **POLICY CONSIDERATION**

*The general policy guidance below informs the City's work on this final design phase of the East Link Project.*

#### **Comprehensive Plan Policies**

The Comprehensive Plan contains a body of adopted policy, which emerged from the Light Rail Best Practices work, to frame the City's role in light rail project development, including advancing the City's land use and transportation objectives and minimizing neighborhood and environmental impacts.

#### **MOU with Sound Transit**

The City and Sound Transit entered into an Amended and Restated Umbrella Memorandum of Understanding (MOU) in May 2015 that defines City contributions to a downtown light rail tunnel and includes terms for both agencies regarding the Operation and Maintenance Satellite Facility (OMSF); project coordination; 130<sup>th</sup> Avenue NE parcels; permitting, project certainty and mitigation; and, conveyance of property between the agencies.

#### **Light Rail Overlay District**

In addition to collaborating with Sound Transit within the framework of the 2015 MOU, the City is the permitting agency for East Link within Bellevue. The Council-adopted Land Use Code (LUC) Part 20.25M defines development standards and design guidelines that shape staff's feedback on design issues. The LUC provisions also establish the permitting process for East Link utilizing the Light Rail Permitting Citizens' Advisory Committee (CAC).

## **DIRECTION NEEDED FROM COUNCIL**

<u>      </u>	Action
<u>  X  </u>	Discussion
<u>  X  </u>	Information

City staff will be seeking Council input on the terms of the Implementation Agreement with Sound Transit related to the OMSF.

## **IMPLEMENTATION AGREEMENT**

### **Background**

The 2015 MOU outlined a process and commitments with respect to the OMSF in the event the Sound Transit Board ultimately selected a site in Bellevue for this facility. On October 22, 2015, the Sound Transit Board formally selected the BNSF alternative location for the OMSF. Following selection of the Bellevue site and in accordance with the 2015 MOU, the City and Sound Transit commissioned a market analysis to consider future transit oriented development on property expected to become surplus to Sound Transit to the extent it is no longer needed to support the construction and operation of the OMSF.

Based on the outcome of the market analysis and concurrent with OMSF project baselining, the City and Sound Transit agreed to would work cooperatively and expeditiously to negotiate the form of a development agreement for this surplus property. The results of the market analysis were discussed with Council on June 13, 2015. However, the timing of the development agreement under the 2015 MOU was based on the OMSF procurement following a design-bid-build process, meaning project baselining would occur when final design was completed prior to advertisement for bids. Sound Transit determined they would utilize a design-build procurement process for the OMSF, which they felt could reduce the overall design and construction timeline which would aide in the OMSF being operational sooner. A design-build procurement process could also provide a more creative approach to the overall project and integration of the OMSF and the transit-oriented development (TOD) with potentially 3-4 designers competing for the project.

A design-build procurement sets project baselining much earlier in the project process. Sound Transit uses a “Phase Gate” approach to management of their projects. With each Phase Gate representing a different phase of the project: Phase 1 being project development and Phase 8 being project closeout. As the project proceeds through each phase gate, certain project, environmental, federal or agency requirements must be met. Sound Transit needs to baseline the project prior to securing a design-build contractor, and is currently targeting a Board motion to baseline the OMSF on July 28, 2016.

Sound Transit staff provided an update regarding the OMSF project and schedule, the Draft Future Development Analysis, and Draft Market Study at the June 13, 2016 Council meeting. At the June 13, 2016 Council meeting City staff also outlined potential next steps to meet the intent of the 2015 MOU given changes to the OMSF procurement process.

### **Implementation Agreement**

Staff from both agencies have been in discussions preparing a Draft Implementation Agreement. See Attachment A. City staff will present an overview of this agreement to Council at the July 18, 2015 meeting. The Implementation Agreement establishes a process of moving forward with the OMSF, given that a Development Agreement as contemplated in the MOU cannot be completed at this time. Key elements of the agreement include:

- Future Development Vision Outcome
  - Suitable development on the Phase 1 parcels is to be a mix of uses consistent with the BelRed vision and should support an aggregate amount of 1.2 million gross square feet
  - Phase 1 parcels shall be prepared with infrastructure and site preparation work to a level estimated to competitively position and price them in the marketplace
- Design-Build Process
  - Provisions of the RFP to ensure both parties common interest in optimizing potential TOD are clearly weighed and evaluated
  - Permitting approach for a Master Development Plan (MDP) under City's Land Use Code that includes the entire site, including both OMSF and future potential Phase 1 Parcels
  - Provisions in the RFP directing proposers to identify and recommend additional design elements necessary to create marketable lots
  - City involvement in the RFP process for the OMSF as a voting member in the selection of the design-build contractor
- Project Baselineing
  - Sound Transit will baseline the OMSF project at the July 28, 2016 Board meeting, referenced as 'Baseline A'.
  - Sound Transit has agreed to reopen baselineing for the OMSF prior to issuance of the MDP to reflect, among other things, the scope and cost of preparing the Phase 1 parcels and implementing any additional design elements identified to competitively position the parcels, referenced as 'Baseline B'.
- TOD Offering
  - City's approval of MDP initiates the TOD RFP process by Sound Transit
  - Consensus on scope and evaluation process of a separate RFP for the TOD offering
  - Potential to seek proposals from a master developer who could be granted exclusive rights to all Phase 1 Parcels
  - Explore joint development opportunities to facility, which may include FTA, public and private developers and non-profit housing providers
  - City involvement in RFP process for TOD offering

Staff will be seeking input from Council on the terms of the agreement and will return with a final agreement for review and adoption at the July 25, 2016 Council meeting.

## **ATTACHMENTS**

Draft Implementation Agreement