

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 4f  
**Date of Meeting** April 12, 2016

**DATE:** April 4, 2016  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Michael Ehl, Director, Airport Operations  
Wayne Grotheer, Director, Aviation Project Management Group  
**SUBJECT:** State Route (SR) 518 Interchange Restoration

**Amount of This Request:** \$1,820,000      **Source of Funds:** Revenue Bonds  
**Est. Total Project Cost:** \$2,600,000

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to advertise and execute a major works construction contract to construct the SR-518 Interchange Restoration project. This authorization is for a total of \$1,820,000.

**SYNOPSIS**

This SR-518 Interchange Restoration project will restore the interchange at SR-518 and Des Moines Memorial Drive (DMMD) to its preexisting condition, which is a Port commitment to the Washington State Department of Transportation (WSDOT). The Port previously modified the interchange for use as a haul route for the Third Runway project. The Port requested and WSDOT agreed to extend the use of the interchange for other major airfield projects. Restoration of the SR-518 interchange satisfies the Port's commitment to WSDOT. As the interchange is owned by WSDOT, the cost of this project will be accounted for as public expense.

**BACKGROUND**

In preparation for the Third Runway project, the Port entered into an agreement with WSDOT to allow the Port to construct a temporary construction only access ramp for use as a haul route at SR-518 and DMMD. The original agreement, GCA 1998, was signed in February 2000. The Port completed the Third Runway project in 2008. The Port then requested to utilize the haul route to reconstruct Runway 16L/34R. WSDOT agreed and the Port entered into Supplement 1 of GCA 1998 in April 2009. That project was completed in fall of 2009. The Port then requested to utilize the haul route to complete the Cargo hardstand projects and Runway 16C/34C Reconstruction project and WSDOT agreed. The Port entered into Supplement 2 of GCA 1998 in March 2014. In December 2015, the Runway 16C/34C reconstruction project was completed so the haul route is no longer needed. There are no projects in the foreseeable future

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that will require the use of the haul route. Accordingly, the Port is now ready to restore the interchange and fulfill the terms of the agreement with WSDOT.

Port staff evaluated entering into a reimbursable agreement with WSDOT to advertise, execute and perform construction administration services. After protracted discussions with WSDOT between August 2015 and February 2016, it was determined recently that this approach would delay the project to 2017 and was therefore no longer viable due to the impact associated with the delay.

The City of Burien is planning to construct the SR-518 East Bound Off-Ramp at DMMD in close proximity to the Port's project. Early in the planning stages, the Port and City of Burien discussed combining both the Port's restoration and the City of Burien's project into one construction project. Due to the uncertainty of funding for Burien's project this was deemed unfeasible. Coordination between the City of Burien, WSDOT and the Port is on-going. The Port's project is scheduled to be completed in 2016 and the City of Burien's project is scheduled to begin in 2017. The staggered construction schedule has been agreed upon with the City of Burien to alleviate construction coordination issues between these projects. Deferring the Port's project to 2017 would delay the City of Burien's project to construct a new SR-518 off-ramp, the City's project relies upon the Port's project to restore the alignment for the SR-518 on-ramp before the City's project can be completed and the interchange opened.

One of the Century Agenda goals is to use the Port's influence as an institution to promote small business growth and workforce development. Port staff will coordinate with the Office of Social Responsibility to identify potential opportunities within the scope of work for small business utilization.

### **PROJECT JUSTIFICATION AND DETAILS**

The Port is obligated to restore SR-518 interchange to its preexisting condition per the Port's agreement with WSDOT. This project will fulfill our commitment to WSDOT and satisfy the terms of the agreement.

#### ***Project Objectives***

Project objectives are as follows:

- Restore SR-518 interchange to its preexisting condition
- Fulfill the terms of the agreement with WSDOT

#### ***Scope of Work***

The SR-518 interchange restoration includes the following scope of work items:

1. Removal of asphalt pavement, signage, curbs, traffic signal and traffic barriers
2. Installation of temporary erosion and sediment control, paving, striping, drainage, fencing, illumination, signing, seeding, curbing and sidewalks

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### ***Schedule***

Commission Authorization	1 <sup>st</sup> Quarter	2016
Execute Construction Contract	3 <sup>rd</sup> Quarter	2016
Construction Completion	4 <sup>th</sup> Quarter	2016

## **FINANCIAL IMPLICATIONS**

<b><i>Budget/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total Project</b>
Budget		\$2,600,000	\$2,600,000
Previous Authorizations		\$780,000	\$780,000
Current request for authorization		\$1,820,000	\$1,820,000
Total Authorizations, including this request		\$2,600,000	\$2,600,000

### ***SR-518 Project Cost Breakdown***

		<b>This Request</b>	<b>Total Project</b>
Construction	\$0	\$1,690,000	\$1,690,000
Design	\$0	\$0	\$780,000
State & Local Taxes (estimated)	\$0	\$130,000	\$130,000
Total	\$0	\$1,820,000	\$2,600,000

### ***Budget Status and Source of Funds***

The SR-518 Interchange Restoration budget was included in the 2016 Plan of Finance. The project will be accounted for as public expense and will be funded by existing revenue bonds. As the project was required mitigation for an airfield asset, the debt service costs will be recovered in the airfield movement area rate base. The design authorization was included as an expense element of the Runway 16C/34C Reconstruction project.

### ***Financial Analysis and Summary***

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Renewal & Replacement
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$2,600,000
<b>Business Unit (BU)</b>	Airfield
<b>Effect on business performance</b>	N/A
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	\$.01 in 2017

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### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

The status quo is not a viable alternative because the Port would not fulfil the terms of the agreement with WSDOT. Therefore, it is not listed as an alternative.

**Alternative 1** – Delay the project until 2017 for WSDOT to advertise, execute a construction contract and perform construction administration services.

**Cost Implications:** Total estimated cost for this alternative is \$2,700,000.

#### **Pros:**

- (1) Fulfills the Port's commitment to WSDOT
- (2) WSDOT is most familiar with their requirements and processes
- (3) Less administrative coordination effort between WSDOT and the Port for final acceptance of the project which is a WSDOT owned facility

#### **Cons:**

- (1) Negatively impacts the City of Burien's SR-518 off-ramp project likely causing a 1-year delay to their construction.
- (2) Could negatively impact the City of Burien and the Port relations
- (3) Deferring the restoration could negatively impact WSDOT and Port relations

This is not the recommended alternative.

**Alternative 2** – Restore the SR-518 interchange in 2016.

**Cost Implications:** Total estimated cost for this alternative is \$2,600,000.

#### **Pros:**

- (1) Fulfills the Port's commitment to WSDOT.
- (2) Avoids conflict with the City of Burien and their SR-518 off-ramp project.

#### **Cons:**

- (1) None

**This is the recommended alternative.**

### **ATTACHMENTS TO THIS REQUEST**

- (1) Site Map

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- (1) February 25, 2014 – Commission authorized design for SR-518 Interchange Restoration.