



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6a

ACTION ITEM

Date of Meeting May 23, 2017

DATE: May 1, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: Geraldine Poor, Regional Transportation Manager

SUBJECT: Agreement with the City of Kent and direct Port contribution of \$595,000 plus Port staff to the 228th Street Overpass, Phase 3.

Amount of this request: \$595,000

Total estimated project cost: \$595,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute an agreement with the City of Kent, substantially as drafted, obligating the Port to contribute \$595,000 plus Port staff time to the South 228th Street Overpass Project, Phase 3.

EXECUTIVE SUMMARY

The City of Kent is improving South 228th Street along a three-mile corridor, with a connection to Military Road and grade separations at the BNSF Railway Company (BNSF) and Union Pacific (UP) rail lines. The Port and City entered into an agreement in 2009 to contribute \$1,190,000 in funding to Phase 2 (BNSF grade separation) and Phase 3 (UP grade separation) of the corridor. Phase 2 was constructed within the agreement timeframe and the Port contributed \$595,000. However, after the 2008 economic downturn, the city delayed construction of Phase 3 to 2018-2019. They are now seeking to refresh our Phase 3 contribution. Like other projects in the FAST Corridor, this will eliminate roadway chokepoints, provide safe rail crossings, reduce idling and air emissions, and establish reliable truck links between ports, rail yards and freight distribution centers. This overpass connects Kent Valley's forty million square feet of warehouse and industrial space with Sea-Tac Airport and the Northwest Seaport Alliance north harbor.

JUSTIFICATION

This is one of the last of 25 projects in the FAST Corridor Partnership program. In particular, this overpass completes a seamless truck connection between the forty million square feet of warehouse and industrial space in the Kent Valley, and Sea-Tac Airport and the Port of Seattle marine terminals. Further, by reducing the time vehicles sit idling at a blocked rail crossing, the S. 228th Street overpass improves air quality. The Port's participation builds on prior investments by the Port throughout the region to improve transportation and freight mobility.

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DETAILS

Established in 1998, the FAST Partnership has pursued funding for high-priority transportation improvements along the Puget Sound rail corridor between Everett and Tacoma. FAST is a partnership of state, local, and regional agencies, including Puget Sound ports, and the railroads. Its goals are to improve mainline rail capacity and connectivity, eliminate roadway chokepoints where rail and arterial roads intersect, provide safe rail crossings in communities, and establish reliable truck links between ports, rail yards, and freight distribution centers.

Phase 1 of the S. 228th Street Corridor is open to traffic and provides access from the Kent valley up the west hill to I-5. Phase 2, a grade separation at the BNSF crossing is also open to traffic, completed in 2009, with Port participation of \$595,000.

Phase 3 of S. 228th St Corridor is fully funded and the Port funding of \$595,000 is approximately 3% of the project cost, leveraging other federal, state and local funds.

Scope of Work

The City of Kent will construct a grade separation at the UP rail lines on S 228th St to complete the corridor connection between 84th Avenue S and Military Road/I-5. The Puget Sound Gateway program completion of SR509 will also improve connections to this local corridor.

Schedule

The City anticipates completing final design in 2017. Construction is estimated to begin early 2018 and complete in 2019. The Agreement provides for progress payments with approximately 40% (\$250,000) paid halfway through construction, 40% (\$250,000) paid upon Substantial Completion and the remaining \$95,000 paid upon Final Acceptance.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Status Quo – Do not authorize a new Agreement, refreshing the 2009 Agreement.

Cost Implications: The Port has budgeted \$595,000 for this, so that funding would be available for alternative investment.

Pros:

- (1) Since the City did not construct the overpass within the timeframe of the original agreement, the Port is no longer required to make this payment.

Cons:

- (1) The Port would not fulfill our partnership responsibility as anticipated for this FAST Corridor investment, as outlines in the 2002 FAST Corridor Phase 2 agreement.
- (2) City of Kent would need to seek replacement funding from other partners.

This is not the recommended alternative.

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Alternative 2 – Authorize the Interim Chief Executive Officer to Execute the Agreement with the City of Kent to contribute \$595,000 for the S. 228th Street Overpass.

Cost Implications: \$595,000 funding is included in the Port Plan of Finance as Public Expense.

Pros:

- (1) Fulfills our partnership agreement in the FAST Corridor Partnership
- (2) Consistent with Port funding plan (CIP#C001786, Project ID 104247).

Cons:

- (1) Forecloses investments in alternative public expense projects.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

PROJECT COST	Public Expense Total
City of Kent S. 228 th St. Phase 3 Participation	\$595,000

Budget Status and Source of Funds

The 2016 Plan of Finance includes \$595,000 for this project as a future use of tax levy fund.

Financial Analysis and Summary

CIP Category / Project Type	Regional Transportation / Freight Mobility
Effect on business performance (NOI after depreciation)	Spending on this project will be expensed as incurred, as a non-operating expense over the city’s construction period.
IRR/NPV (if relevant)	N/A
CPE Impact	N/A

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides
- (2) Draft agreement

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

April 21, 2009 – The Commission held Second Reading and passed Resolution 3615, authorizing the CEO to enter into Agreements with the Cities of Seattle and Kent, and make a direct Port contribution of \$1690,000 plus Port staff and consulting resources to FAST Corridor Phase 2 project in Seattle and Kent.

April 14, 2009 – The Commission held First Reading of Resolution 3615, as above.