

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6a

Date of Meeting April 6, 2010

DATE: March 31, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: Christine Wolf, Regional Transportation Program Planner, Seaport

SUBJECT: Interlocal Agreement with the City of Seattle concerning the Spokane Street Widening Project, a FAST Corridor Phase 1 project. (CIP # C001725)

Amount of This Request: \$3,400,000 (net)

Source of Funds: Tax Levy

State and Local Taxes Paid:

Est. Workers Employed:
Up to 775 for the entire project

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to execute an Interlocal Agreement (IA), substantially as drafted, with the City of Seattle (City), obligating the Port to pay the City \$3,400,000 (net), plus Port staff and consulting resources, for the Spokane Street Widening Project (Project), a Freight Action Strategy for the Everett-Seattle-Tacoma (FAST) Corridor Phase 1 project.

SYNOPSIS:

Since 1998, the FAST Partnership, a coalition of public and private entities that includes the Port of Seattle, has leveraged over \$790 million in public and private funds for strategic freight mobility infrastructure projects in the Everett to Tacoma corridor. The Spokane Street Widening Project is one of FAST's initial projects. The requested contribution of \$3,400,000 (net) would close a final funding gap and enable the City to improve the primary east-west corridor linking the Port's largest container terminals to I-5, I-90, and the Seattle International Gateway rail yard, increasing traffic flow and safety for two out of three drayage truck trips serving the Port. In addition to creating up to 775 new construction jobs, the Spokane Street Project will help to preserve 70,000 jobs and support the addition of 5,000 new industrial jobs. The Project also comprises a complementary system upgrade for the Alaskan Way Replacement Program, and the Port's support of the Project counts toward the Port's contribution to that program. The source of the funding for this project is the tax levy.

BACKGROUND:

The FAST Corridor public-private partnership, which includes federal and state agencies, local cities and counties, private partners, and the Ports of Seattle, Tacoma and Everett, was

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established to move needed goods and support port operations on the highways and rail lines that sustain maritime international trade along the rail corridor from Tacoma to Everett. To date, the Partnership has completed 11 of 25 projects, leveraging over \$ 790 million in contributions to facilitate the movement of freight, reduce conflicts between freight and general traffic, and improve emergency response times by removing rail-vehicle conflicts. The Port has been a partner since FAST's inception, and to date, has contributed over \$31 million to various projects in the corridor. Funding for the Project would increase the Port's support of FAST to over \$34.5 million. Closing the final funding gap for the Project also shows the Port's continued commitment to its FAST partners to complete the FAST Corridor.

The Project, which improves the primary east-west corridor for Port related truck traffic in the Duwamish, will provide substantial benefits to the Port, including: New access to surface streets from the upper Spokane roadway; reduced delays on the lower Spokane roadway at railroad tracks; reduced conflicts between rail and vehicle traffic modes; enhanced freight mobility; including access to the Port's terminals; and improved safety and traffic flow for all travel modes. In addition to improving the Spokane Street Viaduct, the Project will resurface lower Spokane Street, which is heavily used by trucks serving the Port's Terminals 5 and 18.

Executing the IA at the requested level of contribution will allow this project to be completed. This will help keep the FAST Corridor Program alive and support future federal and state funding requests from the sponsors of the remaining projects. This approach would leave sufficient Port funds allocated to the FAST Corridor program to allow the Port to contribute to those projects that are getting close to implementation.

PROJECT SCOPE AND SCHEDULE:

The Project will add an eastbound off-ramp at Fourth Avenue South and an eastbound lane between SR 99 and Fourth Avenue South, and relocate the westbound on- and off-ramps from their current location on Fourth Avenue South to First Avenue South. In addition, the upper roadway will be widened by 41 feet between Sixth Avenue South and East Marginal Way, making space for a new westbound acceleration-deceleration lane, a permanent median, and wider lanes and shoulders. The lower roadway will be rebuilt in concrete in both directions.

The Project was advertised on May 15, 2009, and construction was started in the 4th quarter of 2009. Construction completion is scheduled for the 2nd quarter of 2012.

PROJECT FUNDING COORDINATION WITH THE PROJECT PARTNER:

The Port, through the FAST MOU, agreed to contribute \$5,000,000 towards the construction of this Project. The City of Seattle, through the FAST MOU, agreed to contribute \$1,600,000 to the construction of the Port's East Marginal Way Grade Separation Project. Both projects are being constructed in close proximity to each other and at about the same time. The payments that each of the parties has committed to paying to each other would be processed most efficiently if the Port paid to the City the net difference between the \$1,600,000 committed by the City for the East Marginal Way Grade Separation Project and the \$5,000,000 that the Port has committed for the Project, which means that the Port would pay the City \$3,400,000 net. This is the approach recommended by staff.

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The proposed IA further details the approach to making payments to the Project. The Port would contribute two lump sum payments of \$1,700,000 each, with the first payment occurring at about the half point of construction at the end of the 1st quarter of 2011, and the second payment after substantive completion of the Project at the end of the 2nd quarter of 2012. (While the first payment is not scheduled until 2011, we generally try to formalize contributions before, or early, during construction—this project is under construction.)

PARTICIPATION IN THE ALASKAN WAY VIADUCT REPLACEMENT PROGRAM:

In addition, the Spokane Street Widening Project is one of the projects providing complementary system upgrades as part of the Alaskan Way Viaduct Replacement Program. The Port's contribution to this Project is included as one of the provisions of the Memorandum of Agreement (MOA) between the Port and the Washington State Department of Transportation (WSDOT) which the Commission approved on February 9, 2010. The MOA with WSDOT counts the Port's contribution to the Spokane Street Widening Project as part of its \$300 million commitment to the Alaskan Way Viaduct Replacement Program.

ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS:

Completion of the Spokane Street Widening Project will generate a range of benefits along the corridor by:

- *Keeping freight moving.* About 66% of the truck trips generated by the Port of Seattle use the Spokane Street corridor. The Project improves the ability of the corridor to handle growing truck operations.
- *Providing congestion relief during major construction.* An improved Spokane Street Viaduct will enhance access to alternative routes for traffic before, during, and after construction of the Alaskan Way Viaduct replacement.
- *Reducing delays.* The new east-bound off-ramp at Fourth Avenue South will separate east-bound trucks, busses, and cars from three BNSF rail crossings, helping to minimize intermodal conflicts.
- *Improving safety.* A widened structure will allow new shoulders and a permanent median barrier will improve safety (and will minimize congestion should a collision occur).
- *Adding options to driving.* The lower roadway will be completely rebuilt, adding a wide sidewalk and bike path along the north side, and a connection from the E-3 Busway to the East Marginal Way Trail.
- *Making way-finding easier.* New west-bound on- and off-ramps at First Avenue South will provide drivers better connections with the Duwamish area. It will also provide more merging space for drivers who exit I-5 and use the new off-ramp to access the Duwamish area.
- *Improving air quality.* The improved traffic flow will reduce vehicle idling times and air emissions from trucks and cars
- *Keeping buses moving.* An east-bound transit lane can be extended from First Avenue South to a new off-ramp at Fourth Avenue South, improving access to the E-3 Busway and

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allowing for a continuous transit connection between West Seattle and the Seattle Central Business District.

FINANCIAL ANALYSIS:

Project Cost Breakdown

Spokane Street Widening Project	\$5,000,000
Port staff resources and expenses*	\$2,500
Less: Offset for City committed contribution to East Marginal Way Grade Separation Project	(\$1,600,000)
Net Project Cost	\$3,402,500

Note*: Resources will be provided by existing Port staff. Accordingly, there is no incremental cash outflow to the Port in connection with providing these services. However, limited consultant assistance may be required to support the staff effort.

Source of Funds

The 2010 Plan of Finance includes \$3,400,000 under committed CIP #C001725, FAST Corridor 1, for the Spokane Street Widening Project, and took into account the \$1,600,000 reduction in funding from the City for the East Marginal Way Grade Separation Project. The funding source for this agreement will be the tax levy.

Financial Analysis Summary

CIP Category	Regional Transportation
Project Type	Freight Mobility
Risk adjusted discount rate	NA
Risk factors	A potential risk factor is that the delivered project does not provide the expected direct benefit to the Port. This risk is mitigated by the fact that all decisions regarding the functionality of the project have already been made and because the IA requires the City of Seattle to collaborate with the Port on any design changes that impact the Port's expected benefit. In the event the Port's expected benefits are reduced by these changes, and the parties cannot agree on a resolution, the Port has the option to terminate the IA and would not be required to pay for any construction work it has not approved and that has not been completed.
Project cost for analysis	NA
Business Unit (BU)	Seaport Planning
Effect on business performance	Spending on this project will be expensed as incurred, as a non-operating expense over the two years of construction.
IRR/NPV	N/A

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ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:

Two alternatives were considered:

1. Do Nothing: Should the Port not participate in the agreement, the project would have insufficient funds to be completed on schedule.

The proposed agreement with WSDOT regarding the Port's contribution to the Alaskan Way Viaduct Replacement Program is in part based on this agreement. Not signing this agreement would be contrary to the spirit and intent of the agreement regarding the Alaskan Way Viaduct Replacement Program. Without it, portions of the Port's agreement with the Washington State Department of Transportation may have to be renegotiated.

2. Agreement: **This alternative supports the FAST Corridor program and the agreement with WSDOT regarding the Port's contribution to the Alaskan Way Viaduct Replacement Program. It is the recommended action.** The City of Seattle and the Port of Seattle would enter into an agreement for the Port to provide a funding share of \$3,400,000 for the Spokane Street Widening Project.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- Interlocal Agreement with attachments, dated March 17, 2010.
- Resolution No. 3500, dated January 28, 2003.
- PowerPoint slide presentation, Port Staff, dated April 6, 2010.
- PowerPoint slide presentation, Seattle Department of Transportation, undated.

PREVIOUS COMMISSION ACTION:

On July 14, 1998, by Resolution No. 3283, the Commission authorized participation in the FAST Corridor.

On January 28, 2003, by Resolution No. 3500, the Commission authorized participation in the FAST Corridor Phase 2.

On February 9, 2010, the Commission made a motion supporting Port participation in the Alaskan Way Viaduct/Seawall Replacement Program.

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Attachment 1: