

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6a

Date of Meeting February 8, 2011

DATE: January 21, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Christine Wolf, Regional Transportation Program Planner, Seaport

SUBJECT: Interlocal Agreement with the City of Auburn concerning the M Street Grade Separation Project, a FAST Corridor Phase 2 project. (CIP # C001786)

Amount of This Request: \$ 771,400

Source of Funds: Tax Levy

Total Estimated Cost of Project: \$773,900

Est. Workers Employed: Up to 784 workers for the entire project

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to execute an Interlocal Agreement (ILA), substantially as drafted, with the City of Auburn (City), obligating the Port to pay the City \$771,400, plus Port staff and consulting resources, for the M Street Grade Separation Project (Project), a Freight Action Strategy for the Everett-Seattle-Tacoma (FAST) Corridor Phase 2 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. These projects facilitate the movement of freight, reduce conflicts between freight and general traffic, and improve emergency response time by removing rail-vehicle conflicts. The Port has been a partner since the program's inception and, to date, has provided about \$33.5 million to various projects in the corridor. The Port's contributions have been funded by the tax levy.

The M Street Grade Separation Project is one of FAST's Phase 2 projects. It will enable the City of Auburn to construct a grade separation of M Street SE from the BNSF Railway Stampede Pass rail line. Completing the M Street SE Grade separation will not only improve freight mobility for train and truck traffic, it will also eliminate significant traffic back-ups that overtax Auburn's arterial street system. The M Street Corridor is a regionally significant principal arterial connection between SR-167 and SR-164 (Auburn Way South), connecting warehousing

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and manufacturing as well as regional and local growth centers. The completed project will support longer, more frequent trains on the Stampede Pass rail line.

The Port's contribution of \$771,400 comprises 3.5% of the original cost estimate of \$22 million, which is slightly below the current estimate of \$22.8 million. Port funds will allow this project to be completed pending an expected contribution by Washington's Public Works Trust Fund, and help keep the FAST Corridor Program alive. Construction is scheduled to start in early 2012 and is anticipated to last between 18 and 24 months (depending on train volumes). Since the Port does not own this asset, spending will be expensed as it is incurred as a non-operating expense over the two years of construction. The Port plans to continue its support of FAST projects as these projects are getting closer to implementation.

BACKGROUND:

The FAST Corridor public-private partnership includes federal and state agencies, local cities and counties, private partners, and the Ports of Seattle, Tacoma and Everett. FAST was 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. It was one of the first corridor programs in the country based on the cooperation of local jurisdictions, ports, and railroads. Its creation in the late 90s helped bring about growing recognition of the increasing demands of international trade on the nation's transportation infrastructure, leading to federal funding programs like the Borders and Corridors Program. It also served as a model for other corridor coalitions like CREATE and the Heartland Corridor, which now compete for scarce federal dollars. The Port continues to stay engaged in the national debate to ensure a viable federal funding source for the corridors and facilities moving the nation's freight. It is working with partners to establish a new coalition to support freight infrastructure investment along the Pacific Northwest Gateway corridor, moving the Port's freight from Puget Sound to Chicago and beyond.

To date, the FAST 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 so far has committed about \$33.5 million to various projects in the corridor. Funding for the Project would increase the Port's support of FAST to about \$ 34.3 million.

Closing the funding gap for the Project also shows the Port's continued commitment to its FAST partners to complete the FAST Corridor.

The Project will provide substantial benefits to the Port in the following ways. It will:

- Support longer and more frequent trains on the Stampede Pass rail line;
- Reduce delays on M Street SE to trucks carrying freight deliveries;
- Reduce conflicts between rail and vehicle traffic modes;
- Enhance overall freight mobility; and
- Improve safety and traffic flow for all travel modes.

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Executing the ILA 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 lower M Street SE below the BNSF Stampede Pass rail line to eliminate an at-grade crossing, construct rail improvements, bridges, walls, relocate utility and stormwater facilities to accommodate the underpass, widen M Street SE at the crossing to five lanes with sidewalks and bicycle lanes, and replace the traffic signal at the intersection of 4th Street SE and M Street.

Pending availability of funding, the Project will be advertised in late 2011, with construction starting in early 2012. Construction completion is scheduled for the 2nd Quarter of 2013, at which time the grade separation will be fully operational.

ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS:

Completing the M Street SE Grade separation will improve freight mobility for train and truck traffic. It will eliminate the significant traffic back-ups overtaking Auburn's arterial street system that are due to 4-6 daily trains moving slowly, often stopping on the crossing, blocking the roadway for extended periods of time. The resulting backups impact emergency vehicle access, the 53 daily school bus crossings, residential and business driveways, and local neighborhood streets. The project will also provide secondary benefits that include improved travel times; reduction of cut-through traffic on neighborhood streets; air quality along the corridor; and beautification of one of Auburn's key gateways.

Completing this at-grade/street-rail crossing substantially improves safety by removing the possibility of fatalities and injuries that often result from collisions between trains, vehicles, and pedestrians. It also eliminates blocking delays that cause traffic congestion/delays, reduces the intrusive noise from train horns and automatic warning devices, and improves emergency response times.

FINANCIAL ANALYSIS:

Project Cost Breakdown

M Street Grade Separation Project	\$771,400
Port staff resources and expenses*	\$2,500
Net Project Cost	\$773,900

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 2011 Plan of Finance included funds sufficient to cover the \$771,400 contribution under committed CIP #C001786, FAST Corridor 2, for the M Street Grade Separation Project. The funding source for this agreement will be the tax levy.

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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 ILA requires the City of Auburn 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 ILA and would not be required to pay for any construction work it has not approved and that has not been completed. Under the ILA, the Port's contribution is made in two payments with the first payment of \$385,700 made at 50% project completion and the balance paid when the project is substantially complete.
Project cost for analysis	NA
Business Unit (BU)	Seaport Leasing and Asset Management
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

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. It would run the risk of losing funds from state and federal sources, making completion of the Project challenging.
2. Agreement: **This alternative supports the FAST Corridor program and the agreement with partnership. It is the recommended action.** The City of Auburn and the Port of Seattle would enter into an agreement for the Port to provide a funding share of \$771,400 for the M Street Grade Separation Project.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- Draft Interlocal Agreement with attachments (including Resolution No. 3500, dated January 28, 2003), dated January 21, 2011.
- PowerPoint slide presentation, Port Staff, dated January 21, 2011.

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- PowerPoint slide presentation, Auburn Public Works Department, 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.