

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

**COMMISSION AGENDA**

**Item No.** 6b

**ACTION ITEM**

**Date of Meeting** May 22, 2012

**DATE:** May 15, 2012

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Elizabeth Leavitt, Director, Aviation Planning and Environmental Programs  
George England, Program Leader, Project Management Group

**SUBJECT:** Memorandum of Agreement (MOA) with Sound Transit regarding the South Link Project at Seattle-Tacoma International Airport

**Amount of This Request:** \$2,600,000      **Source of Funds:** Airport Development Fund  
(Expense Reimbursed)

**Est. State and Local Taxes:** \$0      **Est. Jobs Created:** None

**Est. Total Project Cost:** \$2,600,000

**ACTION REQUESTED:**

Request Commission authorization for the Chief Executive Officer to: (1) execute the South Link Memorandum of Agreement (MOA) with Sound Transit to establish the real property, financial, design, and construction arrangements regarding the South Link Project at Seattle-Tacoma International Airport; (2) execute all other necessary documents and take all necessary actions to fulfill the terms of the MOA; and (3) spend up to \$2,600,000 in expense funds for Port of Seattle staff and consultant time spent in support of this project as outlined in the MOA. These funds will be fully reimbursed to the Port by Sound Transit.

**SYNOPSIS:**

The Port and Sound Transit have completed final negotiations and preparation of the South Link MOA. Sound Transit has been a long-standing and reliable partner with the Port in the development, cooperation and coordination on a number of projects with proven results and this MOA is a continuation of our strong relationship. The MOA covers all principal points of agreement between the Port and Sound Transit regarding capital improvements, environmental reviews, real estate transactions, and design and construction requirements in connection with extending light rail from the Airport to a new terminus station at South 200<sup>th</sup> Street. The purpose of the MOA is to: (a) record the intent to work cooperatively; (b) define and assign the responsibilities for the design, construction, funding, risk sharing and liabilities of each party; (c) define Sound Transit's use of real property owned by the Port, and the method of transfer and compensation for those rights; (d) establish schedule requirements, project management objectives and management protocols; and (e) provide the framework for future agreements. The Commission will be obligated under the MOA to take future actions to support the South Link Project. All costs associated with this MOA will be fully reimbursed by Sound Transit.

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### **BACKGROUND:**

On November 4, 2008, voters of the central Puget Sound region approved the Sound Transit 2 ballot measure (ST2) to provide an alternative to rising gas prices and greenhouse gas emissions. On December 14, 2010, the Port entered into an Interlocal Agreement with Sound Transit to advance the preliminary design of Sound Transit's South Link project and the Port's future South Access roadways with the intent of accelerating the South Link project schedule to open approximately five years earlier than planned under Sound Transit's ST2 program. The South Link project will extend light rail transit approximately 1.6 miles south from the existing SeaTac/Airport Station on an elevated guideway alignment to a new terminus station at South 200<sup>th</sup> Street. After completion of the preliminary design of our respective projects, on July 28, 2011, Sound Transit's Board of Directors authorized the South Link project funding and schedule to begin revenue service by September 2016. Subsequently, the Port entered into a Term Sheet agreement with Sound Transit on February 7, 2012, that provided the framework for negotiation of an MOA for the South Link Project. The Port has committed to relocating Port owned utilities in advance of Sound Transit's construction work (recently authorized by the Commission) and to assist in facilitating Sound Transit in the delivery of the South Link project. The Port and Sound Transit have completed final negotiations and preparation of the South Link MOA. All Port costs associated with this work will be reimbursed in full by Sound Transit.

Port and Sound Transit staff briefed the Port Commission on May 1, 2012, providing an update on the status of the coordination between the two agencies, an update on the South Link project and upcoming next steps. Sound Transit made the decision to expedite the extension of light rail from the Airport to South 200th Street in July 2011 under a Design-Build construction approach. During the rest of 2011, Sound Transit began property acquisition, submitted an application for grant funding and sought project requirements from the Port and the City of SeaTac. Approvals from the Port and the City are the next key step in moving South Link forward.

On April 27, 2010, the Port Commission authorized the Chief Executive Officer to execute a professional services Indefinite Delivery/Indefinite Quantity (IDIQ) contract for roadways planning and preliminary design services totaling \$600,000. On September 9, 2010, Sound Transit's Board of Directors authorized its Chief Executive Officer to execute an Interlocal Agreement with the Port to provide up to \$350,000 in reimbursement for these consultant services and Port staff time. This effort was needed to assist the Port in advancing design of the future South Airport Expressway to facilitate Sound Transit's Light Rail design and to ensure that long-term Airport facilities are compatible with the near-term Light Rail construction. Port staff has completed 15% design of the Airport's future roadways in coordination with 30% design of the South Link project and are continuing to work with Sound Transit to facilitate delivery of the South Link project. The 15% design roadway plans developed jointly by the Port and Sound Transit establish the design constraints which Sound Transit will work within to complete the final design and construction of the light rail elevated guideway for the South Link project.

On February 14, 2012, the Port Commission authorized the Chief Executive Officer to design, advertise, award, and construct the relocation of several Port utilities in advance of and to

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accommodate Sound Transit's request to expedite construction of the South Link project for a total estimated cost of \$950,000.

The MOA further defines the Port's role in overseeing and coordinating design and construction of the South Link project on Port property, in addition to a number of other items related to real estate, environmental stewardship, and financial responsibility. As noted earlier, all Port costs associated with the work committed to under this agreement will be fully reimbursed by Sound Transit. The estimated Port cost under this agreement is \$2,600,000 for staff and consultant efforts during the preparation of the South Link Project's Design-Build Request for Proposal (RFP) documents and in reviewing the design and coordinating the construction of the project. This cost estimate represents the total costs to be incurred by the Port through 2016.

The preliminary design concept for the South Link and South Access projects developed jointly by the Port and Sound Transit has identified certain real property interests that may be required for the Port's roadway system on Sound Transit property. The MOA commits the Port to acquiring a portion of the parcel of land on the east side of 28<sup>th</sup> Avenue South north of South 188<sup>th</sup> Street, required for the Port's future South Access roadways, that Sound Transit acquired in 2009 in order to preserve a corridor for Sound Transit's South Link light rail alignment. Sound Transit will retain aerial rights or other rights needed for the construction and operation of the guideway over the parcel acquired by the Port. In addition, Sound Transit will commit to reimburse the Port for damages associated with its loss of employee parking and costs to relocate significant utilities adjacent to the Delta hangar. Sound Transit assumes responsibility for these costs because the presence and operation of South Link in this area will constrain the Port's ability to construct South Access. All real estate purchases, exchanges, transfers, and permanent and temporary easements will be authorized through several actions extending through 2016.

To minimize potential impacts to Airport operations, Port staff provided specific language for Sound Transit to incorporate into the contract documents that were included in the South Link design-build RFP packet released by Sound Transit in February 2012. The South Link contract documents specify specific restrictions, limitations and procedures for coordination between the Port, Sound Transit and their design-build contractor and to obtain Port review and approval of certain aspects of design and construction.

### **PROJECT JUSTIFICATION:**

Provide an agreement to create a corridor and supporting infrastructure that enables Sound Transit to extend light rail transit from the SeaTac/Airport station to a new station at South 200<sup>th</sup> Street by the fall of 2016. The South Link MOA supports the following objectives.

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

- Establish the basis for mutually beneficial cooperation between the Port and Sound Transit
- Provide a corridor to implement light rail transit while protecting roadway facilities and support infrastructure that are compatible with future Airport development plans
- Minimize impacts to Airport operations during construction
- Minimize the Port's capital investment and operational and maintenance costs
- Minimize impacts to other Port capital improvement projects
- Provide a comprehensive communication plan for both internal and external stakeholders

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### **PROJECT SCOPE OF WORK AND SCHEDULE:**

**Scope of Work:** This authorization grants the Chief Executive Officer the authority to enter into an MOA with Sound Transit. This MOA supports the implementation and continued operation of light rail transit facilities from the Airport to South 200<sup>th</sup> Street.

**Schedule:** In order to meet Sound Transit's schedule, the South Link MOA must be completed and executed no later than the end of May 2012. Included in this agreement is a baseline schedule for the Port to relocate three Port-owned utilities and for the design and construction of Sound Transit's South Link project to implement the extension of light rail transit to South 200<sup>th</sup> Street by fall 2016.

### **FINANCIAL IMPLICATIONS:**

The South Link MOA includes a detailed discussion of Sound Transit's financial responsibility to reimburse the Port for its coordination efforts in supporting implementation of the South Link project. The MOA also commits the Port to acquiring portions of property from Sound Transit needed for the Port's future South Access roadways and for Sound Transit to compensate for future lost parking of Delta hangar employees and future utility relocation costs associated with the construction of South Access. The Port has already authorized funding for relocating Port owned utilities to be fully reimbursed by Sound Transit. Sound Transit is responsible for funding all aspects of the South Link project. Sound Transit is also responsible to compensate the Port for temporary construction easements and laydown areas and half the value of the permanent easements necessary for light rail operations on Port property. The MOA also commits the Port to the sale to Sound Transit of three parcels of land owned by the Port in the vicinity of the South 200<sup>th</sup> Street light rail station.

The following table summarizes the Port's costs for coordination efforts to support implementation of the South Link project.

<b>Budget/Authorization Summary:</b>	Total Project
Original Budget	\$2,600,000
Previous Authorizations	\$0
Current request for authorization	\$2,600,000
Total Authorizations, including this request	\$2,600,000
Remaining budget to be authorized	\$0
Total Estimated Project Cost	\$2,600,000

<b>Project Cost Breakdown:</b>	Total Project
Construction	\$0
Construction Management	\$1,500,000
Design	\$0
Project Management	\$1,100,000
Permitting	\$0
State & Local Taxes (estimated)	\$0
Total	\$2,600,000

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

All funds for supporting South Link are to be expensed from the Airport Development Fund and will be reimbursed by Sound Transit in full via monthly or quarterly invoicing. Reimbursements will be recorded as operating revenues with net zero impact to net operating income.

### **STRATEGIC OBJECTIVES:**

This project supports the Port's strategies to "Ensure Airport Vitality," "Be a Catalyst for Regional Transportation Solutions," and "Exhibit Environmental Stewardship through Our Actions." This major construction project supports the Port's small business initiatives by providing an opportunity for small businesses to competitively bid on work for the Port.

### **TRIPLE BOTTOM LINE SUMMARY:**

Supporting Sound Transit's South Link project will provide a long-term solution in regional transportation by expanding the existing light rail access to the Airport and enabling the region to continue to receive the economic benefit of light rail. Light rail extension from the Airport Station to the South 200<sup>th</sup> Station complements the Port's environmental commitment by providing alternative means of transportation for Airport customers and employees and a low-cost method to get to and from the Airport from our local communities. Extension of the light rail system to South 200<sup>th</sup> Street will provide additional capacity to the existing system by serving a greater ridership base to the south.

### **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:**

- Do Nothing – Under this alternative the Port would not enter into an MOA with Sound Transit, which contradicts the intent of the Interlocal Agreement and Term Sheet. As a result, the implementation of light rail transit facilities from the Airport to South 200<sup>th</sup> Street might not be completed by fall of 2016 and the Port would not be reimbursed for staff time to assist in facilitating Sound Transit in the delivery of the South Link project. Furthermore, both parties might spend numerous and unnecessary hours resolving details normally covered in an MOA, which might strain relationships. This is not the recommended alternative.
- Interlocal Agreement - Under this alternative, the Port would enter into an MOA with Sound Transit. This follows the intent of the Interlocal Agreement and Term Sheet and documents project details not previously determined. As a result both agencies could continue forward with the implementation of light rail transit facilities from the Airport to South 200<sup>th</sup> Street by fall 2016 and the Port can be reimbursed for staff time assisting Sound Transit. **This is the recommended alternative.**

### **OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

- Memorandum of Agreement.
- South Link Alignment PowerPoint Slides

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

- April 27, 2010 – Commission authorization for Chief Executive Officer to execute a professional services Indefinite Delivery/Indefinite Quantity (IDIQ) contract for roadways planning and preliminary design services totaling \$600,000 for one year with the option to extend for up to two additional years.
- May 10, 2011 – Commission briefing on the status of project coordination between the Port and Sound Transit. The briefing covered progress on the integration of Light Rail and the Port's future roadways through preliminary design, intergovernmental agreements, and next steps.
- February 14, 2012 – Commission authorization for the Chief Executive Officer to design, advertise, award, and construct the relocation of several Port utilities in advance of and to accommodate Sound Transit's South Link project for a total estimated cost of \$950,000. All costs associated with this work will be reimbursed in full by Sound Transit.
- May 1, 2012 – Staff updated the Port Commission on the Memorandum of Agreement, the South Link project and upcoming actions associated with the project.