

PORT OF SEATTLE
MEMORANDUM

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COMMISSION AGENDA

Item No. 6f

ACTION ITEM

Date of Meeting September 11, 2012

DATE: September 7, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Geri Poor, Manager Regional Transportation
Gary Wallinder, Capital Project Manager

SUBJECT: East Marginal Way Grade Separation Phase I (CIP C001725)
ARRA Grant Authorization

Amount of This Request: \$2,875,171

Source of Funds: American Recovery and
Reinvestment Act (ARRA) Grant

Est. State and Local Taxes: n/a

Est. Construction Jobs Generated: n/a

Total Project Cost: \$53,575,171

ACTION REQUESTED:

Request Commission authorization to increase previous the Project Authorization by the amount of the American Recovery and Reinvestment Act (ARRA) grant in the amount of \$2,875,171 received after Commission authorization on March 24, 2009, resulting in the total project authorization of \$53,575,171.

SYNOPSIS:

The East Marginal Way Grade Separation (EMWGS) project was initiated by the Freight Action Strategy (FAST) Corridor Partnership in the mid-1990s and has been implemented by the Port of Seattle as a solution to delays to general and freight traffic in the vicinity of East Marginal Way and Duwamish Avenue south of Spokane Street. Construction of the new overpass has achieved substantial completion and traffic can now travel over the existing Burlington Northern Santa Fe (BNSF) and Union Pacific (UP) railroad tracks at Duwamish Avenue. Funding for this project was received from federal, state, local, railroad and Port of Seattle sources which are reviewed in the financial implications section of this memo. This memo seeks to authorize the funds from the ARRA which were received after the construction bid and contractor selection process were concluded. Due to uncertainties regarding final cost, the Project Authorization amount was not changed to include the ARRA amount until this Commission request.

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BACKGROUND:

The FAST Corridor partnership was established to support Port operations on highways and rail lines that sustain maritime international trade along the freight corridor from Tacoma to Everett. The Port of Seattle has been a partner since FAST's inception and has contributed or committed over \$40,000,000 to various projects in the corridor.

PROJECT JUSTIFICATION:

The Project consists of a grade separation on Duwamish Avenue South near the intersection of East Marginal Way and South Spokane Street. As part of a system of traffic improvements, the project removes at grade conflicts with the existing Burlington Northern Santa Fe and Union Pacific rail road tracks that serve Harbor Island and West Seattle as well as Port of Seattle Terminals 5 and 18.

Project Objectives:

- Enhance the vehicular traffic flow and safety of the public and freight handling businesses.
- Assure the continued viability of Port investments in containerized shipments consistent with the Port's Century Agenda.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

No work is scoped with this request.

FINANCIAL IMPLICATIONS:

<i>Review of EMWGS Previous Authorization and ARRA grant Summary:</i>	Capital	Non-Operating Expense	Total Project
Previous Authorization	\$0	\$50,700,000	\$50,700,000
American Recovery and Assistance Act	\$0	\$ 2,875,171	\$ 2,875,171
Interest received on NHS grant		\$11,000	\$11,000
Total Authorization	\$0	\$53,586,171	\$53,586,171

<u>Project Cost breakdown</u>	March 6, 2009 Estimate	August 15, 2012 Actuals
Design, Permit, Salaries and Overhead Costs	\$ 7,500,000	\$ 7,496,000
Right of Way	\$12,000,000	\$12,058,000
Construction, Utility Relocation, CM	\$31,200,000	\$33,532,171
Completion estimate		\$ 500,000
Total	\$50,700,000	\$53,586,171

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Budget Status and Source of Funds:

The request for additional authorization of \$2,875,171 has been and will be funded by the American Recovery and Reinvestment Act (ARRA) grant received after the project was bid.

Source of Funds:

Fund	<u>Amount</u>
ISTEA (Reg.)	\$ 2,500,000
TEA-21 (B&C)	\$ 5,400,000
TEA-21 (STP)	\$ 3,000,000
TEA-21 (Hi Pri)	\$ 1,847,000
TEA-21 (Reg.)	\$ 1,667,000
TEA-21 (NHS)	\$ 247,000
ARRA	\$ 2,875,171
Transportation Improvement Board (City)	\$ 7,300,000
FMSIB	\$ 6,920,000
Port of Seattle	\$18,800,000
City of Seattle	\$ 1,600,000
BNSF	\$ 950,000
UPRR	\$ 480,000
TOTAL	\$53,586,171

Financial Analysis and Summary:

CIP Category	Regional Transportation
Project Type	Freight Mobility
Risk adjusted discount rate	NA
Key risk factors	As the lead agency for this project, Port of Seattle will continue to be responsible for cost overruns.
Project cost for analysis	NA
Business Unit (BU)	Seaport Containers
Effect on business performance	ARRA Grant was recorded as non-operating revenue in 2010. Spending on this project was and is expensed as incurred, as a non-operating expense.
IRR/NPV	NA

STRATEGIC OBJECTIVES:

This Project is consistent with the Port's Century Agenda.

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ENVIRONMENTAL SUSTAINABILITY:

Not Applicable

BUSINESS PLAN OBJECTIVES:

Improve vehicle and freight mobility to assure viability of container terminal operations and reduce emissions from vehicle idling.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

1. Keep authorization at current level (\$50,700,000) and risk ability to close out project.
2. Adjust authorization to include additional Port funds in the amount of \$2,875,171. This alternative supports the FAST corridor.
3. Adjust authorization to include the ARRA funds in the amount of \$2,875,171. This alternative supports the FAST Corridor and assures audit clarity. **This is the recommended action.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- July 14, 1998 -- Commission approved Resolution No. 3283, to authorize participation in the FAST Corridor
- April 9, 2002 -- Commission authorization for East Marginal Way Grade Separation conceptual design development
- December 9, 2003 -- Commission authorization for design refinement
- April 11, 2006 -- Commission authorization for project wide elements for a total of \$34,500,000
- January 13, 2009 -- Commission Project update
- March 24, 2009 -- Commission authorization to (1) increase previous Project Authorization by the amount of \$17,200,000 resulting in a total Project Authorization of \$50,700,000, and (2) advertise for bids for a total of \$50,700,000
- November 30, 2009 -- Commission approved agreement for early termination of Clear Channel Outdoor, Inc.'s leaseholds and settlement of any claims related to the removal of certain signs on Port-owned property acquired for EMWGS project
- May 11, 2010 -- Commission authorization for a Purchase and Sale agreement between Port of Seattle and Ash Grove Cement Company for a portion of Ash Grove's real property
- May 18, 2010 -- Commission authorization of a change order for a not-to-exceed amount of \$430,000
- December 13, 2011 -- Commission authorization of Argo Yard Roadway Memorandum of Understanding (MOU)