

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 3a

Date of Meeting February 10, 2015

DATE: January 22, 2015

TO: Ted Fick, Chief Executive Officer

FROM: Kurt Beckett, Deputy Chief Executive Officer
Mike Merritt, Manager, Puget Sound/Washington Government Relations
Geraldine Poor, Regional Transportation Manager

SUBJECT: Commission Briefing on SR-99 Alaskan Way Viaduct Replacement Program and Alaskan Way street reconstruction

SYNOPSIS

The Washington State Department of Transportation will provide a briefing to the Port Commission on the status of the Alaskan Way Viaduct Replacement Program. The Seattle Department of Transportation will brief the Commission on the status of the design of the future Alaskan Way surface street along the central waterfront.

BACKGROUND

On August 6, 2013, the Port Commission approved a funding agreement with Washington State to support the Alaskan Way Viaduct Replacement Program.

The funding agreement committed the Port to payment toward the SR-99 bored tunnel and the north and south portal projects in the amounts of \$120 million on May 1, 2015, and \$147.7 million on May 1, 2016, for a total of \$267.7 million. This is in addition to payments on related projects totaling \$25 million and in-kind Port contributions valued at \$7.3 million.

Under the replacement program, the State will move SR-99 into a bored tunnel beneath downtown, reconnect the street grid at the tunnel portals and remove the viaduct along the waterfront. The State is responsible for managing this project and the related environmental review. The Port and its tenant have supported construction activities by providing temporary construction easements on Terminal 46 throughout much of the project duration. The City of Seattle (City) is constructing a new Alaskan Way roadway funded by the State, building new public open space along the waterfront once the viaduct is removed, improving other city streets, and replacing the central seawall.

In 2009 the Washington State Legislature approved the deep-bore tunnel concept for the replacement of the viaduct. The State's maximum contribution for the Alaskan Way

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Viaduct replacement was limited to \$2.4 billion, with up to \$400 million financed with toll revenue, for a total of \$2.8 billion. The amount to be funded through toll revenue subsequently was reduced to \$200 million.

In January 2011, the State executed a design-build contract with Seattle Tunnel Partners for the design and construction of the SR-99 Bored Tunnel Project as a replacement for the Alaskan Way Viaduct.

Since that time, WSDOT has made significant progress on key aspects including:

- Demolition of the south end of the Viaduct and routing of traffic on a new temporary SR-99 route
- Completion of a rail overpass that provides a connection from I-5 and/or I-90 to the waterfront and Port facilities
- Design and construction of north and south portals and connecting roadways
- Construction of the operations building and tunnel systems
- Ensuring Port participation in construction planning and implementation
- Incorporating Port review and comments in roadway channelization plans

Completion of the deep-bore tunnel was halted in December 2013 due to damage sustained by the boring machine after mining about 1,000 feet, or about 10 percent of the total tunnel length. The tunnel contractor, STP, is now engaged in a project to repair the boring machine by excavating a shaft to access the machine and lifting the cutting head and other components to the surface. Damaged elements of the machine will be repaired and replaced, and tunneling will recommence. STP is now forecasting that the tunnel will be open for traffic in September 2017.

As the state's Alaskan Way Viaduct Replacement Program is underway, the City of Seattle is developing its design for the new surface Alaskan Way that will be located within the footprint of the Viaduct after its demolition. Washington State is providing the City with the funds for the surface street.

The Port's funding agreement with the State contains specific conditions related to the surface street including the number of lanes to ensure the movement of freight and other traffic. The Port is working with the City and State on some remaining issues with the City's design:

- Truck and labor access to Terminal and Pier 46 north driveways
- Improvements for landside access to Pier 66 cruise terminal
- Accommodations for freight and cruise traffic at a new Pine Street intersection with Alaskan Way
- Access for pedestrians and Port maintenance crews between the Lenora St. pedestrian overpass and a new Elliott-Western connector

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PORT OBJECTIVES

The Port of Seattle supports the replacement of the Alaskan Way Viaduct with the bored tunnel and related system improvements, as this design best affords essential transportation capacity, provides significant environmental benefits, and minimizes construction related disruption on the waterfront. If the Viaduct were not replaced, the Port would not realize these benefits and would face traffic congestion seriously impeding freight movement to Port terminals and the city's industrial areas and passenger movement to Seattle-Tacoma International Airport and the cruise terminals.

The central waterfront section of the viaduct is a critical north-south transportation facility of regional, state, and national significance, and one of two limited access routes through Seattle's urban core carrying more than 100,000 vehicles daily. The SR-99 corridor is crucial to the region's freight mobility because it provides for 1.5 million freight trips annually by grade-separation of through-traffic, rail lines and industrial corridors near the Port's marine terminals, which support the movement of \$30 billion in cargo value through the Port each year. It also supports freight mobility within Seattle for a broad range of commercial and residential needs.

The Port's highest priorities for an Alaskan Way Viaduct Replacement Program are to:

- Provide sufficient capacity and functionality to move freight traffic efficiently.
- Maintain and improve access to our cargo, commercial fishing, and cruise facilities and Sea-Tac Airport.
- Minimize construction disruption affecting access to the Port's cargo, fishing, and cruise facilities.

Scope of Agreement

The State's responsibilities, as outlined in the funding agreement, are to ensure that the program ultimately facilitates efficient movement of freight and other traffic in the tunnel and on the waterfront segment of the surface road. Further, the State ensures the following:

- Environmental documentation is complete.
- The design maintains access to fishing, cruise, and other Port facilities.
- Project design is consistent with State and Port needs and provides the Port with the direct benefit committed to by the State.
- There are provisions for the Port to review and comment on roadway channelization plans.
- The Port is a participant in construction maintenance of traffic task forces.
- Project costs funded by Port-issued bonds meet the requirements for use of tax-exempt bond proceeds.

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On October 28, 2014, staff presented the draft plan of finance for 2015-2019. This included the issuance of General Obligation (G.O.) bonds in 2015 to fund the first Port installment of \$120 million. Per the State's responsibility, the Port's bond-funded costs must meet the requirements of the Internal Revenue Service for tax-exempt bonds. The State will allocate to the Port's payment costs for construction of the deep bore tunnel, excluding non-permanent items that are expected to change use, e.g. acquisition of staging properties and the tunnel boring machine. For this payment, the state's invoice covers expenditures for construction of physical assets for the time period from mid-2013 through mid-2014. Staff will present the details of the bond issue and a request for first reading of a bond resolution on February 24, 2015.

ATTACHMENTS TO THIS BRIEFING

- Computer slide presentation.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- On September 10, 2013, City staff and Waterfront Advisory Committee co-chair briefed the Port Commission on the redevelopment of Seattle's Central Waterfront and replacement of the Elliott Bay Seawall. The discussion focused on plans and funding proposals for new public spaces and other improvements; the reconstruction of Alaskan Way surface street and Elliott-Western connector; and the first phase of seawall reconstruction.
- On August 6, 2013, the Port Commission adopted a motion to direct and authorize the Port's Chief Executive Officer to execute a funding agreement with the State of Washington in substantially the form attached as Exhibit A, providing Port participation in the Alaskan Way Viaduct Replacement Program consisting of the SR-99 Tunnel Alternative, the SR-99 South Access Connection Project, and the SR-99 North Access Construction Project, and to authorize expenditure of \$275,000,000 in accordance with the terms of the funding agreement.
- On November 6, 2012, Port staff presented follow-up information on the tax levy discussion held on October 23, 2012, including the Alaskan Way Viaduct Replacement Program.
- On October 23, 2012, the Tax Levy presentation included funding projections for the Port's contribution to the Alaskan Way Viaduct Replacement Program.
- On March 13, 2012, the Commission held a policy roundtable to discuss regional transportation issues, including the Alaskan Way Viaduct Replacement Program, the Port's transportation investments and freight flows supporting the waterfront and industrial business.

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- On February 28, 2012, the Commission authorized a Possession and Use Agreement with WSDOT and Total Terminals International LLC at Terminal 46 as one of the “Moving Forward” projects associated with the Alaskan Way Viaduct Replacement Program. Public comment was also taken.
- On May 10, 2011, WSDOT and SDOT representatives briefed the Commission on the progress of the Alaskan Way Viaduct Replacement Program and associated projects of interest to the Port, its tenants, and stakeholders. Public comment was also taken.
- On November 2, 2010, Port staff and WSDOT and SDOT representatives updated the Commission on the Alaskan Way Viaduct Replacement Program and the Supplemental Draft Environmental Impact Statement.
- On February 9, 2010, the Commission adopted a motion to direct and authorize the Port’s CEO to execute the Memorandum of Agreement with the State of Washington affirming Port participation not to exceed \$300 million in the Alaskan Way Viaduct Replacement Program, if and to the extent that, the Port of Seattle Commission authorizes funds for these purposes. Public comment was also taken.
- On February 2, 2010, Port staff briefed the Commission on the proposed Memorandum of Agreement with the State of Washington outlining the Port’s potential financial participation not to exceed \$300 million in the Alaskan Way Viaduct Replacement Program. Public comment was also taken.
- On January 12, 2010, the Commission hosted a policy roundtable to discuss the Viaduct Replacement Program with Port customers and stakeholders and noted that a draft Memorandum of Agreement with the State of Washington is expected to be ready for consideration in early February.
- On January 5, 2010, Port staff and the WSDOT and SDOT Alaskan Way Viaduct program team representatives presented an update on project design, early action construction and stakeholder involvement, and project benefits and areas of concern for the Port. The State requested a Memorandum of Understanding to memorialize the Port’s support for the program, including Port participation not to exceed \$300 million.
- On March 10, 2009, the WSDOT and SDOT Viaduct program team briefed the Commission on the Bored Tunnel Hybrid, particularly with regard to the north portal and freight connections. After the briefing, the Commission also hosted a

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Policy Roundtable with key Port customers and stakeholders to discuss the Viaduct Replacement Program.

- On January 27, 2009, Port staff reviewed Viaduct replacement program issues as developed by WSDOT and benefits for the Port, freight mobility and the regional system. Public comment was also taken.
- On January 6, 2009, Port staff updated the Commission on developments since the December 15, 2008, motion, including Stakeholder Advisory Committee support and the anticipated process for the final recommendation.
- On December 15, 2008, the Commission adopted a motion recommending to the State, City, and County that a Subsurface Hybrid option be retained for further study as part of the Viaduct and Seawall Replacement Program. Public comment was also taken.
- On December 9, 2008, the Commission reviewed and commented about the scenarios' performance in meeting the guiding principles and measures to the WSDOT, SDOT and King County program team.
- On December 2, 2008, Speaker of the House Frank Chopp provided a slide presentation to the Commission of his concept to replace the Viaduct.
- On August 5, 2008, the Washington State Department of Transportation (WSDOT) and the Seattle Department of Transportation (SDOT) program team presented the guiding principles and measures, and eight hybrid scenarios for Commission review and discussion. Port staff summarized discussions with the program team, including the Commission's consistent statements about our overarching tenets to maintain or enhance system functionality, complementary system upgrades, freight mobility, access to Port and other waterfront properties (including provision for growth in business activity) and the seawall's function. These tenets must be met both in the final design concept and with regard to construction impacts.
- On August 9, 2007, the Commission reviewed and commented on the six Moving Forward projects and an overview of the central waterfront Collaborative Process. This was an extension of the articulation of the Port's business concerns that the Port CEO had expressed to the Mayor, the Governor and the King County Executive after the March 2007 announcement of the Collaborative Process. Those concerns were: maintaining system capacity, freight mobility and access to waterfront businesses, replacing the seawall and construction planning to mitigate traffic impacts and enable Port tenants and other private businesses to continue to operate. Public comment was also taken.