



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8c

ACTION ITEM

Date of Meeting January 7, 2020

DATE: December 19, 2019

TO: Stephen P. Metruck, Executive Director

FROM: Eric Ffitch, Manager, State Government Relations

SUBJECT: Interlocal Agreement (GCB 3603) with Washington State Department of Transportation (WSDOT) regarding the Puget Sound Gateway Program

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute an interlocal agreement in substantially the form attached with the Washington State Department of Transportation to formally outline the plan and schedule for payment of the \$30 million Port of Seattle share of local matching funds for the construction of the Puget Sound Gateway Program.

EXECUTIVE SUMMARY

This interlocal agreement with WSDOT formally puts the commission on record as pledging up to a \$30 million contribution to the Puget Sound Gateway Program. The port's finance department has this in the Plan of Finance as seven equal payments, set to begin in 2023. The \$30 million contribution is equal to the amount the Port of Tacoma will pledge to the program through the 2018 Puget Sound Gateway MOU. The interlocal agreement document has been reviewed by the port's finance and legal departments.

The Port of Seattle has participated in the Puget Sound Gateway Program Executive Committee, where Commissioner Creighton was the initial representative, followed by Commissioner Steinbrueck, the current representative. Generally, the completion of SR 509 and the inclusion of the Puget Sound Gateway Program in the 2015 Connecting Washington package have been priorities for the Port of Seattle.

JUSTIFICATION

In July 2015, the Washington State Legislature and Governor Inslee acted to fund the Gateway Program through the Connecting Washington revenue package. The Gateway Program is comprised of two projects: the State Route 167 Completion Project and the State Route 509 Completion Project. These projects provide essential connections to the ports of Tacoma and Seattle and will help ensure people and goods move more reliably through the Puget Sound region.

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					Expenditure		
70 th Avenue E/Interurban Trail	\$32,245,600	FMSIB	\$5,000,000	Mar 2018	2019-2021	\$800,000 \$500,000 \$3,000,000	Fife Tacoma Port of Tacoma
		TIB	\$5,000,000	Aug 2018	2019-2021		
		State Capital & Transportation	\$1,400,000	Mar 2018	2019-2021		Fife
Veterans Drive/ SR516 Interchange	\$33,800,000	PSRC	\$4,500,000	Apr 2018	2021-2025	\$1,000,000	Kent
		TIB	\$5,000,000	Aug 2020	2021-2025	\$1,000,000	Kent
SeaTac Access	\$176,883,500	PSRC	\$4,500,000	Apr 2018	2021-2025	\$2,000,000 \$500,000	SeaTac (ROW in lieu) Des Moines
Port of Tacoma Access/509 Spur	\$323,042,000	PSRC	\$4,500,000	Apr 2018	2021-2025	\$1,500,000 \$3,000,000 \$800,000	Tacoma Port of Tacoma Fife
		FMSIB	\$5,000,000	Mar 2020	2021-2025		
All Gateway Program		INFRA	\$20,000,000*	Nov 2017	2019-2021		
SR 167 Stage 1		Port of Tacoma		Jan 2021	2021-2025	\$9,000,000	Port of Tacoma
SR 509 Stage 1		Port of Seattle		Jan 2021	2021-2025	\$15,000,000	Port of Seattle (expected in 2023-2025)
Total Stage 1			\$54,900,000			\$38,100,000	\$93,000,000

Stage 2 Future Grant Pursuits for Local Nexus Projects

Project	Estimated Construction Cost	Funding Program	Grant Target Amount	Target Due Mo/Year	Anticipated Construction Expenditure	Local Agency Partner Match	Partner Nexus
Meridian Avenue Interchange		TBD	\$3,000,000	2022	2026-2030	\$2,000,000	Puyallup
Valley Avenue Interchange		TBD	\$3,000,000	2022	2026-2030	\$2,000,000	Pierce County

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188 th Street Interchange improvements		TBD	TBD	2023	2026-2030	TBD	
SR 167 Stage 2		TBD	\$4,000,000	2022	2026-2030	\$500,000 \$500,000	Edgewood (ROW in lieu) Sumner
		Port of Tacoma		Jan 2026	2026-2030	\$15,000,000	Port of Tacoma
SR 509 Stage 2		TBD	\$4,000,000	2024	2026-2030		
		Port of Seattle		Jan 2026	2026-2030	\$15,000,000	Port of Seattle
Total Stage 2			\$14,000,000			\$35,000,000	\$49,000,000
Total Stages 1 & 2			\$68,900,000			\$73,100,000	\$142,000,000

* – If no INFRA, apply for FHWA BUILD grant for Port of Tacoma Access (SR 509 Spur)

TBD – grant funding program pursuit to be determined in future

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Set a payment schedule consistent with the Port’s original expectations based on 7 equal payments beginning in 2023.

Cot Implications: None

Pros:

- (1) This is cost neutral to the Port and consistent with the Port’s funding forecast

Cons:

- (1) This is not preferred by the WSDOT and is inconsistent with its funding needs

This is not the recommended alternative.

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Alternative 2 – Not contribute payment to the Puget Sound Gateway Program.

Cost implications: \$30m in savings to the Port of Seattle.

Pros:

- (1) The Port would achieve \$30m in savings.

Cons:

- (1) The Port would violate its agreement with WSDOT and the other local governments who signed the May 2018 Memorandum of Understanding.
- (2) The Port would potentially compromise its relationship with the Washington State Legislature.
- (3)

Alternative 3 – Maintain payment schedule from the May 2018 MOU and transmit two equal \$15m payments to WSDOT for completion of Stage 1b and Stage 2 respectively.

Cost Implications: Port payment to WSDOT would total \$30m, currently accounted for in the Port's Plan of Finance.

Pros:

- (1) Consistent with the MOU the Port Commission adopted unanimously in May 2018.

Cons:

- (1) Does not achieve cost savings to the Port.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Annual Budget Status and Source of Funds

The \$30 million Port contribution is currently written into the Port's Plan of Finance. It is separated into seven equal installments and scheduled to begin in the year 2023. The funding source for this agreement would be the tax levy or general obligation bonds.

The 2023-2029 timeframe for the Port contribution is based on the timeline put forward by the Washington State Legislature in their 2017-2019 transportation budget. That budget requires the local match for the Gateway Program to be received by the Department of Transportation beginning in the 2023 budget year.

ADDITIONAL BACKGROUND

State and regional grants-focused strategy: Following the passage of the budget language in the 2017 legislative session calling on WSDOT to develop an MOU with local funding partners, WSDOT hired a consultant team to help determine how local municipalities could develop funding to meet the local match requirement.

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This team is leading the effort to secure grant funding through various sources – Puget Sound Regional Council FHWA funds; Freight Mobility Strategic Investment Board; and Transportation Improvement Board – by which local entities could meet the state matching requirement. They have identified “nexus projects,” distinct program components of the Gateway program that would be good candidates for grants and have begun helping local jurisdictions apply.

The Port has provided letters of support to grant applicant and appeared as requested alongside WSDOT in a grant application presentation to the PSRC review committee.

Federal grant strategy: WSDOT has applied through the federal INFRA program for federal grand funding, submitted in November 2017. Award announcements are anticipated in June 2018, and WSDOT believes Puget Sound Gateway has a strong and highly competitive application. However, if this is not successful, there are additional rounds of BUILD or TIGER rounds to apply again. Both the Port of Seattle and NWSA provided a letter of support with the INFRA grant application.

ATTACHMENTS TO THIS REQUEST

- (1) Draft Interlocal Agreement (GCB 3603) with Washington State Department of Transportation
- (2) Final signed MOU from March 2018 outlining Port of Seattle contribution and schedule

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

March 22, 2018— The Port of Seattle Commission authorized the Executive Director to execute the Puget Sound Gateway MOU with other agency partners.

November 22, 2017 – The Commission convened a roundtable on “Increased Travel to and from the Airport over the next 20 years” which included a briefing from WSDOT Puget Sound Gateway Program Administrator Craig Stone on the Gateway Program.