

## SOUND TRANSIT

Resolution No. R2001-10

### Sounder Cost-to-Complete for the Tacoma-to-Seattle Capital Budget

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	7/19/01	Discussion	Paul W. Price, Director	(206) 398-5111
Finance Committee	8/2/01	Canceled	David P. Beal, Project	(206) 398-5124
Board	8/9/01	Discussion/Possible Action	Development Program Manager	

#### PROPOSED ACTION

The proposed action would authorize an increase in the currently adopted Sounder Commuter Rail capital program Tacoma-to-Seattle capital budget of \$38,784,148, from \$574,681,000 to \$613,465,148. The corresponding amounts when including the Sounder transit operations budget with the capital is an increase of \$34,784,148, from \$666,915,000 to \$701,699,148.

#### KEY FEATURES

##### **Highlights of Proposed Action:**

- ◆ Authorizes a revised capital budget for the Sounder Tacoma-to-Seattle corridor of \$613,465,148.
- ◆ Increases project budgets for Track and Facilities projects, as well as the stations in Tacoma, Puyallup, Sumner, Auburn, Kent, Tukwila, and Seattle.
- ◆ Decreases project budgets in Operations and Maintenance by \$4 million to cover some of the increases in the capital budgets.
- ◆ Transfers remaining funds from the Boeing Access Road Station to capital projects in the same subarea; also removes Sounder Commuter Rail's commitment to this station from Sound Move.
- ◆ Authorizes an increase in construction for Phases I and II of the Tacoma-to-Seattle project with BNSF by \$25.9 million from \$295 million to \$320.9 million, and an increase in the BNSF Construction Agreement to a total contract amount of \$320.9 million.
- ◆ Identifies \$48.5 million in revenue sources to offset increases in costs.

### **Discussion of Proposed Action:**

When the Sound Move plan was developed, Sounder used order of magnitude cost estimates drawn from conceptual studies without the benefit of preliminary engineering. As elements of the plan proceeded through engineering and into construction, staff refined estimates and revised budgets as costs became known.

The adopted budget of 2001 reflects the evolution of the budget as it met the reality of real estate, construction, and other costs. The Board has been apprised with each adopted budget and budget resolution of the circumstances surrounding budget increases.

Increased costs include higher than expected real estate costs and agency administration charges, increased scope such as parking garages and temporary stations at Tacoma Dome and Tukwila, increased construction costs due to schedule slippage, and higher track and signal improvement costs due to delays in signing agreements with BNSF and complying with the Endangered Species Act from salmon being listed in this region.

Additional revenues from cities, counties, the Puget Sound Regional Council, and federal and state agencies have helped to close the gap resulting from increased costs and scope. Partner agencies and municipalities have stepped forward to assist in funding pedestrian bridges, parking garages, and track and signal improvements. These partnerships have had an effect on both the expense and revenue side of the ledger, although these revenues generally don't cover 100% of a scope addition such as a parking garage. Other revenues to date interest on certain funds, and additional capacity.

### **I BUDGET CHANGES**

The proposed action would authorize a total increase to the Sounder budget of \$34.8 million.

In April, the Cost-to-Complete analysis focused on identifying elements under and over budget and possible revenue sources for those elements over budget. Adjustments have been made to correlate available funding with the cost-to-complete on a project-by-project basis, while retaining subarea equity. Table 1 shows how costs and sources have been adjusted between the April and August 2001 estimates:

**TABLE 1**  
**Sounder Tacoma-to-Seattle Segment**  
**Capital Budget with Adjusted Cost-to-Complete**  
**(in millions)**

Tacoma-to-Seattle Capital Budget with Cost-to-Complete (in millions)	Costs for CtC	Revenues for CtC
<b>Costs</b>		
April 2001 Cost-to-Complete	41.1	
Removal of Boeing Access Road	-8.8	
Elimination of BAR related original CTC	-0.4	
<b>New Total of Original CTC work scope</b>	<b>31.9</b>	
Addition of 5 <sup>th</sup> Floor to Kent Garage (from King Co.)	2.1	
Addition for BNSF Agreement (largely inflation)	14.5	
<b>New Total for August CTC Costs</b>	<b>48.5</b>	
<b>Sources</b>		
Transfers		
From other Capital Budgets		9.7
<b>Net Increase to Capital Costs</b>	<b>38.8</b>	
From Operating Budget		4.0
<b>Net Increase to Total Sounder Costs</b>	<b>34.8</b>	
Pass-thru (Amtrak, KCM - Kent 5 <sup>th</sup> flr)		9.2
Interest on BNSF Repurchase Account		19.7
Vehicles Lease to Service		4.2
Federal (RR Xing and DOE Grants)		1.7
<b>Total Sources of Funding for CTC</b>		<b>48.5</b>

Of the \$ 48.5 million Cost-to-Complete, \$13.7 million (\$9.7 capital and \$4.0 operating) is covered by budget transfers within the Tacoma-to-Seattle budget. Therefore, only \$34.8 million is a budget increase to the total Sounder program.

**Seattle-to-Tacoma Track and Facilities and the BNSF AGREEMENT**

	<b>Adopted Budget</b>	<b>Proposed Budget</b>	<b>Change</b>
<b>BNSF</b>	\$295.0 mm	\$320.9 mm	+\$25.9 mm
<b>Other T&amp;F</b>	\$250.6 mm	\$244.5 mm	- \$ 6.1 mm
<b>Total</b>	\$545.6 mm	\$565.4 mm	+ \$19.8 mm

This resolution would authorize a \$19.8 million increase for the total of the Tacoma-to-Seattle Track and Facilities projects. Also, it would authorize a \$25.9 million increase in the BNSF construction budget (currently \$295 million per M2001-17, 12/14/00), and a \$35.9 million increase in the BNSF agreement (currently \$285 million per M2000-35, 4/27/00).

This \$25.9 million increase consists of \$11.5 million included in the Sounder Spring 2001 Tacoma to Seattle Cost-to-Complete, plus another \$14.4 million, comprised mostly of inflation related to the delay on the construction activities to be performed by BNSF crews and their contractors. This delay is due largely to compliance with the endangered Species Act on the Tacoma-to-Seattle track and signal improvements project

Table 2 shows the estimated costs above the 2001 Adopted Budget for the nine projects comprising the Tacoma-to-Seattle segment.

**TABLE 2**  
**Sounder Tacoma-to-Seattle Segment**  
**Budget Amendment by Subarea and Project**

<b>PROJECT (Project # / page #)<sup>1</sup></b>	<b>Adopted 2001 Budget<sup>2</sup></b>	<b>Proposed Budget Change</b>	<b>Proposed New Budget<sup>3</sup></b>
<b>Pierce County Subarea</b>			
Auburn to Tacoma Track & Facilities (120 / 87)	\$223,638,000	\$ 7,372,309	\$231,010,309
Tacoma Dome Station (245 / 100)	15,618,000	1,701,000	17,319,000
Puyallup Station (243 / 99)	12,457,000	3,706,000	16,163,000
Sumner Station (241 / 98)	8,000,000	3,230,000	11,230,000
Subtotal	<b>259,713,000</b>	<b>16,009,309</b>	<b>275,722,309</b>
<b>South King County Subarea</b>			
Seattle to Auburn Track & Facilities (110 / 86)	321,923,000	12,419,839	334,342,839
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Boeing Access Rd. Station (233 / 94)	9,376,000	( 8,820,000)	556,000
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Subtotal	<b>407,202,000</b>	<b>18,774,839</b>	<b>425,976,839</b>
<b>TOTALS</b>	<b>\$666,915,000</b>	<b>\$ 34,784,148</b>	<b>\$701,699,148</b>

<sup>1</sup> Adopted 2001 Budget Document

<sup>2</sup> Total composed of \$574,681,000 Capital and \$92,234,000 Transit Operations budgets.

<sup>3</sup> Includes Transit Operations and related transfers to capital associate with O&M savings.

Note: Total Capital only data is: \$574,681,000 existing budget + \$38,784,148 added = \$613,465,148.

## II REVENUE and OTHER PROGRAM CHANGES

Appendix 1 provides full details as they relate to the projected costs and how they are to be funded. The following are descriptive summaries of funding sources:

**Transfer remaining Boeing Access Road Station funds to capital projects in the S. King County subarea (\$8.8 million):** Transferring the Sounder portion of the Boeing Access Road Station budget is a precursor to removing it from the Sounder program. Sounder's Boeing Access Road station was conceived only in relation to a potential Link station near Boeing Access Road. Delays in Link planning pushed potential development of this "combined" station beyond the timeframe of Sounder's present business plan. This removal of the Boeing Access Road station from the Sounder program would be a change to Sound Move, requiring Board action.

Board policy requires the evaluation of six "Criteria to Guide Evaluation of Proposals to Amend Sound Move." A brief discussion of how the removal of Boeing Access Road Station from Sound Move complies with these criteria follows:

- A. Consistency with Sound Transit's enabling legislation: This action deletes the Sounder Boeing Access Road station from the Seattle-Tacoma route. There still are seven stations along that corridor providing service as outlined in Sound Move. This action is not inconsistent with ST's enabling legislation.
- B. Consistency with ST's funding requirements and priorities: Many of the criteria strive to ensure that there are sufficient revenues to pay for the changes proposed to Sound Move. This action involves the deletion of a station, with monies reallocated to other parts of the Seattle-Tacoma line in order to provide sufficient funding for that line. The Boeing Access Road Sounder station was originally funded from South King County revenues, and the monies reallocated will remain in South King County.
- C. Consistency with the November 1996 election: The proposed action deletes one of eight stations on the Seattle-Tacoma line, the station with the least forecasted ridership of all the stations on this line.
- D. Consistency with the transportation goals of the corridors served: The proposed action will help to ensure the financial viability of the Seattle-Tacoma line, which has already begun service, carrying more passengers than originally expected.

- E. Adequacy of environmental review: Environmental review has been completed. Completion of the Boeing Access Road station would entail widening of the railroad corridor and intrusion into sensitive wetlands. Deletion of the station would avoid this impact.
- F. Support by local jurisdictions and the community: The proposed action has been reviewed by The Boeing Company, the City of Tukwila, and SCATBd. Sound Transit is in receipt of a letter from The Boeing Company, dated April 25, 2001, in support of deleting the station. SCATBd has written a letter dated June 20, 2001, supporting deletion of the station. The City of Tukwila supports this action and in fact was the initiator of the proposal during 2000 in discussions between Sound Transit and City staff.

**King County Partnership Contribution to Kent Garage (\$2.1 million):** King County contributed \$2.1 million for a 5<sup>th</sup> Floor on the Kent Commuter Rail Station parking garage.

**Interest on BNSF Repurchase Agreement (\$19.7 million):**

The \$19.7 million increase in estimated net interest proceeds is \$6.3 million higher than the Cost-to-Complete discussion in April 2001. Much of the increase in track and signal costs is attributed to inflation resulting from schedule slide. Construction of Phases I and II was delayed over a year due to delays in signing the agreement, and to preparation of a Biological Assessment for certain salmon species under the Endangered Species Act.

**Lease-to-Service Contract (\$4.1 million):** Sound Transit recently executed a Lease-to-Service Contract with a private party for certain Sounder commuter rail vehicles. These funds are available, should the Board choose to program them, to meet Cost-to-Complete estimates.

**Grants:** \$1.1 million of recent grade crossing improvements grants can be attributed to Sounder above that which is considered part of Sound Transit's Financial Plan.

**Recoup of Environmental Costs:** Sounder is working to recover at least half of remedial action costs for cleanup of Tacoma-to-Seattle stations from potentially liable parties or a Department of Energy fund (expected to be about .5 million).

**Maintenance Facility Contribution (7.1 million):** The State House (HB 2487) approved a pass-through of funding for Amtrak to fund the expansion and reconstruction of a mutually beneficial vehicle maintenance facility (M2001-17, 2/2/01)

## **Net Impact to Sounder Program of Budget and Revenue Changes**

Total revenues outlined above fully offset additional costs for the Tacoma-Seattle project at completion at the total program level. These results are based on "static" analysis of changes to project budgets and have not yet been incorporated into the agency's long-term financial plan. If approved, these changes will be incorporated into the financial plan and results will be presented to the Board during its 2002 Budget and Financial Plan review.

Though the additional funding identified in this analysis exceeds additional costs at the total program level, by subarea there is a \$1.1 million surplus in South King County which is offset by a \$1.1 mm deficit in Pierce county. This amounts to less than two-tenths of one percent of the total Seattle-Tacoma budget (well within the margin of error of the financial model). In addition, Sound Transit staff is re-evaluating farebox revenues and this may result in an impact of 0-\$11 million in total and a subarea re-allocation of \$0 - \$25 million.

### **Additional Scope Elements**

At the time of the Board briefings on the Tacoma-to-Seattle Cost-to-Complete (April 5<sup>th</sup> and 12<sup>th</sup> of the current year), several elements included were described as "optional." This term was used to indicate that the Board may wish to fund and authorize these elements, or may choose not to fund them. The following are included in this proposed budget amendment and will be funded unless revised resolution language is offered by a Boardmember and accepted by the Board:

<b><u>Description</u></b>	<b><u>Cost (estimated)</u></b>
Pedestrian Bridges and Underpasses (Bridges at Kent and Auburn Stations, Underpass at Tukwila Station)	\$ 5,184,000
Enhanced Communications Systems (All Tacoma-to-Seattle Stations)	2,892,000
Security Huts (Tacoma Dome, Puyallup, Sumner, Auburn, Kent, and Tukwila Stations)	105,000

Note: The pedestrian bridges at Kent and Auburn are partially funded with Federal grants (approximately \$2 million). Accordingly, the question facing Board members is, in part, whether to accept the federal funds for these projects and proceed with the bridge projects. While accepting the grants will increase the Sounder budget, the costs are offset by the Federal contribution.

## **CONSEQUENCES OF DELAY**

Three motions are planned for August/September 2001 that are contingent upon the passage of this Resolution: Kent – Phase 2a, On-Site Work, Accept \$300K from King County for Kent Station, and Increase in Contingency for PCL Construction (Auburn). If this resolution is delayed, work contingent upon the passage of these motions could be delayed.

A modest delay to the BNSF portion of the budget amendment would not significantly affect the work on the Tacoma-to-Seattle track and signals, because certain work has already begun. However a delay beyond August could affect the sequencing of Phase II track and signal projects, and would result in cost increases.

## **REGIONAL PARTNERSHIP AND COOPERATION**

The capital improvements on the Tacoma-to-Seattle track involve a large number of entities and local jurisdictions, including the Port of Tacoma, the Port of Seattle, PSRC, WSDOT, BNSF, Union Pacific, AMTRAK and FAST Corridor projects and various fiber optic companies. Sounder has sought partnerships in the corridor projects, including the stations, and has successfully established funding partnerships with the South County and Pierce County cities, as well as with the PSRC, the BNSF, and Amtrak.

## **PUBLIC INVOLVEMENT**

The Finance Committee meeting on April 5, 2001 and the Board meeting on April 12, 2001 where the Tacoma-to-Seattle Cost-to-Complete was discussed, were both public meetings at which public comment was solicited and received. On July 19, 2001 the Finance committee received a discussion/briefing from Sounder staff dealing with this specific budget amendment that follows from the earlier Cost-to-Complete exercise.

## **LEGAL REVIEW**

MBL – 7/17/01



**SOUND TRANSIT  
RESOLUTION NO. R2001-10**

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing a Cost-to-Complete budget for the Sounder Commuter Rail Tacoma-to-Seattle corridor.

WHEREAS, by Resolution No. 72, adopted May 31, 1996, the Sound Transit Board adopted the Financial Policies to govern the financing and implementation of the Ten-Year Regional Transit Plan and to specify budgetary guidelines for providing subarea equity in accomplishing same; and

WHEREAS, on November 5, 1996, at a general election held within the Central Puget Sound Regional Transit Authority's (Sound Transit) District, the voters approved local-option taxes to support implementation of the Ten-Year Regional Transit System Plan; and

WHEREAS, the Sound Transit Board adopted on May 22, 1997 the Implementation Guide to provide a blueprint for the development of the significantly more detailed six-year capital and operating budgets for Sound Transit Board adoption; and

WHEREAS, by Resolution No. 98-4, the Sound Transit Board adopted budget policies; and

WHEREAS, the Director of Sounder Commuter Rail has developed a budget to accomplish the 2001 work plan; and

WHEREAS, said budget is consistent with adopted Sound Transit financial policies as established by Resolution No. 72-1;

WHEREAS, the Director of Sounder Commuter Rail has developed a Cost-to-Complete for the Tacoma-to-Seattle corridor, presenting a Discussion Piece to the

Board on April 18, 2001. Said Cost-to-Complete continues the implementation of the capital infrastructure and transit service projects for the Tacoma-to-Seattle corridor identified in the Ten-Year Regional Transit Plan.


NOW, THEREFORE, be it resolved by the Board of the Central Puget Sound Regional Transit Authority as follows:

1. Subject to the provisions of Resolution No. 78-1 requiring Sound Transit Board approval of capital infrastructure projects, and Finance Committee or Board approval of contracts authorizing expenses exceeding \$200,000, Sound Transit is hereby authorized to incur \$613,465,148 in capital outlays to complete the Tacoma-to-Seattle corridor and a total of \$701,699,148 when also including the transit operations budget, reflecting a transfer of \$4,000,000 from the operating budget to the capital budget.
2. Lifetime project budgets for Sounder's Seattle-to-Tacoma projects are hereby amended and authorized as follows:

<b><i>Project</i></b>	<b><i>New Budget \$</i></b>
Auburn to Tacoma T&F	\$231,010,309
Tacoma Dome Station	\$ 17,319,000
Puyallup Station	\$ 16,163,000
Sumner Station	\$ 11,230,000
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Kent Station	\$ 34,398,000
Tukwila Station	\$ 20,331,000
Boeing Access Road Station	\$ 556,000
King Street Station	\$ 10,774,000

3. An increase in the Capital Construction Agreement ("Construction Agreement") between Sound Transit and BNSF for track and signal improvements to the Tacoma-to-Seattle corridor by \$35.9 million from \$285 million to \$ 320.9 million is hereby authorized.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 9th day of August, 2001.

  
David Earling  
Board Chair

ATTEST:

  
Marcia Walker  
Board Administrator

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- C. Consistency with the November 1996 election: The proposed action deletes one of eight stations on the Seattle-Tacoma line, the station with the least forecasted ridership of all the stations on this line.
- D. Consistency with the transportation goals of the corridors served: The proposed action will help to ensure the financial viability of the Seattle-Tacoma line, which has already begun service, carrying more passengers than originally expected.



- E. Adequacy of environmental review: Environmental review has been completed. Completion of the Boeing Access Road station would entail widening of the railroad corridor and intrusion into sensitive wetlands. Deletion of the station would avoid this impact.
- F. Support by local jurisdictions and the community: The proposed action has been reviewed by The Boeing Company, the City of Tukwila, and SCATBd. Sound Transit is in receipt of a letter from The Boeing Company, dated April 25, 2001, in support of deleting the station. SCATBd has written a letter dated June 20, 2001, supporting deletion of the station. The City of Tukwila supports this action and in fact was the initiator of the proposal during 2000 in discussions between Sound Transit and City staff.

**King County Partnership Contribution to Kent Garage (\$2.1 million):** King County contributed \$2.1 million for a 5<sup>th</sup> Floor on the Kent Commuter Rail Station parking garage.

**Interest on BNSF Repurchase Agreement (\$19.7 million):**

The \$19.7 million increase in estimated net interest proceeds is \$6.3 million higher than the Cost-to-Complete discussion in April 2001. Much of the increase in track and signal costs is attributed to inflation resulting from schedule slide. Construction of Phases I and II was delayed over a year due to delays in signing the agreement, and to preparation of a Biological Assessment for certain salmon species under the Endangered Species Act.

**Lease-to-Service Contract (\$4.1 million):** Sound Transit recently executed a Lease-to-Service Contract with a private party for certain Sounder commuter rail vehicles. These funds are available, should the Board choose to program them, to meet Cost-to-Complete estimates.

**Grants:** \$1.1 million of recent grade crossing improvements grants can be attributed to Sounder above that which is considered part of Sound Transit's Financial Plan.

**Recoup of Environmental Costs:** Sounder is working to recover at least half of remedial action costs for cleanup of Tacoma-to-Seattle stations from potentially liable parties or a Department of Energy fund (expected to be about .5 million).

**Maintenance Facility Contribution (7.1 million):** The State House (HB 2487) approved a pass-through of funding for Amtrak to fund the expansion and reconstruction of a mutually beneficial vehicle maintenance facility (M2001-17, 2/2/01)

## **Net Impact to Sounder Program of Budget and Revenue Changes**

Total revenues outlined above fully offset additional costs for the Tacoma-Seattle project at completion at the total program level. These results are based on "static" analysis of changes to project budgets and have not yet been incorporated into the agency's long-term financial plan. If approved, these changes will be incorporated into the financial plan and results will be presented to the Board during its 2002 Budget and Financial Plan review.

Though the additional funding identified in this analysis exceeds additional costs at the total program level, by subarea there is a \$1.1 million surplus in South King County which is offset by a \$1.1 mm deficit in Pierce county. This amounts to less than two-tenths of one percent of the total Seattle-Tacoma budget (well within the margin of error of the financial model). In addition, Sound Transit staff is re-evaluating farebox revenues and this may result in an impact of 0-\$11 million in total and a subarea re-allocation of \$0 - \$25 million.

### **Additional Scope Elements**

At the time of the Board briefings on the Tacoma-to-Seattle Cost-to-Complete (April 5<sup>th</sup> and 12<sup>th</sup> of the current year), several elements included were described as "optional." This term was used to indicate that the Board may wish to fund and authorize these elements, or may choose not to fund them. The following are included in this proposed budget amendment and will be funded unless revised resolution language is offered by a Boardmember and accepted by the Board:

<b><u>Description</u></b>	<b><u>Cost (estimated)</u></b>
Pedestrian Bridges and Underpasses (Bridges at Kent and Auburn Stations, Underpass at Tukwila Station)	\$ 5,184,000
Enhanced Communications Systems (All Tacoma-to-Seattle Stations)	2,892,000
Security Huts (Tacoma Dome, Puyallup, Sumner, Auburn, Kent, and Tukwila Stations)	105,000

Note: The pedestrian bridges at Kent and Auburn are partially funded with Federal grants (approximately \$2 million). Accordingly, the question facing Board members is, in part, whether to accept the federal funds for these projects and proceed with the bridge projects. While accepting the grants will increase the Sounder budget, the costs are offset by the Federal contribution.

## **CONSEQUENCES OF DELAY**

Three motions are planned for August/September 2001 that are contingent upon the passage of this Resolution: Kent – Phase 2a, On-Site Work, Accept \$300K from King County for Kent Station, and Increase in Contingency for PCL Construction (Auburn). If this resolution is delayed, work contingent upon the passage of these motions could be delayed.

A modest delay to the BNSF portion of the budget amendment would not significantly affect the work on the Tacoma-to-Seattle track and signals, because certain work has already begun. However a delay beyond August could affect the sequencing of Phase II track and signal projects, and would result in cost increases.

## **REGIONAL PARTNERSHIP AND COOPERATION**

The capital improvements on the Tacoma-to-Seattle track involve a large number of entities and local jurisdictions, including the Port of Tacoma, the Port of Seattle, PSRC, WSDOT, BNSF, Union Pacific, AMTRAK and FAST Corridor projects and various fiber optic companies. Sounder has sought partnerships in the corridor projects, including the stations, and has successfully established funding partnerships with the South County and Pierce County cities, as well as with the PSRC, the BNSF, and Amtrak.

## **PUBLIC INVOLVEMENT**

The Finance Committee meeting on April 5, 2001 and the Board meeting on April 12, 2001 where the Tacoma-to-Seattle Cost-to-Complete was discussed, were both public meetings at which public comment was solicited and received. On July 19, 2001 the Finance committee received a discussion/briefing from Sounder staff dealing with this specific budget amendment that follows from the earlier Cost-to-Complete exercise.

## **LEGAL REVIEW**

MBL – 7/17/01