

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2002-11

Budget Amendment for the NE 40th Street Overlake Transit Center Project

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Board	7/11/02	Discussion/Possible Action	Agnes Govern, Director, Regional Express Jim Edwards, Program Manager, Capital Projects, Regional Express Linda Smith, Project Manager, Capital Projects, Regional Express	(206) 398-5037 (206) 398-5436 (206) 689-4922

Contract/Agreement Type:		Requested Action:	
Competitive Procurement	3	Execute New Contract/Agreement	3
Sole Source		Amend Existing Contract/Agreement	
Memorandum of Agreement		Contingency Funds Required	
Purchase/Sale Agreement		Budget Amendment Required	3

4 Applicable to proposed transaction.

OBJECTIVE OF ACTION

- Amends project budget to include additional partner-funding contributions from Microsoft Corporation, King County Metro, and the City of Redmond.
- Allocates additional funding from the Regional Express East King County Capital Project Program Reserve for completion of the NE 40th Street Overlake Transit Center/Park-and-Ride Lot Project.
- This budget amendment requires a supermajority vote of the Sound Transit Board.

ACTION

- Amending the 2002 Budget by transferring \$955,600 from the East King County Capital Projects Program Reserve budget to the NE 40th Street Overlake Transit Center/Park-and-Ride Lot project budget for a new East King County Capital Projects Program Reserve budget of \$29,977,400 and a new NE 40th Street Overlake Transit Center/Park-and-Ride Lot project budget of \$11,122,000, which includes \$465,400 in new funding from Microsoft Corporation, King County Metro, and the City of Redmond.

KEY FEATURES

- Amends the project budget to incorporate additional funding from project partners directly offsetting a portion of the costs incurred to complete the project.
- Transfers funds from the East King County Capital Program Projects Reserve to the project budget.

BUDGET IMPACT SUMMARY

Project Description: NE 40th Street Overlake Transit Center/Park-and-Ride Lot.

Current Status: The Transit Center and Park-and-Ride Lot are operational and the site was dedicated on May 14, 2002. Action on this resolution will enable Sound Transit to complete the final phase of the project, the Rider Services Building.

Projected Completion Date: 1st Quarter 2003.

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	N	
This Project	Y	The proposed amendment to the project budget will allow for construction of Rider Services building and completion of the project.
This Phase	Y	Current budget for the construction phase of the project does not contain sufficient funds to construct the Rider Services building.
This Task	N	
Budget amendment required	Y	Budget will be amended to add \$465,400 from partners and to transfer \$955,600 from the Regional Express East King County Capital Projects Program Reserve.
Key Financial Indicators:	Y/N	Y Requires Comment
Contingency funds required	Y	Requesting \$955,600 from the Regional Express East King County Capital Projects Program Reserve.
Subarea impacts	N	
Funding required from other parties other than what is already assumed in financial plan	Y	Sound Transit will receive a total of \$465,400 in new contributions from partners; Microsoft (\$165,400), City of Redmond (\$150,000) and King County Metro (\$150,000).

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

BUDGET DISCUSSION

This resolution will enable Sound Transit to complete the project and fund construction of the Rider Services Building by (1) amending the Overlake project budget to include an increase in the amount of \$1,421,000 to be funded by \$465,400 contribution from partners (\$165,400 from Microsoft Corporation, \$150,000 from the City of Redmond and \$150,000 from King County Metro), (2) \$955,600 transfer from the East King County Capital Projects Program Reserve, and (3) decreasing the budget for the East King County Capital Projects Program Reserve from \$30,933,000 to \$29,977,400 due to the transfer of \$955,600 to the Overlake project.

The Regional Express East King County Capital Projects Program Reserve was adopted in the 2002 Budget to provide Regional Express with the means to manage costs underestimated in Sound Move, such as experienced here.

The Board was previously advised in November and December of 2001 and in February 2002 (via Resolution No. R2002-01 which increased the budget by \$1,067,000 for unanticipated construction costs incurred during winter construction) of the need to further amend this project budget when construction bid amounts were known for the Rider Services Building.

The proposed increase in the budget is related to:

- \$465,400 in new revenue, additional partner funding, to offset added costs for the Shuttle Operations Building, utility work, and the Rider Services Building.
- \$400,000 required to construct the wet weather mitigation system to treat water runoff from the site during winter construction. In actions by the Finance Committee in the fall of 2001, the Wilder Construction Company contract was amended to include this work. Rather than amending the project budget at that time funds were reallocated from the Rider Services Building to cover the added cost of the wet weather mitigation system. This action will restore funding for the Rider Services Building.
- \$276,000 related to easement/utility work, and permit and infrastructure connection fees paid to Redmond.
- \$90,000 for surface improvements near buildings.
- \$18,000 for red-tailed hawk mitigation work.
- \$122,000 in Rider Services Building costs above the initial projection.
- \$50,000 to provide a contingency to deal with additional unanticipated issues.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

The proposed resolution increases the project budget, funded in part by contributions from partners and in part by a budget transfer from the East King County Capital Projects Program Reserve. The proposed resolution is affordable within Sound Transit's long-term financial plan and the subarea financial capacity.

SUMMARY FOR BOARD ACTION

Table 1: Impact of this Action on Overlake Project Budget:

**Action Item: Budget Amendment - Overlake Transit Center Project
(Year of Expenditure \$000)**

Project Budget	Current Board Adopted Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (Revised Budget) (D)	Uncommitted (Shortfall) (E)
Agency Administration	524	524	-	524	-
Pre-Engineering	736	817	-	817	(81)
Final Design	1,392	1,664	-	1,664	(272)
Right of Way	66	239	-	239	(173)
Construction	6,647	6,407	1,421	7,828	(1,181)
Project Contingency	336	50	-	50	286
Total Current Budget	9,701	9,701	1,421	11,122	(1,421)

Budget Shortfall	Shortfall Amount (J)	Potential Revenues (K)	Funding Source (L)
Shuttle Operations Bldg, utility work, Rider Services Bldg.	\$ 465.4	\$ 465.4	Funding in the amount of \$465.4k to be provided by Microsoft, City of Redmond, King County Metro
Completion of project	\$ 955.6	\$ 955.6	Requesting funding from the Capital Projects Program Reserve for East King County
Total	\$ 1,421	\$ 1,421	

Notes

Column A reflects the budget amount prior to this action.
Column C shows the proposed budget amendment of \$1,421k.
Column D reflects the amended project budget.

**Table 2: Impact of this Action on REX East King County Capital Projects
Program Reserve:**

**Action Item: Budget Amendment - REX East King County Capital Program Reserve
(Year of Expenditure \$000)**

Project Budget	Current Board Adopted Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
Total Current Budget	32,000	1,067	956	2,023	29,977

Notes

Column A reflects the budget amount prior to this action.
Column C shows the proposed budget amendment.
Column D reflects the amended project budget.

HISTORY OF PROJECT

In May 2001, a construction contract for the Transit Center, Park-and-Ride Lot and Shuttle Operations and Rider Services Buildings was advertised. In June 2001, the bids received exceeded available resources and the engineer's cost estimates due to the cost of the buildings. However, the bids received for the basic Transit Center and Park-and-Ride Lot improvements were comparable or lower than the engineer's cost estimate. In an effort to control construction/project costs, the construction contract was re-advertised separating the basic project from the construction of the buildings. The basic project was successfully rebid and awarded to Wilder Construction who completed the Transit Center and Park-and-Ride Lot in May 2002.

The second phase, the construction of the two buildings, is now underway. The Microsoft Corporation began construction of the Shuttle Operations Building in April 2002. The second building, the 2,800 square foot Rider Services Building, will be constructed by Sound Transit. This building includes customer information, a bike station, a convenience vendor, the Greater Redmond Transportation Management Association (GRTMA), a City of Redmond police outpost, and driver restrooms.

On June 27, 2002, the Finance Committee authorized a construction contract with Bayley Construction in the amount of \$932,700 with a 10% contingency of \$93,270 for a total authorized amount not to exceed \$1,025,970. The contract award is dependent upon the Board's action on this resolution.

**Prior Board or Committee Actions
and Relevant Board Policies**

Motion or Resolution Number	Summary of Action	Date of Action
M2002-70	Authorized construction contract with Bayley Construction for Rider Services Building for \$1, 025,970 including 10%contingency	6/27/02
M2002-21	Amended Wilder Construction Company construction contract by \$970,000 with a 10% contingency of \$97,000 to a revised total of \$5,860,400.	2/14/02
R2002-01	Transfers \$1,067,000 in East King County Project Program Reserve funds into the project budget.	2/14/02
M2001-133	Amended design and construction management authorization by \$324,500.	12/20/01
M2001-115	Amended Construction Contract to Restore Contingency for a new total of \$4,793,400.	11/1/01
M2001-70	Increased final design contract with HNTB by \$352,300.	7/19/01
M2001-56	Authorized construction contract and amended project budget to include funds from Microsoft.	7/26/01
R2001-05	Executed Property Assignment, Option to Lease Agreement with Redmond and MOA with Microsoft.	5/24/01
M2001-08	Executed construction management contract with HNTB for \$302,888, including contingency.	2/1/01
M99-45	Contract amendment with HNTB to include final design for \$907,500, including contingency.	7/1/99
M98-38	Executed contract with HNTB for preliminary engineering and environmental documentation for \$775,835, including contingency.	5/7/98
R98-21	Executed MOA with Microsoft, King County, and the City of Redmond.	4/23/98

ALTERNATIVES

The Finance Committee authorized the construction contract with Bayley Construction for the Rider Services Building with the understanding that staff would pursue the reduction of up to \$90,000 in land use, storm water, sewer and water connection fees assessed by the City of Redmond. It was hoped that the issue could be determined by the Redmond City Council prior to the requested Board action on July 11, 2002. However the first hearing before the Redmond Council is scheduled for July 16, 2002.

Alternatives to this budget amendment and the construction contract authorized by the Finance Committee on June 27, 2002 were carefully studied. One alternative would eliminate the Rider Services Building on the site as designed. With this alternative the building could be replaced with less costly, basic driver restrooms and a bus shelter. This alternative would save approximately \$600,000 in expense as these smaller structures are estimated to cost up to \$400,000, however it also reduces revenues. Sound Transit would most likely be required to return \$400,000 in funds provided by the City of Redmond for the Rider Services Building and up to \$250,000 in FTA funding for the Bike Station. Deleting the Rider Services Building eliminates the added services, comfort, convenience and security provided by the bike station, police outpost and GRTMA at the site.

A second alternative would be to rebid the project in an effort to obtain lower bids for the building. This alternative would most likely mean that the building construction would be delayed until early 2003 in order to avoid the winter construction season. This alternative is not recommended because it may not yield lower bids and will mean customers and drivers are inconvenienced until the facility is completed.

CONSEQUENCES OF DELAY

Delaying action on the budget amendment will delay award of the contract for construction of the Rider Services Building and potentially increase project costs due to schedule delay. It would also mean that the facilities located within this building for drivers, customers, the Redmond Police department, and the GRTMA would not be available as soon as desirable.

REGIONAL PARTNERSHIP AND COOPERATION

The Transit Center, Park-and-Ride Lot, and its buildings have been planned and designed in close cooperation with the City of Redmond, Microsoft Corporation, GRTMA, King County Metro, and the community. The addition of the buildings on this site, in part funded by others, will benefit the community and provide added convenience, safety, and security for the customer.

PUBLIC INVOLVEMENT

The design of the improvements to be constructed resulted from extensive work and consultation with the City of Redmond, King County Metro, WSDOT, Microsoft, and the community.

Sound Transit and the City of Redmond are collaborating to keep the community informed about construction activities. Sound Transit will work with the contractor to ensure that any concerns expressed by the community are promptly addressed.

LEGAL REVIEW

JW 5-31-02

SOUND TRANSIT

RESOLUTION NO. R2002-11

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the 2002 Budget by transferring \$955,600 from the East King County Capital Projects Program Reserve budget to the NE 40th Street Overlake Transit Center/Park-and-Ride Lot project budget for a new East King County Capital Projects Program Reserve budget of \$29,977,400 and a new NE 40th Street Overlake Transit Center/Park-and-Ride Lot project budget of \$11,122,000, which includes \$465,400 in new funding from Microsoft Corporation, King County Metro, and the City of Redmond.

WHEREAS, a \$32M (YOES) East King County Capital Projects Program Reserve Fund was established in the 2002 Budget for the Regional Express Program to fund basic project costs above Sound Move assumptions, including unexpected costs, costs not included in Sound Move, and costs that were underestimated in Sound Move; and

WHEREAS, the total NE 40th Street Overlake Transit Center/Park-and-Ride project budget adopted was \$8,634,000 (YOES); and

WHEREAS, by Resolution No. R2002-01, adopted February 2002, a \$1,067,000 transfer from East King County Capital Projects Program Reserve Fund was authorized to fund unexpected costs for the NE 40th Street Overlake Transit Center project; and

WHEREAS, the 2002 project budget must be amended to include \$465,400 in new funding from the Microsoft Corporation, King County Metro, and the City of Redmond; and

WHEREAS, use of the East King County Capital Projects Program Reserve Fund requires a budget amendment and a supermajority approval by the Sound Transit Board.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority amending the 2002 Budget by transferring \$955,600 from the East King County Capital Projects Program Reserve budget to the NE 40th Street Overlake Transit Center/Park-and-Ride Lot project budget for a new East King County Capital Projects Program Reserve budget of \$29,977,400 and a new NE 40th Street Overlake Transit Center/Park-and-Ride Lot project budget of \$11,122,000, which

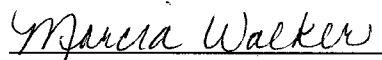
includes \$465,400 in new funding from Microsoft Corporation, King County Metro, and the City of Redmond.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 11, 2002.

A handwritten signature in black ink, appearing to read "Ron Sims", written over a horizontal line.

Ron Sims
Board Chair

ATTEST:

A handwritten signature in black ink, appearing to read "Marcia Walker", written over a horizontal line.

Marcia Walker
Board Administrator