

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2004-45

**Interagency Agreement with City of Tacoma
for D Street Rail Grade Separation Project Funding**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	5/06/04	Discussion/Possible action to recommend Board approval	Martin Minkoff, Director, Sounder Commuter Rail	(206) 398-5111
Board	5/20/04	Action	Eric Kosty, Program Manager, Sounder Tacoma/Seattle Corridor	(206) 398-5123

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Interagency Agreement	✓	Contingency Funds (Budget) Required	
Purchase/Sale Agreement		Budget Amendment Required	

✓ *Applicable to proposed transaction.*

OBJECTIVE OF ACTION

To provide a mechanism for the City of Tacoma to transfer state Freight Mobility Strategic Investment Board (FMSIB) grant funds to Sound Transit for capital expenditures paid to Burlington Northern Santa Fe Railway Company (BNSF) for the rail component of the D Street grade separation project.

ACTION

Authorize the Chief Executive Officer to execute an interagency agreement with the City of Tacoma providing for the City to transfer state Freight Mobility Strategic Investment Board grant funds to Sound Transit for the rail work component of the D Street Rail Grade Separation Project.

KEY FEATURES

- Carries out the February 5, 2004 Executive Committee direction to pursue advance funding options for the D Street Rail Grade Separation Project.
- Obtains agreement from the City of Tacoma to transfer to Sound Transit an amount up to the level of appropriation by the State for the rail component of the D Street Rail Grade Separation Project in 2005 (anticipated to be \$6,000,000).
- Provides a funding mechanism for Phase II critical path improvements necessary to increase Sounder service in this corridor from three to nine round trips per day.
- Specifies that the management of the rail component of the D Street Rail Grade Separation shall be entirely undertaken by Sound Transit and BNSF.

BUDGET IMPACT SUMMARY

Project Description: D Street Rail Grade Separation Project, in the Tacoma to Seattle Corridor

Current Status: Design complete, awaiting access permission from City of Tacoma.

Projected Completion Date: October 2006

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	Y	The funding and scope of work discussed in this staff report is not included in the budget for Sounder.
This Project	Y	The funding and scope of work were not included in the project budget.
This Phase	Y	See above.
Budget amendment required		
Key Financial Indicators:	Y/N	Y Requires Comment
Contingency funds required	N	
Subarea impacts	N	
Funding required from other parties other than what is assumed in financial plan	N	

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

BUDGET DISCUSSION

The scope of this work and the associated funding discussed in this staff report are not included as part of the Adopted 2004 Sound Transit Budget. In the event the work is underway prior to the anticipated reimbursement of state FMSIB funds, Sound Transit would finance the work with its own revenues. In this case, Sound Transit would lose interest earnings on these funds until the reimbursement.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

Neither the costs nor the funding for this scope of work has been included in the agency's long term financial plan. As a result, this action would not impact the agency's long-term financial plan or impact subarea financial capacity.

M/W/DBE – Small Business Participation

This action would authorize the Chief Executive Officer to execute an interagency agreement with the City of Tacoma to transfer state grant funds to Sound Transit. Therefore, M/W/DBE – Small Business participation is not applicable to this action. The actual rail work component of the D Street Rail Grade Separation Project will be undertaken by BNSF per the existing Sound Transit/BNSF Construction Agreement. The construction agreement requires BNSF to comply with its own policy regarding minority, women, and disadvantaged business, and the policy defined in Sound Transit's Disadvantaged Business Enterprise Program, Guiding Principles and Implementation Policies for Employment and Contracting. BNSF is also required to incorporate these provisions into its contracts and agreements with any contractors and subcontractors.

HISTORY OF PROJECT

The East D Street area in Tacoma is a major corridor for freight and for people visiting the attractions along the revitalized Foss Waterway. The mix of trains, trucks, cars, and pedestrians poses safety challenges and acts as a bottleneck for rail traffic moving in and out of the Ports of Tacoma and Seattle. In addition to the congestion caused by an at-grade rail crossing at East D

Street, freight is delayed as trains slow to 10 mph in order to negotiate the sharp curve in the railroad tracks. The East D Street Project involves grade separating East D Street from BNSF's mainline track by constructing an overpass and realigning the mainline tracks underneath to lessen the curve and provide improved mainline track speeds.

The D Street Rail Grade Separation Project is one of 15 FAST (Freight Action Strategy for the Seattle-Tacoma Corridor) projects in the Puget Sound region. The partner agencies for this project include the City of Tacoma, Port of Tacoma, Sound Transit, and WSDOT, with the City of Tacoma acting as the lead agency for the project. The total cost of the D Street Rail Grade Separation Project will be \$28M.

The startup of construction and the City subsequently granting permission to BNSF to grade and construct the rail portion of the D Street Project underneath the overpass is on the BNSF critical path for the completion date of the Phase II improvements. These Phase II improvements must be completed before Sound Transit can increase Sounder service in this corridor from three to nine round trips per day.

The project has two components, the overpass component (\$18 million) and the track component (\$10.58 million). The City of Tacoma is responsible for the overpass component, including funding. Sound Transit is responsible for the rail work component. Project funding sources are noted below.

Overpass Component (managed by City of Tacoma)

City of Tacoma and Grants \$18 M

Rail work Component (managed by Sound Transit)

Port of Tacoma	\$ 2.85M – available now
BNSF	\$ 1.73M – available at end of project
FMSIB*	<u>\$ 6.00M</u> – available July 1, 2005
Total (Rail work)	\$10.58M

Total \$28.58 M

The overpass portion of the D Street Project is the responsibility of the City of Tacoma. The overpass design is complete; property acquisition is underway, but not yet complete; and the project is scheduled to move into the construction phase in the summer of 2004.

CONSEQUENCES OF DELAY

A deferral or delay in developing a mechanism for fund transfer (i.e., the proposed interagency agreement) could result in Sound Transit not starting construction at the earliest possible time if other agreements such as the City of Tacoma/WSDOT grant agreement are already in place.

PUBLIC INVOLVEMENT

All public involvement on this project has been handled by the City of Tacoma with assistance from the other partners as required.

LEGAL REVIEW

DB 4/30/04

SOUND TRANSIT

MOTION NO. M2004-45

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute an Interagency Agreement with the City of Tacoma providing for the City to transfer state Freight Mobility Strategic Investment Board grant funds to Sound Transit for the rail work component of the D Street Rail Grade Separation Project.

Background:

The East D Street area in Tacoma is a major corridor for freight and for people visiting the attractions along the revitalized Foss Waterway. The mix of trains, trucks, cars, and pedestrians poses safety challenges and acts as a bottleneck for rail traffic moving in and out of the Ports of Tacoma and Seattle. In addition to the congestion caused by an at-grade rail crossing at East D Street, freight is delayed as trains slow to 10 mph in order to negotiate the sharp curve in the railroad tracks. The East D Street Project involves grade separating East D Street from BNSF's mainline track by constructing an overpass and realigning the mainline tracks underneath to lessen the curve and provide improved mainline track speeds.

The D Street Rail Grade Separation Project is one of 15 FAST (Freight Action Strategy for the Seattle-Tacoma Corridor) projects in the Puget Sound region. The partner agencies for this project include the City of Tacoma, Port of Tacoma, Sound Transit, and WSDOT, with the City of Tacoma acting as the lead agency for the project. The total cost of the D Street Rail Grade Separation Project will be \$28M.

The startup of construction and the City subsequently granting permission to BNSF to grade and construct the rail portion of the D Street Project underneath the overpass is on the BNSF critical path for the completion date of the Phase II improvements. These Phase II improvements must be completed before Sound Transit can increase Sounder service in this corridor from three to nine round trips per day.

The project has two components, the overpass component (\$18 million) and the track component (\$10.58 million). The City of Tacoma is responsible for the overpass component, including funding. Sound Transit is responsible for the rail work component. Project funding sources are noted below.

D Street Rail Grade Separation Project Funding

Overpass component (managed by City of Tacoma)

City of Tacoma and Grants \$18 M

Rail work Component (managed by Sound Transit)

Port of Tacoma	\$ 2.85M – available now
BNSF	\$ 1.73M – available at end of project
FMSIB*	<u>\$ 6.00M</u> – available July 1, 2005
Total (Rail work)	\$10.58M

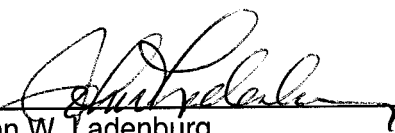
Total \$28.58 M

The overpass portion of the D Street Project is the responsibility of the City of Tacoma. The overpass design is complete; property acquisition is underway, but not complete; and the project is scheduled to move into the construction phase in the summer of 2004.

Motion:

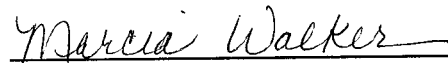
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Chief Executive Officer be authorized to execute an Interagency Agreement with the City of Tacoma providing for the City to transfer state Freight Mobility Strategic Investment Board grant funds to Sound Transit for the rail work component of the D Street Rail Grade Separation Project.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 20, 2004.



John W. Ladenburg
Board Chair

ATTEST:



Marcia Walker
Board Administrator