

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2008-04

Airport Link Project Budget Amendment

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	02/21/08	Discussion/Possible Action to Recommend Board Approval Action	Ahmad Fazel, Link Executive Director	(206) 398-5389
Board	02/28/08		Aniekan Usoro, Link Project Control Manager Ron Lewis, Airport Link Project Manager	(206) 398-5454 (206) 689-4905

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	✓
Real Estate		Property Acquisition	

PROPOSED ACTION

Amends the Adopted 2008 Budget to (a) revise the Airport Link lifetime budget to \$269.1 million; (b) add a project for the light rail segment from South 176th to South 200th with a budget of \$3.767 million; and (c) treat as property for resale and record separately from the Airport Link project budget the previously authorized \$4.1 million acquisition costs for the “kiss-and-ride” facility at the Airport Link Station.

KEY FEATURES OF PROPOSED ACTION

- The Airport Link Lifetime Capital Budget would be amended to add \$25.5 million for additional costs related to construction (including completion of the SeaTac/Airport station), construction management, final design services during construction, agency costs, and other project activities required to complete the Airport Link project for revenue service by the end of 2009. As a result, the \$243.6 million Adopted 2008 Lifetime Capital Budget for Airport Link would increase to \$269.1 million. The project budget for 2008 activity reflects shifts in budget between phases but the total budgeted activity remains unchanged.
- Create a new project for Link light rail from South 176th Street to South 200th Street and a lifetime capital budget of \$3.767 million to separately manage and report the costs directly attributable to the segment between South 176th Street and South 200th Street.
- Consistent with the February 16, 2006 Development and Transit Way Agreement between Sound Transit and the City of SeaTac, Sound Transit has purchased property adjacent to the “kiss-and-ride” facility at the SeaTac/Airport Link Station for the City of SeaTac. The City has notified Sound Transit it intends to purchase the property from Sound Transit. This purchase will fully reimburse Sound Transit for its cost of the property. This action would authorize the previously authorized \$4.1 million acquisition costs to be treated as property for resale and recorded separately from the Airport Link project budget.

BUDGET IMPACT SUMMARY

Project Name: Airport Link
 Current Project Phase: Construction
 Projected Completion Date: December 2009

Action Outside of Adopted Budget:	✓	Comments on Checked Items
This Project		
This Phase		
This Task		
Budget Amendment Required	✓	See budget and financial plan discussion for a description of the proposed budget amendments.

Key Financial Indicators:	✓	Comments on Checked Items
Contingency Funds Required		
Funding required from other parties	✓	See budget and financial plan discussion for a description of the funding sources for the budget amendments.

Not checked = action is assumed in current Board-adopted budget. No budget action or adjustment to financial plan required.

BUDGET and FINANCIAL PLAN DISCUSSION

The proposed resolution would amend the Adopted 2008 Lifetime Capital Budget for the Airport Link project. The lifetime capital budget would be amended to add \$25.5 million for additional costs related to construction, construction management, final design services during construction, agency costs, and other project activities required to complete the Airport Link project. The Adopted 2008 Lifetime Capital Budget for Airport Link is \$243.6 million. Should the Board adopt the proposed resolution, the Amended 2008 Lifetime Capital Project Budget for Airport Link would be \$269.1 million.

The proposed resolution would also create a new project for Link light rail from South 176th Street to South 200th Street with a lifetime capital budget of \$3.767 million. At the time the Airport Link project was created, it included the extension of light rail from the Tukwila International Boulevard Station at South 154th Street to South 200th Street in SeaTac. The Airport Link project being constructed includes the alignment from the Tukwila International Boulevard Station at South 154th Street to the SeaTac/Airport Station at the Airport terminal/garage and South 176th Street. To separately manage and report the costs directly related to the project being constructed, this amendment would extract the costs of earlier work (historic costs) that are attributable to the segment between South 176th Street and South 200th Street and place them into a separate project.

The proposed lifetime capital budget for this newly established project is comprised of historic costs in this segment and contains no budget for future work. Prior to any work continuing on this segment, additional budget will need to be authorized.

The proposed action would also increase the Board-adopted lifetime budget for the Link Light Rail capital program and the South King County subarea.

Funding for the \$25.5 million budget amendment for Airport Link and \$3.767 million South 176th Street to South 200th Street segment will be provided by:

- Unutilized uncommitted financial capacity in South King County.

- Up to a \$12 million transfer from the Regional Fund beginning in 2008. The South King County subarea will reimburse the Regional Fund for the transfer, plus interest at the rate of CPI-U annual growth, as soon as additional financial capacity is generated through release of project contingency or reserves in the subarea or upon receipt of additional subarea grant or other revenues. The Board will receive an annual update on the amount of outstanding transfer prior to approval of the annual budget.

Funding for the property acquisition will be provided by the sale of the property to the City of SeaTac.

BUDGET TABLE

(Year of Expenditure \$000)

Action Item A: Amend the project capital budget for Airport Link

Airport Link - South 154th Street to South 176th Street

Phase	2008 Annual Budget			Lifetime Budget		
	Adopted 2008 Project Budget (A)	Proposed Action (B)	Proposed Amended Project Budget (C)	Adopted 2008 Project Budget (D)	Proposed Action (E)	Proposed Amended Project Budget (F)
Agency Administration	\$ 775	\$ 3,340	\$ 4,115	\$ 5,000	\$ 7,217	\$ 12,217
Preliminary Engr / Environmental Review	\$ -	\$ 15	\$ 15	\$ 4,693	\$ (1,326)	\$ 3,367
Final Design / Specifications	\$ 1,067	\$ 986	\$ 2,053	\$ 14,785	\$ 1,296	\$ 16,081
Construction Services	\$ 4,900	\$ 245	\$ 5,145	\$ 11,500	\$ 3,880	\$ 15,380
Third Party	\$ 542	\$ (109)	\$ 433	\$ 2,600	\$ (569)	\$ 2,031
Construction	\$ 74,467	\$ 1,896	\$ 76,363	\$ 163,522	\$ 27,572	\$ 191,094
Vehicles	\$ 9,500	\$ (3,587)	\$ 5,913	\$ 15,500	\$ (913)	\$ 14,587
ROW Acquisition and Permits	\$ 1,286	\$ (286)	\$ 1,000	\$ 20,000	\$ (7,157)	\$ 12,843
Contingency	\$ 2,500	\$ (2,500)	\$ -	\$ 6,000	\$ (4,500)	\$ 1,500
Total	\$ 95,037	\$ -	\$ 95,037	\$ 243,600	\$ 25,500	\$ 269,100

Action Item B: Create a new project budget for the Link light rail segment from South 176th Street to South 200th Street

LLR Segment - South 176th Street to South 200th Street

Phase	2008 Annual Budget			Lifetime Budget		
	Adopted 2008 Project Budget (A)	Proposed Action (B)	Proposed Amended Project Budget (C)	Adopted 2008 Project Budget (D)	Proposed Action (E)	Proposed Amended Project Budget (F)
Agency Administration	\$ -	\$ -	\$ -	\$ -	\$ 114	\$ 114
Preliminary Engr / Environmental Review	\$ -	\$ -	\$ -	\$ -	\$ 1,326	\$ 1,326
Final Design / Specifications	\$ -	\$ -	\$ -	\$ -	\$ 355	\$ 355
Construction Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Third Party	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ROW Acquisition and Permits	\$ -	\$ -	\$ -	\$ -	\$ 1,972	\$ 1,972
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ 3,767	\$ 3,767

Notes:

(A) and (D) ADOPTED 2008 BUDGET reflects the lifetime project budget for Airport Link as adopted by the Sound Transit Board in November 2007 (Resolution R2007-25, adopted 11/29/07)

SMALL BUSINESS PARTICIPATION

Not applicable for this action.

PROJECT DESCRIPTION and BACKGROUND FOR PROPOSED ACTION

On November 18, 1999, the Sound Transit Board adopted Resolution No. R99-34, which selected the alignment alternatives and profiles, station locations, and vehicle maintenance base site alternative to be built for the Central Link Light Rail line. Resolution No. R99-34 identified the SeaTac alignment from South 154th Street to South 200th Street in the City of SeaTac. In its action identifying the Initial Segment of Central Link on September 27, 2001, the Sound Transit Board directed the agency to work with the Port of Seattle and the Cities of SeaTac and Tukwila to extend the Initial Segment south beyond South 154th Street. This process led to the execution of agreements between Sound Transit, the Port of Seattle (Port), and the City of SeaTac that defined the proposed light rail project scope between the Tukwila International Boulevard Station and the Sea-Tac Airport.

Sound Transit, the Port, and the City of SeaTac have collaborated to integrate the construction of the light rail extension to the SeaTac/Airport Station with the Port's capital improvements in the same corridor, and the City's plans for station area development. Sound Transit and the Port acknowledge that achieving the scheduled completion date of December 2009 is ambitious and requires implementation of innovative construction and project delivery strategies.

The scope of the Airport Link project includes the environmental review, design, right-of-way acquisition, and construction for the 1.7 mile light rail extension from the Tukwila International Boulevard Station at South 154th Street to the SeaTac/Airport Station adjacent to the Airport Terminal and garage at South 176th Street. There is active construction along the entire project, with civil construction approximately 50% complete.

The Airport Station Contract (C430) was intended to be the last major construction contract for the Airport Link project. Sound Transit advertised this contract on December 28, 2006. The scope as advertised included the SeaTac/Airport Station, two pedestrian bridges (one Sound Transit and one Port of Seattle), the International Boulevard Plaza, and 5,900-feet of light rail trackwork. On March 6, 2007, Sound Transit received a single bid of \$95,305,250 from Mowat Construction (Mowat) for the C430 Airport Link Station project. Sound Transit's engineer's estimate was \$51,844,172. Immediately following the bid opening Sound Transit informed the Board; performed a cost analysis of the bid; reviewed the details of the bid relative to the engineer's estimate and quantified the discrepancies. Sound Transit then converted the procurement to a negotiated procurement, which is permitted by applicable state law and is consistent with the FTA's Best Practices Procurement Manual upon receipt of a single bid.

The first package to be negotiated was the C430R Station Concrete and Trackwork. On July 26, 2007, the Sound Transit Board authorized the C430R contract, which includes the station structural concrete, guideway, and trackwork, to be executed with Mowat Construction. On the same day, the Sound Transit Board authorized an amendment to the D770 final design contract with Hatch Mott MacDonald to proceed with the redesign of the remaining scope elements in order to reduce overall project cost and maintain functionality.

Increased costs over the original estimate associated with constructing the station finishes are the major contributing factor to the need for this proposed Airport Link budget amendment. Other factors include the need for additional resources to construct other elements of the project, construction management, design services during construction, agency costs, and other project activities required to complete the Airport Link project.

Prior Board/Committee Actions on this Project and Relevant Board Policies

Motion/Resolution Number & Date	Summary of Action
M2007-80 07/26/07	Authorized the CEO to execute a contract amendment with Hatch Mott MacDonald to provide additional civil and architectural design services for the redesign and repackaging of the SeaTac/Airport Station for the Airport Link project in the amount of \$949,239, with a contingency in the amount of \$46,716, totaling \$995,955 for a new total authorized contract amount not to exceed \$29,831,305.
M2007-79 07/26/07	Authorized the CEO to execute a contract with Mowat Construction Company for the construction of selected elements of the SeaTac/Airport Station and trackwork in the amount of \$34,800,000, with a contract contingency of \$1,000,000, for a total authorized contract amount not to exceed \$35,800,000.
R2007-13 06/28/07	Authorized the chief executive officer to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation (including settlement), by condemnation litigation, or by administrative settlement; and to pay eligible relocation and re-establishment benefits to affected parties as necessary for the Airport Link segment of the Central Link light rail project between Sea-Tac International Airport and South 200th Street, correcting a legal description contained in Resolution No. R2006-01 Exhibit A, and ratifying the actions of the chief executive officer taken consistent with the corrected legal description as of the effective date of Resolution No. R2006-01.
M2007-09 01/25/07	Authorized the chief executive officer to execute a contract amendment with Mass Electric Construction Co. to provide the traction electrification system for Airport Link in the amount of \$6,200,000, with a contingency of 7% totaling \$434,000, for a new total authorized contract amount not to exceed \$45,597,386.
M2007-10 01/25/07	Authorized the chief executive officer to execute a contract amendment with GE Transportation Systems Global Signaling, LLC to provide the train signal systems for Airport Link in the amount of \$3,304,352, with a contingency of 7% totaling \$231,305, for a new total authorized contract amount not to exceed \$35,924,386.
M2007-11 01/25/07	Authorized the CEO to execute a contract amendment with GE Transportation Systems Global Signaling, LLC to provide the communication systems for Airport Link and to complete the communications system for the Central Link Light Rail Initial Segment in the amount of \$6,450,001, with a contingency of \$346,930, for a new total authorized contract amount not to exceed \$38,793,889.
R2006-21 10/26/06	Authorized the Chief Executive Officer to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation (including settlement), by condemnation litigation, or by administrative settlement; to pay eligible relocation and re-establishment benefits to affected owners and tenants as necessary for the Airport Link project of the Central Link Light Rail Project, amending a legal description contained in Resolution No. R2005-15 Exhibit A, and ratifying the actions of the Chief Executive Officer with regard to the amended legal description as of the effective date of Resolution No. R2005-15.
M2006-51 06/22/06	Authorized the CEO to approve the contract award by the Port of Seattle (Port) to the lowest responsive and responsible bidder for the civil construction of light rail facilities between approximately South 160th Street and South 176th Street and to commit, in accordance with the terms of the Memorandum of Agreement between Sound Transit and the Port, Sound Transit funding for the light rail transit cost share of the contract in the amount of \$40,712,724 and a 10% contingency in the amount of \$4,071,272 for a total authorized contract amount not to exceed \$44,783,996.

M2006-47 06/08/06	Authorized the CEO to execute a contract amendment with Hatch Mott MacDonald to (1) provide additional civil engineering design services during construction of the Central Link Light Rail Initial Segment - Tukwila section, in the amount of \$1,100,000; and (2) execute an option for civil engineering design services during construction of the Airport Link project in the amount of \$1,800,000, for a new total authorized contract amount not to exceed \$28,835,350.
R2006-01 04/13/06	(1) Authorized the CEO to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation (including settlement), by condemnation litigation, or by administrative settlement; and to pay eligible relocation and re-establishment benefits to affected parties as necessary for the Airport Link extension of the Central Link Light Rail Project between Sea-Tac International Airport and South 200th Street, and (2) amended the 2006 Adopted Budget to include acquisition of properties described in Exhibit A as an authorized use of the Regional Fund Contingency.
M2006-25 03/23/06	Authorized the CEO to execute a sole source amendment to the existing construction management contract with Parsons Brinckerhoff Construction Services, Inc. to provide selected civil construction management and coordination services for Airport Link in the amount of \$3,607,157, with a contingency of \$200,000, for a new total authorized contract amount not to exceed \$16,057,157.
M2005-117 12/08/05	Authorized the CEO to execute a contract amendment with Kinkisharyo International, L.L.C./Mitsui & Co. Inc. Joint Venture, through exercise of an existing option, to manufacture and deliver four additional low floor light rail vehicles to support operational requirements for the Airport Link project, in the amount of \$13,892,426 with a 5% contingency of \$694,621, for a new total authorized contract amount not to exceed \$146,385,841.
M2005-101 08/25/05	Adopted SeaTac/Airport as the final name for the Central Link Light Rail Airport Link station.
R2005-16 07/25/05	Selected the Airport Link alignment and station locations and selecting the portion of Airport Link to be constructed and operated as part of the Central Link Light Rail Project by the end of 2009; increased the Airport Link lifetime Adopted 2005 Budget; increased the Airport Link annual Adopted 2005 Budget; and for planning purposes, reduced the minimum debt service coverage ratio for South King County subarea to 1.15x for the Airport Link Finance Plan.
M2005-65 06/23/05	Authorized the execution of a contract amendment with LTK Engineering Services to provide preliminary engineering services for the Airport Link preferred alternative and to provide final design services for the Airport Link project selected for construction in the amount of \$1,362,280 with a 5% contingency in the amount of \$68,114.
M2005-37 04/14/05	Authorized the execution of a sole source contract amendment with Hatch Mott MacDonald in the amount of \$9,077,591 and a 10 percent contingency in the amount of \$907,759 to provide preliminary engineering and architectural design services for the Airport Link preferred alternative and to provide final design services for the Airport Link project selected for construction.
M2001-126 11/29/01	Authorized implementation of a work plan to evaluate light rail alternatives to serve the airport by the year 2009.
R2001-16 11/29/01	Selected the Initial Segment of the Central Link Light Rail Project to be constructed and operated by 2009.
M2001-103 09/27/01	Identified the preferred Initial Segment to be constructed and operated for Central Link Light Rail and directed Sound Transit staff to work with the Port of Seattle and the Cities of SeaTac and Tukwila to extend the Initial Segment south beyond South 154th Street.
R99-34 11/18/99	Selected the alignment alternatives and profiles, station locations, and vehicle maintenance base site alternative to be built for the Central Link Light Rail line.

CONSEQUENCES of DELAY

Construction of the Airport Link project is ongoing. The critical path of construction runs through the SeaTac/Airport Station. Completing the station construction as currently contemplated requires the timely approval of this budget amendment. A delay in approval of this budget amendment would put completion of the Airport Link project for revenue service by the end of 2009 at serious risk.

PUBLIC INVOLVEMENT

The Cities of Tukwila and SeaTac and the Port have been engaged in all facets of Airport Link project since its inception. Members of the general public have also been active participants in the planning, environmental, and design phases of the project. Sound Transit continues to hold periodic community meetings to keep the public informed of progress and to hear any concerns.

LEGAL REVIEW

LA 2/19/08

SOUND TRANSIT

RESOLUTION NO. R2008-04

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the Adopted 2008 Budget to (a) revise the Airport Link lifetime budget to \$269.1 million; (b) add a project for the light rail segment from South 176th to South 200th with a budget of \$3.767 million; and (c) treat as property for resale and record separately from the Airport Link project budget the previously authorized \$4.1 million acquisition costs for the "kiss-and-ride" facility at the SeaTac/Airport Link Station.

WHEREAS, a Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish County region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, at a general election held within the Central Puget Sound Regional Transit Authority district, the voters approved local funding for high capacity transit in the Central Puget Sound Region, which includes an electric light rail line connecting the Cities of SeaTac, Tukwila, and Seattle; and

WHEREAS, Sound Transit is implementing the Sound Move transit plan; and

WHEREAS, on November 5, 1999, Sound Transit and the Federal Transit Administration (FTA) issued a final environmental impact statement (FEIS) for the Central Link Light Rail Transit project to satisfy the requirements of the National Environmental Policy Act (NEPA) and the State Environmental Policy Act (SEPA); and

WHEREAS, on November 18, 1999, the Sound Transit Board approved Resolution No. R99-34, which selected the Central Link Light Rail Project alignment from the University District in Seattle to South 200th Street in the City of SeaTac to be built; and

WHEREAS, in its action identifying the Initial Segment on September 27, 2001, the Sound Transit Board directed the agency to work with the Port of Seattle (POS) and the Cities of SeaTac and Tukwila to extend the Initial Segment south beyond South 154th Street. This

process culminated in the execution of term sheets between Sound Transit, the POS, and the City of SeaTac in December of 2004 that defined the proposed light rail project scope; and

WHEREAS, on July 14, 2005, the Sound Transit Board adopted Resolution No. R2005-16, selecting the Airport Link alignment and station locations between the Tukwila International Boulevard Station and South 200th Street and selecting the portion of Airport Link from the Tukwila International Boulevard Station to Sea-Tac Airport, to be constructed and operated as part of the Central Link Light Rail Project by the end of 2009; and

WHEREAS, on December 28, 2006 Sound Transit advertised the final major construction contract, C430 SeaTac/Airport Station; and

WHEREAS, on March 6, 2007, Sound Transit received a single bid of \$95,305,250, which was \$43.5 million over the engineer's estimate; and

WHEREAS, after analyzing the bid and consulting with the Sound Transit Board and the Port of Seattle, Sound Transit developed a strategy that included recommending the Board authorize executing a contract with the bidder for the construction of selected elements of the SeaTac/Airport Station and trackwork, and redesigning the other elements to reduce cost and maintain functionality.

WHEREAS, on July 26, 2007, the Sound Transit Board adopted Motion No. M2007-79, which authorized the chief executive officer to execute a contract with Mowat Construction Company for the construction of a reduced scope of work, which included the structural concrete elements of the station and the track work; and

WHEREAS, the remainder of the original scope of work has been redesigned to reduce overall project costs based on a comprehensive value engineering and constructability study; and

WHEREAS, in August 2007 Sound Transit initiated negotiations with Mowat for the remainder of the work (station finishes).

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that

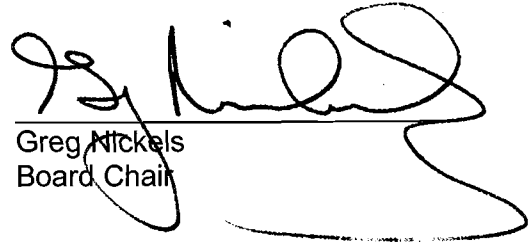
Section 1: The Airport Link Project Lifetime Capital Budget of \$269.1 million (YOES) is approved.

Section 2: A new project is created for the light rail segment from South 176th to South 200th and a lifetime capital budget of \$3.767 million (YOES) is approved for this project.

Section 3: The \$25.5 million budget amendment for Airport Link and \$3.767 million South 176th to South 200th project will be funded through unutilized financial capacity in South King County and transfer of up to \$12 million from the Regional Fund beginning in 2008. The South King County subarea will reimburse the Regional Fund for the transfer, plus interest at the rate of CPI-U annual growth, as soon as additional financial capacity is generated through release of project contingency or reserves in the subarea or upon receipt of additional subarea grants or other revenues. The Board will receive an annual update on the amount of outstanding transfer prior to approval of the annual budget.

Section 4: Consistent with the February 16, 2006 Development and Transit Way Agreement between Sound Transit and the City of SeaTac, the previously authorized \$4.1 million acquisition costs for the "kiss-and-ride" facility at the Airport Link Station will be treated as property for resale and recorded separately from the Airport Link project budget.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 28, 2008.



Greg Nickels
Board Chair

ATTEST:

Marcia Walker
Marcia Walker
Board Administrator