

MOTION NO. M2013-24

Lease/Leaseback Transaction for Commuter Rail Cars and Locomotives

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:	PHONE:
Capital Committee	04/11/2013	Recommendation to Board	Ahmad Fazel, DECM Executive Director	206-398-5389
Board	04/25/2013	Final Action	Eric Beckman, Project Director	206-398-5251

PROPOSED ACTION

Authorizes the chief executive officer to (1) request the disbursement of remaining funds in escrow in accordance with an escrow agreement between Sound Transit and Amtrak in equal parts for projects that are beneficial to Sound Transit and Amtrak, and (2) enter into any agreements with Amtrak to accomplish the purpose of distributing the remaining escrow funds to Sound Transit and Amtrak.

KEY FEATURES SUMMARY

- This action closes two escrow accounts, releasing approximately \$10,050,000, divided between Sound Transit and Amtrak to fund projects that mutually benefit Sounder and Amtrak Cascade Service.
- Sound Transit will use its portion to fund property acquisition in the Reservation Junction Track and Signal Project.
- Amtrak will use their portion to fund capital improvements at their Holgate maintenance facility

BACKGROUND

In 2000, Sound Transit entered into a “Lease/Leaseback” transaction with Amtrak and BNSF that exempted approximately \$11 million of state sales tax from Sound Transit’s purchase of its initial set of locomotives and passenger rail cars (the “2000 Transaction”). Under the terms of the 2000 Transaction, Sound Transit and Amtrak placed the savings in two escrow accounts and agreed the funds would be spent on projects of mutual benefit. Sound Transit and Amtrak concurred on a variety of small projects between Everett and Tacoma and in late 2000, \$2,000,000 was released to fund these improvements. In 2005, Sound Transit entered into an agreement with the Department of Revenue to pay \$1,000,000 in full satisfaction of any taxes that arose out of the Lease/Leaseback transaction. The remaining amount, approximately \$10,050,000, includes over \$2,000,000 in accrued interest.

Sound Transit and Amtrak have agreed on a list of mutually beneficial projects under which the remaining funds will be spent. Sound Transit will spend its share, approximately \$5,025,000, on acquiring railroad right-of-way from the City of Tacoma between Reservation Junction and Freighthouse Square. Amtrak will fund additional improvements to its maintenance facility in Seattle. Amtrak will eventually operate service over the Reservation Junction to Freighthouse Square section of right-of-way under its Point Defiance Bypass Project. Sound Transit continues a contract with Amtrak for maintenance and train storage services at its Holgate facility.

Staff will return to the Board for authorization to enter into an agreement to purchase right-of-way from the City of Tacoma and to award contracts to design and construct infrastructure under the Reservation Junction Track and Signal Project.

FISCAL IMPACT

Resolution No. R2013-07 amended the Adopted 2013 Lifetime Budget for the Reservation Junction Track and Signal Project to account for the receipt of \$5,025,000 out of escrow accounts to purchase railroad right-of-way from the City of Tacoma between Reservation Junction and Freighthouse Square.

The Reservation Junction Track and Signal project, as scoped in the ST2 program, assumed Sound Transit would build the project on land owned by the City of Tacoma. Use of these funds for the acquisition of the right-of-way will allow Sound Transit to maintain long-term control of the operations and maintenance of this corridor.

Remaining funds in excess of the cost of the right-of-way, if any, will be reconciled with the ST2 cost estimate at the time the project is baselined.

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

EQUAL EMPLOYMENT WORKFORCE PROFILE

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

A one month delay would not create a significant impact to the project schedule.

PRIOR BOARD/COMMITTEE ACTIONS

Resolution R2013-07: (1) Amended the Adopted 2013 Lifetime Budget for the Reservation Junction Track and Signal project from \$1,870,000 to \$6,895,729 to provide funds to the project in order to purchase the rail corridor, and (2) amended the Adopted 2013 Annual Budget for the Reservation Junction Track and Signal project from \$654,620 to \$5,354,620.

Resolution R2013-01: (1) Authorized the chief executive officer to acquire, dispose, or lease certain real property by negotiated purchase, by condemnation (including settlement of condemnation litigation), or by entering into administrative settlements, and to pay eligible relocation and re-establishment benefits to affected owners and tenants as necessary in order to secure property required for operation, and maintenance of the Sounder line, and (2) required staff to prepare an amendment to the Adopted 2013 Budget to fund the acquisition for Board consideration within 60 days of completion of the acquisition.

Motion M2000-84: Authorized the execution of all necessary contracts and agreements to complete a lease/leaseback contract with Amtrak for Sounder Commuter Rail cars and locomotives with a term not exceeding 40 years.

ENVIRONMENTAL REVIEW

Jl 3/29/2013

LEGAL REVIEW

JW 4/04/2013

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A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to (1) request the disbursement of remaining funds in escrow in accordance with an escrow agreement between Sound Transit and Amtrak in equal parts for projects that are beneficial to Sound Transit and Amtrak, and (2) enter into any agreements with Amtrak to accomplish the purpose of distributing the remaining escrow funds to Sound Transit and Amtrak.

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MOTION:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to (1) request the disbursement of remaining funds in escrow in accordance with an escrow agreement between Sound Transit and Amtrak in equal parts for projects that are beneficial to Sound Transit and Amtrak, and (2) enter into any agreements with Amtrak to accomplish the purpose of distributing the remaining escrow funds to Sound Transit and Amtrak.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on April 25, 2013.


Pat McCarthy
Board Chair

ATTEST:



Marcia Walker
Board Administrator