



Resolution No. R2024-23

Budget Increase for East Link Extension

Meeting:	Date:	Type of action:	Staff contact:
System Expansion Committee Board	10/10/2024 10/24/2024	Recommend to Board Final action	Terri Mestas, Deputy CEO, Capital Delivery Michael Morgan, Executive Director – Capital Delivery Joe Gildner, Deputy Executive Director – Capital Delivery Randy Harlow, Executive Project Director – East Link

Proposed action

Amends the East Link Extension project baseline budget to settle certain delay claims and to provide funding to complete the extension by the forecast revenue service date by increasing the authorized project allocation by \$80,000,000 from \$3,677,150,000 to \$3,757,150,000.

Key features summary

- Since construction began in 2016, the project has encountered significant delays which have consumed remaining project float and extended construction and support contracts longer than anticipated. Key contributing factors include the global COVID-19 pandemic, an extended ready-mix concrete delivery strike, quality issues, and contractor challenges meeting planned production rates.
- Staff performed a quantitative risk assessment in July 2024 which indicated a high probability of delay to the project revenue service date to late 2025 or early 2026 and cost increases as a result.
- The proposed budget amendment represents a 2 percent increase over the adopted baseline budget and provides funding for design support during continued construction, extended construction management and quality oversight services, and extended third party support.
- Increased costs in Administration, Final Design, Third Party, Construction and Construction Services phases are due to:
 - Delay to substantial completion of construction and the start of revenue service attributed to ongoing owner-initiated design revisions resulting in change orders, third party coordination requirements, and contractor quality issues and challenges meeting planned production rates.
 - Additional agency administrative level of effort required to support the project through completion and project closeout activities.
 - Additional design support during construction, which includes Systems Engineer of Record providing additional support for testing and commissioning to supplement agency staff.
 - Additional construction management support, which includes schedule and increased inspection support. Agency and consultant support of the project is required through completion of construction and during project closeout phase.
- Construction on the East Link Extension is currently 99 percent complete. Remaining work includes

completion of trackwork along the floating bridge, station punch lists, systems completion, and testing and commissioning.

Background

East Link extends light rail 14 miles, with 10 stations from Seattle's International District to Judkins Park, across I-90 to Mercer Island and South Bellevue, through downtown Bellevue and the Bel-Red area to Redmond Technology Station. Revenue service commenced in April 2024 between the South Bellevue and Redmond Technology Stations. Revenue service for the remaining East Link Extension is forecast to begin in late 2025.

East Link Extension challenges include construction quality issues and safety and durability concerns of the track plinths, the raised concrete structures that support the rails on the I-90 segment (except for the floating bridge). The contractor's work to repair the plinths led to the identification of additional defects with rebar placement and embedment into the existing roadways. The contractor is replacing the plinths to resolve the defective work and assure the long-term durability, reliability, and safety of the extension. In addition, repairs were required to the polyurea coating system applied to the floating bridge to help prevent electrical stray current from the trains flowing into the bridge structure that might cause corrosion.

Corrective actions have extended the duration of the I-90 civil construction contract, resulting in delays to the subsequent systems contract and extended durations for quality oversight, design support, third party support, and construction management contracts.

Project status

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Project Identification	Alternatives Identification	Conceptual Engineering/ Draft EIS	Preliminary Engineering/ Final EIS	Final Design	Construction

Projected completion date for Construction: Q4 2025

Project scope, schedule and budget summary are located on page 33 of the June 2024 Agency Progress Report.

Fiscal information

This action increases the baseline budget without adding scope.

The baseline budget for the East Link Extension is \$3,677,150,000. This action would increase the baseline budget by \$80,000,000 to \$3,757,150,000 for settlement of certain delayed claims and to provide funding to complete the East Link Extension by the forecasted revenue service date.

East Link Extension

(in thousands)

Project Phase	Annual Project Budget			Authorized Project Allocation to Date		
	Adopted 2024 Annual Project Budget	Budget Revision	Revised 2024 Annual Project Budget	Authorized Project Allocation to Date	Allocation Change	Authorized Project Allocation to Date (New)
Administration	\$10,761	\$0	\$10,761	\$176,100	5,000	\$181,100
Preliminary Engineering	0	-	-	54,776	-	54,776
Final Design	7,034	-	7,034	264,468	3,000	267,468
Third Parties	1,195	-	1,195	46,650	2,000	48,650
Right of Way	700	-	700	283,516	-	283,516
Construction	158,235	-	158,235	2,557,942	50,000	2,607,942
Construction Services	28,317	-	28,317	293,697	20,000	313,697
Total Current Budget	\$206,241	\$0	\$206,241	\$3,677,150	\$80,000	\$3,757,150

Notes:

Amounts are expressed in Year of Expenditure \$000s.

For detailed project information, see page 115 of 224 of the 2024 Financial Plan & Adopted Budget.

* Board Approvals = Commitment and PO Contingency Remaining as of 8/31/2024.

Affordability impact

This action is \$80,000,000 (YOE\$) higher than the Fall 2024 Financial Plan estimate. Implementing the action reduces agency financial capacity. It would require additional debt to fund the amendment and reduces agency remaining available debt capacity by 0.7% and decreases net debt service coverage ratio by 0.015x.

	Remaining Available Headroom	Minimum Net Debt Service Coverage Ratio
Fall 2024 Financial Plan	10.1%	1.556
<i>Impact of Resolution on Financial Plan</i>	<i>-0.7%</i>	<i>-0.015</i>
Updated Financial Plan Metrics	9.4%	1.542

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

Not applicable to this action.

Time constraints

Approval of this action and the related contract modifications (Motion No. M2024-64 for systems construction and Motion No. M2024-65 for contingency authorization) will allow the project to continue to progress design and construction activities for the I-90 segment (Contract E130) for the East Link Extension project to complete the work. Delay of this action may jeopardize the claim settlement agreement on the Mass Electric E750 contract.

Prior Board/Committee actions

Resolution R2023-40: Adopted an annual budget for the period from January 1 through December 31, 2024, and adopts the 2024 Transit Improvement Plan (TIP).

Resolution R2015-14: (1) Adopted the East Link Extension baseline schedule and budget, which constitutes Board approval of Gate 5 within Sound Transit's Phase Gate process by (a) amending the

project Lifetime Budget from \$798,346,894 to \$3,677,150,000, and (b) amending the project 2015 Annual Budget from \$142,944,766 to \$165,636,000; (2) approved Gate 6 within Sound Transit's Phase Gate process to allow the project to proceed to construction; (3) confirmed that the alignment selected by the Board in 2013 includes a 120th Avenue Station in a retained cut; (4) incorporated the Overlake Village Bridge project into the East Link Extension by (a) amending the Lifetime budget from \$5,185,585 to \$0 and (b) amending the annual budget from \$1,163,000 to \$0 to reflect the transfer of budget to the East Link Extension; and (5) established a project revenue service date of June 2023.

Environmental review – EG 9/20/24

Legal review – JEN 10/04/24



Resolution No. R2024-23

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the East Link Extension project baseline budget to settle certain delay claims and to provide funding to complete the extension by the forecast revenue service date by increasing the authorized project allocation by \$80,000,000 from \$3,677,150,000 to \$3,757,150,000.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under chapters 81.104 and 81.112 of the Revised Code of Washington (RCW) for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit district on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, in December 2024, the Board approved Resolution No. R2023-40, adopting an annual budget for the period from January 1 to December 31, 2024, and adopting the 2024 Transit Improvement Plan; and

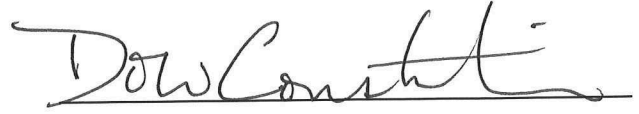
WHEREAS, in July 2024 staff performed a quantitative risk assessment in which indicated a high probability of delay to the project revenue service date to late 2025 or early 2026 and cost increases as a result; and

WHEREAS, the proposed budget amendment represents a 2 percent increase over the adopted baseline budget and provides funding for design support during continued construction, extended construction management and quality oversight services, and extended third party support; and

WHEREAS, increased projects costs are due to delay to substantial completion of construction attributed to ongoing owner-initiated design revisions resulting in change orders, third party coordination requirements, and contractor quality issues and challenges meeting planned production rates; additional agency administrative level of effort; additional design support during construction; and additional construction management support.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the East Link Extension project baseline budget be amended to settle certain delay claims and to provide funding to complete the extension by the forecast revenue service date by increasing the authorized project allocation by \$80,000,000 from \$3,677,150,000 to \$3,757,150,000.

ADOPTED by a supermajority of the Board Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 24, 2024.



Dow Constantine
Board Chair

Attest:



Kathryn Flores
Board Administrator