

CITY COUNCIL STUDY SESSION ITEM

SUBJECT:

Provide Council with an update on the Wilburton Connections projects (Attachment 1).

STAFF CONTACT:

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Transportation Department

FISCAL IMPACT:

There is no fiscal impact associated with this Study Session. Options for consideration to fully finance the Wilburton Connections projects are presented in subsequent sections.

POLICY ISSUES:

This discussion supports the implementation of the following significant improvements, all identified as high priority projects in the Mobility and Infrastructure Initiative due to their connecting corridor roles between Downtown Bellevue and Wilburton/Bel-Red sub-areas:

- extension of NE 4th Street between 116th and 120th Avenues NE,
- improvements to 120th Avenue NE between the proposed NE 4th Street Extension and NE 8th Street,
- the extension of NE 6th Street between I-405 and 120th Avenue NE, and
- neighborhood protection along NE 5th Street.

These projects are consistent with policies in the 2008 update to the Wilburton/NE 8th Sub-Area Plan, including improving local access and circulation (S-WI-25) and improving pedestrian/bicycle facilities on arterial streets (S-WI-28). The subject of this ordinance is consistent with Comprehensive Plan Policy TR-105 (aggressively seek state and federal funds for transportation capital, maintenance, operational, service, and demand-oriented improvements).

DIRECTION NEEDED FROM COUNCIL:

- Action
 Discussion
 Information

Staff is not seeking direction at this time; however we have noted several items that will be coming forward for action in the near future based on Council's decision on February 1, 2010 to proceed with early design work for the NE 4th Street Extension, 120th Avenue NE Improvements, NE 6th Street Extension.

PREVIOUS COUNCIL ACTIONS RELATED TO WILBURTON CONNECTIONS:

The following is a summary of key Council actions:

- February 25, 2008 Council approved Ordinance No. 5803, amending the Wilburton/NE 8th Street Sub area Plan.
- December 1, 2008 Council approved Ordinance No. 5851 adopting the 2009-2010 Budget and 2009-2015 Capital Investment Program (CIP) Plan which included the Mobility and Infrastructure Initiative (CIP Plan No. G-80).
- January 20, 2009 Council approved Resolution No. 7874, endorsing the Mobility and Infrastructure Initiative and Finance Plan.
- February 2, 2009 Council approved Resolution 7876 for a Local Improvement District Feasibility Analysis contract with Macaulay & Associates.
- August 3, 2009 Council approved Resolution No. 7966 authorizing the execution of a consultant agreement with INCA Engineers, Inc. to develop the design and prepare the construction contract documents to widen 120th Avenue NE from the 300 block to the 700 block.
- August 3, 2009 Council endorsed Ordinance No. 5898 receiving a funding commitment for the State of Washington Local Revitalization Financing for \$12,500,000 to support the Wilburton Connections Projects and bond repayment.
- October 5, 2009 Council approved Resolution No. 7993 authorizing the execution of a Phase I consultant agreement with PB to prepare an Engineering Design report and identify the preferred alignment for a new NE 4th Street roadway.
- February 1, 2010 Council approved Ordinance No. 5936 authorizing the amendment of the 2009-2015 Capital Investment Program (CIP) to create three (3) new CIP projects (NE 4th Street Extension, 120th Avenue NE Improvements, NE 6th Street Extension).

PROJECT STATUS/UPDATE:

120th Avenue NE, NE 4th to NE 8th

Design work is approximately 60% complete. Right-of-way needs assessment is underway and discussions with affected property owners are ongoing. Final right-of-way negotiations and acquisition is anticipated to be completed by the end of 2010. Construction is anticipated to begin in late spring 2011 (pending full funding).

120th Avenue NE, NE 8th to Bel-Red Road

Through the public involvement process completed to date, many residents noted that they would prefer work be completed for 120th Avenue NE at least north of NE 8th Street. However, at this time, no work is being done on this segment of 120th Avenue NE. Staff recommends moving forward with the conceptual engineering for 120th Avenue NE, NE 8th to Bel-Red Road. An amendment of the 2009-2015 CIP to increase the budget would be required. Staff recommends transferring \$190,000 of the Mobility and Infrastructure Initiative funding from CIP Plan G-80 (which currently has a total of \$5.8 million in potential bond proceeds that remain unallocated).

NE 4th Street Extension, 116th Ave NE to 120th Ave NE

The alternative analysis has been completed and a preferred alternative has been identified to take to final design. More detailed information regarding the screening process and the selection of the preferred alternative is noted in Attachment 2. The current consultant contract was only authorized through preliminary design; therefore a supplement to that contract will be required to complete final design and prepare construction contract documents. **Action on a contract supplement is tentatively scheduled on the April 19, 2010 Consent Calendar.** Design is anticipated to be completed early in 2011. Final right-of-way negotiations and acquisition are

anticipated to be completed in early 2011 (pending funding), and construction is expected sometime late in 2011 or early 2012 (pending funding).

NE 5th Street Traffic Assessment

A consultant has been selected to perform the traffic assessment, public involvement and develop a preliminary traffic calming concept for NE 5th. **A Consent item authorizing execution of a consultant agreement for this work is tentatively scheduled for April 19, 2010.** Public involvement with area stakeholders is expected to begin immediately. Assessment and development of concepts are anticipated to be completed by October 2010. It is expected that final design of any modifications to NE 5th will be incorporated into the construction documents for NE 4th so that construction can be completed along with the NE 4th Street project (pending funding).

NE 6th Street Extension, I-405 to 120th Ave NE

Requests for proposals have been solicited for the NE 6th Street Extension Pre-Design. Selection of a consultant is anticipated to be completed by the end of April 2010. **A Consent item authorizing execution of a consultant agreement for this work is anticipated to be scheduled for late May or early June 2010.**

WILBURTON CONNECTIONS PROJECTS PROJECTED COSTS:

The costs below reflect preliminary estimates prepared for each of the projects. The estimated costs for NE 4th Street are based on preliminary estimates prepared through the alternative selection process. Estimated costs for 120th Avenue NE, NE 4th to NE 8th are based on approximately 60% design level completion. A conceptual engineering cost estimate for 120th north of NE 8th has been included for reference.

<u>Wilburton Connections Projects</u>	<u>Cost</u> <u>(000)</u>	<u>Programmed</u>	
<u>NE 6th Street</u>			
• Pre-Design	\$1,000	\$1,000	
<u>NE 4th Street</u>			
• Design/Environmental	3,600	3,600	
• Right-of-Way	24,200		
• Construction	<u>12,650</u>		
Total	\$40,450	\$3,600	
<u>120th Avenue NE, NE 4th to NE 8th</u>			
• Design/Environmental	\$ 925	\$ 925	
• Right-of-Way	5,070	5,070	
• Construction	<u>3,960</u>	<u>2,605</u>	
Total	\$9,955	\$8,600	Gap
Total Wilburton Connections	\$51,405	\$13,200	\$38,205
<u>120th Extension North of NE 8th Street</u>			
<u>120th Ave NE, NE 8th to NE 12th</u>			
• Conceptual Engineering Only	\$190		

FUNDING/FINANCING OPTIONS:

As noted above, Council authorized amending the 2009-2015 CIP to partially fund the Wilburton Connections Projects. A total of \$13.2 million has been allocated to projects, including re-allocation of Supplemental CIP funds, acceptance of a Federal Grant, and use of a portion of the proceeds from the 2009 3% property tax increase. Additional discussion related to the various Funding/Financing Options listed below is included in Attachment 3.

Supplemental CIP	\$7,400
Federal Grant	2,600
Bond 3% Property Tax	<u>3,200</u>
Total Secured Allocated	\$13,200

Additional funding available to the City that could be allocated to the Wilburton Connections Projects:

Local Revitalization Financing	\$7,000
Remainder of Property Tax Bond	5,800
Additional Supplemental CIP (NE 2 nd)	<u>2,100</u>
Total Unallocated	\$14,900

Should the Council decide to use the above unallocated funding, combined with the total secured funding for the Wilburton Connections Projects, that would leave a shortfall of \$23,305. Other funding/financing options Council could consider:

Unsecured Federal Grants	\$5,600
Public Works Trust Fund Loan	Up to \$10,000
Property Owner Participation	\$10,000-20,000
Additional State and Federal Grants	TBD
General CIP Allocation	TBD
Additional Property Tax Increases	TBD

RECOMMENDATION:

No overall funding recommendation is being made at this time. Information presented is for Council consideration as they enter the 2011-2012 budget deliberations. The consultant agreements to be presented for consent approval in coming weeks are fully funded through an existing CIP project, NE 4th Street Extension (CIP Plan No. PW-R-160). Unless Council directs otherwise, Staff will seek Council authorization to apply for a Public Works Trust Fund Construction Loan of up to \$10 million by the May 11, 2010 application deadline. The loan application does not commit the City to utilize this financing mechanism but keeps the option open for further evaluation.

Based on community input staff is recommending moving forward with the conceptual engineering for 120th Avenue NE, NE 8th to Bel-Red Road. A contract amendment would be required, as would amendment of the 2009-2015 CIP to increase the budget \$190,000. Staff recommends transferring Mobility and Infrastructure Initiative funding from CIP Plan G-80 (the balance is noted in the above table as Remainder of Property Tax Bond).

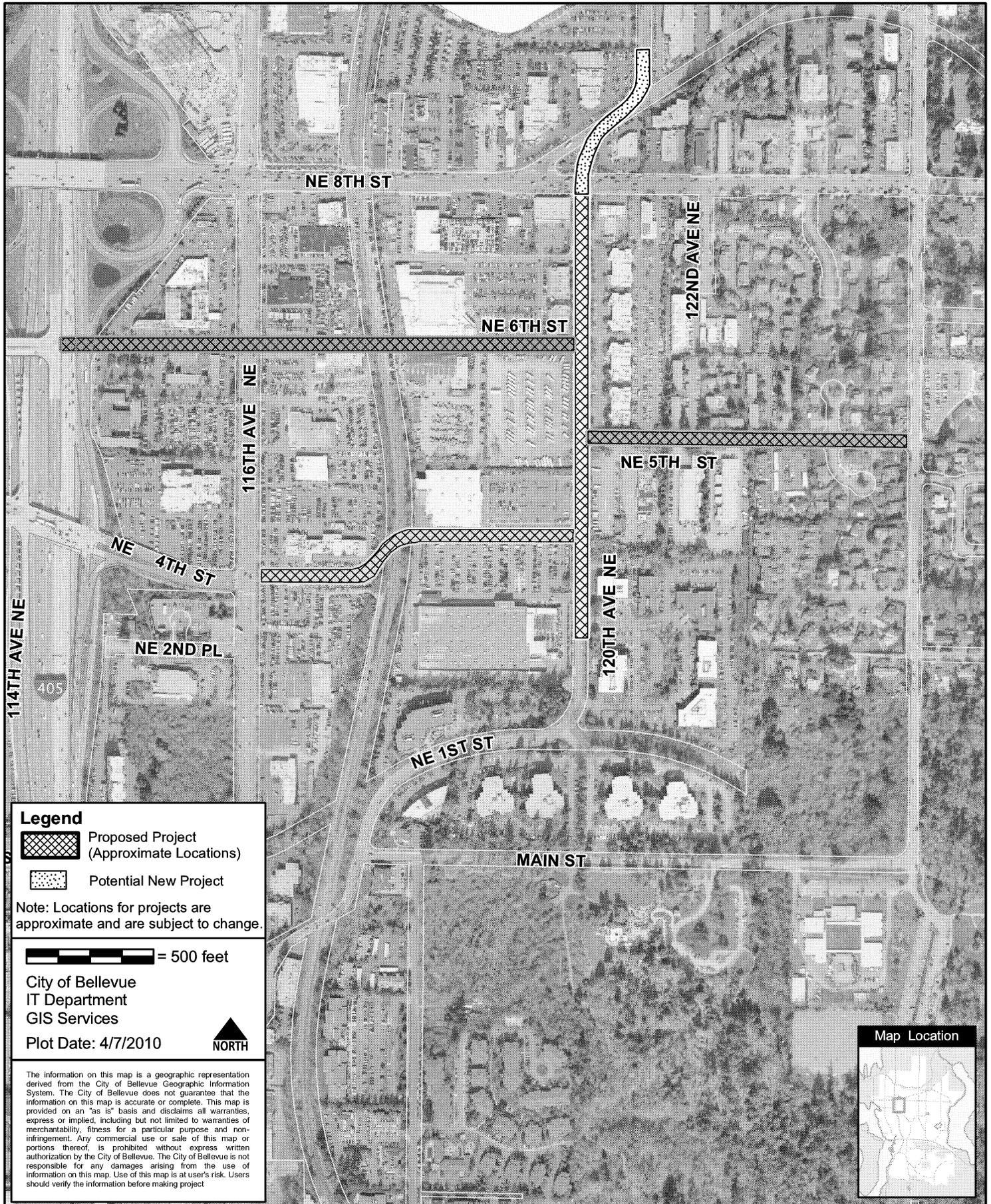
SUMMARY OF KEY 2010 DATES FOR COUNCIL:

April 19, 2010 Authorize consultant contract for final design NE 4th
April 19, 2010 Authorize consultant contract for NE 5th Traffic Assessment
April 19, 2010 Authorize application to the Public Works Trust Fund Construction Loan
Program
April 19, 2010 Authorize contract amendment for conceptual design of 120th Ave NE,
NE 8th to Bel-Red Road
May 2010 Authorize consultant contract for Pre-design NE 6th
June 2010 LID Feasibility Study Review
September 2010 LID Special Benefits Analysis (if directed)
October 2010 LID Public Hearing (if directed)

ATTACHMENTS:

1. Wilburton Connections Project Map
2. NE 4th Street Alternative Analysis Discussion
3. Additional Funding/Financing Options Discussion

Conceptual Layout for Wilburton Connections



Legend

-  Proposed Project (Approximate Locations)
-  Potential New Project

Note: Locations for projects are approximate and are subject to change.

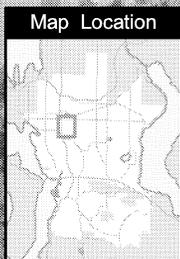
 = 500 feet

City of Bellevue
IT Department
GIS Services

Plot Date: 4/7/2010



The information on this map is a geographic representation derived from the City of Bellevue Geographic Information System. The City of Bellevue does not guarantee that the information on this map is accurate or complete. This map is provided on an "as is" basis and disclaims all warranties, express or implied, including but not limited to warranties of merchantability, fitness for a particular purpose and non-infringement. Any commercial use or sale of this map or portions thereof, is prohibited without express written authorization by the City of Bellevue. The City of Bellevue is not responsible for any damages arising from the use of information on this map. Use of this map is at user's risk. Users should verify the information before making project



NE 4th ALTERNATIVE ANALYSIS DISCUSSION

A variety of alignments were created through the alternatives analysis phase of the NE 4th Street Extension project. Four of those alternatives were developed further for more detailed analysis and assessment (included in this attachment). The alternatives were named based on the physical location of the alignment and were noted as:

Alignment	Description
Best Buy	Mainly located on Best Buy parcel, fill on west end, passes over 72" diameter KC Metro sanitary sewer trunk line, cuts through BNSF corridor, strikes a portion of the Best Buy building
Mutual Materials/ School District	Northerly alignment through the Mutual Materials and School District parcels, fill on west end, passes over 72" KC Metro sanitary sewer trunk line, cuts through BNSF corridor, connects new alignment at NE 5 th Street
Home Depot/Best Buy – Trench	Located in a trench between Home Depot and Best Buy, passes under KC Metro sanitary sewer trunk line and BNSF corridor, passes between Best Buy and the existing shared detention vault in the Home Depot parking lot
Home Depot/Best Buy – Surface	Located between Home Depot and Best Buy, fill on the west end, passes under KC Metro sanitary sewer trunk line, cuts through BNSF corridor, passes between Best Buy and Home Depot parking lots.

Each alternative was screened based on several criteria (roadway geometry, impacts to adjacent properties, access to adjacent properties, impacts/modifications to BNSF, construction duration/disruption, traffic operations, public comment and cost) to determine an alternative to move to final design.

Staff recommends moving the “Best Buy” alternative forward for final design. This recommendation is based on the following:

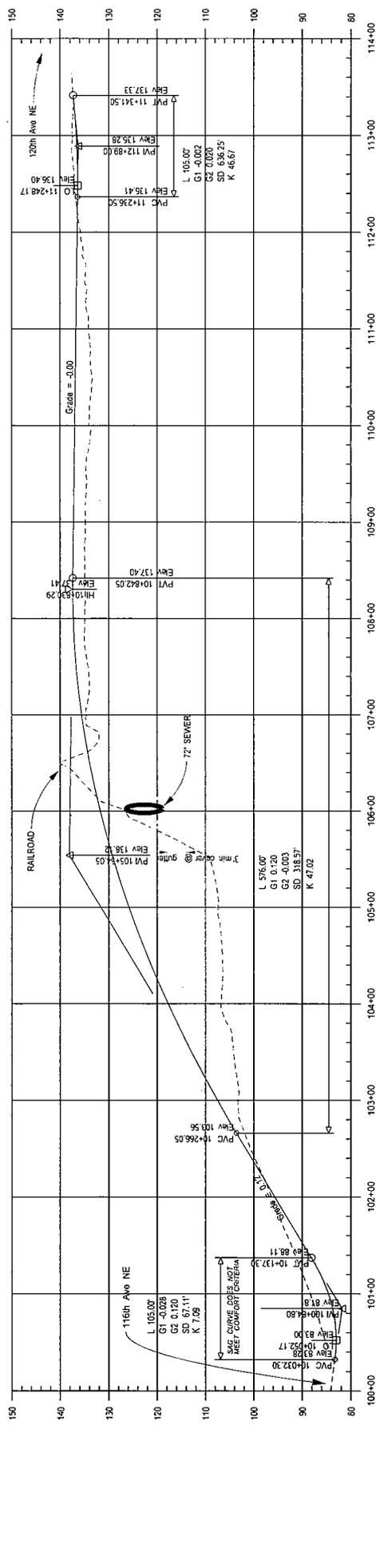
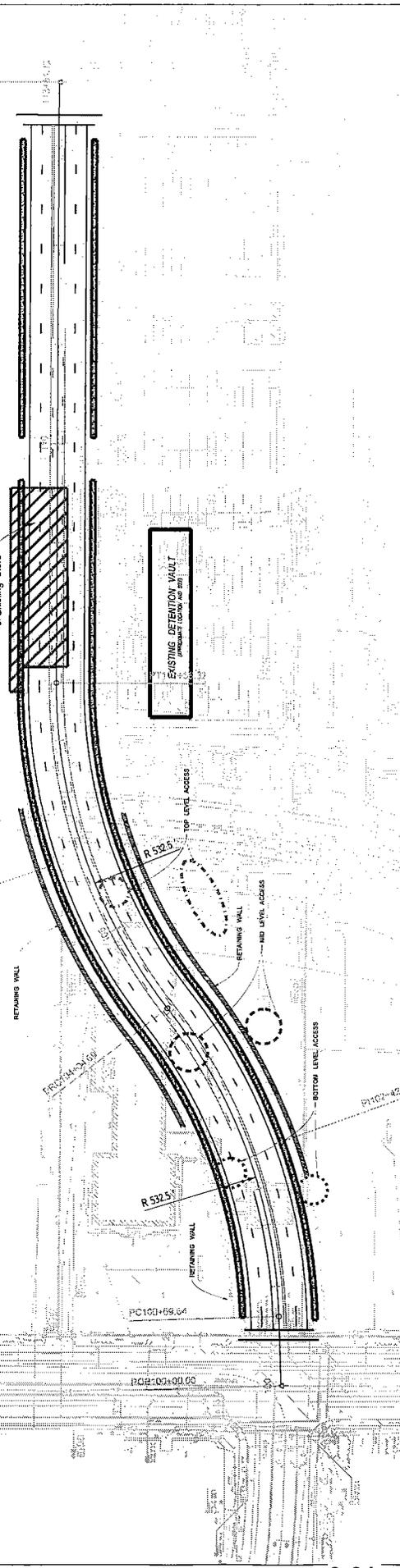
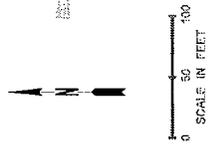
- Least number of parcels impacted (KG Investments to the west and Best Buy to the east)
- Ability to modify the existing Best Buy structure for continued retail use
- Least overall cost
- Most compatible with Wilburton Village vision
- Community input

While the main community input heard was for the extension of 120th Avenue NE to be completed north to Northup (or even Bel-Red Road) prior to the extension of NE 4th or NE 6th, the Wilburton Community did not support an alignment that connected directly to NE 5th Street.

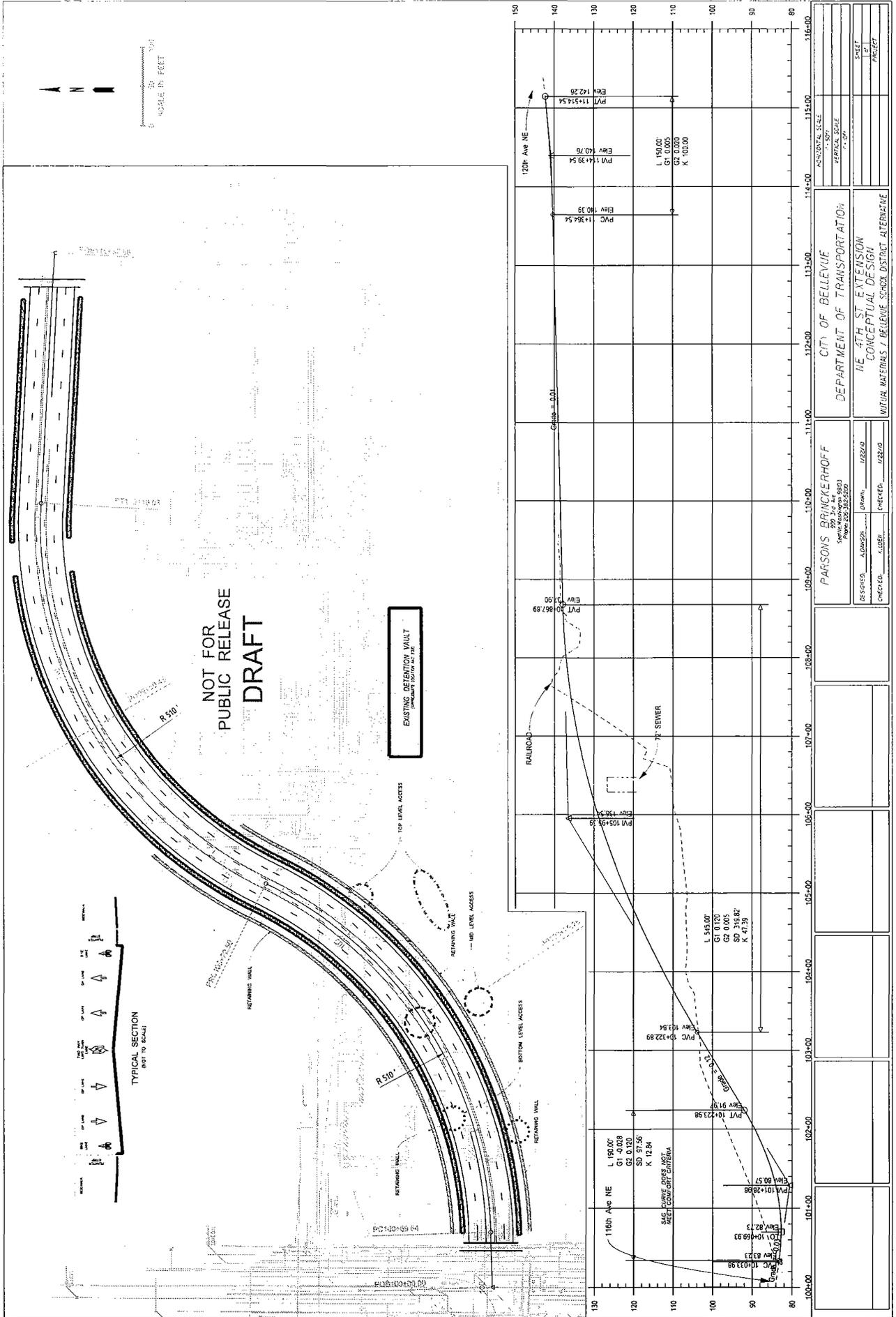
DRAFT
NOT FOR
PUBLIC RELEASE

Take ~10,500sf
of Existing Slope

EXISTING DEFLECTION VAULT
(UNDER 4TH ST AT 116th AVE NE)



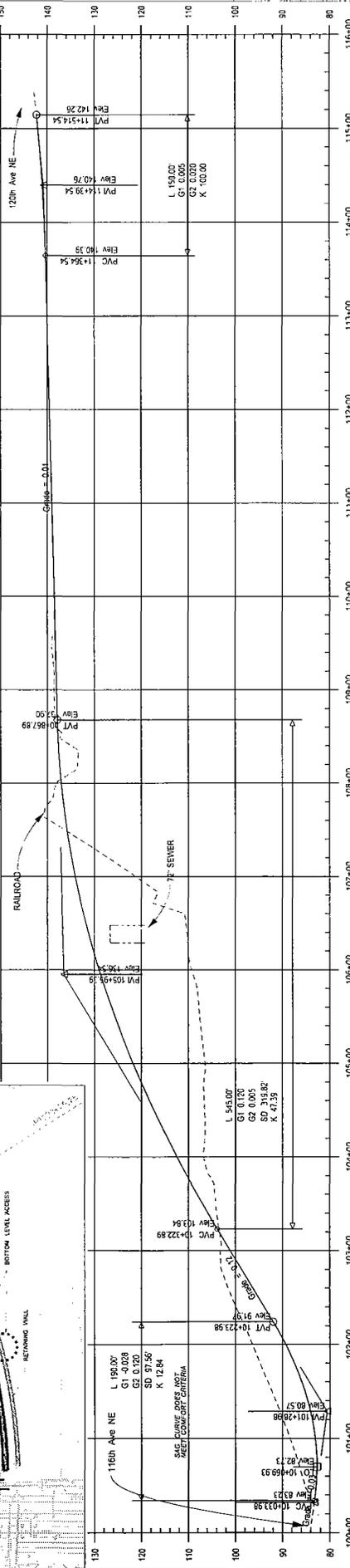
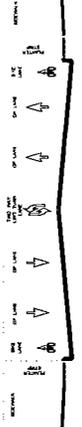
HORIZONTAL SCALE 1" = 50'		CITY OF BELLEVUE DEPARTMENT OF TRANSPORTATION	
VERTICAL SCALE 1" = 5'		NE 4TH ST EXTENSION CONCEPTUAL DESIGN BEST BUY ALTERNATIVE	
SHEET 1 OF 1		PROJECT	
DESIGNED: A. DAWSON DRAWN: J. ZIEGLER CHECKED: A. GIBBY		PARSONS BRINCKERHOFF Seattle, Washington 98103 Phone: 206.392.5500	



NOT FOR
PUBLIC RELEASE
DRAFT

EXISTING METERS VAULT
(INDICATED BY DASHED LINE)

TYPICAL SECTION
(NOT TO SCALE)



NO. 2076 SCALE	CITY OF BELLEVUE	DESIGNED	ADJUSTED	CHECKED	DATE
VERTICAL SCALE	DEPARTMENT OF TRANSPORTATION	BRINCKERHOFF	BRINCKERHOFF	BRINCKERHOFF	1/28/00
HORIZONTAL SCALE	164TH ST. EXTENSION	164TH ST. EXTENSION	164TH ST. EXTENSION	164TH ST. EXTENSION	1/28/00
PROJECT	CONCEPTUAL DESIGN	CONCEPTUAL DESIGN	CONCEPTUAL DESIGN	CONCEPTUAL DESIGN	1/28/00
	MUTUAL INTERESTS / BELLEVUE SCHOOL DISTRICT ALTERNATIVE				

ADDITIONAL FUNDING/FINANCING OPTIONS DISCUSSION**Local Revitalization Financing (LRF) Program - \$7 Million:**

The 2009 Washington State Legislature enacted Second Substitute Senate Bill 5045, which established the Local Revitalization Financing (LRF) Program. The program allows local governments to recapture a portion of State sales tax revenues (up to \$500,000 per year capped at \$12.5 million over 25 years) and a portion of the incremental increase in property taxes within the designated LRF Revitalization Area, as a means to repay bond financing used to construct public infrastructure improvements needed to support economic development. The revenue stream could support the issuance of approximately \$7 million in long term debt. No new taxes or tax burdens are imposed on property owners, businesses, or individuals. Once the improvements are fully paid for, the LRF district would be discontinued and all taxes would revert to the current allocations.

On August 3, 2009 the City Council adopted Ordinance No. 5898 to create a revitalization area (encompassing the Downtown Core and Wilburton Commercial District) and to approve the city's participation in the program for the purpose of partially financing implementation of the NE 4th Street Extension (116th to 120th Avenues NE) with associated widening on 120th Avenue NE (300 to 700 blocks).

Additional Supplemental CIP - \$2.1 Million:

Council approved two 2% property tax levy increases (2007 and 2008) and issued \$14 million in long term debt to fund the first phase of the Supplemental CIP. As part of the 2009-2010 CIP spending plan, \$7.4 million of this funding was identified as available for Council to direct to other high priority capital needs. On February 1, 2010, Council took this action by reprogramming the \$7.4 million to the Wilburton Connection projects (Ordinance No. 5936). There is an additional \$2.1 million in Supplemental CIP funds earmarked for property acquisition within the NE 2nd Street Enhancements Project (CIP Plan No. PW-R-150). These funds could also be reallocated to the Wilburton Connections projects.

Remainder of Property Tax Bond - \$5.8 Million:

Council approved one 3% property tax levy increase (2009) to begin funding the Mobility and Infrastructure Initiative. This levy may support the issuance of \$10 million in additional long term debt. To date Council has allocated a total of \$4.2 million of these funds to the Wilburton Connections projects (\$3.2 million; Ordinance No. 5936) and to the NE 15th Street Multi-Modal Corridor (Segment 1) project (\$1 million; Ordinance No. 5942). A total of \$5.8 million in potential bond proceeds remain unallocated.

Additional State and Federal Grants - \$5.6 Million:

The NE 4th Street Extension Project is currently on a funding contingency list for a \$5.6 million federal grant award through the Puget Sound Regional Council. Staff will continue to evaluate and apply for additional state or federal funding through grant programs for which the project is eligible.

Public Works Trust Fund (PWTF) Construction Loan Program - Up to \$10 Million:

Under the provisions of Chapter 399-30 of the Washington Administrative Code, the Washington State Public Works Board makes low-interest or interest free loans to local governments from the public works assistance account or other sources to assist local governments in financing public works projects. The public works assistance account was established by a bond in 1983 and is supplemented each year by loan payments and small allocations of state taxes related to the eligible systems (i.e. state Real Estate Excise Taxes).

The City is eligible to submit an application for the NE 4th Street Extension project to the PWTF for a Construction Program loan of up to \$10,000,000 with an interest rate as low as 0.5 percent (with a minimum 15% local match) and a term as long as 20 years. The 2010 construction loan program application deadline is May 11, 2010. State Public Works Board decisions are expected by November, 2010, and loan agreements would be executed in time for the NE 4th Street Extension project's projected construction phase.

For example, if the City is approved for a loan of \$7,500,000 and also entirely draws the funds out in 2012, the initial payment (approximately \$18,750; interest only) would be due in July 2013. Nineteen subsequent annual payments (consisting of principal, approximately \$395,000; and interest, averaging \$19,750), would be due each July from 2014 through 2032. Council authorization of the PWTF loan application does not commit the City to utilize this financing mechanism but keeps the option open for further evaluation.

Monetary Benefits of PWTF Borrowing

Comparing the projected principal and interest payments on a \$7,500,000 loan with a 0.5% interest rate for 20 years to paying the same annual amounts inflated using a projected 4% inflation rate, the savings realized is over \$4.7 million.

An alternative comparison to quantify the monetary benefit of utilizing the PWTF Construction Loan Program, is to consider the inflationary impacts of deferring the construction phase of the project four years, until local funds may be available to complete the project's implementation. As indicated above, the construction phase cost estimate, including contingencies, is \$12,650,000. If this 2010 cost estimate is inflated at 4%/year, the total cost to implement the same project in 2014 would be approximately \$14,800,000, an increase of \$2,150,000. This is a significant sum of money, especially considering the growth serving benefits of the project would be delayed for four additional years.

The City is currently paying off one existing Transportation PWTF loan through the 2009-2015 CIP, Public Works Trust Fund Loan – Principal (CIP Plan No. PW-R-82) and Public Works Trust Fund Loan – Interest (CIP Plan No. PW-R-83). A \$750,000 loan was awarded to the City in 2007 for the NE 24th Street Non-Motorized Improvements project (CIP Plan No. PW-W/B-69). Payments are programmed to continue through 2026.

Property Owner Participation (LID, Right-of-Way Dedication) - \$10 to 20 Million:

Local Improvement Districts (LIDs) provide a means for property owners who derive a "special benefit" from transportation improvements, to pay a proportionate share of the cost of those projects through assessments. The special benefit a property gains from a capital improvement (road or utility) is the difference between the fair market value of the property with and without the project improvements. An assessment to a property cannot exceed the special benefit to that

parcel – it must be proportionate to the special benefit received in relation to other properties in the LID and cannot include general or public benefits of the project.

The first step in advancing the development of an LID is to determine if the special benefit derived by properties within the proposed LID boundary is sufficient to support the LID assessments. This step is known as a Feasibility Analysis and evaluates benefits in relation to categories of properties and the degree of assessments that could be supported if an LID were to be formed. A feasibility analysis for the Wilburton Connections roadway improvements is currently underway. Council authorized a Professional Services Agreement with Macaulay & Associates in February 2009 (Resolution No. 7876). Staff plans to return to Council with a report on the results of the LID feasibility analysis in early June. At that time Council will consider the option of authorizing a second phase of the Macaulay contract and proceeding to the next phase in the development of an LID, a Formation Study.

Right-of-way dedication, potentially achieved through negotiation with affected property owners, may help the City implement the Wilburton Connections improvements not through revenue generation but through the reduction of land acquisition costs. Any property dedicated to the City will reduce the amount of real property the City will have to purchase for project implementation.