

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT:

East Link: Consideration of Term Sheet for Future City Contribution to the Downtown Tunnel Alternative (C9T).

STAFF CONTACT:

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FISCAL IMPACT:

This proposed Term Sheet provides the basis for future agreements that would be negotiated with Sound Transit for the City to provide financial support to the East Link project if it includes a tunnel in the downtown segment. Examples of the financial support that may be contributed by the City include contribution of property and rights-of-way at no cost; contribution of one-time tax revenues that would be received by the City of Bellevue as a result of the East Link Project; providing in-kind services, such as streamlined permitting assistance; and assuming responsibility for specific East Link capital projects where those projects also benefit the City. The City would have flexibility to work with Sound Transit through the subsequent agreements to determine what actions or contributions will be made. The total contributions, valued at \$150 million (\$2007), would reduce Sound Transit's cost or increase their revenue for the East Link project in order to bring the project, with a tunnel in the downtown segment within the resources available under the voter-approved ST2 plan. The fiscal impact to the City will ultimately be determined through the final agreements.

POLICY ISSUES: The Bellevue City Council and Sound Transit Board of Directors have agreed to reconsider East Link light rail alignment alternatives and preferences for the downtown Bellevue portion of the project ("Segment C"). After careful consideration of a number of downtown alternatives that include at-grade, grade separated and elevated alternatives that emerged over the last few months, on March 22 the Council took action to select the alternative known as "C9T"—a shorter, more affordable tunnel option that would be located on 110th Avenue and turn west over NE 6th adjacent to City Hall as their revised preferred alternative for the downtown (C segment). A subsequent letter was sent to Sound Transit capturing the Council's action and identified how the City could financially participate in the cost of this alternative. Sound Transit is seeking concurrence with a Term Sheet outlining future agreements for a City contribution to the tunnel alternative prior to making a Board decision to include C9T as a preferred alternative as it completes the FEIS process for East Link. In addition, Sound Transit would also advance C9T into preliminary engineering on April 22, 2010.

DIRECTION NEEDED FROM COUNCIL:

- Action
- Discussion
- Information

Approval of a motion authorizing the City Manager to sign the Term Sheet.

BACKGROUND/ANALYSIS:

Segment C Alternatives Background

On February 23, 2009 the Council selected a preferred East Link alignment and recommended it to the Sound Transit Board of Directors for its consideration. This decision was made after several months of intense Council deliberation and extensive public input, two years of detailed project work and a year of policy deliberation through the Bellevue Light Rail Best Practices effort. On May 14, 2009 the Sound Transit Board of Directors identified a preferred alternative for the East Link project. This preference, and all other alternatives that have been studied to date, will continue to be evaluated in the East Link Final Environmental Impact Statement (FEIS) that is expected to be completed in late 2010. Concurrently, the preferred alternative is being advanced through preliminary engineering, with the exception of Downtown Bellevue, where Sound Transit has suspended preliminary engineering work pending the selection of the preferred alternative.

The Sound Transit Board of Directors' motion of May 2009 identifying their preferred alternative included several components that require City action by early 2010. For the downtown Bellevue segment, the City is expected to:

- Develop a financing plan with Sound Transit for a downtown tunnel alternative;
- Join Sound Transit in a peer review of the downtown at-grade alternative (C4A couplet).

In October and November briefings, Sound Transit introduced additional downtown alternatives developed in response to revised financial forecasts and based on input from the at-grade peer review panel and the value analysis workshop. These new alternatives included a shorter downtown tunnel (C9T) and two shorter at-grade options (C9A and C11A), all exiting downtown and crossing I-405 at NE 6th Street. In early December, Council requested that Sound Transit also evaluate an elevated option along 114th Avenue Northeast (C14E). In mid-December, the Sound Transit Board directed staff to conduct additional evaluation of these four alternatives and articulated their intent to reconsider the downtown Bellevue preferred alternative by spring 2010.

In December and January, Sound Transit and City staff developed the *Downtown Bellevue Light Rail Alternatives Concept Design Report*. This effort included refining the alternatives, defining evaluation criteria, developing visual simulations and technical data, and compiling the report.

On February 11, the Sound Transit Board and the Bellevue City Council held a joint meeting to review and discuss the analysis contained in the *Downtown Bellevue Light Rail Alternatives Concept Design Report*. At that meeting the Sound Transit Board of Directors and Bellevue City Council directed their staffs to develop a funding strategy to enable the 110th Avenue NE (C9T) alternative. They also directed their respective staffs to develop a work plan that would allow both bodies to work towards mutual agreement on a preferred Segment C alternative.

On February 16, the City Council reviewed the February 11 presentation and requested additional detail on traffic and ridership-related issues for the C segment alternatives. Additionally, Council discussed south Bellevue issues and requested clarification of several routing and environmental issues.

On February 22, the City Council again discussed the East Link downtown Bellevue alignment choices. Bellevue staff presented and discussed the results of additional traffic analysis in detail and elaborated on the relation of the alignment choices to projected downtown growth. Staff also presented and discussed the results of a City-initiated consultant review of Sound Transit's cost estimate for the C9T alternative.

The March 1 and March 8 City Council discussions of East Link focused on the Bel-Red (Segment D) and south Bellevue (Segment B) portions of the project.

At the March 15 City Council Study Session, Staff provided the information and analysis for each of the C segment alternatives and concluded that the C9T alternative best met established City objectives. Staff also reviewed funding concepts for the C9T alternatives. Council discussed the merits of the C9T alternative and directed the City Manager to draft a letter for Council discussion and approval on March 22 identifying C9T as the City's preferred alternative, committing to working with Sound Transit to close the funding gap and continuing to work out design issues to address community impacts.

On March 25, Bellevue City Manager Steve Sarkozy provided an overview of the City's letter to the Sound Transit Board with particular attention to the City's commitment to participate in cost sharing for the C9T should it be chosen by the Sound Transit Board on April 22.

New Information:

Sound Transit's Capital Committee met on Thursday, April 8, providing a recommendation that the Board advance two downtown Bellevue alternatives as the preferred alternative for the FEIS: C9T and C11A. The Committee further stated that if the City and Sound Transit cannot agree on principles establishing the terms for a \$150 million contribution, then the Capital Committee would recommend that the Sound Transit Board identify the C11-A (At-Grade) alternative as the sole preferred downtown alternative for evaluation in the FEIS. The preferred alternative(s) would also be carried forward into preliminary engineering while work on the FEIS is being completed.

On April 12, Council received a presentation from Sound Transit staff providing the recommendation for a preferred alternative from the April 8 meeting of the Sound Transit Capital Committee. Council was also provided with a draft Term Sheet outlining the basis for future agreements with Sound Transit for the City's participation in cost sharing for C9T. The City Manager informed the Council that a Term Sheet would need to be approved prior to the April 22 Sound Transit Board meeting for the Board to consider advancing C9T as a preferred alternative and into preliminary engineering.

Over the past week, City and Sound Transit staff met to develop a proposed final Term Sheet which is still under review by both agencies. Copies will be provided as soon as available. It is important to note that the primary purpose of the Term Sheet is to provide the basis for future agreements that will need to be developed prior to the Record of Decision on the project. It allows Sound Transit and the City time to continue to develop and analyze additional information about the East Link project in Bellevue.

Alternatives:

- 1) Authorize the City Manager to execute the Term Sheet between the City and Sound Transit.
- 2) Do not approve execution of the Term Sheet and provide alternative direction to staff.

Recommendation: Staff recommends Alternative 1.

Motion:

Move to authorize the City Manager to execute the Term Sheet between the City and Sound Transit for Including C9T as a Preferred Alternative for the East Link Project Final EIS.