

**CITY COUNCIL STUDY SESSION ITEM**

**SUBJECT:**

Staff will report on the options for the extension of NE 4<sup>th</sup> Street between 116<sup>th</sup> Avenue NE and 120<sup>th</sup> Avenue NE, including preliminary costs, feedback from stakeholders and implementation timing of the alignment options.

**STAFF CONTACT:**

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**FISCAL IMPACT:**

The Mobility and Infrastructure Projects were funded at various levels of completion in the 2011-2017 Capital Investment Program (CIP). Attachment A depicts the Mobility and Infrastructure (MII) projects and funding levels. Funding for NE 4<sup>th</sup> and the projected costs for each alternative are noted in Table 1 below.

**Table 1**  
**NE 4<sup>th</sup> Street Current Funding and Estimates**

Current Funding Anticipated (\$ million)		Phase Costs	Current Alignment 60% Design	Shifted Alignment 5% Design
Bond Proceeds	5.9	Design	3.6	\$5.2
LRF	7.0	ROW	16.7	15.0
LID	0.0	Construction	<u>8.5</u>	<u>10.1</u>
Impact Fees	10.2			
State TIB Grant-ROW (Dec 2013)	3.0			
Federal STP-Constr (Sept 2012)	2.3			
Federal STP-Constr (June 2013)	<u>3.3</u>			
<b>Total Funding</b>	<b>\$31.7</b>		<b>\$28.8</b>	<b>\$30.3</b>
		<b>Potential Funding Difference</b>	<b>\$2.9</b>	<b>\$1.4</b>

Notes:

1. Funding level estimates have been prepared on 60% design for the current alignment and only very preliminary 5% design for the shifted alignment. As reported to Council previously, as project design advances costs are refined and gain a higher level of accuracy.
2. The use of cash flow borrowing and an increase to the CIP line of credit may be necessary depending on Council's direction to proceed with property acquisitions for NE 4<sup>th</sup> Street and the timing of those acquisitions.

**POLICY ISSUES:**

The Mobility and Infrastructure Initiative was endorsed through Resolution No. 7874 on January 20, 2009. The purpose of this initiative is to fund high priority transportation and capital investments to mitigate growing congestion problems in the City. This Study Session will address the NE 4<sup>th</sup> Street Extension, one component project of the MII.

**DIRECTION NEEDED FROM COUNCIL:**

- Action
- Discussion
- Information

The purpose of tonight’s discussion is to update Council on the NE 4<sup>th</sup> Street Extension current and potential new alignment. Staff is seeking direction from Council on which alignment to take to final design.

**BACKGROUND:**

On February 13, 2012 staff provided Council with an update on the MII projects along with a more detailed update on the NE 4<sup>th</sup> Street Extension project. Council was presented with very preliminary information on a potential new alignment. Compared to the current Council endorsed alignment, this new alignment would minimize impacts to the Principal Group property (Best Buy), increase impacts to Home Depot property, and utilize a portion of the old BNSF corridor to mitigate parking impacts to both properties.

Staff is returning tonight to present more information related to the new alignment. Since February 13, 2012 staff has continued to work with affected property owners and continued feasibility analysis for the new alternative. This includes working with outside counsel related to use of the BNSF rail corridor and design consultants to investigate the design, right-of-way needs and preliminary costs.

**PROJECT STATUS:**

As reported to Council on February 13, 2012 staff has been working on the NE 4<sup>th</sup> Street Extension since late in 2009 when Council authorized the execution of an agreement for engineering services. Many alternatives were developed and analyzed, with Council selection of an alternative to move to final design on April 12, 2010. On April 4, 2011, staff returned to Council with a recommendation to proceed with that alternative. That recommendation was based on a single alignment with a variety of property acquisition options to mitigate impacts to the Principal Group property (Best Buy).

Staff has been finalizing the design, advancing the property acquisition process, and working with affected property owners related to this alignment (see Attachment B, Current Alignment). Design engineering has been completed to approximately 60%. Offer letters for Phase 1 (116<sup>th</sup> to the BNSF Corridor) were sent to the affected property owner, the Principal Group. Right of way purchase offers have been made contingent on Council approval.

On December 5, 2011, the Kirkland City Council approved the purchase of a majority of the BNSF Corridor lying within Kirkland city limits from the Port of Seattle. Bellevue staff had been coordinating with the Port of Seattle on alternatives for BNSF use in Bellevue, and this recent development allowed an opportunity to consider a version of an alignment previously removed from consideration. Should the City purchase the BNSF Corridor, or a portion of it

within Bellevue city limits, it may be possible to utilize a portion of the corridor to mitigate impacts from the NE 4<sup>th</sup> Street extension on affected property owners.

**NE 4<sup>th</sup> STREET ALTERNATIVES:**

Please refer to Attachment B, Current Alignment, and Attachment C, Shifted Alignment, in addition to the descriptions below.

Council-Approved Current Alignment – connects to and aligns with the existing NE 4<sup>th</sup> Street/116<sup>th</sup> Avenue NE intersection. It then curves slightly north as it climbs at a 13% grade to match existing ground at the BNSF rail corridor, where it straightens out and remains at grade to an intersection with 120<sup>th</sup> Avenue NE. Based on initial coordination with King County Metro Sewer, relocation of the 72-inch diameter sewer line along the BNSF corridor is possible. Relocation of the sewer line would allow a reduction in the roadway grade from 13% to about 10%.

This alternative minimally impacts the Home Depot property and parking area but significantly impacts the Principal Group (Best Buy) property and parking. This alternative would require modifications to the existing Best Buy building structure, with removal of approximately 10,000 square feet, relocation of the loading dock to the front of the building, and reconfiguration of the parking area.

Options to mitigate impacts to the existing Best Buy structure included acquisition of a portion of the Mutual Materials to the north for the purpose of reconstructing approximately 10,000 square feet of the building space; or purchasing a smaller portion to reconstruct the loading dock only. Acquisition of any portion of Mutual Materials property to mitigate damages to the Principal Group property (Best Buy) requires a negotiated sale (the City cannot condemn). Mutual Materials has stated they could enter negotiations for the acquisition of only a small portion of the property (enough to accommodate the reconstructed loading dock), but not more. Neither of these options is reflected in the costs shown to date.

New Shifted Alignment – This option shifts the roadway alignment to the south such that the new back of sidewalk for NE 4<sup>th</sup> Street is adjacent to the southern edge of the existing Best Buy building structure. This maintains the existing Best Buy building along with most of the existing parking. In order to achieve an acceptable roadway grade, this alignment also requires the relocation of the King County 72-inch diameter sewer line along the BNSF corridor.

Mitigation for loss of parking to both Home Depot and Principal Group (Best Buy) could occur within the BNSF corridor. Preliminary layouts indicate all impacted parking could be replaced while still accommodating future rail and/or trail (i.e., no net loss of parking stalls for either property). Initially, staff reviewed an option that would allow for semi-truck access to the existing Best Buy loading dock along the BNSF corridor. However, both the property owner (Principal Group) and the tenant (Best Buy) have stated this is unacceptable. Therefore, this alignment would require acquisition of a portion of the Mutual Materials property to reconstruct the Best Buy loading dock on the north side of the existing Best Buy building, identical to the option noted in the Current Alignment. As stated above, acquisition of any portion of Mutual Materials property to mitigate damages to the Principal Group property (Best Buy) requires a negotiated sale (the City cannot condemn).

It should also be noted that eminent domain laws state Home Depot, Principal Group, and Best Buy must agree to the mitigation of parking within the BNSF Corridor (i.e. the city cannot condemn the properties to accept mitigation off-site).

**ALIGNMENT COMPARISON:**

The table provided in Attachment D has been prepared to provide Council a side-by-side comparison of the alternatives.

**RECOMMENDATION**

Over the past two years, staff has engaged the community and various stakeholders, coordinated with impacted properties, and evaluated a broad range of alignments and options for the extension of NE 4<sup>th</sup> Street. Each of the options evaluated would impact adjacent property owners in differing ways, and each comes with some level of risk on a variety of issues. The number of alignments has been narrowed to two – the previously Council Approved Current Alignment (Attachment B) and the Shifted Alignment (Attachment C). As noted in Attachment D, staff has tried to capture the impacts and identify the risks as best as possible.

Each of these two alignments primarily impacts either the Principal Group (Best Buy) property or the Home Depot property. Significant parking and loading dock access exist with either option. Perhaps the most significant difference between the two options is the level of certainty and related risk. The Current Alignment would require partial demolition and remodel of the existing Best Buy building. While these property impacts are very substantial, they are known and within the City’s control. Thus, they provide certainty and relatively low risk with regard to project completion. By contrast, the Shifted Alignment relies upon acquisition, negotiation, and final approval for use of the BNSF corridor, which involves securing the agreement of multiple parties and is threatened by the unpredictable future of the rail-banked corridor. Thus, this alignment appears to come with much higher risk. Staff is not suggesting it is impossible to orchestrate the coordinated settlements required to advance the Shifted Alignment, but is noting there is much more risk associated with this set of transactions than there are with the Current Alignment.

The Current Alignment does not require a negotiated settlement, does not rely on the future usability of the rail-banked corridor (which cannot be predicted with certainty), and could be advanced with the use of eminent domain, if necessary. While condemnation proceedings also carry risk, the City has more assurance that this project can be built at the end of the process.

Given that the costs associated with either alignment may be relatively similar, the risks associated with the Shifted Alignment are significantly more; therefore, staff recommends the selection of the Current Alignment to advance to final design.

**FUTURE COUNCIL ACTIONS:**

Council directed staff to return over the next several months to discuss a variety of financing tools to fund the MII projects. On February 21, 2012, staff began discussion of the use of Local Improvement Districts (LID), since this was a funding mechanism identified in the adopted MII financing plan. Staff will be returning on March 12, 2012 with responses to questions raised and continue the discussion. Staff will be seeking direction on a variety of project financing tools (LID’s, impact fees, bonds) over the next several months.

In order to keep advancing the highest priority MII projects on their current schedule the following items will require Council input and approval over the coming weeks and months:

March 19, 2012	Grant action associated with alignment decision: grant acceptance/agreement authorization and/or grant return.
March-April 2012	Authorization for consultant contract supplement for NE 4 <sup>th</sup> Street (if needed based on selection of roadway alignment)
March-April 2012	Staff will be seeking direction on a variety of project financing tools, such as LID, Impact Fees, bonds
As needed	Property acquisition updates/approvals
TBD	Agreements with Port of Seattle/King County (if needed based on selection of roadway alignment)
TBD April-June 2012	NE 4 <sup>th</sup> and 120 <sup>th</sup> Stage 2 ROW condemnation ordinance
TBD May-June 2012	NE 15 <sup>th</sup> /16 <sup>th</sup> project update/cross section selection
September 2012	120 <sup>th</sup> Stage 1 construction contract award
December 2012	NE 4 <sup>th</sup> Phase 1 construction contract award (116 <sup>th</sup> Avenue NE to BNSF)
April-May 2013	NE 4 <sup>th</sup> Phase 2 construction contract award (BNSF to 120 <sup>th</sup> Avenue NE)
December 2014	120 <sup>th</sup> Stage 2 construction contract award

**ATTACHMENTS:**

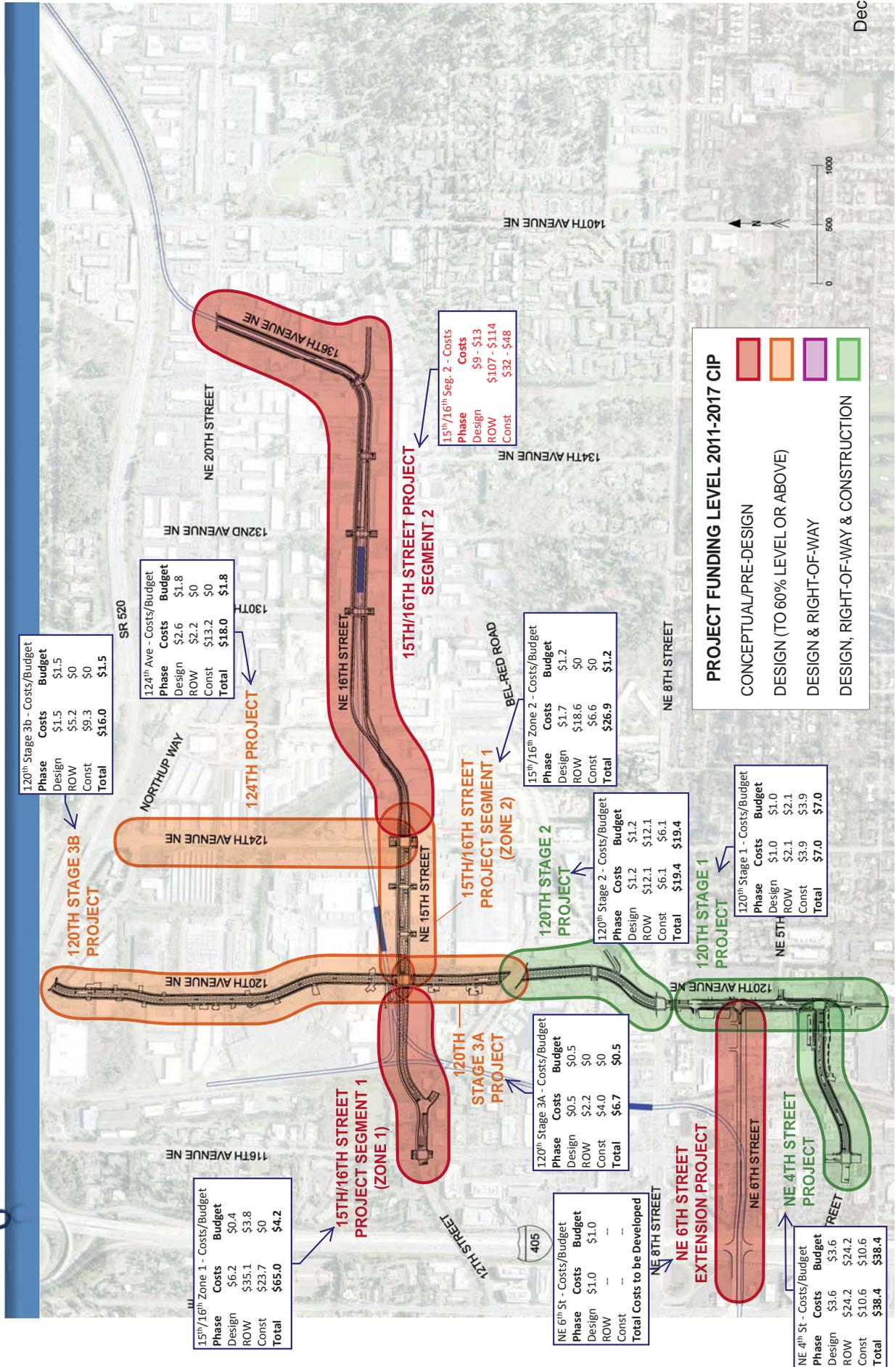
- A. MII Project Map with Funding Levels
- B. Current NE 4<sup>th</sup> Alignment
- C. New Shifted NE 4<sup>th</sup> Alignment
- D. NE 4<sup>th</sup> Alignment Comparison

**AVAILABLE IN COUNCIL OFFICE:**

NA



# Projects Overview Map



**120<sup>th</sup> Stage 3b - Costs/Budget**

Phase	Costs	Budget
Design	\$1.5	\$1.5
ROW	\$0	\$0
Const	\$9.3	\$0
<b>Total</b>	<b>\$16.0</b>	<b>\$1.5</b>

**124<sup>th</sup> Ave - Costs/Budget**

Phase	Costs	Budget
Design	\$2.6	\$1.8
ROW	\$2.2	\$0
Const	\$13.2	\$0
<b>Total</b>	<b>\$18.0</b>	<b>\$1.8</b>

**15<sup>th</sup>/16<sup>th</sup> Zone 1 - Costs/Budget**

Phase	Costs	Budget
Design	\$6.2	\$0.4
ROW	\$35.1	\$3.8
Const	\$23.7	\$0
<b>Total</b>	<b>\$65.0</b>	<b>\$4.2</b>

**15<sup>th</sup>/16<sup>th</sup> Seg. 2 - Costs**

Phase	Costs
Design	\$9 - \$13
ROW	\$107 - \$114
Const	\$32 - \$48

**15<sup>th</sup>/16<sup>th</sup> Zone 2 - Costs/Budget**

Phase	Costs	Budget
Design	\$1.7	\$1.2
ROW	\$18.6	\$0
Const	\$6.6	\$0
<b>Total</b>	<b>\$26.9</b>	<b>\$1.2</b>

**120<sup>th</sup> Stage 2 - Costs/Budget**

Phase	Costs	Budget
Design	\$1.2	\$1.2
ROW	\$12.1	\$12.1
Const	\$6.1	\$6.1
<b>Total</b>	<b>\$19.4</b>	<b>\$19.4</b>

**120<sup>th</sup> Stage 3A - Costs/Budget**

Phase	Costs	Budget
Design	\$0.5	\$0.5
ROW	\$2.2	\$0
Const	\$4.0	\$0
<b>Total</b>	<b>\$6.7</b>	<b>\$0.5</b>

**NE 6<sup>th</sup> St - Costs/Budget**

Phase	Costs	Budget
Design	\$1.0	\$1.0
ROW	--	--
Const	--	--
<b>Total Costs to be Developed</b>	<b>\$1.0</b>	<b>\$1.0</b>

**120<sup>th</sup> Stage 1 - Costs/Budget**

Phase	Costs	Budget
Design	\$1.0	\$1.0
ROW	\$2.1	\$2.1
Const	\$3.9	\$3.9
<b>Total</b>	<b>\$7.0</b>	<b>\$7.0</b>

**NE 4<sup>th</sup> St - Costs/Budget**

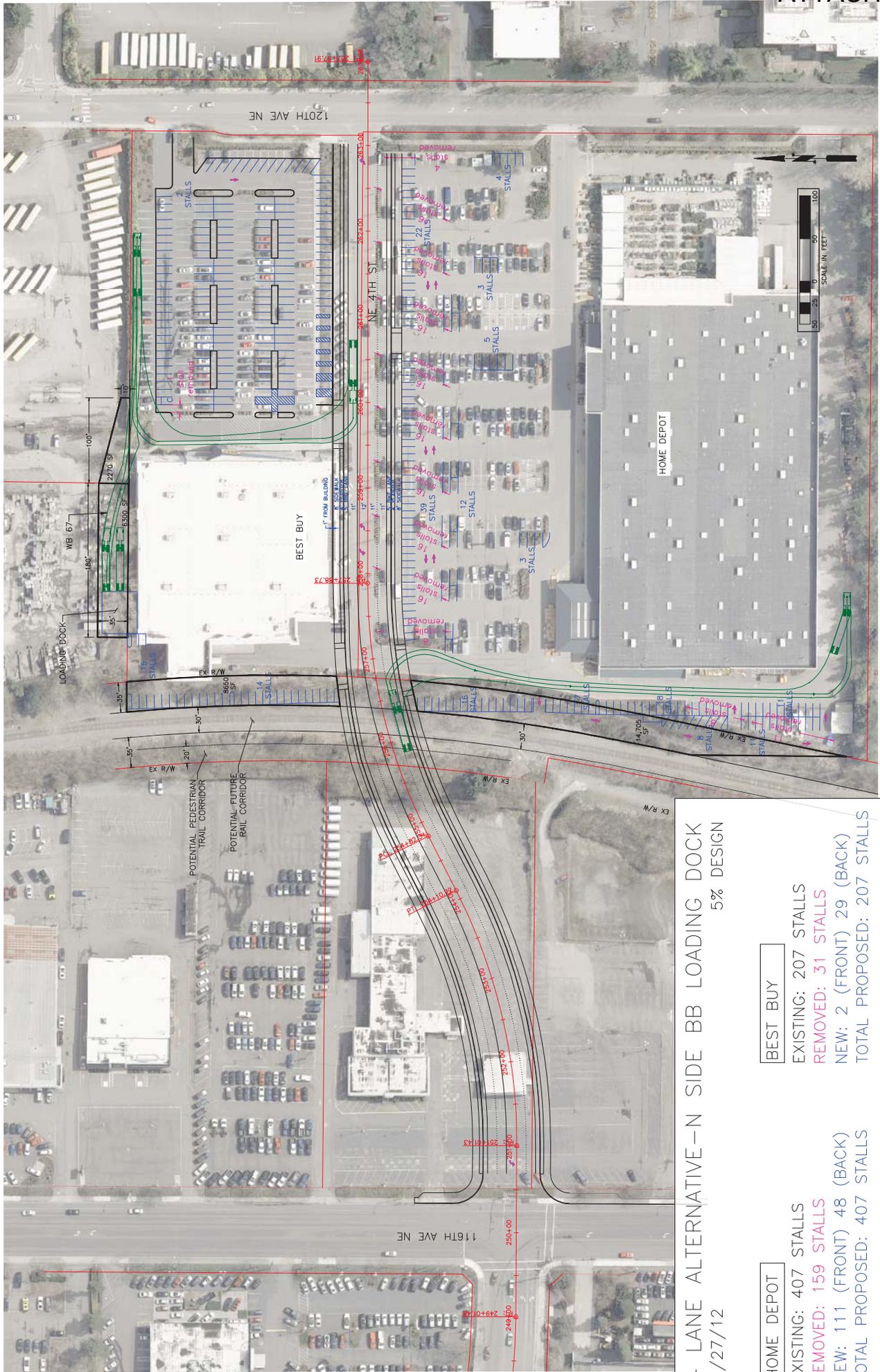
Phase	Costs	Budget
Design	\$3.6	\$3.6
ROW	\$24.2	\$24.2
Const	\$10.6	\$10.6
<b>Total</b>	<b>\$38.4</b>	<b>\$38.4</b>

**PROJECT FUNDING LEVEL 2011-2017 CIP**

- █ CONCEPTUAL/PRE-DESIGN
- █ DESIGN (TO 60% LEVEL OR ABOVE)
- █ DESIGN & RIGHT-OF-WAY
- █ DESIGN, RIGHT-OF-WAY & CONSTRUCTION







SS 2-11

4 LANE ALTERNATIVE - N SIDE BB LOADING DOCK	
2/27/12	
5% DESIGN	
<b>HOME DEPOT</b>	<b>BEST BUY</b>
EXISTING: 407 STALLS	EXISTING: 207 STALLS
REMOVED: 159 STALLS	REMOVED: 31 STALLS
NEW: 111 (FRONT) 48 (BACK)	NEW: 2 (FRONT) 29 (BACK)
TOTAL PROPOSED: 407 STALLS	TOTAL PROPOSED: 207 STALLS

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		Current Alignment	Shifted Alignment
Technical / Engineering	Number of travel lanes	5 lanes	5 lanes 116th-BNSF 4 lanes BNSF-120th
	Bike lanes	Both sides	Both sides
	Sidewalks	Both sides	Both sides
	Roadway Grade	10% *	10%*
Right-of-Way	Parcels impacted	KG (2) BNSF Home Depot Best Buy	KG (2) BNSF Home Depot Best Buy Mutual Materials Bellevue School District
	457 LLC - Principal Group/Best Buy	10,000 SF removed, requires reconstructing loading dock in front parking area or acquiring additional land from MM, loss of parking diminishes use of building remainder	Loading dock reconstructed to north of existing building, requires replacement of 30 "front end" parking stalls along the BNSF corridor in the back of the building
	Port of Seattle (BNSF)	Crossing Easement	Crossing & Parking Easement or Purchase
	Home Depot	minimal impact (other than construction disruption)	Requires replacing 159 "front end" parking stalls, about half would be replaced along the BNSF corridor (some could still be considered "front end")
	116th LLC - Principal Group/KG (2 parcels)	Requires crossing 3 parcels diagonally, lot line adjustments would leave 2 developable parcels	Requires crossing 3 parcels diagonally, lot line adjustments would leave 2 developable parcels
Risks/Unknowns	King County Sewer	Low	Low
	Future Rail Use (Commuter and/or Freight)	Low	High
	Property Owners/Users	Best Buy – High Principal (457 LLC) - medium Home Depot – Low Principal (116 LLC) – Low Port - Low King County Trail – Low Puget Sound Energy – Low Sound Transit - Low	Best Buy – Low Principal (457 LLC) - Low Home Depot – High Principal (116 <sup>th</sup> LLC) – low Mutual Materials – Low School District – Medium Port - Low King County Trail – High Puget Sound Energy – High Sound Transit - Medium
	Construction Schedule	Medium	Medium
	Grant Loss	Medium	High
Preliminary Costs	Design	\$3.6	5.2
	Right-of-way	16.7	15.0
	Construction	8.5	10.1
	Total	\$28.8	30.3

\* Requires relocation of King County 72-inch diameter sewer