**MEMO TO:** Mayor Marchione and City Council

**FROM:** Joel Pfundt, AICP CTP, Principal Planner, 425-556-2750

Nina Rivkin, Chief Policy Advisor, 425-556-2103

**DATE:** November 26, 2013

SUBJECT: OVERLAKE TRANSIT CENTER AGREEMENT

A briefing will be provided to the City Council on the Overlake Transit Center (OTC) Agreement, an agreement that will enable the City of Redmond to partner with Microsoft and Sound Transit to design and construct project elements at OTC that were not included in the original Sound Transit East Link project scope. Don Billen, East Link Deputy Director at Sound Transit and Jim Stanton, Sr. Community Affairs Manager at Microsoft, will join City staff for this briefing.

# **Background**

Preliminary engineering and environmental review for the East Link light rail extension project were completed in 2011 (Figure 1). Final design for the entire project is now underway. The project has been divided into five construction packages. The E360 construction package encompasses the portion of East Link along SR 520 and includes the entire segment to be built in Redmond. This includes the Overlake Village Station and the Overlake Transit Center Station.



Figure 1. Sound Transit East Link

November 26, 2013

Page 2

Sound Transit will be using a design-build delivery method for E360 instead of the more typical design-bid-build. Sound Transit is currently preparing documents for the design-build procurement process which will result in a design-build team being given a notice to proceed with work in early 2015. It is anticipated that early construction work would begin in 2016. Construction of the entire East Link Extension, including E360, will continue through 2021. Once construction is complete there will be a testing and pre-revenue operations phase and revenue service will begin in 2023.

A multi-disciplinary team of City staff have been coordinating with Sound Transit and Microsoft over the last two years to identify a series of improvements at the Overlake Transit Center Station. Council has been updated at study sessions on June 26, 2012, and January 29, 2013, as well as at the November 13, 2012, January 8, 2013, and July 9, 2013, Planning and Public Works Committee meetings.



Figure 2. Overlake Neighborhood and East Link Light Rail

## **Overlake Transit Center (OTC) Station Agreement**

This agreement includes improvements at OTC to help create a signature light rail station. The agreement lays out the roles and responsibilities of the City, Microsoft, and Sound Transit. The design and construction of the project elements will be funded by Microsoft and administered by Sound Transit as an integrated part of East Link. Microsoft will provide \$33,302,000 in funding, most of which will be used to pay for the OTC Ped-Bike Bridge. The agreement addresses key

Mayor Marchione and City Council
RE: OVERLAKE TRANSIT CENTER AGREEMENT

November 26, 2013

Page 3

impacts that East Link construction will have on Microsoft and contemplates future agreements for ongoing operations at OTC.

### The agreement includes the following eight project elements:

- 1. Ped-Bike Bridge Microsoft funded bridge which connects Microsoft West Campus, 520 Regional Trail, OTC Station and Main Campus over SR 520 and 156<sup>th</sup> Ave NE.
- 2. Park and Ride Garage Enhancements Microsoft funded improvements that expand office space.
- 3. Capacity for new technology Microsoft funded improvement that allows for installation of future technology enhancements at OTC.
- 4. Increasing canopy coverage Microsoft funded improvement that provides more coverage from the elements for all transit patrons at OTC.
- 5. Construction phasing A phasing plan that allows continuous transit operation at OTC during construction.
- 6. NE 36<sup>th</sup> St access and garage egress A design that allows for equitable vehicle access to both the OTC Park and Ride Garage and Microsoft Augusta.
- 7. Microsoft Shuttle Connector loop When complete OTC will include a transit loop for Microsoft Shuttle Connect and Connector service.
- 8. Infrastructure protection/relocation Sound Transit will mitigate impacts to Microsoft fiber and communications infrastructure.

Many of the provisions included in the agreement relate only to Sound Transit and Microsoft. Components of the agreement that relate directly to the City are highlighted below.

#### Ped-Bike Bridge:

- o Early delivery of Ped-Bike Bridge by 2020.
- o Bridge will be designed based on the 15 percent design prepared by Microsoft in cooperation with Sound Transit and City.
- o Microsoft and Sound Transit will grant the City permanent easements for the Bridge.
- o City, Sound Transit and Microsoft will enter into a Ped-Bike Bridge Operations and Maintenance agreement prior to the beginning of construction.
- o City will take ownership of the Bridge upon completion and final acceptance.
- City, Sound Transit, and Microsoft will share responsibility to modify or remove the Bridge based on WSDOT air space lease requirements; WSDOT was consulted early during the design process and this risk is extremely low.

### Financial provisions:

- o Microsoft will pay Sound Transit \$33,302,000 to fund OTC project elements.
- Microsoft has proposed that the City establish a Community Facility District (CFD), authorized under state law (RCW 36.145), as the mechanism Microsoft would use to fund design and construction of the Ped-Bike Bridge; the establishment of a CFD is critical to

Mayor Marchione and City Council

RE: OVERLAKE TRANSIT CENTER AGREEMENT

November 26, 2013

Page 4

Microsoft's financing of the costs of the Bridge as it enables Microsoft to sell bonds and use their property to secure bonds.

- o Per state law, Microsoft must present a petition to form a CFD, which would consist of property owned solely by Microsoft; the Council must hold a public hearing and establish a CFD; a board of supervisors governs the CFD and is appointed by the City Council for three-year terms (with three members from the City and two from Microsoft).
- o The City will give good faith consideration to not requiring compensation to vacate a portion of NE 36<sup>th</sup> St right of way just east of SR 520, due to the mutual benefit of the East Link and OTC project elements.
- o Sound Transit will pay for the WSDOT Temporary Construction Airspace Lease and initial term of the WSDOT Airspace Lease.
- o Early in the process the three parties will reaffirm that the Bridge can be delivered for the agreed to funding amount. If updated costs are more than this amount, the parties will meet; if agreement cannot be reached on how to address higher costs then Sound Transit may terminate the agreement.

#### Other provisions:

- City and Microsoft are partners with Sound Transit. Implementation of this agreement will require cooperation and communication by the parties; the agreement defines roles and responsibilities during design and construction.
- City and Microsoft will enter into a separate agreement to complete concrete encasement of conduit related to NE 36<sup>th</sup> St Bridge in order to facilitate relocation of Microsoft communication infrastructure impacted by the East Link project.
- o City will only require fire sprinklers on non-combustible canopies if future code changes require this.
- o City or Microsoft may terminate the agreement prior to issuance of the design-build request for proposals (RFP) if the RFP specifications don't meet the terms of this agreement. The RFP is scheduled to be released in mid-2014.
- Microsoft may terminate the agreement if anticipated financing is not approved or may terminate after December 31, 2021 if Sound Transit has not commenced construction and is not making progress towards completion.
- o Upon execution of the agreement, the agreement remains in effect until commencement of operations for all OTC project elements.

### **Ongoing Maintenance**

Improved access to Sound Transit stations in Redmond will benefit economic development and mobility for our citizens, but it also brings ongoing costs. As was noted at the January 2013 study session, the annual maintenance costs for the Ped-Bike Bridge are estimated to be \$70,000 - \$100,000. Design requirements established for the design-build team will specify materials and coatings that minimize overall maintenance costs while not sacrificing the form and function of

Mayor Marchione and City Council RE: OVERLAKE TRANSIT CENTER AGREEMENT November 26, 2013

Page 5

the bridge. The annual costs will be shared with our partner agencies based on the results of negotiations related to a future maintenance and operations agreement for the bridge.

#### **Next Steps**

This agreement encapsulates a significant amount of work invested by the City, Microsoft, and Sound Transit. It sets the parties on a clear path forward as East Link continues through design, construction, and full operation by 2023.

The City Council is scheduled to take action on the agreement at the December 3, 2013, Council meeting; this item has been placed on the Consent Agenda. The Sound Transit Capital Committee will review the agreement on December 12, 2013, and the Sound Transit Board is scheduled to take action on the agreement at their meeting on December 19, 2013.

Please contact Joel Pfundt at 425.556.2750 or <u>jpfundt@redmond.gov</u> with any questions or concerns.