



**Legislative Department
Seattle City Council
Memorandum**

Date: June 21, 2012

To: Tom Rasmussen, Chair
Bruce Harrell, Vice Chair
Jean Godden, Member
Transportation Committee

From: Ketil Freeman, Council Central Staff

Subject: Council Bill 117497 – Streetcar Reserve Budget Proviso Lift

Introduction

The 2012 Budget ordinance imposes a proviso on \$800,000 in property sale proceeds as a reserve for First Hill Streetcar planning and construction. The proviso states the Council’s intent not to release the funds until two conditions are met: 1) the Council is satisfied that the First Hill streetcar can be completed to Occidental without additional City funding and 2) the Council is satisfied that planning for the Broadway extension has advanced to a certain point.

The Mayor proposes to lift the proviso so that the funds can be used to study, in partnership with Sound Transit, a Downtown to Ballard High Capacity Transit (HCT) corridor. The Sound Transit 2012 annual budget appropriates \$2 million to study the Downtown to Ballard HCT corridor, subject to some conditions.

This memo discusses the proviso, the Sound Transit funding commitment, and options for the Council. Attachments to this memo include:

- The adopted budget proviso, GS 102-1-A-2, (Attached on Green) and
- The draft funding plan for the Broadway extension (Attached on Blue).

Budget Proviso

The 2012 Budget Ordinance adopts the following proviso:

Of the appropriation in the 2012 budget for the Seattle Department of Transportation’s Mobility-Capital BCL, \$800,000 is appropriated solely as a reserve for streetcar planning and construction and may be spent for no other purpose. Furthermore, none of the money so appropriated may be spent until authorized by future ordinance.

The Council does not intend to authorize the release of these funds until:

- 1) The Council is satisfied that the First Hill Streetcar can be completed to Occidental Avenue South and Jackson Street without additional funding from the City; and
- 2) The Council is satisfied with a response from the Executive that:

- a. Planning and design for the potential extension to Aloha Street is funded; and
- b. That there is a feasible financial plan for construction of the extension to Aloha Street.

Conditions established in the proviso are discussed below.

First Hill Streetcar

In March the Council passed Ordinance 123833. Ordinance 123833 established a maximum allowable construction cost for the First Hill streetcar of \$68.3 million and authorized the Seattle Department of Transportation (SDOT) to execute a construction contract. The streetcar line will extend from Occidental Avenue in Pioneer Square to approximately Denny Way on Capitol Hill. The construction contract has a \$6.2 million contingency for the General Contractor / Construction Manager (GCCM). In addition, there is an unallocated owner's contingency of approximately \$7.1 million.

During Council consideration of Ordinance 123833, SDOT identified four general risk categories:

- Change orders occasioned by unanticipated site conditions or scope changes;
- Uncertainty about future agreements with third parties, such as Metro;
- Potential increases in the City's construction management costs occasioned by an extended construction period; and
- The potential need for additional uniformed officers to provide traffic control.

The GCCM and unallocated owner's contingencies provide mitigation for these risks. However, given that construction is in a relatively early period, the extent of risk in some of these categories, like unanticipated site conditions, may not be known until construction is further advanced. Streetcar operations are scheduled to begin in 2014.

Broadway Extension

SDOT has provided a draft funding plan for the Broadway extension. The extension is estimated to cost approximately \$25 million, which includes environmental review, design and engineering, vehicle procurement, and right-of-way acquisition and construction. SDOT indicates that \$900,000 is presently secured, which would cover the full cost of environmental review and \$400,000 of the estimated \$2.5 million needed for design and engineering. Although there is not currently a Capital Improvement Program project for the Broadway extension, SDOT intends to submit a project in the 2nd quarter supplemental budget ordinance.

The budget proviso states the Council's intent not to lift the proviso until, "[p]lanning and design for the potential extension to Aloha is funded." The SDOT draft funding plan does not provide secured funding for planning and design. However, the plan does identify two federal grant sources, which are distributed by the Puget Sound Regional Council, as potential revenue sources for design and engineering funds.

Sound Transit Funds for Advance Planning

SDOT is requesting that the Council lift the proviso to allow the City to enter into a partnership with Sound Transit to study a Downtown to Ballard HCT corridor. Sound Transit Board Resolution 2011-18, which adopted the 2012 agency budget, conditionally advances \$2 million to study the corridor. The corridor is identified in Sound Transit's long range plan. Funds for studying, but not building, the

corridor were part of the Sound Transit 2 ballot measure. The adopted amendment from Sound Transit Board Resolution 2011-18 states:

Amend the Proposed 2012 Budget and other related text and tables to reflect a partnership with the City of Seattle to co-fund and co-manage a study of the Ballard-to-Downtown (e.g., Westlake area or International District) HCT corridor -- a segment of the ST2-funded U-District-to-Ballard-to-Downtown HCT planning study and to reflect a Sound Transit contribution of \$2,000,000. This work will coordinate with the City's Transit Master Plan and their recently received FTA AA grant for the City Center Transit Connector. Study will narrow the range of alternatives and modes, evaluate routes and station locations, include a preliminary environmental assessment, and position the Sound Transit Board to update the Long-Range Plan and establish priorities for the next phase of HCT system development. Sound Transit and City of Seattle will enter into a term sheet and an interlocal agreement to establish a minimum scope of work for the study, and to further define agency roles. *The study may proceed only after staff has provided the Sound Transit Board with analyses of any impact on the development and/or passage of an "ST3" package, potential impacts on the agency's federal grants program, a financial analysis of any impacts on the delivery of the entire ST2 program, and the interlocal agreement has been approved by the Sound Transit Board.* (Italics added)

Term sheet negotiations with Sound Transit are ongoing. SDOT estimates that a draft term sheet will be available for Council and Sound Transit Board review by August and an interlocal agreement will be ready for Council action this Fall. Funds for a consultant contract to study the Downtown to Ballard HCT corridor likely won't be needed until after an interlocal agreement is approved and executed.

Options

- Recommend Passage of C.B. 117497 – Passage of C.B. 117497 would lift the restriction on expenditure of the \$800,000 and make those funds available for the study of a Downtown to Ballard HCT corridor.
- Do Not Recommend Passage of C.B. 117497 – Because the proviso is on a capital appropriation, if C.B. 117497 does not pass, the proviso will automatically carry forward into the next budget year. This would leave the funds available in 2013 to cover any First Hill Streetcar budget overruns or to further fund design and engineering for the Broadway extension.
- Defer Action on C.B. 117497 – Council could defer action on C.B. 117497 pending the outcome of SDOT term sheet negotiations with Sound Transit.

2012 Seattle City Council Green Sheet

Approved

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102	1	A	2

Budget Action Title: Cut \$1,500,000 from SDOT's Transit Corridors Projects capital project (TC366860) and revise SDOT's 2012-2017 CIP accordingly, leave \$800,000 in the Mobility-Capital BCL as reserve for streetcar planning and construction and impose a proviso on those dollars, and rescind GS 102-1-A-1 to reflect CIP amendment associated with this action.

Councilmembers: Bagshaw; Burgess; Clark; Conlin; Godden; Rasmussen

Staff Analyst: Michael Fong

Council Bill or Resolution:

Budget Committee Vote:

Date	Result	SB	BH	SC	TR	JG	NL	RC	TB	MO
11/21/2011	Pass 9-	Y	Y	Y	Y	Y	Y	Y	Y	Y

Summary of Dollar Effect

See the following pages for detailed technical information

	2012 Increase (Decrease)
General Subfund	
<i>General Subfund Revenues</i>	\$0
<u><i>General Subfund Expenditures</i></u>	<u>\$0</u>
<i>Net Balance Effect</i>	\$0
Other Funds	
<i>Transportation Operating Fund (10310)</i>	
<i>Revenues</i>	\$0
<u><i>Expenditures</i></u>	<u>(\$700,000)</u>
<i>Net Balance Effect</i>	\$700,000
Total Budget Balance Effect	\$700,000

Budget Action description:

This green sheet would rescind GS 102-1-A-1 so that the capital improvement program (CIP) amendment associated with this action can be reflected. It would cut \$1,500,000 from the Seattle Department of Transportation's (SDOT's) Transit Corridors Projects capital project (TC366860) but leave \$800,000 in the department's Mobility-Capital BCL. It also would impose the following proviso:

"Of the appropriation in the 2012 budget for the Seattle Department of Transportation's Mobility-Capital BCL, \$800,000 is appropriated solely as a reserve for streetcar planning and

* CIP Amendment, Has Proviso * Note: This action rescinds 102-1-A-1

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construction and may be spent for no other purpose. Furthermore, none of the money so appropriated may be spent until authorized by future ordinance.

The Council does not intend to authorize the release of these funds until:

- 1) The Council is satisfied that the First Hill Streetcar can be completed to Occidental Avenue South and Jackson Street without additional funding from the City; and
- 2) The Council is satisfied with a response from the Executive that:
 - a. Planning and design for the potential extension to Aloha Street is funded; and
 - b. That there is a feasible financial plan for construction of the extension to Aloha Street.”

This action relates to the \$1.5 million in one-time rubble yard proceeds identified in the Mayor’s Proposed 2012 Budget for High Capacity Transit (HCT) planning for a Ballard to Downtown corridor. If approved, \$700,000 would be reallocated to other Council transportation priorities while \$800,000 would remain in SDOT’s budget reserved for streetcar planning and construction. In the event that these funds are not needed to complete the First Hill Streetcar through Pioneer Square to Occidental Avenue South and Jackson Street and the issue of extending the line to Aloha Street on Capitol Hill is resolved, Council would consider reallocating these funds for other HCT related priorities or transportation programs or projects.

In addition, this green sheet would revise SDOT’s 2012-2017 Capital Improvement Program (CIP) for the Transit Corridors Projects, Project ID TC366860, as follows:

Decrease the 2012 amount from revenue source “Property Sales and Interest Earnings” by \$1,500,000, and revise totals accordingly; and

Decrease the 2012 fund appropriation/allocation amount for the “Transportation Operating Fund” by \$1,500,000, and revise totals accordingly; and

Decrease the 2012 spending plan amount by \$1,500,000, and revise the total accordingly.

In summary, this action removes the full \$1.5 million from the Transit Corridors CIP Project. \$700,000 is cut and re-appropriated to fund other Council priorities. \$800,000 remains in the SDOT Mobility-Capital BCL with a proviso pending authorization through future Council ordinance.

Additional Background: SDOT was recently notified that the City was awarded a Federal Transit Administration (FTA) grant of \$900,000 for alternatives analysis associated with a Downtown streetcar connection between the South Lake Union and First Hill Streetcars. This was unanticipated funding and therefore not identified in the Mayor’s Proposed 2012 Budget. An additional \$300,000 is appropriated in the 2012 Budget for Transit Master Plan implementation that can serve as a local match for these FTA funds. This combined \$1.2 million in funding is expected to advance planning efforts for a Downtown connector in 2012 and 2013.

At this time, SDOT continues to examine whether it will be feasible to complete the First Hill Streetcar through Pioneer Square within the existing project budget. Given the uncertainties of

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construction, a contingency fund would help mitigate some risk associated with the project. Furthermore, Council policy has been to identify funding to potentially extend the First Hill Streetcar to Aloha Street. If this contingency fund is not needed for reaching Pioneer Square, it could be used to advance the planning and implementation of the Aloha Street extension. To the extent Council is satisfied that issues related to the First Hill Streetcar have been resolved, consideration will be given to releasing this \$800,000 of funding for other purposes.

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Budget Action Transactions

Budget Action Title: Cut \$1,500,000 from SDOT's Transit Corridors Projects capital project (TC366860) and revise SDOT's 2012-2017 CIP accordingly, leave \$800,000 in the Mobility-Capital BCL as reserve for streetcar planning and construction and impose a proviso on those dollars, and rescind GS 102-1-A-1 to reflect CIP amendment associated with this action.

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
1	Reduce High Capacity Transit Planning.				SDOT	Mobility-Capital	19003	10310	2012		(\$700,000)
2	Increase fund balance from High Capacity Transit Planning.				SDOT	Use of (Contribution to) Fund Balance	379100	10310	2012	(\$700,000)	

First Hill Streetcar - Broadway Extension

DRAFT Funding Plan

	Environmental	Preliminary Engineering/ Final Design	Vehicles	ROW / Construction	Total
Cost Estimate	\$500,000	\$2,500,000	\$4,000,000	\$18,000,000	\$25,000,000
Secured:					
FTA 5307 Formula Funds	\$50,000				\$50,000
Local - Vehicle License Fee	\$450,000	\$400,000			\$850,000
Total Secured	\$500,000	\$400,000	\$0	\$0	\$900,000
Potential Additional Revenues:					
PSRC - CMAQ/FTA Competitive		\$2,100,000			\$2,100,000
FTA Very Small Starts			\$2,000,000	\$9,000,000	\$11,000,000
Local Funds - Unidentified			\$2,000,000	\$9,000,000	\$11,000,000
Total Potential Additional Revenues	\$0	\$2,100,000	\$4,000,000	\$18,000,000	\$24,100,000