

June 2, 2017

MEMO: Sound Transit Light Rail Mitigation Packages



I. Introduction

Sound Transit's East Link light rail line will extend 14 miles, and ten stations will serve downtown Seattle, Mercer Island, Bellevue, Bel-Red and Overlake in Redmond. Sound Transit's East Link line has created concerns regarding Mercer Island residents' loss of mobility, and the negotiations between Sound Transit and the City culminated in a mitigation package worth approximately \$10 million. It is important to note that the Mercer Island Station project is located within WSDOT right-of-way in the I-90 corridor and does not impact City-owned property in contrast to both the University of Washington ("UW") and City of Bellevue ("Bellevue") projects. The recent ST-MI negotiations raised questions about mitigation provided to other public entities in the path of light rail, particularly the UW and Bellevue, and this memorandum summarizes the mitigation packages provided to those public entities.

In general, the UW mitigation package includes compensation for the temporary loss of up to 600 parking spaces and the permanent loss of up to 100 of the 600 parking spaces; compensation for easements provided by the UW to ST; and compensation for magnetic field monitoring and relocation costs for sensitive research labs and activities at the university.

In general, the Bellevue mitigation package involved a ST contribution of approximately \$29 million for real property rights, permit review and mitigation measures, a Bellevue contribution of approximately \$108.5 million for the downtown tunnel, utility relocation, street overlay work and outfall design and permits, and shared ST-Bellevue costs of approximately \$30.7 million.

Please note that a summary of Sound Transit's mitigation package for the Capitol Hill station was not included due to the lack of a master agreement with the City of Seattle capturing the mitigation in a single document, making the overall mitigation extremely difficult to fully ascertain.

II. University of Washington Mitigation (\$78.5M approximately)

University Link Extension is a 3.15-mile light rail extension located entirely underground with tunnels traveling east from Pine Street, under the I-5 freeway to an underground station at Capitol Hill, continuing north beneath SR 520 and the Lake Washington Ship Canal to an underground station on the UW campus, located near Husky Stadium and the University of Washington campus.

In 2000, Sound Transit and the UW entered into a Memorandum of Agreement (MOA) relating in general to Sound Transit's right to access UW property to construct and operate a light rail transit system. In 2007, Sound Transit and the UW entered into a Master Implementation Agreement (MIA), which established terms and conditions, regarding access to and use of UW property for purposes of constructing, operating, monitoring, and maintaining the light rail transit system.

The MIA anticipated that Sound Transit and the UW would enter into follow-on agreements to support a range of design, construction, and operations functions. In 2007, the UW also granted Sound Transit transportation easements for two light rail segments on UW property: University Link (Segment 1), which comes from the south and ends at the northern end of the University of Washington Station, and Northgate Link (Segment 2), which goes north from the University of Washington Station and travels in a northwesterly direction under the UW campus.

In exchange for these impacts, Sound Transit provided the following as mitigation to the UW, valued at approximately \$78.5 million in total:

- \$5.2 million to UW for staffing and consultant costs associated with design review, preliminary plans and cost estimates for Relocation Operating Agreements, and construction coordination during Sound Transit design, construction and testing activities on UW properties for the Modified Montlake Route.¹
- \$10 million to UW to mitigate the temporary loss of a maximum of 600 parking spaces resulting from construction. Of those 600 parking spaces, up to 100 will be permanently lost.²
- \$20 million to UW for easements provided to Sound Transit (valued at \$175/sf, discounted as appropriate).³

¹ Section 3.8 of the MIA available online at <http://cpd.uw.edu/cpo/sites/default/files/file/sound-transit-fully-executed-mia.pdf> provides:

3.8. STAFFING COSTS. Sound Transit shall pay the University the amount of Five Million Two Hundred Thousand Dollars (\$5,200,000) upon execution of this Agreement to fully compensate the University for staffing and consultant costs associated with providing timely design review, preliminary plans and cost estimates for Relocation, Operating Agreements, and construction coordination during Sound Transit design, construction and testing activities on University Properties for the MMR, PROVIDED THAT, this payment shall compensate the University for these activities only.

² Section 4.3.3 of the MIA available online at <http://cpd.uw.edu/cpo/sites/default/files/file/sound-transit-fully-executed-mia.pdf> provides, in relevant part:

4.3.3. Parking. The University accepts the responsibility to mitigate the loss of a maximum of 600 parking spaces that will be lost on a temporary basis as a result of Sound Transit's construction in the C-12, E-11 and E-12 Parking Lots. The University also accepts the responsibility to mitigate up to a maximum of 100, of the 600, parking spaces thought to be permanently lost as a result of Sound Transit's long term facilities associated with the University of Washington Station. In return Sound Transit will pay to the University Ten Million Dollars (\$10,000,000) upon execution of this Agreement.

³ Section 7.1 of MIA available online at <http://cpd.uw.edu/cpo/sites/default/files/file/sound-transit-fully-executed-mia.pdf> provides, in relevant part:

7.1. PAYMENT TO UNIVERSITY UPON EXECUTION OF EASEMENTS. The Parties agree the Per Square Foot Land Surface

- \$43.3 million to UW for settlement of magnetic field monitoring and relocation responsibilities to relocate or otherwise mitigate anticipated impacts to sensitive research labs and activities on the campus as originally provided in Section 4.5.1 of the MIA.⁴

III. City of Bellevue Mitigation (ST to Bellevue = \$29M approx. & Bellevue to ST = \$108.5M approx. & shared costs of \$30.7M approx.)

Sound Transit is constructing six (6) East Link stations in Bellevue. Stations include a South Bellevue Segment (I-90 East Channel Bridge to SE 4th Street on 112th Ave SE), a Central Bellevue Segment consisting of four stations (the East Main Station, Bellevue Downtown Station, Wilburton Station and Spring District/120th Station, from SE 4th Street on 112th Ave SE to 124th Ave NE) and the BelRed Segment (124th Ave NE to intersection of NE 20th St and 136th Ave NE). Sound Transit's work in Bellevue also includes construction of a half mile tunnel from Main Street to NE 6th Street.

In 2011, Sound Transit and Bellevue entered into an Umbrella Memorandum of Understanding ("MOU"), which centered on a shared responsibility for addressing the costs of including a tunnel through downtown Bellevue as part of the East Link alignment. In 2015, Sound Transit and Bellevue entered into an Amended and Restated MOU and a Cost Sharing Agreement, providing for further modifications to the overall project and defining costs.

A. Sound Transit to Bellevue Costs (\$29M approx.)

In consideration of the impacts to Bellevue, Sound Transit provided the following compensation, valued at approximately \$29 million in total:

Value of the easements contemplated by this Agreement is One Hundred Seventy-Five Dollars (\$175). The Parties also agree the use of the land covered by the easements does vary and therefore in calculating the value of the easements this Per Square Foot Land Surface Value should at times be discounted to reflect the varied uses. The Parties recognize that calculating the value of the easements simply by using the precise square footage for each easement and this dollar value (\$175), discounted as appropriate, could be difficult and would not reflect the rights, risks, and obligations set forth in the entire Agreement. Consequently the Parties have agreed to a lump sum, firm, fixed payment of Twenty Million Dollars (\$20,000,000) by Sound Transit to the University as consideration for the terms, conditions, and easements contemplated in this Agreement.

⁴ Section 2 of the Amended MIA available online at <http://cpd.uw.edu/sites/default/files/file/projects/sound-transit/MIA%20Amendment%202014%20signed%20with%20cover.pdf> provides, in relevant part:

Sound Transit agrees that within thirty days of the date this Amendment is executed by both Parties, it will pay the University Forty-Three Million Three Hundred Thousand Dollars (\$43,300,000) as full and final settlement of its MF monitoring and Relocation responsibilities set forth in Section 4.5.1 of the MIA

- \$8.6 million to Bellevue for partial compensation for City Hall property rights with balance of compensation addressed through conveyance of other real property.⁵
- \$16.4 million to Bellevue for permit review and construction inspection.⁶
- \$3.387 million to City for Mercer Slough design and construction mitigation measures (reconnection of boardwalk, new retail structure and trail signage), Surrey Downs Park design and construction mitigation (entrance roadway, parking area and landscaping to connect to ST frontage modifications), traffic signal controller work, City's replacement of water lines and City's design of temporary bus pad on Bellevue Way SE at 112th Avenue SE.⁷
- \$570,000 to City for PSE franchise utility undergrounding.⁸

The MOU also provides that ST will acquire and then later transfer the 130th park & ride parcels to the Bellevue for transit oriented development – or, if ST and Bellevue cannot reach an agreement on that conveyance, Bellevue may be entitled to additional compensation.⁹

B. Bellevue to Sound Transit Costs (\$108.5M approx.)

Likewise, Bellevue also contributed to the project as follows:

⁵ Section 24.7 of Amended and Restated MOU available online at [http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU\(1\).pdf](http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU(1).pdf) provides:

Before October 1, 2015, the City shall convey rights to the City Hall property described in Exhibit R and Sound Transit shall pay the City \$8.6 million dollars as partial compensation for the City Hall property with the balance of compensation for the Additional City Property addressed through conveyance of the 130th Street Parcels as described in Section 22.0. In the conveyance documents for the City Hall property, the City shall retain until May 1, 2016 such temporary property rights as necessary for the City to complete construction of its parking garage project.

⁶ Section 23.5(a) of Amended and Restated MOU available online at [http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU\(1\).pdf](http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU(1).pdf) provides, in relevant part:

Fixed Fee. In order to facilitate timely permit review and approval of the Project, Sound Transit will pay the City a fixed fee of \$16.4 million for permit review beginning January 1, 2015, and construction inspection over the life of the Project.

⁷ Exhibit M of Amended and Restated MOU available online at [http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU\(1\).pdf](http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU(1).pdf)

⁸ Exhibit M of Amended and Restated MOU available online at [http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU\(1\).pdf](http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU(1).pdf)

⁹ See Section 22 of Amended and Restated MOU, available online at [http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU\(1\).pdf](http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU(1).pdf)

- \$83.6 million credit in permanent and temporary property rights from Bellevue to ST related to the tunnel project.¹⁰
- \$24.705 million credit from Bellevue to ST for non-property contributions such as public and private utility relocation, overlay of 112th Ave SE from Bellevue Way to Main Street and Bellevue Way HOVE STP grant for tunnel project.¹¹
- \$240,000 Bellevue to ST for ST outfall design and permits.¹²

C. Shared Costs (\$30.7M approx.)

Finally, Bellevue and Sound Transit are sharing costs for certain roadway improvements, estimated as follows:

- \$16.5 million shared cost (Bellevue 49%/ST 51%) for 120th Ave NE design and construction project.¹³
- \$12.4 million shared cost (Bellevue 41%/ST 59%) for 124th Ave NE design and construction project.¹⁴
- \$1.8 million to Bellevue for proportionate share of the project design.¹⁵

Overall, Bellevue's contributions greatly exceeded Sound Transit's contributions for the East Link project in Bellevue.

¹⁰ Exhibit D-1 of Amended and Restated MOU available online at [http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU\(1\).pdf](http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU(1).pdf)

¹¹ Exhibit D-2 of Amended and Restated MOU available online at [http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU\(1\).pdf](http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU(1).pdf)

¹² Exhibit M of Amended and Restated MOU available online at [http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU\(1\).pdf](http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU(1).pdf)

¹³ Exhibit L of Cost Sharing Agreement available online at http://www.ci.bellevue.wa.us/Agendas/Cost_Sharing_Agreement_120_and_124.pdf

¹⁴ Exhibit L of Cost Sharing Agreement available online at http://www.ci.bellevue.wa.us/Agendas/Cost_Sharing_Agreement_120_and_124.pdf

¹⁵ Section 5.4 of the Funding, Right-of-Way Acquisition and Construction Administration Agreement, Exhibit N of the Amended and Restated MOU available online at [http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU\(1\).pdf](http://www.ci.bellevue.wa.us/Agendas/Amended_and_Restated_MOU(1).pdf) provides, in relevant part:

Payment – Design. Sound Transit shall pay the City the sum of One Million Eight Hundred Eighty-Two Thousand Eight Hundred Forty-Six Dollars (\$1,882,846) for its proportionate share of the Design of the Project within sixty (60) days of invoice from the City accompanied by copies of invoices from City's consultants to verify costs.