

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	Executive Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

a. Legislation Title: AN ORDINANCE relating to the reconstruction of Alaskan Way and the construction of Elliott Way surface street improvements necessary as part of the State of Washington's State Route 99 Alaskan Way Viaduct Replacement Program; authorizing the Mayor or the Mayor's designee to execute an Agreement with the State of Washington whereby the State will fund the construction of those improvements by The City of Seattle; and ratifying and confirming certain prior acts.

b. Summary and background of the Legislation:

In 2009, the State of Washington, King County and Seattle committed to an overall plan to replace the aging Alaskan Way Viaduct with a new deep bored tunnel and a necessary series of improvements to city streets to create a complete transportation corridor. Later that year the State Legislature endorsed the deep bored tunnel plan and authorized funding for the State's responsibilities of the Alaskan Way Viaduct and Seawall Replacement program.

This ordinance authorizes the execution of a construction funding agreement between the City and the Washington State Department of Transportation (WSDOT) for the improvements to city streets as originally envisioned in 2009, and developed further through several years of design and engineering by the Office of the Waterfront. To date WSDOT has provided financial resources for the City to complete design and environmental review of these improvements.

If approved, this construction agreement would provide \$153 million to the City to fund construction and construction-related costs, including \$31 million to address potential risks. This is in addition to \$38 million provided for the design, environmental review and right-of-way acquisition processes. This funding would allow the City to construct a relocated surface street, sidewalks and cycle track within the Alaskan Way right-of-way from South King Street to Pine Street, a new surface Elliott Way from the intersection of Pine Street and Alaskan Way to Battery Street, and to connect the new Elliott Way to Elliott and Western avenues. In addition, the agreement funds reconstruction of the Lenora Street pedestrian overpass and improvements along Columbia and Seneca Streets where access ramps to the Viaduct are now located.

The construction funding amount was negotiated between the Office of the Waterfront and WSDOT leadership following completion of revised 60% design plans, specifications and cost estimates by the Office of the Waterfront. This information was vetted by WSDOT and City staff through a Cost Estimate Validation Process (CEVP).

The CEVP process identified a baseline cost estimate for the program of improvements and also analyzed a range of risk factors in order to estimate an adequate risk reserve, or contingency, pool for the project. The table below outlines the allocation of the \$153 million of construction funding.

Element	Funding Amount (in millions)
Base Construction Cost	\$95.4
Design Allowance (for changes in Final Design)	\$9.0
Cost Escalation reserve	\$14.4
Owner’s Reserve (Project Manager contingency)	\$3.2
Pre-Construction Risk Reserve	\$6.0
Construction Risk Reserve	\$25.0
Total	\$153.0

In addition to the funding allocation for construction of the WSDOT funded improvements, the construction funding agreement includes terms related to how the project is managed and how risks are dealt with during construction.

Summary of Key Conditions of Agreement

- City can move forward with construction once negotiations of agreements for demolition of the Viaduct and decommissioning of the Battery Street Tunnel are complete.
- Delay and Delay Costs
 - WSDOT is responsible for costs of Project work-related delays during construction
 - WSDOT not responsible for costs of delays resulting from related City projects
- Upfront Payment Schedule
 - Typical WSDOT funding agreements require local jurisdiction to be reimbursed after expenditures
 - This agreement reduces any need by City to advance spending out of cash pool.
 - It provides WSDOT with a schedule for needed bond issuances.
 - City agrees to rigorous accounting to ensure WSDOT ultimately pays actual costs.
- City Manages Construction
 - Ensures City Sole Authority
 - Improves integration for all City work, including promenade and City utility relocations
 - City reviews with WSDOT if contractor bids exceed base cost + escalation.
- Risk Reserves (Contingencies)
 - City controls ‘Owner’s Reserve’ to deal with immediate issues during construction.
 - Owner’s Reserve replenished as needed to ensure \$1.5 million available for field changes as needed.
 - City responsible for change control process and engaging WSDOT in decisions that draw on Risk Reserves
- Agreement acknowledges need for future re-appropriation of funding from State Legislature
 - City retains rights to pursue remedy in court if State fails to appropriate funds
- Indemnity:
 - Parties agreed to indemnify each other from third party claims based on negligence or

- failure to perform under the Agreement
- The parties remain responsible for hazardous substances they or their contractors release (City – surface street construction and utility relocations; State – Viaduct demolition and Battery Street Tunnel decommissioning)

2. CAPITAL IMPROVEMENT PROGRAM

- a. **Does this legislation create, fund, or amend a CIP Project?** Yes No

This legislation authorizes the Executive to execute the funding agreement with the State of Washington. The State Grant Funds are shown in the CIP page for TC367330 – Alaskan Way Main Corridor. Any necessary changes to the spending plan or appropriations will be reflected in the Proposed 2018-2023 Capital Improvement Program submitted to Council this fall.

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. **Does this legislation amend the Adopted Budget?** Yes No
- b. **Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**
No.
- c. **Is there financial cost or other impacts of *not* implementing the legislation?**
The City would lose \$153 million of State funding for providing a complete transportation corridor along the waterfront. Seattle would not be able to implement the vision for its waterfront consistent with the Central Waterfront Concept Design, ratified by City Council in 2012.

4. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?**
No.
- b. **Is a public hearing required for this legislation?**
No.
- c. **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**
No.
- d. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- e. **Does this legislation affect a piece of property?**

No.

- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

No.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

This legislation supports the City's long-term goal to improve Seattle's Waterfront.

- h. Other Issues:**

List attachments/exhibits below: