

COMMISSION AGENDA

Item No: 5A

Meeting: 12/20/2018

DATE: December 5, 2018

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer
Sponsor: Commissioner Dick Marzano
Project Manager: Sean Eagan

SUBJECT: WSDOT/PORT OF TACOMA 70TH AVENUE EAST BRIDGE RELOCATION
PROJECT ILA

A. ACTION REQUESTED

Request authorization for the Chief Executive Officer to sign an interlocal agreement (ILA) with the Washington State Department of Transportation regarding a \$3 million port contribution to the 70th Avenue East Bridge Relocation Project.

B. BACKGROUND

1. Puget Sound Gateway

In July 2015, the Washington State Legislature and Governor Inslee acted to fund the Puget Sound Gateway Program through the Connecting Washington revenue package. The Puget Sound Gateway Program is comprised of two projects: the State Route 167 Completion Project and the State Route 509 Completion Project. These projects provide essential connections to the ports of Tacoma and Seattle and will help ensure people and goods move more reliably through the Puget Sound region.

The Washington State Department of Transportation (WSDOT) is the lead project sponsor and is responsible for the planning, design and construction of the Puget Sound Gateway Program, as well as for its overall financial management. The program has been guided from its beginning by a Joint SR 167/SR 509 Executive Committee, made up primarily of elected representatives of local jurisdictions served by the Puget Sound Gateway Program (Algona, Auburn, Burien, Des Moines, Edgewood, Federal Way, Fife, Kent, Milton, Pacific, Puyallup, SeaTac, Sumner and Tacoma) as well the Port of Tacoma, the Port of Seattle, Federal Highway Administration, Washington State Transportation Commission, WSDOT, the Puget Sound Regional Council, Sound Transit, King County Metro, Pierce Transit, and the Freight Mobility Strategic Investment Board. Commissioner Dick Marzano is the port's representative on this committee.

Funding for the total Puget Sound Gateway Program will come from the state gas tax, tolls, local contributions, and potential federal and state grants. Total funding for the project, from the 2015 Connecting Washington transportation funding package, is \$1.875 billion, which includes local contributions of \$130 million. The program has been funded over a 16-year timeline. Based on the legislative funding plan, major construction for a first stage of SR 167 would likely occur between 2019 through 2025, and a second stage in 2026-2030.

The concept of the \$130 million local match was developed by House Transportation Committee chair Judi Clibborn in consultation with the SR 167 Completion Coalition. Commissioner Marzano was the port's representative on the Coalition.

2. **Memorandum of Understanding**

In the 2017 Legislative session new language was enacted (Engrossed Senate Bill 5096 § 306(20)(b)) requiring a Memorandum of Understanding (MOU) be developed between the local agency partners and WSDOT. The legislature directed that:

The secretary of transportation must develop a memorandum of understanding with local project stakeholders that identifies a schedule for stakeholders to provide local matching funds for the Puget Sound Gateway project. Criteria for eligibility of local match includes matching funds and equivalent in-kind contributions including, but not limited to, land donations. The memorandum of understanding must be finalized by July 1, 2018. The department must submit a copy of the memorandum of understanding to the transportation committees of the legislature and report regularly on the status.

On May 17, 2018, the Port of Tacoma Commission authorized the CEO to sign a Memorandum of Understanding (MOU) with WSDOT and other local government project stakeholders. The MOU summarizes the timing of their planned, future commitments to contribute to the SR 167 and SR 509 projects.

The MOU lays out a local funding strategy, with a focus on projects in the Gateway portfolio that provide measurable benefits to local jurisdictions. In the Gateway program, these are called "Local Nexus Projects," designed to:

- Create a positive business case for local partners by focusing on the parts of the program that are most relevant and important to local jurisdictions;
- Leverage the potential to access significant grant funding to support local funding assumptions;
- Participate, co-fund match, and submit grant applications with support from Subcommittee staff;
- Combine local contributions and project funds to ensure fully-funded applications; and
- Support the grant effort and avoid competition with the local projects in the year of application.

If grant funds are received for these Local Nexus Projects, these dollars will contribute substantially toward the Legislative requirement for local match.

Following approval of the MOU, interlocal agreements (ILAs) between WSDOT and local jurisdictions were to be drafted for subsequent approval. Anticipated contributions contained in the MOU only become binding commitments when embedded in ILAs, and the conditions therein are approved by the proposed funding entity. ILAs must be in place prior to issuance of the request for qualifications for any proposed construction contract.

Signatories to this MOU consider that the local contribution requirement set forth in ESB 5096 will be fulfilled once the \$130 million requirement is achieved, via an ILA from each signing party that contains the commitment for project funding.

3. 70th Avenue East Bridge Relocation Project

The 70th Avenue East Bridge Relocation project has been identified as an example of a Local Nexus Project referenced in the MOU. The current bridge, which spans Interstate 5 in Fife, is located in the footprint of the proposed State Route 167/Interstate 5 interchange. Relocation of the 70th Avenue East bridge is a necessary pre-condition for this project. The bridge will also be widened, improving access to Fife's industrial and warehouse sector which supports the port's marine terminal operations.

70 th Avenue East Bridge Relocation Project	
Funding source	Contribution
WSDOT	\$48,000,000
Freight Mobility Strategic Investment Board	\$5,000,000
Port of Tacoma	\$3,000,000
City of Fife	\$800,000
City of Tacoma	\$500,000
TOTAL	\$57,300,000

C. SCOPE

The project will relocate and widen the 70th Avenue East bridge over Interstate 5 to four lanes with a protected shared-use non-motorized trail on the east side. This is the final segment of major widening from Valley Avenue to Pacific Highway E. (SR 99) and the first stage of the SR 167 Completion group of projects.

The agreement would be effective upon the signature of both parties and would terminate upon the sooner of project completion, or December 31, 2021 until, unless mutually extended by the parties.

WSDOT would provide the port with written notice of commencement of the project's construction at least thirty days prior to the commencement date.

The port would contribute \$3 million to WSDOT for the construction cost associated with the project. These funds are considered obligated upon execution of this agreement, subject to the conditions herein.

WSDOT would invoice the port with evidence that payments of at least \$3 million had been made by WSDOT for the project. The port would pay the invoice within thirty days of receiving WSDOT's invoice for payment and supporting evidence.

D. TIMEFRAME/PROJECT SCHEDULE

SR 167 Project Development	
NEPA re-evaluation	2017-2018
Interchange Justification Report	2017-2018
Traffic and revenue analysis for tolling	2017-2018
Legislative authorization for tolling	2019

SR 167 Stage 1A (70th Avenue East Bridge Relocation)	
Design	2017-2019
Right-of-way	2017-2019
Construction	2019-2021
SR 167 Stage 1B (I-5 to SR-509)	
Design	2017-2021
Right-of-way	2017-2021
Construction	2021-2025
SR 167 Stage 2 (I-5 to SR-167)	
Design	2020-2024
Right-of-way	2020-2024
Construction	2025-2030

E. FINANCIAL SUMMARY

Cost: The Port will contribute \$3 million to the bridge relocation project.

Source of Funds: The Port's tax levy in excess of what is need to pay General Obligation bond debt service will be used to pay the \$3 million contribution. Project funding was included in the 2018 forecast as developed during the 2019 budget process.

Item	Budget Estimate	Expenditure to Date	Additional Future Expenditures	Anticipated Total Expenditures
70 th Avenue East bridge replacement contribution	\$3 million	\$0	\$3 million	\$3 million
TOTAL	\$3 million	\$0	\$3 million	\$3 million

Financial Impacts: The MOU approved by the commission in May 2018 anticipates a \$30 million total contribution by the Port of Tacoma. The \$3 million investment in the 70th Avenue East Bridge Relocation project will be credited towards this \$30 million total anticipated contribution.

F. ECONOMIC INVESTMENT / JOB CREATION

The Puget Sound Gateway Program, of which the 70th Avenue East Bridge Relocation is a component, is key to enhancing the state's economic competitiveness, both nationally and globally, by connecting the state's largest ports to key distribution centers in King and Pierce counties and to eastern Washington. Completion of the program will provide a direct link to

Green and Puyallup river valleys, home to the second largest distribution center complex on the West Coast; 44 percent of regional truck trips by the ports of Seattle and Tacoma are destined for this area. Travel time between Puyallup and Tacoma would improve by 15 percent, saving 13,915 person-hours. The economic benefit of saved travel time over 30 years along SR-167 is \$940 million.

A completed SR 167 could fuel job growth to the tune of \$10.1 billion, according to WSDOT. That's the size of the new payroll expected to be generated by an expansion of the Port of Tacoma's international cargo and other operations — an expansion that is contingent on good transportation connections to move the freight to and from the docks.

The Gateway Program is estimated to support 2,437 construction jobs throughout the life of the project.

G. ENVIRONMENTAL IMPACTS / REVIEW

According to an earlier WSDOT Record of Decision, the overall Puget Sound Gateway project will improve air quality by reducing congestion, improve truck mobility, and smooth traffic flow levels. CO emissions, for example, are projected to be reduced by an estimated 26 percent along the SR-167 corridor under the build alternative compared to the no-build alternative. Additionally, the proposed SR-167 project mitigation links multiple fragmented habitats together, providing over 1,000 acres of contiguous habitat and resulting in a cumulative 70 percent increase in ecological services in the area. Finally, the project's proposed mitigation enhancements will reduce predicted flooding along Hylebos Creek from 246 acres to 187 acres—a 50 percent reduction.

H. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Do nothing alternative (i.e. do not sign the ILA): The Port of Tacoma is considered the most prominent proponent for a completed SR-167 and the largest single beneficiary of the overall project. If the port were to decline to sign the ILA, it would signal a lack of support for both the 70th Avenue Bridge Relocation project as well as the overall SR 167 project. Other project supporters would be disinclined to financially contribute to the Puget Sound Gateway local match. Moreover, the local match has been identified as a funding component in various grant applications submitted by WSDOT (e.g. U.S. Department of Transportation's INFRA grant, Freight Mobility Strategic Investment Board, Puget Sound Regional Council's Surface Transportation Program grant); grant award institutions would be discouraged from investing in the project. This, in turn, would result in project scope reduction. The port would likely have less influence on these scoping decisions than it would if it were a financial contributor. Finally, port support is assumed in the MOU approved by the commission earlier this year. Failure to approve the ILA harm the credibility and reputation for the port with fellow project funders, stakeholders, WSDOT, state and federal lawmakers.

I. NEXT STEPS

WSDOT anticipates finalizing its bid documents for the 70th Avenue East Bridge Relocation Project in the first quarter of 2019, with the intent of going to bid in early summer 2019.