What Partnerships Should Look Like: Overlake Transit Center Funding Agreement
Washington State APA Conference; Spokane WA

Regional Context for Redmond/Overlake

Vision for the Redmond Overlake Urban Center
Thousands of new residents and employees will enjoy a wide variety of restaurants and retail offerings, a diverse array of other amenities and services, and a safe convenient access to jobs.

Microsoft Employee Distribution

East Link Extension Overview
Length: 14 miles
Ride times:
- Mercer Island to UW: 30 min.
- S. Bellevue to Airport: 50 min.
- Overlake Transit Center to Bellevue Transit Center: 10 min.
Rider Projections: 50,000 daily by 2030
Cost Estimate: $2.8 billion (2010 $)
Start of Service: Targeted 2023
**Overlake Segment Overview**

- Two stations
  - Overlake Village along SR 520 at 152nd Ave
  - Overlake Transit Center
- New pedestrian and bicycle bridges across SR520 at both stations subject to funding agreements
- Design-Build Delivery
  - Procurement in 1Q 2014

**Funding Agreement Goals**

- Microsoft
  - Enable mobility to/from our corporate campus
  - Directly connect East and West Campuses across SR520
  - Integrate Microsoft commute services into the OTC
- Sound Transit
  - Enable private funding for additional improvements
  - Enhance usability and increase ridership
- City of Redmond
  - Get high-priority, safe and comfortable, regional ped-bike connection without having to pay for it
  - Increase transit, biking and walking mode share by improving access

**Overlake Transit Center Neighborhood Context Plan**

**Overlake Transit Center Agreement**

- Partnership between Microsoft, Sound Transit, and City of Redmond
  - Microsoft contributes $33.3 million to Sound Transit
  - Sound Transit incorporate station enhancements & addresses East Link construction impacts on Microsoft
  - City owns and maintains pedestrian/bike bridge upon completion
- Eight Project Elements

**Microsoft Role**

- Provide $33.3 million in funding for bridge, transportation services office, additional canopy coverage, shuttle loop, and additional conduit for future technology
- Protect and relocate Microsoft fiber infrastructure impacted by East Link
- Dedicate property needed for East Link and bridge
- Participate in Design-Build process
- Lease MS Transportation Services facilities from Sound Transit upon completion
- Participate in future maintenance and operations of bridge
City of Redmond Role

• Own and maintain pedestrian/bicycle bridge once completed
• Participate in the Design-Build process; issue necessary permits to ST
• Manage the long term maintenance and operations agreement
• Authorize Community Facilities District (CFD):
   CFD separate entity
   MS prefunding $33.3M and backs with property
   ST bills CFD, CFD bills Microsoft over 15 years
• Recommend street vacation for East Link

Sound Transit Role

• Manage all design and construction
• Open the pedestrian/bike bridge in 2020 (station operational by 2023)
• Obtain a SR 520 Airspace Lease from WSDOT & provide easement at Overlake Transit Center for the pedestrian/bike bridge
• Provide up to $2.5 million to relocate Microsoft infrastructure impacted by East Link
• Provide Microsoft with 12 years of advertising rights at Overlake Transit Center in exchange for property needed to construct East Link

Risk Sharing and Termination

• WSDOT Airspace Leases require the facility owner to modify or relocate if required by highway improvements
• WSDOT has advised there is “very low” because the design is well coordinated with SR 520 plans
• City of Redmond, Microsoft and Sound Transit agree to share this low risk
• Termination rights include:
   Sound Transit if pre-final design cost estimate exceeds funding provided
   Microsoft if CFD not formed
   City and Microsoft if agreement requirements not met in design-build RFP
• Sound Transit costs expended up to termination would be reimbursed

How does Community Facilities District work?

✓ RCW 36.145 adopted in 2010
✓ Allows private funding of projects that have “public benefit” through sale of bonds repaid over up to 28 years
✓ Private party provides Deed of Trust on property of equal value
✓ Microsoft wrinkle is to prefund the CFD vs. selling bonds
✓ CFD enables public infrastructure while allowing Microsoft to pay for the cost over 15 yrs. vs. year of expenditure (ST-CFD-MS)

Microsoft Business Case (ROI)

Quantitative

• Travel Time Savings: $27M over 10 yrs.
• Reduced Parking Demand: 240 stalls @ $9.6M
• Keep OTC Operational: Avoid costs of replicating OTC elsewhere during const.
• Total = $35.6M

Qualitative

• Employees Experience
• Pedestrian & Bike Safety
• Health & Wellness
• “Attract & Retain”

Public - Private Decision Making

• Public
  – Well defined process with clear decision makers
  – Incremental approach to project development
• Private
  – Need an internal champion
  – Driven by return on investment (ROI)
  – Prefer a single comprehensive agreement
Slide 16

DB2  Changed title and moved CFD bullet down
     Don Billen, 10/8/2014

Slide 18

DB1  New slide
     Don Billen, 10/8/2014
Benefits of the OTC Funding Agreement

- Collaboration enabled better design = more ridership
- Microsoft ROI based on safety, efficiency & enabling productivity
- Sound Transit focused on outcomes within budget & delivery risks
- Public benefit by faster delivery of needed public infrastructure
- CFD enabled private financing over longer time horizon

Findings & Conclusions

- CFD is a great enabler for partnerships
- Be clear on “public” v. “private” benefits in the CFD
- Quantify benefits for all parties (both public and private)
- Focus on delivery of outcomes
- Everything will take longer than you expect; patience required
- Even after the agreement signed work goes on to implement

Stakeholders

- Sound Transit
- WSDOT
- City of Redmond
- City of Bellevue
- Microsoft
- Utility companies
- King County Metro

Q&A
Slide 19

DB2  Changed title and moved CFD bullet down
Don Billen, 10/8/2014

Slide 20

DB3  Moved discussion of ROI to slide 15
Don Billen, 10/8/2014