

October 17, 2014

What Partnerships Should Look Like: Overlake Transit Center Funding Agreement

Washington State APA Conference, Spokane WA




Agenda

- Overlake Context– Joel Pfundt, City of Redmond Program Manager
- ST East Link - Don Billen, East Link Deputy Project Director
- Microsoft Involvement – Jim Stanton, Microsoft Sr. Community Affairs Manager
- Redmond Role – Sound Transit Role – Don Billen, East Link Deputy Project Director
- Findings/Conclusions/Recommendations
- Questions

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Regional Context for Redmond/Overlake




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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: 20 min.
- S. Bellevue to Airport: 50 min.
- Overlake Transit Center to Bellevue Transit Center: 10 min.

Rider Projection: 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

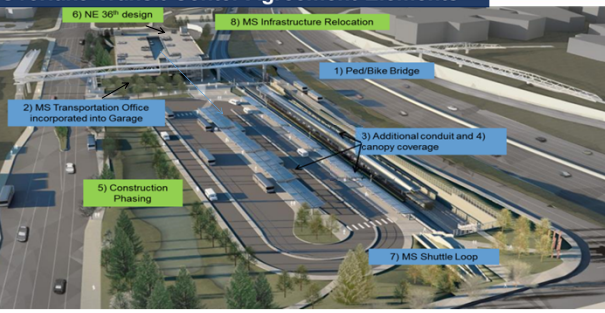
Overlake Transit Center Neighborhood Context Plan



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

Overlake Transit Center Agreement Elements



- 1) Ped/Bike Bridge
- 2) MS Transportation Office incorporated into Garage
- 3) Additional conduit and 4) canopy coverage
- 5) Construction Phasing
- 6) NE 30° design
- 7) MS Shuttle Loop
- 8) MS Infrastructure Relocation

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
- Review/approve 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



DB2

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	Qualitative
<ul style="list-style-type: none"> • Travel Time Savings: <ul style="list-style-type: none"> – \$27M over 10 yrs. • Reduced Parking Demand <ul style="list-style-type: none"> – 240 stalls @ \$9.6M • Keep OTC Operational <ul style="list-style-type: none"> – Avoid costs of replicating OTC elsewhere during const. • Total = >\$35.6M 	<ul style="list-style-type: none"> • Employees Experience • Pedestrian & Bike Safety • Health & Wellness • "Attract & Retain"

DB1

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

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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

DB2

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

DB3

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

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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