

**TERM SHEET
BETWEEN THE CITY OF BELLEVUE AND SOUND TRANSIT
FOR INCLUDING TUNNEL OPTION C9T AS A PREFERRED ALTERNATIVE FOR
THE EAST LINK PROJECT FINAL EIS**

1) Background

- a) Sound Transit is evaluating alignment and profile alternatives for the East Link Project in an on-going environmental impact statement (EIS) process. The alternatives for downtown Bellevue include surface, elevated, and tunnel alignments. Based on Sound Transit's current cost estimates, Sound Transit has determined that the C9T tunnel alternative is not affordable under the voter-approved Sound Transit 2 Plan, unless additional funding sources and project savings are available.
- b) The East Link Project, with reasonable, appropriate mitigation, offers substantial benefits for the City of Bellevue by connecting the region's three largest employment centers: downtown Seattle, downtown Bellevue and Microsoft's main campus in Redmond and by providing a reliable, high frequency transportation option for Bellevue residents and regional commuters.
- c) The City of Bellevue and Sound Transit have been working cooperatively to identify additional funding sources and project savings that would close the affordability gap and allow the Sound Transit Board to identify the C9T alternative for downtown Bellevue as a preferred alternative in the East Link Project Final EIS.
- d) The Sound Transit Board wants a firm commitment from the City of Bellevue with respect to financial contributions to close the funding gap before the Board modifies its choice of preferred alternative to include C9T and incur costs associated with advancing the C9T alternative into preliminary engineering. A surface alignment for the Downtown Bellevue segment will also be identified by the Sound Transit Board as a preferred alternative in the Final EIS.
- e) Bellevue has consistently demonstrated a willingness to work with Sound Transit to generate and refine the appropriate alternatives for a proposed alignment that will work with Bellevue's Comprehensive Plan and Land Use Code and Sound Transit's ST2 Plan.
- f) Bellevue has demonstrated its cooperation and intent to partner on East Link by investing significant resources to plan for a successful light rail system, including creating the Bellevue Light Rail Best Practices Committee, performing numerous studies, creating a plan for the Bel-Red Corridor to allow for substantial transit-oriented development, and investigating tunnel funding options through a variety of means, as suggested in the Sound Transit Board's motion regarding its preferred alternative for East Link.
- g) The City of Bellevue and Sound Transit intend this Term Sheet to provide the fundamental principles for a future Memorandum of Understanding or other agreement that would memorialize the City of Bellevue's funding commitments that would either add funds or lower project costs, and certain actions to be taken by Sound Transit to save costs, in the event that the Sound Transit Board ultimately selects C9T as the alternative to be built after completion of the Final EIS.

- h) The purpose of the Term Sheet is to support the Sound Transit Board's decision to modify its choice of preferred alternative for the Final EIS to include the C9T alternative and advance the C9T alternative into preliminary engineering.
- i) The Term Sheet recognizes that Sound Transit will identify its preferred alternative as required under the National Environmental Policy Act (NEPA) for completion of the Final EIS. It also recognizes that the EIS process is ongoing and that there is considerable work left to do to complete the Final EIS, and that the Sound Transit Board will review and consider the information in the Final EIS relating to all of the alternatives and impacts before making a final decision on the project to be built. The Sound Transit Board will also consider the information that may be provided by City of Bellevue as set forth in Section 2 below.
- j) Sound Transit will carry both the tunnel and surface alignments for Downtown Bellevue into preliminary engineering and will continue to carry forward and evaluate all the alternatives currently in the Final EIS, and others as may be added by the Sound Transit Board.
- k) The Term Sheet anticipates that subsequent agreements will be negotiated and executed between the City of Bellevue and Sound Transit to include further details about the subjects identified herein. This Term Sheet does not bind the parties to specific project funding actions or alignment decisions, but rather is a commitment to negotiate in good faith a future binding agreement consistent with these terms. If the parties are not able to reach agreement on a subsequent memorandum of understanding or other agreement consistent with this Term Sheet after negotiating in good faith, neither party shall be further bound by this Term Sheet.

2) Principles

The City of Bellevue and Sound Transit acknowledge the following principles:

- a) The City of Bellevue and Sound Transit will work collaboratively to make the East Link Project a success, identify cost sharing/reduction opportunities to increase fiscal capacity for a tunnel, identify risk sharing/reduction opportunities to offset the increased risk associated with a tunnel, and identify design and construction mitigation strategies to address the impacts of the East Link Project in Bellevue.
- b) Final alignment and permitting decisions cannot be made until after the publication of the Final EIS.
- c) The preferred Downtown Bellevue alternative identified in the Final EIS can be modified, and that additional funding or other modifications may be needed to make tunnel alternatives affordable.
- d) Contributions are proposed by both the City of Bellevue and Sound Transit to increase the fiscal capacity for a tunnel.
- e) This Term Sheet provides a framework for future agreements which would be subject to approval by the City of Bellevue City Council and Sound Transit Board.
- f) This Term Sheet documents the City of Bellevue's and Sound Transit's commitment to carefully manage the scope and budget for the East Link Project and to take actions to close the funding gap between the voter-approved budget and the additional funds needed

to support the C9T alternative, should it be selected as the alternative to be built after the Final EIS.

- g) The City of Bellevue and Sound Transit will work cooperatively to support the East Link Project and related capital projects, including continued collaborative efforts on design development and continued consideration of technical information and analyses provided by the City of Bellevue to Sound Transit related to the impacts of the East Link Project alternatives. Sound Transit will share information it is developing as part of the FEIS process with Bellevue when reasonably available prior to publication of the FEIS and in a manner that is consistent with the project timeline.

3) Framework for Funding C9T

The City of Bellevue and Sound Transit anticipate that following completion of the Final EIS, a binding agreement regarding funding for the C9T alternative would be negotiated consistent with the following:

- a) If the Sound Transit Board ultimately selects the C9T alternative, the City of Bellevue will provide up to \$150 million (\$2007) in contributions toward the East Link Project, which either reduce the Sound Transit costs or increase Sound Transit funding, including the following:
 - i) Access to City property and rights-of-way at no cost;
 - ii) One-time tax revenues that would be received by the City of Bellevue from Sound Transit or its contractors as a result of the East Link Project;
 - iii) In-kind services, such as streamlined permitting assistance and waiver of inspection fees; and
 - iv) Assuming responsibility for all or parts of specific East Link capital projects that provide mutual benefit to the City.
- b) Sound Transit will identify \$75 million (\$2007) in scope reductions beyond those necessary to address the current project shortfall within the City of Bellevue and will work collaboratively with the City of Bellevue and the community on the design of such changes.
- c) Sound Transit will identify \$95 million (\$2007) in additional fiscal capacity, including the following:
 - i) Opportunities to leverage existing funding;
 - ii) Cost savings through schedule management or construction packaging; and
 - iii) Opportunities for grant funding.
- d) Procedures to address appropriate allocation of East Link Project cost savings and/or increases within the City of Bellevue.

4) Menu of Potential City of Bellevue Specific Contributions

The following items are potential contributions that may be considered by the City to meet its funding commitment, and are not listed in any priority nor intended to be comprehensive:

- a) Bel-Red Corridor Plan. The City of Bellevue would obtain ROW and reconstruct NE 16th Street and 136th Avenue NE between 130th Avenue NE and NE 20th Street/Northup Way to create an improved arterial per the City's Bel-Red Corridor Plan, a median for at-grade light rail, and storm water facilities for both the East Link Project and the road.
- b) Street construction/reconstruction. The City of Bellevue would obtain ROW and reconstruct certain streets that are part of an improved arterial plan for Downtown Bellevue, such as NE 2nd or others, if such street reconstruction is needed for the final East Link Project alignment.
- c) City Hall Parking Garage. The City of Bellevue would reconfigure the City Hall parking garage to accommodate the C9T tunnel and to replace stalls lost through reconstruction.
- d) City-Owned Utilities. The City of Bellevue would relocate City-owned utilities.
- e) Private Utilities. The City of Bellevue would adopt Sound Transit projects in City Capital Improvements Program, and direct and oversee private utility relocation per franchise agreements or other appropriate means.
- f) Property Acquisition. The City of Bellevue would acquire the King County Metro property and/or other properties of mutual benefit to the City and provide Sound Transit use of the property for construction and operation at no charge.
- g) Permits and Inspections. The City would waive or reduce permit and inspection fees.
- h) Third Party Assistance. The City would provide all third party assistance necessary to maintain project schedule without reimbursement including design reviews, construction inspections, police control, and tunnel rescue teams.
- i) Cash contributions. The City may provide cash contributions, funded by the City, third parties or through grant funding to in whole or in part satisfy its commitment.
- j) Any other items or ideas that are mutually acceptable to the City of Bellevue and Sound Transit.

5) Project and Program Management Activities

The City of Bellevue and Sound Transit acknowledge that the following items will need to be addressed in subsequent agreements, regardless of which alternative ultimately is selected as the project to be built:

- a) Joint management of the scope and cost of the East Link Project within the City of Bellevue.
- b) Collaboration to develop a master schedule for capital projects related to or affecting the East Link Project in Bellevue.
- c) Joint capital project review to ensure capital projects minimize any conflict with the East Link Project.

- d) Streamlined reviews, environmental compliance, permit approvals and vesting of the East Link Project to applicable codes and regulations including potential amendments to facilitate the East Link Project.
- e) Acknowledgement by the City of Bellevue that chapter 14.60 of the Bellevue City Code regarding concurrency requirements exempts public transportation facilities, including the East Link Project, from the provisions of that chapter.
- f) Agreement regarding liability for any hazardous waste/material discovered on property owned by the City of Bellevue in relation to the East Link Project.

6) City Regulatory Authority

Nothing in this Term Sheet shall be deemed a waiver of the City of Bellevue's regulatory authority nor a predetermination of the compliance of the East Link Project with applicable codes and regulations.

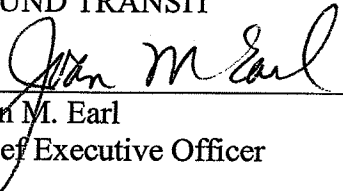
7) Agency Representatives

The City of Bellevue and Sound Transit will identify a single point of contact for agreement negotiations and coordination of all phases and elements for development of the East Link Project.

8) Conclusion

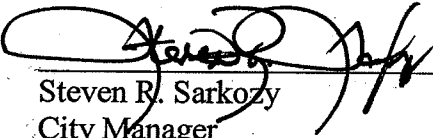
The City of Bellevue and Sound Transit recognize that future agreements will be subject to approval by the City Council and Sound Transit Board after completion of environmental review and must comply with applicable federal guidelines. Additional issues not addressed in this Term Sheet may be identified and included in any future agreements.

SOUND TRANSIT


Joan M. Earl
Chief Executive Officer

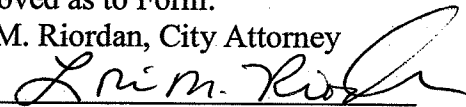
April 23, 2010
Date

CITY OF BELLEVUE

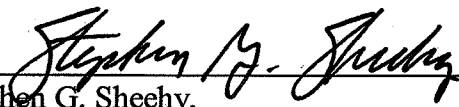

Steven R. Sarkozy
City Manager

APRIL 21, 2010
Date

Approved as to Form:
Lori M. Riordan, City Attorney

By: 

Approved as to Form:

By: 
Stephen G. Sheehy,
Sound Transit Legal Counsel