

STAFF REPORT

SOUND TRANSIT MOTION NO. M2000-75

Authorization of an Increase in the Kent Commuter Rail Station Construction Contract Contingency

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	10/5/00	Discussion/Possible Action	Bob Sundin, Program Manager Paul Price, Director	(206)398-5118 (206)398-5111

PROPOSED ACTION

This motion would authorize an increase in the contract contingency fund for Contract Number RTA/CR 56-99 with Merlino Construction Company, Inc. for construction of Phase A of the Sounder Commuter Rail Station in Kent. The \$476,759 contingency amount approved with the original contract award has been committed through issued change orders. This action will add a contingency amount of \$544,846 (17.1% to the original contract value of \$3,178,395) to cover anticipated and unanticipated work for a new total contract value not to exceed \$4,200,000 to complete the Kent Commuter Rail Station project. This increased contingency is expected to be sufficient to complete the construction of Phase A of the Kent Station.

KEY FEATURES

Highlights of Proposed Action

Allows future amendments of the contract with Merlino Construction Company, Inc. to complete the construction of the Kent Commuter Rail Station. Changes in scope have exceeded the amount in the approved contract contingency. The major issues are similar as discussed for the Auburn Commuter Rail Station contract contingency increase. Four (4) changes to the contract are of significant magnitude to require the entire authorized contingency approved with the original contract. The building permit change and the projected contingency to complete will not be executed until this contingency increase is authorized.

1) BNSF Agreement Delay	\$182,340
2) BNSF Duct Bank Construction	\$116,648
3) Building Permit Required Changes	\$420,000
4) Differing Site Conditions	\$ 78,000
Contingency to Complete	\$224,617
Total Contingency	\$1,021,605

Discussion of Proposed Action:

The construction contract with Merlino Construction requires change orders to account for revisions in the scope and schedule of the work. The magnitude of the changes has depleted the contingency fund such that additional funds will be needed to cover changes both anticipated and unanticipated to complete the project. The changes to the scope and schedule can be attributed to four categories as follows:

1. BNSF Agreement Delay: Bids were opened in August 1999 followed by a Limited Notice to Proceed (LNTP) to do demolition work in October 1999. The LNTP and start of the platform work on the BNSF property was scheduled for December 1, 1999, but the actual work did not start until June 2000. This delay was caused by the extension of negotiations of the Sounder capital and operating agreement with the BNSF. The contractor incurred costs for management, rescheduling of subcontract work, and additional efforts to perform work out of the planned construction sequence while maintaining the site during the seven-month delay.
2. BNSF Duct Bank Construction: Two 10" diameter steel pipe sleeves are being installed under the platform for future BNSF and Sound Transit fiber optic cable. The requirement for the steel pipe sleeves was identified by BNSF after the contract was awarded to Merlino Construction. This will permit the fiber optics to be installed without impact to the newly completed platforms and without disrupting passenger service.
3. Building Permit Required Changes: The building permit for the site was applied for concurrently with the advertisement of the project for bid, with the expectation that the project would be completed by the opening of the Sounder Commuter Rail service. However, an extensive re-design of the site civil plans was necessary to secure the city's approval for a building permit. The majority of the costs were involved with the directed use of stormceptors, the special water retention structures that detain and settle storm water drainage from parking areas. The drainage was originally designed to go into a regional storm treatment system but upon permit review by the city, they directed on-site treatment.

The existing streets adjacent to the station have no curbs or sidewalks, the pavement is in poor condition and the street lighting and drainage profiles do not meet City standards. Street lighting improvements, modifications to street and sidewalk details, and utility modifications on Railroad and First Avenue added to the cost of the project. Sound Transit was required to bring the streets up to current city standards to have a building permit issued. Due to costs that will be incurred to make these improvements, the change order can not be executed until additional funds are authorized.

4. Differing site condition: This covered a number of changes that includes removal of additional quantities of asbestos prior to building demolition work, removal of contaminated soils not anticipated in the base bid and coordination of the work based on actual field conditions. These changes could not have been anticipated during the design phase based on restricted site access to locate and quantify the existing conditions

Contingency to Complete:

- ◆ A portion of the requested increase in contingency will cover potential change issues. The proposed action allows future amendments of the contract with Merlino Construction, Inc. to complete the construction of the Kent Commuter Rail Station. An amount of \$224,617 is

requested to provide the construction management team the ability to address these change issues in a timely manner to keep the completion of the station on schedule.

BUDGET

Budget for this agreement is included in the construction phase budget of the Kent Commuter Rail Station, as shown on page 90 of the agency’s 2000 Authorized Budget, approved by Resolution No. R99-33 on November 18, 1999. Committing these funds will potentially endanger other project elements that are funded from the construction phase of this project, but only until the 2001 Proposed Budget has been approved. The Board has approved an increase in the Kent budget to provide for the garage and other Phase B station elements. The construction forecast is based on the conceptual design and estimate for these elements, and is currently \$17,062,534 for all station construction elements. The project construction shortfall of \$5,197,402 is being addressed in the Proposed 2001 Budget, where savings from budgets (such as the vehicle and King Street Station) have been reprogrammed. Further, the staff is seeking to reduce the cost of the phase B station elements, the cost of the garage through the design process and is endeavoring to secure more funds from partners to ensure that the facilities meet community expectations.

Table 1 below presents the current budget as it relates to the forecast and the impact of this action:

Table 1 - Kent Station Construction Budget and Commitments

Total Project Budget	Budget for Construction Phase (A)	Construction Forecast at Completion¹ (B)	Total Amount Requested (C)	Shortfall* or Surplus (A-B)²
\$ 20,257,442	\$11,865,133	\$17,062,535	\$ 544,846	(\$5,197,402)
*Amount of Shortfall	Potential Revenues	Funding Sources		
\$5,197,402	Yes	Vehicle savings, King St. Station, other unidentified.		

¹Actuals through May 2000, including outstanding and future expected commitments, excluding this action.
²Column B, construction forecast at completion, includes the amount of this request.

Table 2 below provides the specific details for this contract of the original value and contingency, and how this additional requested contingency amount impacts the total contract.

Table 2 - Merlino Construction Agreement for Construction of the Kent Station

Approved Construction Contract Value	Approved Construction Contract Contingency (A)	Approved Construction Contract Value Available (B)	Proposed Action: Cost for Added Work(C)	Total Contract Not to Exceed (B+C)
\$ 3,178,395	\$ 476,759	\$ 3,655,154	\$ 544,846	\$ 4,200,000

ALTERNATIVES

The contract could be terminated with Merlino Construction and re-advertised for the change work and the remainder of the station construction. The cost impact of this alternative is estimated to be up to \$2 million above the cost to continue the contract work with Merlino Construction. Merlino Construction has performed very well on their contract to build the commuter rail station in Kent. The staff does not recommend considering termination of the contract.

CONSEQUENCES OF DELAY

Delay in this action will have an impact on the contract at such a time as the existing contingency funds are depleted. Without the capability to issue changes and resolve change order pricing in a timely manner with the Contractor, there will be delays to the Kent Commuter Rail Station completion schedule. This station is currently scheduled for completion in November of this year for initial commuter rail service. The station is 44 percent complete at the present time.

REGIONAL PARTNERSHIP AND COOPERATION

Sound Transit has coordinated closely with the City of Kent in the development of the Kent Commuter Rail Station. Sound Transit continues to work with the City in the development of the design/build parking garage project. The project has relied on the input from the Technical Advisory Committee (TAC) in Kent to establish local stakeholders and provide insight and input into the design of the Kent Commuter Rail Station.

PUBLIC INVOLVEMENT

There has been limited but ongoing public involvement with the station construction process. We have provided community outreach and information on station construction operations through neighborhood briefing handouts, signage and the Sound Transit website.

LEGAL REVIEW

MBL 9/21/00

SOUND TRANSIT

MOTION NO. M2000-75

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority to increase the contract contingency fund for Contract Number RTA/CR 56-99 with Merlino Construction Company, Inc., for Phase A construction of the Sounder Commuter Rail Station in Kent. This action will add a contingency amount of \$544,846 (17.1 percent of the original contract value of \$3,178,395) for a new total contract value not to exceed \$4,200,000.

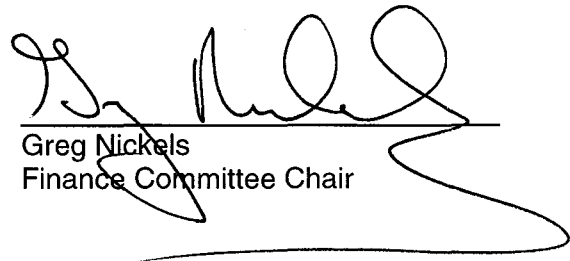
Background:

The originally approved contract contingency of \$476,759 has been committed to complete construction of the project through change orders. The magnitude of changes has depleted the contingency funds and additional funds will be needed to cover both anticipated and unanticipated changes to complete the construction. The construction delay related to the BNSF agreement delay, fiber optic duct bank, additional building permit requirements, and differing site conditions caused the major portion of the contract changes. Additional funds are needed to complete the work based on the projection for potential change orders together with unanticipated events.

Motion:


It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing an increase in the contingency fund in the amount of \$544,846 for Contract Number RTA/CR 55-99 with Merlino Construction Company, Inc., for Phase A construction of the Sounder Commuter Rail Station in Kent is hereby approved for a new contract amount not to exceed \$4,200,000 to cover anticipated and unanticipated changes to complete the construction of the Kent Commuter Rail Station project.

Approved by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 5th day of October 2000.



Greg Nickels
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator