

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2003-37**

**Contingency Increase for Construction of Tacoma Link Light Rail Line Segment**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	4/3/03	Discussion/Possible Action to Recommend Board Approval	Ahmad Fazel, Link Director	(206) 398-5389
Board	4/10/03	Action	<b>Henry Cody, Tacoma Link Project Manager</b>	(206) 398-5377

<b>Contract/Agreement Type:</b>	<b>3</b>	<b>Requested Action:</b>	<b>3</b>
Competitive Procurement	3	Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Memorandum of Agreement		Contingency Funds Required	3
Purchase/Sale Agreement		Budget Amendment Required	

4 Applicable to proposed transaction.

**OBJECTIVE OF ACTION**

To increase the contract contingency on construction of Tacoma Link Light Rail Line Segment, Project C910, (Gary Merlino Construction Company) by \$600,000 to address increased scope due to the abandonment of the BNSF rail line.

**ACTION**

- Authorizes an additional \$600,000 to be added to the approved contingency amount for Contract No. RTA LR/61-00 with Gary Merlino Construction Company for construction of Tacoma Link Light Rail Line Segment, Project C910.

**KEY FEATURES**

- Increases the contract contingency by \$600,000 for total contract contingency of \$5,192,538 (18.6% of the estimated at completion contract amount of \$27,785,177).
- The original contract contingency for this contract was \$2,292,438 (10% of the original contract value of \$22,925,382).
- Board Motion No. M2002-44 increased the total contract contingency by \$2,300,000 to \$4,592,438.
- Funds for this increase are available within the Tacoma Link Light Rail budget.

## **BUDGET IMPACT SUMMARY**

**Project Description:** Tacoma Link  
**Current Status:** Under Construction  
**Projected Completion Date:** 09/2003

<b>Action Outside of Adopted Budget:</b>	<b>Y/N</b>	<b>Y</b>	<b>Requires Comment</b>
This Line of Business	N		
This Project	N		
This Phase	N		
This Task	N		
Budget amendment required	N		
<b>Key Financial Indicators:</b>	<b>Y/N</b>	<b>Y</b>	<b>Requires Comment</b>
Contingency funds required	N		
Subarea impacts	N		
Funding required from other parties other than what is already assumed in financial plan	N		

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

## **BUDGET DISCUSSION**

The total 2003 Board-adopted budget for Tacoma Link is \$80.4 million. Within that budget, \$28,550,973 has been set aside within the Construction Phase for Line Segment C910.

Should the Board authorize the execution of the proposed increase to contingency, the revised total contract amount will be \$28,117,920 (\$22,925,382 original contract value plus \$5,192,538 contingency), leaving a remaining balance of \$433,053 in the budget for Line Segment C910 construction.

## **REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS**

The proposed action is consistent with the current board adopted budget and is affordable within the agency's current long-term financial plan and sub-area financial capacity. The action will have no new revenue impacts on Sound Transit.

## SUMMARY FOR BOARD ACTION

Action Item: Merlino: (Increase contract contingency for Tacoma Link Line Segment C910)

(Year of Expenditure \$000)

Tacoma Link	Adopted FY2003 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
1 Agency Administration	4,475	3,910		3,910	565
2 Preliminary Engineering	5,654	6,109		6,109	(455)
3 Final Design	5,379	4,291		4,291	1,088
4 Right of Way	2,519	2,962		2,962	(442)
5 Construction	52,919	46,141	600	46,741	6,178
6 Vehicles	8,632	7,993		7,993	640
7 System Testing and Startup	837	416		416	421
8 Contingency	-	-		-	-
9 <b>Total Current Budget</b>	<b>80,416</b>	<b>71,821</b>	<b>600</b>	<b>72,421</b>	<b>7,995</b>

### Phase Budget Detail

10 Merlino Segment C910	28,551	27,518	600	28,118	433
11 Other Construction	24,368	18,623	-	18,623	5,745
12 <b>Total Phase</b>	<b>52,919</b>	<b>46,141</b>	<b>600</b>	<b>46,741</b>	<b>6,178</b>

(B) Committed To Date amounts are from the Link Program Cost Summary Report (HQ Reports) dated 2/27/03

Contract Budget	Current Approved Contract Value (F)	Spent to Date (G)	Proposed Action (H)	Proposed Total Contract Value (I)
13 Contract Amount	22,925	23,067	0	22,925
14 Contingency	4,593	-	600	5,193
15 <b>Total</b>	<b>27,518</b>	<b>23,067</b>	<b>600</b>	<b>28,118</b>
16 Percent Contingency	20%	0%	100%	23%

## M/W/DBE – SMALL BUSINESS PARTICIPATION

Gary Merlino Construction Company is the prime contractor on this contract and committed to a goal of 30%. To date this goal has been achieved. This action and all changes executed under the terms of this contract do not modify the goal.

The Small Businesses to benefit under this contingency increase include the following:

<u>Sub-Contractor</u>	<u>Type of Business</u>	<u>% of Work</u>	<u>Type of Work Performed</u>
Mountain Pacific Rail	Small Business	20%	Rail Installation
Security Barricade	Small Business	10%	Traffic Control

The EEO Apprenticeship Goal on this contract is 33% of which includes 21% minorities and 12% women. Gary Merlino Construction Company has performed and utilized 34.5%. The utilization breakdown on this contract is: 22% minorities and 12.5% women.

## HISTORY OF CONTRACT

The scope of work for this contract includes the construction of 1.6 miles of at-grade light rail guideway, five stations, and associated urban improvements. Contract bids came in under the engineer's estimate. A bid protest ensued relating to small business participation, and the low bidder was determined to be non-responsive.

On February 13, 2001, the Board awarded Contract No. RTA LR/61-00, Construction of Tacoma Link Light Rail Line Segment, Project C910, to Gary Merlino Construction Company, for \$22,925,382 plus a 10% contingency of \$2,292,538, for a total contract amount of \$25,217,920.

Because of BNSF railroad right-of-way issues, a Limited Notice to Proceed was issued on April 5, 2001. On July 9, 2001, a Full Notice to Proceed was issued, and construction began.

On May 9, 2002, the Board adopted Motion No. M2002-44, which authorized an additional \$2,300,000 to be added to the approved contingency amount for Contract No. RTA LR/61-00 with Gary Merlino Construction Company for a new total authorized contingency amount of \$4,592,538.

The contract is currently 90% complete and 96% of the contingency has been expended.

The action of this motion is required because of the very recent decision of the BNSF to cease operations on their spur line in Tacoma. As a result, Contract No. RTA/LR 66-02, Link Light Rail Double Diamond Crossing –Tacoma, was cancelled. Subsequently, the scope of providing trackwork and road improvements across the former BNSF line has to be added to Contract No. RTA LR61-00. The net savings to the overall project from these actions was approximately \$300,000.

Changes to be addressed under this contingency increase include rail construction, paving changes, crosswalk modifications, pedestrian signal changes, and additional safety signage.

Since the award of this contract, a series of events have occurred that required the budget to be increased, and the project schedule extended. The drivers for the increased construction costs have included bid protests, right-of-way disputes with railroads, the failure of private utilities to relocate in a timely manner, and quantity overruns.

Since the initial bid protest and subsequent delays, Link construction management staff has been actively rescheduling all Tacoma Link contracts to minimize direct and indirect costs to the project, and achieve the most efficient sequence of construction. Link Staff anticipates that the start of operations date of September 2003 will be achieved.

**Prior Board or Committee Actions  
and Relevant Board Policies**

<b>Motion Number</b>	<b>Summary of Action</b>	<b>Date of Action</b>
M2002-44	Authorized an additional \$2,300,000 to be added to the approved contingency amount for Contract No. RTA LR/61-00 with Gary Merlino Construction Company for construction of Tacoma Link Light Rail Line Segment, Project C910 for a new total authorized contingency amount of \$4,592,538.	5/9/02
M2000-114	Authorized the Executive Director to execute a contract with Gary Merlino Construction for the construction of Tacoma Link Light Rail, Contract 910. The action authorizes a base contract amount of \$22,924,382, with Alternate A Streetscape Improvements and Alternate Street Lighting as an additional contract amount of \$473,266, and a 10% contingency of \$2,339,764 for a total authorized amount not to exceed \$25,737,413.	2/8/01

**CONSEQUENCES OF DELAY**

Delay by the Board in approving this action is expected to result in a depletion of all remaining construction contingencies on this contract. In the event contingencies are exhausted, construction could be affected, pending further authorizations by the Board. Field stoppages or failures to authorize necessary changes can result in very high direct and indirect costs to the agency. Furthermore, it is necessary to proceed with trackwork in the former BNSF crossing area to support systems start-up and testing.

**REGIONAL PARTNERSHIP AND COOPERATION**

Sound Transit has worked cooperatively with the City of Tacoma, Pierce Transit, local businesses and interest groups on the Tacoma Link Light Rail Project. The ongoing cooperation and teamwork exhibited by these groups has been critical to the success of the project.

**PUBLIC INVOLVEMENT**

Sound Transit staff continues to keep local and area residents informed about the status of the project and the impact of construction on the neighborhoods.

**LEGAL REVIEW**

MB 3/24/03

## **SOUND TRANSIT**

### **MOTION NO. M2003-37**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing an additional \$600,000 to be added to the approved contingency amount with Gary Merlino Construction Company for construction of Tacoma Link Light Rail Line Segment, Project C910.

#### **Background:**

The scope of work for this contract includes the construction of 1.6 miles of at-grade light rail guideway, five stations, and associated urban improvements.

On February 13, 2001, the Board awarded Contract No. RTA LR/61-00, Construction of Tacoma Link Light Rail Line Segment, Project C910, to Gary Merlino Construction Company, for \$22,925,382 plus a 10% contingency of \$2,292,538, for a total contract amount of \$25,217,920.

Because of BNSF railroad right-of-way issues, a Limited Notice to Proceed was issued on April 5, 2001. On July 9, 2001, a Full Notice to Proceed was issued, and construction in the field began.

On May 9, 2002, the Board adopted Motion No. M2002-44, which authorized an additional \$2,300,000 to be added to the approved contingency amount for Contract No. RTA LR/61-00 with Gary Merlino Construction Company for a new total authorized contingency amount of \$4,592,538.

The contract is currently 90% complete and 96% of the contingency has been expended.

The action of this motion is required because of the very recent decision of the BNSF to cease operations on their spur line in Tacoma. As a result, Contract No. RTA/LR 66-02, Link Light Rail Double Diamond Crossing –Tacoma, was cancelled. Subsequently, the scope of providing trackwork and road improvements across the former BNSF line has to be added to Contract No. RTA LR61-00. The net savings to the overall project from these actions was approximately \$300,000.

Changes to be addressed under this contingency increase include rail construction, paving changes, crosswalk modifications, pedestrian signal changes, and additional safety signage.


Since the award of this contract, a series of events have occurred that required the budget to be increased, and the project schedule extended. The drivers for the increased construction costs have included bid protests, right-of-way disputes with railroads, the failure of private utilities to relocate in a timely manner, and quantity overruns.

Since the initial bid protest and subsequent delays, Link construction management staff has been actively rescheduling all Tacoma Link contracts to minimize direct and indirect costs to the project, and achieve the most efficient sequence of construction. Link staff anticipates that the start of operations date of September 2003 will be achieved.


**Motion:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that an additional \$600,000 is authorized to be added to the approved contingency amount with Gary Merlino Construction Company for construction of Tacoma Link Light Rail Line Segment, Project C910.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on April 10, 2003.

  
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Ron Sims  
Board Chair

ATTEST:

  
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Marcia Walker  
Board Administrator