

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2003-52

Contingency Increase for Construction of Tacoma Link Light Rail Line Segment

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	5/15/03	Discussion/Possible Action to Recommend Board Approval	Ahmad Fazel, Link Director	(206) 398-5389
Board	5/22/03	Action	Henry Cody, Tacoma Link Project Manager	(206) 398-5377

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

3Applicable to proposed transaction.

OBJECTIVE OF ACTION

To increase the contract contingency on construction of Tacoma Link Light Rail Line Segment, Project C910, with Gary Merlino Construction Company, by \$250,000 to address increased costs within the original scope due to conflicts with unidentified side sewers, increased labor wage rates per the PLA, traffic detection loop changes, changes to the station power connections, and changes related to the relocation of the Theatre District Station.

ACTION

Authorizes an additional \$250,000 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 \$250,000 for total contract contingency of \$5,442,538 and a total revised amount not to exceed \$28,367,920.
- 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.
- Board Motion No. M2003-37 increased the total contingency by \$600,000 to \$5,192,538.
- Funds for this increase are available within the Tacoma Link Light Rail budget.
- This action will complete the Tacoma Link scope of civil construction work, under C910. Systems work is ongoing under a separate contract.

BUDGET IMPACT SUMMARY

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

Action Outside of Adopted Budget:	Y/N	Y	Requires Comment
This Line of Business	N		
This Project	N		
This Phase	N		
This Task	N		
Budget amendment required	N		
Key Financial Indicators:	Y/N	Y	Requires Comment
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 action considered by this motion will add \$250,000 of contingency to the contract budget for Gary Merlino Construction Company for a revised total value of \$28,367,920, \$183,053 less than the 2003 Adopted Budget.

Board Motion No. M2003-47 authorized a total contract contingency of \$5,192,538 over the original contract amount. The proposed action will increase this to \$5,442,538.

The estimated final cost for Tacoma Link is \$575,000 less than the project budget of \$80.4 million.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

The total 2003 adopted budget for Tacoma Link is \$80.4 million. 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: (Contingency increase 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	3,909		3,909	566
2 Preliminary Engineering	5,654	6,109		6,109	(455)
3 Final Design	5,379	4,291		4,291	1,089
4 Right of Way	2,519	2,977		2,977	(457)
5 Construction	52,919	48,450	250	48,700	4,219
6 Vehicles	8,632	7,993		7,993	640
7 System Testing and Startup	837	427		427	410
8 Contingency	-	-		-	-
9 Total Current Budget	80,416	74,155	250	74,405	6,011
Phase Budget Detail					
10 Merlino Segment C910	28,551	28,118	250	28,368	183
11 Other Construction	24,368	20,332	-	20,332	4,036
12 Total Phase	52,919	48,450	250	48,700	4,219

(B) Committed To Date amounts are from the Link Program Cost Summary Report (HQ Reports) dated 4/24/03

Contract Budget	Current Approved Contract Value (F)	Spent to Date (G)	Proposed Action (H)	Proposed Total Contract Value (I)
13 Contract Amount	22,925	25,049	-	22,925
14 Contingency	5,193	-	250	5,443
15 Total	28,118	25,049	250	28,368
16 Percent Contingency		0%	100%	24%

13(G) Spent To Date is against a total commitment of \$27,279,857 authorized for this agreement as of 4/24/03.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Gary Merlino Construction Company is the prime contractor on this contract and committed to a small business goal of 30%. The SBE goal achieved to date is 34.5%. This action and all changes executed under the terms of this contract do not modify the goal.

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.

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

Sub-Contractor	Type of Business	% of Work	Type of Work Performed
Security Barricade	Small Business	10% (est.)	Traffic Control

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.

On April 10, 2003, the Board adopted Motion No. M2003-37, which authorized 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 a new total authorized contingency amount of \$5,192,538. This motion specifically addressed increased scope due to the abandonment of the BNSF rail line.

The contract is currently 96% complete and 96% of the contingency has been expended. This is the final request for contingency increase on this contract.

Changes to be addressed under this contingency increase include increased cost within the original scope due to conflicts with unidentified side sewers, increased labor wage rates per the PLA (due to twice yearly rate adjustments) and related to the extension of the schedule, traffic detection loop changes, changes to the station power connections, and changes related to the relocation of the Theatre District Station. The relocation of the Theatre District Station was required due to the structural failure of an existing old Tacoma Power vault in the vicinity of the station.

Since the award of this contract, a series of other events have occurred that required the budget to be increased, and the project schedule extended. The major 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 construction 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**

Motion Number	Summary of Action	Date of Action
M2003-37	Authorized 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 for a new total authorized contingency amount of \$5,192,538.	4/10/03
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 will 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 these changes 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 5/1/03

SOUND TRANSIT

MOTION NO. M2003-52

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing an additional \$250,000 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. 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.

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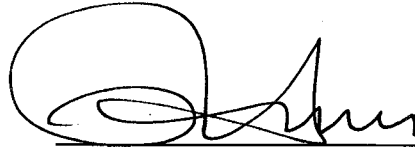
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Motion:

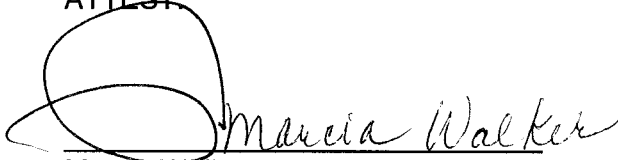
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that an additional \$250,000 is authorized to be added to the approved contingency amount with Gary Merlino Construction Company for construction of Tacoma Link Light Rail Line Segment, Project C910.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 22, 2003.



Ron Sims
Board Chair

ATTEST:



Marcia Walker
Board Administrator