

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2003-82

**Contract Amendment to Complete the Reservation Junction
To Freighthouse Square Commuter Rail Track Project**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	8/7/03	Discussion/Possible Action To Recommend Board Approval	Martin Minkoff, Sounder Commuter Rail Director Eric Kosty, Tacoma to Seattle Corridor Program Manager	(206) 398-5111 (206) 398-5123
Board	8/14/03	Action		

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

3Applicable to proposed transaction.

OBJECTIVE OF ACTION

Board approval to amend the construction contract with Stacy and Witbeck, Inc. to increase the authorized contingency by \$851,066 to fund additional unanticipated work required to complete the Reservation Junction to Freighthouse Square track project.

ACTION

Authorize the Chief Executive Officer to execute a contract amendment with Stacy and Witbeck, Inc., to increase the contract contingency to fund additional work required to construct a tunnel to maintain business access, utility modifications, and relocations needed to complete the Reservation Junction to Freighthouse Square commuter rail track project in the amount of \$851,066 for a new total authorized contract amount not to exceed \$8,976,415.

KEY FEATURES

- On May 8, 2003, the Board authorized the Executive Director to execute a contract with Stacy and Witbeck, Inc. for the construction of the Reservation Junction to Freighthouse Square track improvements in the amount of \$7,386,681, with a contingency of \$738,668, for a total authorized contract amount not to exceed \$8,125,349, and approved schedule incentives of \$10,000 per day, not to exceed \$100,000, to be awarded by change order as prescribed in the Request for Proposal. This action does not change those approved schedule incentives.
- When construction began, local businesses notified Sound Transit that the closure of Bay Street would impair their ability to operate large trucks and accommodate heavy industrial traffic specific to this area. In order to address this impact, the design of the retained earth fill embankment between Bay Street and Portland Avenue has been modified to include a concrete box tunnel through the embankment. This will allow Bay Street to be realigned

through the embankment with two full lanes of traffic and curb radiuses sufficient to accommodate heavy industrial traffic specific to this area.

- Early estimates indicated that the cost of realigning Bay Street could be accommodated within the original construction contingency. Major changes were required with numerous underground utilities in the immediate Bay Street and Portland Avenue area. These changes will deplete the original contract contingency of \$738,668 and require additional funds to complete the project.
- The work has been reviewed for SEPA compliance. An addendum updating the environmental analysis has been prepared. A NEPA re-evaluation has been conducted and was approved by Federal Transit Administration.

BUDGET IMPACT SUMMARY

Action Outside of Adopted Budget:	Y/N	Y	Requires Comment
This Line of Business	N		
This Project	N		
This Phase	N		
This Task	Y		Please see Budget Discussion below
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

In the 2003 Board-adopted budget, the Reservation Junction to Freighthouse Square track and signal work is split between the construction phase of two projects: Seattle-to-Auburn Track and Facilities (110), and Auburn-to-Tacoma Track and Facilities (120). The budget for the combined construction phase for both projects is \$332 million.

As shown in the Budget Table, the construction phase (line 6), and the Reservation Junction to Freighthouse Square construction task (line) indicate shortfalls. An agreement with BNSF has been reached to credit Sound Transit for Reservation Junction to Freighthouse Square work in the amount of \$5.6 million. This work had been originally a part of the BNSF scope of work. Once the agreement with BNSF is finalized and executed, the \$5.6 million change will be reflected in the budget table, removing any shortfalls.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

The proposed action is consistent with the current Board-adopted budget and is affordable within Sound Transit’s current long-term financial plan and the subarea financial capacity.

BUDGET TABLE

Summary for Board Action (Year of Expenditure \$000)

Action Item: Contract with Stacy & Witbeck Contractors for Reservation to Freighthouse Square Track Improvements

	Current Board Adopted Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
1 Maintenance Yard/Layover	13,923	7,998		7,998	5,925
2 Agency Administration	22,076	21,442	-	21,442	634
3 Pre-Engineering	10,544	10,505	-	10,505	39
4 Final Design	7,779	9,024	-	9,024	(1,245)
5 ROW Acquisition	24	24		24	-
6 Construction	332,050	333,191	851	334,042	(1,992)
7 Vehicles	95,575	84,673	-	84,673	10,902
8 Contingency	2,247	-	-	-	2,247
9 Total Current Budget	484,217	458,859	851	459,710	10,585

Phase Budget Detail

10 BNSF	320,900	320,900	-	320,900	-
11 Reservation to Freighthouse Square	8,661	12,100	851	12,951	(4,290)
12 Median Safety Barrier	800	137	-	137	663
13 Miscellaneous	1,689	54	-	54	1,635
14 Total Phase	332,050	333,191	851	334,042	(1,992)

Contract Budget	Current Approved Contract Value (F)	Spent to Date (G)	Proposed Action (H)	Proposed Total Contract Value (I)
15 Stacy & Witbeck, Inc.	7,387	593		7,387
16 Contingency	739	-	851	1,590
17 Incentive	100		-	100
18 Total	8,226	593	851	9,077
19 Percent Contingency	10%	N/A	N/A	22%

Budget Shortfall

Level	\$ (J)	Potential Revenues (K)	Funding Source (L)
NA	-	-	

Committed-to-date includes actuals and commitments through July 19, 2003 (HQ).

M/W/DBE – SMALL BUSINESS PARTICIPATION

Stacy and Witbeck, Inc. is the prime contractor on this contract. Stacy and Witbeck, Inc. has committed to 20.37% M/W/DBE and Small Business. Stacy and Witbeck, Inc. has also agreed to continue to review M/W/DBE and Small Business opportunities throughout the life of the contract. The work associated with the changes identified thus far has been distributed in accordance with the 20.37% commitment of the original contract.

HISTORY OF PROJECT

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
M2003-48	Executed a contract with Stacy and Witbeck, Inc., to provide construction services for the Reservation Junction to Freighthouse Square track improvements.	5/8/03
M2002-40	Executed an amendment to the Commuter Rail Agreement between Sound Transit and the City of Tacoma for the upgrade, construction, and joint use of the rail facilities located on the City of Tacoma's rail right-of-way for purposes of providing Sounder Commuter Rail service to the Tacoma Dome Station.	4/25/02
M2000-122	Executed an agreement with the City of Tacoma for construction and operation of commuter rail facilities located in the Tacoma Rail right-of-way.	12/14/00

In September 2000, Sound Transit and BNSF executed a Letter Agreement for Interim Operation of Commuter Rail Service between Tacoma and Seattle. This Agreement will expire on September 15, 2003; at that time "Phase I" Operation under the Sound Transit-BNSF main Operating Agreement is to begin. A specific set of capital improvements needs to be completed per this letter of agreement. These projects include the connection between the BNSF main line and Tacoma Rail at Reservation Junction, with Sound Transit responsible for completing the Reservation Junction to Freighthouse Square link and the permanent Tacoma Dome Station.

If the Letter Agreement were to expire without substantial completion of the projects required to support the Phase I Level of Service, there would be no mutual agreement in place for the continued operation. This risk was identified in the Sounder Director's 90-day assessment. At that point, current Sounder service could potentially cease or additional negotiations with BNSF on the impacts to extend service operations would be necessary. The Reservation Junction to Freighthouse Square connection is critical to meeting this commitment and the construction program for the Reservation Junction to Freighthouse Square project has a very high schedule risk.

The original scope of this contract required a retained earth fill embankment to support the rail lines between Bay Street and Portland Avenue that would permanently block the Bay Street track crossing. This closure and other alternate routes for local business traffic were the subjects of an environmental re-evaluation conducted in 2001. At that time, the closure of Bay Street was determined to have no significant impact.

At the start of construction, Sound Transit staff met with local business owners to update them on construction activities. These businesses expressed strong concerns about the closure of Bay Street and the alternative access proposals, indicating that the alternatives did not provide an adequate turning radius for large low-bed trucks and trailers which comprise much of the traffic to these businesses. Sound Transit immediately responded by reviewing alternate means of access while still keeping the contractor working to preserve the critical September 15, 2003 completion date. A new Bay Street, directed through a tunnel, was determined to be the best solution. It is located approximately 100 feet west of the old Bay Street.

An initial proposal to use an arch plate culvert to provide access through a tunnel in the embankment was identified. Initial conceptual cost estimates of approximately \$300,000

appeared to be well within the approved contingency of \$738,668, leaving approximately 60% of the remaining contingency to cover other unforeseen issues. Further work with the supplier to work out specific design issues related to the culvert tunnel concept were not successful, and it was determined that a more extensive and costly concrete box tunnel was necessary.

In addition, major changes to underground utilities were required in the immediate area of Bay Street. These included dealing with a large sanitary sewer that ran down Bay Street. As the tunnel design work progressed, the design team investigated placing this sewer line through the tunnel to allow access for future maintenance. The shallow grades and associated changes made this option prohibitive. The sewer was then left in its original location, but future maintenance requirements required that it be placed in a steel casing pipe with a pile-supported concrete utility slab above it.

The design team also investigated locating a large storm drain into the tunnel. This also proved infeasible and the storm drain had to be relocated with similar future maintenance requirements (casing, slab, etc.). During work on the storm drain, unknown duct banks were encountered that required special construction measures as well. In this immediate area, additional protection of a pile-supported slab was required for an existing high-pressure PSE natural gas line.

In order to maintain the critical September 15, 2003 date, work was authorized to implement the more expensive concrete box tunnel and address the related utility costs noted above. At this time, construction is proceeding. Currently, the project is approximately 60% complete with construction of the box tunnel over 75% complete. While the amount expended to date (roughly \$5,297,000) is still within the overall Board-approved contract amount at this time, the cost of the additional work will exceed the contract limit, including contingency, approved by the Board when the contract was awarded.

Although staff authorized the work to avoid schedule delays and to minimize total construction costs, Board approval should have been obtained before the additional work was authorized. Staff erred in not informing the Board of the issue in a timely fashion and in not seeking Board approval for the additional work as required by existing project and change control policies and procedures. Steps are being implemented to ensure strict adherence to project control procedures and to the established Board approval process in the future. A summary of the contract status is provided below:

Original Board approved Contract (not including incentives for early completion not to exceed \$100,000)	\$ 7,386,681
Original Contingency	\$ 738,668
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Total Board approved Contract (not including incentives)	\$8,125,349
Additional Estimated Tunnel Cost	\$1,383,000
Credits for work not necessary	\$ (284,000)
Estimated Additional Utility Relocations Costs	\$ 343,000
Estimated Contingency necessary to Complete the Project	\$ 147,734 (2% of original contract amt.)
Original Contingency	\$ (738,668)
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Recommended Increase	\$ 851,066
New Contract Amount (not including incentives)	\$8,976,415

It is recommended that additional contract contingency, in the amount of \$851,066 be added to the project. This would cover change orders necessitated by the tunnel and other unforeseen work performed and anticipated prior to the completion of the project. Current change orders are under negotiation and, as these amounts are agreed upon, will be allocated from the contingency line item.

In addition, two other firms, David Evans and Associates (design engineers) and URS-O'Brien Kreitzberg (construction managers), have requested change orders for additional funds related to the tunnel. These are under consideration and, pending adequate documentation and negotiation with staff, would be brought to the Finance Committee as appropriate.

CONSEQUENCES OF DELAY

Stacy and Witbeck, Inc. is still forecasting substantial completion to meet the critical completion date of September 15, 2003. Delay in this action and/or significant changes may impact the ability to complete the work by the September deadline.

REGIONAL PARTNERSHIP AND COOPERATION

The City of Tacoma has been actively involved and a very strong supporter in all aspects of the project. City engineering staff have attended meetings with the local business owners, provided valid comments and support during design changes, as well as expeditious input on unanticipated utility changes to keep the project on schedule. They continue to participate in assisting Sound Transit to mitigate construction impacts to local businesses.

PUBLIC INVOLVEMENT

Responding quickly to valid concerns from local businesses is the prime reason for this Board action. These issues had the potential to significantly delay the completion of this essential connection. Property owners have been kept informed of construction activities by weekly meetings, personal contact, and distributed construction updates. Stacy and Witbeck, Inc. and Sound Transit continue to mitigate construction impacts on local businesses by providing current information, directional signage, and paving of alternate accesses during detours.

LEGAL REVIEW

MLB – 8/5/2003

SOUND TRANSIT

MOTION NO. M2003-82

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a contract amendment with Stacy and Witbeck, Inc., to increase the contract contingency to fund additional work required to construct a tunnel to maintain business access, utility modifications, and relocations needed to complete the Reservation Junction to Freighthouse Square commuter rail track project in the amount of \$851,066 for a new total authorized contract amount not to exceed \$8,976,415.

Background:

On May 8, 2003, the Board authorized the Executive Director to execute a contract with Stacy and Witbeck, Inc. for the construction of the Reservation to Freighthouse Square track improvements. When construction began, local businesses notified Sound Transit that the closure of Bay Street would impair their ability to operate large trucks and accommodate heavy industrial traffic specific to this area. In order to address this impact, the design of the retained earth fill embankment between Bay Street and Portland Avenue was modified to include a concrete box tunnel through the embankment. This will allow Bay Street to be realigned through the embankment with two full lanes of traffic and curb radiuses sufficient to accommodate heavy industrial traffic specific to this area.

The May 8, 2003, Board action authorized the execution of a contract with Stacy and Witbeck, Inc. in the amount of \$7,386,681, with a contingency of \$738,668, for a total authorized contract amount not to exceed \$8,125,349, and approved schedule incentives of \$10,000 per day, not to exceed \$100,000, to be awarded by change order as prescribed in the Request for Proposals. This action does not change the approved schedule incentives.

Early estimates indicated that the cost of realigning Bay Street could be accommodated within the original construction contingency. Major changes were required with numerous underground utilities in the immediate Bay Street and Portland Avenue area. These changes will deplete the original contract contingency of \$738,668 and require additional funds to complete the project.

Motion:

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a contract amendment with Stacy and Witbeck, Inc., to increase the contract contingency to fund additional work required to construct a tunnel to maintain business access, utility modifications, and relocations needed to complete the Reservation Junction to Freighthouse Square commuter rail track project in the amount of \$851,066 for a new total authorized contract amount not to exceed \$8,976,415.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on August 14, 2003.



Ron Sims
Board Chair

ATTEST:



Marcia Walker
Board Administrator