

**SOUND TRANSIT
STAFF REPORT
MOTION NO. M2004-02**

**Lynnwood Transit Center
Increase to Construction Contract Contingency**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	1/8/04	Discussion/Possible Action to Recommend Board Approval Action	Christine Engler, Construction Program Manager	(206) 398-5056
Board	1/15/04		Hank Howard, Project Manager Jerry Dahl, Project Manager Construction	(206) 398-5078 (206) 398-5284

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	

✓ *Applicable to proposed transaction.*

OBJECTIVE OF ACTION

Increase construction contract contingency for the work remaining to complete the Lynnwood Transit Center.

ACTION

Authorizing an additional \$200,000 to be added to the approved contingency amount with Bayley Construction to provide construction services for the Lynnwood Transit Center and Park-and-Ride Lot Project for a new total contingency amount of \$1,536,568, and a new total authorized contract amount not to exceed \$10,672,248.

KEY FEATURES

- Remaining contract contingency for construction of the Lynnwood Transit Center and Park-and-Ride Lot project is currently estimated at \$319,051. Additional contract contingency in the amount of \$200,000 will be required in order to pay the construction contractor for actual work in accordance with the terms of the contract.
- In late April/early May of 2003, staff predicted overruns that would greatly exceed the normal variance assumed at award for this unit price, bid item contract. This work was associated with the need to remove and replace much poorer than expected soils at the project site.
- The poor soils have required the use of almost 95% of the originally authorized contract contingency and all other work has required a contingency of about 5%.
- Estimated final contract cost at completion of the project is \$10,672,248, which exceeds the total authorized contract amount, including contingency, by \$200,000.

- The estimated final contract cost at completion is comprised of the awarded contract amount (\$9,135,680), the total amount of executed change orders (\$1,017,517), and the total amount of projected unit price bid item cost overruns and under-runs (\$519,051).
- Cost of the work remaining is about \$975,000 and includes re-paving of the old transit center footprint and construction of some work that can only be completed in 4th quarter of 2004 following completion of the Lynnwood HOV Direct Access project.
- Construction has been, and is still, proceeding on schedule. Staff expects savings in the total project budget of \$2.5 million.

BUDGET IMPACT SUMMARY

Project Description: Lynnwood Transit Center and Park-and-Ride Lot Project (No. 311).

Current Status: In construction.

Projected Completion Date: 4th Quarter 2004.

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	N	
This Project	N	
This Phase	N	
This Task	Y	Construction line item will potentially be \$198k higher than planned but the construction phase contains adequate uncommitted budget to fund this action.
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 2004 Adopted Budget contains \$13.5 million for the construction phase of this project. Of this, \$12.6 million has been spent and committed. The construction phase contains adequate uncommitted budget to fund this action.

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: Increase contingency for construction contract Lynnwood Transit Center / Park & Ride project (#311), \$s in thousands

	2004 Adopted Budget (3) (A)	Committed To Date (1) (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
Agency Administration	1,960	\$ 1,741	\$ -	\$ 1,741	\$ 219
Preliminary Engineering	1,709	1,759		1,759	(50)
Final Design	2,306	2,440	-	2,440	(134)
Right of Way	11,583	11,535	-	11,535	48
Construction	13,544	12,559	200	12,759	785
Contingency	2,582	-	-	-	2,582
Total Current Budget	33,684	\$ 30,034	\$ 200	\$ 30,234	\$ 3,450

Phase Budget Detail

Construction Contract - Bayley	\$ 10,474	\$ 10,472	\$ 200	\$ 10,672	\$ (198)
MOA City of Lynnwood	\$ 870	\$ 866	\$ -	\$ 866	\$ 4
Construction Mgmt - KBA	\$ 1,010	\$ 1,010	\$ -	\$ 1,010	\$ -
Other	\$ 1,190	\$ 210	\$ -	\$ 210	\$ 980
Total Phase	\$ 13,544	\$ 12,559	\$ 200	\$ 12,759	\$ 785

Contract Budget	Approved Contract Value (2) (F)	Committed to Date (G)	Proposed Action (H)	Proposed Total Contract Value (I)
Construction Contract - Bayley	\$ 9,136	\$ 10,043	\$ -	\$ 9,136
ST Contingency	1,337	-	\$ 200	1,537
Total	\$ 10,472	\$ 10,043	\$ 200	\$ 10,672
Percent Contingency	15%			17%

Budget Shortfall

Level	Shortfall Amt (J)	Potential Funds (K)	Funding Source (L)
N/A			
		\$ -	
Total	\$ -	\$ -	

Notes:

- (1) Committed to-date amount includes actual outlays and commitments through Dec 17, 2003.
- (2) Approved contract value includes original contract value or \$9,135,680 with 10% contingency of \$913,568 plus additional contingency in the amount of \$423,000 approved by Board in June 2003.
- (3) Project budget is located on page 157 of the 2004 proposed budget book. The budget was adopted by the Board on December 11, 2003. This project budget was amended to revise the cashflow but the totals remain the same as proposed.
- (4) Year end administrative process are underway to close out completed contracts, and to reallocate certain payments to right of way. The result will bring the preliminary engineering and final design phase commitments into alignment with the budget.

M/W/DBE – Small Business Participation

The small business participation goal for the Lynnwood Transit Center and Park-and-Ride Lot construction contract was 20%. Bayley Construction submitted a small business participation commitment of 20.2%. Of this amount, M/W/DBE firms were to perform 13.6% of the contract and 6.6% was to be performed by a small business.

Small business participation as of November 21, 2003 was 18%. The total percentage of work performed by M/W/DBE and small business subcontractors will likely remain at about 18%. This is because most of the value of the executed change orders significantly increased the work of the earthwork subcontractor, and the earthwork subcontractor is not an M/W/DBE or small business. There are five participating subcontractors on this project. While the dollar value earned by each of them will exceed the dollar values committed to at the time of award, the percentage of their participation relative to the total contract cost will be less due to the increases in contract cost.

Changes to the contract during construction were evaluated for applicable M/W/DBE or small business participation and increases were made where available, subject to subcontracts already in place for selected items of work.

Prime Contractor

Bayley Construction Company is the prime contractor for this contract. Bayley committed to a 20.2% M/W/DBE and Small Business goal.

Utilization Breakdown Table

Subcontractor	Business Type	Commitment	Dollar Value Through Nov. 03
Corona Steel	MBE	\$ 220,334	\$ 237,782
Olympian Pre-Cast	Small Business	\$ 8,945	\$ 9,732
Salinas Construction	DBE/MBE	\$ 999,604	\$ 937,075
Service Electric	Small Business	\$ 600,165	\$ 531,347
Valley Floor Company	WBE	\$ 13,732	\$ 14,540
TOTAL		\$1,842,780	\$1,730,476

HISTORY OF PROJECT

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
M2003-59	Increase Bayley Construction Contract Contingency Authorization.	6/12/03
M2002-113	Scriber Creek Monitoring Contract	10/3/02
M2002-91	Construction Contract with Bayley Construction.	8/8/02
M2002-64	Supplement to INCA Final Design Contract.	5/16/02
M2002-59	MOA with Community Transit.	5/16/02
M2002-47	Contract with Utility Vault for storm water vault manufacture and delivery.	4/18/02
M2002-37	Contract with KBA for construction management services.	4/4/02
M2000-116	Final design contract with INCA Engineers.	11/9/00
R2000-16	Acquisition of Real Property Easements.	10/26/00
R98-86	Reallocation of Funds from Lynnwood Connector project to Lynnwood Project.	2/24/00
R98-11	PE/ED Contract with INCA Engineers.	4/9/98

In 2002, the Board authorized the Chief Executive Officer to execute a contract for construction of the Lynnwood Transit Center and Park-and-Ride Lot project with Bayley Construction Company in the amount of \$9,135,680 with a 10% contingency of \$913,568.

In June 2003, staff presented the issue concerning the poor soils underlying the project site to the Sound Transit Board. At that time, staff projected cost overruns associated with the soil issue to require use of over 80% of the then-authorized contract contingency of \$913,568.00. On June 12, 2003, the Board authorized an additional contract contingency of \$423,000, for a new total contingency of \$1,336,568 and a new total contract amount not to exceed \$10,472,248.

The additional \$423,000 contract contingency provided a reserve of approximately \$100,000 for potentially poor soils at the site of the northwest storm vault (not yet under construction at that time) and provided a 5% contingency for about \$6,000,000 of work remaining at that time.

The new Lynnwood Transit Center was substantially complete and in operation on September 28, 2003. The park-and-ride lot is expected to be completed in February 2004. Overall, construction of the Lynnwood Transit Center and Park-and-Ride Lot project is 92% complete as of the end of November 2003.

CONSEQUENCES OF DELAY

Sound Transit's on-site construction management staff predicts that there is adequate funding to pay the contractor's December and January invoices. However, staff estimates needing additional authorized contingency to pay the contractor's February 2004 invoice. Without the additional authorization, staff's ability to timely manage changed conditions in the field may be hampered and the contractor could be entitled to additional compensation for owner-caused delay and completion of the project could be delayed.

REGIONAL PARTNERSHIP AND COOPERATION

The Lynnwood Project grouping established a Project Management Team (PMT) and an Executive Advisory Committee (EAC) to assist staff in making project decisions. Technical personnel from the project team staff the PMT. The EAC is comprised of elected officials, key agency management staff, and city business and community leaders to advise Sound Transit on project-related matters. Sound Transit, the City of Lynnwood, and Community Transit continue to work cooperatively throughout the life of this project.

PUBLIC INVOLVEMENT

Sound Transit has an extensive public outreach program that is designed to solicit feedback at different stages of the project. To date, there have been three open houses, three newsletters, an environmental hearing, as well as a project web site. On different occasions, the project team has met with the Lynnwood City Council, Lynnwood Planning Commission, Lynnwood Arts Commission, Lynnwood Central Business District, Lynnwood Public Facilities District, South Snohomish County Chamber of Commerce, and Snohomish County Citizen Advisory Committee on Disabilities. Sound Transit has also attended community and special interest group meetings.

A groundbreaking ceremony was held at the start of the construction phase in September 2002. The new Transit Center opened for full service on September 28, 2003. A dedication ceremony for the new transit center and Community Transit's RideStore was held on October 27, 2003.

Sound Transit also provides Executive Advisory Committee members a monthly construction update to keep them informed of the progress the project is making.

LEGAL REVIEW

MB 12/16/03

SOUND TRANSIT

MOTION NO. M2004-02

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing an additional \$200,000 to be added to the approved contingency amount with Bayley Construction to provide construction services for the Lynnwood Transit Center and Park-and-Ride Lot Project for a new total contingency amount of \$1,536,568, and a new total authorized contract amount not to exceed \$10,672,248.

Background:

In 2002, the Board authorized the Chief Executive Officer to execute a contract for construction of the Lynnwood Transit Center and Park-and-Ride Lot Project with Bayley Construction Company in the amount of \$9,135,680 with a 10% contingency of \$913,568.

In June 2003, the Finance Committee and the Board authorized an additional contract contingency of \$423,000, for a new contingency of \$1,336,568, and a new total contract amount not to exceed \$10,472,248.

The new Lynnwood Transit Center was substantially complete and in operation on September 28, 2003. The park-and-ride lot is expected to be completed in February 2004. Overall, construction of the Lynnwood Transit Center and Park-and-Ride Lot project is 92% complete as of the end of November 2003.

Cost of the work remaining is about \$975,000 and includes re-paving of the old transit center footprint and construction of some work that can only be completed in 4th quarter of 2004 following completion of the Lynnwood HOV Direct Access project. Construction has been, and is still, proceeding on schedule. Staff expects savings in the total project budget of \$2.5 million.

Staff is seeking approval to increase construction contract contingency to support the remaining work. Remaining contract contingency for construction of the Lynnwood Transit Center and Park-and-Ride project is currently estimated at \$319,051. Additional contract contingency in the amount of \$200,000 will be required in order to pay the construction contractor for actual work in accordance with the terms of the contract.

In late April/early May of 2003, staff predicted overruns that would greatly exceed the normal variance assumed at award for this unit price, bid item contract. This work was associated with the need to remove and replace much poorer than expected soils at the project site.

The additional \$423,000 contract contingency provided a reserve of approximately \$100,000 for potentially poor soils at the site of the northwest storm vault (not yet under construction at that time) and provided a 5% contingency for about \$6,000,000 of work remaining at that time.

The poor soils have required the use of almost 95% of the originally authorized contract contingency and all other work has required a contingency of about 5%.

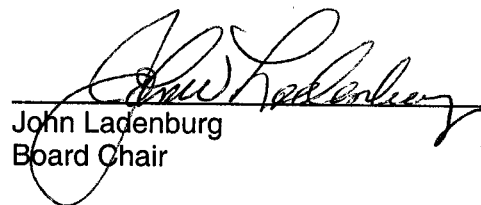
Estimated final contract cost at completion of the project is \$10,672,248, which exceeds the total authorized contract amount, including contingency, by \$200,000.

The estimated final contract cost at completion is comprised of the awarded contract amount (\$9,135,680), the total amount of executed change orders (\$1,017,517), and the total amount of projected unit price bid item cost overruns and under-runs (\$519,051).

Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that an additional \$200,000 is authorized to be added to the approved contingency amount with Bayley Construction to provide construction services for the Lynnwood Transit Center and Park-and-Ride Lot Project for a new total contingency amount of \$1,536,568, and a new total authorized contract amount not to exceed \$10,672,2488.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on January 15, 2004.


John Ladenburg
Board Chair

ATTEST:



Marcia Walker
Board Administrator