

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2004-03**

**Contract award to construct light rail improvements in the Rainier Valley**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	1/08/04	Discussion/Possible Action to Recommend Board	Ahmad Fazel, Link Director	(206) 398-5389
Board	1/15/04	Approval	<b>Joe Gildner, Deputy Director for Technical Services</b>	(206) 689-3350
Board	2/12/04	Deferred		
Board		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**

This action would authorize execution of a contract with RCI-Herzog, A Joint Venture, for the construction of light rail improvements in the Rainier Valley (contract C735) between McClellan Street and Boeing Access Road and commit project funds for Sound Transit's share of the contract scope of work. Obligations by third parties account for the balance of the funding commitment.

**ACTION**

Authorizing the Chief Executive Officer to execute a contract with RCI-Herzog, A Joint Venture, for light rail construction in the Rainier Valley in the amount of \$128,302,911 with a 12% contingency of \$15,396,349, for a total authorized contract amount not to exceed \$143,699,260.

**KEY FEATURES**

- This contract includes the reconstruction of Martin Luther King Jr. Way South (MLK Way South) in connection with the construction of an at-grade light rail guideway, three light rail stations, and special trackwork including crossovers and a turnback track.
- RCI-Herzog, A Joint Venture, (RCI-Herzog) has been determined to be the responsive and responsible proposer who represents the best value to Sound Transit.
- In accordance with findings from an independent peer review and internal construction risk assessments, a contract contingency equal to 12% of the base contract amount is recommended in connection with the award of this contract.
- The contract scope includes the undergrounding of selected utilities in accordance with executed agreements between Sound Transit and the City of Seattle and agreements reached with Qwest and Comcast.
- This contract includes a period during which preconstruction activities such as coordination with third parties, site preparation, traffic control, scheduling, and construction phasing plans are developed and reviewed.
- This contract includes betterment work that will be funded by third parties. Funding obligations are summarized in Table 1.

**Table 1 Contract Funding Breakdown**

<b>Contract Award:</b>	
Contract Amount	\$128,302,911
Contract Contingency (12%)	\$15,396,349
<b>Total Authorized Expenditure</b>	<b>\$143,699,260</b>
<b>Betterment Funding Obligations:</b>	
Undergrounding, City of Seattle	\$10,787,438
Undergrounding, Qwest	\$254,721
Undergrounding, Comcast	\$1,592,177
Water Improvements, City of Seattle	\$1,189,000
Sewer Improvements, City of Seattle	\$300,000
<b>Total Betterment Obligations</b>	<b>\$14,123,336</b>
<b>Project Funding:</b>	
Total Authorized Expenditure	\$143,699,260
Betterment Obligations	(\$14,123,336)
<b>Authorized Project Expenditures</b>	<b>\$129,575,924</b>

**BUDGET IMPACT SUMMARY**

**Project Description:** Central Link Initial Segment

**Current Status:** Design / Construction

**Projected Completion Date:** 2009

<b>Action Outside of Adopted Budget:</b>	<b>Y/N</b>	<b>Y Requires Comment</b>
This Line of Business	N	
This Project	N	
This Phase	N	
Budget amendment required	N	
<b>Key Financial Indicators:</b>	<b>Y/N</b>	<b>Y Requires Comment</b>
Contingency funds required	N	
Subarea impacts	N	
Funding required from 3 <sup>rd</sup> parties other than what is already assumed in financial plan	Y	Action includes reimbursements from the City of Seattle, Qwest, and Comcast for betterments referenced in prior Board actions (see Table 1).

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

**BUDGET DISCUSSION**

The proposed action would authorize execution of a contract with RCI-Herzog. In accordance with agreements between Sound Transit and the City of Seattle, Qwest, and Comcast, these third parties will contribute \$14,123,366 in connection with the undergrounding of utilities and selected improvements to sewer and water infrastructure to be constructed under this contract (see Table 1). Sound Transit's authorized project expenditure would not exceed \$129,575,924.

The total 2004 adopted capital budget for the Central Link Light Rail Project Initial Segment is \$2.07 billion. Within that budget, \$160,000,000 has been set aside for the project's scope share of the Rainer Valley light rail construction. Should the proposed action be approved, the remaining budget balance for this line item will be \$30,424,076.

## 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 subarea financial capacity. The action will have no new revenue impacts on Sound Transit. Costs related to betterment work included in the contract will not be charged to the Initial Segment Project and will be tracked separately.

### BUDGET TABLE

**Action Item:** RCI-Herzog - A Joint Venture (construction of Contract C735 (Rainier Valley) between McClellan Street and Boeing Access Road)

#### (Year of Expenditure \$000)

<b>Initial Segment</b>	Adopted FY2004 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
1 Agency Administration	226,780	108,648		108,648	118,132
2 Preliminary Engineering	35,000	33,253		33,253	1,747
3 Final Design	123,495	113,796		113,796	9,699
4 Right of Way	233,016	128,312		128,312	104,704
5 Construction	1,171,863	148,512	129,576	278,088	893,775
6 Construction Services	82,739	17,272		17,272	65,467
7 Third Party Agreements	58,800	42,331		42,331	16,469
8 Vehicles	138,307	131,799		131,799	6,508
9 Contingency				-	-
10 <b>Total Current Budget</b>	<b>2,070,000</b>	<b>723,923</b>	<b>129,576</b>	<b>853,499</b>	<b>1,216,501</b>

#### **Phase Budget Detail**

11 Contract 735 construction	160,000	-	129,576	129,576	30,424
12 Other Segments	1,011,863	148,512	-	148,512	863,351
13 <b>Total Phase</b>	<b>1,171,863</b>	<b>148,512</b>	<b>129,576</b>	<b>278,088</b>	<b>893,775</b>

(B) Committed to Date amounts are from the Link Program Cost Summary Report (HQ Reports) for November 2003 + board motions not yet included in report as follows:

	Final Design	Construction	Construct Svcs	Third Parties	Vehicles
Commitments through November 2003	113,273	106,355	3,432	26,824	-
Other board motions	523	42,157	13,839	15,507	131,799
Total phase commitments	113,796	148,512	17,272	42,331	131,799

<b>Contract Budget (excluding Betterments)</b>	Current Approved Contract Value (F)	Spent to Date (G)	Proposed Action (H)	Proposed Total Contract Value (I)
14 Contract Amount	-	-	115,693	115,693
15 Contingency	-	-	13,883	13,883
16 <b>Total</b>	-	-	<b>129,576</b>	<b>129,576</b>
17 Percent Contingency	0%	0%	12%	12%

## M/W/DBE – SMALL BUSINESS PARTICIPATION

### Prime Consultant/Contractor

Sound Transit established the following goals for this contract in the Request For Proposals (RFP): 20% of the total bid price for small business participation, which was to be accomplished utilizing M/W/DBE participation of at least 12%. In addition to committing to make a good faith effort to meet these goals, proposers were required to demonstrate their ability to meet these goals by including small business names and amounts that represented a minimum of 10% of the total bid price and included at least 6% of the total bid price committed to M/W/DBE firms.

In its proposal RCI-Herzog has set as its team goal to achieve 35% small business participation of which 20% will be achieved with M/W/DBE firms. RCI-Herzog also exceeded the 10% small business and 6% M/W/DBE proposal submittal goals.

The summary of the small business and M/W/DBE proposal commitment includes 15.43% small business participation, with at least 14.73% to be performed by M/W/DBE firms. The nature of the procurement allows the contractor to finalize subcontracting commitments during the pre-construction phase of the contract. The following firms were listed in RCI-Herzog's proposal.

### Utilization Breakdown Table

<b>Subconsultant</b>	<b>Business Type</b>	<b>% of Work</b>	<b>Dollar Value</b>
Owl Fencing	Small Business	0.34%	\$ 435,300
Seattle Sweeping	Small Business	0.36%	463,000
Rebar International	DBE/WBE	1.12%	1,436,769
Otto Rosenau	DBE/WBE	0.62%	800,000
The Bag Lady	DBE/WBE	0.39%	498,415
Lanier Steel Products	DBE/WBE	1.17%	1,496,000
Doris Lock & Associates	DBE/M/WBE	0.18%	230,000
T. Yoruzu Gardening	DBE/MBE	1.49%	1,912,068
J. Harper Contractor	DBE/MBE	0.56%	718,000
Coates Surveying	DBE/MBE	0.66%	850,000
Trinity Development aka TLC Trucking	DBE/MBE	1.11%	1,425,000
Belarde Company	DBE/MBE	5.38%	6,897,000
KDD & Associates	DBE/MBE	0.26%	328,000
Salinas Construction	DBE/MBE	1.79%	2,300,000
<b>Total: 14 Small Business Firms 12 M/W/DBE Firms</b>	<b>Small Business M/W/DBE</b>	<b>15.43% 14.73%</b>	<b>\$19,789,552 \$18,891,252</b>

### EEO Commitment

RCI-Herzog has committed to EEO provisions contained in the RFP's general terms and conditions. The EEO goals are 21% People of Color and 12% Women of the total labor hours worked. Sound Transit will work with RCI-Herzog during the pre-construction phase of the contract to further develop a program for meeting the EEO commitment.

### Apprentice Utilization Commitment

RCI-Herzog has committed to meet the 20% Apprentice Utilization Goal as stated in the RFP and has provided a draft plan and signed commitment. Sound Transit will work with RCI-Herzog during the pre-construction phase to further develop a program for apprentice utilization.

## Opportunities for Local Area Businesses and Residents

As a part of the RFP, proposers were asked to provide an approach they would use to involve local area businesses and residents in this RFP. RCI-Herzog submitted a well-developed proposal under this element. Sound Transit will work with RCI-Herzog during the pre-construction phase to further develop a program for the participation of local area businesses and residents.

## **HISTORY OF PROJECT**

Light rail construction in the Rainier Valley extends approximately 4.3 miles at-grade along MLK Way South with light rail stations at South Edmunds, South Othello, and South Henderson Streets. MLK Way South will be fully reconstructed within these contract limits and new light rail tracks will be constructed in a new roadway median. The construction scope includes major utility work, including the undergrounding of overhead utilities (i.e., power, phone, and cable).

In April 2002, Sound Transit conducted a peer review of the Initial Segment that concluded that the construction along MLK Way South represents among the highest overall project risks, given the complex scope of the work in a major urban corridor. Based in part on this observation, the peer review group recommended that Sound Transit consider evaluation and selection of contractors based on performance as well as price.

Working with the FTA, Sound Transit staff established a best value procurement approach for selecting the contractor. In addition to price, other technical requirements such as experience (both overall organization and key personnel); work programs (including technical, safety, quality control, and community outreach); and commitments to diversity for contracting and employment are factors in determining the contractor offering the “best value” to Sound Transit. In the RFP, the proposal evaluation included the price evaluation score (50% of the overall score) and technical requirements (50% of the overall score).

In January 2003, at the Central Link Oversight Committee meeting Sound Transit staff discussed the best value procurement approach to Link light rail construction in the Rainier Valley with Committee members.

## Procurement Process

A two-phased, best-value, competitive procurement process was used for the selection of this Contractor. Sound Transit advertised a Request for Qualifications (RFQ) as the first step of the two-step procurement. The ten responders of the RFQ were evaluated and five were short-listed for the second step, Request for Proposals. All five pre-qualified proposers submitted proposals in response to the RFP.

Evaluation of the Proposals and the award of this contract is based on a “best-value” determination as described in the RFP. Although price is an important factor, the work program and the key personnel managing and supervising the work are also major factors in determining the contractor’s success. Sound Transit’s proposal evaluation criteria and selection procedures allow a comprehensive evaluation of the proposal team, work approach, quality assurance and safety culture, which, when combined with price, results in the selection of the proposal that represents the best value to Sound Transit.

## Proposal Content

The RFP consisted of two separate parts, a price proposal and a technical proposal. The RFP included a price proposal form that listed all the work associated with the civil facilities construction. The proposer with the lowest total proposal price received the maximum 100 points for its price score. All other proposers price scores were calculated as follows:

For each one half of one percent (0.5%) rounded to the nearest half percentage, above the lowest Total Proposal Price, two (2) points were deducted from the 100 possible points.

The technical proposal requirements focused on the following eight areas:

<b>Technical Requirement:</b>	<b>Score:</b>
Utility Relocation Plan and Construction Schedule	20
Contract Management	15
Maintenance of Traffic & Access and Housekeeping	15
Community Outreach Approach / Conduct of Construction	15
Quality Control and Worker & Public Safety	15
Diversity Program Plan for Contracting and Employment	10
Pre-Construction Services Plan	5
Prime Contractor Participation / Subcontracting Plan	5
<b>Total Technical Score</b>	<b>100</b>

## Proposal Evaluation Process

For this contract procurement, the Chief Executive Officer appointed a Selection Official and the Contracts Manager to oversee the evaluation process. As the Selection Official, the Director of Link Light Rail appointed two Co-Chairs and created two evaluation committees to review the proposals and to make a recommendation to the Selection Official.

The Technical Evaluation Committee (TEC) was established to review and evaluate the technical components of the proposals, using the evaluation criteria set forth in the RFP. The TEC included eight evaluation teams and team captains to evaluate the technical requirements. The Chief Executive Officer also assigned independent observers to oversee the work of each team as the scores were determined.

Similarly, the Financial Evaluation Committee (FEC) was established to review all financial and price information, independent from the TEC's evaluation of technical requirements, using the evaluation criteria set forth in the RFP. The Contracts Manager was assigned to oversee the work of the FEC. After completion of the evaluation of technical requirements by the TEC, the Contract Manager provided the findings of the FEC.

The Technical scores and the price scores were then combined to determine the Proposal Evaluation Score for each proposer. The Co-Chairs and Contract Manager verified these scores, and RCI-Herzog accumulated the highest overall score from the five proposals that were evaluated. After reviewing the written summaries from the TEC and the FEC and reviewing the proposal from the team that accumulated the highest overall score, the Co-Chairs recommended that Sound Transit select the team of RCI-Herzog. The Selection Official and Co-Chairs then held a discussion with RCI-Herzog to clarify that its proposal meets all of the contract requirements and that there are no exceptions taken to the RFP requirements. Subsequent to this discussion, the Selection Official concurred with the recommendation of the

Co-chairs that RCI-Herzog offers the best value to Sound Transit, and is qualified and committed to implement the requirements of the RFP, and recommends the award of this contract to RCI-Herzog, A Joint Venture.

As this staff report was being prepared, one proposer, Rainier Valley Constructors, filed a protest objecting to award of the contract. This protest will be considered under Sound Transit's administrative protest procedures. At the Board meeting in which this motion to award the contract is considered staff will provide an updated report on the status of the protest.

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

<b>Motion or Resolution Number</b>	<b>Summary of Action</b>	<b>Date of Action</b>
M2003-90	Execute a Memorandum of Agreement with the City of Seattle specifying the cost, terms and conditions for undergrounding utilities in the Rainier Valley along Martin Luther King Jr. Way South....	Board 9/25/03
M2002-97	Execute a contract amendment with CH2M Hill to incorporate underground utilities into the final design of MLK Jr. Way South....	Board 8/22/02
M2002-57	Authorizing the ED to negotiate an agreement with the City of Seattle to define terms and conditions for City's payments for undergrounding utilities on MLK Jr. Way South ... in conjunction with the Link Project, and to complete final design with undergrounding of utilities included.	Board 4/25/02
M2002-26	Execute a contract amendment with CH2M Hill...to provide additional Civil Engineering Final Design Services for the MLK Jr. Way S. light rail segment.....	Board 3/14/02
R2001-16	Selecting the initial segment of the Central Link Light Rail Project to be constructed and operated by 2009.	Board 11/29/01
M2000-80	Execute a contract with CH2M HILL for civil engineering final design services associated with...the Rainier Valley along Martin Luther King Jr. Way South from South Walden Street to South Boeing Access Road.	Board 09/14/00

**CONSEQUENCES OF DELAY**

Delays in awarding this construction contract will mean missing the construction season in 2004. This would produce potential delays and extend the duration of overall construction in the Rainier Valley.

**PUBLIC INVOLVEMENT**

Not applicable to this action.

**LEGAL REVIEW**

HJN 12/26/03

## **SOUND TRANSIT**

### **MOTION NO. M2004-03**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a contract with RCI-Herzog, A Joint Venture, for light rail construction in the Rainier Valley in the amount of \$128,302,911 with a 12% contingency in the amount of \$15,396,349 for a total authorized contract amount not to exceed \$143,699,260.

#### **Background:**

Light rail construction in the Rainier Valley extends approximately 4.3 miles at-grade along MLK Way South with light rail stations at South Edmunds, South Othello, and South Henderson Streets. MLK Way South will be fully reconstructed within these contract limits and new light rail tracks will be constructed in a new roadway median. The construction scope includes major utility work, including the undergrounding of overhead utilities (i.e., power, phone, and cable).

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Working with the FTA, Sound Transit staff established a best value procurement approach for selecting the contractor. In addition to price, other technical requirements such as experience (both overall organization and key personnel); work programs (including technical, safety, quality control, and community outreach); and commitments to diversity for contracting and employment are factors in determining the contractor offering the "best value" to Sound Transit. In the RFP, the proposal evaluation included the price evaluation score (50% of the overall score) and technical requirements (50% of the overall score).

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Evaluation of the Proposals and the award of this contract is based on a "best-value" determination as described in the RFP. Although price is an important factor, the work program and the key personnel managing and supervising the work are also major factors in determining the contractor's success. Sound Transit's proposal evaluation criteria and selection procedures allow a comprehensive evaluation of the proposal team, work approach, quality assurance and safety culture, which, when combined with price, results in the selection of the proposal that represents the best value to Sound Transit.



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The technical proposal requirements focused on the following eight areas:

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<b>Total Technical Score</b>	<b>100</b>

## Proposal Evaluation Process

For this contract procurement, the Chief Executive Officer appointed a Selection Official and the Contracts Manager to oversee the evaluation process. As the Selection Official, the Director of Link Light Rail appointed two Co-Chairs and created two evaluation committees to review the proposals and to make a recommendation to the Selection Official.

The Technical Evaluation Committee (TEC) was established to review and evaluate the technical components of the proposals, using the evaluation criteria set forth in the RFP. The TEC included eight evaluation teams and team captains to evaluate the technical requirements. The Chief Executive Officer also assigned independent observers to oversee the work of each team as the scores were determined.

Similarly, the Financial Evaluation Committee (FEC) was established to review all financial and price information, independent from the TEC's evaluation of technical requirements, using the evaluation criteria set forth in the RFP. The Contracts Manager was assigned to oversee the work of the FEC. After completion of the evaluation of technical requirements by the TEC, the Contract Manager provided the findings of the FEC.

The Technical scores and the price scores were then combined to determine the Proposal Evaluation Score for each proposer. The Co-Chairs and Contract Manager verified these scores, and RCI-Herzog accumulated the highest overall score from the five proposals that were evaluated. After reviewing the written summaries from the TEC and the FEC and reviewing the proposal from the team that accumulated the highest overall score, the Co-Chairs recommended that Sound Transit select the team of RCI-Herzog. The Selection Official and Co-Chairs then held a discussion with RCI-Herzog to clarify that its proposal meets all of the contract requirements and that there are no exceptions taken to the RFP requirements.

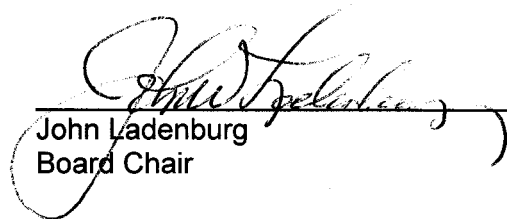
Subsequent to this discussion, the Selection Official concurred with the recommendation of the Co-chairs that RCI-Herzog offers the best value to Sound Transit, and is qualified and committed to implement the requirements of the RFP, and recommends the award of this contract to RCI-Herzog, A Joint Venture.

As this staff report was being prepared, one proposer, Rainier Valley Constructors, filed a protest objecting to award of the contract. This protest will be considered under Sound Transit's administrative protest procedures. At the Board meeting in which this motion to award the contract is considered staff will provide an updated report on the status of the protest.

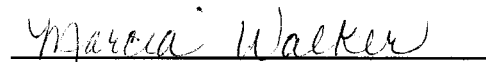
**Motion:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Chief Executive Officer is authorized to execute a contract with RCI-Herzog, A Joint Venture, for light rail construction in the Rainier Valley in the amount of \$128,302,911 with a 12% contingency in the amount of \$15,396,349 for a total authorized contract amount not to exceed \$143,699,260.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 12, 2004.

  
John Ladenburg  
Board Chair

ATTEST:

  
Marcia Walker  
Board Administrator