

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2004-111

**Increase Contract Authority for
Third Party Public Works Betterments**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Executive Committee	11/4/04	Discussion/Possible Action to Recommend	Ahmad Fazel, Link Director Agnes Govern, Capital Projects Director	(206) 398-5389 (206) 398-5037
Board	11/18/04	Board Approval Action	Martin Schachenmayr, Link Project Control Manager	(206) 398-5162

ACTION

Authorizes the Chief Executive Officer to increase the total authorized expenditure amount for a given contract without explicit Sound Transit Board action in order to include public works betterments requested and fully funded by public agencies in the scope of Link Light Rail and Regional Express/Sounder Capital Projects professional services and construction contracts, provided that no individual contract amendment for betterment work exceeds \$500,000 and that incorporation of such betterment work has no adverse impact on Sound Transit project work.

KEY FEATURES

- Authorizes the Chief Executive Officer to increase the total authorized expenditure amount for a given contract in order to include public works betterments in the contract scope, provided that (a) the scope of the betterment work is defined in writing; (b) the third party requesting the betterment work has committed in writing to fully fund the work; (c) the third party has provided a payment schedule that is acceptable to Sound Transit; and (d) inclusion of the betterment work does not adversely affect Sound Transit project work, including the schedule of such work.
- In order to raise awareness of significant betterment work inclusions in Sound Transit contracts, inclusion of any individual betterment work scope item that would result in an increase of \$500,000 or more to the total authorized expenditure amount for a given contract will require explicit Sound Transit Board review and approval.
- The inclusion of betterment work in Sound Transit contracts creates no additional financial exposure for Sound Transit, given that third parties fully fund this work.
- The proposed action preserves contract contingencies approved by the Sound Transit Board primarily for purposes related to the project scope and avoids use of such contingencies to provide contracting authority for betterment work, even if such work is reimbursed by third parties.
- The proposed action acknowledges the public benefit of designing and constructing selected public works betterments in conjunction with Sound Transit capital projects and allows for public works betterment work to be completed in a timely manner without delaying Sound Transit project work.
- Regular updates to the Board on the status of any contract increases for betterment work will be provided in Sound Transit's monthly Agency Progress Report.

- Project reporting and accounting procedures, including cost allocation models, are in place to ensure that betterment work is tracked in accordance with project management and grant management requirements. Cost allocations and payment terms are coordinated to ensure compliance with federal grant management terms prior to approval of betterment agreements.

BUDGET IMPACT SUMMARY

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

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. Include discussion on partner funding, other revenues, grant information, subarea affordability issues and subarea budgets.

BUDGET TABLE

Not applicable to this action.

BUDGET DISCUSSION

The proposed action would have no budget impact as no additional funds would be required on Sound Transit's part. Any contract increase for betterments would be reimbursed in full by the third party.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Betterment work would maintain the M/W/DBE-Small Business goals established in the base contract.

HISTORY OF PROJECT

In May 2002, the Sound Transit Board adopted Motion No. M2002-22 establishing policy direction that Sound Transit should seek reimbursements by third party agencies for requested out-of-scope work to be performed by Sound Transit or its contractors. In November 2002, the Sound Transit Board adopted a scope control policy to guide staff in responding to third party requests for project enhancements (Motion No. M2002-121).

During the course of the design and construction of Link Light Rail and Regional Express/Sounder Capital Projects, public works agencies have made requests that Sound Transit contractors perform selected betterment work. If such betterment work is to be fully reimbursed and will not adversely affect project schedules, Sound Transit has agreed to add this work to contracts. While the cost of this work is ultimately reimbursed to Sound Transit, the current practice and authority procedures require that betterment work draws down on contingency funds. As a result, incorporating betterment work in the past has reduced the level of contract contingencies available for work relating to the project scope.

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
M2002-121	Adopted a Scope Control Policy to help guide Sound Transit staff in responding to partner's requests for enhancements to projects and authorized the Executive Director to take necessary steps to implement the policy.	11/14/02
M2002-22	Sought policy direction for reimbursement to Sound Transit by partner agencies under specific circumstances.	5/9/02

PUBLIC INVOLVEMENT

Not applicable to this action

LEGAL REVIEW

JW 10/26/04

SOUND TRANSIT

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A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to increase the total authorized expenditure amount for a given contract without explicit Sound Transit Board action in order to include public works betterments requested and fully funded by public agencies in the scope of Link Light Rail and Regional Express/Sounder Capital Projects professional services and construction contracts, provided that no individual contract amendment for betterment work exceeds \$500,000 and that incorporation of such betterment work has no adverse impact on Sound Transit project work.

Background:

In May 2002, the Sound Transit Board adopted Motion No. M2002-22 establishing policy direction that Sound Transit should seek reimbursements by third party agencies for requested out-of-scope work to be performed by Sound Transit or its contractors. In November 2002, the Sound Transit Board adopted a scope control policy to guide staff in responding to third party requests for project enhancements (Motion No. M2002-121).

During the course of the design and construction of Link Light Rail and Regional Express/Sounder Capital Projects, public works agencies have made requests that Sound Transit contractors perform selected betterment work. If such betterment work is to be fully reimbursed and will not adversely affect project schedules, Sound Transit has agreed to add this work to contracts. While the cost of this work is ultimately reimbursed to Sound Transit, the current practice and authority procedures require that betterment work draws down on contingency funds. As a result, incorporating betterment work in the past has reduced the level of contract contingencies available for work relating to the project scope.

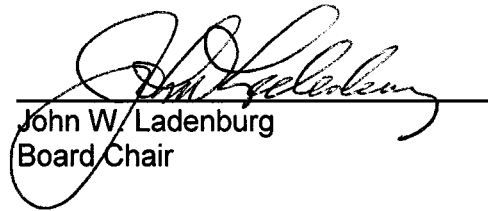
This motion authorizes the Chief Executive Officer to increase the total authorized expenditure amount for a given contract in order to include public works betterments in the contract scope, provided that (a) the scope of the betterment work is defined in writing; (b) the third party requesting the betterment work has committed in writing to fully fund the work; (c) the third party has provided a payment schedule that is acceptable to Sound Transit; and (d) inclusion of the betterment work does not adversely affect Sound Transit project work, including the schedule of such work.

The inclusion of betterment work in Sound Transit contracts creates no additional financial exposure for Sound Transit, given that third parties fully fund this work.

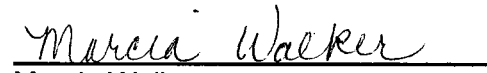
Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Chief Executive Officer is authorized to increase the total expenditure amount for a given contract without explicit Sound Transit Board action in order to include public works betterments requested and fully funded by public agencies in the scope of Link Light Rail and Regional Express/Sounder Capital Projects professional services and construction contracts, provided that no individual contract amendment for betterment work exceeds \$500,000 and that incorporation of such betterment work has no adverse impact on Sound Transit project work.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on November 18, 2004.


John W. Ladenburg
Board Chair

ATTEST:


Marcia Walker
Board Administrator