

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2004-52

**Contract Award for Construction of the Federal Way
Transit Center/South 317th Project**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	6/3/04	Deferred	Jim Edwards, Chief Engineer, Regional Express	(206) 398-5436
Finance Committee	6/17/04	Discussion/Possible Action to Recommend Board Approval		
Board	6/24/04	Action	Dan Eder, Project Manager, Regional Express Jerry Dahl, Construction Manager, Regional Express	(206) 398-5104 (206) 398-5284

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

OBJECTIVE OF ACTION

- Award a contract to PCL Construction for construction of the Federal Way Transit Center/South 317th project (#321).

ACTION

- Authorize the Chief Executive Officer to execute a contract with PCL Construction, to construct the Federal Way Transit Center/South 317th project in the amount of \$20,961,000, with a 5% contingency of \$1,048,050, for a total authorized contract amount not to exceed \$22,009,050.

KEY FEATURES

- Provides for construction of a regional hub transit center in the City of Federal Way with 11 bus bays and 14 layover spaces serving Sound Transit, King County Metro, and Pierce Transit. The transit center will also include a five-story, 1,200 stall parking garage.
- All six of the competitive bids for the construction contract were significantly higher than the engineer's estimate. PCL Construction was the lowest responsible, responsive bidder and was 21% or \$3.8 million over the \$17.2 million engineer's estimate. The engineer's estimate was developed using price information that was available from other comparable projects over a 6- to 12-month period prior to the bid date. The marketplace has been volatile with respect to steel (in particular) and other materials related to the project's construction. The bidders were using the most current market information as a basis for their bids. Staff is evaluating the factors contributing to the significant price difference for use on other projects.

- The four lowest bids were within 5% of the low bid. This is an indication of the clarity of the bid documents, the competitive nature of the bid climate for this project, and the validity of these bids.
- Staff is requesting Board approval of a 5% contract contingency based on an in-depth analysis of the most likely risk factors for change orders. Based on this analysis, staff employed a proactive risk management approach for this contract procurement. The proposed contract authorization amount (\$20,961,000) includes unit price options for the two highest risk construction activities: additional piles and imported soil fill. These options function as a separate contingency for the highest risk construction elements and will only be awarded if additional piles are required or if the contractor needs to import additional fill due to unsuitable soils. The 5% contract contingency is appropriate given that the proposed action includes authority to award the two options totaling \$885,000, or an additional 4.2% of the base contract, if required.
- The proposed action would require using nearly all of the project's unallocated contingency for the construction contract and contract contingency. If needed, the Board could decide through a separate action to program additional funds from the South King Program Reserve fund into the project at a later date. No other Regional Express projects are expected to require funds from this program reserve.
- The Regional Express South King County Program Reserve currently has \$1.98 million in uncommitted funds.

BUDGET IMPACT SUMMARY

Project Description: Federal Way Transit Center/South 317th project.

Current Status: Final design/contract award.

Projected Completion Date: Fourth Quarter of 2005.

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	N	
This Project	N	
This Phase	Y	The execution of this contract will put the construction phase budget over the approved budget. Sufficient contingency funding exists to fund this shortfall.
This Task	N	
Budget amendment required	N	
Key Financial Indicators:	Y/N	Y Requires Comment
Contingency funds required	Y	The construction phase budget shortfall requires the use of contingency funds. This shortfall will be addressed in the 2005 budget process. After resolution of the shortfall, approximately \$0.1 million will remain in unallocated project contingency.
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

This proposed action authorizes execution of a construction contract with PCL Construction to provide construction of the Federal Way Transit Center/South 317th project. This project appears in the Adopted 2004 Budget with a total lifetime budget of \$38.2 million, of which \$23.2 million is budgeted within the construction phase. Should the proposed action be approved, a shortfall of \$2.1 million will occur in the phase. Sufficient unallocated project contingency exists to fund this shortfall. The budget transfer to rectify this phase level shortfall will be addressed during the 2005 budget process later this year.

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. The action will have no new revenue impacts on Sound Transit. This item is included in the South King County subarea budget.

BUDGET TABLE

The following table illustrates the impact of this action on the project phase budgets:

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

Action Item: Authorize the Chief Executive Officer to execute a contract with PCL Construction to provide for the construction of the Federal Way Transit Center project (#321), \$s in thousands

	Adopted 2004 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
Agency Administration	\$ 2,474	\$ 1,949	\$ -	\$ 1,949	\$ 525
Preliminary Engineering	1,650	1,500	-	1,500	150
Final Design	1,855	1,805	-	1,805	50
ROW Acquisitions	6,784	6,437	-	6,437	347
Construction	23,236	3,343	22,009	25,352	(2,117)
Contingency	2,200	0	-	0	2,200
Total Current Budget	\$ 38,199	\$ 15,035	\$ 22,009	\$ 37,044	\$ 1,154

Phase Budget Detail

Construction		\$ -	\$ 22,009	\$ 22,009	
Construction Management		2,025	-	2,025	
MOA with City of Federal Way		1,016	-	1,016	
Other		303	-	303	
Total Phase	\$ 23,236	\$ 3,343	\$ 22,009	\$ 25,352	\$ (2,117)

Contract Budget	Current Approved Contract Value (F)	Spent to Date (G)	Proposed Action (H)	Proposed Total Contract Value (I)
PCL Construction	\$ -	\$ -	\$ 20,961	\$ 20,961
ST Contingency	-	0	\$ 1,048	1,048
Total	\$ -	\$ -	\$ 22,009	\$ 22,009
Percent Contingency			5%	5%

Budget Shortfall

Level	Shortfall Amt (J)	Potential Funds (K)	Funding Source (L)
Construction	\$ (2,117)	\$ 2,117	Contingency phase budget

Notes:

(A) - Adopted 2004 Budget is found on page 163 of the 2004 budget book. This budget was adopted by the board by Resolution R2003-19 on December 11, 2003.

(B) - Committed to Date, including contract contingencies per HQReports as of May 5, 2004

M/W/DBE – SMALL BUSINESS PARTICIPATION

Prime Consultant/Contractor

PCL Construction submitted a small business participation plan committing to small business participation of 21.04%. Of this amount, M/W/DBE firms will perform 13.04% of the contract and Small Business enterprises will perform 8% of the contract.

Utilization Breakdown Table

Subconsultant	Business Type	% of Work	Dollar Value
Farrow Concrete	MBE/DBE	2.31	484,000
AAA Striping	MBE	0.12	25,000
AAA Rockery Construction	MBE	0.05	11,500
Puget Sound Steel	MWBE/DBE	6.64	1,391,000
United Professional Caulking	MWBE/DBE	0.44	91,800
JP Francis	MBE	2.28	479,000
JKT Development	MBE/DBE	1.2	252,000
K&L Rebar	Small Business	2.8	596,400
Northwest Infrastructure	Small Business	5.2	1,098,000
Total		21.04	4,428,700

EEO Commitment

PCL Construction workforce demographics are 7.5 % women and 30% minorities.

Apprentice Utilization Commitment

PCL Construction is committed to hiring apprentices for 20.93% of all labor hours.

HISTORY OF PROJECT

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
M2003-14	Authorized to execute an interlocal agreement with the City of Federal Way regarding permitting the Federal Way Transit Center as an Essential Public Facility.	7/10/03
M2003-60	Authorized to execute an interlocal agreement with the City of Federal Way regarding permitting the Federal Way Transit Center as an Essential Public Facility.	6/5/03

This project will build a new transit center and supporting parking structure in the City of Federal Way. The transit center connects the I-5 center HOV lanes via the Federal Way HOV Access/South 317th (separate project #125). The transit center will include bus bays for up to 14 routes (Sound Transit, King County Metro, and Pierce Transit), bus layover areas for 11 to 13 buses, a transit-only roadway through and around the platform, and pedestrian connections including a pedestrian bridge between the transit center and the parking structure. The project fulfills a Sound Move commitment to connect urban centers in South King County and throughout the region.

Since 1998, Sound Transit and Board members have been working on extensive community involvement efforts during the planning, design, and permitting phases. The project is fully permitted and awarding this construction contract is the final step in building this critical regional hub. There are several issues that staff wishes to highlight for the Board:

In July 2003, the Sound Transit Board approved a Transit-Oriented Development (TOD) Agreement related to two parcels on the same site as the Federal Way Transit Center/South 317th project. The Federal Way City Council has not yet approved the agreement but instead has requested that the City work with Sound Transit to amend the negotiated agreement. Negotiations are ongoing, but the agreement is not required for construction of the Federal Way Transit Center/South 317th project.

Sound Transit Board members and the Federal Way City Council met on March 19, 2004 to discuss the project in a special joint legislative meeting. At that meeting, some City Councilmembers expressed concerns about the project. Chair Ladenburg wrote a letter to Mayor McColgan indicating that Sound Transit would evaluate proposed changes to the TOD agreement.

On April 2, 2004, the King County Superior Court found in favor of Sound Transit and dismissed a land use appeal. Opponents of the project filed a notice of intent to appeal to the Court of Appeals on April 23, 2004. There is no stay or other legal impediment to Sound Transit moving forward with the project's construction during final resolution of the appeals process, and both project staff and legal counsel recommend the Board authorize the construction contract.

CONSEQUENCES OF DELAY

~~A two-week delay would not have any serious consequences should the Finance Committee and/or Board wish further information on this action.~~

An additional two-week delay could have serious consequences. The extensive risk analysis performed prior to bidding determined that the excavation, embankments, and drilled piling construction must be done during the driest periods of the year for project success. The contractor will need to do approximately three months of earthwork as first activity on the project; this work is both more difficult and potentially more expensive in wet weather conditions. A two-week delay would likely require the contractor to perform some of the earthwork in wet weather conditions.

PUBLIC INVOLVEMENT

Sound Transit has conducted extensive public outreach for this project to solicit feedback at key stages of the project. During the environmental phase, there were three open houses and three widely distributed newsletters about the project; Sound Transit has maintained and updated a project web site to provide the community information on the progress and status of the project.

The environmental assessment was made available to the public with comments requested during the period of September 28, 2001, through November 12, 2001. Sound Transit participated in a WSDOT hosted Access Hearing on December 12, 2001. A project web page was developed to provide project information and will be updated frequently during the construction phase.

Sound Transit will continue to work closely with the community throughout construction of this project.

LEGAL REVIEW

DB 5/20/04

SOUND TRANSIT

MOTION NO. M2004-52

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a contract with PCL Construction to construct the Federal Way Transit Center/South 317th project in the amount of \$20,961,000, with a 5% contingency of \$1,048,050, for a total authorized contract amount not to exceed \$22,009,050.

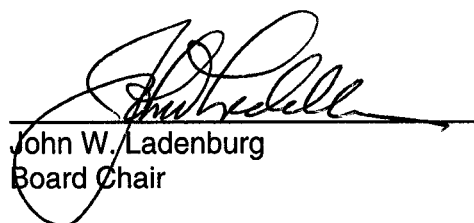
Background:

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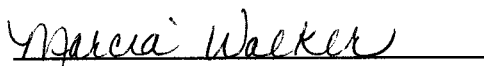
Motion:

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 PCL Construction to construct the Federal Way Transit Center/South 317th in the amount of \$20,961,000, with a 5% contingency of \$1,048,050, for a total authorized contract amount not to exceed \$22,009,050.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 24, 2004.


John W. Ladenburg
Board Chair

ATTEST:


Marcia Walker
Board Administrator