

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2004-78

**Contract Award for Construction of the Pine Street Stub Tunnel and Retrofit Work
for the Downtown Seattle Transit Tunnel**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	8/5/04	Discussion/Possible Action to Recommend Board Approval Action	Ahmad Fazel, Link Director	(206) 398-5389
Board	8/12/04		Martin Schachenmayr, Link Project Control Manager Joe Gildner, Link Deputy Director	(206) 398-5162 (206) 689-3350

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	

✓ *Applicable to proposed transaction.*

ACTION

Authorize the Chief Executive Officer to execute a contract with Balfour Beatty, Inc. for construction of the Pine Street Stub Tunnel and retrofit of the Downtown Seattle Transit Tunnel in the amount of \$82,700,000, with a 10% contingency of \$8,270,000, for a total authorized amount not to exceed \$90,970,000, which includes reimbursements to Sound Transit by King County Metro and Qwest for betterment work in the amount of \$8,126,871.

KEY FEATURES

- This contract includes the civil facilities construction for the Pine Street Stub Tunnel and retrofit of the Downtown Seattle Transit Tunnel (DSTT), including:
 - Construction of a tunnel (approximately 730 feet in length) below Pine Street using cut and cover methods. This tunnel will contain turn back tracks for light rail vehicles, communication and electrical rooms, and emergency ventilation equipment.
 - Reconstruction of Pine Street following construction of the Pine Street Stub Tunnel.
 - Retrofitting of the existing DSTT, including installation of replacement tracks to accommodate low-floor light rail vehicles and buses; relocation of existing lights and fire protection equipment; refurbishing of existing surfaces in the four DSTT stations; and installation of new station exhaust fans.
- Construction of the Pine Street tunnel and the retrofitting of the DSTT will require temporarily closing the DSTT to bus service beginning in September of 2005. Sound Transit committed that this temporary closure would not to exceed two years (24 months). The C510 contract

schedule sets the stage for re-opening the DSTT to bus service 21 months after the start of the closure.

- Given the critical importance of the C510 contract work in relation to the DSTT bus operations, Sound Transit adopted a procurement selection process for the C510 contract that placed significant emphasis on contractors' commitment to schedule performance. Under this process, bids were evaluated for both cost and schedule performance. Under the provisions of the schedule element of their bid, Balfour Beatty, Inc. committed to complete the critical Pine Street Stub Tunnel construction 110 days earlier than the maximum allowable duration established by Sound Transit.
- In light of the current steel price volatility, the C510 contract amount includes allowances to address potential steel price increases.
- The C510 contract includes betterment work related to the upgrading of existing DSTT equipment and systems for which King County Metro (KCM) will reimburse Sound Transit in the estimated amount of \$7,836,652. This amount includes a 15% contingency. In addition, KCM will reimburse Sound Transit in the amount of \$285,219 for pole and trolley wire relocations along Pine Street.
- The C510 contract also includes betterment work for Qwest in the amount of \$5,000. Betterment work included in the C510 contract and associated minimum third parties funding obligations are summarized in Table 1.

Table 1: Contract Funding Breakdown

Contract Award	
Contract Amount	\$82,700,000
Contract Contingency	\$8,270,000
Total Authorized Expenditure	\$90,970,000
Betterment Funding Obligations	
King County Metro, DSTT Improvements	\$7,836,652
King County Metro, Pine Street Poles / Trolley Wires	\$285,219
Qwest	\$5,000
Total Betterment Funding Obligations	\$8,126,871
Project Funding	
Total Authorized Expenditure	\$90,970,000
Betterment Funding Obligations	(\$8,126,871)
Authorized Project Expenditures	\$82,843,129

BUDGET IMPACT SUMMARY

Project Description: Central Link Initial Segment

Current Status: Final Design / Construction

Projected Completion Date: 2009

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	N	
This Project	N	
This Phase	N	
This Task	Y	Action includes funds from multiple budget line items within the construction phase
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	Y	Action includes reimbursement from third parties for betterment work (KCM and Qwest)

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 Balfour Beatty, Inc. for construction of Pine Street tunnel and the retrofit of the DSTT in the amount of \$82,700,000, with a contingency of \$8,270,000 for a total authorized amount not to exceed \$90,970,000. This amount includes betterment work in the amount of \$8,126,871 that will be reimbursed by KCM and Qwest (see Table 1). Sound Transit's authorized project expenditure would not exceed \$82,843,129.

The total adopted capital budget for the Initial Segment is \$2.07 billion. Within that budget, a total combined budget of \$83,440,000 is set aside in the construction phase for the C510 contract scope. Commitments in the amount of \$65,300 have been incurred for this line item, leaving a remaining budget balance of \$83,374,700 for the C510 contract. Should the proposed action be approved, the balance remaining for this budget item would be \$531,571.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

Sound Transit's share of the proposed action is covered by 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, for which Sound Transit will be reimbursed by King County/Metro and Qwest, will not be charged to the Initial Segment Project, and will be separately tracked.

BUDGET TABLE

Action Item: Balfour Beatty, Inc. (Provide construction services for the C510 Pine Street Stub Tunnel and Retrofit of the Downtown Seattle Transit Tunnel (DSTT) in the Initial Segment.)

(Year of Expenditure \$000)

Initial Segment	Amended FY2004 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
1 Agency Administration	218,780	110,415		110,415	108,365
2 Preliminary Engineering	35,000	33,644		33,644	1,356
3 Final Design	143,523	137,786		137,786	5,737
4 Right of Way	233,016	155,314		155,314	77,702
5 Construction	1,159,837	578,513	82,843	661,356	498,481
6 Construction Services	82,737	69,125		69,125	13,612
7 Third Party Agreements	58,800	52,474		52,474	6,326
8 Vehicles	138,307	131,799		131,799	6,508
10 Total Current Budget	2,070,000	1,269,071	82,843	1,351,914	718,086

Phase Budget Detail

	(K)				
11 Downtown Tunnels (C510)	83,440	65	82,843	82,908	532
13 Other Construction Segments	1,076,397	578,448		578,448	497,949
15 Total Phase	1,159,837	578,513	82,843	661,356	498,481

(A) AMENDED 2004 BUDGET reflects Board Resolution R2004-05 for Initial Segment phase budget transfer, adopted by the ST Board on 4/22/04.

(B) Committed to Date amounts are from the Link Program Cost Summary Report (HQ Reports) for June 2004 + Board motions not yet included in the report as follows:

	Final Design	Construction	Construct Svcs	Third Parties	Vehicles
Commitments through June 2004	116,724	278,764	34,537	52,474	131,799
Other Board motions	21,062	299,749	34,588	-	-
Total phase commitments	137,786	578,513	69,125	52,474	131,799

Contract Budget	Board Approvals to Date (F)	Current Approved Contract Value (G)	Proposed Action (H)	Proposed Total for Board Approval (I)	Proposed Contract Value (J)
16 Contract Amount	-	-	74,573	74,573	74,573
17 Contingency	-	-	8,270	8,270	8,270
18 Total Sound Transit	-	-	82,843	82,843	82,843
19 Betterments			8,127	8,127	8,127
20 Total Contract Amount			82,700	82,700	82,700
21 Total Contingency	-	-	8,270	8,270	8,270
22 TOTAL Including Betterments	-	-	90,970	90,970	90,970
23 Percent Contingency	0%	0%	10%	10%	10%

	Amended FY2004 Budget
Downtown Tunnels (C510)	(K)
24 Downtown Tunnels (C510)	82,100
25 Granite Pavers (P511)	(160)
26 Other Misc.: Bus Improvements	1,500
27 Total Downtown Tunnels (C510)	83,440

(K) Downtown Tunnels (C510) is a combination of budget line items within the construction phase. A separate purchase order for Granite Pavers (P511) was authorized in May 2004.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Prime Contractor

Balfour Beatty, Inc. of Atlanta, Georgia is the prime contractor for this contract.

Sound Transit established the following M/W/DBE and Small Business goals for this contract: Small Business participation of at least 15%, to be accomplished utilizing M/W/DBE participation of at least 10%. At time of bid, Bidders had to demonstrate Small Business participation of at least 7.5%, utilizing M/W/DBE participation of at least 5%.

Balfour Beatty, Inc. has committed to an overall Small Business utilization level of 16.21% with 5.65% M/W/DBE participation. Balfour Beatty, Inc. has committed to meet or exceed the 15% overall Small Business goal and meet or exceed the M/W/DBE sub-goal of 10%.

Utilization Breakdown Table

Subcontractor	Business Type	% of Work	Dollar Value
Emerald City Weather Proofer	MBE/DBE	0.83	\$684,000
Elcon	Small Business	7.35	\$6,077,000
E. L. Mason	MBE/DBE	1.09	\$900,000
Mobile Electric Distributors	WBE/DBE	0.60	\$500,000
Salinas Construction	MBE/DBE	1.52	\$1,260,000
John Wayne Construction Co.	MBE/DBE	0.35	\$288,700
Security Barricade	WBE/DBE	0.39	\$324,600
Stephens Enterprises, Inc.	MWBE	0.27	\$222,000
Corona Steel	MBE	0.60	\$498,000
Purcell Painting	Small Business	1.19	\$980,000
Reliance Fire Protection	Small Business	2.03	\$1,675,000
Total		16.21	\$13,409,300

EEO Commitment

Balfour Beatty, Inc. has 947 employees, 56% are minorities and 5.6% are women. 243 employees hold Managerial and Professional positions of which 22% are minorities and 5.3% are women.

Apprentice Utilization Commitment

Balfour Beatty, Inc. has committed to a total utilization level of 11.5% of apprentices on this project. Further, Balfour Beatty, Inc. has indicated that the company will make a concerted effort to increase the apprentice utilization level throughout the duration of the project.

HISTORY OF PROJECT

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
M2003-29	Executed a contract with KPFF to provide civil final design services for the initial segment of Central Link for the Pine Street Stub Tunnel in the amount of \$2,460,000 with a 10% contingency of \$246,000 for a total authorized contract amount not to exceed \$2,706,000.	3/6/03
M2002-136	Executed a contract amendment with Shannon & Wilson, Inc., for geotechnical services necessary for final design of the Link Pine Street Stub Tunnel in the amount of \$200,000 plus a 10% contingency of \$20,000 for a total of \$220,000 and for a new total authorized contract amount not to exceed \$10,801,601.	12/12/02

The C510 contract was advertised on March 4, 2004. Sound Transit received a total of five bids on June 25, 2004. The bid period of three and one-half months provided a sufficient duration for the contractors to prepare responsive bids to the Invitation for Bids.

Sound Transit and the City of Seattle coordinated to structure the C510 contract in a manner that would minimize the construction duration for the Pine Street cut and cover tunnel work and the restoration of Pine Street. This was achieved through A + B bidding method, where contractor bids were evaluated based on the contractor's own schedule commitment for this element of the contract. This bidding method required contractors to specify the schedule duration of the Pine Street work, within a range of 710 to 820 days after start of this construction. Balfour Beatty, Inc.'s bid specified completion of the Pine Street work within 710 days. This was the lowest duration specified in any of the five bids.

King County Metro's input was important in developing the scope for a large portion of the retrofitting work in the existing DSTT. King County Metro also assisted with developing the staging plans for Pine Street where bus service will be maintained during the construction of the Pine Street Stub Tunnel.

The Downtown Seattle Association (DSA) and representatives of businesses along Pine Street met with Sound Transit and City of Seattle management and staff. Input from the businesses was incorporated in specific cases. A total of four DSA meetings were held.

All required environmental compliance to support approval of this contract has been completed.

CONSEQUENCES OF DELAY

A delay in the award of this contract will require a suspension of work for the ongoing construction management services and could likely impact the planned bus closure schedule for the DSTT.

PUBLIC INVOLVEMENT

Meetings were held with the Downtown Seattle Association to brief the DSA members and to seek input regarding issues related to the construction. The DSA members requested that Sound Transit shorten the construction duration for Pine Street. The Special Provisions were amended to include the A + B bidding method.

Individual meetings were held with property and business owners immediately adjacent to Pine Street. Sound Transit staff is providing construction updates for current work that is being performed in preparation for the C510 construction.

LEGAL REVIEW

MMB 7/27/04

SOUND TRANSIT

MOTION NO. M2004-78

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a contract with Balfour Beatty, Inc. for construction of the Pine Street Stub Tunnel and retrofit of the Downtown Seattle Transit Tunnel in the amount of \$82,700,000, with a 10% contingency of \$8,270,000, for a total authorized amount not to exceed \$90,970,000, which includes reimbursements to Sound Transit by King County Metro and Qwest for betterment work in the amount of \$8,126,871.

Background:

This contract includes the civil facilities construction for the Pine Street Stub Tunnel and retrofit of the Downtown Seattle Transit Tunnel (DSTT), including (a) construction of a tunnel and approximately 730-foot long tunnel below Pine Street using cut and cover methods; (b) reconstruction of Pine Street following construction of the Pine Street Stub Tunnel; and (c) retrofitting of the existing DSTT, including installation of replacement tracks to accommodate low-floor light rail vehicles and buses, relocation of existing lights and fire protection equipment, and refurbishing of existing surfaces in the four DSTT stations.

Construction of the Pine Street Stub Tunnel and the retrofitting of the DSTT will require temporarily closing the DSTT to bus service beginning in September of 2005. Sound Transit committed that this temporary closure would not to exceed two years (24 months). The C510 contract schedule sets the stage for re-opening the DSTT to bus service 21 months after the start of the closure. The reduction in the closure period from the baseline assumption of 24 months to 21 months is expected to reduce Sound Transit's debt service costs for the DSTT.

Given the critical importance of the C510 contract work in relation to the DSTT bus operations, Sound Transit adopted a procurement selection process for the C510 contract that placed significant emphasis on contractors' commitment to schedule performance. Under this process, bids were evaluated in terms of both cost and schedule performance. Under the provisions of the schedule element of their bid, Balfour Beatty committed to complete the critical Pine Street tunnel construction 110 days earlier than the maximum allowable duration established by Sound Transit.

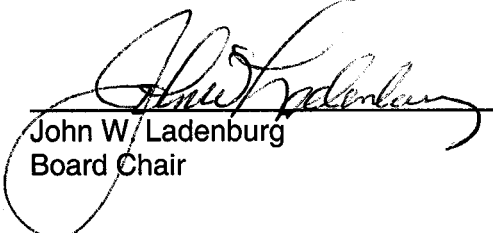
In light of the current steel price volatility, the C510 contract amount includes allowances to address potential steel price increases.

The C510 contract includes betterment work related to the upgrading of existing DSTT equipment and systems for which King County Metro (KCM) will reimburse Sound Transit in the estimated amount of \$7,836,652. This amount includes a 15 percent contingency. In addition, KCM will reimburse Sound Transit in the amount of \$285,219 for pole and trolley wire relocations along Pine Street. The C510 contract also includes betterment work for Qwest in the amount of \$5,000.

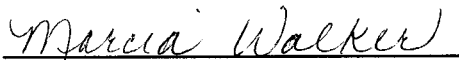
Motion:

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 Balfour Beatty, Inc. for construction of the Pine Street Stub Tunnel and retrofit of the Downtown Seattle Transit Tunnel in the amount of \$82,700,000, with a 10% contingency of \$8,270,000, for a total authorized amount not to exceed \$90,970,000, which includes reimbursements to Sound Transit by King County Metro and Qwest for betterment work in the amount of \$8,126,871.

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


John W. Ladenburg
Board Chair

ATTEST:


Marcia Walker
Board Administrator