

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2006-70

Reimbursement Agreement for Martin Luther King Jr. Way S.

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	9/21/06	Discussion / Possible Action	Ahmad Fazel, Director, Link Light Rail Joe Gildner, Link Deputy Director for Technical Services	(206) 398-5389 (206) 689-3350

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	✓
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)	✓	Budget Amendment	
Real Estate		Property Acquisition	

PROJECT NAME

Central Link Light Rail Initial Segment

PROPOSED ACTION

Authorizes the Chief Executive Officer to execute an agreement with Seattle Housing Authority to reimburse Sound Transit for the betterments of Seattle Housing Authority facilities and environmental remediation costs as part of the light rail construction along Martin Luther King Jr. Way South, estimated at \$2,212,317.

KEY FEATURES of PROPOSED ACTION

- This agreement will establish payment obligations of Seattle Housing Authority (SHA) for betterments related to the construction of SHA facilities along Martin Luther King Jr. Way South (MLK Way) in connection with the Rainier Valley light rail construction and environmental remediation costs for which it is liable.
- SHA's payment obligation (estimated at \$2,212,317) under this agreement is stated in year of expenditure (YOE\$) dollars and will be adjusted by interest if timely payment is not received.
- Acting as agent for SHA, under the agreement Sound Transit contracts for sewer lines, water lines, ductbanks, roadway, sidewalk, and landscaping improvements as well as the design and construction management of the improvements (i.e. widened roadway for parking and widened sidewalks as requested by SHA).
- The cost for the remediation of contaminated soils on properties owned by SHA is included in the agreement as an estimated sum. However, SHA agrees to pay the actual cost of remediation.

- The agreement also includes a provisional sum of \$300,000 for new work SHA contemplates being performed by Sound Transit for SHA's benefit at SHA developments along MLK Way adjacent to Sound Transit's project, including the New Rainier Vista (Eastside). The amount established in the agreement is an estimate and SHA agrees to pay the actual cost of such betterments.

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.

BUDGET and FINANCIAL PLAN DISCUSSION

The proposed action would authorize execution of an agreement that provides for Seattle Housing Authority (SHA) to reimburse Sound Transit an estimated amount of \$2,212,317 for design, construction management, and construction costs incurred by Sound Transit. Under Sound Transit's policies, these improvements have been determined to be betterments.

The proposed agreement amount includes both fixed cost items, which have been negotiated and capped; and estimated cost items, which may vary the total amount paid.

The total adopted capital budget for the Initial Segment is \$2.07 billion, which excludes costs for betterments that will be reimbursed by third parties. The proposed action would reduce Sound Transit's share of previously committed costs by \$2,212,317 for construction work and related services along MLK Way (C735) that would be reimbursed by the SHA, increasing the remaining budget balance for this project.

- Within the final design phase, commitments for design services during construction (DSDC) for C735 would be reduced by \$365,418, which would increase the balance for this budget line item to \$365,418, and the balance for the phase to \$592,947.
- Within the construction phase, commitments for C735 would be reduced by up to \$1,567,462, leaving a remaining balance of \$1,560,197 for this budget line item, and a \$110.9 million balance for the phase.
- Within the construction services phase, commitments for C735 construction management would be reduced by \$279,437, which would reduce the budget shortfall (related to Motion No. M2006-62 for Carter Burgess contract amendment) for this budget line item to \$4,012,055, and the shortfall for the phase to \$1,596,934.

The proposed action would not change the total authorized value of any previously approved contract. This action would not change the lifetime budget for the Initial Segment.

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 proposed action will have no new revenue impact on Sound Transit.

BUDGET TABLE

Action Item: Seattle Housing Authority (SHA) (Agreement to pay Sound Transit for betterments to SHA facilities as part of light rail construction along MLK, Jr Way in the Initial Segment project)

(Year of Expenditure \$000)

Initial Segment		Adopted 2006 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
1	Agency Administration	216,780	118,058		118,058	98,722
2	Preliminary Engineering	34,000	33,357		33,357	643
3	Final Design	145,523	145,296	(365)	144,930	593
4	Right of Way	223,516	193,363		193,363	30,153
5	Construction	1,170,439	1,061,081	(1,567)	1,059,513	110,926
6	Construction Services	86,875	88,751	(279)	88,472	(1,597)
7	Third Party Agreements	59,560	59,030		59,030	530
8	Vehicles	133,307	131,799		131,799	1,508
9	Total Current Budget	2,070,000	1,830,733	(2,212)	1,828,521	241,479
Final Design Phase Detail						
10	Design Support (DSDC) C735	1,925	1,925	(365)	1,560	365
11	Other Final Design	143,598	143,371	-	143,371	228
12	Total Phase	145,523	145,296	(365)	144,930	593
Construction Phase Detail						
13	Construction C735 MLK Way	133,250	133,257	(1,567)	131,690	1,560
14	Construction unallocated contingency	1,037,189	927,824	-	927,824	109,365
15	Total Phase	1,170,439	1,061,081	(1,567)	1,059,513	110,926
Construction Services Phase Detail						
16	Construction Services C735	8,266	12,558	(279)	12,278	(4,012)
17	Other Construction Services	78,609	76,193	-	76,193	2,415
18	Total Phase	86,875	88,751	(279)	88,472	(1,597)
Contract Amount						
		Board Approvals to Date (F)	Current Approved Contract Value (G)	Proposed Action (H)	Proposed Total for Board Approval (I)	Proposed Contract Value (J)
19	Contract Amount	-	-	-	-	-
20	Contingency	-	-	-	-	-
21	Total Contract	-	-	-	-	-
22	Percent Contingency	0%	0%	0%	0%	0%
23	Betterments (Credits)	-	-	2,212	2,212	2,212
24	Total ST Share	-	-	(2,212)	(2,212)	(2,212)
Budget Shortfall						
	Task Level	\$ (K)	Potential Resources (L)		Source (M)	
25	CS Services Phase	1,597		241,479	Surplus budget from other project phases (covered in proposed 2007 budget)	

16(B) COMMITTED TO DATE includes board motion M2006-62 for Carter & Burgess to provide additional construction services for the Rainier Valley (C735) segment of the Initial Segment.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Not applicable to this action.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

During the final design phase and real estate acquisition phase for the Rainier Valley construction project, Sound Transit and Seattle Housing Authority (SHA) determined that work taking place in areas shared along the alignment needed to be coordinated for the physical location of improvements and also take advantage of joint construction timelines. This coordination led to the incorporation of SHA betterments into the Rainier Valley construction project.

In April 2005, SHA and Sound Transit prepared an Agreement in Principle which contained the scope of work developed during the design phase as well as changes that had been realized during the construction phase. This Agreement in Principle was used to prepare the terms and conditions of a draft betterment agreement.

In June 2006, SHA and Sound Transit finalized the draft betterment agreement and included estimated values for work SHA contemplated being performed by Sound Transit for SHA's benefit at SHA developments along MLK Way adjacent to Sound Transit's work.

The Sound Transit and SHA final betterment agreement would be executed by the approval of this action and result in the payment to Sound Transit of \$1,837,317 (YOE\$) for fixed cost items and an additional \$375,000 (YOE\$) in estimated cost items for a total estimated amount of \$2,212,317 (YOE\$).

CONSEQUENCES of DELAY

Without approval of the agreement between Sound Transit and SHA considered under this proposed action, Sound Transit will not have an agreement for reimbursement of betterments already constructed on behalf of the SHA.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

JI 8/7/2006

LEGAL REVIEW

JDW 9/28/06

SOUND TRANSIT

MOTION NO. M2006-70

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute an agreement with Seattle Housing Authority to reimburse Sound Transit for the betterments of Seattle Housing Authority facilities and environmental remediation costs as part of the light rail construction along Martin Luther King Jr. Way South, estimated at \$2,212,317.

Background:

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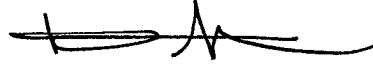
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Motion:


It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Chief Executive Officer is authorized to execute an agreement with Seattle Housing Authority to reimburse Sound Transit for the betterments of Seattle Housing Authority facilities and environmental remediation costs as part of the light rail construction along Martin Luther King Jr. Way South, estimated at \$2,212,317.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority
at a regular meeting thereof held on 10-5-2006.



Fred Butler
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator