

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2007-104**

**Contract for Construction Services for South Tacoma Station**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	11/1/07	Discussion/Possible Action to Recommend Board Approval	Jim Edwards, Director Capital Projects	(206) 398-5436
Board	11/08/07	Action	Christine Engler, Construction Manager, Capital Projects <b>Dick Andrews, Construction Project Manager</b>	(206) 398-5056  (206) 398-5472

<b>Contract/Agreement Type:</b>	✓	<b>Requested Action:</b>	✓
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**

Sounder Commuter Rail - South Tacoma Station

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a contract with Gary Merlino Construction to provide construction services for the South Tacoma Station project in the amount of \$8,674,750, with a 10% contingency of \$867,475, for a total authorized contract amount not to exceed \$9,542,225.

**KEY FEATURES of PROPOSED ACTION**

- Authorizes the execution of a contract to construct the South Tacoma commuter rail station; which includes a single platform, passenger drop off zone, communications building, security hut, parking for approximately 230 vehicles, passenger amenities, and public art, located in an area bordered by South 56<sup>th</sup>, South 60<sup>th</sup>, Washington Street, and Adams Way in Tacoma, Washington.
- Authorizes site demolition and remediation activities, consisting of the demolition of a building, the removal of debris and clean up of an auto storage facility, and any appropriate remediation of the station site needed to meet environmental requirements, prior to initiating construction activities.
- The low responsive and responsible bidder for the construction contract was Gary Merlino Construction with a bid of \$8,674,750, or 22% higher than the engineer's estimate.

## BUDGET IMPACT SUMMARY

Current Project Phase: Final Design  
 Projected Completion Date: April 2009

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 Adopted 2007 Budget for this project is \$11,515,030; there is a concurrent action to amend the budget to \$16,475,827. The approval of this action is contingent upon the approval of Resolution No. R2007-21 to amend the Adopted 2007 budget. The numbers in the budget table shown below reflect the amended amounts.

The Right of Way and Construction phase budget for the project is \$12,679,098. The proposed action would leave a remaining uncommitted Right of Way and Construction phase budget of \$359,039 and an uncommitted balance for the project budget of \$1,492,140.

There are sufficient funds to complete this action within the project's construction phase budget if the budget amendment is approved. Committing these funds will not endanger any other project elements that are to be funded out of the overall project.

## BUDGET TABLE

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

Project: 251 - South Tacoma Station

	2007 Current Budget <sup>1</sup> (A)	Committed To Date <sup>2</sup> (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) <sup>3</sup> (E)
1 Agency Administration	\$ 1,029	\$ 1,029	\$ -	\$ 1,029	\$ -
2 Preliminary Engineering	\$ 542	\$ 542	\$ -	\$ 542	\$ 0
3 Final Design	\$ 1,121	\$ 1,093	\$ -	\$ 1,093	\$ 28
4 Right of Way & Construction	\$ 12,679	\$ 2,778	\$ 9,542	\$ 12,320	\$ 359
5 Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -
6 Contingency	\$ 1,105	\$ -	\$ -	\$ -	\$ 1,105
7 Total Current Budget	\$ 16,476	\$ 5,441	\$ 9,542	\$ 14,984	\$ 1,492
<b>Phase Budget Detail</b>					
8 Right of Way & Construction	12,679	2,778	9,542	12,320	359
9 Misc. Activity	\$ -	\$ -	\$ -	\$ -	\$ -
10 Total Phase	\$ 12,679	\$ 2,778	\$ 9,542	\$ 12,320	\$ 359
<b>Contract Budget</b>					
	Current Approved Contract Value (F)	Committed To Date <sup>2</sup> (G)	Proposed Action (H)	Proposed Total Contract Value (I)	
11 Merlino Construction	\$ -	\$ -	\$ 8,675	\$ 8,675	
12 Contingency	\$ -	\$ -	\$ 867	\$ 867	
13 Total	\$ -	\$ -	\$ 9,542	\$ 9,542	
14 Percent Contingency	0%	0%	10%	10%	

**Notes:**

<sup>1</sup> Project budget is located on page 123 of the Adopted 2007 Budget book. The Board approved the Adopted 2007 Budget on December 14, 2006 and amended the project budget through Resolution R2007-21 which is being taken concurrently with this action.

<sup>2</sup> Committed to date amount includes actual outlays and commitments through September 30, 2007.

## **SMALL BUSINESS PARTICIPATION**

### Prime Contractor

Gary Merlino Construction is the prime consultant for this contract. Gary Merlino Construction committed to a 20.2% Small Business goal.

### Utilization Breakdown Table

<b>Subcontractor</b>	<b>Business Type</b>	<b>% of Work</b>	<b>Dollar Value</b>
J. Harper Contractors, Inc	MDBE	0.2%	\$20,850.00
Salinas Sawing & Sealing, Inc	MBE	0.65%	\$56,550.00
NW Boring Co., Inc	MBE	0.43%	\$37,050.00
Coates Surveying	MDBE	0.4%	\$35,000.00
T. Yorozu Gardening	MBE	3.6%	\$310,000.00
TC Borden Underground, Inc	HUB	5.05%	\$438,000.00
Corona Steel, Inc	MBE	9.9%	\$855,000.00
<b>Total</b>		<b>20.2%</b>	<b>\$1,753,000.00</b>

### EEO Commitment

Merlino Construction workforce demographics are 9% women and 23.5% minorities.

### Apprentice Utilization Commitment

Merlino Construction is committed to hiring apprentices for 20% of all labor hours.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

The South Tacoma Station project consists of a single side platform, passenger drop off zone, and parking for approximately 230 vehicles. The South Tacoma Station will consist of the following:

- Platform  
The single platform will begin north of South 60<sup>th</sup> Street and will be approximately 1,200 feet long with passenger shelters and other amenities.
- Parking  
A single surface parking lot with two entrances, approximately 230 spaces, landscaping, lighting, signage and utilities (stormwater, irrigation, electrical) will be located at the northeast corner of South 60<sup>th</sup> and Adams Streets.
- Car Drop-off Lane  
A passenger drop off zone is designed between South 58<sup>th</sup> and South 60<sup>th</sup> Streets immediately east of the platform. This will be a one-way drop off zone that will be converted to a bus loop.

The Adopted 2007 Budget is based on an Engineer's Estimate that was prepared for the project in September 2006. That estimate totaled \$5,511,723 and included a 10% contingency. In April 2007 prior to advertisement, a revised estimate was prepared. The revised cost estimate of

\$7,093,093, which included a 10% summer bid contingency and 9% construction escalation factor was the basis for the advertisement.

In July 2007, an Invitation for Bid for the construction of South Tacoma Station was advertised. Three contractors submitted bids, which were opened on July 31, 2007. The bids ranged in size from the low bid at \$7.7 million to the mid-range bid of \$8.6 million and the high bid of \$9.6 million. The apparent low bidder for the project was deemed non-responsible following the bid evaluation process. Gary Merlino Construction is now the low responsive and responsible bidder with a bid of \$8,674,750 or 22% higher than the Engineer's Estimate (April 2007), creating a budget shortfall for the entire project. At this time, based on the current bidding climate and rising costs of labor and materials this is a reasonable bid and offers the best value to the agency. Canceling the bids and re-bidding the project would not be in the best interest of the agency as the potential risk of receiving higher bids is great. Also, further delays in beginning construction has additional impacts to negotiated work windows along the rail corridor, which would further impact the project schedule and budget.

The estimated shortfall for the project is \$4,960,797, which includes shortfalls in the construction contract, construction management, construction contingency, project administration, and proposed contingency amounts.

The proposed action is consistent with environmental documentation prepared under the National Environmental Policy Act (NEPA) and the State Environmental Policy Act (SEPA). In May 2002, Sound Transit and the Federal Transit Administration (FTA) issued the Environmental Impact Statement (EIS) under SEPA and NEPA for the South Tacoma Station project. The FTA issued the Record of Decision for the Lakewood-to-Tacoma Commuter Rail and SR-512 Park and Ride Expansion on December 31, 2002.

### **Prior Board/Committee Actions**

<b>Motion/Resolution Number and Date</b>	<b>Summary of Action</b>
M2005-111 10/20/2005	Authorized the chief executive officer to execute a contract with URS Corporation to provide Construction Management Services in the amount of \$550,000 with a 10% contingency for a not to exceed amount of \$605,000.
R2002-21 12/12/2002	The Lakewood-to-Tacoma Commuter Rail and SR-512 Park-and-Ride Expansion project to be built shall include the corridor improvements, station facilities, train storage facility, and park-and-ride improvements described below:
M2001-13 2/8/2001	Executed the Preferred Alternative for the Lakewood to Tacoma commuter rail expansion project to be considered in the Final Environmental Impact Statement, including a commuter rail station location in South Tacoma.

### **CONSEQUENCES of DELAY**

The contractor's bid guarantee is due to lapse in November, following a lengthy responsibility review process that was required after bid opening in July. Further delay on this action may risk award of a construction contract at the bid price.

## **PUBLIC INVOLVEMENT**

Significant public involvement occurred on this project during the preliminary engineering and environmental documentation phase, and final design. Outreach included open houses, direct mailings, Tacoma City Council presentations, several station design open houses, community briefings, and web site updates.

## **ENVIRONMENTAL COMPLIANCE**

SK 9/27/07

## **LEGAL REVIEW**

JW 10/24/07

## SOUND TRANSIT

### MOTION NO. M2007-104

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract with Gary Merlino Construction to provide construction services for the South Tacoma Station project in the amount of \$8,674,750, with a 10% contingency of \$867,475, for a total authorized contract amount not to exceed \$9,542,225.

#### **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 Gary Merlino Construction to provide construction services for the South Tacoma Station project in the amount of \$8,674,750, with a 10% contingency of \$867,475, for a total authorized contract amount not to exceed \$9,542,225.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on November 8, 2007.

  
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John W. Ladenburg  
Board Chair

ATTEST:

  
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Marcia Walker  
Board Administrator