

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2007-79**

**Contract Award for Link Construction of the  
Airport Link Station Concrete and Trackwork**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	7/19/07	Discussion/Possible Action to Recommend Board Approval Action	Ahmad Fazel, Link Executive Director	(206) 398-5389
Board	7/26/07		<b>Ron Lewis, Airport Link Project Director</b>	(206) 689-4905

<b>Contract/Agreement Type:</b>	<input checked="" type="checkbox"/>	<b>Requested Action:</b>	<input checked="" type="checkbox"/>
Competitive Procurement	<input checked="" type="checkbox"/>	Execute New Contract/Agreement	<input checked="" type="checkbox"/>
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	
Real Estate		Property Acquisition	

**PROJECT NAME**

Airport Link

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a contract with Mowat Construction Company for the construction of selected elements of the SeaTac/Airport Station and trackwork in the amount of \$34,800,000, with a contract contingency of \$1,000,000, for a total authorized contract amount not to exceed \$35,800,000.

**KEY FEATURES of PROPOSED ACTION**

- This contract includes the construction of the reinforced concrete structural elements of the SeaTac/Airport Station and 5,900-feet of light rail trackwork. The construction of the SeaTac/Airport Station is the last major element of the Airport Link project to enter into construction and needs to begin by the third quarter of 2007 in order to help ensure that the station will be complete and operational by the end of 2009.
- The scope of this contract as advertised included the SeaTac/Airport Station, two pedestrian bridges (one Sound Transit and one Port of Seattle), the International Boulevard Plaza, and 5,900-feet of light rail trackwork. Sound Transit received a single bid from Mowat Construction and subsequently performed a comprehensive bid evaluation and cost analysis. The recommended course of action is to convert to a negotiated contract on a reduced scope of work for selected elements of the project and redesign the remainder of the scope elements to reduce the overall cost. This sole source contract is justified by the single bid received and evaluated under the cost analysis.

- As a cost reduction measure, approximately 3,000 feet of at-grade trackwork will be constructed as ballasted track rather than direct fixation. Certain scope elements of that configuration change will be implemented in this contract and are included in the negotiated price. Other elements of that change are not included in this contract and will be implemented as a change order to the Airport Link C420 contract, which is being administered by the Port of Seattle under the Memorandum of Agreement with Sound Transit dated April 17, 2006. The net effect of this configuration change from direct fixation to ballasted track is a cost reduction of approximately \$1.2 million.
- Staff recommends assignment of a contract contingency in the amount of 3% equal to \$1,000,000 to provide funding for contract amendments in response to potential changed conditions encountered during construction.
- Under this contract, Sound Transit, at its sole discretion, may add all or a portion of the originally advertised scope elements to the contract at a future date. It also provides that the remainder of scope elements not included in this reduced scope contract package may be subject to change as the design is developed and finalized. Sound Transit may also advertise and award the remaining scope elements under a separate contract.
- Under the terms of the Memorandum of Agreement (MOA) with the Port of Seattle, the Port must approve the award of this contract.
- Sound Transit is also pursuing agreement with the Port for the Port to administer this contract and perform construction management services in coordination with Sound Transit. Sound Transit expenditures to reimburse the Port for contract administration and construction management services performed by the Port on behalf of Sound Transit were previously authorized under Motion No. M2006-18.
- Sound Transit staff has been coordinating this project effort with the City of SeaTac as well as other regulatory agencies, and all necessary construction permits are expected to be issued to meet the scheduled start of construction.

### **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 Adopted 2007 Budget for Airport Link is \$243.6 million. Within that amount, \$53,540,000 has been set aside for construction of the SeaTac/Airport Station, elevated structures and trackwork (C430) in the construction phase. Approval of the proposed action, which is for a reduced scope of work than planned for the current adopted budget, would commit \$35,800,000 to this budget line item, leaving a remaining balance of \$17,740,000.

The proposed action is within the current adopted budget, and is affordable within the agency's long-term financial plan and subarea financial capacity. The action will have no new revenue impact on Sound Transit at this time. However, it is anticipated that additional funding may be required to complete the full scope of work for the SeaTac/Airport Station.

## BUDGET TABLE

**Action Item:** Mowat Construction Company (construction of selected elements of the SeaTac/Airport Station and trackwork (C430) within the Airport Link project)

(Year of Expenditure \$000)

<b>Airport Link</b>	Adopted 2007 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
1 Agency Administration	5,000	2,808		2,808	2,192
2 Preliminary Engineering	5,073	4,726		4,726	347
3 Final Design	15,405	14,496		14,496	909
4 Right of Way	20,000	17,497		17,497	2,503
5 Construction	163,522	107,476	35,800	143,276	20,246
6 Construction Services	10,500	6,457		6,457	4,043
7 Third Party Agreements	2,600	1,810		1,810	790
8 Vehicles	15,500	14,587		14,587	913
9 Contingency	6,000	-		-	6,000
10 <b>Total Current Budget</b>	<b>243,600</b>	<b>169,858</b>	<b>35,800</b>	<b>205,658</b>	<b>37,942</b>
<b>Construction Phase Detail</b>					
11 C430 Station, Elevated Structure	53,540	-	35,800	35,800	17,740
12 Other Construction	105,039	103,809		103,809	1,230
13 Constr Unallocated Contingency	4,943	3,668		3,668	1,276
14 <b>Total Phase</b>	<b>163,522</b>	<b>107,476</b>	<b>35,800</b>	<b>143,276</b>	<b>20,246</b>
<b>Contract Amount</b>					
	Board Approvals to Date (F)	Current Approved Contract Value (G)	Proposed Action (H)	Proposed Total for Board Approval (I)	Proposed Contract Value (J)
15 Contract Amount	-	-	34,800	34,800	34,800
16 Contingency	-	-	1,000	1,000	1,000
17 <b>Total Contract</b>	<b>-</b>	<b>-</b>	<b>35,800</b>	<b>35,800</b>	<b>35,800</b>
18 Percent Contingency	0%	0%	3%	3%	3%

(B) COMMITTED TO DATE amounts are from Agency WBS Report as of May 2007 + approved and pending board actions not recorded as of 5/31/07, or submitted after that date.

## SMALL BUSINESS PARTICIPATION

Mowat Construction Company is the prime contractor. A Small Business participation goal of 15% was established for this contract. Mowat has agreed to develop, implement, and maintain a Small Business participation plan to achieve not less than 13.7% Small Business participation and has committed to the utilization of Small Businesses throughout the duration of the project. Mowat will continue to work diligently with Sound Transit to explore and identify additional opportunities for Small Business participation.

### Utilization Breakdown Table

<b>Subcontractor</b>	<b>Business Type</b>	<b>% of Work</b>	<b>Dollar Value</b>
Marshbank Construction	MBE/DBE	1.58%	\$550,000
Rainier Steel	MBE/DBE	10.00%	\$3,480,000
LeaJack Construction	MBE/DBE	1.15%	\$400,000
SeaTac Sweeping	MBE/DBE	0.29%	\$100,000
JP Francis	MBE	0.17%	\$60,000
Emerald City Weatherproofers, Inc	MBE/DBE	0.52%	\$180,000
<b>Total</b>		<b>13.7%</b>	<b>\$4,770,000</b>

### EEO Commitment

Mowat Construction Company has agreed to adhere to the EEO provisions contained in the contract documents. The EEO goals are 21% people of color and 12% women of the total labor hours worked on the contract.

### Apprentice Utilization Commitment

Mowat Construction Company has committed to meet the 20% Apprentice Utilization goal as contained in the contract documents. Under the terms of the contract, people of color and women are to comprise at least 50% of all first-year apprentice hours, and 33% of all apprentice hours worked.

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

The Airport Link (C430) Contract is the last major construction contract for the Airport Link project. Sound Transit advertised this contract on December 28, 2006. The scope as advertised included the SeaTac/Airport Station, two pedestrian bridges (one Sound Transit and one Port of Seattle), the International Boulevard Plaza, and 5,900-feet of light rail trackwork. On March 6, 2007, Sound Transit received a single bid of \$95,305,250 from Mowat Construction (Mowat) for the C430 Airport Link Station project. Sound Transit's engineer's estimate was \$51,844,172.

Immediately following the bid opening, Sound Transit performed an evaluation of the single bid received, and included the following elements:

- Performed a cost analysis of the bid.
- Reviewed the details of the bid relative to the engineer's estimate and identified the major discrepancies
- Worked with Mowat to identify, understand, and quantify the discrepancies between the engineer's estimate and the bid.

### Factors Influencing Mowat Construction's C430 Bid

During the bid evaluation and cost analysis, Mowat identified the following factors as influencing their C430 bid.

- Subcontractor participation – Despite a broad solicitation process to encourage subcontractors to submit bids, and consistent with recent trends, Mowat received less than the desired number of bids for many of the subcontracted scope elements, generally one or two bids rather than the desired three to four bids.
- Schedule – the project has a challenging schedule and that the bid price would potentially be lower if contract milestones were not as restrictive. This assumption led to overtime costs not contemplated in Sound Transit's engineer's estimate.
- Labor costs - due to the current market conditions, quality trade labor is paid a premium above the prevailing rate, which has a direct impact on the project's labor costs.
- Access to the work site – the limited size and restricted access corridors created constructability challenges.
- Constructability – the complexity of certain design elements, the uniqueness of selected materials, and the level of finishes limited the availability of some materials and suppliers; and also impacted the cost of the work.

## Recommended Action

Sound Transit and the Port of Seattle met to discuss a range of potential options for moving forward. The guiding principles of the discussion was to ensure that the construction of the station could be complete and operational by the end of 2009 at a fair and reasonable cost. Given these goals, the recommended course of action is to convert the contract to a negotiated procurement with a reduced scope that initially includes the station structural concrete, guideway, and trackwork. The remaining scope elements are being redesigned to reduce cost and maintain functionality. The remaining scope elements may be awarded to Mowat as a change order to this contract or alternatively, advertised and awarded under a separate contract.

## **Prior Board/Committee Actions on this Project**

<b>Motion/Resolution Number and Date</b>	<b>Summary of Action</b>
M2006-18 04/13/06	Authorized execution of a Memorandum of Agreement with the Port of Seattle (Port) specifying the terms and conditions for the development of the Airport Link Project on Port property, allowing the use of Port right-of-way, and defining the integrated delivery strategy for Airport Link light rail and related Port roadway projects; and to execute all other subsequent agreements as may be necessary to implement this Agreement in an amount not to exceed \$12,690,521.
M2006-12 01/26/06	Authorized execution of a Development and Transitway Agreement with the City of SeaTac specifying the terms and conditions for development of the Airport Link Project and to execute necessary subsequent agreements with the City of SeaTac for a total authorized expenditure not to exceed \$7,416,808.
M2005-117 12/08/05	Authorized execution of a contract amendment with Kinkisharyo International, L.L.C./Mitsui & Co. Inc. Joint Venture to manufacture and deliver four additional low floor light rail vehicles to support operational requirements for the Airport Link project.
R2005-16 07/14/05	Selected the Airport Link alignment and station locations between the Tukwila International Boulevard Station and South 200th Street and selected the portion of Airport Link from the Tukwila International Boulevard Station to Sea-Tac Airport to be constructed and operated as part of the Central Link Light Rail Project by the end of 2009.
M2005-65 06/23/05	Authorized the execution of a contract amendment with LTK Engineering Services to provide preliminary engineering services for the Airport Link preferred alternative and to provide final design services for the Airport Link project selected for construction in the amount of \$1,362,280 with a 5% contingency in the amount of \$68,114.
M2005-37 04/14/05	Authorized execution of a sole source contract amendment with Hatch Mott MacDonald in the amount of \$9,077,591 and a 10 percent contingency in the amount of \$907,759 to provide preliminary engineering services for the Airport Link preferred alternative and to provide final design services for the project selected for construction.
M2001-126 11/29/01	Authorized implementation of a work plan to evaluate light rail alternatives to serve the airport by the year 2009.
M2001-103 09/27/01	Identified the preferred Initial Segment to be constructed and operated for Central Link Light Rail and directed Sound Transit staff to work with the Port of Seattle and the Cities of SeaTac and Tukwila to extend the Initial Segment south beyond South 154 <sup>th</sup> Street.
R99-34 11/18/99	Selected the alignment alternatives and profiles, station locations, and vehicle maintenance base site alternative to be built for the Central Link Light Rail line.

### **CONSEQUENCES of DELAY**

A delay beyond July 2007 would delay the start of station construction, and potentially delay the opening of the Airport Link extension of Central Link beyond the end of 2009.

### **PUBLIC INVOLVEMENT**

The redesign of the SeaTac/Airport Station will aspire to maintain the overall imagery and functionality of the previous design, while reducing the cost of certain station elements which contributed to the high bid price received. The City of SeaTac and the Port of Seattle are engaged in the redesign process.

### **ENVIRONMENTAL COMPLIANCE**

JI, 07/06/07

### **LEGAL REVIEW**

JN, 07/13/07

## SOUND TRANSIT

### MOTION NO. M2007-79

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract with Mowat Construction Company for the construction of selected elements of the SeaTac/Airport Station and trackwork in the amount of \$34,800,000, with a contract contingency of \$1,000,000, for a total authorized contract amount not to exceed \$35,800,000.

#### **Background:**

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- Constructability: The complexity of certain design elements, the uniqueness of selected materials, and the level of finishes limited the availability of some materials and suppliers; and also impacted the cost of the work.

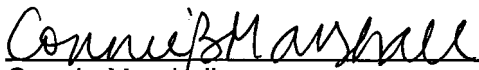
Recommended Action

Sound Transit and the Port of Seattle met to discuss a range of potential options for moving forward. The guiding principles of the discussion were to ensure that the construction of the station could be complete and operational by the end of 2009 at a fair and reasonable cost. Given these goals, the recommended course of action is to convert the contract to a negotiated procurement with a reduced scope that initially includes the station structural concrete, guideway, and trackwork. The remaining scope elements are being redesigned to reduce cost and maintain functionality. The remaining scope elements may be awarded to Mowat as a change order to this contract or alternatively, advertised and awarded under a separate contract.


**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 Mowat Construction Company for the construction of selected elements of the SeaTac/Airport Station and trackwork in the amount of \$34,800,000, with a contract contingency of \$1,000,000, for a total authorized contract amount not to exceed \$35,800,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 26, 2007.

  
Connie Marshall  
Board Vice-Chair

ATTEST:

  
Marcia Walker  
Board Administrator