

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2007-21

Amending the Adopted 2007 Budget for the South Tacoma Station Project

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	11/1/07	Discussion/Possible Action to Recommend Board Approval	Jim Edwards, Director, Capital Projects	(206) 398-5436
Board	11/8/07	Action	Eric Beckman, Program Manager, Fred Wilhelm, Project Manager	(206) 398-5251 (206) 398-5034

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

Sounder Commuter Rail - South Tacoma Station

PROPOSED ACTION

Amends the Adopted 2007 Budget for the South Tacoma Station project to increase the Adopted 2007 Lifetime Budget by \$4,960,797, from \$11,515,030 to \$16,475,827, to reflect the use of unused financial capacity within the Pierce County subarea.

KEY FEATURES of PROPOSED ACTION

- The successful low bidder for the construction contract was Merlino Construction with a bid of \$8,674,750, or 22% higher than the engineer's estimate, creating a budget shortfall for the entire project.
- This action amends the Adopted 2007 Budget by \$4,960,797 to accommodate the successful low construction bid.
- This action would reduce the unutilized excess financial capacity within the Pierce County subarea and require the issuance of bonds to finance Pierce County subarea projects. These bonds are not a separate issuance, but would be included as part of the request to issue bonds in Resolution Nos. R2007-22, 23, and 24.

BUDGET IMPACT SUMMARY

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

Action Outside of Adopted Budget:	✓	Comments on Checked Items
This Project		
This Phase		
This Task		
Budget Amendment Required	✓	\$5 million will be funded from unused financial capacity within the Pierce County subarea.

Key Financial Indicators:	✓	Comments on Checked Items
Contingency Funds Required		
Funding required from other parties (other than what is in financial plan)		

Not checked = action is assumed in current Board-adopted budget. No budget action or adjustment to financial plan required.

BUDGET and FINANCIAL PLAN DISCUSSION

The proposed resolution would amend the Adopted 2007 Budget for the South Tacoma Station project with the increase being funded from unused financial capacity within the Pierce County subarea in the amount of \$4,960,797. As shown in the table below, the Adopted 2007 Budget for the South Tacoma Station project (251) would be increased to \$16,475,827. If the resolution is approved, it would increase the Sounder program lifetime budget by \$5 million and the Proposed 2008 Budget would be amended for the project to match this amendment.

Under the agency's current long-term financial plan, the Pierce County subarea currently has unutilized financial capacity over what is necessary to fund the current Board-adopted capital budgets and operating commitments associated with all Sound Move projects in the subarea. However, this action would require the issuance of approximately \$7 million in bonds for the Pierce County subarea.

In addition, this action would reduce the capacity for projects under ST2 financial plan by \$5M. Under the ST2 plan, the Pierce County subarea's net coverage is 1.7x; it would be reduced to 1.68 following adoption of this action.

BUDGET TABLE

LIFETIME BUDGET

South Tacoma Station (251)	2007 Board Adopted Lifetime Budget ¹	Budget Adjustment ²	Amended Board Adopted Lifetime Budget
Agency Administration	\$ 663,672	\$ 364,922	\$ 1,028,594
Preliminary Engineering	\$ 541,944	\$ -	\$ 541,944
Final Design	\$ 1,195,225	\$ (74,493)	\$ 1,120,732
Right of Way and Construction	\$ 8,201,948	\$ 4,477,150	\$ 12,679,098
Vehicles	\$ -	\$ -	\$ -
Contingency	\$ 912,241	\$ 193,217	\$ 1,105,458
Total	\$ 11,515,030	\$ 4,960,797	\$ 16,475,827

Notes:

- ¹ South Tacoma Station project budget is located on page 123 of the Adopted 2007 Budget book. The Board approved the Adopted 2007 Budget on December 14, 2006.
- ² The proposed budget amendment would be funded from unused financial capacity within the Pierce County sub-area.

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

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 60th 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 60th and Adams Streets.
- Car Drop-off Lane
A passenger drop off zone is designed between South 58th and South 60th 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-responsive following the bid evaluation process. 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 we believe 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

Motion/Resolution Number and Date	Summary of Action
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 website updates.

ENVIRONMENTAL COMPLIANCE

Not applicable for this action.

LEGAL REVIEW

JW 10/24/07

SOUND TRANSIT

RESOLUTION NO. R2007-21

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the Adopted 2007 Budget for the South Tacoma Station project to increase the Adopted 2007 Lifetime Budget by \$4,960,797, from \$11,515,030 to \$16,475,827, to reflect the use of unused financial capacity within the Pierce County subarea.

WHEREAS, a Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish County region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, at a general election held within the Central Puget Sound Regional Transit Authority district, the voters approved local funding for high capacity transit in the Central Puget Sound Region; and

WHEREAS, by Resolution No. R2006-24, the Sound Transit Board adopted the 2007 Budget on December 14, 2006; and

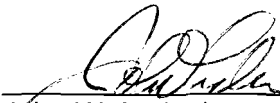
WHEREAS, there is insufficient budget to fund the South Tacoma Station project, which includes shortfalls in the construction contract, construction management, construction contingency, project administration, and proposed contingency amounts in the amount of \$4,960,797; and

WHEREAS, said budget amendment is consistent with and affordable under Board-adopted Sound Transit financial policies as established by Resolution No. 72-1; and

WHEREAS, a two-thirds affirmative vote of the entire membership of the Sound Transit Board is required to amend the Adopted 2007 Budget.


NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Adopted 2007 Budget for the South Tacoma Station project is amended to reflect the use of unused financial capacity within the Pierce County subarea by increasing the Adopted 2007 Lifetime Budget by \$4,960,797, from \$11,515,030 to \$16,475,827.

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



John W. Ladenburg
Board Chair

ATTEST:



Marcia Walker
Board Administrator