

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2008-118

**Contingency Increase for Construction Management Services
of the Beacon Hill Tunnel and Station Project**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	12/4/08	Discussion/Possible Action to Recommend Board Approval	Ahmad Fazel, Link Executive Director	(206) 398-5389
Board	12/11/08	Action	Joe Gildner, Initial Segment Project Director Richard Sage, Link Construction Manager	(206) 689-3350 (206) 398-5226

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 Initial Segment

ACTION

Authorizes the chief executive officer to increase the contingency for the contract with PB Americas, Inc. (previously Parsons Brinckerhoff Construction Services, Inc.) to provide continuing construction management services of the Beacon Hill Station and Tunnel civil construction contract, in the amount of \$3,011,427, for a new total authorized contract amount not to exceed \$18,600,000.

KEY FEATURES

- The request for an increase in contingency is due to, in large part, the construction of the Beacon Hill Station and Tunnel taking longer to complete than originally anticipated by the contract. Thus, because construction management oversight duration is tied directly to the duration of the contractor's construction period, the duration for which the construction management team's presence is required on site must be extended to coincide with that of the construction.
- In addition, there are increased costs due to increased work loads for the following contract functions:
 - safety representative;
 - estimating;
 - scheduling;
 - equipment commissioning and electrical systems issues resolution;
 - diversity support; and
 - additional administrative support.
- This amendment will provide additional funds to continue the on-going normal construction management services for the Beacon Hill Station and Tunnel.

BUDGET IMPACT SUMMARY

Current Project Phase: Construction

Projected Completion Date: 2009

Action Outside of Adopted Budget:	✓	Comments on Checked Items
This Project		
This Phase	✓	Proposed action requires funding from surplus budget within other phases of the Initial Segment project.
This Task		
Budget Amendment Required		
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 DISCUSSION

The Adopted 2008 Lifetime Capital Budget for the Central Link Initial Segment is \$2.07 billion. Within that amount \$16,600,000 has been set aside for construction management services for the Beacon Hill Station and Tunnel civil construction contract (C710) in the construction services phase.

The proposed action would increase current commitments for this line item by \$3,011,427 for a revised total commitment of \$18,600,000, and result in a budget shortfall of \$2,000,000 for this task, amounting to a shortfall of \$1,492,056 for the total construction services phase. Since there is no unallocated contingency remaining in the construction services phase, the budget shortfall would be funded from surplus budget within other phases of the Initial Segment project. However, the proposed action is within the task budget set aside for this line item in the construction services phase of the Proposed 2009 Budget.

The proposed action is within the current adopted budget for this project and the Proposed 2009 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.

BUDGET TABLE

Action Item: PB Americas, Inc. (increase contingency to provide continuing construction management services for the Beacon Hill Tunnel (C710) segment of the Central Link Initial Segment project)

(Year of Expenditure \$000)

Initial Segment	Adopted 2008 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
Agency Administration	193,274	170,020		170,020	23,254
Preliminary Engineering	33,310	33,310		33,310	(0)
Final Design	147,213	146,902		146,902	311
Right of Way	208,396	203,601		203,601	4,796
Construction	1,191,768	1,158,302		1,158,302	33,466
Construction Services	100,317	98,798	3,011	101,809	(1,492)
Third Party Agreements	63,414	63,406		63,406	8
Vehicles	132,307	131,799		131,799	508
Total Current Budget	2,070,000	2,006,139	3,011	2,009,150	60,850

Construction Services Phase Detail

CM C710	16,600	15,589	3,011	18,600	(2,000)
Other Construction Services	82,717	82,209		82,209	508
Const Services Unalloc Contingency	1,000	1,000		1,000	-
Total Phase	100,317	98,798	3,011	101,809	(1,492)

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)
Contract Amount	14,171	15,589	-	14,171	15,589
Contingency	1,417	-	3,011	4,429	3,011
Total Contract	15,589	15,589	3,011	18,600	18,600
Percent Contingency	10%	0%	100%	31%	19%

(B) COMMITTED TO DATE amounts are from Agency WBS Report as of October 2008 + approved and pending board actions not recorded as of 10/31/08, or submitted after that date.

Budget Shortfall Task Level	\$Shortfall (K)	Potential Resources (L)	Source (M)
CM C710	2,000	60,850	Surplus budget within other phases of the Initial Segment project

SMALL BUSINESS PARTICIPATION

Prime Consultant/Contractor

PB Americas, Inc., as the prime consultant for this contract is committed to a 22.22% Small Business participation goal. PB Americas, Inc. has met or exceeded this goal with a performance to date of 27.78%. With this amendment the overall participation at the end of the contract period is projected to be 25.79%

Utilization Breakdown Table

Subconsultant	Business Type	% of Work	Dollar Value
Kristen Betty & Associates	DBE	13.89 %	\$ 2,584,197
Entech	DBE	7.16 %	\$ 1,333,213
Moniz Associates Architects	DBE	1.97 %	\$ 367,367
Garry Struthers Associates	Small Business	1.71 %	\$ 317,876
Babendererde Construction Support	Small Business	1.06 %	\$ 197,852
Total		25.79%	\$4,800,505

EEO Commitment

PB Americas, Inc. demographics are 31% women and 19% people of color.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

Construction for Beacon Hill started in the summer of 2004. The Beacon Hill Station and Tunnel contract includes the construction of light rail facilities in tunnel and on aerial structures from Airport Way South through Beacon Hill to a location near the intersection of Rainier Avenue and Martin Luther King Way. It also includes the construction of the Beacon Hill Station (underground) and the Mt. Baker Station (aerial structure).

The construction management services provided under this contract have been supplemented with Sound Transit staff, and provide:

- highly specialized sequential excavation mining inspectors
- an environmental oversight consultant
- a quality assurance surveying consultant
- a quality assurance testing laboratory

Previously the Central Link Oversight Committee and the Sound Transit Board have been provided briefings concerning the construction contractor's progress on the contract. Sound Transit is forecasting substantial completion by May 2009 with acceptance to follow one month later. The May 2009 substantial completion does not impact revenue operation service in July 2009 as the critical systems will be operational and tested prior to that date.

This increase in the contract contingency is necessary due to the following factors:

- The construction of the Beacon Hill Station and Tunnel is taking longer to complete than originally anticipated by the contract. Thus, because construction management oversight duration is tied directly to the duration of the construction period, the duration for which the construction management team's presence is required on site must be extended to coincide with that of the construction contractor.
- Increased costs due to increased work loads for the following contract functions:
 - Safety Representative
 - Estimating
 - Scheduling
 - Commissioning and Electrical Systems Issues Resolution
 - Diversity Support
 - Additional Administrative Support

Prior Board/Committee Actions

Motion/Resolution Number & Date	Summary of Action
M2004-01 1/15/04	Authorized the Chief Executive Officer to execute a contract with Parsons Brinckerhoff Construction Services, Inc. to provide construction management services for Contract C710, Beacon Hill Project in the amount of \$14,171,430 and authorize use of a 10% contingency in the amount of \$1,417,143, for a total authorized expenditure amount not to exceed \$15,588,573.

CONSEQUENCES OF DELAY

Construction is underway for the Beacon Hill Station and Tunnel. PB Americas, Inc. is essential for construction management, administration and oversight of construction during the construction period. Without the continuing support of PB Americas, Inc., Sound Transit would not be able to effectively and efficiently manage the construction being performed by the civil construction contractor and its subcontractors, nor would it be able to effectively and efficiently coordinate the construction of the systems contractors with those of the civil contractor. A delay in Finance Committee action and Board approval in December could impact the orderly management and oversight of construction activities.

PUBLIC INVOLVEMENT

Sound Transit continues to work cooperatively with the City of Seattle, King County Metro, Washington State Department of Transportation, the Department of Ecology, and local businesses and interest groups on the Central Link Light Rail Project. Sound Transit staff continues to keep local and area residents informed about the status of the project and the impact of construction on the affected neighborhoods.

ENVIRONMENTAL COMPLIANCE

JI, 11/14/08

LEGAL REVIEW

JW 11/26/08

SOUND TRANSIT

MOTION NO. M2008-118

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to increase the contingency for the contract with PB Americas, Inc. (previously Parsons Brinckerhoff Construction Services, Inc.) to provide continuing construction management services of the Beacon Hill Station and Tunnel civil construction contract, in the amount of \$3,011,427, for a new total authorized contract amount not to exceed \$18,600,000.

Background:

Construction for Beacon Hill started in the summer of 2004. The Beacon Hill Station and Tunnel contract includes the construction of light rail facilities in tunnel and on aerial structures from Airport Way South through Beacon Hill to a location near the intersection of Rainier Avenue and Martin Luther King Way. It also includes the construction of the Beacon Hill Station (underground) and the Mt. Baker Station (aerial structure).

The construction management services provided under this contract have been supplemented with Sound Transit staff, and provide:

- highly specialized sequential excavation mining inspectors
- an environmental oversight consultant
- a quality assurance surveying consultant
- a quality assurance testing laboratory

Previously the Central Link Oversight Committee and the Sound Transit Board have been provided briefings concerning the construction contractor's progress on the contract. Sound Transit is forecasting substantial completion by May 2009 with acceptance to follow one month later. The May 2009 substantial completion does not impact revenue operation service in July 2009 as the critical systems will be operational and tested prior to that date.

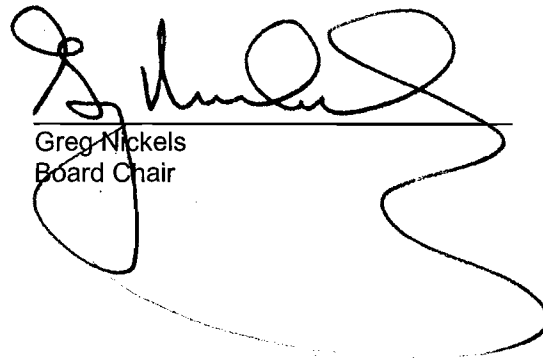
This increase in the contract contingency is necessary due to the following factors:

- The construction of the Beacon Hill Station and Tunnel is taking longer to complete than originally anticipated by the contract. Thus, because construction management oversight duration is tied directly to the duration of the construction period, the duration for which the construction management team's presence is required on site must be extended to coincide with that of the construction contractor.
- Increased costs due to increased work loads for the following contract functions:
 - Safety Representative
 - Estimating
 - Scheduling
 - Commissioning and Electrical Systems Issues Resolution
 - Diversity Support
 - Additional Administrative Support

Motion:

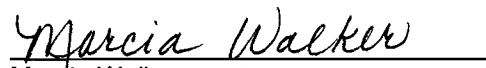
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to increase the contingency for the contract with PB Americas, Inc. (previously Parsons Brinckerhoff Construction Services, Inc.) to provide continuing construction management services of the Beacon Hill Station and Tunnel civil construction contract, in the amount of \$3,011,427, for a new total authorized contract amount not to exceed \$18,600,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 11, 2008.



Greg Nickels
Board Chair

ATTEST:



Marcia Walker
Board Administrator