

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2009-17

**Increased Authorized Construction Contract Amount for Advanced Utility Relocation at the
University of Washington Station**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	2/5/09	Discussion/Possible Action	Ahmad Fazel, Link Executive Director John Harrison, University Link Project Director Ben Emam, University Link Construction Manager	(206) 398-5389 (206) 398-5309 (206) 398-5394

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

University Link – Pine Street Stub Tunnel (PSST) to University of Washington (UW) Station

PROPOSED ACTION

Authorize the chief executive officer to increase the authorized amount of the contract with Granite Northwest, Inc. for construction of advanced utility relocation at the University of Washington Station site for the University Link project in the amount of \$1,600,000, for a new total authorized contract amount not to exceed \$3,218,000, which includes costs reimbursable to Sound Transit from the University of Washington for betterment work.

KEY FEATURES of PROPOSED ACTION

- The proposed action will increase the authorized contract (Contract 210) amount by \$1,600,000 for proposed negotiated changes including the addition of site work, retaining wall, site utilities, and foundations for the temporary replacement buildings to be placed at the University of Washington (UW) Station site near Husky Stadium. All of this increased amount is to be applied to the additional cost of change order work and does not increase the contract contingency amount of \$325,000 previously approved by Motion No. M2008-96.
- The UW temporary building site work is integral to and necessary to complete the U210 Contract base scope. This work was not included in the original U210 Invitation to Bid because Sound Transit anticipated that the UW would perform this work for Sound Transit using its own Job Order Contractor under a proposed agreement that was never finalized. After the award of the U210 Contract, the UW withdrew its offer to perform this work because the cost of the UW temporary building site work was beyond the limit of what the UW's Job Order Contractor could perform. Sound Transit completed the design of the UW Temporary Building Site work in December 2008 and evaluated the options of either bidding as a separate contract or adding this work as a negotiated Change Order to the U210 Contract. The details of why the Change Order approach was recommended are discussed under the Project Description and Background Section below.
- A proposed Change Order was negotiated in the amount of \$1,622,000 for the UW temporary building site work and impacts of this added work on the base contract. Of this amount, \$1.6 million is proposed

to be funded by this action and the remaining \$22,000 would be funded out of the existing authorized contingency of \$325,000, leaving a remaining contingency balance of \$303,000, or approximately 10% of the revised contract amount. The remaining contingency is expected to be sufficient to complete the U210 contract within the proposed revised authorized amount.

- The previous total authorized contract amount of \$1,618,000 included reimbursements to Sound Transit by University of Washington in the amount of \$175,000 for betterment work. The addition of new scope of work does not affect the amount of betterment work.

BUDGET IMPACT SUMMARY

Current Project Phase: Construction
 Projected Completion Date: 2016

Action Outside of Adopted Budget:	✓	Comments on Checked Items
This Project		
This Phase		
This Task	✓	Proposed action includes a scope and budget transfer from Other Construction (allocated contingency for U220 TBM Tunnels) within the construction phase of the University Link project.
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)	✓	Proposed action includes betterment work that will be reimbursed to Sound Transit by the University of Washington.

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 Adopted 2009 Lifetime Capital Budget for University Link is \$1.756 billion. Within that amount \$2,629,000 has been set aside for Sound Transit’s share of the Advanced Utility Relocation at the University of Washington (Contract U210) in the construction phase.

Approval of the proposed action would increase commitments for this budget line item by \$1,600,000 to a revised total commitment of \$3,043,000, and result in a shortfall of \$414,000, which would be funded by a budget transfer from allocated contingency for U220 TBM Tunnels within the construction phase of the University Link project. The justification for this transfer is that the scope of the UW temporary building site work was originally included in the Contract U220 budget.

The previous total authorized contract amount for Granite Northwest, Inc. included betterment work in the amount of \$175,000 for which Sound Transit will be reimbursed by the University of Washington (UW). This betterment work will not be charged to the University Link project.

The proposed action is consistent with the current adopted lifetime 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: Granite Northwest, Inc. (increase authorized contract for construction of advanced utility relocation at the University of Washington within the University Link project)

(Year of Expenditure \$000)

University Link	Adopted 2008 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
Agency Administration	115,229	36,795		36,795	78,434
Preliminary Engineering	24,388	24,329		24,329	59
Final Design	77,944	69,717		69,717	8,227
Right of Way	167,332	113,382		113,382	53,950
Construction	1,180,033	41,047	1,600	42,647	1,137,386
Construction Services	68,526	64,704		64,704	3,822
Third Party Agreements	18,646	10,188		10,188	8,458
Vehicles	103,909	99,185		99,185	4,724
Total Current Budget	1,756,007	459,347	1,600	460,947	1,295,060

Construction Phase Budget Detail

U210 Advanced Utilities	2,629	1,443	1,600	3,043	(414)
Other Construction	1,141,474	39,604		39,604	1,101,870
Construction Unallocated Contingency	35,930	-		-	35,930
Total Phase	1,180,033	41,047	1,600	42,647	1,137,386

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	1,293	1,293	1,600	2,893	2,893
Contingency	325	325	-	325	325
Total Contract	1,618	1,618	1,600	3,218	3,218
Percent Contingency	25%	25%	0%	11%	11%
Less Betterments	175	175	-	175	175
Total Sound Transit Share	1,443	1,443	1,600	3,043	3,043

(A) ADOPTED 2009 BUDGET amounts as adopted by resolution of the Sound Transit Board (R2008-14, approved 12/11/08).

(B) COMMITTED TO DATE amounts are from Agency WBS Report as of November 2008 + approved and pending board actions not recorded as of 12/31/08, or submitted after that date.

Budget Shortfall

Task Level	\$Amount (K)	Potential Resources (L)	Source (M)
U210 Advanced Utilities	414.000	1,101,870.029	Transfer from Other Construction (allocated contingency for U220 TBM Tunnels) within the construction phase of the University Link project.

SMALL BUSINESS PARTICIPATION

Prime Consultant/Contractor

Granite Northwest, Inc. (Granite) is the prime contractor for this Contract, and is committed to a 22.2% Small Business participation goal. This contract change will not negatively affect Granite’s Small Business participation goal, which will exceed Sound Transit’s 20% goal for this contract.

EEO Commitment

Granite workforce demographics are 19.5% women and 11.1% minorities.

Apprentice Utilization Commitment

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

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

The original scope of the U210 contract did not impact the existing concessions/kitchen and restroom buildings located near Husky Stadium. The original plan was to relocate UW utilities away from the U220 TBM Tunnels

UW Station – Capitol Hill Station construction site and into the E10 parking lot, and to leave the demolition and relocation of the concessions/kitchen and restroom buildings to be performed under the U220 contract. Following UW's decision to proceed with design work for the future expansion of Husky Stadium, it was agreed by all parties involved to create a "common corridor" for utility relocations, which would be sandwiched between the U220 site and the future stadium expansion footprint. The resulting redesign forced utility relocations to take place through the middle of the concessions/kitchen and restroom buildings, thereby placing the demolition of these buildings within the scope of U210.

In August 2007, as design work proceeded, UW notified Sound Transit that the kitchen in the concessions building had to be replaced prior to demolition since the kitchen had to be in continuous operation. From that point on, the new kitchen replacement building was tied to the critical path of the U210 demolition and utility relocation. Sound Transit worked closely with UW on locations and designs of all replacement buildings. The discussion with UW had assumed the possible use of UW contracting and construction management, funded by an inter-local agreement, to place the temporary buildings. Sound Transit was preparing the civil design plans, and UW was to contract for the construction of the civil work, while Sound Transit was to make sure the temporary buildings were brought to the sites.

On October 2, 2008, the Finance Committee approved award of the U210 contract to Granite Northwest, Inc. Staff recommended and the Finance Committee approved assignment of a 25% contingency for this contract given the risks associated with unknown underground utilities and potential project administration costs increase due to additional requirements from the University of Washington. Since the University of Washington had agreed to have its Job Order Contractor perform the site work for the temporary buildings, this work was not included in the U210 contract.

Shortly after the Finance Committee action, the UW Intercollegiate Athletics Department determined that the temporary kitchen/office building could not be located where it had originally been proposed, and directed that it be moved to another location requiring much more extensive site work, including a pile supported retaining wall, which increased the cost of this site work substantially. As a consequence of the change in this site work UW informed Sound Transit they would not be able to perform the construction contracting and management of this civil work.

Three options were considered for accomplishing the added UW Temporary Buildings Site work scope:

1. Bid the UW Temporary Buildings Site work separately through a new procurement,
2. Negotiate a Change Order with the U210 Contractor to add the UW Temporary Buildings Site work,
or
3. Terminate the U210 contract and advertise both the original U210 work and the added UW temporary building site work as part of the upcoming U220 contract procurement.

The first two options were advanced during November/December 2008 and January 2009 to determine which would be the better approach. A separate IFB package was prepared in parallel with discussions with the U210 Contractor on the cost of adding the UW Temporary Buildings Site work scope to the existing contract and the impact of delays to the start of the U210 Work. A Letter of Concurrence was also negotiated with the University of Washington Intercollegiate Athletics (ICA) department on the conditions required for demolishing the existing Sodexo Kitchen Facility adjacent to Husky Stadium in advance of installing the new temporary kitchen facilities. ICA will permit the existing kitchen to be demolished no earlier than March 30, 2009 and will require the new temporary kitchen and office facility to be completed and turned over to ICA by July 31, 2009. A final draft UW Temporary Buildings Site work IFB was completed on January 9, 2009 and was ready to advertise by January 15, 2009. A series of U210 Contractor price proposals were received and reviewed by Sound Transit staff in late December 2008 and early January 2009.

The third option, to terminate the U210 contract and advertise both the original U210 scope and the added UW temporary building site work as part of the upcoming U220 contract procurement, is not recommended for several reasons. First, it would impact the overall project schedule by adding work to U220 that would extend that contract duration and most likely delay the turnover of the UW station site to the U250 station

excavation and finishes contractor. It would increase the construction risk by adding the advance utility relocation work to the main tunneling contract. And, it would also send the wrong message to the contracting community, if Sound Transit were to terminate the U210 contract for convenience. This was determined to be the least desirable of the three options.

On January 12, 2009 Link staff made the decision to recommend proceeding with a negotiated Change Order to the U210 Contract. The cost differential between the two options was judged to be relatively small, but the schedule risk associated with proceeding with a separate U210A contract procurement was judged to be unacceptable. Given ICA's requirement that the new kitchen facilities be completed and turned over to them by July 31, 2009, Link staff felt that the risk of not completing the UW Temporary Buildings Site work in time to meet this schedule was extremely high, and the consequences of failure to meet that date, which include substantial liquidated damages, would be unacceptable. Therefore, Sound Transit determined that adding the UW Temporary Buildings Site work to the U210 contract is the preferred course of action.

Sound Transit's Contracts and Legal departments have reviewed this proposed change and have determined that it does not require a sole source justification.

Prior Board/Committee Actions

Motion/Resolution Number and Date	Summary of Action
M2008-96 10/2/08	Authorizes the ceo to execute a contract with Granite Northwest, Inc., dba Wilder Construction Company, for advanced utility relocation for the University Link project in the amount of \$1,293,000, with a contingency of \$325,000, for a total authorized contract amount not to exceed \$1,618,000, which includes cost reimbursable betterments for the University of Washington.
M2007-62 6/14/07	Authorizes the ceo to execute a Master Implementation Agreement with the University of Washington establishing terms and conditions to acquire access to and use of UW property for purposes of design, construction, operation, monitoring, and maintenance of Link light rail transit system.

CONSEQUENCES of DELAY

The construction activities of this contract will take place in the front gate area of the University of Washington's Husky Stadium. The University of Washington has stipulated that no construction work shall take place during the football season; therefore it is critically important that all work is completed before the end of August 2009. Delay in approving this action could delay completion of this contract by August 2009.

PUBLIC INVOLVEMENT

Sound Transit staff has held a number of station design workshops, project open houses, and other meetings since the beginning of environmental and preliminary engineering work and during the final design work completed to date. Staff also meets regularly with the University of Washington, the Montlake community, and other interested parties throughout the project corridor. The UW Station 90% design open house is scheduled for February 25, 2009. Sound Transit also has an active community outreach program during construction, which includes a 24 hours a day, 7 days a week construction hotline, a variety of written materials, and public meetings. For this contract, budget for public outreach activities is included in the contract as a provisional sum, if needed to support Sound Transit outreach staff activities.

ENVIRONMENTAL COMPLIANCE

JI, 01/15/09

LEGAL REVIEW

LA 1/29/09

SOUND TRANSIT

MOTION NO. M2009-17

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to increase the authorized amount of the contract with Granite Northwest, Inc. for construction of advanced utility relocation at the University of Washington Station site for the University Link project in the amount of \$1,600,000, for a new total authorized contract amount not to exceed \$3,218,000, which includes costs reimbursable to Sound Transit from the University of Washington for betterment work.

Background:

The original scope of the U210 contract did not impact the existing concessions/kitchen and restroom buildings located near Husky Stadium. The original plan was to relocate UW utilities away from the U220 TBM Tunnels UW Station – Capitol Hill Station construction site and into the E10 parking lot, and to leave the demolition and relocation of the concessions/kitchen and restroom buildings to be performed under the U220 contract. Following UW's decision to proceed with design work for the future expansion of Husky Stadium, it was agreed by all parties involved to create a "common corridor" for utility relocations, which would be sandwiched between the U220 site and the future stadium expansion footprint. The resulting redesign forced utility relocations to take place through the middle of the concessions/kitchen and restroom buildings, thereby placing the demolition of these buildings within the scope of U210.

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Sound Transit's Contracts and Legal departments have reviewed this proposed change and have determined that it does not require a sole source justification.

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 increase the authorized amount of the contract with Granite Northwest, Inc. for construction of Advanced Utility Relocation at the University of Washington Station site for the University Link project in the amount of \$1,600,000, for a new total authorized contract amount not to exceed \$3,218,000, which includes costs reimbursable to Sound Transit from the University of Washington for betterment work.

APPROVED by the Finance of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 5, 2009.



Fred Butler
Finance Committee Vice Chair

ATTEST:



Marcia Walker
Board Administrator