

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2009-75**

**Ratifying and increasing the contingency for the Advanced Utility Relocation contract  
at the University of Washington Station**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	9/3/09	Discussion/Possible Action	Ahmad Fazel, Link Executive Director Joe Gildner, University Link Project Director <b>Ben Emam, University Link Construction Manager</b>	(206) 398-5389  (206) 398-3350  (206) 398-5394

<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	
Sole Source		Amend Existing Contract/Agreement	<input checked="" type="checkbox"/>
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**

1) Ratify actions taken by Sound Transit staff to authorize Granite Construction Company to perform certain, limited work at the University of Washington Station site; and 2) Authorize the chief executive officer to increase the contingency for the contract with Granite Construction Company (formerly Granite Northwest, Inc.) for the Advanced Utility Relocation construction at the University of Washington Station site in the total combined amount of \$300,000, for a new total authorized contract amount not to exceed \$3,518,000, 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 contingency amount by \$300,000 for a number of changes in progress and proposed changes necessary for the startup of the University of Washington (UW) temporary replacement buildings at the UW Station site near Husky Stadium.
- This action is needed because during July and August 2009, several problems and constraints were encountered during the installation and commissioning of the temporary replacement buildings. These problems included the following major items: the need to re-grade the concession stand area, reconnection of UW irrigation lines, restoration of landscaping, temporary power connections to modular buildings, electric food cart parking and power revisions, and kitchen electrical hookups and wiring connections.
- The ratification is necessary because circumstances necessitated that the contractor be directed to perform certain, limited work prior to the Board approving this contingency increase. This limited scope of work makes up only a portion of the contingency increase requested in this motion, and was necessary in order to allow Sound Transit to meet its obligations as defined in the January 7, 2009 Letter of Concurrence between Sound Transit and the University of Washington. That Letter of concurrence requires that the replacement kitchen and office building be ready for occupancy by July 31, 2009, and that the remaining buildings be available for use by August 31, 2009. These obligations have now been

met and the work is now substantially complete; however, additional contingency is needed for ratification of additional work and work to be authorized prior to acceptance of the contract.

- The remaining contingency following this change is expected to be sufficient to complete the U210 Advance Utilities contract within the proposed revised authorized amount.
- The previous total authorized contract amount of \$3,043,000 included reimbursements to Sound Transit by the University of Washington in the amount of \$175,000 for betterment work. The addition of a new scope of work does not affect this figure.

**BUDGET IMPACT SUMMARY**

Current Project Phase: Construction  
 Projected Completion Date: 2016

<b>Action Outside of Adopted Budget:</b>	<b>✓</b>	<b>Comments on Checked Items</b>
This Project		
This Phase		
This Task	✓	Proposed action requires a budget transfer from the line item U211 Advanced Demolition within the construction phase of the University Link project.
Budget Amendment Required		

<b>Key Financial Indicators:</b>	<b>✓</b>	<b>Comments on Checked Items</b>
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 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 U210 Advanced Utilities at the University of Washington in the construction phase.

Approval of this action would increase commitments for U210 Advanced Utilities to \$3,343,000 and result in a net budget shortfall of \$714,000 for this line item. Current commitments of \$3,043,000 for this line item, approved in prior board actions, exceed the budget by \$414,000. The proposed \$300,000 increase to commitments for this budget line item will be funded from surplus budget from the line item for U211 Advanced Demolition within the construction phase.

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 within 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 contingency for construction of advanced utility relocation at the University of Washington within the University Link project)

(Year of Expenditure \$000)

University Link	Adopted 2009 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
Agency Administration	115,229	36,971		36,971	78,258
Preliminary Engineering	24,388	24,329		24,329	59
Final Design	77,944	70,234		70,234	7,710
Right of Way	167,332	124,459		124,459	42,873
Construction	1,180,033	384,016	300	384,316	795,717
Construction Services	68,526	65,929		65,929	2,597
Third Party Agreements	18,646	13,581		13,581	5,065
Vehicles	103,909	99,185		99,185	4,724
<b>Total Current Budget</b>	<b>1,756,007</b>	<b>818,702</b>	<b>300</b>	<b>819,002</b>	<b>937,005</b>

**Construction Phase Budget Detail**

U210 Advanced Utilities	2,629	3,043	300	3,343	(714)
U211 Advanced Demolition	5,432	4,371		4,371	1,062
Other Construction	1,136,042	375,318		375,318	760,724
Construction Unallocated Contingency	35,930	1,284		1,284	34,646
<b>Total Phase</b>	<b>1,180,033</b>	<b>384,016</b>	<b>300</b>	<b>384,316</b>	<b>795,717</b>

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	2,893	3,006	-	2,893	3,006
Contingency	325	212	300	625	512
<b>Total Contract</b>	<b>3,218</b>	<b>3,218</b>	<b>300</b>	<b>3,518</b>	<b>3,518</b>
Percent Contingency	11%	7%	100%	22%	17%
Less Betterments	175	175	-	175	175
<b>Total Sound Transit Share</b>	<b>3,043</b>	<b>3,043</b>	<b>300</b>	<b>3,343</b>	<b>3,343</b>

(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 July 2009 + approved and pending board actions not recorded as of 7/31/09, or submitted after that date.

**Budget Shortfall**

Task Level	\$Amount (K)	Potential Resources (L)	Source (M)
U210 Advanced Utilities	300	1,062	Surplus budget U221 Advanced Demolition within the construction phase of the University Link project.
U210 Advanced Utilities - Prior Actions	414		
<b>Total U210 Advance Utilities Budget Shortfall</b>	<b>714</b>		

**SMALL BUSINESS PARTICIPATION**

Prime Consultant/Contractor

Granite Construction Company is the prime contractor for this contract, and is committed to 22.2% Small Business participation. That commitment will remain constant throughout the new total authorized contract amount.

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 this 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 contract

(University of Washington Station Excavation and Tunnel Boring to Capitol Hill Station) construction site and into the E10 parking lot, and to have the demolition and relocation of the concessions/kitchen and restroom buildings 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 the Parties to create a "common corridor" for utility relocations, which would be sandwiched between the U220 site and the future Husky 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 2008, as design work proceeded, UW notified Sound Transit for the first time that the kitchen in the concessions building had to be replaced prior to demolition in order to ensure continuous operation of the kitchen. From that point forward, the revised replacement of the kitchen building was tied to the critical path of the U210 demolition and utility relocation. Sound Transit worked closely with UW regarding locations and designs of all replacement buildings. The discussion with UW had assumed the use of UW contracting and construction management, funded by an inter-local agreement, for placement of the temporary buildings. Sound Transit was to prepare the civil design plans, and UW was to contract for the construction of the civil work. Sound Transit and the building's supplier, Williams Scotsman, were to transport the temporary buildings 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 in light of the risks associated with unknown underground utilities and potential project administration cost increases due to evolving and/or additional requirements from the University of Washington. Since the UW had previously agreed to have its own contractor perform the site work for the temporary buildings, this work had not been included in the U210 design or Invitation for Bid documents.

Shortly after the Finance Committee action, the UW Intercollegiate Athletics Department (ICA) decided that the temporary kitchen/office building could not be installed in its originally planned and intended location, and required that it be moved to another location, thereby necessitating significantly more extensive site work, including a pile supported retaining wall. This change by the UW's ICA substantially increased the cost of this site work. As a consequence of this change in site work scope, UW informed Sound Transit it (UW) no longer intended to have its contractor perform this aspect of the civil work.

On January 12, 2009, in order to address UW's decision in this regard, 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 potential schedule impact associated with proceeding with a separate contract procurement was judged to be unacceptable. Given ICA's requirement that the new kitchen facilities be completed and turned over by July 31, 2009, Link staff determined 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 failing to meet that schedule would be unacceptable. Therefore, Sound Transit determined that adding the UW temporary buildings site work to the U210 scope of work was the preferred course of action. The Sound Transit Board Finance Committee approved Motion M2009-17 on February 5, 2009, adding \$1.6M to the original U210 construction contract amount to fund this additional work.

In March 2009, Change Order 001 was executed adding "U210A" to the U210 contract, with Granite NW to provide site work and utilities for the temporary replacement buildings, including power supply to the kitchen building. This change was funded largely by Board Motion M2009-17, which added \$1.6M to the authorized contract amount without adding any additional contingency, while the remaining \$22,000 was drawn down from the original contract contingency.

This contract was bound by constraints and encountered several problems during construction including: time constraints arising from the need to accommodate University events such as Commencement; site constraints and differing site conditions, including encountering underground utilities that were not shown on as-built drawings; the limited area available for the placement of buildings; limited time for the re-design of the replacement buildings and the affected landscape areas resulting in re-grading of the concession stand area; redesign of the irrigation system due to the revised building location; newly revealed expectations by

the UW for the replacement of landscaping; watering costs due to the shut down of the irrigation system; temporary power needs for the kitchen in order to meet the commissioning schedule; revised fence location to meet previously unexpressed operational requirements of the food carts; and electrical revisions for previously unanticipated kitchen equipment.

As these items were identified and as their costs were estimated or determined, it became apparent that the existing contract contingency would be insufficient to cover all of the costs. Due to the time constraints placed upon Sound Transit by the UW per the Letter of Concurrence requiring the completion of the Temporary Kitchen facility by July 31, 2009 and the rest of the buildings by August 31, 2009 - dates which the University made explicitly clear could not be missed under any circumstances - it was necessary to authorize some of the work to proceed prior to additional budget being authorized by this proposed Board action. Consequently, ratification of this prior limited authorization is now requested.

**Prior Board/Committee Actions**

<b>Motion/Resolution Number and Date</b>	<b>Summary of Action</b>
M2009-17 2/5/09	Authorized 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.
M2008-96 10/2/08	Authorized the chief executive officer 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.
M2008-94 9/18/08	Authorized the chief executive officer to execute a contract with the King County Directors' Association under the existing Interstate Associate Membership Agreement to procure modular buildings in the amount of \$1,061,503, with a 10% contingency of \$106,150, for a total authorized amount not to exceed \$1,167,653
M2007-62 6/14/07	Authorized the chief executive officer to execute a Master Implementation Agreement (MIA) with the University of Washington establishing terms and conditions to acquire access to and use of University of Washington 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 take place in the front gate area of the University of Washington's Husky Stadium. The University of Washington has insisted that no construction work shall take place during the football season; therefore it was critically important that all work be completed before the end of August 2009. This fact necessitated that a small portion work as described above be authorized and directed by Sound Transit staff prior to obtaining Board authorization for additional contingency amounts. This work is now complete, and any delay in approving this action would delay payment for that work.

**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 was held 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**

Jl, 08/24/09

**LEGAL REVIEW**

JN 8/28/09

## SOUND TRANSIT

### MOTION NO. M2009-75

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority 1) Ratifying actions taken by Sound Transit staff to authorize Granite Construction Company to perform certain, limited work at the University of Washington Station site; and 2) Authorizing the chief executive officer to increase the contingency for the contract with Granite Construction Company (formerly Granite Northwest, Inc.) for the Advanced Utility Relocation construction at the University of Washington Station site in the total combined amount of \$300,000, for a new total authorized contract amount not to exceed \$3,518,000, which includes costs reimbursable to Sound Transit from the University of Washington for betterment work.

#### **Background:**

The original scope of this 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 contract (University of Washington Station Excavation and Tunnel Boring to Capitol Hill Station) construction site and into the E10 parking lot, and to have the demolition and relocation of the concessions/kitchen and restroom buildings 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 the Parties to create a "common corridor" for utility relocations, which would be sandwiched between the U220 site and the future Husky 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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risk of not completing the UW temporary buildings site work in time to meet this schedule was extremely high, and the consequences of failing to meet that schedule would be unacceptable. Therefore, Sound Transit determined that adding the UW temporary buildings site work to the U210 scope of work was the preferred course of action. The Sound Transit Board Finance Committee approved Motion M2009-17 on February 5, 2009, adding \$1.6M to the original U210 construction contract amount to fund this additional work.

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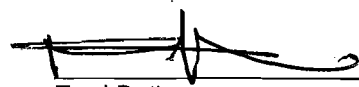
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**Motion:**

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that actions taken by Sound Transit staff to authorize Granite Construction Company to perform certain, limited work at the University of Washington Station site are ratified; and 2) the chief executive officer is authorized to increase the contingency for the contract with Granite Construction Company (formerly Granite Northwest, Inc.) for the Advanced Utility Relocation construction at the University of Washington Station site in the total combined amount of \$300,000, for a new total authorized contract amount not to exceed \$3,518,000, which includes costs reimbursable to Sound Transit from the University of Washington for betterment work.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 3, 2009.

  
Fred Butler  
Finance Committee Vice Chair

ATTEST:

  
Marcia Walker  
Board Administrator