

Motion No. M2019-122

Increase Contingency for Hilltop Tacoma Link Extension Construction Contract

Meeting:	Date:	Type of action:	Staff contact:
System Expansion Committee Board	12/12/2019 12/19/2019	Recommend to Board Final action	Ron Lewis, DECM Executive Director Madeleine Greathouse, Project Director-Hilltop Tacoma Link Extension

Proposed action

Authorizes the chief executive officer to increase the contract contingency for the Hilltop Tacoma Link Extension construction contract with Walsh Construction Company II LLC in the amount of \$4,300,000 for a new total authorized contract amount not to exceed \$118,009,750, contingent upon Board approval of the Proposed 2020 Budget through Resolution No. R2019-30.

Key features summary

- This action utilizes contingency funds contained within the Board approved baseline budget and allocates them to the project's major construction contract.
- The contract for Hilltop Tacoma Link Extension construction is approximately 45 percent complete. The initial phase of the construction work involves extensive underground work including storm, water, and sanitary sewer relocations along the 2.4 mile extension.
- Progress of the utility relocation work has encountered numerous differing site conditions, unknown obstructions, and contaminated and hazardous materials. While these risks were acknowledged in the project's risk register prior to baseline, the actual quantity realized resulted in a faster drawdown of project contingencies.
- The additional contingency will bring the total authorized contingency to \$9,714,750, or 8.9 percent of the total contract price.
- The current estimate to complete indicates additional funding will be required to complete the project. Staff will return to the Board with a request following substantial completion of the utility work and results of a quantitative risk assessment in Q2 2020.

Background

The Hilltop Tacoma Link Extension is a 2.4 mile extension of light rail from the Theater District in downtown to the Hilltop neighborhood in Tacoma. The extension will travel at-grade, in-street with traffic along Stadium Way, North 1st Street, Division Avenue, and Martin Luther King Jr. Way. The project includes six new stations, relocates the Theater District Station, expands the existing Tacoma Operations and Maintenance Facility (OMF), and provides for additional light rail vehicles.

Revenue service for the extension is forecast for May 2022.

In July 2018, the Board authorized a contract with Walsh Construction Company II LLC to construct the Hilltop Tacoma Link Extension. Notice to Proceed was issued in August 2018 and construction is

currently 45 percent complete. Work along the alignment has been primarily focused on relocating underground utilities to place them outside the footprint of the track slabs. The utility relocation work is approximately 60 percent complete and progress has been impacted by numerous changes which fall under the following categories:

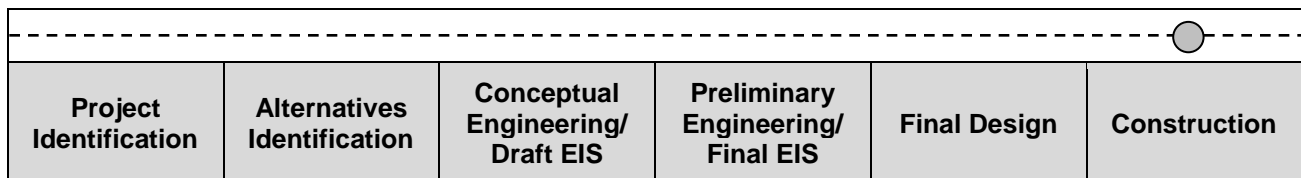
- Differing site conditions related to the presence of unknown or incorrectly located existing utilities and/or obstructions encountered in excavations
- Contaminated materials in utility excavations
- Additional traffic management costs (e.g. uniformed police officers) as a result of changes to planned utility work

For this reason, approximately 90 percent of additional costs and changes have been related to the additional level of effort required to complete the utility work. The construction contract includes provisional sums to address some of the items previously mentioned but staff anticipate these allowances will require additional replenishment in excess of remaining contingency levels.

In May 2019, staff performed a quantitative risk assessment and estimated the project would enter minimum contingency levels in Q3 2019. In July 2019, staff informed the Board that based on the risk assessment there was only a 20 percent probability of completing the project within the baseline budget unless risks were mitigated. The project reached the minimum contingency level in September. Because the project is currently within the minimum contingency levels and, in accordance with the project’s risk and contingency management plan, the project is required to produce a recovery plan.

The recovery plan was developed during the October recovery workshop. The recovery plan is a key component of the risk and contingency management plan. The purpose of the recovery plan is to mitigate the remaining impacts of these risks by identifying secondary mitigation measures to supplement our primary mitigations and correlate necessary action steps to control and reduce cost and schedule impacts. The project team implemented the recovery plan immediately following the workshop.

Project status



Projected completion date for Construction: 4Q 2021

Project scope, schedule and budget summary are located beginning on page 97 of the September 2019 Agency Progress Report.

Procurement information

Sound Transit issued an Invitation for bids (IFB) on March 22, 2018, and five bids were received on May 23, 2018, with one bid determined non-responsive. The bids ranged from \$108,295,000 to \$125,660,188. Walsh Construction Company II, LLC was the lowest responsive and responsible bidder with a bid of \$108,295,000. One protest was received and denied in accordance with Sound Transit’s protest and appeal procedures.

Fiscal information

The table below reflects the 2020 Proposed Project Budget and is contingent on the Board adopting the 2020 Budget and Transit improvement plan (TIP).

This action is within the baseline budget. The current estimate to complete indicates additional funding will be required to complete the project. Staff will return to the Board with a request following substantial completion of the utility work and results of a quantitative risk assessment in Q2 2020.

The baseline budget for the Hilltop Tacoma Link Extension is \$217,346,000. Within the construction phase, \$129,195,630 has been allocated to the budget line item for construction. The proposed action would commit \$4,300,000 to this line item and leave a budget balance of \$1,470,727.

Hilltop Tacoma Link Extension

(in thousands)

Project Phase	Project Baseline	Board Approvals	This Action	Board Approved Plus Action	Uncommitted / (Shortfall)
Agency Administration	\$17,348	\$10,409		\$10,409	\$6,939
Preliminary Engineering	5,559	5,559		5,559	0
Final Design	12,798	12,673		12,673	126
Third Party	1,466	1,396		1,396	70
Right of Way	2,270	2,189		2,189	82
Construction	129,196	123,425	4,300	127,725	1,471
Construction Services	10,291	9,419		9,419	872
Vehicles	33,092	31,257		31,257	1,835
System Testing + Startup	5,326	0		0	5,326
Total Current Budget	\$217,346	\$196,327	\$4,300	\$200,627	\$16,719
Phase Detail - Construction					
T100 Civil & Systems Package	\$118,010	\$113,710	\$4,300	\$118,010	\$
Other Construction	11,186	9,715		9,715	1,471
Total Phase	\$129,196	\$123,425	\$4,300	\$127,725	\$1,471

Walsh Construction Company II, LLC. Contract Detail	Board Approvals to Date	Current Approved Contract Status	Proposed Action	Proposed Total for Board Approval
Contract Amount	\$108,295	\$112,258	\$	\$108,295
Contingency	\$5,415	\$1,452	\$4,300	9,715
Total Contract Amount	113,710	\$113,710	\$4,300	118,010
Percent Contingency	5%	1%		9%
Less City of Tacoma betterment	\$1,000	\$1,000		\$1,000
Sound Transit Share	\$112,710	\$112,710	\$4,300	\$117,010

Notes:

Amounts are expressed in Year of Expenditure \$000s.
 Board Approvals = Commitment and PO Contingency Remaining as of 12/12/19.
 For detailed project information, see page 61 of the 2020 Proposed Budget.

Disadvantaged and small business participation

Participation by small businesses and disadvantaged business enterprises (DBEs)

Sound Transit promotes and encourages small business participation, which also includes disadvantaged business enterprises (DBEs). Consistent with Sound Transit Policies and federal regulations, Sound Transit has established small business/DBE goals for this contract. These goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of small businesses/DBEs available to perform such subcontracting work.

For this specific contract, the following goals were set and the successful Bidder/Proposer has committed to the following small business/DBE participation:

Small business and disadvantaged business enterprise (DBE) goals	
Sound Transit small business goal: 8%	Small business commitment: 32.89%
DBE goal: 4%	DBE commitment: 4%

Apprentice utilization commitment

Apprentice utilization	
Apprentice utilization goal: 20%	Commitment: 20%

Public involvement

Not applicable to this action.

Time constraints

A one-month delay would not create a significant impact to the project but could impact ongoing construction contract administration efforts.

Prior Board/Committee actions

Motion No. M2018-87: Authorized the chief executive officer to execute a contract with Walsh Construction Company II, LLC to construct the Tacoma Link Extension in the amount of \$108,295,000, with a 5% contingency of \$5,414,750, for a total authorized contract amount not to exceed \$113,709,750 and contingent on Board approval of Resolution No. R2018-25 authorizing budget phase transfers to fund the construction contract.

Environmental review – KH 12/5/19

Legal review – JSA 12/6/19

Motion No. M2019-122

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to increase the contract contingency for the Hilltop Tacoma Link Extension construction contract with Walsh Construction Company II LLC in the amount of \$4,300,000 for a new total authorized contract amount not to exceed \$118,009,750, contingent upon Board approval of the Proposed 2020 Budget through Resolution No. R2019-30.

Background

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The additional contingency will bring the total authorized contingency to \$9,714,750, or 8.9 percent of the total contract price.

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Motion

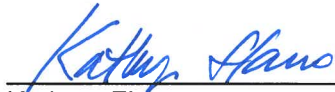
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized increase the contract contingency for the Hilltop Tacoma Link Extension construction contract with Walsh Construction Company II LLC in the amount of \$4,300,000 for a new total authorized contract amount not to exceed \$118,009,750, contingent upon Board approval of the Proposed 2020 Budget through Resolution No. R2019-30.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 19, 2019.



John Marchione
Board Chair

Attest:



Kathryn Flores
Board Administrator