



Motion No. M2022-75

Increase Construction Contract Contingency for Final Settlement with Shimmick-Parsons, Joint Venture for the East Link Extension

Meeting:	Date:	Type of action:	Staff contact:
System Expansion Committee Board	09/08/2022 09/22/2022	Recommend to Board Final action	Ron Lewis, DECM Executive Director Jon Lebo, Executive Project Director – East Link Extension

Proposed action

Authorizes the chief executive officer to increase the contingency for the East Link Extension Construction Contract with Shimmick-Parsons, Joint Venture in the amount of \$7,000,000, for a full and final total authorized contract amount not to exceed \$366,630,000 which includes \$960,027 in contingency for potential future costs.

Key features summary

- This action provides additional contingency required to execute a final negotiated settlement as agreed to in the “Settlement Agreement and Mutual Release” between Sound Transit and Shimmick-Parsons, Joint Venture (SPJV).
- This final settlement resolves all existing disputes, claims, and issues involving ST and SPJV arising from the segment. The claims asserted included demands for costs related to delays and inefficiencies occasioned by COVID-19, owner directed changes and unanticipated soil conditions.
- Approval of this action will allow Sound Transit to effectively close out this contract, although Sound Transit claims for warranty work and latent defects are reserved.
- The sum of \$1.25 million of the settlement amount will be withheld to ensure completion of the small amount of remaining contract work and the nonconforming work is repaired.
- This action does not increase the Board adopted baseline budget for the East Link Extension project.

Background

East Link Extension extends light rail 14 miles from downtown Seattle to downtown Bellevue and the Overlake area of Redmond via I-90, with stations serving Rainier Avenue/I-90, Mercer Island, South Bellevue, Downtown Bellevue, Overlake Hospital, the Bel-Red Corridor, Overlake Village, and the Overlake Transit Center. The East Link project route, profiles, and station locations were selected by the Sound Transit Board on July 28, 2011, and amended on April 25, 2013. In April 2015, the Sound Transit Board established the baseline budget and schedule for the project. Revenue service between Seattle and the Overlake Transit Center is forecasted for 2Q 2023.

In October 2016, Sound Transit entered into a construction contract with SPJV for work on the East Link segment E320 South Bellevue. This included 2.2 miles of elevated, retained cut and at-grade guideway, the elevated South Bellevue Station, 1500-stall parking garage, and other site improvements from Interstate 90 to Bellevue Way SE and 112th Avenue NE adjacent to the Mercer Slough Nature Park.

Over the course of the project, SPJV submitted numerous Requests for Changes and claims. Following extensive analysis by Sound Transit staff, consultants and subject matter experts, negotiations were undertaken with SPJV. Those negotiations included three days of facilitated mediation. The Parties agreed to settle and resolve all claims, disputes and issues, past and future, excepting any Sound Transit warranty and latent defect claims, for \$36 million. The sum of \$1.25 million will be withheld pending completion of a small amount of remaining contract work, and the one-year landscaping establishment period.

Project status

○					
Project Identification	Project Refinements	Conceptual Engineering/ Environmental Review	Preliminary Engineering	Final Design	Construction

Projected Revenue Service: 2Q 2023

Project scope, schedule and budget summary are located on page 24 of the June Agency Progress Report.

Fiscal information

This action is within the baseline budget and sufficient monies remain after approval of this action to fund the remaining work in the construction phase. This action does not impact the affordability of any other system expansion project.

The baseline budget for the East Link project is \$3,677,150,000. Within the baseline budget \$2,547,125,255 has been allocated to the construction phase. Within the construction phase, \$365,400,000 has been approved for E320 South Bellevue construction activity. This action would commit an additional \$7,000,000 to this budget line item and leave a budget line item balance of \$42,973.

As represented in the fiscal table, this contract includes a betterment and activities for ST Art which results in a total contract value of \$366,630,973. The Sound Transit share of this contract is \$366,390,281.

East Link Extension

(in thousands)	Total Baseline Budget	Board Approvals*	This Action	Board Approved Plus Action	Uncommitted / (Shortfall)
Administration	\$186,200	\$127,022	\$	\$127,022	\$59,178
Preliminary Engineering	55,900	54,776		54,776	1,124
Final Design	283,000	257,165		257,165	25,835
Third Parties	52,150	39,284		39,284	12,866
Right of Way	298,150	280,127		280,127	18,023
Construction	2,547,125	2,355,253	7,000	2,362,253	184,873
Construction Services	254,625	234,978		234,978	19,647
Total Current Budget	\$3,677,150	\$3,348,605	\$7,000	\$3,355,605	\$321,545
Phase Detail - Construction					
E320 South Bellevue	\$365,400	\$358,357	\$7,000	\$365,357	\$43
Other Construction	2,181,725	1,996,896		1,996,896	184,830
Total Phase	\$2,547,125	\$2,355,253	\$7,000	\$2,362,253	\$184,873
Contract Detail					
Shimmick-Parsons, Joint Venture	Board Approvals to Date	Current Approved Contract Status	Proposed Action	Proposed Total for Board Approval	
East Link Contract Amount	\$319,858	\$328,397	\$	\$328,397	
East Link Contingency	38,532	29,960	7,000	36,960	
East Link Total Contract Amount	358,390	358,357	7,000	365,357	
STart Contract Amount	1,000	1,033	0	1,033	
STart Contingency	0	0	0	0	
STart Total Contract Amount	1,000	1,033	0	1,033	
Sound Transit Share	\$359,390	\$359,390	\$7,000	\$366,390	
Percent Contingency	11%	8%	100%	10%	
Other					
Betterment	240	240	0	240	
Total Contract Amount	\$359,630	\$359,630	\$7,000	\$366,630	

Notes:

Amounts are expressed in Year of Expenditure \$000s.
 For detailed project information, see page 119 of the 2022 Financial Plan & Adopted Budget.
 * Board Approvals = Commitment and PO Contingency Remaining as of 8/29/2022.

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/agreement. These goals are based upon an examination of subcontracting opportunities contained in the work of this contract/agreement 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 has committed to the following small business/DBE participation:

Disadvantaged Business Enterprise (DBE) and Small Business Goals	
Sound Transit DBE goal: 6%	Sound Transit small business goal: 10%
DBE commitment: 6.57%	Small business commitment: 10.03%
DBE participation to-date: 15.21%	Small business participation to-date: 18.11%

Public involvement

Not applicable to this action.

Time constraints

To support the timely execution of the Settlement Agreement, approval of this action is needed in the month of August 2022.

Prior Board/Committee actions

Motion No. M2016-100: Authorized the chief executive officer to execute a contract with Shimmick/Parsons JV to construct the South Bellevue contract E320 within the East Link Extension in the amount of \$321,098,000, with a 12% contingency of \$38,532,000, for a total authorized contract amount not to exceed \$359,630,000.

Environmental review – KH 8/18/22

Legal review – JEN 8/31/22



Motion No. M2022-75

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to increase the contingency for the East Link Extension Construction Contract with Shimmick-Parsons, Joint Venture in the amount of \$7,000,000, for a full and final total authorized contract amount not to exceed \$366,630,000 which includes \$960,027 in contingency for potential future costs.

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Motion

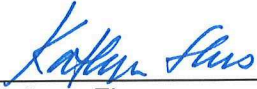
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to increase the contingency for the East Link Extension Construction Contract with Shimmick-Parsons, Joint Venture in the amount of \$7,000,000, for a full and final total authorized contract amount not to exceed \$366,630,000 which includes \$960,027 in contingency for potential future costs.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 22, 2022.



Kent Keel
Board Chair

Attest:



Kathryn Flores
Board Administrator