



Motion No. M2024-27

Contract Modification with Kiewit-Hoffman, East Link Constructors, for the East Link Extension Seattle to South Bellevue Segment

Meeting:	Date:	Type of action:	Staff contact:
System Expansion Committee	5/9/2024	Recommend to Board	Terri Mestas, Deputy CEO, Chief Mega Capital Programs Officer
Board	5/23/2024	Final action	Ron Lewis, DECM Executive Director Tracy Reed, DECM Deputy Executive Director Jon Lebo, Executive Project Director – East Link Extension

Proposed action

Authorizes the chief executive officer to increase the contract contingency with Kiewit-Hoffman, East Link Constructors, for the construction of the Seattle to South Bellevue segment of the East Link Extension project in the amount of \$15,000,000, for a new total authorized contract amount not to exceed \$750,660,541, all within the Board approved project budget.

Key features summary

- This additional contingency is necessary to address current and unanticipated changes that may occur prior to contract completion. Significant cost increases include the risk of ST-directed removal and replacement of 85 spalled precast dual blocks on the floating bridge. Other changes include the unforeseen need for additional fire alarm equipment in the Mount Baker tunnels to support the emergency ventilation system, revisions to the elevator equipment rooms to meet code restrictions, and accruing inspection costs for yet-to-be-completed base contract and change work.
- Based on work and lessons learned from the East Link Starter Line, staff anticipate additional Sound Transit and third-party requests for the I-90 segment. Some of this additional work will be performed under separate contracts, but some will need to be performed within this contract to ensure appropriate integration of the particular elements.
- While staff are currently unable to forecast all of the remaining additional change requests, there is a pattern of changes that occur month-to-month as the work progresses. The contractor is 80% complete with the track reconstruction. The contractor continues to work multiple track locations 6-days a week, 24 hours per day. With this information staff estimates a range of changes that will arise over the remaining 6-8 months of primary civil work, which should be substantially complete in Q4 2024. Staff anticipates that the work will be substantially complete in late fall 2024, with only residual punch list items remaining. Sound Transit and third-party requests will likely occur in 2025.
- Staff project that the \$15 million additional contingency authorization is sufficient to complete the base contract work, barring any significant unforeseen change.
- To the extent that the extended durations and additional costs such as those referenced here are the result of the actions or inactions of East Link contractors, designers and/or construction management consultants, Sound Transit will aggressively pursue reimbursement of the costs.

Background

East Link extends light rail 14 miles, with 10 stations from Seattle's International District to Judkins Park, across I-90 to Mercer Island and South Bellevue, through downtown Bellevue and the Bel-Red area to Redmond Technology Station. Revenue service for the entire project was scheduled to begin in 2023 but is delayed to spring 2025. However, the East Link starter Line from S. Bellevue to the Redmond Technology Center opened April 2024.

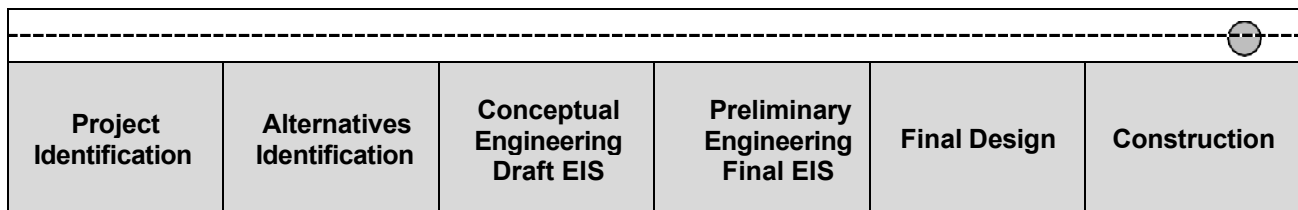
In February 2017, Sound Transit executed a construction contract with Kiewit-Hoffman JV for work on the Seattle to South Bellevue segment of the East Link Extension. The initial contract included only time-sensitive elements, including procurement of the post-tensioning steel and leasing of field offices.

In March 2017, Sound Transit executed a contract change order to the initial agreement for the balance of the planned work. This included seven miles of double track alignment, two stations, traction power substations, and seismic and electrical improvements to WSDOT infrastructure.

This work includes the I-90 Floating Bridge, the Judkins Park and Mercer Island Stations, and track work from the International District/Chinatown Station to just before the crossover of I-90 in at South Bellevue. The construction work is over 97 percent complete.

Originally, construction contingency for this General Contractor Construction Manager (GC/CM) contract was established at seven percent, which is less than the typical Design-Bid-Build construction contract contingency of 10 percent. The requested change will increase the contract contingency from the current 10.1 percent to 13.5 percent. While this amount is higher than a typical GC/CM contract contingency, the complexity of the project, the existing conditions of the International District Station, Mount Baker and Mercer Island Tunnels, along with the work on the I-90 floating bridge have resulted in higher than anticipated construction expenditures for unknown site conditions and design coordination changes.

Project status



Project Identification	Alternatives Identification	Conceptual Engineering Draft EIS	Preliminary Engineering Final EIS	Final Design	Construction

Projected revenue service: 2025

Project scope, schedule and budget summary are located on page 33 of the February 2024 Agency Progress Report.

Procurement information

The Seattle to South Bellevue segment contract was procured using the Heavy Civil General Contractor/Construction Manager (GC/CM) alternative delivery method allowed under Chapter 39.10 of the Revised Code of Washington and Sound Transit procedures. A Request for Qualifications and Proposed Approach for Heavy Civil GC/CM Services was issued on March 16, 2015 and four Statements of Qualifications and Approach (SOQPA) were received. Following review and evaluation, three firms were invited for interviews. Based on the scoring of the SOQPAs and interviews, two firms were invited to submit final proposals including price offers for specified work items. The price offers were opened publicly on July 27, 2015. Based on the evaluation of SOQPAs, interviews and price offers, Kiewit-Hoffman East Link Constructors was the highest ranked firm. Preconstruction Services commenced in December 2015.

The Board authorized a Heavy Civil GC/CM construction services contract with Kiewit-Hoffman East Link

Constructors for the Seattle to South Bellevue segment through Motion No. 2017-30.

Fiscal Information

This is a concurrent action with following Board motions and resolution:

1. M2024-24: Increase contingency for Design Services during construction with WSP USA, Inc. for the East Link Extension,
2. M2024-25: Contract Modification with Mass Electric Construction Company for the East Link Extensions Systems Construction Contract,
3. M2024-26: Contract Modification with Northwest Transit Systems Partners for the East Link Extensions Systems Construction Management Consultant Services,
4. M2024-28: Contract Modification with Jacobs Project Management Company for Construction Management Services for the East Link Extension Seattle to South Bellevue Segment, and
5. R2024-13: East Link Extension Phase Budget Transfer.

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. The current project budget is included in the existing Long Range Financial Plan.

The baseline budget for the East Link project is \$3,677,150,000. Within that amount, \$2,557,942,014 has been set aside in the construction phase. Within the construction phase, \$750,661,000 has been allocated to the budget line item for E130 Seattle to South Bellevue. The action would commit \$15,000,000 to this line item and leave a budget balance of \$329,210.

East Link Extension

(in thousands)

Project Phase	Total Baseline Budget	Board Approvals*	This Action	Board Approved Plus Action	Uncommitted / (Shortfall)
Administration	\$176,100	\$151,023	\$0	\$151,023	\$25,077
Preliminary Engineering	54,776	54,776	-	54,776	-
Final Design	264,468	262,268	-	262,268	2,201
Third Parties	46,650	41,717	-	41,717	4,933
Right of Way	283,516	281,150	-	281,150	2,367
Construction	2,557,942	2,485,346	15,000	2,500,346	57,596
Construction Services	293,697	291,985	-	291,985	1,713
Total Current Budget	\$3,677,150	\$3,568,264	\$15,000	\$3,583,264	\$93,886

Phase Detail -

Construction

E130 Seattle to S. Bellevue	\$750,661	\$735,332	\$15,000	\$750,332	\$329
Other Construction	1,807,281	1,750,014	-	1,750,014	57,267
Total Phase	\$2,557,942	\$2,485,346	\$15,000	\$2,500,346	\$57,596

Kiewit-Hoffman, East Link Constructors	Board Approvals to Date	Proposed Action	Proposed Total for Board Approval	Current Contract Spend Status
Contract Amount	\$665,000	\$0	\$665,000	\$699,963
Contract Contingency	70,661	15,000	85,661	0
Total Contract Amount	\$735,661	\$15,000	\$750,661	\$699,963
Percent Contingency	11%		13%	0%

Notes:

Amounts are expressed in Year of Expenditure \$000s.

For detailed project information, see page 115 of 224 of the 2024 Financial Plan & Adopted Budget.

* Board Approvals = Commitment and PO Contingency Remaining as of 3/31/2024.

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.

Disadvantaged business enterprise (DBE) / Small Business goals, commitments, and participation to-date		
CN 0004-15C		
	DBE	Small Business
Sound Transit Goal	5%	10%
Prime Commitment	5%	10%
Participation to-date	8.3%	11.03%

Public involvement

Not applicable to this action.

Time constraints

To support the most efficient completion of the work, approval of this action is needed in the month of May 2024.

Prior Board/Committee actions

Motion M2023-25: Authorized the chief executive officer to increase the contract contingency with Kiewit-Hoffman, East Link Constructors, for the construction of the Seattle to South Bellevue Segment of the East Link Extension project in the amount of \$14,000,000, for a new total authorized contract amount not to exceed \$735,660,541, all within the Board approved project budget.

Motion No. M2021-04: Authorized the chief executive officer to increase the contingency for contract with Kiewit-Hoffman, East Link Constructors for the construction of the Seattle to South Bellevue Segment (E130) within the East Link Extension in the amount of \$10,000,000, for a new total authorized contract amount not to exceed \$721,660,541, all within the Board approved project budget.

Motion No. M2017-30: Authorized the chief executive officer to execute a contract amendment with Kiewit-Hoffman, A Joint Venture to provide Heavy Civil General Contractor/Construction Manager construction services for the Seattle to South Bellevue construction within the East Link Extension in the amount of \$661,315,300, plus a 7% contingency of \$46,292,071, totaling \$707,607,371, for a new total authorized contract amount not to exceed \$711,660,541. Further authorizes Sound Transit to issue a notice-to-proceed under the executed contract when appropriate.

Motion No. M2017-17: Authorized the chief executive officer to execute a construction contract with Kiewit-Hoffman, a Joint Venture to provide early work as part of the Heavy Civil General Contractor/Construction Manager construction services for the Seattle to South Bellevue segment within the East Link Extension in the amount of \$3,684,700, plus a 10% contingency of \$368,470 for a total authorized contract amount not to

exceed \$4,053,170.

Environmental review – KH 4/22/24

Legal review – JEN 05/02/24

Motion No. M2024-27

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to increase the contract contingency with Kiewit-Hoffman, East Link Constructors, for the construction of the Seattle to South Bellevue segment of the East Link Extension project in the amount of \$15,000,000, for a new total authorized contract amount not to exceed \$750,660,541, all within the Board approved project budget.

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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 contract contingency with Kiewit-Hoffman, East Link Constructors, for the construction of the Seattle to South Bellevue segment of the East Link Extension project in the amount of \$15,000,000, for a new total authorized contract amount not to exceed \$750,660,541, all within the Board approved project budget.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on _____.

Dow Constantine
Board Chair

Attest:

Kathryn Flores
Board Administrator