

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2008-27**

**Contract Amendment for Construction of  
Airport Link Station Finishes**

| <b>Meeting:</b>   | <b>Date:</b> | <b>Type of Action:</b>                                 | <b>Staff Contact:</b>                          | <b>Phone:</b>  |
|-------------------|--------------|--|--|----------------|
| Finance Committee | 2/21/08      | Discussion/Possible Action to Recommend Board Approval | Ahmad Fazel, Link Executive Director           | (206) 398-5389 |
| Board             | 2/28/08      | Action   | <b>Ron Lewis, Airport Link Project Manager</b> | (206) 689-4905 |

| <b>Contract/Agreement Type:</b>      | <input checked="" type="checkbox"/> | <b>Requested Action:</b>          | <input checked="" type="checkbox"/> |
|--------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| Negotiated Procurement               | <input checked="" type="checkbox"/> | Execute New Contract/Agreement    | <input type="checkbox"/>            |
| Sole Source                          | <input checked="" type="checkbox"/> | Amend Existing Contract/Agreement | <input checked="" type="checkbox"/> |
| Agreement with Other Jurisdiction(s) | <input type="checkbox"/>            | Budget Amendment                  | <input type="checkbox"/>            |
| Real Estate                          | <input type="checkbox"/>            | Property Acquisition              | <input type="checkbox"/>            |

**PROJECT NAME**

Airport Link

**PROPOSED ACTION**

Authorizes the chief executive officer to execute an amendment to an existing and previously authorized negotiated sole source contract with Mowat Construction Company for the construction of station finishes elements of the SeaTac/Airport Station in the amount of \$37,226,000, with a contingency of \$1,000,000, for a total authorized contract amount not to exceed \$74,026,000.

**KEY FEATURES of PROPOSED ACTION**

- This contract was originally advertised and bid with a scope of work that included the SeaTac/Airport Station, two pedestrian bridges (one Sound Transit and one Port of Seattle), the International Boulevard Plaza, and 5,900-feet of light rail trackwork. The original procurement resulted in the receipt of only one bid from Mowat Construction in March 2007. Thereafter, Sound Transit converted the procurement to a negotiated procurement with Mowat Construction, which was consistent with applicable state law, the FTA's Best Practices Procurement manual, and the provisions of the bidding documents. Sound Transit then negotiated a contract (C430R) for a reduced scope of work which included the structural concrete elements of the station and the track work. The remainder of the original scope of work has been redesigned to reduce overall project costs.
- The terms of the C430R contract provide that Sound Transit may, at its sole discretion, add all or part of the station finishes, International Boulevard Plaza and pedestrian bridge, and the Airport parking garage pedestrian bridge as additional construction scope to the C430R Airport Station Concrete and Trackwork Contract.
- Sound Transit initiated negotiations with Mowat for the remainder of the work (station finishes) beginning in August 2007. Coordination with Mowat during the redesign phase provided Sound Transit the opportunity to pursue efficiencies and cost reductions through

collaborative value engineering and consideration for simplification of various construction means and methods.

- To reduce the overall cost of the SeaTac/Airport Station, the design team engaged in a comprehensive value engineering and constructability studies to examine the elements of the station design that were the most significant cost drivers. As a result of this effort, a simplified design with reductions in quantities of structural steel, glazing, and other finish elements was developed. The modified design maintains the structural integrity, and functionality of the original design, including requirements for access and vertical circulation, protection from wind and rain, station lighting, and passenger comfort and safety. The design also retains the original architectural imagery of the station within a simplified roof truss, and is favorably supported by the City of SeaTac and the Port of Seattle. The design includes a covered pedestrian bridge over International Boulevard and maintains the original design elements of the pedestrian plaza and art.
- Construction of the station finishes and International Boulevard Plaza and pedestrian bridge by the C430R contractor would reduce contract interface burdens for both civil and follow-on systems contractors. Further, the proposed delivery method would yield organizational and cost efficiencies for Sound Transit's construction management and design support efforts.
- Based on consideration of the full range of project costs, including design, construction, construction management, market conditions and volatility of key construction commodities, the cost of the proposed contract amendment was determined to be fair and reasonable. The delivery of SeaTac/Airport Station finishes through the proposed contract amendment avoids the potential cost risk and significant schedule risk associated with re-bidding this scope of work. It also is the only practical method of on-time delivery, for various reasons, which include the procurement of long-lead items.
- For the reasons set forth herein, the chief executive officer has determined that Mowat Construction Company is the only source practically available to ensure construction of the station finishes, International Boulevard Plaza and pedestrian bridge on the schedule required to open the facilities for the 2010 Winter Olympics.
- Staff recommends assignment of a contract contingency in the amount of \$1,000,000, to provide funding for contract amendments in response to changed conditions encountered during construction.
- The Port of Seattle has elected to redesign its Airport parking garage pedestrian bridge to reduce costs and to procure the construction of it under a separate contract to be administered by the Port, but delivered in the same timeframe.

## **BUDGET IMPACT SUMMARY**

Current Project Phase: Construction  
Projected Completion Date: 2009

| <b>Action Outside of Adopted Budget:</b> | <b>✓</b> | <b>Comments on Checked Items</b>   |
|--|----------|--|
| This Project                             |          |  |
| This Phase                               |          |  |
| This Task                                |          |  |
| Budget Amendment Required                | ✓        | The proposed action is assumes adoption by the Sound Transit Board of an amendment (Resolution No. R2008-04) to increase the Airport Link lifetime project budget. |

| <b>Key Financial Indicators:</b>  | <b>✓</b> | <b>Comments on Checked Items</b> |
|---|----------|----------------------------------|
| Contingency Funds Required  |          |                                  |
| Funding required from other parties<br>(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 Amended 2008 Budget for the Airport Link project is \$269.1 million. Within that amount, \$74.1 million has been set aside in the construction phase for construction of the SeaTac/Airport Link Station, including the concrete structure and trackwork and station finishes. When added to current commitments of \$35,800,000, the proposed action would increase that amount by \$38,226,000 to \$74,026,000, and leave a remaining balance of \$74,000 for this budget line item.

The proposed action assumes adoption via resolution by the Sound Transit Board of an amendment (Resolution No. R2008-04) to increase the Airport Link lifetime project budget. Affordability within the agency's long-term financial plan and subarea financial capacity, and revenue impact on Sound Transit, are as described in the budget amendment resolution.

## **BUDGET TABLE**

**Action Item:** Mowat Construction Company (construction of SeaTac/Airport Station finishes (C433) for the Airport Link project)

(Year of Expenditure \$000)

| <b>Airport Link</b>         | Amended<br>2008 Budget<br>(A) | Committed To<br>Date<br>(B) | This Action<br>(C) | Total Committed<br>& Action<br>(D) | Uncommitted<br>(Shortfall)<br>(E) |
|-----------------------------|-------------------------------|-----------------------------|--------------------|------------------------------------|-----------------------------------|
| Agency Administration       | 12,217                        | 2,709                       |                    | 2,709                              | 9,508                             |
| Preliminary Engineering     | 3,367                         | 3,367                       |                    | 3,367                              | -                                 |
| Final Design                | 16,081                        | 15,815                      |                    | 15,815                             | 266                               |
| Right of Way                | 12,843                        | 11,546                      |                    | 11,546                             | 1,297                             |
| Construction                | 191,094                       | 144,134                     | 38,226             | 182,360                            | 8,734                             |
| Construction Services       | 15,380                        | 9,217                       |                    | 9,217                              | 6,163                             |
| Third Party Agreements      | 2,031                         | 1,871                       |                    | 1,871                              | 160                               |
| Vehicles                    | 14,587                        | 14,587                      |                    | 14,587                             | -                                 |
| Contingency                 | 1,500                         | -                           |                    | -                                  | 1,500                             |
| <b>Total Current Budget</b> | <b>269,100</b>                | <b>203,246</b>              | <b>38,226</b>      | <b>241,472</b>                     | <b>27,628</b>                     |

| <b>Construction Phase Detail</b>     |                |                |               |                |              |
|--------------------------------------|----------------|----------------|---------------|----------------|--------------|
| C430 Station / C433 Sta Finishes     | 74,100         | 35,800         | 38,226        | 74,026         | 74           |
| Other Construction                   | 115,053        | 108,334        |               | 108,334        | 6,720        |
| Construction Unallocated Contingency | 1,941          | -              |               | -              | 1,941        |
| <b>Total Phase</b>                   | <b>191,094</b> | <b>144,134</b> | <b>38,226</b> | <b>182,360</b> | <b>8,734</b> |

| <b>Contract Amount</b> | Board Approvals<br>to Date<br>(F) | Current<br>Approved<br>Contract Value<br>(G) | Proposed Action<br>(H) | Proposed Total<br>for Board<br>Approval<br>(I) | Proposed<br>Contract Value<br>(J) |
|------------------------|-----------------------------------|--|------------------------|--|-----------------------------------|
| Contract Amount        | 34,800                            | 34,814                                       | 37,226                 | 72,026   | 72,040                            |
| Contingency            | 1,000                             | 986  | 1,000                  | 2,000  | 1,986                             |
| <b>Total Contract</b>  | <b>35,800</b>                     | <b>35,800</b>                                | <b>38,226</b>          | <b>74,026</b>                                  | <b>74,026</b>                     |
| Percent Contingency    | 3%                                | 3%   | 3%                     | 3%   | 3%                                |

(A) AMENDED 2008 BUDGET reflects Board Resolution R2008-04 to increase the project lifetime budget for Airport Link.

(B) COMMITTED TO DATE amounts are from Agency WBS Report as of January 2008 + approved and pending board actions not recorded as of 1/31/08, or submitted after that date.

## **SMALL BUSINESS PARTICIPATION**

### Prime Consultant/Contractor

Mowat Construction Company is the prime contractor. A small business participation goal of 15% was established for this contract. Mowat has agreed to develop, implement, and maintain a small business participation plan to achieve not less than 13.7% small business participation and has committed to the utilization of small business throughout the duration of the project. Mowat will continue to work diligently with Sound to explore and identify additional opportunities for small business participation.

### Utilization Breakdown Table

| <b>Subconsultant/Subcontractor</b> | <b>Business Type</b> | <b>% of Work**</b> | <b>Dollar Value</b> |
|------------------------------------|----------------------|--------------------|---------------------|
| Marshbank Construction Inc.        | MBE/DBE              | 0.48%              | \$180,000           |
| Rainier Steel, Inc.                | MBE/DBE              | 0.74%              | \$275,000           |
| Pile Contractors, Inc.             | SBE                  | 0.16%              | \$59,600            |
| Jesse Engineering Company          | SBE                  | 7.99%              | \$2,975,000         |
| JP Francis & Assoc, Inc.           | MBE                  | 2.54%              | \$945,076           |
| Stephens Enterprises, Inc.         | MBE/WBE              | 6.64%              | \$2,470,823         |
| Salinas Construction               | MBE                  | 1.48%              | \$550,000           |
| Corona Steel                       | MBE                  | 1.82%              | \$675,958           |
| Alpine Concrete Construction       | SBE                  | 0.81%              | \$300,000           |
| <b>Total</b>                       |                      | <b>22.65%</b>      | <b>\$8,431,457</b>  |

\*\*Based on change order value of **\$37,226,000**

## EEO Commitment

Mowat Construction Company has agreed to adhere to the EEO provisions contained in the contract documents. The EEO goals are 21% people of color and 12% women of the total labor hours worked on the contract.

## Apprentice Utilization Commitment

Mowat Construction Company has committed to meet the 20% Apprentice Utilization goal as contained in the contract documents. Under the terms of the contract, people of color and women are to comprise at least 50% of all first-year apprentice hours, and 33% of all apprentice hours worked.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

The 1.7-mile Airport Link project extends the Initial Segment from South 154<sup>th</sup> Street to an elevated light rail station at Sea-Tac International Airport's main terminal near South 176<sup>th</sup> Street. Beginning from the elevated station at Tukwila International and Southcenter Boulevards, the Airport Link route continues south on an elevated structure, crossing above SR-518, and transitioning to grade just north of South 160<sup>th</sup> Street. The route continues in the median of the relocated North Airport Expressway, passing under the South 160<sup>th</sup> Street bridge and the new return to terminal loop ramp. The alignment crosses above South 170<sup>th</sup> Street and continues on an elevated structure to an elevated light rail station just east of the airport terminal/garage. A community access point (kiss-and-ride) facility will be constructed on the east side of International Boulevard and accessed via a pedestrian bridge over International Boulevard.

The Airport Station Contract (C430) was intended to be the last major construction contract for the Airport Link project. Sound Transit advertised this contract on December 28, 2006. The scope as advertised included the SeaTac/Airport Station, two pedestrian bridges (one Sound Transit and one Port of Seattle), the International Boulevard Plaza, and 5,900-feet of light rail trackwork. On March 6, 2007, Sound Transit received a single bid of \$95,305,250 from Mowat Construction (Mowat) for the C430 Airport Link Station project. Sound Transit's engineer's estimate was \$51,844,172. Immediately following the bid opening Sound Transit informed the Board; performed a cost analysis of the bid; reviewed the details of the bid relative to the engineer's estimate and quantified the discrepancies. Sound Transit then converted the procurement to a negotiated procurement, which is permitted by applicable state law and is consistent with the FTA's Best Practices Procurement Manual upon receipt of a single bid.

The first package to be negotiated was the C430R Station Concrete and Trackwork. On July 26, 2007, the Sound Transit Board authorized the C430R contract, which includes the station structural concrete, guideway, and trackwork, to be executed with Mowat Construction. On the same day, the Sound Transit Board authorized an amendment to the D770 final design contract with Hatch Mott MacDonald to proceed with the redesign of the remaining scope elements in order to reduce overall project cost and maintain functionality.

The C430R contract provides that Sound Transit may, at its sole discretion, add all or part of the station finishes, International Boulevard Plaza and pedestrian bridge, and the Airport parking garage pedestrian bridge as additional construction scope to the C430R Airport Station Concrete and Trackwork Contract. In August 2007, after the engineering documents for the station finishes elements had been advanced to the 30% level of design completion, Sound

Transit initiated negotiations with Mowat regarding the remaining scope elements. Collaboration at this design stage provided Sound Transit the opportunity to pursue efficiencies through value engineering and consideration of alternative construction means and methods. The design team advanced the engineering documents to a level sufficient for Mowat to prepare a price proposal in November 2007. Negotiation of the price and other terms were completed based on the November 2007 documents. Final construction documents will be provided to the contractor by March 2008.

**Prior Board/Committee Actions**

| <b>Motion/Resolution Number and Date</b> | <b>Summary of Action</b>  |
|--|---|
| M2007-79<br>07/29/07                     | Authorized the chief executive officer to execute a contract with Mowat Construction Company for the construction of selected elements of the SeaTac/Airport Station and trackwork in the amount of \$34,800,000, with a contract contingency of \$1,000,000, for a total authorized contract amount not to exceed \$35,800,000.  |
| M2006-18<br>04/13/06                     | Authorized execution of a Memorandum of Agreement with the Port of Seattle (Port) specifying the terms and conditions for the development of the Airport Link Project on Port property, allowing the use of Port right-of-way, and defining the integrated delivery strategy for Airport Link light rail and related Port roadway projects; and to execute all other subsequent agreements as may be necessary to implement this Agreement in an amount not to exceed \$12,690,521. |
| M2006-12<br>01/26/06                     | Authorized execution of a Development and Transitway Agreement with the City of SeaTac specifying the terms and conditions for development of the Airport Link Project and to execute necessary subsequent agreements with the City of SeaTac for a total authorized expenditure not to exceed \$7,416,808.   |

**CONSEQUENCES of DELAY**

This contract amendment includes the construction of the station finishes elements of the SeaTac/Airport Station and the International Boulevard Plaza and pedestrian bridge. The construction of the SeaTac/Airport Station is the last major element of the Airport Link project to enter into construction. The procurement of long lead items such as elevators, escalators, and structure steel for the station finishes needs to begin by the first quarter of 2008 in order to help ensure that the station will be complete and operational by the end of 2009.

**PUBLIC INVOLVEMENT**

The redesign of the SeaTac/Airport Station aspired to maintain the overall imagery and functionality of the previous design, while reducing the cost of certain station elements which contributed to the high bid price received. The City of SeaTac and the Port of Seattle have been engaged in the redesign effort and are supportive of the redesigned Airport station finishes

**ENVIRONMENTAL COMPLIANCE**

JI 2/19/08

**LEGAL REVIEW**

DLB 2/19/08

## SOUND TRANSIT

### MOTION NO. M2008-27

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute an amendment to an existing and previously authorized negotiated sole source contract with Mowat Construction Company for the construction of station finishes elements of the SeaTac/Airport Station in the amount of \$37,226,000, with a contingency of \$1,000,000, for a total authorized contract amount not to exceed \$74,026,000.

#### **Background:**

The 1.7-mile Airport Link project extends the Initial Segment from South 154<sup>th</sup> Street to an elevated light rail station at Sea-Tac International Airport's main terminal near South 176<sup>th</sup> Street. Beginning from the elevated station at Tukwila International and Southcenter Boulevards, the Airport Link route continues south on an elevated structure, crossing above SR-518, and transitioning to grade just north of South 160<sup>th</sup> Street. The route continues in the median of the relocated North Airport Expressway, passing under the South 160<sup>th</sup> Street bridge and the new return to terminal loop ramp. The alignment crosses above South 170<sup>th</sup> Street and continues on an elevated structure to an elevated light rail station just east of the airport terminal/garage. A community access point (kiss-and-ride) facility will be constructed on the east side of International Boulevard and accessed via a pedestrian bridge over International Boulevard.

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The first package to be negotiated was the C430R Station Concrete and Trackwork. On July 26, 2007, the Sound Transit Board authorized the C430R contract, which includes the station structural concrete, guideway, and trackwork, to be executed with Mowat Construction. On the same day, the Sound Transit Board authorized an amendment to the D770 final design contract with Hatch Mott MacDonald to proceed with the redesign of the remaining scope elements in order to reduce overall project cost and maintain functionality.

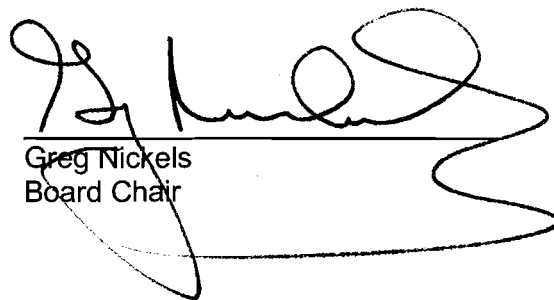
The C430R contract provides that Sound Transit may, at its sole discretion, add all or part of the station finishes, International Boulevard Plaza and pedestrian bridge, and the Airport parking garage pedestrian bridge as additional construction scope to the C430R Airport Station Concrete and Trackwork Contract. Amending the C430R contract to include this work is appropriate because Mowat is the only source practically available to perform the work within the time required and within an affordable budget.

In August 2007, after the engineering documents for the station finishes elements had been advanced to the 30% level of design completion, Sound Transit initiated negotiations with Mowat regarding the remaining scope elements. Collaboration at this design stage provided Sound Transit the opportunity to pursue efficiencies through value engineering and consideration of alternative construction means and methods. The design team advanced the engineering documents to a level sufficient for Mowat to prepare a price proposal in November 2007. Negotiation of the price and other terms were completed based on the November 2007 documents. A cost analysis will be performed to confirm that the negotiated price is reasonable before executing the amendment to the contract. Final construction documents will be provided to the contractor by March 2008.

**Motion:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute an amendment to an existing and previously authorized negotiated sole source contract with Mowat Construction Company, for the construction of station finishes elements of the SeaTac/Airport Station in the amount of \$37,226,000, with a contingency of \$1,000,000, for a total authorized contract amount not to exceed \$74,026,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 28, 2008.



Greg Nickels  
Board Chair

ATTEST:



Marcia Walker  
Board Administrator