

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2008-82

Contract Amendment for Airport Link C410 Civil Construction

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	8/7/08	Discussion/Possible Action to Recommend Board Approval	Ahmad Fazel, Link Executive Director	(206) 398-5389
Board	8/14/08	Action	Ron Lewis, Airport Link Project Director	(206) 689-4905

Contract/Agreement Type:	<input checked="" type="checkbox"/>	Requested Action:	<input checked="" type="checkbox"/>
Competitive Procurement	<input checked="" type="checkbox"/>	Execute New Contract/Agreement	<input type="checkbox"/>
Sole Source	<input 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 – South 154th Street to South 176th Street.

PROPOSED ACTION

Authorizes the chief executive officer to increase the contingency related to the Airport Link portion of the contract with PCL Construction Services, Inc. in the amount of \$697,000 for a total authorized amount of \$39,647,000 for Airport Link C410 construction. This will result in a new total authorized contract amount for both the Tukwila segment and Airport Link portions of the contract in an amount not to exceed \$294,489,874.

KEY FEATURES of PROPOSED ACTION

- The proposed action provides funding to finalize the Airport Link civil facilities construction (C410) between South 154th Street and South 160th Street for a total amount authorized for the C410 portion of the PCL Construction Services, Inc. (“PCL”) contract of \$39,647,000.
- The total amount of funding required to support this proposed action was identified and included in the phase level Airport Link estimate at completion in February 2008. The Sound Transit Board subsequently adopted a revised Airport Link project budget which contemplated this proposed action.
- The original PCL contract included construction of the civil facilities for the C755 Tukwila segment. The contract also provided that Sound Transit may, at its sole discretion, exercise an option to add to the scope of the contract the construction of any portion of the light rail extension from S. 154th Street to SeaTac International Airport (i.e., C410 portion of the Airport Link project). In June 2006, the Sound Transit Board authorized the chief executive officer to execute a contract amendment with PCL for construction of the C410 portion of the Airport Link project in the amount of \$37,950,000 with a 2.6% contingency of \$1,000,000. This proposed action would increase the contingency by \$697,000 for a total contingency

authorized for the C410 portion of the contract in the amount of \$1,697,000, which is 4.5% of the Airport Link C410 portion of the PCL contract.

- Per the terms of the contract, Sound Transit and the Contractor negotiated contract price adjustments for design refinements between the 60% and 100% drawings, additional post-tensioning and reinforcing steel quantities, and for Sound Transit directed modifications which occurred after final drawings were issued.
- Facilitates the timely close-out of the C410 Airport Link portion of the PCL Construction Services, Inc. contract, which reached substantial completion on schedule in March 2008.

BUDGET IMPACT SUMMARY

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

BUDGET and FINANCIAL PLAN DISCUSSION

The Amended 2008 Lifetime Capital Budget for the Airport Link project is \$269.1 million. Within that amount, \$40,459,925 has been set aside for C410 construction. When added to current commitments of \$38,950,000, the proposed action would increase this amount by \$697,000 to a revised total commitment of \$39,647,000 for this budget line item, and leave a remaining balance of \$812,925.

The PCL contract includes work within the Initial Segment project to construct the C755 Tukwila Freeway segment in an amount not to exceed \$254,842,874, authorized by Motion No. M2005-27 (adopted 3/10/05). The proposed action would increase the not to exceed amount for the PCL contract for both C755 and C410 to \$294,489,874.

The proposed action is consistent with the current adopted 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: PCL Construction Services, Inc. (resolution of all remaining contract change orders associated with the Airport Link C410 civil construction)

(Year of Expenditure \$000)

Airport Link	Amended 2008 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
Agency Administration	12,217	8,263		8,263	3,954
Preliminary Engineering	3,688	3,691		3,691	(3)
Final Design	16,081	15,647		15,647	434
Right of Way	12,843	12,195		12,195	648
Construction	191,094	182,430	697	183,127	7,967
Construction Services	15,380	15,050		15,050	329
Third Party Agreements	1,710	1,607		1,607	103
Vehicles	14,587	14,587		14,587	-
Contingency	1,500	-		-	1,500
Total Current Budget	269,100	253,470	697	254,167	13,433

Construction Phase Detail

C410 Construction Segment	40,460	38,950	697	39,647	813
Other Construction	150,634	143,480		143,480	7,154
Total Phase	191,094	182,430	697	183,127	7,967

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	37,950	37,999	-	37,950	37,999
Contingency	1,000	951	697	1,697	1,648
Total Contract - Airport Link	38,950	38,950	697	39,647	39,647
Percent Contingency	3%	3%	0%	4%	4%
Initial Segment	254,843	254,843		254,843	254,843
(1) Total Contract	293,793	293,793	697	294,490	294,490

(1) TOTAL CONTRACT includes construction of the Initial Segment C755 Tukwila Freeway segment by PCL Construction Services, Inc., authorized by Board Motion M2005-27 (adopted 3/10/05).

(B) COMMITTED TO DATE amounts are from Agency WBS Report as of June 2008 + approved and pending board actions not recorded as of 6/30/08, or submitted after that date.

SMALL BUSINESS PARTICIPATION

Goals established as part of the original contract apply to the Airport Link C410 portion of the contract as well. Under the original contract, Sound Transit established an overall goal of at least 20% participation by small businesses, of which 12% is to be accomplished using M/W/DBE. PCL committed to 23% Small Business participation, with 17% M/W/DBE participation. To date, participation by small businesses on the contract is 25%, including 16% participation by M/W/DBE firms.

Apprentice Utilization Commitment

PCL has committed to a goal of 20% overall apprentice utilization, with 21% of apprentices hours performed by minorities and 12% of apprentice hours performed by women. To date, PCL has achieved 17% apprentice utilization, with 26.7% of apprentice hours performed by minorities and 7.9% of apprentice hours performed by women.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

On November 18, 1999, the Sound Transit Board adopted Resolution No. R99-34, selecting the alignment alternatives and profiles, station locations, and vehicle maintenance base site alternative to be built for the Central Link Light Rail Initial Segment line. Resolution No. R99-34 identified the SeaTac alignment from South 154th to South 200th Streets in the City of SeaTac. In its action identifying the Initial Segment on September 27, 2001, the Sound Transit Board directed the agency to work with the Port of Seattle (Port) and the Cities of SeaTac and Tukwila to extend the Initial Segment south beyond South 154th Street. This process culminated in the execution of term sheets between Sound Transit, the Port, and the City of SeaTac in December of 2004 that defined the proposed light rail project scope. On July 14, 2005, the Sound Transit Board adopted Resolution No. R2005-16, selecting the Airport Link alignment and station locations between the Tukwila International Boulevard Station and South 200th Street and selecting the portion of Airport Link from the Tukwila International Boulevard Station to Sea-Tac Airport to be constructed and operated as part of the Central Link Light Rail Project by the end of 2009.

The 1.7-mile Airport Link project extends the Initial Segment from South 154th Street to an elevated light rail station at Sea-Tac International Airport's main terminal near South 176th 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 160th Street. The route continues in the median of the relocated North Airport Expressway, passing under the South 160th Street bridge and the new return to terminal loop ramp. The alignment crosses above South 170th Street and continues on an elevated structure to an elevated light rail station just east of the airport garage. A kiss-and-ride facility is being constructed on the east side of International Boulevard.

Sound Transit and the Port are delivering light rail and Port facilities through an integrated construction packaging plan. Delivery of light rail elements will rely in part on amendments to existing Initial Segment construction contracts, as provided for in those contracts and described in the project implementation plan presented to the Sound Transit Board on February 10, 2005.

The original PCL contract was for the C755 Tukwila Segment in the amount of \$231,675,340 with a 10% contingency of \$23,167,534 for a total authorized amount of \$254,842,874. The terms of the original contract specifically provided that Sound Transit may, at its sole discretion, exercise an option to add to the scope of the C755 contract the construction of any portion of the light rail extension from S. 154th Street to SeaTac International Airport. In June 2006, the Sound Transit Board authorized the chief executive officer to execute a contract amendment with PCL Construction Services, Inc. for construction of the C410 portion of the Airport Link project in the amount of \$37,950,000 with a 2.6% contingency of \$1,000,000. This brought the total authorized amount for the PCL Construction Services, Inc. contract for both the Tukwila segment and a portion of the Airport Link project to \$293,792,874. This proposed action would increase the contingency by \$697,000 for a total contingency authorized for the C410 portion of this contract in the amount of \$1,697,000, or 4.5%.

Substantial completion of civil facilities on this segment was achieved on schedule in March 2008, and construction is now 99% complete. Remaining work includes some limited landscaping and punchlist work.

Per the terms of the contract, the contractor requested additional compensation for three general categories of work: design refinements between 60-100% drawings; post tensioning and reinforcing steel quantities; and Sound Transit directed modifications which occurred post final drawings. Sound Transit evaluated the contractor's request and negotiated a final

settlement for all remaining contract change orders associated with Airport Link C410 civil construction.

The remaining contingencies for the Airport Link portion of this contract plus this request for additional contingency of \$697,000 will be sufficient to fund the full amount of the settlement. This proposed action would also facilitate the timely close-out of the C410 portion of this contract, which reached substantial completion on schedule in March 2008.

Prior Board/Committee Actions on this Project

Motion/Resolution Number & Date	Summary of Action
R2008-04 02/28/08	Amended the Adopted 2008 Budget to (a) revise the Airport Link lifetime budget to \$269.1 million; (b) add a project for the light rail segment from South 176 th to South 200 th with a budget of \$3.767 million; and (c) treat as property for resale and record separately from the Airport Link project budget the previously authorized \$4.1 million acquisition costs for the “kiss-and-ride” facility at the Airport Link Station.
M2006-52 06/22/06	Authorized the Chief Executive Officer to execute a contract amendment with PCL Construction Services, Inc. for the construction of the light rail guideway between Boeing Access Road and South 154 th Street to include the construction of Airport Link light rail facilities between South 154 th Street and South 160 th Street in the amount of \$37,950,000, with a contingency of \$1,000,000, for a new total authorized contract amount not to exceed \$293,792,874.
R2005-16 07/25/05	Selected the Airport Link alignment and station locations and selecting the portion of Airport Link to be constructed and operated as part of the Central Link Light Rail Project by the end of 2009; increased the Airport Link lifetime Adopted 2005 Budget; increased the Airport Link annual Adopted 2005 Budget; and for planning purposes, reduced the minimum debt coverage ratio for South King County subarea to 1.15x for the Airport Link Finance Plan.
M2005-27 03/10/05	Authorized execution of a contract with PCL Construction Services, Inc. for the construction of the light rail guideway between Boeing Access Road and South 154 th Street in the City of Tukwila for a total authorized contract amount not to exceed \$254,842,874.

CONSEQUENCES OF DELAY

A delay in the settlement of these negotiated items would likely result in exposure to litigation by the contractor in an effort to recover these costs. However, if so desired by the Finance Committee, postponement of Finance Committee action to the August 21, 2008 meeting could likely be accommodated without adversely impacting final resolution of these issues.

PUBLIC INVOLVEMENT

Throughout the implementation of the Airport Link Project, Sound Transit, the Port of Seattle, and the City of Seatac have conducted an extensive public outreach program including mailings, community open houses, presentations, and meetings with individuals, businesses and neighborhood groups. However, no specific public outreach was conducted as part of the negotiation of these items.

ENVIRONMENTAL COMPLIANCE

JI, 7/28/08

LEGAL REVIEW

JW 8/4/08

SOUND TRANSIT

MOTION NO. M2008-82

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to increase the contingency related to the Airport Link portion of the contract with PCL Construction Services, Inc. in the amount of \$697,000 for a total authorized amount of \$39,647,000 for Airport Link C410 construction. This will result in a new total authorized contract amount for both the Tukwila segment and Airport Link portions of the contract in an amount not to exceed \$294,489,874.

Background:

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Motion:

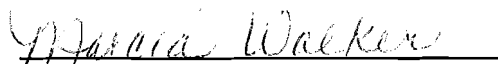
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to increase the contingency related to the Airport Link portion of the contract with PCL Construction Services, Inc. in the amount of \$697,000 for a total authorized amount of \$39,647,000 for Airport Link C410 construction. This will result in a new total authorized contract amount for both the Tukwila segment and Airport Link portions of the contract in an amount not to exceed \$294,489,874.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on August 14, 2008.



Aaron Reardon
Board Vice-Chair

ATTEST:



Marcia Walker
Board Administrator