

**MOTION NO. M2012-73**
**Contract Amendment for University Link Extension Systems Construction**

<b>MEETING:</b>	<b>DATE:</b>	<b>TYPE OF ACTION:</b>	<b>STAFF CONTACT:</b>	<b>PHONE:</b>
Capital Committee	10/11/2012	Recommendation to Board	Ahmad Fazel, DECM Executive Director	206-398-5389
Board	10/25/2012	Final Action	<b>Joe Gildner, Executive Project Director, U-Link</b> <b>Pete Brown, Construction Manager (Systems)</b>	206-689-3350 206-903-7473

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a contract amendment with Stacy and Witbeck, Inc., to provide General Contractor/Construction Manager construction services for the University Link Extension systems construction in the amount of \$112,028,265, with a 5% contingency of \$5,958,372, totaling \$117,986,637, for a new total authorized contract amount not to exceed \$125,125,806.

**KEY FEATURES SUMMARY**

- This contract amendment includes the construction of all track work, power distribution, traction power substations, overhead catenary, train signal systems, and communications systems.
- The scope of work also includes:
  - Retrofitting the existing Supervisory Control and Data Acquisition (SCADA) systems for the Link Initial Segment to integrate facilities and systems from both the University Link Extension and the S. 200<sup>th</sup> Street Link Extension.
  - Testing the noise and vibration mitigation measures (including the floating slab and ultra-straight rail) to validate design assumptions used in the Northgate Link Extension vibration mitigation studies.
- The amendment supplements the Board's action in June 2012, which authorized a contract to procure rail and rail fasteners included in the track work scope.
- The amendment will implement the General Contractor/Construction Manager (GC/CM) alternative contracting procedure authorized by RCW 39.10. The GC/CM method incorporates a negotiated Maximum Allowable Construction Cost (MACC) with specified general conditions and fees to develop a Total Contract Cost (TCC).
- As authorized by Motion No. M2011-78, Stacy and Witbeck, Inc. (SWI) has been performing pre-construction services since December 2011. At the completion of the pre-construction phase, Sound Transit and SWI negotiated a MACC and the general conditions and fees specified in the contract were added to establish the TCC. The MACC is based on the construction work being competitively procured.
- The proposed action would implement the construction phase of the GC/CM process, with active construction to begin in March 2013. The work is expected to take four years, including provisions that maintain the contractor's involvement through commencement of revenue service.

## BACKGROUND

University Link Extension is a 3.15-mile light rail extension located entirely underground with tunnels traveling east from Pine Street, under the I-5 freeway to an underground station at Capitol Hill, continuing north beneath SR 520 and the Lake Washington Ship Canal to an underground station on the University of Washington campus, near Husky Stadium.

On May 26, 2011, the Project Review Committee of Washington State's Capital Project Advisory Review Board approved Sound Transit's use of this method. The GC/CM method of contracting involves contractor selection based on qualifications and pricing for specific project elements, which include specified general conditions costs, contractor fees, and pre-construction services. This is one of three construction contracts to utilize the GC/CM contracting method.

Sound Transit issued a Request for Proposals on June 28, 2011. Sound Transit received, reviewed, and evaluated four proposals, and three contractor teams were invited for oral interviews. All three firms were asked to submit final proposals in response to a Request for Final Proposals. The price offers, which included offers for specified work items, were opened publicly on September 27, 2011. Based on evaluation of proposals, oral interviews, and price offers, Sound Transit awarded the pre-construction contract to SWI.

During pre-construction, SWI performed project planning and management, developed project cost estimates, schedules, and subcontracting plans, and conducted value engineering as well as constructability and risk management reviews. Toward the end of the pre-construction phase, Stacy and Witbeck advertised for subcontractors on bid packages.

As required by RCW 39.10, all of the project scope within the negotiated MACC must be publicly bid and subcontracted to the lowest responsive, responsible bidder. The GC/CM may self-perform up to 30% of the MACC amount. In order to do so, the GC/CM must compete in the bid process and be the lowest responsive, responsible bidder.

SWI advertised Requests for Bids on key subcontract packages including rail, rail fasteners, special track work and track construction. Due to long lead times, the Board authorized SWI to issue subcontracts for rail and rail fasteners under Motion No. M2012-37. SWI issued notices of intent to award subcontracts to the low bidders of other bid packages, contingent upon Sound Transit awarding the proposed contract to SWI. As authorized by the provisions of state statute, SWI also awarded contingent subcontracts for the power distribution, traction power and overhead catenary systems, train signals, and communications scopes of work.

Toward the end of the pre-construction phase, Sound Transit successfully negotiated the remaining scope elements of the MACC with SWI. The fixed amount for Specified General Conditions and the GC/CM Fee Percentage, which were competitively bid during the selection process, were added to the MACC to develop a Total Contract Cost (TCC). The table below provides a summary of SWI's costs for the major scope elements of the contract as compared to the Adopted 2012 Budget for this contract.

<b>Major Scope Elements</b>	<b>Stacy &amp; Witbeck Cost</b>	<b>Adopted 2012 Budget</b>
Track	\$33,359,450	\$22,614,000
Traction Power / OCS / 26Kv	\$30,847,947	\$26,800,000
Signaling	\$11,931,544	\$12,820,000
Communications	\$43,028,494	\$48,266,000
<b>Total</b>	<b>\$119,167,435</b>	<b>\$110,500,000</b>

For the major scope elements listed, the track work accounts for a majority of the difference between SWI's costs and the Adopted 2012 Budget. There are a number of factors such as market conditions, access restrictions for delivery of materials and equipment, and improvements to the design. In particular, some of the factors include:

- Rail prices attributable to escalation of the cost of steel;
- Access constraints at both station locations requiring the procurement of 60-ft long rail versus the preferred 80-ft long rail (resulting in additional transportation costs and welding);
- Use of high resilient rail fasteners to further reduce vibrations from rail operations (resulting in increased material and labor costs); and
- Design enhancements to the floating slab prototype to conform to the requirements for the Northgate Link Extension (resulting in highly specialized fabrication and handling which increases material and labor costs).

This is the only construction contract that has exceeded the adopted line item budget for a major contact package on the University Link Extension. Therefore, the estimated final cost remains at approximately \$107 million below the approved baseline budget.

Similar to the other University Link Extension GC/CM contracts, SWI bears the risk if actual construction costs exceed the TCC.

Environmental compliance for the University Link Extension pursuant to the National Environmental Policy Act (NEPA) and State Environmental Policy Act (SEPA) was completed with the North Link Final Supplemental Environmental Impact Statement (EIS) issued on April 7, 2006. The Federal Transit Administration issued a Record of Decision for North Link in June 2006.

## **FISCAL IMPACT**

The 2012 TIP for the University Link Extension is \$1.726 billion. Within that amount:

- \$110,500,000 has been set aside for Systems Construction in the construction phase. Of this amount, \$7,139,169 has been previously committed for rail procurement by Stacy and Witbeck, Inc. The proposed action would increase commitments by \$117,986,637 to a revised total of \$125,125,806 for this contract, and result in a budget shortfall of \$14,625,806 for this line item. The shortfall will be funded from the Construction phase unallocated contingency.
- \$38,901,522 in unallocated contingency has been set aside in the construction phase. The proposed action would use \$14,625,806 of that amount, leaving a balance remaining of \$24,275,716.

The proposed action is consistent with the current adopted budget, and sufficient monies remain after approval of this action to fund the remaining work in the construction phase as contained in the current cost estimates. The action is affordable within the agency's long-term financial plan and subarea financial capacity, and will have no new revenue impact on Sound Transit.

## PROJECT TABLE

University Link	2012 TIP	Board		Board	Uncommitted /
		Approvals	This Action	Approved Plus Action	(Shortfall)
Agency Administration	115,229	51,620		51,620	63,609
Preliminary Engineering	24,261	24,261		24,261	-
Final Design	87,633	85,197		85,197	2,436
Right of Way	152,332	126,543		126,543	25,789
Construction	1,158,183	829,803	117,987	947,789	210,394
Construction Services	95,814	81,489		81,489	14,324
Third Party Agreements	18,646	11,915		11,915	6,731
Vehicles	103,909	99,185		99,185	4,724
<b>Total Current Budget</b>	<b>1,756,007</b>	<b>1,310,013</b>	<b>117,987</b>	<b>1,427,999</b>	<b>328,008</b>

### Phase Detail

#### Construction

U830 Systems	110,500	7,139	117,987	125,126	(14,626)
Other Construction	1,008,781	822,664		822,664	186,118
Const Unallocated Contingency	38,902	-		-	38,902
<b>Total Phase</b>	<b>1,158,183</b>	<b>829,803</b>	<b>117,987</b>	<b>947,789</b>	<b>210,394</b>

### Contract Detail

	Board Approvals to Date	Current Approved Contract Status	Proposed Action	Proposed Total for Board Approval
Contract Amount	7,139	7,139	112,028	119,167
Contingency	-	-	5,958	5,958
<b>Total</b>	<b>7,139</b>	<b>7,139</b>	<b>117,987</b>	<b>125,126</b>
Percent Contingency	0%	0%	5%	5%

<b>Budget Shortfall</b>	14,626
Const Unallocated Contingency	14,626
<b>Total Funding</b>	<b>14,626</b>

#### Notes:

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

Board Approvals = Committed To-Date + Contingency, and includes pending Board actions.

Project Budget is located on page 36 of the 2012 Transit Improvement Plan (TIP).

## SMALL BUSINESS PARTICIPATION

Sound Transit Small Business and DBE Goals:

Small Business: 5%

DBE: 2%

Contract Commitment:

Small Business: 6.2%

DBE: 2%

Small business and DBE participation goals were developed by Stacy and Witbeck, Inc. during pre-construction when the majority of the subcontract packages were bid.

## EQUAL EMPLOYMENT WORKFORCE PROFILE

543 employees; 22% women; 43% minorities

## PUBLIC INVOLVEMENT

Not applicable to this action.

## **TIME CONSTRAINTS**

A one month delay could delay the start of construction. Contract milestone dates are required under the Master Implementation Agreement (MIA) with the University of Washington. Under the terms of the MIA, liquidated damages may be assessed by the University for delays.

## **PRIOR BOARD/COMMITTEE ACTIONS**

Motion No. M2012-37: Authorized the chief executive officer to execute a contract with Stacy and Witbeck, Inc., for procurement of rail and rail fasteners for the University Link systems construction for a total authorized contract amount not to exceed \$7,139,169.

Motion No. M2011-78: Authorized the chief executive officer to execute a contract with Stacy and Witbeck, Inc., to provide pre-construction phase services for the University Link systems construction in the amount of \$666,455, with a 7.5% contingency of \$50,000, for a total authorized contract amount not to exceed \$716,455.

## **ENVIRONMENTAL REVIEW**

JI 09/21/2012

## **LEGAL REVIEW**

LA 10/5/12

## **MOTION NO. M2012-73**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract amendment with Stacy and Witbeck, Inc., to provide General Contractor/Construction Manager construction services for the University Link Extension systems construction in the amount of \$112,028,265, with a 5% contingency of \$5,958,372, totaling \$117,986,637, for a new total authorized contract amount not to exceed \$125,125,806.

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**MOTION:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract amendment with Stacy and Witbeck, Inc., to provide General Contractor/Construction Manager construction services for the University Link Extension systems construction in the amount of \$112,028,265, with a 5% contingency of \$5,958,372, totaling \$117,986,637, for a new total authorized contract amount not to exceed \$125,125,806.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 25, 2012.



Pat McCarthy  
Board Chair

ATTEST:



Marcia Walker  
Board Administrator