

## **SOUND TRANSIT CAPITAL COMMITTEE MEETING**

Summary Minutes

September 8, 2016

### **CALL TO ORDER**

The meeting was called to order at 1:31 p.m. by Committee Chair Fred Butler, in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

### **ROLL CALL**

Chair

(P) Fred Butler, Issaquah Mayor

Vice Chair

(A) Pat McCarthy, Pierce County Executive

Boardmembers

(P) Nancy Backus, Auburn Mayor

(P) Claudia Balducci, King County Councilmember

(A) Dave Earling, Edmonds Mayor

(A) Rob Johnson, Seattle Councilmember

(P) John Marchione, Redmond Mayor

(P) Dave Upthegrove, King County Councilmember

Katie Flores, Board Administrator, announced that there was a quorum of the Committee present at roll call.

### **REPORT OF THE CHAIR**

None.

### **CEO REPORT**

#### Lynnwood Link Extension

Peter Rogoff, Chief Executive Officer, reported on the completion of tunneling work for the Northgate Link Extension. Sound Transit's Tunnel Boring Machine completed the last leg of the tunnel from Husky Stadium to the Northgate Transit Center. The work took just under 27 months to complete. Rogoff congratulated Don Davis, Executive Project Director, and his team on their work to complete the tunneling before the first football game as promised to the University of Washington.

The first football game at Husky Stadium took place on September 3, 2016. Sound Transit ambassadors were out at the station to assist. Sound Transit will use the experience to prepare for upcoming games where high attendance is anticipated.

Earlier today, the Puget Sound Regional Council Transportation Policy Board recommended that the PSRC Executive Board find the Sound Transit 3 Plan to be in conformity with the long range of 2040 Plan. The Executive Board will consider the conformity finding at the end of the month.

An achievement award will be given to Joni Earl at the American Public Transit Association (APTA) meeting in Los Angeles next week. The award recognizes her long-standing work at Sound Transit. During the APTA meeting, Sound Transit will also be involved in a peer-review activity with Los Angeles Metropolitan Transportation Authority to test each other's processes and procedures. They will have an inward critical look at how the Agency conducts procurements and construction methods, as well as planning and communication.

The Federal Way Link Extension Project has been admitted into the project development status with the Federal Transit Administration. It is an important step in continuing federal partnership for the project.

Pre revenue testing is underway for the South 200<sup>th</sup> Link Extension. Work is also underway to complete the Angle Lake station parking structure and elevators. Overall, the work is progressing according to plans and Sound Transit is excited about the opening on September 24, 2016.

## **PUBLIC COMMENT**

Alex Tsimerman

(Claudia Balducci comments on public comment.)

## **REPORTS TO THE COMMITTEE**

### Market Conditions Update

Eric Beckman, Deputy Executive Director, and Joe Gildner, Executive Project Director, gave a presentation on current market conditions, including real estate forecasts, construction cost trends, Sound Transit performance and program cost management.

In the current real estate market, property values continue to appreciate. The residential market is fueled by strong local employment, and the growing regional population continues to push property values up. In addition, foreign investments in the Seattle and the greater Northwest also effect property prices. Based on the last five years, and looking forward from 2016 to 2021, property values will see a slow return to a balance between supply and demand as housing starts to increase and more properties are coming to market. In terms of property value, growth will not stop, but will slow. Employment is anticipated to grow slightly slower than over the last five years and is balancing out some of the high tech demand with some lower demand in terms of manufacturing. Overall, steady but predictable upward growth is seen in the real estate market.

For construction trends, inflation averaged 2.9% to 3.5% over the last 5 years. Raw material costs are flat and the equipment cost increases 1% to 2%. Labor is the largest single component of the projects, which contributes to greater than 50% of the final construction cost estimates. The craft labor increases 3.5-4% and salaried labor about 3.5-5% growth in salary and wages. In terms of bidding, the Agency looked at nine significant construction contracts awarded in 2015-16 timeframe, ranging from \$2.5 million to \$366 million. The analysis showed an active bidding climate. There were no less than two bidders on any of the contacts evaluated, the average was four bidders, and on some projects there were as many as seven bidders.

In managing program cost impacts, the agency adapted project management tools such as contract provision adjustment clauses to isolate volatile commodities, such as fuel prices or steel. This practice helps to isolate and ease contractor risk, particularly on longer contracts. In terms of strategic partnerships, Sound Transit actively works with the Associated General Contractors (AGC) on a monthly basis to identify regional and national trends. In addition, the agency participates in FTA workshops (formally known as Construction Round Table) for owners from throughout the country to share challenges they are seeing in the bidding climate. Mr. Gildner noted that Sound Transit completes a quarterly risk assessment on market conditions for the construction contracts as part of the risk assessment.

In conclusion, Sound Transit's budgeting has been accurately accounting for inflation. The Puget Sound region is in a period of a sustained growth. The real estate prices will continue to increase but there is a shortage of qualified labor, which is a growing issue. The regional market is currently stable but the international market can cause changes if for example, fuel or steel prices change. Sound Transit will continue to monitor these trends.

CEO Peter Rogoff commented that in terms of qualified labor, the agency is working on developing talent internally, specifically in certain critical areas where Sound Transit cannot depend on the market to train people. The Agency will make sure that they have an adequate supply of expertise in areas such as real estate appraisal.

Chair Butler commented on the shortage of qualified labor and apprenticeship program, its success and the relationship between the two. Mr. Gildner stated that the apprenticeship program has been successful, but that Sound Transit continues to discuss labor issues with partners at AGC. For some trades, such as high-voltage electricians, there are local and national concerns about shortages of qualified labor. One of the benefits of the General Contractor/Construction Manager delivery method is that during preconstruction, Sound Transit can have conversations about labor supply by craft, which is beneficial to the negotiations. Chair Butler further discussed whether certain skills are under the skills labor concerns that should be targeted, and whether shortages are addressed, and if apprenticeship opportunities are included in the current or future contracts. Gildner stated that they are looking for opportunities where partnership programs can effectively supplement the skilled labor.

## **BUSINESS ITEMS**

### Item for Committee Final Action

#### Minutes of the August 11, 2016, Capital Committee Meeting

**It was moved by Boardmember Balducci seconded by Boardmember Marchione, and carried by unanimous vote that the August 11, 2016, Capital Committee minutes be approved as presented.**

Motion No. M2016-97: Authorizing the chief executive officer to amend the contract with David Evans and Associates to provide on-call architectural and engineering services in the amount of \$2,500,000 for total contract amount not to exceed \$4,500,000.

Moises Gutierrez, Deputy Executive Director, and Bryon Agan, Civil Engineering Supervisor, presented the staff report on both Motion No. M2016-97 and No. M2016-98. The actions under these amendments include continued support for all architectural and engineering disciplines. Additional funds are required due to greater than anticipated need for engineering support to the Operations Department, technical expertise on University Link Safety Certification, and East Link right-of-way engineering. The total requested authorized amount is sufficient to fund the third year of the original contract and the two-year option to extend.

**It was moved by Boardmember Backus, seconded by Boardmember Marchione, and carried by unanimous vote that Motion No. M2016-97 be approved as presented.**

Motion No. M2016-98: Authorizing the chief executive officer to amend the contract with Huitt-Zollars to provide on-call architectural and engineering services in the amount of \$2,500,000 for total contract amount not to exceed \$4,500,000.

**It was moved by Boardmember Backus, seconded by Boardmember Marchione, and carried by unanimous vote that Motion No. M2016-98 be approved as presented.**

### Items for Recommendation to the Board

Motion No. M2016-99: Authorizing the chief executive officer to execute a contract with Skanska Constructors L300, a Joint Venture between Skanska USA Civil West California District Inc. and Skanska USA Buildings, Inc., to provide pre-construction services for the NE 200<sup>th</sup> Street to Lynnwood Transit Center contract within the Lynnwood Link Extension in the amount of \$5,370,000, with a 10% contingency of \$537,000, for a total authorized contract amount not to exceed \$5,907,000.

Ginger Ferguson, Construction Manager, presented the staff report. This action authorizes pre-construction services with Skanska Constructors for the Lynnwood Link Extension NE 200<sup>th</sup> Street to Lynnwood Transit Center (L300) contract. The L300 contract includes construction of approximately 2.3 miles of elevated guideway including crossing the I-5 mainlines just north of the Mountlake Terrace Transit Center, 1.4 miles of at-gate retained cut/fill guideway, an elevated station at Mountlake Terrace Transit Center, an elevated station and 1650-stall parking garage at Lynnwood Transit Center, and track work.

**It was moved by Boardmember Balducci, seconded by Boardmember Marchione, and carried by unanimous vote that Motion No. M2016-99 be forwarded to the Board with a do pass recommendation.**

Motion No. M2016-100: Authorizing 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.

Ron Lewis, Executive Project Director – East Link Extension, and Pat McCormick, Construction Manager, presented the staff report. The action will provide for the construction of South Bellevue E320 within the East Link Extension. The work includes the construction of the station, parking garage, and the light rail guideway under the South Bellevue E320.

Committee members asked about alternative parking locations during construction. Sound Transit will provide alternative parking in number of locations, including through leases with churches and other facilities to provide replacement parking, and some un-used parking capacity. Sixty days prior to closure of the South Bellevue Park and Ride, Sound Transit will launch a robust communication and outreach plan to inform current users, the general public and local neighborhoods about alternative bus routes and parking locations. In the spring 2016, in conjunction with King County Metro, Sound Transit provided additional bus trips on ST Express Route 545. Additional service will also be provided during the fall service change to supplement the existing transit services.

**It was moved by Boardmember Balducci, seconded by Boardmember Marchione, and carried by unanimous vote that Motion No. M2016-100 be forwarded to the Board with a do pass recommendation.**

Motion No. M2016-101: Authorizing the chief executive officer to execute a contract with Siemens Industry, Inc. to provide 122 light rail vehicles for the ST2 light rail expansion projects, including Northgate Link, East Link, and Lynnwood Link Extensions, in an amount not to exceed \$517,621,239, with a 7% contingency of \$36,233,486, for a total authorized amount not to exceed \$553,854,725.

Gene Overly, Director, System Engineering and Integration presented the staff report. The action will purchase 122 low-floor light rail vehicles (LRVs) for the ST2 light rail expansion projects. The Agency has gone through a competitive procurement process and selected Siemens Industry, Inc. as the vehicle manufacturer. Siemens will be manufacturing the vehicles in their Sacramento facilities.

The vehicles are not fully compatible with the existing fleet, so 122 vehicles will be purchased to provide four extra vehicles in case of emergency or vehicle breakdown. Vehicles of a different make can be mechanically towed by each other, but they cannot be operated together. Sound Transit's current vehicles have a 10-year old design. If identical vehicles could be purchased, Sound Transit would not have the most current technology and would not be able to replace parts. New vehicles from the same manufacturer—Kinkisharyo—would also not be compatible with the 10-year old vehicles.

**It was moved by Boardmember Marchione, seconded by Boardmember Backus, and carried by unanimous vote that Motion No. M2016-101 be forwarded to the Board with a do pass recommendation.**

#### **EXECUTIVE SESSION**

None

#### **OTHER BUSINESS**

None

**NEXT MEETING**

Thursday, October 13, 2016  
1:30 to 4:00 p.m.  
Ruth Fisher Boardroom

**ADJOURN**

The meeting adjourned at 1:01 p.m.



Fred Butler  
Capital Committee Chair

ATTEST:



Kathryn Flores  
Board Administrator



APPROVED on September 8, 2016, SD