

MOTION NO. M2018-08

Increase in Contingency with Hensel Phelps Construction Co. contract for the Operations and Maintenance Facility: East

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Capital Committee	01/11/2018	Recommend to Board	Ahmad Fazel, DECM Executive Director Tracy Reed, Executive Project Director – OMF East/LRV
Board	01/25/2018	Final Action	Jon Mihkels, Deputy Project Director – Facility Design

PROPOSED ACTION

Authorizes the chief executive officer to increase the contract contingency for the design-build construction services contract with Hensel Phelps Construction Co. for the Link Operations and Maintenance Facility: East project to allow for the implementation of a betterment reimbursement agreement with King County, in the amount of \$1,636,364, for a new total authorized contract amount not to exceed \$242,439,564.

KEY FEATURES SUMMARY

- A Utility Relocation Agreement was executed on July 14, 2017, between King County and Sound Transit to replace the existing 54” pipe underneath the Operations & Maintenance: East (OMF East) project site as part of the base scope of the OMF East project.
- King County has requested a change to the pipe material to increase corrosion resistance and an increase in the diameter of the pipe crossing the area of the OMF East project site from the existing 54” to 66”. The pipe diameters at the existing east and west structures will remain at 54”, while the portion of pipe beneath the OMF East project site will be upsized.
- A betterment reimbursement agreement has been developed for King County to reimburse Sound Transit for additional design, construction costs and overhead for the betterments requested above the base scope. The Board is considering approval of this agreement in a separate Board action, Motion No. M2018-07.
- After approval of this motion, a change order not to exceed the increase in contingency will be negotiated and executed to the design build contract with Hensel Phelps Construction Co. to complete the design and construction of the betterment work.

BACKGROUND

Sound Transit is building an operations and maintenance facility that is needed for the expansion of the region’s light rail system. By 2023, the system will grow to include Northgate Link and East Link; and the existing light rail fleet will grow in size from 62 to 214 vehicles. The current operations and maintenance facility in Seattle, which can store and maintain up to 104 light rail vehicles, will reach full capacity by 2020. The new maintenance facility in the City of Bellevue will maintain, store, and deploy the expanded fleet and support the efficient light rail operations approved and funded by voters in 2008. The facility is roughly rectangular in shape and up to 28 acres.

The OMF East project site is bifurcated by an easement for the King County Lake Hills Interceptor, a system of utility piping located under the project site. The OMF East project includes the replacement of this existing 54” line with the intent that this work will align the useable lifespans of the two capital assets and minimizes potential future impacts to either facility. The pipe replacement also allows the King County facility and easement to avoid the footprint of the future

maintenance facility. This replace in kind scope was included in the Sound Transit baseline cost of the project and the design build contract with Hensel Phelps Construction Co. The Utility Relocation Agreement was executed July 14, 2017, between King County and Sound Transit to replace the existing 54” pipe underneath the Link Operations & Maintenance: East (OMF East) project site as part of the base scope of the OMF East project. The agreement was executed within the CEO’s authority as the work was already included in the baseline scope of the project and didn’t represent an additional financial obligation.

In late July 2017, King County requested the replacement pipe be increased in diameter from 54” to 66” and the pipe material be changed from concrete to fiberglass to provide more corrosion resistance. King County acknowledged this request constituted a betterment and has worked with Sound Transit and Hensel Phelps Construction Co. during August and September to advance design sufficiently to allow for contractor pricing.

King County provided Sound Transit a letter dated September 22, 2017, requesting Sound Transit continue the replacement design including the betterment scope. Sound Transit subsequently directed Hensel Phelps Construction Co. to proceed developing the betterment design in lieu of the base contract design.

A request for proposal was issued to Hensel Phelps Construction Co. on October 12, 2017, and the Contractor has provided a lump sum proposal for additional design and construction costs above the base scope for increasing the diameter and changing the material. This proposal has been reviewed by King County and Sound Transit. After value engineering and revised pricing, a final scope and price proposal for the betterment was provided by Hensel Phelps Construction Co. on December 13, 2017.

The King County Wastewater Treatment Division’s Project Work Request Committee authorized the betterment reimbursement agreement with Sound Transit on December 18, 2017.

A change order to implement the betterment scope of work will be negotiated with Hensel Phelps Construction Co. and executed by the chief executive officer in an amount not to exceed the approved increase in contingency. The work of the betterment will be completed in 2018. The cost of the increased project contingency includes the contractor’s lump sum proposal plus early redesign fees, bonding costs, and a contingency of 12 percent, which is shared with King County.

PROJECT STATUS

○					
Project Identification	Alternatives Identification	Conceptual Engineering	Preliminary Engineering	Final Design	Construction

Projected Completion Date for Construction is 4Q 2020.
 Project scope, schedule, and budget summary located on page 75 of the September 2017 Agency Progress Report.

PROCUREMENT INFORMATION

Hensel Phelps Construction Co. was selected by Sound Transit through a competitive design build procurement to design, permit, construct and commission the Operations and Maintenance Facility: East Project. Notice to Proceed was issued to the contractor June 19, 2017.

FISCAL INFORMATION

The proposed action increases the contract contingency with Hensel Phelps Construction Co in the amount of \$1,636,364, for a new total authorized contract amount not to exceed \$242,439,564.

There is a corresponding Board action, authorizing an amendment to the Utility Relocation Agreement with King County Wastewater Treatment Division for a betterment reimbursement to Sound Transit. Sound Transit’s share of this contract remains unchanged at \$240,803,200.

Neither the costs nor the funding for this scope of work has been included in the agency’s long term financial plan. Since the costs will be reimbursed to Sound Transit, this action should not impact either the agency’s long-term financial plan or subarea financial capacity.

Link Operations & Maintenance Facility - East

(in thousands)

	Baseline Budget	Board Approvals	This Action	Board Approved Plus Action	Uncommitted / (Shortfall)
Agency Administration	\$17,573	\$3,404	\$	\$3,404	\$14,168
Preliminary Engineering	9,536	9,536		9,536	
Final Design	386				386
Third Party Agreements	3,107	316		316	2,791
Right of Way	134,529	87,135		87,135	47,394
Construction	264,753	241,711	0	241,711	23,042
Construction Services	19,337	18,910		18,910	427
Vehicles					
Total Current Budget	\$449,220	\$361,012	\$	\$361,012	\$88,208
Phase Detail					
Construction					
M200 O&M Facility (DB)	\$240,803	\$240,803	\$	\$	\$240,803
Other Construction	23,950	908		908	23,042
Total Phase	\$264,753	\$241,711	\$	\$908	\$263,845
Contract Detail					
Hensel Phelps Construction Co.	Board Approvals to Date	Current Approved	Proposed Action	Proposed Total for Board Approval	
Contract Amount	\$218,912	\$219,574	\$	\$219,574	
Contingency Amount	21,891	21,229	1,636	22,866	
Total Contract	\$240,803	\$240,803	\$1,636	\$242,440	
Percent Contingency	10%	10%	0%	10%	
Less King County Betterment Share			\$1,636	1,636	
Sound Transit Share	\$240,803	\$240,803	\$	\$240,803	

Notes:

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

Board Approvals = Committed To-Date + Contingency as of November 2017 includes pending Board actions.

For detailed project information, see page 16 of the Proposed 2018 Transit Improvement Plan (TIP).

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Design Services

Sound Transit’s Goal:

Small Business: 12%

DBE: 6%

Hensel Phelps’ Commitment:

Small Business: 12.4%

DBE: 12.4%

Construction Services

Sound Transit's Goal:
Small Business: 12%
DBE: 6%

Hensel Phelps' Commitment:
Small Business: 13.1%
DBE: 6.6%

PUBLIC INVOLVEMENT

Sound Transit and City of Bellevue staff continue to coordinate on a number of public outreach activities, including stakeholder meetings. Sound Transit will work closely with the design-build team on public outreach and construction update activities during design and construction phases.

TIME CONSTRAINTS

A one-month delay would create a corresponding delay to the project schedule.

PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2017-72: Authorized the chief executive officer to execute a contract with Hensel Phelps Construction Co. to provide design-build construction services for the Link Operations and Maintenance Facility: East project in the amount of \$218,912,000, with a 10% contingency of \$21,891,200 for a total authorized contract amount not to exceed \$240,803,200.

ENVIRONMENTAL REVIEW

KH 1/2/2018

LEGAL REVIEW

JW 1/5/2018

MOTION NO. M2018-08

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to increase the contract contingency for the design-build construction services contract with Hensel Phelps Construction Co. for the Link Operations and Maintenance Facility: East project to allow for the implementation of a betterment reimbursement agreement with King County, in the amount of \$1,636,364, for a new total authorized contract amount not to exceed \$242,439,564.

BACKGROUND:

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The King County Wastewater Treatment Division's Project Work Request Committee authorized the betterment reimbursement agreement with Sound Transit on December 18, 2017.

A change order to implement the betterment scope of work will be negotiated with Hensel Phelps Construction Co. and executed by the chief executive officer in an amount not to exceed the approved increase in contingency. The work of the betterment will be completed in 2018. The cost of the increased project contingency includes the contractor's lump sum proposal plus early redesign fees, bonding costs, and a contingency of 12 percent, which is shared with King County.

MOTION:

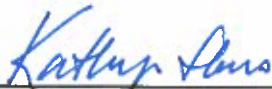
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to increase the contract contingency for the design-build construction services contract with Hensel Phelps Construction Co. for the Link Operations and Maintenance Facility: East project to allow for the implementation of a betterment reimbursement agreement with King County, in the amount of \$1,636,364, for a new total authorized contract amount not to exceed \$242,439,564.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on January 25, 2018.



Dave Somers
Board Chair

ATTEST:



Kathryn Flores
Board Administrator