

Motion No. M2020-31

Increase Contingency for Hilltop Tacoma Link Extension Construction Contract

| Meeting: | Date: | Type of action: | Staff contact: |
|----------------------------------|--------------------------|------------------------------------|---|
| System Expansion Committee Board | 06/11/2020 06/25/2020 | Recommend to Board Final action | Ron Lewis, DECM Executive Director Madeleine Greathouse, Project Director – Hilltop Tacoma Link Extension |

Proposed action

Authorizes the chief executive officer to increase the contract contingency for the Hilltop Tacoma Link Extension construction contract with Walsh Construction Company II LLC in the amount of \$27,400,000 for a new total authorized contract amount not to exceed \$145,409,750, contingent upon Board approval of Resolution No. R2020-12.

Key features summary

- This action utilizes additional contingency funds identified in Resolution No. R2020-12. The current contract contingency levels are insufficient and additional funds are necessary to complete construction of the Hilltop Tacoma Link Extension.
- The construction of the Hilltop Tacoma Link Extension is 54 percent complete. The extensive utility relocation work involving storm, water and sanitary sewer relocations along the 2.4 mile extension is near completion and track slab activities are underway in Stadium and Hilltop business districts.
- This action addresses the need for additional funds due to extensive delays associated with redesigns of utility relocations as a result of numerous differing site conditions, obstructions, and contaminated and hazardous materials encountered throughout the course of the work. The utility work is approximately 82 percent complete.
- This action includes a forecast for additional contingency for the remainder of construction scope based on current trends.

Background

The Hilltop Tacoma Link Extension is a 2.4 mile extension of light rail from the Theater District in downtown to the Hilltop neighborhood in Tacoma. The extension will travel at-grade, in-street with traffic along Stadium Way, North 1st Street, Division Avenue, and Martin Luther King Jr. Way. The project includes six new stations, relocates the Theater District Station, expands the existing Tacoma Operations and Maintenance Facility (OMF), and provides for additional light rail vehicles.

Revenue service for the extension is forecast for May 2022.

In July 2018, the Board authorized a contract with Walsh Construction Company II LLC to construct the Hilltop Tacoma Link Extension. Notice to Proceed was issued in August 2018 and construction is currently 54 percent complete. Work along the alignment has been primarily focused on completing utility relocations and is followed by the start of systems ductbank and track slab installations. The utility work is approximately 82 percent complete and progress of the work continues to be impacted by

numerous unanticipated conditions that have resulted in change orders which fall under the following categories:

- Differing site conditions related to the presence of unanticipated or incorrectly located existing utilities and/or obstructions encountered in excavations;
- Contaminated and hazardous materials in utility excavations; and
- Additional traffic management costs (e.g. uniformed police officers) as a result of changes to the planned utility work duration.

The contract cost at completion is the result of a yearlong series of quantitative risk assessments and updates to the estimate at completion. The inadequacy of available contract contingency was accentuated following the May 2019 quantitative risk assessment. In July 2019, staff informed the Board that based on the risk assessment there was only a 20 percent probability of completing the project within the baseline budget unless risks were fully mitigated. The project forecast at the time indicated minimum contingency level would be reached in September 2019. Staff developed secondary mitigations during the October recovery workshop in an attempt to control the cost impacts of known risks but the extended duration of the utility relocation work and high volume of change orders associated with the now realized risks continued to add to cost pressures.

In December 2019, staff requested additional contingency for the construction contract. Staff informed the Board that due to the ongoing uncertainty of the financial impacts associated with remaining utility work, a reliable contract cost at completion could only be achieved near the completion of the utility relocation work. Staff advised the Board that a quantitative risk assessment would be conducted near the end of the utility work to assess the ongoing cost and schedule impacts. The April 2020 quantitative risk assessment and trend forecast through contract completion confirmed previous risk analyses that additional contract contingency is required to complete the remaining scope of work.

Project status

| | | | | | |
|-------------------------------|------------------------------------|--|---|---------------------|---------------------|
| ○ | | | | | |
| Project Identification | Alternatives Identification | Conceptual Engineering/ Draft EIS | Preliminary Engineering/ Final EIS | Final Design | Construction |

Projected completion date for Construction: 1Q 2022

Project scope, schedule and budget summary are located on page 95 of the March 2020 Agency Progress Report Capital Programs.

Procurement information

Sound Transit issued an Invitation for Bid (IFB) on March 22, 2018, and five bids were received on May 23, 2018, with one bid determined non-responsive. The bids ranged from \$108,295,000.00 to \$125,660,188.00. Walsh Construction Company II LLC was the lowest responsive and responsible bidder with a bid of \$108,295,000.00. One protest was received and denied in accordance with Sound Transit’s protest and appeal procedures. Contract CN 0129-17 was awarded to Walsh Construction Company II LLC.

Fiscal information

This action is within the authorized project allocation contingent upon approval of Resolution R2020-12 and sufficient monies remain after approval of this action to fund the remaining work in the construction phase.

Upon Board approval of project budget amendment through Resolution No. R2020-12, the authorized project allocation for the Hilltop Tacoma Link Extension is \$252,746,000. Within the construction phase, \$144,409,750 has been allocated to the T100 Civil & Systems Package. The action would commit \$27,400,000 to this budget line item and leave no remaining budget balance.

Hilltop Tacoma Link Extension

(in thousands)

| Project Phase | Baseline Budget | Board Approvals | This Action | Board Approved Plus Action | Uncommitted / (Shortfall) |
|-----------------------------|------------------|------------------|-----------------|----------------------------|---------------------------|
| Agency Administration | \$21,578 | \$12,283 | | \$12,283 | \$9,295 |
| Preliminary Engineering | 5,559 | 5,559 | | 5,559 | 0 |
| Final Design | 14,098 | 13,798 | | 13,798 | 300 |
| Third Party | 1,466 | 1,396 | | 1,396 | 70 |
| Right of Way | 2,270 | 2,189 | | 2,189 | 82 |
| Construction | 156,696 | 127,297 | 27,400 | 154,697 | 1,998 |
| Construction Services | 12,361 | 11,489 | | 11,489 | 872 |
| Vehicles | 33,392 | 33,255 | | 33,255 | 137 |
| System Testing + Startup | 5,326 | 1,534 | | 1,534 | 3,792 |
| Total Current Budget | \$252,746 | \$208,801 | \$27,400 | \$236,201 | \$16,545 |

Phase Detail - Construction

| | | | | | |
|------------------------------|------------------|------------------|-----------------|------------------|----------------|
| T100 Civil & Systems Package | \$144,410 | \$117,010 | \$27,400 | \$144,410 | \$ |
| Other Construction | 12,286 | 10,287 | | 10,287 | 1,998 |
| Total Phase | \$156,696 | \$127,297 | \$27,400 | \$154,697 | \$1,998 |

| Walsh Construction Company II, LLC. Contract Detail | Board Approvals to Date | Current Approved Contract | Proposed Action | Proposed Total for Board Approval |
|---|-------------------------|---------------------------|-----------------|-----------------------------------|
| Contract Amount | \$108,295 | \$108,295 | \$ | \$108,295 |
| Contingency | \$9,715 | \$9,715 | \$27,400 | 37,115 |
| Total Contract Amount | 118,010 | \$118,010 | \$27,400 | 145,410 |
| Percent Contingency | 9% | 9% | 100% | 34% |
| Less City of Tacoma betterment | \$1,000 | \$1,000 | \$ | \$1,000 |
| Sound Transit Share | \$117,010 | \$112,710 | \$ | \$144,410 |

Notes:

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

Board Approvals = Commitment and PO Contingency Remaining as of 6/4/2020.

For detailed project information, see page 91 in the 2020 Finance Plan and Adopted Budget Book.

Disadvantaged and small business participation

Sound Transit promotes and encourages small business participation, which also includes disadvantaged business enterprises (DBEs). Consistent with Sound Transit Policies and federal regulations, Sound Transit has established small business/DBE goals for this contract. These goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of small businesses/DBEs available to perform such subcontracting work.

For this specific contract, the following goals were set and Walsh Construction committed to the following small business/DBE participation:

| Small business and disadvantaged business enterprise (DBE) goals | |
|--|-----------------------------------|
| Sound Transit small business goal: 8% | Small business commitment: 32.89% |

| | |
|--------------|--------------------|
| DBE goal: 4% | DBE commitment: 4% |
|--------------|--------------------|

Public involvement

Not applicable to this action.

Time constraints

A one-month delay would affect ongoing construction contract administration efforts.

Prior Board/Committee actions

Motion No. M2019-122: Authorized the chief executive officer to increase the contract contingency for the Hilltop Tacoma Link Extension construction contract with Walsh Construction Company II, LLC in the amount of \$4,300,000 for a new total authorized contract amount not to exceed \$118,009,750.

Motion No. M2018-87: Authorized the chief executive officer to execute a contract with Walsh Construction Company II, LLC to construct the Tacoma Link Extension in the amount of \$108,295,000, with a 5% contingency of \$5,414,750, for a total authorized contract amount not to exceed \$113,709,750.

Environmental review – KH 6/1/20

Legal review – JSA 6/8/20

Motion No. M2020-31

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 Hilltop Tacoma Link Extension construction contract with Walsh Construction Company II LLC in the amount of \$27,400,000 for a new total authorized contract amount not to exceed \$145,409,750, contingent upon Board approval of Resolution No. R2020-12.

Background

The Hilltop Tacoma Link Extension is a 2.4 mile extension of light rail from the Theater District in downtown to the Hilltop neighborhood in Tacoma. The extension will travel at-grade, in-street with traffic along Stadium Way, North 1st Street, Division Avenue, and Martin Luther King Jr. Way. The project includes six new stations, relocates the Theater District Station, expands the existing Tacoma Operations and Maintenance Facility (OMF), and provides for additional light rail vehicles.

Revenue service for the extension is forecast for May 2022.

In July 2018, the Board authorized a contract with Walsh Construction Company II LLC to construct the Hilltop Tacoma Link Extension. Notice to Proceed was issued in August 2018 and construction is currently 54 percent complete. Work along the alignment has been primarily focused on completing utility relocations and is followed by the start of systems ductbank and track slab installations. The utility work is approximately 82 percent complete and progress of the work continues to be impacted by numerous unanticipated conditions that have resulted in change orders which fall under the following categories:

- Differing site conditions related to the presence of unanticipated or incorrectly located existing utilities and/or obstructions encountered in excavations;
- Contaminated and hazardous materials in utility excavations; and
- Additional traffic management costs (e.g. uniformed police officers) as a result of changes to the planned utility work duration.

The contract cost at completion is the result of a yearlong series of quantitative risk assessments and updates to the estimate at completion. The inadequacy of available contract contingency was accentuated following the May 2019 quantitative risk assessment. In July 2019, staff informed the Board that based on the risk assessment there was only a 20 percent probability of completing the project within the baseline budget unless risks were fully mitigated. The project forecast at the time indicated minimum contingency level would be reached in September 2019. Staff developed secondary mitigations during the October recovery workshop in an attempt to control the cost impacts of known risks but the extended duration of the utility relocation work and high volume of change orders associated with the now realized risks continued to add to cost pressures.

In December 2019, staff requested additional contingency for the construction contract. Staff informed the Board that due to the ongoing uncertainty of the financial impacts associated with remaining utility work, a reliable contract cost at completion could only be achieved near the completion of the utility relocation work. Staff advised the Board that a quantitative risk assessment would be conducted near the end of the utility work to assess the ongoing cost and schedule impacts. The April 2020 quantitative risk assessment and trend forecast through contract completion confirmed previous risk analyses that additional contract contingency is required to complete the remaining scope of work.

This requested action would utilize additional contingency funds identified in Resolution No. R2020-12. The current contract contingency levels are insufficient and additional funds are necessary to complete construction of the Hilltop Tacoma Link Extension. The construction of the Hilltop Tacoma Link Extension is 54 percent complete. The extensive utility relocation work involving storm, water and sanitary sewer relocations along the 2.4 mile extension is near completion and track slab activities are underway in Stadium and Hilltop business districts.

This requested action addresses the need for additional funds due to extensive delays associated with redesigns of utility relocations as a result of numerous differing site conditions, obstructions, and contaminated and hazardous materials encountered throughout the course of the work.

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 Hilltop Tacoma Link Extension construction contract with Walsh Construction Company II LLC in the amount of \$27,400,000 for a new total authorized contract amount not to exceed \$145,409,750, contingent upon Board approval of Resolution No. R2020-12.



Kent Keel
Board Chair

Attest:



Kathryn Flores
Board Administrator