



Resolution No. R2020-12

Amend Baseline Budget for the Hilltop Tacoma Link Extension

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

Amends the Adopted 2020 Budget by increasing the Hilltop Tacoma Link Extension baseline budget by \$35,400,000 from \$217,346,000 to \$252,746,000 to provide funding required to complete the project to meet the planned revenue service date.

Key features summary

- Since construction began in late 2018, the project has encountered numerous challenges as a result of differing site conditions and obstructions, conflicts, and contaminated materials related to utility relocations, leading to accelerated use of project contingency.
- In response to those conditions staff informed the Board in December 2019 through Motion No. M2019-122, the estimate to complete indicated additional funding was required to complete the Hilltop Tacoma Link Extension. The proposed budget amendment anticipates providing the required funding to complete construction of the project and represents a 16 percent increase over the baseline budget.
- The project is 56 percent complete with limited contingencies remaining. The utility work is approximately 82 percent complete.
- Quantitative risk assessments were performed at regular intervals throughout the progress of the construction work to assess the adequacy of project contingency. The May 2019, October 2019 and April 2020 risk assessments all indicated a high probability the project would exceed the baseline budget.
- The construction work is the key contributing factor driving the need for additional project budget. In support of the construction, additional budget is also required for professional services in the design, construction management, and administration phases.
- In addition to the construction related requests, a planned amendment to the LTK vehicles contract addresses the scope of services required for testing and commissioning of the five new Tacoma Link vehicles.
- The baseline schedule included nine months project float. While much of that float will be consumed by the extended duration of construction, the revenue service date of May 2022 remains unchanged.

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.

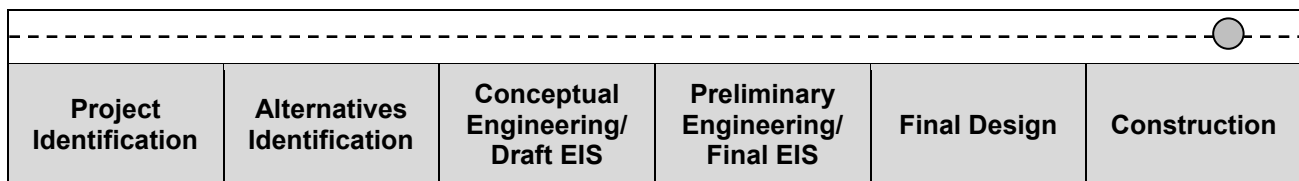
Revenue service for the extension is forecast for May 2022.

In July 2018, Sound Transit Board approved Resolution No. R2018-19. The action authorized phase budget transfers from Right of Way and Vehicles to Construction in order to fund the construction contract. During staff remarks at the July 2018 Board, the challenges of the utility relocation work were highlighted as presenting the largest risks from a cost perspective and additional risk assessments would be necessary to assess confidence levels of project contingency levels.

Staff performed three quantitative risk assessments between May 2019 and April 2020 in an effort to monitor project contingency levels and to include identify and establish mitigations for new project risks. The results of the May 2019 risk assessment confirmed the current construction contract contingency levels were insufficient. Staff forecasted minimum project contingency level would be reached in September 2019. 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. Staff performed a second quantitative risk assessment in October 2019 as part of a Recovery Workshop. The purpose of this workshop was to review the project risks and identify secondary mitigation measures in an effort to control cost impacts. These secondary mitigation measures were implemented but the high volume of change orders associated with ongoing utility relocations continued to add to cost pressures.

In December 2019, the Board authorized remaining project contingency funds within the project budget be allocated to the project's major construction contract. Staff informed the Board that additional project funding would be required to complete the project and this request would follow in Q2 2020, following a third quantitative risk assessment and updated project estimate at completion. The April 2020 risk assessment was timed to align with the near completion of the underground utility relocations so the cost impacts from changes due to differing site conditions could be readily quantified. The results of the risk assessment and updated estimate at completion represent additional funding of approximately 16% over the baseline project budget is required to complete the project.

Project status



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.

Fiscal information

This action increases the baseline budget without adding scope or schedule.

The baseline budget for the Hilltop Tacoma Link Extension is \$217,346,000. The action would increase the baseline budget by \$35,400,000 to \$252,746,000 for increased construction, design, construction management and administrative costs.

The current financial plan can accommodate the increased project cost. Current economic conditions, however, will likely result in a significant loss in revenue and changes to long term projected financial capacity.

Hilltop Tacoma Link Extension
(In Thousands)

Project Phase	Annual Project Budget			Baseline Budget		
	Adopted 2020 Annual Project Budget	Budget Revision	Revised 2020 Annual Project Budget	Baseline Budget (Current)	Change	Revised Baseline Budget
Agency Administration	2,575		2,575	17,348	4,230	21,578
Preliminary Engineering				5,559		5,559
Final Design	1,395		1,395	12,798	1,300	14,098
Third Party Agreements	50		50	1,466		1,466
Right of Way	55		55	2,270		2,270
Construction	39,825		39,825	129,196	27,500	156,696
Construction Services	3,800		3,800	10,291	2,070	12,361
Vehicles	11,200		11,200	33,092	300	33,392
System Testing + Startup	1,550		1,550	5,326		5,326
Contingency						
Total	60,450		60,450	217,346	35,400	252,746

Notes:

Amounts Are expressed in Year of Expenditure.

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

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

Not applicable to this action.

Time constraints

A one-month delay would impact the construction phase of the project by limiting 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, contingent upon Board approval of the Proposed 2020 Budget through Resolution No. R2019-30.

Resolution No. R2018-19: Transferred \$1,468,120 from the Contingency phase to the Final Design phase of the Adopted 2019 Budget for the Hilltop Tacoma Link Extension, while maintaining the baseline budget of \$217,346,000.

Motion No. M2017-33: Authorized the chief executive officer to execute a Funding Agreement with the City of Tacoma for the Tacoma Link Expansion Project.

Resolution No. R2017-31: (1) Adopted the Tacoma Link Expansion baseline schedule and budget by increasing the authorized project allocation from \$34,622,000 to \$217,346,000 and established a project revenue service date of May 2022; (2) approved passage through Gate 5 within Sound Transit's Phase Gate process; and (3) approved Tacoma Link Extension as the project name.

Environmental review – KH 6/1/20

Legal review – AJP 6/9/2020



Resolution No. R2020-12

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the Adopted 2020 Budget by increasing the Hilltop Tacoma Link Extension Baseline Budget by \$35,400,000 from \$217,346,000 to \$252,746,000.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under chapters 81.104 and 81.112 of the Revised Code of Washington (RCW) for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit district on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, 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; and

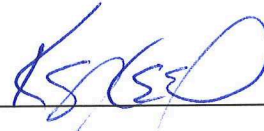
WHEREAS, the Sound Transit Board selected the project route, stations, and operations and maintenance facility expansion site on November 19, 2015. In September 2017, the Sound Transit Board established the baseline budget and schedule for the project. Revenue service for the extension is forecast for May 2022; and

WHEREAS, the increase of project budget is needed to provide funding for a separate action, Motion No. M2020-31, to increase the contract contingency for the construction contract in order to complete the project and supplement project phase budgets to support agency and consultant staffing levels from the completion of construction through project closeout; and

WHEREAS, the project is currently 52% complete. This action will authorize and additional 16 percent of funding to be allocated to Agency Administration, Final Design, Construction, Construction Services and Vehicles phases in accordance with the project estimate at completion.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Hilltop Tacoma Link Extension Baseline Budget is increased by \$35,400,000 from \$217,346,000 to \$252,746,000.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 25, 2020.



Kent Keel
Board Chair

Attest:



Kathryn Flores
Board Administrator