

SOUND TRANSIT

MOTION NO. M2007-79

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract with Mowat Construction Company for the construction of selected elements of the SeaTac/Airport Station and trackwork in the amount of \$34,800,000, with a contract contingency of \$1,000,000, for a total authorized contract amount not to exceed \$35,800,000.

Background:

The Airport Link (C430) Contract is the last major construction contract for the Airport Link project. Sound Transit advertised this contract on December 28, 2006. The scope as advertised included the SeaTac/Airport Station, two pedestrian bridges (one Sound Transit and one Port of Seattle), the International Boulevard Plaza, and 5,900-feet of light rail trackwork. On March 6, 2007, Sound Transit received a single bid of \$95,305,250 from Mowat Construction (Mowat) for the C430 Airport Link Station project. Sound Transit's engineer's estimate was \$51,844,172.

Immediately following the bid opening, Sound Transit performed an evaluation of the single bid received, and included the following elements:

- Performed a cost analysis of the bid;
- Reviewed the details of the bid relative to the engineer's estimate and identified the major discrepancies;
- Worked with Mowat to identify, understand, and quantify the discrepancies between the engineer's estimate and the bid.

Factors Influencing Mowat Construction's C430 Bid

During the bid evaluation and cost analysis, Mowat identified the following factors as influencing their C430 bid.

- **Subcontractor participation:** Despite a broad solicitation process to encourage subcontractors to submit bids, and consistent with recent trends, Mowat received less than the desired number of bids for many of the subcontracted scope elements, generally one or two bids rather than the desired three to four bids.
- **Schedule:** The project has a challenging schedule and that the bid price would potentially be lower if contract milestones were not as restrictive. This assumption led to overtime costs not contemplated in Sound Transit's engineer's estimate.
- **Labor costs:** Due to the current market conditions, quality trade labor is paid a premium above the prevailing rate, which has a direct impact on the project's labor costs.
- **Access to the work site:** The limited size and restricted access corridors created constructability challenges.

- Constructability: The complexity of certain design elements, the uniqueness of selected materials, and the level of finishes limited the availability of some materials and suppliers; and also impacted the cost of the work.

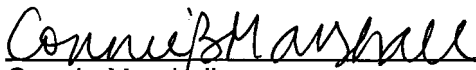
Recommended Action

Sound Transit and the Port of Seattle met to discuss a range of potential options for moving forward. The guiding principles of the discussion were to ensure that the construction of the station could be complete and operational by the end of 2009 at a fair and reasonable cost. Given these goals, the recommended course of action is to convert the contract to a negotiated procurement with a reduced scope that initially includes the station structural concrete, guideway, and trackwork. The remaining scope elements are being redesigned to reduce cost and maintain functionality. The remaining scope elements may be awarded to Mowat as a change order to this contract or alternatively, advertised and awarded under a separate contract.


Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a contract with Mowat Construction Company for the construction of selected elements of the SeaTac/Airport Station and trackwork in the amount of \$34,800,000, with a contract contingency of \$1,000,000, for a total authorized contract amount not to exceed \$35,800,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 26, 2007.


Connie Marshall
Board Vice-Chair

ATTEST:


Marcia Walker
Board Administrator