

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: North City Project contract bid
DEPARTMENT: Public Works
PRESENTED BY: Paul Haines, P.E., Public Works Director Jill Marilley, P.E., City Engineer

PROBLEM/ISSUE STATEMENT: The purpose of this report is to review the options presented to the City Council on July 19, 2004., to update Council on the status of the bid opening held July 1, 2004 for the North City Project and recommend next steps. As was reported on July 19, 2004 there is an approximately \$1,600,000 gap between the project funds available and the current estimated expenses to complete all three elements of this CIP project.

BACKGROUND: The North City Project is identified, as Goal No. 6 in the Council's 2003 – 2004 Work Plan. The North City Project combined three previously separate projects to become the North City Project. These included the business district improvements, the signal at NE 150th Street and the pedestrian improvements from NE 145th to NE 150th Streets, and the neighborhood traffic calming and monitoring.

The bid opening for the business district improvements was held on July 1, 2004 and there were 4 bids received. The base bid included all work required to underground the utilities, new sidewalks, roadway overlay, storm drainage, decorative features (benches, street trees, landscape areas), and street and pedestrian light poles. The district gateway was bid as an additive bid and not part of the determination of low bidder. The bid opening results were as follows:

Contractor Name	Bid Award Amount	Gateway Additive Bid
Wilder Construction	\$5,811,524.00	\$17,408.00
Marshbank Construction	\$5,856,657.40	\$27,200.00
SCI Infrastructure	\$6,391,424.95	\$27,200.00
Merlino Construction	\$6,448,286.00	\$18,713.60
Engineer's Estimate	\$5,010,625.00	\$10,880.00

As you are aware from the presentation made by Public Works Director, Paul Haines, on July 19, 2004, the North City bids came in \$800,000 higher than expected and the overall project is estimated at \$1.6 million more than current CIP allocation allows due to additional telecommunications fees and contingency requirements.

The following options were identified as possibilities for the project

Negotiate with the Contractor

Phase Improvements

Identify and pursue additional City and external funding sources

Reduce the scope of work and rebid

Seattle City Light

Prior to review of the options, the details regarding our largest funding partner in this project must be addressed. Seattle City Light (SCL) has been a key partner in the funding of this project and is currently under agreement to contribute \$1,175,000 for construction of underground civil related work to be performed by our contractor and \$100,000 toward construction inspection services. SCL is also contributing to the project with actual conversion labor and additional construction inspection services.

In reviewing the bids, it was apparent the low bidder placed SCL construction related items in a schedule separate from the designated SCL schedule. This amounted to approximately \$400,000. SCL has agreed to fund this additional amount in the interest of awarding the bid.

However, SCL indicated it would be very difficult for them to agree to extend the start of their participation in the project past the end of 2004. Competing interests for the moneys earmarked for this project will prohibit their participation if this project is not awarded in this calendar year. This would eliminate any undergrounding potential, as outside funding for this work is generally not available.

Options for Review

Negotiate with the Contractor

Council suggested that we negotiate with the contractor to reduce costs within the bid. Unfortunately, this is not allowed by State law.

Phase Improvements

Staff reviewed a number of phasing options. However, only a few project elements can be separated from the project and constructed later without loss of at least a construction season and Seattle City Light funding participation. The one logical item to phase is the signal at NE 150th Street which can be considered as a separate item in the staff recommendation.

Identify and pursue additional City and external funding sources

City staff has pursued funds for this project before and has not been successful. Recently, we met with the Transportation Improvement Board to review any new potential funding sources and it was determined the project would still not be competitive. This roadway is not eligible for federal ISTEA funding nor does it rank high in previous competitive processes.

Reduce the scope of work and re-bid

Staff reviewed a number of possibilities for reducing the scope of work and rebidding. In all cases there was no guarantee that the bidding climate would improve and could possibly create a worse result. Obvious deletions of work included undergrounding,

pedestrian illumination and reusing existing signal poles. All these items were addressed during the project as savings were continually sought and reviewed during the design phase. The most predictable result of reducing the scope and rebidding would be that SCL would no longer participate in the project, as the start would probably be after the start of 2005.

Recommended Action

Staff has reviewed the bids, scope items and future cost projections. As a result, this report presents a strategy to award this project as follows.

Fund available: \$6,189,760

Funds required to construct this contract:

Contract Bid Amount	\$5,811,524
Construction Contingency	\$581,152
Staff Inspection & Project Management	\$514,900
Arts Contribution	\$58,000
Right of Way expenses	\$60,000
Spent to date in 2004	\$191,240
<i>Total</i>	<i>\$7,216,816</i>

Savings and/or additional funding

Seattle City Light Contribution	\$400,000
Seattle City Light (SCL) work was also affected by high bid. They have agreed that they will cover their increases, which would amount to approximately \$400,000.	
Contingency Savings from SCL	\$157,000
The original required contingency reported included an amount for SCL, which will be covered by them and not our funding.	
Overlay contribution to the project	\$200,000
The North City bid includes approximately \$200,000 for asphalt overlay. Since this section of the road will need an overlay within the next few years anyway, the 2005 overlay program can legitimately contribute to this project. This assumes a \$700,000 funding level for 2005 in the overlay program.	
Surface Water Fund Contribution	\$ 240,000
The business district improvement contract includes construction of a new surface water system in this amount. The Surface Water fund will contribute this amount as part of the fund's commitment to upgrading systems where possible and this amount is equal to the directly related expenses for surface water in the bid received.	
Reduced inspection contract	\$ 40,000
Reprogramming staff will reduce the contract with the consultant inspection team.	
Arts Contribution reduction	\$ 20,000
The original report indicated an amount that was more than required since a contribution is not required for underground related work.	
Reduce City contingency from 10% to 8.8%	\$ 50,000
This reduction is possible due to 2 reasons 1) the bid has \$75,000 for Force Account work which can be considered additional project contingency and 2) the project is well defined which can help reduce risk during the project.	
Total	\$ 1,107,000

This would bring available project resources to \$7,296,760 which would permit award of this bid and carry forward approximately \$80,000 for the other project elements.

Signalization at NE 147th and NE 150th Streets

The work planned in the area of NE 147th and NE 150th includes a new traffic signal at NE 150th Street, a new pedestrian signal at NE 147th Street and removal of the 3 crosswalks in the area of NE 147th Street. Additional work includes an overlay of the road and miscellaneous sidewalk improvements. The work is estimated to be \$447,000. We currently have a HES grant for this work in the amount of \$72,000. Combined with the approximately \$80,000 in savings from the recommended action for the North City bid, we propose that \$295,000 in undesignated General Fund Reserve money be transferred in to this project to complete the work

The City is budgeted to end 2004 with approximately \$5.4 million in General Undesignated Reserves, 22% of annual budgeted revenues. As the Council is aware, the City's financial policies require that the City maintain a minimum General Undesignated Reserve equivalent to 10% of annual budgeted revenues. The use of \$295,000 of these reserves would result in undesignated reserves of \$5.1 million or 21% of annual budgeted revenues. The City's financial policies also require that the use of reserves be restricted to either one-time expenditures or to cover short-term emergencies or downturns in economic cycles. The use of reserves for the North City project meets this requirement since it is considered a one-time expenditure. The City has used monies from the undesignated reserves in the past for other one-time capital expenditures such as the City's pavement management program and City Hall.

Neighborhood Mitigation

The mitigation work scheduled for NE 168th and NE 177th Streets and the monitoring program would become the responsibility of the Neighborhood Traffic Safety Program (NTSP). The work along NE 168th and NE 177th Streets to construct traffic circles as part of the North City Business District improvements is estimated at \$67,000 and would come from the 2004 budget. There are sufficient funds to address this work. The monitoring program is planned to monitor traffic in the residential areas and build minor traffic control devices in the potential event traffic from 15th Ave NE diverted to the surrounding residential streets. Since the work has not been scoped and will be a result of the monitoring, we have estimated \$150,000 for the work to be programmed over the 2005 and 2006 NTSP budget. These tasks have already been the functional responsibility of the NTSP and would now become officially their assignment.

Time Constraints

Due to contract bid laws we were required to award this project by August 14. The contractor agreed to allow us to extend the award date to August 31. If no action is taken, then the bid will expire and we will be required to readvertise the project.

Alternatives

The only realistic alternatives are to award the bid and move ahead with the project or to postpone indefinitely until additional outside grants can be found and Seattle City Light can reprogram funds for undergrounding sometime in the future.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute a construction contract with Wilder Construction, Inc. for the base bid for an amount not to exceed \$5,811,524 plus an 8.8% contingency , and initiate funding reprogramming as indicated in this memorandum to complete all elements of the North City CIP project.

Approved By: City Manager  City Attorney N/K

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