

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Motion to authorize to the City Manager an increase of \$120,000 in additional change order authority and to execute an amendment to the Seattle City Light agreement not to exceed \$25,000, and adopt Ordinance 420 to increase to the overall project programmed funds from \$9,971,831 to \$10,091,831 for the North City Project

DEPARTMENT: Public Works

PRESENTED BY: Jill M. Marilley, P.E., City Engineer
John F. Vicente, P.E., Capital Projects Manager

PROBLEM/ISSUE STATEMENT:

Staff is requesting the City Council authorize the City Manager an overall spending authority increase of \$120,000 for the North City Project. This increase includes \$31,000 in reimbursable costs (\$25,000 by Seattle City Light and \$6,000 by Shoreline Water District) and \$89,000 in city funds

During construction of the utility undergrounding work, additional changes were requested by Seattle City Light to complete their system within their specifications. These additional changes require change orders to be issued to the contractor, SCI Infrastructure. To complete the project, authority needs to be given to cover the changes related to Seattle City Light work. This work and these funds are fully reimbursable under our existing agreement.

During construction of the civil portion of the project and construction of the utility undergrounding for utility work that is non-reimbursable, changes were required to ensure a fully functioning system and are explained in the next section.

FINANCIAL IMPACT:

The current budget for the North City Project construction contractor is for \$7,140,000 including the approved contingency of \$576,198 (\$366,198 Shoreline, \$210,000 Seattle City Light). Per their agreement, Seattle City Light has agreed to provide the revenue for those changes to the project that are related to their system (\$25,000). Additionally, we added \$6,000 of work to be performed on behalf of Shoreline Water District that is fully reimbursable by them. We are providing this service as a courtesy customer service item to them.

For the City of Shoreline portion of the project, there are three options that staff have explored.

First is to utilize 2005 Real Estate Excise Tax (REET) revenues that were in excess (+\$235,000) of original projections. The City collected more funds than had been budgeted and these are available for programming.

Second, funds could be utilized from other projects – two examples include the signal rehabilitation and reconstruction project or the NE 150th and 15th Ave NE new signal. Both are potentially appropriate usage of funds as the rebuilding of the signals in the project aligns well with the Signal R&R scope and the NE 150th signal is in the North City project area. However, in either case, to complete the originally proposed scope in each project, we would be required to return to Council to address a reduction in scope or pursue replacement funds.

Finally, staff could pursue eliminating some remaining scope items. While staff have been and continue to rigorously pursue cost savings in the project, this option would seek to specifically reduce or eliminate scoped project elements. These could include a thinner final lift of asphalt, elimination of distinctive crosswalk markings or return of street furniture. However, this option has the potential of legal exposure of the City. Any elimination or reduction of original scope items could create a lower contract award amount which in turn could change who the low bidder was at time of award. While the City Attorney has indicated that this most likely will not be a problem, this exposure to legal action makes this option unfavorable.

Therefore, staff recommends utilizing Real Estate Excise Tax (REET) funds. These 2005 revenue funds are available as we have collected more funds than originally projected. Usage of REET funds is very specific and this project qualifies for appropriate usage of the funds.

Contingency Utilization

As additional information, a summary of the utilization of the City of Shoreline contingency is summarized below. All of these changes are the responsibility of the City of Shoreline.

**Table 1
City Of Shoreline Contingency Utilization**

Description	Cost
Qwest Changes (including service connections)	\$69,356
Private Property Electrical Service Connections	\$96,045
Private Property Restoration/Adjustments	\$20,572
City Sidewalk and Signal Changes	\$26,475
Traffic Control	\$248,750
Total	\$461,198

The Qwest changes were required due to their absent quality control during design and bidding. During construction they discovered items that would have rendered the system inoperable and were required to be changed. According to state law, Qwest related expenses are the responsibility of the City and not of the utility and are therefore not reimbursable. However, staff is pursuing reimbursement for these items due to it being no fault of City of Shoreline and potential negligence on Qwest's part.

Private property utility service connections and restoration changes/adjustments were estimated and bid to the best of our professional ability. Once construction started additional problems were discovered on almost every property that required changes to the plans to ensure functionality of the system. As we are "remodeling" the North City business district, it is impossible to predict all eventualities. Due to the age of many of these electrical/communication systems, we encountered complexities that required remedies that were beyond the base bid.

City sidewalk and signal changes included minor improvements that were made during construction to improve the overall quality and finished look of the project.

Finally, traffic control expenditures on this project almost doubled in anticipated costs. This is directly due to responsiveness to the business owners to provide increased accessibility to their respective businesses. When the contractor was brought on board, they indicated methods that would be much more effective to keeping the project on schedule while minimizing the impact on businesses. Since protecting the businesses was our primary concern, we chose to utilize the contingency for this work. The North City Project is approximately 70% complete and the utility underground work is nearly complete, thereby reducing the increased need for traffic control.

The original construction contingency for this project was approved at an 8.5% level. With the additional \$95,000 this will increase to 10.4%. Standard construction contingency is usually expected to be at or near 10%. However, on a project of this size and complexity it is not unusual to reach 12% or higher. It is anticipated that we have projected all costs to the end of the project, barring any unforeseen major changes.

Overall construction change order authority would need to be increased by \$120,000 from \$576,198 to \$696,198. This would provide for a total construction amount not to exceed \$7,260,000. The total project budget would also be increased from \$9,971,831 to \$10,002,831 to reflect the additional revenue from Seattle City Light and Shoreline Water District.

RECOMMENDATION

Staff recommends that Council authorize to the City Manager an increase of \$120,000 in additional change order authority to cover additional work required to complete the project and to execute an amendment to the Seattle City Light agreement not to exceed \$25,000, and adopt Ordinance 420 to increase the overall project programmed funds from \$9,971,831 to \$10,002,831.

Approved By:

City Manager 

City Attorney 

ORDINANCE NO. 420

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, INCREASING THE APPROPRIATION IN THE ROADS CAPITAL FUND IN THE 2006 BUDGET AND THE CAPITAL IMPROVEMENT PLAN TO INCREASE FUNDS APPROPRIATED FOR THE NORTH CITY/15TH AVE NE IMPROVEMENTS PROJECT; AND AMENDING ORDINANCE NO. 395 AND ORDINANCE NO. 414

WHEREAS, the 2006 Budget was adopted in Ordinance 404 and amended by Ordinance No. 414; and

WHEREAS, the 2006–2011 Capital Improvement Plan was adopted in Ordinance 395; and

WHEREAS, the North City/15TH Avenue Improvements project is included in the 2006 – 2011 Capital Improvement Plan; and

WHEREAS, this action reduces the fund balance of the Roads Capital Fund:

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Amendment. The City hereby amends Section 1 of Ordinance No. 414 and the 2006 Annual Budget, by increasing the appropriation from the Roads Capital Fund by \$120,000 for a Roads Capital Fund appropriation of \$34,488,919 and by increasing the Total Funds appropriation to \$92,723,906 as follows:

General Fund	\$29,263,165	
Street Fund	2,559,651	
Arterial Street Fund	0	
Surface Water Management Fund	5,162,967	
General Reserve Fund	0	
Code Abatement Fund	100,000	
Asset Seizure Fund	23,000	
Public Arts Fund	115,775	
General Capital Fund	18,951,460	
City Facility-Major Maintenance Fund	60,000	
Roads Capital Fund	34,368,919	<u>34,488,919</u>
Surface Water Capital Fund	1,762,072	
Vehicle Operations/Maintenance Fund	88,717	
Equipment Replacement Fund	138,180	
Unemployment Fund	10,000	
Total Funds	<u>\$92,603,906</u>	<u>92,723,906</u>

Section 2. CIP Amendment. The 2006-2011 Capital Improvement Plan is amended by increasing the total project expenditures for the North City/15TH Avenue Improvements project from \$9,971,831 to \$10,091,831, increasing the Reimbursement from Seattle City Light to \$2,552,902, increasing the Reimbursement from Shoreline Water District to \$6,000 and increasing Roads Capital funding to \$6,713,929.

Section 3. Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. The ordinance shall take effect and be in full force five days after passage and publication.

PASSED BY THE CITY COUNCIL ON April 10, 2006

Mayor Robert L. Ransom

ATTEST:

APPROVED AS TO FORM:

Scott Passey
City Clerk

Ian Sievers
City Attorney

Publication Date:
Effective Date:

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