

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorize the City Manager to Modify the Marshbank Construction Contract and Contingency for the Aurora Corridor Improvement Project
DEPARTMENT:	Public Works
PRESENTED BY:	Mark Relph, Public Works Director Kirk McKinley, Transportation Services Manager Kris Overleese, Aurora Capital Project Manager

PROBLEM/ISSUE STATEMENT:

The second segment of the Aurora Corridor Improvement Project (N 165th to N 185th Streets) is currently being constructed by Marshbank Construction. Staff anticipates the contract contingency for this contract to exceed the original 10% approved by the City Council. Therefore, this request to modify the contract amount and set a new contingency is being proposed. Much of this adjustment is related to Seattle City Light (SCL) and Seattle Public Utilities (SPU) construction. Even though SCL and SPU reimburse the City for those costs, the contract must be amended to complete the work they direct.

The use of the original contingency was due to several unforeseen issues including: contaminated soils, replacement of a leaking SPU water line, weather and associated temporary sediment and erosion control, traffic control and pedestrian management, and SCL modifications. Staff requests an increase in Marshbank's total contract amount to \$22,242,825 plus a \$500,000 contingency.

RECOMMENDATION

Authorize the City Manager to modify the Marshbank Construction, Inc. contract to \$22,242,826 and authorize a contingency of \$500,000 for future change orders.

Approved By: City Manager  City Attorney _____

BACKGROUND:

On November 16, 2009, Council authorized the City Manager to execute a construction contract with Marshbank Construction, Inc. for the Aurora Corridor Improvement Project (N 165th – N 185th Street.) The authorized contract amount was \$19,069,832, plus an additional \$1,906,983 (10%) contingency. The engineer's estimate for the construction contract at bid opening was \$22,894,200. The Marshbank contract includes Aurora construction to be paid by Shoreline, SCL (power underground work to be reimbursed by SCL), SPU (water system work to be reimbursed by SPU) and underground work on Midvale (Shoreline cost). Notice to proceed was given to Marshbank on January 4, 2010.

To date, almost all underground utilities are installed, the curb/gutter/sidewalk have been installed on the east side of Aurora (the west side is near completion), many luminaries and signal poles have been installed, and the contractor has shifted traffic south of N 175th Street to the outside lanes to grade and construct the middle medians and turn pockets. At this time, construction is estimated to be complete in August of 2011.

PROJECT ISSUES:

Several issues that have impacted the project have required use of the project contingency. These issues are outlined below:

Weather: 2010 and 2011 to date have been very wet; impacting construction efficiency. While the contractor is not paid for lost weather days directly, the City pays for traffic control to be maintained on those days and it extends the duration of the project. The wet weather has resulted in a significant increase in the amount of temporary erosion and sediment control (large stormwater settling tanks, inspection, street sweeping, catch basin inserts, and stormwater testing). The wet weather also impacts the City's ability to use native material on the project; more rock must be imported for trench backfill. The extra cost estimated through the end of the project is \$323,000, although SCL and SPU will pay a proportion of this work.

Seattle Public Utilities: A leaking water main was discovered during construction at N 175th Street. SPU asked Shoreline to have Marshbank replace this line. The cost of approximately \$132,000 is fully borne by SPU, but utilizes project contingency.

Flagging and Traffic Control: The City has spent more resources managing traffic and pedestrians than anticipated on the project. There are a significant number of pedestrians within the corridor, and the project is now utilizing a spotter with each construction crew. Staff continually looks for ways to be efficient with traffic control; however, safety is the top priority. The additional traffic control costs are projected to be \$650,000. SPU and SCL will pay a proportional share of these costs.

Contaminated Material: The City has found significant amounts of petroleum contaminated soil to date. There have been small pockets of contaminated soil found throughout the project, but large pockets were found during the undergrounding of utilities across the east leg of the intersection at N 175th Street and Aurora Avenue N, and between the two Fred Meyer driveways on Aurora Avenue N. Staff is currently working with the City Attorney to determine if the sources of contamination can be

identified and costs recovered, either through the current property owners or past operators of adjacent properties. The current contaminated material removal estimate is \$250,000 above the original contract amount.

Seattle City Light Design Infrastructure: SCL's infrastructure is complicated, and during construction, SCL has found it necessary to make modifications to their system design to ensure it is operable. Modifications have resulted in several significant change orders. In addition, the Shoreline design team misinterpreted a SCL design detail, and as a result, omitted a significant quantity of material (fluidized thermal backfill that encases electrical conduit) that is needed to construct the project. While these issues are being resolved with the contractor, and the costs are reimbursed to Shoreline by SCL, project contingency is utilized. These issues have resulted in an estimated \$540,000 of additional cost.

FINANCIAL IMPACT:

The table below demonstrates the original project amount by schedule, the 'cost to complete' projection, and the percentage the projection is over the current contract amount.

	Original Contract	Contingency	New Amount	% Contingency Over Total Original Contract
Schedule A - Aurora	\$15,916,467	\$1,478,674	\$17,395,141	7.8%
Schedule B – SCL	\$ 2,268,625	\$1,437,075	\$ 3,705,700	7.5%
Schedule C – SPU	\$ 777,903	\$ 193,127	\$ 971,030	1.0%
Schedule D - Midvale	\$ 106,837	\$ 64,118	\$ 170,955	0.3%
Total	\$19,069,832	\$3,172,994	\$22,242,826	16.6%

As can be seen on this table, there is no financial impact to the City, as the portions of the increased contingency for which the City is responsible (Schedule A and D) are less than the 10% contingency allowance. However, the added work related to SCL and SPU has driven the contingency to 16.6%, which is 6.6% above the approved allowance. Although these added costs will be borne by the utilities, a greater contract amount must be approved by Council to compensate for this greater contingency cost. As well, staff anticipates that an additional \$500,000 of contingency should be adequate to cover additional utility or City costs.

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