

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorize the City Manager to Increase the Contract Contingency with HDR, Inc. for Construction Management of the Aurora Corridor Improvement Project (N 165th to N 185th Streets) by \$215,000 for a Total Contract Contingency of \$527,651
DEPARTMENT:	Public Works
PRESENTED BY:	Mark Relph, Public Works Director Kirk McKinley, Transportation Services Manager Kris Overleese, Capital Projects Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion

PROBLEM/ISSUE STATEMENT:

The Aurora Corridor Improvement Project (N 165th Street – N 185th Street) construction is currently being managed by HDR, Inc. HDR's agreement includes KBA (construction management and inspection services), Osborn Consulting (stormwater/erosion control assistance), HWA GeoSciences (materials testing), and Envirolssues (community outreach and hotline). Added project scope, change in electrical system design, contaminated soils management, and utility underground conversion have extended the original completion date of the project. Extended contract duration requires the need for additional construction management services beyond the 10% contingency originally approved by the City Council. This request is to increase the contract contingency amount by \$215,000 from \$312,651, to a total of \$527,651.

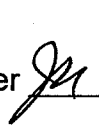
The construction project was originally expected to be complete in June/July of 2011 with documentation close-out work complete in the summer. Staff now anticipates the construction to be physically complete in December 2011 (weather permitting). Documentation close-out of the project is expected to be completed in February of 2012. One contract amendment in the amount of \$311,583 has already been executed. Staff requests an increase in HDR, Inc.'s contingency from \$312,651 to \$527,651 to complete this phase of the project. Included in this additional contingency is \$65,000 for negotiation and construction claim evaluation if it becomes necessary to close out the construction contract with Marshbank Construction.

RECOMMENDATION

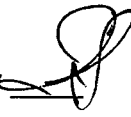
Staff recommends that Council authorize the City Manager to increase the HDR, Inc. contract contingency in the amount of \$215,000 for a total contingency of \$527,651.

Approved By:

City Manager



City Attorney



BACKGROUND:

On July 13, 2009, Council authorized the City Manager to execute a construction management contract with HDR, Inc. (HDR) for the Aurora Corridor Improvement Project (N 165th – N 185th Streets). The authorized contract amount was \$3,126,512.54, plus an additional \$312,651 (10%) contingency. The role of the construction management team is to:

- 1) Inspect the work completed by the contractor to ensure the work meets contract requirements and standards,
- 2) Respond to design questions,
- 3) Facilitate resolution of utility conflicts and contamination impacts,
- 4) Ensure that materials used on the project meet applicable standards and requirements,
- 5) Ensure that funding partner requirements are met, and
- 6) Ensure Davis Bacon (wage rate) requirements are met.

The construction management team generally consists of inspectors, office engineer, resident engineer and a documentation specialist. The team has added and subtracted inspectors to match the level and amount of work being completed by the construction contractor, Marshbank Construction.

On April 25, 2011, Council increased the Marshbank construction contingency to 17%. Staff has been working with the construction management team to flex staffing and stretch the original contingency as far as possible. Marshbank was given substantial completion on October 26, 2011. This means that the project is usable to the public but punch list items remain. Marshbank is diligently working on punch list items. Staff anticipates giving the contractor final completion (when the punch list is done and the project is deemed complete) in December of 2011, weather permitting. Once the contractor is done with their work, the construction management team will be completing the project documentation and undergoing a Washington State Department of Transportation audit into February 2012.

Both project inspectors were transferred off the project in early December 2011. The office and resident engineers will perform the remaining inspections.

PROJECT ISSUES:

The need for construction management services is driven by the duration of the construction contract and the level of work being completed by the contractor. The construction management team level of staffing has been modified throughout the project to avoid overstaffing. There are several issues that have impacted the project duration requiring additional construction management services. These issues are outlined below:

Joint Utility Trench Infrastructure: Several issues have been encountered during the construction of the joint utility trench (JUT) including: other utility conflicts (gas, storm drainage, and sanitary sewer) requiring relocation or adjustments to the JUT, changes to the electrical design by Seattle City Light, and the handling of a significant amount of contaminated soil (175th utility crossing and adjacent to Fred Meyer). An additional 29 working days (a month and a half) were added due to changes and unforeseen conditions.

Weather:

Projects that span multiple years are typically impacted by weather, though in varying degrees. Last winter (2010/2011) was wet and the contractor was given 16 days (approximately three weeks) that were unworkable. Construction management staff often completed the required project documentation during wet weather.

Underground Conversion:

The conversion of overhead power lines to underground along with converting individual property services takes time, is very complicated and requires significant coordination. The City's project agreement with Seattle City Light (SCL) allows them 90 working days once the vaults and conduit are in place to complete the overhead and property conversions. SCL accepted their infrastructure on June 22, 2011. In August, the City chose, with the Washington State Department of Transportation's (WSDOT) approval, to give Marshbank a work suspension as they could not complete critical items since the undergrounding work was not complete.

The suspension allowed Marshbank to continue working onsite without the concern of using too much of the allowed contract working days. The suspension was anticipated to last until early September 2011, which is when SCL anticipated completion of the electrical system. Given the anticipated duration of the suspension, the contractor stayed onsite and worked on non-critical path items. The City kept its construction management team onsite to manage the non-critical path work the contractor was completing. SCL removed the bulk of their remaining infrastructure on N 185th Street on November 6, 2011, which allowed Marshbank to complete the Midvale Avenue N/N 185th Street traffic signal.

FINANCIAL IMPACT:

SCL has been paying by agreement 11.9% of the total construction management costs, which are based on their proportional share of the construction contract at the time of contract award. Staff will be negotiating with SCL to determine if it is best for Shoreline citizens to pay for increased construction management costs with current grant funding or potentially SCL resources.

The requested \$215,000 increase in construction management contingency includes \$65,000 for negotiation and claim analysis. Marshbank has requested a sizeable amount of reimbursement on top of their contract amount for perceived budget impacts on the project. Staff will be working with Marshbank and SCL with the goal of reaching settlement.

The table below shows the status of the N 165th to N 185th Aurora project budget:

Total Project: N 165th to N 185th Street	
Expenditures	
Project Administration	
Design/Environmental/City Staff	\$ 7,482,250
Original HDR Contract & Amendment #1	\$ 3,439,164
HDR Amendment #2	\$ 215,000
Real Estate Acquisition	\$13,226,365
Construction	\$22,960,704
	\$47,323,483
CIP Revenues	
Roads Capital Fund	\$ 1,692,895
Other	\$39,548,895
Utility Reimbursements	\$ 6,081,693
	\$47,323,483

RECOMMENDATION

Staff recommends that Council authorize the City Manager to increase the HDR, Inc. contract contingency in the amount of \$215,000 for a total contingency of \$527,651.

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