

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manager to Modify the HDR Construction Management Contract for the Aurora Corridor Improvement Project – N 165th to 185th Streets
DEPARTMENT:	Public Works
PRESENTED BY:	Mark Relph, Public Works Director Kirk McKinley, Transportation Services 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 – N 185th Streets) has reached physical completion and the project team has been working with the contractor, Marshbank Construction, toward project close-out. With the City and contractor at an impasse on certain issues, project close-out and contract close-out have been delayed. The City needs to be prepared in the event additional negotiation is required or a claim is filed. HDR Engineering, Inc. (HDR) is the current consultant providing construction management services, including claim related negotiation assistance.

HDR's contract is requested to be increased by \$100,000 for a new total contract amount of \$3,754,163.54 to allow for any continued claim negotiation assistance as well as final project /contract close-out. This contract will also be extended through the year 2013.

FINANCIAL IMPACT

The current HDR contract amount is \$3,654,163.54. City staff is requesting an additional \$100,000 in contingency funds. City staff will collaborate with Seattle City Light (SCL) on their proportional share of any additional negotiation assistance required under the HDR contract and invoice SCL appropriately. There is sufficient funding in the Aurora Project for this amendment.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to increase the HDR construction management contingency by \$100,000 for future amendments that may be administratively approved by the City Manager.

Approved By: City Manager JU City Attorney IS

BACKGROUND:

On July 13, 2009, after a competitive bid process, Council authorized the City Manager to execute a contract for construction management services with HDR Engineering, Inc. This contract was executed on August 11, 2009 in the amount of \$3,126,512.54 plus an additional \$312,651 (10%) contingency.

Due to various project delays such as contaminated soils and Seattle City Light (SCL) scheduling, on September 29, 2011, \$311,583.00 of contingency was utilized in Amendment No. 1, adding funds for continued construction management work from HDR and their sub-consultant, KBA, Inc. This created a new contract total of \$3,438,095.54.

On December 12, 2011, staff went to Council and asked that the contract contingency be increased by an amount of \$215,000 for a total contingency of \$527,651. Added project scope, change in electrical system design, contaminated soils management, and utility underground conversion extended the original completion date of the project and required the need for additional construction management services beyond the 10% contingency originally approved by Council. Council authorized this new contract contingency for a total contingency of \$527,651. Amendment No. 2 was executed on December 21, 2011 using \$210,534.81 of contingency for a new contract total of \$3,648,630.35. A copy of the staff report may be found at:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2011/Staffreport121211-7e.pdf>

Issue negotiations between the contractor and City continue to delay project/contract close-out. The balance of contingency, \$5,533.19, was added to the HDR contract in Amendment No. 3 to allow for continued work on evaluating issues, negotiating, and project close-out. The current contract total is \$3,654,163.54.

Project close-out has been delayed due to issues being evaluated after physical completion. City staff along with the construction management team negotiated with the Marshbank Construction on several issues resulting in change orders to compensate Marshbank.

In addition to work associated with project close-out, the project team has also reviewed a Request for Equitable Adjustment (REA) submitted by Marshbank in the amount of \$3,920,373.00. The City has determined that the methodology used for various claims within the REA was insufficient in providing the City with necessary information to justify additional payments. The City considers all issues resolved at this point. Marshbank is within the time frame to file a certified claim if they disagree.

City staff requests the proposed amendment to the current HDR contract to increase the contract at this time to allow for evaluation and claims assistance if it becomes necessary as well as to cover time for the eventual final close-out.

FINANCIAL IMPACT:

The current HDR contract amount stands at \$3,654,163.54. City staff is requesting \$100,000 for a new contract total of \$3,754,163.54.

The following table shows current project expenditures and revenues:

Total Project: N 165th to N 185th Street	
Expenditures	
Project Administration	
Design/Environmental/City Staff	\$ 8,024,032
Original HDR Contract	\$ 3,126,513
HDR Amendment No. 1	\$ 311,583
HDR Amendment No. 2	\$ 215,000
HDR Amendment No. 3	\$ 5,533
<i>HDR Amendment No. 4 (Projected)</i>	<i>\$ 100,000</i>
Real Estate Acquisition	\$ 13,145,966
Construction	\$ 23,254,799
	\$ 48,183,426
CIP Revenues	
Roads Capital Fund	\$ 2,666,681
Other	\$ 39,266,690
Utility Reimbursements	\$ 6,250,055
	\$ 48,183,426

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