

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manager to Execute a Construction Contract with SCI Infrastructure, LLC for the North City Project
DEPARTMENT:	Public Works and Adopt Ordinance No. 376, Amending the 2005 Roads Capital Budget
PRESENTED BY:	Paul Haines, Public Works Director Jill Marilley, City Engineer

PROBLEM/ISSUE STATEMENT: Staff is requesting that Council authorize the City Manager to execute a construction contract with the lowest bidder, SCI Infrastructure, LLC (SCI) to perform the construction improvements identified in the North City project. SCI's total low bid was \$6,563,802.00.

The total estimated cost to complete all components of the North City/15th Ave NE program is \$9.8 million. This includes the NCBD contract with all additives recommended in this staff report and includes approximately \$2.4 million of undergrounding to be paid by Seattle City Light. Staff has identified funding sources to complete this project. Adopting Ordinance No. 376 will provide the budget authorization to complete the project as proposed.

BACKGROUND

The North City Project/15th Avenue NE program and all its related projects is identified as an important element of Goal No. 5 (economic development) in the Council's 2004 – 2005 Work Plan. The North City Project combined three construction projects including the North City Business District (NCBD) Project. This NCBD project includes constructing:

- New 6 foot sidewalks with 4-foot planting and utility zone
- Utility undergrounding
- Decorative concrete scoring
- Asphalt overlay
- Street trees and decorative signal/light poles
- Curb bulbs to accommodate driveway approached and pedestrian crossings
- Four lanes of through traffic between NE 175th and NE 180th Streets

This project is a critical element in the City's support of economic redevelopment in North City. The construction of improvements along 15th Avenue NE will provide a strong incentive for the redevelopment envisioned in the North City

Subarea Plan and will demonstrate a firm commitment by the City to fund its vision of the future.

BID RESULTS AND ANALYSIS

The bid opening was held on March 10, 2005 and there were three bids received. The bid was structured in a unique way to provide City Council with the choice of awarding a series of additive items to maintain the budget. The base bid includes all work required to underground the utilities, install new sidewalks, construct new storm drainage and overlay the road. Additive bid items 1 through 6 were part of the bid and included benches, street trees and grates, concrete coloring and patterns to sidewalk at intersections, printed crosswalks, pedestrian light poles, and the district gateway. The following bids were received on the project:

Bid Results

Contractor	Engineer's Estimate	SCI Infrastructure	Thomco Construction	Wilder Construction
Base Bid	\$5,588,221	\$6,220,767	\$6,163,153	\$6,319,337
Additive Item #1: Trees & Tree Grates	\$72,600	\$60,735	\$63,700	\$64,900
Additive Item #2: Pedestrian Illumination	\$95,000	\$115,000	\$175,400	\$148,000
Additive Item #3: Decorative Stamped Concrete	\$54,400	\$73,600	\$83,840	\$70,400
Additive Item #4: Decorative Stamped Asphalt	\$39,600	\$42,900	\$49,500	\$36,300
Additive Item #5: Street Furniture	\$24,000	\$17,800	\$24,000	\$21,000
Additive Item #6: Gateway Sign	\$20,000	\$33,000	\$17,500	\$16,000
Total Bid	\$5,893,821	\$6,563,802	\$6,577,093	\$6,675,937

The reference check for SCI was favorable regarding quality of construction, management of materials and staff and their fiscal management.

This project is nearly identical to the project that was bid in June/July, 2004, except for minor changes to accommodate the change to four lanes. The additive items approach provides some flexibility in award. However, in tabulating for low bidder, the additives must be taken in numerical order and compared for all bidders. For example, we could not take Thomco who is low on the base bid and then add items 5 and 6; each additive must be taken in order and then the total compared for all bidders. The engineer's estimate for this project was based on review of previous bid information and the best information from market conditions around late January/early February, 2005. Given the close grouping

of bids (<2%), we would conclude that the bids received are representative of the realities in the current construction market.

The primary areas of increase we see from the July, 2005 bid are in the areas of undergrounding and bid items related to asphalt. For undergrounding, it appears there is possibly a better understanding in the contracting community about Seattle City Light's and the telecommunications industry's expectations on this type of project. Since oil prices continue to rise, impacts to asphalt and oil-related services and products are reflected. While the Engineer's estimate allowed for this impact, it appears contractors are less willing to accept risk for its continued increase on a lengthy project such as this.

There are 240 working days to this contract. The project is to be completed by spring 2006, weather permitting

FINANCIAL IMPACT:

The NCBD/15th Avenue Improvements project within the 2005-2010 Capital Improvement Program (CIP) had a programmed budget of \$7.7 million. Based on the outcome of the construction bids we now estimate that the cost to complete the entire project, base bid plus additives, will be \$9.8 million. Of the \$2.1 million increase in cost estimates, \$1 million is for undergrounding which will be paid for by Seattle City Light and the remaining \$1.1 million is market escalation to complete both the base bid work and the project additives.

If the Council is to award the construction contract to complete the base work and the project additives additional resources will be needed. The following table shows the recommended funding for all components of the North City/15th Avenue CIP project including the current low bid for the NCBD portion:

Funding Source	Adopted CIP	Recommended Changes	Staff Recommendation to Complete the North City/15th Avenue CIP Project
City Resources:			
Roads Capital	6,175,988		6,175,988
Surface Water Management		297,000	297,000
One-Time Back Payment from Seattle Public Utilities		450,000	450,000
2004 Real Estate Excise Tax Collected in Excess of Budget		123,500	123,500
Savings from Underexpended 2004 Roads Capital Projects		154,185	154,185
Adjustments to Other Capital Improvement Projects		171,256	171,256
Sub-Total City Resources	6,175,988	1,195,941	7,371,929
Seattle City Light	1,288,240	1,029,662	2,317,902
Hazard Elimination Grant	207,000	(135,000)	72,000
Total Funding	7,671,228	2,090,603	9,761,831

The recommended funding sources, in excess of the current CIP, to complete the North City project include:

Surface Water Management Fund (\$297,000): The North City/15th Avenue project includes components that should be paid for with surface water funds. This includes catch basins, piping, and some curbs and gutters connecting to the surface water infrastructure. Use of these funds will not negatively impact any other operational or capital components of the surface water program and are considered routine levels of participation for such work.

One-Time Back Payment from Seattle Public Utilities (\$450,000): The City was notified at the end of 2004 that Seattle Public Utilities (SPU) had not remitted the correct water franchise payment to the City since 2001 (underpaid). This is primarily a result of the way that SPU calculated the City's franchise fee as a result of the limitation of their billing software system. They are currently estimating that we should receive approximately \$450,000 for underpayment of the franchise fee for years 2001 through 2004. We should receive this payment no later than June 1, 2005. Correcting this error will also result in increased franchise fees collected on an annual basis starting in 2005.

2004 Real Estate Excise Tax Collected in Excess of Budget (\$123,500): In 2004 the City collected a record \$1 million in Real Estate Excise Tax II (REET II), approximately \$323,500 in excess of budget. During the 2005 budget process we estimated that we would collect at least \$200,000 more than budgeted and allocated this amount to the City's pavement management program. The use of the remaining \$123,500 in excess of budget will not impact other capital projects.

Savings from Under-expended 2004 Roads Capital Projects (\$154,185): In 2004 the City did not expend the full budgeted amounts for the following projects: Right-of-Way Acquisition (\$20,000), Engineering (\$17,912), Richmond Beach Road (\$273), and Greenwood Ave/160th project (\$49,000). These projects are either completed or are no longer necessary or will be programmed based on the Transportation Master Plan and therefore funds will not be needed in the current CIP. If the funds are not used for the North City/15th Avenue project they will become part of the Roads Capital fund balance.

In addition to these items there was \$67,000 in Neighborhood Traffic Safety Program monies that were not used in 2004. These monies will be carried forward to the NTSP and used to supplement 2005 funding focused on North City, Ridgecrest and Briarcrest neighborhoods. There will be adequate NTSP budget to support the needed mitigation scope development, analysis and construction. Because of previously identified priorities these neighborhoods are a current priority for a neighborhood action plan sponsored by the Neighborhood Traffic Safety Program (NTSP).

Adjustment to Other Capital Projects (\$171,256): Staff is recommending that Council allocate an additional \$171,256 to the North City project from capital funds. As the 2006-2011 CIP is developed staff will update revenue and expenditure projections. As part of that process resources will be reduced by the allocation of \$171,256 to North City. This could mean that there is a minor reduction to other capital projects if there are not enough revenue sources available to make up this difference.

Seattle City Light (\$1,029,662): Seattle City Light has agreed to pay the additional \$1 million required to complete the undergrounding work.

The reduction in Hazard Elimination Grant (\$135,000) is a result of less funding being available from the grant program. It is offset by a reduction in improvements specifically identified by these funds. These recommended resources total \$2.1 million and would provide the necessary resources to complete the North City/15th Avenue project.

The attached Ordinance 376 appropriates the additional recommended resources and also re-appropriates (carries forward) the unspent portion of the 2004 project budget for a total change in the Roads Capital Fund in the attached ordinance of \$4,159,730.

For comparison purposes the major items represented by the \$9.8 million includes (rounded numbers):

North City Business District Construction Contract (with contingency):	\$6,930,000
NE 150 th Street and vicinity Signal Improvements:	\$ 543,000
Previously expended design services:	\$1,640,000
Right of Way expenditures:	\$ 90,000
Construction Management Services (consultant and staff):	\$ 544,000
Other (including 15 th Avenue restriping)	\$ 143,000

OPTIONS:

There are three options for Council to consider in this report:

First, award as described in this report. This option supports the City's commitment to improve the business district as presented to the business owners and represented in the vision of the North City Sub Area Plan.

Second, award the base contract without some or all of the additives. This would enable the project to reduce the planned expenditure in the North City Business District and provide a base for redevelopment to occur. There also may be a potential for private entities to install some of the deleted improvements. However, the more visual improvements would be minimized, delayed or eliminated and the potential economic impact of the project would be greatly reduced. Without the construction/installation of the elements identified in the additive bid items this would become a road project with undergrounding. There

is also a concern that this would be in conflict with commitments made to the community.

Three, not award this project and save unspent funds identified related to the North City Business District contract (approximately \$3,876,000). Funds identified for other components of the overall project (NE 150th Street signal work and Neighborhood Mitigation) would still be programmed.

RECOMMENDATION

This project has been part of the City's CIP since 1998. It has been part of the overall City Economic Development Program and has been the subject of an adopted Sub-area plan, housing targets and overall commitment to improving one of our business districts. At this point we have invested approximately \$1.64 million dollars and made continued commitments to the property and business owners in the district. We do not feel that readvertising will garner lower bids

Therefore, Staff recommends that Council adopt Ordinance No. 376 to increase the North City / 15th Avenue NE project programmed funds to \$9,761,831 and authorize the City Manager to execute a construction contract with SCI Infrastructure, LLC for an amount not to exceed \$6,563,802 and authorize the City Manager the use of up to an 8.5% contingency authority (which is included in the recommended funding strategy) to complete the North City Project.

Approved By:

City Manager  City Attorney 

ORDINANCE NO. 376

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 366 BY INCREASING THE APPROPRIATION IN THE ROADS CAPITAL FUND.

WHEREAS, the 2005 Budget was adopted in Ordinance No. 366; and

WHEREAS, the 2005–2010 Capital Improvement Plan was adopted in Ordinance No. 357; and

WHEREAS, the North City/15TH Avenue Improvements project is included in the 2005 – 2010 Capital Improvement Plan; and

WHEREAS, this action reduces the fund balance of the Roads Capital Fund and Surface Water Management Fund;

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

Section 1. Amending Section 2 of Ordinance No. 366. The City hereby amends Section 2 of Ordinance No. 366, the 2005 Annual Budget, by increasing the appropriation from the Roads Capital Fund by \$4,159,730 for a Roads Capital Fund appropriation of \$28,610,623, by increasing the appropriation from the Surface Water Management Fund by \$297,000 for a Surface Water Management Fund appropriation of \$2,679,105, and by increasing the Total Funds appropriation to \$82,336,818 as follows:

General Fund	\$30,270,849	
Street Fund	2,279,955	
Arterial Street Fund	353,358	
Surface Water Management Fund	2,382,105	2,679,105
General Reserve Fund	0	
Code Abatement Fund	100,000	
Asset Seizure Fund	23,000	
Public Arts Fund	0	
General Capital Fund	15,199,693	
City Facility-Major Maintenance Fund	124,000	
Roads Capital Fund	24,450,893	28,610,623
Surface Water Capital Fund	2,424,775	
Vehicle Operations/Maintenance Fund	71,824	
Equipment Replacement Fund	189,636	
Unemployment Fund	10,000	
Total Funds	<u>\$77,880,088</u>	<u>\$82,336,818</u>

Section 2. CIP Amendment. The 2005 Budget Capital Improvement Plan is amended by increasing the total project expenditures for the North City/15TH Avenue Improvements project from \$7,371,228 to \$9,761,831, reducing 'Hazard Elimination System' (HES) Grant to \$72,000, increasing the Reimbursement from Seattle City Light to \$2,317,902 and increasing Roads Capital funding to \$7,371,929.

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 MARCH 21, 2005

Mayor Ronald B. Hansen

ATTEST:

APPROVED AS TO FORM:

Sharon Mattioli, MMC
City Clerk

Ian Sievers
City Attorney

Publication Date: March 24, 2005
Effective Date: March 29, 2005