

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Motion to Authorize the City Manager to Execute a Construction Contract with Gary Merlino Construction Co., Inc. for the Aurora Avenue North Multimodal Corridor Project N 145th St to N 165th St, Interurban Trail Pedestrian and Bicycle Crossing Project and associated external agency projects

DEPARTMENT: Public Works

PRESENTED BY: Kirk McKinley, Aurora Corridor & Interurban Trail Project Manager
Paul Haines, P.E., Public Works Director
Jill M. Marilley, P.E., City Engineer

PROBLEM/ISSUE STATEMENT:

Staff is requesting that Council authorize the City Manager to execute a construction contract with Gary Merlino Construction Co., Inc. to complete the Aurora Avenue North Multimodal Corridor Project N 145th St to N 165th St and Interurban Trail Pedestrian and Bicycle Crossing Projects and associated external agency projects.

POSSIBLE ALTERNATIVES OR OPTIONS:

1. Award the base bid only or
2. Award the base bid and Additive Alternate 1, or
3. Award the base bid and Additive Alternates 1 & 2, or
4. Reject all bids.

FINANCIAL IMPACT:

The cost to award the base bid and both additive alternates 1 and 2 plus a recommended contingency is \$24,992,820.68. The staff recommends authorizing \$24,473,805.68 to award the base bid and Additive Alternate 1.

RECOMMENDATIONS:

Staff recommends that Council authorize the City Manager to execute a construction contract with Gary Merlino Construction Co., Inc. for an amount not to exceed \$23,111,987.75 (base bid plus Additive Alternate 1 and authorize a 5.9% contingency authority to complete the Aurora Avenue North Multimodal Corridor Project N 145th St to 165th St and Interurban Trail Pedestrian and Bicycle Crossing Projects for a total amount of \$24,473,805.68.

Staff also recommends Council authorize the City Manager to accept the anticipated additional TIB and federal funds for the purposes of funding this project and to make necessary changes to the CIP to reflect these additional revenues.

Approved By: City Manager  City Attorney 

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PROBLEM/ISSUE STATEMENT: Staff is requesting that Council authorize the City Manager to execute a construction contract with Gary Merlino Construction Co., Inc. (Merlino) to perform the construction improvements identified in the Aurora Avenue North Multimodal Corridor Project N 145th to N 165th St (Aurora) and Interurban Trail Pedestrian and Bicycle Crossing (Interurban Bridges) projects and additional work funded by Seattle City Light, Seattle Public Utilities and Ronald Wastewater and Sewer District. After advertising the project for 6 weeks two bids were received and Merlino submitted the lowest bid. The comparison between the engineer's estimate and the two bids received is as follows:

Contractor	Base Bid	Add. Alt. No. 1	Add. Alt. No. 2
Engineer's Estimate	\$20,778,419.29	\$340,000.00	\$305,790.00
Gary Merlino Construction Inc.	\$22,546,987.75	\$565,000.00	\$494,300.00
Wilder Construction Co.	\$24,981,466.35	\$235,250.00	\$338,890.00

The base construction bid includes five projects. The first is the Aurora project that includes street improvements, traffic signals, telecommunication undergrounding and utility connections. Second, this contract will construct the Interurban Trail bridge crossings at North 155th Street and across Aurora Avenue North at North 158th Street. The remaining three projects include the power line undergrounding funded by Seattle City Light (SCL), the Seattle Public Utilities (SPU) work (new water line and associated connections) and Ronald Wastewater and Sewer District (Ronald) work (adjustment of manhole elevations). SCL, SPU and Ronald are reimbursing the City of Shoreline for 100% of their project costs.

The additive alternates referenced in the above table are for the arch with glass missile barrier on the Interurban Bridge crossing Aurora Avenue North at N 158th Street (Additive A1) and a glass and mesh barrier on the Interurban Bridge crossing North

155th Street (Additive A2) and are not part of the base construction bid. These items may be awarded individually or together with the base bid award. The sum total becomes the basis of bid award.

Staff performed rigorous reference checks regarding Merlino's work in the Puget Sound area. All reference checks for Gary Merlino Construction are favorable regarding adherence to schedule, quality of construction, management of materials and staff, coordination with businesses and residents, and their fiscal management. Merlino has recently been the general contractor on projects similar to the Aurora 145th to 165th project. One successful project was the Highway 99 project from South 188th Street to South 200th Street. Merlino is also the general contractor on the South 200th Street to South 216th Street section. Both of these projects are located in the City of Seatac and references from Seatac city personnel are very high.

BACKGROUND

The Aurora Corridor Project and the Interurban Trail projects are identified as Goal No. 1 in the Council's 2004 – 2005 Work Plan and have consistently been high ranking projects in the Council Goals since 1998. These projects include:

Aurora

- New 7 foot sidewalks with a 4-foot utility and planting corridor
- Two Business Access Transit (BAT) Lanes
- Bus shelters and amenities
- Telecommunication line undergrounding
- Center median with left and U-turn pockets and landscaping.
- Decorative concrete scoring at crosswalks
- Asphalt overlay
- Street trees, landscaping, and decorative signal/light poles and luminaries
- Improved storm drainage and water quality

Interurban Trail

- Two Interurban Trail pedestrian bridges (over N 155th Street and Aurora at N 158th Street)
- Trail construction linking the new bridges, trail construction from the Aurora bridge to N 160th Street and integrating with the Aurora project.

Other Projects

In partnership with the Aurora Corridor project, SCL is undergrounding their power lines, SPU is installing a new water main and addressing associated connections and Ronald is performing the required adjustment of their manhole elevations to the new roadway elevation. SCL, SPU and Ronald are reimbursing the City of Shoreline for 100% of their project costs.

There are 360 working days to this contract and the project is to be completed by winter 2006, weather permitting.

Contingency

This recommendation includes an overall 5.9% contingency. Council may recall that staff regularly recommends contingency for construction projects closer to the amount

of 10% of the overall construction project. In this project, we believe that this reduced percentage is an appropriate recommendation for three reasons. First, due to the magnitude of the dollar amount of this project, the dollar value of the contingency requested is believed to be adequate at this time. Second, as Council is aware, contingency is established to address the unknown items that may come up during construction, such as unknown soil conditions, that must be addressed. On this project staff has good confidence that the unknown factors have been minimized and the plans are adequate. Finally, if issues arise that will exceed the contingency, Council would be briefed and staff would address any financial impacts that the situation may create.

BID RESULTS AND ANALYSIS

The bid opening was held on May 17, 2005 and, after advertising for 6 weeks, two bids were received. The base construction bid includes all work from the five projects previously discussed which include the Aurora Corridor work from N 145th Street to N 165th Street, construction of the two Interurban Trail bridges, SCL, SPU and Ronald work. Each of these projects will be tracked through bid schedules submitted by the contractor as part of their bid to ensure proper cost recovery from all project partners.

Additive Alternate bid items A1 and A2 are for the Interurban Trail Pedestrian Bridges project in the construction contract. Additive A1 is to upgrade the Interurban Bridge crossing Aurora Avenue North with a glass missile barrier, arch and lighting. Additive A2 is to upgrade the Interurban Bridge crossing N 155th Street with a glass/mesh missile barrier. The base bid for the N 155th Street Bridge is black handrail.

The following is a summary of the engineer's estimate and the bids received.

Contractor	Base Bid	Add/Alt. No. 1	Add/Alt. No. 2
Engineer's Estimate	\$20,778,419.29	\$340,000.00	\$305,790.00
Gary Merlino Construction Inc.	\$22,546,987.75	\$565,000.00	\$494,300.00
Wilder Construction Co.	\$24,981,466.35	\$235,250.00	\$338,890.00

The low bid was submitted by Gary Merlino Construction Co., Inc. The following is a breakdown of Merlino's bid relative to the various projects represented by this construction bid.

Aurora	\$15,304,460.10
Interurban	\$ 3,118,156.75
SCL	\$ 3,555,375.00
SPU	\$ 558,115.90
Ronald	\$ 10,880.00
Total	\$22,546,987.75

Our analysis of the bids indicates that this is a fully responsible bid and reflective of the current bidding climate. Overall, the low bid was within 9% of the engineers estimate. We believe the variance above the engineer's estimate is due to current market conditions and the effect of increasing fuel prices.

The largest discrepancies in prices between the engineer's estimate and the contractor bids are in items that require haul. This cost difference is likely due to delivery costs rather than material costs. We believe this discrepancy is due to the following conditions: rising prices in fuel and our project's location including the proximity to material supply sites. Distance of travel for trucks hauling materials and traffic congestion getting to or from the project site add up to higher hauling costs resulting from both the driver time and the fuel consumption. For Merlino Construction, aggregate (roadway excavation, gravel, crushed rock, etc.) and concrete materials are supplied by Stoneway which is located in southeast King County.

The unit prices used in our engineer's estimate were developed by analyzing unit prices for current similar projects and similar quantities. These projects include North City bid tabs, SeaTac, Des Moines, and Federal Way highway 99 projects, and other projects from WSDOT unit bid analysis tables.

Increases in fuel prices affect project costs including items that involve operating heavy equipment, hauling, and inflation. It is expected that unit prices for construction projects will continue to increase as long as the market sees high fuel costs. Receiving two bids, while not completely unexpected, is due to other projects in the region bidding at the same time and the availability of general contractors who can handle a project of this magnitude. Therefore, we do not believe, that a readvertisement will yield a lower base bid.

FINANCIAL IMPACT

In the 2005 - 2010 Capital Improvement Program planning document, the estimated construction budget for the Aurora Corridor Project (N. 145th St. to N. 165th St.) totals \$16,513,000 and the estimated construction budget to complete the Interurban Trail Bridges is \$3,005,000. These costs did not include Seattle City Light work and additional features associated with the Interurban Trail Bridge Project.

Please see appendix A and B for detailed accounting of all expenditures (spent to date and cost to complete) for the Aurora and Interurban Bridges projects. These appendices also include a comparison to CIP programmed expenses and all programmed revenue sources for these same projects. Adequate resources are available in the Roads Capital Fund to award this contract.

Expenditures

Staff has reviewed all estimated costs associated with the completion of the Aurora Corridor Project (N. 145th St. to N. 165th St.) and the Interurban Trail - Pedestrian and Bicycle Project and made a comparison with available revenues. This information is summarized in the following table:

Total Bid	Aurora (N 145 th to N 165 th)	Interurban Trail Bridges (no Alternates)	SCL	SPU	Ronald
	\$15,304,460.10	3,118,156.75	\$3,555,375	\$558,115.90	\$10,880.00
Contingency	\$765,223.01 (5%)	\$155,907.84 (5%)	\$355,537.50 (10%)	\$55,811.59 (10%)	\$1,088.00 (10%)
Construction Administration	\$1,015,000	\$351,000	\$284,000		
Staff and other project delivery expenditure	\$1,052,200	\$358,000			
Total	\$18,136,883	\$3,983,065	\$4,194,913	\$613,927	\$11,968

The total project costs for construction without the additives and with the external project partners is \$26,940,756.

"Construction Administration" costs represent the construction management services from Harris & Associates. "Staff and other project delivery expenditures" include staff time during construction, design services during construction (CH2M Hill), final payments of the contract grow of the trees for the Aurora project, and miscellaneous communication services (public notices, groundbreaking expenses, etc.)

Adding the Additive Alternates to the Interurban Trail Bridges would require the additional bid cost and a 5% contingency. No addition to the construction administration or staff and project delivery expenditures is projected. The total additional cost to incorporate either of these additives is:

Additive Alternate #1 (Aurora Bridge): \$593,250
(total project value of \$27,534,006.00)

Additive Alternate #2 (N 155th Bridge): \$519,015
(total project value of \$28,053,021.00)

Revenue Sources

Current CIP programmed resources for the projects are as follows:

Aurora Ave N (N 145 th St to N 165 th St)	\$24,892,407
Interurban Trail Bridges	\$ 4,598,448

SCL, SPU and Ronald will be funding their portions at 100%.

Additional Expenditures

The only Aurora project expense that remains unknown at this time is the completion of right-of-way acquisition. The City has rights to use all properties but has not agreed on acquisition cost for six properties. It is anticipated that four of the properties will reach financial settlement through mediation. The final two properties are part of the valuation hearing scheduled for June 13th, 2005. Staff will continue to negotiate with these properties until this date. If all property interests are settled outside of trial, staff projects

that these amounts will be within the budget originally set for right-of-way acquisition. All properties have granted possession and use which allows the City to proceed with the project. The estimate for the right of way phase of the Aurora corridor project is \$2,900,000. To date, we have spent \$1,936,591.00.

Funding Options:

In reviewing the above expenditures, revenues and detailed Appendix A & B, the Aurora Corridor Project (N. 145th Street – N. 165th Street) portion of the contract would require an additional \$1,819,883 in funding and the Interurban Trail - Pedestrian and Bicycle Project would require an additional \$146,065 to award the base bid only, \$739,315 for the base bid and additive alternate 1 and \$1,258,330 for base bid with additive alternate 1 and 2.

Aurora Corridor Project (N. 145th Street – N. 165th Street) –

There are two components to addressing the additional revenue resource of \$1,819,883 for the Aurora portion of the contract.

First, the Transportation Improvement Board (TIB) strongly supports the improvement of this corridor and has committed an additional \$500,000 to the construction funding for this project. This commitment was made after their review of the bids.

Secondly, to address the remaining revenue need of \$1,319,883, staff proposes utilizing Nickel Gas Tax revenue programmed in the Aurora Corridor Project (N. 165th Street to N. 205th Street). The 2005 -2010 Capital Improvement Program identifies \$7,443,256 of Nickel Gas Tax revenue. This option would reduce the amount programmed for the Aurora Corridor Project (N. 165th Street to N. 205th Street) to \$6,123,373. This revenue source is only available for construction of any portion of the three mile Aurora corridor and has an expiration date of June 30, 2009. The use of the nickel gas tax and TIB funds is consistent with our goal of minimizing the additional use of City funds on this state highway.

Interurban Trail - Pedestrian and Bicycle Project

Depending on the award of the additive alternates, the Interurban Trail's additional revenue need is addressed as follows:

Base Bid – In order to address the revenue need of \$146,065 staff proposes utilizing Roads Capital funding (City Funds) as there are monies available in the existing Road Capital reserves and this would not negatively impact any other capital projects.

Base bid plus Additive Alternate 1 – To award the base Interurban Bridge and additive alternate 1, additional funds of \$739,315 are required. To address this revenue need staff proposes utilizing Roads Capital funds (City Funds) as there are monies available in the existing Road Capital reserves and this would not negatively impact any other capital projects.

Base bid plus Additive Alternates 1 and 2 – To award the base Interurban Bridge and additive alternates 1 & 2, additional funds of \$1,258,330 are required. To achieve this Roads Capital funds could be utilized as described in the options above.

There is current pending legislation that may eliminate the need to utilize the Roads Capital funds. The Federal Transportation Bill currently being considered (House version) includes \$2 Million for the Interurban/Aurora Projects. Should this measure be signed into law by the President with the \$2 Million earmark, then the Roads Capital funds would be transferred back to the Aurora Corridor Project (N. 165th Street to N. 205th Street). Indications are favorable that this legislation will be enacted.

Therefore, staff's recommendation is to award only Additive Alternative 1 based on not having 100% certainty that the federal funds will be available. If they are not available a tight balance between a discretionary architectural statements and budget is appropriate. If the federal funding becomes available, as is speculated, the excess grant funds could be used for trail portions budgeted as part of the Aurora project as sidewalk or for the addition of additive alternate 2. Staff will return to Council with a recommendation on utilizing these federal funds that are over and beyond that needed for additive alternate 1 should the funds become available.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute a construction contract with Gary Merlino Construction Co., Inc. for an amount not to exceed \$23,111,987.75 (base bid plus A1) and authorize a 5.9% contingency authority to complete the Aurora Avenue North Multimodal Corridor Project N 145th St to N 165th St and Interurban Trail Pedestrian and Bicycle Crossing Projects for a total amount of \$24,473,805.68.

The final funding recommendations as identified in the above sections will be reflected in the draft 2006-2011 CIP as presented to Council on June 13, 2005, as it pertains to the above recommendation.

Staff also recommends Council authorize the City Manager to accept the anticipated additional TIB and federal funds for the purposes of funding this project and to make necessary changes to the CIP to reflect these additional revenues.

Appendix A: Aurora Corridor Project (North 145th Street to North 165th Street)
Expenditure and Revenue Summary

Appendix B: Interurban Pedestrian & Bicycle Crossing Project Expenditure and Revenue Summary

Appendix C: Sample Motion That Authorizes Report Recommendation

Approved By: City Manager  City Attorney 

Appendix A
Aurora Corridor Project
(North 145th Street to North 165th Street)

Expenditures

Project Costs	Amount	Based on 2005-2010 CIP
Planning/Pre-design	\$3,650,000	\$5,468,431
Design	\$1,872,000	
Est. Right of Way	\$2,900,000	\$2,910,976
Construction	\$15,304,460	\$16,513,000
Est. Engineering, Staff and Misc. Costs	\$1,052,200	
Est. Arts Program	\$153,407	
Est. Construction Contingency	\$765,223	
Est. Construction Management	\$1,015,000	
Total	\$26,712,290	\$24,892,407

Revenues

Revenue Sources	Amount
City Contribution	\$3,227,209
Federal - STP(U)	\$1,491,350
Federal - FHWA Disc - TCSP	\$923,584
State Nickel Gas Tax	\$2,582,744
Federal - STP(N)	\$50,445
STP-U	\$1,930
Federal - Demo	\$4,989,000
Federal - STP(C)	\$5,959,539
Hazard Elimination System	\$90,000
Federal - STP(N)	\$71,606
State - WSDOT	\$25,000
State TIB - TPP	\$4,980,000
County - KC Metro	\$500,000
Total	\$24,892,407

Additional Revenue Required / Identified Source(s)

Revenue Required	\$1,819,883
Revenue Sources	
Transportation Improvement Board (TIB)	\$ 500,000
State Nickel Gas Tax	\$1,319,883
Total Revenue Available	\$1,819,883

Appendix B
Interurban Pedestrian & Bicycle Crossing Project

Expenditures

Project Costs	Amount	Based on 2005-2010 CIP
Planning/Design	\$761,448	\$685,448
Construction	\$3,118,157	\$3,005,000
Additive Alternate No. 1	\$565,000	
Additive Alternate No. 2	\$494,300	
Est. Engineering, Staff and Misc. Costs	\$321,168	
Est. Arts Program	\$36,832	
Est. Construction Cont. (W/Add Nos. 1 & 2)	\$208,873	
Est. Construction Management	\$351,000	
Total	\$5,856,778	\$3,690,448

Revenues

Revenue Sources	Amount
City Contribution	\$573,331
Federal - STP(U)	\$334,992
CMAQ	\$666,060
CMAQ	\$412,000 (After publishing 05-10 CIP)
IAC	\$1,581,773
Federal Highway Discretionary	\$496,000(After publishing 05-10 CIP)
Target Zero Funds	\$534,292
Total	\$4,598,448

Additional Revenue Required / Identified Source(s)

Revenue Needed/Source	Amount
Revenue Needed Base Bid	\$145,678
Revenue Needed Base Bid W/Add No. 1	\$739,315
Revenue Needed Base Bid W/Add Nos. 1 & 2	\$1,258,330
Revenue Source For Base Bid	
RCF or Federal Funding	\$145,678
Revenue Source For Additive Alternate No. 1	
RCF or Federal Funding	\$739,315
Revenue Source For Additive Alternate Nos. 1 & 2	
RCF or Federal Funding	\$1,258,330

Appendix C
Sample Motion That Authorizes Report Recommendation

"I move that the Council authorize the City Manager to:

execute a construction contract with Gary Merlino Construction Co., Inc. to construct the Aurora Avenue North Multimodal Corridor Project N 145th St to N 165th St and Interurban Trail Pedestrian and Bicycle Crossing Projects for an amount not to exceed \$23,111,987.75;

and further authorize a 5.9% contingency authority for a total amount of \$24,473,805.68;

and that Council authorize the City Manager to accept the anticipated additional TIB and federal funds for the purposes of funding this project and to make necessary changes to the CIP to reflect these additional revenues."



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