

July 5, 2016

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Motion to reject the bid protest of Scarsella Bros Inc. and award Bid No. 16040 for the NE Spring Boulevard (Zone 1B) project (CIP Plan No. PW-R-172), to Johansen Excavating Inc. as the lowest responsible and responsive bidder, in the amount of \$12,547,141.45.

FISCAL IMPACT

Awarding this bid will obligate the City to pay \$12,547,141.45 for the construction of improvements to NE Spring Boulevard (Zone 1B) between the Eastside Rail Corridor (ERC) to 120th Avenue NE. This amount is approximately 9.8% below the Engineer's Estimate. Sufficient funds exist in the 2015-2021 Capital Investment Program to fully fund this contract as follows:

CIP Plan No.	Description	Amount
PW-R-172	NE Spring Boulevard (Zone 1)	\$12,236,526.45
W-105	Water Facilities for NE Spring Blvd Corridor	\$310,615.00
	Total Funding	\$12,547,141.45

The following table provides the project financial status for PW-R-172:

Project Category: Roadways
CIP Plan No: PW-R-172
Project Name: NE Spring Boulevard (Zone 1) - 116th Ave NE to 120th Ave NE

(\$000)

	Current Budget	LTD Expenditures	Total Projected Expenditures	Projected Balance	<i>This Action</i>
Phase I (Design)	\$5,944	\$2,142	\$3,519	\$2,425	\$0
Phase II (Right-of-Way)	2,592	39	4,466	(1,874)	0
Phase III (Construction)	24,201	6	24,753	(552)	12,237
Total	\$32,738	\$2,186	\$32,738	(\$0)	\$12,237

The total projected project cost encompasses the full implementation of the project scope, which includes Zone 1A improvements from west of the ERC to 116th Avenue NE. A full evaluation of project costs and funding is in process as part of the 2017-2023 CIP Plan development.

STAFF CONTACTS

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Rick Logwood, Capital Projects Manager, 452-6858
Steve Costa, Senior Project Manager, 452-2845
Transportation Department

POLICY CONSIDERATION

Comprehensive Plan

Overall

- S-BR-4: Developing and implementing a phased approach so that transportation, open space, and other infrastructure is in place or committed to serve the needs of growth.

Land Use

- TR-1: Integrate land use and transportation decisions to ensure that the transportation system supports the Comprehensive Plan Land Use vision.

Transportation

- S-BR-68: Working with Sound Transit to realize the City's preferred light rail route, alignment, and station locations.

Utilities

- The Utility shall invest resources as necessary to construct, maintain and renew water system infrastructure and equipment such that Utility customers are provided consistent, reliable service.

Implementation

- S-BR-78: Implementing the BelRed Plan through capital investments, and other public and private strategies.
- S-BR-81: Allowing development to advance in sync with and including the building of public infrastructure; consistent with the phasing approach of Policy S-BR-4.

Inter-Jurisdictional Coordination

- S-BR-I77: Coordinating with Sound Transit in providing transportation projects and services needed.

BACKGROUND

The NE Spring Boulevard roadway improvements between 116th Avenue NE and 120th Avenue NE is part of the broad BelRed Plan and Transportation vision of supporting planned growth and economic vitality, improving access and circulation, and capturing synergistic opportunities with Sound Transit's East Link Project.

As part of the 2015-2021 Capital Investment Program (CIP) budget adopted by Council on December 1, 2014, NE Spring Boulevard between 116th Avenue NE and 120th Avenue NE (CIP Plan No. PW-R-172) was fully funded for the development of final PS&E, the acquisition of necessary Right-of-Way (ROW), and construction.

Originally, staff considered having Sound Transit construct this project, as part of the East Link E335 GC/CM contract. Sound Transit's GC/CM contractor submitted a quote to construct this project that was over \$10 million higher than the expected construction cost for this project. As a result, staff believes, with the current favorable bidding climate, there is a time window for the City to construct this project ahead of the Sound Transit GC/CM construction activities, in the area, with low probability of causing major delays to the East Link E335 contract. Waiting for the completion of the East Link E335 contract for the City to build this project is not a viable option, because of the high risk of building bridge structures over an active light rail, and the restrictions on the construction working hours, that Sound Transit would impose on the City's contract, which will drive the construction cost substantially higher.

This contract will impose liquidated damages on the contractor if he is not able to complete certain elements of work ahead of Sound Transit's East Link E335 planned construction activities in the area. In the unlikely event that certain work elements of this contract are not

completed ahead Sound Transit's work, the City will be able to defer the remaining work from this contract, and combine it with the future Spring Blvd. Zone 1A construction contract, planned for 2019.

Prior Council Actions

On March 2, 2010, Council approved Ordinance No. 5942 authorizing:

- 1) Amendment of the 2009-2010 Capital Investment Program (CIP), creating a new CIP project entitled NE 15th Street Multi-Modal Corridor (Segment 1) 116th Avenue NE to 124th Avenue NE (CIP Plan No. PW-R-163) with an initial project budget of \$1,000,000;
- 2) Transferring a total of \$1,000,000 in Mobility & Infrastructure Initiative (M&I) funding from CIP Plan No. G-80 to fund the new CIP Plan No. PW-R-163; and,
- 3) Execution of a Professional Engineering Services Agreement with HDR in an amount not to exceed \$1,331,583.58 for advancing preliminary engineering of the NE 15th/16th Street Multi-Modal Corridor, which was funded by both CIP Plan No. PW-R 163 and CIP Plan No. PW-R-153.

On March 4, 2013, Council approved Resolution No. 8534 authorizing execution of a Professional Engineering Services Agreement with HDR Engineering, Inc. in the amount of \$2,108,799 to complete 60% Preliminary Engineering Plans, Specifications, and Estimates (PS&E) for the planned NE 15th Street roadway improvements from 116th Avenue NE to 124th Avenue NE (CIP Plan Nos. PW-R-172 and PW-R-173).

On April 20, 2015, Council approved Resolution No. 8903 amending and restating the Umbrella Memorandum of Understanding (MOU) between the City of Bellevue and Sound Transit. As provided within the MOU, the parties agreed to evaluate the inclusion and construction of NE Spring Boulevard from the Eastside Rail Corridor to 120th Avenue NE (Zone 1b) at the time of the East Link improvements.

On May 4, 2015, Council approved Resolution No. 8907 authorizing execution of a Professional Engineering Services Agreement with HDR Engineering, Inc. in the amount of \$2,232,326 to complete Final Engineering Design Plans, Specifications, and Estimates (PS&E) for the planned NE Spring Boulevard roadway improvements between 116th Avenue NE and 124th Avenue NE (CIP Plan Nos. PW-R-172 and PW-R-173).

On May 16, 2016, Council approved a Motion to award Bid No. 16028 for demolition of the Teledesic building located at 1445 – 120th Avenue NE, as part of the NE Spring Boulevard (Zone 1) project (CIP Plan No. PW-R-172), to Dickson Company as the lowest responsible and responsive bidder, in the amount of \$898,115.59.

Also on May 16, 2016, Council approved Ordinance No. 6287 authorizing:

- 1) Execution of an Agreement between Sound Transit and the City of Bellevue for reimbursement of design and construction costs associated with the demolition of the Teledesic building located at 1445 – 120th Avenue NE; and,
- 2) Amendment of the 2015-2016 General Capital Investment Program (CIP) Fund to increase the appropriation by \$1,133,339; and,
- 3) Amendment of the 2015-2021 Capital Investment Plan (CIP) to a) include demolition of the Teledesic building located at 1445 – 120th Avenue NE as part of the NE Spring Boulevard (Zone 1) project (CIP Plan No. PW-R-172); and b) increase the project budget by \$1,133,339 funded by new Sound Transit funding.

NE Spring Boulevard (Zone 1B)

Staff completed the 60% phase of work which included a constructability report recommending concurrent construction by Sound Transit’s General Contractor / Construction Manager (GCCM) of NE Spring Boulevard between the Eastside Rail Corridor and 120th Avenue NE (Zone 1B) with the East Link (E335) project. Sound Transit’s GCCM prepared a Maximum Allowable Cost to Construct (MACC) estimate for NE Spring Boulevard (Zone 1B); however, the estimate was substantially higher than the Engineer’s Estimate for a typical design-bid-build project. Staff concluded that the City would see greater savings if NE Spring Boulevard (Zone 1B) were to be built separately and prior to the construction of East Link. Liquidated damages are included in the construction contract to ensure contractor performance and minimize risks to the schedule for the East Link (E335) project.

In addition to the roadway improvements approximately 800 linear feet of 16-inch diameter water main will be installed to provide water service to properties adjacent to the Spring Boulevard Corridor. Utilities CIP Plan No. W-105 is funding the water main work.

The following bid submittals were received for this project:

Engineer’s Estimate	\$13,719,300.95
Johansen Excavating Inc.	12,547,141.45
Scarsella Bros Inc.	13,575,622.51
Graham	14,449,399.00
Northwest Construction Inc.	15,013,810.00
Max J Kuney Company	15,831,010.00
Interwest Construction Inc.	16,160,060.00

On June 24, 2016, staff received a formal bid protest from Scarsella Bros Inc. contending that the apparent lowest bidder (Johansen Excavating Inc.) had low bid prices for several bid items, and did not meet the bidder qualifications for this contract.

Although the bid protest was submitted past the deadline, staff performed a thorough review of the contractor’s bid, qualifications, background, references, and previous projects. Staff believes that Johansen Excavating Inc. is responsive, meets the requirements of the project specifications, and is capable of performing this work per the design plans and specifications.

To the best of our knowledge and professional judgment, all factors that normally contribute to construction expenses have been accounted for in the Plans, Specifications and Estimates. Based on our experience, projects of this type may result in some field changes. All claims are rigorously reviewed and only those that are clearly necessary to accomplish the intent of the contract, but have somehow not been provided for, will be paid.

EFFECTIVE DATE

If approved, this Motion becomes effective immediately upon Council adoption.

OPTIONS

1. Reject the bid protest of Scarsella Bros Inc. and award Bid No. 16040 for the NE Spring Boulevard (Zone 1B) project (CIP Plan No. PW-R-172), to Johansen Excavating Inc. as the lowest responsible and responsive bidder, in the amount of \$12,547,141.45.
2. Award Bid No. 16040 to another bidder.
3. Reject all bids and provide alternative direction to staff.

RECOMMENDATION

Option 1.

MOTION

Move to reject the bid protest of Scarsella Bros Inc. and award Bid No. 16040 for the NE Spring Boulevard (Zone 1B) project (CIP Plan No. PW-R-172), to Johansen Excavating Inc. as the lowest responsible and responsive bidder, in the amount of \$12,547,141.45.

ATTACHMENTS

CIP Project Descriptions (PW-R-172, W-105)