

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT:

Resolution No. 8964 authorizing execution and supplements, as necessary, of an Agreement between Sound Transit and the City of Bellevue for reimbursement of General Contractor/ Construction Manager (GC/CM) preconstruction services associated with the design of NE Spring Boulevard (Zone 1B) (CIP Plan No. PW-R-172).

FISCAL IMPACT:

Through this agreement, the City of Bellevue will reimburse Sound Transit up to \$172,000 for General Contractor / Construction Manager (GC/CM) preconstruction services (design engineering) associated with coordination and advancing the 60% design of NE Spring Boulevard (Zone 1B) to a 100% design level and including cost estimates. Sufficient funds exist in the 2015-2021 Capital Investment Program (CIP Plan No. PW-R-172) to fully fund the agreement.

STAFF CONTACT:

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POLICY CONSIDERATION:

Comprehensive Plan:

- *POLICY CF-2.* Use the City's Capital Investment Program to prioritize the financing of capital facilities within projected funding capacities.
- *POLICY TR-75.3.* Develop and maintain a strong working relationship with the regional transit provider to ensure a collaborative effort to implement light rail in Bellevue.
- *POLICY TR-110.* Support joint projects, including the contribution of City matching funds, with adjoining cities, unincorporated King County, the transit providers, or the state, where such partnerships may help establish or accelerate a project beneficial to the City.

Amended and Restated Umbrella Memorandum of Understanding (MOU):

The City and Sound Transit entered into an Amended and Restated MOU in May 2015 that defines City contributions to a downtown light rail tunnel, including terms for both agencies regarding project coordination; engaging in a collaborative process toward identifying potential cost savings; providing project certainty and mitigation; and completing projects jointly for reduced impact and overall cost savings and efficiencies.

BACKGROUND:

The NE Spring Boulevard improvements between 116th Avenue NE and 120th Avenue NE (Zone 1), CIP Plan No. PW-R-172, is one of a number of high priority transportation investments that will improve access, circulation, and mobility options for passenger cars, transit, freight, pedestrians, and bicycles to and between Downtown Bellevue, Wilburton, the new Bel-Red transit-oriented-development nodes, and the larger city and region. As part of the broader

transportation system plan, this project is further coordinated with Sound Transit's East Link light rail project to promote opportunities for improved efficiencies and potential cost savings.

Implementation of the NE Spring Boulevard (Zone 1) project, CIP Plan No. PW-R-172, will occur through a phased approach as adopted in the current CIP budget:

- Final design will be coordinated with NE Spring Boulevard between 116th Avenue NE and 124th Avenue NE (Zone 2), CIP Plan No. PW-R-173, consistent with grant funding for the design of the NE Spring Boulevard corridor;
- Construction of the segment of NE Spring Boulevard (Zone 1B) spanning over the Eastside Rail Corridor (ERC) easterly to 120th Avenue NE may be accomplished as part of the construction of Sound Transit's East Link light rail project. This would greatly improve construction efficiencies, reduce risks, and increase the potential for cost savings. Safety restrictions associated with East Link operational requirements will increase construction costs substantially, if Zone 1B were to be built after Sound Transit opens East Link to the public;
- Construction of the segment of NE Spring Boulevard west of the ERC to 116th Avenue NE (Zone 1A) may be accomplished by the City following the construction of Zone 1B.

Sound Transit has retained a General Contractor/Construction Manager (GC/CM) for implementation of the segment of the East Link light rail project (E335) that covers Zone 1B of NE Spring Boulevard. The GC/CM project delivery method is a collaborative relationship between the owner, designer and contractor that is not found in a traditional "design-bid-build" project. The GC/CM delivery method is also called the Construction Manager at-Risk (CMR) method by state law in some states. The benefits of the GC/CM contracting method include:

- Contractor participation in the design process, including input into the design and considerations for means and methods that may result in potential cost savings;
- Evaluation of alternatives that may result in potential cost savings;
- A higher degree of construction expertise that can help to reduce risk during construction.

The GC/CM will provide preconstruction services (design engineering) to help advance the 60% designs for the E335 segment East Link light rail project and NE Spring Boulevard Zone 1B to a 100% design level. These services include:

- Evaluation of alternative designs and methods of construction to minimize risk and capture potential cost savings from economies of scale;
- Development of schedules to assess how Zone 1B may be constructed concurrently with the E335 construction, or if constructed separately, how Zone 1B may be accomplished in parallel by another contractor prior to the beginning of East Link service;
- Development of a bottom up cost estimate accounting for risks and contingencies, and a Maximum Allowable Construction Cost (MACC) that would be the basis for a future construction agreement

The Maximum Allowable Construction Cost (MACC) is a negotiated 'guaranteed maximum price' for construction of a project based on the defined scope and schedule. If this price is acceptable to both parties, a contract for construction services is executed and the construction manager becomes the general contractor.

The Maximum Allowable Construction Cost (MACC) will provide the City with a clear understanding of the probable costs, benefits and risks associated with entering into a formal agreement with Sound Transit for GC/CM construction of NE Spring Boulevard Zone 1B. It does not however obligate the City to a construction agreement. Staff will return to Council upon completion of the 90% MACC to provide an overview of the potential cost and construction agreement for inclusion of NE Spring Boulevard Zone 1B into the E335 segment of the East Link light rail project.

Other applicable Council Actions:

On March 4, 2013, Council approved Resolution No. 8533 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 between 116th Avenue NE and 120th Avenue NE (CIP Plan No. PW-R-172), and improvements between 120th Avenue NE and 124th Avenue NE (CIP Plan No. PW-R-173).

Staff completed the 60% phase of work which included a constructability report that recommended construction of a segment of NE Spring Boulevard (Zone 1B) with Sound Transit's East Link light rail project due to construction efficiencies, risk reduction, and potential for cost savings due to economies of scale. Safety restrictions would also increase construction costs substantially if Zone 1B were to be built after Sound Transit opens East Link to the public.

On December 1, 2014, Council approved Ordinance No. 6209 adopting the 2015-2021 Capital Investment Plan (CIP) which fully funded final engineering PS&E, ROW acquisition and construction for NE Spring Boulevard between 116th Avenue NE and 120th Avenue NE (CIP Plan No. PW-R-172).

On February 2, 2015, Council approved Resolution No. 8873 authorizing execution of necessary grant agreements (and supplements if necessary) with the Washington State Department of Transportation (WSDOT) to accept \$3,000,000 in federal Surface Transportation Program (STP) funding to support the design phase of NE Spring Boulevard (Zones 1 and 2) from 116th Avenue NE to 124th Avenue NE (CIP Plan Nos. PW-R-172 and PW-R-173). The GC/CM pre-construction services are grant eligible for reimbursement.

On April 20, 2015, Council approved Ordinance No. 8903 authorizing the execution of the Amended and Restated MOU, and Section 21.2 of the MOU provides for the City to obtain, through Sound Transit's resident engineering, a construction cost estimate from the GC/CM for NE Spring Boulevard Zone 1B, and that all GC/CM costs related to NE Spring Boulevard shall be the responsibility of the City. The GC/CM preconstruction services are in line with provisions of the MOU, and an essential first step prior to entering into a formal construction agreement with Sound Transit.

EFFECTIVE DATE:

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

OPTIONS:

1. Adopt the Resolution authorizing execution and supplements, as necessary, of an Agreement between Sound Transit and the City of Bellevue, in an amount not to exceed \$172,000, for preconstruction services associated with the design of NE Spring Boulevard (Zone 1B) (CIP Plan No. PW-R-172).

2. Do not adopt the Resolution and provide staff with alternative direction.

RECOMMENDATION:

Option 1.

MOTION:

Move to adopt Resolution No. 8964 authorizing execution and supplements, as necessary, of an Agreement between Sound Transit and the City of Bellevue, in an amount not to exceed \$172,000, for preconstruction services associated with the design of NE Spring Boulevard (Zone 1B) (CIP Plan No. PW-R-172).

ATTACHMENTS:

Vicinity Map

CIP Project Description (PW-R-172)

Proposed Resolution No. 8964

AVAILABLE IN COUNCIL DOCUMENT LIBRARY:

Agreements