

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing execution of a contract with Ohno Construction Company to construct the Complete the Circle and Inspiration Playground project at the Bellevue Downtown Park, in an amount not to exceed a total contract value of \$17,948,411.25, including Washington State sales tax and a construction contingency.

FISCAL IMPACT

This action obligates the City to an amount up to \$17,948,411.25 including Washington State sales tax and a construction contingency. Funding will be derived from the following approved 2015-21 CIP funding sources:

Estimated Funding Sources

P-AD-87 (Downtown Park Development)	\$10,187,118
P-AD-94 (Inspiration Playground)	3,725,000
P-AD-79 (King County Parks Levy)	2,682,000
D-59 (Small Storm CIP Projects)	794,293
PW-R-182 (Downtown Trans Plan Implementation)	560,000
Total	\$17,948,411

The Parks portion of the contract (\$16.6M) is fully funded by voter-approved property taxes (62%), private fundraising and grants for the Inspiration Playground (22%), and Parks Real Estate Excise Tax (16%). The Utility portion of the contract is funded by grant revenues and Utility rates. The 2017-2023 Parks CIP proposal includes funding for the Northeast Entry at Downtown Park.

STAFF CONTACTS

Patrick Foran, Director, 452-5377
Glenn Kost, Planning Manager, 452-5258
Ken Kroeger, Project Manager, 452-4624
Pam Fehrman, Project Manager, 452-4326
Parks & Community Services Department

POLICY CONSIDERATION

Bellevue City Code:

BCC 4.28 provides for the fair and equitable treatment of persons in the purchasing process. Because of the amount of this contract exceeds \$90,000, Council approval is required.

BACKGROUND

Complete the Circle

The Bellevue Downtown Park (DTP) was initiated in December 1983 with the acquisition of 17.5 acres of land from the Bellevue School District. The Master Plan was adopted by Council in 1984, and major construction phases were completed in 1986 and 1990. Several small improvements and key property acquisitions have been completed since that time, and together with the NE 2nd/1st S-curve roadway connection, the City has created the park that exists today. The 1984 Master Plan was updated and adopted by Council in 1997. That plan has served as the framework for park planning, development, and budgeting decisions ever since, and the DTP

remains one of Bellevue's iconic and popular parks.

However, the circular promenade and entry remain unfinished. In 2008, the citizens of Bellevue passed the Parks & Natural Areas Levy that approved funding to complete additional phases of the DTP master plan, including completion of the circular promenade and water feature.

Inspiration Playground

On September 17, 2012, Council approved a Memorandum of Understanding (Resolution No. 8446) with the Bellevue Rotary Club that outlined a partnership agreement to expand the existing Downtown Park playground with a focus on inclusive, accessible play opportunities, where all ages and abilities can play and explore at their own pace. The City committed to providing design and other project soft costs, and to operate and maintain the playground. Rotary committed to raise construction costs for the Inspiration Playground and Sensory Garden. The agreement allowed for phased development; however, Rotary's successful fundraising efforts have allowed the entire Inspiration Playground to be completed in a single phase.

Plans for the Circle project were ready to bid in 2015. However, the project's environmental permits were appealed, and the appeal process did not conclude until April 2016, delaying the project for one year.

INSPIRATION PLAYGROUND FUNDING

Consistent with the MOU, Bellevue Rotary is responsible to raise the funds needed to construct the playground. To date, Rotary has raised in cash, pledges, and grants totaling \$3,351,861, and are committed to continue fundraising. Though not part of the current project, their goal is to also raise additional funds to construct the Sensory Garden. By signing the contract, the City accepts the risk of funding the remaining portion of the contract, or until sufficient funds are received to close the gap. Rotary and staff are confident that they will achieve their fundraising goals. The following summarizes the funding for the Inspiration Playground project:

Funding Source	Amount
King County – Youth Sports Facility Grant (YSFG)	\$75,000
State Wildlife and Recreation Program Grant – Recreation and Conservation Office (RCO)	500,000
State Capital Budget 2015-2017 Grant – Community Trade Economic Development (CTED)	1,000,000
National Park Service Grant – Land and Water Conservation Fund (LWCF)	500,000
Cash on-hand	812,361
Pledged income	464,500
Rotary fundraising to-date	\$3,351,861
Remaining fundraising for playground	373,139
Total Rotary Contribution for Playground construction	\$3,725,000

All Grant funds are paid on a reimbursable basis. The YSFG and RCO Grant Agreements have been approved by Council. The CTED Grant Agreement is expected to be available for Council action in July. The LWCF Grant Agreement is expected to be available for Council action when Federal funds are made available this fall. Most of the pledged income will be available before the completion of construction. Approximately \$200,000 has been pledged over a 3-year period.

SCOPE OF WORK & CONSTRUCTION TIMING

This project represents a joint project with participation from Parks, Utilities, Transportation, and the Bellevue Rotary. The scope of work includes four distinct elements: Complete the Downtown Park Circle, the Inspiration Playground, a regional stormwater quality system, and right-of-way improvements, which are described in greater detail in **Attachment 1**.

Construction is planned to start mid-July 2016, with completion expected prior to the 2017 4th of July celebration. The southern portion of the park will be closed throughout construction. The northern portion will remain open to the public, but will experience periodic, partial closures to complete renovations to existing park elements. Consistent with our commitment to the downtown merchants to minimize parking impacts, about two-thirds of the SE parking lot will remain open until the expanded 100th Avenue parking lot is available for use. Vehicle access will be relocated to NE 2nd Street. It is also likely that the Magic Season Ice Rink will not be able to operate in the DTP this year. We are currently working with the BDA to identify alternate locations in or near downtown that could host this facility for one year.

BID PROCESS & ANALYSIS

The Advertisement for Bids (Bid No. 16029) was published on May 11, 17, and 26 in the *Seattle Daily Journal of Commerce* and *The Seattle Times*. Bid documents were also placed online through Builders Exchange. Bids were due and opened June 2, 2016. The engineer's estimate is \$12.6 million. The following bids were submitted:

Bidder	Base Bid Amount
Ohno Construction Company	\$17,948,411.25
Johansen Excavating, Inc.	18,979,231.46
CA Carey Corporation	19,197,675.00
CECCANTI	19,323,300.76

Although approximately \$1.0 million less than the next lowest bid, the Ohno bid is still significantly over the Engineer's Estimate. Contributing factors include:

- The engineer's estimate underestimated the cost of the project. Concrete and electrical work accounted for nearly half of the difference between the bid and the estimate.
- A spike in construction activity has reduced competition and inflated prices. Contractors, sub-contractors, and suppliers are uncommonly busy, resulting in fewer bidders and higher prices. This recent spike is affecting all City bids. City bids averaged 8% lower than engineering estimates in 2015; this year bids are averaging 8% over estimates.
- Requiring that the 100th Avenue parking lot to be completed prior to closing the SE lot has increased the price, as it places time constraints on the contractor to complete significant earthwork during less favorable weather conditions that also includes hauling restrictions during the holiday season.

Because of the discrepancy between the engineer's estimate and the low bid, staff has explored alternatives to complete the work. First, we carefully reviewed the plans and costs with the low bidder and found no areas to significantly reduce cost without materially affecting the intent of the project. Key project components would need to be eliminated in order to significantly reduce project costs. We also explored several strategies to reduce cost, including:

- Reject the bids and re-bid the project as-is.
- Reject the bids and split the project into two separate contracts (the playground and the circle) managed independently at separate times. The playground could be re-bid to start this

fall, while the circle would be delayed until next summer. The project order could be reversed, but starting the circle this fall would affect next year's 4th of July celebration.

- Reject the bids and reconfigure the project as a design-build effort, which is an option for public works projects over \$10 million. This technique is typically initiated at the beginning of a project to allow the design team to work collaboratively with a selected contractor to guarantee a "not-to-exceed" project cost. We would need to request proposals and select a team to complete the work, which would also delay the project about a year. The permit implications of making substantive plan changes is unclear.

In summary, the bid range indicates that the low bid is a realistic and competitive price for the work. Waiting for the better market conditions is risky, with no guarantees of lower prices in the immediate future. Based on the contractor's background, references, and previous projects, staff believes that Ohno Construction Company is capable of successfully completing the required work per the plans and specifications. Ohno is a well-regarded local company that has done a wide variety of public work projects, including many public parks. We also believe the project can be constructed within the bid amount and the timeline specified. Authorizing minor changes will only be done because of unforeseen circumstances or for work necessary for the complete and proper development of the project.

RECOMMENDATION

Based on the analysis of the bids and assessment of the options noted above, we recommend proceeding with the project as planned, and award the contract to Ohno Construction Company for the following reasons:

1. Funding is available for the full project through a combination of Parks CIP funds, grants, and private contributions.
2. There is no assurance that re-bidding the project, whether as one project or two, will yield better prices. The construction market shows no immediate signs of slowing.
3. Any option that rejects the current bids will delay the circle at least one more year, and delays the playground up to six months.
4. Proceeding now achieves the long-awaited completion of the circle, advances the Council's vision of the Grand Connection and completes a voter-approved Levy project.
5. Proceeding now will allow the City to comply with the terms of the various funding sources, including four playground grants, the Regional Water Quality Treatment grant, and meet the expectation of the playground donors. Extended delays would risk several grants and potentially some individual and corporate donors.
6. This will complete the Rotary Inspiration Playground, a project that many Rotarians have worked extremely hard and donated countless hours of time and energy (and in many cases money) over nearly four years to raise the funds to complete the project.

EFFECTIVE DATE

If adopted by Council, this Resolution will become effective immediately.

OPTIONS

1. Adopt the Resolution authorizing execution of a contract with Ohno Construction Company to construct the Complete the Circle and Inspiration Playground project at the Bellevue Downtown Park.
2. Reject the bids as described above and re-bid the project.
3. Do not adopt the Resolution and provide alternative direction to staff.

RECOMMENDATION

Option 1.

MOTION

Move to adopt Resolution No. 9108 authorizing execution of a contract with the Ohno Construction Company to construct the Complete the Circle and Inspiration Playground project at the Bellevue Downtown Park, in an amount not to exceed a total contract value of \$17,948,411.25, including Washington State sales tax and a construction contingency.

ATTACHMENTS

1. Scope of Work
2. Downtown Park Site Plan
3. Inspiration Playground Plan
4. Proposed Resolution No. 9108

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

Copy of contract