

**CITY COUNCIL REGULAR SESSION**

Ordinance 1) rejecting the bid by Pivetta Brothers Construction as irregular; 2) awarding Bid No. 19042, NE Spring Boulevard Multi-Modal Corridor Zone 2 (CIP Plan No. PW-R-173) to Interwest Construction, Inc. as the lowest responsible and responsive bidder, in the amount of \$11,541,006.90 plus all applicable taxes; 3) amending the 2019-2025 General Capital Investment Program (CIP) Plan to increase the budget for PW-R-173 by \$2,000,000 and decrease the budget for the NE Spring Boulevard Zone 4 project (CIP Plan No. PW-R-174) by \$717,920; and 4) amending the 2019-2020 General CIP Fund appropriation to increase by \$1,282,080.

Andrew Singelakis, Director, 452-6468  
Ron Kessack, Assistant Director, 452-4631  
Mike Mattar, Design Division Manager, 452-4318  
Steve Costa, Senior Project Manager, 452-2845  
*Transportation Department*

**EXECUTIVE SUMMARY**

This Ordinance rejects the bid by Pivetta Brothers Construction as irregular, awards Bid No. 19042 to Interwest Construction, Inc. to construct Zone 2 of the NE Spring Boulevard Multi-Modal Corridor, amends the 2019-2025 General Capital Investment Program (CIP) Plan to increase the budget for PW-R-173 by \$2,000,000 and to decrease the budget for the NE Spring Boulevard Zone 4 project (PW-R-174) by \$717,920 and amends the 2019-2020 General CIP Fund appropriation to increase by \$1,282,080. This project will construct a new arterial street connection between 120<sup>th</sup> Avenue NE and 124<sup>th</sup> Avenue NE.

**RECOMMENDATION**

Move to adopt Ordinance No. 6472.

If approved, effective date: 09/13/2019

**BACKGROUND/ANALYSIS**

The NE Spring Boulevard Multi-Modal Corridor Zone 2 project, which spans from 120<sup>th</sup> Avenue NE to 124<sup>th</sup> 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 2019-2025 Capital Investment Program (CIP) budget, adopted by Council on December 3, 2018, NE Spring Boulevard Multi-Modal Corridor Zone 2 project (CIP Plan No. PW-R-173) was funded for full implementation. NE Spring Boulevard (Zone 2) is the latest segment of the NE Spring Boulevard Multi-Modal Corridor to start construction. The corridor is being implemented in phases, with construction of Zone 1B having been completed in January 2018. Zone 1A is currently under construction and is anticipated to be completed in early 2020.

The Master Development Plan for the Spring District (MDP) approved in 2012 required dedication to the City of all necessary right of way for the creation of Spring Boulevard Zone 2 and developer participation in the costs of certain elements for the new roadway. A Dedication Agreement with the Spring District developer (Wright Runstad) was executed earlier this year. In addition, to avoid constructability issues, the Dedication Agreement also included provisions for the City to install a sanitary sewer main paid for by Wright Runstad.

In collaboration with the Utilities Department and private development, approximately 1600 linear feet of 12-inch water main will be installed as part of this project. The water main work will be funded by the Water Facilities for NE 15<sup>th</sup> Multi-Modal project (CIP Plan No. W-105) with a portion of this work to be reimbursed to the City from private development along the corridor through a municipal latecomer's fee process when construction is complete.

The following bid submittals were received for this project:

Pivetta Brothers Construction	\$11,467,699.10
Interwest Construction, Inc.	\$11,541,006.90
Granite Construction Company	\$12,097,032.02
Marshbank Construction, Inc.	\$12,304,965.90
KLB Construction, Inc.	\$539,236,304.50 (bid error)
<b>Engineer's Estimate</b>	<b>\$11,115,221.46</b>

Staff reviewed the contractors' bids and found irregularities in the proposal submitted by Pivetta Brothers that reduced the value of each force account bid item to \$1. Force account bid items are used to address elements of the project where the scope may be uncertain. Values for these items are established by the City to provide a common basis for bidding. A reduction of these values affects the City's ability to authorize force account work and puts the construction contract at risk. The WSDOT Standard Specification 1-02.13(2)(b) allows for rejecting irregular proposals which are "excessively unbalanced (either above or below the amount of a reasonable Bid) to the potential detriment of the Contracting Agency".

To the best of our knowledge and professional judgment, all factors that normally contribute to construction expenses have been accounted for in the PS&E. Based on staff's 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.

Tonight's Council agenda also includes a Resolution amending the Professional Engineering Services Agreement with HDR Engineering, Inc. for design services during construction.

## **POLICY & FISCAL IMPACTS**

### **Policy Impacts**

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.

*Implementation:* S-BR-78: Implementing the BelRed Plan through capital investments, and other public and private strategies.

Policy TR-26: Directs that the City, “Increase system connectivity for all modes by providing for roadway, pedestrian, and bicycling connections in newly developing and redeveloping areas.

*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.

Bellevue City Code

BCC: 24.02.130 (B) Whenever property is developed or redeveloped in any way such that water demand or use is altered, new water facilities shall be required whenever necessary.

BCC: 24.02.140 (B) Property Owner Installation. The property owner shall install all water facilities required by this code to serve the property when any of the required facilities are larger than two inches in diameter.

BCC: 24.02.140 (C) Costs. The property owner shall be responsible for all installation costs regardless of whether the work is done by the utility or by the owner.

### Fiscal Impact

Awarding this bid will obligate the City to \$11,541,006.90, plus all applicable taxes, to construct the final phase of the NE Spring Boulevard Multi-Modal Corridor Zone 2 project, between 120<sup>th</sup> Avenue NE and 124<sup>th</sup> Avenue NE. This amount is approximately 3.8 percent over the Engineer’s Estimate. The contract will be funded as follows:

CIP Plan No.	Description	Amount
PW-R-173	NE Spring Boulevard Multi-Modal Corridor Zone 2	\$10,640,872.07
W-105	Water Facilities for NE 15th Multi-Modal Corridor	\$900,134.83
	Total Funding	<u>\$11,541,006.90</u>

The total project cost to complete the PW-R-173 project is \$20,346,160, which assumes full expenditure of project contingencies. Reporting the contingencies in this manner illustrates the City’s potential ultimate financial exposure on this project. There is a projected project funding gap of \$2,000,000. The following table provides the financial status:

	(\$000)					
	Current Budget	Life to Date Expenditures	Total Projected Expenditures	Projected Balance	<b><i>This Action</i></b>	Actual / Projected Completion Date
Phase I (Design)	\$3,440	\$3,019	\$3,019	\$421	<b>\$0</b>	Q3-2019
Phase II (Right-of-Way)	2,660	1,783	2,325	335	<b>0</b>	Q3-2019
Phase III (Construction)	12,246	4	15,002	(2,756)	<b>10,641</b>	Q4-2020
Total	\$18,346	\$4,807	\$20,346	(\$2,000)	<b>\$10,641</b>	

Staff proposes that the projected funding gap be funded by a) developer contribution increase by \$772,080 to reflect the actual amount received as identified in the NE Spring Boulevard Dedication

Agreement executed on May 23, b) franchise utilities' cost share increase of \$510,000, and, c) Transportation Infrastructure Finance and Innovation Act (TIFIA) loan funding of \$717,920 transferred from the NE Spring Boulevard Zone 4 project (PW-R-174), which is projected to have project cost savings.

The following table provides the funding proposed for PW-R-173.

Funding Source	Original Budget	Proposed Amount	Change
TIFIA Loan (existing appropriation transfer from PW-R-174)	\$7,804,373	\$8,522,293	\$717,920
State TIB Grant	5,950,200	5,950,200	-
Federal STP Grant	1,200,000	1,200,000	-
Local Funds	1,018,587	1,018,587	-
Transportation Impact Fees	617,000	617,000	-
Developer Contributions (Appropriation Increase)	1,156,000	1,928,080	772,080
Franchise Utilities (Appropriation Increase)	600,000	1,110,000	510,000
Total	\$18,346,160	\$20,346,160	\$2,000,000

## OPTIONS

1. Adopt the Ordinance 1) rejecting the bid by Pivetta Brothers Construction as irregular; 2) awarding Bid No. 19042, NE Spring Boulevard Multi-Modal Corridor Zone 2 (CIP Plan No. PW-R-173) to Interwest Construction, Inc. as the lowest responsible and responsive bidder, in the amount of \$11,541,006.90 plus all applicable taxes; 3) amending the 2019-2025 General Capital Investment Program (CIP) Plan to increase the budget for PW-R-173 by \$2,000,000 and decrease the budget for the NE Spring Boulevard Zone 4 project (CIP Plan No. PW-R-174) by \$717,920; and 4) amending the 2019-2020 General CIP Fund appropriation to increase by \$1,282,080.
2. Do not adopt the Ordinance and provide alternative direction to staff.

## ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Vicinity Map
  - B. CIP Project Description (PW-R-173)
  - C. CIP Project Description (PW-R-174)
  - D. CIP Project Description (W-105)
- Proposed Ordinance No. 6472

## AVAILABLE IN COUNCIL LIBRARY

Final Design Plans